**DAVIDE CAMPARI-MILANO N.V.**
**ADDITIONAL FINANCIAL INFORMATION**
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023**

CAMPARI
GROUP

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# About this report

**Note on presentation**

The additional financial information for the nine months ended 30 September 2023 was prepared using the same recognition and measurement criteria used to prepare the Group's annual consolidated financial statements at 31 December 2022, to which reference is made. This document has not been audited. The additional financial information provides a description of the significant events that occurred during and after the end of the period, the Group's sales performance, the Group's profit before taxation, its consolidated net financial debt and outlook.

**Forward-looking statements**

Campari Group's additional financial information 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 additional financial information 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 additional financial information. The effects arising from the still persistent complicated and uncertain macro-economic environment, the geopolitical uncertainty, primarily stemming from the conflicts in Russia-Ukraine and more recently in Israel-Palestine may lead to results materially different from management's expectations.
Campari Group does not assume any obligations or liability in respect of any inaccuracies in the forward-looking statements made in this additional financial information 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 additional financial information report beyond statutory disclosure requirements.

**Information on the figures presented**

All references in this additional financial information are expressed in 'Euro' or '€'.

For ease of reference, all the figures in this additional financial information 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 additional financial information.

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

This additional financial information is not prepared in the European Single Electronic Format ('ESEF'), which is required for all natural and legal persons with securities listed on a European stock exchange with respect to annual IFRS consolidated financial statements only.

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# Key financial highlights

| | for the nine months ended 30 September | | | |
|---|---|---|---|---|
| | 2023 | 2022 | change | |
| | € million | € million | % total | % organic |
| **Net sales[1]** | **2,201.3** | **2,005.7** | **9.8%** | **10.5%** |
| EBITDA | 571.9 | 531.7 | 7.6% | |
| **EBITDA-adjusted[2]** | **601.3** | **557.8** | **7.8%** | **11.4%** |
| | | | | |
| EBIT | 491.1 | 466.1 | 5.4% | |
| **EBIT-adjusted[2]** | **520.5** | **492.2** | **5.7%** | **10.8%** |
| | | | | |
| Profit before taxation | 444.3 | 453.7 | -2.1% | |
| **Group profit before taxation** | **445.2** | **452.7** | **-1.7%** | |
| **Group profit before taxation-adjusted[2]** | **473.8** | **483.3** | **-2.0%** | |

| | at 30 September 2023 | at 31 December 2022 post-reclassifications[4] |
|---|---|---|
| | € million | € million |
| **Net financial debt** | **1,815.6** | **1,555.3** |
| | number | number |
| Own shares in shareholders' equity[3] | 30,162,272 | 39,952,423 |

| | third quarter | | | |
|---|---|---|---|---|
| | 2023 | 2022 | change | |
| | € million | € million | % total | % organic |
| **Net sales[1]** | **743.5** | **748.8** | **-0.7%** | **4.4%** |
| EBITDA | 176.9 | 200.7 | -11.9% | |
| **EBITDA-adjusted[2]** | **190.3** | **204.8** | **-7.1%** | **4.9%** |
| | | | | |
| EBIT | 147.4 | 177.2 | -16.8% | |
| **EBIT-adjusted[2]** | **160.8** | **181.3** | **-11.3%** | **3.3%** |
| | | | | |
| Profit before taxation | 133.3 | 171.4 | -22.2% | |
| **Group profit before taxation** | **135.5** | **171.1** | **-20.8%** | |
| **Group profit before taxation-adjusted[2]** | **148.9** | **179.6** | **-17.1%** | |

(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 additional financial information.
(3) Ordinary shares.
(4) For information on reclassifications of comparative figures, refer to note 3 iv-'Reclassification of comparative figures at 31 December 2022' of Campari Group condensed consolidated financial statements at 30 June 2023.

# 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 |

**External auditor**

Ernst&Young Accountants LLP

[1] The Annual General Meeting held on 12 April 2022 appointed the new Board of Directors of Davide Campari-Milano N.V. (the 'Company' or 'Davide Campari' or 'Campari') for the three-year period 2022-2024 expiring at the end of the Annual General Meeting to be held in 2025, comprising Luca Garavoglia, Robert Kunze-Concewitz, Paolo Marchesini, Fabio Di Fede, Eugenio Barcellona, Emmanuel Babeau, Alessandra Garavoglia, 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 and also appointed (i) Eugenio Barcellona, Jean-Marie Laborde, Lisa Vascellari Dal Fiol as members of the Control and Risks Committee and (ii) Eugenio Barcellona, Emmanuel Babeau, Christophe Navarre as members of the Remuneration and Appointment Committee.

[2] Non-executive director.

[3] Executive director.

# Campari Group additional financial information for the nine months ended 30 September 2023

## Campari Group and the global environment

Despite the global economy proved more resilient than expected in the first part of 2023, the recovery from the Covid-19 pandemic and Russia's invasion of Ukraine remains slow and uneven. The growth outlook remains weak, with growth expected to reach 3.0% in 2023 before slowing down to 2.7% in 2024, according to the Organisation for Economic Co-operation and Development (OECD) forecast. The largest contribution to global growth is expected to come from Asia, despite the weaker-than-expected recovery in China. In Europe the economy is likely to remain sluggish in the upcoming months. However, over time, economic momentum should strengthen as real incomes are projected to increase. This will be bolstered by decreasing inflation, rising wages and a robust labour market, all of which will support consumer spending. The ongoing and persistent geopolitical uncertainty, primarily stemming from the conflicts in Russia-Ukraine conflict and more recently in Israel-Palestine, remains a risk factor in the global economic landscape.

The alcohol market is forecast to grow amidst a challenging political and economic landscape. IWSR[1] forecast market volume growth of 1% per annum 2022-2027, whilst value is forecast to grow by 2% on a year-on-year basis. The growth progression of various geographical regions encompasses several distinct aspects. Consolidated markets are poised to undergo single-digit growth, while emerging markets are expected to maintain sustained growth, particularly in terms of volume, over the next five years. Trends in the sector has accelerated sharply during the pandemic and are now gradually normalising with consolidation of the key trends that have underpinned the industry, such as premiumisation and the rise of the at-home occasion.

In the context of weak market conditions, Campari Group delivered a positive net sales performance in the third quarter of 2023, maintaining its business momentum against a strong comparison base, reflecting the expected normalisation of the post-pandemic market conditions. Organic sales growth was mainly driven by aperitifs, tequila and bourbon thanks to solid brand momentum and a very positive contribution from price increases implemented starting from last year, which helped mitigate the inflationary pressure on margins mainly deriving from input price increases, labour cost inflation as well as enhancement in business infrastructure. The Group continued to capitalise on its own brands to ensure continued value generation and brand portfolio strengthening and to engage in its route-to-market strategy with the completion of important business development initiatives. With regard to the impact of the ongoing conflict between Russia and Ukraine, Campari Group is continuing to maintain its purely commercial activities in both countries by providing the best possible support to the Camparistas working on site, to always ensure maximum safety and protection.

## Main brand-building initiatives

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 brand strength built over many years. The Group categorises its brands into three main priority clusters (global, regional and local) based on the geographic scale, business priority and growth potential of the brands. The main marketing initiatives focused on global and regional priority brands, undertaken in the first nine months of 2023, are outlined below.

**Global priorities**

<u>Aperol</u>
Starting from the beginning of the year, the platform **Aperol Together with Venice** was activated in Venice (Italy) to strengthen the bond with the brand's roots in its birthplace (Veneto region). In line with the deseasonalisation strategy of the aperitif business, during the winter season, the **Aperol Alps Tour** took place in main resorts in France, engaging consumers through dedicated premium events in mountain bars. In the United States, a three-year partnership with the **US Open**, starting from August 2023, is promoting Aperol Spritz as the perfect daytime cocktail for social drinking occasions. Furthermore, there were multiple activations in the music sector, including several in the United States with the **Coachella Arts&Music Festival**, the **Outside Lands**, **Sea.Hear.Now**, **Life is Beautiful** and **Sound on Sound**, as well as **Aperol Rock in Mille** in Rome (Italy), the **Primavera Sound Festival** in Spain and Argentina and the **Aperol Spritz Aperidisco** at the Battersea power station in London (United Kingdom).

[1] International Wines and Spirits Record (IWSR) is the leading source of data on the global beverage alcohol market of wine, spirits, beer, cider and mixed drinks by volume and value in approximately 200 countries and provides insight into short- and long-term trends, including five-year volume and value forecasts.

Campari

Campari's longstanding dedication to the world of cinema was also developed during the period: Campari was the main official partner of the world-renowned **Festival de Cannes** (France), the **Screen Actors Guild Awards** (Los Angeles, United States), the **Viennale** (Austria) and, for the sixth consecutive year, the **Venice International Film Festival** (Italy). The brand was the official spirit partner at the **New York Film Festival**, while it was also activated at the **Locarno Film Festival** (Switzerland) and at the **Berlinale film festival** (Germany).

In May 2023, for the worldwide launch of the **redesigned bottle**, the brand celebrated the timeless bond with Milan through a unique and unforgettable event, where the Milanese skyline was lit up with an unprecedented display of a thousand drones flying, bringing to life the most iconic symbols of the city of Milan. The **Negroni Week** took place globally in September in the 11th time to raise funds for a charitable cause while reinforcing the bond between Campari and the Negroni.

SKYY

In the United States (Las Vegas), the brand was activated at the **EDC Festival** with the ambition of a total takeover: four infamous pool parties were fully SKYY-owned with bottle menu features and cocktails from over 250 bars on site. In terms of innovation, the new infusion **SKYY Espresso** was launched in the United States.

Grand Marnier

The global campaign **Grand Encounter** was launched in the United States, followed by France, to communicate the unique blend of cognac and orange. In the United States, the campaign was activated with the **Grand Encounter Summer Experience** to drive consideration of the Grand Margarita during summer drinking occasions. In terms of other initiatives, in Canada **National Margarita Day** was celebrated with a series of events, while a **bartender program advocacy** was launched in France, focused on educating and recruiting the bartender community to accelerate brand consideration.

Jamaican rums

During the first nine months of 2023, Appleton Estate further reinforced its premium evolution through the unveiling of the new **Appleton Estate boutique** in Montego Bay (Sangster International Airport of Jamaica). In April, the first global full-scale **luxury campaign for the new Appleton Estate 17-Year-Old Legend LTO** was launched, while the Jamaican rums portfolio obtained multiple awards in the period, validating the portfolio's strong liquid credentials, in the **Drinks International 2023 Brand Report** in the United States and at the **2023 Rum and Cachaca Masters** competition in the United Kingdom. The portfolio also distinguished itself at the **Beverage Testing Institute**, the 2023 **International Wine and Spirits Competition** and the 2023 **New York International Spirits Competition**.

Wild Turkey portfolio

The new **Trust Your Spirit** global campaign was launched in May, spotlighting bold stories. The campaign was amplified across digital, TV, social, audio and out-of-home platforms, driving awareness and conversion across audiences. **Master's Keep Voyage** was launched in June: a 10-year-old bourbon aged in Jamaican rum casks.

**Regional priorities**

With respect to **Crodino**, a new communication campaign was activated in the core Italian market to generate awareness within the younger target population, leveraging the new 17.5cl long drinking proposition. In international markets (Switzerland, Belgium and France), activation campaigns for the brand were launched across multiple media platforms to drive awareness of the non-alcoholic Italian Aperitif. **The GlenGrant Devotion 70-Year-Old**, the oldest whisky to be released by the distillery with only 7 decanters available worldwide, was launched globally. The GlenGrant Devotion Decanter Number One was sold at auction, with Sotheby's recording one of the highest-ever sale prices for a GlenGrant whisky. One week later The GlenGrant achieved a second record sale with The Visionary 68-Year-Old with a combined total of over US$357,000 set to benefit charitable organizations in Scotland. The **Trois Rivières** pure cane rum brand won an award at one of the world's most internationally lauded competitions, the **2023 Rum and Cachaca Masters**. The **Cynar** brand sponsored the San Nolo festival, an unconventional music festival for emerging artists, during March in Milan (Italy), while the **Averna Spazio Open** was activated in Sicily (Italy) in the brand's hometown, to reinforce credibility in its birthplace, leveraging on a special long-term project aiming to generate value for territory and people; in Germany a partnership with confectionery retailer Hassel was activated to drive penetration and trial. The global campaign Casa **Braulio** was activated globally, while from April 2023 a communication campaign for **Cinzano**, namely the Cultura de Vermut platform, was activated to raise brand awareness in the key vermouth capitals in Spain. **Espolòn** leveraged the *Cinco de Mayo* festivities in the United States by delivering consumer experiential events, out-of-home creatives and a digital campaign, while the Espolòn Cantina experiential festival tour was activated: a sponsorship with eight events aimed to increase awareness of the brand among the target audience. **Montelobos** partnered with Flaviar Wolf Conservation Center for a tasting event in Miami Beach focused on brand education and drink strategy.

**Rest of portfolio**

In April, Campari Group launched **Mayenda**, a new ultra-premium sipping tequila blanco crafted under a pioneering process in small batches, with launch events in key cities in the United States and Mexico.
The dedicated **RARE division** has the ambition to become a leading purveyor of luxury offerings in key global markets. In terms of initiatives, an event was held in New York to celebrate the global launch of **The GlenGrant 21-Year-Old Single Malt Scotch Whisky**. Influencers, trade and key media attended an immersive experience with a sensorial journey of discovery, culminating with a step into 'The Glasshouse', designed by the renowned floral artist Lewis Miller, where the new proposition was revealed through a guided tasting from Master Distiller Dennis Malcolm. In terms of innovation, the second edition of the **Russell's Reserve Singe Rickhouse LTO** was launched in selected markets. With respect to the **Grand Marnier Cuvée du Centenaire**, a chef engagement program was launched in the Swiss market aimed at expanding the footprint in the world of fine dining, inspiring chefs and creating unique food pairing opportunities. A chef advocate program was launched in Switzerland to sustain the development of the **Lallier** brand as the prime boutique champagne in the market. A collaboration between the cognac premium brand **Bisquit&Dubouché** and the BMX athlete Nigel Sylvester was launched in June to toast his first-of-its kind transatlantic GO Ride on World Bicycle Day.

## Significant events during and after the end of the period

### Acquisitions and commercial agreements

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

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

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

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

**Distribution agreements**

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

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

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

**New route-to-market in Greece**

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

### Corporate actions

**Sustainability: new environmental targets**

Following a very positive progression in 2022 regarding the Group's environmental commitments, more challenging medium and long-term environmental targets have been set as per approval by the Board of Directors. In particular:

- Emissions: the Group reaffirmed its commitment to achieve zero net emissions by 2050, pledging to:
  - reduce greenhouse gas ('GHG') emissions (kgCO2e/L) from direct operations (Scope 1&2) by 55% by 2025, by 70% by 2030, and by 30% from the total value chain (Scope 1, 2&3) by 2030[2], using 2019 as the baseline;
  - source 90% renewable electricity in the Group's production sites by 2025[3].

A new carbon emission reduction roadmap has been defined, aimed at reducing the environmental impact from direct and indirect operations. Regarding Scope 1&2 emissions, the Group will increase the share of renewable electricity by installing new photovoltaic systems and by extending the 'Guarantee of Origin' of purchased electricity to more production sites. With regard to indirect emissions, specific actions in the areas of purchase of goods, services and logistics are under implementation by introducing new sustainability criteria in packaging design and related development, also partnering with suppliers to identify more sustainable solutions and practices.

[2] Previous target: Reduce greenhouse gas ('GHG') emissions (kg of CO2e/L) from direct operations (Scope 1&2) by 20% by 2025, by 30% in 2030 and by 25% from the total Supply Chain by 2030, using 2019 as the baseline.

[3] Previous target: 100% renewable electricity for European production sites by 2025.

- Water use: the Group commits to reduce the water intensity (L/L) by 60% by 2025 and by 62% by 2030[4], by implementing a 'Water Reduction Program' and specific initiatives to increase water recycling and reuse in its production sites.
- Zero waste to landfill: the Group has the goal to completely eliminate waste to landfill from direct operations by 2025.

Meanwhile, Campari Group confirms its commitments in the areas of people, responsible practice, and community involvement, continuing to promote and support global and local projects related to all sustainability dimensions.

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

The Annual General Meeting of shareholders held on 13 April 2023 ('AGM') approved the annual accounts for the financial year 2022 (including, inter alia, the financial statements for the year ended 31 December 2022, the non-financial disclosure, the corporate governance and the remuneration report) and the distribution of a cash dividend of €0.06 per share outstanding, gross of withholding taxes, unchanged versus last year. The total dividend paid, calculated on the shares outstanding and excluding own shares in the portfolio (36,889,189) at the coupon detachment date (i.e. 24 April 2023) was €67.5 million. The cash dividend was paid on 26 April 2023 in accordance with the Italian Stock Exchange calendar, with a record date of 25 April 2023. The AGM granted discharge to the executive and non-executive directors in office in 2022 in relation to the performance of their respective duties pursuant to the applicable regulation.

Moreover, the AGM approved a new stock option plan for an aggregate maximum number of options based on the ratio between €6,000,000 and the options' exercise price for the category of beneficiaries other than the members of the Board of Directors, in accordance with the Stock Option Regulation adopted by the Company.

The AGM also authorised the Board of Directors to purchase the Company's own shares, mainly aimed at the replenishment of the portfolio of own shares to serve the current and future equity-based incentive plans for the Group's management according to the limits and procedures provided by the applicable laws and regulations. The authorisation is granted until 13 October 2024. The repurchase can take place for a minimum price, excluding expenses, of the nominal value of the shares concerned and a maximum price of an amount equal to 10% above the opening price on the day of acquisition of the shares.

The AGM confirmed the appointment of Ernst&Young Accountants LLP as independent external auditor entrusted with the audit of the annual accounts for the financial years 2023-2027, pursuant to applicable Dutch law.

## Group significant events

**Financial debt management**

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

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

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

On 4 August 2023 the Company communicated the conclusion of the conversion of n. 594,021,404 Special Voting Shares A held by the controlling shareholder Lagfin S.C.A., Société en Commandite par Actions ('Lagfin') and other shareholders into an equal number of Special Voting Shares B, allowing five years loyal shareholders to increase voting rights from 2 to 5 votes, in accordance with the Special Voting Mechanism approved by the Shareholders' meeting on 27 March 2020 (the 'Special Voting Mechanism'). The Special Voting Mechanism was introduced with the aim of encouraging a capital structure more supportive of Campari's long-term growth strategy, i.e., organic growth combined with external growth, and rewarding a shareholder base with a long-term investment

[4] Previous targets: Reduce water usage (L/L) by 40% by 2025 and by 42.5% within 2030, using 2019 as the baseline.
[5] Term facility was included in financial position line item 'loans due to banks' under non-current liabilities.

horizon. With the conversion of Special Voting Shares A into Special Voting Shares B, Lagfin confirmed its long-term and unrelenting commitment to the Group's growth strategy. As a result of the conversion, the percentage of the controlling shareholder's voting rights has increased to 84.0% (from 68.6%).

**Share buyback program**

Davide Campari-Milano N.V. managed a share buyback program activated under Article 5 of Regulation (EU) No.596/2014, intended to meet the obligations arising from stock option plans and other share-based incentive plans, currently in force or to be adopted, the beneficiaries of which are (or will be) employees or members of the administrative and/or or management bodies of either the Company or other Campari Group's companies.

The program coordinated and executed by Morgan Stanley Europe SE and implemented in accordance with the resolution approved by the Company's Annual General Meeting held on 12 April 2022 ended on 31 May 2023. The overall value allocated was €89.2 million for a reported number of 9,081,375 Campari shares acquired in the period from 12 May 2022 to 31 May 2023. This program included a contractually agreed reward mechanism to allocate an amount deriving from its outperformance[6] to energy efficiency projects, namely, the installation of photovoltaic panels at the production site in Jamaica, which will be implemented during 2024. With this energy efficiency project, 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 roadmaps.

Between 1 January and 30 September 2023, the Company granted 11,641,113 own shares, out of which 11,622,728 shares were sold for a total cash inflow of €51.5 million, corresponding to the average exercise price multiplied by the number of own shares sold to beneficiaries upon the exercise of their stock option rights, while additionally 18,385 shares were transferred in the context of share matching plans. In the same period and through the share buyback program completed on 31 May 2023, the Company purchased 1,850,962 shares at an average price of €11.3, for a total amount of €21.0 million[7]. At 30 September 2023, the Company held 30,162,272 own shares, equivalent to 2.6% of the share capital.

**Campari Group has clinched top place in the 2023 Institutional Investor rankings**

On 11 September 2023, Campari Group CEO Bob Kunze-Concewitz and CFO Paolo Marchesini were named 'Best CEO' and 'Best CFO' of the Beverages sector in the 2023 Developed Europe Executive Team ranking by Institutional Investor Research, the leading provider of independent performance validation and market sentiment across global capital markets. As one of the 19 companies that clinched first place among 985 companies in the combined rankings in five of the seven voting areas, the Group also achieved top scores in the Beverages sector across the other key categories: Best IR Professionals (#2 Chiara Garavini), Best IR Team, Best IR Program, Best Investor/Analyst Events and Best ESG program.

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

On 12 September 2023, after 18 years with the company, Bob Kunze-Concewitz, CEO of Campari Group, informed the Board of Directors of his decision to retire from his role to pursue his personal passions effective as of the Annual General Meeting of 11 April 2024. In accordance with the Group's succession planning process, the Board of Directors, after consultation with the Remuneration and Appointment Committee, has selected Matteo Fantacchiotti, Managing Director Asia Pacific, as the new CEO nominee. To ensure an orderly and smooth handover, Matteo has been appointed Deputy CEO, effective immediately. Pursuant to applicable regulations and to the Company By-Laws, the Board of Directors will submit to the next Annual General Meeting of 11 April 2024 the nomination of Matteo Fantacchiotti as new Executive Director to join the other two Executive Directors Paolo Marchesini (Chief Financial and Operating Officer) and Fabio Di Fede (General Counsel and Business Development Officer). The appointment of Matteo Fantacchiotti as CEO of Campari Group will be confirmed by means of a resolution by the Board of Directors. In accordance with the remuneration policy, after retiring Bob Kunze-Concewitz will be entitled to receive the last-mile incentive bonus as detailed in the remuneration report. The last-mile incentive target scheme assumes completion of the 2023 financial year, and target achievement will be verified by the Remuneration and Appointment Committee and approved by the non-executive members of the Board of Directors.

[6] The outperformance is the difference between the purchase price and the average VWAP (Volume Weighted Average Price) during the execution period.
[7] The amount includes €0.9 million liabilities paid in connection with the share buyback program.

# 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 retailer concentration. As an effect of the above factors, the sales composition by brand differs from market to market. Consequently, the brand-building and sales infrastructure investments are allocated to respond to each market priority.
For the Group, the four operating segments managed in terms of resource allocation, and in particular, investment in brand-building and distribution capabilities, are the following: Americas ('Americas'), Southern Europe, Middle East and Africa ('SEMEA'), Northern, Central and Eastern Europe ('NCEE'), and Asia-Pacific ('APAC').
In order to highlight the main business performance drivers in a diversified context and to assess the contribution of the different brands to the overall sales performance of the Group, further breakdowns by brand category (global, regional and local brands) and for major brands are provided to better explain their contribution to the region. The categorisation of brands into three main clusters (global priorities, regional priorities and local priorities) is based on their scale, growth potential and business priority.

### 1. Key highlights

In the nine months ended 30 September 2023, the Group's net sales amounted to €2,201.3 million, with an overall increase of +9.8% compared with the same period of 2022. Organic and perimeter were positive at +10.5% and +1.3%, respectively, with the exchange rate component negative at -2.1%.

| | for the nine months ended 30 September | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | 2022 | total change | nine months change %, of which | | | | organic change % by quarter | | |
| | € million | € million | € million | total | organic | perimeter | exchange rate[1] | first | second | third |
| **total** | **2,201.3** | 2,005.7 | **195.6** | 9.8% | **10.5%** | 1.3% | -2.1% | 19.6% | 10.1% | **4.4%** |

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

The nine months ended 30 September 2023 reported organic sales growth of +10.5% thanks to solid brand momentum from aperitifs, tequila and bourbon, as well as robust pricing across the portfolio. Third quarter organic sales growth was +4.4%, reflecting the expected normalisation also due to a very tough comparison base (+18.6% in the third quarter of 2022 benefitting from second round of price increases) and continued unfavourable weather conditions across key European markets, in particular Italy.

To mitigate the effect of hyperinflationary economies, the organic change for countries (Argentina), which have to adopt the hyperinflationary methodology laid down in IFRS, includes only the component attributable to volumes sold in relation to net sales, while the effects associated with hyperinflation, including price index variation and price increases, are treated as exchange rate effects. As regards the ongoing business in Russia-Ukraine, it continues to have a limited impact on the Group's consolidated results, accounting overall for approximately 2.3% of Campari Group's net sales in the nine months ended 30 September 2023 (2.7% in the full year 2022).

An in-depth analysis by geographical region and core market of sales registered in the nine months ended 30 September 2023 compared with the same period of 2022 is provided below. Unless otherwise stated, the comments relate to the organic change in each market.

### 2. Organic sales performance of operating segments

The sales performance of the four operating segments in the nine months ended 30 September 2023 compared with the same period of 2022 is provided in the table below.

| | for the nine months ended 30 September | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | | 2022 | | total change | nine months change %, of which | | | | third quarter organic change % |
| | € million | % | € million | % | € million | total | organic | perimeter | exchange rate[1] | |
| Americas [1] | 958.6 | 43.5% | 907.8 | 45.3% | 50.9 | 5.6% | 6.5% | 1.1% | -2.0% | 0.1% |
| Southern Europe, Middle East and Africa | 630.9 | 28.7% | 570.1 | 28.4% | 60.8 | 10.7% | 9.2% | 1.8% | -0.3% | -4.5% |
| North, Central and Eastern Europe | 447.1 | 20.3% | 392.0 | 19.5% | 55.1 | 14.1% | 16.1% | 0.6% | -2.7% | 18.7% |
| Asia-Pacific | 164.7 | 7.5% | 135.9 | 6.8% | 28.8 | 21.2% | 26.6% | 2.6% | -8.1% | 27.4% |
| **total** | **2,201.3** | **100.0%** | **2,005.7** | **100.0%** | **195.6** | **9.8%** | **10.5%** | **1.3%** | **-2.1%** | **4.4%** |

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

- **Americas**
The region, broken down into its core markets below, recorded an overall organic increase of +6.5%. The region is predominantly off-premise skewed, particularly North America.

| | | for the nine months ended 30 September | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | % of Group total | 2023 | | 2022 | | total change | nine months change %, of which | | | | third quarter organic change % |
| | | € million | % | € million | % | € million | total | organic | perimeter | exchange rate[1] | |
| US | 27.5% | 604.8 | 63.1% | 553.5 | 61.0% | 51.2 | 9.3% | 9.1% | 2.0% | -1.9% | 4.9% |
| Jamaica | 4.8% | 106.3 | 11.1% | 103.8 | 11.4% | 2.5 | 2.4% | 4.3% | - | -1.9% | -11.7% |
| Other countries of the region[1] | 11.2% | 247.5 | 25.8% | 250.4 | 27.6% | (2.9) | -1.1% | 1.8% | -0.4% | -2.5% | -4.9% |
| **Americas** | **43.5%** | **958.6** | **100.0%** | **907.8** | **100.0%** | **50.9** | **5.6%** | **6.5%** | **1.1%** | **-2.0%** | **0.1%** |

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

The **United States**, accounting for 27.5% of the Group's net sales, reported very solid growth (+9.1%) largely thanks to Espolòn, Aperol, Russell's Reserve and Appleton Estate, more than offsetting the destocking effect of Grand Marnier. Third quarter shipments were up +4.9%, against a very tough comparison base (+30.2% in the third quarter 2022) as well as industry normalisation, continuing to outperform the overall market (based on NABCA and Nielsen indicators[8]).

**Jamaica** showed positive growth in the nine months ended 30 September 2023 led by Magnum Tonic Wine, Appleton Estate and Wray&Nephew Overproof despite a softer third quarter (-11.7%) due to supply constraints and a tough comparison base (+32.5% in the third quarter 2022).

Performance for the rest of the region was positive overall, with strong growth in **Brazil** and **Mexico** offsetting weakness in other markets, and market meltdown in **Argentina**.

- **Southern Europe, Middle East and Africa**
The region, which is broken down by core markets in the table below, reported an organic increase of +9.2%. It is predominantly skewed to the on-premise channel.

| | | for the nine months ended 30 September | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | % of Group total | 2023 | | 2022 | | total change | nine months change %, of which | | | | third quarter |
| | | € million | % | € million | % | € million | total | organic | perimeter | exchange rate | organic change % |
| Italy | 17.5% | 384.9 | 61.0% | 362.5 | 63.6% | 22.4 | 6.2% | 5.9% | 0.3% | - | -9.3% |
| France | 5.9% | 129.9 | 20.6% | 107.0 | 18.8% | 22.9 | 21.4% | 12.8% | 8.6% | - | 1.0% |
| Other countries of the region | 5.3% | 116.1 | 18.4% | 100.6 | 17.7% | 15.5 | 15.4% | 17.1% | 0.1% | -1.7% | 4.6% |
| **Southern Europe, Middle East and Africa** | **28.7%** | **630.9** | **100.0%** | **570.1** | **100.0%** | **60.8** | **10.7%** | **9.2%** | **1.8%** | **-0.3%** | **-4.5%** |

Core **Italy** reported overall positive performance largely thanks to Aperol (+9.2%) and Campari (+8.2%), with a strong contribution from pricing despite softer performance in the third quarter (-9.3%), impacted by the tough comparison base (+7.9% in the third quarter 2022), wholesaler caution as well as poor weather affecting aperitifs in their peak season. Overall sales growth still outperforms the market trend.

Strong growth was registered in **France** in the nine months ended 30 September 2023 (with the third quarter growing slightly against a tough comparison base), driven by core Aperol and Campari as well as Riccadonna sparkling wine, Trois Rivieres and Champagne Lallier.

The rest of the region reported positive overall performance including double-digit growth in **Spain** and **Greece** thanks to continued momentum in a resilient consumer environment, led by Aperol and Campari. Global Travel Retail ('GTR') was up +36.9% with good momentum in Aperol, Campari, The GlenGrant, Grand Marnier, SKYY Vodka, Frangelico and Appleton Estate. Weakness persists in **Nigeria**.

[8] US NielsenIQ to 7th October 2023.

- **Northern, Central and Eastern Europe**

The region, predominantly off-premise skewed, reported positive overall organic growth (+16.1%) across its core countries.

| | % of Group total | for the nine months ended 30 September 2023 | | 2022 | | total change | nine months change %, of which | | | | third quarter organic change % |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | € million | % | € million | % | € million | total | organic | perimeter | exchange rate | |
| Germany | 8.4% | 185.6 | 41.5% | 149.0 | 38.0% | 36.7 | 24.6% | 24.6% | 0.1% | - | 38.8% |
| United Kingdom | 3.1% | 68.4 | 15.3% | 61.3 | 15.6% | 7.1 | 11.6% | 14.7% | - | -3.2% | 4.0% |
| Other countries of the region | 8.8% | 193.1 | 43.2% | 181.7 | 46.4% | 11.4 | 6.3% | 9.6% | 1.3% | -4.7% | 8.1% |
| **North, Central and Eastern Europe** | **20.3%** | **447.1** | **100.0%** | **392.0** | **100.0%** | **55.1** | **14.1%** | **16.1%** | **0.6%** | **-2.7%** | **18.7%** |

**Germany** showed solid performance in the nine months ended 30 September 2023 boosted by an acceleration in the third quarter (+38.8%), helped also by robust pricing. The growth was largely driven by the aperitif portfolio in their peak season, including Aperol, Aperol Spritz ready-to-enjoy and Campari, all of which grew double-digits, alongside the recent innovation Sarti Rosa tapping into the more intimate female aperitivo setting. Non-alcoholic Crodino continued to grow off a small base. Strong growth was also reported for Cinzano Sparkling wines against an easy comparison base.

The **United Kingdom** registered strong overall growth notwithstanding difficult market dynamics as well as unfavourable weather in the third quarter. Positive sales performance was led by the continued momentum in Aperol, Campari, Magnum Tonic Wine and Wray&Nephew Overproof.

Good underlying trends remained in other markets, despite the poor weather in the peak summer season, largely thanks to the aperitif portfolio.

- **Asia-Pacific**

The region, which is predominantly off-premise skewed and whose market breakdown is shown in the table below, recorded organic growth of +26.6%.

| | % of Group total | for the nine months ended 30 September 2023 | | 2022 | | total change | nine months change %, of which | | | | third quarter organic change % |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | € million | % | € million | % | € million | total | organic | perimeter | exchange rate | |
| Australia | 3.9% | 86.1 | 52.3% | 84.2 | 62.0% | 1.8 | 2.2% | 9.4% | 0.5% | -7.8% | 12.9% |
| Other countries of the region | 3.6% | 78.6 | 47.7% | 51.7 | 38.0% | 26.9 | 52.1% | 54.7% | 6.0% | -8.5% | 49.8% |
| **Asia-Pacific** | **7.5%** | **164.7** | **100.0%** | **135.9** | **100.0%** | **28.8** | **21.2%** | **26.6%** | **2.6%** | **-8.1%** | **27.4%** |

In the nine months ended 30 September 2023, **Australia** showed positive performance (+9.4%) after an acceleration in the third quarter (+12.9%), helped also by an easy comparison base, largely thanks to core Wild Turkey ready-to-drink, Wild Turkey bourbon and Aperol.

With regard to **the other countries of the region** (+54.7%), **South Korea** registered positive overall growth in the nine months ended 30 September 2023, driven by high-end Wild Turkey offerings, The GlenGrant and SKYY Vodka, despite soft third quarter performance against a very tough comparison base. **China** showed positive overall growth in a volatile market against an easy comparison base, thanks to SKYY, X-Rated, Aperitifs and Wild Turkey bourbon. **Japan** registered very strong triple-digit growth thanks to Wild Turkey bourbon, The GlenGrant as well as Campari.

- **Brand contribution to segments**

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

| | percentage of Group sales | nine months change % compared with nine months 2022, of which | | | | third quarter organic change % compared with third quarter 2022 | segment/main markets for brands |
|---|---|---|---|---|---|---|---|
| | | total | organic | perimeter | exchange rate | | |
| **global priority brands** | **58.9%** | **8.7%** | **10.9%** | **-** | **-2.2%** | **4.0%** | **-** |
| Aperol | 26.2% | 21.8% | 23.3% | - | -1.5% | 9.0% | -<br>*Italy, SEMEA*<br>*Germany, NCEE*<br>*US, AMERICAS*<br>*France, SEMEA*<br>*United Kingdom, NCEE* |
| Campari | 10.8% | 7.6% | 9.2% | - | -1.7% | 1.8% | -<br>*Italy, SEMEA*<br>*US, AMERICAS*<br>*Brazil, AMERICAS*<br>*Germany, NCEE*<br>*Jamaica, AMERICAS* |
| Wild Turkey portfolio[1][2] | 7.7% | 7.8% | 10.9% | - | -3.0% | 8.0% | -<br>*US, AMERICAS*<br>*Australia, APAC*<br>*South Korea, APAC*<br>*Japan, APAC*<br>*GTR, SEMEA* |
| SKYY[1] | 4.6% | -4.4% | 2.4% | - | -6.8% | -6.2% | -<br>*US, AMERICAS*<br>*Argentina, AMERICAS*<br>*Germany, NCEE*<br>*China, APAC*<br>*South Africa, SEMEA* |
| Grand Marnier | 4.5% | -23.1% | -21.8% | - | -1.4% | -4.1% | -<br>*US, AMERICAS*<br>*Canada, AMERICAS*<br>*France, SEMEA*<br>*GTR, SEMEA*<br>*Mexico, AMERICAS* |
| Jamaican rums portfolio[3] | 5.1% | 5.5% | 7.8% | - | -2.2% | -2.0% | -<br>*Jamaica, AMERICAS*<br>*US, AMERICAS*<br>*United Kingdom, NCEE*<br>*Canada, AMERICAS*<br>*Mexico, AMERICAS* |
| **regional priority brands** | **24.1%** | **11.1%** | **13.0%** | **1.0%** | **-2.9%** | **7.1%** | **-** |
| Espolòn | 7.7% | 34.9% | 37.6% | - | -2.7% | 29.4% | |
| Sparkling Wine&Vermouth | 4.2% | -3.9% | 2.1% | - | -6.0% | 3.6% | |
| Italian specialties[4] | 2.5% | -5.1% | -5.7% | 2.0% | -1.4% | -14.3% | |
| Crodino | 2.3% | 2.4% | 2.3% | - | 0.1% | -7.7% | |
| Magnum Tonic | 1.7% | 25.4% | 28.4% | - | -3.0% | 2.8% | |
| Aperol Spritz ready-to-enjoy | 1.5% | 7.7% | 7.9% | - | -0.2% | 3.9% | |
| The GlenGrant | 1.0% | 17.7% | 22.9% | - | -5.2% | 10.9% | |
| other[5] | 3.2% | 2.5% | - | 5.2% | -2.7% | -4.3% | |
| **local priority brands** | **8.3%** | **9.6%** | **2.9%** | **6.9%** | **-0.2%** | **-6.0%** | **-** |
| Campari Soda | 2.8% | 1.4% | 1.4% | - | - | -22.3% | |
| Wild Turkey ready-to-drink[6] | 1.6% | -1.3% | 6.3% | - | -7.5% | 10.7% | |
| Skyy ready-to-drink | 1.4% | 48.6% | 33.8% | - | 14.9% | 29.3% | |
| X-Rated | 0.4% | -1.1% | 3.7% | - | -4.8% | 5.8% | |
| other[7] | 2.1% | 14.3% | -12.9% | 27.8% | -0.6% | -18.6% | |
| **rest of the portfolio** | **8.7%** | **13.6%** | **8.0%** | **6.1%** | **-0.5%** | **8.6%** | **-** |
| **total** | **100.0%** | **9.8%** | **10.5%** | **1.3%** | **-2.1%** | **4.4%** | **-** |

(1) Excludes ready-to-drink.
(2) Includes American Honey.
(3) Includes Appleton Estate, Wray&Nephew Overproof and Kingston 62.
(4) Includes Braulio, Cynar, Averna, Frangelico and Del Professore.
(5) Includes Bisquit&Dubouché, Bulldog, Forty Creek, Trois Rivières, Maison La Mauny, Ancho Reyes, Montelobos, Lallier and Wilderness Trail.
(6) Includes American Honey ready-to-drink.
(7) Includes Cabo Wabo, Ouzo 12 and Picon.

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

**Global priority** brands maintained double-digit organic growth of +10.9% overall. In the nine months ended 30 September 2023 **Aperol** showed strong organic growth (+23.3%) across markets, with positive momentum continuing during the peak summer season despite unfavourable weather, boosted also by pricing and strong consumption, particularly in Germany. Organic performance in the third quarter was positive overall (+9.0%) but reflected a tough shipment comparison base in the core United States market (+110.3% in the same period of last year), bad weather and wholesaler caution in core Italy. **Campari** reported strong organic growth (+9.2%) overall despite a softer third quarter (+1.8%), which reflected a tough comparison base (+26.0%), poor weather conditions in the core European markets and temporary weakness in Argentina, Nigeria and Jamaica. Strong brand momentum continued in the third quarter of 2023 (+8.0%) for the **Wild Turkey portfolio** despite the tough comparison base (+30.2%) thanks to positive performance driven by the core United States, Australia, Japan and South Korea, with sustained outperformance of the high-margin premium bourbon Russell's Reserve. Positive organic performance for **SKYY** was achieved during the period thanks to growth in international markets driven by China, while the third quarter registered a decline, which was largely driven by the Argentina and United States. Negative shipment performance impacted **Grand Marnier** in the nine months ended 30 September 2023 due to destocking in the core United States in the first half of the year, while the shipments were normalised in the third quarter. **Jamaican Rums** grew +7.8% organically with Appleton Estate being positive (+11.2%) driven by continued favourable category trends and the premiumisation of the brand. Wray&Nephew Overproof grew by +3.7% after shipment decline in the third quarter in the core market Jamaica due to supply constraints, while the United States and the United Kingdom continued to grow.

**Regional priority** brands registered double-digit organic growth of +13.0%, driven by **Espolòn** (+37.6%) which confirmed its strong momentum in the core United States during the third quarter (+32.4%) as the brand continued to gain market share driven by both volume share gain and positive pricing thanks to its strong brand equity. **Sparkling Wine&Vermouth** showed positive performance largely thanks to the good momentum of Riccadonna in France. **Italian specialties** reported negative performance (-5.7%) in the nine months ended 30 September 2023, largely due to the weakness of Frangelico, against a very tough comparison base (+33.9%). Positive performance was registered for **Crodino** (+2.3%) thanks to an overall positive performance thanks to Germany, the United Kingdom and France, thus offsetting weakness in core Italy in the third quarter due to poor weather and wholesaler caution. **Aperol Spritz ready-to-enjoy** was overall positive (+7.9%) thanks to strong growth in Germany as well as positive pricing effect. **The GlenGrant** showed overall strong performance (+22.9%), in particular within South Korea, GTR, and Japan, driven by high-end expressions. Overall very positive performance was recorded in the core United Kingdom and Jamaican markets for **Magnum Tonic Wine** (+28.4%). Moreover, positive growth was also reported across other regional priorities brands, in particular **Montelobos**, **Ancho Reyes**, **Lallier** and **Trois Rivières**.

The **local priority brands** grew by +2.9% in the nine months ended 30 September 2023 thanks to **Campari Soda,** which was slightly positive after a weaker third quarter in core Italy due wholesaler caution and unfavourable weather, **Wild Turkey ready-to-drink** (+6.3%) driven by the continued recovery in core Australia, **X-Rated** (+3.7%) mainly thanks to China, while South Korea registered negative performance largely due to a tough comparison base. Moreover, strong growth (+33.8%) was recorded for **SKYY ready-to-drink** mainly driven by the core market Mexico.

The **rest of the portfolio** reported positive growth of +8.0%.

## 3. Perimeter variation

The perimeter variation of +1.3% in the nine months ended September 2023, compared with the sales in the same period of the previous year, is analysed in the table below.

| **perimeter variation** | | |
|---|---|---|
| breakdown of the perimeter effect | € million | % on first nine months ended 30 September 2022 |
| asset deals and business acquisitions | 20.8 | 1.0% |
| **total acquisitions** | **20.8** | **1.0%** |
| new agency brands | 7.0 | 0.4% |
| discontinued agency brands | (1.5) | -0.1% |
| **total agency brands** | **5.6** | **0.3%** |
| **total perimeter effect** | **26.4** | **1.3%** |

- **Asset deals and business acquisitions**
  In the nine months ended 30 September 2023, the sales contribution from asset deals and business acquisitions was +1.0% at the overall Group level and comprised the Picon and Del Professore brands, starting from May and August 2022 respectively, as well as the sales related to Wilderness Trail Distillery, starting from 1 January 2023.

- **Agency brands distribution**
  The perimeter variation due to the agency brands in the nine months ended 30 September 2023 was +0.3% and was mainly related to the sales generated by Howler Head bourbon from September 2022, following the acquisition of an initial minority investment in the brand owner Monkey Spirits, LLC and related distribution rights, partially offset by discontinued agency brands in Argentina.

## 4. Exchange rate effects

The exchange rate effect for the nine months ended 30 September 2023 was negative (-2.1%) with respect to the same period of 2022, mainly due to the depreciation against the Euro of the Group's key currencies such as the US Dollar, the Jamaican Dollar, the Canadian Dollar, the Great Britain Pound and the Australian Dollar only partially offset by strong revaluation of the Mexican Peso.

The exchange rate effect includes the impact of applying the IAS 29 Hyperinflation principle in Argentina. Moreover, as a prudent measure to strip out the effects of the local high inflation rate, the exchange rate effect also includes the pricing component.
The table below shows, for the Group's most important currencies, the average exchange rates for the nine months ended 30 September 2023 and the same period of 2022 respectively, and the spot rates at 30 September 2023, with the percentage change against the Euro compared with 31 December 2022.

| | average exchange rates | | | spot exchange rates | | |
|---|---|---|---|---|---|---|
| | for the nine months ended 30 September 2023 | for the nine months ended 30 September 2022 | revaluation/(devaluation) vs. nine months 2022 | at 30 September 2023 | at 31 December 2022 | revaluation/(devaluation) vs. 31 December 2022 |
| | 1 Euro | : 1 Euro | % | 1 Euro | : 1 Euro | % |
| US Dollar | 1.084 | 1.065 | -1.7% | 1.059 | 1.067 | 0.7% |
| Canadian Dollar | 1.458 | 1.365 | -6.3% | 1.423 | 1.444 | 1.5% |
| Jamaican Dollar | 166.591 | 163.558 | -1.8% | 164.287 | 161.803 | -1.5% |
| Mexican Peso | 19.293 | 21.578 | 11.8% | 18.503 | 20.856 | 12.7% |
| Brazilian Real | 5.425 | 5.468 | 0.8% | 5.307 | 5.639 | 6.3% |
| Argentine Peso(1) | 370.815 | 143.376 | -61.3% | 370.815 | 188.503 | -49.2% |
| Russian Ruble(2) | 90.006 | 77.155 | -14.3% | 103.258 | 79.226 | -23.3% |
| Great Britain Pound | 0.871 | 0.847 | -2.8% | 0.865 | 0.887 | 2.6% |
| Swiss Franc | 0.978 | 1.012 | 3.6% | 0.967 | 0.985 | 1.8% |
| Australian Dollar | 1.620 | 1.505 | -7.1% | 1.634 | 1.569 | -4.0% |
| Yuan Renminbi | 7.621 | 7.021 | -7.9% | 7.735 | 7.358 | -4.9% |

(1) The average exchange rate of the Argentine Peso was equal to the spot exchange rate at the reporting date.
(2) On 2 March 2022, the European Central Bank ('ECB') decided to suspend the publication of the Euro reference rate for the Russian Rouble until further notice. The Group has therefore decided to refer to an alternative reliable source for exchange rates based on executable and indicative quotes from multiple dealers.

## Statement of profit or loss

**Key highlights**

Profit or loss for the nine months ended 30 September 2023 confirmed positive organic performance for all profitability indicators. Specifically, in organic terms, net sales, gross profit, contribution margin and the result from recurring operations (EBIT-adjusted) showed organic growth of +10.5%, +10.4%, +11.5% and +10.8%, respectively. The strong net sales and EBIT organic growth in the nine months ended 30 September 2023 were driven by a positive business momentum benefitting from the second round of price increases and positive sales mix despite continued unfavourable weather conditions across key European markets and the normalisation of market conditions relating to inflated input costs. The organic EBIT-adjusted growth of +10.8% with 10 basis points accretion in the nine months ended 30 September 2023 factored in a third quarter EBIT-adjusted organic growth of +3.3%, with 20 basis points margin dilution deriving from gross margin accretion (60 basis points), containment of advertising and promotions expenses growth due to adverse weather conditions (40 basis points margin accretion) and investments in selling, general and administrative expenses (with a dilutive effect of 120 basis points) connected with the strengthened commercial capabilities including route-to-market development.

The perimeter component for the nine months ended 30 September 2023 reflected the tail-end effects of additions of the Picon brand and the acquisition of Wilderness Trail Distillery, with the latter generating a lower contribution than originally disclosed, due to prioritisation of liquid allocation from bulk sales to future growth of high-margin own brands. This contribution was partially offset by the discontinuation of agency brands in Argentina.
The exchange rate effect on EBIT-adjusted, including hyperinflation in Argentina, was negative during the period, mainly driven by the depreciation of the US Dollar and the appreciation of Mexican Peso penalising tequila cost.

The table below shows the statement of profit or loss(1) for the nine months ended 30 September 2023 and a breakdown of the total change by organic change, perimeter change and exchange rate effects.

| | for the nine months ended 30 September | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | | 2022 | | 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)** | **2,201.3** | **100.0** | **2,005.7** | **100.0** | **195.6** | **9.8%** | **210.9** | **10.5%** | **26.4** | **1.3%** | **(41.6)** | **-2.1%** |
| Cost of sales | (898.2) | (40.8) | (795.6) | (39.7) | (102.7) | 12.9% | (85.2) | 10.7% | (16.3) | 2.0% | (1.2) | 0.1% |
| **Gross profit** | **1,303.1** | **59.2** | **1,210.1** | **60.3** | **93.0** | **7.7%** | **125.7** | **10.4%** | **10.1** | **0.8%** | **(42.8)** | **-3.5%** |
| Advertising and promotional expenses | (350.8) | (15.9) | (328.6) | (16.4) | (22.1) | 6.7% | (23.9) | 7.3% | (3.6) | 1.1% | 5.5 | -1.7% |
| **Contribution margin** | **952.3** | **43.3** | **881.5** | **43.9** | **70.9** | **8.0%** | **101.7** | **11.5%** | **6.4** | **0.7%** | **(37.3)** | **-4.2%** |
| Selling, general and administrative expenses | (431.8) | (19.6) | (389.3) | (19.4) | (42.6) | 10.9% | (48.8) | 12.5% | (1.0) | 0.3% | 7.2 | -1.9% |
| **Result from recurring activities (EBIT-adjusted)** | **520.5** | **23.6** | **492.2** | **24.5** | **28.3** | **5.7%** | **52.9** | **10.8%** | **5.4** | **1.1%** | **(30.1)** | **-6.1%** |
| Other operating income (expenses) | (29.4) | (1.3) | (26.1) | (1.3) | (3.3) | 12.7% | | | | | | |
| **Operating result (EBIT)** | **491.1** | **22.3** | **466.1** | **23.2** | **25.0** | **5.4%** | | | | | | |
| Financial income (expenses) | (50.5) | (2.3) | (10.9) | (0.5) | (39.6) | - | | | | | | |
| Hyperinflation effect | 6.4 | 0.3 | 0.8 | - | 5.6 | - | | | | | | |
| Profit (loss) related to associates and joint-ventures | (2.6) | (0.1) | (2.3) | (0.1) | (0.3) | 11.9% | | | | | | |
| **Profit before taxation** | **444.3** | **20.2** | **453.7** | **22.6** | **(9.3)** | **-2.1%** | | | | | | |
| **Profit before taxation-adjusted** | **472.9** | **21.5** | **484.2** | **24.1** | **(11.4)** | **-2.3%** | | | | | | |
| Non-controlling interests before taxation | (0.9) | - | 0.9 | - | (1.8) | - | | | | | | |
| **Group profit before taxation** | **445.2** | **20.2** | **452.7** | **22.6** | **(7.5)** | **-1.7%** | | | | | | |
| **Group profit before taxation-adjusted** | **473.8** | **21.5** | **483.3** | **24.1** | **(9.6)** | **-2.0%** | | | | | | |
| Total depreciation and amortisation | (80.8) | (3.7) | (65.5) | (3.3) | (15.2) | 23.2% | | | | | | |
| **EBITDA-adjusted** | **601.3** | **27.3** | **557.8** | **27.8** | **43.5** | **7.8%** | **63.4** | **11.4%** | **10.7** | **1.9%** | **(30.5)** | **-5.5%** |
| **EBITDA** | **571.9** | **26.0** | **531.7** | **26.5** | **40.2** | **7.6%** | | | | | | |

The table below shows the statement of profit or loss(1) for the third quarter of 2023 broken down into total change, organic change, perimeter change and exchange rate effects.

| | third quarter | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | | 2022 | | 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] | **743.5** | **100.0** | **748.8** | **100.0** | **(5.2)** | **-0.7%** | **32.8** | **4.4%** | **3.6** | **0.5%** | **(41.7)** | **-5.6%** |
| Cost of sales | (312.7) | (42.1) | (305.1) | (40.7) | (7.6) | 2.5% | (8.9) | 2.9% | (3.5) | 1.1% | 4.8 | -1.6% |
| **Gross profit** | **430.8** | **57.9** | **443.7** | **59.3** | **(12.8)** | **-2.9%** | **23.9** | **5.4%** | **0.1** | **-** | **(36.9)** | **-8.3%** |
| Advertising and promotional expenses | (125.2) | (16.8) | (125.8) | (16.8) | 0.6 | -0.5% | (2.2) | 1.7% | (2.8) | 2.2% | 5.6 | -4.4% |
| **Contribution margin** | **305.6** | **41.1** | **317.8** | **42.4** | **(12.2)** | **-3.8%** | **21.7** | **6.8%** | **(2.7)** | **-0.8%** | **(31.3)** | **-9.8%** |
| Selling, general and administrative expenses | (144.8) | (19.5) | (136.5) | (18.2) | (8.3) | 6.1% | (15.7) | 11.5% | 0.2 | -0.2% | 7.2 | -5.3% |
| **Result from recurring activities (EBIT-adjusted)** | **160.8** | **21.6** | **181.3** | **24.2** | **(20.5)** | **-11.3%** | **6.0** | **3.3%** | **(2.4)** | **-1.3%** | **(24.1)** | **-13.3%** |
| Other operating income (expenses) | (13.4) | (1.8) | (4.1) | (0.5) | (9.3) | - | | | | | | |
| **Operating result (EBIT)** | **147.4** | **19.8** | **177.2** | **23.7** | **(29.8)** | **-16.8%** | | | | | | |
| Financial income (expenses) | (18.1) | (2.4) | (6.2) | (0.8) | (11.8) | - | | | | | | |
| Hyperinflation effect | 5.2 | 0.7 | 1.2 | 0.2 | 4.0 | - | | | | | | |
| Profit (loss) related to associates and joint-ventures | (1.2) | (0.2) | (0.8) | (0.1) | (0.5) | 57.8% | | | | | | |
| **Profit before taxation** | **133.3** | **17.9** | **171.4** | **22.9** | **(38.1)** | **-22.2%** | | | | | | |
| **Profit before taxation-adjusted** | **146.7** | **19.7** | **179.9** | **24.0** | **(33.2)** | **-18.5%** | | | | | | |
| Non-controlling interests before taxation | (2.3) | (0.3) | 0.3 | - | (2.5) | - | | | | | | |
| **Group profit before taxation** | **135.5** | **18.2** | **171.1** | **22.9** | **(35.6)** | **-20.8%** | | | | | | |
| **Group profit before taxation-adjusted** | **148.9** | **20.0** | **179.6** | **24.0** | **(30.7)** | **-17.1%** | | | | | | |
| Total depreciation and amortisation | (29.4) | (4.0) | (23.5) | (3.1) | (6.0) | 25.4% | | | | | | |
| **EBITDA-adjusted** | **190.3** | **25.6** | **204.8** | **27.3** | **(14.5)** | **-7.1%** | **10.1** | **4.9%** | **0.2** | **0.1%** | **(24.8)** | **-12.1%** |
| **EBITDA** | **176.9** | **23.8** | **200.7** | **26.8** | **(23.9)** | **-11.9%** | | | | | | |

(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'.
(2) Sales after deduction of excise duties.

The change in profitability in the first nine months of 2023 and in the third quarter of 2023 shown as variation of percentage margin on net sales (basis points) and in percentage terms, is as follows.

| | first nine months 2023 compared to first nine months 2022 | | |
|---|---|---|---|
| margin accretion (dilution) in basis point[2] and organic | total | organic bps | % organic |
| Net sales | - | **-** | **10.5%** |
| Cost of sales | (110) | (10) | 10.7% |
| **Gross profit** | **(110)** | **(10)** | **10.4%** |
| Advertising and promotional expenses | 50 | 50 | 7.3% |
| **Contribution margin** | **(70)** | **40** | **11.5%** |
| Selling, general and administrative expenses | (20) | (40) | 12.5% |
| **Result from recurring activities (EBIT-adjusted)** (1) | **(90)** | **10** | **10.8%** |

| | third quarter 2023 compared to third quarter 2022 | | |
|---|---|---|---|
| margin accretion (dilution) in basis point[2] and organic | total | organic bps | % organic |
| Net sales | - | - | **4.4%** |
| Cost of sales | (130) | 60 | 2.9% |
| **Gross profit** | **(130)** | **60** | **5.4%** |
| Advertising and promotional expenses | - | 40 | 1.7% |
| **Contribution margin** | **(130)** | **100** | **6.8%** |
| Selling, general and administrative expenses | (120) | (120) | 11.5% |
| **Result from recurring activities (EBIT-adjusted)** (1) | **(260)** | **(20)** | **3.3%** |

(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'.
(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 nine months ended 30 September 2023 are analysed below, while a detailed analysis of the 'sales performance' is included in the previous paragraph, to which reference is made.

**Gross profit** for the period was €1,303.1 million, up +7.7% compared with the same period of 2022. The organic component of +10.4% was combined with a negative exchange rate variation at -3.5% and a perimeter effect at +0.8%. As a percentage of net sales, profitability stood at 59.2%, lower than the 60.3% reported in the same period of 2022, hence generating a dilutive effect of 110 basis points on a reported basis (10 basis points dilutive organic effect and 100 basis points combined result of exchange rate and perimeter components). Focusing on the organic variation during the period, the slight dilutive effect of 10 basis points was mainly driven by inflation on cost of sales only partially mitigated by pricing and sales mix effects. In the third quarter, gross margin accretion of 60 basis points was generated thanks to positive pricing only partly offset by easing input cost inflation.

**Advertising and promotional expenses** amounted to €350.8 million, up +6.7% overall compared with the same period of 2022 on a reported basis. As a percentage of sales, advertising and promotional expenses stood at 15.9%, lower than the 16.4% shown in the same period of 2022, thus generating an accretive effect of 50 basis points on profitability. In organic terms (+7.3%), investments reflected continued very poor weather conditions that impacted summer activations and generated an accretive effect of 50 basis points. Perimeter variation was positive at +1.1% while exchange rate variation was negative at -1.7%.

**Contribution margin** was €952.3 million in the nine months ended 30 September 2023, an overall increase of +8.0% on the same period of 2022. As a percentage of sales, contribution margin stood at 43.3%. The organic growth component was +11.5%, higher than net sales with an accretive effect on profitability of 40 basis points. The perimeter effect was positive at +0.7%, with a dilutive effect of 20 basis points, while the exchange rate effect of -4.2% had a dilutive effect on margins of 90 basis points.

**Selling, general and administrative expenses** amounted to €431.8 million in the period, up by +10.9% on the same period of 2022. As a percentage of sales, they stood at 19.6%, higher than the 19.4% recorded in the nine months ending 30 September 2022. At organic level, selling, general and administrative expenses increased by +12.5%, higher than net sales growth and therefore generating a dilutive effect on margins of 40 basis points due to normalised topline growth, reflecting the continuous investments in the business infrastructure, including the setting up of a new route-to-market in Greece. In the third quarter, selling, general and administrative expenses grew faster than sales (dilutive effect of 120 basis points), only partially mitigated by advertising and promotional expenses (accretive effect of 40 basis points) leading to a combined margin dilution of 80 basis points.

**The result from recurring operations (EBIT-adjusted)** for the period was €520.5 million, with an overall increase of +5.7% on the nine months ended 30 September 2022. The return on sales-adjusted (‘ROS’) stood at 23.6%, lower than the 24.5% in the same period of 2022 on a reported basis. The organic growth component was +10.8%, higher than the organic sales trend, thus generating a profit enhancement of 10 basis points on net sales. The impact of the exchange rate variation was negative at -6.1%, primarily driven by the effect of the Mexican Peso, which adversely affected the cost of tequila together with the depreciation of the US Dollar and Argentine Peso. The perimeter effect was slightly positive at +1.1% (dilutive effect of 10 basis points), driven by the decision to significantly reduce third-party bulk sales in Wilderness Trail bourbon due to prioritisation of liquid allocation to future growth of high-margin own brands.

**Other operating income (expenses)** comprised a net expense of €29.4 million, mainly attributable to provisions linked to restructuring initiatives, non-recurring costs connected to finance transformation as well as last-mile long-term incentive schemes with retention purposes to be potentially recognised to senior management[9].

**Operating result (EBIT)** in the nine months ended 30 September 2023 was €491.1 million, reflecting an increase of +5.4% compared with the same period of 2022. ROS amounted to 22.3% (23.2% in the same period of 2022).

**Depreciation and amortisation** totalled €80.8 million, up by +23.2% on the nine months ended 30 September 2022.

**EBITDA-adjusted** stood at €601.3 million, an increase of +7.8%, of which +11.4% was at organic level, -5.5% was driven by exchange rate variations and the perimeter effect was positive at +1.9%.

**EBITDA** was €571.9 million in the nine months ended 30 September 2023, an increase of +7.6% compared with the same period of 2022.

**Net financial expenses** totalled €50.5 million compared with €10.9 million in the same period of 2022, including a negative foreign exchange rate effect of €12.1 million (compared to a positive effect of €7.6 million in the same period of 2022). The main driver of the reported change was due to cross-currency transactions involving certain emerging markets currencies (particularly the Argentine Peso) for which hedging would not be cost-efficient, hence not activated by the Group. Excluding mostly unrealized foreign exchange losses, the average cost of net debt was 3.0% (2.1% in the same period of 2022), reporting net financial expenses at €38.4 million in the nine months ended 30 September 2023 and showing an increase of €24.3 million on the same period of 2022 (excluding the financial adjustments represented by the remeasurement effect from liability management occurred in the first nine months of 2022). The growth was mainly due to the higher average net debt in the nine months ended 30 September 2023 (€1,702.5 million at 30 September 2023 and €907.9 million in the same period of

[9] 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.

2022), combined with the overall rise in interest rates, which particularly affected the new term loans subscribed from the end of 2022 and the new bond issued in 2023. A detailed analysis of the net financial expenses is provided in the table below.

| | for the nine months ended 30 September | |
|---|---|---|
| | 2023 | 2022 |
| | € million | € million |
| Total interest expenses bond, loans and leases | (48.0) | (21.4) |
| Bank and other term deposit interest income | 14.4 | 10.9 |
| Other net expenses | (4.8) | (3.6) |
| Remeasurement effect from liability management | - | (4.5) |
| **Total financial expenses before exchange gain (losses)** | **(38.4)** | **(18.5)** |
| Exchange gain (losses) | (12.1) | 7.6 |
| **Total financial income (expenses)** | **(50.5)** | **(10.9)** |

**Hyperinflation effects** was positive at €6.4 million (€0.8 million in the same period of 2022).

**Profit (loss) related to associates and joint-ventures** represented a net loss of €2.6 million, resulting from the allocation of the results from joint-ventures and also including the not material net gain of €0.9 million resulting from the reassessment of the previously held Group interests in the Japanese joint-venture CT Spirits Japan Ltd. and in the investment in the New Zealand Thirsty Camel Ltd., which became wholly owned subsidiaries after the Group acquired full control from 1 March 2023 and 4 April 2023 respectively.

**Profit before taxation (Group and non-controlling interests)** was €444.3 million, a decrease of -2.1% compared with the same period of 2022. Profit before taxation as a percentage of sales was 20.2% (22.6% in the same period of 2022).

**Profit (loss) before taxation relating to non-controlling interests** for the period under analysis was negative at €0.9 million, compared to a gain of €0.9 million in the first nine months of 2022.

The **Group's profit before taxation** amounted to €445.2 million, a decrease of -1.7% on the same period of 2022. The Group's profit before taxation as a percentage of sales was 20.2% (22.6% in the first nine months of 2022). Excluding operating adjustments as well as financial adjustments, the **Group's profit before taxation-adjusted** amounted to €473.8 million, down -2.0% on the figure reported in the first nine months of 2022, adjusted accordingly. Excluding the impact of the reported mostly unrealized exchange losses (€12.1 million in the first nine months of 2023) and gains (€7.6 million in the same period of 2022), the Group's profit before taxation-adjusted, was €485.9 million, reflecting a +2.1% increase in comparison to the previous figure of €475.7 million.

## Net financial debt

As of 30 September 2023, consolidated net financial debt amounted to €1,815.6 million, up by €260.3 million compared with €1,555.3 million reported at 31 December 2022. Aiming at ensuring flexibility in supporting its commitment in the multi-year capital expenditure program and in any short-term investment opportunity, during the nine months of the year, the Group, benefitting from favourable market conditions, implemented some liability management operations, extending the maturity of the debt.

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

| | at 30 September 2023 | at 31 December 2022 post-reclassifications[1] | total change | *organic* | *perimeter*[2] | *exchange rates* |
|---|---|---|---|---|---|---|
| | € million | € million | € million | *€ million* | *€ million* | *€ million* |
| cash and cash equivalents | 682.3 | 435.4 | 246.9 | *253.6* | *(3.7)* | *(3.0)* |
| bonds | (299.9) | - | (299.9) | *(299.9)* | - | - |
| loans due to banks | (110.5) | (107.0) | (3.6) | *13.4* | *(10.0)* | *(7.0)* |
| lease payables | (14.6) | (14.4) | (0.2) | *(0.3)* | *(0.1)* | *0.2* |
| other financial assets and liabilities | 3.4 | 4.6 | (1.2) | *(0.7)* | *(0.7)* | *0.1* |
| **short-term net financial debt** | **260.6** | **318.6** | **(58.0)** | ***(33.8)*** | ***(14.4)*** | ***(9.7)*** |
| bonds | (845.6) | (846.3) | 0.7 | *0.7* | - | - |
| loans due to banks | (934.1) | (770.9) | (163.2) | *(164.5)* | *(1.2)* | *2.5* |
| lease payables | (58.8) | (65.1) | 6.3 | *5.9* | *(0.6)* | *1.0* |
| other financial assets and liabilities | 21.9 | 48.2 | (26.2) | *(26.3)* | - | *0.1* |
| **medium-/long-term net financial debt** | **(1,816.6)** | **(1,634.2)** | **(182.4)** | ***(184.1)*** | ***(1.8)*** | ***3.6*** |
| **net financial debt before put option and earn-out** | **(1,555.9)** | **(1,315.6)** | **(240.3)** | ***(217.9)*** | ***(16.2)*** | ***(6.2)*** |
| liabilities for put option and earn-out payments | (259.6) | (239.7) | (20.0) | *(22.0)* | *2.8* | *(0.8)* |
| **net financial debt** | **(1,815.6)** | **(1,555.3)** | **(260.3)** | ***(240.0)*** | ***(13.4)*** | ***(6.9)*** |

(1) For information on reclassifications of comparative figures, refer to note 3 iv-'Reclassification of comparative figures at 31 December 2022' of Campari Group condensed consolidated financial statements at 30 June 2023. The reclassification is related to the post-closing adjustment payment connected with Wilderness Trail Distillery, LLC.

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

At 30 September 2023, net financial debt remains skewed into medium to long-term maturities in line with Campari Group's long-term growth strategy.

The short-term net financial position was positive at €260.6 million with a reported overall reduction of €58.0 million compared with 31 December 2022 and mainly composed of cash and cash equivalents (€682.3 million) net of bonds (€299.9 million) and loans due to banks (€110.5 million). Bonds referred to private placements issued in 2017 and 2019 with a residual nominal amount of €150.0 million each with a maturity date in April 2024.
Cash and cash equivalents increased from €435.4 million to €682.3 million, benefitting from liability management initiatives during the nine months ended 30 September 2023 and supported by significant credit lines for a total of €731.9 million, of which €400.0 million committed and expiring in 2028 (undrawn at 30 September 2023). The balance of the credit lines, uncommitted for an amount of €331.9 million, was drawn down for €54.9 million at 30 September 2023.
The main drivers affecting the overall organic decrease in the short-term net financial debt of €33.8 million were attributable to the positive cash flow partially reinvested in capital expenditure, dividend payment and income taxes paid, net of the reclassification under short term debt of bonds for an amount of €299.9 million.

The medium to long-term financial debt, totalling €1,816.6 million, was largely composed of bonds and loans due to banks, and showed an increase of €182.4 million compared with 31 December 2022. The overall reported organic increase of €184.1 million was the combined effect of financial debt management activities focused on extending the average maturity, namely via a term facility of €400.0 million and a revolving facility of the same amount, in addition to the unrated bond issue of €300.0 million in May 2023 (for detailed information please refer to the 'Significant events of the period' paragraph in the management board report), partially offset by the early repayment of the €250.0 million term loan with original termination date in July 2024. The medium to long-term exposure also factored in the reclassification to short-term financial position of the aforementioned bonds for €300.0 million with maturities within the upcoming twelve months.

Furthermore, the Group's net financial debt included liabilities of €259.6 million related to future commitments to acquire outstanding minority interests in controlled companies.
During the nine months ended 30 September 2023, the reported variation in net financial debt was impacted by negative exchange rates effects of €6.9 million.

At 30 September 2023, the Campari Group's net debt/EBITDA-adjusted ratio[10] was 2.6 times, compared with 2.4 times at 31 December 2022 and 1.5 times at 30 September 2022 on a like-for-like basis. The pro-forma ratio adjusted to consider the twelve-month estimated effect of the recent acquisition and disposals on EBITDA-adjusted, and therefore calculated for comparison purposes, was confirmed to be 2.6 times (2.2 times at 31 December 2022 on a consistent basis).

## 2023 first nine months conclusion and outlook

The nine months ended 30 September 2023 confirmed the strong performance thanks to solid brand momentum, in particular from the aperitifs, tequila and bourbon, as well as robust pricing across the portfolio, whilst also reflecting the expected normalisation in the third quarter and the impact of poor weather in Europe.

Looking at the remainder of the year, the organic net sales performance is expected to reflect the strength of the Group's key brands with continued outperformance in core reference markets, supported by positive pricing and the continued normalization in volume growth. Regarding margins, the trends are expected to reflect positive pricing, sales mix linked to business seasonality, the normalisation of input costs inflation as well as the continued investments to strengthen the Group's commercial capabilities. On a full year basis, the Group confirms its guidance of a flat organic EBIT-adjusted margin in 2023[11] despite the current volatile macro-environment.
Concerning exchange rate variations, the negative trends are expected to continue, reflecting the weakening US Dollar and other key emerging markets currencies, as well as the appreciation of the Mexican Peso.

Looking at the medium-term horizon beyond 2023, Campari Group remains confident to continue delivering strong organic net sales growth and margin expansion leveraging mix improvement as well as input cost inflation easing.

[10] 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.
[11] Guidance provided upon full-year 2022 results.

## 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 additional financial information 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 brand asset deals, 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 cost 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 (tangible and intangible);
- 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. The Group believes that properly adjusted measures help both management and investors to assess the Group's results and cash flows year on year on a comparable basis as well as against those of other groups in the sector, as they exclude the impact of certain items that are not relevant for assessing performance. For a detailed reconciliation of the items that impacted on the alternative performance measures referred to above in the current and comparison periods, see the appendix at the end of this section.

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

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

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

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

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

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

**Profit (loss) related to 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 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.

**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.

**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.

**Debt/EBITDA-adjusted ratio**

The net debt/EBITDA-adjusted ratio is used by management to assess the Group's level of financial leverage, which affects its capacity to refinance its debt by the set maturity dates and to obtain further financing to invest in business development. The Group's debt management objective is based on the achievement of an optimal and sustainable level of financial solidity while maintaining an appropriate level of flexibility with regard to funding options. The Group monitors changes in this measure on an ongoing basis. Net debt is the Group's net financial

debt reported at the closing date of the reference period; the Group's EBITDA-adjusted for the past 12 months is calculated based on the reported value at the closing date of the reference period, into which the portion of EBITDA-adjusted recorded in the previous year is incorporated for the remaining months.
Upon the occurrence of significant business acquisition (or disposal) transactions, a pro-forma index-adjusted is calculated to take into account the annual effect on EBITDA of the business transaction (including for acquisition, excluding for a disposal) of the last twelve months, to ensure consistency in comparative terms with the previous year reported.

- **Appendix of alternative performance indicators**

For the nine months ended 30 September 2023

| **for the nine months ended 30 September 2023** | **EBITDA** | | **EBIT** | | **Group profit before taxation** | |
|---|---|---|---|---|---|---|
| | € million | % on sales | € million | % on sales | € million | % on sales |
| **alternative performance measure reported** | **571.9** | **26.0%** | **491.1** | **22.3%** | **445.2** | **20.2%** |
| devaluation of tangible assets, goodwill, brands and business disposed | (0.9) | - | (0.9) | - | (0.9) | - |
| restructuring and reorganisation costs | (12.5) | -0.6% | (12.5) | -0.6% | (12.5) | -0.6% |
| last mile long-term incentive schemes with retention purposes | (7.5) | -0.3% | (7.5) | -0.3% | (7.5) | -0.3% |
| fees from acquisition/disposals of business or companies | (1.4) | -0.1% | (1.4) | -0.1% | (1.4) | -0.1% |
| indemnities for contract resolution | 1.9 | 0.1% | 1.9 | 0.1% | 1.9 | 0.1% |
| finance transformation cost | (8.0) | -0.4% | (8.0) | -0.4% | (8.0) | -0.4% |
| other adjustments of operating income (expenses) | (1.0) | - | (1.0) | - | (1.0) | - |
| profit (loss) related to re-assessments of previously held associates and joint-ventures | - | - | - | - | 0.9 | - |
| **total adjustments** | **(29.4)** | **-1.3%** | **(29.4)** | **-1.3%** | **(28.5)** | **-1.3%** |
| **alternative performance measure-adjusted** | **601.3** | **27.3%** | **520.5** | **23.6%** | **473.8** | **21.5%** |

| | for the nine months ended 30 September 2023<br>€ million |
|---|---|
| EBITDA-adjusted at 30 September 2023 (+) | 601.3 |
| EBITDA-adjusted at 31 December 2022 (+) | 660.3 |
| EBITDA-adjusted at 30 September 2022 (-) | 557.8 |
| **rolling twelve months EBITDA-adjusted** | **703.8** |
| **net financial debt at 30 September 2023** | **1,815.6** |
| **net debt/EBITDA-adjusted ratio** | **ratio 2.6** |
| **rolling twelve months EBITDA adjusted for business acquisition** | **707.6** |
| **net debt/EBITDA-adjusted for business acquisition ratio** | **ratio 2.6** |

For the comparative figures ended 30 September 2022 and 31 December 2022.

| **for the nine months ended 30 September 2022** | **EBITDA** | | **EBIT** | | **Group profit before taxation** | |
|---|---|---|---|---|---|---|
| | € million | % on sales | € million | % on sales | € million | % on sales |
| **alternative performance measure reported** | **531.7** | **26.5%** | **466.1** | **23.2%** | **452.7** | **22.6%** |
| Ukraine and Russia conflict | (8.7) | -0.4% | (8.7) | -0.4% | (8.7) | -0.4% |
| restructuring and reorganisation costs | (6.1) | -0.3% | (6.1) | -0.3% | (6.1) | -0.3% |
| last mile long-term incentive schemes with retention purposes | (7.5) | -0.4% | (7.5) | -0.4% | (7.5) | -0.4% |
| other adjustments of operating income (expenses) | (3.9) | -0.2% | (3.9) | -0.2% | (3.9) | -0.2% |
| financial liability remeasurement effects | - | - | - | - | (4.5) | -0.2% |
| **total adjustments** | **(26.1)** | **-1.3%** | **(26.1)** | **-1.3%** | **(30.6)** | **-1.5%** |
| **alternative performance measure-adjusted** | **557.8** | **27.8%** | **492.2** | **24.5%** | **483.3** | **24.1%** |

| | for the nine months ended 30 September 2022<br>€ million |
|---|---|
| EBITDA-adjusted at 30 September 2022 (+) | 557.8 |
| EBITDA-adjusted at 31 December 2021 (+) | 514.9 |
| EBITDA-adjusted at 30 September 2021 (-) | 418.0 |
| **rolling twelve months EBITDA-adjusted** | **654.6** |
| **net financial debt at 30 September 2022** | **961.2** |
| **net debt/EBITDA-adjusted ratio** | **ratio 1.5** |

| | for the year ended 31 December 2022<br>€ million |
|---|---|
| EBITDA adjusted at 31 December 2022 | 660.3 |
| **net financial debt at 31 December 2022 before reclassifications** | **1,552.5** |
| **net debt/EBITDA-adjusted ratio** | **ratio 2.4** |
| **EBITDA adjusted for business acquisition** | **695.4** |
| **net debt/EBITDA-adjusted for business acquisition ratio** | **ratio 2.2** |

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