

# Q3 & 9M 2022 Results

Milan, October 26<sup>th</sup>, 2022



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## Income statement data reported herein

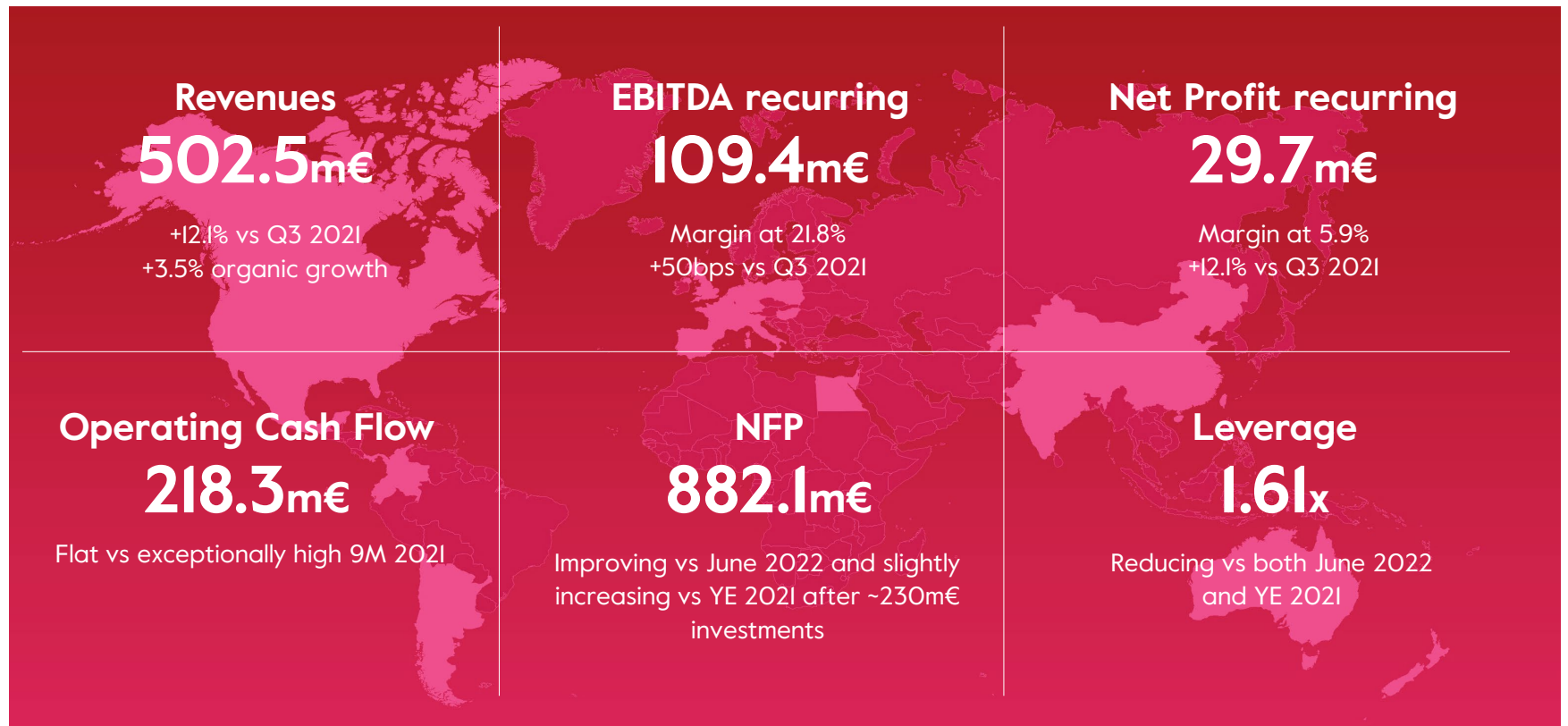
In light of the wind-down of Elite, completed and effective in Q4 2021, and treated as discontinued operations following IFRS 5 application, Elite P&L is excluded from Q3 and 9M 2021 comparative period (which has been fully restated) with the result of discontinued operations reported in “Net Results from discontinued operations”.

### Statement

*In compliance with Article 154 bis of the “Uniform Financial Services Act” (Legislative Decree 58/1998), the Financial Reporting Officer, Gabriele Galli, declares that the accounting information reported in this presentation corresponds to the underlying documentary reports, books of account and accounting entries.*

Figures in the tables may reflect minimal differences exclusively due to rounding.

# Q3 2022: Strong organic growth and outstanding profitability expansion despite still exceptional comps



# Q3 2022 Financial highlights

Double-digit revenue growth, underpinned by share gains in core markets, and significant profitability step-up despite exceptional comps and temporary adverse factors

Data in €m	Q3 2022	Q3 2021	Δ 22/21
REVENUES	502.5	448.1	+12.1%
Organic growth			+3.5%
Acquisitions			+5.0%
FX			+3.6%
EBITDA Rec.	109.4	95.5	+14.6%
<b>Margin %</b>	<b>21.8%</b>	<b>21.3%</b>	<b>+50bps</b>

- Double-digit top-line growth (+8.5% at constant FX)
  - Strong organic growth at +3.5% vs Q3 2021, above market with share gains in core markets
    - Remarkable comparison base (+19.2% in Q3 2021 vs Q3 2019)
    - Anticipated contraction of the French market, second largest worldwide, due to the hearing healthcare reform anniversary
    - Markets in Asia Pacific still affected by Covid pandemic in July to mid-August
    - Intense heat wave across Europe in July to mid-August
  - M&A contribution at +5.0%, primarily for Bay Audio
  - FX tailwind at +3.6% driven by USD and AUD appreciation vs Euro
- EBITDA recurring at €109.4 million, with margin at 21.8%, up 50bps vs Q3 2021
  - Outstanding profitability expansion thanks to timely and effective cost management, even after significant re-investments in strategic initiatives

# 9M 2022 Financial highlights

Strong nine-months results across the board

Data in €m	9M 2022	9M 2021	Δ 22/21
REVENUES	1,539.7	1,379.9	+11.6%
Organic growth			+4.1%
Acquisitions			+4.9%
FX			+2.6%
EBITDA Rec.	369.5	326.2	+13.3%
<b>Margin %</b>	<b>24.0%</b>	<b>23.6%</b>	<b>+40bps</b>

- Double-digit revenue growth (+9.0% at constant FX vs 9M 2021)
  - Organic growth at +4.1%, above market
    - Remarkable comparison base (~+17.6% in 9M 2021 vs 9M 2019)
  - M&A contribution at +4.9%, primarily for Bay Audio
  - FX tailwind at +2.6% primarily driven by USD appreciation vs Euro
- EBITDA recurring at €369.5 million, with margin at 24.0%, up 40bps vs 9M 2021
  - Vigilant cost management and outstanding operating leverage
  - Significant re-investments in strategic initiatives

# Financial results by Region

EMEA: positive organic growth, despite anticipated French exceptionally high comps and temporary heat wave impact, and continued excellent profitability expansion

Data in €m	Q3 2022	Q3 2021	Δ 22/21
REVENUES	314.6	310.2	+1.4%
Organic growth			+0.2%
Acquisitions			+0.7%
FX			+0.5%
EBITDA Rec.	82.0	79.1	+3.7%
<b>Margin %</b>	<b>26.1%</b>	<b>25.5%</b>	<b>+60bps</b>

- Revenues up +1.4% at current FX and ~+1% at constant FX vs Q3 2021
  - Positive organic growth
    - Remarkable comparison base, the highest growth level reported in 2021 (+14.6% in Q3 2021 vs Q3 2019)
    - Anticipated contraction of the French market by around high-single digit, in line with the Company's full-year expectations
    - Intense heat wave affecting traffic in July to mid-August
  - M&A contribution at +0.7%
- Negative performance in France due to the anticipated market contraction
- Positive organic growth in other core markets
- Outstanding profitability expansion delivering an EBITDA at €82.0 million, with margin at 26.1%, up 60bps
  - Timely and effective cost management and strong operational efficiency

Data in €m	9M 2022	9M 2021	Δ 22/21
REVENUES	1,019.3	984.1	+3.6%
Organic growth			+2.4%
Acquisitions			+0.7%
FX			+0.5%
EBITDA Rec.	291.9	274.4	+6.4%
<b>Margin %</b>	<b>28.6%</b>	<b>27.9%</b>	<b>+70bps</b>

- Revenues at constant FX up +3.1%
  - Organic growth at +2.4%
  - M&A contribution at +0.7%
- Outstanding profitability expansion delivering an EBITDA at €291.9 million, with margin at 28.6%, up 70bps

# Financial results by Region

AMERICAS: another outstanding and well-above market performance, boosted by a double-digit organic growth vs an exceptionally challenging Q3 2021

Data in €m	Q3 2022	Q3 2021	Δ 22/21
REVENUES	101.3	79.7	+27.1%
Organic growth			+11.8%
Acquisitions			+2.5%
FX			+12.8%
EBITDA Rec.	24.9	20.1	+23.9%
<b>Margin %</b>	<b>24.6%</b>	<b>25.2%</b>	<b>-60bps</b>

- Excellent revenue growth at +27.1% at current FX and +14.3% at constant FX
  - Outstanding organic growth at ~+12% despite remarkable comparison base (+46% in Q3 2021 vs Q3 2019)
  - M&A contribution at +2.5%
  - FX tailwind at +12.8% for USD strong appreciation vs Euro
- Another excellent and well-above market performance in the US driven by Miracle-Ear, further boosted by the Direct Retail
- Excellent organic growth in Latam
- EBITDA at €24.9 million, margin at 24.6% after strong re-investments in the business

Data in €m	9M 2022	9M 2021	Δ 22/21
REVENUES	282.0	224.3	+25.8%
Organic growth			+12.6%
Acquisitions			+2.7%
FX			+10.5%
EBITDA Rec.	73.5	58.0	+26.7%
<b>Margin %</b>	<b>26.0%</b>	<b>25.9%</b>	<b>+10bps</b>

- Revenues at constant FX up +15.2%
  - Excellent and above market organic growth at +12.6%
  - M&A contribution at +2.7%
- EBITDA at €73.5 million, with margin at 26.0%, up 10bps

# Financial results by Region

APAC: excellent revenue performance, fueled by a ~+10% organic growth, accelerating throughout the quarter, and Bay Audio contribution

Data in €m	Q3 2022	Q3 2021	Δ 22/21
REVENUES	86.5	58.2	+48.5%
Organic growth			+9.9%
Acquisitions			+30.7%
FX			+7.9%
EBITDA Rec.	22.8	15.7	+45.1%
<b>Margin %</b>	<b>26.4%</b>	<b>27.0%</b>	<b>-60bps</b>

Data in €m	9M 2022	9M 2021	Δ 22/21
REVENUES	238.0	171.5	+38.8%
Organic growth			+2.3%
Acquisitions			+31.6%
FX			+4.9%
EBITDA Rec.	62.7	49.4	+26.9%
<b>Margin %</b>	<b>26.3%</b>	<b>28.8%</b>	<b>-250bps</b>

- Outstanding revenue growth at +48.5% at current FX and +40.6% at constant FX
  - Excellent organic growth at ~+10%, accelerating throughout the quarter
  - Strong M&A contribution at +30.7% primarily related to Bay Audio
  - FX tailwind at +7.9%
- Excellent organic performance in the Region, despite high Covid infections affecting traffic and staff primarily in Australia and New Zealand in the July to mid-August period
- EBITDA at €22.8 million, with margin at 26.4%
  - Continued re-investments in the business primarily in Australia
  - Improvement in profitability during the year
- Revenues at constant FX up +33.9%
  - Organic growth at +2.3%
  - Strong M&A contribution at +31.6%
- EBITDA at €62.7 million, with margin at 26.3%
  - Continued re-investments in the business primarily in Australia



# Q3 2022 Financial results

Delivering strong results across the board, net profit recurring up over +12%

Data in €m (unless specified)	Q3 2022		Q3 2021		Δ Rec
	Recurring	Reported	Recurring	Reported	22/21
<b>REVENUES</b>	502.5	502.5	448.1	448.1	+12.1%
<b>EBITDA</b>	109.4	108.8	95.5	94.3	+14.6%
<i>Margin %</i>	21.8%	21.6%	21.3%	21.0%	--
ORDINARY D&A	(48.4)	(48.4)	(41.8)	(43.5)	-15.7%
PPA AMORTIZATION	(12.0)	(12.0)	(10.7)	(10.7)	-11.8%
<b>EBIT</b>	49.1	48.4	42.9	40.1	+14.3%
<i>Margin %</i>	9.8%	9.6%	9.5%	8.9%	--
NET FIN. EXPENSES	(8.3)	(8.3)	(6.5)	(6.5)	-27.5%
<b>PBT</b>	40.8	40.1	36.4	33.6	+11.9%
TAXES	(11.1)	(10.9)	(9.9)	(9.1)	-11.5%
<i>% on PBT</i>	27.1%	27.1%	27.2%	27.2%	--
<b>NET PROFIT FROM CONTINUED OPERATIONS</b>	29.7	29.2	26.5	24.4	+12.1%
<i>Margin %</i>	5.9%	5.8%	5.9%	5.5%	--
NET PROFIT FROM DISC. OPERATIONS	--	--	--	(0.8)	--
<b>NET PROFIT</b>	29.7	29.2	26.5	23.6	+12.1%
<i>Margin %</i>	5.9%	5.8%	5.9%	5.3%	--
<b>EPS Reported (€)</b>	--	0.130	--	0.105	--
<b>EPS Adjusted (€)</b>	0.172	--	0.144	--	+19.4%

# 9M 2022 Financial results

Excellent nine-months results, net profit recurring up ~+14%

Data in €m (unless specified)	9M 2022		9M 2021		Δ Rec 22/21
	Recurring	Reported	Recurring	Reported	
<b>REVENUES</b>	<b>1,539.7</b>	<b>1,539.7</b>	<b>1,379.9</b>	<b>1,379.9</b>	<b>+11.6%</b>
<b>EBITDA</b>	<b>369.5</b>	<b>363.8</b>	<b>326.2</b>	<b>320.7</b>	<b>+13.3%</b>
<i>Margin %</i>	<i>24.0%</i>	<i>23.6%</i>	<i>23.6%</i>	<i>23.2%</i>	--
ORDINARY D&A	(143.1)	(143.1)	(127.5)	(129.2)	-12.3%
PPA AMORTIZATION	(35.2)	(35.2)	(31.9)	(31.9)	-10.3%
<b>EBIT</b>	<b>191.3</b>	<b>185.6</b>	<b>166.8</b>	<b>159.7</b>	<b>+14.6%</b>
<i>Margin %</i>	<i>12.4%</i>	<i>12.1%</i>	<i>12.1%</i>	<i>11.6%</i>	--
NET FIN. EXPENSES	(25.6)	(25.6)	(20.8)	(20.8)	-22.8%
<b>PBT</b>	<b>165.7</b>	<b>160.0</b>	<b>146.0</b>	<b>138.8</b>	<b>+13.5%</b>
TAXES	(45.9)	(44.3)	(40.8)	(38.9)	-12.4%
<i>% on PBT</i>	<i>27.7%</i>	<i>27.7%</i>	<i>28.0%</i>	<i>28.0%</i>	--
<b>NET PROFIT FROM CONTINUED OPERATIONS</b>	<b>119.8</b>	<b>115.7</b>	<b>105.2</b>	<b>99.9</b>	<b>+13.9%</b>
<i>Margin %</i>	<i>7.8%</i>	<i>7.5%</i>	<i>7.6%</i>	<i>7.2%</i>	--
NET PROFIT FROM DISC. OPERATIONS	--	--	--	0.9	--
<b>NET PROFIT</b>	<b>119.6</b>	<b>115.5</b>	<b>105.1</b>	<b>100.7</b>	<b>+13.7%</b>
<i>Margin %</i>	<i>7.8%</i>	<i>7.5%</i>	<i>7.6%</i>	<i>7.3%</i>	--
EPS Reported (€)	--	<b>0.515</b>	--	<b>0.448</b>	--
EPS Adjusted (€)	<b>0.650</b>	--	<b>0.564</b>	--	<b>+15.3%</b>

# 9M 2022 Financial results

Solid cash generation vs exceptionally high 9M 2021

Data in €m	9M 2022	9M 2021	Δ
<b>Operating cash flow before repayment of lease liabilities</b>	<b>298.5</b>	<b>288.7</b>	<b>9.8</b>
Repayment of lease liabilities	(80.1)	(69.3)	(10.8)
<b>Operating cash flow</b>	<b>218.3</b>	<b>219.4</b>	<b>(1.0)</b>
Capex (net)	(75.4)	(58.4)	(16.9)
<b>Free cash flow</b>	<b>143.0</b>	<b>160.9</b>	<b>(18.0)</b>
Acquisitions (net)	(52.2)	(63.5)	11.2
<b>Cash provided by (used in) operating and investing activities</b>	<b>90.7</b>	<b>97.5</b>	<b>(6.8)</b>
Cash provided by (used) financing activities	(100.8)	(78.7)	(22.1)
<b>Net cash flow for the period</b>	<b>(10.1)</b>	<b>18.8</b>	<b>(28.9)</b>
<b>Net financial position (opening date)</b>	<b>(871.2)</b>	<b>(633.7)</b>	<b>(237.5)</b>
Change in net financial position	(10.1)	18.8	(28.9)
Effect of FX & discontinued operation on financial position	(0.8)	(2.0)	1.2
<b>Net financial position (closing date)</b>	<b>(882.1)</b>	<b>(616.8)</b>	<b>(265.2)</b>

# 9M 2022 Financial results

Leverage at 1.61x, reducing vs both June 2022 and year-end 2021

Data in €m	30/09/2022	31/12/2021
Liquidity	(217.9)	(318.5)
Short-term debt	196.9	165.9
Medium/long-term debt	903.0	1,023.8
<b>Net financial debt</b>	<b>882.1</b>	<b>871.2</b>
Lease liabilities	471.5	451.9
<b>Total financial debt &amp; lease liabilities</b>	<b>1,353.6</b>	<b>1,323.1</b>
<b>Total net equity</b>	<b>1,025.4</b>	<b>927.3</b>
Net debt/EBITDA <sup>1</sup>	1.61x	1.68x
Net debt/Equity	0.86x	0.94x

1. Refers to the EBITDA recorded in the last 4 quarters determined excluding the fair value of the share-based payments and based only on the recurring business

- Solid capital structure to sustain future growth opportunities

# 2022 Outlook

- Entering Q4 with a very strong 9M behind, despite an extremely challenging comparison base and a global macroeconomic environment characterized by further increasing volatility and uncertainty
- Looking into Q4
  - The global macroeconomic environment is not expected to improve
  - We expect to continue to grow organically faster than the market
  - M&A contribution related only to bolt-on acquisitions (Bay Audio was consolidated from October 1<sup>st</sup>, 2021)
- In light of the above, as we approach the end of the year, we expect
  - FY 2022 Revenues in the region of €2,150 million (~+10% vs. FY 2021)
  - FY 2022 Recurring EBITDA margin in the region of 25%
- We are also very confident of being ideally positioned to further strengthen our global market leadership in any possible scenario

# 2023 Financial Calendar

Upcoming corporate events

- **March 1<sup>st</sup>: FY 2022 Results**
- **April 21<sup>st</sup>: 2022: Shareholder's General Meeting**
- **May 2<sup>nd</sup>: Q1 2023 Results**
- **July 27<sup>th</sup>: Q2 & HI 2023 Results**
- **October 30<sup>th</sup>: Q3 & 9M 2023 Results**

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