

LAGFIN S.C.A.
Société en commandite par actions
Head office : 3, rue des Bains L-1212 Luxembourg
RCS Luxembourg: B 51 599

Abridged audited annual accounts for the financial year ended December 31, 2019

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Management's report for the year ended December 31, 2019

To the Shareholders,

We have the pleasure to submit to your approval the annual accounts of the Company regarding the financial year 2019.

1. Financial situation of the Company

The total balance sheet for the year 2019 amounts to EUR 1.606.481.320,27.

The financial year as at 31st December 2019 shows a profit of EUR 11.356.396,43.

We propose to allocate the profit of the financial year as at December 31, 2019 as follows:

Profit of the year	EUR	11.356.396,43
Allocation to legal reserve	EUR	(171.720,00)
Profit brought forward previous year	EUR	39.466.568,66
Profit Brought forward	EUR	50.651.245,09

2. Important events during the financial year

As at December 31, 2019, the subscribed capital amounts to EUR 3.717.200,00 and is divided into 46.465 shares fully paid with par value of EUR 80,00 per share. The increases of the share capital acted during 2019 took place (i) following the merger by incorporation of the subsidiary Alicros S.p.A. at the beginning of the year (increase of EUR 1.717.160) and (ii) through a notarial deed held on September 2019 (increase of EUR 40).

During 2019 the Company increased the capital endowment of LAGFIN SCA –Succursale di Paradiso for an approximate amount of EUR 62,6 million.

During 2019 LAGFIN SCA – Succursale di Sesto San Giovanni partially reimbursed its capital endowment for an approximate amount of EUR 72 million.

The Company committed itself to purchase a real estate company in Monaco, Principality of Monaco.

3. Important events since the end of the financial year

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. The outbreak of the coronavirus is unfolding and it is difficult at this stage to predict the ultimate impact on the overall economy.

The Company's financial position and performance has been affected only residually and the Company has determined that these events are non-adjusting subsequent events for most of its

assets. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have been adjusted to reflect their limited impact.

On January 2020 the Company purchased a real estate property in London, United Kingdom.

On January and March 2020 the Company entered into two loan agreements with Mediobanca International (Luxembourg) SA for a total consideration of EUR 30.000.000,-.

On February 2020 following the decision of the Board of Directors of Davide Campari – Milano S.p.A. ("Campari") to submit to the shareholders the proposal to transfer the registered office of Campari to the Netherlands the Company confirmed its long-term commitment to Campari Group strategy and prospects and its support to such transfer. The Company confirmed its commitment to acquire Campari shares resulting from the exercise of the right of withdrawal (recesso) in the context of the offer and sale process provided for under Italian law up to an aggregate amount of Euro 76,5 million.

On June 12, 2020 the Company entered into a loan agreement with Compagnie Monegasque de Banque SA for a total consideration of EUR 74.150.000,-

4. Likely future development

As for the future developments of the activity, the Company expects to develop normally during the year 2020, the overall situation concerning economic and financial conditions had remained the same. Being difficult to evaluate the development of COVID-19, it is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

5. Research and development activity

The Board of Directors of the General Partner is constantly engaged in finding new investment opportunities and business developments.

6. Acquisition of own shares

During the current financial period, the Company did not acquire any of its own shares.


7. Existence of branches


The Company has one branch in Switzerland and one Branch in Italy.


We hereby ask you to approve the annual accounts for the year ended December 31, 2019 as submitted to you and to give us discharge for the preparation of the annual accounts and to the «Réviseur d'Entreprise» who issued his report on these accounts.

Luxembourg, 12 June 2020

**ARTEMISIA MANAGEMENT S.A.,
Acting as General Manager of
LAGFIN S.C.A.**


Vania BARAVINI
Director and
Chairman


Federico FRANZINA
Director


Massimiliano SELIZIATO
Director

Independent auditor's report

To the Partners of
Lagfin S.C.A.

Opinion

We have audited the financial statements of Lagfin S.C.A. (the "Company"), which comprise the balance sheet as at 31 December 2019, and the profit and loss account for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for Opinion

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

Other information

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

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

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

Responsibilities of the General Partner for the financial statements

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

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

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

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

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

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


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

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

Other Matter

The annual accounts of Lagfin S.C.A. for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those annual accounts on 27 June 2019.

Ernst & Young
Société anonyme
Cabinet de révision agréé



Bruno Di Bartolomeo

Luxembourg, 12 June 2020

RCSL Nr.: B51599

Matricule : 1997 2227 725

eCDF entry date : 11/06/2020

ABRIDGED BALANCE SHEET**Financial year from** 01 01/01/2019 **to** 02 31/12/2019 *(in* 03 EUR *)*

Lagfin S.C.A.
 3, rue des Bains
 L-1212 Luxembourg

ASSETS

	Reference(s)	Current year	Previous year
A. Subscribed capital unpaid			
I. Subscribed capital not called	1101 _____	101 _____	102 _____
II. Subscribed capital called but unpaid	1103 _____	103 _____	104 _____
	1105 _____	105 _____	106 _____
B. Formation expenses	1107 _____ Note 3	107 282.283,29	108 167.786,36
C. Fixed assets			
I. Intangible assets	1109 _____	109 1.438.704.514,69	110 393.570.894,35
II. Tangible assets	1111 _____ Note 4	111 2.945.499,92	112 _____
III. Financial assets	1125 _____ Note 5	125 78.313.586,09	126 45.588.307,48
	1135 _____ Note 6b+c+d	135 1.357.445.428,68	136 347.982.586,87
D. Current assets			
I. Stocks	1151 _____	151 167.289.134,12	152 3.430.174,85
II. Debtors	1153 _____	153 _____	154 _____
a) becoming due and payable within one year	1163 _____	163 26.565.170,21	164 12.162,41
b) becoming due and payable after more than one year	1203 _____ Note 7a	203 26.532.948,57	204 12.162,41
III. Investments	1205 _____ Note 7b	205 32.221,64	206 _____
IV. Cash at bank and in hand	1189 _____ Note 6a	189 85.667.243,54	190 1.539.526,67
	1197 _____	197 55.056.720,37	198 1.878.485,77
E. Prepayments	1199 _____	199 205.388,17	200 1.955,77
TOTAL (ASSETS)		201 1.606.481.320,27	202 397.170.811,33

The notes in the annex form an integral part of the annual accounts

RCSL Nr.: B51599

Matricule : 1997 2227 725

CAPITAL, RESERVES AND LIABILITIES

	Reference(s)	Current year	Previous year
A. Capital and reserves			
I. Subscribed capital	1301 <u>Note 8</u>	301 <u>1.266.922.017,41</u>	302 <u>355.242.134,05</u>
II. Share premium account	1303 <u></u>	303 <u>3 717 200,00</u>	304 <u>2.000.000,00</u>
III. Revaluation reserve	1305 <u></u>	305 <u>35.131.547,28</u>	306 <u>15.215.671,02</u>
IV. Reserves	1307 <u></u>	307 <u>1.177.050.305,04</u>	308 <u></u>
V. Profit or loss brought forward	1309 <u></u>	309 <u>200.000,00</u>	310 <u>200.000,00</u>
VI. Profit or loss for the financial year	1319 <u></u>	319 <u>39.466.568,66</u>	320 <u>334.796.772,37</u>
VII. Interim dividends	1321 <u></u>	321 <u>11.356.396,43</u>	322 <u>3.029.690,66</u>
VIII. Capital investment subsidies	1323 <u></u>	323 <u></u>	324 <u></u>
	1325 <u></u>	325 <u></u>	326 <u></u>
B. Provisions	1331 <u></u>	331 <u></u>	332 <u></u>
C. Creditors			
a) becoming due and payable within one year	1435 <u>Note 9</u>	435 <u>339.549.129,59</u>	436 <u>41.921.036,67</u>
b) becoming due and payable after more than one year	1453 <u></u>	453 <u>249.251.163,94</u>	454 <u>20.503.707,57</u>
	1455 <u></u>	455 <u>90.297.965,65</u>	456 <u>21.417.329,10</u>
D. Deferred income	1403 <u></u>	403 <u>10.173,27</u>	404 <u>7.640,61</u>
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		405 <u>1.606.481.320,27</u>	406 <u>397.170.811,33</u>

The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B51599

Matricule : 1997 2227 725

eCDF entry date : 11/06/2020

ABRIDGED PROFIT AND LOSS ACCOUNT**Financial year from** ₀₁ 01/01/2019 **to** ₀₂ 31/12/2019 (in ₀₃ EUR)

Lagfin S.C.A.
 3, rue des Bains
 L-1212 Luxembourg

ABRIDGED PROFIT AND LOSS ACCOUNT

	Reference(s)	Current year	Previous year
1. to 5. Gross profit or loss	1651 <u>Note 10</u>	651 <u>-1.863.054,92</u>	652 <u>316.770,25</u>
6. Staff costs	1605 <u>Note 12</u>	605 <u>-918.051,68</u>	606 <u>-36.661,91</u>
a) Wages and salaries	1607	607 <u>-640.766,86</u>	608 <u>-32.679,98</u>
b) Social security costs	1609	609 <u>-191.203,50</u>	610 <u>-2.611,34</u>
i) relating to pensions	1653	653 <u>-814,94</u>	654 <u>-940,06</u>
ii) other social security costs	1655	655 <u>-190.388,56</u>	656 <u>-1.671,28</u>
c) Other staff costs	1613	613 <u>-86.081,32</u>	614 <u>-1.370,59</u>
7. Value adjustments	1657	657 <u>-5.107.971,65</u>	658 <u>3.648.258,00</u>
a) in respect of formation expenses and of tangible and intangible fixed assets	1659	659 <u>-5.107.971,65</u>	660 <u>3.648.258,00</u>
b) in respect of current assets	1661	661	662
8. Other operating expenses	1621 <u>Note 13</u>	621 <u>-932.211,93</u>	622 <u>-313.901,52</u>

The notes in the annex form an integral part of the annual accounts

RCSL Nr.: B51599

Matricule : 1997 2227 725

	Reference(s)	Current year	Previous year
9. Income from participating interests	1715	2.032.793,09	716
a) derived from affiliated undertakings	1717	19.674,19	718
b) other income from participating interests	1719	2.013.118,90	720
10. Income from other investments and loans forming part of the fixed assets	1721	1.343.503,24	722 339.267,00
a) derived from affiliated undertakings	1723	24.881,33	724
b) other income not included under a)	1725	1.318.621,91	726 339.267,00
11. Other interest receivable and similar income	1727	2.581.183,17	728 55.984,32
a) derived from affiliated undertakings	1729		730
b) other interest and similar income	1731	2.581.183,17	732 55.984,32
12. Share of profit or loss of undertakings accounted for under the equity method	1663	62.203.680,00	664
13. Value adjustments in respect of financial assets and of investments held as current assets	1665	-45.411.205,08	666 -363.418,36
14. Interest payable and similar expenses	1627	-2.708.846,53	628 -584.507,12
a) concerning affiliated undertakings	1629		630
b) other interest and similar expenses	1631	-2.708.846,53	632 -584.507,12
15. Tax on profit or loss	1635	-104,92	636
16. Profit or loss after taxation	1667	11.219.712,79	668 3.061.790,66
17. Other taxes not shown under items 1 to 16	1637	136.683,64	638 -32.100,00
18. Profit or loss for the financial year	1669	11.356.396,43	670 3.029.690,66

The notes in the annex form an integral part of the annual accounts

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LAGFIN S.C.A.
Société en commandite par actions
3 rue des Bains L-1212 LUXEMBOURG
RCS Luxembourg: B 51 599
NOTES TO THE ANNUAL ACCOUNTS

31 December 2019

NOTE 1 - GENERAL

LAGFIN S.C.A. (the "Company") was incorporated under the law of Luxembourg on 22 June 1995 for an unlimited period as a société anonyme. The registered office of the Company is established in Luxembourg (Grand Duchy of Luxembourg).

On 7 November 2016, the Company changed its legal form to become a Société en commandite par actions.

The main corporate object of the company is the direct and / or indirect holding and maintenance of the majority of the voting rights of the Italian company Davide Campari Milano S.p.A. in order to guarantee the control of the Campari Group. The Company established, on 27 August 2018, a branch in Paradiso, Switzerland, named LAGFIN S.C.A. , Lussemburgo, Succursale Paradiso and a branch in Sesto S. Giovanni, Italy, named LAGFIN S.C.A. Succursale di Sesto San Giovanni, on 02 August 2018.

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Accounting policies and valuation rules are, beside the ones laid down by the law of 19 December 2002 amended, determinate and applied by the Board of Directors of the General Partner (the "Management"). The Company also prepares consolidated financial statements, which are published according to the provisions of the Luxembourg law.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Management to exercise its judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and result fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.2. Significant accounting policies

The main valuation rules applied by the Company are the following:

Formation expenses

Formation expenses are amortised on a straight-line basis over a period of 5 years.

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NOTES TO THE ANNUAL ACCOUNTS

31 December 2019

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2. Significant accounting policies (Continued)

Financial assets

During the year ended December 31, 2019, subsequent to the merger of Alicros S.p.A., the Company has changed the accounting policy for Shares in affiliated undertakings/participating interests from acquisition cost including the expenses incidental thereto to equity method. The change was deemed to be necessary in order to better reflect the value of the investment held previously by Alicros S.p.A. in Davide Campari Milano S.p.A., that was previously accounted under the equity method in this company, based on Italian Law.

As a result, shares in affiliated undertakings are initially recognized at cost and adjusted thereafter to recognize the Company's share of the proportion of the capital and reserves of these undertakings.

At the date of acquisition, the shares in affiliated undertakings are recorded at cost. The difference between the cost and the amount corresponding to the proportion of the capital and reserves is disclosed in the notes. The proportion of the capital and reserves has been valued by the same accounting rules as those applied by the Company.

Annually, the proportion of the net profit or loss attributable to the shares in affiliated undertakings is shown in the Profit and Loss accounts under the caption: "Share of profits/losses of undertakings accounted for under the equity method". A reserve which is unavailable for distribution is booked in equity for the portion of the result above the amount of the dividends already received.

The impact of this modification of accounting policy has led to the increase of the equity of the Company by an amount of Euro 1.093.927.622 as at January 1, 2019, right after the merger with Alicros. As the change occurred mainly as a result of that merger, the comparative figures for 2018 cannot be analysed in a similar way as they would not provide a direct comparison to the financial assets owned by the Company in 2018 as a result of the merger with Alicros which took place with accounting effect on January 1, 2019.

Other investments are valued at the lower of purchase price, including expenses incidental thereto, or market value expressed in the currency in which the annual accounts are prepared. A value adjustment is recorded where the market value is lower than the purchase price. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Tangible assets

Tangible assets are valued at purchase price including the expenses incidental thereto or at production cost. They are depreciated over their estimated useful economic lives.

Buildings are amortized on a straight-line basis over a period of 50 years.

Land is not systematically depreciated.

Where the Company's management considers that a tangible asset has suffered a durable depreciation in value, an additional write-down is recorded to reflect this loss. These value

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NOTES TO THE ANNUAL ACCOUNTS

31 December 2019

adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Cash and cash equivalents

Cash in hand and at banks and short-term deposits held to maturity are carried at cost.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2. Significant accounting policies (Continued)

Debtors

Debtors are stated at their nominal value. They are subject to value adjustment where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have cease to apply.

Foreign currency translation

The Company maintains its books and records in Euros ("EUR").

Transactions expressed in currencies other than Euro are translated into Euro at the exchange rate effective at the time of the transaction. Formation expenses and long-term assets expressed in currencies other than Euro are translated into Euro at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain translated at historical exchange rates.

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. Solely the unrealized exchange losses are recorded in the profit and loss account. The exchange gains are recorded in the profit and loss account at the moment of their realization.

Where there is an economic link between an asset and liability, these are valued in total according to the method described above and the net unrealized losses are recorded in the profit and loss account whereas the net unrealized exchange gains are not recognized.

Provisions

Provisions are intended to cover losses or debts, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

Taxation

The accrual for taxation corresponding to the tax liability estimated by the Company for the financial year for which the tax return has not yet been filed, are recorded under the caption "Creditors".

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NOTES TO THE ANNUAL ACCOUNTS

31 December 2019

NOTE 3 - FORMATION EXPENSES

Formation expenses are composed of expenses incurred for the creation of the Company and expenses incurred for any capital increase. The movements for the year are as follows:

	2019 EUR	2018 EUR
Gross book value – Opening balance	282.736,02	202.870,04
Additions for the year	174.639,30	79.865,98
Gross book value – Closing balance	457.375,32	282.736,02
Accumulated value adjustment – Opening balance	(114.949,66)	(81.544,95)
Allocations for the year	(60.142,37)	(33.404,71)
Accumulated value adjustment – Closing balance	(175.092,03)	(114.949,66)
Net book value – Closing balance	282.283,29	167.786,36

NOTE 4 – INTANGIBLE ASSETS

Intangible assets are composed of concessions for an amount of EUR 2.933.355,99 (2018: EUR 0,00) and software licences for an amount of EUR 12.143,93 (2018: EUR 0,00) and arise from the merger of Alicros within the Company.

NOTE 5 – TANGIBLE ASSETS

Tangible assets are mainly composed of land and building acquired through the merger that took place in 2017 and 2019.

	2019 EUR	2018 EUR
Gross book value – Opening balance	54.141.473,59	54.122.060,32
Additions for the year	6.787,00	4.699,02
Additions for the year – Branch	71.211.158,99	14.714,25
Gross book value – Closing balance	125.359.419,58	54.141.473,59
Accumulated value adjustment – Opening balance	(8.553.166,11)	(12.234.804,66)
Additions for the year	(987.489,29)	(985.333,99)
Additions for the year – Branch	(37.508.977,90)	(3.469,70)
(Allocation)/Reversal for the year	3.799,81	4.670.442,24
Accumulated value adjustment – Closing balance	(47.045.833,49)	(8.553.166,11)
Net book value – Closing balance	78.313.586,09	45.588.307,48

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31 December 2019

The additions of the year allocated to the Branch of the Company is arising from the merger of Alicros within the Company that took place with accounting effect as at January 1, 2019.

NOTE 6 - FINANCIAL ASSETS

NOTE 6a – SHARES IN UNDERTAKINGS

The movements for the year are as follows:

	2019 EUR	2018 EUR
Gross book value – Opening balance	347.982.586,87	347.982.586,87
Additions for the year	1.221.728.027,56	0,00
Disposals of the year	347.982.586,87	0,00
Gross book value – Closing balance	1.221.728.027,56	347.982.586,87
Net book value – Closing balance	1.221.728.027,56	347.982.586,87

In 2019, Alicros S.p.A was absorbed by the Company. The investments allocated to the Company further to this merger have been valued at per the above mentioned accounting principles.

Details for the investments mentioned above are as follows:

Name of undertaking company	Ownership	Net equity as at 31.12.2019	Profit or Loss for the last financial year	Net investment as at 31.12.2019
	%	EUR	EUR	EUR
Davide Campari – Milano S.p.A. Via Franco Sacchetti 20 Sesto San Giovanni, Italy	51	2.839.681.468,00	308.269.832,00	1.218.737.548,00
LG Partners LLC Po Box 5000, PMB 324 – Rancho Santa Fe California, USA	100	2.016.232,00	245.829,00	N/A
1403 2nd Avenue LLC 350 Fifth Avenue, 41st Floor New York, USA	90	6.781,00	N/A	6.781,00
AC Partners S.p.A in liquidazione Foro Buonaparte, 70 Milano, Italy	50,1	1,00	N/A	1,00

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Name of undertaking company	Ownership	Net equity as at 31.12.2019	Profit or Loss for the last financial year	Net investment as at 31.12.2019
RETERRE Unter den Linden 4 Reutlingen Deutschland	50	25.000,00	(13.432,00)	12.500,00
PIGA Sr.l. Corso di Porta Vittoria 18 Milano, Italy	50	510.000	(4.989,00)	510.000,00

NOTE 6a – SHARES IN UNDERTAKINGS (Continued)

Name of undertaking company	Ownership	Net equity as at 31.12.2019	Profit or Loss for the last financial year	Net investment as at 31.12.2019
	%	EUR	EUR	EUR
Opera Participations 2 S.C.A 16, Rue Jean L'Aveugle - L-1148 Luxembourg	1,30	661.276,00	3.059.482,00*	661.27600

* 2017 results

Subsequent to the merger of Alicros S.p.A., as a result of the change in the accounting policy for the shares in affiliated undertakings from cost to equity method, the value of the shares in affiliated undertakings and the equity reserve in application of the equity method increased by Euro 1.093.927.622 solely in relation to the investment in Davide Campari Milano S.p.A..

The other investments were kept at cost, because the underlying accounting information as at December 31, 2019 were unavailable in a reliable manner. Management assessed that the difference with the equity method would not lead to materially different amounts.

NOTE 6b – AMOUNTS OWED BY UNDERTAKINGS WITH WHICH THE UNDERTAKINGS IS LINKED BY VIRTUE OF PARTICIPATING INTERESTS

This caption includes amounts owed by an undertaking obtained as a result of the merger with Alicros S.p.A. for an amount of EUR 1.882.675,00 (2018: EUR 0,00).

Note 6c – LOANS, DEPOSITS AND CLAIMS HELD AS FIXED ASSETS

As at December 31, 2019, this caption includes:

- Italian Branch debenture loans for an amount of EUR 121.095.384,84 (2018: EUR 0,00);
- advance on the purchase price of a real estate property in Monaco for an amount of EUR 12.700.000,00 (2018: EUR 0,00);
- other deposits regarding the Italian branch for an aggregate amount of EUR 39.341,28 (2018: EUR 0,00).

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NOTE 6 - FINANCIAL ASSETS (Continued)

NOTE 6d – OTHER INVESTMENTS

The investments are mainly composed of hedge fund holdings and private equity holdings for which a significant portion of the subscriptions of the year result from the merger of Alicros with the Company.. The movements for the year are as follows:

	2019 EUR	2018 EUR
Acquisition cost – Opening balance	4.577.278,90	4.599.795,15
Subscriptions for the year	18.008,30	17.267,35
Subscriptions for the year - Branch	131.195.786,82	0,00
Redemptions for the year	(152.079,92)	(39.783,60)
Acquisition cost – Closing balance	135.638.994,10	4.577.278,90
Accumulated value adjustments - Opening balance	(3.037.752,23)	(2.674.333,87)
Value adjustment for the year	(351.222,08)	(363.418,36)
Value adjustment for the year - Branch	(46.582.776,25)	0,00
Accumulated value adjustments - Closing balance	(49.971.750,56)	(3.037.752,23)
Net book value - closing balance	85.667.243,54	1.539.526,67

NOTE 7a - DEBTORS

As at December 31, 2019, the debtors becoming due and payable within one year are composed as follows:

	2019 EUR	2018 EUR
Customers	13.830,00	0,00
Customers - Branch	1.527.923,13	0,00
Receivables – Affiliated undertakings - Branch	22.209.504,73	0,00
ACD - NWT Advances	32.100,00	4.815,00
Tax receivables – Branch	2.526.637,70	0,00
Social Security Office receivables – Branch	1.358,19	0,00
AED – VAT receivable	52.118,48	0,00
Other receivables – Branch	24.383,67	0,00
Other receivables	1.001,52	0,00
Provision - La Costa properties	18.945,89	6.345,89
Interest receivables on bonds – Branch	125.145,26	1.001,52

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Total	26.532.948,57	12.162,41
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NOTE 7b – DEBTORS

As at December 31, 2019, the debtors becoming due and payable after more than one year are composed as follows:

	2019	2018
	EUR	EUR
Other miscellaneous receivables	32.221,64	0,00
Total	32.221,64	0,00

NOTE 8 - CAPITAL AND RESERVES

Subscribed capital

As at January 1, 2019, the subscribed capital amounted EUR 2.000.000,00 and was divided into 25.000 shares fully paid with a par value of EUR 80,00 per share.

On February 12, 2019, further to the merger of Alicros within the Company, the Company has increased its subscribed capital of an amount of EUR 1.717.160,00 divided into 21.465 shares, as a remuneration of the incorporation of all assets and liabilities from Alicros.

On September 23, 2019, the Company decided to increase its subscribed capital of an amount of EUR 40,00.

As at December 31, 2019, the subscribed capital amounts to EUR 3.717.200,00 and is divided into 46.465 shares fully paid with par value of EUR 80,00 per share.

Legal reserve

The Company is required to allocate a minimum of 5% of its annual net income to a legal reserve, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

Share premium

As at December 31, 2019, the share premium account amounts to EUR 35.131.547,28 and is related to:

- the merger of three different companies into LAGFIN S.C.A occurred from 2007 to 2010;
- the merger of the companies LDR SA and JALFIN SA occurred in 2018;
- the merger of the company Alicros S.p.A. occurred in 2019.

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NOTE 8 - CAPITAL AND RESERVES (Continued)

The movements for the year are as follows:

	Capital	Share premium and similar premium	Reserve in application of the Equity Method	Legal reserve	Results brought forward	Result of the financial year	Total
As at 31.12.2018	2.000.000,00	15.215.671,02	0,00	200.000,00	334.796.772,37	3.029.690,66	355.242.134,05
Capital increase	1.717.200,00	0,00	0,00	0,00	0,00	0,00	1.717.200,00
Merger with Alicros S.p.A. and impact of Equity Method accounting principle	0,00	19.915.876,26	1.177.050.305,04	0,00	(298.359.894,37)	0,00	898.606.286,93
Allocation of previous year's profit	0,00	0,00	0,00	0,00	3.029.690,66	(3.029.690,66)	0,00
Profit/ (Loss) for the year	0,00	0,00	0,00	0,00	0,00	11.356.396,43	11.356.396,43
As at 31.12.2019	3.717.200,00	35.131.547,28	1.177.050.305,04	200.000,00	39.466.568,66	11.356.396,43	1.226.922.017,41

NOTE 9 – CREDITORS

As at December 31, 2019, the creditors are composed as follows:

	2019	2018
<i>Becoming due and payable within one year</i>		
Loans from affiliated undertakings	309,86	174.413,86
Amounts owed to credit institutions - interest	60.325,35	45.709,42
Amounts owed to credit institutions – principal – Branch	198.781.746,41	0,00
Amounts owed to credit institutions – interest – Branch	232.035,73	0,00
Trade creditors	398.760,33	71.569,63
Trade creditors – Branch	159.044,48	0,00
Fiscal debts	47.100,00	5.535,00
Fiscal debts – Branch	9.659.994,58	0,00
Other creditors	191,07	279,66
Other creditors – Branch	215.456,13	0,00
Director's fees	60.000,00	20.000,00

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NOTE 9 – CREDITORS (Continued)

	2019	2018
<i>Becoming due and payable within one year</i>		
Shareholder debt	20.186.200,00	20.186.200,00
Shareholder debt – Branch	19.450.000,00	0,00
<i>Total Becoming due and payable within one year</i>	249.251.163,94	20.503.707,57
<i>Becoming due and payable after more than one year</i>		
Amounts owed to credit institutions - principal	25.850.000,00	21.215.000,00
Amounts owed to credit institutions – principal - Branch	50.000.000,00	0,00
Rent guarantees	212.546,65	202.329,10
Other creditors – Branch	14.235.419,00	0,00
<i>Total Becoming due and payable after more than one year</i>	90.297.965,65	21.417.329,10
Total	339.549.129,59	41.921.036,67

As at December 31, 2019, the debt amount due to credit institution is represented by the following items:

	Principal amount	Due date	Interest rate
	EUR		
CMB – Palazzo 8B	7.574.500,00	17.02.2023	Euribor 3m+1,75%
CMB – Palazzo 8A	10.775.500,00	17.02.2023	Euribor 3m+1,75%
CMB – Muroa	2.675.000,00	04.02.2021	Euribor 3m+1,85%
CMB – Muroa	4.825.000,00	04.02.2021	Euribor 3m+1,85%
UBI Banca (Branch)	50.000.000,00	13/12/2022	IRS 3y
Intesa San Paolo (Branch)	40.000.000,00	31.12.2020	Euribor 3 m
CREDEM (Branch)	25.000.000,00	31.10.2020	Euribor
DEUTSCHE BANK (Branch)	19.997.194,99	N/A	Euribor
BNL (Branch)	30.000.000,00	N/A	Euribor
BNL (Branch)	15.000.000,00	27.07.2020	Euribor
BNL (Branch)	8.967.805,58	30.11.2020	Euribor
Banco BPM (Branch)	9.776.100,15	02.03.2020	Libor
Banco BPM (Branch)	20.000.000,00	02.03.2020	Euribor
Intesa San Paolo (Branch)	30.000.000,00	19.09.2020	Euribor 6m
Amounts owed to credit institutions	274.591.100,72		

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NOTE 10 – Gross Profit or Loss

As at December 31, 2019, the gross profit or loss is composed as follows:

	2019	2018
	EUR	EUR
Use of consumable materials	(333,92)	(1.095,00)
Use of consumable materials - Branch	(123.642,04)	(776,00)
Rents and services charges	(22.382,00)	(15.391,36)
Rents and services charges - Branch	(229.694,83)	(10.662,67)
Subcontracting, repairs and maintenance	(5.795,64)	(6.297,51)
Subcontracting, repairs and maintenance - Branch	(385.887,71)	(11.541,90)
IT Services	(1.620,00)	0,00
IT Services - Branch	(43.675,22)	0,00
Banking services	(31.255,52)	(59.372,15)
Banking services - Branch	(173.242,35)	(6,17)
Professional fees	(108.901,28)	(112.397,43)
Professional fees - Branch	(138.334,30)	(13.543,80)
Other professional fees	(1.305.892,67)	(230.378,52)
Other professional fees - Branch	(12.300,00)	(193,87)
Insurance premiums	(210,50)	(3.024,00)
Insurance premiums - Branch	(63.646,81)	0,00
Marketing and communication costs	(1.248,04)	(4.505,24)
Marketing and communication costs - Branch	(821.576,88)	(1.413,55)
Other external charges	(511,20)	(1.281,09)
Other external charges - Branch	(67.324,97)	0,00
Net turnover – Rent	1.599.420,96	786.895,51
Net turnover – Consulting services	75.000,00	0,00
Extraordinary income	0,00	1.755,00
Total	1.863.054,92	316.770,25

NOTE 11 – SHARE OF PROFIT AND LOSS OF UNDERTAKINGS ACCOUNTED FOR UNDER THE EQUITY

The share of profit or loss of undertakings amounts to EUR 62.203.680,00 (2018: EUR 0,00). It refers to the proportion of the net profit attributable to the shares in Davide Campari Milano S.p.A, up to the dividends paid by Davide Campari Milano S.p.A. The proportion of the net profit above the amount of the dividends already received was accounted under the reserve in application of the equity method.

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NOTE 12 – STAFF

As at December 31, 2019, the company employed one employee part time during the financial year. The Swiss Branch deployed one full time employee and the Italian Branch deployed 8 employees.

NOTE 13 - OTHER OPERATING EXPENSES

As at December 31, 2019, the other operating expenses are composed as follows:

	2019 EUR	2018 EUR
Director's fees	(75.000,00)	(54.549,16)
Director's fees – Branch	(121.000,00)	0,00
Non-refundable VAT	(401.086,69)	0,00
Non-refundable VAT - Branch	(22.903,22)	0,00
Registration fees and stamp duties	(929,61)	(259.088,00)
Registration fees and stamp duties - Branch	(11.416,78)	(0,00)
Other taxes and fees – Branch	(33.179,13)	(264,36)
Provisions - Branch	(266.696,50)	0,00
Total	932.211,93	313.901,52

NOTE 14 – INCOME FROM OTHER INVESTMENTS AND LOANS FORMING PART OF THE FIXED ASSETS

As at December 31, 2019, this caption is mainly represented by realized gains on investments in hedge funds holdings and private equity holdings for an amount of EUR 1.318.621,91 (2018: EUR 339.267,00).

NOTE 15 – OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

As at December 31, 2019, this caption is mainly represented by currency exchange gains and interest on current accounts for an aggregate amount of EUR 2.581.183,17 (2018: EUR 55.984,32).

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NOTE 16 – INTEREST PAYABLE AND SIMILAR EXPENSES

As at December 31, 2019, the interest payable and similar expenses are composed as follows:

	2019	2018
	EUR	EUR
<i>Other interest and similar expenses</i>		
Banking interest C/C	(0,17)	(10,51)
Banking interest C/C - Branch	(12.166,67)	0,00
Exchange losses	(5.694,38)	(4.215,83)
Bank interest on loan	(415.766,39)	(95.610,37)
Banking interest on loans	0,00	(322.659,05)
Banking interest on loans - Branch	(1.152.217,64)	0,00
Other financial fees	(132.998,77)	(31.346,66)
Other financial fees – Branch	(990.002,51)	0,00
Total Other interest and similar Expenses	2.708.846,53	(453.842,42)
<i>Other interest and similar expenses affiliated undertakings</i>		
Financial fees affiliated undertakings	0,00	(130.664,70)
Other interest and similar expenses affiliated undertakings	0,00	(130.664,70)
Total	2.708.846,53	(584.507,12)

NOTE 17 - TAXATION

The Company is subject to all taxes applicable to Luxembourg commercial companies. This caption is mainly composed of Luxembourg taxes for an aggregate amount of EUR 28.566,76 (2018: EUR 32.100,00) and foreign taxes related to the branches for an aggregate amount of EUR 165.145,48 (2018: EUR 0,00).

NOTE 18 – OFF-BALANCE SHEET COMMITMENTS

The total uncalled capital commitments on investments in private equity holdings amounts to EUR 1.407.968,23 (2018: EUR 196.702,00).

The Company granted the obligations of certain companies belonging to Campari Group towards the Italian Tax authority for a total amount EUR 3.819.790,56

The Company purchase a real estate property under construction in Monaco, Principality of Monaco, for a total consideration of EUR 127.000.000,00 (one hundred twenty-seven millions euros) of which EUR 12.700.000,00 already paid in 2019. The entire price will be paid in the next years following the progress of works.

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NOTE 19 - SUBSEQUENT EVENTS

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. The outbreak of the coronavirus is unfolding and it is difficult at this stage to predict the ultimate impact on the overall economy.

The Company and its Branches have taken all necessary measures to protect its employees who continue to work from home. Then the business can operate remotely with a similar level of quality and security.

The Company's financial position and performance has been affected only residually and the Company has determined that these events are non-adjusting subsequent events for most of its assets. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have been only adjusted to reflect the relevant impact related to the investment in three private equity funds for which an adjustment of approximately EUR 46.582.776,25 has been considered permanent and recorded, as at December 31, 2019.

As for the future developments of the activity, the Company expects to develop normally during the year 2020, the overall situation concerning economic and financial conditions had remained the same. Being difficult to evaluate the development of COVID-19, it is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

On January 2020 the Company purchased a real estate property in London, United Kingdom

On January and March 2020 the Company entered into two loan agreements with Mediobanca International (Luxembourg) SA for a total consideration of EUR 30.000.000,-.

On February 2020 following the decision of the Board of Directors of Davide Campari – Milano S.p.A. ("Campari") to submit to the shareholders the proposal to transfer the registered office of Campari to the Netherlands the Company confirmed its long-term commitment to Campari Group strategy and prospects and its support to such transfer. The Company confirmed its commitment to acquire Campari shares resulting from the exercise of the right of withdrawal (recesso) in the context of the offer and sale process provided for under Italian law up to an aggregate amount of Euro 76,5 million.

On June 2020 the Company entered into a loan agreement with Compagnie Monegasque de Banque SA for a total consideration of EUR 74.150.000,-