

**LAGFIN S.C.A.,  
SOCIETE EN COMMANDITE PAR ACTIONS  
ANNUAL REPORT AT 31 DECEMBER 2023**

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## Index

About this report.....	5
Management board report for the year ended 31 December 2023 .....	7
Lagfin Group-Consolidated financial statements at 31 December 2023 .....	40
Lagfin S.C.A., Société en Commandite par Actions-Separate financial statements at 31 December 2023 .....	121

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## About this report

### Note on presentation

The financial statement for the year ended 31 December 2023 was prepared in accordance with the International Financial Reporting Standards ('IFRS'), issued by the International Accounting Standards Board ('IASB'), as adopted by the European Union. The designation IFRS also includes International Accounting Standards ('IAS') as well as all the interpretations of the International Financial Reporting Standards Interpretation Committee ('IFRS IC'), formerly the Standard Interpretations Committee ('SIC').

### Forward-looking statements

This annual report contains forward-looking statements that reflect management's current view of the Group's future development. In some cases, words such as 'may', 'will', 'expect', 'could', 'should', 'intend', 'estimate', 'anticipate', 'believe', 'outlook', 'continue', 'remain', 'on track', 'design', 'target', 'objective', 'goal', 'plan' and similar expressions are used to identify forward-looking statements that contain risks and uncertainties that are beyond the control of the Group and call for significant judgement. Should the underlying assumptions turn out to be incorrect or if the risks or opportunities described materialise, the actual results and developments may materially deviate (negatively or positively) from those expressed by such statements. The outlook is based on estimates that Lagfin has made on the basis of all the information available at the time of completion of this annual report.

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

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

### Information on the figures presented

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

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

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

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

## Corporate officers

### General Partner-Artemisia Management S.A., Société Anonyme

#### Board of Directors

Vania Baravini	Chairman
Federico Franzina	Director
Massimiliano Seliziato	Director

#### Independent Auditor

Ernst&Young S.A., Société Anonyme

## Management board report for the year ended 31 December 2023

### Index-Management board report

<b>Management board report for the year ended 31 December 2023 .....</b>	<b>7</b>
<b>Group structure</b>	<b>8</b>
<b>Significant events of the year</b>	<b>8</b>
Acquisitions and commercial agreements .....	8
Group significant events and corporate actions .....	10
<b>Subsequent events</b>	<b>12</b>
Acquisitions and commercial agreements .....	12
Group significant events and corporate actions .....	12
<b>Group Financial Review</b>	<b>14</b>
Sales performance .....	14
Statement of profit or loss .....	20
Profitability by business area .....	23
Operating working capital .....	25
Reclassified statement of cash flows .....	26
Net financial debt .....	28
Capital expenditure .....	29
Reclassified statement of financial position .....	30
Reconciliation of the Company and Group net profit and shareholders' equity .....	30
<b>Full year 2023 conclusion and outlook</b>	<b>30</b>
<b>Definitions and reconciliation of the Alternative Performance Measures ('APMs' or non-GAAP measures) to GAAP measures</b>	<b>32</b>
<b>Proposal for the appropriation of profit</b>	<b>38</b>

## Group structure

Lagfin S.C.A., Société en Commandite par Actions (the 'Company' or 'Lagfin' or the 'Parent Company'), with registered office at 3, Rue Des Bains, L-1212 Luxembourg, controls directly:

- 10 Chapel Street Ltd.;
- 14 Chapel Street Ltd.;
- 150 NM Chicago, LLC;
- AC Partners S.p.A. (in liquidation);
- Bizzy Izzy, LLC;
- Boulevardier Spritz, LLC (formerly Portfolio6, LLC);
- Bourbon Manhattan, LLC (formerly Portfolio5, LLC);
- Bourbon Sidecar, LLC (formerly Portfolio4, LLC);
- Brown Derby, LLC;
- D.R. Finance S.à r.l.;
- Davide Campari-Milano N.V. ('Campari' o 'DCM'), parent company of the Campari Group, whose shares are listed on the Italian Stock Exchange;
- Dirty Banana, LLC;
- Fuzzy Navel, LLC;
- Grand 75, LLC;
- Grand Margarita, LLC;
- Halsdon Ltd.;
- Highball S.à r.l.;
- La Rosita, LLC;
- LG Partners, LLC;
- Longshoreman, LLC;
- Negroni Ltd.;
- Palingenia S.r.l.;
- Piga S.r.l.;
- Portfolio3, LLC;
- SCI Feu Rouge;
- SCI Sazerac;
- SCI Vieux Carrée;
- Tehama St, LLC;
- Telco Real Estate S.r.l.;
- Teton Tanya, LLC;
- Very Old Fashioned, LLC;

and indirectly all Campari's subsidiaries (the 'Campari Group').

Lagfin and its directly and indirectly controlled subsidiaries constitute the 'Lagfin Group' or the 'Group'.

The Company has two branches, one in Milan, Italy (the 'Italian Branch'), and one in Paradiso (Lugano), Switzerland (the 'Swiss Branch').

## Significant events of the year

### Acquisitions and commercial agreements

#### **Agreement to acquire Courvoisier cognac**

##### Comprehensive overview of the features and costs of the transaction

Following the communication dated 14 December 2023 regarding the exclusive negotiations with Beam Suntory, Inc. (the 'Seller') during which a put option was granted, on 26 February 2024 Campari signed the agreement to acquire the 100% of the outstanding share capital of Beam Holding France S.A.S., which in turn owns 100% of the share capital of Courvoisier S.A.S., the proprietor of the Courvoisier brand (the 'Target'). The signing of the agreement occurred subsequent to the information and consultation process with the French employees' representatives, as well as the receipt of customary antitrust approvals. The closing of the deal is contingent upon the fulfilment of the appropriate regulatory processes and is expected to occur in 2024. Notably, the Campari's accounts for 2023 did not incorporate any effects stemming from this transaction. The brand's net sales were US\$249 million in 2022, according to the Seller's view, of which approximately 60% in the United States followed by the United Kingdom and China, combined accounting for approximately 25% of net sales, while Global Travel Retail ('GTR') accounted for just over 3%. The contribution margin in 2022 would have been US\$78 million based on IFRS principles. For the period ending 31 October 2023 according to the Seller's view, net sales were US\$148 million, with a decline of 33% vs. the corresponding period in 2022, and contribution margin was US\$37 million based on IFRS principles. This performance was impacted by recent market driven trends such as normalizing

consumption in the United States after peak post-covid sales and destocking at wholesaler level, in-line with the wider cognac industry. The acquired business includes an enviable inventory of maturing eaux-de-vie, with a book value of approximately US\$365 million as of 31 October 2023, consisting of well-balanced age profiles to support future brand development. Moreover, the acquisition perimeter includes the trademarks as well as comprehensive production facilities consisting of distillation, warehouses, vineyards, a visitor centre and château (hosting a museum), blending facilities, ageing cellars and an automated bottling plant.

The total consideration amounts to US\$1.32 billion (€1.22 billion at the date of the exclusive negotiations) where the value is defined on a cash free/debt free basis and consists of a fixed purchase price of US\$1.2 billion (€1.11 billion) and earn-out for maximum amount of US\$0.12 billion (€0.11 billion) payable in 2029 based on the achievement of net sales targets realised in full year 2028. The corresponding enterprise value is equivalent to a multiple of c.17 times the contribution margin in 2022.

Maison Courvoisier was founded in 1828, by Félix Courvoisier in Jarnac, the Charente region of France. Courvoisier is the youngest and most awarded of the 'big four' historical cognac houses and received the title of Official Supplier to the House of the Emperor by Napoléon III, supplied the royal courts of Europe and was the drink of choice of the Belle Epoque, chosen to celebrate the inauguration of the Eiffel Tower and the opening of Moulin Rouge. Courvoisier's signature styles reveal the intricate nuances of the cognac craft which have led the House to become the Most Awarded Cognac House based on 20 top spirits competitions since 2019 and the only cognac house to ever win the coveted 'Prestige de la France' title. With its core collection of VS, VSOP and XO which are further reinforced by a premium range of limited editions, Courvoisier has built solid brand credentials across a multitude of versatile liquid styles.

As premium cognac, Courvoisier is positioned to further strengthen Campari's portfolio of global brand priorities, particularly in aged spirits, as well as supporting future long-term premiumisation ambitions in key strategic segments for Campari. The brand, world renowned and global icon of luxury, presents the opportunity to strategically enhance our presence in one of the most significant spirit categories in the United States. Additionally, it promises to reshape Campari's growth profile in Asia and GTR through the expansion of its footprint of luxury expressions.

Leveraging Campari's established leadership, focused approach and expertise in brand development, the Courvoisier brand stands to gain substantial benefits, capitalizing on Campari's strengthened operational and business infrastructure.

### Financing

To support the transaction and for general corporate purposes as well as with the aim of capitalising on market conditions to optimise the funding structure, on 10 January 2024 Davide Campari-Milano N.V. has successfully placed a combined offer directed to qualified investors. This offering consisted of new ordinary shares totalling approximately €650 million through an accelerated bookbuilding offering at €9.33 per ordinary share. Additionally, it included senior unsecured convertible bonds due in 2029 with an aggregate principal amount of €550 million, convertible into new and/or existing ordinary Campari shares. The net proceeds from the offering will enhance Campari's pro-forma capital structure by accelerating the deleveraging process and extending the average maturity of Campari's liabilities, thus further strengthening its financial profile and facilitating further expansion.

Pursuant to the resolution approved during the Campari's Board of Directors meeting on 14 December 2023, the issuance of new ordinary shares ('New Shares') excluded pre-emptive rights and will carry equivalent rights, including dividend entitlements, as the existing ordinary shares. The newly issued ordinary shares amounted to 69,667,738 representing 5.7% of the Campari's issued ordinary share capital following the completion of the offering.

Regarding the offering of convertible bonds, the aforementioned Board of Directors meeting resolved to exclude pre-emptive rights associated with the transaction. The bonds have been issued in registered form, at their principal amount of €100,000 each at par, and bear a coupon of 2.375% per annum, payable semi-annually in arrears on 17th July and 17th January of each year, with the first coupon to be paid on 17th July 2024. The maturity is 5 years (unless previously redeemed, converted or repurchased and cancelled) and the bonds will be redeemed at their principal amount at maturity (on or around 17th January 2029) subject to Campari's option to deliver bond shares and, as the case may be, an additional amount in cash ('Share Settlement Option'). The bookbuilding process concluded on 10 January 2024 with initial conversion price set at €12.3623, representing a premium of 32.5% above the reference share price and each convertible bond will be convertible into 8,089 underlying bond shares for a total issue of approximately 44.5 million bond shares which represent approximately: (i) 3.8% of the Issuer's issued ordinary share capital as of 31 December 2023 and (ii) 3.6% of the Issuer's issued ordinary share capital following the completion of the offering of the new shares issue.

The convertible bonds will be traded on Euronext Access Milan, a multilateral trading facility organized and managed by Borsa Italiana S.p.A. by no later than 90 calendar days after the 10 January 2024, being the issue date. These transactions did not have any impact in the 2023 Campari consolidated accounts.

Furthermore, Campari is progressively reducing its exposure to foreign exchange translation and liquidity risks associated with the aforementioned commitment to acquire Courvoisier cognac denominated in US\$, through pre-hedge derivatives subscribed in 2024.

### **Development initiatives in the Asia-Pacific region**

In 2023, the following initiatives, consistent with Campari's growth ambitions in the Asia-Pacific region, were implemented. Such transactions, completed via the anticipated exercise of contractual call options on the entities' share capital and which have no material impact on consolidated accounts, had the objective to further strengthen Campari's commercial capabilities and enhance its focus on its brands in the Asian strategic region.

On 1 March 2023, Campari acquired the remaining outstanding shares in the distribution joint-venture CT Spirits Japan Ltd. ('CTSJ'), in which it previously had a non-controlling stake. As a result, CTSJ has become a wholly owned subsidiary, triggering its full consolidation in Campari's accounts since that date.

On 3 April 2023, Campari became the majority shareholder of Thirsty Camel Ltd., in which it previously had a non-controlling stake. Thirsty Camel markets and distributes some of the world's leading brands and began distributing the full Campari portfolio in New Zealand on 1 January 2023, thus supporting Campari's expansion and presence in the area. The company was included in the consolidation area starting from April 2023 and its impact on consolidated group accounts was not material.

### **Memorandum of understanding on strategic cooperation with Wuliangye**

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

### **Distribution agreements**

Campari entered into a distribution agreement with French company SAS Miraval Provence as the exclusive distributor of Miraval Rosé, Studio Miraval, Muse Miraval and Fleur de Miraval in the United States and French markets, starting with the 2023 vintage currently being released. This addition to Campari's portfolio in France and the United States allows Campari to diversify the range and strengthen its aperitivo offering by entering the high-growth rosé wine category with an outstanding quality.

Starting in January 2024, Campari will be the exclusive distributor for the European territory of France and Monaco, across all trade channels, of Irish whiskeys Bushmills and The Sexton and of The Kraken rum owned by Proximo Spirits. Proximo Spirits products will complete and reinforce Campari's position in two key segments of the market.

From the same date Campari will no longer distribute Beam Suntory brands in the French market as the distribution agreement will expire at the end of 2023 with no extension.

### **Group significant events and corporate actions**

#### **Conversion of certain Campari's Special Voting Shares A into Special Voting Shares B, allowing five years loyal shareholders to increase voting rights from 2 to 5 votes**

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

**Lagfin issued unsecured bonds due 2028**

In June 2023 the Italian Branch issued unsecured bonds due 2028 in the aggregate principal amount of €536.4 million, exchangeable for existing ordinary shares of Davide Campari-Milano N.V., and concurrently repurchased Lagfin's outstanding €330 million bonds due 2025, exchangeable for Campari shares.

The net proceeds of the offering were used to refinance the 2025 Bonds in connection with the concurrent repurchase and for general corporate purposes.

**Campari's financial debt management**

On 5 May 2023, Davide Campari-Milano N.V. entered into a term facility of €400 million and a revolving facility<sup>1</sup> of the same amount, hence an agreement for a total amount equal up to €800 million (the 'Loan') with a pool of banks. The term facility has a termination date of 30 June 2029, while the revolving facility termination date is 30 June 2028 with an extension option to 30 June 2029 at the banks' discretion. The scope of the agreement is Campari's general corporate purposes, including, but not limited to, the repayment of the €250 million term loan and a revolving facility of the same amount, made available to Davide Campari-Milano N.V. in 2019 and with termination date in July 2024, and the cancellation of a revolving loan of €150 million granted in 2020. The Loan is sustainability-linked and provides for a variable component of the interest rate applicable depending on the achievement of certain ESG targets identified by Campari and particularly focused on the reduction of emissions, the responsible use of water and gender equality.

On 11 May 2023 Davide Campari-Milano N.V. successfully completed the placement of an unrated 7-year bond issue, targeted at institutional investors. The placement is for €300 million in principal amount of notes maturing on 18 May 2030, paying a fixed annual coupon of 4.71%, issued at an issue price of 100%. The proceeds of the issue will be used by Campari for general corporate purposes. Through this transaction, Campari intends to optimise its debt structure by extending the average maturity of its liabilities while benefitting from favourable market conditions.

**Corporate bodies: Bob Kunze-Concewitz has decided to retire as Campari's CEO effective as of April 2024**

On 12 September 2023, after 18 years with the company, Bob Kunze-Concewitz, Campari's CEO, informed Campari's Board of Directors of his decision to retire from his role to pursue his personal passions effective as of the Annual General Meeting of 11 April 2024. In accordance with Campari's succession planning process, the Board of Directors, after consultation with the Remuneration and Appointment Committee, has selected Matteo Fantacchiotti, Managing Director Asia Pacific, as the new CEO nominee.

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

<sup>1</sup> Term facility was included in financial position line item 'loans due to banks' under non-current liabilities.

## Subsequent events

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

## Acquisitions and commercial agreements

### New route-to-market in Greece

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

## Group significant events and corporate actions

### Reorganization of brand clusters and Business Unit reconfiguration

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

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

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

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

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

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

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

Group net sales focus by region	for the three months ended 31 March 2023				first quarter			
	after reclassification		published		after reclassification		published	
	€ million	%	€ million	%	€ million	%	€ million	%
Americas	316.8	47.4%	316.8	47.4%	316.8	47.4%	316.8	47.4%
Southern Europe, Middle East and Africa	-	-	191.0	28.6%	-	-	191.0	28.6%
North, Central and Eastern Europe	-	-	108.9	16.3%	-	-	108.9	16.3%
EMEA	299.9	44.9%	-	-	299.9	44.9%	-	-
Asia-Pacific	51.2	7.7%	51.2	7.7%	51.2	7.7%	51.2	7.7%
<b>total</b>	<b>667.9</b>	<b>100.0%</b>	<b>667.9</b>	<b>100.0%</b>	<b>667.9</b>	<b>100.0%</b>	<b>667.9</b>	<b>100.0%</b>

Simultaneously, Campari intends to reorganize its brand clusters, with Espolòn being promoted to global priority brand status effective from the same date: the global expansion for Espolòn is now enabled by unconstrained volume after the production capacity expansion. The decision is also supported by the consistently positive and increasing performance over the years for the brand in-line with other global priority brands, with enduring business momentum within its category. Furthermore, to align with the comprehensive product portfolio review, minor adjustments have been made to the composition of regional priority clusters. These adjustments include the repositioning of brands from local and rest of portfolio categories to more accurately reflect regional priorities.

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

Group net sales focus by priorities	for the year ended 31 December 2023				fourth quarter			
	after reclassification		published		after reclassification		published	
	€ million	%	€ million	%	€ million	%	€ million	%
global priority brands	1,897.8	65.0%	1,664.1	57.0%	430.4	60.0%	366.7	51.1%
regional priority brands	570.1	19.5%	751.1	25.7%	167.9	23.4%	219.7	30.6%
local priority brands	191.1	6.5%	242.2	8.3%	48.6	6.8%	60.3	8.4%
rest of the portfolio	259.5	8.9%	261.1	8.9%	70.3	9.8%	70.6	9.8%
<b>Total</b>	<b>2,918.6</b>	<b>100.0%</b>	<b>2,918.6</b>	<b>100.0%</b>	<b>717.3</b>	<b>100.0%</b>	<b>717.3</b>	<b>100.0%</b>

Group net sales focus by priorities	for the nine months ended 30 September 2023				third quarter			
	after reclassification		published		after reclassification		published	
	€ million	%	€ million	%	€ million	%	€ million	%
global priority brands	1,467.4	66.7%	1,297.5	58.9%	497.3	66.9%	434.1	58.4%
regional priority brands	402.2	18.3%	531.4	24.1%	136.2	18.3%	186.0	25.0%
local priority brands	142.5	6.5%	181.9	8.3%	42.0	5.7%	55.1	7.4%
rest of the portfolio	189.2	8.6%	190.5	8.7%	68.0	9.1%	68.3	9.2%
<b>total</b>	<b>2,201.3</b>	<b>100.0%</b>	<b>2,201.3</b>	<b>100.0%</b>	<b>743.5</b>	<b>100.0%</b>	<b>743.5</b>	<b>100.0%</b>

Group net sales focus by priorities	for the six months ended 30 June 2023				second quarter			
	after reclassification		published		after reclassification		published	
	€ million	%	€ million	%	€ million	%	€ million	%
global priority brands	970.1	66.5%	863.4	59.2%	531.8	67.3%	476.4	60.3%
regional priority brands	266.0	18.2%	345.4	23.7%	138.2	17.5%	178.8	22.6%
local priority brands	100.5	6.9%	126.7	8.7%	53.8	6.8%	68.1	8.6%
rest of the portfolio	121.2	8.3%	122.2	8.4%	66.2	8.4%	66.7	8.4%
<b>total</b>	<b>1,457.8</b>	<b>100.0%</b>	<b>1,457.8</b>	<b>100.0%</b>	<b>789.9</b>	<b>100.0%</b>	<b>789.9</b>	<b>100.0%</b>

Group net sales focus by priorities	for the three months ended 31 March 2023				first quarter			
	after reclassification		published		after reclassification		published	
	€ million	%	€ million	%	€ million	%	€ million	%
global priority brands	438.3	65.6%	387.0	57.9%	438.3	65.6%	387.0	57.9%
regional priority brands	127.9	19.1%	166.7	25.0%	127.9	19.1%	166.7	25.0%
local priority brands	46.7	7.0%	58.7	8.8%	46.7	7.0%	58.7	8.8%
rest of the portfolio	55.0	8.2%	55.5	8.3%	55.0	8.2%	55.5	8.3%
<b>Total</b>	<b>667.9</b>	<b>100.0%</b>	<b>667.9</b>	<b>100.0%</b>	<b>667.9</b>	<b>100.0%</b>	<b>667.9</b>	<b>100.0%</b>

### Relocation of Campari's Headquarters

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

## Group Financial Review

### Sales performance

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

### 1. Key highlights

In 2023, the Group's net sales amounted to €2,946.9 million, with an overall increase of +8.6% compared with 2022. Organic and perimeter were positive at +10.9% and +1.2%, partially offset by negative exchange rate component of -3.5%.

	for the years ended 31 December			total	full year change %, of which			organic change % by quarter			
	2023 € million	2022 € million	total change € million		organic	perimeter	exchange rate <sup>1)</sup>	first	second	third	fourth
<b>total</b>	<b>2,946.9</b>	2,714.6	<b>232.3</b>	8.6%	<b>10.9%</b>	1.2%	-3.5%	19.6%	10.1%	4.4%	<b>10.6%</b>

<sup>(1)</sup> Includes the effects associated with hyperinflation in Argentina.

In 2023, reported organic sales increased by +10.9% thanks to continued solid brand momentum driven by aperitifs, tequila and bourbon, with industry outperformance, as well as robust pricing across the portfolio. Fourth-quarter organic sales growth was +10.6%, driven by positive sustained sales growth in the United States, in particular driven by tequila and bourbon, as well as good momentum in the core European and Asia-Pacific markets.

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

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

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

## 2. Organic sales performance of operating segments

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

Group net sales focus by region	for the years ended 31 December									
	2023		2022		total change € million	full year change %, of which				fourth quarter organic change %
	€ million	%	€ million	%		total	organic	perimeter	exchange rate <sup>1</sup>	
Americas	1,294.6	43.9%	1,235.4	45.5%	59.2	4.8%	8.2%	1.0%	-4.4%	11.1%
Southern Europe, Middle East and Africa	817.2	27.7%	747.1	27.5%	70.1	9.4%	8.3%	1.4%	-0.3%	-1.1%
North, Central and Eastern Europe	605.0	20.5%	534.2	19.7%	70.8	13.3%	17.2%	0.5%	-4.4%	26.3%
Asia-Pacific	230.2	7.8%	197.9	7.3%	32.3	16.3%	20.6%	3.2%	-7.5%	7.6%
<b>total</b>	<b>2,946.9</b>	<b>100%</b>	<b>2,714.6</b>	<b>100.0%</b>	<b>232.3</b>	<b>8.6%</b>	<b>10.9%</b>	<b>1.2%</b>	<b>-3.5%</b>	<b>10.6%</b>

<sup>(1)</sup> Includes the effects associated with hyperinflation in Argentina.

### • Americas

The region, broken down into its core markets below, recorded an organic increase of +8.2%. The region is predominantly off-premise skewed, particularly North America.

% of Group total	for the years ended 31 December									
	2023		2022		total change € million	full year change %, of which				fourth quarter organic change %
	€ million	%	€ million	%		total	organic	perimeter	exchange rate <sup>1</sup>	
US	825.0	63.7%	752.1	60.9%	72.9	9.7%	10.8%	1.7%	-2.8%	12.8%
Jamaica	151.0	11.7%	151.9	12.3%	-0.9	-0.6%	2.4%	-	-3.0%	-1.7%
Other countries of the region <sup>1</sup>	318.6	24.6%	331.4	26.8%	-12.8	-3.9%	4.9%	-0.2%	-8.6%	14.6%
<b>Americas</b>	<b>1,294.6</b>	<b>100.0%</b>	<b>1,235.4</b>	<b>100.0%</b>	<b>59.2</b>	<b>4.8%</b>	<b>8.2%</b>	<b>1.0%</b>	<b>-4.4%</b>	<b>11.1%</b>

<sup>(1)</sup> Includes the effects associated with hyperinflation in Argentina.

The **United States**, accounting for 28.0% of the Group's net sales, reported very solid growth (+10.8%) with a very strong last quarter (+12.8%), largely thanks to Espolòn, aperitifs, Russell's Reserve and Appleton Estate, while Grand Marnier also returned to growth in the last period of the year. Overall, the Group continued its outperformance in the overall market (based on Nielsen indicators<sup>2</sup>).

**Jamaica** showed positive growth in 2023 (+2.4%) against a tough comparison base (+29.8% in 2022) led by Magnum Tonic Wine, Appleton Estate and Wray&Nephew Overproof.

Organic performance for the rest of the region was positive overall (+4.9%), with positive growth in **Brazil** and **Mexico** offsetting weakness in **Argentina**.

### • Southern Europe, Middle East and Africa

The region, which is broken down by core markets in the table below, reported an organic increase of +8.3%. It is predominantly skewed to the on-premise channel.

% of Group total	for the years ended 31 December									
	2023		2022		total change € million	full year change %, of which				fourth quarter organic change %
	€ million	%	€ million	%		Total	organic	perimeter	exchange rate	
Italy	502.9	61.5%	463.7	62.1%	39.2	8.4%	8.2%	0.2%	-	4.1%
France	171.1	20.9%	151.7	20.3%	19.4	12.8%	6.7%	6.1%	-	-6.3%
Other countries of the region	143.2	17.5%	131.7	17.6%	11.5	8.7%	10.6%	0.1%	-2.0%	-10.2%
<b>Southern Europe, Middle East and Africa</b>	<b>817.2</b>	<b>100.0%</b>	<b>747.1</b>	<b>100.0%</b>	<b>70.1</b>	<b>9.4%</b>	<b>8.3%</b>	<b>1.4%</b>	<b>-0.3%</b>	<b>-1.1%</b>

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

Overall positive growth was registered in **France** (+6.7%) (with a softer fourth quarter against a tough comparison base +15.6% in fourth quarter 2022), driven by core Aperol and Campari as well as Riccadonna sparkling wine, Trois Rivières, Picon and Champagne Lallier, benefitting from a strong focus on the Group's own portfolio.

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

<sup>2</sup> US NielsenIQ to 7th October 2023.

- **Northern, Central and Eastern Europe**

The region, predominantly off-premise skewed, reported highly positive overall organic growth (+17.2%) across its core countries.

		for the years ended 31 December									
% of Group total	2023		2022		total change € million	full year change %, of which				fourth quarter organic change %	
	€ million	%	€ million	%		total	organic	perimeter	exchange rate		
Germany	8.1%	240.1	39.7%	193.6	36.2%	46.5	24.0%	24.0%	-	-	21.8%
United Kingdom	3.3%	97.3	16.1%	91.1	17.1%	6.2	6.8%	9.2%	-	-2.4%	32.6%
Other countries of the region	9.1%	267.6	44.2%	249.5	46.7%	18.1	7.3%	14.8%	0.9%	-8.4%	27.4%
<b>North, Central and Eastern Europe</b>	<b>20.5%</b>	<b>605.0</b>	<b>100.0%</b>	<b>534.2</b>	<b>100.0%</b>	<b>70.8</b>	<b>13.3%</b>	<b>17.2%</b>	<b>0.5%</b>	<b>-4.4%</b>	<b>26.3%</b>

**Germany** showed strong outperformance (+24.0%) in 2023, largely thanks to continued growth of the core aperitif portfolio, supported also by robust pricing, with Aperol, Aperol Spritz ready-to-enjoy, Campari and Crodino, all of which grew by double-digits, alongside strong growth from the recent innovation Sarti Rosa. The performance of the fourth quarter reported strong growth (+21.8%), thanks to aperitifs, Cinzano Sparkling wine and Ouzo12.

The **United Kingdom** registered strong overall growth (+9.2%) notwithstanding a tough consumer environment, with a very positive fourth quarter (+32.6%), thanks to continued momentum in Magnum Tonic Wine, Aperol, Campari and Wray&Nephew Overproof.

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

- **Asia-Pacific**

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

		for the years ended 31 December									
% of Group total	2023		2022		total change € million	full year change %, of which				fourth quarter organic change %	
	€ million	%	€ million	%		total	organic	perimeter	exchange rate		
Australia	4.2%	123.2	53.5%	124.9	63.1%	(1.7)	-1.4%	5.3%	0.5%	-7.2%	-3.1%
Other countries of the region	3.7%	107.0	46.5%	72.9	36.9%	34.1	46.7%	46.9%	7.9%	-8.1%	28.0%
<b>Asia-Pacific</b>	<b>7.9%</b>	<b>230.2</b>	<b>100.0%</b>	<b>197.9</b>	<b>100.0%</b>	<b>32.3</b>	<b>16.3%</b>	<b>20.7%</b>	<b>3.2%</b>	<b>-7.5%</b>	<b>7.6%</b>

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

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

### • Brand contribution to segments

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

Group percentage and net sales by priority for the years ended 31 December 2023	full year change % compared with full year 2022, of which				fourth quarter organic change % compared with fourth quarter 2022	main region/markets for brands		
	%	€ million	total	organic			perimeter	exchange rate
<b>global priority brands</b>	<b>57.0%</b>	<b>1,664.1</b>	<b>7.4%</b>	<b>10.8%</b>	-	<b>-3.4%</b>	<b>10.5%</b>	-
Aperol	24.1%	703.5	20.9%	23.1%	-	-2.2%	22.3%	-
								Italy, SEMEA Germany, NCEE US, AMERICAS France, SEMEA United Kingdom, NCEE
Campari	10.6%	309.6	7.8%	10.7%	-	-3.0%	15.8%	-
								Italy, SEMEA US, AMERICAS Brazil, AMERICAS Germany, NCEE Jamaica, AMERICAS
Wild Turkey portfolio <sup>1'1'2'</sup>	7.8%	226.9	5.1%	8.8%	-	-3.7%	3.5%	-
								US, AMERICAS Australia, APAC South Korea, APAC Japan, APAC GTR, SEMEA
Jamaican rums portfolio <sup>3'</sup>	5.4%	156.5	4.0%	7.0%	-	-3.0%	5.0%	-
								Jamaica, AMERICAS US, AMERICAS United Kingdom, NCEE Canada, AMERICAS Mexico, AMERICAS
Grand Marnier	4.9%	143.2	-18.5%	-16.5%	-	-2.1%	-1.6%	-
								US, AMERICAS Canada, AMERICAS France, SEMEA GTR, SEMEA Mexico, AMERICAS
SKYY <sup>4'</sup>	4.3%	124.4	-10.0%	1.5%	-	-11.5%	-1.5%	-
								US, AMERICAS Argentina, AMERICAS Germany, NCEE China, APAC South Africa, SEMEA
<b>regional priority brands</b>	<b>25.7%</b>	<b>751.1</b>	<b>9.5%</b>	<b>13.4%</b>	<b>0.9%</b>	<b>-4.8%</b>	<b>14.2%</b>	-
Espolón	8.0%	233.2	31.8%	35.7%	-	-3.9%	30.9%	-
Sparkling Wine&Vermouth	5.2%	150.5	-2.7%	9.0%	-	-11.7%	20.8%	-
Italian specialties <sup>4'</sup>	2.7%	79.7	-5.1%	-3.9%	1.4%	-2.6%	0.4%	-
Crodino	2.2%	63.9	3.7%	3.6%	-	0.1%	8.4%	-
Magnum Tonic	1.8%	52.5	18.3%	21.2%	-	-3.0%	6.6%	-
Aperol Spritz ready-to-enjoy	1.3%	38.7	6.3%	6.6%	-	-0.3%	0.1%	-
The GlenGrant	1.1%	31.1	9.1%	13.8%	-	-4.6%	-3.9%	-
other <sup>5'</sup>	3.5%	101.5	2.0%	-0.1%	5.3%	-3.2%	-0.4%	-
<b>local priority brands</b>	<b>8.3%</b>	<b>242.2</b>	<b>8.6%</b>	<b>3.9%</b>	<b>5.1%</b>	<b>-0.4%</b>	<b>6.7%</b>	-
Campari Soda	2.7%	78.7	2.3%	2.3%	-	-	5.7%	-
Wild Turkey ready-to-drink <sup>6'</sup>	1.7%	48.6	-3.7%	3.4%	-	-7.1%	-3.6%	-
SKYY ready-to-drink	1.4%	40.8	48.9%	35.5%	-	13.3%	40.5%	-
X-Rated	0.4%	12.3	-0.2%	4.3%	-	-4.5%	5.9%	-
other <sup>7'</sup>	2.1%	61.8	10.6%	-9.1%	20.4%	-0.7%	1.6%	-
<b>rest of the portfolio</b>	<b>8.9%</b>	<b>261.1</b>	<b>9.2%</b>	<b>6.7%</b>	<b>5.6%</b>	<b>-3.1%</b>	<b>3.7%</b>	-
<b>total</b>	<b>100.0%</b>	<b>2,918.6</b>	<b>8.2%</b>	<b>10.5%</b>	<b>1.2%</b>	<b>-3.5%</b>	<b>10.6%</b>	-

(1) Excludes ready-to-drink.

(2) Includes American Honey.

(3) Includes Appleton Estate, Wray&Nephew Overproof and Kingston 62.

(4) Includes Braulio, Cynar, Averna, Frangelico and Del Professore.

(5) Includes Bisquit&Dubouché, Bulldog, Forty Creek, Trois Rivières, Maison La Mauny, Ancho Reyes, Montelobos, Lallier and Wilderness Trail.

(6) Includes American Honey ready-to-drink.

(7) Includes Cabo Wabo, Ouzo 12 and Picon.

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

**Global priority** brands maintained double-digit organic growth of +10.8% overall. **Aperol** showed strong organic growth (+23.1%) across all key markets, thanks to continued healthy brand momentum, despite experiencing a weaker third quarter attributable to unfavourable weather conditions in Europe, boosted by pricing and strong consumption, particularly in Italy (+8.2%), Germany (+32.9%), the United States (+52.0%), France (+11.7%) and the United Kingdom (+28.9%). Strong brand momentum was also achieved in all other markets, particularly in Europe as Spain, Scandinavia, Austria, Belgium and Poland all grew double digits. Moreover, the brand also

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

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

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

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

### 3. Perimeter variation

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

perimeter variation		
breakdown of the perimeter effect	€ million	% on 2022
asset deals and business acquisitions	22.5	0.8%
<b>total asset deals and business acquisitions</b>	<b>22.5</b>	<b>0.8%</b>
new agency brands	10.0	0.4%
discontinued agency brands	(1.2)	-
<b>total agency brands</b>	<b>8.8</b>	<b>0.3%</b>
<b>total perimeter effect</b>	<b>31.3</b>	<b>1.2%</b>

- **Asset deals and business acquisitions**

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

- **Agency brands distribution**

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

#### 4. Exchange rate effects

The exchange rate effect for 2023 was negative (-3.5%), mainly due to the depreciation against the € of the Group's key currencies such as the US\$, the Jamaican Dollar, the Canadian Dollar, the Great Britain Pound and the Australian Dollar, only partially offset by strong revaluation of the Mexican Peso.

The exchange rate effect includes the impact of applying the IAS 29 Hyperinflation principle in Argentina. Moreover, as a prudent measure to strip out the effects of the local high inflation rate, the exchange rate effect also includes the pricing component.

The table below shows, for the Group's most important currencies, the average exchange rates for the year 2023 and 2022 respectively, and the spot rates at 31 December 2023, with the percentage change against the € compared with 31 December 2022.

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

<sup>(1)</sup> The average exchange rate of the Argentine Peso for both 2023 and 2022 was equal to the spot exchange rate at 31 December 2023 and at 31 December 2022 respectively, based on IFRS accounting requirements for hyperinflation.

<sup>(2)</sup> On 2 March 2022, the European Central Bank ('ECB') decided to suspend the publication of € reference rate for the Russian Rouble until further notice. The Group has therefore decided to refer to an alternative reliable source for exchange rates based on executable and indicative quotes from multiple dealers.

## Statement of profit or loss

### Key highlights

Profit or loss for the full year 2023 confirmed positive organic performance for all profitability indicators. Specifically, in organic terms, net sales, gross profit, contribution margin and the result from recurring operations (EBIT-adjusted) showed organic growth of +10.9%, +11.6%, +14.1% and +16.2%, respectively.

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

The table below shows the statement of profit or loss<sup>(1)</sup> for the full year 2023 and a breakdown of the total change by organic change, perimeter change and exchange rate effects.

	for the years ended 31 December											
	2023		2022		total change		of which organic		of which perimeter		of which due to exchange rates and hyperinflation	
	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%
<b>Net sales<sup>(2)</sup></b>	<b>2,946.9</b>	<b>100.0%</b>	<b>2,714.6</b>	<b>100.0%</b>	<b>232.3</b>	<b>8.6%</b>	<b>295.5</b>	<b>10.9%</b>	<b>31.3</b>	<b>1.20%</b>	<b>(94.5)</b>	<b>-3.50%</b>
Cost of sales	(1,250.0)	-42.4%	(1,133.9)	-41.8%	(116.1)	10.2%	(113.2)	9.9%	(18.5)	1.70%	15.6	-1.40%
<b>Gross profit</b>	<b>1,696.9</b>	<b>57.6%</b>	<b>1,580.6</b>	<b>58.2%</b>	<b>116.3</b>	<b>7.4%</b>	<b>182.5</b>	<b>11.6%</b>	<b>12.7</b>	<b>0.80%</b>	<b>(78.9)</b>	<b>-5.00%</b>
Advertising and promotional expenses	(494.1)	-16.8%	(479.0)	-17.6%	(15.1)	3.2%	(26.4)	5.5%	(4.2)	0.90%	15.5	-3.20%
<b>Contribution margin</b>	<b>1,202.8</b>	<b>40.8%</b>	<b>1,101.6</b>	<b>40.6%</b>	<b>101.2</b>	<b>9.2%</b>	<b>156.1</b>	<b>14.1%</b>	<b>8.6</b>	<b>0.80%</b>	<b>(63.5)</b>	<b>-5.70%</b>
Selling, general and administrative expenses	(595.6)	-20.2%	(546.3)	-20.1%	(49.3)	9.0%	(64.8)	11.8%	(1.9)	0.40%	17.4	-3.20%
<b>Result from recurring activities (EBIT-adjusted)</b>	<b>607.2</b>	<b>20.6%</b>	<b>555.3</b>	<b>20.5%</b>	<b>51.9</b>	<b>9.3%</b>	<b>91.3</b>	<b>16.2%</b>	<b>6.6</b>	<b>1.20%</b>	<b>(46.0)</b>	<b>-8.10%</b>
Other operating income (expenses)	(78.5)	-2.7%	(102.5)	-3.8%	24.0	-23.4%						
<b>Operating result (EBIT)</b>	<b>528.7</b>	<b>17.9%</b>	<b>452.9</b>	<b>16.7%</b>	<b>75.8</b>	<b>16.7%</b>						
Financial income (expenses) and adjustments	(119.4)	-4.1%	7.2	0.3%	(126.6)	-1758.3%						
Earn-out income (expenses) and hyperinflation effect	10.3	0.3%	0.7	0.0%	9.6	1371.4%						
Profit (loss) related to joint-ventures	(8.3)	-0.3%	(6.6)	-0.2%	(1.7)	25.8%						
<b>Profit before taxation</b>	<b>411.4</b>	<b>14.0%</b>	<b>454.2</b>	<b>16.7%</b>	<b>(42.8)</b>	<b>-9.4%</b>						
<b>Profit before taxation-adjusted</b>	<b>489.1</b>	<b>16.6%</b>	<b>561.2</b>	<b>20.7%</b>	<b>(72.1)</b>	<b>-12.8%</b>						
Taxation	(107.6)	-3.7%	(154.5)	-5.7%	46.9	-30.4%						
<b>Net profit for the period</b>	<b>303.7</b>	<b>10.3%</b>	<b>299.6</b>	<b>11.0%</b>	<b>4.1</b>	<b>1.4%</b>						
<b>Net profit for the period-adjusted</b>	<b>363.6</b>	<b>12.3%</b>	<b>406.6</b>	<b>15.0%</b>	<b>(43.0)</b>	<b>-10.6%</b>						
Non-controlling interests	149.6	5.1%	144.4	5.3%	5.2	3.6%						
<b>Group net profit</b>	<b>154.2</b>	<b>5.2%</b>	<b>155.2</b>	<b>5.7%</b>	<b>(1.0)</b>	<b>-0.6%</b>						
<b>Group net profit-adjusted</b>	<b>214.1</b>	<b>7.3%</b>	<b>254.0</b>	<b>9.4%</b>	<b>(39.9)</b>	<b>-15.7%</b>						
Total depreciation and amortisation	(118.4)	-4.0%	(92.6)	-3.4%	(25.8)	27.9%	(19.9)	21.4%	(6.9)	7.7%	1.0	-1.2%
<b>EBITDA-adjusted</b>	<b>725.6</b>	<b>24.6%</b>	<b>647.9</b>	<b>23.9%</b>	<b>77.7</b>	<b>12.0%</b>	<b>111.3</b>	<b>17.0%</b>	<b>13.5</b>	<b>2.1%</b>	<b>(47.1)</b>	<b>-7.1%</b>
<b>EBITDA</b>	<b>647.1</b>	<b>21.9%</b>	<b>545.5</b>	<b>20.1%</b>	<b>101.6</b>	<b>18.6%</b>						

<sup>(1)</sup> For information on the definition of alternative performance measures, see the paragraph 'Definitions and reconciliation of the Alternative Performance Measures (APMs' or non-GAAP measures) to GAAP measures' of this additional financial information.

<sup>(2)</sup> Sales after deduction of excise duties.

### Statement of profit or loss in detail

The key profit or loss items for the full year 2023 are analysed below, while a detailed analysis of the 'sales performance' is included in the previous paragraph, to which reference is made. The organic net sales showed a remarkable growth of +10.9% in full year 2023 due to continued solid brand momentum driven by aperitifs, tequila and bourbon along with the industry outperformance in core developed markets. This growth was further supported by the successful execution of pricing strategies across the portfolio notwithstanding market conditions that were not entirely favourable, owing to the lingering effects of high inflation.

**Gross profit** for the period was €1,696.9 million, up +7.4% compared with the full year 2022. The organic component of +11.6% was combined with a negative exchange rate variation at -5.0% and a perimeter effect at +0.8%. As a percentage of net sales, profitability stood at 57.6%, lower than the 58.2% reported in the same period of 2022, hence generating a dilutive effect of 60 basis points on a reported basis (30 basis points accretive

organic effect and 90 basis points combined dilutive effect of exchange rate and perimeter components). Focusing on the organic variation during the period, the accretive effect of 30 basis points was mainly driven by pricing and positive sales mix effects during the period and initial benefit from agave which more than offsetting persisting input costs inflation and incremental fixed production costs linked to the incremented capital expenditure.

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

**Contribution margin** was €1,202.8 million in the full year 2023, an overall increase of +9.2% on the same period of 2022. As a percentage of sales, contribution margin stood at 40.8%, almost in line with the comparative year. The organic growth component was +14.1%, higher than net sales with an accretive effect on profitability of 120 basis points. The perimeter effect was positive at +0.8%, with a dilutive effect of 20 basis points, while the exchange rate effect of -5.7% had a dilutive effect on margins of 80 basis points.

**Selling, general and administrative expenses** amounted to €595.6 million in the period, up by +9.0% on the same period of 2022. As a percentage of sales, they stood at 20.2%, unchanged compared to the 20.1% recorded in the full year 2022. At organic level, selling, general and administrative expenses increased by +11.8%, higher than net sales growth and therefore generating a dilutive effect on margins of 20 basis points due to normalised net sales growth, reflecting the continuous investments in the business infrastructure, including commercial and marketing capabilities and the setting up of a new route-to-market in Asia Pacific and Greece.

**The result from recurring operations (EBIT-adjusted)** for the period was €607.2 million, with an overall increase of +9.3% on the full year 2022. The return on sales-adjusted ('ROS') stood at 20.6%, substantially unchanged compared to 2022. The organic growth component was +16.2%, higher than the organic sales trend, thus generating a profit enhancement of 90 basis points on net sales.

**Other operating income (expenses)** comprised a net expense of €78.5 million, mainly attributable to impairment of fixed assets, provisions linked to restructuring initiatives, non-recurring costs connected to finance transformation as well as IT investments strengthening systems and procedures supporting commercial and marketing organisations, and last-mile long-term incentive schemes with retention purposes to be potentially awarded to senior management<sup>3</sup>.

**Operating result (EBIT)** in the full year 2023 was €528.7 million, reflecting an increase of +16.7% compared with the same period of 2022. ROS amounted to 17.9% (16.7% in the same period of 2022).

**Depreciation and amortisation** totalled €118.4 million, a decrease of -25.8% on the full year 2022.

**EBITDA-adjusted** stood at €725.6 million, an increase of +12.0%, of which +17.0% was at organic level, -7.1% was driven by exchange rate variations and the perimeter effect was positive at +2.1%.

**EBITDA** was €647.1 million in the full year 2023, an increase of +18.6% compared with the same period of 2022.

**Net financial expenses**, which included exchange gain (losses), totalled €119.4 million compared with €7.2 million in the comparative year 2022.

	for the years ended 31 December	
	2023 € million	2022 € million
Total interest expenses bond, loans and leases	(100.0)	(38.3)
Bank and other term deposit interest income	23.5	15.1
Other net expenses	(23.7)	49.0
Remeasurement effect from liability management		(4.6)
<b>Total financial expenses before exchange gain (losses)</b>	<b>(100.2)</b>	<b>21.2</b>
Exchange gain (losses)	(19.2)	(14.0)
<b>Total financial income (expenses)</b>	<b>(119.4)</b>	<b>7.2</b>

<sup>3</sup> Pursuant to the Remuneration Policy, a last-mile incentive scheme with retention purposes to be potentially awarded to the Chief Executive Officer has been approved by the Parent Company's corporate bodies and therefore implemented as set out in the Remuneration Report in the 'Governance' section of the Campari Group annual report for the year ended 31 December 2023.

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

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

**Profit before taxation (Group and non-controlling interests)** was €411.4 million, lower than the same period of 2022 (€454.2). Profit before taxation as a percentage of sales was 14.0% (16.7% in the same period of 2022).

**Profit before taxation (Group and non-controlling interests) adjusted** was €489.1 million (€561.2 million in the same period of 2022).

**Taxation** amounted to €107.6 million on a reported basis in 2023. The reported tax rate for the year was 26.2%, a decrease from the reported tax rate of 34.0% in 2022.

**Profit (loss) before taxation relating to non-controlling interests** for the period under analysis was positive at €149.6 million, compared to €144.4 million in the year 2022.

**Group's net profit** was €154.2 million in 2023, a decrease of 0.6% compared to 2022, with a sales margin of 5.2%, lower than 2022 (5.7%). Excluding the adjustments to the operating and financial result and the related tax effects and tax adjustments, the Group's net profit decreased by 15.7% to €214.1 million (€254.0 million in 2022 reported on a consistent basis).

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

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

	for the years ended 31 December	
	2023 € million	2022 € million
<b>adjustments to operating income (expenses), of which:</b>	<b>(84.3)</b>	<b>(107.0)</b>
<i>Ukraine and Russia conflict costs</i>	(2.3)	(8.0)
<i>net expenses from acquisition/disposals of business or companies and indemnities from contract resolutions</i>	(17.0)	(14.4)
<i>restructuring and reorganisation costs</i>	(19.6)	(11.4)
<i>last mile long-term incentive schemes with retention purposes</i>	(10.0)	(10.0)
<i>impairment of assets</i>	(11.9)	(6.6)
<i>capital gains (losses) on the disposal of tangible and intangible assets</i>	7.6	-
<i>non-recurring costs related to IT system implementation</i>	(13.3)	-
<i>net penalties or gains arising from the settlement of tax and legal disputes</i>	(8.4)	-
<i>other adjustments to operating income (expenses)</i>	(9.4)	(56.6)
<b>adjustments to financial income (expenses)</b>	<b>-</b>	<b>(4.6)</b>
<b>adjustment related to remeasurement in joint-ventures</b>	<b>0.9</b>	<b>-</b>
<b>total adjustments</b>	<b>(83.4)</b>	<b>(111.6)</b>
<b>tax adjustments, of which:</b>	<b>17.7</b>	<b>8.2</b>
<i>tax adjustments</i>	(2.6)	(7.7)
<i>tax effect on operating and financial adjustments</i>	20.3	15.9
<b>total net adjustment</b>	<b>(65.7)</b>	<b>(103.4)</b>

€ million	for the years ended 31 December						Changes	
	reported	2023		reported	2022		reported	Adjusted
		adjustments	adjusted		adjustments	adjusted		
<b>profit before taxation</b>	<b>411.4</b>	<b>(77.7)</b>	<b>489.1</b>	<b>454.2</b>	<b>(107.0)</b>	<b>561.2</b>	<b>-9.4%</b>	<b>-12.8%</b>
<b>total taxation</b>	<b>(107.6)</b>	<b>17.7</b>	<b>(125.3)</b>	<b>(154.5)</b>	<b>8.2</b>	<b>(162.7)</b>	<b>-30.4%</b>	<b>-23.0%</b>
<i>tax adjustments</i>		(2.6)			(7.7)			
<i>tax effect on operating and financial adjustments</i>		20.3			15.9			
<b>net profit for the period</b>	<b>303.7</b>	<b>(59.9)</b>	<b>363.6</b>	<b>299.6</b>	<b>(107.0)</b>	<b>406.6</b>	<b>1.4%</b>	<b>-10.6%</b>
<b>tax rate (reported and adjusted)</b>	<b>-26.2%</b>		<b>-18.1%</b>	<b>-34.0%</b>		<b>-26.1%</b>		
deferred taxes on goodwill and trademarks		(21.4)	(21.4)		(17.2)	(17.2)		
<b>cash tax rate</b>			<b>-24.0%</b>			<b>-25.0%</b>		

## Profitability by business area

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

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

	for the years ended							
	2023				2022			
	net sales € million	% of total %	result from recurring activities € million	% of total %	net sales € million	% of total %	result from recurring activities € million	% of total %
Americas	1,294.6	43.9%	257.4	42.4%	1,235.4	45.5%	258.2	46.5%
Southern Europe, Middle East and Africa	817.2	27.7%	116.9	19.2%	747.1	27.5%	95.8	17.3%
Northern, Central and Eastern Europe	605.0	20.5%	222.9	36.7%	534.2	19.7%	186.7	33.6%
Asia-Pacific	230.2	7.8%	10.0	1.6%	197.9	7.3%	14.7	2.6%
<b>Total</b>	<b>2,946.9</b>	<b>100.0%</b>	<b>607.2</b>	<b>100.0%</b>	<b>2,714.6</b>	<b>100.0%</b>	<b>555.3</b>	<b>100.0%</b>

### • Americas

The Americas region made the largest contribution to the Group in terms of both sales and results from recurring activities, at 43.9% and 42.4% respectively.

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

	for the years ended								
	2023		2022		total change		organic change		organic accretion/dilution of profitability basis points
	€ million	%	€ million	%	€ million	%	€ million	%	
<b>Net sales</b>	<b>1,294.6</b>	<b>100.0%</b>	<b>1,235.4</b>	<b>100.0%</b>	<b>59.2</b>	<b>4.8%</b>	<b>94.9</b>	<b>7.7%</b>	-
<b>Gross margin</b>	<b>699.0</b>	<b>54.0%</b>	<b>678.4</b>	<b>54.9%</b>	<b>20.6</b>	<b>3.0%</b>	<b>59.6</b>	<b>8.7%</b>	<b>50</b>
Advertising and promotional expenses	(233.3)	-18.0%	(224.2)	-18.1%	(9.1)	4.1%	(15.9)	7.1%	10
Selling, general and administrative expenses	(208.3)	-16.1%	(196.0)	-15.9%	(12.3)	6.3%	(20.0)	10.2%	(40)
<b>Result from recurring activities</b>	<b>257.4</b>	<b>19.9%</b>	<b>258.2</b>	<b>20.9%</b>	<b>(0.8)</b>	<b>-0.3%</b>	<b>23.7</b>	<b>9.0%</b>	<b>30</b>

The result from recurring activities decreased by -0.8% overall, generating a margin on sales of 19.9% compared with the 20.9% reported in the previous year. The organic change was +9.0%, generating an accretive effect of 30 basis points on profitability. The main drivers at organic level were as follows:

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

### • Southern Europe, Middle East and Africa

The Southern Europe, Middle East and Africa region is the Group's second-largest region in terms of net sales, at 27.7%, and the third-largest in terms of profitability, at 19.2%. Besides Italy, the other key markets include France, Spain and South Africa, in addition to the Global Travel Retail channel. The results for the full year 2023 are shown below.

	for the years ended								
	2023		2022		total change		organic change		organic accretion/dilution of profitability basis points
	€ million	%	€ million	%	€ million	%	€ million	%	
<b>Net sales</b>	<b>817.2</b>	<b>100.0%</b>	<b>747.1</b>	<b>100.0%</b>	<b>70.1</b>	<b>9.4%</b>	<b>50.5</b>	<b>6.8%</b>	-
<b>Gross margin</b>	<b>493.4</b>	<b>60.4%</b>	<b>458.9</b>	<b>61.4%</b>	<b>34.5</b>	<b>7.5%</b>	<b>32.4</b>	<b>7.1%</b>	<b>20</b>
Advertising and promotional expenses	(131.2)	-16.1%	(135.3)	-18.1%	4.1	-3.0%	4.4	-3.2%	170
Selling, general and administrative expenses	(245.3)	-30.0%	(227.8)	-30.5%	(17.5)	7.7%	(15.8)	7.1%	(10)
<b>Result from recurring activities</b>	<b>116.9</b>	<b>14.3%</b>	<b>95.8</b>	<b>12.8%</b>	<b>21.1</b>	<b>22.0%</b>	<b>21.1</b>	<b>20.8%</b>	<b>180</b>

The result from recurring activities increased to €116.9 million overall, generating a sales margin of 14.3% compared to the 12.8% reported in the previous year. The main organic drivers were as follows:

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

#### • Northern, Central and Eastern Europe

The Northern, Central and Eastern Europe region is the Group's third-largest region in terms of net sales, and the second-largest in terms of profitability, at 20.5% and 36.7% respectively.

The region includes the direct markets of Germany, Austria, Switzerland, Benelux and the United Kingdom, which represent nearly all the sales in the region, and the markets served by third-party distributors. The results for the full year 2023 are shown below.

	for the years ended									
	2023		2022		total change		organic change		organic accretion/dilution of profitability basis points	
	€ million	%	€ million	%	€ million	%	€ million	%		
<b>Net sales</b>	<b>605.0</b>	<b>100.0%</b>	<b>534.2</b>	<b>100.0%</b>	<b>70.8</b>	<b>13.3%</b>	<b>97.9</b>	<b>18.7%</b>		-
<b>Gross margin</b>	<b>401.3</b>	<b>66.3%</b>	<b>354.5</b>	<b>66.4%</b>	<b>46.8</b>	<b>13.2%</b>	<b>62.2</b>	<b>17.4%</b>		<b>(70)</b>
Advertising and promotional expenses	(93.5)	-15.5%	(88.5)	-16.6%	(5.0)	5.6%	(7.3)	8.2%		150
Selling, general and administrative expenses	(84.9)	-14.0%	(79.3)	-14.8%	(5.6)	7.1%	(9.7)	12.4%		80
<b>Result from recurring activities</b>	<b>222.9</b>	<b>36.8%</b>	<b>186.7</b>	<b>34.9%</b>	<b>36.2</b>	<b>19.4%</b>	<b>45.2</b>	<b>23.7%</b>		<b>150</b>

The result from recurring activities increased to €222.9 million overall, generating a sales margin of 36.8%, consistent with 34.9% reported in 2022. Organic growth was +23.7% with an accretive effect of 150 basis points. The main drivers were as follows:

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

#### • Asia-Pacific

The Asia-Pacific region includes the Group's own distribution platforms in Australia, China, India and South Korea, as well as the latest markets Japan and New Zealand following the recent business combination completed by the Group. The rest of the region is served by third-party distributors and joint ventures. The region's contribution to the Group's net sales and result from recurring activities in the full year 2023 was 7.8% and 1.6% respectively. The results for the full year 2023 are shown below.

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

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

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

### Operating working capital

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

	at 31 December 2023	at 31 December 2022 post- reclassifications <sup>(1)</sup>	total change	organic	Perimeter	exchange rates and hyperinflation
	€ million	€ million	€ million	€ million	€ million	€ million
Trade receivables	375.3	309.6	65.7	79.9	8.3	(22.5)
Total inventories, of which:	1,252.5	1,011.7	240.8	251.8	8.1	(19.2)
- maturing inventory	603.3	516.0	87.3	95.7	-	(8.3)
- biological assets	15.1	7.1	8.0	7.1	-	0.9
- other inventory	634.1	488.6	145.5	149.0	8.1	(11.7)
Trade payables	(525.5)	(542.5)	17.0	26.5	(27.2)	17.7
<b>Operating working capital</b>	<b>1,102.3</b>	<b>778.8</b>	<b>323.5</b>	<b>358.3</b>	<b>(10.8)</b>	<b>(24.0)</b>
Sales in the previous 12 months rolling	2,946.9	2,714.6				
Working capital as % of net sales rolling	37.4%	28.7%				

<sup>(1)</sup> For information on reclassifications of comparative figures, refer to note 2 vi.-'Reclassification of comparative figures at 31 December 2022' of the Group consolidated financial statements at 31 December 2023.

At 31 December 2023, operating working capital amounted to €1,102.3 million, marking an increase of €323.5 million compared to 31 December 2022. This increase when measured as a percentage of net sales, resulted in a rise from 28.7% at the end of 2022 to 37.4% at the end of December 2023 on a consistent reported basis. The increase was driven by the combined effect of the following drivers: an organic increase of €358.3 million, primarily due to the rise in inventories, a negative impact from business acquisitions amounting to €10.8 million as well as an exchange rate variation contributing to a decrease of €24.0 million.

Focusing solely on organic performance, trade receivables surged by €79.9 million, persistently mirroring the robust performance of net sales and reflecting successful price increases, notwithstanding the steadily progressing improvement in collection conditions during the year. Inventory was up by €251.8 million and mainly due to the increase in maturing inventory of €95.7 million across bourbon whiskey, rum, scotch whisky, cognac and tequila to support both sustained consumer demand and the strategic endeavour towards premiumisation. It should be noted that, due to its nature, ageing liquid is comparable to invested capital as its growth profile is planned over a long-term horizon. Excluding ageing liquid, the increase was further related to the step-up of other inventory of €156.1 million, mainly consisting of additional production of finished goods, designed to underpin persistent seasonality observed during the winter months, which characterised sustained customer demand towards the end of the year, as well as the requirement for temporary safety stock associated with significant capacity expansion initiatives across Campari's production facilities in many geographies. Trade payables showed an organic increase of €26.5 million compared to 31 December 2022, mainly driven by a temporary phasing in connection with timing of non-recurring capital expenditure, as well as an enhancement in the payable process and a slight reduction in input costs, attributable to the gradual easing of inflation observed during the latter part of the year.

The decrease attributable to the exchange rate component of €24.0 million was mainly related to trade receivables for €22.5 million, combined with €19.2 million attributable to inventory, namely referred to maturing inventory and other inventory located in the United States and Jamaica and impacted by the devaluation of the US\$ and Jamaican Dollar. This effect was only partially offset by the positive exchange rate effect in trade payables of €17.7 million.

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

## Reclassified statement of cash flows

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

	for the years ended 31 December			
	2023 € million	of which recurring € million	2022 € million	of which recurring € million
<b>Operating result (EBIT)</b>	<b>528.7</b>		<b>452.8</b>	
<b>Result from recurring activities (EBIT-adjusted)</b>		<b>607.2</b>		<b>555.3</b>
Depreciation and amortization	118.4	118.4	92.6	92.6
<b>EBITDA</b>	<b>647.1</b>		<b>545.4</b>	
<b>EBITDA-adjusted</b>		<b>725.6</b>		<b>647.9</b>
Effects from hyperinflation accounting standard adoption	14.6	14.6	6.7	6.7
Accruals and other changes from operating activities	27.0	12.5	45.0	16.6
Goodwill, brand, tangible fixed assets and sold business impairment	11.9	-	(5.3)	-
Income taxes paid	(210.8)	(188.0)	(164.0)	(120.3)
<b>Cash flow from operating activities before changes in working capital</b>	<b>489.8</b>	<b>564.7</b>	<b>427.8</b>	<b>550.9</b>
Changes in net operating working capital	(377.8)	(377.8)	(27.6)	(27.6)
<b>Cash flow from operating activities</b>	<b>112.0</b>	<b>186.9</b>	<b>400.3</b>	<b>523.3</b>
Net interest paid	(136.2)	(40.8)	(44.6)	(114.0)
Cash adjustments to financial income (expenses)	-	-	-	-
Capital expenditure	(473.9)	(112.4)	(484.3)	(107.5)
<b>Free cash flow</b>	<b>(498.1)</b>	<b>33.7</b>	<b>(128.7)</b>	<b>301.8</b>
Sale and purchase of brands and rights	-	-	-	-
(Acquisition) disposal of business	(13.0)	-	(375.7)	-
Dividend paid out by the Company	(31.7)	-	(29.9)	-
Distribution to shareholders on demerger	0.0	-	(100.0)	-
Other items including net purchase of own shares	(5.3)	-	(120.9)	-
<b>Cash flow invested in other activities</b>	<b>(50.0)</b>		<b>(626.5)</b>	
Other changes	20.5	-	(22.8)	-
<b>Total change in net financial debt due to operating activities</b>	<b>(527.6)</b>		<b>(778.0)</b>	
Put option and earn-out liability changes <sup>1</sup>	(3.4)	-	(45.0)	-
Increase in investments for lease right of use	(14.0)	-	(15.1)	-
<b>Net cash flow of the period=change in net financial debt</b>	<b>(545.0)</b>		<b>(838.1)</b>	
<b>Effect of exchange rate changes</b>	<b>(13.4)</b>		<b>31.5</b>	
<b>Net financial debt at the beginning of the period</b>	<b>(2,111.5)</b>		<b>(1,304.9)</b>	
Opening restatements <sup>(2)</sup>	(2.8)	-	0.0	-
<b>Net financial debt at the beginning of the period-reclassified</b>	<b>(2,114.3)</b>		<b>(1,304.9)</b>	
<b>Net financial debt at the end of the period</b>	<b>(2,672.7)</b>		<b>(2,111.5)</b>	

<sup>(1)</sup> 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.

<sup>(2)</sup> For information on reclassifications of comparative figures, refer to note 2 v.-'Reclassification of comparative figures at 31 December 2022' of Lagfin consolidated financial statements at 31 December 2023. The reclassification is related to the post-closing adjustment payment connected with Wilderness Trail Distillery, LLC.

## Key highlights

At 31 December 2023, net cash flow showed a cash flow absorption of €545.0 million, also reflected as an equivalent increase in the net financial debt compared to 31 December 2022, to which a negative exchange rate effect of €19.6 million was added. The cash generation in terms of free cash flow on a reported basis was negative at €498.1 million in 2023 compared to a free cash flow of €128.7 million reported in 2022. The main driver of the change was due to the cash absorption related to the operating working capital driven by the temporary rise of inventories supporting the positive business momentum and Campari's premiumisation strategy as well as extraordinary capital expenditure. The recurring free cash flow was positive during the period and amounted to €33.7 million, compared with a positive recurring cash flow of €301.8 million in 2022.

## Analysis of the consolidated statement of cash flows

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

- operating result (EBIT) amounted to €528.7 million, compared to €452.8 million in 2022, and included a negative effect of €75.8 million related to operating adjustments (€102.5 million in 2022). Excluding operating adjustments, the result from recurring activities (EBIT-adjusted) amounted to €607.2 million (€555.3 million in 2022);
- EBITDA amounted to €647.1 million with an increase of €101.7 million compared to the previous year. Excluding the aforementioned non-recurring components, EBITDA-adjusted amounted to €725.6 million (€647.9 million in 2022);
- non-cash component arising from the application of the hyperinflation accounting standard in Argentina amounted to €14.6 million in 2023;
- non-cash write-off losses related to intangible assets stood at €11.9 million and related principally to the impairment loss of €10.3 million attributable to the Forty Creek brand;
- the cash financial impact deriving from the tax payments effected during 2023 was €210.8 million. The amount paid included the third instalment of €5.1 million of the substitution tax permitting the access to the tax benefit,

which allows a higher amortisation of goodwill and brands for tax purposes, which the Group applied in previous years, as well as other minor non-recurring items. Excluding these non-recurring components, taxes paid amounted to €334.3 million increased compared to the previous year. This change was prompted by unfavourable timing of tax disbursements from 2022 to 2023, alongside a surge in advance tax payments for 2023 stemming from increased pre-tax earnings as a result of favourable business performance and an elevated tax rate attributable to geographical mix;

- working capital recorded a strong cash absorption of €377.8 million (refer to the paragraph 'Operating working capital' for details);
- interest paid, net of interest received, stood at €136.2 million in 2023;
- net investment in capital expenditure amounted to €473.9 million, of which the recurring component was €112.4 million. Extraordinary capital expenditure amounted to €183.3 million, confirming the Group's commitment to continue to invest in the expansion of its production capacity and efficiency to support long-term growth and the enhancement of its IT infrastructure.

**Cash flow invested in other activities** was negative at €50.0 million, compared to a negative absorption of €626.5 million in 2022 (mainly relating to the purchase of the initial 70% stake in Wilderness Trail Distillery, LLC), resulting primarily in:

- dividends paid of €31.7 million;
- the purchase of the remaining 40% interest in CT Spirits Japan Ltd. as well as the purchase of an additional 50% interest in Thirsty Camel Ltd. for a total cash consideration of €2.5 million, the related net financial positions included in the first incorporation of the subsidiaries in the Group amounting to €5.4 million and a €5.0 million capital contribution in the Dioniso joint-venture (contribution equally supported by Moët Hennessy).

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

## Net financial debt

As of 31 December 2023, consolidated net financial debt amounted to €2,672.7 million, up by €558.4 million compared with €2,114.3 million reported at 31 December 2022. Benefitting from favourable market conditions in 2023, the Group implemented some liability management operations, extending the maturity of the debt, ensuring flexibility in supporting any opportunity for a short-term investment and its commitment in the multi-year capital expenditure program.

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

	at 31 December			of which		
	2023 € million	2022 post- reclassifications <sup>1</sup> € million	total change € million	organic € million	perimeter <sup>2</sup> € million	exchange rates € million
cash and cash equivalents	826.3	747.4	78.9	96.0	(3.7)	(13.4)
bonds	(300.0)	0.0	(300.0)	(300.0)	-	-
loans due to banks	(466.7)	(298.4)	(168.3)	(153.1)	(10.0)	(5.2)
lease payables	(16.0)	(14.4)	(1.6)	(1.9)	(0.1)	0.4
other financial assets and liabilities	316.9	234.6	82.3	83.5	(0.7)	(0.5)
<b>short-term net financial position</b>	<b>360.5</b>	<b>669.2</b>	<b>(308.7)</b>	<b>(275.6)</b>	<b>(14.4)</b>	<b>(18.7)</b>
bonds	(1,331.9)	(1,166.4)	(165.5)	(165.5)	-	-
loans due to banks	(1,416.1)	(1,361.2)	(54.9)	(40.9)	(1.2)	(12.8)
lease payables	(60.0)	(65.1)	5.1	4.1	(0.6)	1.6
other financial assets and liabilities	9.8	48.9	(39.1)	(39.0)	-	(0.1)
<b>medium-/long-term net financial position</b>	<b>(2,798.2)</b>	<b>(2,543.8)</b>	<b>(254.4)</b>	<b>(241.3)</b>	<b>(1.8)</b>	<b>(11.3)</b>
<b>net financial debt before put option and earn-out</b>	<b>(2,437.7)</b>	<b>(1,874.6)</b>	<b>(563.1)</b>	<b>(516.9)</b>	<b>(16.2)</b>	<b>(30.0)</b>
liabilities for put option and earn-out payments	(235.1)	(239.7)	4.6	(8.6)	2.8	10.4
<b>net financial debt</b>	<b>(2,672.7)</b>	<b>(2,114.3)</b>	<b>(558.4)</b>	<b>(525.4)</b>	<b>(13.4)</b>	<b>(19.6)</b>

<sup>(1)</sup> For information on reclassifications of comparative figures, refer to note 2 v- 'Reclassification of comparative figures at 31 December 2023' of the Lagfin Group consolidated financial statements at 31 December 2023. The net financial debt with reference to other financial assets and liabilities, included the post-closing adjustment payment connected with Wilderness Trail Distillery, LLC, amounting to -€2.8 million.

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

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

The short-term net financial position, mainly comprised of cash and cash equivalents (€826.3 million) net of bonds (€300.0 million) loans due to banks (€466.7 million) and other financial assets and liabilities (€316.9 million), was positive at €360.5 million with a reported overall reduction of €308.7 million compared with 31 December 2022. Cash and cash equivalents increased from €78.9 million to €826.3 million, benefitting from liability management initiatives during 2023 and supported by significant credit lines for a total of €719.5 million, of which €400.0 million committed and expiring in 2028 (undrawn as of 31 December 2023). The balance of the credit lines, uncommitted for an amount of €319.5 million, was drawn down for €84.6 million at 31 December 2023.

The main drivers affecting the overall organic decrease in the positive short-term net financial position of €275.6 million were attributable to bonds reclassification under short-term debt for an amount of €300.0 million, dividend payment, income taxes paid and capital expenditures.

The medium- to long-term financial debt, which largely consisted of bonds and loans due to banks totalling €2,798.2 million and showed a decrease of €254.4 million compared with 31 December 2022. The overall reported organic decrease of €241.3 million was the combined effect of financial debt management activities focused on extending the average maturity, namely via a term facility of €400.0 million and a revolving facility of the same amount, in addition to the unrated 7-year bond issue of €300.0 million in May 2023 (for detailed information please refer to the 'Significant events of the period' paragraph in the management board report), partially offset by the early repayment of the €250.0 million term loan with original termination date in July 2024. The medium- to long-term exposure also factored in the reclassification to short-term financial position of the aforementioned bonds for €300.0 million with maturities within the upcoming twelve months (April 2024).

In June 2023, the Italian Branch issued unsecured bonds due 2028 in the aggregate principal amount of €536.4 million, exchangeable for existing ordinary shares of Davide Campari-Milano N.V., and concurrently repurchased Lagfin's outstanding €330 million bonds due 2025, exchangeable for Campari shares.

The net proceeds of the offering were used to refinance the 2025 Bonds in connection with the Concurrent Repurchase and for general corporate purposes.

The 2028 Bonds will bear interest at a fixed rate of 3.50% per annum, payable semi-annually in arrears.

Both the repurchased and the newly issued bonds have 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).

Based on the above, the following amounts were recorded under 'Derivative financial instruments payable' with reference to the repurchased bond:

- €19.6 million at the issue date of the bond loan;
- € 40.4 million as of December 31<sup>st</sup>, 2020;
- €117.2 million as of December 31<sup>st</sup>, 2021;
- € 61.3 million as of December 31<sup>st</sup>, 2022
- € 113.86 million as of the repurchase date (June 2023).

The following amounts are recorded under 'Derivative financial instruments payable' with reference to the newly issued bond:

- € 45.6 million at the issue date of the bond (June 2023);
- € 23.7 million as of December 31<sup>st</sup> 2023.

Furthermore, the Group's net financial debt included liabilities of €235.1 million related to future commitments to acquire outstanding minority interests in controlled companies.

In 2023, the reported variation in net financial debt was impacted by negative exchange rate effects of €19.6 million, mainly driven by the US\$.

At 31 December 2023, the Group's net debt/EBITDA-adjusted ratio<sup>4</sup> was 3.7 times, compared with 3.5 times at 31 December 2022. The pro-forma index-adjusted at 31 December 2022 to take into account the annual effect on EBITDA of the business sale and acquisition of the related last 12 months was equal to 2.2 times and was considered more consistent in comparative terms with the current year. The increase in the ratio at 31 December 2023 was mainly driven by temporary disproportional increase in the net financial debt, which reflected the significant extraordinary capital investments compared with the increase in EBITDA-adjusted.

## Capital expenditure

During 2023, net investments totalled €473.9 million, of which €112.4 million were recurring and €361.5 million were non-recurring.

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

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

Non-recurring investments, executed with a constant emphasis on sustainability, amounted to €350.1 million and were mainly associated with supply chain capacity expansion initiatives aimed at meeting anticipated long-term consumer demand. Of this total, €174.3 million were primarily allocated in Italy to enhance the manufacturing footprint for aperitifs (€30.8 million), in Mexico to expand supply chain facilities for tequila production (€46.4 million), in the United States to expand bourbon production capacity (€25.1 million) and in France to modernise the production process for cognac (€19.3 million).

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

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

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

<sup>4</sup> For information on the definition of alternative performance measures, see the paragraph 'Definitions and reconciliation of the Alternative Performance Measures (APMs or non-GAAP measures) to GAAP measures' of this management board report.

## Reclassified statement of financial position

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

	at 31 December			of which		
	2023	2022 post-reclassifications <sup>(1)</sup>	total change	organic change	perimeter <sup>(2)</sup>	exchange rates and hyperinflation
	€ million	€ million	€ million	€ million	€ million	€ million
fixed assets	4,829.6	4,506.6	323.0	370.8	12.9	(60.7)
other non-current assets and (liabilities)	(320.0)	(364.8)	44.8	32.4	2.5	9.9
operating working capital	1,102.3	778.8	323.5	358.3	(10.8)	(24.0)
other current assets and (liabilities)	(120.7)	(220.4)	99.7	82.0	2.9	14.8
<b>total invested capital</b>	<b>5,491.2</b>	<b>4,700.2</b>	<b>791.0</b>	<b>843.5</b>	<b>7.5</b>	<b>(60.0)</b>
Group shareholders' equity	1,425.1	1,313.3	111.8	195.9	(6.2)	(77.9)
non-controlling interests	1,393.4	1,272.6	120.8	122.2	0.3	(1.7)
net financial debt	2,672.7	2,114.3	558.4	525.4	13.4	19.6
<b>total financing sources</b>	<b>5,491.2</b>	<b>4,700.2</b>	<b>791.0</b>	<b>843.5</b>	<b>7.5</b>	<b>(60.0)</b>

Invested capital at 31 December 2023 was €5,491.2 million, an increase of €791.0 million compared with the figures at 31 December 2022.

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

- the increase of €358.3 million in operating working capital, driven by the rise of inventories supporting both sustained consumer demand and the planned premiumisation strategy (refer to paragraph 'Operating working capital' for more information);
- the increase of €370.8 million in fixed assets, attributable mainly to investments envisaged for enhancing supply chain capacity and efficiency as well as the purchase of barrels for ageing;

Moreover, invested capital at 31 December 2023 was significantly impacted by non-monetary foreign currency exchange effects.

In terms of financing sources, significant changes occurred, notably an increase of €111.8 million in the Group's shareholders' equity. This increase predominantly arose from the combined effect of the Group year results of €155.9 million, dividend payment of €31.7 million. Regarding the net financial debt variations totalling €558.4 million, these changes reflected the Group's strategic financial debt management efforts aiming at optimising its debt structure by extending the average maturity of its liabilities, capitalising on favourable market conditions. For more detailed information, refer to the paragraph 'Net financial debt' in this management board report.

As a result of the changes mentioned above, the Group's financial structure showed a net debt to shareholders' funds ratio of 188.2% at the end of the period, slightly increased from 161.0% recorded at 31 December 2022 restated.

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

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

## Full year 2023 conclusion and outlook

The full year 2023 results confirmed the continued best in class organic topline performance despite macroeconomic challenges and the expected consumption normalization after exceptional post-pandemic growth thanks to very healthy brand momentum. The trend in operating margin reflected positive mix and initial benefit from agave, which more than offset the persisting input costs inflation and incremental fixed production costs linked to extra capex, as well as advertising and promotion costs phasing.

Looking at 2024, the Group remains confident on continued industry outperformance leveraging strong brands in growing categories in a normalising macroeconomic environment. Agave trends and moderating inflationary environment are expected to gradually reflect across revenues and costs from second half of the year, partially offsetting the incremental fixed production costs resulting from step up in production capacity as well as the carry forward effect related to safety inventory build-up in 2023 with high input costs, as well as negative forex from Mexican Pesos. Sustained investments in brand building, also reflecting advertisement and promotional expenses

phasing from 2023 and investments in front-end infrastructure are expected to continue. In terms of phasing, the first quarter will also reflect a high comparable basis after pricing-related timing last year and the negative forex trends expecting to ease. The perimeter will start reflecting the addition of Courvoisier, upon which the Group maintains a strong focus on brand integration, once the acquisition is closed.

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

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

This paragraph presents and comments on certain financial performance measures that are not defined in the IFRS (non-GAAP measures).

These measures, which are described below, are used to analyse the Group's business performance in the 'Key Highlights' and 'Management board report' sections and comply with the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority ('ESMA') in its communication ESMA/2015/1415.

The alternative performance measures listed below should be used to supplement the information required under IFRS to help readers of the annual report to gain a better understanding of the Group's economic, financial and capital position. They are applied to Group planning and reporting, and some are used for incentive purposes.

Alternative performance measures can serve to facilitate comparison with groups operating in the same sector, although, in some cases, the calculation method may differ from those used by other companies. They should be viewed as complementary to, and not replacements for, the comparable GAAP measures and movements they reflect.

### FINANCIAL MEASURES USED TO MEASURE GROUP PERFORMANCE

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

Specifically:

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

In order to mitigate the effect of hyperinflationary economies, the organic change for countries having to adopt the hyperinflationary methodology laid down in IFRS includes only the component attributable to volumes sold in relation to net sales, while the effects associated with hyperinflation, including price index variation and price increases, are treated as exchange rate effects.

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

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

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

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

**Other operating income (expenses):** related to certain transactions or events identified by the Group as adjustment components for the operating result, such as:

- capital gains (losses) on the disposal of tangible and intangible assets;
- capital gains (losses) on the disposal of businesses;
- penalties or gains arising from the settlement of tax disputes;

- impairment losses on fixed assets;
- restructuring and reorganisation costs;
- ancillary expenses associated with acquisitions/disposals of businesses or companies;
- other non-recurring income (expenses).

These items are deducted from, or added to, the following measures: operating result (EBIT), de, profit or loss before taxation and the Group's net profit for the period.

The Group believes that properly adjusted measures help both management and investors to assess the Group's results and cash flows year on year on a comparable basis as well as against those of other groups in the sector, as they exclude the impact of certain items that are not relevant for assessing performance. For a detailed reconciliation of the items that had an impact on the alternative performance measures referred to above in the current and comparison periods, see the appendix given at the end of this section.

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

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

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

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

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

- interests on penalties or gains arising from the settlement of tax disputes;
- expenses related to the early settlement of financial liabilities or liability management operations including financial liability remeasurement effects;
- financial expenses arising from acquisitions/disposals of businesses or companies;
- other non-recurring financial income (expenses).

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

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

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

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

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

#### **Tax rate-adjusted**

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

#### **Cash tax rate**

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

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

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

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

#### **Operating working capital as percentage of net sales**

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

#### **Reclassified statement of financial position**

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

**Fixed assets:** calculated as the algebraic sum of:

- property, plant and equipment;
- right-of-use assets;
- biological assets;
- investment property;
- goodwill;
- brands;
- intangible assets with a finite life.

**Other non-current assets and liabilities:** calculated as the algebraic sum of:

- other non-current assets;
- deferred tax assets;
- other non-current financial assets;
- deferred tax liabilities;
- post-employment benefit obligations;
- provisions for risks and charges;
- investments in joint-ventures;
- other non-current liabilities;
- other non-current financial liabilities.

**Operating working capital:** calculated as the algebraic sum of:

- inventories;
- biological asset inventories;
- trade receivables;
- trade payables.

**Other current assets and liabilities:** calculated as the algebraic sum of:

- income tax receivables;
- other current assets;
- income tax payables;
- other current liabilities;
- other current financial assets;
- other current financial liabilities;
- assets and liabilities held for sales.

**Invested capital:** calculated as the algebraic sum of the items listed above and in particular:

- fixed assets;
- other non-current assets and liabilities;
- operating working capital;
- other current assets and liabilities.

**Financing sources:** calculated as the algebraic sum of:

- Group shareholders' equity;
- non-controlling interests;

net financial debt.

**Net financial debt:** calculated as the algebraic sum of:

- cash and cash equivalents;
- lease receivables;
- bonds;
- loans due to banks;
- lease payables;
- liabilities for put option and earn-out payments;
- other current and non-current financial assets and liabilities.

### **Organic change reported in operating working capital, net financial debt and reclassified financial position items**

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

### **Capital expenditure**

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

### **Recurring capital expenditure**

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

### **Reclassified statement of cash flows**

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

### **Free cash flow**

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

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

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

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

### **Debt/EBITDA-adjusted ratio**

The net debt/EBITDA-adjusted ratio is used by management to assess the Group's level of financial leverage, which affects its capacity to refinance its debt by the set maturity dates and to obtain further financing to invest in business development. The Group's debt management objective is based on the achievement of an optimal and sustainable level of financial solidity while maintaining an appropriate level of flexibility with regard to funding options. The Group monitors changes in this measure on an ongoing basis. Net debt is the Group's net financial debt reported at the closing date of the reference period; the Group's EBITDA-adjusted for the past 12 months is calculated based on the reported value at the closing date of the reference period, into which the portion of EBITDA-adjusted recorded in the previous year is incorporated for the remaining months.

Upon the occurrence of significant business acquisition (or disposal) transactions, a pro-forma index adjusted is calculated to take into account the annual effect on EBITDA of the business transaction (including for acquisition, excluding for a disposal) of the last twelve months, to ensure consistency in comparative terms with the previous year reported.

• **Appendix of alternative performance indicators**

In 2023, EBITDA, the result from recurring activities (EBIT), profit or loss before taxation and Group net profit were adjusted to take into account the items shown in the tables below.

for the year ended 31 December 2023	EBITDA		EBIT		profit before taxation		Group net profit	
	€ million	% on sales	€ million	% on sales	€ million	% on sales	€ million	% on sales
<b>alternative performance measure reported</b>	<b>647.1</b>	<b>21.9%</b>	<b>528.7</b>	<b>17.9%</b>	<b>411.4</b>	<b>14.0%</b>	<b>154.2</b>	<b>5.3%</b>
net expenses from acquisition/disposals of business or companies and indemnities from contract resolutions	(17.0)	-0.6%	(17.0)	-0.6%	(17.0)	-0.6%	(17.0)	-0.6%
restructuring and reorganization costs	(19.6)	-0.7%	(19.6)	-0.7%	(19.6)	-0.7%	(19.6)	-0.7%
last mile long-term incentive schemes with retention purposes	(10.0)	-0.3%	(10.0)	-0.3%	(10.0)	-0.3%	(10.0)	-0.3%
Ukraine and Russia conflict	(2.3)	-0.1%	(2.3)	-0.1%	(2.3)	-0.1%	(2.3)	-0.1%
impairment of assets	(11.9)	-0.4%	(11.9)	-0.4%	(11.9)	-0.4%	(11.9)	-0.4%
net penalties or gains arising from the settlement of tax and legal disputes	(8.4)	-0.3%	(8.4)	-0.3%	(8.4)	-0.3%	(8.4)	-0.3%
non-recurring costs related to IT system implementation	(13.3)	-0.5%	(13.3)	-0.5%	(13.3)	-0.5%	(13.3)	-0.5%
capital (gains) losses on the disposal of tangible and intangible assets	7.6	0.3%	7.6	0.3%	7.6	0.3%	7.6	0.3%
other net (gain) expenses	(3.6)	-0.1%	(3.6)	-0.1%	(3.6)	-0.1%	(3.6)	-0.1%
adjustments to financial income (expenses)					(0.1)	0.0%	(0.1)	0.0%
profit (loss) related to re-assessments of previously held joint-ventures					0.9	0.0%	0.9	0.0%
tax adjustments							17.7	0.6%
<b>total adjustments</b>	<b>(78.5)</b>	<b>-2.7%</b>	<b>(78.5)</b>	<b>-2.7%</b>	<b>(77.7)</b>	<b>-2.6%</b>	<b>(60.0)</b>	<b>-2.0%</b>
<b>alternative performance measure adjusted</b>	<b>725.6</b>	<b>24.6%</b>	<b>607.2</b>	<b>20.6%</b>	<b>489.1</b>	<b>16.6%</b>	<b>214.1</b>	<b>7.3%</b>

for the year ended 31 December	2023	
€ million	reported	adjusted
<b>profit before taxation</b>	<b>411.4</b>	<b>(77.7)</b>
<b>total taxation</b>	<b>(107.6)</b>	<b>17.7</b>
tax adjustments		(2.6)
tax effect on operating and financial adjustments		20.3
<b>net profit for the period</b>	<b>303.7</b>	<b>(59.9)</b>
<b>tax rate (reported and adjusted)</b>	<b>-26.2%</b>	<b>-18.1%</b>
deferred taxes on goodwill and trademarks		(21.4)
<b>cash tax rate</b>		<b>-24.0%</b>

for the year ended 31 December 2023	Free cash flow
	€ million
<b>alternative performance measure reported</b>	<b>(491.4)</b>
impairment of assets	11.9
other changes from operating activities	(78.5)
non-recurring taxes paid	(160.3)
changes in other non-financial assets and liabilities	10.0
net cash flow from non-recurring investments	(375.8)
<b>total adjustments</b>	<b>(592.7)</b>
<b>alternative performance measure adjusted (recurring free cash flow)</b>	<b>101.3</b>

for the year ended 31 December 2023	
	€ million
EBITDA-adjusted at 31 December 2023	725.6
<b>net financial debt at 31 December 2023</b>	<b>2,672.7</b>
<b>net debt/EBITDA-adjusted ratio</b>	<b>ratio 3.7</b>

for the year ended 31 December 2022	EBITDA		EBIT		profit before taxation		Group net profit	
	€ million	% on sales	€ million	% on sales	€ million	% on sales	€ million	% on sales
<b>alternative performance measure reported</b>	<b>545.5</b>	<b>20.1%</b>	<b>452.9</b>	<b>16.7%</b>	<b>454.2</b>	<b>16.7%</b>	<b>155.2</b>	<b>5.7%</b>
fees from acquisition/disposals of business or companies	(14.4)	-0.5%	(14.4)	-0.5%	(14.4)	-0.5%	(14.4)	-0.5%
and indemnities from contract resolutions restructuring and reorganisation costs	(11.4)	-0.4%	(11.4)	-0.4%	(11.4)	-0.4%	(11.4)	-0.4%
last mile long-term incentive schemes with retention purposes	(10.0)	-0.4%	(10.0)	-0.4%	(10.0)	-0.4%	(10.0)	-0.4%
Ukraine and Russia conflict	(8.0)	-0.3%	(8.0)	-0.3%	(8.0)	-0.3%	(8.0)	-0.3%
impairment of assets	(6.6)	-0.2%	(6.6)	-0.2%	(6.6)	-0.2%	(6.6)	-0.2%
other adjustments of operating income (expenses)	(54.3)	-2.0%	(54.3)	-2.0%	(54.3)	-2.0%	(54.3)	-2.0%
gains (losses) from disposals of fixed assets	2.3	0.1%	2.3	0.1%	2.3	0.1%	2.3	0.1%
adjustments to financial income (expenses)				0.0%	(4.6)	-0.2%	(4.6)	-0.2%
tax adjustments				0.0%			8.2	0.3%
<b>total adjustments</b>	<b>(102.4)</b>	<b>-3.8%</b>	<b>(102.4)</b>	<b>-3.8%</b>	<b>(107.0)</b>	<b>-3.9%</b>	<b>(98.8)</b>	<b>-3.6%</b>
<b>alternative performance measure-adjusted</b>	<b>647.9</b>	<b>23.9%</b>	<b>555.3</b>	<b>20.5%</b>	<b>561.2</b>	<b>20.7%</b>	<b>254.0</b>	<b>9.4%</b>

for the year ended 31 December	2022		
€ million	reported	adjustments	adjusted
<b>profit before taxation</b>	<b>454.2</b>	<b>(107.0)</b>	<b>561.2</b>
<b>total taxation</b>	<b>(154.5)</b>	<b>8.2</b>	<b>(162.7)</b>
tax adjustments		(7.7)	
tax effect on operating and financial adjustments		15.9	
<b>net profit for the period</b>	<b>299.6</b>	<b>(107.0)</b>	<b>406.6</b>
<b>tax rate (reported and adjusted)</b>	<b>-34.0%</b>		<b>-26.1%</b>
deferred taxes on goodwill and trademarks		(17.2)	(17.2)
<b>cash tax rate</b>			<b>-25.0%</b>

for the year ended 31 December 2022	Free cash flow
	€ million
<b>alternative performance measure reported</b>	<b>(128.7)</b>
impairment of assets	3.1
other changes from operating activities	(58.3)
non-recurring taxes paid	(64.4)
changes in other non-financial assets and liabilities	10.0
net cash flow from non-recurring investments	(320.9)
<b>total adjustments</b>	<b>(430.5)</b>
<b>alternative performance measure-adjusted (recurring free cash flow)</b>	<b>301.8</b>

	for the year ended 31 December 2022
	€ million
EBITDA-adjusted at 31 December 2022	647.9
<b>net financial debt at 31 December 2022</b>	<b>2,111.4</b>
<b>net debt/EBITDA-adjusted ratio</b>	<b>ratio 3.3</b>

## **Proposal for the appropriation of profit**

We propose to allocate the 2023 Financial Year result to the profits brought forward from previous years.

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## Lagfin Group-Consolidated financial statements at 31 December 2023

## Index-Lagfin Group consolidated financial statements

<b>Consolidated primary statements .....</b>	<b>43</b>
Consolidated statement of profit or loss .....	43
Consolidated statement of other comprehensive income .....	43
Consolidated statement of financial position .....	44
Consolidated statements of cash flows .....	45
Consolidated statement of changes in shareholders' equity.....	46
<b>Notes to the consolidated financial statements .....</b>	<b>47</b>
1. General information .....	47
2. Accounting information and material general accounting policies .....	47
i. Form and content .....	47
ii. Currency conversion criteria and exchange rates applied to the financial statements .....	48
iii. Use of estimates.....	49
iv. Principles of control and consolidation .....	51
v. Reclassification of comparative figures at 31 December 2023 .....	55
vi. Change in representation .....	57
vii. Change in accounting standards .....	57
3. Results for the period .....	59
i. Net sales .....	59
ii. Operating segment.....	61
iii. Cost of sales.....	62
iv. Advertising and promotional costs.....	63
v. Public grants.....	63
vi. Selling, general and administrative expenses .....	63
vii. Personnel costs.....	64
viii. Depreciation and amortisation .....	64
ix. Research and innovation costs .....	65
x. Financial income and expenses .....	65
xi. Leases components in the statement of profit or loss .....	66
xii. Share of profit (loss) of joint-ventures.....	66
xiii. Taxation .....	68
4. Operating assets and liabilities .....	70
i. Acquisition and sale of businesses and purchase of non-controlling interests .....	71
ii. Property, plant and equipment, right of use assets and biological assets .....	76
iii. Investment properties .....	78
iv. Intangible assets .....	79
v. Other non-current assets.....	83
vi. Other current assets .....	83
vii. Other non-current liabilities.....	84
viii. Other current liabilities .....	85
5. Operating working capital .....	85
i. Trade receivables.....	85
ii. Trade payables.....	87
iii. Inventories and biological assets.....	87

6.	Net financial debt.....	89
i.	Financial instruments .....	89
ii.	Cash and cash equivalents .....	92
iii.	Other current financial assets.....	93
iv.	Other non-current financial assets.....	93
v.	Non-current financial debt .....	93
vi.	Current financial debt .....	95
vii.	Lease components in the statement of financial position .....	96
viii.	Reconciliation with net financial debt and cash flow statement.....	97
7.	Risk management and capital structure .....	98
i.	Capital management .....	98
ii.	Nature and extent of the risks arising from financial instruments .....	98
iii.	Debt management.....	100
iv.	Shareholders' equity.....	100
v.	Share-based payments .....	101
vi.	Other comprehensive income.....	103
vii.	Transactions with non-controlling interests.....	103
8.	Other disclosures .....	103
i.	Provisions for risks, charges and contingent assets and liabilities .....	103
ii.	Commitments and risks .....	105
iii.	Fair value information on assets and liabilities .....	106
iv.	Defined benefit and contribution plans .....	112
v.	Related parties .....	115
vi.	Remuneration to the Parent Company's Board of Directors.....	115
vii.	Employees.....	115
9.	Subsequent events.....	115
i.	Group significant events and corporate actions.....	115

## Consolidated primary statements

### Consolidated statement of profit or loss<sup>(1)</sup>

	notes	for the years ended 31 December	
		2023 € million	2022 € million
<b>Gross sales</b>		<b>3,512.0</b>	<b>3,279.1</b>
Excise duties <sup>(2)</sup>		(565.1)	(564.5)
<b>Net sales</b>	3 i.	<b>2,946.9</b>	<b>2,714.6</b>
Cost of sales	3 iii.	(1,250.0)	(1,133.9)
<b>Gross profit</b>		<b>1,696.9</b>	<b>1,580.6</b>
Advertising and promotional costs	3 iv.	(494.1)	(479.0)
<b>Contribution margin</b>		<b>1,202.8</b>	<b>1,101.6</b>
Selling, general and administrative expenses	3 vi.	(674.1)	(648.8)
<b>Operating result</b>		<b>528.7</b>	<b>452.9</b>
Financial expenses	3 x.	(237.9)	(107.8)
Financial income	3 x.	128.8	115.7
Share of profit (loss) of joint-ventures	3 xii.	(8.3)	(6.6)
<b>Profit before taxation</b>		<b>411.4</b>	<b>454.2</b>
Taxation	3 xiii.	(107.6)	(154.5)
<b>Profit for the period</b>		<b>303.7</b>	<b>299.6</b>
<b>Profit attributable to:</b>			
Shareholders of the parent Company		154.2	155.2
Non-controlling interests		149.6	144.4

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

<sup>(2)</sup> Excise duties where Campari Group acts as an agent.

### Consolidated statement of comprehensive income

	notes	for the years ended 31 December	
		2023 € million	2022 € million
<b>Profit for the period (A)</b>		<b>303.7</b>	<b>299.6</b>
B1) Items that may be subsequently reclassified to the statement of profit or loss			
Gains (losses) on cash flow hedge	6 i.	(23.6)	46.2
Related Income tax effect	3 xiii.	5.7	(11.1)
<b>Cash flow hedge</b>		<b>(17.8)</b>	<b>35.2</b>
<b>Exchange differences on translation of foreign operations</b>	7 iv.	<b>(43.8)</b>	<b>115.6</b>
<b>Total: items that may be subsequently reclassified to the statement of profit or loss (B1)</b>		<b>(61.8)</b>	<b>150.7</b>
B2) Items that may not be subsequently reclassified to the statement of profit or loss			
Gains/(losses) on remeasurement of defined benefit plans	8 iv.	0.4	5.2
Related Income tax effect	3 xiii.	(0.2)	(1.2)
<b>Remeasurements of defined benefit plans</b>		<b>0.2</b>	<b>4.0</b>
<b>Total: items that may not be subsequently reclassified to the statement of profit or loss (B2)</b>		<b>0.2</b>	<b>4.0</b>
<b>Other comprehensive income (expenses) (B=B1+B2)</b>		<b>(61.6)</b>	<b>154.7</b>
<b>Total comprehensive income (A+B)</b>		<b>242.1</b>	<b>454.3</b>
<b>Attributable to:</b>			
Shareholders of the parent Company		123.1	243.2
Non-controlling interests		119.0	211.1

## Consolidated statement of financial position

(before appropriation of results)

	notes	at 31 December	
		2023 € million	2022 post-reclassifications <sup>(1)</sup> € million
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4 ii.	979.6	795.5
Right of use assets	4 ii.	64.2	69.0
Biological assets	4 ii.	22.8	17.5
Real estate investments	4 iii.	526.8	337.0
Goodwill	4 iv.	2,022.0	2,049.7
Brands	4 iv.	1,155.8	1,183.1
Other intangible assets	4 iv.	58.4	54.8
Interests in joint-ventures	3 xii.	33.4	35.7
Deferred tax assets	3 xiii.	91.4	77.0
Other non-current assets	4 v.	25.4	24.1
Other non-current financial assets	6 iv.	9.8	50.4
<b>Total non-current assets</b>		<b>4,989.6</b>	<b>4,693.8</b>
<b>Current assets</b>			
Inventories	5 iii.	1,237.4	1,004.6
Biological assets	5 iii.	15.1	7.1
Trade receivables	5 i.	375.3	309.6
Other current financial assets	6 iii.	371.8	332.5
Cash and cash equivalents	6 ii.	826.3	747.4
Income tax receivables	3 xiii.	73.0	19.1
Other current assets		105.3	63.7
<b>Total current assets</b>		<b>3,004.2</b>	<b>2,484.0</b>
Assets held for sale			11.6
<b>Total assets</b>		<b>7,993.8</b>	<b>7,189.4</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Shareholders' equity</b>			
Issued capital and reserves attributable to shareholders of the parent Company	7 iv.	1,425.1	1,313.3
Non-controlling interests	7 iv.	1,393.4	1,272.6
<b>Total shareholders' equity</b>		<b>2,818.6</b>	<b>2,585.9</b>
<b>Non-current liabilities</b>			
Bonds	6 v.	1,331.9	1,166.4
Loans due to banks	6 v.	1,416.1	1,361.2
Other non-current financial liabilities	6 v.	269.0	302.9
Post-employment benefit obligations	8 iv.	22.6	24.1
Provisions for risks and charges	8 i.	41.4	73.0
Deferred tax liabilities	3 xiii.	406.2	404.5
Other non-current liabilities	4 vii.	76.5	31.9
<b>Total non-current liabilities</b>		<b>3,563.8</b>	<b>3,364.0</b>
<b>Current liabilities</b>			
Bonds	6 vi.	300.0	-
Loans due to banks	6 vi.	466.7	298.4
Other current financial liabilities	6 vi.	95.8	115.7
Trade payables	5 ii.	525.5	542.5
Income tax payables	3 xiii.	23.3	80.9
Provisions for risks and charges		0.8	10.0
Other current liabilities	4 viii.	199.6	192.1
<b>Total current liabilities</b>		<b>1,611.6</b>	<b>1,239.5</b>
<b>Total liabilities</b>		<b>5,175.4</b>	<b>4,603.5</b>
<b>Total liabilities and shareholders' equity</b>		<b>7,993.8</b>	<b>7,189.4</b>

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

## Consolidated statements of cash flows

	notes	for the years ended 31 December	
		2023 € million	2022 € million
<b>Operating profit</b>		<b>528.7</b>	<b>452.8</b>
Depreciation and amortisation	3 viii	118.4	92.6
(Gain) or loss on sale of fixed assets		(7.6)	(8.4)
Impairment loss (or reversal) of tangible fixed assets, goodwill, brand and sold business	4 ii – 4 iv	11.9	3.1
Net cost of share-based instruments		22.1	-
Change in provisions		0.4	54.9
Change in payables to employees		11.4	(9.0)
Change in net operating working capital		(377.8)	(18.6)
Income taxes refund (paid)		(210.8)	(164.0)
Other operating items		15.1	(3.2)
Other changes		0.2	-
<b>Cash flow generated from (used in) operating activities</b>		<b>112.0</b>	<b>400.3</b>
Disposal (purchase) of tangible and intangible fixed assets	4 ii – 4 iv	(303.7)	(348.5)
Disposal (purchase) of investment properties		(189.8)	(135.8)
Disposal of tangible and intangible assets		19.6	-
Change in investments in subsidiaries, associates and joint venture		(37.9)	-
Acquisition of companies or business divisions net of cash and cash equivalents acquired		2.0	(476.6)
Cash and cash equivalents at acquired companies		-	100.9
Put options and earn-out payments		(3.4)	(45.0)
Interests received		22.8	14.7
Decrease (increase) in short-term deposits and investments	6 iii	(38.6)	(44.9)
Other changes		9.5	-
<b>Cash flow generated from (used in) investing activities</b>		<b>(519.6)</b>	<b>(935.2)</b>
Proceeds (repayment) of notes and debentures		(6.9)	-
Proceeds from issue of bonds, notes and debentures		834.9	(37.4)
Repayments of bonds, notes and debentures	6 viii	(423.0)	(50.0)
Proceeds from non-current borrowings	6 viii	646.5	811.1
Repayment of non-current borrowings	6 viii	(298.5)	(54.3)
Net change in short-term financial payables and loans due to bank	6 viii	(132.0)	(76.9)
Payment of lease payables	6 vii	(16.0)	(15.1)
Interest on paid leases	6 vii	(3.3)	(2.9)
Interests paid on other financial items	6 viii	(94.3)	(56.4)
Distribution to shareholders on demerger		-	(100.0)
Inflows (outflows) of other financial items	6 viii	(9.8)	73.2
Purchase of own shares	7 iv	(21.0)	(127.9)
Sale of own shares	7 iv	54.8	7.0
Dividends paid to equity holders of the Parent		(29.7)	(29.9)
Dividends paid to non-controlling interests		(2.0)	-
<b>Cash flow generated from (used in) financing activities</b>		<b>499.7</b>	<b>340.5</b>
<b>Net change in cash and cash equivalents: increase (decrease)</b>		<b>92.1</b>	<b>(194.4)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<b>(13.4)</b>	<b>31.5</b>
Cash and cash equivalents at the beginning of period	6 ii	747.4	910.7
Cash and cash equivalents at end of period	6 ii	826.3	747.4

## Consolidated statement of changes in shareholders' equity

	issued capital	Legal reserve	retained earnings	Other reserves	equity attributable to owners of the parent	non-controlling interests	total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
<b>at 31 December 2022 post reclassifications</b>	<b>3.7</b>	<b>0.4</b>	<b>1,352.8</b>	<b>(43.6)</b>	<b>1,313.3</b>	<b>1,272.6</b>	<b>2,585.9</b>
Dividends to owner of the company					-	(31.9)	(31.9)
Davide Campari-Milano N.V. share purchase				(17.7)	(17.7)	(4.7)	(22.4)
Subsidiaries own shares operations increase (decrease) through treasury share transactions			4.4		4.4	28.3	32.7
Subsidiaries own shares operations increase (decrease) through share-based payment transactions			12.1		12.1	9.6	21.7
Changes in ownership interests				(7.9)	(7.9)	(0.7)	(8.6)
Increase (decrease) through other changes				(2.3)	(2.3)	1.3	(1.0)
Profit (loss)			154.2		154.2	149.5	303.7
Other comprehensive income (expense)				(31.0)	(31.0)	(30.5)	(61.5)
<b>at 31 December 2023</b>	<b>3.7</b>	<b>0.4</b>	<b>1,523.4</b>	<b>(102.5)</b>	<b>1,425.1</b>	<b>1,393.4</b>	<b>2,819.6</b>

	issued capital	Legal reserve	retained earnings	Other reserves	equity attributable to owners of the parent	non-controlling interests	total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
<b>at 31 December 2021</b>	<b>3.7</b>	<b>0.4</b>	<b>1,342.7</b>	<b>(94.1)</b>	<b>1,252.8</b>	<b>1,064.2</b>	<b>2,317.1</b>
Dividends to owner of the company						(30.1)	(30.1)
Davide Campari-Milano N.V. share purchase				(20.8)	(20.8)	(21.4)	(42.2)
Increase (decrease) through treasury share transactions			(68.0)		(68.0)	(53.1)	(121.1)
Subsidiaries own shares operations increase (decrease) through share-based payment transactions			11.0		11.0	8.6	19.6
Changes in ownership interests				(9.4)	(9.4)	(5.6)	(15.0)
Changes for reclassifications				0.7	0.7	0.5	1.2
Split			(88.1)	(6.9)	(95.0)		(95.0)
Basis of consolidation changes						98.5	98.5
Increase (decrease) through other changes				(1.1)	(1.1)	(0.2)	(1.3)
Profit (loss)			155.2		155.2	144.4	299.6
Other comprehensive income (expense)				88.0	88.0	66.7	154.7
<b>at 31 December 2022 post reclassifications</b>	<b>3.7</b>	<b>0.4</b>	<b>1,352.8</b>	<b>(43.6)</b>	<b>1,313.3</b>	<b>1,272.6</b>	<b>2,585.9</b>

## Notes to the consolidated financial statements

### 1. General information

Lagfin 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 3, Rue des Bains, L-1212 Luxembourg (Grand Duchy of Luxembourg).

The primary object of the Company is the holding of either direct or indirect control of Davide Campari-Milano N.V., the sixth-largest player in the premium spirits industry.

The Company may also carry out transactions aimed at acquiring and maintaining relevant shareholdings in companies of any kind, both in Luxembourg or abroad, as well as financial commercial and real estate transactions. Its strategy is based on long-term investments in companies and financial and real estate assets with solid potential for value creation and divesting them as they are deemed to have reached their full potential value. The Group is active in premium spirits industry, with an extensive and varied product portfolio. In addition, group's activities include buy, own, rent out, improve and manage real estate assets, primarily in the residential, retail and office sectors.

Lagfin established on 2 August 2018 the Italian Branch and on 27 August 2018 the Swiss Branch.

Lagfin's financial year runs from 1 January to 31 December.

The consolidated financial statements of the Group for the year ended 31 December 2023 were approved on 30 April 2024 by the Board of Directors of Lagfin's General Partner Artemisia Management S.A., Société Anonyme, which has authorised their publication.

The Group includes Davide Campari-Milano N.V. and all Campari subsidiaries together with all the real estate SPVs.

The General Partner reserves the right to amend the financial statements should any significant events occur that require changes to be made, up to the date of Lagfin's shareholders' meeting. The financial statements are presented in millions of €, the functional currency of the Lagfin and many of its subsidiaries.

### 2. Accounting information and material general accounting policies

The consolidated financial statements at 31 December 2023 were prepared in accordance with the International Financial Reporting Standards issued by the IASB and ratified by the European Union ('IFRS-EU'). These include all the IAS and interpretations of the IFRS IC, formerly the SIC.

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

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

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

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the date of signing the Company's consolidated financial statements.

#### i. Form and content

In accordance with the format selected by the Group, the statement of profit or loss has been classified by function, and the statement of financial position is based on a distinction between current and non-current assets and liabilities. We consider that this format will provide a more meaningful representation of the items that have contributed to the Group's results and its assets and financial position.

Transactions or events that may generate income and expenses that are not relevant for assessing business performance, such as gains (losses) on the sale of fixed assets, restructuring and reorganisation costs, non-recurring financial expenses, and any other non-recurring income (expenses), are described in the disclosures.

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

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

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

### - Currency conversion

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

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

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

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

<sup>(1)</sup>The average exchange rate of the Argentine Peso was assumed to be equal to the spot exchange rate at the reporting date as required by the hyperinflation accounting standard. For reference only the average exchange rate would have been 316.341.

<sup>(2)</sup> On 2 March 2022, the European Central Bank ('ECB') decided to suspend the publication of € reference rate for the Russian Rouble until further notice. The Group has therefore decided to refer to an alternative reliable source for exchange rates based on executable and indicative quotes from multiple dealers.

### - Transactions in foreign currencies (not hedged with derivatives)

Revenues and costs related to foreign currency transactions are reported at the exchange rate applied on the date on which the transaction is carried out.

Monetary assets and liabilities in foreign currencies are initially converted into € at the exchange rate in effect on the transaction date and subsequently converted into € at the exchange rate applied on the reporting date, with the difference in value being posted to the statement of profit or loss.

Non-monetary assets and liabilities arising from the payment/collection of a foreign currency advance are initially recognised at the exchange rate in effect on the transaction date and are not subsequently modified to take account of any change in the exchange rate in effect on the reporting date.

### - Hyperinflation

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

The restatement procedures used by the Group are as follows:

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

The restated statement of profit or loss is converted into € by applying the spot exchange rate at the end of the period instead of the average exchange rate for the period.

No restatement of the values presented in the comparative period prior to the official declaration of the subsidiary's adoption of hyperinflationary accounting is required in the Group's consolidated figures.

The effect of restating non-cash items is recognised in the statement of profit or loss under net financial income (expenses).

The indexes used to remeasure the values at 31 December 2023, in accordance with hyperinflationary economies IFRS rules, are shown in the table below. Specifically, the national Consumer Price Index ('nationwide CPI') of Argentina was used.

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

### iii. Use of estimates

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

Details of critical estimates and judgements that could have a material impact on the financial statements are set out in the related notes as follows:

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

- taxation: management judgement and estimate required to assess uncertain tax positions and the recoverability of deferred tax assets. Please refer to note 3 xiii- 'Taxation' of the consolidated financial statements at 31 December 2023;
- incremental interest rate for lease transactions: management judgements and estimates required to determine the rate level. Please refer to note 6 vii- 'Lease components in the statement of financial position' of the consolidated financial statements at 31 December 2023.

– Macroeconomic and geopolitical uncertainty

During 2023 the Group has continued to monitor and analyse the evolution of macroeconomic and geopolitical uncertainties.

The critical review that was conducted included the ongoing Russia-Ukraine conflict which started in February 2022 and a detailed analysis has been performed to identify, and consequently manage, the principal risks and uncertainties to which the Group is exposed. The impact of the conflict continues to have no material impact on the Group's results and business performance at a consolidated level as reported in these consolidated financial statements, since Russia and Ukraine together accounted overall for approximately 3% of the Group's net sales in the full year 2023 and approximately 3% in 2022.

– Climate and other environmental matters

The Group recognises that climate change is one of the greatest challenges for the future of the planet and is actively engaged on its path related to the defined sustainability priorities to which all major global functions contribute. It is important to highlight that within the current macroeconomic landscape, production activities, the entire value chain, and the execution of the Group's strategies are susceptible to the impacts of climate change. These impacts encompass both acute and extreme unpredictable events, as well as chronic factors such as rising temperatures and drought, presenting physical risks-climate change is therefore a major disruptive force with the potential to drive substantial changes to the Group's operations in the short to medium and long term.

Climate risk can affect companies, financial institutions, households, countries, and the financial system in general. However, opportunities may arise for those companies that enable the transition to a low-carbon economy. Following a very positive progression in 2022 regarding Campari Group's environmental commitments, more challenging medium and long-term environmental targets have been set during 2023, that were described in the Sustainability Disclosure of this Annual report to which reference is made. The impact of the climate change assessment and related targets set have been considered in evaluating estimates and judgements in the preparation of these consolidated financial statements. The details of the climate risk assessment were deemed proportionate to the nature of the Group's business and the current assessment was sufficient to identify the physical climate risks as well as the transition risks that are material to the Group's operations or financial condition. The analysis of climate change carried out in 2023 did not result in any issue not attributable to and not addressable in the ordinary course of business and did not highlight any material economic issue that had any material impact on these consolidated financial statements.

The following considerations were made with reference to the consolidated financial statements:

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

**Going concern including net financial debt**

In terms of its operating and financial profiles, the Group continues to be very sound and has not been exposed to any going-concern issues neither during 2023 nor in the 12 months subsequent these consolidated financial statements were authorised for issue, thanks to the agility and resilience of its organisation.

With regard to the Group's net debt position and namely with respect to financial assets, these are not subject to particular risks, since the investments considered by the Group are always the subject of a careful and scrupulous preliminary analysis and are always coherent with the financial needs. With respect to financial liabilities, the Group's indebtedness ratios measured internally (given the lack of covenants on existing debt) were under control and consistently at a level considered entirely manageable by the Group. During 2023, the Group's financial structure was confirmed to have been strengthened by the availability of significant committed and uncommitted credit lines. No renegotiation of interest rates or conditions has been performed. The Group terminated in advance

some pre-hedging derivatives as part of the ordinary course of its financial business management to mitigate fixed interest rate exposure. The debt profile is appropriately balanced between variable and fixed rate, thus minimising the Group's exposure to market risk. In 2023 and with respect to lease and rental agreements, there have not been nor new significant negotiations, including sub-leases, nor significant contract amendments generating financial receivables or liabilities. In terms of fair value measurement hierarchies of financial items, there were no changes to be reflected other than those disclosed in the related notes.

A separate analysis has been performed with reference to financial liabilities arising from put option and earn-out agreements valued at fair value and where the basis of the estimate is linked to brand performance. The analysis was conducted in conjunction with the considerations described in relation to the impairment test on goodwill, brands and intangible assets with a finite life, in order to ensure homogeneity and consistency in the valuation, and from the analyses no particular circumstances emerged requiring significant revisions of these liabilities.

The macroeconomic trend in 2023 did not trigger any significant change in clients' contracts or any change in the revenue recognition criteria previously identified. Significant judgements were used to review the expected credit losses based on the Group business model to manage financial instruments namely with reference to the markets directly impacted by the Russia-Ukraine conflict or in hyperinflationary environments. To facilitate the liquidity management, the Group continued the reverse factoring program, confirmed with a limited number of trusted suppliers involved, consistent with the previous years: the trade payables under reverse factoring agreements continued to be classified as a component of the Group's operating working capital with no separate disclosure as primary line items of the consolidated financial statements in consideration of the total exposure.

#### **Impairment of goodwill, brands and intangible assets with a finite life**

Notwithstanding the very challenging and volatile macro environment, during 2023 the Group delivered a solid performance, outperforming in key reference markets and continued to take strong price actions in order to mitigate the margin impact from the persisting, whilst gradually easing, costs inflation. In the current context of macro challenges, the Group performed an assessment to identify any triggering event implying the risk of impairment on its goodwill, brands and intangible assets with a finite life. This assessment confirmed that neither external nor internal events were triggering substantial change on the recoverability of these intangible assets: the Group's annual impairment test for intangible assets performed in this context confirmed a full recoverability of its goodwill and its brands, with the exception of an impairment loss of Forty Creek brand (please refer to note 4 iii-'Intangible assets' for more information).

In the current macroeconomic circumstances, there was no evidence of significant deterioration of consumer demand affecting business plans. Moreover, there has not been any interruption of the operation of the Group's plants or supply from suppliers or problems with logistic and freight transport activities that the Group was not able to mitigate in the ordinary course of business.

During 2023 there were no issues related to operations in terms of production facilities since all the Group's plants and distilleries remained fully operational. Furthermore, there was no direct impact caused by international conflicts as the Group does not have any production facilities in the countries directly involved.

#### **Provision for risk and charges and onerous contracts**

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

#### **Taxation**

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

#### **iv. Principles of control and consolidation**

##### **- Principles of control**

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

- power over the investee (or holds valid rights that give it the actual ability to manage significant activities of the investee);

- exposure or rights to variable returns resulting from its involvement with the investee;
- the ability to use its power over the investee to affect the size of its returns.

Generally, control is assumed to exist when the Group possesses a majority of the voting rights. In support of this assumption and when the Group holds less than the majority of the voting rights (or similar rights), the Group considers all relevant facts and circumstances in assessing whether it controls the investee, including contractual arrangements with other holders of voting rights, rights arising from contractual arrangements, and the Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls a subsidiary if facts and circumstances indicate that one or more of the three significant elements defining control have changed. Consolidation of a subsidiary begins when the Group obtains direct or indirect control of that subsidiary (or through one or more other subsidiaries) and ceases when the Group loses control therefrom. The assets, liabilities, revenues and costs of the subsidiary acquired or disposed of over the year are included in the consolidated financial statements from the date on which the Group obtains control until the date on which the Group no longer exercises control over the company.

Changes in investments in subsidiaries that do not result in acquisition or loss of control are recorded as changes in shareholders' equity.

If the Group loses control of a subsidiary, the related assets (including goodwill), liabilities, non-controlling interests and other components of shareholders' equity are derecognised, while any gain or loss is recognised in the statement of profit or loss. Any ownership interest maintained is recorded at fair value.

#### - Principles of consolidation

The consolidated financial statements include the financial statements of Lagfin and of its subsidiaries. All subsidiaries are consolidated on a line-by-line basis. The carrying amount of the equity of the investments in subsidiaries is derecognised against the corresponding portion of the shareholders' equity of the subsidiaries. At the first consolidation stage individual assets and liabilities are measured at fair value in the context of the purchase price allocation at the date control was acquired. Any residual positive difference in the allocation is recorded under the asset item 'Goodwill', and any negative amount is allocated to the statement of profit or loss. The subsidiaries' financial statements are based on the same financial year as the Parent Company and drawn up for the purposes of consolidation. When necessary, appropriate adjustments are made to subsidiaries' financial statements to bring them into line with the Group's accounting policies. Joint-ventures are measured by applying the equity method.

When preparing the consolidated financial statements, unrealised gains and losses resulting from intra-group transactions are derecognised, as are the entries giving rise to payables and receivables, and costs and revenues between the companies included in the basis of consolidation. All intra-group assets and liabilities, shareholders' equity, revenues, costs and cash flow relating to transactions between Group entities are fully derecognised on consolidation. All remaining assets and liabilities, expenses and revenues of the subsidiaries are fully reflected in the consolidated financial statements. Unrealised gains and losses generated on transactions with joint-ventures are derecognised to the extent of the Group's percentage interest in those companies. Dividends collected from consolidated companies are derecognised.

The profit (loss) for the year and all other components of the statement of other comprehensive income are attributed to the shareholders of the Parent Company and to non-controlling interests, even if this results in non-controlling interests having a negative value. Non-controlling interests in shareholders' equity and related results are reported under the appropriate items in the primary financial statements.

#### - Basis of consolidation

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

- on 18 January 2023, Lagfin formed La Rosita, LLC;
- on 22 February 2023, Lagfin formed Bizzy Izzy, LLC;
- on 1 March 2023, Campari acquired the remaining outstanding shares in CT Spirits Japan Ltd. ('CTSJ'), in which it previously had a joint-venture interest. As a result, CTSJ has become a wholly owned subsidiary;
- on 29 June 2023, Lagfin purchased 99% of SCI Sazerac and SCI Vieux Carré;
- on 7 July 2023, Lagfin purchased 99% of SCI Feu Rouge;
- on 27 March 2023, Campari completed the acquisition of the remaining 20% minority interests for both SCEV des Gloriettes and Champagne Lallier S.A.S.;
- on 3 April 2023, Campari became the majority shareholder of Thirsty Camel Ltd., in which it previously owned a non-controlling stake, by acquiring the 50% of the outstanding shares and thus arriving at a 60% interest stake;
- on 12 April 2023, Lagfin formed Teton Tanya, LLC;
- on 14 April 2023, the Italian Branch became the majority shareholder of Palingenia S.r.l.;
- on 13 June 2023, Lagfin formed Dirty Banana, LLC;

- on 7 July 2023, Lagfin formed Fuzzy Navel, LLC;
- on 12 July 2023, Lagfin formed Longshoreman, LLC;
- on 23 December 2023, Lagfin formed 150NM Chicago, LLC.

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

name of company, activity	registered office	share capital at 31 December 2023		% owned by Lagfin	
		currency	amount	direct	Indirect
<b>Lagfin S.C.A., Société en Commandite par Actions</b> , holding company	Rue de Bains 3, Luxembourg	€			
<b>Fully consolidated companies</b>					
<i>Italy</i>					
<b>Campari International S.r.l.</b> , trading company	Via Franco Sacchetti 20, Sesto San Giovanni, Italy	€	700,000	55.843%	Davide Campari-Milano N.V. 100%
<b>Camparino S.r.l.</b> , trading company	Piazza Duomo 21, Milan, Italy	€	48,880	55.843%	Davide Campari-Milano N.V. 100%
<b>Palingenia S.r.l.</b> , publishing company	Via Candia 9, Venice, Italy	€	300,500	83.195%	
<b>Piga S.r.l.</b> , holding company	Corso di Porta Vittoria 18, Milan, Italy	€	10,000	50%	
<b>Telco Real Estate S.r.l.</b> , real estate company	Foro Buonaparte 12, Milan, Italy	€	10,000	100%	
<b>Terrazza Aperol S.r.l.</b> , trading company	Sestiere San Marco 2776, Venice, Italy	€	20,000	55.843%	Davide Campari-Milano N.V. 100%
<i>Europe and Africa</i>					
<b>10 Chapel Street Ltd.</b> , real estate company	71 Queen Victoria Street, London, England	GBP	2,857,813	100%	
<b>14 Chapel Street Ltd.</b> , real estate company	71 Queen Victoria Street, London, England	GBP	2,672,805	100%	
<b>SCI Athena</b> , property company	4 Place de la Libération, Ay, France	€	1,000	55.843%	Champagne Lallier S.A.S. 100%
<b>Bellonnie et Bourdillon Successeurs S.A.S.</b> , manufacturing and trading company	Zone de Génipa, Ducos, Martinique	€	5,100,000	53.905%	Campari France S.A.S. 96.53%
<b>Campari Austria GmbH</b> , trading company	Naglergasse 1/Top 13, Wien, Austria	€	500,000	55.843%	Davide Campari-Milano N.V. 100%
<b>Campari Benelux S.A.</b> , trading company	Rue aux Laines 70, Bruxelles, Belgium	€	1,000,000	55.843%	Glen Grant Ltd. 38.99% Davide Campari-Milano N.V. 61.01%
<b>Campari Deutschland GmbH</b> , trading company	Adelgundenstr. 7, Munich, Germany	€	5,200,000	55.843%	Davide Campari-Milano N.V. 100%
<b>Campari España S.L.U.</b> , holding and trading company	Calle de la Marina 16-18, planta 29, Barcelona, Spain	€	4,279,331	55.843%	Davide Campari-Milano N.V. 100%
<b>Campari France S.A.S.</b> , manufacturing and trading company	14 rue Montalivet, Paris, France	€	112,759,856	55.843%	Société des Produits Marnier Lapostolle S.A.S. 100%
<b>Campari RUS LLC</b> , trading company	115088, Moscow, 2nd Yuzhnoportovy proezd, 14/22, Russia	RUB	210,000,000	55.843%	Davide Campari-Milano N.V. 100%
<b>Campari Schweiz A.G.</b> , trading company	Lindenstrasse 8, Baar, Switzerland	CHF	500,000	55.843%	Davide Campari-Milano N.V. 100%
<b>Campari South Africa Pty Ltd.</b> , trading company	2 <sup>nd</sup> Floor ICR House Alphen Park, Constantia main road, Constantia, Western Cape, South Africa	ZAR	310,247,750	55.843%	Campari España S.L.U.
<b>Campari Ukraine LLC</b> , trading company	8, Illinska Street, 5 Floor, block 8 and 9, Kiev, Ukraine	UAH	87,396,209	55.843%	Campari RUS LLC 1% Davide Campari-Milano N.V. 99%
<b>Champagne Lallier S.A.S.</b> , manufacturing company	4 Place de la Libération, Ay, France	€	3,575,420	55.843%	Campari France S.A.S. 100%
<b>Davide Campari N.V.</b> , holding, manufacturing and trading company	Legal domicile: Amsterdam, The Netherlands corporate address: Via Franco Sacchetti 20, Sesto San Giovanni, Italy			55.843%	
<b>Distilleries Agricole de Sainte Luce S.A.S.</b> , agricultural production company	Zone de Génipa, 97224, Ducos, Martinique	€	2,000,000	53.905%	Bellonnie et Bourdillon Successeurs S.A.S. 100%
<b>D.R. Finance S.à r.l.</b> , financial company	3 Rue des Bains, L-1212 Luxembourg	GBP	10,000,000	51%	
<b>SCEV des Gloriettes</b> , property company	4 Place de la Libération, Ay, France	€	34,301	55.843%	Campari France S.A.S. 100%
<b>Eric Luc</b> , manufacturing and property company	5 rue Ritterbandt, 51160, Ay, France	€	700,000	53.051%	Campari France S.A.S. 95%
<b>Sci Feu Rouge</b> , real estate company	33 Boulevard du General Leclerc, Beausoleil	€	10,000	99%	
<b>Glen Grant Ltd.</b> , manufacturing and trading company	Elgin Road, Rothes, Morayshire, United Kingdom	GBP	24,949,000	55.843%	Davide Campari-Milano N.V. 100%
<b>Halsdon Ltd.</b> , real estate company	71 Queen Victoria Street, London, England	GBP	4,685,338	100%	
<b>Highball S.à r.l.</b> , real estate company	3 Rue des Bains, Luxembourg	GBP	5,229,747	100%	
<b>Kaloyiannis-Koutsikos Distilleries S.A.</b> , manufacturing and trading company	6 and E Street, A' Industrial Area, Volos, Greece	€	6,811,220	55.843%	Davide Campari-Milano N.V. 100%
<b>Negroni Ltd.</b> , real estate company	71 Queen Victoria Street, London, England	GBP	3,000,000	100%	
<b>Sci Sazerac</b> , real estate company	5 bis, avenue Princesse Alice, Monaco	€	1,000	99%	
<b>Société des Produits Marnier Lapostolle S.A.S.</b> , holding and manufacturing company	14, rue Montalivet, Paris, France	€	27,157,500	55.843%	Davide Campari-Milano N.V. 100%
<b>SCEA Trois Rivières</b> , agricultural service company	Zone de Génipa, 97224, Ducos, Martinique	€	5,920	53.905%	Bellonnie et Bourdillon Successeurs S.A.S. 25%

Distilleries Agricoles de Sainte  
Luce S.A.S 75%

Sci Vieux Carrée, real estate company	5 bis, avenue Princesse Alice, Monaco	€	1,000	99%	
<b>Americas</b>					
150 NM Chicago, LLC, real estate company	40 E. Huron St., Chicago, United States of America	US\$	1,00	100%	
Bizzy Izzy, LLC, real estate company	915 West Fulton, Chicago, Illinois, United States of America	US\$	11,424,603	100%	
Boulevardier Spritz, LLC (formerly Portfolio6, LLC), real estate company	Tri-Star Equities, 155 East 26th Street, New York, United States of America	US\$	4,629,760	100%	
Bourbon Manhattan, LLC (formerly Portfolio5, LLC), real estate company	Tri-Star Equities, 155 East 26th Street, New York, United States of America	US\$	1,778,918	100%	
Bourbon Sidecar, LLC (formerly Portfolio4, LLC), real estate company	Tri-Star Equities, 155 East 26th Street, New York, United States of America	US\$	5,672,551	100%	
Brown Derby, LLC, real estate company	Tri-Star Equities, 155 East 26th Street, New York, United States of America	US\$	13,215,766	100%	
Campari America, LLC, manufacturing and trading company	1114 Avenue of the Americas, 19th Floor New York, United States of Americas	US\$	566,321,274	55.843%	Davide Campari-Milano N.V. 100%
Campari Argentina S.A., manufacturing and trading company	Tucuman, Piso 4 1107 Buenos Aires, Argentina	ARS	1,179,465,930 <sup>(1)</sup>	55.843%	Campari do Brasil Ltda. 1.19% Davide Campari-Milano N.V. 98.81%
Campari do Brasil Ltda., manufacturing and trading company	Alameda Rio Negro 585, Edificio Demini, Conjunto 62, Alphaville-Barueri-SP, Brasil	BRL	156,870,056	55.843%	Campari Schweiz A.G. 0.0001% Davide Campari-Milano N.V. 99.9999%
Campari Mexico S.A. de C.V., trading company	Avenida Americas 1500 Piso G-A Colonia Country Club, Guadalajara, Jalisco, Mexico	MXN	5,525,434,642	55.843%	Campari España S.L.U. 99% Campari America, LLC 1%
Campari Mexico Destiladora S.A. de C.V., manufacturing company	Camino Real a Atotonilco No. 1081, La Trinidad, San Ignacio Cerro Gordo, Jalisco, Z.C. Mexico	MXN	10,100,000	56.358%	Campari Mexico, S.A. de C.V. 99.99%
Campari Peru SAC, trading company	Av. Jorge Basadre No.607, oficina 702, distrito de San Isidro, Lima, Peru	PEN	34,733,589	55.843%	Campari España S.L.U. 99.92% Campari do Brasil Ltda. 0.08%
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, Mexico	MXN	144,810,964	28.480%	Campari España S.L.U. 51%
Dirty Banana, LLC, real estate company	Tri-Star Equities, 155 East 26th Street, New York, United States of America	US\$	5,651,794	100%	
Forty Creek Distillery Ltd., manufacturing and trading company	297 South Service Road West, Grimsby, Canada	CAD	105,500,100	55.843%	Davide Campari-Milano N.V. 100%
Fuzzy Navel, LLC, real estate company	Tri-Star Equities, 155 East 26th Street, New York, United States of America	US\$	1,00	100%	
Grand 75, LLC, real estate company	Tri-Star Equities, 155 East 26th Street, New York, United States of America	US\$	6,482,731	100%	
Grand Margarita, LLC, real estate company	Tri-Star Equities, 155 East 26th Street, New York, United States of America	US\$	3,873,575	100%	
J. Wray and Nephew Ltd., manufacturing and trading company	23 Dominica Drive, Kingston 5, Jamaica	JMD	750,000	55.843%	Campari España S.L.U.
La Rosita, LLC, real estate company	Tri-Star Equities, 155 East 26th Street, New York, United States of America	US\$	4,606,068	100%	
LG Partners, LLC, holding company	7568 Paseo Vista PI Monterey, United States of America	US\$	2,030,781	100%	
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, Mexico	MXN	177,888,738	28.480%	Campari España S.L.U. 51%
Longshoreman, LLC, real estate company	Tri-Star Equities, 155 East 26th Street, New York, United States of America	US\$	1,00	100%	
Portfolio3, LLC, real estate company	Tri-Star Equities, 155 East 26th Street, New York, United States of America	US\$	17,486,332	100%	
Tehama St, LLC, real estate company	Tri-Star Equities, 155 East 26th Street, New York, United States of America	US\$	851,114	100%	
Teton Tanya, LLC, real estate company	Tri-Star Equities, 155 East 26th Street, New York, United States of America United States of America	US\$	5,683,281	100%	
Very Old Fashioned, LLC, real estate company	Tri-Star Equities, 155 East 26th Street, New York, United States of America	US\$	197,070	100%	
Wilderness Trail Distillery, LLC, holding company	4095 Lebanon Road Danville, Kentucky United States of America	US\$	-	39.090%	Campari America LLC 70%
Wilderness Trace Distillery, LLC, manufacturing and trading company	4095 Lebanon Road Danville, Kentucky, United States of America	US\$	-	39.090%	Wilderness Trail Distillery, LLC 100%
<b>Asia</b>					
Campari Australia Pty Ltd., manufacturing and trading company	Level 21, 141 Walker Street North Sydney, Australia	AUD	56,500,000	55.843%	Davide Campari-Milano N.V. 100%
Campari (Beijing) Trading Co. Ltd., trading company	Building 1, Level 5, Room 66, 16 Chaowai Avenue, Chaoyang District, Beijing, China Upper Ground and First Floor	CNY	104,200,430	55.843%	Davide Campari-Milano N.V. 100%
Campari India Private Ltd., trading company	Shop No. SG-1 and SF-1, DT Greater Kailash-II, New Delhi India	INR	172,260	55.793%	Campari Australia Pty Ltd. 0.01% Davide Campari-Milano N.V. 99.9%
Campari New Zealand Ltd., trading company	C/O KPMG 18, Viaduct Harbour Av., Maritime Square, Auckland, New Zealand	NZD	10,000	55.843%	Campari Australia Pty Ltd.
Campari Singapore Pte Ltd., trading company	152 Beach Road, #24-06, 1 Gateway East, Singapore	SGD	19,100,000	55.843%	Davide Campari-Milano N.V. 100%
CT Spirits Japan Ltd., trading company	2-26-5 Jingumae Shibuya-ku, Tokyo 150-Japan	JPY	100,000,000	55.843%	Davide Campari-Milano N.V. 100%
Thirsty Camel Limited, trading Company	c/- Farry Law, Level 11, 152 Quay Street Auckland CBD, New Zealand	NZD	5,180,000	33.511%	Campari Australia Pty Ltd. 60.01%

Trans Beverages Company Ltd., 5th Floor, 14 Samsung-ro 133-gil KRW 2,000,000,000 28.480% Glen Grant Ltd. 51%  
trading company Gangnam-gu, Seoul, South Korea

## v. Reclassification of comparative figures at 31 December 2023

### Reclassifications for purchase price allocation

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

### Reclassified statement of financial position in management board report

Statement of financial position	at 31 December 2022			
	stated figures	change resulting from allocation of acquisition value	change in exchange rate	post-reclassifications figures
€ million				
fixed assets	4,505.6	1.0		4,506.6
other non-current assets and (liabilities)	(361.4)	(3.4)		(364.8)
operating working capital	771.5	7.3	(0.1)	778.7
other current assets and (liabilities)	(219.6)	(0.9)		(220.5)
<b>total invested capital</b>	<b>4,696.1</b>	<b>4.0</b>	<b>(0.1)</b>	<b>4,700.0</b>
Group shareholders' equity	1,312.6	0.7		1,313.3
non-controlling interests	1,272.1	0.5		1,272.6
net financial debt	2,111.4	2.9	(0.1)	2,114.2
<b>total financing sources</b>	<b>4,696.1</b>	<b>4.0</b>	<b>(0.1)</b>	<b>4,700.0</b>

### Reclassified operating working capital in management board report

Operating working capital	at 31 December 2022			
	stated figures	change resulting from allocation of acquisition value	change in exchange rate	post-reclassifications figures
€ million				
Trade receivables	309.9	(0.3)	-	309.6
Total inventories, of which:	1,004.2	7.5	(0.1)	1,011.7
- maturing inventory	501.7	14.5	(0.2)	516.0
- biological assets	7.1	-	-	7.1
- other inventory	495.5	(6.9)	0.1	488.7
Trade payables	(542.6)	0.1	-	(542.5)
<b>Operating working capital</b>	<b>771.5</b>	<b>7.3</b>	<b>(0.1)</b>	<b>778.8</b>
Sales in the previous 12 months rolling	2,714.6	-	-	2,714.6
Working capital as % of sales in the previous 12 months	28.4%	-	-	28.7%

### Reclassified net financial debt in management board report

Net financial debt	at 31 December 2022			
	stated figures	change resulting from allocation of acquisition value	change in exchange rate	post-reclassifications figures
€ million				
cash and cash equivalents	747.4	-	-	747.4
bonds	-	-	-	-
loans due to banks	(298.4)	-	-	(298.4)
lease payables	(14.4)	-	-	(14.4)
other financial assets and liabilities	237.5	(2.9)	0.1	234.7
<b>short-term net financial debt</b>	<b>672.1</b>	<b>(2.9)</b>	<b>0.1</b>	<b>669.3</b>
bonds	(1,166.4)	-	-	(1,166.4)
loans due to banks	(1,361.2)	-	-	(1,361.2)
lease payables	(65.1)	-	-	(65.1)
other financial assets and liabilities	48.2	-	-	48.9
<b>medium-/long-term net financial debt</b>	<b>(2,543.8)</b>	<b>-</b>	<b>-</b>	<b>(2,543.8)</b>
<b>net financial debt before put option and earn-out</b>	<b>(1,871.7)</b>	<b>(2.9)</b>	<b>0.1</b>	<b>(1,874.6)</b>
liabilities for put option and earn-out payments	(239.7)	-	-	(239.7)
<b>net financial debt</b>	<b>(2,111.4)</b>	<b>(2.9)</b>	<b>0.1</b>	<b>(2,114.3)</b>

## Reclassified consolidated statement of financial position in Consolidated financial statements

	At 31 December 2022			
	stated figures	change resulting from allocation of acquisition value	change in exchange rate	post-reclassifications figures
	€ million	€ million	€ million	€ million
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	762.3	33.6	(0.4)	795.5
Right of use assets	69.0	-	-	69.0
Biological assets	17.5	-	-	17.5
Real estate investments	337.0	-	-	337.0
Goodwill	2,083.0	(33.7)	0.4	2,049.7
Brands	1,182.0	1.1	-	1,183.1
Intangible assets with a finite life	54.8	-	-	54.8
Investments in joint ventures	35.7	-	-	35.7
Deferred tax assets	76.9	0.1	-	77.0
Other non-current assets	24.1	-	-	24.1
Other non-current financial assets	50.4	-	-	50.4
<b>Total non-current assets</b>	<b>4,692.7</b>	<b>1.1</b>	<b>-</b>	<b>4,693.8</b>
<b>Current assets</b>				
Inventories	997.2	7.5	(0.1)	1,004.6
Biological assets	7.1	-	-	7.1
Trade receivables	309.9	(0.3)	-	309.6
Other current financial assets	332.7	(0.1)	-	332.5
Cash and cash equivalents	747.4	-	-	747.4
Income tax receivables	19.1	-	-	19.1
Other current assets	63.6	0.1	-	63.7
<b>Total current assets</b>	<b>2,477.0</b>	<b>7.2</b>	<b>(0.1)</b>	<b>2,484.0</b>
Assets held for sale	11.6	-	-	11.6
<b>Total assets</b>	<b>7,181.2</b>	<b>8.3</b>	<b>(0.1)</b>	<b>7,189.4</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>EQUITY</b>				
<b>Shareholders' equity</b>				
Issued capital and reserves attributable to shareholders of the Parent Company	1,312.6	0.7	-	1,313.3
Non-controlling interests	1,272.1	0.5	-	1,272.6
<b>Total shareholders' equity</b>	<b>2,584.7</b>	<b>1.2</b>	<b>-</b>	<b>2,585.9</b>
<b>Non-current liabilities</b>				
Bonds	1,166.4	-	-	1,166.4
Loans due to banks	1,361.2	-	-	1,361.2
Other non-current financial liabilities	302.9	-	-	302.9
Post-employment benefit obligations	24.1	-	-	24.1
Provisions for risks and charges	69.6	3.5	(0.1)	73.0
Deferred tax liabilities	404.5	-	-	404.5
Other non-current liabilities	31.9	-	-	31.9
<b>Total non-current liabilities</b>	<b>3,360.6</b>	<b>3.5</b>	<b>(0.1)</b>	<b>3,364.0</b>
<b>Current liabilities</b>				
Loans due to banks	298.4	-	-	298.4
Other current financial liabilities	113.0	2.7	-	115.7
Trade payables	542.6	(0.1)	-	542.5
Income tax payables	80.9	-	-	80.9
Provisions for risks and charges	10.0	-	-	10.0
Other current liabilities	191.0	1.1	-	192.1
<b>Total current liabilities</b>	<b>1,235.9</b>	<b>3.6</b>	<b>-</b>	<b>1,239.5</b>
<b>Total liabilities</b>	<b>4,596.5</b>	<b>7.1</b>	<b>(0.1)</b>	<b>4,603.5</b>
<b>Total liabilities and shareholders' equity</b>	<b>7,181.2</b>	<b>8.3</b>	<b>(0.1)</b>	<b>7,189.4</b>

## Reclassified consolidated statement of changes in shareholders' equity in consolidated financial statements

	issued capital	Legal reserve	retained earnings	Other reserves	equity attributable to owners of the parent	non-controlling interests	total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
<b>at 31 December 2021</b>	<b>3.7</b>	<b>0.4</b>	<b>1,342.7</b>	<b>(94.1)</b>	<b>1,252.8</b>	<b>1,064.2</b>	<b>2,317.1</b>
Dividends to owner of the company						(30.1)	(30.1)
Davide Campari-Milano N.V. share purchase				(20.8)	(20.8)	(21.4)	(42.2)
Increase (decrease) through treasury share transactions			(68.0)		(68.0)	(53.1)	(121.1)
Subsidiaries own shares operations increase (decrease) through share-based payment transactions			11.0		11.0	8.6	19.6
Changes in ownership interests				(9.4)	(9.4)	(5.6)	(15.0)
Changes for reclassifications				0.7	0.7	0.5	1.2
Split			(88.1)	(6.9)	(95.0)		(95.0)
Basis of consolidation changes						98.5	98.5
Increase (decrease) through other changes				(1.1)	(1.1)	(0.2)	(1.3)
Profit (loss)			155.2		155.2	144.4	299.6
Other comprehensive income (expense)				88.0	88.0	66.7	154.7
<b>at 31 December 2022 stated</b>	<b>3.7</b>	<b>0.4</b>	<b>1,352.8</b>	<b>(43.4)</b>	<b>1,312.6</b>	<b>1,272.1</b>	<b>2,584.8</b>
<b>at 31 December 2022 post reclassifications</b>	<b>3.7</b>	<b>0.4</b>	<b>1,352.8</b>	<b>(43.6)</b>	<b>1,313.3</b>	<b>1,272.6</b>	<b>2,585.9</b>

### vi. Change in presentation

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

The new structures and enhanced representation of disclosures were defined to help readers of the annual financial statements to gain a better understanding of the Group's result for the period and statements of cash flows.

It is noted that the changes in representation are not implying changes in the disclosures provided in the consolidated financial statements at 31 December 2022, which remains fully comprehensive and complete.

### vii. Change in accounting standards

- Summary of the new accounting standards endorsed and adopted by the Group from 1 January 2023

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

Amendments to IAS 8-'Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates' (issued on 12 February 2021). The amendments introduce a new definition of 'accounting estimates', clarifying the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. This amendment was applied for the first time in 2023 with no material impact to be reported.

Amendments to IAS 12-'Income Taxes' Deferred Taxes related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021). The amendment requires an entity to recognise deferred tax on initial recognition of particular transactions to the extent that the transaction gives rise to equal amounts of deferred tax assets and liabilities. The proposed amendments would apply to transactions such as leases and decommissioning obligations for which an entity recognises both an asset and a liability. This amendment was already applied by the Group.

Amendments to IAS 12-‘Income Taxes’: International Tax Reform-Pillar Two Model Rules (issued 23 May 2023). The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure from 31 December 2023. The mandatory exception applies retrospectively. However, because no new legislation to implement the top-up tax was entered into force at 31 December 2022 in any jurisdiction in which the Group operates and no related deferred taxes were recognised at that date, the retrospective application has no impact on the Group consolidated financial statements. This amendment was applied by the Group and new disclosures are also reflected in these consolidated financial statements.

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

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

Amendment to IAS 1-‘Presentation to Financial Statements’ includes the following amendments with first application on 1 January 2024:

- Classification of Liabilities as Current or Non-current and Deferral of Effective Date (issued on 23 January 2020 and 15 July 2020 respectively). The amendment specifies the requirements to classify liabilities as current or non-current by clarifying i) what is meant by a right to defer the settlement; ii) that if an entity has the right to roll over an obligation for at least twelve months after the end of the reporting period, it classifies the obligation as non-current, even if it would otherwise be due within a shorter period; iii) that the classification is unaffected by the likelihood that an entity will exercise its deferral right; and iv) that the settlement refers to a transfer to the counterparty that results in the extinguishment of the liability.
- Non-current Liabilities with Covenants (issued on 31 October 2022). The amendments clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability’s classification as current or non-current; while additional disclosures are required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period.

Amendment to IFRS 16-‘Leases’, Lease Liability in a Sale and Leaseback (issued on 22 September 2022). A sale and leaseback transaction involves the transfer of an asset by an entity (the seller-lessee) to another entity (the buyer-lessor) and the leaseback of the same asset by the seller-lessee. The amendment specifies how a seller-lessee measures the lease liability, which arises in a sale and leaseback transaction, to ensure that it does not recognise any amount of the gain or loss related to the right-of-use retained. The amendment does not change the accounting for leases unrelated to sale and leaseback transactions. The first application is scheduled for 1 January 2024.

- Accounting standards, amendments and interpretations not yet endorsed

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

Amendments to IAS 21-‘The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability’ (issued on 15 August 2023). The amendments clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. The first application is scheduled for 1 January 2025.

Amendments to IAS 7-‘Statement of Cash Flows’ and IFRS 7-‘Financial Instruments: Disclosures: Supplier Finance Arrangements’ (issued on 25 May 2023) which address the disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted.

On April 2024, The IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity’s financial statements (that is, management-defined performance measures); and

- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.

IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information.

### 3. Results for the period

This section details accounting policies for net sales, operating segment, cost of sales, point of sale materials, personnel costs, depreciation and amortisation, financial income and expenses, lease components share of profit (loss) of joint ventures, as well as taxation. Judgements and estimates are stated regarding taxation.

This section discloses the information on costs and revenues, gain and losses affecting the results and performance for the period ended 31 December 2023, as well as financial information for taxation and joint ventures.

#### i. Net sales

##### Accounting policy

##### Revenue recognition

Revenues are recognised when the customer gains control of the goods. Transfer of control is determined using a five-step analytical model applied to all revenues from customer contracts.

This occurs when the goods are delivered to the customer, who has complete discretion over the sales channel and price of the products themselves, and there is no unfulfilled obligation that could affect acceptance by the customer. Delivery takes place when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer and the customer has accepted the products in accordance with the sales contract, the terms and conditions of acceptance have expired, or the Group has objective evidence that all criteria for acceptance have been met. The Group's revenues mainly include sales of spirits on the market and, to a marginal extent, revenues from co-packing services in some way linked to the Group's core business, for which the breakdown of sales is not disclosed in consideration of their limited importance.

Revenues are recognised at the price stated in the contract, net of any estimates of deferred discounts or incentives granted to the customer in line with industry practice, for example:

- volume/value discounts based on cumulative sales above a threshold at the end of a given period;
- performance-based discounts (such as discounts, rebates, performance bonuses, logistical discounts), based on promotional activities carried out by the customer and agreed upon in advance;
- customer incentives, such as discount vouchers, free products, price protection, market development allowances and price reduction allowances (to compensate for low sales);
- product placement allowances (such as contributions for placement and range).

Historical experience is used to estimate deferred discounts/incentives based on agreements with clients, and revenues are recognised only to the extent that it is highly probable that there will be no need for subsequent significant adjustments.

No financing element is deemed to be present as sales are made with only a brief delay before payment: contracts are generally not entered into when there is more than one year between the transfer of the goods and the payment by the customer.

Discounts relating to specific payment terms that lower the Group entity's collection risk or reduce administrative costs, and/or improve liquidity (such as payments at the time of sale) are recognised as a reduction in revenue.

A liability reducing the related trade receivable is recognised for deferred discounts due to customers in relation to sales made up to the end of the period. Such liabilities can then be offset against the amounts payable by the customer.

Receivables are recognised when the goods are delivered, as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

##### Consumption taxes recognition

The Group incurs consumption taxes worldwide. In most jurisdictions, excise duty is a production tax that is payable by the manufacturer, becomes payable when the product is removed from captive warehouses, and is not directly related to the sales value: the excise duty is consequently recognised as a cost for the Group. Excise duties are normally recovered through the sales, although they are generally not shown as a separate item on external invoices. Excise duty increases are not always passed on to the customer, and if a customer does not pay for the product received, the Group cannot request a refund of the excise duty. For excise duties passed on

to customers, the Group considers itself an agent of the regulatory authorities, and consequently, the re-invoiced excise values are excluded from the presentation of net sales in the primary statements and are presented to offset the cost incurred by the Group.

#### Rental income recognition

The Group earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

#### Disclosure

Net sales, which almost entirely relate to the sale of spirits, totalled €2,946.9 million at total Group level, compared with €2,714.6 million in the previous year. 2023 showed very strong performance, thanks to continued solid brand momentum driven by aperitifs, tequila and bourbon combined with industry outperformance in core developed markets, underpinned by pricing across the portfolio.

To highlight the main business performance drivers in a geographically diversified context and assess the contribution of the newly acquired brands to the overall sales performance of the Group, further breakdowns by brand category and for major brands are provided below to explain better their contribution to the region and the main related market. The categorisation of brands into three main clusters is based on the brands' geographic scale, business priorities and growth potential.

Net sales focus by region	for the years ended 31 December	
	2023 € million	2022 € million
Americas	1,294.6	1,235.4
Southern Europe, Middle East and Africa	817.2	747.1
North, Central and Eastern Europe	605.0	534.2
Asia-Pacific	230.2	197.9
<b>Total</b>	<b>2,946.9</b>	<b>2,714.6</b>

	for the years ended 31 December	
	2023 € million	2022 € million
<b>global priority brands</b>	<b>1,664.1</b>	<b>1,549.5</b>
Aperol	703.5	581.9
Campari	309.6	287.3
Wild Turkey portfolio <sup>1'1'2'</sup>	226.9	215.8
Jamaican rums portfolio <sup>3'</sup>	156.5	150.6
Grand Marnier	143.2	175.8
SKYY <sup>1'</sup>	124.4	138.2
<b>regional priority brands</b>	<b>751.1</b>	<b>686.0</b>
Espolòn	233.2	177.0
Sparkling Wine&Vermouth	150.5	154.7
Italian specialties <sup>4'</sup>	79.7	84.0
Crodino	63.9	61.6
Magnum Tonic	52.5	44.4
Aperol Spritz ready-to-enjoy	38.7	36.4
The GlenGrant	31.1	28.5
other <sup>5'</sup>	101.5	99.5
<b>local priority brands</b>	<b>242.2</b>	<b>223.0</b>
Campari Soda	78.7	76.9
Wild Turkey ready-to-drink <sup>6'</sup>	48.6	50.4
SKYY ready-to-drink	40.8	27.4
X-Rated	12.3	12.3
other <sup>7'</sup>	61.8	55.9
<b>rest of the portfolio</b>	<b>261.1</b>	<b>239.1</b>
<b>total</b>	<b>2,918.6</b>	<b>2,697.6</b>

(1-2-3-4-5-6-7) For notes from 1 to 7, please refer to the following disclosure table.

While the global priority cluster includes brands with a globally diversified geographic exposure (either current or potential), regional priorities are concentrated in a limited number of countries within the same region and local priorities focus on one main domestic market.

	for the years ended 31 December 2023	
	percentage of Group sales	main region/markets for brands
<b>global priority brands</b>	<b>57.0%</b>	
Aperol	24.1%	Italy, SEMEA Germany, NCEE US, AMERICAS France, SEMEA

Campari	10.6%	United Kingdom, NCEE Italy, SEMEA US, AMERICAS Brazil, AMERICAS Germany, NCEE Jamaica, AMERICAS
Wild Turkey portfolio <sup>1,2</sup>	7.8%	US, AMERICAS Australia, APAC South Korea, APAC Japan, APAC GTR, SEMEA
Jamaican rums portfolio <sup>3</sup>	5.4%	Jamaica, AMERICAS US, AMERICAS United Kingdom, NCEE Canada, AMERICAS Mexico, AMERICAS
Grand Marnier	4.9%	US, AMERICAS Canada, AMERICAS France, SEMEA GTR, SEMEA Mexico, AMERICAS
SKYY <sup>11</sup>	4.3%	US, AMERICAS Argentina, AMERICAS Germany, NCEE China, APAC South Africa, SEMEA
<b>regional priority brands</b>	<b>25.7%</b>	-
Espolòn	8.0%	
Sparkling Wine&Vermouth	5.2%	
Italian specialties <sup>4</sup>	2.7%	
Crodino	2.2%	
Magnum Tonic	1.8%	
Aperol Spritz ready-to-enjoy	1.3%	
The GlenGrant	1.1%	
other <sup>5</sup>	3.5%	
<b>local priority brands</b>	<b>8.3%</b>	-
Campari Soda	2.7%	
Wild Turkey ready-to-drink <sup>6</sup>	1.7%	
SKYY ready-to-drink	1.4%	
X-Rated	0.4%	
other <sup>7</sup>	2.1%	
<b>rest of the portfolio</b>	<b>8.9%</b>	-
<b>total</b>	<b>100.0%</b>	-

<sup>(1)</sup> Excludes ready-to-drink.

<sup>(2)</sup> Includes American Honey.

<sup>(3)</sup> Includes Appleton Estate, Wray and Nephew Overproof and Kingston 62.

<sup>(4)</sup> Includes Braulio, Cynar, Averna, Frangelico and Del Professore.

<sup>(5)</sup> Includes Bisquit and Dubouché, Bulldog, Forty Creek, Trois Rivières, Maison La Mauny, Ancho Reyes, Montelobos and Lallier.

<sup>(6)</sup> Includes American Honey ready-to-drink.

<sup>(7)</sup> Includes Cabo Wabo, Ouzo and Picon.

## ii. Operating segment

### Accounting policy

Business results are affected by economic factors influenced by homogeneous elements, although markets have different sizes and maturity profiles. These elements are primarily attributable to geographic areas' features and the related breakdown by countries and, secondarily, attributable to the development of brand clusters (global, regional and local) and the corresponding breakdown by brands. 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) Americas; ii) Southern Europe, Middle East and Africa; iii) Northern, Central and Eastern Europe and (iv) Asia-Pacific. The Chief Executive Officer periodically reviews the Group's operating businesses to assess performance and inform resource allocation decisions.

The level of profitability analysed is the operating result. The profitability of each region reflects the profit generated by the Group through sales to third parties in that region, thereby eliminating the effects of inter-company margins.

### Disclosure

#### Segment reporting

for the year ended 31 December 2023	Americas	Southern Europe, Middle East and Africa	Northern, Central and Eastern Europe	Asia-Pacific	total allocated	non-allocated items and adjustments	consolidated
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	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Net sales to third-parties	1,294.6	817.2	605.0	230.2	2,946.9	-	2,946.9
Net sales between segments	72.7	539.3	19.6	0.1	631.8	(631.8)	-
<b>Total net sales</b>	<b>1,367.3</b>	<b>1,356.5</b>	<b>624.6</b>	<b>230.3</b>	<b>3,578.7</b>	<b>(631.8)</b>	<b>2,946.9</b>
<b>Segment result</b>	<b>232.9</b>	<b>83.8</b>	<b>216.7</b>	<b>(4.6)</b>	<b>528.7</b>	<b>-</b>	<b>528.7</b>
Operating result	-	-	-	-	-	-	528.7
Financial income (expenses)	-	-	-	-	-	(109.0)	(109.0)
Share of profit (loss) of joint-ventures	-	-	-	-	-	(8.3)	(8.3)
Taxation	-	-	-	-	-	(107.6)	(107.6)
<b>Profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>303.7</b>
Non-controlling interests	-	-	-	-	-	149.6	149.6
<b>Group profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>154.2</b>

For the year ended 31 December 2022	Americas	Southern Europe, Middle East and Africa	Northern, Central and Eastern Europe	Asia-Pacific	total allocated	non-allocated items and adjustments	consolidated
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Net sales to third parties	1,235.4	747.1	534.2	197.9	2,714.1	-	2,714.6
Net sales between segments	85.6	558.7	23.6	-	667.9	(667.9)	-
<b>Total net sales</b>	<b>1,321.0</b>	<b>1,305.8</b>	<b>557.8</b>	<b>197.9</b>	<b>3,382.5</b>	<b>(667.9)</b>	<b>2,714.6</b>
<b>Segment result</b>	<b>233.2</b>	<b>78.6</b>	<b>127.4</b>	<b>12.7</b>	<b>495.8</b>	<b>1</b>	<b>452.9</b>
Operating result	-	-	-	-	-	-	452.9
Financial income (expenses)	-	-	-	-	-	7.9	7.9
Share of profit (loss) of joint-ventures	-	-	-	-	-	(6.6)	(6.6)
Taxation	-	-	-	-	-	(154.5)	(154.5)
<b>Profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>299.6</b>
Non-controlling interests	-	-	-	-	-	144.4	144.4
<b>Group profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>155.2</b>

## Geographical information

Information about geographical areas		Non-current non-financial assets <sup>(1)</sup>	
		2023	2022
		€ million	€ million
<b>country of domicile</b>	<b>Italy</b>	<b>1,013.3</b>	<b>1031.8</b>
<b>other countries</b>		<b>3,875.1</b>	<b>3,534.6</b>
	United States	1,863.1	1,848.9
	France	715.1	685.4
	Jamaica	291.8	274.8
	Mexico	227.4	159.7
	Brazil	53.9	50.1
	other	723.8	515.7
<b>total</b>		<b>4,888.4</b>	<b>4,566.4</b>

Information about geographical areas		Net sales to third-parties	
		2023	2022
		€ million	€ million
<b>country of domicile</b>	<b>Italy</b>	<b>502.9</b>	<b>463.7</b>
<b>other countries</b>		<b>2,444.1</b>	<b>2,250.9</b>
	United States	825.0	752.1
	Germany	240.1	193.6
	Jamaica	151.0	151.9
	France	171.1	151.7
	Australia	123.2	124.9
	other	933.7	876.7
<b>total</b>		<b>2,946.9</b>	<b>2,714.6</b>

<sup>(1)</sup> Non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets.

### iii. Cost of sales

#### Disclosure

	for the years ended 31 December	
	2023	2022
	€ million	€ million
Materials and manufacturing costs	1,068.8	945.8
Distribution costs	181.1	188.1
<b>Total cost of sales</b>	<b>1,250.0</b>	<b>1,133.9</b>
<b>Breakdown by nature</b>		
Raw materials and finished goods acquired from third parties	772.4	694.5
Inventory write-downs	20.6	12.8
Personnel costs <sup>11</sup>	115.7	99.7
Depreciation/amortisation <sup>11</sup>	68.3	51.7
Utilities	33.7	29.4
External production and maintenance costs	41.2	35.0
Variable transport costs	133.7	147.6
Other costs	64.4	63.2
<b>Total cost of sales</b>	<b>1,250.0</b>	<b>1,133.9</b>

<sup>(1)</sup> For an analysis of personnel costs and depreciation and amortisation components by nature, please see also the breakdown of personnel costs in notes 3 vii- 'Personnel costs' and 3 viii- 'Depreciation and amortisation'.

As a percentage of net sales, the cost of sales was broadly in line with the previous year and increased from 41.8% of 2022 to 42.4% in 2023.

#### iv. Advertising and promotional costs

##### Accounting policy

Point of sale materials are charged to advertising and promotional costs at the time when the items are purchased.

##### Disclosure

	for the years ended 31 December	
	2023 € million	2022 € million
Merchandising and promotional costs	183.4	171.5
Advertising spaces	137.2	153.4
Media production	22.5	23.1
Sponsorships, testimonial, influencers and events	117.1	96.4
Research and innovation	23.1	23.8
Trade allowance for promotional purposes	(5.6)	(3.8)
Depreciation/amortisation <sup>1</sup>	3.4	3.4
Personnel costs <sup>1</sup>	4.9	4.0
Other advertising and promotional costs	8.1	7.2
<b>Total advertising and promotional costs</b>	<b>494.1</b>	<b>479.0</b>

<sup>(1)</sup> For an analysis of personnel costs and depreciation and amortisation components by nature, please see also the breakdown of personnel costs in notes 3 vii- 'Personnel costs' and 3 viii- 'Depreciation and amortisation'.

Advertising and promotional costs accounted for 16.8% of sales, amounting to €494.1 million in 2023. This marked an increase of €15.1 million compared to 2022, when they stood at 17.6% of sales. The investment mainly reflected increased sponsorship, testimonial and influencer expenses related to initiatives in line with the Group's focus on digital brand-building activities undertaken primarily on the on-premise channel.

#### v. Public grants

In 2023 operating grants for an overall €2.6 million (€1.6 million in 2022) were recorded in the statement of profit or loss. These public contributions were mainly due to the financing of marketing activities for the promotion of quality wines in non-EU countries, as well as for the support of industrial investments and sugar cane plantations in Martinique.

#### vi. Selling, general and administrative expenses

##### Accounting policy

With the aim of improving presentation and disclosure, some comparative data has been adapted in a manner consistent with the method of presentation of the year ending 31 December 2023. In particular, some elements previously classified separately as other income and expenses have been included by nature in the items of respective relevance.

##### Disclosure

	for the years ended 31 December	
	2023 € million	2022 € million
Personnel costs <sup>1</sup>	384.0	342.5
of which:		
<i>Restructuring and reorganisation costs</i>	17.7	10.4
<i>Last mile long-term incentive schemes with retention purposes</i>	10.0	10.0
Services, maintenance and insurance	119.3	110.9
of which:		
<i>Non-recurring costs related to IT system implementation</i>	13.3	
<i>Net expenses from acquisition/disposals of business or companies and indemnities from contract resolutions</i>	4.4	14.4
<i>Restructuring and reorganisation costs</i>	0.2	1.0
<i>Other net (gain) expenses</i>	3.5	3.4
Travel, business trips, training and meetings	56.8	47.1
Depreciation/amortisation <sup>1</sup>	46.7	35.4
Agents and other variable sales costs	2.6	10.1
Utilities, fuel and insurance	7.6	8.0
Board fees and indemnities	7.9	7.0
Charges for use of third-party assets	4.9	6.6
Other	44.3	81.3
of which:		
<i>Net expenses from acquisition/disposals of business or companies and indemnities from contract resolutions</i>	12.6	
<i>Impairment of assets</i>	11.9	6.6
<i>Net penalties or gains arising from the settlement of tax and legal disputes</i>	8.4	3.5
<i>Ukraine and Russia conflict costs</i>	2.3	8.0
<i>Restructuring and reorganisation costs</i>	1.7	

Capital (gains) losses on the disposal of tangible and intangible assets	(7.6)	(2.3)
Other net (gain) expenses	0.2	3.4
<b>Total selling, general and administrative expenses</b>	<b>674.1</b>	<b>648.8</b>

<sup>(1)</sup> For an analysis of personnel costs and depreciation and amortisation components by nature, please see also the breakdown of personnel costs in notes 3 vii- 'Personnel costs' and 3 viii- 'Depreciation and amortisation'.

<sup>(2)</sup> Pursuant to the Remuneration Policy, a last mile incentive scheme with retention purpose to be potentially awarded to the current CEO has been approved by the Parent Company's corporate bodies. For more information, refer to the section 'Governance' in the Campari Group annual report for the year ended 31 December 2023.

At 31 December 2023, the total selling, general and administrative expenses amounted to €674.1 million, showing an increase of €25.2 million compared to the figures reported in 2022, mainly related to personnel, travel and business trip costs and services, maintenance and insurance costs.

The outlays of the year reflected the continuous strengthening of the Group's capabilities in developing digitalisation across the organisation through acceleration programs in digital transformation as well as the improvement in route-to-market with a focus on Asia.

The expenses incurred during the year include components that may be considered non-representative of the current operating results and are therefore highlighted separately. They are represented as adjusting transactions for the purposes of alternative performance indicators considered in the management board report. Throughout the year 2023, they referred mainly to impairment losses related to the Forty Creek brand for €10.3 million (at average exchange rate for the period 1 January to 31 December 2023, corresponding to €10.2 million at exchange rate at 31 December 2023-for further details of the brand impairment loss, please see note 4 iii- 'Intangible assets') and other assets for €1.6 million), as well as costs associated with restructuring and reorganisation projects (total of €19.6 million), net expenses from acquisition/disposals of business or companies and indemnities from contract resolutions (€17.0 million) and the long-term non-recurring last mile incentive plans for retention purposes to be potentially recognized to senior management (€10.0 million). Other costs included non-recurring costs related to IT system implementation (€13.3 million) on top of net penalties arising from the settlement of tax and legal disputes (€8.4 million) and net gains resulting from the disposal of tangible and intangible assets (€7.6 million).

## vii. Personnel costs

### Accounting policy

For detailed information on the accounting policy on post-employment plans and share-based payments, please refer to note 7 v.- 'Share-based payments', 8 iv- 'Defined benefit and contribution plans', respectively.

### Disclosure

	for the years ended 31 December	
	2023 € million	2022 € million
Salaries and wages	364.9	330.7
Social security contributions	76.2	64.4
Cost of defined contribution plans	13.5	11.4
Cost of defined benefit plans	1.3	1.3
Other costs relating to mid/long-term benefits	0.5	(1.9)
Cost of share-based payments	22.1	19.8
Other personnel costs <sup>(1)</sup>	26.1	20.4
<b>Total personnel costs</b>	<b>504.6</b>	<b>446.2</b>
of which:		
Included in cost of sales	115.7	99.7
Included in selling, general and administrative expenses	384.0	342.5
Included in advertising and promotional expenses <sup>(2)</sup>	4.9	4.0
<b>Total personnel costs</b>	<b>504.6</b>	<b>446.2</b>

<sup>(1)</sup> Pursuant to the Remuneration Policy, a last mile incentive scheme with retention purpose to be potentially awarded to the current CEO has been approved by the Parent Company's corporate bodies. For more information, refer to the section 'Governance' in the Campari Group annual report for the year ended 31 December 2022.

<sup>(2)</sup> Includes personnel costs relating to the management of brand houses.

At 31 December 2023, personnel costs, totalling €504.6 million, with an increase of €58.4 million in comparison to the figures disclosed in the preceding year. It is noteworthy that, when expressed as a percentage of sales, these costs constituted 17.1% overall, aligning closely with the 16.4% reported in the comparative 2022. The total personnel costs also included the expenses associated with indemnities and non-recurring last mile long-term incentive schemes with retention purposes to be potentially recognised to senior management.

## viii. Depreciation and amortisation

### Accounting policy

For detailed information on the accounting policy, please refer to note 6 vii- 'Lease components in the statement of financial position', 4 ii- 'Property, plant and equipment, right of use assets and biological assets', 4 iv- 'Intangible assets' and 8 iii- 'Fair value information on assets and liabilities'.

### Disclosure

	for the years ended 31 December	
	2023 € million	2022 € million
- Property, plant and equipment	62.6	46.3
- Right of use assets	2.3	2.1
- Intangible assets	3.3	3.3
<b>Depreciation and amortisation included in cost of sales</b>	<b>68.2</b>	<b>51.7</b>
- Property, plant and equipment	10.1	8.6
- Right of use assets	12.8	11.8
- Intangible assets	15.7	15.0
<b>Depreciation and amortisation included in selling, general and administrative expenses</b>	<b>38.6</b>	<b>35.4</b>
- Property, plant and equipment <sup>(1)</sup>	2.1	1.8
- Right of use assets	1.2	1.1
- Intangible assets	0.1	0.5
<b>Depreciation and amortisation included in advertising and promotional expenses</b>	<b>3.4</b>	<b>3.4</b>
- Property, plant and equipment	8.2	2.1
- Right of use assets	-	-
- Intangible assets	-	-
<b>Depreciation and amortisation included in other expenses</b>	<b>8.2</b>	<b>2.1</b>
- Property, plant and equipment <sup>(1)</sup>	83.0	58.8
- Right of use assets	16.3	15.0
- Intangible assets	19.1	18.8
<b>Total depreciation and amortisation in the statement of profit or loss</b>	<b>118.4</b>	<b>92.6</b>

<sup>(1)</sup>This item included depreciation of biological assets.

## ix. Research and innovation costs

### Accounting policy

Costs incurred in research, in developing alternative products or processes, or in conducting technological research and development are recognised in profit or loss in the period in which they are incurred under advertising and promotional costs.

### Disclosure

The Group's research and development activities are related solely to ordinary production and commercial activities, namely ordinary product quality control and packaging studies in various markets.

The research and innovation costs totalling €23.1 million in 2023 (€23.8 million in 2022) are recognised in the statement of profit or loss for the year they are incurred.

## x. Financial income and expenses

### Accounting policy

Financial income and expenses include interest income and charges in respect of financial instruments and the results of hedging transactions used to manage interest rate risk. Borrowing costs are recognised in the income statement based on the effective interest method. The remaining financial components include items in respect of post-employment plans, the discount unwind of long-term obligations and hyperinflation charges. The exchange gain or loss are inclusive of derivatives agreement impacts, excluding cash flow hedges that are used to cover the currency risk of highly probable future currency transactions.

For detailed information on the accounting policy for financial instruments, please refer to note 6 i.-'Financial instruments'.

### Disclosure

	for the years ended 31 December	
	2023 € million	2022 € million
Interest expenses on bonds	(23.6)	(14.9)
Interest expenses on leases	(43.9)	(2.9)
Interest expenses on loans	(32.5)	(20.7)
<b>Total interest expenses</b>	<b>(100.0)</b>	<b>(38.5)</b>
Bank and term deposit interests	23.5	15.1
Other income	74.7	95.8
Other income from transferable securities	32.3	3.3
<b>Total financial income</b>	<b>130.5</b>	<b>114.2</b>
Bank expenses	(4.2)	(3.5)
Loss on disposal of transferable securities	(17.7)	(41.9)
Remeasurement effect from liability management	-	(4.6)
Additional valuation adjustment of derivative financial instruments	(55.4)	-
Share of profit (loss) of associates and joint venture	(8.3)	(6.6)
Other charges and exchange rate differences	(18.4)	(4.5)
Other expenses	(35.0)	-
<b>Total financial expenses</b>	<b>(139.0)</b>	<b>(61.1)</b>

<b>Net financial income (expenses) before exchange gain (losses), hyperinflation effects and put option</b>	<b>(108.5)</b>	<b>14.6</b>
Exchange rate differences	(19.2)	(14.0)
<b>Total financial income (expenses) before hyperinflation and put option</b>	<b>(127.7)</b>	<b>0.6</b>
Discounting from put option liabilities and change in estimate	1.4	-
Hyperinflation effects	8.9	0.7
<b>Net financial income (expenses)</b>	<b>(117.4)</b>	<b>1.3</b>

Net financial income (expenses), which included the effects of exchange rate differences and hyperinflation, reported a total net cost of -€117.4 million, with an decrease of €118.7 million compared to the same period in 2022.

Focusing on the main components in 2023, interest expenses stood at €100.0 million compared to €38.5 million reported in the same period of 2022. This increase was mainly attributable to a higher level of average net debt reported at 31 December 2023 compared with the same period of 2022, combined with the overall rise in interest rates, which particularly affected the new term loans subscribed from the end of 2022 and the new bond issued in 2023. The costs have been only partially offset by income deriving by hedging derivatives unwinding following the liability management initiative managed during 2023 for an amount of €7.7 million (please refer to the Significant events of the period paragraph in the management board report).

With regards to exchange rate differences, the main driver leading to a variance in exchange rate losses of €5.2 million on 2022 was cross-currency transactions involving certain emerging market currencies (including the Argentine Peso) for which hedging would not be cost efficient hence not activated by the Group.

The breakdown of interest payable to bondholders is shown in the table below.

	for the years ended 31 December	
	2023 € million	2022 € million
Financial expenses payable to bondholders	(21.4)	(12.8)
Net changes in fair value and other amortised cost components	(0.9)	(0.8)
Cash flow hedge reserve reported in the statement of profit or loss during the year	(1.3)	(1.3)
<b>Net interest payable on bonds</b>	<b>(23.6)</b>	<b>(14.9)</b>

## **xi. Leases components in the statement of profit or loss**

### **Accounting policy**

For detailed information on the accounting policy, please refer to note 6 vii.-'Lease components in the statement of financial position'.

### **Disclosure**

	for the years ended 31 December	
	2023 € million	2022 € million
Interest on lease payables	3.3	2.9
Depreciation and amortisation on right of use underlying assets	16.3	15.1
Variable lease payment not included in measurement of lease liability	15.7	10.1
Expenses related to short-term leases	1.4	0.9
Expenses related to low-value leases	4.9	5.7
<b>Total lease components in the statement of profit or loss</b>	<b>41.6</b>	<b>34.8</b>

Variable leases continued to be included in the statement of profit or loss. They mainly referred to warehouses for storing products, information technology equipment and some production equipment in addition to the use of agricultural land. For further details of contractual commitments for the use of third-party assets that are not recognised using lease accounting, please refer to note 8 ii-'Commitments and risks'.

## **xii. Share of profit (loss) of joint ventures and associates**

### **Accounting policy**

#### Joint-venture recognition

A joint-venture exists where there is a joint-control agreement under which the parties, which hold joint control, have a right to the net assets covered by the agreement. Joint control is the contractually agreed sharing of control under an agreement, which solely exists when decisions on relevant activities require unanimous consensus from all the parties sharing control. The factors considered to determine significant influence or joint control are similar to those necessary to determine control over subsidiaries.

#### Joint-ventures measurement

These companies are initially recognised at cost plus acquisition-related costs and are subsequently reported in the consolidated financial statements using the equity method from the date on which significant influence or joint control commences and ending when that influence or control ceases.

If there is a significant loss of influence or joint control, the holding and/or investment is recognised at fair value and the difference between the fair value and the carrying amount is recorded in the statement of profit or loss.

Any committed payments to increment the ownership interest in an a joint-venture, in the form of a put and/or call option or a combination of both, cannot be estimated and recorded as a financial liability at the time of the transaction since the guidance valid for financial instruments does not apply to interests in joint-ventures that are accounted for using the equity method. These written agreements for put and/or call options are derivative agreements and represented in the Group accounts as financial instruments measured at fair value with an impact in the statement of profit or loss. At that time of expiration of the call and/or put options, the derivatives will be replaced by an increased value of the investment to be recorded against the cash out for the derivative settlement. Contingent or variable and committed payments also in the form of an incentive plan granted to personnel of the joint-venture are recorded as an incremental cost of the investment once the attainment of the performance condition becomes probable, based on the fair value of the replacement award as of the acquisition date.

The Group assesses the existence of any impairment indicators whenever events or circumstances indicate that the carrying amount of the investment may not be recoverable; any impairment loss is allocated to the investment with effect in the statement of profit or loss. If the Group's interest in any losses of joint-ventures exceeds the carrying amount of the equity investment in the financial statements, the value of the equity investment is derecognised, and the Group's portion of further losses is not reported, unless, and to the extent to which, the Group has a legal or implicit obligation to cover such losses.

#### Associates measurement

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.

#### Disclosure

The joint-ventures are listed below.

name, activity	registered office	share capital at 31 December 2022		% owned by the company		direct shareholder
		currency	amount	direct	indirect	
Dioniso S.r.l., holding and trading company	Via Franco Sacchetti, 20 Sesto San Giovanni, Italy	€	1,000,000		50.00	Javide Campari-Milano N.V..
Spiritus Co Ltd., trading company	4F., No. 70, Sec. 3, Nanjing E. Rd Zhongshan Dist, Taipei City, Taiwan (R.O.C.)	TWD	33,600,000		40.00	Glen Grant Ltd.

€ million	investment in joint-ventures
<b>at 31 December 2022</b>	<b>36.0</b>
Increase in interest	3.8
Share of profit (loss)	(8.3)
Capital injection	5.0
Reclassification of previous Japan investment	(3.8)
<b>at 31 December 2023</b>	<b>32.6</b>

€ million	investment in joint-ventures
<b>at 31 December 2021</b>	<b>26.1</b>
Share of profit (loss) <sup>(1)</sup>	(6.6)
Increase in interests	16.5
<b>at 31 December 2022</b>	<b>36.0</b>

<sup>(1)</sup> The share of result does not include the cost associated with the provision recorded to offset the cumulated losses generated by the Japan joint-venture for €0.2 million.

For the year ended 2023, the Group recorded a €8.3 million loss (€6.6 million loss in 2022) resulting from share of negative results of joint-ventures for €9.3 million applying the equity method for all its interests and mainly driven by the non-recurring recognition of impairment loss over joint-venture's intangible assets. The result was also impacted by the remeasurement of previously held investments in Japan and New Zealand for a total €0.9 million. Furthermore, during 2023 the Group acquired the remaining 60% interest in CT Spirits Japan Ltd. (for detailed information please refer to the 'Significant events of the period'-paragraph in the management board report), thus becoming a fully owned subsidiary included in the consolidation perimeter.

A capital injection in the Dioniso joint-venture (contribution equally supported by Moët Hennessy) of €5.0 million was also completed in 2023.

The following table includes the breakdown of interest in joint-ventures.

name of entity	country of business	% of ownership interest	nature of relationship	measurement method	currency	carrying amount	
						at 31 December 2023 € million	2022 € million
Dioniso Group	Italy	50.0%	Joint-venture	Equity method	EUR	32.2	35.6
Spiritus Co. Ltd	Taiwan	40.0%	Joint-venture	Equity method	TWD	0.4	0.4
<b>Total investments in joint-ventures</b>						<b>32.6</b>	<b>36.0</b>

The key financials, asset and profit or loss figures for the joint-ventures are shown in the tables below.

Highlights-Dioniso Group	at 31 December 2023		at 31 December 2022
	€ million		€ million
Revenues	64.6		69.2
Net income (loss) of the period	(16.6)		(13.4)
Total assets	116.9		123.6
Net assets (100%)	72.0		74.5
<b>Group's share of net assets (50%)</b>	<b>36.0</b>		<b>37.3</b>
Gaap differences to IFRS	(3.9)		(1.6)
<b>Carrying value of interest in joint-venture</b>	<b>32.2</b>		<b>35.6</b>

Highlights-Spiritus Co. Ltd	at 31 December 2023		at 31 December 2022	
	€ million	Taiwan dollar million	€ million	Taiwan dollar million
Revenues	2.6	86.0	2.3	70.7
Net income (loss) of the period	-	1.2	-	0.3
Total assets	2.5	83.4	2.6	85.3
Net assets (100%)	1.0	35.3	1.0	33.9
<b>Group's share of net assets (40%)</b>	<b>0.4</b>	-	<b>0.4</b>	-
Gaap differences to IFRS	-	-	-	-
<b>Carrying value of interest in joint-venture</b>	<b>0.4</b>	-	<b>0.4</b>	-

The associates are listed below.

name, activity	share capital at 31 December 2022		% owned by the company		direct shareholder
	currency	amount	direct	indirect	
Opera Participations 2 S.C.A.	€	375,236	1.3%		Lagfin S.C.A.
Il Portico S.p.A.	€	400,000	9.877%		Lagfin S.C.A.

name of entity	nature of relationship	measurement method	currency	2023 €million
Opera Participations 2 S.C.A.	Associates	Equity method	EUR	0.4
Il Portico S.p.A.	Associates	Equity method	EUR	0.4

### xiii. Taxation

#### Accounting policy

Current tax is based on taxable profit for the year. Taxable profit is different from accounting profit due to temporary differences between accounting and tax treatments and due to items that are never taxable or tax deductible. Tax benefits are not recognised unless it is probable that the tax positions are sustainable.

In preparing the taxation estimates, a detailed assessment is performed considering uncertainties regarding the tax treatment of transactions carried out, which could give rise to disputes with the tax authorities with related tax liabilities included in current liabilities. Current tax assets and liabilities are offset when these relate to income taxes levied by the same tax authority and a legal right of set-off exists, provided that the realisation of the asset and the settlement of the liability take place simultaneously.

Other non-income taxes, such as property and capital taxes, are included in operating expenses. Penalties and interest on tax liabilities are included in other operating income and expenses and financial income and expenses, respectively unless they qualify as income taxes based on local legislations, being in that case classified as income taxes.

Deferred tax assets and liabilities are calculated on all temporary differences between the asset and liability values recorded in the financial statements and the corresponding values recognised for tax purposes using the liability method. No deferred tax liability is provided in respect of any future dividend distributions of foreign subsidiaries where the Group is able to control those and it is probable that earnings will not be remitted in the foreseeable future or where no liability would arise on the remittance.

#### Disclosure

	for the years ended 31 December	
	2023 € million	2022 € million
- current taxes for the year	(106.4)	(169.8)

- current taxes relating to previous years	2.8	3.1
- deferred tax expenses	(4.2)	6.2
- accruals and release for tax risks	0.2	6.0
<b>Taxes recorded in the statement of profit or loss</b>	<b>(107.6)</b>	<b>(154.5)</b>
<b>Taxes recorded in the statement of other comprehensive income</b>	<b>5.5</b>	<b>(12.3)</b>

### Reconciliation of tax expenses

The table below shows a reconciliation of the Group's theoretical tax liability with its actual tax liability.

Considering the complexity of the global taxation rate applicable to Group companies, the theoretical rate used in preparing the reconciliation is that applicable for the Parent company. The rate in force on the reporting date is the Luxembourg corporate income tax of 24.94%, while the regional production tax, which is applicable to Luxembourg companies, has been taken into account as a permanent difference.

	for the years ended 31 December	
	2023	2022
	€ million	€ million
<b>Profit before taxation</b>	<b>411.4</b>	<b>454.2</b>
Applicable tax rate in Luxembourg	-24.94%	-24.94%
<b>Theoretical Group taxes at current tax rate in Italy</b>	<b>-102.6</b>	<b>-113.3</b>
Difference in tax rate of Group companies	(24.0)	(36.7)
Permanent differences	1.4	(4.3)
Tax incentives	2.1	1.5
Net releases to tax provision	0.2	6
Tax on future dividend distributions	(16.6)	(12.2)
Taxes relating to previous financial years	11.7	(1.6)
Other consolidation differences	17.1	(10.3)
IRAP	3.1	16.4
<b>Actual tax charge</b>	<b>(107.6)</b>	<b>(154.5)</b>
<b>Actual tax rate</b>	<b>-26.2%</b>	<b>-34.0%</b>

Taxation recorded in the statement of profit or loss totalled -€107.6 million with increase of €46.9 million compared to 2022 (-€154.5 million). The reported tax rate in the 2023 period was 26.2%, compared to a reported tax rate of 34.0% in 2022. The difference in the reported tax rate was mainly guided by favourable country mix and positive effect of prior years' taxes partially offset by increased accrual on future dividend distributions and permanent differences variation (mainly due to reduced amount of intercompany dividends distributed compared to 2022).

### Breakdown of deferred taxes by type

	at 31 December		
	2023	of which perimeter effect	2022 € million post-reclassification
	€ million	€ million	€ million
Deferred tax assets	91.4	(0.2)	77.0
Deferred tax liabilities	(406.2)	-	(404.5)
<b>Net deferred tax</b>	<b>(314.8)</b>	<b>(0.2)</b>	<b>(327.5)</b>

	at 31 December				for the years ended 31 December			
	2023	2022	2023	2022	2023	2023	2022	2022
	statement of financial position	statement of profit or loss	statement of profit or loss	statement of profit or loss	statements of other comprehensive income	statements of other comprehensive income	statements of other comprehensive income	statements of other comprehensive income
	€ million	€ million	€ million	€ million	of which OCI variations	of which exchange rate and reclassifications	of which OCI variation	of which exchange rate and reclassifications
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Deferred expenses	16.3	9.3	7.1	1.4	-	(0.2)	-	0.9
Tax provisions	56.9	53.0	7.8	5.0	-	(3.9)	-	2.7
Tax losses carried forward	24.6	21.5	(1.5)	2.8	-	0.7	-	0.9
Reclassification to deferred tax liabilities	(72.1)	(64.2)	-	-	-	(8.0)	-	(12.5)
Leases	7.9	9.0	(1.5)	-1.1	-	0.4	-	0.1
Intra-group profit elimination	23.4	22.9	(0.7)	7.3	-	-	-	-
Investment properties	6.4	-	6.0	-	-	-	-	-
Other	28.0	25.5	7.6	14.0	0.1	2.6	(2.5)	0.3
<b>Deferred tax assets</b>	<b>91.4</b>	<b>77.0</b>	<b>24.8</b>	<b>29.5</b>	<b>0.1</b>	<b>(8.3)</b>	<b>(2.5)</b>	<b>(7.5)</b>
Accelerated depreciation	(49.9)	(47.6)	(3.8)	(2.3)	-	1.5	-	(2.1)
Gains subject to deferred taxation	(0.1)	(0.1)	-	-	-	-	-	-
Goodwill and brands deductible at local level	(230.4)	(231.3)	(6.3)	(11.7)	-	7.2	-	(11.7)
Goodwill and brands not deductible at local level	(115.1)	(115.6)	3.1	-	-	(2.6)	-	(2.9)
Taxes payable on undistributed profits	(40.5)	(25.4)	(15.1)	5.3	-	-	-	-
Leases	(8.8)	(9.8)	1.5	0.7	-	(0.4)	-	(0.1)
Reclassification of deferred tax assets	72.1	64.2	-	-	-	8.0	-	12.6
Other	(33.5)	(38.9)	(8.4)	(15.3)	5.4	4.0	(9.8)	(1.3)

Deferred tax liabilities	(406.2)	(404.5)	(29.0)	(23.3)	5.4	17.7	(9.8)	(5.6)
<b>Total</b>	<b>(314.8)</b>	<b>(327.5)</b>	<b>(4.2)</b>	<b>6.2</b>	<b>5.5</b>	<b>9.3</b>	<b>(12.3)</b>	<b>(13.1)</b>

Deferred tax assets in relation to past losses are mainly attributable to Campari do Brasil Ltda., Glen Grant Ltd., Campari España S.L.U., Campari Argentina S.A. and Campari Mexico S.A. de C.V.. With the exception of Argentina and Mexico for which tax losses can be carried forward for, respectively, a 5- and 10-year period, local legislation does not set a time limit for their use but does set a quantitative limit for each individual year, based on declared taxable income. The companies have also begun to use these losses to offset taxable profit. Unused tax losses carry forwards for which deferred tax assets were not activated mainly referred to Champagne Lallier S.A.S., Casa Montelobos, S.A.P.I. de C.V., Licorera Ancho Reyes y cia, S.A.P.I. de C.V., CT Spirits Japan K.K. and Campari Ukraine LLC, as reported below.

	tax losses carry forwards € million	unrecognised deferred tax assets € million	expiry date
Casa Montelobos, S.A.P.I. de C.V.	11.0	3.3	10 years
Licorera Ancho Reyes y cia, S.A.P.I. de C.V.	8.8	2.6	10 years
Campari Mexico Destiladora S.A. de C.V.	0.1	-	10 years
CT Spirits Japan K.K.	7.5	2.6	No Limit
Champagne Lallier S.A.S.	16.9	4.2	No Limit
Camparino S.r.l.	0.6	0.2	No Limit
Campari Ukraine LLC	2.4	0.4	No Limit

The corporate income tax payable is shown net of advance payments and taxes deducted at source. The net tax receivable position in 2023 is mainly due to lower taxes due for 2023 compared to the advance payments for the same year.

	2023 € million	2022 € million
Income tax receivables	73.0	19.1
<b>Income tax receivables</b>	<b>73.0</b>	<b>19.1</b>
Income tax payables	23.3	80.9
<b>Income tax payables</b>	<b>23.3</b>	<b>80.9</b>

#### Organisation for Economic Cooperation and Development ('OECD') global minimum taxes ('Pillar two')

Following the enactment of Luxembourg legislation adopting the Pillar Two Directive by the end of 2023, the Company became subject to Luxembourg Pillar Two legislation as of 1 January 2024. The rules will impose a minimum 15% effective tax rate, based on the OECD's Pillar Two Model Rules, applicable in each jurisdiction in which the Group operates. A top-up tax will be imposed in a jurisdiction whenever the effective tax rate, determined on a jurisdictional basis under the Pillar Two rules, is below a 15% minimum rate.

The Pillar Two rules introduce three taxing mechanisms under which the said top-up tax will be paid:

- (i) The Income Inclusion Rule (IIR),
- (ii) The Under Taxed Payments/Profits Rule (UTPR),
- (iii) The Qualified Domestic Minimum Top-up Tax (QDMTT).

This legislation is applicable for the Group's financial year commencing on 1 January 2024 and has been either enacted or substantially enacted in certain jurisdictions where the Group operates. The Group has conducted an assessment of its potential exposure to income taxes (both current and deferred), based on the latest tax filings, country-by-country reporting and financial statements of the entities within the Group. According to the preliminary assessment, the Pillar Two effective tax rates in almost all jurisdictions where the Group operates exceed 15%. However, there may be a few jurisdictions where the transitional safe harbour relief does not currently apply, resulting in Pillar Two effective tax rates close to 15%. Additionally, subsequent laws and Ministerial decrees will provide detailed implementing rules regarding applicable safe harbours. Based on the available information, it is believed that there will not be significant exposure to Pillar Two income taxes in those jurisdictions. Moreover, concurrently, the Group is implementing an internal tax and accounting solution to address the tax compliance requirements associated with each country's implementation of Pillar Two legislation.

## 4. Operating assets and liabilities

This section details accounting policies for the acquisition and sale of businesses and the purchase of non-controlling interests, property plant and equipment, right of use assets, biological assets, intangible assets, post-employment plans and share-based payments. Judgements and estimates are stated with regard to business combinations and goodwill and intangible assets.

This section discloses the information on the assets used to generate the Group's performance and the liabilities incurred, in addition to providing detailed disclosures on the recent acquisitions and disposals.

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

### Accounting policy

#### Business combinations recognition

Business combinations are recorded by applying the acquisition method. Ancillary costs relating to the transaction are recognised in the statement of profit or loss at the time at which they are incurred. The Group verifies firstly whether the acquired set of activities and assets meets the definition of a business, and control is transferred to the Group, meaning that the transaction falls within the definition of a business combination. In particular, the Group deems an undertaking to be a business only if it is an integrated set of activities and assets that includes at least an input and a substantive process which, together, contribute to the ability to create an output. A business can therefore exist even without the inclusion of all the inputs and processes necessary to create an output. The Group undertakes this assessment by also applying the option of the 'concentration test' to simplify the assessment itself for each business combination to segregate asset deal transactions.

Information about the fair value measurement allocated to assets acquired and liabilities assumed in the context of the business combination are disclosed. Goodwill acquired in business combinations is initially measured at cost, as the excess of the sum of payments transferred as part of a business combination, the value of the portion of shareholders' equity relating to non-controlling interests and the fair value of any interest previously held in the acquired business over the Group's portion of the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired company. If the value of the net assets acquired and liabilities assumed on the acquisition date exceeds the sum of the transferred payments, the value of the non-controlling interests' portion of shareholders' equity and the fair value of any interest previously held in the acquired business, this excess value is recorded in the statement of profit or loss as income from the transaction.

Any changes in fair value allocation of the net assets acquired occurring once more information related to the business acquired as per acquisition date becomes available during the measurement period (12 months from the date of acquisition) are included retrospectively in goodwill.

#### Definition of the business combination costs and shareholders' equity attributable to non-controlling interests

The cost of an acquisition is determined by the sum of the payments transferred as part of a business combination, measured at fair value, on the acquisition date and at the value of the portion of shareholders' equity relating to non-controlling interests. Non-controlling interests relate to the portion of a consolidated subsidiary shareholders' equity not directly or indirectly attributable to the Group. At the acquisition date, components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are either measured:

- at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets, determined according to the rules set out by the accounting standard for business combination,
- at fair value.

The designated methodology of measurement method of non-controlling interests is made for each business combination on a transaction-by-transaction basis and is specified when the values deriving from the allocation process are shown.

In case of call options likely giving the acquirer present access to returns associated with the ownership interest in the shares subject to the call, or in case of put option granted to non-controlling interests giving present access to the returns associated with the ownership interest in the shares subject to the non-controlling interests put or in case of a combination of both, it is assumed that the purchase will take place on the earliest possible date for the maximum number of shares and the business combination is accounted for as though the acquisition is at 100% interest with the recognition of a financial liability at its fair value measured at the present value of the expected cash outflow to be paid to the non-controlling shareholders at the expiring of the option as any contingent considerations; the liability is classified as a financial instrument and considered part of the acquisition consideration. Changes in the carrying amount of the financial liability are recognised in the statement of profit or loss.

In case of put option granted to non-controlling interests at the date of or after acquiring control of a subsidiary, which does not provide a present ownership interest, the non-controlling interests is recognised on initial acquisition and, under Group policy choice while the non-controlling interests put remains unexercised, the accounting at the end of each reporting period is as follows:

- (a) the amount that would have been recognised for the non-controlling interests value is determined by including allocations of profit or loss, changes in OCI and dividends declared for the reporting period;
- (b) the non-controlling interests is derecognised as if it was acquired at that date;
- (c) a financial liability is recognised at the present value of the amount payable on exercise of the non-controlling interests put;
- (d) the Group accounts for the difference between (b) and (c) as an equity transaction.

If the non-controlling interests put expires unexercised, the position is unwound so that the non-controlling interests is recognised at the amount it would have been as if the put option had never been granted.

In the case of business combinations made in stages, the interest previously held by the Group in the acquired business is revalued at fair value on the date on which the control is acquired, and any resulting gains or losses are recognised in the statement of profit or loss.

#### Goodwill in a business combination

The goodwill acquired in a business combination is allocated to the individual cash-generating units or to the groups of cash-generating units likely to benefit from merger synergies, regardless of whether other assets or liabilities from the acquisition are assigned to these units or groups of units.

In the event of a business disposal, the goodwill of the cash-generating unit connected to the disposal is included in the carrying value of the net items sold by measuring its relative fair value, having as reference the proceeds from the sale and the most recent fair value attributed to the related cash generating unit.

## Disclosure

### Business combinations

#### Increase of interest in CT Spirits Japan Ltd. and Thirsty Camel Ltd.

As mentioned in the dedicated section 'Significant events of the year' in the management board report, the following initiatives were taken out in 2023, consistent with the Group's growth ambitions in the Asian-Pacific region:

- on 1 March 2023, Campari acquired the remaining outstanding shares of 60% in the distribution company CT Spirits Japan Ltd. ('CTSJ'), in which it previously held a 40% joint-venture (evaluated at equity method);
- on 3 April 2023, Campari became the majority shareholder of Thirsty Camel Ltd., based in New Zealand, in which it previously held a non-controlling stake of 10% (evaluated at fair value), by acquiring additional 50% of the outstanding shares.

As a result of these initiatives, the Group obtained the control over the relevant activities and, for this reason, starting from March and April 2023 respectively, both companies were fully consolidated in Group accounts. The fair value of the gross assets acquired was not concentrated substantially in a single identifiable asset or group of similar assets and that the processes and inputs acquired together will contribute significantly to the Group's ability to create outputs. Consequently, the transaction equates to a business combination over which the Group has full control, as defined in the relevant accounting standards. These transactions have required the reassessment of the Group's previously held interests, which generated a combined gain in the statement of profit or loss of €0.9 million (a gain of €1.2 and a loss of €0.3 million for CTSJ and Thirsty Camel Ltd. respectively).

The non-controlling interests relating to the remaining 40% stake of Thirsty Camel for a total amount of €0.3 million were also included in the consolidated accounts and based on the nature of this interests it was deemed appropriate to value them at fair value in proportion to the residual stake they own. The Group has the right to exercise a call option on the remaining share capital starting from 2026.

On the date these consolidated financial statements were approved, the process of recognising the information necessary for allocating the purchase prices of the various transactions at the fair value of the respective net assets acquired was finalised, in a period not exceeding 12 months from the closing date of each transaction, in compliance with applicable accounting standards. The relevant fair values resulting from both acquisitions were overall not material for the Group and were namely related to stock inventory, trade receivables and trade payables. No brands or other intangible assets were identified for the purposes of the purchase price allocation, other than non-tax-deductible goodwill for a total of €11.9 million based on the relevant local regulations. The goodwill was deemed entirely attributable to the synergies that are expected to be generated by integrating the acquired business into the Group's commercial structure by leveraging the skills and strong commercial leadership of the two companies to promote and develop the Group's product portfolio, namely global leading brands, thus guaranteeing the establishment of Campari's critical mass in the Japanese and New Zealand markets.

figures at acquisition date	CTSJ values reported in Campari Group € million	Thirsty Camel values reported in Campari Group € million	total € million		
Price paid for the step-up acquisition	2.1	0.4	2.5		
Previous held investment remeasured	(4.0)	0.1	(3.9)		
Liability for earn-out payments	0.5	-	0.5		
Non-controlling interest	-	0.3	0.3		
<b>Purchase price to be allocated</b>	<b>(1.4)</b>	<b>0.8</b>	<b>(0.6)</b>		
	fair value at the date of acquisition	fair value at the date of acquisition	fair value at the date of acquisition	fair value at the date of acquisition	total fair value at the date of acquisition
	JPY million	NZD million	€ million	€ million	€ million

Identifiable assets acquired and liabilities assumed	(1,608.7)	(2.0)	(11.3)	(1.2)	(12.5)
<i>Of which:</i>					
<i>Inventories</i>	655.6	6.1	4.6	3.5	8.1
<i>Trade receivables</i>	575.7	7.3	4.0	4.2	8.3
<i>Trade payables</i>	(2,502.7)	(16.6)	(17.6)	(9.6)	(27.2)
<i>Financial debt position</i>	(1,312.9)	(5.7)	(9.2)	(3.3)	(12.6)
<i>Cash and cash equivalents</i>	866.8	1.9	6.1	1.1	7.2
<i>Other</i>	108.9	5.0	0.8	2.9	3.7
<b>Goodwill generated by acquisition</b>	<b>1,411.0</b>	<b>3.4</b>	<b>9.9</b>	<b>2.0</b>	<b>11.9</b>
	<b>(197.7)</b>	<b>1.4</b>	<b>(1.4)</b>	<b>0.8</b>	<b>(0.6)</b>

The Group's net results included the impact from the business acquired from their acquisition date starting from March and April 2023 respectively (CT Spirits Ltd. and Thirsty Camel contributed cumulatively with approximately 1.0% of the Group's net sales in 2023 and with approximately 0.2% of the Group's net result). Not material ancillary costs incurred for legal and financial consultancy attributable to the transaction amounting to €0.2 million were classified under selling, general and administrative expenses.

### **Business combinations completed in the previous year**

#### **Acquisition of an initial 70% stake in Wilderness Trail Distillery, LLC**

As fully detailed in the dedicated section 'Acquisition and sale of businesses and purchase of non-controlling interests' in the Group consolidated financial statements at 31 December 2022, on 7 December 2022, Campari signed an agreement to purchase an initial 70% interest in Wilderness Trail Distillery, LLC and its subsidiary Wilderness Trace Distillery, LLC (jointly referred to as 'the company').

The total consideration amounting to €568.3 million (US\$598.3 million converted to € at the exchange rate at the closing date) consisted of the following:

- the price paid to acquire 70% of the capital of the company totalling €397.0 million (US\$417.9 million converted to € at the exchange rate at the closing date);
- the price adjustment paid in February 2023 of €2.7 million (US\$2.9 million converted to € at the exchange rate at the closing date);
- the payables resulting in 30% of the outstanding shares subject to a call/put option mechanism with the previous shareholders of the company exercisable in 2031 at an enterprise value determined by applying a multiple of approximately 16 times to the higher of 2030 or average of 2028-2030 EBITDA, included among the Group's other financial liabilities and estimated at a total of €171.0 million (US\$180.0 million converted to € at the exchange rate at closing date);
- the positive net financial position acquired of €2.4 million (US\$2.5 million converted to € at the exchange rate at the closing date).

#### **Purchase price allocation**

On the date that these year-end consolidated financial statements were approved, the process of recognising and restating the information necessary for allocating the purchase prices of the various transactions at the fair value of the respective net assets acquired was finalised, in a period not exceeding 12 months from the closing date, in compliance with applicable accounting standards.

The fair values of the identifiable assets acquired and liabilities assumed updated during 2023 have been reported below. The updated fair values are the result of the recognition and reworking of further information about facts and circumstances existing at the closing date. The analysis was carried out with the assistance of independent experts.

No changes in the policy choices elected or in the rationales of the allocation were identified with respect to what was reported in the consolidated financial statements at 31 December 2022.

Where not expressed in €, the values were converted at the exchange rate on the closing date of the transaction.

values at acquisition date	book values at acquisition date	provisional fair value disclosed at 31 December 2022	adjustments and reclassifications	fair value disclosed at 31 December 2023
	€ million	€ million	€ million	€ million
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	30.3	26.7	33.6	60.4
Brand	-	59.7	1.1	60.8
Deferred tax assets	-	(0.1)	0.1	-
<b>Total non-current assets</b>	<b>30.3</b>	<b>86.4</b>	<b>34.8</b>	<b>121.2</b>
<b>Current assets</b>				
Inventories	24.0	27.5	7.5	35.1
Trade receivables	2.8	2.8	(0.3)	2.5
Cash and cash equivalents	2.4	2.4	-	2.4

Other current financial assets	-	0.1	(0.1)	-
Other current assets	1.1	0.9	0.1	1.1
<b>Total current assets</b>	<b>30.2</b>	<b>33.8</b>	<b>7.2</b>	<b>41.0</b>
<b>Total asset</b>	<b>60.5</b>	<b>120.2</b>	<b>42.0</b>	<b>162.2</b>
<b>LIABILITEIS</b>				
<b>Non-current liabilities</b>				
Provisions for risks and charges	-	-	3.5	3.5
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>3.5</b>	<b>3.5</b>
<b>Current liabilities</b>				
Trade payables	1.8	1.9	(0.1)	1.8
Other current liabilities	1.8	0.8	1.1	1.8
<b>Total current liabilities</b>	<b>3.7</b>	<b>2.8</b>	<b>0.9</b>	<b>3.7</b>
<b>Total liabilities</b>	<b>3.7</b>	<b>2.8</b>	<b>4.4</b>	<b>7.2</b>
<b>NET EQUITY ACQUIRED</b>	<b>56.8</b>	<b>117.4</b>	<b>37.6</b>	<b>155.0</b>
<b>TOTAL LIABILITY AND EQUITY</b>	<b>60.5</b>	<b>120.2</b>	<b>42.0</b>	<b>162.2</b>

<b>a) Total cost, of which:</b>	567.9	2.7	570.6
Price paid in cash, excluding ancillary costs	397.0	-	397.0
Price adjustments after closing	-	2.7	2.7
Liabilities for put/call option agreements	171.0	-	171.0
<b>b) Net financial position acquired, of which:</b>	<b>(2.5)</b>	<b>0.1</b>	<b>(2.4)</b>
- Cash, cash equivalent and financial assets	(2.5)	0.1	(2.4)
<b>Enterprise value (a+b)</b>	<b>565.5</b>	<b>2.8</b>	<b>568.3</b>
<b>Non-controlling interests</b>	<b>170.1</b>	<b>1.2</b>	<b>171.3</b>
<b>Purchase price to be allocated</b>	<b>567.1</b>	<b>3.9</b>	<b>571.0</b>
Price paid in cash, excluding ancillary costs	397.0	-	397.0
Price adjustments at closing	-	2.7	2.7
Non-controlling interests	170.1	1.2	171.3
<b>Total value allocation</b>	<b>567.1</b>	<b>3.9</b>	<b>571.0</b>
Net assets acquired	117.4	37.6	155.0
Goodwill generated by acquisition	449.7	(33.7)	416.0

The allocation value does not reflect the post-acquisition development initiatives that the Group intends to undertake based on its strategic plans. No other intangible assets were identified that may qualify for separate recognition for the purposes of the purchase price allocation, other than brand. The goodwill was deemed to be fully reportable and attributable mainly to the skill and to the technical talent of company's workforce and the synergies that are expected to be generated in Campari, by i) leveraging Group's route-to-market and marketing capabilities to further develop and expand the Wilderness Trail brand in its domestic markets as well as internationally; ii) leveraging company's production capacity and ageing inventory in order to accommodate the development of the Group's existing bourbon portfolio (excluding the core Wild Turkey), further unlocking growth opportunities of the premium and highly profitable bourbon portfolio as well as potential insourcing of other bourbon brands currently distributed by Campari, and iii) by accelerating and significantly expanding the innovation platform for Group's bourbon portfolio thanks to Wilderness Trail Distillery's highly flexible output. Goodwill is tax-deductible based on the relevant local regulations.

intangible assets generated by Wilderness Trail Distillery, LLC	goodwill € million	brands € million	total € million
provisional fair value at the date of acquisition	449.7	59.7	509.4
change resulting from allocation of acquisition value	(33.7)	1.1	(32.6)
<b>fair value at the date of acquisition restated</b>	<b>416.0</b>	<b>60.8</b>	<b>476.8</b>

intangible assets generated by Wilderness Trail Distillery, LLC	goodwill € million	brands € million	total € million
provisional fair at exchange rate of the acquisition date disclosed at 31 December 2022	449.7	59.7	509.4
exchange rate differences	(5.8)	(0.8)	(6.5)
<b>provisional fair value disclosed at 31 December 2022</b>	<b>443.9</b>	<b>59.0</b>	<b>502.9</b>
change resulting from allocation of acquisition value	(33.7)	1.1	(32.6)
exchange rate differences restated	0.4	-	0.4
<b>fair value restated at 31 December 2022</b>	<b>410.6</b>	<b>60.0</b>	<b>470.7</b>

<sup>(1)</sup> at exchange rate of the acquisition date

## Reconciliation with the statements of cash flows

The following tables illustrate the impact of the acquisition of companies or business divisions net of cash and cash equivalents acquired on the statements of cash flows during 2023 and the comparative period respectively. The statements of cash flows was not embedding the reclassifications effect for purchase price allocation (please refer to note 2 vi.-'Reclassification of comparative figures at 31 December 2023').

	Wilderness Trail Distillery	CT Spirits Japan Ltd. and Thirsty Camel Ltd.	Joint-ventures and other asset deals	total
<b>for the year ended 31 December 2023</b>	€ million	€ million		€ million
acquisition of business	(2.8)	(2.5)	-	(5.3)

related cash and cash equivalents acquired	-	7.2	-	7.2
<i>of which included in statement of cash flows as:</i>				
<b>- acquisition of companies or business divisions</b>				
<b>net of cash and cash equivalents acquired</b>	<b>(2.8)</b>	<b>4.7</b>	<b>-</b>	<b>2.0</b>
acquisition of interests in joint-ventures	-	-	(5.0)	(5.0)
<i>of which included in statement of cash flows as:</i>				
<b>- investment in joint-ventures</b>	<b>-</b>	<b>-</b>	<b>(5.0)</b>	<b>(5.0)</b>
financial debt positions acquired	-	(12.5)	-	(12.5)
<i>of which included in statement of cash flows as:</i>				
<b>- inflows (outflows) of other financial items</b>	<b>-</b>	<b>(12.5)</b>	<b>-</b>	<b>(12.5)</b>

	Wilderness Trail Distillery € million	other minor business combinations € million	Joint-ventures and other asset deals	total € million
<b>for the year ended 31 December 2022</b>				
acquisition of business	(397.0)	(1.7)	-	(398.6)
related cash and cash equivalents acquired	2.4	0.5	-	2.9
<i>of which included in statement of cash flows as:</i>				
<b>- acquisition of companies or business divisions</b>				
<b>net of cash and cash equivalents acquired</b>	<b>(394.6)</b>	<b>(1.1)</b>	<b>-</b>	<b>(395.7)</b>
acquisition of interests in joint-ventures	-	-	(36.5)	(36.5)
<i>of which included in statement of cash flows as:</i>				
<b>- investment in joint-ventures</b>	<b>-</b>	<b>-</b>	<b>(36.5)</b>	<b>(36.5)</b>
financial debt positions acquired	-	(0.7)	-	(0.7)
<i>of which included in statement of cash flows as:</i>				
<b>- inflows (outflows) of other financial items</b>	<b>-</b>	<b>(0.7)</b>	<b>-</b>	<b>(0.7)</b>

## Agreement to acquire Courvoisier cognac

### Comprehensive overview of the features and costs of the transaction

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

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

Maison Courvoisier was founded in 1828, by Félix Courvoisier in Jarnac, the Charente region of France. Courvoisier is the youngest and most awarded of the 'big four' historical cognac houses and received the title of Official Supplier to the House of the Emperor by Napoléon III, supplied the royal courts of Europe and was the drink of choice of the Belle Epoque, chosen to celebrate the inauguration of the Eiffel Tower and the opening of Moulin Rouge. Courvoisier's signature styles reveal the intricate nuances of the cognac craft which have led the House to become the Most Awarded Cognac House based on 20 top spirits competitions since 2019 and the only cognac house to ever win the coveted 'Prestige de la France' title. With its core collection of VS, VSOP and XO which are further reinforced by a premium range of limited editions, Courvoisier has built solid brand credentials across a multitude of versatile liquid styles.

As premium cognac, Courvoisier is positioned to further strengthen Campari's portfolio of global brand priorities, particularly in aged spirits, as well as supporting future long-term premiumisation ambitions in key strategic segments for the Group. The brand, world renowned and global icon of luxury, presents the opportunity to strategically enhance our presence in one of the most significant spirit categories in the United States. Additionally,

it promises to reshape Campari's growth profile in Asia and GTR through the expansion of its footprint of luxury expressions.

Leveraging Campari's established leadership, focused approach and expertise in brand development, the Courvoisier brand stands to gain substantial benefits, capitalizing on Campari's strengthened operational and business infrastructure.

### Financing

To support the transaction and for general corporate purposes as well as with the aim of capitalising on market conditions to optimise the funding structure, on 10 January 2024 Davide Campari-Milano N.V. has successfully placed a combined offer directed to qualified investors. This offering consisted of new ordinary shares totalling approximately €650 million through an accelerated bookbuilding offering at €9.33 per ordinary share. Additionally, it included senior unsecured convertible bonds due in 2029 with an aggregate principal amount of €550 million, convertible into new and/or existing ordinary shares of Campari. The net proceeds from the offering will enhance Campari's pro-forma capital structure by accelerating the deleveraging process and extending the average maturity of Campari's liabilities, thus further strengthening its financial profile and facilitating further expansion.

Pursuant to the resolution approved during the Campari's Board of Directors meeting on 14 December 2023, the issuance of new ordinary shares ('New Shares') excluded pre-emptive rights and will carry equivalent rights, including dividend entitlements, as the existing ordinary shares. The newly issued ordinary shares amounted to 69,667,738 representing 5.7% of Campari's issued ordinary share capital following the completion of the offering. Regarding the offering of convertible bonds, the aforementioned Board of Directors meeting resolved to exclude pre-emptive rights associated with the transaction. The bonds have been issued in registered form, at their principal amount of €100,000 each at par, and bear a coupon of 2.375% per annum, payable semi-annually in arrears on 17th July and 17th January of each year, with the first coupon to be paid on 17th July 2024. The maturity is 5 years (unless previously redeemed, converted or repurchased and cancelled) and the bonds will be redeemed at their principal amount at maturity (on or around 17th January 2029) subject to Campari's option to deliver bond shares and, as the case may be, an additional amount in cash ('Share Settlement Option'). The bookbuilding process concluded on 10 January 2024 with initial conversion price set at €12.3623, representing a premium of 32.5% above the reference share price and each convertible bond will be convertible into 8,089 underlying bond shares for a total issue of approximately 44.5 million bond shares which represent approximately: (i) 3.8% of the Issuer's issued ordinary share capital as of 31 December 2023 and (ii) 3.6% of the Issuer's issued ordinary share capital following the completion of the offering of the new shares issue.

The convertible bonds will be traded on Euronext Access Milan, a multilateral trading facility organised and managed by Borsa Italiana S.p.A. by no later than 90 calendar days after the 10 January 2024, being the issue date. These transactions did not have any impact in the 2023 Campari consolidated accounts.

Furthermore, the Group is progressively reducing its exposure to foreign exchange translation and liquidity risks associated with the aforementioned commitment to acquire Courvoisier cognac denominated in US Dollars, through pre-hedge derivatives subscribed in 2024.

## **ii. Property, plant and equipment, right of use assets and biological assets**

### **Accounting policy**

Property, plant and equipment are stated at cost less accumulated depreciation, which is applied on a straight-line basis to estimated residual values over their expected useful lives.

For right of use assets, please refer to the note 6 vii.-'Lease components in the statement of financial position'.

For biological assets accounting treatment, please refer to note 8 iii.-'Fair value information on assets and liabilities'.

Land, even if acquired in conjunction with a building, is not depreciated, and nor are held-for-sale tangible assets, which are reported at the lower of their carrying amount and fair value less cost to sell. Barrels are depreciated based on the useful life, which can vary depending on the maturing work in progress for the liquid. For lease-hold-improvements, the period of depreciation is the shorter of the economic life of the asset and the contract duration of the underlying lease agreement. For right of use assets, unless the Group is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, they are amortised on a straight-line basis over their estimated useful life or the term of the agreement, whichever is the shorter.

The Group depreciation rate ranges by asset category are as follows:

□ business related properties and light construction:	3%-10%;
□ plant and machinery:	10%;
□ furniture, office and electronic equipment:	10%-20%;
□ vehicles:	20%-25%;
□ miscellaneous equipment:	20%-30%.

Depreciation ceases on the date on which the asset is classified as held for sale or on which the asset is derecognised for accounting purposes, whichever occurs first.

The Group performs impairment tests when there is an indication of impairment at the level of individual fixed asset or group of fixed assets, to ensure that property, plant and equipment are not carried at above their recoverable amounts.

Borrowing costs are not capitalised as part of the cost of an asset since borrowings are not generally attributable to the acquisition, construction or production of a qualifying asset.

## Disclosure

<i>property, plant and equipment by nature</i>	land and buildings € million	plant and machinery € million	other € million	total € million
Carrying amount at the beginning of the period	583.5	482.3	260.2	1,326.0
Accumulated depreciation at the beginning of the period	(167.3)	(277.5)	(119.0)	(563.8)
<b>at 31 December 2022</b>	<b>416.2</b>	<b>204.8</b>	<b>141.2</b>	<b>762.3</b>
Change resulting from provisional allocation of acquisition value	14.9	4.7	14.0	33.6
Exchange rate effect of reclassifications	(0.2)	(0.1)	(0.2)	(0.4)
<b>at 31 December 2022 post-reclassifications</b>	<b>430.9</b>	<b>209.4</b>	<b>155.1</b>	<b>795.5</b>
Perimeter effect from business combination	-	-	0.2	0.2
Additions	53.4	142.9	69.9	266.2
Disposals	(1.0)	(0.5)	-7.7	(9.2)
Depreciation	(17.0)	(25.4)	-24.8	(67.2)
Impairment	(0.2)	(0.8)	-	(1.0)
Reclassifications	3.4	6.1	-9.5	-
Exchange rate differences and other changes	2.7	(3.4)	-4.2	(4.9)
<b>at 31 December 2023</b>	<b>472.2</b>	<b>328.4</b>	<b>178.9</b>	<b>979.6</b>
Carrying amount at the end of the period	653.7	631.4	322.6	1,607.7
Accumulated depreciation at the end of the period	(181.3)	(302.9)	-143.9	(628.1)

<i>property, plant and equipment by nature</i>	land and buildings € million	plant and machinery € million	other € million	total € million
Carrying amount at the beginning of the period	442.1	400.6	215.9	1,058.6
Accumulated depreciation at the beginning of the period	(141.0)	(250.7)	(103.9)	(495.6)
<b>at 31 December 2021</b>	<b>301.1</b>	<b>150.0</b>	<b>112.0</b>	<b>563.0</b>
Perimeter effect from business combination	23.1	3.9	0.8	27.8
Additions	99.5	70.1	43.6	213.2
Disposals	(1.4)	(0.2)	(8.8)	(10.4)
Depreciation	(12.8)	(21.3)	(19.0)	(53.1)
Reversal	-	-	1.7	1.7
Impairment	(0.3)	(0.1)	-	(0.4)
Exchange rate differences and other changes	6.5	2.4	11.4	20.3
<b>at 31 December 2022</b>	<b>415.7</b>	<b>204.8</b>	<b>141.7</b>	<b>762.3</b>
Carrying amount at the end of the period	583.5	482.3	260.2	1,326.0
Accumulated depreciation at the end of the period	(167.3)	(277.5)	(119.0)	(563.8)

Capital expenditure for the period, totalling €266.2 million, was mainly related to the extraordinary capacity expansion initiatives, mainly in Mexico destined to the Espolòn production (€50.0 million), to the production sites in Italy (€42.3 million) and the United States (€91.1 million), as well as improvements made to strengthen Campari's production capacity and efficiency. Finally, the purchase of barrels for maturing bourbon, rum and whisky, included in the 'other' category, amounted to €47.1 million. Disposals, amounting to €9.2 million, mainly related to the sale of barrels that were no longer suitable for use in the maturing process.

There are no restrictions or covenants on the aforementioned assets.

<i>right of use assets by nature</i>	land and buildings € million	plant and machinery € million	other € million	total € million
Carrying amount at the beginning of the period	86.1	7.2	20.8	114.1
Accumulated depreciation at the beginning of the period	(31.2)	(2.7)	(11.3)	(45.2)
<b>at 31 December 2022</b>	<b>55</b>	<b>4.5</b>	<b>9.5</b>	<b>69.0</b>
Perimeter effect from business combination	0.6	-	0.1	0.6
Additions	4.5	0.5	9.0	14.0
Depreciation	(9.4)	(1.0)	(5.9)	(16.3)
Reclassifications	-	-	(1.7)	(1.7)
Exchange rate differences and other changes	(1.3)	(0.1)	(0.1)	(1.4)
<b>at 31 December 2023</b>	<b>49.4</b>	<b>3.9</b>	<b>10.9</b>	<b>64.2</b>
Carrying amount at the end of the period	89.9	7.5	29.1	126.5
Accumulated depreciation at the end of the period	(40.6)	(3.7)	(18.1)	(62.4)

<i>right of use assets by nature</i>	land and buildings € million	plant and machinery € million	other € million	total € million
Carrying amount at the beginning of the period	86.5	9.3	26.1	121.9
Accumulated depreciation at the beginning of the period	(27.9)	(4.2)	(17.1)	(49.2)
<b>at 31 December 2021</b>	<b>58.5</b>	<b>5.1</b>	<b>9.0</b>	<b>72.7</b>

Additions	3.5	0.4	5.9	9.8
Depreciation	(9.1)	(1.1)	(4.9)	(15.1)
Exchange rate differences and other changes	2.0	0.1	(0.5)	1.6
<b>at 31 December 2022</b>	<b>55</b>	<b>4.5</b>	<b>9.5</b>	<b>69.0</b>
Carrying amount at the end of the period	86.1	7.2	20.8	114.1
Accumulated depreciation at the end of the period	(31.2)	(2.7)	(11.3)	(45.2)

Increases for the year were mainly related to offices and vehicles included in the category 'other'. There are no restrictions or covenants on the aforementioned right of use assets.

<i>biological assets represented as fixed assets</i>	assets valued at cost € million	
Carrying amount at the beginning of the period		29.5
Accumulated depreciation at the beginning of the period		(12.0)
<b>at 31 December 2022</b>		<b>17.5</b>
Additions		13.1
Disposal		(0.7)
Depreciation		(7.5)
Exchange rate differences and other changes		0.5
<b>at 31 December 2023</b>		<b>22.8</b>
Carrying amount at the end of the period		42.3
Accumulated depreciation at the end of the period		(19.5)

<i>biological assets represented as fixed assets</i>	assets valued at cost € million	
Carrying amount at the beginning of the period		21.6
Accumulated depreciation at the beginning of the period		(8.2)
<b>at 31 December 2021</b>		<b>13.4</b>
Perimeter effect from business combination		0.1
Additions		7.0
Disposal		(0.2)
Depreciation		(3.4)
Exchange rate differences and other changes		0.7
<b>at 31 December 2022</b>		<b>17.5</b>
Carrying amount at the end of the period		29.5
Accumulated depreciation at the end of the period		(12.0)

The addition of €13.1 million was mainly related to agave plantations in Mexico (€11.6 million) and grape plantations in France (€0.8 million). No guarantees were given to third parties in relation to these fixed assets.

At 31 December 2023, the Mexican agave plantations comprised 1,219 hectares. There is no non-productive biological asset for agave plantations and the average growing cycle covers a period of 6 years. During 2023 Campari harvested approximately 1,555 tons of agave in Mexico, which have been measured at fair value less costs to sell and transferred to inventories.

At 31 December 2023, the French grape plantations located in the Champagne region comprised 19.9 hectares, out of which overall 63% of these hectares were rented with medium and long-term agreements, and the remaining 37% was owned. There are no non-productive biological assets for grape plantations. Agricultural output covers a one-year period and the harvest occurred in the second half of the year. Taking into account the biological and vegetative cycle, all the costs incurred in anticipation of the future harvest (service, products and other ancillary costs) have been considered as inventory in current biological assets at 31 December 2023 in the Group's accounts: this value is in line with the fair value of the growing grapes based on available information on commodities markets.

In addition, in the Martinique area, sugar cane plantations comprise 553 hectares, of which, overall, 45% are owned and 55% rented with long-term agreements. Of these, 501 hectares are cultivated, and the remaining 52 hectares are not cultivated. Agricultural output covers a one-year period and the harvest is expected from February to June. Given this process, the sugar cane has been considered as a current biological asset classified within the inventory and measured based on the costs sustained during the production process at 31 December: this value was estimated based on the costs of infrastructure, land preparation and sugar cane cultivation, due to the absence of any active reference market for comparable plantation and similar output in terms of age and qualitative characteristics. Operating grants in support of industrial investments and of sugar cane plantations in Martinique recognised in the statement of profit or loss in the period are equal to €0.3 million (€0.7 million in 2022).

No triggering events for impairment tests occurred during the year.

### iii. Investment properties

#### Accounting policy

Property and buildings held to generate rental income or for capital appreciation or both (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 properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Net amount at the beginning of the period	Assets valued at cost € million
Carrying amount at the beginning of the period	356.4
Accumulated depreciation at the beginning of the period	(19.3)
<b>at 31 December 2022</b>	<b>337.0</b>
Additions	293.4
Advances transferred to subsidiaries	(102.5)
Disposals	(1.1)
<b>at 31 December 2023</b>	<b>526.8</b>
Carrying amount at the end of the period	547.3
Accumulated depreciation at the end of the period	(20.4)

Net amount at the beginning of the period	Assets valued at cost € million
<b>at 31 December 2021</b>	<b>212.4</b>
Additions	147.2
Disposal	(27.6)
Reversals	5.0
<b>at 31 December 2022</b>	<b>337.0</b>
Carrying amount at the end of the period	356.4
Accumulated amortisation at the end of the period	(19.3)

At 31 December 2023, investment property was related to properties located in France, Italy, Principality of Monaco, UK and USA.

The additions were mainly related to:

- Bizzy Izzy, LLC acquired a property in Chicago, Illinois, United States of America;
- Dirty Banana, LLC acquired a property in Miami, Florida, United States of America;
- La Rosita, LLC acquired a property in San Francisco, California, United States of America;
- Lagfin acquired a property in the Principality of Monaco;
- Teton Tanya, LLC acquired a property in Savannah, Georgia, United States of America.

#### iv. Intangible assets

##### Accounting policy

##### Intangible assets recognition

Intangible assets with definite life are recorded at cost, net of accumulated amortisation and any impairment losses. In the event they are acquired through business combinations, they are reported separately from goodwill and brands, and measured at fair value, when this can reliably be measured, on the acquisition date.

Intangible assets produced internally are not capitalised and are reported in the statement of profit or loss for the financial year in which they are incurred; there are no significant development costs to be considered. The costs of innovation projects and studies are recorded in the income statement in full in the year in which they are incurred.

Software licences represent the cost of purchasing licences and, if incurred, external consultancy fees; there are normally no costs associated with internal personnel necessary for development. These costs are recorded in the year in which the internal or external costs are incurred to train personnel and other related costs.

The following contracts are managed as a service contract with the related costs expensed as they are incurred: cloud computing arrangements under which the Group contracts to pay a fee in exchange for a right to access the supplier's application software for a specified term; ii. the cloud infrastructure is managed and controlled by the supplier, insofar as access to the software is on an 'as needed' basis over the internet or via a dedicated line and iii. the contract does not convey any rights over tangible assets to the Group. Any prepayment giving a right to a future service is recognised as a prepaid asset. Detailed analysis is undertaken to determine whether the implementation costs for software hosted under cloud arrangements can be capitalised.

##### Intangible assets amortisation and impairment

Intangible assets with a finite life are amortised on a straight-line basis in relation to their useful life, and reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. The amortisation period of intangible assets with a finite life is reviewed at least at the end of every financial year in order to ascertain any changes in their useful life, which, if identified, will be treated as changes in estimates.

Other intangible assets with indefinite and definite life contains distribution rights and key money, the latter tested for impairment leveraging on a specialised third-party expert opinion connected to real estate assets.

#### Intangible assets with indefinite life impairment test

Goodwill, brands and other intangible assets with an indefinite life are not amortised and are reviewed for impairment tests every year or more frequently if there is any indication that the asset may be impaired. The annual approval of the impairment test results is performed by the Board of Directors of Davide Campari-Milano N.V., which takes place before the approval of the annual financial reports (consolidated and Company only).

The ability to recover the assets is ascertained by comparing the carrying amount to the related recoverable value, which is represented by the higher of the fair value less cost of disposal, and the value in use.

In the absence of a binding sale agreement, the fair value is estimated on the basis of recent transaction values in an active market or based on the best information available to determine the amount that could be obtained from selling the asset. The value in use is determined by discounting expected cash flows resulting from the use of the asset, and, if significant and reasonably determinable, the cash flows resulting from its sale at the end of its useful life. Cash flows are determined on the basis of reasonable, documentable assumptions representing the best estimate of the future economic conditions that will occur during the remaining useful life of the asset, with greater weight given to external information. Growth rate assumptions are applied to the years beyond the business plan horizon. The discount rate applied takes into account the implicit risk of the business segment.

When it is not possible to determine the recoverable value of an individual asset, the Group estimates the recoverable value of the cash generating unit to which the asset belongs.

Impairment loss is recorded if the recoverable value of an asset is lower than its carrying amount by posting the related cost in the statement of profit or loss and are charged to other operating expenses. Goodwill impairments can no longer be written back.

## Disclosure

### Goodwill and brands

	goodwill € million	brands with an indefinite life € million	brands with a finite life € million	total € million
Carrying amount at the beginning of the period	2,086.0	1,217.6	31.7	3,335.3
Cumulative impairment at the beginning of the period	(3.0)	(42.3)	(24.9)	(70.2)
<b>at 31 December 2022</b>	<b>2,083.0</b>	<b>1,175.3</b>	<b>6.7</b>	<b>3,265.0</b>
Change resulting from provisional allocation of acquisition value	(33.7)	1.1	-	(32.6)
Exchange rate effect of reclassifications	0.4	-	-	0.4
<b>at 31 December 2022 post-reclassifications</b>	<b>2,049.7</b>	<b>1,176.4</b>	<b>6.7</b>	<b>3,232.8</b>
Perimeter effect from business combination	11.9	-	-	11.9
Impairment loss	-	(10.3)	-	(10.3)
Amortisation	-	-	(2.2)	(2.2)
Exchange rate differences	(39.5)	(14.6)	(0.2)	(54.3)
<b>at 31 December 2023</b>	<b>2,022.0</b>	<b>1,151.5</b>	<b>4.4</b>	<b>3,177.8</b>
Carrying amount at the end of the period	2,025.0	1,204.1	31.5	3,260.6
Cumulative impairment at the end of the period	(3.0)	(52.6)	(27.2)	(82.8)

	goodwill € million	brands with an indefinite life € million	brands with a finite life € million	total € million
Carrying amount at the beginning of the period	1,590.5	1,008.7	32.0	2,631.2
Cumulative impairment at the beginning of the period	(3.0)	(42.3)	(23.5)	(68.8)
<b>at 31 December 2021</b>	<b>1,587.5</b>	<b>966.4</b>	<b>8.5</b>	<b>2,562.4</b>
Additions	-	129.9	-	129.9
Perimeter effect from business combination	450.0	59.7	-	509.7
Amortisation	-	-	(2.3)	(2.3)
Exchange rate differences	45.5	19.3	0.5	65.3
<b>at 31 December 2022</b>	<b>2,083.0</b>	<b>1,175.3</b>	<b>6.7</b>	<b>3,265.0</b>
Carrying amount at the end of the period	2,086.0	1,217.6	31.7	3,335.3
Cumulative impairment at the end of the period	(3.0)	(42.3)	(24.9)	(70.2)

The change in the basis of consolidation comprises an increase of €11.9 million attributable to the identification of amounts for goodwill related to the consolidation of CT Spirits Japan Ltd. and the acquisition of a majority stake in Thirsty Camel Ltd. (for further details, see note 4 i.-'Acquisition and sale of businesses and purchase of non-controlling interests').

During the year, an impairment loss of €10.3 million was recognised for the Forty Creek trademark (value at average exchange rate for the period 1 January to 31 December 2023, corresponding to €10.2 million at the exchange rate at 31 December 2023). Please refer to the following paragraph, 'Impairment test on goodwill and brands', for more information regarding the beforementioned impairment loss. Brands with a finite life included the value of the brand X-Rated.

The negative exchange rate differences on goodwill and brands denominated in local currencies totalled €54.3 million, mainly related to US and Jamaican Dollars.

## □ Other Intangible assets

	software	other	other with indefinite life	total
	€ million	€ million	€ million	€ million
Carrying amount at the beginning of the period	149.6	18.0	3.6	171.2
Accumulated amortisation at the beginning of the period	(105.0)	(11.3)	-	(116.3)
<b>at 31 December 2022</b>	<b>44.5</b>	<b>6.7</b>	<b>3.6</b>	<b>54.8</b>
Perimeter effect from business combination	0.2	-	-	0.2
Additions	21.4	0.8	-	22.2
Amortisation	(16.0)	(2.0)	-	(18.0)
Impairment	(0.6)	-	-	(0.6)
Reclassifications	-	0.4	-	0.4
Exchange rate differences and other changes	(0.4)	(0.1)	-	(0.5)
<b>at 31 December 2023</b>	<b>49.1</b>	<b>5.8</b>	<b>3.6</b>	<b>58.4</b>
Carrying amount at the end of the period	170.1	19.2	3.6	192.9
Accumulated amortisation at the end of the period	(121.1)	(13.4)	-	(134.5)

	software	other	other with indefinite life	total
	€ million	€ million	€ million	€ million
Carrying amount at the beginning of the period	131.5	20.2	3.6	155.3
Accumulated amortisation at the beginning of the period	(88.5)	(10.0)	-	(98.5)
<b>at 31 December 2021</b>	<b>43</b>	<b>10.2</b>	<b>3.6</b>	<b>56.8</b>
Additions	16.3	0.4	-	16.7
Amortisation	(15.3)	(1.3)	-	(16.6)
Impairment	-	(2.7)	-	(2.7)
Exchange rate differences and other changes	0.5	0.1	-	0.6
<b>at 31 December 2022</b>	<b>44.5</b>	<b>6.7</b>	<b>3.6</b>	<b>54.8</b>
Carrying amount at the end of the period	149.6	18	3.6	171.2
Accumulated amortisation at the end of the period	(105.0)	(11.3)	-	(116.3)

Intangible assets with a finite life are amortised on a straight-line basis depending on their remaining useful life. Additions in the period totalling €22.2 million related to projects to continuously upgrade the new information technology environment. During the period, no triggering events leading to an eventual impairment were identified.

## □ Impairment test

In line with previous years, the approval of the annual assessment of the recoverability of the Group's intangible assets with indefinite life was conducted before the fiscal year-end. Consequently, the book value of the intangible assets (i.e. the amount at which an asset is recognised in the balance sheet) was determined as of 30 September 2023, i.e. the latest available actual figures at the time of the analysis. The results of such tests remained valid as of 31 December 2023, given that no events or impairment indicators have arisen that could result in a material reduction of the assets value or recoverable amounts in the fourth quarter of 2023.

Consistent with previous years, the Group considered the business plan, including the 2024 budget and 2025-2026 strategic plans (drafted by the Group's companies in 2023 and approved by the Board of Directors of Davide Campari-Milano N.V.), as the base of the annual impairment test. Moreover, cash flow projections are extrapolated beyond the plan period covered to be adapted for a ten-year period, with growth rates gradually normalising towards the level of the perpetuity growth rate. The use of a ten-year period is justified by the long lifecycle of the brands with respect to the reference markets, and it also takes into account the long ageing process of certain brands. Assumptions of future cash flows were made based on the conservative approach in terms of both expected growth rates and operating margin trends. In addition, projections were based on reasonableness, prudence and consistency regarding the allocation of future selling, general and administrative expenses, trends in capital investment, conditions of financial equilibrium and the main macroeconomic variables. Cash flow projections relate to current operating conditions and therefore do not include cash flows connected with extraordinary events that are not currently foreseeable.

Regarding climate-related matters, the business plan considered the necessary investments to pursue the Group's global sustainability strategy, including the path to decarbonisation based on the new challenging and ambitious medium and long-term environmental targets which have been set in 2023 (for more information of the Group's global sustainability strategy and the 2023 new environmental targets, please refer to the paragraph 'Significant events of the year' of the management board report). Such investments were taken into account also in the longer horizon (i.e. in the terminal value).

Regarding currencies, it should be noted that the projections were determined based on the exchange rates to € assumed unchanged to the ones used for drafting the 2024 budget. Although applicable IFRS principles require that exchange rates are assumed flat to the current fiscal year over the time horizon, the fluctuations of 2024 budgeted currencies are estimated not to have a meaningful impact on future cash flows.

Goodwill values were tested at the aggregate level based on the values allocated to Campari's four cash-generating units (CGUs), namely, Americas CGU, SEMEA CGU, NCEE CGU and APAC CGU. This structure reflects the lowest level at which goodwill is monitored by the Group and is considered appropriate, given the

synergies and efficiencies obtained at the regional level. This is in line with the geographical segment reporting design adopted by the Group based on its current organisational structure. The allocation of goodwill for each CGU is based on the previous allocation values, adjusted to consider the exchange rate effects and other variations such as perimeter change. The carrying amounts of the CGUs were determined by combining the goodwill, the brand values allocated based on the profitability achieved by the brand in each CGU, as well as the fixed assets and working capital, which were mainly allocated based on the relevant sales achieved in each CGU. The recoverable amounts of the CGUs were determined based on a 'value in use' methodology. The asset value is measured by discounting the estimated future cash flows generated by the continued use of such asset. Expected cash flows, which were based on the Group's cash flow estimates, were discounted using a post-tax discount rate, reflecting both the time value of money and a further adjustment to include the market risk and the specific risks for the business of the relevant CGU. The applicable IFRS principles states that, for calculating the 'value in use', pre-tax discount rate and future cash flows should be used. In the impairment test performed, it has been verified that the use of a post-tax approach provides consistent results with the ones which would have been obtained by adopting a pre-tax approach.

The main assumptions used in calculating the value in use of the CGUs are the long-term growth rate and discount rate. Terminal value was determined using the perpetuity growth method of discounting. Specifically, a conservative perpetual growth rate was used that corresponds to the estimated inflation rates of the consumer price for the period 2025-2028 for the Group's key markets (source: IMF, October 2023 release), assumed to be 2.2% for the Americas CGU (vs. 2.2% in 2022), 2.0% for the SEMEA CGU (vs. 2.0% in 2022), 2.1% for the NCEE CGU (vs. 2.5% in 2022) and 2.9% for the APAC CGU (vs. 2.7% in 2022) or 2.1% for the Group overall (vs 2.3% in 2022). It should be noted that the 2024 inflation rate estimate of the International Monetary Fund ('IMF'), assumed as particularly high, was excluded for the purposes of defining the terminal growth rate in order to follow a conservative approach. The value in use of the CGUs was calculated by discounting the estimated value of future cash flows, including the terminal value, which it is assumed will derive from the continuing use of the assets, at a discount rate (net of taxes and adjusted for risk) that reflects the average weighted cost of capital. Specifically, the discount rate used was the Weighted Average Cost of Capital ('WACC'), which depends on the risk associated with the estimated cash flows. The WACC was determined based on observable indicators and market parameters, the current value of money, and the specific risks connected with the business of the relevant CGU. The calculation of WACC has resulted in line with a set of spirits industry comparable peers. The discount rates used in the 2023 impairment test for the four CGUs, are as follows: 7.7% for the Americas CGU (same as in 2022), 8.5% for the SEMEA CGU (vs. 8.9% in 2022), 8.5% for the NCEE CGU (vs. 8.3% in 2022) and 6.8% for the APAC CGU (vs. 7.3% in 2022), or 8.1% for the Group overall (same as 2022 impairment test).

To take into account the current market volatility and uncertainty over future economic prospects, the sensitivity analyses were carried out to assess the recoverability of goodwill value. Based on the methodology described above, the impairment test for goodwill as of 31 December 2023 confirmed the full recoverability, including sensitivity, of all the CGUs with a headroom resulting sufficient to exclude goodwill impairment losses that may arise from meaningful business downside risks.

	at 31 December	
	2023	2022
CGU	€ million	post-reclassifications <sup>(1)</sup> € million
Americas	1,167.1	1,204.6
Southern Europe, Middle East and Africa	401.0	401.0
Northern, Central and Eastern Europe	247.4	247.4
Asia-Pacific	35.3	25.6
<b>Total</b>	<b>1,850.8</b>	<b>1,878.5</b>

<sup>(1)</sup> Includes the final allocation of goodwill value of Wilderness Trail Distillery LLC. For information on reclassification of comparative figures, refer to note 2 vi- 'Reclassification of comparative figures at 31 December 2022'.

Changes in goodwill values at 31 December 2023 compared with 31 December 2022 are mainly due to positive perimeter change equal to €11.9 million overall, allocated to the APAC CGU, deriving from the consolidation of CT Spirits Japan Ltd. and the acquisition of a majority stake in Thirsty Camel Ltd., as well as unfavourable exchange rate effects of -€39.9 million, which were re-allocated to the individual CGU.

The impairment test on brands with indefinite life was performed on an individual basis using the value in use criterion. It should be noted that brands with an immaterial value individually and in the aggregate are not subject to an impairment test. The Group considers the 'value in use' to be a proxy of the recoverable amount of the trademark values, for the following reasons: (i) the value in use is measured by using the valuation methodology Multi-period Excess Earnings Method (MEEM), which is widely accepted in practice for determining the trademarks' fair value, for example in a purchase price allocation following an acquisition and (ii) the Group business plans for the brands can be considered market participant as there is no indication that a different player would have taken a different business strategy on such brands. This methodology is considered valid assuming

that the identification of a representative sample of comparable transactions is not easily available across the different types of assets.

MEEM is an earnings-based valuation method. The theoretical premise of the MEEM is that the value of a brand is equal to the current value of the residual cash flows attributable to the asset analysed. According to this method, the relevant earnings attributable to the intangible assets are calculated using the income that the company would record after having deducted the earnings attributable to all the other assets (contributory asset charge), i.e. deducting from the company's results the remuneration for using other assets that contribute to the generation of such results. Estimates of income flows generated by individual brands, net of contributory asset charge, and of the terminal value, discounted to present value using an appropriate discount rate, were used to calculate the recoverable value of brands. Consistent with the impairment test on goodwill, a 10-year cash projection was developed for the trademark impairment test. In the case of The GlenGrant single malt Scotch whisky, a 15-year time horizon was adopted, in line with previous years. The use of a fifteen-year time horizon is justified by the long-term effect of the brand ageing strategy, a commonly implemented market practice for premium spirits players. The discount rates used for the individual brands tested varied from 8.5% to 9.1% (vs. a range of 7.6% to 9.1% in 2022) and took into account a specific risk premium for the brand in question. To determine the terminal value of each brand, a perpetual growth rate between 2.1% to 2.2% (vs. a range of 2.1% to 2.3% in 2022), in line with the inflation estimates for the 2025-2028 period, was used.

Excluding Forty Creek, for which an impairment loss has already been recorded in 2023 as the brand performance in its core Canadian market remains very static despite positive medium/long-term opportunities in other markets (€10.3 million at the average exchange rate for the period 1 January to 31 December 2023, corresponding to €10.2 million at the exchange rate at 31 December 2023), the sensitivity analyses indicated impairment risks for the trademarks of The GlenGrant, Cabo Wabo, Bulldog, Picon and Wilderness Trail Distillery. The combined theoretical impairment risk for the above-mentioned brands would be €73.3 million considering a theoretical increase of WACC by +100 bps and decrease of the growth rate ('g') by -100 bps. The Group will closely monitor the future development of these brands and carefully assess the recoverability of their trademark values.

	at 31 December	
	2023 € million	2022 € million
Grand Marnier	300.7	300.7
Wild Turkey	165.2	171.2
Picon	123.6	123.6
Jamaican Rum Portfolio	91.1	96.1
The GlenGrant and Old Smuggler	88.8	88.8
Cabo Wabo	64.3	66.6
Averna and Braulio	65.5	65.5
Forty Creek	60.7	72.0
Wilderness Trail Distillery	58.0	60.0 <sup>(1)</sup>
Frangelico	54.0	54.0
Bulldog	35.5	34.8
Riccadonna	11.3	11.3
X-Rated <sup>(2)</sup>	4.4	6.7
Del Professore	6.4	6.4
Other	26.4	25.5
<b>Total</b>	<b>1,155.8</b>	<b>1,183.1</b>

<sup>(1)</sup> Includes the final allocation of brand value of Wilderness Trail Distillery LLC. For information on reclassification of comparative figures, refer to note 2 vi- 'Reclassification of comparative figures at 31 December 2022'.

<sup>(2)</sup> Asset with finite life. The brand value amortised over a timeframe of 10 years until 2025.

Changes in brand values at 31 December 2023 compared with 31 December 2022 are mainly due to impairment loss attributable to the Forty Creek brand mentioned above and negative exchange rate effects of €14.8 million.

## v. Other non-current assets

### Disclosure

	at 31 December		
	2023 € million	of which perimeter effect € million	2022 € million
Equity investment in other companies	16.3	-	18.8
Other non-current assets	9.1	0.1	5.3
<b>Total other non-current assets</b>	<b>25.4</b>	<b>0.1</b>	<b>24.1</b>

## vi. Other current assets

### Disclosure

	at 31 December		
	2023 € million	of which perimeter effect € million	2022 post- reclassifications € million
Other receivables from tax authorities	52.6	0.7	39.5

Prepaid expenses	13.2	3.1	8.9
Advances and other receivables from suppliers	10.3	-	3.2
Receivables from personnel	4.1	-	3.0
Advances to suppliers for fixed assets	16.3	-	0.2
Receivables from Parent Company for tax consolidation	0.1	-	0.1
Other	8.8	-	8.8
<b>Other current assets</b>	<b>105.3</b>	<b>3.8</b>	<b>63.7</b>

Other receivables from tax authorities, totalling €52.6 million, primarily comprise €46.6 million for VAT and €4.1 million for excise duties.

at 31 December 2023	other receivables <sup>(1)</sup>	provision for bad debt
	€ million	€ million
<b>Not overdue</b>	<b>43.2</b>	-
<b>Overdue since</b>	<b>62.4</b>	<b>(0.3)</b>
less than 30 days	0.1	-
30-90 days	5.3	-
1 year	51.2	-
5 years	3.7	-
more than 5 years	2.1	(0.3)
<b>Total receivables broken down by maturity</b>	<b>105.6</b>	<b>(0.3)</b>
Amount impaired	(0.3)	
<b>Total</b>	<b>105.3</b>	

<sup>(1)</sup> The item does not include prepaid expenses.

at 31 December 2022	other receivables <sup>(1)</sup>	provision for bad debt
	€ million	€ million
<b>Not overdue</b>	<b>31.5</b>	-
<b>Overdue since</b>	<b>32.8</b>	<b>(0.6)</b>
Less than 30 days	-	-
30-90 days	0.1	-
1 year	9.5	(0.3)
5 years	23.0	(0.3)
more than 5 years	0.1	-
<b>Total receivables broken down by maturity</b>	<b>64.3</b>	<b>(0.6)</b>
Amount impaired	(0.6)	
<b>Total</b>	<b>63.7</b>	

<sup>(1)</sup> The item does not include prepaid expenses.

The tables below provide information on the credit risk exposure of the Group's other current receivables using a provisional matrix which reflected the low risk level connected with the specific counterpart of these receivables.

	other current receivable days past due						
	current	less than 30 days	30-90 days	1 year	5 years	more than 5 years	total
at 31 December 2023	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Credit loss rate	-	-	-	-	-	0.3%	0.3%
Estimated total gross carrying amount at default	39.8	0.1	6.7	48.6	4.4	2.1	101.7
Provision for expected credit losses	-	-	-	-	-	(0.3)	(0.3)

	other current receivable days past due						
	current	less than 30 days	30-90 days	1 year	5 years	more than 5 years	total
at 31 December 2022	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Credit loss rate	-	-	-	0.5%	0.4%	-	0.9%
Estimated total gross carrying amount at default	23.3	-	0.8	8.5	28.0	0.1	60.8
Provision for expected credit losses	-	-	-	(0.3)	(0.3)	-	(0.6)

## vii. Other non-current liabilities

### Accounting policy

For detailed information on the accounting policy on post-employment plans and share-based payments, please refer to note 7 v.-'Share-based payments', 8 iv.-'Defined benefit and contribution plans', respectively.

### Disclosure

	at 31 December		
	2023	of which perimeter effect	2022
	€ million	€ million	€ million
Other employee benefits (including retention incentive)	35.5	-	23.6
Other share benefits long-term (cash settled plans)	2.2	0.2	1.1
Profit sharing	4.2	-	4.9
Other non-current liabilities	34.6	-	2.4
<b>Other non-current liabilities</b>	<b>76.5</b>	<b>0.2</b>	<b>31.9</b>

<sup>(1)</sup> Including non-recurring last mile long-term incentive schemes.

The change compared to the last year is mainly related to non-recurring last mile long-term incentive schemes with retention purposes to be potentially recognised to senior management.

The other non-current liabilities is mainly related to an obligation for Lagfin to pay to the plaintiff a total amount of €50 million in several tranches with no interests: a first tranche of €10 million was paid in FY2023 and 10 (ten) annual consecutive tranches will be paid starting from FY2024 on installments of €4 million each.

### viii. Other current liabilities

#### Disclosure

	2023	of which perimeter effect	2022 post-reclassifications
	€ million	€ million	€ million
<i>Payables to staff</i>	98.5	0.4	89.3
Payables to agents	3.2	-	3.6
Deferred income	5.1	-	5.9
Amounts due to controlling shareholder for Group VAT	3.3	-	0.6
Value added tax	27.9	0.2	22.0
Tax on alcohol production	32.9	-	36.9
Withholding and miscellaneous taxes	9.9	0.1	9.1
Other	18.7	0.2	24.7
<b>Other current liabilities</b>	<b>199.6</b>	<b>1</b>	<b>192.0</b>

Other is mainly related to the above-mentioned obligation for Lagfin.

at 31 December 2023		other payables to third parties
		€ million
On demand		20.0
Due within 1 year		179.6
<b>Total</b>		<b>199.6</b>
at 31 December 2022		other payables to third parties
		€ million
On demand		24.4
Due within 1 year		167.6
<b>Total</b>		<b>192.0</b>

## 5. Operating working capital

This section details accounting policies for trade receivables and payables and inventory and biological assets. This section discloses the information on the Group's operating working capital composition broken down into the various items that are managed to generate the Group performance.

### i. Trade receivables

#### Accounting policy

For details on the accounting policy, please refer to note 6 i.-'Financial instruments'.

#### Disclosure

	at 31 December		
	2023 € million	of which perimeter effect € million	2022 post-reclassifications € million
Trade receivables from external costumers	374.9	8.3	307.3
Trade receivables from joint-ventures	-	-	2.1
Receivables in respect of contributions to promotional costs	0.3	-	0.2
<b>Trade receivables</b>	<b>375.3</b>	<b>8.3</b>	<b>309.6</b>

<sup>(1)</sup> The perimeter effect is mainly related to the increase of interest in CT Spirits Japan Ltd. and Thirsty Camel Ltd.

The table below shows the trade receivables broken down by maturity. In light of the analysis performed on estimated expected future losses (using the expected credit loss method). Trade receivables which are deemed not recoverable were balanced by an appropriate provision.

at 31 December 2023	trade receivables <sup>(1)</sup>	provision for expected future losses and bad debt
	€ million	€ million
<b>Not overdue</b>	<b>280.3</b>	<b>(7.6)</b>
<b>Overdue</b>	<b>112.0</b>	<b>(9.4)</b>
Less than 30 days	66.3	(0.7)
30-90 days	20.7	(2.8)
Within 1 year	10.9	(0.6)

Within 5 years	14.0	(5.2)
Due after 5 years	0.1	(0.1)
<b>Total receivables broken down by maturity</b>	<b>392.3</b>	<b>(17.0)</b>
Amount impaired	(17.0)	
<b>Total</b>	<b>375.3</b>	

<sup>(1)</sup>This item does not include prepaid expenses.

at 31 December 2022	trade receivables <sup>1</sup>	provision for expected future losses and bad debt
	€ million	€ million
<b>Not overdue</b>	<b>231.2</b>	<b>(7.8)</b>
<b>Overdue</b>	<b>96.5</b>	<b>(10.4)</b>
Less than 30 days	62.1	(0.4)
30-90 days	8.8	(3.2)
Within 1 year	12.3	(1.9)
Within 5 years	11.9	(3.4)
Due after 5 years	1.4	(1.4)
<b>Total receivables broken down by maturity</b>	<b>327.7</b>	<b>(18.1)</b>
Amount impaired	(18.1)	
<b>Total</b>	<b>309.6</b>	

<sup>(1)</sup>This item does not include prepaid expenses.

The overdue category increased by €15.5 million on 2022.

At 31 December 2023, the provision for expected future losses and bad debt amounted to €17.0 million, substantially in line with the value reported in 2022 (€18.1 million). The net decrease recorded in 2023 was mainly related to the partial release of the provision in Russia, following a decrease in the probability of default of the country. On the other hand, the provision for expected future losses included:

- the updated and specific valuation on trade receivables of Ukraine, following the ongoing conflict which was reflected in the relative assessment of expected losses;
- the updated valuation for Argentina, considering the significant increase in the probability of default connected with the persisting macroeconomic uncertainty of the country and the increase in receivables due to the local hyperinflationary impact.

The following table provides the probability of default, obtained from external data providers, used for the calculation of the expected future losses for each subsidiary, used at 31 December 2023 and at 31 December 2022, according to the country in which the subsidiary is based.

	applied for the assessment at 31 December	
	2023	2022
Argentina	20.94%	17.11%
Australia	0.06%	0.07%
Austria	0.06%	0.05%
Belgium	0.08%	0.06%
Brazil	0.25%	0.63%
Canada	0.13%	0.13%
China	0.25%	0.24%
France	0.07%	0.06%
Germany	0.06%	0.06%
Greece	0.19%	0.41%
India	0.22%	0.29%
Italy	0.19%	0.35%
Jamaica	0.84%	0.84%
Martinique	0.07%	0.06%
Mexico	0.22%	0.47%
New Zealand	0.07%	0.07%
Peru	0.17%	0.40%
Russia	9.12%	32.88%
Singapore	0.09%	0.07%
South Africa	0.84%	1.18%
South Korea	0.22%	0.25%
Spain	0.13%	0.13%
Switzerland	0.05%	0.03%
UK	0.11%	0.08%
Ukraine	100.00%	100.00%
United States	0.31%	0.13%

The tables below set out the information related to the credit risk exposure on the Group's trade receivables using a provision matrix:

	trade receivables days past due						Total
	current	less than 30 days	30-90 days	within 1 year	within 5 years	after 5 years	
at 31 December 2023	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Credit loss rate	1.8%	0.6%	0.2%	0.3%	1.2%	0.2%	<b>4.3%</b>
Estimated total gross carrying amount at default	279.3	66.3	20.7	10.9	14.0	0.1	<b>391.3</b>
Provision for expected credit losses	(7.1)	(2.2)	(0.9)	(1.2)	(4.9)	(0.8)	<b>(17.0)</b>

	trade receivables days past due						total € million
	current € million	less than 30 days € million	30-90 days € million	1 year € million	5 years € million	more than 5 years € million	
at 31 December 2022							
Credit loss rate	2.3%	0.8%	0.1%	0.7%	1.1%	0.5%	5.6%
Estimated total gross carrying amount at default	230.1	62.1	8.8	12.3	11.9	1.4	326.6
Provision for expected credit losses	(7.7)	(2.5)	(0.3)	(2.4)	(3.6)	(1.7)	(18.1)

The amount of the provision and the level of utilisation over the years, confirms that overall, the Group is exposed to a cluster of customers and markets that are not significantly affected by credit risk.

## ii. Trade payables

### Accounting policy

For details on the accounting policy, please refer to note 6 i.-'Financial instruments'.

### Disclosure

	at 31 December		2022 post-reclassifications € million
	2023 € million	of which perimeter effect <sup>(1)</sup> € million	
Trade payables to external suppliers	525.5	27.2	542.5
<b>Trade payables</b>	<b>525.5</b>	<b>27.2</b>	<b>542.5</b>

<sup>(1)</sup> The perimeter effect is mainly related to the increase of interest in CT Spirits Japan Ltd. and Thirsty Camel Ltd..

Trade payables showed a decrease compared to 31 December 2022, mainly driven by a temporary phasing in connection with timing of non-recurring capital expenditure, as well as an enhancement in the payable process and a slight reduction in input costs, attributable to the gradual easing of inflation observed during the latter part of the year. During 2023, the Group continued to join the reverse factoring program in cooperation with an external banking provider and selected key suppliers. The programme involved strategic partners based in Italy and, starting from 2023 also in the United States, to allow participating suppliers to receive early payments on their invoices. Based on the program's characteristics and the nature of the transaction, the trade payables in scope continued to be classified as a trade payable on the grounds which led to an improvement in terms of commercial payment without giving any guarantee or change in terms or conditions of the original agreements. The program led to an increase in payables by approximately €27.8 million at 31 December 2023 (compared to €23.5 million at 31 December 2022), resulting in a consistent average extension of payment terms to 30 days across both years, as disclosed.

at 31 December 2023	trade payables € million
On demand	55.6
Due within 1 year	469.9
Due in 1 to 2 years	-
Due after 5 years	-
<b>Total</b>	<b>525.5</b>

at 31 December 2022	trade payables € million
On demand	45.9
Due within 1 year	492.2
Due in 1 to 2 years	4.4
Due after 5 years	-
<b>Total</b>	<b>542.5</b>

## iii. Inventories and biological assets

### Accounting policy

Inventories are stated at the lower of cost and net realisable value. Costs of finished products include raw materials, supplies and consumables, direct labour and expenses and an appropriate proportion of production and other overheads. Cost is calculated at the weighted average cost incurred in acquiring inventories. Maturing inventory includes the depreciation cost of the barrels used in the ageing process on a straight-line basis over the ageing horizon. Maturing inventory, as well as biological assets that, for their nature, are retained for more than one year, are classified as current assets, as they are expected to be realised in the normal operating cycle. For detailed information on the accounting policy for inventory biological assets, please also refer to note 8 iii-'Fair value information on assets and liabilities'.

### Disclosure

at 31 December

	2023 € million	of which perimeter effect € million	2022 post-reclassifications € million
Finished products and goods for resale	347.8	8.0	253.8
Maturing inventory	603.3	0.2	516.0
Work in progress	177.8	-	146.2
Raw materials, supplies and consumables	108.4	-	88.7
<b>Inventories</b>	<b>1,237.4</b>	<b>8.2</b>	<b>1,004.6</b>
<b>Current biological assets</b>	<b>15.1</b>	<b>-</b>	<b>7.1</b>
<b>Total</b>	<b>1,252.5</b>	<b>8.2</b>	<b>1,011.7</b>

Stocks totalled €1,252.5 million at 31 December 2023, up by 240.8 million on 31 December 2022. The increase was mainly driven by finished products and goods for resale, connected with the strong net sales performance and the planned inventory build-up to support the sustained customer demand at year-end, combined with the requirement for temporary safety stock associated with significant capacity expansion initiatives across the Group's production facilities in many geographies, as well as maturing inventory to support the Group's strategic premiumisation strategy.

The perimeter effect was mainly related to the acquisition increase of interest in CT Spirits Japan Ltd. and Thirsty Camel Ltd..

Current biological assets at 31 December 2023 totalled €15.1 million, corresponding to the fair value of the sugar cane, grapes and agave harvests that had not yet ripened. All these biological products are classified as current inventory in consideration of their annual vegetative growing process, except agave, which is also classified as inventory during the 6-year growing period even though the agave plants are not yet ripe for the harvest useful for distillation, as they can theoretically be sold as a growing plant. For more information related to the fair value estimation, refer to paragraph 8 iii- 'Fair value information on assets and liabilities'. No guarantees were given to third parties in relation to these inventories. Agricultural produce in Martinique benefitted from public grants of €0.3 million (€0.2 million in 2022).

Inventories are reported net of the relevant impairment provisions amounting to €22.3 million (€15.1 million in 2022).

	€ million
<b>at 31 December 2022</b>	<b>(15.1)</b>
Change resulting from provisional allocation of acquisition value	(1.2)
<b>31 December 2022 post-reclassification<sup>1</sup></b>	<b>(16.3)</b>
Perimeter effect for acquisition	(0.9)
(Accruals)/Release	(7.7)
Utilisation	1.4
Exchange rate differences and other changes	1.3
<b>at 31 December 2023</b>	<b>(22.3)</b>

	€ million
<b>at 31 December 2021</b>	<b>(13.6)</b>
Accruals/Release	(1.1)
Utilisation	3.3
Exchange rate differences and other changes	(3.7)
<b>at 31 December 2022</b>	<b>(15.1)</b>

## 6. Net financial debt

This section details accounting policies for financial assets and related impairment, financial liabilities, derecognition of financial assets and liabilities, financial derivatives and hedging transactions, financial guarantees and lease components. Judgements and estimates are stated with regard to incremental interest rates for lease transactions.

This section provides details of the Group's net financial debt composition broken down into the various items.

### i. Financial instruments

#### Accounting policy

Financial instruments held by the Group are categorised as follows.

##### Financial assets, including trade and other receivables

Financial assets include investments, short-term securities and financial receivables, which, in turn, include the positive fair value of financial derivatives, trade and other receivables and cash and cash equivalents. Trade receivables arise from contracts with customers and are recognised when performance obligations are satisfied, and the consideration due is unconditional as only the passage of time is required before the payment is received. Cash and cash equivalents include cash, bank deposits and highly liquid securities that are readily convertible into cash and are subject to an insignificant risk of a change in value. Deposits and securities included in this category mature in less than three months based on the conditions existing on the date of the acquisition of the asset. Current securities include short-term securities or marketable securities that represent a temporary investment of cash and do not meet the requirements for classification as cash and cash equivalents.

Financial assets are classified and measured based on a business model developed by the Group. The business model has been defined at a level that reflects the way in which groups of financial assets are managed to achieve a particular business objective. The model's measurement process requires an assessment based on both quantitative and qualitative factors relating to, for example, the way in which the performance of the financial assets in question is communicated to management with strategic responsibilities and the way in which the risks connected with these financial assets are managed.

The Group measures a financial asset at amortised cost if it meets both of the following conditions:

- it is held under a business model whose objective is to hold assets aiming to collect contractual cash flows; and
- its contractual terms and conditions are such that the cash flows generated by the asset are attributable exclusively to payments of the principal and the related interest.

Financial assets measured at amortised cost are measured at fair value at the time of initial recognition; subsequent measurements reflect the repayments made, the effects of applying the effective interest method and any write-downs. Any gain or loss made on derecognition is recognised in profit or loss, together with foreign exchange gains and losses.

Financial assets also include investments in companies that are not held for trading. These assets are strategic investments, and the Group has decided to recognise changes in the related fair values through profit or loss ('FVTPL').

Financial assets represented by debt securities are classified and valued in the statement of financial position based on the business model adopted to manage these financial assets and the financial flows associated with each financial asset. They are measured at fair value through other comprehensive income ('FVOCI') if all the conditions required by IFRS 9 are respected.

##### Impairment of a financial asset

Financial assets are tested for recoverability by applying an impairment model based on the expected credit loss ('ECL').

The Group applies the simplified method for trade receivables, which considers the probabilities of default over the financial instrument's life (lifetime expected credit losses). In making impairment assessments, the Group considers its historical credit loss experience, adjusted for forward-looking factors specific to the nature of the Group's receivables and economic environment. If any such evidence exists, an impairment loss is recognised under selling, general and administrative expenses. More specifically, non-performing receivables are analysed based on the debtor's creditworthiness and ability to pay the sums due, as well as the degree of effective coverage provided by any collateral and personal guarantees in existence.

With regard to trade receivables, two approaches are applied to estimate impairment, based on the specific characteristics of the individual countries in which the Group operates and its constant growth at a global level: one is a matrix-based model and the other applies the probability of default ('PD') obtained from external sources specialising in the country in which each subsidiary is located. The provision matrix, including the overall actual result of the year, is reported in the relevant disclosure notes.

A financial asset is impaired when internal or external information indicates that it is unlikely that the Group will receive the full contractual amount.

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

#### Financial liabilities, including trade and other payables

Financial liabilities include financial payables, bonds and loans due to banks, which, in turn, include the negative fair value of financial derivatives, trade payables and other payables including contingent consideration and variable payments deriving from business combination or asset deals.

Financial liabilities are classified and measured at amortised cost, except for financial liabilities that are initially measured at fair value, for example derivative instruments, financial liabilities relating to earn-out linked to business combinations and financial liabilities for put options over non-controlling interests.

Trade and other payables are initially recognised at fair value including transaction costs and subsequently carried at amortised costs.

#### Derecognition of financial assets and liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired or,
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Group has transferred substantially all the risks and rewards of the asset, or (ii) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

For detailed information on the accounting policy for put and call options over joint-ventures agreements, please refer to note 3 xii. - 'Share of profit (loss) of joint-ventures'.

#### Financial derivatives and hedging transactions

Financial derivatives embedded in contracts in which the primary element is a financial asset that falls within the scope of IFRS 9 are not treated separately. The hybrid instrument is instead examined as a whole for classification in the statement of financial position and subsequent measurement.

Financial derivatives are used exclusively for hedging purposes to reduce exchange and interest-rate risk. They are only accounted for by applying the methods established for hedge accounting (fair value hedge or cash flow hedge) if, at the start of the hedging period, the hedging relationship has been designated. It is assumed that the hedge is highly effective: this effectiveness must be reliably measured during the accounting periods for which it is designated. All financial derivatives are measured at fair value.

Where financial instruments meet the requirements to be reported using hedge accounting procedures, the accounting treatment related to fair value hedge or cash flow hedge are applied.

If hedge accounting cannot be applied, any gains or losses resulting from measuring the financial derivative at its present value are posted to the statement of profit or loss.

The Group is exposed to certain risks related to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk.

Derivatives are designated as hedging instruments in the form of i) foreign exchange forward and option contracts, elected as cash flow hedges to hedge highly probable forecast sales and purchases in different currencies compared to € and, ii) interest rate swap contracts to mitigate the risk associated with variable interest rate changes on loan and bond agreements not issued at a fixed interest rate.

The Group also uses derivatives not designated as hedging instruments to reflect the change in fair value of foreign exchange rates of forward and option contracts that are not elected in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

For Campari Group, net exposure to foreign exchange effects is limited to highly probable intra-group transactions among Group companies relating to certain sales and purchases regulated in currencies other than the functional currencies of the companies. Although these transactions represent only a portion of the overall business, the Group determines the net exposure to the primary currencies (US\$, GBP, AUD) based on its predicted intercompany sales and purchases up to 18 months. Moreover, the Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group's reference is the budget exposure split by currencies and, as more effectively as possible, any under/over exposure which may arise through plain vanilla currency derivatives. The derivative covers the period of exposure from the point the cash flows of the transactions forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency. Derivative contracts aiming to mitigate currency exchange risks are dynamically and qualitatively managed based on business needs and specific contexts and circumstances. These are not framed within fixed or quantitative policies

regarding the percentage of coverage to be achieved. To avoid excessive coverage, the budget for future transactions is typically hedged at a level between 50% and 90% throughout the whole year. In the hedge relationships the main sources of ineffectiveness are:

- interest rate differentials between currencies and
- discrepancies between invoices issued and hedging contract (i.e., changes in the timing of the hedge transaction).

Regarding derivative contracts intended to hedge interest rate exposures, they are namely connected with financing and there is no established quantitative policy concerning the optimal level of exposure to fixed or variable rates: the Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The preferred exposure to fixed or variable rates is dynamically managed centrally within the Group, considering current and future market conditions, the Group's level of indebtedness, business performance, and in the context of the Group's expansion initiatives. The Group determined the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dated and maturities and the notional or par amount.

#### Financial guarantees

The Group recognises financial guarantees as a financial liability if the likelihood of these guarantees being called is assessed not to be remote, and the Group is expected to be liable for any legal obligation in respect of these financial guarantee agreements. Financial guarantee contract liabilities are measured initially at their fair values with subsequent remeasurement impacting profit or loss. They are represented as a long- or short-term financial liability, depending on the time of the expected execution of the guarantees. If the likelihood of these guarantees being called is assessed to be remote, they are treated as commitments with disclosure requirements only. It occurs when they are represented as other forms of security in favour of third parties, such as customs guarantees for excise duties and guarantees to grant credit lines.

## Disclosure

at 31 December 2023	carrying amount	measurement at amortised cost	measurement at fair value through profit and loss	measurement at fair value with changes recognised in the statement of comprehensive income
€ million				
Cash and cash equivalents	826.3	826.3	-	-
Other current financial asset <sup>(1)</sup>	369.1	22.3	346.8	-
Other non-current financial assets <sup>(1)</sup>	7.0	7.0	-	-
Lease payables	(76.0)	(76.0)	-	-
Loans due to banks <sup>(2)</sup>	(1,882.8)	(1,882.8)	-	-
Bonds	(1,631.9)	(1,631.9)	-	-
Accrued interest on bonds	(21.2)	(21.2)	-	-
Other current financial liabilities	(8.1)	(8.1)	-	-
Derivative embedded in the Parent company's Bond	(25.3)	-	(25.3)	-
Liabilities for put option and earn-out payments <sup>(3)</sup>	(235.1)	(3.3)	-	(231.8)
Non-current and current assets for hedging derivatives <sup>(4)</sup>	5.5	-	1.0	4.5
Non-current and current liabilities for hedging derivatives	(0.3)	-	(0.2)	(0.1)
Other non-current assets	25.4	9.1	16.3	-
Trade receivables	375.3	375.3	-	-
Trade payables	(525.5)	(525.5)	-	-
<b>Total</b>	<b>(2,797.6)</b>	<b>(2,908.8)</b>	<b>338.6</b>	<b>(227.4)</b>

<sup>(1)</sup> Excluding derivative on loans due to bank and new pre-hedging contract subscribed.

<sup>(2)</sup> Excluding derivative on loan due to bank.

<sup>(3)</sup> Liabilities linked to some business combination may be elected to have the fair value variation accounted for against the Group equity.

<sup>(4)</sup> Derivative on loans due to bank and new pre-hedging contract subscribed.

at 31 December 2022 post-reclassifications	carrying amount	measurement at amortised cost	measurement at fair value through profit and loss	measurement at fair value with changes recognised in the statement of comprehensive income
€ million				
Cash and cash equivalents	747.4	747.4	-	-
Other current financial asset	330.8	0.8	330.0	-
Other non-current financial assets	8.9	7.9	1.0	-
Lease payables	(79.5)	(79.5)	-	-
Loans due to banks <sup>(1)</sup>	(1,659.6)	(1,659.6)	-	-
Bonds	(1,166.4)	(1,166.4)	-	-
Accrued interest on bonds	(21.0)	(21.0)	-	-
Other current financial liabilities	(16.6)	(16.6)	-	-
Derivative embedded in the Parent company's Bond	(61.8)	-	(61.8)	-
Liabilities for put option and earn-out payments <sup>(2)</sup>	(239.7)	(3.4)	-	(236.3)
Current assets for hedging derivatives	1.7	-	-	1.7
Non-current assets for hedging derivatives <sup>(3)</sup>	41.5	-	-	41.5
Other non-current assets	24.1	5.3	18.8	-
Trade receivables	309.6	309.6	-	-
Trade payables	(542.5)	(542.5)	-	-
<b>Total</b>	<b>(2,323.1)</b>	<b>(2,418.0)</b>	<b>288.0</b>	<b>(193.1)</b>

<sup>(1)</sup> Excluding derivative on loan due to bank.

<sup>(2)</sup> Liabilities linked to some business combination may be elected to have the fair value variation accounted for against the Group equity.

<sup>(3)</sup> Derivative on loan due to bank.

The tables below show a breakdown of the foreign exchange contracts on highly probable sales and purchases and interest rate swap on loan. It also includes the effect of hedge derivatives, not in hedge accounting with fair values variations recognised through the statement of profit or loss.

Call and/or put agreements over joint-ventures elected as derivative instruments with negligible fair value variation were disclosed below.

foreign exchange forward contracts and options (highly probable forecast sales and purchases)	at 31 December				
	2023			2022	
	notional amount hedged items	average forward rate	notional amount hedged items	average forward rate	
€ million					
US\$	90.5	1.07	27.3		1.01
New Zealand Dollar	12.0	1.78	7.2		1.69
Australian Dollar	17.8	1.63	0.3		1.52
Swiss Franc	1.5	0.95	1.0		0.97
Singapore Dollar	-	-	2.0		1.42
Sterling Pound	1.9	0.87	-		-
Canadian Dollar	-	-	0.5		1.32
<b>Total</b>	<b>123.7</b>		<b>38.4</b>		

hedged items and related derivatives forward	at 31 December					
	2023			2022		
	notional amount hedged items	carrying amounts hedging instruments	change in fair value gain (losses)	notional amount hedged items	carrying amounts hedging instruments	change in fair value gain (losses)
foreign exchange forward contracts and options (highly probable forecast sales and purchases) fair value and cash flow hedge	123.7	2.3	(1.4)	38.4	1.7	0.1

hedged items and related derivatives interest rate swaps	at 31 December					
	2023			2022		
	notional amount hedged items	carrying amounts hedging instruments <sup>(1)</sup>	change in fair value gain (losses)	notional amount hedged items	carrying amounts hedging instruments	change in fair value gain (losses)
interest rate swap contracts on loans financial statements impact	700.0	2.9	6.1	750.0	41.5	0.9

<sup>(1)</sup> The carrying value is included in the line 'Loans due to banks' in the financial instruments' recap table reported above.

In connection with the establishment of the joint-venture in Spiritus Co Ltd. and acquired interests in third party investments in Monkey Spirits, LLC and Thirsty Camel Ltd., commitments to increment the ownership in these companies exist in the form of put and/or call option elected as derivative financial instruments measured at fair value with impact in the Group statement of profit or loss. The fair value of these options, which are dependent on the performance of the companies, were determined to be fair value market terms based on similar recent transactions, with fair value changes negligible at the end of 2023. Furthermore, on 1 March 2023, the Group acquired the remaining outstanding shares of 60% in CTSJ and concomitantly the derivative, that was negligible in 2022, was replaced by a financial liability of €0.5 million for future earn-out payments disclosed as 'liability for put options and earn-out'.

For what concern Campari's commitment to acquire 100% of the outstanding share capital of Beam Holding France S.A.S., holding 100% of the share capital of Courvoisier S.A.S., owner of the Courvoisier brand, for US\$1.32 billion (€1.22 billion at the exchange rate of 14 December 2023, the date on which Beam Suntory, Inc was granted a put option for the complete ownership of the brand), a derivative is resulting from granting a put option for the purchase of the business. Since the agreement was defined close to year-end (14 December 2023) and within an arm-length negotiation under prevailing market conditions not limited only to the target's business performance, the fair value variation assessment as of 31 December 2023 of the derivative can be deemed negligible even when considering potential fluctuations in the target's performance during the remaining days of 2023.

At the time of the expiry of the options and in case of satisfaction of the conditions stated in the relevant agreement between parties, the derivatives will be replaced by an increased equity interest in the companies.

## ii. Cash and cash equivalents

### Disclosure

	at 31 December		
	2023	of which perimeter effect	2022 post-reclassifications
	€ million	€ million	€ million
Bank current accounts and cash	444.7	(3.7)	644.7
Term deposit	381.6	-	102.7
<b>Cash and cash equivalents</b>	<b>826.3</b>	<b>(3.7)</b>	<b>747.4</b>

Cash and cash equivalent grew from €747.4 million to €826.3 million, benefitting from liability management initiatives occurred in 2023 and supported by significant credit lines for a total of €719.5 million, of which €400.0

million are committed and expiring in 2028 (undrawn at 31 December 2023). The balance of the credit lines, uncommitted for an amount of €319.5 million, was drawn down for €84.6 million at 31 December 2023. For additional details, reference is made to cash flow information and the net financial debt (note 6 viii- 'Reconciliation with net financial debt and cash flow statement').

### iii. Other current financial assets

#### Disclosure

	at 31 December	
	2023 € million	2022 post-reclassifications € million
Valuation at fair value of forward contracts	2.6	1.8
Bonds	175.2	-
Equity	128.5	-
Other financial investments	60.7	327.9
Financial receivables from Terra Moretti (i.e. business disposal) <sup>(1)</sup>	2.0	2.0
Other financial assets	2.8	0.8
<b>Other current financial assets</b>	<b>371.8</b>	<b>332.5</b>

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

### iv. Other non-current financial assets

#### Disclosure

	at 31 December	
	2023 € million	2022 € million
Non-current assets for hedging derivatives	2.9	41.5
Term deposit	4.7	4.8
Financial receivables from Terra Moretti (i.e., business disposal) <sup>(1)</sup>	-	1.0
Other non-current financial assets	2.3	3.1
<b>Non-current financial assets</b>	<b>9.8</b>	<b>50.4</b>

<sup>(1)</sup> The non-current financial receivable associated with the past sale of Sella&Mosca S.p.A. and Teruzzi&Puthod S.r.l.

Non-current assets for hedging derivatives of €2.9 million referred to pre-hedge derivatives associated with loans and the variation occurred during the period was derived from the hedging derivatives unwinding following the liability management initiative managed in 2023.

### v. Non-current financial debt

#### Disclosure

	at 31 December		
	2023 € million	of which perimeter effect € million	2022 post reclassifications € million
Bond issued in 2017	-	-	150.0
Bond issued in 2019	-	-	149.8
Bond issued in 2020	547.2	-	866.6
Bond issued in 2023	784.7	-	-
<b>Non-current bonds</b>	<b>1,331.9</b>	<b>-</b>	<b>1,166.4</b>
<b>Liabilities and loans due to banks</b>	<b>1,416.1</b>	<b>1.2</b>	<b>1,361.2</b>
Lease payables	60.0	0.6	65.1
Liabilities for put option and earn-out payments	209.0	(2.8)	236.3
Other	-	-	1.5
<b>Other non-current financial liabilities</b>	<b>269.0</b>	<b>(2.3)</b>	<b>302.9</b>
<b>Total non-current financial debt</b>	<b>3,017.0</b>	<b>(1.1)</b>	<b>2,830.5</b>

The main financial liabilities and the main changes that occurred in the composition of financial liabilities during the year are as follows.

#### - Bonds

At 31 December 2023, the Bonds item included the following issues:

	Issuer	original nominal value € million	at 31 December 2023	
			maturity	coupon rate fixed
Bond issued in 2017	Davide Campari-Milano N.V.	150.0	5 April 2024	2.165%
Bond issued in 2019	Davide Campari-Milano N.V.	150.0	30 April 2024	1.655%
Bond issued in 2020	Davide Campari-Milano N.V.	550.0	6 October 2027	1.250%
Bond issued in 2023	Davide Campari-Milano N.V.	300.0	18 May 2030	4.710%
Bond issued in 2023	Lagfin	536.4	8 June 2028	3.500%

On 11 May 2023, Davide Campari-Milano N.V. successfully completed the placement of an unrated 7-year bond issue, targeted at institutional investors. The placement is for €300 million maturing on 18 May 2030, paying a fixed annual coupon of 4.71%, issued at an issue price of 100%. The proceeds of the issue will be used by the Group for general corporate purposes. Moreover, during 2023 the private placements issued in 2017 and 2019 for €150.0 million each with maturity date in April 2024 were reclassified to current financial debt.

In June 2023, the Lagfin's Italian Branch issued unsecured bonds due 2028 in the aggregate principal amount of €536.4 million, exchangeable for existing ordinary shares of Davide Campari-Milano N.V., and concurrently repurchased Lagfin's outstanding €330 million bonds due 2025, exchangeable for Campari shares.

The net proceeds of the offering were used to refinance the 2025 Bonds in connection with the Concurrent Repurchase and for general corporate purposes.

The 2028 Bonds will bear interest at a fixed rate of 3.50% per annum, payable semi-annually in arrears.

Both the repurchased and the newly issued bonds have 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 nonhedging 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).

Based on the above, the following amounts were recorded under 'Derivative financial instruments payable' with reference to the repurchased bond:

- €19.6 million at the issue date of the bond loan;
- € 40.4 million as of 31 December 2020;
- €117.2 million as of 31 December 2021;
- € 61.3 million as of 31 December 2022
- € 113.86 million as of the repurchase date (June 2023).

The following amounts are recorded under 'Derivative financial instruments payable' with reference to the newly issued bond:

- € 45.6 million at the issue date of the bond (June 2023);
- € 23.7 million as of 31 December 2023.

- Liabilities and loans due to banks

This item includes €-denominated loans entered with leading banks as follows. Below are the mains loans:

Company	maturity	original value € million	residual nominal value		Amount available	Parameter	Spread	nominal rate at 31 December 2023
			non-current € million	current € million				
Lagfin	2024	540.7		332.3	208.4	Euribor 1/3/6 months, Euro Short Term Rate, FedRate, SONIA, SOFR, Cost of funding bank	from 0,35% to 1,45%	from 4,30% to 6,40%
Lagfin	2025	100.00	100.0			Euribor 3 months	0.60%	4.51%
Lagfin	2026	651.0	199.3		451.8	Euribor 3/6 months	from 0,5% to 1,55%	From 4,41% to 5,46%
Lagfin	2030	5.5	5.5			SONIA	1.15%	6.33%
Davide Campari-Milano N.V.	2025	50.0	50.0	-		floating interest rate linked to Euribor plus spread		4.80%
Davide Campari-Milano N.V.	2026	100.0	100.0	-		Fixed rate		1.33%
Davide Campari-Milano N.V.	2026	50.0	20.8	16.7		floating interest rate linked to Euribor plus spread		4.98%
Davide Campari-Milano N.V.	2027	380.1	330.3	27.1		floating interest rate linked to Sofr plus spread		6.78%
Davide Campari-Milano N.V.	2029	400.0	400.0	-		floating interest rate linked to Euribor plus spread		5.23%
		<b>2,277.37</b>	<b>1,205.88</b>	<b>376.13</b>				

The increase compared to last year was mainly related to the liability management initiative managed during 2023. On 5 May 2023, Campari entered into a term facility of €400 million (reported in line Liabilities and loans due to banks) and a revolving facility of the same amount, hence an agreement for a total amount equal up to €800 million with a pool of banks. The term facility has termination date on 30 June 2029 while the revolving facility termination date is on 30 June 2028 with an extension option at 30 June 2029 at the banks' discretion. The scope of the agreement is general corporate purposes of the Group. The facilities are sustainability-linked and provide for a variable component of the interest rate applicable depending on the achievement of certain ESG targets identified by the Group and particularly focused on the reduction of emissions, the responsible use of

water and gender equality. Concomitantly, the term loan of €250.0 million subscribed by the Group in 2019 with original termination date in July 2024 was terminated in advance and repaid. Moreover, in April 2023, another loan with a duration of 3 years for a nominal amount of €50.0 million was subscribed.

- Liabilities for put options and earn-out

€ million		variation impacting profit or loss	variation impacting Group net equity or investment value
at 31 December 2022	<b>236.3</b>		
Payments	(3.4)	-	(3.4)
perimeter effect	0.5	-	0.5
Remeasurement	8.4	(0.1)	8.5
reclassification to current liability	(24.0)	-	-
exchange rate differences and other changes	(8.8)	-	(8.8)
<b>at 31 December 2023</b>	<b>209.0</b>		
of which measured at fair value	209.0		
of which measured at amortised cost	-		
€ million	total	variation impacting profit or loss	variation impacting Group net equity or investment value
at 31 December 2021	<b>50.4</b>		
Increases	20.8	-	20.8
perimeter effect	171.0	-	171.0
Remeasurement	(6.6)	-	(6.6)
exchange rate differences and other changes	0.6	-	0.6
<b>at 31 December 2022</b>	<b>236.3</b>		
of which measured at fair value	236.3		
of which measured at amortised cost	-		

At 31 December 2023, the long-term portion mainly included:

- the estimated payable for put options linked to Wilderness Trail Distillery, LLC totalling €148.9 million, whose value decreased by €19.8 million, depending on the remeasurement and exchange rate effects;
- the estimated payable for put options and earn-out linked to Ancho Reyes and Montelobos totalling €59.7 million, which increased by €19.2 million, depending on the remeasurement and exchange rate effects;
- the estimated payable for the earn-out related to CT Spirits Japan Ltd. in the amount of €0.3 million.

The estimated payable for Trans Beverages Ltd. totalling €21.1 million after related remeasurement and exchange rates effects was reclassified together to current financial debt with the estimated earn-out payable for Lallier, being payable in 2024.

## vi. Current financial debt

### Disclosure

	at 31 December		
	2023 € million	of which perimeter effect € million	2022 post-reclassifications € million
Bond issued in 2017	150.0	-	-
Bond issued in 2019	150.0	-	-
Accrued interest on bonds	21.2	-	5.7
Loans due to banks	466.7	10	298.4
Lease payables	16.0	0.1	14.4
Liabilities for put option and earn-out payments	26.1	-	3.4
Liabilities on hedging contracts	0.1	-	-
Current liabilities for hedge derivatives, not reported using hedge accounting procedures	0.2	-	-
Derivative embedded in the Parent company's Bond	25.3	-	61.8
Other financial liabilities	6.9	0.7	30.4
<b>Current financial debt</b>	<b>862.5</b>	<b>10.7</b>	<b>414.1</b>

The main financial liabilities and the main changes that occurred in the composition of financial liabilities during the year are as follows.

- Bonds

Bonds issued in 2017 and in 2019 for €150.0 million each with maturity date in April 2024 were reclassified from long to short term items.

- Liabilities and loans due to banks

At 31 December 2023, loans due to banks reported a net increase of €168.3 million.

- Liabilities for put options and earn-out payments

€ million		variation impacting profit or loss	variation impacting Group net equity or investment value
at 31 December 2022	<b>3.4</b>		

Remeasurement	(1.2)	(1.2)	-
reclassification from non-current liability	24.0	-	-
exchange rate differences and other changes	(0.1)	0.1	(0.2)
<b>at 31 December 2023</b>	<b>26.1</b>		
<i>of which measured at fair value</i>	22.8		
<i>of which measured at amortised cost</i>	3.3		
€ million			
at 31 December 2021	<b>48.2</b>	<i>variation impacting profit or loss</i>	<i>variation impacting Group net equity or investment value</i>
Payments	(45.0)	-	-
exchange rate differences and other changes	0.2	(0.1)	0.3
<b>at 31 December 2022</b>	<b>3.4</b>		
<i>of which measured at fair value</i>	-		
<i>of which measured at amortised cost</i>	3.4		

At 31 December 2023, the short-term portion of the item included a liability of €3.3 million for the purchase of the residual non-controlling shares in J.Wray and Nephew Ltd., secured by restricted cash and cash equivalents. The increase reported during 2023 was primarily related to the estimated payable for Trans Beverages Ltd. totalling €21.1 million. Moreover, the short-term portion also included the estimated payout for the earn-out related to Lallier, which was reclassified from the long-term portion during the year, amounting to €0.6 million.

## vii. Lease components in the statement of financial position

### Accounting policy

The Group has various agreements in place for the use of offices, vehicles, machinery, shops and other minor assets belonging to third parties. Each agreement is subject to a detailed analysis to define whether or not a right-of-use/financial liability has to be recognised. Variable lease payments that are not linked to an index or rate continue to be charged to the statement of profit or loss as costs for the period.

Lease agreements are generally entered into for a term of 3-10 years but may contain options to extend them. The terms of a lease are negotiated individually and may contain a wide range of different terms and conditions. Such agreements do not include covenants, but the leased assets may be used to guarantee the liability arising from contractual commitments.

The value assigned to the rights of use corresponds to the amount of the lease liabilities recognised, plus initial direct costs incurred, lease payments settled on the start date of the agreement or previously and restoration costs, net of any lease incentives received. Restoration costs, which may be recognised in rare cases, normally relate to offices, for which there could be a contractual requirement to restore them to their original state at the end of the lease agreement. The Group estimates the restoration obligation based on the agreement with the lessor or by using expert valuations of third parties. The value of the liability, discounted to present value, as determined above, increases the right of use of the underlying asset, and a dedicated provision is created to offset.

The discount rate used to measure the financial liability is the incremental borrowing rate ('IBR') when the implicit interest rate in the lease agreement cannot be easily determined (explicit interest rates in lease agreements are rare). The incremental borrowing rates used to evaluate leasing contracts are determined by the Group and are revised on a recurring basis; they are applied to all agreements with similar characteristics, which are treated as a single portfolio of agreements. The rates are determined using the average effective debt rate of the subsidiary, appropriately adjusted and the most important elements considered in adjusting the rate are the credit-risk spread of each country observable on the market and the different durations of the lease agreements.

The term of the lease is calculated considering the non-cancellable period of the lease together with a) the periods covered by an option to extend the agreement, if it is reasonably certain that it will be exercised, or b) any period covered by an option to terminate the lease contract, if it is reasonably certain that it will not be exercised. The Group assesses whether it is reasonably certain that any exercising of such options to extend or to terminate the agreements will take place, considering all the relevant factors that create a financial incentive for such decisions.

### Disclosure

Changes in the lease payables in 2023 and 2022 are provided in the tables below.

lease payables	at 31 December 2022	addition	payments	interest expenses	reclassification	perimeter effect	exchange rate differences and other changes	at 31 December 2023
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Within 12 months	(14.4)	-	19.3	-	(21.3)	(0.1)	0.5	(16.0)
Over 12 months	(65.1)	(14.1)	-	(3.3)	21.3	(0.6)	1.8	(60.0)
<b>Total lease payables</b>	<b>(79.5)</b>	<b>(14.1)</b>	<b>19.3</b>	<b>(3.3)</b>	<b>-</b>	<b>(0.6)</b>	<b>2.2</b>	<b>(76.0)</b>
lease payables	at 31 December 2021	addition	payments	interest expenses	reclassification	exchange rate differences and other changes	at 31 December 2022	
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Within 12 months	(13.5)	-	18.1	-	(18.8)	(0.2)	(14.4)	
Over 12 months	(70.4)	(9.6)	-	(2.9)	18.8	(0.9)	(65.1)	

<b>Total lease payables</b>	<b>(83.9)</b>	<b>(9.6)</b>	<b>18.1</b>	<b>(2.9)</b>	<b>-</b>	<b>(1.1)</b>	<b>(79.5)</b>
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The IBRs applied in 2023 and 2022 were as follows.

applied IBRs for the year ended 31 December 2023							
Currency		within 5 years		from 5 to 10 years		over 10 years	
EUR		4.8%		4.9%		4.6%	
US\$		5.9%		5.9%		5.7%	
GBP		6.0%		5.8%		5.7%	
applied IBRs for the year ended 31 December 2022							
Currency		within 5 years		from 5 to 10 years		over 10 years	
EUR		4.7%		4.8%		4.2%	
US\$		6.0%		5.8%		5.3%	
GBP		5.9%		5.5%		4.9%	

The increase in IBR is connected with the macro-economic scenario.

The amounts recognised in the cash flow statement were as follows.

€ million	for the years ended	
	2023	2022
Total cash outflow for leases	(16.0)	(15.1)
Total cash outflow for interests	(3.3)	(2.9)
<b>Total cash outflow for lease</b>	<b>(19.3)</b>	<b>(18.1)</b>

The tables below show the breakdown of financial liabilities for leases by asset class.

€ million	within 12 months	over 12 months	total
Buildings	(10.1)	(48.6)	(58.7)
Vehicles	(3.5)	(7.1)	(10.6)
Machinery	(1.0)	(3.2)	(4.2)
Other	(0.7)	(1.6)	(2.3)
Land	-	(0.2)	(0.2)
<b>Total financial liabilities for leases as of 31 December 2023</b>	<b>(15.4)</b>	<b>(60.6)</b>	<b>(76.0)</b>
<b>Total financial assets for leases as of 31 December 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total financial assets and liabilities (net value) as of 31 December 2023</b>	<b>(15.4)</b>	<b>(60.6)</b>	<b>(76.0)</b>

€ million	within 12 months	over 12 months	total
Buildings	(9.5)	(55.5)	(64.9)
Vehicles	(3.2)	(5.0)	(8.3)
Machinery	(0.9)	(3.8)	(4.7)
Other	(0.8)	(0.6)	(1.4)
Land	-	(0.2)	(0.2)
<b>Total financial liabilities for leases as of 31 December 2022</b>	<b>(14.4)</b>	<b>(65.1)</b>	<b>(79.5)</b>
<b>Total financial assets for leases as of 31 December 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total financial assets and liabilities (net value) as of 31 December 2022</b>	<b>(14.4)</b>	<b>(65.1)</b>	<b>(79.5)</b>

## viii. Reconciliation with net financial debt and cash flow statement

### Disclosure

	at 31 December	
	2023 € million	2022 post-reclassifications € million
Cash and cash equivalents	826.3	747.4
<b>Cash (A)</b>	<b>826.3</b>	<b>747.4</b>
Securities	13.9	14.2
Other current financial assets	357.9	318.3
<b>Current financial receivables (B)</b>	<b>371.8</b>	<b>332.5</b>
Loans due to banks current	(466.7)	(298.4)
Current portion of lease payables	(16.0)	(14.4)
Current portion of bonds	(300.0)	-
Derivative embedded in the Parent company's Bond	(25.3)	(61.8)
Other current financial payables	(29.6)	(36.1)
Current portion of payables for put option and earn-out	(26.1)	(3.4)
<b>Current financial payables (C)</b>	<b>(863.7)</b>	<b>(414.1)</b>
<b>Net current financial debt (A+B+C)</b>	<b>334.4</b>	<b>665.8</b>
Loans due to banks non-current <sup>1</sup>	(1,416.1)	(1,361.2)
Non-current portion of lease payables	(60.0)	(65.1)
Non-current portion of bonds	(1,331.9)	(1,166.4)
Non-current portion of payables for put option and earn-out	(209.0)	(236.3)
Other	-	(1.5)
<b>Non-current financial debt (D)</b>	<b>(3,017.0)</b>	<b>(2,830.5)</b>
<b>Net debt (A+B+C+D) <sup>2</sup></b>	<b>(2,682.6)</b>	<b>(2,164.7)</b>
<b>Reconciliation with the Group's net financial debt as shown in the Management report:</b>		
Non-current financial assets for hedging derivatives	2.9	41.5
Term deposits	4.7	4.8
Non-current financial receivables	2.3	4.1
<b>Group net financial debt</b>	<b>(2,672.7)</b>	<b>(2,114.3)</b>

<sup>(1)</sup> Including related derivatives.

<sup>(2)</sup> In accordance with ESMA guidelines.

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

	at 31 December 2023	at 31 December 2022 post-reclassifications
	€ million	€ million
Cash and cash equivalents	826.3	747.4
Bonds current	(300.0)	-
Loans due to banks current	(466.7)	(298.4)
Other current financial assets	371.8	332.5
Other current financial liabilities	(97.0)	(115.7)
<b>short-term net financial debt including liabilities for put option and earn-out payments</b>	<b>334.4</b>	<b>665.8</b>
Bonds non-current	(1,331.9)	(1,166.4)
Loans due to banks non-current	(1,416.1)	(1,361.2)
Other non-current financial assets	9.8	50.4
Other non-current financial liabilities	(269.0)	(302.9)
<b>medium-/long-term net financial debt including liabilities for put option and earn-out payments</b>	<b>(3,007.2)</b>	<b>(2,780.1)</b>
<b>net financial debt</b>	<b>(2,672.7)</b>	<b>(2,114.3)</b>

## 7. Risk management and capital structure

This section details accounting policies for shareholders' equity, share-based payments, basic and diluted earnings per share. Judgements and estimates are stated with regard to compensation plans. This section also details the Group's capital structure and the financial risks it is exposed to. For information on the composition of and changes in shareholders' equity during the periods under review, refer to the statement of changes in shareholders' equity.

### i. Capital management

#### Disclosure

With regard to capital management, Campari has implemented a dividend distribution policy which reflects priority to use available financial sources mainly to fund external growth via acquisitions. Concomitantly, Campari carries out share buyback programs on a rolling basis intended to meet the obligations arising from share-based payments plans currently in force or to be adopted. The financial requirements deriving from the aforementioned capital management operations are managed dynamically, maintaining an appropriate level of flexibility with regard to acquisition opportunities and funding options, also taking into account the optimal and sustainable level of financial solidity which is monitored on an ongoing basis through the index net debt on EBITDA-adjusted. For the purposes of the ratio calculation, net debt (refer to note 6 viii-'Reconciliation with net financial debt and cash flow statement') is the value of the Group's net financial debt at 31 December 2023, whereas the EBITDA-adjusted relates to the Operating result excluding depreciation and amortisation excluding the separately highlighted components that may be considered non-representative of the current operating results (refer to note 3 vi-'Selling, general and administrative expenses' and 5 viii-'Depreciation and amortisation') calculated based on the reported value at the closing date of the reference period.

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

Moreover Lagfin's management constantly monitors debt levels and the financial position of the Company.

### ii. Nature and extent of the risks arising from financial instruments

The Group's main financial instruments include current accounts, short-term deposits, short and long-term loans due to bank, lease payables and bonds. The purpose of these is to finance the Group's operating activities. In addition, the Group has trade receivables and payables resulting from its operations.

The main financial risks to which the Group is exposed are market (currency and interest rate risk), credit and liquidity risk. These risks are described below, together with an explanation of how they are managed.

To cover these risks, the Group uses derivatives, primarily interest rate swaps, cross-currency swaps and forward contracts, to hedge interest rate and exchange rate risks.

#### - Credit risk

In specific markets in which the Group operates, sales are concentrated in a limited number of key customers. Therefore, a possible change in the priorities or deterioration of the financial conditions of these customers could have significant adverse effects on the Group's business and outlook. Furthermore, if these key customers view

the contractual terms and conditions as no longer acceptable, they may ask for them to be renegotiated, resulting in less favourable terms and conditions for the Group. Examples of mitigation measures: monitoring of customers at market level, strategy and innovation development at corporate and market-level, multi-country investment strategy.

With regard to trade transactions, the Group works with medium-sized and large customers (large-scale retailers, domestic and international distributors) on which credit checks are performed in advance. Each company carries out an assessment and control procedure for its customer portfolio, constantly monitoring amounts received. In the event of excessive or repeated delays, supplies are suspended. Historically, losses on receivables represent a very low percentage of revenues and outstanding annual receivables, and significant hedging and/or insurance is put in place where there is uncertainty about cash collection.

Financial transactions are carried out with leading domestic and international institutions, monitored ratings to minimise counterparty insolvency risk.

The maximum risk associated with commercial and financial transactions at the reporting date is equivalent to the net carrying amount of these assets, also taking the risk of expected credit loss estimated by the Group using the business model identified.

#### - Liquidity risk

The Group's ability to generate substantial cash flow through its operations minimises liquidity risk. This risk is defined as the difficulty in raising funds to cover the Group's financial obligations payment.

The table below summarises financial liabilities at 31 December 2023 by maturity, based on contractual repayment obligations, including non-discounted interest.

at 31 December 2023	on demand	within 1 year	due in 1 to 2 years	due in 3 to 5 years	due after 5 years	total
	€ million	€ million	€ million	€ million	€ million	€ million
Bonds	-	328.5	21.0	1,091.1	328.3	1,768.9
Loans due to banks	-	512.7	604.6	652.5	272.7	2,042.5
Leases	-	18.8	17.1	37.6	8.3	81.8
Payables for put option and earn-out	-	26.0	60.1	-	148.9	235.0
Other financial liabilities	-	4.7	-	-	-	4.7
Trade payables	55.6	465.5	-	-	-	521.1
Other non-financial liabilities	20.0	173.5	6.8	7.1	11.4	218.8
<b>Total liabilities</b>	<b>75.6</b>	<b>1,529.7</b>	<b>709.5</b>	<b>1,788.3</b>	<b>769.6</b>	<b>4,872.8</b>

The Group's financial payables, except non-current payables with a fixed maturity, consist of short-term bank debt. Thanks to its liquidity and satisfactory generation of cash flow from operations, the Group has sufficient resources to meet its financial commitments at maturity. In addition, there are unused credit lines that could cover any liquidity requirements for a total of €719.5 million, of which €400.0 million are committed and expiring in 2028 (undrawn as of 31 December 2023). The balance of the credit lines, uncommitted for an amount of €319.5 million, was drawn down for €84.6 million at 31 December 2023.

#### - Interest rate risk

A breakdown of the effective interest rate, taking all the cost components of the amortised costs into account, divided by type of financial liability is as follows.

	nominal interest rate	effective interest rate <sup>(1)</sup>	maturity € million	at 31 December	
				2023 € million	2022 € million
Loans due to banks	fixed rate 1.183% + variable rate	5.515%	2027	1,882.8	1,659.6
Campari bond issues					
- issued in 2017	fixed rate 2.165%	2.165%	2024	150.0	150.0
- issued in 2019	fixed rate 1.655%	1.655%	2024	150.0	149.8
- issued in 2020	fixed rate 1.250%	1.412%	2027	547.2	546.5
- issued in 2023	fixed rate 4.710%	4.710%	2030	298.6	-
Lagfin bond issue in 2023	fixed rate 3.5%	5.94%	2028	486.1	-
Lagfin bond issue in 2020	fixed rate 2.0%	3.7%	2027	-	320.1
Leases	incremental borrowing rate	incremental borrowing rate	2024-2029	76.0	79.5

The Group is exposed to the risk of fluctuating interest rates in respect of its financial assets, loans due to banks and lease agreements. Derivative contracts intended to hedge interest rate exposures connected with financing are not subject to established quantitative policy concerning the optimal level of exposure to fixed or variable rates: the Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The preferred exposure to fixed or variable rates is dynamically managed centrally within the Group, considering current and future market conditions, the Group's level of indebtedness, business performance and in the context of the Group's expansion initiatives.

The Campari's 2017, 2019, 2020 and 2023 bond issues pay interest at a fixed rate. Overall, at 31 December 2023, the nominal exposure of the Group's total financial debt was 40% (30% 2022) at variable-rate, while the

effective exposure, including the related hedging derivatives for the term loan subscribed in 2023, stood at 24% at variable-rate.

The Lagfin's 2023 bond issues pay interest at a fixed rate of 5.94%.

- Exchange rate risk

The Group develops its business activities globally, and sales in non-€ markets are progressively increasing. However, the establishment of Group companies in countries including the United States, Brazil, Australia, Argentina and Switzerland allows exchange rate risk to be partly hedged, since both costs and income are denominated in the same currency.

For the Group, net exposure to foreign exchange effects is limited to transactions concluded among Group companies relating to certain sales and purchases regulated in currencies other than the functional currencies of the companies. Although these transactions represent only a portion of the overall business, the Group policy regularly determines the net exposure to the primary currencies to mitigate the residual foreign exchange risk by using forward and option derivatives agreements. Derivative contracts aiming to mitigate currency exchange risks are dynamically and qualitatively managed based on business needs and specific contexts and circumstances. These are not framed within fixed or quantitative policies regarding the percentage of coverage to be achieved. To avoid excessive coverage, the budget for future transactions is typically hedged at a level between 50% and 90% throughout the whole year.

- Market and price risk

Market risk consists of the possibility that changes in exchange rates, interest rates or the prices of raw materials or commodities (alcohol, aromatic herbs, sugar, cereals and agave) could negatively affect the value of assets, liabilities or expected cash flows.

The price of raw materials depends on a wide variety of factors, which are difficult to forecast and are largely beyond the Group's control. Historically, the Group has had no problem obtaining high-quality quantities of raw materials. However, we cannot exclude that the Group could face challenges in getting supplies of raw materials. The Group is in the process of implementing measures aimed at limiting the risk of raw material price fluctuations, including co-investments agricultural production agreements with local producers, the benefits of which can be seen over the medium-term as they are related to natural growing processes.

The Group has a substantial inventory of aged product categories, such as Bourbon whiskey, Scotch whisky, Canadian whisky, rum, cognac and tequila, which mature over lengthy periods. While the maturing inventory is stored at numerous locations around the world, the loss as a result of contamination, fire or other natural disaster or destruction resulting from negligence or the acts of third parties or otherwise of all or a portion of the inventory of any one of those aged product categories may not be replaceable and, consequently, may lead to a substantial decrease in the supply of those products. Additionally, the judgemental nature of determining how much of the Group's aged products to lay down in any given year for future consumption involves an inherent risk of forecasting error. Finally, price is another critical element, as the recoverability of the cost incurred in the maturing process is subject to the Group's ability to select an adequate range of premium products capable of satisfying the needs of demanding customers while the loss of sales and market shares or lead to future excess inventory and decreased profit margin. The Group regularly reviews its marketing and production strategy to mitigate those risks enabling long-term forecasting analytical tools.

### iii. Debt management

The Group's debt management objectives are based on its ability to ensure that it retains an optimal level of financial soundness, while maintaining an appropriate level of liquidity that enables it to secure an economic return and, at the same time, access external sources of funding. The Group monitors changes to its net debt/EBITDA-adjusted ratio on an ongoing basis as commented in the above note 7 i- 'Capital management'.

### iv. Shareholders' equity

For information on the composition and changes in shareholders' equity for the periods under review, see the statement of changes in shareholders' equity.

#### Share capital

At 31 December 2023, the share capital was €3,717,000 and is divided into 46,465 shares fully paid with par value of €80.00 par share.

#### Dividends paid and proposed

Lagfin hasn't paid dividends during the year.

### Shareholders' equity attributable to non-controlling interest

The non-controlling interest, equal to €1,393.4 million (€1,272.6 million at 31 December 2022) is related to the Davide Campari-Milano N.V. consolidated with full consolidated method.

€ million	At 31 December 2022 post-reclassifications € million	Dividend distribution € million	Change in ownership interests € million	DCM N.V. shares purchase € million	Treasury shares transactions € million	Net result € million	Perimeter effect for acquisition € million	At 31 December 2023 € million
Davide Campari-Milano N.V.	1,271.2	(31.9)	(0.7)	9.6	24.6	119.0	-	1,391.8
Bellonnie et Bourdillon S.A.S.	1.4	-	-	-	-	(0.2)	-	1.1
Thirsty Camel Ltd.	-	-	-	-	-	0.2	0.3	0.5
<b>Non-controlling interests</b>	<b>1,272.6</b>	<b>(31.9)</b>	<b>(0.7)</b>	<b>9.6</b>	<b>24.6</b>	<b>119.0</b>	<b>0.3</b>	<b>1,393.4</b>

The non-controlling interests at 31 December 2023 amounted to €1,393.4 million.

The main changes in 2023 were related to dividend distribution and to DCM's own shares transactions.

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

	at 31 December			
	2023		2022	
	shareholders' equity € million	result of the period € million	shareholders' equity € million	result of the period € million
<b>Figures from the annual financial statements of Lagfin</b>	<b>1,628.4</b>	<b>142.6</b>	<b>1,492.2</b>	<b>147.8</b>
- Difference between carrying value and pro-rata value of shareholders' equity of equity investments	(394.2)	-	(368.3)	-
- Pro-rata results of subsidiaries	-	173.5	-	179.9
- Elimination of intra-group operations	19.6	(161.9)	18.2	(172.5)
- Allocation of consolidation difference and reversal of merger difference	171.2	-	171.2	-
<b>Figures from the consolidated financial statements (figures attributable to the Group)</b>	<b>1,425.1</b>	<b>154.2</b>	<b>1,313.3</b>	<b>155.2</b>
Shareholders' equity and net profit attributable to non-controlling interests	1,393.4	149.6	1,272.6	144.4
<b>Group's equity and net profit</b>	<b>2,818.6</b>	<b>303.7</b>	<b>2,585.9</b>	<b>299.6</b>

## v. Share-based payments

### Accounting policy

#### □ Compensation plans in the form of stock options

Campari has multiple incentive plans in place, including benefits in the form of stock option plans, governed in accordance with the shareholders' resolution, pursuant to applicable law and implemented by means of a specific regulation ('Stock Option Regulations'). The purpose of the plan is to offer beneficiaries who occupy key positions at Campari the opportunity to own shares in Davide Campari-Milano N.V., thereby aligning their interests with those of other shareholders and fostering loyalty, in the context of the strategic goals to be achieved. The recipients are employees, directors and/or individuals who regularly work for one or more Group companies, who have been identified by the Board of Directors of Davide Campari-Milano N.V., and who, on the approval date of the plan and until the date that the options are exercised, have worked as employees and/or directors and/or in any other capacity at one or more Group companies without interruption. The Board of Directors of Davide Campari-Milano N.V. has the right to draft regulations, select beneficiaries and determine the share quantities and values for the execution of the stock option plans.

The fair value of stock options is represented by the value of the option calculated by applying the Black-Scholes model and the grant date starts once the options are assigned. Volatility is estimated with the help of data supplied by a market information provider together with a leading bank and corresponds to the estimate of volatility recorded in the period covered by the plan. The stock options are recorded at fair value with an offsetting entry in the stock option reserve. The dilutive effect of options not yet exercised is included in the calculation of diluted earnings per share.

### Disclosure

On 13 April 2023, Campari's AGM approved a new stock option plan for an aggregate maximum number of options based on the ratio between €6,000,000 and the options' exercise price for the category of beneficiaries other than the members of the Campari's Board of Directors (while no options have been assigned to the members of the Board of Directors this year), in accordance with the Stock Option Regulation adopted by the Company. The options may be exercised during the two years after the end of the fifth year following the assignment date. For a more detailed explanation of the stock option plan, please refer to the relevant explanatory report of Campari's Board of Directors, prepared in compliance with article 84-bis of the Italian Issuer Regulation, in accordance with the terms prescribed by law. Options were granted on 2 May 2023 to individual beneficiaries. The total number of

options granted in 2023 for the purchase of further shares was 450,033 (8,725,347 in 2022), with an average grant price of €11.61 (€10.29 in 2022), equivalent to the weighted average market price in the month preceding the day on which the options were granted.

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

	at 31 December 2023			at 31 December 2022		
	no. of shares	allocation/exercise price (€)	average price (€)	no. of shares	allocation/exercise price (€)	average price (€)
Options outstanding at the beginning of the period	38,970,219		6.70	33,491,265		5.59
Options granted during the period	450,033		11.61	8,725,347		10.29
(Options cancelled during the period)	(727,195)		8.94	(1,336,625)		6.76
(Options exercised during the period) <sup>(1)</sup>	(12,158,728)		4.47	(1,844,088)		3.67
(Options expired during the period)	(33,391)		-	(65,680)		-
Options outstanding at the end of the period	26,500,938		7.72	38,970,219		6.70
of which exercisable at the end of the period	6,173,487		6.16	8,980,965		3.82

<sup>(1)</sup> The average market price on the exercise date was €11.68.

The exercise prices for the options granted in each year range were as follows.

	average exercise price
Allocations: 2015	3.54
Allocations: 2017	6.19
Allocations: 2018	6.25
Allocations: 2019	8.85
Allocations: 2020	6.41
Allocations: 2021	9.91
Allocations: 2022	10.29
<b>Allocations: 2023</b>	<b>11.61</b>

The following assumptions were used for the fair value measurement of options issued in 2023 and 2022.

Black-Scholes model parameters	2023	2022
Expected dividends (€)	0.065	0.060
Expected volatility (%)	21.18%	25.92%
Historic volatility (%)	28.58%	23.90%
Market interest rate	2.930%	1.354%
Expected option life (years)	7.00	7.00
Exercise price (€)	11.61	10.29

The average fair value of options granted in 2023 was €3.51 (€3.06 in 2022). The average remaining life of outstanding options at 31 December 2023 was 3.4 years (3.5 years at 31 December 2022).

## Accounting policy

### Share-based payments in the form of Campari's 'Employees Share Ownership Plan', 'Extra-Mile Bonus Plan ('EMB') and Mid-Term Incentive plan ('MTI')

The Campari Shareholders' meeting of 8 April 2021 approved the resolution for the implementation of the Employee Share Ownership Plan ('ESOP'). ESOP is a share matching plan offering employees the opportunity to invest in Davide Campari-Milano N.V. shares. The ESOP is intended for all Group employees, with the exception of members of the Board of Directors. These employees will be offered the opportunity to allocate certain amounts to the plan, which will be used to purchase shares of Davide Campari-Milano N.V. (the 'Purchased Shares') by the plan administrator and, after a three-year vesting period, complementary free shares will be awarded. The free shares granted represent an equity settled arrangement.

The accounting treatment for the ESOP follows the accounting treatment applied for benefits granted in the form of stock option plans. The fair value of the ESOP plan is represented by the value of the option calculated by applying the Black-Scholes model. In the event that the granting of the benefit in the form of a share-based scheme is not permitted or it is not effective on the basis of specific national legislation, the same benefits are granted in the form of a phantom stock option plan. These plans confer the same rights as the ESOP plan but are cash-settled and the initial fair value measurement is calculated by applying the Black-Scholes model. The cost resulting from this valuation is spread over the vesting period, with an impact on the profit or loss using a long-term liability offsetting account (in place of an equity reserve). As a subsequent measurement, at each balance sheet date and at least once a year and on the settlement date, the value of the phantom plan must be fully remeasured on the basis of the current market value of the Davide Campari-Milano N.V. shares. Any cumulative changes in fair value are recognised in the profit or loss in the remeasurement period to align the liability with the 'pro-rata' value of the expected bonus payment pay-out.

As part of this, the Extra-Mile Bonus Plan ('EMB') program was awarded in 2021 representing a preparatory assignment to the launch of the ESOP program with which it shares the main features. The fair value of the EMB plan is represented by the awarded number of rights assigned calculated based on the annual base gross salary of eligible employees at 31 December 2020, divided by twelve.

On 13 April 2022, the Campari's Annual General Meeting approved a Mid-Term Incentive plan ('MTI') based on Campari shares and aimed at rewarding Camparistas for their active participation in the Group performance and fostering their retention. Eligible Camparistas will be granted a right to receive a number of Campari shares for free, subject to their uninterrupted employment over a three-year vesting period from the grant date. The number of award rights to be granted to each beneficiary will be calculated based on the beneficiary's annual base gross salary as of 31 December preceding the grant date. The MTI plan approved in April 2022 foresees 3 grants for the following three years, therefore the second grant was assigned in May 2023.

## Disclosure

The table below shows the changes in share-based rights during 2023, compared with 2022.

n. of rights	at 31 December	
	2023	2022
outstanding rights at the beginning of the year	3,606,911	1,129,949
assigned during the period	447,921	2,726,391
cancelled during the period	(349,497)	(213,949)
exercised during the period	(26,915)	(35,480)
outstanding rights at the end of the year	3,678,420	3,606,911

If a share-based scheme is not permitted or is not effective based on specific national legislation, a phantom stock option plan is awarded, resulting in a liability. The latter, recorded under the item personnel long-term liabilities, was €0.3 million at 31 December 2023 (negligible at 31 December 2022).

### vi. Other comprehensive income

The changes during the year and the related tax effect on other comprehensive income items for the years ended 31 December 2023 and 2022 were as follows.

	for the years ended	
	2023 € million	2022 € million
Cash flow hedge:		
Profit (loss) for the period	(3.9)	4.5
Profit (losses) classified to other comprehensive income	(19.7)	41.8
Related Income tax effect	5.7	(11.1)
<b>Total cash flow hedge</b>	<b>(17.9)</b>	<b>35.2</b>
Foreign currency translation:		
Hyperinflation effects	15.4	14.9
Exchange differences on translation of foreign operations	(59.2)	100.7
<b>Total foreign currency translation</b>	<b>(43.8)</b>	<b>115.6</b>
Remeasurements of defined benefit plans:		
Gains/(losses) on remeasurement of defined benefit plans	0.4	5.2
Related Income tax effect	(0.2)	(1.2)
<b>Total remeasurements of defined benefit plans</b>	<b>0.2</b>	<b>4.0</b>

### vii. Transactions with non-controlling interests

Except for the business combination completed during the year and involving non-controlling interests, there were no other transactions with them for the years ended 31 December 2023 and 2022.

## 8. Other disclosures

This section details accounting policies for provisions for risks, future charges and contingent assets and liabilities, fair value information on assets and liabilities, defined benefit and contribution plans. Judgements and estimates are stated with regard to contingent assets and liabilities and provisions.

Moreover, this section discloses additional information which management considers being relevant for stakeholders.

### i. Provisions for risks, charges and contingent assets and liabilities

#### Accounting policy

Provisions arising from legal or constructive obligations resulting from past events are reliably estimated and reviewed periodically to reflect changes in circumstances, timescales and discount rates. Revisions to estimates of provisions are booked to the same statement of profit or loss item that contains the accrual or, if the liability relates to tangible assets (i.e., dismantling and restoration), these revisions are reported as an offsetting entry to the related asset. Where the financial impact of the timing is significant, and the payment dates of the obligations can be reliably estimated, the provision is discounted to present value. The related amount over time is allocated

to statement of profit or loss. When the Group expects that all or part of the provisions will be repaid by third parties, a receivable is recorded under assets only if it is virtually certain, and the accrual and related repayment are posted to the statement of profit or loss.

Dedicated restructuring provisions are only reported if there is a restructuring obligation deriving from a formal detailed restructuring program, that has led to a reasonable expectation by interested parties that the restructuring will be carried out with an outflow of resources whose amount can be reliably estimated, either because the process has already started or because the main features of the restructuring program have already been communicated.

For detailed information on the accounting policy related to tax provisions, please refer to note 3 xiii.-'Taxation'.

The Group may be involved in legal proceedings in respect of which it is not possible to make a reliable estimate of any expected settlement. Such cases are reported as contingent liabilities with a specific disclosure made available for information purposes.

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

## Disclosure

### Provision for risks and charges

	tax provision € million	restructuring provisions € million	agent severance fund € million	other € million	total € million
<b>at 31 December 2022</b>	<b>5.5</b>	<b>7.8</b>	<b>1.0</b>	<b>65.2</b>	<b>79.6</b>
Change resulting from provisional allocation of acquisition value	3.5	-	-	-	3.5
<b>at 31 December 2022 post-reclassifications</b>	<b>9.0</b>	<b>7.8</b>	<b>1.0</b>	<b>65.2</b>	<b>83.0</b>
Accruals	-	1.7	0.2	13.8	15.7
Utilisations	-	(0.6)	(0.3)	(5.4)	(6.3)
Releases	-	(2.1)	(0.1)	(1.4)	(3.5)
Reclassification	(0.3)	-	-	(43.6)	(43.9)
Exchange rate differences and other changes	(3.2)	-	-	0.5	(2.8)
<b>at 31 December 2023</b>	<b>5.5</b>	<b>6.8</b>	<b>0.8</b>	<b>29.1</b>	<b>42.2</b>
of which:					
- due within 12 months		3.9		10.5	14.3
- due after 12 months	5.5	3.0	0.8	18.6	27.9

	tax provision € million	restructuring provisions € million	agent severance fund € million	other € million	total € million
<b>at 31 December 2021</b>	<b>5.5</b>	<b>8.0</b>	<b>1.3</b>	<b>19.6</b>	<b>34.4</b>
Change resulting from provisional allocation of acquisition value	-	-	-	-	-
<b>at 31 December 2021 post-reclassifications</b>	<b>5.5</b>	<b>8.0</b>	<b>1.3</b>	<b>19.6</b>	<b>34.4</b>
Perimeter effect for acquisition	-	-	-	-	-
Accruals	5.1	0.6	(0.1)	46.8	52.4
Utilisations	-	(0.2)	(0.2)	(0.9)	(1.3)
Releases	-	(1.0)	-	(1.3)	(2.3)
Reclassification	(4.9)	-	-	(0.1)	(5.0)
Exchange rate differences and other changes	(0.1)	0.4	-	1.1	1.3
<b>at 31 December 2022</b>	<b>5.5</b>	<b>7.8</b>	<b>1.0</b>	<b>65.2</b>	<b>79.6</b>
Of which:					
- due within 12 months	0.3	4.6		18.6	23.5
- due after 12 months	5.3	3.2	1.0	46.6	56.1

Other provisions involved recognition by the Company and subsidiaries of liabilities for various lawsuits, including a Brazilian legal dispute totalling €10.8 million over a distribution agreement, provision for onerous contract in China (€8.1 million) and a number of customer legal claims in France and Mexico totalling €5.9 million. Moreover, the other provisions for risks and charges were released for a total amount of €5.2 million to offset the cumulated losses incurred by the Japan joint-venture.

Significant effect of the passage of time over provision was deemed to be not material.

### Contingent liability

The information reported below concerns contingent liabilities arising from outstanding disputes, for which the provision recognition criteria have not been met on the date of this report.

Various disputes are outstanding with the Brazilian tax authorities; however, the Group believes it is unlikely to lose the cases, based on the information available at the date of this report.

On the date of this report, a dispute amounting to BRL6.6 million (€1.2 million at the exchange rate on 31 December 2023) including the related penalties (excluding interests) corresponding to production tax (IPI) remains ongoing. The tax authorities contested the correct classification of products sold by Campari do Brasil Ltda.. Based on the assessments conducted by external legal consultants, the Group believes that the outcome of the

dispute will be in favour of the Company. It is therefore deemed unnecessary at present to create a specific provision.

Another outstanding dispute relates to a tax inspection report concerning the payment of ICMS (tax on the consumption of goods and services) with respect to sales made by Campari do Brasil Ltda. to four customers in 2000, 2005, 2007 and 2008. The amount specified, including penalties, totalled BRL71.6 million (€13.4 million at the exchange rate on 31 December 2023) plus interest. Based on the assessments conducted by external legal consultants, which have appealed the findings of the local tax authorities, the Group believes that the outcome of the dispute will be in favour of the Company. It is therefore deemed unnecessary at present to create a specific provision.

## ii. Commitments and risks

### Accounting policy

Guarantees are disclosed at fair value determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. For the accounting policy on financial guarantees please refer to note 6-‘Net financial debt’.

### Disclosure

The main commitments and risks of the Group on the reporting date are divided into the following categories:

- Contractual commitments to purchase goods or services totalled €551.4 million (€390.9 million at 31 December 2022). These mainly included commitments for the purchase of packaging and pallets, amounting to €260.0 million (€87.3 million at 31 December 2022); the purchase of raw materials, semi-finished goods totalling €156.6 million (€166.1 million at 31 December 2022); initiatives to enhance and outsource selected Group information technology services totalling €41.6 million (€45.1 million in 2022); the purchase of advertising and promotional services and sponsorships totalled €20.4 million (€24.0 million at 31 December 2022) as well as for general and maintenance services for €53.9 million (€50.1 million at 31 December 2022).
- Existing contractual commitments for purchasing of property, plant and equipment, and intangible assets totalling €159.1 million (€26.1 million at 31 December 2022). The increase compared to 2022 mainly relates to tangible assets.
- Financial guarantees. The Group has provided financial guarantees in the context of the 50%-50% joint-venture in Dioniso Group with Moët Hennessy to create a premium pan-European Wines and Spirits e-commerce player and which holds the leading e-commerce platforms for wines and premium spirits in Italy (Tannico e Wineplatform S.p.A.) and in France (Ventealapropriete.com). The Group is providing 50% of financial support to Dioniso Group for the completion of business expansion transactions in case existing cash flows are not sufficient and the bank indebtedness or other third-party financing cannot be obtained at satisfactory conditions. At 31 December 2023, the estimated potential cash out for the Group in relation to Dioniso Group existing commitments in the form of put and/or call option connected with business combination and a committed liability for a personnel compensation scheme totalled €9.0 million (€11.7 million at 31 December 2022). The Group has provided financial guarantees in the context of the interests in the third-party investments in Monkey Spirits, LLC and Thirsty Camel Ltd for an amount of US\$10 million; the financial guarantee has been granted to support the development of the brand and the business and is accompanied by the pledge on the shares belonging to other partners who have not participated in the same financial support.
- Other guarantees. The Group has provided other forms of security in favour of third parties, totalling €627.4 million at 31 December 2023 (€663.5 million at 31 December 2022). These mainly include securities to Group companies for credit lines totalling €566.3 million (€593.9 million at 31 December 2022) and customs guarantees for excise duties totalling €58.5 million (€63.3 million at 31 December 2022).
- Contractual commitments for using of third-party assets not recognised using lease accounting. The table below breaks down the amounts owed by the Group in future periods by maturity, relating to the main contractual commitments for the use of third-party assets. At 31 December 2023 they mainly related to warehouses for storing goods and maturing stock as well as information technology, vehicles and buildings. The increase compared to 2022 mainly refers to the subscription of new contracts to secure additional warehouse space for maturing inventories in line with the Group strategy, as well as new contracts for land and buildings.
- The total uncalled capital commitments on investments in private equity holdings amounts to €23.5 million (2022: €34.5 million).
- The Company signed guarantees for a total consideration of €2,7 million as at 31/12/2023, 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 July 2025 for €2.5 million and June 2026 for €0,2 million.

		at 31 December	
		2023	2022
		€ million	€ million

Within 1 year	21.2	13.7
1-5 years	12.7	13.2
After 5 years	21.6	13.8
<b>Total</b>	<b>55.5</b>	<b>40.6</b>

### iii. Fair value information on assets and liabilities

#### Accounting policy

##### Fair value on financial assets and liabilities

For fair value information on financial assets and liabilities, please refer to note 6 i.-'Financial instruments'.

##### Fair value on biological assets

The Group's biological assets include grapes for champagne production, sugar cane plantations for rum production and agave for tequila/mezcal production, which are used as raw materials for the production of those spirits.

Grape vines remain classified as fixed biological assets valued at cost, net of accumulated depreciation and accumulated impairment losses. Immature vines are stated at accumulated cost. Capitalisation of costs ceases when the vines reach maturity. Depreciation commences when the grape vines are considered mature, which is when they produce their first commercially viable crop. Grapes growing on the plant are immediately classified as biological inventory since agricultural output covers a one-year period and the harvest is expected to occur in the second half of the year. Taking into account the biological and vegetative cycle, all the costs incurred in anticipation of the future harvest (service, products and other ancillary costs) are considered as inventory in current biological assets at the reporting date at a value that is in line with the fair value of the growing grapes based on available information on commodities markets.

Sugar cane plantations remain classified as fixed biological assets valued at cost, net of accumulated depreciation and accumulated impairment losses up to the harvest, which occurs from February to June. At the harvest time, the agricultural output that covers a one-year period is classified as an inventory item at a value estimated based on the costs of infrastructure, land preparation and sugar cane cultivation, with reference to an active market for comparable plantation and similar output in terms of age and qualitative characteristics, if available.

Agave plantations remain classified as fixed biological assets valued at cost, net of accumulated depreciation and accumulated impairment losses. The vegetative cycle for the ripening of the agave fruit is approximately six years. During this period the agave plants have not yet matured to be used for distillation purposes but can theoretically be sold as medium-aged plants. Agave cannot be distinguished from planting and can only be harvested once. The value of the growing product is represented as biological inventory and the reported fair value is estimated on the basis of the costs of infrastructure, soil preparation and agave cultivation, in the absence of an active reference market for comparable plantations and similar productions in terms of age and qualitative characteristics.

The following biological assets are not measured at fair value and consequently are not represented in this disclosure section:

- grapevines and agave plantations which remain classified as fixed biological assets valued at cost, net of accumulated depreciation and accumulated impairment losses,
- sugar cane plantations remain classified as fixed biological assets valued at cost, net of accumulated depreciation and accumulated impairment losses, up to the annual harvest.

Fair value measurement of current biological assets in inventory (agricultural produce: agave, grapes and sugar) is determined based on the sale price net of estimated sales costs, if available, or having as the main reference the total production costs in case the agricultural product is so peculiar that there is the absence of any active reference market for comparable plantation and similar output in terms of age and qualitative characteristics.

#### Disclosure

A summary of the financial and non-financial assets and liabilities measured at fair value is shown below. As complementary information, the fair value of the financial items measured at amortised costs based on the applicable business model is also included.

		at 31 December	
		2023	2022
		€ million	€ million
<b>A) Items reported at fair value</b>		<b>(128.1)</b>	<b>(102.5)</b>
	<i>of which assets</i>	<b>385.5</b>	<b>400.1</b>
<i>Other current financial asset</i>		348.6	330.0
<i>Current assets for hedging derivatives</i>		1.6	1.7
<i>Current assets for hedge derivatives, not in hedge accounting</i>		1.0	-
<i>Non-current assets for hedging derivatives</i>		2.9	41.5
<i>Other non-current financial assets</i>		-	1.0
<i>Other non-current assets (non-financial item)</i>		16.3	18.8
<i>Biological asset inventory (non-financial item)</i>		15.1	7.1
	<i>of which liability</i>	<b>257.4</b>	<b>297.6</b>
<i>Current liabilities for hedging derivatives</i>		0.1	-
<i>Parent Company's derivatives</i>		25.3	61.3
<i>Current liabilities for hedge derivatives, not in hedge accounting</i>		0.2	-
<i>Liabilities for put option and earn-out payments</i>		231.8	236.3

<b>B) Financial liabilities reported at amortised cost method but for which fair value information is provided</b>		<b>3,319.3</b>	<b>2,752.1</b>
	<b>of which liability</b>	<b>3,319.3</b>	<b>2,752.1</b>
Loans due to banks		1,712.6	1,663.0
Bonds issued in 2017		149.0	147.1
Bonds issued in 2019		148.5	146.5
Bonds issued in 2020		504.4	795.5
Bonds issued in 2023		804.8	-

There were no changes in the Group's valuation processes, techniques and types of inputs used in the fair value measurements during the period regarding the fair value of a) financial and b) non-financial instruments. The valuation date for all items is 31 December 2023.

### a) Financial instruments

#### Fair value of financial instruments:

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

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

An analysis of financial instruments measured at fair value based on three different valuation levels is provided in the table below.

- level 1: valuation for the financial assets in question was calculated using a methodology based on the NAV, which was obtained from specialised external sources;
- level 2: valuation used for financial instruments measured at fair value was based on parameters such as exchange rates and interest rates, which are quoted on active markets or are observable on official yield curves;
- level 3: valuation used for financial liabilities deriving from or connected to business combinations, where a portion of the consideration was determined as a condition subordinated to the company's performance acquired, based on contractually agreed indicators.

at 31 December 2023	level 1 € million	level 2 € million	level 3 € million
<b>Assets reported at fair value</b>			
Other current assets	244.2	8.5	96.3
Current assets for hedging derivatives	-	1.6	-
Current assets for hedge derivatives, not in hedge accounting	-	1.0	-
Non-current assets for hedging derivatives	-	2.9	-
Other non-current assets	-	-	16.3
Biological asset inventory	-	-	15.1
<b>Liabilities reported at fair value</b>			
Current liabilities for hedging derivatives	-	0.1	-
Parent Company's derivatives	-	25.3	-
Current liabilities for hedge derivatives, not in hedge accounting	-	0.2	-
Liabilities for put option and earn-out payments	-	-	231.8
<b>Financial liabilities at fair value</b>			
Loans due to banks	-	1,072.3	-
Bonds issued in 2017	-	149.0	-
Bonds issued in 2019	-	148.5	-
Bonds issued in 2020	-	504.4	-
Bonds issued in 2023	-	318.7	-

at 31 December 2022	level 1 € million	level 2 € million	level 3 € million
<b>Assets reported at fair value</b>			
Other current financial asset	16.2	-	-
Current assets for hedging derivatives	-	1.7	-
Non-current assets for hedging derivatives	-	41.5	-
Other non-current financial assets	1.0	-	-
Other non-current assets	-	-	18.8
Biological asset inventory	-	-	7.1
<b>Liabilities reported at fair value</b>			
Liabilities for put option and earn-out payments	-	-	236.3
<b>Financial liabilities at fair value</b>			
Loans due to banks	-	929.4	-
Bonds issued in 2017	-	147.1	-
Bonds issued in 2019	-	146.5	-

Bonds issued in 2020

475.4

The following tables show the valuation techniques used in measuring level 2 and level 3 fair values at 31 December 2023 for financial instruments measured at fair value in the statement of financial position, and the significant unobservable inputs used.

type	valuation technique	Significant unobservable inputs	inter-relationship between significant unobservable inputs and fair value measurement
<b>Forward and option exchange contracts</b>	The fair value is determined using quoted forward exchange rates at the reporting date based on high credit quality yield curves in the respective currencies. The models incorporate various inputs, including the counterparty's credit rating, market volatility, spot and forward exchange rates and current and forward interest rates.	Not applicable.	Not applicable.
<b>Interest rate swaps</b>	The fair value of interest rate swaps agreements is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources reflecting the applicable benchmark interbank rate used by market participants when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.	Not applicable.	Not applicable.
<b>Contingent consideration and put or put/call agreements connected with business combination</b>	The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate.	<p><u>Wilderness Trail Distillery option</u> – expected contractually target business performances measured over a period of 9 years from the acquisition date; – risk-adjusted discount rate: 3.9%.</p> <p><u>Ancho Reyes and Montelobos option</u> – expected contractually target business performances measured over a period of 5 years from the acquisition date; – risk-adjusted discount rate: 3.5%.</p> <p><u>Trans Beverage Company Ltd.</u> – expected contractually target business performances measured over a period of 6 years from the acquisition date; – risk-adjusted discount rate: 3.5%.</p>	The estimated fair value would increase (decrease) if: – the expected contractually target business performances, was higher (lower); or – the risk-adjusted discount rate was lower (higher) with related impact in financial liabilities affecting the expected cash out value and Campari Group net equity.
<b>Variable payments in form of earn-out agreements</b>	The valuation model considers the present value of expected payments.	<p><u>CT Spirits Japan variable earn-out</u> – expected contractually target business performances measured over a period of 3 years from the acquisition date – risk-adjusted discount rate 3.5%.</p> <p><u>Lallier group earn-out.</u> – company performance contractually envisaged with targets based on sales performances measured over a certain period until 2023 included.</p>	The estimated fair value would increase (decrease) if: – the expected contractually target business performances, was higher (lower) with related impact in financial liabilities affecting the expected cash out value and the statement of profit or loss.
<b>Derivatives resulting from put/call agreement connected with equity investment and joint-venture</b>	The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate.	<p><u>Monkey Spirits, LLC</u> – expected contractually target business performances measured over a period of 3 years from the acquisition date; – risk-adjusted discount rate: 3.2%.</p> <p><u>Spiritus Co Ltd.</u> – expected contractually target business performances measured over a period of 3 years from the acquisition date; – risk-adjusted discount rate 3.5%.</p>	The estimated fair value would increase (decrease) if: – the expected contractually target business performances, was higher (lower); or – the risk-adjusted discount rate was lower (higher) with related impact in financial liabilities affecting the expected cash out value and Campari Group net equity.
<b>Derivative resulting from granting put option for the purchase of a business</b>	The valuation model considers the enterprise value of the business target to be acquired.	<u>Beam Holding France S.A.S.</u> The purchase price for the transaction is US\$1.32 billion (composed by a fix component of US\$1.2 billion and an additional potential earn-out of maximum US\$0.11 billion).	If the fair value of the target business were higher (lower) than the acquisition price, the estimated fair value would increase (decrease). Since the Group granted the put option to the seller close to year end (14 December 2023) and within an arm-length negotiation under prevailing market conditions not limited only to the target's business performance, the fair value variation assessment as of 31

type	valuation technique	Significant unobservable inputs	inter-relationship between significant unobservable inputs and fair value measurement
			December 2023 can be deemed negligible even when considering potential fluctuations in the target's performance during the remaining days of 2023.
<b>Embedded derivatives</b>	The option value of the Exchangeable Bond is calculated with a Bloomberg Convertible valuation model. Base inputs of the model are credit spread and volatility. Volatility is derived from Bloomberg option valuation model and credit spread from Campari's bond one.	Not applicable.	Not applicable.

There were no transfers between fair value measurement levels during the period.

The following table shows a reconciliation from the opening balance to the closing balance of the periods for level 3 fair values.

€ million	other non-current assets	liabilities for contingent considerations, put option and earn-out and derivatives over equity investments and joint-ventures
<b>level 3 fair values at 31 December 2022</b>	<b>18.8</b>	<b>236.3</b>
- change in fair value included in profit or loss	(1.7)	(1.4)
- change in fair value included in Group net equity	-	8.5
- disposal	-	(3.4)
- additions	0.1	0.5
- exchange rate effect and other movements	(0.9)	(8.8)
<b>level 3 fair values at 31 December 2023</b>	<b>16.3</b>	<b>231.8</b>

€ million	other non-current assets	liabilities for contingent considerations, put option and earn-out and derivatives over equity investments and joint-ventures
<b>level 3 fair values at 31 December 2021</b>	<b>0.8</b>	<b>50.4</b>
- change in fair value included in profit or loss	(0.2)	-
- change in fair value included in Group net equity	-	(6.6)
- additions	19.1	191.8
- exchange rate effect and other movements	(1.0)	0.6
<b>level 3 fair values at 31 December 2022</b>	<b>18.8</b>	<b>236.3</b>

For the level 3 fair value items, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have been the following effects. The baseline is the contingent consideration recorded as put option liability in the consolidated financial statements at 31 December.

at 31 December 2023 € million	profit or loss (+) increase/(-) decrease	group net equity (+) increase/(-) decrease
<b>liabilities for contingent considerations, put option and earn-out</b>		
risk adjusted discount rate +/-1% (+/-100 basis points)	0.1/-0.1	10.5/-11.3
expected contractually target business performances +/-10% (+/-1000 basis points)	-0.1/0.1	-17.8/+17.8
<b>at 31 December 2022 € million</b>	<b>profit or loss (+) increase/(-) decrease</b>	<b>group net equity (+) increase/(-) decrease</b>
<b>liabilities for contingent considerations, put option and earn-out</b>		
risk adjusted discount rate +/-1% (+/-100 basis points)	-	0.9/-0.9
expected contractually target business performances +/-10% (+/-1000 basis points)	-	-20.0/+40.0

In light of the negligible amount of other non-current assets classified as level 3 fair value items (namely related to equity interests in third party investments) and derivatives over equity investments and joint-ventures, no sensitivity was detected as any reasonably possible changes at the balance sheet date of one of the significant unobservable inputs, keeping the other variables constant, would not have generated material effects either on the statement of profit or loss or on the group net equity.

#### Financial derivatives

A summary of financial derivatives implemented by the Group at 31 December 2023, broken down by hedging strategy, is shown below.

- Derivatives used for fair value hedging

At 31 December 2023, certain Group subsidiaries have contracts for hedging payables and receivables in foreign currency in place that meet the requirements to be defined as fair value hedging instruments. These contracts were negotiated to match maturities with incoming and outgoing cash flows resulting from sales and purchases in individual currencies. At the reporting date the valuation of these contracts gave rise to the reporting of assets of €1.1 million and liabilities of €0.1 million (€1.3 million of assets and negligible amount of liabilities in 2022).

Gains and losses on the hedged and hedging instruments used in all the Group's fair value hedges, corresponding to the contracts mentioned above, are summarised below.

	for the years ended 31 December	
	2023 € million	2022 € million
Gains on hedging instruments	0.9	0.1
Losses on hedging instruments	(0.1)	-
<b>Total gains (losses) on hedging instruments</b>	<b>0.8</b>	<b>0.1</b>
Gains on hedged items	0.2	-
Losses on hedged items	(2.0)	(1.4)
<b>Total gains (losses) on hedging items</b>	<b>(1.8)</b>	<b>(1.4)</b>

- Derivatives used for cash flow hedging

The Group uses the following contracts to hedge its cash flows:

- interest rate swaps hedging the risk of interest rate fluctuations on future transactions relating to the stipulation of financial loans;
- hedging of future sales and purchases in currencies other than the € and interest rates on future transactions.

The fair value variation of the hedging instruments during the year generated a negative impact in other comprehensive income of €19.7 million and €3.9 million in profit or loss related to the reversal of cash flow reserve associated with the pre-hedge derivative (compared with positive impact of €41.8 million and €4.5 million respectively in 2022).

At the reporting date, the valuation of these contracts gave rise to the reporting of assets of €2.9 million (€41.9 million of assets in 2022).

The table below shows when the aforementioned hedged cash flows are expected to be received (paid), at 31 December 2023. These cash flows concern both interest and currency derivatives and have not been discounted. Since the company does not distinguish the outflow for positive and negative fair values of derivative contracts, the below cash outflows are presented net.

for the year ended 31 December 2023	within one year € million	1-5 years € million	total € million
Cash inflows	0.5	11.7	12.2
<b>Net cash flows</b>	<b>0.5</b>	<b>11.7</b>	<b>12.2</b>

for the year ended 31 December 2022	within one year € million	1-5 years € million	total € million
Cash inflows	15.2	30.6	45.8
<b>Net cash flows</b>	<b>15.2</b>	<b>30.6</b>	<b>45.8</b>

The overall changes in the cash flow hedge reserve and the associated deferred taxes are shown below.

	gross amount € million	tax effect € million	net amount € million
at 31 December 2022	35.9	(8.6)	27.3
profit or loss impact	(6.1)	1.5	(4.7)
net equity impact	(17.5)	4.2	(13.3)
<b>at 31 December 2023</b>	<b>12.3</b>	<b>(2.9)</b>	<b>9.3</b>

	gross amount € million	tax effect € million	net amount € million
at 31 December 2021	(10.4)	2.4	(7.9)
profit or loss impact	4.5	(1.1)	3.4
net equity impact	41.8	(10.0)	31.8
<b>at 31 December 2022</b>	<b>35.9</b>	<b>(8.6)</b>	<b>27.3</b>

- Hedging derivatives not reported using hedge accounting

These instruments are mainly related to hedges of future purchases in currencies other than the €. At 31 December 2023, financial assets for €1.0 and financial liabilities of €0.2 million were recognised (at 31 December 2022 negligible amounts were reported for both financial assets and liabilities).

#### IBOR reform

With respect to the amendments to IFRS pertaining to phase 2 of the 'Interest Rate Benchmark Reform', the Group's impact was deemed negligible as of 31 December 2023, primarily associated with the transition away from Libor in US dollars. The newly introduced rates have since been seamlessly integrated into routine treasury management practices.

#### **b) Non-financial instruments**

##### Fair value of non-financial instruments:

The table below details the hierarchy of non-financial instruments measured at fair value, based on the valuation methods used:

- level 1: the valuation methods use prices quoted on an active market for the assets and liabilities subject to valuation;
- level 2: the valuation methods take into account inputs other than the quoted market prices in level 1, but only those that are observable on the market, either directly or indirectly;
- level 3: the methods used take into account inputs that are not based on observable market data.

31 December 2023	level 1 € million	level 2 € million	level 3 € million
<b>Assets valued at fair value</b>			
Third-party investment		-	16.3
Biological assets in inventory		-	15.1

31 December 2022	level 1 € million	level 2 € million	level 3 € million
<b>Assets valued at fair value</b>			
Third-party investment	-	-	18.8
Biological assets in inventory	-	-	7.1

The following tables show the valuation techniques used in measuring level 2 and level 3 fair values at 31 December 2023 for non-financial instruments measured at fair value in the statement of financial position, and the significant unobservable inputs used.

type	valuation technique	significant unobservable inputs	inter-relationship between significant unobservable inputs and fair value measurement
<b>biological assets (inventory)</b>	The fair value of agricultural products grown on the plant is determined by considering the market value of similar commodities and the biological/vegetative cycle which is based on all costs incurred in anticipation of the future harvest (service, products and other ancillary costs).	- actual cost of cultivation and preparation of the land and the plant per hectare - estimated yields per hectare - estimated market price for similar commodities.	The estimated fair value would increase (decrease) if: - the estimated cost of cultivation and preparation of the land and plantation was higher (lower); or - the estimated yield per hectare was higher (lower).
<b>third-party investments</b>	The valuation model considers investments in companies that are strategic investments for the Group for which the election has been to recognise changes in the related fair values through profit or loss. The fair value is defined based on the performance result of the companies based on the last Financial Statements available.	- business performance.	The estimated fair value would increase (decrease) if the business performances, was higher (lower).

All the biological products (agave, sugar cane and grapes) are classified as current inventory in consideration of their annual vegetative growing process, apart from agave which is classified as inventory even during the 6-year growing period in consideration of the vegetative characteristics of the product. The amount disclosed in the consolidated accounts at 31 December 2022 for sugar cane and grapes, was used in the production process during the year 2023 and the value reported in the Group statement of the financial position at 31 December 2023 represented the new value of agricultural products that are growing on the plants.

The following table shows a reconciliation from the opening and the closing balance for level 3 fair values as of 31 December 2023 and 2022 respectively.

In 2023, the change in fair value indicated referred to the harvests of agave and sugar cane carried out during the year.

€ million	biological assets in inventory <sup>(1)</sup>
<b>at 31 December 2022</b>	<b>7.1</b>
harvest and reclassification to raw materials	(1.2)
Accretion	7.2
change in fair value included in profit or loss (cost of goods sold)	1.0
exchange rate differences	0.9
<b>at 31 December 2023</b>	<b>15.1</b>

<sup>(1)</sup> Please refer to note 5 iii- 'Inventories and biological assets'.

€ million	biological assets in inventory
<b>at 31 December 2021</b>	<b>3.7</b>
harvest and reclassification to raw materials	(0.1)
Accretion	0.8
change in fair value included in profit or loss (cost of goods sold)	2.2
exchange rate differences	0.4
<b>at 31 December 2022</b>	<b>7.1</b>

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

#### iv. Defined benefit and contribution plans

##### Accounting policy

##### Post-employment benefits

Group companies provide post-employment benefits to staff, both directly and by contributing to external funds. The procedures for providing these benefits vary depending to the legal, fiscal and economic conditions in each country in which the Group operates.

##### Defined benefit plans

The Group's obligations and the annual cost reported in the statement of profit or loss are determined by independent actuaries using the projected unit credit method.

The costs associated with an increase in the present value of the obligation, as the time for payment of the benefits draws nearer, are included under financial expenses, while the service costs are posted under the reporting line of cost of sales and selling, general and administrative expenses.

##### Defined contribution plans

Based on legal or contractual obligations, or on a voluntary basis, the Group fulfils post-employment employees obligations by paying contributions to a separate entity (publicly or privately administered pension funds), without making any actuarial calculation. At the end of the financial year, any liabilities for contributions to be paid are included in 'Other current liabilities', while the cost for the period is recognised under the reporting line of cost of sales and selling, general and administrative expenses.

##### Disclosure

Regarding the Group's Italian subsidiaries, the defined benefit plans consist of the employee indemnity liability ('TFR'), to which its employees are entitled by law. Following the reform of the supplementary pension scheme in 2007, for companies employing at least 50 people, TFR contributions accrued up to 31 December 2006 are considered to be 'defined benefit plans', while contributions accruing from 1 January 2007, which have been allocated to a fund held at the INPS (Italian social security agency) or to supplementary pension funds, are considered to be 'defined contribution plans'. The portion of the TFR considered as a defined benefit plan consists of an unfunded plan that does not, therefore, hold any dedicated assets. The other unfunded defined benefit plans relate to Campari France Distribution SAS. Campari Deutschland GmbH and Campari Schweiz A.G. have some funded defined benefit plans in place for employees and/or former employees. These plans have dedicated assets.

The liability for medical insurance in place at 31 December 2023 relates to J. Wray and Nephew Ltd. and offers access to health care provided that employees stay with the company until pensionable age and have completed a minimum period of service. The cost of these benefits is spread over the employee's service period using a calculation methodology similar to that used for defined benefit plans.

The table below summaries of the changes in the present value of defined benefit obligations, and the fair values of the assets relating to the plan in 2023 and 2022.

€ million	liabilities	assets
<b>Liabilities (assets) at 31 December 2022</b>	<b>31.9</b>	<b>(4.4)</b>
Amounts included in profit or loss:		
- current service costs	2.6	-
- past service costs	(0.9)	-
- net interest	0.9	(0.1)
<b>Total</b>	<b>2.5</b>	<b>(0.1)</b>
Amounts included in the statement of other comprehensive income:		
- gain/(losses) resulting from changes in actuarial assumptions	(0.5)	0.1
- exchange rate differences	-	(0.1)
<b>Total</b>	<b>(0.5)</b>	<b>(0.1)</b>
Other changes:		
- benefits paid	(1.2)	0.5
- contribution to the plan by other members	0.2	(0.6)
- contributions to the plan by employees	(0.3)	(0.2)
- benefits transferred	(1.4)	-
<b>Total</b>	<b>(2.6)</b>	<b>(0.3)</b>
<b>Liabilities (assets) at 31 December 2023<sup>(1)</sup></b>	<b>31.3</b>	<b>(4.9)</b>

<sup>(1)</sup> Of which €22.6 million included under Defined benefit plans (note 8 iv); of which €3.9 million included under Other non-current liabilities (note 6 v-'Non-current financial debt' of this Group consolidated financial statements).

€ million	liabilities	assets
<b>Liabilities (assets) at 31 December 2021</b>	<b>37.6</b>	<b>(4.2)</b>
Amounts included in profit or loss:		
- current service costs	0.9	-
- past service costs	0.6	-
- net interest	0.3	-
<b>Total</b>	<b>1.8</b>	<b>-</b>
Amounts included in the statement of other comprehensive income:		
- gain/(losses) resulting from changes in actuarial assumptions	(5.1)	(0.1)
- exchange rate differences	0.3	(0.1)
<b>Total</b>	<b>(4.8)</b>	<b>(0.2)</b>
Other changes:		
- benefits paid	(1.3)	0.8

- contribution to the plan by other members		0.3	(0.6)
- contributions to the plan by employees		(0.5)	(0.1)
- benefits transferred		(1.2)	-
<b>Total</b>		<b>(2.7)</b>	<b>-</b>
<b>Liabilities (assets) at 31 December 2022<sup>(1)</sup></b>		<b>31.9</b>	<b>(4.4)</b>

<sup>(1)</sup> Of which €24.1 million included under Defined benefit plans (note 8 iv); of which €3.5 million included under Other non-current liabilities (note 6 v-'Non-current financial debt' of this Group consolidated financial statements).

The table below shows the total changes in obligations for defined benefit plans financed using assets that serve the plan (funded obligations) and the liabilities relating to long-term unfunded benefits. It also includes benefits categorised as 'other liabilities' linked to medical cover provided by J. Wray and Nephew Ltd. to its current and/or former employees, and the long-term benefits of the Group's Italian companies ('TFR').

Current value of obligations € million	unfunded obligations		funded obligations		
	pension plans	other liabilities	gross value of pension plans	fair value of assets	net values
<b>Liabilities (assets) at 31 December 2022</b>	<b>23.6</b>	<b>3.5</b>	<b>4.8</b>	<b>(4.4)</b>	<b>0.4</b>
Amounts included in profit or loss:					
- current service costs	1.9	0.4	0.2	-	0.2
- past service costs	(0.9)	-	-	-	-
- net interest	0.7	-	0.1	(0.1)	-
<b>Total</b>	<b>1.8</b>	<b>0.4</b>	<b>0.3</b>	<b>(0.1)</b>	<b>0.2</b>
Amounts included in the statement of other comprehensive income:					
- gain/(losses) resulting from changes in actuarial assumptions	(1.4)	0.4	0.4	0.1	0.5
- exchange rate differences	-	(0.2)	0.2	(0.1)	0.1
<b>Total</b>	<b>(1.4)</b>	<b>0.2</b>	<b>0.6</b>	<b>(0.1)</b>	<b>0.6</b>
Other changes:					
- benefits paid	(0.4)	(0.3)	(0.5)	0.5	-
- contribution to the plan by other members	-	-	0.2	(0.6)	(0.3)
- contributions to the plan by employees	(0.4)	-	0.2	(0.2)	-
- benefits transferred	(1.4)	-	-	-	-
<b>Total</b>	<b>(2.2)</b>	<b>(0.3)</b>	<b>(0.1)</b>	<b>(0.3)</b>	<b>(0.4)</b>
<b>Liabilities (assets) at 31 December 2023<sup>(1)</sup></b>	<b>21.8</b>	<b>3.9</b>	<b>5.7</b>	<b>(4.9)</b>	<b>0.8</b>

<sup>(1)</sup> Of which €22.6 million included under Defined benefit plans (note 8 iv); of which €3.9 million included under Other non-current liabilities (note 6 v-'Non-current financial debt' of this Group consolidated financial statements).

Current value of obligations € million	unfunded obligations		funded obligations		
	pension plans	other liabilities	gross value of pension plans	fair value of assets	net values
<b>Liabilities (assets) at 31 December 2021</b>	<b>28.9</b>	<b>3.3</b>	<b>5.4</b>	<b>(4.2)</b>	<b>1.2</b>
Amounts included in profit or loss:					
- current service costs	0.4	0.2	0.2	-	0.2
- past service costs	0.6	-	-	-	-
- net interest	0.3	-	-	-	-
<b>Total</b>	<b>1.3</b>	<b>0.3</b>	<b>0.3</b>	<b>-</b>	<b>0.2</b>
Amounts included in the statement of other comprehensive income:					
- gain/(losses) resulting from changes in actuarial assumptions	(4.3)	(0.2)	(0.6)	(0.1)	(0.7)
- exchange rate differences	-	0.1	0.1	(0.1)	-
<b>Total</b>	<b>(4.3)</b>	<b>-</b>	<b>(0.5)</b>	<b>(0.2)</b>	<b>(0.7)</b>
Other changes:					
- benefits paid	(0.5)	-	(0.8)	0.8	-
- contribution to the plan by other members	-	-	0.3	(0.6)	(0.3)
- contributions to the plan by employees	(0.6)	-	0.1	(0.1)	-
- benefits transferred	(1.2)	-	-	-	-
<b>Total</b>	<b>(2.4)</b>	<b>-</b>	<b>(0.3)</b>	<b>-</b>	<b>(0.3)</b>
<b>Liabilities (assets) at 31 December 2022<sup>(1)</sup></b>	<b>23.6</b>	<b>3.5</b>	<b>4.8</b>	<b>(4.4)</b>	<b>0.4</b>

<sup>(1)</sup> Of which €24.1 million included under Defined benefit plans; of which €3.5 million included under Other non-current liabilities.

The cost of work provided is classified under personnel costs, financial liabilities on obligations are classified under financial liabilities, and the effects of the recalculation of actuarial impacts are recognised in the other items of the statement of other comprehensive income. The table below provides a breakdown of the values of assets that service the pension plans.

	at 31 December	
	2023	2022
- equity investments	-	2.2
- insurance policies	4.9	2.2
<b>Fair value of plan assets</b>	<b>4.9</b>	<b>4.4</b>

Obligations related to the plans indicated above are calculated on the basis of the following assumptions.

at 31 December	2023		2022		2023		2022	
	unfunded pension plans		funded pension plans		other plans			
Discount rate	3.75% - 4.07%	3.10% - 3.74%	1.83%-1.90%	2.25%-4.00%	13.00%	11.50%-12.00%		
Future salary increases	2.00% - 4.00%	2.00% - 3.00%	1.40%-2.40%	1.00%				

Future pension increases			1.20%-2.00%	2.00%-2.25%	7.00%	0.00%-7.00%
Growth rate of healthcare costs						
Expected return on assets			1.90%	3.94%		
Staff turnover rate	0.00% - 40.41%	0.00% - 35.29%				
Forecast inflation rate	1.65% - 3.00%	1.65% - 3.00%	1.20%	1.10%	5.50%	

The rates relating to the costs of future medical costs are not included in the assumptions used in determining the above-defined benefit obligations. Thus, any changes in these rates would not have any effect.

A quantitative sensitivity analysis of the significant assumptions used at 31 December 2023 is provided below. Specifically, it shows the effects on the final net obligation arising from a positive or negative percentage change in the key assumptions used.

	unfunded pension plans			funded pension plans			other plans		
	change in the assumptions	impact of positive change	impact of negative change	change in the assumptions	impact of positive change	impact of negative change	change in the assumptions	impact of positive change	impact of negative change
<b>2023</b>									
Discount rate	+/- 0.5%	-3.03%/-0.78%	0.80%/3.25%	+/- 0.25% +/- 0.5% +/-1.00%	-7.9%/-1.75%	1.77%/9.20%	+/- 1.0%	-6.70%/-4.80%/-3.30%	3.30%/4.80%/5.90%
Future salary increases				+/- 0.25% +/- 0.5% +/-1.00%	1.30%/3.43%	-1.20%/-3.25%			
Future pension increases									
Forecast inflation rate	+/- 0.5%								
Staff turnover rate	+/- 0.5%	-0.15%/-0.04%	0.05%/0.08%						
Growth rate of healthcare costs	+/- 0.5%								
<b>2022</b>									
Discount rate	+/- 0.25% +/- 0.5%	-3.14%/-1.06%	1.09%/3.35%	+/- 0.5%	-7.40%	8.50%	+/- 1.0%	-6.95%	8.21%
Future salary increases				+/- 0.5%	1.10%	-1.00%			
Future pension increases									
Forecast inflation rate	+/- 0.5%	0.43%/1.83%	-1.72%/-0.43%						
Staff turnover rate	+/- 0.5%	-2.28%/-0.33%	0.34%/2.89%						
Growth rate of healthcare costs							+/- 1.0%	8.21%	-6.92%

The sensitivity analysis shown above is based on a method involving extrapolation of the impact on the net obligation for defined benefit plans of reasonable changes to the key assumptions made at the end of the financial year. The methodology and the assumptions made in preparing the sensitivity analysis remain unchanged from the previous year.

Given that pension liabilities have been adjusted based on the consumer prices index, the pension plan is exposed to the various countries' inflation rates, to interest rate risks, and to changes in the future salary and pension increases. Given that the assets servicing the plans mainly relate to investments in bonds, the Group is also exposed to market risk in the related sectors. Overall, considering the contained exposure to funded pension plans leveraging on plan assets, the financial volatility of markets is not generating material disruption or criticality.

The following payments are the expected contributions made in future years to provide for the obligations of the defined benefit plans.

€ million	at 31 December 2023	unfunded pension plans	funded pension plans	other plans
Within 12 months	14.9	14.3	0.4	0.2
From 1 to 5 years	5.3	2.8	1.8	0.7
From 5 to 10 years	8.4	4.0	3.1	1.3
<b>Total</b>	<b>28.6</b>	<b>21.1</b>	<b>5.4</b>	<b>2.2</b>
<b>Average plan duration (years)</b>	<b>12</b>	<b>9</b>	<b>12</b>	<b>14</b>
€ million	at 31 December 2022	unfunded pension plans	funded pension plans	other plans
Within 12 months	16.6	16.0	0.4	0.2
From 1 to 5 years	4.6	2.2	1.8	0.6
From 5 to 10 years	9.8	5.0	3.7	1.1
<b>Total</b>	<b>30.9</b>	<b>23.2</b>	<b>5.8</b>	<b>1.9</b>
<b>Average plan duration (years)</b>	<b>7</b>	<b>9</b>	<b>9</b>	<b>5</b>

## v. Related parties

### Disclosure

Transaction 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 table below indicate the amount for the various categories of transactions with related parties.

At 31 December 2023	other financial liabilities € million	Other non-current liabilities € million
Shareholder loans	-	11.6

At 31 December 2022	other financial liabilities € million	Other non-current liabilities € million
Shareholder loans	-	21.6

## vi. Remuneration to the Parent Company's Board of Directors

### Disclosure

The Directors of Davide Campari Milano-Milano N.V. received an aggregate compensation for 2023 amounting to € 20.9 million.

The Lagfin's General Partner net remuneration paid on 2023 amounted to €0.1 million.

## vii. Employees

### Disclosure

The tables below indicate the average number of employees at the Group, broken down by business segment, category and region.

Business segment	2023	2022
Production	2,023	1,726
Sales and distribution	1,885	1,672
General	869	781
<b>Total</b>	<b>4,777</b>	<b>4,179</b>
Category	2023	2022
Managers	783	691
Office staff	2,882	2,526
Manual workers	1,112	962
<b>Total</b>	<b>4,777</b>	<b>4,179</b>
Region	2023	2022
Italy	1,147	990
Abroad	3,630	3,189
<b>Total</b>	<b>4,777</b>	<b>4,179</b>

At 31 December 2023, the average number of employees was 4,777, of which 1,147 were based in Italy and 3,630 around the world, mostly in the Americas. No Group employees are based in the Netherlands.

## 9. Subsequent events

### i. Group significant events and corporate actions

#### Placement of new ordinary shares and senior unsecured convertible bonds

On 10 January 2024, Davide Campari-Milano N.V. successfully completed two financial transactions. Firstly, the Company placed new ordinary shares totalling approximately €650 million in gross proceeds through an accelerated bookbuilding offering at €9.33 per ordinary share. Secondly, it issued senior unsecured convertible bonds due in 2029 with an aggregate principal amount of €550 million, which are convertible into new and/or existing ordinary shares of the Company. These actions were undertaken in connection with exclusive negotiations initiated with Beam Suntory, Inc. on 14 December 2023, aimed at acquiring 100% ownership of the outstanding share capital of Courvoisier S.A.S., the owner of the Courvoisier brand. For further details, please consult the 'Significant events of the year' paragraph in the management board report.

In January 2024, pursuant to the resolution approved during the Campari's Board of Directors meeting on 14 December 2023, Campari share capital was increased from Euro 1.161.600.000 to Euro 1.231.267.738. As a result, Lagfin participating interest in Campari as of 31 January 2024 was equal to 51,35% of the issued share capital (corresponding to 83,84% of the voting rights).

On 24 April 2024 Davide Campari-Milano N.V. paid dividends related to the financial year 2023 for a total consideration of €41,1 million.

In April 2024 Campari Group announced the successful completion of the acquisition of 100% of Beam Holdings France S.A.S. (renamed Courvoisier Holding France S.A.S.), which in turn owns 100% of Courvoisier S.A.S., the owner of the Courvoisier brand, in accordance with the terms of the acquisition agreement disclosed on December 14th, 2023.

During the first quarter of 2024 the Company, through a fully owned US subsidiary, purchased a real estate property located at 150, N. Michigan Avenue, Chicago, Illinois, US, worth \$60.0 million.

On April 2024 the Italian Branch of the Company entered into an agreement for a lombard loan for a total consideration of €55.0 million. Such credit line as of today has not yet been drawn.

## Independent auditor's report

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

### Report on the audit of the consolidated financial statements

#### Opinion

We have audited the consolidated financial statements of Lagfin S.C.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated 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 consolidated financial statements" section of our report. We are also independent of the Group 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 consolidated 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 consolidated management report but does not include the consolidated financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 consolidated financial statements**

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

In preparing the consolidated financial statements, the General Partner is responsible for assessing the Group'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 Group 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 consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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.



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- 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the General Partner.
- Conclude on the appropriateness of General Partner 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Ernst & Young  
Société anonyme  
Cabinet de révision agréé

A handwritten signature in black ink, consisting of a large, stylized loop followed by a horizontal line.

Bruno di Bartolomeo

Luxembourg, 2 May 2024

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**Lagfin S.C.A. Société en Commandite par Actions - Separate financial statements at 31 December 2023**

## Index-Company separate financial statements

<b>Separate primary statements .....</b>	<b>123</b>
Statement of profit or loss .....	123
Statement of comprehensive income .....	123
Statement of financial position .....	124
Statement of cash flow .....	125
Statement of changes in equity .....	125
<b>Notes to the Separate financial statements .....</b>	<b>126</b>
1. General information .....	126
2. Significant events of the year .....	126
3. Material accounting information and policies .....	127
4. Significant accounting judgments, estimates and assumptions .....	131
5. Changes in accounting standards .....	132
6. Results for the period .....	134
i. Other income .....	134
ii. Cost of services .....	134
iii. Staff expenses .....	134
iv. Other expenses .....	134
v. Share of profit of investee accounted according to equity method .....	134
vi. Financial income and expenses .....	135
vii. Taxation .....	136
7. Operating assets and liabilities .....	137
i. Tangible fixed assets .....	137
ii. Investment property .....	138
iii. Investments accounted for using the equity method .....	139
iv. Other non-current financial assets .....	140
v. Financial assets .....	140
vi. Cash and cash equivalents .....	141
vii. Tax receivable .....	141
viii. Other current assets .....	141
ix. Assets held for sale .....	141
x. Equity .....	141
xi. Current and non-current liabilities .....	142
8. Financial Risk Management .....	143
9. Fair value measurement .....	144
10. Contingencies .....	145
11. Commitments .....	145
12. Related parties .....	145
13. Subsequent events .....	146

## Separate primary statements

### Statement of profit or loss

		for the years ended 31 December	
	notes	2023	2022
		€ million	€ million
Rental income		1.2	1.3
Other income	6 i	11.9	6.5
Cost of services	6 ii	(13.6)	(11.2)
Staff expenses	6 iii	(2.5)	(2.0)
Other expenses	6 iv	(2.9)	(46.0)
Depreciation and amortization		(3.2)	(2.0)
<b>Operating result</b>		<b>(9.1)</b>	<b>(53.5)</b>
Share of profit of subsidiaries/investees	6 v	170.7	174.5
Financial income	6 vi	106.2	100.6
Financial expenses	6 vi	(143.3)	(61.1)
<b>Profit before taxation</b>		<b>124.5</b>	<b>160.6</b>
Tax expenses	6 vii	15.7	(9.6)
Deferred taxes	6 vii	29.6	(3.2)
<b>Profit for the year</b>		<b>169.8</b>	<b>147.8</b>

### Statement of comprehensive income

		for the years ended 31 December	
		2023	2022
		€ million	€ million
<b>Profit (loss) for the year</b>		<b>169.8</b>	<b>147.8</b>
Valuation Davide Campari-Milano N.V.		(30.2)	20.5
Related income tax effect		-	(0.2)
<b>Items that may be subsequently reclassified to the statement of profit or loss</b>		<b>(30.2)</b>	<b>20.3</b>
<b>Total comprehensive income</b>		<b>139.5</b>	<b>168.0</b>

## Statement of financial position

		at 31 December	
notes	2023	2022	
	€ million	€ million	
<b>Non-current assets</b>			
Tangible fixed assets	7 i	15.1	14.2
Investment properties	7 ii	30.0	127.4
Intangible assets with a finite life		2.3	3.3
Investments accounted for using the equity method	7 iii	2,220.7	2,033.9
Deferred tax assets	6 vii	12.7	4.4
Other non-current financial assets	7 iv	246.6	99.8
<b>Total non-current assets</b>		<b>2,527.2</b>	<b>2,282.9</b>
<b>Current assets</b>			
Trade receivable		0.1	0.1
Financial assets	7 v	231.0	313.8
Cash and cash equivalents	7 vi	73.6	96.8
Tax receivable	7 vii	37.9	0.7
Other current assets	7 viii	9.0	74.7
<b>Total current assets</b>		<b>351.5</b>	<b>486.1</b>
<b>Assets held for sale</b>	7 ix	-	11.6
<b>Total assets</b>		<b>2,878.8</b>	<b>2,780.6</b>
<b>Equity</b>			
Capital	7 x	3.7	3.7
Share premium and other reserves		1,172.1	1,148.4
Legal reserve		0.4	0.4
Reserve First Time Adoption		171.7	171.7
Result brought forward		168.0	-
Profit of the year		139.5	168.0
<b>Total equity</b>		<b>1,655.5</b>	<b>1,492.2</b>
<b>Non-current liabilities</b>			
Bonds		486.1	320.1
Loans due to bank		304.8	544.0
Other non-current liabilities		31.3	0.4
Provisions for risks and charges and contingent assets long-term		-	34.0
Deferred tax liabilities	6 vii	2.5	23.5
<b>Total non-current liabilities</b>	7 xi	<b>824.7</b>	<b>922.0</b>
<b>Current liabilities</b>			
Loans due to banks		335.5	189.6
Current financial liabilities		49.9	83.7
Trade payables		3.9	0.6
Tax liabilities		4.1	65.1
Provisions for risks and charges and contingent assets short-term		-	10.0
Other current liabilities		5.1	17.4
<b>Total current liabilities</b>	7 xi	<b>398.6</b>	<b>366.4</b>
<b>Total liabilities</b>		<b>2,878.8</b>	<b>2,780.6</b>

## Statement of cash flow

		at 31 December	
	Notes	2023	2022
		€ million	€ million
<b>Operating profit (loss)</b>		<b>(9.1)</b>	<b>(53.5)</b>
Depreciation and amortization		3.2	2.1
Gain (loss) on sale of fixed assets		-	(5.8)
Change in provisions	6 iv	(10.0)	44.0
Change in net operating working capital		(14.8)	92.5
Taxes		(82.0)	(23.0)
Fiscal Unit		66.3	-
Other changes		0.1	(98.6)
<b>Cash flow generated from (used in) operating activities</b>		<b>(46.3)</b>	<b>(42.3)</b>
Disposals (purchase) of tangible and intangible fixed assets	6 i; 7 ix	11.7	(5.3)
Disposal (purchase) of investment properties	7 ii	(74.8)	10.9
Loans granted to subsidiaries		(40.7)	-
Loan repaid by the subsidiaries	7 ii	80.9	-
Change in investments in subsidiaries, associates and joint-ventures	7 iii	(59.7)	(190.1)
Decrease (increase) in financial investments	7 v	82.8	(44.0)
Dividends received	7 iii	37.8	37.7
<b>Cash flow generated from (used in) investing activities</b>		<b>38.1</b>	<b>(190.7)</b>
Proceeds from issue of bonds, notes and debentures	7 xi	(6.9)	(69.3)
Proceeds from issue of bonds and embedded derivative	7 xi	536.4	-
Repayments of bonds, notes and debentures	7 xi	(423.0)	-
Proceeds (repayment) from non-current borrowings		33.0	330.1
Repayment of non-current borrowings		(47.0)	(7.5)
Net change in short-term financial payables and bank loans		(80.1)	31.6
Interests received (paid) on other financial items		(27.4)	39.5
Distribution to the shareholders as a result of the demerger		-	(100.0)
Inflows (outflows) of other financial items		-	(9.8)
<b>Cash flow generated from (used in) financing activities</b>		<b>(14.9)</b>	<b>214.6</b>
<b>Net change in cash and cash equivalents: increase (decrease)</b>		<b>(23.1)</b>	<b>(18.4)</b>
Cash and cash equivalents at the beginning of period		96.8	115.2
Cash and cash equivalents at end of period	7 vi	73.6	96.8

## Statement of changes in equity

	Capital	Reserve	Legal reserve	Reserve First Time Adoption	Result brought forward	Result for the financial year	Total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
<b>at 31 December 2021</b>	<b>3.7</b>	<b>1,020.5</b>	<b>0.4</b>	<b>171.7</b>	<b>50.4</b>	<b>172.3</b>	<b>1,419.0</b>
Allocation of previous year's result	-	134.6	-	-	37.7	(172.3)	0.0
Other	-	0.2	-	-	-	-	0.2
Split	-	(6.9)	-	-	(88.1)	-	(95.0)
Profit for the year	-	-	-	-	-	147.8	147.8
Result OCI	-	-	-	-	-	20.2	20.2
Total Profit for the period	-	-	-	-	-	168.0	168.0
<b>at 31 December 2022</b>	<b>3.7</b>	<b>1,148.4</b>	<b>0.4</b>	<b>171.7</b>	<b>0.0</b>	<b>168.0</b>	<b>1,492.2</b>
Allocation of previous year's result	-	-	-	-	168.0	(168.0)	0.0
Subsidiaries Valuation (Equity method)	-	23.7	-	-	-	-	23.7
Profit for the year	-	-	-	-	-	169.8	169.8
Result OCI	-	-	-	-	-	(30.2)	(30.2)
Total Profit for the period	-	-	-	-	-	139.5	139.5
<b>at 31 December 2023</b>	<b>3.7</b>	<b>1,172.1</b>	<b>0.4</b>	<b>171.7</b>	<b>168.0</b>	<b>139.5</b>	<b>1,655.5</b>

## Notes to the Separate financial statements

### 1. General information

Lagfin S.C.A., Société en Commandite par Actions ('Lagfin' or the 'Company') was incorporated under the law of Luxembourg on 22 June 1995. The registered office of the Company is established in 3, Rue des Bains, L-1212 Luxembourg (Grand Duchy of Luxembourg).

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

The primary object of the Company is the holding of either direct or indirect control of Davide Campari-Milano N.V. (also 'Campari').

The Company may also carry out transactions aimed at acquiring and maintaining relevant shareholdings in companies of any kind, both in Luxembourg or abroad, as well as financial commercial and real estate transactions. Its strategy is based on long-term investments in companies and financial and real estate assets with solid potential for value creation and divesting them as they are deemed to have reached their full potential value.

The Company established on 2 August 2018 a branch in Sesto San Giovanni (MI), Italy, named Lagfin-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-Italian Branch (the 'Italian Branch') and on 27 August 2018, a branch in Paradiso (Lugano), Switzerland, named Lagfin-Succursale di Paradiso (the 'Swiss Branch', each of the branches a 'Branch' and the two branches collectively the 'Branches').

Lagfin's financial year runs from 1 January to 31 December.

The separate financial statements of the Company for the year ended 31 December 2023 were approved on 2 May 2024 by the Board of Directors of Lagfin's General Partner Artemisia Management S.A., Société Anonyme, which has authorised their publication.

The Company prepares its separate and consolidated financial statements, which are then made available at its corporate seat, in accordance with International Financial Reporting Standards ('IFRS'), issued by the International Accounting Standards Board ('IASB'), as adopted by the European Union.

For ease of reference, all the figures in the notes of this separate financial statement are expressed in € million.

### 2. Significant events of the year

Significant events during the period are reported in a dedicated section in the management board report of this annual report, to which reference is made. The main operations are detailed below.

During 2023 the Company has established/acquired the following companies in order to perform mainly real estate investments for a total value of €27.8 million:

- 150 NM Chicago, LLC;
- Bizzy Izzy, LLC;
- Dirty Banana, LLC;
- SCI Feu Rouge;
- Fuzzy Navel, LLC;
- La Rosita, LLC;
- Longshoreman, LLC;
- Palingenia S.r.l.;
- SCI Sazerac;
- Teton Tanya, LLC;
- SCI Vieux Carré.

On 4 August 2023, Davide Campari-Milano N.V. communicated the conclusion of the conversion of n. 594,021,404 Special Voting Shares A held by Lagfin (592,416,000 shares) and other shareholders (1,605,404 shares) into an equal number of Special Voting Shares B, allowing five years loyal shareholders to increase voting rights from 2 to 5 votes, in accordance with the Special Voting Mechanism approved by the Davide Campari-Milano N.V. Shareholders' meeting on 27 March 2020 (the 'Special Voting Mechanism'). The Special Voting

Mechanism was introduced with the aim of encouraging a capital structure more supportive of Campari's long-term growth strategy, i.e., organic growth combined with external growth, and rewarding a shareholder base with a long-term investment horizon. With the conversion of Special Voting Shares A into Special Voting Shares B, Lagfin confirmed its long-term and unrelenting commitment to the Group's growth strategy. As a result of the conversion on that date, the percentage of the controlling shareholder's voting rights has increased to 84,04% as at 31 December 2023 (from 71,10% as at 31 December 2022).

In June 2023, the Italian Branch issued unsecured bonds due 2028 in the aggregate principal amount of €536.4 million, exchangeable for existing ordinary shares of Davide Campari-Milano N.V., and concurrently repurchased Lagfin's outstanding €330 million bonds due 2025 (€423 million including the fair value of the embedded derivative instrument), exchangeable for Campari shares.

The net proceeds of the offering were used to refinance the 2025 Bonds in connection with the Concurrent Repurchase and for general corporate purposes. Please refer to note n. 7 xi for further information.

### 3. Material accounting information and policies

These financial statements have been prepared in accordance with IFRS, as endorsed by the European Union, issued and effective as of 31 December 2023. 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 Company has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. Taking into account the undrawn credit line facilities, as described in Note note n. 7 xi, they have formed a judgment that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the date of signing the Separate financial statements.

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

The amendments to IAS 1 and IFRS Practice Statement 2 provide guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to assist entities in providing more useful disclosures of accounting policies, replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies. Moreover, it adds a guidance on how entities apply the concept of materiality when making decisions about disclosures of accounting policies. The changes had an impact on the disclosure of the Company's accounting policies. The Company carried out an analysis of the financial statements, adjusting the preparation and presentation base notes, estimates and critical judgments, as well as explanatory notes when necessary. However, there was no impact on the measurement and recognition of items in the Company's financial statements.

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.

The financial statements provide comparative information in respect of the previous period.

In addition, the Company presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

#### i. Tangible fixed assets

Tangible fixed assets are recorded at acquisition or production cost 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.

When 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.

## ii. Investment properties

Property and buildings held to generate rental income or for capital appreciation or both (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 properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

## iii. 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 is 33.33% for licenses.

Costs relating to 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.

## iv. 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.

Financial asset represented by debt securities is measured at fair value through profit and loss.

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.

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.

#### **v. 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.

#### **vi. 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.

When financial liabilities have embedded derivatives (i.e., embedded derivative of a convertible bond), the derivative component is separated and is carried at fair value through profit or loss. 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 financial liability (derivative financial instruments payable). Please refer to note 7 xi for more information regarding the exchangeable bond issued by the Company.

#### **vii. 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.

#### **viii. 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.

#### **ix. 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.

#### **x. 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.

#### **xi. Provision for risk 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. 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.

## **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.

Preparation of the financial statements and the related notes in accordance with IFRS requires management to make estimates and assumptions that have an impact on the 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.

Financial assets are tested for recoverability by applying an impairment model based on the expected credit loss ('ECL'). A financial asset is impaired when internal or external information indicates that it is unlikely that the Group will receive the full contractual amount.

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

## 5. Changes in accounting standards

### i. Summary of the new accounting standards adopted by the Company from 1 January 2023

Amendments to IAS 1-'Presentation of Financial Statements' and IFRS Practice Statement 2-Disclosure of Accounting Policies (issued on 12 February 2021). The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. These amendments were applied in the context of the disclosures of these Separate financial statements, which were adapted accordingly. The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

Amendments to IAS 8-'Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates' (issued on 12 February 2021). The amendments introduce a new definition of 'accounting estimates', clarifying the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. This amendment was applied with no material impact to be reported.

Amendments to IAS 12-'Income Taxes': Deferred Taxes Related to Assets and Liabilities Arising from a Single Transaction (issued on 7 May 2021). The amendment requires an entity to recognise deferred tax on initial recognition of particular transactions to the extent that the transaction gives rise to equal amounts of deferred tax assets and liabilities. The proposed amendments would apply to transactions such as leases and decommissioning obligations for which an entity recognises both an asset and a liability. This amendment was already applied by the Company.

Following the enactment of Luxembourg legislation adopting the Pillar Two Directive by the end of 2023, the Company became subject to Luxembourg Pillar Two legislation as of 1 January 2024. The rules will impose a minimum 15% effective tax rate, based on the OECD's Pillar Two Model Rules, applicable in each jurisdiction in which the Group operates. A top-up tax will be imposed in a jurisdiction whenever the effective tax rate, determined on a jurisdictional basis under the Pillar Two rules, is below a 15% minimum rate.

The Pillar Two rules introduce three taxing mechanisms under which the said top-up tax will be paid:

- (i) The Income Inclusion Rule (IIR),
- (ii) The Under Taxed Payments/Profits Rule (UTPR)
- (iii) The Qualified Domestic Minimum Top-up Tax (QDMTT)

Some of the subsidiaries -directly and indirectly- held by the Company are owned in more than 20% by one or several persons that are not constituent entities of the Lagfin Group. Such partially owned subsidiaries qualify as "partially-owned parent entities" (POPE) under the Pillar Two rules. POPEs will be subject to IIR based on its allocable share of the top-up tax (if any) of its low-tax constituent entities. Hence, the Company will be subject to Luxembourg QDMTT and IIR with regards to entities not owned by any of the POPEs.

The Lagfin Group has conducted an assessment of its potential exposure to income taxes (both current and deferred), based on the latest tax filings, country-by-country reporting and financial statements of the entities within the Group. According to the preliminary assessment, the Pillar Two effective tax rates in almost all jurisdictions where the Group operates exceed 15%. However, there may be a few jurisdictions where the transitional safe harbour relief does not currently apply, resulting in Pillar Two effective tax rates close to 15%. Additionally, subsequent laws and Ministerial decrees will provide detailed implementing rules regarding applicable safe harbours. Based on the available information, it is believed that there will not be significant exposure to Pillar Two income taxes in those jurisdictions. Moreover, concurrently, the Group is implementing an internal tax and accounting solution to address the tax compliance requirements associated with each country's implementation of Pillar Two legislation.

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

Amendment to IAS 1-‘Presentation to Financial Statements’ includes the following amendments with first application on 1 January 2024:

- Classification of Liabilities as Current or Noncurrent and Deferral of Effective Date (issued on 23 January 2020 and 15 July 2020 respectively). The amendment specifies the requirements to classify liabilities as current or noncurrent by clarifying i) what is meant by a right to defer the settlement; ii) that if an entity has the right to roll over an obligation for at least twelve months after the end of the reporting period, it classifies the obligation as noncurrent, 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.
- Noncurrent Liabilities with Covenants (issued on 31 October 2022). The amendments clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability’s classification as current or noncurrent; while additional disclosures are required for noncurrent liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period.

Amendment to IFRS 16-‘Leases’, Lease Liability in a Sale and Leaseback (issued on 22 September 2022). A sale and leaseback transaction involves the transfer of an asset by an entity (the seller lessee) to another entity (the buyer lessor) and the leaseback of the same asset by the seller lessee. The amendment specifies how a seller lessee measures the lease liability, which arises in a sale and leaseback transaction, to ensure that it does not recognise any amount of the gain or loss related to the right of use retained. The amendment does not change the accounting for leases unrelated to sale and leaseback transactions. The first application is scheduled for 1 January 2024.

Amendments to IAS 7-‘Statement of Cash Flows’ and IFRS 7-‘Financial Instruments: Disclosures: Supplier Finance Arrangements’ (issued on 25 May 2023), which address the disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted.

iii. Accounting standards, amendments and interpretations not yet endorsed

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

Amendments to IAS 21-‘The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability’ (issued on 15 August 2023). The amendments clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. The first application is scheduled for 1 January 2025.

On April 2024, The IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

the structure of the statement of profit or loss;  
 required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity’s financial statements (that is, management-defined performance measures); and  
 enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its ‘operating profit or loss’.

IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information.

## 6. Results for the period

This section explains the results and performance for the period ended 31 December 2023.

### i. Other income

	for the years ended 31 December	
	2023	2022
	€ million	€ million
Disposal of investment properties	11.4	5.8
Other income	0.5	-
Reversal of provisions	-	0.7
<b>Total other income</b>	<b>11.9</b>	<b>6.5</b>

The disposal of investment property refers to the sale of a building in Milan, Italy. The related tax impact was equal to €0,8 million.

### ii. Cost of services

	for the years ended 31 December	
	2023	2022
	€ million	€ million
Professional fees	10.3	7.2
Banking services	1.6	1.4
IT service	0.2	0.2
Other external charges	1.5	3.8
<b>Total raw materials and external services</b>	<b>13.6</b>	<b>11.2</b>

### iii. Staff expenses

	for the years ended 31 December	
	2023	2022
	€ million	€ million
Salaries	2.0	1.7
Social insurance contributions	0.5	0.3
<b>Total staff expenses</b>	<b>2.5</b>	<b>2.0</b>

The average number of employees was 13 in 2023 and 13 in 2022.

### iv. Other expenses

	for the years ended 31 December	
	2023	2022
	€ million	€ million
Director's fees	0.1	0.2
Non-refundable VAT	1.7	1.3
Operating provisions	0.1	0.2
Provision for risks	0.1	44.0
Other taxes	0.9	0.3
<b>Total other expenses</b>	<b>2.9</b>	<b>46.0</b>

The provision for risk account for €44 million in 2022 is related to a dispute for which the plaintiff initially claimed an amount exceeding €400 million; such dispute, that was unrelated to the Company's ordinary course of business, was settled on 30 March 2023, with an obligation for Lagfin to pay to the plaintiff a total amount of €50 million in several tranches with no interests: a first tranche of €10 million was paid in FY2023 and 10 annual consecutive tranches will be paid starting from FY2024 on installments of €4 million each.

### v. Share of profit of investee accounted according to equity method

	at 31 December	
	2023	2022
	€ million	€ million

Share of profit of investee accounted according to equity method	170.7	174.5
<b>Total Share of profit of investee accounted according to equity method</b>	<b>170.7</b>	<b>174.5</b>

The share of profit of the investee accounted for according to the equity method includes the revaluation of the participation in Davide Campari-Milano N.V. of €179.8 million due to Campari's results in 2023 and a net loss of €8.1 million related to other subsidiaries.

In the following table is reported the detail, for each subsidiary, of the share of profit (loss) accounted according to equity method:

	at 31 December	
	2023 € million	2022 € million
Davide Campari-Milano N.V.	179.9	180.6
Portfolio3, LLC	(0,9)	(0.1)
Telco Real Estate S.r.l.	0,1	0.1
10 Chapel Street Ltd.	(0,2)	(0.3)
14 Chapel Street Ltd.	(0,2)	(0.4)
Bourbon Manhattan, LLC	(0,5)	(0.2)
Bourbon Sidecar, LLC	(0,5)	1.2
Highball S.à r.l.	(0,5)	-
Boulevardier Spritz, LLC	(0,4)	0.1
Haldson Ltd.	0,3	(0.3)
Negroni Ltd.	(3,7)	0.2
Grand 75, LLC	0,3	(2.0)
Brown Derby, LLC	(1,2)	(5.0)
Gran Margarita, LLC	(0,0)	(0.2)
Tehama St, LLC	(0,0)	(0.1)
LG Partners, LLC	(0,2)	0.3
Piga S.r.l.	(0,5)	0.5
D.R. Finance S.à r.l.	1,7	-
La Rosita, LLC	0,2	-
Bizzy Izzy, LLC	(2,8)	-
Very Old Fashioned, LLC	(0,0)	-
SCI Sazerac	(0,0)	-
SCI Feu Rouge	(0,0)	-
Sci Vieux Carré	(0,0)	-
Teton Tanya, LLC	(0,0)	-
Dirty Banana, LLC	(0,2)	-
<b>Total Share of profit of investee accounted according to equity method</b>	<b>170.7</b>	<b>174.5</b>

## vi. Financial income and expenses

	for the years ended 31 December	
	2023 € million	2022 € million
Income on derivative financial instruments	34.5	72.4
Other financial income (transferable securities)	55.9	20.3
Interest income	5.8	5.7
Foreign currency exchange	7.6	1.5
Income from financial fixed assets	2.4	-
Income from other investments	-	0.7
<b>Total financial income</b>	<b>106.2</b>	<b>100.6</b>
Loss on derivative financial instruments	55.4	-
Other financial loss (transferable securities)	19.4	31.8
Bond Interest expenses	20.9	11.5
Interest expenses	29.2	6.9
Foreign currency exchange	18.4	10.9
<b>Total financial costs</b>	<b>143.3</b>	<b>61.1</b>
<b>Net financial income (costs)</b>	<b>(37.1)</b>	<b>39.5</b>

The 'Income from derivative financial instruments' is associated with the increase in the fair value of the derivative connected to the exchangeable bond issued in 2023 (€21.8 million) and the income related to other derivatives held for trading purposes (€12.5 million).

The 'Loss on derivative financial instruments' is associated with the decrease in the fair value of the derivative connected to the exchangeable bond issued in 2020 (€52.5 million) and the loss related to other derivatives held for trading purposes (€2.9 million).

Please refer to note n. 7 xi for more information regarding the closure of the 2020 bond and the emission of the new 2023 bond.

The 'Other financial income' pertains to financial investments in securities and other financial assets valued at Fair Value through profit and loss.

The 'Interest expenses' refers to the bond and to the bank loans expenses.

The 'Other financial loss' pertains to financial investments in securities and other financial assets.

## vii. Taxation

Taxes are calculated based on the applicable regulations at the rates in force in the countries in which the Company is resident or has branches: 24.94% for Luxembourg Corporate income tax (country of residence), 24% for Italian Corporate income tax (Italian Branch) and 21.22% for Swiss Corporate income tax (Swiss Branch). A breakdown of the current and deferred taxes included in the Company's statement of profit or loss and statement of other comprehensive income is as follows.

	for the years ending 31 December	
	2023	2022
profit or loss and other comprehensive income	€ million	€ million
- current taxes for the year and previous years	15.7	(9.6)
- deferred tax expenses of the year	26.9	(3.2)
<b>Taxes recorded in the statement of profit or loss</b>	<b>45.3</b>	<b>(12.8)</b>

	at 31 December	
	2023	2022
financial position	€ million	€ million
Deferred tax assets	12.7	4.4
Deferred tax liabilities	(2.5)	(23.5)
<b>Net deferred tax</b>	<b>10.2</b>	<b>(19.1)</b>

Taxation in 2023 amounted to a positive effect of €15.7 million deriving mainly from the consolidation income connected to the group tax consolidation scheme in place among the Group's companies. Please refer to note. 12 for further insights.

### 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.

	for the years ending 31 December	
	2022	2022
	€ million	€ million
<b>Profit before tax</b>	<b>117.3</b>	<b>160.6</b>
Applicable tax rate	24.94%	24.94%
<b>Theoretical taxes at a current tax rate</b>	<b>29.2</b>	<b>40.1</b>
Share of profit of subsidiaries/investees	(40.8)	(43.5)
Italian Fiscal Unit	(17.7)	8.7
Swiss Branch statutory tax rate (21,22%)	(0.3)	0.7
Italian Branch statutory tax rate (24%)	0.3	(0.4)
Other differences	(16.0)	7.2
<b>Actual tax liability in the statement of profit or loss</b>	<b>(45.3)</b>	<b>12.8</b>
<b>Actual tax rate</b>	<b>-38.56%</b>	<b>7.90%</b>

Profit before taxation represents the basis on which tax is calculated, in accordance with current tax regulations, The reported tax rate in the 2023 period was -38.56%, compared to a reported tax rate of 7.90% in 2022.

### 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  
at 31 December

statement of profit or loss  
for the years ending 31 December

	2023 € million	2022 € million	2023 € million	2022 € million
Fixed assets	-	0.5	-	-
Securities Fair Value	-	-	2.8	-
Loss carried forward	6.0	3.8	2.1	2
Investment properties	6.4	-	6.0	-
Other	0.3	-	0.3	-
<b>Deferred tax assets</b>	<b>12.7</b>	<b>4.4</b>	<b>11.2</b>	<b>2</b>
Fixed assets	-	0.2	-	(0.2)
Leasing IFRS 16	0.2	-	-	-
Participation in subsidiary/investees	-	18.5	18.3	(1.7)
Securities Fair Value	1.6	4.3	-	(3.3)
Other	0.7	0.5	-	-
<b>Deferred tax liabilities</b>	<b>2.5</b>	<b>23.5</b>	<b>18.4</b>	<b>(5.2)</b>
<b>Total</b>	<b>10.2</b>	<b>-19.1</b>	<b>29.6</b>	<b>(3.2)</b>

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 deferred tax assets and deferred tax liabilities are not offsettable because they are related to different tax jurisdictions.

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	
	2023 € million	2022 € million
Taxes receivables	37.9	0.7
Taxes payable	(4.1)	(65.1)
<b>Total net income tax receivables (payables)</b>	<b>33.7</b>	<b>(64.4)</b>

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.

## 7. Operating assets and liabilities

This section describes the assets and liabilities used to generate the Company performance.

### i. Tangible fixed assets

	at 31 December	
	2023 € million	2022 € million
Offices	12.4	13.1
Other equipment	2.7	1.1
<b>Total fixed assets</b>	<b>15.1</b>	<b>14.2</b>

The movements for the financial year 2023 are the following.

	Offices € million	Other equipment € million	total € million
<b>Costs</b>			
at 31 December 2021	5.6	3.1	8.7
Additions	11.1	0.3	11.4
at 31 December 2022	16.7	3.4	20.1
Additions	-	2.0	2.0
at 31 December 2023	16.7	5.4	22.1

	Offices € million	Other equipment € million	total € million
<b>Amortisation and impairment</b>			
at 31 December 2021	(1.5)	(2.1)	(3.6)
Additions	(2.1)	(0.2)	(2.3)
at 31 December 2022	(3.6)	(2.3)	(5.9)

Additions	(0.8)	(0.4)	(1.2)
<b>at 31 December 2023</b>	<b>(4.3)</b>	<b>(2.7)</b>	<b>(7.0)</b>
<b>Net book value 2023</b>	<b>12.4</b>	<b>2.7</b>	<b>15.1</b>

Offices are related to Lagfin's offices in Milan and Paradiso.

## ii. Investment property

	at 31 December	
	2023	2022
	€ million	€ million
<b>Total investment properties</b>	<b>30.0</b>	<b>127.4</b>

The movements for the financial year 2023 are the following.

	Investment properties € million
<b>Cost</b>	
<b>at 31 December 2021</b>	<b>157.9</b>
Reclassification to held for sale	(15.7)
Disposals	(12.3)
<b>at 31 December 2022</b>	<b>129.8</b>
Additions	76.7
Advances transferred to subsidiaries	(172.1)
Disposals	(0.1)
<b>at 31 December 2023</b>	<b>34.3</b>

	Investment properties € million
<b>Amortisation and impairment</b>	
<b>at 31 December 2021</b>	<b>(8.0)</b>
Additions	(1.9)
Reclassification to held for sale	2.1
Disposals	5.4
<b>at 31 December 2022</b>	<b>(2.5)</b>
Additions	(1.8)
Disposals	0.1
<b>at 31 December 2023</b>	<b>(4.2)</b>
<b>Net book value 2023</b>	<b>30.0</b>

Properties for investment totalling €30.0 million are real estate assets directly owned by the Company situated in France, Italy, the Principality of Monaco and the UK (€17.0 million have been leased and €13.0 million are being prepared for leasing). The net value has been verified through valuations conducted by independent appraisers possessing recognized and pertinent professional qualifications, along with recent experience in valuing properties within the respective locations and categories of the investment properties being assessed.

The 'Advances transferred to subsidiaries' refer to funds that have been advanced for the purpose of developing or renovating investment properties. These funds have been transferred to newly established special purpose vehicles, which will be responsible for the ongoing real estate development activities. As a result of this operations, Lagfin recognized two financial loans which have been partially paid during the year for €80.9 million by SC Sazerac and SCI Vieux Carré.

The total value of the investment properties amount to €30.0 million and is confirmed by valuations of independent valuers who hold a recognized and relevant professional qualifications and have recent experience in the location and category of the investment properties being valued. The valuation of the real estate properties (level 3 fair value) has been performed considering the active audience of potential buyers, the current competition from similar properties and recent comparable sale evidence.

Investment properties are accounted for according to the cost model and are depreciated using the rate for buildings that is used for the relevant fixed asset category. The total depreciation in 2023 amounted to € 1,8 million.

During 2023, the investment property rentals amounted to €1,2 million, mainly related to buildings located in Italy (€0.8 million) and London (€0.2 million).

### iii. Investments accounted for using the equity method

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

€ million	at 31 December 2022	increases	decreases	at 31 December 2023
Portfolio3, LLC	6.0	9.8		15.8
Telco Real Estate S.r.l.	1.6			1.6
10 Chapel Street Ltd.	3.0		0.2	2.8
14 Chapel Street Ltd.	2.8		0.3	2.5
Bourboun Sidecar, LLC	5.4		0.3	5.1
Bourbon Manhattan, LLC	1.8		0.2	1.6
Boulevardier Spritz, LLC	4.6		0.4	4.2
Highball S.à r.l.	0.4		0.4	-
Halsdon Ltd.	5.3	0.1		5.4
Negroni Ltd.	3.9		3.9	-
Davide Campari-Milano N.V.	1.869.0	158.7		2.027.7
LG Partners, LLC	1.8		0.2	1.6
Piga S.r.l.	1.0		0.5	0.5
Grand 75, LLC	6.1		0.2	5.9
Brown Derby, LLC	14.2		2.2	12.0
Gran Margarita, LLC	3.8		0.3	3.5
Tehama Street, LLC	0.8			0.8
D.R. Finance S.à r.l.	102.0	1.7		103.7
La Rosita, LLC		4.2		4.2
Bizzy Izzy, LLC		10.3		10.3
Very Old Fashioned, LLC		0.2		0.2
Teton Tanya, LLC		5.1		5.1
Dirty Banana, LLC		5.1		5.1
Fuzzy Navel, LLC		0.0		0.0
Longshoreman, LLC		0.0		0.0
150 NM Chicago, LLC		0.0		0.0
Sci Sazerac				-
Sci Feu Rouge				-
Sci Vieux Carre				-
Opera Participations 2 S.C.A.	-	0.4		0.4
Il Portico S.p.A.	-	0.4		0.4
Palingenia S.r.l.		0.3		0.3
<b>Investments in subsidiaries</b>	<b>2.033.9</b>	<b>195.5</b>	<b>9.1</b>	<b>2.220.7</b>

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	Equity value € million	Profit (loss) of the year € million	Investment percentage	Carrying amount € million
Portfolio3, LLC	New York (USA)	USD	15.8	0.0	100%	15.8
Telco Real Estate S.r.l.	Milan (ITALY)	EUR	1.6	0.0	100%	1.6
10 Chapel Street Ltd.	London (UK)	GBP	2.8	0.0	100%	2.8
14 Chapel Street Ltd.	London (UK)	GBP	2.5	0.0	100%	2.5
Bourboun Sidecar, LLC	New York (USA)	USD	5.1	0.0	100%	5.1
Bourbon Manhattan, LLC	New York (USA)	USD	1.6	0.0	100%	1.6
Boulevardier Spritz, LLC	New York (USA)	USD	4.2	0.0	100%	4.2
Highball S.à r.l.	Luxembourg	GBP	(1.6)	(0.9)	100%	-
Halsdon Ltd.	London (UK)	GBP	5.4	0.0	100%	5.4
Negroni Ltd.	London (UK)	GBP	(0.4)	(1.2)	100%	-
Davide Campari-Milano N.V.	The Netherlands	EUR	2.926.8	330.6	54.4%	2.027.7
LG Partners, LLC	California (USA)	USD	1.6	0.0	100%	1.6
Piga S.r.l.	Milan (ITALY)	EUR	1.0	0.0	50%	0.5
Grand 75, LLC	New York (USA)	USD	5.9	0.0	100%	5.9
Brown Derby, LLC	New York (USA)	USD	12.0	(1.8)	100%	12.0
Gran Margarita, LLC	New York (USA)	USD	3.5	(0.2)	100%	3.5
Tehama Street, LLC	New York (USA)	USD	0.8	0.0	100%	0.8
D.R. Finance S.à r.l.	Luxembourg	EUR	203.4	3.4	51%	103.7
La Rosita, LLC	New York (USA)	USD	4.2	0.2	100%	4.2
Bizzy Izzy, LLC	New York (USA)	USD	10.3	(3.0)	100%	10.3
Very Old Fashioned, LLC	New York (USA)	USD	0.2	0.0	100%	0.2
Teton Tanya, LLC	Miami	USD	5.1	0.0	100%	5.1
Dirty Banana, LLC	Miami	USD	5.1	(0.1)	100%	5.1
Fuzzy Navel, LLC	New York (USA)	USD	0.0	0.0	100%	0.0
Longshoreman, LLC	New York (USA)	USD	0.0	0.0	100%	0.0
150 NM Chicago, LLC	Chicago (USA)	USD	0.0	0.0	100%	0.0
SCI Sazerac	Principality of Monaco	EUR	(2.1)	(2.1)	99%	-
SCI Feu Rouge	Principality of Monaco	EUR	(0.6)	0.0	99%	-
SCI Vieux Carre	Parigi	EUR	(2.5)	(2.5)	99%	-
Opera Participations 2 S.C.A.	Luxembourg	EUR	(0.1)	(0.1)	1.3%	0.4

Il Portico S.p.A.	Bologna (ITALY)	EUR	0.4	(0.5)	9.88%	0.4
Palingenia S.r.l.	Venezia	EUR	0.3	0.0	83.20%	0.3

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 and dividends distributed (€37.8 million). Other variations of the net equity of Davide Campari-Milano N.V. are recognised in 'Other comprehensive income'.

The goodwill paid for the investments in subsidiaries is related to and included in the Davide Campari-Milano N.V participation values. As of 31 December 2023 the goodwill amounts to €435.8 million.

In 2023, the Italian Branch acquired 2.002.560 shares in Davide Campari-Milano N.V. for an amount of €27,3 million, bringing the percentage of its equity interest from 54,25% as of January 1, 2023 to 54,4% as of December 31, 2023.

During 2023 the Company has made investments in other subsidiaries for for an amount of €32.4 million.

#### iv. Other non-current financial assets

A breakdown of other noncurrent assets is reflected in the table below.

	at 31 December	
	2023 € million	2022 € million
Receivables affiliated undertakings	245.3	97.4
Other receivables	1.3	2.4
<b>Total other non-current assets</b>	<b>246.6</b>	<b>99.8</b>

Receivables affiliated undertakings mainly includes promissory notes and loans granted to affiliated undertakings. The increase from 2022 is linked to the financing of Lagfin Group's real estate investments and development strategy, which involves the utilization of special purpose vehicles for such investments.

The receivables from the affiliated undertakings is valued according the Amortized Cost model (the nominal value coincides with the value determined according to the amortized cost since the applied interest rates are market-based and no ancillary charges to the credit lines were charged to the subsidiaries).

In the following table, the maturity date of each receivable granted to affiliated undertakings is reported:

	at 31 December		Maturity date
	2023 € million		
Promissory note Bourbon Sidecar, LLC	17,5		13/01/2026
Loan Negroni Ltd.	16,9		30/11/2027
Loan 10 Chapel Street Ltd.	0,4		08/06/2028
Loan 14 Chapel Street Ltd.	0,6		08/06/2028
Loan Highball S.à.r.l.	7,5		on demand
Promissory note Boulevardies Spritz, LLC	6,8		10/01/2025
Promissory note Brown Derby, LLC	28,2		29/06/2025
Promissory note Bizzy Izzy, LLC	20,4		20/04/2026
Promissory note Tehama St, LLC	1,3		08/07/2025
Promissory note Grand Margarita, LLC	5,5		08/07/2025
Promissory note Grand 75, LLC	11,7		22/07/2025
Promissory note La Rosita, LLC	6,1		29/03/2026
Promissory note Very Old fashioned, LLC	5,5		07/12/2026
Promissory note Teton Tanya, LLC	7,9		12/09/2026
Promissory note Dirty Banana, LLC	10,6		14/09/2026
Loan SCI Feu Rouge	0,8		undetermined
Loan SCI Sazerac	52,4		undetermined
Loan SCI Vieux Carré	45,2		undetermined
<b>Total other non-current assets</b>	<b>245.3</b>		

#### v. Financial assets

	at 31 December	
	2023 € million	2022 € million
Current financial assets	231.0	313.8
<b>Total financial assets</b>	<b>231.0</b>	<b>313.8</b>

Financial assets mainly include investments valued at fair value through profit and loss in Bonds and their accrued interests €129.1 million, Equity Current Asset €59.8 million, Funds €6.6 million, Private Equity Current Asset €25.3 million and time deposits for €10.2 million.

The reduction in financial assets is attributable to the investment strategy of the Company, which, during 2023, resulted in a decrease in financial investments and an increase in real estate investments.

## vi. Cash and cash equivalents

A breakdown of cash and cash equivalents is reflected in the table below.

	at 31 December	
	2023 € million	2022 € million
Cash equivalents	31.2	39.1
Cash at bank	42.4	57.6
<b>Total Cash and cash equivalents</b>	<b>73.6</b>	<b>96.8</b>

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

In October 2023, the Italian Branch entered into a credit facility agreement with a team of five leading investment banks for a total amount of €451 million. As at 31 December 2023 no drawings had been made.

Please refer to note n. 7 xi for further details on the amount of undrawn borrowing facilities that may be available in the future for the operating activities.

## vii. Tax receivable

A breakdown of tax receivable is reflected in the table below.

	at 31 December	
	2023 € million	2022 € million
Tax credit consolidation	36.8	-
Income taxes (IRES-IRAP)	1.0	0.7
Other	0.1	-
<b>Total Tax receivable</b>	<b>37.9</b>	<b>0.7</b>

The tax credit consolidation is related to tax credits toward the Italian tax authority.

## viii. Other current assets

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

	at 31 December	
	2023 € million	2022 € million
Tax receivables from Group companies	3.2	72.2
Deferred charges	1.8	-
Other receivables	4.0	2.5
<b>Other current assets</b>	<b>9.0</b>	<b>74.7</b>

The item 'Tax receivables from Group companies' is associated with receivables of Group VAT. In the financial year 2022, the item also comprised receivables from Tax consolidation, which in the current year have become a debt.

## ix. Assets held for sale

Assets held for sale in 2022 (€11.6 million) were referred to a Real Estate property located in Milan sold during 2023. In 2023 there are no assets held for sale.

## x. 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.

There are no rights, preferences and restrictions attaching to the shares including restrictions on the distribution of dividends and the repayment of capital.

	Number of shares	€ million
<b>As of 31 December 2021</b>		
Ordinary shares of €80.00	46,465	3,717,200
<b>As 31 December 2022</b>		
Ordinary shares of €80.00	46,465	3,717,200
<b>As of 31 December 2023</b>		
Ordinary shares of €80.00	46,465	3,717,200

## xi. Current and non-current liabilities

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

	at 31 December	
	2023 € million	2022 € million
Bonds	486.1	320.1
Non-current financial liabilities	304.8	544.0
Other non-current liabilities	31.3	0.4
Provision for risks and changes and contingent assets	-	34.0
Deferred taxes	2.5	23.5
<b>Total non-current liabilities</b>	<b>824.7</b>	<b>922.0</b>

	at 31 December	
	2023 € million	2022 € million
Current financial liabilities	385.4	273.3
Trade payables	3.9	0.6
Tax liabilities	4.1	65.1
Provision for risks and changes and contingent assets	-	10.0
Other liabilities	5.1	17.4
<b>Total current liabilities</b>	<b>398.6</b>	<b>366.4</b>

As of 31 December 2023, a breakdown of the financial liabilities is reflected in the table below.

	at 31 December 2023		
	Short-term	Medium-term	Valuation model
Derivative fair value	25.3		Fair value through P&L
Shareholder loan	11.6		Amortized cost
Interest on bonds	1.3		Amortized cost
Tax consolidation	11.0		Amortized cost
Other foreign taxes	0.8		Amortized cost
Loans due to banks	335.5	304.8	Amortized cost
<b>Total Financial debt</b>	<b>385.4</b>	<b>304.8</b>	

In June 2023, the Italian Branch issued unsecured bonds due 2028 in the aggregate principal amount of €536.4 million, exchangeable for existing ordinary shares of Davide Campari-Milano N.V., and concurrently repurchased the Italian Branch's outstanding €330 million bond due 2025, exchangeable for Campari shares.

The net proceeds of the offering were used to refinance the 2025 Bond in connection with the concurrent repurchase and for general corporate purposes.

The 2028 bonds will bear interest at a fixed rate of 3.50% per annum, payable semi-annually in arrears and is valued with the amortized cost method. The accessory charges paid in connection with the issuance of the 2028 Bond were equal to €10.2 million.

Both the repurchased and the newly issued bonds have 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 nonhedging 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).

Based on the above, the following amounts were recorded under 'Derivative financial instruments payable' with reference to the repurchased bond:

- €19.6 million at the issue date of the bond loan;
- € 40.4 million as of 31 December 2020;
- €117.2 million as of 31 December 2021;
- € 61.3 million as of 31 December 2022;
- € 113.86 million as of the repurchase date (June 2023).

The following amounts are recorded under 'Derivative financial instruments payable' with reference to the newly issued bond:

- €45.6 million at the issue date of the bond (June 2023);
- €23.7 million as of 31 December 2023.

With reference to the covenants attached to the bond, the Net Financial Indebtedness of the Issuer and its Subsidiaries must not exceed 30 percent of the Asset Value. No covenant breach was recorded in 2023, and no covenant breaches are foreseeable in the future.

A breakdown of loans due to banks is shown in the table below.

This item includes loans entered with leading banks as follows:

maturity	original value € million	residual nominal value		Amount available	Parameter	Spread	nominal rate at 31 December 2023
		non-current € million	current € million				
2024	540.7	-	332.3	208.4	Euribor 1/3/6 m, Euro Short Term Rate, FedRate, SONIA, SOFR, Cost of funding banca	from 0,35% to 1,45%	from 4,30% to 6,40%
2025	100.00	100.0	-	-	Euribor 3 m	0.60%	4.51%
2026	651.0	199.3	-	451.8	Euribor 3/6 m	from 0,5% to 1,55%	from 4,41% to 5,46%
2030	5.5	5.5	-	-	SONIA	1.15%	6.33%
	<b>1,297.27</b>	<b>304.8</b>	<b>332.3</b>	<b>660.2</b>			

During 2023, Lagfin agreed to a credit line of €451.8 million, which has not yet been utilized. For this agreement, Lagfin paid a total of ancillary costs amounting to €0.9 million.

The difference between the current entry (€ 332.3 million) and in the total short term debt (€ 335.5 million) refers to accrued interests.

## 8. 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.

### 8.1- Liquidity risk

Liquidity risk is the risk that the Company may 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. In the following table is reported the maturity profile of the financial liabilities:

at 31 December 2023	on demand € million	within 1 year € million	due in 1 to 2 years € million	due in 3 to 5 years € million	due after 5 years € million	total € million
Bonds	-	1.8	-	485.0	-	486.8
Loans due to banks	-	332.9	299.3	-	5.5	637.7
Other liabilities	-	3.3	6.8	7.1	11.4	28.6
<b>Total liabilities</b>	<b>-</b>	<b>1,540.3</b>	<b>306.0</b>	<b>492.1</b>	<b>16.9</b>	<b>1,153.1</b>

### 8.2 - Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group's policy is to maintain borrowings at fixed rates of interest of not more than 50%, excluding borrowings that relate to discontinued operations. To manage this, the Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

### 8.3- Foreign currency risk

Foreign currency risk is the risk that the fair value or cash flows of financial instruments may 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.

### 8.4- Capital risk

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.

### 8.4- Credit risk

Credit risk is the risk that a counterparty may 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.

### 8.5- Climate related risk

Up to now the Company has not been significantly impacted by climate change. Nevertheless, Management will continue monitoring every year the potential risks resulting from the effects of climate change. So far Management has not identified nor considered any material impacts of climate change on assumptions used (e.g. impairment test etc.) and on the Company's financial reporting (e.g. provisions, fixed assets etc.).

## 9. Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy described as follows based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1-Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2-Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3-Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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;
- the fair value of noncurrent financial payables was obtained by discounting all future cash flows to present value under the conditions in effect at the end of the year.

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 €
<b>As of 31 December 2022</b>			
<b>Assets and liabilities valued at fair value</b>			
Financial assets	313.8		
Derivatives		61.3	
<b>As of 31 December 2023</b>			
<b>Assets and liabilities valued at fair value</b>			
Financial assets	196.2.0	8.5	26.3
Derivatives		25.3	

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.

## 10. Contingencies

The Company did not have any contingent liabilities as of 31 December 2023.

## 11. Commitments

The total uncalled capital commitments on investments in private equity holdings amounts to €23.5 million (2022: €34.5 million).

The Company signed guarantees for a total consideration of €2.7 million as of 31 December 2023, issued by an Italian bank in favor of the Financial Administration (Agenzia delle Entrate) against surplus VAT credits offset under the group VAT scheme. The deadline is July 2025 for €2.5 million and June 2026 for €0.2 million.

## 12. 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 intragroup activities, paid for at market prices, are carried out on the basis of contractual relationships, which in particular relate to:

- the management of investments;
- the settlement of financial flows through the centralised intragroup cash and financial management system;
- the sharing of general, administrative and legal services;
- information technology support;
- commercial agreements.

Intragroup transactions are carried out through the centralised cash management system, with interest charged at market rates.

As indicated in note 7 iv 'Other non-current assets', Lagfin granted loans and promissory notes to its subsidiaries for a total amount of €248.2 million.

As indicated in note 7 xi, 'Current and non-current liabilities' includes €11.6 million as shareholder loan (€21.6 million as of December 31, 2022).

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 agreement has been automatically renewed for the period running from 2024 to 2026.

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.

The Swiss branch has leased part of the property owned in Lugano to the subsidiary Campari Schweiz A.G.. In 2023 the lease income for Lagfin was equal to €0.1 million.

No other transactions have taken place with controlling entities, nor with their directly and/or indirectly owned subsidiaries, other than with Group companies.

The General Partner net remuneration paid in 2023 amounted to €0.1 million.

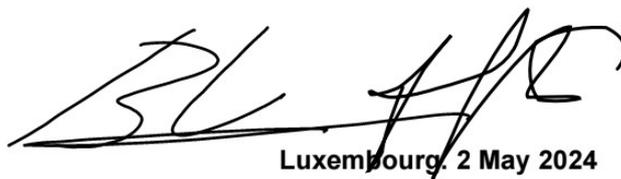
### 13. Subsequent events

In January 2024, pursuant to the resolution approved during the Campari's Board of Directors meeting on 14 December 2023, Campari share capital was increased from Euro 1.161.600.000 to Euro 1.231.267.738. As a result, Lagfin participating interest in Campari as of 31 January 2024 was equal to 51,35% of the issued share capital (corresponding to 83,84% of the voting rights).

During the first quarter of 2024 the Company, through a fully owned US subsidiary, purchased a real estate property located at 150, N. Michigan Avenue, Chicago, Illinois, US, worth \$60.0 million.

In April 2024 Davide Campari Milano N.V. paid dividends related to the financial year 2023 for a total consideration of €41.1 million.

In April 2024 the Italian Branch of the Company entered into an agreement for a lombard loan for a total consideration of €55.0 million. Such credit line as of today has not yet been drawn.



Luxembourg, 2 May 2024

Chairman of the Board of Directors

Vania Baravini

Massimiliano Seliziato

## Independent auditor's report

To the General Partner 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, which comprise the statement of financial position as at 31 December 2023, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flow for the year then ended, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, 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.

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 International Financial Reporting Standards “IFRS” as adopted by the European Union and for such internal control as the General Partner determines is necessary to enable the preparation and presentation 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.

### **Responsibility 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.

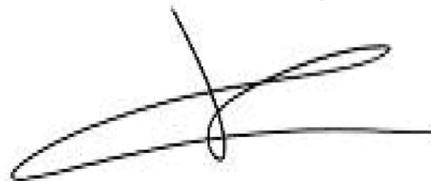
- Conclude on the appropriateness of General Partner's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the General Partner's ability to continue as a going 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, 2 May 2024

**Lagfin S.C.A.**  
**Société en commandite par actions**

Registered office: 3, Rue des Bains, L-1212 Luxembourg  
R.C.S. Luxembourg: B 51599  
Share capital: € 3,717,200.00