



Campari Group Holding Company

**Lagfin S.C.A.,
Société en Commandite par Actions
3, rue des Bains, L-1212 Luxembourg
RCS Luxembourg B51599**

Abridged audited annual accounts for the financial year ended on 31 December 2020

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**Lagfin S.C.A.,
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3, Rue des Bains, L-1212 Luxembourg
R.C.S. Luxembourg B51599**

Management's report for the year ended 31 December 2020

To the shareholders,

we have the pleasure to submit to your approval the annual accounts of the Company regarding the financial year 2020.

1. Financial situation of the Company

The total balance sheet for 2020 amounts to €1.831.159.255,31.

The financial year ended on 31 December 2020 shows a profit of €14.579.410,54.

We propose to allocate the profit as follows:

profit of the year	€	14.579.410,54
allocation to legal reserve	€	0,00
profit brought forward previous year	€	50.651.245,09
adjustment made on merger	€	86.417,00
profit brought forward	€	65.317.072,63

2. Important events during the financial year

In 2020 the Company increased the capital endowment of its two branches for a total amount of € 222.832.537,29.

The main events are the followings:

- €330.000.000,00 Exchangeable Bonds due in 2025 (ISIN Code: XS2198575271) have been issued;
- 33.066.132 Davide Campari-Milano N.V. shares have been bought, bringing the controlling interest to 53.85% (loyalty Register registration has been requested for 31.700.000 shares);
- a number of policies with a total value of €49.600.000,00 have been redeemed, compared with new subscriptions totalling €30.000.000,00;

3. Important events since the end of the financial year

As already set out in the Notes to the 2019 Annual Accounts, starting from February 2020, the national and international economy was affected by the spread of the Covid-19 pandemic and consequent restrictive measures to contain it that were put in place by the public authorities of the countries involved.

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

4. Likely future development

As for the future developments of the activity, the Company expects to develop normally during the year 2021. The overall situation concerning economic and financial conditions has remained stable. This extraordinary event, in terms of its nature and extent, continues to have direct and indirect repercussions on the business activities of every country and has created a framework of general uncertainty, whose development and relative effects are not yet fully ascertainable. Besides, the vaccination campaigns allow hope for a return to normality in the medium term.

5. Research and development activity

The Company has no research and development activities.

6. Acquisition of own shares

The Company did not acquire any of its own shares.

7. Existence of branches

The Company has a branch in Italy and a branch in Switzerland.

We hereby ask you to approve the annual accounts for the year ended on 31 December 2020 as submitted to you and to give discharge us for the preparation of the annual accounts and the 'Réviseur d'Entreprise' who issued his report.

Luxembourg, 30 April 2021

**Artemisia Management S.A.,
Société Anonyme
Acting as General Manager of
Lagfin S.C.A.,
Société en Commandite par Actions**



Vania Baravini
Chairman and
Director



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 2020, 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 2020, 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 as adopted for Luxembourg by the CSSF are further described in the "responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

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

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

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

Responsibilities of the General Partner and those charged with governance 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 General Partner use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

Report on other legal and regulatory requirements

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

Ernst & Young
Société anonyme
Cabinet de révision agréé



Bruno Di Bartolomeo

Luxembourg, 30 April 2021

RCSL Nr. : B51599

Matricule : 1997 2227 725

eCDF entry date : 22/04/2021

ABRIDGED BALANCE SHEET**Financial year from** ⁰¹ 01/01/2020 **to** ⁰² 31/12/2020 (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	1101 _____	101 _____	102 _____
I. Subscribed capital not called	1103 _____	103 _____	104 _____
II. Subscribed capital called but unpaid	1105 _____	105 _____	106 _____
B. Formation expenses	1107 _____ Note 3	107 <u>201.944,52</u>	108 <u>282.283,29</u>
C. Fixed assets	1109 _____	109 <u>1.417.784.742,26</u>	110 <u>1.438.704.514,69</u>
I. Intangible assets	1111 _____ Note 4	111 <u>2.858.061,45</u>	112 <u>2.945.499,92</u>
II. Tangible assets	1125 _____ Note 5	125 <u>127.711.477,79</u>	126 <u>78.313.586,09</u>
III. Financial assets	1135 _____ Note 6a+b+c	135 <u>1.287.215.203,02</u>	136 <u>1.357.445.428,68</u>
D. Current assets	1151 _____	151 <u>412.985.065,71</u>	152 <u>175.897.974,10</u>
I. Stocks	1153 _____	153 _____	154 _____
II. Debtors	1163 _____	163 <u>33.937.209,72</u>	164 <u>26.592.605,20</u>
a) becoming due and payable within one year	1203 _____ Note 7a	203 <u>24.939.148,25</u>	204 <u>26.560.383,56</u>
b) becoming due and payable after more than one year	1205 _____ Note 7b	205 <u>8.998.061,47</u>	206 <u>32.221,64</u>
III. Investments	1189 _____ Note 8	189 <u>219.889.173,08</u>	190 <u>86.198.748,72</u>
IV. Cash at bank and in hand	1197 _____	197 <u>159.158.682,91</u>	198 <u>63.106.620,18</u>
E. Prepayments	1199 _____	199 <u>187.502,82</u>	200 <u>205.388,17</u>
TOTAL (ASSETS)		201 <u>1.831.159.255,31</u>	202 <u>1.615.090.160,25</u>

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			
	1301 <u>Note 9</u>	301 <u>1.071.655.518,62</u>	302 <u>1.266.922.017,41</u>
I. Subscribed capital	1303 _____	303 <u>3.717.200,00</u>	304 <u>3.717.200,00</u>
II. Share premium account	1305 _____	305 <u>35.849.285,91</u>	306 <u>35.131.547,28</u>
III. Revaluation reserve	1307 _____	307 <u>966.400.240,08</u>	308 <u>1.177.050.305,04</u>
IV. Reserves	1309 _____	309 <u>371.720,00</u>	310 <u>200.000,00</u>
V. Profit or loss brought forward	1319 _____	319 <u>50.737.662,09</u>	320 <u>39.466.568,66</u>
VI. Profit or loss for the financial year	1321 _____	321 <u>14.579.410,54</u>	322 <u>11.356.396,43</u>
VII. Interim dividends	1323 _____	323 _____	324 _____
VIII. Capital investment subsidies	1325 _____	325 _____	326 _____
B. Provisions	1331 _____	331 _____	332 _____
C. Creditors			
	1435 <u>Note 10</u>	435 <u>759.304.247,42</u>	436 <u>348.155.310,72</u>
a) becoming due and payable within one year	1453 _____	453 <u>258.948.576,51</u>	454 <u>257.838.961,02</u>
b) becoming due and payable after more than one year	1455 _____	455 <u>500.355.670,91</u>	456 <u>90.316.349,70</u>
D. Deferred income	1403 _____	403 <u>199.489,27</u>	404 <u>12.832,12</u>
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		405 <u>1.831.159.255,31</u>	406 <u>1.615.090.160,25</u>

RCSL Nr. : B51599

Matricule : 1997 2227 725

eCDF entry date : 22/04/2021

ABRIDGED PROFIT AND LOSS ACCOUNT**Financial year from** ⁰¹ 01/01/2020 **to** ⁰² 31/12/2020 (in ⁰³ EUR)

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

	Reference(s)	Current year	Previous year
1. to 5. Gross profit or loss	1651 <u>Note 11</u>	651 <u>-2.195.999,31</u>	652 <u>-1.464.463,64</u>
6. Staff costs	1605 <u>Note 12</u>	605 <u>-1.415.436,72</u>	606 <u>-873.661,08</u>
a) Wages and salaries	1607 _____	607 <u>-1.106.886,20</u>	608 <u>-672.985,82</u>
b) Social security costs	1609 _____	609 <u>-308.550,52</u>	610 <u>-200.675,26</u>
i) relating to pensions	1653 _____	653 <u>-73.979,69</u>	654 <u>-7.764,94</u>
ii) other social security costs	1655 _____	655 <u>-234.570,83</u>	656 <u>-192.910,32</u>
c) Other staff costs	1613 _____	613 _____	614 _____
7. Value adjustments	1657 _____	657 <u>-2.974.627,94</u>	658 <u>-5.107.971,65</u>
a) in respect of formation expenses and of tangible and intangible fixed assets	1659 _____	659 <u>-2.974.627,94</u>	660 <u>-5.107.971,65</u>
b) in respect of current assets	1661 _____	661 _____	662 _____
8. Other operating expenses	1621 <u>Note 13</u>	621 <u>-3.128.649,97</u>	622 <u>-941.967,66</u>

RCSL Nr. : B51599

Matricule : 1997 2227 725

	Reference(s)	Current year	Previous year
9. Income from participating interests	1715	<u>81.556,37</u>	<u>2.032.793,09</u>
a) derived from affiliated undertakings	1717	<u>0,00</u>	<u>19.674,19</u>
b) other income from participating interests	1719	<u>81.556,37</u>	<u>2.013.118,90</u>
10. Income from other investments and loans forming part of the fixed assets	1721	<u>11.459.663,60</u>	<u>1.878.227,67</u>
a) derived from affiliated undertakings	1723		
b) other income not included under a)	1725	<u>11.459.663,60</u>	<u>1.878.227,67</u>
11. Other interest receivable and similar income	1727	<u>8.258.918,03</u>	<u>1.612.812,53</u>
a) derived from affiliated undertakings	1729	<u>1.673,32</u>	<u>24.881,33</u>
b) other interest and similar income	1731	<u>8.257.244,71</u>	<u>1.587.931,20</u>
12. Share of profit or loss of undertakings accounted for under the equity method	1663	<u>23.799.834,61</u>	<u>62.203.680,00</u>
13. Value adjustments in respect of financial assets and of investments held as current assets	1665	<u>475.977,44</u>	<u>-45.411.205,08</u>
14. Interest payable and similar expenses	1627	<u>-36.919.047,16</u>	<u>-2.708.426,47</u>
a) concerning affiliated undertakings	1629		
b) other interest and similar expenses	1631	<u>-36.919.047,16</u>	<u>-2.708.426,47</u>
15. Tax on profit or loss	1635	<u>-238,25</u>	<u>-104,92</u>
16. Profit or loss after taxation	1667	<u>-2.558.049,30</u>	<u>11.219.712,79</u>
17. Other taxes not shown under items 1 to 16	1637	<u>17.137.459,84</u>	<u>136.683,64</u>
18. Profit or loss for the financial year	1669	<u>14.579.410,54</u>	<u>11.356.396,43</u>

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Notes to the annual accounts

31 December 2020

Note 1-General

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

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

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

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

The Company established on 27 August 2018, a branch in Paradiso, Switzerland, named Lagfin-Succursale Paradiso and on 2 August 2018 a branch in Sesto San Giovanni, Italy, named Lagfin-Succursale di Sesto San Giovanni (the 'Branch' or, collectively, the 'Branches').

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 ('Management').

The Company also prepares consolidated financial statements, which are published according to the provisions of Luxembourg law.

The preparation of the annual accounts requires the use of certain critical accounting estimates. It also requires 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.

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Notes to the annual accounts

31 December 2020

Note 2-Significant accounting policies (Continued)

2.1. Basis of preparation (Continued)

Certain values referred to 31 December 2019, reported herein have been reclassified to give better understanding to the accounts and to transpose the new official standard chart of accounts applicable to all business years starting as of 1 January 2020. Further details are provided in the Note 21-Adjustment on the comparison period.

2.2. Significant accounting policies

The main valuation rules applied by the Company are the followings.

Formation expenses

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

Financial assets

In 2019, subsequent to the absorption of Alicros S.p.A., the Company has changed the accounting policy for shares in affiliated undertakings/participating interests from acquisition cost-including incidental expenses-to equity method. The change was deemed to be necessary in order to better reflect the value of the investment previously held by Alicros S.p.A. in Davide Campari Milano N.V. (then Davide Campari Milano S.p.A.), accounted under the equity method, 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.

At the date of acquisition, the shares in affiliated undertakings were 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.

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.

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Notes to the annual accounts

31 December 2020

Note 2-Significant accounting policies (Continued)

2.2. Significant accounting policies

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

Derivatives

The Company may enter into derivative financial instruments such as options.

These derivative financial instruments are initially recorded at cost.

Derivative financial instruments are fair valued based on market value/valuation techniques described hereafter.

Unrealized gains and losses are recorded in the profit and loss account.

The market value corresponds to:

- the latest available quote on the valuation day for derivatives listed;
- the probable realization value for the option on the convertible bond. The valuation was performed using SuperDerivatives and Bloomberg market data based on assumptions made by Management and market conditions existing at the balance sheet date.

Cash and cash equivalents

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

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 ceased to apply.

Foreign currency translation

The Company maintains its books and records in €

Transactions expressed in currencies other than € are translated into € at the exchange rate effective at the time of the transaction. Formation expenses and long-term assets expressed in currencies other than € are translated into € 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.

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Notes to the annual accounts

31 December 2020

Note 2-Significant accounting policies (Continued)

Foreign currency translation (Continued)

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'.

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 financial year 2020 the followings.

	2020	2019
	€	€
Gross book value-opening balance	457.375,32	282.736,02
Additions for the year	0,00	174.639,30
Gross book value-closing balance	457.375,32	457.375,32
Accumulated value adjustment-opening balance	(175.092,03)	(114.949,66)
Allocations for the year	(80.338,77)	(60.142,37)
Accumulated value adjustment-closing balance	(255.430,80)	(175.092,03)
Net book value-closing balance	201.944,52	282.283,29

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Notes to the annual accounts

31 December 2020

Note 4-Intangible assets

The movements for the financial year 2020 are the followings.

	Concessions 2020 €	Software licences 2020 €	Total 2020 €
Gross book value-opening balance	2.933.355,99	12.143,93	2.945.499,92
Additions for the year 2020	0,00	0,00	0,00
Disposals for the year 2020	(86.474,92)	(963,55)	(87.438,57)
Net book value-closing balance	2.846.881,07	11.180,38	2.858.061,45

Note 5-Tangible assets

The movements for the financial year 2020 are the followings.

	Land 31/12/2020 €	Buildings 31/12/2020 €	Plant and machinery 31/12/2020 €	Other fixtures 31/12/2020 €	Total 31/12/2020 €
Gross book value – Opening balance	8.530.127,91	113.989.207,96	72.169,32	2.767.914,39	125.359.419,58
Additions for the year	376.457,46	90.801.154,63	0,00	127.404,05	91.305.016,14
Disposals of the year	(7.047.132,91)	(43.127.337,46)	(0,00)	(83.773,67)	(50.258.244,04)
Net book value – Closing balance	1.859.452,46	161.663.025,13	72.169,32	2.811.544,77	166.406.191,68
Accumulated value adjustment – Opening balance	0,00	(45.116.422,95)	(66.795,99)	(1.862.614,55)	(47.045.833,49)
Additions for the year	0,00	(1.738.861,57)	(3.582,23)	(107.911,57)	(1.850.355,37)
Reversals for the year	0,00	10.195.985,68	(0,00)	5.489,29	10.201.474,97
Accumulated value adjustment – Closing balance	0,00	(36.659.298,84)	(70.378,22)	(1.965.036,83)	(38.694.713,89)
Net book value – Closing balance	1.859.452,46	125.003.726,29	1.791,10	846.507,94	127.711.477,79

The Company sold for the price of €48.500.000,00 a property in Monte Carlo recorded for a net book value of €36.585.667,00 and realized a gain for €11.914.333,00 (refer to Note 11).

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Notes to the annual accounts

31 December 2020

Note 6-Financial assets

Note 6a-Shares in undertakings

The movements for the financial year 2020 the followings.

	2020	2019
	€	€
Gross book value-opening balance	1.221.728.027,56	347.982.586,87
Additions for the year	63.736.247,64	1.221.728.027,56
Disposals of the year	(269.971,40)	347.982.586,87
Gross book value-closing balance	1.285.194.303,80	1.221.728.027,56
Net book value-closing balance	1.285.194.303,80	1.221.728.027,56

The Company acquired 33.066.132 shares in Davide Campari-Milano N.V..

The change of the period is mainly related to the increase in the investment in Davide Campari Milano N.V. for €57.803.407,20 as a result of the following effects:

- during the year the Company increased its investment in Davide Campari-Milano N.V. of 2,85%, equal to 33.066.132 shares, for €277.236.517,54. The goodwill on this transaction amounted to €12.033.652,94 and is depreciated over 10 years. For the first year it was considered half of the amount, given that the purchase occurred after the first half of the year. The amount, given the equity method, was classified within the investment caption with no separate disclosure. The depreciation on the goodwill was as well represented within the caption share of profit or loss of undertakings accounted for under the equity method for an amount of €10.601.682,65 (refer to Note 16);
- decrease of the value of the participation for an amount of €32.582.880,00, equal to the amount of the dividend paid by Davide Campari Milano N.V. during 2020;
- depreciation of the value of the investment for €176.248.547,70 as result of the decrease in the equity of Davide Campari Milano N.V. recorded during the year.

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Note 6-Financial assets (Continued)

Note 6a-Shares in undertakings (Continued)

Details for the investments mentioned above are as the followings.

Name of undertaking company	Ownership	Net equity as at 31 December 2020	Profit or Loss for the last financial year	Net investment as at 31 December 2020
	%	€	€	€
Portfolio 3, LLC-Tri-Star Equities, 155 East 26th Street, 10010-1824 New York, USA	100	7.250.000	8.000	5.930.560,44
Davide Campari-Milano N.V.-Amsterdam, The Netherlands	53,85	1.996.614.346,02	190.911.597,12	1.276.540.955,87
LG Partners, LLC-P.O. Box 5000, PMB 324-Rancho Santa Fe California, USA	100	782.398,05	(192.533,62)	1.799.920,52
1403 2nd Avenue, LLC (in dissolution)-350 Fifth Avenue, 41st Floor New York, USA	90	8.149,30	2.625.498,33	6.781,017
AC Partners S.p.A in liquidazione-Foro Buonaparte 70, Milano, Italy	50,1	(31.961.017,00)	(1.091.998,00)	1,00
Reterre GmbH-Unter den Linden 4, Reutlingen, Deutschland	50	11.567,78	13.432,22	12.500,00
Piga S.r.l.-Corso di Porta Vittoria 18, Milano, Italy	50	1.002.274,00	(5.060,00)	512.280,00
Opera Participations 2 S.C.A (in liquidation)-16, Rue Jean L'Aveugle-L-1148 Luxembourg	1,30	12.963.126,99	(6.015,170,00)	391.304,80

The evaluation methods adopted by the Company for the valuation of financial assets are described in Note 2.

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Note 6-Financial assets (Continued)

Note 6b-Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests

This caption includes amounts owed by an undertaking obtained as a result of the absorption of Alicros S.p.A. for an amount of €1.980.675,00 (2019: €1.882.675,00).

Note 6c-Loands, deposits and claims held as fixed assets

As of 31 December 2020, this caption amounts to €40.224,22 (2019: €133.834.726,12). In 2020, the Company reclassified the advances made in 2019 for the purchase of a real estate property in Monaco amounting to €2.700.000,00 from 'Financial Assets' into 'Tangible Assets'.

Note 7a-Debtors

Debtors becoming due and payable within one year are composed as follows:

	2020	2019
	€	€
Customers	858.088,59	1.542.103,62
Amounts owed by affiliated undertakings	8.620.028,63	22.209.504,73
Tax receivables	14.256.866,54	2.559.388,40
Social Security office receivables	1.327,68	1.358,19
AED-VAT receivable	0,00	52.118,48
Derivatives	115.416,00	16.233,80
Other receivables	1.087.420,81	35.585,19
Provision	0,00	18.945,89
Interest receivables on bonds	0,00	125.145,26
Total	24.939.148,25	26.560.383,56

The Company entered into derivative financial instruments for an aggregate amount of €115.416,00 (2019: €16.233,80). Details for the derivatives mentioned above are as the followings:

Type of options	Number of options	Fair value
Call	1.800	115.416,00
Total	1.800	115.416,00

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Note 7b-Debtors

Debtors becoming due and payable after more than one year are composed as the followings.

	2020	2019
	€	€
Amounts owed by affiliated undertakings	8.965.897,91	0,00
Other miscellaneous receivables	32.163,56	32.221,64
Total	8.998.061,47	32.221,64

Amounts owed by affiliated undertakings correspond to a loan receivable granted to Portfolio 3, LLC for an amount of €8.965.897,91 (2019: €0,00). This loan bears interest at an annual rate of 0,48% and generated €1.673,32 as interest for the financial year.

Note 8-Investments

The movements for the financial year 2020 are the followings.

	2020	2019
	€	€
Gross book value – Opening balance	136.170.499,28	4.577.278,90
Additions for the year	198.907.169,90	131.745.300,30
Redemptions for the year	(88.920.713,29)	(152.079,92)
Acquisition cost – Closing balance	246.156.955,85	136.170.499,28
Accumulated value adjustments - Opening balance	(49.971.750,56)	(3.037.752,23)
Value adjustment for the year	(447.586,18)	(46.933.998,33)
Reversal value adjustment for the year	24.151.553,97	(0,00)
Accumulated value adjustments - Closing balance	(26.267.782,77)	(49.971.750,56)
Net book value - closing balance	219.889.173,08	86.198.748,72

Note 9-Capital and reserves

Subscribed capital

As of 31 December 2020, the subscribed capital amounts to €3.717.200,00 and is divided into 46.465 shares fully paid with par value of €80,00 per share.

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Note 9-Capital and reserves (Continued)

Share premium accounts

As of 31 December 2020, the share premium account amounts to €35.849.285,91 (2019: €35.131.547,28) and is related to:

- the absorption of three different companies from 2007 to 2010;
- the absorption of Jalfin S.A., Société Anonyme and LDR S.A., Société Anonyme, in 2018;
- the absorption of Alicros S.p.A. in 2019.

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.

As of 31 December 2020, the legal reserve account amounts to €371.720,00.

The movements for the financial year 2020 are the followings.

	Capital	Share premium and other reserves	Reserve in application of the Equity Method	Legal reserve	Results brought forward	Result of the financial year	Total
As of 31 December 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	1.266.922.017,41
Impact of equity method accounting principle	0,00	0,00	(210.650.064,96)	0,00	0,00	0,00	(210.650.064,96)
Adjustment on merger	0,00	717.738,63	0,00	0,00	86.417,00	0,00	804.155,63
Allocation of previous year's profit	0,00	0,00	0,00	171.720,00	11.184.676,43	(11.356.396,43)	0,00
Profit (loss) for the year	0,00	0,00	0,00	0,00	0,00	14.579.410,54	14.579.410,54
As of 31 December 2020	3.717.200,00	35.849.285,91	966.400.240,08	371.720,00	50.737.662,09	14.579.410,54	1.071.655.518,62

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Note 10-Creditors

As of 31 December 2020, creditors are composed as follows.

	2020	2019
	€	€
<i>Becoming due and payable within one year</i>		
Amounts owed to credit institutions – principal	190.816.506,99	198.741.100,72
Amounts owed to credit institutions – interest	216.744,07	292.361,08
Trade creditors	1.449.280,91	568.355,30
Amounts payable to affiliated undertakings	1.244.699,00	4.196.832,88
Fiscal debts	2.414.925,98	5.552.468,62
Derivatives	41.652.067,95	547.738,98
Other creditors	848.151,61	8.243.903,44
Director's fees	120.000,00	60.000,00
Shareholder debt	20.186.200,00	39.636.200,00
Total	258.948.576,51	257.838.961,02
<i>Becoming due and payable after more than one year</i>		
Debenture loans – principal	313.688.959,36	0,00
Amounts owed to credit institutions – principal	157.924.411,97	75.850.000,00
Rent guarantees	0,00	212.546,65
Other creditors	1.992.299,58	14.253.803,05
Amounts payable to shareholders	26.750.000,00	0,00
Total	500.355.670,91	90.316.349,70
Total creditors as at December 31, 2020	759.304.247,42	348.155.310,72

On 2 July 2020, the Company, through its Italian Branch, issued €330.000.000,00 Exchangeable Bonds due in 2025 (ISIN Code: XS2198575271).

The bond included an option on the shares of Campari.

The Company can decide if to repay in cash or through the shares of Campari.

At inception the Bond was accounted for €310.398.000,00 and the derivative for €19.602.000,00.

At year end the value of the bond increased as a result of the interests of the period of €3.290.959,00 while the fair value of the derivative, based on market data (Bloomberg), amounted to €40.359.744,00.

The change occurred in the value of the derivative was recorded for €20.916.059,00 under the caption interest payable and similar expenses.

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Note 10-Creditors (Continued)

As of 31 December 2020, the debt amount due to credit institutions is represented by the following items.

	Principal €	Due date	Interest rate
CMB	2.675.000,00	04.02.2025	Euribor 3m+1,85%
CMB	4.825.000,00	04.02.2025	Euribor 3m+1,85%
CMB	19.000.000,00	11.03.2021	0,37%
Mediobanca	55.150.000,00	30.06.2023	1,25%
Citi	5.274.411,97	28.06.2030	Libor+1,15%
UBI Banca	50.000.000,00	13.12.2022	0,450%
UBI Banca	60.000.000,00	16.06.2021	0,250%
Intesa SanPaolo	40.000.000,00	29.12.2022	0,350%
Credito Emiliano	25.000.000,00	22.01.2022	0,432%
DEUTSCHE BANK	9.865.973,21	N/A	0,600%
BNL	30.000.000,00	27.01.2021	0,489%
BNL	20.000.000,00	02.03.2021	0,474%
BNL	8.149.295,09	31.05.2021	1,600%
Banco BPM	8.801.238,69	18.02.2021	2,850%
Intesa SanPaolo	10.000.000,00	19.03.2021	0,450%
Amounts owed to credit institutions	348.740.918,96		

The Company entered into derivative financial instruments for an aggregate amount of €41.652.067,95 (2019: €547.738,98). Details for the derivatives mentioned above are as follows:

Type of options	Number of options	Fair value
Call	12	6.554,21
Put	3.776	647.339,74
Put Campari	4.366	365.550,00
Put Banca Generali	1.800	272.880,00
Call Campari	3.300	40.359.744,00
Total	13.254	41.652.067,95

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Note 11-Gross Profit or Loss

As of 31 December 2020, the gross profit or loss is composed as follows.

	2020	2019
	€	€
Use of consumable materials	(106.336,76)	(123.975,96)
Rents and services charges	(319.325,53)	(252.076,83)
Subcontracting, repairs and maintenance	(627.906,06)	(391.683,35)
IT Services	(141.281,85)	(45.692,76)
Banking services	(268.149,58)	(204.497,87)
Professional fees	(8.407.158,88)	(237.899,91)
Other professional fees	(5.484.926,51)	(1.444.562,99)
Insurance premiums	(67.850,29)	(63.587,31)
Marketing and communication costs	(249.244,81)	(249.058,12)
Other external charges	(459.734,87)	(559.225,71)
Rental income	841.769,07	1.583.418,28
Consulting services	939.070,98	75.000,00
Other operating income – Concessions and other rights	22.693,00	16.002,68
Income on disposal of tangible assets (Note 5)	11.914.332,97	0,00
Other operating income	218.049,81	433.646,21
Total	(2.195.999,31)	(1.464.463,64)

Note 12-Staff

As of 31 December 2020, the Company employed 12 full time employees (3 in the Swiss Branch and 9 in the Italian Branch).

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Note 13-Other operating expenses

As of 31 December 2020, the other operating expenses are composed as follows.

	2020	2019
	€	€
Director's fees	(773.163,04)	(205.335,67)
Non-refundable VAT	(1.590.453,91)	(423.989,91)
Registration fees and stamp duties	(6.081,17)	(12.346,39)
Motor-vehicles taxes	(7.326,97)	(8.397,72)
Other duties and taxes	(36.312,07)	(22.897,37)
Provisions	(715.312,81)	(269.000,60)
Total	(3.128.649,97)	(941.967,66)

Note 14-Income from other investments and loans forming part of the fixed assets

As of 31 December 2020, this caption is mainly represented by realized gains on investments in hedge funds holdings and private equity holdings for an amount of €11.459.663,60 (2019: €1.878.227,67).

Note 15-Other interest receivables and similar income

As of 31 December 2020, this caption is mainly represented by currency exchange gains, interest on current accounts and revenue generated by derivatives for an aggregate amount of €8.257.244,71 (2019: €1.587.931,20).

Note 16-Share of profit and loss of undertakings accounted for under the equity method

The share of profit or loss of undertakings amounts to €23.799.834,61 (2019: €62.203.680,00).

It refers to the proportion of the net profit attributable to the shares in Davide Campari-Milano N.V., up to the dividends paid by Davide Campari-Milano N.V. (i.e. €34.401.517,26 in 2021).

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.

The depreciation of goodwill is represented in this caption by an amount of €10.601.682,65 and is recognized at the annual rate of 10% (50% for the first year-Note 6a).

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Note 17-Interest payable and similar expenses

As of 31 December 31 2020, interest payable and similar expenses are composed as follows.

	2020	2019
	€	€
Banking interest on current accounts	(134.963,44)	(12.166,84)
Banking interest on financing operations	(5.653.546,27)	(1.567.984,03)
Foreign currency exchange losses	(5.123.121,59)	(995.276,83)
Other financial fees	(26.007.415,86)	(132.998,77)
Total	(36.919.047,16)	(2.708.426,47)

Other financial fees are mainly represented by expenses incurred related to derivatives for an amount of €20.916.059,00 (2019: €0,00).

Note 18-Taxation

The Company is subject to all taxes applicable to Luxembourg commercial companies, moreover the Italian branch and Swiss branch are subject to tax applicable in the respective countries.

As of 31 December 2020, this caption amounts to €17.137.459,84 (2019: €136.683,64).

The amount is mainly referred to revenues from consolidation for €11.549.394,00 (2019: €237.010,00), related to the Italian Branch, in accordance to the national tax consolidation scheme.

Note 19-Off balance sheet commitments

The total uncalled capital commitments on investments in private equity holdings amounts to €13.121.868,32 (2019: €1.407.968,23).

In 2019 the Company purchased a real estate property under construction in Monaco, for a total consideration of €127.000.000,00 of which €81.750.00,00 have already been paid. The entire price will be paid in the next years following the progress of works.

A pledge on certificates for a total amount of €70.000.000,00 have been signed against the provision of a credit line of €60.000.000,00 by UBI. This will expire in June 2021 and is renewable.

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

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Note 20-Subsequent events

On 4 February 2021, the Company signed an addendum on the mortgage agreement towards CMB Monaco in which it was decided an extension of the term of loans (€2.675.000,00 and €4.825.000,00) for a further period of 4 years.

On 16 February 2021, the Company incorporated Telco Real Estate S.r.l. with registered office in Italy. The Company subscribed for 100% of the share capital of €10.000,00.

On 29 March 2021, the Company entered into an amendment of the loan agreement dated 19 June 2020 and granted by CMB by increasing the maximum amount to €150.000.000,00.

Note 21-Adjustment on the comparison period

The details concerning the balance sheet reclassification, made-up for the comparison period (31 December 2019), are presented in the table below.

Item	Values 31 December 2020 Old Classification	Values 31 December 2019 New Classification	Delta
D. III. Investments	(558.554,78)	0,00	(16.223,80)
D. II. a) Debtors becoming due and payable within one year	0,00	16.223,80	16.223,80
C. a) Creditors becoming due and payable within one year	0,00	542.330,98	542.330,98
D. II. a) Debtors becoming due and payable within one year	(291.614,20)	0,00	(291.614,20)
C. a) Creditors becoming due and payable within one year	0,00	291.614,20	291.614,20
D. IV. Cash at bank and in hand	(8.049.899,81)	0,00	(8.049.899,81)
C. a) Creditors becoming due and payable within one year		8.049.899,81	8.049.899,81
C. a) Creditors becoming due and payable within one year	(10.850,70)	0,00	(10.850,70)
D. II. a) Debtors becoming due and payable within one year	0,00	10.850,70	10.850,70
C. a) Creditors becoming due and payable within one year	(21.042,90)	0,00	(21.042,90)
C. b) Creditors becoming due and payable within one year	0,00	21.042,90	(21.042,90)

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Note 21-Adjustment on the comparison period (Continued)

The details concerning the Profit and Loss Account reclassification, made-up for the comparison period (December 31, 2019), are presented in the table below.

Item	Values 31 December 2019 Old Classification	Values 31 December 2020 New Classification	Delta
1. to 5. Gross profit or loss	(9.335,67)	0,00	(9.335,67)
8. Other operating expenses	0,00	9.335,67	9.335,67
6. b) ii) other social security costs	(6.950,00)	0,00	(6.950,00)
6. b) i) other social security costs	0,00	6.950,00	6.950,00
6. c) other social security costs	(44.390,60)	0,00	(44.390,60)
1. to 5. Gross profit or loss	0,00	44.390,60	44.390,60
6. c) other social security costs	(32.218,96)	0,00	(32.218,96)
6. a) Wages and salaries	0,00	32.218,96	32.218,96
6. c) other social security costs	(8.137,20)	0,00	(8.137,20)
6. b) ii) other social security costs	0,00	8.137,20	8.137,20
10. a) derived from affiliated undertakings	(24.881,33)	0,00	(24.881,33)
11. a) derived from affiliated undertakings	0,00	24.881,33	24.881,33
11. b) other interest and similar income	(433.646,21)	0,00	(433.646,2 1)
1. to 5. Gross profit or loss	0,00	433.646,21	433.646,21
11. b) other interest and similar income	(559.605,76)	0,00	(559.605,7 6)
10. b) Other income not included under a)	0,00	559.605,76	559.605,76
14. b) other interest and similar expenses	(420,06)	0,00	(420,06)
8. Other operating expenses	0,00	420,06	420,06