CAMPARI GROUP

ANNUAL REPORT

FOR THE YEAR ENDED

31 DECEMBER

2022

TOASTING LIFE TOGETHER

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INDEX

Disclaimer
This document is only a 'pdf printed version' and is not the original annual financial report included in the 'ESEF compliant single report package' with the audited financial statements pursuant to article 361 of Book 2 of the Dutch Civil Code.
The latter, which includes the audited financial statements and the auditor's report thereto is include d in the 'ESEF compliant single report package' which can be found on the Company's website www.camparigroup.com/en/page/investors/financial-reports under 'annual report at 31 December 2022', 'ESEF compliant single report package'.
In case of any discrepancies between this 'pdf printed version' and the 'ESEF compliant single report package', the single report package prevails.

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

ABOUT THIS REPORT

NOTE ON PRESENTATION

The annual report for the year ended 31 December 2022 was prepared in accordance with the International Financial Reporting Standards, issued by the International Accounting Standards Board ('IASB'), as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code. The designation IFRS also includes International Accounting Standards ('IAS') as well as all the interpretations of the International Financial Reporting Standards Interpretation Committee ('IFRS IC'), formerly the Standard Interpretations Committee ('SIC').

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

FORWARD-LOOKING STATEMENTS

Campari Group's annual report contains forward-looking statements that reflect management's current view of the Group's future development. All statements other than statements of historical fact set forth in this annual report regarding Campari Group business strategy, such as future operations and businesses, management's plans and objectives, are forward-looking statements. In some cases, words such as 'may', 'will', 'expect', 'could', 'should', 'intend', 'estimate', 'anticipate', 'believe', 'outlook', 'continue', 'remain', 'on track', 'design', 'target', 'objective', 'goal', 'plan' and similar expressions are used to identify forward-looking statements that contain risks and uncertainties that are beyond the control of the Group and call for significant judgement. Should the underlying assumptions turn out to be incorrect or if the risks or opportunities described materialise, the actual results and developments may materially deviate (negatively or positively) from those expressed by such statements. The outlook is based on estimates that Campari Group has made on the basis of all the information available at the time of completion of this annual report. The effects arising from the pandemic as well as the consequences from the Russian invasion of Ukraine that occurred in February 2022 and the expected intensification of the inflationary pressure, especially on input costs, may be materially different from management's expectations.

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

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

INFORMATION ON THE FIGURES PRESENTED

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

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

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

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

EUROPEAN SINGLE ELECTRONIC FORMAT REQUIREMENTS

The Transparency Directive[1] requires all natural and legal person with securities listed on a European stock exchange to prepare their annual financial reports in compliance with the European Single Electronic Format, or ESEF. The entire annual financial report, i.e. including ad minima the audited financial statements and the management board report, shall be prepared in xHTML format. Specifically, issuers preparing IFRS consolidated financial statements shall mark up those using Inline XBRL and prepare a single report ESEF compliant package. Campari Group managed ESEF by leveraging on a dedicated IT software, allowing to comply with the new regulation. In accordance with ESEF Regulation, Campari Group implemented the 2021 ESEF XBRL Taxonomy file as reference taxonomy for the 2022 annual accounts. This annual report is therefore ESEF compliant.

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

CAMPARI GROUP'S IDENTITY AND BUSINESS OVERVIEW

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CAMPARI GROUP AT A GLANCE

Campari Group, a leading company in the global branded spirits industry, was founded in Milan in 1860, when Gaspare Campari created the world-famous red aperitif. With a portfolio of more than 50 premium and super premium brands and with leadership positions in Europe and the Americas, Campari Group is today the sixth-largest player in the global premium spirits industry. Its brands are distributed in 190 markets also through 23 in-market companies-that account for approximately 93% of Group revenues-and are manufactured in 23 production facilities around the world. With legal domicile in the Netherlands, Campari Group is headquartered in Sesto San Giovanni (Milan), Italy, and employs approximately 4,300 people around the world.

FULL YEAR 2022-KEY HIGHLIGHTS

In 2022 the Group remained focused on sustainable long-term growth and brand building in a context of further development of digital capabilities across the organization via accelerating programmes in digital transformation and production capacity expansion combined with the commitment to reach the goals set on the sustainability agenda, supported by mergers and acquisitions which continued to be a corporate priority with numerous deals closed during the year.
For the year ended 31 December 2022 Campari Group achieved a strong organic top-line growth thanks to very healthy brand momentum, notwithstanding the very challenging macro environment, combined with numerous logistical and supply chain headwinds, driven by effective pricing taken across all brand-market combinations and continuous engagement across all channels (on-premise, off-premise, e-commerce) for core brand building and occasion ownership.
In terms of profitability, strong organic EBIT growth was primarily driven by price increases which partially mitigated the profit margin dilution which reflected expected cost of sales inflation and sustained brand building investments.
The Board of Directors proposed a full year dividend of €0.06 per share.

FINANCIAL PERFORMANCES

	for the years ended 31 December					
	2022	2021	change		overall organic change vs. full year 2019[2]	organic CAGR full year 2022-2019[2]
	€ million	€ million	% total	% organic		
Net sales[1]	**2,697.6**	**2,172.7**	**24.2%**	**16.4%**	**39.9%**	**11.8%**
EBITDA	602.0	480.6	25.3%			
EBITDA-adjusted	**660.3**	**514.9**	**28.2%**	**17.3%**	**31.2%**	**9.5%**
EBIT	511.5	400.8	27.6%			
EBIT-adjusted	**569.9**	**435.2**	**30.9%**	**19.1%**	**33.4%**	**10.1%**
Group net profit	333.0	284.8	16.9%			
Group net profit-adjusted	**387.8**	**307.9**	**26.0%**			
Basic earning per share (€)	0.30	0.25				
Diluted earning per share (€)	0.29	0.25				
Basic earning per share-adjusted (€)[2]	**0.34**	**0.27**				
Diluted earning per share-adjusted (€)[2]	**0.34**	**0.27**				
Average number of employees	**4,166**	**3,842**				
Free cash flow	188.7	332.3				
Free cash flow-adjusted	**360.5**	**407.5**				
Net financial debt	**1,552.5**	**830.9**				

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

KEY FIGURES BY GEOGRAPHICAL AREA

€ million/number	AMERICAS	SEMEA	NCEE	APAC	total
net sales	1,229.4	746.3	524.0	197.9	**2,697.6**
EBIT-adjusted	263.2	101.2	190.9	14.7	**569.9**
employees[1]	1,885	1,589	534	342	**4,350**

(1) Number of employees as of 31 December 2022.

SOLID PROGRESS ON SUSTAINABILITY AGENDA

- Recognized B rating to the CDP Climate Change questionnaire and first-time disclosure of GHG Scope 3 emissions.

ENVIRONMENT

- CDP-Climate Change score B.
- First-time disclosure of scope 3.
- Emissions performance improved by 47% (kg of CO2 e./L) from direct operations compared to 2019. Target originally set for 2030 achieved.
- -20% GHG absolute emissions (tons of CO2e from direct operations compared to 2019).
- -48% (L/L) water usage compared to 2019. Target originally set for 2030 achieved.
- -45% waste to landfill from direct operations compared to 2019. On track to reach 2025 target.

RESPONSIBLE PRACTICES

- Mandatory training on the new revised Code on Commercial Communication.
- Digital brands' campaigns on responsible drinking.
- A specific section on camparigroup.info dedicated to Responsible Drinking Messages (RDMs).
- Bartenders' training global program (Bartender Hero) launched in partnership with the International Bartenders
- Association (IBA).

PEOPLE AND COMMUNITY

- 109% increase in learning activities completed.
- 2022 Camparista(2) Survey: 91% participation rate.
- Inclusion by Refinitiv in the Diversity and Inclusion Index among World Top 60.
- Strong commitment to work, education and culture (e.g. AdAstra Project in Italy).
- Strong support to business partners through activations and events.

(2) Employees of Campari Group

CAMPARI GROUP AND THE GLOBAL ENVIRONMENT

Since 2020 due to the Covid-19 pandemic, the global economy remained uncertain and volatile in an overall context of a return to normality in most economies with the exception of selected regions in Asia where restrictions continued. Furthermore, the on-going Russia-Ukraine conflict and related escalating geopolitical tensions continued to generate further volatility and uncertainty, alongside the risks of disruption in European gas imports. Consumption continued to recover overall but persistent high inflation, disruptions in supply chains, together with heightened tensions on commodity and energy prices characterised the global economy in 2022 impacting GDP growth which is now expected to moderate worldwide.

Although the world economy is expected to benefit from the easing of global supply chain pressures owing to improvements in supply and normalising of demand, downside risks in global growth persist. These risks may arise not only from a weakening performance of the industrial sector, but also from a possible change in consumer behaviour. Because of the general increase in prices of consumer staples and in the cost of energy, real wages are reducing in many countries and purchasing power is declining, thus with implications in terms of lower disposable income and standards of living. In terms of monetary policy, the higher-than-expected overshoot of inflation targets has triggered a generalised tendency to implement corrective measures via interest rate increases, with repercussions to be monitored carefully in the future due to the possible consequences on the slowdown in global growth.

The spirits sector continues to benefit from a return to the on-premise helped by the end of the pandemic-related restrictive measures in most markets, while off-premise resilience has continued, in a more challenging and volatile consumer environment, being exposed to the impacts of the current macroeconomic scenario.

In 2022 Campari Group continued to benefit from strong brand momentum as well as strength in the on-premise, driven by revenge conviviality, and the off-premise, thanks to the development of home-consumption occasion. It successfully leveraged pricing opportunities across major markets to mitigate inflationary pressure on costs, for continued value generation and brand portfolio strengthening. Moreover, it continued to commit to its external growth strategy with the completion of important acquisitions. With regard to the impact of the Russian conflict in Ukraine, since the outbreak of the war the priority of Campari Group, which has commercial operations in both countries with no production facilities, has been ensuring the safety and security of Ukraine-based Camparistas, by providing them the best possible support, including financial aid and accommodation options.

OUR WORLD

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

CORPORATE TAGLINE

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

MISSION

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

VALUES

INTEGRITY

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

PRAGMATISM

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

PASSION

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

TOGETHER

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

BEHAVIOURS

BE HUMBLE AND HUNGRY

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

BUILD MORE VALUE TOGETHER

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

EMBRACE THE CHALLENGE AND DRIVE THE CHANGE

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

KEEP IT SIMPLE AND DO MORE WITH LESS

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

RESPECT OTHERS AND THE PLANET

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

OUR BUSINESS IN A NUTSHELL

Campari Group traces its roots back to 1860 when Gaspare Campari developed the red, bittersweet aperitif that bears his name. From the opening of Café Campari in Milan in 1867 through the 1920s, the Group expanded its product offerings to include a broad range of spirits and other drinks. For the next several decades, Campari Group concentrated on expansion through carefully selected acquisitions designed to enhance its brand portfolio and global reach.

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

Campari Group's goal is to create and share long-term value with stakeholders. On the one side, the economic value generated and distributed provides an indication on how wealth is created, on the other side, there are plenty of intangible resources and initiatives that contribute to the value creation processes. In this regards, community engagement and involvement with the local territory are of fundamental importance.

A HISTORY OF ENTREPRENEURSHIP

* Distribution Company ** Contract beverage Packer *** JV with Moët Hennessy with an overall stake of 62.1%

Campari Group's expansion was also achieved through intense acquisition activity over the years, which, together with organic growth, is one of the two pillars of its growth strategy. The first acquisition was made in 1995, marking the start of a strategy that today still combines half organic growth with half external growth. Since then, with more than

30 acquisitions since 1995

for a total value of approximately **€4** billion

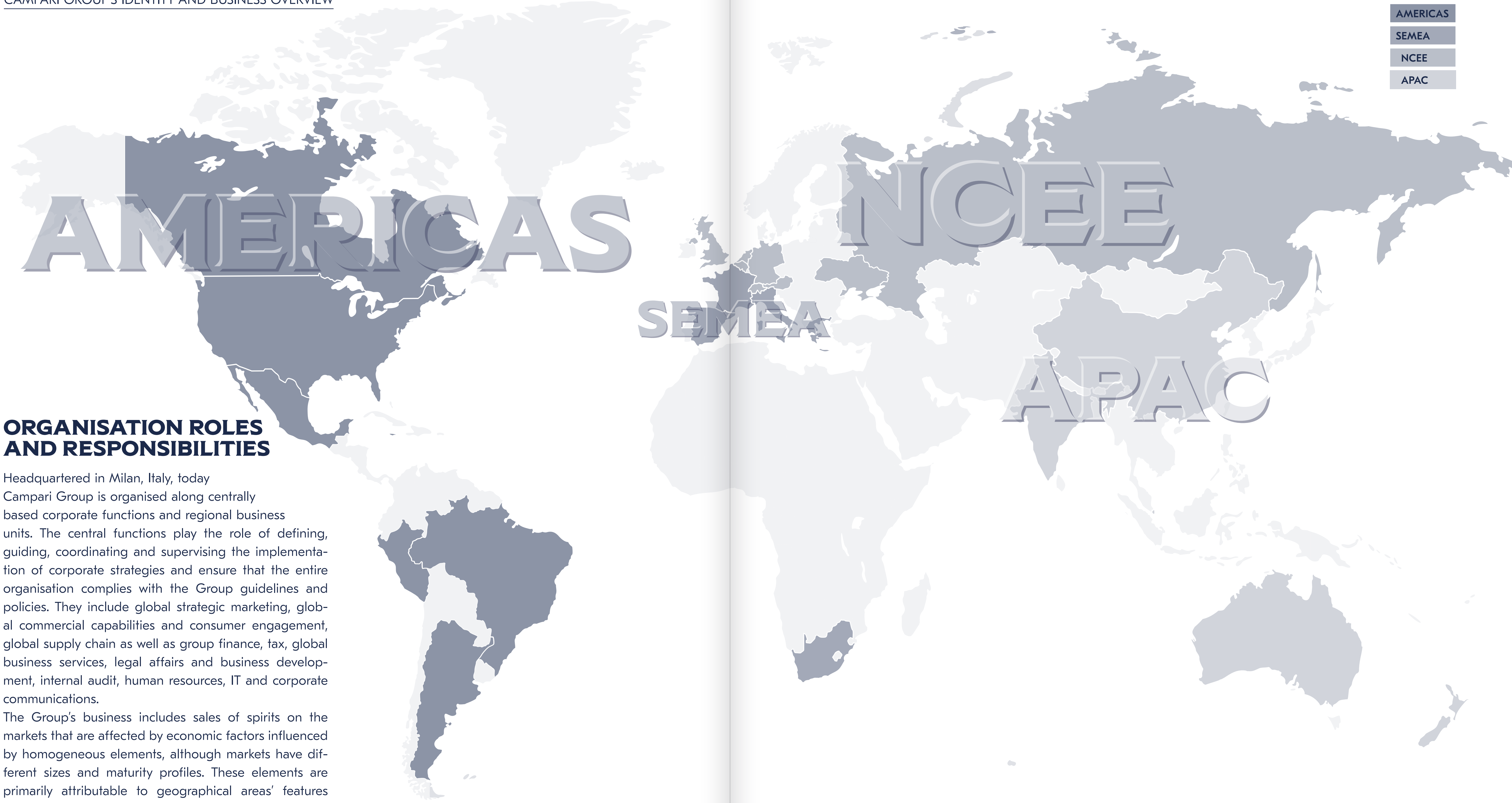
more than 50 premium brands have joined the Group bringing with them a unique history and identity.
While the Group remains an active player in industry consolidation, in recent years it has also started to gradually streamline its business through disposals of non-core assets, in line with its strategy of focusing on its core high-margin spirits business: since 2013 it has completed

over **10** disposals

for a total amount of approximately

€500 million

Further to the acquisitions and continuous investments in brand building and portfolio enhancement, the Group has gone through a significant transformational process, which began its journey in the past decade. This aims also to reinforce resilience and the ability to adapt in an increasingly challenging global economic environment. The Group maintains its focus on medium- to long-term opportunities and continues to strengthen internal capabilities also by the expansion of its production capabilities, the enhancement of its integrated planning processes, leveraging digital technologies and data to improve performance by creating a more scalable, agile and cost effective business as well as a more proactive and faster approach to innovation, learning, leadership, ways of working and decision making.
Moreover, in line with its premiumisation strategy aiming to fuel long-term future growth, the Group has made substantial investments in ageing liquids over the past few years, based on the positive expectations of future demand for its aged product portfolio.



ORGANISATION ROLES AND RESPONSIBILITIES

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

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

CAMPARI GROUP: A GREAT PLACE TO WORK

Following the Group's historical commitment to maintaining a solid communication exchange with its employees, in 2022 the 4th edition of the Global Camparista survey in partnership with the Great Place to Work® institute was rolled out. This survey provides valuable insights into employee engagement, what works well in the organisation, and what can be improved. In this last edition, 91% of all Camparistas gave valuable input and feedback and 79% of respondents would recommend Campari Group as a great place to work. For more information, please refer to the Sustainability Performance section in this annual report.

STRONGLY POSITIONED FOR FUTURE GROWTH: OUR AMBITION ROADMAP AMBITION

1. GROWTH STRATEGY

Campari Group's growth strategy aims to combine organic growth through strong brand building with shareholder value enhancing acquisitions in the long term. Spirits are the company's core business and where it focuses its acquisition efforts. The Group's strategic thinking is driven by the desire to reach or enhance critical mass in key geographic markets.

ORGANIC GROWTH

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

EXTERNAL GROWTH

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

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

- **BOOST ORGANISATION AGILITY TO DRIVE SUPERIOR PERFORMANCE**
  the post-pandemic world with new macroeconomic challenges, namely persistent high inflation and disruptions in supply chains, heightened tensions and volatility in commodity and energy prices, emerging consumption trends characterize the current business environment. As Campari Group continues to invest in ambitious strategic initiatives and increase its business scale, agility is essential to react quickly to risks and opportunities coming from outside and inside, with the aim of pursuing a much higher level of performance through a more proactive and faster approach to innovation, learning, leadership, ways of working and decision making leveraging digital technologies and data;

- **EXPAND THE GROUP'S GLOBAL LEADERSHIP IN ITALIAN ICONS, WITH ITS APERITIF AND AMARI BRANDS, IN BOTH ALCOHOLIC AND NON-ALCOHOLIC SEGMENTS:**
  the experience of the Covid pandemic showed that consumer habits, the path towards the market and the assortment of brands can adapt in changing environments and the Group feels the need to evolve its strategy to be more agile and successful. Recruiting new young customers and exploiting with courage emotional moments defined by social dynamics to discover the opportunities, geographical areas and categories of new consumers, is a 'must-have' to be fulfilled through the Group's fantastic premium brands in the aperitifs, amari and non-alcoholic segment;

- **ACCELERATING THE GROWTH OF SPIRITS AND RARE PORTFOLIO:**
  in recent years and mainly during the pandemic, the trend to drink 'less-but-better' and enjoy everyday treats via home-made premium cocktails was discovered: premiumisation is the leading trend, fuelled by home mixology, which will continue in some key categories and markets, and customers are expected to return to well-known brands. In this context it is crucial to achieve relevant market positions and to maximise the return on investment and profitability of the Group's world-class spirits brands, winning the moment of truth for consumers and buyers to build the Group's brand preferences, by creating an unforgettable experience with extraordinary liquids;

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

- **ACCELERATE BUSINESS DEVELOPMENT IN THE ASIA-PACIFIC REGION TO BOOST THE GROUP'S MARKET POSITION:**
  accelerating business development in Asia-Pacific region is essential to strengthen the Group's position in the market using a combination of winning in existing battlegrounds and identification of key brands/markets/initiatives, in a context characterized by millions of new potential consumers every year.

These ambitions, sustained by the Group's key strengths and enablers, ensure a consistent resource allocation and integration in the Group's business planning cycle and working attitude. The collective commitment represents the togetherness, which is fundamental to the Group and key pillar for its success.
At the same time, Campari Group remains focused on the responsible use of resources and reduction of the environmental impact of its production activities with the aim of pursuing sustainable development. Challenging targets were set in the areas of energy and emissions, water and waste as Campari Group recognises that climate change is one of the greatest challenges for the future of the planet.

2. KEY STRENGTHS AND ENABLERS

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

A DIGITAL TRANSFORMATION

B EMPOWERED BRAND PORTFOLIO, BRAND BUILDING, INNOVATION AND MARKETING CAPABILITIES

C STRENGTHENED ROUTE-TO-MARKET

D STRENGTHENED GLOBAL SUPPLY CHAIN

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

F STRONG COMMITMENT TO SUSTAINABILITY ROADMAP

A

DIGITAL TRANSFORMATION

Since 2020 the Group has responded to the challenges of the Covid-19 pandemic and current macroeconomic challenges with remarkable agility, combining the strength of a large group with agility and entrepreneurial spirit.
A key enabler of Campari Group's agility is its digital transformation.
The Group has undertaken meaningful investments in a digital transformation process permeating the Company as a whole, but focusing particularly on marketing, commercial, finance, supply chain, HR, IT and global business services. This transformation aims to boost agility, ability and speed in strategic business decision making and to drive superior performance throughout the organisation: it foresees the centralisation of skills through the creation of centres of excellence at corporate level in charge of performing activities which are delivered to the Group's subsidiaries in a harmonised and automated manner thanks to an enhanced use of advanced technology and data The digital transformation allows local markets to devote energy and efforts to the core business activities, thus focusing on delivering high-quality strategy execution and scouting new development opportunities.
During May 2022, SAP S/4HANA, the latest SAP technology, was successfully implemented into the Campari Group IT infrastructure to support business processes. The Group has therefore completed an important step in its digital transformation journey, continuously evolving into a data-driven organization and laying the foundations for the next stage of its future growth. The journey aims at simplifying, harmonizing, and innovating the Group's processes, as well as improving overall efficiency through automation and superior user experience.
The Global Business Services (GBS) organisation, which provides services to all Group legal entities with a standard accounting model and system, represents a key accelerator of the overall group digital transformation: the standardising, automating and digitalising of transactional and business processes at global level, through the creation of intelligent and technology-based operations, plays a crucial role in Campari Group's evolution towards an agile and cost effective business infrastructure. Moreover, the digital transformation and the development of advanced analytics techniques are key enablers of data-driven decisions in the Finance function for effective business partnership thanks to improved data analysis and reduced complexity.
The Group also continues to leverage the outsourcing of selected standard IT and back-office functions to third-party providers, thus enabling the continuous refocusing of the Group's central functions to value-added activities, while ensuring high quality and efficient levels of everyday support services for business. Particularly, effectiveness and efficiency were increased, reducing the overall application maintenance costs at the same time through synergies and economies of scale.

B

EMPOWERED BRAND PORTFOLIO, BRAND BUILDING, INNOVATION AND MARKETING CAPABILITIES

The brand portfolio represents a strategic asset for Campari Group. Intangible assets are a key component of the market value of spirit products, reflecting the brands' strengths built over many years.
More than 50 premium brands are part of the Group's diversified brand portfolio, covering a wide range of categories, including aperitifs, vodka, liqueurs, bitters, whisky (including American whisky,

Canadian whisky and Scotch whisky), tequila, rum, gin and Cognac. Moreover, Campari Group also has a presence in the champagne category and it is growing in the non-alcoholic aperitifs segment.
The Group categorizes its brands into three main clusters (global, regional and local priorities) based on the geographic scale, business priority and growth potential of the brands. The six Global Priorities (Aperol, Campari, SKYY, Wild Turkey, Grand Marnier and Jamaican rums) consist of high-margin brands, currently enjoying strong market positioning in their core markets with further penetration opportunities and have the potential to expand their footprints internationally. Moreover, the Group manages a pool of regional priority brands, which currently still have limited scale but potential to expand within their regions. In addition, the portfolio of local priority brands operates primarily in domestic markets but can anyway offer the strongest potential upside in terms of sales growth and mix improvement. The rest of portfolio category includes agency brands and other non-strategic own brands, which the Group has progressively streamlined and divested in recent years to focus on its owned core spirit brands.
In line with its premiumisation strategy, Campari Group successfully launched RARE, a dedicated division with the ambition to become a leading purveyor of luxury offerings in key global markets. Through this strategic initiative, Campari Group aims to unlock and accelerate the growth of its existing and future portfolio of super premium products and above, seeking a new dedicated approach to brand-building and route-to-market.
Visibility and strong brand building have also been promoted through the opening of brand-dedicated exclusive 'brand houses", such as the iconic Camparino in Galleria bar, the birthplace of the Milanese aperitif, and Terrazza Aperol, the first Aperol branded flagship in the heart of Venice.

When properly developed, the Group believes that the brand life can exist indefinitely. Brand building investments fuel and protect the value of the brands in the very long-term. The Group has an ongoing commitment to investments in marketing designed to strengthen the recognition and reputation of iconic and distinctive brands in the key markets, as well as launching and developing them in new high-potential geographical regions. Campari Group strives to grow and maintain its market share by positioning its brands clearly and consistently across all their markets and distribution channels.

Brand image is a critical factor in a consumer's choice of spirits products: consumers are willing to pay higher prices for brands they like and trust, and the strength of these brands allows companies to command higher prices, improve the mix, generate higher returns in the medium- to long-term and build a premium positioning.
The Group's main marketing focus for the coming years is to devise a clear, distinctive and enduring strategy to build, increase the visibility of and develop each of the Group's products, concentrating on the key global, regional and local products, to make them premium, dynamic and contemporary across diverse international markets, usage occasions and consumer audiences to further benefit from premiumisation for profitable growth.
While traditional media (including TV, press, bill-boards and sponsorship) still plays an important role in activating, building and strengthening the image of its brands, the Group is developing its strategies to include new communications tools supported by the rise of new technologies, especially the digital and online media. This channel is considered strategic thanks to its interactive, customisable and measurable properties, fitting both the on-premise distribution channel, key to brand activations, consumer engagement via live memorable experience bartender education, turning them into advocates in a omnichannel user journey, and the off-premise channel via consumer edutainment and brand building in the growing home-mixology occasion.
With the pandemic outbreak in particular, Campari Group accelerated its marketing digital transformation to quickly respond to the changed circumstances and consumer requirements. In particular, online sales and e-commerce have become increasingly important and effective for brand building purposes and cemented their place as the third sales channel for spirits purchases. Today e-commerce has become engrained for many consumers, including both conventional shoppers and consumers looking for interesting or premium brands and willing to pay for rapid delivery. Campari Group has taken significant advantage of the changing consumer shopping behaviour to expand its business online and further build momentum for its premium portfolio.
In addition, innovation has become an important factor for growth in the spirits industry and is critical in driving price and volume. Innovation has become more and more important for brand building, attracting new consumers, driving sales growth and sales mix improvement in the spirits sector as consumers are increasingly attracted by new products and, based on experience, are likely to pay a higher price for distinctiveness in terms of premium positioning, quality and consumption usage.

Campari Group's central marketing strategy is developed by the Group's global strategic marketing team, and internationally by local markets. Local markets are also responsible for marketing local brands in their respective markets. The centralized approach, which is also responsible for product innovation, is characterized by giving a global group identity and strategic guideline, which is then customised and applied for each brand appropriately in the local markets in terms of target audience, consumer preferences and advertising regulations.

GLOBAL BRAND PORTFOLIO AND MAIN MARKETING INITIATIVES IN 2022

GLOBAL PRIORITIES

APEROL

Brand identity

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

Main brand-building activities during the year 2022

During the summer period, multiple **experiential events** and activations, aimed at increasing consumer trial, engagements and recruitments were launched at music and summer festivals across several key locations worldwide, including Canada, the United States, France and Belgium. In the United Kingdom, a **Piazza Aperol** was created in London's Covent Garden area, with a Venetian-style Aperol Spritz bar. Concomitantly, a strong focus on **Aperol communication** was affirmed, aimed at building brand awareness and creating an emotional bond through above-the-line-campaigns in Australia as well as outdoor displays and digital activations in France and Canada. Multiple initiatives were launched to strengthen Aperol's emotional bond with consumers outside the key summer season, including the **Aperol Alps tour** in three main areas of the French Alps. In addition, activations were developed to recruit new consumers and educate them on the perfect Aperol Spritz serve. In the core Italian market, the 360° communication platform **Together We Joy** was reactivated, the second edition of **Together We Cheer** was launched and the **Aperol Rock** initiative was activated in Venice at the end of the year to enhance brand relevance and gain proximity to young consumers. At the end of the year a huge festive season campaign was launched in Germany to increase consumption moments.

CAMPARI

Brand identity

Campari is the iconic, unforgettable Italian red spirit with its ethos of Red Passion. Vibrant red in colour, Campari has a unique and multi layered taste and is extremely versatile, offering boundless and unexpected possibilities. As a source Campari is the Group's signature brand. With a history beginning in 1860, it is a historic, sophisticated, high class and quality brand, but at the same time always evolving and avant-garde, representing a symbol of Italian excellence. Today the brand is sold in over 190 countries and, with its unmistakable red colour, the base for many famous classic cocktails around the world, including the Negroni and Americano. In recent years, consumers have been increasingly embracing bitters and showing growing interest in classic cocktails. Campari, being a key ingredient and easy to mix, is leveraging this positive trend for further expansion. Specifically during the end of 2022 the Negroni sbagliato craze was in full swing after it was revealed to be the favourite drink of Hollywood star, Emma D'Arcy during an interview. Searches for the Negroni variant skyrocketed while fans and consumers were uploading their Negroni sbagliato mixes via social media platforms Tik Tok and Instagram.
The brand has a well-diversified geographic exposure. Key international markets for the Campari brand include Italy, the United States, Brazil, Jamaica and Germany.

Main brand-building activities during the year 2022

During the year, brand activations were implemented to strengthen the unmistakable Italian red spirit with its ethos of Red Passion. Local markets, including Belgium, France, Spain, Argentina and Brazil, are following the release of the new **Red Passion digital campaign**, while the **Negroni week** in its 10th edition took place in September for a charitable goal across many on-premise accounts around the globe, including the United Kingdom, the United States, Spain, Australia, Canada and Belgium. In addition, in the core Jamaican market, the **Respect the Bitter** campaign was launched to drive frequency and loyalty by expanding consumption occasions and to strengthen the bond with the brand, while in Spain throughout the year a series of life music concerts, namely **Candlelight by Campari**, were held. In Nigeria, a key event took place in Lagos with up-coming Nigerian talents, supported by a 360° communication campaign to increase consumption moments.
Campari's presence in the cinema territory was enhanced throughout the 2022 film awards season with the following initiatives:

- Campari was the main sponsor at the 79th edition of the **Venice International Film Festival** and, for the first year, was the **official partner of the world-renowned Festival de Cannes (France)** in its 75th edition;
- the brand sponsored the **Screen Actors' Guild ('SAG') Awards**, the **Costume Design Guild ('CDGA') Awards** and the **New York Film Festival** in the United States;
- Campari engaged with the **Red-Carpet Nights**, sponsoring the after party of the Italian movie premiere 'Le Otto Montagne' winner of the Jury Prize at the Cannes Film Festival 2022 and the launch of the second episode of the Italian movie 'Diabolik'.

WILD TURKEY PORTFOLIO

Brand identity

Wild Turkey is an American icon. It has been the authentic Kentucky Straight Bourbon Whisky since 1855, with the original distillation and maturing process that has not been changed since it was first introduced. The brand was acquired by Campari Group in 2009 and under the guidance of Master Distiller Jimmy Russell, who has worked in the distillery for over 60 years, the Wild Turkey Bourbon offering has seen extraordinary growth.
The Group's key focus area to further develop the Wild Turkey portfolio is to premiumise the offering through the introduction of more premium extensions and limited editions. The United States is the biggest market for the Wild Turkey portfolio, followed by Australia, South Korea, Japan and Canada.

Main brand-building activities during the year 2022

Expanding on the 2021 initiatives, two key activations for the brand continued during 2022, leveraging the spokesperson creative director Matthew McConaughey: the second edition of the **Longbranch Wonder What If** campaign and the **101 Bold Nights**. The latter included PR activations and a series of events across the United States, including a donation to a national charity partner. At the end of the year, in Australia, the **Wild Turkey Discovery Series Acoustic Session** event took place, attended by selected consumers and some content creators aiming to capture the moment to amplify the audience. These initiatives intended to increase consideration of Wild Turkey amongst premium bourbon drinkers via a culturally relevant events, underpinned by the Trust Your Spirit campaign.

SKYY

Created in San Francisco in 1992, SKYY transmits the spirit of an optimistic approach to life. SKYY Vodka revolutionised the spirits industry with its proprietary state-of-the-art quadruple distillation and innovative triple-filtration process. With its iconic, cobalt-blue bottle, which reflects the name of the product, SKYY was the first vodka to introduce packaging as a 'style image'. SKYY was acquired by the Group in 2001. The United States has been the biggest market for SKYY. At the same time, SKYY has expanded into many international markets which now represent key growth drivers for the brand. Key markets outside of the United States include Argentina, Germany, South Africa and Canada.

During the year, **digital activations** focused on social media and aimed at driving brand awareness were developed in the core United States market. Moreover, starting from May, the brand supported a full-scale **Born for the Summer** experiential campaign, with partnerships at multiple festivals and cultural events, including two large scale **music festivals** and the **New York City Pride.**
In Australia, a 360° campaign was launched, leveraging the new SKYY Vodka proposition and the new global campaign **Born from the Blue**.

GRAND MARNIER

Brand identity

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

Main brand-building activities during the year 2022

During the year **Cuvée Quintessence** and **Cuvée Révélation**, the prestige expressions of the iconic French house, were launched and made available at fine retailers in selected markets. In June, Grand Marnier attended the **14th edition of Cocktail Spirits 2022**, a famous trade salon dedicated to the latest trends in the spirits industry in Paris, with a stand dedicated to the world of mixology and a signature cocktail list. Starting from September 2022, a partnership with **several art festivals** and events in Switzerland was activated, intending to premiumise the brand perception and sustain a clear cocktail proposition for consumers. With respect to the core United States market, at the end of the year a consumer experiential event, **Grand Encounter**, was held in New Yor City, aimed at educating consumers on brand history, liquid and consumption.

JAMAICAN RUMS

Brand identity

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

Main brand-building activities during the year 2022

The Jamaican rums portfolio obtained multiple awards during the year: Dr Joy Spence, the Appleton Estate Jamaica Rum's legendary Master Blender, received the 2022 Distilled Spirits Council of the United States (DISCUS) Lifetime Achievement Award, while Appleton Estate was recognised with multiple rewards in the United States, such as the globally recognised **Drinks International 2022 Brands Report**, the **2022 San Francisco World Spirits Competition** and the **2022 International Wine and Spirits Competition**. In April 2022, the Ruby Anniversary Edition was launched at premium retailers in the United States. It is a limited-edition release made from a blend of 5 exceptionally aged and rare Jamaican rums to celebrate Master Blender Joy Spence's 40 years of craftsmanship with the distillery. With respect to the initiatives after the end of the period, starting from January 2023 a new global campaign **Land on the Extraordinary** was deployed across the main markets for the brand, highlighting the extraordinary taste and quality of Appleton Estate, as told through the stunning natural beauty of Jamaica and the brand's incomparable rum heritage.

REGIONAL BRAND PORTFOLIO AND MAIN MARKETING INITIATIVES IN 2022

REGIONAL PRIORITIES

Brand identity

ESPOLÒN

Espolòn is a handcrafted premium tequila with 100% pure blue agave, distilled and bottled at the San Nicolas distillery in Los Altos, in the Jalisco region of Mexico. Founded in 1998, San Nicolas embodies the environment and culture of the ancient Mexican distillery combined with the most modern and advanced production technologies. Acquired by the Group in 2008, Espolòn has been re-launched as a super-premium tequila brand. The core markets for Espolòn are the United States and Mexico, moreover, it is continuing to expand to other international markets, such as Australia, Canada and Italy.

THE GLENGRANT

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

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

This portfolio includes Frangelico, Averna, Braulio and Cynar. With consumers increasingly embracing the bitter taste, the Group's management confirms its belief that this portfolio represents an opportunity and can be further developed, leveraging the Group's distribution capabilities.
Averna embodies the lifestyle conviviality and the vibrant zest for life of people from Sicily. It is a high-quality Sicilian amaro with a full body and smooth taste, made from an ancient recipe with natural ingredients. It has a premium price positioning and is among the leading bitter brands in Italy, with other core countries being Germany and the United States.
Braulio is produced on the basis of an ancient traditional secret recipe, which has remained unchanged since 1875. It envisages the infusion of roots and alpine herbs that are aged in oak barrels for two years. It is a very popular bitter brand in the Alps region of Italy and is currently expanding throughout the rest of the country. Averna and Braulio were both acquired by the Group in June 2014 as part of the acquisition of Fratelli Averna S.p.A..
Frangelico is a very distinctive brand with a hazelnut taste, produced in the Piedmont region of northern Italy and its origins date back more than 300 years. It is a specialty brand, acquired by the Group in 2010. The key markets for Frangelico are the United States, Germany, Australia and Spain.
Cynar is an artichoke based liqueur with a sweet and bitter taste, known for its versatility and distinctive flavour. Its taste is enriched with an infusion of 13 herbs and plants. Created by Angelo Dalle Molle, a Venetian entrepreneur and philanthropist, Cynar was launched in Italy in 1952. It was acquired by the Group in 1995. The key markets for the brand include Italy, Argentina, the US and Brazil.
Del Professore, a super-premium craft vermouth, was founded in 2013 in Rome by a group of bartenders led by Leonardo Leuci, known to have launched the Jerry Thomas Speakeasy in Rome, the first Italian bar to enter the 50 World's Best Bars. It was acquired by the Group in 2022 and the brand's range comprises a vermouth range and a gin range. The brand's top country is Italy.

CINZANO

The Cinzano portfolio includes on the one hand sparkling wines and on the other hand vermouth and therefore offers a wide range of quality products that are suitable for different occasions and tastes. The portfolio was acquired by the Group in 1999.
The key markets for Cinzano sparkling wines are Germany, Russia and Italy. The key markets for Cinzano Vermouth are Argentina, Russia and Australia.

MONDORO AND RICCADONNA SPARKLING WINES

Mondoro is an Italian superior quality sparkling wine brand. Its elegant taste and prestigious, sensual bottle design are a symbol of taste and quality.
Riccadonna is one of Campari Group's historical brands and offers a range of dry and sweet sparkling wines. The brand was founded in 1921 and acquired by the Group in 2003.
The key markets for Mondoro and Riccadonna are Russia, France and South America.

LALLIER

Champagne Lallier stands as a modern and respected Champagne House. The distinctive winemaking philosophy aims at enhancing the individuality of a terroir. The brand was founded in 1906 in Aÿ, one of the few villages classified as 'Grand Cru'. The brand was acquired by the Group in 2020. The key markets are France, the United States and Italy.

CRODINO

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

APEROL SPRITZ READY-TO-ENJOY

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

TROIS RIVIÈRES, MAISON LA MAUNY

Born in Martinique in the Lesser Antilles in the eastern Caribbean Sea, Trois Rivières' Rhum Agricole is distilled from freshly squeezed sugarcane juice. With its robust, sweet taste with primary savours of sugarcane, it reflects the generous climate of Southern Martinique and its unique terroir. The brand was acquired by Campari Group in 2019. Its top markets are France, Martinique, Spain and Benelux.

Brand identity

With respect to **Espolòn**, the first global communication platform 'Change the Game' kicked off across Mexico, the United States and Italy. In the United States, at the end of the year a robust Day of the Dead program was executed across experiential, media, PR and on-premise to leverage a key moment of celebration relevant to the brand and its Mexican heritage, flanked by the launch of the limited edition Calavera Collection. Also, the **Montelobos** brand celebrated the Day of the Dead with a three-day brand experiential event for the brand, based on storytelling, mezcal education and production. For **Braulio**, an important global repositioning was developed with an expansion of the brand's frame of reference to the premium and artisan Amaro world, also supported by a new global digital campaign aimed at driving brand awareness. **Averna**, in line with the global campaign 'Open Sicily' and with the objective of creating local relevance in that specific Italian region, saw the activation of an open and inclusive space to give back to the local community; while in the United States for the first year Averna partnered with the Seattle Restaurant Week, providing an opportunity to educate the trade and rebuild brand affinity while driving consumer awareness and trial. With reference to awards obtained, **Trois Rivières, Maison La Mauny** and **Champagne Lallier** were honoured at the prestigious 2022 International Wines and Spirit Competition. With regards to the latter brand, during the last part of the year, a refreshed and refined attire packaging, which was revealed through R.019, was launched and deployed across the complete range including the Rosé, Blanc de Blancs, Blanc de Noirs, and any Millésime vintage cuvée. In addition, the **Crodino** campaign 'Restiamo Umani' was activated at the beginning of April in the core market Italy to highlight Crodino's role as the quintessential Italian non-alcoholic aperitif, while from June onwards the new Crodino 17.5 cl format was launched in the on-trade channel, boosting its new and longer lasting drinking experience. This format was also supported by the sponsorship at the Lucca comics festival in Italy at the end of the year. In Switzerland, an activation campaign on multiple channels, including out of home, paid media and PR, was developed across different touchpoints in key cities, while in France, an out of home campaign was launched to increase brand equity and relevance for consumers. With regard to Cinzano brand, a line extension of vermouth made with a Malbec base wine, **Cinzano Segundo**, was launched in Argentina in the last quarter of the year, to reach younger consumers, bars and vermuterie with a dedicated serve.

LOCAL BRAND PORTFOLIO

LOCAL PRIORITIES

Brand identity

CAMPARI SODA

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

WILD TURKEY READY-TO-DRINK

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

X-RATED

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

CABO WABO

Cabo Wabo is a smooth, authentic flavoured tequila with a unique personality and was brought to life in 1996 in Guadalajara, Mexico. It is part of the Group's portfolio since 2007 and its main markets are the United States, Canada and Mexico.

PICON

Invented in 1837 by Gaétan Picon, Picon is a traditional, market-leading French bittersweet aperitif with a unique orange flavour. Made from a base of herbs and fresh oranges which are dried, it is currently available in two versions: Amer Picon Club, an orange-based liqueur with a bittersweet flavour to be mixed with wine and cocktails, and Amer Picon Bière, to be mixed with beer. Picon is today the aperitif par excellence which accompanies beer in the north and east of France. The blend of gentian and quina bark gives Picon a unique and authentic taste. Acquired by Campari Group in 2022, its top markets are France and Belgium.

RARE INITIATIVES

In terms of initiatives dedicated to **RARE**, Campari Group's division of luxury offerings in key global markets, the following activations were developed:

- the event **Journey of the Senses** for the Grand Marnier Quintessence and Revelation Grand Cuvées was launched at the Baccarat Boutique in the Miami design district;
- an art exhibition for the renowned artist Donald Robertson was held at the Cerulean Gallery in Dallas, where guests were able to bid for a limited-edition **Champagne Lallier box hand-painted** by the artist;
- **Bisquit&Dubouché Cognac** celebrated its official launch in the United States and its **exclusive sponsorship of Frieze Los Angeles**, the world's leading platform for modern and contemporary art, with an immersive installation by Miami-based, multi-disciplinary artist Jillian Mayer;
- the **RARE Attico** was opened in Campari Group's Asia Pacific regional headquarters in Singapore, an invite-only space, aimed at providing a unique and exclusive experience of the most exceptional liquids in Campari Group's portfolio;
- the **RARESPIRITS.IT** e-commerce platform was launched in Italy in September 2022 aiming to offer high-quality products and unique and exceptional brand experiences directly to consumers.

With the acquisition of the fast-growing super premium Wilderness Trail brand, Campari Group further expands and premiumises the bourbon offering, priming it to become the Group's second major leg after the aperitif portfolio, thus also further enriching the RARE portfolio. For further information on the recent acquisition, please refer to the paragraph 'Significant events of the year' of the management board report.

C

STRENGTHENED ROUTE-TO-MARKET

The Group has invested significantly in recent years with the aim of reinforcing its distribution capabilities across on-premise and off-premise channels in its international markets. Currently, it has direct distribution networks in 23 markets, including seven in the Americas (the United States, Jamaica, Canada, Brazil, Mexico, Argentina and Peru), four in SEMEA (Italy, France, Spain and South Africa), eight in NCEE (Germany, Russia, Switzerland, Austria, Belgium, Luxembourg, the United Kingdom and Ukraine), and four in Asia Pacific (Australia, China, South Korea and India). Establishing direct markets allows the Group to not only increase its focus on its own brands in a given market from a marketing as well as from a commercial standpoint, but also to improve working capital management and to achieve financial benefits. Today Campari Group's distribution network largely reflects the structure of the four regional business units, and broadly covers core markets in Europe and the Americas, where the company is now well positioned to leverage these strengthened platforms to accelerate its growth. Moreover, during 2022 several route-to-market initiatives were carried out to support the Group's development in the high-potential Asian-Pacific markets via the set-up of joint-ventures with path to control with carefully selected local partners and third-party distributors to ensure high-quality distribution and brand development in these markets.
The Group's strategy foresees establishing its own distribution network in each country (so called direct market) and selling to retailers and wholesalers through its internal sales organisation whenever the critical mass, reached in a given market, makes a direct investment financially attractive. In markets where the Group does not have its own local sales organisations (so-called third-party markets), it works via local independent importers or local partnerships. This approach has enabled the Group to progressively increase its critical mass in several individual markets where the Group has established its own routes-to-market in line with its strategy whilst expanding into new geographies. The Group generated €2.7 billion in consolidated net sales in 2022, almost doubling its revenues as compared with ten years ago, with direct markets accounting for approximately 88%.
The Group remains committed to building and maintaining a leading position in all direct markets with strong focus on its own brands whilst leveraging. The Group has developed a scalable business model which can be leveraged across the whole organisation.

D

STRENGTHENED GLOBAL SUPPLY CHAIN

Over the years the Group significantly expanded its supply chain capabilities, bringing bottling activities in the core markets of the US and Australia in-house sector and increasing the number of production sites to 23 at 31 December 2022 across Italy, France, Scotland, Greece, the United States, Canada, Jamaica, Mexico, Brazil, Argentina and Australia.
The organisational structure of Global Supply Chain (GSC), including the various central and regional roles created in the previous years, is optimised to allow the focus of the design of GSC solutions to be owned and delivered by central functions, while the execution of the design is managed locally in regions. This structure ensures a more consistent approach, reduced IT complexity and spend, a 'design once and execute many' adoption of initiatives and, ultimately, a more efficient and effective GSC.
The production and logistics organisational structure ensures the separation of roles and responsibilities between marketing and sales organisations, responsible for sales and marketing activities, vis-à-vis the GSC organisation, responsible for coordinating all supply chain activities.

The Campari Group's GSC operates an end-to-end supply solution covering the functions of Planning, Logistics and Engineering, Manufacturing and Transformation, Quality and Environment and Global Research and Development.
GSC's strategy is to provide a superior quality customer-centric supply chain solution that is globally leveraged and cost-competitive and to oversee external co-packing operations. In addition, the role of GSC is to control Demand Planning to provide the most accurate future demand forecast with the objective of optimising inventory levels, while providing the highest levels of customer service and ability to respond to customer demand.
Internally the role of the GSC is to continuously ensure levels of efficiency in the Group's manufacturing, procurement and logistics operations, while recognising the importance of this area and its impact on the cost of goods sold. The aim of mitigating the intensified input cost pressure, logistic constraints and inflation for margin protection becomes more and more important in the current macroeconomic scenario worldwide.
Furthermore, with the aim of fuelling future long-term growth, in recent years the Group has made and will continue to make in the coming years, substantial investments in the expansion of production capacity, finished product storage and site utilities, based on positive expectations of future demand, particularly for bourbon, tequila and the aged product portfolio.
Externally the role of GSC is to provide products of the right quality to consumers that follow all regulatory requirements and Food Safety and Quality standards, guaranteed through rigorous inspection controls and chemical, microbiological and sensory analysis. Also, the monitoring and actioning of consumer complaint data is part of its role, aiming to ensure the right level of customer service.
Moreover, the Group's continuously confirmed ambitions to streamline processes with the use of minimum resources and low impact on the environment in line with the Group's environmental and sustainability strategy: improvement of energy consumption including the switch to renewable energy sources, decarbonization, reduction of water and waste, as well as meeting local regulatory environmental requirements.

E

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

The Group has been very active in the industry consolidation process with a solid track record of acquisitions and confirmed this strategy in several events during 2022. Since 1995, the Group has completed a total of over 30 acquisitions for an overall amount of approx. €4 billion. Meanwhile, it continues to invest in its business infrastructure, particularly its supply chain and digital transformation.
The strong track record of cash flow generation aimed at fuelling business growth and obtained thanks to a sustained operating performance as well as the continuous commitment to an efficient management of working capital has allowed the Group to rapidly deleverage after acquisitions, while maintaining a disciplined approach to financial management across the whole organisation and staying focused on a conservative leverage profile.
Net financial position management is characterised by the following features:

- predominant medium and long-term exposure balanced by positive short-term net financial position,
- focus on an optimised leverage profile, internally measuring the indebtedness ratio with the aim to retain it at a manageable level,
- flexibility guaranteed namely by no covenants on existing debts and strong financial structure boosted by liquidity and available credit lines,
- credit profile alignment with the best market opportunities in terms of yield and safety; the current profile, appropriately balanced between variable and fixed rate, enabled to minimise the exposure to risks and face the significant market volatility due to the macroeconomic environment,
- exposure to exchange rate risk, namely deriving from financial requirements connected with business development, managed primarily through "natural hedges" achieved through the modulation of debt exposure as well as the stipulation of derivative contracts only with hedging purposes.

With the redomiciliation of the registered office to the Netherlands in 2020, the Group aimed to enhance its increased voting mechanism in favour of long-term shareholders and, therefore, the adoption of a more flexible capital structure that can further support the Group in pursuing growth opportunities also via transformational deals.

F

STRONG COMMITMENT ON SUSTAINABILITY ROADMAP

In 2020 Campari Group formalised and disclosed its sustainability commitments into a roadmap, an agreed framework to focus investment and drive performance towards specific priorities within each area and that reflect the company's values and culture. During 2021 and 2022, the Group continued to implement the initiatives aimed at achieving its global targets. As its business grows, Campari Group constantly comes across new opportunities to generate positive economic, social and environmental impacts. A culture of ethics permeates the entire company, ensuring that every business is always managed with probity and integrity.
The Group reconsidered its sustainability priorities, defining a short-to-medium-term roadmap to which all major global functions contributed, and this was validated at the end of the year by the top management. The roadmap led to key actions being defined in the three areas of sustainability considered to be the most relevant at this time for a company in the spirits sector: our people, responsible practices, the environment and community involvement. In the area of people, particular attention was paid to the themes of diversity, equity and inclusion, an ethical and moral imperative for a multinational company in which positive and productive interaction, cooperation and synergy between people, cultures and experiences drives business growth, value creation and organisational performance. Based on these considerations, the Group drew up its Diversity, Equity and Inclusion strategy, which determines the approach and provides a framework for everyone within the company to be empowered and encouraged to contribute to the company journey and support a culture of inclusion. Regarding the responsible practices area, a global strategy with internal and external short and medium-term initiatives has been established, with the aim of raising awareness and educating the company's key stakeholders, starting with Camparistas, bartenders and consumers, about correct and responsible consumption and communication of the Campari Group's products and alcoholic beverages in general. In the environment area, particular importance has been given to energy, water and waste, for which reduction and efficiency targets have been set for 2025 and 2030, which will be made possible through the implementation of specific global projects, with an ambition to reach net zero emissions by 2050, hopefully, sooner. Finally, the Group is committed to promoting community projects especially in the areas of education, culture, and work.

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SIGNIFICANT EVENTS OF THE YEAR

ACQUISITIONS AND COMMERCIAL AGREEMENTS

NEW DISTRIBUTION AGREEMENT WITH COCA COLA FEMSA IN BRAZIL

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

CAMPARI GROUP ACQUIRED PICON, A LEADING BITTER APERITIF BRAND IN FRANCE

On 10 May 2022, Campari Group announced the signing and simultaneous closing of an agreement with Diageo to acquire the Picon brand, and minor related assets, for an overall consideration of €123.6 million. Picon is a traditional, market-leading French bittersweet aperitif with a unique orange flavour, invented in 1837 by Gaétan Picon. For the fiscal year ended on 30 June 2021, the brand achieved net sales of €21.5 million and a contribution after advertising and promotion expenses of €12.9 million in accordance with local GAAP. Around 80% of its sales was generated in France, where it has a leading position in the bitter aperitif category, whilst the remaining was mostly generated in Benelux. With the acquisition of the Picon brand, Campari Group aims to further enlarge its brand offering in its core bitter aperitifs category in international markets and increase its critical mass in the strategic markets of France and Benelux.

ACQUISITION OF DEL PROFESSORE BRAND

On 15 July 2022 Campari Group signed an agreement to acquire the Del Professore brand for a total consideration of €6.3 million, a super-premium craft vermouth. Del Professore was founded in 2013 in Rome by a group of bartenders led by Leonardo Leuci, known to have launched the Jerry Thomas Speakeasy in Rome, the first Italian bar to enter the 50 World's Best Bars. The Del Professore range comprises a vermouth range and a gin range. In addition to the brand acquisition, the transaction envisages a consultancy contract with the prominent bartender Leonardo Leuci, who will continue acting as brand ambassador for Campari Group. The brand represents a perfect fit to the Group's RARE portfolio, with synergies to its signature cocktails. Through this transaction, Campari Group aims to enhance its position in the super-premium craft vermouth and gin categories.

2022

APRIL **MAY** **JULY**

ACQUISITION OF AN INITIAL MINORITY INTEREST IN HOWLER HEAD BOURBON BRAND TOGETHER WITH EXCLUSIVE GLOBAL DISTRIBUTION RIGHTS AND ACQUISITION OF MINORITY STAKE IN CATALYST SPIRITS LTD.

On 24 August 2022, Campari Group announced the signing and simultaneous closing of an agreement with Catalyst Spirits to acquire an initial 15% interest in Monkey Spirits, LLC for a total consideration of US$15 million (€15.0 million at exchange rates at closing), with a path to increase its shareholding subject to a customary call option mechanism, based on the future brand results, which can be exercised starting from 2025. The company is the owner of Howler Head, the original banana-flavoured super-premium Kentucky straight bourbon whiskey, for which Campari Group also obtained concomitantly the exclusive global distribution rights. Howler Head was launched nationally in the United States in 2021 and in its first full year of operations sold over 50,000 9L cases, primarily to the United States and Canada markets, generating overall net sales of US$6.7 million in accordance with local GAAP. The brand is the official flavoured whiskey partner of UFC (Ultimate Fighting Championship). The transaction was supplemented on 23 September 2022 with the acquisition of a minority interest in London-based Catalyst Spirits Ltd for a non-material consideration, a global spirits brand incubator company helmed by industry veteran Simon Hunt. The company's mission is building digitally native brands, matching each brand in the pipeline with the right entertainment and marketing platform.

CAMPARI GROUP AND MOËT HENNESSY REACHED 100% OF TANNICO OWNERSHIP

On 1 December 2022, the two companies, already majority shareholders through their 50-50 joint-venture ('JOINT-VENTURE'), confirmed their commitment to lead e-commerce platform in Europe, by acquiring the remainder of Tannico's share capital equal to 37.89%, for a total consideration of €33.0 million, divided equally between Campari Group and Moët Hennessy. The JOINT-VENTURE aims at building a premium pan-European e-commerce player for the benefit of all wine and spirits brands and their European consumers. Furthermore, since 1 January 2023, Thierry Bertrand-Souleau has taken over the leadership of Tannico with the role of CEO bringing a solid omnichannel and retail business experience in the international markets, in line with the growth ambitious path of the e-commerce platform. Starting from the same date, the founder and current CEO of Tannico, Marco Magnocavallo, will become honorary president, providing continuity in the strategic direction. Thanks to its strategic achievements, Tannico is today an established player with market leadership positions in Italy and France, where it owns a majority stake in French e-commerce platform Ventealapropriete.com.

ACQUISITION OF AN INITIAL 70% STAKE IN WILDERNESS TRAIL DISTILLERY, LLC

On 7 December 2022, Campari Group signed the closing of an agreement to purchase an initial 70% interest of the Wilderness Trail Distillery, LLC and its subsidiary Wilderness Trace Distillery, LLC. The consideration paid amounted to US$415.4 million (or €394.5 million at exchange rates at closing) excluding transaction costs and including preliminary price adjustments attributable to cash and net working capital. The corresponding enterprise value for 100% of the outstanding capital is US$600 million (or €569.9 million at exchange rates at closing), on a cash free/debt free basis equivalent to a multiple of c.16 times the expected 2022 EBITDA. Campari Group will acquire the remaining 30% of the outstanding shares subject to a call/put option exercisable in 2031 at an enterprise value determined by applying the above multiple to the higher of 2030 or average of 2028-2030 EBITDA.

Wilderness Trail Distillery, LLC, located in Danville, Kentucky, USA, was launched in 2012 as a 'premium craft distillery' with a clear focus on making the highest quality bourbon and rye whiskey. The founders are fermentation experts with more than 20 years' experience in the production of whiskey, consistently recognised as pioneers in the engineering, research and development, fermentation and distilling activities.

Two premium proprietary Wilderness Trail expressions, Wilderness Trail Bourbon and Wilderness Trail Rye Whiskey, were launched in 2018, while the introduction of the high-end silver label 6-year and 8-year bourbon line for a deeper and mature flavour, further premiumized the portfolio.

For the fiscal year ended on 31 December 2021 in accordance with local GAAP, the acquired business achieved overall net sales of US$40.8 million including net sales from Wilderness Trail Distillery bourbon and rye brand of US$7.2 million on top of the business generated by bulk sales as well as storage fees and visitor centre, and an EBITDA of US$22.7 million. For the fiscal year ending on 31 December 2022, the acquired business is expected to generate overall sales of c. US$57 million, an increase of c.39% vs. previous year, with an increasing weight of the higher margin business generated by the Wilderness Trail bourbon and rye brand versus bulk sales, and an EBITDA of c. US$37 million (an increase of c.64% vs. previous year consistently in accordance with local GAAP).

By adding the fast-growing super premium Wilderness Trail brand, Campari Group further expands and premiumizes its bourbon offering, priming it to become the Group's second major leg after the aperitif portfolio. Moreover, it accelerates its premiumisation journey, further enriching the RARE portfolio, the division aimed to unlock and accelerate the growth potential of a select range of high-end individual expressions in the Group's core premium spirits markets. In addition, the Group granted the opportunity to significantly expand its production capacity and ageing inventory to satisfy the future growth of its premium bourbons, such as the high potential Whiskey Barons range, currently capped due to capacity constraints. The Group is very excited to partner with such a strong team of industry pioneers and distilling experts allowing to accelerate and significantly expand the innovation platform for the bourbon portfolio.

AUGUST

DECEMBER

2023

CORPORATE ACTIONS

ANNUAL GENERAL MEETING OF DAVIDE CAMPARI-MILANO N.V.

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

GROUP SIGNIFICANT EVENTS

FINANCIAL DEBT MANAGEMENT

With respect to the acquisitions concluded in 2022, leveraging its excellent business and financial profile, the Group decided to maximise the fund raised in order to optimise its available cash. On 30 November 2022 a US$420 million term loan was entered into, with a floating interest rate and a final maturity date on 6 December 2027. The financing was granted to Campari America, LLC, the United States wholly owned subsidiary of Davide Campari-Milano N.V., by a pool of leading financial institutions composed of Bank of America, BNP Paribas (Italian Branch), Crédit Agricole Corporate and Investment Bank (Milan Branch) and Cassa Depositi e Prestiti S.p.A. Allen&Overy acted as legal advisors to Campari Group and Clifford Chance acted as legal advisors to the Mandated Lead Arrangers and Lenders on the term loan transaction.

SHARE BUYBACK PROGRAMMES AND COMMITMENT TO SUSTAINABILITY

During 2022 the Company has announced the launch of two share buyback programmes under Article 5 of Regulation (EU) No. 596/2014, intended to meet the obligations arising from the long-term share-based incentive plans currently in place or yet to be adopted and whose beneficiaries are (or will be) employees or other members of the administrative or management bodies of either the Company or other Campari Group companies. The share buyback programmes are managed in accordance with all applicable laws and regulations.
The share buyback programme launched on 7 March 2022, coordinated and executed by UBS Europe SE, was implemented in accordance with the resolution approved at the Company's Annual General Meeting held on 8 April 2021 and was completed on 11 April 2022. The programme was managed with a maximum value allocation of €40 million and a reported number of 3,014,744 Campari shares acquired in the period from 7 March to 11 April 2022.
On 11 May 2022, the Company launched a new share buyback programme, implemented in accordance with the resolution approved by the Company's Annual General Meeting held on 12 April 2022 and coordinated by Morgan Stanley Europe SE. The programme started on 12 May 2022 and will end not sooner than 28 February 2023 and, in any case, not after 31 May 2023. The maximum value allocated to the programme is €110 million, with a maximum number of 16,000,000 Campari shares to be purchased at time and price deemed most appropriate. Consistently with a similar sustainability initiative successfully completed in January 2022, this programme includes a contractually agreed reward mechanism to allocate an amount deriving from its outperformance[3] to energy efficiency projects, namely, the installation of photovoltaic panels at the production site in Jamaica. With this programme, Campari Group confirms its strong commitment to the decarbonisation agenda through the responsible use of resources and reduction of the environmental impacts of its production activities, being environment one the four of its sustainability roadmap.
Between 1 January and 31 December 2022, the Company granted 1,879,568 own shares, out of which 1,844,088 shares were sold for a total cash inflow of €7.0 million, corresponding to the average exercise price multiplied by the number of own shares sold to stock option beneficiaries, while additionally 35,480 shares were transferred in the context of share matching plans. In the same period and through the share buyback programmes, the Company purchased 12,722,262 shares at an average price of €10.10, for a total amount of €128.1 million[4]. At 31 December 2022, the Company held 39,952,423 own shares, equivalent to 3.4% of the share capital.

COMMITMENT TO SUSTAINABILITY-CAMPARI GROUP WAS RECOGNIZED WITH B RATING BY CDP

In December 2022 a key milestone in the Group's commitment to sustainability and towards a greater transparency was reached: Campari Group was recognized a B rating to the CDP Climate Change questionnaire by the global environmental non-profit CDP (Carbon Disclosure Project). This acknowledgement is a testimony of the Group's efforts to reduce its environmental impact and protect the planet. CDP elaborates its scoring according to the companies' missions, focusing on principles and values for a sustainable economy. Companies are assessed across four consecutive levels which represent the steps they are taking towards environmental stewardship. The levels are D) Disclosure; C) Awareness; B) Management; A) Leadership. Management points are recognized for those companies that provide evidence of actions associated with good environmental management.

NEW REGIONAL HEADQUARTERS IN LONDON

In November 2022, Campari Group has unveiled its state-of-the-art new headquarters for its Northern Central and Eastern European business unit and United Kingdom market in the heart of London. Its new regional headquarter signals a new era for the company's operations in this country and in the Northern Central and Eastern Europe Region, as well as internationally. Building on its rapid growth trajectory in the United Kingdom, this new opening also underlines Campari Group's ambitions for the future, creating new jobs and lasting partnerships as part of a long-term commitment to the market. Named 'The House of Campari Group, UK', the new London headquarters is the first time ever owned office in the United Kingdom, becoming a key permanent in-market home for the company. In addition, leveraging a significant real estate investment in a strategic market, the company could blend its heritage with a cutting edge and innovative hospitality space. The new headquarters also hosts the Campari Academy, a brand-new concept to the UK market. After Milan, Sao Paolo and Sydney, London's Campari Academy represents the first experience in a United Kingdom venue, offering innovative masterclasses and industry-leading training programmes aiming to connect, educate and inspire bartenders. Moreover, it provides an additional layer of hospitality and drinks excellence for both customers and employees..

SUBSEQUENT EVENTS

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

(3) The outperformance is the difference between the purchase price and the average VWAP (Volume Weighted Average Price) during the execution period.
(4) The amount includes €0.3 million liabilities paid and €0.1 million receivables to be collected, both in connection with the share buyback programme.

GROUP FINANCIAL REVIEW

SALES PERFORMANCE

Net sales relate to spirit products in Campari Group's markets. The nature, amount, timing and uncertainty of sales, as well as the corresponding cash flows, are affected by economic and business factors which differ across markets, also as a function of their different sizes and maturity profiles. These elements are primarily attributable to demographics, consumption habits 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 retailers 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 2022, the Group's net sales amounted to €2,697.6 million, an overall increase of +24.2% as compared with 2021. Both organic and exchange rate components were positive at +16.4% and +7.9%, only partially offset by a negligible perimeter effect of -0.2%.

	for the years ended 31 December										
	2022	2021	tot change	full year change %, of which				organic change % by quarter			
	€ million	€ million	€ million	total	Organic	Perimeter	exchange rate(1)	first	second	third	fourth
Net sales	**2,697.6**	2,172.7	**525.0**	24.2%	**16.4%**	-0.2%	7.9%	29.4%	12.5%	18.6%	**9.6%**

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

A strong organic growth (+16.4%) was registered across all regions despite the macroeconomic challenges and supply constraints, thanks to very healthy brand momentum as well as the successful execution of price increases, which mitigated the strong inflation impacting cost of goods sold. Sustained sales growth continued in the fourth quarter with normalizing trends (+9.6%), benefitting from strong pricing whilst reflecting expected supply constraints. If compared with 2019, an unaffected base with respect to the pandemic, the net sales performance in 2022 was very positive, with an overall organic increase of +39.9% and a CAGR of +11.8%.

In order to mitigate the effect of hyperinflationary economies, the organic change for countries having to adopt the hyperinflationary methodology laid down in IFRS (Argentina) 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.

With regards to ongoing Russia-Ukraine conflict and related business activities, Russia and Ukraine accounted overall for approximately 3% of Campari Group's net sales in both 2022 and 2021.

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

2. ORGANIC SALES PERFORMANCE OF OPERATING SEGMENTS

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

	for the years ended 31 december									
	2022		2021		total change	full year change %, of which				fourth quarter organic
Group net sales focus by region	€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate[1]	change %
Americas	1,229.4	45.6%	927.9	42.7%	301.5	32.5%	16.6%	0.1%	15.8%	11.1%
Southern Europe, Middle East and Africa	746.3	27.7%	638.7	29.4%	107.6	16.9%	18.2%	-1.5%	0.2%	4.3%
North, Central and Eastern Europe[2]	524.0	19.4%	438.2	20.2%	85.8	19.6%	14.9%	0.7%	3.9%	5.7%
Asia-Pacific	197.9	7.3%	167.8	7.7%	30.0	17.9%	12.4%	1.0%	4.5%	30.4%
Total	**2,697.6**	**100.0%**	**2,172.7**	**100.0%**	**525.0**	**24.2%**	**16.4%**	**-0.2%**	**7.9%**	**9.6%**

(1) Includes the effects associated with hyperinflation in Argentina.
(2) 2021 data restated reflecting minor geographic reclassification.

AMERICAS

The region, broken down into its core markets below, recorded an overall organic increase of +23.0%. The region is predominantly off-premise skewed, particularly North America.

	for the years ended 31 December										
	% of Group total	2022		2021		tot change	full year change %, of which				fourth quarter organic change %
		€ million	%	€ million	%	€ million	total	organic	perime-ter	ex-change rate[1]	
US	27.7%	746.1	60.7%	581.3	62.7%	164.8	28.3%	14.0%	0.3%	14.0%	12.5%
Jamaica	5.6%	151.9	12.4%	106.1	11.4%	45.8	43.1%	29.8%	-	13.3%	38.5%
Other countries of the region	12.3%	331.4	27.0%	240.4	25.9%	91.0	37.8%	17.0%	-0.4%	21.3%	-2.8%
Americas	**45.6%**	**1,229.4**	**100.0%**	**927.9**	**100.0%**	**301.5**	**32.5%**	**16.6%**	**0.1%**	**15.8%**	**11.1%**

(1) The exchange rate effect in Argentina includes the impact of applying the IAS 29 'Hyperinflation' principle in this market, where as a prudent measure to strip out the effects of the local high inflation rate, the exchange rate effect also included the pricing component.

United States

The United States, the Group's largest market, accounting for 27.7% of total Group sales, closed the year with a solid double-digit growth of +14.0% driven by continued positive momentum in the on-premise and resilient home consumption, despite a tough comparison base (+18.9%). The positive full year 2022 performance was mainly driven by Espolòn (+35.1%), Wild Turkey core bourbon (+22.6%), Russell's Reserve (+37.7%) and by the aperitifs with Aperol (+49.8%) and Campari (+33.1%), thanks to strong consumer demand and benefitting also from price increases. The shipments of Grand Marnier were slightly down due to continuing glass supply constraints (against a tough comparison base of +44.6%), while the SKYY portfolio declined. Sustained brand momentum continued in the fourth quarter (+12.5%) thanks to the strong performance of Espolòn (+40.4%), Wild Turkey core bourbon (+11.9%), Russell's Reserve (+37.6%) as well as Aperol, Campari and the amari portfolio. Compared to the results of 2019, an overall organic increase of +39.3% and a CAGR of +11.7% was registered in 2022.

Jamaica

Jamaica recorded strong double-digit growth of +29.8% with an acceleration in the fourth quarter (+38.5%), mainly driven by Wray&Nephew Overproof and Campari.

Other countries in the region

Other countries in the region reported a strong organic growth in sales of +17.0%. **Canada** performed overall positively driven by Aperol, Campari and Espolòn. Moreover, a strong growth was achieved across the rest of the region, mainly driven by double digit increase in Brazil, Mexico and Argentina, thanks to the consumer demand for Campari, Aperol and SKYY portfolio.

SOUTHERN EUROPE, MIDDLE EAST AND AFRICA

The region, which is broken down by core markets in the table below, reported an organic increase of +18.2%. It is predominantly skewed to the on-premise channel.

	% of Group total	2022 € million	2022 %	2021 € million	2021 %	tot change € million	full year change %, of which: total	organic	perimeter	exchange rate	fourth quarter organic change %
Italy[1]	17.2%	462.9	62.0%	415.5	65.1%	47.4	11.4%	15.4%	-4.0%	-	-1.5%
France	5.6%	151.7	20.3%	128.5	20.1%	23.2	18.1%	12.1%	6.0%	-	15.6%
Other countries of the region[1]	4.9%	131.7	17.7%	94.7	14.8%	37.0	39.1%	38.3%	-0.4%	1.2%	12.6%
Southern Europe, Middle East and Africa	**27.7%**	**746.3**	**100.0%**	**638.7**	**100.0%**	**107.6**	**16.9%**	**18.2%**	**-1.5%**	**0.2%**	**4.3%**

for the years ended 31 December

(1) 2021 data restated reflecting minor geographic reclassification.

Italy

The performance in the Italian market in 2022 was very satisfactory (+15.4%), with the aperitifs delivering solid results, Aperol (+20.5%), Campari (+26.4%), non-alcoholic Crodino (+15.7%) and Campari Soda (+6.2%), largely thanks to strong on-premise consumption and the successful execution of price increases, helped also by the good weather during the summer period. In the fourth quarter, a slightly negative performance was recorded (-1.5%) mainly due to a shortfall in Cinzano sparkling wines sales in its peak season due to glass availability constraints as well as a tough comparison base (+60.0% in the fourth quarter of 2021), mitigated by positive growth in Aperol and Campari thanks to strong pricing. Core Aperol and Campari grew in the quarter with strong brand health continuing. Compared with the results of 2019, the market registered an overall organic increase of +30.1% and a CAGR of +9.2% in 2022.

France

France registered solid organic growth of +12.1% with positive underlying trends continuing, with core Aperol and Riccadonna sparkling wine growing double digits. Champagne Lallier and the Rhum Agricole portfolio also grew.

Other countries in the region

Other countries in the region registered an overall organic growth of +38.3%, particularly Spain, thanks to Aperol and Campari, Nigeria, thanks to Campari, and South Africa, thanks to Bisquit&Dubouché. With regard to Global Travel Retail, the channel achieved strong double-digit growth of +80.8%, mainly driven by Aperol, Campari, The GlenGrant and Grand Marnier, benefiting from tourism recovery.

NORTHERN, CENTRAL AND EASTERN EUROPE

The region, predominantly off-premise skewed, reported highly positive overall organic growth (+14.9%) across its core countries.

	% of Group total	2022 € million	2022 %	2021 € million	2021 %	tot change € million	full year change %, of which: total	organic	perimeter	exchange rate[1]	fourth quarter organic change %
Germany	7.2%	193.6	37.0%	163.1	37.2%	30.5	18.7%	18.6%	0.1%	-	7.2%
United Kingdom[1]	3.0%	80.9	15.4%	70.6	16.1%	10.3	14.7%	13.7%	-	1.0%	15.5%
Other countries of the region	9.2%	249.5	47.6%	204.5	46.7%	44.9	22.0%	12.4%	1.6%	8.0%	1.8%
North, Central and Eastern Europe	**19.4%**	**524.0**	**100.0%**	**438.2**	**100.0%**	**85.8**	**19.6%**	**14.9%**	**0.7%**	**3.9%**	**5.7%**

for the years ended 31 December

(1) 2021 data restated reflecting minor geographic reclassification.

Germany

Germany showed strong business performance (+18.6%) thanks to continued resilient home consumption combined with a strong on-premise, boosted also by pricing. The performance was led largely by Aperol (+31.9%), Aperol Spritz RTE (+91.9%) and Crodino (+32.3%) whilst Campari also grew mid-single digits following the strong price repositioning. The performance of the fourth quarter was positive (+7.2%), driven by the continued strength of the aperitifs, offsetting the softness in Cinzano sparkling wine, which continued to be impacted by glass availability. Compared to the 2019 results, the market registered an overall organic increase of +37.6% and a CAGR of +11.2% in 2022.

United Kingdom

The United Kingdom registered good double-digit growth in 2022 (+13.7%), despite a tough comparison base (+39.1% in 2021), largely driven by continued positive momentum of core Aperol and Magnum Tonic, despite product availability constraints of the latter. Other brands such as Crodino, Lallier Champagne, Campari and Wild Turkey bourbon also performed well.

Other countries in the region

Performance in the other countries of the region was up overall by +12.4%, largely led by the aperitifs, including the non-alcoholic aperitif Crodino.

ASIA-PACIFIC

This region, which is predominantly off-premise skewed and whose market breakdown is shown in the table below, recorded an organic growth of +12.4%.

	for the years ended 31 December										
	% of Group total	2022		2021		tot change	full year change %, of which				fourth quarter organic change %
		€ million	%	€ million	%	€ million	total	organic	perimeter	exchange rate	
Australia	4.6%	124.9	63.1%	108.6	64.7%	16.4	15.1%	9.6%	1.4%	4.1%	31.1%
Other countries of the region	2.7%	72.9	36.9%	59.3	35.3%	13.6	23.0%	17.6%	0.3%	5.2%	29.1%
Southern Europe, Middle East and Africa	**7.3%**	**197.9**	**100.0%**	**167.8**	**100.0%**	**30.0**	**17.9%**	**12.4%**	**1.0%**	**4.5%**	**30.4%**

Australia

Australia, the region's largest market, showed a positive full year performance (+9.6%) with a very strong fourth quarter (+31.1%), driven by strong shipments recovery of Wild Turkey RTD (+35.7%) after persistent ocean freight challenges, as well as strong growth in Wild Turkey bourbon (+68.9%), Aperol (+27.8%) and Campari (+52.4%). Compared to 2019 results, the market registered an overall organic increase of +31.9% and a CAGR of +9.7% in 2022.

Other countries in the region

Sales in the Other countries of the region grew by +17.6% with a strong fourth quarter (+29.1%). South Korea registered a very strong performance (+84.1%), driven by high-end Wild Turkey offerings, The GlenGrant, X-Rated and SKYY. Japan was positive after a strong fourth quarter driven by Wild Turkey bourbon, The GlenGrant and SKYY. China was negative due to Covid-19 lockdowns. Sustained momentum continued elsewhere including New Zealand, thanks to the Group's enhanced investments across all levers. Moreover, India delivered very positive performance though off a small base.

BRAND CONTRIBUTION ON 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[5].

PERCENTAGE OF GROUP SALES

		full year change % compared with full year 2021, of which				fourth quarter organic change % compared with fourth quarter 2021	segment/main markets for brands
		total	organic	perimeter	exchange rate		
global priority brands	**57.4%**	**26.4%**	**18.7%**	**-**	**7.6%**	**11.1%**	
 Aperol	21.6%	31.8%	28.2%	-	3.6%	15.8%	Italy, SEMEA Germany, NCEE US, AMERICAS France, SEMEA United Kingdom, NCEE
 Campari	10.6%	30.8%	23.8%	-	7.0%	7.2%	Italy, SEMEA US, AMERICAS Brazil, AMERICAS Jamaica, AMERICAS Germany, NCEE
 Wild Turkey portfolio [1][2]	8.0%	33.8%	21.4%	-	12.5%	19.4%	US, AMERICAS Australia, APAC South Korea, APAC Japan, APAC Canada, AMERICAS
 Grand Marnier	6.5%	12.1%	1.3%	-	10.9%	1.0%	US, AMERICAS Canada, AMERICAS France, SEMEA Gtr, SEMEA China, APAC
 Jamaican rums portfolio[3]	5.6%	25.8%	15.5%	-	10.3%	13.3%	Jamaica, AMERICAS US, AMERICAS United Kingdom, NCEE Canada, AMERICAS Mexico, AMERICAS
 SKYY[1]	5.1%	8.6%	-1.8%	-	10.3%	3.8%	US, AMERICAS Argentina, AMERICAS Germany, NCEE South Africa, SEMEA Canada, AMERICAS

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

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

percentage of Group sales		full year change % compared with full year 2021, of which: total	organic	perimeter	exchange rate	fourth quarter organic change % compared with fourth quarter 2020
regional priority brands	25.4%	**26.9%**	**18.7%**	**0.2%**	**8.0%**	**9.0%**
Espolòn	6.6%	49.0%	33.5%	-	15.5%	37.3%
Cinzano, Riccadonna and Mondoro	5.7%	23.2%	13.5%	-	9.7%	-0.7%
Italian specialties(4)	3.1%	21.5%	13.9%	1.5%	6.1%	-2.6%
Crodino	2.3%	17.1%	16.8%	-	0.4%	0.3%
Magnum Tonic	1.6%	5.3%	0.5%	-	4.8%	9.4%
Aperol Spritz ready-to-enjoy	1.3%	36.4%	35.1%	-	1.2%	7.1%
The GlenGrant	1.1%	23.8%	20.0%	-	3.8%	-4.2%
other(5)	3.7%	20.4%	14.4%	-	6.0%	13.2%
local priority brands(6)	8.3%	**17.3%**	**5.7%**	**7.6%**	**4.0%**	**1.5%**
Campari Soda	2.9%	6.1%	6.1%	-	-	-2.9%
Wild Turkey ready-to-drink(7)	1.9%	12.0%	8.0%	-	4.1%	34.5%
SKYY ready-to-drink	1.0%	17.4%	3.8%	-	13.6%	-24.2%
X-Rated	0.5%	-8.6%	-11.8%	-	3.2%	-19.6%
other(8)	2.1%	56.3%	10.0%	40.2%	6.1%	2.4%
rest of the portfolio	8.9%	**10.7%**	**6.7%**	**-8.9%**	**12.9%**	**9.9%**
total	100.0%	**24.2%**	**16.4%**	**-0.2%**	**7.9%**	**9.6%**

(4) Includes Braulio, Cynar, Averna, Frangelico and Del Professore.
(5) Includes Bisquit&Dubouché, Bulldog, Forty Creek, Trois Rivières, Maison La Mauny, Ancho Reyes, Montelobos and Lallier.
(6) In light of the positive trends recorded over the past periods, starting from 1 January 2022 Aperol Spritz ready-to-enjoy and X-Rated were moved from the rest of the portfolio category and reported as local priority brands. Aperol Spritz ready-to-enjoy is a stand-alone brand not included in the Aperol brand performance. the performances have been calculated based on the 2021 data as recalculated to reflect the new brand cluster applicable from 1 January 2022.
(7) Includes American Honey ready-to-drink.
(8) Includes Cabo Wabo, Ouzo and Picon.

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

Global priority brands overall registered solid growth (+18.7%).

Aperol registered a strong double-digit organic growth of +28.2% in its 19th year after its acquisition, thanks to the very healthy brand momentum across all key markets driven by the successful execution of its growth model, which was further boosted by price increases, in particular in core Italy, Germany, the United States, France and the United Kingdom. In the fourth quarter a strong performance of +15.8% was recorded despite a tough comparison base (+45.8% in the same period of 2021) thanks to the continued deseasonalisation activities across core European markets and the extension of drinking occasions. Strong double-digit brand performance was also registered beyond the key markets, such as Spain, Austria, Belgium and Poland in Europe, as well as Brazil, Argentina, Mexico and Canada in the Americas. Double digit growth was also achieved in the Asia-Pacific region, mainly in Australia and New Zealand. Additionally, the brand delivered very strong growth in Global Travel Retail in 2022.

Campari was up by +23.8% largely thanks to core Italy, the United States, Brazil and Jamaica. The strong overall performance benefitted from resilient off-premise momentum due to the at-home mixology trend as well as continued health in the on-premise combined with the success of the consumer-driven Campari spritz in the brand's core markets. Very positive growth was also recorded in the fourth quarter of the year (+7.2%), driven by the outperformance of the core Jamaican (+17.2%) and United States market (+31.7%).

The **Wild Turkey portfolio** delivered double-digit growth of +21.4% with outperformance of high-end variants. Wild Turkey bourbon was up by +26.2%, mainly driven by the core United States market (+22.6%), Australia (23.7%) and South Korea (+144.9%), thanks to a combination of classic cocktail revival in the on-premise channel and at-home mixology as well as strong pricing. High-end Russell's Reserve grew +36.4% thanks to the United States and South Korea as consumers continue to premiumise. American Honey was only slightly positive, handicapped by glass constraints.

Grand Marnier showed a positive performance of +1.3% mainly driven by the growth in Global Retail Travel and France, thus offsetting the slightly negative shipment performance in the core United States market, which was impacted by glass supply and logistics constraints as well as a tough comparison base (+44.6%).

The **Jamaican rums** portfolio was up by +15.5%, with Wray&Nephew Overproof showing a double-digit growth of +23.2% thanks to Jamaica and the United States. Appleton Estate was positive overall (+3.2%) against a tough comparison base (+31.0% in 2021), mainly led by its core market Jamaica, the United Kingdom as well as New Zealand and Mexico.

SKYY continued to register a weak performance of -1.8% due to shipment decline in the core United States market and China, which were partly mitigated by the growth across the rest of the markets (+50.7%), largely thanks to Argentina, the Global Travel Retail, Germany, Italy and Brazil.

Regional priority brands registered double-digit growth (+18.7%),

with **Espolòn** continuing to grow strong double digit (+33.5%), despite a tough comparison base, driven by the core United States market as well as international markets including Australia, albeit off a small base. **The GlenGrant** showed a strong performance overall (+20.0%) driven by premiumisation trends, in particular in South Korea and the Global Retail Travel. **Crodino** continue its strong performance (+16.8%) driven by strong growth in the core Italian market as well as seeding markets such as Germany, Benelux, Austria, Switzerland and the United Kingdom as the brand continued to expand internationally as the non-alcoholic aperitif. Very positive results were also delivered by **Aperol Spritz ready-to-enjoy** (+35.1%), mainly driven by Germany and all markets where the brand was recently launched. **Magnum Tonic** reported a weak growth due to continued procurement availability constraints (+0.5%). Other brands also showed a positive growth, such as the **Italian specialties (Frangelico, Averna, Cynar and Braulio)** growing at +13.9%, sparkling wines and vermouths **(Cinzano, Mondoro and Riccadonna)** growing at +13.5%, Bisquit&Dubouché, Montelobos, Ancho Reyes and Maison la Mauny.

The local priority brands grew by +5.7%,

thanks to the positive performance of **Cabo Wabo** (+21.0%), driven by the core United States market, **Campari Soda** (+6.1%) thanks to the core Italian market, combined with the good results of **SKYY ready-to-drink** (+3.8%) and **Wild Turkey ready-to-drink** (+8.0%), partly offset by **X-Rated**, registering an overall weak performance due to China (-11.8%), still impacted by lockdowns in relation to the zero-Covid policy, while South Korea continues to grow double-digits.

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

3. PERIMETER VARIATION

The perimeter variation of -0.2% in 2022, as compared with sales in 2021, is analysed in the table below.

PERIMETER VARIATION

breakdown of the perimeter effect	€ million	% on 2021
asset deal	15.4	0.7%
total acquisitions	**15.4**	**0.7%**
new agency brands	3.4	0.2%
discontinued agency brands	(22.6)	-1.0%
total agency brands	**(19.2)**	**-0.9%**
total perimeter effect	**(3.8)**	**-0.2%**

• BUSINESS ACQUISITIONS AND ASSET DEAL

In 2022, the sales contribution from assets deal was +0.7% on overall Group and comprised the Picon and Del Professore brands starting from May and August 2022, respectively. The acquisition of Wilderness Trail Distillery, LLC, completed on 7 December 2022, did not contribute to the Group's 2022 results: as the financial effect generated in the remaining part of 2022 was not material, it was not considered for the purposes of the Campari Group consolidated financial statements. For further information refer to paragraph 'Significant events of the year'.

• AGENCY BRANDS DISTRIBUTION

The perimeter variation due to the agency brands in 2022 represented a net decrease of -0.2% and was mainly related to the termination of the distribution agreement for the Jägermeister brand in Italy, effective from 1 January 2022 (brand sales accounted for less than 1% of consolidated sales in 2021). This negative variation was only partially offset by the sales generated by the new agency brands Truly Hard Seltzer from February 2022, for which the Group entered a partnership to manufacture and distribute the brand in Australia, and 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.

4. EXCHANGE RATE EFFECTS

The exchange rate effect for 2022 was positive at +7.9%, mainly thanks to the appreciation against the € of the Group's key currencies such as the US Dollar, the Jamaican Dollar, the Canadian Dollar, the Brazilian Real and the Mexican Peso. The exchange rate effect includes the impact of applying 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 2022 and 2021 respectively, and the spot rates at 31 December 2022, with the percentage change against the € compared with 31 December 2021.

	average exchange rates			spot exchange rates		
	for the year ended 31 December 2022	for the year ended 31 December 2021	revaluation/ (devaluation) vs. 2021	at 31 December 2022	at 31 December 2021	revaluation/ (devaluation) vs. 31 December 2021
	1 €	: 1 €	%	1 €	: 1 €	%
US Dollar	1.054	1.184	12.3%	1.067	1.133	6.2%
Canadian Dollar	1.370	1.483	8.3%	1.444	1.439	-0.3%
Jamaican Dollars	161.777	178.337	10.2%	161.803	174.455	7.8%
Mexican peso	21.205	23.990	13.1%	20.856	23.144	11.0%
Brazilian Real	5.443	6.381	17.2%	5.639	6.310	11.9%
Argentine Peso[1]	188.503	116.362	-38.3%	188.503	116.362	-38.3%
Russian Ruble[2]	74.039	87.232	17.8%	79.226	85.300	7.7%
Great Britain Pounds	0.853	0.860	0.9%	0.887	0.840	-5.3%
Swiss Franc	1.005	1.081	7.6%	0.985	1.033	4.9%
Australian Dollar	1.517	1.575	3.8%	1.569	1.562	-0.5%
Yuan Renminbi	7.080	7.634	7.8%	7.358	7.195	-2.2%

(1) The average exchange rate of the Argentine Peso for both 2022 and 2021 was equal to the spot exchange rate at 31 December 2022 and at 31 December 2021 respectively, based on IFRS accounting requirements for hyperinflation.
(2) On 2 March 2022, the European Central Bank ('ECB') decided to suspend the publication of €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 2022 confirmed a strong 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 a growth of +16.4%, +14.1%, +14.7% and +19.1%, respectively. In particular, the result from recurring operations (EBIT-adjusted) grew stronger than net sales, thus driving margin accretion. This result was achieved thanks to a sustained brand momentum and positive effects of price increases, which helped to mitigate the inflationary pressure on input costs.

The perimeter component for the full year 2022 reflects the termination of the distribution agreement for the Jägermeister brand in Italy, only partially offset by the additions of the Picon and Del Professore brands, the new agency brands Truly Hard Seltzer in Australia and Howler Head brand in the US, whilst the acquisition of Wilderness Trail Distillery, LLC (closed at the end of year-end 2022) did not generate any impact on the profit or loss.

The exchange rate effect was favourable during the period, mainly driven by the revaluation against the € of the Group's key currencies, such as the US Dollar, the Jamaican Dollar, the Canadian Dollar, the Brazilian Real and the Mexican Peso.

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

	for the years ended 31 December											
	2022		2021		total change		of which organic		of which perimeter		of which due to exchange rates and hyperinflation	
	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%
Net sales[2]	**2,697.6**	**100.0**	**2,172.7**	**100.0**	**525.0**	**24.2%**	**356.3**	**16.4%**	**(3.8)**	**-0.2%**	**172.5**	**7.9%**
Cost of sales	(1,109.0)	(41.1)	(875.8)	(40.3)	(233.2)	26.6%	(173.3)	19.8%	6.4	-0.7%	(66.3)	7.6%
Gross profit	**1,588.6**	**58.9**	**1,296.8**	**59.7**	**291.8**	**22.5%**	**183.0**	**14.1%**	**2.7**	**0.2%**	**106.1**	**8.2%**
Advertising and promotional expenses	(479.0)	(17.8)	(397.8)	(18.3)	(81.2)	20.4%	(50.5)	12.7%	(2.2)	0.6%	(28.4)	7.1%
Contribution margin	**1,109.6**	**41.1**	**899.0**	**41.4**	**210.6**	**23.4%**	**132.4**	**14.7%**	**0.5**	**0.1%**	**77.8**	**8.6%**
Selling, general and administrative expenses	(539.8)	(20.0)	(463.8)	(21.3)	(75.9)	16.4%	(49.3)	10.6%	1.1	-0.2%	(27.8)	6.0%
Result from recurring activities (EBIT-adjusted)	**569.9**	**21.1**	**435.2**	**20.0**	**134.7**	**30.9%**	**83.2**	**19.1%**	**1.6**	**0.4%**	**50.0**	**11.5%**
Other operating income (expenses)	(58.3)	(2.2)	(34.3)	(1.6)	(24.0)	69.9%						
Operating result (EBIT)	**511.5**	**19.0**	**400.8**	**18.4**	**110.7**	**27.6%**						
Financial income (expenses) and adjustments	(30.7)	(1.1)	(12.4)	(0.6)	(18.3)	147.4%						
Put option, earn out income (expenses) and hyperinflation effect	0.7	-	0.2	-	0.5	279.4%						
Profit (loss) related to associates and joint-ventures	(6.6)	(0.2)	(0.1)	-	(6.5)	9844.6%						
Profit before taxation	**475.0**	**17.6**	**388.6**	**17.9**	**86.4**	**22.2%**						
Profit before taxation-adjusted	**538.0**	**19.9**	**415.3**	**19.1**	**122.7**	**29.5%**						
Taxation	(143.5)	(5.3)	(105.6)	(4.9)	(37.9)	35.9%						
Net profit for the period	**331.5**	**12.3**	**283.0**	**13.0**	**48.5**	**17.1%**						
Net profit for the period-adjusted	**386.3**	**14.3**	**306.1**	**14.1**	**80.2**	**26.2%**						
Non-controlling interests	(1.5)	(0.1)	(1.8)	(0.1)	0.3	-18.1%						
Group net profit	**333.0**	**12.3**	**284.8**	**13.1**	**48.2**	**16.9%**						
Group net profit-adjusted	**387.8**	**14.4**	**307.9**	**14.2**	**79.9**	**26.0%**						
Total depreciation and amortisation	(90.5)	(3.4)	(79.7)	(3.7)	(10.7)	13.5%	(6.1)	7.7%	-	-	(4.6)	5.8%
EBITDA-adjusted	**660.3**	**24.5**	**514.9**	**23.7**	**145.4**	**28.2%**	**89.3**	**17.3%**	**1.6**	**0.3%**	**54.6**	**10.6%**
EBITDA	**602.0**	**22.3**	**480.6**	**22.1**	**121.4**	**25.3%**						

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

The change in profitability in the full year 2022 and in the fourth quarter 2022, shown as variation of percentage margin on net sales (basis points) and in percentage terms, is as follows[1].

	2022 compared to 2021		
margin accretion (dilution) in basis point[2] and organic	total	organic bps	% organic
Net sales	-	-	**16.4%**
Cost of sales	(80)	(120)	19.8%
Gross profit	**(80)**	**(120)**	**14.1%**
Advertising and promotional expenses	60	60	12.7%
Contribution margin	**(20)**	**(60)**	**14.7%**
Selling, general and administrative expenses	130	110	10.6%
Result from recurring activities (EBIT-adjusted)	**110**	**50**	**19.1%**

	fourth quarter 2022 compared to fourth quarter 2021		
margin accretion (dilution) in basis point[2] and organic	total	organic bps	% organic
Net sales	-	-	**9.6%**
Cost of sales	(150)	(20)	10.0%
Gross profit	**(150)**	**(20)**	**9.2%**
Advertising and promotional expenses	-	20	8.4%
Contribution margin	**(150)**	**-**	**9.7%**
Selling, general and administrative expenses	10	(30)	10.9%
Result from recurring activities (EBIT-adjusted)	**(140)**	**(20)**	**7.6%**

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

STATEMENT OF PROFIT OR LOSS IN DETAIL

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

+22.5%

GROSS PROFIT

Gross profit for the period was €1,588.6 million, up +22.5% compared with 2021 lead by strong topline performance notwithstanding the very challenging macro environment, combined with supply chain headwinds. The organic component of +14.1% was combined with a positive exchange rate variation at +8.2% and a negligible perimeter effect of +0.2%. As a percentage of net sales, the profitability stood at 58.9%, slightly lower than 59.7% reported in 2021, hence generating a dilutive effect of 80 basis points on a reported basis. This variance was driven by the dilutive organic effect of 120 basis points, only partially offset by the accretive combined effect of exchange rate and perimeter components for totally 40 basis points. The organic margin dilution was negatively impacted by the heightened input cost inflation, negatively affecting particularly glass, alcohol and sugar as well as logistics, and a less favourable sales mix (i.e. outperformance of Espolòn impacted by persistently high purchase price of agave and the aperitif portfolio, particularly impacted by the inflationary pressure on glass), which were only partially mitigated by a better absorption of production and logistics fixed costs and the successful price increases implemented in the key brand-market combinations, especially in the core aperitif business. In the fourth quarter, a low seasonality period for the aperitifs, gross margin dilution was limited to -20 basis points: the positive pricing initiatives almost offset the cost of sales' inflation.

+20.4%

ADVERTISING AND PROMOTIONAL EXPENSES

Advertising and promotional expenses amounted to €479.0 million, up +20.4% overall compared with 2021. As a percentage of sales, advertising and promotional expenses stood at 17.8%, lower than the 18.3% shown in 2021, thus generating an accretive effect of 60 basis points on profitability on a reported basis. Organic, exchange rate and perimeter variations were positive at +12.7%, +7.1% and +0.6%, respectively. In organic terms, the investments reflected the continuous commitment to brand building and consumer engagement in key consumption occasions across all channels (on-premise, off-premise, digital and online) and generated an accretive effect of 60 basis points thanks to a strong top line growth.

+23.4%

CONTRIBUTION MARGIN

The **contribution margin** was €1,109.0 million, an overall increase of +23.4% on the full year 2021. As a percentage of sales, the contribution margin stood at 41.1%. The organic growth component was +14.7% below the one of net sales, hence creating a dilutive effect of 60 basis points on profitability. The perimeter effect was negligible at +0.1%, with a positive impact on profitability of 10 basis points, while the exchange rate effect of +8.6% had an accretive impact on margins of 30 basis points.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses amounted to €539.8 million, up by +16.4% on 2021. As a percentage of sales, they amounted to 20.0% lower than 21.3% recorded in 2021. At organic level, selling, general and administrative expenses increased by +10.6%, lower than the net sales growth and therefore generating a meaningful accretion effect on margins of 110 basis points. The investments reflected the continuous strengthening of Group's commercial capabilities with a focus on Asia, including the set-up of in-market company in India as well as the investments in the enterprise digital transformation across finance, supply chain and commercial.

RESULT FROM RECURRING OPERATIONS (EBIT-ADJUSTED)

The result from recurring operations (EBIT-adjusted) was €569.9 million, with an overall increase of +30.9% on the full year 2021. The return on sales-adjusted (ROS) stood at 21.1%, up from 20.0% recorded in 2021, with an accretive effect of 110 basis points on a reported basis. The organic growth component was +19.1%, higher than organic sales growth and thus generating a profit accretion of 50 basis points on net sales. The impact of the exchange rate variation was positive at +11.5% (with an accretion of 50 basis points), namely generated by the revaluation against the € of the Group's key currencies, in particular the transactional effect of the US Dollar, while the perimeter effect was slightly positive at +0.4%. If compared with the results of full year 2019, an unaffected base with respect to Covid-19, an overall organic increase of +33.4% and a CAGR of +10.1% was registered in 2022.

OTHER OPERATING INCOME (EXPENSES)

Other operating income (expenses) comprised a net expense of €58.3 million, which mainly included the costs associated with restructuring, mergers and acquisitions projects and indemnities for contract resolutions (totalling €25.8 million), last mile long-term incentive schemes with retention purposes to be potentially recognised to senior management[6] (€10.0 million), the non-recurring costs associated to the Russia-Ukraine conflict amounting to €8.0 million, namely related to the write-off of the inventory stocks destroyed during the conflict and a measurement of the expected credit losses reflecting the highly increased probability of default recorded in both countries. Moreover, it included impairments of assets (€6.6 million) and other costs related to indirect tax disputes and the costs associated to the Group digital transformation (€8.0 million).

OPERATING RESULT (EBIT)

The operating result (EBIT) in full year 2022 was €511.5 million, reflecting an increase of +27.6% compared with 2021. ROS, the operating result as a percentage of net sales, amounted to 19.0% (18.4% in 2021).

DEPRECIATION AND AMORTISATION

Depreciation and amortisation totalled €90.5 million, up by +13.5% on 2021, of which +7.7% was at organic level and 5.8% related to exchange rate variations.

(6) 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 2022.

EBITDA-ADJUSTED

EBITDA-adjusted stood at €660.3 million, an increase of +28.2%, of which +17.3% was at organic level, +10.6% was driven by exchange rate variations, while the perimeter effect was slightly positive at +0.3%. If compared with results from full year 2019, an unaffected base with respect to Covid-19, the 2022 year registered an overall organic increase of +31.2% and a CAGR of +9.5%.

EBITDA

EBITDA was €602.0 million, an increase of +25.3% compared with 2021.

NET FINANCIAL EXPENSES

Net financial expenses totalled €30.7 million compared with €12.4 million in 2021, including the negative foreign effect of cross-currency transactions of €4.6 million (positive €7.9 million in 2021). Excluding these exchange components and the financial adjustments (remeasurement of amortised cost in connection with liability management occurred in 2022[7] and a positive interest resulting from the favourable closure of a tax dispute in Brazil on indirect taxes in 2021), the net financial expenses stood at €21.4 million in 2022, showing a decrease of €3.6 million compared to 2021. This amount does not yet reflect the overall increase in interest rates, given that the main debt transaction (a new term loan to fund Wilderness Trail Distillery, LLC acquisition), which reflected this trend, was completed at the end of 2022. The average cost of net debt, adjusted for the above-mentioned foreign exchange and financial adjustments components and excluding the new term loan from the 2022 average net debt, was at 2.2% (2.5% in 2021). A detailed analysis of the net financial expenses is provided in the table below.

	for the years ended 31 December	
	2022	2021
	€ million	€ million
Total interest expenses bond, loans and leases	(31.5)	(28.3)
Bank and other term deposit interests income	15.0	7.2
Other net expenses	(5.0)	(3.9)
Remeasurement of amortised cost in connection with liability management	(4.6)	-
Interest on tax dispute in Brasil	-	4.7
Total financial expenses before exchange gain (losses)	**(26.1)**	**(20.3)**
Exchange gain (losses)	(4.6)	7.9
Total financial income (expenses) and adjustments	**(30.7)**	**(12.4)**

The income (expenses) relating to put options, earn-out and hyperinflation effects was slightly positive at €0.7 million.

(7) Remeasurement of liability's amortised cost by discounting the modified contractual cash flows using the financial instrument's original effective interest rate.

PROFIT (LOSS) RELATED TO ASSOCIATES AND JOINT-VENTURES

The profit (loss) related to associates and joint-ventures represented a net loss of €6.6 million, resulting from the allocation of the results from joint-venture companies mainly driven by non-recurring recognition of impairment loss over intangible assets.

PROFIT BEFORE TAXATION

Profit before taxation (Group and non-controlling interests) was €475.0 million, an increase of +22.2% compared with 2021. Profit before taxation as a percentage of sales was 17.6% (17.9% in 2021).

TAXATION

Taxation totalled €143.5 million on a reported basis. The reported tax rate in 2022 was 30.2%, compared to a reported tax rate of 27.2% in 2021. Excluding the adjustments to operating, financial and fiscal expenses and the related tax effects (totalling €54.8 million in 2022 compared to €23.1 million in 2021), the normalised tax rate was 28.2% in 2022, higher than the 26.3% recognised in 2021. Excluding the impact of the non-cash component due to the deferred taxes relating to the amortisation of goodwill and brands eligible for tax purposes (€17.2 million in 2022 higher than €15.1 million, driven by the pro-rata effects of the new acquisitions), the 2022 cash tax rate was 25.0%, higher than 22.7% showed in 2021 (or 23.4% in 2021 on a like-for-like basis if recalculated based on the extended tax law in Italy on the fiscal amortization timeline of goodwill and brands in Italy[8]). The increase in the cash tax rate was driven by the unfavourable country mix, given the strong business outperformance in markets with higher taxation. The pro-forma cash tax rate would be 23.7% if including the estimated full year deferred tax and profit or loss effect of the Wilderness Trail Distillery and Picon acquisitions.

RESULT RELATING TO NON-CONTROLLING INTERESTS

Result relating to non-controlling interests for the period was marginal and corresponded to a loss of €1.5 million.

GROUP'S NET PROFIT

The **Group's net profit** was €333.0 million in 2022, an increase of +16.9% compared to 2021, with a sales margin of 12.3%, lower than 2021 (13.1%). Excluding the adjustments to operating and financial result and the related tax effects and tax adjustments, the Group's net profit increased by 26.0% to €387.8 million (€307.9 million in 2021 reported on a consistent basis).

BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share[9] were respectively €0.30 and €0.29. Once adjusted for the aforementioned components, they amounted both to €0.34. Adjusted basic earnings per share and adjusted diluted earnings per share were up by 26.0% and 26.6% respectively, compared to 2021 measured on a consistent basis.

(8) The amortisation of goodwill and brands eligible for tax purposes was extended from the original 18 years to 50 years, following the Italian tax law no. 234 revised on 30 December 2021, as disclosed in the Campari Group consolidated financial statements at 31 December 2021, to which reference is made.
(9) For information on the definition of alternative performance measures, see the paragraph 'Definitions and reconciliation of the Alternative Performance Measures (APMs or non-GAAP measures) to GAAP measures' in this management board report.

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			
	2022		2021	
	€ million		€ million	
adjustments to operating income (expenses), of which:		**(58.3)**		**(34.3)**
Ukraine and Russia conflict costs	*(8.0)*		-	
restructuring costs, mergers and acquisitions projects fees, indemnities from contract resolutions	*(25.8)*		*(10.6)*	
last mile long-term incentive schemes with retention purposes	*(10.0)*		*(10.0)*	
impairment of assets	*(6.6)*		*(8.0)*	
gain on fiscal dispute	-		*6.2*	
other adjustments to operating income (expenses)	*(8.0)*		*(11.9)*	
adjustments to financial income (expenses)		**(4.6)**		**4.7**
adjustment related to remeasurement in joint-ventures and associates		**-**		**2.9**
total adjustments		**(63.0)**		**(26.7)**
tax adjustments, of which:		**8.2**		**3.6**
tax adjustments	*(7.7)*		*(4.9)*	
tax effect on operating and financial adjustments	*15.9*		*8.6*	
total net adjustments		**(54.8)**		**(23.1)**

	for the years ended 31 December							
	2022			2021			changes	
€ million	reported	adjustments	adjusted	reported	adjustments	adjusted	reported	adjusted
profit before taxation	**475.0**	(63.0)	**538.0**	**388.6**	(26.7)	**415.3**	22.2%	29.5%
total taxation	**(143.5)**	**8.2**	**(151.6)**	**(105.6)**	**3.6**	**(109.2)**	35.9%	38.9%
tax adjustments		*(7.7)*			*(4.9)*			
tax effect on operating and financial adjustments		*15.9*			*8.6*			
net profit for the period	**331.5**	(54.8)	**386.3**	**283.0**	(23.1)	**306.1**	17.1%	26.2%
tax rate (reported and normalized)	**-30.2%**		**-28.2%**	**-27.2%**		**-26.3%**		
deferred taxes on goodwill and trademarks		(17.2)	(17.2)		(15.1)	(15.1)		
cash tax rate			**-25.0%**			**-22.7%**		

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 31 December							
	2022				2021(1)			
	net sales	% of total	result from recurring activities	% of total	net sales	% of total	result from recurring activities	% of total
	€ million	%	€ million	%	€ million	%	€ million	%
Americas	1,229.4	45.6%	263.2	46.2%	927.9	42.7%	184.4	42.4%
Southern Europe, Middle East and Africa	746.3	27.7%	101.2	17.8%	638.7	29.4%	71.1	16.3%
Northern, Central and Eastern Europe	524.0	19.4%	190.9	33.5%	438.2	20.2%	162.7	37.4%
Asia-Pacific	197.9	7.3%	14.7	2.6%	167.8	7.7%	17.0	3.9%
Total	**2,697.6**	**100.0%**	**569.9**	**100.0%**	**2,172.7**	**100.0%**	**435.2**	**100.0%**

(1) 2021 data restated reflecting minor changes on market reclassifications.

AMERICAS

The Americas region made the largest contribution to the Group in terms of both sales and results from recurring activities, at 45.6% and 46.2% respectively.
The direct markets of the United States, Jamaica, Canada, Brazil, Mexico, Argentina and Peru together accounted for nearly all the region's sales. The results for the full year 2022 are shown below.

	for the years ended 31 December								
	2022		2021(1)		total change		organic change		organic accretion/ dilution of profitability
	€ million	%	€ million	%	€ million	%	€ million	%	basis points
Net sales	**1,229.4**	**100.0**	**927.9**	**100.0**	**301.5**	**32.5%**	**154.0**	**16.6%**	**-**
Gross margin	**683.4**	**55.6**	**522.5**	**56.3**	**160.9**	**30.8%**	**70.2**	**13.4%**	**(150)**
Advertising and promotional costs	(224.2)	(18.2)	(179.5)	(19.3)	(44.7)	24.9%	(19.7)	11.0%	90
Selling, general and administrative expenses	(196.0)	(15.9)	(158.6)	(17.1)	(37.4)	23.6%	(14.1)	8.9%	110
Result from recurring activities	**263.2**	**21.4**	**184.4**	**19.9**	**78.8**	**42.7%**	**36.3**	**19.7%**	**50**

(1) 2021 data restated reflecting minor changes on market reclassification

The result from recurring activities increased by +42.7% overall, generating a margin on sales of 21.4% compared with the 19.9% reported in the same period of the previous year. The organic change was +19.7%, generating an accretive effect of 50 basis points on profitability. The main drivers at an organic level were as follows:

- **gross margin** increased in value by +13.4%, below net sales growth (+16.6%), thus generating a dilution effect on profitability of 150 basis points. In particular, heightened input cost inflation, particularly logistics, and less favorable sales mix (i.e. outperformance of Espolòn, still impacted by high agave purchase) were only partially mitigated by the successful price increases;
- **advertising and promotional expenses** recorded an increase of +11.0%, lower than net sales growth and therefore generating an accretive effect on profitability (90 basis points). The performance in the period showed accelerated initiatives behind selected global priority brands, particularly the aperitifs, also to benefit from the strengthening of the on-premise channels combined with resilient home-consumption;
- **selling, general and administrative expenses** increased by +8.9% at organic level, lower than organic sales growth, thus resulting in a profit accretion of 110 basis points.

SOUTHERN EUROPE, MIDDLE EAST AND AFRICA

The Southern Europe, Middle East and Africa region is the Group's second-largest region in terms of net sales, at 27.7%, and the third-largest in terms of profitability, at 17.8%. Besides Italy, the other key markets include France, Spain, South Africa and Nigeria, in addition to the Global Travel Retail channel. The results for 2022 are shown below.

for the years ended 31 December	2022		2021(1)		total change		organic change		organic accretion/ dilution of profitability
	€ million	%	€ million	%	€ million	%	€ million	%	basis points
Net sales	**746.3**	**100.0**	**638.7**	**100.0**	**107.6**	**16.9%**	**115.9**	**18.2%**	**-**
Gross margin	**458.8**	**61.5**	**387.0**	**60.6**	**71.7**	**18.5%**	**71.6**	**18.5%**	**20**
Advertising and promotional costs	(135.3)	(18.1)	(114.7)	(18.0)	(20.6)	18.0%	(19.1)	16.7%	20
Selling, general and administrative expenses	(222.2)	(29.8)	(201.2)	(31.5)	(21.0)	10.4%	(21.9)	10.9%	190
Result from recurring activities	**101.2**	**13.6**	**71.1**	**11.1**	**30.1**	**42.4%**	**30.6**	**43.0%**	**230**

(1) 2021 data restated reflecting minor changes on market reclassification

The result from recurring operations increased to €101.2 million overall, generating a sales margin of 13.6% compared to the 11.1% reported in the same period of the previous year. The main organic drivers were as follows:

- **gross margin** showed an increase of +18.5%, leading to an accretion of 20 basis points, sustained by strong pricing particularly in fast growing aperitifs, which more than offset the input costs inflation, particularly on glass;
- **advertising and promotional expenses** were up by +16.7% in comparison with 2021, lower than net sales growth and hence having an accretive effect on profitability (20 basis points). The trend reflected sustained investments in the period behind the core brands for the region, also to leverage the full on-premise reopening;
- **selling, general and administrative expenses** increased by +10.9% compared to 2021, with an accretive effect on profitability of 190 basis points, benefitting from a higher absorption of structure fixed costs as a result of a very strong sales growth (+18.2%).

NORTHERN, CENTRAL AND EASTERN EUROPE

The Northern, Central and Eastern Europe region is the Group's third-largest region in terms of net sales, and the second-largest in terms of profitability, at 19.4% and 33.5% respectively.
The region includes the direct markets of Germany, Austria, Switzerland, Benelux, the United Kingdom, Russia and Ukraine, which represent nearly all the sales in the region, and the markets served by third-party distributors. The results for 2022 are shown below.

for the years ended 31 December	2022		2021(1)		total change		organic change		organic accretion/ dilution of profitability
	€ million	%	€ million	%	€ million	%	€ million	%	basis points
Net sales	**524.0**	**100.0**	**438.2**	**100.0**	**85.8**	**19.6%**	**65.5**	**14.9%**	**-**
Gross margin	**357.6**	**68.3**	**306.2**	**69.9**	**51.5**	**16.8%**	**36.1**	**11.8%**	**(190)**
Advertising and promotional costs	(88.5)	(16.9)	(74.2)	(16.9)	(14.3)	19.3%	(11.8)	15.9%	(10)
Selling, general and administrative expenses	(78.3)	(14.9)	(69.3)	(15.8)	(9.0)	12.9%	(6.4)	9.2%	80
Result from recurring activities	**190.9**	**36.4**	**162.7**	**37.1**	**28.2**	**17.3%**	**17.9**	**11.0%**	**(130)**

(1) 2021 data restated reflecting minor changes on market reclassification

The result from recurring activities was up by +17.3% overall, generating a sales margin of 36.4%, compared with 37.1% reported in 2021. Organic growth was +11.0% with a dilutive effect of 130 basis points. The main drivers were as follows:

- **gross margin** showed a growth of +11.8% leading to an overall organic dilutive effect of 190 basis points, impacted by cost of sales inflation and unfavourable product and market mix, only partially offset by price increases;
- **advertising and promotional expenses** increased by +15.9%, higher than sales growth of +14.9%, generating a dilutive effect on profitability of 10 basis points. The trend highlighted showed sustained investments behind the key brands for the region, particularly the aperitifs (Aperol and Campari), also benefiting from the strong on-premise performance;
- **selling, general and administrative expenses** showed an increase of +9.2%, with an accretive effect of 80 basis points on profitability, thanks to efficiencies on the back of strong top-line growth (+14.9%).

ASIA-PACIFIC

The Asia-Pacific region includes the Group's own Australian, China, Indian and South Korean distribution platforms, as well as markets served by third-party distributors and joint-ventures. The region's contribution to the Group's net sales and result from recurring activities in 2022 was 7.3% and 2.6% respectively. The results for the full year 2022 are shown below.

	for the years ended 31 December								
	2022		2021		total change		organic change		organic accretion/ dilution of profitability
	€ million	%	€ million	%	€ million	%	€ million	%	basis points
Net sales	**197.9**	**100.0**	**167.8**	**100.0**	**30.0**	**17.9%**	**20.8**	**12.4%**	**-**
Gross margin	**88.8**	**44.9**	**81.1**	**48.3**	**7.7**	**9.5%**	**5.0**	**6.2%**	**(270)**
Advertising and promotional costs	(30.9)	(15.6)	(29.5)	(17.5)	(1.5)	5.1%	0.1	-0.5%	200
Selling, general and administrative expenses	(43.2)	(21.9)	(34.6)	(20.6)	(8.6)	24.9%	(6.8)	19.7%	(130)
Result from recurring activities	**14.7**	**7.4**	**17.0**	**10.2**	**(2.4)**	**-14.0%**	**(1.6)**	**-9.7%**	**(200)**

The result from recurring activities decreased by -14.0% overall, generating a sales margin of 7.4% compared with the 10.2% reported in 2021. The organic change was negative at -9.7%, with a corresponding dilution in profitability of 200 basis points, due to the following effects:

- **gross margin** grew by +6.2%, lower than net sales growth, and showed a dilutive effect on profitability by 270 basis points. The positive price and volume mix driven by a high-margin offering of Wild Turkey Bourbon and Wild Turkey RTD only partly offset the very negative effects related to logistic constraints and the increased inflationary pressure at the level of input costs;
- **advertising and promotional expenses** were stable at -0.5% and therefore lower than the organic sales growth (+12.4%), generating an accretive effect on profitability that reached 200 basis points;
- **selling, general and administrative expenses** increased by +19.7%, higher than net sales (+12.4%) thus generating a dilutive effect on profitability of 130 basis points, reflecting continued investments in the region.

OPERATING WORKING CAPITAL

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

	at 31 December			of which		
	2022	2021	total change	*organic*	*perimeter*	*exchange rates and hyperinflation*
	€ million	€ million	€ million	*€ million*	*€ million*	*€ million*
Trade receivables	308.5	290.4	18.1	*14.4*	*3.5*	*0.2*
Total inventories, of which:	1,004.2	745.7	258.5	*208.3*	*28.2*	*22.0*
- maturing inventory	501.7	409.7	92.0	*60.1*	*19.9*	*12.0*
- biological assets	7.1	3.7	3.4	*2.9*	*-*	*0.4*
- other inventory	495.5	332.3	163.2	*145.2*	*8.4*	*9.6*
Trade payables	(541.7)	(394.6)	(147.1)	*(138.7)*	*(2.4)*	*(6.1)*
Operating working capital	**771.0**	**641.5**	**129.5**	***83.9***	***29.4***	***16.1***
Sales of the period	2,697.6	2,172.7				
Working capital as % of net sales	28.6	29.5				

At 31 December 2022, operating working capital totalled €771.0 million recording an increase of €129.5 million compared to 31 December 2021 which, in term of percentage over net sales at 31 December 2022, resulted in a reduction in 90 basis point going from 29.5% at the end of 2021 to 28.6% at the end of 2022 on a reported basis. The value increase was the combined effect of the following drivers: an organic increase of €83.9 million mainly driven by the step-up in inventories, boosted by the positive impact from business acquisitions for €29.4 million, and an exchange rate variation leading to an increase of €16.1 million. If adjusted for the pro-forma effects of the recent acquisition (i.e. including the pro-forma full year net sales of the acquired business), the operating working capital on net sales ratio would be 28.0% of net sales, showing a reduction of 150 basis points from 2021.

Focusing on the organic performance, trade receivables and inventory were up, by €14.4 million and €208.3 million respectively, mainly driven by the strong net sales performance especially towards to end the year and the planned inventory build-up to support the strong customer demand at year end in a context of possible supply constraints. The increase in maturing inventory of €60.1 million was attributable to the organic step up in ageing liquid, mainly linked to bourbon whiskey (Wild Turkey), cognac (Grand Marnier), Jamaican rum (Appleton Estate), tequila (Espolòn), as well as Scotch whisky (The GlenGrant) to support both the sustained consumer demand and the planned premiumisation strategy. It should be noted that, due to its nature, the aging liquid is comparable to invested capital as its growth profile is planned over a long-term horizon. These changes in operating working capital assets were partially offset by the increase of €138.7 million in trade payables, which were impacted by the intensification of inflationary pressure at the level of the main input factors.

The increase attributable to the exchange rate component, equal to €16.1 million is related to inventories for €22.0 million, of which €12.0 million was attributable to maturing inventory located in the Americas, particularly in the United States and Jamaica, impacted by the revaluation of US and Jamaican Dollar, partially offset by an increase in exchange rate effect over trade payables for €6.1 million. The exchange rate component on trade receivables from customers was negligible and totalling €0.2 million.

Lastly, the external growth represented by the business acquisitions of the year had a positive affected on operating working capital for €29.4 million. The change is mainly attributable to the inventories acquired in connection with the Wilderness Trail Distillery acquisition and, to a lesser extent, to the acquisition of a champagne business in France (refer to paragraph 'Acquisitions and Commercial agreements' in the events section of this management board report).

RECLASSIFIED STATEMENT OF CASH FLOWS

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

			for the year ended 31 December 2021	
	2022	of which recurring	2021	of which recurring
	€ million	€ million	€ million	€ million
Operating result (EBIT)	**511.5**		**400.8**	**0.0**
Result from recurring activities (EBIT-adjusted)		**569.9**		**435.2**
Depreciation and amortization	90.5	90.5	79.7	79.7
EBITDA	**602.0**		**480.6**	
EBITDA-adjusted		**660.3**		**514.9**
Effects from hyperinflation accounting standard adoption	6.7	6.7	4.5	4.5
Accruals and other changes from operating activities	26.6	16.6	64.7	54.7
Goodwill, brand, tangible fixed assets and sold business impairment	3.1	-	8.0	-
Income taxes paid	(141.0)	(120.3)	(79.1)	(74.0)
Cash flow from operating activities before changes in working capital	**497.3**	**563.3**	**478.7**	**500.0**
Changes in net operating working capital	(83.9)	(83.9)	5.0	5.0
Cash flow from operating activities	**413.4**	**479.3**	**483.7**	**505.1**
Net interests paid	(11.4)	(11.4)	(15.6)	(15.6)
Cash adjustments to financial income (expenses)	-	-	-	-
Capital expenditure	(213.3)	(107.5)	(135.7)	(81.9)
Free cash flow	**188.7**	**360.5**	**332.3**	**407.5**
Sale and purchase of brands and rights	(129.9)	-	-	-
(Acquisition) disposal of business	(432.0)		(3.1)	
Dividend paid out by the Company	(67.6)		(61.6)	
Other items including net purchase of own shares	(112.0)		(2.3)	
Cash flow invested in other activities	**(741.6)**		**(67.0)**	
Total change in net financial debt due to operating activities	**(552.9)**		**265.4**	
Put option and earn out liability changes(1)	(186.0)		(3.5)	
Increase in investments for lease right of use(2)	(9.8)		(13.0)	
Net cash flow of the period=change in net financial debt	**(748.6)**		**248.9**	
Effect of exchange rate changes	**27.1**		**24.0**	
Net financial debt at the beginning of the period	**(830.9)**		**(1,103.8)**	
Net financial debt at the end of the period	**(1,552.5)**		**(830.9)**	

(1) This item, which is a non-cash item, was included purely to reconcile the change in financial debt relating to activities in the period with the overall change in net financial debt.
(2) For information on the value shown, please see note 4 ii-'Property, plant and equipment — right of use assets by nature' of Campari Group- consolidated financial statements at 31 December 2022.

KEY HIGHLIGHTS

At 31 December 2022, net cash flow showed a cash flow absorption of €748.6 million, also reflected as an equivalent decrease in the net financial debt compared to 31 December 2022, including a positive exchange rate effect on net financial debt items of €27.1 million. The cash generation in terms of free cash flow on a reported basis was positive in 2022, standing at €188.7 million, compared to a free cash flow of €332.3 million reported in 2021. The recurring free cash flows amounted to €360.5 million, down by €47.0 million compared with 2021. In terms of percentages on EBITDA-adjusted, recurring free cash flows totalled 54.6%, compared to 79.1% in 2021.

ANALYSIS OF THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

- operating result (EBIT) amounted to €511.5 million compared to €400.8 million in 2021 and included a negative effect of €58.3 million related to operating adjustments. Excluding operating adjustments, the result from recurring activities (EBIT-adjusted) amounted to €569.9 million (€435.2 million in 2021);
- EBITDA amounted to €602.0 million with an increase of €121.4 million compared to the previous year. Excluding the before-mentioned non-recurring components, EBITDA-adjusted amounted to €660.3 million (€514.9 million in 2021);
- non-cash liabilities arising from the application of the hyperinflation accounting standard in Argentina amounted to €6.7 million in 2022;
- accruals for provisions net of utilisations and other miscellaneous operating changes, such as indirect taxation and excise duties, showed a positive effect of €26.6 million;
- write-off losses, mainly related to intangible assets, stood at €3.1 million and were considered as non-cash adjusting components and consequently not included in the recurring free cash flows;
- the cash financial impact deriving from the tax payments effected in 2022 was €141.0 million. The amount paid included non-recurring withholding taxes over dividend distribution of €15.7 million and the second instalment of €5.1 million of the substitution tax permitting the access to the tax benefit, which allows a higher amortisation on goodwill and brands for tax purposes, that the Group applied to in previous years. Excluding the non-recurring components, taxes paid amounted to €120.3 million, an increase of €46.3 million compared to the last year. This change

was a consequence of the adverse phasing of tax payments from 2021 into 2022, as well as an increase in advance tax payments for 2022 as a result of higher pre-tax profit due to positive business performance and higher tax rate due to geographical mix;
- working capital recorded a cash absorption of €83.9 million (refer to paragraph 'Operating working capital' for details);
- interest paid, net of interest received, stood at €11.4 million in 2022;
- net investment in capital expenditure amounted to €213.3 million, of which the recurring component was €107.5 million, confirming the Group's commitment to continue to invest in the expansion of its production capacity and efficiency to support long-term growth and in the enhancement of its IT infrastructure.

CASH FLOW INVESTED IN OTHER ACTIVITIES

Cash flow invested in other activities was negative at €748.6 million, compared to a negative absorption of €67.0 million in 2021, resulting mainly in:
- the purchase of an initial 70% stake in Wilderness Trail Distillery, LLC for a total cash consideration including adjustments of €397.0 million (US$417.9 million), as well as an entity based in the Champagne region, net of the related net financial positions acquired;
- the acquisition of an initial stake in Monkey Spirits, LLC and Catalyst Spirits Ltd. (for a combined amount of €19.1 million), both connected with the Howler Head brand;
- the purchase of the remainder of Tannico's share capital through Campari Group's and Moët Hennessy's 50-50 joint-venture (for an amount of €16.5 million);
- the purchase of the Picon and Del Professore brands for €129.9 million,
- dividends paid for €67.6 million and
- the net purchase of own shares for €120.9 million.

New **leases** and changes in **liabilities for put options and earn-outs** are shown purely to reconcile net cash flows for the year with total net financial debt. The significant increase compared to 2021 is reflecting the liabilities related to put and call option mechanism connected to the business acquired during the year, in particular the Wilderness Trail Distillery acquisition for an amount of €171.0 million.

NET FINANCIAL DEBT

As of 31 December 2022, consolidated net financial debt amounted to €1,552.5 million, up by €721.6 million compared with €830.9 million reported at 31 December 2021. The increase was largely driven by cash absorption due to the various acquisitions and asset deals completed during the year combined with a long-term loan subscription, as well as meaningful investments in manufacturing capacity expansion, as part of a multiyear capital expenditure program initiated by Campari Group in 2021.

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

	at 31 December			of which		
	2022	2021	total change	*organic*	*perimeter*	*exchange rates*
	€ million	€ million	€ million	*€ million*	*€ million*	*€ million*
cash and cash equivalents	435.4	791.3	(355.9)	*173.9*	*(561.2)*	*31.5*
bonds	-	(50.0)	50.0	*50.0*	-	-
loans due to banks	(107.0)	(198.1)	91.2	*95.5*	*(0.0)*	*(4.3)*
lease payables	(14.4)	(13.5)	(0.9)	*(0.6)*	-	*(0.3)*
other financial assets and liabilities	7.4	3.6	3.8	*3.7*	*0.1*	*0.0*
short-term net financial debt	**321.4**	**533.2**	**(211.8)**	***322.4***	***(561.2)***	***26.9***
bonds	(846.3)	(845.5)	(0.8)	*(0.8)*	-	-
loans due to banks(1)	(770.9)	(355.2)	(415.7)	*(415.1)*	*(0.7)*	*0.0*
lease payables	(65.1)	(70.4)	5.3	*7.5*	-	*(2.1)*
other financial assets and liabilities	48.2	5.7	42.5	*42.1*	-	*0.4*
medium-/long-term net financial debt	**(1,634.2)**	**(1,265.5)**	**(368.7)**	***(366.4)***	***(0.7)***	***(1.8)***
net financial debt before put option and earn-out payments	**(1,312.8)**	**(732.3)**	**(580.5)**	***(43.9)***	***(561.8)***	***25.1***
liabilities for put option and earn-out payments	(239.7)	(98.7)	(141.0)	*28.1*	*(171.0)*	*1.9*
net financial debt	**(1,552.5)**	**(830.9)**	**(721.6)**	***(15.8)***	***(732.9)***	***27.1***

As of 31 December 2022, net financial debt remains skewed into medium to long-term maturities in line with the Group's long-term growth strategy and remained supported by significant credit lines available to the Group for a total of €765.5 million, of which €72.3 million were drawn down at the end of the year. Short-term net financial position confirmed to be positive and characterised by considerable liquidity, represented by cash and cash equivalents, which sustains Campari Group's goals to maintain flexibility in a challenging macroeconomic context and to enable any short-term investment opportunity decision.
During 2022 the net financial debt was impacted by the acquisition initiatives completed during the year for a total amount €732.9 million and namely related to the acquisition of an initial 70% stake in Wilderness Trail Distillery, LLC (for total amount of €394.5 million) to which a liability for put option is added (for a total amount of €171.0 million), an entity based in the Champagne region and various asset deals, namely the Picon and Del Professore brands (for a combined amount of €131.8 million) and the acquisition of an initial stake in Monkey Spirits, LLC and Catalyst Spirits Ltd. (for a combined amount of €19.1 million), both connected with the Howler Head brand. Lastly, the item also contained the purchase of the remainder of Tannico's share capital through Campari Group's and Moët Hennessy's 50-50 joint-venture (for an amount of €16.5 million). For more details, please refer to the 'Significant events of the year'- paragraph of this management board report.

	Wilderness Trail Distillery	other minor business combinations and asset deals	total
	€ million(1)	€ million	€ million
interests acquisition in business or investments	(397.0)	(167.2)	(564.2)
net financial assets (debt) acquired in business combinations	2.5	(0.2)	2.3
total acquisition cash effect on closing date	**(394.5)**	**(167.4)**	**(561.9)**
payables for future cash out including put option and earn-out	(171.0)	(0.1)	(171.0)
Net effect of (acquisitions) disposals on net financial debt	**(565.5)**	**(167.5)**	**(732.9)**
of which stated at 31 December 2022			
net impact on cash and cash equivalent	*(394.5)*	*(166.7)*	*(561.2)*
net impact on net financial debt other than cash and cash equivalent	*(171.0)*	*(0.7)*	*(171.7)*

(1) The consideration paid includes post-closing adjustments and transaction costs.

The short-term net financial position, mainly comprised of cash and cash equivalents (€435.4 million) net of loans due to banks (€107.0 million), was positive at €321.4 million and reported an overall reduction of €211.8 million compared with 31 December 2021. The organic component accounted for €322.4 million and was driven by a positive free cash flow generation resulting from a strong business performance, the repayment of the 5-year unrated bond issued in 2017 with maturity in April 2022 for €50.0 million and the repayment of other short-term loans during the year. These movements more than offset the €67.6 million dividend payments and the €121.1 million[10] net cash outflow to purchase own shares on the market supporting the share buyback programmes launched in March and in May 2022, net of the proceeds from the sale of shares in connection with the exercise of share-based incentive schemes, namely stock option plans.

The medium to long-term financial debt largely consisted of bonds and loans due to banks for a total amount of €1,634.2 million. The overall reported increase of €368.7 million during the period was mostly driven by the subscription of the following new term loans, completed in

(10) The amount included €0.2 million liability in connection with the share buyback programmes. At 31 December 2022 the equivalent of 3.4% of the share capital, corresponding to 39,952,423 own shares, was held by the Company, mainly aimed to meet the obligations arising from the long-term share-based incentive plans.

the last quarter of 2022. On 11 October 2022 the Group entered into the first Group loan agreement which incorporates sustainability commitment linked to the responsible use of resources and reduction of the environmental impact of its production activities, which is one of the four pillars of Campari Group's sustainability roadmap. The loan duration is 3 years for a nominal amount of €50.0 million. Furthermore, on 30 November 2022, leveraging on the excellent economic and financial profile, the Group decided to maximise the fundraising at favourable conditions as well as to complete the Wilderness Trail Distillery, LLC acquisition by entering into a variable-rate loan for a nominal amount of US$420.0 million, with an amortization plan and a final maturity date on 6 December 2027.

The Group's net financial debt also included liabilities of €239.7 million related to future commitments to acquire outstanding minority interests in controlled companies. The increase is mainly driven by the estimated liability for the put option of the remaining 30% shareholding of Wilderness Trail Distillery, LLC.
Finally, the reported variation was impacted by positive exchange rates effects of €27.1 million overall, mainly driven by the US Dollar.

At 31 December 2022, the Campari Group's net debt/EBITDA-adjusted ratio[11] was 2.4 times, compared with 1.6 times at 31 December 2021 on a like-for-like basis. The pro-forma index adjusted to take into account the annual effect on EBITDA of the business sale and acquisition of the last 12 months, with particular reference to the recent acquisitions for the year 2022, and therefore considered more consistent in comparative terms with the previous year, is equal to 2.2 times. The worsening of the ratio was mainly driven by the improved EBITDA-adjusted more than offset by the slight increase of the net financial debt.

CAPITAL EXPENDITURE

During 2022 net investments totalled €213.3 million, of which €107.5 million were recurring and €105.8 million were non-recurring.

The recurring investments were related to initiatives aimed at continuously enhancing the supply chain, via production capacity expansion, efficiency improvements and sustainability related initiatives, as well as its business infrastructure. Specifically, they related to the following projects:
- maintenance expenditure on Group's operations and production facilities, offices and IT infrastructure which, although not material on an individual basis, amounted overall to €92.4 million;
- the purchase of barrels for maturing bourbon and rum totalling €8.1 million, net of related disposals;
- investments to develop biological assets, totalling €7.0 million.

Non-recurring investments, totalling €105.8 million, related to the extraordinary capacity expansion initiatives, mainly in Italy to expand the manufacturing footprint for aperitifs and in Mexico to expand supply chain facilities for tequila production, as well as digital transformation projects and renovation activities related to the new headquarters in London.

With regard to the type of investment, net purchases comprised tangible assets of €189.6 million, biological assets namely related to grapes and agave plantations for €6.9 million and intangible assets of €16.8 million.

Lastly, investments for the rights of use of third-party assets were related to tangible assets attributable to offices, plant and machinery and vehicles, which increased during the period by €9.8 million.

To satisfy future sustained consumer demand, starting from 2023 until 2025 and, Campari Group plans extraordinary investments of approximately €550-600 million, mainly linked to projects to enhance its supply chain capacity, including ESG, but also IT infrastructure and brand houses for continuous brand building. In particular, the Group aims to doubling its overall production capacity for key categories (aperitifs, bourbon and tequila).

(11) 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			
	2022	2021	total change	*organic change*	*perimeter*	*asset deals and other operations*	*exchange rates and hyperinflation*
	€ million	€ million	€ million	*€ million*	*€ million*		*€ million*
fixed assets	3,980.0	3,090.6	889.4	*134.4*	*537.7*	*129.9*	*87.3*
other non-current assets and (liabilities)	(357.3)	(365.3)	7.9	*5.7*	*(16.6)*	*35.6*	*(16.8)*
operating working capital	771.0	641.5	129.5	*83.9*	*28.9*	*0.5*	*16.1*
other current assets and (liabilities)	(164.8)	(161.1)	(3.6)	*(1.6)*	*0.1*		*(2.1)*
total invested capital	**4,228.9**	**3,205.7**	**1,023.2**	***222.5***	***550.0***	***166.1***	***84.6***
Group shareholders' equity	2,675.0	2,371.8	303.2	*378.4*	*(185.5)*	*(1.4)*	*111.8*
non-controlling interests	1.4	3.0	(1.6)	*(171.6)*	*170.1*		*(0.2)*
net financial debt	1,552.5	830.9	721.6	*15.7*	*565.5*	*167.5*	*(27.1)*
total financing sources	**4,228.9**	**3,205.7**	**1,023.2**	***222.5***	***550.0***	***166.1***	***84.6***

Invested capital at 31 December 2022 was €4,228.9 million, showing up €1,023.2 million compared with the figures at 31 December 2021. This change was mainly due to business combination completed during the year, namely the acquisition of Wilderness Trace Distillery, LLC, which was first consolidated at 7 December 2022, resulting in an increase in all the invested capital items, with the recognition, albeit provisional, of the following entries:
- fixed assets of €537.7 million (of which €536.1 million Wilderness Trace Distillery, LLC);
- operating working capital of €28.9 million (of which €28.4 million Wilderness Trace Distillery, LLC);

For more details on the figures recorded in relation to the acquisition, please see note x-'Business combinations' of the consolidated financial statements.

Focusing on the organic change, the most significant variations attributable to the invested capital referred to:
- the increase of €83.9 million in operating working capital, driven by the rise of inventories supporting the positive business momentum and the Group premiumisation strategy (refer to paragraph 'Operating working capital' for more information);
- the increase of €134.4 million in fixed assets, attributable mainly to the acquisition of land and buildings to strengthen the Group's production capacity and efficiency as well as the purchase of barrels dedicated to the aging process;

The asset deal effect referred to the acquisition of both the Picon and Del Professore brands and the acquisition of an initial stake in Monkey Spirits, LLC and Catalyst

Spirits Ltd., both connected with the Howler Head brand, and the interests increase in the Moët Hennessy's 50-50 joint-venture, for total consideration of €166.1 million, including ancillary costs (refer to the paragraph 'Significant events of the period - Acquisitions and Commercial agreements' in this management board report).

Moreover, invested capital at 31 December 2022 was significantly impacted by non-monetary foreign currency translation effects, resulting in an increase of €84.6 million.

Regarding financing sources, the main changes related to an increase of €303.2 million in the Group's shareholders' equity, mostly due to the combined effect of the Group results for the period of €333.0 million, net purchases of the own shares supporting stock option plans for €121.1 million, payment dividend for €67.6 million and increase of non-monetary foreign currency effect of €111.8 million mainly due to the US Dollar and the Jamaican Dollar. With respect to net financial debt variations totalling €721.6 million is namely reflecting the funding requirements of the year to support external business development initiatives: 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 58.0% at the end of the period, a sharp increase on the 35.0% recorded at 31 December 2021.

RECONCILIATION OF THE COMPANY AND GROUP NET PROFIT AND SHAREHOLDERS' EQUITY

For information related to the reconciliation between the result for the period and shareholders' equity for the Group with the same items of the Parent Company Davide Campari-Milano N.V., please refer to paragraph 'Shareholders' equity' in the Company only financial statement at 31 December 2022.

FULL YEAR 2022 CONCLUSION AND OUTLOOK

The Group delivered a strong organic performance in a challenging 2022, thanks to very healthy brand momentum, enabling price increases that helped mitigate the rising cost of sales inflation over the year, while also remaining focused on long-term sustainable growth and brand building. The overall performance benefitted from strong exchange rate effect thanks to the US Dollar.

Looking at 2023, Campari Group remains confident about the positive business momentum across key brands and markets thanks to strong brand equity, in particular aperitifs. The Group will continue to leverage adequate price increase opportunities, mainly on aperitifs, as well as portfolio premiumisation, mainly brown spirits.

The overall macro-environment for inflation remains challenging, despite some signs of easing. Nonetheless, the Group remains confident to preserve current operating margin on sales at organic level.

Looking beyond 2023 and the medium-term horizon, Campari Group is confident to continue delivering strong organic sales growth and mix improvement, leading to margin expansion.

Simultaneously, as the Group remains positive on the future consumer demand, robust medium-term investments are laid down to boost in particular supply chain capacity.

DEFINITIONS AND RECONCILIATION OF THE ALTERNATIVE PERFORMANCE MEASURES (APMS OR NON-GAAP MEASURES) TO GAAP MEASURES

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

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

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

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

FINANCIAL MEASURES USED TO MEASURE GROUP PERFORMANCE

ORGANIC CHANGE

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

Specifically:

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

for that period and, therefore, from organic change;
- the results from business disposals or the termination of distribution agreements during the current period are excluded from the figures for the same period in the previous year from their corresponding date of disposal or termination.

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

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), EBITDA, profit or loss before taxation and the Group's net profit for the period. For a detailed reconciliation of the items that had an impact on the alternative performance measures referred to above in the current and comparison periods, see the appendix given at the end of this section.

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

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

RESULT FROM RECURRING OPERATIONS (EBIT-ADJUSTED)
the operating result for the period before the other operating income (expenses) mentioned above.

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

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

ADJUSTMENTS TO FINANCIAL INCOME (EXPENSES)
certain transactions or events identified by the Group as components adjusting the profit or loss before taxation related to events covering a single period or financial year, such as:
- interests on penalties or gains arising from the settlement of tax disputes;
- expenses related to the early settlement of financial liabilities or liability management operations 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 ASSOCIATES AND JOINT-VENTURES
relates to the income (expenses) resulting from the application of the equity method in the valuation of the Group's interests in associates and joint-ventures. The item also includes any fair value re-assessments of previously held Group's interests in joint-ventures and associates before their consolidation.

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

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

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

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

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

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

ROS (RETURN ON SALES)
the ratio of the operating result (EBIT) to net sales for the period.

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

OPERATING WORKING CAPITAL AS PERCENTAGE OF NET SALES
The ratio is calculated by dividing the net sales on operating working capital balances based on the reported value at the closing date of the reference period; the net sales reference value is twelve months and is calculated based on the reported value at the closing date of the reference period, into which the portion of net sales recorded in the previous year is incorporated for the remaining months. Upon the occurrence of significant business acquisition (or sale) 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 sale) 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;
- investments in associates and joint-ventures.

OTHER NON-CURRENT ASSETS AND LIABILITIES

calculated as the algebraic sum of:

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

OPERATING WORKING CAPITAL

calculated as the algebraic sum of:

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

OTHER CURRENT ASSETS AND LIABILITIES

calculated as the algebraic sum of:

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

INVESTED CAPITAL

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

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

FINANCING SOURCES

calculated as the algebraic sum of:

- Group shareholders' equity;
- non-controlling interests;
- net financial debt.

NET FINANCIAL DEBT

calculated as the algebraic sum of:

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

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

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

CAPITAL EXPENDITURE

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

RECURRING CAPITAL EXPENDITURE

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

RECLASSIFIED STATEMENT OF CASH FLOWS

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

FREE CASH FLOW

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

RECURRING FREE CASH FLOWS

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

RECURRING PROVISIONS AND OPERATING CHANGES

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

RECURRING TAXES PAID

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

DEBT/EBITDA-ADJUSTED RATIO

The net debt/EBITDA-adjusted ratio is used by management to assess the Group's level of financial leverage, which affects its capacity to refinance its debt by the set maturity dates and to obtain further financing to invest in 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 sale) 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 sale) of the last twelve months, to ensure consistency in comparative terms with the previous year reported.

APPENDIX OF ALTERNATIVE PERFORMANCE INDICATORS

In 2022, EBITDA, the result from recurring activities (EBIT), profit or loss before taxation, Group net profit, basic/diluted earning per share and free cash flow, were adjusted to take into account the items shown in the tables below.

for the year ended 31 December 2022	EBITDA		EBIT		profit before taxation		Group net profit		basic earing per share	diluted earning per share
	€ million	% on sales	€ million	% on sales	€ million	% on sales	€ million	% on sales	€	€
alternative performance measure reported	**602.0**	**22.3%**	**511.5**	**19.0%**	**475.0**	**17.6%**	**333.0**	**12.3%**	**0.30**	**0.29**
fees from acquisition/disposals of business or companies and indemnities from contract resolutions	(14.4)	-0.5%	(14.4)	-0.5%	(14.4)	-0.5%	(14.4)	-0.5%	(0.01)	(0.01)
restructuring and reorganisation costs	(11.4)	-0.4%	(11.4)	-0.4%	(11.4)	-0.4%	(11.4)	-0.4%	(0.01)	(0.01)
last mile long-term incentive schemes with retention purposes	(10.0)	-0.4%	(10.0)	-0.4%	(10.0)	-0.4%	(10.0)	-0.4%	(0.01)	(0.01)
Ukraine and Russia conflict	(8.0)	-0.3%	(8.0)	-0.3%	(8.0)	-0.3%	(8.0)	-0.3%	(0.01)	(0.01)
devaluation of assets, goodwill, brands and business disposed	(6.6)	-0.2%	(6.6)	-0.2%	(6.6)	-0.2%	(6.6)	-0.2%	(0.01)	(0.01)
other adjustments of operating income (expenses)	(10.3)	-0.4%	(10.3)	-0.4%	(10.3)	-0.4%	(10.3)	-0.4%	(0.01)	(0.01)
gains (losses) from disposals of fixed assets	2.3	0.1%	2.3	0.1%	2.3	0.1%	2.3	0.1%	-	-
adjustments to financial income (expenses)					(4.6)	-0.2%	(4.6)	-0.2%	-	-
tax adjustments							8.2	0.3%	0.01	0.01
total adjustments	**(58.3)**	**-2.2%**	**(58.3)**	**-2.2%**	**(63.0)**	**-2.3%**	**(54.8)**	**-2.0%**	**(0.05)**	**(0.04)**
alternative performance measure adjusted	**660.3**	**24.5%**	**569.9**	**21.1%**	**538.0**	**19.9%**	**387.8**	**14.4%**	**0.34**	**0.34**

	for the year ended 31 December 2022		
€ million	reported	adjustments	adjusted
profit before taxation	**475.0**	(63.0)	**538.0**
total taxation	**(143.5)**	**8.2**	**(151.6)**
tax adjustments		*(7.7)*	
tax effect on operating and financial adjustments		*15.9*	
net profit for the period	**331.5**	(54.8)	**386.3**
tax rate (reported and adjusted)	**-30.2%**		**-28.2%**
deferred taxes on goodwill and trademarks		(17.2)	(17.2)
cash tax rate			**-25.0%**

for the year ended 31 December 2022		basic	diluted
Group net profit adjusted	€ million	387.8	387.8
outstanding shares	n.	1,126,061,579	1,140,220,211
earnings per share adjusted	€	**0.34**	**0.34**

for the year ended 31 December 2022	Free cash flow
	€ million
alternative performance measure reported	**188.7**
devaluation of assets, goodwill, brands and business disposed	3.1
other changes from operating activities	(58.3)
non-recurring taxes paid	(20.7)
changes in other non-financial assets and liabilities	10.0
net cash flow from non-recurring investments	(105.8)
total adjustments	**(171.8)**
alternative performance measure-adjusted (recurring free cash flow)	**360.5**

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

for the year ended 31 December 2021	EBITDA		EBIT		profit before taxation		Group net profit		basic earing per share	diluted earning per share
	€ million	% on sales	€ million	% on sales	€ million	% on sales	€ million	% on sales	€	€
alternative performance measure reported	**480.6**	**22.1%**	**400.8**	**18.4%**	**388.6**	**17.9%**	**284.8**	**13.1%**	**0.25**	**0.25**
restructuring costs	(10.6)	-0.5%	(10.6)	-0.5%	(10.6)	-0.5%	(10.6)	-0.5%	(0.01)	(0.01)
last mile long-term incentive schemes	(11.4)	-0.4%	(11.4)	-0.4%	(11.4)	-0.4%	(11.4)	-0.4%	(0.01)	(0.01)
with retention purposes	(10.0)	-0.5%	(10.0)	-0.5%	(10.0)	-0.5%	(10.0)	-0.5%	(0.01)	(0.01)
impairment loss on goodwill, trademark and on tangible assets	(8.0)	-0.4%	(8.0)	-0.4%	(8.0)	-0.4%	(8.0)	-0.4%	(0.01)	(0.01)
Jamaica site restoration	(5.0)	-0.2%	(5.0)	-0.2%	(5.0)	-0.2%	(5.0)	-0.2%	-	-
other adjustments of operating income (expenses) (incl. donations)	(13.4)	-0.6%	(13.4)	-0.6%	(13.4)	-0.6%	(13.4)	-0.6%	(0.01)	(0.01)
gains (losses) from disposals of fixed assets	1.8	0.1%	1.8	0.1%	1.8	0.1%	1.8	0.1%	-	-
gain (loss) resulting from fiscal disputes	6.2	0.3%	6.2	0.3%	6.2	0.3%	6.2	0.3%	0.01	0.01
cyber-attack expenses net of insurance refund	4.8	0.2%	4.8	0.2%	4.8	0.2%	4.8	0.2%	-	-
profit (loss) related to re-assessments previously held associates and joint-ventures					2.9	0.1%	2.9	0.1%	-	-
interest revenues connected to the definition of fiscal disputes					4.7	0.2%	4.7	0.2%	-	-
tax adjustments							3.6	0.2%	-	-
total adjustments	**(34.3)**	**-1.6%**	**(34.3)**	**-1.6%**	**(26.7)**	**-1.2%**	**(23.1)**	**-1.1%**	**(0.02)**	**(0.02)**
alternative performance measure-adjusted	**514.9**	**23.7%**	**435.2**	**20.0%**	**415.3**	**19.1%**	**307.9**	**14.2%**	**0.27**	**0.27**

	for the year ended 31 December 2021		
€ million	reported	adjustments	adjusted
profit before taxation	**388.6**	(26.7)	**415.3**
total taxation	**(105.6)**	**3.6**	**(109.2)**
tax adjustments		*(4.9)*	
tax effect on operating and financial adjustments		*8.6*	
net profit for the period	**283.0**	(23.1)	**306.1**
tax rate (reported and adjusted)	**-27.2%**		**-26.3%**
deferred taxes on goodwill and trademarks		(15.1)	(15.1)
cash tax rate			**-22.7%**

for the year ended 31 December 2021		basic	diluted
Group net profit adjusted	€ million	307.9	307.9
outstanding shares	n.	1,126,588,835	1,146,285,352
earnings per share adjusted	**€**	**0.27**	**0.27**

for the year ended 31 December 2021	Free cash flow
	€ million
alternative performance measure reported	**332.3**
other changes from operating activities	(34.3)
devaluation of assets, goodwill, brands and business disposed	8.0
non-recurring taxes paid	(5.1)
changes in other non-financial assets and liabilities	10.0
net cash flow from non-recurring investments	(53.8)
total adjustments	**(75.2)**
alternative performance measure-adjusted (recurring free cash flow)	**407.5**

	for the year ended 31 December 2022
	€ million
EBITDA-adjusted at 31 December 2021	514.9
net financial debt at 31 December 2021	**830.9**
net debt/EBITDA-adjusted ratio	**ratio 1.6**

STOCK PERFORMANCE IN THE CAPITAL MARKET

THE GLOBAL ECONOMY

After two tough years due to the Covid-19 pandemic, the global macroeconomic scenario has remained challenging despite easing restrictions in most economies. Increased volatility and uncertainty arose as a consequence of Russia's invasion of Ukraine at the beginning of the year, which heightened the pressure on commodity and energy prices, causing severe input cost inflation and logistic constraints. The higher-than-expected inflation levels have triggered a higher cost of living and a generalised tendency for central banks to adopt restrictive monetary policies and implement corrective measures in terms of interest rate increases, with repercussions to be monitored carefully in the future and possible consequences in the slowdown in global growth.
Unemployment in both Europe and the US is at historic lows, despite a growing labour supply. However, the labour force participation rate in the US remains lower than pre-Covid levels.

The latest estimates released in January 2023 by the International Monetary Fund (IMF) point towards a slowdown of global economic growth (GDP growth) from +6.2% in 2021 to +3.4% in 2022 and forecasted +2.9% in 2023, amongst the weakest growth rates since 2001 excluding the global financial crisis and the acute phase of the Covid-19 pandemic.

Regarding the Group's largest market, the United States, the GDP is expected to grow by +1.4% in 2023. Within Europe and regarding Italy specifically, the Group's second largest market, the increased gas prices due to the Russia-Ukraine conflict are expected to act as a consumption deflator for the country. The Italian economy is forecasted to grow by +0.6% in 2023, slightly below the general € area at +0.7%.

Regarding the Group's other key markets, in Europe the GDP in Germany and France is expected to grow in 2023 by +0.1% and +0.7% respectively, while the UK is expected to contract in 2023 by -0.6%. Australia, the main market for the Group in the Asia-Pacific area and a market which has endured the pandemic remarkably well despite snap lockdowns, is expected to register growth of +1.9%[12] in 2023. As a key emerging market for the Group, Brazil is expected to see some growth in their economic activity, albeit slightly muted vs. other economies, being estimated at +1.2% in 2023; China, a market which has recently lifted Covid-19 restrictions, is expected to register stronger growth at +5.2% in 2023 after a weaker 2022 (+3.0%)[13].

SPIRITS SECTOR

Regarding the spirits industry, with the lifting of the pandemic-related restrictive measures in most markets, the sector continued to benefit from a return to the on-premise with a strong desire for conviviality. Concomitantly, the off-premise channel has demonstrated to be particularly resilient with the continued positive home consumption trends thanks to consumers' rediscovery of mixology at home. Ready-to-drink products are benefiting from the home consumption trends as well, thanks to the convenience they offer.

(12) World Economic Outlook October 2022 database.
(13) International Monetary Fund, World Economic Outlook.

Premiumisation trends continued despite the challenging macroeconomic environment as the purchasing power of middle-to-higher income consumers remained strong, who have generally favoured more premium and high-end categories and brands as affordable luxuries. Another key industry trend is the increasing consumer demand for low and non-alcoholic products.

FINANCIAL MARKETS

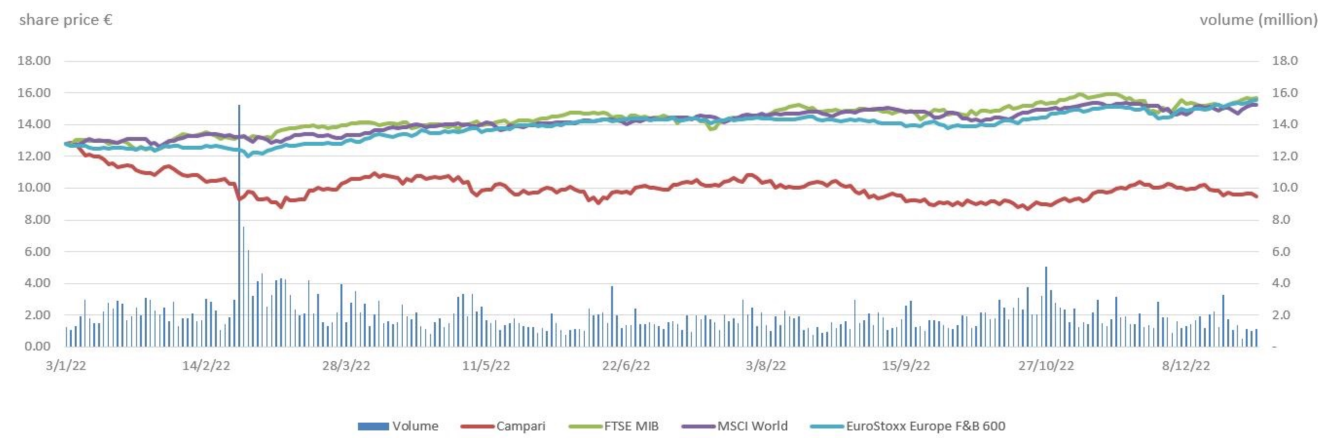
In 2022 equity markets declined, reflecting the negative externalities of the war between Russia and Ukraine. Geopolitical tensions, gas shortages, and supply chain constraints significantly impacted the financial markets, which closed the year significantly lower than the previous year end.
Indeed, since the beginning of 2022, the aforementioned inflationary fears, combined with concerns about central bank policy tightening, sustained Covid-19 infection rates, and emerging political instability, have started to put downward pressure on stock prices.
During 2022, the FTSE MIB index decreased by -13.3%. In Europe, the MSCI Europe registered a performance of -9.0%, while in the United States, the Standard and Poor 500 index declined by -19.4% overall. The MSCI Europe Consumer Staples Index decreased by -14.3%.

Regarding the exchange-rate fluctuation over the year 2022, many Group currencies revaluated vs. the €, such as the US Dollar (+12.3%), the Canadian Dollar (+8.3%), the Jamaican Dollar (+10.2%) and the Brazilian Real (+17.2%). Only the Argentine Peso (-38.3%) depreciated vs. the €[14].

STOCK PERFORMANCE IN THE CAPITAL MARKET

The Campari stock price performance has been significantly impacted by the overall economic fragility compounded by the negative outlook from the market, magnified by the war in Ukraine.
During 2022, the Campari stock price declined by -26.2% in absolute terms. The Campari stock price underperformed the FTSE MIB by -12.9% and underperformed the STOXX Europe 600 Food and Beverage index by -12.0% in the period from 1 January to 31 December 2022.

PERFORMANCE OF THE CAMPARI STOCK AND THE MAIN BENCHMARK INDICES FROM 1 JANUARY 2022 TO 31 DECEMBER 2022



(14) Based on average exchange rates for 2022

DAVIDE CAMPARI-MILANO N.V. STOCK

Shares[15]

At 31 December 2022, the total share capital of Davide Campari-Milano N.V. (including Special Voting Shares) was equal to €18,273,183.

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

Dividend

The Board of Directors voted to propose to the Annual General Meeting ('AGM') a dividend of €0.06 per share for the year 2022, gross of withholding taxes, unchanged vs. the previous year.

The dividend will be paid on 26 April 2023 (with an ex-date for coupon n. 3 of 24 April 2023 in accordance with the Italian Stock Exchange calendar and a record date of 25 April 2023). The Board of Directors resolved to convene the AGM on 13 April 2022 to approve, inter alia, the financial statements for the year ended 31 December 2022, the sustainability report, and the remuneration report.

INFORMATION ON THE CAMPARI STOCK AND VALUATION INDICATORS

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

Year	Minimum price	Maximum price	Average price	Price on 31 December	Change in Campari Stock	Change in FTSE MIB	Relative performance of Campari[1]	Average daily trading volume	Average daily trading value	Stock market capitalisation at 31 December	Annualized Total Shareholder Return
	€	€	€	€	%	%	%	millions of shares	€ million	€ million	%
2022	8.65	12.87	10.05	9.48	-26.22%	-13.31%	-12.91%	2.0	20.2	11.017	-25.8%
2021	8.68	13.47	11.10	12.86	+37.63%	+23.00%	+14.63%	1.7	11.1	14.913	+38.4%
2020	5.54	9.85	8.25	9.34	+14.74%	-5.42%	+20.16%	2.6	21.0	10,849	+15.6%
2019	7.37	9.22	8.40	8.14	+10.22%	+28.28%	-18.06%	2.3	19.7	9,455	+10.8%
2018	5.75	7.79	6.82	7.39	+14.60%	-16.10%	+30.70%	2.3	15.4	8,578	+15.5%

(1) Compared with the FTSE MIB index.

(15) Refer to 'Governance' section in the 2022 Annual Report for additional information regarding the composition of the share capital and details on major shareholders.

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

Year	Basic earnings per share[1]	Diluted earnings per share[1][2]	Price/shareholders' equity per share	Gross dividend per share (€)[3]	Price/net profit per share[1]	Dividend/net profit per share[1][3]	Dividend/price per share[3]
2022	0.30	0.29	4.12	0.060	32.1	20.2%	0.6%
2021	0.25	0.25	6.30	0.060	50.9	23.9%	0.5%
2020	0.17	0.16	5.43	0.055	56.4	32.8%	0.6%
2019	0.27	0.26	3.95	0.055	30.7	20.4%	0.7%
2018	0.26	0.25	3.97	0.050	28.9	19.3%	0.7%

(1) Based on net profit (not adjusted for non-recurring components) and total # of shares of 1,126,061,579 for 2022.
(2) For the purposes of calculating the diluted earnings (loss) per share, the weighted average of outstanding shares is adjusted in line with the assumption that all potential shares with a diluting effect will be converted. The total # of shares used for 2022 is 1,140,220,211.
(3) Dividend relating to the year. Proposed dividend for the 2022 financial year.

INVESTOR RELATIONS

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

SUSTAINABILITY

Campari Group continued to make solid progress toward its sustainability agenda. This year the Group has reached a key milestone in its sustainability commitment towards greater transparency: the Group was awarded a B rating by CDP for the CDP Climate Change questionnaire. CDP is a global not-for-profit charity that runs the global disclosure system to manage environmental impacts. This acknowledgment is a testimony of the Group's efforts to reduce its environmental impact and protect the planet.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

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

Campari Group has a risk management system in place aimed at identifying, assessing, managing and monitoring potential events or situations that could potentially impact Campari Group's activities and the achievement of its objectives.

The tool implemented to identify, assess and monitor corporate risks is based on the logic of Self-Risk Assessment ('SRA'), which provides for self-assessment and direct participation by operational management and/or other operators responsible for risk assessment.
The SRA involves individuals globally at the local, business unit and group level, and its objectives can be summarized as follows:

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

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

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

The Control and Risks Committee, External Auditors and Board of Directors monitor the effectiveness of Campari Group's internal control and risk management system.

In 2022, Campari Group's risk management and internal control system operated as designed, as no significant failings were identified in both financial and sustainability disclosures. For continuous improvement purposes, the Group undertook multi-year initiatives to strengthen its internal control system.

1. RISK APPETITE

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

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

The Group assesses risks according to their overall exposure to prioritize them and focus on the most relevant risks. Risks are expected to be mitigated up to the level of the risk appetite by implemented and planned responses, as risks are expected to be addressed in the ordinary course of the business.

The main risks to which the Group is exposed are noted in the next paragraph, while financial risks disclosures are detailed in the Campari Group consolidated financial statements at 31 December 2022.

Regarding overall performance, the Group also proved resilient in 2022 and continuing focus on sustainable long-term growth and brand building, thanks to a strong organic topline performance notwithstanding the very challenging macro environment, combined with numerous logistical and supply chain headwinds and an effective pricing taken across all brand-market combinations, especially in the core aperitif business.

2. MAIN RISKS FOR CAMPARI GROUP

The main risks to which the Group is exposed are shown below: the list is a comprehensive view of the risk exposure from both the financial and sustainability perspective. Although the risks described in this paragraph are consistent with the ones disclosed in 2021, a new risk related to the disruption in the supply chain has been identified as a consequence of the Covid-19 pandemic, the aftermath of geopolitical tensions and the increase in inflation and the demand for raw materials and energy sources.
The representation does not include all risks associated with Campari Group's business, and the order of presentation does not imply a list of priorities. Additional risks not known or currently considered deemed to be less significant could have a negative effect on the Group's performance.

RISK AREA

Risks relating to Campari Group's dependence on consumer preferences and habits and propensity to spend (S)

RISK CATEGORY

Strategic risks

SUB-RISKS AND DEFINITIONS

A critical success factor in the beverage industry is the ability to interpret consumer preferences and tastes and to continually adapt sales strategies to anticipate market trends and developments. Preferences and tastes can change in unpredictable ways due to a variety of factors, such as changes in demographics, consumer health and wellness, concerns about obesity or alcohol consumption, product attributes and ingredients, and negative publicity resulting from regulatory action or litigation against Campari Group. If the Group's ability to understand and anticipate consumer tastes and expectations and to manage its own brands were to cease or decline significantly, this could have a major impact on its activities and operating results. Moreover, the unfavourable economic situation in certain markets, a downturn in economic conditions, or a rise in prices that may reduce disposable income may dampen consumer confidence, making consumers less likely to buy drinks and reduce their demand for products in the spirits and wine categories in general.
After the experience linked to the Covid-19 pandemic, which has now become endemic management in most markets, the trend linked to the increase in sophistication and attention of the at-home experience has cemented, as well as a general 'cultural shift' whereby the consumer feels comfortable in high-end mixology at home, especially in developed markets.

REMEDIATION ACTIONS AND MITIGATION PLANS

Campari Group leverages a diversified portfolio of brands to ensure coverage of consumer occasions, trends and prices and constantly monitors consumer trends at market and brand level. Campari Group is continuing to monitor the macroeconomic scenario and the markets in which it operates, the behavioural patterns of its consumer base, the Group's financial position and the results of its operations.

RISK AREA

Risks relating to dependency on the sale of key products and the seasonality of certain Campari Group products (S)

RISK CATEGORY

Strategic risks

SUB-RISKS AND DEFINITIONS

A significant proportion of Campari Group's sales are focused on certain key brands, such as Campari Group Global Priorities. Accordingly, any factor adversely affecting the sale of these key products could adversely affect Campari Group's results from operations and cash flows. In addition, sales of certain Campari Group products are affected by seasonal factors due to different consumption patterns or consumer habits. In particular, aperitif consumption tends to be concentrated in the hottest months of the year (May to September), whereas sales of other products, such as sparkling wines and spirits, are concentrated in the last quarter (September to December). Seasonal consumption cycles in the markets in which Campari Group operates may have an impact on its financial results and operations. Although Campari Group has a global presence, most of its revenue is in the northern hemisphere, and unseasonably cool or wet weather in the summer months can affect sales volumes.

REMEDIATION ACTIONS AND MITIGATION PLANS

Mitigation actions include investments in products' success and growth to increase brand value and the Group's diversified portfolio of products and brands. In order not to be excessively exposed to seasonal peaks, the Group is developing initiatives to de-seasonalize the consumption moments of the main brands, with particular attention to the aperitif segment, guaranteeing constant consumption throughout the year. The initiatives were carried out through the development and strengthening of Group communication via a multiple-channel approach and focusing particularly on digital channels used today by consumers to inform themselves about brands and products and the related consumption experiences.

RISK AREA

Risks relating to a decline in the social acceptability of Campari Group's products or governmental policies against alcoholic beverages (S)-Responsible Practices

RISK CATEGORY

Strategic risks

SUB-RISKS AND DEFINITIONS

Campari Group's ability to market and sell its alcoholic beverage products depends heavily on both society's attitudes toward drinking and governmental policies that flow from those attitudes. Also, the Group's reputation may be impacted by consumers' misuse of alcoholic beverages. In recent years, increased social and political attention has been directed at the alcoholic beverage industry. This attention has focused largely on public health concerns related to alcohol abuse, including drinking and driving, underage drinking, and health consequences from the misuse of alcoholic beverages. Although Campari Group has a global presence, alcohol critics in Europe and the United States increasingly seek governmental measures to make alcoholic beverages more expensive, including through tax increases for certain product categories, restricting their availability, and making it more difficult to advertise and promote. If the social acceptability of alcoholic beverages were to decline significantly, sales of Campari Group products could materially decrease. Campari Group's sales would also suffer if governments banned or restricted advertising or promotional activities, limited hours or places of sale, or took other actions designed to discourage alcohol consumption.

REMEDIATION ACTIONS AND MITIGATION PLANS

The Group constantly monitors regulatory changes consumer trends at the market level and, promotes responsible drinking initiatives and continues to promote a culture of quality and responsibility, including via communication and awareness-raising activities and actions, also carried out in collaboration with the main trade associations, positioning itself as a responsible global player in the beverage industry.
Since 2010, the Group has adopted a Code on Commercial Communications on a voluntary basis, which has been recently updated. Mandatory training on the Code's principles is provided for all Camparistas involved in communicating and marketing the Group's products. Furthermore, the Responsible Serving Guidelines aim to define the essential guidelines for the responsible serving of alcoholic beverages, while the Internal Policy on Responsible Alcohol Consumption seeks to encourage employees to always adopt responsible consumption patterns.
A 'Global Strategy on Responsible Drinking' has been adopted from 2020, setting short- to mid-term commitments and the related internal and external initiatives to be undertaken in this area.

RISK AREA	RISK CATEGORY
Risks relating to adverse macroeconomic and business conditions and instability in the countries in which the Group operates (S)	***Strategic risks***

SUB-RISKS AND DEFINITIONS

Global economic conditions and conditions specific to the markets in which Campari Group operates could substantially affect its profitability and cash flows. Operating in emerging markets makes the Group vulnerable to various risks inherent in international business, including exposure to an often unstable local political and economic environment which may impact the ability of the Group to trade locally and the ability of the Group's counterparties to meet their financial obligations, exchange-rate fluctuations (and related hedging issues), export and import quotas and limits or curbs on investment, advertising or repatriation of dividends.
The international macroeconomy is characterized by uncertainty also due to factors including the general rise of inflation, the increased tensions around commodity and energy prices, the general slowdown of economic growth and the increase in the volatility of international equity markets in a context of increased risk aversion among investors. It is difficult to determine the breadth and duration of the economic and financial market problems and their potential effects on consumers of the Group's products and its suppliers, customers and business in general. Continuation or a further worsening of these difficult financial and macroeconomic conditions could materially and adversely affect Campari Group's sales, profitability and results from its operations.
The Russia-Ukraine conflict that started in February 2022 and the related escalating geopolitical tensions have generated further volatility and uncertainty, adding further inflationary pressure and potentially impacting consumer demand. In terms of business activities, the Group has commercial operations in both countries with no production facilities, and Russia and Ukraine accounted overall for approximately 3% of the Group's net sales in 2021.

REMEDIATION ACTIONS AND MITIGATION PLANS

The Group constantly monitors developments in the global geopolitical environment that could require a review of the current corporate strategies and/or the introduction of measures to safeguard its competitive positioning and performance. In addition, the Group constantly monitors and assesses the markets in which it operates, as well as customers' behavioural patterns.
In relation to the Russia-Ukraine conflict, since the outbreak of the war, the Group's priority has been to ensure the safety and security of Ukraine-based Camparistas by providing them with the best possible support, including financial aid and accommodation options. With reference to the business in Russia, since the beginning of the war, the Group has stopped its promotional investments in the country and reduced the business to the bare minimum necessary to support its people to live through this unprecedented situation.

RISK AREA	RISK CATEGORY
Risks relating to acquisitions (S)	***Strategic risks***

SUB-RISKS AND DEFINITIONS

Campari Group expects that the ongoing consolidation within the spirits business will continue. It will therefore continue to evaluate potential acquisitions, incurring additional indebtedness to finance them. If the pursuit of an opportunity is successful, the subsequent integration of the businesses acquired places significant challenges associated with integration and demands on the time and attention of Campari Group's senior management and may involve considerable costs. Campari Group may therefore be exposed to risks in relation to acquisitions that may have an adverse effect on Campari Group's financial performance and cash flows from its operations in case the Group is unable to implement its acquisition strategy and/or realize the full intended benefits of synergies, namely in case of acquisitions in markets outside of those in which the Group currently operates due to unfamiliar regulatory and competitive environment.

REMEDIATION ACTIONS AND MITIGATION PLANS

Campari Group performs in-depth preliminary analyses supported by actual and prospective economic data to select acquisitions that are optimally compatible with the Group's long-term objectives. After the acquisition, the Group constantly monitors the contribution of new businesses acquired to the overall Group's performance and the cash flow generation through the synthetic net debt/EBITDA index.

RISK AREA	RISK CATEGORY
Risks relating to market competition and the consolidation of participants in the beverages industry (S)	***Strategic risks***

SUB-RISKS AND DEFINITIONS

The Group is part of the alcoholic and non-alcoholic beverage sector, where there is high competition and a vast number of operators. The main competitors are large international groups operating aggressive strategies at a global level and benefiting from significant financial resources and a very diversified portfolio of brands and geographical areas, which could imply a reduction in the number of distribution outlets available to the Group or involve higher distribution costs. The Group's competitive position vis-à-vis these major global players makes its exposure to market competition particularly significant. The second layer of competitors are independent wholesalers and retailers which offer other products, sometimes including their own brands, which directly compete with Campari Group's products by limiting available shelf space in retail stores. If independent wholesalers and retailers give higher priority to other brands, purchase less of or devote inadequate promotional support to Campari Group brands, it could materially and adversely affect the Group's sales and reduce the Group's competitiveness.

REMEDIATION ACTIONS AND MITIGATION PLANS

The Group constantly monitors the industry dynamics of mergers and acquisitions and the initiatives taken by competitors, regularly invests in advertising and promotion initiatives to reinforce its brand equity in order to ensure the success and growth of its product, as well as to expand its customer base. E-commerce is also increasingly becoming an alternative to traditional distribution channels, which is monitored as an opportunity for the Group to gain greater flexibility.

RISK AREA

Risk of reputation and branding (S)

RISK CATEGORY

Strategic risks

SUB-RISKS AND DEFINITIONS

Brands represent a key asset and might be exposed to several threats, including unauthorized reproduction/imitation of products and negative social media coverage. In particular, inadequate brand protection or poor intervention to address counterfeiting of the Group's products increases the threats posed by illicit products, including harm to consumers and damage to the Group's and brands' reputation. In addition, the constant increase in the number and importance of social media exposes the Group to the risk of harmful media messages as it might be a victim of a malicious attack or as a consequence of a communication incident. As a result, the Group's products and reputation might be negatively or not correctly perceived by the public, impacting the brands' performance and cash flows.

REMEDIATION ACTIONS AND MITIGATION PLANS

The Group constantly monitors the markets in which it operates as well as customers' behavioural patterns. In addition, social media guidelines were implemented, and an internal awareness initiative on social media security was launched.

RISK AREA

Risks relating to the disruptions or termination of Campari Group's arrangements with the Group's third-party manufacturers or distributors (S)

RISK CATEGORY

Strategic risks

SUB-RISKS AND DEFINITIONS

The production and distribution of the Campari portfolio is carried out, for the vast majority, directly by Campari Group. However, Campari Group relies upon third parties (including key customers in specific geographies) to distribute, and in some cases also produce or copack, its own brands in a number of markets under licensing arrangements. The use of or reliance on third parties for these functions entails risks, including the risk of termination of licenses and delays or disruptions in production and distribution. Disruption or termination of Campari Group's present arrangements with these third parties without having suitable alternative arrangements in place could have a material adverse effect on the Group's business, resulting from its operations and/or financial condition.

REMEDIATION ACTIONS AND MITIGATION PLANS

The Group put into practice the signing of licensing agreements with various trusted third parties to avoid concentration on few counterparties.

RISK AREA

Exchange-rate and other financial risks (F and S)

RISK CATEGORY

Strategic and Financial risks

SUB-RISKS AND DEFINITIONS

While Campari Group reports its financial results in €s, the Group's portfolio of brands generates sales and costs throughout the world in a variety of currencies. With the Group's international operations outside the € area growing, significant fluctuation in exchange rates could have a negative impact on the Group's activities and operating results. In general, economic volatility or failure to react quickly enough to changing monetary policies and economic conditions (including currency instability) could impact the Group's financial performance.

REMEDIATION ACTIONS AND MITIGATION PLANS

The Group closely monitors its performance and key business drivers by Region to be able to quickly adapt to changing market conditions. Furthermore, permanent Group operations in countries such as the United States, the United Kingdom, Australia, Jamaica, Brazil, Canada, Russia, and Argentina allow this risk to be partially hedged, given that both costs and revenues are broadly denominated in the same currency.
For a more comprehensive analysis of the Group's financial risks, please refer to note 7 ii.-'Nature and extent of the risks arising from financial instruments' of Campari Group consolidated financial statements at 31 December 2022.

RISK AREA

Risks of inflation and pressure on prices and margins (F)

RISK CATEGORY

Strategic and Financial risks

SUB-RISKS AND DEFINITIONS

The general rise of inflation and the increased tensions around commodity and energy prices are hindering the world economic recovery, with GDP growth expectations moderating worldwide. The possible downside risks originate not only from the weakened performance of the industrial sector, affected by worsened supply-chain disruptions and further inflationary pressures but also from the change in consumer behaviour due to rising prices of goods, including consumer staples. In addition, from a financial perspective, in 2022, interest rate increases were announced by both the U.S. Federal Reserve and the European Central Bank to tackle inflation. The spirits industry is exposed to the challenges of incremental input costs pressure combined with logistics constraints. It is conceivable that the pace of resolution of bottlenecks in the supply of these resources is not immediate and that the effects are not necessarily temporary. It follows the risk that, even in the short term, inflationary effects indirectly affect the prices of all types of consumer products, with a decrease in the margins of the Group's products due to the worsening of purchasing conditions from its suppliers. In this scenario, the Group's ability to reflect the increase of these costs in the price of its products could be limited.

REMEDIATION ACTIONS AND MITIGATION PLANS

The Group continuously monitors its resource allocation and rising pricing opportunities across major markets for continuous value generation and brand portfolio strengthening. Solid and collaborative relationships with the Group's key suppliers remain a priority, as does the focus on accelerating investments to strengthen Campari Group brands and on the progressive containment of overhead costs (above all, incentives and hiring catch up). Although the situation remains uncertain, the Group's favourable sales mix by product and market/channel is expected to partially offset the growing inflationary pressure on input and distribution costs, linked in particular to logistic constraints.

RISK AREA

Risk relating to the inability to attract and retain qualified personnel (O)-Our people

RISK CATEGORY

Operational risks

SUB-RISKS AND DEFINITIONS

Campari Group's success depends on the efforts and abilities of its senior management team and key employees. The loss or retirement of senior management or other key personnel, or an inability to identify, attract, and retain qualified personnel in the future, may make it difficult for the Group to manage its business and could adversely affect its operations and financial results with the risk of not being responsive in seizing new opportunities and adapting to change. A high turnover rate and difficulty in filling key positions could also have a demotivating impact on existing teams, with the potential of slowing down the implementation of key projects for the Group.

REMEDIATION ACTIONS AND MITIGATION PLANS

The Code of Ethics reaffirms the Group's principles and commitment with respect to the themes relating to human resources and the work environment.
The Policy on Employees and Human Rights defines the Group's position with respect to issues related to working conditions, training, and employee well-being. Training and professional development is a key area of focus for Campari Group, and the Group will continue to expand its learning offer, mainly leveraging online tools.
Specific activities to improve Camparistas' well-being and work-life balance are constantly promoted in all of the Group's locations. The Group also established talent review programs, succession plans, and retention plans for key resources, as well as monitoring employee satisfaction and talent recruiting programs.
To ensure that the remuneration system for all Camparistas is based on the criteria of fairness and transparency, Campari Group uses the internationally recognized IPE (International Position Evaluation) methodology. Two massive Reward and Recognition initiatives have also been provided: ESOP (Employee Stock Ownership Plan) and RSU (Restricted Stock Units) Plan, formerly Mid-Term Incentive.
As concerns onboarding, in 2022, a new global process has been designed to improve and harmonize the new experience of new starters to all Camparistas worldwide, regardless of the country they are based. The talent development area has been completely revamped with a new Performance Process aimed at streamlining processes and empowering people managers.
A global framework to foster Diversity, Equity, and Inclusion in the workplace has been adopted from 2020 to nurture a corporate culture in which people feel welcome, empowered, and encouraged to bring their whole self to work.

RISK AREA

Employees' satisfaction, diversity, equity, and inclusion (O)-Our people

SUB-RISKS AND DEFINITIONS

Being a multinational organization, Campari Group faces the challenge of managing a diverse workforce and could fail to respond to the needs of its employees, not being able to create a healthy and positive work environment which is an indispensable condition for ensuring the Group's success and growth.

RISK AREA

Risk relating to unavailability and cost of materials (O)

RISK CATEGORY

Operational risks

SUB-RISKS AND DEFINITIONS

The Group's ability to produce and sell products depends upon the availability of key materials and services.
The current geopolitical and macroeconomic landscape significantly affects international trade, as logistic constraints impact the delivery of finished products and raw materials (such as glass bottles and packaging) in terms of extended lead time and increased costs. In addition, in consideration of the increasing demand of the Group's products, challenges might arise in terms of distilling and bottling capacity. The risk is that the Group could face unpredictable events in terms of supply challenges that could have a negative impact on the Group's results and cash flow.
In addition, changes in exchange rates, and inflation on prices for raw materials or commodities (alcohol, aromatic herbs, sugar, agave and cereals) may not be offset by higher prices applied on the sale of the Group's products. The price of raw materials depends on a vast multiplicity of unpredictable factors out of the Group's control. The risk is that the Group could face negative effects on its financial results and cash flows.

REMEDIATION ACTIONS AND MITIGATION PLANS

To mitigate those risks, safety stocks are kept available in key locations; capital investments are made to increase the Group's production capability and, whenever possible, contracts with multiple suppliers are in place.
In addition, the Group is implementing actions to reduce fluctuations in raw material prices, including signing co-investment agreements with local agricultural producers to ensure an adequate supply of high-quality agave. The benefits of these investments will probably only be observable in the medium term, given the long natural growing process of plants such as agave. Moreover, to mitigate these risks of energy price increases resulting in higher transportation, freight and other operating costs for the Group with an indirect impact on the purchase of key packaging and ancillary materials, such as glass, the Group is constantly reviewing procurement policies to maximize efficiency and the collaboration with key suppliers.

RISK AREA

Risk related to climate change and natural disasters (O)-Environment

RISK CATEGORY

Operational risks

SUB-RISKS AND DEFINITIONS

Production activities and implementing the Group's strategies are subject to the effects of natural events. Climate and environmental changes, some of which could have a significant impact, could interfere with local supply chains and harm some customers. These events are generally unpredictable and may affect the seasonality of sales, just as natural disasters (such as hurricanes) may damage products and disrupt production at some plants.

REMEDIATION ACTIONS AND MITIGATION PLANS

The Group monitors climate changes and consequent environmental risks, has emergency plans in place and continuously develops plans to deal with such crises. The Group counts compliance with regulations and with local and international standards among its priorities, together with business continuity assessment, back-up scenarios and global insurance policies.
Campari Group recognizes the importance of focusing on the overall climate change risk and promotes responsible use of resources and a reduction of the environmental impact in its value chain and throughout its global supply chain, acknowledging the need to limit global temperature rises to no more than 1.5°C, in accordance with the Paris Agreement. In this context, Campari Group has adopted an environmental policy that applies to all locations and divisions and has set up a structure to control environmental pollution, waste, and water disposal. The Group closely monitors energy consumption and carbon dioxide emissions and undertakes initiatives to reduce them by increasing the use of lower-emission energy sources. The Group has also set specific targets in line with the UN Sustainable Development Goals aimed at reducing Green House Gas (GHG) emissions deriving from the Group's direct operations and the overall supply chain and at increasing the use of renewable electricity in its production sites. In 2022, new specific commitments were made regarding the reduction of Scope 3 emissions.

RISK AREA

Environmental impact of operations-Environment (O)

RISK CATEGORY

Operational risks

SUB-RISKS AND DEFINITIONS

The Group is aware of the environmental impact generated by its operation and activities (in terms of CO2 emissions, energy management, water management, and waste management) and how its inability to manage it could negatively affect its reputation, revenues and profits. In addition to external stakeholders paying greater attention to the Group's non-financial performance:
1) high industrial energy consumption leads to an increase in GHG emissions (thus contributing to climate change and global warming) and to a rise in energy prices and volatility;
2) the most water-intensive activities may impact water availability, especially in geographic locations where water-related challenges are more pronounced;
3) hazardous and/or improper waste storage or disposal may contaminate surrounding water and lands.

REMEDIATION ACTIONS AND MITIGATION PLANS

From 2013 the QHSE policy has been adopted and applies to all locations and divisions.
The Group's environmental performance is certified through international standards (ISO14001/EMAS/ISO50001).
Campari Group has set up a structure to control environmental pollution, waste, and water disposal and defined and disclosed specific environmental targets aligned with the UN SDGs to be reached by 2025 and 2030.

RISK AREA

Risk relating to disruption in information technology systems (O)

RISK CATEGORY

Operational risks

SUB-RISKS AND DEFINITIONS

The Group depends on its information technology and data processing systems to operate its business. Campari Group introduced smart working in 2018 and is engaged in major projects that leverage online digital technologies and expand on smart working in the Group's offices. More flexible working methods are being promoted as they can bring benefits for both Camparistas and the Group, encouraging a better work-life balance, attracting and retaining personnel and increasing employees' responsibilities in pursuing the Group's objectives and results. This digital transformation journey that the Group has undertaken has entailed a greater exposure to risks deriving from cyberattacks, in addition to those related to significant system malfunctions or disruptions, problems connected to migrations affecting key IT systems, to ineffective security measures and power outages. All of the aforementioned events could adversely affect the Group's business continuity and its ability to compete. Additionally, stringent personal data protection regulations are increasing the risks associated with regulatory non-compliance.

REMEDIATION ACTIONS AND MITIGATION PLANS

Mitigation actions put in place by Campari Group include the definition of a cybersecurity roadmap and the constant execution of additional controls and security audits which are regularly performed to assess whether the level of security is adequate and to ensure business continuity in case of key system migration. With respect to employees, multiple awareness campaigns were implemented to heighten employee awareness of cyber risks. New protocols, training programs, work practices, and safety measures have been introduced and strengthened to enable a safe environment in a hybrid workplace. The Group has implemented awareness campaigns to heighten employee awareness of cyber risks (C-Level fraud, Phishing, Social Engineering). Employees take part in annual e-training sessions and take monthly tests to improve their knowledge and understanding of the major cyber threats. Starting from 2019, and with a greater focus in the following years, the Security Awareness program has been implemented, which includes:
1) bi-weekly and monthly simulated phishing campaigns to all employees and consultants with @campari.com accounts to test their skills and competences in recognizing the main threats via email;
2) bi-weekly and monthly simulated phishing campaigns to all employees and consultants with @campari.com accounts to test their skills and competences in recognizing the main threats via email;
3) training sessions for all employees and consultants with @campari.com;
4) dedicated email for reporting phishing/spam emails;
5) dedicated news posts published on the Group's internal communications platforms to keep users up to date on new and increasing cyber threats, as well as new cyber-security-related functionalities.

RISK AREA

Risk relating to responsible supply chain and disruption in the supply chain (O)-Responsible Supply Chain

RISK CATEGORY

Operational risks

SUB-RISKS AND DEFINITIONS

Responsible and transparent sourcing from commercial partners that share Campari Group's values regarding social and environmental matters is a necessary condition for ensuring high-quality and safe products and a better reputation.
Any failure from the suppliers to guarantee responsible commercial practices could have a negative impact on the Group's reputation and affect sales volumes.
Following the experience of the Covid-19 pandemic and the aftermath of geopolitical tensions, the disruption of the global supply chain has emerged as a significant new risk. The increase in inflation, as well as that of the demand for raw materials and energy sources, has led to a general lengthening of delivery times and an increase in costs.

REMEDIATION ACTIONS AND MITIGATION PLANS

Since 2012, Campari Group's suppliers have been requested to sign the Supplier Code, a document setting out the ethical values and principles that underly the Group's activities and ensure their compliance throughout their respective supply chains. The Group is also a member of Sedex (the largest shared platform in the world through which users report and share their commercial practices in the areas of labour law; health and safety; environment; business ethics). Campari Group's Employees' and Human Rights Policy also applies to suppliers. Specific projects with key suppliers are developed to foster virtuous business practices (i.e. co-investment model to grow agave with local partners in Mexico, long-term agreements with packaging suppliers committed to circular principles). In line with the Group's ambition of reducing its environmental impact, 2022 has marked an acceleration in the Scope3 decarbonization efforts also involving suppliers.
With regard to the supply chain disruption, the Group continues to improve its levels of resilience across its supply chain through diversification of services and increased collaboration with strategic suppliers.

RISK AREA

Risks of barriers to entry into new markets or development in already-guarded markets-Community involvement

RISK CATEGORY

Operational risks

SUB-RISKS AND DEFINITIONS

The difficulty of integration into the local social fabric or lack of collaboration and dialog with local communities can limit the Group's ability to enter new markets and/or consolidate its presence in markets in which it already operates.

REMEDIATION ACTIONS AND MITIGATION PLANS

The Group manages relations with local communities and territories where it operates in full respect of customs and traditions while strictly observing local regulations.
The Group contributes to the economic development of the territories directly through its own activity, thus contributing to local economic development, and through the development of specific social inclusion projects, also promoted through its Foundations.

RISK AREA

Human rights (C)-Our people

RISK CATEGORY

Compliance risks

SUB-RISKS AND DEFINITIONS

The risk of failure to comply with laws and regulations related to the respect for human rights in all of its geographies and all along its supply chain might cause reputational damage and financial loss.

REMEDIATION ACTIONS AND MITIGATION PLANS

Among the measures implemented to mitigate this risk, specific policies have been formalized (i.e., Employees' and Human Rights Policy, Code of Ethics, Business Conduct Lines, and Supplier Code).
Campari Group also supports the United Nations Universal Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.
The Group assures legal compliance with national legislation relating to human rights in those countries where it operates. If there are any differences between the content of the Group's policies and national regulations, the Group always applies the most stringent requirements.

RISK AREA

Corruption (C)

RISK CATEGORY

Compliance risks

SUB-RISKS AND DEFINITIONS

Given the international scope of its business, Campari Group may face the risk of not complying with all the anti-bribery laws and regulations (which are expanding and strengthening at national and international level) it is subject to, causing reputational damage and/or resulting in potentially substantial fines.

REMEDIATION ACTIONS AND MITIGATION PLANS

The main tools for mitigating corruption risk are the Code of Ethics, the Anti-Corruption Policy, the Business Conduct Guidelines and ongoing training of employees to keep them periodically updated on the Group's policies. In Italy, in particular, pursuant to Legislative Decree 231 of 2001, the 231 Model, approved by the Board of Directors, represents a formalization of existing management structures, procedures and controls.
Internal assurance activities are continuously monitored and assessed with local management to improve the internal control system.
Any violations or conduct inconsistent with regulations and/or internal policies may be reported anonymously through a whistleblowing channel available to Camparistas and external stakeholders.

RISK AREA

Tax risks and changes in fiscal regulations(C)

RISK CATEGORY

Compliance risks

SUB-RISKS AND DEFINITIONS

Distilled spirits and wines are subject to import duties or excise taxes in many countries where the Group operates. An increase in import duties or excise taxes could adversely affect profit margins or sales revenue by reducing overall consumption or encouraging consumers to switch to lower-taxed categories of alcoholic beverages. Furthermore, significant changes to the international tax environment or tax-related changes in any of the markets in which the Group operates could alter the Group's results, leading to an increase in the effective tax rates and/or unexpected tax exposures and uncertainty that could increase the Group's overall business costs.
On 15th December 2022, the Council of the European Union implemented the Pillar II solution agreed at OECD/G20 level within the European Union trough the relevant Council Directive. The new solution states a global minimum level of taxation designed to ensure large multinational enterprises (or "MNEs") to pay a minimum level of tax of 15% on the income arising in each jurisdiction where they operate. According to the Council Directive and OECD/G20 Inclusive Framework suggestions, the global minimum taxation consists of an additional amount of tax (i.e., "top-up tax") collected each time that the effective tax rate of an MNE in a given jurisdiction is below 15% (the so-called Income-inclusion rule or "IIR").

REMEDIATION ACTIONS AND MITIGATION PLANS

The Group has a tax policy focused on compliance with applicable laws and regulations and proactive and efficient taxation. The Group has always adopted a transparent attitude towards the Tax Authorities and applies a transfer pricing policy between Group companies based on the principle of at arm's length transactions to ensure that profits are taxed in a manner consistent with commercial activities and economic substance. The Group regularly reviews its business strategy and tax policy in light of legislative and regulatory changes and assesses the likelihood of any negative results of potential tax inspections to determine the adequacy of its tax provisions.
In addition, considering the recent introduction of Pillar II, the Group is monitoring the evolution of the legislation and is focusing on assessing the potential current tax impacts of the global minimum top-up tax; based on preliminary analysis and simulations it is not believed that there will be significant impacts in terms of taxation.

RISK AREA

Risk of failure to comply with laws and regulations (C)

RISK CATEGORY

Compliance risks

SUB-RISKS AND DEFINITIONS

As the Group is exposed and subject to numerous different regulations, there is a risk that failure to comply with laws and regulations, and with Group policies, could harm its reputation and/or result in potentially substantial fines.

REMEDIATION ACTIONS AND MITIGATION PLANS

The Group has drawn up a Code of Ethics, laid down Business Conduct Guidelines, and provides its employees with regular training on its global policies.
Internal assurance activities are continuously monitored and assessed with local management to improve the internal control system. Present in many regions across the world, the Group has also adopted a specific policy on human rights intended to mitigate any legislative shortcomings existing locally in that regard.
The new global on anti-corruption and anti-bribery, as well as antitrust policies, have also been published, and dedicated training sessions, both live and online, are scheduled for 2023.

RISK AREA

Data privacy and cyber security (C)

RISK CATEGORY

Compliance risks

SUB-RISKS AND DEFINITIONS

The strong interconnectedness within the Group and the ever-increasing pervasiveness of technology in the performance of business activities may cause reputational damage due to possible breaches/theft of sensitive data, the malfunctioning or disruption of IT systems, the unavailability of online services due to a cyber-attack and the increased cost of resolving these problems.

REMEDIATION ACTIONS AND MITIGATION PLANS

The Group has introduced project initiatives to make every employee aware of cyber issues and risks (C-Level fraud, Phishing, Social Engineering). Each employee participates in e-training sessions and continuous tests to improve their knowledge of the main cyber threats.
Through the Legal and Compliance department and the Group Data Protection Officer, Campari Group is aligned with the European regulations on personal data protection ('GDPR'), and with other applicable local laws on data protection. In this effort for continuous improvement, the organizational model allocating the responsibilities for data protection matters, and the internal policies on data protection are continuously updated, and training and awareness activities are regularly carried out. In 2020 a new Privacy Policy on Processing of Employees' Personal Data was released together with a Policy on the Use of Electronic Communications and Information Systems, and training and awareness activities are regularly promoted as proof of the Group's commitment to promote the correct use of IT and electronic communication systems in order to protect its IT assets and, in general, all of its stakeholders.

RISK AREA

Risks relating to legislation on the beverage industry and the application of import duties (C)

RISK CATEGORY

Compliance risks

SUB-RISKS AND DEFINITIONS

Activities relating to the alcoholic beverages and soft drinks industry, production, distribution, export, import, sales and marketing are governed by complex national and international legislation, often drafted with somewhat restrictive aims. The requirement to make the legislation governing the health of consumers, particularly young people, ever more stringent could, in the future, lead to the adoption of new laws and regulations aimed at discouraging or reducing the consumption of alcoholic drinks. Such measures could include restrictions on advertising or tax increases for certain product categories, leading to a fall in demand for the Group's products.

REMEDIATION ACTIONS AND MITIGATION PLANS

Campari Group is committed to constantly publicizing messages and models of behaviour associated with responsible consumption and serving of alcoholic drinks through its communication channels, and continuously monitors any changes in the legislation applicable to the beverage industry.

RISK AREA

Risk related to non-compliance with environmental regulations and policy (C)-Environment

RISK CATEGORY

Compliance risks

SUB-RISKS AND DEFINITIONS

Due to Campari Group's global presence, its operations are subject to numerous regulations imposed by national, state and local agencies covering environmental, production, health, and safety. In addition, the regulatory climate in the markets in which Campari Group operates is becoming stricter, with a greater emphasis on enforcement. These regulations can result in increased costs or liability, including fines and/or remediation obligations, which might adversely affect Campari Group's business, prospects, financial condition and/or results.

REMEDIATION ACTIONS AND MITIGATION PLANS

Campari Group has adopted an environmental policy aimed at reducing the environmental impacts that may be caused by the Group's activities. This policy, which is regularly reviewed to keep it in line with the nature and size of the Group and its corporate objectives, applies to all locations and divisions and is also shared with suppliers, funders and employees. For example, the responsible use of resources and reduction of the environmental impact of the Group's production activities are, of course, practices that guide the Group's activities to pursue sustainable development.
The Group's industrial management has also set up a structure dedicated to safety, and quality controls on environmental pollution, waste, and water disposal. The objective of this structure is to continuously monitor and update the Group's business activities based on the legislation in force in the individual countries in which it operates.
While Campari Group has implemented those initiatives, there can be no assurance that it will not incur substantial environmental liability and/or costs or that applicable environmental laws and regulations will not change or become more stringent in the future.

RISK AREA

Risk related to employees (C)-Our people

RISK CATEGORY

Compliance risks

SUB-RISKS AND DEFINITIONS

The risks that the Group faces in relation to the management of employees are related, on the one hand, to the administrative management of personnel, with particular reference to events of an extraordinary nature, and on the other, to the health and safety of employees, with particular reference to working conditions and accident management. Failure to ensure employees' health and safety or manage personnel could harm the Group's reputation and/or result in potentially substantial fines.

REMEDIATION ACTIONS AND MITIGATION PLANS

In the various countries where the Group has subsidiaries, its dealings with employees are regulated and protected by collective labour agreements and local laws. Any reorganization or restructuring undertaken, where this becomes essential for strategic reasons, is defined based on plans agreed with employee representatives. The Group has put in place specific procedures to monitor safety in the workplace, both in the offices and in plants, and continuous attention is paid to training and raising awareness among employees on health and safety issues and to ensuring safe working conditions. Since 2013, the Group has adopted a QHSE (Quality, Health, Safety and Environment) Policy and monitors its performance through international health and occupational safety standards (BS OHSAS 18001/ISO45001).

RISK AREA

Risks relating to product compliance and safety (C)-Responsible Practices

RISK CATEGORY

Compliance risks

SUB-RISKS AND DEFINITIONS

Campari Group may be subject to product recalls or other liabilities if any of Campari Group's products are defective or found to contain contaminants. Those events could lead to business interruptions and product recalls costs which could adversely affect Campari Group's business, reputation, financial condition and/or results from its operations.

REMEDIATION ACTIONS AND MITIGATION PLANS

Campari takes precautions to ensure that its beverages are free from contaminants and that its packaging materials are free of defects by conducting extensive quality controls and having a worldwide quality team.
Control procedures to ensure that products manufactured in Group plants are compliant and safe in terms of quality and hygiene, in accordance with applicable laws and voluntary certification standards, have been put in place. Specifically, since 2013, Campari Group has adopted a QHSE (Quality, Health, Safety and Environment) policy and tracks its performance through the International Food Safety Certification scheme (BRC/IFS/FSSC22000).
In addition, the Group has defined guidelines to be implemented if the quality is accidentally compromised, such as withdrawing and recalling products from the market or the CPM Index (i.e., the number of complaints received per million bottles produced).
Although Campari has drawn up guidelines to be implemented, if quality is accidentally compromised, such as in the event of any withdrawal or recall of products from the market, insurance policies against certain product liability are activated. However, it could happen that any sums that Campari recovers may not be sufficient to compensate for any damages it may suffer. For this reason, insurance policies are systematically reviewed to always be adapted to changing business needs.

SUSTAINABILITY DISCLOSURE

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

NOTE ON METHODOLOGY

The aim of the Sustainability Disclosure is to provide Campari Group's stakeholders with sustainability information, illustrating Campari Group's sustainability strategy and main initiatives in 2022. This disclosure contains sustainability information about environmental, social and employment matters, as well as respect for human rights, anti-corruption and bribery issues, to the extent necessary to ensure the Group's business, performance, results and impacts are understood.
This sustainability disclosure is an extract from the Campari Group's sustainability report and highlights the most relevant information of the year and the Group's more general approach to sustainability. The complete Campari Group disclosure on sustainability information is available in the sustainability report. The Group's strategies, policies, main impacts, risks and the related management approach for each of these issues are also described based on the principle of materiality. The Dutch Statutory Auditor Ernst&Young accountants LLP verifies the disclosure of this document according to legal requirements, while EY S.p.A. verifies, through a limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 Revised, the separate sustainability report's compliance with the GRI Standards, the global standards for sustainability reporting.
The table below shows the internal references to the chapter(s) or paragraph(s) of this annual report where the relevant aspects of the Dutch Decree are discussed in particular to ensure transparent and structured communication with stakeholders.

Dutch Decree aspects	**Internal reference-Chapter/paragraph**
Business model	The value chain of the Group's products; Campari Group's identity and business overview section.
Policies and due diligence	Sustainability governance and policies; Governance section.
Principal risks and their management	Risk management and internal control system section.
Global Sustainability Strategy	Campari Group's identity and business overview section
Thematic aspects	
Environmental matters	Responsible sourcing-CO2 emissions from suppliers; Management of resources and environmental impact; Global Supply Chain medium-long term environmental targets; Energy efficiency and decarbonisation; Water management; Waste management; Spills, Certifications; Logistics and sustainable distribution; EU Taxonomy disclosure.
Social matters	The Foundations; Creating value for stakeholders; Quality and food safety of brands; Responsible communications; Responsible serving; Responsible consumption: communications and promotional initiatives; Campari Gallery; Cinzano Archive; Campari and the cinema; Support to local communities; The Foundations; Negroni Week.
Employee matters	The Camparista experience; Campari Group and the dialogue with Camparistas; Diversity, Equity and Inclusion; Learning and professional development in the workplace; Remuneration system; Industrial relations; Camparistas' involvement with the environment, well-being and social activities; Health and safety in the workplace.
Respect for human rights	Sustainability policies and governance; Risk management; Code of Ethics, Business Conduct Guidelines, Sustainability compliance; Employees and Human Rights Policy.
Fight against bribery and corruption	Sustainability policies and governance; Risk management; Whistleblowing; Model 231; Code of Ethics; Business Conduct Guidelines.
Supply Chain	Sustainability policies and governance; Risk management; Responsible sourcing; Sustainability compliance; CO2 emissions from suppliers; Business continuity and enhanced supplier collaboration; Growing agave in partnerships with local farmers.

The materiality analysis set in 2017, on the basis of a comprehensive benchmarking comparison with competitors in the sector and of the results of a sustainability questionnaire distributed to the Group's entire management, has been further refined. In 2018, bartenders were included among the categories of stakeholders that are most relevant to the Group. In 2019, adjustments were made in the wake of a focus group conducted under the aegis of the Campari Group Sustainability Committee. In 2020, the priorities were reconsidered in a year when the entire world population was affected by the Covid-19 pandemic, also resulting in a strong impact on the global economy. In 2021, a further review of the materiality analysis implemented with the Officers and the Corporate Banking, Tax and Insurance function, led us to identify 'Tax transparency' as a material topic included in the broader theme 'Direct economic value generated and distributed to stakeholders'. In 2022, the materiality assessment was revised following the new provisions of GRI 3: Material Topics 2021. More information can be found in the 'Materiality' paragraph below.

Campari Group's Sustainability Disclosure was prepared in accordance with the GRI Sustainability Reporting Standards, the sustainability reporting framework set by the Global Reporting Initiative ('GRI'), establishing the most advanced standard for sustainability reporting, the most widely used worldwide. As in previous years, in addition to the key performance indicators set in the GRI Sustainability Reporting Standards and the sustainability aspects covered by the statutory reporting requirements, Campari Group also reports certain additional qualitative and quantitative indicators that are particularly relevant for a multinational company operating in the spirits sector (i.e. responsible marketing and serving, and communication practices), in accordance with the materiality principle.

With regard to the financial data, the scope of the reporting corresponds to that of Campari Group's consolidated financial statements.
With regard to the sustainability information, the scope of the reporting encompasses the data of all Campari Group companies consolidated on a line-by-line basis for the period from 1 January 2022 to 31 December 2022 (2022 fiscal year), excluding the information related to two companies: (i) Licorera Ancho Reyes y CIA S.A.P.I. de C.V., and (ii) Casa Montelobos S.A.P.I. de C.V.. This is because the scope of the acquisition includes the company's intellectual property and related inventories, not the production and bottling facilities that are leased to third parties, whilst agave, the main raw material to produce mezcal, is sourced through third party agreements with major local growers to secure constant supply. Similarly, all agreements relating to joint-ventures and associated companies and all acquisitions completed in the reporting year are not included in the scope of consolidation.

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

Campari Group's sustainability reports are available on the Group's website at: www.camparigroup.com, in the 'Sustainability' section.

MATERIALITY ANALYSIS

In 2022 Campari Group has revised its materiality assessment according to the new provisions of the GRI 3: Material Topics 2021, and the resulting analysis was approved by the members of the Board of Directors. According to this new definition of materiality, material topics are topics that represent the organisation's most significant impacts on the economy, environment, and people, including impacts on human rights. Starting from the materiality analysis conducted in previous years, in order to define the 2022 list of material topics, the following sources were considered: list of topics based on GRI 2021; likely material topics of the Agriculture, Aquaculture and Fishing Sectors (since specific themes for the beverage sector have not yet been defined, the Group analysed those defined within related sectors, in particular agriculture); the beverage sector's impacts according to the analyses carried out by spiritsEurope[16], the EU association representing one of Europe's most valuable agri-food export sectors and, with it, the interests of 31 associations of spirits producers as well as 11 leading multinational companies, and FoodDrinkEurope[17], the industry confederation in the European Union representing Europe's food and drink manufacturing industry, the EU's largest manufacturing sector in terms of turnover and employment; the Self Risk Assessment (SRA) carried out in 2021 by the company, as a close correlation between the negative impacts generated or suffered and the Group's risks was ascertained; and the ESG Industry Materiality Maps developed by different ESG providers and rating agencies.
The Group has therefore compiled its list of material topics, classifying each of them according to their ability to generate a positive or negative, actual or potential impact, as described by the GRI 3: Material Topic 2021. Then, each impact has been evaluated according to the GRI Standard's variables and methodology, thus assessing their significance through quantitative and qualitative analysis and prioritizing them. Prioritization enabled the Group to take action to address the impacts and to determine its material topics for reporting. The significance of an actual negative impact is determined by its Severity[18], while potential negative impacts are also evaluated according to their Likelihood (the chance of the impact happening). Considering positive impacts, their significance is determined by their Scale (how beneficial the impact is or could be) and Scope (how widespread the impact is or could be); if the positive impact is a potential one, then also its Likelihood shall be taken into account to determine its significance. For both negative and positive potential impacts, the Likelihood has been described mathematically using probability.

(16) Trade review 2022 — A spirit of recovery, spiritsEurope, 2022
100% Sustainable from #Farm2Glass - The European Spirits Sector and the Green Deal, spiritsEurope, 2022
(17) The European Spirits Sector and the Green Deal, Food Drink Europe, 2021
(18) According to the GRI3:Material Topics 2021, the severity of an actual or potential negative impact is determined by its scale (i.e., how grave the impact is), scope (i.e., how widespread the impact is), and irremediable character (how hard it is to counteract or make good the resulting harm). Source: Organisation for Economic Co-operation and Development (OECD), OECD Due Diligence Guidance for Responsible Business Conduct, 2018; modified United Nations (UN), The Corporate Responsibility to Respect Human Rights: An Interpretive Guide, 2012; modified.

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

Campari Group material topics	Positive/negative impact	Actual/potential impact
Economic contribution	Positive	Actual
Employment contribution	Positive	Actual
Climate change, energy and carbon footprint	Negative	Actual
Water	Negative	Actual
Waste	Negative	Actual
Materials and circular economy	Negative	Actual
Biodiversity	Negative	Actual
Employee satisfaction	Positive	Actual
Talent attraction	Positive	Actual
Diversity, equal opportunities and inclusion	Negative	Potential
Training and employees development	Positive	Actual
Health and safety	Negative	Potential
Food safety and product quality	Negative	Potential
Responsible consumption	Negative	Actual
Conviviality	Positive	Actual
Customer and consumer satisfaction	Negative	Potential
Marketing and labeling	Negative	Potential
Transparency and responsible supply chain management	Positive	Actual
Human rights	Negative	Potential
Anti-corruption	Negative	Potential
Data privacy and cyber security	Negative	Actual
Support to local communities	Positive	Actual
Protection of quality products and cultural heritage	Positive	Actual
Public policy and self-regulation development	Positive	Actual

ECONOMIC CONTRIBUTION IN 2019

€26.5 billion
Spirits sector turnover

€12.5 billion
Spirits sector exports

€60.0 billion
Spirits sector Gross Value Added (GVA)

€25.4 billion
Spirits sector - generated excise & VAT

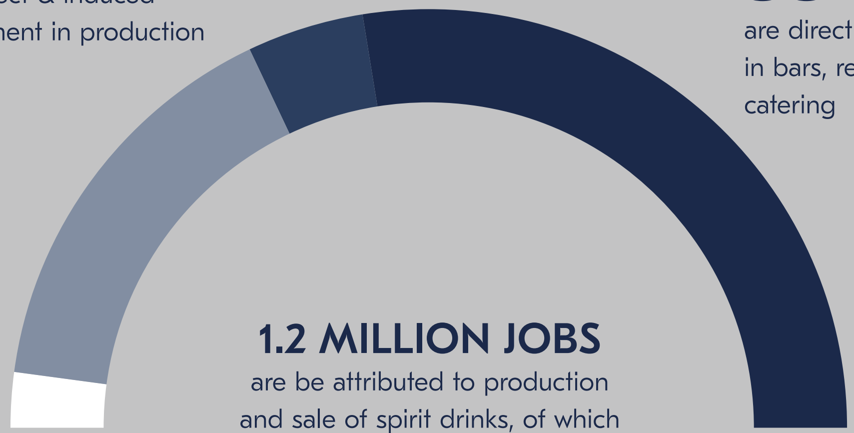
EMPLOYMENT CONTRIBUTION

31%
are indirect & induced employment in production

9%
are retail jobs directly supported by spirits production

55%
are direct & indirect jobs in bars, restaurants and catering

5%
are direct employment in spirits production



1.2 MILLION JOBS
are be attributed to production and sale of spirit drinks, of which

FOR 1 JOB
created in the spirits sector

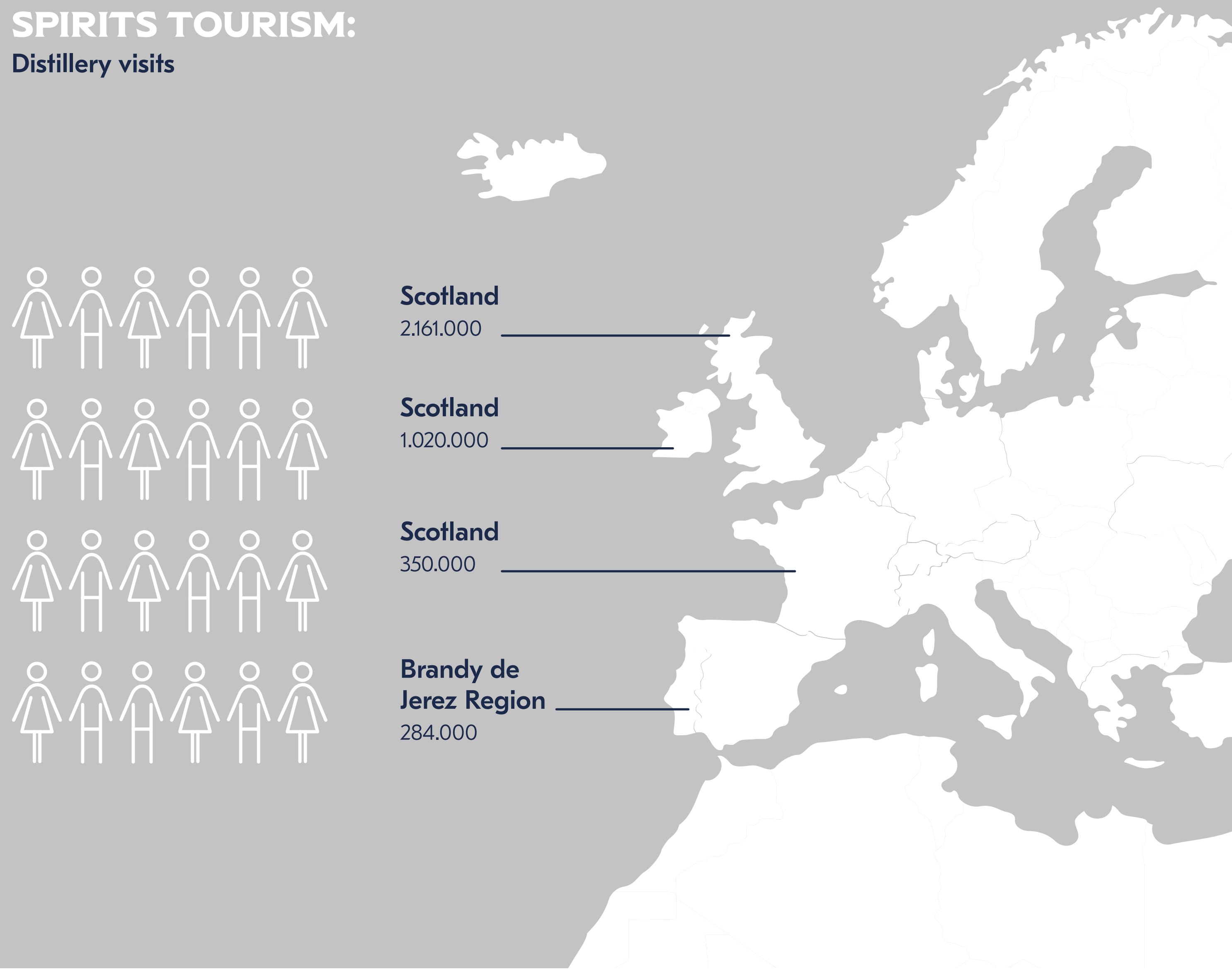
11 JOBS
are created in the hospitality sector

2 JOBS
are created in the retailsector

6 JOBS
are indirect & induced from spirits production

The spirits industry can be a powerful engine for sustainable development, through job and growth creation. Considering the intensity of the economic contribution of the spirits sector, its impact in terms of employment and 'spirit tourism' figures shown below (source: spiritsEurope spiritsEurope - A Spirit of Growth - Introduction) and taking into consideration that Campari Group is the sixth-largest player in the premium spirits industry[19] in the world, marketing and distributing products in over 190 countries worldwide and employing approximately 4,000 people, we have identified *Economic contribution*-meaning the ability of the company to contribute to the global economy and the Italian GDP by generating turnover, exporting high-quality products worldwide, contributing to the country system by paying taxes in Italy and to the sector's sustainability through business agreements with business partners, and Employment contribution-the company's ability to hire employees and create new jobs within the company and throughout the entire sector as two positive impacts of the Group.
The ability of the company to meet the Camparistas' needs, to develop programmes that help employees learn specific knowledge or skills to improve performance and to ensure their growth, and to attract the right people for the business (*Employee satisfaction, Talent attraction, Training and employees development*) are the main Group's positive impacts related to the Our People area. Always related to Camparistas, *Health and Safety and Diversity, Equal opportunities and Inclusion* issues, with Campari Group being a multinational manu-

SPIRITS TOURISM:
Distillery visits



(19) Source: Impact's top 100 Premium Spirits Brands Worldwide by Company, March 2021

facturing company with plants and offices in 23 countries worldwide, are considered as potential negative impacts, in relation to which we have always been committed to promoting activities aimed at ensuring a safe and inclusive workplace (more information in the Our People chapter of this document).
Taking into consideration the environment, Campari Group, being a manufacturing company, necessarily generates a negative impact on the environment in terms of energy use and climate change, water use, waste production, use of materials and on biodiversity loss. The major environmental impact in terms of Severity (mainly Scale and Scope) is *Climate change, energy and carbon footprint*, and accordingly, the Group is currently implementing remediation actions all along the value chain to mitigate its impacts; similar activities are being implemented with regard to *Water and Waste*. The *Materials and circular economy and Biodiversity* topics are less impactful for the company because the packaging of its products is highly recyclable, being largely made of glass and cardboard, and because the impacts on biodiversity are mostly indirect as they are more related to suppliers. Nevertheless, specific mitigation actions are also being put in place by the company in relation to these actual negative impacts (for more information see the Environment chapter of this document).
With regard to products, the company has always been committed to guaranteeing the highest levels of quality and safety, and to promoting external communication aimed at raising consumer awareness about responsible consumption and informing them about the main characteristics of the product itself. This is because we are aware that abuse in consumption would be as damaging to health as a lack of food standards. Failure to publish product characteristics would also cause an information asymmetry to the disadvantage of the consumer, which the Group has chosen to remedy by making the main product information available mainly online via the camparigroup.info website. At the same time, the company is also aware of the positive impact on a social and convivial lifestyle resulting from the responsible consumption of its products (aspect highlighted in the table under the topic *conviviality*).
Human rights violations and *corruption* are risks that could occur along the supply chain and generate negative impacts, mainly considering that the Group has a global value chain from the sourcing of raw materials to the sale of products. Also in relation to the supply chain, it is therefore crucial for the Group to foster business relationships with partners who adopt the same standards of honesty, fairness and transparency and share the Group's values. Given the strong interconnectedness within the Group and the ever-increasing pervasiveness of technology within the business, another risk for the Group relates to *Data privacy and cyber security* with the possibility of generating a negative impact vis-à-vis external stakeholders and Camparistas due to breaches/theft of sensitive data, the malfunctioning or disruption of IT systems and the unavailability of online services due to a cyber-attack.
With regard to more strictly social impacts, the company has always been committed to developing projects that benefit the local community or support the sector, also aiming at the promotion and restoration of the cultural heritage and at the protection of geographical indications (GIs). Within the framework of national and supranational trade associations, the Group is also committed to participating in matters of public debate, especially related to the sector, with the aim of identifying and defending the general interest and actively contributing to the development of regulation in this sense.

SUSTAINABILITY GOVERNANCE AND POLICIES

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

The Board of Directors:
- approves and monitors progress on the Global Sustainability Strategy,
- approves the Non-Financial Declaration and the sustainability report.

The Control and Risks Committee:
- monitors progress of the Global Sustainability Strategy.

The Sustainability Committee:
- seven members: Global Public Affairs and Sustainability Senior Director; Group Head of Human Resources; Group Head of Supply Chain; Group Head of Marketing; Group Financial Planning and Analysis, Statutory Reporting, Investor Relations and Corporate Finance Senior Director; Group Internal Audit Senior Director; Corporate Communications Director,
- meets periodically to: evaluate and propose cross-functional sustainability projects and activities, and validate the materiality analysis.

The Sustainability team:
- ensures the sustainability strategy is embedded into processes and practices,
- drives the implementation of the Global Sustainability Strategy in cooperation with the main Corporate functions,
- reports progress to the Chairman and to the Leadership Team,
- supports the Sustainability Committee and coordinates its activities,
- supports Investor Relations and Corporate Communication in sharing and communicating sustainability updates to external stakeholders.

As it continues to split up its business structure into divisions and expand its geographical and market reach, Campari Group has had to formalise its key principles in documents that constitute the pillars of its sustainable way of doing business.
The values and lines of conduct that inspire the activities of each Camparista and the entire Group are set out in the Code of Ethics, the latest version of which was approved by the Board of Directors of the Parent Company on 27 October 2020. The Code reaffirms the principles of fairness, loyalty and professional integrity that form the basis of the work and behaviour of those operating in the Group, both in terms of internal relations and in terms of relations with third parties (the Code of Ethics is available at www.camparigroup.com/en/page/group/governance).
To improve internal awareness and compliance with the principles of the Code of Ethics, Campari has launched an e-learning training course available on the intranet to all Camparistas; for production operators, in-person training courses were held at the plants in Canale and Novi Ligure and further training at the plants is currently being planned.
To ensure compliance with the Code of Ethics and its correct interpretation pursuant to Legislative Decree 231/2001, a Supervisory Body was established, appointed by the Board of Directors, with autonomous operational and control powers. Any violations or conduct not consistent with the Code may be reported anonymously to the Supervisory Body through Campari Safe Line, the whistleblowing channel available to Camparistas and external stakeholders, accessible through different channels (telephone, e-mail, mail, fax or online platform) and available in several languages.
In addition to the Code of Ethics, the Business Conduct Guidelines also aim to ensure the utmost integrity in professional life. The principles set out in the document, which is available to all Camparistas and can be viewed on the Group's internal portal, concern the following five potentially sensitive areas:
- gifts and entertainment,
- use of social media,
- confidential information,
- responsible drinking,
- mutual respect.

Specifically with regard to anti-corruption and bribery, in 2018 the Group conducted a corruption risk analysis involving 26 foreign companies. The objective of the analysis was to map the regulations applicable at local level and to further examine the companies' internal control systems for processes potentially at risk of corruption, including: management of relations with third parties (public and private), management of gifts and entertainment expenses, lobbying activities and human resources management. Following this analysis, certain specific areas for intervention were identified. The Group has therefore established a multi-year process to strengthen its compliance management system, particularly in the areas of anti-corruption, anti-trust, data privacy and conflicts of interest. In this context, to further enhance Company's awareness, the new global policies dedicated to anti-corruption and anti-bribery, as well as antitrust have been published and dedicated training sessions, both in-person and online, are being scheduled for the year 2023.

In Italy, pursuant to Legislative Decree 231 of 2001, the 231 Model, which governs specific control systems, was approved by the Board of Directors. The Model is aimed at preventing the crimes covered by the aforementioned decree and in particular to prevent crimes against the public administration, corporate and financial crimes and crimes committed in violation of workplace health and safety regulations.
The company has appointed a single supervisory body to verify the effectiveness of the Model and to update it.
The main tools for mitigating corruption risk are the Code of Ethics, the Business Conduct Guidelines and ongoing training of Camparistas to keep them regularly updated on the Group's policies. In particular, relations with public and private entities are regulated in the Code of Ethics as follows:

- it is absolutely forbidden to promise or offer public officials, employees or other representatives of the public administration payments or other benefits in order to promote or favour the Group's interests;
- it is absolutely forbidden to promise or offer employees or other representatives of institutions, political parties, trade unions and associations payments or other benefits in order to promote or favour the Group's interests;
- in all cases, it is forbidden to accept gifts or favours, the value of which, taking into account the circumstances under which they were offered, could have even a slight impact on the selection of supplier or counterparty, or on the terms and conditions of a contract.

The adoption of Model 231 as well as subsequent additions or amendments are communicated to all employees, including members of the Board of Directors and the Board of Statutory Auditors, with the link from which the text of Model 231 can be downloaded clearly displayed on the company's website. An information set is made available to new employees, including, among other documents, the Code of Ethics, Model 231 and the Italian national collective labour agreements (*contratti collettivi nazionali di lavoro*-'CCNL'). The Model is also communicated to the Group's business partners through the Code of Ethics and the Supplier Code. This information set is intended to provide the knowledge that is deemed to be of primary importance to the company. The content and delivery of training activities aimed at raising awareness of the regulations contained in the decree are tailored to the different roles of employees and the level of risk in the area in which they work, and also take into account whether or not they act as representatives of the company. Violations of the Code of Ethics may result in termination of the relationship of trust between the Group and the recipients, with the consequences for the employment/collaboration relationship specified in current legislation and collective agreements. In 2022, there were no reports of bribery and corruption incidents.

Since 2013, Campari Group has had a Quality, Health, Safety and Environment ('QHSE') policy that governs and protects the environment, health and safety of its employees and consumers as well as the quality and food safety of products. This policy, which is regularly reviewed to keep it in line with the nature and size of the Group and its corporate objectives, applies to all company locations and divisions. These are responsible for amending the policy to align with the specific characteristics of quality, health, safety, environment and sustainability of the location concerned. The policy is also shared with all suppliers, funders and employees, and is published on Campari Group's website[20].

In 2017, in accordance with the provisions of the Decree on Non-Financial Information, a policy on human rights and personnel management was drafted and signed by the Group Officers. The issue of respect for human rights is deeply rooted in the organisation, and, in line with the principles already expressed in the Code of Ethics, by drafting a specific policy, the Group defined its position with respect to issues related to human rights, working conditions, training and to the employees' well-being and formalised its commitment to playing an active role in the protection of human rights within its sphere of influence. The Employees and Human Rights Policy, which applies to all Group members, was communicated to all Camparistas, in multiple languages, using the main internal communication tools and made public in the Governance and Sustainability sections of the Group's website[21]. Campari Group checks for the compliance of all its operating units with its human rights commitments by monitoring and analysing its grievance mechanisms as appropriate. In 2022, there were no reports of human rights violations. The Group also commits to a continuous focus on ensuring the effectiveness of its whistleblowing procedures for reporting any illegal behaviour and/or irregularities through the Campari Safe Line. The principles and provisions of the Code of Ethics and the Employees and Human Rights Policy also apply to the Group's suppliers. Campari Group also supports the United Nations Universal Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. The Group ensures legal compliance with national legislation on human rights in the countries in which it operates. In the event of any divergence between the content of the Group's policies and national regulations, the Group always applies the most stringent requirements. The risk of failure to comply with laws and regulations, including internal policies, is continuously monitored for all Group's legal entities and organisational activities in all its geographical regions.

The Supplier Code, implemented globally in 2013 and revised in subsequent years, summarises the principles and founding values that underlie every business relationship. By signing this document, each supplier of materials and components for production gives its assurance that its operations comply with the ethical requirements of Campari Group, helping to establish transparent, lasting and profitable relationships. The Group will continue to extend the range of suppliers to which the Supplier Code applies, including non-product-related suppliers. Moreover in 2021 Campari Group launched a new version of the Global Procurement Policy, which sets the guiding principles and rules that all Camparistas shall follow when participating in the procurement process. The document reinforces compliance and the principles laid down in the Campari Group Code of Ethics.

In 2020, the Board of Directors prepared and adopted a diversity policy in accordance with best practice provision 2.1.5 of the Dutch Corporate Governance Code, establishing the company's commitment, setting objectives, and putting in place monitoring and reporting procedures in order to guarantee that the differences in skills and backgrounds of the Board's members reflect the diverse nature of the environment in which the company and its stakeholders operate, thus improving the company's effectiveness through diversity of approach and thought. A new Policy on the Use of Electronic Communications and Information Systems has been issued, demonstrating the company commitment to promoting the correct use of IT and electronic communication systems in order to protect its IT assets and, in general, all its stakeholders; the Privacy Policy applying to the processing of employees' personal data was also updated.

In 2021 the Group updated its Code on Commercial Communication, a reference document to guide and inspire advertising and marketing initiatives, according to the Group core values and meeting the highest standards of responsible commercial communication. The Code applies across all markets and guides every aspect of commercial communication activities. It confirms the Group's strong commitment towards the responsible marketing of alcoholic beverages across all media encompassing new specific guidelines for digital marketing communications, as well as an appendix dedicated to influencer generated content, among the main novelties. A global e-learning programme on the Code's principles, dedicated to the functions involved in commercial communication, was launched at the end of 2021.

Finally, a renewed Internal Policy on Responsible Alcohol Consumption consistent with the Group's responsible commitments and practices was released and shared internally. The policy is aimed at all Camparistas and those who work with Campari Group to promote its brands (i.e. agents and Brand Ambassadors) to ensure that every employee always promotes responsible and measured consumption of alcoholic beverages, both in and out of the workplace, by encouraging and practicing responsible behaviours and lifestyles. Proper training is currently being implemented in the Group's geographies.

(20) www.camparigroup.com/en/page/sustainability

(21) www.camparigroup.com/en/governance

GLOBAL SUSTAINABILITY ROADMAP: OBJECTIVES AND RESULTS

The main sustainability risks identified have been disclosed in the 'Risk management and Internal Control System' section included in this annual report to which reference is made.

SUSTAINABILITY COMMITMENTS AND PERFORMANCE

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

1. our people
2. responsible practices
3. the environment
4. community involvement

1. OUR PEOPLE

OUR PEOPLE-COMMITMENTS

DIVERSITY, EQUITY AND INCLUSION, LEARNING AND DEVELOPMENT, HEALTH AND SAFETY

- Diversity, Equity and Inclusion (DEI): a strategy to foster DEI in the workplace through consistent action plans for global and local priorities, with a focus on reinforcing an inclusive culture that sustains diversity, and through equitable people processes that are designed for all. The Group's progress is monitored through an internally developed Campari Group DEI Index, based on an internal people survey, on GRI Standard Key Performance Indicators (KPIs), and on the DEI internal dashboards for several workforce metrics that are generated with real-life data from all locations.
- Learning Culture: establishing Campari University as the organisational engine to develop Great Camparistas, who have the skills and opportunities they need for growth, both at individual and company level.
- Campari Group considers people's health, integrity and well-being as primary and fundamental elements.

OUR PEOPLE-PERFORMANCES

1.1 A GLOBAL COMMUNITY OF CAMPARISTAS

In Campari Group, people are the key ingredient to its growth, and for this reason the Group invests in them as much as it does with brands. Camparistas are not only the enablers of Group business success, they are also Group key sponsors everywhere in the world: holding Group corporate values and embodying Campari Group behaviours, they are the ones able to make consumers and other professionals truly appreciate the Group.
Campari Group's Employer Value Proposition, 'Our Signature Mix', is the translation of that belief and Group DNA. Therefore, it has guided us when looking into people processes and practices and making sure they are relevant in every moment of the Camparista journey and lifecycle, from attraction to offboarding.
At 31 December 2022, the total workforce consisted of 5,359 people, of whom 4,350 were Campari Group's employees (Camparistas) and 4,222 had a permanent contract.
The total workforce also comprises: 78 interns[22], 13 casual workers[23] and 918 agency workers[24].

(22) Intern: student or recent graduate undergoing supervised work experience for a limited period of time with a specific, non-regular, employment contract with Campari Group.
(23) Casual worker: worker working for Campari Group on an ongoing contract with no end date and with no guaranteed working hours (as usually irregular), having a specific, non-regular, employment contract with Campari Group.
(24) Agency worker: worker supplied to Campari Group by an employment (staffing/workforce resourcing) agency, with which they have an employment contract.

Camparistas by region, gender and professional category at 31 December at 2020, 2021 and 2022 are shown below:

	2020					2021					2022				
Region and gender	**Permanent**		**Temporary**			**Permanent**		**Temporary**			**Permanent**		**Temporary**		
	Full-time	*Part-time*	*Full-time*	*Part-time*	**Total**	*Full-time*	*Part-time*	*Full-time*	*Part-time*	**Total**	*Full-time*	*Part-time*	*Full-time*	*Part-time*	**Total**
Asia-Pacific	**214**	**10**	**11**	**2**	**237**	**271**	**7**	**11**	**2**	**291**	**315**	**7**	**13**	**7**	**342**
Women	84	10	6	1	101	99	7	5		111	114	5	8	3	130
Men	130		5	1	136	172		6	2	180	201	2	5	4	212
Europe, Middle East and Africa	**1,693**	**64**	**65**	**2**	**1,824**	**1,783**	**69**	**87**	**4**	**1,943**	**1,978**	**66**	**77**	**2**	**2,123**
Women	667	47	24	1	739	717	50	39	2	808	808	49	33		890
Men	1,026	17	41	1	1,085	1,066	19	48	2	1,135	1,170	17	44	2	1,233
North America	**1,327**	**4**	**60**	**0**	**1,391**	**1,376**		**16**		**1,392**	**1,519**	**3**	**27**		**1,549**
Women	506	1	22		529	521		9		530	566	2	15		583
Men	821	3	38		862	855		7		862	953	1	12		966
South America	**339**	**0**	**2**	**0**	**341**	**325**		**1**	**1**	**327**	**334**		**2**		**336**
Women	120		1		121	122		1	1	124	126		2		128
Men	219		1		220	203				203	208				208
Total	**3,573**	**78**	**138**	**4**	**3,793**	**3,755**	**76**	**115**	**7**	**3,953**	**4,146**	**76**	**119**	**9**	**4,350**

1.2 THE CAMPARISTA EXPERIENCE

In 2022, the Group moved into implementation phase of the Group Human Resources ('HR') transformation journey, a broad and comprehensive stream of work that aims at improving and reviewing people processes in a way the best serves employee experience and business needs, in line with Group principles and culture. The HR transformation journey approaches Camparistas' lifecycle from diverse perspectives: talent acquisition, onboarding, talent management and development, and will continue in the coming months to include other waves of design and implementation around reward, international mobility and administration.

Some of the concrete achievements of this journey in 2022 are described below.

To improve Camparistas' accessibility to everything they may need during their journey, a new dedicated point of access (MyHR) was developed to support Camparistas in all people-related needs.
The first wave of HR transformation has centred on talent acquisition. The Group aim has been to focus on employer branding and candidate experience, and to be known as a great employer. A global centralised team composed of talent acquisition professionals spread across different geographies has been created to partner with hiring managers and fully own the talent attraction, recruitment, and selection process. The key objective is to identify, attract, assess, and acquire skilled talent for Campari Group.

In 2022 a global onboarding process was designed, to improve and harmonise the new joiner experience for all Camparistas worldwide. The Group wants them to feel welcome and included in the company from the very first day, or even before, thanks to preboarding experiences. From preboarding until the first 90 days in Campari Group, the new Camparista will go through a self-led journey into several types of content, with support from the manager and HR, which will also provide local activities. The new process will also facilitate the administrative procedures, allowing online document upload and signature, minimising bureaucratic procedures and freeing up more time for new hire engagement and cultural onboarding.

The talent development area has been completely revamped to simplify processes as much as possible and empower people managers. Through a shared approach among local, regional, and global HR and business representatives, inputs were gathered from end users in order to design a more meaningful and people-centric solution that will be based on the following principles:
- decouple performance and potential and direct more focus towards future Camparistas development;
- drastically simplify the end-to-end process to free up time;
- empower managers, HR are enablers, not auditors;
- focus on the dialogue between the manager and Camparistas, not on the form;
- spotlight on development actions;
- upgrade of the current HR-related platform to be more user-friendly and improve the overall experience.

The newly designed performance process is one concrete output of this revision, and it will go live in 2023.
In addition to dedicated training on the new processes, the Group is redefining which are the *Moments that matter* for the ultimate Camparista experience where the manager can play a role. These are the moments that impact Camparistas' experience most throughout the day, year, and career, and that therefore require leadership action. The Group is designing dedicated pathways to get people managers ready to face these critical moments through compelling content, delivered at the right time, through best-of-breed technology in a simple, bold, and expressive format.

Two relevant Reward and Recognition initiatives have taken place in the last year:
- Employee Stock Ownership Plan ('ESOP') to increase Camparistas' ownership stake in Campari Group. All permanent Camparistas (except Board members) with minimum seniority of six months at Campari, or any other company in the Group, can decide to participate in the plan through a 1%, 3%, or 5% monthly payroll deduction. Every quarter the deductions will be used to buy Campari Group shares and the Company will match it with an additional share for every two or four shares bought, after three years vesting period. Following the closing of the enrolment period, Campari has verified a very positive participation rate of its employees who decided to join the ESOP, amounting to 51.6% of all eligible employees. The strong response of Campari Group's employees, deliberately contributing part of their salaries to ESOP, confirms their trust and long-term commitment to the company's future growth.
- RSU (Restricted Stock Units) Plan-formerly Mid-Term Incentive: to complement the equity compensation offer, the Group launched a new RSU Plan. All management and above permanent Camparistas have received a grant of Restricted Stock Units equal to 39% or 19.5% of their annual gross salary for free with a three-year vesting period.

The high levels of take-up that the ESOP has achieved, the quality of the plan's design, as well as the intelligent multi-platform communications and engagement strategy, led to Campari Group being recognised with two international awards: GEO Award and ProShare Award. The '2022 Judges' Award' has been granted to Campari Group by the Global Equity Organization (GEO), a not-for-profit global organisation dedicated to advancing knowledge and understanding of the benefits of employee share ownership worldwide. Every year, they organise the GEO Awards, a major international event to honour the most impressive employee stock ownership plans globally. At the 30th edition of the ProShare Awards, Campari Group's Employee Stock Ownership Plan was also awarded within the 'Best Overall Performance in Fostering Employee Share Ownership' category. The ceremony is one of the most important global events dedicated to employee share ownership plans and is organised by ProShare, a non-partisan, not-for-profit organisation established in 1992 by HM Treasury, a group of FTSE 100 companies and the London Stock Exchange to promote wider employee share ownership.

1.3 CAMPARI GROUP AND THE DIALOGUE WITH CAMPARISTAS #BETTERTOGETHER

After two years of physical distance imposed by the global pandemic, during 2022 most Group offices around the world have been reopened to welcome back Camparistas in a flexible and agile way, balancing remote and in-presence working.

The launch of the 'Better Together' communications plan focused on the following guiding principles, identified thanks to interviews, surveys, and focus groups with Camparistas in several countries:

- elevate meeting efficiency and effectiveness;
- optimize time management across remote and in-presence working;
- streamline communications towards and among Camparistas;
- equip Camparistas with proper technologies and competences;
- (re)design and set up iconic and activity-based offices.

With these goals the Group developed and shared the ABC model within all Group countries:

- Achieve more together, leveraging on facilities and technologies to boost collaboration and creativity:
  - new Office layouts;
  - consolidated Group technology ecosystem and rollout of a related learning journey ('Modern Workplace').
- Balance between working from the office and remotely, as well as between business needs and individual preferences:
  - a global policy combining office and remote working was progressively adopted in all in-market companies;
  - the global policy enables people to organise their work and align with managers on the most effective ways to balance both work and personal needs.
- Celebrate achievements through reopening events and initiatives.

Voices of Camparistas: an open dialogue

Following the Group's historical commitment to maintaining a solid communication exchange with people, in 2022 the 4th edition of the Global Camparista Survey was rolled out in partnership with the Great Place to Work® Institute, a global authority on workplace culture for more than 30 years. Campari Group has been conducting global biannual internal surveys since 2008, as the Group truly believe its workplace cannot be built and improved without the contribution of all Camparistas voices from all over the world.

The Great Place to Work® Trust Index© Survey is based on a proven methodology, which identifies the element of 'Trust' as the core of every successful workplace culture. It measures a wide variety of aspects across all demographic groups within the company, providing actionable insights, external benchmarks and enabling the Group to be an even greater place to work *for all*.

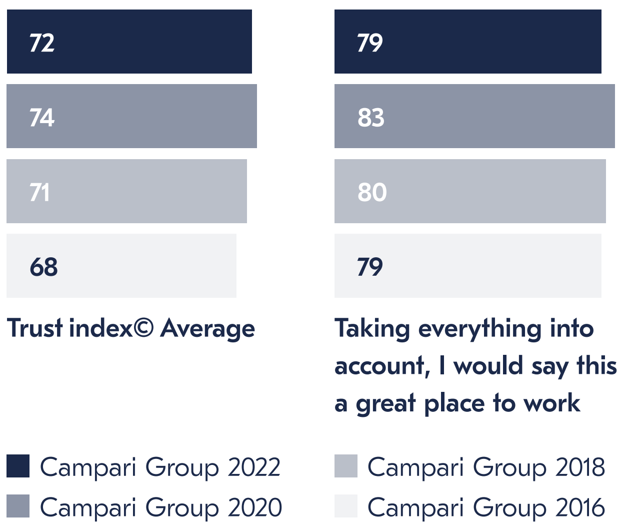
2022 Camparista Survey Distribution:

- 3,928 invitations;
- 3,578 responses;
- 91% response rate;
- period: from 10 to 31 October 2022;
- online questionnaire.

In this last edition, a very high participation rate of 91% of Camparistas gave valuable input and feedback, reinforcing not only the strong commitment to this initiative, but above all the sense of ownership in improving workplace and reinforcing Group culture.

Trust Index©: 72% (-2pts vs. 2020)

Campari Group's 2022 results against benchmarks:



Overall satisfaction: the *"Taking everything into account, I would say this is a great place to work"* statement achieved an average favourable score of 79% (-4pts compared with 2020).

Despite a variation of 2 percentage points at global level, the Group remains very committed to protecting the high level of engagement and deep diving into specific results dimensions, taking into account local specificities by markets, functions, locations and understanding the nature of the opportunities ahead to improve and act upon people's suggestions. Particularly in this edition there is so much to take into consideration around the consolidation of Group ways of working after such a major change in the workplace after the pandemic, as well as the opinion of several new joiners that started their journey in Campari Group in the last two years.

Group recent Trust Index scores in the markets have allowed us, as was also the case in 2021, to be certified by the Great Place to Work® Institute as great places to work in the following 24 markets. The Group is very proud of these solid achievements although it want to strive for more and act on the improvement areas that are emerging from this edition.

Action Plans and Areas of Focus

As in 2022, Group leaders and Camparistas will work together on detailed analysis and action plans for improvement during the first and second quarter of 2023. Task forces and groups formed by volunteers from different functions, seniority levels and locations will support the addressing of local relevant topics from different perspectives.

While local results are being received and analysed by markets during December 2022 and January 2023, at global level the main areas of opportunity and focus for the coming year have already been identified, which are in line with the previous editions focus and require consolidation: work-life balance and flexibility for both plant and office-based employees, recognition, prioritisation and development opportunities.

Following Group efforts to strengthen and promote the Group's unique culture, since the pandemic there have also been several investments in Group offices and workplaces.

The Group is therefore committed to providing the best working facilities and conditions to people, combined with the flexibility that hybrid working requires.

Other tools for dialogue and engagement-channels and initiatives

At the conclusion of the global remote working experience determined by the pandemic, and while approaching a hybrid working model, Campari Group engaged with Camparistas with the aim of recovering the sense of being together, maintaining the focus on people's well-being, giving them the tools to navigate an ever-changing scenario and, ultimately, staying connected in a flexible way. The main objective was to give people a purpose: to increase the value generated by relationships, everything that can be created by working together, not necessarily with physical presence, but also through virtual connections. Campari Group's new ways of working have been deployed through the 'Better Together' communication plan, which included engagement activities and office restyling with posters and illustrated wall signs leveraging the 'Together' value. To lead Camparistas through the new ways of working, Campari Group has worked to develop and promote new initiatives, tips, and tools to foster teamwork and collaboration in a hybrid context.

Furthermore new conviviality initiatives were developed over different times of the day and the year, to encourage socialisation and networking in the offices around the world.

Within the framework of an integrated internal communication ecosystem, meant to promote the culture of sharing by improving communication among functions and geographic areas, a multi-channel communications strategy has been developed, aimed at promoting the dialogue with the company and among Camparistas. 2022 marked the launch of a revamped intranet portal for all Camparistas: MyCampari, the main access point for Camparistas' daily experience at work, in line with the digital workplace philosophy. The renewed intranet aims at being engaging and easy to use, allowing employees to access relevant and targeted content based on their individual information needs.

Reorganised content and a video-streaming experience have been the key novelties for Campari TV, the internal TV channel aimed at spreading the company's culture, and supporting change management within the company's transformational projects.

Following the global podcasting trend, this year also marked the launch of 'The Shaker', Campari Group's first internal podcast. This audio content increases employee engagement by leveraging the strong human connection created by the power of the voice and strong storytelling. It also enables an informal dialogue with key opinion leaders of the outside world, offering undiscovered points of view; and, finally, it has proven to be a way to decode not only the company reality, but also the broader scenario in which businesses operate. The Shaker is a format conducted in an informative and conversational tone, providing an opportunity to broaden the company's touchpoints and encourage employee engagement, providing a concrete way to stay updated on the business, and on the global trends and phenomena.

Yammer, the corporate social network, has proved to be a valuable channel for internal communications, driving engagement around the company's key milestones and achievements, building communities around certain topics (such as Diversity, Equity and Inclusion) and sharing knowledge and ideas among Camparistas.

Finally, 'The Camparista' is a monthly newsletter collecting the top global news, delivered to each employee's inbox. A series of regular columns cover news from Campari Group, as well as trends from the bartending world (the so-called 'Barcounter Talks'), and Group brands. In the spirit of an open dialogue among employees, the newsletter also includes a call to action to share local news, activations or initiatives that may be featured in the next issue of the newsletter.

1.4 DIVERSITY, EQUITY AND INCLUSION

Target

Consistent and intentional strategy on Diversity, Equity and Inclusion that will sustain and enable continuous workplace improvement and business results.

2022 Achievements

- Focus on Data and Analytics to support discussions and opportunities to progress on the DEI metrics.
- DEI Governance with a new appointment of the Global DEI Advisory Team and Corporate DEI Team.
- Revised communication strategy and business engagement
- Partnership with LEAD Network in Europe to contribute to diversity in Retail and Consumer Goods industry and learn best practices.

Next steps

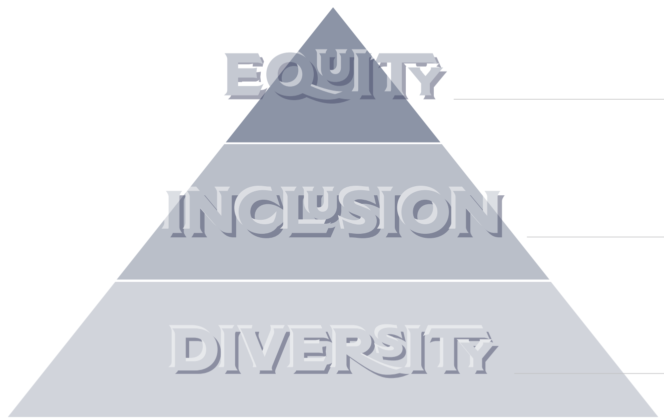
- Educational programmes on Unconscious Bias and Inclusive Leadership.
- Increase individual Camparista memberships in LEAD Networks.
- Revise existing people policies and identify opportunities for more inclusive and equitable approach (e.g parental leave, etc.).
- Support employee engagement in ERGs that can create space.

Diversity, Equity and Inclusion is seen as one of the key enablers for engagement and culture. The Group's goal remains to continue to nurture a Group corporate culture in which people, bonded by the company's values, feel welcome, trusted and encouraged to bring their whole self to work so they can truly feel that they belong. This is even more important in the context of ongoing internal and external changes and Group ability to continuously adapt and properly integrate new mixes of capabilities, people and acquired business along with the Group's business strategy.
The Campari Group Diversity, Equity and Inclusion strategy sets out the approach and provides a framework for ensuring that everyone within the company working with Camparistas, business partners and the communities is empowered and encouraged to contribute to this journey and support a culture of inclusion.
The Group's commitment is based on three areas of impact:

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

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

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



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

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

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

2022 APPROACH TO ACTION

The following fronts have been dictating the Group focus in 2022:

Engagement and Governance

In 2022, the Group leveraged reorganisations taking place at global level to renew the governance bodies leading the DEI agenda, engaging top management in more in-depth discussions to review areas of focus and global priorities for the upcoming years. A new Global DEI Committee and a new Global Advisory Board (made up of Camparistas from different markets, functions and seniority levels) was appointed in order to compile perspectives and efforts in rolling out action plans, both globally and locally. Given the rolled out of the Global Camparista Survey in 2022, efforts have also been reinforced with data points and feedback from people that will certainly allow us to address some areas more accurately.
Although there are many other local subsidiaries working on DEI-related topics through local committees the Group will act to engage more local management teams and organisations in expanding the focus and in multiplying efforts for employee engagement in this area.
One example of this is the launch of an ERG (Employee Resources Group) platform in the United States. At Campari, an ERG is a peer group whose members and allies have common interests and goals, which are aligned with Campari's overall business strategy and its Diversity, Equity and Inclusion goals and objectives. The intent of these groups is to promote a culture of inclusion through employee engagement, peer mentoring and other strategic actions in alignment with Campari the Mission, Vision and Values.

Data and Measures for Improvement

Another important pillar for action this year centred around data analytics for overall workforce and diversity metrics. Through the belief that 'what we measure we can improve', it was a good occasion to revise data analytics tools and create strategies for more data-driven management of the workforce under the DEI perspective. The Group developed centrally a Workforce and Diversity dashboard that connects the HR master data systems live and allows any business and HR team locally to navigate and extract historical trends and insights in terms of how the Group workforce is composed along with changes over time and according to multiple dimensions. This tool has been launched to provide empowerment to business teams in driving local plans with more awareness. Also, it allows the Group to act in a prompt and harmonised measure at any time and by different organizational dimensions, as well as to run historical comparisons since 2019, in line with the current GRI Standard-based indicators.

In 2022 Davide Campari Milano N.V. was included by Refinitiv in the World Top 100 for Diversity and Inclusion ('D and I'), and therefore part of the Diversity and Inclusion Refinitiv Index. Refinitiv, an LSEG (London Stock Exchange Group) business, is one of the world's largest providers of financial markets data and infrastructure. Diversity and Inclusion (D and I) ratings powered by Refinitiv ESG data are designed to transparently and objectively measure the relative performance of companies against factors that define diverse and inclusive workplaces. The D and I Refinitiv Index ranks over 12,000 companies globally and identifies the top 100 publicly traded companies through their public related and audited data, measured by 24 separate metrics across 4 key pillars: Diversity, Inclusion, People Development, News and Controversies. This achievement made us very proud, but we remain committed to the ongoing journey of improving the Group workplace for all.

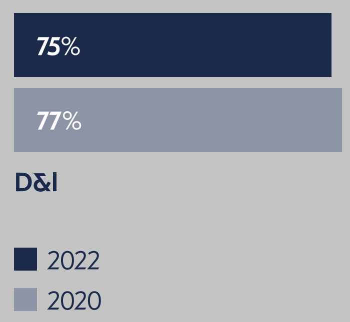
Campari Group Global DEI Index 2022-survey-based results

The Campari Group DEI Index is also integrated by the Camparista Survey. It provides actionable insights, both at Group and Country level, enabling concrete and precise measurement to prioritise interventions and initiatives at all levels and to monitor the effect over time.

SURVEY-BASED

A selection of Great Place to Work® statements, describing the key dimensions that underpin an inclusive and diverse workplace.

DIVERSITY & INCLUSION RELATED
When people change jobs or work units, they are made to feel right at home.
Management genuinely seeks and responds to suggestions and ideas.
Management involves people in decision that affect their jobs or work environment.
This is a psycologically and emotionally healthy place to work.
People here are treated fairly regardless of their age.
I can be myself around here.
People here are treated faily regardless of their race.
People here are treated faily regardless of their gender.
People are encouraged to balance their work life and their personal life.
People here are treated faily regardless of their sexual orientation.
If I am unfairly treated, I believe I'll be given a fair shake if I appeal.
I am treated as a full member here regardless of my position.
When you join the company, you are made to feel welcome.
This is a welcoming place to work where it is easy to connect with people.



Education and External Partnerships

With the aim to learn more as an organisation and as Camparistas, but also to contribute to a more diverse society, in 2022 the Group decided to become a Gold Corporate Partner of LEAD (Leading Executives Advancing Diversity), a European network of people and organisations from the consumer goods and retail industry that acts to advance diversity in the workplace.
Although it is focused on Europe, LEAD has around 16,000 members from all over the world, exchanging experiences and learning platforms around diversity, equity and inclusion. Apart from being members, the Gold Partnership means Campari Group helps sustain the network and its purpose together with other 60 organisations, therefore having access to learning programmes and best practices from others in the industry. For example, 15 Camparistas have been enrolled in their Inclusive Leadership and Mentorship programmes, an area that the Group wants to learn and expand internally.

Also on the Group educational front, the Group is planning to work with markets on several initiatives that help Camparistas, people managers and the entire Group in learning more about how to create an environment in which an inclusive mindset guides practices and policies aimed at a more equitable workplace. This ranges from unconscious bias to inclusive leadership programmes.
The offer is available to all Camparistas worldwide, both in the offices and the plants on the Learning Distillery and via QR codes, and it presents some specificities for targeted groups, as people managers and communication professionals. This offer is built in partnership with MindGym, a British company that employs behavioural science to transform how people think, feel or behave and it is integrated with content from LinkedIn Learning, Coursera and Unstereotype Alliance.

In addition to the online offer, the Group designed in partnership with MindGym the *Workshop in a Box*, a 90-minute group meeting to cascade the DEI change programme and share information to the whole Campari Group population.

Regarding people managers, the Manager Toolkit was developed to offer managers practical and interactive tips for practising skills and modelling inclusive behaviour, focusing on becoming aware of bias and disrupting this bias by exercising better judgement at each stage of the employee life cycle.

In tackling DEI within advertising and communication, the Group leveraged on Group key partner Unstereotype Alliance. This is an interactive e-learning programme that guides the learner through real world case studies from across the Unstereotype Alliance membership to identify best practices in communicating in an unstereotyped way. The course is a fantastic tool to deeply embed unstereotyped marketing and advertising principles within the organisation.

Global Priorities guiding local action plans

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

Equity

- Manage, influence and monitor **gender pay equity** with proactive actions
- Revise programs and policies to **support employee life cycles and reinforce inclusion**, eg. parental leave
- Revised apporaches to **Talent Management and Aquisition**
- Implement **anti harrassment and conflict management** principles and training
- Kepp promoting **meritocracy** throuch robust and transparent people processes

Inclusion

- **Unconcious bias**
- **Inclusive leadership programs**
- **Cross Cultural awareness and capabilities**
- Monitor **Inclusion through Employee**s perception-based indexes
- **ERGs** platforms

Diversity

- Stronger Driver **Data & Analytics** for ongoing monitoring and action plans in line with group ambition and any required compliance norm on measures of progress
- **LEAD Network** Partnership
- Monitor and **improve Gender and other diversity metrics** through specific action plans

Specifically in relation to the Diversity pillar, pursuant to the new Dutch Act on gender diversity (Wet inzake evenwichtige man vrouwverhouding in de top van het bedrijfsleven), on 21 February 2023 the Board of Directors of Davide Campari-Milano N.V. has set appropriate and ambitious gender diversity target figures for (i) the Executive Directors, (ii) the Non-Executive Directors and (iii) the Senior Management, drawing up of a plan to achieve these targets. The gender diversity target figures and the plan for their achievement have been determined as follows:

- Executive Directors: at least 33.33% female and 33.33% male Executive Directors by the Board of Directors' renewal in 2028;
- Non-Executive Directors: at least 40% female and 40% male Non-Executive Directors by the Board of Directors' renewal in 2025;
- Senior Management: at least 40% female and 40% male members of Senior Management by the end of 2027.

In the Campari Group internal classification, Senior Management includes all members of global, regional and local leadership teams in charge of leading business, functional teams and people. This comprises 4 layers: Senior Executive, Executive, Senior Management and Management, and includes all positions from top management to all positions reporting to general managers in big, medium and smaller markets (it does not include coordinators, supervisors, senior specialists, even if with people management. responsibilities).

Within the above-specified timeframe, these targets will be pursued with in the renewals of the Board of Directors and in the hiring and resources management process.

CAMPARI GROUP NATIONALITIES[25]

	2020	2021	2022
Nationalities	62	59	**65**

PERMANENT CAMPARISTAS BY REGION AND GENDER

2022				
Region	Men	Women	Total	% women
Asia-Pacific	203	119	322	37%
Europe, Middle East and Africa	1,187	857	2,044	42%
North America	954	568	1,522	37%
South America	208	126	334	38%
Total	**2,552**	**1,670**	**4,222**	**40%**

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

PERCENTAGE OF FEMALE CAMPARISTAS OUT OF THE TOTAL WORKFORCE-TREND

	2020	2021	2021
Female Camparistas (%)	39%	40%	**40%**

The number of women in the overall workforce remained stable compared with previous years.

(25) The number for the Group's nationalities does not include the US and Canada, for which due to local regulations, figures cannot be traced.

PERMANENT CAMPARISTAS BY PROFESSIONAL POSITION AND GENDER

2022				
Professional grade	Men	Women	Total	% women
Senior management and above	198	80	**278**	29%
Management	258	175	**433**	40%
Senior professional	396	381	**777**	49%
Professional	563	448	**1,011**	44%
Specialist/generic staff	353	390	**743**	52%
Production operators	784	196	**980**	20%
Total	**2,552**	**1,670**	**4,222**	**40%**

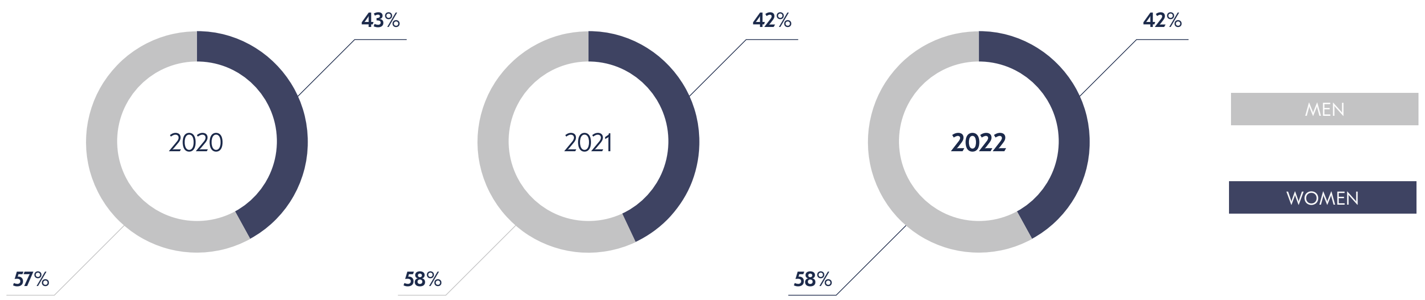
NEW PERMANENT CAMPARISTAS HIRED, BY REGION AND GENDER

2022				
Region	Men	Women	Total	% women
Asia-Pacific	62	34	**96**	35%
Europe, Middle East and Africa	154	140	**294**	48%
North America	224	135	**359**	38%
South America	39	33	**72**	46%
Total	**479**	**342**	**821**	**42%**

PERCENTAGE OF NEW CAMPARISTAS HIRED OUT OF THE TOTAL WORKFORCE BY REGION AND GENDER

2022			
Region	Men	Women	Total
Asia-Pacific	31%	29%	30%
Europe, Middle East and Africa	13%	16%	14%
North America	23%	24%	24%
South America	19%	26%	22%
Total	**19%**	**20%**	**19%**

PERCENTAGE OF NEW PERMANENT CAMPARISTAS HIRED BY GENDER-TREND



TURNOVER OF PERMANENT CAMPARISTAS BY REGION AND GENDER

2022			
Region	Men	Women	Total
Asia-Pacific	20%	20%	20%
Europe, Middle East and Africa	11%	10%	10%
North America	14%	14%	14%
South America	16%	23%	19%
Total	**13%**	**13%**	**13%**

VOLUNTARY TURNOVER[26] OF PERMANENT CAMPARISTAS-TREND

	2020	2021	2021
Voluntary turnover (%)	4%	6.7%	**9.2%**

In line with the post-pandemic job market described by global research and worldwide trends (e.g.: employees today are easily enticed by external opportunities, even if they are satisfied with their jobs; retaining talent in a hybrid or remote environment is more difficult; etc.), voluntary turnover rate slightly increased compared to last year and pre-pandemic levels.

NEW PERMANENT CAMPARISTAS HIRED BY REGION AND AGE BRACKET

2022				
Region	<30	30 - 50	>50	Total
Asia-Pacific	15	79	2	96
Europe, Middle East and Africa	99	183	12	294
North America	117	219	23	359
South America	27	44	1	72
Total	**258**	**525**	**38**	**821**

PERCENTAGE OF NEW PERMANENT CAMPARISTAS HIRED OUT OF THE TOTAL PERMANENT WORKFORCE BY REGION AND AGE BRACKET

2022				
Region	<30	30 - 50	>50	Total
Asia-Pacific	52%	30%	6%	30%
Europe, Middle East and Africa	32%	14%	3%	14%
North America	52%	21%	9%	24%
South America	63%	18%	2%	22%
Total	**43%**	**18%**	**5%**	**19%**

TURNOVER OF PERMANENT CAMPARISTAS BY REGION AND AGE BRACKET

2022				
Region	<30	30 - 50	>50	Total
Asia-Pacific	5	54	6	65
Europe, Middle East and Africa	48	137	29	214
North America	53	130	32	215
South America	7	48	8	63
Total	**113**	**369**	**75**	**557**

TURNOVER RATE OF PERMANENT CAMPARISTAS BY REGION AND AGE BRACKET

2022				
Region	<30	30 - 50	>50	Total
Asia-Pacific	17%	21%	19%	20%
Europe, Middle East and Africa	16%	11%	6%	10%
North America	24%	12%	13%	14%
South America	16%	20%	17%	19%
Total	**19%**	**13%**	**10%**	**13%**

(26) Voluntary turnover means leaving the company through voluntary resignation.

TURNOVER RATE OF PERMANENT CAMPARISTAS-TREND

	2020	2021	2022
Turnover (%)	14%	12%	13%

PERMANENT CAMPARISTAS BY PROFESSIONAL POSITION AND AGE BRACKET

	2020				2021				2022			
Professional grade	<30	30 - 50	>50	Total	<30	30 - 50	>50	Total	<30	30 - 50	>50	Total
Senior management and above	-	169	76	245	-	175	84	259	-	186	92	278
Management	4	278	62	344	1	317	67	385	2	358	73	433
Senior professional	33	528	82	643	31	568	86	685	54	628	95	777
Professional	141	610	128	879	139	639	132	910	165	705	141	1,011
Specialist/ generic staff	148	469	127	744	138	465	134	737	154	456	133	743
Production operators	129	438	229	796	157	462	236	855	225	507	248	980
Total	**455**	**2,492**	**704**	**3,651**	**466**	**2,626**	**739**	**3,831**	**600**	**2,840**	**782**	**4,222**

Although not Group policy, the company tends to favour hiring managers who live in the countries in which it operates.

1.5 LEARNING AND PROFESSIONAL DEVELOPMENT IN THE WORKPLACE

Target

Learning culture: establishing Campari University as the organisational engine to develop Great Camparistas, who have the skills and opportunities they need for growth, both at individual and company level.

2022 Achievements

- Launched Campari University to strengthen Group positioning as a people development-driven organisation.
- Launched design of a global learning architecture to clarify skills, knowledge, and behaviours required for success in the company across markets and functions.
- Refreshed and improved Group leadership model to identify key traits of Campari leaders and support all future development initiatives.
- Launched pilot for redesigned people management training programme.
- 109% increase in learning activities completed through the Learning Distillery (following 2021 commitment on a more open and accessible learning culture and ecosystem).

Next steps

- Refine and scale new leadership and people management programmes to serve even more Camparistas in 2023 (from General Managers to first-time managers, plant front-line supervisors, and more).
- Strengthen internal training capabilities.
- Harmonise and enrich global learning offer for broader access and richer experience (technology, spaces, communication, etc.).
- Consolidate a collaborative and efficient model for capability analysis and development at Campari Group.

Campari Group believes in developing the capabilities of people as an effective way of responding to business needs, building profitable brands and guaranteeing excellent financial results.

In Campari Group, people development is strongly connected with the organisational growth. Growing individually is a lever for growing as an organisation and it means supporting performance and developing people's potential. Learning is the pillar for sustaining individual development and is considered to be a key competitive advantage for the business. The Group's commitment to development is reflected in its decision to embark on a multi-year HR transformation that aims to enhance HR functional expertise and redesign the organisation's people processes to more effectively drive development across three major pillars:

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

This report will therefore present a clear picture of the Campari Group's development activities across each of these three pillars throughout 2022 and will also highlight some of the longer-term actions planned for 2023 and beyond.

DEVELOPING GREAT CAMPARISTAS

Campari Group recognises that development can only be effective if it considers the specific needs of individuals in the context of the expectations of their current and future roles. This is done through assessment, which is why the Group is investing in providing the right tools for Camparistas to do so.

In 2021, a 360° Feedback pilot was launched and the plan is to continue to rely on this as a starting benchmark in identifying the best opportunities for a leader's growth and change.

Hogan Assessment
For selected populations (managers and above), the Group has started introducing Hogan assessment both as part of Group Talent Acquisition and the Talent Development portfolio, with 23 internal certified assessors. Hogan provides a library of complementary personality assessments with the key goal of facilitating strategic self-awareness in leaders so that they understand how to better manage their own behaviour to increase their workplace success and effectiveness.

Campari Group University
In a strong signal demonstrating how strongly Campari Group views development, this year the new Campari Group University was launched. The University will have global responsibility for enabling capability building across the areas of Leadership and People Management, Cross-Functional skills such as strategy and agile ways of working, and finally Functional expertise. The focus for the University in 2022 and for the first half of 2023 will be on finalising recruitment of the Campari Group University team, establishing global governance and learning processes and implementing several new global learning programmes aimed on improving core people management skills such as coaching and feedback.

Growing Everyday
The Growing Everyday initiative was launched in 2020 as a way to foster and encourage a stronger learning culture across the Group. It is based on the idea that self-development should be practical and simple and on a day-to-day basis.

Learning Distillery and Content Libraries
Campari Group's 'Learning Distillery', which is the learning management system delivering online learning experiences to all office-based Camparistas, continues to be an important driver of Group commitment to a development culture. Camparistas have access to bespoke learning activities (such as Group cultural induction interactive courses, DEI e-workouts, or Finance for non-Finance intro course), as well as to the vast catalogue of courses offered by LinkedIn Learning.

As of 31 December the Group has had:
- 1,590 Camparistas taking courses in the Learning Distillery (41% increase from 2021);
- 5,541 learning activities completed (109% increase from 2021);
- an estimated total of 5,453 hours spent completing 559 different online learning activities-

This data does not include any activity started, but not yet completed by Camparistas.

In 2022 the Group also extended the use of EdApp, a next-generation learning platform to support Group commercial functions to increase product knowledge. Platform adoption was extended to the entire Group commercial workforce in 2022 and a new pilot is currently underway to use EdApp as a catalyst for Health, Safety and Environment capabilities in Group production plants. The mobile-first experience of EdApp and its ease of use make it a great solution in the future to deliver more inclusive learning to all Camparistas, regardless of their contract, location, and language.

Campari Group Learning Architecture
A major project to design a global learning architecture was launched in October 2022 to give Camparistas a clear understanding of the skills, knowledge and behaviour required for success at the company, regardless of the role, function or geography. The benefits of this project will be a consistent, common language to talk about skills and knowledge across different parts of the Group, increased synergies and cost savings in the design and delivery of common learning and development solutions, and an improved ability to identify, measure and address capability gaps.

BUILDING CRITICAL CAPABILITIES

Commercial Capabilities, Product Knowledge and Rare
Originally launched in Asia, the platform moved to become a global tool in 2022. While international travel was coming back online, the Commercial Academy provided the opportunity for commercial directors to select from its catalogued learning offer, accessible via the platform. The platform scope was then extended to support Campari Rare and its '3M model of Myth, Mastery and Moments'. The Rare content being developed for the platform is a cornerstone of luxury training within the Rare initiative.

Modern Workplace
In 2022, after a successful 2021 pilot, Campari Group scaled Modern Workplace, a OneIT Global project that aims to create a baseline of digital skills needed to succeed in a world where hybrid work is the new normal. Its goal is to modernise Group collaboration technology by moving content into the Microsoft 365 cloud ecosystem, while building new habits and ways of working with and for Camparistas.
A few facts and figures on the engagement throughout 2022 and its impact:
- data migration completed in 16 markets across BU NCEE[27], Americas and SEMEA[28];
- 200+ remote training sessions delivered in 5 different languages;
- a total of 2,600+ Camparistas have attended Group sessions live;
- a grand total of 9,200+ learning hours have been delivered;
- a variety of learning materials have been created and made available for self-study.

Functional Academies
Functional Programmes known internally as Academies, aim to develop the functional expertise required to support business strategy through a cocktail of learning activities that increase business awareness, technical skills and knowledge; business partnership and cross functional collaboration. At present 5 Functional Academies have been established.
An outline of each Academy's goals is provided in the table below.

Marketing Academy	Established to provide a common language and approach for the marketing community around the world, as well as acting as a way to recruit and retain the best talent from that community. The Marketing Academy is focused on Camparistas entrusted with building iconic and profitable brands in an international context by leveraging the new opportunities that the market offers.
Finance Academy	Created to generate functional awareness and promote the business partnership model designed by Campari Group, The Finance Academy operates with the spirit of 'Achieving Together' encouraging finance participants to engage and interact with other company departments, offering structured moments for strategic networking and dialogue.
Commercial Academy	Designed with the intent to define common and standardised business practices across the Campari world, The Commercial Academy is a training programme aimed at the Group's entire sales force. Its objective is to offer specific techniques and skills that will be useful for understanding business dynamics and establishing effective relationships with customers.
Supply Chain Academy	As a way to promote widespread awareness of Supply Chain models and practices, the Supply Chain Academy offers Camparistas the opportunity to build technical skills and knowledge required to meet an increasingly customer-focused approach to how the Group makes and moves. Through an understanding of the entire supply chain process, the initiative also aims to train professionals to act as business partners in the organisation.
HR Functional Initiatives	Covering the HR process across the employee lifecycle, HR functional learning involves a series of activities such as webinars on the applicant tracking system, learning management system and reward process.

A number of these Academies began a process of redesign and evolution in 2022, which will continue in 2023. Campari Group's Finance Academy in particular, saw key changes to its programme as a result of the ongoing Finance Transformation process and the increasing need to support the impact of such organisational change through new Learning and Development initiatives. A new Finance Academy core programme was designed and launched, with the goal of increasing data strategy capabilities and helping FP and A (Financial Planning and Analysis) and DR and A (Data Reporting and Analytics) teams act as 'data translators' and partners of all Group functions (with a key focus on Commercial, Marketing and Supply Chain) through data discovery methodologies. Furthermore, the

(27) North, Central East Europe
(28) Southern Europe, Middle East and Africa

new Finance Academy focuses specifically on allowing Finance teams to better understand Campari Group's business through on-field immersion (both in the plants and in retail), business simulations, and other engaging strategies.

Another key expansion involved the Commercial Academy. Key markets for the Global Commercial Academy in 2022 included Benelux, Canada, Jamaica, Peru, UK, US and Australia. In Jamaica, moreover, a large proportion of Camparistas completed requirements to join the 'Commercial Academy 5% Club', a designation of high performance. In late 2022, commercial capability initiatives were also consolidated in markets that are not involved in the Global Commercial Academy, most notably, Italy. This new level of collaboration will see a more standardised approach to commercial capability moving forward into 2023.

Code on Commercial Communication

As part of Campari Group's commitment to promote safe consumption of Group products, a bespoke mandatory e-learning experience was launched in 2022 with the goal of raising awareness of how commercial communications can affect Group customers' perception towards consumption of alcoholic beverages. The course 'Code on Commercial Communication' (targeted at all Camparistas in the Marketing, Communication and PR, Legal and 'Public Affairs and Sustainability' departments, as well as to new hires) sensitises Camparistas through a learning-by-doing approach about their role in promoting and encouraging responsible drinking worldwide, evaluating the appropriateness of Group brands' commercial communications.

GROWING THE NEXT GENERATION OF LEADERS

New Campari Way of People Management

In 2022 Campari Group launched a new and improved version of its signature 'Campari Way of People Management' global programme, aimed at new managers of Campari Group. This is one of the first and key programmes powered by Campari University.
A pilot for the new programme was launched in October 2022, involving 45 managers across main markets, to test a brand new formula for leadership development which will be fine-tuned and scaled in 2023 across all regions. The Group will also start working on all other layers of the leadership architecture (from individual contributors to general managers) in order to deliver an ecosystem of learning programmes that are relevant, engaging, interconnected, and agile for all employees, while being mindful of the revolution brought upon the world of corporate learning by the pandemic.
With this initial programme, the Group is focusing on the essentials of people management: adopting a coaching mindset, providing continuous feedback, managing performance, supporting career growth, organising work strategically (and inclusively).

Front Line Supervisors Management Training

As part of Group leadership and people management efforts, in 2022 the design of a development programme aimed at front-line leaders who manage Group technical workers in production plants, began.

The new programme will provide a layer of harmonisation in Group work standards and expectations for this role at a global level, launching in multiple countries with the goal of reaching all plants in 2023. It will help Campari Group raise the bar on sensitive issues such as employee engagement and retention, health and safety excellence, and equitable talent decisions.

New Leadership Model

The Group leadership model has been recently updated and refreshed to be more aligned with the expectations of consumers, customers and employees.

The new Group model is closely aligned with Campari Group's Corporate Mission and Behaviours and identifies 5 main traits of leaders:

- Purposeful Leaders
- Inspiring Leaders
- Authentic Leaders
- Agile Leadership
- Inclusive Leaders

The new leadership model will be implemented globally in 2023. To support this rollout a range of development solutions and communication materials will be offered to help Camparistas in leadership positions understand, explore and practice their leadership and management skills.

General Management Executive Education

In 2022, the Group continued its partnership with IESE Business School in Barcelona to support general managers in their challenging mission of leading business at the highest levels. The Advanced Management Programme and Programme for Management Development, with new cohorts launched in Fall 2022, help the Group's top leaders tackle strategic Group challenges with increased confidence, inspire performance at all levels and contribute more value as a senior member of Campari Group. This programme already covers 62% of Group managing director population worldwide and it will be further developed in 2023.

TRAINING HOURS BY REGION, GENDER AND PROFESSIONAL CATEGORY

	2022				
	Asia-Pacific	Europe, Middle East and Africa	North America	South America	**Total**
Men (hours)	957	28,633.5	17,820.2	2,885.7	**50,678.9**
Women (hours)	1,062	17,493.7	8,708	1,363.2	**28,626.9**
Management (hours)	442	9,534.6	1,565.4	389.3	**11,931.3**
Men (hours)	200.5	5,958.7	776.1	237.1	**7,173.1**
Women (hours)	241.5	3,575.8	788.6	152.2	**4,758.2**
Non-management (hours)	1,957.5	36.592.5	24,962.8	3,859.7	**67,374.6**
Men (hours)	1,137	22,674.8	17,043.4	2,648.7	**43,505.9**
Women (hours)	820.5	13,917.9	7,919.3	1,211	**23,868.7**
Total Hours	**2,019**	**46,127.2**	**26,528.2**	**4,249**	**79,305.9**

AVERAGE HOURS OF ANNUAL TRAINING PER EMPLOYEE-TREND

	2020	2021	2022
Average hours of annual training per employee (man hours)	**20.5**	**16.9**	**18.2**
Men (hours)	20.7	19.1	19.3
Women (hours)	20.3	13.6	16.5
Management (hours)	37.3	19.6	16.8
Non-Management (hours)	17.4	16.4	19.2

The data above does not include the Modern Workplace training hours, for which the male/female and management/non-management subdivisions could not be traced. Considering that these accounted for 9,200 hours globally, the total hours of training delivered in 2022 were 88,506.

INVESTMENTS IN TRAINING

€ million	2020	2021	2022
Trainings	**3.2**	**3.5**	**5.2**

Training costs per employee: €1,231.6.

1.6 REMUNERATION SYSTEM

The remuneration policy for directors, general managers and other managers with strategic responsibilities is determined by the company's Board of Directors on proposal by the Remuneration and Appointments Committee, following consultation with the Board of Statutory Auditors.
The objectives pursued in drawing up a remuneration policy is to set adequate remuneration for top management and encourage their loyalty, through the use of four different instruments:

- a fixed salary;
- an annual variable performance-based bonus;
- a medium-term incentive;
- the assignment of stock options as an incentive for management to achieve long-term results.

Breaking down remuneration in this way ensures a balance between the employees' interests and the short and long-term outlook for the company. The two medium and long-term schemes apply to all managerial remuneration throughout the Group.

To ensure that the remuneration system for all Camparistas is based on the criteria of fairness and transparency, Campari Group uses the internationally recognised International Position Evaluation ('IPE') methodology. This is an objective and structured process based on predefined 'clusters' that allows for job evaluation analysis and verification of the Group's competitiveness in relation to its main competitors and to the remuneration criteria adopted in each region. This analysis has once again shown that Campari Group tends to pay a higher salary than the local minimum wage in the countries where it operates, as shown in the table below for the key countries for the Group in terms of number of employees.

RATIO BETWEEN THE STANDARD SALARY (ANNUAL BASE GROSS SALARY) OF NEWLY HIRED EMPLOYEES AND THE LOCAL MINIMUM WAGE BROKEN DOWN BY COUNTRY AND GENDER

	2020		2021		2022	
Countries	Men (%)	Women (%)	Men (%)	Women (%)	Men (%)	Women (%)
Argentina	306.56%	357.57%	319.98%	374.52%	307.53%	369.55%
Australia	126.28%	126.28%	125.67%	125.67%	123.08%	123.08%
Brazil	105.26%	105.26%	148.72%	271.92%	135.42%	228.53%
Canada	100%	100%	103.38%	103.38%	100%	100%
France	104.39%	104.39%	106.20%	106.20%	109.57%	109.57%
Germany	215.2%	215.2%	178.13%	178.13%	179.37%	179.37%
Italy	118.59%	119.63%	110.07%	110.07%	105.65%	105.65%
Jamaica	196.02%	196.02%	196.02%	196.02%	121.34%	121.34%
Mexico	166.89%	166.89%	223.47%	223.47%	196.68%	196.68%
Russia	418.55%	412.17%	415.25%	449.49%	385.29%	456.11%
Singapore [29]	N/A	N/A	N/A	N/A	N/A	N/A
Spain	111.39%	111,39%	125.31%	125,31%	125.31%	125.31%
United Kingdom	158.08%	158.08%	146.53%	110.45%	102.11%	102.11%
United States	127.93%	129.47%	132,80%	149.40%	134.87%	134.87%

The percentage ratio between the average remuneration of female Camparistas with a permanent contract[30] as compared to men (gender pay gap), with a breakdown by country and professional classification, is given below. To provide a more meaningful analysis, the Group covers the principal countries in which it operates and the professional categories ranging from management to production operators, excluding executives and senior management; this therefore covers 86% of the entire population of Camparistas.

(29) Singapore has no minimum wage laws or regulations.
(30) Remuneration: ABGS (Annual Base Gross Salary) + bonus (i.e: short-term incentives, sales incentives, local bonuses) + recurring allowances + overtime.
Annual Base Gross Salary (ABGS): fixed minimum amount paid to an employee for the performance of his/her duties, excluding any additional compensation.

PERCENTAGE RATIO BETWEEN THE AVERAGE TOTAL REMUNERATION OF FEMALE EMPLOYEES AND THE AVERAGE TOTAL REMUNERATION OF MALE EMPLOYEES, BY COUNTRY AND PROFESSIONAL CLASSIFICATION

	2022				
Countries	Management	Senior Professional	Professional	Specialist/General Staff	Prod. Operator
Argentina	94%	91%	98%	95%	-
Australia	92%	95%	90%	95%	92%
Brazil	93%	92%	100%	103%	68%
Canada	103%	100%	109%	92%	84%
France	89%	87%	95%	96%	90%
Germany	90%	91%	94%	104%	-
Italy	96%	96%	89%	105%	95%
Jamaica	102%	109%	103%	115%	106%
Mexico	68%	91%	99%	102%	95%
Russia	98%	93%	97%	101%	-
Singapore	91%	126%	120%	117%	-
Spain	103%	110%	93%	119%	-
United Kingdom	96%	91%	105%	-	53%
United States	99%	100%	108%	111%	96%

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

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

MEDIAN REMUNERATION OF ALL EMPLOYEES[31]

	2022
Median remuneration of employees (€)	48,545

ANNUAL COMPENSATION RATIO
CHIEF EXECUTIVE OFFICER[32]

(times)	2022
Robert Kunze Concewitz Chief Executive Officer and Executive Director	56.50

The CEO internal pay ratio, calculated in line with Article 2:135b subsection 3 of the Dutch Civil Code and Best Practice Provision 3.4.1 DCGC at 31 December 2022 and equivalent to 40.0 times, is disclosed in the Governance section in this Annual report to which reference is made.

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

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

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

1.8 INDUSTRIAL RELATIONS

Campari Group recognises the importance of continuing to develop solid, trust-based relations with its social partners, given their important role in improving competitiveness and employment as part of the company's clear commitment to social responsibility. Union relations are therefore important and strategic in a highly competitive context which is characterised by mergers, acquisitions and exceptional events that go beyond regular business.

The Group's companies maintain constant and ongoing relations with trade unions, and this represents more than mere respect of agreements made locally or nationally, but is a serious, real and objective dialogue to guarantee respect for roles and people, without ever losing sight of the corporate goal of efficiency.

In addition to the content of the Italian national labour contract and the interconfederal contracts, Camparistas in Italy are also subject to the content of the so-called supplementary second level contract which was last renewed on 18 May 2018 and valid until the end of the year 2022. In November of this year, the trade unions presented the platform for the renewal of the so-called supplementary contract, and negotiations have already begun and are still ongoing. Currently, there are 4 collectively negotiated national labour contracts in force: the Food Industry Contract (for almost all employees), the Services Sector Contract applicable to the Camparistas of Campari International S.r.l., the public sector contract (tourism sector) connected to Camparino and Terrazza Aperol bars, and for Executives, the agreement for Executives of goods and services producers.

In 2022, around 15% of all Camparistas in Italy were members of trade unions.

In the post-pandemic phase, good trade union relations made it possible to sign agreements at local level on production sites, which made it possible to meet extraordinary market needs resulting from the resumption of social relations, by means of overtime or flexibility.

With reference to the Sesto San Giovanni headquarters, also on the basis of the experience gained during the pandemic period, a trade union agreement was signed on smart working, which incorporated the company principle of an efficient alternation between remote and in-presence work. A number of measures were confirmed by the parties to manage the safety of the working environment in line with current regulations and to ensure the health of all workers in the post-pandemic period. Throughout 2022, the parties (the company and workers' representatives) maintained constant and ongoing dialogue, thus successfully preserving the existing excellent union relations, ensuring, through respect for the parties' roles and agreement on suitable solutions, workers' safety and business efficiency. In 2022, 71 hours of strikes were proclaimed.

1.9 HEALTH AND SAFETY IN THE WORKPLACE

Campari Group considers the health, integrity and well-being of its employees, contractors, visitors and the communities in which it operates to be of primary and critical importance. Risk awareness and mitigation along with training, engagement and empowerment of Camparistas are critical elements to the Group health and safety management programme. In 2022, Campari Group continued the evolution of its health and safety actions around the six key elements created in 2021: Common Approach to High-Risk Processes/Areas, Common Performance Metrics, Culture and Leadership, Functional Excellence, Continuous Improvement and Sustainability and Resource Conservation. Specific activities

were further developed or implemented in 2022 to advance all of these elements.

- ***Pandemic management***

Campari Group continued risk mitigation efforts for much of 2022 to protect the health and well-being of Camparistas, contractors, suppliers and visitors. The Group continued to monitor the Covid-19 risk in all countries of operations and over the course of 2022, commenced a phased return to offices and a relaxation in some of the protocols in place during the prior two years according to local provisions. At the same time, the Group maintained vigilance with regard to sanitisation practices, symptom reporting, contact tracing and making KN95/FFP2 masks available for anyone wishing to continue their use.

- ***Common Approach to High-Risk Processes/Areas***

In 2022, Campari Group continued the evolution of its global machinery safeguarding risk assessment programme. By the end of Q3 2022, all Campari Group's plants had undergone a machinery safeguarding risk assessment. This assessment covered 469 machines across the entire Group. In addition to the assessments, global machinery safeguarding specifications were created for 3 machine types along with a general machinery safety global specification covering the process of machinery design, functional acceptance testing (FAT) and site acceptance testing (SAT). Work continued on the Powered Industrial Vehicle (PIV) global programme through both OpEx and CapEx improvements in Group plants. Along with improved operator qualification practices, increased physical guarding and vehicle improvements, plants in Italy and Canada commenced pilot programmes utilising state-of-the-art technologies designed to prevent 'PIV to PIV' and 'PIV to Pedestrian' collisions. These technologies utilise technologies from Bluetooth, sonar and ultra-wide band for presence sensing and have the capability of alerting vehicles and pedestrians based on proximity, reducing speeds and in some cases bringing vehicles to a complete stop. Group PIV safety best practices have been put into practice through a design simulation for plant expansions and/or redesigns at the Group's plants in Novi Ligure (Italy), Canale (Italy) and Aubevoye (France) as part of a Group level manufacturing footprint project. Lastly, in 2022 work on a global hazardous location safety guideline was initiated. This workstream will include a global guideline for managing risks present in ATEX[33] (Class 1[34] and/or Class 2[35]) environments, a self-assessment guide for plants to gap analyse their existing status and a training programme to enable a uniform level of knowledge across the Group.

- ***Common Performance Metrics***

In 2022, the Group continued work on this critical element by developing indicators which are better correlated to plant Health and Safety achievement. Level Zero requirements are mandatory targets for all plants to achieve by the end of 2023. These include: 100% investigation and RCA (Root Cause Analysis) of all incidents, horizontal deployment analysis for all incidents, 100% on-time closure for high-risk CAPAs[36] (90% minimum for all other), minimum 50% employee involvement in Behavioural Observation Walkarounds (BOWs, a supervisor led walkthrough of work areas to evaluate conditions and behaviours and engage with employees), establishment of a formalised training plan for all production operators. To drive greater visibility a dashboard has been developed to provide virtually real-time data on indicator performance along with the ability to evaluate performance at plant, region and global level.

- ***Culture and Leadership***

In 2022, Campari Group continued its clear commitment to leadership in safety through quarterly incident review meetings led by Global Supply Chain Leaders. At regional level, monthly HSE (Health, Safety and Environment) performance review meetings were established in which the plant leader addresses to each plant's HSE performance against targets. Where a site misses a health, safety or sustainability target the plant manager is responsible for reporting the reasons why and the actions being taken to address the missed target. In 2022, the Group continued the celebration of World Safety Day by stopping plant activities and conducting a plant safety day across multiple sites.

- ***Functional Excellence***

Strong progress was made on Group functional excellence. To better understand the needs of Campari Group's supervisors and managers to lead safety in their work areas, a 360° degree survey was conducted for white-collar workers across all plants. The survey gave the management team the opportunity to anonymously indicate specifically where they felt underprepared or lacked confidence regarding leading health and safety. The results of this survey were used to identify training needs and in the construction of version 1 of

(33) ATEX refers to the hazard of explosive atmospheres occurring in the workplace due to the presence of flammable gasses or combustible dust mixed in air, which can give rise to the risk of explosion.
(34) An area in which an explosive gas atmosphere is likely to occur in normal operation.
(35) An area in which the presence of combustible dust in the air is in sufficient quantities to be explosive or ignitable.
(36) CAPAs: Corrective and Preventive Actions. Specific actions are identified as part of an incident investigation and root cause analysis designed to prevent a reoccurrence of a near miss, injury, environment or asset damage incident.

the Group capability model. To facilitate access and understanding of these critical subjects, the modules will be available to all white-collar workers in their native language and accessible on demand through Campari Group's learning management system. Additional modules will be created in 2023 with a combination of computer-based and live training delivery. At the end of 2022, version 1 of the capability model will be complete in addition to modules on hazard assessment and incident response/investigation. Lastly, in order to build and maintain the machinery safeguarding competence to support this global initiative, 9 machinery safeguarding training sessions were delivered covering the basic and advanced topics along with reviews of the newly created global specifications.

• *Continuous Improvement*

The core focus of the Group continuous improvement element is to improve the effectiveness of the health and safety programme without adding complexity or inefficiency. In 2022, a pilot of a mobile-based training and engagement programme called EdApp was launched. This allowed us to send training content, skills assessments and feedback forms directly to employees and gave the ability to gain real-time information on training completion and training comprehension. The pilot was implemented at plants in Italy and Argentina and employee feedback was overwhelmingly positive both for knowledge increase pre and post training and for the technology overall. Based on these results, additional modules will be created in 2023 with a plan for a phased global rollout to begin in 2023. To further optimise health and safety management, a formal tender was completed in 2022 to identify an end-to-end health and safety platform. This platform will connect various elements of health and safety management into a cohesive structure which will allow more efficient inspections and audits, action tracking and greater visibility into permitted work activities and training status.

• *Accidents*

Compared to the previous year, there was a slight increase in the total number of accidents involving Camparistas (+14%) and a reduction in the number of accidents involving contractors (-40%) in 2022. Part of this increase is attributable to the inclusion of a recent acquisition which accounted for over 15% of the total employee injury count. Comparing safety performance just among existing plants for periods 2021 vs. 2022, employee injuries were reduced over 4% with contractor injuries reduced by over 28%. Combining employees and contractors, injuries for existing plants for 2022 compared against 2021 were reduced by over 14%, injuries resulting in lost work-days were reduced over 30% and injury frequency rate (injuries per 1,000,000 hours worked) were reduced over 15%.

EMPLOYEE INJURIES

	2020	2021	2022
Total accidents involving Camparistas (number)	**83**	**85**	**97**
Frequency index for Camparistas[37]	13.06	13.27	14.76
Accidents involving male Camparistas (number)	49	54	69
Accidents involving female Camparistas (number)	23	16	18
Injuries without absence from work for Camparistas (number)	62	62	66
Injuries with absence from work for Camparistas (number)	21	23	31
Lost days due to accidents for Camparistas (number)	424	418	983
Severity index for Camparistas [38]	0.07	0.07	0.15
Occupational diseases involving Camparistas (number)	0	3	8
Mortality at work for Camparistas (number)	0	0	0

FREQUENCY AND SEVERITY INDEXES FOR CAMPARISTAS BY REGION

	Europe, Middle East and Africa			North America			South America			Asia-Pacific		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Frequency index for Camparistas	6.11	10.34	15.88	17.47	17.34	15.15	8.28	1.62	3.30	33.94	25.92	21.83
Severity index for Camparistas	0.12	0.13	0.24	0.04	0.01	0.007	0.2	0.013	0.18	0.005	0.009	0.0

(37) The frequency index for any category is calculated applying the following formula: (Total injuries x 1,000,000)/worked hours.
(38) The severity index for any category is calculated applying the following formula: (Lost days due to accidents x 1,000)/worked hours.

ACCIDENTS INVOLVING CONTRACTORS

	2020	2021	2022
Total accidents involving contractors (number)	**35**	**28**	**20**
Contractor accident frequency rate	26.23	18.23	13.37
Lost days due to accidents for contractors (number)	170	147	398
Contractor accident severity rate	0.13	0.09	0.27
Mortality at work for contractors (number)	0	0	0

ACCIDENTS INVOLVING SUPPLIERS AND VISITORS

	2020	2021	2022
Total supplier-related accidents (number)	**7**	**4**	**10**
Total visitor-related accidents (number)	**0**	**1**	**2**

There were 3 accidents involving journeys to or from work, all of them were related to employee.
In 2022 there were one high-consequence work-related injury[39].

• *Near misses*

The attention of each Camparista is increasingly being focused on proactivity, prevention and mitigation of potential risks. The company continues to focus on near misses, unsafe behaviours and conditions (collectively referred to as unsafe situations. This information is measured and evaluated at the plant level as part of a safety pyramid. The safety pyramid is a visual health and safety indicator that shows site-level health and safety performance for lagging indicators[40] (level 1, 2 and 3 injuries) and leading indicators[41] (unsafe behaviours, unsafe conditions, safe activities). This is designed to help educate Camparistas about the relationship between leading and lagging indicators and to motivate more on near miss, unsafe condition and unsafe behaviour awareness and reporting.

NEAR MISSES

	2020	2021	2022
Health near-misses for Camparistas (number)	1	6	20
Safety near-misses for Camparistas (number)	64	97	89
Health near-misses for contractors (number)	0	13	18
Safety near-misses for contractors (number)	15	30	49
Health near-misses for suppliers (number)	0	0	2
Safety near-misses for suppliers (number)	3	3	2
Health near-misses for visitors (number)	0	0	0
Safety near-misses for visitors (number)	1	0	3

• *Health, Safety and Environment committees*

All the Group's production units have company-worker committees that represent 93% of workers on health and safety issues and 64% of workers on environmental issues. The dialogue between the parties is always open and constructive.

• *Penalties and fines*

A total of 5 health and safety sanctions were received in 2022. Of these 5, 3 were non-monetary and the remaining 2 involved monetary fines.

• *Certifications*

The performance of Health and Safety Certification rate (%), as bottles produced in production units certified according to international standards for health and safety, increased in 2022.

HEALTH AND SAFETY CERTIFICATIONS

	2020	2021	2022
Bottles produced in production units certified in accordance with international occupational health and safety standards (BS OHSAS18001/ISO45001) (%)	54%	69%	71%

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

2. RESPONSIBLE PRACTICES

RESPONSIBLE PRACTICES-COMMITMENTS

EDUCATION AND INVOLVEMENT WITH REGARD TO RESPONSIBLE DRINKING

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

RESPONSIBLE PRACTICES-PERFORMANCE

2.1 RESPONSIBLE SOURCING

The Group's focus on ensuring and developing good business practices applies to its suppliers and distributors as well as its own activities and business units. Campari Group is increasingly committed to making responsible sourcing an integral part of its processes. Following the launch, in 2021, of an updated version of its Global Procurement Policy, in 2022 Campari Group has consolidated the roll-out and adoption of its revised code of conduct and best sourcing practices intended to strengthen the holistic adoption of responsible sourcing dynamics.
The above category management practices have been standardised and deployed in order to provide stricter structure and more rigorous execution in the domain of sustainability.

• *Sustainability compliance*

Through the implementation of its Supplier Code and leverage of Sedex (Supplier Ethical Data Exchange) in all geographies, Campari Group enforces responsible and transparent behaviours as a pre-requisite to its sourcing practices. Campari Group's Supplier Code is a document that sets out the ethical values and principles that underlie the Group's operating practices and which its suppliers and their employees undertake to sign, adhere to and ensure compliance with throughout their respective supply chains.
Campari Group also adopted a Global Procurement Policy, which sets the guiding principles and rules that all Camparistas shall follow when participating in the procurement process. The document reinforces compliance and the principles laid down in the Campari Group Code of Ethics.
Campari Group's membership of Sedex is a further confirmation of the Group's commitment to managing its supply chain more responsibly and transparently. Sedex is the largest shared platform in the world through which member users report and share their commercial practices in the following four key areas: labour law, health and safety, environment, business ethics.
With the aim of reducing its environmental impact along the supply chain, Campari Group-all other commercial parameters being equal (i.e. competitiveness, quality and availability of materials)-continues to look for local sourcing options.

• *CO2 emissions from suppliers*

In line with the Group objective of reducing its environmental impact, 2022 marked an acceleration in the Scope 3[42] decarbonization efforts. Opening to new frontiers or delivering on previous promises.
In general terms, following to Scope 3 analysis for 2022, we have identified the main categories and suppliers with the largest impact in terms of emissions, and have identified the areas of work to address in priority to fulfil our external decarbonisation commitment, both in the Product Related and Non-Product Related areas.
In the Product Related area, the focus has been given to the Glass, Closures, Alcohol and Sugar categories.
In the Non Product Related area, Point of Sales Materials and Business Travel remain priority categories.

GLASS AND CLOSURES

Engagement workshops have been carried on with our main suppliers intended to:
- position Campari Group's sustainability ambition;
- understand suppliers sustainability agenda;
- measure the effects of suppliers sustainability initiatives on our portfolio;
- define future joint sustainability developments and targets.

Considering the most important materials used in the packaging of the Group's product, the following recycled input materials have been used[43]:
- glass: 31.5% of recycled content;
- metal: 56.8% of recycled content;
- cardboard: 64.7% of recycled content.

POINT OF SALES (POS) MATERIALS

The contract signed in 2022 with the Group lead POS agency included a sustainability clause introducing pay-for-performance elements addressing changes versus a previous-year baseline. A sustainability dashboard was created for this purpose in 2021. The monitored KPIs relate to various environmental characteristics of the products, such as the recycled content, its recyclability and the associated CO2 emissions.

BUSINESS TRAVEL

A CO2 emissions report has been set up with our lead travel agency tracking emissions in cumulated terms.
Looking ahead to 2023 and starting from the above, sustainability objectives will be embedded in the metrics to consider whilst assessing the potential of strategic relationships and shaping our internal policies where relevant.

• *Business continuity and enhanced supplier collaboration*

The challenges of Covid-19 together with the unprecedented instability subsequent to 2022's geopolitical turmoil created strong momentum for enhanced collaboration across the supply base in general and led to the strengthening of strategic partnerships and the expansion of specific programmes, for example the Supplier Reverse Factoring Programme. The programme, kicked-off in 2020 with a selected group of strategic suppliers in Italy with the intention to enable earlier payments on their invoices, was expanded in 2022 to a broader supplier and geographical base.

Further to the above and with the intention to mitigate supply risks and strengthen supply chain resilience, several strategic business continuity initiatives have been implemented in partnership with selected suppliers (i.e., approval of multiple manufacturing sites to produce critical components).

• *Growing agave in partnerships with local farmers*

Since 2019, Campari Group has engaged local farmers in a co-investment model to grow agave in its lands of origin. The model enables farmers to grow agave with long-term predictability of commercial conditions and volume requirements and fosters continuous improvement of field operations. This testifies to Campari Group's increasing commitment to supporting local agricultural businesses and communities while developing long-term

(42) Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions. Source: GHG Protocol.
(43) The indicators reported refer to a partial coverage of packaging materials purchased; in particular, for glass and metal the perimeter covered in the analysis is 68% and for cardboard is 56%.

relationships with selected partners.
By supporting local agricultural business and communities, Campari Group is building a solid foundation, based on the pillars of social and economic responsibility. This foundation will enable the expansion of the scope of sustainability in the Mexico operation, with initiatives focused on the environment and biodiversity in the plantations.

2.2 QUALITY AND FOOD SAFETY OF BRANDS

Campari Group ensures the quality and food safety of its brands by meeting all applicable Food Safety and Quality standards and assures brand consistency through standardisation and rigorous inspection controls.
One of the Group's main goals is to retain its brands trust amongst consumers and customers and therefore the Group put in place a series of proactive and preventive programmes. The purpose of these programmes-listed below-is to mitigate risks across end-to-end operational activities, from raw and packaging material supply to finished products reaching consumers:

- Standard Quality Control Requirements programme in the manufacturing processes;
- Global Sensory programme to ensure consistent consumers product experience;
- robust External and Internal Audit programme;
- Supplier Quality Assurance Programme, designed to ensure that the Group consistently purchases approved materials from approved suppliers that meet agreed specifications, applying a standardised quality methodology. In 2022 the Group introduced the SafeFood360 management tool, improving its digitisation, engagement and visibility of PR (Product Related) Suppliers, co-manufacturers and co-packers;
- Global Traceability programme which continued with the design of next deployment in the EMEA and Americas Regions starting from 2023.

• *Certifications*

The Campari Group Food Safety GFSI Certification programme started with the company-owned manufacturing sites and has been extended to Campari's third-party manufacturing sites.
In 2022 the Group obtained GFSI certification for bottling sites in France. The performance is being tracked through the Food Safety Certification rate (%), (bottles produced in production units that are certified in accordance with international standards for food safety (BRC/IFS/FSSC22000)). The full 2022 performance rate was 87.9%, with an increase of 0.2ppt compared to 2021.

• *Complaints*

Campari Group consumers and customers experience is measured in complaints per million (CPM), i.e. the number of complaints received per million bottles produced. The Group tracks its performance daily and acts immediately on any claim by taking the appropriate actions to eliminate root causes and avoid recurrences. In 2022 the Group achieved a CPM index of 0.508, improving overall performance by 38.6% vs 2021.

COMPLAINTS[44]

	2020	2021	2022
CPM (complaints received per million bottles produced)	1.001	0.828	0.500

No withdrawals or recalls from the market were recorded in 2022.
As was the case in the previous year, there were no fines or disputes relating to Food Safety in 2022.

(44) The perimeter for the purpose of calculating the CPM index includes the bottles produced either at the Group's own factories or by its co-manufacturers.

2.3 GLOBAL STRATEGY ON RESPONSIBLE DRINKING

Target	2022 Achievements
Ad hoc and continuous training for the global marketing community going into digital communication in great depth.	• Mandatory training on the new revised Code on Commercial Communication for 100% of Camparistas involved in the communication and marketing of the Group's brands. • Digital brands' campaigns on responsible drinking. • A specific section on camparigroup.info dedicated to Responsible Drinking Messages (RDMs). • Continue to ensure 100% communication with RDMs. • Local initiatives promoted independently or in collaboration with the main trade associations.

Next steps

- Continue to promote digital campaigns on responsible drinking for more brands.
- Continue to heighten the transparency commitment to consumers, enhancing the new Information to Consumers section.

Target	2022 Achievements
Educational sessions on responsible drinking for 100% of Camparistas.	• Following the Internal policy on Responsible Alcohol Consumption release, specific training were deployed in some markets.

Next steps

- An internal communication and engagement project on Sustainability will be launched starting from 2023, with a focus on responsible drinking.
- Promote Responsible Alcohol Consumption training in more markets.

Target	2022 Achievements
Responsible serving project for bartenders to be leveraged at global level.	• Bartenders' training global programme (Bartender Hero) launched in partnership with the International Bartender Association (IBA).

Next steps

- Further promotion of Bartender Hero leveraging on the IBA network of bartenders

Promoting responsible drinking is a key priority for Campari Group which was formalised in 2020 through a Global Strategy on Responsible Drinking, embedded in the Group's Sustainability Roadmap, setting short to medium-term commitments together with internal and external initiatives within this area. Specific educational training courses on responsible drinking are also part of the internal process for Camparistas and new hires. Specific training for the global marketing community was delivered at the beginning of 2022, going into digital communication in great depth and thus ensuring that the Group's online presence and web communication through digital platforms would be based on a common path of main responsible standards which are at the core of the external communication of the Group's brands. On top of these activities, a project on responsible serving for bartenders has been deployed globally. Through this project the Group, in partnership with IBA (International Bartender Association), aims at sensitising bartenders, one of the most important stakeholders' categories for the company, with regard to responsible serving and drinking, underlying the importance of quality over quantity and the role of bartenders as representatives of a proper drinking etiquette. With regard to external communication, the Group also started to promote digital brands' campaigns on responsible drinking, thus reaching a greater audience of final consumers.

• *Responsible communications*

Commercial communication, sponsorships and promotional activities are important tools through which Campari Group conveys messages and behaviours that are always attentive to the responsible consumption of its products. Since 2010, the Group has adopted a Code on Commercial Communications on a voluntary basis, ensuring full compliance with the highest standards of legality, decency, honesty and fair business practices, and encouraging responsible drinking worldwide, in a traditional convivial way. The Group strongly condemns binge drinking, or any further excessive or inappropriate consumption of alcoholic beverages, and is committed to commercial communication as a responsible player within the spirit industry. The Code represents a reference document guiding all Group advertising and marketing initiatives, according to its core values and meeting the highest standards of responsible commercial communication.

As part of Campari Group's Global Responsible Alcohol Strategy, the Code on Commercial Communication takes into account new specific guidelines for digital marketing communications and for influencer-generated content, among the main novelties. Guidelines for digital marketing require, among other things, the inclusion of the Age Affirmation Process on all websites for Campari Group's alcoholic products with the aim of restricting access to those under the legal age. The guidelines also establish regular monitoring of social media comments, providing the removal of any content that does not comply with the Code.

Promoting responsible drinking and ensuring that Campari Group's products are always consumed in moderation and in a social and convivial setting, is a critical aspect of all brands' building strategies. A thorough knowledge of the Code is pivotal for guiding and inspiring Campari Group marketing initiatives. This is why, to further increase internal awareness of a correct, fair and responsible commercial communication, a global mandatory e-learning programme on the Code's principles, dedicated to all Camparistas involved with commercial communication (i.e. Marketing, Trade Marketing, Sales, PR, Corporate Communications, Public Affairs and Sustainability and Legal), and their newly hired Camparistas, was launched at the end of 2021, ensuring completion by the entire target population by end of 2022.

Every year, the Group monitors the signing by and compliance with the Code by all marketing, sales and PR teams, as well as by the external agencies it collaborates with. Also in 2022, all members of the Group's teams and external agencies had signed the Commercial Communications Code. Furthermore, the marketing managers of the Group review the main principles of the Code together with their teams on a regular basis.

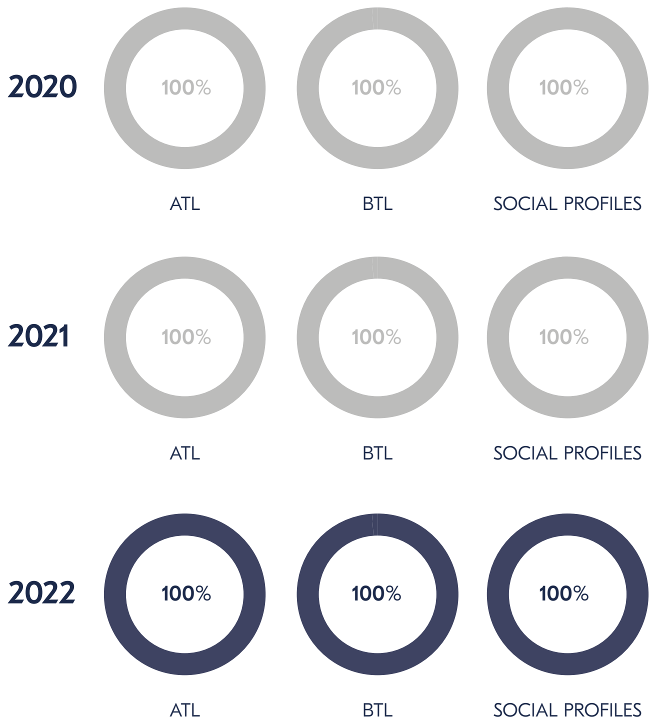
According to the Code, responsible commercial communication

- **MUST ALWAYS:**
  - promote responsible drinking, including the use of visible, noticeable and legible responsible drinking messages ('RDMs');
  - feature models, testimonials, celebrities, bloggers, influencers, and actors who are at least 25 years of age;
- **MUST NEVER:**
  - promote the abuse or uncontrolled consumption of alcoholic beverages;
  - depict sobriety, moderation or abstemiousness as a negative value or behaviour;
  - be aimed at, portray or refer to minors, including indirectly;
  - make the alcoholic content the main information;
  - associate driving vehicles or other potentially dangerous activities with the consumption of alcoholic drinks;
  - avoid any association with or acceptance of illegal, indecent, or anti-social activities;
  - lead the public to believe that the consumption of alcoholic drinks enhances mental clarity or physical and sexual prowess or status or social success or that not consuming alcohol leads to physical, psychological or social inferiority;
  - lead the public to believe that alcoholic drinks may have therapeutic properties or any curative effect;
  - lead the public to believe that alcohol may play a role in managing weight or as part of a fitness regime or that it could be consumed instead of non-alcoholic beverages;
  - lead the public to believe that the consumption of alcoholic drinks can solve personal problems;
  - be aimed at, portray or refer to, pregnant women;
  - promote the Group's brands with individuals who have known past or current issues with the misuse or abuse of alcohol, nor a history of illegal, violent, offensive, or unethical conduct.

For more information on the Campari Group Code on Commercial Communications, please download the full document available at Campari Group | Code on Communication.

In line with the provisions of the Code, above-the-line ('ATL') and below-the-line ('BTL')[45] communications and the social profiles of brands must carry RDMs. This excludes communication channels relating to the Group's non-alcoholic products (i.e. Crodino):

EXISTENCE OF AN RDM (%)



To further increase its effectiveness, the Code establishes an internal Approval Code Committee made up of representatives of Group Strategic Marketing, Corporate Communications, Corporate Legal and Public Affairs and Sustainability, aimed at monitoring the compliance of commercial communications with the principles of the Code. No cases of non-compliance with the Code with legal actions have to be reported. In 2022, Campari Group also continued to voluntarily include pregnancy logos or equivalent messages on the packaging of its alcoholic products, with the aim of discouraging pregnant women from consuming them. Also, specific digital brands' campaigns have been launched to raise consumer awareness of responsible drinking issues.

As further evidence of its commitment to ethical communication, Campari Group, also in 2022, continued its partnership with Unstereotype Alliance, a thought and action platform with the mission to eradicate harmful stereotypes in media and advertising content, convened by UN Women and leveraging the UN's global reach of 193 member states. Joining Unstereotype Alliance strengthen the Campari Group's commitment to Sustainable Development Goal #5, advancing gender equality and the empowerment of women while dismantling all harmful stereotypes in view of a more equal world.

Within this partnership, Campari Group reinforces its commitment to the fight against gender discrimination and inequality, joining forces with 184 other members globally to set out to influence culture and society in a positive way by challenging biased attitudes.

• *Information to consumers*

In 2020, Campari Group took part in a pilot project led by the European Travel Retail Confederation ('ETRC') to build a digital platform to inform consumers about nutritional information and ingredients. The impact of the Covid-19 pandemic on the travel retail channel has led ETRC to postpone the launch of the Duty-Free Label platform. However, in 2021 Campari Group reinforced its voluntary commitment to providing meaningful information online, via a dedicated section on its Corporate website, camparigroup.info. Information provided includes alcohol content, energy values per serving size of consumption, presence of allergens, together with relevant education and awareness messages to better inform consumers on responsible drinking principles, including information about when the consumption of alcoholic beverages is not suitable. This will provide consumers with clear and detailed information whilst meeting their increasing shift to digital reference points.

Particularly with regard to the responsible drinking messages, the following information has been made fully accessible:

- underage drinking-People under the legal drinking age must not drink alcoholic beverages; the consumption of alcoholic beverages by minors could have negative physical and psychological consequences. The legal drinking age to consume alcoholic beverages is designed to protect minors at a time of physical and emotional development;
- drinking during pregnancy-The consumption of alcoholic beverages must be avoided during pregnancy and breastfeeding since it could harm your developing baby. If you have questions, you can always discuss your drinking patterns with your doctor;
- drinking and driving-The consumption of alcoholic bever-

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

ages above the legal limits in force for driving is not permitted before or while driving motor vehicles of any kind. The speed at which alcohol is absorbed into the bloodstream is affected by many factors, including whether you have eaten, your age, size or gender. Local legal limits related to drinking and driving must always be observed.

Also, and based on their location, consumers are now instructed by camparigroup.info where to find additional information on responsible drinking in their country or state of residence, such as responsible drinking guidelines issued by their country's government authorities.

Having started in Italy, where the Group has its deep roots, the new Information to Consumers section is in fact gradually becoming available in all the major markets of the Group, thus allowing consumers worldwide to easily access and get the desired information anytime and anywhere. In addition, the Group's products physical labels are in the process of being revised to display a clear reference to redirect consumers to this new digital labelling solution.

Over the course of 2023, Campari Group will continue to heighten its transparency commitment to consumers, enhancing the new Information to Consumers section with additional products, countries and information (i.e. Italy has given information on the correct disposal of packaging waste) fully meeting their increasing needs to easily access personalised, tailored information whenever and wherever needed, something digital technologies can be of great help with.

• *Responsible serving*

Campari Academy is Campari Group's training school of excellence. Founded in 2012 in Sesto San Giovanni (Milan), it offers sector professionals and connoisseurs a high-quality and varied programme about the world of bartending and bar management. Following the example of Italy and other markets, the Group has created over the years an international network of Academies united under the concept to create a Campari Group centre of excellence to train, inspire and connect the Global bartender community.
Moreover, Campari Academy's mission has expanded and grown over the years not only in the excellence of preparation of the perfect serve, but also supporting the careers of professional bartenders with a 360° approach, going beyond bartending and exploring all the professional hard and soft skills that a bartender should have.
Excellence in a drink becomes a broader experience, requiring not only premium products but also equally excellent service. Campari Group has therefore drawn up the 10 Golden Rules for Responsible and Quality Serving, a document offering bartenders ten essential recommendations for responsible serving of alcoholic drinks. The guidelines are shared with participants on all training courses at the Group's Academies and with bartenders who take part in its events, and with all participants of the online raising-awareness course Bartender Hero, so that they can communicate the message of responsible drinking directly to the end consumer.

10 Golden Rules for Responsible and Quality Serving:

- find out the legal age for alcohol consumption for the country you work in and ask for an identity document when the customer does not seem old enough to consume alcohol;
- remember the risks connected to driving when drunk: always advise taking a taxi to customers who show signs of excessive alcohol consumption, ensuring they return home safely;
- recognise the first signs of alcohol abuse and refrain from serving further consumption. Discuss how to handle the most critical cases with colleagues in order to be able to immediately address any situation;
- discourage alcohol consumption by pregnant women;
- promote alcohol consumption that is characterised by moderation and social interaction, always offering snack with the drinks; choose high-quality products and keep to the right measures. If a customer asks you to add extra alcohol or reduce the amount of ice, remind them that the secret of a perfect cocktail is in balancing its ingredients, in the right mix and temperature;
- act responsibly and avoid consuming alcohol in the workplace. Avoid encouraging excessive or irresponsible alcohol consumption in promoting your activities, including through social media;
- always guarantee the highest cleaning standards, create the right atmosphere and make your customers feel at home by offering them a relaxing evening;
- prevent noise, disturbance or other possible problems for those working or living near the bar where you work, taking the necessary precautions;
- limit the use of plastic as far as possible. It is simply a question of acting responsibly towards the planet and, so, towards your customers.

Following the very first wave of the pandemic, Campari Academy moved several of its activities online, first of all through training courses, masterclasses on brands and new trends and face-to-face or digital workshops. In Italy, for example, 2,000 bartenders have been reached in the territory, with about 6,000 contacts during trade shows, courses and online activities, and over 1,000 activities promoted by Brand Ambassadors to approach and deepen, in an always responsible manner, the art of bartending, aiming for excellence. During all these occasions, the aim was to convey a message of responsibility to everyone, both for themselves and for consumers. In-person and digital training courses with a focus on responsible drinking were promoted, including a masterclass devoted to low ABV drinks focused on the correct calculation of the alcohol content in drinks. A specific course on the Zero Waste world was promoted, a very popular and recent topic among the bartending community, to explain the concept of waste, the Zero Waste philosophy and how to apply it to the bar, taking inspiration from existing international realities. Through specific preparations, bartenders are taught how to use 100% of commonly used raw materials in the bar and how to create drinks with waste products that would normally be thrown away, as well as a series of tips on how to avoid waste of any kind in the bar. On the same theme, Campari Academy set up a practical workshop where bartenders created drinks using waste raw materials from the daily life of a bar. Finally, Campari Academy continues to promote, also through its digital channels, a 'perfect serve' made without the use of plastic straws.

In 2022, Campari Group and the International Bartender Association (IBA) launched Bartender Hero, a project designed to engage and familiarise the bartender community with responsible serving practices, and to educate them regarding the properties and effects of alcohol, thus empowering bartenders and mixologists to guide consumers towards responsible consumption. Inaugurated as a pilot project in 2019 in Italy, the project was born as a free online course accessible through the www.bartenderhero.info website aimed at bartenders and all those who want to educate themselves about responsible and quality service. The Bartender Hero initiative stems from the conviction that education is the key to ensuring responsible serving and responsible consumption of alcoholic beverages. The project highlights the crucial role of bartenders in educating the consumer to prioritise the quality of a drink or a cocktail prepared with the highest expertise over the quantity consumed. Thanks to the partnership with IBA, the most important international bartender organisation in the world and a point of reference for all operators in the sector, Bartender Hero now has an international dimension and reaches a wider audience thanks to the network of over 50,000 bartenders who are members of the Association.

• *Responsible consumption: communications and promotional initiatives*

Campari Group continues to promote a culture of quality and responsibility, through communications projects and actions carried out independently or in collaboration with the main trade associations. These initiatives are aimed at educating consumers on the responsible consumption of alcoholic beverages. In this regard, Campari Group strongly condemns any form of abuse or misuse of alcoholic beverages, including excessive consumption, underage drinking, drinking during pregnancy and driving under the influence of alcoholic beverages without respecting the legal limits in force. Alcoholic beverages shall be consumed in moderation and in a social and convivial setting by adults of legal drinking age, always celebrating life in a positive way.
The Group is currently a member of 64 trade associations, consortia and social aspect organisations in 25 countries, and its managers play a key role in most of them. Working with the key trade associations and major industry leaders, and thus addressing a wider audience, Campari Group promotes and disseminates responsible messages and a moderate style of consumption of alcoholic beverages. Also in 2022, initiatives and projects relating to the responsible consumption of alcoholic products and sustainability were carried out in the various markets in which the Group operates.

• *Low and no alcohol*

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

3. ENVIRONMENT

ENVIRONMENT-COMMITMENTS

ENERGY AND GHG EMISSIONS

- Achieve net-zero emissions by 2050 or, hopefully, sooner.
- Reduce greenhouse gas (GHG) emissions (kg of CO2e/L) from direct operations[46] by 20% by 2025, by 30% by 2030 and by 25% from the total Supply Chain by 2030, with 2019 as a baseline.
- 100% renewable electricity for European production sites by 2025.

WATER

- Reduce water usage (L/L) by 40% within 2025 and by 42.5% by 2030, with 2019 as a baseline.
- Continue to ensure the safe return of wastewater from direct operations to the to the environment.

WASTE

- Zero waste to landfill from direct operations by 2025.

ENVIRONMENT-PERFORMANCE

3.1 MANAGEMENT OF RESOURCES AND ENVIRONMENTAL IMPACT

The responsible use of resources and reduction of the environmental impact of production activities are practices that guide the Group's activities with the aim of pursuing sustainable development. As a company, Campari Group recognises that climate change is one of the greatest challenges for the future of the planet and it acknowledges the need to limit global temperature rises to no more than 1.5°C, in accordance with the Paris Agreement. The Group is thus committed to achieving net-zero emissions by 2050, hopefully, sooner.

• Global supply chain medium to long-term environmental targets

The Group set challenging targets to be reached by 2025 and committed to measuring and reporting its performance in a transparent way. The targets are aligned with the UN Sustainable Development Goals to protect the planet and aim to reduce emissions and water consumption at the Group's production sites, and abate waste to landfill from direct operations.

(46) Scope 1 and 2.

The key environmental information for the Group's production units and headquarters is shown below.

• Energy efficiency and decarbonisation: the Group response to climate related matters

Target	*2022 Achievements*
Reduce greenhouse gas (GHG) emissions (kg of CO2e/L) from direct operations by 20% within 2025, by 30% within 2030 and by 25% from the total Supply Chain within 2030, having 2019 as a baseline.	• Local interventions and investments in the Group's plants according to the energy efficiency and decarbonisation project launched in 2020. • Energy Performance (MJ/L) reduced by 36% compared to 2019. • Greenhouse gas (GHG) emissions performance (kg of CO2 e./L) from direct operations reduced by 47% compared to 2019. • Greenhouse gas (GHG) absolute emissions (tons of CO2 e.) from direct operations reduced by 20% compared to 2019. • Funds deriving from the outperformance[47] in the purchase cost of the shares during the share buyback programme have been allocated to the installation of photovoltaic panels at the Jamaican plants. • CDP-Climate Change questionnaire participation and Campari Group received the B score ('Management').

Next steps

- Further reduce emissions in the Group's production sites and operations.
- Partner with the Group's suppliers to identify more sustainable solutions and practices to reduce the Scope 3 emissions' impact.

Target	*2022 Achievements*
100% renewable electricity for European production sites within 2025.	• Attainment of a Guarantee of Origin in all European plants (3 years ahead of the target) extended to all American production sites. • 88% of the total electricity used by Group's production sites from renewable sources, equal to 18,343 tons of CO2 e. not released in the atmosphere.

Next steps

- Enlarge the perimeter including more plants in other Regions.

Campari Group continues its energy efficiency path through the global multiyear programme launched in 2020, with a commitment to promoting energy-saving initiatives, implementing sustainable solutions and decarbonising production activities.

The Group already achieved a significant reduction in its Scope 1 and Scope 2 GHG emissions, by reducing energy consumption and increasing the use of renewable electricity. Some of the most important activities are listed below.

The Group focused in increasing the use of renewable energy across its operations, by investing internally and extending the Guarantee of Origin certifications of the purchased electricity.

In 2022, thanks to the income from the sustainability-related share buyback programme launched in 2021, a new photovoltaic system was installed at the Novi Ligure plant (Italy) with connection to the national grid, which has already delivered excellent results. Installation of a second photovoltaic system has already started in the Italian plant of Canale D'Alba, which will be completed by April 2023. Continuing with the decarbonization path, as part of its internal programme, the Group has planned the implementation of three more

photovoltaic system in other production sites from 2023 onwards.
The Group continued its strategy by extending the achievement of Guarantee of Origin of purchased electricity to all production sites in the Americas.
As a result, 18,343 tons of CO2e were not emitted into the atmosphere versus 2021 and the renewable energy ratio (renewable energy consumed GJ / total energy consumed GJ) improved from 4% in 2021 to 13% in 2022.
A new low-pressure steam boiler was installed at the Jamaican distillery of New Yarmouth, which, together with the previously implemented new distillation columns, resulted in more efficient energy usage in the distillation processes. As a result of these interventions, the distillery has reduced its energy intensity (MJ/L) by 18% compared to 2021, making a significant contribution to the global energy reduction.

The overall Campari Group energy efficiency and decarbonisation programme initiatives, the improved efficiency in the distillation processes and the increase in production volumes resulted in a significant reduction of the Group's energy consumption per litre manufactured.
In 2022 the energy intensity was in fact 1.73MJ/L, representing an overall reduction of -11% compared to the previous year (1.95 MJ/L) and of -36% compared to 2019 (2.69 MJ/L).

ENERGY CONSUMPTION

	2020	2021	2022
Total energy consumption (GJ)	1,585,553	1,518,397	1,529,605
Performance of energy consumption (MJ/L manufactured)	2.57	1.95	1.73

CONSUMPTION OF ENERGY BY RENEWABLE/NON-RENEWABLE SOURCES

	2020	2021	2022
Consumption of energy from renewable sources (GJ)	281,439	62,020	199,881
Consumption of energy from non-renewable sources (GJ)	1,304,114	1,456,377	1,329,725

CONSUMPTION OF ENERGY BY SOURCE

	2020	2021	2022
Consumption of electricity drawn from the grid (GJ)	157,361	164,942	189,408
Total heating consumption (GJ)	2,123	2,084	1,725
Total cooling consumption (GJ)	0	0	0
Total steam consumption (GJ)	0	0	0
Petroleum distillate fuels (GJ)	295,838	328,775	332,797
Purchased natural gas (GJ)	887,570	1,017,010	979,409
Fuels from natural gas processing and oil refining (GJ)	4,517	3,787	4,037
Purchased wood (GJ)	0	0	0
Energy produced from renewable sources (GJ)	238,145	1,800	22,230

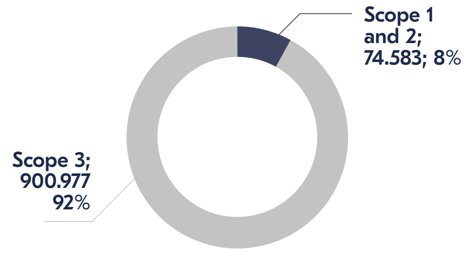
- ***Emissions***

In 2022, the Group recorded a reduction of 17% in the amount of Greenhouse Gas (GHG) Scope 1 and 2 market-base emissions released during its production activities compared to 2021 (89,432 t of CO2 e.) and a reduction of 20% compared to 2019 (93,795 t of CO2 e.).
The rum distillery in Martinique has significantly contributed to Scope 1 emissions reduction, using a steam boiler fuelled with biomass, which is internally produced as organic waste from distillation activities and reused as a source of renewable energy.
Apart from the internal investments in renewable energy, the extension of Guarantee of Origin of our purchased electricity to the Campari Americas production sites made a strong and important contribution to the reduction of Scope 2 emissions compared to 2021 (-82%) and to 2019 (-88%).

In 2022, the quantity of carbon dioxide-equivalent emitted per litre manufactured was 0.08Kg/L, reduced by -27% compared to 2021 (0.11Kg/L) and by -47% compared to 2019 (0.15Kg/L).

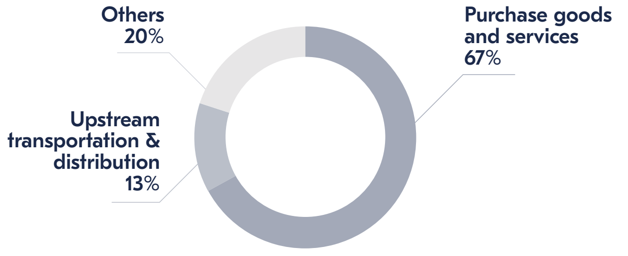
In addition to the continuous and robust commitment in reducing the carbon emissions from its direct operations, Campari Group has extended its efforts to the whole value chain.
In 2022, the Group carried out an in-depth screening of the fifteen (15) categories listed by the GHG Protocol standard for the accounting of Scope 3 emissions. As a result of the analysis, the most relevant categories identified are Purchase Goods and Services (67%) and Upstream Transportation and Distribution (13%), which cover the 80% of the total Scope 3 impact.

GHG EMISSIONS SCOPES



Scope 1 and 2
Scope 3

SCOPE 3 - BREAKDOWN BY CATEGORIES



Purchase goods and services
Upstream transportation & distribution
Others

In 2022, Campari Group closely worked with its main suppliers to develop a plan to decarbonize the materials bought and the services sourced. As a result of this activity, the Group will define a carbon emission reduction roadmap in 2023, aimed at reducing the environmental impacts from materials used and product flows, and at introducing sustainable practices across the value chain.

With regard to methodology, as in 2021, the Group applied the conversion factors provided for under the GHG Protocol[48].

GHG EMISSIONS, SCOPES 1 AND 2

	2020	2021	2022
GHG emissions, Scope 1 (t of CO2 e.)	72,025	78,108	72,542
GHG emissions, Scope 2 location-based (t of CO2 e.)	13,289	15,431	17,261
GHG emissions, Scope 2 market-based (t of CO2 e.)	11,850	11,325	2,041
GHG emissions, Scope 1 + Scope 2 market-based (t of CO2 e.)	83,829	89,432	**74,583**
GHG emissions performance Scope 1 + Scope 2 market-based (kg of CO2 e. / L manufactured)	0.14	0.11	**0.08**

GHG EMISSIONS BY TYPE

	2020	2021	2022
Combustion in thermal plants (t of CO2 e.)	70.889	77,461	72,085
Refrigerants (t of CO2 e.)	1,136	647	457
Purchased electricity location-based (t of CO2 e.)	13,289	15,431	17,261
Purchased electricity market-based (t of CO2 e.)	11,850	11,325	2,041

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

In 2022, Campari Group reported publicly on its climate-related progress, disclosing for the first time to the CDP (Carbon Disclosure Project) framework. CDP is the most important global questionnaire collecting climate-related data, in which companies gather and externally disclose their strategy, targets and projects aimed at managing and mitigating climate change aspects. Investors and companies use the CDP to make informed decisions, to reward companies that demonstrate leadership and to lead collective climate action.

Campari Group received a 'B' score (Management level) for the 2022 Climate Change questionnaire (based on 2021 data), which recognises the company's active management in taking and addressing coordinated actions on climate change issues. This result represents a remarkable achievement and a very important step forward for the Group's sustainability journey and for the relationship with external stakeholders.

- ***Water management***

Target

Reduce water usage (L/L) by 40% within 2025 and by 42.5% within 2030, having 2019 as a baseline[49]

2022 Achievements

- Launch of a Water Reduction programme.
- Water usage (L/L) reduced by 48% compared to 2019.

Next steps

Water Reduction programme implementation in the Group's direct operations.

Target

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

2022 Achievements

Safe return to the environment of 100% of wastewater from operations.

Next steps

Continue to guarantee the safe return to the environment of 100% of wastewater from operations.

Water is a precious and shared natural resource, increasingly a point of interest for many stakeholders and an essential component in the production processes.

Despite the fact that Group production sites are not located in geographical areas exposed to an extremely high-water risk, as confirmed by the Aqueduct Water Risk Atlas (World Resources Institute)[50], Campari Group recognises the importance of water and is committed to preventing and reducing use of this primary resource through a proper and more sustainable water management programme.

As part of the global Water Reduction programme launched in 2021, aimed at optimising water use, reducing costs and improving environmental impact, the Group has developed and applied a water cycle diagnostic toolkit to improve the water usage at production plants.

Following the analysis performed in 2021, the bottling operation in Novi Ligure (Italy) has implemented a series of improvement interventions in order to reduce the amount of water withdrawals through recycling and reuse activities in its production processes. As a result of these interventions, the site has reduced its water intensity (L/L) by 14% compared to 2021 performance.

Across all production sites, Campari Group continues to guarantee the safe return to the environment of 100% of its wastewater from operations and no incidents or breaches of legislation were recorded in 2022.

(49) Former target -20% (L/L) in 2025 and -25% (L/L) in 2030 revised following very positive performance results in 2021.
(50) www.wri.org/resources/maps/aqueduct-water-risk-atlas.

As an example of its commitment, Campari Group is the first rum producer in Jamaica to make a commitment to invest over US$50 million in the implementation of a wastewater treatment plant for its rum distillery in New Yarmouth. The outcome of this process is to ensure a safer return of the treated wastewater to the environment, including the recovery of solid residues as animal feed and natural fertilizer.

The Group's performance of water use was reduced by -17% compared to 2021 and -48% compared to 2019, as a result of water efficiency activities implemented by the Group's production sites. Consequently, the volume of water used per litre manufactured decreased to 11.1L/L.

WATER WITHDRAWAL[51]

	2020	2021	2022
Total volume of water withdrawn (m^3)	11,073,051	10,439,074	**9,767,801**
Performance of water use (L/L manufactured)	18.0	13.4	**11.1**

WATER WITHDRAWAL BY SOURCE

	2020	2021	2022
Surface water-rivers (m^3)	4,184,933	2,054,681	2,319,935
Groundwater (m^3)	6,207,046	7,663,205	6,705,149
Rainwater (m^3)	2,756	6,335	1,993
Municipal water supply (m^3)	678,196	714,843	740,723

WATER DISCHARGES AND INTENSITY

	2020	2021	2022
Total volume of water discharged (m^3)	3,873,939	2,845,549	2,592,091
Performance of water discharged (L/L manufactured)	6.3	3.7	2.9

WATER DISCHARGES BY DESTINATION

	2020	2021	2022
Wastewater discharged in bodies of surface water (m^3)	956,432	487,752	595,383
Wastewater discharged into groundwater (m^3)	2,169,852	1,441,930	1,100,435
Wastewater discharged into consortium plants (m^3)	237,640	368,584	332,792
Wastewater discharged into municipal	424,469	341,640	335,169
or other facilities (m^3)	341,640	335,169	319,491
Total volume of wastewater reused by/sent to another organisation (m^3)	168,391	212,115	243,991

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

ANALYSIS OF WATER AND TREATMENT

	2020	2021	2022
Volume of physically treated water (m^3)	36,879	20,593	30,474
Volume of chemically treated water (m^3)	82,047	78,423	80,491
Volume of biologically treated water (m^3)	244,263	232,427	270,345
Volume of chemically/biologically treated water (m^3)	6,816	6,007	5,177
Volume of chemically/physically treated water (m^3)	28,851	32,660	37,130

(51) All water withdrawal at Campari Group facilities can be categorized as fresh water, e.g. with a total dissolved solids concentration lower than 1000 mg/L.

- ***Waste management***

Target

Zero waste to landfill from direct operations within 2025.

2022 Achievements

- Launch of a global reduction programme to reduce waste to landfill.
- Total waste reduced by 8% compared to 2021.
- Waste to landfill reduced by 45% compared to 2021, equal to 3,829 tons of waste.
- The ratio between the total volume of waste produced and the total waste destined for landfill was reduced to 9%.

Next steps

Continue the global reduction programme towards the zero waste to landfill target within 2025.

Campari Group is committed to reducing total waste from its production sites, adopting a circular approach, through different local initiatives aimed at optimising the use and disposal of materials, improving efficiency, increasing recycling, recovery and reuse processes.

The Group aims to achieve zero waste to landfill across its production sites by 2025. As a continuation of the programme launched in 2021 for the production sites in the Americas, which represent more than 95% of the total waste to landfill, the Group progressively reduced the volumes of waste destined for landfill by -45% compared to the previous year.

As a contribution to the achievement of the global target, dedicated projects have been also implemented for the production sites in Derrimut (Australia) and in Volos (Greece).

As an overall result of the activities carried out, in 2022 the ratio between the total volume of waste produced and the total waste destined for landfill dropped to 9% from 24% in 2019.

With regard to organic waste, production sites aim to increase the recovery and reuse rate of by-products generated in its production cycle, by using them as animal feed, biomass or compost.

Despite the low percentage of hazardous waste produced during manufacturing activities (0.14%), the Group continues to prevent and eliminate any such environmental impact through the identification of possible innovative treatment methods.

In 2022, the Group decreased the total waste produced: the amount of waste produced per litre manufactured was in fact 0.06kg/L, a decrease of 14% compared to 2021 and 40% compared to 2019 (0.10kg/L)[52].

WASTE PRODUCED AND INTENSITY

	2020	2021	2022
Total waste produced (t)	46,146	57,213	**52,559**
Performance of waste produced (kg/L manufactured)	0.08	0.07	**0.06**

HAZARDOUS AND NON-HAZARDOUS WASTE

	2020	2021	2022
Hazardous waste produced (t)	143	83	60
Non-hazardous waste produced (t)	46,003	57,130	52,499
Hazardous waste produced (%)	0.31	0.15	0.11

(52) The discrepancy between the total waste produced and the destination of total waste is due to a rounding of the data collected.

DESTINATION OF TOTAL WASTE PRODUCED

	2020	2021	2022
Internal reuse (t)	0	0	0
External reuse (t)	10,150	11,171	13,887
Recovery, including energy recovery (t)	8,953	17,098	6,777
Composting (t)	4,352	11,096	21,000
Incineration (t)	4	10	68
Landfill (t)	11,108	8,481	4,652
On-site storage (t)	67	29	9
Fertilisation in agriculture (t)	8,149	5,108	1,049
Recycling (t)	1,944	3,206	3,570
Other destinations (t)	1,417	1,014	1,542

DESTINATION OF HAZARDOUS WASTE PRODUCED

	2020	2021	2022
Internal reuse (t)	0	0	0
External reuse (t)	0	1	0
Recovery, including energy recovery (t)	19	21	20
Composting (t)	0	0	0
Incineration (t)	2	0	22
Landfill (t)	0	1	1
On-site storage (t)	59	6	8
Fertilisation in agriculture (t)	0	0	1
Recycling (t)	3	13	1
Other destinations (t)	59	41	3

DESTINATION OF NON-HAZARDOUS WASTE PRODUCED

	2020	2021	2022
Internal reuse (t)	0	0	0
External reuse (t)	10,150	11,169	13,887
Recovery, including energy recovery (t)	8,935	17,077	6,757
Composting (t)	4,352	11,096	21,000
Incineration (t)	2	10	46
Landfill (t)	11,108	8,481	4,651
On-site storage (t)	8	22	1
Fertilisation in agriculture (t)	8,149	5,108	1,048
Recycling ()	1,941	3,194	3,569
Other destinations (t)	1,358	972	1,539

• *Spills*

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

TOTAL SPILLS

	2020	2021	2022
Total spills (number)	13	23	24

SPILLS BY DESTINATION

	2020	2021	2022
Ground spills (number)	8	8	14
Surface water spills (number)	2	6	8
Groundwater spills (number)	0	1	0
Industrial consortium wastewater spills (number)	0	1	0
Spills in municipal water supplies or other utilities (number)	0	0	1
Air spills (number)	3	7	1

• *Penalties and fines*

In 2022 no environmental penalties or fines were received, as proof of the Group's continuous attention to compliance.

• *Certifications*

The performance of Environmental Certification rate (%), as bottles produced in production units certified according to international standards for environment, remains in line with the previous years.

ENVIRONMENTAL CERTIFICATIONS

	2020	2021	2022
Bottles produced in production units certified in accordance with international environmental standards (ISO14001/EMAS/ISO50001) (%)	67%	67%	67%

• *EU Taxonomy*

The following disclosure complies with the reporting requirements of the EU Regulation 852/2020, hereafter referred to as 'Taxonomy Regulation' or 'Taxonomy', the Delegated Regulation 2021/2139, hereafter referred to as 'Climate Delegated Regulation' and the Delegated Regulation 2021/2178, hereafter referred to as 'Art. 8 Delegated Regulation'.

The Taxonomy is a classification system aimed at identifying environmentally sustainable economic activities based on six different environmental objectives (*climate change mitigation, climate change adaptation, sustainable use of water and marine resources, transition to circular economy, pollution prevention and control and prevention and restoration of biodiversity and ecosystem*). Currently, the Taxonomy, through the Climate Delegated Act, only focuses on those economic activities and sectors that have the greatest potential to achieve the objectives of climate change mitigation and adaptation. In particular, an activity can be considered aligned with the Taxonomy only if it contributes substantially to at least one environmental objective, it does not significantly harm any of the other objectives, it is carried out in compliance with the minimum safeguards criteria, and it complies with technical screening criteria.
2022 is the first financial year for which the Taxonomy Regulation must be applied thoroughly by companies, which hence needs to disclose the level of alignment of their economic activities.

• *Campari Group's approach*

Campari Group is committed to the responsible use of resources and reduction of the environmental impact of production activities as outlined in the targets set at Group level. Campari Group also commits to incorporating the Taxonomy framework into its activities, both strategically and operationally.
The technical screening criteria under which an economic activity qualifies as substantially contributing to the remaining four environmental objectives (sustainable use of water and marine resources, circular economy, pollution prevention and control, prevention and restoration of biodiversity and ecosystem) have not yet been disclosed. Hence, many sectors and activities, e.g. productions of beverages, are not yet included in the Taxonomy. According to the non-binding report on the remaining environmental objectives published by the Platform on Sustainable Finance (PSF)[53] in March 2022, Campari Group's reference sector *2.5 Manufacture of food and beverage* should be included in the Taxonomy as potentially contributing to the environmental objectives of *Protection and restoration of biodiversity and ecosystems and Transition to a circular economy*.
Nevertheless, the Group carried out a screening of its activities, operations and expenses with a particular focus on capital expenditures connected with eligible and aligned economic activities with regard to the *climate change mitigation* and *climate change adaptation* objectives.

• *Eligibility Assessment*

In order to identify Taxonomy-eligible activities, Campari Group's activities other than the core business covered by the Taxonomy, and, in particular, by the Climate delegated Regulation , were analysed.

The Group has an in-house museum, Campari Gallery, where guided tours are organised to explore the history of the brand. This activity could be associated with *13.2. Libraries, archives, museums and cultural activities* and therefore eligible to contribute to the objective of climate change adaptation. However, the total revenues resulting from ticket sales of Campari Gallery are negligible compared to the Group's total revenues (less than 0,1%).
Since no other relevant eligible turnover-generating activities were identified, the capital expenditures (CapEx) and operating expenditures (OpEx) have been analysed in order to map those connected with the acquisition of outputs from Taxonomy-aligned economic activities that reduce greenhouse gas emissions[54]. Such types of CapEx and OpEx will be from hereby referred to as *capital and operating expenditures in eligible (or aligned) economic activity*. Campari Group identified some capital expenditure in eligible economic activities, mainly in relation to efficiency projects, construction of a wastewater treatment and renovation of buildings. As required by the Art. 8 Delegated Regulation, all the measures identified will be implemented and operational within 18 months from the recognition of the CapEx in the financial statement. The activities mapped are eligible for contributing to both the *climate change adaptation* and *climate change mitigation* objectives; in order to avoid double counting and in consistency with the alignment assessment, they are included in Table 2 (*Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities*) as contributing 100% to climate change mitigation.
The Group is currently not investing to expand Taxonomy aligned economic activities nor to allow Taxonomy-eligible economic activities to become Taxonomy-aligned since none of the significant activities of the Group could currently be considered eligible for contributing to the climate objectives as set out in the Climate Delegated Regulation.
No relevant operating expenditures in eligible economic activities have been identified during the analysis.

• *Alignment Assessment*

The identified capital expenditures in eligible economic activities Capex have been investigated in order to assess whether they could be considered aligned. The most relevant projects for which major and significant investments occurred in the year were selected and screened for alignment, analysing both the projects' characteristics and the procedures followed by the suppliers involved. The selected projects were evaluated according to the technical screening criteria for their contribution to the objective of climate change mitigation.

MINIMUM SAFEGUARDS

In order to be considered aligned to the Taxonomy, an economic activity needs to be carried out in compliance with the minimum safeguards and thus to ensure the implementation of procedures in line with global recognized frameworks as: the OECD Guidelines for Multinational Enterprises (OECD MNE Guidelines), the UN Guiding Principles on Business and Human Rights (UNGPs), including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organization on Fundamental Principles and Rights

(53) The Platform on Sustainable Finance is a standing group of private and public-sector experts that supports the Commission in the development of sustainable-finance policies that help the Taxonomy progressing.
(54) These capital and operating expenditures are defined by the COMMISSION DELEGATED REGULATION (EU) 2021/2178 of 6 July 2021-Art. 8 Delegated Regulation-(Annex I) as 'related to the purchase of output from Taxonomy aligned economic activities and individual measures enabling the target activities to become low carbon or to lead to greenhouse gas reductions'.

at Work and The International Bill of Human Rights. In the absence of further guidance from the European Commission, the Group based the minimum safeguards assessment on the 'Final Report on Minimum Safeguards' published by the Platform on Sustainable Finance (PSF) in October 2022.

The scope of the minimum safeguards covers the following four topics: human rights (including labour and consumer rights), corruption and bribery, taxation, fair competition.
Campari Group conducted the assessment on Minimum Safeguards based on a procedural dimension, checking the adequateness of the processes implemented to prevent negative impacts, and on an outcome dimension, checking their effectiveness. In order to ensure the compliance with the Minimum Safeguards along the supply chain, the Group adopted a two-level assessment approach, conducting screening at both the organisation level and the supplier level.

For what concerns compliance within the organization, Campari Group has adopted the Code of Ethics that summarises the guiding principles of the Group's conduct and implemented specific measures for each of the topics included in the minimum safeguards as follows.

HUMAN RIGHTS (INCLUDING LABOUR AND CONSUMER RIGHTS)
The Group has incorporated the principle of respect for human rights in the Employees and Human Rights Policy, which applies to all Group members. To this end, the Group provides a specific reporting system which can be used to report human right violations either by the Group or any of the actors of its value chain. In 2012, the Group also adopted the Supplier Code with the aim of sharing its ethical values and principles with its suppliers requiring them to adhere to, sign and ensure compliance throughout their respective supply chains. The Group reserves the right to monitor the supplier performance and to terminate any agreement in the event of violations. As of today, the Group is also committed to implementing a human rights due diligence process.

CORRUPTION AND BRIBERY
The main instruments adopted by Campari Group to prevent and fight corruption practices are the Code of Ethics, the Business Conduct Guidelines and the training regularly provided on these topics. Moreover, the Group recently adopted an Anti-Corruption Policy and periodically conducts corruption risk analyses. The Group, in fact, is constantly engaging in risk analysis to map the regulations applicable at local level and to further examine the companies' internal control systems. Accordingly, Campari Group has developed a multi-year process to strengthen its compliance management system, particularly with regards to the areas of anti-corruption and conflicts of interest.

TAXATION
The Group applies a tax policy focused on compliance with applicable laws and regulations and on proactive and efficient taxation. In fact, the organisation has always adopted a transparent attitude towards Tax Authorities and applies a transfer pricing policy between its subgroups ensuring that profits are taxed in a manner consistent with commercial activities and economic substance. The Group regularly reviews its business strategy and taxation policy considering legislative and regulatory changes and assesses the likelihood of any negative results of potential tax inspections.

FAIR COMPETITION
Campari Group's main tools to avoid anti-competitive behaviour are the Code of Ethics and the Business Conduct Guidelines. Indeed, Campari Group's Code of Ethics provides its stakeholders with guidance on data privacy, antitrust, conflict of interest and anti-corruption measures and it includes technical content as a reference for the legal community. In addition, a new Antitrust Policy has recently been adopted.

As a result, Campari Group has not been convicted in court in cases related to human rights, corruption and bribery, taxation or fair competition. Moreover, it has not been involved in a case dealt by an OECD National Contact Point (NCP), nor was questioned by the Business and Human Rights Resource Center (BHRRC).

In this context, in order to verify the compliance along the value chain, a specific assessment has been conducted on the suppliers related to the projects selected for the alignment screening. The analysis has been conducted directly questioning suppliers on the procedural and outcome dimensions.

The analysis conducted allowed to assess that both Campari Group and the selected suppliers are in compliance with all minimum safeguard criteria and therefore the below-specified activities are considered in line with the Regulation.

SUBSTANTIAL CONTRIBUTION AND DO NO SIGNIFICANT HARM (DNSH)
For an economic activity to be considered Taxonomy-aligned, it must substantially contribute to one or more environmental objective and not harm any of the other environmental objectives. The substantial contribution and the DNSH criteria set by the regulation are very technical and the alignment analysis of capital expenditures in eligible economic activities required the extension of the screening activity to the supply chain. Therefore, the investigation of the projects' features was conducted with the collaboration of the involved suppliers, which were asked to disclose information regarding the project and the process related to it in line with the requirement of the Regulation.

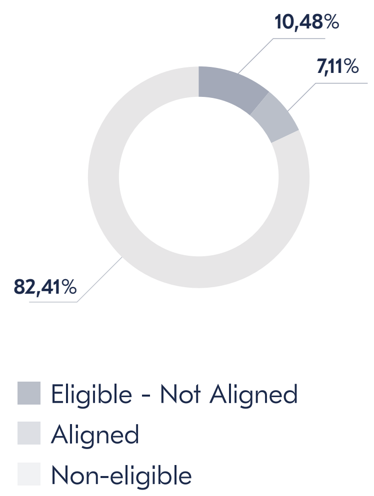
The Group laid the foundation for the definition of an analysis framework that will be continued and refined in the future and lead to the involvement of an increasing number of projects and business partners. This framework will make it possible to consider the ambitious criteria set by the Regulation in future investment choices, as well as to prepare the Group and its stakeholders for the alignment exercise. The results of this year's analysis are described in the section 'Results and accounting policy'.

- ***Results and accounting policy***

For the reporting period 2022, the Key Performance Indicators (KPIs) in relation to Taxonomy-eligible but not aligned, Taxonomy-aligned and Taxonomy not-eligible activities are hereby reported in line with Art. 8 Delegated Regulation. The Group could only report the eligibility and alignment results related to CapEx as the KPI's numerator for turnover and OpEx is equal to zero (more details are disclosed in the following paragraphs).
The results of CapEx KPI are shown in the graph below. More details about the CapEx are provided in Table 2 alongside with the other tables for Turnover and OpEx in the current paragraph of this document.

BREAKDOWN OF CAPEX KPI

Eligible and not aligned activity code and name	%
7.2. Renovation of existing buildings	6.08
7.3. Installation, maintenance and repair of energy efficiency equipment	2.67
5.1. Construction, extension and operation of water collection, treatment and supply systems	0.58
5.2. Renewal of water collection, treatment and supply systems	0.43
7.7. Acquisition and ownership of buildings	0.24
5.3. Construction, extension and operation of wastewater collection and treatment	0.22
7.1. Construction of new buildings	0.11
3.3. Manufacture of low carbon technologies for transport	0.09
7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	0.05
5.9. Material recovery from non-hazardous waste	0.01
Aligned activity code and name	**%**
5.3. Construction, extension and operation of wastewater collection and treatment	6.69
7.6. Installation, maintenance and repair of renewable energy technologies	0.42



Turnover
The Group, in line with the previous year, reports no eligible turnover, as shown in Table 1, where the total turnover of the Group is categorised as non-eligible. In particular, the total turnover refers to net sales as per the Consolidated Statement of profit and loss. For more information on total turnover please refer to note 3.i-'Net sales' of Campari Group consolidated financial statements at 31 December 2022. The only eligible activity the Group carries out, related to Campari Gallery generates turnover that compared to the total revenue of the Group is close to 0%. Moreover, while relating to activity *13.2. Libraries, archives, museums and cultural activities*, it cannot be considered enabling[55]. For these reasons, no turnover is shown in the quantitative

(55) According to the subparagraph 1.1.1. of the Art. 8 Delegated Regulation (Delegated Regulation 2021/2178), the net turnover derived from products and services associated with economic activities that contribute to climate change adaptation but do not qualify as enabling, shall be excluded from the numerator.

templates below for activity 13.2 in the eligibility section.

CapEx

The table 2 below shows the Group CapEx divided into Taxonomy-aligned, Taxonomy-Eligible but not aligned and Taxonomy-not-eligible activities.

Most of the capital expenditures in eligible economic activity refer to efficiency projects, construction of a wastewater treatment plant and various renovation operations made on buildings. The total Taxonomy-eligible activities amount to 17,59% in 2022, representing an increase compared to last year when the percentage amounted to 7%. This trend can be attributed to the nature and the size of the identified projects. Moreover, the increasing maturity of the standard, newly published guidance documents and the broader awareness on the topic led to a higher level of analysis that allowed for a more accurate mapping of real estate-related activities (e.g: *7.1 Construction of new buildings, 7.2 Renovation of existing buildings, 7.7 Acquisition and ownership of buildings*).

In 2022 the level of alignment of capital expenditures reached 7,11%. Projects and the related activities that passed the screening are detailed below.

ACTIVITY 5.3. CONSTRUCTION AND OPERATION OF WASTEWATER COLLECTION AND TREATMENT-NEW YARMOUTH DISTILLERY WASTEWATER TREATMENT PLAN

Requirements	Elements for compliance
Minimum Safeguards	The main supplier of the project has adopted appropriate policies and measures to be compliant with the minimum safeguard criteria. As a proof of its behaviour, it has never been convicted (final conviction) in court cases relating to human rights, corruption, fair competition, and taxation.
Substantial Contribution	The net energy consumption of the wastewater treatment plant is below the threshold set for its capacity. Moreover, given the nature of the project, the assessment of the direct GHG emissions was not required.
DNSH Climate Change Adaptation	Campari Group does consider the relevant risks for its activity among the ones included in Appendix A and takes the necessary adaptation actions. More specifically, Campari Group developed the project taking into consideration the risks identified based on the type of activity and location according to the latest guidance and recommendations available. In this context, the details of the climate risk assessment are considered proportionate to the type of activity and the current assessment is sufficient to identify the physical climate risks that are material to the activity.
DNSH Use and protection of Water and Marine Resources	The environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed in accordance with applicable national law and a water use and protection management plan has been developed accordingly. The project has been submitted for approval by the Jamaican National Environment and Planning Agency. The interlocution with the Jamaican Agency could be considered as an element of compliance also for the DNSH Pollution Prevention and Control and Protection and Restoration of Biodiversity and Ecosystems. Lastly, the treated water is not used for agricultural irrigation.
DNSH Pollution Prevention and Control	Discharges to receiving waters meet the requirements as laid down in national provisions stating maximum permissible pollutant levels from discharges to receiving waters.
DNSH Protection and Restoration of Biodiversity and Ecosystems	The site is not located in or near biodiversity-sensitive areas and all requirements set by the national legislation have been respected.

ACTIVITY 7.6. INSTALLATION, MAINTENANCE AND REPAIR OF RENEWABLE ENERGY TECHNOLOGIES-PHOTOVOLTAIC PLANTS (NOVI LIGURE AND VOLOS)

Requirements	Elements for compliance
Minimum Safeguards	The main supplier of the project has adopted appropriate policies and measures to be compliant with the minimum safeguard criteria. As a proof of its behaviour, it has never been convicted (final conviction) in court cases relating to human rights, corruption, fair competition, and taxation.
Substantial Contribution	The activity involves the installation, maintenance and repair of solar photovoltaic systems and the ancillary technical equipment.
DNSH Climate Change Adaptation	Campari Group does consider the relevant risks for its activity among the ones included in Appendix A and takes the necessary adaptation actions. More specifically, Campari Group developed the project taking into consideration the risks identified based on the type of activity and location according to the latest guidance and recommendations available. In this context, the details of the climate risk assessment are considered proportionate to the type of activity and the current assessment is sufficient to identify the physical climate risks that are material to the activity.

With reference to the results in Table 2, the total CapEx consists of additions to tangible and intangible assets during the financial year. In particular, it refers to the addition to *property, plant and equipment, right of use assets and intangible assets* (for more information on total Capex please refer to paragraph 'Capital expenditure' of the management board report in this annual report at 31 December 2022). As explained above, the capital expenditures in the numerator are those related to the purchase of output from Taxonomy-aligned economic activities. Therefore, these activities refer to the addition to property, plant, and equipment. Double counting was avoided by individually examining each of the items categorized as eligible and aligned and reporting activities in the table as contributing to climate change mitigation.

OpEx

The Table 3 below shows the non-eligible OpEx calculated as the sum of direct non-capitalised costs related to research, development and innovation, as well as maintenance, repairs and renovation measures on property plant and equipment and short-term rental according to Art. 8 Delegated Regulation. This item is part of the overall 'Selling, general and administrative expenses and Other operating income and expenses' disclosed under the respective note 3 v. of Campari Group consolidated financial statements at 31 December 2022. For 2022, no relevant OpEx related to the purchase of output from Taxonomy eligible and aligned economic activities and to individual measures enabling the Group's activities to become low-carbon or to lead to greenhouse gas reductions was identified. This is to be considered in line with last year's result of 0.03% of eligible OpEx.

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

1. Climate Change Mitigation;
2. Climate Change Adaptation;
3. The Sustainable Use of Water and Marine Resources;
4. The Transition to a Circular Economy;
5. Pollution Prevention and Control;
6. The Protection and Restoration of Biodiversity and Ecosystems.

TABLE 1 - PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES. DISCLOSURE COVERING YEAR N

				Substantial contribution criteria						DNSH Criteria									
Economic activities	**Code(s)**	**Absolute turnover**	**Proportion of turnover**	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**Minimum safeguards**	**Taxonomy aligned proportion of turnover Year N**	**Taxonomy aligned proportion of turnover Year N-1**	**Category (enabling activity or transitional activity)**
		€ million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E/T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
N/A		0	0																
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0	N/A	N/A	N/A	N/A	N/A	N/A								0	N/A	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
N/A		0	0																
Turnover of Taxonomy-eligible not but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0																
Total Turnover of Taxonomy eligible activities **(A.1 + A.2)** (A)		0	0														0	N/A	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)		**2,697.6**	**100**																
Total (A + B)		**2,697.6**	**100**																

TABLE 2 - PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES. DISCLOSURE COVERING YEAR N

				Substantial contribution criteria						DNSH Criteria										
Economic activities	**Code(s)**	**Absolute CapEx**	**Proportion of CapEx**	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**Minimum safeguards**	**Taxonomy aligned proportion of CapEx Year N**	**Taxonomy aligned proportion of CapEx Year N-1**	**Category (enabling activity)**	**Category (transitional activity)**
		€ million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E/T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
5.3. Construction, extension and operation of wastewater collection and treatment	E37.00	14.28	6.69	100	0	N/A	N/A	N/A	N/A	N/A	Y	Y	N/A	Y	Y	Y	6.69	N/A		
7.6. Installation, maintenance and repair of renewable energy technologies	F42.22	0.89	0.42	100	0	N/A	N/A	N/A	N/A	N/A	Y	N/A	N/A	N/A	N/A	Y	0.42	N/A	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		15.17	7.11	100	0	0	0	0	0								**7.11**	N/A	0.,42	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
3.3. Manufacture of low carbon technologies for transport	C33.17	0.19	0.09																	
5.1. Construction, extension and operation of water collection, treatment and supply systems	E36.00	1.24	0.58																	
5.2. Renewal of water collection, treatment and supply systems	E36.00	0.91	0.43																	
5.3. Construction, extension and operation of wastewater collection and treatment	E37.00	0.48	0.22																	
5.9. Material recovery from non-hazardous waste	E38.32	0.02	0.01																	
7.1. Construction of new buildings	F41.2	0.24	0.11																	
7.2. Renovation of existing buildings	F43	12.97	6.08																	
7.3. Installation, maintenance and repair of energy efficiency equipment	C33.14/C33.20	5.69	2.67																	
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	F42.22	0.11	0.05																	
7.7. Acquisition and ownership of buildings	L68.10	0.50	0.24																	
CapEx of Taxonomy-eligible not but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		22.35	10.48														**0**			
Total CapEx of Taxonomy eligible activities **(A.1 + A.2)** (A)		**37.52**	**17.59**														**7.11**	N/A	0.42	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Capex of Taxonomy-non-eligible activities (B)		**175.76**	**82.41**																	
Total (A + B)		**213.28**	**100**																	

TABLE 3 - PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES. DISCLOSURE COVERING YEAR N

				Substantial contribution criteria						DNSH Criteria									
Economic activities	**Code(s)**	**Absolute OpEx**	**Proportion of OpEx**	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**Minimum safeguards**	**Taxonomy aligned proportion of OpEx Year N**	**Taxonomy aligned proportion of OpEx Year N-1**	**Category (enabling activity or transitional activity)**
		€ million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E/T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
N/A		0	0																
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0	N/A	N/A	N/A	N/A	N/A	N/A								0	N/A	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
N/A		0	0																
OpEx of Taxonomy-eligible not but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0																
Total OpEx of Taxonomy eligible activities (A.1 + A.2) (A)		**0**	**0**														0	N/A	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Opex of Taxonomy-non-eligible activities (B)		**33.7**	**100**																
Total (A + B)		**33.7**	**100**																

3.2 LOGISTICS AND SUSTAINABLE DISTRIBUTION

In 2022, Campari Group further consolidated the initiatives already started in previous years to improve its environmental impact in logistics. The two main levers of intervention were intermodal transport and sustainable pallet management in the Europe, Middle East and Africa Region. In 2022, the Group began collecting data on its worldwide air and sea emissions, with total sea movements of 9,439 TEU[56], 295 ISO tankers and 41 air movements, totalling 1,171 tonnes. The Group will continue to collect this data, aiming to reduce air transport in 2023 and take the opportunity to review all its modal transport, focusing initially on the US.

As was the case in 2021, both the Intra-European and Ocean Freight transport markets were characterised by high price volatility and low reliability of service in 2022 due to the pandemic, imbalance of logistics flows and rising fuel costs. This general logistics framework was paired with an urgent demand for finished products due to partially forecasted swings of sales in most of Campari's reference markets. The combination of these two variables slightly reduced Campari's share of intermodal transport compared to the previous year. However, Campari Group's ability and willingness to develop the share of intermodal transport in order to improve its carbon footprint remains intact and will be quickly realised as soon as the reference logistics and commercial markets have stabilised.

• *Europe-Intermodal transport*

Intermodal transport represents a significant opportunity in freight transport thanks to the use of multiple integrated modes of transport. In 2022, intermodal journeys accounted for 21% of journeys in Europe.

	TOTAL JOURNEYS	ROAD TRAVEL		INTERMODAL TRAVEL	
2020	4,473	1,898	42%	2,575	58%
2021	5,708	3,671	64%	2,037	36%
2022	**7,290**	**5,776**	**79%**	**1,514**	**21%**

In Italy too, the Group continues to choose road/rail and road/ship intermodal transport wherever possible, as an alternative to road freight transport, keeping performance in line with that of last year. In fact, of the 5,881 freight transfers, 9.7% were carried out on an intermodal basis (-1.5% vs 2021). In absolute terms, the number of intermodal transfers, driven mainly by business, amounted to 570 with an increase of + 2.3% vs. total intermodal trips 2021 (intermodal trips in 2021 amounted to 557).

(56) A TEU or Twenty-foot Equivalent Unit is an exact unit of measurement used to determine cargo capacity for container ships and terminals.

• *Europe-Sustainable pallet management*

In 2022, the Group continued its collaboration with the supplier PAKi, a company operating in the pallet handling sector. Thanks to its extensive network, PAKi deals with picking up pallets at the unloading points and transferring them to the nearest depot, whether its own or that of another client, and simultaneously delivering the same type of pallet to loading points from its nearest collection points. This mechanism enables us to significantly reduce the number of kilometres travelled across Europe. In 2022, the number of pallets managed using the 'PAKi recovery and reused method' slightly increased in relation to previous years.

PAKi method	2020	2021	2022
Exports-Germany, Austria, Belgium, the Netherlands and Switzerland	80,322	103,424	129,181
Italy	76,746	85,838	104,235
Greece	7,854	12,516	6,732
France	3,035	2,340	3,420
Total	**167,957**	**204,118**	**243,568**

• *Italy-Eco-mobility*

With regard to road transport in Italy, Campari Group has continued its partnership with the operator Berger Logistik, a highly innovative company in the world of sustainable mobility and road transport. The Austrian company has a particular fleet consisting of vehicles complying with the EU Euro 6 regulations on harmful exhaust gases that are built with lightweight steel, making it possible to optimise the product load by transporting two more pallets than could normally be moved using a standard vehicle (additional payload of 7.4%). During the year, 377 extra pallets were loaded using Berger ecotrail lightweight semi-trailer vehicles, thus avoiding the need for the movement of about 18 vehicles which would have occurred if a standard transporter had been used.

Liquefied Natural Gas ('LNG')- LNG, which is mainly made of methane obtained through the use of a number of cooling and condensation processes, is liquefied, reducing its volume 400 times from its original state and enabling a greater quantity of energy to be stored.
In 2022, LNG accounted for 0,5% of 5,881 total transfers (-0.1% versus 2021). The increase in demand for transport has led to greater difficulty in finding LNG vehicles on the market, contributing to the decline in the use of low environmental impact means of transport. Consequently, the transfers carried out by Campari Group using various transport means that have a low environmental impact (LNG and intermodal transport) accounted for 10.2% of total transfers in Italy (-1% compared with 2021).
In environmental terms, the use of LNG instead of a € 5 diesel vehicle and road-rail transports have allowed us to cut emissions of CO_2 and PMx particulates by the following amounts:

- 963.8 kg of CO2 not emitted;
- 145.09 gr of PMx not emitted.

4. COMMUNITY INVOLVEMENT

COMMUNITY INVOLVEMENT-COMMITMENTS

EXPORTING BEST PRACTICES ACROSS KEY MARKETS

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

COMMUNITY INVOLVEMENT- PERFORMANCE

Culture remained a key element of Campari Group's DNA also in 2022. The 'Campari' name has always been associated with the world of art, design and cinema.
The promotion of culture and its dissemination also means focusing on people's education and well-being. Work, education and culture will continue to be key areas in which the Group has decided it will concentrate its efforts, identifying local best practices to be exported to other geographies across the world. The Group is sensitive to the needs of the communities in the countries in which it has a significant presence.
The principal community involvement projects that it has undertaken are described below.

4.1 ART AND CULTURE

Campari Gallery

Campari Gallery was opened in 2010 on the 150th anniversary of the brand. It is an interactive and multimedia space, dedicated to the relationship between the Campari and Campari Soda brand and their communication through art and design. The Gallery exhibits a selection from its historical archives, made up of over 4,000 sketches on paper, photographs, original Belle Époque posters, advertising graphics from the 1920s to the 1990s by artists such as Marcello Dudovich, Leonetto Cappiello, Marcello Nizzoli, Fortunato Depero, Bruno Munari, Guido Crepax and Ugo Nespolo; caroselli (advertising short films dated 1950s-1970s) and commercials and projects by directors such as Federico Fellini, Singh Tarsem, Paolo Sorrentino, Stefano Sollima and Matteo Garrone; objects signed by designers such as Matteo Thun, Dodo Arslan, Markus Benesch and Matteo Ragni.
The Gallery reacted to the unexpected closure in 2020-2021, due to the pandemic, by continuing to share and enrich its historical and artistic heritage through a vast array of online activities. The digital activities were retained as a powerful tool following the reopening of the Gallery. Also, dedicated tours were offered to Italian and foreign universities to create a complete educational offer through which participants can discover the history of a great example of Italian entrepreneurship. Visitors in 2022 numbered around 7,900; with 335 virtual visitors and 7,565 on-site visitors. In 2022, Campari Gallery hosted two special exhibitions: Depero Campari, il bianco e nero a colori (to celebrate the 130th anniversary of the birth of Fortunato Depero, one of the most important artists who collaborated with Campari and created some of the most iconic sketches for the communication of the brand), and The Spiritheque-Behind the stories Beyond the spirits' (showcasing the work of 10 authors and illustrators, from all over the world, who interpreted, each with their own creative flair, the exceptional stories of five brands that have made the Group famous around the globe: Aperol, Campari, Grand Marnier, Appleton Estate and Cynar).
Finally, in 2022, Campari Gallery participated in online and on-site events as part of national and local initiatives promoted at national level and by the City of Milan. These included: Open House and Museocity, Archivissima, devoted to the promotion of the historical corporate archives and their stories to the general public, the European Heritage Days, to showcase important artistic treasures to the public, and the 20th Corporate Culture Week (as part of the national Museimpresa circuit), organized by Confindustria and Museimpresa.

SpazioArte (Art space)-redevelopment and cultural project

Campari Group sponsored and promoted an urban redevelopment project in Sesto San Giovanni (Milan-Italy), home of the Group's HQ, through the creation of the SpazioArte mural dedicated to inclusion. The building hosts various cultural activities for the local community, mainly aimed at young people, as well as an Italian school for foreign women. This is the third work the Group is supporting in Sesto San Giovanni with street artists: in 2008 the wall of Group HQ was painted and few years later the walls of some central streets of the city were decorated to celebrate the anniversary of the Campari brand.

Cinzano Archive

The Archivio Cinzano (Cinzano Archive) preserves over 260 years of history of a brand which has managed to intertwine its company development with the change in customs and traditions in Italy. The collection is made up of more than 20,000 items, including family documents, posters designed by the most important artists of the past century (i.e. Adolf Hohenstein, Leonetto Cappiello, Raymond Savignac), vintage bottles and labels, diplomas, advertising objects and mixology tools from the beginning of the 19th century to today.
With the rising importance of the digital world and in order to find a distinctive way to interact and engage with the local community, a digital strategy was developed to present the brand, which was founded in 1757, in a very authentic and modern way.

Campari and the cinema

Symbol of the Italian aperitif par excellence, Campari is for the fifth consecutive year the main sponsor of the Mostra Internazionale d'Arte Cinematografica-La Biennale di Venezia, the most important international festival for the promotion of cinema in all its forms. In 2022, Campari also sponsored the 59th New York Film Festival for the fourth year running, demonstrating the brand's continued commitment to championing film industry creatives and their Red Passions, and the 75th edition of the world-renowned Festival de Cannes where has been official partner for the first year. Since 2020, Campari Group is also an official partner of the Locarno Film Festival. Campari has always chosen the cinematographic medium as a vehicle of communication, developing numerous collaborations with internationally renowned directors and actors, through innovative campaigns that have written the history of brand communication. An artistic journey that began in 1984, when Federico Fellini shot 'Ragazza in treno' (Girl on the train) for Campari: a real short film that saw the famous director try his hand for the first time at creating a commercial for a private brand. In order to support a sector that was hit so hard in recent times, Campari has launched the #PerIlCinema (#ForTheCinema) initiative, in collaboration with QMI-a company active in the entertainment sector. For each cinema voucher purchased, Campari supports the cinemas chosen by users by giving away a second cinema voucher.

In its fourth edition, Campari LAB is an educational film laboratory created in collaboration with Rome's Experimental Film Centre (Centro Sperimentale di Cinematografia), Italy's oldest institution for higher education, conservation and research in the field of film culture, with the aim of showcasing new talent on the Italian film scene across all of the professions that give life to the world of film and promoting experimentation with new visual languages and innovative storytelling methods. As part of the educational programmes of the National School of Cinema, Campari LAB is a cultural incubator in which to discover and train new talent in all the professions that passionately bring the world of cinema to life: from producers, directors, actors and screenwriters to photographers, set designers, editors and composers. It is the first branded content laboratory of the Experimental Centre aimed at the creation of short films inspired by the core values of the Campari brand. The result of this collaboration in 2022 was *Passion through the mirror,* an anthological series developed in 6 episodes and presented during the Venice Film Festival.

Campari Soda and the design

During the 2022 Milan Design Week, Campari Soda presented the new 'Design Connection' edition, realised in collaboration with Alessi, a leader among Italian design companies at international level.
#DesignConncection was created with the aim of reinforcing and making visible and concrete the strong link between Campari Soda and the world of design, which began back in 1932, the year in which Davide Campari-an enlightened entrepreneur and a great art lover-created the first single-serving aperitif in history and asked futurist Fortunato Depero to design the unmistakable 9.8 cl inverted goblet-shaped bottle. The two brands joined forces to create a new chapter of #WithoutLabels design, creating two iconic objects signed by the renowned designer Giulio Iacchetti and inspired by the unmistakable style of Depero. The proceeds from the sale of the objects has been donated to POLI.design-an international point of reference for post-graduate design courses at the Polytechnic University of Milan (Politecnico di Milano)-with the aim of supporting the training and growth of young design students. Also, through a new exclusive collaboration with Fabrica, a research centre dedicated to young talent from all over the world, Campari Soda launched a three-month project that saw Fabrica's designers engaged in the design and practical development of a series of objects designed for everyday life. The entire proceeds from the sale of the objects contributed to the realisation of workshops and conferences aimed at the young designers of Fabrica, in a continuous exchange with the most important international exponents of the world of design, culture and communication.

4.2 SUPPORT TO LOCAL COMMUNITIES

#Negroni Week

For the 10th year running, Campari and Imbibe Magazine came together to promote #NegroniWeek 2022, the annual international fundraising campaign which celebrates more than 100 years of the Negroni Cocktail, an iconic mix of Campari, gin and sweet red vermouth. The aim of this one-week initiative, which has been taking place internationally since 2013, is to raise funds for charities and non-governmental organisations (NGOs). In a landmark year for the global initiative, Slow Food, a global movement of local communities and activists, was selected as the new charitable partner and over 10,000 local bars in up to 80 markets supported the cause, raising over $500,000 in 2022 and more than $3.5m in total since its first activation. With 79 participating countries and a notable presence in the US, UK, Greece, India and Mexico, all donations will support Slow Food. The Slow Food Negroni Week Fund will directly support the cocktail community and help preserve cultural and biological diversity, promote food and beverage education and knowledge exchange, and foster equity and justice.

AdAstra Project

AdAstra Project-Spazio al tuo futuro (Space for your future) is a training and work experience project aimed at young people in disadvantaged and vulnerable personal and economic situations that Campari Group has promoted for the third year in partnership with Fondazione di Comunità Milano, 'A and I' Onlus, Heineken and Lavazza, and which provides a positive example of collaboration between profit and non-profit organisations. In order to implement the project, Campari Group, Heineken Italia and Lavazza made available their centres of excellence, their 'academies', the skills of qualified professionals in the field, and on-the-job training opportunities to provide young participants with the specialist and professional knowledge and skills required to pursue a career in the sector. The name AdAstra Project is a clear reference to the Latin motto per aspera ad astra (through hardships to the stars), signifying the will to overcome difficulties and embark on one's own path in the world. The training course continued with a four-month apprenticeship before the students were actually given a job placement. In spite of the pandemic, which made it more difficult to find employment, and the repeated lockdowns that generated further psychological problems for already fragile young people, only two drop-outs were recorded during the project, also thanks to the necessary psychological support and widespread and individual counselling provided. The other young people were all employed.
The AdAstra Project represents the ideal context in which Campari Group, through Campari Academy, a leading school teaching the art of bartending and bar management, has the opportunity to make a tangible contribution to the promotion of professional education by extending important opportunities to disadvantaged young people in an area, Milan, that represents the history and origins of the Group.

Wray Forward

Wray Forward is a free, inclusive and accessible programme for change that focuses on supporting the sustainability and forward movement of black businesses in UK, and promoted in partnership with Foundervine, a social enterprise that is helping to shape the future of Black businesses and entrepreneurs in the community. Two free bespoke programmes have been created, both by and for local community. The Community Business programme is a monthly programme of workshops aimed at community businesses to scale up, expand their network and discover new opportunities. The Music Business Accelerator is a 3-month programme helping Black business owners in music to scale up, increase visibility and pitch their business idea to investors. The two programmes feature intensive growth activities, expert-led content, training, coaching, virtual mentoring platform and funding access. After being launched at the end of 2021, during 2022 Wray Forward had over 947 businesses sign up for the workshops within the Community Business programme, 106 businesses sign up for the music accelerator, 112 attendees at the first in person networking event, engaging with 120 new businesses each month of which 65% of community business are female led.

Averna Spazio Open

Averna Spazio Open is an urban regeneration project, implemented and supported by Averna with ETS Cantieri Culturali alla Zisa and its local community in Palermo, Sicily. The new community and meeting area is located within the Cantieri Culturali alla Zisa, on the ruins of an old industrial pavilion of over 5,000 metres that for years the city has known as 'Spazio Incolto' (Uncoltivated Space). Murals of the students of the Palermo Academy of Fine Arts, who took part in a workshop conducted by Igor Scalisi Palminteri, an internationally renowned Sicilian street artist, and Fulvio Di Piazza, one of the leading exponents of the Sicilian figurative school and professor of painting at the Academy, have been realised. The project will be developed over the next two years, thanks to the collaboration of the community called to actively participate in the gardening workshops and take care of the greenery. Averna Spazio Open will be a shared square and a meeting place for all and an open-air amphitheatre will be built inside it, hosting a rich programme of cultural events, festivals and concerts. Averna, together with the community organisation Cantieri Culturali alla Zisa, also launched a 'call for ideas', a way of putting the creativity of the many talents on the island at the service of Spazio Open, creating a direct relationship in which they have the opportunity to propose topics, initiatives and activities to be carried out in the new Averna Spazio Open.
"Averna Spazio Open stems from Averna's desire to give a concrete sign of closeness to its home territory, contributing to the creation of a place that can recount the blend of modernity and tradition, the multicultural richness and vitality that characterise Sicily" Clarice Pinto, Senior Marketing Director Italian Market.

Wild Turkey-101 Bold Nights

Continuing its ongoing commitment to supporting musical talent and celebrating their shared passion, Wild Turkey, along with Creative Director Matthew McConaughey, announces the return of 101 Bold Nights, an annual program designed to showcase bold storytelling and support emerging musicians who help shape the culture in their communities. In 2022 the #101BoldNightsMusicMentorship was launched, an initiative developed in collaboration with Spaceflight Records, a non-profit record label dedicated to promoting and advancing talented musicians by providing an equitable recording contract with record label services including release management, distribution, public relations, radio promotion, legal advice, and artist development. The competition seeks to find and support an emerging musical artist who has demonstrated a passion for trusting their spirit and telling bold stories through their craft. The winner receives a personalised mentorship with Spaceflight Records. Through the #101BoldNightsMusicMentorship, one talented musician has the opportunity to tap into Spaceflight's vast industry network through a curated programme designed to address the artist's musical career goals. In addition, Wild Turkey provided a $75,000 charitable donation to assist the organisation in its endeavours and support its platforms.
Wild Turkey also continued to highlight its passion in the music space with a presence at musical festivals and cultural events in Kentucky, Tennessee, and Texas. All bar proceeds from this concert went to support Spaceflight Records.

The Foundations

- FONDAZIONE CAMPARI

Fondazione Campari is a private law Italian foundation with the aim of pursuing social solidarity projects and, in particular, to promote assistance, training, education and charity in favour of all deserving individuals. It may be pursued in Italy and/or abroad and mainly benefits employees and former employees of Davide Campari-Milano N.V., of the companies or entities controlling it or which are controlled by it ('Campari Group'), of their families and of all those who have contributed to the success of the 'Campari' name. Fondazione Campari may also pursue social solidarity purposes and, in particular, assistance, training, education and charity in favour of persons other than Campari Group employees.

Even with the persistence of the pandemic, Fondazione Campari did not stop its philanthropic activity, continuing to be close to Camparistas and their families all over the world, also supporting a major macro-project: the Liceo Malpighi school in Bologna with a wide-ranging series of initiatives. In 2022 Fondazione Campari provided philanthropic aid amounting to a total of €289,462.

As regards Camparistas, the philanthropic effort was €189,462 broken down as follows.

Type	Economic value (€)
Mortgage subsidies	€78,000
Scholarships and awards	€62,500
Nursery/kindergarten fees	€10,500
One-off applications-Italy	€7,462
One-off applications-abroad (Mexico and South Africa)	€31,000
Total	**€189,462**

- J. WRAY&NEPHEW FOUNDATION

J. Wray&Nephew Foundation (JWNF) is the vehicle used by the Group's subsidiary in Jamaica J. Wray&Nephew ('JWN) to promote social inclusion, culture, education and infrastructural development in Jamaica. These interventions are designed and executed for the benefit of the local community with the support of Camparista volunteers. Emphasis has been placed on large-scale infrastructural development programmes in education and social inclusion that would help the community and address new needs that have emerged since the pandemic.

In 2022, JWNF carried out twenty-one targeted interventions under its three main pillars of education and infrastructural development, social inclusion and cultural expression, for a total value of JMD225.098.542,21 (€1,395,610.96), impacting 557,616 persons directly and 4,673,316 persons indirectly. Also, two outstanding Camparista volunteers who cumulatively impacted 45,979 persons through ten initiatives were given the inaugural Top Volunteer of the Year award for 2021. JWN had a total of 60 volunteers generating 519 hours for 2022.The main programmes and projects developed within each area are shown below.

- *Education and infrastructural development*
  - Mini Agro-Processing Plant-Elim, St. Elizabeth (JWN Foundation unveiled the Elim Agro-Processing Plant on 24 March 2022, valued at JMD 45,000,000.00 (€280,755.88) at the Sydney Pagon STEM Academy (SPSA), the only agricultural school in central Jamaica. The objective of this project is to improve the lives of residents in St. Elizabeth by building their economic resilience. The mini agro-processing plant was designed to support small farmers in the surrounding communities by providing a facility for crops to be dried, milled, packaged and stored);
  - Appleton Basic School Renovation-Siloah, St. Elizabeth (ground-breaking for the construction of the new school with upgraded classroom facilities, a nursery, and a multipurpose auditorium for skills training programmes at the Appleton Basic School in September with handover slated for 2023. The investment of JMD92M will make the Appleton Basic School, the most modern plant in St. Elizabeth);
  - Annual 2022 Scholarship Awards Programme (JWN Foundation disbursed JMD29,980,000 (€185,228) for 443 students);
  - Remedial Learning Action Plan-Community-Based Educational Intervention-Fundaciones Ltd. (an action plan conceptualised to address learning loss from school closures due to the pandemic and assist students in education recovery);
  - Read Across Jamaica Day 2022;
  - Teacher's Day Big Up;
  - JWNF Internship and Implementation of the JWN Skills Bank;
  - Interim Support to Appleton Basic School.
- *Social inclusion*
  - 40 Years of Joy (in honour of Dr. Joy Spence's 40th Anniversary with J. Wray&Nephew Ltd., the 40 Years of Joy philanthropy programme was conceptualised to address several of Jamaica's social causes);
  - International Women's Day Activation #EndPeriodPoverty;
  - Tackling the crime wave (Crime Stop partnership);
  - Private Sector Organisation of Jamaica Vaccine Initiative (PSVI) support;
  - JWNCares (Hospital donations and Celebrating local heroes);
  - Bartending Entrepreneurial Training;
  - Community donations.
- *Cultural expression*
  - Appleton Estate Monument Competition (building on the findings of the research on the history of Appleton Estate under ownership of the Dickensons in the 1700s, JWN decided to erect a monument honouring the enslaved ancestors who worked on the lands):
  - My Independence Day (a video series with Jamaican influencers was done speaking about what Independence Day means to them and their memories of past independence days).

- CAMPARI FOUNDATION MEXICO

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

4.3 CREATING VALUE FOR STAKEHOLDERS

Campari Group's goal is to create and share long-term value with stakeholders. Firstly, the economic value generated and distributed provides an indication of how wealth is created, on the other there are plenty of intangible resources and initiatives that derive from the Campari Group's Global Sustainability roadmap[57] and contribute to the value creation processes. In this regard, community engagement and involvement with the local territory are of fundamental importance, as described in the above and subsequent chapters.

- ECONOMIC VALUE GENERATED
  - revenues from sales: +€2,697.6 million;
  - financial income collected (interest income): +€14.7 million;

- ECONOMIC VALUE DISTRIBUTED
  - operating costs:
    a. cost of sales: -€1,109.0 million (of which -€99.7 million for personnel costs);
    b. advertising and promotional costs: -€479.0 million (of which -€4.0 million for personnel costs);
    c. overheads: -€539.8 million (of which -€320.1 million for personnel costs);

The previous costs include total personnel costs of +€444.2 million, taxes other than income taxes of -€15.2 million, and donations and gifts of -€0.9 million;

- dividends distributed: -€67.6 million;
- financial expenses paid (interest expenses paid)[58]: -€26.0 million;
- direct taxes paid: -€141.0 million.

During 2022, the economic value generated by the Group was +€2,712.3 million, while the economic value distributed during the year was +€2,362.5 million.

Also considering the amortisation of €90.5 million, and the write-downs of fixed assets, provisions net of utilisations: €4.6 million, the value retained, given by the difference between the economic value generated and the economic value distributed, was equal to +€444.9 million.

• *Tax transparency*

- APPROACH TO TAX

Davide Campari Milano N.V. has been operating since its incorporation in Italy, in first instance in Sesto San Giovanni (MI), at the historical production site, and now in Novi Ligure, Canale D'Alba, Alghero and Caltanissetta. In July 2020, the company transferred its registered office to the Netherlands,

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

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

- TAX GOVERNANCE, CONTROL AND RISK MANAGEMENT

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

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

Tax management is governed by to the principles of transparency, collaboration, honesty, appropriateness and compliance with all tax legislation.
Specific tax disclosures are included in the Group annual report, including Group tax rate analysis ('Taxation' of Campari Group consolidated financial statements at 31 December 2022).
The choice of countries where the Group operates is guided by business assessments and not by tax reasons. As a general principle, tax compliance is considered a key area of the company's ethical and responsible management and Campari Group's approach with tax authorities is always governed by transparency and collaboration principles, also in the case of tax audits, in line with the Group Code of Ethics and relevant regulations. So far, the Group has not received any solicitation from its stakeholders on tax issues.
In recent years Campari Group was listed by the Italian Ministry of Economy and Finance among the Italian Solidarity Taxpayers, being one of the companies that have waived the right to suspend tax payments during the Covid-19 emergency. Thanks to such contributions, the Group was able to support the Italian health system, workers and companies to withstand the impact of the pandemic.

2021 REPORTING (€ MILLION) - DATA IN COLUMNS 'REVENUES', 'PROFIT (LOSS) BEFORE INCOME TAX', 'INCOME TAX PAID (ON CASH BASIS)', 'INCOME TAX ACCRUED', 'NET TANGIBLE ASSETS', 'AVERAGE NUMBER OF EMPLOYEES' ARE STATED TAKING INTO ACCOUNT THE COUNTRY BY COUNTRY REPORTING APPROACH, IN LINE WITH GRI207 INSTRUCTIONS.

COUNTRY	REVENUES			PROFIT (LOSS) BEFORE INCOME TAX	INCOME TAX PAID (on cash basics)	INCOME TAX ACCRUED	NET TANGIBLE ASSETS	AVERAGE NUMBER OF EMPLOYEES	EMPLOYEES REMUNERATION	WHT ON EMPLOYEES REMUNERATION	SOCIAL CONTRIBUTION	TOTAL EMPLOYEES TAXES (WHT + Social Contribution)	VAT & Other Equivalent Sales Taxes	EXCISES
	UNRELATED PARTY	RELATED PARTY	TOTAL											
Argentina	48.5	1.8	50.3	(1.8)	0.9	-	9.0	127	4.1	0.3	0.7	1.1	-	6.8
Austria	55.7	0.0	55.7	1.9	-	0.5	0.1	22	2.2	0.6	0.4	1.0	5.5	8.0
Australia	106.9	2.4	109.3	4.5	1.4	1.7	15.0	191	16.9	4.4	0.0	4.4	18.6	45.9
Belgium	39.5	0.0	39.5	1.0	0.6	0.3	0.0	36	2.6	1.1	0.8	2.0	4.1	3.1
Brasil	54.3	1.3	55.6	5.1	(2.0)	0.0	7.2	168	5.0	0.9	1.2	2.0	11.6	4.6
Canada	73.1	1.5	74.6	3.1	2.1	1.0	11.7	128	8.7	3.4	0.9	4.3	1.9	0.3
Switzerland	32.3	0.0	32.3	1.2	0.2	0.1	0.4	35	3.3	0.5	0.5	1.0	2.0	17.7
China	20.9	5.2	26.2	2.4	0.7	1.3	0.0	24	2.8	-	0.2	0.2	0.7	-
Germany	178.5	-	178.5	8.5	3.3	3.1	1.3	134	10.7	3.3	1.5	4.8	40.9	62.8
Spain	22.0	2.5	24.5	0.3	(0.4)	0.2	0.2	57	4.6	0.9	0.8	1.7	3.7	4.1
France	166.1	200.4	366.5	54.4	14.1	14.2	44.9	402	25.4	2.2	7.4	9.6	23.2	4.5
United Kingdom	97.2	28.8	126.0	(47.4)	-	-	58.7	126	13.5	5.6	1.9	7.5	11.0	51.8
Greece	0.9	15.1	16.0	6.2	2.1	1.2	4.5	25	0.8	0.1	0.2	0.3	0.5	1.6
India	6.5	-	6.5	0.0	0.1	0.1	0.0	5	0.3	0.0	0.0	0.0	0.2	-
Italy	468.6	363.0	831.6	212.7	38.4	65.8	109.6	927	101.0	51.7	22.0	73.8	132.9	77.1
Jamaica	138.9	52.3	191.2	44.6	0.2	8.1	64.8	552	18.8	5.8	1.6	7.4	15.8	43.5
Mexico	43.8	93.2	137.0	(13.4)	0.1	0.2	38.4	420	8.1	1.2	0.7	1.9	0.1	11.8
New Zealand	10.5	0.1	10.6	0.4	0.1	0.1	0.0	5	0.3	. 0.1	-	0.1	-	-
Peru	25.6	0.0	25.6	1.9	0.0	0.7	0.2	32	1.3	0.2	0.2	0.4	0.2	1.2
Russia	72.5	0.1	72.5	4.2	4.0	2.5	0.2	118	4.5	0.6	1.0	1.6	3.1	5.8
Singapore	15.6	4.7	20.3	1.6	0.0	-	1.0	32	4.9	0.2	-	0.2	-	-
Ukraine	16.4	0.3	16.8	2.0	0.2	0.4	0.0	32	0.8	0.2	0.1	0.3	0.7	1.4
United States of America	593.2	26.1	619.3	70.9	11.5	7.0	168.9	440	58.9	0.2	3.6	3.8	0.0	118.9
South Africa	19.1	2.8	21.9	1.1	0.4	0.5	0.1	30	2.5	0.8	0.0	0.8	0.7	6.9
Korea	14.0	0.0	14.1	0.7	(0.0)	0.1	0.0	34	2.0	0.3	-	0.3	1.8	3.3
Total	**2,321**	**802**	**3,122**	**366**	**78**	**109**	**536**	**4,102**	**304**	**85**	**46**	**131**	**279**	**481**

For the list of legal entities part of Campari Group and related brief activity description, refer to the table in 'Basis of consolidation' of Campari Group consolidated financial statements at 31 December 2022.

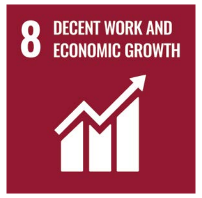
4.4. CAMPARI GROUP STAKEHOLDERS

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

Stakeholder	Engagement and channels of dialogue	Key issues
Consumers	Market research and customer satisfaction; tests and focus groups; social media; company websites; events.	Product quality and safety; transparency of information; responsible communication.
Bartenders	Campari Academy courses; Campari Academy Truck; Campari Barman Competition; events; sustainability questionnaire.	Professional, high-quality and responsible serving.
Local communities	Corporate volunteering; Negroni Week; charity activities for NGOs; Covid-19-related supporting initiatives; visits to Campari Gallery; contributions to external shows and exhibitions.	Investments and aid for the community; social and environmental impacts generated; job creation.
Press	Press releases and PR material; websites; preparation and coordination of interviews with senior management; events.	Timely and transparent communication, information/ statements on the relevance of sustainability issues and their impact on the company's strategy, targets and activities prepared, involvement of top management in business sustainability-related issues.
Camparistas	Biennial survey on internal morale (Great Place to Work 2022); internal and external training courses; performance appraisal; internal communication tools (press review, intranet, mailing); 'Yammer' internal social network; internal events for Camparistas; business meetings; management committees.	Business climate; career development and growth; remuneration and incentives; training; work/life balance; corporate welfare; equal opportunities; health and safety at work; internal communication.
Suppliers, distributors and commercial partners	Supplier Code; Sedex; co-product development; innovation projects; business meetings; third-party verification; validation and certification of documents and reports.	A solid and transparent negotiating relationship that is subject to continuous checks; contractual terms and conditions; order planning; compliance with Campari Group policies.
Competitors	Participation in sector association conferences.	Protection of sector interests; promotion of responsible consumer behaviours and models.
Shareholders, investors and analysts	Shareholders' meeting; management board reports, press releases and investor presentations; analyst calls, investor meetings, road shows and investor conferences; dedicated email address investor.relations@campari.com.	Dividends, stock performance; investor relations; capital base.
Trade associations	Regular meetings; preparation and sharing of projects and best practices; participation in meetings and activities of associations.	Protection of sector interests; promotion of responsible consumer behaviours and models.
Trade unions	Collective and supplemental bargaining; meetings with company union representatives; conferences.	Ongoing dialogue and fulfilment of obligations arising from collective bargaining with the trade union associations.
Institutions	Participation in national and international conferences on issues facing the industry.	Transparent communication; compliance with laws and sound business management.
Schools and universities	Undertaking projects in partnership; graduate programmes; company testimonials at educational institutions; guided tours for students at Campari Gallery; company testimonials.	Partnerships and projects; financing.

CAMPARI GROUP AND THE SUSTAINABLE DEVELOPMENT GOALS

Campari Group contributes to the achievement of 11 of the 17 Sustainable Development Goals (SDGs)[59] established under the UN 2030 Sustainable Development Agenda, which promotes the active participation of all stakeholders (i.e. private sector, public sector, institutions and local communities).
In particular, the objectives shown in the table below were linked to the sustainability issues that constituted the starting point for carrying out the materiality analysis:

SDGs	CAMPARI GROUP TOPICS [60]	CAMPARI GROUP COMMITTMENTS
	**Remuneration policies** **Relationships and initiatives for the community** Activities of the Foundations	Exporting best practices across key markets • Strong commitment to **work, education and culture** will continue to be key for Campari Group. • Best local practices will be **exported** in other geographies around the world. • Through its **Foundations** in the world, the Group **promote assistance, training, education and charity in favour of Camparistas and local communities.** Learning and development, health&safety • Establishing **Campari University** as the organisational engine to develop Great Camparistas, who have the skills and opportunities they need for growth, both at individual and company level.. • Campari Group considers **people's health, integrity and well-being** as primary and fundamental elements. Education and involvement on responsible drinking • Ad hoc and continuous **training for the global marketing** community going into digital communication in great depth • Educational **sessions on responsible drinking for 100% of Camparistas.** • **Responsible serving project** for bartenders to be leveraged at global level.
	**Employee training and development** **Relationships and initiatives for the community** Activities of the Foundations	
	**Value generated and distributed to stakeholders** **Economic sustainability** Job creation **Diversity, equal opportunities and inclusion** **Training and employee development** **Human rights** **Recruitment, turnover and pension policies** **Talent attraction** **Remuneration policies** Industrial relations **Work-life balance** **Employee satisfaction** **Health and safety**	
	**Health and safety** **Emissions** **Waste** **Water**	

(59) www.un.org/sustainabledevelopment/sustainable-development-goals/
(60) The material issues for the Group are highlighted in bold as reported in the materiality analysis.

6 CLEAN WATER AND SANITATION

Water

7 AFFORDABLE AND CLEAN ENERGY

Energy
Renewable energy

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Emissions
Energy
Water
Waste
Materials
Supply chain transparency and traceability
Product quality
Food safety

13 CLIMATE ACTION

Emissions
Energy
Suppliers-Qualification and evaluation with respect to environmental criteria

Energy and GHG emissions

- Achieve **net-zero emissions by 2050** or, hopefully, sooner.
- **Reduce greenhouse gas (GHG) emissions** from direct operations (Scope 1 and 2) **by 20% by 2025, by 30% by 2030 and by 25% for the total Supply Chain by 2030.**
- **100% renewable electricity** for European production sites **by 2025.**

Water

- **Reduce water usage** (L/L) by **40% by 2025 and by 42.5% by 2030.**
- **Return 100% of wastewater** from Campari Group operations to the environment **safely**.

Waste

- **Zero waste** to landfill **within 2025.**

5 GENDER EQUALITY

Diversity, equal opportunities and inclusion
Remuneration policies
Human rights

10 REDUCED INEQUALITIES

Diversity, equal opportunities and inclusion
Remuneration policies
Human rights
Indirect economic impact on communities
Initiatives for the community
Activities of the Foundations

Diversity, Equity and Inclusion

- **A strategy to foster DEI in the workplace** through consistent actions plans for global and local priorities, with a focus on reinforcing an inclusive culture that sustains diversity, and through equitable people processes that are designed for all. The Group's progress is monitored through an internally developed Campari Group DEI Index, based on an internal people survey, on GRI Standard Key Performance Indicators (KPIs), and on the DEI internal dashboards for several workforce metrics that are generated with real-life data from all locations.

17 PARTNERSHIPS FOR THE GOALS

Business relations with responsible and transparent partners
Relations with institutions
Projects and initiatives on sustainability

Exporting best practices across key markets

• **Continuous involvement in the world of art,** through sponsoring major events, collaboration with renowned artists and further developing iconic brand houses and the Campari Gallery.
• **Strong support to business partners** through activations and events, being committed to playing a major role in the comeback of the on-premise channel.

GRI CONTENT INDEX

Statement of use	Davide Campari has reported in accordance with the GRI Standards for the period 1 January 2022 - 31 December 2022
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	N/A: GRI Sector Standard(s) for the food and beverage industry have not been published yet

			OMISSION		
GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	REQUIRE-MENT(S) OMITTED	REASON	EXPLA-NATION
General disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	Note on methodology; chapter 'Governance model'; Chapter 'Campari Group worldwide'; 'Corporate Governance' section of the Campari Group consolidated financial statements at 31 December 2022 camparigroup.com/en; www.camparigroup.com/en/our-group/worldwide-presence; camparigroup.com/en/page/group/governance			
	2-2 Entities included in the organization's sustainability reporting	Note on methodology; Annual report			
	2-3 Reporting period, frequency and contact point	Note on methodology; csr@campari.com			
	2-4 Restatements of information	Note on methodology			
	2-5 External assurance	Note on methodology; independent auditor's report			
	2-6 Activities, value chain and other business relationships	Chapters ' Macro-economic scenario and growth Strategy', 'Our brands'; 'Campari Group's identity and business overview' chapter of the Annual report; Sociogram; Annual report. The number of bottles produced by the Group in 2022 was about 1,059,155,000 bottles (of which about 833,502,000 produced internally, while about 225,653,000 by co-packers)			
	2-7 Employees	Chapter 'Our people'			
	2-8 Workers who are not employees	Chapter 'Our people'			
	2-9 Governance structure and composition	Chapter 'Governance model'; paragraph 'Sustainability governance and policies'; 'Corporate Governance' section of the Campari Group consolidated financial statements at 31 December 2022; camparigroup.com/en/page/group/governance			
	2-10 Nomination and selection of the highest governance body	Chapter 'Governance model'; 'Corporate Governance' section of the Campari Group consolidated financial statements at 31 December 2022			
	2-11 Chair of the highest governance body	Chapter 'Governance model'; 'Corporate Governance' section of the Campari Group consolidated financial statements at 31 December 2022			
	2-12 Role of the highest governance body in overseeing the management of impacts	Chapter 'Governance model'; 'Corporate Governance' section of the Campari Group consolidated financial statements at 31 December 2022			
	2-13 Delegation of responsibility for managing impacts	Chapter 'Governance model'; 'Corporate Governance' section of the Campari Group consolidated financial statements at 31 December 2022			
	2-14 Role of the highest governance body in sustainability reporting	Chapter 'Governance model'; 'Corporate Governance' section of the Campari Group consolidated financial statements at 31 December 2022			
	2-15 Conflicts of interest	Chapter 'Governance model'			
	2-16 Communication of critical concerns	Paragraph 'Internal audit system'			
	2-17 Collective knowledge of the highest governance body	Chapter 'Governance model'			

	2-18 Evaluation of the performance of the highest governance body	Chapter 'Governance model'; Remuneration report of the Campari Group consolidated financial statements at 31 December 2022			
	2-19 Remuneration policies	Chapters 'Governance model', 'Our people'			
	2-20 Process to determine remuneration	Chapters 'Governance model', 'Our people'			
	2-21 Annual total compensation ratio	Remuneration report of the Campari Group consolidated financial statements at 31 December 2022			
	2-22 Statement on sustainable development strategy	Chairman's letter 'Building more value together'; CEO statement in the 'Campari Group identity' chapter			
	2-23 Policy commitments	Chapter 'Sustainability governance and policies'			
	2-24 Embedding policy commitments	Chapter 'Sustainability governance and policies'			
	2-25 Processes to remediate negative impacts	Paragraph 'Internal audit system'			
	2-26 Mechanisms for seeking advice and raising concerns	Paragraph 'Internal audit system'			
	2-27 Compliance with laws and regulations	Chapter 'Sustainability governance and policies'. In 2022 two arbitration court trial cases against Customs Authorities occurred in Russia regarding overcalculated customs cost of the importing goods; both cases are still pending trial and no liability has yet been established. Moreover, in Jamaica J. Wray&Nephew Ltd. filed a claim to recover customs duties assessed against JWN by Jamaica Customs Agency in December 2021. The duties became payable by JWN resulting from a joint audit exercise conducted by the Jamaica Customs Agency and the Trinidad and Tobago Customs and Excise Division in relation to 2016 shipments of Extra Light Rum (ELR) sold by Trinidad Distillers Ltd. (TDL) to JWN which TDL misrepresented as being of Caribbean Community (CARICOM) Origin criteria and exempt from duties.			
	2-28 Membership associations	Paragraph 'Responsible consumption: communications and promotional initiatives' in the 'Responsible practices' chapter			
	2-29 Approach to stakeholder engagement	Chapter 'Our stakeholders'			
	2-30 Collective bargaining agreements	Chapter 'Our people'			
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Note on methodology; chapter 'Materiality analysis'. For the preparation of the Sustainability Report, the Reporting Principles for defining report content and quality have been applied, as defined by the GRI Standards guidelines			
	3-2 List of material topics	Chapter 'Materiality analysis'			
Economic performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual report; Chapter 'Creating value for stakeholders'; Chapter 'Materiality analysis'; camparigroup.com/en/page/investors/results-centre			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Chapter 'Creating value for stakeholders', Annual report			
	201-2 Financial implications and other risks and opportunities due to climate change	Chapter 'Risk management'			
Market presence					
GRI 3: Material Topics 2021	3-3 Management of material topics	Chapter 'Our people', paragraph 'Remuneration system'			
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Chapter 'Our people', paragraph 'Remuneration system'; Employees and human rights policy, paragraph 6			
	202-2 Proportion of senior management hired from the local community	Chapter 'Our people', paragraph 'Diversity, Equity and Inclusion'			

Procurement practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	Chapter 'Responsible sourcing'			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Chapter 'Responsible sourcing'			
Anti-corruption					
GRI 3: Material Topics 2021	3-3 Management of material topics	Paragraph 'Risk management'; The organisational, management and control model (ex D.Lgs 231-01); 'Risk management' section of the Campari Group's consolidated financial statements at 31 December 2022			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Paragraphs 'Risk management', 'Sustainability governance and policies'; camparigroup.com/en/page/group/governance; camparigroup.com/sites/default/files/Davide%20Campari-Milano%20N.V.%20-%20Modello%20231%20-%20ENG.pdf			
	205-3 Confirmed incidents of corruption and actions taken	In 2020, 2021 and 2022, there were no reports of bribery and corruption incidents			
Anti-competitive behaviour					
GRI 3: Material Topics 2021	3-3 Management of material topics	Code of Ethics, 'Risk management' section of the Campari Group consolidated financial statements at 31 December 2021			
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	In Jamaica, an application was filed by the second largest bulk rum producer, National Rums of Jamaica (NRJ), versus Spirits Pool Association, the association of all major rum producers in Jamaica, of which J. Wray and Nephew (JWN) is a major shareholder and the largest producer of rum by volume, contesting the 2016 Jamaica Rum Geographical Indication specifications. The application is currently pending as SPA and JWN opposed; the hearing is set for March 2023			
Tax					
GRI 3: Material Topics 2021	3-3 Management of material topics	Paragraph 'Tax transparency'			
GRI 207: Tax 2019	207-1 Approach to tax	Paragraph 'Tax transparency'			
	207-2 Tax governance, control, and risk management	Paragraph 'Tax transparency'			
	207-3 Stakeholder engagement and management of concerns related to tax	Paragraph 'Tax transparency'			
	207-4 Country-by-country reporting	Paragraph 'Tax transparency'			
Materials					
GRI 3: Material Topics 2021	3-3 Management of material topics	Chapter 'Materiality analysis'			
GRI 301: Materials 2016	301-2 Recycled input materials used	Chapter 'Responsible practices', paragraph 'Responsible sourcing'	Omission: partial coverage of information of recycled packaging materials (cardboard, glass and metal) due to incomplete availability of supplier data.		
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	The Company tends to apply an integrated QHSE management system through a triple certification process with the ISO 22000 (food safety), OHSAS 18001 (health and safety at work) and ISO 14001 (environment) voluntary standards. Performance improvement targets were also defined to ensure continuous process and activity development. Improvement projects to support these targets are implemented both locally and globally			

GRI 302: Energy 2016	302-1 Energy consumption within the organization	Chapter 'The environment' paragraph 'Energy efficiency and decarbonization'			
	302-3 Energy intensity	Chapter 'The environment' paragraph 'Energy efficiency and decarbonization'			
	302-4 Reduction of energy consumption	Chapter 'The environment' paragraph 'Energy efficiency and decarbonization'			
Water and effluents					
GRI 3: Material Topics 2021	3-3 Management of material topics	The Company tends to apply an integrated QHSE management system through a triple certification process with the ISO 22000 (food safety), OHSAS 18001 (health and safety at work) and ISO 14001 (environment) voluntary standards. Performance improvement targets were also defined to ensure continuous process and activity development. Improvement projects to support these targets are implemented both locally and globally			
	303-1 Interactions with water as a shared resource	Chapter 'The environment' paragraph 'Water management'. Campari Group is aware that global water resources are decreasing and that through its production and distillation processes it contributes to water depletion. Even in non-arid regions, water scarcity can constrain economic growth. This is why the Group is committed to introducing new technologies that can reduce water consumption and improve water efficiency			
	303-2 Management of water discharge-related impacts	Chapter 'The environment' paragraph 'Water management'			
	303-3 Water withdrawal	Chapter 'The environment' paragraph 'Water management'			
	303-4 Water discharge	Chapter 'The environment' paragraph 'Water management'			
	303-5 Water consumption	Chapter 'The environment' paragraph 'Water management'. Total water consumption in 2022 was 7,175,710 (m3)			
Biodiversity					
GRI 3: Material Topics 2021	3-3 Management of material topics	The Company tends to apply an integrated QHSE management system through a triple certification process with the ISO 22000 (food safety), OHSAS 18001 (health and safety at work) and ISO 14001 (environment) voluntary standards. Performance improvement targets were also defined to ensure continuous process and activity development. Improvement projects to support these targets are implemented both locally and globally			
GRI 304: Biodiversity 2016	304-3 Habitats protected or restored	As part of a 5-years Sustainability Plan, Campari-Lallier is involved in several biodiversity projects. One of these projects concerns the afforestation of the area around the site, for a total of 4 hectares of land. The goal is to leave the land to itself and increase biodiversity in the area, while also creating a carbon sink to absorb emissions and get Campari involved in the process of locally mitigating the impact of climate change. Other projects that are currently work in progress concern water use and recycling, pest and weed management practices, fertilization management and species introduction (bees). In Italy, Campari Group is actively collaborating with Consorzio Asti in order to reach as many farm-holders as possible, acting as a leader and offering guidance for the large scale adoption of an environmental certification (Certificazione SQNPI). This certification requires the adoption of biodiversity-related sustainable practices such as the maintenance for pesticides equipment, pest disease management and weed management. In Mexico, since 2019 Campari Group has engaged with local communities in a co-investment model aimed at supporting selected partners in developing initiatives focused on the environment and on improving biodiversity in the plantations of agave. Chapter 'Community involvement', paragraph 'Montelobos Mezcal and the Wolf Conservation Center'			

Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	The Company tends to apply an integrated QHSE management system through a triple certification process with the ISO 22000 (food safety), OHSAS 18001 (health and safety at work) and ISO 14001 (environment) voluntary standards. Performance improvement targets were also defined to ensure continuous process and activity development. Improvement projects to support these targets are implemented both locally and globally			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Chapter 'The environment' paragraph 'Emissions'			
	305-2 Energy indirect (Scope 2) GHG emissions	Chapter 'The environment' paragraph 'Emissions'			
	305-3 Other indirect (Scope 3) GHG emissions	Chapter 'The environment' paragraph 'Emissions'			
	305-4 GHG emissions intensity	Chapter 'The environment' paragraph 'Emissions'			
	305-5 Reduction of GHG emissions	Chapter 'The environment' paragraph 'Emissions'			
Waste					
GRI 3: Material Topics 2021	3-3 Management of material topics	The Company tends to apply an integrated QHSE management system through a triple certification process with the ISO 22000 (food safety), OHSAS 18001 (health and safety at work) and ISO 14001 (environment) voluntary standards. Performance improvement targets were also defined to ensure continuous process and activity development. Improvement projects to support these targets are implemented both locally and globally			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Chapter 'The environment' paragraph 'Waste management'. Campari Group takes into consideration the waste-related impacts deriving from its production activity and from the consumption of its products. Waste production implies the use of material and energy and the depletion of the Earth's renewable and non-renewable resources. This is why the Group is committed to reducing total waste from its production sites, adopting a circular approach, and to raising consumer awareness of proper product disposal (i.e.: www.camparigroup.info/)			
	306-2 Management of significant waste-related impacts	Chapter 'The environment' paragraph 'Waste management'			
	306-3 Waste generated	Chapter 'The environment' paragraph 'Waste management'			
	306-4 Waste diverted from disposal	Chapter 'The environment' paragraph 'Waste management'			
	306-5 Waste directed to disposal	Chapter 'The environment' paragraph 'Waste management'			
Supplier environmental assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	Chapter 'Responsible practices' paragraph 'Responsible sourcing'			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Chapter 'Responsible practices' paragraph 'Responsible sourcing'. In 2017, the pre-assessment procedure for new suppliers (both Product Related and Non-Product Related) was formalised. From 2018, membership of Sedex is one of the pre-requisites for qualifying as a Campari Group supplier. This platform makes it possible to assess suppliers on environmental issues (i.e.: waste, raw materials, water, pollution, emissions, renewable and non-renewable energy, biodiversity, environmental impact)			
	308-2 Negative environmental impacts in the supply chain and actions taken	Chapter 'The environment' paragraph 'Emissions'			
Employment					
GRI 3: Material Topics 2021	3-3 Management of material topics	Chapter 'Our people', paragraph 'Diversity, Equity and Inclusion'			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Chapter 'Our people', paragraph 'Diversity, Equity and Inclusion'			

Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	Paragraph 'Health and safety', chapter 'Our people'			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	The Company tends to apply an integrated QHSE management system through a triple certification process with the ISO 22000 (food safety), OHSAS 18001 (health and safety at work) and ISO 14001 (environment) voluntary standards. Performance improvement targets were also defined to ensure continuous process and activity development. Improvement projects to support these targets are implemented both locally and globally			
	403-2 Hazard identification, risk assessment, and incident investigation	Chapter 'Our people', paragraph 'Certifications', chapter 'Risk management', The organisational, management and control model (ex D.Lgs 231-01)			
	403-4 Worker participation, consultation, and communication on occupational health and safety	Chapter 'Our people' paragraph 'Health and safety-HSE committees'. All the workers in production units are represented by the HSE committees			
	403-5 Worker training on occupational health and safety	Chapter 'Our people', paragraph 'Health and safety in the workplace'			
	403-6 Promotion of worker health	Chapter 'Our people', paragraph 'Camparistas' involvement with the environment, well-being and social activities'			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Chapter 'Our people', paragraph 'Health and safety in the workplace'			
	403-8 Workers covered by an occupational health and safety management system	Occupational health and safety management system apply to all employees, contractors and visitors			
	403-9 Work-related injuries	Chapter 'Our people', paragraph 'Health and safety in the workplace'			
Training and education					
GRI 3: Material Topics 2021	3-3 Management of material topics	Chapter 'Our people', paragraph 'Learning and professional development in the workplace'			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Chapter 'Our people', paragraph 'Learning and professional development in the workplace'			
	404-3 Percentage of employees receiving regular performance and career development reviews	All employees receive regular performance and career development reviews			
Diversity and equal opportunity					
GRI 3: Material Topics 2021	3-3 Management of material topics	Chapter 'Our people', paragraph 'Diversity and inclusion in the workplace'			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Chapter 'Governance model', paragraphs 'Board of Directors' and 'Board of Statutory Auditors'; chapter 'Our people', paragraph 'Diversity, Equity and inclusion '. Reported data refer to employees with permanent contracts			
	405-2 Ratio of basic salary and remuneration of women to men	Chapter 'Our people', paragraph 'Remuneration system'			
Non-discrimination					
GRI 3: Material Topics 2021	3-3 Management of material topics	Campari Group supports the United Nations Universal Declaration of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. The Group assures legal compliance to national legislations relating to human rights in those countries where we operate. In case of differences between the content of our policies and national regulations, the Group always apply the most stringent requirements			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	In 2022, there were no reports of discrimination incidents			

Freedom of association and collective bargaining					
GRI 3: Material Topics 2021	3-3 Management of material topics	Campari Group supports the United Nations Universal Declaration of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. The Group assures legal compliance to national legislations relating to human rights in those countries where we operate. In case of differences between the content of our policies and national regulations, the Group always apply the most stringent requirements			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	We declare that there are no real risks of breaches of collective association rights vis-a-vis the operations of the Group and its main suppliers in all its geographical regions, partly due to the measures implemented to minimise this risk (i.e., Code of Ethics, Employees and human rights policy, Supplier Code); camparigroup.com/en/page/group/governance			
Child labour					
GRI 3: Material Topics 2021	3-3 Management of material topics	Campari Group supports the United Nations Universal Declaration of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. The Group assures legal compliance to national legislations relating to human rights in those countries where it operates. In case of differences between the content of our policies and national regulations, the Group always applies the most stringent requirements			
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	We declare that there are no real risks for incidents of child labour vis-a-vis the operations of the Group and its main suppliers in all its geographical regions, partly due to the measures implemented to minimise this risk (i.e., Code of Ethics, Employees and human rights policy, Supplier Code). Furthermore, Campari Group does not employ underage workers; camparigroup.com/en/page/group/governance			
Forced or compulsory labour					
GRI 3: Material Topics 2021	3-3 Management of material topics	Campari Group supports the United Nations Universal Declaration of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. The Group assures legal compliance to national legislations relating to human rights in those countries where it operates. In case of differences between the content of our policies and national regulations, the Group always applies the most stringent requirements			
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	We declare that there are no real risks for incidents of forced or compulsory labour vis-a-vis the operations of the Group and its main suppliers in all its geographical regions, partly due to the measures implemented to minimise this risk (i.e., Code of Ethics, Employees and human rights policy, Supplier Code). Furthermore, Campari Group does not employ underage workers; camparigroup.com/en/page/group/governance			
Security practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	Campari Group supports the United Nations Universal Declaration of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. The Group assures legal compliance to national legislations relating to human rights in those countries where it operates. In case of differences between the content of our policies and national regulations, the Group always applies the most stringent requirements			
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	The Campari Group's 'Employees and Human Rights Policy' is available through the Group's internal portal and has been communicated to all Camparistas. Mandatory training on the Code of Ethics content has been delivered and is assigned to every new joiner			

Local communities					
GRI 3: Material Topics 2021	3-3 Management of material topics	Employees and human rights policy, paragraph 9. Chapter 'Community Involvement'			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Chapters 'The Foundations' and 'Community Involvement'			
Supplier social assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	Chapter 'Responsible practices' paragraph 'Responsible sourcing'			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Chapter 'Responsible practices' paragraph 'Responsible sourcing'. In 2017, the pre-assessment procedure for new suppliers (both Product Related and Non-Product Related) was formalised. From 2018, membership of Sedex is one of the pre-requisites for qualifying as a Campari Group supplier. This platform makes it possible to assess suppliers on social issues (i.e., non-discrimination, child labour, forced or compulsory labour, working hours, wages, freedom of association and collective bargaining, complaint mechanisms, information about suppliers sourcing)			
Customer health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	The Company tends to apply an integrated QHSE management system through a triple certification process with the ISO 22000 (food safety), OHSAS 18001 (health and safety at work) and ISO 14001 (environment) voluntary standards. Performance improvement targets were also defined to ensure continuous process and activity development. Improvement projects to support these targets are implemented both locally and globally			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Chapter 'Responsible practices', paragraph non-compliance			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	In 2020, 2021 and 2022, no incidents of non-compliance concerning the health and safety impacts of products and services occurred.			
Marketing and labelling					
GRI 3: Material Topics 2021	3-3 Management of material topics	Chapter 'Responsible practices', paragraph 'Responsible communication'			
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	All products are labelled in compliance with applicable legislation and produced according to the Group's quality standards. Responsible messages (e.g., pregnancy logo, drink responsibly) are reported on a voluntary basis. Paragraph 'Information to consumers', chapter 'Responsible practices'			
	417-2 Incidents of non-compliance concerning product and service information and labelling	Chapter 'Responsible practices', paragraph 'Quality and food safety of brands'			
	417-3 Incidents of non-compliance concerning marketing communications	In 2022 there were no incidents of non-compliance concerning marketing communications			
Customer privacy					
GRI 3: Material Topics 2021	3-3 Management of material topics	Chapter 'Risk management', paragraph 'Main risks for the Group-Cyber-security risks'			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	In 2022 no breaches of customer privacy nor losses of customer data occurred			

			OMISSION		
NON GRI ASPECTS	**DISCLOSURE**	**LOCATION**	**REQUIRE-MENT(S) OMITTED**	**REASON**	**EXPLA-NATION**
Protection of quality products and cultural heritage					
GRI3	3-3 Management of material topics	Chapters 'Materiality analysis', 'Our brands'			
Customer satisfaction					
GRI3	3-3 Management of material topics	Chapter 'Materiality analysis'			
	CPM Complaints received per million bottles produced	Chapter 'Responsible practices', paragraph 'Quality and food safety of brands'			

CAMPARI GROUP
CONSOLIDATED
FINANCIAL STATEMENTS
AT 31 DECEMBER 2022

INDEX-CAMPARI GROUP CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED PRIMARY STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS[1]

	notes	for the years ended 31 December	
		2022	2021
		€ million	€ million
Gross sales		**3,262.1**	**2,695.9**
Excise duties[2]		(564.5)	(523.2)
Net sales	3 i.	**2,697.6**	**2,172.7**
Cost of sales	3 iii.	(1,109.0)	(875.8)
Gross profit		**1,588.6**	**1,296.8**
Advertising and promotional costs	3 iv.	(479.0)	(397.8)
Contribution margin		**1,109.6**	**899.0**
Selling, general and administrative expenses	3 vi.	(539.8)	(463.8)
Other operating expenses	3 vi.	(63.6)	(54.1)
Other operating income	3 vi.	5.3	19.8
Operating result		**511.5**	**400.8**
Financial expenses	3 x.	(45.1)	(32.0)
Financial income	3 x.	15.1	19.8
Share of profit (loss) of associates and joint-ventures	3 xii.	(6.6)	(0.1)
Profit before taxation		**475.0**	**388.6**
Taxation	3 xiii.	(143.5)	(105.6)
Profit for the period		**331.5**	**283.0**
Profit attributable to:			
Shareholders of the parent Company		333.0	284.8
Non-controlling interests		(1.5)	(1.8)
Basic earnings per share (€)		0.30	0.25
Diluted earnings per share (€)		0.29	0.25

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

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	notes	for the years ended 31 December	
		2022	2021
		€ million	€ million
Profit for the period (A)		**331.5**	**283.0**
B1) Items that may be subsequently reclassified to the statement of profit or loss			
Gains (losses) on cash flow hedge	7 iv.	46.2	5.9
Related Income tax effect	3 xiii.	(11.1)	(1.4)
Cash flow hedge		**35.2**	**4.5**
Exchange differences on translation of foreign operations	7 iv.	**115.6**	**139.2**
Total: items that may be subsequently reclassified to the statement of profit or loss (B1)		**150.7**	**143.7**
B2) Items that may not be subsequently reclassified to the statement of profit or loss			
Gains/(losses) on remeasurement of defined benefit plans	7 iv.	5.2	1.7
Related Income tax effect	3 xiii.	(1.2)	(0.4)
Remeasurements of defined benefit plans		**4.0**	**1.3**
Total: items that may not be subsequently reclassified to the statement of profit or loss (B2)		**4.0**	**1.3**
Other comprehensive income (expenses) (B=B1+B2)		**154.7**	**145.0**
Total comprehensive income (A+B)		**486.2**	**428.0**
Attributable to:			
Shareholders of the parent Company		489.6	429.7
Non-controlling interests		(3.4)	(1.7)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(BEFORE APPROPRIATION OF RESULTS)

	notes	for the years ended 31 December 2022 € million	2021 € million
ASSETS			
Non-current assets			
Property, plant and equipment	4 ii.	748.1	560.3
Right of use assets	4 ii.	68.4	71.8
Biological assets	4 ii.	17.5	13.4
Goodwill	4 iii.	1,911.8	1,416.3
Brands	4 iii.	1,182.0	974.9
Intangible assets with a finite life	4 iii.	52.1	54.0
Interests in associates and joint-ventures	3 xi.	36.0	26.1
Deferred tax assets	3 xiii.	72.5	55.3
Other non-current assets	4 iv.	24.1	5.3
Other non-current financial assets	6 iv.	48.2	5.7
Total non-current assets		**4,160.8**	**3,183.0**
Current assets			
Inventories	5 iii.	997.2	742.0
Biological assets	5 iii.	7.1	3.7
Trade receivables	5 i.	308.5	290.4
Other current financial assets	6 iii.	18.9	15.8
Cash and cash equivalents	6 ii.	435.4	791.3
Income tax receivables	3 xiii.	19.1	17.7
Other current assets		60.2	49.2
Total current assets		**1,846.2**	**1,910.1**
Total assets		**6,007.1**	**5,093.1**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Issued capital and reserves attributable to shareholders of the parent Company	7 iv.	2,675.0	2,371.8
Non-controlling interests	7 iv.	1.4	3.0
Total shareholders' equity		**2,676.4**	**2,374.8**
Non-current liabilities			
Bonds	6 v.	846.3	845.5
Loans due to banks	6 v.	770.9	355.2
Other non-current financial liabilities	6 v.	301.4	120.9
Post-employment benefit obligations	8 iv.	24.1	30.1
Provisions for risks and charges	8 i.	35.6	34.4
Deferred tax liabilities	3 xiii.	399.4	366.0
Other non-current liabilities	4 iv.	30.9	21.5
Total non-current liabilities		**2,408.6**	**1,773.6**
Current liabilities			
Bonds	6 vi.	-	50.0
Loans due to banks	6 vi.	107.0	198.1
Other current financial liabilities	6 vi.	29.3	73.9
Trade payables	5 ii.	541.7	394.6
Income tax payables	3 xiii.	72.5	54.4
Other current liabilities	4 vii.	171.5	173.7
Total current liabilities		**922.0**	**944.7**
Total liabilities		**3,330.7**	**2,718.3**
Total liabilities and shareholders' equity		**6,007.1**	**5,093.1**

CONSOLIDATED STATEMENTS OF CASH FLOWS

	notes	for the years ended 31 December 2022 € million	2021 € million
Operating profit		**511.5**	**400.8**
Depreciation and amortisation	3 viii.	90.5	79.7
Gain or loss on sale of fixed assets		(2.2)	1.3
Impairment loss (or reversal) of tangible fixed assets, goodwill, brand and sold business	7 ii. – iii.	3.1	8.0
Change in provisions		10.9	11.1
Change in payables to employees		(9.0)	54.8
Change in net operating working capital		(83.9)	5.0
Income taxes refund (paid)		(141.0)	(79.1)
Other operating items		0.7	2.0
Cash flow generated from (used in) operating activities		**380.4**	**483.7**
Purchase of tangible and intangible fixed assets	7 ii.- iii.	(355.3)	(145.8)
Disposal of tangible and intangible assets		12.1	10.1
Acquisition of companies or business divisions		(434.3)	(3.8)
Cash and cash equivalents at acquired companies		2.9	0.7
Put options and earn-out payments		(45.0)	(8.2)
Interests received		14.7	6.9
Decrease (increase) in short-term deposits and investments	6 iii.	(1.0)	(13.2)
Cash flow generated from (used in) investing activities		**(805.9)**	**(153.2)**
Repayments of bonds, notes and debentures	6 viii.	(50.0)	-
Proceeds from non-current borrowings	6 viii.	443.8	130.0
Repayment of non-current borrowings	6 viii.	(46.8)	(158.2)
Net change in short-term financial payables and loans due to bank	6 viii.	(76.7)	19.1
Payment of lease payables	6 vii.	(15.1)	(15.8)
Interest on paid leases	6 vii.	(2.9)	(2.9)
Interests paid on other financial items	6 viii.	(23.1)	(19.6)
Inflows (outflows) of other financial items	6 viii.	(2.4)	(3.7)
Purchase of own shares	7 iv.	(127.9)	(71.0)
Sale of own shares	7 iv.	7.0	68.2
Dividend paid to equity holders of the Parent		(67.6)	(61.6)
Cash flow generated from (used in) financing activities		**38.2**	**(115.6)**
Net change in cash and cash equivalents: increase (decrease)		**(387.3)**	**214.9**
Effect of exchange rate changes on cash and cash equivalents		**31.5**	**28.3**
Cash and cash equivalents at the beginning of period	6 ii.	791.3	548.1
Cash and cash equivalents at end of period	6 ii.	435.4	791.3

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	notes	issued capital	retained earnings and other reserves	cash flow hedge reserve	currency translation differences	remeasurement of defined benefit plans	equity attributable to owners of the parent	non-controlling interests	total
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
at 31 December 2021		**18.3**	**2,527.5**	**(7.9)**	**(165.6)**	**(0.5)**	**2,371.8**	**3.0**	**2,374.8**
Dividends to shareholders of the parent Company	7 vi.	-	(67.6)	-	-	-	(67.6)	-	(67.6)
Increase (decrease) through treasury share transactions	7 vi.	-	(121.1)	-	-	-	(121.1)	-	(121.1)
Increase (decrease) through share-based payment transactions	7 vi.	-	19.6	-	-	-	19.6	-	19.6
Changes in ownership interests	7 vi.	-	(16.8)	-	-	-	(16.8)	1.8	(15.0)
Increase (decrease) through other changes	7 vi.	-	(0.4)	-	-	-	(0.4)	-	(0.4)
Profit (loss)	7 vi.	-	333.0	-	-	-	333.0	(1.5)	331.5
Other comprehensive income (expense)	7 vi.	-	-	35.2	117.5	4.0	156.6	(1.9)	154.7
Total comprehensive income		**-**	**333.0**	**35.2**	**117.5**	**4.0**	**489.6**	**(3.4)**	**486.2**
at 31 December 2022		**18.3**	**2,674.1**	**27.3**	**(48.1)**	**3.5**	**2,675.0**	**1.4**	**2,676.4**

	issued capital	retained earnings and other reserves	cash flow hedge reserve	currency translation differences	remeasurement of defined benefit plans	equity attributable to owners of the parent	non-controlling interests	total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
at 31 December 2020	**18.3**	**2,297.2**	**(12.4)**	**(304.7)**	**(1.8)**	**1,996.6**	**1.8**	**1,998.4**
Dividends to shareholders of the parent Company	-	(61.6)	-	-	-	(61.6)	-	(61.6)
Increase (decrease) through treasury share transactions	-	(2.8)	-	-	-	(2.8)	-	(2.8)
Increase (decrease) through share-based payment transactions	-	11.3	-	-	-	11.3	-	11.3
Changes in ownership interests	-	(0.7)	-	-	-	(0.7)	3.4	2.8
Increase (decrease) through other changes	-	(0.6)	-	-	-	(0.6)	(0.6)	(1.2)
Profit (loss)	-	284.8	-	-	-	284.8	(1.8)	283.0
Other comprehensive income (expense)	-	-	4.5	139.1	1.3	144.9	0.1	145.0
Total comprehensive income	**-**	**284.8**	**4.5**	**139.1**	**1.3**	**429.7**	**(1.7)**	**428.0**
at 31 December 2021	**18.3**	**2,527.5**	**(7.9)**	**(165.6)**	**(0.5)**	**2,371.8**	**3.0**	**2,374.8**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Davide Campari-Milano N.V., the Group's parent company, is listed on the Italian Stock Exchange, with its legal domicile in Amsterdam, the Netherlands, and its corporate address at Via Franco Sacchetti 20, 20099 Sesto San Giovanni, Milan, Italy. For the purposes of carrying out its business operations in Italy, the Company has established a secondary seat with a permanent representative office, within the meaning of article 2508 of the Italian Civil Code. The Company is entered in both the Netherlands Chamber of Commerce under the number 78502934 and Milan Monza Brianza Lodi Chamber of Commerce with the number 06672120158. At 31 December 2022, 54.2% of the share capital and 66.9% of the total voting rights of the Company were held by Lagfin S.C.A., Société en Commandite par Actions, headquartered in Luxembourg, in its turn controlled by Artemisia Management S.A., Société Anonyme, which is the ultimate controlling company of the Group.
Founded in 1860, Campari is the sixth-largest player in the premium spirits industry, with an extensive and varied product portfolio. Its internationally-recognised brands include Aperol, Campari, SKYY, Grand Marnier, Wild Turkey and Appleton Estate. The Group has a global distribution reach, trading in over 190 nations with leading positions in Europe and the Americas. It has 23 production sites, its own distribution network in 23 countries and employs around 4,300 people.

On 21 February 2023 the Board of Directors of the Parent Company approved the consolidated financial statements of Campari Group for the year ended 31 December 2022 and authorised it for issue.
The Board of Directors reserves the right to amend the financial statements, up to the date of the Shareholders' meeting of the Parent Company, should any significant events occur that require changes to be made. The financial statements are presented in million of €. The € is the reference currency of the Parent Company and many of its subsidiaries.

2. ACCOUNTING INFORMATION AND SIGNIFICANT GENERAL ACCOUNTING POLICIES

The consolidated financial statements at 31 December 2022 were prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board ('IASB') and ratified by the European Union ('IFRS-EU'), and with Part 9 of Book 2 of the Dutch Civil Code. These include all the international accounting standards ('IAS') and interpretations of the International Financial Reporting Standards Interpretation Committee ('IFRS IC'), formerly the Standing Interpretations Committee ('SIC').

The accounting standards adopted by the Group are the same as those that were applied for the annual financial statements for the year ended 31 December 2021, except for the accounting standards specified in note 2 vi-' Change in accounting standards. Summary of the new accounting standards adopted by the Group from 1 January 2022'. For the year ended 31 December 2022 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 IFRSs.

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 judgment that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the date of signing the Company's consolidated financial statements.

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

We are continuously improving our financial disclosures to make them more accessible and understandable to our stakeholders. Accounting policies applied by the Group based on IFRS are indicated within the notes to the consolidated financial statements with 'Accounting policy', as well as key assumptions and estimates. Disclosures are following more or less the sequence of items in the consolidated statement of financial position and the consolidated statement of profit or loss.

I. FORM AND CONTENT

In accordance with the format selected by the Group, the statement of profit or loss has been classified by function, and the statement of financial position is based on a distinction between current and non-current assets and liabilities. We consider that this format will provide a more meaningful representation of the items that have contributed to the Group's results and its assets and financial position.
Transactions or events that may generate income and expenses that are not relevant for assessing performance, such as gains (losses) on the sale of fixed assets, restructuring and reorganisation costs, financial expenses, and any other non-recurring income (expenses), are described in the notes. This presentation complies with the requirements and guidelines of the European Securities and Markets Authority ('ESMA') set out in ESMA/2015/1415.
In 2022, the Group did not carry out any atypical and/or unusual transactions that, due to their materiality or size, type of counterparties to the transaction, or method for determining the price and timing of the event (proximity to the close of the period), could give rise to concerns over the accuracy or completeness of the information in the financial statements, conflicts of interest, the safeguarding of company assets or the protection of minority shareholders. The statement of cash flows was prepared using the indirect method.

II. SEASONAL FACTORS

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

III. CURRENCY CONVERSION CRITERIA AND EXCHANGE RATES APPLIED TO THE FINANCIAL STATEMENTS

• ***Currency conversion***

Items included in the financial statements of the Group's subsidiaries, associates 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 2022	at 31 December 2022	for the year ended 31 December 2021	at 31 December 2021
	average rate	end-of-period rate	average rate	end-of-period rate
US Dollar	1.054	1.067	1.184	1.133
Canadian Dollar	1.370	1.444	1.483	1.439
Jamaican Dollar	161.777	161.803	178.337	174.455
Argentine Peso(1)	188.503	188.503	116.362	116.362
Australian Dollar	1.517	1.569	1.575	1.562
Brazilian Real	5.443	5.639	6.381	6.310
Swiss Franc	1.005	0.985	1.081	1.033
Chile Peso	917.917	913.820	897.632	964.350
Yuan Renminbi	7.080	7.358	7.634	7.195
Great Britain Pounds	0.853	0.887	0.860	0.840
Japanese Yen	138.005	140.660	129.857	130.380
South Korea Won	1,358.071	1,344.090	1,353.946	1,346.380
Mexican peso	21.205	20.856	23.990	23.144
New Zealand Dollar	1.659	1.680	1.673	1.658
Peruvian Sol	4.040	4.046	4.588	4.519
Russian Ruble	74.039	79.226	87.232	85.300
Singapore Dollar	1.452	1.430	1.590	1.528
Ukraine Hryvnia	33.975	39.037	32.296	30.922
South Africa Rand	17.210	18.099	17.479	18.063

(1) The average exchange rate of the Argentine Peso was assumed to be equal to the spot exchange rate at the reporting date as required by the hyperinflation accounting standard.

- ***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 translated 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 consistent 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 2022, in accordance with hyperinflationary economies IFRS rules, are shown in the table below. Specifically, the national Consumer Price Index ('nationwide CPI') of Argentina was used.

	for the years ended 31 December	
	2022	2021
	average rate	average rate
Consumer Price Index	1,147.273	579.990
	2022 conversion factor	2021 conversion factor
January	1.896	1.445
February	1.811	1.395
March	1.697	1.331
April	1.600	1.278
May	1.523	1.237
June	1.447	1.199
July	1.347	1.164
August	1.259	1.136
September	1.186	1.097
October	1.115	1.060
November	1.063	1.034
December	1.000	1.000

IV. USE OF ESTIMATES

Preparation of the financial statements and the related notes in accordance with IFRS requires the management to make estimates and assumptions that have an impact on the 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 judgments that could have a significant 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 judgment 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 2022;
- disclosure regarding 'other operating income and expenses': management judgment whether non-recurring or not usual. Please refer to note 3 xi-'Selling, general and administrative expenses and other operating income and expenses' of consolidated financial statements at 31 December 2022;
- disclosures for contingent assets and liabilities: management judgment 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 2022;

- restructuring provisions, provisions for risk and charges: management judgment 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 2022;
- compensation plans in the form of share-based payments: management estimate in determining the assumptions in calculating the fair value of the plans. Please refer to note 7 v-'Share-based payments' of the consolidated financial statements at 31 December 2022;
- goodwill and intangible assets: management judgment of the assets to be recognised and synergies resulting from an acquisition. Management judgments 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 2022;
- taxation: management judgment 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 2022;
- incremental interest rate for lease transactions: management judgments 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 2022.

- ***Macroeconomic scenario including Russia-Ukraine conflict implications, inflationary and input cost pressure and climate related matters***

During 2022 Campari Group has continued to monitor and analyse the evolution of the Covid-19 pandemic, which, thanks to the easing of restrictions in most economies, seems to have been mostly overcome.

Anyway, a critical review was conducted with reference to the macro-economic scenario, which is keeping the development of the global economy uncertain. This review 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. This event and the related geopolitical tensions caused are implying significant challenges to business activities and introduce a high degree of uncertainty about the expected development of those activities and the related impacts on the economic and financial system, at both European and global level.

The impact of the conflict is not materially affecting the Group business performances at a consolidated level as reported in the consolidated financial statements, since Russia and Ukraine together accounted overall for approximately 3% of the Group's net sales in the full year 2022 as well as in 2021. The Group has commercial operations in both countries with no production facilities. In Ukraine, Campari Group employs 29 people while in Russia 118 people, who in both cases, are working in those commercial operations.

As a member of the spirits industry, in 2022 Campari Group has been exposed to the challenges of the present incremental inflationary and input cost pressures combined with logistics constraints exacerbated by the Russia-Ukraine conflict. Although there are some tailwinds for the world economy from the further easing of global supply chain pressures owing to improvements in supply and weakening of demand, downside risks in global growth persist. The risks resulting from the related weakened performance of the industrial sectors together with changes in the consumer behaviours, as well as the overall evolution of the macro-economic scenario, are constantly monitored by the Group to mitigate eventual impacts. In 2022 the intensification of inflationary pressure was mitigated by the favourable sales mix and price increases applied throughout the year.

Climate change is a major disruptive force with the potential to drive substantial changes to the Group's operations in the short to medium and long term. Many of the potential impacts of climate change can be characterized as risks: either physical risks to our environment or risks related to the transition to a low-carbon economy to pursue the goals of the Paris Agreement. 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.

The impact of the climate change assessment and the target of net zero carbon emissions for Campari Group's operations by 2025 have been taken into account in evaluating estimates and judgments in the preparation of the Group's financial statements. The details of the climate risk assessment were deemed proportionate to the nature of the business and the current assessment was sufficient to identify the physical climate risks as well as the transition risks that are material to the Group's operations or financial condition. The analysis of climate change carried out in 2022, mainly relating to emissions and water consumption, did not result in any issue not attributable to and not addressable in the ordinary course of business and did not highlight any significant economic material issue that had an impact on these consolidated financial statements.

The following considerations were made:

- the impact of climate change is not expected to be significant over the going concern period;
- 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 put in place contingency sourcing plans;
- 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, provisions and onerous contracts) that determine the carrying amount of non-current assets: no triggering factors were identified in 2022.

In connection with the beforementioned evolutions in the macro-economic environment and climate changes, some significant assumptions and estimates related to the items listed above were subject to in-depth analysis aimed at identifying any triggering events which might have impacted the Group's financial performances, hence requiring potential material adjustments in 2022: going concern including net financial debt, impairment of non-financial assets, operating working capital including revenue recognition and receivables expected credit loss assessment, provision and onerous contracts, deferred tax assets and tax reliefs and property, plant and equipment recovery.

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

GOING CONCERN INCLUDING NET FINANCIAL DEBT

The Group continues to be very sound, in terms of its operating and financial profiles, and has not been exposed to any going-concern issues during 2022 thanks to the agility and resilience of its organisation. Thanks to the lifting of the Covid-19 restrictions in most economies, the Group has seen a bounce-back in the out-of-home consumption, combined with sustained home-premise consumption, which also favoured premiumisation within the industry.

With regard to the difficult inflationary pressure of high input costs, the Group has actively implemented strategies aimed at carefully monitoring the cost production trends as well as carrying out price increases across selected brands and geographics in order to mitigate the negative impact on margins.

With regard to the Group's net debt position and namely with respect to financial assets, they are not subject to particular risks, since the investments considered by the Group are always the subject of a careful and scrupulous preliminary analysis and are always aligned with the financial needs of the moment. In respect to financial liabilities, the Group's indebtedness ratios measured internally (given the lack of covenants on existing debt) were under control and consistently standing at a level considered entirely manageable by the Group. During 2022, the Group's financial structure was confirmed to have been strengthened by the availability of significant committed and uncommitted credit lines. No renegotiation of interest rates or other terms of existing agreements (derivatives included) have been performed if not required by the Group in the ordinary course of its business, and the fact that the Group's loan profile is appropriately balanced between variable and fixed rate has minimised its exposure to market risks. With respect to lease and rental agreements, there have not been new significant lease agreements, including sub-leases, nor significant contract amendments generating financial receivables or liabilities. In terms of fair value measurement hierarchies of financial items, there were no changes to be reflected in 2022 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.

IMPAIRMENT OF NON-FINANCIAL ASSETS: GOODWILL, BRANDS AND INTANGIBLE ASSETS WITH A FINITE LIFE AND PROPERTY, PLANT AND EQUIPMENT

In the current macroeconomic context, mainly inflation,

logistics constraints as well as risk free rates increases that might lead to higher cost of capital, the Group performed an impairment assessment. This assessment confirmed that these external events did not trigger any substantial change in the recoverability of its goodwill and trademarks values.
During 2022 the positive business momentum has continued across key brands and regions, largely benefiting from the consumption recovery. Regarding the ongoing cost inflations, the Group has actively implemented price increases across brands and geographics throughout the year to mitigate the negative impact on margins. In the current circumstance and also considering the potential risk in the change of consumer behaviours due to inflation, there is anyway no evidence of significant deterioration of consumer demand affecting the Group's business plans. Consequently, there was no evidence of substantial changes of circumstances that could indicate that the carrying amount of goodwill and brands with an indefinite life may no longer be recoverable. Moreover, there has not been any interruption of the operation of the Group's plants or supply from suppliers or problems with logistic and freight transport activities that the Group was not able to mitigate in the ordinary course of business.
During 2022 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 the Russia-Ukraine conflict as the Group does not have any production facilities in both countries.

OPERATING WORKING CAPITAL, REVENUE RECOGNITION AND PROVISION AND ONEROUS CONTRACTS
The macro-economic trend in 2022 did not trigger any significant change in clients' contracts and any change in the revenue recognition criteria previously identified. During the year significant judgements were used to review the expected credit losses based on the Group business model to manage financial instruments namely with reference to the markets directly impacted by the Russia-Ukraine conflict. To facilitate the liquidity management, the Group continued the reverse factoring program, confirmed with a limited number of trusted suppliers involved, consistently with the previous year.
The macroeconomic trend, mainly the geopolitical tensions, in 2022 triggered the need to perform an in-depth assessment to reflect the net realisable value of inventories namely for market directly impacted by the Russia-Ukraine conflict with no material effect on the Group's financial performance as described in note 3-vi 'Selling, general and administrative expenses and Other operating income and expenses'. With respect to biological assets, during 2022 there were no changes to the fair value measurement hierarchies to be reflected in the Group's accounts. In terms of the assessment of provision for risks and charges, there were no events or situations generating the need to include additional provisions outside the ordinary course of business or requiring any significant estimate of onerous contracts to be reflected in the Group's accounts. Moreover, no supply chain constraints that should have been reflected in the above assessment were detected.

TAXATION
During the period, all significant assumptions and estimates considered in the preparation of the 2022 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.

V. PRINCIPLES OF CONTROL AND CONSOLIDATION

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

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

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

• *Principles of consolidation*
The consolidated financial statements include the financial statements of the Parent Company and of the Italian and foreign subsidiaries. All subsidiaries are consolidated on a line-by-line basis. The carrying amount of the equity of the investments in subsidiaries is derecognised against the corresponding portion of the shareholders' equity of the subsidiaries. At the first consolidation stage individual assets and liabilities are measured at fair value in the context of the purchase price allocation at the date control was acquired. Any residual positive difference in the allocation is recorded under the asset item 'Goodwill', and any negative amount is allocated to the statement of profit or loss.
The subsidiaries' financial statements are based on the same financial year as the Parent Company and drawn up for the purposes of consolidation. When necessary, appropriate adjustments are made to subsidiaries' financial statements to bring them into line with the Group's accounting policies.
Joint-ventures and associates 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 associated companies or 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 30 July 2022 all assets and liabilities of Société Civile Immobilière Du VAL were transferred to Campari France S.A.S. via a 'dissolution sans liquidation' according to French law, aiming to optimise and streamline the Group's structure. For statutory purposes the effective date of the transaction was 30 July 2022 with retroactive effective date for tax purposes as at 1 January 2022;
- on 31 July 2022 Les Rives Marne S.A.S. was merged within Champagne Lallier S.A.S, with the aim of optimizing and streamlining the Group's structure. For statutory and tax purposes, the effective date the merger was 1 January 2022;
- on 14 October 2022, Campari Group completed the acquisition of 95% of Eric Luc, which was included in the consolidation perimeter from the acquisition date.
- on 7 December 2022, Campari Group completed the acquisition of an initial 70% interest of the Wilderness Trail Distillery, LLC and its subsidiary Wilderness Trace Distillery, LLC. Both companies were included in the consolidation perimeter from the acquisition date.

THE TABLES BELOW LIST THE COMPANIES INCLUDED IN THE BASIS OF CONSOLIDATION AT 31 DECEMBER 2022.

name of company, activity	registered office	share capital at 31 December 2022		% owned by Davide Campari-Milano N.V.		indirect ownership through
		currency	amount	direct	indirect	
Davide Campari-Milano N.V., holding, trading and manufacturing company	legal domicile: Amsterdam (Netherlands) corporate address: Via Franco Sacchetti 20, 20099 Sesto San Giovanni, Milan, Italy.	€	11,616,000			
Fully consolidated companies						
Italy						
Campari International S.r.l., trading company	Via Franco Sacchetti 20, 20099 Sesto San Giovanni; Milan, Italy	€	700,000	100.00		
Camparino S.r.l., trading company	Piazza Duomo 21, 20121 Milan, Italy	€	48,880	100.00		
Terrazza Aperol S.r.l., trading company	Sestiere San Marco 2776, Venice, Italy	€	20,000	100.00		
Europe and Africa						
Campari Austria GmbH, trading company	Naglergasse 1/Top 13,1010 Wien, Austria	€	500,000	100.00		
Campari Benelux S.A., trading company	Rue aux Laines 70, 1000 Bruxelles, Belgium	€	1,000,000	61.01	38.99	Glen Grant Ltd. 38.99%
Campari Deutschland GmbH, trading company	Adelgundenstr. 7 Munich, 80538 Germany	€	5,200,000	100.00		
Campari España S.L.U., holding and trading company	Calle de la Marina 16-18, planta 29, Barcelona, Spain	€	4,279,331	100.00		
Campari RUS LLC, trading company	115088, Moscow, 2nd Yuzhnoportovy proezd, 14/22, Russia	RUB	210,000,000	100.00		
Campari Schweiz A.G., trading company	Lindenstrasse 8, 63471 Baar, Switzerland	CHF	500,000	100.00		
Campari Ukraine LLC, trading company	8, Illinska Street, 5 Floor, block 8 and 9, Kiev, 4070 Ukraine	UAH	87,396,209	99.00	1.00	Campari RUS LLC 1%
Glen Grant Ltd., manufacturing and trading company	Glen Grant Distillery, Elgin Road, Rothes, Morayshire, AB38 7BN, United Kingdom	GBP	24,949,000	100.00		
Kaloyiannis-Koutsikos Distilleries S.A., manufacturing and trading company	6&E Street, A' Industrial Area, 38500 Volos, Greece	€	6,811,220	100.00		
Société des Produits Marnier Lapostolle S.A.S., holding and manufacturing company	14, rue Montalivet 75008 Paris, France	€	27,157,500	100.00		
Campari France S.A.S., manufacturing and trading company	14 rue Montalivet 75008 Paris, France	€	112,759,856		100.00	Société des Produits Marnier Lapostolle S.A.S. 100%
Bellonnie et Bourdillon Successeurs S.A.S., manufacturing and trading company	Zone de Génipa, 97224, Ducos, Martinique	€	5,100,000		96.53	Campari France S.A.S96.53%
Distilleries Agricole de Sainte Luce S.A.S., agricultural production company	Zone de Génipa, 97224, Ducos, Martinique	€	2,000,000		96.53	Bellonnie et Bourdillon Successeurs S.A.S. 100%
SCEA Trois Rivières, agricultural service company	Zone de Génipa, 97224, Ducos, Martinique	€	5,920		96.53	Bellonnie et Bourdillon Successeurs S.A.S. 25% Distilleries Agricoles de Sainte Luce S.A.S 75%
Champagne Lallier S.A.S., manufacturing company	4 Place de la Libération, 51160, AY, France	€	3,575,420		80.00	Campari France S.A.S. 80%
Scev des Gloriettes, property company	4 Place de la Libération, 51160, AY, France	€	34,301		80.00	Campari France S.A.S. 80%
Sci Athena, property company	4 Place de la Libération, 51160, AY, France	€	1,000		80.00	Champagne Lallier S.A.S. 100%

name of company, activity	registered office	share capital at 31 December 2022		% owned by Davide Campari-Milano N.V.		indirect ownership through
		currency	amount	direct	indirect	
Eric Luc, manufacturing and property company	5 rue Ritterbandt, 51160, AY, Champagne, France	€	700,000		95.00	Campari France S.A.S. 95%
Campari South Africa Pty Ltd., trading company	2nd Floor ICR House Alphen Park, Constantia main road, Constantia, Western Cape 7806, South Africa	ZAR	310,247,750		100.00	Campari España S.L.U.
Americas						
Campari America, LLC, manufacturing and trading company	1114 Avenue of the Americas, 19th Floor New York, 10036 United States	US$	566,321,274	100.00		
Wilderness Trail Distillery, LLC, holding company[2]	4095 Lebanon Road Danville, Kentucky 40422 United States	US$	-		70.00	Campari America LLC 70%
Wilderness Trace Distillery, LLC, manufacturing and trading company[2]	4095 Lebanon Road Danville, Kentucky 40422 United States	US$	-		70.00	Wilderness Trail Distillery, LLC 100%
Campari Argentina S.A., manufacturing and trading company	Tucuman, Piso 4 1107 Buenos Aires, Ciudad de Buenos Aires Argentina	ARS	1,179,465,930[1]	98.81	1.19	Campari do Brasil Ltda. 1.19%
Campari do Brasil Ltda., manufacturing and trading company	Alameda Rio Negro 585, Edificio Demini, Conjunto 62, Alphaville-Barueri-SP, Brasil	BRL	239,778,071	99.9999	0.0001	Campari Schweiz A.G. 0.0001%
Campari Mexico S.A. de C.V., trading company	Avenida Americas 1500 Piso G-A Colonia Country Club, Guadalajara, Jalisco, 44610 Mexico	MXN	2,970,184,642		100.00	Campari España S.L.U. 99.9998% Campari America, LLC 0.0002%
Campari Mexico Destiladora S.A. de C.V., manufacturing company	Camino Real a Atotonilco No. 1081, La Trinidad, San Ignacio Cerro Gordo, Jalisco, Z.C. 47195, Mexico	MXN	10,100,000		100.00	Campari Mexico, S.A. de C.V. 99.99% Campari America, LLC 0.1%
Licorera Ancho Reyes y cia, S.A.P.I. de C.V., manufacturing and trading company	Paseo de los Tamarindos No. 90 Edificio Arcos Bosques Torre II-Piso 5C Col. Bosques de las Lomas, 05120, Mexico	MXN	177,888,738		51.00	Campari España S.L.U. 51%
Casa Montelobos, S.A.P.I. de C.V., manufacturing and trading company	Paseo de los Tamarindos No. 90 Edificio Arcos Bosques Torre II-Piso 5C Col. Bosques de las Lomas, 05120, Mexico	MXN	144,810,964		51.00	Campari España S.L.U. 51%
Campari Peru SAC, trading company	Av. Jorge Basadre No.607, oficina 702, distrito de San Isidro, Lima, Peru	PEN	34,733,588		100.00	Campari Espãna S.L.U. 99.92%, Campari do Brasil Ltda. 0.08%
Forty Creek Distillery Ltd., manufacturing and trading company	297 South Service Road West, Grimsby, ON L3M 1Y6 Canada	CAD	105,500,100	100.00		
J. Wray&Nephew Ltd., manufacturing and trading company	23 Dominica Drive, Kingston 5, Jamaica	JMD	750,000		100.00	Campari Espãna S.L.U.
Asia						
Campari (Beijing) Trading Co. Ltd., trading company	Building 1, Level 5, Room 66, 16 Chaowai Avenue, Chaoyang District, Beijing, China	CNY	104,200,430	100.00		
Campari Australia Pty Ltd., manufacturing and trading company	Level 21, 141 Walker Street North Sydney, 2060, Australia	AUD	56,500,000	100.00		
Campari India Private Ltd., trading company	Upper Ground&First Floor Shop No. SG-1 & SF-1, DT Greater Kailash-II, New Delhi 110048, India	INR	172,260	99.9	0.01	Campari Australia Pty Ltd. 0.01%
Campari New Zealand Ltd., trading company	C/o KPMG 18, Viaduct Harbour Av., Maritime Square, Auckland, New Zealand	NZD	10,000		100.00	Campari Australia Pty Ltd.
Campari Singapore Pte Ltd., trading company	152 Beach Road, #24-06, 1Gateway East, 189721, Singapore	SGD	19,100,000	100.00		
Trans Beverages Company Ltd., trading company	5th Floor, 14 Samsung-ro 133-gil Gangnam-gu, Seoul, South Korea, Songpa-gu, Seoul, Korea	KRW	2,000,000,000		51.00	Glen Grant Ltd.

(1) The share capital does not include effects related to the hyperinflation accounting standard.
(2) The share capital of the companies related to the closing date 7 December 2022.

VI. CHANGE IN ACCOUNTING STANDARDS

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

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

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

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

Amendments to Annual improvements 2018-2020 (issued on 14 May 2020) include the following amendments to IFRS:

- IFRS 9-'Financial Instruments'. The amendment clarifies which fees an entity includes when it applies the '10 per cent' test for assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- IAS 41-'Agriculture'. The amendment removes the requirement to exclude taxation cash flows when measuring the fair value of assets falling within the scope of IAS 41.
- IFRS 16-'Leases'. The amendment to illustrative example 13 in IFRS 16 removes the illustration of payments from the lessor relating to leasehold improvements, in order to resolve any potential confusion regarding the treatment of lease incentives that might arise due to the form in which the lease incentives were illustrated in that example.

These amendments were considered in preparing this Group's full year consolidated financial statements with no significant impact to be reported.

• *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.

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

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

Amendments to IAS 12-'Income Taxes' Deferred Tax 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.
The first application is scheduled for 1 January 2023.

• *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.

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.

3. RESULTS FOR THE PERIOD

This section details accounting policies for net sales, operating segment, cost of sales, point of sale materials, other operating income and expenses, personnel costs, depreciation and amortization, financial income and expenses, lease components share of profit (loss) of associates and joint-ventures, as well as taxation. Judgments and estimates are stated regarding other operating income and expenses, and taxation.
This section discloses the information on costs and revenues, gain and losses affecting the results and performance for the period ended 31 December 2022, as well as financial information for taxation, associates 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.

NET SALES PRESENTATION
Net sales relate to spirit products in Campari Group's markets, their nature, amount, timing, and uncertainty, as well as the corresponding cash flows, are affected by economic and business factors which differ across markets, also as a function of their different sizes and maturity profiles. These elements are primarily attributable to demographics, consumption habits also influenced by historical, social, and climatic factors, local consumer taste preferences, propensity to consume, the market commercial structure in terms of the weight of the distribution channels (off-premise vs. on-premise) as well as the retailers' concentration. As an effect of the above factors, the sales composition by brand differs from market to market. Therefore the level of analysis of sales by operating segments reflects the four geographical areas.
In order to highlight the main business performance drivers in a diversified context and to assess the contribution of the different brands to the overall sales performance of the Group, further breakdowns by brand category (global, regional and local brands) and for major brands are provided to better explain their contribution to the region. The categorisation of brands into three main clusters (global priorities, regional priorities and local priorities) is based on their scale, growth potential, and business priority.

Disclosure

Net sales, which almost entirely relate to the sale of spirits, totalled €2,697.6 million at the total Group level, compared with €2,172.7 million of the previous year. The overall performance in 2022 was very positive and achieved despite the macroeconomic challenges, thanks to a strong business momentum over brand and geographies, as well as the successful execution of price increases.
In order to highlight the main business performance drivers in a geographically diversified context and assess the contribution of the newly acquired brands to the overall sales performance of the Group, further breakdowns by brand category and for major brands are provided below to explain better their contribution to the region and the main related market. The categorisation of brands into three main clusters is based on the brands' geographic scale, business priorities, and growth potential.

	for the years ended 31 December	
group net sales focus by region	2022	2021
	€ million	€ million
Americas	1,229.4	927.9
Southern Europe, Middle East and Africa[(1)]	746.3	638.7
North, Central and Eastern Europe[(1)]	524.0	438.2
Asia-Pacific	197.9	167.8
Total	**2,697.6**	**2,172.7**

(1) 2021 data restated reflecting minor changes on market reclassification.

	for the years ending 31 December	
	2022	2021
	€ million	€ million
global priority brands	**1,549.5**	**1,226.1**
Aperol	581.9	441.5
Campari	287.3	219.6
Wild Turkey portfolio[(1)(2)]	215.8	161.3
Grand Marnier	175.8	156.8
Jamaican rums portfolio[(3)]	150.6	119.7
SKYY[(1)]	138.2	127.2
regional priority brands	**686.0**	**540.5**
Espolòn	177.0	118.8
Cinzano, Riccadonna and Mondoro	154.7	125.6
Italian specialties[(4)]	84.0	69.1
Crodino	61.6	52.6
Magnum Tonic	44.4	42.1
Aperol Spritz ready-to-enjoy	36.4	26.7
The GlenGrant	28.5	23.0
other[(5)]	99.5	82.6
local priority brands[(6)]	**223.0**	**190.1**
Campari Soda	76.9	72.5
Wild Turkey ready-to-drink[(7)]	50.4	45.0
SKYY ready-to-drink	27.4	23.3
X-Rated	12.3	13.5
other[(8)]	55.9	35.8
rest of the portfolio	**239.1**	**216.0**
total	**2,697.6**	**2,172.7**

(1-2-3-4-5-6-7-8) For notes from 1 to 8, please refer to the following disclosure table.

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

	for the years ending 31 December 2022	
	percentage of Group sales	segment/main markets for brands
global priority brands	**57.4%**	
Aperol	21.6%	- *Italy, SEMEA* *Germany, NCEE* *US, AMERICAS* *France, SEMEA* *United Kingdom, NCEE*
Campari	10.6%	- *Italy, SEMEA* *US, AMERICAS* *Brazil, AMERICAS* *Jamaica, AMERICAS* *Germany, NCEE*
Wild Turkey portfolio[(1)(2)]	8.0%	- *US, AMERICAS* *Australia, APAC* *South Korea, APAC* *Japan, APAC* *Canada, AMERICAS*
Grand Marnier	6.5%	- *US, AMERICAS* *Canada, AMERICAS* *France, SEMEA* *Gtr, SEMEA* *China, APAC*
Jamaican rums portfolio[(3)]	5.6%	- *Jamaica, AMERICAS* *US, AMERICAS* *United Kingdom, NCEE* *Canada, AMERICAS* *Mexico, AMERICAS*
SKYY[(1)]	5.1%	- *US, AMERICAS* *Argentina, AMERICAS* *Germany, NCEE* *South Africa, SEMEA* *Canada, AMERICAS*
regional priority brands	**25.4%**	-
Espolòn	6.6%	
Cinzano, Riccadonna and Mondoro	5.7%	
Italian specialties[(4)]	3.1%	
Crodino	2.3%	
Magnum Tonic	1.6%	
Aperol Spritz ready-to-enjoy	1.3%	
The GlenGrant	1.1%	
other[(5)]	3.7%	
local priority brands[(6)]	**8.3%**	-
Campari Soda	2.9%	
Wild Turkey ready-to-drink[(7)]	1.9%	
SKYY ready-to-drink	1.0%	
X-Rated	0.5%	
other[(8)]	2.1%	
rest of the portfolio	**8.9%**	-
total	**100.0%**	-

(1) Excludes ready-to-drink. (2) Includes American Honey. (3) Includes Appleton Estate, Wray&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 and Lallier. (6) In light of the positive trends recorded over the past periods, starting from 1 January 2021 Aperol Spritz ready-to-enjoy and X-Rated were moved from the rest of the portfolio category and reported as local priority brands. Aperol Spritz ready-to-enjoy is a stand-alone brand not included in the Aperol brand performance. (7) Includes American Honey ready-to-drink. (8) Includes Cabo Wabo, Ouzo and Picon.

II. OPERATING SEGMENT

Accounting policy

For management purposes, the Group is organised into business units and has four reportable segments. Each segments' business results, their nature, amount, timing and uncertainty as well as the related cash flow, are affected by economic factors influenced by homogeneous elements primarily attributable to geographical areas' features, although markets have different sizes and maturity profiles. Secondarily, the resource allocation to each region, particularly the investment in brand-building and the distribution capabilities, is driven by the development of brand clusters (global, regional and local) and the related breakdown by brands. The level of profitability analysed is, therefore, the operating result by the following regions: Americas ('AMERICAS'), Southern Europe, Middle East and Africa ('SEMEA'), Northern, Central and Eastern Europe ('NCEE'), and Asia-Pacific ('APAC'). The profitability of each region reflects the profit generated by the Group through sales to third parties in that region, thereby eliminating the effects of inter-company margins. In terms of financial position, the goodwill is assigned to operating segments reflecting the allocation defined at the time of the related business acquisition.

the year ended 31 December 2022 € million	Americas	Southern Europe, Middle East and Africa	Northern, Central and Eastern Europe	Asia-Pacific	total allocated	non-allocated items and adjustments	consolidated
Net sales to third-parties	1,229.4	746.3	524.0	197.9	2,697.6	-	2,697.6
Net sales between segments	85.6	558.7	23.6	-	667.9	(667.9)	-
Total net sales	**1,315.1**	**1,305.1**	**547.6**	**197.9**	**3,365.6**	**(667.9)**	**2,697.6**
Segment result	**238.8**	**78.5**	**181.5**	**12.8**	**511.6**	**-**	**511.5**
Operating result	-	-	-	-	-	-	511.5
Financial income (expenses)	-	-	-	-	-	(30.0)	(30.0)
Share of profit (loss) of associates and joint-ventures	-	-	-	-	-	(6.6)	(6.6)
Taxation	-	-	-	-	-	(143.5)	(143.5)
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**331.5**
Non-controlling interests	-	-	-	-	-	(1.5)	(1.5)
Group profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**333.0**
Goodwill	**1,237.8**	**401.0**	**247.4**	**25.6**	**1,911.8**	**-**	**1,911.8**

the year ended 31 December 2021 € million	Americas	Southern Europe, Middle East and Africa	Northern, Central and Eastern Europe	Asia-Pacific	total allocated	non-allocated items and adjustments	consolidated
Net sales to third-parties	927.9	638.8	438.1	167.8	2,172.7	-	2,172.7
Net sales between segments	54.7	416.6	21.6	-	492.8	(492.8)	-
Total net sales	**982.6**	**1,055.5**	**459.6**	**167.8**	**2,665.5**	**(492.8)**	**2,172.7**
Segment result	**177.5**	**45.8**	**162.0**	**15.5**	**400.8**	**-**	**400.8**
Operating result	-	-	-	-	-	-	400.8
Financial income (expenses)	-	-	-	-	-	(12.2)	(12.2)
Share of profit (loss) of associates and joint-ventures	-	-	-	-	-	(0.1)	(0.1)
Taxation	-	-	-	-	-	(105.6)	(105.6)
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**283.0**
Non-controlling interests	-	-	-	-	-	(1.8)	(1.8)
Group profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**284.8**
Goodwill	**740.7**	**400.6**	**249.3**	**25.6**	**1,416.3**	**-**	**1,416.3**

III. COST OF SALES

Disclosure

	for the years ended 31 December	
	2022 € million	2021 € million
Materials and manufacturing costs	920.9	753.9
Distribution costs	188.1	121.9
Total cost of sales	**1,109.0**	**875.8**
Breakdown by nature		
Raw materials and finished goods acquired from third parties	683.2	562.9
Inventory write-downs	12.8	18.0
Personnel costs(1)	99.7	79.4
Depreciation/amortisation(1)	51.6	44.7
Utilities	26.3	14.7
External production and maintenance costs	35.0	28.4
Variable transport costs	147.6	90.7
Other costs	52.9	37.1
Total cost of sales	**1,109.0**	**875.8**

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

As a percentage of net sales, the cost of sales increased from 40.3% of 2021 to 41.1% in 2022 negatively impacted by the heightened input cost inflation, particularly logistics and raw materials, due to a less favourable sales mix (i.e. the outperformance of Espolòn, including the negative impact of the agave purchase price, which remains at the highest level driven by robust demand in the tequila and very positive growth of Jamaican rum, impacted by increased input cost factors) and which were only partially mitigated by better absorption of supply chain fixed costs.

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	
	2022 € million	2021 € million
Merchandising and promotional costs	171.5	142.6
Advertising spaces	153.4	136.4
Media production	23.1	24.0
Sponsorships, testimonials, influencers and events	96.4	65.6
Research and innovation	23.8	22.9
Trade allowance for promotional purposes	(3.8)	(7.4)
Depreciation/amortization[1]	3.4	3.3
Personnel costs[1]	4.0	3.5
Other advertising and promotional costs	7.2	7.0
Total advertising and promotional costs	**479.0**	**397.8**

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

Advertising and promotional costs totalled €479.0 million in 2022, rising by €81.2 million compared with 2021. As a percentage of sales, they stood at 17.8%, lower than the 18.3% shown in 2021, and mainly reflects increased sponsorships, testimonials, and influencers expenses related to initiatives in line with the Group's focus on digital brand-building activities undertaken on the on-premise channel.

V. PUBLIC GRANTS

In 2022 operating grants for an overall €1.6 million 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 and the construction of systems for the production of electricity using solar panels at the Caltanissetta and Alghero plants in Italy. In 2021 no operating grants were recorded.

VI. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AND OTHER OPERATING INCOME AND EXPENSES

Accounting policy

Other operating income and expenses include certain transactions or events identified by the Group as not relevant for assessing the annual performance. Those are adjusting elements for performance indicators disclosed in the management board report.

Disclosure

	for the years ended 31 December	
	2022 € million	2021 € million
Personnel costs[1]	320.1	285.8
Services, maintenance and insurance	92.1	84.6
Travel, business trips, training and meetings	47.1	27.3
Depreciation/amortisation[1]	35.4	31.7
Agents and other variable sales costs	10.1	8.0
Utilities, fuel and insurance	8.0	5.6
Board fees and indemnities	7.0	7.2
Charges for the use of third party assets	6.6	5.0
Other	13.4	8.6
Total selling, general and administrative expenses	**539.8**	**463.8**
Operating expenses	63.6	54.1
Operating income	(5.3)	(19.8)
Total other operating income and expenses[2]	**58.3**	**34.3**
Breakdown of other operating income and expenses by nature		
Mergers and Acquisitions projects fees and indemnities from contract resolutions	*14.4*	*-*
Restructuring costs	*11.4*	*10.6*
Last mile long-term incentive schemes with retention purposes[3]	*10.0*	*10.0*
Ukraine and Russia conflict costs	*8.0*	*-*
Impairment losses	*6.6*	*8.0*
Jamaica site restoration	*-*	*5.0*
Gain on fiscal dispute	*-*	*(6.2)*
Other net expenses	*8.0*	*6.8*
Total other operating income and expenses	**58.3**	**34.3**

(1) For an analysis of personnel costs and depreciation and amortisation components by nature, please see also the breakdown of personnel costs in notes 3 vii-'Personnel costs' and 3 viii-'Depreciation and amortisation'.
(2) The breakdown showed the net impact of other income and expense items by nature.
(3) Pursuant to the Remuneration Policy, a last mile incentive scheme with retention purpose to be potentially awarded to the current CEO has been approved by the Parent Company's corporate bodies. For more information, refer to the section 'Governance 'in the Campari Group annual report for the year ended 31 December 2022.

At 31 December 2022, the total selling, general and administrative expenses amounted to €539.7 million, showing an increase of €75.9 million compared to the figures reported in 2021, mainly related to personnel, travel and business trip costs which was favoured by an easy comparison base still affected by the pandemic restriction. The year's investments also 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.
In terms of other operating income and expenses in 2022, the main components of the year included the costs associated with restructuring and reorganizational projects, Mergers and Acquisitions projects, indemnities for contract resolutions and impairment of assets (€32.4 million) as well as the long-term non-recurring last mile incentive plans for retention purposes to be potentially recognized to senior management (€10.0 million). The costs of the year included the non-recurring costs associated with the Russia-Ukraine conflict amounting to €8.0 million, related to the write-off of the inventory stocks destroyed during the conflict and a measurement of the expected credit losses reflecting the highly increased probability of default recorded in both countries. Other costs included expenses associated to indirect tax disputes and some of the activities connected to Group digital transformation.

VII. PERSONNEL COSTS

Accounting policy

For detailed information on the accounting policy on post-employment plans and share based payments, please refer to note xx.-'share-based payments', xx-'defined benefit and contribution plans', respectively.

Disclosure

	for the years ended 31 December	
	2022 € million	2021 € million
Salaries and wages	329.0	272.9
Social security contributions	64.1	58.4
Cost of defined contribution plans	11.4	9.8
Cost of defined benefit plans	1.3	0.3
Other costs relating to mid/long-term benefits	(1.9)	16.3
Cost of share-based payments	19.8	10.9
Non-recurring personnel costs(1)	20.4	20.6
Total personnel costs	**444.2**	**389.2**
of which:		
Included in cost of sales	*99.7*	*79.4*
Included in selling, general and administrative expenses	*320.1*	*285.8*
Included in advertising and promotional expenses	*4.0*	*3.5*
Included in other operating income (expenses)(1)	*20.4*	*20.6*
Total personnel costs	**444.2**	**389.2**

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

At 31 December 2022, personnel costs equal to €444.2 million recorded an increase of €55.0 million compared to the figures reported in the previous year. As a percentage of sales, personnel costs amounted to 16.5%, compared to 17.9% in 2021. The total personnel costs also included the expenses associated with indemnities and non-recurring last mile long-term incentive schemes with retention purposes to be potentially recognised to senior management.

VIII. DEPRECIATION AND AMORTISATION

Accounting policy

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

Disclosure

	for the years ended 31 December	
	2022 € million	2021 € million
• Property, plant and equipment	46.2	39.5
• Right of use assets	2.1	2.1
• Intangible assets	3.3	3.1
Depreciation and amortization included in cost of sales	**51.6**	**44.7**
• Property, plant and equipment	8.6	7.5
• Right of use assets	11.8	11.5
• Intangible assets	15.0	12.8
Depreciation and amortization included in selling, general and administrative expenses	**35.4**	**31.7**
• Property, plant and equipment(1)	1.8	1.6
• Right of use assets	1.1	1.3
• Intangible assets	0.5	0.5
Depreciation and amortization included in advertising and promotional expenses	**3.4**	**3.3**
• Property, plant and equipment(1)	56.6	48.6
• Right of use assets	15.1	14.8
• Intangible assets	18.8	16.3
Total depreciation and amortization in the statement of profit or loss	**90.5**	**79.7**
Total depreciation and amortization	**90.5**	**79.7**

(1) 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.

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 €23.8 million in 2022 (€22.9 million in 2021) 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	
	2022	2021
	€ million	€ million
Interest expenses	(31.5)	(28.3)
Bank expenses	(3.5)	(2.9)
Discounting from put option liabilities and change in estimate	-	(0.3)
Exchange loss net	(4.6)	-
Remeasurement effect from liability management	(4.6)	-
Hyperinflation effects	0.7	0.4
Other expenses	(1.6)	(1.0)
Total financial expenses	**(45.1)**	**(32.0)**
Bank and term deposit interests	15.0	7.2
Exchange gain net	-	7.9
Financial income on tax assessment	-	4.7
Total financial income	**15.0**	**19.8**
Net financial income (expenses)	**(30.0)**	**(12.2)**
Of which adjustments to financial income (expenses)	***(4.6)***	***4.7***

Net financial income (expenses), which included the effects of exchange rate differences and hyperinflation, reported a total net cost of €30.0 million, with an increase of €17.8 million compared to the same period in 2021.
The breakdown by nature of net financial expenses for the period is as follows.

	for the years ended 31 December	
	2022	2021
	€ million	€ million
Interest expenses on bonds	(14.9)	(15.5)
Interest expenses on loans	(13.6)	(9.8)
Interests expenses on leases	(2.9)	(2.9)
Total interest expenses	**(31.5)**	**(28.3)**
Interest on tax dispute on Brazil	-	4.7
Bank and term deposit interests	15.1	7.2
Total interest income	**15.1**	**11.9**
Bank expenses	(3.5)	(2.9)
Remeasurement effect from liability management	(4.6)	-
Other net expenses	(1.6)	(1.0)
Total other financial expenses	**(9.7)**	**(3.9)**
Total financial income (expenses) before exchange gain (losses), hyperinflation and put option	**(26.1)**	**(20.3)**
Exchange rate differences	(4.6)	7.9
Total financial income (expenses) before hyperinflation and put option	**(30.7)**	**(12.4)**
Discounting from put option liabilities and change in estimate	-	(0.3)
Hyperinflation effects	0.7	0.4
Net financial income (expenses)	**(30.0)**	**(12.2)**

Focusing on the main components of 2022, interest expenses stood at €31.5 million compared to €28.3 million reported in 2021, with an increase mainly attributable to a higher level of average net debt in 2022 (€1,036.9 million) compared with 2021 (€998.7 million). The interest expenses contained non-cash movements in the amount of €8.4 million, mainly related to the reversal of CFH reserve (€4.5 million) and amortising costs effects. Moreover, the remeasurement of amortised cost in connection with liability management occurred in 2022, which more closely reflect the trend of current market conditions characterized by rising interest rates, were implemented in the last part of the year and consequently did not significantly impact the 2022 accounts.

The other significant items that affected the total financial net expenses of the year included the exchange rate component, which generated a loss of €4.6 million in 2022 against a gain of €7.9 million reported in the previous year as well as other financial items related to a negative impact on remeasurement of amortised cost in connection with liability management occurred in 2022 of €4.6 million against a positive adjustment resulting from the favourable closure of a tax dispute in Brazil on indirect taxes in 2021of €4.7 million.

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

	for the years ended 31 December	
	2022	2021
	€ million	€ million
Financial expenses payable to bondholders	(12.8)	(13.5)
Net changes in fair value and other amortised cost components	(0.8)	(0.8)
Cash flow hedge reserve reported in the statement of profit or loss during the year	(1.3)	(1.2)
Net interest payable on bonds	**(14.9)**	**(15.5)**

XI. LEASES COMPONENTS IN THE STATEMENT OF PROFIT OR LOSS

Accounting policy

For detailed information on the accounting policy, please refer to note 1x x.-'lease components in the statement of financial position'.

Disclosure

	for the years ended 31 December	
	2022	2021
	€ million	€ million
Interest on lease payables	2.9	2.9
Depreciation and amortisation on right of use underlying assets	15.1	14.8
Variable lease payment not included in measurement of lease liability	10.1	10.2
Expense related to short terms leases	0.9	0.9
Expense related to low value leases	5.7	1.5
Total lease components in the statement of profit or loss	**34.8**	**30.3**

Variable leases continued to be included in the statement of profit or loss. They mainly referred to information technology equipment, warehouses for storing products 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 ASSOCIATES AND JOINT-VENTURES

Accounting policy

ASSOCIATES AND JOINT-VENTURE RECOGNITION
An associate is a company over which the Group exercises significant influence. Significant influence means the power to contribute to determining a subsidiary's financial and management policies without having control or joint control over it.
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.

ASSOCIATES AND 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 associate or 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 associates and 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 committed payments in the form of an incentive plan granted to personnel of the associate or 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.
If the Group's interest in any losses of associates 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.
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.

Disclosure

The list of associates and joint-ventures is listed below.

name, activity	registered office	share capital at 31 December 2022		% owned by the company		direct shareholder
		currency	amount	direct	indirect	
CT Spirits Japan Ltd., trading company	2-26-5 Jingumae Shibuya-ku, Tokyo 150-0001, Japan	JPY	100,000,000	40.00		
Dioniso S.r.l., holding and trading company	Via Franco Sacchetti, 20 Sesto San Giovanni; Milan, Italy	€	1,000,000	50.00		
Spiritus Co Ltd., trading company	4F., No, 70, Sec. 3, Nanjing E. Rd Zhongshan Dist, Taipei City 104503, Taiwan (R.O.C.)	TWD	33,600,000		40.00	Glen Grant Ltd.

€ million	investment in associates and joint-ventures
at 31 December 2021	**26.1**
Share of profit (loss)(1)	(6.6)
Increase in interests	16.5
at 31 December 2022	**36.0**

(1) The share of result does not include the cost associated with the provision recorded to offset the cumulated losses generated by the Japan joint-venture for €0.1 million.

€ million	investment in associates and joint-ventures
at 31 December 2020	**26.1**
Share of profit (loss)[(1)]	(3.2)
Gain from remeasurement of previous held investment	2.9
Increase in interests	31.1
Decrease in interests	(28.0)
Reclassifications	(4.2)
Exchange rate and other movements	1.5
at 31 December 2021	**26.1**

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

In December 2022, the Group acquired, through the 50-50 joint-venture Dioniso S.r.l., the remainder of its Tannico subsidiary share capital for a total consideration of €33.0 million, divided equally between the two joint-venturers Campari Group and Moët Hennessy, confirming the commitment to lead e-commerce platform in Europe.

For the year ended 2022, the Group recorded a €6.6 million loss resulting from share of results of associates and joint-ventures, applying the equity method for all its interests (€3.2 million loss in 2021 which was almost offset by the gain from the remeasurement of previously held investments, mainly Trans Beverages Company Ltd.) mainly driven by non-recurring recognition of impairment loss over associates and joint-venture's intangible assets.

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

name of entity	country of business	% of ownership interest	nature of relationship	measurement method	currency	carrying amount	
						at 31 December	
						2022	2021
						€ million	€ million
Dioniso Group	Italy	50.0%	Joint-venture	Equity method	EUR	35.6	25.7
Spiritus Co. Ltd	Taiwan	40.0%	Joint-venture	Equity method	TWD	0.4	0.4
CT Spirits Japan Ltd.	Japan	40.0%	Joint-venture	Equity method	JPY	-	-
Total investments in associates and joint-ventures						**36.0**	**26.1**

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 2022 € million	at 31 December 2021 € million
Total assets	123.6	151.1
Total shareholders' equity	72.1	52.9
Revenues	69.2	35.4
Net income (loss) of the period	(13.4)	(3.6)

HIGHLIGHTS-SPIRITUS CO. LTD.

	at 31 December 2022		at 31 December 2021[(1)]	
	€ million	Taiwan dollar million	€ million	Taiwan dollar million
Total assets	2.6	85.3	1.1	33.6
Total shareholders' equity	1.0	33.9	1.1	33.6
Revenues	2.3	70.7	-	-
Net income (loss) of the period	-	0.3	-	-

(1) No profit and loss were recorded in 2021 as the company became fully operative in 2022.

HIGHLIGHTS-CT SPIRITS JAPAN LTD.

	at 31 December			
	2022		2021	
	€ million	Japanese Yen million	€ million	Japanese Yen million
Total assets	18.1	2,547.9	16.8	2,187.8
Total shareholders' equity	(9.1)	(1,275.8)	(10.1)	(1,321.2)
Revenues	21.6	2,978.6	16.1	2,092.9
Net income (loss) of the period	0.3	45.4	(3.9)	(501.5)

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	
	2022 € million	2021 € million
• Current taxes for the year	(162.0)	(110.1)
• Current taxes relating to previous years	3.1	1.5
• Deferred tax expenses	9.4	0.7
• Accruals and release for tax risks	6.0	6.7
Taxes recorded in the statement of profit or loss	**(143.5)**	**(105.6)**
Taxes recorded in the statement of other comprehensive income	**(12.3)**	**(1.8)**

Reconciliation of tax expenses

The table below shows a reconciliation of the Group's theoretical tax liability with its actual tax liability.
Considering the complexity of the global taxation rate applicable to Group companies, the theoretical rate used in preparing the reconciliation is that applicable for the Parent company. The rate in force on the reporting date is the Italian corporate income tax ('IRES') of 24.0%, while the regional production tax ('IRAP'), which is applicable to Italian companies, has been taken into account as a permanent difference. The residual tax base differences between geographies are also included under the permanent difference items.

	for the years ended 31 December	
	2022	2021
	€ million	€ million
Profit before taxation	**475.0**	**388.6**
Applicable tax rate in Italy (IRES)	-24%	-24%
Theoretical Group taxes at current tax rate in Italy	**(114.0)**	**(93.3)**
Difference in tax rate of Group companies	(36.7)	(14.5)
Permanent differences	(4.3)	5.1
Tax incentives	1.5	0.9
Net releases to tax provision	6.0	6.7
Tax on future dividend distributions	(12.2)	(12.6)
Taxes relating to previous financial years	(1.6)	(0.4)
Other consolidation differences	1.5	3.3
IRAP	16.4	(0.7)
Actual tax charge	**(143.5)**	**(105.6)**
Actual tax rate	**-30.2%**	**-27.2%**

Taxation recorded in the statement of profit or loss totalled €143.5 million with an increase of €37.9 million compared to 2021. The reported tax rate in the 2022 period was 30.2%, compared to a reported tax rate of 27.2% in 2021. The difference in the reported tax rate was mainly guided by unfavourable country mix as well as additional tax accruals on retained earnings.

The normalised tax rate, i.e., the ratio of normalised income taxation to the profit before taxation, excluding other operating income and expenses(61), adjustments to financial(62) and to tax income and expenses(63) for the year as well as the re-assessment adjustment of previously held joint-venture investments before their consolidation(64), was 28.2% in 2022, above the normalised tax rate of 26.3% recognised in 2021 consistently. The variance was mainly driven by the revised tax law in Italy on the fiscal amortization timeline of goodwill and brands eligible for tax purposes which was extended from the original 18 years to 50 years following the Italian tax law no. 234 revised on 30 December 2021(65), and unfavourable country mix, given the strong business outperformance in markets with higher taxation.

Breakdown of deferred taxes by type

	31 December	
	2022	2021
	€ million	€ million
Deferred tax assets	72.5	55.3
Deferred tax liabilities	(399.4)	(366.0)
Net deferred tax	**(326.9)**	**(310.7)**

	at 31 December		for the years ended 31 December					
	2022	2021	2022	2021	2022	2022	2021	2021
					statements of other comprehensive income			
	statement of financial position		statement of profit or loss		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	9.3	7.0	1.4	5.4	-	0.9	-	0.2
Tax provisions	53.0	45.4	5.0	4.7	-	2.7	(0.4)	1.8
Tax losses carried forward	21.5	17.8	2.8	5.8	-	0.9	-	0.4
Reclassification to deferred tax liabilities	(64.2)	(51.6)	-	-	-	(12.5)	-	(9.4)
Leases	9.0	10.0	(1.1)	2.4	-	0.1	-	(2.1)
Intra-group profit elimination	22.9	15.6	7.3	-	-	-		
Other	21.0	11.2	12.0	2.7	(2.5)	0.3	(1.4)	0.7
Deferred tax assets	**72.5**	**55.3**	**27.5**	**21.0**	**(2.5)**	**(7.5)**	**(1.8)**	**(8.4)**
Accelerated depreciation	(47.6)	(43.2)	(2.3)	2.7	-	(2.1)	-	(2.3)
Goodwill and brands deductible at local level	(231.3)	(207.9)	(11.7)	(10.9)	-	(11.7)	-	(14.0)
Goodwill and brands not deductible at local level	(115.6)	(112.7)	-	1.7	-	(2.9)	-	(0.4)
Taxes payable on undistributed profits	(25.4)	(30.8)	5.3	(10.6)	-	-	-	-
Leases	(9.8)	(10.3)	0.7	(2.8)	-	(0.1)	-	2.2
Reclassification of deferred tax assets	64.2	51.6	-	-	-	12.6	-	9.4
Other	(33.9)	(12.7)	(10.1)	(1.9)	(9.8)	(1.3)	-	(1.4)
Deferred tax liabilities	**(399.4)**	**(366.0)**	**(18.1)**	**(21.7)**	**(9.8)**	**(5.6)**	**-**	**(6.5)**
Total	**(326.9)**	**(310.7)**	**9.4**	**(0.7)**	**(12.3)**	**(13.1)**	**(1.8)**	**(14.9)**

(61) In 2022 the adjustments to financial income (expenses) were negative at €4.6 million related to remeasurement of amortised cost in connection with liability management occurred in 2022 (in 2022 overall positive effect mainly related to the interest on the gain resulting from the final favourable opinion received from the local authorities related to the closure of a tax dispute in Brazil on indirect taxes) (refer to note 3-x.'Financial income and expenses').
(62) In 2022 the tax adjustments totalled €8.2 million (in 2021 a positive component of €3.6 million), and were related to positive components of €15.9 million mainly due to the tax effect on operating and financial adjustments inclusive also of the re-assessment adjustment of previously held joint-venture investments before their consolidation, and negative components of €7.7 million of pure tax adjustments, mainly related to tax uncertainties and deferred taxes linked to the distribution of estimated earning reserves of subsidiaries for a total of €12.2 million
(63) Please refer to note 3 xii-'Share of profit (loss) of associates and joint-ventures'.
(64) As disclosed in the Campari Group consolidated financial statements at 31 December 2021, to which reference is made.
(65) The outperformance is the difference between the purchase price and the average VWAP (Volume Weighted Average Price) during the execution period.

Deferred tax assets in relation to past losses are mainly attributable to Glen Grant Ltd., Campari do Brasil Ltda., Champagne Lallier S.A.S., Campari España S.L.U. and Campari Mexico S.A. de C.V.. With the exception of the latter, for which tax losses can be carried forward for a 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, except for Glen Grant Ltd. And Champagne Lallier S.A.S.. Unused tax losses carry forwards for which deferred tax assets were not activated mainly referred to Casa Montelobos, S.A.P.I. de C.V., Licorera Ancho Reyes y cia, S.A.P.I. de C.V. and Campari Ukraine LLC, as below reported.

	tax losses carryforwards € million	unrecognised deferred tax assets € million	expiry date
Casa Montelobos, S.A.P.I. de C.V.	7.4	2.2	10 years
Licorera Ancho Reyes y cia, S.A.P.I. de C.V.	8.1	2.4	10 years
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 increase in tax payable in 2022 is mainly reflected in the increase in the business performance occurred during the year and the reclassification of liabilities for uncertainties in the tax treatment of performed transactions, previously recorded among the provisions for risks and charges item.

	2022 € million	2021 € million
Income taxes	18.3	16.2
Receivables from ultimate shareholders for tax consolidation(1)	0.7	1.4
Income tax receivables	**19.1**	**17.7**
Taxes payable	16.4	21.8
Due to controlling shareholder for tax consolidation(1)	56.2	32.6
Income tax payables	**72.5**	**54.4**

(1) Please refer to paragraph 11 viii-'Related parties' for more information.

ORGANISATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (OECD) GLOBAL MINIMUM TAXES

On 15 December 2022, the EU Council reached a unanimous agreement for the implementation of the EU Minimum Tax Directive (Pillar two). The final text of the directive, which was published in the EU Official Journal on 22 December 2022, entered into force on 23 December 2022 and all European jurisdictions are still working to amend their local tax laws to introduce the newly introduced global minimum 'top-up tax'. The directive aims to guarantee a global minimum level of taxation for multinational enterprise groups and large national groups in the Union and provides for the introduction of an additional tax every time the effective tax rate payable on the income of a multinational group in a given jurisdiction is less than 15%. The Group is monitoring the evolution of the legislation and is focusing on assessing the potential current tax impacts of the global minimum top-up tax; based on preliminary analysis and simulations it is not believed that there will be significant impacts in terms of taxation.

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.
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.

Definition of the business combination costs
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, measured at fair value or as a pro-rata share of the net assets recognised

for the acquired entity. The designated methodology for each acquisition is specified when the values deriving from the allocation process are shown.
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.
Contingent considerations are measured at fair value on the acquisition date and are included among the transferred payments for the purposes of calculating goodwill. Among other factors, the nature of and compensation for the selling shareholders' continuing employment is considered to determine if any contingent payments are for post-combination employee services, which are excluded from consideration. Subsequent changes to the fair value of the contingent considerations, i.e., when the amount and future disbursement are dependent on future events that are classified as a financial instrument, are reported on the statement of profit or loss or separately in equity under the retained earnings. The designated methodology for each acquisition is specified when the values deriving from the allocation process are shown. Conditional payments that are classified as equity instruments are not revalued; they are therefore recorded under equity when settled.
Ancillary costs relating to the transaction are recognised in the statement of profit or loss at the time at which they are incurred.
Any changes in fair value 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. 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.

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

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

As mentioned in the dedicated section 'Significant events of the year' in the management board report, on 7 December 2022, Campari Group signed the closing of an agreement to purchase an initial 70% interest of the Wilderness Trail Distillery, LLC and its subsidiary Wilderness Trace Distillery, LLC (jointly referred to as 'the company').

- the total consideration amounted to €565.5 million (US$595.4 million converted in € at the exchange rate at the closing date) consisted of the following:
- the price paid to acquire 70% of the capital of the company totalled €397.0 million (US$417.9 million converted in € 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 in € at the exchange rate at closing date);
- the positive net financial position acquired of €2.5 million (US$2.6 million converted in € at the exchange rate at the closing date).

The interests acquired on 7 December 2022 and consolidated by the Group from that date equates to 100% of the company following the assumption of control on the closing date and due to the simultaneous conclusion of mutual purchase/sale agreements, taking the form of put and call options with previous owners for the stake currently in their possession (30% of the company). These agreements gave rise to a financial liability being recorded in the Group's financial statements. However, the purchase deeds stipulate that non-controlling interests would continue to exist until the aforementioned financial liability is liquidated. Given the nature of these interests, it was deemed appropriate to value them at the price paid by the Group in proportion to the residual stake they own. The financial liability for the put and call options, measured at fair value, was therefore not considered to be one of the components of the purchase price to be allocated to the net assets of the acquired business, and was recognised as a direct reduction of Group shareholders' equity. The non-controlling interests are derecognised as if they were acquired at the acquisition date with any difference between the non-controlling interests and the liability values accounted as an equity transaction.

Based on the foregoing, it has been concluded that the Group has control over the relevant activities of the acquired company, and it is evident that the fair value of the gross assets acquired is 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.

Provisional purchase price allocation

On the date on which the publication of these consolidated financial statements was authorised, the Group is still in the process of recognising and reworking the information for allocating the purchase price at the fair value of the net assets acquired. The above analysis will be carried out within 12 months of the closing date with the support of independent external experts. Details of the consideration paid, the net assets acquired, and the goodwill obtained are as follows. The values shown here are explained in the following notes to the financial statements, where they are highlighted as changes in the basis of consolidation for the purposes of the financial statements. 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	adjustments and reclassifications	provisional fair value at 31 December 2022
	€ million	€ million	€ million
ASSETS			
Non-current assets			
Property, plant and equipment	30.3	(3.6)	26.7
Brand	-	59.7	59.7
Deferred tax assets	-	(0.1)	(0.1)
Total non-current assets	**30.3**	**56.1**	**86.4**
Current assets			
Inventories	24.0	3.5	27.5
Trade receivables	2.8	-	2.8
Cash and cash equivalents	2.4	-	2.4
Other current financial assets	-	0.1	0.1
Other current assets	1.1	(0.1)	0.9
Total current assets	**30.2**	**3.6**	**33.8**
Total asset	**60.5**	**59.7**	**120.2**
LIABILITES			
Current liabilities			
Trade payables	1.8	0.1	1.9
Other current liabilities	1.8	(1.1)	0.8
Total current liabilities	**3.7**	**(0.9)**	**2.8**
Total liabilities	**3.7**	**(0.9)**	**2.8**
NET EQUITY ACQUIRED	**56.8**	**60.6**	**117.4**
TOTAL LIABILITY AND EQUITY	**60.5**	**59.7**	**120.2**
a) Total cost, of which:			**567.9**
Price paid in cash, excluding ancillary costs			*397.0*
Liabilities for put and call agreements			*171.0*
b) Net financial position acquired, of which:			**(2.5)**
- Cash, cash equivalent and financial assets	*(2.5)*	-	*(2.5)*
Enterprise value (a+b)			**565.5**
Non-controlling interests			**170.1**
Purchase price to be allocated			**567.1**
Price paid in cash, excluding ancillary costs			397.0
Non-controlling interests			170.1
Total value allocation			**567.1**
Net assets acquired	58.0		117.4
Goodwill generated by acquisition	(58.0)		449.7

By adding the fast-growing super premium Wilderness Trail brand, Campari Group further expands and premiumizes the bourbon offering, primed to become a major leg for the Group after the aperitif portfolio. Moreover, the premiumisation journey accelerates, further enriching the RARE portfolio, the division aimed to unlock and accelerate the growth potential of a select range of high-end individual expressions in the Group's core premium spirits markets. In addition, the Group granted the opportunity to significantly expand its production capacity and ageing inventory to satisfy the future growth of its premium bourbons, such as the high potential Whiskey Barons range, currently capped due to capacity constraints.

Given the profitability of the business on the closing date, the Group has provisionally allocated a total value of €59.7 million (US$62.9 million) to the acquired brands. Goodwill was deemed to be fully reportable due to the synergies that are expected to be generated by including these brands in the Group's commercial structure. Specifically, by i) leveraging Campari Group's route-to-market and marketing capabilities to further develop and expand the Wilderness Trail brand; ii) by leveraging the WTD's production capacity in order to accommodate the growth of the Group's existing bourbon portfolio, excluding the core Wild Turkey and iii) by accelerating and significantly expanding the innovation platform for Campari Group's bourbon portfolio thanks to the Wilderness Trail Distillery's highly flexible output. Goodwill is tax-deductible based on the relevant local regulations.

provisional intangible assets generated by Wilderness Trail Distillery, LLC	goodwill € million	brands € million	total € million
provisional fair value at acquisition date exchange rate disclosed at 31 December 2022	449.7	59.7	509.4
exchange rate differences	(5.8)	(0.8)	(6.5)
values included in consolidated accounts at 31 December 2022	**443.9**	**59.0**	**502.9**

Since the acquisition was finalised on 7 December 2022, the Group's net results do not include any impact from costs incurred for legal and financial consultancy attributable to the transaction amounted to €10.0 million that were classified under other operating income and expenses.
If the business had been consolidated from the start of the year, the effect on net sales and EBITDA would have been around €57 million and €37 million, respectively.

Acquisition of a 95% stake of SCEA Eric Luc
On 14 October 2022 Campari Group acquired SCEA Eric Luc (further mentioned as 'the company'), an entity based in Champagne exploiting multiple hectares (ha) of vineyards in various capacities.
The total consideration amounted to €1.9 million consisted of the following:

- The price paid to acquire 95% of the capital of the company totalled €1.7 million;
- The payables resulting in 5% of the outstanding shares subject to a call/put option mechanism with the previous shareholders of the company exercisable starting from 2025, included among the Group's other financial liabilities and at a total amount of €0.1 million;
- The negative net financial position acquired of €0.1 million.

The interests acquired on 14 October 2022 and consolidated by the Group from that date equates to 100% of the company following the assumption of control on the closing date and due to the simultaneous conclusion of mutual purchase/sale agreements, taking the form of put and call options with previous owners for the stake currently in their possession (5% of the company). These agreements gave rise to a financial liability being recorded in the Group's financial statements.

As the beforementioned put and call option on all residual shares is defined at a fixed price per outstanding shares, the business combination is recognised as a single transaction, thus obtaining 100% of the interest in the company and, therefore, no minority interests were recognized in the process of purchase price allocation and determination of goodwill. The consideration transferred for the business combination therefore also includes the financial debt granted to the minority shareholders under the put option.

It has been concluded that the Group has substantial control over the relevant activities of the acquired company, and it is evident that the fair value of the gross assets acquired is 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.

Definitive purchase price allocation
All information relating to the calculation of the fair value of the net assets acquired were usable within the approval of the annual report 2022 and Campari Group definitively completed the purchase price allocation process, which was not material on a consolidated level. The relevant values resulting from the acquisition were related to tangible assets for €1.1 million, operating working capital for €0.5 million, net financial debt for €0.1 million. The goodwill resulting from the fair value allocation, which is non-tax-deductible based on the relevant local regulations, was negligible and equal to €0.3 million.

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 capitalized 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

PROPERTY, PLANT AND EQUIPMENT BY NATURE

	land and buildings	plant and machinery	other	total
	€ million	€ million	€ million	€ million
Carrying amount at the beginning of the period	433.2	400.6	215.9	1,049.8
Accumulated depreciation at the beginning of the period	(135.0)	(250.7)	(103.9)	(489.5)
at 31 December 2021	**298.2**	**150.0**	**112.1**	**560.3**
Perimeter effect from business combination	23.1	3.9	0.8	27.8
Additions	88.0	70.1	43.6	201.6
Disposals	(0.6)	(0.2)	(8.8)	(9.6)
Depreciation	(12.8)	(21.3)	(19.0)	(53.2)
Impairment	(0.3)	(0.1)	-	(0.4)
Exchange rate differences and other changes	6.5	2.4	12.6	21.5
at 31 December 2022	**402.1**	**204.8**	**141.2**	**748.1**
Carrying amount at the end of the period	559.5	482.3	260.2	1,302.0
Accumulated depreciation at the end of the period	(157.4)	(277.5)	(119.0)	(553.9)

	land and buildings	plant and machinery	other	total
	€ million	€ million	€ million	€ million
Carrying amount at the beginning of the period	379.9	368.0	192.2	940.1
Accumulated depreciation at the beginning of the period	(121.4)	(240.7)	(92.2)	(454.3)
at 31 December 2020	**258.4**	**127.3**	**99.9**	**485.7**
Change resulting from provisional allocation of acquisition value	(3.4)	-	0.4	(3.0)
at 31 December 2020 post-reclassifications	**255.1**	**127.3**	**100.3**	**482.7**
Additions	49.9	34.8	29.4	114.0
Disposals	(1.0)	(0.3)	(8.7)	(10.1)
Depreciation	(11.8)	(18.2)	(16.0)	(46.0)
Exchange rate differences and other changes	6.1	6.3	7.0	19.5
at 31 December 2021	**298.2**	**150.0**	**112.1**	**560.3**
Carrying amount at the end of the period	433.2	400.6	215.9	1,049.8
Accumulated depreciation at the end of the period	(135.0)	(250.7)	(103.9)	(489.5)

Capital expenditure for the period, totalling €201.6 million, was mainly related to the extraordinary capacity expansion initiatives, mainly in Mexico destinated to the Espolòn production (€64.3 million), as well as improvements made to strengthen the Group's production capacity and efficiency, and investments for the renovation of brand houses and visitor centers. Finally, the purchase of barrels for maturing bourbon, rum and whisky amounted to €13.9 million. Disposals, amounting to €9.6 million, mainly related to the sale of barrels that were no longer suitable for use in the maturing process. The perimeter effect was associated mainly with the property, plant and equipment purchased through the acquisition of the 70% stake in Wilderness Distillery, LLC and to non-material items related to SCEA Eric Luc, an entity based in the Champagne region in France.

There are no restrictions or covenants on the aforementioned assets.

RIGHT OF USE ASSETS BY NATURE

	land and buildings	plant and machinery	other	total
	€ million	€ million	€ million	€ million
Carrying amount at the beginning of the period	86.5	9.3	25.3	121.1
Accumulated depreciation at the beginning of the period	(27.9)	(4.2)	(17.1)	(49.2)
at 31 December 2020	**58.5**	**5.1**	**8.2**	**71.8**
Additions	3.5	0.4	5.9	9.8
Depreciation	(9.1)	(1.1)	(4.9)	(15.1)
Exchange rate differences and other changes	2.0	0.1	(0.2)	1.9
at 31 December 2022	**55.0**	**4.5**	**9.0**	**68.4**
Carrying amount at the end of the period	86.1	7.2	20.0	113.3
Accumulated depreciation at the end of the period	(31.2)	(2.7)	(11.0)	(44.9)

	land and buildings	plant and machinery	other	total
	€ million	€ million	€ million	€ million
Carrying amount at the beginning of the period	75.6	8.4	18.7	102.7
Accumulated depreciation at the beginning of the period	(17.6)	(2.3)	(11.3)	(31.2)
at 31 December 2020	**57.9**	**6.2**	**7.4**	**71.5**
Additions	8.6	0.1	5.6	14.3
Disposals	(1.3)	-	-	(1.3)
Depreciation	(8.9)	(1.2)	(4.7)	(14.8)
Exchange rate differences and other changes	2.2	0.0	(0.1)	2.2
at 31 December 2021	**58.5**	**5.1**	**8.2**	**71.8**
Carrying amount at the end of the period	86.5	9.3	25.3	121.1
Accumulated depreciation at the end of the period	(27.9)	(4.2)	(17.1)	(49.2)

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.

BIOLOGICAL ASSETS REPRESENTED AS FIXED ASSETS

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

	assets valued at cost
	€ million
Carrying amount at the beginning of the period	10.9
Accumulated depreciation at the beginning of the period	(5.5)
at 31 December 2020	**5.5**
Change resulting from provisional allocation of acquisition value	3.4
at 31 December 2020 post-reclassifications	**8.9**
Additions	7.0
Impairment	(0.1)
Disposal	(0.1)
Depreciation	(2.5)
Exchange rate differences and other changes	0.1
at 31 December 2021	**13.4**
Carrying amount at the end of the period	21.6
Accumulated depreciation at the end of the period	(8.2)

The addition of €7.0 million was mainly related to agave plantations in Mexico (€3.0 million) and grape plantations in France (€2.8 million). All biological assets at 31 December 2022 were recognised on a cost basis, net of depreciation and impairment. No guarantees were given to third parties in relation to these fixed assets.

At 31 December 2022, the Mexican agave plantations comprised 893 hectares. There is no non-productive biological asset for agave plantations and the average growing cycle covers a period of 6 years. During 2022 the Group harvested approximately 500 tons of agave in Mexico, which have been measured at fair value less costs to sell and transferred to inventories.
At 31 December 2022, the French grape plantations located in the Champagne region comprised 18.4 hectares, out of which overall 65% of these hectares were rented with medium and long-term agreements, and the remaining 35% 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 2022 in the Group's accounts: this value is in line with the fair value of the growing grapes based on available information on commodities markets.
In addition, in the Martinique area, sugar cane plantations comprise 553 hectares, of which, overall, 45% owned and 55% rented with long-term agreements. Among them, 501 hectares are cultivated, and the remaining 52 hectares are not cultivated. Agricultural output covers a one-year period and the harvest is expected from February to June. Given that process, the sugar cane has been considered as 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 zhe period are equal to €0.7 million (€0.8 million in 2021). No triggering events for impairment tests occurred during the year.

III. INTANGIBLE ASSETS

Accounting policy

Intangible assets recognition

Intangible assets with definite life are recorded at cost, net of accumulated amortisation and any impairment losses. In the event they are acquired through business combinations, they are reported separately from goodwill and brands, and measured at fair value, when this can reliably be measured, on the acquisition date.
Intangible assets produced internally are not capitalised, and are reported in the statement of profit or loss for the financial year in which they are incurred; there are no significant development costs to be considered. The costs of innovation projects and studies are recorded in the income statement in full in the year in which they are incurred.
Software licences represent the cost of purchasing licences and, if incurred, external consultancy fees; there are normally no cost 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 specialized third parties 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 amortized and are reviewed for impairment tests every year or more frequently if there is any indication that the asset may be impaired. The annual approval of the impairment test results is performed by the Board of Directors of Davide Campari-Milano N.V., which takes place before the approval of the annual financial reports (consolidated and Company only).
The ability to recover the assets is ascertained by comparing the carrying amount to the related recoverable value, which is represented by the higher of the fair value less cost of disposal, and the value in use.
In the absence of a binding sale agreement, the fair value is estimated on the basis of recent transaction values in an active market or based on the best information available to determine the amount that could be obtained from selling the asset. The value in use is determined by discounting expected cash flows resulting from the use

of the asset, and, if significant and reasonably determinable, the cash flows resulting from its sale at the end of its useful life. Cash flows are determined on the basis of reasonable, documentable assumptions representing the best estimate of the future economic conditions that will occur during the remaining useful life of the asset, with greater weight given to external information. Growth rate assumptions are applied to the years beyond the business plan horizon. The discount rate applied takes into account the implicit risk of the business segment.
When it is not possible to determine the recoverable value of an individual asset, the Group estimates the recoverable value of the cash generating unit to which the asset belongs.
Impairment loss is recorded if the recoverable value of an asset is lower than its carrying amount by posting the related cost in the statement of profit or loss and are charged to other operating expenses. Goodwill impairments can no longer be written back.

Disclosure

GOODWILL AND BRANDS

	goodwill	brands with an indefinite life	brands with a finite life	total
	€ million	€ million	€ million	€ million
Carrying amount at the beginning of the period	1,419.3	1,008.7	32.0	2,459.9
Cumulative impairment at the beginning of the period	(3.0)	(42.3)	(23.5)	(68.7)
at 31 December 2021	**1,416.3**	**966.4**	**8.5**	**2,391.2**
Additions	-	129.9	-	129.9
Perimeter effect from business combination	450.0	59.7	-	509.7
Amortisation	-	-	(2.3)	(2.3)
Exchange rate differences	45.5	19.3	0.5	65.3
at 31 December 2022	**1,911.8**	**1,175.3**	**6.7**	**3,093.8**
Carrying amount at the end of the period	1,914.5	1,217.6	31.7	3,163.8
Cumulative impairment at the end of the period	(2.7)	(42.3)	(24.9)	(70.0)

	goodwill	brands with an indefinite life	brands with a finite life	total
	€ million	€ million	€ million	€ million
Carrying amount at the beginning of the period	1,359.5	9980.0	31.6	2,371.0
Cumulative impairment at the beginning of the period	(2.8)	(35.4)	(21.7)	(59.9)
at 31 December 2020	**1,356.6**	**944.6**	**9.9**	**2,311.1**
Change resulting from provisional allocation of acquisition value	(2.5)	2.1		(0.4)
at 31 December 2020 post-reclassifications	**1,354.1**	**946.7**	**9.9**	**2,310.7**
Perimeter effect for acquisitions	3.6	-	-	3.6
Impairment loss	-	(6.9)	-	(6.9)
Amortisation	-	-	(2.0)	(2.0)
Exchange rate differences	58.6	26.6	0.7	85.8
at 31 December 2021	**1,416.3**	**966.4**	**8.5**	**2,391.2**
Carrying amount at the end of the period	1,419.3	1,008.7	32.0	2,459.9
Cumulative impairment at the end of the period	**(3.0)**	**(42.3)**	**(23.5)**	**(68.7)**

During the year no impairment loss has been recognised. Brands with a finite life included the value of the X-Rated. The change in the basis of consolidation comprises an increase of €639.7 million attributable to the identification of amounts for goodwill (€449.7 million) and brands (€59.7 million) related to the acquisition of Wilderness Trail Distillery, combined with a €0.3 million increase attributable to the identification of goodwill for the acquisition of SCEA Eric Luc and an overall consideration of €129.9 million for the asset deals related to Picon (€123.6 million) and Del Professore (€6.4 million) brands (for further details, see note 7 i-'Acquisition and sale of businesses and purchase of non-controlling interests').

OTHER INTANGIBLE ASSETS

	software	other	other with indefinite life	total
	€ million	€ million	€ million	€ million
Carrying amount at the beginning of the period	131.5	17.2	3.6	152.3
Accumulated amortisation at the beginning of the period	(88.5)	(9.9)	-	(98.4)
at 31 December 2021	**43.0**	**7.4**	**3.6**	**54.0**
Additions	16.3	0.4	-	16.7
Amortisation	(15.3)	(1.2)	-	(16.5)
Impairment	-	(2.7)	-	(2.7)
Exchange rate differences and other changes	0.5	0.1	-	0.6
at 31 December 2022	**44.6**	**4.0**	**3.6**	**52.1**
Carrying amount at the end of the period	149.6	17.7	3.6	170.9
Accumulated amortisation at the end of the period	(105.0)	(13.8)	-	(118.8)

	software	other	other with indefinite life	total
	€ million	€ million	€ million	€ million
Carrying amount at the beginning of the period	107.0	19.6	3.6	130.2
Accumulated amortisation at the beginning of the period	(75.5)	(10.0)	-	(85.5)
at 31 December 2020	**31.5**	**9.6**	**3.6**	**44.7**
Change resulting from provisional allocation of acquisition value	-	(0.4)	-	(0.4)
at 31 December 2020 post-reclassifications	**31.5**	**9.2**	**3.6**	**44.3**
Perimeter effect for acquisitions	-	0.1	-	0.1
Additions	24.8	-	-	24.8
Amortisation	(13.0)	(1.2)	-	(14.2)
Exchange rate differences and other changes	(0.2)	(0.7)	-	(1.0)
at 31 December 2021	**43.0**	**7.4**	**3.6**	**54.0**
Carrying amount at the end of the period	131.5	17.2	3.6	152.3
Accumulated amortisation at the end of the period	(88.5)	(9.9)	-	(98.4)

Intangible assets with a finite life are amortised on a straight-line basis depending on their remaining useful life. Additions in the period totalling €16.7 million related to projects to continuously upgrade the new information technology environment. During the period triggering events were identified, leading to an impairment test review that resulted in an impairment loss of €2.7 million.

IMPAIRMENT TEST

In line with the 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 2022, i.e., the latest available actual figures at the time of the analysis. The results of such test remained valid as of 31 December 2022, 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 2022.
Same as the previous years, the Group considered the business plan, including the 2023 budget and 2024-2025 strategic plans (drafted by the Group's companies in 2022 and approved by the Board of Directors of Davide Campari-Milano N.V.), as the base of the annual impairment test. Regarding climate-related matters, the business plan considered the necessary investments to pursue the Group's global sustainability strategy, including the path to decarbonization. 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 €s assumed unchanged to the ones used for drafting the 2023 budget. Although IAS36 requires that exchange rates are assumed flat to the current fiscal year over the time horizon, the fluctuations of 2023 budgeted currencies are estimated not to have a meaningful impact on future cash flows Whilst the budget and strategic plan best depict the future economic developments of the Group, further analyses have been developed to estimate the impact on recoverable amounts of a significant drop in net sales and EBIT as compared to the business plan. In this regard, the Group has very conservatively introduced three stress tests to further stretch the impairment test considering the uncertainty and volatility generated by the current macroeconomic environment and the Covid-19 pandemic, in line with the impairment tests performed in 2020 and 2021. Considering only the downward risk via assuming -5%, -10%, -15% net sales and EBIT reduction over the entire test period for all brands and markets, the three stress tests were tested individually in each stand-alone test and are considered very prudent and conservative. The stress test is performed in addition to the recurrent sensitivity analyses.

Goodwill values were tested at the aggregate level based on the values allocated to the four cash-generating units (CGUs), namely, Americas CGU, SEMEA CGU, NCEE CGU and APAC CGU. This structure reflects the lowest level at which goodwill is monitored by the Group and is considered appropriate, given the synergies and efficiencies obtained at the regional level. This is in line with the geographical segment reporting design adopted by the Group based on its current organisational structure. The allocation of goodwill for each CGU is based on the previous allocation values, adjusted to consider the exchange rate effects and other variations such as perimeter change. The carrying amounts of the CGUs were determined by allocating, in addition to 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 IAS36 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. Forecasts of cash flows relating to the Group were taken from the 2023 budget and the strategic plans for the period 2024-2025 and approved by the Board of Directors of Davide Campari Milano N.V. Moreover, cash flow projections are extrapolated beyond the plan period covered by the budget and the strategic plans to be adapted for a ten-year period, with growth rates gradually normalising towards the level of the perpetuity growth rate (described below). 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 businesses included in the CGU's. 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. 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 2024-2027 for the Group's key markets (source: IMF, October 2022 release), assumed to be 2.2% for the Americas CGU (vs. 2.7% in 2021), 2.0% for the SEMEA CGU (vs. 1.4% in 2021), 2.5% for the NCEE CGU (vs. 1.7% in 2021) and 2.7% for the APAC CGU (vs. 2.5% in 2021) or 2.3% for the Group overall (vs 2.1% in 2021). It should be noted that the 2023 inflation rate estimate of 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 2022 impairment test for the four CGUs, are as follows: 7.7% for the Americas CGU (vs. 6.3% in 2021), 8.9% for the SEMEA CGU (vs. 7.8% in 2021), 8.3% for the NCEE CGU (vs. 7.7% in 2021) and 7.3% for the APAC CGU (vs. 7.1% in 2021), or 8.1% for the Group overall (vs. 7.1% of 2021 impairment test).
To take into account the current market volatility and uncertainty over future economic prospects, stress tests and sensitivity analyses were carried out to assess the recoverability of goodwill value, as described above. Based on the methodology described above, the impairment test for goodwill as of 31 December 2022 confirmed the full recoverability, including sensitivity and stress scenarios, 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	
	2022	2021
CGU	€ million	€ million
Americas	1,237.8	740.7
Southern Europe, Middle East and Africa	401.0	400.6
Northern, Central and Eastern Europe	247.4	249.3
Asia-Pacific	25.6	25.6
Total	**1,911.8**	**1,416.3**

Changes in goodwill values at 31 December 2022 compared with 31 December 2021 are mainly due to positive perimeter change equal to €450.0 million overall, mainly allocated to the Americas CGU, deriving from the acquisition of Wilderness Trail Distillery, LLC, as well as favourable exchange rate effects of €41.9 million, which were re-allocated to the individual CGU. The impairment test on brands with indefinite life was performed on 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 a 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. Forecasts of income flows come from the 2023 budget and the strategic plans prepared by the Group's subsidiaries in 2022 for the period 2024-2025. Moreover, projections have been extrapolated beyond the plan period 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. In the case of The Glen Grant 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. Given the nature of the ageing strategy in the Scotch whisky segment, the benefit of this strategy is expected to increasingly manifest over the years in a much longer time horizon compared with the 10-year period covered by the impairment test model for other brands. To determine the terminal value of each brand, a perpetual growth rate of between 2.1% to 2.3% (vs. a range of 2.1%-2.7% in 2021), in line with the inflation estimates for the 2024-2027 period, was used. The discount rates used for the individual brands tested varied from 7.6% to 9.1% (vs. a range of 7.2%-8.1% in 2021) and took into account a specific risk premium for the brand in question. In the second quarter of 2022 the Group acquired two new brands: Picon and Del Professore. Given the recency of the acquisitions as well as the absence of any indicators that an impairment might have been triggered for these brands, the Group considered the fair values determined at the acquisition dates has remained valid. Regarding the intangible assets linked to Wilderness Trail Distillery, given that the transaction was completed on 7 December 2022 and the assessment of their values is still subject to purchase price allocation, they were not included in the 2022 impairment test. Based on the methodology described above, the impairment test as of 2022 has confirmed the full recoverability of the brands under test. The sensitivity analyses together with the stress tests described above indicated impairment risks for Forty Creek as well as brands that incurred impairment losses in 2020 (namely Bulldog and The Glen Grant).

	at 31 December	
	2022 € million	2021 € million
Grand Marnier	300.7	300.7
Wild Turkey	171.2	161.2
Picon	123.6	-
Jamaican Rum Portfolio	96.1	89.1
The GlenGrant and Old Smuggler	88.8	88.8
Forty Creek	72.0	72.2
Cabo Wabo	66.6	62.7
Averna and Braulio	65.5	65.5
Wilderness Trail Distillery(1)	59.0	-
Frangelico	54.0	54.0
Bulldog	34.8	36.7
Riccadonna	11.3	11.3
X-Rated(2)	6.7	8.5
Del Professore	6.4	-
Other	25.5	24.1
Total	**1,182.0**	**974.9**

(1) Provisional assessment of trademark value.
(2) Asset with finite life. The brand value amortized over a timeframe of 10 years until 2025.

Changes in brand values at 31 December 2022 compared with 31 December 2021 are mainly due to perimeter change of €189.6 million and positive FX effect equal to €19.2 million.

IV. OTHER NON-CURRENT ASSETS

Disclosure

	at 31 December		
	2022 € million	of which perimeter effect € million	2021 € million
Equity investment in other companies	18.8	19.1	0.8
Security deposits	2.4	-	2.0
Other non-current receivables from main shareholders	0.1	-	1.4
Other non-current receivables	2.7	-	1.1
Other non-current assets	**24.1**	**19.1**	**5.3**

The change of the year in equity investments in other companies for €19.1 million is related to the acquisition of the 15% minority interests in Monkey Spirits, LLC, owner of the Howler Head brand, as well as Catalyst Spirits. Furthermore, the item included the 10% interests in Thirsty Camel Ltd., a local player that is specialized in the marketing and distribution of alcoholic and non-alcoholic products in the territory.

V. OTHER CURRENT ASSETS

Disclosure

	at 31 December		
	2022 € million	*of which perimeter effect(1)* *€ million*	2021 € million
Other receivables from tax authorities	39.5	0.6	24.6
Propaid expenses	8.9	0.4	11.9
Advances and other receivables from suppliers	3.2	-	3.7
Receivables from personnel	3.0	-	3.2
Advances to suppliers	0.2	-	0.2
Receivables from Parent Company for tax consolidation	0.1	-	-
Other	5.3	-	5.7
Other current assets	**60.2**	***1.0***	***49.2***

(1) The perimeter effect is mainly related to the acquisition of Wilderness Trail Distillery, LLC.

Other receivables from tax authorities, totalling €39.5 million, primarily comprise €32.2 million for VAT and €3.3 million for excise duties (€1.1 million at 31 December 2021).

at 31 December 2022	other receivables(1) € million	provision for bad debt € million
Not overdue	**19.0**	**-**
Overdue since	**32.8**	**(0.6)**
Less than 30 days	-	-
30-90 days	0.1	-
1 year	9.5	(0.3)
5 years	23.0	(0.3)
more than 5 years	0.1	-
Total receivables broken down by maturity	**51.8**	**(0.6)**
Amount impaired	(0.6)	
Total	**51.3**	

(1) The item does not include prepaid expenses.

at 31 December 2021	other receivables(1) € million	provision for bad debt € million
Not overdue	**14.2**	**-**
Overdue since	**23.6**	**(0.5)**
Less than 30 days	1.5	-
30-90 days	0.1	-
1 year	22.2	(0.2)
5 years	-	(0.2)
more than 5 years	0.1	**-**
Total receivables broken down by maturity	**37.8**	**(0.5)**
Amount impaired	(0.5)	
Total	**37.3**	

(1) The item does not include prepaid expenses.

The tables below provide information on the change in the provision for bad debt and 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.

€ million	other receivables
at 31 December 2021	**0.5**
Accruals	0.1
Releases	-
at 31 December 2022	**0.6**

€ million	other receivables
at 31 December 2020	**0.7**
Accruals	0.1
Releases	(0.3)
at 31 December 2021	**0.5**

	other current receivable days past due						
	current	less than 30 days	30-90 days	1 year	5 years	more than	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)

	other current receivable days past due						
	current	less than 30 days	30-90 days	1 year	5 years	more than	total
at 31 December 2022	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Credit loss rate	-	-	-	0.5%	0.5%	-	1.0%
Estimated total gross carrying amount at default	23.7	1.5	0.1	19.0	4.4	1.1	49.7
Provision for expected credit losses	-	-	-	(0.2)	(0.2)	-	(0.5)

VI. OTHER NON-CURRENT LIABILITIES

Accounting policy

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

Disclosure

	at 31 December	
	2022	2021
	€ million	€ million
Other employee benefits (including retention incentive)[1]	23.6	13.3
Medium-long term incentive plans	-	3.4
Other share benefits long-term (cash settled plans)	1.1	-
Profit sharing	4.9	3.8
Other non-current liabilities	1.4	1.0
Other non-current liabilities	**30.9**	**21.5**

(1) Including non-recurring last mile long-term incentive schemes.

The change of €9.4 million is mainly related to non-recurring last mile long-term incentive schemes with retention purposes to be potentially recognised to senior management.

VII. OTHER CURRENT LIABILITIES

Disclosure

	at 31 December		
	2022	of which perimeter effect[1]	2021
	€ million	€ million	€ million
Payables to staff	89.2	0.1	97.6
Payables to agents	3.6	-	3.7
Deferred income	4.9	0.6	2.9
Amounts due to controlling shareholder for Group VAT	0.6	-	2.1
Value added tax	22.0	0.1	16.1
Tax on alcohol production	36.9	-	30.4
Withholding and miscellaneous taxes	9.1	-	10.2
Other	5.2	-	10.8
Other current liabilities	**171.5**	**0.9**	**173.7**

(1) The perimeter effect is mainly related to the acquisition of Wilderness Trail Distillery, LLC.

The decrease of €2.2 million compared to the previous year in other current liabilities is mainly attributable to the combined effect of a decrease in payables to employees connected with the payments of short-and mid-term bonuses and incentives paid during the first half of 2022, which partially offset the increase in VAT and excise payables due to phasing and in line with the positive business momentum throughout the year.

at 31 December 2022	other payables to third parties
	€ million
On demand	24.4
Due within 1 year	147.0
Total	**171.5**

at 31 December 2021	other payables to third parties
	€ million
On demand	118.8
Due within 1 year	54.8
Total	**173.7**

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 performances.

I. TRADE RECEIVABLES

Accounting policy

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

Disclosure

	at 31 December		
	2022	*of which perimeter effect*	2021
	€ million	*€ million*	€ million
Trade receivables from external costumers	306.2	*3.5*	286.1
Trade receivables from associate	2.1	-	1.9
Receivables in respect of contributions to promotional costs	0.2	-	2.4
Trade receivables	**308.5**	***3.5***	**290.4**

(1) The perimeter effect is mainly related to the acquisition of Wilderness Trail Distillery LLC.

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), no receivables were considered as not yet due and not written down.

at 31 December 2022	trade receivables(1)	provision for expected future losses and bad debt
	€ million	€ million
Not overdue	**226.2**	**(7.8)**
Overdue	**96.5**	**(10.4)**
Less than 30 days	62.1	(0.4)
30-90 days	8.8	(3.2)
Within 1 year	12.3	(1.9)
Within 5 years	11.9	(3.4)
Due after 5 years	1.4	(1.4)
Total receivables broken down by maturity	**322.7**	**(18.1)**
Amount impaired	(18.1)	
Total	**304.6**	

(1) This item does not include prepaid expenses.

at 31 December 2021	trade receivables(1)	provision for expected future losses and bad debt
	€ million	€ million
Not overdue	**233.3**	**(1.3)**
Overdue since	**60.3**	**(5.6)**
Less than 30 days	26.8	(0.1)
30-90 days	7.4	(0.7)
1 year	18.4	(1.0)
5 years	6.2	(2.4)
More than 5 years	1.5	(1.4)
Total receivables broken down by maturity	**293.6**	**(6.9)**
Amount impaired	(6.9)	
Total	**286.7**	

(1) This item does not include prepaid expenses.

The overdue category increased by €36.2 million on 2021 and is continuously monitored by the Group's credit management functions.

The following tables show the impairment changes for expected future losses and bad debt in 2022 and 2021.

€ million	provision for expected future losses and bad debt
at 31 December 2021	**6.9**
Accruals	15.2
Utilizations	(0.5)
Releases	(3.8)
Exchange rate differences and other changes	0.3
at 31 December 2022	**18.1**

€ million	provision for expected future losses and bad debt
at 31 December 2020	**8.1**
Accruals	1.9
Utilisations	(1.2)
Releases	(1.9)
Exchange rate differences and other changes	(0.1)
at 31 December 2021	**6.9**

At 31 December 2022, the provision for expected future losses and bad debt amounted to €18.1 million, which was up by €11.2 million compared to 2021. The accrual of €15.2 million recorded in 2022 is mainly related to the updated and specific valuation on trade receivables of Russia and Ukraine, in light of the significant increase in the probability of default recorded in both countries following the ongoing conflict which was reflected in the relative assessment of expected losses, as well as in Argentina following the increase in receivables due to the local hyperinflationary impact. The utilisations for the year were due to the settlement of lawsuits outstanding from previous periods.

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 2022 and at 31 December 2021, according to the country in which the subsidiary is based.

	at 31 December	
	2022	2021
	%	%
Argentina	17.11%	9.37%
Australia	0.07%	0.04%
Austria	0.05%	0.03%
Belgium	0.06%	0.04%
Brasil	0.63%	0.58%
Canada	0.13%	0.06%
China	0.24%	0.09%
France	0.06%	0.05%
Germany	0.06%	0.03%
Greece	0.41%	0.13%
India	0.29%	0.20%
Italy	0.35%	0.15%
Jamaica	0.84%	0.85%
Martinique	0.06%	0.05%
Mexico	0.47%	0.22%
New Zealand	0.07%	0.04%
Peru	0.40%	0.22%
Russia	32.88%	0.27%
Singapore	0.07%	0.85%
South Africa	1.18%	0.36%
South Korea	0.25%	0.08%
Spain	0.13%	0.07%
Switzerland	0.03%	0.02%
UK	0.08%	0.04%
Ukraine	100.00%	2.23%
United States	0.13%	0.11%

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

	trade receivables days past due						
	current	less than 30 days	30-90 days	1 year	5 years	more than 5 years	total
at 31 December 2022	€ million	€ million	€ million	€ million	€ million	€ million	€ million
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)**

	trade receivables days past due						
	current	less than 30 days	30-90 days	1 year	5 years	more than 5 years	total
at 31 December 2021	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Credit loss rate	0.4%	0.1%	0.1%	0.4%	0.8%	0.5%	**2.3%**
Estimated total gross carrying amount at default	235.6	27.1	8.4	18.4	6.2	1.5	**297.3**
Provision for expected credit losses	(1.3)	(0.2)	(0.4)	(1.1)	(2.4)	(1.4)	**(6.9)**

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	*of which perimeter effect*	2021
	€ million	*€ million*	€ million
Trade payables to external suppliers	541.7	*2.4*	394.6
Trade payables	**541.7**	***2.4***	**394.6**

(1) The perimeter effect is mainly related to the acquisition of Wilderness Trail Distillery LLC.

During 2022, the Group continued to join the reverse factoring programme in cooperation with an external banking provider and selected key suppliers. The programme involved strategic partners based in Italy to allow participating suppliers to receive early payments on their invoices. Based on the programme'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 other terms or conditions of the original agreements. The programme increased payables by approximately €23.5 million at 31 December 2021 (€20.3 million at 31 December 2022).

at 31 December 2022	trade payables
	€ million
On demand	45.9
Due within 1 year	491.5
Due in 1 to 2 years	4.4
Due after 5 years	-
Total	**541.7**

at 31 December 2022	trade payables
	€ million
On demand	76.0
Due within 1 year	312.0
Due in 1 to 2 years	6.4
Due after 5 years	0.2
Total	**394.6**

III. INVENTORIES AND BIOLOGICAL ASSETS

Accounting policy

Inventories are stated at the lower of cost and net realisable value. Costs of finished product include raw materials, supplies and consumables, direct labour and expenses and an appropriate proportion of production and other overheads. Cost is calculated at the weighted average cost incurred in acquiring inventories. Maturing inventory includes the depreciation cost of the barrels used in the aging process on a straight-line basis over the aging 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		
	2022	*of which perimeter effect*	*2021*
	€ million	*€ million*	*€ million*
Finished products and goods for resale	253.6	*0.9*	*172.8*
Maturing inventory	501.7	*19.9*	*409.7*
Work in progress	152.8	*5.6*	*103.7*
Raw materials, supplies and consumables	89.1	*1.8*	*55.9*
Inventories	**997.2**	***28.2***	***742.0***
Current biological assets	**7.1**	**-**	***3.7***
Total	**1,004.2**	***28.2***	***745.7***

Stocks totalled €1,004.2 million at 31 December 2022, up by 258.5 million on 31 December 2021. This change was mainly attributable to increases connected with the strong net sales performance, especially towards the end of the year and the planned inventory build-up to support the strong customer demand in a context of possible supply constraints. Moreover, the rise of maturing inventories was in line with the Group's strategic premiumisation guidelines.
The perimeter effect was mainly related to the acquisition of Wilderness Trail Distillery, LLC and comprised mainly of maturing inventory.

Current biological assets at 31 December 2022 totalled €7.1 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 €0.2 million (€0.3 million in 2021).

Inventories are reported net of the relevant impairment provisions.

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

	€ million
at 31 December 2020	**(16.0)**
Accruals/Release	(0.7)
Utilisation	5.2
Exchange rate differences and other changes	(2.1)
at 31 December 2021	**(13.6)**

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 exc-sively 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 considered to be 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.
Financial liabilities are classified and measured at amortised cost, except for financial liabilities that are initially measured at fair value, for example, financial liabilities relating to earn-out linked to business combinations and derivative instruments and financial liabilities for put options on 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.

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 following accounting treatment is applied:

- fair value hedge: if a financial derivative is designated as a hedge against exposure to changes in the fair value of an asset or liability attributable to a particular risk that could have an impact in the statement of profit or loss, the gains or losses resulting from subsequent measurements of the fair value of the hedging instrument are reported in the statement of profit or loss. The gain or loss on the hedged item, which is attributable to the hedged risk, is reported as a portion of the carrying amount of this item and as an offsetting entry in the statement of profit or loss;
- cash flow hedge: if a financial instrument is designated as a hedge of the exposure to fluctuations in the future cash flow of an asset or liability recorded in the financial statements, or of a transaction that is considered to be highly probable and that could have an impact on the statement of profit or loss, the effective portion of the gains or losses on the financial instrument is recognised in the statement of other comprehensive income. Cumulative gains or losses are reversed from shareholders' equity and recorded in the statement of profit or loss in the same period in which the transaction being hedged has an impact on the statement of profit or loss. The gain or loss associated with a hedge or the portion of a hedge that has become ineffective is posted to the statement of profit or loss when the ineffectiveness is reported.

If a hedge instrument or hedge relationship is closed out, but the transaction being hedged has not been carried out, the cumulative gains and losses, which, until that time had been posted to shareholders' equity, are recognised in the income statement at the time in which the related transaction is carried out.
If the transaction being hedged is no longer considered likely to take place, the pending unrealised profits or losses in shareholders' equity are recorded in the statement of profit or loss.

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.

A highly probable intra-group transaction qualifies as a hedged item in a cash flow hedge of exchange rate risk, provided that the transaction is denominated in a currency other than the functional currency of the company entering into the transaction and that the financial statements are exposed to exchange rate risk.
In addition, if the hedge of a forecast intra-group transaction qualifies for hedge accounting, any gain or loss that is recognised directly in the statement of other comprehensive income must be reclassified in the statement of profit or loss in the same period in which the currency risk of the hedged transaction affects the consolidated statement of profit or loss.

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

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

INDIVIDUAL CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES AT 31 DECEMBER 2022

€ million	measurement at amortized cost	measurement at fair value through profit and loss	measurement at fair value with changes recognized in the statement of comprehensive income
Cash and cash equivalents	435.4	-	-
Trade receivables	308.5	-	-
Current financial receivables	0.9	16.2	-
Other non-current financial assets	5.7	1.0	-
Other non-current assets	5.3	18.8	-
Loans due to banks(1)	(877.9)	-	-
Lease payables	(79.5)	-	-
Bonds	(846.3)	-	-
Accrued interest on bonds	(5.7)	-	-
Other current financial liabilities	(5.8)	-	-
Other non-current financial liabilities	-	-	-
Liabilities for put option and earn-out payment(2)	(3.4)		(236.3)
Trade payables	(541.7)	-	-
Current assets for hedging derivatives	-	1.3	0.4
Non-current asset for hedging derivatives	-	-	41.5
Total	(1,604.7)	37.3	(191.7)

(1) Liabilities linked to some business combination may be elected to have the fair value variation accounted for against the Group equity.
(2) Derivative on loans due to bank and new pre-hedging contract subscribed.

INDIVIDUAL CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES AT 31 DECEMBER 2021

€ million	measurement at amortized cost	measurement at fair value through profit and loss[3]	measurement at fair value with changes recognized in the statement of comprehensive income
Cash and cash equivalents	791.3	-	-
Trade receivables	290.4	-	-
Current financial receivables	0.3	14.7	-
Other non-current financial assets	4.2	1.5	-
Other non-current assets		0.8	-
Loans due to banks[1]	(552.6)	-	-
Lease payables	(83.9)	-	-
Bonds	(895.5)	-	-
Accrued interest on bonds	(6.3)	-	-
Other current financial liabilities	(4.9)	-	-
Other non-current financial liabilities	(0.1)	-	-
Liabilities for put option and earn-out payments	(48.2)		(50.4)
Trade payables	(394.6)	-	-
Current assets for hedge derivatives, not in hedge accounting	-	0.1	-
Current liabilities for hedge derivatives, not in hedge accounting	-	(0.2)	-
Current assets for hedging derivatives	-	-	0.6
Non-current liabilities for hedging derivatives[2]	-	-	(0.7)
Current liabilities for hedging derivatives	-	-	(0.8)
Total	**(900.0)**	**15.6**	**(51.3)**

(1) Excluding derivative on loan due to bank.
(2) Derivative on loan due to bank.
(3) Liabilities linked to some business combination may be elected to have the fair value variation accounted for against the Group equity.

The Group is exposed to certain risks relating 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 1) foreign exchange forward and option contracts, elected as cash flow hedges to hedge highly probable forecast sales and purchases in different currencies compared to €and, 2) interest rate swap contract to mitigate the risk associated to variable interest rate changes on loan and bond agreements not issued at a fixed interest rate.
The Group also used derivatives not designated as hedging instruments to reflect the change in fair value of foreign exchange 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.

In connection with the establishment of joint-ventures in Spiritus Co Ltd. and CT Spirits Japan Ltd., and acquired interests in third party investments in Monkey Spirits, LLC and Thirsty Camel Ltd., commitments to increment the ownership in these companies exists in the form of put and/or call option elected as derivative financial instruments measured at fair value with impact in the Campari Group statement of profit or loss.
At both 31 December 2022 and 2021 the 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 in both years. At the time of the expiring 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.

The tables below show a breakdown of the foreign exchange contracts on highly probable sales and purchases and interest rate swap on loan; call and/or put agreements over associates and joint-ventures elected as derivative instruments with negligible fair value variation were disclosed in note 8 iii-'Fair value information on assets and liabilities'.

FOREIGN EXCHANGE FORWARD CONTRACTS AND OPTIONS (HIGHLY PROBABLE FORECAST SALES AND PURCHASES)[1]

	at 31 December			
	2022		2021	
€ million	notional amount hedged items	average forward rate	notional amount hedged items	average forward rate
US Dollar	27.3	1.01	46.8	1.14
New Zealand Dollar	7.2	1.69	11.4	1.69
Mexican Pesos	-	-	(11.2)	18.81
Russian Ruble	-	-	9.8	85.51
Australian Dollar	0.3	1.52	6.5	1.43
Swiss franc	1.0	0.97	3.3	1.05
Singapore Dollar	2.0	1.42	2.9	1.57
Sterling Pound	-	-	2.1	0.85
Canadian Dollar	0.5	1.32	0.8	1.44
Total	**38.4**		**72.4**	

(1) The values are related to sales only for 2022 while 2021 forward contracts on Mexican Pesos were related to purchases.

HEDGED ITEMS AND RELATED DERIVATIVES FORWARD

	at 31 December					
	2022			2021		
€ million	notional amount hedged items	carrying amounts hedging instruments	change in fair value gain (losses)	notional amount hedged items	carrying amounts hedging instruments	change in fair
foreign exchange forward contracts and options (highly probable forecast sales and purchases)	38.4	1.7	0.1	72.4	(0.3)	0.1

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 reference is the budget exposure of the main currencies and, as more effectively as possible, any under/over exposure which may arise through plain vanilla currency derivatives. For hedges of forecast transactions, the derivative covers the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency. For what concerns coverage ratio, the Group normally hedge between 50% and 90% of the currency risk exposure throughout the whole year. In these 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).

HEDGED ITEMS AND RELATED DERIVATIVES INTEREST RATE SWAPS

	at 31 December					
	2022			2021		
€ million	notional amount hedged items	carrying amounts hedging instruments[1]	change in fair value gain (losses)	notional amount hedged items	carrying amounts hedging instruments	change in fair value gain (losses)
interest rate swap contracts on loans financial statements impact	750.0	41.5	0.9	250.0	(0.7)	1.1

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

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group exposure is described in note 7 ii-‘ Nature and extent of the risks arising from financial instruments’. 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. The assessment whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedge item using the hypothetical derivative method. The Group applies a hedge ratio 1:1.

II. CASH AND CASH EQUIVALENTS

Disclosure

	at 31 December		
	2022	perimeter effect	2021
	€ million	€ million	€ million
Bank current accounts and cash	332.7	(561.2)	527.8
Term deposit maturing within 3 months	102.7	-	263.5
Cash and cash equivalents	**435.4**	**(561.2)**	**791.3**

The perimeter variation included the net cash outflow for the following transactions:

- the overall cash-out related to the acquisition of a 30% interest stake in Wilderness Trail Distillery for €394.5 million composed of the consideration paid €397.0 million less the cash and cash equivalents acquired of €2.5 million;
- the consideration paid less cash and cash equivalents acquired of €1.2 million for an entity based in the Champagne region;
- the purchase of the Picon and Del Professore brands for a combined cash-out amount of €129.9 million;
- the acquisition of an initial stake in Monkey Spirits, LLC and Catalyst Spirits Ltd. for a combined amount of €19.1 million, both connected with the Howler Head brand and
- the purchase of the remainder of Tannico’s share capital through Campari Group’s and Moët Hennessy’s 50-50 joint-venture for an amount of €16.5 million.

At 31 December 2022, the solid cash flow generation was attributable to the very satisfactory performance of the Group’s business achieved during the year. For a better understanding of the liquidity management, reference is made to cash flow information and the net financial debt (note 6 viii-‘Reconciliation with net financial debt and cash flow statement’).

III. OTHER CURRENT FINANCIAL ASSETS

Disclosure

	at 31 December	
	2022	2021
	€ million	€ million
Current assets for hedging derivatives	1.8	0.7
Other financial assets	17.1	15.0
of which:		
Marketable securities maturing more than 3 months	14.2	13.2
Financial receivables from Terra Moretti (i.e. business disposal) (1)	2.0	1.5
Other financial assets	0.9	0.3
Other current financial assets	**18.9**	**15.8**

(1) Receivable current portion 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 2022	at 31 December 2021
	€ million	€ million
Non-current assets for hedging derivatives	41.5	-
Term deposit	4.8	4.2
Financial receivables from Terra Moretti (i.e., business disposal)(1)	1.0	1.5
Other non-current financial assets	0.9	-
Non-current financial assets	**48.2**	**5.7**

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

Non-current assets for hedging derivatives of €41.5 million referred to pre-hedge derivatives associated with bond and loans. At 31 December 2022, term deposits of €3.4 million were intended to acquire the remaining shareholdings in J.Wray&Nephew Ltd., for which the Group has an equal financial liability for put option and earn-out.

V. NON-CURRENT FINANCIAL DEBT

Disclosure

	At 31 December	
	2022	2021
	€ million	€ million
Bond issued in 2017	150.0	150.0
Bond issued in 2019	149.8	149.7
Bond issued in 2020	546.5	545.9
Non-current bonds	**846.3**	**845.5**
Liabilities and loans due to banks	770.9	354.5
Lease payables	65.1	70.4
Non-current liabilities for hedging derivatives	-	0.7
Liabilities for put option and earn-out payments	236.3	50.4
Other non-current financial liabilities	-	0.1
Non-current financial liabilities	**1,072.3**	**476.1**
Total non-current financial debt	**1,918.7**	**1,321.6**

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 2022, the Bonds item included the following issues placed by the Parent Company.

	at 31 December		
	nominal value	maturity	coupon rate
	€ million		fixed
Bond issued in 2017	150.0	05/04/2024	2.165%
Bond issued in 2019	150.0	30/04/2024	1.655%
Bond issued in 2020	550.0	06/10/2027	1.250%

- LIABILITIES AND LOANS DUE TO BANKS

This item includes €-denominated loans entered with leading banks as follows.

at 31 December 2022	original nominal value € million	residual nominal value non-current € million	residual nominal value current[(1)] € million	maturity	interest rate	nominal rate at 31 December 2022
Term Loan 2019[(2)]	250.0	250.0	-	7/31/2024	floating interest rate link to Euribor plus spread[(3)]	1.126%
Loan 2021	100.0	100.0	-	6/30/2026	fixed rate	1.325%
Loan 2022	50.0	50.0	-	10/10/2025	floating interest rate link to Euribor plus spread	3.002%
Term Loan US 2022	393.8	370.3	23.4	12/6/2027	floating interest rate link to Sofr plus spread	5.552%

(1) The current portion is classified in current liabilities — loans due to banks.
(2) The loan was accompanied by a revolving credit facility for the same amount and maturity, at an interest rate of 3-month Euribor plus a 0.75% spread, as well as drawdown fees. The revolving credit facility was not used at 31 December 2021.
(3) Inclusive of the related interest rate swap.

at 31 December 2021	original nominal value € million	residual nominal value non-current € million	residual nominal value current[(1)] € million	maturity	interest rate	nominal rate at 31 December 2021
Term Loan 2019[(2)]	250.0	250.0	-	7/31/2024	floating interest rate link to Euribor plus spread[(3)]	1.126%
Loan 2020	50.0	8.3	16.7	6/25/2023	floating interest rate link to Euribor plus spread	0.649%
Loan 2021	100.0	100.0	-	6/30/2024	fixed rate	0.15%

(1) The current portion is classified in current liabilities — loans due to banks.
(2) The loan was accompanied by a revolving credit facility for the same amount and maturity, at an interest rate of 3-month Euribor plus a 0.75% spread, as well as drawdown fees. The revolving credit facility was not used at 31 December 2021.
(3) Inclusive of the related interest rate swap.

The increase compared to last year was mainly explained by the subscription of a new loan agreement in October 2022, which incorporates sustainability commitment linked to the responsible use of resources and reduction of the environmental impact of the Group's production activities. The loan duration is 3 years for a nominal amount of €50.0 million. Furthermore, in November 2022, leveraging on the excellent economic and financial profile, the Group decided to maximise the fundraising at favourable conditions as well as to complete the Wilderness Trail Distillery, LLC acquisition by entering into a variable-rate loan for a nominal amount of US$420.0 million (€393.8 at the exchange rate of 31 December 2022), with an amortization plan and a final maturity date on 6 December 2027.

- LIABILITIES FOR PUT OPTIONS AND EARN-OUT

€ million	total	variation impacting profit or loss	variation impacting Group net equity or investment value
at 31 December 2021	**50.4**		
increases	20.8	-	20.8
perimeter effect	171.0		171.0
remeasurement	(6.6)	-	(6.6)
exchange rate differences and other changes	0.6		0.6
at 31 December 2022	**236.3**		
of which measured at fair value	*236.3*		
of which measured at amortized cost	-		

€ million	total	variation impacting profit or loss	variation impacting Group net equity or investment value
at 31 December 2020	**99.8**		
payments	(2.0)	-	-
increases	0.4	-	0.4
amortisation costs effect	0.2	0.2	-
remeasurement	(0.7)	-	(0.7)
reclassification to current liability	(50.6)	-	-
exchange rate differences and other changes	3.3	-	3.3
at 31 December 2021	**50.4**		
of which measured at fair value	*50.4*		
of which measured at amortised cost	-		

The significant movement reported during 2022 was mainly driven by the estimated liability for the put option of the remaining 30% shareholding of Wilderness Trail Distillery, LLC in the amount of €171.0 million, as well as the new commitment to purchase the remaining minority interests of Trans Beverage Company Ltd. for €20.8 million based on updated put and call arrangement agreed during the year.

At 31 December 2022, the long-term portion included:

- the estimated payable for put options linked to Wilderness Trail Distillery, LLC commented above,
- the estimated payable for put options and earn-out linked to Ancho Reyes and Montelobos totalling €40.5 million and payable starting from 2024, whose variation for a decrease amount of €3.6 million were depending on the exchange rate and remeasurement effects,
- the estimated payable for put options and earn-out related to the Lallier acquisition totalling €3.9 million payable starting from 2023, which was subject to a remeasurement effects leading to a decrease of €2.3 million.

VI. CURRENT FINANCIAL DEBT

	At 31 December	
	2022	2021
	€ million	€ million
Bond issued in 2017	-	50.0
Accrued interest on bonds	5.7	6.3
Loans due to banks	107.0	198.1
Lease payables	14.4	13.5
Liabilities for put option and earn-out payments	3.4	48.2
Liabilities on hedging contracts	-	0.8
Current liabilities for hedge derivatives, not reported using hedge accounting procedures	-	0.2
Other financial liabilities	5.8	4.9
Current financial debt	**136.3**	**322.1**

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

• BONDS

In April 2022, the bond issued in 2017 with a nominal value of €50.0 million and a fixed annual coupon of 1.768% matured and was paid out.

• LIABILITIES AND LOANS DUE TO BANKS

At 31 December 2022, loans due to banks reported a net decrease of €91.1 million due to repayment of loans and credit facilities. The item includes, in addition to the current portion of medium / long-term loans, some short-term loans managed dynamically to strengthen the Group's financial structure further and achieve greater flexibility to respond promptly to the still volatile macroeconomic context.

• LIABILITIES FOR PUT OPTIONS AND EARN-OUT PAYMENTS

€ million	total	variation impacting profit or loss	variation impacting Group net equity or investment value
at 31 December 2021	48.2		
payments	(45.0)	-	-
reclassification from non-current liability		-	-
exchange rate differences and other changes	0.2	(0.1)	0.3
at 31 December 2022	**3.4**		
of which measured at fair value	-		
of which measured at amortized cost	*3.4*		

€ million	total	variation impacting profit or loss	variation impacting Group net equity or investment value
at 31 December 2021	48.2		
payments	(6.2)	-	-
reclassification from non-current liability	50.6	-	-
exchange rate differences and other changes	0.3	0.3	-
at 31 December 2021	**48.2**		
of which measured at fair value	-		
of which measured at amortised cost	*48.2*		

At 31 December 2022, the short-term portion of the item included a liability of €3.4 million for the purchase of the residual non-controlling shares in J.Wray&Nephew Ltd., secured by restricted cash and cash equivalents.

The decrease reported during 2022 was related to the final payment of €44.5 million associated with the Société des Produits Marnier Lapostolle S.A.S. business combination and emerging from the agreements signed with a number of the former shareholders for the purchase of the remaining shares held.

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 if a right-of-use/financial liability has to be recognized or not. Variable lease payments that are not linked to an index or rate continue to be charged to the statement of profit or loss as costs for the period.

Lease agreements are generally entered into for a term of 3-10 years but may contain options to extend them. The terms of a lease are negotiated individually and may contain a wide range of different terms and conditions. Such agreements do not include covenants, but the leased assets may be used to guarantee the liability arising from contractual commitments.

The value assigned to the rights of use corresponds to the amount of the lease liabilities recognised, plus initial direct costs incurred, lease payments settled on the start date of the agreement or previously and restoration costs, net of any lease incentives received. Restoration costs, which may be recognised in rare cases, normally relate to offices, for which there could be a contractual requirement to restore them to their original state at the end of the lease agreement. The 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 2022 and 2021 are provided in the tables below.

LEASE PAYABLES

	at 31 December 2021	addition	payments	interest expenses	reclassification	exchange rate differences and other changes	at 31 December 2022
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Within 12 months	(13.5)		18.1	-	(18.8)	(0.2)	(14.4)
Over 12 months	(70.4)	(9.6)		(2.9)	18.8	(0.9)	(65.1)
Total lease payables	**(83.9)**	**(9.6)**	**18.1**	**(2.9)**	**-**	**(1.1)**	**(79.5)**

	at 31 December 2020	addition	payments	interest expenses	reclassification	exchange rate differences and other changes	at 31 December 2021
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Within 12 months	(13.9)	-	18.8	-	(18.9)	0.6	(13.5)
Over 12 months	(69.5)	(14.3)	-	(2.9)	18.9	(2.6)	(70.4)
Total lease payables	**(83.3)**	**(14.3)**	**18.8**	**(2.9)**	**-**	**(2.0)**	**(83.9)**

The IBRs applied in 2022 and 2021 were as follows.

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%

APPLIED IBRS FOR THE YEAR ENDED 31 DECEMBER 2021

Currency	within 5 years	from 5 to 10 years	over 10 years
EUR	1.1%	1.3%	1.2%
US$	2.4%	2.7%	2.6%
GBP	2.4%	2.3%	2.0%

The increase in IBR is connected with the macro-economic scenario.
The amounts recognised in the cash flow statement were as follows.

	for the years ending	
€ million	2022	2021
Total cash outflow for leases	(15.1)	(15.8)
Total cash outflow for interests	(2.9)	(3.0)
Total cash outflow for lease	**(18.1)**	**(18.8)**

The tables below show the breakdown of financial liabilities for leases by asset class.

€ 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)
Total financial liabilities for leases as of 31 December 2022	**(14.4)**	**(65.1)**	**(79.5)**
Total financial assets for leases as of 31 December 2022	**-**	**-**	**-**
Total financial assets and liabilities (net value) as of 31 December 2022	**(14.4)**	**(65.1)**	**(79.5)**

€ million	within 12 months	over 12 months	total
Buildings	(9.2)	(60.5)	(69.7)
Vehicles	(2.8)	(4.4)	(7.2)
Machinery	(1.0)	(4.5)	(5.5)
Other	(0.5)	(0.8)	(1.3)
Land	-	(0.2)	(0.2)
Total financial liabilities for leases as of 31 December 2021	**(13.5)**	**(70.4)**	**(83.9)**
Total financial assets for leases as of 31 December 2021	**-**	**-**	**-**
Total financial assets and liabilities (net value) as of 31 December 2021	**(13.5)**	**(70.4)**	**(83.9)**

VIII. RECONCILIATION WITH NET FINANCIAL DEBT AND CASH FLOW STATEMENT

Disclosure

	at 31 December	
	2022	2021
	€ million	€ million
Cash and cash equivalents	435.4	791.3
Cash (A)	**435.4**	**791.3**
Securities	14.2	13.2
Other current financial assets	4.7	2.5
Current financial receivables (B)	**18.9**	**15.8**
Loans due to banks current	(107.0)	(198.1)
Current portion of lease payables	(14.4)	(13.5)
Current portion of bonds	-	(50.0)
Other current financial payables	(11.5)	(12.2)
Current portion of payables for put option and earn-out	(3.4)	(48.2)
Current financial payables (C)	**(136.3)**	**(322.1)**
Net current financial debt (A+B+C)	**318.0**	**485.0**
Loans due to banks non-current(1)	(770.9)	(355.2)
Non-current portion of lease payables	(65.1)	(70.4)
Non-current portion of bonds	(846.3)	(845.5)
Non-current portion of payables for put option and earn-out	(236.3)	(50.4)
Non-current financial debt (D)	**(1,918.7)**	**(1,321.6)**
Net debt (A+B+C+D(2))	**(1,600.7)**	**(836.6)**
Reconciliation with the Group's net financial debt as shown in the Management board report:		
Non-current financial assets for hedging derivatives	41.5	-
Term deposits	4.8	4.2
Non-current financial receivables	1.9	1.5
Group net financial debt	**(1,552.5)**	**(830.9)**

(1) Including related derivatives.
(2) In accordance with ESMA guidelines.

Reconciliation of the changes in financial liabilities used in financing activities with the cash flow statement

CASH FLOW GENERATED (ABSORBED) FROM FINANCIAL LIABILITIES

	bonds		payables for interest	borrowings		lease payables		other financial assets (liabilities)	
€ million	current	non-current	current	current(3)	non-current(1)	current	non-current	current	non-current
at 31 December 2021	(50.0)	(845.5)	(6.3)	(198.1)	(355.2)	(13.5)	(70.5)	3.6	5.7
Notional liabilities addition	-	-	-	-	-	-	(9.6)	-	-
Interest accrued	-	-	(22.4)	-	-	-	(2.7)	0.8	1.0
New financing(2)	**-**	**-**	**-**	**(227.2)**	**(443.8)**	**-**	**-**		
Repayment(2)	**50.0**	**-**	**23.1**	**350.7**	**-**	**18.1**	**-**	**1.0**	**1.4-**
• *of which long-term debt(4)*	-	-	-	*46.8*	-	-	-	-	-
• *of which other borrowings*	-	-	-	*303.9*	-	-	-	-	-
Perimeter effects	-	-	-	(0.1)	(0.7)	-	-	-	-
Exchange rate effects	-	-	-	(4.3)	-	(0.3)	(1.7)	0.9	0.3
Reclassification	-	-	-	(31.8)	31.8	(18.8)	18.8	-	-
Other movements	-	(0.8)	-	3.7	(3.1)	0.2	0.8	1.1	39.8
at 31 December 2022	**-**	**(846.3)**	**(5.6)**	**(107.0)**	**(770.9)**	**(14.4)**	**(65.1)**	**7.4**	**48.1**

(1) Included related derivatives.
(2) Cash flow generated (absorbed) from financial liabilities.
(3) Net change in short-term financial payables and bank loans is equal to €76.7 million (proceeds of €227.2 net of repayments of €303.9).
(4) The repayment of non-current borrowings related to the long-term debt item is €46.8.

	bonds		payables for interest	borrowings(1)		lease payables		other financial assets (liabilities)	
€ million	current	non-current	current	current(3)	non-current	current	non-current	current	non-current
at 31 December 2020	-	(894.7)	(6.3)	(244.3)	(320.0)	(13.9)	(69.6)	(13.2)	6.9
Notional liabilities addition	-	-	-	-	-	-	(14.3)	-	-
Interest accrued	-	-	(19.6)	-	-	-	(2.9)	-	-
New financing(2)	**-**	**-**	**-**	**(232.9)**	**(130.0)**	**-**	**-**	**1.1**	**1.7**
Repayment(2)	**-**	**-**	**19.6**	**363.0**	**9.0**	**-**	**18.8**	**1.9**	**(0.9)**
• *of which long-term debt(4)*	-	-	-	*149.2*	*9.0*	-	-	-	-
• *of which other borrowings*	-	-	-	*213.8*	-	-	-	-	-
Exchange rate effects	-	-	-	(0.9)	-	(0.4)	(2.6)	-	-
Reclassification	(50.0)	50.0	-	(84.7)	84.7	0.6	(0.6)	2.0	(2.0)
Other movements	-	(0.8)	-	1.7	1.1	0.3	0.8	11.8	-
at 31 December 2021	**(50.0)**	**(845.5)**	**(6.3)**	**(198.1)**	**(355.2)**	**(13.5)**	**(70.5)**	**3.6**	**5.7**

(1) Included related derivatives.
(2) Cash flow generated (absorbed) from financial liabilities.
(3) Net change in short-term financial payables and bank loans is equal to €19.1 million (proceeds of €232.9 net of repayments of €213.8).
(4) The repayment of non-current borrowings related to the long-term debt item is €158.2 (of which €149.2 current and €9.0 non-current).

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 details also the Group's capital structure and the financial risks it is exposed to. For information on the composition of and changes in shareholders' equity during the periods under review, refer to the statement of changes in shareholders' equity.

I. CAPITAL MANAGEMENT

Disclosure

With regard to capital management, Campari Group has implemented a dividend distribution policy which reflects the Group priority to use its available financial sources mainly to fund external growth via acquisitions. Concomitantly, via the Parent Company Davide Campari-Milano N.V., the Group carries out share buyback programs on a rolling basis intended to meet the obligations arising from share-based payments plans currently in force or to be adopted. The financial requirements deriving from the aforementioned capital management operations are managed dynamically maintaining an appropriate level of flexibility with regard to acquisition opportunities and funding options, also taking into account the optimal and sustainable level of financial solidity which is monitored on an ongoing basis through the index net debt on EBITDA-adjusted. For the purposes of the ratio calculation, net debt (refer to note 6 viii-'Reconciliation with net financial debt and cash flow statement') is the value of the Group's net financial debt at 31 December 2022, whereas the EBITDA-adjusted relates to the Operating result excluding depreciation and amortization and other operating income (expenses) (refer to note 3 vi- 'Selling, general and administrative expenses and Other operating income and expenses' and 3 viii-'Depreciation and amortisation'). At 31 December 2022, this multiple was 2.4 times, compared with 1.6 times at 31 December 2021, based on consistent calculation criteria. The pro-forma index adjusted to take into account the annual effect on EBITDA of the business sale and acquisition of the last 12 months, with particular reference to the recent acquisitions for the year 2022, and therefore considered more consistent in comparative terms with the previous year, is equal to 2.2 times. The worsening of the ratio was mainly driven by the improved EBITDA-adjusted more than offset by the slight increase of the net financial debt.

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 2022 by maturity, based on contractual repayment obligations, including non-discounted interest.

at 31 December 2022	on demand	within 1 year	due in 1 to 2 years	due in 3 to 5 years	due after 5 years	total
	€ million	€ million	€ million	€ million	€ million	€ million
Bonds	-	12.6	312.6	570.6	-	895.8
Loans due to banks	-	141.9	307.0	546.0	0.2	995.2
Leases	-	14.4	13.3	34.4	17.3	79.5
Payables for put option and earn-out	-	9.5	61.3	0.1	168.8	239.7
Other financial liabilities	-	5.5	-	-	-	5.5
Trade payables	45.9	491.5	4.4	-	-	541.7
Other non-financial liabilities	24.4	147.1	-	-	-	171.5
Total liabilities	**70.3**	**822.6**	**698.6**	**1,151.1**	**186.3**	**2,929.0**

at 31 December 2021	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	-	63.5	12.6	326.4	556.9	959.3
Loans due to banks	-	201.9	11.1	351.5	-	564.4
Leases	-	13.5	11.9	30.6	27.9	83.9
Payables for put option and earn-out	-	48.2	6.2	44.2	-	98.7
Other financial liabilities	-	5.8	-	-	-	5.8
Trade payables	76.0	312.0	6.4	-	0.2	394.6
Other non-financial liabilities	118.8	54.8	-	-	-	173.7
Total liabilities	**194.8**	**699.7**	**48.3**	**752.7**	**585.0**	**2,280.4**

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 €765.5 million, of which €72.3 million were drawn down at the end of the year.

• INTEREST RATE RISK

A breakdown of the effective interest rate, taking all the cost components of the amortised costs into account, divided by type of financial liability is as follows.

				at 31 December	
			maturity	2022	2021
	nominal interest rate	effective interest rate[(1)]	€ million	€ million	€ million
Loans due to banks	fixed rate 1,183% + variable rate[(2)(3)]	3.965%	2024	877.9	553.3
Parent Company bond issues					
- issued in 2017	fixed rate 1.768%	1.768%	2022	-	50.0
- issued in 2017	fixed rate 2.165%	2.165%	2024	150.0	150.0
- issued in 2019	fixed rate 1,655%	1.752%	2024	149.8	149.7
- issued in 2020	fixed rate 1,250%	1.410%	2027	546.5	545.9
Leases	incremental borrowing rate	incremental borrowing rate	2023-2028	79.5	83.9

(1) Calculated on any difference included in the amortised cost accounting.
(2) The figure shown relates to the applied rate and maturity of the loans due to banks by Davide Campari Milano N.V. and Campari America, responsible for nearly all market funding.
(3) Inclusive of the interest rate swap on the term loan subscribed in 2019.

The Group is exposed to the risk of fluctuating interest rates in respect of its financial assets, loans due to banks and lease agreements.
The Parent Company's 2017, 2019 and 2020 bond issues pay interest at a fixed rate. Overall, at 31 December 2022, 70% (92% 2021) of the Group's total financial debt was fixed-rate debt.

Sensitivity analysis

The table below shows the effects of a possible change in interest rates on the Group's statement of profit or loss, if all other variables remain constant. A negative value in the table indicates a potential net reduction in profit or loss, while a positive value indicates a potential net increase in this item. The assumptions used with regard to a potential change in rates are based on an analysis of the trend on the reporting date.
With regard to the fixed-rate financial liabilities hedged by interest rate swaps, the change in the hedging instrument offsets the difference in the underlying liability, with practically no effect in the statement of profit or loss.

		profit or loss	
	increase/decrease in interest rates in basis point	increase in interest rates	decrease in interest rates
at 31 December 2022		€ million	€ million
€	+/- 5 basis points	(0.6)	0.6
Dollar	+30/-10 basis points	0.3	(1.2)
Other currencies		2.5	(3.3)
Total effect		**2.2**	**(4.0)**
at 31 December 2021			
€	+/- 5 basis points	(0.7)	0.7
Dollar	+30/-10 basis points	1.1	(0.5)
Other currencies		1.8	(2.3)
Total effect		**2.3**	**(2.1)**

• EXCHANGE RATE RISK

The Group develops its business activities globally, and sales in non-€ markets are progressively increasing. However, the establishment of Group companies in countries including the United States, Brazil, Australia, Argentina and Switzerland allows exchange rate risk to be partly hedged, since both costs and income are denominated in the same currency.
For Campari Group, net exposure to foreign exchange effects is limited to transactions concluded among Group companies relating to certain sales and purchases regulated in currencies other than the functional currencies of the companies. Although these transactions represent only a portion of the overall business, the Group policy regularly determines the net exposure to the primary currencies to mitigate the residual foreign exchange risk by using forward and option derivatives agreements.

Sensitivity analysis

An analysis was performed on the effects of a possible change in the exchange rates against the € on the statement of profit or loss, keeping all the other variables constant. This analysis does not include the consolidated financial statements' effect on translating the financial statements of subsidiaries denominated in a foreign currency following a possible change in exchange rates.
The assumptions adopted regarding a potential change in rates are based on an analysis of forecasts provided by financial information agencies on the reporting date. The types of transactions included in this analysis are sales and purchases in any currency other than the Group's functional currency. The effects on shareholders' equity are determined by changes in the fair value of forward contracts on future transactions, which are used as cash flow hedges.

		net equity	
	increase/decrease in currency rates in %	increase in exchange rates	decrease in exchange rates
at 31 December 2022		€ million	€ million
Dollar	+8%/-11%	2.9	(1.8)
Other currencies		0.1	(0.1)
Total effect		**3.1**	**(1.9)**
at 31 December 2021			
Dollar	+10%/-1%	0.3	(2.4)
Other currencies		0.3	(2.8)
Total effect		**0.7**	**(5.2)**

• MARKET AND PRICE RISK

Market risk consists of the possibility that changes in exchange rates, interest rates or the prices of raw materials or commodities (alcohol, aromatic herbs, sugar, cereals and agave) could negatively affect the value of assets, liabilities or expected cash flows.

The price of raw materials depends on a wide variety of factors, which are difficult to forecast and are largely beyond the Group's control. Historically, the Group has had no problem obtaining high-quality quantities of raw materials. However, we cannot exclude that the Group could face challenges in getting supplies of raw materials. The Group is in the process of implementing measures aimed at limiting the risk of raw material price fluctuations, including co-investments agricultural production agreements with local producers, the benefits of which can be seen over the medium-term as they are related to natural growing processes.

The Campari Group has a substantial inventory of aged product categories, such as Bourbon whisky, 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 judgmental 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. SHAREHOLDER'S EQUITY

Accounting policy

Own shares (both ordinary and special voting shares) are reported as a reduction in shareholders' equity

Disclosure

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

• ISSUED CAPITAL AND CAPITAL STRUCTURE

At 31 December 2022, the issued capital of Davide Campari-Milano N.V. is represented in the table below. Both ordinary and special voting shares have a nominal value of €0.01 each.

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

	no. of shares			nominal value (€)		
	ordinary shares	special voting shares[(1)]	total	ordinary shares	special voting shares[(1)]	total
Issued capital at 31 December 2021	1,161,600,000	665,718,342	1,827,318,342	11,616,000	6,657,183	18,273,183
Issued capital at 31 December 2022	**1,161,600,000**	**665,718,342**	**1,827,318,342**	**11,616,000**	**6,657,183**	**18,273,183**

(1) Special voting shares A.

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

• OUTSTANDING SHARES, OWN SHARES RIGHTS ASSOCIATED TO THE SHARES

During 2022, the Company announced the launch of two share buyback programmes under Article 5 of Regulation (EU) No. 596/2014, intended to meet the obligations arising from the long-term share-based incentive plans currently in place or yet to be adopted and whose beneficiaries are (or will be) employees or other members of the administrative or management bodies of either the Company or other Campari Group companies. The share buyback programmes are managed in accordance with all applicable laws and regulations.

The share buyback programme launched on 7 March 2022, coordinated and executed by UBS Europe SE, was implemented in accordance with the resolution approved at the Company's Annual General Meeting held on 8 April 2021 and was completed on 11 April 2022. The programme was managed with a maximum value allocation of €40 million and a reported number of 3,014,744 Campari shares acquired in the period from 7 March to 11 April 2022.

On 11 May 2022, the Company has launched a new share buyback programme, implemented in accordance with the resolution approved by the Company's Annual General Meeting held on 12 April 2022 and coordinated by Morgan Stanley Europe SE. The programme started on 12 May 2022 and will end not sooner than 28 February 2023 and, in any case, not after 31 May 2023. The maximum value allocated to the programme is €110 million, with a maximum number of 16,000,000 Campari shares to be purchased at time and price deemed most appropriate. Consistently with similar sustainability initiatives successfully completed in January 2022, this programme includes a contractually agreed reward mechanism to allocate an amount deriving from its outperformance[(66)] to energy efficiency projects, namely, the installation of photovoltaic panels at the production site in Jamaica. With this programme, Campari Group confirms its strong commitment to further contribute to the decarbonisation agenda already undertaken in this area through the responsible use of resources and reduction of the environmental impacts of its production activities, since the environment is one of the four pillars of Campari Group's sustainability roadmap.

The table below shows the reconciliation between the number of outstanding shares.

	no. of shares			nominal value (€)		
	ordinary shares	special voting shares	total	ordinary shares	special voting shares	total
Outstanding shares at 31 December 2021	1,132,490,271	617,606,804	1,750,097,075	11,324,903	6,176,068	17,500,971
Ordinary shares repurchased under share repurchase program	(12,722,262)	-	(12,722,262)	(127,223)	-	(127,223)
Ordinary shares assigned under share-based programs	1,879,568	-	1,879,568	18,796	-	18,796
Special voting shares allocation	-	(19,750,413)	(19,750,413)	-	(197,504)	(197,504)
Outstanding shares at 31 December 2022	1,121,647,577	597,856,391	1,719,503,968	11,216,476	5,978,564	17,195,040
Total own shares held	39,952,423	67,861,951	107,814,374	399,524	678,620	1,078,144
Own shares as a % total respective shares	3.44%	10.19%	5.90%			

(66) The outperformance is the difference between the purchase pri ce and the average VWAP (Volume Weighted Average Price) during the execution period.

	no. of shares			nominal value (€)		
	ordinary shares	special voting shares	total	ordinary shares	special voting shares	total
Outstanding shares at 31 December 2020	1,119,406,193	652,128,342	1,771,534,535	11,194,062	6,521,283	17,715,345
Ordinary shares repurchased under share repurchased programs	(5,931,376)	-	(5,931,376)	(59,314)	-	(59,314)
Ordinary shares assigned under share-based programs	19,015,454	-	19,015,454	190,155	-	190,155
Special voting shares allocation	-	(34,521,538)	(34,521,538)	-	(345,215)	(345,215)
Outstanding shares at 31 December 2021	1,132,490,271	617,606,804	1,750,097,075	11,324,903	6,176,068	17,500,971
Total own shares held	29,109,729	48,111,538	77,221,267	291,097	481,115	772,213
Own shares as a % total respective shares	2.51%	7.23%	4.23%			

With reference to ordinary shares, between 1 January and 31 December 2022, the Company granted 1,879,568 own shares, out of which 1,844,088 shares were sold while additionally 35,480 shares were transferred in the context of share matching plans. In the same period and through the share buyback programmes, the Company purchased 12,722,262 shares. At 31 December 2022, the Company held 39,952,423 own shares, equivalent to 3.4% of the share capital.

With reference to special voting shares, between 1 January and 31 December 2022 the Company allocated the nominal value of n. 19,750,413 special voting shares to the treasury shares reserve. This resulted from disposals of outstanding ordinary shares having corresponding special voting shares. During the period no cancellation of the treasury special voting shares has been resolved by the shareholders' meeting of the Company.

The table below shows changes in the number and values of own shares held during the periods considered.

	no. of ordinary shares held		values (€ million)	
	2022	2021	2022	2021
Balance at 1 January	29,109,729	42,193,807	273.8	342.4
Purchases	12,722,262	5,931,376	128.1	71.1
Disposals	(1,879,568)	(19,015,454)	(13.9)	(139.8)
Final balance	39,952,423	29,109,729	388.1	273.8
% of share capital	3.44%	2.51%		

Sales of own shares during the year, which are shown in the above table at an amount equal to the original purchase cost of €13.9 million, were sold for a total cash inflow of €7.0 million corresponding to the average exercise price multiplied by the number of own shares sold to stock option beneficiaries. The Parent Company reported consequently a negative difference of €6.9 million which was recorded in shareholders' equity (embedded within the retained earnings) and partially offset by the use of the stock option reserve of €2.1 million. In the same period, the Company purchased shares through the buyback programmes at an average price of €10.1 for a total amount of €128.1 million[67].

(67) The amount includes €0.3 million liabilities paid and €0.1 million receivables to be collected, both in connection with the share buyback programme

- DIVIDENDS PAID AND PROPOSED

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

	2022	2021	2020
	€	€	€
Dividend per share proposed[1]	0.06	0.06	0.06
	€ million	€ million	€ million
Total amount proposed	67.9	67.3	61.6
of which, to owners of the Parent	67.9	67.3	61.6
of which, to non-controlling interests	-	-	-

(1) Precisely €0.060 in 2022 and €0.055 in both 2021 and 2020.

The dividends submitted for the approval of the General Meeting of Shareholders called to approve the financial statements for the year ended 31 December 2022 is €67.9 million, calculated based on shares outstanding at 31 December 2022 and to be recalculated based on the total number of outstanding shares as of the coupon detachment date. For information purposes, based on the 39,952,423 own shares held at 31 December 2022, the shares outstanding at the same date amounted to 1,121,647,577. The proposed dividend for the period is €0.06 per share, increasing by +9.1% compared to the previous financial year.

In terms of the distribution of dividends during the last four years, the utilisation of the retained earnings reserve was as follow.

approved and paid during the years		2022	2021	2020	2019	2018
dividend per share paid[1]	€	0.06	0.06	0.05	0.05	0.05
total amount	€ million	67.6	61.6	62.9	57.3	57.5
		2021	2020	2019	2018	2017
retained earnings reserve	€ million	67.6	61.6	62.9	57.3	57.5
other reserve	€ million	-	-	-	-	-

• OTHER RESERVES AND RETAINED EARNINGS ATTRIBUTABLE TO GROUP SHAREHOLDERS

	equity reserves					retained earnings and other reserves					
€ million	cash flow hedge	currency translation differences	hyperinflation	remeasurement of defined benefit plans	**total equity reserves**	treasury ordinary shares	treasury special voting shares	share based payments	other	retained earnings	**total retained earnings and other**
at 31 December 2021 before non-controlling interest	**(7.9)**	**(202.5)**	**36.9**	**(0.5)**	**(174.0)**	**(0.3)**	**(0.5)**	**30.0**	**51.4**	**2,446.9**	**2,527.5**
Campari Group											
Cost of share based payments for the period	-	-	-	-	**-**	-	-	19.6	-	-	**19.6**
Stock option exercised	-	-	-	-	**-**	-	-	(2.1)	-	2.1	**-**
Profits (losses) allocated to shareholders' equity	46.2	-	-	5.2	**51.4**	-	-	-	-	-	**-**
Tax effect recognised in shareholder's equity	(11.1)	-	-	(1.2)	**(12.3)**	-	-	-	-	-	**-**
Translation difference	-	102.6	-	-	**102.6**	-	-	-	-	-	**-**
Effects from hyperinflation accounting	-	-	14.9	-	**14.9**	-	-	-	-	-	**-**
Purchase of treasury shares	-	-	-	-	**-**	(0.1)	(0.2)	-	-	(127.8)	**(128.1)**
Sale of treasury shares	-	-	-	-	**-**	-	-	-	-	7.0	**7.0**
Share capital reduction	-	-	-	-	**-**	-	-	-	-	-	**-**
Changes in ownership interests	-	-	-	-	**-**	-	-	-	-	(16.8)	**(16.8)**
Dividends	-	-	-	-	**-**	-	-	-	-	(67.6)	**(67.6)**
Net result of the period	-	-	-	-	**-**	-	-	-	-	333.0	**333.0**
Other variations	-	-	-	-	**-**	-	-	-	-	(0.4)	**(0.4)**
at 31 December 2022 before non-controlling interest	**27.3**	**(99.9)**	**51.8**	**3.5**	**(17.4)**	**(0.4)**	**(0.7)**	**47.5**	**51.4**	**2,576.3**	**2,674.1**
Non-controlling interests					**-**						
Changes in ownership interests					**-**					1.8	**1.8**
Dividends					**-**						**-**
Net result of the period					**-**					(1.5)	**(1.5)**
Translation difference		(1.9)			**(1.9)**						**-**
at 31 December 2022 including non-controlling interests	**27.3**	**(101.8)**	**51.8**	**3.5**	**(19.3)**	**(0.4)**	**(0.7)**	**47.5**	**51.4**	**2,576.6**	**2,674.4**

	equity reserves					retained earnings and other reserves					
€ million	cash flow hedge	currency translation differences	hyperinflation	remeasurement of defined benefit plans	**total equity reserves**	treasury ordinary shares	treasury special voting shares	share based payments	other	retained earnings	**total retained earnings and other**
at 31 December 2020 before non-controlling interest	**(12.4)**	**(333.6)**	**28.9**	**(1.8)**	**(318.9)**	**(0.4)**	**(0.1)**	**35.7**	**51.4**	**2,210.7**	**2,297.2**
Campari Group											
Cost of share based payments for the period	-	-	-	-	**-**	-	-	11.3	-	-	**11.3**
Share-based payments assigned	-	-	-	-	**-**	-	-	(17.0)	-	17.0	**-**
Profits (losses) allocated to shareholders' equity	5.9	-	-	1.7	**7.6**	-	-	-	-	-	**-**
Tax effect recognised in shareholder's equity	(1.4)	-	-	(0.4)	**(1.8)**	-	-	-	-	-	**-**
Translation difference	-	131.1	-	-	**131.1**	-	-	-	-	-	**-**
Effects from hyperinflation accounting	-	-	8.0	-	**8.0**	-	-	-	-	-	**-**
Purchase of treasury shares	-	-	-	-	**-**	(0.1)	(0.3)	-	-	(70.7)	**(71.1)**
Sale of treasury shares	-	-	-	-	**-**	0.2	-	-	-	68.1	**68.3**
Changes in ownership interests	-	-	-	-	**-**	-	-	-	-	(0.7)	**(0.7)**
Dividends	-	-	-	-	**-**	-	-	-	-	(61.6)	**(61.6)**
Net result of the period	-	-	-	-	**-**	-	-	-	-	284.8	**284.8**
Other variations	-	-	-	-	**-**	-	-	-	-	(0.6)	**(0.6)**
at 31 December 2021 before non-controlling interest	**(7.9)**	**(202.5)**	**36.9**	**(0.5)**	**(174.0)**	**(0.3)**	**(0.5)**	**30.0**	**51.4**	**2,446.9**	**2,527.5**
Non-controlling interests					**-**						**-**
Changes in ownership interests					**-**					3.4	**3.4**
Dividends					**-**					(0.6)	**(0.6)**
Net result of the period					**-**					(1.8)	**(1.8)**
Translation difference		0.1			**0.1**						**-**
at 31 December 2021 including non-controlling interests	**(7.9)**	**(202.4)**	**36.9**	**(0.5)**	**(173.9)**	**(0.3)**	**(0.5)**	**30.0**	**51.4**	**2,448.0**	**2,528.6**

The change in the currency translation differences reserve mainly related to net assets denominated in US Dollar, Canadian Dollar and Great Britain Pound.
Changes in ownership interests are related to the recognition of effects from the movement in non-controlling interests having an effective involvement in the conduct of the business and where their interest must continue to be represented in addition to the Group's shareholders' equity and, at the same time, the financial liability relating to the put and/or call option agreements must be recorded. Any subsequent remeasurements of the fair value of the financial liability relating to the put and/or call option agreements are treated as transactions with minority shareholders and recognised as Group's shareholders' equity up to the date of their liquidation.
The changes in ownership interests, including the reclassification of non-controlling interests values and put option and earn-out remeasurements to Group reserves, are as follows.

for the year ended 31 December 2022	reclassification of initial non-controlling interest value	net result of the period[(1)]	exchange rate of the period	put and/or call option measurement	total reclassification to Group equity
	€ million	€ million	€ million	€ million	€ million
Ancho Reyes and Montelobos	-	(1.3)	0.2	6.4	5.4
Champagne Lallier	-	(1.0)	0.1	0.1	(0.7)
Trans Beverages Company	1.4	1.1	(0.1)	(20.8)	(18.4)
Wilderness Trail Distillery	170.1	-	(2.2)	(171.0)	(3.0)
Changes in ownership interests	**171.5**	**(1.2)**	**(1.9)**	**(185.2)**	**(16.8)**

(1) Excluding the net result of the period of BBS Group equal to €(0.3) million.

for the year ended 31 December 2021	net result of the period[(1)]	exchange rate and other movement	put and/or call option remeasurement	total reclassification to Group equity
	€ million	€ million	€ million	€ million
Ancho Reyes and Montelobos	(1.1)	0.6	0.7	0.2
Champagne Lallier	(0.9)	-	-	(0.9)
Changes in ownership interests	**(2.0)**	**0.6**	**0.7**	**(0.7)**

(1) Excluding the net result of the period of BBS Group equal to €(0.2) million and Trans Beverages equal to €0.3 million.

V. SHARE-BASED PAYMENTS

Accounting policy

COMPENSATION PLANS IN THE FORM OF STOCK OPTIONS
The Group has multiple incentive plans in place, including benefits in the form of stock option plans, governed in accordance with the shareholders' resolution, pursuant to applicable law, and implemented by means of a specific regulation ('Stock Option Regulations'). The purpose of the plan is to offer beneficiaries who occupy key positions at the Group the opportunity to own shares in Davide Campari-Milano N.V., thereby aligning their interests with those of other shareholders and fostering loyalty, in the context of the strategic goals to be achieved. The recipients are employees, directors and/or individuals who regularly work for one or more Group companies, who have been identified by the Board of Directors of Davide Campari-Milano N.V., and who, on the approval date of the plan and until the date that the options are exercised, have worked as employees and/or directors and/or in any other capacity at one or more Group companies without interruption. The Board of Directors of Davide Campari-Milano N.V. has the right to draft regulations, select beneficiaries, and determine the share quantities and values for the execution of the stock option plans.
The fair value of stock options is represented by the value of the option calculated by applying the Black-Scholes model and the grant date starts once the options are assigned. Volatility is estimated with the help of data supplied by a market information provider together with a leading bank and corresponds to the estimate of volatility recorded in the period covered by the plan. The stock options are recorded at fair value with an offsetting entry in the stock option reserve. The dilutive effect of options not yet exercised is included in the calculation of diluted earnings per share.

Disclosure

On 12 April 2022, the Annual General Meeting approved a new stock option plan which foresees the granting of stock options to directors of the Board and the Company's management, granting the relevant bodies the authorization to implement the plan by 30 June 2023. Options were granted on 12 April 2022 to individual beneficiaries, giving the right to exercise the plan within two years of the end of the fifth year from the grant date. The total number of options granted in 2022 for the purchase of further shares was 8,725,347 (645,795 in 2021), with an average grant price of €10.29 (€9.91 in 2021), equivalent to the weighted average market price in the month preceding the day on which the options were granted.

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

	at 31 December 2022		at 31 December 2021	
	no. of shares	average allocation/ exercise price (€)	no. of shares	average allocation/ exercise price (€)
Options outstanding at the beginning of the period	33,491,265	5.59	52,541,307	4.83
Options granted during the period	8,725,347	10.29	645,795	9.91
(Options cancelled during the period)	(1,336,625)	6.76	(671,291)	6.34
(Options exercised during the period)[(1)]	(1,844,088)	3.67	(19,009,546)	3.60
(Options expired during the period)	(65,680)	-	(15,000)	-
Options outstanding at the end of the period	38,970,219	6.70	33,491,265	5.59
of which exercisable at the end of the period	8,980,965	3.82	10,092,564	3.59

(1) The average market price on the exercise date was €10.07.

The exercise prices for the options granted in each year range were as follows.

	average exercise price
Allocations: 2014	3.14
Allocations: 2015	3.54
Allocations: 2016	4.29
Allocations: 2017	6.19
Allocations: 2018	6.25
Allocations: 2019	8.85
Allocations: 2020	6.41
Allocations: 2021	9.91
Allocations: 2022	**10.29**

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

Black-Scholes model parameters	2022	2021
Expected dividends (€)	0.060	0.055
Expected volatility (%)	25.92%	20.89%
Historic volatility (%)	23.90%	20.89%
Market interest rate	1.354%	-0.124%
Expected option life (years)	7	7
Exercise price (€)	10.29	9.91

The average fair value of options granted in 2022 was €3.06 (€1.99 in 2021). The average remaining life of outstanding options at 31 December 2022 was 3.5 years (3.3 years at 31 December 2021).

Accounting policy

Share-based payments in the form of 'Employees Share Ownership Plan' , 'Extra-Mile Bonus Plan ('EMB') and Mid-Term Incentive plan ('MTI')

The Shareholders' meeting of 8 April 2021 approved the resolution for the implementation of the Employee Share Ownership Plan ('ESOP'). ESOP is a share matching plans offering employees the opportunity to invest in 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') programme was awarded in 2021 representing a preparatory assignment to the launch of the ESOP programme with which it shares the main features. The fair value of the EMB plan is represented by the awarded number of rights assigned calculated based on the annual base gross salary of eligible employees at 31 December 2020, divided by twelve.

On 12 April 2022, the Annual General Meeting approved a Mid-Term Incentive plan ('MTI') based on Campari shares and aimed at rewarding Camparistas for their active participation in the Group performance and fostering their retention. Eligible Camparistas will be granted a right to receive a number of Campari shares for free, subject to their uninterrupted employment over a three-year vesting period from the grant date. The number of award rights to be granted to each beneficiary will be calculated based on the beneficiary's annual base gross salary as of 31 December preceding the grant date.

Disclosure

With respect to ESOP, this initiative started having an impact on the Group's accounts from the first quarter of 2022 and the accounting treatment followed the one applied for benefits granted in the form of stock option plans.
With respect to EMB, the initiative started having an impact on the Group's accounts from the third quarter of 2021, while the MTI initiative started having an impact on the Group's accounts from first half of 2022.

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

	at 31 December	
n. of rights	2022	2021
outstanding rights at the beginning of the year	1,129,949	-
assigned during the period	2,726,391	1,182,408
cancelled during the period	(213,949)	(46,551)
exercised during the period	(35,480)	(5,908)
expired during the period	-	-
outstanding rights at the end of the year	3,606,911	1,129,949

If a share-based scheme is not permitted or is not effective based on specific national legislation, a phantom stock option plan is awarded, resulting in a liability. The latter, recorded under the item personnel long-term liabilities, was negligible at 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 2022 and 2021 were as follows.

	for the years ending	
	2022	2021
	€ million	€ million
Cash flow hedge:		
Profit (loss) for the period	4.5	4.3
Profit (losses) classified to other comprehensive income	41.8	1.6
Related Income tax effect	(11.1)	(1.4)
Total cash flow hedge	**35.2**	**4.5**
Foreign currency translation:		
Hyperinflation effects	14.9	8.0
Exchange differences on translation of foreign operations	100.7	131.2
Total foreign currency translation	**115.6**	**139.2**
Remeasurements of defined benefit plans:		
Gains/(losses) on remeasurement of defined benefit plans	5.2	1.7
Related Income tax effect	(1.2)	(0.4)
Total remeasurements of defined benefit plans	**4.0**	**1.3**

VII. SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

Accounting policy

Non-controlling interests relate to the portion of a subsidiary's shareholders' equity that is not directly or indirectly attributable to the Group.
Non-controlling interests are determined using one of the following methods:

- based on the subsidiary's proportionate share of net assets, determined according to the rules set out by the accounting standard for business acquisitions;
- in proportion to the price paid (i.e., at fair value).

The choice of method for determining non-controlling interests is made on a case-by-case basis separately for each business combination.

If there are cross-mechanisms, which give the Group the right to acquire the non-controlling interests (call option agreement) or rights to sell the same to the Group (put option agreement) or a combination of both (put and call option agreements), an analysis is made as to whether the risks and benefits connected with the share of legal ownership of the business to which the non-controlling interests pertain are broadly attributable to the latter or the Group. These rights to purchase or sell the non-controlling interests may be set at a fixed price, a variable price or a fair value, and may be exercisable on a fixed date or at any time in the future. Each of these variables is examined to determine the effects on the presentation of the accounts.

If the non-controlling interests have an effective involvement in the conduct of the business, those interests must continue to be represented in addition to the Group's shareholders' equity and, at the same time, the financial liability for contingent deferred consideration for the put and/or call option agreements (normally set at a variable price) estimated to be paid on the exercise of those options, must be recorded.
Movements in the estimated liability in respect of options are recognised in retained earnings. At the close of each year, the effects of agreements with non-controlling interests are shown as follows:

- an allocation is made of the portion of net shareholders' equity that would have been recognised under non-controlling interests, including the related operating result, as well as the changes to the consolidated statement of profit or loss and the dividends paid during the year;
- non-controlling interests recognised at the time of initial acquisition (a) are shown as if they were eliminated on that date and deducted from the financial liabilities for put and/or call options;
- financial liabilities associated with put and/or call option agreements are shown at fair value (b) as changes in the Group's shareholders' equity, without the need for measurement based on amortised cost;
- the difference between (a) and (b) is recorded under the Group's shareholders' equity.

The financial liability for contingent deferred consideration in the form of put and/or call options, measured at its fair value, is not considered to be one of the components of the purchase price to be allocated to the net assets of the acquired business. Any subsequent remeasurements of the fair value of the financial liability relating to the put and/or call option agreements are treated as transactions with minority shareholders and recognised under the Group's shareholders' equity up to the date of their liquidation.

If the risks and benefits associated with ownership of the non-controlling interests are borne by the Group, the non-controlling interests are not recognized. The financial liability for put and/or call options is considered to be one of the components of the purchase price to be allocated to the net assets of the acquired business. Any change in the liability is recorded as financial income (expense) in the Group results.

Disclosure

The changes during the year are reflected below.

NON-CONTROLLING INTERESTS

€ million	Bellonnie et Bourdillon group	Ancho Reyes and Montelobos	Champagne Lallier group	Trans Beverages	Wilderness Trail Distillery	total
at 31 December 2021	**1.6**	**-**	**-**	**1.4**	**-**	**3.0**
net result	(0.3)	(1.3)	(1.0)	1.1	-	(1.5)
translation difference	-	0.3	-	-	(2.2)	(1.9)
perimeter effect for acquisition	-	-	-	-	170.1	170.1
other movements	-	-	0.1	(0.1)	-	-
reclassification to group net equity	-	1.0	0.9	(2.4)	(167.9)	(168.4)
at 31 December 2022	**1.4**	**-**	**-**	**-**	**-**	**1.4**

€ million	Bellonnie et Bourdillon group	Ancho Reyes and Montelobos	Champagne Lallier group	Trans Beverages	total
at 31 December 2020	**1.8**	**-**	**-**	**-**	**1.8**
net result	(0.2)	(1.1)	(0.9)	0.3	(1.8)
dividends	-	-	-	(0.6)	(0.6)
translation difference	-	0.2	-	-	0.1
perimeter effect for acquisition	-	-	-	1.6	1.6
other movements	-	0.4	-	-	0.4
reclassification to group net equity	-	0.5	0.9	-	1.4
at 31 December 2021	**1.6**	**-**	**-**	**1.4**	**3.0**

The non-controlling interests at 31 December 2022 amounted to €1.4 million.
The main changes in 2022 were related to the acquisition of Wilderness Trail Distillery and the recognition of the non-controlling interests related to the 30% minority stake of €170.1 million. With regard to the latter and in line with Lallier group, Ancho Reyes and Montelobos and Trans Beverages, due to the existence of reciprocal purchase/sale agreements involving put/call option mechanisms with several existing non-controlling shareholders the recognition of a financial liability related to the future purchase obligation (refer to note 6 v-'Non-current financial debt') and the simultaneous elimination of the amount recognised under non-controlling interests in favour of the Group's shareholders' equity (refer to note 'Other reserves and retained earnings attributable to Group shareholders' above) was required.

Company name	Country of business	% of minority interest 2022	% of minority interest 2021
Bellonnie et Bourdillon	Martinique	3.47%	3.47%
Ancho Reyes and Montelobos	Mexico	49.0%	49.0%
Champagne Lallier	France	20.0%	20.0%
Trans Beverages	South Korea	49.0%	49.0%
Wilderness Trail Distillery	United States	30.0%	-

The financial statements of the subsidiaries shown below are based on the same accounting standards applied for the Parent Company and the adjustments measured in the context of the Purchase Price Allocation at the date of acquisition of control.

	Group % of non-controlling interest	Bellonnie et Bourdillon group	Ancho Reyes and Montelobos	Champagne Lallier group	Trans Beverages Co	Wilderness Trail Distillery
Net sales	72.2	23.3	11.5	15.9	21.5	-
Profit (loss) for the period	(13.7)	(8.2)	(2.5)	(5.1)	2.2	-
Profit (loss) for the period attributable to non-controlling interest	**(2.0)**	**(0.3)**	**(1.5)**	**(1.3)**	**1.1**	**-**
Current assets	154.7	45.0	9.3	51.2	16.0	33.4
Non-current assets	623.9	48.8	7.2	38.0	0.7	529.2
Current Liabilities	153.9	56.7	11.2	71.9	11.4	2.7
Non-current Liabilities	4.3	2.1	1.8	0.2	0.2	-
Net assets	620.3	34.9	3.5	17.1	5.0	559.8
Net assets attributable to non-controlling interest	**176.7**	**1.4**	**1.6**	**3.4**	**2.4**	**167.9**
Of which represented as non-controlling interest in Campari Group statement of changes in shareholders' equity	**1.4**	**1.4**	**-**	**-**	**-**	**-**

2021 € million	Group % of non-controlling interest	Bellonnie et Bourdillon group	Ancho Reyes and Montelobos	Champagne Lallier group	Trans Beverages Co
Net sales	61.6	28.0	6.4	15.4	11.7
Profit (loss) for the period	(10.7)	(4.7)	(2.2)	(4.5)	0.7
Profit (loss) for the period attributable to non-controlling interest	**(1.8)**	**(0.2)**	**(1.1)**	**(0.9)**	**0.3**
Current assets	107.9	48.8	6.3	43.5	9.4
Non-current assets	70.5	48.3	6.6	15.5	0.1
Current Liabilities	116.7	51.6	6.1	52.5	6.5
Non-current Liabilities	4.7	2.9	1.5	0.3	-
Net assets	57.0	42.5	5.3	6.2	3.0
Net assets attributable to non-controlling interest	**9.9**	**1.6**	**2.5**	**4.4**	**1.4**
Of which represented as non-controlling interest in Campari Group statement of changes in shareholders' equity	**3.0**	**1.6**	**-**	**-**	**1.4**

VIII. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Except for the business combination completed during the year and involving non-controlling interests, there were no other transactions with them for the years ended 31 December 2022 and 2021.

IX. BASIC AND DILUTED EARNINGS PER SHARE

Accounting policy

Basic earnings per share are calculated by dividing the Group's net result for the period by the weighted average number of shares outstanding during the period, excluding the Group's own shares held.
For the purposes of calculating the diluted earnings (loss) per share, the weighted average of outstanding shares is adjusted in line with the assumption that all potential share-based payment plans with diluting effect will be converted.

Disclosure

		31 December 2022 € million	31 December 2021 € million
Group net profit attributable to ordinary shareholders	€ million	333.0	284.8
Weighted average of ordinary share outstanding	number	1,126,061,579	1,126,588,835
Basic earnings per share	**€**	**0.30**	**0.25**
Group net profit attributable to ordinary shares outstanding net of dilution	€ million	333.0	284.8
Weighted average of ordinary share outstanding	number	1,126,061,579	1,126,588,835
Weighted average of shares from the potential exercise of stock options with dilutive effect	number	14,158,632	19,696,517
Weighted average of ordinary shares outstanding net of dilution	number	1,140,220,211	1,146,285,352
Diluted earnings per share	**€**	**0.29**	**0.25**

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. 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 programme, 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 programme 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 significant 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
at 31 December 2021	**5.5**	**8.0**	**1.3**	**19.6**	**34.4**
Change resulting from provisional allocation of acquisition value	-	-	-	-	-
at 31 December 2021 post-reclassifications[1]	**5.5**	**8.0**	**1.3**	**19.6**	**34.4**
Perimeter effect for acquisition	-	-	-	-	-
Accruals	5.1	0.6	(0.1)	2.8	8.5
Utilizations		(0.2)	(0.2)	(0.9)	(1.3)
Releases	-	(1.0)	-	(1.3)	(2.3)
Reclassification	(4.9)	-		(0.1)	(5.0)
Exchange rate differences and other changes	(0.1)	0.4	-	1.1	1.3
at 31 December 2022	**5.5**	**7.8**	**1.0**	**21.2**	**35.6**
Of which:					
• due within 12 months	0.3	4.6		8.6	13.6
• due after 12 months	5.3	3.2	1.0	12.6	21.9

changes in provision for risks and charges	tax provision € million	restructuring provisions € million	agent severance fund € million	other € million	total € million
at 31 December 2020	**18.1**	**6.7**	**1.3**	**15.6**	**41.6**
Change resulting from provisional allocation of acquisition value	0.2	-	-	-	0.2
at 31 December 2020 post-reclassifications	**18.3**	**6.7**	**1.3**	**15.6**	**41.8**
Accruals	-	5.8	0.1	5.2	13.7
Utilisations		(1.8)	(0.1)	(0.1)	(2.0)
Releases	-	(2.4)	-	(1.2)	(6.3)
Reclassification[1]	(12.9)	(0.5)	-	(0.1)	(13.5)
Exchange rate differences and other changes	0.1	0.3	-	0.2	0.6
at 31 December 2021	**5.5**	**8.0**	**1.3**	**19.6**	**34.4**
of which:					
• due within 12 months	0.1	3.4	1.3	8.7	13.4
• due after 12 months	5.4	4.6	-	10.9	21.0

(1) The change of €12.9 million referred to the reclassification of provisions for uncertain tax positions to current tax payables.

The restructuring provision includes some tail-end effects coming from the restructuring programme of the agricultural sugar business launched previous year in Jamaica and still on-going.
Other provisions involved recognition by the Company and subsidiaries of liabilities for various lawsuits, including a Brazilian legal dispute totalling €10.1 million over a distribution agreement and some customers suit in France and Mexico totalling €4.8 million and provision referred to the offset of cumulated losses generated by the Japan joint-venture for €4.2 million.

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 2022) including the related penalties 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 BRL69 million (€12.2 million at the exchange rate on 31 December 2022) 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

The main commitments and risks of the Campari Group on the reporting date are divided into the following categories:

- CONTRACTUAL COMMITMENTS TO PURCHASE GOODS OR SERVICES totalled €390.9 million (€242.3 million at 31 December 2021). These mainly included commitments for the purchase of raw materials, semi-finished goods totalling €166.1 million (€67.4 million at 31 December 2021); the purchase of packaging and pallets, amounting to €87.3 million (€50.9 million at 31 December 2021); initiatives to enhance and outsource selected Group information technology services totalling €45.1 million (€29.8 million in 2021); the purchase of advertising and promotional services and sponsorships totalled €24.0 million (€23.3 million at 31 December 2021) as well as for general and maintenance services for €50.1 million (€58.1 million in 2021).

- EXISTING CONTRACTUAL COMMITMENTS FOR PURCHASING OF PROPERTY, PLANT AND EQUIPMENT, AND INTANGIBLE ASSETS totalling €26.1 million (€5.8 million at 31 December 2021). The increase compared to 2021, 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&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 2022, 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 committed liability for the personnel compensation scheme was €11.7 million (€32.6 million at 31 December 2022). The change in the period was connected to the definition of a portion of the commitment following the purchase of the remaining shares in Tannico by Dioniso joint-venture (for more information, see the section 'Significant events of the year' in the management board report).

- OTHER GUARANTEES. The Group has provided other forms of security in favour of third parties, totalling €269.7 million at 31 December 2022 (€269.0 million at 31 December 2021). These mainly include securities to Group companies for credit lines totalling €593.9 million (€147.3 million at 31 December 2021) and customs guarantees for excise duties totalling €63.3 million (€58.3 million at 31 December 2021).

- 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 2022 they mainly related to warehouses for storing goods and maturing stock as well as information technology, vehicles and buildings. The increase compared to 2021 mainly refer to the subscription of new contracts to secure additional warehouse space for maturing inventories in line with the Group strategy, as well as new contracts for land and buildings.

	at 31 December	
	2022 € million	2021 € million
Within 1 year	13.7	9.9
1-5 years	13.2	6.9
After 5 years	13.8	15.5
Total	**40.6**	**32.4**

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

	included at fair value in financial statements	carrying amount at 31 December 2022 € million	carrying amount at 31 December 2021 € million	fair value at 31 December 2022 2022 € million	fair value at 31 December 2022 2021 € million
Cash and cash equivalents		435.4	791.3	435.4	791.3
Current financial receivables		17.1	15.0	17.1	15.0
Current assets for hedging derivatives		1.725	0.6	1.7	0.6
Current assets for hedge derivatives, not in hedge accounting	x	-	0.1	-	0.1
Non-current assets for hedging derivatives	x	41.5	-	41.5	-
Other non-current financial assets	x	6.7	5.7	6.7	5.7
Financial assets		**502.5**	**812.8**	**502.5**	**812.8**
Loans due to banks		877.9	552.6	929.4	567.4
Lease payables		79.5	83.9	79.5	83.9
Bonds issued in 2017		150.0	200.0	147.1	204.6
Bonds issued in 2019		149.8	149.7	146.5	151.7
Bonds issued in 2020		546.5	545.9	475.4	554.2
Accrued interest on bonds		5.7	6.3	5.7	6.3
Other current and non-current financial liabilities		5.8	5.0	5.8	5.0
Current liabilities for hedging derivatives	x	-	0.8	-	0.8
Non-current liabilities for hedging derivatives	x	-	0.7	-	-
Current liabilities for hedge derivatives, not in hedge accounting	x	-	0.2	-	0.2
Liabilities for put option and earn-out payments	x	239.7	98.7	239.7	98.7
Financial liabilities		**2,055.0**	**1,643.7**	**2,029.2**	**1,672.8**
Financial guarantees		11.7	32.6	11.7	32.6
Securities to group companies for credit lines		593.9	147.3	593.9	147.3
Customs guarantees for excise duties		63.3	105.4	63.3	105.4
Other guarantees		6.3	16.3	6.3	16.3
Unrecognised financial instruments (commitments)		**675.3**	**301.7**	**675.3**	**301.7**

There were no changes in the Group's valuation processes, techniques, and types of inputs used in the fair value measurements during the period regarding the fair value of a) financial and b) non-financial instruments. The valuation date for all items is 31 December 2022.

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.

31 December 2022	level 1 € million	level 2 € million	level 3 € million
Assets valued at fair value			
Current financial receivables	16.2	-	-
Other non-current financial assets	1.0	-	-
Other non-current assets	-	-	18.8
Current assets for hedging derivatives	-	1.7	-
Non-current asset for hedging derivatives(1)	-	41.5	-
Liabilities valued at fair value			
Liabilities for put option and earn-out payments	-	-	236.3

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

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

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

The following tables show the valuation techniques used in measuring level 2 and level 3 fair values at 31 December 2022 for financial instruments measured at fair value in the statement of financial position, and the significant unobservable inputs used.

type	valuation technique	Significant unobservable inputs	inter-relationship between significant unobservable inputs and fair value measurement
Forward and option exchange contracts	For Campari Group, net exposure to foreign exchange effects is limited to transactions concluded among Group companies relating to certain sales and purchases regulated in currencies other than the functional currencies of the companies. Although these transactions represent only a portion of the overall business, the Group policy regularly determines the net exposure to the primary currencies (US$, GBP, AUD) based on its predicted intercompany sales and purchases up to 18 months. The Group then enters into foreign currency forward and option contracts to hedge those exposures. The fair value is determined using quoted forward exchange rates at the reporting date based on high credit quality yield curves in the respective currencies. The models incorporate various inputs, including the counterparty's credit rating, market volatility, spot and forward exchange rates and current and forward interest rates.	Not applicable.	Not applicable.
Derivative	Sometime the Group decided not to designate foreign currency derivative contracts as hedge accounting relationships for operational reasons. The derivative agreements used by the Group are forward and option exchange contracts covering foreign exchange exposure on receivables and payables, for which the natural hedge effect is obtained.	Not applicable.	Not applicable.

type	valuation technique	Significant unobservable inputs	inter-relationship between significant unobservable inputs and fair value measurement
Interest rate swaps	Interest rate swaps agreements are namely connected with financing. The fair value of interest rate swaps agreements is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources reflecting the applicable benchmark interbank rate used by market participants when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.	Not applicable.	Not applicable.
Contingent consideration and put or put/call agreements connected with business combination	The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate.	***Ancho Reyes and Montelobos option*** • expected contractually target business performances measured over a period of 5 years from the acquisition date; • risk-adjusted discount rate: 3.2%. ***Lallier group option*** • expected contractually target business performances measured over a period of 3 years from the acquisition date; • risk-adjusted discount rate: 3.2%. ***Wilderness Trail Distillery option*** • expected contractually target business performances measured over a period of 9 years from the acquisition date; • risk-adjusted discount rate: 3.2%. ***Trans Beverage Company Ltd.*** • expected contractually target business performances measured over a period of 6 years from the acquisition date; • risk-adjusted discount rate: 3.2%.	The estimated fair value would increase (decrease) if: • the expected contractually target business performances, were higher (lower); or • the risk-adjusted discount rate was lower (higher) with related impact in financial liabilities affecting the expected cash out value and Campari Group Net Equity.
Derivatives resulting from put/call agreement connected with equity investments, associates and joint-ventures	The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate.	***Monkey Spirits, LLC*** • expected contractually target business performances measured over a period of 3 years from the acquisition date; • risk-adjusted discount rate: 3.2%. ***Thirsty Camel Ltd.*** • expected contractually target business performances measured over a period of 2 years from the acquisition date; • risk-adjusted discount rate: 3.2%. ***CT Spirits Japan Ltd.*** • expected contractually target business performances measured over a period of 3 years from the acquisition date; • risk-adjusted discount rate: 3.2%. ***Spiritus Co Ltd.*** • expected contractually target business performances measured over a period of 3 years from the acquisition date; • risk-adjusted discount rate 3.2%.	The estimated fair value would increase (decrease) if: • the expected contractually target business performances, were higher (lower); or • the risk-adjusted discount rate was lower (higher) with related impact in financial liabilities affecting the expected cash out value and Campari Group Net Equity.

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	contingent considerations
level 3 fair values at 31 December 2021	**0.8**	**50.4**
• change in fair value included in profit or loss	(0.2)	-
• change in fair value included in Net Equity(1)	-	(6.6)
• additions	19.1	191.8
• exchange rate effect and other movements	(1.0)	0.6
level 3 fair values at 31 December 2022	**18.8**	**236.3**

(1) (Note 10 iii-'Shareholder's equity')

€ million	other non-current assets	contingent considerations and put/call agreements
level 3 fair values at 31 December 2020	**-**	**-**
• reclass from level 2 to level 3	0.6	49.4
• change in fair value included in profit or loss	0.1	-
• change in fair value included in associates and joint-venture	-	0.4
• change in fair value included in net equity	-	(0.7)
• disposal	(0.1)	(2.0)
• additions	0.3	-
• exchange rate effect and other movements	-	3.3
level 3 fair values at 31 December 2021	**0.8**	**50.4**

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 2022 € million	profit or loss (+) increase/(-) decrease	group net equity (+) increase/(-) decrease
contingent consideration		
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

at 31 December 2021 € million	profit or loss (+) increase/(-) decrease	group net equity (+) increase/(-) decrease
contingent consideration		
risk adjusted discount rate +/-1% (+/-100 basis points)	-	1.5/-1.5
expected contractually target business performances +/-10% (+/-1000 basis points)	-	-5.0/+5.0

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), 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 significant 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 2022, broken down by hedging strategy, is shown below.

Derivatives used for fair value hedging

At 31 December 2022, 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 €1.3 million, while liabilities were negligible (€0.5 million of assets and €1.4 million of liabilities in 2021).

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	
	2022 € million	2021 € million
Gains on hedging instruments	0.1	0.1
Total gains (losses) on hedging instruments	**0.1**	**0.1**
Gains on hedged items	-	0.6
Losses on hedged items	(1.4)	(0.6)
Total gains (losses) on hedging items	**(1.4)**	**-**

Derivatives used for cash flow hedging

The Group uses the following contracts to hedge its cash flows:

- interest rate swaps hedging the risk of interest rate fluctuations on future transactions relating to the stipulation of financial loans;
- hedging of future sales and purchases in currencies other than the € and interest rates on future transactions.

The fair value variation of the hedging instruments during the year generated an impact in other comprehensive income of €41.7 million and €4.5 million in profit or loss related to the reversal of cash flow reserve associated with the pre-hedge derivative (€1.6 million and €4.3 million respectively in 2021).

At the reporting date, the valuation of these contracts gave rise to the reporting of assets of €41.9 million (€0.1 million of assets and €0.1 million of liabilities in 2021), of which €41.5 million was associated with bond and loans.

The table below shows when the aforementioned hedged cash flows are expected to be received (paid), at 31 December 2022. These cash flows concern both interest and currency derivatives and have not been discounted. Since the company does not distinguish the outflow for positive and negative fair values of derivative contracts, the below cash outflows are presented net

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
Net cash flows	**15.2**	**30.6**	**45.8**

for the year ended 31 December 2021	within one year € million	1-5 years € million	total € million
Cash outflows (A)	(0.1)	-	(0.1)
Cash inflows (B)	0.1	1.2	1.3
Net cash flows (A+B)	**-**	**1.2**	**1.2**

The overall changes in the cash flow hedge reserve and the associated deferred taxes are shown below.

for the year ended 31 December 2022	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
at 31 December 2022	**35.9**	**(8.6)**	**27.3**

for the year ended 31 December 2022	gross amount € million	tax effect € million	net amount € million
at 31 December 2020	**(16.2)**	**3.9**	**(12.4)**
profit or loss impact	4.3	(1.0)	3.3
net equity impact	1.6	(0.4)	1.2
at 31 December 2021	**(10.4)**	**2.4**	**(7.9)**

• 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 2022 negligible amounts were reported for both financial liabilities and assets (€0.2 million and €0.1 million respectively at 31 December 2021).

IBOR REFORM

With respect to the amendments to IFRS connected to the 'Interest Rate Benchmark Reform' phase 2, the impact on the Group is negligible at 31 December 2022. US Dollar Libor replacement, that will not have a relevant impact for the Group either, will be effective from 30 of June 2023

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 2022	level 1 € million	level 2 € million	level 3 € million
Assets valued at fair value			
Biological assets	-	-	7.1

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

The following tables show the valuation techniques used in measuring level 2 and level 3 fair values at 31 December 2022 for non-financial instruments measured at fair value in the statement of financial position, and the significant unobservable inputs used.

type	valuation technique	significant unobservable inputs	inter-relationship between significant unobservable inputs and fair value measurement
biological assets (inventory)	The fair value of agricultural products grown on the plant is determined by considering the market value of similar commodities and the biological/vegetative cycle which is based on all costs incurred in anticipation of the future harvest (service, products and other ancillary costs).	• actual cost of cultivation and preparation of the land and the plant per hectare • estimated yields per hectare • estimated market price for similar commodities.	The estimated fair value would increase (decrease) if: • the estimated cost of cultivation and preparation of the land and plantation were higher (lower); or • the estimated yield per hectare was higher (lower).

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 2021 for sugar cane and grapes, was used in the production process during the year 2022 and the value reported in the Group statement of the financial position at 31 December 2022 represented the new value of agricultural products that are growing on the plants.

The following table shows a reconciliation from the opening and the closing balance for level 3 fair values as of 31 December 2022 and 2021 respectively.

In 2022, the change in fair value indicated referred to the harvests of agave and sugar cane carried out during the year.

€ million	biological assets in inventory[1]
at 31 December 2021	3.7
harvest and reclassification to raw materials	(0.1)
accretion	0.8
change in fair value included in profit or loss (cost of goods sold)	2.2
exchange rate differences	0.4
at 31 December 2022	**7.1**

(1) Please refer to note 5 iii-'Inventories and biological assets.

€ million	biological assets in inventory[1]
at 31 December 2020	1.6
reclassification of opening balance	0.1
at 31 December 2020 post-reclassifications	**1.7**
harvest and reclassification to raw materials	(0.1)
accretion	1.9
change in fair value included in profit or loss (cost of sale)	-
exchange rate differences	0.2
at 31 December 2021	**3.7**

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

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.

d) 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.

e) 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 2022 relates to J. Wray&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 2022 and 2021.

€ million	liabilities	assets
Liabilities (assets) at 31 December 2021	**37.6**	**(4.2)**
Amounts included in profit or loss:		
- current service costs	0.9	-
- past service costs	0.6	-
- net interest	0.3	-
Total	**1.8**	**-**
Amounts included in the statement of other comprehensive income:		
- gain/(losses) resulting from changes in actuarial assumptions	(5.1)	(0.1)
- exchange rate differences	0.3	(0.1)
Total	**(4.8)**	**(0.2)**
Other changes:		
- benefits paid	(1.3)	0.8
- contribution to the plan by other members	0.3	(0.6)
- contributions to the plan by employees	(0.5)	(0.1)
- benefits transferred	(1.2)	-
Total	**(2.7)**	**-**
Liabilities (assets) at 31 December 2022[(1)]	**31.9**	**(4.4)**

(1) Of which €24.1 million included under Defined benefit plans (note 8 iv); of which €3.5 million included under Other non-current liabilities (note 6 v-'Non-current financial debt' of this Campari Group consolidated financial statements).

€ million	liabilities	assets
Liabilities (assets) at 31 December 2020	**40.4**	**(4.1)**
Amounts included in profit or loss:		-
• current service costs	0.4	-
• past service costs	(0.1)	-
• net interest	0.2	-
• gains/(losses) on regulations implemented	0.2	-
Total	**0.7**	**-**
Amounts included in the statement of other comprehensive income:		-
• gain/(losses) resulting from changes in actuarial assumptions	(1.6)	(0.1)
• exchange rate differences	0.2	(0.1)
Total	**(1.4)**	**(0.2)**
Other changes:		-
• benefits paid	(0.7)	0.4
• contribution to the plan by other members	-	(0.2)
• contributions to the plan by employees	0.1	(0.1)
• benefits transferred	(1.5)	-
Total	**(2.1)**	**0.1**
Liabilities (assets) at 31 December 2021[(1)]	**37.6**	**(4.2)**

(1) Of which €30.1 million included under Defined benefit plans (note 11 vii); of which €3.3 million included under Other non-current liabilities (note 9 v-'Non-current financial debt' of this Campari Group consolidated financial statements).

The table below shows the total changes in obligations for defined benefit plans financed using assets that serve the plan (funded obligations) and the liabilities relating to long-term unfunded benefits. It also includes benefits categorized as 'other liabilities' linked to medical cover provided by J. Wray&Nephew Ltd. to its current and/or former employees, and the long-term benefits of the Group's Italian companies ('TFR').

CURRENT VALUE OF OBLIGATIONS

	unfunded obligations		funded obligations		
€ million	pension plans	other liabilities	gross value of pension plans	fair value of assets	net values
Liabilities (assets) at 31 December 2021	**28.9**	**3.3**	**5.4**	**(4.2)**	**1.2**
Amounts included in profit or loss:					-
• current service costs	0.4	0.2	0.2	-	0.2
• past service costs	0.6	-	-	-	-
• net interest	0.3	-	-	-	-
Total	**1.3**	**0.3**	**0.3**	**-**	**0.2**
Amounts included in the statement of other comprehensive income:					
• gain/(losses) resulting from changes in actuarial assumptions	(4.3)	(0.2)	(0.6)	(0.1)	(0.7)
• exchange rate differences	-	0.1	0.1	(0.1)	-
Total	**(4.3)**	**-**	**(0.5)**	**(0.2)**	**(0.7)**
Other changes:					
• benefits paid	(0.5)	-	(0.8)	0.8	-
• contribution to the plan by other members	-	-	0.3	(0.6)	(0.3)
• contributions to the plan by employees	(0.6)	-	0.1	(0.1)	-
• benefits transferred	(1.2)	-		-	-
Total	**(2.4)**	**-**	**(0.3)**	**-**	**(0.3)**
Liabilities (assets) at 31 December 2022(1)	**23.6**	**3.5**	**4.8**	**(4.4)**	**0.4**

(1) Of which €24.1 million included under Defined benefit plans (note 8 iv.); of which €3.5 million included under Other non-current liabilities (note 6 v-'Non-current financial debt' of this Campari Group consolidated financial statements).

	unfunded obligations		funded obligations		
€ million	pension plans	other liabilities	gross value of pension plans	fair value of assets	net values
Liabilities (assets) at 31 December 2020	**31.6**	**3.0**	**5.8**	**(4.1)**	**1.8**
Amounts included in profit or loss:					-
• current service costs	0.2	-	0.3	-	0.3
• past service costs	0.1	-	(0.2)	-	(0.2)
• net interest	0.1	-	-	-	-
• gains/(losses) on regulations implemented		0.2		-	-
Total	**0.4**	**0.2**	**0.1**	**-**	**0.1**
Amounts included in the statement of other comprehensive income:					
• gain/(losses) resulting from changes in actuarial assumptions	(1.2)	0.1	(0.4)	(0.1)	(0.5)
• exchange rate differences		-	0.1	(0.1)	-
Total	**(1.2)**	**0.1**	**(0.3)**	**(0.2)**	**(0.5)**
Other changes:					
• benefits paid	(0.4)	-	(0.4)	0.4	-
• contribution to the plan by other members		-	-	(0.2)	(0.2)
• contributions to the plan by employees		-	0.1	(0.1)	-
• benefits transferred	(1.5)	-	-	-	-
Total	**(1.9)**	**-**	**(0.2)**	**0.1**	**(0.2)**
Liabilities (assets) at 31 December 2021(1)	**28.9**	**3.3**	**5.4**	**(4.2)**	**1.2**

(1) Of which €30.1 million included under Defined benefit plans (note 11 vii.); of which €3.3 million included under Other non-current liabilities (note 9 v-'Non-current financial debt' of this Campari Group consolidated financial statements).

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	
	2022 € million	2021 € million
• equity investments	2.2	1.9
• insurance policies	2.2	2.3
Fair value of plan assets	**4.4**	**4.2**

Obligations related to the plans indicated above are calculated on the basis of the following assumptions.

at 31 December	2022	2021	2022	2021	2022	2021
	unfunded pension plans		funded pension plans		other plans	
Discount rate	3.10% - 3.74%	0.89% -0.90%	2.25%-4.00%	0.35%-0.97%	11.50%-12.00%	8.00%
Future salary increases	2.00% - 3.00%	2.00% - 3.00%	1.00%	0.00%-1.00%		
Future pension increases			2.00%-2.25%	0.00%-2.00%		
Growth rate of healthcare costs				0.00%	0.00%-7.00%	7.00%
Expected return on assets			3.94%	0.97%		
Staff turnover rate	0.00% - 35.29%	4.54%-8.00%				
Forecast inflation rate	1.65% - 3.00%	0.50%-1.00%	1.10%			

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 2022 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
2022									
Discount rate	+/-0.25%+/-0.5%	-3.14%/-1.06%	1.09%/3.35%	+/- 0.5%	-7.40%	8.50%	+/- 1.0%	-6.95%	8.21%
Future salary increases				+/- 0.5%	1.10%	-1.00%			
Future pension increases									
Forecast inflation rate	+\- 0.5%	0.43%/1.83%	-1.72%/-0.43%						
Staff turnover rate	+\- 0.5%	-2.28%/-0.33%	0.34%/2.89%						
Growth rate of healthcare costs							+/- 1.0%	8.21%	-6.92%
2021									
Discount rate	+/-0.25%+/-0.5%	-5.49%/-2.70%	+3.69%/+6.10%	+/-0.50%+/-0.75%/	-8.39%/-8.71%	+9.69%/+10.27%	+/- 0,5%	-4.61%	5.04%
Future salary increases				+/-0.50%	1.03%	-0.94%			
Future pension increases				+/- 0.75%	2.15%	-2.08%			
Forecast inflation rate	+\- 0.5%	1.75%/2.14%	-2.18%/-1.59%						
Staff turnover rate	+\- 0.5%	-3.44%/-0.21%	+3.69%/+0.24%						
Growth rate of healthcare costs							+/- 0,5%	5.04%	-4.61%

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 significant 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 2022	unfunded pension plans	funded pension plans	other plans
Within 12 months	16.6	16.0	0.4	0.2
From 1 to 5 years	4.6	2.2	1.8	0.6
From 5 to 10 years	9.8	5.0	3.7	1.1
Total	**30.9**	**23.2**	**5.8**	**1.9**
Average plan duration (years)	**7**	**9**	**9**	**5**
€ million	at 31 December 2021	unfunded pension plans	funded pension plans	other plans
Within 12 months	2.5	1.8	0.5	0.1
From 1 to 5 years	9.1	6.7	1.9	0.6
From 5 to 10 years	30.9	25.9	3.9	1.1
Total	**42.5**	**34.4**	**6.3**	**1.9**
Average plan duration (years)	**13**	**11**	**19**	**10**

V. RELATED PARTIES

Disclosure

At 31 December 2021 Davide Campari-Milano N.V. was controlled by Lagfin S.C.A., Société en Commandite par Actions. Davide Campari-Milano N.V. and its Italian subsidiaries have adopted the national tax consolidation scheme for 2021 to 2023. At 31 December 2022, the individual Italian companies' income tax receivables and payables were recorded from or to, respectively, Lagfin S.C.A., Société en Commandite par Actions. Furthermore, Lagfin S.C.A., Société en Commandite par Actions, Davide Campari-Milano N.V. and some of its Italian subsidiaries, have joined the Group-wide VAT scheme. All tax receivables and payables are non-interest-bearing.

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

31 December 2022	receivables for tax consolidation € million	payables for tax consolidation € million	receivables (payables) for Group VAT € million	other non-current tax receivables € million
Lagfin S.C.A., Société en Commandite par Actions	0.7	(56.2)	(0.5)	0.1
Total	**0.7**	**(56.2)**	**(0.5)**	**0.1**
% on the related financial statements item	**3.8%**	**77.4%**	**0.5%**	**0.2%**

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

In 2022 no transaction with related parties were accounted in the profit or loss.

for the year ended 31 December 2021	other income and expenses € million
Lagfin S.C.A., Société en Commandite par Actions	0.1
Total	**0.1**
%	**-**

VI. REMUNERATION TO THE PARENT COMPANY'S BOARD OF DIRECTORS

Disclosure

The remuneration to the Parent Company's board of directors was as follows.

	for the years ending 31 December	
	2022 € million	2021 € million
Short-term fix and variable remuneration(1)	7.0	7.2
Stock options(1)	3.2	2.3
Last mile long-term retention scheme	10.0	10.0
Total	**20.1**	**19.6**

(1) Included in selling, general and administrative expenses.

On the date of this report, a payable to directors of €23.2 million was recognised in the Group's accounts (at 31 December 2021 amounted to €13.2 million).

VII. EMPLOYEES

Disclosure

The tables below indicate the average number of employees at the Group, broken down by business segment, category and region.

	for the years ending 31 December	
Business segment	2022	2021
Production	1,726	1,560
Sales and distribution	1,672	1,539
General	768	743
Total	**4,166**	**3,842**
Category	**2022**	**2021**
Managers	691	620
Office staff	2,513	2,354
Technical workers	962	868
Total	**4,166**	**3,842**
Region	**2022**	**2021**
Italy	990	879
Abroad	3,176	2,963
Total	**4,166**	**3,842**

At 31 December 2022, the average number of employees (excluding employees of joint arrangements, associates and unconsolidated subsidiaries) was 4,166, of which 990 were based in Italy and 3,175 around the world, mostly in the Americas. No Group employees are based in the Netherlands.

9. SUBSEQUENT EVENTS

I. CORPORATE ACTIONS

Definition of gender diversity target figures

Pursuant to the new Dutch Act on gender diversity *(Wet inzake evenwichtige man vrouwverhouding in de top van het bedrijfsleven)*, on 21 February 2023 the Board of Directors of Davide Campari-Milano N.V. has resolved upon the setting of appropriate and ambitious gender diversity target figures for (i) the Executive Directors, (ii) the Non-Executive Directors and (iii) the Senior Management and the drawing up of a plan to achieve these targets. The gender diversity target figures and the plan for their achievement were determined as follows:

- EXECUTIVE DIRECTORS: at least 33.33% female and 33.33% male Executive Directors by the renewal of the Board of Directors in 2028;
- NON-EXECUTIVE DIRECTORS: at least 40% female and 40% male Non-Executive Directors by the renewal of the Board of Directors in 2025;
- SENIOR MANAGEMENT: at least 40% female and 40% male members of Senior Management by the end of 2027. According to the Campari Group organization, Senior Management includes all members of global, regional and local leadership teams that are in charge of leading business, functional teams and people. This comprises 4 layers (internally named Senior Executive, Executive, Sr Management and Management), to include from top to all positions reporting to general managers in big, medium and smaller markets (it does not include coordinators, supervisors, senior specialists, even if with people mgmt. responsibilities).

DAVIDE CAMPARI - MILANO N.V. - COMPANY ONLY FINANCIAL STATEMENTS AT 31 DECEMBER 2022

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COMPANY ONLY PRIMARY STATEMENTS

STATEMENT OF PROFIT OR LOSS(1)

	notes	2022	2021
		for the years ended 31 December	
		€ million	€ million
Gross sales		**1,080.8**	**870.8**
Excise duties(2)		(94.5)	(93.6)
Net sales	**5 i**	**986.4**	**777.2**
Cost of sales	5 ii	(381.6)	(302.9)
Gross profit		**604.8**	**474.4**
Advertising and promotional costs	5 iii	(85.6)	(74.6)
Contribution margin		**519.2**	**399.7**
Selling, general and administrative expenses	5 v	(166.9)	(144.8)
Other operating expenses	5 v	(28.7)	(21.1)
Other operating income	5 v	1.6	6.0
Operating result		**325.3**	**239.8**
Financial expenses	5 viii	(28.2)	(24.9)
Financial income	5 viii	2.1	4.4
Dividends	5 viii	331.9	14.9
Share of profit (loss) of associates and joint-ventures	5 x	(6.6)	(2.2)
Profit before taxation		**624.4**	**231.9**
Taxation	5 xi	**(108.4)**	(65.0)
Profit for the period		**516.1**	**166.9**

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

STATEMENT OF OTHER COMPREHENSIVE INCOME

		2022	2021
		for the years ended 31 December	
		€ million	€ million
Profit for the period (A)		**516.1**	**166.9**
B1) Items that may be subsequently reclassified to the statement of profit or loss			
Cash flow hedge:			
Gains (losses) on cash flow hedge	9 ii	46.0	5.9
Related Income tax effect	5 xi	(11.0)	(1.4)
Total cash flow hedge		**35.0**	**4.5**
Total: items that may be subsequently reclassified to the statement of profit or loss (B1)		**35.0**	**4.5**
B2) Items that may not be subsequently reclassified to the statement of profit or loss			
Remeasurements of defined benefit plans:			
Gains/(losses) on remeasurement of defined benefit plans	10 v	(0.2)	-
Related Income tax effect	5 xi	0.1	-
Total remeasurements of defined benefit plans		**(0.2)**	**-**
Total: items that may not be subsequently reclassified to the statement of profit or loss (B2)		**(0.2)**	**-**
Other comprehensive income (expenses) (B=B1+B2)		**34.8**	**4.4**
Total comprehensive income (A+B)		**550.8**	**171.3**

STATEMENT OF FINANCIAL POSITION (BEFORE APPROPRIATION OF RESULTS)

	notes	at 31 December 2022 € million	2021 € million
ASSETS			
Non-current assets			
Property, plant and equipment	6 i	120.8	106.7
Right of use assets	6 ii	4.0	4.8
Goodwill	6 iii	355.3	355.3
Brands	6 iii	388.4	258.6
Intangible assets with a finite life	6 iii	35.7	32.1
Investments in subsidiaries and associates	6 iv	2,312.9	2,162.6
Other non-current assets	6 v	6.3	2.0
Other non-current financial assets	8 iii	42.5	1.5
Total non-current assets		**3,266.0**	**2,923.7**
Current assets			
Inventories	7 iii	126.7	91.4
Trade receivables	7 i	160.9	147.8
Other current financial assets	8 ii	150.6	87.6
Cash and cash equivalents	8 i	119.0	178.6
Other current asset	6 vi	11.4	14.1
Total current assets		**568.5**	**519.4**
Total assets		**3,834.5**	**3,443.1**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital		11.6	11.6
Capital reserves		6.7	6.7
Treasury shares		(1.1)	(0.8)
Cash flow reserve		27.1	(7.8)
Retained earnings and other reserves		1,355.5	1,357.7
Profit for the period		516.1	166.9
Total shareholders' equity	**9 ii**	**1,915.9**	**1,534.2**
Non-current liabilities			
Bonds	8 v	846.3	845.5
Loans due to banks	8 v	401.8	355.2
Other non-current financial liabilities	8 v	9.4	3.4
'Post-employment benefit obligations	10 v	4.1	4.1
Provisions for risks and charges	10 ii	6.4	7.3
Deferred tax liabilities	5 xi	19.7	11.9
Other non-current liabilities	6 vii	21.4	11.1
Total non-current liabilities		**1,309.2**	**1,238.6**
Current liabilities			
Bonds	8 vi	-	50.0
Loans due to banks	8 vi	8.3	146.6
Other current financial liabilities	8 vi	173.9	255.4
Trade payables	8 ii	175.9	129.7
Income tax payables	5 xi	58.8	37.8
Other current liabilities	6 viii	192.5	50.7
Total current liabilities		**609.5**	**670.3**
Total liabilities		**1,918.7**	**1,908.8**
Total liabilities and shareholders' equity		**3,834.5**	**3,443.1**

STATEMENT OF CASH FLOW

	notes	at 31 December 2022 € million	2021 € million
Operating profit		**325.3**	**239.8**
Depreciation and amortisation	6 vii	23.3	20.5
Gain or loss on sale of fixed assets		(0.3)	(0.1)
Impairment of tangible fixed assets, goodwill, trademark and sold business		-	0.1
Utilizations of provisions		(0.8)	4.6
Change in payables to employees		4.2	20.7
Change in net operating working capital	7	(2.3)	(39.2)
Income taxes refund (paid)		(76.8)	(38.6)
Net write-down in subsidiaries	6 v	8.9	0.0
Change in other indirect taxes		(16.2)	5.1
Other operating items		8.1	8.1
Cash flow generated from (used in) operating activities		**273.4**	**221.1**
Purchase of tangible and intangible fixed assets	6 i-iii	(39.1)	(30.6)
Disposal of tangible and intangible assets		0.5	3.1
Change in investments in subsidiaries, associates and joint-ventures	6 iv	(1.7)	66.4
Put options and earn out payments	8 vi	(44.5)	(7.6)
Purchase of trademarks	6 iii	(129.9)	(35.0)
Interests received	5 viii	0.7	0.2
Decrease (increase) in short-term deposits and investments		(1.0)	(13.2)
Dividends received	5 viii	331.9	14.9
Cash flow generated from (used in) investing activities		**116.8**	**(1.8)**
Repayments of bonds, notes and debentures	8 vi	(50.0)	-
Proceeds from non-current borrowings	8 vii	50.0	130.0
Repayment of non-current borrowings	8 vii	(46.7)	(149.2)
Net change in short-term financial payables and bank loans	8 vii	(99.0)	(0.9)
Payment of lease liabilities	8 iv	(1.9)	(1.8)
Interests paid on other financial items	8 vii	(22.2)	(16.3)
Interest on paid leases	5 ix- 8 iv	(0.1)	(0.1)
Other intercompany inflows (outflows) of cash	8 vii	(87.4)	(9.4)
Inflows (outflows) of other financial items	8 vii	(3.9)	1.5
Purchase of own shares		(127.9)	(70.7)
Sale of own shares	9 ii	7.0	68.2
Dividend paid to equity holders of the Parent	9 ii	(67.6)	(61.6)
Cash flow generated from (used in) financing activities		**(449.7)**	**(110.4)**
Net change in cash and cash equivalents: increase (decrease)		**(59.6)**	**108.9**
Cash and cash equivalents at the beginning of period	8 i	178.6	69.7
Cash and cash equivalents at end of period	8 i	119.0	178.6

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	notes	share capital	capital reserves	cash flow hedge reserve	retained earnings and other reserves	profit for the period	total
		€ million	€ million	€ million	€ million	€ million	€ million
at 31 December 2021		**11.6**	**6.7**	**(7.8)**	**1,356.9**	**166.9**	**1,534.2**
Allocation of prior year result	9 ii				166.9	(166.9)	-
Dividend payout to Parent Company shareholders	9 ii				(67.6)		(67.6)
Increase (decrease) through treasury share transactions	9 ii				(121.1)		(121.1)
Increase (decrease) through share-based payment transactions	9 ii				19.6		19.6
Total comprehensive income (expense)		**-**	**-**	**35.0**	**(0.2)**	**516.1**	**550.8**
at 31 December 2022		**11.6**	**6.7**	**27.1**	**1,354.4**	**516.1**	**1,915.9**

	share capital	capital reserves	cash flow hedge reserve	retained earnings and other reserves	profit for the period	total
	€ million	€ million	€ million	€ million	€ million	€ million
at 31 December 2020	11.6	6.7	(12.3)	1,033.1	83.3	1,122.4
Allocation of prior year result				83.3	(83.3)	-
Dividend payout to Parent Company shareholders				(61.6)		(61.6)
Increase (decrease) through treasury share transactions				(2.8)		(2.8)
Increase (decrease) through share-based payment transactions				11.4		11.4
Increase (decrease) through other changes	-	-		293.5		293.5
Total comprehensive income (expense)			**4.5**	**(0.0)**	**166.9**	**171.3**
at 31 December 2021	**11.6**	**6.7**	**(7.8)**	**1,356.9**	**166.9**	**1,534.2**

NOTES TO THE COMPANY ONLY FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Davide Campari-Milano N.V. is a company listed on the Italian Stock Exchange, with its legal domicile in Amsterdam, in the Netherlands, and its corporate address at Via Franco Sacchetti 20, 20099 Sesto San Giovanni, Milan, Italy.
For the purposes of its business operations in Italy, the Company has established a secondary seat with a permanent representative office within the meaning set forth in article 2508 of the Italian Civil Code.
The Company is entered in both the Netherlands Chamber of Commerce under the number 78502934 and the Milan Monza Brianza Lodi Chamber of Commerce under the number 06672120158.
At 31 December 2022, 54.2% of the share capital and 66.9% of the total voting rights of the Company were held by Lagfin S.C.A., Société en Commandite par Actions, headquartered in Luxembourg, in its turn controlled by Artemisia Management S.A., Société Anonyme, which is the ultimate controlling company of Campari Group.
Davide Campari-Milano N.V. is the Parent Company of Campari Group. It trades directly on the Italian market and, through its subsidiaries, on the international alcoholic and non-alcoholic beverages markets.
The Group operates in around 190 countries with prime positions in Europe and the Americas. It has 23 production plants worldwide, its own distribution network in 23 countries, and employs around 4,300 people.

For ease of reference, all the figures in the notes of this Company only financial statement are expressed in € million, whereas the original data and all percentages relating to changes between two periods or to percentages of net sales or other indicators are always calculated/recorded using the original data in €.
As Parent Company of Campari Group, Davide Campari-Milano N.V. has also drawn up the consolidated financial statements of Campari Group at 31 December 2022.
The financial statements of Davide Campari-Milano N.V. for the year ending 31 December 2022 were approved and authorised it for issue on 21 February 2023 by the Board of Directors.
The Board of Directors reserves the right to amend the results up to the General Meeting of Shareholders date, should any significant events requiring changes occur.

2. SIGNIFICANT EVENTS OF THE YEAR

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

3. ACCOUNTING INFORMATION AND POLICIES

I. ACCOUNTING PRINCIPLES

The annual financial statements of Davide Campari-Milano N.V. (represented by the 'Company financial statements'), for the years ending 31 December 2022, were prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code and the International Financial Reporting Standards issued by the International Accounting Standards Board ('IASB') and ratified by the European Union ('IFRS-EU'). These include all the international accounting standards (International Accounting Standards-'IAS') and interpretations of the International Financial Reporting Interpretations Committee ('IFRIC'), formerly the Standing Interpretations Committee ('SIC').

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a 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 Company only financial statements.

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

II. FORM AND CONTENT

In line with the structure of the financial statements chosen by the Group, which is also adopted for the annual financial statements of the Company itself, the income statement has been classified by function, and the statement of financial position is based on a distinction between current and non-current assets and liabilities.
We consider that this format will provide a more meaningful representation of the items contributing to the results and financial position.
Transactions or events that may generate income and expenses that are not relevant for assessing performance, such as gains/losses on the sale of fixed assets, restructuring and reorganisation costs, financial expenses and any other non-recurring income/expenses, are described in these Notes.
This presentation complies with the requirements and guidelines of the European Securities and Markets Authority ('ESMA') set out in ESMA/2015/1415.
In 2022, the Company did not carry out any atypical and/or unusual transactions which, due to their materiality or size, type of counterparties to the transaction, or method for determining the price and timing of the event (proximity to year-end), could give rise to concerns over the accuracy or completeness of the information in the financial statements, conflicts of interest, or the safeguarding of company assets.
The cash flow statement was prepared using the indirect method.

III. USE OF ESTIMATES

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

- goodwill and intangible assets: management judgment of the assets to be recognised and synergies resulting from an acquisition. Management judgment and estimate required in determining future cash flows and appropriate applicable assumptions to support the intangible asset value. Please refer to note 6 iii-'Intangible assets' of the company only financial statements at 31 December 2022;
- disclosure regarding 'other operating income and expenses': management judgment whether non-recurring or not usual. Please refer to note 5 v-'Selling, general and administrative expenses and other operating income and expenses' of the company only financial statements at 31 December 2022;
- investments in subsidiaries: management judgment in assessing the value of the investments in subsidiaries are not carried at a value higher than their recoverable amounts. Please refer to note 6 iv-'Investments in subsidiaries and associates and share of profit (loss) of associates' of the company only financial statements at 31 December 2022;
- compensation plans in the form of share-based payments: management estimate in determining the assumptions in calculating the fair value of the plans. Please refer to note 10 i-'Share-based payments' of the company only financial statements at 31 December 2022;
- taxation: management judgment and estimate required to assess uncertain tax positions and the recoverability of deferred tax assets. Please refer to note 5 xi-'Taxation' of the company only financial statements at 31 December 2022.

- MACROECONOMIC SCENARIO INCLUDING RUSSIA-UKRAINE CONFLICT IMPLICATIONS, INFLATIONARY AND INPUT COST PRESSURE AND CLIMATE RELATED MATTERS

During 2022 the Company has continued to monitor and analyse the evolution of the Covid-19 pandemic, which, thanks to the easing of restrictions in most economies, seems to have been mostly overcome.

A critical review was conducted with reference to the macro-economic scenario, which is keeping the development of the global economy uncertain. This review included the ongoing Russia-Ukraine conflict, which started in February 2022. A detailed analysis has been performed at the Group level to identify, and consequently manage, the indirect principal risks and uncertainties to which the Company is exposed. This event and the related geopolitical tensions caused are implying significant challenges to business activities and introduce a high degree of uncertainty about the expected development of those activities and the related impacts on the economic and financial system, at both European and global level.

As member of the spirits industry, in 2022 the Company has been exposed to the challenges of the present incremental inflationary and input costs pressures combined with logistics constraints exacerbated by the Russia-Ukraine conflict. Although there are some tailwinds for the world economy from the further easing of global supply chain pressures owing to improvements in supply and weakening of demand, downside risks in global growth persist. The risks resulting from the related weakened performance of the industrial sectors together with changes in the consumer behaviours, as well as the overall evolution of the macro-economic scenario are constantly monitored to mitigate eventual impacts. During 2022 the intensification of inflationary pressure was mitigated by price increases applied throughout the year.

Climate change is a major disruptive force with the potential to drive substantial changes in the Company's operations short to medium and long term. Many of the potential impacts of climate change can be characterized as risks: either physical risks to our environment or risks related to the transition to a low-carbon economy to pursue the goals of the Paris Agreement. 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.
The impact of the climate change assessment and the target of net zero carbon emissions for the Company's operations by 2025 have been taken into account in evaluating estimates and judgments in the preparation of these company only financial statements. The details of the climate risk assessment were deemed proportionate to the nature of the business and the current assessment was sufficient to identify the physical climate risks that are material to the Company's operations or financial condition. The analysis of climate change carried out in 2022, mainly relating to emissions and water consumption, did not result in any issue not attributable to and not addressable in the normal course of business and did not highlight any significant economic material issue that had an impact on these company only financial statements.
The following considerations were made:

- the impact of climate change is not expected to be significant over the going concern period;
- 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 Company put in place contingency sourcing plans;
- 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 2022.

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

Going concern including net financial debt

The Company continues to be very sound, in terms of its operating and financial profiles, and has not been exposed to any going-concern issues during 2022 thanks to the agility and resilience of its organisation. Thanks to the lifting of the Covid-19 restrictions globally, the Company has seen a bounce-back in out-of-home consumption, combined with sustained home-premise consumption.
With regard to the difficult inflationary pressure of high input costs, the Company has actively implemented strategies aimed at carefully monitoring the cost production trends as well as carrying out price increases across selected brands in order to mitigate the negative

impact on margins.
With regard to the Company's net debt position and namely with respect to financial assets, they are not subject to particular risks, since the investments considered by the Company are always the subject of a careful and scrupulous preliminary analysis and are always aligned with the financial needs of the moment. In respect to financial liabilities, the Company's indebtedness ratios measured internally (given the lack of covenants on existing debt) were under control and consistently standing at a level considered entirely manageable by the Company. During 2022, the Company's financial structure was confirmed to have been strengthened by the availability of significant committed and uncommitted credit lines. No renegotiation of interest rates or other terms of existing agreements (derivatives included) have been performed if not required by the Company in the ordinary course of its business, and the fact that the Company's loan profile is mainly at fixed-interest rates has minimised its exposure to market risks. With respect to lease and rental agreements, there have not been new significant lease agreements, including sub-leases, nor significant contract amendments generating financial receivables or liabilities. In terms of fair value measurement hierarchies of financial items, there were no changes to be reflected in 2022 other than those disclosed in the related notes.

Impairment of non-financial assets: goodwill, brands and intangible assets with a finite life and property, plant and equipment

In the current macroeconomic context, mainly inflation, logistics constraints as well as risk free rates increases that might lead to higher cost of capital, the Company performed an impairment assessment, which confirmed that these external events did not trigger any substantial change on the recoverability of its goodwill and trademarks values.
During 2022 the positive business momentum has continued across key brands and regions, largely benefiting from the consumption recovery. Regarding the on-going cost inflations, the Company has actively implemented price increases across brands and geographics throughout the year to mitigate the negative impact on margins. During the year no issues were identified related to eventual changes in consumer demand that could affect the business and there was no interruption in the Company's plants operations or supplies or any other issues involving logistics and freight transport activities.
No impairment loss was identified with respect to the test performed on goodwill, brands and intangible assets with a finite life for the year ended 31 December 2022.
With respect to investments, the in-depth analysis also based on the cash generation of the subsidiary has been carried out considering also the related expected profitability, to assess the investment recoverability and ensure that the value of the investments in subsidiaries is not carried at above their recoverable amounts, also in light of the on-going Russia-Ukraine conflict, identifying an impairment loss for the investment in Ukraine.
During 2022 there were no issues related to operations in terms of production facilities since all the Company's plants and distilleries remained fully operational.

Operating working capital, revenue recognition and provision and onerous contracts

The macro-economic trend in 2022 did not trigger any significant change in clients' contracts and any change in the revenue recognition criteria previously identified.
Significant judgements were used to review the expected credit losses in the normal course of business and based on the Company's business model to manage financial instruments, since no specific issues were identified during the year. No significant anticipated partial payments were experienced, indicating an implicit price concession to be accounted for or an impairment loss.
To facilitate the management of liquidity, the Company continued the reverse factoring agreements, confirming a limited number of trusted suppliers involved during 2022. A detailed analysis was reassessed to confirm the proper representation of these agreements within the Company's figures: the trade payables under reverse factoring agreements continued to be classified as a component of the Company's operating working capital with no separate disclosure as primary line items of the Company only financial statements in consideration of the total exposure.
In terms of the assessment of provision for risks and charges, there were no events or situations generating the need to include additional provisions outside the normal course of business or requiring any significant estimate of onerous contracts to be reflected in the Company's accounts.
Moreover, no supply chain constraints were detected that should have been reflected in the above assessment

Taxation

All significant assumptions and estimates considered in the preparation of the 2022 Company only financial statements were reviewed. In particular, the tax rates were investigated to check for any changes occurred during the period in the Italian tax jurisdictions and any amendments substantially enacted were considered in assessing both current and deferred taxes. The review conducted has not identified any new triggering events, which could have an effect on the recoverability on deferred tax assets and on the recognition of any additional liabilities for uncertain tax positions.

IV. ASSOCIATES AND JOINT-VENTURES

An associate is a company over which the Company exercises significant influence. Significant influence means the power to contribute to determining a subsidiary's financial and management policies without having control or joint control over it.
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.
These companies are initially recognised at cost plus acquisition-related costs and subsequently reported in the company only financial statements using the equity method from the date on which significant influence or joint control begins and ending when that influence or control ceases.
If there is a significant loss of influence or of joint control, the holding and/or investment is recognised at fair value, with the difference between fair value and the carrying amount being recorded in the statement of profit or loss .
Any committed payments to increment the ownership interest in an associate or a joint-venture, in the form of put and/or call option or a combination of the two, 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 associates and joint-ventures that are accounted for using the equity method. These written agreements for put and/or call options are considered derivative agreements and represented in the Company's accounts as financial instruments measured at fair value with impact in the statement of profit or loss. At that time the call and/or the put options expire, and the derivatives will be replaced by an increased investment value to be recorded against the cash out for the derivative settlement.
Contingent or committed payments in the form of incentive plans granted to personnel of the associate or joint-venture are recorded as the incremental cost of the investment once the achievement of the performance condition becomes probable based on the fair value of the replacement award as of the acquisition date.
If the Company's interest in any losses of associates exceeds the carrying amount of the equity investment in the financial statements, the value of the equity investment is derecognised, and the Company's portion of further losses is not reported, unless, and to the extent to which, the Company has a legal or implicit obligation to cover such losses.
The Company assesses the existence of any impairment indicators on an annual basis by comparing the value of the investment measured at equity with the recoverable value; any impairment value is allocated to the investment as a whole with an offsetting entry in the statement of profit or loss.

V. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are recorded at cost and adjusted for any loss in value.
The following approaches have been applied in relation to the recognition of contingent consideration: (i) recognition of the contingent consideration only when payments are made; or (ii) inclusion of a best estimate of the contingent consideration in the initial determination of the cost of the investment. Under both approaches, the recognition of the contingent consideration when actually paid or changes from initial measurement are recognised either in profit or loss, or as an increase or decrease to the cost of the investment in the subsidiary. Judgment is exercised in defining the accounting treatment to be applied based on relevant and reliable information in each particular circumstance. The designated methodology for each acquisition is

specified when the transaction is represented, and the treatment is then applied consistently to the subsequent developments of the same transaction.
If the subsidiary's losses exceed its share capital and reserves, the carrying amount of the investment is derecognised and the portion of any further losses is posted to liabilities as a specific provision reflecting the extent to which the Company is required to fulfil legal or implicit obligations concerning the subsidiary or, at least, to cover its losses. A critical accounting estimate specific to the Company is assessing the recoverable amount of the investments in subsidiaries. Impairment reviews are carried out also with the support of external expert, to ensure that the value of the investments in subsidiaries is not carried at above their recoverable amounts. The tests also depend on management's estimates regarding to forecasting future cash flows, the discount rates applicable to future cash flows and expected growth rates. Such estimates and judgments are subject to change as a result of changing economic conditions and actual cash flows may differ from forecasts. If the tests show evidence of impairment, the loss in value must be recorded as an impairment in the income statement.
Dividends received are recognised in the income statement when the right to receive payment in cash or in kind is established.

VI. 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 and 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.
These assets are reported at acquisition cost if acquired separately, including all allocable ancillary costs on the acquisition date.
Subsequently, intangible assets are recorded at cost net of accumulated amortisation and any impairment losses. 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.
Intangible assets with a finite life are amortised on a straight-line basis in relation to their remaining useful life, considering losses due to a reduction in the cumulative value.
The period of amortisation of intangible assets with a finite life is reviewed at the end of every financial year to ascertain any changes in their useful life, which, if identified, will be treated as changes in estimates.
The costs of innovation projects and studies are recorded in the statement of profit or loss in full in the year in which they are incurred.
Costs relating to industrial patents, concessions, licenses and other intangible fixed assets are recorded on the assets side of the statement of financial position only if they can produce future economic benefits for the Company. These costs are amortised based on the period of use, if this can be defined, or according to the contract term.
Software licenses represent the cost of purchasing licenses and, if incurred, external consultancy fees; normally there are no costs associated with internal personnel costs necessary for development. These costs are recorded in the year when the internal or external costs are incurred for training 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 i) the Company contracts to pay a fee in exchange for a right to access the supplier's application software for a specified term; ii) the cloud infrastructure is managed and controlled by the supplier, insofar as access to the software is on an 'as needed' basis over the internet or via a dedicated line and iii) the contract does not convey to the Company any rights over tangible assets. 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.
Goodwill and brands which result from acquisitions and qualify as intangible assets with an indefinite life are not amortised. The possibility of recovering their carrying amount is ascertained at least once a year, and, in any case, when events occur that lead to the assumption of a reduction in value based on the criteria specified in the section entitled 'Impairment'.
For goodwill, a test is performed on the smallest cash-generating unit to which the goodwill relates. Based on this, management directly or indirectly assesses the return on investment, including goodwill. Goodwill write-downs can no longer be written back in future years. When control of a previously acquired company is transferred, the gain or loss on the sale considers the corresponding residual value of the previously recorded goodwill.

VII. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at acquisition or production cost, gross of capital grants received (if received) and directly charged expenses and are not revalued.
Subsequently, tangible fixed assets are recorded at cost net of accumulated depreciation and any impairment losses. Any costs incurred after purchase are only capitalised if they increase the future financial benefits of using the asset.
The replacement costs of identifiable components of complex assets are allocated to assets on the statement of financial position and depreciated over their useful life. The residual value recorded for the component being replaced is allocated to the statement of profit or loss; other costs are charged to profit or loss when the expense is incurred.
Financial expenses incurred in respect of investments in assets that generally take a substantial period to be prepared for use or sale are capitalised and depreciated over the useful life of the asset class to which they belong.
All other financial expenses are posted to the statement of profit or loss when incurred.
Ordinary maintenance and repair expenses are expensed in profit or loss in the period in which they are incurred.
If there are current obligations for dismantling or removing assets and cleaning up the related sites, the carrying amount of the assets includes the estimated costs (discounted to present value) to be incurred when the structures are abandoned, which are posted as an offsetting entry to a specific provision.
Depreciation is applied using the straight-line method, based on each asset's estimated useful life as established in accordance with the Company's plans for use of such assets, taking into account wear and tear and technological obsolescence and the likely estimated realisable value net of disposal costs.
When the tangible asset consists of several significant components with different useful lives, depreciation is applied to each component individually.
The amount to be depreciated is represented by the carrying amount less the estimated residual value at the end of its useful life if this value is significant and can reasonably be determined.
Land, even if acquired in conjunction with a building, is not depreciated, 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 their useful life, which can vary depending on the maturing work in progress for the liquid. For leasehold-improvements, the depreciation period is the shorter between the asset's economic life and the contract duration of the underlying lease agreement.

The depreciation rate ranges 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 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.

VIII. IMPAIRMENT

Intangible assets with an indefinite useful life and goodwill are subjected to impairment tests every year, or more frequently if there is any indication that the asset may be impaired. With reference to intangible with finite useful life and tangible assets, the Company ascertains whether there are indicators of potential impairment at least once a year. If the Company finds that such indications exist, it estimates the recoverable value of the relevant asset.
The ability to recover the assets is ascertained by comparing the carrying amount to the related recoverable value, which is represented by the higher of the fair value less cost of disposal and the value in use. In the absence of a binding sale agreement, the fair value is estimated based on recent transaction values in an active market or based on the best information available to determine the amount that could be obtained from selling the asset.
The value in use is determined by discounting expected cash flows resulting from the use of the asset, and if significant and reasonably determinable, the cash flows resulting from its sale at the end of its useful life. Cash

flows are determined based on reasonable, documentable assumptions representing the best estimate of the future economic conditions that will occur during the asset's remaining useful life, 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 Company estimates the recoverable value of the unit generating the financial flows 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.
In the event that in subsequent periods, circumstances arise in support of an impaired asset other than goodwill, has recovered the lost value, the carrying amount of the asset or the related cash-generating unit is increased to reflect the new estimate of recoverable value, which may not exceed the value that would have been calculated if no impairment had been recorded. The recovery of impairment is posted in the statement of profit or loss.

IX. LEASES

The Company has various agreements in place for the use of offices, vehicles, machinery, shops and other minor assets belonging to third parties. 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 have 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.

Rights of use are valued at cost, net of accumulated amortisation and impairment losses, and adjusted after each remeasurement of the lease liabilities. 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, usually relate to offices, for which there could be a contractual requirement to restore them to their original state at the end of the lease agreement. The Company estimates the restoration obligation based on the agreement with the lessor or by using expert valuations by 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 as offset. Unless the Company is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the rights of use are amortised on a straight-line basis over its estimated useful life or the term of the agreement, whichever is the shorter.
The financial liability for leases is recognised on the start date of the agreement at a total value equal to the present value of the lease payments to be made during the term of the agreement, discounted to present value using incremental borrowing rates ('IBR') when the implicit interest rate in the lease agreement cannot easily be determined (explicit interest rates in lease agreements are rare). The incremental borrowing rates used to evaluate leasing contracts are determined by the Company and are revised regularly; 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 Company, appropriately adjusted as required by the accounting rules, to simulate a theoretical interest rate consistent with the agreements being valued. The most important elements considered in adjusting the rate are the credit-risk spread of each country observable on the market and the varying durations of the lease agreements.
After the start date, the amount recorded for the liabilities relating to lease contracts increases to reflect the accrual of interest and reduces to reflect the payments made. Each lease payment is divided into a repayment of the capital portion of the liability and a financial cost. The financial cost is charged to the statement of profit or loss over the term of the agreement to reflect a constant interest rate on the remaining debt portion of the liability for each period.

If there are sublease agreements or agreements to modify the lease agreement, the rules required by IFRS 16-'Leases', are applied.
The term of the lease is calculated taking into account the non-cancellable period of the lease together with the periods covered by an option to extend the agreement if it is reasonably certain that it will be exercised or any period covered by an option to terminate the lease contract if it is reasonably certain it will not be exercised. The Company assesses whether it is reasonably certain that it will exercise the options to extend or will terminate the agreements taking into account all the relevant factors that create a financial incentive for such decisions.

Lease incentives received at the latest by the start date of the agreement are deducted directly from the value of the right of use; the corresponding value reflects the money already received net of the credit amount to be collected. Lease incentives agreed during the term of the agreement are considered to be amendments to the original agreement, measured at the date of the amendment, with a resulting impact of the same value on both the right of use and the liability relating to leases.

The management is required to make estimates and assumptions that might influence the valuation of the right of use and the financial liability for leases, including the determination of:
- whether arrangements are or contain a lease by applying the lease definition;
- terms of the agreement;
- interest rate used for discounting future lease payments to the current value.

The agreements are either included or excluded from applying the standard based on detailed analysis conducted out for each agreement and in line with the rules laid down by IFRS standards. Variable lease payments which are not linked to an index or rate continue to be charged to the statement of profit or loss as costs for the period.

X. FINANCIAL INSTRUMENTS

Financial instruments held by the Company are categorised as follows.

Financial assets, including trade and other receivables

Financial assets include investments, short-term securities and financial receivables, which in turn include the positive fair value of financial derivatives, trade and other receivables and cash and cash equivalents.
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 are classified and measured based on a business model developed by the Company. The business model has been defined at a level that reflects how groups of financial assets are managed to achieve a particular business objective. The model's measurement process requires an assessment based in part on 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 how the risks connected with these financial assets are managed.

The Company measures a financial asset at amortised cost if it meets both of the following conditions:
- it is held under a business model whose objective is to hold assets 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 assets also include investments in companies that are not held for trading. These assets are strategic investments, and the Company has decided to recognise changes in the related fair values through profit or loss (FVTPL).
Financial assets represented by debt securities are classified and valued in the statement of financial position based on the business model adopted to manage these financial assets, and based on 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). Regarding trade receivables, 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 recognised 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.

The Group has defined a matrix-based approach for the Company for estimating impairment losses, given its current situation. 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.

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.

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

Derecognition of financial assets and liabilities

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

- the rights to receive cash flows from the asset have expired or
- the Company 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 Company has transferred substantially all the risks and rewards of the asset, or (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, 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.

Financial derivatives and hedging transactions

Financial derivatives embedded in contracts where 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. Financial derivatives are only accounted for by applying the methods established for hedge accounting (fair value hedge or cash flow hedge) if the hedging relationship has been designated at the start of the hedging period. It is assumed that the hedge is highly effective: it must be possible for this effectiveness to 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 for being reported using hedge accounting procedures, the following accounting treatment is applied:

- fair value hedge: if a financial derivative is designated as a hedge against exposure to changes in the fair value of an asset or liability attributable to a particular risk that could have an impact in the statement of profit or loss, the gains or losses resulting from subsequent measurements of the fair value of the hedging instrument are reported in the statement of profit or loss. The gain or loss on the hedged item that is attributable to the hedged risk is reported as a portion of the carrying amount of this item and as an offsetting entry in the statement of profit or loss;
- cash flow hedge: if a financial instrument is designated as a hedge of the exposure to fluctuations in the future cash flow of an asset or liability recorded in the financial statements, or of a transaction that is considered to be highly probable and that could have an impact on the statement of profit or loss, the effective portion of the gains or losses on the financial instrument is recognised in the statement of comprehensive income. Cumulative gains or losses are reversed from shareholders' equity and recorded in the statement of profit or loss in the same period the transaction being hedged impacts the statement of profit or loss. The gain or loss associated with a hedge or the portion of a hedge that has become ineffective is posted to the statement of profit or loss when the ineffectiveness is reported.

If a hedge instrument or hedge relationship is closed out, but the transaction being hedged has not been carried out, the cumulative gains and losses, which, until that time had been posted to shareholders' equity, are recognised in the income statement at the time when the related transaction is carried out.

If the transaction being hedged is no longer considered likely to take place, the pending unrealised profits or losses in shareholders' equity are recorded in the statement of profit or loss.

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.

A highly probable intra-group transaction qualifies as a hedged item in a cash flow hedge of exchange-rate risk, provided that the transaction is denominated in a currency other than the functional currency of the company entering into the transaction and that the financial statements are exposed to exchange-rate risk.

In addition, if the hedge of a forecast intra-group transaction qualifies for hedge accounting, any gain or loss that is recognised directly in the statement of other comprehensive income must be reclassified in the statement of profit or loss in the same period in which the currency risk of the hedged transaction affects the statement of profit or loss.

Financial guarantee contract liabilities

The Company recognises financial guarantees as a financial liability in case the likelihood of these guarantees being called is assessed not remote and the Company is expected to be liable for any legal obligation in respect of these financial guarantee agreements. Financial guarantee contract liabilities are measured initially at their fair values with subsequent remeasurement impacting profit or loss. They are represented as a long- or short-term financial liability depending on the time of the expected execution of the guarantees.

If the likelihood of these guarantees being called is assessed to be remote, these guarantees are treated like commitments with disclosures requirement 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 for granting credit lines.

XI. OWN SHARES

Own shares (both ordinary and special voting) are reported as a reduction in shareholders' equity.

The original cost of own shares and the economic effects of any subsequent sales are reported as movements in shareholders' equity.

XII. INVENTORIES

Inventories of raw materials and semi-finished and finished products are valued at the lower of purchase or production cost, determined using the weighted average method and realisable value.

Work in progress is recorded at the acquisition cost of the raw materials used, including the actual production costs incurred up to the point of production reached.

Inventories of raw materials and semi-finished products that are no longer of use in the production cycle and inventories of unsaleable finished products are fully written down.

XIII. EMPLOYEE BENEFITS

Post-employment benefits

The Company provides post-employment benefits through defined contribution and/or defined benefit plans.

• DEFINED BENEFIT PLANS.

The Company's obligation and the annual cost reported in the statement of profit or loss are determined by independent actuaries using the projected unit credit method.

The net cumulative value of actuarial gains and losses is recorded directly in the statement of comprehensive income and is not subsequently recognised in the statement of profit or loss.

As the time for payment of the benefits draws nearer, the costs associated with an increase in the present value of the obligation are included under financial expenses. Service costs are posted to the statement of profit or loss. The liability recognised represents the present value of the defined benefit obligation, less the present value of plan assets, if applicable. If an amendment to the plan changes the benefits accruing from past service, the costs arising from past service are recognised in the statement of profit or loss when the plan change is made. The same treatment is applied if there is a plan change that reduces the number of employees or that amends the plan's terms and conditions (the treatment is the same regardless of whether the final result is a profit or a loss).

• DEFINED CONTRIBUTION PLANS.

Since the Company fulfils its obligations by paying contributions to a separate entity (a fund), with no further obligations, the company records its contributions to the fund in respect of employees' service, without making any actuarial calculation. Where these contributions have already been paid at the reporting date, no liabilities are recorded in the financial statements.

Compensation plans in the form of stock options

The Company has multiple incentive plans in place, including benefits in the form of stock option plans, governed in accordance with the shareholders' resolution, pursuant to applicable law, and implemented by means of a specific regulation ('Stock Option Regulations'). The purpose of the plan is to offer beneficiaries who occupy key positions at the Company the opportunity to own its shares, thereby aligning their interests with those of other shareholders and fostering loyalty, in the context of the strategic goals to be achieved. The recipients are employees, directors and/or individuals who regularly work for one or more Group companies, who have been identified by the Board of Directors of the Company, and who, on the approval date of the plan and until the date that the options are exercised, have worked as employees and/or directors and/or in any other capacity at one or more Group companies without interruption. The Board of Directors of the Company. has the right to draft regulations, select beneficiaries, and determine the share quantities and values for the execution of the stock option plans.

The fair value of stock options is represented by the value of the option calculated by applying the Black-Scholes model and the grant date starts once the options are assigned. Volatility is estimated with the help of data supplied by a market information provider together with a leading bank and corresponds to the estimate of volatility recorded in the period covered by the plan. The stock options are recorded at fair value with an offsetting entry in the stock option reserve. The dilutive effect of options not yet exercised is included in the calculation of diluted earnings per share. The stock options values awarded to the Company's employees working in subsidiaries are recorded as an increase in the investment value of the subsidiary since it is considered as a "contribution in kind" to the legal entity made directly by Davide Campari-Milano N.V. via the services provided by the beneficiary employee itself.

Share-based payments in the form of 'Employees Share Ownership plan', 'Extra-Mile Bonus Plan ('EMB') and Mid-Term Incentive plan ('MTI')

The Shareholders' meeting of 8 April 2021 approved the resolution for the implementation of the Employee Share Ownership Plan ('ESOP'). ESOP is a share matching plans offering employees the opportunity to invest in the Company's shares. 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 the Company (the 'Purchased Shares') by the plan administrator and, after a three-year vesting period, complementary free shares will be awarded. The free shares granted represent an equity settled arrangement. The accounting treatment for the ESOP follows the accounting treatment applied for benefits granted in the form of stock option plans. The fair value of the ESOP plan is represented by the value of the option calculated by applying the Black-Scholes model. This initiative started to impact the Company's accounts from the first quarter of 2022.

As part of this, the Extra-Mile Bonus Plan ('EMB') programme was awarded in 2021 representing a preparatory assignment to the launch of the ESOP programme with which it shares the main features. The fair value of the EMB plan is represented by the awarded number of rights assigned calculated based on the annual base gross salary of eligible employees at 31 December 2020, divided by twelve.

On 12 April 2022, the Annual General Meeting approved a Mid-Term Incentive plan ('MTI') based on Campari shares and aimed at rewarding Camparistas for their active participation in the Group performance and fostering their retention. Eligible Camparistas will be granted a right to receive a number of Campari shares for free, subject to their uninterrupted employment over a three-year vesting period from the grant date. The number of award rights to be granted to each beneficiary will be calculated based on the beneficiary's annual base gross salary as of 31 December preceding the grant date.

XIV. PROVISION FOR RISKS AND CHARGES AND CONTINGENT ASSETS

The provision for risks and charges are recognised when:

- there is a current legal or implicit obligation resulting from a past event;
- it is likely that the fulfilment of the obligation will require some form of payment;
- the amount of the obligation can be reliably estimated.

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

Where the financial impact of the timing is significant, and the payment dates of the obligations can be reliably estimated, the accrual is discounted to present value. The change in the related provision over time is allocated to the statement of profit or loss under 'Financial income (expenses)'.

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

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

XV. RESTRUCTURING PROVISIONS

The Company reports restructuring provisions only if there is a restructuring obligation deriving from a formal detailed restructuring programme 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 programme have already been communicated.

XVI. REVENUES FROM SALES AND SERVICES

The Company's revenues mainly include sales of spirits on the market. Revenues are recognised when the customer gains control of the goods. Transfer of control is determined using a five-step analytical model that is applied to all revenues from contracts with customers. This occurs when the goods are delivered to the customer, who has complete discretion over the sales channel and price of the products themselves and there is no unfulfilled obligation that could affect acceptance by the customer. Delivery takes place when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and the customer has accepted the products in accordance with the sales contract, the terms and conditions of acceptance have expired, or the Company has objective evidence that all criteria for acceptance have been met.

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 not generally entered into where there is more than one year between the transfer of the goods and payment by the customer.

Discounts relating to specific payment terms that lower the Company 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.

The Company incurs consumption taxes. Excise duty is a production tax payable by the manufacturer and becomes payable when the product is removed from captive warehouses and is not directly related to the sales value: the excise duty is consequently recognised as a cost for the Company. Excise duties are normally recovered through the sales although they are generally not shown as a separate item on external invoices. Excise duty increases are not always passed on to the customer and if a customer does not pay for the product received, the Company cannot request a refund of the excise duty. For excise duties passed on to customers, the Company considers itself an agent of the regulatory authorities. Consequently, the re-invoiced excise values are excluded from the presentation of net sales in the primary statements and are presented to offset the cost incurred by the Company.

XVII. RECOGNITION OF COSTS AND EXPENSES IN THE STATEMENT OF PROFIT OR LOSS

Costs are recognised in the statement of profit or loss when they relate to goods and services consumed during the period. Personnel costs include stock option plans (in keeping with their largely remunerative nature) allocated to employees, directors and individuals who regularly carry out work for one or more Group companies. Personnel costs include as well the share-based payments connected with the 'Employees Share Ownership plan'.

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

XVIII. FINANCIAL INCOME AND EXPENSES

Financial income and expenses (including exchange-rate differences) are mainly recognised in the statement of profit or loss in the year in which they are incurred; recognition in other components of the statement of other comprehensive income is governed by the rules of IFRS. Financial expenses that are not capitalised are recognised in the statement of profit or loss based on the effective interest method.

XIX. 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 by applying the tax rates and regulations in force or effectively approved on the reporting date. In preparing the above estimates, a detailed assessment was also given to uncertainties regarding the tax treatment of transactions carried out that could lead to disputes with the tax authorities with related tax liabilities included in current liabilities.

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. 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 the local legislation, being in that case classified as income taxes.

Deferred tax assets and liabilities are calculated on all temporary differences between the asset and liability values recorded in the financial statements and the corresponding values recognised for tax purposes using the liability method.

Deferred tax assets are recognised for all temporary deductible 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 temporary deductible 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 temporary deductible 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 temporary deductible 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 temporary taxable differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or 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 temporary taxable 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 based on the tax rates projected to be applicable under the respective Italian laws in those periods when the temporary differences are generated or derecognised.

Current tax assets and liabilities are offset when the legal right of set-off exists, provided that realisation of the asset and settlement of the liability take place simultaneously.

The Company has also opted for the national tax consolidation procedure, governed by Article 117 et seq of the Italian Consolidated Law on Income Tax (TUIR). The decision to adopt this procedure is reflected in the accounting entries, showing receivables and payables arising as a result of the tax consolidation procedure towards the controlling shareholder Lagfin S.C.A., Société en Commandite par Actions.

XX. TRANSACTIONS IN FOREIGN CURRENCIES (NOT HEDGED WITH DERIVATIVES)

Revenues and costs related to foreign-currency transactions are reported at the exchange rate on the date the transaction is carried out. Monetary assets and liabilities in foreign currencies are initially translated into € at the exchange rate in effect on the transaction date and subsequently converted into € at the exchange rate applying on the reporting date, with the difference in value being posted to the statement of profit or loss.

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

4. CHANGES IN ACCOUNTING STANDARDS

I. SUMMARY OF THE NEW ACCOUNTING STANDARDS ADOPTED BY THE COMPANY FROM 1 JANUARY 2022

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

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

Amendments to Annual improvements 2018-2020 (issued on 14 May 2020) include the following amendments to IFRS:

- IFRS 9-'Financial Instruments'. The amendment clarifies which fees an entity includes when it applies the '10 percent' test for assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- IFRS 16-'Leases'. The amendment to illustrative example 13 in IFRS 16 removes the illustration of payments from the lessor relating to leasehold improvements, in order to resolve any potential confusion regarding the treatment of lease incentives that might arise due to the form in which the lease incentives were illustrated in that example.

These amendments were considered in the preparation of this standalone financial statements with no significant impact to be reported.

II. ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS THAT HAVE BEEN ENDORSED BUT ARE NOT YET APPLICABLE/HAVE NOT BEEN ADOPTED IN ADVANCE BY THE COMPANY

The Company is still assessing the impact of these amendments on its financial position or operating results, when applicable.

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 judgments to accounting policy disclosures. The first application is scheduled for 1 January 2023.

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

Amendments to IAS 12-'Income Taxes' Deferred Tax 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.
The first application is scheduled for 1 January 2023.

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, when 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.

5. RESULTS FOR THE PERIOD

This section explains the results and performance for the period ended 31 December 2022. Breakdowns are provided for operating costs, other income and expenses, finance income and expenses and taxation. Balance sheet disclosures are also provided in this section for taxation and share of profit (loss) of associates and joint-ventures.

I. NET SALES

Net sales are broken down by nature, counterpart and market in the tables below.

(1) Please refer to note 10 vi-'Related parties' for further information about sales to Group companies.

	for the years ended 31 December	
	2022	2021
	€ million	€ million
Italy	474.5	437.4
Germany	123.4	91.7
United States	86.9	44.2
France	49.2	33.4
Austria	20.2	25.6
United Kingdom	14.4	20.9
Belgium	18.4	16.9
Switzerland	19.0	16.0
Australia	13.0	10.4
Other	167.5	80.8
Total net sales	**986.4**	**777.2**

	for the year ended 31 December 2022		
	€ million	percentage of Company sales	main region/markets for brands
global priority brands	**582.7**	**59.1%**	
Aperol		39.62%	Italy, SEMEA Germany, NCEE US, AMERICAS
Campari		16.72%	Italy, SEMEA US, AMERICAS Germany, NCEE
SKYY[1]		1.41%	Germany, NCEE Italy, SEMEA Australia, APAC
Grand Marnier		0.64%	Italy, SEMEA Mexico, AMERICAS Austria, NCEE
Wild Turkey portfolio [1][2]		0.41%	Italy, SEMEA Germany, NCEE Poland, NCEE
Jamaican rums portfolio[3]		0.28%	Italy, SEMEA France, SEMEA Germany, NCEE
regional priority brands	**283.3**	**28.7%**	-
Cinzano, Riccadonna and Mondoro		10.36%	NCEE
Crodino		5.78%	SEMEA
Italian specialties[4]		5.52%	SEMEA
Aperol Spritz RTD		3.01%	SEMEA
The GlenGrant		2.27%	APAC
Espolòn		0.49%	NCEE
Bulldog		0.80%	SEMEA
other[5]		0.50%	-
local priority brands[6]	**92.5**	**9.4%**	-
rest of the portfolio	**27.9**	**2.8%**	-
total	**986.4**	**100.0%**	-

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

In 2022, net sales totalled €986.4 million, showing an increase of 26.9% on the previous year. This item included sales of €474.5 million on the Italian market, of which €463.0 million was directly managed by the Company, whereas €11.4 million was managed by Group in-market companies. The performance in the Italian market in 2022 was very satisfactory, with the aperitifs delivering solid results, largely thanks to strong on-premise consumption and the successful execution of price increases, also helped by the good weather during the summer period. The overall sales to Group companies that primarily conduct their businesses in the international markets amounted to €523.4 million, increasing 44.7% from the previous year.

II. COST OF SALES

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

	for the years ended 31 December	
	2022	2021
	€ million	€ million
Materials and manufacturing costs	322.4	265.4
Distribution costs	59.2	37.5
Total cost of sales	**381.6**	**302.9**
Raw materials and finished goods acquired from third parties	269.7	221.7
Variable transport costs	49.0	29.2
Personnel costs(1)	25.6	21.8
External production and maintenance costs	13.0	10.5
Depreciation/amortisation(1)	7.5	7.0
Utilities	6.4	3.8
Inventory write-downs	1.8	1.8
Other costs	8.7	7.1
Total cost of sales	**381.6**	**302.9**

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

The cost of sales, which amounted to €381.6 million in 2022, showed an increase of €78.8 million compared with the same figures in 2021. As a percentage of net sales, the cost of sales stood at 38.7% in 2022, slightly down from the 39.0% recorded in 2021. The inflationary effects amplified by the macroeconomic environment directly impacted production and transportation costs, which were mitigated by price increases and a strong performance in terms of net sales with consequent better absorption of fixed production costs.

III. ADVERTISING AND PROMOTIONAL COSTS

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

	for the years ended 31 December	
	2022	2021
	€ million	€ million
Merchandising and promotional costs	26.7	21.6
Advertising spaces	23.0	25.6
Sponsorships, testimonials, influencers and events	17.1	11.0
Media production	8.4	11.8
Research and innovation(1)	6.5	8.5
Personnel costs(2)	0.4	0.4
Other, including trade allowance for promotional purposes	3.5	(4.4)
Total advertising and promotional costs	**85.6**	**74.6**

(1) Research and innovation activities referred mainly to market research and packaging studies.
(2) For an analysis of personnel costs and depreciation and amortisation components by nature, please see also the breakdown of personnel costs in notes 5 vi-'Personnel costs'.

IV. PUBLIC GRANTS

In 2022 operating grants for an overall €1.6 million 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 and the construction of systems producing electricity using solar panels at the Caltanissetta and Alghero plants. In 2021 no operating grants were recorded.

V. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AND OTHER OPERATING INCOME (EXPENSES)

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

	for the years ended 31 December	
	2022	2021
	€ million	€ million
Personnel costs[1]	85.4	79.4
Services, utilities, maintenance and insurance	59.9	55.8
Depreciation/amortisation[1]	15.8	13.5
Travel, business trips, training and meetings	14.6	8.1
Board fees and indemnities	7.0	7.2
Agents and other variable sales costs	5.3	5.6
Expenses for the use of third-party assets	2.3	2.3
Other	(23.3)	(27.1)
Total selling, general and administrative expenses	**166.9**	**144.8**
Other operating expenses	(28.7)	(21.1)
Other operating income	1.6	6.0
Total other operating income and expenses	**27.0**	**15.1**
Breakdown of other operating (income) and expenses by nature[2]		
Last mile long-term incentive schemes with retention purposes[3]	*10.0*	*10.0*
Impairment of assets	*8.9*	*0.1*
Restructuring costs	*5.6*	*4.2*
Consultancies and indemnities from contract resolutions	*1.9*	*1.5*
Cyber-attack expenses net of insurance refund	*-*	*(4.5)*
Other net expenses	*0.7*	*3.9*
Total other operating income and expenses	**27.0**	**15.1**

(1) For an analysis of personnel costs and depreciation and amortisation components by nature, please see also the breakdown of personnel costs in notes 5 vi-'Personnel costs' and 5 vii-'Depreciation and amortisation'.
(2) The breakdown showed the net impact of other income and expense items by nature.
(3) Pursuant to the Remuneration Policy, a last mile incentive scheme with retention purpose to be potentially awarded to the current CEO has been approved by the Company's corporate bodies and therefore implemented as illustrated in the Remuneration Report in the 'Governance' section.

In 2022, selling, general and administrative expenses and other operating income (expenses) came to €193.9 million (€159.9 million in 2021). The increase in overall costs compared to last year was mainly due to the following items 'personnel costs', 'travel, business trip, training and meetings' and 'services, utilities, maintenance and insurance', driven by the business expansion, combined with the return to business travels after the Pandemic. The 'Other' item is mainly attributable to transactions related to contracts with Group companies.

In 2022 the main components of other operating income and expenses were attributable to non-recurring last mile long-term incentive schemes with retention purposes to be potentially recognised to senior management for €10.0 million, impairment losses on assets of €8.9 million, which included the impairment of the investment in Campari Ukraine (€5.3 million), as well as restructuring costs, consultancies and indemnities for contract resolutions and other costs including the support of the IT transformation journey.

VI. PERSONNEL COSTS

The breakdown of this item is as follows.

	for the years ended 31 December	
	2022	2021
	€ million	€ million
Salaries and wages	71.1	61.6
Social security contributions	21.6	22.4
Cost of defined contribution plans	5.7	5.2
Cost of defined benefit plans	0.5	0.1
Other costs relating to mid/long-term benefits	3.0	6.4
Cost of share-based payments	9.4	6.0
Non-recurring personnel costs	15.6	14.2
Total personnel costs	**126.9**	**115.8**
of which:		
Included in the cost of sales	*25.6*	*21.8*
Included in selling, general and administrative expenses	*85.4*	*79.4*
Included in advertising and promotional expenses[1]	*0.4*	*0.4*
Included in other operating income (expenses)	*15.6*	*14.2*
Total	**126.9**	**115.8**

(1) Includes personnel costs relating to the management of brand houses.

Personnel costs equalled €126.9 million and recorded an increase of €11.1 million compared to the figures reported in the previous year. 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.

VII. DEPRECIATION AND AMORTISATION

Depreciation and amortisation are recognised in the statement of profit or loss by function are shown below.

	for the years ended 31 December	
	2022	2021
	€ million	€ million
• Property, plant and equipment	6.6	6.1
• Intangible assets	0.2	0.2
• Right of use assets	0.8	0.7
Depreciation and amortization included in the cost of sales	**7.5**	**7.0**
• Property, plant and equipment	2.8	2.7
• Intangible assets	11.8	9.7
• Right of use assets	1.1	1.1
Depreciation and amortization included in selling, general and administrative expenses	**15.8**	**13.5**
• Property, plant and equipment	9.4	8.8
• Intangible assets	12.0	9.8
• Right of use assets	1.9	1.9
Total depreciation and amortization in the statement of profit or loss	**23.3**	**20.5**

VIII. FINANCIAL INCOME AND EXPENSES

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

	for the years ended 31 December	
	2022	2021
	€ million	€ million
Interest expenses	(22.2)	(23.2)
Bank expenses	(1.3)	(1.3)
Discounting from put option liabilities and change in estimate	-	(0.2)
Remeasurement effect from liability management	(4.6)	-
Other expenses	(1.8)	(0.1)
Total financial expenses	**(29.9)**	**(24.9)**
Dividends	331.9	14.9
Bank and term deposit interests	0.7	0.3
Exchange gain net	1.7	2.8
Other income	1.4	1.3
Total financial income	**335.7**	**19.3**
Net financial income (expenses)	**305.8**	**(5.6)**
Of which adjustments to financial income (expenses)	***(4.6)***	**-**

In 2022, net financial income (expenses) reported a total net income of €305.8 million, compared to a net financial cost of €5.6 million in 2021. The overall variance was attributable to the higher dividend income collected from Group companies that amounted to €331.9 million in 2022 and €14.9 million in 2021, while the interest components were almost stable.

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

Focusing on the main cost components of the year 2022, interest expenses stood at €22.2 million compared to €23.2 million reported in 2021, with a decrease mainly attributable to the lower average coupon on long-term debt obtained thanks to accurate liability management transactions performed. The financial expenses included the remeasurement[68] of the amortised cost associated with liability management initiatives completed during the year for €4.6 million.

Financial income and expenses arising from bond emissions and the related hedging instruments are shown below.

	for the years ended 31 December	
	2022	2021
	€ million	€ million
Financial expenses to bondholders	(12.8)	(13.5)
Net changes in fair value and other amortized cost components	(0.8)	(0.8)
Cash flow hedge reserve reported in the statement of profit or loss during the year	(1.3)	(1.2)
Net interest expenses on bonds	**(14.9)**	**(15.5)**

(68) Remeasurement of liability's amortised cost by discounting the modified contractual cash flows using the financial instrument's original effective interest rate.

IX. LEASES COMPONENTS

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

	for the years ended 31 December	
	2022	2021
	€ million	€ million
Interest of lease	0.1	0.1
Depreciation and amortization on right-of-use underlying assets	1.9	1.9
Variable lease payment not included in measurement of lease liability	0.6	0.9
Expense related to leases with low value	2.3	2.0
Other	1.5	0.7
Total lease components in the statement of profit or loss	**6.4**	**5.6**

The low value leases included in the statement of profit or loss mainly referred to information technology equipment, while the item 'Other' includes lease payments mainly referred to warehouses for storing products.

X. SHARE OF PROFIT (LOSS) OF ASSOCIATES AND JOINT-VENTURES

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

€ million	Investment in associates and joint-ventures
at 31 December 2021	**25.7**
Share of profit (loss)	(6.6)
Increase in interests	16.5
Other movements	(0.1)
at 31 December 2022	**35.5**

In 2022, the company acquired, through the 50-50 joint-venture Dioniso S.r.l., the remainder of its Tannico subsidiary share capital for a total consideration of €33.0 million, divided equally between the two joint-venturers Campari Group and Moët Hennessy, confirming the commitment to lead e-commerce platform in Europe. Moreover, the Company recorded a loss of overall €6.6 million, applying the equity method for all its associates and joint-venture interests (€2.2 million in 2021), mainly driven by non-recurring recognition of impairment loss over intangible assets.

XI. TAXATION

Taxes are calculated based on the applicable regulations at the rates in force, which, in 2021, were 24.0% for IRES (corporate income tax) and 5.57% for IRAP (regional production tax). A breakdown of the current and deferred taxes included in the Company's statement of profit or loss and statement of other comprehensive income is as follows.

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	for the years ended 31 December	
	2022	2021
	€ million	€ million
• current taxes for the year and previous years	(111.6)	(66.9)
• deferred tax expenses of the year	3.2	1.9
Taxes recorded in the statement of profit or loss	**(108.4)**	**(65.0)**
Taxes recorded in the statement of comprehensive income	**(11.0)**	**(1.4)**

FINANCIAL POSITION

	for the years ended 31 December	
	2022	2021
	€ million	€ million
Deferred tax liabilities	(19.7)	(11.9)
Net deferred tax	**(19.7)**	**(11.9)**

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 rates for both IRES (corporate income tax) and IRAP (regional production tax) taxes, which have different tax bases. Tax base differences are included under permanent differences.

	for the years ended 31 December	
	2022	2021
	€ million	€ million
Profit before tax	**624.4**	**231.9**
Applicable tax rate	29.57%	29.57%
Theoretical taxes at a current tax rate	**184.6**	**68.6**
Permanent differences	(73.2)	(5.9)
Taxes relating to previous financial years	0.6	1.5
Item with a different theoretical tax rate	(16.4)	0.7
Other differences	12.7	0.2
Actual tax liability in the statement of profit or loss	**108.4**	**65.0**
Actual tax rate	**17.4%**	**28.0%**

Taxation in 2022 amounted to €108.4 million compared to €65.0 million reported in 2021.
Profit before taxation represents the basis on which tax is calculated in accordance with current tax regulations.
The reported tax rate in the 2022 period was 17.4%, compared to a reported tax rate of 28.0% in 2021. The discrepancy in the reported net tax burden was driven by the strong business outperformance in 2022 and the significant dividend received from subsidiaries (€331.9 million in 2022 compared with €14.9 million in 2021) for which current Italian tax law provides for lower than nominal taxation partially offset by withholding tax applicable in the distributing entity jurisdiction for an amount of €12.7 million.

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		other comprehensive income Statements for the years ending 31 December	
	2022	2021	2022	2021	2022	2021
	€ million	€ million	€ million	€ million	€ million	€ million
Deferred expenses	6.8	3.8	2.9	3.6	-	-
Taxed funds	1.4	1.5	(0.1)	0.2	-	-
Unrealized exchange losses	7.9	2.3	5.6	-	-	-
Other	1.8	4.3	0.1	(0.1)	(2.5)	(1.4)
Reclassified in reduction of deferred tax liabilities	(17.9)	(11.9)	-	-	-	-
Deferred tax assets	**0.0**	**0.0**	**8.5**	**3.7**	**(2.5)**	**(1.4)**
Accelerated depreciation	(0.1)	(0.1)	-	-	-	-
Gains subject to deferred taxation	(0.1)	(0.1)	-	-	-	-
Goodwill and trademarks deducted locally	(20.7)	(18.4)	(2.4)	(0.5)	-	-
Cash flow hedging	(8.6)	-	-	-	(8.6)	-
Unrealized exchange profit	(5.4)	(2.5)	(2.9)	(1.2)	-	-
Other	(2.8)	(2.8)	-	(0.1)	-	-
Reclassification of deferred tax assets	17.9	11.9	-	--	-	-
Deferred tax liabilities	**(19.7)**	**(11.9)**	**(5.3)**	**(1.9)**	**(8.6)**	**0.0**
Total	**(19.7)**	**(11.9)**	**3.2**	**1.9**	**(11.0)**	**(1.4)**

Deferred tax assets arise from temporary differences and mainly relate to costs that are deductible based on certain tax measures, to the creation of taxed provisions (such as the provision for inventory impairment, provisions for risks, provision for expected future losses on receivables), to directors' remuneration and, lastly, to unrealised exchange-rate losses. Temporary differences that entailed the reporting of deferred tax liabilities related mainly to the amortisation of goodwill and brands, the deferral of gains made in previous years, and, lastly, unrealised exchange-rate gains.
The amounts credited and debited under this item are recognised in the statement of profit or loss for the period or under other comprehensive income or expense if the temporary difference is also recorded under other comprehensive income or expense.

The breakdown of income tax payables is as follows.

	for the years ended 31 December	
	2022	2021
	€ million	€ million
Taxes payable	3.3	5.2
Payable to controlling shareholder for tax consolidation[1]	55.5	32.6
Total income tax payables	**58.8**	**37.8**

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

Income tax receivables and payables are all due within 12 months. The corporate income tax payable is shown net of advance payments and taxes deducted at source.
At 31 December 2022, the Company's tax payables came to €58.8 million, which compared to €37.8 million at 31 December 2021 due to higher taxable income for IRES and IRAP purposes than the previous year, arose mainly from the different business results. There were no income tax receivables at 31 December 2022 (unchanged compared to the previous year).

6. OPERATING ASSETS AND LIABILITIES

This section describes the assets and liabilities used to generate the Company performance.

I. PROPERTY, PLANT AND EQUIPMENT

Changes in this item in 2022 and 2021 are shown in the tables below.

	land and buildings	plant and machinery	other	total
	€ million	€ million	€ million	€ million
Carrying amount at the beginning of the period	122.5	144.7	26.1	293.4
Accumulated depreciation at the beginning of the period	(57.0)	(109.8)	(19.9)	(186.6)
at 31 December 2021	**65.6**	**34.9**	**6.3**	**106.7**
Additions	2.1	21.2	0.4	23.7
Disposals	-	(0.2)	-	(0.2)
Depreciation	(3.1)	(5.3)	(1.0)	(9.4)
Reclassifications	(0.2)	0.5	(0.3)	-
at 31 December 2022	**64.3**	**51.1**	**5.5**	**120.8**
Carrying amount at the end of the period	124.4	162.9	26.0	313.3
Accumulated depreciation at the end of the period	(60.1)	(111.8)	(20.5)	(192.5)

	land and buildings	plant and machinery	other	total
	€ million	€ million	€ million	€ million
Carrying amount at the beginning of the period	120.5	140.3	24.2	285.0
Accumulated depreciation at the beginning of the period	(53.7)	(109.6)	(19.0)	(182.4)
at 31 December 2020	**66.8**	**30.7**	**5.1**	**102.7**
Additions	2.5	9.0	2.3	13.8
Disposals	(0.4)	(0.3)	-	(0.7)
Depreciation	(3.2)	(4.7)	(0.9)	(8.8)
Impairment	(0.1)	-	-	(0.1)
Other movements	(0.1)	-	-	(0.1)
at 31 December 2021	**65.6**	**34.9**	**6.3**	**106.7**
Carrying amount at the end of the period	122.5	144.7	26.1	293.4
Accumulated depreciation at the end of the period	(57.0)	(109.8)	(19.9)	(186.6)

Land and buildings

This item included the land occupied by the Novi Ligure facility, the buildings essential for carrying out the business, i.e., the building that accommodates the Company's headquarters, and the Canale, Alghero and Caltanissetta production units. This item also includes the water system, plumbing works and electricity units.

Plant and machinery

The item included plants, machinery and tanks for the production units and the facilities attached to the Company's headquarters. Increases totalling €21.0 million during the year were related mainly to capacity expansion at some production facilities.

Other

This item included various devices, including laboratory equipment and other assets, such as furniture, electronic machines, cars and goods vehicles.

There are no restrictions or covenants on the aforementioned assets.

II. RIGHT OF USE ASSETS

Assets underlying the right of use recognised in the statement of financial position and their related changes that occurred in 2022 and 2021 are shown in the following tables.

	land and buildings	plant and machinery	other	total
	€ million	€ million	€ million	€ million
at 31 December 2021	0.1	2.6	2.1	4.8
Additions	-	0.2	0.9	1.1
Depreciation	-	(0.7)	(1.2)	(1.9)
at 31 December 2022	**0.1**	**2.1**	**1.8**	**4.0**
Carrying amount at the end of the period	0.1	3.6	5.1	8.8
Accumulated amortization at the end of the period	-	(1.5)	(3.3)	(4.8)
Accumulated amortization at the end of the period	-	(2.6)	(3.9)	(6.5)

	land and buildings	plant and machinery	other	total
	€ million	€ million	€ million	€ million
at 31 December 2020	**0.1**	**3.2**	**1.2**	**4.4**
Additions	-	0.1	2.1	2.2
Depreciation	-	(0.7)	(1.1)	(1.9)
at 31 December 2021	**0.1**	**2.6**	**2.1**	**4.8**
Carrying amount at the end of the period	0.1	5.1	6.1	11.3
Accumulated amortization at the end of the period	-	(2.6)	(3.9)	(6.5)

There are no restrictions or covenants on the aforementioned assets.

III. INTANGIBLE ASSETS

• GOODWILL AND BRANDS.
At 31 December 2022, goodwill and brands came to €355.3 million and €388.4 million, respectively.
The increase of €129.9 million was related to the acquisition of Picon (€123.6 million) and Del Professore (€6.3 million) brands.
Changes in goodwill and brands during 2022 and 2021 are shown in the tables below.
tables below.

	goodwill	brands	total
	notes	2022	2021
		€ million	€ million
at 31 December 2021	**355.3**	**258.6**	**613.9**
Additions		129.9	129.9
Amortization	-	(0.2)	(0.2)
at 31 December 2022	**355.3**	**388.4**	**743.7**

	goodwill	brands	total
	€ million	€ million	€ million
at 31 December 2020	**355.3**	**223.8**	**579.1**
Additions		35.0	35.0
Amortization	-	(0.2)	(0.2)
at 31 December 2021	**355.3**	**258.6**	**613.9**

The breakdown of the brands is as follows.

	at 31 December	
	2022	2021
	€ million	€ million
Trademarks with indefinite useful life		
Picon	123.6	-
The GlenGrant and Old Smuggler	88.8	88.8
Averna and Braulio	65.5	65.5
Frangelico	54.0	54.0
Bulldog	35.0	35.0
Riccadonna-Mondoro, of which:	12.3	12.3
Riccadonna	11.3	11.3
Mondoro	1.0	1.0
Del Professore	6.3	-
Cynar	1.6	1.6
Cinzano	0.8	0.8
Total trademarks with indefinite useful life	387.9	258.0
Trademarks with definite useful life		
X-Rated	0.5	0.6
at 31 December 2022	**388.4**	**258.6**

Brands with a finite life include the X-Rated brands. In 2015, its useful life was reviewed and determined as a total of ten years from 2016. Compared with 31 December 2022, changes in brand values at 31 December 2021, are mainly due to a perimeter change of €129.9 million.

• INTANGIBLE ASSETS WITH A FINITE LIFE
Changes in this item that occurred in 2022 and 2021 are shown in the tables below.

	software	other	total
	€ million	€ million	€ million
Carrying amount at the beginning of the period	79.7	11.2	90.9
Accumulated amortization at the beginning of the period	(50.9)	(7.9)	(58.8)
at 31 December 2021	**28.8**	**3.4**	**32.1**
Additions	15.4	-	15.4
Amortisation	(11.2)	(0.7)	(11.8)
at 31 December 2022	**33.0**	**2.7**	**35.7**
Carrying amount at the end of the period	95.1	11.2	106.3
Accumulated amortization at the end of the period	(62.1)	(8.5)	(70.6)

	software	other	total
	€ million	€ million	€ million
Carrying amount at the beginning of the period	63.0	11.2	74.2
Accumulated amortization at the beginning of the period	(41.9)	(7.1)	(49.1)
at 31 December 2020	**21.0**	**4.1**	**25.1**
Additions	20.8	-	20.8
Disposal	(4.2)	-	(4.2)
Amortisation	(9.0)	(0.7)	(9.7)
at 31 December 2021	**28.8**	**3.4**	**32.1**
Carrying amount at the end of the period	79.7	11.2	90.9
Accumulated amortization at the end of the period	(50.9)	(7.9)	(58.8)

Intangible assets with a finite life are amortised according to their remaining useful life.
Net investment in information technology, totalling €15.4 million, primarily related to projects to continuously upgrade the new information technology environment.

• IMPAIRMENT TEST ON GOODWILL AND BRANDS
Goodwill and brands with an indefinite life are not amortised but are instead subject to impairment tests which are carried out annually or more frequently if events or changes in circumstances indicate a possible loss.
With reference to the impairment tests on the intangible assets of Davide Campari-Milano N.V., aggregate goodwill was measured using the fair value criterion less the cost of sales. This methodology applies parameters associated with the valuation assigned to comparable businesses acquired, in an active market, in terms of the type of business acquired and transaction structure. These are implicit parameters or multiples derived from the ratio between the acquisition price and specific economic and financial values relating to those companies. The fair value method was used to determine the recoverable amount of goodwill, using the EV/EBITDA (enterprise value/earnings before interest, taxes, depreciation and amortisation) multiple, associated with a sample of transactions comparable to the acquisition. The use of this multiple is considered particularly effective as it avoids distortions caused by different tax regulations and financial structures; it is less sensitive to distortions caused by variations in extraordinary profit and facilitates comparison at the international level.
In 2022 the impairment test confirmed the full recoverability of the goodwill booked in DCM N.V. with sufficient headroom to exclude impairment losses that may arise from meaningful business downside risks.

Moreover, a sensitivity analysis of the recoverable amount based on the fair value was performed conservatively, assuming a reduction of 20% to the metrics to which the multiple is applied.
The sensitivity analyses described above confirmed the full recoverability of the value recorded for the goodwill.
It should be noted that the trademark values booked in the separate financial statements of DCM N.V. have already been tested within the impairment test of trademark values at the Group level.
The impairment test of the Company's goodwill at 31 December 2022 confirmed the value of €355.3 million shown in the previous note.
In addition, the Company tests the recoverability of the value of brands with an indefinite life using the methodology described in note 7-'Impairment test on goodwill and brands' of Campari Group consolidated financial statements at 31 December 2022, to which full reference is made.
No impairment losses were identified during 2022.

IV. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT-VENTURES

The list of investments in direct and indirect subsidiaries, including additional information extracted from their last financial statements available or approved by the legally competent bodies, is as follows.

			Share value	Equity value	Profit (loss) of the year	Investment percentage		Carrying amount
Name	**Head office**	Currency	in local currency (LC)	€ million	€ million	Direct	Indirect	€ million
Campari (Beijing) Trading Co. Ltd.	Beijing	CNY	104,200,430	(0.3)	(0.2)	100.00	-	5.3
Campari America LLC	New York	US$	566,321,274	1,327.8	55.5	100.00	-	511.2
Campari Argentina S.A.(1)	Buenos Aires	ARS	1,179,465,930	12.7	0.0	98.81	1.19	25.6
Campari Australia Pty Ltd.	Sydney	AUD	56,500,000	56.2	3.8	100.00	-	42.3
Campari Austria GmbH	Wien	EUR	500,000	3.1	2.5	100.00	-	1.9
Campari Benelux S.A.	Bruxelles	EUR	1,000,000	2.9	1.8	61.01	38.99	4.2
Campari Deutschland GmbH	Munich	EUR	5,200,000	25.1	6.6	100.00	-	18.3
Campari do Brasil Ltda.	Alphaville-Barue-ri-SP	BRL	239,778,071	63.3	5.6	99.99	0.01	72.4
Campari España S.L.	Barcellona	EUR	4,279,331	674.9	0.6	100.00	-	627.0
Campari India Private Ltd.(2)	New Delhi	INR	172,260	1.9	0.3	99.90	0.01	1.6
Campari International S.r.l.	Sesto San Giovanni	EUR	700,000	4.3	2.0	100.00	-	1.9
Campari Mexico S.A. de C.V.	Guadalajara	MXN	2,970,184,642	127.2	(3.4)	-	100.00	
Campari New Zealand Ltd.	Auckland	NZD	10,000	1.6	(0.3)	-	100.00	
Campari Peru SAC(3)	Lima	PEN	34,733,589	10.2	0.9	-	100.00	
Campari RUS LLC	Moscow	RUB	210,000,000	19.1	6.9	100.00	-	11.7
Campari Schweiz A.G.	Baar	CHF	500,000	1.8	1.0	100.00	-	4.8
Campari Singapore Pte Ltd.	Singapore	SGD	19,100,000	13.5	(1.1)	100.00	-	13.9
Campari South Africa Pty Ltd.	Cape Town	ZAR	310,247,750	19.2	1.0	-	100.00	
Campari Ukraine LLC	Kiev	UAH	87,396,209	2.8	(3.4)	99.00	1.00	0.1
Forty Creek Distillery Ltd.(3)	Grimsby	CAD	105,500,100	38.8	(45.3)	100.00	-	76.5
Glen Grant Ltd.	Rothes	GBP	24,949,000	133.7	4.9	100.00	-	163.2
J. Wray&Nephew Ltd.	Kingston	JMD	750,000	222.7	48.2	-	100.00	
Kaloyannies-Koutsikos Distilleries S.A.	Volos	EUR	6,811,220	19.8	2.8	100.00	-	28.9
Société des Produits Marnier Lapostolle S.A.S.	Paris	EUR	27,157,500	170.5	2.1	100.00	-	653.9
Campari France S.A.S.	Paris	EUR	112,759,856	329.8	32.1	-	100.00	
Camparino S.r.l.	Milan	EUR	48,880	1.3	(1.1)	100.00	-	7.3
Campari Mexico Destiladora, S.A. de C.V.	San Ignacio Cerro Gordo	MXN	10,100,000	0.4	(0.0)	-	100.00	
Bellonnie et Bourdillon Successeurs S.A.S.	Ducos Martinique	EUR	5,100,000	12.1	(5.9)	-	96.53	
Distilleries Agricoles De Sainte Luce S.A.S.	Ducos Martinique	EUR	2,000,000	(0.5)	(1.5)	-	96.53	
SCEA Trois Rivières	Ducos Martinique	EUR	5,920	0.4	-	-	96.53	
Casa Montelobos, S.A.P.I. de C.V.	Mexico City	MXN	144,810,964	(0.5)	(2.3)	-	51.00	
Licorera Ancho Reyes y cia, S.A.P.I. de C.V.	Mexico City	MXN	177,888,738	0.5	0.2	-	51.00	
Champagne Lallier S.A.S.	Ay	EUR	3,575,420	(0.6)	(6.0)	-	80.00	
Sci Athena	Ay	EUR	1,000	(0.2)	(0.1)	-	80.00	
Scev Des Gloriettes	Oger	EUR	34,301	(0.3)	(0.3)	-	80.00	
SCEA Eric Luc	Ay	EUR	700,000	1.4	-	-	95.00	
Wilderness Trail Distillery, LLC	Kentucky	US$	-	-	-	-	70.00	
Wilderness Trace Distillery, LLC	Kentucky	US$	-	57.2	-	-	70.00	
Terrazza Aperol S.r.l.	Venice	EUR	20,000	1.5	(1.1)	100.00	-	5.4
Trans Beverages Company Ltd.	Seoul	KWD	2,000,000,000	5.1	3.5	-	51.00	
Total investments in subsidiaries								**2,277.5**

(1) The share capital does not include effects related to the hyperinflation accounting standard.
(2) All data, excluding carrying amount, are at 31 March 2022.
(3) Includes the capital contribution.

The following table reflects the changes in investments in subsidiaries, associates and joint-ventures.

€ million	at 31 December 2021	Contribution in kind[1]	increases	decreases	at 31 December 2022
Campari America, LLC	508.0	3.3	-	-	511.2
Campari Benelux S.A.	8.5	0.1	-	(4.4)	4.2
Campari do Brasil Ltda	72.2	0.2	-	-	72.4
Campari España S.L.	475.7	1.3	150.0	-	627.0
Campari International S.r.l.	1.5	0.4	-	-	1.9
Campari Argentina S.A.	16.6	0.2	8.8	-	25.6
Campari Australia Pty Ltd.	41.7	0.6	-	-	42.3
Campari Austria GmbH	1.7	0.2	-	-	1.9
Campari Beijing Trading Co. Ltd.	5.3	-	-	-	5.3
Campari Deutschland GmbH	17.7	0.6	-	-	18.3
Campari Schweiz A.G.	4.6	0.2	-	-	4.8
Campari Ukraine LLC	5.3	-	-	(5.3)	-
Forty Creek Distillery Ltd.	76.0	0.5	-	-	76.5
Campari RUS OOO	39.6	0.3	-	(28.2)	11.7
Kaloyannies-Koutsikos Distilleries S.A.	28.8	0.1	-	-	28.9
Campari Singapore Pte Ltd.	0.7	0.4	12.8	-	13.9
Campari India Pte Ltd.	1.6	-		-	1.6
Glen Grant Ltd.	162.2	0.9	-	-	163.2
Société des Produits Marnier Lapostolle S.A.S.[2]	653.7	0.9		(0.6)	653.9
Camparino Srl	7.3	-	1.0	(1.0)	7.3
Terrazza Aperol S.r.l.	8.1	-	-	(2.7)	5.4
Investments in subsidiaries	**2,136.9**	**10.1352**	**347.6**	**(217.3)**	**2,277.5**
Dioniso S.r.l.	25.7	-	16.5	(6.7)	35.5
CT Spirits Japan LTD	-		0.1	(0.1)	-
Investments in associates and joint-ventures	**25.7**	**-**	**16.6**	**(6.8)**	**35.5**
Total investments	**2,162.6**	**10.1**	**364.3**	**(224.1)**	**2,312.9**

(1) Contribution in kind refer to the value of share based payment plans awarded to the Company's employees working in subsidiaries.
(2) The investment values is inclusive of the commitment to purchase residual shares for which the final payments was completed in December 2022.

The changes in investments in subsidiaries during the year were related to the following events, namely connected with the development projects to support the local business growth:

- capital contributions were made to the following companies: Ca mpari Singapore Pte Ltd. for €12.8 million, Campari Argentina S.A. for €8.8 million, Campari Espana S.L. for €150.0 million, and Camparino Srl for €1.0 million;
- return of capital of €28.2 million from Campari RUS OOO and €4.4 million from Campari Benelux S.A.,
- impairment loss recognised over Campari Ukraine LLC for €5.2 million and Terrazza Aperol S.r.l. for €2.7 million.

The impairment test valuation performed, which was consistent with the test on goodwill and brands, identified during the year 2022 the impairment losses described below. In particular, the ongoing Russia-Ukraine conflict was considered a triggering event assessing the impairment test on the recoverability of the equity investments located in the directly impacted countries. The write-downs identified were as follows:

- Campari Ukraine LLC for €5.3 million;
- Terrazza Aperol Srl for €2.7 million;
- Camparino Srl for €1.0 million.

The devaluation of Campari Ukraina LLC substantially written off the book value of the investment in light of the current uncertainties connected with the indefinite evolution of the country's macro-economic scenario as a result of the conflict and taking into consideration the possibility of recovering the investment made in the in-market company. The write-down of Terrazza Aperol Srl was defined based on an appraisal prepared by an independent third-party expert specialized in the reference sector. The analysis over all other investments did not trigger any impairment loss.

The changes in interests in associates and joint-ventures during the year were related, namely to Dioniso S.r.l., which was subject to a capital contribution of €16.5 million aiming to support the acquisition of the remainder of Tannico's share capital, for a total consideration of €33.0 million divided equally between Campari Group and Moët Hennessy (refer to the paragraph 'Significant events of the year'); the joint-venture value was afterward reduced by €6.7 million due to the application of the equity method valuation at year-end mainly driven by non-recurring recognition of impairment loss over intangible assets. As far as CT Spirits Japan Ltd. is concerned, only minor changes can be noted following the valuation using the equity method and the associated release of the provision accumulated in previous years.

V. OTHER NON-CURRENT ASSETS

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

	at 31 December	
	2022	2021
	€ million	€ million
Equity investment in other companies	4.1	0.1
Other non-current receivables from related parties	0.1	1.4
Other non-current tax receivables	2.0	0.5
Total other non-current assets	**6.3**	**2.0**

The increase of the year was related to the acquisition of the minority interest in London-based Catalyst Spirits Ltd., a global spirits brand incubator company, in September 2022 for an amount of €4.0 million.

VI. OTHER CURRENT ASSETS

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

	at 31 December	
	2022	2021
	€ million	€ million
Prepaid expenses	5.1	4.9
Receivables from related parties	2.8	4.9
Other receivables from tax authorities	-	0.2
Other	3.4	4.1
Other current assets	**11.4**	**14.1**

All receivables are due within 12 months, and their carrying amount is considered to be close to their fair value.
For further details on receivables from related parties, please refer to note 10 vi-'Related parties' of this Company only financial statements.
The table below reflects a breakdown of receivables (the full other current asset balance excluding prepaid expenses) by maturity.

at 31 December 2022	other receivables[1]	*of which related parties*	provision for bad debts
	€ million	*€ million*	€ thousand
Not overdue	**5.8**	***2.8***	**-**
Overdue	**0.6**	**-**	**(0.2)**
Less than 30 days	0.4	-	
30-90 days	0.1	-	(0.1)
Within 1 year	0.1	-	(0.1)
Total receivables broken down by maturity	**6.5**	***2.8***	**(0.2)**
Amount impaired	(0.2)		
Total	**6.2**		

(1) The item does not include prepaid expenses.

at 31 December 2021	other receivables[1]	*of which related parties*	provision for bad debts
	€ million	*€ million*	€ million
Not overdue	**2.8**	***0.1***	**-**
Overdue	**6.6**	***4.8***	**(0.2)**
Less than 30 days	3.4	*1.9*	-
30-90 days	2.9	*2.8*	-
Within 1 year	0.4	*0.1*	(0.2)
Total receivables broken down by maturity	**9.4**	***4.9***	**(0.2)**
Amount impaired	(0.2)		
Total	**9.2**		

(1) The item does not include prepaid expenses.

The tables below provide information on the change in the provision for bad debt and the credit risk exposure of the Company's other current receivables using a provisional matrix.

€ million	bad debt provision other receivables
at 31 December 2021	0.2
Accruals	-
Utilizations	-
Releases	-
at 31 December 2022	**0.2**

€ million	bad debt provision other receivables
at 31 December 2020	0.2
Accruals	-
Utilizations	-
at 31 December 2021	**0.2**

	other current receivables days past due since[1]						
	current	less than30 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	-	-	1.4%	1.4%	-	-	2.8%
Estimated total gross carrying amount at default	8.2	0.4	0.1	0.1	-	-	8.8
Provision for expected credit losses	-	-	(0.1)	(0.1)	-	-	(0.2)

(1) The item does not include receivables to related parties.

	other current receivables days past due since[1]						
	current	less than30 days	30-90 days	1 year	5 years	more than 5 years	total
at 31 December 2021	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Credit loss rate	-	-	-	2.6%	-	-	2.6%
Estimated total gross carrying amount at default	7.7	1.5	0.1	0.2	-	-	9.5
Provision for expected credit losses	-	-	-	(0.2)	-	-	(0.2)

(1) The item does not include receivables to related parties.

VII. OTHER NON-CURRENT LIABILITIES

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

	at 31 December	
	2022	2021
	€ million	€ million
Employee benefit[1]	20.0	10.1
Other	1.4	1.0
Other non-current liabilities	**21.4**	**11.1**

(1) Including non-recurring last mile long-term incentive schemes.

VIII. OTHER CURRENT LIABILITIES

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

	at 31 December	
	2022	2021
	€ million	€ million
Payables to staff	29.6	37.1
Payables to agents	1.4	1.5
Deferred income	2.3	0.5
Value added tax	-	0.4
Tax on alcohol production	1.8	2.7
Withholding and miscellaneous taxes	3.1	2.9
Other current liabilities to related parties	150.5	0.1
Payables for Group VAT	0.3	1.9
Other	3.3	3.5
Other current liabilities	**192.5**	**50.7**

Compared to the previous year, the main change was related to a liability towards Campari Spain in the amount of €150.0 million related to a capital contribution. Moreover, payables to staff decreased by €8.5 million, mainly resulting from the payments of short- and mid-term bonuses and incentives paid.

The following table shows a breakdown of payables by the due date.

at 31 December 2022	**on demand**	**within 1 year**	**total**
	€ million	€ million	€ million
Other payables	0.6	191.9	192.5
of which related parties	-	150.8	150.8
Total	**0.6**	**191.9**	**192.5**

at 31 December 2021	on demand	within 1 year	total
	€ million	€ million	€ million
Other payables	10.2	40.4	50.7
of which related parties	*2.0*	-	*2.0*
Total	**10.2**	**40.4**	**50.7**

(1) The item does not include prepaid expenses.

IX. CAPITAL GRANTS

Capital grants were mainly related to the funds received for investments in production plants at Novi Ligure.
The following table provides details of changes in deferred income relating to capital grants.

	deferred Income
	€ million
at 31 December 2021	**0.5**
Amounts posted to the statement of profit and loss	1.8
at 31 December 2022	**2.3**

	deferred income
	€ million
at 31 December 2020	**0.6**
Amounts posted to the statement of profit and loss	(0.1)
at 31 December 2021	**0.5**

7. OPERATING WORKING CAPITAL

This section breaks down the Company's operating working capital into the various items that are managed to generate the Company's performance.

I. TRADE RECEIVABLES

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

	at 31 December	
	2022	2021
	€ million	€ million
Trade receivables from third parties	18.0	16.5
Trade receivables from related parties	142.8	129.0
Receivables in respect of contributions to promotional costs	0.1	2.3
Trade receivables	**160.9**	**147.8**

The carrying amount of the receivables due within 12 months is considered to be close to their fair value.

At 31 December 2022, the trade receivables item is reported net of the related impairment provision for expected future losses, reflecting the effective collection risk. Compared to the last year, the increase in receivables was mainly related to an increase in net sales thanks to the positive business performance. Notwithstanding the above-mentioned increase in absolute value equal to €13.1 million, as a percentage of net sales, trade receivable amounted to 16.3%, down compared to 19.0% in 2021, thanks to efficient credit management.
For further details on receivables from related parties, please refer to note 10 vi-'Related parties'.

The table below reflects receivables broken down by maturity.

at 31 December 2022	trade receivables [1]	*of which related parties*	provision for expected future losses
	€ million	*€ million*	€ million
Not overdue	**119.9**	***107.1***	**-**
Overdue	**42.0**	***35.7***	**(1.5)**
Less than 30 days	10.0	*7.3*	-
30-90 days	3.7	*2.4*	-
Within 1 year	14.1	*13.3*	(0.3)
Within 5 years	11.3	*11.2*	(0.1)
Due after 5 years	3.0	*1.6*	(1.1)
Total receivables broken down by maturity	**161.9**	***142.8***	**(1.5)**
Amount impaired	(1.5)	-	
Total	**160.5**	***142.8***	

(1) The item does not include prepaid expenses.

at 31 December 2021	trade receivables [1]	*of which related parties*	provision for expected future losses and bad debt
	€ million	*€ million*	€ million
Not overdue	**103.3**	***90.5***	**(0.1)**
Overdue	**45.7**	***38.5***	**(1.8)**
Less than 30 days	7.0	*2.8*	-
30-90 days	11.6	*10.3*	(0.2)
Within 1 year	11.7	*11.7*	-
Within 5 years	8.2	*7.4*	(0.7)
Due after 5 years	7.3	*6.5*	(1.0)
Total receivables broken down by maturity	**149.0**	***129.0***	**(2.0)**
Amount impaired	(2.0)	-	
Total	**147.0**	***129.0***	

(1) The item does not include prepaid expenses.

The following table reflects the changes in impairment provision for expected future losses on receivables in 2022 and 2021.

€ million	provision for expected future losses and bad debt over trade receivables
at 31 December 2021	**2.0**
Accruals	0.1
Utilizations	(0.4)
Releases	(0.2)
at 31 December 2022	**1.5**

€ million	provision for expected future losses and bad debt over trade receivables
at 31 December 2020	**2.5**
Accruals	0.4
Utilizations	(0.7)
Releases	(0.1)
at 31 December 2021	**2.0**

The table below sets out the information in relation to the credit risk exposure on the Company's trade receivables using a provision matrix:

	current	less than 30 days	30-90 days	within 1 year	within 5 years	after 5 years	total
at 31 December 2022	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Credit loss rate	-	-	-	1.3%	0.4%	5.8%	7.6%
Estimated total gross carrying amount at default	13.2	2.7	1.4	0.7	0.1	1.4	19.5
Provision for expected credit losses	-	-	-	(0.3)	(0.1)	(1.1)	(1.5)

(1) The table does not include receivables from related parties.

	trade receivables days past due [1]						
	current	less than 30 days	30-90 days	within 1 year	within 5 years	after 5 years	total
at 31 December 2021	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Credit loss rate	0.6%	0.6%	0.6%	0.0%	3.4%	4.7%	**9.5%**
Estimated total gross carrying amount at default	13.5	4.2	1.2	-	0.8	1.0	**20.7**
Provision for expected credit losses	(0.1)	-	(0.1)	-	(0.7)	(1.0)	**(2.0)**

(1) The table does not include receivables from related parties.

Overall, the amount of the provision and the level of utilisation over the years confirmed that the Company is exposed to a cluster of customers and markets that are not significantly affected by credit risk.

II. TRADE PAYABLES

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

	at 31 December	
	2022	2021
	€ million	€ million
Trade payables to third parties	164.6	122.7
Trade payables to related parties	11.3	7.0
Trade payables	**175.9**	**129.7**

The above payables are all due within 12 months. For further details on payables to related parties, see note 10 vi-'Related parties' of this Company only financial statements.

at 31 December 2022	on demand	within 1 year	due in 1 to 2 years	total
	€ million	€ million	€ million	€ million
Trade payables	30.2	141.3	4.4	175.9
of which related parties	*1.3*	*10.0*	*-*	*11.3*
Total	**30.2**	**141.3**	**4.4**	**175.9**

at 31 December 2021	on demand	within 1 year	total
	€ million	€ million	€ million
Trade payables	49.8	80.0	129.7
of which related parties	-	*7.0*	*7.0*
Total	**49.8**	**80.0**	**129.7**

The payment terms applied to suppliers are generally 60 days from the end of the month of the invoice.
The increase in the 2022 balance at year-end compared to the previous year reflected the positive business performance, also boosted by the extension of the reverse factoring program launched in previous years in cooperation with an external banking provider, which amounted to €23.5 million in 2022 (€20.3 million in 2021).

Given the nature of the program and the substance of the transaction, the trade payables under reverse factoring agreements continued to be classified as a component of the Company's operating working capital with no separate disclosure as primary line items of the Company financial statements in consideration of the total exposure.

III. INVENTORIES

The breakdown of inventories is as follows:

	at 31 December	
	2022	2021
	€ million	€ million
Finished goods	61.7	40.5
Work in progress	42.9	34.3
Raw materials, supplies and consumables	20.4	15.4
Maintenance materials	1.7	1.3
Inventories	**126.7**	**91.4**

Inventories are reported net of the relevant impairment provisions. The changes that occurred in 2022 and 2021 are shown in the tables below.

	€ million
at 31 December 2021	**0.9**
Accruals	1.8
Utilisation	(1.4)
at 31 December 2022	**1.3**

	€ million
at 31 December 2020	**1.1**
Accruals	1.8
Utilisation	(2.0)
at 31 December 2021	**0.9**

8. NET FINANCIAL DEBT

This section provides details of the composition of the Company's net financial position broken down into the various items under management. Figurative financial assets and liabilities arising from rent and lease agreements are also provided in this section.

I. CASH AND CASH EQUIVALENTS

The breakdown of cash and cash equivalents is as follows.

	for the years ended 31 December	
	2022	2021
	€ million	€ million
Bank current accounts and cash	89.0	178.6
Term deposit maturing within 3 months	30.0	-
Cash and cash equivalents	**119.0**	**178.6**

Cash generation over the year was confirmed sustained and was attributable to the very satisfactory performance of the business achieved in 2022. The overall decrease in cash and cash equivalents compared with 2021 was mainly related to the extraordinary operations carried out throughout the year, mainly the acquisition of the Picon and Del Professore brands (for a total of €129.9 million). For a better understanding of liquidity management, reference is made to cash flow information and the net financial debt (note 8 vii-'Reconciliation with net financial debt and cash flow statement').

II. OTHER CURRENT FINANCIAL ASSETS

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

	for the years ended 31 December	
	2022	2021
	€ million	€ million
Financial investments	14.2	13.2
Financial receivables from related parties	133.5	72.6
Valuation at fair value of forward contracts	0.8	0.2
Other financial assets	2.1	1.5
Other current financial assets	**150.6**	**87.6**

At 31 December 2022, financial receivables from related parties, totalling €133.5 million, were mainly associated with short-term loans for the cash pooling system granted by Davide Campari-Milano N.V. to various Group companies. These financial assets were determined at interest rates in line with market conditions. For further details, see note 10 vi-'Related Parties'.

III. OTHER NON-CURRENT FINANCIAL ASSETS

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

	for the years ended 31 December	
	2022	2021
	€ million	€ million
Non-current assets for hedging derivatives	41.5	-
Financial receivables	1.0	1.5
Non-current financial assets	**42.5**	**1.5**

Non-current assets for hedging derivatives of €41.5 million referred to pre-hedge derivatives associated with bonds and loans. The financial receivables of €1.0 million related to the interest-bearing receivables from Terra Moretti S.r.l., associated with the past sale of Sella&Mosca S.p.A. and Teruzzi&Puthod S.r.l. The short-term portion of this interest-bearing receivable has been classified under current financial assets into the 'other financial assets' item.

IV. LEASE COMPONENTS

Changes in lease liabilities that occurred in 2022 and 2021 are provided in the following tables.

lease payables	at 31 December 2021	addition	payments	interest expenses	reclassification	at 31 December 2022
	€ million	€ million	€ million	€ million	€ million	€ million
Within 12 months	(1.5)	-	2.0	-	(1.9)	(1.4)
Over 12 months	(3.4)	(1.1)	-	(0.1)	1.9	(2.7)
Total lease payables	**(4.9)**	**(1.1)**	**2.0**	**(0.1)**	**-**	**(4.1)**

lease payables	at 31 December 2020	addition	payments	interest expenses	reclassification	at 31 December 2021
	€ million	€ million	€ million	€ million	€ million	€ million
Within 12 months	(1.3)	-	-	-	(0.1)	(1.5)
Over 12 months	(3.2)	(2.2)	1.9	(0.1)	0.1	(3.4)
Total lease payables	**(4.5)**	**(2.2)**	**1.9**	**(0.1)**	**-**	**(4.9)**

The main average IBR in 2022 and 2021 were as follows.

For the year ending 31 December 2022	within 5 years	from 5 to 10 years	over 10 years
EUR	4.7%	4.8%	4.2%

For the year ending 31 December 2021 Currency	within 5 years	from 5 to 10 years	over 10 years
EUR	1.1%	1.3%	1.2%

The significant increase in IBR is connected with the macro-economic scenario.

The amounts recognised in the cash flow were as follows.

	for the years ended 31 December	
€ million	2022	2021
cash outflow for lease capital	(1.9)	(1.8)
cash outflow for lease interests	(0.1)	(0.1)
Total cash outflow for leases	**(1.9)**	**(1.9)**

The table below reflects the breakdown of the lease liabilities by asset class.

€ million	within 12 months	over 12 months	total
Machinery	(0.5)	(1.6)	(2.2)
Vehicles	(0.8)	(1.1)	(1.9)
Buildings	-	(0.1)	(0.1)
Other	-	(0.1)	(0.1)
Total financial liabilities for leases as of 31 December 2022	**(1.4)**	**(2.8)**	**(4.2)**
€ million	within 12 months	over 12 months	total
Machinery	(0.6)	(2.1)	(2.7)
Vehicles	(0.9)	(1.3)	(2.2)
Buildings	-	(0.1)	(0.1)
Total financial liabilities for leases as of 31 December 2021	**(1.5)**	**(3.5)**	**(4.9)**

V. NON-CURRENT FINANCIAL DEBT

The breakdown of bonds and other non-current liabilities is shown in the table below.

	for the years ended 31 December	
	2022	2021
	€ million	€ million
Bonds issued in 2017	150.0	150.0
Bonds issued in 2019	149.8	149.7
Bonds issued in 2020	546.5	545.9
Non-current bonds	**846.3**	**845.5**
Loans due to banks	401.8	355.2
Lease payables	2.7	3.4
Other financial liabilities from related parties	6.7	-
Non-current financial liabilities	**411.2**	**358.6**
Total non-current financial debt	**1,257.6**	**1,204.1**

• *Bonds*

At 31 December 2022, the Bonds item included the following issues placed by the Company.

at 31 December 2022	original nominal value	maturity	issue price	nominal coupon rate	rate type	effective yield
	€ million					
Bond issued in 2017	150.0	05/04/2024	100%	2.165%	fixed	2.165%
Bond issued in 2019	150.0	30/04/2024	100%	1.655%	fixed	1.655%
Bond issued in 2020	550.0	06/10/2027	99.76%	1.250%	fixed	1.370%

• *Liabilities and loans due to banks*

This item includes €-denominated loans entered into with leading banks as follow.

at 31 December 2022	original nominal value	residual nominal value		maturity	interest rate	nominal rate at 31 December 2022
		non-current	current[(1)]			
	€ million	€ million	€ million			
Term Loan 2019[(2)]	250.0	250.0	-	7/31/2024	floating interest rate linked to Euribor plus spread[(3)]	1.126%
Loan 2021	100.0	100.0	-	6/30/2026	fixed rate	1.325%
Loan 2022	50.0	50.0	-	10/10/2025	floating interest rate linked to Euribor plus spread	3.002%

(1) The current portion is classified in current liabilities — loans due to banks.
(2) The loan was accompanied by a revolving credit facility for the same amount and maturity at an interest rate linked to Euribor plus spread, as well as drawdown fees. The revolving credit facility was not used at 31 December 2022.
(3) Inclusive of the related interest rate swap.

at 31 December 2021	original nominal value	residual nominal value		maturity	interest rate	nominal rate at 31 December 2021
		non-current	current[(1)]			
	€ million	€ million	€ million			
Term Loan 2019[(2)]	250.0	250.0	-	7/31/2024	floating interest rate linked to Euribor plus spread[(3)]	1.126%
Loan 2020	50.0	8.3	16.7	6/25/2023	floating interest rate linked to Euribor plus spread	0.649%
Loan 2021	100.0	100.0		6/30/2024	fixed rate	0.15%

(1) The current portion is classified in current liabilities — loans due to banks.
(2) The loan was accompanied by a revolving credit facility for the same amount and maturity at an interest rate linked to Euribor plus spread, as well as drawdown fees. The revolving credit facility was not used at 31 December 2021.
(3) Inclusive of the related interest rate swap.

• *Liabilities for put options and earn-out*

No changes of non-current liabilities for put option and earn-out occurred in 2022.

VI. CURRENT FINANCIAL DEBT

The breakdown of Current financial debt is shown in the table below.

	for the years ended 31 December	
	2022	2021
	€ million	€ million
Current portion of bond issued in 2017	-	50.0
Accrued interest on bonds	5.7	6.3
Loans due to banks	8.3	146.6
Lease payables	1.4	1.5
Liabilities for put option and earn-out payments	-	45.0
Financial liabilities on hedging contracts	-	0.5
Current liabilities for hedge derivatives, not reported using hedge accounting procedures	-	0.2
Financial liabilities with related parties	166.7	199.9
Other financial liabilities	0.2	2.1
Current financial liabilities	**182.3**	**452.1**

The main changes that occurred in the composition of financial liabilities during 2022 are as follows:

• *Bonds*

The bond issued in 2017 with a nominal value of €50.0 million was reimbursed at its maturity date in April 2022.

• *Liabilities and loans due to banks*

At 31 December 2022, loans due to banks reported a net decrease of €138.8 million due to the repayment of loans and credit facilities. The item includes, in addition to the current portion of medium/long-term loans, some short-term loans managed dynamically to further strengthen the Company's financial structure and achieve greater flexibility to respond promptly to the still volatile macroeconomic context.

• *Liabilities for put options and earn-out payments*

The changes in non-current liabilities for put options and earn-out payments are shown in the table below.

€ million	total		
at 31 December 2021	**45.0**	*variation impacting profit or loss*	*variation impacting net equity or investment value*
payments	(44.4)		
other movements	(0.6)		*(0.6)*
at 31 December 2022	**-**		

€ million	total		
at 31 December 2020	**-**	*variation impacting profit or loss*	*variation impacting net equity or investment value*
payments	(5.6)		
reclassification from non-current liability	50.6		
at 31 December 2021	**45.0**		
of which measured at fair value	-		
of which measured at amortized cost	**45.0**		

During 2022, the remaining amount related to the option to purchase shares still held by the former shareholders in Société des Produits Marnier Lapostolle S.A.S. was paid out.

• *Financial liabilities with related parties*

At 31 December 2022, the item totalled €166.7 million, resulting from the management of cash pooling by the Company in respect of other Group companies. Please refer to note 10 vi-'Related parties' for further information about liabilities to Group companies.

VII. RECONCILIATION WITH NET FINANCIAL DEBT AND WITH THE CASH-FLOW STATEMENT

A reconciliation with the Company's net financial debt is shown in the table below.

	for the years ended 31 December	
	2022	2021
	€ million	€ million
Cash and cash equivalents	119.0	178.6
Cash (A)	**119.0**	**178.6**
Other current financial receivables	150.6	87.6
Current financial receivables (B)	**150.6**	**87.6**
Loans due to banks current	(8.3)	(146.6)
Current portion of lease payables	(1.4)	(1.5)
Current portion of bonds	-	(50.0)
Other current financial payables	(172.6)	(208.9)
Current portion of liabilities for put option and earn-out payments	-	(45.0)
Current financial payables (C)	**(182.3)**	**(452.1)**
Net current financial debt (A+B+C)	**87.3**	**(185.9)**
Loans due to banks non-current[(1)]	(401.8)	(354.5)
Non-current portion of lease payables	(2.7)	(3.4)
Non-current portion of bonds	(846.3)	(846.2)
Other non-current financial payables	(6.7)	-
Non-current financial debt (D)	**(1,257.6)**	**(1,204.1)**
Net debt (A+B+C+D)[(2)]	**(1,170.3)**	**(1,390.1)**
Reconciliation with the financial position, as shown in the Directors' report:		
Non-current financial assets for hedging derivatives	41.5	-
Non-current financial receivables	1.0	1.5
Net financial position	**(1,127.7)**	**(1,388.6)**

(1) Including the related derivatives.
(2) In accordance with ESMA guidelines.

For the purpose of completeness, the changes in current and non-current financial payables during 2022 are shown below.

	bonds		payables for interests	Borrowings		lease payables		financial net debt with related parties	other financial assets (liabilities)	
€ million	current	non-current	current	current	non-current[1]	current	non-current	current	current	non-current
at 31 December 2021	(50.0)	(845.5)	(6.3)	(146.6)	(355.2)	(1.5)	(3.4)	(127.3)	12.3	1.5
notional liabilities addition	-	-	-	-	-	-	(1.1)	-	-	-
interest accrued	-	-	(22.2)	-	-	-	(0.1)	-	-	-
new financing	-	-	-	(130.0)	(50.0)	-	-	-	2.9	-
repayments	50.0	-	22.2	275.7	-	-	2.0	87.4	1.0	-
• *of which long-term debt*	-	-	-	46.7	-	-	-	-	-	-
• *of which other borrowings*	-	-	-	229.0	-	-	-	-	-	-
reclassification	-	-	-	(8.3)	8.3	0.1	(0.1)	-	0.5	(0.5)
other movements	-	(0.8)	0.7	5.6	(5.0)	-		-	0.4	41.5
at 31 December 2022	**-**	**(846.3)**	**(5.7)**	**(8.3)**	**(401.8)**	**(1.4)**	**(2.7)**	**(39.9)**	**17.0**	**42.5**

(1) Included related derivatives.
(2) Cash flow generated (absorbed) from financial liabilities.
(3) Net change in short-term financial payables and bank loans is equal to €99.0 million (proceeds of €130.0 net of repayments of €229.0).

cash flow generated (absorbed) from financial liabilities	bonds		payables for interest	borrowings[1]		leases		financial net debt with related parties	other financial assets (liabilities)	
€ million	current	non-current	current	current[3]	non-current	current	non-current	current	current	non-current
at 31 December 2020	-	(894.7)	(6.3)	(213.7)	(310.9)	(1.3)	(3.2)	(94.4)	0.7	3.0
Notional liabilities addition	-	-	-	-	-	-	(2.2)			
Interest accrued	-	-	(16.3)	-	-		(0.1)			
New financing[2]	-	-	-	(200.0)	(130.0)		-		(1.5)	
Repayment[2]	-	-	16.3	350.1	-		1.9	9.4	-	-
• *of which long-term debt*	-	-	-	149.2	-					
• *of which other borrowings*	-	-	-	200.9	-					
Merger	-	-	-	-	-			(42.3)		
Reclassification	(50.0)	50.0	-	(84.7)	84.7	(0.1)	0.1		1.5	(1.5)
Other movements	-	(0.8)	-	1.7	1.1	(0.1)	-		11.6	
at 31 December 2021	**(50.0)**	**(845.5)**	**(6.3)**	**(146.6)**	**(355.2)**	**(1.5)**	**(3.4)**	**(127.3)**	**12.3**	**1.5**

(1) Included related derivatives.
(2) Cash flow generated (absorbed) from financial liabilities.
(3) Net change in short-term financial payables and bank loans is equal to €0.9 million (proceeds of €200.0 net of repayments of €200.9).

VIII. FINANCIAL INSTRUMENTS-DISCLOSURES

The value of individual categories of financial assets and liabilities held by the Company at 31 December 2022 and 31 December 2021 is reflected below.

31 December 2022	measurement at amortized cost	measurement at fair value through profit and loss[3]	measurement at fair value with changes recognized in the statement of comprehensive income
€ million			
Cash and cash equivalents	119.0	-	-
Trade receivables	160.9	-	-
Current financial receivables with related parties	133.5	-	-
Current financial receivables	-	16.2	-
Other non-current financial assets	-	1.0	
Other non-current assets	-	4.1	
Loans due to banks[1]	(410.1)	-	-
Lease payables	(4.1)	-	-
Bonds	(846.3)	-	-
Accrued interest on bonds	(5.7)	-	-
Other financial liabilities	(0.2)	-	
Other financial liabilities with related parties	(173.4)	-	-
Trade payables	(175.9)	-	-
Current assets for hedging derivatives	-	0.3	0.4
Non-current asset for hedging derivatives[2]		-	41.5
Total	**(1,202.2)**	**21.7**	**41.9**

(1) Excluding related derivatives.
(2) Derivative on loan due to bank.
(3) Liabilities linked to some investments may be elected to have the fair value variation accounted for against the cost of the investment in the associate of the subsidiary.

31 December 2021	measurement at amortized cost	measurement at fair value through profit and loss	measurement at fair value with changes recognized in the statement of comprehensive income
€ million			
Cash and cash equivalents	178.6	-	-
Trade receivables	147.8	-	-
Current financial receivables with related parties	72.6		-
Current financial receivables	-	14.7	-
Other non-current financial assets	-	1.5	
Other non-current assets	-	0.1	
Loans due to banks	(501.1)	-	-
Lease payables	(4.9)	-	-
Bonds	(895.5)	-	-
Accrued interest on bonds	(6.3)	-	-
Other financial liabilities	(2.1)	-	-
Liabilities for put option and earn-out payments	(45.0)	-	
Other financial liabilities with related parties	(199.9)	-	-
Trade payables	(129.7)	-	-
Current assets for hedge derivatives, not in hedge accounting		0.1	
Current assets for hedging derivatives	-	-	0.1
Non-current liabilities for hedging derivatives[2]	-	-	(0.7)
Current liabilities for hedging derivatives	-	-	(0.5)
Non-current liabilities for derivatives not in hedge accounting	-	(0.2)	-
Total	**(1,385.7)**	**16.2**	**(1.0)**

(1) Excluding related derivatives.
(2) Derivative on loan due to bank.
(3) Liabilities linked to some investments may be elected to have the fair value variation accounted for against the cost of the investment in the associate of the subsidiary.

HEDGING ACTIVITIES AND DERIVATIVES

The Company is exposed to certain risks relating 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: 1) foreign exchange forward and option contracts, elected as cash flow hedges to hedge highly probable forecast sales and purchases in different currencies compared to the € and 2) interest rate swaps to mitigate the risk associated to variable interest rate changes on loan and bond agreements not issued at a fixed interest rate.

The Company also used derivatives not designated as hedging instruments to reflect the change in fair value of foreign exchange 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.

In relation in connection with the establishment of joint-ventures in CT Spirits Japan Ltd., commitments to increment the ownership in this company exist in the form of call options elected as derivative financial instruments measured at fair value with impact in the statement of profit or loss. At both 31 December 2022 and 2021 the fair value was negligible. No change in the fair value of this derivative was reported in 2022 accounts. At the time of the expiring of the options and in case of satisfaction of the conditions stated in the relevant agreement between parties, the derivative will be replaced by an increased equity interest in the company.

The tables below show a breakdown of the foreign exchange contracts on highly probable sales and purchases and interest rate swaps on loan, while the call agreements over joint-ventures elected as derivative instruments was not represented in light of the negligible amount of both fair value and expected cash out.

• ***Foreign exchange forward contracts and options (highly probable forecast sales and purchases)***

FOREIGN EXCHANGE FORWARD CONTRACTS AND OPTIONS

(highly probable forecast sales and purchases)	at 31 December 2022	at 31 December 2021	€ million	€ million
€ million	notional amount hedged items	average forward rate	notional amount hedged items	average forward rate
US Dollar	11.4	1.01	24.0	1.14
New Zealand Dollar	7.2	1.69	11.4	1.69
Russian Ruble	-	-	9.8	86.10
Swiss franc	1.0	0.97	3.3	1.05
Australian Dollar	0.3	1.52	5.4	1.57
Singapore Dollar	2.0	1.42	2.9	1.57
Sterling Pound	-	-	2.1	0.85
Total	**22.0**		**58.9**	

HEDGED ITEMS AND RELATED DERIVATIVES FORWARD

	at 31 December 2022			at 31 December 2021		
€ million	notional amount hedged items	carrying amounts of hedging instruments	change in fair value gain (losses)	notional amount hedged items	carrying amounts of hedging instruments	change in fair value gain (losses)
foreign exchange forward contracts and options (highly probable forecast sales and purchases)	22.0	(0.7)	0.1	58.9	(0.5)	0.1

The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Company reference is the budget exposure of the main currencies and, as more effectively as possible, any under/over exposure which may arise through plain vanilla currency derivatives. For hedges of forecast transactions, the derivative covers the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency. For what concerns coverage ratio, the Company normally hedge between 50% and 90% of the currency risk exposure throughout the whole year. In these 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).

• *Interest rate swap contracts*

HEDGED ITEMS AND RELATED DERIVATIVES INTEREST RATE SWAPS

	at 31 December 2022			at 31 December 2021		
€ million	notional amount hedged items	carrying amounts hedging instruments	change in fair value gain (losses)	notional amount hedged items	carrying amounts of hedging instruments	change in fair value gain (losses)
interest rate swap	750.0	41.5	0.9	250.0	(0.7)	1.1

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

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company exposure is described in note 5 i-' Nature and extent of the risks arising from financial instruments'. The Company 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. The assessment whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedge item using the hypothetical derivative method. The Company applies a hedge ratio 1:1.

9. RISK MANAGEMENT AND CAPITAL STRUCTURE

This section details the Company's capital structure and the financial risks the Company is exposed to.
Regarding capital management, the Company has implemented a dividend distribution policy reflect at the company's priority to use its cash mainly to fund external growth via acquisitions. Concomitantly, the Company carries out share buyback programs on a rolling basis intended to meet the obligations arising from share-based payment plans currently in force or to be adopted.

I. NATURE AND EXTENT OF THE RISKS ARISING FROM FINANCIAL INSTRUMENTS

• *Credit risk*

Davide Campari-Milano N.V. directly undertakes commercial transactions on the Italian market, and in foreign markets through its Group companies. The composition of receivables from Italian customers varies widely in terms of the different market channels, their size, and their commercial nature. The market consists of a high number of customers from around Italy, with a balance between mass retail and purchasing consortia and traditional retail, with a significant presence in the ho.re.ca (hotels/restaurants/cafés) sector.
The Company has a very broad product portfolio, consisting of both Campari Group's products and products distributed under license. There are no market concentration risks, as the Company sells internationally both within the Group and to third parties.
The Company has a credit management function exclusively dedicated to monitoring the progress of receivables, chasing up payments, and managing the exposure of individual customers in a targeted and timely manner using internal risk monitoring procedures.
Non-performing receivables are pursued regularly with legal support with a view to continuously update progress on individual cases. This is then reflected in the provision for doubtful receivables.
Trade receivables from third parties for which there is an impairment are classified as doubtful; these have mainly been past due for more than one year and are the subject of legal proceedings.
Receivables from customers are mainly denominated in €s. The maximum amount of risk on the reporting date is equal to the net value of trade receivables, also taking into account the expected credit loss risk estimated by the Company based on the business model identified.

• *Liquidity risk*

The Company's ability to generate substantial cash flow through its operations reduces its liquidity risk, defined as the difficulty of raising funds to meet financial obligations.
The Company manages financial flows with the Italian subsidiaries through a centralised cash management department, with transactions settled at market rates (refer to note 10 vi-'Related parties').
Detailed information on financial payables and liabilities at 31 December 2022 is provided below, compared against the previous year. The tables below summarise financial liabilities at 31 December 2022 and 2021 by maturity based on contractual repayment obligations, including non-discounted interest.

at 31 December 2022	on demand	within 1 year	due in 1 to 2 years	due in 2 to 5 years	due after 5 years	total
	€ million	€ million	€ million	€ million	€ million	€ million
Loans due to banks	-	20.9	258.3	52.5	100.7	432.4
Bonds	-	12.6	312.6	570.6	-	895.8
Financial payables to related parties	-	168.3	7.6	-	-	175.9
Leases payables	-	1.5	2.0	0.9	-	4.4
Trade payables	30.2	141.3	4.4	-	-	175.9
Other non-financial payables	0.6	41.4	150.5	-	-	192.5
Total liabilities	**30.9**	**386.0**	**735.4**	**624.0**	**100.7**	**1,876.9**

at 31 December 2021	on demand	within 1 year	due in 1 to 2 years	due in 2 to 5 years	due after 5 years	total
	€ million	€ million	€ million	€ million	€ million	€ million
Loans due to banks	-	149.9	11.1	351.5	-	512.5
Bonds	-	63.5	12.6	326.4	556.9	959.3
Financial payables to related parties	-	185.9	-	-	-	185.9
Leases payables	-	1.5	1.2	2.2	0.1	5.1
Liabilities for put option and	30.2	141.3	4.4	-	-	175.9
earn-out payments	-	45.0	-	-	-	45.0
Other financial payables	-	16.7	-	-	-	16.7
Trade payables	49.8	80.0	-	-	-	129.7
Other non-financial payables	10.2	40.4	-	-	-	50.7
Total liabilities	**60.0**	**583.0**	**24.9**	**680.1**	**557.0**	**1,904.9**

Loans due to banks for current accounts and lines of credit reflect the negative balance of cash management. The Company has also granted loans to subsidiaries, with interest charged at market rates.
The change in the overall structure of financial liabilities over the various deadlines reported above, which provided the Company with a safe and structured long-term exposure profile, was achieved thanks to careful liability management planning (refer to paragraph 'Group financial review' in the management board report). In addition, there are unused credit lines that could cover any liquidity requirements for a total of €623.3 million, of which €25.0 million were drawn down at the end of the year.

• *Market risk*

Market risk consists of the possibility that changes in exchange rates, interest rates or the prices of raw materials or commodities (alcohol, aromatic herbs and sugar) could negatively affect the value of assets, liabilities or expected cash flows. The Company monitors market trends for the most crucial raw materials, which historically have not been subject to unexpected or significant fluctuations.

• *Price risk*

The price of raw materials and ancillary services (namely logistics and other input costs) depends on a wide variety of factors, which are difficult to forecast and are largely beyond the Company's control. Although historically, the Company has not encountered any particular difficulties in purchasing high-quality raw materials in sufficient quantities and appropriate services, it is not possible to rule out the possibility that the emergence of any tensions in this supply chain area could lead to difficulties in obtaining supplies and services, causing costs to rise, which would have a negative impact on the Company's financial results. The aim of keeping costs below inflation and supporting the margin accretion becomes more and more important due to the induced logistic constraints and intensified input cost pressure worldwide. The Company monitors the relationship with key suppliers on an ongoing basis, and specific projects are developed to foster virtuous business practices.

• *Interest-rate risk*

The Company has bonds that pay interest at a fixed rate, issued directly under an agreement. The Company is therefore exposed to fair value risk.
Other financial liabilities, however, for the large part taken out at variable rates, account for only a modest proportion of total debt. For this reason, the Company is only partially exposed to the risk of interest rate fluctuations. The portion of the debt at fixed rates was 95% (98% in 2021) of total financial payables at 31 December 2022.

A breakdown of the effective interest rate, including all the cost components of the amortised costs, divided by type of financial liability, is as follows.

	nominal interest rate	effective interest rate	maturity	at 31 December 2022	at 31 December 2021
				€ million	€ million
Loans due to banks	fixed-rate 1,183% + variable rate	1.85%	2025	410.1	501.8
Bond issues:					
• issued in 2017	fixed-rate 1.768%	1.77%	2022	-	50.0
• issued in 2017	fixed-rate 2.165%	2.17%	2024	150.0	150.0
• issued in 2019	fixed-rate 1.655%	1.75%	2024	149.8	149.7
• issued in 2020	fixed-rate 1.250%	1.41%	2027	546.5	545.9
Lease payables	incremental borrowing rate	incremental borrowing rate	2023-2028	4.1	4.9

(1) Calculated on any difference between the initial amount of the liability and the maturity amount.
(2) Inclusive of the interest rate swap on the term loan subscribed in 2019.

• *Exchange-rate risk*

The Company has hedging instruments in place to minimise exchange-rate risk, with a view to avoiding a situation where unexpected variations in exchange rates occur on purchases and sales transactions.
Analysis was performed on the statement of profit or loss effects of a possible change in the exchange rates against the €, keeping all the other variables constant. The types of transactions included in this analysis are sales and purchases in a currency other than the Company's functional currency.
The effects on shareholders' equity are determined by changes in the fair value of forward contracts on future transactions, which are used as cash flow hedges.

SENSITIVITY ANALYSIS

The following table reflects the effects of a potential change in interest rates on the statement of profit or loss (gross of taxation effect) and the effect of a potential change in exchange rates against the € on the net equity, keeping the Company's other variables constant.
The assumptions used in terms of a potential change in rates are based on an analysis of the trends on the reporting date.
Regarding the fixed-rate financial liabilities hedged by interest rate swaps, the change in the hedging instrument offsets the difference in the underlying liability with practically no effect on the income statement.

	net equity (€ million)		income statements (€ million)	
at 31 December 2022	increase in exchange rates	decrease in exchange rates	increase in interest rates	decrease in interest rates
€	-	-	(0.5)	0.5
Dollar	1.2	(0.7)	-	-
Other Currency	0.1	(0.2)	-	-
Total effect	**1.3**	**(0.9)**	**(0.5)**	**0.5**
at 31 December 2021				
€	-	-	(0.6)	0.6
Dollar	0.2	(1.6)	-	-
Other Currency	0.3	(0.8)	-	-
Total effect	**0.6**	**(2.4)**	**(0.6)**	**0.6**

II. SHAREHOLDERS' EQUITY

The Company manages its capital structure and makes any corresponding changes based on economic conditions and the specific risks of the underlying asset.
To maintain or change its capital structure, the Company may adjust the dividends paid to shareholders and/or issue new shares. It should be noted that risk-capital management is carried out at the Group level. Please refer to the relevant notes to Campari Group's consolidated financial statements.
For information on the composition and shareholder equity changes during the comparison periods, please refer to the statement of changes in shareholder equity.

• *Issued capital and capital structure*

At 31 December 2022, the issued capital of Davide Campari-Milano N.V is represented in the table below. Both ordinary and special voting shares have a nominal value of €0.01 each.

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

	no. of shares			nominal value (€)		
	ordinary shares	special voting shares[1]	total	ordinary shares	special voting shares(1)	total
Issued capital at 31 December 2021	1,161,600,000	665,718,342	1,827,318,342	11,616,000	6,657,183	18,273,183
Issued capital at 31 December 2022	1,161,600,000	665,718,342	1,827,318,342	11,616,000	6,657,183	18,273,183

(1) Special voting shares A.

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

At 31 December 2022, pursuant to Dutch law, certain limitations exist relating to the distribution of shareholders' equity in addition to the issued capital of €18.3 million composed by €11.6 million of common share capital and €6.7 million special voting shares A.

• *Outstanding shares, own shares rights associated with the shares*

In 2022, the Company announced the launch of two share buyback programmes under Article 5 of Regulation (EU) No. 596/2014, intended to meet the obligations arising from the long-term share-based incentive plans currently in place or yet to be adopted and whose beneficiaries are (or will be) employees or other members of the administrative or management bodies of the Company. The share buyback programmes are managed in accordance with all applicable laws and regulations.
The share buyback programme launched on 7 March 2022, coordinated and executed by UBS Europe SE, was implemented in accordance with the resolution approved at the Company's Annual General Meeting held on 8 April 2021 and was completed on 11 April 2022. The programme was managed with a maximum value allocation of €40 million and a reported number of 3,014,744 Campari shares acquired in the period from 7 March to 11 April 2022.
On 11 May 2022, the Company launched a new share buyback programme, implemented in accordance with the resolution approved by the Company's Annual General Meeting held on 12 April 2022 and coordinated by Morgan Stanley Europe SE. The programme started on 12 May 2022 and will end no sooner than 28 February 2023 and, in any case, not after 31 May 2023. The maximum value allocated to the programme is €110 million, with a maximum number of 16,000,000 Campari shares to be purchased at the time and price deemed most appropriate. Consistently with similar sustainability initiatives successfully completed in January 2022, this programme includes a contractually agreed reward mechanism to allocate an amount deriving from its outperformance[69] to energy efficiency projects, namely, the installation of photovoltaic panels at the production site in Jamaica. With this programme, Campari Group confirms its strong commitment to further contribute to the decarbonisation agenda already undertaken in this area through the responsible use of resources and reduction of the environmental impacts of its production activities, since the environment is one of the four pillars of Campari Group's sustainability roadmap.
The table below shows the reconciliation between the number of outstanding shares.

	no. of shares			nominal value (€)		
	ordinary shares	special voting shares	total	ordinary shares	special voting shares	total
Outstanding shares at 31 December 2021	1,132,490,271	617,606,804	1,750,097,075	11,324,903	6,176,068	17,500,971
Ordinary shares repurchased under share repurchase program	(12,722,262)	-	(12,722,262)	(127,223)	-	(127,223)
Ordinary shares assigned under share-based programs	1,879,568	-	1,879,568	18,796	-	18,796
Special voting shares A allocation		(19,750,413)	(19,750,413)	-	(197,504)	(197,504)
Outstanding shares at 31 December 2022	1,121,647,577	597,856,391	1,719,503,968	11,216,476	5,978,564	17,195,040
Total own shares held	39,952,423	67,861,951	107,814,374	399,524	678,620	1,078,144
Own shares as a % total respective shares	3.44%	10.19%	5.90%			

	no. of shares			nominal value (€)		
	ordinary shares	special voting shares	total	ordinary shares	special voting shares	total
Outstanding shares at 31 December 2020	1,119,406,193	652,128,342	1,771,534,535	11,194,062	6,521,283	17,715,345
Ordinary shares repurchased under share repurchase program	(5,931,376)	-	(5,931,376)	(59,314)	-	(59,314)
Ordinary shares assigned under incentive plans	19,015,454	-	19,015,454	190,155	-	190,155
Special voting shares allocation	-	(34,521,538)	(34,521,538)	-	(345,215)	(345,215)
Outstanding shares at 31 December 2021	1,132,490,271	617,606,804	1,750,097,075	11,324,903	6,176,068	17,500,971
Total own shares held	29,109,729	48,111,538	77,221,267	291,097	481,115	772,213
Own shares as a % total respective shares	2.51%	7%	4%			

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

With reference to ordinary shares, between 1 January and 31 December 2022, the Company granted 1,879,568 own shares, out of which 1,844,088 shares were sold while additionally 35,480 shares were transferred in the context of share matching plans. In the same period and through the share buyback programmes, the Company purchased 12,722,262 shares. At 31 December 2022, the Company held 39,952,423 own shares, equivalent to 3.4% of the share capital.

With reference to special voting shares, between 1 January and 31 December 2022 the Company allocated the nominal value of n. 19,750,413 special voting shares to the treasury shares reserve. This resulted from disposals of outstanding ordinary shares having corresponding special voting shares. During the period, no cancellation of the treasury special voting shares has been resolved by the shareholders' meeting of the Company.

The table below shows changes in the number and values of own shares held during the periods considered.

	no. of ordinary shares held in treasury		purchase price (€ million)	
	for the years ending 31 December		for the years ending 31 December	
	2022	2021	2022	2021
Balance at 1 January	29,109,729	42,193,807	273.8	342.4
Purchases	12,722,262	5,931,376	128.1	71.1
Disposals	(1,879,568)	(19,015,454)	(13.9)	(139.8)
Final balance	39,952,423	29,109,729	388.1	273.8
% of share capital	3.44%	2.51%		

Sales of own shares during the year, which are shown in the above table at an amount equal to the original purchase cost of €13.9 million, were sold for a total cash inflow of €7.0 million corresponding to the average exercise price multiplied by the number of own shares sold to stock option beneficiaries. The Parent Company reported consequently a negative difference of €6.9 million which was recorded in shareholders' equity (embedded within the retained earnings) and partially offset by the use of the stock option reserve of €2.0 million. In the same period the Company purchased shares through the buyback programmes at an average price of €10.1 for a total amount of €128.1 million[70].

(70) The amount includes €0.3 million liabilities paid and €0.1 million receivable to be collected, both in connection with the share buyback programmes.

• *Dividends paid and proposed*

The dividends proposed are as follows.

at 31 December 2021	2022	*2021*	2020
	€	€	€
Dividend per share proposed	0.06	0.06	0.06
	€ million	€ million	€ million
Total amount proposed	67.9	67.3	61.6
of which, to owners of the Parent	67.9	67.3	61.6
of which, to non-controlling interests	-	-	-

(1) Precisely €0.060 in 2022 and €0.055 in both 2021 and 2020..

The dividends submitted for the approval of the General Meeting of Shareholders called to approve the financial statements for the year ended 31 December 2022 is €67.9 million, calculated based on shares outstanding at 31 December 2022 and to be recalculated based on the total number of outstanding shares as of the coupon detachment date. For information purposes, based on the 39,952,423 own shares held at 31 December 2022, the shares outstanding at the same date amounted to 1,121,647,577. The proposed dividend for the period is €0.06 per share, increasing by +9.1% compared to the previous financial year.

In terms of the distribution of dividends during the last five years, the utilisation of the retained earnings reserve was as follow.

APPROVED AND PAID DURING THE YEARS

		2022	2021	2020	2019	2018
Dividend per share paid	€	0.06	0.06	0.05	0.05	0.05
Total amount	€ million	67.6	61.6	62.9	57.3	57.5
		2021	2020	2019	2018	2017
retained earning reserve	€ million	67.6	61.6	62.9	57.3	57.5
other reserve	€ million	-	-	-	-	

• *Retained earnings*

Following the resolution of the General Meeting of Shareholders of 12 April 2022, the profit for the year at 31 December 2021, amounting to €166.9 million, was allocated as follows:

- €67.6 million to dividends;
- €99.3 million to retained earnings.

• *Other reserves*

ALEGAL RESERVES FOR DUTCH LEGISLATION[1]

		retained earnings and other reserves							
	cash flow hedge reserve	treasury ordinary shares	treasury special voting shares	ordinary shares purchases /sale	share-based payments	remeas-urement of defined benefit plans	other reserve	retained earnings	total retained earnings and other reserves
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
at 31 December 2021	**(7.8)**	**(0.3)**	**(0.5)**	**(537.2)**	**30.0**	**(0.7)**	**345.0**	**1,520.6**	**1,356.9**
Cost of share-based payments for the period					9.4				9.4
Share-based payments - controlled companies					10.1				10.1
Share-based payments assigned					(2.0)			2.0	-
Losses (profits) reclassified in the income statement	4.5								-
Profits (losses) allocated to shareholders' equity	41.5					(0.2)			(0.2)
Tax effect recognised in shareholder's equity	(11.0)					0.1			0.1
Purchase of treasury shares		(0.1)	(0.2)	(128.0)				0.2	(128.1)
Sale of treasury shares				7.0					7.0
Dividends								(67.6)	(67.6)
Reclassification							(293.5)	293.5	-
Allocation of prior year result		-		-				166.9	166.9
at 31 December 2022	**27.1**	**(0.4)**	**(0.7)**	**(658.2)**	**47.5**	**(0.9)**	**51.4**	**1,915.7**	**1,354.4**

(1) No legal reserve for undistributed earnings on associates and joint-ventures has been considered based on the related results of the period.

ALEGAL RESERVES FOR DUTCH LEGISLATION[1]

		retained earnings and other reserves							
	cash flow hedge reserve	treasury ordinary shares	treasury special voting shares	ordinary shares purchases /sale	share-based payments	remeas-urement of defined benefit plans	other reserve	retained earnings	total retained earnings and other reserves
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
at 31 December 2020	**(12.3)**	**(0.4)**	**(0.1)**	**(534.3)**	**35.7**	**(0.7)**	**51.4**	**1,481.6**	**1,033.1**
Cost of share-based payments for the period					6.0				6.0
Share-based payments - controlled companies					5.4				5.4
Share-based payments assigned					(17.1)			17.1	-
Losses (profits) reclassified in the income statement	4.3								-
Merger difference							293.5		293.5
Profits (losses) allocated to shareholders' equity	1.5					-			-
Tax effect recognised in shareholder's equity	(1.4)					-			-
Purchase of treasury shares		(0.1)	(0.3)	(71.0)				0.3	(71.1)
Sale of treasury shares		0.2		68.1					68.3
Dividends								(61.6)	(61.6)
Allocation of prior year result		-		-				83.3	83.3
at 31 December 2021	**(7.8)**	**(0.3)**	**(0.3)**	**(537.2)**	**30.0**	**(0.7)**	**345.0**	**1,520.6**	**1,356.9**

(1) No legal reserve for undistributed earnings on associates and joint-ventures has been considered based on the related results of the period.

Non-distributable reserves totalling €51.4 million are composed of €11.6 million to previous Italian legal requirements, €39.8 million to the share capital reduction taken out during the redomiciliation process to the Netherlands. The net merger difference reserve of €293.5 million coming from the incorporation of Di.Ci.E. Holding B.V. into Davide Campari-Milano N.V. in 2021, was reclassified to retained earnings during the year.

In addition, limitations to reserve distribution related to unrealised net loss connected to cash flow hedges through 'other comprehensive income' financial instruments reduced the distributable amount in 2021 since this reserve was negative at €7.8 million, while in 2022 the reserve was positive at €27.1 million, reporting an unrealised and not distributable net gain.

• *Stock option reserve*

Accruals made to the stock option reserve during the year in respect of share-based payments totalled €19.5 million, of which €10.1 million was posted against the related investment for the allocation of stock options to directors and employees of subsidiaries.

Moreover, options assigned (including both stock options and other forms of share-based payments) during the year by beneficiaries at Davide Campari-Milano N.V. and its subsidiaries totalled €2.0 million.

For full information regarding stock option plans, see note 10 i-'Share-based payments'.

• *Other comprehensive income*

The changes during the year and the related tax effect on other comprehensive income items for the years ended 31 December 2022 and 2021 were as follows.

	for the years ended 31 December	
	2022	2021
	€ million	€ million
Profit for the period (A)	**516.1**	**166.9**
B1) Items that may be subsequently reclassified to the statement of profit or loss		
Cash flow hedge:		
(Profit) losses classified to other profit and loss	4.5	4.3
Profit (loss) for the period to net equity	41.5	1.5
Gains (losses) on cash flow hedge	46.0	5.9
Related Income tax effect	(11.0)	(1.4)
Total cash flow hedge	**35.0**	**4.5**
B2) Items that may not be subsequently reclassified to the statement of profit or loss		
Remeasurements of defined benefit plans:		
Gains/(losses) on remeasurement of defined benefit plans	(0.2)	-
Related Income tax effect	0.1	-
Total remeasurements of defined benefit plans	**(0.2)**	**-**

• *Reconciliation of the Parent Company and Group net profit and shareholders' equity*

The table below shows a reconciliation between the result for the period and shareholders' equity for Campari Group with the same items of the Parent Company Davide Campari-Milano N.V.

	for the year ended 31 December 2021			
	2022		2021	
	shareholders' equity	result of the period	shareholders' equity	result of the period
	€ million	€ million	€ million	€ million
Figures from the annual financial statements of Davide Campari-Milano N.V.	**1,915.9**	**516.1**	**1,534.2**	**166.9**
• Difference between carrying value and pro-rata value of shareholders' equity of equity investments	821.1		876.4	
• Pro-rata results of subsidiaries		174.7		249.5
• Elimination of intra-group dividends	-	(334.9)	-	(121.1)
• Elimination of intra-group profits and capital gains	(61.9)	(22.9)	(38.8)	(10.5)
Figures from the consolidated financial statements (figures attributable to the Group)	**2,675.0**	**333.0**	**2,371.8**	**284.8**
Shareholders' equity and net profit attributable to non-controlling interests	1.4	(1.5)	3.0	(1.8)
Group's equity and net profit	**2,676.4**	**331.5**	**2,374.8**	**283.0**

10. OTHER DISCLOSURES

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

I. SHARE-BASED PAYMENTS

Davide Campari-Milano N.V. has a number of own shares that can be used to support share-based payments requirements. The table below shows changes in the number of own shares held during the periods considered.

• *Compensation plans in the form of stock options*

On 12 April 2022, the Annual General Meeting approved a new stock option plan which foresees the granting of stock options to directors of the Board and the Company's management, granting the relevant bodies the authorization to implement the plan by 30 June 2023. Options were granted on 12 April 2022 to individual beneficiaries, giving the right to exercise the plan within two years of the end of the fifth year from the grant date. The total number of options granted in 2022 for the purchase of further shares was 8,725,347 (645,795 in 2021), with an average grant price of €10.29 (€9.91 in 2021), equivalent to the weighted average market price in the month preceding the day on which the options were granted.

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

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

	for the year ended 31 December 2021			
	2022		2021	
	No. of shares	Average allocation/ exercise price (€)	No. of shares	Average allocation/ exercise price (€)
Options outstanding at the beginning of the period	33,491,265	5.59	52,541,307	4.83
Options granted during the period	8,725,347	10.29	645,795	9.91
(Options cancelled during the period)	(1,336,625)	6.76	(671,291)	6.34
(Options exercised during the period) (*)	(1,844,088)	3.67	(19,009,546)	3.60
(Options expired during the period)	(65,680)	-	(15,000)	-
Options outstanding at the end of the period	38,970,219	6.70	33,491,265	5.59
of which exercisable at the end of the period	8,980,965	3.82	10,092,564	3.59

(*) The average market price on the exercise date was €10.07.

The exercise prices for the options granted in each year range were as follows.

	average exercise price
Allocations: 2014	3.14
Allocations: 2015	3.54
Allocations: 2016	4.29
Allocations: 2017	6.19
Allocations: 2018	6.25
Allocations: 2019	8.85
Allocations: 2020	6.41
Allocations: 2021	9.91
Allocations: 2022	**10.29**

The stock option plan is not inclusive of vesting conditions linked to business results or to market conditions and the following assumptions were used for the fair value measurement of options issued in 2022 and 2021.

	2022	2021
Expected dividends (€)	0.060	0.055
Expected volatility (%)	25.92%	20.89%
Historical volatility (%)	23.90%	20.89%
Market interest rate	1.354%	-0.124%
Expected option life (years)	7	7
Exercise price (€)	10.29	9.91

The average fair value of options granted in 2022 was €3.06 (€1.99 in 2021). The average residual life of the options existing at 31 December 2022 was 3.5 years in total (3.3 years at 31 December 2021), while for those held by the Company's employees working in Italy, this was 1.9 years (2.4 years at 31 December 2021).

- ***Share-based payments in the form of 'Employees Share Ownership Plan', 'Extra-Mile Bonus Plan ('EMB') and Mid-Term Incentive plan ('MTI')***

With respect to ESOP, this initiative started impacting the Company's accounts from the first quarter of 2022 and the accounting treatment followed the one applied for benefits granted in the form of stock option plans.
With respect to EMB, the initiative started having an impact on the Company's accounts from the third quarter of 2021, while the MTI initiative started having an impact on the Company's accounts from the first half of 2022.

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

	for the years ended 31 December	
	2022	2021
outstanding rights at the beginning of the year	307,920	-
assigned during the period	796,115	313,656
rights related to employees transferred from (to) other Group companies	3,106	
cancelled during the period	(27,724)	(5,736)
exercised during the period	(9,381)	-
expired during the period		-
outstanding rights at the end of the year	1,070,036	307,920

The ESOP, EMB and MTI information documents, drafted in accordance with applicable legislation, are available on the Company's website: www.camparigroup.com/en/page/group/governance.

II. PROVISIONS FOR RISKS AND FUTURE CHARGES

The tables below show the changes to this item during 2022 and 2021.

	tax provision	restructuring provisions	agent severance fund	other	total
	€ million	€ million	€ million	€ million	€ million
at 31 December 2021	**0.1**	**0.8**	**1.3**	**5.1**	**7.3**
Accruals	-		-	-	(0.2)
Utilizations	-	-	(0.2)	(0.5)	(0.6)
Releases	-	-	(0.1)	(0.1)	(0.1)
at 31 December 2022	**0.1**	**0.8**	**1.0**	**4.5**	**6.4**
of which estimated outlay:					
• due within 12 months	-	0.8	-	0.3	1.1
• due after 12 months	0.1	-	1.0	4.2	5.3

	tax provision	restructuring provisions	agent severance fund	other	total
	€ million	€ million	€ million	€ million	€ million
at 31 December 2020	**0.1**	**0.8**	**1.3**	**0.5**	**2.7**
Accruals	-	-	0.1	4.6	4.7
Utilizations	-	-	(0.1)	-	(0.1)
at 31 December 2021	**0.1**	**0.8**	**1.3**	**5.1**	**7.3**
of which estimated outlay:					
• *due within 12 months*	0.1	0.8	1.3	0.8	2.9
• *due after 12 months*	-	-	-	4.4	4.4

The other provisions for risks and charges referred for €4.2 million to the offset of cumulated losses generated by the Japan joint-venture.

III. FAIR VALUE INFORMATION ON ASSETS AND LIABILITIES

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

	included at fair value	carrying amount in financial statements		fair value at 31 December	
		2022	2021	2022	2021
		€ million	€ million	€ million	€ million
Cash and cash equivalents		119.0	178.6	119.0	178.6
Current financial receivables		16.3	14.7	16.3	14.7
Current assets for hedging derivatives		0.7	0.1	0.7	0.1
Current assets for hedge derivatives, not in hedge accounting		-	0.1	-	0.1
Current financial receivables from related parties	x	133.5	72.6	133.5	72.6
Non-current assets for hedging derivatives	x	41.5		41.5	
Other non-current financial assets		1.0	1.5	1.0	1.5
Financial assets		**312.1**	**267.6**	**312.1**	**267.6**
Loans due to banks		410.1	501.1	409.4	567.4
Bonds issued in 2017		150.0	200.0	147.1	204.6
Bonds issued in 2019		149.8	149.7	146.5	151.7
Bonds issued in 2020		546.5	545.9	475.4	554.2
Accrued interest on bonds		5.7	6.3	5.7	6.3
Other current and non-current financial liabilities		4.3	7.0	4.3	7.0
Other financial liabilities in respect of related parties	x	173.4	199.9	173.4	199.9
Current liabilities for hedge derivatives	x	-	0.5	-	0.5
Non-current liabilities for hedging derivatives	x	-	0.7	-	0.7
Current liabilities for hedge derivatives, not in hedge accounting		-	0.2	-	0.2
Liabilities for put option and earn-out payments		-	45.0	-	45.0
Financial liabilities		**1,439.8**	**1,656.2**	**1,361.8**	**1,737.5**
Financial guarantees		11.7	32.6	11.7	32.6
Securities to group companies for credit lines		202.2	147.3	202.2	147.3
Customs guarantees for excise duties		60.7	105.4	60.7	105.4
Other guarantees		4.0	8.6	4.0	8.6
Unrecognised financial instruments (commitments)		**278.7**	**293.9**	**278.7**	**293.9**

There were no changes in the Company's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period with regards to the fair value of a) financial and b) non-financial instruments. The valuation date for all items is 31 December 2022.

Financial instruments

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Derivatives, valued using techniques based on market data, are mainly interest-rate swaps and forward sales/purchases of foreign currencies to hedge both the fair value of the underlying instruments and cash flows.

The most commonly applied valuation methods include forward pricing and swap models, which use present value calculations. The models incorporate various inputs, including the non-performance risk rating of the counterparty, market volatility, spot and forward exchange rates and current and forward interest rates.

An analysis of financial instruments measured at fair value based on three different valuation levels is provided in the table below.

- level 1: valuation for the financial assets in question was calculated using a methodology based on the Net Asset Value, which was obtained from specialised external sources;
- level 2: valuation used for financial instruments measured at fair value was based on parameters such as exchange rates and interest rates, which are quoted on active markets or are observable on official yield curves;
- level 3: valuation used for financial liabilities deriving from or connected to business combinations, where a portion of the consideration was determined as a condition subordinated to the performance of the company acquired, on the basis of contractually agreed indicators.

at 31 December 2022	level 1	level 2	level 3
	€ million	€ million	€ million
Assets valued at fair value			
Current assets for hedging derivatives(1)	-	0.7	-
Current financial receivable	14.2	2.0	-
Non-current financial receivable	-	1.0	-
Non-current asset for hedging derivatives		41.5	
Other non-current assets	-		4.1
Liabilities valued at fair value	**-**	**-**	**-**

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

at 31 December 2021	level 1	level 2	level 3
	€ million	€ million	€ million
Assets valued at fair value			
Current assets for hedge derivatives, not in hedge accounting(1)	-	0.1	-
Current assets for hedging derivatives(1)	-	0.1	-
Current financial receivable	13.2	1.5	-
Non-current financial receivable	-	1.5	-
Other non-current assets	-	-	0.1
Liabilities valued at fair value			
Non-current liabilities for hedging derivatives(1)	-	0.7	-
Non-current liabilities for hedging derivatives, not reported using hedge accounting procedures(1)	-	0.2	-
Current liabilities for hedging derivatives(1)	-	0.5	-

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

The following tables show the valuation techniques used in measuring level 2 and level 3 fair values at 31 December 2022 for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

type	valuation technique	significant unobservable inputs	inter-relationship between significant unobservable inputs and fair value measurement
Forward and option exchange contracts	For the Company, net exposure to foreign exchange effects is limited to transactions concluded among the other companies in the Group 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 is to regularly determines the net exposure to the primary currencies (US$, GBP, AUD) based on its predicted intercompany sales and purchases up to 18 months. The Group then enters foreign currency forward and option contracts to hedge those exposures. The fair value is determined using quoted forward exchange rates at the reporting date based on high credit quality yield curves in the respective currencies. The models incorporate various inputs, including the credit rating of the counterparty, market volatility, spot and forward exchange rates and current and forward interest rates.	Not applicable.	Not applicable.
Derivative agreements not in hedge accounting	For operational reasons sometime the Company decided not to designate foreign currency derivative contracts as hedge accounting relationships. The derivative agreements used by the Group are forward and option exchange contracts covering foreign exchange exposure on receivables and payables, for which the natural hedge effect is obtained.	Not applicable.	Not applicable.
Interest rate swaps	Interest rate swaps agreements are namely connected with financing. The fair value of interest rate swaps agreements is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Company and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.	Not applicable.	Not applicable.
Derivatives resulting from put/call agreement connected with equity investments, associates and joint-ventures	The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate.	CT Spirits Japan Ltd • expected contractually target business performances measured over a period of 3 years from the acquisition date; • risk-adjusted discount rate: 3.2%	The estimated fair value would increase (decrease) if: • the expected contractually target business performances, were higher (lower); or • the risk-adjusted discount rate was lower (higher) with related impact in financial liabilities affecting the expected cash-out value and Company's Net Equity.

There were no transfers between fair value measurement levels during the period.

In light of the negligible amount of other non-current assets classified as level 3 fair value items, no sensitivity was detected as any reasonably possible changes at the balance sheet date of one of the significant unobservable inputs, keeping the other variables constant, would not have generated significant effects either on the income statement or on the group net equity.

Financial derivatives

A summary of financial derivatives implemented by the Company at 31 December 2022, broken down by hedging strategy, is shown below.

• DERIVATIVES USED FOR FAIR-VALUE HEDGING

At 31 December 2022, the Company had contracts for hedging payables and receivables in foreign currency in place that meet the requirements to be recognised as hedging instruments based on the relevant accounting standards. Specifically, it recognised forward contracts on receivables and payables in currencies other than the € recorded in its financial statements at 31 December 2022. These contracts were negotiated to match maturities with incoming and outgoing cash flows resulting from sales and purchases in individual currencies.

The valuation of these contracts at the reporting date resulted in the reporting of assets of €0.5 million while liabilities were negligible (€0.1 million and €1.1 million, respectively at 31 December 2021).

Below is a summary of the gains and losses on hedging items and on hedged items with regard to all fair-value hedges corresponding to the above-mentioned contracts.

	for the years ended 31 December	
	2022	2021
	€ million	€ million
Total gains (losses) on hedging items	**-**	**-**
Gains on hedged items	-	0.4
Losses on hedged items	(0.5)	(0.1)
Total gains (losses) on hedged items	**(0.5)**	**0.3**

• DERIVATIVES USED FOR CASH-FLOW HEDGING

The Company uses the following contracts to hedge its cash flows:

- interest rate swaps hedging the risk of interest rate fluctuations on future transactions relating to the clauses of financial loans;
- hedging of future sales and purchases in currency and interest rates on future transactions.

The fair value variation of the hedging instruments during the year generated an impact in other comprehensive income of €41.5 million and €4.5 million in profit or loss related to the reversal of cash flow reserve associated with the pre-hedge derivative (€1.6 million and €4.3 million respectively in 2021).

At the reporting date, the valuation of these contracts gave rise to the reporting of assets of €41.8 million €0.1 million of liabilities in 2021), of which €41.5 million associated with bond and loans.

The table below shows when the aforementioned hedged cash flows are expected to be received (paid), at 31 December 2022 and at 31 December 2021. These cash flows concern both interest and currency derivatives and have not been discounted. Since the Company does not distinguish the outflow for positive and negative fair values of derivative contracts, the below cash outflow is presented net.

at 31 December 2022	within one year	1-5 years	total
	€ million	€ million	€ million
Cash inflows	15.0	30.6	45.6
Net cash flows	**15.0**	**30.6**	**45.6**

at 31 December 2021	within one year	1-5 years	total
	€ million	€ million	€ million
Cash outflows (A)	(0.1)	-	(0.1)
Cash inflows (B)	-	1.2	1.3
Net cash flows (A+B)	**-**	**1.2**	**1.2**

The overall changes in the cash-flow hedge reserve and the associated deferred taxes are shown below.

	gross amount	tax effect	net amount
	€ million	€ million	€ million
at 31 December 2021	(10.3)	2.5	(7.8)
profit or loss impact	4.5	(1.1)	3.4
net equity impact	41.5	(10.0)	31.6
at 31 December 2022	**35.7**	**(8.6)**	**27.1**

	gross amount	tax effect	net amount
	€ million	€ million	€ million
at 31 December 2020	(16.2)	3.9	(12.3)
profit or loss impact	4.3	(1.0)	3.3
net equity impact	1.6	(0.4)	1.2
at 31 December 2021	**(10.3)**	**2.5**	**(7.8)**

- HEDGING DERIVATIVES NOT REPORTED USING HEDGE ACCOUNTING

These instruments mainly related to hedges of future purchases in currencies other than the €. At 31 December 2022 negligible amounts were reported for both financial liabilities and assets (€0.2 million and €0.1 million respectively at 31December 2021).

IV. COMMITMENTS AND RISKS

- ***Existing contractual commitments for the purchase of goods or services, property, plant and equipment***

The Company's other commitments for purchases of goods or services are shown below.

€ million	purchase of assets	purchase of raw materials, semi-finished products and finished products	logistic costs	advertising and promotional costs	packaging, habillage	administration services	information system services	total
Within 1 year	14.7	21.9	2.1	3.6	12.0	12.0	19.5	85.8
1-5 years		57.2	2.9			29.7	25.6	115.5
After 5 years		-				4.1	-	4.1
Total commitments	**14.7**	**79.1**	**5.1**	**3.6**	**12.0**	**45.8**	**45.1**	**205.4**

€ million	purchase of assets	purchase of raw materials, semi-finished products and finished products	logistic costs	advertising and promotional costs	packaging, habillage	information system services	administration services	total
Within 1 year	2.5	16.1	1.4	3.7	5.3	18.2	13.1	60.3
1-5 years	-	15.0	-	0.1	-	11.5	31.9	58.5
After 5 years	-	-	-	-	-	-	10.0	10.0
Total commitments	**2.5**	**31.1**	**1.4**	**3.8**	**5.3**	**29.7**	**55.0**	**128.8**

Commitments in relation to raw materials mainly related to purchases of wine and grapes for Cinzano sparkling wines. The increase recorded in the period in this category reflects the higher inflation on production components.

- ***Other guarantees***

Other forms of guarantees provided by the Company can be broken down as follows.

	at 31 December	
	2022	2021
	€ million	€ million
Guarantees issued to third parties	60.7	58.3
Guarantees issued to third parties in the interest of associated companies	11.7	32.6
Guarantees issued to third parties in the interest of Group companies	599.0	201.3
Total guarantees issued to third parties	**671.5**	**292.3**
Other guarantees	0.9	1.6
Total guarantees given	**672.5**	**293.9**

Guarantees issued to third parties in the interest of Campari Group companies mainly consist of grants sureties to third parties on behalf of Group companies for credit lines or commercial and financial agreements. The Company also provides guarantees to customs or tax authorities for excise duties liabilities or tax stamp liabilities to the benefit of both Group companies and the Company itself.

The Company has provided financial guarantees in the context of the 50-50 joint-venture in Dioniso Group with Moët Hennessy to create a premium pan-European Wines and Spirits e-commerce player which holds the leading e-commerce platforms for wines and premium spirits in Italy Tannico e Wineplatform S.p.A. and in France Ventealapropriete.com. The Company is providing 50% of financial support to Dioniso Group 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 2022, the estimated potential cash out for the Company in relation to Dioniso Group's existing commitments in the form of put and/or call options connected with business combination and committed liability for the personnel compensation scheme was €11.7 million (€32.6 million at 31 December 2022). The change in the period was connected to the definition of a portion of the commitment following the purchase of the remaining shares in Tannico by Dioniso joint-venture (for more information, see the section 'Significant events of the year' in the management board report).

- ***Contractual commitments for the use of third-party assets that are not recorded using lease accounting***

The following table shows amounts owed by the Company in future periods, broken down by maturity, in relation to the main contractual commitments for using of third-party assets that are not recorded using lease accounting.

At 31 December 2022, the contracts mainly related to warehouses for storing products and information technology equipment.

	at 31 December	
	2022	2021
	€ million	€ million
Within 1 year	4.4	3.6
1-5 years	-	-
Total	**4.4**	**3.6**

No off-balance sheet agreements, including between affiliates were concluded during the year that could generate exposures or benefits for the Company, where knowledge of same would be useful for assessing the Company's financial position or operating results.

V. DEFINED BENEFIT PLANS

The employee liability indemnity (TFR), which relates to the Company's employees, pursuant to Article 2120 of the Italian Civil Code, falls under the scope of defined benefit plans.
TRF contributions accrued up to 31 December 2006 remain with the Company; for contributions accruing from 1 January 2007, employees have the choice of allocating them to a complementary pension scheme, or to keep them with the company, which will transfer the contributions to a fund held at the INPS (the Italian social security agency).
Therefore, TFR contributions accrued from 1 January 2007 are classified as defined contribution plans.
As the Company usually pays contributions through a separate fund, without further obligations, it recognises its contributions to the fund in the year to which they relate, in respect of employees' service, without performing any actuarial calculation. Since the contributions in question have already been paid by the Company at the reporting date, no liability is recorded in the statement of financial position.
Nonetheless, TFR contributions accrued up to 31 December 2006 will continue to be classified as defined benefit plans, with the actuarial valuation criteria remaining unchanged in order to reflect the current value of the benefits payable on the amounts accrued at 31 December 2006 when employees leave the Company.

The tables below summarise the components of the net cost of benefits reported in the statement of profit or loss and in the statement of other comprehensive income in 2022 and 2021.

€ million	liabilities
Liabilities (assets) at 31 December 2021	**4.1**
Amounts included in the income statement:	
• current service costs	0.1
• past service costs	0.4
Total	**0.5**
Amounts included in the statement of comprehensive income:	
• gain/(losses) resulting from changes in actuarial assumptions	0.2
Total	**0.2**
Other changes:	
• benefits paid	(0.4)
• contributions to the plan by employees	(0.4)
• benefits transferred	0.1
Total	**(0.7)**
Liabilities (assets) at 31 December 2022	**4.1**

€ million	liabilities
Liabilities (assets) at 31 December 2020	**4.2**
Amounts included in the statement of profit or loss:	
• current service costs	0.1
Total	**0.1**
Other changes:	
• benefits paid	(0.2)
Total	**(0.2)**
Liabilities (assets) at 31 December 2021	**4.1**

The main assumptions used in determining the obligations resulting from TFR are indicated below.

	at 31 December	
	2022	2021
Discount rate	3.74%	0.89%
Staff turnover rate	5.96%	4.54%
Forecast inflation rate	3.00%	0.50%

Quantitative sensitivity analysis of the significant assumptions used at 31 December 2022 is shown below.

at 31 December 2022	change in the assumptions	Impact of positive change	Impact of negative change
Discount rate	discount rate +/- 0.5%	-2.89%	3.14%
Rate of employee turnover	turnover +/- 0.5%	-2.28%	2.89%
Forecast inflation rate	inflation rate +/- 0.5%	1.83%	-1.72%

at 31 December 2021	change in the assumptions	Impact of positive change	Impact of negative change
Discount rate	discount rate +/- 0.5%	-3.44%	3.69%
Rate of employee turnover	turnover +/- 0.5%	-0.31%	0.34%
Forecast inflation rate	inflation rate +/- 0.5%	2.14%	-2.06%

The sensitivity analysis shown above is based on a method involving the extrapolation of the impact on the obligation of reasonable changes to the key assumptions made at the end of the financial year. The methodology and the assumptions made in preparing the sensitivity analysis remain unchanged from the previous year. Since pension liabilities have been adjusted on the basis of the consumer price index, the pension plan is exposed to the inflation rate, interest-rate risks and changes in the rate of employee turnover. Since there are no assets that support the plans, the Company is not exposed to market risk in the sectors in which the plan is invested.

The table below reflects the expected payments in future years.

	at 31 December	
	2022	2021
	€ million	€ million
Within 12 months	0.3	0.2
From 1 to 5 years	1.0	0.7
From 5 to 10 years	2.9	0.8
Total	**4.1**	**1.6**
Average plan duration (years)	**7.5**	**7.4**

Cash flows expected for future payments into the plan are not likely to have a significant effect on the Company's statement of financial position or statement of profit or loss.

VI. RELATED PARTIES

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

The main intra-group activities, paid for at market prices, are carried out on the basis of contractual relationships, which in particular relate to:
- the management of investments;
- the settlement of financial flows through the centralised

intra-group cash and financial management system;
- the sharing of general, administrative and legal services;
- information technology support;
- commercial agreements.

Intra-group transactions are carried out through the centralised cash management system, with interest charged at market rates.
In addition, transactions with related parties include the agreement with the controlling shareholder, Lagfin S.C.A., Société en Commandite par Actions, relating to the option, exercised jointly with the Campari Group's other Italian subsidiaries, to adopt the national tax consolidation scheme governed by articles 117 et seq of the Consolidated Law on Corporate Income Tax (TUIR) for the period running from 2021 to 2023.
The Company has also joined, along with the controlling shareholder Lagfin S.C.A., Société en Commandite par Actions, the Campari Group VAT scheme pursuant to article 73, para. 3, of Presidential Decree (DPR) 633/72.
The receivables and payables arising as a result of the tax consolidation procedure are non-interest-bearing.
No other significant transactions have taken place with controlling entities, nor with their directly and/or indirectly-owned subsidiaries, other than with Group companies.
For further details on the relationships with the Company subsidiaries, see below.

at 31 December 2022 € million	trade receivables	financial receivables	receivables (payables) for tax consolidation	other receivables	other non-current assets	trade payables	financial payables	receivables (payables) for Group VAT	other current liabilities
Lagfin S.C.A. Société en Commandite par Actions	-	-	(55.5)	-	0.1	-	-	(0.3)	-
Campari Argentina S.A.	3.5	-	-	-	-	-	-	-	0.2
Campari Austria GmbH	2.8	-	-	-	-	-	5.7	-	-
Campari Australia Pty Ltd..	4.0	-	-	-	-	-	-	-	-
Campari Benelux S.A.	2.5	-	-	0.1	-	-	3.0	-	-
Campari do Brasil Ltda	2.3	2.3	-	0.1	-	0.1	-	-	-
Forty Creek Distillery Ltd.	3.1	-	-	-	-	-	-	-	-
Campari Schweiz A.G.	0.2	-	-	0.3	-	0.4	-	-	-
Campari Beijing Trading Co. Ltd..	6.1	-	-	-	-	-	-	-	-
Campari Deutschland GmbH	21.0	-	-	0.1	-	0.1	44.5	-	-
Campari España S.L.	4.5	25.4	-	-	-	-	-	-	150.0
Société des Produits Marnier Lapostolle S.A.	-	14.2	-	-	-	-	-	-	-
Kaloyannies-Koutsikos Distilleries S.A.	0.2	-	-	-	-	-	-	-	-
Campari International S.r.l.	9.5	-	-	-	-	-	24.5	-	0.2
J. Wray&Nephew Ltd.	5.6	-	-	-	-	-	-	-	-
Campari Mexico S.A. de C.V.	6.0	-	-	0.3	-	1.1	-	-	-
Campari New Zealand Ltd..	0.1	7.2	-	-	-	-	-	-	-
Campari Peru SAC	9.7	-	-	-	-	-	-	-	-
Campari RUS OOO	10.4	0.8	-	0.3	-	0.1	-	-	-
Campari Singapore Pte Ltd..	2.3	-	-	0.1	-	-	-	-	-
Campari Ukraine LLC	2.6	-	-	-	-	-	-	-	-
Glen Grant Ltd..	3.1	7.8	-	0.4	-	4.6	-	-	-
Campari America, LLC	24.4	-	-	1.0	-	3.3	14.1	-	0.2
Campari South Africa Pty Ltd..	1.1	-	-	-	-	-	-	-	-
Campari India Pte Ltd..	4.3	-	-	-	-	-	-	-	-
Camparino Srl	0.1	2.2	-	-	-	-	-	-	-
Campari France SAS	6.3	-	-	0.1	-	1.4	74.8	-	-
Campari Destiladora S.A. de C.V.	-	-	-	-	-	-	-	-	-
Bellonnie et Bourdillon S.A.S.	0.2	32.0	-	-	-	-	-	-	-
Licorera Ancho Reyes Y Cia S.A.P.I. de C.V.	-	-	-	-	-	0.1	-	-	-
Casa Montelobos S.A.P.I. de C.V.	-	-	-	-	-	0.1	-	-	-
Champagne Lallier S.A.S.	0.9	40.8	-	-	-	-	-	-	-
Terrazza Aperol S.r.l.	-	0.8	-	-	-	-	-	-	-
Trans Beverages Co. Ltd..	4.3	-	-	-	-	-	-	-	-
Total at 31 December 2022	**141.5**	**133.5**	**(55.5)**	**2.8**	**0.1**	**11.3**	**166.7**	**(0.3)**	**150.5**
Total at 31 December 2021	129.0	72.6	(32.6)	4.9	1.4	7.0	199.9	(1.9)	0.1

at 31 December 2022 € million	net sales	cost of sales	advertising and promotional costs	selling, general and administrative expenses	other operating income (expenses)	dividends	financial income and expenses
Campari Argentina S.A.	2.9	0.1	-	2.0	-	-	-
Campari Austria GmbH	27.2	0.2	0.2	0.3	-	2.4	-
Campari Australia Pty Ltd..	13.0	-	0.1	(1.3)	-	6.1	-
Campari Benelux S.A.	21.6	-	0.1	0.7	0.1	0.4	-
Campari do Brasil Ltda	1.2	(0.5)	-	3.7	-	2.7	-
Forty Creek Distillery Ltd..	5.6	-	-	2.4	-	17.3	-
Campari Schweiz A.G.	19.0	-	0.1	0.5	-	2.4	-
Campari Beijing Trading Co. Ltd..	2.7	-	-	(2.6)	-	-	-
Campari Deutschland GmbH	120.9	-	-	2.9	-	-	-
Campari España S.L.	7.7	0.1	-	3.6	-	-	0.2
Société des Produits Marnier Lapostolle S.A.	-	-	-	-	-	7.9	0.1
Kaloyannies-Koutsikos Distilleries S.A.	-	(0.2)	-	0.4	-	4.5	-
Campari International S.r.l.	31.6	1.1	0.5	6.6	-	-	-
J. Wray&Nephew Ltd..	2.9	(2.1)	-	7.6	-	-	-
Campari Mexico S.A. de C.V.	4.5	(2.4)	-	2.6	-	-	-
Campari New Zealand Ltd..	1.3	-	-	(0.1)	-	-	0.4
Campari Peru SAC	16.6	0.1	-	0.4	-	-	-
Campari RUS OOO	57.6	-	-	1.3	-	1.1	(1.4)
Campari Singapore Pte Ltd..	9.5	0.2	-	(2.7)	0.2	-	-
Campari Ukraine LLC	2.0	-	-	-	(5.2)	-	-
Glen Grant Ltd.	26.3	(21.2)	0.2	1.6	-	37.6	-
Campari America LLC	88.0	(2.5)	(2.4)	9.6	0.4	249.5	(0.1)
Campari South Africa Pty Ltd.	1.5	-	-	1.0	-	-	-
Campari India Pte Ltd..	3.8	-	-	(1.4)	-	-	-
Camparino Srl	0.3	-	-	(0.1)	(1.0)	-	-
Campari France SAS	48.7	(5.7)	0.1	0.5	0.2	-	-
Trans Beverages Co. Ltd..	6.9	-	-	0.4	-	-	-
Bellonnie et Bourdillon S.A.S.	-	(0.3)	-	0.5	-	-	0.2
Casa Montelobos S.A.P.I. de C.V.	-	(0.6)	-	0.1	-	-	-
Licorera Ancho Reyes Y Cia S.A.P.I. de C.V.	-	(0.4)	-	-	-	-	-
Champagne Lallier S.A.S.	-	(3.1)	-	2.4	-	-	0.3
Terrazza Aperol S.r.l.	0.1	-	-	-	(2.7)	-	-
Total at 31 December 2022	**523.4**	**(37.0)**	**(1.0)**	**42.9**	**(8.0)**	**331.9**	**(0.3)**
Total at 31 December 2021	361.6	(34.1)	1.4	45.8	0.5	14.9	1.3

VII. REMUNERATION TO THE COMPANY'S BOARD OF DIRECTORS

Remuneration and salaries to the Company's board of directors were as follows.

	for the years ending	
	2022	2021
	€ million	€ million
Short-term benefits	6.9	7.2
Defined contribution benefits	0.1	0.1
Stock options(1)	3.2	2.3
Last mile long-term retention scheme(2)	10.0	10.0
Total	**20.1**	**19.6**

(1) The value shown above also includes the liability relating to the cancellation of plans granted to outgoing directors.
(2) Pursuant to the Remuneration Policy, a last mile incentive scheme with retention purpose to be potentially awarded to the current CEO has been approved by the Company's corporate bodies and therefore implemented as illustrated in the Remuneration Report in the 'Governance' section.

At 31 December 2022, payables accrued in relation to directors amounted to €23.2 million (€13.2 million at 31 December 2021).

For more information regarding the remuneration of directors please refer to the 'Governance' section.

VIII. EMPLOYEES

All of the Company's employees are based in Italy. The average number of staff in each category is shown below.

By category	2022	2021
Managers	247	223
Office staff	478	434
Technical workers	179	145
Total	**904**	**802**

IX. AUDIT FEES

The Company's Shareholders' meeting held on 12 April 2022 resolved the appointment of Ernst&Young Accountants LLP for the statutory audit of the Company's accounts for the financial year 2022, pursuant to Dutch law.
The following table shows the 2022 amounts for external auditing activities and non-audit-related services provided by companies from the Ernst&Young Accountants, LLP network.
Audit fees for Ernst&Young Accountants, LLP amounted to €0.2 million. No other fees were performed by Ernst&Young Accountants, LLP.

	for the years ended 31 December					
€ million	2022			2021		
	Ernst&Young accountants LLP	Other EY network firms	total	Ernst & Young accountants LLP	Other EY network firms	total
Audit fees	0.2	2.4	2.7	0.2	2.2	2.4
Other assurance services	-	0.1	0.1	-	0.1	0.1
Other non-audit services	-	0.1	0.1	-	-	-
Total	**0.2**	**2.6**	**2.8**	**0.2**	**2.3**	**2.5**

11. SUBSEQUENT EVENTS

I. CORPORATE ACTIONS

Definition of gender diversity target figures
Pursuant to the new Dutch Act on gender diversity (*Wet inzake evenwichtige man vrouwverhouding in de top van het bedrijfsleven*), on 21 February 2023 the Board of Directors of Davide Campari-Milano N.V. has resolved upon the setting of appropriate and ambitious gender diversity target figures for (i) the Executive Directors, (ii) the Non-Executive Directors and (iii) the Senior Management and the drawing up of a plan to achieve these targets. The gender diversity target figures and the plan for their achievement were determined as follows:
- EXECUTIVE DIRECTORS: at least 33.33% female and 33.33% male Executive Directors by the renewal of the Board of Directors in 2028;
- NON-EXECUTIVE DIRECTORS: at least 40% female and 40% male Non-Executive Directors by the renewal of the Board of Directors in 2025;
- SENIOR MANAGEMENT: at least 40% female and 40% male members of Senior Management by the end of 2027. According to the Campari Group organization, Senior Management includes all members of global, regional and local leadership teams that lead business, functional teams and people. This comprises 4 layers (internally named Senior Executive, Executive, Sr Management and Management), to include from top to all positions reporting to general managers in big, medium and smaller markets (it does not include coordinators, supervisors, senior specialists, even if with people mgmt. responsibilities).

12. PROPOSAL FOR THE APPROPRIATION OF PROFIT

The appropriation of the profit will be determined in accordance with article 28 of the Articles of Association of Davide Campari-Milano N.V.
The total amount of the dividend distributed and, consequently, the residual amount of the profits carried forward, will vary according to the number of shares entitled, and these amounts will be defined when the dividend is actually paid on the basis of the shares outstanding at the coupon detachment date (therefore excluding the Company's own shares in the portfolio at that date).
In view of the above, it is proposed to:
- approve the financial statements for the year ended 31 December 2022 and
- to allocate the profit for the year of €516,065,104 as follows:
  a. to distribute a dividend of €0.06 per ordinary share outstanding, except for own shares held by the Company at the coupon detachment date (for information purposes, based on the 39,952,423 own shares held on 31 December 2022, the total dividend is €67.3 million);
  b. to carry forward the residual amount (for information purposes, amounting to €448.8 million on the basis of the outstanding shares mentioned above);
- to pay the above dividend per share starting from 26 April 2023, with detachment of coupon n. 3 of 24 April 2023 (in accordance with the Italian Stock Exchange calendar) and a record date of 25 April 2023.

Sesto San Giovanni (MI), 21 February 2023

Chairman of the Board of Directors

Luca Garavoglia

GOVERNANCE

CORPORATE BODIES

BOARD OF DIRECTORS[1]

• Luca Garavoglia[2]	Chairman
• Robert Kunze-Concewitz[3]	Chief Executive Officer
• Paolo Marchesini[3]	Chief Financial and Operating Officer
• Fabio Di Fede[3]	General Counsel and Business Development Officer
• Eugenio Barcellona[2]	Director and member of the Control and Risks Committee and the Remuneration and Appointment Committee
• Alessandra Garavoglia[2]	Director
• Emmanuel Babeau[2]	Director and member of the Remuneration and Appointment Committee
• Margareth Henriquez[2]	Director
• Jean-Marie Laborde[2]	Director and member of the Control and Risks Committee
• Christophe Navarre[2]	Director and member of the Remuneration and Appointment Committee
• Lisa Vascellari Dal Fiol[2]	Director and member of the Control and Risks Committee

(1) The annual general meeting held on 12 April 2022 appointed the new Board of Directors of Davide Campari-Milano N.V. (the 'Company' or 'Davide Campari' or 'Campari') for the three-year period 2022-2024 expiring at the end of the annual general meeting to be held in 2025, comprising Luca Garavoglia, Robert Kunze-Concewitz, Paolo Marchesini, Fabio Di Fede, Alessandra Garavoglia, Eugenio Barcellona, Emmanuel Babeau, Margareth Henriquez, Jean-Marie Laborde, Christophe Navarre and Lisa Vascellari Dal Fiol. The new Board of Directors, in the meeting held after the annual general meeting, confirmed for the same three-year period: (i) Luca Garavoglia as Chairman of the Board of Directors and (ii) Robert Kunze-Concewitz, Chief Executive Officer, Paolo Marchesini, Chief Financial Officer and Operating Officer and Fabio Di Fede, General Counsel and Business Development Officer, as Executive Managing Directors. Alessandra Garavoglia, Eugenio Barcellona, Emmanuel Babeau, Margareth Henriquez, Jean-Marie Laborde, Christophe Navarre and Lisa Vascellari Dal Fiol qualify as Non-Executive Directors. Emmanuel Babeau, Margareth Henriquez, Jean-Marie Laborde, Christophe Navarre and Lisa Vascellari Dal Fiol are qualified as independent directors pursuant to the Dutch Corporate Governance Code. Eugenio Barcellona, Jean-Marie Laborde and Lisa Vascellari Dal Fiol were also appointed as members of the Control and Risks Committee. Eugenio Barcellona, Emmanuel Babeau and Christophe Navarre were also appointed as members of the Remuneration and Appointment Committee.
(2) Non-executive director.
(3) Executive director.

EXTERNAL AUDITOR

- Ernst&Young Accountants, LLP

SHARES AND SHAREHOLDING STRUCTURE

1. SPECIAL VOTING MECHANISM

The articles of association ('Articles of Association') of Davide Campari-Milano N.V.'s (the 'Company' and, together with its subsidiaries, the 'Group') include a mechanism based on the assignment to loyal shareholders of special voting shares, to which multiple voting rights are attached, in addition to the one voting right attached to each ordinary share (the 'Special Voting Mechanism') (a brief description of the control enhancing mechanism currently in force is available on the Company's website at the following link www.camparigroup.com/en/page/loyalty-shares).
The Special Voting Mechanism entails the possibility of assigning to loyal long-term shareholders: (i) two voting rights for each ordinary share held for an uninterrupted period of two years, through the assignment of a special voting share A ('Special Voting Share A')[71]; (ii) five voting rights for each ordinary share held for an uninterrupted period of five years, through the assignment of a special voting share B ('Special Voting Share B')[72]; and (iii) ten voting rights for each ordinary share held for an uninterrupted period of ten years ('Special Voting Share C')[73]. The features of the Special Voting Shares (A, B, C) are described in the Articles of Association as well as in the terms and conditions for Special Voting Shares ('SVS Terms'). The Special Voting Shares are not tradable on a regulated market.
Furthermore, Article 13.11 of the Articles of Association provides that holders of Special Voting Shares C have the right to exchange one Special Voting Share C, together with the corresponding ordinary share, for one special ordinary share giving right to twenty votes (the 'Special Ordinary Share'). For a Special Voting Share C and the corresponding ordinary share to qualify for conversion into a Special Ordinary Share giving twenty votes, a Campari shareholder must hold a Special Voting Share C during the designated conversion period.

(71) Each Special Voting Share A carries one additional vote.
(72) Each Special Voting Share B carries four additional votes.
(73) Each Special Voting Share C carries nine additional votes.

There will be two windows where holders of Special Voting Shares C may apply for conversion of such shares, together with the corresponding qualifying ordinary shares, into Special Ordinary Shares: (i) the first conversion period will start on 1 November 2028 and end on 30 November 2028; and (ii) the second conversion period will start on 1 November 2030 and end on 30 November 2030.
The second conversion period allowed all ordinary shares as of 30 November 2020 to qualify for conversion into Special Ordinary Shares. Indeed, all shareholders who opted to become eligible for Special Voting Shares before 30 November 2020 could qualify for holding Special Voting Shares C and therefore for being entitled to such conversion into Special Ordinary Shares during the second conversion period. The Special Ordinary Shares have equal economic and administrative rights as the existing ordinary shares and will not be listed on a regulated market. The Special Ordinary Shares Terms approved by the Company set forth the features of the Special Ordinary Shares.

2. MAJOR SHAREHOLDERS

Based on the information included in the Company's shareholder register, the regulatory filings with the AFM and the other sources available to the Company, the shareholders holding an interest in excess of three percent of issued capital and/or voting rights of the Company, as of 31 December 2022, are the following.

Shareholders	Ordinary Shares (1)	% of Ordinary Shares	Special Voting Shares A (2)	Ordinary Shares and Special Voting Shares A	% of Ordinary Shares and Special Voting Shares A
Lagfin S.C.A., Société en Commandite par Actions	630,131,132	54.2%	592,416,000	1,222,547,132	66.9%
Other shareholders	491,516,445	42.3%	5,440,391	496,956,836	27.2%
Treasury shares(3)	39,952,423	3.4%	67,861,951	107,814,374	5.9%
Total	1,161,600,000	100.0%	665,718,342	1,827,318,342	100.0%

(1) Ordinary shares are listed, freely transferable and each of them confers the right to cast one vote.
(2) Special Voting Shares do not confer economic rights, are not listed and are not transferable.
(3) Includes Special Voting Shares A transferred to the Company upon the sale of Qualifying Ordinary Shares by the selling shareholder in accordance with clause 11.5 of the SVS Terms.

The Company is controlled by Lagfin S.C.A., Société en Commandite par Actions with 66.9% of voting rights as of 31 December 2022. The Company's Chairman Luca Garavoglia indirectly controls Lagfin S.C.A., Société en Commandite par Actions, and is thus the controlling shareholder of the Company.

CORPORATE GOVERNANCE REPORT

1. ISSUER PROFILE

The Company is a public limited liability company incorporated under the laws of the Netherlands.
Campari's shares are listed on €next Milan, a regulated market organized and managed by Borsa Italiana S.p.A. (the 'Italian Stock Exchange').
As regards its corporate governance, the Company complies with the Dutch Corporate Governance Code (the 'DCGC') which contains principles and best practice provisions that regulate relations *inter alia* between the Board of Directors and the shareholders, including the general meeting of listed companies. Such principles may be regarded as reflecting the general views on good corporate governance and create a set of standards governing the conduct of the listed companies' corporate bodies.
In this report the Company addresses its overall corporate governance structure. The Company discloses and intends to disclose any departure from the principles and the best practice provisions of the DCGC in this and in its future annual reports.
The Company has elected the Netherlands as its home Member State pursuant to Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004, as subsequently amended and restated.

2. BOARD OF DIRECTORS

APPOINTMENT OF DIRECTORS AND COMPOSITION OF THE BOARD OF DIRECTORS

The Company has adopted a one-tier governance structure, without a board of statutory auditors.
As provided for in the Articles of Association, the Company has a board of directors consisting of at least three and at most fifteen directors ('Board of Directors'), comprising both executive directors having responsibility for the day-to-day management of the Company ('Executive Directors') and non-executive directors not having such day-to-day responsibility ('Non-Executive Directors', and together with the Executive Directors, the 'Directors'). The total number of Directors, as well as the number of Executive Directors and Non-Executive Directors, is determined by the Board of Directors.
Directors are appointed by the general meeting of the Company ('General Meeting'). The Board of Directors nominates a candidate for each vacant seat. A nomination by the Board of Directors is binding. However, the General Meeting may deprive the nomination of its binding character by a resolution passed with an absolute majority of the votes cast. If the binding nomination is not deprived of its binding character, the person nominated will be deemed appointed. If the nomination is deprived of its binding character, the Board of Directors is allowed to make a new binding nomination. Pursuant to the Articles of Association and the DCGC, the term of office of Directors may not exceed a maximum period of four years.
The Board of Directors currently consists of eleven members. All of them were appointed by the General Meeting held on 12 April 2022 and they will remain in office for a three-year period expiring at the closure of the annual General Meeting to be held in 2025. A total of five directors (Emmanuel Babeau, Margareth Henriquez, Jean-Marie Laborde, Christophe Navarre and Lisa Vascellari Dal Fiol) are considered independent within the meaning of DCGC.

The Company's Board of Directors is composed of the following members:

Luca Garavoglia (Chairman, Non-Executive Director)
Luca Garavoglia was born in Milan, Italy in 1969. He holds a degree in Business from Bocconi University in Milan. Since 1994, he is the Chairman of the Board of Directors of Davide Campari-Milano N.V. Since he took such office, Campari Group has experienced a material expansion through a combination of organic growth and selective acquisitions of brands and businesses over various geographies and categories, thus becoming the sixth-largest player worldwide in the global spirits industry, trading in over 190 nations around the world with leading positions in Europe and the Americas (creating a portfolio of over 50 premium and super premium brands). Moreover, during his tenure, significant corporate transactions have been successfully pursued, such as, among others, the IPO of Davide Campari-Milano S.p.A. on the Italian Stock Exchange in 2001, and the issuance of several €bonds.

Robert Kunze-Concewitz (Executive Director and Chief Executive Officer)
Robert Kunze-Concewitz, an Austrian citizen, was born in Istanbul, Turkey in 1967. After graduating from Hamilton College (USA), he earned an MBA from Manchester Business School. Bob joined Procter&Gamble as Financial Planning and Analysis analyst, a position that he covered for two years. He then continued his career in the marketing department occupying various positions of increasing responsibility within an international realm. Following numerous assignments in strategic planning and business ownership he became Group Marketing Director in the Global Prestige Products division. He joined the Group as Group Marketing Director in October

2005 developing and implementing new marketing strategies for the Group's international brands. In May 2007, he was appointed Chief Executive Officer. He is also a non-executive director of Imperial Brands PLC and Luigi Lavazza S.p.A..

Paolo Marchesini (Executive Director and Chief Financial Officer and Operating Officer)
Paolo Marchesini was born in Milan, Italy in 1967. He holds a degree in Economics and Business Administration from Bocconi University in Milan. He joined a private consultancy firm in 1991. Since 1993, he is a Professional Chartered Accountant and a Registered Accounting Auditor of the Italian Ministry of Economy and Finance. Paolo joined the Group in 1997 occupying various positions in the Finance division. In 2000 he was appointed Chief Financial Officer. In 2001, he joined the Board of Directors of Davide Campari-Milano S.p.A. and was appointed Managing Director in 2004. During his 21-year tenure as Group CFO, he led the IPO of Davide Campari-Milano S.p.A. on the Italian Stock Exchange in 2001. The responsibility of both Group Information Technology and Global Supply Chain was assigned to him in 2015 and 2016 respectively. Since 2016 he is a board member of Borsa Italiana S.p.A. In 2022 Paolo Marchesini was also appointed Chief Operating Officer of the Group.

Fabio Di Fede (Executive Director, Group General Counsel and Business Development Officer)
Fabio Di Fede was born in France in 1972. After completing a Master in International Business Law at the University of Aix-Marseille, he graduated from the Master of Commerce Program of the University of Sydney. He began his career at Ernst&Young in Monaco and then joined Gruppo Campari in 1999 as International Legal Counsel to become Business Development Manager in 2003. He then joined Campari International in 2008 to take the Market Development Director role, quickly rising to the position of Deputy Managing Director the following year. In March 2011, Fabio was appointed Managing Director International. After serving as CEO of a family office based in Monaco, Fabio joined the Société des Produits Marnier-Lapostolle in May 2016 as Managing Director. Starting from 1 January 2018, Fabio Di Fede holds the position of Group General Counsel and Business Development Officer and also the position of secretary of the Board of Directors.

Eugenio Barcellona (Non-Executive Director)
Eugenio Barcellona was born in Catania, Italy in 1969. He graduated in law from the University of Catania in 1993 and subsequently he specialized in corporate law at the Catholic University of the Sacred Heart (*Università Cattolica del Sacro Cuore*) of Milan writing his first monograph. From 1994 to 1995 he was Visiting Scholar at Harvard Law School in Cambridge, MA, and in 2001 at the Law School of the Albert-Ludwigs-Universität, in Freiburg, Germany. In 1996 he joined Grande Stevens Law Firm in Turin, Italy, where he became equity partner in 2000. In 2011 he joined the partnership of Pedersoli Studio Legale, where he is practicing corporate and commercial law and litigation still today. Since 2005, he is Associate Professor of Corporate Law at the University of Eastern Piedmont. Eugenio Barcellona is author of several articles and books in corporate and financial law relating in particular to governance issues, agency problems and gatekeepers' institution.

Alessandra Garavoglia (Non-Executive Director)
Alessandra Garavoglia was born in Rome, Italy in 1960. She holds a degree in Modern Foreign Languages from 'Università degli Studi' in Milan.

Emmanuel Babeau (Non-Executive Director)
Emmanuel Babeau was born in Paris, France in 1967. He started his career in 1990 at Arthur Andersen, and from 1993 to 2009, he progressed through various positions at Pernod Ricard, a beverage company, the latest being Chief Financial Officer and Group Deputy Managing Director. He joined Schneider Electric, an energy and automation digital solutions company, in 2009 as Executive Vice President Finance and a member of the Management Board. He served as the Deputy Chief Executive Officer of Schneider Electric; in this position he was in charge of Finance and Legal Affairs. He was appointed as PMI Chief Financial Officer in May 2020. He also served on the board of Sanofi S.A. from 2018 until 2020, and as a non-executive Director at Sodexo, a French food services and facilities management company, from January 2016 until December 2021.

Margareth Henriquez (Non-Executive Director)
Margareth Henriquez was born in Caracas, Venezuela in 1956. She is a seasoned professional with over 43 years of experience, 32 of which she has spent as President and/or CEO of multinational or global companies in Venezuela, Mexico, Argentina and now France. Over these years, she has contributed to the growth of different companies producing and distributing wine and spirits in Venezuela, food in Mexico, as well as sparkling and still wines in Argentina. She was also president of the Association of Manufacturers in Venezuela and Mexico. She actively participated in the transformation of the wine Industry of Argentina, where she became deeply connected with viticulture and winemaking over the eight years she spent at the head of Moët Hennessy's properties in the country. During her career, Margareth was also a member of the international executive committees of Seagram, Nabisco, Moët Hennessy (Latin America, Caribbean, Canada and Middle East), Moët Hennessy Estates Wines and now belongs to the Moët Hennessy International Executive and Operational Committee. While living in Mexico, Margareth was a Professor of New Product Development for International Markets and Strategic Alliances at the Universidad Panamericana for the post graduate and Master's programs. She has also conducted seminars on topics ranging from Wine, Champagne, Luxury Brand Building, Strategy and Marketing Facing Crisis, Leadership and Women's Development. From 2009 to 2022 she was President and CEO of the House of Krug in Reims. Nowadays, she is CEO of French luxury glassmaker Baccarat.

Jean-Marie Laborde (Non-Executive Director)
Jean-Marie Laborde was born in Bordeaux, France in 1948. He holds a Master's Degree in Economics and an MBA of HEC business school. During his career, he has been a strategy adviser and a member of the board of directors of various companies operating, in particular, in the spirits business. Among the others, he was President and CEO of Campbell Distillers (1980-1984), Ricard (1984-1996), Moët&Chandon (Moët&Chandon, Dom Perignon, Ruinart, Pommery, Mercier) and Moët Hennessy-Diageo Joint-Venture for distribution in France (1996-2003). He was also chairman of Maxxium worlwide Amsterdam (2004-2009) and Group CEO of Remy Cointreau (2004-2014). As of today, he is member of the board of directors of various companies such as Spirit of Waterford Distillery Ltd. and Renegade Spirit Grenada Ltd.

Christophe Navarre (Non-Executive Director)
Christophe Navarre was born in Uccle, Belgium in 1958. He earned a degree in Business Administration from Liege University before joining the Continental Bank in 1980. He later moved to Exxon where he first held Marketing and Sales responsibilities with the Esso Group. In 1989, he joined Interbrew where he successfully headed a number of subsidiaries while developing a strategy based on the promotion of premium brands and the launch of very innovative products. Starting as Managing Director of Brasseries Bellevue, he later became Chief Financial Officer of Interbrew Belgium, then President of Interbrew Italy before being appointed as the head of the French subsidiary in 1995. Christophe Navarre joined the LVMH Group in 1997 as President and CEO of JAS Hennessy&Co where he was deeply involved in restructuring the company while securing its leading position in the cognac industry. In May 2001, he was appointed CEO of MoëtHennessy, the Wine and Spirits division of LVMH, the world's leading luxury good company. He managed the prestigious champagne brands Moët&Chandon, Dom Pérignon, Mercier, Veuve Clicquot, Ruinart and Krug as well as Hennessy, Glenmorangie and Ardbeg Scotch whiskies, Belvedere vodka and several wines of the New World. In October 2017 he left LVMH to start a new career as an entrepreneur and amongst other investment he created his own company in Monaco to become the main shareholder of Vivino. He is also member of the board of directors of various companies.

Lisa Vascellari Dal Fiol (Non-Executive Director)
Lisa Vascellari Dal Fiol was born in Conegliano, Italy in 1983. She graduated in Law and Business Administration from Bocconi University in Milan (Bachelor's Degree in 2005 and Degree in 2008) and subsequently she specialized in Corporate Taxation always at Bocconi University (Master's Degree in 2012). After working as junior associate at PwC in Milan from 2007 to 2009, she joined an accounting firm in Milan from 2009 to 2011. From 2011 to 2021, she worked as an associate at Studio Legale e Tributario Biscozzi Nobili Piazza, tax and legal firm in Milan, gaining relevant experience on corporate and group taxation, national and cross border reorganizations, transfer pricing, patent box, support to start-up and SME's on growth processes. As of today, she is an independent tax and corporate consultant, as well as start-up advisor. Lisa Vascellari Dal Fiol is also member of professional associations and corporate bodies of several Italian companies as well as author for tax specialized newspapers and magazines.

Competences

The Board of Directors is entrusted with the management of the Company. Each Director owes a duty to the Company to properly perform the duties assigned to each Director and to act in the Company's corporate interest. Under Dutch law and the DCGC, the Company's corporate interest extends to the interests of all its stakeholders, including its shareholders, creditors and employees.

In accordance with the DCGC, the Board of Directors focuses on long-term value creation for the Company and its affiliated enterprise and takes into account the stakeholders' interests that are relevant in this context.

The Executive Directors are responsible for the Company's day-to-day management, which includes, among other things, formulating its strategies and policies and setting and achieving its objectives. The Non-Executive Directors do not have day-to-day responsibility and are charged with the supervision of the Executive Directors, the general course of affairs of the Company and the Group. The responsibility for the management of the Company is vested collectively in the Board of Directors.

Board Regulations

The By-Laws of the Board are complementary to the provisions regulating the Board of Directors and its members as contained in relevant laws and regulations and the Articles of Association. The By-Laws of the Board describe the duties, tasks, composition, procedures and decision-making of the Board of Directors.

The meetings of the Board of Directors are in principle called by the chairman of the Board of Directors (the 'Chairman'). Save in urgent cases to be determined by the Chairman, the agenda for a meeting must be sent to all Directors at least seven calendar days before that meeting. Board of Directors' meetings are generally held at the offices of the Company in Italy but may also take place elsewhere. No meetings of the Board of Directors or meetings of a committee take place in the Netherlands. In addition, meetings of the Board of Directors may be held by conference call, video conference or by any other means of communication, provided all participants can communicate with each other simultaneously. A Director may be represented at Board of Directors' meetings by another Director holding a proxy in writing. Board of Directors' meetings are chaired by the Chairman or, in his absence, the CEO. The Directors endeavour to achieve that resolutions are, as much as possible, adopted unanimously. Each Director has the right to cast one vote. Where unanimity cannot be reached, all resolutions of the Board of Directors are adopted by an absolute majority of the votes cast. The Board of Directors has not designated types of resolutions which are subject to deviating requirements. At a meeting, the Board of Directors may only pass resolutions if the majority of the Directors then in office are present or represented.

Indemnification of Directors

Pursuant to the Articles of Association, to the extent permitted by applicable laws, the Company will indemnify and hold harmless each Director, both former members and members currently in office ('Indemnified Person'), against any and all liabilities, claims, judgments, fines and penalties ('Claims') incurred by the same as a result of any expected, pending or completed action, investigation or other proceeding, whether civil, criminal or administrative ('Legal Action'), of or initiated by any party other than the Company itself or a group company (*groepsmaatschappij*) thereof, in relation to any acts or omissions in or related to his capacity as an Indemnified Person.

Notwithstanding the above, no indemnification shall be made in respect of Claims in so far as they relate to the gaining in fact of personal profits, advantages or remuneration to which the Director was not legally entitled, or if the Indemnified Person has been adjudged to be liable for wilful misconduct (*opzet*) or intentional recklessness (*bewuste roekeloosheid*).

The Company has in place an adequate insurance covering the above claims against Directors currently in office and former Directors (D&O insurance).

Also in case of a Legal Action against the Indemnified Person by the Company itself or its group companies (*groepsmaatschappijen*), the Company will settle or reimburse to the Indemnified Person his reasonable attorneys' fees and litigation costs, but only upon receipt of a written undertaking by that Indemnified Person that he will repay such fees and costs if a competent court in an irrevocable judgment has resolved the Legal Action in favour of the Company or the relevant group company (*groepsmaatschappij*) rather than the Indemnified Person.

Conflict of Interest: Directors' Interests and Related Party Transactions Policy

Pursuant to the Articles of Association, a Director having a conflict of interests or an interest which may have the appearance of such a conflict of interests, must declare the nature and extent of that interest to the other Directors.

A Director may not participate in deliberating or decision-making within the Board of Directors, if with respect to the matter concerned, he or she has a direct or indirect personal interest that conflicts with the interests of the Company and the business connected with it.

Where conflict of interests matters occurred, the Board of Directors has resolved upon such matters in compliance with the provisions of the Articles of Association. The Company has adopted a related party transaction policy in line with the Dutch corporate law framework. Pursuant to the related party transaction policy of the Company, the decision-making process of a related party transaction is structured as follows: all related party transactions that potentially fall within the scope of Sections 2:167 up to and including 2:170 of the Dutch Civil Code are submitted to the Control and Risks Committee. The Control and Risks Committee will consider all relevant facts and circumstances of the transaction (including without limitation the commercial reasonableness of the terms, the benefit and perceived benefit to the Company, opportunity costs of alternate transactions, the materiality and nature of the related party's direct or indirect interest, and the actual or apparent conflict of interest of the related party); following its review, the Control and Risks Committee will submit for approval of the Board of the Directors only transactions which are "material" pursuant to Section 2:167 of the Dutch Civil Code and not concluded in the ordinary course of business and on normal market terms; the Board of Directors will examine and eventually approve these "material" transactions and give appropriate disclosure of such approval through a press release. There have been no such related party transactions as referred to above in 2022.

In accordance with the applicable provisions of the Dutch Civil Code, the following are excluded from the scope of the policy: (i) transactions between subsidiaries or the Company and a subsidiary; (ii) transactions concerning the remuneration of Directors pursuant to Section 2:135 of the Dutch Civil Code, and (iii) transactions offered to all shareholders on the same terms with due observance of the equal treatment of shareholders.

On 15 December 2022 the Board of Directors, with the prior favourable opinion of the Control and Risks Committee, has amended the related party transaction policy with the aim of taking into consideration the new Dutch regulation on such matter.

Committees

The Company has established two internal committees within its Board of Directors: (i) a Control and Risks Committee, which operates as an audit committee pursuant to Dutch law and the DCGC, and (ii) a Remuneration and Appointment Committee, combining the remuneration and selection and appointment committee within the meaning of the DCGC, for the reasons specified in paragraph 13 of this governance report ('Compliance with the DCGC').

The Board of Directors approved 'Terms of Reference' for each internal committee. The composition of the committees is determined by the Board of Directors.

The Board of Directors remains collectively responsible for the decisions taken by the committees. Each committee may only exercise such powers as are explicitly attributed to it by the Board of Directors and may never exercise powers beyond those exercisable by the Board of Directors as a whole.

In accordance with best practice provision 2.3.5 of the DCGC, the Non-Executive Directors have been regularly informed by each committee of their deliberations and findings and these were taken into account when drafting this report.

3. CONTROL AND RISKS COMMITTEE

FUNCTIONS

The Control and Risks Committee carries out the following functions pursuant to Dutch law, the DCGC and the Terms of Reference of the Control and Risks Committee:

- monitoring the financial-accounting process and the efficiency of the internal system, the internal audit system and the risk management system with respect to financial reporting;
- monitoring the statutory audit of the annual accounts, and process of such audit;
- reviewing and monitoring the independence of the external auditor and adopting procedures relating to the selection of the external auditor and other services provided by the external auditor to the Group;
- undertaking preparatory work for the Board of Directors' decision-making regarding the supervision of the integrity and quality of the Company's financial reporting and the effectiveness of the Company's internal risk management and control systems. Among other things, it focuses on monitoring the Board of Directors with regard to (i) relations with, and compliance with recommendations and following up of comments by, the internal and external auditors, (ii) the funding of the Company, (iii) the application of information and communication technology by the Company, including risks relating to cybersecurity, and (iv) the Company's tax policy.

COMPOSITION

The Control and Risks Committee currently consists of Jean-Marie Laborde (Chairman), Eugenio Barcellona and Lisa Vascellari Dal Fiol – who is an expert in accounting and auditing matters, including competence in the preparation and auditing of the financial statements, as required by best practice provision 2.1.4 of the DCGC). All members of the Control and Risks Committee, except for Eugenio Barcellona, are independent within the meaning of the DCGC.

Upon invitation of the committee, the Chief Financial Officer and Operating Officer, Paolo Marchesini, and the external auditor attended certain committee meetings when deemed appropriate due to the matters discussed. The number of meetings of the Control and Risks Committee and the main items discussed or reviewed during these meetings have been set out in the report of the Non-Executive Directors below.

4. REMUNERATION AND APPOINTMENT COMMITTEE

FUNCTIONS

The Remuneration and Appointment Committee carries out the following functions pursuant to DCGC and the Terms of Reference of the Remuneration and Appointment Committee:

- making proposals to the Board of Directors about the remuneration policy for the Executive Directors and Non-Executive Directors, to be submitted to the General Meeting;
- making proposals about the remuneration of the Executive Directors, including, among others, the performance targets of the variable elements and the assignment of share options in accordance with the share option plan;
- monitoring the adequacy of the remuneration policy and preparing the remuneration report;
- making recommendations on the composition of the Board of Directors considering the expertise and background of its members;
- making proposals for re-appointments;
- making proposals on the maximum number of directorships each Director can hold;
- upon request by the Board of Directors, analysing and preparing a report on potential conflicts of interest for Directors deriving from having accepted positions on corporate bodies of other listed and/or unlisted companies.

Moreover, the Remuneration and Appointment Committee carries out consultative and advisory functions for the Board of Directors, as regards, in particular, the nomination and remuneration of managers with strategic responsibilities of the Company and the Group, in particular by:

- expressing its prior opinion on proposed new appointments and/or changes to the Group's senior appointments that the Executive Director(s) intend(s) to submit to the Board of Directors;
- making proposals to the Board of Directors for determining the general policy regarding the remuneration of managers with strategic responsibilities;
- regularly assessing the adequacy, overall consistency and practical application of the general policy for the remuneration of managers with strategic responsibilities, obtaining information provided by the Executive Directors and/or by the Company's offices.

When performing its duties, the Remuneration and Appointment Committee takes the Company's Diversity Policy into consideration.

As explained under section 'Compliance with the DCGC', the Board of Directors has resolved that the Remuneration and Appointment Committee will not carry out the following functions:

- drawing up the selection criteria and appointment procedures for Directors;
- periodically assessing the size and composition of the Board of Directors;
- drawing up a plan for the succession of Directors; and
- periodically assessing the performance of individual Directors and reporting on this to the Board of Directors.

COMPOSITION

The Remuneration and Appointment Committee currently consists of Eugenio Barcellona (chairman), Emmanuel Babeau and Christophe Navarre. All members of the Remuneration and Appointment Committee, except for Eugenio Barcellona, are independent within the meaning of the DCGC.
Non-members of the Committee attended certain Committee's meetings, upon invitation by the latter, to discuss specific items on the agenda.
The number of meetings of the Remuneration and Appointment Committee and the main items discussed or reviewed during these meetings have been set out in the report of the Non-Executive Directors below.

5. INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company has a system of administrative and accounting procedures in place that ensure a high degree of reliability in the system of internal control over financial reporting.
The Company has adopted the processes necessary to align its own financial information control system with international best practice ensuring the reliability, accuracy and timeliness of its financial information.
For the specific purpose of guaranteeing a steady and efficient flow of financial and operational information between the Company and the subsidiaries, the Group has a shared information system with verified and standardized access, supplemented by formalized operational guidelines.
Consolidated reporting is thus covered by a Group 'accounting plan', by specific tools issued by the Company to the subsidiaries to produce accounting information for the purposes of consolidation, updated at least annually, and by a process for closing the financial statements, which sets out deadlines and methods for annual and interim closures of the accounts. Specific tools are also covering the preparation of the annual report in accordance with European Single Electronic Reporting Format (ESEF). For details for relevant activities performed, please refer to paragraphs 'Control and Risks Committee' and 'Internal Audit Function' of this governance section.
The Company is responsible, through the administrative department that deals with the consolidation process, for implementing and circulating the above documentation to Group companies.
The Company's approach to assess, monitor and continuously update the internal control system for financial information focuses on the areas of greatest risk and/or importance and on risks of a material error (including due to fraud) in the components of the financial statements and the related information documents.

6. INTERNAL AUDIT FUNCTION

The Company has a separate department for the internal audit function and the Board of Directors appoints the Head of Internal Audit. The Head of Internal Audit does not have any operating responsibilities and does not report to any managers working in operational areas, including administration and finance. Instead he reports to the Chairman directly. The Chairman can ensure a more timely and accurate check of the activities carried out by the Head of Internal Audit than the Board of Directors, without compromising the autonomy and the independence of the Board of Directors.
The internal audit function:

- conducts checks to ensure the efficiency and suitability of the internal control and risk management system following the audit plan in compliance with applicable international standards;
- has direct access to all information needed to carry out his duties;
- provides regular updates on his activities to the Control and Risks Committee and the Board of Directors;
- performs investigations on specific events upon request of the Board of Directors or Executive Directors;
- checks any reports of breaches of the Code of Ethics and the Organisational, Management and Control Model, pursuant to Legislative Decree 231 of 8 June 2001, received in the e-mail inbox *organismo231@campari.com* or the '*Campari Safe Line*' whistleblowing service, submitting them for assessment by the Control and Risks Committee;
- checks, based on the audit plan, the reliability of the IT systems used in the financial reporting systems; and
- oversees sustainability issues.

7. SUPERVISORY BODY AND ORGANISATIONAL MODEL PURSUANT TO LEGISLATIVE DECREE 231 OF 8 JUNE 2001

In addition to the Non-Executive Directors charged with the supervision of the Executive Directors, the Company also has a supervisory body (*Organismo di Vigilanza*) adopted according to the 'Organisation, Management and Control Model' (the 'Model') pursuant to the Italian Legislative Decree 231 of 8 June 2001.
Such corporate body is responsible for monitoring that the Company acts in compliance with the Model and for proposing updates required under Italian law. The Model is designed to prevent the offences specified in the Italian Legislative Decree 231 of 8 June 2001, with a focus on offences against the public administration, corporate and financial offences and breaches of health and safety regulations at work.
The members of the supervisory body (*Organismo di Vigilanza*) are Enrico Colombo (chairman), Fabio Facchini and Lisa Vascellari Dal Fiol.

8. GENERAL MEETINGS

The main powers of the General Meeting relate to:
- the appointment, suspension and dismissal of Directors;
- the approval of the remuneration policy of the Board of Directors;
- the adoption of the annual financial statements and declaration of dividends on shares;
- the release from liability of the Directors;
- the issuance of shares or rights to shares, restriction or exclusion of pre-emptive rights of shareholders and repurchase or cancellation of shares;
- amendments to the Articles of Association; and
- resolutions of the Board of Directors that would entail a significant change to the identity or character of the Company or its business.

Pursuant to Article 30 and subsequent of the Articles of Association, every year, no later than the end of June, a General Meeting shall be held. The agenda of such annual General Meeting shall include the following subjects:
- discussion of the report of the Board of Directors;
- discussion and adoption of the annual accounts;
- dividend proposal (if applicable);
- appointment of Directors (if applicable);
- appointment of an external auditor (if applicable);
- other subjects presented for discussion or voting by the Board of Directors and announced with due observance of the provisions of the Articles of Association, as for instance: (i) release of Directors from liability; (ii) discussion of the policy on reserves and dividends; (iii) designation of the Board of Directors as the body authorized to issue shares; and/or (iv) authorisation of the Board of Directors to make the Company acquire own shares.

Other General Meetings may be held whenever the Board of Directors deems such to be necessary.

Calling of General Meetings

Notice of General Meetings is given by the Board of Directors with due observance of the statutory notice period of 42 days and stating, *inter alia*:
- the items to be discussed;
- the venue and time of the meeting;
- the requirements for admittance to the meeting as applicable;
- the address of the Company's website,
- and any other information as may be required by law.

Further communications which must be made to the General Meeting pursuant to the law or the Articles of Association can be made by including such communications either in the notice, or in a document which is available at the Company's office for inspection, provided a reference thereto is made in the notice itself.

Notice of General Meetings will be given in accordance with the requirements of Dutch law and the rules and regulations applicable to the Company pursuant to the listing of its ordinary shares. The Board of Directors may determine that shareholders and other persons entitled to attend the General Meeting will be given notice of meetings exclusively by announcement on the website of the Company or through other means of electronic public announcement.

Shareholders and other persons entitled to attend the General Meeting, who, alone or jointly, meet the requirements set forth in Section 2:114a subsection 2 of the Dutch Civil Code, will have the right to request the Board of Directors to place items on the agenda, provided the reasons for the request must be stated therein and the request must be received by the Chairman or the Chief Executive Officer in writing at least 60 days before the date of the General Meeting.

Furthermore, shareholders solely or jointly representing at least ten percent of the issued share capital may request the Board of Directors, in writing, to call a General Meeting, stating the matters to be dealt with. If the Board of Directors fails to call a meeting, then such shareholders may, on their application, be authorized by the court in preliminary relief proceedings (*voorzieningenrechter van de rechtbank*) to convene a General Meeting. Such application may be rejected if the court is not satisfied that the applicants have previously requested the Board of Directors in writing to convene a General Meeting stating the exact subjects to be discussed.

Venue

General Meetings may be held in Amsterdam or Haarlemmermeer (including Schiphol Airport).

Chairman

The General Meetings are chaired by the Chairman. However, the Board of Directors may also appoint another person to chair the General Meeting. The chairman of the meeting has all the powers deemed necessary to ensure the proper functioning of the General Meeting.

Rights at General Meeting and Admittance

Each shareholder and each other person entitled to attend the General Meeting is authorized to attend, to speak at, and to the extent applicable, to exercise voting rights in the General Meeting. They may be represented by a proxy holder authorized in writing.

For each General Meeting, a statutory record date will be applied in order to determine in which persons voting rights are vested and which persons are entitled to attend the General Meeting. The record date is the 28th day before the relevant General Meeting. The manner by which persons entitled to attend the General Meeting can register and exercise their rights are set out in the notice convening the meeting.

A person entitled to attend the General Meeting or his proxy may only be admitted to the meeting if he or she has notified the Company of his intention to attend the meeting in writing at the address and by the date specified in the notice of meeting. The proxy is also required to produce written evidence of his mandate.

The Board of Directors is authorized to determine that the voting rights and the right to attend the General Meeting can be exercised by using an electronic means of communication. If so decided, it will be required that each person entitled to attend the General Meeting, or his proxy holder, can be identified through the electronic means of communication, follow the discussions in the meeting and, to the extent applicable, exercise the voting right. The Company is authorized to apply such verification procedures as it reasonably deems necessary to establish the identity of the persons entitled to attend the General Meeting and, where applicable, the identity and authority of representatives. The Board of Directors may also determine that the electronic means of communication used must allow each person entitled to attend the General Meeting or his proxy holder to participate in the discussions. The Board of Directors may determine further conditions to the use of electronic means of communication, provided such conditions are reasonable and necessary for the identification of persons entitled to attend the General Meeting and the reliability and safety of the communication. Such further conditions will be set out in the notice of the meeting. The foregoing does, however, not restrict the authority of the chairman of the meeting to take such action as he or she deems fit in the interest of the meeting being conducted in an orderly fashion. Any non or malfunctioning of the means of electronic communication used is at the risk of the persons entitled to attend the General Meeting using the same.

The company secretary arranges for the keeping of an attendance list in respect of each General Meeting. The Directors have the right to attend the General Meeting in person and to address the meeting. They have the right to give advice in the meeting. Also, the external auditor of the Company is authorized to attend and address the General Meetings. The chairman of the meeting decides upon the admittance to the meeting of other persons.

The official language of the General Meetings is English.

Voting Rights and Adoption of Resolutions

Each Ordinary Share confers the right to cast one vote. Each Special Voting Share A confers the right to cast one vote, each Special Voting Share B confers the right to cast four votes and each Special Voting Share C confers the right to cast nine votes. Each Special Ordinary Share confers the right to cast twenty votes. Please see the paragraph 'Shares and Shareholding Structure' included in this governance section for further information on the Company's capital structure, the types of shares (*i.e.*, ordinary shares and Special Voting Shares), and related rights and obligations.

At the General Meeting, all resolutions will be adopted by an absolute majority of the votes validly cast, except in those cases in which the law or the Articles of Association require a greater majority. Blank and invalid votes will be regarded as not having been cast.

Meetings of Classes of Shares

Meetings of holders of Ordinary Shares, Special Ordinary Shares, Special Voting Shares A, Special Voting Shares B, or Special Voting Shares C ('Class Meetings') are held whenever the Board of Directors calls such meetings. Except as otherwise provided in the Articles of Association, all resolutions of a Class Meeting will be adopted by an absolute majority of the votes cast on shares of the relevant class, without a quorum being required.

Minutes

Minutes of the proceedings at the General Meeting are kept by the company secretary and then signed by the chairman of the meeting and the secretary as evidence thereof. The minutes of the General Meeting are made available to the shareholders no later than three months after the end of the meeting, after which the shareholders have the opportunity to react to the minutes in the following three months. During 2022, the annual General Meeting was held on 12 April 2022. Minutes of this meeting are available on the Company's website.

9. CODE OF ETHICS

The Group observes the principles of loyalty, honesty, impartiality and aversion to conflicts of interest in carrying out its business and those of confidentiality, transparency and completeness in managing corporate information. The Company monitors the effectiveness of and the compliance with the code of ethics of the Group ('Code of Ethics').

The Internal Audit function investigates violations of the Code of Ethics by periodical or *ad hoc* audits. Periodical reporting is delivered to the Chairman, the Executive Directors and the Control and Risks Committee.

In line with best practice provision 2.6.1 of the DCGC, the Group has a whistleblowing system, available to employees, customers and suppliers, i.e., the Group's stakeholders, to report any breaches of the Code of Ethics or irregularities in the application of internal procedures. This dedicated information channel is confidential and maintains the anonymity of the individuals making the report. The procedure for reporting actual or suspected irregularities within the Group has been published on the company's homepage.

10. DIVERSITY

The Company believes that diversity in the composition of the Board of Directors is an important mean of promoting debate, balanced decision-making and independent actions of the Board of Directors. The Remuneration and Appointment Committee reviews the Diversity Policy, monitors its effectiveness and makes proposals or suggestions when new members of the Board of Directors are appointed.

The Diversity Policy gives weight to the following diversity factors in the composition of the Board of Directors: age, gender, expertise, professional background, nationality and independence. The Board of Directors and the Remuneration and Appointment Committee consider such factors when evaluating nominees for election to the Board of Directors. These factors were also taken into account when the Directors were proposed for appointment by the General Meeting in April 2022.

The Company has achieved the following tangible targets: (i) at least 30% of the seats of the Board of Directors are occupied by women and at least 30% by men and (ii) at least 30% of the Non-Executive Directors are women and at least 30% of the Non-Executive Directors are men.

On 1 January 2022, a new Dutch Act on gender diversity *(Wet inzake evenwichtige man vrouwverhouding in de top van het bedrijfsleven)* entered into force. Pursuant to this Act, the Company has to set appropriate and ambitious gender diversity target figures for the Executive Directors, Non-Executive Directors and management and draw up a plan to achieve these targets. In this context, 'appropriate' means that the targets depend on the number of executive directors, non-executive directors and managers, and on the existing ratio between the men and women. In this context 'ambitious' means that the targets should aim to make the male-female ratio more balanced than the existing composition. As of 2023, the Company must report on the progress made annually to the Dutch Social and Economic Council within ten months after the end of the financial year and this information will also have to be included in the Company's management board report.

Pursuant to the new Dutch Act on gender diversity *(Wet inzake evenwichtige man vrouwverhouding in de top van het bedrijfsleven)*, on 21 February 2023 the Board of Directors of Davide Campari-Milano N.V. has resolved upon the setting of appropriate and ambitious gender diversity target figures for (i) the Executive Directors, (ii) the Non-Executive Directors and (iii) the Senior Management and the drawing up of a plan to achieve these targets. The gender diversity target figures and the plan for their achievement were determined as follows:

- ***Executive Directors***: at least 33.33% female and 33.33% male Executive Directors by the renewal of the Board of Directors in 2028;
- ***Non-Executive Directors***: at least 40% female and 40% male Non-Executive Directors by the renewal of the Board of Directors in 2025;
- ***Senior Management***: at least 40% female and 40% male members of Senior Management by the end of 2027. According to Campari Group organization, Senior Management includes all members of global, regional and local leadership teams that are in charge of leading business, functional teams and people. This comprises 4 layers (internally named Senior Executive, Executive, Senior Management and Management), to include from top to all positions reporting to general managers in big, medium and smaller markets (it does not include coordinators, supervisors, senior specialists, even if with people management responsibilities).

Within the above-specified timeframe, such targets will be taken into account with the aim of the relevant pursuit upon the occurrence of the renewals of the Board of Directors and in the hiring/HR resources management process.

As of today, 3 of the total 11 members of the Board of Directors and of the total 8 Non-Executive Directors are female.

11. INSIDE INFORMATION AND INSIDER DEALING

The Procedure for Processing and Managing Material and Inside Information defines the methods, timescales and responsibilities for assessing the confidentiality of information, the conditions under which it may be disclosed to the public and those relating to any delay in disclosing said information.
The Relevant Managers (as defined in the Internal Dealing Procedure) may not conclude, directly or indirectly, on their own account or on behalf of third parties, Transactions (as defined in the Internal Dealing Procedure) within the 30 calendar days prior the announcement of an interim financial report (including quarterly reports) or a year-end financial report.
The Company also maintains a so-called insider list which includes all persons who, in the exercise of their employment, profession or duty, have access to inside information.

12. RELATIONS WITH INVESTORS

The Company values an open and constructive dialogue with its investors, both existing and potential ones.
The Company communicates regularly with investors and financial market operators in general, in order to provide complete, accurate and timely information on its operations, while complying with the applicable confidentiality requirements for certain types of information. Conversations with investors primarily take place during investor roadshows, investor conferences, company visits as well as in General Meetings but may also be held on a bilateral basis in case of one-to-one meetings.
The initiative to enter into a conversation with an investor is generally taken by the Company, specifically by the Investor Relations department, the function responsible for managing dialogues with investors, or with the involvement of the CEO and CFO whenever appropriate.
The Company adheres to all legal obligations relating to confidentiality, disclosure of inside information and equal treatment of investors and only discusses publicly known information in one-on-one meetings.
The Company is committed to providing high quality and timely information to all investors in accordance with applicable law. Information will be made available on the Company's website: www.camparigroup.com/en/page/investors.

13. COMPLIANCE WITH THE DCGC

The Company endorses the principles and best practice provisions of the DCGC, except for the following best practice provisions which are explained below.

Best practice provision 2.2.5 of the DCGC (Duties of the selection and appointment committee)

Pursuant to best practice provision 2.2.5 of the DCGC, the Remuneration and Appointment Committee should, among others, (i) draw up the selection criteria and appointment procedures for Directors, (ii) periodically assess the size and composition of the Board of Directors and make a proposal for a composition profile of the Non-Executive Directors and (iii) draw up a plan for the succession of Directors.

After consultation with the Remuneration and Appointment Committee, the Board of Directors concluded that a succession plan for Executive Directors is unable to ensure, in the reality of corporate life, the timely replacement of Executive Directors who stand down from their positions on or before the completion of their mandate, when the composition of the Company's shareholder structure is also taken into consideration.

It was decided that such documents can easily become abstract statements of principles, perhaps produced with the help of expensive consultants, and often containing obvious recommendations for requirements of ability, professionalism and integrity that persons performing these roles should necessarily possess, or unhelpful, complicated procedures for the selection of ideal candidates.

The Board of Directors took this decision at its meeting on 12 March 2013 and, thereafter, when approving subsequent reports, believing it to be preferable, from the point of view of good corporate governance, for the Company not to incur expenses for activities that are of no clear benefit.

In addition, the Remuneration and Appointment Committee will not periodically assess the size and composition of the Board of Directors and its committees.

Best practice provisions 2.2.6 and 2.2.7 of the DCGC (Board evaluation)

Pursuant to best practice provisions 2.2.6 and 2.2.7 of the DCGC, Non-Executive Directors should periodically evaluate their own functioning, both individually and as a group, the functioning of the internal committees and the functioning of the Executive Directors, both individually and as a group. In addition, the Executive Directors should periodically evaluate their own function, both individually and as a group.

The Board of Directors held the view that the actual application of such assessments does not provide any significant benefits. It appears somewhat unlikely that those carrying out a self-assessment would give a negative opinion about the functioning of their own board, nor would they push for an opportunity to introduce new professional profiles without implicitly admitting that the current Directors did not have the qualities needed to carry out their duties.

Equally, the Board of Directors does not plan to entrust this assessment to a consultancy company, since this would certainly not satisfy the need for third-party independent judgement but would generate a cost for the Company.

The Board of Directors took this decision at its meeting on 12 March 2013 and, thereafter, when approving subsequent reports, believing it to be preferable, from the point of view of good corporate governance, for the Company not to incur expenses for activities that are of no clear benefit.

Best practice provisions 2.1.7 and 2.1.8 of the DCGC (Independent Directors)

Pursuant to best practice provisions 2.1.7 and 2.1.8 of the DCGC, at most one Non-Executive Director is not required to meet the independence criteria as set out in the DCGC. In addition, for each shareholder, or group of affiliated shareholders, who directly or indirectly holds more than ten percent of the shares in the Company, there is at most one Non-Executive Director who may be affiliated with or representing such shareholder. In total, the majority of the Non-Executive Directors should be independent.

The Non-Executive Directors have determined that five of the eight Non-Executive Directors qualify as independent in accordance with the DCGC. It should be noted that:

- Luca Garavoglia and Alessandra Garavoglia do not qualify as independent, as they directly or indirectly hold 100% of the voting rights of the Company's controlling shareholder, Lagfin S.C.A., Société en Commandite par Actions ('Lagfin'), which in turn, as of 31 December 2022, holds 54.2% of the Company's shares and 66.9% of the voting rights. It is believed, however, that the involvement of both Luca Garavoglia and Alessandra Garavoglia proves the commitment of the entire Garavoglia family to participate in the Company with spirit of homogeneity and compactness, in order to ensure continuity of control over the Company.

Principle 2.3.2 of the DCGC (Establishment of committees)

Pursuant to best practice provision 2.3.2 of the DCGC, if the Board of Directors has more than four Non-Executive Directors, it shall appoint from among its members an audit committee, a remuneration committee and a selection and appointment committee.

The Company has combined the roles of the remuneration committee and the selection and appointment committee in one committee, the Remuneration and Appointment Committee. The Company feels that there would be no benefits for the Company, given its size and its organizational structure, in splitting the Remuneration and Appointment Committee as prescribed under the DCGC.

Principle 2.3.6 of the DCGC (Vice-chairman of the Board of Directors)

Pursuant to Article 18.1 of the Company's Articles of Association, the Board of Directors may designate one or more other Directors as vice-chairman of the Board of Directors. However, so far, the Company feels that there would be no benefits for the Company, given its size and its organizational structure, in such an appointment.

Principle 3.1.2 of DCGC (Remuneration policy)

No performance criteria are applied to share options that the Company typically grant but, since the share options vest five years after they are granted and all share options may be exercised in the two years following the vesting of the right, the Company believes that the share options are long-term in character.

14. DISCLOSURES PURSUANT TO DECREE ARTICLE 10 EU-DIRECTIVE ON TAKEOVERS

In accordance with the Dutch Decree Article 10 Takeover Director *(Besluit artikel 10 overnamerichtlijn, the 'Decree')*, the Company makes the following disclosures:

a. for information on the Company's capital structure, the types of shares (i.e., ordinary shares and Special Voting Shares), and related rights and obligations, and the issued share capital, please see the paragraph 'Major Shareholders' of this governance section;

b. to summarize, the rights attached to ordinary shares and Special Ordinary Shares comprise pre-emptive rights upon the issue of ordinary shares (with the understanding that holders of Special Ordinary Shares will be entitled to the issue of Special Ordinary Shares in lieu of ordinary shares), the right to attend General Meetings and to speak and vote at such meetings and to resolve on the distribution of such amount of the Company's profit as remains after allocation to the reserves and the payment of a dividend of 1% of the amount paid on the Special Voting Shares in accordance with the Articles of Association. For information on the rights attached to the Special Voting Shares reference is made to the Articles of Association and the SVS Terms, which can both be found on the Company's website;

c. as of 31 December 2022, the issued share capital of the Company consisted of 1,161,600,000 ordinary shares, representing approximately 63.57 percent of the aggregate issued share capital, and 665,718,342 Special Voting Shares, representing approximately 36.43 percent of the aggregate issued share capital;

d. the Company has imposed no limitations on the transfer of ordinary shares. Article 13 of the Articles of Association and the SVS Terms provide for transfer restrictions for Special Voting Shares;

e. for information on participations in the Company's capital for which a disclosure obligation exists under Sections 5:34, 5:35 and 5:43 of the Dutch Financial Supervision Act *(Wet op het financieel toezicht)*, please see the paragraph 'Major Shareholders' of this governance section. There you will find a list of shareholders who are known to the Company to have holdings of three percent or more at the stated date;

f. no special control rights or other rights accrue to shares in the capital of the Company other than the right of holders of ordinary shares to receive Special Voting Shares if and when the terms and conditions as set out in Article 13.7 of the Articles of Association and the SVS Terms are met;

g. a mechanism for verifying compliance with a scheme allowing employees to subscribe for or to acquire shares in the capital of the Company or a subsidiary if the employees do not arrange for such verification directly is not applicable to the Company;

h. no restrictions apply to voting rights attached to shares in the capital of the Company, nor are there any deadlines for exercising voting rights. The Articles of Association allow the Company to cooperate in the issuance of registered depositary receipts for ordinary shares, but only pursuant to a resolution to that effect of the Board of Directors. The Company is not aware of any depository receipts having been issued for shares in its capital;

i. the Company is not aware of the existence of any agreements with shareholders which may result in restrictions on the transfer of shares or limitation of voting rights, except for the circumstance that, pursuant to Lagfin's articles of association, Lagfin's main corporate purpose is the holding and maintenance of a controlling stake in the Company;

j. the rules governing the appointment and dismissal of Directors are stated in the Articles of Association of the Company. Directors are appointed by the General Meeting. The Board of Directors nominates a candidate for each vacant seat. A nomination by the Board of Directors will be binding as described above in the section 'Board of Directors'. At a General Meeting, votes in respect of the appointment of a Director can only be cast for candidates named in the agenda of the meeting or explanatory notes thereto. The term of office of Directors may not exceed a maximum period of four years at a time. A Director who ceases office due to the expiry of his office is immediately eligible for reappointment;

k. each Director may be suspended or removed by the General Meeting at any time. A resolution of the General Meeting to suspend or remove a Director other than pursuant to a proposal by the Board of Directors requires an absolute majority of the votes cast. An Executive Director may also be suspended by the Board of Directors. A suspension by the Board of Directors may at any time be discontinued by the General Meeting. Any suspension may be extended one or more times but may not last longer than three months in the aggregate. If, at the end of that period, no decision has been taken on termination of the suspension or on removal, the suspension will end;

l. pursuant to Article 40 of the Articles of Association, the General Meeting may pass a resolution to amend the Articles of Association with an absolute majority of the votes cast, but only on a proposal of the Board of Directors. Any such proposal must be stated in the notice of the General Meeting. In the event of a proposal to the General Meeting to amend the Articles of Association, a copy of such proposal containing the verbatim text of the proposed amendment will be deposited at the Company's office, for inspection by shareholders and other persons entitled to attend the General Meeting, until the end of the meeting. Furthermore, a copy of the proposal will be made available free of charge to shareholders and other persons entitled to attend the General Meeting from the day it was deposited until the day of the meeting;

m. the general powers of the Board of Directors are stated in Article 17 of the Articles of Association and on 12 April 2022 each Executive Directors was granted a power of attorney to represent and act on behalf of the Company. According to Article 6.1 of the Articles of Association, the Board of Directors will be the competent corporate body to issue shares for a period of five years with effect from 27 November 2020. The Board of Directors is also authorized to limit or exclude pre-emptive rights of shareholders when issuing ordinary shares or granting rights to subscribe for ordinary shares, for the same term. After the five-year term, shares may be issued pursuant to a resolution of the General Meeting unless the Board of Directors is designated to do so by the General Meeting. Such designation can be made each time for a maximum period of five years and can be extended each time for a maximum period of five years. A designation must determine the number of shares of each class concerned which may be issued pursuant to a resolution of the Board of Directors. A resolution of the General Meeting to designate the Board of Directors as the body of the Company authorized to issue Shares can only be withdrawn at the proposal of the Board of Directors. The body of the Company resolving to issue Shares must determine the issue price and the other conditions of issuance in the resolution to issue;

n. after the five-year term, pre-emptive rights may be restricted or excluded by a resolution of the General Meeting. However, with respect to an issue of Ordinary Shares pursuant to a resolution of the Board of Directors, the pre-emptive rights can be restricted or excluded pursuant to a resolution of the Board of Directors if and insofar as the Board of Directors is designated to do so by the General Meeting;

o. pursuant to Article 9 of Articles of Association, the Company is entitled to acquire fully paid-up shares in its capital with due observance of the relevant statutory provisions. Acquisition of the Company's own shares for valuable consideration is permitted only if the General Meeting has authorized the Board of Directors to do so. Such authorisation will be valid for a period not exceeding eighteen months. The General Meeting must determine in the authorisation the number of shares which may be acquired, the manner in which they may be acquired and the limits within which the price must be set. The Board of Directors may, without authorisation by the General Meeting, acquire its own shares for the purpose of transferring such shares to employees of the Company or of a group company *(groepsmaatschappij)* under a scheme applicable to such employees, provided such shares are listed on a stock exchange;

p. the Company is not a party to any significant agreements which will take effect, will be altered or will be terminated upon a change of control of the Company as a result of a public offer within the meaning of Section 5:70 of the Dutch Financial Supervision Act, provided that certain of the loan agreements entered into by the Company contain clauses that, as is customary for financing agreements of similar type, may require early repayment or termination in the event of a change of control of the Company;

q. the Company did not enter into any agreement with a Director or employee of the Company providing for a payment upon the termination of employment as a result of a public offer within the meaning of Article 5:70 of the Dutch Financial Supervision Act.

15. REPORT OF THE NON-EXECUTIVE DIRECTORS

Below is provided the report of the Non-Executive Directors of the Company for the financial year 2022, as referred to in best practice provision 5.1.5 of the DCGC.

Supervision by the Non-Executive Directors

The Non-Executive Directors are in charge of supervising the policies implemented by the Executive Directors and the general affairs of the Company and its affiliated enterprise, including the deployment of the strategy of the Company regarding long-term value creation.

The Non-Executive Directors contribute in creating long-term value by:

- regular discussions on strategic matters with the Executive Directors during meetings of the Board of Directors, including, potential acquisitions and disposals, extraordinary transactions, financing operations, yearly budgets and long-term business plans and the annual, half yearly and quarterly financial reports;
- monitoring progress on the Global Sustainability Strategy and approving the Non-Financial Declaration contained in the Annual Report and the Sustainability report;
- in their quality as members of the Control and Risks Committee, they regularly examine the ESG matters including sustainability, diversity and climate implications addressing relevant actions in the Sustainability report accordingly. The Campari Group's Global Sustainability Strategy includes medium and long-term environmental targets, the Global Strategy on Responsible Consumption, the Global framework on Diversity, Equity and Inclusion and long-term commitments;
- approving the contents of the Remuneration policy taking into account the criteria detailed in the Remuneration Report.

The Non-Executive Directors have dealt with the mergers and acquisitions transactions carried out by the Group, by giving a significant contribution to the decisional process leading to the approval of such transactions. The mergers and acquisitions transactions, in line with the external growth strategy of the Group, have the specific purpose to create long-term value. In particular, the Non-Executive Directors have examined and monitored the stages of the mergers and acquisitions transactions concerning the acquisition of the Picon brand (a leading bitter aperitif brand in France), the purchase of an initial minority interest with path to control in Catalyst Spirits' fast-growing Howler Head bourbon brand together with exclusive global distribution rights, as well as the purchase of an initial 70% stake in Wilderness Trail Distillery, skilfully handcrafted and fast-growing super premium bourbon and rye whiskey brand with world-class distillery facilities. Details are available in the corporate website.

Committees

The Board of Directors has allocated certain specific responsibilities to the Control and Risks Committee and the Remuneration and Appointment Committee. In doing so, the Non-Executive Directors have also focused on the effectiveness of the Company's internal risk management and control systems, the integrity and quality of the financial reporting and the risks associated. Further details on how these Committees have carried out their duties are set forth in the sections 'Control and Risks Committee' and 'Remuneration and Appointment Committee'. The Non-Executive Directors have been regularly informed by each committee of the results and recommendations of these meetings in accordance with best practice provision 2.3.5 of the DCGC, and the conclusions of those committees were taken into account when drafting this report of the Non-Executive Directors.

• *Control and Risks Committee*

During 2022, the Control and Risks Committee:

- assessed and expressed opinions on corporate risks brought to its attention by the Internal Audit function;
- met the external auditor to verify the financial audit activities carried out ensuring a regular flow of information among the Internal Audit function, the Control and Risks Committee and external auditor;
- as to sustainability matters, assessed Campari Group's sustainability strategy examining the non-financial report as well as the report concerning the quality, health, safety, and environmental aspects of all Group's production plants;
- examined the results of the assessment of the adequacy of the cybersecurity carried out by the Internal Audit function with the support of an external consultant;
- examined the measures taken following the COVID-19 outspread;
- examined the controls carried out over 2021 pursuant to Law No. 262 of 28 December 2005 and about the results of both data analytics controls, as well as manual controls;
- examined the progress made in implementing the Internal Audit recommendations;
- examined the reports of breaches of Campari Code of Ethics;
- examined the audit result on the harvesting relevant to Cinzano and Riccadonna wines;
- examined the audit result on BPO Accenture Europe;
- examined the audit result on credit and commercial areas in Campari Australia Pty Ltd.;
- examined the audit result on the customer service area in Campari America Ltd.;
- examined the audit result on spare parts inventory management in J. Wray&Nephew Ltd.;
- examined the audit result on human resources area in Campari Canada Ltd.;
- examined the audit result on Trans Beverages Co. Ltd.;
- examined the audit result on credit management of Campari International S.r.l.;
- examined the audit result on the purchase-to-pay cycle of J. Wray&Nephew Ltd.;
- examined the audit result on the Kaloyannis Koutsikos S.A. plan;
- examined the audit result on Camparino S.r.l. and Terrazza Aperol S.r.l.;
- examined the audit result on sustainability area in Campari Deutschland GmbH, Campari Perù SAC, Campari America LLC and Campari Australia PTY Ltd.;
- examined the audit result on sales and distribution on Campari Mexico S.A. de C.V.;
- examined the audit result on the Joy Spence Appleton Estate Rum Experience;
- examined the annual audit plan;
- approved the services other than statutory audit provided by the external auditor.

The Non-Executive Directors have also examined the half year report prepared by the Control and Risks Committee then approved by the Board of Directors.

During 2022, seven meetings of the Control and Risks Committee took place with the attendance details provided in the Table below.

• *Remuneration and Appointment Committee*

The main activities carried out by the Remuneration and Appointment Committee during 2022 were as follows:

- evaluation and approval of the proposal regarding the stock option report as well as the remuneration report;
- examination of the corporate governance report pursuant to applicable law;
- determination of the variable remuneration for the Executive Directors as per the applicable STI 2021 targets;
- determination of the STI 2022 targets and base amounts for the Executive Directors;
- approval of the 2026 Last Mile Incentive targets;
- making proposals for the (re-)appointment of executive and non-executive directors of the Company;
- making proposals regarding the remuneration of the

executive directors of the Company;
- approval of the proposal to grant stock options in favour of specific beneficiaries;
- evaluation of the promotion of Paolo Marchesini to Chief Operating Officer of the Group.

During 2022, two meetings of the Remuneration and Appointment Committee took place with the attendance details provided in the Table below.

The Non-Executive Directors also examined the yearly report prepared by the Remuneration and Appointment Committee then approved by the Board of Directors. The Non-Executive Directors were able to review and evaluate the performance of the Remuneration and Appointment Committee. There is no need to amend the size or composition of the Remuneration and Appointment Committee.

The chairman of the Remuneration and Appointment Committee reports once a year to the Board of Directors on activities carried out, when the annual financial statements are approved. It considers that this frequency is preferable to providing an update at the first appropriate meeting, except in cases of particular importance and/or urgency.

• *Internal Audit Function*

The Company has a separate department for the internal audit function and the Board of Directors appoints the Head of Internal Audit.

The main activities carried out by the Internal Audit function during 2022 were as follows:
- audit on the harvesting relevant to Cinzano and Riccadonna wines;
- audit on BPO Accenture Europe;
- audit on credit and commercial areas in Campari Australia Pty Ltd.;
- audit on the customer service area in Campari America Ltd.;
- audit on spare parts inventory management in J. Wray&Nephew Ltd.;
- audit on human resources area in Campari Canada Ltd.;
- audit on Trans Beverages Co. Ltd.;
- audit on credit management of Campari International S.r.l.;
- audit on the purchase-to-pay cycle of J. Wray&Nephew Ltd.;
- audit on the Kaloyannis Koutsikos S.A. plan;
- audit on Camparino S.r.l. and Terrazza Aperol S.r.l.;
- audit on sustainability area in Campari Deutschland GmbH, Campari Perù SAC, Campari America, LLC and Campari Australia PTY Ltd.;
- audit on sales and distribution on Campari Mexico S.A. de C.V.;
- audit on the Joy Spence Appleton Estate Rum Experience;
- planning and implementation of the Physical Count Program ('PCP'), an inventory stock count program.

• *Independence of the Non-Executive Directors*

Each Non-Executive Director owes a duty to the Company to properly perform the duties assigned to each Director and to act in the Company's corporate interest. Under Dutch law, the Company's corporate interest extends to the interests of all its stakeholders, including its shareholders, creditors and employees.

Pursuant to best practice provisions 2.1.7 and 2.1.8 of the DCGC, at most one Non-Executive Director does not have to meet the independence criteria as set out in the DCGC. In addition, for each shareholder, or group of affiliated shareholders, who directly or indirectly hold more than ten percent of the shares in the Company, there is at most one Non-Executive Director who may be affiliated with or representing such shareholder. In total, the majority of the Non-Executive Directors should be independent.

The Non-Executive Directors have determined that five of the eight Non-Executive Directors qualify as independent in accordance with the DCGC. Please see the paragraph 'Compliance with the DCGC' of this governance section for further information.

COMPOSITION OF THE BOARD OF DIRECTORS AND THE COMMITTEES ON 31 DECEMBER 2022

Board of Directors								Control and Risks Committee		Remuneration and Appointment Committee	
Member and principal position	Nationality	Date of first appointment	In office since	In office until the end of the annual General Meeting in	Gender	Independent according to DCGC	Attendance % at meetings (percentages are referred to the BoD appointed by the Shareholders' Meeting held on 12 April 2022)	Member	Attendance % at meetings (percentages are referred to the CRC appointed by the BoD held on 12 April 2022)	Member	Attendance % at meetings (percentages are referred to the RAC appointed by the BoD held on 12 April 2022)
Luca Garavoglia (Chairman and Non-Executive Director)	Swiss	19 September 1994	16 April 2019	2025	M	no	100				
Robert Kunze-Concewitz (Executive Director)	Austrian	23 July 2007	16 April 2019	2025	M	no	100				
Paolo Marchesini (Executive Director)	Italian	10 May 2004	16 April 2019	2025	M	no	100				
Fabio Di Fede (Executive Director)	Italian	16 April 2019	16 April 2019	2025	M	no	100				
Eugenio Barcellona (Non-Executive Director)	Italian	24 April 2007	16 April 2019	2025	M	no	83.33	X	100	X	100
Alessandra Garavoglia (Non-Executive Director)	Italian	16 April 2019	16 April 2019	2025	F	no	100				
Emmanuel Babeau (Non-Executive Director)	French	12 April 2022	12 April 2022	2025	M	yes	100			X	100
Margareth Henriquez (Non-Executive Director)	Dutch	12 April 2022	12 April 2022	2025	F	yes	66,67				
Jean-Marie Laborde (Non-Executive Director)	French	12 April 2022	12 April 2022	2025	M	yes	100	X	100		
Christophe Navarre (Non-Executive Director)	Belgian	12 April 2022	12 April 2022	2025	M	yes	100			X	100
Lisa Vascellari Dal Fiol (Non-Executive Director)	Italian	12 April 2022	12 April 2022	2025	F	yes	100	X	100		
Number of meetings held							Board of Directors: 7 (1 meeting held before renewal of the BoD)*	Control and Risks Committee: 7 (2 meetings held before renewal of the CRC)**		Remuneration and Appointment Committee: 2 (1 meeting held before renewal of the RAC)***	

* Before the renewal of the Board of Directors approved by the Shareholders' Meeting held on 12 April 2022, a meeting of the Board of Directors in its previous composition was held on 23 February 2022. This meeting was attended by all members of the Board of Directors in its previous composition (Luca Garavoglia, Robert Kunze-Concewitz, Paolo Marchesini, Fabio Di Fede, Eugenio Barcellona, Catherine Gérardin-Vautrin, AnnaLisa Elia Loustau, Michel Serge Klersy, Alessandra Garavoglia, Fabio Facchini).
** Before the renewal of the Control and Risks Committee approved by the Board of Directors held on 12 April 2022, 2 meetings of the Control and Risks Committee in its previous composition were held on 18 February 2022 and 23 February 2022. These meetings were attended by all members of the Control and Risks Committee in its previous composition (Eugenio Barcellona, Catherine Gérardin-Vautrin, AnnaLisa Elia Loustau, Fabio Facchini).
*** Before the renewal of the Remuneration and Appointment Committee approved by the Board of Directors held on 12 April 2022, 1 meeting of the Remuneration and Appointment Committee in its previous composition was held on 18 February 2022. This meeting was attended by all members of the Remuneration and Appointment Committee in its previous composition (Eugenio Barcellona, Catherine Gérardin-Vautrin, AnnaLisa Elia Loustau)

REMUNERATION REPORT

1. INTRODUCTION

The Company's remuneration structure aspires to support Campari's stated mission, vision and strategy while motivating, retaining and attracting world-class talent. It aims to reinforce and support the Group's key strategic drivers in both the short and long term, the achievement of which will support sustainable, long-term value creation for all stakeholders.

As described below, the Executive Directors' remuneration consists of a fixed component and a variable component such as: (i) the base salary (fixed component); (ii) the short-term incentive (variable component); and (iii) the long-term incentive (variable component), while the Non-Executive Directors' remuneration consists of a single fixed annual component in cash.

The base salary compensates for the individual's experience, skills, duties, responsibilities and the contribution of the individual within the Company. The short-term incentive aims to ensure that the Executive Directors are well incentivized to achieve the annual Group performance targets, while the Company's long-term incentive component — providing for five years vesting — form a substantial part of total remuneration and maintains meaningful levels of share ownership, encouraging the Executive Directors to act as stewards and ambassadors of the Company.

The 2022 results on the key financial indicators as well as the achievement against individual targets were, in all cases, above the performance targets as set for by the Board of Directors. As a direct consequence, the Company short-term incentive pay out for 2022 was above the base amount as well.

The remuneration report provided below summarizes the guidelines and the principles followed by the Company in order to define and implement the remuneration policy applicable to the Executive Directors and the Non-Executive Directors of the Company. In addition, the remuneration report provides the remuneration paid to these individuals for the year ended 31 December 2022.

2. REMUNERATION POLICY

The General Meeting adopted the remuneration policy for the Executive Directors and the Non-Executive Directors on 18 September 2020 (the 'Remuneration Policy'). The objective of the Remuneration Policy for the Executive Directors is to attract, reward and retain the necessary leadership talent in order to support the execution of the Company's strategic objectives, whilst for the Non-Executive Directors the Remuneration Policy aims at rewarding them appropriately for their work based on market competitive fee levels. In line with Sections 2:135 subsection 1 and 2:135a subsection 2 of the Dutch Civil Code, the Remuneration Policy will be submitted to the General Meeting in case of any amendments and at least every four years.

The form and amount of compensation received by the Board of Directors for the year ended 31 December 2022 was determined in accordance with the Remuneration Policy. The authority to establish remuneration is vested in the Board of Directors, with due observance of the Remuneration Policy, whereby the Executive Directors may not participate in the deliberations and decision-making with respect to the remuneration of the Executive Directors. The Remuneration and Appointment Committee of the Board of Directors oversees the Remuneration Policy and prepares decisions for the Board of Directors with respect to the Remuneration Policy and the application thereof in individual situations.

3. COMPOSITION OF BOARD OF DIRECTORS

- On 12 April 2022, the General Meeting (re)appointed the Directors for a three-year period until the end of the General Meeting to be held in 2025. No other changes occurred in the composition of the Board of Directors in 2022.

2022 highlights of the Group

For the year ended 31 December 2022 Campari Group achieved a strong organic net sales growth at 16.4% (reported change of +24.2%) thanks to very healthy brand momentum, notwithstanding the very challenging macro environment, combined with numerous logistical and supply chain headwinds. The overall performance was driven by effective pricing taken across all brand-market combinations and continuous engagement across all channels (on-premise, off-premise, e-commerce) for core brand building and occasion ownership. In terms of profitability (reported change of +30.9%), the strong organic EBIT growth at 19.1% was primarily driven by price increases which partially mitigated the profit margin dilution which reflected expected cost of sales inflation and sustained brand building investments. For more information on the Group's performance please refer to the Management board report of this Annual report.

Shareholder vote

This remuneration report will be submitted to the annual General Meeting in 2023 for an advisory vote.

4. REMUNERATION FOR BOARD OF DIRECTORS

REMUNERATION PRINCIPLES

Executive Directors

In line with the key objective of achieving the most effective combination of 'profitability' and 'sustainability' in the long term, the Company adopts an Executive Directors' remuneration policy aimed at supporting managerial growth strategies oriented towards the long term: this is considered of fundamental importance in the Company's reference market (the global premium spirits market), where the strength of the brands, built through long-term brand building strategies consistently and patiently deployed over time, is the primary source of the achievement of a long-term competitive advantage.

The Remuneration Policy aims not only at the adequate remuneration of the Executive Directors, but also at their adequate retention, as it is considered, in principle, an important value that is consistent with the fundamental objective of maximum sustainable profitability in the long term, *i.e.*, the promotion of successful management cycles.

Although the Company reviews remuneration policies of comparable size and economic performance as a useful tool to understand its competitive position on the job offer market and attract high level human capital, the Company pursues its remuneration policies independently and such policies are not benchmarked against a group of peers.

The basic components of the remuneration applicable to the Executive Directors consist of (i) base salary, (ii) short-term incentive, and (iii) long-term incentive.

Over the last 5 years the average relative proportion of the Executive Directors' remuneration components is as follows:
- Fixed remuneration: ~35%;
- Short-term incentive: ~38%;
- Long term-incentive: ~27%.

FIXED COMPONENT

BASE SALARY

The base salary compensates for the individual's experience, skills, duties, responsibilities and the contribution of the individual within the Company. The base salary of each Executive Director is a fixed compensation.

Each year, the Remuneration and Appointment Committee reviews the base salaries and decides whether circumstances justify adjustments. In considering base salary increases, the Remuneration and Appointment Committee uses as reference the nature and responsibility of the role and the progressive increase of the Executive Directors duties along with the Company growth, individual and business performance, as well as the prospective ability of Executive Directors to create value and contribute to the long-term objectives of the Company. Over the last 5 years, the compound annual growth rate of the Executive Directors' base salary is about 0.1%[74]. Thus, such minor increase in the base salary component was inferior to the proportional increase of the Group's business performance.

All Executive Directors are beneficiaries of a D&O (directors' and officers' liability) insurance policy at market conditions for this type of coverage. The insurance policy covers losses resulting from claims made against the Directors for wrongful acts committed in their respective functions and for which they have been recognized accountable.

(74) The average increase is defined with reference to Executive Directors who have been in office for at least the last 5 years.

Executive Directors are also entitled to other benefits such as car benefit; ticket restaurant; supplementary pension funds, and medical, life and accident insurance.

VARIABLE COMPONENTS

SHORT-TERM INCENTIVE

The short-term incentive (**STI**) aims to ensure that the Executive Directors are well incentivized to achieve the Group performance targets in the shorter-term.

At the beginning of each year, the Remuneration and Appointment Committee proposes to the Board of Directors target ranges for the Executive Directors, based on the Group's budget. At the end of the year, the Remuneration and Appointment Committee reviews the Group performance against the target ranges, based on the Company's financial statements, as audited by the external auditor.

Executive Directors are eligible for the short-term incentive only if at least 90% of the targets are achieved. The minimum short-term incentive payout, in such case, is equal to 70% of base salary, with the maximum incentive payout capped at 180% of base salary (if 120% or more of the targets are achieved). If 100% of the targets are achieved, the STI payout is equal to the bonus base amount set by the Board of Directors on the basis of a proposal from the Remuneration and Appointment Committee.

The Remuneration and Appointment Committee each year selects and proposes to the Board of Directors the financial performance measures and determines their relative weights. To support the Company's strategic objective growth in an organic and sustainable way and to focus on profitable growth segments, such performance measures are typically: profit (target A, usually weighing 40%); marginality (target B, usually weighing 40%); and operating working capital (target C, usually weighing 20%).

- **Target A** identifies Campari Group's consolidated EBIT target. The achievement of the target is verified comparing the actual EBIT (at constant perimeter and exchange rates and normalized to exclude non-recurring items) with the EBIT target.
- **Target B** identifies Campari Group's margin target (i.e., the ratio of the consolidated EBIT to the consolidated net sales) adjusted to account for advertising and promotion investment. In fact, in case advertising and promotion investment weigh less than expected (under a certain threshold), then the effective marginality will be adjusted downwards with the consequence of a minor target payout.
- **Target C** identifies the weight in percentage of the net operating working capital on Campari Group's consolidated net sales.

Targets are structured in a way that they cannot be achieved through short-term management decisions that in the long term are likely to compromise brand strength (such as cutting and/or reducing advertising investment) or to compromise the sustainability of a long term growth (such as non-physiological changes in operating working capital). Accordingly, the short-term incentive contributes to the Company's strategy and its long-term interests.

The adjustment factor of Operating Leverage Ratio (OLR) is applied to the results of the Financial Objectives and it may increase or decrease the payout based on the level of its achievement. It allows to measure sustainable growth by linking the margin to the expenses operated to generate such margin. It is calculated as the ratio of the Contribution After Advertising and Promotional expenses (CAAP) to the Selling, General and Administrative expenses.

If the short-term incentive targets are met, the short-term incentive is paid the year following the relevant performance period, once the predetermined performance objectives are verified.

LONG-TERM INCENTIVE

The long-term incentive aims to provide incentives for the Executive Directors to achieve growth results in the medium and long term and align their interests with the pursuit of the priority objective of sustainable creation of value for shareholders.

The long-term incentive is granted to the Executive Directors through the participation to the share option plans approved by the General Meeting for a large number of beneficiaries, usually every two years, under the same conditions. As a five-year vesting scheme applies, there is a clear link with the long-term interests of the Company[75].

(75) As of the date hereof the Shareholders' Meeting has approved three share option plans, still ongoing, in favour of the Executive Directors; the share option plans 2018, 2020, and 2022 provide for a 5-year vesting period.

The assignment of share options is governed by the 'Regulation for the assignment of share options' approved by the Remuneration and Appointment Committee, based on a mandate from the Board of Directors dated 13 May 2014, as subsequently modified and amended. Such regulation (which is available on the website www.camparigroup.com) sets out the general terms and principles underlying the assignment of share options.

For each specific share option plan the General Meeting determines:

a) the maximum number of options that may be assigned to the Executive Directors and to the other categories of beneficiaries;
b) the vesting period;
c) the start and end date of the period during which the options may be exercised; and
d) the time frame during which the competent bodies may actually assign the options.

On the proposal of the Remuneration and Appointment Committee, the Board of Directors determines the number of options to be assigned to each Executive Director, in compliance with the limits established by the General Meeting. In any case the maximum number of options that can be awarded to each Executive Director may not exceed an amount such that the total share value (considered as the product between the number of options awarded and the strike price) exceeds the double of the aggregate amount of (i) the base salary and (ii) the last short-term incentive received, multiplied by the number of years for vesting of the plan.

The right to exercise share options vests five years after they are granted.

All share options may be exercised in the two years following the vesting of the right, without prejudice to the right of the Company to introduce blocking periods in which exercise is not permitted, should particular circumstances so require.

By their nature, share options acquire a value only in the event of an increase in the price of the Company's shares and are therefore directly related to the creation of value for shareholders. Given their nature, it is difficult to make reliable assessments of their economic impact in relation to base salary and short-term incentive. However, the experience of previous share options plans shows that over the last 5 years, the annual long-term incentive weighed 90.0% of the annual fixed remuneration component.

No performance criteria are applied to share options that the Company typically grant but, since the share options vest five years after they are granted and all share options may be exercised in the two years following the vesting of the right, the Company believes that the share options are long-term in character.

LAST MILE INCENTIVE[76]

The Remuneration Policy provides that Chief Executive Officers who have provided the Company with extraordinary value during a long-standing managerial period of at least 10 years are eligible for an additional last mile incentive should certain additional financial and operational objectives over the last years of their term be achieved.

The performance period is set from three to five years and the purpose of the last mile incentive is to boost the Chief Executive Officers' ambition in their potential last years of their long-term mandate. The Company believes that it may also enhance the Chief Executive Officers' long-term focus since the beginning of their mandate and attract, motivate and retain Chief Executive Officers with a long-term vision.

During Robert Kunze-Concewitz's current tenure the Company has achieved quantitative and qualitative results which are objectively extraordinary in nature. For this reason, after having verified the CEO's eligibility requirements for the last mile incentive, the Remuneration and Appointment Committee and the Board of Directors approved the terms and conditions of a last mile incentive for Robert Kunze-Concewitz starting in 2021 and encompassing targets for the next three, four and five year period, with the possibility for the next three-year, four-year and five-year period, to be updated every year given the uncertainty of the CEO's end of term ('LMI Scheme').
The current base amount of the LMI Scheme is equal to €30 million, €35 million, €39 million, and €44 million (each amount 'Base Amount') in case of 100% target achievement referring respectively to the current period of three years (fiscal year 2023), four years (fiscal year 2024), five years (fiscal year 2025) and six years (fiscal year 2026) for a maximum payout of the last mile incentive equal to the Base Amount related to the year 2026 (i.e. €44 million).

The current LMI Scheme encompasses three different targets each of which shall have a relative weight of one-third with respect to the Base Amount ('Target Base Amount'): (i) a profitability target (quantitative target) related with the strategic plan approved by the Board of Directors on 17 December 2020; (ii) an organic growth target (quantitative target) related to an organic sales growth at least equal to the organic growth of selected listed peers over the reference period; and (iii) a third target (qualitative target) related to managerial and industry objectives such as the retention of certain employees that the Company would not want to lose, and a significant strengthening of the Group in selected geographical areas. In case of an overperformance of the target, such target payout can increase up to 180% of the Target Base Amount notwithstanding that the Base Amount related to the year 2026 is the maximum payout of the last mile incentive. Targets do not entail performance gate and the payout is measured according to *ad hoc* rules for each target approved by the Board of Directors upon proposal of the Remuneration and Appointment Committee.

At the end of the relationship between the Company and the CEO, the Remuneration and Appointment Committee shall verify which targets on each of the performance measures have been achieved. The actual last mile incentive amount is subsequently determined by the Board of Directors on the proposal of the Remuneration and Appointment Committee. The maximum value of the last mile incentive is equal to the current Base Amount and the payment can be either in cash or in ordinary shares as soon as reasonably practical after the end of the relevant term; if delivered in ordinary shares, the number of ordinary shares will be equal to the amount payable under the LMI Scheme divided by the market value of the ordinary shares on the date in which the Board of Directors approves the payable amount under the LMI Scheme.

The Board of Directors, on proposal of the Remuneration and Appointment Committee, may grant the last mile incentive also to other Executive Directors who have served the Company with extraordinary long-term performance, subject to the same terms and conditions described above.

SCENARIO ANALYSIS

On an annual basis, the Non-Executive Directors, upon proposal of the Remuneration and Appointment Committee, examine the relationship between the performance criteria chosen and the possible outcomes for the Executive Directors' variable remuneration (scenario analysis). As at the date of this Report, the Non-Executive Directors believe the Remuneration Policy has proven effective in terms of establishing a correlation between the Group's strategic goals and the selected performance criteria. The main key performance criteria related to the payout curve of the variable remuneration (such as: (i) the consolidated operating profit target; (ii) the ratio between the consolidated operating income and consolidated net sales, adjusted for advertising expenses; or (iii) the operating net working capital as a percentage of consolidated net sales), have supported both the Group's business strategy and value creation for shareholders and other stakeholders.

Non-Executive Directors

The remuneration of the Non-Executive Directors consists of a fixed annual component in cash, equal to €50,000.

Non-Executive Directors who are also a member of a committee receive an additional remuneration. The chair and each other member of the Remuneration Committee receive an additional amount of €12,500 and the chair and each other member of the Control and Risks Committee receive an additional amount of €25,000.

The Non-Executive Directors do not receive any performance-related compensation or shares. Non-Executive Directors who hold shares in the Company have a long-term investment perspective and adhere to the Company's internal dealing policy.

All Non-Executive Directors are beneficiaries of the same D&O (directors' and officers' liability) insurance policy of the Executive Directors.

(76) Pursuant to the Remuneration Policy, a last mile incentive scheme with retention purpose to be potentially awarded to the current CEO has been approved by the Company's corporate bodies and therefore implemented.

2022 REMUNERATION

The actual remuneration of the Board of Directors over the financial year ended 31 December 2022 has been determined by the Board of Directors and is reflected in the tables below.

EXECUTIVE DIRECTORS

REMUNERATION OF EXECUTIVE DIRECTORS DURING THE YEAR SHOWN BY EACH PAY COMPONENT (IN €)[77].

Director, Position, Year		fixed remuneration			variable remuneration		total remuneration	of which	
		wages	fees	others benefits[1]	short-term incentive[2]	long-term incentive[3]		fixed	variable
Robert Kunze-Concewitz *Chief Executive Officer and Executive Director*	2022	-	1,085,000	-	1,657,404	1,085,538	3,827,942	1,085,000 (28% of total remuneration)	2,742,942 (72% of total remuneration)
	2021	319,975	770,000	32,936	1,824,339	808,882	3,756,132	1,122,911 (30% of total remuneration)	2,633,221 (70% of total remuneration)
Paolo Marchesini *Chief Financial Officer and Operating Officer and Executive Director*	2022	124,054	590,000	18,566	1,361,439	1,027,504	3,121,352	732,409 (23% of total remuneration)	2,388,943 (77% of total remuneration)
	2021	124,419	590,000	18,075	1,444,268	729,280	2,906,042	732,494 (25% of total remuneration)	2,173,548 (75% of total remuneration)
Fabio Di Fede *General Counsel and Business Development Officer and Executive Director*	2022	466,663	50,000	45,801	1,124,667	1,049,742	2,736,873	562,464 (21% of total remuneration)	2,174,409 (79% of total remuneration)
	2021	467,994	50,000	46,646	1,140,212	719,627	2,424,479	564,640 (23% of total remuneration)	1,859,839 (77% of total remuneration)

(1) 'Other benefits' includes: car benefit; ticket restaurant; supplementary pension funds, and medical, life and accident insurance.
(2) In line with market practice the indicated short-term incentive amount is based on the targets achieved with reference to the last financial year ended; the STI 2022 will be paid in 2023.
(3) The long-term incentive item included a component related to share options measured with the fair value of the outstanding relevant share option plans accruing in fiscal year 2022 under IFRS.

Please note that a non-cash amount of €10 million has been set aside under other operating income (expenses) as non-recurring last mile long-term incentive ('LMI') schemes with retention purposes, to be potentially recognized to Robert Kunze-Concewitz, as described above. Given the uncertainty of the CEO's end of term, such amount has been accrued for accounting purposes and, therefore, not paid in favour of Robert Kunze-Concewitz (reference to IAS37).
Despite having a long term retention rationale, the LMI is very different in nature from the regular long-term component of Executive Directors' remuneration (i.e. stock options): it can be (i) paid only once during the Executive Director's career, (ii) it is linked to various quantitative and qualitative performance criteria, and (iii) the payout is triggered (if all conditions are met) only after the termination of the relationship between the relevant Executive Director and the Group.

To determine the Executive Directors' short-term (annual) performance remuneration in respect of the 2022 year (paid in 2023), the Remuneration and Appointment Committee selected and proposed to the Board of Directors the following metrics as performed by the Executive Directors in 2022 for payment in 2023.

		bandwidth payout level						
Target	weight	minimum payout	on-target payout	maximum payout	payout gate	actual performance [1]	payout	weighted payout
Target A	40%	70%	100%	180%	90%	106.2%	124.8%	49.9%
Target B	40%	70%	100%	180%	90%	100.1%	100.3%	40.1%
Target C	20%	70%	100%	180%	90%	104.2%	116.8%	23.4%
OLR ratio (adj. Factor)						103.3%	105.0%	
Total Payout level	**100%**							**113.4% of on-target level** + **5% ORL Adj.** = **118.4%**

(1) Targets are based on the Group's business plan which contains confidential information, therefore actual targets are not public.

Based on the criteria approved by the Board of Directors, the three targets have a weight of: 40% profit (EBIT), 40% marginality (EBIT margin), and 20% operating working capital.

The Operating Leverage Ratio (OLR) is a ratio of the Contribution After Advertising and Promotional expenses (CAAP) to the Selling, General and Administrative expenses. This correlation allows to measure sustainable growth by linking the margin to the expenses operated to generate such margin.

Since the base amounts of the STI 2022 were set to the following extent: (i) €1,400,000 for the Chief Executive Officer Robert Kunze-Concewitz; (ii) €1,150,000 for the Chief Financial Officer and Operating Officer Paolo Marchesini; and (iii) €950,000 for the Group General Counsel and Business Development Officer Fabio Di Fede, the STI bonuses accrued by the Executive Directors amounted, respectively, to €1,657,404 in favour of Robert Kunze-Concewitz, €1,361,439 in favour of Paolo Marchesini, and €1,124,667 in favour of Fabio Di Fede.

(77) All remuneration was borne by the Company.

NON-EXECUTIVE DIRECTORS

REMUNERATION OF NON-EXECUTIVE DIRECTORS DURING THE YEAR SHOWN (IN €)

Director, Position	fixed remuneration 2022	committee remuneration 2022	total remuneration 2022(1)	total remuneration 2021
Luca Garavoglia *Non-Executive Director and Chairman*	50,000	N/A	50,000	50,000
Eugenio Barcellona *Non-Executive Director and member of the Control and Risks Committee and the Remuneration and Appointment Committee*	50,000	37,500	87,500	87,500
Alessandra Garavoglia *Non-Executive Director*	50,000	N/A	50,000	50,000
Emmanuel Babeau *Non-Executive Director and member of the Remuneration and Appointment Committee*	42,500	9,375	51,875	N/A
Margareth Henriquez *Non-Executive Director*	42,500	N/A	42,500	N/A
Jean-Marie Laborde *Non-Executive Director and member of the Control and Risks Committee*	42,500	18,750	61,250	N/A
Christophe Navarre *Non-Executive Director and member of the Remuneration and Appointment*	42,500	9,375	51,875	N/A
Lisa Vascellari Dal Fiol *Non-Executive Director, member of the Control and Risks Committee and member of the Supervisory Body ('Organismo di Vigilanza')*	42,500	18,750	68,750(2)	N/A

(1) All remuneration was borne by the Company.
(2) Including €7,500 as member of the Supervisory Body - 'Organismo di Vigilanza'

Please note that the Shareholders' Meeting held on 12 April 2022 approved the renewal of the Board of Directors of the Company. The Board of Directors, during the meetings held on 23 February 2022 and on 12 April 2022, approved to grant a remuneration to each Director equal to €50,000.00, a remuneration to each member of the Control and Risks Committee equal to €25,000.00 and a remuneration to each member of the Remuneration and Appointment Committee equal to €12,500,00.
Therefore, information concerning the newly-appointed Directors is reported on a pro-rata basis.

SHARE-BASED REMUNERATION

The Company has a number of share option plans in place. The purpose of these plans is to offer beneficiaries holding key positions in the Group the opportunity of owning shares in the Company, thereby aligning their interests with those of other shareholders and fostering loyalty, in the context of the strategic goals to be achieved.

On 12 April 2022, the General Meeting approved a stock option plan for a total maximum number of options equal to the ratio between €95 million and the exercise price (i.e. the value equal to the arithmetic mean of the official stock exchange price during the month prior to assignment). Of this total number of options, in particular, a maximum number of options resulting from the ratio between €24 million and the exercise price was allocated to the members of the Board of Directors (or other beneficiaries for whom an individual disclosure is required). The options are exercisable in the two year period following the end of the fifth year after the date of assignment.
Similar share option plans were adopted by the General Meeting on 8 April 2021, 27 March 2020, 16 April 2019, 23 April 2018 and 28 April 2017 over the respective financial years. The options under the 2021, 2019, and 2017 share option plans are - differently from the share options plans in 2022, 2020 and 2018 - not assigned to any Directors but granted to other beneficiaries.

The total maximum number of options available under the 2020 share option plan is equal to the ratio between €81 million and the exercise price. Of this total number of options, in particular, a maximum number of options resulting from the ratio between €21.3 million and the exercise price is allocated for the Directors (or other beneficiaries for whom an individual disclosure is required). With respect to the 2018 share option plan, the total maximum number of options available, is equal to the ratio between €73.8 million and the exercise price. Of this total number of options, in particular, a maximum number of options resulting from the ratio between €10.8 million and the exercise price is allocated for Directors (or other beneficiaries for whom an individual disclosure is required).
The options under each of the share option plans are exercisable in the two-year period following the end of the fifth year after the date of such assignment.
Finally, each of the share option plans does not prescribe any holding period by which Executive Directors are bound.

The following table gives an overview of the outstanding share options provided to Executive Directors

Director, Position	main conditions of share option plans						information regarding 2022					
							opening balance	during the year			closing balance	
	plan	performance period[1]	award date	vesting start date	end exercise period	exercise price	Share options on 1 January 2022	share options awarded	share options vested	share options subject to performance condition	share options awarded and unvested	unexercised share options
Robert Kunze-Concewitz *Chief Executive Officer and Executive Director*	Plan 2018	N.A.	05/09/2018	05/10/2023	05/09/2025	€6.25	960,000	-	-	N.A.	960,000	-
	Plan 2020	N.A.	04/08/2020	04/08/2025	04/07/2027	€6.41	1,092,043	-	-	N.A.	1,092,043	-
	Plan 2022	N.A.	12/04/2022	13/04/2027	12/04/2029	€10.29	-	777,453	-	N.A.	777,453	-
Paolo Marchesini *Chief Financial Officer and Executive Director and Operating Officer*	Plan 2018	N.A.	05/09/2018	05/10/2023	05/09/2025	€6.25	720,000	-	-	N.A.	720,000	-
	Plan 2020	N.A.	04/08/2020	04/08/2025	04/07/2027	€6.41	1,092,043	-	-	N.A.	1,092,043	-
	Plan 2022	N.A.	12/04/2022	13/04/2027	12/04/2029	€10.29	-	777,453	-	N.A.	777,453	-
Fabio Di Fede[2] *General Counsel and Business Development Officer and Executive Director*	Plan 2017	N.A.	08/04/2017	08/04/2022	08/03/2024	€6.19	161,551	-	-	N.A.	161,551	-
	Plan 2018	N.A.	05/09/2018	05/10/2023	05/09/2025	€6.25	720,000	-	-	N.A.	720,000	-
	Plan 2020	N.A.	04/08/2020	04/08/2025	04/07/2027	€6.41	1,092,043	-	-	N.A.	1,092,043	-
	Plan 2022	N.A.	12/04/2022	13/04/2027	12/04/2029	€10.29	-	777,453	-	N.A.	777,453	-

(1) The share options vest over time and no performance criteria apply.
(2) On 8 April 2017, certain share options were assigned to Fabio Di Fede who, at the time, was an employee of a Company's subsidiary. Fabio Di Fede was appointed director of the Company by the General Meeting on 16 April 2019.

5. ANY USE OF THE RIGHT TO RECLAIM

The short-term cash incentive and long-term incentive of the Executive Directors are subject to the malus and claw back provisions laid down in Section 2:135 subsections 6 and 8 of the Dutch Civil Code. These provisions were not invoked in 2022.

6. DEROGATIONS AND DEVIATIONS FROM THE REMUNERATION POLICY AND FROM THE PROCEDURE FOR ITS IMPLEMENTATION

For the Board of Directors' 2022 remuneration, the Company did not deviate from the procedure for the implementation of the Remuneration Policy nor were any derogations applied.

7. COMPARATIVE INFORMATION ON THE CHANGE OF REMUNERATION AND COMPANY PERFORMANCE

The following table shows a comparison of the total remuneration of Executive Directors and Non-Executive Directors over the last five years.

Executive Directors

	2018	2019	2020	2021	2022	CAGR 2018/2022
			Company performance			
Net sales (€/million)	1,711.7	1,842.5	1,772.0	2,172.7	2,697.6	12.0%
EBIT-adjusted (€/million)	378.8	408.0	321.9	435.2	569.9	10.7%
EPS basic-adjusted (€)[1]	0.22	0.23	0.18	0.27	0.34	12.4%
Average indicators (€)			Executive Directors' remuneration			
Robert Kunze Concewitz *Chief Executive Officer and Executive Director*	2,855,731	2,755,179	2,365,620	3,756,132	3,827,942	7.6%
Paolo Marchesini *Chief Financial Officer and Operating Officer and Executive Director*	1,999,670	1,938,000	1,734,701	2,906,042	3,121,352	11.8%
Fabio Di Fede *General Counsel and Business Development Officer and Executive Director*	N.A.	1,295,609	1,331,500	2,424,479	2,736,873	28.3%[2]

(1) 'EPS basic-adjusted' means: Basic earnings per share-adjusted.
(2) CAGR was calculated limited to fiscal years 2019, 2020, 2021 and 2022.

Non-Executive Directors

(€)	2018	2019	2020	2021	2022
Luca Garavoglia *Non-Executive Director and Chairman*	1,045,000	1,045,000	893,750	50,000	50,000
Eugenio Barcellona *Non-Executive Director and Member of the Control and Risks Committee and the Remuneration and Appointment Committee*	62,500	81,250	87,500	87,500	87,500
Alessandra Garavoglia *Non-Executive Director*	N.A.	37,500	50,000	50,000	50,000
Emmanuel Babeau *Non-Executive Director and member of the Remuneration and Appointment Committee*				N.A.	51,875
Margareth Henriquez *Non-Executive Director*				N.A.	42,500
Jean-Marie Laborde *Non-Executive Director and member of the Control and Risks Committee*				N.A.	61,250
Christophe Navarre *Non-Executive Director and member of the Remuneration and Appointment Committee*				N.A.	51,875
Lisa Vascellari Dal Fiol *Non-Executive Director, member of the Control and Risks Committee and member of the Supervisory Body ('Organismo di Vigilanza')*				*N.A.*	*68,750*

8. CHIEF EXECUTIVE OFFICER PAY RATIO

In line with Article 2:135b subsection 3 of the Dutch Civil Code and Best Practice Provision 3.4.1 DCGC, the internal pay ratio is an important input for determining the Remuneration Policy for the Board of Directors. Please see below the internal pay ratio calculated in line with the methodologies prescribed by the DCGC. For 2022, the internal pay ratio is in line with the Company's acceptable bandwidths.

Average remuneration on a full-time equivalent basis of employees[78]

	2018	2019	2020	2021	2022
Average remuneration of employees on a FTE basis(€)	73,239	83,019	82,949	96,126	102,748

(78) The Company's employees average remuneration is calculated taking into account all the remuneration components, such as: base salary, and where applicable: (i) short-term incentive, (ii) mid-term incentive; and (iii) long-term incentive (measured on the basis of the fair value of the incentive plan defined at the grant date, allocated pro-rata over the vesting period, multiplied by the number of options granted, as represented in the Company financial statements). For consistency with 2022 data, the values reported in the aforementioned internal disclosures on pay ratios from 2018 to 2021, differ from those reported in the Annual report for the year ended at 31 December 2021 as they were recalculated on the basis of the methodology suggested by Best Practice Provision 3.4.1 DCGC.

***Chief Executive Officer pay ratio*[79]**

(times)	2018	2019	2020	2021	2022
Robert Kunze-Concewitz *Chief Executive Officer and Executive Director*	39.0	33.2	28.5	39.1	37.3[1]

(1) Pro forma pay ratio including the accrual for the last mile long-term incentive scheme with retention purposes was 134.6 (143.1 in 2021).
Any differences from the data reported in previous years are due to the new calculation methodology applied.

9. INFORMATION ON SHAREHOLDER VOTE

No further changes to the remuneration report have been made following the positive voting outcome on last year's report. Furthermore, the negative advisory votes cast on the remuneration report last year were made by certain shareholders without justification, thus not allowing the Company to address possible suggestions. The Company still intends to consider the advisory vote going forward if and when feasible and appropriate.

(79) The Chief Executive Officer's remuneration is calculated taking into account all the remuneration components, such as: base salary, and where applicable: (i) short-term incentive, (ii) mid-term incentive; and (iii) long-term incentive. Components sub (ii) and (iii) are measured on the basis of the fair value of the outstanding incentives (cash incentives or share options incentive) accrued under IFRS (the amount set aside in the 2022 financial statement is linked to the relevant mid/long term incentive plans). Starting from the remuneration report at 31 December 2021 pay ratios have been recalculated as the CEO's total remuneration accrued divided by the average remuneration of employees in each year from 2018 to 2022. This approach is deemed in line with the best market practice.

STATEMENT AND RESPONSIBILITIES IN RESPECT TO THE ANNUAL REPORT

STATEMENT BY THE BOARD OF DIRECTORS

Based on the assessment performed, the Board of Directors believes that, as of 31 December 2022, the Group's and the Company's internal control over financial reporting is considered effective and that:

- the Control and Risks Committee and Internal Audit Function paragraphs provide sufficient insights into any failings in the effectiveness of the internal risk management and control systems (please refer to paragraphs 'Control and Risks Committee' and 'Internal Audit Function' of this governance section);
- the internal risk management and control systems are designed to provide reasonable assurance that the financial reporting does not contain any material inaccuracies (please refer to paragraph 'Risk management and Internal Control System' of the governance section);
- based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis (please refer to note 2-'Accounting information and significant general accounting policies' and note 3-'Accounting information and policies' of the consolidated and Company only financial statements, respectively, as at 31 December 2022); and
- the management board report states those material risks and uncertainties that are relevant to the expectation of the Company's continuity for the period of twelve months after the preparation of the report (please refer to paragraph 'Full year 2022 conclusion and outlook' of the management board report).

SESTO SAN GIOVANNI (MILAN) – ITALY, TUESDAY, 21 FEBRUARY 2023

Luca Garavoglia
Chairman

Robert Kunze-Concewitz
Executive Director and Chief Executive Officer

RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT

The Board of Directors is responsible for preparing the annual report in accordance with Dutch law and International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union (EU-IFRS).
In accordance with Section 5:25c, paragraph 2 of the Dutch Financial Supervision Act, the Board of Directors states that, to the best of its knowledge:

- the financial statements as included in this report, provide a true and fair view of the assets, liabilities, financial position and profit or loss for the year of the Company and its subsidiaries;
- the management board report provides a true and a fair view of the position at the balance sheet date and developments during the year of the Company and its subsidiaries, together with a description of the principal risks and uncertainties that the Company and the Group face.

SESTO SAN GIOVANNI (MILAN) – ITALY, TUESDAY, 21 FEBRUARY 2023

On behalf of the Board of Directors:

Luca Garavoglia
Chairman

Robert Kunze-Concewitz
Chief Executive Officer

Paolo Marchesini
Chief Financial Officer and Operating Officer

Fabio Di Fede
General Counsel and Business Development Officer

OTHER **INFORMATION**

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report

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

Report on the audit of the financial statements 2022 included in the annual report

Our opinion

We have audited the financial statements 2022 of Davide Campari-Milano N.V. based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Davide Campari-Milano N.V. as at December 31, 2022 and of its result and its cash flows for 2022 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The consolidated and company only statement of financial position as at December 31, 2022
- The following statements for 2022: the consolidated and company only statements of profit or loss, other comprehensive income, cash flows and changes in shareholder's equity
- The notes comprising a summary of the significant accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Davide Campari-Milano N.V. (the group) in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

Davide Campari-Milano N.V. and its subsidiaries are a major group in the global branded spirits industry, with a portfolio of over 50 premium and super premium brands, marketed and distributed in over
190 markets around the world, with leading positions in Europe and the Americas. The group is structured in group entities and we tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€24 million (2021: €19 million)
Benchmark applied	Approximately 5% of profit before taxation
Explanation	We have considered which was the most important financial statements measure to the users of the financial statements. In this respect, we concluded that for a profitable listed company the starting point is an earning -based measure, specifically profit before taxation. We determined materiality consistent with previous year.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Control and Risks Committee, a standing committee of the board of directors, that misstatements in excess of €1.2 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Davide Campari-Milano N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on significant group entities. Group entities are considered significant components either because of their individual financial significance or because they are likely to include significant risks of material misstatement due to their specific nature or circumstances. All such significant group entities (comprising 29 entities) were included in the scope of our group audit
and ten components have been subject to risk-based analytics.
In establishing the overall approach to the audit, we determined the type of work that is needed to be done by us, as group auditors, or by component auditors from Ernst and Young Global member firms and operating under our instructions. The following matters are audited directly by the group audit team:

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- The group audit team audited the group consolidation, financial statements and disclosures and the audit of the following key audit matters:
  - Valuation of goodwill and brands with indefinite useful life
  - Revenue Recognition, including adjustments for discounts and deferred incentives
- The group audit team shared detailed instructions to all components' auditors for the entities in scope, including key risk areas and the group audit team reviewed their deliverables

In total these procedures represent 98% of the group's total assets and 95% of sales.

Sales **Total assets**

Full scope procedures Other

By performing the procedures mentioned above at components of the group, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

Teaming and use of specialists
We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed client in the consumer products industry. We included specialists in the areas of actuarial services, climate and sustainability, IT audit, forensics, treasury, valuation and business modelling and income tax.

Our focus on climate-related risks and the energy transition
Climate change and the energy transition are high on the public agenda. Issues such as CO_2 reduction impact financial reporting, as these issues entail risks for the business operation, the valuation of assets (stranded assets) and provisions or the sustainability of the business model and access to financial markets of companies with a larger CO_2 footprint.

Management summarized the group's commitments and obligations, and reported in the section Sustainability Disclosure of the annual report how the group is addressing climate-related and environmental risks.

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As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the effects of the energy transition are taken into account in estimates and significant assumptions as well as in the design of relevant internal control measures by Davide Campari-Milano N.V. As disclosed in the consolidated financial statements under note 2 IV Use of estimates, this impacts the impairment test for intangible assets. Furthermore, we read the management board report and considered whether there is any material inconsistency between the non-financial disclosure and the financial statements.

Our audit procedures to address the assessed climate-related risks and the possible effects of the energy transition did not result in a key audit matter. However, we describe the audit procedures responsive to the assessed risk related to the valuation of goodwill and brands with indefinite useful life in the description of our audit approach for the related key audit matter.

Our focus on fraud and non-compliance with laws and regulations
Our responsibility
Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our audit response related to fraud risks
We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the group and its environment and the components of the system of internal control, including the risk assessment process and the board of directors' process for responding to the risks of fraud and monitoring the system of internal control and how the
Control and Risks Committee exercises oversight, as well as the outcomes.

We refer to Risk management and Internal Control System of the annual report for the board of directors' (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the Campari Group code of ethics, whistleblowing policy and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic and legal specialists. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

As in all of our audits, we addressed the risks related to management override of controls. For these risks we have performed procedures among others to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in note 2 (iv) to the financial statements. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties. These risks did however not require significant auditor's attention.

When identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition, in particular relating to estimates of discounts and deferred incentives. We describe the audit procedures responsive to the presumed risk of fraud in revenue recognition in the description of our audit approach for the key audit matter Revenue Recognition.

We considered available information and made enquiries of relevant executives, directors, internal audit, legal, compliance, human resources and regional directors and the Control and Risks Committee.

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations
We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board, reading minutes, inspection of internal audit and compliance reports and performing substantive tests of details of classes of transactions, account balances or disclosures in the financial statements.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern
As disclosed in section Going concern including net financial debt in note 2 IV to the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, the board of directors made a specific assessment of the group's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with the board of directors exercising professional judgment and maintaining professional skepticism. We considered whether the board of directors' going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the group's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify material uncertainties about going concern.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a group to cease to continue as a going concern.

Our key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Control and Risks Committee. The key audit matters are not a comprehensive reflection of all matters discussed.

In comparison with previous year, our key audit matters did not change.

Valuation of goodwill and brands with indefinite useful life	
Risk	Valuation of goodwill and brands with indefinite useful life are impacted by the same risk and procedures so we have combined them in one. At December 31, 2022 , the recorded amount of goodwill and brands with indefinite useful life was €1,911.8 million and €1,175.3 million, respectively. Financial statements disclosures related to the valuation of goodwill and brands with indefinite useful life are reported in the note 4iii Intangible assets which describes the composition of the value as at December 31, 2022 as well as the CGU (Cash Generating Unit) allocation process and the methodology applied to assess the recoverable amount of assets, and in particular the valuation methodology and assumptions used, and the sensitivity analysis performed on the recoverable amount upon the modification of the main assumptions. The processes and the methodologies for the evaluation and calculation of the recoverable amount of goodwill and brands is based on assumptions that imply management judgment, with particular reference to the expected cash flows, included in the 2023 budget and the strategic plan for 2024-2025 (the cash flow plan). These are prepared by the operating companies and approved by the board of directors. For the period beyond the cash flow plan the board of directors has determined an appropriate long-term growth and discount rate to be applied to the cash flow forecasts. Additionally the cash flow plan was extrapolated on a ten-year basis. The use of a ten-year forecast period was justified by the extension of the life cycle of the brands in the reference market, as well as the length of the maturing process of certain brands in some CGUs. Considering the significance of the amount in the financial statements, the level of judgement in the assessment of the methodologies and assumptions adopted to determine the recoverable amount of goodwill and brands with indefinite useful life, we assessed this matter as a key audit matter.
Our audit approach	Our audit procedures related to the key audit matter included, amongst others: • evaluating the appropriateness of the impairment methodology applied by the company related to the valuation of goodwill and brands with indefinite useful life in accordance with IAS 36, "Impairment of Assets" and whether the methodology has been applied consistently or whether changes, if any, are appropriate in the circumstances.

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Valuation of goodwill and brands with indefinite useful life	
	• Understanding of the processes and key controls implemented by the group in connection to the valuation of goodwill and brands with indefinite useful life, as identified in the impairment test procedures approved by the board of directors • Assessing how assets and liabilities have been allocated to CGU's • Analyzing the independent expert report that supported the Group in the impairment test • Assessing the quality of the forecasts as compared to the historical accuracy of the previous forecasts • Evaluating the criteria used in the determination of the long-term growth and the discount rates Our procedures were performed with the support of our experts in valuation techniques, that assessed the methodologies applied, the mathematical accuracy of the calculation models, and we reperformed a sensitivity analysis on the key assumptions in order to identify the changes in assumptions that could have a significant impact on the determination of the recoverable amount. Lastly, we evaluated the adequacy of the disclosure provided in the explanatory notes to the consolidated financial statements.
Key observations	The assumptions relating to the impairment model are within acceptable ranges and we agree with the board of directors' conclusions. Furthermore, we concluded that the disclosures in the consolidated financial statements are appropriate.

Revenue Recognition, including adjustments for discounts and deferred incentives	
Risk	The Group recognizes revenues when the customer gains the control of goods according to the contract terms applicable to specific distribution channel. The revenue recognized is based on the price provided in the agreement, net of discounts or estimated deferred incentives granted in line with industry practice. The estimate of discounts and deferred incentives due to customers in relation to sales for the year are recognized according to customer agreements and historical experience. Considering the high volume of sales transactions, through different distribution channels, the significance of the estimate of discounts and deferred incentives, and the complexity due to the number of variable agreement terms for different customers, and the potential risk of management override of controls or other inappropriate influence on revenue recognition, we assessed this matter as a key audit matter. Financial statements disclosures related to revenue recognition, estimate of discounts and deferred incentives are reported in note 3i Net sales in the paragraph related to Revenues from sales and services.

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Valuation of goodwill and brands with indefinite useful life	
Our audit approach	The procedures designed to address the matter in our audit included, among others: • Evaluating the appropriateness of the company's revenue recognition policies for revenue recognition in particular relating to estimates of discounts and deferred incentives in accordance with IFRS 15, "Revenue from Contracts with Customers" and whether the policies have been applied consistently or whether changes, if any, are appropriate in the circumstances • Understanding of the processes and key controls implemented by the group in connection with the estimate of discounts and deferred incentives • Testing key controls specifically related to the validation on contractual terms and information related to sales • Substantive testing on a sample of sales transactions, estimate of discounts and deferred incentives • Performing look-back analysis of prior year discount and deferred incentives estimate against actual results and analysis of variances • Substantive testing on a sample of sales transactions recognized at year end considering the different distribution channels Lastly, we evaluated the adequacy, included in note 3i, of the disclosures in the explanatory notes to the consolidated financial statements.
Key observations	Based on the audit procedures performed, we did not identify any material misstatements in the revenue reported and conclude that the disclosures in the financial statements are appropriate.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements

Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code and as required by Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code for the remuneration report

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code. The board of directors is responsible for ensuring that the remuneration report is drawn up and published in accordance with Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the Control and Risks Committee as auditor of Davide Campari-Milano N.V. on July 27, 2020, as of the audit for the year 2020 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Reporting Format (ESEF)

Davide Campari-Milano N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report, prepared in the XHTML format, including the (partially) marked-up consolidated financial statements, as included in the reporting package by Davide Campari-Milano N.V., complies in all material respects with the RTS on ESEF.

Management is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby management combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N, "Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument" (assurance engagements relating to compliance with criteria for digital reporting). Our examination included amongst others:

- Obtaining an understanding of the company's financial reporting process, including the preparation of the reporting package
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared in accordance with the technical specifications as included in the RTS on ESEF
  - Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF

Description of responsibilities regarding the financial statements

Responsibilities of the board of directors for the financial statements

The board of directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board of directors is responsible for such internal control as the board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the group's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board of directors should prepare the financial statements using the going concern basis of accounting unless the board of directors either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the group's ability to continue as a going concern in the financial statements.

The Non-Executive Directors are charged with the supervision of the Executive Directors, including supervision on the integrity and quality of financial reporting. Working within the board of directors, the Control and Risks Committee is charged with the monitoring of the group's financial reporting process and the preparatory work for the Non-Executive Directors' decision-making regarding the supervision of the integrity and quality of the group's financial reporting.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.
Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication

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

In this respect we also submit an additional report to the Control and Risks Committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Control and Risks Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Control and Risks Committee, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Rotterdam, February 21, 2023

Ernst and Young Accountants LLP

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

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