Annual Report 2021

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Annual Report 2021

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Welcome
to
Amplifon

AMPLIFON AT A GLANCE

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LETTER TO SHAREHOLDERS

2021, a year of excellent financial results and great strides in strategic initiatives

Dear Shareholders,
If we were to summarize 2021 in one word, it would be extraordinary. Certainly because we live in a time of radical change and events that are deeply affecting everyone's lives. But for Amplifon it was an extraordinary year because of the financial results achieved, in a complex environment, and the strategic initiatives undertaken.

In terms of numbers, we closed the year with a record performance, consolidating our competitive positioning and confirming our strong execution capabilities, the validity of our strategy and sustainability of our business.

It is not a novelty for our Group to record excellent financial results year over year, but doing it in 2021 was not a given, let alone exceeding the pre-pandemic levels so quickly. We reached new historic highs in revenues and EBITDA, while the recurring net profit jumped around 50% compared to 2019 to more than 175 million euros.

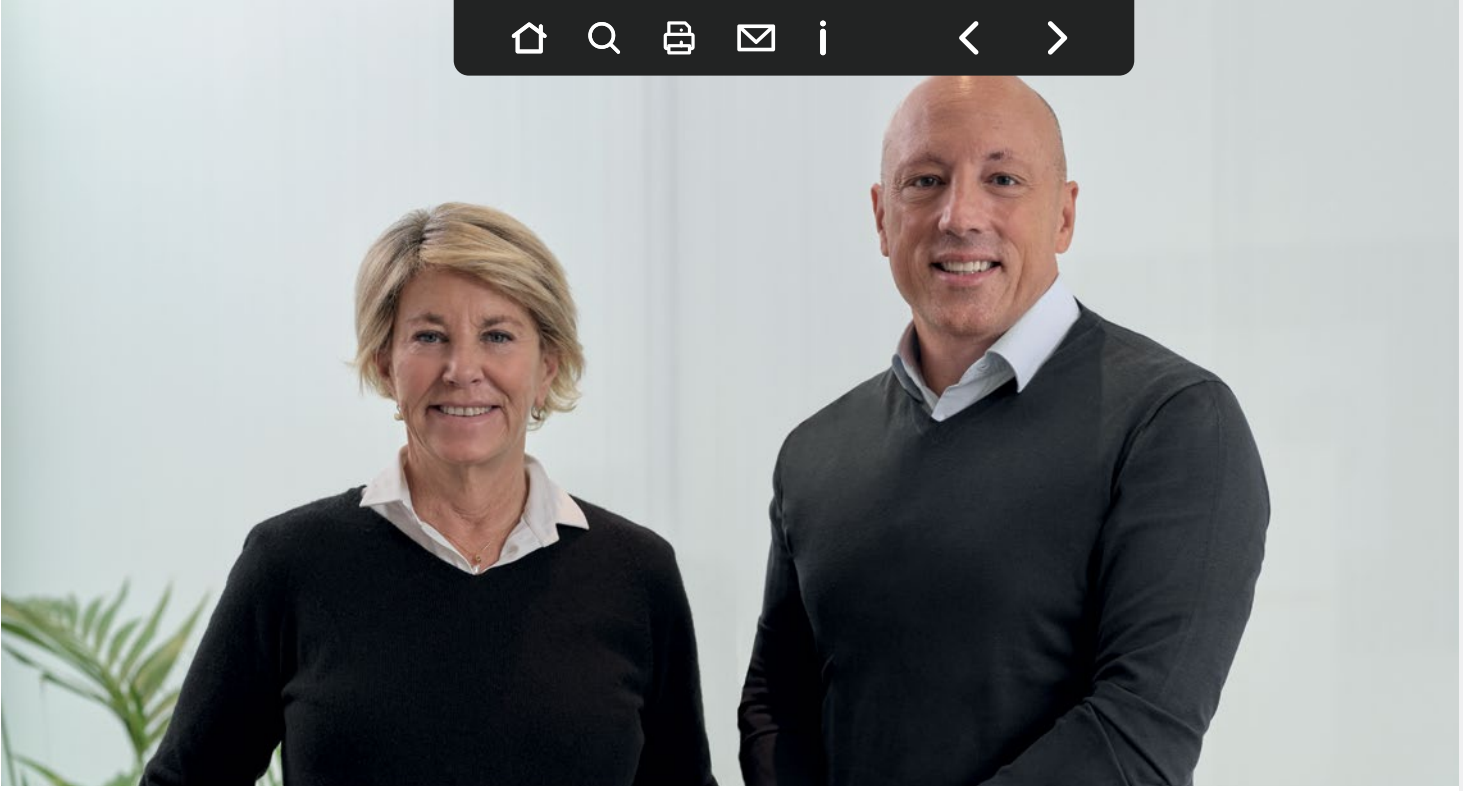
These outstanding results allow us to propose a dividend of 26 euro cents per share to be distributed to Shareholders, 18.2% higher compared to the 22 euro cents paid in 2020, with a pay-out of 37%[1].

Growth was accompanied by the usual financial discipline, demonstrated by a free cash flow of approximately 255 million euros and a net financial debt of 871 million euros, with financial leverage at 1.68x, even though more than 600 million euros was invested in M&A, Capex, dividends, and share buybacks.

In terms of strategic initiatives, 2021 saw a further strengthening of our competitive positioning in all the core markets. We consolidated our position on the Australian market by closing the Bay Audio acquisition, the second largest in our history, and also continued our expansion in China, an attractive, fast-growing market.

Organic growth was sustained by a unique customer proposition that leverages on our key assets: the undisputed leading brands in the industry, a superior customer knowledge and digital technologies. In fact, we continued with the successful roll-out of the Amplifon Product Experience[2] in four new countries, including the important Spanish market. During the Capital

1. Calculated on the as reported figure for net profit after discontinued operations.
2. Comprising the Amplifon Product Line and our multichannel ecosystem.



Markets Day held in September 2021 we also presented Ampli-care, the new digital platform destined to revolutionize the entire audiological experience for our customers.

Our daily operations and strategic initiatives were guided by the implementation of our Sustainability Plan. ESG topics have become an integral of the business, as well as the remuneration and incentive policies for top management. We also signed the first two sustainability-linked credit lines. Testimony to our commitment, we were included in the MIB ESG index which is dedicated to the 40 Italian blue chips who adopt the best Environment, Social & Governance practices, as well as in S&P's Global Sustainability Yearbook 2022. And this year we are happy, once again, to present all the progress made in our 2021 Sustainability Report.

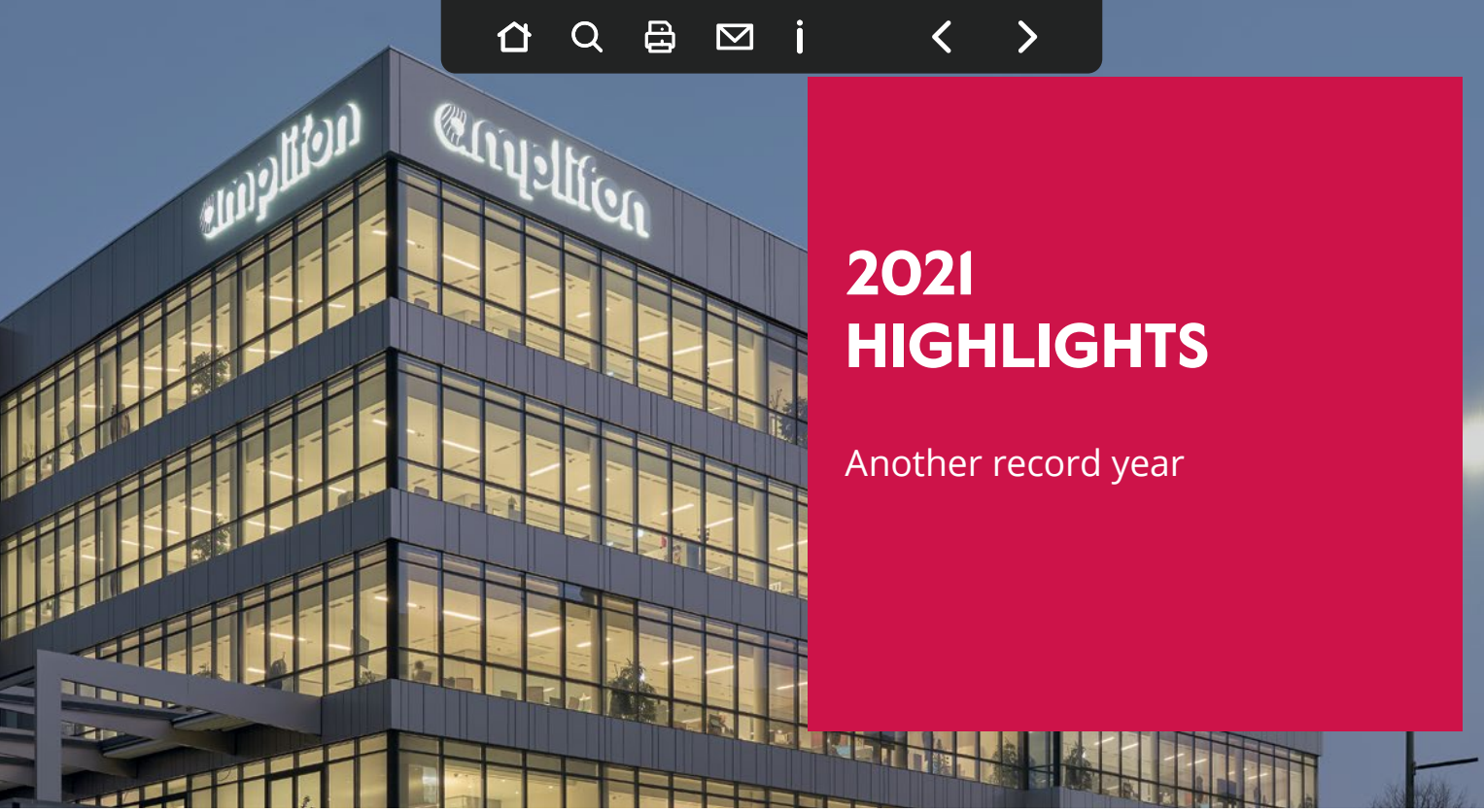
In short, we have many reasons to be proud of the results we achieved in 2021. Above all, we believe we have strengthened the foundations of an increasingly global, innovative, and sustainable Group that continues to grow and to provide shareholders with satisfaction.

All of this would not be possible without the commitment, passion, professionalism, and the great sense of responsibility possessed by the management, the Company's directors, all the employees, staff members and partners. Amplifon's stakeholders are an integral part of the Group's growth path and the engine of our development strategies.

A company, however, stands on the trust of its customers, whom we would like to thank, and its shareholders. If 2021 was an extraordinary year it is also, above all, thanks to you. And now, strengthened by this trust, we look to the future with renewed enthusiasm and optimism.

SUSAN CAROL HOLLAND
Chairperson

ENRICO VITA
Chief Executive Officer

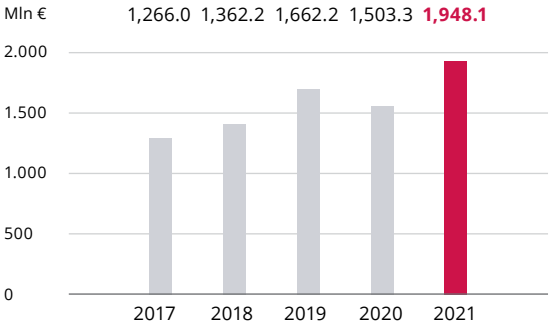


2021 HIGHLIGHTS

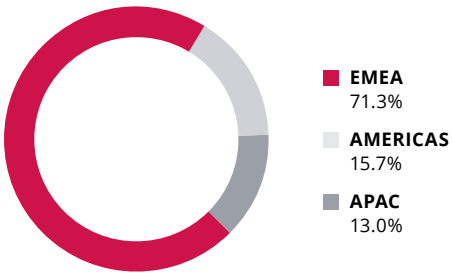
Another record year

REVENUES[3]

(MILLION EUROS)

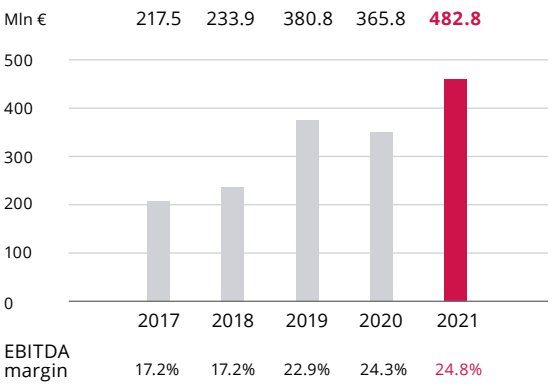


2021 REVENUES BY REGION



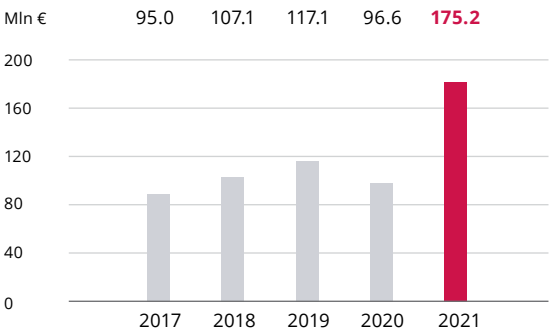
EBITDA[3,4]

(MILLION EUROS)



NET PROFIT[3,4]

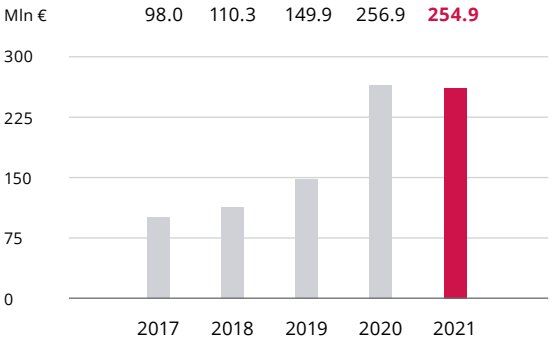
(MILLION EUROS)



3. Figures for 2019, 2020 and 2021 presented without the contribution of the Elite wholesale business, winded-down at the end of 2021 and treated as discontinued operations according to the accounting principle IFRS 5.
4. Recurring data and without the application of the accounting principle IFRS 16 in 2017 and 2018.

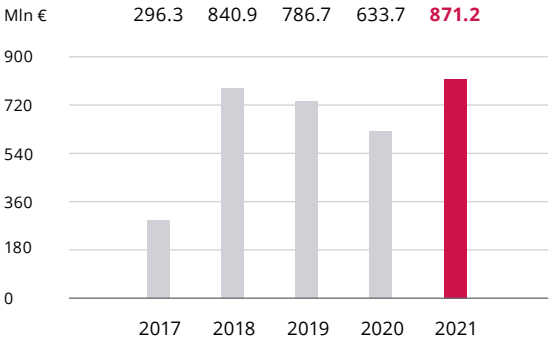
FREE CASH FLOW

(MILLION EURO)



NET FINANCIAL DEBT[5]

(MILLION EURO)



GLOBAL LEADER IN HEARING CARE

>11%
GLOBAL MARKET SHARE

4,300
CORPORATE SHOPS

25
COUNTRIES

1,350
SHOPS IN FRANCHISING

3,600
SHOP-IN-SHOPS & CORNERS

~18,600
PEOPLE

PEOPLE

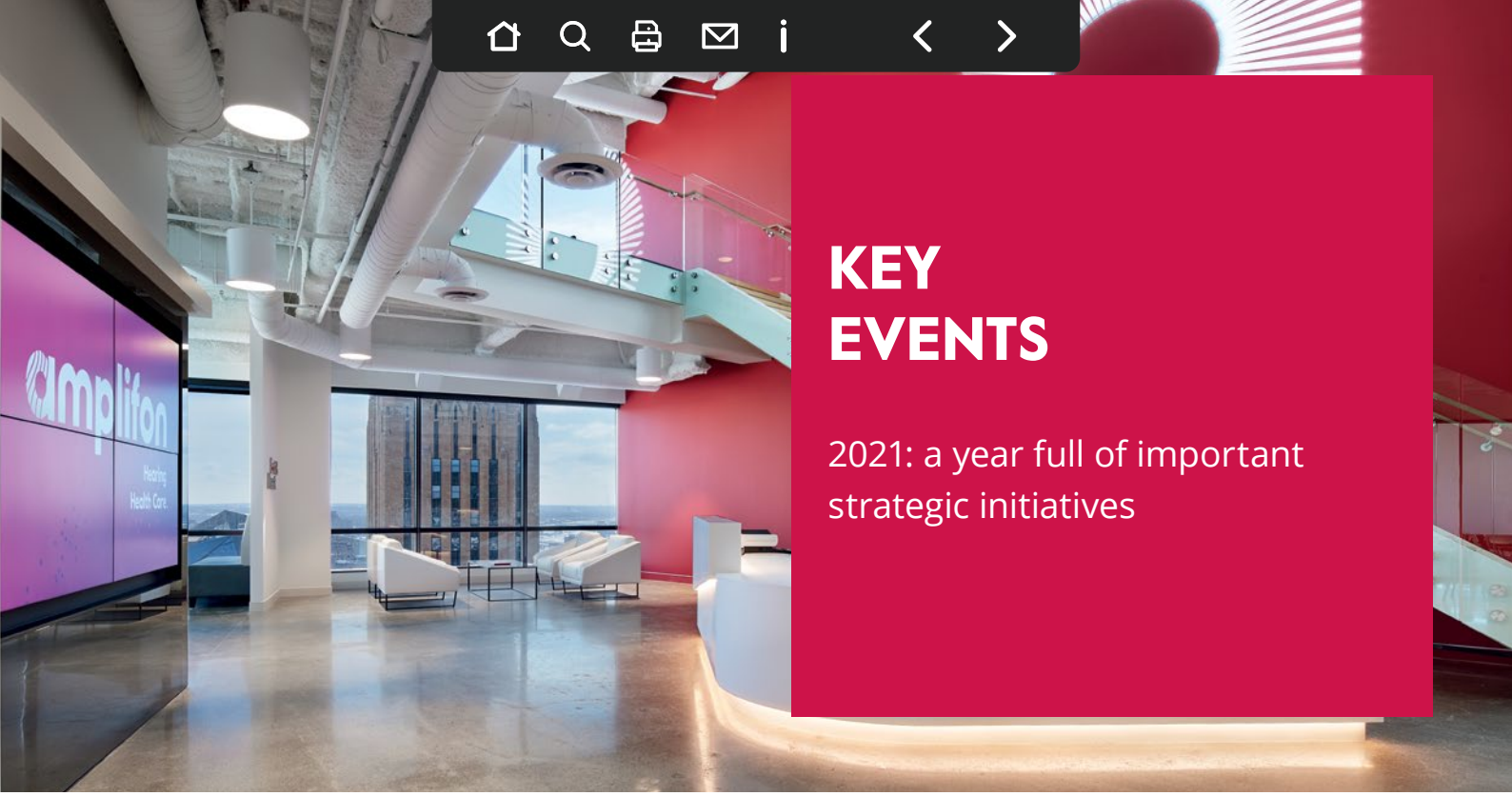
BY ROLE

- **HEARING CARE PROFESSIONALS** 50.9%
- **OTHER SHOP PERSONNEL** 34.3%
- **SUPPORT FUNCTIONS** 14.8%

BY REGION

- **EMEA** 54.8%
- **AMERICAS** 28.2%
- **APAC** 15.6%
- **CORPORATE** 1.4%

5. Data without lease liabilities.



KEY EVENTS

2021: a year full of important strategic initiatives

MARCH 18th, 2021

LISTENING AHEAD

In March we published Listening Ahead - our Sustainability Plan with quantitative and measurable mid-term objectives at 2023, coherent to our business strategy and the United Nations' Agenda 2030 for Sustainable Development. By doing so, we formalized our daily commitment to listening to and providing an answer to the expectations of our customers, our people, the community, and the context in which we operate, safeguarding the ability of future generations to fulfill their needs in the long-term.

JULY 6th, 2021

EXPANSION IN CINA

In July we announced our second joint venture with a local partner in the attractive and fast-growing Chinese hearing care retail market, and in October we opened our first shop in Shanghai. This transaction is perfectly in line with our strategy aimed at expanding our presence in China, complementing our current network in the Beijing area with 45 new shops located in Zhejiang, Fujian, Henan, and Jiangxi, thus reaching a total network of 115 points of sale and a combined run-rate turnover of around €15 million in 2021.

JULY 12th, 2021

ACQUISITION OF BAY AUDIO IN AUSTRALIA

We signed a definitive agreement for the acquisition of Bay Audio Pty Limited ("Bay Audio") in Australia, a leading private independent Australian hearing care retailer that operates a network of over 100 points of sale located in high-traffic premiere shopping malls across the East Coast, for around 550 million Australian dollars (around 340 million euros). The acquisition of Bay Audio represents another key milestone in our history and allows us to further strengthen our position in the core Australian market. The transaction was closed on October 1st, 2021.

JULY 2021

STRATEGIC DECISION TO EXIT THE WHOLESALE BUSINESS IN THE US

We decided to cease the operations of Elite in the US, in line with our global consumer-centric strategy aimed at delivering a superior proposition directly to our end customer. The closure of Elite will allow us to focus managerial attention, resources, and investments on the two strategic businesses with high potential - Miracle-Ear and Amplifon Hearing Health Care - which together represent the ideal platform to operate in the two fastest growing channels of the core US market (retail and managed care). The wind-down of Elite was completed and became effective during the fourth quarter of 2021.

SEPTEMBER 13th, 2021

CAPITAL MARKETS DAY

On September 13th, 2021, we announced our strategic pillars and financial targets for the 2021-2023 period at our virtual Capital Markets Day with investors and analysts. Our strategy for the next three years remains simple and focused, anchored to very solid fundamentals, and shall support our next phase of growth thanks to a unique and unmatchable customer proposition that levers on our core assets: our brands, a superior customer knowledge, and digital technologies, which will further enrich customer experience both in and outside our stores.

OCTOBER 18th, 2021

ENTRY IN THE MIB ESG INDEX

On October 18th, 2021, Amplifon was included in the new MIB ESG index launched by Euronext and Borsa Italiana, dedicated to the 40 Italian blue chips which demonstrate strong ESG (Environment, Social & Governance) practices. The inclusion in the index provides further confirmation of our commitment to pursuing sustainable, long-term growth.

SEPTEMBER 30th, 2021

FIRST "SUSTAINABILITY-LINKED" REVOLVING CREDIT FACILITY OF 100 MILLIONI EUROS

On September 30th, 2021, we signed a new 5-year "sustainability-linked" revolving credit facility with Intesa Sanpaolo (IMI Corporate & Investment Banking Division) for a total of 100 million euros. This facility is linked to certain targets of Amplifon's Sustainability Plan and is part of the plan to refinance and expand the Company's existing revolving credit facilities, allowing us to further diversify our sources of funding, as well as extend the average debt maturity.

DECEMBER 29th, 2021

A NEW 210 MILLION EURO "SUSTAINABILITY-LINKED" TERM LOAN FOR REFINANCING THE GAES ACQUISITION FACILITY

On December 29th, 2021, we finalized the refinancing of the GAES acquisition facility for a total of 210 million euros with a pool of banks comprising Unicredit, acting as Global Co-ordinator, Mediobanca, and BNPP-BNL. The new 5-year facility is linked to selected ESG targets of our Sustainability Plan and pricing envisages a margin adjustment based on the achievement of these selected ESG targets with a view to creating further synergies between financial performance and ESG goals.

JANUARY – DECEMBER 2021

AMPLIFON PRODUCT EXPERIENCE IN 11 COUNTRIES

Provided the excellent results reached by the Amplifon Product Experience in Italy, France, Germany, the Netherlands, the United States, Australia, and the United Kingdom from 2018 to 2020, the roll-out was extended to four new markets in 2021: Belgium, Portugal, New Zealand, and Spain. Our strong customer experience innovation program, which combines the Amplifon Product Line and our multichannel ecosystem, places us in the forefront of digital technologies and allows the use of big data to be always more efficient in personalizing customers' experience.

JANUARY – DECEMBER 2021

CONTINUOUS NETWORK EXPANSION

In 2021, we acquired 330 points of sale, reaching a total distribution network of 9,241 points of sale, including Bay Audio's network and excluding Elite's network affiliates after its wind-down. Such acquisitions were carried out mainly in Germany, France, China, and the United States, besides Australia thanks to Bay Audio.

amplifon

CORPORATE CULTURE

The essence that makes us a unique global company.

OUR PURPOSE

We empower people to rediscover all the emotions of sound.

OUR MISSION

We transform the way in which hearing care is perceived and experienced across the world, so that everyone naturally turns to the high-quality service and professionalism offered by our specialists.

Each day we strive to understand the unique needs of each customer, guaranteeing each and every one of them the best solution and a fantastic experience.

We select, develop and grow the best talent who share our ambition to change the lives of millions of people around the world.

OUR VALUES

CUSTOMER DEVOTION

We serve our customers' best interests with passion and seek to surprise them by always going the extra-mile.

PERSONAL IMPACT

We empower our people to think freely, perform and succeed, working together to make a lasting difference.

EVERYDAY EXCELLENCE

We take accountability for setting and delivering the highest standards of quality, and never give up.

FORWARD THINKING

We listen to the world around us and embrace every challenge with the ambition to learn, grow and innovate.

ACTING RESPONSIBLY

We do well by doing good, acting with true integrity, and showing respect to everyone, every time.

MARKET

Retail: an ever-growing segment

The global retail hearing care market is estimated at around 16.5 billion euros in 2021 and is highly fragmented, although in consolidation.

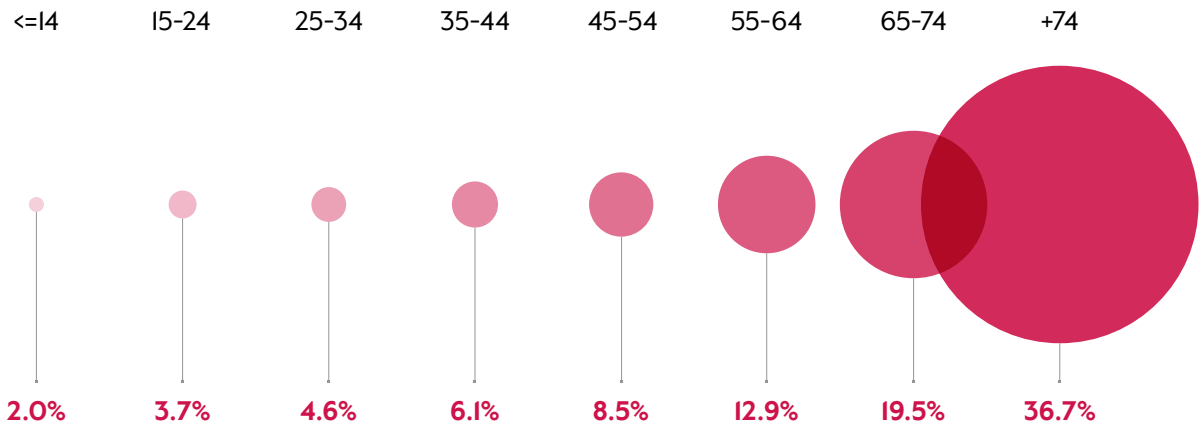
We expect very positive market growth in the medium and long-term thanks to its unchanged fundamentals.

We are the global leader in the hearing care retail market with over 11% market share.

HEARING LOSS

Currently over 1.5 billion people have some level of **hearing loss** across the world. Among those, it is estimated that at least 430 million people have a hearing loss that would require rehabilitation. Due to the rising life expectancy of the global population and the increase in noise exposure, this number is likely to reach 700 million by 2050[6].

HEARING LOSS PREVALENCE BY AGE[7]



There are numerous external factors pushing the hearing care industry towards a more inclusive and technologically advanced future with a positive impact on the market in which we operate.

LIFE EXPECTANCY

We are all aware of the increase in life expectancy. By 2050, the number of people aged over 65 will double, and in the next 4 years, for the first time in the history of mankind, this number will be higher than the number of children aged under 5 years.

ACTIVE LIFESTYLE

We have a much longer life expectancy than the previous generations and our quality of life is much higher. The so-called active agers represent a new generation that won't compromise on quality of life as the years go by.

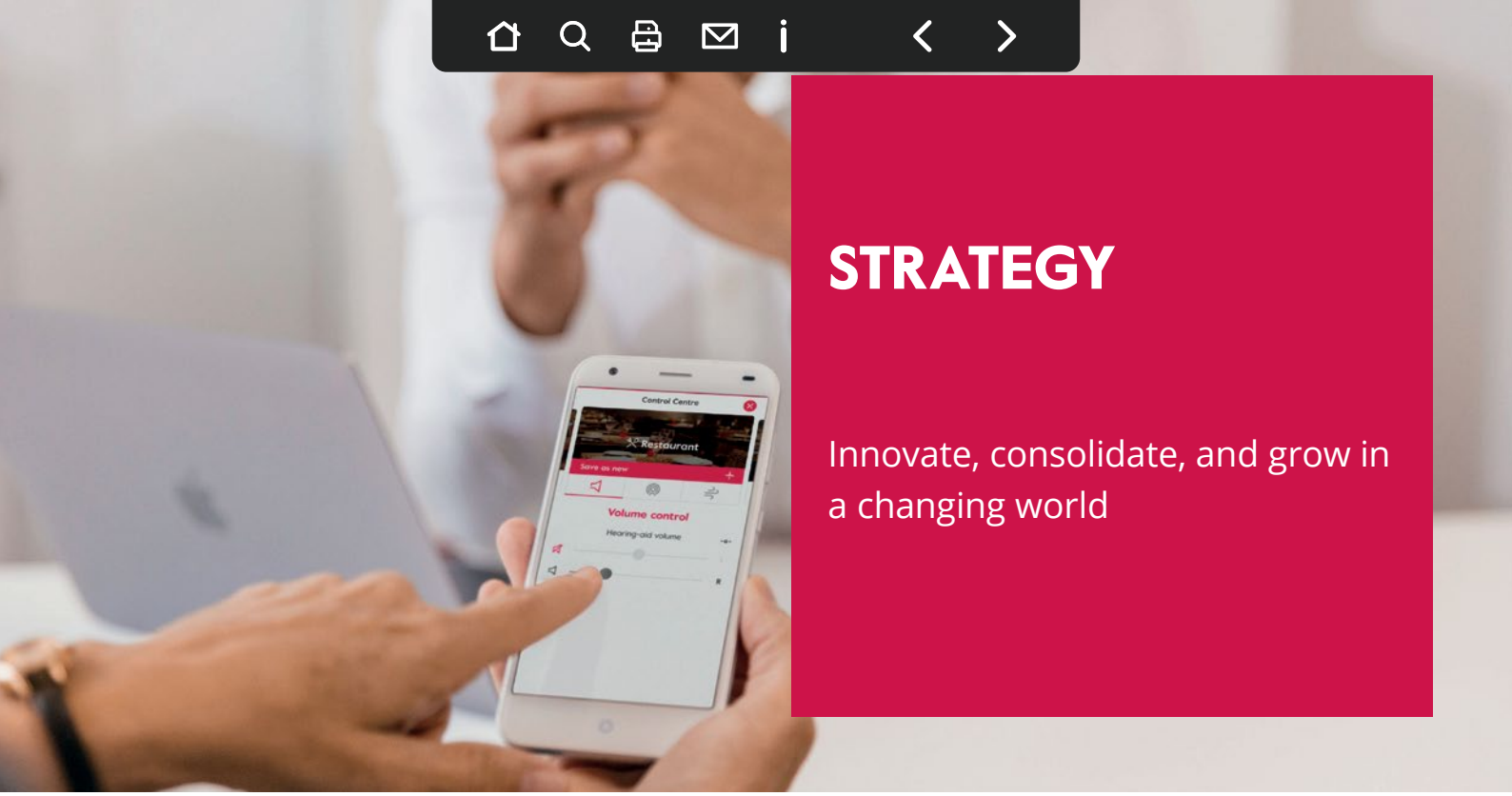
TECHNOLOGY

Advances in technology such as miniaturization, connectivity and rechargeability contribute towards the consumerization of hearing devices. Thus, more and more people decide to take care of their hearing.

DIGITALIZATION

The use of digital devices, such as smartphones and tablets, is rapidly increasing also among seniors. This makes it possible to offer personalized and interconnected services with added value through new touchpoints such as apps.

6. Source: "World Report on Hearing", World Health Organization, 2021.
7. Source: World Health Organization, EuroTrak, MarkeTrak, Amplifon data 2018 in the countries where Amplifon operates.



STRATEGY

Innovate, consolidate, and grow in a changing world

Listening to the future has always been part of our DNA, and innovation remains an essential part of our strategy. The world evolves quickly, and we anticipate times by investing today in tomorrow's trends, with clear objectives and vision, based on three key pillars.

CONSOLIDATE

our leadership in all the core markets in which we are already leader and reach leadership in those few markets where we are not leader yet, fostered by both strong organic growth and bolt-on acquisitions.

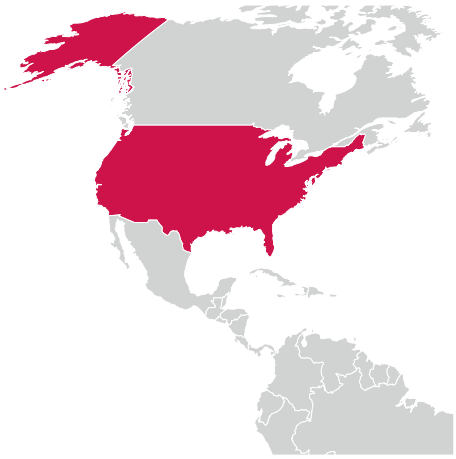
OFFER

a unique and unmatchable customer experience, activating a full ecosystem around the customer, in which the pervasiveness of our brands, the unmatchable set of data we possess, and digital technologies play a key role.

INVEST

in our organization and in talent, leveraging our distinctive corporate culture, to support the execution of our strategy and be even more competitive every day.

I. GROWTH & LEADERSHIP AT GLOBAL SCALE



AMERICAS

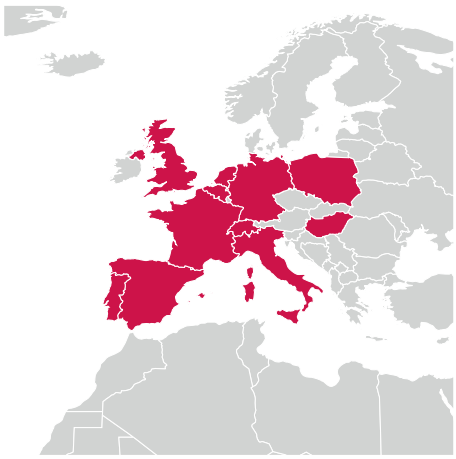
FOCUS ON THE UNITED STATES, THE LARGEST MARKET WORLDWIDE

We will focus on growing in the United States, the largest market worldwide, where we aim to capture an even larger portion of the value in the value chain, leveraging our strategic businesses: Miracle-Ear and Amplifon Hearing Health Care.

APAC

AUSTRALIA AND CHINA, TWO COMPELLING MARKETS

In Australia we aim at consolidating our leadership through three perfectly complementary businesses: Amplifon, Attune, and the newly acquired Bay Audio. In China, a very attractive and fast-growing market, we will continue to pursue our growth path via M&A or joint ventures with local partners in new areas, as well as organically around the existing hubs of Beijing, Zhejiang, and Shanghai.



EMEA

A SUCCESSFUL AND WELL-CONSOLIDATED STRATEGY

In line with the past years, in EMEA we aim at consolidating our leadership position through organic growth supported by significant investments in marketing and in customer experience innovation, with the progressive roll-out of the Amplifon Product Experience and the launch of Ampli-care, as well as through targeted M&A to reach optimal scale in France and Germany.

2. A UNIQUE AND UNMATCHABLE CUSTOMER PROPOSITION

WE WILL REVOLUTIONIZE THE AUDIOLOGICAL EXPERIENCE

We have redefined the product experience with families of hearing aids and digital tools built around people to connect hearing care professionals and customers.

Now, our customer proposition will be further enriched leveraging three distinctive assets of ours: the undisputed leading brands in the industry; a superior customer knowledge deriving from the unmatchable set of data we possess to build the finest customer insights and best serve them through a 360° customer centric model; and an innovative experience, in which digital technologies play a key role in enriching customer experience and improving protocols both within our stores and outside, from the first contact to the after-sale.

3. EFFECTIVE AND TALENTED ORGANIZATION

A BUSINESS MADE OF PEOPLE

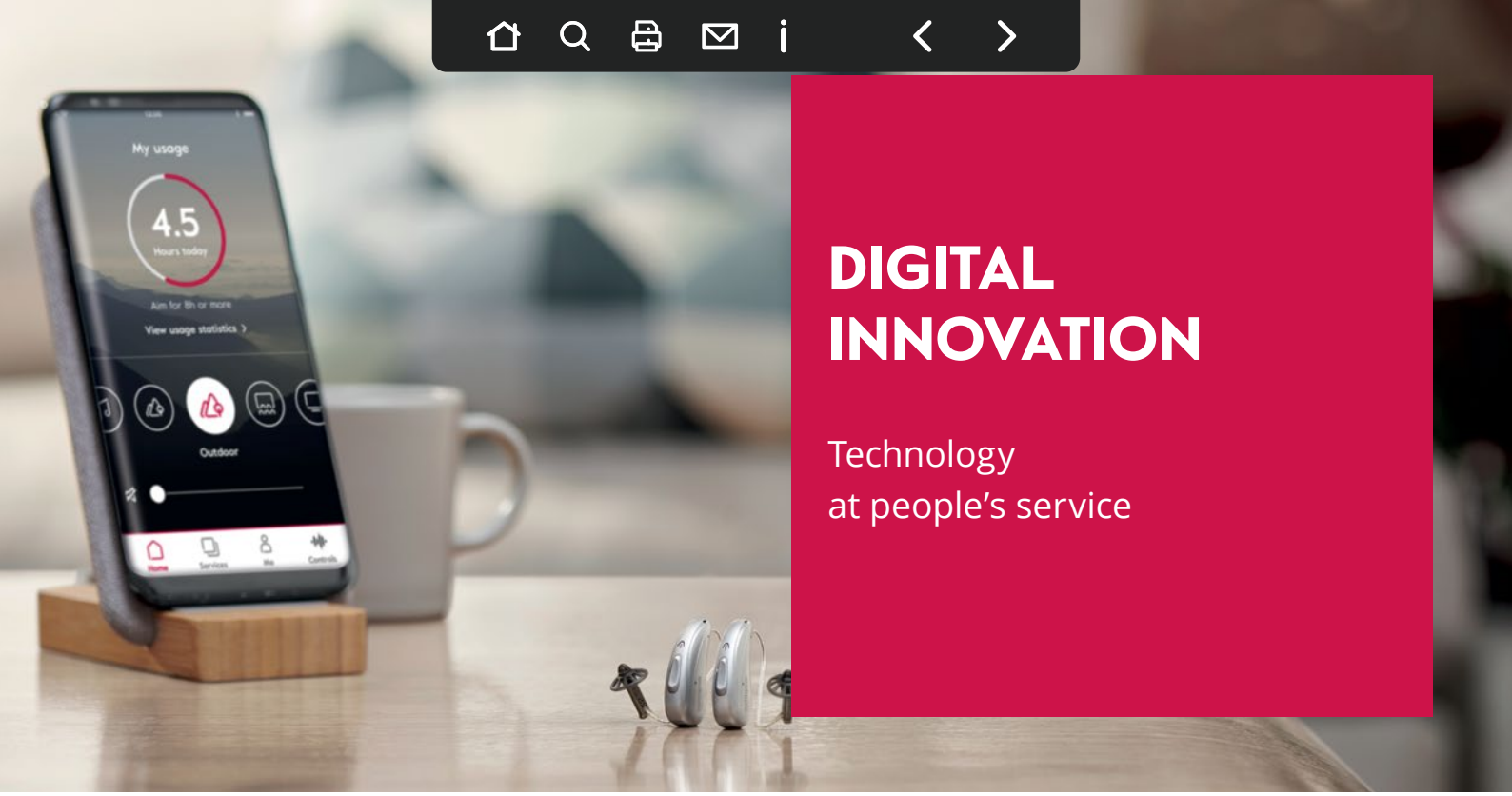
We intend to build upon our distinctive corporate culture and increase the investments dedicated to our people, both in stores and back-office.

Our aim is to further improve our people's competencies, support the sharing of best practices within the Group, and attract the best talents every day.

OUR COMMITMENT TOWARDS SUSTAINABLE GROWTH

An exciting growth path awaits us in the coming years. And, while we follow this path, we continue to look at the future with enthusiasm and confidence. A future that will see our commitment to integrating sustainability into our development plans coming to life.

Within Listening Ahead, our Sustainability Plan published in March 2021, we defined ambitious targets coherent to the United Nations' Agenda 2030 for Sustainable Development in order to continue to grow sustainably, every day even more, all together.



DIGITAL INNOVATION

Technology
at people's service

AMPLIFON PRODUCT EXPERIENCE

The Amplifon Product Experience represents a unique and distinctive lever to further strengthen our brand identity, significantly differentiate our service from the competition, and offer a complete value proposition to our customers, made of product, service, and experience. The two pillars of our innovation program are the Amplifon Product Line and the Amplifon multichannel ecosystem. These two elements combined make the Amplifon Product Experience, today present in 11 countries after the roll-out in four new markets during 2021: Belgium, Portugal, New Zealand, and the core Spanish market.

AMPLIFON MULTICHANNEL ECOSYSTEM

The Amplifon multichannel ecosystem, of which the Amplifon App represents the first touchpoint, redefines the Amplifon experience through the entire customer journey (thus not only in the store), offering fast access to differentiated and high value-added services to further increase customer satisfaction.

The **Amplifon App** allows you to manage the device functions in real-time directly from your smartphone, besides booking an appointment with your hearing care specialist and much more.

The **Companion** function is exclusive to the Amplifon App. It processes and analyses hearing device usage data in real- time using an artificial intelligence algorithm and gives suggestions on battery replacement or the most suitable program for the surrounding sound environment.

In 2021, the Amplifon Product Experience was successfully rolled-out in the core Spanish market, where, in line with the results reached in other Countries, the penetration on the addressable market was already very high soon after the launch. Moreover, always in Spain, we launched the new Cube All-in-One, our new eco-friendly packaging made of 100% recyclable paper, which reduces the percentage of plastic components to a minimum to ensure the smooth functioning of the product during its lifespan. The new packaging will gradually be launched in other countries in 2022 and 2023.

AMPLIFON PRODUCT LINE

We selected the most advanced technologies from the best manufacturers to develop our four product families that adapt to every lifestyle.

AMPLI-EASY

The **ampli-easy** product family is powerful, practical, affordable, and easy to use. For everyday life, having a giggle with friends, walking in the park, or watching a good film.

AMPLI-MINI

The **ampli-mini** devices are extremely discreet and almost invisible thanks to miniaturized technology. Perfect for those who seek a discreet solution and want to feel elegant without compromising on comfort.

AMPLI-CONNECT

The **ampli-connect** product family connects directly to your TV, smartphone, and sound system. They automatically recognize the environment, and the microphones point towards the direction of the sound. They also connect to the Amplifon App via Bluetooth.

AMPLI-ENERGY

The **ampli-energy** devices are a perfect combination of practicality and style. No more changing batteries, the devices can be recharged using a charger and have up to 30 hours of battery life. They also connect to the Amplifon App via Bluetooth.

AMPLI-CARE

After having redefined the product experience with the Amplifon Product Experience, we are proud to present Ampli-care, our new platform to offer a revolutionary and highly personalized audiological care experience, within our stores and at any moment of the customer journey.

With Ampli-care, we will activate a full ecosystem around customers, in which the unrivaled quantity and quality of data we possess and digital technologies will play a key role.

Ampli-care will allow us to offer a unique, innovative, and engaging experience every day. By providing the maximum expertise for each customer's specific needs, we will deliver the best support to all of them. We will also empower customers and caregivers to actively take part to a seamless audiological care journey across all touchpoints.

8. The acquisition dates back to 2019.

AMPLI-CARE IS BASED ON THREE PILLARS

IMMERSIVE EXPERIENCE

Our stores, which are the key touchpoint within the customer journey, will be equipped with Otopads, iOs-based instruments to perform hearing tests based on a new proprietary technology, developed internally. This new technology will enable us to offer even more engaging and interactive touch-based experiences, capable of performing sophisticated audiological tests besides identifying customer needs in depth. The use of Otopads will also enable future out-of-store visits and follow-up activity.

HYPERPERSONALIZED SOLUTIONS

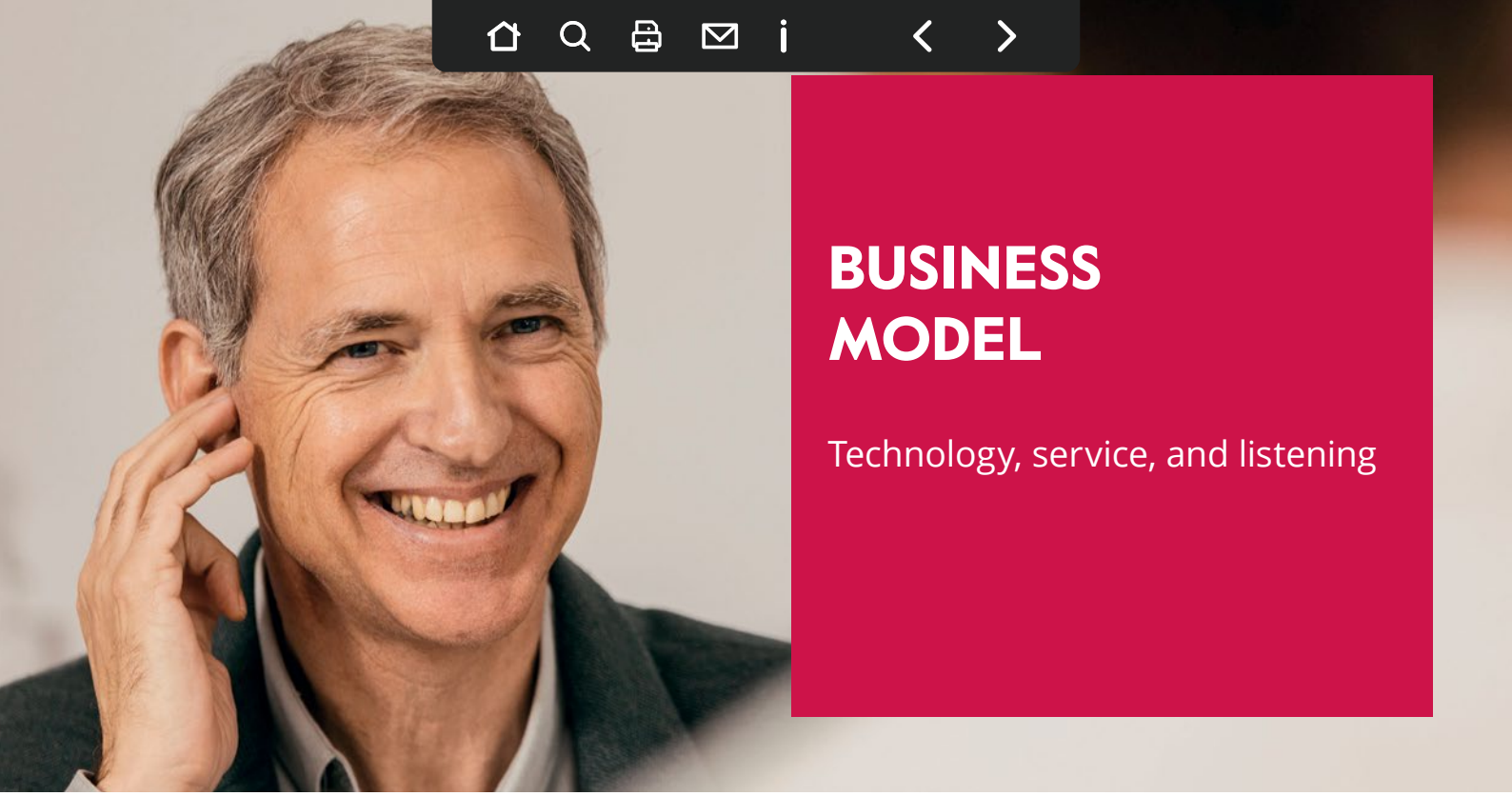
Ampli-care will also enhance the expertise and empathy of our hearing care professionals, supporting them in identifying the best solution for each customer through a proprietary system called "solution builder engine", powered by artificial intelligence. This technology will identify and propose the most appropriate product, service offering, and fitting to each single customer based on their audiological profile and the personal information collected during the visit.

ALWAYS CONNECTED SUPPORT

Our hearing care professionals will be always connected through a remote monitoring and assistance system to intercept hearing solutions usage trends and specific customer needs remotely. By doing so, we will be able to support them also when they are not physically present in our stores through videocalls and systems aimed at performing remote fine-tunings to the hearing devices. Moreover, both caregivers and ENTs, crucial influencers in the hearing solution adoption process, will play a more active role. Caregivers will have a dedicated profile on the Amplifon App to coach and support their dear ones, while ENTs will receive their patient's audiological and hearing aid usage data.

AMPLIFON X

To support this important acceleration in digital innovation, at the beginning of 2022, we created Amplifon X, a new agile business unit entirely dedicated to the development of highly innovative digital solutions within a proprietary ecosystem of omni-channel and omni-persona solutions built around the customer. Amplifon X was created thanks to the development of further strong synergies between Otohub[8] and the Company's digital division, creating an end-to-end accountability from the software design phase until the actual development of digital products and solutions. In fact, Ampli-care is the first product entirely developed by Amplifon X and comprises the new Amplifon 360 store protocol, Otopad, the revolutionary iPad hearing test thanks to Amplifon proprietary technology, and all the Amplifon App innovations to offer new solutions and new audiologist-customer interaction possibilities, among many other innovations and functionalities. Thanks to the use of data and technology, we are further improving the service we offer within our stores, and, above all, remotely. Amplifon X, which already counts on a combined team of more than 50 digital talents and leverages important partnerships with world renowned academic realities, will allow us to define new audiological experience standards, consolidating our important competitive advantage and creating a unique and not replicable experience for all our customers and hearing care professionals.



BUSINESS MODEL

Technology, service, and listening

In all markets, we offer innovative technologies, extensive technical expertise and, above all, empathy: those who choose us have a totally unique and personalized experience.

WE OFFER UNIQUE HEARING CARE SERVICES TO OUR CUSTOMERS

We stay continuously in contact with people, listening to their needs and getting to know their expectations to offer high value-added hearing care services directly to the end-customer. The success of the hearing solution relies above all on the skills of the hearing care specialists to perform hearing tests, select the most suitable device among the most advanced technologies by the best manufacturers worldwide, and correctly fit them based on each single person's needs.

AMPLIFON 360

We build relationships with our customer through the active listening of our hearing care specialists who use technology with a data-driven approach to provide an unforgettable experience. Our 70-year-long experience and strong innovation drive made it possible to define an innovative and personalized journey that triggers the close collaboration between our hearing care specialists and every single individual. Amplifon 360[9] is our proprietary protocol that integrates pioneering methods and instruments to assess the quality of hearing. It focuses on the person and allows us to identify the best-suited hearing solution to every single person's needs and lifestyle through a data-driven approach. Thanks to Amplifon 360, each person lives in a protected ecosystem in which they can feel at ease and benefit from continuous support from the identification of their needs to the 360° hearing test as well as the customization of the solution and continuous after care, also making use of the data and feedback from the Amplifon App.

9. Available in most countries of operation.

BUSINESS MODELS

BUSINESS-TO-CONSUMER

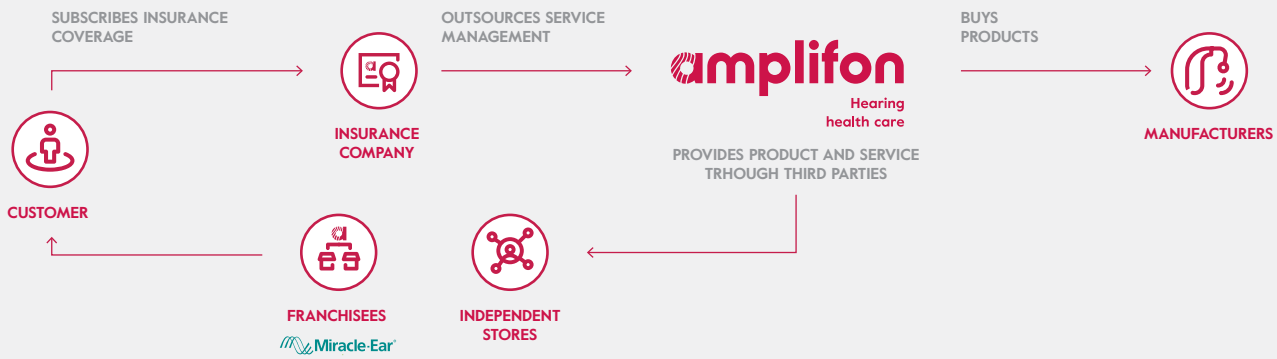
In EMEA, APAC, Canada, and Latin America, we serve our customers through direct points of sale. In the United States we operate over 200 stores with this model under the Miracle-Ear brand.

FRANCHISING

Miracle-Ear operates in the United States mainly through a franchised network. Its over 1,300 points of sales provide hearing care services independently according to our strategic guidelines.

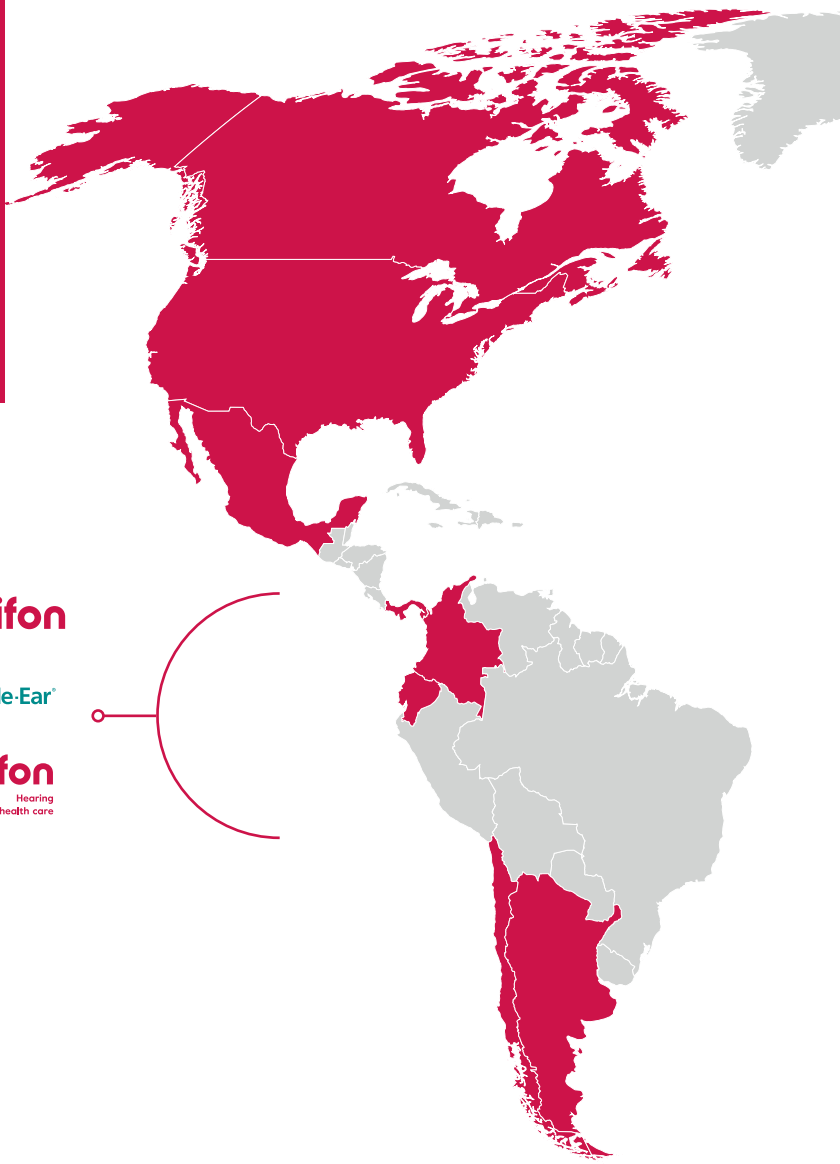
MANAGED CARE

Amplifon Hearing Health Care offers hearing care solutions to health plan members in the United State, though a distribution network made of Miracle-Ear shops and other independent retailers.



DISTRIBUTION NETWORK

We are global leader in terms of volumes, sales, distribution network, and geographic coverage

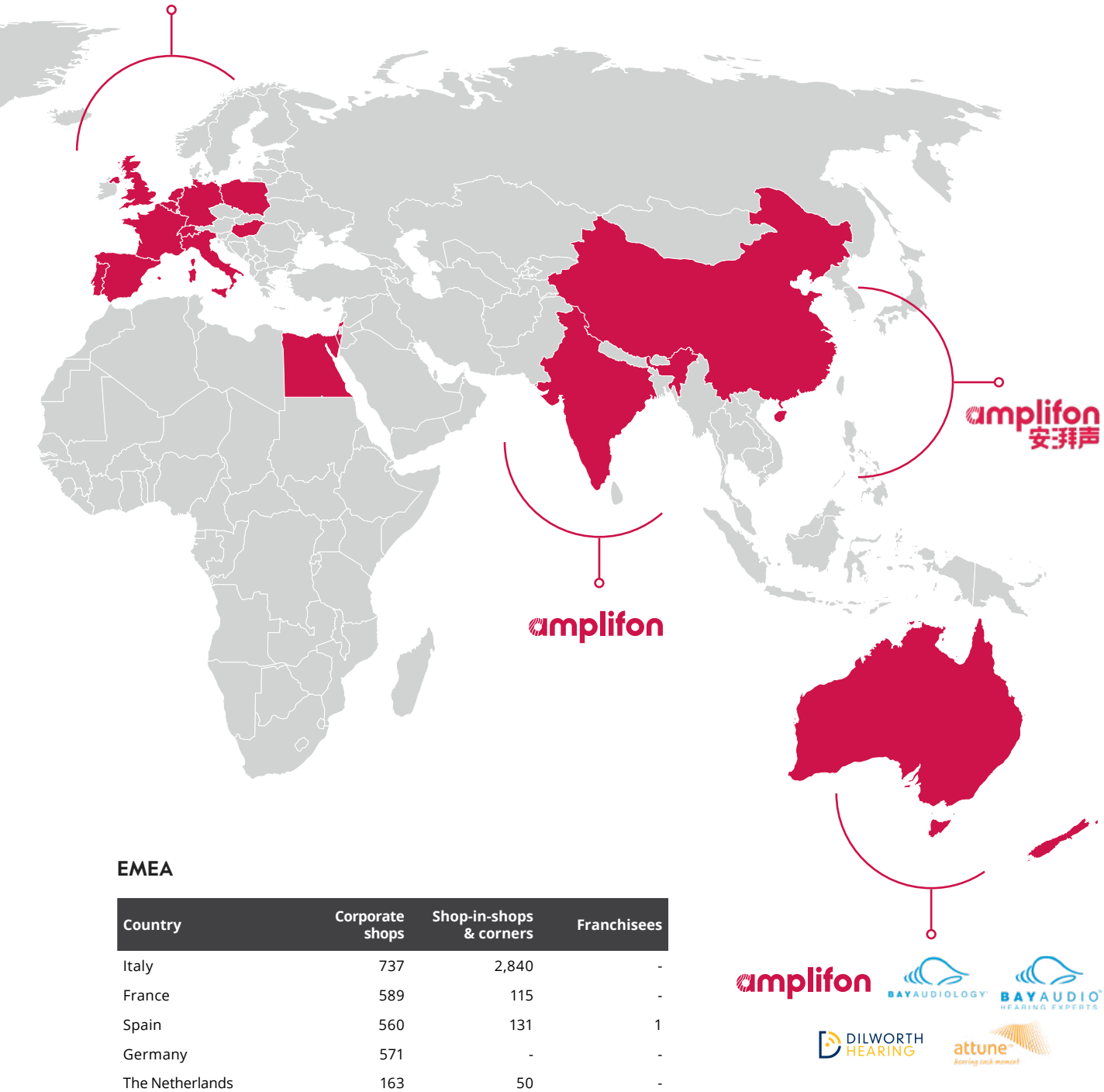


We operate under three regions - EMEA, Americas and APAC.

Each Region corresponds to a business area and is responsible for pursuing the Company's strategy at local level and for sharing its know-how among the various countries.

AMERICAS

Country	Corporate shops	Franchisees
USA	206	1,325
Canada	73	-
Argentina	24	4
Cile	32	-
Colombia	11	2
Ecuador	19	4
Messico	12	-
Panama	2	-
AMERICAS	**379**	**1,335**

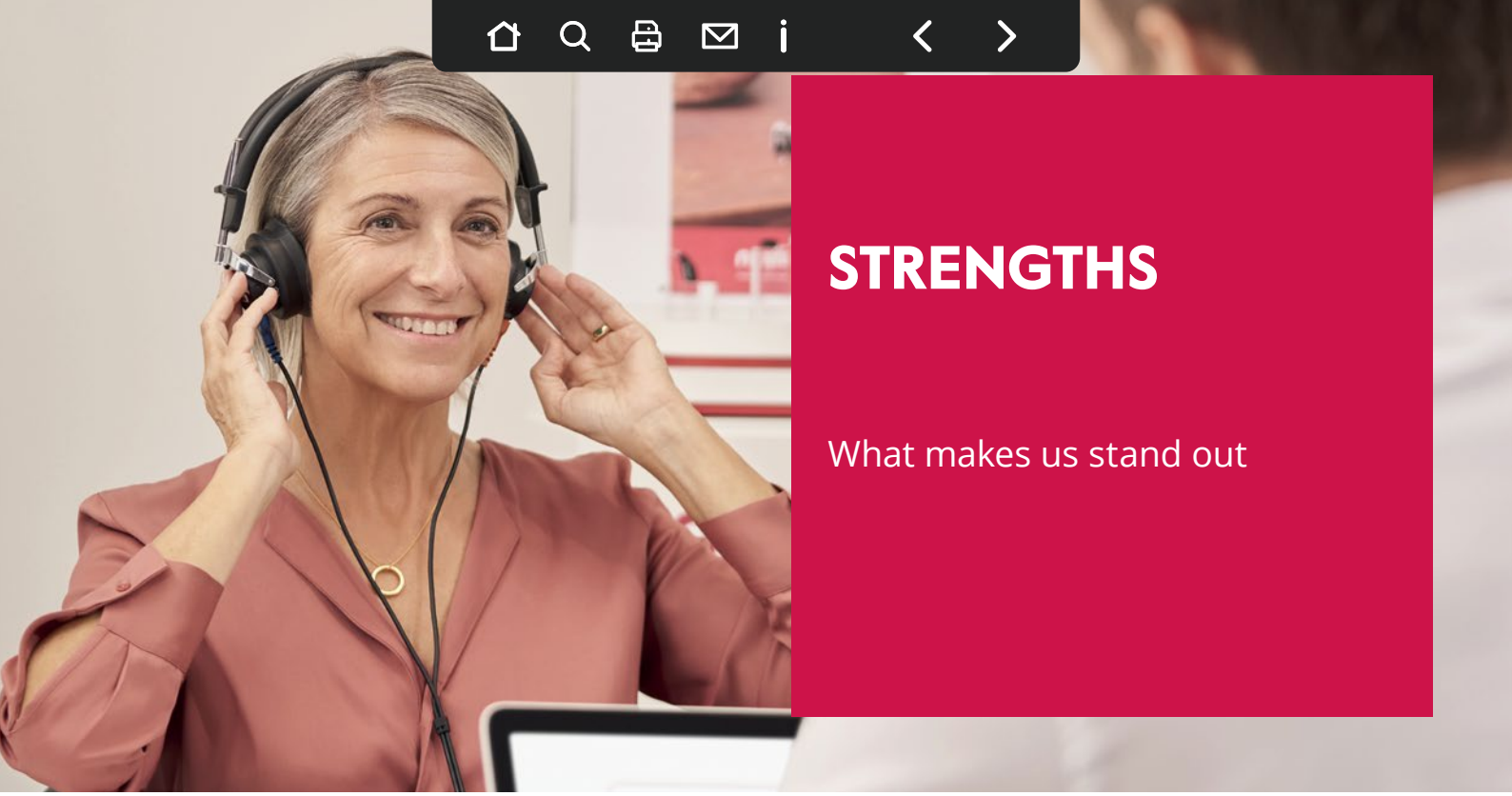


EMEA

Country	Corporate shops	Shop-in-shops & corners	Franchisees
Italy	737	2,840	-
France	589	115	-
Spain	560	131	1
Germany	571	-	-
The Netherlands	163	50	-
Switzerland	100	-	-
Belgium	89	38	8
United Kingdom	105	36	-
Portugal	66	100	-
Hungary	77	-	-
Poland	77	-	-
Egypt	30	-	-
Israel	58	-	-
EMEA	**3,222**	**3,310**	**9**

APAC

Country	Corporate shops	Shop-in-shops & corners
Australia	376	130
New Zealand	116	23
India	78	148
China	115	-
APAC	**685**	**301**



STRENGTHS

What makes us stand out

STRONG COMPETENCIES

Our around 9,500 hearing care specialists perform hundreds of thousands of hearing tests and keep up to date by completing 210,000 hours of training each year. They bring together innovation, scientific knowledge and a highly personalized approach following the exclusive Amplifon 360 protocol to ensure an excellent customer experience.

UNMATCHED BRANDS

Our portfolio of strong, well-known brands allows us to drive real cultural change in the sector, redefining the way in which customers relate to their hearing well-being. United under the Amplifon brand, all our trademarks invite people to enjoy unique experiences.

INNOVATION

Through Amplifon X, our new agile business unit entirely dedicated to developing highly innovative digital solutions, we express our attitude of always looking ahead and pushing our limits. The Amplifon multichannel ecosystem of customer-centric omni-channel and omni-persona solutions enables data mining activities, thus allowing us to develop high value-added services to further differentiate the customer journey and the experience we offer.

Our global leadership and seventy-year-long history allow us to be the best at interpreting the needs of people who won't settle for anything else apart from living life to the full.

GLOBAL DIMENSION

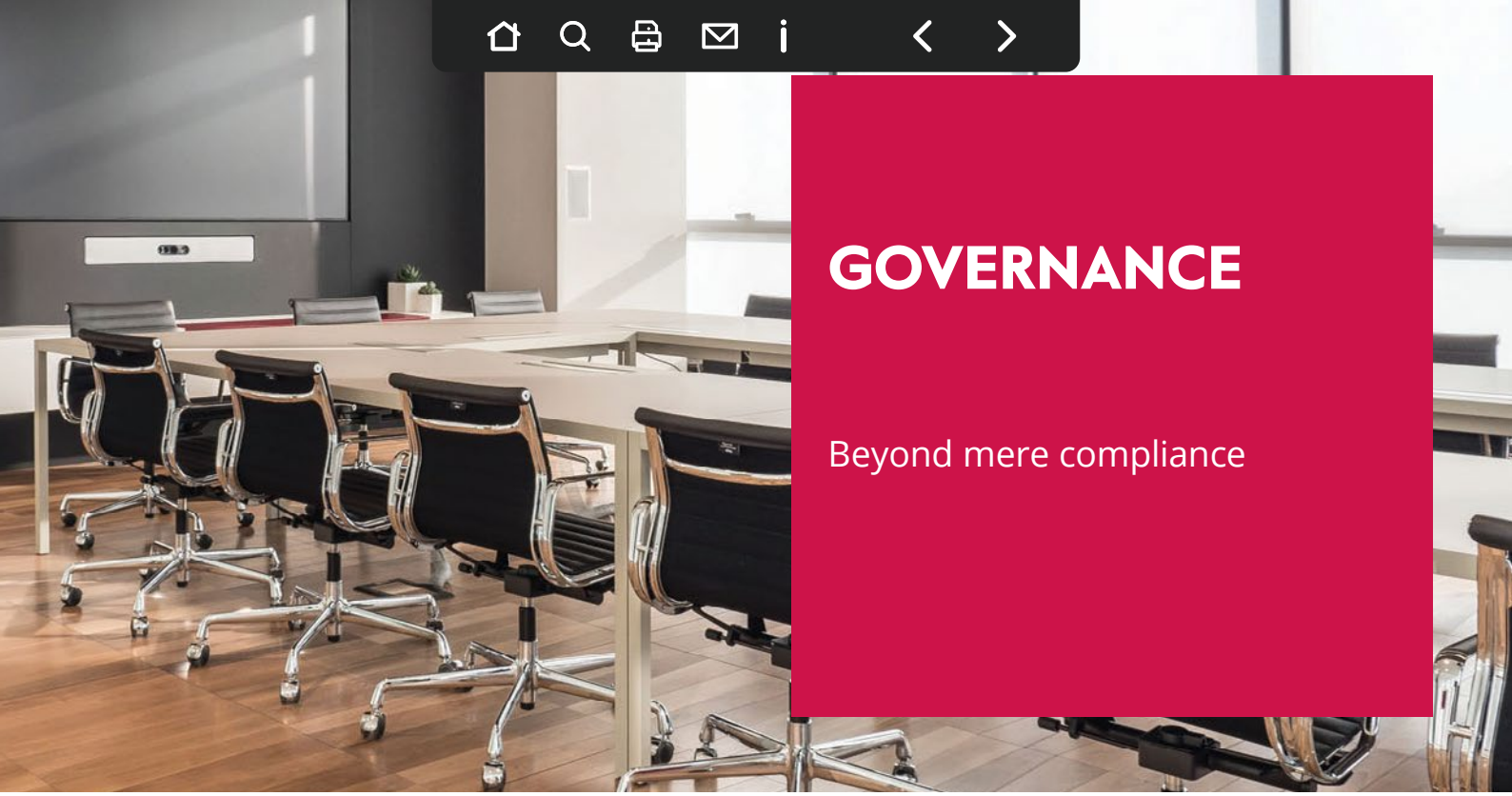
Our global distribution network, interconnected through our databases, lets us stay close to our customers, share excellence among our hearing care specialists in 25 Countries and diversify exposure to different markets.

EMPLOYER OF CHOICE

We are the employer of choice thanks to our corporate culture, constant investment in our talent and incentives to professional development, also through assignments within global projects.

SCIENTIFIC LEADERSHIP

Amplifon's Centre for Research and Studies is a specialist partner for the medical and scientific community in the fields of audiology and ENT since 1971. Its prestige is linked to the contribution of internationally recognized experts, whose innovative contribution is fundamental for the continuous theoretical and practical development of the medical community.



GOVERNANCE

Beyond mere compliance

Our Corporate Governance system complies with the principles set by the Italian Stock Exchange Corporate Governance Code issued in January 2020 and promoted by the Corporate Governance Committee, with which we have complied with since its first version of 2001, timely adhering to subsequent amendments. Our aim goes beyond mere compliance: we are fully aware that a correct governance system is essential for meeting our long-term strategic objectives.

BOARD OF DIRECTORS

Our Board of Directors is characterized by an appropriate mix of skills and professional profiles: it includes prominent executives, managers from other sectors, financial profiles, and independent professionals. In addition, a third of the members are women, while the average age of Board members decreased significantly, from 72 years-old in 2011 to the current 62, with a maximum age of 73 and a minimum of 53. Lastly, two thirds are independent members and there is a single executive member, the CEO.

Role	Name	Executive	Independent[1]	C.C.R.S.[2]	C.R.N.[3]	Gender	Year of first appointment	Participation rate
Chairperson	**Susan Carol Holland**			•	•	F	2001	100%
CEO	**Enrico Vita**	•				M	2015	100%
Director	**Andrea Casalini**		•		•	M	2016	100%
Director	**Alessandro Cortesi**[4]		•	•		M	2016	100%
Director	**Maurizio Costa**		•		•	M	2007	83,3%
Director	**Laura Donnini**		•	•		F	2016	100%
Director	**Maria Patrizia Grieco**		•		•	F	2016	100%
Director	**Lorenzo Pozza**		•	•		M	2016	100%
Director	**Giovanni Tamburi**					M	2013	100%

The Board of Directors met six times in 2021, with a participation rate of 98.3%. The meetings lasted on average four hours.

BOARD OF STATUTORY AUDITORS

Role	Name
Chairperson	**Raffaella Pagani**[5]
Standing auditor	**Patrizia Arienti**
Standing auditor	**Dario Righetti**
Alternate auditor	**Alessandro Grange**[5]
Alternate auditor	**Maria Venturini**

REMUNERATION & APPOINTMENT COMMITTEE

Role	Name	Participation rate
Chairperson	**Maurizio Costa**	100%
Member	**Susan Carol Holland**	100%
Member	**Andrea Casalini**	100%
Member	**Maria Patrizia Grieco**	75%

RISK, CONTROL & SUSTAINABILITY COMMITTEE

Role	Name	Participation rate
Chairperson	**Lorenzo Pozza**	100%
Member	**Susan Carol Holland**	100%
Member	**Alessandro Cortesi**	80%
Member	**Laura Donnini**	100%

RELATED PARTIES TRANSACTIONS COMMITTEE

Role	Name
Chairperson	**Andrea Casalini**
Member	**Laura Donnini**
Member	**Alessandro Cortesi**

SUPERVISORY BOARD

Role	Name
Chairperson	**Lorenzo Pozza**
Member	**Laura Donnini**
Member	**Laura Ferrara**[6] **(Head of Internal Audit)**

LEAD INDEPENDENT DIRECTOR

Lorenzo Pozza

EXTERNAL AUDITORS

KPMG S.p.A.

EXECUTIVE RESPONSIBLE FOR FINANCIAL REPORTING

Gabriele Galli

SECRETARY OF THE BOARD OF DIRECTORS

Federico Dal Poz[7]

The Board of Directors was appointed by the Shareholders' Meeting held on April 17th, 2019, and will remain in office until the publication of the Financial Statements at December 31st, 2021. The Curricula Vitae of the members of the Board of Directors are available on our **corporate website**.

The Board of Statutory Auditors was appointed by the Shareholders' Meeting held on April 23rd, 2021, and will remain in office until the Shareholders' Meeting convene to approve the Financial Statements at December 31st, 2023.

(1) Directors that declare they qualify as independent as defined under current law and in the Italian Stock Exchange Corporate Governance Code.

(2) C.C.R.S.: Members of the Risk, Control and Sustainability Committee.

(3) C.R.N.: Members of the Remuneration and Appointment Committee.

(4) Director appointed by the minority shareholders and independent pursuant to the Italian Stock Exchange Corporate Governance Code.

(5) Member of the Supervisory Board expressed by the minority list.

(6) Effective on February 1st, 2021, Laura Ferrara joined the Group as Group Internal Audit & Risk Management Officer.

(7) Effective on June 1st, 2021, Federico Dal Poz was appointed Secretary of the Board of Directors.

ETHICS & TRANSPARENCY

Bearing in mind the importance of promoting a corporate culture based on honesty, integrity, fairness, and good faith, we have implemented a series of procedures aimed at aligning our way of doing business to the highest ethical principles, standards of integrity and values.

CODE OF ETHICS

Our **Code of Ethics**, updated in July 2021, formalizes the foundational values, principles, and rules of our way of doing business. It establishes, in particular, the guiding principles of our policies on business conduct, human resources, sustainability, clarity and completeness of accounting records, and relations with external stakeholders. It prohibits practices of corruption, unlawful favors, collusion, and personal advantages, either directly or through third parties. We strive to ensure that the principles of the Code are shared among agents, consultants, suppliers, and any other party with whom we have ongoing business relationships, and we do not establish or continue business relations with anyone who refuses to adhere to the principles of the Code. Moreover, in March 2022, the Board of Directors approved the new Supplier Code of Conduct which sets the principles and standards of conduct required of all our suppliers and business partners.

MODEL 231

In Italy, in accordance with Legislative Decree no. 231/2001, which introduced into Italian legislation administrative responsibility in criminal proceedings of organizations for some offences committed in their interest or to their advantage by directors, managers or employees, we have adopted our **Model 231** and appointed the Supervisory Board. Our Model is designed to prevent the commission of the crimes foreseen by the Decree and promote the execution of company activities in accordance with the principles of fairness and transparency and to avoid risk situations. The aim is two-fold: to guarantee company processes have the highest level of efficiency and integrity, and to protect the Company's image and workforce.

ANTI-CORRUPTION POLICY

We have a zero-tolerance policy towards corruption. For this reason, our Board of Directors approved our **Anti-corruption Policy** in 2017 and updated it in July 2021. It promotes the highest standards in all commercial relations and provide specific rules to prevent, identify, and manage the risks of corruption. The recipients of the Policy are the Group's directors, managers, and employees, but also our suppliers and consultants, as well as anyone acting on our behalf. Moreover, activities regarding communication, training, and audit are carried out regularly.

WHISTLEBLOWING POLICY

In 2021 the Group Whistleblowing Policy was updated to ensure full alignment to the processes and operating procedures in place for what regards the reporting of deviant conduct, considering the experience matured since the introduction of the Policy in 2020. Simultaneously, the whistleblowing system was further developed to allow the reporting of any deviant conduct or in any case any conduct not compliant with the Anti-corruption Policy, our Code of Ethics, applicable laws, and regulations, while guaranteeing confidentiality. Following the introduction of the whistleblowing system in Italy in 2020, during 2021 it was implemented also in Australia, Canada, Germany, Spain, France, and the United States. Such system will be progressively rolled-out in all the countries in which we operate aiming at harmonizing the existing local systems[10]. We encourage anyone who may become aware of any non-compliant conduct to report it: this allows us to tackle any problem at an early stage, thereby reducing potential risks.

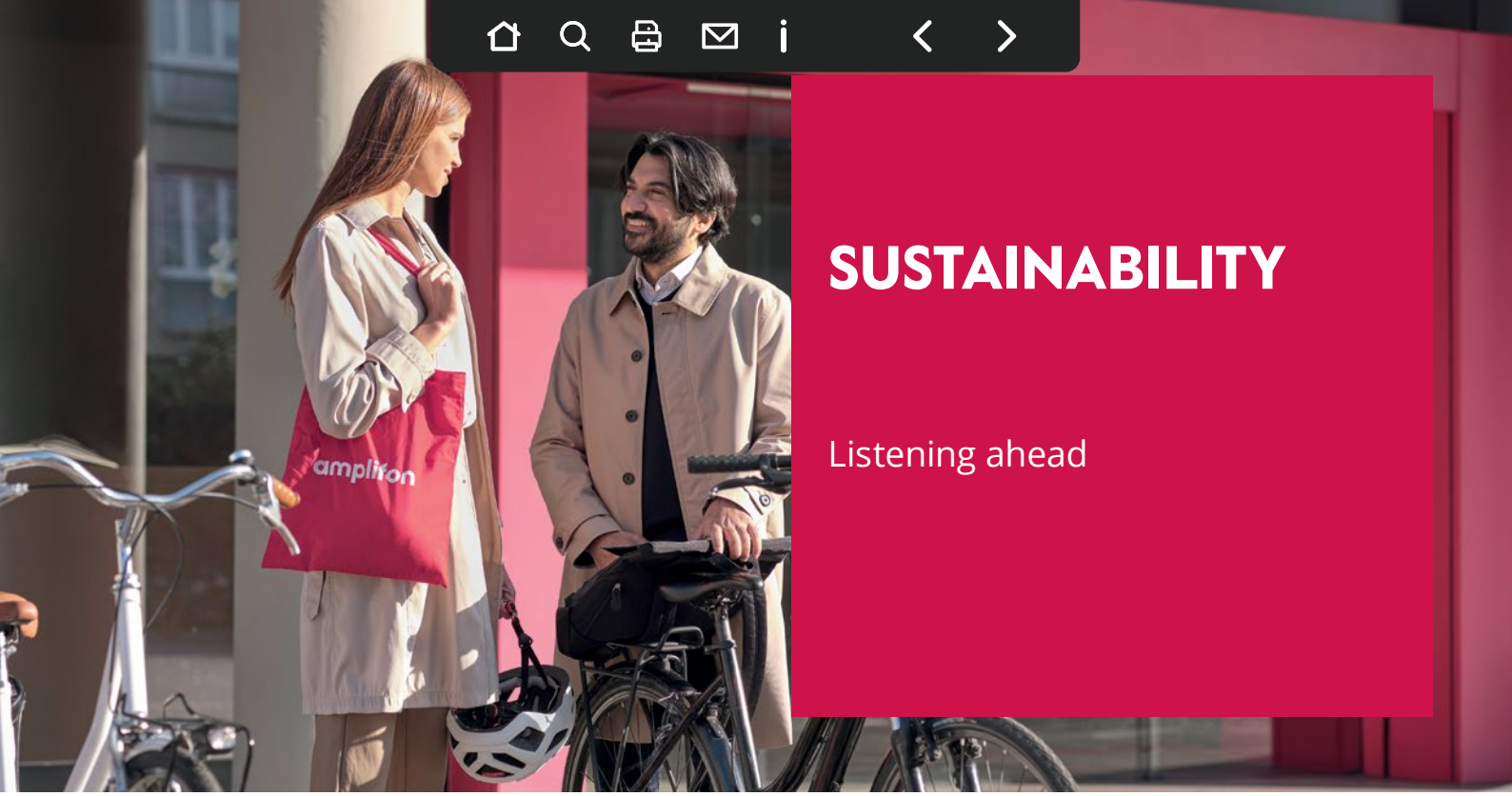
REMUNERATION POLICY

Our **Remuneration Policy** is defined in line with our business strategy, our governance model and the guidelines of the Italian Stock Exchange Corporate Governance Code with the aim of aligning the interests of top management with the primary objective of creating value in the medium-long-term. It contributes to the achievement of sustainable results over time and allows us to attract, motivate, and retain key and strategic resources, enhancing their performance, as well as recognizing the quality and effectiveness of individual contributions. The Policy also aims at aligning our compensation policies with our sustainability strategy by incorporating the main goals of the new Sustainability Plan within the parameters for the short-term variable incentive schemes for the top management specifically.

SHAREHOLDER ENGAGEMENT POLICY

Amplifon has always promoted dialogue with its shareholders, potential investors, analysts, and other participants in the capital markets as an essential aspect of corporate value. In 2021, the Board of Directors approved the **Investor Relations & Shareholder Engagement Policy** aimed at formalizing the methods for managing the constant and ongoing relationship with the Company's shareholders, potential investors and main stakeholders, through active listening and dialogue based on the principles of fairness and transparency. The Policy, which is available on our corporate website, describes the Company's ongoing relationship with the generality of shareholders, potential investors and other stakeholders within the competence of corporate functions and also regulates engagement initiatives designed to promote dialogue between the Company and its shareholders, defining the related topics, setting out the procedures, and identifying the persons responsible for engagement activities and the other persons potentially involved.

10. It should be noted that even before 2020, in some countries local whistleblowing systems were already in place if required by national law. In particular, in Italy, a whistleblowing system had been adopted as required by Amplifon S.p.A.'s Mode 231, ex Legislative Decree 231/2001.



SUSTAINABILITY

Listening ahead

2021 HIGHLIGHTS

UN GLOBAL COMPACT

WE SUPPORT UN GLOBAL COMPACT

Since December 2021, we have signed up to the United Nations Global Compact with the aim of promoting an increasingly responsible business capable of meeting global challenges through compliance with, adherence to, and promotion of the fundamental Ten Principles related to human and labor rights, environmental protection, and fight against corruption. Along the entire value chain, we aim at reinforcing the dialogue and ongoing collaboration with all stakeholders and other economic players, with a view to consolidating the multi-stakeholder partnership and contributing to the global and shared efforts towards the 2030 Agenda for Sustainable Development.

S&P SUSTAINABILITY YEARBOOK

Sustainability Yearbook Member 2022 S&P Global

In February 2022 we were included by S&P in the Global Sustainability Yearbook 2022, which includes the ranking of the 716 top performers among the over 7,500 companies evaluated by the 2021 Corporate Sustainability Assessment. Within our reference industry, Health Care Providers & Services, only 13 out of the 126 companies analyzed were included in the Sustainability Yearbook as a top performer, further evidence of the path we are following towards an increasingly sustainable business.

WE ARE TOP EMPLOYERS

top EMPLOYER EUROPE 2022 CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS

Following the positive evaluation of the workplace, training offer and the career paths available to our employees, at the end of 2021 we received the EMEA 2022 Top Employer certification from the Top Employer Institute, both for the entire European region as well as for Italy, France, Germany, Spain and Portugal. This recognition is a further step forward along our transformation path towards a real Winning Workplace.

WAGE PARITY

We strongly believe in the importance of gender wage parity at all levels and we ensure all employees receive remuneration consistent with market standards and internal practices as to guarantee both external competitiveness and internal equality. As proof of this, in 2021 we carried out an initial monitoring of the so-called gender pay gap, which demonstrated that the ratio between the base average salary between women and men in 2021 is very balanced for both very senior roles and the rest of the population. Our Remuneration Policy is in fact based on finding the most appropriate remuneration depending on the organizational position, the individual performance, the skills, and the complexity of the role. Any pay difference is exclusively attributable to the above-mentioned factors, without in any way being conditioned by other elements such as age, gender, culture, etc.

RELATIONSHIP WITH OUR SUPPLIERS

In March 2022, a new Supplier Code of Conduct was approved to define the standards of conduct required of all of Amplifon's suppliers and business partners in terms of ethical and responsible business management, as well as for full compliance with national and international legislation. The Code will be integrated into the qualification process so that every supplier signs up to the standards relating to business ethics, compliance, anti-corruption, human and labor rights, diversity and inclusion, health, safety, environmental protection, etc. To further strengthen cooperation along the entire value chain, suppliers are required to pass such requirements on to their workforce and their suppliers. For this reason, Amplifon reserves the right to check the good conduct of suppliers by asking for any supporting documentation that demonstrates compliance with the Code of Ethics and the Supplier Code of Conduct, as well as conducting audits on these themes. The violation of these minimum conduct standards may constitute a breach of contractual obligations with full legal consequences.

MAIN ESG RATINGS

Also in 2021 MSCI, whose ESG Ratings aim at measuring the resilience of companies in relation to ESG risks and trends, confirmed an AA ESG rating for Amplifon, on a scale that goes from CCC to AAA, with higher-than-average scores in all key evaluation areas compared to our reference sector.

In 2021 Vigeo Eiris increased Amplifon's ESG Overall Score from 36 to 43 on a scale of 0-100, rating our ESG performance as higher than the sector average in all three ESG pillars, in 9th position out of 47 in our reference sector (Health Care Equipment & Services).

Sustainalytics ESG Risk Rating evaluates companies based on their exposure to the main ESG risks. Thanks to limited exposure to these types of risks, as well as the correct management of residual and potential risks, Amplifon was assessed with an ESG Risk Rating of 14.4/100 (Low risk).

OUR COMMITMENTS TOWARDS A SUSTAINABLE BUSINESS

In 2021 we defined Listening Ahead - our Sustainability Plan with mid-term objectives, coherent to our business strategy and the United Nations' Agenda 2030 for Sustainable Development, to which the remuneration of our top management is linked. Namely, we formalized our daily commitment to listening to and providing an answer to the expectations of our customers, our people, the community, and the context in which we operate, safeguarding the ability of future generations to fulfill their need in the long-term.

PRODUCT & SERVICE STEWARDSHIP

We are committed to raising awareness and accessibility to hearing care, improving people's lives, and empowering them to rediscover all the emotions of sound. We are committed to offering innovative experiences to our customers by listening to their needs and delivering a highly personalized service across all touchpoints.

PEOPLE EMPOWERMENT

We are committed to attracting, developing, and retaining the best talents to ensure sustainable performances and ensure our leadership in the long-term. We are committed to fostering and promoting diversity among our employees to better represent our customer base.

COMMUNITY IMPACT

Through our platform Listen Responsibly and its dedicated app, we are committed to raising awareness on the importance of hearing care prevention, listening responsibly and noise pollution. We are committed to fostering social inclusion by supporting the initiative promoted by the Group's Foundations.

ETHICAL BEHAVIOR

We are committed to promoting and sharing the highest environmental, ethical, and social standards with all our business partners to lead a responsible management approach within the value chain. We are committed to reducing the environmental impact of our business by promoting green energy sources and circular economy principles.

KNOW MORE

Discover what our sustainability objectives and targets are by reading our **Sustainability Report** or visiting our **corporate website**.

OUR FOUNDATIONS

AMPLIFON FOUNDATION

Amplifon Foundation is our corporate foundation, created in the beginning of 2020 as a means of giving back value to the community. The Amplifon Foundation aims at enabling individuals to achieve their full potential in life through social inclusion in line with its areas of action: Enabling participation, Diversity & Employability, as well as Inclusive Communities.

MIRACLE-EAR FOUNDATION

Established in 1990, the aim of the **Miracle-Ear Foundation** is to provide hearing aids, follow-up care, and educational resources to those who do not have enough financial resources to meet their hearing health needs, besides implementing awareness campaigns.

GAES SOLIDARIA FOUNDATION

Founded in 1996 and consolidated as Foundation in 2018, **GAES Solidaria Foundation**'s mission is to provide opportunities to people with hearing loss and with no financial resources so that they can develop their language and communication capabilities through the development of local and international hearing care projects.

KNOW MORE

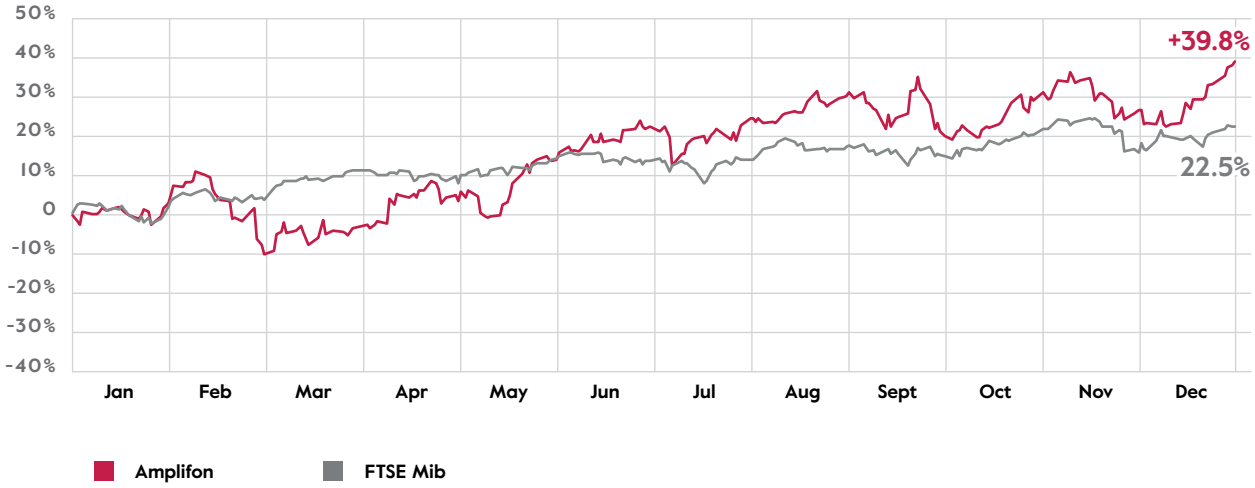
During the year our foundations promoted several projects to take care and support the community. To know more about them, read our **Sustainability Report** or visit their websites: **Fondazione Amplifon**, **Miracle-Ear Foundation**, and **Fundaciòn Gaes Solidaria**.

REPORT FOR INVESTORS

AMPLIFON IN THE STOCK EXCHANGE

Amplifon (Bloomberg ticker: AMP:IM/ Reuters ticker: AMPF.MI) is listed on the Euronext Milan market of the Italian Stock Exchange since 2001 and part of the STAR segment since 2008. In December 2018 Amplifon became part of the FTSE MIB made of the 40 most capitalized Italian equities. Since June 2019, the shares are also part of the Stoxx Europe 600 index and since November 2020 they are part of the MSCI Global Standard index as well. Finally, in October 2021 Amplifon was included in the new MIB ESG index launched by Euronext and Borsa Italiana, dedicated to the 40 Italian blue chips which demonstrate strong ESG (Environment, Social & Governance) practices.

2021 PERFORMANCE



KEY SHARE DATA

Stock exchange	MTA-STAR	**Nominal value**	€ 0.02
Bloomberg ticker	AMP:IM	**Average price**[13]	€ 39.126
Share capital[11]	€ 4.528	**Average volumes**[13]	550,208
N° of shares outstanding[11,12]	224,981,270	**Market capitalization**[11,12]	€ 10.675

SHAREHOLDING

SHAREHOLDER STRUCTURE AS OF DECEMBER 31st, 2021[14]

AMPLITER S.r.l.
42.2%

TREASURY SHARES
0.6%

MARKET
57.2%

INCREASED VOTING RIGHTS

The possibility of exercising increased voting rights was adopted by the Extraordinary Shareholders' Meeting held on January 29th, 2015 with a view to pursuing stability and loyalty of the shareholder base. It gives shareholders the option to obtain increased voting rights equal to two votes for each share held for at least 24 consecutive months from the registration date shown in the shareholder register prepared by the Company in accordance with current law and regulations. On December 31st, 2021, there were 96,729,990 registered shares (59.87% of the Company's voting capital), of which 95,604,369 shares (59.18% of the voting capital) owned by the majority shareholder Ampliter S.r.l..

11. At 31.12.2021, in million euros.
12. Excluding treasury shares.
13. Last 12 months.
14. Percentages refer to the share capital on December 31st, 2021.

RELATIONS WITH THE FINANCIAL COMMUNITY

STOCK COVERAGE

As of December 31st, 2021, the stock was covered by 17 brokers who actively followed the Company, published specific research and analyses, and issued generally positive recommendations.

Banca Akros	Commerzbank	Mediobanca
Banca IMI	Equita SIM	Morgan Stanley
Bank of America Merrill Lynch	Exane BNP Paribas	Oddo BHF Corporates & Markets
Bestinver Securities	Goldman Sachs	Sanford Bernstein
Carnegie	Intermonte	Stifel
Citi	Kepler Cheuvreux	

CONFERENCE CALLS

Amplifon organizes conference calls and audiowebcasts with the financial community (analysts and institutional investors) for the release of its annual, half-year and quarterly results. On average, there were over 100 people connected to each conference call.

ROADSHOWS

In 2021, the Company's management team – Chief Executive Officer and Chief Financial Officer – and Investor Relator organized mainly virtual roadshows with investors from the main global financial markets in: UK, US, Canada, France, Italy and Switzerland, meeting over 60 institutional investors in one-on-one and group meetings.

CONFERENCES

Throughout the year, the Company's management team - Chief Executive Officer and Chief Financial Officer - and Investor Relator attended numerous international healthcare conferences organized by primary institutions such as Carnegie, Citi, Jefferies, Goldman Sachs, Bank of America Merrill Lynch, Kepler Cheuvreux, JP Morgan and Exane BNP Paribas, as well as conferences for Italian and/or medium sized companies organized by Jefferies, Goldman Sachs, Sanford Bernstein, UniCredit, UBS, Mediobanca, and the Italian Stock Exchange. Over 395 institutional investors were met during the one-on-one and group meetings were held during these conferences. Additionally, 110 investors were met during video conferences and conference calls throughout the year, totaling over 565 investors met in 2021.

CAPITAL MARKETS DAY

On September 13th, 2021, we held our virtual Capital Markets Day with the participation of over 150 investors and analysts. During the event we announced our strategic pillars and financial targets for the 2021-2023 period and updated the financial community on the key strategic initiatives in place.

MAIN RECOGNITIONS

INSTITUTIONAL INVESTOR

We were recognized as the best company in Europe in the "Medical Technologies & Services" sector in the 2021 edition of the prestigious classification All-Europe Executive Team by Institutional Investor, an independent and trusted source for research and rankings in international finance. Amplifon also took first place in the "Best IR Program" and "Best Investor/Analyst Event" categories, confirming the appreciation by the international community for the dialogue and trusted relationship we establish with the financial market and all stakeholders.

AIR - ITALIAN ASSOCIATION OF INVESTOR RELATIONS

The Italian Association of Investor Relations (AIR), based on the research by Institutional Investor and in occasion of the Italian Investor Relations Awards held in July 2021, awarded Amplifon first place in the "Best IR in Services and Communication for a Small/Mid Cap company" category, recognizing our excellence among the Italian market in terms of business and market knowledge, reactivity and ability to respond, as well as credibility and quality of events.

OSCAR DI BILANCIO 2021

We were among the top 3 finalists of the "2021 Reporting Oscars" for the "Non-Financial Statement" special prize, an annual event that rewards the most virtuous companies in ESG reporting, promoted by FERPI with the Italian Stock Exchange and the Bocconi University.

SUSTAINALYTICS

We received the 2022 Industry Top-rated Badge prize awarded by the Corporate Solutions Sustainalytics team, which evaluates over 14,000 companies worldwide from 42 different sectors based on their ESG risk rating.

DEBT AND CREDIT RATING

We count on a solid financial structure that allows us to support our ambitious growth projects and to embrace future opportunities thanks to a strong cash flow generation. In order to ensure consistency between our financial structure and our strategic objectives, we diversify the composition and maturity of the debt.

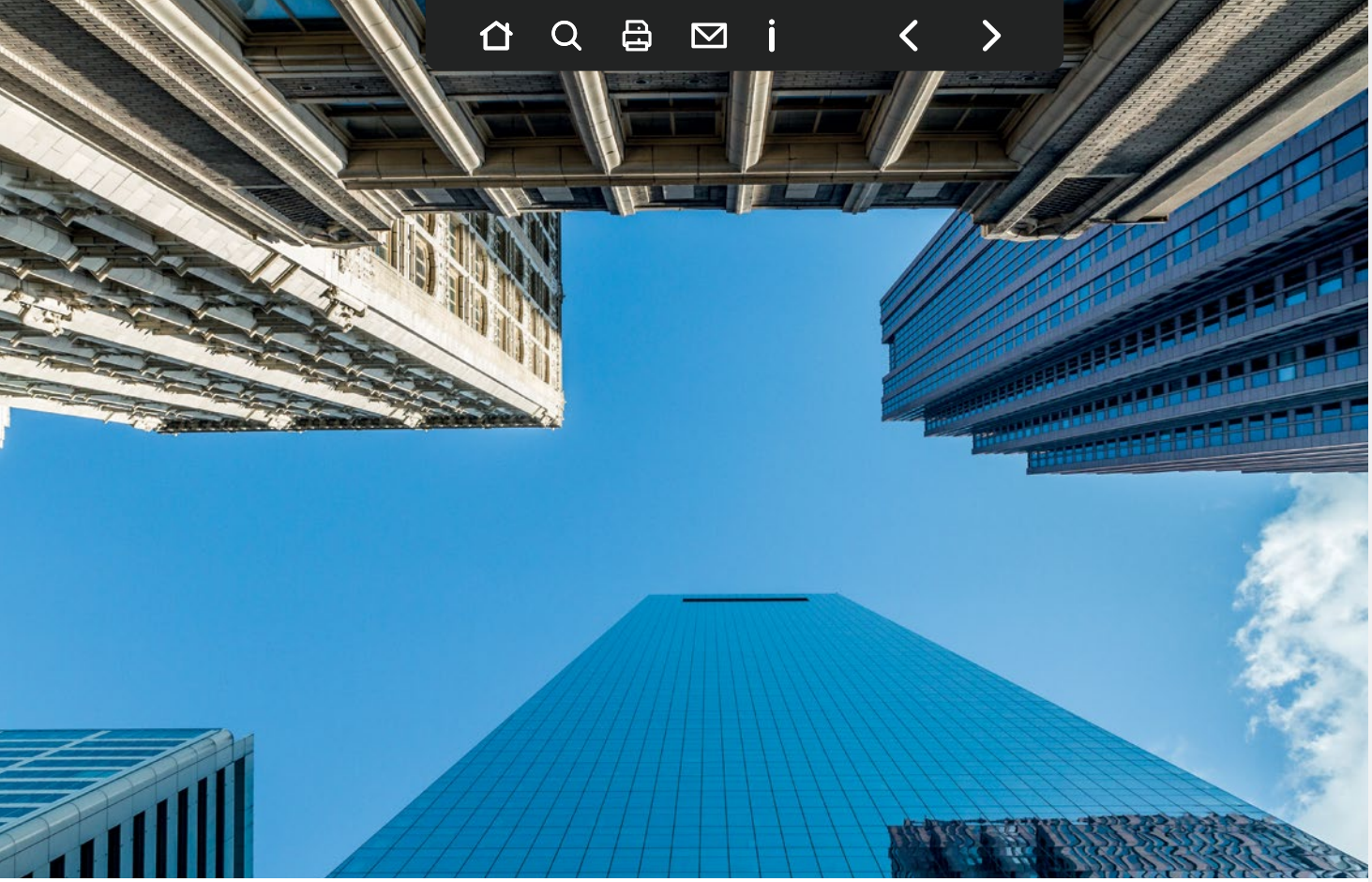
DEBT CAPITAL MARKETS

Since February 5th, 2020, we have placed non-convertible bond notes for 350 million euros with 7-year maturity. Amplifon has a public "BB+" corporate credit rating with a stable outlook by S&P Global Ratings Europe Limited ("S&P"), the same rating assigned to the bond notes.

BANKING MARKET

Following the important refinancing program put in place during 2020 to further strengthen the Company's already solid financial structure during the most challenging period of the Covid-19 pandemic, in 2021 we made other important steps ahead by, on the on hand, signing a new 5-year revolving credit facility with Intesa Sanpaolo (IMI Corporate & Investment Banking Division) for a total of 100 million euros linked to certain indicators within Amplifon's Sustainability Plan, and, on the other, finalizing the refinancing of the GAES acquisition facility for a total of 210 million euros with a pool of banks comprising Unicredit, acting as Global Co-ordinator, Mediobanca, and BNPP-BNL. Also the new 5-year facility is linked to selected ESG targets of our Sustainability Plan and pricing envisages a margin adjustment based on the achievement of these selected ESG targets.

Both transactions are part of the plan to refinance and expand the Company's existing credit facilities, allowing us to further diversify our sources of funding, as well as extend the average debt maturity.



2022 FINANCIAL CALENDAR

MARCH 3rd, 2022
Shareholders' General Meeting (Single Call) to approve Amplifon S.p.A.'s Financial Statements at December 31st, 2021 and allocation of 2021 Net Result

APRIL 22nd, 2022
Shareholders' General Meeting (Single Call) to approve Amplifon S.p.A.'s Financial Statements at December 31st, 2021 and allocation of 2021 Net Result

MAY 3rd, 2022
Board of Directors' meeting to approve the Interim Financial Report at March 31st, 2022

JULY 28th, 2022
Board of Directors' meeting to approve the Interim Management Report at June 30th, 2022

OCTOBER 26th, 2022
Board of Directors' meeting to approve the Interim Financial Report at September 30th, 2022

SECTION 01

REPORT ON OPERATIONS

AS AT DECEMBER 31ST, 2021

amplifon

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The annual report was authorized by the Board of Directors on 3 March 2022 and it is subjected to the approval of the Annual Shareholders' Meeting of Amplifon S.p.A. convened on 22 April 2022.
The original document has been translated into English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative and constitutes the official version which is compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815.

PREFACE

During the fourth quarter of 2021 the wind-down of the Elite Hearing LLC's business ("Elite") in the United States was completed and the Group exited the wholesale business as resolved by the Board of Directors on 29 July 2021.
The wind-down of Elite, which represented a separate major line of business, was treated as a discontinued operation in accordance with IFRS 5 as of the date operations were effectively discontinued.
In accordance with IFRS 5, in this report the income statement figures for Elite are recognized among the non-recurring items in the line "Profit (loss) from Discontinued Operations" in both 2021 and the comparison period; therefore, the income statement figures through the line "Profit (Loss) from Continuing Operations" do not include the results of the discontinued business.

Furthermore, given the significant impact that the Covid-19 health crisis had on the results for FY 2020, where deemed opportune, the comments and analyses reported on in this consolidated financial report also refer to the changes with respect to 2019 restated excluding the figures for the discontinued business through the line "Profit (Loss) from Continuing Operations in the year".

COMMENTS ON THE FINANCIAL RESULTS

In 2021 Amplifon recorded a significant increase in revenues, posting positive results across all its geographies, as well as an improvement in profitability with respect to both 2020, which given the impact of the Covid-19 health crisis cannot be considered a viable comparison period, and 2019. Free cash flow was in line with the record amount reported in 2020 and decidedly higher than in 2019. More specifically, the year closed with:

- turnover of €1,948,075 thousand, an increase of 29.5% at constant exchange rates and of 29.6% at current exchange rates compared to the prior year. Compared to 2019, turnover was 17.2% higher (+18.7% at constant exchange rates), consistent with the growth path seen before Covid-19.
- a gross operating margin (EBITDA) of €468,326 thousand, 28.0% higher than in 2020 (+32.0% on a recurring basis), with an EBITDA margin of 24.0% (24.8% on a recurring basis). Compared to 2019, EBITDA as reported was €109,696 thousand (+30.6%) higher, while recurring EBITDA was €101,953 thousand higher (+26.8%) with the EBITDA margin rising 2.5 p.p. and 2.0 p.p., respectively. This significant improvement in profitability is explained by the increase in revenues referred to above, as well as greater operating efficiency which made it possible to absorb the significant increase in the investments made in the business.
- Group net profit of €157,785 thousand, an increase of €56,781 thousand (+56,2%) against 2020 and of €49,116 thousand (+45.2%) against 2019.

REVENUES PERFORMANCE

Consolidated revenues from sales and services amounted to €1,948,075 thousand in 2021, an increase of €444,817 thousand (+29.6%) compared to the €1,503,258 thousand recorded in 2020 which, given the negative impact of the Covid-19 pandemic, cannot be considered a viable comparison period. Compared to 2019, a fully comparable period, there was an increase of €285,893 thousand (+17.2%), of which €197,295 thousand (+11.9%) attributable to organic growth.

The increase of €444,817 thousand (+29.6%) against 2020 is explained for €360,519 thousand (+24.0%) by organic growth and for €83,099 thousand (+5.5%) by acquisitions. The foreign exchange effect was positive for €1,199 thousand (+0.1%).

The performance was positive across all regions. A strong performance was posted in EMEA, driven by an excellent organic growth recorded in France and Spain, as well as a solid performance in Italy, Switzerland and Portugal; in the AMERICAS, the United States once again reported an excellent organic growth, more than double the reference market, which was combined with the significant contribution of the PJC Hearing acquisition, as well as the double-digit growth recorded in Canada and Latin America; lastly, an outstanding performance was also recorded in APAC thanks to the contribution of acquisitions of Bay Audio In Australia and Soundbridge in China, and a double-digit organic growth seen in all the region's markets, despite the temporary, localized lockdowns.

PROFITABILITY PERFORMANCE

Gross operating profit (EBITDA) amounted to €468,326 thousand in 2021, an increase of €102,493 thousand (+28.0%) with respect to the comparison period. The EBITDA margin came to 24.0%, 0.3 p.p. lower than in the comparison period.
Compared to 2019, a fully comparable period, EBITDA was €109,696 thousand (+30.6%) higher, with the EBITDA margin rising +2.5 p.p.
Non-recurring expenses of €14,450 thousand were incurred in the reporting period attributable mainly to the acquisition and integration of Bay Audio Pty Ltd in Australia, the second phase of the GAES integration in Spain, as well as the costs stemming from the demerger of Amplifon S.p.A.'s Italian market business which was transferred to the newly formed company Amplifon Italia S.p.A.
Net of these items, recurring EBITDA would have been €116,943 thousand (+32.0%) higher than in 2020 and €101,953 thousand (+26.8%) higher than in 2019 with the EBITDA margin rising +0.5 p.p. and +1.9 p.p., respectively, coming in at 24.8%.

NET FINANCIAL POSITION CHANGES

Excluding lease liabilities net financial debt amounted to €871,186 thousand at 31 December 2021, an increase of €237,521 thousand compared to 31 December 2020 attributable directly to investments of €419,731 thousand (of which €344,744 thousand explained by the Bay Audio acquisition).

Continuing operations confirmed excellent cash flow generation with free cash flow reaching a positive €254,907 thousand (€256,880 thousand in 2020) after absorbing net capital expenditure of €111,037 thousand (almost double the €57,194 thousand reported in 2020). Net cash-out for acquisitions (€414,565 thousand versus €89,199 thousand in 2020), along with the payment of dividends (€49,356 thousand) and outlays for the buyback program (€31,085 thousand) bring cash flow for the reporting period to a negative €240,414 thousand versus a positive €159,953 thousand in 2020.

Gross debt, excluding lease liabilities, amounted to €1,189,551 thousand at 31 December 2021, €1,023,780 thousand of which long-term. The short-term portion amounted to €115,952 thousand. The cash and cash equivalents, which came to €268,546 thousand, along with the €285 million in unutilized irrevocable credit lines and the €163 million in other available uncommitted credit lines, provide ample headroom and ensure the flexibility needed to take advantage of any opportunities to consolidate and develop business that might materialize.

If the lease liabilities of €451,932 thousand are taken into account, net financial debt totals €1,323,118 thousand (€1,056,445 thousand at 31 December 2020).

CONSOLIDATED INCOME STATEMENT

(€ thousands)	FY 2021				FY 2020				
	Recurring	Non Recurring (*)	Total	% on Recurring	Recurring	Non Recurring (*)	Total	% on Recurring	Variazione in % su Recurring
Revenues from sales and services	1,948,075	-	1,948,075	100.0%	1,503,258	-	1,503,258	100.0%	29.6%
Operating costs	(1,470,711)	(14,000)	(1,484,711)	-75.5%	(1,151,106)	-	(1,151,106)	-76.6%	-27.8%
Other income and costs	5,412	(450)	4,962	0.3%	13,681	-	13,681	0.9%	-60.4%
Gross operating profit (loss) (EBITDA)	**482,776**	**(14,450)**	**468,326**	**24.8%**	**365,833**	**-**	**365,833**	**24.3%**	**32.0%**
Depreciation, amortization and impairment losses on non-current assets	(80,343)	(1,693)	(82,036)	-4.2%	(73,845)	-	(73,845)	-4.8%	-8.8%
Right-of-use depreciation	(96,244)	-	(96,244)	-4.9%	(89,769)	-	(89,769)	-6.0%	-7.2%
Operating result before the amortization and impairment of PPA related assets (EBITA)	**306,189**	**(16,143)**	**290,046**	**15.7%**	**202,219**	**-**	**202,219**	**13.5%**	**51.4%**
PPA related depreciation, amortization and impairment	(44,046)	-	(44,046)	-2.2%	(38,817)	-	(38,817)	-2.6%	-13.5%
Operating profit (loss) (EBIT)	**262,143**	**(16,143)**	**246,000**	**13.5%**	**163,402**	**-**	**163,402**	**10.9%**	**60.4%**
Income, expenses, valuation and adjustments of financial assets	1,694	-	1,694	0.1%	(344)	-	(344)	0.0%	592.4%
Net financial expenses	(25,329)	-	(25,329)	-1.4%	(29,778)	-	(29,778)	-2.0%	14.9%
Exchange differences and non-hedge accounting instruments	995	-	995	0.1%	631	-	631	0.0%	57.7%
Profit (loss) before tax	**239,503**	**(16,143)**	**223,360**	**12.3%**	**133,911**	**-**	**133,911**	**8.9%**	**78.9%**
Tax	(64,204)	4,442	(59,762)	-3.3%	(37,239)	-	(37,239)	-2.5%	-72.4%
Profit (loss) from continuing operations	**175,299**	**(11,701)**	**163,598**	**9.0%**	**96,672**	**-**	**96,672**	**6.4%**	**81.3%**
Profit (loss) from discontinued operations	-	(5,755)	(5,755)	0.0%	-	4,390	4,390	0.0%	-
Net profit (loss)	**175,299**	**(17,456)**	**157,843**	**9.0%**	**96,672**	**4,390**	**101,062**	**6.4%**	**81.3%**
Profit (loss) of minority interests	58	-	58	0.0%	58	-	58	0.0%	0.0%-
Net profit (loss) attributable to the Group	**175,241**	**(17,456)**	**157,785**	**9.0%**	**96,614**	**4,390**	**101,004**	**6.4%**	**81.4%**

(*) See table at page 58 for details of non-recurring transactions.

The indicators below are provided with the purpose to facilitate the financial statement analysis and are additional to ones provided by IFRS accounting standards. It is reported also the criteria used to calculate each indicator. Members of the Board consider such indicators as the most appropriate to monitor and analyze the Group financial information with regard the specific business.

- **EBITDA** is the operating result before charging financial gain or loss, taxes, amortization, depreciation, impairment of both tangible and intangible fixed assets and the right of use depreciation.
- **EBITA** is the operating result before charging financial gain or loss, taxes, amortization and impairment of customer lists, trademarks, non-competition agreements and other fixed assets arising from business combinations.
- **EBIT** is the operating result before financial income and charges and taxes.

(€ thousands)	FOURTH QUARTER 2021				FOURTH QUARTER 2020				
	Recurring	Non recurring (*)	Total	% on Recurring	Recurring	Non recurring (*)	Total	% on Recurring	Change % on recurring
Revenues from sales and services	568,203	-	568,203	100.0%	499,253	-	499,253	100.0%	13.8%
Operating costs	(413,337)	(8,817)	(422,154)	-72.7%	(357,909)	-	(357,909)	-71.7%	-15.5%
Other income and costs	1,715	(185)	1,530	0.3%	521	-	521	0.1%	229.2%
Gross operating profit (loss) (EBITDA)	**156,581**	**(9,002)**	**147,579**	**27.6%**	**141,865**	**-**	**141,865**	**28.4%**	**10.4%**
Depreciation, amortization and impairment losses on non-current assets	(24,073)	-	(24,073)	-4.2%	(22,123)	-	(22,123)	-4.4%	-8.8%
Right-of-use depreciation	(25,048)	-	(25,048)	-4.5%	(22,254)	-	(22,254)	-4.5%	-12.6%
Operating result before the amortization and impairment of PPA related assets (EBITA)	**107,460**	**(9,002)**	**98,458**	**18.9%**	**97,488**	**-**	**97,488**	**19.5%**	**10.2%**
PPA related depreciation, amortization and impairment	(12,136)	-	(12,136)	-2.1%	(9,391)	-	(9,391)	-1.9%	-29.2%
Operating profit (loss) (EBIT)	**95,324**	**(9,002)**	**86,322**	**16.8%**	**88,097**	**-**	**88,097**	**17.6%**	**8.2%**
Income, expenses, valuation and adjustments of financial assets	763	-	763	0.1%	95	-	95	0.0%	703.2%
Net financial expenses	(3,528)	-	(3,528)	-0.6%	(7,704)	-	(7,704)	-1.5%	54.2%
Exchange differences and non-hedge accounting instruments	955	-	955	0.2%	71	-	71	0.0%	1.245.1%
Profit (loss) before tax	**93,514**	**(9,002)**	**84,512**	**16.5%**	**80,559**	**-**	**80,559**	**16.1%**	**16.1%**
Tax	(23,378)	2,560	(20,818)	-4.2%	(21,727)	-	(21,727)	-4.3%	-7.6%
Profit (loss) from continuing operations	**70,136**	**(6,442)**	**63,694**	**12.3%**	**58,832**	**-**	**58,832**	**11.8%**	**19.2%**
Profit (loss) from discontinued operations	-	(6,629)	(6,629)	0.0%	-	1,111	1,111	0.0%	-
Net profit (loss)	**70,136**	**(13,071)**	**57,065**	**12.3%**	**58,832**	**1,111**	**59,943**	**11.8%**	**19.2%**
Profit (loss) of minority interests	26	-	26	0.0%	46	-	46	0.0%	-43.5%
Net profit (loss) attributable to the Group	**70,110**	**(13,071)**	**57,039**	**12.3%**	**58,786**	**1,111**	**59,897**	**11.8%**	**19.3%**

(*) See table at page 59 for details of non-recurring transactions.

The details of the non-recurring transactions, which refer to four main streams, included in the previous tables are shown below:

- costs stemming from the acquisition of Bay Audio Pty which closed on 1 October 2021;
- costs relating to the second phase of the GAES integration;
- costs relating to the project to redefine the corporate structure of Amplifon S.p.A., approved definitively on 3 March 2021 and effective 1 May 2021, were also incurred. The main goal of this project is to render the Group's structure consistent with the changes in its organizational structure and multinational nature. More specifically, as of 1 May 2021 Amplifon S.p.A. (which previously acted as the parent company and ran the Italian market operations) is responsible for the definition and development of the strategic direction and coordination of the entire Group, as well as the Group's centralized purchasing, while Amplifon Italia S.p.A. is now responsible for the Italian market operations;
- net result of discontinued operations.

(€ thousands)	FY 2021	FY 2020
Bay Audio acquisition costs	(7,372)	-
GAES integration costs	(5,337)	-
Amplifon S.p.A restructuring costs	(1,741)	-
Impact of the non-recurring items on EBITDA	**(14,450)**	-
Accelerated depreciation of GAES tangible assets	(1,693)	-
Impact of the non-recurring items on EBIT	**(16,143)**	-
Impact of the non-recurring items on profit before tax	**(16,143)**	-
Impact of the above items on the tax burden for the period	4,442	-
Impact of the non-recurring items on profit from continued operations	**(11,701)**	-
Profit (loss) from discontinued operations	(5,755)	4,390
Impact of the non-recurring items on net profit	**(17,456)**	**4,390**

(€ thousands)	Q4 2021	Q4 2020
Bay Audio acquisition costs	(6,916)	-
GAES integration costs	(2,141)	-
Amplifon S.p.A restructuring costs	55	-
Impact of the non-recurring items on EBITDA	**(9,002)**	-
Accelerated depreciation of GAES tangible assets	-	-
Impact of the non-recurring items on EBIT	**(9,002)**	-
Impact of the non-recurring items on profit before tax	**(9,002)**	-
Impact of the above items on the tax burden for the period	2,560	-
Impact of the non-recurring items on profit from continued operations	**(6,442)**	-
Profit (loss) from discontinued operations	(6,629)	1,111
Impact of the non-recurring items on net profit	**(13,071)**	**1,111**

RECLASSIFIED CONSOLIDATED BALANCE SHEET

The reclassified Consolidated Balance Sheet aggregates assets and liabilities according to operating functionality criteria, subdivided by convention into the following three key functions: investments, operations and finance. Items relative to the discontinued operation are included in the following table.

(€ thousands)	12/31/2021	12/31/2020	Change
Goodwill	1,681,470	1,281,609	399,861
Customer lists, non-compete agreements, trademarks and location rights	284,592	259,627	24,965
Software, licenses, other int.ass., wip and advances	129,938	101,559	28,379
Tangible assets	186,845	177,616	9,229
Right of use assets	437,377	409,338	28,039
Fixed financial assets [1]	11,923	38,125	(26,202)
Other non-current financial assets [1]	40,436	31,569	8,867
Total fixed assets	**2,772,581**	**2,299,443**	**473,138**
Inventories	62,570	57,431	5,139
Trade receivables	168,680	169,060	(380)
Other receivables	96,761	60,533	36,228
Current assets (A)	**328,011**	**287,024**	**40,987**
Total assets	**3,100,592**	**2,586,467**	**514,125**
Trade payables	(242,507)	(181,036)	(61,471)
Other payables [2]	(377,394)	(318,968)	(58,426)
Provisions for risks (current portion)	(3,282)	(3,560)	278
Short term liabilities (B)	**(623,183)**	**(503,564)**	**(119,619)**
Net working capital (A) - (B)	**(295,172)**	**(216,540)**	**(78,632)**
Derivative instruments [3]	(3,447)	(5,908)	2,461
Deferred tax assets	85,185	83,671	1,514
Deferred tax liabilities	(105,191)	(95,150)	(10,041)

(€ thousands)	12/31/2021	12/31/2020	Change
Provisions for risks (non-current portion)	(29,079)	(49,765)	20,686
Employee benefits (non-current portion)	(20,763)	(24,019)	3,256
Loan fees [4]	7,017	7,941	(924)
Other long-term payables	(160,733)	(141,361)	(19,372)
NET INVESTED CAPITAL	**2,250,398**	**1,858,312**	**392,086**
Shareholders' equity	925,178	800,883	124,295
Third parties' equity	2,103	985	1,118
Net equity	**927,281**	**801,868**	**125,413**
Long term net financial debt [4]	1,023,780	1,103,265	(79,485)
Short term net financial debt [4]	(152,594)	(469,600)	317,006
Total net financial debt	**871,186**	**633,665**	**237,521**
Lease liabilities	451,931	422,779	29,152
Total lease liabilities & net financial debt	**1,323,117**	**1,056,444**	**266,673**
NET EQUITY, LEASE LIABILITIES AND NET FINANCIAL DEBT	**2,250,398**	**1,858,312**	**392,086**

Notes for reconciling the condensed balance sheet with the statutory balance sheet:
[1] "Fixed financial assets" and "Other non-current financial assets" include equity interests valued by using the net equity method, financial assets at fair value through profit and loss and other non-current assets;
[2] "Other payables" includes other liabilities, accrued liabilities and deferred income, current portion of liabilities for employees' benefits and tax liabilities;
[3] "Derivatives instruments" includes cash flow hedging instruments not included in the item "Net medium and long-term financial indebtedness";
[4] The item "loan fees" is presented in the balance sheet as a direct reduction of the short-term and medium/long-term components of the items "financial payables" and "financial liabilities" for the short-term and long-term portions, respectively.

CONDENSED RECLASSIFIED CONSOLIDATED CASH FLOW STATEMENT

The condensed consolidated cash flow statement is a summarized version of the reclassified statement of cash flows set out in the following pages and its purpose is, starting from the EBIT, to detail the cash flows from or used in operating, investing and financing activities.
The following cash flow statement includes the impact of the discontinued operation, for greater detail refer to the section "Reclassified Cash Flow Statement".

(€ thousands)	FY 2021	FY 2020
EBIT (*)	**237,659**	**168,500**
Amortization, depreciation and write-downs	227,410	202,467
Provisions, other non-monetary items and gain/losses from disposals	17,935	24,799
Net financial expenses	(24,369)	(25,823)
Taxes paid	(65,579)	(34,462)
Changes in net working capital	68,105	51,395
Cash flow provided by (used in) operating activities before repayment of lease liabilities	**461,161**	**386,876**
Repayment of lease liabilities	(95,217)	(72,802)
Cash flow provided by (used in) operating activities (A)	**365,944**	**314,074**
Cash flow provided by (used in) operating investing activities (B)	(111,037)	(57,194)
***Free Cash Flow* (A) + (B)**	**254,907**	**256,880**
Net cash flow provided by (used in) acquisitions (C)	(419,731)	(89,199)
(Purchase) sale of other investment and securities (D)	5,166	-
Cash flow provided by (used in) investing activities (B+C+D)	**(525,602)**	**(146,393)**
Cash flow provided by (used in) operating activities and investing activities	**(159,658)**	**167,681**
Dividends	(49,356)	-
Treasury shares	(31,085)	-
Fees paid on medium/long-term financing	(1,099)	(7,709)
Capital increases, third parties' contributions and dividends paid by subsidiaries to third parties	458	(306)
Hedging instruments	(1,681)	(705)
Other changes in non-current assets	2,007	992
Net cash flow from the period	**(240,414)**	**159,953**
Net financial indebtedness at the beginning of the period	**(633,665)**	**(786,698)**
Effect of disposal operations on net financial indebtedness	(176)	**-**
Effect of exchange rate fluctuations on net financial indebtedness	3,069	(6,920)
Changes in net indebtedness	(240,414)	159,953
Net financial indebtedness at the end of the period	**(871,186)**	**(633,665)**

(*) The EBIT used in the statement above includes Elite's EBIT for both 2021 and the comparison period.

The impact of non-recurring transactions and discontinued operations (see note 36) on free cash flow in the period is shown in the following table.

(€ thousands)	FY 2021	FY 2020
Free cash flow	**254,907**	**256,880**
Free cash flow generated by non-recurring transactions (see page 90 for details)	(12,659)	(1,101)
Free cash flow generated by recurring transactions	**267,566**	**257,981**

INDICATORS

	12/31/2021	12/31/2020
Net financial indebtedness (€ thousands)	871,186	633,665
Lease liabilities (€ thousands)	451,932	422,780
Total lease liabilities & net financial indebtedness (€ thousands)	1,323,118	1,056,445
Net equity (€ thousands)	927,281	801,868
Group Net Equity (€ thousands)	925,178	800,883
Net financial indebtedness/Net Equity	0.94	0.80
Net financial indebtedness/Group Net Equity	0.94	0.80
Net financial indebtedness/EBITDA (*)	1.68	1.63
EBITDA/Net financial expenses (*)	29.13	22.79
Earnings per share (EPS) (€)	0.70182	0.45132
Diluted EPS (€)	0.69409	0.44556
EPS (€) adjusted for non-recurring transactions and amortization/depreciation related to purchase price allocations to tangible and intangible assets (**)	0.92550	0.57806
Group Net Equity per share (€)	4.112	3.563
Dividend per share (DPS) (€) (***)	0.26	0.22
Pay out ratio (%) (***)	37.05%	48.75%
Dividend yield (%) (***)	0.55%	0.65%
Period-end price (€)	47.450	34.040
Highest price in period (€)	47.590	36.540
Lowest price in period (€)	29.330	14.830
Price/earning ratio (P/E)	67.61	75.42
Share price/net equity per share	11.539	9.569
Market capitalization (€ millions)	10,675.36	7,651.71
Number of shares outstanding	224,981,270	224,785,974

(*) EBITDA in the comparison period includes Elite.
(**) As a result of the recognition of Elite's net result under non-recurring expenses, the adjusted EPS for the comparison period was restated.
(***) Dividend to be proposed by the Board of Directors to the Shareholders' Meeting convened on 22 April 2022.

- **Net financial indebtedness/net equity** is the ratio of net financial indebtedness, excluding lease liabilities and short-term investments not cash equivalents, to total net equity.
- **Net financial indebtedness/Group net equity** is the ratio of the net financial indebtedness, excluding lease liabilities and short-term investments not cash equivalents, to the Group's net equity.
- **Net financial indebtedness/EBITDA** is the ratio of net financial indebtedness, excluding lease liabilities and short-term investments not cash equivalents, to EBITDA for the last four quarters (determined with reference to recurring operations only, based on pro forma figures in case of significant changes to the structure of the Group).
- **EBITDA/net financial expenses ratio** is the ratio of EBITDA for the last four quarters (determined with reference to recurring operations only, based on restated figures in case of significant changes to the structure of the Group) to net interest payable and receivable of the same last four quarters.
- **Earnings per share (EPS) (€)** is the net profit for the period attributable to the parent's ordinary shareholders divided by the weighted average number of shares outstanding during the period, considering purchases and sales of treasury shares as cancellations or issues of shares, respectively.
- **Diluted earnings per share (EPS) (€)** is the net profit for the period attributable to the parent's ordinary shareholders divided by the weighted average number of shares outstanding during the period adjusted for the dilution effect of potential shares. In the calculation of outstanding shares, purchases and sales of treasury shares are considered as cancellations and issues of shares, respectively.
- **Earnings per share (EPS) adjusted for non-recurring transactions and amortization/ depreciation related to purchase price allocations to tangible and intangible assets (€)** is the profit for the period from recurring operations attributable to the parent's ordinary shareholders divided by the weighted average number of outstanding shares in the period adjusted to reflect the amortization of purchase price allocations. When calculating the number of outstanding shares, the purchases and sales of treasury shares are considered cancellations and share issues, respectively.
- **Net Equity per share (€)** is the ratio of Group equity to the number of outstanding shares.
- **Dividend per share (DPS) (€)** is the dividend, paid in the following year, decided by the shareholders' meeting following the approval of the financial statements of the reported year. This ratio is not given in the *interim* reports because it is meaningful only with reference to the full year result.
- **Pay-out ratio (%)** is the ratio of the dividend paid on EPS.
- **Dividend yield (%)** is the ratio of the dividend per share, paid in the following year, on the share price determined in December 31st of the reported year.
- **Period-end price (€)** is the closing price on the last stock exchange trading day of the period.
- **Highest price (€) and lowest price (€)** are the highest and lowest prices from 1 January to the end of the period.
- **Price/Earnings ratio (P/E)** is the ratio of the share price determined during the last stock exchange trading day of the period on earnings per share.
- **Share price/Net equity per share** is the ratio of the share closing price on the last stock exchange trading day of the period to net equity per share.
- **Market capitalization** is the closing price on the last stock exchange trading day of the period multiplied by the number of outstanding shares.
- **The number of shares outstanding** is the number of shares issued less treasury shares.

INCOME STATEMENT REVIEW

CONSOLIDATED INCOME STATEMENT

BY SEGMENT AND GEOGRAPHIC AREA

(€ thousands)	FY 2021				
	EMEA	America	Asia e Oceania	Strutture centrali	Total
Revenues from sales and services	1,389,640	306,709	251,726	-	1,948,075
Operating costs	(991,869)	(225,717)	(179,757)	(87,368)	(1,484,711)
Other income and costs	4,833	(619)	(432)	1,180	4,962
Gross operating profit (loss) (EBITDA)	**402,604**	**80,373**	**71,537**	**(86,188)**	**468,326**
Depreciation, amortization and impairment of non-current assets	(43,045)	(10,708)	(12,038)	(16,245)	(82,036)
Right-of-use depreciation	(73,243)	(6,467)	(15,028)	(1,506)	(96,244)
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	**286,316**	**63,198**	**44,471**	**(103,939)**	**290,046**
PPA related depreciation, amortization and impairment	(33,188)	(2,911)	(7,947)	-	(44,046)
Operating profit (loss) (EBIT)	**253,128**	**60,287**	**36,524**	**(103,939)**	**246,000**
Income, expenses, revaluation and adjustments of financial assets					1,694
Net financial expenses					(25,329)
Exchange differences and non-hedge accounting instruments					995
Profit (loss) before tax					**223,360**
Tax					(59,762)
Profit (loss) from continuing operations					**163,598**
Profit (loss) from discontinued operations					(5,755)
Net profit (loss)					**157,843**
Profit (loss) of minority interests					58
Net profit (loss) attributable to the Group					**157,785**

(€ thousands)	FY 2021 – ONLY RECURRING OPERATIONS				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	1,389,640	306,709	251,726	-	1,948,075
Gross operating profit (loss) (EBITDA)	408,172	80,373	71,537	(77,306)	482,776
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	293,577	63,198	44,471	(95,057)	306,189
Operating profit (loss) (EBIT)	260,389	60,287	36,524	(95,057)	262,143
Profit (loss) before tax					239,503
Profit (loss) from continuing operations					175,299
Net profit (loss) attributable to the Group					175,241

(€ thousands)	FY 2020				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	1,123,534	197,298	182,426	-	1,503,258
Operating costs	(827,940)	(146,798)	(120,724)	(55,644)	(1,151,106)
Other income and costs	9,946	1,912	1,101	722	13,681
Gross operating profit (loss) (EBITDA)	**305,540**	**52,412**	**62,803**	**(54,922)**	**365,833**
Depreciation, amortization and impairment of non-current assets	(42,785)	(8,367)	(11,954)	(10,739)	(73,845)
Right-of-use depreciation	(74,058)	(3,847)	(11,413)	(451)	(89,769)
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	**188,697**	**40,198**	**39,436**	**(66,112)**	**202,219**
PPA related depreciation, amortization and impairment	(31,708)	(735)	(6,374)	-	(38,817)
Operating profit (loss) (EBIT)	**156,989**	**39,463**	**33,062**	**(66,112)**	**163,402**
Income, expenses, revaluation and adjustments of financial assets					(344)
Net financial expenses					(29,778)
Exchange differences and non-hedge accounting instruments					631
Profit (loss) before tax					**133,911**
Tax					(37,239)
Profit (loss) from continuing operations					**96,672**
Profit (loss) from discontinued operations					4,390
Net profit (loss)					**101,062**
Profit (loss) of minority interests					58
Net profit (loss) attributable to the Group					**101,004**

(€ thousands)	FY 2020 – ONLY RECURRING OPERATIONS				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	1,123,534	197,298	182,426	-	1,503,258
Gross operating profit (loss) (EBITDA)	305,540	52,412	62,803	(54,922)	365,833
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	188,698	40,197	39,436	(66,112)	202,219
Operating profit (loss) (EBIT)	156,989	39,463	33,062	(66,112)	163,402
Profit (loss) before tax					133,911
Profit (loss) from continuing operations					96,672
Net profit (loss) attributable to the Group					96,614

(€ thousands)	FOURTH QUARTER 2021				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	405,494	82,450	80,259	-	568,203
Operating costs	(275,306)	(59,753)	(58,005)	(29,090)	(422,154)
Other income and costs	1,482	(319)	(99)	466	1,530
Gross operating profit (loss) (EBITDA)	**131,670**	**22,378**	**22,155**	**(28,624)**	**147,579**
Depreciation, amortization and impairment of non-current assets	(12,562)	(2,596)	(3,511)	(5,404)	(24,073)
Right-of-use depreciation	(17,249)	(1,712)	(5,541)	(546)	(25,048)
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	**101,859**	**18,070**	**13,103**	**(34,574)**	**98,458**
PPA related depreciation, amortization and impairment	(8,502)	(742)	(2,892)	-	(12,136)
Operating profit (loss) (EBIT)	**93,357**	**17,328**	**10,211**	**(34,574)**	**86,322**
Income, expenses, revaluation and adjustments of financial assets					763
Net financial expenses					(3,528)
Exchange differences and non-hedge accounting instruments					955
Profit (loss) before tax					**84,512**
Tax					(20,818)
Profit (loss) from continuing operations					**63,694**
Profit (loss) from discontinued operations					(6,629)
Net profit (loss)					**57,065**
Profit (loss) of minority interests					26
Net profit (loss) attributable to the Group					**57,039**

(€ thousands)	FOURTH QUARTER 2021 – ONLY RECURRING OPERATIONS				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	405,494	82,450	80,259	-	568,203
Gross operating profit (loss) (EBITDA)	133,756	22,378	22,155	(21,708)	156,581
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	103,945	18,070	13,103	(27,658)	107,460
Operating profit (loss) (EBIT)	95,444	17,328	10,210	(27,658)	95,324
Profit (loss) before tax					93,514
Profit (loss) from continuing operations					70,136
Net profit (loss) attributable to the Group					70,110

(€ thousands)	FOURTH QUARTER 2020				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	382,882	61,252	55,119	-	499,253
Operating costs	(256,668)	(43,504)	(37,533)	(20,204)	(357,909)
Other income and costs	(351)	346	85	441	521
Gross operating profit (loss) (EBITDA)	**125,863**	**18,094**	**17,671**	**(19,763)**	**141,865**
Depreciation, amortization and impairment of non-current assets	(12,058)	(3,423)	(2,866)	(3,779)	(22,126)
Right-of-use depreciation	(18,197)	(963)	(2,976)	(118)	(22,254)
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	**95,608**	**13,708**	**11,829**	**(23,660)**	**97,485**
PPA related depreciation, amortization and impairment	(8,006)	240	(1,622)	-	(9,388)
Operating profit (loss) (EBIT)	**87,602**	**13,948**	**10,207**	**(23,660)**	**88,097**
Income, expenses, revaluation and adjustments of financial assets					95
Net financial expenses					(7,704)
Exchange differences and non-hedge accounting instruments					71
Profit (loss) before tax					**80,559**
Tax					(21,727)
Profit (loss) from continuing operations					**58,832**
Profit (loss) from discontinued operations					1,111
Net profit (loss)					**59,943**
Profit (loss) of minority interests					46
Net profit (loss) attributable to the Group					**59,897**

(€ thousands)	FOURTH QUARTER 2020 – ONLY RECURRING OPERATIONS				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	382,882	61,252	55,119	-	499,253
Gross operating profit (loss) (EBITDA)	125,863	18,094	17,671	(19,763)	141,865
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	95,608	13,708	11,829	(23,660)	97,485
Operating profit (loss) (EBIT)	87,602	13,948	10,207	(23,660)	88,097
Profit (loss) before tax					80,559
Profit (loss) from continuing operations					58,832
Net profit (loss) attributable to the Group					58,786

REVENUES FROM SALES AND SERVICES

(€ thousands)	FY 2021	FY 2020	Change	Change %
Revenues from sales and services	**1,948,075**	**1,503,258**	**444,817**	**29.6%**

(€ thousands)	Fourth quarter 2021	Fourth quarter 2020	Change	Change %
Revenues from sales and services	**568,203**	**499,253**	**68,950**	**13.8%**

Consolidated revenues from sales and services amounted to €1,948,075 thousand in 2021, an increase of €444,817 thousand (+29.6%) against the prior year which, given the negative impact of the Covid-19 pandemic, cannot be considered a viable comparison period. Compared to 2019, a fully comparable period, there was an increase of €285,893 thousand (+17.2%), of which €197,295 thousand (+11.9%) attributable to organic growth.
The increase of €444,817 thousand (+29.6%) against 2020 is explained for €360,519 thousand (+24.0%) by organic growth and for €83,099 thousand (+5.5%) by acquisitions. The foreign exchange effect was positive for €1,199 thousand (+0.1%).

The performance of revenues was positive across all the geographies in which the Group operates. A strong performance was posted in EMEA, driven by an excellent organic growth recorded in France and Spain, as well as a solid performance in Italy, Switzerland and Portugal; in the AMERICAS, the United States once again reported an excellent organic growth, more than double the reference market, which was combined with the significant contribution of the PJC Hearing acquisition, as well as the double-digit growth recorded in Canada and Latin America; lastly, an outstanding performance was also recorded in APAC thanks to the contribution of Bay Audio and a double-digit organic growth seen in all the region's markets, despite the temporary, localized lockdowns.

In the fourth quarter of the year consolidated revenues from sales and services came to €568,203 thousand, an increase of €68,950 thousand (+13.8%) with respect to the comparison period, while an increase of €79,593 thousand (+16.3%) was recorded against the fourth quarter of 2019, a fully comparable period, of which €41,240 thousand (+8.4%) explained by organic growth.

The €68,950 thousand (+13.8%) increase against the fourth quarter of 2020 is explained for €27,120 thousand (+5.4%) by organic growth and for €34,052 thousand (+6.8%) by acquisitions. The foreign exchange effect was positive for €7,778 thousand (+1.6%).

The following table shows the breakdown of revenues from sales and services by Region.

(€ thousands)	FY 2021	% on Total	FY 2020	% on Total	Change	Change %	Exchange diff.	Change % in local currency
EMEA	1,389,640	71.3%	1,123,534	74.7%	266,106	23.7%	689	23.6%
Americas	306,709	15.7%	197,298	13.2%	109,411	55.5%	(9,786)	60.4%
Asia Pacific	251,726	13.0%	182,426	12.1%	69,300	38.0%	10,296	32.4%
Corporate	-	-	-	-	-	-	-	-
Total	**1,948,075**	**100.0%**	**1,503,258**	**100.0%**	**444,817**	**29.6%**	**1,199**	**29.5%**

Europe, Middle-East and Africa

Period (€ thousands)	FY 2021	FY 2020	Change	Change %
I quarter	311,084	258,266	52,818	20.5%
II quarter	362,870	179,204	183,666	102.5%
I half	**673,954**	**437,470**	**236,484**	**54.1%**
III quarter	310,192	303,182	7,010	2.3%
IV quarter	405,494	382,882	22,612	5.9%
II half	**715,686**	**686,064**	**29,622**	**4.3%**
Total year	**1,389,640**	**1,123,534**	**266,106**	**23.7%**

Revenues from sales and services amounted to €1,389,640 thousand in 2021, an increase of €266,106 thousand (+23.7%) compared to the prior year. Compared to 2019, a fully comparable period, revenues from sales and services rose €135,760 thousand (+10.8%), of which €100,899 thousand (+8.0%) attributable to organic growth.
The increase of €266,106 thousand (+23.7%) against 2020 is explained for €246,625 thousand (+22.0%) by organic growth and for €18,792 thousand (+1.6%) by acquisitions. The foreign exchange effect was positive for €689 thousand (+0.1%).

A very positive performance was recorded in the region. In the fourth quarter organic growth was particularly strong in France and the key Spanish market where the Amplifon Product Line was launched successfully reaching market penetration in the target market of approximately 90% just after the launch. Solid growth was also posted in Italy, Switzerland and Portugal in the fourth quarter.

In the fourth quarter stand alone, consolidated revenues from sales and services amounted to €405,494 thousand, €22,612 thousand (+5.9%) higher than in the comparison period, and showed an increase against the fourth quarter of 2019, a fully comparable period, of €29,431 thousand (+7.8%) of which €20,564 thousand (+5.5%) attributable to organic growth.

The €22,612 thousand (+5.9%) increase against the fourth quarter of 2020 is explained mainly by organic growth (€16,700 thousand, +4.4%) and acquisitions, which contributed €4,634 thousand (+1.2%). The foreign exchange effect was positive for €1,278 thousand (+0.3%).

Americas

Period (€ thousands)	FY 2021	FY 2020	Change	Change %
I quarter	64,782	49,361	15,421	31.2%
II quarter	79,810	31,907	47,903	150.1%
I half	**144,592**	**81,268**	**63,324**	**77.9%**
III quarter	79,666	54,778	24,888	45.4%
IV quarter	82,450	61,251	21,199	34.6%
II half	**162,116**	**116,029**	**46,087**	**39.7%**
Total year	**306,709**	**197,298**	**109,411**	**55.5%**

Consolidated revenues from sales and services amounted to €306,709 thousand in 2021, an increase of €109,411 thousand (+55.5%) compared to the prior year which was impacted negatively by the Covid-19 pandemic and cannot be considered a viable comparison period. Compared to 2019, a fully comparable period, there was an increase of €91,244 thousand (+42.3%) in revenues from sales and services, of which €77,260 thousand (+35.9%) attributable to organic growth.
The increase of €109,411 thousand (+55.5%) against 2020 is explained for €75,602 thousand (+38.3%) by organic growth, driven mainly by the outstanding performance of Miracle-Ear. Acquisitions contributed €43,595 thousand (+22.1%) explained largely by the consolidation of PJC Hearing's results. The foreign exchange effect was negative for €9,786 thousand (-4.9%).

The region's revenues were 60.4% higher in local currency. An exceptional performance in revenues was, once again, recorded in the United States, driven by strong organic growth thanks mainly to Miracle-Ear and the contribution of the direct distribution network which today comprises more than 200 points of sale, and the PJC Hearing acquisition, which also posted strong organic growth in the period (reported in M&A). This result testifies not only to the Company's ability to gain market share, but also the success of the new strategy in the United States. Lastly, both Canada and Latin American posted double-digit growth in the period.

In the fourth quarter stand alone, consolidated revenues from sales and services amounted to €82,450 thousand, €21,199 thousand (+34.6%) higher than in the comparison period and showed an increase against the fourth quarter of 2019, a fully comparable period, of €19,198 thousand (+30.4%), of which €13,779 thousand (+21.8%) attributable to organic growth.
The increase of €21,199 thousand (+34.6%) against the fourth quarter of 2020 is explained for €5,330 thousand (+8.7%) by organic growth and for €12,095 thousand (+19.7%) by acquisitions. The exchange effect was positive for €3,774 thousand (+6.2%).

Asia Pacific

Period (€ thousands)	FY 2021	FY 2020	Change	Change %
I quarter	52,646	40,855	11,791	28.9%
II quarter	60,594	30,973	29,621	95.6%
I half	**113,240**	**71,828**	**41,412**	**57.7%**
III quarter	58,227	55,479	2,748	5.0%
IV quarter	80,259	55,119	25,140	45.6%
II half	**138,486**	**110,598**	**27,888**	**25.2%**
Total year	**251,726**	**182,426**	**69,300**	**38.0%**

Revenues from sales and services amounted to €251,726 thousand in 2021, an increase of €69,300 thousand (+38.0%) compared to the prior year which, given the severe impact of the Covid-19 pandemic, cannot be considered a viable comparison period. Compared to 2019, a fully comparable period, revenues from sales and services rose €63,935 thousand (+34.0%), of which €24,182 thousand (+12.9%) attributable to organic growth.
The increase of €69,300 thousand (+38.0%) against 2020 is explained for €38,292 thousand (+21.0%) by organic growth and for €20,712 thousand (+11.4%) by acquisitions, due largely to the consolidation of Bay Audio. The foreign exchange effect was positive for €10,296 thousand (+5.6%).

The region's revenues were 32.4% higher in local currency. The region posted a very positive performance despite the challenging comparison base with double-digit growth in all the region's Countries. An outstanding performance was posted in Australia, thanks also to the contribution of Bay Audio, while the performance in New Zealand skyrocketed at the end of the year despite the anti-Covid-19 measures that were in place through the beginning of December. An excellent performance was recorded in China thanks to outstanding organic growth and the contribution of Soundbridge.

In the fourth quarter stand alone, consolidated revenues from sales and services amounted to €80,259 thousand, €25,140 thousand (+45.6%) higher than in the comparison period and showed an increase against the fourth quarter of 2019, a fully comparable period, of €32,686 thousand (+68.7%), of which €8,629 thousand (+18.1%) attributable to organic growth.
The increase of €25,140 thousand (+45.6%) against the fourth quarter of 2020 is explained for €17,323 thousand (relative mainly to the consolidation of Bay Audio) by acquisitions and for €5,090 thousand (+9.2%) by organic growth. The foreign exchange effect was positive for €2,727 thousand (+5.0%).

GROSS OPERATING PROFIT (EBITDA)

(€ thousands)	FY 2021			FY 2020		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Gross operating profit (loss) (EBITDA)	482,776	(14,450)	468,326	365,833	-	365,833

(€ thousands)	FOURTH QUARTER 2021			FOURTH QUARTER 2020		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Gross operating profit (loss) (EBITDA)	156,581	(9,002)	147,579	141,865	-	141,865

Gross operating profit (EBITDA) amounted to €468,326 thousand in 2021, an increase of €102,493 thousand (+28.0%) against the comparison period with foreign exchange differences that were positive for €158 thousand.
The EBITDA margin came to 24.0%, 0.3 p.p. lower than in the comparison period.
FY 2020 cannot be considered a viable comparison period as the period was impacted significantly by the lower absorption of fixed costs attributable to the drop in revenues caused by the Covid-19 outbreak. Compared to 2019, a fully comparable period, EBITDA was €109,696 thousand (+30.6%) higher, with an EBITDA margin that was up by 2.5 p.p.
Non-recurring expenses of €14,450 thousand were incurred in the reporting period explained for €7,372 thousand by the Bay Audio acquisition, for €5,337 thousand by the second phase of the GAES integration and for €1,741 thousand by the corporate restructuring of Amplifon S.p.A.
Net of these items, recurring EBITDA would have been €116,943 thousand (+32.0%) higher than in 2020 and €101,953 thousand (+26.8%) higher than in 2019 with the EBITDA margin up +0.5 p.p. and +1.9 p.p., respectively. This improvement in profitability is attributable mainly to the greater operating efficiency and increased productivity stemming from the actions taken in 2020 in response to the Covid-19 crisis and was, moreover, achieved after significant investments in the business, including in marketing and the continuation of important strategic initiatives.

In the fourth quarter stand alone, EBITDA amounted to €147,579 thousand (with an EBITDA margin of 26.0%), €5,714 thousand (+4.0%) higher than in the comparison period, while the EBITDA margin was down by -2.4 p.p. The foreign exchange differences had a positive impact of €1,705 thousand.
Compared to the fourth quarter of 2019, a fully comparable period, EBITDA was €25,257 thousand (+20.6%) higher with an EBITDA margin that was up by 1.0 p.p.
Non-recurring expenses of €9,002 thousand were incurred in the quarter explained for €6,916 thousand by the Bay Audio acquisition, for €2,141 thousand by the second phase of the GAES integration and 55 thousand by a reversal relative to the corporate restructuring of Amplifon S.p.A.
Net of these items, recurring EBITDA would have been €14,716 thousand (10.4%) higher than in the fourth quarter of 2020, with the EBITDA margin down -0.8 p.p., and €30,438 thousand (24.1%) higher than in the same period of 2019, with the EBITDA margin up +1.8 p.p.

The following table shows a breakdown of EBITDA by segment.

(€ thousands)	FY 2021	EBITDA Margin	FY 2020	EBITDA Margin	Change	Change %
EMEA	402,604	29.0%	305,540	27.2%	97,064	31.8%
Americas	80,373	26.2%	52,412	26.6%	27,961	53.3%
Asia Pacific	71,537	28.4%	62,803	34.4%	8,734	13.9%
Corporate (*)	(86,188)	-4.4%	(54,922)	-3.7%	(31,266)	-56.9%
Total	**468,326**	**24.0%**	**365,833**	**24.3%**	**102,493**	**28.0%**

(€ thousands)	Fourth quarter 2021	EBITDA Margin	Fourth quarter 2020	EBITDA Margin	Change	Change %
EMEA	131,670	32.5%	125,863	32.9%	5,807	4.6%
Americas	22,378	27.1%	18,094	29.5%	4,284	23.7%
Asia Pacific	22,155	27.6%	17,671	32.1%	4,484	25.4%
Corporate (*)	(28,624)	-5.0%	(19,763)	-4.0%	(8,861)	-44.8%
Total	**147,579**	**26.0%**	**141,865**	**28.4%**	**5,714**	**4.0%**

(*) Centralized costs are shown as a percentage of the Group's total sales.

The table below shows the breakdown of the EBITDA by segment with reference to the recurring operations.

(€ thousands)	FY 2021	EBITDA Margin	FY 2020	EBITDA Margin	Change	Change %
EMEA	408,172	29.4%	305,540	27.2%	102,632	33.6%
Americas	80,373	26.2%	52,412	26.6%	27,961	53.3%
Asia Pacific	71,537	28.4%	62,803	34.4%	8,734	13.9%
Corporate (*)	(77,306)	-4.0%	(54,922)	-3.7%	(22,384)	-40.8%
Total	**482,776**	**24.8%**	**365,833**	**24.3%**	**116,943**	**32.0%**

(€ thousands)	Fourth quarter 2021	EBITDA Margin	Fourth quarter 2020	EBITDA Margin	Change	Change %
EMEA	133,756	33.0%	125,863	32.9%	7,893	6.3%
Americas	22,378	27.1%	18,094	29.5%	4,284	23.7%
Asia Pacific	22,155	27.6%	17,671	32.1%	4,484	25.4%
Corporate (*)	(21,708)	-3.8%	(19,763)	-4.0%	(1,945)	-9.8%
Total	**156,581**	**27.6%**	**141,865**	**28.4%**	**14,716**	**10.4%**

(*) Centralized costs are shown as a percentage of the Group's total sales.

Europe, Middle-East and Africa

Gross operating profit (EBITDA) amounted to €402,604 thousand in 2021, an increase of €97,064 thousand (+31.8%) with respect to the comparison period. The result was impacted marginally by negative foreign exchange differences of €88 thousand.
The EBITDA margin came to 29.0%, 1.8 p.p. higher than in 2020 which cannot be considered a viable comparison period as it was impacted by the lower absorption of fixed costs attributable to the drop in revenues. Compared to 2019, a fully comparable period, EBITDA was €102,465 thousand (+34.1%) higher, with an EBITDA margin that was +5.1 p.p. higher.
The result for the reporting period reflects non-recurring expenses of €5,568 thousand attributable for €5,337 thousand to the second phase of the GAES integration and for €231 thousand to the corporate restructuring of Amplifon S.p.A and S.p.A.
Net of this item, recurring EBITDA would have been €102,632 thousand (+33.6%) higher than in 2020 and €85,937 thousand (+26.7%) higher than 2019 with the EBITDA margin up +2.2 p.p. and +3.7 p.p., respectively.

In the fourth quarter stand alone, EBITDA amounted to €131,670, an increase of €5,807 thousand (+4.6%) against the comparison period. The EBITDA margin was 0.4 p.p. lower than in the fourth quarter of 2020, coming in at 32.5%. The foreign exchange differences were positive for €180 thousand. Compared to 2019, a fully comparable period, EBITDA was €18,578 thousand (+16.4%) higher, with an EBITDA margin that was up by +2.4 p.p.
The result for the quarter reflects non-recurring expenses of €2,086 thousand attributable for €2,141 thousand to the second phase of the GAES integration and for €55 thousand to the corporate restructuring of Amplifon S.p.A.
Net of this item, recurring EBITDA would have been €7,893 thousand (+6.3%) higher than in the same period 2020 and €16,914 thousand (+14.5%) higher than in the same period of 2019 with the EBITDA margin up +0.1 p.p. and +1.9 p.p., respectively.

Americas

Gross operating profit (EBITDA) amounted to €80,373 thousand in 2021, an increase of €27,961 thousand (+53.3%) with respect to the comparison period. The foreign exchange effect was negative for €2,795 thousand. The EBITDA margin came to 26.2%, 0.4 p.p. lower than in 2020 which cannot be considered a viable comparison period as it was impacted by the lower absorption of fixed costs attributable to the drop in revenues. Compared to 2019, a fully comparable period, EBITDA rose €27,792 thousand (+52.9%), with the EBITDA margin up +1.8 p.p.

In the fourth quarter stand alone, EBITDA amounted to €22,378, an increase against the comparison period of €4,284 thousand (+23.7%), including the positive exchange differences of €848 thousand.
The EBITDA margin came to 27.1%, 2.4 p.p. lower than in the comparison period.
Compared to the fourth quarter of 2019, a fully comparable period, EBITDA was €6,618 thousand (+42.0%) higher, with an EBITDA margin that was up by 2.2 p.p.

Asia Pacific

Gross operating profit (EBITDA) amounted to €71,537 thousand in 2021, an increase of €8,734 thousand (+13.9%) with respect to the comparison period. The foreign exchange effect was positive for €3,040 thousand. The EBITDA margin came to 28.4%, 6.0 p.p. lower than in 2020 which cannot be considered a viable comparison period as it was impacted by the lower absorption of fixed costs attributable to the drop in revenues.
Compared to 2019, a fully comparable period, EBITDA showed an increase of €16,548 thousand (+30.1%) with an EBITDA margin that was down by -0.9 p.p.

In the fourth quarter stand alone, EBITDA amounted to €22,155 thousand, higher than in the comparison period by €4,484 thousand (+25.4%), including positive exchange differences of €677 thousand.
The EBITDA margin came to 27.6%, 4.5 p.p. lower than in the comparison period.
Compared to the fourth quarter of 2019, a fully comparable period, EBITDA rose €8,819 thousand (+66.1%), with an EBITDA margin that was down by 0.4 p.p.

Corporate

The net cost of centralized Corporate functions (corporate bodies, general management, business development, procurement, treasury, legal affairs, human resources, IT systems, global marketing and internal audit) which do not qualify as operating segments under IFRS 8 amounted to €86,188 thousand in 2021 (4.4% of the revenues generated by the Group's sales and services), an increase of €31,266 thousand with respect to the prior year and of €37,109 thousand against 2019.

The result for the reporting period reflects non-recurring expenses of €8,882 thousand attributable for €7,372 thousand to the Bay Audio acquisition and for €1,510 thousand to the corporate restructuring of Amplifon S.p.A.

Net of this item, costs would have been €22,384 thousand (+40.8%) higher than in 2020 and €28,226 thousand (+57.5%) higher than in 2019 with the EBITDA margin up +0.3 p.p. and +1.0 p.p., respectively.

In the fourth quarter stand alone, the centralized costs amounted to €28,624 thousand (5.0% of the Group's revenues from sales and services), an increase of €8,861 thousand (+44.8%) against the fourth quarter of 2020 and €8,760 (+44.1%) against the fourth quarter of 2019.

The result for the quarter reflects non-recurring expenses of €6,916 thousand attributable to the Bay Audio acquisition

Net of this item, costs would have been €1,945 thousand (+9.8%) higher than in the fourth quarter of 2020, with a decrease in the EBITDA margin of -0.2 p.p., and €1,845 thousand (+9.3%) higher than in the same period of 2019, with a decrease in the EBITDA margin of -0.3 p.p.

OPERATING PROFIT (EBIT)

(€ thousands)	FY 2021			FY 2020		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Operating profit (loss) (EBIT)	262,143	(16,143)	246,000	163,402	-	163,402

(€ thousands)	FOURTH QUARTER 2021			FOURTH QUARTER 2020		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Operating profit (loss) (EBIT)	95,324	(9,002)	86,322	88,097	-	88,097

Operating profit (EBIT) amounted to €246,000 thousand in 2021, an increase of €82,598 thousand (+50.5%) with respect to the comparison period, offset slightly by the negative foreign exchange differences of €798 thousand.
The EBIT margin came to 12.6%, an increase of 1.7 p.p. against the comparison period. FY 2020, however, cannot be considered a viable comparison period. Compared to the same period of 2019, a fully comparable period, EBIT rose €80,795 thousand (+48.9%), with the EBIT margin up +2.7 p.p.
EBIT was impacted for €16,143 thousand by non-recurring expenses which differ from those described in the section on EBITDA due to the accelerated depreciation of a few non-current assets relating to the GAES integration. Net of this item, recurring EBIT would have been €98,741 thousand (+60.4%) higher compared to 2020 and €72,724 (+38.4%) higher than in 2019, with the EBIT margin rising +2.6 p.p. and +2.1 p.p., respectively.

With respect to the gross operating profit (EBITDA), EBIT was also impacted by higher depreciation and amortization as a result of the opening of new stores, investments in IT systems, as well as higher amortization for right-of-use assets.

In the fourth quarter stand alone, operating profit (EBIT) amounted to €86,322 thousand (15.2% of revenues from sales and services), a decrease against the comparison period of €1,775 thousand (-2.0%) including positive exchange differences of €1,020 thousand.
The EBIT margin came to 15.2%, a decrease of 2.0 p.p. against the same period of 2020.
Compared to the fourth quarter of 2019, a fully comparable period, EBIT showed an increase of €19,218 thousand (+28.6%) with an EBIT margin that was 1.5 p.p higher.
EBIT was impacted for €9,002 thousand by non-recurring expenses, with no items different form ones described in the section on EBITDA. Net of this item, recurring EBIT would have been €7,227 thousand (+8.2%) higher than in the fourth quarter of 2020 and €22,743 (+31.3%) higher than in the same period of 2019, with the EBIT margin down -0.8 p.p. and up +1.9 p.p., respectively.

The following table shows the breakdown of EBIT by segment:

(€ thousands)	FY 2021	EBIT Margin	FY 2020	EBIT Margin	Change	Change %
EMEA	253,128	18.2%	156,989	14.0%	96,139	61.2%
Americas	60,287	19.7%	39,463	20.0%	20,824	52.8%
Asia Pacific	36,524	14.5%	33,062	18.1%	3,462	10.5%
Corporate (*)	(103,939)	-5.3%	(66,112)	-4.4%	(37,827)	-57.2%
Total	**246,000**	**12.6%**	**163,402**	**10.9%**	**82,598**	**50.5%**

(€ thousands)	Fourth quarter 2021	EBIT Margin	Fourth quarter 2020	EBIT Margin	Change	Change %
EMEA	93,357	23.0%	87,602	22.9%	5,755	6.6%
Americas	17,328	21.0%	13,948	22.8%	3,380	24.2%
Asia Pacific	10,211	12.7%	10,207	18.5%	4	0.0%
Corporate (*)	(34,574)	-6.1%	(23,660)	-4.7%	(10,914)	-46.1%
Total	**86,322**	**15.2%**	**88,097**	**17.6%**	**(1,775)**	**-2.0%**

(*) Centralized costs are shown as a percentage of the Group's total sales.

The following table shows the breakdown of EBIT by segment with reference to the recurring transactions:

(€ thousands)	FY 2021	EBIT Margin	FY 2020	EBIT Margin	Change	Change %
EMEA	260,389	18.7%	156,989	14.0%	103,400	65.9%
Americas	60,287	19.7%	39,463	20.0%	20,824	52.8%
Asia Pacific	36,524	14.5%	33,062	18.1%	3,462	10.5%
Corporate (*)	(95,057)	-4.9%	(66,112)	-4.4%	(28,945)	-43.8%
Total	**262,143**	**13.5%**	**163,402**	**10.9%**	**98,741**	**60.4%**

(€ thousands)	Fourth quarter 2021	EBIT Margin	Fourth quarter 2020	EBIT Margin	Change	Change %
EMEA	95,444	23.5%	87,602	22.9%	7,842	9.0%
Americas	17,328	21.0%	13,948	22.8%	3,380	24.2%
Asia Pacific	10,211	12.7%	10,207	18.5%	4	0.0%
Corporate (*)	(27,658)	-4.9%	(23,660)	-4.7%	(3,998)	-16.9%
Total	**95,325**	**16.8%**	**88,097**	**17.6%**	**7,227**	**8.2%**

(*) Centralized costs are shown as a percentage of the Group's total sales.

Europe, Middle-East and Africa

Operating profit (EBIT) amounted to €253,128 thousand in 2021, an increase of €96,139 thousand (+61.2%) with respect to the comparison period, including the slightly negative foreign exchange effect of €184 thousand. The EBIT margin came to 18.2% (+4.2 p.p. against 2020). Compared to 2019, a fully comparable period, EBIT rose €100,690 thousand (+66.1%), with an increase of +6.0 p.p. in the EBIT margin.
EBIT was impacted for €7,261 thousand by non-recurring expenses, which differ from those described in the section on EBITDA due to the accelerated depreciation of a few non-current assets relating to the GAES integration. Net of this item, recurring EBIT would have been €103,400 thousand (+65.9%) higher than in 2020 and €83,833 thousand (+47.5%) higher than in 2019, with the EBIT margin up +4.7 p.p. and +4.6 p.p., respectively.

In the fourth quarter stand alone, EBIT amounted to €93,356 thousand, an increase against the comparison period of €5,755 thousand (+6.6%) including positive exchange differences which had a marginal impact of €12 thousand. The EBIT margin came to 23.0% (0.1 p.p. higher than in the comparison period).
Compared to the fourth quarter of 2019, a fully comparable period, EBIT showed an increase of €21,917 thousand (+30.7%) with an EBIT margin that was up by +4.0 p.p.
The quarterly result was impacted for €2,086 thousand by non-recurring expenses, with no items different form ones described in the section on EBITDA.
Net of this item, recurring EBIT would have been €7,842 thousand (+9.0%) higher than in the fourth quarter of 2020 and €18,596 thousand (+24.2%) higher than in the same period of 2019, with the EBIT margin up +0.6 p.p. and +3.1 p.p., respectively.

America

Operating profit (EBIT) amounted to €60,287 thousand in 2021, an increase of €20,824 thousand (+52.8%) with respect to the comparison period, offset by the negative foreign exchange effect of €2,186 thousand. The EBIT margin came to 19.7%, 0.3 p.p. lower than in 2020 which, however, cannot be considered a viable comparison period. Compared to 2019, EBIT was €19,628 thousand (+48.3%) higher, with the EBIT margin up 0.8 p.p.

In the fourth quarter stand alone, EBIT amounted to €17,328 thousand, an increase against the comparison period of €3,380 thousand (+24.2%) including positive exchange differences of €701 thousand. The EBIT margin came to 21.0%, 1.8 p.p. lower than in the comparison period.
Compared to the fourth quarter of 2019, a fully comparable period, EBIT showed an increase of €5,835 thousand (+50.8%) with an EBIT margin that was up by 2.8 p.p.

Asia e Oceania

Operating profit (EBIT) amounted to €36,524 thousand in 2021, an increase of €3,462 thousand (+10.5%) with respect to the comparison period. The foreign exchange effect was positive for €1,571 thousand. The EBIT margin came to 14.5%, a decrease of 3.6 p.p. against 2020 which cannot be considered a viable comparison period.
Compared to 2019 EBIT rose €6,037 thousand (+19.8%), with the EBIT margin down -1.7 p.p.

In the fourth quarter stand alone, EBIT amounted to €10,211 thousand in line with the comparison period including positive exchange differences of €307 thousand. The EBIT margin came to 12.7%, 5.8 p.p. lower with respect to the fourth quarter of 2020.
Compared to the fourth quarter of 2019, a fully comparable period, EBIT was up by €3,516 thousand (+52.5%) and the EBIT margin fell by -1.4 p.p.

Corporate

The net costs of centralized Corporate functions at the EBIT level amounted to €103,939 thousand in 2021 (5.3% of the revenues generated by the Group's sales and services), an increase of €37,827 thousand with respect to the comparison period and of €45,560 thousand compared to 2019.

The result was impacted for €8,882 thousand by the same non-recurring expenses described in the section on EBITDA.
Net of these items, the costs would have been €28,945 thousand (+43.8%) higher compared to 2020, €36,678 (+62.8%) higher than in 2019 and would have decreased as a percentage of revenues from sales and services by -0.5 p.p. and -1.4 p.p., respectively.

In the fourth quarter stand alone, the net costs totaled €34,574 thousand (6.1% of the revenues generated by the Group's sales and services), an increase of €10,914 thousand (+46.1%) against the fourth quarter of 2020 and of €12,050 thousand (+53.5%) against the fourth quarter of 2019.
The result was impacted for €6,916 thousand by the same non-recurring expenses described in the section on EBITDA.
Net of this item, the costs would have been €3,998 thousand (+16.9%) higher than in the fourth quarter of 2020 and +0.2 p.p. higher as a percentage of the revenues from sales and services. Compared to the same period of 2019, costs would have been €5,134 thousand (+22.8%) higher and up 0.3 p.p. as a percentage of revenues from sales and services.

PROFIT BEFORE TAX

(€ thousands)	FY 2021			FY 2020		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Profit (loss) before tax	239,503	(16,143)	223,360	133,911	-	133,911

(€ thousands)	FOURTH QUARTER 2021			FOURTH QUARTER 2020		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Profit (loss) before tax	93,514	(9,002)	84,512	80,559	-	80,559

Profit before tax amounted to €223,360 thousand in 2021, showing an increase of €89,449 thousand (+66.8%) against the comparison period, with a gross profit margin of 11.5% (+2.6 p.p. with respect to the comparison period). FY 2020 cannot, however, be considered a viable comparison period given the impact of the Covid-19 pandemic. Compared to 2019, the profit before tax was €85,788 thousand (+62.4%) higher.

The result for the reporting period was impacted for €16,143 thousand by the same non-recurring costs commented on in the section relating to EBIT. Net of this item recurring profit before tax would have been €105,592 thousand (+78.9%) higher than in 2020 and €77,717 thousand (+48.0%) higher than in 2019, with the gross profit margin up by 3.4 p.p. and 2.6 p.p., respectively.

Financial expenses were lower due mainly to the capital gain generated by the sale of the equity investments in Ireland and Luxembourg which amounted to €1,571 thousand and the recognition, in accordance with IFRS 9, of €4,571 thousand in income stemming from the fair value measurement of the facility used for the GAES acquisition which was refinanced with a new 5-year credit line described in greater detail in the section on net financial debt, as well as lower interest payable.

In the fourth quarter standalone profit before tax amounted to €84,512 thousand, €3,953 thousand (+4.9%) higher than in the comparison period. The gross profit margin came to 16.1% (-1.3 p.p. against the comparison period). Compared to the fourth quarter of 2019, a fully comparable period, profit before tax was €24,824 thousand (+41.6%) higher, with a gross profit margin that was up 2.7 p.p.
The result for the fourth quarter of 2021 was impacted for €9,002 thousand by the same non-recurring costs commented on in the section relating to EBITDA. Net of this item, there would have been an increase of €12,955 thousand (+16.1%) against the fourth quarter of 2020 and an increase of €28,349 thousand (+43.5%) against the same period of 2019, with the gross profit margin up +0.3 p.p. and +3.1 p.p., respectively.

NET RESULT FROM CONTINUING OPERATIONS

(€ thousands)	FY 2021			FY 2020		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Profit (loss) from continuing operations	**175,299**	**(11,701)**	**163,598**	**96,672**	**-**	**96,672**

(€ thousands)	FOURTH QUARTER 2021			FOURTH QUARTER 2020		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Profit (loss) from continuing operations	**70,136**	**(6,442)**	**63,694**	**58,832**	**-**	**58,832**

Profit (loss) from continuing operations amounted to €163,598 thousand in 2021, an increase of €66,926 thousand (+69.2%) with respect to the comparison period, and came to 8.4% of revenues from sales and services (+2.0 p.p. against the comparison period). FY 2020 cannot be considered a viable comparison period given the impact of the Covid-19 pandemic. Compared to 2019, the profit (loss) from continuing operations was € 65,005 thousand (+65.9%) higher.

The result for the reporting period was impacted for €11,701 thousand by the same non-recurring costs commented on in the section relating to EBIT, net of the relative tax effect. Net of this item, recurring profit (loss) from continuing operations would have been €78,627 thousand (+81.3%) higher than in 2020 and €58,310 thousand (+49.8%) higher than in 2019, with the margin up by 2.6 p.p. and 2.0 p.p., respectively.

The tax rate in the reporting period was 26.8% versus 27.5% in 2020 and 28.3% in 2019.

In the fourth quarter stand alone profit (loss) from continuing operations amounted to €63,694 thousand (11.2% of revenues from sales and services), €4,862 thousand (+8.3%) higher than in the comparison period with a margin that was 0.6 p.p. lower. Compared to the fourth quarter of 2019, a fully comparable period, Profit (Loss) from Continuing Operations was €20,452 thousand (+47.3%) higher and rose as a percentage of sales and services by 2.4 p.p.
Net of the €6,442 thousand in non-recurring items, there would have been an increase of €11,304 thousand (+19.2%) against 2020 and €22,517 thousand (+47.3%) against 2019.

NET PROFIT ATTRIBUTABLE TO THE GROUP

(€ thousands)	FY 2021			FY 2020		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Group net profit (loss)	175,241	(17,456)	157,785	96,614	4,390	101,004

(€ thousands)	FOURTH QUARTER 2021			FOURTH QUARTER 2020		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Group net profit (loss)	70,110	(13,071)	57,039	58,786	1,111	59,897

The net profit attributable to the Group came to €157,785 thousand in 2021, an increase of €56,781 thousand (+56.2%) against the comparison period, with a profit margin of 8.1% (+1.4 p.p. against the comparison period). FY 2020 cannot be considered a viable comparison period given the impact of the Covid-19 pandemic. Compared to 2019, the net profit was €49,116 thousand (+45.2%) higher.

The result for the reporting period was impacted by the same non-recurring costs after taxes commented on above, in addition to the net result of the discontinued business, which had a negative impact of €5,755 thousand (positive for €4,390 thousand in the comparison period). The loss from the discontinued business sold in the reporting period stems mainly from write-downs of a portion of goodwill and receivables.

On a recurring basis, the increase in net profit would have reached €78,627 thousand (+81.4%) compared to 2020 and €58,109 thousand (+49.6%) compared to 2019, with the profit margin up +2.6 p.p. and 2.0 p.p., respectively.

In the fourth quarter stand alone, the Group's net profit came to €57,039 thousand (10.0% of revenues from sales and services), €2,858 thousand (-4.8%) lower than in the comparison period. The profit margin fell 2.0 p.p. Compared to the fourth quarter of 2019, a fully comparable period, net profit shows an increase of €10,037 thousand (+21.4%) with a profit margin that was 0.4 p.p. higher.
The result for the reporting period was impacted by the same non-recurring costs after taxes commented on above, in addition to the net result of the discontinued business which had a negative impact of €6,629 thousand (positive for €1,111 thousand in the comparison period). Net of these non-recurring items, net profit would have been €11,324 thousand (+19.3%) higher than in 2020 and €22,319 thousand (+46.7%) higher than in 2019.

BALANCE SHEET REVIEW

CONSOLIDATED BALANCE SHEET

BY GEOGRAPHICAL AREA (*)

(€ thousands)	12/31/2021				
	EMEA	Americas	Asia Pacific	Eliminations	Total
Goodwill	894,227	166,694	620,549	-	1,681,470
Non-competition agreements, trademarks, customer lists and lease rights	196,789	19,391	68,412	-	284,592
Software, licenses, other intangible fixed assets, fixed assets in progress and advances	91,502	27,521	10,915	-	129,938
Tangible assets	140,362	13,836	32,647	-	186,845
Right-of-use assets	360,625	23,100	53,652	-	437,377
Financial fixed assets	3,968	7,954	-	-	11,923
Other non-current financial assets	37,631	1,808	998	-	40,437
Non-current assets	**1,725,104**	**260,304**	**787,173**	**-**	**2,772,581**
Inventories	49,896	5,557	7,117	-	62,570
Trade receivables	166,832	20,334	18,478	(36,964)	168,680
Other receivables	84,542	27,310	7,205	(22,296)	96,761
Current assets (A)	**301,270**	**53,201**	**32,800**	**(59,260)**	**328,011**
Operating assets	**2,026,374**	**313,505**	**819,973**	**(59,260)**	**3,100,592**
Trade payables	(210,434)	(42,938)	(26,099)	36,964	(242,507)
Other payables	(290,527)	(69,422)	(39,741)	22,296	(377,394)
Provisions for risks and charges (current portion)	(2,804)	(478)	-	-	(3,282)
Current liabilities (B)	**(503,765)**	**(112,838)**	**(65,840)**	**59,260**	**(623,183)**
Net working capital (A) - (B)	**(202,495)**	**(59,637)**	**(33,040)**	**-**	**(295,172)**
Derivative instruments	(3,447)	-	-	-	(3,447)
Deferred tax assets	67,388	6,796	11,001	-	85,185
Deferred tax liabilities	(65,339)	(19,607)	(20,245)	-	(105,191)
Provisions for risks and charges (non-current portion)	(21,291)	(6,369)	(1,419)	-	(29,079)
Liabilities for employees' benefits (non-current portion)	(19,624)	(375)	(763)	-	(20,762)
Loan fees	7,018	-	-	-	7,018
Other non-current liabilities	(146,630)	(12,386)	(1,716)	-	(160,732)
NET INVESTED CAPITAL	**1,340,684**	**168,726**	**740,991**	**-**	**2,250,401**
Group net equity					925,178
Minority interests					2,103
Total net equity					**927,281**
Net medium and long-term financial indebtedness					1,023,780
Net short-term financial indebtedness					(152,594)
Total net financial indebtedness					**871,186**
Lease liabilities	369,514	25,496	56,922	-	451,932
Total lease liabilities & net financial indebtedness					**1,323,118**
NET EQUITY, LEASE LIABILITIES AND NET FINANCIAL INDEBTEDNESS					**2,250,398**

(*) The balance sheet items are analyzed by the Chief Executive Officer and the Top Management by geographical area without separation of the Corporate structures that are natively included in EMEA.

(€ thousands)	12/31/2020				
	EMEA	Americas	Asia Pacific	Eliminations	Total
Goodwill	856,130	147,527	277,952	-	1,281,609
Non-competition agreements, trademarks, customer lists and lease rights	204,674	19,261	35,692	-	259,627
Software, licenses, other intangible fixed assets, fixed assets in progress and advances	70,030	22,381	9,148	-	101,559
Tangible assets	139,426	10,286	27,904	-	177,616
Right-of-use assets	350,449	20,586	38,303	-	409,338
Financial fixed assets	4,075	34,050	-	-	38,125
Other non-current financial assets	29,493	1,144	932	-	31,569
Non-current assets	**1,654,277**	**255,235**	**389,931**	**-**	**2,299,443**
Inventories	46,209	8,003	3,219	-	57,431
Trade receivables	132,556	32,883	16,921	(13,300)	169,060
Other receivables	91,990	4,855	2,404	(38,716)	60,533
Current assets (A)	**270,755**	**45,741**	**22,544**	**(52,016)**	**287,024**
Operating assets	**1,925,032**	**300,976**	**412,475**	**(52,016)**	**2,586,467**
Trade payables	(132,707)	(39,462)	(22,167)	13,300	(181,036)
Other payables	(258,705)	(64,861)	(34,118)	38,716	(318,968)
Provisions for risks and charges (current portion)	(3,075)	(485)	-	-	(3,560)
Current liabilities (B)	**(394,487)**	**(104,808)**	**(56,285)**	**52,016**	**(503,564)**
Net working capital (A) - (B)	**(123,732)**	**(59,067)**	**(33,741)**	**-**	**(216,540)**
Derivative instruments	(5,908)	-	-	-	(5,908)
Deferred tax assets	70,451	6,262	6,958	-	83,671
Deferred tax liabilities	(65,876)	(18,783)	(10,491)	-	(95,150)
Provisions for risks and charges (non-current portion)	(20,175)	(28,734)	(856)	-	(49,765)
Liabilities for employees' benefits (non-current portion)	(23,185)	(135)	(699)	-	(24,019)
Loan fees	7,941	-	-	-	7,941
Other non-current liabilities	(128,363)	(10,562)	(2,436)	-	(141,361)
NET INVESTED CAPITAL	**1,365,430**	**144,216**	**348,666**	**-**	**1,858,312**
Group net equity					800,883
Minority interests					985
Total net equity					**801,868**
Net medium and long-term financial indebtedness					1,103,265
Net short-term financial indebtedness					(469,600)
Total net financial indebtedness					**633,665**
Lease liabilities	359,143	22,885	40,751	-	422,779
Total lease liabilities & net financial indebtedness					**1,056,444**
NET EQUITY, LEASE LIABILITIES AND NET FINANCIAL INDEBTEDNESS					**1,858,312**

INVESTMENTS

In 2021 Amplifon Group continued with its growth strategy and invested more than €113 million.

In Information Technology continuous customer focus and the desire to increase control of operations resulted in projects to support store systems focused on improving the Amplifon Product Experience and back office processes. More in detail, implementation of the new ERP continued through technologies as “software as a service” and “platform as a service”. Such infrastructure will provide the Group with a customized cloud computing environment. The investments made totaled more than €57 million.

Despite the persistence of some restrictive measures related to the Covid-19 pandemic, the Group continued and accelerated development of the distribution network by opening new stores, as well as renewing others, and relocating existing points of sale for a total investment of almost €38.6 million.

NON-CURRENT ASSETS

Non-current assets amounted to €2,772,581 thousand at 31 December 2021, an increase of €473,139 thousand against the €2,299,443 thousand recorded at 31 December 2020.

The changes in the period are explained:

- for €467,356 thousand by acquisitions made in the reporting period, relating mainly to the acquisition of Bay Audio Pty Limited, in addition to other acquisitions made in EMEA and America;
- for €113,403 by capital expenditure;
- for €97,998 thousand by the recognition of right-of-use assets acquired in the period explained primarily by the expansion of the network and renegotiated leases in Spain, Italy, France and Germany; in addition to, albeit to a lesser degree, leases stipulated for the new offices of the subsidiaries in the Netherlands and Belgium;
- for €227,547 thousand by depreciation, amortization and impairment which includes the amortization of the above right-of-use assets;
- for €21,929 thousand by other increases relating primarily to positive exchange differences and increases in accrued income.

The following table shows the breakdown of non-current assets by geographical segment.

(€ thousands)		12/31/2021	12/31/2020	Change
EMEA	Goodwill	894,227	856,130	38,097
	Non-competition agreements, trademarks, customer lists and lease rights	196,789	204,674	(7,885)
	Software, licenses, other intangible fixed assets, fixed assets in progress and advances	91,502	70,030	21,472
	Tangible assets	140,362	139,426	936
	Right-of-use assets	360,625	350,449	10,176
	Financial fixed assets	3,968	4,075	(107)
	Other non-current financial assets	37,631	29,493	8,138
	Non-current assets	**1,725,104**	**1,654,277**	**70,827**
Americas	Goodwill	166,694	147,527	19,167
	Non-competition agreements, trademarks, customer lists and lease rights	19,391	19,260	131
	Software, licenses, other intangible fixed assets, fixed assets in progress and advances	27,521	22,381	5,140
	Tangible assets	13,836	10,286	3,550
	Right-of-use assets	23,100	20,585	2,515
	Financial fixed assets	7,954	34,051	(26,097)
	Other non-current financial assets	1,808	1,145	663
	Non-current assets	**260,304**	**255,235**	**5,069**
Asia Pacific	Goodwill	620,549	277,952	342,597
	Non-competition agreements, trademarks, customer lists and lease rights	68,412	35,692	32,720
	Software, licenses, other intangible fixed assets, fixed assets in progress and advances	10,915	9,148	1,767
	Tangible assets	32,647	27,904	4,743
	Right-of-use assets	53,652	38,303	15,349
	Financial fixed assets	-	-	-
	Other non-current financial assets	998	932	66
	Non-current assets	**787,173**	**389,931**	**397,242**
Total		**2,772,581**	**2,299,443**	**473,138**

Europe, Middle-East and Africa

Non-current assets amounted to €1,725,104 thousand at 31 December 2021, an increase of €70,827 thousand against the €1,654,277 thousand recorded at 31 December 2020.
This difference is explained:

- for €38,176 thousand, by investments in plant, property and equipment, relating primarily to the opening of new stores and the renewal of existing stores and, to a lesser degree, investments in hardware needed for the Information Technology projects;

- for €46,460 thousand, by investments in intangible assets, relating primarily to the new business transformation ERP cloud system for back-office functions (Human Resources, Procurement, Administration and Finance) and upgrades of the front office and customer experience systems;
- €78,593 thousand for right-of-use assets;
- €65,186 thousand for acquisitions made in the period;
- €167,363 thousand for amortization, depreciation and impairment losses, including the amortization and depreciation of the right-of-use assets referred to above;
- €9,775 thousand for other increases relating mainly to positive exchange differences and accrued income.

Americas

Non-current assets amounted to €260,304 thousand at 31 December 2021, an increase of €5,069 thousand against the €255,235 thousand recorded at 31 December 2020.
The change is explained as follows:

- €5,614 thousand for investments in property, plant and equipment;
- for €10,244 thousand, by investments in intangible assets relative, similar to EMEA, the new ERP and front office systems;
- €6,437 thousand for right-of-use assets;
- €25,169 thousand for amortization and depreciation, including the amortization and depreciation of the right-of-use assets referred to above;
- €15,200 thousand for acquisitions made in the period;
- €7,257 thousand for other net decrease relating mainly to €13,313 thousand for exchange rate loss and decrease for reclassification of €20,764 thousand of the Elite's items that have been moved in current-assets.

Asia Pacific

Non-current assets amounted to €787,173 thousand at 31 December 2021, a increase of €397,242 thousand against the €389,931 thousand recorded at 31 December 2020.
The increase is explained as follows:

- for €386,970 thousand, by acquisitions made in the reporting period which refer primarily to the acquisition of Bay Audio in the fourth quarter of 2021;
- for €7,984 thousand, by investments in plant, property and equipment;
- for €4,925 thousand by investments in intangible assets;
- for €12,968 thousand, by right-of-use assets acquired in the year;
- for €35,015 thousand, by amortization and depreciation which includes the amortization and depreciation of the right-of-use assets referred to above;
- for €19,410 thousand, by other net increase relating mainly to positive exchange differences.

NET INVESTED CAPITAL

Net invested capital came to €2,250,401 thousand at 31 December 2021, an increase of €392,089 thousand compared to the €1,858,312 thousand recorded at 31 December 2020.

This increase is attributable to the change in non-current assets described above, partially offset by the decrease in working capital.

The following table shows the breakdown of net invested capital by geographical area.

(€ thousands)	12/31/2021	12/31/2020	Change
EMEA	1,340,684	1,365,430	(24,746)
Americas	168,726	144,216	24,510
Asia Pacific	740,991	348,666	392,325
Total	**2,250,401**	**1,858,312**	**392,089**

Europe, Middle-East and Africa

Net invested capital came to €1,340,684 thousand at 31 December 2021, a decrease of €24,746 thousand against the €1,365,430 thousand recorded at 31 December 2020.

This decline is attributable to the change in non-current assets described above, more than offset by the decrease in working capital and the increase in other medium/long-term payables.

Factoring without recourse in the period involved trade receivables with a face value of €64,590 thousand (€58,716 thousand in the same period of the prior year) and tax credits (VAT only) with a face value of €5,641 thousand (€9,500 thousand in the prior year).

Americas

Net invested capital came to €168,726 thousand at 31 December 2021, an increase of €24,510 thousand against the €144,216 thousand recorded at 31 December 2020.
This increase is explained entirely by the increase in non-current assets described above.

Asia Pacific

Net invested capital came to €740,991 thousand at 31 December 2021, an increase of €392,325 thousand against the €348,666 thousand recorded at 31 December 2020.

This increase is attributable to the change in non-current assets described above, offset slightly by a decrease in deferred tax assets and liabilities.

NET FINANCIAL INDEBTEDNESS

(€ thousands)	12/31/2021	12/31/2020	Change
Net medium and long-term financial indebtedness	1,023,780	1,103,265	(79,485)
Net short-term financial indebtedness	115,972	75,427	40,545
Cash and cash equivalents	(268,546)	(545,027)	276,481
Net financial indebtedness (A)	**871,186**	**633,665**	**237,521**
Lease liabilities – current portion	98,665	85,430	13,235
Lease liabilities – non-current portion	353,267	337,350	15,917
Lease liabilities (B)	**451,932**	**422,780**	**29,152**
Total lease liabilities & net financial indebtedness (A+B) (C)	**1,323,118**	**1,056,445**	**266,673**
Group net equity (D)	925,178	800,883	124,295
Minority interests	2,103	985	1,118
Net Equity (E)	**927,281**	**801,868**	**125,413**
Financial indebtedness/Group net equity (A/D)	**0.94**	**0.80**	
Financial indebtedness/Net equity (A/E)	**0.94**	**0.80**	
Financial indebtedness/EBITDA (*)	**1.68**	**1.63**	

(*) Net financial indebtedness/EBITDA is the ratio of net financial indebtedness, excluding lease liabilities and short-term investments not cash equivalents, to EBITDA for the last four quarters (determined with reference to recurring operations only, based on pro forma figures in case of significant changes to the structure of the Group).

Excluding lease liabilities net financial debt amounted to €871,186 thousand at 31 December 2021, an increase of €237,521 thousand compared to 31 December 2020 attributable directly to acquisition investments of €419,731 thousand (of which €344,744 thousand explained by the Bay Audio acquisition).

In order to strengthen the structure and solidity of the Group's financial position, in the last quarter of 2021 the syndicated loan used for the GAES acquisition was refinanced. The outstanding amount of the prior loan, which amounted to €178,875 thousand at 30 September 2021, was refinanced with a new €210 million 5-year "sustainability-linked" revolving credit facility (linked to a few indicators in Amplifon's Sustainability Plan) stipulated with a few of the counterparties that were part of the prior syndicate.

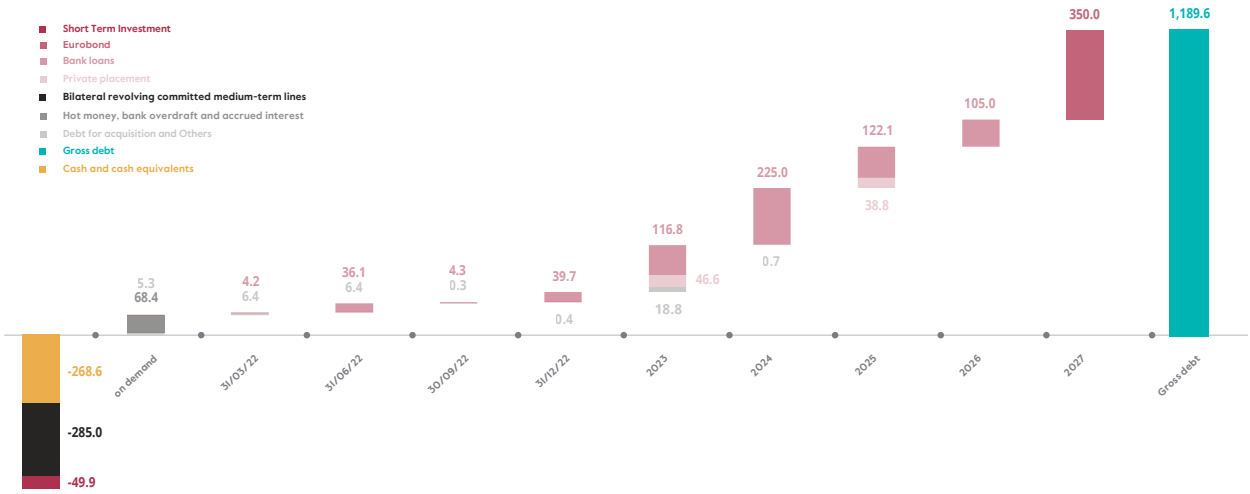
Continuing operations confirmed excellent cash flow generation with free cash flow reaching a positive €254,907 thousand (€256,880 thousand in 2020) after absorbing net capital expenditure of €111,037 thousand (almost double the €57,194 thousand reported in 2020). Net cash-out for acquisitions (€414,565 thousand versus €89,199 thousand in 2020), along with the payment of dividends (€49,356 thousand) and outlays for the buyback program (€31,085 thousand) bring cash flow for the reporting period to a negative €240,414 thousand versus a positive €159,953 thousand in 2020.

At 31 December the Group had cash and cash equivalents of €268,546 thousand compared to total net financial indebtedness €871,186 thousand, net of lease liabilities.

Long-term debt amounts to €1,023,780 thousand, €19,571 thousand of which reflects the long- term portion of deferred payments for acquisitions. The decrease in the period of €79,485 thousand is attributable mainly to the reclassification of bank debt and amounts owed for acquisitions, partially offset by the refinancing of the syndicated loan used for the GAES aquisition referred to above.

The short-term portion of debt was €115,971 thousand, showing an increase of €40,545 thousand explained primarily by hot money used to support treasury activities, partially offset by the refinancing of the syndicated loan used for the GAES acquisition.

The chart below shows the debt maturities compared to the €269 million in available cash and cash equivalents and the unutilized portions of irrevocable credit lines which amount to €285 million, as well as the €171 million in other uncommitted credit lines.



With regard to the bilateral revolving committed medium-term credit lines, on 30 September 2021 Amplifon signed a new 5-year "sustainability-linked" revolving credit facility for €100 million with duration of 5 years. This facility (which is part of the plan to refinance and increase the existing revolving credit facilities), linked to a few indicators in Amplifon's Sustainability Plan, will make it possible to further diversify the sources of funding, as well as extend Amplifon's debt maturities.

Interest payable on financial indebtedness amounted to €17,315 thousand at 31 December 2021, €18,042 thousand at 31 December 2020.

Interest payable on leases recognized in accordance with IFRS 16 amounted to €10,362 thousand versus €10,428 thousand at 31 December 2020.

Interest receivable on bank deposits came to €198 thousand at 31 December 2021 versus €182 thousand at 30 December 2020.

The reasons for the changes in net indebtedness are described in the next section on the statement of cash flows.

RECLASSIFIED CASH FLOW STATEMENT

The reclassified statement of cash flows shows the change in net financial indebtedness from the beginning to the end of the period.
Pursuant to IAS 7, the consolidated financial statements include a statement of cash flows that shows the change in cash and cash equivalents from the beginning to the end of the period.

The statement of cash flows below includes the impact of the discontinued business which is described in greater detail below.

(€ thousands)	FY 2021	FY 2020
OPERATING ACTIVITIES		
Net profit (loss) attributable to the Group	157,785	101,004
Minority interests	58	58
Amortization, depreciation and impairment:		
• Intangible fixed assets	*75,236*	*63,399*
• Tangible fixed assets	*50,650*	*49,183*
• Right-of-use assets	*96,535*	*89,885*
• Impairment of goodwill	*4,989*	-
Total amortization, depreciation and impairment	227,410	202,467
Provisions, other non-monetary items and gain/losses from disposals	17,935	24,799
Group's share of the result of associated companies	(120)	311
Financial income and charges	22,007	28,863
Current and deferred income taxes	57,932	38,264
Change in assets and liabilities:		
• Utilization of provisions	*(7,299)*	*(9,177)*
• (Increase) decrease in inventories	*178*	*942*
• Decrease (increase) in trade receivables	*3,016*	*32,872*
• Increase (decrease) in trade payables	*53,088*	*5,648*
• Changes in other receivables and other payables	*19,119*	*21,109*
Total change in assets and liabilities	68,102	51,394
Dividends received	2	2
Net interest charges	(24,371)	(25,825)

(€ thousands)	FY 2021	FY 2020
Taxes paid	(65,579)	(34,461)
Cash flow provided by (used in) operating activities before repayment of lease liabilities	**461,161**	**386,876**
Repayment of lease liabilities	(95,217)	(72,802)
Cash flow generated from (absorbed) by operating activities	**365,944**	**314,074**
INVESTING ACTIVITIES:		
Purchase of intangible fixed assets	(61,628)	(30,728)
Purchase of tangible fixed assets	(51,774)	(30,108)
Consideration from sale of tangible fixed assets and businesses	2,365	3,642
Cash flow generated from (absorbed) by investing activities	**(111,037)**	**(57,194)**
Cash flow generated from operating and investing activities (Free cash flow)	**254,907**	**256,880**
Business combinations (*)	(419,731)	(89,199)
(Purchase) sale of other investments and securities	5,166	-
Net cash flow generated from acquisitions	**(414,565)**	**(89,199)**
Cash flow generated from (absorbed) by investing activities and acquisitions	**(525,602)**	**(146,393)**
FINANCING ACTIVITIES:		
Dividends	(49,356)	-
Treasury shares	(31,085)	-
Fees paid on medium/long-term financing	(1,099)	(7,709)
Capital increases, third parties' contributions and dividends paid by subsidiaries to third parties	458	(306)
Hedging instruments	(1,681)	(705)
Other non-current assets	2,007	992
Cash flow generated from (absorbed) by financing activities	**(80,756)**	**(7,728)**
Changes in net financial indebtedness	**(240,414)**	**159,953**
Net financial indebtedness at the beginning of the period	(633,665)	(786,698)
Effect of disposal operations on net financial indebtedness	(176)	-
Effect of exchange rate fluctuations on net financial indebtedness	3,069	(6,920)
Changes in net indebtedness	(240,414)	159,953
Net financial indebtedness at the end of the period	**(871,186)**	**(633,665)**

(*) The item refers to the net cash flows used in the acquisition of businesses and equity investments.

The change in net financial debt of €240,414 thousand is attributable to:

(i) Investing activities:
- capital expenditure on property, plant and equipment and intangible assets of €113,403 thousand relating primarily to the new business transformation system for back office functions (Human Resources, Procurement, Administration and Finance), investments in front office and customer experience systems, as well as the opening, renewal and repositioning of stores consistent with Amplifon's new brand image;
- acquisitions amounting to €419,731 thousand (of which €344,744 thousand relative to the Bay Audio acquisition), including the impact of the acquired companies' debt and the best estimate of the earn-out linked to sales and profitability targets payable over the next few years;
- consideration for the businesses sold in Ireland and Luxembourg, as well as a few non-strategic points of sale, of €5,166 thousand;
- net proceeds from the disposal of assets of €2,365 thousand.

(ii) Operating activities:
- interest payable on financial indebtedness and other net financial expenses of €24.371 thousand;
- payment of €65,579 thousand in taxes;
- payment of principle on lease obligations of €95,217 thousand;
- cash flow generated by operations of €551,122 thousand.

(iii) Financing activities:
- payment of €49,356 thousand in dividends to shareholders;
- purchase of €31,085 thousand in treasury shares;
- advance settlement of derivatives amounting to €1,681 thousand;
- net proceeds from other financial assets of €2,007 thousand;
- capital increases of €704 thousand, payment of €253 thousand in dividends to minorities by subsidiaries, €5 thousand in other movements;

(iv) Net debt also benefitted from exchange gains of €3,069.

Non-recurring transactions had a negative impact on cash flow of €12,659 thousand in 2021 attributable for €5,427 thousand to the costs incurred for the GAES Integration, for €5,495 thousand to the costs incurred for the Bay Audio acquisition and for €1,737 thousand to the corporate restructuring of Amplifon S.p.A.

The impact of discontinued operations on the Group's statement of cash flows is shown below:

(€ thousands)	FY 2021	FY 2020
Cash flow generated from (absorbed) by operating activities	3,683	2,056
Cash flow generated from (absorbed) by investing activities	889	(33)
Cash flow generated from operating and investing activities (Free cash flow)	4,571	2,023
Cash flow generated from (absorbed) by investing activities and acquisitions	889	(33)
Cash flow generated from (absorbed) by financing activities	3,769	804
Changes in net indebtedness	**8,340**	**2,827**

ACQUISITION OF COMPANIES AND BUSINESSES

The Group continued with external growth in 2021 and acquired 331 points of sale for a total cash-out of €419,731 thousand (of which €344,744 thousand relative to the Bay Audio acquisition), including the debt consolidated and the best estimate of the earn-out linked to sales and profitability targets payable over the next few years.

More in detail, in 2021:

- 105 points of sales were acquired in Australia as a result of the Bay Audio acquisition;
- 73 new points of sale were acquired in Italy of which 24 in franchising;
- 45 points of sale were acquired in China;
- 43 points of sale were acquired in Germany;
- 41 points of sale that were previously part of the indirect channel and 1 service center were acquired in the United States;
- 15 points of sale were acquired in France;
- 4 points of sale were acquired in Canada;
- 2 points of sale were acquired in Poland;
- 1 point of sale was acquired in Israel;
- 1 point of sale was acquired in New Zealand.

STATEMENT OF CHANGES BETWEEN THE NET EQUITY AND THE RESULTS OF THE PARENT COMPANY AMPLIFON S.P.A. AND THE NET EQUITY AND THE RESULTS OF THE GROUP FOR THE PERIOD AS AT DECEMBER 31ST, 2021

(€ thousands)	Net equity	Net result
Net equity and year-end result as reported in the Parent company's financial statements	**662,084**	**84,279**
Elimination of carrying amount of consolidated investments:		
• difference between carrying amount and the pro-quota value of net equity	78,473	-
• pro-quota results reported by the subsidiaries	189,956	189,956
• pro-quota results reported by investments valued at equity	1,897	120
Elimination of the effects of intercompany transactions:		
• elimination of impairment net of reversals of investments and intercompany receivables	-	5,022
• intercompany dividends	-	(117,836)
• intercompany profits included in the year-end value of inventories net of fiscal effect	(4,780)	(4,076)
• exchange differences and other changes	(349)	378
Net equity and year-end result as stated in the consolidated financial statements	**927,281**	**157,843**
Minority equity and result for the year	2,103	58
Group net equity and result for the year	**925,178**	**157,785**

RISK MANAGEMENT

Aware of how important creating sustainable value is for the stakeholders, we ensure that the way we carry out our business is consistent with our mission and our strategic, operational and compliance goals, by promoting an adequate risk management process as part of our business management. Correct risk management allows for better informed business decisions, reduces the gaps between actual results and targets, and can create a competitive advantage.
In 2021 the Group carried out a review of the risk management process through the development and use of an **Enterprise Risk Management** (ERM) model that is in line with the best international practices and recommendations of the Corporate Governance Code, which is aimed at - through a structured and systematic risk assessment, monitoring and reporting process - an effective management of the Group's main risks, as well as providing the stakeholders involved with adequate information. This methodology called for the **principles of corporate sustainability** to be included in the ERM model in order to create a shared vision as to how to improve the resilience and effectiveness of the organization including with respect to ESG (Environmental, Social and Governance) factors. Given Amplifon's retail business model, the Group's exposure to the environmental risks inherent in climate change is marginal. For a more detailed analysis of ESG linked risks please refer to the 2021 Corporate Sustainability Report which is also the Consolidated Non-Financial Statement prepared by Amplifon in accordance with Legislative Decree 254/2016.

The following elements were taken into account when defining Amplifon's Enterprise Risk Management Model:

- ***Risk Governance:*** the roles and responsibilities of the divisions and bodies involved in the identification, assessment, consolidation and reporting of the Group's risks.
- ***Risk Appetite and thresholds:*** the Group's risk appetite, the thresholds used when assessing risks and the related management strategies.
- ***Risk Model & Risk Universe:*** the reference framework and the risks that could impact the Group.
- ***Risk Assessment:*** the process of identifying and assessing, in terms of impact and probability of occurrence, the risks identified by the parties involved in the process with a view to identifying the Group's main risks.
- ***Risk Reporting & Monitoring:*** the timing and ways in which the results of the risk management process are shared with the Chief Executive Officer, the Risk Control and Sustainability Committee, and Amplifon S.p.A.'s Board of Directors, as well as the monitoring activities carried out based on the risk mitigation plans for the Group's main risks.

The risk management activities are coordinated and facilitated by ***Group Internal Audit and Risk Management***, which supports the other parties involved (Countries, Regional Vice Presidents, Top Management), in the identification, assessment, management and monitoring of the Group's main risks.

The Group's main risks, broken down by categories defined as part of the Risk Model, are described below.

In 2021 further attention was paid to the potential risks that a continuation of the Covid-19 pandemic could cause by monitoring the timing and scope of a possible return to normalcy.

GLOBAL ECONOMIC ENVIRONMENT AND RISKS CONNECTED TO THE PERFORMANCE OF THE COMPANY'S BUSINESS AND THE UNCERTAINTY STEMMING FROM THE IMPACT OF COVID-19

Beginning in March 2020, as the respiratory condition SARS-CoV-2 and the relative Covid-19 pathology spread, the Group immediately adopted a timely plan of action in order to safeguard the health and safety of its people and customers. These actions allowed the Group, including in 2021 which was affected by subsequent waves of Covid-19, to continue to protect the health and safety of all its people and, at the same time, guarantee continuous customer support and service thanks to rigorous operating protocols designed to provide maximum safety in its stores. Remote working was used when necessary, including through rotations, and social distance was maintained for all back-office personnel.

In 2021, thanks to the gradual vaccine roll-outs, the restrictive measures adopted by the authorities in the Countries in which the Group operates were less severe than in 2020 and more geographically confined. More specifically, in 2021 the lockdown measures affected – to varying degrees – many European countries in the first quarter, Australia and New Zealand in the second half of the year, and the Netherlands and Belgium in the fourth quarter. This, along with the benefits stemming from the actions successfully implemented by the Group in 2020 relative to cost containment, cash flow maximization and further strengthening the financial structure, allowed the Group to successfully navigate the 2021 pandemic situation and record excellent results. In fact, despite the persistence of the pandemic, not only did Amplifon report revenues that were 29.6% higher than in 2020 and 17.2% higher than in 2019, which confirms the valid fundamentals of the market and the unchanged

consumer behavior, the Group also posted high profitability with a recurring EBITDA margin that was 190 basis points higher than in 2019, coming in at 24.8%. Lastly, in 2021 the Group also continued with the successful implementation of several strategic initiatives: it completed the roll-out of the Amplifon Product Experience – which includes Amplifon brand products and the Amplifon app – in Belgium, Portugal, New Zealand and Spain; it continued with the consolidation process, consistent with the strategy to further strengthen the position in core markets, with the important acquisition of Bay Audio in Australia and Soundbridge in China, as well as other piecemeal acquisitions in Germany, France and the United States; and lastly, the Group exited the wholesale business with the closure of Elite in the United States, consistent with the Group's strategy to focus on the customer and provide the best customer proposition to the end consumer directly.

Currently it is, however, not possible to predict the duration of the pandemic, nor how it will evolve going forward, and it is, therefore, not possible to predict the effect that the continuation of the pandemic will have on global and domestic economic activities, as well as on the Group's business. We also cannot exclude that if the global market conditions should deteriorate, resulting in, for example, a prolonged recession in Europe and the United States, or worldwide, due to COVID-19, the economic and financial situation of the Group could be compromised even though Amplifon operates in a market sector that is typically less sensitive to fluctuations in the economic cycle, including in moments of crises or economic uncertainty.

EXTERNAL RISKS

External risks derive from exogenous factors linked to the environment and the socio-economic context.

Increased competition

The retail hearing care market is expected to grow over the medium/long-term, consistent with the aging of the population and the increased penetration of hearing solutions in the market thanks to the consumer's increased healthcare awareness. This market is also still noticeably fragmented, but there has been some consolidation due to the vertical integration of hearing aid manufacturers and the expansion of market players (including Amplifon). It is possible, therefore, that competition could increase in the next few years.

The Amplifon Group's main competitors are the specialty retailers, which include the manufacturers of downstream integrated hearing aids, and non-specialty retailers (like optical chains, pharmacies and big box stores) which are generally low-cost providers currently found mainly in Australia, the Netherlands, USA, France and New Zealand.

It is possible, therefore, that these players will continue to pursue a strategy focused on expansion which could potentially erode market share and margins, as well as increase competition in the recruiting and retention of hearing aid specialists, as well as qualified store personnel. The expansion of these players is also affected to changes in the sector's regulatory framework.

Consequently, the Amplifon Group has focused its strategy on strong brand recognition, providing high quality service, as well as on the deep understanding of the consumer, developed thanks to the unparalleled quantity and quality of the data Amplifon possesses and uses to better serve its customers by leveraging on a very unique and innovative customer experience. Toward this end, the Group uses sales protocols focused on excellence in customer service (Amplifon 360) and an increasingly customer-centric approach which enhances the Amplifon Product Experience (APE), proposing Amplifon brand products and a multichannel ecosystem based on which the first point of contact is through the app.

STRATEGIC RISKS

Strategic risks are those that are typical of any given business. If managed correctly they can be the source of a competitive advantage or, conversely, they can compromise the ability to reach targets.

Technological changes in products and/or the operating model

The development of an alternative to the hearing aid as a remedy for hearing loss (e.g., surgical techniques, new technologies or pharmaceuticals) would have a significant impact, but the risk is considered remote and is monitored constantly.

The Group also continues to invest in resources dedicated to the development of new technologies in order to anticipate and respond to any changes in the business.

Amplifon is characterized by the quality of customer service, both in the sales process and through the continuous support provided during the entire life cycle of the hearing aid. The personalization of the device itself is performed through the analysis of the specific needs of the customer, combining the technical aspect with the relational one, in order to be able to provide the best possible service and, at the same time, constitute a strong element of differentiation.

In order to monitor and increase customer service and satisfaction, the Group invests significant resources in the development of its own product line and digital technologies, like the Amplifon App, as well as in redefining its customers' hearing care experience through Ampli-care with a view to maintaining enduring relationships with its customers while also providing a better customer experience both inside and outside the Group's stores, from the first contact through after-sales services.

Investments in Marketing

Amplifon's strategy calls for significant investment in marketing and communications in order to strengthen its brand, increase the rate of penetration of hearing aids and stimulate organic growth.

The marketing investments focus on offline media advertising (mainly television campaigns) and digital channels (including Paid Advertising, Search Engine Optimization and Social Media). The Group also invests in advanced Customer Relationship Management (CRM) systems and campaigns in order to ensure unique and personalized experiences for its customers, as well as in the technological innovation program which comprises Amplifon brand products and the multi-channel eco-system (together referred to as the "Amplifon Product Experience") to provide a complete value proposition, comprising product, service and experience.

Increased sector competition could result in a generalized increase in marketing investments which would be more costly and/or less effective.

The Group could, therefore, find itself in a situation which calls for greater investments in marketing in order to reach the defined targets for organic growth. In order to address this possible change in competition, in addition to counting on its market leadership position, Amplifon also pursues the efficiency and effectiveness of its global marketing investments and pays great attention to the relative returns.

OPERATIONAL RISKS

Operational risks are those inherent in the business's organization and processes, as well as the IT systems, which could impact the efficiency and effectiveness of the Group's operations.

Human resources and the Group's sustainable medium/long-term growth

In order to achieve its medium/long-term goal for growth, the Group must be able to attract, develop and retain the best talent in, above all, the key managerial positions and qualified store personnel, including internationally.

Amplifon strives to be the "employer of choice" and is investing heavily in both the development of a unique and innovative Employer Branding, as well as in talents through specific recruiting initiatives and professional development programs designed to ensure the access to core competencies.

Therefore, the Group has developed and maintains structured channels which facilitate the recruiting of talents who possess specific expertise (for example, data scientists, digital economy and artificial intelligence experts).

With specific reference to the attractiveness and retention objectives of the qualified store personnel, the current environment, affected by growing competition and the persistence of the Covid-19 pandemic, could impact the recruiting and retention of qualified store personnel. Toward this end partnerships are maintained with universities and great attention is paid to continuous, high quality training and professional development. Lastly, "ad hoc" compensation mechanisms and incentives are used when assessing performance.

In order to guarantee success in the medium/long-term, global, local and divisional talent mapping and succession planning are carried out regularly. Amplifon is also committed to analyzing and anticipating future needs for key roles, including with a view to the growth of the business and changes in core markets.

The level of efficiency achieved by the Group in relation to these elements is monitored constantly by evaluating KPIs related to succession planning, recruiting and retention.

Implementation of the new IT systems

In 2021 the Group, consistent with its development goals, continued to work on the implementation and release of new IT systems and:

- continued with the centralization of purchasing activities and the release of the new ERP system within Group companies which was begun in 2020. More in detail, implementation of the new ERP continued through technologies as "software as a service" and "platform as a service". Such infrastructure will provide the Group with a customized cloud computing environment.
- began the implementation of the new front-end system for stores.

Typically, these projects are highly complex, particularly with respect to the management of unique, local characteristics, the roll-out phases and change management.

To address these areas, Amplifon has equipped itself with the internal and external resources needed to ensure that the project goals will be achieved and developed a robust training program in order to train system users, as well as assist with change management.

Cyber Security & data protection

The growing use of technology, the accelerated shift toward digitalization, as well as the introduction of remote working, including in light of the persistence of the Covid-19 pandemic, increases the Company's exposure to different types of internal and external IT risks. These include, more specifically, the increase of cyber-attacks which can target the Group or third parties and which pose a constant threat.

Amplifon monitors potential threats every day and works to prevent, as well as minimize, the impact that these attacks could have.

Activities are carried out and updated constantly which strive to:

- guarantee business continuity;
- prevent the loss of data and information;
- prevent financial losses.

These activities include, among others, (i) implementing processes and systems which strengthen the IT infrastructure (Multi-factor authentication systems, anti- phishing systems, blocked access to suspect websites, network protection); (ii) continuous updating of the Business Continuity and Disaster Recovery plans; (iii) cyber security training for Company personnel; (iv) stipulation of specific insurance policies; (v) data encryption.

Lastly, the possibility that personal data is not processed in accordance with the law, including as a result of data breaches and attacks, could lead to possible sanctions by the privacy authorities.

The Group is committed to maintaining adequate safety standards, duly protecting data and other proprietary information, in order to guarantee compliance with laws relating to confidentiality and privacy. Toward this end, Amplifon continuously monitors any changes and amendments to laws that could materialize over the next few years, takes the necessary measures deemed opportune (i.e., appointment of a Data Protection Officer) and provides training as needed.

REGULATORY RISKS

Regulatory risk stems from compliance with the laws and regulations within the different markets in which the Company operates.

Changes in the regulatory environment

Amplifon operates in a medical sector which is regulated differently in the different countries where the Group is present. The areas which are the most relevant for Amplifon relate to: i) coverage by national health agencies or insurance companies; ii) the sale and distribution of hearing aids and, more specifically, the requisites and qualifications of the professionals who may select, apply and sell hearing solutions; iii) technical aspects of the hearing aids. A change in regulations (for example, in reimbursement conditions, in the scope of and access to public insurance, in the role of the ENT doctors and, above all, the hearing aid specialists, in the qualifications needed to sell hearing aids and related services) could have a direct, even significant, impact on the markets and, consequently, on performance.

With regard, specifically, to the changes in the qualifications needed to sell hearing aids, in 2017 a law, the "Over the Counter Hearing Aid Act", annexed to a law on medical devices (Medical Device User Fee Amendments) and included in the FDA Reauthorization Act based on which the Food and Drug Administration (FDA) was charged with defining and regulating this new category of hearing

aids within the next three years was passed in the United States. This law creates a separate category of hearing aids allowed be sold over-the-counter (OTC) to adults over the age of 18 with mild to moderate hearing loss without first consulting a hearing aid specialist. In October 2021 the Food and Drug Administration (FDA) published the law it proposed to use to regulate the way in which this product category should be introduced with regard, specifically, to technical specifications and the performance of these devices, labeling and classification, as well as consumer protection policies (refunds and returns). The law proposed was then subject to an open review by the various stakeholders. The final legislation will be published and is expected to take effect not before the second half of 2022. While to date the most plausible scenario is that, because of the difference in service and the consumers involved (with mild to moderate hearing loss versus the Group's current core customers which suffer from moderate to severe hearing loss), the introduction of the OTC devices will have a limited impact on the business, though an increase in competition and the arrival of new players cannot be excluded. At the same time, however, the uniqueness of Amplifon's products and services could be proved to be advantageous. Lastly, in addition to regulating the sale of OTC devices, the law proposed by the FDA would treat the other hearing aids as "prescription hearing aids" which must be prescribed by a doctor, audiologist or other authorized hearing specialist which validates the important role that licensed professionals have in helping consumers find safe and effective hearing solutions.

With regard to insurance coverage, while today in the United States only certain services are reimbursed (excluding hearing aids), the possibility of providing full coverage of hearing solutions under Medicare-Part B (public health insurance for beneficiaries over 65) is being considered. A first draft of the proposed legislation was presented to the House in November 2021.

In general, Amplifon has adopted a series of measures which ensure the ability to react to any regulatory changes in a timely manner by constantly monitoring the regulatory issues in the countries where it is present and preparing the action plans that might be needed.

FINANCIAL RISKS

With a view to structured management of treasury activities and financial risks, the Group had already adopted a Treasury Policy in 2012 which contains guidelines for the management of:

- currency risk
- interest rate risk
- credit risk
- price risk
- liquidity risk

This policy is updated periodically in order to guarantee proactive risk management.

Currency Risk

Currency Risk includes the following types of risk:

- foreign exchange transaction risk, that is the risk that the value of a financial asset or liability, a forecasted transaction or a firm commitment, fluctuates due to changes in exchange rates;
- foreign exchange translation risk, that is the risk that the translation of the assets, liabilities, costs and revenues relating to net investment in a foreign operation into the reporting currency gives rise to an exchange gain or loss.

The Amplifon Group's foreign exchange transaction risk relates to:

- the currency risk stemming from the role that the Parent Company is gradually assuming as "purchasing center" for the whole Group. The Parent Company will, ultimately, manage the purchase of hearing aids and accessories directly, along with the resale to the subsidiaries. The purchases from suppliers are generally made in the same currency used in the subsidiaries' invoices with payment terms that are similar to those negotiated with the suppliers which limits the exchange risk to the transfer pricing applied to subsidiaries;
- other transactions in which the purchase costs or sales revenue are denominated in currencies other than the local currency as is the case in a few countries of lesser importance (Israel, Canada and the Central and South American subsidiaries purchased year-end 2018), where the purchasing costs are incurred in Euros and US dollars;
- other intercompany transactions (medium/long-term and short-term loans, charge backs based on intercompany service agreements, other centralized, intercompany dividends, etc) which result in currency risk for the companies operating in currencies other than that of the intercompany transaction;
- the period between the signing and closing of any commitments to purchase equity interests.

Foreign exchange translation risk arises from investments in the United States and Canada, the United Kingdom, Switzerland, Hungary, Poland, Israel, Australia, New Zealand, India, China, Chile, Argentina, Ecuador, Colombia, Panama, Mexico and Egypt.

Group Strategy:

Foreign Exchange Transaction Risk

The Group's strategy aims to minimize the impact of currency volatility on the income statement and calls for risks stemming from significant positions in currencies other than the currency used in the financial statements of each company to be hedged.

This includes any exposures stemming from financial transactions carried out using derivatives to cover the exchange risk. These derivative are typically used to hedge exchange risk relative to: (i) bonds issued in US dollars by Amplifon S.p.A. and subscribed by Amplifon USA Inc, (ii) an intercompany loan granted by Amplifon S.p.A. to the Australian subsidiary Bay Audio Pty Ltd, and (iii) dividends approved, but not yet paid by the American subsidiary, denominated in US dollars.

With regard to operational transactions, including those stemming from the Parent Company's Global Procurement activities and the intercompany services provided, when possible, the risk is covered by using a natural hedge which aims to balance the passive and active currency exposures of each company by maintaining currency deposits which can be used to cover any differences.
Any risk exposure linked to differences in assets and liabilities that cannot be managed using bank deposits in foreign currency will be adequately hedged using instruments that have already been identified.

With regard to the commitments to purchase equity investments in currency other than the Euro such as, specifically, the acquisition of Bay Audio Pty Ltd for which the definitive agreement was signed in July 2021, while the closing took place on 1 October 2021, the Group used flexible forwards to hedge against fluctuations in the Australian dollar.

The loans between the Australian and New Zealand companies and between the American and Canadian companies are considered equity investments insofar as the loans are non-interest-bearing and not expected to be repaid. The impact of exchange differences is recognized directly in the translation reserve at equity without passing through the income statement.

The risks arising from other intercompany transactions worth less than €1 million (or the equivalent if denominated in another currency) are not hedged as the amounts are not material.

Foreign Exchange Translation Risk
The foreign exchange translation risk, in accordance with the Group Treasury Policy, is not hedged. Overall, the impact of the foreign exchange translation risk can be seen in the Group's Euro denominated EBITDA which was around €174 thousand lower than the Group's total EBITDA. The Argentinian subsidiary operates in a high-inflation country but, as the size of the subsidiary is immaterial, the impact on the Group is not significant.

Interest rate risk

Interest rate risk includes the following situations:

- fair value risk, namely the risk that the value of a fixed rate financial asset or liability changes due to fluctuations in market interest rates;
- cash flow risk, namely the risk that the future cash flows of a floating rate financial asset or liability fluctuate due to changes in market interest rates.

In the Amplifon Group fair value risk arises on the issue of fixed rate bonds (private placement and Eurobonds). The cash flow risk derives from floating rate bank loans.
The Group's strategy is to minimize cash flow risk, especially with respect to long-term exposures, through a balanced mix of fixed- and floating-rate loans and assessing whether to switch floating-rate borrowings to fixed-rate when each loan is taken out, as well as over the life of the loans including in light of the current market rates. In any event, at least 50% of the debt must be hedged against interest rate risk. At 31 December 2021, the Group's medium/long- term debt stems for €653 million from floating rate bank loans, €530 million of which had been swapped to fixed rate debt at the date of this report.

The fixed-rate capital market issues (US private placements and Eurobonds) have yet to be converted to floating-rate debt as currently interest rates are low and the possibility that they will increase is limited.

The Benchmark Regulation (BMR) reform, which resulted in the abolition of certain benchmarks (including EONIA e LIBOR) and their substitution with others (€STR and SOFR) did not have an impact on the Company's hedges nor is it expected to have a significant impact in the future.

Credit risk

Credit risk is the risk that the issuer of a financial instrument defaults on its obligations resulting in a financial loss for the investor.

In the Amplifon Group credit risk arises from:
(i) sales made as part of ordinary business operations;
(ii) the use of financial instruments that require settlement of positions with other counterparties;
(iii) the loans granted to members of the indirect channel and commercial partners in the United States for investments and business development.

With regard to the risk under (i) above, the only positions with a high unit value are amounts due from Italian public-sector entities for which the risk of insolvency, while it exists, is remote and further mitigated by the fact that each quarter they are factored without recourse by specialized factoring companies. Conversely, the credit risk arising from sales to private individuals based on instalment payment plans is increasing, as is the credit risk arising from sales to US indirect channel operators (franchisees). This credit risk, however, is spread out over a number of partners and the amount owed by any single individual is limited. The largest of these amounts does not exceed a few million US dollars.
Due to typical business risks, some may not be able to honor their debts. This would result in higher working capital and credit losses. While each subsidiary is responsible for collection of receivables, the Group, through its Corporate functions, has set up a centralized system of monthly reporting relative to trade receivables in order to monitor the composition and due dates for each country, and shares credit recovery initiatives and commercial policies with local management. Payment options like installment plans or loans (with terms limited to a few months) are offered to private customers, the majority of which do, however, use cash,. These are managed by external finance companies which advance the whole amount of the sale to Amplifon, while the situation of the indirect channel in the US is closely monitored by local management.

The risk referred to in (ii) above, notwithstanding the inevitable uncertainties linked to sudden and unforeseeable counterparty default, is managed by making diversified investments with the main national and international investment grade financial institutions and through the use of specific counterparty limits with regard to both liquidity invested and/or deposited and to the notional amount of the derivatives. The counterparty limits are determined based on the short-term ratings of each counterparty or, if a public rating is not available, on capital ratios (Tier 1).

The risk referred to in (iii) above refers to receivables that are typically guaranteed personally by the loan beneficiaries and repayments are generally made when the invoices for the purchases of hearing aids are paid.

Price Risk

This arises from the possibility that the value of a financial asset or liability may change due to fluctuations in market prices (other than those caused by currency or interest-rate fluctuations) due to both characteristics specific to the financial asset or liability or the issuer of the financial liability, as well as changes related to market factors. This risk is typical of financial assets not listed on an active market, which may not be easy to liquidate quickly at a level close to their fair value. The Amplifon Group does not have investments in these kinds of instruments and, therefore, this risk currently does not exist.

Liquidity Risk

Liquidity Risk typically arises when an entity is experiencing difficulty finding sufficient funds to meet its obligations and includes the risk that the counterparties that have granted loans and/or lines of credit may request repayment.

In 2021 expiring credit lines were refinanced and transactions aiming to strengthen financial solidity were carried out. More in detail:

- Amplifon took out a €100 million 5-year "sustainability-linked" revolving credit facility as two revolving credit lines of €105 million were near expiration;
- Amplifon also refinanced the residual €180 million outstanding on the loan used for the GAES acquisition with another 5-year "sustainability-linked" revolving credit facility of €210 million.

These facilities, linked to a few indicators in Amplifon's Sustainability Plan, will make it possible to further diversify the sources of funding, as well as extend Amplifon's debt maturities.

In this way the Amplifon Group created ample headroom which ensures the flexibility needed to take advantage of any opportunities to consolidate and develop business that might materialize.

At the end of the year available short-term credit lines amounted to €171 million. Irrevocable credit lines amounted to €285 million and were unutilized at year-end. The debt is primarily long-term with the first significant maturity, which cannot be extended, in 2023.

Hedging instruments

In accordance with company strategy, hedging instruments are used by the Group exclusively to mitigate interest rate and currency risk and consist solely in financial derivatives. In order to maximize the effectiveness of these hedges the Group's strategy calls for:

- large counterparties with excellent credit standing and transactions which fall within the limits determined in the treasury policy in order to minimize counterparty risk;
- the use of instruments which match, to the extent possible, the characteristics of the risk hedged;
- monitoring of the adequacy of the instruments used in order to check and, possibly, optimize the structure of the instruments used to achieve the purposes of the hedge.

The Group's Treasury Policy also defines the rigorous criteria to be used when selecting counterparties.

The derivatives used by the Group are generally plain vanilla financial instruments. More in detail, the types of derivatives used include:

- cross currency swaps;
- foreign exchange forwards.

On initial recognition these instruments are measured at fair value. At subsequent reporting dates the fair value of derivatives must be re-measured and:

(i) if these instruments fail to qualify for hedge accounting, any changes in fair value that occur after initial recognition are taken to profit and loss;

(ii) if these instruments subsequently qualify as fair value hedges, from that date any changes in the fair value of the derivative are taken to profit and loss; at the same time, any fair value changes due to the hedged risk are recorded as an adjustment to the book value of the hedged item and the same amount is recorded in profit and loss; any ineffectiveness of the hedge is taken to profit and loss;

(iii) if these instruments qualify as cash flow hedges, from that date any changes in the fair value of the derivative are taken to net equity; changes in the fair value of the derivative that are recognized in net equity are subsequently reclassified in the income statement in the period

in which the hedged transaction affects profit and loss; when the object of the hedge is the purchase of a non-financial asset, changes to the fair value of the derivative taken to net equity are reclassified to adjust the purchase cost of the asset hedged (basis adjustment); any ineffectiveness of the hedge is recognized in profit and loss.

The Group's hedging strategy is reflected in the accounts as described above as of the moment the following conditions are satisfied:

- the hedging relationship, its purpose and the overall strategy are formally defined and documented; the documentation includes the identification of the hedging instrument, the hedged item, the nature of the risk to be neutralized and the procedures whereby the entity will assess the effectiveness of the hedge;
- the effectiveness of the hedge may be reliably assessed and there is a reasonable expectation, confirmed by evidence, that the hedge will be highly effective for the period in which the hedged risk exists;
- the hedged risk relates to changes in cash flow connected to a future transaction, the latter is highly probable and entails exposure to changes in cash flow which could affect profit and loss.

Derivatives are recognized as assets if their fair value is positive and as liabilities if their fair value is negative. These balances are shown under current assets or liabilities if related to derivatives which do not qualify for hedge accounting, conversely, they are classified consistently with the hedged item.
In detail, if the hedged item is classified as a current asset or liability, the positive or negative fair value of the hedging instrument is included under current assets or liabilities; if the hedged item is classified as a non-current asset or liability, the positive or negative fair value of the hedging instrument is included under non-current assets or liabilities.

The Group does not have any net investment hedges.

TREASURY SHARES

At 31 December 2021 the share capital comprised 226,388,620 ordinary shares with a par value of €0.02 fully paid in and subscribed, unchanged with respect to 31 December 2020.

A total of 1,035,296 of the performance stock grant rights were exercised in the period, as a result of which the Group transferred the same number of treasury shares to the beneficiaries.

During the reporting period 840,000 treasury shares were purchased as per the buyback program approved by the shareholders during the Annual General Meeting held on 23 April 2021.

A total of 1,407,350 treasury shares, or 0.622% of the parent's share capital, were held at 31 December 2021.

The details related to treasury shares are provided in the following table:

	N. of shares	Average purchase price (Euro) FV of transferred rights (Euro)	Total amount (€ thousand)
Held at 12/31/2020	**1,602,646**	**8.911**	**14,281**
Purchases	840,000	37.006	31,085
Transfers due to exercise of Performance Stock grants	(1,035,296)	15.962	(16,525)
Total at 12/31/2021	**1,407,350**	**20.493**	**28,841**

RESEARCH AND DEVELOPMENT

While the Group does not carry out any typical research and development in relation to hearing aids (insofar as this is carried out by the manufacturers), it does invest important resources in both innovation and technology through the" Amplifon Product Experience", as well as other innovative digital marketing solutions and front-office systems and processes, in order to provide its customers with an excellent "Customer Experience".

TRANSACTIONS WITHIN THE GROUP AND WITH RELATED PARTIES

Pursuant to and in accordance with the Consob Regulation n. 17221 issued on 12 March 2010 and after having received a favourable opinion from the Independent Directors' Committee for Related Parties transactions, on 26 July 2016 Amplifon S.p.A.'s Board of Directors adopted a new version of the regulations for related party transactions in order to change references to certain laws and comply with current norms and regulations.

The transactions with related parties, including intercompany transactions, do not qualify as atypical or unusual, and fall within the Group's normal course of business and are managed at arm's-length, given the nature of the goods and of the services provided.

Information on transactions with related parties is provided in Note 90 of the consolidated financial statements and in Note 38 of the separate financial statements.

CONTINGENT LIABILITIES

Currently the Group is not exposed to any particular risks, uncertainties or legal disputes which exceed the provisions already made in the financial statements, shown in Note 19 and 25. There are currently underway usual tax audits. These audits are presently in the preliminary phase and no findings have been reported so far.

ATYPICAL/UNUSUAL TRANSACTIONS

Please note that in 2021 the Group carried out no atypical and/or unusual transactions as defined in the Consob Bulletin of 28 July 2006.

OUTLOOK

The Group expects the hearing care market to grow by around 4-5% in 2022, supported by pent-up demand which will likely more than offset the expected decline in the French market following its significant structural growth reported in 2021 as a result of the regulatory reform. The global market is also expected to gradually further normalize throughout the year after the last December-January peak in Covid-19 contagions.

In the first two month of 2022, the Group reported a strong revenue growth, expected once again above the reference market, despite the January peak in Covid-19 contagions.

Hence, the Company is very positive for 2022 for which it expects:

- Revenues of Amplifon excluding Bay Audio to grow high-single digit, outperforming the reference market;
- Bay Audio to contribute further to the Group's consolidated revenues reaching around 80 million euros;
- To achieve an EBITDA recurring margin improvement of at least 40 basis points vs. 2021.

Finally, Amplifon remains highly confident on 2023 ambitions while moving fast forward in the execution of its strategic plan thanks to a leading role in the industry's consolidation process and its unique and unmatchable customer proposition which will allow the Group to grow faster than the reference market. The Group will also benefit from the continuous re-investment in the business for long-term sustainable profitable growth.

The Group's 2022 outlook does not include any significant negative impact possibly resulting from the military conflict in Ukraine and assumes no major changes in the evolution of the health emergency and, consequently, no further major disruptions and slowdown in global economic activity. Finally, please note that Amplifon has no business activity in Ukraine nor in Russia.

YEARLY REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE AS AT DECEMBER 31ST 2021

(pursuant to art. 123-bis TUF)

The report on Corporate Governance and Ownership Structure is available on the company's website at https://corporate.amplifon.com/en/governance/governance-system/corporate-governance-reports

NON-FINANCIAL DISCLOSURE AS AT DECEMBER 31ST 2021

The Non-Financial Disclosure is available on the company's website at https://corporate.amplifon.com/en/sustainability/sustainability-reporting.

COMMENTS ON THE ECONOMIC-FINANCIAL RESULTS OF AMPLIFON S.P.A.

On 1 May 2021 the corporate restructuring project of Amplifon S.p.A., definitively approved by Amplifon's Board of Directors on 3 March 2021, was implemented, in order to separate the operational activities relating to the management and sale to the public of acoustic solutions on the Italian market from the strategic direction and management of central services (hereinafter "the Transaction").

The Redefinition Project was implemented through the contribution in kind of the business branch related to the retail business activities in Italy (Ramo Italia) to a newly formed company (Amplifon Italia), a wholly-owned subsidiary of Amplifon S.p.A.

The Transaction, thus structured, made it possible to achieve the following goals:

- modify the corporate structure of the Amplifon Group in order to reflect the changes in its organizational structure and multinational nature. In this context, the Holding, a listed parent company, will, consequently, be responsible for the definition of the strategic direction and coordination of the entire Group as well as the management of centralized services including the centralized procurement system, while the supervision of operational activities in Italy is in charge of Amplifon Italia S.p.A, similar to what happens for the operating companies in the other geographic areas where the parent company is present;
- ensure a better understanding of the single business areas, guaranteeing a governance that is better able to meet the needs of an efficient and effective management of the individual businesses;
- guarantee greater accountability of country Italy's management also through the appointment of general managers and a Board of Directors composed of three members who will be responsible for administering and managing the business in Italy.

As a result of the Transaction, effective 1 May 2021, the Parent Company Amplifon S.p.A. is focused on defining the strategic direction and coordination, as well as the centralized management of services and purchasing, for the entire Group, while Amplifon Italia S.p.A. is responsible for the Italian market operations. With regard to the centralized purchasing activities, the economic impact of this project was marginal in 2020 as it became operative only in the last few months of the year and relative solely to three subsidiaries.

Finally, it should be noted that the contribution in kind of the business branch related to the retail business activities in Italy to Amplifon Italia S.p.A. described above impacted the statement of financial position and income statement. More in detail, for the first 4 months of 2021 the financial statements include the items relative to Ramo Italia, transferred on 1 May 2021 to Amplifon Italia S.p.A. In the first 4 months of the year the sales and Ebitda of Ramo Italia amounted to €104,035 thousand and €38,391 thousand, respectively.

RECLASSIFIED INCOME STATEMENT

In consideration of the new nature of Amplifon S.p.A., a consequence of the corporate reorganization process, some items relating to revenues and other revenues and income in the comparative period have been reclassified to allow for better comparability of the data. For more details, please refer to what is described in the financial statements.

(€ thousands)	FY 2021				FY 2020			
	Recurring	Non-recurring	Total	% on recurring revenues	Recurring	Non-recurring	Total	% on recurring revenues
Total revenues	**249,551**		**249,551**	**100.0%**	**321,255**		**321,255**	**100.0%**
Operating costs	(236,911)	(8,882)	(245,793)	-94.9%	(284,271)	-	(284,271)	-88.5%
Other income and costs	(31,767)	-	(31,767)	-12.7%	24,139	-	24,139	7.5%
Gross operating profit (loss) (EBITDA)	**44,407**	**(8,882)**	**35,525**	**17.8%**	**67,907**	**-**	**67,907**	**21.1%**
Depreciation, amortization and impairment losses on non-current assets	(20,121)	-	(20,121)	-8.1%	(20,086)	-	(20,086)	-6.3%
Right-of-use depreciation	(7,348)	-	(7,348)	-2.9%	(16,782)	-	(16,782)	-5.2%
Operating profit (loss) (EBIT)	**16,938**	**(8,882)**	**8,056**	**6.8%**	**31,039**	**-**	**31,039**	**9.7%**
Income, expenses, valuation and adjustments of financial assets	92,202	-	92,202	36.9%	58,278	-	58,278	18.1%
Net financial expenses	(17,463)	-	(17,463)	-7.0%	(19,669)	-	(19,669)	-6.1%
Exchange differences and non-hedge accounting instruments	69	-	69	-	794	-	794	-
Profit (loss) before tax	**91,747**	**(8,882)**	**82,865**	**36.8%**	**70,442**	**-**	**70,442**	**21.9%**
Tax	(1,227)	2,641	1,414	-0.5%	(3,312)	-	(3,312)	-1.0%
Net profit (loss)	**90,519**	**(6,241)**	**84,279**	**36.3%**	**67,130**	**-**	**67,130**	**20.9%**

EBITDA: operating result before depreciation and write-downs of tangible and intangible fixed assets and usage rights on lease agreements.

EBIT: operating result before financial income and charges and taxes.

The table below shows the impact of the non-recurring transactions referred to in the statements above, which relate to two main streams:

- the costs relating to the Bay Audio Pty. acquisition which was finalized on 1 October 2021;
- the costs relating to the project to redefine the corporate structure of Amplifon S.p.A., effective as of May 1 2021. The main goal of this project is to render the Group's structure consistent with the changes in its organizational structure and multinational nature.

(€ thousands)	FY 2021	FY 2020
Costs related to the acquisition of Bay Audio Pty	(7,372)	-
Costs relating to the corporate restructuring of Amplifon S.p.A	**(1,510)**	**-**
Impact of the non-recurring items on EBITDA	**(8,882)**	**-**
Impact of the non-recurring items on EBIT	**(8,882)**	**-**
Impact of the non-recurring items on profit before tax	(8,882)	-
Impact of the above items on the tax burden of the period	2,641	-
Impact of the non-recurring items on net profit	**(6,241)**	**-**

RECLASSIFIED CONDENSED BALANCE SHEET

The reclassified Consolidated Balance Sheet aggregates assets and liabilities according to operating functionality criteria, subdivided by convention into the following three key functions: investments, operations and finance.

(€ thousands)	12/31/2021	12/31/2020	Change
Goodwill	-	540	(540)
Other intangible fixed assets	64,217	53,383	10,834
Buildings, plants and machinery	8,906	28,129	(19,223)
Right of use assets	18,714	91,449	(72,735)
Fixed financial assets	1,681,760	1,245,354	436,406
Other non-current financial assets	4,792	15,483	(10,691)
Total fixed assets	**1,778,389**	**1,434,338**	**344,051**
Inventories	42	8,780	(8,738)
Trade receivables [1]	166,374	125,201	41,173
Other receivables [2]	78,915	71,628	7,287
Current assets (A)	**245,331**	**205,609**	**39,722**
Total assets	**2,023,721**	**1,639,947**	**383,774**
Trade payables [3]	(124,018)	(75,523)	(48,495)
Other payables [4]	(42,232)	(85,860)	43,628
Short term liabilities (B)	**(166,250)**	**(161,383)**	**(4,867)**
Net working capital (A)-(B)	**79,081**	**44,226**	**34,855**
Derivative instruments [5]	(3,447)	(5,908)	2,461
Deferred tax assets	19,824	27,060	(7,236)
Provisions for risks (non-current portion)	(140)	(17,434)	17,294
Employee benefits (non-current portion)	(891)	(3,465)	2,574
Deferred tax liabilities		(769)	769
Loan fees [6]	7,018	7,941	(923)
Other long-term payables	(1,750)	(28,133)	26,383
NET INVESTED CAPITAL	**1,878,084**	**1,457,856**	**420,228**
Net equity	**662,084**	**639,052**	**23,032**
Short term net financial debt	190,131	(261,824)	451,955
Long term net financial debt	1,005,962	987,784	18,178
Total net financial debt	**1,196,093**	**725,960**	**470,133**
Lease liabilities	19,907	92,843	(72,936)
Total lease liabilities & net financial debt	**1,216,000**	**818,804**	**397,196**
NET EQUITY, LEASE LIABILITIES AND NET FINANCIAL DEBT	**1,878,084**	**1,457,855**	**420,229**

[1] The item "Trade receivables" includes "Receivables from suppliers of acoustic solutions for chargebacks" and "Receivables from subsidiaries and parent company deriving from the sale of goods and services".
[2] The item "Other receivables" includes "Other receivables" and "Other receivables from subsidiaries and parent company".
[3] The item "Trade payables" includes "Trade payables" and "Payables to subsidiaries and parent company".
[4] "Other payables" includes other liabilities, accrued liabilities and deferred income, current portion of liabilities for employees' benefits and tax liabilities.
[5] "Derivatives instruments" includes cash flow hedging instruments not included in the item "Net medium and long-term financial indebtedness".
[6] The item "loan fees" is presented in the balance sheet as a direct reduction of the short-term and medium/long-term components of the items "financial payables" and "financial liabilities" for the short-term and long-term portions, respectively.

CONDENSED RECLASSIFIED CASH FLOW STATEMENT

The condensed consolidated cash flow statement is a summarized version of the reclassified statement of cash flows set out in the following pages and its purpose is, starting from the EBIT, to detail the cash flows from or used in operating, investing and financing activities.

(€ thousands)	FY 2021	FY 2020
Operating profit (loss) (EBIT)	**8,056**	**31,039**
Amortization, depreciation and write down	27,469	36,868
Provisions, other non-monetary items and gain/losses from disposals	13,074	12,667
Net financial expenses	(14,908)	(16,055)
Dividends collected	110,034	23,747
Taxes paid	(11,360)	(11,732)
Changes in net working capital	(3,075)	5,575
Cash flow provided by (used in) operating activities before repayment of lease liabilities	**129,290**	**82,109**
Repayment of lease liabilities	(7,309)	(13,545)
Cash flow provided by (used in) operating activities (A)	**121,981**	**68,564**
Cash flow provided by (used in) operating investing activities (B)	(36,258)	(24,266)
Free Cash Flow (A +B)	**85,723**	**44,298**
Net cash flow provided by (used in) acquisitions (C)	(439,039)	(37,390)
(Purchase) sale of other investment and securities (D)	132	17,347
Cash flow provided by (used in) investing activities (B+C+D)	**(475,165)**	**(44,309)**
Cash flow provided by (used in) operating activities and investing activities	**(353,184)**	**(24,255)**
Other non-current assets	-	(19)
Hedging instruments and other changes in non-current assets	(1,682)	(705)
Fees paid on medium/long-term financing	(1,099)	(7,709)
Dividends	(49,356)	
Purchases of treasury shares	(31,085)	
Capital increases, third parties' contributions and dividends paid by subsidiaries to third parties	-	
Net cash flow from the period	**(436,406)**	**15,822**
Net financial indebtedness as of period opening date	**(725,960)**	**(741,783)**
Change in net financial position	(436,406)	15,822
Cash conferred	(33,727)	-
Net financial indebtedness as of period closing date	**(1,196,093)**	**(725,960)**

The amount of €33,727 thousand refers to the liquidity transferred to Amplifon Italia on 1 May 2021 with the corporate reorganization operation.

REVENUES FROM SALES AND SERVICES

(€ thousands)	FY 2021	FY 2020	Change	Change %
Revenues from sales and services Italian market	104,035	277,056	(173,021)	-62.4%
Revenues from sales and services to subsidiaries	145,516	50,983	94,533	185.4%

Revenues from sales and services provided to end customers in Italy in 2021 include only the sale of hearing solutions and accessories for the first 4 months of the year. In fact, please note that, effective 1 May 2021, as a result of the corporate redefinition project, Amplifon Italia S.p.A. was responsible for the Italian market operations, while the Parent Company Amplifon S.p.A. was focused on the Group's direction and management, as well as the centralized purchasing for the entire Group.

Revenues for services rendered to subsidiaries include:

- the revenues realized by Amplifon S.p.A. for the Group's centralized procurement which went from €5,246 thousand at 31 December 2020 to €69,400 thousand at 31 December 2021. The increase is attributable to the gradual expansion of the activity begun in the latter part of 2020 which affected only 3 subsidiaries and progressively expanded to 3 more in the current year;
- the revenues for services rendered to subsidiaries based on intercompany service agreements which amounted to €76,115 thousand at 31 December 2021 (€45,734 thousand at 31 December 2020) and relate to centralized services including human resources management, marketing, implementation of shared IT systems. The increase reflects the gradual increase in the centralization of functions in Amplifon S.p.A.

GROSS OPERATING PROFIT (EBITDA)

(€ thousands)	FY 2021			FY 2020		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Gross operating profit (loss) (EBITDA)	44,407	(8,882)	35,525	67,907	-	67,907

Gross operating profit (EBITDA), which is affected by the effects of non-recurring charges for a total of €8,882 thousand relating to the acquisition of Bay Audio Pty and the corporate redefinition project described above, is equal to €35,525 thousand (18% of revenues from sales and services) compared to to €67,907 thousand at 31 December 2020. The negative change is due to the effects of the corporate reorganization project as a result of which starting from 1 May 2021 Amplifon S.p.A. no longer benefits directly from the margins deriving from operating activities on the Italian market. On the other hand, the progressive roll-out of the centralized purchasing model currently concerns only some subsidiaries and, only in the future, will it allow for this decrease to be absorbed.

OPERATING PROFIT (EBIT)

(€ thousands)	FY 2021			FY 2020		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Operating profit (loss) (EBIT)	**16,938**	**(8,882)**	**8,056**	**31,039**	**-**	**31,039**

Operating profit (EBIT), which was impacted by the non-recurring transactions referred to above for €8,882 thousand, amounted to €8,056 thousand (6.8% of revenues from sales and services) and reflects the change in EBITDA described above net of the decrease in depreciation of tangible fixed assets and the right of use transferred to Amplifon Italia S.p.A.

PROFIT BEFORE TAX

(€ thousands)	FY 2021			FY 2020		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Profit (loss) before tax	**91,747**	**(8,882)**	**82,865**	**70,442**	**-**	**70,442**

Profit before tax amounted to €82,865 thousand in 2021 compared to € 70,442 thousand in the year 2020, with a decrease of € 12,423 thousand.
The increase in dividends from subsidiaries, the recognition of €4,571 thousand in income pursuant to IFRS 9 stemming from the GAES acquisition facility which was refinanced with a new 5-year facility and drop in interest payable offset the drop in EBITDA and EBIT margins described above.

NET PROFIT ATTRIBUTABLE TO THE GROUP

(€ thousands)	FY 2021			FY 2020		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Group net profit (loss)	**90,519**	**(6,241)**	**84,279**	**67,130**	**-**	**67,130**

Net profit reached €84,279 thousand in 2021 compared to €67,130 posted in 2020, an increase of €17,149 thousand. The tax rate shows a positive incidence equal to 1.7%.
Excluding the impact of the dividends, which are taxed at only 5% of their total, the tax rate would have reached a positive value of 27.7%.

NON-CURRENT ASSETS

(€ thousands)	12/31/2021	12/31/2020	Change
Goodwill		540	(540)
Other intangible fixed assets	64,217	53,383	10,834
Tangible assets	8,906	28,129	(19,223)
Right-of-use assets	18,714	91,449	(72,735)
Financial fixed assets	1,681,760	1,245,354	436,406
Other non-current financial assets	4,792	15,483	(10,691)
Non-current assets	**1,778,389**	**1,434,338**	**344,051**

Non-current assets amounted to €1,778,389 thousand at 31 December 2021 versus €1,434,338 thousand at 31 December 2020, an increase of €344,051 thousand is attributable to:

- increases in financial assets linked to the acquisitions made in the reporting period, primarily the acquisition of Bay Audio which was completed in the fourth quarter of 2021 for €332 million;
- increases in the period of intangible assets mainly attributable to investments in the information technology area where the continuous attention to the customer and the objective of greater control over operating activities has driven a significant effort made both in terms of technological infrastructures and systems of store in support of the Amplifon Product Experience (which has redefined the entire customer journey of the Amplifon customer) and in terms of operational and back office processes with the progressive release of a new ERP system based on new technologies as "software as a service" and "platform as a service". Such infrastructure will provide the Group with a customized cloud computing environment in order to benefit Human Resources and Administration and Finance functions. Significant investments in tangible fixed assets concerned the systems for the rationalization of the Group's procurement and the centralization of purchases;
- decreases stemming from the transfer to Amplifon Italia S.p.A. of the fixed assets relating to the Ramo Italia, conferred on May 1, 2021, including the goodwill and rights of use assets of the network of stores in Italy.

NET INVESTED CAPITAL

Net invested capital came to €1,878,084 thousand at 31 December 2021, an increase of €420,228 thousand against the €1,457,856 thousand recorded at 31 December 2020
The change is attributable primarily to:

- the increase in non-current assets described above, along with the increase in working capital;
- increase in net working capital to be attributed mainly to receivables from Amplifon Italia and the other companies of the group for the provision of services and the sale of hearing aids, net of the decrease in receivables from customers on the Italian market as a result of the corporate separation transaction.

NET FINANCIAL POSITION

(€ thousands)	12/31/2021	12/31/2020	Change
Net medium and long-term financial indebtedness	1,005,962	987,784	18,178
Net short-term financial indebtedness	393,416	244,703	148,713
Cash and cash equivalents	(203,284)	(506,527)	303,243
Net financial indebtedness (A)	**1,196,093**	**725,960**	**470,133**
Lease liabilities – current portion	2,545	15,496	(12,951)
Lease liabilities – non-current portion	17,362	77,347	(59,985)
Lease liabilities (B)	**19,907**	**92,843**	**(72,936)**
Total lease liabilities & net financial indebtedness (A+B) (C)	**1,216,000**	**818,804**	**397,196**

Excluding lease liabilities, net financial debt amounted to €1,196,093 thousand at 31 December 2021 versus €725,960 thousand at 31 December 2020. The increase is attributable mainly to the Bay Audio acquisition (€332 million), Soundbridge (€6.7 million), the capital increase carried out by the German subsidiary (€70 million), the purchase of treasury shares (€31.0 million) and the payment of €49 million in dividends to shareholders net of the effects of dividends collected.

Net financial debt including the lease liabilities amounted to €1,216,000 thousand versus €818,803 thousand in the comparative period. The lease liabilities were €72,936 thousand lower as a result of the corporate redefinition project which resulted in the transfer of the assets of Ramo Italia to Amplifon Italia S.p.A. More specifically, the right of use for the stores operating in Italy was transferred.

NET EQUITY

(€ thousands)	12/31/2021	12/31/2020	Change
Net Equity	**662,084**	**639,052**	**23,032**

Net equity amounted to €662,083 thousand at 31 December 2021 versus €639,052 thousand at 31 December 2020, an increase of €23,031 thousand, is to be attributed to the profit for the year and to the accounting of the Stock Grant plans net of the decrease resulting from the payment of dividends and the effects of the purchase of treasury shares.

RECLASSIFIED CONDENSED CASH FLOW STATEMENT

The condensed consolidated cash flow statement is a summarized version of the reclassified statement of cash flows set out in the following pages and its purpose is, starting from the EBIT, to detail the cash flows from or used in operating, investing and financing activities.

(€ thousands)	FY 2021	FY 2020
Operating profit (loss) (EBIT)	**8,056**	**31,039**
Amortization, depreciation and write down	27,469	36,868
Provisions, other non-monetary items and gain/losses from disposals	13,074	12,667
Net financial expenses	(14,908)	*(16,055)*
Dividends collected	110,034	*23,747*
Taxes paid	(11,360)	*(11,732)*
Changes in net working capital	(3,075)	5,575
Cash flow provided by (used in) operating activities before repayment of lease liabilities	**129,290**	**82,109**
Repayment of lease liabilities	(7,309)	(13,545)
Cash flow provided by (used in) operating activities (A)	**121,981**	**68,564**
Cash flow provided by (used in) operating investing activities (B)	**(36,258)**	(24,266)
Free Cash Flow (A +B)	**85,723**	**44,298**
Net cash flow provided by (used in) acquisitions (C)	(439,039)	*(37,390)*
(Purchase) sale of other investment and securities (D)	132	*17,347*
Cash flow provided by (used in) investing activities (B+C+D)	**(475,165)**	**(44,309)**
Other non-current assets	-	*(19)*
Hedging instruments and other changes in non-current assets	(1,682)	*(705)*
Fees paid on medium/long-term financing	(1,099)	(7,709)
Dividends	(49,356)	-
Purchases of treasury shares	(31,085)	-
Capital increases, third parties' contributions and dividends paid by subsidiaries to third parties	-	-
Net cash flow from the period	**(436,406)**	**15,822**
Net financial indebtedness as of period opening date	**(725,960)**	**(741,783)**
Change in net financial position	(436,406)	15,822
Cash conferred	(33,727)	-
Net financial indebtedness as of period closing date	**(1,196,093)**	**(725,960)**

The amount of €33,727 thousand refers to the liquidity transferred to Amplifon Italia on 1 May 2021 with the corporate reorganization operation.

The increase in net financial debt of €470,133 thousand is attributable mainly to:

a) Investing activities:
   - net increase in property, plant and equipment and intangible assets of €36,290 thousand relating largely to investments in information technology, particularly the development of the new ERP system, hardware and updating of the headquarters;
   - an increase in the value of equity investments due mainly to the acquisition of Bay Audio in Australia.

b) operating activities:
   - interest expense on financial indebtedness and other net financial charges of €14,907 thousand, €838 thousand of which for imputed interest on operating leases;
   - payment of taxes which amounted to €11,360 thousand;
   - dividends received from subsidiaries amounting to €110,034 thousand;

c) financing activities:
   - settlement of hedges amounting to €1,682 thousand and fees on medium/long-term loans of €1,099 thousand;
   - purchase of €31,085 thousand in treasury shares;
   - payment of €49,356 thousand in dividends.

d) Cash conferred to Amplifon Italia S.p.A. following the transfer of the business unit for €33,727 thousand.

DATA CONTROLLER

The Board of Directors, held on May 7th, 2019, appointed the Chief Executive Officer as representative of "Data Controller" for all processing of personal data relating to the purposes of Amplifon SpA, as well as for data processing of personal data deriving from the management of the world market and from the governance of the Group.

SUBSIDIARIES

Amplifon S.p.A. set up a branch office, Amplifon Succursale de Paris, with offices in Arcueil, 22 avenue Aristide Briand, France.

MANAGEMENT OUTLOOK

In the wake of the corporate restructuring which resulted in the transfer of the Italian market business to Amplifon Italia S.p.A., Amplifon S.p.A. is now focused on defining the strategic direction and coordination, as well as the centralized management of services and purchasing, for the entire Group. In 2022, as a result of the gradual roll out of the centralized procurement model to include other, important subsidiaries, and with increased centralization of services, we expect to see a further, significant increase in the revenues generated by these activities and, consequently, in profitability.

Amplifon Italia's 2022 outlook does not include any significant negative impact possibly resulting from the military conflict in Ukraine and assumes no major changes in the evolution of the health emergency and, consequently, no further major disruptions and slowdown in global economic activity. Finally, please note that Amplifon has no business activity in Ukraine nor in Russia.

Milan, March 03rd, 2022

CEO
Enrico Vita

Disclaimer
This report contains forward looking statements ("Outlook") regarding future events and the Amplifon Group's operating, economic and financial results. These forecasts, by definition, contain elements of risk and uncertainty, insofar as they are linked to the occurrence of future events and developments. The actual results may be very different with respect to the original forecast due to several factors, the majority of which are out of the Group's control.

SECTION 02

CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 DECEMBER 31ST, 2021

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION(*)

(€ thousands)		12/31/2021	12/31/2020	Change
Assets				
Non-current assets				
Goodwill	**Note 3**	1,681,470	1,281,609	399,861
Intangible fixed assets with finite useful life	**Note 4**	414,531	361,185	53,346
Tangible fixed assets	**Note 5**	186,845	177,616	9,229
Right-of-use assets	**Note 6**	437,377	409,338	28,039
Equity-accounted investments	**Note 37**	2,133	2,002	131
Hedging instruments	**Note 8**	10,983	4,327	6,656
Deferred tax assets	**Note 28**	85,185	83,671	1,514
Contract costs	**Note 11**	9,452	7,777	1,675
Other assets	**Note 7**	40,773	59,916	(19,143)
Total non-current assets		**2,868,749**	**2,387,441**	**481,308**
Current assets	**Note 9**	62,570	57,432	5,138
Inventories	**Note 10**	168,680	169,060	(380)
Trade receivables	**Note 11**	5,187	5,051	136
Contract costs	**Note 12**	91,555	55,464	36,091
Other receivables	**Note 8**	168	-	168
Hedging instruments	**Note 13**	49,836	8,997	40,839
Other financial assets	**Note 14**	268,546	545,027	(276,481)
Cash and cash equivalents		**646,542**	**841,031**	**(194,489)**
Total current assets		**3,515,291**	**3,228,472**	**286,819**

(€ thousands)		12/31/2021	12/31/2020	Change
Liabilities				
Net Equity				
Share capital	**Note 15**	4,528	4,528	-
Share premium reserve		202,712	202,712	-
Treasury shares		(28,841)	(14,281)	(14,560)
Other reserves		(5,272)	(40,562)	35,290
Retained earnings		594,266	547,482	46,784
Profit (loss) for the period		157,785	101,004	56,781
Group net equity		**925,178**	**800,883**	**124,295**
Minority interests		**2,103**	**985**	**1,118**
Total net equity		**927,281**	**801,868**	**125,413**
Non-current liabilities				
Medium/long-term financial liabilities	**Note 17**	1,010,585	1,069,321	(58,736)
Lease liabilities	**Note 18**	353,267	337,350	15,917
Provisions for risks and charges	**Note 19**	29,079	49,765	(20,686)
Liabilities for employees' benefits	**Note 20**	20,762	24,019	(3,257)
Hedging instruments	**Note 8**	2,531	5,963	(3,432)
Deferred tax liabilities	**Note 28**	105,191	95,150	10,041
Payables for business acquisitions	**Note 21**	19,571	32,262	(12,691)
Contract liabilities	**Note 23**	144,414	130,016	14,398
Other long-term liabilities	**Note 24**	16,318	11,344	4,974
Total non-current liabilities		**1,701,718**	**1,755,190**	**(53,472)**
Current liabilities				
Trade payables	**Note 22**	242,507	181,036	61,471
Payables for business acquisitions	**Note 24**	12,667	6,693	5,974
Contract liabilities	**Note 23**	107,414	102,999	4,415
Tax liabilities	**Note 24**	54,537	62,089	(7,552)
Other payables	**Note 24**	211,475	150,741	60,734
Hedging instruments	**Note 8**	552	112	440
Provisions for risks and charges	**Note 25**	3,282	3,560	(278)
Liabilities for employees' benefits	**Note 26**	4,081	3,139	942
Short-term financial liabilities	**Note 27**	151,112	75,615	75,497
Lease liabilities	**Note 18**	98,665	85,430	13,235
Total current liabilities		**886,292**	**671,414**	**214,878**
Total liabilities		**3,515,291**	**3,228,472**	**286,819**

(*) Transactions with related parties have not been reported separately because not material both at single entity and at consolidated level. Please refer to note 40 for more details.

CONSOLIDATED INCOME STATEMENT(*)

(€ thousands)		FY 2021			FY 2020			
		Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Change
Revenues from sales and services	Note 29	1,948,075	-	1,948,075	1,503,258	-	1,503,258	444,817
Operating costs	Note 30	(1,470,711)	(14,000)	(1,484,711)	(1,151,106)	-	(1,151,106)	(333,605)
Other income and costs	Note 31	5,412	(450)	4,962	13,681	-	13,681	(8,719)
Gross operating profit (EBITDA)		**482,776**	**(14,450)**	**468,326**	**365,833**	**-**	**365,833**	**102,493**
Amortization, depreciation and impairment	Note 32							
Amortization of intangible fixed assets		(74,706)	-	(74,706)	(61,455)	-	(61,455)	(13,251)
Depreciation of tangible fixed assets		(46,856)	(1,693)	(48,549)	(47,716)	-	(47,716)	(833)
Right-of-use depreciation		(96,244)	-	(96,244)	(89,769)	-	(89,769)	(6,475)
Impairment losses and reversals of non-current assets		(2,827)	-	(2,827)	(3,491)	-	(3,491)	664
		(220,633)	**(1,693)**	**(222,326)**	**(202,431)**	**-**	**(202,431)**	**(19,895)**
Operating result		**262,143**	**(16,143)**	**246,000**	**163,402**	**-**	**163,402**	**82,598**
Financial income, expenses and value adjustments to financial assets	Note 33							
Group's share of the result of associated companies valued at equity and gains/ losses on disposals of equity investments		120	-	120	(346)	-	(346)	466
Other income and expenses, impairment and revaluations of financial assets		1,574	-	1,574	2	-	2	1,572
Interest income and expenses		(17,117)	-	(17,117)	(17,860)	-	(17,860)	743
Interest expenses on lease liabilities		(10,362)	-	(10,362)	(10,428)	-	(10,428)	66
Other financial income and expenses		2,150	-	2,150	(1,490)	-	(1,490)	3,640
Exchange gains and losses		1,118	-	1,118	737	-	737	381
Gain (loss) on assets accounted at fair value		(123)	-	(123)	(106)	-	(106)	(17)
		(22,640)	**-**	**(22,640)**	**(29,491)**	**-**	**(29,491)**	**6,851**
Profit (loss) before tax		**239,503**	**(16,143)**	**223,360**	**133,911**	**-**	**133,911**	**89,449**
Current and deferred income tax	Note 34							
Current tax		(67,880)	4,442	(63,438)	(46,361)	-	(46,361)	(17,077)
Deferred tax		3,676	-	3,676	9,122	-	9,122	(5,446)
		(64,204)	**4,442**	**(59,762)**	**(37,239)**	**-**	**(37,239)**	**(22,523)**
Profit (loss) from continuing operations		**175,299**	**(11,701)**	**163,598**	**96,672**	**-**	**96,672**	**66,926**
Profit (loss) from discontinued operations	Note 36	-	(5,755)	(5,755)	-	4,390	4,390	(10,145)
Net profit (loss)		**175,299**	**(17,456)**	**157,843**	**96,672**	**4,390**	**101,062**	**56,781**
Net profit (loss) attributable to Minority interests		**58**	**-**	**58**	**58**	**-**	**58**	**-**
Net profit (loss) attributable to the Group		**175,241**	**(17,456)**	**157,785**	**96,614**	**4,390**	**101,004**	**56,781**

(*) Transactions with related parties have not been reported separately because not material both at single entity and at consolidated level. Please refer to note 40 for more details. Furthermore, as requested by IFRS 5, consolidated income statement does not include items related to Elite Hearing network that has been abandoned during Q4-2021 (for further details, please see note n.36).

Earnings and dividend per share (€ per share)	Note 39	FY 2021 (*)	FY 2020
Earnings per share			
- Basic		0.70182	0.45132
- Diluted		0.69409	0.44556
Dividend per share		0.26 (*)	0.22 (*)

(*) Dividend proposed by the Board of Directors at the Shareholders General Meeting convened on April 22th, 2022.

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

(€ thousands)		FY 2021	FY 2020
Net income (loss) for the period		**157,843**	**101,062**
Other comprehensive income (loss) that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit plans	**Note 20**	3,281	1,557
Tax effect on components of other comprehensive income that will not be reclassified subsequently to profit or loss		(508)	(292)
Total other comprehensive income (loss) that will not be reclassified subsequently to profit or loss after the tax effect (A)		**2,773**	**1,265**
Other comprehensive income (loss) that will be reclassified subsequently to profit or loss			
Gains/(losses) on cash flow hedging instruments	**Note 8**	2,447	3,380
Gains/(losses) from Foreign Currency Basis Spread on hedging instruments	**Note 8**	170	(492)
Gains/(losses) on exchange differences from translation of financial statements of foreign entities		27,048	(19,281)
Tax effect on components of other comprehensive income that will be reclassified subsequently to profit or loss		(26)	518
Total other comprehensive income (loss) that will be reclassified subsequently to profit or loss after the tax effect (B)		**29,639**	**(15,875)**
Total other comprehensive income (loss) (A)+(B)		**32,412**	**(14,610)**
Comprehensive income (loss) for the period		**190,255**	**86,452**
Attributable to the Group		189,890	86,505
Attributable to Minority interests		365	(53)

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(€ thousands)		Share capital	Share premium reserve	Legal reserve	Other reserves	Treasury shares reserve	Stock option and stock grant reserve
Balance at 01/01/2020		**4,528**	**202,712**	**934**	**3,636**	**(29,131)**	**34,963**
Allocation of profit (loss) for 2019							
Share capital increase							
Treasury shares							
Dividend distribution							
Notional cost of stock grants	**Note 35**						16,378
Other changes						14,850	(16,561)
- *Stock Grant*						*14,850*	*(16,561)*
- *Inflation accounting*							
- *Other changes*							
Total comprehensive income (loss) for the period							
- *Hedge accounting*	**Note 8**						
- *Actuarial gains (losses)*							
- *Deferred taxes accounted for within Net Equity*							
- *Translation differences*							
- *Result for FY 2020*							
Balance at 31/12/2020		**4,528**	**202,712**	**934**	**3,636**	**(14,281)**	**34,780**

(€ thousands)		Share capital	Share premium reserve	Legal reserve	Other reserves	Treasury shares reserve	Stock option and stock grant reserve
Balance at 01/01/2021		**4,528**	**202,712**	**934**	**3,636**	**(14,281)**	**34,780**
Allocation of profit (loss) for 2020							
Share capital increase							
Treasury shares						(31,085)	
Dividend distribution							
Notional cost of stock grants	**Note 35**						17,067
Other changes						16,525	(13,281)
- *Stock Grant*						*16,525*	*(13,281)*
- *Inflation accounting*							
- *Other changes*							
Total comprehensive income (loss) for the period						-	-
- *Hedge accounting*	**Note 8**						
- *Actuarial gains (losses)*							
- *Deferred taxes accounted for within Net Equity*							
- *Translation differences*							
- *Result for FY 2021*							
Balance at 31/12/2021		**4,528**	**202,712**	**934**	**3,636**	**(28,841)**	**38,566**

Cash flow hedge reserve	Foreign Curr. Basis Spread Reserve	Actuarial gains and losses	Retained earnings	Translation differences	Profit (loss) for the period	Total Shareholders' equity	Minority interests	Total net equity
(5,462)	**(748)**	**(11,048)**	**432,925**	**(46,944)**	**108,666**	**695,031**	**1,084**	**696,115**
			108,666		(108,666)	-		-
						-		-
						-		-
						-		-
						16,378		**16,378**
			4,679			**2,968**	(46)	**2,922**
			1,712			***1***		***1***
			4,240			***4,240***		***4,240***
			(1,272)			***(1,272)***	*(46)*	***(1,318)***
2,569	(374)	1,265	1,211	(19,170)	101,004	**86,505**	**(53)**	**86,452**
2,569	*(374)*					***2,195***		***2,195***
		1,265				***1,265***		***1,265***
			1,211			***1,211***		***1,211***
				(19,170)		***(19,170)***	*(111)*	***(19,281)***
					101,004	***101,004***	*58*	***101,062***
(2,893)	**(1,122)**	**(9,783)**	**547,482**	**(66,114)**	**101,004**	**800,883**	**985**	**801,868**

Cash flow hedge reserve	Foreign Curr. Basis Spread Reserve	Actuarial gains and losses	Retained earnings	Translation differences	Profit (loss) for the period	Total Shareholders' equity	Minority interests	Total net equity
(2,893)	**(1,122)**	**(9,783)**	**547,482**	**(66,114)**	**101,004**	**800,883**	**985**	**801,868**
			101,004		(101,004)	-		-
						-		-
						(31,085)		**(31,085)**
			(49,356)			**(49,356)**		**(49,356)**
						17,067		**17,067**
-	-		(5,466)			**(2,222)**	754	**(1,468)**
			(3,244)			-		-
			6,815			***6,815***		***6,815***
			(9,037)			***(9,037)***	754	***(8,283)***
1,860	129	2,773	602	26,741	157,785	**189,890**	365	**190,255**
1,860	*129*					***1,989***		***1,989***
		2,773				***2,773***		***2,773***
			602			***602***		***602***
				26,742		***26,742***	*306*	***27,048***
					157,785	***157,785***	*58*	***157,843***
(1,033)	**(993)**	**(7,010)**	**594,266**	**(39,372)**	**157,785**	**925,178**	**2,103**	**927,281**

STATEMENT OF CONSOLIDATED CASH FLOWS(*)

(€ thousands)	FY 2021	FY 2020
Operating activities		
Net profit (loss)	157,843	101,062
Amortization, depreciation and impairment:		
- intangible fixed assets	75,236	63,400
- tangible fixed assets	50,650	49,182
- right-of-use assets	96,535	89,885
- goodwill	4,989	-
Provisions, other non-monetary items and gain/losses from disposals	17,935	24,799
Group's share of the result of associated companies	(120)	311
Financial income and expenses	22,006	28,863
Current and deferred taxes	58,382	38,263
Cash flow from operating activities before change in working capital	***483,456***	***395,765***
Utilization of provisions	(7,299)	(9,179)
(Increase) decrease in inventories	178	942
Decrease (increase) in trade receivables	3,016	32,873
Increase (decrease) in trade payables	53,088	5,648
Changes in other receivables and other payables	19,123	21,110
Total change in assets and liabilities	***68,106***	***51,395***
Dividends received	2	2
Interest received (paid)	(23,616)	(21,234)
Taxes paid	(65,579)	(34,462)
Cash flow generated from (absorbed by) operating activities (A)	**462,369**	**391,466**
Investing activities:		
Purchase of intangible fixed assets	(61,628)	(30,727)
Purchase of tangible fixed assets	(51,774)	(30,108)
Consideration from sale of non-current assets	2,366	3,641
Cash flow generated from (absorbed by) operating investing activities (B)	**(111,036)**	**(57,194)**
Purchase of subsidiaries and business units net of cash and cash equivalents acquired or dismissed	(419,731)	(89,199)
Increase (decrease) in payables for business acquisitions	(8,006)	12,110
(Purchase) sale of other investments and securities	5,167	-
Cash flow generated from (absorbed by) acquisition activities (C)	**(422,570)**	**(77,089)**
Cash flow generated from (absorbed by) investing activities (B+C)	**(533,606)**	**(134,283)**
Financing activities:		
Increase (decrease) in financial payables	7,888	232,054
(Increase) decrease in financial receivables	(40,554)	-
Derivative instruments and other non-current assets	(1,681)	(705)
Commissions paid for medium/long-term financing	(1,099)	(7,709)
Principal portion of lease payments	(95,217)	(72,803)
Other non-current assets and liabilities	2,007	992
Dividends distributed	(49,356)	-
Treasury shares purchase	(31,085)	-
Capital increases and minority shareholders' contributions and dividends paid to third parties by subsidiaries	458	(306)
Cash flow generated from (absorbed by) financing activities (D)	**(208,639)**	**151,523**
Net increase in cash and cash equivalents (A+B+C+D)	**(279,876)**	**408,706**

(€ thousands)	FY 2021	FY 2020
Cash and cash equivalents at beginning of period	**545,027**	**138,371**
Effect of exchange rate fluctuations on cash & cash equivalents	3,396	(2,050)
Flows of cash and cash equivalents	(279,877)	408,706
Cash and cash equivalents at end of period	**268,546**	**545,027**

(*) Transactions with related parties have not been reported separately because not material both at single entity and at consolidated level. Please refer to note 40 for more details. Furthermore, as requested by IFRS 5, consolidated income statement does not include items related to Elite Hearing network that has been abandoned during Q4-2021 (for further details, please see note n.36).

Related-party transactions relate to lease of the main office and certain stores, to recharges of maintenance costs and general services of the above-mentioned buildings and to commercial transactions, personnel costs and loans. Such loans are detailed in Note 40.

SUPPLEMENTARY INFORMATION TO THE STATEMENT OF CONSOLIDATED CASH FLOWS

The fair values of the assets and liabilities acquired, which are described in the following note 3, are summarized in the table below:

(€ thousands)	FY 2021	FY 2020
- Goodwill	375,030	74,915
- Customer lists	44,508	18,529
- Trademarks and non-competition agreements	15,644	7,341
- Other intangible fixed assets	1,419	3,181
- Tangible fixed assets	8,720	3,575
- Right-of-use assets	22,558	13,768
- Current assets	16,058	7,565
- Provisions for risks and charges	(1,626)	(789)
- Current liabilities	(57,777)	(18,062)
- Other non-current assets and liabilities	(21,907)	(17,077)
- Third parties equity	5,251	-
Total investments	**407,878**	**92,946**
Net financial debt acquired	19,954	179
Total business combinations	**427,832**	**93,125**
(Increase) decrease in payables through business acquisition	8,006	(12,110)
Purchase (sale) of other investments and securities	(5,167)	-
Cash flow absorbed by (generated from) acquisitions	**430,671**	**81,015**
(Cash and cash equivalents acquired)	(8,101)	(3,926)
Net cash flow absorbed by (generated from) acquisitions	**422,570**	**77,089**

NOTES

I. GENERAL INFORMATION

The Amplifon Group is global leader in the distribution of hearing solutions and the fitting of customized products.

The parent company, Amplifon S.p.A. is based in Via Ripamonti 133, Milan, Italy. The Group is controlled directly by Ampliter S.r.l. (42.23% as at 31 December 2021), held 100% by Amplifin S.p.A. which is fully controlled by Susan Carol Holland.

The consolidated financial statements at 31 December 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the regulations implementing article 9 of Legislative Decree No. 38 of 28 February 2005. These standards include the IAS and IFRS issued by the International Accounting Standard Board, as well as the SIC and IFRIC interpretations issued by the International Financial Reporting Interpretations Committee, which were endorsed in accordance with the procedure set out in article 6 of Regulation (EC) no. 1606 of 19 July 2002 by 31 December 2021. International Financial Reporting Standards endorsed after that date and before the preparation of these financial statements are adopted in the preparation of this annual report only if early adoption is allowed by the endorsing regulation, by the reporting standard itself and the Group has elected to do so.

The publication of the consolidated financial statements of the Amplifon Group for the year closed on 31 December 2021, carried out in accordance with European Commission Delegated Regulation n. 2019/815, as amended, was authorized by the Board of Directors on 3 March 2022. This annual report is subject to the approval of the Annual Shareholders' Meeting of Amplifon S.p.A. convened on 22 April 2022.

The accounting policies adopted in the preparation of the annual report and a summary of the accounting principles and interpretations to be applied in the future are detailed in section 46.

2. IMPACTS OF COVID-19 EMERGENCY ON THE GROUP'S PERFORMANCE AND FINANCIAL POSITION

The 2021 performance was extremely positive in all of the geographies, confirming the resilience of the business, the strong competitive positioning and the efficacy of the initiatives undertaken since the beginning of the Covid-19 crisis, even though the different restrictive measures (including the localized lockdowns in Australia and New Zealand), eased gradually in the wake of vaccine roll-outs, partially impacted the 2021 performance.
The Group continued to benefit, albeit to a much smaller degree, from the subsidies and relief made available by the different governmental authorities and the concessions on leases, but also continued to incur a series of costs attributable directly to the crisis.

The impact on the income statement and cash flow in the reporting period broken down by type of benefit/expense is shown below.

(€ thousands)	Covid-19 Impact FY 2021	
	Profit & Loss	Cash Flows
CONTRIBUTIONS RECEIVED/COSTS INCURRED		
Subsidies received from the governmental authorities and other public entities	**3,865**	**4,685**
For the cost of labor	2,678	2,939
Other business assistance	351	(362)
Tax credits, other exemptions and delays in tax payments and pension contributions	836	2,108
Lease concessions received from landlords	**197**	**(775)**
Costs tied directly to the crisis	**(1,114)**	**(661)**
Costs of personal protective equipment	(899)	(329)
Costs incurred to sanitize offices and stores	(119)	(117)
Costs incurred for consultancies (virologists and other experts, smart working, social plans)	(13)	(83)
Costs for advertising and communication targeting customers	(62)	(111)
Logistics	(21)	(21)
Cost of labor for personnel of closed stores not covered by social plans	**(25)**	**(25)**

3. ACQUISITIONS AND GOODWILL

The Group continued with its strategy to balance internal with external growth in 2021 and acquired 331 points of sale for a total cash-out of €419,731 thousand (of which €344,744 thousand relative to the Bay Audio acquisition), including the debt consolidated and the best estimate of the earn-out linked to sales and profitability targets payable over the next few years.

More in detail, in 2021:

- 105 points of sales were acquired in Australia as a result of the Bay Audio acquisition
- 73 new points of sale were acquired in Italy of which 24 in franchising;
- 45 points of sale were acquired in China;
- 43 points of sale were acquired in Germany;
- 41 points of sale that were previously part of the indirect channel and 1 service center were acquired in the United States;
- 15 points of sale were acquired in France;
- 4 points of sale were acquired in Canada;
- 2 points of sale were acquired in Poland;
- 1 point of sale was acquired in Israel;
- 1 point of sale was acquired in New Zealand.

In detail:

SHARE DEALS (*)

Company name	Date	Location
Lomaco Sas	03/01/2021	France
Akoute Sas	05/01/2021	France
Le Sens De L'Ecoute Sas	05/01/2021	France
I Audiogram Sas	05/01/2021	France
Audition 85 Sas	09/01/2021	France
Zhida Sas	09/01/2021	France
Centre Audio Sas	09/01/2021	France
Audibel Srl	02/16/2021	Italy
2829663 Ontario Inc	04/30/2021	Canada
Ossicle Fort McMurray Inc	06/01/2021	Canada
Southern Alberta Hearing Aid Ltd	12/08/2021	Canada
Burnaby Hearing Center Inc	12/30/2021	Canada
Bay Audio Pty	10/01/2021	Australia
Hangzhou Amplifon Hearing Aid Co Ltd	07/01/2021	Cina
Zhengzhou Yuanjin Hearing Technology Co Ltd	07/01/2021	Cina

(*) 100% of the companies was acquired and consolidated at the acquisition date, with the exception of e Hangzhou Amplifon Hearing Aid Co. Ltd. and its subsidiary Zhengzhou Yuanjin Hearing Technology Co. Ltd. (together Soundbridge) which are consolidated line-by-line at 60% as result of the direct interest of 51% and a put-call option on an additional 9%.

ASSET DEALS

Company name	Date	Location
Châtellerault	01/04/2021	France
Apt	01/04/2021	France
Michon	04/12/2021	France
Hörgeräte Nassler	01/01/2021	Germany
Hörgeräre Rothe	01/01/2021	Germany
Sönke Diekmann Hörsysteme	01/01/2021	Germany
HörGalerie Bode	02/01/2021	Germany
Hörgeräte Siebert	02/15/2021	Germany
Zickenheiner Hörgeräte Lörrach	02/01/2021	Germany
Zickenheiner Hörgeräte Rheinfelden	02/01/2021	Germany
Allen & Gerland Bad Oeyenhausen	03/15/2021	Germany
Allen & Gerland Löhne	03/15/2021	Germany
Allen & Gerland Vlotho	03/15/2021	Germany
Allen & Gerland Hüllhorst	03/15/2021	Germany
Hörgeräte Meckler	03/31/2021	Germany
Hörgeräte Pfitzmann	04/01/2021	Germany
Hörgeräte Busch	04/01/2021	Germany
Fischer Hörakustik GmbH	05/01/2021	Germany
Hörgeräte Schluckebier	06/01/2021	Germany
Hörgerätestudio Altevogt	08/15/2021	Germany
Lindenlauf Hörakustik	08/01/2021	Germany
Hörzentrum Offenbecher	08/15/2021	Germany
Uerlings Hören	09/01/2021	Germany
Akustik Spezial Henning	09/15/2021	Germany
Hörakustik Dröst-Frömel	10/01/2021	Germany
Hörgeräte Jens Steudler	10/01/2021	Germany
Hörgeräte Jahnecke	10/15/2021	Germany
Neues Hören GmbH	12/01/2021	Germany
Audio Focus Ltd	02/07/2021	Israel
Centrum Słuchu	07/01/2021	Polond
Centrum Słuchu TON	09/15/2021	Polond
Audtio Etc.. Inc	02/26/2021	USA
Hearing Connection. LLC	03/02/2021	USA
AA Hearing Aids Center	07/01/2021	USA
Southern Hearing Associates. Inc	07/01/2021	USA
S & T of Pasco Inc.	10/29/2021	USA
Aid to Hearing. Inc.	11/05/2021	USA
Ready and Forward Enterprises. LLC	12/10/2021	USA
Volusia County Hearing Instruments. Inc.	12/17/2021	USA
Auckland Hearing – Ellerslie	10/01/2021	New Zealand

(€ thousands)	Total Purchase Price	Cash acquired	Financial debts acquired	Total Cost	Expected annual turnover (*)	Contribution to turnover from the purchase date
Total share deals	372,285	(8,101)	19,954	384,138	79,985	25,992
Total asset deals	35,593	-	-	35,593	29,096	14,247
Total	**407,878**	**(8,101)**	**19,954**	**419,731**	**109,081**	**40,239**

(*) Annual turnover is the best available estimate of the turnover of the firm or business acquired during 2021

Changes in goodwill and the amounts recognized during the year following acquisitions completed in the reporting period, broken down by Groups of Cash Generating Units, are detailed in the table below.

(€ thousands)	Net carrying value at 12/31/2020	Business combinations	Disposals	Impairment	Other net changes	Net carrying value at 12/31/2021
EMEA	856,130	37,278	(777)	-	1,597	894,228
AMERICA	147,528	10,324	-	(4,989)	13,830	166,693
ASIA PACIFIC	277,951	327,428	-	-	15,170	620,549
Goodwill	**1,281,609**	**375,030**	**(777)**	**(4,989)**	**30,597**	**1,681,470**

"Business combinations" refers to the temporary allocation to goodwill of the portion of the purchase price paid, comprehensive of the deferred portion and the contingent consideration (earn-out) of which in note 21 e 24, which is not directly attributable to the fair value of assets and liabilities but, rather, based on the assumption that the positive contribution to cash flow will last for an indefinite period of time.
"Impairment" refers to the portion of goodwill allocated to the wholesale business in the United States which was discontinued during the fourth quarter of 2021 and treated as a discontinued operation in accordance with IFRS 5.
"Disposals" refers to the portion of goodwill allocated to the Irish and Luxembourgish companies sold in the reporting period.

"Other net changes" are almost entirely attributable to foreign exchange differences.

A summary of the carrying amount and fair value of assets and liabilities, deriving from the provisional allocation of the purchase price due to business combinations excluding the purchase of non-controlling interests in subsidiaries, is provided in the following table.

(€ thousands)	EMEA	Americas	Asia Pacific	Total
Cost of acquisitions of the period	**52,564**	**9,955**	**345,359**	**407,878**
Assets and liabilities acquired – Book value				
Current assets	3,868	(479)	4,566	**7,955**
Current liabilities	(4,854)	(922)	(28,386)	**(34,162)**
Net working capital	**(986)**	**(1,401)**	**(23,820)**	**(26,207)**
Other intangible, tangible and right-of-use assets	9,181	2,876	20,640	**32,697**
Provisions for risks and charges	(1,043)	-	(583)	**(1,626)**
Other non-current assets and liabilities	(3,328)	(1,732)	(558)	**(5,618)**
Non-current assets and liabilities	**4,810**	**1,144**	**19,499**	**25,453**
Net invested capital	**3,824**	**(257)**	**(4,321)**	**(754)**
Third Parties Equity	**-**	**-**	**5,251**	**5,251**
Net financial position	**482**	**2**	**(12,335)**	**(11,851)**
Net equity acquired - book value	**4,306**	**(255)**	**(11,405)**	**(7,354)**
Difference to be allocated	**48,258**	**10,210**	**356,764**	**415,232**
Allocations				
Trademarks	21	-	9,374	**9,395**
Non-competition agreements	-	-	6,249	**6,249**
Customer lists	19,179	2,094	23,235	**44,508**
Contract liabilities - Short and long-term	(6,427)	(1,970)	(348)	**(8,745)**
Deferred tax assets	4,977	391	2,352	**7,720**
Deferred tax liabilities	(6,770)	(629)	(11,526)	**(18,925)**
Total allocations	**10,980**	**(114)**	**29,336**	**40,202**
Goodwill	**37,278**	**10,324**	**327,428**	**375,030**

Identification of the Groups of Cash Generating Units

For the purposes of impairment testing the total goodwill stemming from the cost incurred for a business combination was allocated to Groups of Cash Generating Units; these Groups of Cash Generating Units were identified by region and benefit from synergies, as well as shared policies, and are autonomous in the management and use of resources.

The assets allocation to Groups of Cash Generating Units and the identification criteria of these groups are the same with respect to the financial Statements as at 31 December 2020.
The groups of cash generating units identified for the purpose of impairment testing are:

- EMEA that includes Italy, France, the Netherlands, Germany, Belgium, Switzerland, Spain, Portugal, the UK, Hungary, Poland, Israel and Egypt;
- AMERICA which includes the individual businesses through which it operates on the US market (Franchising and Managed Care) and countries Canada, Argentina, Chile, Mexico, Panama, Ecuador and Colombia;
- ASIA PACIFIC that includes Australia, New Zealand, India, China.

Goodwill is evaluated at the higher of fair value and value in use. As at 31 December 2021 the management run his evaluations taking into consideration the value in use.

Impairment test

Goodwill is evaluated at the higher of fair value and value in use. As at 31 December 2021 the management run his evaluations taking into consideration the value in use.

All the groups of cash generating units were subject to the IAS 36 compliant impairment tests, based on the value in use calculated using the discounted cash flow (DCF) method net of tax consistent with the post-tax discount rates used.

The value in use of the groups of cash generating units was determined by discounting the estimated future cash flows forecast in the three-year business plan (2022-2024) approved by the subsidiaries as well as from the Amplifon Group consolidated business plan (2022-2024) approved by the Board of Directors on 16 December 2021.

The impairment test was approved by the Board of Directors of the Parent Company prior the approval of the Group Financial Statements.

The discount rate (WACC), the growth rate (g), the expected changes in revenues and costs during the period assumed for the calculation were the main assumptions the management took for the estimate of the value in use.
The rate adopted to discount the expected cash flows is the weighted average cost of capital (WACC) post tax, it reflects the current market evaluations and has been determined using the following drivers: the free risk interest rate on CGU level represented by the yield of the ten-years government bonds, the Beta, the equity risk premium and the cost of debt.

Beta and equity risk premium have been determined in accordance with best practices using a world renowned data bank (Damodaran) which takes into account market and macroeconomic risks to determine the Equity risk premium and takes into considerations the systematic risk of a financial asset and the specific risks of the market in which the Group operates to determine Beta. The Beta is calculated based on the arithmetic average of the betas for Healthcare Products, Healthcare Support Services and Retail special lines. The Equity Risk Premium dropped significantly between 2020 and 2021 which resulted in a decrease in the discount rates (WACC) used to discount the value of future cash flows of around 1 p.p.. Particular attention was, therefore, paid to the sensitivity analysis and verifying that all the Groups of Cash Generating Units had sufficient headroom in the event there was an increase in the discount rates.

The perpetual growth rate for each country was adjusted to reflect the International Monetary Fund's forecast for inflation in 2025.

	EMEA	AMERICAS	ASIA PACIFIC
Growth rate	1.59%	2.48%	2.31%
WACC (*) 2021	4.07%	6.02%	5.71%
Cash flow time horizon (explicit assumption)	3Y	3Y	3Y
WACC (*) 2020	5.03%	6.38%	5.90%

(*) The WACC of the Groups of CGUs was determined by weighting the WACCs of each individual CGU found in the region based on the respective EBITDA recorded in the last year of the business plan.

No loss in value was identified as a result of impairment testing.
For all the Groups of Cash Generating Units, as suggested by ESMA, a sensitivity analysis was also carried out to determine the change in underlying assumptions which, in light of the impact of this change on other variables, would result in the Groups of Cash Generating Units' recoverable value being equal to its book value. This analysis, shown in the table below, showed that only significant deviations from the business targets, in interest rates and perpetual growth rates, would reduce the recoverable value to a level close to the book value of all the Groups of Cash Generating Units.

	Negative changes (percentage points) in growth rate expected on the basis of each business plan which would make the CGU's recoverable value equal to its book value	Negative % changes in cash flow expected on the basis of each business plan which would make the CGU's recoverable value equal to its book value	Changes (percentage points) in the discount rates which would make the CGU's recoverable value equal to its book value
EMEA	31p,p,	88%	18p,p,
AMERICAS	61p,p,	88%	26p,p,
ASIA PACIFIC	11p,p,	70%	8p,p,

4. INTANGIBLE FIXED ASSETS WITH USEFUL LIFE

The following table shows the changes in intangible assets.

(€ thousands)	Historical cost at 12/31/2020	Accumulated amortization and write-downs at 12/31/2020	Net book value at 12/31/2020	Historical cost at 12/31/2021	Accumulated amortization and write-downs at 12/31/2021	Net book value at 12/31/2021
Software	180,253	(118,676)	61,577	195,983	(117,195)	78,788
Licenses	22,638	(18,172)	4,466	22,508	(16,669)	5,839
Non-competition agreements	10,451	(7,376)	3,075	13,262	(3,860)	9,402
Customer lists	391,111	(191,905)	199,205	438,617	(224,188)	214,429
Trademarks and concessions	86,668	(29,755)	56,914	96,853	(36,485)	60,368
Other	27,343	(12,025)	15,318	24,816	(12,484)	12,332
Fixed assets in progress and advances	20,631	-	20,631	33,373	-	33,373
Total	**739,094**	**(377,909)**	**361,185**	**825,412**	**(410,881)**	**414,531**

(€ thousands)	Net book value at 12/31/2020	Investments	Disposals	Amortization	Business combinations	Impairment	Other net changes	Net book value at 12/31/2021
Software	61,577	24,061	(697)	(25,783)	403	(182)	19,409	78,788
Licenses	4,466	6,014	-	(5,033)	20	(18)	390	5,839
Non-competition agreements	3,075	1,705	-	(2,334)	6,249	-	707	9,402
Customer lists	199,205	-	(203)	(31,704)	44,508	(229)	2,852	214,429
Trademarks and concessions	56,914	-	-	(6,390)	9,375	-	469	60,368
Other	15,317	366	(241)	(3,472)	140	(8)	230	12,332
Fixed assets in progress and advances	20,631	29,483	(243)	-	877	(83)	(17,292)	33,373
Total	**361,185**	**61,629**	**(1,384)**	**(74,716)**	**61,572**	**(520)**	**6,765**	**414,531**

The change in "Business combinations" comprises:

- For €19,482 thousand, the temporary allocation of the price paid for acquisitions made in EMEA during the year;
- For €2,868 thousand, the temporary allocation of the price paid for acquisitions made in America during the year;
- for €39,222 thousand, the temporary allocation of the price paid for acquisitions made in APAC during the year, particularly *Bay Audio Pty Limited*.

The increase in intangible fixed assets seen in the year is mainly attributable to investments in information technology where continuous customer focus and the desire to increase control of operations fueled the significant work done on both technological infrastructures and in-store systems to support the Amplifon Product Experience (which has redefined Amplifon's entire customer journey), as well as on the operating and back office processes with the gradual launch of a new ERP system based on the new "software as a service" and "platform as a service" tecnologies that will provide the group with a customized cloud environment which will benefit HR, Administration and Finance functions. Significant investments were made in tangible fixed assets related to the rationalization of Group procurement and centralization of purchasing.

"Impairment" and "Amortization" include €42 thousand in impairment and €9 thousand in amortization related to the discontinued business of Elite which is shown in the"Profit (loss) from discontinued operations, net of the tax effect" recognized in the Income Statement.

The item "Other net changes" is explained almost entirely by foreign exchange differences and the reclassification of work in progress completed in the period.

5. TANGIBLE FIXED ASSETS

The following table shows the changes in tangible fixed assets.

(migliaia di Euro)	Historical cost at 12/31/2020	Accumulated amortization and write-downs at 12/31/2020	Net book value at 12/31/2020	Historical cost at 12/31/2021	Accumulated amortization and write-downs at 12/31/2021	Net book value at 12/31/2021
Land	205	-	205	219	-	219
Buildings, constructions and leasehold improvements	267,451	(180,675)	86,776	290,394	(197,365)	93,029
Plant and machines	58,805	(42,985)	15,820	62,620	(47,363)	15,257
Industrial and commercial equipment	51,429	(40,055)	11,375	59,791	(45,961)	13,830
Motor vehicles	2,439	(2,108)	331	2,643	(2,140)	503
Computers and office machinery	65,385	(52,248)	13,137	72,845	(58,136)	14,709
Furniture and fittings	109,800	(77,178)	32,622	126,417	(90,869)	35,548
Other tangible fixed assets	3,213	(1,086)	2,127	3,205	(1,412)	1,793
Fixed assets in progress and advances	15,223	-	15,223	11,957	-	11,957
Total	**573,950**	**(396,334)**	**177,616**	**630,091**	**(443,246)**	**186,845**

(€ thousands)	Net book value at 12/31/2020	Investments	Disposals	Amortization	Business combinations	Impairment	Other net changes	Net book value at 12/31/2021
Land	205	-	-	-	-	-	14	219
Buildings, constructions and leasehold improvements	86,776	22,877	(695)	(23,487)	2,319	(1,373)	6,612	93,029
Plant and machines	15,820	2,755	(10)	(4,209)	1,557	(127)	(529)	15,257
Industrial and commercial equipment	11,375	3,587	(51)	(3,740)	242	(27)	2,444	13,830
Motor vehicles	331	397	(67)	(84)	63	(18)	(119)	503
Computers and office machinery	13,137	5,963	(58)	(8,101)	72	(13)	3,709	14,709
Furniture and fittings	32,622	5,317	(170)	(8,430)	3,951	(131)	2,389	35,548
Other tangible fixed assets	2,127	164	(3)	(507)	5	(1)	8	1,793
Fixed assets in progress and advances	15,223	10,714	(296)	-	511	(402)	(13,793)	11,957
Total	**177,616**	**51,774**	**(1,350)**	**(48,558)**	**8,720**	**(2,092)**	**735**	**186,845**

The investments made in the reporting period refer primarily to network expansion with the opening of new stores and renewal of existing ones and, to a lesser degree, the purchase of hardware needed for the Information Technology projects.

The change in "Business combinations" comprises:

- for €3,904 thousand, the temporary allocation of the price paid for acquisitions made in EMEA during the year;
- for €225 thousand, the temporary allocation of the price paid for acquisitions made in the Americas during the year;
- for €4,591 thousand, the temporary allocation of the price paid for acquisitions made in APAC during the year.

"Impairment" and "Amortization" include €34 thousand in impairment and €10 thousand in amortization related to the discontinued business of Elite which is shown in the "Profit (loss) from discontinued operations", recognized in the Income Statement.

The item "Other net changes" is explained almost entirely by foreign exchange differences and the reclassification of work in progress completed in the period.

6. RIGHT OF USE ASSETS

Right-of-use assets are reported here below:

(€ thousands)	Historical cost at 12/31/2020	Accumulated amortization and write-downs at 12/31/2020	Net book value at 12/31/2020	Historical cost at 12/31/2021	Accumulated amortization and write-downs at 12/31/2021	Net book value at 12/31/2021
Shops and offices	559,664	(160,340)	399,323	681,738	(253,738)	428,000
Motor vehicles	19,142	(9,511)	9,631	22,188	(13,230)	8,958
Electronic machinery	687	(303)	384	871	(452)	419
Total	**579,493**	**(170,155)**	**409,338**	**704,797**	**(267,420)**	**437,377**

(€ thousands)	Net book value at 12/31/2020	Investments	Disposals	Amortization	Business combinations	Impairment	Other net changes	Net book value at 12/31/2021
Shops and offices	399,323	104,462	(10,946)	(90,654)	22,314	(291)	3,792	428,000
Motor vehicles	9,631	4,666	(425)	(5,375)	244	-	217	8,958
Electronic machinery	384	803	(559)	(215)	-	-	6	419
Total	**409,338**	**109,931**	**(11,930)**	**(96,244)**	**22,558**	**(291)**	**4,015**	**437,377**

"Increases" is explained by the leases renegotiated for existing stores and new points of sale located mainly in Spain, Italy, France, Germany as well as, to a lesser degree, leases stipulated for the new offices of the subsidiaries in the Netherlands and Belgium.

The change in "Business combinations" comprises:

- for €4,996 thousand, the temporary allocation of the price paid for acquisitions made in EMEA during the year;
- for €1,876 thousand, the temporary allocation of the price paid for acquisitions made in the Americas during the year;
- for €15,686 thousand, the temporary allocation of the price paid for acquisitions made in APAC during the year.

7. OTHER NON CURRENT ASSETS

(€ thousands)	Balance at 12/31/2021	Balance at 12/31/2020	Change
Long-term financial receivables	2,257	5,893	(3,636)
Asset Plans and other restricted amounts	7,620	30,371	(22,751)
Other non-current assets	30,896	23,652	7,244
Total	**40,773**	**59,916**	**(19,143)**

More in details:

- long-term financial receivables refer largely to the loans granted by American subsidiaries to franchisees for €1,671;
- asset plans and other restricted amounts refer to contributions made to the deferred compensation plans of commercial partners in the United States against which a liability is recognized as described in note 19. The decrease compared to previous period is effect of a reclassification in other current activities of the activities related to Elite.
- Other non-current assets include mainly:
  - €9,884 thousand in security deposits for rents payable;
  - €14,416 thousand related to suspended costs, commissions, and other compensation payable for post-sales services to be rendered in the future relating mainly to the agents in Italy.

The cash flow stemming from the contracts relating to both long-term financial receivables and other non-current assets are discounted when the interest rate applied differs from the market rate.

The following tables show the non-current assets in accordance with the accounting treatment applied.

(€ thousands)	DECEMBER 31ST, 2021		
Consolidated statement of financial position	**Amortized cost**	**Fair Value through OCI**	**Fair Value through P&L**
Non-current assets			
Financial assets measured at FV through P&L			
Financial long-term receivables	2,257		
Asset plans and other restricted amounts			7,620
Other non-current assets	30,896		

(€ thousands)	DECEMBER 31ST, 2020		
Consolidated statement of financial position	**Amortized cost**	**Fair Value through OCI**	**Fair Value through P&L**
Non-current assets			
Financial assets measured at FV through P&L			
Financial long-term receivables	5,893		
Asset plans and other restricted amounts			30,371
Other non-current assets	23,652		

8. DERIVATIVES AND *HEDGE ACCOUNTING*

These are instruments not listed on official markets; entered into for the purpose of hedging interest rate and/or currency risk. The fair value of these instruments is determined using valuation models based on market-derived inputs (source: Bloomberg) such as forward rates, exchange rates, etc. The valuation is performed using the DCF method. Own risk and counterparty risk (credit/debit value adjustments) were taken into account. These credit/debit value adjustments were determined based on market information such as the value of CDS (Credit Default Swaps) and used to determine counterparty risk, also taking into account the mutual break clause if present.

The following table shows the fair values of the derivatives outstanding at the end of the comparative period and at the reporting date showing the fair value of those derivatives that qualify as fair value hedges and cash flow hedges and those that do not qualify for hedge accounting separately.

(€ thousands)	*FAIR VALUE* AT 12/31/2021		*FAIR VALUE* AT 12/31/2020	
	Assets	(Liabilities)	Assets	(Liabilities)
Fair value hedge	-	-	-	-
Cash flow hedge	10,983	(2,679)	4,327	(5,963)
Total hedge accounting	**10,983**	**(2,679)**	**4,327**	**(5,963)**
Non hedge accounting	168	(404)	-	(112)
Total	**11,151**	**(3,083)**	**4,327**	**(6,075)**

Cash Flow Hedges

In 2021, cash flow hedges were made against the currency and interest rate risk relating to the 2013-2025 private placement for a total residual amount of USD 110 million and the interest rate risk relating to outstanding medium/ long-term loans totaling €529.6 million at 31 December 2021.

(€ thousands)		*FAIR VALUE* AT 12/31/2021		*FAIR VALUE* AT 12/31/2020	
Hedging purpose	Hedged risk	Assets	(Liabilities)	Assets	(Liabilities)
Private placement 2013-2025	Exchange and interest rates	10,983	-	4,327	-
Medium long-term bank loans	Interest rate	-	(2,679)	-	(3,475)
Syndacated loan for GAES acquisition	Interest rate	-	-	-	(2,488)
	Total	**10,983**	**(2,679)**	**4,327**	**(5,963)**

The following table details the gains or losses from the derivatives currently in place and the impact on the statement of financial position of the cash flow hedge reserve. Amounts are shown before the tax effect.

(€ thousands)	Recognized in net equity	Reclassified to the income statement - Effective portion	Reclassified to the income statement - Ineffective portion
	(Debit)/Credit	(Loss) Gain	(Loss) Gain
1/1/2020 - 12/31/2020	2,888	10,556	33
1/1/2021 - 12/31/2021	2,617	(7,479)	156

The maturity of the hedges is in line with the duration of the item hedged. Please refer to Note 17 for details.

Non-hedge accounting derivatives

Non-hedge accounting derivatives comprise forwards hedging the exchange risk on dividends that Amplifon USA will pay Amplifon S.p.A., slotted for April and May 2022, and repayments on the loan granted to Bay Audio Pty Ltd, which will be paid quarterly through April 2023.

The following tables show the derivative instruments in accordance with the accounting treatment applied:

(€ thousands)	DECEMBER 31ST, 2021	
Consolidated statement of financial position	***Fair value* Net Equity**	***Fair Value* through P&L**
Asset Derivative Instruments – Cash flow hedge	10,983	
Liability Derivative Instruments – Cash flow hedge	(2,679)	
Asset Derivative Instruments - Non-hedge accounting		168
Liability Derivative Instruments - Non-hedge accounting		(404)

(€ thousands)	DECEMBER 31ST, 2020	
Consolidated statement of financial position	***Fair value* Net Equity**	***Fair Value* through P&L**
Asset Derivative Instruments – Cash flow hedge	4,327	
Liability Derivative Instruments – Cash flow hedge	(5,963)	
Asset Derivative Instruments - Non-hedge accounting		
Liability Derivative Instruments - Non-hedge accounting		(112)

The following table shows the fair value measurement on the basis of a hierarchy reflecting the level of significance of the data used for the valuation.
This hierarchy consists of the following levels:

1. listed (unadjusted) prices in active markets for identical assets and liabilities;
2. input data other than the above listed prices, but which can be observed directly or indirectly in the market;
3. input data on assets or liabilities not based on observable market data.

(€ thousands)	2021				2020			
	Level I	Level 2	Level 3	Total	Level I	Level 2	Level 3	Total
Assets								
Hedging instruments								
- Long-term		10,983		10,983		4,327		4,327
- Short-term		168		168				
Liabilities								
Hedging instruments								
- Long-term		(2,679)		(2,679)		(5,963)		(5,963)
- Short-term		(404)		(404)		(112)		(112)

There were no transfers among the levels during the period.

9. INVENTORIES

(€ thousands)	BALANCE AT 12/31/2021			BALANCE AT 12/31/2020		
	Cost	Obsolescence provision	Net	Cost	Obsolescence provision	Net
Goods	73,579	(11,009)	62,570	69,832	(12,399)	57,432
Total	**73,579**	**(11,009)**	**62,570**	**69,832**	**(12,399)**	**57,432**

Movements in the provision for obsolescence for inventories in the year were as follows:

(€ thousands)	
Balance at 12/31/2020	**(12,399)**
Provision	(3,673)
Utilization	6,931
Business combination	(1,664)
Translation differences and other movements	(204)
Balance at 12/31/2021	**(11,009)**

10. TRADE RECEIVABLES

Trade receivables are detailed in the following table:

(€ thousands)	Balance at 12/31/2021	Balance at 12/31/2020	Change
Trade receivables	168,281	169,021	(740)
Trade receivables - Subsidiaries	17	21	(4)
Trade receivables - Parent company	365	14	351
Trade receivables - Associated companies and joint ventures	17	4	13
Total trade receivables	**168,680**	**169,060**	**(380)**

The breakdown of trade receivables is shown in the table below:

(€ thousands)	Balance at 12/31/2021	Balance at 12/31/2020	Change
Trade receivables	185,725	185,933	(208)
Sales returns liabilities	(2,677)	(4,051)	1,374
Allowance for doubtful accounts	(14,767)	(12,861)	(1,906)
Total	**168,281**	**169,021**	**(740)**

The average collection time was around 23 days in 2021 and there is no significant concentration of credit risk.

€182,089 thousand of the trade receivables are held as part of a "held to collect" business model based on which contractual cash flows are collected at maturity and €3,636 thousand are held as part of a "hold to collect and sell" business model based on which contractual cash flows are collected at maturity or through a sale.
The face value of the factoring without recourse transactions carried out in the year amounted to €64,590 thousand (versus €58,716 thousand in the prior year) and relate primarily to receivables generated in the year and, therefore, did not have a significant impact on the comparison of working capital with the prior year.

Movements in the allowance for doubtful accounts in the year were as follows:

(€ thousands)	
Balance at 12/31/2020	**(12,861)**
Provisions	(4,234)
Reversals	1,020
Utilization for charges	2,832
Business combinbations	(130)
Translation differences and other net charges	(1,294)
Balance at 12/31/2021	**(14,767)**

In compliance with the mandatory disclosure requirements in Italy as per Law n. 124 of 4/8/17 n. 124, please note that in 2021 received a total of €34,825 thousand (as shown in 32,806 invoices) from public entities, of which €28,814 thousand (as shown in 27,073 invoices) through financial operators, and €6.011 thousand (as shown in 5.773 invoices) through direct deposits.
In the same period, Amplifon S.p.A. received a total of €11,450 thousand (as shown in 11,331 invoices) from public entities for goods and services rendered, of which €10,100 thousand (as shown in 10,044 invoices) through factoring and €1,350 thousand (as shown in 1,288 invoices) through direct deposits.

II. CONTRACT COSTS

(€ thousands)	Balance at 12/31/2021	Balance at 12/31/2020	Change
Contract costs – Short-term	5,187	5,051	136
Contract costs – Long-term	9,452	7,777	1,675
Total	**14,639**	**12,828**	**1,811**

The contract costs, of €14,639 thousand, refer to the costs incurred to obtain or fulfil contracts capitalized in accordance with IFRS 15. These typically include commissions and bonuses paid to employees and agents for each sale made. These costs are deferred and recognized in the income statement based on the level to which the relative contractual performance obligations have been satisfied.

The significant changes in the contract cost balances are shown below:

(€ thousands)	
Net value at 12/31/2020	**12,828**
Increase linked to customer contracts and reversals	1,492
Business combinations	173
Translation differences and other net changes	146
Net value at 12/31/2021	**14,639**

The impact of the contract costs on the income statement for the next five years is shown below:

(€ thousands)	2022	2023	2024	2025	2026 and beyond
Contract costs	5,187	4,742	2,529	1,421	760

12. OTHER RECEIVABLES

(€ thousands)	Balance at 12/31/2021	Balance at 12/31/2020	Change
Tax receivables	23,713	15,890	7,823
Other receivables	46,855	18,662	28,192
Non-financial prepayments and accrued income	20,987	20,911	76
Total	**91,555**	**55,464**	**36,091**

Tax receivables

Tax receivables comprise mainly tax advances for €4,502 thousand to be used to offset future tax payables, as well as €18,180 thousand in VAT and other indirect tax credits, of which €18,085 thousand held based on a held to collect business model (cash flows collected at maturity).

Factoring without recourse of VAT credits amounted to €5,641 thousand in the reporting period with net proceeds reaching €5,067 thousand (€9,500 thousand and €9,400 thousand, respectively, at 31 December 2020).

Other receivables

Other receivables are held with a view to collecting the contractual cash flows at maturity. Their increase is due to the reclassification of Elite activities form Other non current activities (see note 7).

Non-financial accrued income and prepaid expenses
More in detail, this item refers:

- €11,146 thousand, to services to be rendered in the future and for which revenue recognition is deferred (mainly post sales services) relating primarily to agents in Italy;
- € 2,009 thousand, to other services;
- € 1,863 thousand, to advertising;
- € 1,006 thousand per costs related to lease contracts not belong to lease components as defined by IFRS16 – Leasing;
- € 554 thousand, to insurance;
- €4,410 thousand, to other prepaid costs.

13. OTHER FINANCIAL ASSETS

(€ thousands)	Balance at 12/31/2021	Balance at 12/31/2020	Change
Other financial assets	49,889	8,997	40,892
Financial prepayments and accrued income	(53)	-	(53)
Total	**49,836**	**8,997**	**40,839**

"Other financial assets" amounted to € 49,889 thousand at 31 December 2021 and refer primarily to quotas of money market funds managed by top-tier financial institutions.

14. CASH AND CASH EQUIVALENT

(€ thousands)	Balance at 12/31/2021	Balance at 12/31/2020	Change
Bank current accounts	260,129	511,644	(251,515)
Short-term bank deposits	6,070	30,218	(24,148)
Funds	910	1,417	(507)
Cash on hand	1,437	1,748	(311)
Total	**268,546**	**545,027**	**(276,481)**

Cash and cash equivalents amounted to €268,546 thousand at 31 December 2021, €276,481 thousand lower than the €545,027 thousand recorded at 31 December 2020. This change is explained primarily by the use of €332,127 thousand in cash as payment for the acquisition of *Bay Audio Pty Limited* in the fourth quarter of 2021.

Cash and cash equivalents are deposited with top rated banks and earn interest at market rates.

The ratings assigned to financial assets by S&P are broken down below:

(migliaia di Euro)		*Rating* S&P di breve termine					
	Balance at 12/31/2021	A-1+	A-1	A-2	A-3	B	Other (*)
Non-current assets							
Hedging instruments – long-term	10,983						10,983
Current assets							
Hedging instruments – short-term	168						168
Bank current accounts, short-term bank deposits and funds	267,109	37,697	83,297	108,059	233	693	37,130
Cash on hand	1,437						

(*) "Other" refers primarily to time deposit balances with counterparties that are unrated, but which satisfy ECB's minimum capital requirements, as well as with institutions not domiciled in the European Union.

15. SHARE CAPITAL

At 31 December 2021 the share capital comprised 226,388,620 ordinary shares with a par value of €0.02 fully paid in and subscribed, unchanged with respect to 31 December 2020.

A total of 1,035,296 of the performance stock grant rights were exercised in the period, as a result of which the Group transferred the same number of treasury shares to the beneficiaries.

During the reporting period 840,000 treasury shares were purchased as per the buyback program approved by the shareholders during the Annual General Meeting held on 23 April 2021.

A total of 1,407,350 treasury shares, or 0,622% of the parent's share capital, were held at 31 December 2021.

Information relating to the treasury shares held is shown below.

	N. of shares	Average purchase price (€) FV of transferred rights (Euro)	Total amount (€ thousands)
Held at 12/31/2020	**1,602,646**	**8.911**	**14,281**
Purchases	840,000	37.006	31,085
Transfers due to exercise of performance stock grants	(1,035,296)	15.962	(16,525)
Held at 12/31/2021	**1,407,350**	**20.493**	**28,841**

I6. NET FINANCIAL POSITION

The Group's net financial position, including lease liabilities, prepared in accordance with the ESMA guideline 32-382-1138 of 4 March 2021 and CONSOB's Warning Notice n. 5/21 of 29 April 2021, is shown below.

(€ thousands)	12/31/2021	12/31/2020	Change
Cash (A)	268,546	545,027	(276,481)
Cash equivalents (B)	-	-	-
Short term investments (C)	49,819	8,980	40,839
Total Cash, Cash Equivalents and Short-Term Investments (A+B+C) (D)	**318,365**	**554,007**	**(235,642)**
Current financial payables (including bonds, but excluding current portion of medium/long-term debt) (E)	147,031	71,483	75,548
- *Bank borrowings*	*84,394*	*65,715*	*18,679*
- *Bank overdraft*	*617*	*1,820*	*(1,203)*
- *Other financial payables (including Dividend payables)*	*61,785*	*3,836*	*57,949*
- *Hedging derivatives*	*235*	*112*	*123*
Current portion of medium/long-term financial debt (F)	117,404	98,354	19,050
- *Financial accruals and deferred income*	*6,072*	*6,231*	*(159)*
- *Payables for business acquisitions*	*12,667*	*6,693*	*5,974*
- *Lease Liability – current portion*	*98,665*	*85,430*	*13,235*
Current Financial Indebtedness (E+F) (G)	**264,435**	**169,837**	**94,598**
Current Financial Indebtedness (G-D) (H)	**(53,930)**	**(384,170)**	**330,240**
Non current financial payables (I)	941,676	1,005,245	(63,569)
- *Bank borrowings – Non current portion*	*568,838*	*635,633*	*(66,795)*
- *Payables for business acquisitions – Non current portion*	*19,571*	*32,262*	*(12,691)*
- *Lease Liability – Non current portion*	*353,267*	*337,350*	*15,917*
Bonds (J)	447,122	439,642	7,480
- *Eurobond 2020-2027*	*350,000*	*350,000*	-
- *Private placement 2013-2025*	*97,122*	*89,642*	*7,480*
Trade and other non current payables (K)	(11,750)	(4,272)	(7,478)
- *Hedging derivatives – non current portion*	*(11,750)*	*(4,272)*	*(7,478)*
Non Current Financial Indebtedness (I+J+K) (L)	**1,377,048**	**1,440,615**	**(63,567)**
Total Financial Indebtedness (H+L) (M)	**1,323,118**	**1,056,445**	**266,673**

Excluding lease liabilities (€451,932 thousand at 31 December 2021), net financial debt amounted to €871,186 thousand at 31 December 2021, broken down as follows:

(€ thousands)	12/31/2021	12/31/2020	Change
Cash and Cash Equivalents	268,546	545,027	(276,481)
Short Term Investments	49,819	8,980	40,839
Cash, Cash Equivalents and Short Term Investments	**318,365**	**554,007**	**(235,642)**
Current Financial Indebtedness (excluding lease liabilities)	165,771	84,407	81,364
Current Financial Indebtedness (excluding lease liabilities)	**(152,594)**	**(469,600)**	**317,006**
Non current Financial Indebtedness (excluding lease liabilities)	1,023,780	1,103,265	(79,485)
Total Financial Indebtedness (excluding lease liabilities)	**871,186**	**633,665**	**237,521**

Long-term net financial debt, excluding lease liabilities, amounted to €1,023,780 thousand at 31 December 2021, €79,485 thousand lower than the €1,103,265 thousand recorded at 31 December 2020. The change is attributable mainly to the reclassification as short-term debt of the portions of bank debt maturing in the next 12 months and amounts owed for acquisitions, partially offset by the refinancing of the syndicated loan stipulated in 2018 used for the GAES acquisition described in Note 17.

The **short-term portion of the net financial position,** excluding lease liabilities, was €317,006 thousand lower, going from €469,600 thousand at 31 December 2020 to €152,594 thousand at 31 December 2021. This change is attributable mainly to the cash payments made for all the acquisitions (€408,905 thousand of which €332,137 thousand relative to the *Bay Audio Pty Limited* acquisition*),* the payment of €49,356 thousand in dividends to shareholders, the purchase of €31,085 thousand in treasury shares, and the increase in the amounts owed for acquisitions, net free cash flow generation which amounted €245,907 thousand and the refinancing of the syndicated loan taken out in 2018 for the GAES acquisition.

The short-term portion of the net financial position includes the short-term portion of long-term bank loans (€84,394 thousand), other bank borrowings including hot money used for treasury activities (€60,090 thousand) and bank overdrafts (€617 thousand), interest payable on the private placement (€1,851 thousand) and on the Eurobond (€3,456 thousand), as well as on other bank financing, and lastly, the best estimate of the deferred payments for acquisitions (€12,667 thousand), net of the €318,365 thousand in liquidity. Liquidity includes €268,546 thousand in available cash and €49,819 thousand in other financial assets that are easily liquidated. These financial assets refer to investments made in money market funds managed by top-tier financial institutions.

Bank loans, the Eurobond 2020-2027 and the private placement 2013-2025 are included in the statement of financial position as follows:

a. under the item "medium/long-term financial liabilities" described in the section 17 of the explanatory notes for the long-term portion.

(€ thousands)	Balance at 12/31/2021
Private placement 2013-2025	97,122
Eurobond 2020-2027	350,000
Other medium/long-term debt	568,838
Fees on *Eurobond* 2020-2027, fees on bank loans, *private placement* 2013-2025	(5,375)
Medium/long-term financial liabilities	**1,010,585**

b. under the item "financial payables (current)", described in the section 27 of the explanatory notes for the current portion.

(€ thousands)	Balance at 12/31/2021
Bank overdraft and other short-term debt (including current portion of other long-term debt)	146,683
Other financial payables	6,072
Fees for Eurobond 2020-2027, fees for bank loans, private placement 2013-2025 and Syndicated loan for GAES acquisition	(1,643)
Short-term financial liabilities	**151,112**

All the other items in the net financial position table can be easily referred to in the financial consolidated statements.

17. FINANCIAL LIABILITIES

Financial liabilities breakdown is as follows:

(€ thousands)	Balance at 12/31/2021	Balance at 12/31/2020	Change
Private placement 2013-2025	97,122	89,642	7,480
Eurobond 2020-2027	350,000	350,000	-
Syndicated loan for GAES acquisition	-	159,000	(159,000)
Other medium long-term bank loans	568,838	476,633	92,205
Fees for bank loans, private placement 2013-2025 and syndicated loan for GAES acquisition	(5,375)	(5,954)	579
Total medium/long-term financial liabilities	**1,010,585**	**1,069,321**	**(58,736)**
Short term debt	151,112	75,615	75,497
- of which current portion for the financing for GAES acquisition	*-*	*39,750*	*(39,750)*
- of which current portion for the private placement 2013-2025	*84,394*	*25,964*	*58,430*
- of which current portion of other short-term bank loans	*61,284*	*3,784*	*57,611*
- of which fees for bank loans, private placement 2013-2025 and syndicated loan for GAES acquisition	*(1,644)*	*(1,987)*	*343*
Total short-term financial liabilities	**151,112**	**75,615**	**75,497**
Total financial liabilities	**1,161,697**	**1,144,936**	**16,761**

In the last quarter of 2021, the Group refinanced the syndicated loan stipulated in 2018 used for the GAES acquisition. The outstanding amount of the prior loan, which amounted to €178,875 thousand at 30 September 2021, was refinanced with a new €210 million 5-year "sustainability-linked" revolving credit facility linked to a few indicators in Amplifon's Sustainability Plan.

The main financial liabilities are detailed below.

- **Eurobond 2020-2027**

This is a €350,000 thousand 7-year nonconvertible bond with a fixed annual coupon of 1.125% that is listed on the Luxembourg Stock Exchange's unregulated market.

Issue Date	Debtor	Maturity	Face Value (€/000)	Fair Value (€/000)	Nominal interest rate (*)	Interest rate after hedging
02/13/2020	Amplifon S.p.A.	02/13/2027	350,000	358,756	1.125%	N/A
	Total		**350,000**	**358,756**		

(*) The nominal interest rate is equal to the mid swap plus a spread.

- ***Private placement* 2013-2025**

It is a USD 130 million private placement made in the US by Amplifon USA.

Issue Date	Issuer	Maturity	Currency	Face Value (USD/000)	Outstanding debt (USD/000)	Fair value (USD/000)	Nominal interest rate USD (*)	Euro interest rate after hedging (**)
05/03/2013	Amplifon USA	07/31/2023	USD	8,000	8,000	8,614	4.46%	3.90%
07/31/2013	Amplifon USA	07/31/2023	USD	52,000	52,000	56,043	4.51%	3.90%-3.94%
07/31/2013	Amplifon USA	07/31/2025	USD	50,000	50,000	57,006	4.66%	4.00%-4.05%
	Total			**110,000**	**110,000**	**121,663**		

(*) The rate shown is the nominal rate in USD at the issue date.
(**) The hedging instruments that determine the interest rate as detailed above, are also fixing the exchange rate at 1.2885, the total equivalent of the bond resulting in €85,371 thousand.

- **Bank loans**

These are the main bilateral and pooled loans which are detailed below.

Issue Date	Issuer	Type	Maturity	Face Value (€/000)	Outstanding debt (€/000)	Fair value (€/000)	Effective interest rate (*)	Notional amount hedged through IRS	Interest rate after hedging (**)
04/30/2020	Amplifon S.p.A.	Amortizing	04/30/2023	30,000	22,539	18,933	0.544%		
04/07/2020	Amplifon S.p.A.	Bullet	03/22/2024	60,000	60,000	61,957	0.906%	30,000	1.559%
04/06/2020	Amplifon S.p.A.	Amortizing	04/06/2025	50,000	50,000	51,176	0.702%	50,000	1.012%
04/07/2020	Amplifon S.p.A.	Amortizing	04/07/2025	150,000	150,000	153,483	0.524%	100,000	1.17%
04/28/2020	Amplifon S.p.A.	Amortizing	04/28/2025	50,000	50,000	51,483	0.517%	50,000	1.530%
04/29/2020	Amplifon S.p.A.	Amortizing	04/29/2025	78,000	68,250	70,261	0.964%	54,600	1.540%
04/23/2020	Amplifon S.p.A.	Amortizing	06/30/2025	35,000	35,000	35,789	0.387%	35,000	0.990%
08/03/2020	Amplifon S.p.A.	Amortizing	06/30/2025	10,000	7,054	7,193	1.050%		
12/23/2021	Amplifon S.p.A.	Amortizing	12/23/2026	210,000	210,000	218,646	0.456%	210,000	1.163%
	Total			**673,000**	**652,843**	**668,921**		**529,600**	

(*) The nominal interest rate is equal to Euribor plus a spread.
(**) An Interest Rate Swap was used to hedge these loans against interest rate risk at the IRS rate plus a spread.

The refinancing of the loan stipulated in 2018 for the GAES acquisition was recognized in accordance with IFRS 9 and the "10% test" was carried out in order to quantify the impact of the refinancing. The test confirmed that the adjustment was not substantial so it was not recognized as an extinguishment. The adjustment also resulted in the recognition of a gain of €4,571 thousand, recognized as other financial income, stemming from the difference the fair value of the refinanced loan and the new facility.

The current loans, broken down by maturity, are show below:

Refunds	Maturity (thousands)	Average Exch. rate 2021/360	Balance as at 12/31/2020 (€/000)	Exchange rate effect (€/000)	Repayments as at 12/31/2021 (€/000)	New loans (€/000)	Business combination (€/000)	Balance as at 12/31/2021 (€/000)	Short term portion (€/000)	Medium/ Long term portion (€/000)
Private placement 2013-2025 Amplifon USA (*)	**USD 8,000**	4.46%	**6,519**	544				**7,063**	**-**	**7,063**
	01/31/2023									
Private placement 2013-2025 Amplifon USA (*)	**USD 52,000**	4.51%	**42,376**	3,536				**45,912**	**-**	**45,912**
Installments at 1/31 e 7/31 as from 1/31/2014	01/31/2023									
Private placement 2013-2025 Amplifon USA (*)	**USD 50,000**	4.66%	**40,746**	3,400				**44,146**	**-**	**44,146**
	01/31/2025									
Eurobond 2020-2027 2020-2027	**EUR 350,000**	1.13%	**350,000**					**350,000**		**350,000**
Amplifon SpA	02/13/2027									
Unicredit Facility A amortizing expiring 09/28/2023 Amplifon SpA	**EUR 265,000**	0.51%	**198,750**		(198,750)			**-**		**-**
Euribor 6m + margin grid	09/28/2023									
HSBC amortizing expiring 1/11/2022 Amplifon SpA	**EUR 20,000**	0.24%	**10,001**		(10,001)			**-**		**-**
Euribor 6m +0.70%	01/11/2022									
UBI amortizing expiring 04/30/2023 Amplifon SpA	**EUR 30,000**	0.56%	**30,000**		(7,462)			**22,538**	**15,000**	**7,538**
Euribor 3m +1.10%	04/30/2023									
Mediobanca bullet expiring 03/22/2024 Amplifon SpA	**EUR 60,000**	1.13%	**60,000**					**60,000**	**-**	**60,000**
Euribor 6m +1.55%	03/22/2024									
BNL amortizing expiring 04/06/2025 Amplifon SpA	**EUR 50,000**	0.71%	**50,000**					**50,000**	**14,286**	**35,714**
Euribor 6m +1.25%	04/06/2025									
Unicredit Amortizing expiring 04/07/2025 Amplifon SpA	**EUR 150,000**	0.60%	**150,000**					**150,000**	**30,000**	**120,000**
Euribor 6m + *margin grid*	04/28/2025									
BPM amortizing expiring 04/28/2025 Amplifon SpA	**EUR 50,000**	1.05%	**50,000**					**50,000**	**-**	**50,000**
Euribor 6m +1.05%	04/28/2025									
CDP/MPS amortizing expiring 04/29/2025 Amplifon SpA	**EUR 78,000**	1.25%	**78,000**		(9,750)			**68,250**	**19,500**	**48,750**
Euribor 6m +1.65%	04/29/2025									
Credit Agricole amortizing expiring 06/30/2025 Amplifon SpA	**EUR 35,000**	0.49%	**35,000**					**35,000**	**3,500**	**31,500**
Euribor 6m +1.10%	06/30/2025									
France Bullet expiring 13/05/2021 (*) Amplifon France SAS	**EUR 30,000**	0.00%	**30,000**		(30,000)			**-**		**-**
	05/13/2021 (*)									
Sparkasse amortizing expiring 06/30/2025 Amplifon SpA	**EUR 10,000**	1.05%	**9,023**		(1,969)			**7,054**	**1,989**	**5,065**
Euribor 3m (*floor a 0*) +1.05%	04/29/2025									
Unicredit - NEW SYNDICATE expiring 12/23/2026 Amplifon SpA	**EUR 210,000**	0.46%				210,000		**210,000**	**-**	**210,000**
Euribor 6m + margin grid										
Total long-term loans			**1,140,416**	**7,479**	**(257,932)**	**210,000**	**-**	**1,099,964**	**84,276**	**1,015,688**
Others			**-**				**389**	**389**	**389**	
Total			**1,140,416**	**7,479**	**(257,932)**	**210,000**	**389**	**1,100,354**	**84,665**	**1,015,688**

(*) Considering the effect of the interest rate and currency hedges, the total Euro equivalent of interest payable on the private placement 2013-2025 is €85,371 thousand.

The maturities of financial debt at 31 December 2021 based on contractual obligations are shown below:

(€ thousands)	*Private placement* 2013-2025 (*)	*Eurobond* 2020-2027	Bank Loans	Total
2022			84,276	84,276
2023	46,566		116,559	163,125
2024			224,917	224,917
2025	38,805		122,091	160,896
2026			105,000	105,000
2027		350,000		350,000
Total	**85,371**	**350,000**	**652,843**	**1,088,214**

(*) Amounts related to the private placement are reported at the hedging exchange rate.

Some of the Group's loans, bonds and revolving credit lines are subject to the following financial covenants:

- the ratio of net financial indebtedness excluding lease liabilities to the Net Worth Ratio must not exceed 1.65;
- the **Leverage Ratio,** calculated as the ratio of net financial debt, excluding liabilities, to EBITDA recorded in the last four quarters (determined excluding the fair value of the stock-based payments, based solely on recurring business, and restated if the Group's structure should change significantly), must not exceed 2.85;
- the **Interest Cover** should be less than 4.9. It is calculated as the ratio of EBITDA (restated like the EBITDA used to calculate the leverage ratio) recorded in the last four quarters and the net interest owed in the same four quarters.

In the event of relevant acquisitions, the above ratios may be increased to 2.20 and 3.26, respectively, for a period of not more than 12 months, twice over the life of the respective loans (spike).

The trigger events for these covenants and the "spike" relative to significant acquisitions are summarized below:

Primary Credit Facility Agreement	Leverage Ratio	Net Worth Ratio	Interest Cover (*)	Spike
- *Private placement* 2013-2025 of USD 110 million (of EUR 85.4 million, including the fair value of the derivatives which set the EUR/USD exchange rate at 1.2885) - Medium/long-term bilateral loans with top-tier banking institutions of EUR 290 million - Irrevocable credit lines with top-tier banking institutions of EUR 155 million;	≤ 2.85	≤ 1.65	-	≤ 3,26 (Leverage Ratio) ≤ 2,20 (Net Worth Ratio)
- EUR 50 million bank loan expiring in 2025	≤ 2.85	-	> 4.90	-
- Revolving irrevocable credit line of EUR 15 million	≤ 2.85	-	> 4.90	≤ 3,26 (Leverage Ratio)
- Medium/long-term bilateral loans with top-tier banking institutions of EUR 103 million	≤ 2.85	≤ 1.65	> 4.90	≤ 3,26 (Leverage Ratio) ≤ 2,20 (Net Worth Ratio)

(*) This last covenant was granted in favor of the lender and it is also applied to the private placement.

The new €210 million "sustainability-linked" line negotiated at year-end 2021 used to refinance the syndicated loan for the GAES acquisition is not subject to financial covenants. However, the financial covenants on the other credit facilities will also be extended to the lenders of the "sustainability-linked" facility as a result of a most favored clause.
The three financial covenants and the relative spikes, shown in the table above, are, therefore, applied to this credit line as long as they are also applied to the other facilities.

As at 31 December 2021 these ratios were as follows:

(€ thousands)	Value as at 12/31/2021
Net financial indebtedness excluding lease liabilities/Group net equity	0.94
Net financial position excluding lease liabilities/EBITDA for the last 4 quarters	1.68
EBITDA for the last 4 quarters/Net financial expenses	29.13

The above-mentioned ratios were determined based on an EBITDA which was restated, in order to reflect the main changes in the Group structure.

(€ thousands)	Value as at 12/31/2021
Group EBITDA FY 2021	468,326
Fair value of stock grant assignment	17,111
EBITDA normalized (from acquisitions and disposals)	16,357
Acquisitions and non-recurring costs	15,308
EBITDA for the covenant calculation	517,102

(*) EBITDA excluding Elite.

The same agreements are also subject to other covenants applied in current international practice which limit the ability to issue guarantees and complete sales and lease backs, as well as extraordinary transactions involving the sale of assets.

Based on management's expectations (2022-2024 3-year Group's plan submitted to the Board of Directors of the Parent Company on 16 December 2021) at 31 December 2021 there are no foreseeable circumstances which could cause the covenants to be breached over the life of the plan.

The financial liabilities broken down by the accounting method used are shown below:

(€ thousands)	12/31/2021		
	Amortized cost	Fair value Net Equity	Fair Value through P&L
Total non-current financial liabilities	1,010,585		
Total current financial liabilities	151,112		

(€ thousands)	12/31/2020		
	Amortized cost	Fair value Net Equity	Fair Value through P&L
Total non-current financial liabilities	1,069,321		
Total current financial liabilities	75,615		

18. LEASE LIABILITIES

The lease liabilities stem from long-term leases and rental agreements. These liabilities are equal to the present value of future installments payable over the lease term.

The finance lease liabilities are shown in the statement of financial position as follows:

(€ thousands)	12/31/2021	12/31/2020	Change
Short term lease liabilities	98,665	85,430	13,235
Long term lease liabilities	353,267	337,350	15,917
Total lease liabilities	**451,932**	**422,780**	**29,152**

The impact of the lease liabilities recognized in the reporting period on the income statement is shown below:

(€ thousands)	21/31/2021
Interest charges on leased assets	(10,361)
Right-of-use depreciation	(96,244)
Costs for short-term leases and leases for low value assets	(10,798)

The maturities of the Group's lease liabilities based on undiscounted contractual cash flows are summarized below:

Descrption	< 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	> 5 years
Undiscounted lease liabilities	102,524	88,956	72,941	59,494	45,996	109,519

The maturities of the Group's lease liabilities based on discounted contractual payments are summarized below:

Descrption	< 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	> 5 years
Lease liabilities	98,853	79,253	67,227	55,064	42,751	108,784

19. PROVISIONS FOR RISKS AND CHARGES (MEDIUM/LONG-TERM)

(€ thousands)	12/31/2021	12/31/2020	Change
Product warranty provision	1,245	1,337	(92)
Contractual risk provision	4,836	4,766	70
Agents' leaving indemnity	20,097	41,638	(21,541)
Other risk provisions	2,901	2,024	877
Total	**29,079**	**49,765**	**(20,686)**

(€ thousands)	Net value as at 12/31/2020	Provision	Reversals	Utilization	Other net changes	Translation differences	Change in the consolidation area	Net value at 12/31/2021
Product warranty provision	1,337	467	(509)	(16)	(30)	(4)	-	1,245
Contractual risk provision	4,766	1,233	(867)	(297)	1	-	-	4,836
Agents' leaving indemnity	41,638	1,082	(459)	-	(23,553)	1,344	45	20,097
Other risk provisions	2,024	41	(84)	-	307	30	583	2,901
Total	**49,765**	**2,823**	**(1,919)**	**(313)**	**(23,275)**	**1,370**	**628**	**29,079**

The "Agents' leaving indemnity" refers to:

- provisions for the agents' leaving indemnity of €13,572 thousand recognized by Amplifon Italia S.p.A and similar provisions of €191 thousand made by the Belgian subsidiary;
- the American subsidiary's pension plan liabilities for commercial partners in the United States of €6,336 thousand as per the asset plans referred to in note 7 above. The reduction for the period is due mainly to the reclassification of the Elite's liabilities from non-current liabilities.

The main assumptions used in the actuarial calculation of the agents' leaving indemnity of Amplifon S.p.A. were:

	FY 2021
Economic assumptions	
Annual discount rate	0.44%
Demographic assumptions	
Probability of agency contract termination by the company	2.70%
Probability of agent's voluntary termination	8.25%
Mortality rate	RG48
Disability percentage	INPS tables divided by age and sex

20. LIABILITIES FOR EMPLOYEES' BENEFITS (MEDIUM/LONG-TERM)

(€ thousands)	Balance at 12/31/2021	Balance at 12/31/2020	Change
Defined-benefit plans	19,162	22,784	(3,622)
Other defined-benefit plans	822	766	56
Other provisions for personnel	778	469	309
Total	**20,762**	**24,019**	**(3,257)**

Provisions for defined-benefit plans mainly include the severance pay potentially owed by the Italian companies, as well as severance owed by the Swiss, French and Israel subsidiaries.
The way in which these benefits are guaranteed varies based on the legal, tax and economic conditions of each country in which the Group operates.

The change in the provision for defined-benefit plans is detailed below:

(€ thousands)	FY 2021
Net present value of the liability at the beginning of the year	**(22,784)**
Current service cost	(429)
Financial charges	(135)
Business combinations	(998)
Actuarial losses (gains)	3,305
Amounts paid	2,328
Translation differences	(449)
Net present value of the liability at the end of the year	**(19,162)**

The current cost of severance indemnity is recognized under personnel expenses in the consolidated financial statements, while actuarial gains and losses are recognized in the statement of comprehensive income statement.

The main assumptions used in the actuarial estimate of the liability for employee benefits were as follows:

FY 2021

	Italy	France	Switzerland	Israel
Economic assumptions				
Annual discount rate	0.44%	1%	0.30%	2.29%
Expected annual inflation rate	1.75%	1%	0.75%	2.54%
Annual rate of increase of severance indemnity	2.81%	1.5%	2%	3.38%
Demographic assumptions				
Mortality rate	RG48 mortality tables published by the General Accounting Office of the State	INSEE TD-TV 14-16 tables	BVG 2015 GT tables	circular letter 2019-1-10
Disability percentage	INPS tables divided by age and sex	N/A	BVG 2015 GT tables	circular letter 2019-1-10
Retirement age	100% on meeting the requirements for compulsory national social insurance	62 years	100% on meeting the age requirements (65m/64f)	Men – 67 Women -62

FY 2020

	Italy	France	Switzerland	Israel
Economic assumptions				
Annual discount rate	-0.02%	0.50%	0.15%	2.28%
Expected annual inflation rate	0.80%	0.50%	1.00%	1.46%
Annual rate of increase of severance indemnity	2.10%	1.5%	2.00%	2.79%
Demographic assumptions				
Mortality rate	RG48 mortality tables published by the General Accounting Office of the State	INSEE TD-TV 14-16 tables	BVG 2015 GT tables	circular letter 2019-1-10
Disability percentage	INPS tables divided by age and sex	N/A	BVG 2015 GT tables	circular letter 2019-1-10
Retirement age	100% on meeting the re-quirements for compulsory national social insurance	62 years	100% on meeting the age requirements (65m/64f)	Men – 67 Women -62

Provisions for other benefits are explained primarily by the Australian subsidiaries (€764 thousand) which have an obligation for those benefits that are recognized when a given job seniority is reached.

21. OTHER LONG-TERM LIABILITIES

(€ thousands)	12 /31/2021	12/31/2020	Change
Payables for business acquisitions	19,571	32,262	(12,691)
Other long-term debt	16,318	11,344	4,974
Total	**35,889**	**43,606**	**(7,717)**

Acquisition liabilities include the long-term portion of the contingent consideration (earn-out), estimated based on the economic information available at the date of the Annual Report, to be paid on acquisitions of companies and business units made mainly in Canada, the United States. France and Germany, if certain sales and/or profitability targets are reached, as well as the fair value of the put and call options on the remaining minority interests in Hangzhou Amplifon Hearing Aid Co. Ltd (China) and Medtechnica Ortophone Ltd (Israel). The options are classified Level 3 on the fair value hierarchy scale.

Other long-term debt includes primarily the liabilities of reinsurance companies on lost & damage policies.

The following tables show the long-term liabilities according to the accounting treatment applied:

12/31/2021

(€ thousands)	Amortized cost	Fair value Net Equity	Fair Value through P&L
Payable for business acquisition		6,552	13,019
Other long-term debt	16,318		

12/31/2020

(€ thousands)	Amortized cost	Fair value Net Equity	Fair Value through P&L
Payable for business acquisition		21,548	10,714
Other long-term debt	11,344		

22. TRADE PAYABLES

(€ thousands)	12/31/2021	12/31/2020	Variazione
Trade payables – Associated companies	-	-	-
Trade payables – Joint ventures	311	139	172
Trade payables – Related parties	106	304	(198)
Trade payables – Third parties	242,090	180,593	61,497
Total	**242,507**	**181,036**	**61,471**

Trade payables do not bear interest and are paid within 60 to 120 days.

The Group adheres to a credit agreement (reverse factoring or indirect factoring) based on which suppliers can transfer their credits with the Group to a bank and receive early payment of their invoices. The Group did not eliminate the original liabilities to which the agreement applies from its accounts insofar as no legal release has been obtained nor have any substantive changes been made to the original liability as a result of the agreement. The agreement does not result in a significant lengthening of the Group's payment terms beyond the normal expirations established prior to adhering to the agreement or with the suppliers who do not adhere to the agreement. The Group, furthermore, may not postpone payment to the bank of its trade payables and does not have to pay additional interest to the bank on the amounts owed the suppliers. The amounts factored by the suppliers are classified as trade payables as the nature and purpose of the financial liabilities are not any different from that of the other trade payables. The trade payables which have yet to expire transferred to the factor by the suppliers amounted to €17,659 thousand at 31 December 2021.

23. CONTRACT LIABILITIES

(€ thousands)	12/31/2021	12/31/2020	Change
Contract liabilities – Short-term	107,414	102,999	4,415
Contract liabilities – Long-term	144,414	130,016	14,398
Total	**251,828**	**233,015**	**18,813**

The contract liabilities refer to deferred income for goods and services provided to customers over time (after sales services, extended warranties, material rights, batteries). These are recognized in the income statement based on the level to which the different contractual performance obligations have been satisfied.

The changes in contract liabilities in the year are shown below:

(€ thousands)	
Net value at 12/31/2020	**233,015**
Increase linked to customer contracts	70,877
Revenues included in the opening balance	(63,154)
Business combinations	8,667
Currency translation differences and other net changes	2,423
Net value at 12/31/2021	**251,828**

The revenue recognized in 2021 stemming from fulfilled contractual obligations, included in the opening balance of contract liabilities at January 1st, 2021, amounted to €63,154 thousand.

More in detail, the contract liabilities that should be extinguished, resulting in the recognition of the revenue allocated, over the next 5 years are shown below:

(€ thousands)	2022	2023	2024	2025	2026 and beyond
Contract liabilities	106,906	69,325	41,783	23,198	10,616

For a description of the performance obligations relating to goods and services provided over time please refer to note 29.

24. OTHER PAYABLES

(€ thousands)	12/31/2020	12/31/2019	Change
Other payables	190,996	134,658	56,338
Accrued expenses and deferred income	16,936	12,299	4,637
Sales returns - liability	3,543	3,784	(241)
Total other payables	**211,475**	**150,741**	**60,734**
Tax payables	54,537	62,089	(7,552)
Payables for business acquisitions	12,667	6,693	5,974
Total	**278,679**	**219,523**	**59,156**

The other payables mainly comprise: (i) €106,848 thousand relating to amounts owed personnel; (ii) €49,561 thousand relating to commissions and bonuses payable to agents (increase for the period is mainly due to reclass of Elite's liabilities, as described in note 19) (iii) € 29,304 thousand relating to social security liabilities; and (iv) €5,155 thousand relating to customer down-payments.

Acquisition liabilities include the short-term portion of the contingent consideration *(earn-out)* to be paid long-term on acquisitions of companies and business units made mainly in Canada, France, Germany, Belgium and the United States, if certain sales and/or profit targets are reached.

Tax payables include mainly: (i) €30,860 thousand in direct taxes; (ii) €9,648 thousand in withholding taxes; (iii) €14,028 thousand in VAT and other indirect taxes.

The provision for sales returns is calculated based on the best estimate of the liabilities for returns made through the direct channel.

The following table show other payables according to the accounting treatment applied:

	12/31/2021		
(€ thousands)	Amortized cost	Fair value Net Equity	Fair Value through P&L
Other debts	266,012		
Paybales fro business acquisitions			12,667

	12/31/2020		
(€ thousands)	Amortized cost	Fair value Net Equity	Fair Value through P&L
Other debts	212,830		
Payables for business acquisitions			6,693

25. PROVISIONS FOR RISKS AND CHARGES (CURRENT PORTION)

(€ thousands)	12/31/2021	12/31/2020	Change
Other provisions for risks	3,282	3,560	(278)
Total	**3,282**	**3,560**	**(278)**

The other provisions for risks include mainly the liabilities of reinsurance companies on lost & damage policies and the costs allocated for restoring premises to the original condition when leases expire.

26. LIABILITIES FOR EMPLOYEES' BENEFITS (CURRENT PORTION)

(€ thousands)	12/31/2021	12/31/2020	Change
Other provisions for risks – current portion	4,081	3,139	942
Total	**4,081**	**3,139**	**942**

The amount refers to the current portion of liabilities for the employee benefits described in note 20.

27. SHORT-TERM FINANCIAL DEBT

(€ thousands)	12/31/2021	12/31/2020	Change
Bank current accounts	*617*	*1,819*	(1,202)
Short-term bank borrowings	*61,284*	*3,785*	57,499
Current portion of long-term debts	*84,394*	*65,714*	18,680
Payables to banks and other financing	146,295	71,318	74,977
Current portion of fees on loans	(1,644)	(1,987)	343
Short-term financial debt	389	52	337
Financial accrued expenses and deferred income	6,072	6,232	(160)
Totale	**151,112**	**75,615**	**75,497**

For current share of medium and long term loans please see note 17.

Financial accruals and deferred income of €6,072 thousand relate primarily to the interest owed on the 2013-2025 private placement (€1,851 migliaia), on the Eurobond 2020-2027 (€3,456 thousand) and other medium/long-term loans.

The increase in short-term financial debt is explained primarily by the hot money used for treasury activities and bank overdrafts in the second half of 2021.

28. DEFERRED TAX ASSET AND LIABILITIES

The net balance of deferred tax assets and liabilities at 31 December 2021 can be broken down as follows:

(€ thousands)	12/31/2021	12/31/2020	Change
Deferred tax assets	85,185	83,671	1,514
Deferred tax liabilities	(105,191)	(95,150)	(10,041)
Net position	**(20,006)**	**(11,479)**	**(8,527)**

The net change in deferred tax assets and liabilities is provided below:

(€ thousands)	Balance as at 12/31/2020	Recognized in P&L	Recognized in net equity	Businesses combinations and changes in consolidation area	Exchange differences and other changes	Balance as at 12/31/2021
Deferred tax on severance indemnity and pension funds	5,100	866	(508)	21	(335)	**5,144**
Deferred tax on tax losses carried forward	11,232	(5,152)	-	578	(558)	**6,100**
Deferred tax on inventory	489	1,448	-	-	3	**1,940**
Deferred tax on tangibles, intangibles and goodwill	(17,145)	(6,503)	-	788	(1,468)	**(24,328)**
Deferred tax on trademarks and concessions	(55,995)	12,560	-	(15,474)	(873)	**(59,782)**
Deferred tax on other provisions	11,582	527	-	130	358	**12,597**
Deferred tax on contract liabilities and contract costs	12,194	(1,477)	-	1,666	(1,062)	**11,321**
Deferred tax on leasing	4,079	518	-	(1,265)	1,262	**4,594**
Other deferred tax	16,985	889	(26)	2,351	2,209	**22,408**
Total	**(11,479)**	**3,676**	**(534)**	**(11,205)**	**(464)**	**(20,006)**

Deferred tax assets on prior year tax losses carried forward are as follows:

(€ thousands)	12/31/2021	12/31/2020	Change
Germany	6,079	8,554	(2,475)
Israel	21	52	(31)
Spain	-	2,626	(2,626)
Total	**6,100**	**11,232**	**(5,132)**

As at December 31st, 2021 the following prior year fiscal losses did not originate deferred tax assets because the requirements of reasonable certainty for recoverability do not currently exist:

(€ thousands)	Prior year tax losses	Rate	Deferred tax assets not recognized in the consolidated financial statements	Due date
Australia	12,771	30.00%	3,831	none
Canada	19,657	26.50%	5,209	11-20 years
China	498	25.00%	125	3-5 years
Colombia	3,071	31.00%	952	8-12 years
India	12,968	25.17%	3,264	1-8 years
Italy	1,151	24.00%	276	none
Mexico	3,308	30.00%	992	7-10 years
Panama	44	20.00%	9	1-4 years
Poland	2,602	19.00%	494	1-5 years
Portugal	7,232	21.00%	1,519	3-9 years
United Kingdom	72,512	25.00%	18,128	none
Hungary	1,430	9.00%	129	4 years
Total	**137,244**		**34,928**	

29. REVENUES FROM SALES AND SERVICES

The breakdown of the Group's revenues by customer contract is shown below. For the sake of better year-on-year comparisons, the figures for 2020 were restated in order to exclude the revenues generated by the "Elite Hearing Network" which at 31 December 2021 was recognized as a discontinued operation in accordance with IFRS 5 (see Note 36).

(€ thousands)	FY 2021	FY 2020	Change
Revenues from sale of products	1,719,933	1,297,369	422,564
Revenues from services	228,142	205,889	22,253
Total revenues from sales and services	**1,948,075**	**1,503,258**	**444,817**
Goods and services provided at a point in time	1,719,933	1,297,370	422,563
Goods and services provided over time	228,142	205,888	22,254
Total revenues from sales and services	**1,948,075**	**1,503,258**	**444,817**

Consolidated revenues from sales and services amounted to €1,948,075 thousand in 2021, an increase of €444,817 thousand (+29.6%) against the comparison period explained for €360,519 thousand (+24.0%) by organic growth and for €83,099 thousand (+5.5%) by acquisitions. The foreign exchange effect was positive for €1,199 thousand (+0.1%).

Revenues from services rendered were €22,255 thousand higher and refer mainly to the deferred revenues for post-sales services which are recognised overtime based on the extent which the performance obligations have been satisfied.

For the breakdown of revenues by geographical area refer to Note 45 Segment Information.
The main goods and services provided by the Amplifon Group in 2021, as well as the nature and terms of the performance obligations, are described below.

Goods and services	Nature and fulfillment terms
Hearing aid and fitting	Part of a single and inseparable performance obligation, comprised of the hearing aid, fitting and personalization of the solution using computerized systems to satisfy each person's needs. The Group recognized the relative revenue when the fitting has been completed or at the end of the trial period, when provided.
Other goods	Batteries, cleaning kits, and other accessories. The Group recognizes the revenue relative to other goods when the goods are transferred, which can happen at the time of sale (ex. batteries, cleaning kits and other accessories) or over time.
After sales services	After sales services include: - Cleaning, regulation and revision of the hearing aid; - Periodic hearing tests; - Post – sales assistance; The Group recognizes the revenue generated by after sales services over the life of the contract, generally 4-5 years. The amount of the revenue recognized based on the input method.
Extended warranties	Extended warranties are provided in addition to mandatory warranties that the supplier must provide. The Group recognizes the revenue from extended warranties in equal amounts over the duration of the extension.
Material rights	*Material rights include, for example, discounts of future purchases or loyalty points.* The Group recognizes the revenue from material rights when the rights are exercised by the customer or when the probability that the customer exercises the remaining rights is remote.

The deferred revenues for goods transferred and services rendered over time which will be realized in subsequent years and included in the short- and long-term contract liabilities at 31 December 2021 are showed below:

(€ thousands)	2022	2023	2024	2025	2026 and beyond
Revenues for goods and services provided over time	106,906	69,325	41,783	23,198	10,616

The goods transferred and services rendered over time refer mainly to after sales services, extended warranties, material rights and batteries (if delivered over time).

30. OPERATING COSTS

The breakdown of the Group's operating costs is shown below. For the sake of better year-on-year comparisons, the figures for 2020 were restated in order to exclude the operating costs incurred by the "Elite Hearing Network" which at 31 December 2021 was recognized as a discontinued operation in accordance with IFRS 5 (see Note 36).

(€ thousands)	FY 2021	FY 2020	Change
Cost of raw materials, consumables and supplies and change in inventories of raw materials, consumables and supplies	(315,969)	(267,244)	(48,725)
Personnel expenses – Points of sale	(398,350)	(290,519)	(107,831)
Commissions – Points of sale	(116,192)	(88,473)	(27,719)
Rental costs – Points of sale	(9,020)	(6,729)	(2,291)
Total	**(839,531)**	**(652,965)**	**(186,566)**
Other personnel expenses	(240,682)	(199,889)	(40,793)
Other rental costs	(790)	(1,959)	1,169
Other costs for services	(403,708)	(296,293)	(107,415)
Total other operating costs	**(645,180)**	**(498,141)**	**(147,039)**
Total operating costs	**(1,484,711)**	**(1,151,106)**	**(333,605)**

The operating costs incurred in 2021 include non-recurring expenses of €14,000 thousand, explained for €7,372 thousand by the Bay Audio acquisition, for €4,087 thousand by the second phase of the GAES integration and for €1,741 thousand by the corporate restructuring of Amplifon S.p.A.

The lease and rental costs refer to leases not subject to IFRS 16 application (leases for low value assets, short-term leases, leases with variable payment terms).

The breakdown of "Personnel expenses – Points of sale" and "Other personnel expenses" is as follows:

(€ thousands)	FY 2021	FY 2020	Change
Wages and salaries	(489,718)	(370,957)	(118,761)
Stock options and performance stock grant	(17,111)	(16,344)	(767)
Social contributions	(102,882)	(84,997)	(17,885)
Other personnel costs	(29,321)	(18,110)	(11,211)
Total	**(639,032)**	**(490,408)**	**(148,624)**

Staff headcount by geographic area:

	12/31/2021		12/31/2020	
	Number	Average	Number	Average
Italy	715	694	600	581
France	1,399	1,350	1,336	1,326
Switzerland	291	282	290	292
Hungary	193	190	187	188
Germany	1,816	1,843	1,820	1,852
Spain	1,967	1,969	1,948	1,861
Portugal	227	221	218	226
Belgium and Luxemburg	181	185	185	179
The Netherlands	692	714	723	729
Poland	171	163	156	157
United Kingdom and Ireland	292	310	378	415
Israel	216	213	205	199
Egypt	184	184	184	183
Total EMEA	**8,344**	**8,318**	**8,230**	**8,188**
USA and Canada	938	874	529	521
Argentina	106	96	89	92
Chile	138	124	102	109
Ecuador	65	58	52	53
Panama	6	5	5	5
Colombia	47	36	32	31
Mexico	54	44	31	32
Total Americas	**1,354**	**1,237**	**840**	**843**
Australia	1,639	1,144	1,133	1,075
New Zealand	487	494	485	475
India	413	424	413	412
Singapore	8	7	4	5
China	342	245	160	143
Total Asia Pacific	**2,889**	**2,314**	**2,195**	**2,110**
Total Group	**12,587**	**11,869**	**11,265**	**11,141**

31. OTHER INCOME AND COSTS

The breakdown of the Group's other income and costs is shown below. For the sake of better year-on-year comparisons, the figures for 2020 were restated in order to exclude the other income and costs of the "Elite Hearing Network" which at 31 December 2021 was recognized as a discontinued operation in accordance with IFRS 5 (see Note 36).

(€ thousands)	FY 2021	FY 2020	Change
Other income and costs	4,962	13,681	(8,719)
Total	**4,962**	**13,681**	**(8,719)**

The operating costs incurred in 2021 include non-recurring expenses of €450 related to the second phase of the GAES integration and for €1,741 thousand by the corporate restructuring of Amplifon S.p.A.

32. AMORTIZATION, DEPRECIATION AND IMPAIRMENT

The breakdown of the Group's other income and costs is shown below. For the sake of better year-on-year comparisons, the figures for 2020 were restated in order to exclude the other income and costs of the "Elite Hearing Network" which at 31 December 2021 was recognized as a discontinued operation in accordance with IFRS 5 (see Note 36).

(€ thousands)	FY 2021	FY 2020	Change
Amortization of intangible fixed assets	(74,706)	(61,455)	(13,251)
Depreciation of tangible fixed assets	(48,549)	(47,716)	(833)
Depreciation of right-of-use assets	(96,244)	(89,769)	(6,475)
Amortization and depreciation	(219,499)	(198,940)	(20,559)
Impairment	(2,827)	(3,491)	664
Total	**(222,326)**	**(202,431)**	**(19,895)**

Amortization and depreciation amounted to €219,499 thousand in 2021, an increase of €20,559 thousand against the comparison period explained primarily by higher investments in intangible assets and property, plant and equipment described in Note 4 and Note 5, respectively, as well as increased amortization of right-of-use assets.

Depreciations for 2021 include €1,693 thousand of non-recurring items related to accelerated depreciation for non-current assets in GAES.

33. FINANCIAL INCOME, EXPENSES AND VALUE ADJUSTMENTS TO FINANCIAL ASSETS

The breakdown of the Group's financial income, expenses and value adjustments to financial assets is shown below. For the sake of better year-on-year comparisons, the figures for 2020 were restated in order to exclude the financial income, expenses and value adjustments of the "Elite Hearing Network" which at 31 December 2021 was recognized as a discontinued operation in accordance with IFRS 5 (see Note 36).

(€ thousands)	FY 2021	FY 2020	Change
Proportionate share of the result of associated companies valued at equity	**120**	**(346)**	**466**
Other income, charges, revaluation and write-downs of financial assets	**1,574**	**2**	**1,572**
Interest income on bank accounts	198	182	16
Interest expenses on short and long-term bank loans	(17,315)	(18,042)	727
Interest income and expenses	**(17,117)**	**(17,860)**	**743**
Interest expenses on lease liabilities	**(10,362)**	**(10,428)**	**66**
Other financial income and charges	**2,150**	**(1,490)**	**3,640**
Exchange rate gains	9,589	9,838	(249)
Exchange rate losses	(8,471)	(9,102)	631
Gains/(losses) on financial assets at fair value – Non-hedge accounting derivatives	(123)	(105)	(18)
Exchange rate differences and non-hedge accounting derivatives	**995**	**631**	**364**
Total	**(22,640)**	**(29,491)**	**6,851**

Interest payable on financial indebtedness amounted to €17,315 thousand at 31 December 2021, versus €18,042 thousand at 31 December 2020.

Interest receivable on bank deposits came to €198 thousand at 31 December 2021, versus €182 thousand at 31 December 2020.

Other income, charges, revaluation and write-downs of financial assets includes the capital gains realized on the sale of the businesses in Ireland and Luxembourg.

Other financial income and expenses was €3,640 thousand higher in 2021, coming in at a positive €2,150 thousand at 31 December 2021, due mainly to the recognition of €4,571 in income attributable to the change in fair value of the GAES acquisition loan which was refinanced with a new 5-year line, described in greater detail in Note 17.

During 2021 the gains and losses on financial assets measured at fair value refer primarily to forwards hedging currency risk and, more specifically, to the forwards covering the currency risk on the dividends paid by the Australian subsidiaries in December 2021 to Amplifon S.p.A. and Amplifon Nederland, as well as the dividends that Amplifon USA will pay Amplifon S.p.A. in February and May 2022.

INTEREST RATE RISK - SENSITIVITY ANALYSIS:

The Amplifon Group's exposure to changes in interest rates is mitigated significantly by the fact that a large part of the medium/long-term debt is fixed rate as a result of interest rate hedges or because the debt is fixed rate.
More in detail:

- as a result of swaps, the Euro interest rate on the different tranches of the 2013-2025 private placement (remaining outstanding of USD 110 million) is 3.952% (average rate);
- as a result of hedges, the average rate on the loans granted by Unicredit for € 100 milion, Banco BPM for Euo 50 milion, BNL for Euro 50 milion, CDP/MPS for Euro 54,6 milion, Credit Agricole for Euro 35 milion, Mediobanca for Euro 30 milion and refinancing for GAES acquisition for € 210 milion is 1.064%;
- the bond issued in February 2020 has a fixed rate of 1.125%.

The impact on the income statement of plausible changes in interest rates, applied to the consolidated figures at 31 December 2021, is shown below.

The current market conditions are such that the Group believes it is unlikely that rates will be reduced any further, taking into account that several loans have zero percent floors on Euribor or the all-in rates. For this reason, the sensitivity analysis for 2021 assumes an increase in rates of only up to 1%.

(€ thousands)

FY 2021	Note	Balance at 12/31/2020	Increase/decrease in interest rates (in %)	Impact on profit before tax
Current assets				
Bank current accounts and short-term bank deposits	14	267,109	1%	2,671
Current liabilities				
Bank current accounts	27	(617)	1%	(6)
Short-term bank borrowings	27	(61,284)	1%	(613)
Total impact on profit before tax				**2,052**

CURRENCY RISK - SENSITIVITY ANALYSIS:

The 2013-2025 private placement denominated in USD, with a remaining outstanding of USD 110 million, is hedged against currency risk. More specifically, as a result of hedges the Group set the Euro/Dollar exchange rate for the duration of the loan. Therefore, it is reasonable to assume that any change in exchange rates will not have a significant impact on the income statement as the currency positions and the hedges will automatically show changes of equal amounts, but of the opposite sign.

The intercompany loans between the Australian and New Zealand companies, and between American and Canadian companies, are considered equity investments insofar as they are not interest bearing and are not expected to be repaid. Any changes in exchange rates are, therefore, charged directly to the translation reserve without passing through the income statement. In 2021 Amplifon S.p.A. also granted a loan for €14,143 thousand to the Australian subsidiary Bay Audio Pty in Australian dollars which was hedged against exchange risk using a forward.

Overall, derivatives are used to hedge the exchange risk stemming from financial transactions, while natural hedges are used to cover the risk stemming from operational transactions and the rendering of intercompany services.

Given the management of foreign exchange risk described in note 43, the residual currency risk on receivables, payables and future revenue streams which have not been hedged is not significant.

34. INCOME TAXES

The breakdown of the Group's income taxes is shown below. For the sake of better year-on-year comparisons, the figures for 2020 were restated in order to exclude the income taxes of the "Elite Hearing Network" which at 31 December 2021 was recognized as a discontinued operation in accordance with IFRS 5 (see Note 36).

(€ thousands)	FY 2021	FY 2020	Change
Current income tax	(63,438)	(46,361)	(17,077)
Deferred income tax	3,676	9,122	(5,446)
Total	**(59,762)**	**(37,239)**	**(22,523)**

(€ thousands)	FY 2021	FY 2020	Change
Profit (loss) before tax	223,360	133,911	89,449
Tax for the year	(59,762)	(37,239)	(22,253)
Tax rate	**-26.8%**	**-27.8%**	**1.0%**

The following table reconciles tax recognized in the consolidated financial statements to theoretical tax charge calculated on the basis of Italy's current tax rates.

(€ thousands)	December 2021 Tax effect	%	December 2020 Tax effect	%
Reconciliation with the effective tax rate:				
Effective tax/effective tax rate	**59,762**	**26.8%**	**38,263** (*)	**27.5%** (*)
Non-recognition of deferred taxes on the year's losses and earnings which were not taxed due to carried forward tax losses.	(485)	-0.2%	(1,694)	-1.2%
Patent Box incentive	-	0.0%	719	0.5%
Effect of companies taxed in countries other than Italy	(1,266)	-0.6%	(2,107)	-1.5%
Deferred tax: change in rates and correction of errors	(119)	-0.1%	297	0.2%
Non-deductible expense net of non-taxable income	3,015	1.3%	1,805	1.3%
Effective tax rate net of IRAP and CVAE	**60,906**	**27.3%**	**37,283**	**26.8%**
IRAP, CVAE and other taxes not tied to income tax	(7,300)	-3.3%	(3,845)	-2.8%
Effective tax/theoretical tax rate	**53,606**	**24.0%**	**33,438**	**24.0%**

(*) Effective tax and tax rate on FY21's income includes the current and deferred taxes related to the "Elite Hearing Network", for €1,204 thousands (see note 36).

The tax rate came to 26.8% compared to 27.5% at 31 December 2020.

35. PERFORMANCE STOCK GRANT

In Amplifon Group there are two different Performance Stock Grant plans: 2014-2021 plan and 2019-2025 plan. Both of them are described below.

GENERAL CHARACTERISTICS OF THE NEW PERFORMANCE STOCK GRANT PLAN 2014-2021

On 28 April 2014 the Board of Directors of the Parent Company – as resolved by the Shareholders' Meeting held on 16 April 2014 and based on the recommendations of the Remuneration & Appointment Committee– approved the regulations of the New Performance Stock Grant Plan 2014-2021 with the following general characteristics:

- the plan provides for the grant of rights, each of which gives the right to a Company share to be granted at the end of the vesting period (3,5 years) to beneficiaries falling within one of the following clusters:
  1. Executives & Senior Managers;
  2. International Key Managers and Group & Country Talents;
  3. High Performing Audiologists & Sales Managers.

- the vesting of the rights and, therefore, the grant of the related shares is subject to the following main condition that as of the date of grant of the shares the beneficiary is an employee of one of the companies of the Group and no notice period subsequent to resignation and/or withdrawal is under way. Furthermore, for the Cluster 1 and Cluster 2 the plan foresee further conditions to attribute the financial instruments:
  - Cluster 1: achievement of Group 3 years business targets;
  - Cluster 2: level of the individual performance of the beneficiary are not lower, in all the reference periods, to fully meets expectations.

- the exercise of the vested rights should be performed within the deadline of the exercise period (2.5 years from the date of vesting of the rights) and is subject to a minimum threshold value of the Amplifon S.p.A. share defined by the Board of Directors of the Parent Company for each assignment cycle.

For each cycle of assignment, the Board of Directors of the Parent Company is empowered, with sub-delegation, to identify the beneficiaries and to set the number of rights to be granted to each beneficiary. The Board of Directors may at any time make changes to the Regulations as may be necessary and/or appropriate in connection with, in particular, the case of changes to the applicable law.

On 21 April 2015, following the proposal of the Board of Directors of 3 March 2015 and heard the opinion of the Remuneration and Appointment Committee, the Shareholders' Meeting of the Parent Company discussed and approved the modifications to the stock plan for the period 2014-2021 (the "New Plan of Performance Stock Grant").

In particular, the modification approved by the ordinary Shareholders' Meeting concerns the extension of the plan also to collaborators not related to the Company by employment contracts and the subsequent variation in the identification of the beneficiaries who are currently defined as employees and collaborators of a Group entity, belonging to the following categories:

- Cluster 1: Executives & Senior Managers;
- Cluster 2: International Key Managers; Group & Country Talents;
- Cluster 3: High Performing Audiologists & Sales Managers.

This extension will allow to include also the agents currently working in Italy, Spain and Belgium with the aim to adequately sustain, also in terms of retention, the different business models through which the Amplifon Group operates.

On 29 April 2015 the Board of Directors of the Parent Company, approved the modification to the operative regulation of the plan, in line with the changes approved by the ordinary Shareholders' Meeting.

On 18 April 2016, following the proposal of the Board of Directors of the Parent Company and heard the opinion of the Remuneration and Appointment Committee, the ordinary Shareholders' Meeting discussed and approved the modifications to the share plan for the period 2014-2021. The purpose of the modification is to align the plan to a new provision introduced in France as the result of Law n. 2015-990 dated August 6th, 2015 (the "Macron Law"). The amendment allows the beneficiaries and the Company to take advantage of a more favorable fiscal and social contribution regime.

The provisions that, in line with the Macron Law, have been amended, regard in particular:
a. the elimination of an exercise period of 2.5 years;
b. the introduction of specific "closed periods" during which the employees cannot sell the shares obtained in relation to the incentive plan.

All the key characteristics of the plan, among which the number of available rights, the timing and conditions for the rights' maturation remain unchanged.

The amendment affects only French beneficiaries and does not have any retroactive effects on previous awards to French beneficiaries.

Below are reported the details of the cycles of assignment of the *New Performance Stock Grant* plan 2014-2021 currently in place:

A) Stock grant 27 April 2016

STOCK GRANT 27 APRIL 2016 – GENERAL RULES

(€ thousands)	FY 2021		FY 2020	
	N. rights granted	Market Price (€)	N. rights granted	Market Price (€)
Option rights at 1 January	**145,150**	**34.04**	**466,224**	**25.64**
Rights granted in the period	-	-	-	-
Upside rights	-	-	-	-
(Rights converted in the period)	138,250	31.55 (*)	321,074	27.50 (*)
(Rights cancelled in the period)	6,900	-	-	-
Option rights at 31 December	**-**	**-**	**145,150**	**34.04**

(*) Average weighted market price at the exercises.

STOCK GRANT 27 APRIL 2016 – FRENCH RULES

(€ thousands)	FY 2021		FY 2020	
	N. rights granted	Market Price (€)	N. rights granted	Market Price (€)
Option rights at 1 January	**2,000**	**34.04**	**2,000**	**25.64**
Rights granted in the period	-	-	-	-
Upside rights	-	-	-	-
(Rights converted in the period)	1,000	46.28 (*)	-	-
(Rights cancelled in the period)	1,000	-	-	-
Option rights at 31 December	**-**	**-**	**2,000**	**34.04**

(*) Average weighted market price at the exercises.

B) Stock grant 26 October 2016

STOCK GRANT 26 OCTOBER 2016 – GENERAL RULES

(€ thousands)	FY 2021		FY 2020	
	N. rights granted	Market Price (€)	N. rights granted	Market Price (€)
Option rights at 1 January	**21,650**	**34.04**	**31,500**	**25.64**
Rights granted in the period	-	-	-	-
Upside rights	-	-	-	-
(Rights converted in the period)	19,650	43.01 (*)	9,850	21.19 (*)
(Rights cancelled in the period)	2,000	-	-	-
Option rights at 31 December	**-**	**-**	**21,650**	**34.04**

(*) Average weighted market price at the exercises.

C) Stock grant 27 April 2017

STOCK GRANT 27 APRIL 2017 – GENERAL RULES

(€ thousands)	FY 2021		FY 2020	
	N. rights granted	Market Price (€)	N. rights granted	Market Price (€)
Option rights at 1 January	**587.808**	**34.04**	**1,506,700**	**25.64**
Rights granted in the period	-	-	-	-
Upside rights	-	-	65,975	-
(Rights transferred in the period)	-	-	10,000	-
(Rights converted in the period)	201.573	33.29 (*)	978,167	25.57 (*)
(Rights cancelled in the period)	-	-	16,700	-
Option rights at 31 December	**386.235**	**47.45**	**587,808**	**34.04**

(*) Average weighted market price at the exercises.

STOCK GRANT 27 APRIL 2017 – FRENCH RULES

(€ thousands)	FY 2021		FY 2020	
	N. rights granted	Market Price (€)	N. rights granted	Market Price (€)
Option rights at 1 January	**1,000**	**34.04**	**64,000**	**25.64**
Rights granted in the period	-	-	-	-
Upside rights	-	-	-	-
Rights transferred in the period	-	-	-	-
(Rights transferred in the period)	-	-	10,000	-
(Rights converted in the period)	1,000	- (*)	50,600	- (*)
(Rights cancelled in the period)	-	-	2,400	-
Option rights at 31 December	**-**	**-**	**1,000**	**34.04**

(*) Rights exercise through "Classic" method.

D) Stock grant 25 October 2017

STOCK GRANT 25 OCTOBER 2017 – GENERAL RULES

(€ thousands)	FY 2021		FY 2020	
	N. rights granted	Market Price (€)	N. rights granted	Market Price (€)
Option rights at 1 January	**11,170**	**34.04**	**105,000**	**25.64**
Rights granted in the period	-	-	-	-
Upside rights	-	-	5,720	-
(Rights converted in the period)	10,170	38.61 (*)	79,730	28.17 (*)
(Rights cancelled in the period)	-	-	19,820	-
Option rights at 31 December	**1,000**	**47.45**	**11,170**	**34.04**

(*) Average weighted market price at the exercises.

STOCK GRANT 25 OCTOBER 2017 – FRENCH RULES

(€ thousands)	FY 2021		FY 2020	
	N. rights granted	Market Price (€)	N. rights granted	Market Price (€)
Option rights at 1 January	**-**	**-**	**3,000**	**25.64**
Rights granted in the period	-	-	-	-
Upside rights	-	-	-	-
(Rights converted in the period)	-	-	3,000	- (*)
(Rights cancelled in the period)	-	-	-	-
Option rights at 31 December	**-**	**-**	**-**	**-**

(*) Rights exercise through "Classic" method.

E) Stock grant 2 May 2018

STOCK GRANT 2 MAY 2018 – GENERAL RULES

(€ thousands)	FY 2021		FY 2020	
	N. rights granted	Market Price (€)	N. rights granted	Market Price (€)
Option rights at 1 January	**1,061,682**	**34.04**	**1,147,032**	**25.64**
Rights granted in the period	-	-	-	-
Upside rights	103,140	-	-	-
(Rights converted in the period)	596,037	37.15 (*)	-	-
(Rights cancelled in the period)	750	-	85,350	-
Option rights at 31 December	**568,035**	**47.45**	**1,061,682**	**34.04**

(*) Average weighted market price at the exercises.

STOCK GRANT 2 MAY 2018 – FRENCH RULES

(€ thousands)	FY 2021		FY 2020	
	N. rights granted	Market Price (€)	N. rights granted	Market Price (€)
Option rights at 1 January	**20,610**	**34.04**	**23,990**	**25.64**
Rights granted in the period	-	-	-	-
Upside rights	-	-	-	-
(Rights converted in the period)	20,610	- (*)	-	-
(Rights cancelled in the period)	-	-	3,380	-
Option rights at 31 December	**-**	**-**	**20,610**	**34.04**

(*) Rights exercise through "Classic" method.

F) Stock grant 30 October 2018

STOCK GRANT 30 OCTOBER 2018 – GENERAL RULES

(€ thousands)	FY 2021		FY 2020	
	N. rights granted	Market Price (€)	N. rights granted	Market Price (€)
Option rights at 1 January	**87,356**	**34.04**	**94,100**	**25.64**
Rights granted in the period	-	-	-	-
Upside rights	-	-	-	-
(Rights converted in the period)	41,306	33.65 (*)	-	-
(Rights cancelled in the period)	-	-	6,744	-
Option rights at 31 December	**46,050**	**47.45**	**87,356**	**34.04**

(*) Average weighted market price at the exercises.

STOCK GRANT 30 OCTOBER 2018 – FRENCH RULES

(€ thousands)	FY 2021		FY 2020	
	N. rights granted	Market Price (€)	N. rights granted	Market Price (€)
Option rights at 1 January	**7,700**	**34.04**	**7,700**	**25.64**
Rights granted in the period	-	-	-	-
Upside rights	-	-	-	-
(Rights converted in the period)	7,700	- (*)	-	-
(Rights cancelled in the period)	-	-	-	-
Option rights at 31 December	**-**	**-**	**7,700**	**34.04**

(*) Rights exercise through "Classic" method.

GENERAL CHARACTERISTICS OF THE STOCK GRANT PLAN 2019-2025

On May 7th 2019 the Board of Directors of the Parent Company– as resolved by the ordinary Shareholders' Meeting held on 17th April 2019 and heard the opinion of the Remuneration and Appointment Committee – has approved the 2019 stock grant assignment in relation to the Stock Grant Plan 2019 – 2025 with the following general characteristics:

- The Stock Grant Plan 2019-2025 provides for different guidelines according to the category the beficiaries belong to:
  - Long-Term Incentive Plan (LTI) Beneficiaries: the employees and the self-employees, of a Group Company – identified by virtue of the band to which the organizational position of the same employee and/or associate belongs to, in the context of the Company's banding system, subject to possible review on an annual basis;
  - Amplifon Extraordinary Award Plan (AEA) Beneficiaries: the employees and the self-employees of a Group Company, identified on the basis of retention, promotability and extraordinary recognition criteria.

- With reference to all beneficiaries of the plan, unless otherwise provided elsewhere in these rules, the assigned rights attributed will vest (the "vested rights") provided that as of the date falling on the last day of the aggregate reference period, the beneficiary is an employee or a self-employee of a Group Company and no notice period is under way.

  With regard to the Long-Term Incentive Plan (LTI) beneficiaries, the vesting of the assigned rights is also subject to the achievement of the business objectives indicated in the Letter of Assignment of the Rights;

- The shares corresponding to the vested rights shall be assigned to the beneficiary within 90 business days from the date of the notice of vesting of the assigned rights, subject to the fulfillment (also by the beneficiary) of all obligations (including related to accounting and/or administration) relating thereto.
- Assignments made under *Stock Grant Plan* 2019-2025 will not be subject to the distinctions made of the different assignments under French Law n° 2015-990 of 6 August 2015 (the "Macron Law").

The details of the current assignments made under the *Stock Grant Plan* 2019-2025 are provided below, including the new assignments made in 2021:

A) Stock grant 7 May 2019

STOCK GRANT 7 MAY 2019

(€ thousands)	FY 2021		FY 2020	
	N. rights granted	Market Price (€)	N. rights granted	Market Price (€)
Option rights at 1 January	**503,880**	**34.04**	**590,900**	**25.64**
Rights granted in the period	-	-	-	-
Upside rights	-	-	-	-
(Rights converted in the period)	-	-	-	-
(Rights cancelled in the period)	25,100	-	87,020	-
Option rights at 31 December	**478,780**	**47.45**	**503,880**	**34.04**

B) Stock grant 30 October 2019

STOCK GRANT 30 OCTOBER 2019 – GENERAL RULES

(€ thousands)	FY 2021		FY 2020	
	N. rights granted	Market Price (€)	N. rights granted	Market Price (€)
Option rights at 1 January	**53,200**	**34.04**	**54,400**	**25.64**
Rights granted in the period	-	-	-	-
Upside rights	-	-	-	-
(Rights converted in the period)	-	-	-	-
(Rights cancelled in the period)	-	-	1,200	-
Option rights at 31 December	**53,200**	**47.45**	**53,200**	**34.04**

C) Stock grant 30 July 2020

STOCK GRANT 30 JULY 2020 – GENERAL RULES

(€ thousands)	FY 2021		FY 2020	
	N. rights granted	Market Price (€)	N. rights granted	Market Price (€)
Option rights at 1 January	**430,600**	**34.04**	**-**	**-**
Rights granted in the period	-	-	446,900	27.76
Upside rights	-	-	-	-
(Rights converted in the period)	-	-	-	-
(Rights cancelled in the period)	25,800	-	16,300	-
Option rights at 31 December	**404,800**	**47.45**	**430,600**	**34.04**

D) Stock grant 30 October 2020

STOCK GRANT 30 OCTOBER 2020 – GENERAL RULES

(€ thousands)	FY 2021		FY 2020	
	N. rights granted	Market Price (€)	N. rights granted	Market Price (€)
Option rights at 1 January	**99,800**	**34.04**	**-**	**-**
Rights granted in the period	-	-	99,800	31.21
Upside rights	-	-	-	-
(Rights converted in the period)	-	-	-	-
(Rights cancelled in the period)	7,550	-	1,000	-
Option rights at 31 December	**91,250**	**47.45**	**98,800**	**34.04**

E) Stock grant 3 May 2021

The assumptions adopted in the calculation of the fair value are the following:

	ASSIGNMENT – GENERAL RULE
Model used	**Binomial (Cox-Ross-Rubinstein method)**
Price at grant date	35.40 €
Threshold	0 €
Exercise Price	0.00
Volatility	33.62%
Risk free interest rate	0.0%
Maturity (in years)	3
Vesting Date	the date of approval from the Board of the project of Consolidated Financial Statement as of 12.31.23 (i.e. March 2024)
Expected Dividend Yield	0.68%
Fair Value	35.21

STOCK GRANT 3 MAY 2021 – GENERAL RULES

(€ thousands)	FY 2021		FY 2020	
	N. rights granted	Market Price (€)	N. rights granted	Market Price (€)
Option rights at 1 January	**-**	**-**	**-**	**-**
Rights granted in the period	373,600	35.40	-	-
Upside rights	-	-	-	-
(Rights converted in the period)	-	-	-	-
(Rights cancelled in the period)	15,500	-	-	-
Option rights at 31 December	**358,100**	**47.45**	**-**	**-**

F) Stock grant 28 October 2021

The assumptions adopted in the calculation of the fair value are the following:

	ASSIGNMENT – GENERAL RULE	ASSIGNMENT – FRENCH RULE
Model used	**Binomial (Cox-Ross-Rubinstein method)**	
Price at grant date	44.28 €	
Threshold	0 €	
Exercise Price	0.00	
Volatility	34.66%	
Risk free interest rate	0.0%	
Maturity (in years)	3	
Vesting Date	the date of approval from the Board of the project of Consolidated Financial Statement as of 12.31.23 (i.e. March 2024)	
Expected Dividend Yield	0.63%	
Fair Value	42.74	

STOCK GRANT DEL 28 OCTOBER 2021 – GENERAL RULES

(€ thousands)	FY 2021		FY 2020	
	N. rights granted	Market Price (€)	N. rights granted	Market Price (€)
Option rights at 1 January	**-**	**-**	**-**	**-**
Rights granted in the period	53,550	44.28	-	-
Upside rights	-	-	-	-
(Rights converted in the period)	-	-	-	-
(Rights cancelled in the period)	-	-	-	-
Option rights at 31 December	**53,550**	**47.45**	**-**	**-**

G) Stock grant 17 December 2021

The assumptions adopted in the calculation of the fair value are the following:

	ASSIGNMENT – GENERAL RULE	ASSIGNMENT – FRENCH RULE
Model used	**Binomial (Cox-Ross-Rubinstein method)**	
Price at grant date	44.08 €	
Threshold	0 €	
Exercise Price	0.00	
Volatility	33.97%	
Risk free interest rate	0.0%	
Maturity (in years)	3	
Vesting Date	the date of approval from the Board of the project of Consolidated Financial Statement as of 12.31.23 (i.e. March 2024)	
Expected Dividend Yield	0.63%	
Fair Value	41.99	

STOCK GRANT 17 DECEMBER 2021 – GENERAL RULES

(€ thousands)	FY 2021		FY 2020	
	N. rights granted	Market Price (€)	N. rights granted	Market Price (€)
Option rights at 1 January	**-**	**-**	**-**	**-**
Rights granted in the period	5,300	44.08	-	-
Upside rights	-	-	-	-
(Rights converted in the period)	-	-	-	-
(Rights cancelled in the period)	-	-	-	-
Option rights at 31 December	**5,300**	**47.45**	**-**	**-**

RESIDUAL LIFE OF AWARDED STOCK GRANTS

RIGHTS ASSIGNED UP TO 12/31/2021

(€ thousands)		VESTING				EXERCISE	
Plans	**Assignment date**	**< 1 year**	**1-5 years**	**5-10 years**	**Total**	**N. of rights**	**Average expiring date**
New *Performance Stock Grant* 2014 - 2021	04/27/2017					386,235	1 year
	of which General Rules					*386,235*	*1 year*
	of which French Rules					-	-
	10/25/2017					1.000	1 year
	of which General Rules					*1,000*	*1 year*
	of which French Rules					-	-
	05/02/2018					568,035	2 years
	of which General Rules					*568,035*	*2 years*
	of which French Rules					-	*2 years*
	10/30/2018					46,050	2 years
	of which General Rules					*46,050*	*2 years*
	of which French Rules					-	*2 years*
Stock Grant Plan 2019 - 2015	05/07/2019	478,780			478,780		
	10/30/2019	53,200			53,200		
	07/30/2020		404,800		404,800		
	10/30/2020		91,250		91,250		
	05/03/2021		358,100		358,100		
	10/28/2021		53,550		53,550		
	12/17/2021		5,300		5,300		
	Total	**531,980**	**913,000**		**1,444,980**	**1,001,320**	

The figurative cost of the stock grants for the period is Euro 17,111 thousand.

36. DISCONTINUED OPERATIONS

During the fourth quarter of 2021 the wind-down of the Elite Hearing LLC's business ("Elite") in the United States was completed and the Group exited the wholesale business as resolved by the Board of Directors on 29 July 2021.

The wind-down of the Elite business, which represented a separate major line of business, was treated as a discontinued operation in accordance with IFRS 5 as of the date operations were effectively discontinued.

In accordance with IFRS 5, in this report the income statement figures for Elite are recognized among the non-recurring items in the line "Profit (loss) from Discontinued Operations, net of tax" in both 2021 and the comparison periods; therefore, the income statement figures through the line "Profit (Loss) from Continuing Operations" do not include the results of the discontinued business.

Information on the income statement and the financial position of the business discontinued in 2021 is provided below.

ECONOMIC SITUATION

The reconciliation of the income statement in which Elite's business is classified as a discontinued operation, Elite's income statement and the situation in which Elite is not considered as a discontinued operation, including with respect to the comparison period, is shown below.

(€ thousands)	FY 2021			FY 2020		
	Amplifon continuing operations	Discontinued operation (Elite)	Amplifon with discontinued operation	Amplifon continuing operations	Discontinued operation (Elite)	Amplifon with discontinued operation
Revenues from sales and services	1,948,075	39,543	1,987,618	1,503,258	52,285	1,555,543
Operating costs	(1,484,711)	(41,173)	(1,525,884)	(1,151,106)	(47,151)	(1,198,257)
Other income and costs	4,962	(1,628)	3,334	13,681	-	13,681
EBITDA	**468,326**	**(3,258)**	**465,068**	**365,833**	**5,134**	**370,967**
Amortization, depreciation and impairment						
Amortization of intangible fixed assets	(74,706)	(10)	(74,716)	(61,455)	(31)	(61,486)
Depreciation of tangible fixed assets	(48,549)	(9)	(48,558)	(47,716)	(6)	(47,722)
Right-of-use depreciation	(96,244)	-	(96,244)	(89,769)	-	(89,769)
Impairment losses and reversals of non-current assets	(2,827)	(5,064)	(7,891)	(3,491)	-	(3,491)
	(222,326)	**(5,083)**	**(227,409)**	**(202,431)**	**(37)**	**(202,468)**
EBIT	**246,000**	**(8,341)**	**237,659**	**163,402**	**5,097**	**168,499**
Financial income, expenses and value adjustments to financial assets						
Share of the result of associated companies valued at equity and gains/losses on disposals of equity investments	120	-	120	(346)	-	(346)
Other income and expenses, impairment and revaluations of financial assets	1,574	-	1,574	2	-	2
Interest income and expenses	(17,117)	-	(17,117)	(17,860)	-	(17,860)
Interest expenses on lease liabilities	(10,362)	-	(10,362)	(10,428)	-	(10,428)
Other financial income and expenses	2,150	757	2,907	(1,490)	292	(1,198)
Exchange gains and losses	1,118	(2)	1,116	737	25	762
Gain (loss) on assets measured at fair value	(123)	-	(123)	(106)	-	(106)
	(22,640)	**755**	**(21,885)**	**(29,491)**	**317**	**(29,174)**
Profit (loss) before tax	**223,360**	**(7,586)**	**215,774**	**133,911**	**5,414**	**139,325**
Current and deferred income tax						
Current tax	(63,438)	1,738	(61,700)	(46,361)	(1,024)	(47,385)
Deferred tax	3,676	92	3,768	9,122	-	9,122
	(59,762)	**1,830**	**(57,932)**	**(37,239)**	**(1,024)**	**(38,263)**
Total net profit (loss)	**163,598**	**(5,755)**	**157,843**	**96,672**	**4,390**	**101,062**
Net profit (loss) attributable to minority interests	58	-	58	58	-	58
Net profit (loss) attributable to the Group	**163,540**	**(5,755)**	**157,785**	**96,614**	**4,390**	**101,004**

BALANCE SHEET SITUATION

The wholesale business was discontinued and not sold. There are, therefore, no assets or liabilities held for sale recognized in the statement of financial position. The few balance sheet items which include the trade and financial receivables yet to be received, as well as the asset plan and the pension plan liabilities relative to former members of the Elite network, are, rather, shown as short-term assets and liabilities insofar as they are expected to be realized within a year.

FINANCIAL SITUATION

In accordance with IFRS 5, the consolidated statement of cash flows included in this financial report recognizes the Elite business on a going concern basis; the impact of the discontinued operation on the main lines of the statement is provided below:

(€ thousands)	FY 2021	FY 2020
Cash flow generated (absorbed) by operating activities	3,683	2,056
Cash flow generated (absorbed) by capex	889	(33)
Free Cash Flow	4,571	2,023
Cash flow generated (absorbed) by investing activities	889	(33)
Cash flow generated (absorbed) by financing activities	3,769	804
Change in net financial debt	**8,340**	**2,827**

37. SUBSIDIARIES WITH RELEVANT MINORITY INTERESTS, JOINT VENTURES AND ASSOCIATES COMPANIES

The following table shows the main income statement and statement of financial position figures of the subsidiaries with relevant minority interests (as a reference please consider the annex regarding the consolidation area). The figures are shown before intragroup eliminations.

(€ thousands)	12/31/2021	12/31/2020
Non-current assets	11,941	1,791
Current assets	5,874	3,286
Non-current liabilities	1,166	327
Current liabilities	4,342	2,281
Revenues	8,828	4,678
Net profit (loss) for the year	(8)	167
Dividends paid to minorities	118	306
Net financial positions	1,829	585
Cash flows	1,060	512

The income statement and statement of financial position highlights of the Dutch joint venture Comfoor BV, accounted for using the equity method, are provided below. The company is active in the hearing protection sector.

(€ thousands)	12/31/2021	12/31/2020
Non-current assets	964	1,590
Current assets	4,892	3,598
Non-current liabilities	329	17
Current liabilities	1,315	1,199
Revenues	8,483	6,429
Amortization, depreciation and impairment	(499)	(550)
Interest income and expenses	(12)	(9)
Net profit (loss)	240	(622)
Net financial position	1,573	1,384
Cash flows	246	(616)

A reconciliation of the economic-financial figures with the carrying amount of the equity investment in the joint venture recognized in the consolidated financial statements is provided below:

(€ thousands)	12/31/2021	12/31/2020
Net equity of joint ventures	4,213	3,972
% held	50%	50%
Book value	2,106	1,986

38. NON RECURRING SIGNIFICANT EVENTS

The table below shows the impact of the non-recurring transactions referred to in the statements above, which relate to four main streams:

- the costs relating to the Bay Audio Pty. acquisition which was finalized on 1 October 2021;
- the costs relating to the second phase of the GAES integration;
- the costs relating to the project to redefine the corporate structure of Amplifon S.p.A., definitively approved on 3 March 2021 and effective as of May 1 2021. The main goal of this project is to render the Group's structure consistent with the changes in its organizational structure and multinational nature. More specifically, as of 1 May 2021 Amplifon S.p.A. (which previously acted as both the parent company and the Italian operating company) is responsible for the definition and development of the strategic direction and coordination, as well as managing services and centralized purchasing, for the entire Group, while Amplifon Italia S.p.A. is now responsible for the Italian market operations;
- the net profit (loss) of discontinued operations, net of the tax effect.

(€ thousands)		FY 2021	FY 2020
	Costs related to Bay Audio Pty. Acquisition	(7,372)	-
Operating Costs	Costs relatied to second phase of the GAES integration	(5,337)	-
	Costs related to the project to redefine the corporate structure of Amplifon S.p.A.	(1,741)	-
Gross operating Profit		**(14,450)**	**-**
Amortizazion	Accelerated amortizations of GAES non current assets	(1,693)	-
Operating Result		**(16,143)**	**-**
Profit (loss) before tax		**(16,143)**	**-**
Tax	Impact of the above items on the tax burden for the period	4,442	-
Total net profit (loss) from operating activities		**(11,701)**	**-**
Net profit (loss) of discontinued activities		(5,755)	4,390
Total net profit (loss)		**(17,456)**	**4,390**

39. EARNING (LOSSES) PER SHARE

BASIC EPS

Basic earnings per share is obtained by dividing the net profit for the year attributable to the ordinary shareholders of the parent company by the weighted average number of shares outstanding in the year, considering purchases and disposals of treasury shares as cancellations and issues of shares respectively.

Earnings per share is determined as follows:

Earnings per share	FY 2021	FY 2020
Net profit (loss) attributable to ordinary shareholders (€ thousand)	157,785	101,004
Average number of shares outstanding in the year	224,823,927	223,797,671
Average earnings per share (€ per share)	0.70182	0.45132

DILUTED EPS

Diluted earnings per share is obtained by dividing the net income for the year attributable to ordinary shareholders of the parent company by the weighted-average number of shares outstanding during the year adjusted by the diluting effects of potential shares. In the calculation of shares outstanding, purchases and sales of treasury shares are considered as cancellations and issues of shares respectively.

The 'potential ordinary share' categories refer to the possible conversion of Group employees' stock options and stock grants. The computation of the average number of outstanding potential shares is based on the average fair value of shares for the period; stock options and stock grants are excluded from the calculation since they have anti-dilutive effects.

Weighted average diluted number of shares outstanding	FY 2021	FY 2020
Average number of shares outstanding in the year	224,823,927	223,797,671
Weighted average of potential and diluting ordinary shares	2,502,844	2,893,225
Weighted average of shares potentially subject to options in the period	227,326,771	226,690,896

The diluted earnings per share was determined as follows:

Diluted earnings per share	FY 2021	FY 2020
Net profit attributable to ordinary shareholders (€ thousands)	157,785	101,004
Average diluted number of outstanding shares	227,326,771	226,690,896
Average diluted earnings per share (€)	0.69409	0.44556

40. TRANSACTIONS WITH PARENT COMPANIES AND RELATED PARTIES

The parent company, Amplifon S.p.A. is based in Via Ripamonti 133, Milan, Italy. The Group is controlled directly by Ampliter S.r.l. (42.23% of the share capital and 59.18% of the voting rights), held 100% by Amplifin S.p.A. which is fully controlled by Susan Carol Holland.

In accordance with CONSOB Regulation n. 17221 of 12 March 2010, on 3 November 2010, Amplifon S.p.A.'s Board of Directors, after receiving a favorable opinion from the Committee of Independent Directors, adopted the regulation relative to the procedures for and obligations inherent in related party transactions ("Regulation for Related Party Transactions"). The Regulation for Related Party Transactions was recently updated after having been approved by the Board of Directors and took effect on 1 July 2021.

Other transactions with related parties, including intercompany transactions, do not qualify as atypical or unusual, and fall within the Group's normal course of business and are conducted at arm's-length as dictated by the nature of the goods and services provided.

The following table details transactions with related parties

PARENT COMPANY AND OTHER RELATED PARTIES

(€ thousands)	12/31/2021				FY 2021		
	Trade receivables	Trade payables	Other receivables	Other asset	Revenues from sales and services	Operating costs	Interest income and expenses
Amplifin S.p.A.	369	-	1,039	-	-	(73)	23
Total – Parent Company	**369**	**-**	**1,039**	**-**	**-**	**(73)**	**23**
Comfoor BV (Olanda)	17	310	-	-	96	(2,919)	-
Comfoor GmbH (Germania)	-	-	-	-	-	(8)	-
Ruti Levinson Institute Ltd (Israele)	135	-	-	-	111	-	-
Afik - Test Diagnosis & Hearing Aids Ltd (Israele)	67	-	-	25	576	-	1
Total – Associated companies	**218**	**310**	**-**	**25**	**782**	**(2,927)**	**1**
Total related parties	**588**	**310**	**1,039**	**25**	**782**	**(3,000)**	**24**
Total as per financial statement	**168,680**	**242,507**	**91,555**	**40,773**	**1,948,075**	**(1,484,711)**	**(17,117)**
% of financial statement total	**0.35%**	**0.13%**	**1.13%**	**0.00%**	**0.06%**	**0.20%**	**0.14%**

The trade receivables, other receivables, revenues from sales and services and other income from related parties refer primarily to:

- amounts payable by Amplifin S.p.A. for the recovery of maintenance costs and condominium fees;
- amounts payable by Amplifin S.p.A. for the relative portion of costs pertaining to the restructuring of the headquarters calculated based on modern and efficient usage fees for the working spaces;
- trade receivables payable by associated companies (primarily in Israel) acting as resellers to which the Group supplies hearing aids.

The trade payables and operating costs refer mainly to commercial transactions with Comfoor BV and Comfoor GmbH, a joint venture from which hearing protection devices are purchased and then distributed in Group stores.

Following the application of IFRS 16, the lease for the Milan headquarters (leased to Amplifon S.p.A by the parent company Amplifin S.p.A) is no longer recognized as operating cost or trade payables, but is recognized under right-of-use depreciation for €1.801 thousands, interest payable on leases for €344 thousands and lease liabilities for €15.202 thousands.

OTHER RELATED PARTIES

The total remuneration of Group Directors, members of Board of Auditors and Key Managers for the period amounted to €18.328 thousand and is made up as follows:

(€ thousands)

First name and surname	Office held	Period in which the office has been held	Term of office ends upon	Fixed compens.	Committee attendance fees
Susan Carol Holland	Chairman	01/01/2021-12/31/2021	Approval of 2021 financ. stat.	300	-
Enrico Vita	CEO	01/01/2021-12/31/2021	Approval of 2021 financ. stat.	400	-
	Managing Director	Permanent		1,011	-
Andrea Casalini	Independent Director	01/01/2021-12/31/2021	Approval of 2021 financ. stat.	55	30[1]
Alessandro Cortesi	Independent Director	01/01/2021-12/31/2021	Approval of 2021 financ. stat.	55	25[2]
Maurizio Costa	Independent Director	01/01/2021-12/31/2021	Approval of 2021 financ. stat.	55	30[3]
Laura Donnini	Independent Director	01/01/2021-12/31/2021	Approval of 2021 financ. stat.	55	35[4]
Maria Patrizia Grieco	Independent Director	01/01/2021-12/31/2021	Approval of 2021 financ. stat.	55	20[5]
Lorenzo Pozza	Independent Director	01/01/2021-12/31/2021	Approval of 2021 financ. stat.	55	45[6]
Giovanni Tamburi	Independent Director	01/01/2021-12/31/2021	Approval of 2021 financ. stat.	55	-
Raffaella Pagani	Chairman of the Board of Auditors	01/01/2021-12/31/2021	Approval of 2021 financ. stat.	71[7]	-
Arienti Patrizia	Standing Auditor	04/23/2021-12/31/2021	Approval of 2021 financ. stat.	35[8]	-
Righetti Dario	Standing Auditor	04/23/2021-12/31/2021	Approval of 2021 financ. stat.	35[8]	-
	Total			**2,237**	**185**
Other Key Managers with Strategic Responsabilities to the Group (12) **(Key managers)** **F, Bardelli** **A, Bonacina** **R, Cattaneo** **A, Ciccolini** **F, Dal Poz** **C, Finotti** **G, Galli** **F, Morichini** **A, Muir** **I, Pazzi** **G, Pizzini** **G, Vironda**		Permanent		3,786	-
	Grand Total			**6,023**	**185**
			DIRECTORS / STATUTORY AUDITORS TERMINATED DURING 2021		
Emilio Fano	Standing Auditor	01/01/2021-04/23/2021	Approval of 2020 financ. stat.	12[9]	-
Maria Stella Brena	Standing Auditor	01/01/2021-04/23/2021	Approval of 2020 financ. stat.	12[9]	-

[1] Remuneration as Chair of the Independent Committee (Related Parties) and for participation in the Remuneration and Appointments Committee.
[2] Remuneration for participation in the Risk, Control and Sustainability Committee and the Independent Committee (Related Parties).
[3] Remuneration as Chair of the Remuneration and Appointments Committee.
[4] Remuneration for participation in the Independent Committee (Related Parties), the Risk, Control and Sustainability Committee, and the Supervisory Body.
[5] Remuneration for participation in the Remuneration and Appointments Committee.
[6] Remunetation as Chair of Risk, Control and Sustainability Committee and as Chair of the Supervisory Body.
[7] The amount represents the sum of the emolument (pro-rata value of EUR 60,000) established for the office of Chairman of the Board of Statutory Auditors for the 2018-2020 term of office and the emolument (pro-rata value of EUR 75,000) established for the office of Chairman of the Board of Statutory Auditors for the 2021-2023 term of office.

	NON EQUITY VARIABLE COMPENSATION							
	Bonuses and other incentives	Profit sharing	Fringe benefit	Tot.	FV Equity Compen.	Termination allowance	Non compete agreement	Total
	-	-	8	**308**	-	-	-	308
	-	-	-	**400**	-	-	-	400
	1,512 (*)	-	46	**2,569**	2,369	-	-	4,938
	-	-	-	**85**	-	-	-	85
	-	-	-	**80**	-	-	-	80
	-	-	-	**85**	-	-	-	85
	-	-	-	**90**	-	-	-	90
	-	-	-	**75**	-	-	-	75
	-	-	-	**100**	-	-	-	100
	-	-	-	**55**	-	-	-	55
	-	-	-	**71**	-	-	-	71
	-	-	-	**35**	-	-	-	35
	-	-	-	**35**	-	-	-	35
	1,512	**0**	**54**	**3,988**	**2,369**	**-**	**-**	**6,357**
	3,892 (**)	-	411	**8,089**	3,882	-	-	11,970
	5,404	**0**	**465**	**12,077**	**6,251**	**-**	**-**	**18,328**
	-		-	**12**				12
	-		**-**	**12**				12

(8) The amount represents the emolument (pro-rata of EUR 50,000) established for the office of Statutory Auditor of the Board of Statutory Auditors for the 2021-2023 term of office.
(9) The amount represents the emolument (pro-rata of EUR 40,000) established for the office of Statutory Auditor of the Board of Statutory Auditors for the 2018-2020 term of office.
(*) Amounts subject to variations based on the data approved by the Board of Directors on 03/03/2022. This amount includes the pay-out relating to the recognition of the individual results.
(**) Amounts subject to variations based on the data approved by the Board of Directors on 03/03/2022. This amount includes the pay-out relating to the recognition of the individual results. This amount includes, in addition to the amount paid as short-term variable remuneration (MBO), other bonuses paid to Key Managers whose value is equal to EUR 625 thousands.

Below are detailed stock grants awarded to the members of Board of Directors, General Managers and Key Managers.

(€ thousands)			FINANCIAL INSTRUMENTS GRANTED IN PREVIOUS YEARS AND NOT VESTED DURING THE PERIOD		FINANCIAL INSTRUMENTS GRANTED IN THE PERIOD					
First name and surname	Office held	Programme (when approved)	Num. of financial instrument	Vesting period	Num. and type of financial instrument	Fair Value at grant date	Vesting period	Grant date	Market price on grant date	
Enrico Vita	CEO & Managing Director	"New Performance Stock Grant Plan 2014-2021 (2 May 2018)"	140,000	June - 2021	-	-	-	-	-	
		Stock Grant Plan 2019-2025 (7 May 2019)	140,000	June - 2022 [1]	-	-	-	-	-	
		Stock Grant Plan 2019-2025 (30 July 2020)	90,000	June - 2023 [1]	-	-	-	-	-	
		Stock Grant Plan 2019-2025 (3 May 2021)	-	-	70,000	35.21	Giu - 2024[1]	03/05/2021	35.40	
Totale			**370,000**	**-**	**70,000**	**-**	**-**	**-**	**-**	
Other Key Managers of the Group (12) **(Key Managers)** **F, Bardelli** **A, Bonacina** **R, Cattaneo** **A, Ciccolini** **F, Dal Poz** **C, Finotti** **G, Galli** **F, Morichini** **A, Muir** **I, Pazzi** **G, Pizzini** **G, Vironda**		"New Performance Stock Grant Plan 2014-2021 (2 May 2018)"	189,000	June - 2021	-	-	-	-	-	
		Stock Grant Plan 2019-2025 (7 May 2019)	163,000	June - 2022 [1]	-	-	-	-	-	
		Stock Grant Plan 2019-2025 (30 October 2019)	8,500	June - 2022 [1]	-	-	-	-	-	
		Stock Grant Plan 2020-2022 (30 July 2020)	164,000	June - 2023 [1]	-	-	-	-	-	
		Stock Grant Plan 2020-2022 (30 October 2020)	24,000	June - 2023 [1]	-	-	-	-	-	
		Stock Grant Plan 2019-2025 (3 May 2021)	-	-	122,500	35.21	Giu - 2024 (1)	03/05/21	35.40	
Total			**548,500**	**-**	**122,500**	**-**	**-**	**-**	**-**	
Grand Total			**918,500**	**-**	**192,500**	**-**	**-**	**-**	**-**	

[1] For the Chief Executive Officer/General Manager and Managers with Strategic Responsibilities, at the end of the vesting period, the plan provides for a lock-up period of a further year with reference to 30% of the vested shares.

	FINANCIAL INSTRUMENTS GRANTED IN THE PERIOD	FINANCIAL INSTRUMENTS VESTED DURING THE PERIOD		EXISTING FINANCIAL INSTRUMENTS AT THE END OF THE PERIOD	FINANCIAL INSTRUMENTS ACCRUED FOR THE FINANCIAL YEAR
	Num. and type of financial instrument	Num. and type of financial instrument	Value at vesting date	Existing financial instruments at the end of the period	Fair value (€ thousands)
	-	177,800	38.64	-	685
	-	-	-	140,000	569
	-	-	-	90,000	675
	-	-	-	70,000	441
	-	**177,800**	**-**	**300,000**	**2,369**
	-	240,030	38.64	-	924
	-	-	-	163,000	662
	-	-	-	8,500	54
	-	-	-	164,000	1229
	-	-	-	24,000	241
	-	-	-	122,500	772
	-	**240,030**	**-**	**482,000**	**3,882**
	-	**417,830**	**-**	**782,000**	**6,251**

41. GUARANTEES PROVIDED, COMMITMENTS AND CONTINGENT LIABILITIES

GUARANTEES PROVIDED TO THIRD PARTIES

This comprised the following as at 31 December 2021:

(€ thousands)	12/31/2021	12/31/2020
Guarantees provided to third parties	46,085	51,238
Total	**46,085**	**51,238**

With regard to the guarantees relating to financial liabilities recognized in the consolidated financial statements, only the amount of the guarantee in excess of the liability recognized in the financial statements is shown, in addition to the interest not yet paid (if applicable).

The guarantees provided refer mainly to:

- the guarantee issued to the subscribers of the 2013-2025 private placements issued by Amplifon USA of €15,251 thousand;
- sureties issued in favor of third parties for leases amounting to €12,296 thousand;
- surety bonds issued by Amplifon S.p.A. in favor of the Revenue Office for VAT credits amounting to €3,966 thousand;
- miscellaneous guarantees, totaling €19,599 thousand, which include letters of patronage issued on behalf of subsidiaries to third parties.

COMMITMENTS

As at 31 December 2021 no commitments are recognized in the consolidated financial statements.

CONTINGENT LIABILITIES

Currently the Group is not exposed to any particular risks, uncertainties or legal disputes which exceed the provisions already made in the financial statements. The usual periodic tax audits will continue, but to date no particular findings have emerged and, at any rate, the Group is confident in the correctness of its actions.

42. TRANSACTIONS ARISING FROM ATYPICAL/UNUSUAL TRANSACTIONS

Pursuant to Consob Communication of 28 July 2006, it should be noted that during 2021 the Group carried out no atypical and/or unusual transactions, as defined by the Communication.

43. FINANCIAL RISKS

With a view to structured management of treasury activities and financial risks, in 2012 the Group had already adopted a Treasury Policy which contains guidelines for the management of:

- currency risk
- interest rate risk
- credit risk
- price risk
- liquidity risk

This policy is updated periodically in order to guarantee proactive risk management.

CURRENCY RISK

This includes the following types of risk:

- foreign exchange transaction risk, that is the risk that the value of a financial asset or liability, a forecasted transaction or a firm commitment, fluctuates due to changes in exchange rates;
- foreign exchange translation risk, that is the risk that the translation of the assets, liabilities, costs and revenues relating to net investment in a foreign operation into the reporting currency gives rise to an exchange gain or loss.

The Amplifon Group's foreign exchange transaction risk relates to:

- the currency risk stemming from the role that the Parent Company is gradually assuming as "purchasing center" for the whole Group. The Parent Company will, ultimately, manage the purchase of hearing aids and accessories directly, along with the resale to the subsidiaries. The purchases from suppliers are generally made in the same currency used in the subsidiaries' invoices with payment terms that are similar to those negotiated with the suppliers which limits the exchange risk to the transfer pricing applied to subsidiaries;
- other transactions in which the purchase costs or sales revenue are denominated in currencies other than the local currency as is the case in a few countries of lesser importance (Israel, Canada and the Central and South American subsidiaries purchased year-end 2018), where the purchasing costs are incurred in Euros and US dollars;
- other intercompany transactions (medium/long-term and short-term loans, charge backs based on intercompany service agreements, other centralized, intercompany dividends, etc) which result in currency risk for the companies operating in currencies other than that of the intercompany transaction;
- the period between the signing and closing of any commitments to purchase equity stakes.

Foreign exchange translation risk arises from transactions in the United States and Canada, the United Kingdom, Switzerland, Hungary, Poland, Israel, Australia, New Zealand, India, China, Egypt, Chile, Argentina, Ecuador, Colombia, Panama and Mexico.

GROUP STRATEGY

Foreign Exchange Transaction Risk

The Group's strategy aims to minimize the impact of currency volatility on the income statement and calls for risks stemming from significant positions in currencies other than the currency used in the financial statements of each company to be hedged.

As for any exposures stemming from financial transactions, the exchange risk is hedged using derivatives. These derivatives are typically used to hedge exchange risk relative to: (i) bonds issued in US dollars by Amplifon S.p.A. and subscribed by Amplifon USA Inc, (ii) an intercompany loan granted by Amplifon S.p.A. to the Australian subsidiary Bay Audio Pty Ltd, and (iii) dividends approved, but not yet paid by the American subsidiary, denominated in US dollars.

With regard to operating procedures (including the ones related to global procurement and intercompany services), Amplifon Group covers the risk using a *natural hedge* developed by maintaining currency deposits in the banks account of the subsidiary exposed to this risk for an amount commensurate with the exposure to the suppliers.

The Group used specific flexible forwards with the purpose to cover exchange risks of Australian Dollar for the acquisition of the equity investment of Bay Audio Pty Ltd (whom purchase agreement has been signed in July 2021, although the closing happened on 1 October 2021).

The loans between the Australian and New Zealand companies and between the American and Canadian companies are considered equity investments insofar as the loans are non-interest-bearing and not expected to be repaid. The impact of exchange differences is recognized directly in the translation reserve at equity without passing through the income statement.

The risks arising from other intercompany transactions worth less than €1 million (or the equivalent if denominated in another currency) are not hedged as the amounts are not material.

Foreign Exchange translation risk

The foreign exchange translation risk, in accordance with the Group Treasury Policy, is not hedged. Overall, the impact of the foreign exchange translation risk can be seen in the Group's Euro denominated EBITDA which was around €174 thousands than the Group's total EBITDA. The Argentinian subsidiary operates in a high-inflation country but, as the size of the subsidiary is immaterial, the impact on the Group is not significant.

INTEREST RATE RISK

Interest rate risk includes the following situations:

- fair value risk, namely the risk that the value of a fixed rate financial asset or liability changes due to fluctuations in market interest rates;
- cash flow risk, namely the risk that the future cash flows of a floating rate financial asset or liability fluctuate due to changes in market interest rates.

In the Amplifon Group fair value risk arises on the issue of fixed rate bonds (private placement and Eurobonds). The cash flow risk derives from floating rate bank loans.
The Group's strategy is to minimize cash flow risk, especially with respect to long-term exposures, through a balanced mix of fixed- and floating-rate loans and assessing whether to switch floating-rate borrowings to fixed-rate when each loan is taken out, as well as over the life of the loans including in light of the current market rates.
In any event, at least 50% of the debt must be hedged against interest rate risk. At 31 December 2020, the Group's medium/long- term debt stems for €653 million from floating rate bank loans, €530 million of which had been swapped to fixed rate debt at the date of this report.
The fixed-rate capital market issues (US private placements and Eurobonds) have yet to be converted to floating-rate debt as currently interest rates are low and the possibility that they will increase is limited.

The Benchmarks Regulation (BMR) which foresee the replacement of rates as EONIA, LIBOR with €STR and SOFR has not any significant impact on the hedge derivatives used from the Company. As well as, no substantial impact are expected for the future.

CREDIT RISK

Credit risk is the risk that the issuer of a financial instrument defaults on its obligations resulting in a financial loss for the holder/investor.

In the Amplifon Group credit risk arises from:
(i) sales made as part of ordinary business operations;
(ii) the use of financial instruments that require settlement of positions with other counterparties;
(iii) the loans granted to members of the indirect channel and commercial partners in the United States for investments and business development.

With regard to the risk under (i) above, the only positions with a high unit value are amounts due from Italian public-sector entities for which the risk of insolvency - while existing - is remote and further mitigated by the fact that they are factored without recourse, on a quarterly basis, by specialized factoring companies. Conversely, the credit risk arising from sales to private individuals based on instalment payment plans is increasing, as is the credit risk arising from sales to US indirect channel operators (wholesalers and franchisees). This credit risk, however, is spread out over a number of partners and the amount owed by any single partner does not exceed a few million US dollars. Due to typical business risks, some may not be able to honor their debts. This would result in higher working capital and credit losses. While each subsidiary is responsible for collection of receivables, the Group has set up a centralized system of monthly reporting relative to trade receivables in order to monitor the composition and due dates for each country, and shares credit recovery initiatives and commercial policies with local management. With regard to private customers, the majority of which do, however, use cash, payment options like installment plans or loans (with terms limited to a few months) are offered. These are managed by external finance companies which advance the whole amount of the sale to Amplifon, while the situation of the indirect channel in the US is closely monitored by local management.

The risk referred to in (ii) above, notwithstanding the inevitable uncertainties linked to sudden and unforeseeable counterparty default, is managed by making diversified investments with the main national and international investment grade financial institutions and through the use of specific counterparty limits with regard to both liquidity invested and/or deposited and to the notional amount of the derivatives. The counterparty limits are determined based on the short-term ratings of each counterparty or, if a public rating is not available, on capital ratios (Tier 1). Transactions with non-investment grade counterparties are not allowed unless specifically authorized by the Group's CEO and CFO.

With regard to the risk referred to in (iii) above, in the event payments fail to be made on the stores sold, ownership will revert back to Amplifon, while the receivables referred to above, are generally personally guaranteed by the beneficiaries and repayments are typically made when the invoices for the purchases of hearing aids are paid.

PRICE RISK

This arises from the possibility that the value of a financial asset or liability may change due to changes in market prices (other than those caused by currency or interest-rate fluctuations) due to both characteristics specific to the financial asset or liability or the issuer, as well as market factors.

This risk is typical of financial assets not listed on an active market, which may not be easy to liquidate quickly or at a level close to their fair value. The Amplifon Group does not have investments in these kinds of instruments and, therefore, this risk currently does not exist.

LIQUIDITY RISK

This risk typically arises when an entity is experiencing difficulty finding sufficient funds to meet its obligations and includes the risk that the counterparties that have granted loans and/or lines of credit may request repayment.

In 2021, Amplifon, with the purpose of reinforce its financial structure, has refinanced and increased the existing revolving credit facilities and loans. More in details:

- Amplifon signed a "*sustainability-linked*" revolving credit line for € 100 million and 5 years duration. Two credit lines for the total amount of 105 million has been canceled (both of them were close to their natural maturity);
- Amplifon refinanced the remaining par. t of the pool loan for the acquisition of GAES. Old outstanding loan for € 180 million has been replaced with a new "sustainability-linked" loan for € 210 million with 5 years duration.

Both these two operations are linked to some indicator of Amplifon's Sustainability Plan.

In this way the Amplifon Group was able to provide ample headroom and ensure the flexibility needed to take advantage of any opportunities to consolidate and develop business that might materialize.

At the end of the year available short-term credit lines amounted to € 171 milihe irrevocables credit lines amount to €285 milion and were unitilize at year-end. Average debt maturity is in the medium-long term.

HEDGING INSTRUMENTS

Hedging instruments are used by the Group exclusively to mitigate, in line with company strategy, interest rate and currency risk and comprise exclusively financial derivatives. In order to maximize the effectiveness of these hedges the Group's strategy calls for:

- large counterparties with excellent credit standing and transactions which fall within the limits determined in the treasury policy in order to minimize counterparty risk;
- the use of instruments which match, to the extent possible, the characteristics of the risk hedged;
- monitoring of the adequacy of the instruments used in order to check and, possibly, optimize the structure of the instruments used to achieve the purposes of the hedge.

The Group's Treasury Policy also defines the rigorous criteria to be used when selecting counterparties**.**

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- monitoring of the adequacy of the instruments used in order to check and, possibly, optimize the structure of the instruments used to achieve the purposes of the hedge.

The Group's Treasury Policy also defines the rigorous criteria to be used when selecting counterparties.

The derivatives used by the Group are generally plain vanilla financial instruments. More in detail, the types of derivatives used include:

- cross currency swaps;
- foreign exchange forwards.

On initial recognition these instruments are measured at fair value. At subsequent reporting dates the fair value of derivatives must be re-measured and:

(i) if these instruments fail to qualify for hedge accounting, any changes in fair value that occur after initial recognition are taken to profit and loss;

(ii) if these instruments subsequently qualify as fair value hedges, from that date any changes in the fair value of the derivative are taken to profit and loss; at the same time, any fair value changes due to the hedged risk are recorded as an adjustment to the book value of the hedged item and the same amount is recorded in the income statement; any ineffectiveness of the hedge is recognized in profit and loss;

(iii) if these instruments qualify as cash flow hedges, from that date any changes in the fair value of the derivative are taken to net equity; changes in the fair value of the derivative that are recognized in net equity are subsequently reclassified in the income statement in the period in which the hedged transaction affects the income statement; when the object of the hedge is the purchase of a non-financial asset, changes to the fair value of the derivative taken to net equity are reclassified to adjust the purchase cost of the asset hedged (basis adjustment); any ineffectiveness of the hedge is recognized in profit and loss.

The Group's hedging strategy is reflected in the accounts as described above as of the moment when the following conditions are satisfied:

- the hedging relationship, its purpose and the overall strategy are formally defined and documented; the documentation includes the identification of the hedging instrument, the hedged item, the nature of the risk to be neutralized and the procedures whereby the entity will assess the effectiveness of the hedge;
- the effectiveness of the hedge may be reliably assessed and there is a reasonable expectation, confirmed by evidence, that the hedge will be highly effective for the period in which the hedged risk exists;
- the hedged risk relates to changes in cash flow due to a future transaction, the latter is highly probable and entails exposure to changes in cash flow which could affect profit and loss.

Derivatives are recognized as assets if their fair value is positive and as liabilities if their fair value is negative. These balances are shown under current assets or liabilities if related to derivatives which do not qualify for hedge accounting, conversely, they are classified consistently with the hedged item. In detail, if the hedged item is classified as a current asset or liability, the positive or negative fair value of the hedging instrument is included under current assets or liabilities; if the hedged item is classified as a non-current asset or liability, the positive or negative fair value of the hedging instrument is included under non-current assets or liabilities.

The Group does not have any net investment hedges.

44. TRANSLATION OF FOREIGN COMPANIES' FINANCIAL STATEMENTS

The exchange rates used to translate non-Euro zone companies' financial statements are as follows:

	12/31/2021		12/31/2020	
	Average exchange rate	Year-end exchange rate	Average exchange rate	Year-end exchange rate
Panamanian balboa	1.1827	1.1326	1.1422	1.2271
Australian dollar	1.5749	1.5615	1.6549	1.5896
Canadian dollar	1.4826	1.4393	1.53	1.5633
New Zealand dollar	1.6724	1.6579	1.7561	1.6984
Singapore dollar	1.5891	1.5279	1.5742	1.6218
US dollar	1.1827	1.1326	1.1422	1.2271
Hungarian florin	358.52	369.19	351.2494	363.89
Swiss franc	1.0811	1.0331	1.0705	1.0802
Egyptian lira	18.568	17.801	18.0654	19.3168
New Israeli shekel	3.8208	3.5159	3.9258	3.9447
Argentinian peso	116.3622	116.3622	103.2494	103.2494
Chilean peso	898.39	964.35	903.14	872.52
Colombian peso	4,429.48	4,598.68	4,217.06	4,202.34
Mexican peso	23.9852	23.1438	24.5194	24.416
Brazilian real	6.3779	6.3101	5.8943	6.3735
Chinese renminbi	7.6282	7.1947	7.8747	8.0225
Indian rupee	87.4392	84.2292	84.6392	89.6605
British pound	0.8596	0.8403	0.8897	0.89903
Polish zloty	4.5652	4.5969	4.443	4.5597

(*) Argentina is a high-inflation country; therefore, pursuant to IAS 29, the items recognized in the income statement were converted based on the exchange rate at the end of the reporting period.
The average exchange rate of the Argentine peso at 31 December 2021 was 112.4215 and 80.9218 at 31 December 2020.

45. SEGMENT INFORMATION

In accordance with IFRS 8 "Operating Segments", the schedules relative to each operating segment are shown below.

The Amplifon Group's business (distribution and personalization of hearing solutions) is organized in three specific geographical segments which comprise the Group's operating segments: Europe, Middle East and Africa - EMEA - (Italy, France, The Netherlands, Germany, the United Kingdom, Spain, Portugal, Switzerland, Belgium, Luxemburg, Hungary, Egypt, Poland and Israel), Americas (USA, Canada, Chile, Argentina, Ecuador, Colombia, Panama and Mexico) and Asia-Pacific (Australia, New Zealand, India and China).

The Group also operates via centralized Corporate functions (Corporate bodies, general management, business development, procurement, treasury, legal affairs, human resources, IT systems, global marketing and internal audit) which do not qualify as operating segments under IFRS 8.

These areas of responsibility, which coincide with the geographical segments (the Corporate functions are recognized under EMEA), represent the organizational structure used by management to run the Group's operations. The reports periodically analyzed by the Chief Executive Officer and Top Management are divided up accordingly, by geographical area.

Performances are monitored and measured for each operating segment/geographical segment, through operating profit including amortization and depreciation (EBIT), along with the portion of the results of equity investments in associated companies valued using the equity method. Financial expenses are not monitored insofar as they are based on corporate decisions regarding the financing of each region (own funds versus borrowings) and, consequently, neither are taxes. Items in the statement of financial position are analyzed by geographical segment without being separated from the corporate functions which remain part of EMEA. All the information relating to the income statement and the statement of financial position is determined using the same criteria and accounting standards used to prepare the consolidated financial statements.

INCOME STATEMENT – FY 2021(*)

(€ thousands)	EMEA	AMERICAS	APAC	CORPORATE	ELIM.	CONSOLIDATED
Revenues from sales and services	1,389,640	306,709	251,726	-	-	1,948,075
Operating costs	(991,869)	(225,717)	(179,757)	(87,368)	-	(1,484,711)
Other income and costs	4,833	(619)	(432)	1,180	-	4,962
Gross operating profit by segment (EBITDA)	**402,604**	**80,373**	**71,537**	**(86,188)**	**-**	**468,326**
Intangible assets amortization	(38,823)	(10,140)	(12,358)	(13,385)	-	(74,706)
Tangible asset depreciation	(35,486)	(3,250)	(7,580)	(2,233)	-	(48,549)
Right-of-use depreciation	(73,243)	(6,467)	(15,028)	(1,506)	-	(96,244)
Impairment losses and reversals of non-current assets	(1,924)	(229)	(47)	(627)	-	(2,827)
	(149,476)	**(20,086)**	**(35,013)**	**(17,751)**	**-**	**(222,326)**
Operating result by segment	**253,129**	**60,287**	**36,524**	**(103,939)**	**-**	**246,000**
Financial income, expenses and value adjustments to financial assets						
Group's share of the result of associated companies valued at equity and gains/ losses on disposals of equity investments	120	-	-	-	-	120
Other income and expenses, impairment and revaluations of financial assets						1,574
Interest income and expenses						(17,117)
Interest expenses on lease liabilities						(10,362)
Other financial income and expenses						2,150
Exchange gains and losses						1,118
Gain (loss) on assets accounted at fair value						(123)
						(22,640)
Net profit (loss) before tax						**223,360**
Current and deferred income tax						
Current income tax						(63,438)
Deferred tax						3,676
						(59,762)
Profit (loss) from continuing operations						**163,598**
Profit (loss) from discontinued operations						(5,755)
Net profit (loss)						**157,843**
Net profit (loss) attributable to Minority interests						58
Net profit (loss) attributable to the Group						**157,785**

(*) The figures of the operating segments are net of the intercompany eliminations.

INCOME STATEMENT – FY 2020(*)

(€ thousands)	EMEA	AMERICAS	APAC	CORPORATE	ELIM.	CONSOLIDATED
Revenues from sales and services	1,123,534	197,298	182,426	-	-	1,503,258
Operating costs	(827,939)	(146,798)	(120,724)	(55,645)	-	(1,151,106)
Other income and costs	9,945	1,912	1,101	723	-	13,681
Gross operating profit by segment (EBITDA)	**305,540**	**52,412**	**62,803**	**(54,922)**	**-**	**365,833**
Intangible assets amortization	(37,453)	(5,130)	(10,094)	(8,778)	-	(61,455)
Tangible asset depreciation	(35,330)	(2,242)	(8,183)	(1,962)	-	(47,717)
Right-of-use depreciation	(74,057)	(3,848)	(11,413)	(451)	-	(89,769)
Impairment losses and reversals of non-current assets	(1,711)	(1,728)	(52)	-	-	(3,491)
	(148,551)	**(12,948)**	**(29,742)**	**(11,190)**	**-**	**(202,431)**
Operating result by segment	**156,989**	**39,464**	**33,061**	**(66,113)**	**-**	**163,402**
Financial income, expenses and value adjustments to financial assets						
Group's share of the result of associated companies valued at equity and gains/ losses on disposals of equity investments	(346)	-	-	-	-	(346)
Other income and expenses, impairment and revaluations of financial assets						2
Interest income and expenses						(17,860)
Interest expenses on lease liabilities						(10,428)
Other financial income and expenses						(1,490)
Exchange gains and losses						737
Gain (loss) on assets accounted at fair value						(106)
						(29,491)
Net profit (loss) before tax						**133,911**
Current and deferred income tax						
Current income tax						(46,361)
Deferred tax						9,122
						(37,239)
Profit (loss) from continuing operations						**96,672**
Profit (loss) from discontinued operations						4,390
Net profit (loss)						**101,062**
Net profit (loss) attributable to Minority interests						58
Net profit (loss) attributable to the Group						**101,004**

(*) The figures of the operating segments are net of the intercompany eliminations.

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31ST, 2021(*)

(€ thousands)	EMEA	AMERICAS	APAC	ELIM.	CONSOLIDATED
Assets					
Non-current assets					
Goodwill	894,227	166,694	620,549	-	1,681,470
Intangible fixed assets with finite useful life	288,292	46,912	79,327	-	414,531
Tangible fixed assets	140,362	13,836	32,647	-	186,845
Right-of-use assets	360,625	23,100	53,652	-	437,377
Equity-accounted investments	2,133	-	-	-	2,133
Hedging instruments	10,983	-	-	-	10,983
Deferred tax assets	67,388	6,796	11,001	-	85,185
Deferred contract costs	8,434	924	94	-	9,452
Other assets	31,031	8,838	904	-	40,773
Total non-current assets					**2,868,749**
Current assets					
Inventories	49,896	5,557	7,117	-	62,570
Receivables	246,764	47,114	25,615	(59,258)	260,235
Deferred contract costs	4,591	529	67	-	5,187
Hedging instruments	168	-	-	-	168
Other financial assets					49,836
Cash and cash equivalents					268,546
Total current assets					**646,542**
Total assets					**3,515,291**
Liabilities					
Net Equity					**927,281**
Non-current liabilities					
Medium/long-term financial liabilities					1,010,585
Lease liabilities	295,011	19,056	39,200	-	353,267
Provisions for risks and charges	21,292	6,369	1,418	-	29,079
Liabilities for employees' benefits	19,623	375	764	-	20,762
Hedging instruments	2,531	-	-	-	2,531
Deferred tax liabilities	65,339	19,607	20,245	-	105,191
Payables for business acquisitions	7,193	12,378	-	-	19,571
Contract liabilities	131,010	11,688	1,716	-	144,414
Other long-term liabilities	15,620	698	-	-	16,318
Total non-current liabilities					**1,701,718**
Current assets					
Trade payables	210,435	42,938	26,098	(36,964)	242,507
Payables for business acquisitions	7,271	5,357	39	-	12,667
Contract liabilities	88,400	10,849	8,165	-	107,414
Other payables and tax payables	200,682	58,446	29,180	(22,296)	266,012
Hedging instruments	552	-	-	-	552
Provisions for risks and charges	2,804	478	-	-	3,282
Liabilities for employees' benefits	1,557	127	2,397	-	4,081
Short-term financial liabilities					151,112
Lease liabilities	74,504	6,440	17,721	-	98,665
Total current liabilities					**886,292**
Total liabilities					**3,515,291**

(*) The items in the statement of financial position are analyzed by the CEO and Top Management by geographic area without being separated from the Corporate functions which are included in EMEA.

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31ST, 2020(*)

(€ thousands)	EMEA	AMERICAS	APAC	ELIM.	CONSOLIDATED
Assets					
Non-current assets					
Goodwill	856,130	147,528	277,951	-	1,281,609
Intangible fixed assets with finite useful life	274,704	41,641	44,840	-	361,185
Tangible fixed assets	139,426	10,286	27,904	-	177,616
Right-of-use assets	350,450	20,585	38,303	-	409,338
Equity-accounted investments	2,002	-	-	-	2,002
Hedging instruments	4,327	-	-	-	4,327
Deferred tax assets	70,451	6,262	6,958	-	83,671
Deferred contract costs	7,047	677	53	-	7,777
Other assets	24,519	34,518	879	-	59,916
Total non-current assets					**2,387,441**
Current assets					
Inventories	46,210	8,003	3,219	-	58,432
Receivables	219,976	37,304	19,260	(52,016)	224,524
Deferred contract costs	4,553	433	65	-	5,051
Other financial assets					8,997
Cash and cash equivalents					545,027
Total current assets					**841,031**
Total assets					**3,228,472**
Liabilities					
Net Equity					**801,868**
Non-current liabilities					
Medium/long-term financial liabilities					1,069,321
Lease liabilities	290,960	17,075	29,315	-	337,350
Provisions for risks and charges	20,175	28,734	856	-	49,765
Liabilities for employees' benefits	23,185	135	699	-	24,019
Hedging instruments	5,963	-	-	-	5,963
Deferred taxes	65,875	18,783	10,492	-	95,150
Payables for business acquisitions	22,253	10,009	-	-	32,262
Contract liabilities	117,351	10,229	2,436	-	130,016
Other long-term liabilities	11,011	333	-	-	11,344
Total non-current liabilities					**1,755,190**
Current assets					
Trade payables	132,707	39,462	22,167	(13,300)	181,036
Payables for business acquisitions	2,536	4,157	-	-	6,693
Contract liabilities	83,802	10,046	9,151	-	102,999
Other payables and tax payables	174,043	54,709	22,794	(38,716)	212,830
Hedging instruments	112	-	-	-	112
Provisions for risks and charges	3,075	485	-	-	3,560
Liabilities for employees' benefits	860	106	2,173	-	3,139
Short-term financial liabilities					75,615
Lease liabilities	68,183	5,810	11,437	-	85,430
Total current liabilities					**671,414**
Total liabilities					**3,228,472**

(*) The items in the statement of financial position are analyzed by the CEO and Top Management by geographic area without being separated from the Corporate functions which are included in EMEA.

46. ACCOUNTING POLICIES

46.I. PRESENTATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements at 31 December 2021 were prepared in accordance with the historical cost method with the exception of derivatives, a few financial investments measured at fair value and assets and liabilities hedged against changes in fair value, as explained in greater detail in this report, as well as on a going concern basis.

With regard to reporting formats:

- in the statement of financial position, the Group distinguishes between non-current and current assets and liabilities;
- in the income statement, the Group classifies costs by nature insofar as this is deemed to more accurately represent the primarily commercial and distribution activities carried out by the Group;
- in addition to the net profit for the period, the statement of comprehensive income also shows the impact of exchange rate gains and losses, changes in cash flow hedger reserve, changes in foreign currency basis spread reserve on derivative instruments and actuarial gains and losses that are recognized directly in equity; these items are subdivided based on whether they may subsequently be reclassified to profit or loss;
- in the statement of changes in net equity, the Group reports all the changes in net equity, including those deriving from shareholder transactions (payment of dividends and capital increases);
- the statement of cash flows is prepared using the indirect method to determine cash flow from operations.

It should be noted that the public grants received during 2021 are presented as a reduction of the reference cost item or are shown among other revenues/income where not directly attributable to a specific cost item, taking into account the nature of the contribution.

46.2. USE OF ESTIMATES IN PREPARING THE FINANCIAL STATEMENTS

The preparation of the financial statements and explanatory notes requires the use of estimates and assumptions particularly with regard to the following items:

- revenues for services rendered over time recognized based on the effort or the input expended to satisfy the performance obligation;
- allowances for impairment made based on the asset's estimated realizable value;
- provisions for risks and charges made based on a reasonable estimate of the amount of the potential liability, including with regard to any counterparty claims;
- provisions for obsolete inventories in order to align the carrying value of inventories with the estimated realizable value;
- provisions for employee benefits, calculated based on actuarial valuations;
- amortization and depreciation of intangible assets and tangible fixed assets recognized based on the estimated remaining useful life and the recoverable amount;
- income tax recognized based on the best estimate of the tax rate for the full year;
- IRSs and currency swaps (instruments not traded on regulated markets), marked to market at the reporting date based on the yield curve and market exchange rates, which are subject to credit/debit valuation adjustments based on market prices;
- the lease term duration was determined on a lease-by-lease basis and is comprised of the "non-cancellable" period along with the impact of any extension or early termination clauses if exercise of

that clause is reasonably certain. This property valuation took into account circumstances and facts specific to each asset;

- discount rate of leases falling within the scope of IFRS 16 (incremental borrowing rate) determined with reference to the IRS (reference interbank rate used as indexation parameter for fixed-rate mortgage loans) relating to the individual countries in which the companies of the Amplifon Group, with maturities commensurate with the duration of the specific rental contract, increased by the specific credit spread of the parent company and any costs for additional guarantees. In the rare cases where the IRS rate is not available (Egypt, Ecuador, Mexico and Panama), the risk-free rate was determined with reference to the Government Bond, always with maturities commensurate with the duration of the specific rental contract.

Estimates and assumptions are periodically reviewed, and any changes made, following the change of the circumstances or the availability of better information, are recognized in the income statement. The use of reasonable estimates is essential to the preparation of the financial statements and does not affect their overall reliability.

The Group tests goodwill for impairment at least once a year or when there are indicators of impairment. The impairment test is carried out based on the groups of cash generating units to which the goodwill is allocated and based on which the Group assesses, directly or indirectly, the return on investment which includes this goodwill.

46.3. IFRS STANDARDS AND INTERPRETATIONS

IFRS Standards/ interpretations approved by the IASB and endorsed in Europe

The following table lists the IFRS/interpretations approved by the IASB, endorsed in Europe and applied for the first time this year.

Description	Endorsement date	Publication	Effective date	Effective date for Amplifon
Amendments to IFRS 4 *"Insurance Contracts – deferral of IFRS 9* (issued on 25 June 2020)	15 Dec '20	16 Dec '20	1 Jan '21	1 Jan '21
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 *"Interest Rate Benchmark Reform – Phase 2"* (issued on 27 August 2020)	13 Jan '21	14 Jan '21	1 Jan '21	1 Jan '21
Amendments to IFRS 16 *"Covid-19-Related Rent Concessions beyond 30 June 2021"* (issued on 31 March 2021)	30 Aug '21	31 Aug '21	1 Apr '21	1 Jan '21

The amendment to "IFRS 4 "Insurance Contracts – deferral of IFRS 9" supports the companies implementing the new IFRS 17 standard and it makes it simpler to report their financial performances.

The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform – Phase 2" integrate the amendments made in 2019. The amendments referred in phase 2, address issues that might affect financial reporting when an existing interest rate benchmark is replaced with an alternative benchmark interest rate (i.e. replacement issue) and assist companies in the application of IFRS when changes are made to contractual cash flows or hedging relationships due to the interest rate reform, and in providing useful information to users of the financial statements.

The Amendment to IFRS 16, "Covid-19-Related Rent Concessions beyond 30 June 2021" extends the period of application of the 2020 amendment to IFRS 16, relative to the lessees' accounting of concessions granted as a result of Covid-19, by one year.

The adoption of the standards and interpretations described above, already in effect at the date of this report, did not have a material impact on the measurement of the Group's assets, liabilities, costs and revenues.

The IFRS Standards/ interpretations approved by the IASB and endorsed in Europe which take effect after 31 December 2021 are shown below:

Description	Endorsement date	Pubblication	Effective date	Effective date for Amplifon
Amendments to - IFRS 3 Business Combinations - IAS 16 Property, Plant and Equipment - IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Annual Improvements 2018-2020 (All issued on 14 May 2020)	28 June '21	2 July '21	1 Jan '22	1 Jan '22
IFRS 17 *"Insurance Contracts"* (issued on 18 May 2017); (issued on 25 June 2020)	19 Nov '21	23 Nov '21	1 Jan '23	1 Jan '23

On 14 May 2020, IASB issued the following amendments:

- Amendments of IFRS 3 "*Reference to the Conceptual Framework*" in order to: (i) complete the update of the references to the *Conceptual Framework for Financial Reporting* in the accounting standard; (ii) provide clarification relative to the recognition, through the acquisition date, of provisions, potential liabilities, tax liabilities (i.e. levies) recognized as part of a business combination; (iii) state expressly that potential assets cannot be recognized in a business combination.
- Amendments to IAS 16 "*Property, Plant and Equipment: Proceeds before Intended Use*", which indicate that proceeds from selling items produced by an asset before the asset is ready for the use it was intended are recognized in the income statement along with the relative production costs.
- Amendments to IAS 37 "*Onerous Contracts - Cost of Fulfilling a Contract*" which clarify how to assess whether or not a contract is onerous;
- "*Annual Improvements to IFRS Standards 2018 – 2020*" contain amendments to the accounting standards which are largely technical and relate to presentation.

IFRS 17 *"Insurance Contracts"* is a new standard which relates to the recognition and measurement, presentation and disclosure of insurance contracts which will substitute IFRS 4, issued in 2005. This standard is applicable to all types of insurance contracts, regardless of the issuer, as well as to a few guarantees and financial instruments with discretionary participation features.

The adoption of the standards and interpretations approved and not endorsed above is not expected to have a material impact on the measurement of the Group's assets, liabilities, costs and revenues.

46.4. FUTURE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS

IFRS Standards/ interpretations approved by the IASB and endorsed in Europe

The following are the international accounting standards, interpretations, amendments to existing accounting standards and interpretations, or specific provisions contained in the standards and interpretations approved by the IASB which, at 31 December 2021, had yet to be endorsed for adoption in Europe.

Description	Effective date
Amendments to IAS 1: *"Presentation of Financial Statements – Classification of liabilities as current or non-current" e "Classification of Liabilities as Current or Non-current - Deferral of Effective Date"* (Issued respectly 23 January 2020 e 15 July 2020)	Periods beginning on or after 1 Jan '23
Amendments to IAS1: *"Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies"* (issued on 12 Febraury 2021)	Periods beginning on or after 1 Jan'23
Amendments to IAS 8: *"Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates"* (issued on 12 Febraury 2021)	Periods beginning on or after 1 Jan '23
Amendments to IAS 12 *"Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Trasansaction"* (issued on 7 May 2021)	Periods beginning on or after 1 Jan '23
Amendments to IFRS 17 "*Insurance contracts: Initial application of IFRS 17 and IFRS 9; comparative information"* (issued on 9 December 2021)	Periods beginning on or after 1 Jan'23

On 23 January 2020 and 15 July 2020, IASB issued the amendments to the definitions of current and non-current assets contained in IAS 1, providing a more generalized approach to the classification of liabilities under the standard, based on the contractual agreements.

On 12 February 2021, IASB issued amendments which strive to improve accounting policy disclosures, in order to provide investors and the primary users of the financial statements with more useful information, as well as help companies clarify the distinction between accounting policies and accounting estimates.

On 7 May 2021, IASB issued a few amendments to IAS 12, which clarify how companies account for deferred tax on transactions which can generate assets and liabilities of the same amount such as leases and decommissioning obligations.

On 9 December 2021, IASB issued "Amendments to IFRS 17, *Insurance contracts: Initial application of IFRS 17 and IFRS 9; comparative information*" adding a new transition option to IFRS 17 ("classification overlay") which is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information relative to financial assets to be provided which is more consistent with IFRS 9.

The adoption of the standards and interpretations approved and not endorsed above is not expected to have a material impact on the measurement of the Group's assets, liabilities, costs and revenues.

46.5. SUBSIDIARIES

The consolidation area includes companies which are controlled by the Group. Control is defined as the power to influence the financial and operating policies of a company. The existence of control over a company is determined on the basis of: (i) voting rights, including potential ones, that the Group is entitled to and by virtue of which the Group may exercise a majority of the votes that can be cast at ordinary Shareholders' meetings; (ii) the content of possible agreements between shareholders or the existence of specific clauses in the entity's by-laws which grant the Group the power to manage the company; (iii) control by the Group of a sufficient number of votes to exercise de facto control at ordinary Shareholders' meetings of the company.
Income statement items are included in the consolidated financial statements starting from the date control is acquired and up to the date such control ceases. All payables and receivables, as well as the revenue and expense items deriving from transactions between companies included in the consolidation are eliminated entirely; capital gains and losses deriving from transfers of assets between consolidated companies are also eliminated, as are the profits and losses arising from transfers of assets between consolidated companies that come to form inventories of the acquiring company, write-downs and reversals of holdings in consolidated companies, and intragroup dividends. Assets, liabilities, costs and revenues of subsidiaries are recorded in full, allocating to minority shareholders

their share of net equity and of the net result.
The financial statements of subsidiaries are adjusted in order to make the measurement criteria consistent with those adopted by the Group.

The closing dates of subsidiaries are aligned with that of the parent company; where this is not the case, the subsidiaries prepare appropriate financial statements for consolidation purposes.

46.6. JOINTLY CONTROLLED COMPANIES

A joint control arrangement is an agreement based on which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. There are two types of joint control arrangements: joint operations and joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. These parties are referred to as joint operators.
With reference to investment in a joint operation, each part has to relocate:
d) Own assets, included share of jointly owned assets;
e) Own liabilities, included share of jointly owned liabilities;
f) Revenues from sales of own production share arises from joint operation activity;
g) Share of revenues from the production sale deriving from the jointly controlled activity;
h) Own costs, included parts of costs sustained with the other part.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.
In consolidated financial statements investment in joint venture are valuated with equity method, accounted in income statement net profit and loss attributable to the group occurred in the period.
With equity method, investment carry amount represents assets and liabilities fair value of jointed at acquisition moment, as well goodwill arises at acquisition moment.

46.7. ASSOCIATED COMPANIES

Investments in associates are accounted for using the equity method. A company is considered an associate if the Group participates in decisions relating to the company's operating and financial policies even if the latter is not a subsidiary nor subject to joint control. Under the equity method, on initial recognition, an investment in an associate is recognized at cost in the statement of financial position and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The goodwill relating to the associate is included in the carrying amount and is not subject to amortization. The profits generated as a result of transactions carried out by the Group with associates are eliminated to the extent of the Group's interest in the associate. The financial statements of companies accounted for based on the equity method are adjusted to be in line with the Group's accounting policies.

46.8 BUSINESS COMBINATIONS

Business combinations are accounted for in the financial statements as follows:

- acquisition cost is determined on the basis of the fair value of assets transferred, liabilities assumed, or the shares transferred to the seller in order to obtain control;

- the determination of the values of the assets and liabilities of the acquiree is made provisionally until the activities of determining the fair value of the assets and liabilities are completed. The completion of these activities must in any case take place within 12 months of the acquisition, where the latter are counted from the date on which the acquisition took place and accounted for the first time. If, in the period in which the allocation is made provisionally, different values should emerge from those initially recorded following new information on facts and circumstances that in any case existed at the acquisition date, the recognized values are adjusted retrospectively;
- acquisition- costs related to business combinations are recognized in the income statement for the period in which the costs were incurred;
- the fair value of the shares transferred is determined according to the market price at the exchange date;
- where the agreement with the seller provides for a price adjustment linked to the profitability of the business acquired, over a defined timeframe or at a pre-established future date (earn-out), the adjustment is included in the acquisition price as of the acquisition date and is measured at fair value as at the date of acquisition;
- at the acquisition date, the assets and liabilities, including contingent ones, of the acquired company are recognized at their fair value at that date. When determining the value of these assets we also consider the potential tax benefits applicable to the jurisdiction of the acquired company;
- when the carrying amounts of assets, liabilities and contingent liabilities recorded differ from their corresponding tax base at the acquisition date, deferred tax assets and liabilities are recognized;
- any difference between the acquisition cost of the investment and the corresponding share of the net assets acquired is recorded as goodwill, if positive, or it is charged to the income statement, if negative;
- income items are included in the consolidated financial statements starting from the date control is acquired and up to the date control ceases.

46.9. FUNCTIONAL CURRENCY, PRESENTATION CURRENCY AND TRANSLATION CRITERIA APPLIED TO FOREIGN CURRENCY ITEMS

The consolidated financial statements of the Amplifon Group are presented in Euros, the functional currency of the parent company, Amplifon S.p.A.
The financial statements of subsidiaries and jointly-controlled companies are prepared in the functional currency of each company. When this currency differs from the reporting currency of the consolidated financial statements, the financial statements are translated using the current exchange rate method: income statement items are translated using the average exchange rates of the year, asset and liability items are translated using year-end rates and net equity items are translated at historical rates. Exchange differences are recorded under "translation difference" in the consolidated net equity; when the company is disposed of, the cumulative differences booked in net equity are taken to the income statement.

Foreign currency transactions are recorded at the exchange rate at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currency and valued at cost are reported at the exchange rate used upon initial recognition. Non-monetary assets and liabilities denominated in foreign currency and recognized at fair value, at recoverable value, or realizable value, are translated using the exchange rate of the date when the value was determined.

Any exchange rate differences arising from the settlement of monetary assets and liabilities or from the translation at exchange rates that are different from those used upon initial recognition, during the year or in previous financial statements, are recognized in the income statement.

46.10. INTANGIBLE ASSETS

Intangible assets purchased separately and those acquired through business combinations carried out prior to the adoption of the IFRS are initially measured at cost, whilst those acquired through business combinations completed after the date of transition to IFRS, are initially measured at fair value. Expenditure incurred after the initial acquisition is recorded as an increase in the cost of the intangible asset to the extent that the expenditure can generate future economic benefits.

Intangible assets having a finite useful life are amortized systematically over their useful lives and written down for impairment (see section 46.13). Amortization begins when an asset is available for use and ceases at the time of termination of the useful life or when an asset is classified as held for sale (or included in a disposal group classified as held for sale). Both the useful life and the amortization criterion are periodically reviewed and, where significant changes have occurred compared to the previously adopted assumptions, the amortization charge for the current year and subsequent ones is adjusted.

The periods of amortization are shown in the following table:

Asset Type	Years
Software	3-10
Licenses	1-15
Non-competition agreements	5
Customer lists	10-15
Trademarks and concessions	3-15
Other	5-9

46.11. GOODWILL

Goodwill is recognized in the financial statements following business combinations and is initially recorded at cost, which is the excess of the cost of acquisition over the Group's share in the fair values of the assets, liabilities and contingent liabilities acquired.

Goodwill is classified as an intangible asset. As of the acquisition date, the goodwill acquired in a business combination is allocated to each of the acquirer's cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are allocated to those units or groups of units.

Subsequent to initial recognition, goodwill is not amortized but valued at cost less any cumulative impairment losses (see section 46.13).

46.12. TANGIBLE FIXED ASSETS

Tangible fixed assets are recorded at purchase or production cost, inclusive of ancillary costs that are directly attributable to the assets.

The carrying amount upon initial recognition of tangible fixed assets, or their significant elements (except for land), net of their residual value, is depreciated on a straight-line basis over their useful life

and is written down for impairments (see section 46.14). Depreciation starts when the asset becomes available for use and ceases at the time of termination of the useful life or when it is classified as held for sale (or included as part of a disposal group classified as held for sale). The useful life and the depreciation rate, as well as the residual value, are periodically reviewed and, where significant changes have occurred compared to the previously adopted assumptions, the depreciation charge for the current year and subsequent ones is adjusted.

Maintenance costs that do not add value to an asset are charged to the income statement in the year in which they are incurred. Maintenance costs that add value to an asset are recorded with the fixed asset item to which they relate and are depreciated on the basis of the future remaining useful life of the asset.

Leasehold improvements, such as to premises, shops and branches held under operating leases, are capitalized and depreciated over the shorter of the term of the lease and the useful life of the tangible asset installed.

The periods of depreciation are shown in the following table:

Asset type	Years
Buildings, constructions and leasehold improvements	5-25
Plant and machinery	5-16
Industrial and commercial equipment	4-10
Motor vehicles	3-9
Computers and office machinery	3-7
Furniture and fittings	3-10
Other tangible fixed assets	4-8

46.13. IMPAIRMENT OF INTANGIBLE FIXED ASSETS, TANGIBLE FIXED ASSETS, INVESTMENTS IN ASSOCIATED COMPANIES AND GOODWILL

The Group checks the recoverable value of an asset whenever an impairment indicator exists and, for intangible fixed assets with an indefinite life, other tangible assets and goodwill, the assessment is carried out yearly. The recoverable amount is defined as the higher of the asset's fair value less costs to sell and its value in use.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Value in use is determined with reference to the present value of the estimated future cash flows that are expected to be generated by the continued use of an asset and its disposal at the end of its useful life, discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the specific risks associated with the asset. Where the value in use of a specific asset cannot be determined due to the fact that the asset does not generate independent cash flows, value in use is estimated with reference to the cash-generating unit to which the asset belongs.

With regard to goodwill, the impairment test is performed for the smallest cash-generating unit that the goodwill relates to and which is used by the Group to evaluate, either directly or indirectly, the return on the investment which includes the goodwill itself.

Impairment losses are recognized in the income statement when the carrying value of an asset is higher than its recoverable value. Except for goodwill, for which impairment losses cannot be reversed, when there is an indication that an impairment loss is no longer justified or may have decreased, the carrying value of the asset is adjusted to its recoverable value. The increased carrying value of an asset due to an impairment reversal cannot, however, exceed the carrying value that the asset would have had (net of the write-down or depreciation) if the impairment had not been recognized in previous years. The reversal is immediately recognized in the income statement.

46.14. LEASING

When a contract is signed the Group assesses whether a contract is or contains a lease, namely if the contract conveys the right to use an asset for a period of time in exchange for consideration.

Accounting policies applicable to the Group as a lessee

The Group uses a single model to recognize and measure all leases, with the exception of short-term leases and leases for low value assets. The Group recognizes the lease liabilities and the right-of-use asset, namely the right to use the lease's underlying asset.

Right-of-use assets

The Group recognizes the right-of-use assets as of the commencement date of the lease (namely the date on which use of the underlying asset is conveyed). The right-of-use assets are valued at cost, net of any accumulated depreciation and impairment losses, adjusted to reflect any restated lease liabilities. The costs for the right-of-use assets include the lease liabilities recognized, the initial direct costs incurred and the lease payments made as of the commencement date or before the commencement date net of any incentives received.

The right-of-use assets are amortized on a straight-line basis from the commencement date to the end of their useful life consistent with the right granted or, if before, the end of the lease term.

The right-of-use assets are subject to impairment testing. Please refer to section 46.13. Loss of value of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Group recognizes a lease liability equal to the payments that must be made in the future under the lease. The payments owed include fixed lease payments less any lease incentives, variable lease payments linked to an index or a rate, and the guaranteed residual amount due. The lease payments also include the exercise price of a purchase price if it is reasonably certain that the option will be exercised by the Group and any penalties for terminating the lease contemplated in the lease if the duration of the lease takes into account the exercise by the Group of the option to terminate the lease itself.

Variable lease payments that are not linked to an index or a rate are recognized as a cost in the period in which the event or the condition triggering the payment occurred.

When calculating the present value of payments owed, the Group uses the marginal borrowing rate at the commencement date if the implied borrowing rate is not easily determined. After the

commencement date the amount of the lease liabilities will be increased in order to reflect interest owed and decreased to reflect payments made. The book value of the lease liabilities will also be restated if any changes are made to the lease terms or payment terms; it will also be restated if the value of the purchase option on the underlying asset is changed or if any changes in the index or rate used to determine future payments occur.

Concessions deriving from the effects of Covid-19

The Group applies the practical expedient that allows the lessee to disregard any concessions on the payment of rents received from 1 January 2020 and resulting from the effects of Covid-19 as a modification of the original contract changes. Therefore, the aforementioned concessions are accounted for as positive variable fees without going through a contractual amendment.
This exemption applies when the following conditions are met:

- the granting of payments is a direct consequence of the Covid-19 pandemic and the reduction in payments refers only to those originally due until June 2021;
- the change in payments has left unchanged, with respect to the original conditions, the same amount to be paid, or has reduced the amount;
- there are no substantial changes to other contractual terms or conditions of the lease.

Short-term leases and low value assets

The Group applies the exemption relative to leases for low value assets like, for example PCs, printers, electronic equipment and short-term leases, namely leases with a term of less than 12 months without purchase options, with the exception of the assets classed as "stores". The rent payable under short-term leases and leases for low value assets are recognized as costs on a straight-line basis over the lease term.

The Group as lessor

Leases which leave all the risks and benefits associated with ownership of the asset are classified as operating leases. Lease income stemming for the operating lease must be recognized on a straight-line basis over the lease term and recognized as revenue in the income statement. The initial negotiation costs are added to the book value of the leased asset and are recognized on a straight-line basis over the lease term. Unplanned leases are recognized as revenue in the period in which they mature

Sublease

The Group, as an intermediate lessor in a subleasing contract, classifies a sublease as a finance or operating lease as follows:
a) If the head lease is accounted for as a short-term lease, for which the Group has made use of the practical expedient, the sublease is classified as an operating lease;
b) otherwise, the sublease is classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset (for example, property unit, leased plants or machinery).

More in detail, if the sub-lease is classified as an operating lease, the head lessor continues to recognize the lease liabilities and the right-of-use assets in the head lease like any other lease.
If the net book value of the right-of-use asset in the head lease exceeds the income expected from the sub-lease, this might indicate that there has been a loss in the value of the right-to-use asset in the head lease. The loss in value of a right-of-use asset is measured in accordance with IAS 36.

If the sub-lease is classified as a finance lease, the head lessor eliminates the right-of-use asset from the head lease as of the commencement date of the sub-lease and continues to recognize the original lease liability as per the lessee's accounting model.

46.15. FINANCIAL ASSETS AND LIABILITIES

46.15.1. Financial assets (excluding derivatives)

The Group's financial assets are classified based on the business model used to manage them and the nature of the relative cash flows.

a) Financial assets valued at amortized cost

Financial assets that meet the following requirements are classified in this category:
(i) assets held as part of a business model where the objective of the entity's business model is collecting contractual cash flows; and
(ii) the cash flows contemplated under the contract refer solely to payments of principal and interest on the amount of principal to be repaid.

These are mainly trade receivables, loans and other receivables.

The trade receivables without a significant financing component are recognized at the price of the relative transaction (determined in accordance with IFRS 15 Revenue from contracts with customers).

The other receivables and loans are recognized in the financial statements at fair value plus any ancillary costs attributable directly to the transactions that generated them.

After initial recognition, the effective interest rate applied to financial assets measured at amortized cost, with the exception of receivables without a significant financing component, is used to determine interest income which is recognized in profit or loss. The effects of this measurement are recognized among the financial components of income.

With reference to the impairment model, the Group evaluates the receivables by adopting an expected loss logic.

The Group used a simplified approach to measure trade receivables which does not call for periodic adjustments of the credit risk nor of the expected credit loss ("ECL") calculated over the life of the receivable ("lifetime ECL").
More in detail, the policy implemented by the Group calls for the stratification of trade receivables broken down into similar risk categories. Different percentages of impairment are applied to these categories based on the expected level of recoverability which refer to historical percentages and any forward-looking elements that could affect recoverability. The trade receivables are written off entirely if there is not a reasonable expectation of recoverability (i.e. past due above a certain level, bankruptcy and/or legal proceedings).

The Group uses a general approach for the measurement of the long-term financial receivables relating to the loans granted by American subsidiaries to franchisees and members of the Elite network in order support investment and development in the United States which requires the checking of any increase in the credit risk at the end of each reporting period.

Impairment recognized pursuant to IFRS 9 is presented in the income statement, net of any positive effects stemming from releases or reversals, as operating costs.

b) Financial assets at fair value recognized through the comprehensive income statement ("FVOCI")

Financial assets that meet the following requirements are classified in this category:
(i) assets held as part of a business model where the objective of the entity's business model is collecting contractual cash flows and selling the assets; and

(ii) the cash flows contemplated under the contract refer solely to payments of principal and interest on the amount of principal to be repaid.

These include trade receivables that the Group sometimes used in factoring without recourse transactions.

These assets are initially recognized in the financial statements at their fair value plus any ancillary costs directly attributable to the transactions generating them. After initial recognition, the measurement is updated and any changes in fair value are recognized in the comprehensive income statement.
The impairment model used is describe in a) above.

c) Financial assets at fair value recognized through the consolidated income statement ("FVPL")

Financial assets which are not classified in the other categories (i.e. residual category). These are mainly derivatives.

Assets belonging to this category are initially recognized at fair value.

The ancillary costs incurred when the asset is recognized are immediately recognized in the consolidated income statement. After initial recognition, the FVPL are measured at fair value.

The gains and losses stemming from changes in fair value are recognized in the consolidated income statement for the reporting period under "Gains (losses) from assets measured at fair value".

The purchases and disposals of financial assets are accounted for on the settlement date.

Financial assets are derecognized from the financial statements when the related contractual rights expire, or when the Group transfers all the risks and rewards of ownership associated with the financial asset.

44.15.2. Financial liabilities (excluding derivatives)

Financial liabilities include financial payables, lease obligations and trade payables. Amounts payable to banks and other lenders are initially recognized at fair value less any directly attributable transaction costs and subsequently valued at amortized cost based on the effective interest rate. If there is a change in the forecast cash flow the value of the liabilities is recalculated in order to reflect this change based on the present value of the new future cash flows and the internal rate of return initially determined.

Whenever legal rights to compensation arise, the Group decides whether or not to show cash and cash equivalents net of bank overdrafts.

Trade payables are obligations to pay for goods and services acquired from suppliers as part of general business operations. The amounts owed suppliers are classified as current liabilities if the payment will be made within a year of the relative reporting period. Conversely, these payables are classified as non-current liabilities.

The trade and other payables are initially measured at fair value and subsequently using the amortized cost method.
When a financial liability is hedged against interest rate risk in a fair value hedge, any changes in fair value due to the hedged risk are not included in the amortized cost calculation. These changes are amortized starting from the moment fair value hedge accounting is discontinued.

With regard to lease liabilities, please refer to section 46.14. Leases.

Financial liabilities are derecognized when the underlying obligation is extinguished, cancelled or fulfilled.

Contractual amendments relating to financial liabilities are assessed from a qualitative and quantitative point of view (using the 10% test) to determine whether they are of a substantial nature and therefore require a derecognition of the original debt In the event of non-substantial amendments, the Group recognizes the impact of those changes in the income statement.

In the case of put and call granted to minority shareholders and which guarantee them the settlement in cash in exchange for available liquidity or other financial assets, the Group, in accordance with IAS 32, records a financial liability equal to the best estimate of the exercise price of the option. This liability is subsequently remeasured at each closing date. Based on the Group's accounting policy any change in the value of the liability is recognized in net equity.

44.15.3. Derivative financial instruments

As of 1 January 2019 the Amplifon Group opted to apply the provisions of IFRS 9 relating to hedge accounting, rather than the provisions of IAS 39 used in the past.

The Group enters into derivative financial instruments for the purpose of neutralizing the financial risks it is exposed to and which it decides to hedge in accordance with its adopted strategy (see note 43).

The documentation which formalizes the hedging relationship for the purpose of the application of hedge accounting includes the identification of:

- the hedging instrument;
- the hedged item or transaction;
- the nature of the risk;
- the methods that the company intends to adopt to assess the effectiveness of the hedge in offsetting the exposure to changes in the fair value of the hedged item or the cash flows associated with the risk that is hedged against.

On initial recognition these instruments are measured at fair value. On subsequent reporting dates the fair value of derivatives must be re-measured and:

(i) if these instruments fail to qualify for hedge accounting, any changes in fair value that occur after initial recognition are taken to profit and loss;

(ii) if these instruments qualify as fair value hedges, from that date any changes in the fair value of the derivative are taken to profit and loss; at the same time, any fair value changes due to the hedged risk are recorded as an adjustment to the book value of the hedged item and the same amount is recorded in the income statement; any ineffectiveness of the hedge is recognized in profit and loss in an item separate from that in which changes in the fair value of the hedging instrument and the hedged item are recognized;

(iii) if these instruments qualify as cash flow hedges, starting from that date, any changes in the fair value of the derivative are recognized in net equity, but only to the extent of the effective amount of the hedge, with the amount of any hedge ineffectiveness being recognized in the income statement; changes in the fair value of the derivative that are recognized in net equity are subsequently transferred to the income statement in the period in which the transaction that is hedged against affects the income statement; when the hedged item is the purchase of a non-financial asset, changes to the fair value of the derivative taken to equity are reclassified and adjusted according to the purchase cost of the asset which is the hedged item (referred to as basis adjustment);

(iv) if these instruments qualify as hedges of net investment of a foreign operation, starting from that date any changes in the fair value of the derivative are adjusted as part of the "translation difference", to the extent of the effective amount of the hedge and the ineffective portion is charged to the income statement;

(v) hedging is carried out by the designated instrument, considered as a whole. In the case of options or forward contracts, however, only part of the derivative instrument is designated as the hedging instrument; the remainder is recognized in the income statement. More specifically, in the case of options, only the changes in fair value due to changes in the intrinsic value are designated as a hedging instrument; conversely, fair value changes of options due to changes in the time value are recognized in the income statement and are not considered in the assessment of the hedge effectiveness. In the case of forward contracts, only changes in fair value due to changes in the spot rate are designated as a hedging instrument; conversely fair value changes due to changes in the forward points are recognized in the income statement and are not considered in the assessment of the hedge effectiveness.

If the hedge becomes ineffective or the Group changes its hedging strategies, hedge accounting is discontinued. In particular, hedge accounting is discontinued prospectively when the hedge becomes ineffective or when there is a change in the hedging strategies.

If, in a fair value hedge, the hedged item is a financial instrument measured using the effective interest rate method, the adjustments made to the book value of the hedged item are amortized starting from the date when fair value hedge accounting is discontinued and the hedged item is no longer adjusted for fair value changes attributable to the hedged risk.

Financial instruments hedging exchange rate risk due to forecasted transactions and firm commitments are represented on the statement of financial position according to the cash-flow hedge accounting model.

Derivatives are recognized as assets if their fair value is positive and as liabilities if their fair value is negative. These balances are shown under current assets or liabilities if related to derivatives which do not qualify for hedge accounting criteria, conversely, they are classified according to the hedged item.

In particular, if the hedged item is classified as a current asset or liability, the positive or negative fair value of the hedging instrument is included under current assets or liabilities; if the hedged item is classified as a non-current asset or liability, the positive or negative fair value of the hedging instrument is included under non-current assets or liabilities.

46.16. INVENTORIES

Inventories are valued at the lower of purchase or production cost and their net realizable value, represented by their open market value. Inventories are valued using the weighted average cost method.

46.17. CASH AND CASH EQUIVALENTS AND FINANCIAL ASSETS

The item cash and cash equivalents comprise liquid funds and financial investments with a maturity, at the acquisition date, of less than three months and for which there is an insignificant risk of a change in value. These financial assets are recorded at their nominal value.

46.18. PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges relate to costs and charges of a specific nature which are certain or probable and whose amount or timing is uncertain at the reporting date.

Provisions are recognized if the following conditions apply: (i) the Group has a present obligation (legal or constructive) that has arisen as a result of a past event; (ii) it is probable that the fulfilment of the obligation will require the use of resources which produce economic benefits; (iii) the amount can be estimated reliably.

The amount recognized as a provision in the financial statements represents the best estimate of the expenditure required by the company to settle the obligation at the reporting date or to transfer it to a third party.

Specifically:

- the agents' leaving indemnity includes the estimate of amounts due to agents, calculated using actuarial methods and having regard to the probability that such amounts will be paid, as well as the expectations as to the time of payment;
- the warranty and repair provision includes the estimate of costs for warranty services to be provided on products sold, calculated on the basis of historical/statistical data and the warranty period;
- the provision for risks arising from legal disputes includes the estimate of charges relating to legal disputes with employees or agents or associated with the provision of services.

46.19. EMPLOYEES' BENEFITS

Post-employment benefits are defined on the basis of pension plans, even if not formalized, which due to their characteristics can be classified as either defined-contribution or defined-benefit plans.

Under a defined-contribution plan the company's obligation is limited to the payment of the contributions agreed with the employees and it is determined on the basis of the contributions due at the end of the period, as reduced by any amounts already paid.

Under defined-benefit plans the liability recorded in the books is equal to: (a) the present value of the defined-benefit obligation at the reporting date; (b) plus any actuarial gains (minus any actuarial losses); (c) less any past service costs that have not yet been recorded; (d) less the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

Under defined-benefit plans, the cost charged to the income statement is equal to the algebraic sum of the following elements: (a) current service cost; (b) the financial charges arising from the increase in liability due to the passage of time; (c) the expected return on plan assets; (d) past service cost; (e) the effect of any curtailments or settlements under the plan.

Actuarial gains and losses are recognized in other comprehensive income.

Net financial charges on defined-benefit plans are recognized in profit or loss under financial income and charges.

46.20. STOCK GRANT

The Group grants the right to participate in share capital plans (stock grants) to certain top executives and other beneficiaries who hold key positions within the Group. Stock grants are equity settled, and the beneficiary receives a free allotment of shares in Amplifon S.p.A. at the end of the vesting period.

The relative fair value is recognized in the income statement under personnel expenses over the

period from the date they are granted to the vesting date and a corresponding amount is recorded in a net equity reserve. The fair value of stock grants is determined at the date they are granted, taking account of the market conditions at that date.

At each reporting date, the Group reviews the assumptions about the number of rights which are expected to be exercised and records the effect of any change in estimate in the income statement adjusting the corresponding net equity reserve.

In case of free stock allotment (i.e. "stock grant"), the corresponding increase in net equity is recognized at the end of the vesting period.

46.21. REVENUES

Revenues from contracts with clients

The revenues from contracts with customers are recognized in accordance with IFRS 15.

Based on the five-step model introduced in IFRS 15, the Group records revenue after having identified the contracts with its customer and the relative performance obligations (transfer of control of goods and/or services), determined the consideration to which it is entitled upon satisfaction of each of the obligations, as well as the way these obligations will be satisfied (at a point in time or over time).

The Group will recognize revenue once the criteria for the identification of the contract with the customer are satisfied, the parties are involved in fulfilling the respective obligations and it is probable that the Group will receive the consideration to which it is entitled in exchange for the goods and services transferred to the customer.

The main performance obligations identified by the Amplifon Group involve: the hearing aid and fitting, which represent a single inseparable performance obligation, after sales care, extended warranties which are above and beyond normal supplier warranties, the material rights (discounts on future purchases and loyalty points) and accessories (batteries, cleaning kits) provided to the customer.

The goods and services may be sold separately or bundled.

The transaction price, which represents the amount the entity expects to receive from the customer for the goods and services provided, is allocated based on the stand-alone selling prices of the relative performance obligations.

The stand-alone selling price is determined based on observable prices when available, while for goods and services not sold separately (for example after sales services) and when observable market prices are not available the cost plus a margin method is used.

Any commercial discounts are allocated to the different performance obligations that make up the bundle sold to the customer, with the exception of after sales services in proportion to the weight of the relative stand-alone selling price.
Revenues are recognized when control of the goods and services has been transferred to the customer and performance obligations have been satisfied. This can happen at a point in time or over time.

Revenues realized over time, represented typically by after sales services, extended warranties, and accessories supplied over time, are recognized based on the level to which the different contractual performance obligations have been satisfied. More in detail, transfer over time is measured based

on the input method, namely taking into account the work done (inputs) by the Group to fulfill each performance obligation.
The up-front fee paid by franchisees is considered a revenue stream generated over time and is recognized over the life of the franchising agreement.

Revenues realized at a point in time refer to the transfer of goods and services that the customer receives and consumes at the same time.
These are generally attributable to the sale of hearing aids and relative fitting, accessories and a few services that are sold separately. In these situations, revenue is recorded when control of the good of service is transferred to the customer.

The performance obligation to transfer control of the goods and services over time is recognized under "Contractual liabilities".
The Group incurs costs to acquire and fulfill contracts over time. These costs, which typically include commissions and bonuses paid to employees and agents for each sale made that will be recovered through the revenues generated by the contract, are capitalized as contract costs and amortized based on the progress made in transferring the goods and services to the customer over time.

The contract costs are recognized as assets in a specific line of the financial statement (Short-term and long-term deferred assets arising from contract costs).

Public contributions received are presented as a reduction of the reference cost item or are shown among other revenues/income when not directly attributable to a specific cost item, taking into account the nature of the contribution itself. They have acquired greater importance following the Covid-19 emergency, considering that the Group has enjoyed contributions and concessions from the various government authorities (as well as concessions relating to the lease contracts described in paragraph 46.14), such as contributions on the cost of work and contributions to support the business.

46.22. DIVIDENDS

The dividends are recognized as profit (loss) for the year only when:
a) the entity's right to receive a dividend arises;
b) it's likely that the economic benefits stemming from the dividend will flow to the entity; and
c) the amount of the dividend can be reliably measured.

46.23. CURRENT AND DEFERRED TAXES

Current income tax payables and receivables are recorded at the amount that is expected to be paid to/received from the tax authorities at the rates enacted or substantially enacted, and the laws in force at the reporting date.

Deferred tax assets and liabilities are recognized on temporary differences between the value of assets and liabilities in the financial statements and the corresponding tax bases.

Deferred income taxes are not recognized: (i) when they derive from the initial recognition of goodwill or of an asset or liability in a transaction other than a business combination and which, at the time of the transaction, does not affect either the accounting profit or the taxable profit /loss; (ii) when they relate to temporary differences related to investments in subsidiaries and joint ventures, where the reversal of temporary differences may be controlled and it is probable that it will not occur in the foreseeable future.

Deferred tax assets, including those arising from unused tax losses and tax credits, are recorded only to the extent their recovery is highly probable.

Deferred tax assets are not discounted to present value and are calculated using the tax rates that are expected to apply when the taxes are paid or settled in the respective countries where the Group operates.

Deferred tax assets and liabilities are debited or credited directly to net equity if they relate to elements which are recognized directly in net equity. Deferred tax assets and liabilities are recorded respectively under non-current assets and liabilities and are offset only when a legally enforceable right to offset current tax assets against current tax liabilities exists and this will result in a lower tax charge. Moreover, when there is a legally enforceable right of set-off, deferred tax assets and deferred tax liabilities are offset only if at the time of their reversal they will not generate any current tax asset or liability.
When an asset is revalued for tax purposes and the revaluation does not relate to an accounting revaluation of an earlier period, or to one that is expected to be carried out in a future period, deferred tax assets are recognized in the income statement on the temporary difference arising as a result of the revaluation.

The current and deferred tax assets and liabilities must be recognized and measured in accordance with IAS 12 namely based on the taxable income (losses), the amounts for tax purposes, unused tax losses, unused tax credits, and tax rates determined based on IFRIC 23.

In the presence of uncertainties in the application of tax legislation, in accordance with IFRS 23 interpretation, the Group:
(i) in cases where it deems probable that the tax authority will accept the uncertain tax treatment, it determines the income taxes (current and/or deferred) to be recognized in the financial statements according to the tax treatment applied or which it plans to apply at the time of tax declaration;
(ii) in cases where it deems unlikely that the tax authority will accept the uncertain tax treatment, it reflects such uncertainty in the determination of income taxes (current and/or deferred) to be recognized in the financial statements;
(iii) the uncertain tax asset/liability are to be represented in the items that include the assets and liabilities for income taxes and not in other balance sheet items.

46.24. VALUE ADDED TAX

Revenues, costs and assets are recognized net of valued added tax (VAT), except where VAT applied to the purchase of goods or services is non-deductible, in which case it is recognized as part of the purchase cost of the asset or as part of the expense recorded in the income statement.

The net amount of indirect tax on sales which may be recovered from/paid to the Tax Authorities is included in the financial statements under other receivables or payables, depending on whether it is a debit or a credit balance.

46.25. SHARE CAPITAL, TREASURY SHARES, DIVIDEND DISTRIBUTION AND OTHER NET EQUITY ITEMS

Ordinary shares issued by the parent company Amplifon S.p.A. are classified as part of net equity. Any costs incurred to issue new shares, are classified as a reduction of net equity.

Purchases and disposals of treasury shares, as well as any gains or losses on purchase/disposal, are recognized in the financial statements as changes in net equity. Dividends distributed to the shareholders are recorded as a reduction in net equity and as a liability of the period when the dividend payment is approved by the Shareholders' Meeting.

46.26. EARNINGS (LOSS) PER SHARE

Earnings per share is determined by comparing the Group's net profit to the weighted-average number of shares outstanding during the accounting period. For the calculation of diluted earnings per share, the weighted average number of shares outstanding is adjusted assuming the conversion of all potential shares with a dilutive effect.

46.27. ACCOUNTING STANDARDS FOR HYPERINFLATIONARY COUNTRIES

The Group companies operating in hyperinflationary countries (Argentina) restate non-monetary assets and liabilities found in their original financial statements in order to eliminate any distortions due to the currency's loss of purchasing power. The inflation rate used in this instance corresponds with the consumer price index.
The companies operating in countries in which the cumulative three-year rate of inflation is close to or exceeds 100% use the hyperinflationary accounting measures and cease to do so when the cumulative three-year rate of inflation falls below 100%.
The gains or losses on the net monetary position are recorded in the income statement.
The financial statements drafted in currencies other than the euro by Group companies operating in hyperinflationary countries are converted into euros based on the exchange rate at the end of the reporting period both for balance sheet items and for economic ones.

46.28. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The company classifies an asset (or a disposal group) as held for sale when its book value will be recovered mainly through a sale rather than through continuous use.

Non-current assets and groups of assets being sold classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. The costs to sell are the incremental costs attributable directly to the asset (or disposal groups) held for sale, excluding financial expense and income tax.

The criteria for the classification of assets as held for sale are satisfied solely when the sale is highly probable and the asset or disposal group to be sold is available for immediate sale in its current state. The actions required to complete the sale plan should indicate that it is unlikely that the plan will be significantly changed or withdrawn. Management must actively commit to selling the asset and the sale should be completed within one year of classification.

The entity may not classify an asset (or disposal groups) as held for sale if the asset (or disposal groups) will be abandoned. However, if the assets to be abandoned are part of an entity that was disposed of or classified as held for sale, and
a) represents either a separate major line of business or a geographical area of operations;
b) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or

c) is a subsidiary acquired exclusively with a view to resale and the disposal involves loss of control; the entity must recognize the results and cash flows of the group being sold in the financial statements as discontinued operations. Non-current assets (or disposal groups) to be abandoned include non-current assets (or disposal groups) that are to be used to the end of their economic life and non-current assets (or disposal groups) that are to be closed rather than sold.

The tangible and intangible assets are not amortized or depreciated once they are classified as held for sale.
The assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.
The sum of the post-tax profit or loss of the discontinued operation is presented as a single amount in the income statement.

47. SUBSEQUENT EVENTS

In the first few months of 2022, in execution of the shareholders' resolution approved during the Shareholders' Meeting held on 23 April 2021, the Group continued with the buyback program aimed at increasing the number of treasury shares that may be used to service stock-based incentive plans, both current and future, reserved for executives and/or employees and/or staff members of the Company or its subsidiaries, and for potential free allocation of shares to shareholders, as well as to use as a form of payment for extraordinary transactions, including acquisitions and stock swaps A total of 800,00 treasury shares were purchased between 1 January 2022 and the date of this financial report for a total investment of €29.723 thousand.
The exercise of Performance Stock Grants also continued, and the beneficiaries received a total of 18,970 treasury shares. At the date of this report the Company has a total of 2.188.380 treasury shares or 0,967% of its share capital.

The Group's external growth also continued in the first few months with the acquisition of a total of 58 stores in China, United States, Belgium, France and Germany.

Milan, March 03rd, 2022

CEO

Enrico Vita

ANNEX I

CONSOLIDATION AREA

As required by articles § 38 and 39 of Law 127/91 and article § 126 of Consob's resolution 11971 dated 14 May 1999, as amended by resolution 12475 dated 6 April 2000, the following is the list of companies included in the consolidation area of Amplifon S.p.A. at 31 December 2021.

PARENT COMPANY:

Company name	Head office	Currency	Share capital
Amplifon S.p.A.	Milan (Italy)	EUR	4,527.772

SUBSIDIARIES CONSOLIDATED USING THE LINE-BY-LINE METHOD:

Company name	Head office	Direct/Indirect ownership	Currency	Share Capital	% held as at 12/31/2021
Amplifon Italia S.p.A	Milan (Italy)	D	EUR	100,000	100.0%
Amplifon Rete	Milan (Italy)	I	EUR	19,250	4.35%
Otohub S.r.l.	Naples (Italy)	D	EUR	28,571	100.0%
Audibel S.r.l (in liquidation)	Rome (Italy)	D	EUR	70,000	100.0%
Amplifon France SAS	Arcueil (France)	D	EUR	98,550,898	100.0%
SCI Eliot Leslie	Lyon (France)	I	EUR	610	100.0%
Amplifon France Holding	Arcueil (France)	D	EUR	1	100.0%
Lomaco SAS	Lorient (France)	I	EUR	425,400	100.0%
Akoute Sas	Reims (France)	I	EUR	10,000	100.0%
Centre Audio Sas	Chartres (France)	I	EUR	7,500	100.0%
Audition 85 Sas	La Roche-sur-Yon (France)	I	EUR	1,000	100.0%
Zhida Sas	La Roche-sur-Yon (France)	I	EUR	30,000	100.0%
Amplifon Iberica SA	Barcelona (Spain)	D	EUR	26,578,809	100.0%
Microson S.A.	Barcelona (Spain)	D	EUR	61,752	100.0%
Amplifon LATAM Holding S.L.	Barcelona (Spain)	I	EUR	3,000	100.0%
Amplifon Portugal SA	Lisboa (Portougal)	I	EUR	15,520,187	100.0%
Amplifon Magyarország Kft	Budapest (Hungary)	D	HUF	723,500,000	100.0%
Amplibus Magyarország Kft	Budaörs (Hungary)	I	HUF	3,000,000	100.0%
Amplifon AG	Baar (Switzerland)	D	CHF	1,000,000	100.0%
Amplifon Nederland BV	Doesburg (The Nedtherlands)	D	EUR	74,212,052	100.0%
Auditech BV	Doesburg (The Nedtherlands)	I	EUR	22,500	100.0%
Electro Medical Instruments BV	Doesburg (The Nedtherlands)	I	EUR	16,650	100.0%
Beter Horen BV	Doesburg (The Nedtherlands)	I	EUR	18,000	100.0%
Amplifon Customer Care Service BV	Elst (The Nedtherlands)	I	EUR	18,000	100.0%
Amplifon Belgium NV	Bruxelles (Belgium)	D	EUR	495,800	100.0%

Company name	Head office	Direct/Indirect ownership	Currency	Share Capital	% held as at 12/31/2021
Amplifon RE SA	Luxembourg (Luxembourg)	D	EUR	3,700,000	100.0%
Amplifon Deutschland GmbH	Hamburg (Germany)	D	EUR	6,026,000	100.0%
Focus Hören AG	Willroth (Germany)	I	EUR	485,555	100.0%
Focus Hören Deutschland GmbH	Willroth (Germany)	I	EUR	25,000	100.0%
Amplifon Poland Sp. z o.o.	Lodz (Poland)	D	PLN	3,345,460	100.0%
Amplifon UK Ltd	Manchester (United Kingdom)	D	GBP	130,951,168	100.0%
Amplifon Ltd	Manchester (United Kingdom)	I	GBP	1,800,000	100.0%
Ultra Finance Ltd	Manchester (United Kingdom)	I	GBP	75	100.0%
Amplifon Cell	Ta' Xbiex (Malta)	D	EUR	2,500,125	100.0%
Medtechnica Ortophone Ltd (*)	Tel Aviv (Israel)	D	ILS	1,100	80.0%
Amplifon Middle East SAE	Cairo (Egypt)	D	EGP	3,000,000	51.0%
Miracle Ear Inc.	St. Paul (USA)	I	USD	5	100.0%
Elite Hearing. LLC	Minneapolis (USA)	I	USD	1,000	100.0%
Amplifon USA Inc.	Dover (USA)	D	USD	52,500,010	100.0%
Amplifon Hearing Health Care. Inc.	St. Paul (USA)	I	USD	10	100.0%
Ampifon IPA. LLC	New York (USA)	I	USD	-	100.0%
ME Pivot Holdings LLC	Minneapolis (USA)	I	USD	2,000,000	100.0%
ME Flagship LLC	Wilmington (USA)	I	USD	-	100.0%
METX LLC	Waco (USA)	I	USD	-	100.0%
MEFL LLC	Waco (USA)	I	USD	-	100.0%
METAMPA LLC	Waco (USA)	I	USD	-	100.0%
MENM LLC	Waco (USA)	I	USD	-	100.0%
Miracle Ear Canada Ltd.	Vancouver (Canada)	I	CAD	72,301,200	100.0%
2829663 Ontario Inc	Milton (Canada)	I	CAD	-	100.0%
Ossicle Fort McMurray Inc	Fort McMurray (Canada)	I	CAD	-	100.0%
Southern Alberta Hearing Aid Ltd	Lethbridge (Canada)	I	CAD	-	100.0%
Burnaby Hearing Center Inc	Burnaby (Canada)	I	CAD	-	100.0%
Amplifon South America Holding LTDA	São Paulo (Brasil)	D	BRL	190,154	100.0%
GAES S.A.	Santiago de Chile (Chile)	I	CLP	1,901,686,034	100.0%
GAES Servicios Corporativo de Latinoamerica Spa	Santiago de Chile (Chile)	I	CLP	10,000,000	100.0%
Audiosonic Chile S.A.	Santiago de Chile (Chile)	I	CLP	1,000,000	100.0%
GAES S.A.	Buenos Aires (Argentina)	I	ARS	120,542,331	100.0%
GAES Colombia SAS	Bogotà (Colombia)	I	COP	21,803,953,043	100.0%
Soluciones Audiologicas de Colombia SAS (in liquidation)	Bogotà (Colombia)	I	COP	45,000,000	100.0%
Audiovital S.A.	Quito (Ecuador)	I	USD	430,337	100.0%
Centros Auditivos GAES Mexico sa de cv	Ciudad de México (Mexico)	I	MXN	164,838,568	100.0%
Compañía de Audiologia y Servicios Medicos sa de cv	Aguascalientes (Mexico)	I	MXN	43,306,212	66.4%
GAES Panama S.A.	Panama (Panama)	I	PAB	510,000	100.0%
Amplifon Australia Holding Pty Ltd	Sydney (Australia)	D	AUD	392,000,000	100.0%

Company name	Head office	Direct/Indirect ownership	Currency	Share Capital	% held as at 12/31/2021
National Hearing Centres Pty Ltd	Sydney (Australia)	I	AUD	100	100.0%
National Hearing Centres Unit Trust	Sydney (Australia)	I	AUD	-	100.0%
Attune Hearing Pty Ltd	Brisbane (Australia)	D	AUD	14,771,093	100.0%
Attune Workplace Hearing Pty Ltd	Brisbane (Australia)	I	AUD	1	100.0%
Ear Deals Pty Ltd	Brisbane (Australia)	I	AUD	300,000	100.0%
Otohub Unit Trust (in liquidation)	Brisbane (Australia)	I	AUD	-	100.0%
Otohub Australasia Pty Ltd	Brisbane (Australia)	D	AUD	10	100.0%
Bay Audio Pty Ltd	Sydney (Australia)	D	AUD	10,000	100.0%
Amplifon Asia Pacific Pte Limited	Singapore (Singapore)	I	SGD	1,000,000	100.0%
Amplifon NZ Ltd	Takapuna (New Zealand)	I	NZD	130,411,317	100.0%
Bay Audiology Ltd	Takapuna (New Zealand)	I	NZD	-	100.0%
Dilworth Hearing Ltd	Auckland (New Zealand)	I	NZD	-	100.0%
Auckland Hearing Ltd	Auckland (New Zealand)	I	NZD	-	100.0%
Amplifon India Pvt Ltd	Gurgaon (India)	I	INR	1,770,000,000	100.0%
Beijing Amplifon Hearing Technology Center Co. Ltd	Běijīng (China)	D	CNY	2,143,685	100.0%
Tianjin Amplifon Hearing Technology Co. Ltd	Tianjin (China)	I	CNY	3,500,000	100.0%
Shijiazhuang Amplifon Hearing Technology Co. Ltd	Shijiazhuang (China)	I	CNY	100,000	100.0%
Shanghai Amplifon Hearing Aid Co. Ltd	Shanghai (China)	D	CNY	46,000,000	100.0%
Hangzhou Amplifon Hearing Aid Co. Ltd (**)	Hangzhou (China)	D	CNY	11,000,000	60.0%
Zhengzhou Yuanjin Hearing Technology Co.. Ltd (**)	Zhengzhou (China)	I	CNY	-	60.0%

(*) Medtechnica Ortophone Ltd, despite being 80% owned by Amplifon, is consolidated at 100% without exposure of non-controlling interests due to the put-call option exercisable from 2019 and related to the purchase of the remaining 20%.
(**) Hangzhou Amplifon Hearing Aid Co.. Ltd. And its subsidiary Zhengzhou Yuanjin Hearing Technology Co. Ltd (together Soundbridge) are consolidated using the full consolidation method, with a control of the group of 60% because of the direct ownership of 51% and a put-call option for an additional 9%.

COMPANIES VALUED USING THE EQUITY METHOD:

Company name	Head office	Direct/Indirect ownership	Currency	Share Capital	% held as at 12/31/2021
Comfoor BV (*)	Doesburg (Olanda)	I	EUR	18,000	50.0%
Comfoor GmbH (*)	Emmerich am Rhein (Germania)	I	EUR	25,000	50.0%
Ruti Levinson Institute Ltd (**)	Ramat HaSharon (Israele)	I	ILS	105	16.0%
Afik - Test Diagnosis & Hearing Aids Ltd (**)	Jerusalem (Israele)	I	ILS	100	16,0%
Lakeside Specialist Centre Ltd (**)	Mairangi Bay (Nuova Zelanda)	I	NZD	-	50.0%

(*) Joint Venture.
(**) Related companies.

ANNEX II

INFORMATION PURSUANT TO ARTICLE 149-DUODECIES OF CONSOB ISSUERS' REGULATIONS

The following table, drawn up pursuant to Article 149-duodecies of the Consob Issuers' Regulations, highlights the fees pertaining to 2021 for auditing services and for those other than audits provided by the auditing firm itself and by entities belonging to its network.

Description	Subject that provided the service	Recipient	Audit fees 2021
Independent audit services	KPMG S.p.A.	Parent Company - Amplifon S.p.A.	290,500
Services other than audits	KPMG S.p.A.	Parent Company - Amplifon S.p.A.	99,000
Total – Parent Company			***389,500***
Independent audit services	KPMG *Network*	Subsidiaries	1,067,500
	KPMG S.p.A.	Subsidiaries	190,000
Services other than audits	KPMG *Network*	Subsidiaries	120,000
Total Subsidiaries			***1,377,500***
Grand total			**1,767,000**

DECLARATION IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154-BIS OF LEGISLATIVE DECREE NO. 58/98

We, the undersigned, Enrico Vita, Chief Executive Officer and Gabriele Galli, Executive Responsible for Corporate Accounting Information for Amplifon S.p.A., taking into account the provisions of article § 154-*bis*, paragraphs 3 and 4 of Law no. 58/98, certify:

- the adequacy, by reference to the characteristics of the business and
- the effective application of the administrative and accounting procedures for the preparation of the consolidated financial statements during the course of 2021.

We also certify that the consolidated financial statements at 31 December 2021:

- have been prepared in accordance with the international accounting standards recognized in the European Union under the EC regulation no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- have been prepared in accordance with the European Commission regulation no. 2019/815 and following modifications;
- correspond to the underlying accounting entries and records;
- provides a true and fair view of the performance and financial position of the issuer and of all of the companies included in the consolidation area.

The report on operations includes a reliable operating and financial review of the Company and all of the companies included in the consolidation area as well as a description of the main risks and uncertainties to which they are exposed.

Milan, March 03rd, 2022

CEO

Enrico Vita

Executive Responsible for Corporate Accounting Information

Gabriele Galli

KPMG S.p.A.
Revisione e organizzazione contabile
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(The accompanying consolidated financial statements of Amplifon S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
Amplifon S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Amplifon Group (the "group"), which comprise the statement of financial position as at 31 December 2021, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Amplifon Group as at 31 December 2021 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of Amplifon S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Limited, società di diritto inglese.

Ancona Bari Bergamo
Bologna Bolzano Brescia
Catania Como Firenze Genova
Lecce Milano Napoli Novara
Padova Palermo Parma Perugia
Pescara Roma Torino Treviso
Trieste Varese Verona

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of goodwill

Notes to the consolidated financial statements: note 3 "Acquisitions and goodwill" and note 46 "Accounting policies"

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 31 December 2021 include goodwill of €1,681.5 million, mainly arising from the significant acquisitions carried out by the group. Annually or more frequently, if necessary, the directors check the recoverable amount of the goodwill by comparing its carrying amount to its value in use, calculated using a method that discounts expected cash flows. The key assumptions used to calculate value in use relate to the operating cash flows' forecasts over the calculation period and the discount and growth rates of those flows. The directors have forecast the operating cash flows for the explicit projection period (2022-2024) used for impairment testing on the basis of the 2022-2024 three-year business plans approved by the subsidiaries' boards of directors and the group's business plan for the same period approved by the parent's board of directors on 16 December 2021. Considering the materiality of the caption and that impairment testing entails a high level of judgement by the directors, especially forecasting operating cash flows, the recoverability of goodwill was a key audit matter.	Our audit procedures, which also involved our own valuation specialists, included: — understanding the process adopted to prepare the impairment test approved by the parent's board of directors; — understanding the process adopted to prepare the 2022-2024 business plans from which the expected operating cash flows used for impairment testing have been derived; — checking any discrepancies between the previous year business plans' figures and actual figures, in order to check the accuracy of the estimation process adopted by the directors; — analysing the reasonableness of the assumptions used by the directors to determine the recoverable amount of goodwill, including the operating cash flows of the 2022-2024 plans used by the parent; — analysing the reasonableness of the assumptions underlying the valuation model used by the group to calculate the recoverable amount of goodwill; — checking the sensitivity analysis made by the directors in relation to the main assumptions used to test goodwill for impairment; — assessing the appropriateness of the disclosures provided in the notes.

Revenue recognition

Notes to the consolidated financial statements: note 29 "Revenues from sales and services" and note 46 "Accounting policies"

Key audit matter	Audit procedures addressing the key audit matter
The income statement includes revenue from sales and services of €1,948.1 million for 2021. The group recognises revenue from contracts with customers differently depending on when control over the goods or services is transferred to the customer and on the type of consideration to which it is entitled. Since sales, which generally cover a package of products and services at a stand-alone price, contain many contractual terms applied to customers, the group was required to identify and measure the various performance obligations and how they are satisfied. For the above reasons and considering the materiality of the caption, we believe that the recognition of revenue, and especially its accuracy and accruals-based accounting, are a key audit matter.	Our audit procedures included: — understanding the process for the recognition of revenue, the related IT environment and related accounting policies; — assessing the design, implementation and operating effectiveness of controls deemed material for the purposes of our audit; — comparing the main components of revenue to the budgeted and previous year figures and discussing the results with the relevant internal departments; — checking the documentation supporting a sample of sales, whether their performance obligations had been correctly identified, the transaction price allocated thereto and whether revenue has been recognised in profit or loss based on how the obligations were satisfied; — sending requests for written confirmation in order to obtain audit evidence supporting the trade receivables recognised in the consolidated financial statements; — assessing the appropriateness of the disclosures provided in the notes.

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

— identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

— conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;

— evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

— obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, 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.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 20 April 2018, the parent's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2019 to 31 December 2027.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the parent in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The parent's directors are responsible for the application of the provisions of Commission Delegated Regulation (UE) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the consolidated financial statements to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the consolidated financial statements with the Commission Delegated Regulation (EU) 2019/815.

In our opinion, the consolidated financial statements have been prepared in the XHTML format and have been marked up, in all material respects, in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The parent's directors are responsible for the preparation of the group's reports on operation and on corporate governance and ownership structure at 31 December 2021 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the report on operations and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the group's consolidated financial statements at 31 December 2021 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the report on operations and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the group's consolidated financial statements at 31 December 2021 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Statement pursuant to article 4 of the Consob regulation implementing Legislative decree no. 254/16

The directors of Amplifon S.p.A. are responsible for the preparation of a non-financial statement pursuant to Legislative decree no. 254/16. We have checked that the directors had approved such non-financial statement. In accordance with article 3.10 of Legislative decree no. 254/16, we attested the compliance of the non-financial statement separately.

Milan, 14 March 2022

KPMG S.p.A.

(signed on the original)

Claudio Mariani
Director of Audit

Editorial Project Coordination
AMPLIFON

Art Direction, Graphic Design
COMMON