



**Interim  
Financial Report  
as at  
30 September  
2020**



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#### Disclaimer

This report contains forward looking statements (“Outlook”) relating to 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 a number of factors, the majority of which are out of the Group’s control.

## PREFACE

This Interim Financial Report was prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) endorsed by the European Union and should be read together with the Group's consolidated financial statements as at and for the year ended 31 December 2019 that includes additional information on the risks and uncertainties that could impact the Group's operating results or its financial position.

**INTERIM MANAGEMENT REPORT**

**AS AT 30 SEPTEMBER 2020**

## HIGHLIGHTS

The performance in the first nine months of 2020 reflects the vastly different effects of the various measures adopted to combat the Covid-19 pandemic.

After the strong slowdown recorded in the second quarter, which caused sales to reach a low in April and also interrupted the positive growth trend the Group had recorded since 2014, in July Amplifon had already begun to see a turnaround. Growth in the third quarter was, in fact, higher than in the same period of the prior year, confirming both the resilience of the business and Amplifon's ability to react in a challenging environment like the current one.

Revenues fell -14.9% in the first nine months of the year as a result of the severe lockdown measures, including those limiting mobility implemented in the second quarter, even though hearing care services were categorized as essential services in the majority of the countries in which Amplifon operates and the stores were, therefore, allowed to operate.

In the third quarter alone, however, revenues were +9.0% higher than in the prior year driven by a strong organic growth supported by increased market share in most of the Group's main markets. The growth also benefitted from the decision to keep the network operative during the most severe period of the lockdown, as well as to quickly resume investments in business growth as soon as external conditions allowed.

The performances in the different geographic areas where the Group operates varied depending on the timing of the outbreak, as well as differences in the duration and intensity of the restrictive measures adopted by the governmental authorities in each Country. In EMEA, Italy was the first country to be affected by the outbreak and the relative containment measures, followed by Spain and France and the other markets, with the partial exception of Germany where the measures were less severe. The recovery was, however, very quick in the region beginning at the end of April and in July the performance was already better than in the prior year.

In the Americas the result reflected two speeds: in North America, where the business was impacted by Covid-19 as of the end of March, there was a rapid recovery beginning in May thanks to the easing of the restrictions with good organic growth in the third quarter driven, above all, by Miracle-Ear. In Canada and Latin America, on the other hand, the pandemic hit later, during the second quarter, and the recovery is still slow. The Latin American countries are still being impacted severely by the negative effects of the health crisis.

Lastly APAC, the first to be impacted by the pandemic globally, returned to growth in the third quarter with the exception of India. More in detail, in China the business had already returned to growth in the second quarter and double-digit growth against the same period of the prior year was reported in the third quarter. New Zealand suffered a decided contraction in business due to the mandatory closure of network stores beginning in March through mid-May, but then showed strong recovery as the restrictive measures were eased with double-digit increases in the third quarter despite the lockdown in Auckland. Australia also reported positive results thanks to less severe restrictive measures and despite the negative impact of the bushfires in the first quarter, as well as the lockdown in the state of Victoria.

The effective, decisive and timely implementation of the various measures adopted by the Group made it possible to significantly limit the impact that the drop in sales had on profitability, above all during the period between March and June. These actions laid the foundation for structural efficiencies and improvements in productivity which accelerated the strong recovery in sales margins recorded in the third quarter.

The economic-financial impact of the decrease in sales reported during the lockdown periods was partially offset by the various subsidies and benefits made available by the different governmental authorities and other public entities.

The first nine months of the year closed with:

- turnover of €1,042,122 thousand, a drop of 14.9% compared to the same period of the prior year (-14.4% at constant exchange rates) with negative organic growth of €199,091 thousand (-16.3%). This decline was partially offset in the third quarter when revenues were 9.0% higher than in the comparison period (+10.4% at constant exchange rates);
- a gross operating margin (EBITDA) of €228,357 thousand, 13.0% lower on a recurring basis compared to the first nine months of 2019, with an EBITDA margin of 21.9% (+0.5 p.p. against the comparison period). In the third quarter alone, recurring EBITDA rose +27.6% with a margin that was 3.5 p.p. higher;
- Group net profit of €41,107 thousand, 45.7% lower than the recurring net profit recorded in the comparison period due to lower sales and the increase in depreciation, amortization and financial expenses. Net profit as reported was 33.3% lower than in the first nine months of 2019.

Net financial debt, excluding lease liabilities, was €712,552 thousand, showing improvement versus both the €786,698 thousand recorded at 31 December 2019 and the €765,345 thousand posted at 30 June 2020, confirming not only the Group's solidity, in an unprecedented economic situation, but also the efficacy of the actions taken to contain costs and maximize cash generation. Free cash flow reached a positive €127,076 thousand (versus €68,627 thousand in the first nine months of the prior year) after absorbing net capital expenditure of €28,070 thousand (€58,735 thousand in the comparison period).

Cash outs for acquisitions amounted to €41,947 thousand and refer mainly to the acquisition of Attune Hearing Pty Ltd in the first quarter in Australia (€53,005 thousand in the first nine months of 2019).

The Group further strengthened its financial solidity as of the beginning of February when Amplifon began refinancing the next debt maturities well in advance and successfully completed the placement of a €350 million 7-year Eurobond. Furthermore, when the first signs of the pandemic materialized, new long-term borrowings (term loan and revolving facilities), totaling €383.5 million expiring between 2023 and 2025, were secured at market rates, €180 million in existing bilateral loans were also renegotiated with the maturities extended to 2024-2025 and the expiration of €60 million in revolving credit facilities was extended to 2025 in order to protect the Group. These transactions ensure the Group has significant liquidity with cash on balance sheet of €463 million and undrawn irrevocable credit lines of €265 million which provide ample headroom in the event of further lockdown measures as a result of a new surge in the pandemic.

## MAIN ECONOMIC AND FINANCIAL FIGURES

(€ thousands)	First nine months 2020				First nine months 2019				Change % on recurring
	Recurring	Non- recurring	Total	% on recurring	Recurring	Non- recurring	Total	% on recurring	
<b>Economic figures:</b>									
Revenues from sales and services	1,042,122	-	1,042,122	100.0%	1,224,741	-	1,224,741	100.0%	-14.9%
Gross operating profit (loss) (EBITDA)	228,357	-	228,357	21.9%	262,610	(18,372)	244,238	21.4%	-13.0%
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	109,089	-	109,089	10.5%	152,416	(18,736)	133,680	12.4%	-28.4%
Operating profit (loss) (EBIT)	79,664	-	79,664	7.6%	124,709	(18,736)	105,973	10.2%	-36.1%
Profit (loss) before tax	57,703	-	57,703	5.5%	104,993	(18,736)	86,257	8.6%	-45.0%
Group net profit (loss)	41,107	-	41,107	3.9%	75,682	(14,019)	61,663	6.2%	-45.7%

(€ thousands)	09/30/2020	12/31/2019	Change
<b>Financial figures:</b>			
Non-current assets	2,232,256	2,275,196	(42,940)
Net invested capital	1,862,515	1,907,438	(44,923)
Group net equity	725,757	695,031	30,726
Total net equity	726,722	696,115	30,607
Net financial indebtedness	712,552	786,698	(74,146)
Lease liabilities	423,241	424,625	(1,384)
Total lease liabilities and net financial indebtedness	1,135,793	1,211,323	(75,530)

(€ thousands)	First nine months 2020	First nine months 2019
<b>Free cash flow</b>	<b>127,076</b>	<b>68,627</b>
Cash flow generated from (absorbed by) business combinations	(41,947)	(53,008)
(Purchase) sale of other investments and securities	-	3
Cash flow provided by (used in) financing activities	(7,878)	(31,025)
<b>Net cash flow from the period</b>	<b>77,251</b>	<b>(15,403)</b>
Effect of discontinued operations on the net financial position	-	-
Effect of exchange rate fluctuations on the net financial position	(3,105)	(492)
<b>Net cash flow from the period with changes for exchange rate fluctuations and discontinued operations</b>	<b>74,146</b>	<b>(15,895)</b>

- **EBITDA** is the operating result before charging amortization, depreciation, impairment of both tangible and intangible fixed assets and the right of use depreciation.

- **EBITA** is the operating result before 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.
- **Free cash flow** represents the cash flow of operating and investing activities before the cash flows used in acquisitions and payment of dividends and the cash flows from or used in other financing activities.

## INDICATORS

	09/30/2020	12/31/2019	09/30/2019
Net financial indebtedness (€ thousands)	712,552	786,698	856,751
Lease liabilities	423,241	424,625	433,488
Total lease liabilities & net financial indebtedness	1,135,793	1,211,323	1,290,239
Net equity (€ thousands)	726,722	696,115	636,737
Group Net Equity (€ thousands)	725,757	695,031	635,486
Net financial indebtedness/Net Equity	0.98	1.13	1.35
Net financial indebtedness/Group Net Equity	0.98	1.13	1.35
Net financial indebtedness/EBITDA	1.89	1.90	2.20
EBITDA/Net financial expenses	22.41	28.81	31.22
Earnings per share (EPS) (€)	0.18391	0.48979	0.27839
Diluted EPS (€)	0.18175	0.48135	0.27309
EPS (€) adjusted for non-recurring transactions and amortization/depreciation related to purchase price allocations to tangible and intangible assets	0.28066	0.70691	0.43241
Group Net Equity per share (€)	3.234	3.115	2.853
Period-end price (€)	30.550	25.640	22.500
Highest price in period (€)	31.440	26.800	24.260
Lowest price in period (€)	14.830	13.610	13.610
Share price/net equity per share	9.447	8.231	7.887
Market capitalization (€ millions)	6,856.65	5,720.78	5,012.10
Number of shares outstanding	224,440,189	223,119,533	222,760,040

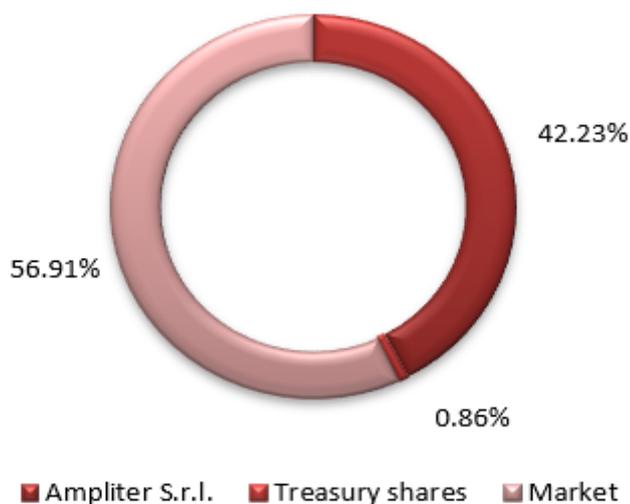
- **Net financial indebtedness/net equity** is the ratio of net financial indebtedness to total net equity.
- **Net financial indebtedness/Group net equity** is the ratio of the net financial indebtedness to the Group's net equity.
- **Net financial indebtedness/EBITDA** is the ratio of net financial indebtedness 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.
- **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.
- **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.

## SHAREHOLDER INFORMATION

### Main Shareholders

The main Shareholders of Amplifon S.p.A. as at 30 September 2020 are:



Shareholder	No. of ordinary shares	% held	% of the total share capital in voting rights
Ampliter S.r.l.	95,604,369	42.23%	59.37%
Treasury shares	1,948,431	0.86%	0.60%
Market	128,835,820	56.91%	40.03%
<b>Total</b>	<b>226,388,620 (*)</b>	<b>100.00%</b>	<b>100.00%</b>

(\*) Number of shares related to the share capital registered with the Company register on 30 September 2020.

Pursuant to article 2497 of the Italian Civil Code, Amplifon S.p.A. is not subject to management and coordination either by its direct parent Ampliter S.r.l. or its indirect parent.

The shares of the parent Amplifon S.p.A. have been listed on the screen-based stock market Mercato Telematico Azionario (MTA) since 27 June 2001 and since 10 September 2008 in the STAR segment. Amplifon is also included in the FTSE MIB index and in the Stoxx Europe 600 index.

The chart shows the performance of the Amplifon share price and its trading volumes from 2 January 2020 to 30 September 2020.



As at 30 September 2020 market capitalization was €6,856.65 million.

Dealings in Amplifon shares in the screen-based stock market Mercato Telematico Azionario during the period 2 January 2020 – 30 September 2020, showed:

- average daily value: €20,736,661.53;
- average daily volume: 832,452 shares;
- total volume traded of 159,830,787 shares, or 71.2% of the total number of shares comprising the share capital, net of treasury shares.

## RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(€ thousands)	First nine months 2020				First nine months 2019				Change % on recurring
	Recurring	Non- recurring (*)	Total	% on recurring	Recurring	Non- recurring (*)	Total	% on recurring	
Revenues from sales and services	1,042,122	-	1,042,122	100.0%	1,224,741	-	1,224,741	100.0%	-14.9%
Operating costs	(826,925)	-	(826,925)	-79.4%	(963,216)	(18,372)	(981,588)	-78.6%	14.1%
Other income and costs	13,160	-	13,160	1.3%	1,085	-	1,085	0.1%	1,112.9%
<b>Gross operating profit (loss) (EBITDA)</b>	<b>228,357</b>	<b>-</b>	<b>228,357</b>	<b>21.9%</b>	<b>262,610</b>	<b>(18,372)</b>	<b>244,238</b>	<b>21.4%</b>	<b>-13.0%</b>
Depreciation, amortization and impairment losses on non-current assets	(51,753)	-	(51,753)	-4.9%	(45,424)	(198)	(45,622)	-3.7%	-13.9%
Right-of-use depreciation	(67,515)	-	(67,515)	-6.5%	(64,770)	(166)	(64,936)	-5.3%	-4.2%
<b>Operating result before the amortization and impairment of PPA related assets (EBITA)</b>	<b>109,089</b>	<b>-</b>	<b>109,089</b>	<b>10.5%</b>	<b>152,416</b>	<b>(18,736)</b>	<b>133,680</b>	<b>12.4%</b>	<b>-28.4%</b>
PPA related depreciation, amortization and impairment	(29,425)	-	(29,425)	-2.9%	(27,707)	-	(27,707)	-2.3%	-6.2%
<b>Operating profit (loss) (EBIT)</b>	<b>79,664</b>	<b>-</b>	<b>79,664</b>	<b>7.6%</b>	<b>124,709</b>	<b>(18,736)</b>	<b>105,973</b>	<b>10.2%</b>	<b>-36.1%</b>
Income, expenses, valuation and adjustments of financial assets	(438)	-	(438)	-0.1%	220	-	220	0.0%	-299.1%
Net financial expenses	(22,083)	-	(22,083)	-2.1%	(19,699)	-	(19,699)	-1.6%	-12.1%
Exchange differences and non-hedge accounting instruments	560	-	560	0.1%	(237)	-	(237)	0.0%	336.3%
<b>Profit (loss) before tax</b>	<b>57,703</b>	<b>-</b>	<b>57,703</b>	<b>5.5%</b>	<b>104,993</b>	<b>(18,736)</b>	<b>86,257</b>	<b>8.6%</b>	<b>-45.0%</b>
Tax	(16,584)	-	(16,584)	-1.6%	(29,281)	4,717	(24,564)	-2.4%	43.4%
<b>Net profit (loss)</b>	<b>41,119</b>	<b>-</b>	<b>41,119</b>	<b>3.9%</b>	<b>75,712</b>	<b>(14,019)</b>	<b>61,693</b>	<b>6.2%</b>	<b>-45.7%</b>
Profit (loss) of minority interests	12	-	12	0.0%	30	-	30	0.0%	-60.0%
<b>Net profit (loss) attributable to the Group</b>	<b>41,107</b>	<b>-</b>	<b>41,107</b>	<b>3.9%</b>	<b>75,682</b>	<b>(14,019)</b>	<b>61,663</b>	<b>6.2%</b>	<b>-45.7%</b>

(\*) See table at page 16 for details of non-recurring transactions.

(€ thousands)	Third Quarter 2020				Third Quarter 2019				Change % on recurring
	Recurring	Non- recurring (*)	Total	% on recurring	Recurring	Non- recurring (*)	Total	% on recurring	
Revenues from sales and services	428,223	-	428,223	100.0%	392,705	-	392,705	100.0%	9.0%
Operating costs	(333,230)	-	(333,230)	-77.8%	(316,922)	(12,567)	(329,489)	-80.7%	-5.1%
Other income and costs	2,065	-	2,065	0.5%	262	-	262	0.1%	688.2%
<b>Gross operating profit (loss) (EBITDA)</b>	<b>97,058</b>	<b>-</b>	<b>97,058</b>	<b>22.7%</b>	<b>76,045</b>	<b>(12,567)</b>	<b>63,478</b>	<b>19.4%</b>	<b>27.6%</b>
Depreciation, amortization and impairment losses on non-current assets	(17,523)	-	(17,523)	-4.2%	(15,595)	(133)	(15,728)	-4.0%	-12.4%
Right-of-use depreciation	(21,550)	-	(21,550)	-5.0%	(21,995)	(166)	(22,161)	-5.6%	2.0%
<b>Operating result before the amortization and impairment of PPA related assets (EBITA)</b>	<b>57,985</b>	<b>-</b>	<b>57,985</b>	<b>13.5%</b>	<b>38,455</b>	<b>(12,866)</b>	<b>25,589</b>	<b>9.8%</b>	<b>50.8%</b>
PPA related depreciation, amortization and impairment	(9,847)	-	(9,847)	-2.3%	(9,118)	-	(9,118)	-2.3%	-8.0%
<b>Operating profit (loss) (EBIT)</b>	<b>48,138</b>	<b>-</b>	<b>48,138</b>	<b>11.2%</b>	<b>29,337</b>	<b>(12,866)</b>	<b>16,471</b>	<b>7.5%</b>	<b>64.1%</b>
Income, expenses, valuation and adjustments of financial assets	(182)	-	(182)	-0.1%	27	-	27	0.0%	-774.1%
Net financial expenses	(7,864)	-	(7,864)	-1.8%	(6,579)	-	(6,579)	-1.7%	-19.5%
Exchange differences and non-hedge accounting instruments	(172)	-	(172)	0.0%	(349)	-	(349)	-0.1%	50.7%
<b>Profit (loss) before tax</b>	<b>39,920</b>	<b>-</b>	<b>39,920</b>	<b>9.3%</b>	<b>22,436</b>	<b>(12,866)</b>	<b>9,570</b>	<b>5.7%</b>	<b>77.9%</b>
Tax	(11,261)	-	(11,261)	-2.6%	(6,081)	3,718	(2,363)	-1.5%	-85.2%
<b>Net profit (loss)</b>	<b>28,659</b>	<b>-</b>	<b>28,659</b>	<b>6.7%</b>	<b>16,355</b>	<b>(9,148)</b>	<b>7,207</b>	<b>4.2%</b>	<b>75.2%</b>
Profit (loss) of minority interests	128	-	128	0.0%	35	-	35	0.0%	265.7%
<b>Net profit (loss) attributable to the Group</b>	<b>28,531</b>	<b>-</b>	<b>28,531</b>	<b>6.7%</b>	<b>16,320</b>	<b>(9,148)</b>	<b>7,172</b>	<b>4.2%</b>	<b>74.8%</b>

(\*) See table at page 16 for details of non-recurring transactions.

The details of the non-recurring transactions included in the previous tables are shown below:

(€ thousands)	First nine months 2020	First nine months 2019
Costs related to GAES integration	-	(18,372)
<b>Impact of the non-recurring items on EBITDA</b>	-	<b>(18,372)</b>
Impairment of GAES intangible asset	-	(364)
<b>Impact of the non-recurring items on EBIT</b>	-	<b>(18,736)</b>
<b>Impact of the non-recurring items on profit before tax</b>	-	<b>(18,736)</b>
Impact of the above items on the tax burden of the period	-	4,717
<b>Impact of the non-recurring items on net profit</b>	-	<b>(14,019)</b>

(€ thousands)	Q3 2020	Q3 2019
Costs related to GAES integration	-	(12,567)
<b>Impact of the non-recurring items on EBITDA</b>	-	<b>(12,567)</b>
Impairment of GAES intangible asset	-	(299)
<b>Impact of the non-recurring items on EBIT</b>	-	<b>(12,866)</b>
<b>Impact of the non-recurring items on profit before tax</b>	-	<b>(12,866)</b>
Impact of the above items on the tax burden of the period	-	3,718
<b>Impact of the non-recurring items on net profit</b>	-	<b>(9,148)</b>

## 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.

(€ thousands)	09/30/2020	12/31/2019	Change
Goodwill	1,235,138	1,215,511	19,627
Customer lists, non-compete agreements, trademarks and location rights	253,540	270,307	(16,767)
Software, licenses, other int.ass., wip and advances	92,854	97,201	(4,347)
Tangible assets	173,874	196,579	(22,705)
Right of use assets	408,660	418,429	(9,769)
Fixed financial assets (1)	38,371	44,887	(6,516)
Other non-current financial assets (1)	29,819	32,282	(2,463)
<b>Total fixed assets</b>	<b>2,232,256</b>	<b>2,275,196</b>	<b>(42,940)</b>
Inventories	63,623	64,592	(969)
Trade receivables	159,502	205,219	(45,717)
Other receivables	73,020	75,998	(2,978)
<b>Current assets (A)</b>	<b>296,145</b>	<b>345,809</b>	<b>(49,664)</b>
<b>Total assets</b>	<b>2,528,401</b>	<b>2,621,005</b>	<b>(92,604)</b>
Trade payables	(149,745)	(177,390)	27,645
Other payables (2)	(284,589)	(284,827)	238
Provisions for risks (current portion)	(3,438)	(4,242)	804
<b>Short term liabilities (B)</b>	<b>(437,772)</b>	<b>(466,459)</b>	<b>28,687</b>
<b>Net working capital (A) - (B)</b>	<b>(141,627)</b>	<b>(120,650)</b>	<b>(20,977)</b>
Derivative instruments (3)	(6,172)	(8,763)	2,591
Deferred tax assets	75,390	81,427	(6,037)
Deferred tax liabilities	(94,533)	(102,111)	7,578
Provisions for risks (non-current portion)	(47,681)	(50,290)	2,609
Employee benefits (non-current portion)	(24,679)	(25,281)	602
Loan fees (4)	8,877	1,611	7,266
Other long-term payables	(139,316)	(143,701)	4,385
<b>NET INVESTED CAPITAL</b>	<b>1,862,515</b>	<b>1,907,438</b>	<b>(44,923)</b>
Shareholders' equity	725,757	695,031	30,726
Third parties' equity	965	1,084	(119)
<b>Net equity</b>	<b>726,722</b>	<b>696,115</b>	<b>30,607</b>
Long term net financial debt (4)	1,127,151	752,648	374,503
Short term net financial debt (4)	(414,599)	34,050	(448,649)
<b>Total net financial debt</b>	<b>712,552</b>	<b>786,698</b>	<b>(74,146)</b>
Lease liabilities	423,241	424,625	(1,384)
<b>Total lease liabilities &amp; net financial debt</b>	<b>1,135,793</b>	<b>1,211,323</b>	<b>(75,530)</b>
<b>NET EQUITY, LEASE LIABILITIES AND NET FINANCIAL DEBT</b>	<b>1,862,515</b>	<b>1,907,438</b>	<b>(44,923)</b>

Notes for reconciling the condensed balance sheet with the statutory balance sheet:

- (1) "Financial fixed 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.

(€ thousands)	First nine months 2020	First nine months 2019
<b>Operating profit (loss) (EBIT)</b>	<b>79,664</b>	<b>105,973</b>
Amortization, depreciation and write down	148,693	138,265
Provisions, other non-monetary items and gain/losses from disposals	13,374	27,515
Net financial expenses	(19,654)	(17,374)
Taxes paid	(15,000)	(29,833)
Changes in net working capital	(1,653)	(37,537)
<b>Cash flow provided by (used in) operating activities before repayment of lease liabilities</b>	<b>205,424</b>	<b>187,009</b>
Repayment of lease liabilities	(50,278)	(59,647)
<b>Cash flow provided by (used in) operating activities (A)</b>	<b>155,146</b>	<b>127,362</b>
Cash flow provided by (used in) operating investing activities (B)	(28,070)	(58,735)
<b>Free Cash Flow (A) + (B)</b>	<b>127,076</b>	<b>68,627</b>
Net cash flow provided by (used in) acquisitions (C)	(41,947)	(53,008)
(Purchase) sale of other investment and securities (D)	-	3
<b>Cash flow provided by (used in) investing activities (B+C+D)</b>	<b>(70,017)</b>	<b>(111,740)</b>
<b>Cash flow provided by (used in) operating activities and investing activities</b>	<b>85,129</b>	<b>15,622</b>
Dividends	-	(30,939)
Fees paid on medium/long-term financing	(7,533)	-
Capital increases, third parties' contributions and dividends paid by subsidiaries to third parties	(272)	(53)
Hedging instruments and other changes in non-current assets	(73)	(33)
<b>Net cash flow from the period</b>	<b>77,251</b>	<b>(15,403)</b>
<b>Net financial indebtedness as of period opening date</b>	<b>(786,698)</b>	<b>(840,856)</b>
Effect of exchange rate fluctuations on financial position	(3,105)	(492)
Change in net financial position	77,251	(15,403)
<b>Net financial indebtedness as of period closing date</b>	<b>(712,552)</b>	<b>(856,751)</b>

The impact of non-recurring transactions on free cash flow in the period is shown in the following table.

(€ thousands)	First nine months 2020	First nine months 2019
<b>Free cash flow</b>	<b>127,076</b>	<b>68,627</b>
Free cash flow generated by non-recurring transactions (see page 51 for details)	(1,372)	(9,500)
<b>Free cash flow generated by recurring transactions</b>	<b>128,448</b>	<b>78,127</b>

## INCOME STATEMENT REVIEW

### Consolidated income statement by segment and geographic area <sup>(\*)</sup>

(€ thousands)	First nine months 2020				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	740,652	174,163	127,307	-	1,042,122
Operating costs	(571,272)	(137,023)	(83,190)	(35,440)	(826,925)
Other income and costs	10,297	1,566	1,015	282	13,160
<b>Gross operating profit (loss) (EBITDA)</b>	<b>179,677</b>	<b>38,706</b>	<b>45,132</b>	<b>(35,158)</b>	<b>228,357</b>
Depreciation, amortization and impairment of non-current assets	(30,728)	(4,976)	(9,088)	(6,961)	(51,753)
Right-of-use depreciation	(55,860)	(2,884)	(8,438)	(333)	(67,515)
<b>Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)</b>	<b>93,089</b>	<b>30,846</b>	<b>27,606</b>	<b>(42,452)</b>	<b>109,089</b>
PPA related depreciation, amortization and impairment	(23,702)	(971)	(4,752)	-	(29,425)
<b>Operating profit (loss) (EBIT)</b>	<b>69,387</b>	<b>29,875</b>	<b>22,854</b>	<b>(42,452)</b>	<b>79,664</b>
Income, expenses, revaluation and adjustments of financial assets					(438)
Net financial expenses					(22,083)
Exchange differences and non-hedge accounting instruments					560
<b>Profit (loss) before tax</b>					<b>57,703</b>
Tax					(16,584)
<b>Net profit (loss)</b>					<b>41,119</b>
Profit (loss) of minority interests					12
<b>Net profit (loss) attributable to the Group</b>					<b>41,107</b>

(€ thousands)	First nine months 2020 – Only recurring operations				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	740,652	174,163	127,307	-	1,042,122
Gross operating profit (loss) (EBITDA)	179,677	38,706	45,132	(35,158)	228,357
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	93,089	30,846	27,606	(42,452)	109,089
Operating profit (loss) (EBIT)	69,387	29,875	22,854	(42,452)	79,664
Profit (loss) before tax					57,703
Net profit (loss) attributable to the Group					41,107

(\*) For the purposes of reporting on income statement figures by geographic area, please note that the Corporate structures are included in EMEA.

(€ thousands)	First nine months 2019				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	877,827	203,382	140,218	3,314	1,224,741
Operating costs	(691,449)	(159,105)	(98,446)	(32,588)	(981,588)
Other income and costs	668	476	(118)	59	1,085
<b>Gross operating profit (loss) (EBITDA)</b>	<b>187,046</b>	<b>44,753</b>	<b>41,654</b>	<b>(29,215)</b>	<b>244,238</b>
Depreciation, amortization and impairment of non-current assets	(28,769)	(4,039)	(6,299)	(6,515)	(45,622)
Right-of-use depreciation	(54,944)	(2,795)	(7,197)	-	(64,936)
<b>Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)</b>	<b>103,333</b>	<b>37,919</b>	<b>28,158</b>	<b>(35,730)</b>	<b>133,680</b>
PPA related depreciation, amortization and impairment	(22,334)	(881)	(4,366)	(126)	(27,707)
<b>Operating profit (loss) (EBIT)</b>	<b>80,999</b>	<b>37,038</b>	<b>23,792</b>	<b>(35,856)</b>	<b>105,973</b>
Income, expenses, revaluation and adjustments of financial assets					220
Net financial expenses					(19,699)
Exchange differences and non-hedge accounting instruments					(237)
<b>Profit (loss) before tax</b>					<b>86,257</b>
Tax					(24,564)
<b>Net profit (loss)</b>					<b>61,693</b>
Profit (loss) of minority interests					30
<b>Net profit (loss) attributable to the Group</b>					<b>61,663</b>

(€ thousands)	First nine months 2019 – Only recurring operations				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	877,827	203,382	140,218	3,314	1,224,741
Gross operating profit (loss) (EBITDA)	205,394	44,777	41,654	(29,215)	262,610
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	122,045	37,943	28,158	(35,730)	152,416
Operating profit (loss) (EBIT)	99,711	37,062	23,792	(35,856)	124,709
Profit (loss) before tax					104,993
Net profit (loss) attributable to the Group					75,682

(€ thousands)	Third quarter 2020				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	303,182	69,562	55,479	-	428,223
Operating costs	(228,464)	(54,203)	(32,352)	(18,211)	(333,230)
Other income and costs	2,093	641	(651)	(18)	2,065
<b>Gross operating profit (loss) (EBITDA)</b>	<b>76,811</b>	<b>16,000</b>	<b>22,476</b>	<b>(18,229)</b>	<b>97,058</b>
Depreciation, amortization and impairment of non-current assets	(10,680)	(1,339)	(3,081)	(2,423)	(17,523)
Right-of-use depreciation	(17,620)	(915)	(2,897)	(118)	(21,550)
<b>Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)</b>	<b>48,511</b>	<b>13,746</b>	<b>16,498</b>	<b>(20,770)</b>	<b>57,985</b>
PPA related depreciation, amortization and impairment	(7,922)	(312)	(1,613)	-	(9,847)
<b>Operating profit (loss) (EBIT)</b>	<b>40,589</b>	<b>13,434</b>	<b>14,885</b>	<b>(20,770)</b>	<b>48,138</b>
Income, expenses, revaluation and adjustments of financial assets					(182)
Net financial expenses					(7,864)
Exchange differences and non-hedge accounting instruments					(172)
<b>Profit (loss) before tax</b>					<b>39,920</b>
Tax					(11,261)
<b>Net profit (loss)</b>					<b>28,659</b>
Profit (loss) of minority interests					128
<b>Net profit (loss) attributable to the Group</b>					<b>28,531</b>

(€ thousands)	Third Quarter 2020 – Only recurring operations				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	303,182	69,562	55,479	-	428,223
Gross operating profit (loss) (EBITDA)	76,811	16,000	22,476	(18,229)	97,058
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	48,511	13,746	16,498	(20,770)	57,985
Operating profit (loss) (EBIT)	40,589	13,434	14,885	(20,770)	48,138
Profit (loss) before tax					39,920
Net profit (loss) attributable to the Group					28,531

(\*) For the purposes of reporting on income statement figures by geographic area, please note that the Corporate structures are included in EMEA.

Third Quarter 2019					
(€ thousands)	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	270,699	71,498	49,181	1,327	392,705
Operating costs	(225,281)	(55,971)	(34,717)	(13,520)	(329,489)
Other income and costs	137	110	(79)	94	262
<b>Gross operating profit (loss) (EBITDA)</b>	<b>45,555</b>	<b>15,637</b>	<b>14,385</b>	<b>(12,099)</b>	<b>63,478</b>
Depreciation, amortization and impairment of non-current assets	(9,559)	(1,418)	(2,337)	(2,414)	(15,728)
Right-of-use depreciation	(18,777)	(903)	(2,481)	-	(22,161)
<b>Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)</b>	<b>17,219</b>	<b>13,316</b>	<b>9,567</b>	<b>(14,513)</b>	<b>25,589</b>
PPA related depreciation, amortization and impairment	(7,389)	(289)	(1,440)	-	(9,118)
<b>Operating profit (loss) (EBIT)</b>	<b>9,830</b>	<b>13,027</b>	<b>8,127</b>	<b>(14,513)</b>	<b>16,471</b>
Income, expenses, revaluation and adjustments of financial assets					27
Net financial expenses					(6,579)
Exchange differences and non-hedge accounting instruments					(349)
<b>Profit (loss) before tax</b>					<b>9,570</b>
Tax					(2,363)
<b>Net profit (loss)</b>					<b>7,207</b>
Profit (loss) of minority interests					35
<b>Net profit (loss) attributable to the Group</b>					<b>7,172</b>

Third Quarter 2019 – Only recurring transactions					
(€ thousands)	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	270,699	71,498	49,181	1,327	392,705
Gross operating profit (loss) (EBITDA)	58,122	15,637	14,385	(12,099)	76,045
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	30,085	13,316	9,567	(14,513)	38,455
Operating profit (loss) (EBIT)	22,696	13,027	8,127	(14,513)	29,337
Profit (loss) before tax					22,436
Net profit (loss) attributable to the Group					16,320

## Revenues from sales and services

(€ thousands)	First nine months 2020	First nine months 2019	Change	Change %
Revenues from sales and services	1,042,122	1,224,741	(182,619)	-14.9%

(€ thousands)	Third Quarter 2020	Third quarter 2019	Change	Change %
Revenues from sales and services	428,223	392,705	35,518	9.0%

Consolidated revenues from sales and services amounted to €1,042,122 thousand in the first nine months of 2020, a decrease of €182,619 thousand (-14.9%) against the same period of the previous year. This decline is attributable entirely to the Covid-19 outbreak. The nine-month performance in 2020 was characterized by very different trends depending on the restrictive measures adopted to contain the outbreak. After a very positive beginning of the year, the Group's performance was, in fact, severely impacted by the adoption of severe restrictive measures in the period March-June, but then began to recover in July and in the third quarter growth against the comparison period was recorded. The first nine months of the year, therefore, closed with organic growth that was down by €199,091 thousand (-16.3%). The acquisitions contributed €23,095 thousand (+1.9%), net of the disposal of Makstone (Turkey) completed in the fourth quarter of 2019, relating mainly to the Attune Hearing Pty Ltd acquisition (Australia). Exchange rate losses amounted to €6,623 thousand (-0.5%).

In the third quarter alone, consolidated revenues from sales and services amounted to €428,223 thousand, an increase of €35,518 thousand (+9.0%) against the comparison period driven by positive organic growth of €32,168 thousand (+8.2%) which benefitted from the decision to keep the network operative during the lockdown, as well as to quickly resume investments in business growth. Acquisitions made a positive contribution of €8,499 thousand (+2.2%), while foreign exchange differences had a negative impact of €5,149 thousand (-1.4%).

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

(€ thousands)	First nine months 2020	% on Total	First nine months 2019	% on Total	Change	Change %	Exchange diff.	Change % in local currency
EMEA	740,652	71.1%	877,827	71.7%	(137,175)	-15.6%	1,420	-15.8%
Americas	174,163	16.7%	203,382	16.6%	(29,219)	-14.4%	(3,739)	-12.5%
Asia Pacific	127,307	12.2%	140,218	11.4%	(12,911)	-9.2%	(4,304)	-6.1%
Corporate	-	-	3,314	0.3%	(3,314)	-100.0%	-	-100.0%
<b>Total</b>	<b>1,042,122</b>	<b>100.0%</b>	<b>1,224,741</b>	<b>100.0%</b>	<b>(182,619)</b>	<b>-14.9%</b>	<b>(6,623)</b>	<b>-14.4%</b>

### Europe, Middle-East and Africa

Period (€ thousands)	2020	2019	Change	Change %
I quarter	258,266	283,763	(25,497)	-9.0%
II quarter	179,204	323,365	(144,161)	-44.6%
<b>I half</b>	<b>437,470</b>	<b>607,128</b>	<b>(169,658)</b>	<b>-27.9%</b>
III quarter	303,182	270,699	32,483	12.0%
<b>First nine months</b>	<b>740,652</b>	<b>877,827</b>	<b>(137,175)</b>	<b>-15.6%</b>

Revenues from sales and services amounted to €740,652 thousand in the first nine months of 2020, down €137,175 thousand (-15.6%) against the comparison period. The decline is attributable entirely to the impact of the Covid-19 crisis in the period March – June. The reporting period of the year closed with organic growth that was down by €150,661 thousand (-17.2%). Acquisitions, made mainly in France and Germany and net of the disposal of Makstone (Turkey) completed in the fourth quarter of 2019, contributed €12,066 thousand (+1.4%) and exchange rate gains amounted to €1,420 thousand (+0.2%).

EMEA was affected by the pandemic beginning at the end of February, initially in Italy and then in the area's other main countries, except for Germany where the restrictions were less severe. As the anti-Covid-19 measures were gradually eased, beginning in April the business in the Group's key markets began to recover with robust growth recorded in the region as of July. The best performances were reported in Italy, France and Spain.

In the third quarter alone, consolidated revenues from sales and services amounted to €303,182 thousand, an increase of €32,483 thousand (+12.0%) with respect to the comparison period explained for €29,278 thousand (+10.8%) by positive organic growth and for €3,140 thousand (+1.2%) by acquisitions. The foreign exchange differences made a marginal contribution of €65 thousand.

### Americas

Period (€ thousands)	2020	2019	Change	Change %
I quarter	64,355	63,102	1,253	2.0%
II quarter	40,246	68,782	(28,536)	-41.5%
<b>I half</b>	<b>104,601</b>	<b>131,884</b>	<b>(27,283)</b>	<b>-20.7%</b>
III quarter	69,562	71,498	(1,936)	-2.7%
<b>First nine months</b>	<b>174,163</b>	<b>203,382</b>	<b>(29,219)</b>	<b>-14.4%</b>

Revenues from sales and services amounted to €174,163 thousand in the first nine months of 2020, a decrease of €29,219 thousand (-14.4%) against the same period of the previous year attributable entirely to Covid-19 which initially struck the USA at the end of March and, subsequently, Latin America. The quarter closed with negative organic growth of €26,406 thousand (-13.0%). Acquisitions, mainly in Canada, contributed €926 thousand (+0.5%) and exchange rate losses came to €3.739 thousand (-1.9%).

The region's results reflected two speeds: the United States, while strongly impacted by Covid-19 and store closures in April, showed rapid recovery in sales beginning in May and in the third quarter posted growth of around 7% in local currency against the comparison period, thanks above all to Miracle-Ear. On the other hand, after a first quarter of double-digit organic growth, in Latin America there has been a noticeable slowdown in the business since the inception of the pandemic.

In the third quarter alone, consolidated revenues from sales and services amounted to €69,562 thousand, a decrease of €1,936 thousand (-2.7%) attributable to foreign exchange differences which were negative for €3,958 thousand (-5.5%). At constant exchange rates growth of 2.8% would have been recorded. Organic growth was positive for €1,594 thousand (+2.2%) and a positive contribution of €428 thousand (+0.6%) came from acquisitions.

### Asia Pacific

Period (€ thousands)	2020	2019	Change	Change %
I quarter	40,855	44,415	(3,560)	-8.0%
II quarter	30,973	46,622	(15,649)	-33.6%
<b>I half</b>	<b>71,828</b>	<b>91,037</b>	<b>(19,209)</b>	<b>-21.1%</b>
III quarter	55,479	49,181	6,298	12.8%
<b>First nine months</b>	<b>127,307</b>	<b>140,218</b>	<b>(12,911)</b>	<b>-9.2%</b>

Revenues from sales and services amounted to €127,307 thousand in the first nine months of the year, down €12,911 thousand (-9.2%) against the same period of the previous year due primarily to Covid-19. The first nine months of the year closed with organic growth that was down by €18,710 thousand (-13.3%). Acquisitions contributed €10,103 thousand (+7.2%) thanks to the Attune Hearing Pty Ltd (Australia) acquisition completed in the first part of February, exchange rate losses came to €4,304 thousand (-3.1%). Revenues in local currency were 6.1% lower than in the first nine months of the prior year.

The region's nine-month performance in 2020 reflects the different timing and impact of the pandemic, as well as the differences in the duration and intensity of the restrictive measures adopted. In Australia the performance was also impacted by the bushfires which continued throughout January and were only definitively extinguished at the beginning of March. The Covid-19 containment measures were, however, less stringent than in other markets and did not result in mandatory store closures. The containment ordinances in New Zealand, China and India resulted in the closure of all the network stores, albeit at different times, which caused sales to fall.

In the third quarter, despite the local lockdowns in the state of Victoria, Australia and in Auckland, New Zealand, all the countries were back to growth, with the exception of India.

In the third quarter alone, consolidated revenues from sales and services amounted to €55,479 thousand, an increase of €6,298 thousand (+12.8%) against the comparison period explained for €2,623 thousand (+5.3%) by organic growth and €4,931 thousand (+10.0%) by acquisitions. The foreign exchange differences were negative for €1,256 thousand (-2.5%).

## Gross operating profit (EBITDA)

(€ thousands)	First nine months 2020			First nine months 2019		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Gross operating profit (loss) (EBITDA)	228,357	-	228,357	262,610	(18,372)	244,238

(€ thousands)	Third quarter 2020			Third quarter 2019		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Gross operating profit (loss) (EBITDA)	97,058	-	97,058	76,045	(12,567)	63,478

Gross operating profit (EBITDA) amounted to €228,357 thousand in the first nine months of 2020, a drop of €15,881 thousand (-6.5%) with respect to the same period of the previous year with exchange rate losses of €1.553 thousand. The EBITDA margin came to 21.9%, 2.0 p.p. higher than in the same period of the previous year.

No non-recurring expenses were incurred in the reporting period, while non-recurring expenses relating to the GAES integration of €18,372 thousand were incurred in the first nine months of the prior year. Net of this item, EBITDA would have been down by €34,253 thousand (-13.0%) with an EBITDA margin 0.5 p.p. higher than in the first nine months of 2019.

The performance, despite the heavy impact of Covid-19 emergency, shows an excellent profitability thanks to the timely and effective measures implemented to contain and optimize costs and to the renegotiations of contracts with suppliers and lessors.

The Group also moved quickly to access all the subsidies and benefits made available by the different governmental authorities and other public entities relative to the cost of labor and business relief for a total of €40,825 which partially offset the drop in revenues caused by the lockdown measures. The Group also benefitted from income of €9,409 thousand stemming from the renegotiation of leases pursuant to the practical expedient introduced in the IFRS 16 amendment approved by IASB in May 2020.

On the other hand, the Group incurred a series of costs totaling around €8,655 thousand related directly to the Covid-19 outbreak. Please refer to note 2 of the notes for further details.

If the practical expedient introduced in the IFRS 16 amendment mentioned above had not been applied, EBITDA would have reached €218,948 thousand, a decrease of €25,290 thousand (-10.4%) against the comparison period with the margin at 21.0% (+1.1 p.p. versus the comparison period and -0.4 p.p. on a recurring basis).

In the third quarter alone EBITDA amounted to €97,058 thousand (with an EBITDA margin of 22.7%), an increase of €33,580 thousand with respect to the comparison period. The EBITDA

margin was 6.5 p.p. higher and the foreign exchange differences were negative for €1,166 thousand.

The noticeable increase in profitability reflects the strong recovery of business revenues amplified by the greater efficiency and productivity achieved by the Group as a result of the decisive actions on costs implemented during the second quarter which made it possible to absorb investments in marketing that were 10% higher than in the third quarter of 2019 and the restart of important Corporate growth projects.

In the third quarter the subsidies and benefits made available by the different governmental authorities and other public entities relative to the cost of labor and business relief, which partially offset the drop in sales caused by the lockdown measures, amounted to €10,070 thousand, while the income recognized as a result of lease renegotiations came to €2,367 thousand. On the other hand, the Group incurred a series of costs totaling around €2,710 thousand related directly to the Covid-19 outbreak.

No non-recurring expenses were incurred in the reporting period, while non-recurring expenses relating to the GAES integration of €12,567 thousand were incurred in the third quarter of the prior year. Net of this item, EBITDA would have been up by €21,013 thousand (+27.6%) in the third quarter of the year, with an EBITDA margin 3.3 p.p. higher than in the comparison period. If the practical expedient introduced in the IFRS 16 amendment mentioned above had not been applied, EBITDA would have reached €94,691 thousand, an increase of €31,213 thousand against the same period of the previous year, with the margin at 22.1% (+5.9 p.p. versus the period and +2.7 p.p. on a recurring basis).

The following table shows a breakdown of EBITDA by segment.

(€ thousands)	First nine months 2020	EBITDA Margin	First nine months 2019	EBITDA Margin	Change	Change %
EMEA	179,677	24.3%	187,046	21.3%	(7,369)	-3.9%
Americas	38,706	22.2%	44,753	22.0%	(6,047)	-13.5%
Asia Pacific	45,132	35.5%	41,654	29.7%	3,478	8.4%
Corporate (*)	(35,158)	-3.4%	(29,215)	-2.4%	(5,943)	-20.3%
<b>Total</b>	<b>228,357</b>	<b>21.9%</b>	<b>244,238</b>	<b>19.9%</b>	<b>(15,881)</b>	<b>-6.5%</b>

(€ thousands)	Q3 2020	EBITDA Margin	Q3 2019	EBITDA Margin	Change	Change %
EMEA	76,811	25.3%	45,555	16.8%	31,256	68.6%
Americas	16,000	23.0%	15,637	21.9%	363	2.3%
Asia Pacific	22,476	40.5%	14,385	29.2%	8,091	56.3%
Corporate (*)	(18,229)	-4.3%	(12,099)	-3.1%	(6,130)	-50.7%
<b>Total</b>	<b>97,058</b>	<b>22.7%</b>	<b>63,478</b>	<b>16.2%</b>	<b>33,580</b>	<b>52.9%</b>

(\*) 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)	First nine months 2020	EBITDA Margin	First nine months 2019	EBITDA Margin	Change	Change %
EMEA	179,677	24.3%	205,394	23.4%	(25,717)	-12.5%
Americas	38,706	22.2%	44,777	22.0%	(6,071)	-13.6%
Asia Pacific	45,132	35.5%	41,654	29.7%	3,478	8.4%
Corporate (*)	(35,158)	-3.4%	(29,215)	-2.4%	(5,943)	-20.3%
<b>Total</b>	<b>228,357</b>	<b>21.9%</b>	<b>262,610</b>	<b>21.4%</b>	<b>(34,253)</b>	<b>-13.0%</b>

(€ thousands)	Q3 2020	EBITDA Margin	Q3 2019	EBITDA Margin	Change	Change %
EMEA	76,811	25.3%	58,122	21.5%	18,689	32.2%
Americas	16,000	23.0%	15,637	21.9%	363	2.3%
Asia Pacific	22,476	40.5%	14,385	29.2%	8,091	56.3%
Corporate (*)	(18,229)	-4.3%	(12,099)	-3.1%	(6,130)	-50.7%
<b>Total</b>	<b>97,058</b>	<b>22.7%</b>	<b>76,045</b>	<b>19.4%</b>	<b>21,013</b>	<b>27.6%</b>

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

### Europe, Middle-East and Africa

Gross operating profit (EBITDA) amounted to €179,677 thousand in the first nine months of 2020, a drop of €7,369 thousand (-3.9%) with respect to the comparison same period of the previous year and includes exchange rate gains of €444 thousand. The EBITDA margin came to 24.3%, 3.0 p.p. higher than in the first nine months of 2019.

Non-recurring expenses relating to the GAES integration of €18,347 thousand were incurred in the same period of the previous year. Net of this item, EBITDA would have been down by €25,717 thousand (-12.5%) in the first nine months of the year, with an EBITDA margin 0.9 p.p. higher than in the same period of the previous year.

The performance, while strongly impacted by the drop in revenues caused by Covid-19, shows an improvement in profitability on a recurring basis thanks to the timely actions on costs implemented in the second quarter and the strong business recovery recorded in the third quarter.

The €23,148 thousand in subsidies and benefits made available by the different governmental authorities and other public entities relative to the cost of labor and business relief partially offset the drop in sales caused by the lockdown measures, while the income recognized as a result of lease renegotiations came to €7,808 thousand. The Group also incurred a series of costs totaling around €5,926 thousand related directly to the Covid-19 outbreak.

If the practical expedient introduced in the IFRS 16 amendment had not been applied, EBITDA would have reached €171,869 thousand, a decrease of €15,177 thousand (-8.1%), with the EBITDA margin at 23.2% (+1.9 p.p. compared to the same period 2019 and -0.2 p.p. on a recurring basis).

In the third quarter alone, gross operating profit (EBITDA) amounted to €76,811 thousand, an increase against the comparison period of €31,256 thousand (+68.6%). The EBITDA margin reached 25.3%, a marked increase of 8.5 p.p. against the same quarter of the previous year which includes exchange rate gains of €49 thousand.

The third quarter of 2019 was impacted negatively for €12,567 thousand by the non-recurring expenses relating to the GAES integration. Net of this item, EBITDA would have been up by €18,689 thousand (+32.2%), with an EBITDA margin that was 3.9 p.p. higher than in the same period of the previous year.

In the third quarter the subsidies and benefits made available by the different governmental authorities and other public entities relative to the cost of labor and business relief, which partially offset the drop in revenues caused by the lockdown measures, amounted to €2,154 thousand, while the income recognized as a result of lease renegotiations came to €2,100 thousand. The Group also incurred a series of costs totaling around €1,780 thousand related directly to the Covid-19 outbreak.

If the practical expedient introduced in the IFRS 16 amendment had not been applied, EBITDA would have reached €74,711 thousand, an increase of €29,156 thousand (+64.0%) against the comparison period, with an EBITDA margin of 24.6% (+7.8 p.p. compared to the same period 2019 and +3.2 p.p. on a recurring basis).

### Americas

Gross operating profit (EBITDA) amounted to €38,706 thousand in the first nine months of the year, a decrease of €6,407 thousand (-13.5%) with respect to the same period of the previous year including exchange rate losses of €637 thousand. The EBITDA margin came to 22.2%, 0.2 p.p. higher than in the first nine months of 2019.

The results posted in the same period of the previous year were only marginally impacted by the non-recurring expenses of €25 thousand incurred stemming from the GAES integration in Latin America.

In the first nine months of the year, profitability, while impacted by the decrease in sales, was largely protected by the actions taken to contain and optimize costs as the pandemic worsened and restrictive measures were implemented by the local authorities.

The subsidies and benefits made available by the different governmental authorities and other public entities relative to the cost of labor and business relief, which partially offset the drop in revenues caused by the lockdown measures, amounted to €3,268 thousand, while the income recognized as a result of lease renegotiations came to €409 thousand. The Group also incurred a series of costs totaling around €207 thousand related directly to the Covid-19 outbreak.

If the practical expedient introduced in the IFRS 16 amendment had not been applied, EBITDA would have reached €38,297 thousand, a decrease of €6,456 thousand (-14.4%) against the comparison period, with an EBITDA margin of 22.0% (unchanged against the same period of 2019, including on a recurring basis).

In the third quarter alone, gross operating profit (EBITDA) amounted to €16,000 thousand, an increase against the same period of the previous year of €363 thousand (+2.3%) including exchange rate losses which had a negative impact of €833 thousand.

The EBITDA margin reached 23.0%, an increase of 1.1 p.p. against the same period of the previous year.

In addition to the robust performance recorded in the period, the result reflects the positive impact of the actions on costs and the effects, both positive and negative, of the economic situation caused by the Covid-19 crisis.

The subsidies and benefits made available by the different governmental authorities and other public entities relative to the cost of labor and business relief, which partially offset the drop in revenues caused by the lockdown measures, amounted to €1,760 thousand, while the income recognized as a result of lease renegotiations came to €50 thousand. The Group also incurred a series of costs totaling around €95 thousand related directly to the Covid-19 outbreak.

If the practical expedient introduced in the IFRS 16 amendment relating to Covid-19 rent concessions had not been applied, EBITDA would have reached €15,905 thousand, an increase of €268 thousand against the comparison period (+1.7%), with the margin at 22.9% (+1.0 p.p. versus both the comparison period and on a recurring basis).

### Asia Pacific

Gross operating profit (EBITDA) amounted to €45,132 thousand in the first nine months of the year, an increase of €3,478 thousand (+8.4%) with respect to the same period of the previous year. The result also reflects exchange rate losses of €1.364 thousand. The EBITDA margin came to 35.5%, 5.7 p.p. higher than in the first nine months of 2019.

Thanks to the measures implemented, above all in the second quarter, to mitigate the impact of Covid-19, as well as the subsidies made available by the governmental authorities and the robust recovery in revenues, profitability was noticeably higher than in the first nine months of 2019 with a significant increase in the third quarter fueled by the exceptional operating leverage.

The subsidies and benefits made available by the different governmental authorities and other public entities relative to the cost of labor and business relief, which partially offset the drop in revenues caused by the lockdown measures, amounted to €14,409 thousand, while the income recognized as a result of lease renegotiations came to €1,192 thousand. The Group also incurred a series of costs totaling around €2,522 thousand related directly to the Covid-19 outbreak.

If the practical expedient introduced in the IFRS 16 amendment had not been applied, EBITDA would have reached €43,490 thousand, an increase of €2,286 thousand (+5.5%) with a margin of 34.5% (+4.8 p.p. versus the comparison period).

In the third quarter alone, gross operating profit (EBITDA) amounted to €22,476 thousand, an increase against the prior year of €8,091 thousand (+56.3%) including €384 thousand in exchange rate losses.

The EBITDA margin reached 40.5%, a substantial increase of 11.3 p.p. against the same period of the previous year. In addition to the excellent performance recorded in the period, the result reflects the positive impact of rent concessions for €172 thousand, the actions on costs and the impact, both positive and negative, of the economic situation caused by the Covid-19 crisis.

In the third quarter the subsidies and benefits made available by the different governmental authorities and other public entities relative to the cost of labor and business relief, which partially offset the drop in revenues caused by the lockdown measures, amounted to €6,157 thousand. The Group also incurred a series of costs totaling around €880 thousand related directly to the Covid-19 outbreak.

If the practical expedient introduced in the IFRS 16 amendment had not been applied, EBITDA would have reached €22,305 thousand, an increase of €7,920 thousand (+55.1%) with a margin of 40.2% (+11.0 p.p. compared to the third quarter of 2019).

### 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 €35,158 thousand in the first nine months of 2020 (3.4% of the revenue generated by the Group's sales and services), an increase of €5.943 thousand with respect to the same period of the prior year including following the restart of key Group corporate growth projects.

In the third quarter alone, the net cost of centralized corporate functions amounted to €18,229 thousand (4.3% of the revenues generated by the Group's sales and services), an increase of €6,130 thousand against the same period of the previous year.

## Operating profit (EBIT)

(€ thousands)	First nine months 2020			First nine months 2019		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Operating profit (loss) (EBIT)	79,664	-	79,664	124,709	(18,736)	105,973

(€ thousands)	Third Quarter 2020			Third Quarter 2019		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Operating profit (loss) (EBIT)	48,138	-	48,138	29,337	(12,866)	16,471

Operating profit (EBIT) amounted to €79,664 thousand in the first nine months of 2020, a decrease of €26,309 thousand (-24.8%) with respect to the same period of the previous year including the exchange rate gains of €524 thousand.

The EBIT margin came to 7.6%, a decrease of 1.0 p.p. against the same period of the previous year.

No non-recurring expenses were incurred in the reporting period while in the first nine months of 2019 EBIT was impacted by non-recurring costs of €18,736 thousand relative to the integration of GAES. Net of this item EBIT would have been down by €45,045 thousand (-36.1%), with an EBIT margin that was 2.6 p.p. lower than in the same period of the previous year.

With respect to the gross operating profit (EBITDA), EBIT was also influenced by higher depreciation and amortization as a result of the incremental investments made in 2019, the opening of new stores, investments in IT systems, as well as higher depreciation of right-of-use assets.

If the practical expedient introduced in the IFRS 16 amendment had not been applied, EBIT would have reached €70,255 thousand, a decrease of €35,718 thousand (-33,7%) with a margin of 6.7% (-1.9 p.p. the first nine months of 2019 and -3.4 p.p. on a recurring basis).

In the third quarter alone, operating profit (EBIT) amounted to €48,138 thousand (11.2% of sales and services), an increase against the same period of the previous year of €31,668 thousand (+192.3%) including exchange rate losses which had an impact of €678 thousand.

The EBIT margin came to 11.2%, an increase of 7.0 p.p. against the same period of the previous year.

In the same period of the previous year, EBIT was impacted by non-recurring costs of €12,866 thousand relative to the integration of GAES.

Net of this item, EBIT would have been up by €18,801 thousand (+64.1%), with an EBIT margin that was 3.7 p.p. higher than in the same period of the previous year.

If the practical expedient introduced in the IFRS 16 amendment had not been applied, EBIT would have reached €45,771 thousand, an increase of €29,300 (+177,9%) with a margin of 10.7% (+6.5 p.p. compared to the first nine months of 2019 and +3.2 p.p. on a recurring basis).

The following table shows the breakdown of EBIT by segment:

(€ thousands)	First nine months 2020	EBIT Margin	First nine months 2019	EBIT Margin	Change	Change %
EMEA	69,387	9.4%	80,999	9.2%	(11,612)	-14.3%
Americas	29,875	17.2%	37,038	18.2%	(7,163)	-19.3%
Asia Pacific	22,854	18.0%	23,792	17.0%	(938)	-3.9%
Corporate (*)	(42,452)	-4.1%	(35,856)	-2.9%	(6,596)	-18.4%
<b>Total</b>	<b>79,664</b>	<b>7.6%</b>	<b>105,973</b>	<b>8.7%</b>	<b>(26,309)</b>	<b>-24.8%</b>

(€ thousands)	Q3 2020	EBIT Margin	Q3 2019	EBIT Margin	Change	Change %
EMEA	40,589	13.4%	9,830	3.6%	30,759	312.9%
Americas	13,434	19.3%	13,027	18.2%	407	3.1%
Asia Pacific	14,885	26.8%	8,127	16.5%	6,758	83.2%
Corporate (*)	(20,770)	-4.9%	(14,513)	-3.7%	(6,257)	-43.1%
<b>Total</b>	<b>48,138</b>	<b>11.2%</b>	<b>16,471</b>	<b>4.2%</b>	<b>31,667</b>	<b>192.3%</b>

(\*) 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)	First nine months 2020	EBIT Margin	First nine months 2019	EBIT Margin	Change	Change %
EMEA	69,387	9.4%	99,711	11.4%	(30,324)	-30.4%
Americas	29,875	17.2%	37,062	18.2%	(7,187)	-19.4%
Asia Pacific	22,854	18.0%	23,792	17.0%	(938)	-3.9%
Corporate (*)	(42,452)	-4.1%	(35,856)	-2.9%	(6,596)	-18.4%
<b>Total</b>	<b>79,664</b>	<b>7.6%</b>	<b>124,709</b>	<b>10.2%</b>	<b>(45,045)</b>	<b>-36.1%</b>

(€ thousands)	Q3 2020	EBIT Margin	Q3 2019	EBIT Margin	Change	Change %
EMEA	40,589	13.4%	22,696	8.4%	17,893	78.8%
Americas	13,434	19.3%	13,027	18.2%	407	3.1%
Asia Pacific	14,885	26.8%	8,127	16.5%	6,758	83.2%
Corporate (*)	(20,770)	-4.9%	(14,513)	-3.7%	(6,257)	-43.1%
<b>Total</b>	<b>48,138</b>	<b>11.2%</b>	<b>29,337</b>	<b>7.5%</b>	<b>18,801</b>	<b>64.1%</b>

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

### Europe, Middle-East and Africa

In the first nine months of 2020, operating profit (EBIT) amounted to €69,387 thousand, a decrease of €11,612 thousand (-14.3%), including exchange rate gains of €285 thousand. The EBIT margin came to 9.4% (+0.2 p.p. against the first nine months of 2019).

In the same period EBIT was impacted by non-recurring costs of €18,711 thousand relative the GAES integration. Net of this item EBIT would have been €30,324 thousand lower (-30.4%), with an EBIT margin that was 2.0 p.p. lower than in the same period of the previous year.

If the practical expedient introduced in the IFRS 16 amendment had not been applied, EBIT would have reached €61,579 thousand, a decrease of €19,420 thousand (-24.0%), with a margin of 8.3% (-0.9 p.p. compared to the first nine months of 2019 and -3.0 p.p. on a recurring basis).

In the third quarter alone, operating profit (EBIT) amounted to €40,589 thousand, an increase against the comparison period of €30,758 thousand (+312.9%) including foreign exchange differences which had a positive marginal impact of €61 thousand. The EBIT margin was 9.8 p.p. higher than in the comparison period, coming in at 13.4%.

The result for the period was impacted by non-recurring costs of €12,866 thousand relative to the integration of GAES. Net of this item EBIT would be €17,893 thousand higher (+78.8%), with an EBIT margin that was up 5.0 with respect to the comparison period.

If the practical expedient introduced in the IFRS 16 amendment had not been applied, EBIT would have reached €38,489 thousand, an increase of €28,659 thousand (+291.5%), with an EBIT margin of 12.7% (+9.1 p.p. compared to the same period 2019 and +4.3 p.p. on a recurring basis).

### Americas

In the first nine months of 2020, operating profit (EBIT) was €7,163 thousand lower (-19.3%) than in the same period of the previous year, coming in at €29,875 thousand, including exchange rate losses of €148 thousand. The EBIT margin came to 17.2%, down 1.0 p.p. against the first nine months of 2019.

If the practical expedient introduced in the IFRS 16 amendment had not been applied, EBIT would have reached €29,446 thousand, a decrease of €7,572 thousand, with a margin of 16.9% (-1.3 p.p. compared to the first nine months of 2019).

In the third quarter alone, operating profit (EBIT) amounted to €13,434 thousand, an increase against the comparison period of €407 thousand (+3.1%) including the negative foreign exchange differences of €532 thousand.

The EBIT margin rose by 1.1 p.p. against the comparison period, coming in at 19.3%.

If the practical expedient introduced in the IFRS 16 amendment had not been applied, EBIT would have reached €13,339 thousand, an increase of €312 thousand, with the margin at 19.2% (+1.0 p.p. versus the third quarter of 2019).

### Asia Pacific

In the first nine months of 2020 operating profit (EBIT) fell €938 thousand (-3.9%) to €22,854 thousand due also to the negative foreign exchange differences of €666 thousand. The EBIT margin came to 18.0%, an increase of 1.0 p.p. compared to the first nine months of 2019.

If the practical expedient introduced in the IFRS 16 amendment had not been applied, EBIT would have reached €21,662 thousand with the margin at 17.0% (in line with the first nine months of 2019).

In the third quarter alone, operating profit (EBIT) amounted to €14,885 thousand, an increase against the comparison period of €6,758 thousand (+83.2%), including €208 thousand in negative foreign exchange differences. The EBIT margin was 10.3 p.p. higher than in the comparison period, coming in at 26.8%.

If the practical expedient introduced in the IFRS 16 amendment had not been applied, EBIT would have reached €14,714 thousand, an increase of €6,587 thousand, with the margin at 26.5% (+10.0 p.p. compared to the third quarter of 2019).

### Corporate

The net costs of centralized Corporate functions at the EBIT level amounted to €42,452 thousand in the first nine months of 2020 (4.1% of the revenues generated by the Group's sales and services), an increase of €6.596 thousand with respect to the same period of the previous year.

In the third quarter alone, net costs totaled €20,770 thousand (4.9% of the revenues generated by the Group's sales and services), an increase of €6,257 thousand against the same period of the previous year.

## Profit before tax

(€ thousands)	First nine months 2020			First nine months 2019		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Profit (loss) before tax	57,703	-	57,703	104,993	(18,736)	86,257

(€ thousands)	Third quarter 2020			Third quarter 2019		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Profit (loss) before tax	39,920	-	39,920	22,436	(12,866)	9,570

Profit before tax amounted to €57,703 thousand in the first nine months of 2020, a drop of €28,554 thousand (-33.1%) with respect to the same period of the previous year, reflecting the decrease in EBIT described above and the increase in financial expenses stemming from the rise in gross debt following the completion of an important refinancing program aimed at safeguarding the Group by ensuring significant headroom which made it possible not only to face the difficult economic situation, particularly in the second quarter, but also to provide a safety net in the event of further lockdown measures should the pandemic worsen again. Please refer to the section on net financial debt and the relative explanatory notes for more information about the Group's new financial structure.

The result for first nine months of 2019 was impacted by the same non-recurring costs of €18,736 thousand commented on above. Net of this item profit before tax would have been €47,290 thousand lower (-45.0%), while the gross profit margin would have reached 5.5%, a decrease of 1.5 p.p. against the same period of the previous year and 3.1 p.p. on a recurring basis.

If the practical expedient introduced in the IFRS 16 amendment had not been applied, profit before tax would have reached €48,294 thousand, a decrease of €37,963 thousand, with a margin of 4.6% (-2.4% p.p. the first nine months of 2019 and -3.9 p.p. on a recurring basis).

In the third quarter alone, profit before tax amounted to €39,920 thousand, an increase against the period of €30,350 thousand (+317.1%). The gross profit margin came to 9.3% (+6.9 p.p. against the third quarter of the previous year).

The result for third quarter 2019 was impacted by the same non-recurring costs of €12,866 thousand commented on above. Net of this item, profit before tax would have been €17,484 thousand higher (+77.9%), with a gross profit margin up 3.6 p.p. against the same period of the previous year.

If the practical expedient introduced in the IFRS 16 amendment had not been applied, profit before tax would have reached €37,553 thousand, an increase of €27,983 thousand, with a gross profit margin of 8.8% (+6.3 p.p. compared to the third quarter of 2019 and +3.1 p.p. on a recurring basis).

## Net profit attributable to the Group

(€ thousands)	First nine months 2020			First nine months 2019		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
<b>Group net profit (loss)</b>	<b>41,107</b>	<b>-</b>	<b>41,107</b>	<b>75,682</b>	<b>(14,019)</b>	<b>61,663</b>

(€ thousands)	Third quarter 2020			Third quarter 2019		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
<b>Group net profit (loss)</b>	<b>28,531</b>	<b>-</b>	<b>28,531</b>	<b>16,320</b>	<b>(9,148)</b>	<b>7,172</b>

The Group's net profit came to €41,107 thousand in the first nine months of 2020, down €20,556 thousand (-33.3%) against the same period of the previous year, with a profit margin of 3.9% (-1.1 p.p. compared to the same period of the prior year).

This decrease is largely in line with the profit before tax commented on above: the period tax rate was 28.7% versus 28.5% in the comparison period.

The result posted in the comparison period was impacted for €14,019 thousand by the same non-recurring costs commented on above, net of the tax effect. Looking at recurring net profit alone, the decrease would have amounted €34,575 thousand (-45.7%) with the profit margin down con 2.3 p.p. against the prior period.

In the third quarter alone, the Group's net profit came to €28,531 thousand (6.7% of revenues from sales and services), showing a sizeable increase of €21,359 thousand (+297.8%) against the comparison period with decided improvement in the profit margin (+4.8 p.p.). Net of non-recurring expenses, the increase in net profit reaches €12,211 thousand (+74.8%) with the profit margin 2.5 p.p. higher than in the prior period.

## BALANCE SHEET REVIEW

### Consolidated balance sheet by geographical area (\*)

(€ thousands)	09/30/2020				
	EMEA	Americas	Asia Pacific	Eliminations	Total
Goodwill	848,842	116,801	269,495	-	1,235,138
Non-competition agreements, trademarks, customer lists and lease rights	208,793	8,641	36,106	-	253,540
Software, licenses, other intangible fixed assets, fixed assets in progress and advances	64,732	19,326	8,796	-	92,854
Tangible assets	140,486	8,876	24,512	-	173,874
Right-of-use assets	356,036	15,609	37,015	-	408,660
Financial fixed assets	3,991	34,380	-	-	38,371
Other non-current financial assets	28,336	490	993	-	29,819
<b>Non-current assets</b>	<b>1,651,216</b>	<b>204,123</b>	<b>376,917</b>	<b>-</b>	<b>2,232,256</b>
Inventories	56,831	3,342	3,450	-	63,623
Trade receivables	128,507	34,211	14,303	(17,519)	159,502
Other receivables	61,724	6,718	4,585	(7)	73,020
<b>Current assets (A)</b>	<b>247,062</b>	<b>44,271</b>	<b>22,338</b>	<b>(17,526)</b>	<b>296,145</b>
<b>Operating assets</b>	<b>1,898,278</b>	<b>248,394</b>	<b>399,255</b>	<b>(17,526)</b>	<b>2,528,401</b>
Trade payables	(111,089)	(33,600)	(22,575)	17,519	(149,745)
Other payables	(236,568)	(17,796)	(30,232)	7	(284,589)
Provisions for risks and charges (current portion)	(2,952)	(486)	-	-	(3,438)
<b>Current liabilities (B)</b>	<b>(350,609)</b>	<b>(51,882)</b>	<b>(52,807)</b>	<b>17,526</b>	<b>(437,772)</b>
<b>Net working capital (A) - (B)</b>	<b>(103,547)</b>	<b>(7,611)</b>	<b>(30,469)</b>	<b>-</b>	<b>(141,627)</b>
Derivative instruments	(6,172)	-	-	-	(6,172)
Deferred tax assets	68,734	613	6,043	-	75,390
Deferred tax liabilities	(66,385)	(17,558)	(10,590)	-	(94,533)
Provisions for risks and charges (non-current portion)	(18,747)	(28,113)	(821)	-	(47,681)
Liabilities for employees' benefits (non-current portion)	(24,093)	(114)	(472)	-	(24,679)
Loan fees	8,877	-	-	-	8,877
Other non-current liabilities	(129,533)	(7,503)	(2,280)	-	(139,316)
<b>NET INVESTED CAPITAL</b>	<b>1,380,350</b>	<b>143,837</b>	<b>338,328</b>	<b>-</b>	<b>1,862,515</b>
Group net equity					725,757
Minority interests					965
<b>Total net equity</b>					<b>726,722</b>
Net medium and long-term financial indebtedness					1,127,151
Net short-term financial indebtedness					(414,599)
<b>Total net financial indebtedness</b>					<b>712,552</b>
Lease liabilities					423,241
<b>Total lease liabilities &amp; net financial indebtedness</b>					<b>1,135,793</b>
<b>NET EQUITY, LEASE LIABILITIES AND NET FINANCIAL INDEBTEDNESS</b>					<b>1,862,515</b>

(\*) 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)	12/31/2019				
	EMEA	Americas	Asia Pacific	Eliminations	Total
Goodwill	839,802	126,418	249,291	-	1,215,511
Non-competition agreements, trademarks, customer lists and lease rights	224,288	10,189	35,830	-	270,307
Software, licenses, other intangible fixed assets, fixed assets in progress and advances	67,386	20,068	9,747	-	97,201
Tangible assets	158,390	10,450	27,739	-	196,579
Right-of-use assets	361,739	18,300	38,390	-	418,429
Financial fixed assets	3,797	41,090	-	-	44,887
Other non-current financial assets	30,833	389	1,060	-	32,282
<b>Non-current assets</b>	<b>1,686,235</b>	<b>226,904</b>	<b>362,057</b>	<b>-</b>	<b>2,275,196</b>
Inventories	55,834	4,433	4,325	-	64,592
Trade receivables	156,933	44,125	19,179	(15,018)	205,219
Other receivables	64,690	6,811	7,631	(3,134)	75,998
<b>Current assets (A)</b>	<b>277,457</b>	<b>55,369</b>	<b>31,135</b>	<b>(18,152)</b>	<b>345,809</b>
<b>Operating assets</b>	<b>1,963,692</b>	<b>282,273</b>	<b>393,192</b>	<b>(18,152)</b>	<b>2,621,005</b>
Trade payables	(127,909)	(40,928)	(23,571)	15,018	(177,390)
Other payables	(247,315)	(18,056)	(22,590)	3,134	(284,827)
Provisions for risks and charges (current portion)	(3,650)	(592)	-	-	(4,242)
<b>Current liabilities (B)</b>	<b>(378,874)</b>	<b>(59,576)</b>	<b>(46,161)</b>	<b>18,152</b>	<b>(466,459)</b>
<b>Net working capital (A) - (B)</b>	<b>(101,417)</b>	<b>(4,207)</b>	<b>(15,026)</b>	<b>-</b>	<b>(120,650)</b>
Derivative instruments	(8,763)	-	-	-	(8,763)
Deferred tax assets	73,434	3,400	4,593	-	81,427
Deferred tax liabilities	(70,398)	(21,265)	(10,448)	-	(102,111)
Provisions for risks and charges (non-current portion)	(17,620)	(32,406)	(264)	-	(50,290)
Liabilities for employees' benefits (non-current portion)	(24,143)	(130)	(1,008)	-	(25,281)
Loan fees	1,611	-	-	-	1,611
Other non-current liabilities	(133,005)	(8,714)	(1,982)	-	(143,701)
<b>NET INVESTED CAPITAL</b>	<b>1,405,934</b>	<b>163,582</b>	<b>337,922</b>	<b>-</b>	<b>1,907,438</b>
Group net equity					695,031
Minority interests					1,084
<b>Total net equity</b>					<b>696,115</b>
Net medium and long-term financial indebtedness					752,648
Net short-term financial indebtedness					34,050
<b>Total net financial indebtedness</b>					<b>786,698</b>
Lease liabilities					424,625
<b>Total lease liabilities &amp; net financial indebtedness</b>					<b>1,211,323</b>
<b>NET EQUITY, LEASE LIABILITIES AND NET FINANCIAL INDEBTEDNESS</b>					<b>1,907,438</b>

## Non-current assets

Non-current assets amounted to €2,232,256 thousand at 30 September 2020, a decrease of €42,940 thousand against the €2,275,196 thousand recorded at 31 December 2019.

The changes in the period were as follows (i) €30,682 of capital expenditure (ii) €57,501 thousand for the recognition of right-of-use assets acquired in the period; (iii) €55,221 thousand for acquisitions; (iv) €148,692 thousand for depreciation, amortization and impairment losses, including the depreciation of the above right-of-use assets; (v) €37,652 thousand for other net decreases relating primarily to exchange rate losses.

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

(€ thousands)	09/30/2020	12/31/2019	Change	
EMEA	Goodwill	848,842	839,802	9,040
	Non-competition agreements, trademarks, customer lists and lease rights	208,793	224,288	(15,495)
	Software, licenses, other intangible fixed assets, fixed assets in progress and advances	64,732	67,386	(2,654)
	Tangible assets	140,486	158,390	(17,904)
	Right-of-use assets	356,036	361,739	(5,703)
	Financial fixed assets	3,991	3,797	194
	Other non-current financial assets	28,336	30,833	(2,497)
	<b>Non-current assets</b>	<b>1,651,216</b>	<b>1,686,235</b>	<b>(35,019)</b>
Americas	Goodwill	116,801	126,418	(9,617)
	Non-competition agreements, trademarks, customer lists and lease rights	8,641	10,189	(1,548)
	Software, licenses, other intangible fixed assets, fixed assets in progress and advances	19,326	20,068	(742)
	Tangible assets	8,876	10,450	(1,574)
	Right-of-use assets	15,609	18,300	(2,691)
	Financial fixed assets	34,380	41,090	(6,710)
	Other non-current financial assets	490	389	101
	<b>Non-current assets</b>	<b>204,123</b>	<b>226,904</b>	<b>(22,781)</b>
Asia Pacific	Goodwill	269,495	249,291	20,204
	Non-competition agreements, trademarks, customer lists and lease rights	36,106	35,830	276
	Software, licenses, other intangible fixed assets, fixed assets in progress and advances	8,796	9,747	(951)
	Tangible assets	24,512	27,739	(3,227)
	Right-of-use assets	37,015	38,390	(1,375)
	Financial fixed assets	-	-	-
	Other non-current financial assets	993	1,060	(67)
	<b>Non-current assets</b>	<b>376,917</b>	<b>362,057</b>	<b>14,860</b>

### Europe, Middle-East and Africa

Non-current assets amounted to €1,651,216 thousand at 30 September 2020, a decrease of €35,019 thousand against the €1,686,235 thousand recorded at 31 December 2019.

The change is explained as follows:

- €15,254 thousand for acquisitions made in the period;
- €10,832 thousand for investments in property, plant and equipment, relating primarily to the opening of new stores and the renovation of existing ones;
- €10,934 thousand for 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 CRM systems and digital marketing;
- €51,731 thousand for right-of-use assets;
- €117,583 thousand for amortization, depreciation and impairment losses, including the amortization and depreciation of the right-of-use assets referred to above;
- €6,187 thousand for other net decreases relating mainly to exchange rate losses.

### Americas

Non-current assets amounted to €204,123 thousand at 30 September 2020, a decrease of €22,781 thousand against the €226,904 thousand recorded at 31 December 2019.

The change is explained as follows:

- €577 thousand for investments in property, plant and equipment;
- €4,285 thousand for investments in intangible assets;
- €1,551 thousand for right-of-use assets;
- €8,831 thousand for amortization, depreciation and impairment losses, including the amortization and depreciation of the right-of-use assets referred to above;
- €20,363 thousand for other net decreases relating mainly to exchange rate losses.

### Asia Pacific

Non-current assets amounted to €376,917 thousand at 30 September 2020, an increase of €14,860 thousand against the €362,057 thousand recorded at 31 December 2019.

The increase is explained as follows:

- €2,558 thousand for investments in property, plant and equipment;
- €1,496 thousand for investments in intangible assets;
- €4,219 thousand for right-of-use assets;
- €22,278 thousand for amortization and depreciation, including the amortization and depreciation of the right-of-use assets referred to above;
- €39,967 thousand for acquisitions;
- €11,102 thousand for other net decreases relating mainly to exchange rate losses.

## Net invested capital

Net invested capital came to €1,862,515 thousand at 30 September 2020, a decrease of €44,923 thousand compared to the €1,907,438 thousand recorded at 31 December 2019.

This decline is attributable to the change in non-current assets described above, along with the decrease in working capital.

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

(€ thousands)	09/30/2020	12/31/2019	Change
EMEA	1,380,350	1,405,934	(25,584)
Americas	143,837	163,582	(19,745)
Asia Pacific	338,328	337,922	406
<b>Total</b>	<b>1,862,515</b>	<b>1,907,438</b>	<b>(44,923)</b>

### Europe, Middle-East and Africa

Net invested capital came to €1,380,350 thousand at 30 September 2020, a decrease of €25,584 thousand against the €1,405,934 thousand recorded at 31 December 2019.

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

Factoring without recourse in the period involved trade receivables with a face value of €50,102 thousand (€74,307 thousand in the same period of the prior year).

### Americas

Net invested capital came to €143,837 thousand at 30 September 2020, a decrease of €19,745 thousand against the €163,582 thousand recorded at 31 December 2019.

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

### Asia Pacific

Net invested capital came to €338,328 thousand at 30 September 2020, an increase of €406 thousand against the €337,922 thousand recorded at 31 December 2019.

The change in non-current assets described above was almost entirely offset by the drop in working capital.

## Net financial indebtedness

(€ thousands)	09/30/2020	12/31/2019	Change
Net medium and long-term financial indebtedness	1,127,151	752,648	374,503
Net short-term financial indebtedness	48,031	172,421	(124,390)
Cash and cash equivalents	(462,630)	(138,371)	(324,259)
<b>Net financial indebtedness</b>	<b>712,552</b>	<b>786,698</b>	<b>(74,146)</b>
Lease liabilities – current portion	84,735	81,585	3,150
Lease liabilities – non-current portion	338,506	343,040	(4,534)
<b>Lease liabilities</b>	<b>423,241</b>	<b>424,625</b>	<b>(1,384)</b>
<b>Total lease liabilities &amp; net financial indebtedness</b>	<b>1,135,793</b>	<b>1,211,323</b>	<b>(75,530)</b>
Group net equity	725,757	695,031	30,726
Minority interests	965	1,084	(119)
<b>Net Equity</b>	<b>726,722</b>	<b>696,115</b>	<b>30,607</b>
<b>Financial indebtedness/Group net equity</b>	<b>0.98</b>	<b>1.13</b>	
<b>Financial indebtedness/Net equity</b>	<b>0.98</b>	<b>1.13</b>	
<b>Financial indebtedness/EBITDA</b>	<b>1.89</b>	<b>1.90</b>	

Net financial indebtedness, excluding lease liabilities, amounted to €712,552 thousand at 30 September 2020, reporting a decrease of €74,146 thousand with respect to 31 December 2019.

In a period which was profoundly affected by the Covid-19 pandemic, Amplifon began refinancing the next debt maturities well in advance and successfully completed the placement of a €350 million seven-year Eurobond, while also implementing a series of measures and actions which made it possible for the Group to better manage its financial position, further strengthening its structure and solidity. More in detail:

- the company resolved not to proceed with the distribution of a dividend to shareholders, allocating the entire profit for 2019 to retained earnings;
- a series of measures were adopted which focused on cost containment, reducing and redefining investments, the suspension of M&A cash-outs, quickly accessing all the tools made available by the governmental authorities, along with other operational initiatives and the management of working capital which made it possible for free cash flow to reach €127,076 thousand (€68,627 thousand in the first nine months of the prior year). During the third quarter the Group began investing in its business again, as soon as external conditions allowed.
- the Group's financial structure and position were strengthened as follows:
  - €180 million in existing bilateral loans were renegotiated, the maturities were extended from 2021-2022 to 2024-2025 and the amount was increased by €80 million;
  - an additional €203 million in long-term loans were stipulated, expiring between 2023 and 2025;
  - government Covid-19 loans were requested and granted for €35.5 million, of which 30.5 million utilized (€30 million in France and €5 million in Switzerland) and €5 million unutilized (entirely in Switzerland);

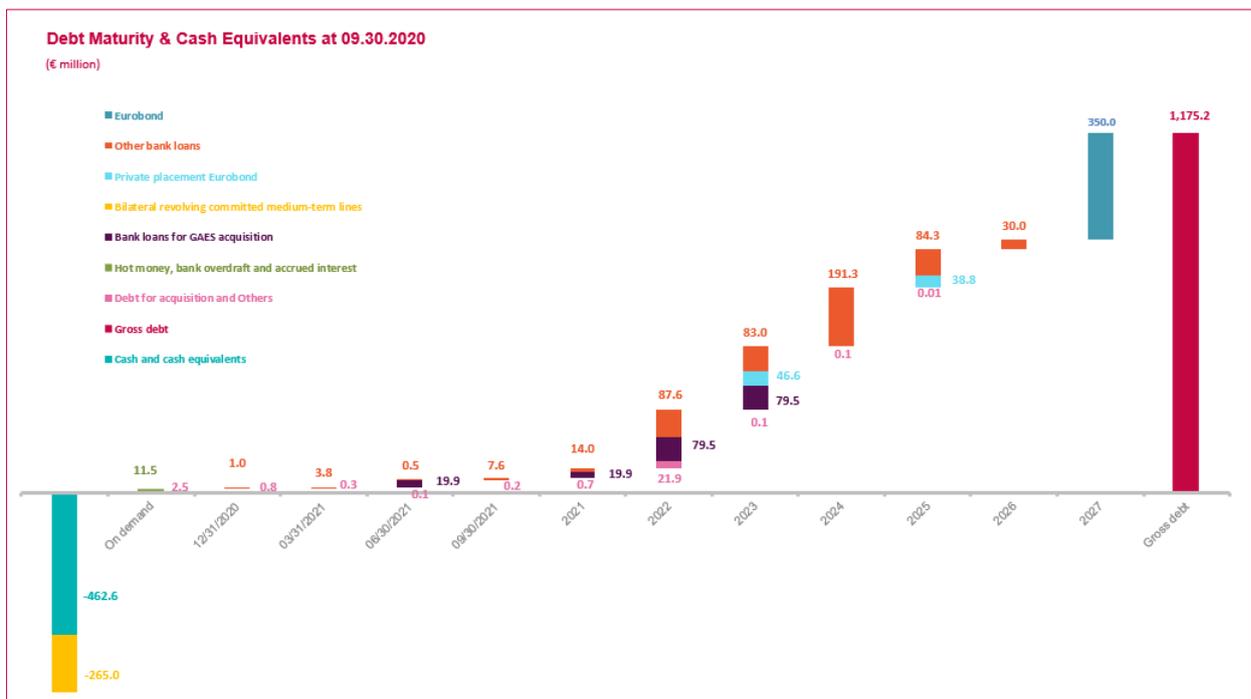
- €65 million in new long-term irrevocable credit facilities (expiring in 2024 and 2025) were granted and the expiration of €60 million in credit lines was extended from 2021 to 2025.

At 30 September the Group had cash and cash equivalents of €462,630 thousand compared to total net financial indebtedness €712,552 thousand, net of lease liabilities.

Long-term indebtedness amounts to €1,127,151 thousand, €22,428 thousand of which reflects the long-term portion of deferred payments for acquisitions. The increase in the period of €374,503 thousand is attributable to the transactions carried out to strengthen the financial structure described above, net the repayment of a portion of the syndicated loan used for the GAES acquisition (approximately €305 million).

The short-term portion of indebtedness amounts to €48,031 thousand and is €124,390 thousand lower due mainly to the repayment of hot money drawn at 31 December 2019 using the cash and cash equivalents derived from the transactions described above, and includes: the short-term portion of the syndicated loan used to finance the GAES acquisition (€19,875 thousand), the short-term portion of other long-term bank loans (€12,845 thousand), interest expense on bank loans, the Eurobond and the private placement (€2,158 thousand) and the best estimate of the deferred payments for acquisitions (€3,077 thousand).

The chart below shows the debt maturities compared to the €463 million in available cash and cash equivalents and the unutilized portions of irrevocable credit lines which amount to €265 million, as well as the €221 million in other available credit lines.



Interest payable on financial indebtedness amounted to €13,579 thousand at 30 September 2020, €11,020 thousand at 30 September 2019.

Interest payable on leases recognized in accordance with IFRS 16 amounted to €7,930 thousand versus €8,516 thousand at 30 September 2019.

Interest receivable on bank deposits came to €131 thousand at 30 September 2020 versus €101 thousand at 30 September 2019.

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

## CASH FLOW

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.

(€ thousands)	First nine months 2020	First nine months 2019
<b>OPERATING ACTIVITIES</b>		
Net profit (loss) attributable to the Group	41,107	61,663
Minority interests	12	30
<i>Amortization, depreciation and impairment:</i>		
- Intangible fixed assets	45,493	42,593
- Tangible fixed assets	35,685	30,736
- Right-of-use assets	67,515	64,936
Total amortization, depreciation and impairment	148,693	138,265
Provisions, other non-monetary items and gain/losses from disposals	13,374	27,515
Group's share of the result of associated companies	404	(217)
Financial income and charges	21,557	19,933
Current and deferred income taxes	16,584	24,564
<i>Change in assets and liabilities:</i>		
- Utilization of provisions	(7,033)	(6,574)
- (Increase) decrease in inventories	(2,802)	(7,179)
- Decrease (increase) in trade receivables	41,527	(10,705)
- Increase (decrease) in trade payables	(26,025)	(9,832)
- Changes in other receivables and other payables	(7,320)	(3,247)
Total change in assets and liabilities	(1,653)	(37,537)
Dividends received	-	127
Net interest charges	(19,654)	(17,501)
Taxes paid	(15,000)	(29,833)
<b>Cash flow provided by (used in) operating activities before repayment of lease liabilities</b>	<b>205,424</b>	<b>187,009</b>
Repayment of lease liabilities	(50,278)	(59,647)
<b>Cash flow generated from (absorbed) by operating activities</b>	<b>155,146</b>	<b>127,362</b>
<b>INVESTING ACTIVITIES:</b>		
Purchase of intangible fixed assets	(16,715)	(23,117)
Purchase of tangible fixed assets	(13,967)	(37,517)
Consideration from sale of tangible fixed assets and businesses	2,612	1,899
<b>Cash flow generated from (absorbed) by investing activities</b>	<b>(28,070)</b>	<b>(58,735)</b>
<b>Cash flow generated from operating and investing activities (Free cash flow)</b>	<b>127,076</b>	<b>68,627</b>
Business combinations (*)	(41,947)	(53,008)
(Purchase) sale of other investments and securities	-	3
<b>Net cash flow generated from acquisitions</b>	<b>(41,947)</b>	<b>(53,005)</b>
<b>Cash flow generated from (absorbed) by investing activities</b>	<b>(70,017)</b>	<b>(111,740)</b>

(€ thousands)	First nine months 2020	First nine months 2019
<b>FINANCING ACTIVITIES:</b>		
Fees paid on medium/long-term financing	(7,533)	-
Other non-current assets	(73)	(33)
Dividends	-	(30,939)
Capital increases (reduction), third parties' contributions in subsidiaries and dividends paid to third parties by the subsidiaries	(272)	(53)
<b>Cash flow generated from (absorbed) by financing activities</b>	<b>(7,878)</b>	<b>(31,025)</b>
<b>Changes in net financial indebtedness</b>	<b>77,251</b>	<b>(15,403)</b>
Net financial indebtedness at the beginning of the period	(786,698)	(840,856)
Effect of discontinued operations on net financial indebtedness	-	-
Effect of exchange rate fluctuations on net financial indebtedness	(3,105)	(492)
Changes in net indebtedness	77,251	(15,403)
<b>Net financial indebtedness at the end of the period</b>	<b>(712,552)</b>	<b>(856,751)</b>

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

The change in net financial indebtedness of €77,251 thousand is attributable to:

- Investing activities:
  - capital expenditure on property, plant and equipment and intangible assets of €30,682 thousand relating primarily to the new business transformation system for back office functions (Human Resources, Procurement, Administration and Finance), investments in CRM systems, digital marketing and the opening, renewal and repositioning of stores consistent with Amplifon's new brand image. As of March, the Group suspended all non-essential capex due to Covid-19, but in the third quarter the Group resumed investing in important corporate growth projects;
  - acquisitions amounting to €41,947 thousand, 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. After the acquisition of Attune Hearing Pty (Australia), made at the beginning of February, all M&A activities were temporarily suspended as of March;
  - net proceeds from the disposal of assets of €2,612 thousand.
- Operating activities:
  - interest payable on financial indebtedness and other net financial expenses of €19,654 thousand;
  - payment of taxes amounting to €15,000 thousand, which benefitted from the payment extensions granted for the Covid-19 emergency by the different governmental authorities;
  - payment of principle on lease obligations of €50,278 thousand, after concessions and deferrals obtained as a result of Covid-19 lease negotiations of around €13,332 thousand;
  - cash flow generated by operations of €240,078 thousand.

While the drop in sales inevitably impacted cash generation, cash flow generated by operations benefitted from the Group's actions on cash flow maximization,

along with €65,250 thousand in governmental assistance with the cost of labor and other subsidies which partially compensated for the drop in revenues caused by the lockdown measures, as well as delayed tax payments and pension contributions, and lower rents. These benefits were, however, partially offset by higher outflows linked to the pandemic of around €8,720 thousand (including the personal protective equipment, sanitization and the cost of personnel at closed stores not covered by social plans).

- Financing activities, which reached a negative €7,878 thousand, relating basically to the payment of fees for the Eurobond issue (Eurobond 2020-2027) and the new credit lines (€7,533 thousand). Subsidiaries paid €272 thousand in dividends to minorities.

Net debt was also impacted by exchange losses of €3,105 thousand.

The non-recurring transactions described above had a negative impact on cash flow of €1,372 thousand in the first nine months of 2020, attributable to the costs incurred for the GAES integration activities carried out in 2019.

## ACQUISITION OF COMPANIES AND BUSINESSES

Prior to the temporary suspension of acquisitions beginning in March in order to protect cash flow from the financial impact of the Covid-19 outbreak, the Group's external growth had continued. In the first three months of 2020, 83 points of sale were acquired for a total of €41,947 thousand, including the consolidated net financial indebtedness and the best estimate of the earn-out linked to sales and profitability targets payable over the next few years.

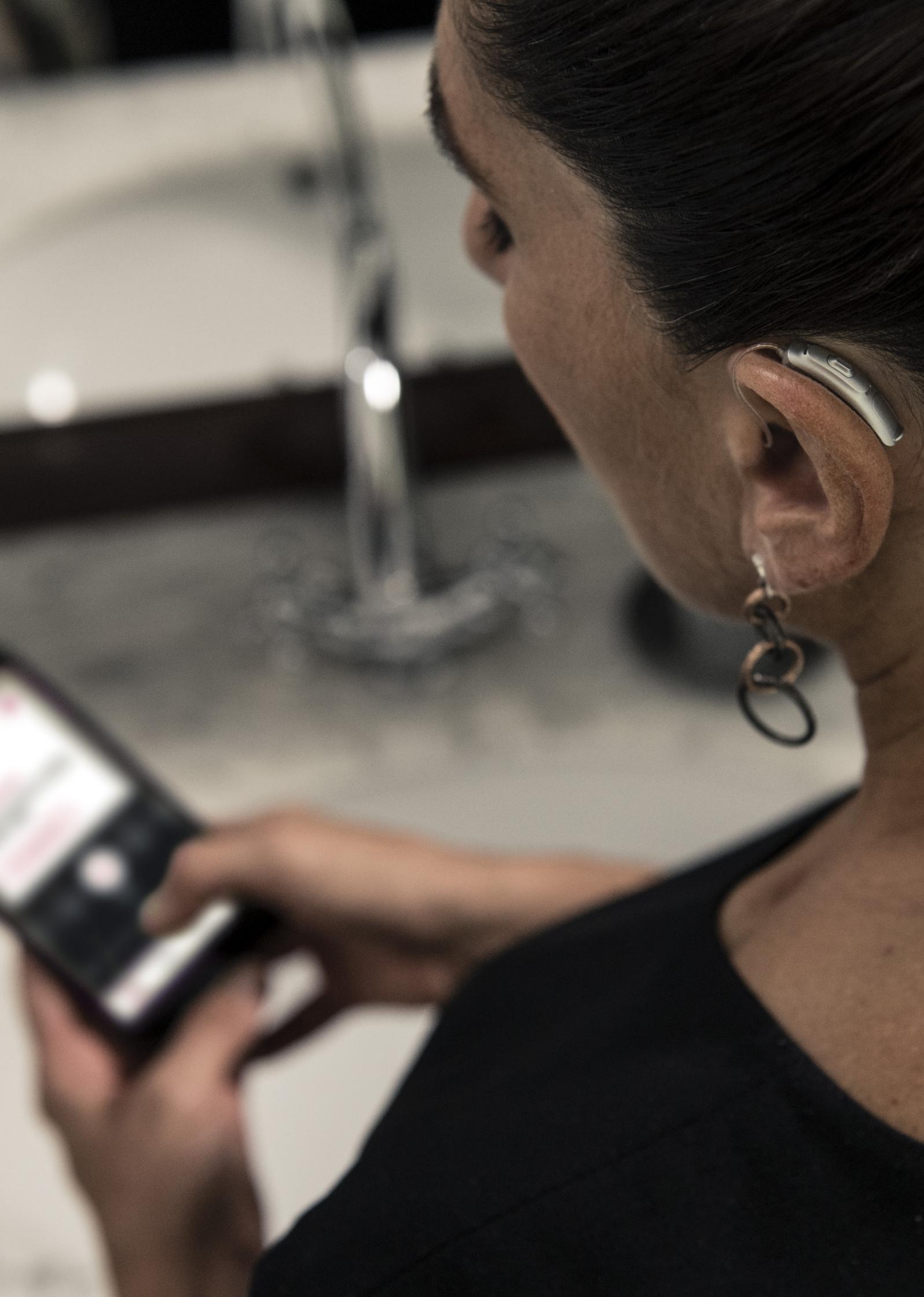
More in detail during the first nine months of 2020:

- 5 points of sale were acquired in France;
- 12 points of sale were acquired in Germany;
- 6 points of sale, that were previously part of the indirect channel, were acquired in Belgium;
- 54 new points of sale were added to the Group as a result of the acquisition of Attune Hearing Pty Ltd in Australia.
- 6 points of sale were acquired in China.

## OUTLOOK

The current developments of the pandemic in many areas of the world limit the visibility on the next months and require caution. Looking at the final part of the year, with regards to revenues, in October the Company is currently trading above the levels recorded in the same period of 2019, and, for November and December, performance will depend upon the level of restrictive measures that will be re-introduced by the Governments of the affected markets; with regards to profitability, the Company expects to continue to reap the benefits of the actions implemented since the second quarter.

Lastly, the Company remains positive for the future in terms of sales and profitability, thanks to the resilience of the business, the unchanged industry's fundamentals and consumer's behaviour, as well as the strength of its competitive positioning and its execution capabilities in both growth and challenging environments such as the current one.



**CONSOLIDATED FINANCIAL STATEMENTS AND  
EXPLANATORY NOTES AS AT 30 SEPTEMBER 2020**

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ thousands)		09/30/2020	12/31/2019	Change
<b>ASSETS</b>				
<b><u>Non-current assets</u></b>				
Goodwill	Note 3	1,235,138	1,215,511	19,627
Intangible fixed assets with finite useful life	Note 4	346,394	367,508	(21,114)
Tangible fixed assets	Note 5	173,874	196,579	(22,705)
Right-of-use assets	Note 6	408,660	418,429	(9,769)
Equity-accounted investments		1,907	2,314	(407)
Hedging instruments		8,659	8,153	506
Deferred tax assets		75,390	81,427	(6,037)
Contract costs		7,043	7,339	(296)
Other assets		59,240	67,516	(8,276)
<b>Total non-current assets</b>		<b>2,316,305</b>	<b>2,364,776</b>	<b>(48,471)</b>
<b><u>Current assets</u></b>				
Inventories		63,623	64,592	(969)
Trade receivables		159,502	205,219	(45,717)
Contract costs		4,238	4,386	(148)
Other receivables		68,722	71,553	(2,831)
Hedging instruments		-	2,201	(2,201)
Other financial assets		85	240	(155)
Cash and cash equivalents	Note 8	462,630	138,371	324,259
<b>Total current assets</b>		<b>758,800</b>	<b>486,562</b>	<b>272,238</b>
<b>TOTAL ASSETS</b>		<b>3,075,105</b>	<b>2,851,338</b>	<b>223,767</b>

(€ thousands)		09/30/2020	12/31/2019	Change
<b>LIABILITIES</b>				
<b>Net Equity</b>				
Share capital	Note 7	4,528	4,528	-
Share premium reserve		202,712	202,712	-
Treasury shares		(17,363)	(29,131)	11,768
Other reserves		(47,201)	(24,669)	(22,532)
Retained earnings		541,974	432,925	109,049
Profit (loss) for the period		41,107	108,666	(67,559)
<b>Group net equity</b>		<b>725,757</b>	<b>695,031</b>	<b>30,726</b>
<b>Minority interests</b>		<b>965</b>	<b>1,084</b>	<b>(119)</b>
<b>Total net equity</b>		<b>726,722</b>	<b>696,115</b>	<b>30,607</b>
<b>Non-current liabilities</b>				
Medium/long-term financial liabilities	Note 9	1,106,586	750,719	355,867
Lease liabilities	Note 10	338,506	343,040	(4,534)
Provisions for risks and charges		47,681	50,290	(2,609)
Liabilities for employees' benefits		24,679	25,281	(602)
Hedging instruments		6,249	4,290	1,959
Deferred tax liabilities		94,533	102,111	(7,578)
Payables for business acquisitions		22,428	13,527	8,901
Contract liabilities		130,230	135,052	(4,822)
Other long-term liabilities		9,086	8,649	437
<b>Total non-current liabilities</b>		<b>1,779,978</b>	<b>1,432,959</b>	<b>347,019</b>
<b>Current liabilities</b>				
Trade payables		149,745	177,390	(27,645)
Payables for business acquisitions		3,078	10,245	(7,167)
Contract liabilities		87,951	97,725	(9,774)
Tax liabilities		52,362	40,334	12,028
Other payables		143,432	146,223	(2,791)
Hedging instruments		-	28	(28)
Provisions for risks and charges		3,438	4,242	(804)
Liabilities for employees' benefits		843	545	298
Short-term financial liabilities	Note 9	42,821	163,947	(121,126)
Lease liabilities	Note 10	84,735	81,585	3,150
<b>Total current liabilities</b>		<b>568,405</b>	<b>722,264</b>	<b>(153,859)</b>
<b>TOTAL LIABILITIES</b>		<b>3,075,105</b>	<b>2,851,338</b>	<b>223,767</b>

## CONSOLIDATED INCOME STATEMENT

(€ thousands)		First nine months 2020			First nine months 2019			
		Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Change
Revenues from sales and services	Note 11	1,042,122	-	1,042,122	1,224,741	-	1,224,741	(182,619)
Operating costs		(826,925)	-	(826,925)	(963,216)	(18,372)	(981,588)	154,663
Other income and costs		13,160	-	13,160	1,085	-	1,085	12,075
<b>Gross operating profit (EBITDA)</b>		<b>228,357</b>	<b>-</b>	<b>228,357</b>	<b>262,610</b>	<b>(18,372)</b>	<b>244,238</b>	<b>(15,881)</b>
<b>Amortization, depreciation and impairment</b>								
Amortization of intangible fixed assets	Note 4	(45,480)	-	(45,480)	(42,110)	-	(42,110)	(3,370)
Depreciation of tangible fixed assets	Note 5	(35,065)	-	(35,065)	(30,047)	(166)	(30,213)	(4,852)
Right-of-use depreciation	Note 6	(67,515)	-	(67,515)	(64,936)	-	(64,936)	(2,579)
Impairment losses and reversals of non-current assets		(633)	-	(633)	(808)	(198)	(1,006)	373
		<b>(148,693)</b>	<b>-</b>	<b>(148,693)</b>	<b>(137,901)</b>	<b>(364)</b>	<b>(138,265)</b>	<b>(10,428)</b>
<b>Operating result</b>		<b>79,664</b>	<b>-</b>	<b>79,664</b>	<b>124,709</b>	<b>(18,736)</b>	<b>105,973</b>	<b>(26,309)</b>
<b>Financial income, expenses and value adjustments to financial assets</b>								
Group's share of the result of associated companies valued at equity and gains/losses on disposals of equity investments		(404)	-	(404)	217	-	217	(621)
Other income and expenses, impairment and revaluations of financial assets		(34)	-	(34)	3	-	3	(37)
Interest income and expenses		(13,448)	-	(13,448)	(10,918)	-	(10,918)	(2,530)
Interest expenses on lease liabilities		(7,930)	-	(7,930)	(8,521)	-	(8,521)	591
Other financial income and expenses		(705)	-	(705)	(260)	-	(260)	(445)
Exchange gains and losses		554	-	554	108	-	108	446
Gain (loss) on assets accounted at fair value		6	-	6	(345)	-	(345)	351
		<b>(21,961)</b>	<b>-</b>	<b>(21,961)</b>	<b>(19,716)</b>	<b>-</b>	<b>(19,716)</b>	<b>(2,245)</b>
<b>Profit (loss) before tax</b>		<b>57,703</b>	<b>-</b>	<b>57,703</b>	<b>104,993</b>	<b>(18,736)</b>	<b>86,257</b>	<b>(28,554)</b>
<b>Current and deferred income tax</b>								
Current tax	Note 12	(20,194)	-	(20,194)	(37,618)	4,717	(32,901)	12,707
Deferred tax		3,610	-	3,610	8,337	-	8,337	(4,727)
		<b>(16,584)</b>	<b>-</b>	<b>(16,584)</b>	<b>(29,281)</b>	<b>4,717</b>	<b>(24,564)</b>	<b>7,980</b>
<b>Total net profit (loss)</b>		<b>41,119</b>	<b>-</b>	<b>41,119</b>	<b>75,712</b>	<b>(14,019)</b>	<b>61,693</b>	<b>(20,574)</b>
Net profit (loss) attributable to Minority interests		12	-	12	30	-	30	(18)
<b>Net profit (loss) attributable to the Group</b>		<b>41,107</b>	<b>-</b>	<b>41,107</b>	<b>75,682</b>	<b>(14,019)</b>	<b>61,663</b>	<b>(20,556)</b>

Earnings per share (€ per share)	Note 14	First nine months 2020	First nine months 2019
Earnings per share			
- Basic		0.18391	0.27839
- Diluted		0.18175	0.27309

## STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

(€ thousands)	First nine months 2020	First nine months 2019
<b>Net income (loss) for the period</b>	<b>41,119</b>	<b>61,693</b>
<b>Other comprehensive income (loss) that will not be reclassified subsequently to profit or loss:</b>		
Remeasurement of defined benefit plans	1,715	(1,730)
Tax effect on items of other comprehensive income (expense) that will not be reclassified subsequently to profit or loss	(458)	312
<b>Total other comprehensive income (loss) that will not be reclassified subsequently to profit or loss after the tax effect (A)</b>	<b>1,257</b>	<b>(1,418)</b>
<b>Other comprehensive income (loss) that will be reclassified subsequently to profit or loss</b>		
Gains/(losses) on cash flow hedging instruments	2,483	(1,441)
Gains/(losses) from Foreign Currency Basis Spread on hedging instruments	137	170
Gains/(losses) on exchange differences from translation of financial statements of foreign entities	(25,196)	3,180
Tax effect on components of other comprehensive income that will be reclassified subsequently to profit or loss	(629)	305
<b>Total other comprehensive income (loss) that will be reclassified subsequently to profit or loss after the tax effect (B)</b>	<b>(23,205)</b>	<b>2,214</b>
<b>Total other comprehensive income (loss) (A)+(B)</b>	<b>(21,948)</b>	<b>796</b>
<b>Comprehensive income (loss) for the period</b>	<b>19,171</b>	<b>62,489</b>
Attributable to the Group	19,271	62,359
Attributable to Minority interests	(100)	130

## 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
<b>Balance at 1 January 2019 as reported</b>	<b>4,527</b>	<b>202,565</b>	<b>934</b>	<b>3,636</b>	<b>(50,933)</b>	<b>34,569</b>
Allocation of profit (loss) for 2018						
Share capital increase	1	147				
Treasury shares						
Dividend distribution						
Notional cost of stock options and stock grants						11,106
Other changes					20,099	(14,147)
Total comprehensive income (expense) for the period						
- Hedge accounting						
- Actuarial gains (losses)						
- Translation differences						
- Profit for the first nine months of 2019						
<b>Balance at 30 September 2019</b>	<b>4,528</b>	<b>202,712</b>	<b>934</b>	<b>3,636</b>	<b>(30,834)</b>	<b>31,528</b>

(€ thousands)	Share capital	Share premium reserve	Legal reserve	Other reserves	Treasury shares reserve	Stock option and stock grant reserve
<b>Balance at 1 January 2020</b>	<b>4,528</b>	<b>202,712</b>	<b>934</b>	<b>3,636</b>	<b>(29,131)</b>	<b>34,963</b>
Allocation of profit (loss) for 2019						
Share capital increase						
Treasury shares						
Dividend distribution						
Notional cost of stock options and stock grants						12,499
Other changes					11,768	(13,195)
- Stock Grant					11,768	(13,195)
- Other changes						
Total comprehensive income (expense) for the period						
- Hedge accounting						
- Actuarial gains (losses)						
- Translation difference						
- Profit for the first nine months of 2020						
<b>Balance at 30 September 2020</b>	<b>4,528</b>	<b>202,712</b>	<b>934</b>	<b>3,636</b>	<b>(17,363)</b>	<b>34,267</b>

Cash flow hedge reserve	Foreign Curr. Basis Spread reserve	Actuarial gains and (losses)	Retained earnings	Translation difference	Profit for the period	Total Shareholders' equity	Minority interests	Total net equity
<b>(8,012)</b>	-	<b>(7,123)</b>	<b>362,503</b>	<b>(48,190)</b>	<b>100,443</b>	<b>594,919</b>	<b>1,028</b>	<b>595,947</b>
			100,443		(100,443)	-		-
						<b>148</b>		<b>148</b>
						-		-
			(30,939)			<b>(30,939)</b>		<b>(30,939)</b>
						<b>11,106</b>		<b>11,106</b>
689	(689)		(8,059)			<b>(2,107)</b>	93	<b>(2,014)</b>
(1,095)	129	(1,418)		3,080	61,663	<b>62,359</b>	<b>130</b>	<b>62,489</b>
(1,095)	129					<b>(966)</b>		<b>(966)</b>
		(1,418)				<b>(1,418)</b>		<b>(1,418)</b>
				3,080		<b>3,080</b>	100	<b>3,180</b>
					61,663	<b>61,663</b>	30	<b>61,693</b>
<b>(8,418)</b>	<b>(560)</b>	<b>(8,541)</b>	<b>423,948</b>	<b>(45,110)</b>	<b>61,663</b>	<b>635,486</b>	<b>1,251</b>	<b>636,737</b>

Cash flow hedge reserve	Foreign Curr. Basis Spread reserve	Actuarial gains and (losses)	Retained earnings	Translation difference	Profit for the period	Total Shareholders' equity	Minority interests	Total net equity
<b>(5,462)</b>	<b>(748)</b>	<b>(11,048)</b>	<b>432,925</b>	<b>(46,944)</b>	<b>108,666</b>	<b>695,031</b>	<b>1,084</b>	<b>696,115</b>
			108,666		(108,666)	-		-
						-		-
						-		-
						-		-
						<b>12,499</b>		<b>12,499</b>
			383			<b>(1,044)</b>	(19)	<b>(1,063)</b>
			1,427			-		-
			(1,044)			<b>(1,044)</b>	(19)	<b>(1,063)</b>
1,887	104	1,257		(25,084)	41,107	<b>19,271</b>	<b>(100)</b>	<b>19,171</b>
1,887	104					<b>1,991</b>		<b>1,991</b>
		1,257				<b>1,257</b>		<b>1,257</b>
				(25,084)		<b>(25,084)</b>	(112)	<b>(25,196)</b>
					41,107	<b>41,107</b>	12	<b>41,119</b>
<b>(3,575)</b>	<b>(644)</b>	<b>(9,791)</b>	<b>541,974</b>	<b>(72,028)</b>	<b>41,107</b>	<b>725,757</b>	<b>965</b>	<b>726,722</b>

## STATEMENT OF CONSOLIDATED CASH FLOWS

(€ thousands)	First nine months 2020	First nine months 2019
<b>OPERATING ACTIVITIES</b>		
Net profit (loss)	41,119	61,693
Amortization, depreciation and impairment:		
- intangible fixed assets	45,493	42,593
- tangible fixed assets	35,685	30,736
- right-of-use assets	67,515	64,936
- goodwill	-	-
Provisions, other non-monetary items and gain/losses from disposals	13,374	27,515
Group's share of the result of associated companies	404	(217)
Financial income and expenses	21,557	19,933
Current and deferred taxes	16,584	24,564
<b>Cash flow from operating activities before change in working capital</b>	<b>241,731</b>	<b>271,753</b>
Utilization of provisions	(7,033)	(6,574)
(Increase) decrease in inventories	(2,802)	(7,179)
Decrease (increase) in trade receivables	41,527	(10,705)
Increase (decrease) in trade payables	(26,025)	(9,832)
Changes in other receivables and other payables	(7,320)	(3,247)
<b>Total change in assets and liabilities</b>	<b>(1,653)</b>	<b>(37,537)</b>
Dividends received	-	127
Interest received (paid)	(15,051)	(17,145)
Taxes paid	(15,000)	(29,833)
<b>Cash flow generated from (absorbed by) operating activities (A)</b>	<b>210,027</b>	<b>187,365</b>
<b>INVESTING ACTIVITIES:</b>		
Purchase of intangible fixed assets	(16,715)	(23,117)
Purchase of tangible fixed assets	(13,967)	(37,517)
Consideration from sale of non-current assets	2,612	1,899
<b>Cash flow generated from (absorbed by) operating investing activities (B)</b>	<b>(28,070)</b>	<b>(58,735)</b>
Purchase of subsidiaries and business units	(44,830)	(54,065)
Increase (decrease) in payables for business acquisitions	1,115	924
(Purchase) sale of other investments and securities	-	3
<b>Cash flow generated from (absorbed by) acquisition activities (C)</b>	<b>(43,715)</b>	<b>(53,138)</b>
<b>Cash flow generated from (absorbed by) investing activities (B+C)</b>	<b>(71,785)</b>	<b>(111,873)</b>
<b>FINANCING ACTIVITIES:</b>		
Increase (decrease) in financial payables	244,058	51,556
(Increase) decrease in financial receivables	-	(3,654)
Derivative instruments and other non-current assets	(705)	-
Commissions paid for medium/long-term financing	(7,533)	-
Principal portion of lease payments	(50,278)	(59,647)
Other non-current assets and liabilities	632	(33)
Dividends distributed	-	(30,939)
Capital increases and minority shareholders' contributions and dividends paid to third parties by subsidiaries	(272)	(53)
<b>Cash flow generated from (absorbed by) financing activities (D)</b>	<b>185,902</b>	<b>(42,770)</b>
<b>Net increase in cash and cash equivalents (A+B+C+D)</b>	<b>324,144</b>	<b>32,722</b>

(€ thousands)	First nine months 2020	First nine months 2019
<b>Cash and cash equivalents at beginning of period</b>	<b>138,371</b>	<b>89,915</b>
Effect of exchange rate fluctuations on cash & cash equivalents	(2,768)	1,551
Liquid assets acquired	2,883	1,057
Flows of cash and cash equivalents	324,144	32,722
<b>Cash and cash equivalents at end of period</b>	<b>462,630</b>	<b>125,245</b>

Related-party transactions refer to rentals 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 expenses and loans. They are detailed in Note 15. The impact of these transactions on the Group's cash flows is not material.

The Covid-19 impacts on cash flow are detailed in Note 2.

## SUPPLEMENTARY INFORMATION TO THE STATEMENT OF CONSOLIDATED CASH FLOWS

The fair value of the assets and liabilities acquired are summarized in the following table:

(€ thousands)	First nine months 2020	First nine months 2019
- Goodwill	36,695	41,464
- Customer lists	5,737	18,581
- Trademarks and non-competition agreements	5,110	-
- Other intangible fixed assets	369	2,156
- Tangible fixed assets	2,411	1,385
- Right-of-use assets	4,741	1,478
- Financial fixed assets	-	-
- Current assets	4,800	4,385
- Provisions for risks and charges	(737)	(4)
- Current liabilities	(7,428)	(2,575)
- Other non-current assets and liabilities	(6,856)	(11,684)
- Minority interests	-	-
<b>Total investments</b>	<b>44,842</b>	<b>55,186</b>
Net financial debt acquired	(12)	(1,121)
<b>Total business combinations</b>	<b>44,830</b>	<b>54,065</b>
(Increase) decrease in payables through business acquisition	(1,115)	(924)
Purchase (sale) of other investments and securities	-	(3)
<b>Cash flow absorbed by (generated from) acquisitions</b>	<b>43,715</b>	<b>53,138</b>
(Cash and cash equivalents acquired)	(2,883)	(1,057)
<b>Net cash flow absorbed by (generated from) acquisitions</b>	<b>40,832</b>	<b>52,081</b>

## NOTES

### 1. General Information

The Amplifon Group is a 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. (42.2% of the share capital and 59.4% of the voting rights), held 100% by Amplifin S.p.A. which is fully controlled by Susan Carol Holland.

The condensed interim consolidated financial statements at 30 September 2020 have been prepared in accordance with Article 154-bis of Legislative Decree no. 58/1998 (Consolidated Finance Act) and subsequent amendments and with International Accounting Standards and the implementation regulations set out in 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 30 September 2020. The International Accounting Standards endorsed after that date and before the preparation of these condensed interim consolidated financial statements are adopted in the preparation of the condensed interim consolidated financial statements only if early adoption is allowed by the Endorsing Regulation and the standard itself and if the Group has elected to do so.

When preparing this condensed consolidated interim financial report at 30 September 2020 Amplifon applied the amendment to IFRS 16 “Leases Covid 19-Related Rent Concessions” approved by the International Accounting Standards Board (IASB) on 28 May 2020 and endorsed by the European Union on 9 October 2020 which introduces a practical expedient based on which lease renegotiations are not viewed as lease modifications, but as variable lease payments which has a positive impact on the income statement. For more information please see note 20.

The condensed interim consolidated financial statements at 30 September 2020 do not include all the additional information required by the annual financial statements, and must be read together with the annual consolidated financial statements of the Group at 31 December 2019.

The publication of the condensed interim consolidated financial statements of the Amplifon Group at 30 September 2020 was authorized by a resolution of the Board of Directors of 28 October 2020 which approved their publication.

Pursuant to the Consob Communication of 28 July 2006, it is specified that during the first nine months of 2020 the Group did not carry out atypical and/or unusual transactions, as defined by the Communication itself.

## 2. Impacts of COVID-19 emergency on the Group's performance and financial position, measures adopted, risks and areas of uncertainty

The Covid-19 pandemic and the restrictive measures adopted by the different authorities had a significant impact on the Group's results, causing total revenues to fall 14.9% in the first nine months of the year, hitting a low of -43.1% in the second quarter. April was the hardest hit by the lockdown, reporting a 65% drop in sales compared to the same period in 2019, while as the lockdown measures were eased, the recovery improved sequentially in May and June. There was, in fact, a turnaround in the third quarter with a return to growth which reached 9.0% against the prior year.

Europe, where lockdown measures were implemented in all the main markets with the partial exception of Germany, was affected the most, but then showed quick recovery beginning at the end of April as the restrictive measures were eased with growth YoY already in July. In the United States, which was also profoundly impacted by the varied restrictive measures implemented in the different states beginning at the end of March, the recovery was quick as of the end of May. In Canada and Latin America, where the pandemic struck later during the second quarter and the recovery is still slow to the extent that the Latin American countries are still severely impacted by the negative effects of the pandemic. Lastly, APAC was the Group's region that suffered less thanks to the lack of store closures in Australia, despite the lockdown in the state of Victoria. The post lockdown recovery in New Zealand was very speedy after the commercial network was reopened mid-May and despite the recent closures in the Auckland area. In China, where the impact of the closures was felt in February, the performance was back in line with the prior year already in May, to then grow significantly during the third quarter. All the countries in this region, with the exception of India, reported strong growth against the comparison period in the third quarter.

In response to the Covid-19 outbreak, the Group quickly prepared and implemented an effective plan of action aiming to:

- ensure the health and safety of its people and its customers;
- reduce and optimize the main operating costs, laying the foundation for greater Group productivity and structural efficiency;
- maximize cash generation
- strengthen the financial structure through an important refinancing program in order to provide enough headroom in the event of further lockdown periods.

More in detail:

### Measures adopted to protect stakeholders during the Covid-19 pandemic

Since the start of the Covid-19 outbreak, the Group's priority has been to safeguard the health of its people, while, at the same time, serving customers in total safety. Amplifon, therefore, rapidly created a task force at both a Group and country level in order to coordinate and implement immediately all the preventive measures needed to ensure the health of its employees, customers and other stakeholders, in line with the safety measures indicated by the

authorities in the different countries. These measures included, among other things, the development and adoption of a new Group-wide store protocol (which comprises the use of personal protective equipment by hearing care professionals and client advisers, visits on an appointment-only basis following an in-depth telephone check-up in order to assess the customers' state of health, strict social distancing and sanitization procedures, etc.), smart working practices for back-office personnel, as well as protocols for returning to work, developed with the support of experts, consistent with the ordinances issued in the different countries and other safety measures.

Measures to mitigate the impact on profitability and cash flow generation

Above all during the period between March and June, when the impact of the Covid-19 pandemic was the most severe, and in light of the negative impact that the restrictive or even general lockdown measures adopted by the governmental authorities in the various countries, as a result of the Covid-19 crisis, had on hearing care market demand, the Company moved very quickly and decisively to implement a series of measures to limit the financial-economic impact. As a result of these actions the foundation was laid for structural efficiencies and improved productivity which accelerated the strong recovery in sales margins recorded in the third quarter. More in detail, Amplifon adopted the following cost containment measures:

- labor costs: activation of the government social schemes available in the Group's different countries of operation, proportional reduction in variable compensation, voluntary pay cuts by management and a hiring containment;
- marketing costs: cancellation of most activities and programmed investments;
- other costs: suspension of all discretionary costs and renegotiation of several supplier contracts and leases;
- suspension of all non-essential capex and M&A transactions;
- quick use of all forms of subsidies made available by the different governmental authorities to support business;
- allocation of the entire profit for 2019 as retained earnings without paying any dividends to shareholders.

In the third quarter, as soon as external conditions allowed, the Group began to invest in the business again by increasing investments in marketing, which were around 10% higher than in the same period in the previous year, and reactivated important corporate growth programs.

Measures to strengthen the Group's financial structure

Amplifon, which had already begun refinancing the next debt maturities well in advance by issuing a €350 million 7-year Eurobond at the beginning of February, finalized a series of transactions, mainly in the second quarter, aiming to strengthen the Group's financial structure. More in detail:

- new long-term borrowings (term loan and revolving facilities), totaling €383.5 million expiring between 2023 and 2025 were secured (€35.5 million of which relate to Covid-19 emergency government financing);
- €180 million in existing bilateral loans were renegotiated and the maturities extended from 2021-2022 to 2024-2025;

- the expiration of €60 million in revolving credit facilities was extended from 2021-2022 to 2025.

At 30 September 2020 the Group had available liquidity of around €463 million, undrawn irrevocable credit lines of €265 million and uncommitted lines of €221 million versus total gross debt which, net of lease liabilities, amounts to €1,175.2 million without significant short-term maturities as the average maturity is about 4.5 years.

The negative impact on the period results was inevitably significant, to the extent that the ability to achieve plan targets could be compromised. Consequently, the Company deemed it opportune to withdraw the guidance issued in March 2018 and updated subsequently in March 2019 to reflect the GAES acquisition. The Company will provide updates in this regard as visibility of the conditions increases and it becomes possible to make more accurate estimates as to the impact of the Covid-19 outbreak.

The current developments of the pandemic in many areas of the world limit the visibility on the next months and require caution. Looking at the final part of the year, performance will depend upon the level of restrictive measures that will be re-introduced by the Governments of the affected markets, with regards to profitability, the Company expects to continue to reap the benefits of the actions implemented since the second quarter.

Lastly, the Company remains positive for the future in terms of sales and profitability, thanks to the resilience of the business, the unchanged industry's fundamentals and consumer's behaviour, as well as the strength of its competitive positioning and its execution capabilities in both growth and challenging environments such as the current one.

#### Accounting impact

During the Covid-19 crisis the Group benefitted from the subsidies and relief made available by the different governmental authorities which aimed to compensate, at least partially, for the drop in revenues caused by the lockdown measures, and the concessions on leases recognized as income thanks to the application of the IFRS 16 amendment approved by the International Accounting Standards Board (IASB) at the end of May 2020. This amendment introduces a practical expedient based on which any concessions obtained as a result of Covid-19 related renegotiations such as a reduction in the rent owed for the period through 30 June 2021, are not viewed as lease modifications, but as variable lease payments which positively impacts the income statement. The application of this practical expedient had a positive impact of €9,409 thousand recognized as other income and costs with lower lease liabilities.

The Group also incurred a series of expenses attributable directly to the crisis. The impact on the income statement and cash flow by type of benefit/expense is shown below.

(€ thousands)	Impact of Covid-19 in the first nine months of 2020	
	Profit & Loss	Cash Flows
<b>CONTRIBUTIONS RECEIVED/COSTS INCURRED</b>		
<b>Subsidies received from the governmental authorities and other public entities</b>	<b>40,825</b>	<b>51,918</b>
For the cost of labor	35,465	34,885
- of which relative to contributions received	29,721	29,141
- of which relative to the decrease in costs in the event the public entity paid subsidies directly to the employee	5,744	5,744
Other business assistance	4,426	6,226
Tax credits, other exemptions and delays in tax payments and pension contributions	934	10,807
<b>Lease concessions received from landlords</b>	<b>9,409</b>	<b>13,332</b>
<b>Costs tied directly to the crisis</b>	<b>(5,305)</b>	<b>(5,573)</b>
Costs of personal protective equipment	(3,610)	(4,133)
Costs incurred to sanitize offices and stores	(52)	(44)
Costs incurred for consultancies (virologists and other experts, smart working, social plans)	(485)	(362)
Costs for advertising and communication targeting customers	(374)	(256)
Logistics	(284)	(278)
Costs for cancelling events, advertising and other contracts	(500)	(500)
<b>Cost of labor for personnel of closed stores not covered by social plans</b>	<b>(3,350)</b>	<b>(3,147)</b>

### 3. Acquisitions and goodwill

The Group's external growth continued in the first nine months of 2020 with a series of acquisitions designed to increase coverage: more in detail, 23 points of sale were purchased in EMEA and 60 in APAC. With the advent of the Covid-19 pandemic the Group suspended all its M&A activity in order to protect cash flow but expects to resume these activities in the fourth quarter.

The total investment, including the consolidated indebtedness and the best estimate of the net change in the earn-out linked to sales and profitability targets due over the next few years, amounted to €41,947 thousand.

The changes in goodwill and amounts recognized as a result of the acquisitions made in the period are reported in the table below and shown by cash generating unit.

(€ thousands)	Value at 12/31/2019	Business combinations	Disposals	Impairment	Other net changes	Net carrying value at 09/30/2020
EMEA	839,802	9,841	-	-	(801)	848,842
AMERICAS	126,418	-	-	-	(9,617)	116,801
APAC	249,291	26,854	-	-	(6,650)	269,495
<b>Total</b>	<b>1,215,511</b>	<b>36,695</b>	-	-	<b>(17,068)</b>	<b>1,235,138</b>

“Business combinations” refer to the temporary allocation to goodwill of the portion of the purchase price paid which is not directly attributable to the fair value of assets and liabilities, but is based on the positive contribution to cash flows that is expected to be made for an indefinite period of time.

“Other net changes” refers almost entirely to foreign exchange differences.

#### 4. Intangible fixed assets with finite useful life

The following table shows the changes in intangible assets.

(€ thousands)	Historical cost at 12/31/2019	Accumulated amortization and write-downs at 12/31/2019	Net book value at 12/31/2019	Historical cost at 09/30/2020	Accumulated amortization and write-downs at 09/30/2020	Net book value at 09/30/2020
Software	151,863	(100,820)	51,043	166,708	(113,339)	53,369
Licenses	21,836	(14,762)	7,074	22,046	(17,349)	4,697
Non-competition agreements	7,342	(6,693)	649	8,367	(7,293)	1,074
Customer lists	378,407	(167,075)	211,332	379,746	(185,710)	194,036
Trademarks and concessions	82,052	(24,599)	57,453	85,453	(27,556)	57,897
Other	28,423	(12,022)	16,401	26,409	(12,590)	13,819
Fixed assets in progress and advances	23,556	-	23,556	21,502	-	21,502
<b>Total</b>	<b>693,479</b>	<b>(325,971)</b>	<b>367,508</b>	<b>710,231</b>	<b>(363,837)</b>	<b>346,394</b>

(€ thousands)	Net book value at 12/31/2019	Investments	Disposals	Amortization	Business combinations	Impairment	Other net changes	Net book value at 09/30/2020
Software	51,043	4,926	(211)	(14,774)	23	(4)	12,366	53,369
Licenses	7,074	28	-	(2,666)	-	-	261	4,697
Non-competition agreements	649	833	-	(740)	-	-	332	1,074
Customer lists	211,332	-	(11)	(21,423)	5,737	-	(1,599)	194,036
Trademarks and concessions	57,453	90	-	(4,314)	5,110	-	(442)	57,897
Other	16,401	56	(329)	(1,563)	-	(9)	(737)	13,819
Fixed assets in progress and advances	23,556	10,782	(1)	-	346	-	(13,181)	21,502
<b>Total</b>	<b>367,508</b>	<b>16,715</b>	<b>(552)</b>	<b>(45,480)</b>	<b>11,216</b>	<b>(13)</b>	<b>(3,000)</b>	<b>346,394</b>

The change in “Business combinations” comprises:

- the temporary allocation of the price paid for acquisitions made in EMEA of €4,515 thousand;
- the temporary allocation of the price paid for acquisitions made in APAC of €6,701 thousand.

The increase in intangible fixed assets recorded in the period is mainly attributable to investments in the new business transformation system for back office functions (Human Resources, Procurement and Administration and Finance), as well as CRM systems and digital marketing.

“Other net changes” refers to exchange rate fluctuations in the period and the recognition of the work in progress completed in the period in the relative items of the financial statements.

## 5. Tangible fixed assets

The following table shows the changes in tangible fixed assets.

(€ thousands)	Historical cost at 12/31/2019	Accumulated amortization and write-downs at 12/31/2019	Net book value at 12/31/2019	Historical cost at 09/30/2020	Accumulated amortization and write-downs at 09/30/2020	Net book value at 09/30/2020
Land	209	-	209	197	-	197
Buildings, constructions and leasehold improvements	239,688	(150,402)	89,286	237,156	(159,801)	77,355
Plant and machines	59,788	(42,305)	17,483	59,433	(43,371)	16,062
Industrial and commercial equipment	50,506	(36,523)	13,983	49,832	(38,293)	11,539
Motor vehicles	3,127	(2,185)	942	2,512	(2,112)	400
Computers and office machinery	62,500	(46,956)	15,544	63,586	(50,893)	12,693
Furniture and fittings	125,814	(79,300)	46,514	128,092	(85,960)	42,132
Other tangible fixed assets	3,364	(889)	2,475	3,233	(1,023)	2,210
Fixed assets in progress and advances	10,143	-	10,143	11,286	-	11,286
<b>Total</b>	<b>555,139</b>	<b>(358,560)</b>	<b>196,579</b>	<b>555,327</b>	<b>(381,453)</b>	<b>173,874</b>

(€ thousands)	Net book value at 12/31/2019	Investments	Disposals	Depreciation	Business combinations	Impairment	Other net changes	Net book value at 09/30/2020
Land	209	-	-	-	-	-	(12)	197
Buildings, constructions and leasehold improvements	89,286	4,597	(34)	(14,885)	97	(451)	(1,255)	77,355
Plant and machines	17,483	1,161	(146)	(3,035)	452	27	120	16,062
Industrial and commercial equipment	13,983	270	(41)	(2,440)	13	(30)	(216)	11,539
Motor vehicles	942	21	(433)	(157)	62	-	(35)	400
Computers and office machinery	15,544	1,442	(580)	(5,673)	779	(13)	1,194	12,693
Furniture and fittings	46,514	2,507	(29)	(8,629)	692	(136)	1,213	42,132
Other tangible fixed assets	2,475	28	(18)	(246)	-	(17)	(12)	2,210
Fixed assets in progress and advances	10,143	3,941	(71)	-	316	-	(3,043)	11,286
<b>Total</b>	<b>196,579</b>	<b>13,967</b>	<b>(1,352)</b>	<b>(35,065)</b>	<b>2,411</b>	<b>(620)</b>	<b>(2,046)</b>	<b>173,874</b>

The investments made in the period refer primarily to network expansion with the opening of new stores and renewal of existing ones based on the Group's new brand image.

The change in "Business combinations" comprises:

- the temporary allocation of the price paid for acquisitions made in EMEA of €613 thousand;
- the temporary allocation of the price paid for acquisitions made in APAC of €1,798 thousand.

“Other net changes” refers primarily to exchange rate fluctuations in the period and the recognition of the work in progress completed in the period in the relative items of the consolidated financial statements.

## 6. Right-of-use assets

Right-of-use assets are reported here below:

(€ thousands)	Historical cost at 12/31/2019	Accumulated amortization and write-downs at 12/31/2019	Net book value at 12/31/2019	Historical cost at 09/30/2020	Accumulated amortization and write-downs at 09/30/2020	Net book value at 09/30/2020
Stores and offices	490,070	(82,424)	407,646	538,434	(139,438)	398,996
Motor vehicles	16,875	(6,625)	10,250	17,600	(8,335)	9,265
Electronic machinery	694	(161)	533	659	(260)	399
<b>Total</b>	<b>507,639</b>	<b>(89,210)</b>	<b>418,429</b>	<b>556,693</b>	<b>(148,033)</b>	<b>408,660</b>

(€ thousands)	Net book value at 12/31/2019	Investments	Disposals	Depreciation	Business combinations	Impairment	Other net changes	Net book value at 09/30/2020
Stores and offices	407,646	64,596	(9,988)	(63,559)	4,741	-	(4,440)	398,996
Motor vehicles	10,250	3,298	(347)	(3,845)	-	-	(91)	9,265
Electronic machinery	533	3	(4)	(111)	-	-	(24)	399
<b>Total</b>	<b>418,429</b>	<b>67,898</b>	<b>(10,338)</b>	<b>(67,515)</b>	<b>4,741</b>	<b>-</b>	<b>(4,555)</b>	<b>408,660</b>

## 7. Share capital

At 30 September 2020 the share capital comprised 226,388,620 ordinary shares with a nominal value of €0.02 fully paid up and subscribed, unchanged with respect to 31 December 2019.

A total of 477,193 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.

In the period there were no purchases of treasury shares.

A total of 1,948,431 treasury shares, or 0.861% of the parent's share capital, were held at 30 September 2020.

Information relating to the treasury shares held is shown below.

	No. of shares	Average purchase price (Euro) FV of transferred rights (Euro)	Total amount (€ thousands)
Held at 12/31/2019	3,269,087	8.911	29,131
Purchases			
Transfers due to exercise of performance stock grants	(1,320,656)	8.911	(11,768)
Held at 09/30/2020	1,948,431		17,363

## 8. Net financial position

In accordance with the requirements of the Consob communication dated 28 July 2006 and in compliance with the CESR (now ESMA) recommendation of 10 February 2005 “Recommendations for the consistent implementation of the European Commission’s Regulation on Prospectuses”, the Group’s net financial position at 30 September 2020 was as follows:

(€ thousands)	09/30/2020	12/31/2019	Change
Cash and cash equivalents	(462,630)	(138,371)	(324,259)
Private placement 2013-2025	-	17,803	(17,803)
Payables for business acquisitions	3,077	10,245	(7,168)
Bank overdraft and other short-term loans from third parties (including current portion of medium/long-term debt)	38,000	141,032	(103,032)
Other net financial payables	6,954	5,594	1,360
Hedging derivatives	-	(2,253)	2,253
<b>Short-term financial position</b>	<b>(414,599)</b>	<b>34,050</b>	<b>(448,649)</b>
Private placement 2013-2025	93,953	97,917	(3,964)
Eurobond 2020-2027	350,000	-	350,000
Other medium/long-term debt	669,352	653,751	15,601
Hedging derivatives	(8,582)	(12,547)	3,965
Medium/long-term acquisition payables	22,428	13,527	8,901
<b>Net medium and long-term financial position</b>	<b>1,127,151</b>	<b>752,648</b>	<b>374,503</b>
<b>Net financial position</b>	<b>712,552</b>	<b>786,698</b>	<b>(74,146)</b>
Lease liabilities – current portion	84,735	81,585	3,150
Lease liabilities – non-current portion	338,506	343,040	(4,534)
<b>Lease liabilities</b>	<b>423,241</b>	<b>424,625</b>	<b>(1,384)</b>
<b>Total lease liabilities &amp; net financial debt</b>	<b>1,135,793</b>	<b>1,211,323</b>	<b>(75,530)</b>

Amplifon, which had already begun refinancing the next debt maturities well in advance by issuing a €350 million 7-year Eurobond at the beginning of February, finalized a series of transactions aiming to strengthen the Group’s financial structure and enhance liquidity, during a period that was profoundly affected by the Covid-19 pandemic. More in detail:

- €180 million in existing bilateral loans were renegotiated, the maturities were extended from 2021-2022 to 2024-2025 and the amount was increased by €80 million;
- an additional €203 million in long-term loans were stipulated, expiring between 2023 and 2025;
- government Covid-19 loans amounting to €35.5 million, of which 30.5 million utilized (€30 million in France and 0.5 million in Switzerland) and €5 million available (entirely in Switzerland), were requested and granted;
- €65 million in new long-term irrevocable credit facilities (expiring in 2024 and 2025) were granted and the expiration of €60 million in credit lines was extended from 2021 to 2025.

The **medium/long-term portion of the net financial position**, excluding the lease liabilities, reached €1,127,151 thousand at 30 September 2020 compared to €752,648 thousand at 31 December 2019, a difference of €374,503 thousand. The increase in the period relates primarily to the transactions described above to strengthen the financial structure net the repayment of a portion of the syndicated loan used for the GAES acquisition (around €305 million).

The **short-term portion of the net financial position**, excluding the lease liabilities, improved by €448,649 thousand, going from a negative €34,050 thousand at 31 December 2019 to a positive €414,599 thousand at 30 September 2020. The change is attributable mainly to the repayment of hot money utilized at 31 December 2019 using part of the new liquidity stemming from the transactions described above, and includes the short-term portion of the syndicated loan used for the GAES acquisition (€19,875 thousand), the short term portion of other long-term bank loans (€12,845 thousand), interest payable on bank loans, on the Eurobond and the private placement (€2,158 thousand), the best estimate of the deferred payments for acquisitions (€3,077 thousand), as well as cash and cash equivalents of (€462,630 thousand).

In order to reconcile the above items with the statement of financial position, a breakdown of the following items is provided below.

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

- a. under the caption “Medium/long-term financial liabilities” for the non-current portion.

(€ thousands)	09/30/2020
Private placement 2013-2025	93,953
Eurobond 2020-2027	350,000
Syndicated loan for GAES acquisition	178,875
Other medium/long-term debt	490,477
Fees for Eurobond 2020-2027, fees for bank loans, private placement 2013-2025 and Syndicated loan for GAES acquisition	(6,719)
<b>Medium/long-term financial liabilities</b>	<b>1,106,586</b>

- b. under the caption “Short-term financial liabilities” for the current portion.

(€ thousands)	09/30/2020
Bank overdraft and other short-term debt (including current portion of other long-term debt)	38,000
Other financial payables	6,980
Fees for Eurobond 2020-2027, fees for bank loans, private placement 2013-2025 and Syndicated loan for GAES acquisition	(2,159)
<b>Short-term financial liabilities</b>	<b>42,821</b>

All the other items in the net financial indebtedness table correspond to items in the statement of financial position.

## 9. Financial liabilities

The long-term financial liabilities breakdown is as follows:

(€ thousands)	09/30/2020	12/31/2019	Change
Private placement 2013-2025	93,953	97,917	(3,964)
Eurobond 2020-2027	350,000	-	350,000
Syndicated loan for GAES acquisition	178,875	463,750	(284,875)
Other medium long-term bank loans	490,477	190,001	300,476
Fees for bank loans, private placement 2013-2025 and syndicated loan for GAES acquisition	(6,719)	(949)	(5,770)
<b>Total medium/long-term financial liabilities</b>	<b>1,106,586</b>	<b>750,719</b>	<b>355,867</b>
Short term debt	42,821	163,947	(121,126)
- of which current portion for the financing for GAES acquisition	19,875	39,750	(19,875)
- of which current portion for the private placement 2013-2025	-	17,803	(17,803)
- of which current portion of other short-term bank loans	12,845	6,666	6,179
- of which fees for bank loans, private placement 2013-2025 and syndicated loan for GAES acquisition	(2,159)	(663)	(1,496)
<b>Total short-term financial liabilities</b>	<b>42,821</b>	<b>163,947</b>	<b>(121,126)</b>
<b>Total financial liabilities</b>	<b>1,149,407</b>	<b>914,666</b>	<b>234,741</b>

At the beginning of February Amplifon began refinancing the next debt maturities well in advance and successfully completed the placement of a €350 million 7-year Eurobond. Furthermore, when the first signs of the pandemic materialized, new long-term borrowings (term loan and revolving facilities), totaling €383.5 million expiring between 2023 and 2025, were secured at market rates, €180 million in existing bilateral loans were also renegotiated with the maturities extended to 2024-2025 and the expiration of €60 million in revolving credit facilities was extended to 2025 in order to protect the Group.

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	Nominal value (€/000)	Fair Value (€/000)	Nominal interest rate (*)	Euro interest rate after hedging
13/02/2020	Amplifon S.p.A.	13/02/2027	350,000	345,628	1.125%	N/A
<b>Total in Euro</b>			<b>350,000</b>	<b>345,628</b>		

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

- Syndicated loan for the GAES acquisition  
An unsecured syndicated bank loan negotiated with five top-tier banks for the acquisition of GAES originally comprised of two tranches:
  - a five-year amortizing loan of €265 million (Facility A);

- a €265 million 18-month bullet loan (Facility B) with an option to extend it to five years which may be exercised at Amplifon's discretion before the expiration date. This tranche was paid back in February 2020 thanks to the proceeds of the Eurobond issue above mentioned.

Issue Date	Debtor	Maturity	Nominal value (€/000)	Outstanding debt (€/000)	Fair Value (€/000)	Nominal interest rate (*)	Euro interest rate after hedging (**)
18/12/2018	Amplifon S.p.A.	28/09/2023	265,000	198,750	204,173	0.832%	1.232%
<b>Total in Euro</b>			<b>265,000</b>	<b>198,750</b>	<b>204,173</b>		

(\*) The nominal interest rate is equal to Euribor plus a spread.

(\*\*) The floating Euribor rate has been converted into a fixed rate of 0.132%.

The applicable rates depend on the ratio of net financial position over Group EBITDA.

The following table shows the applicable rates (Facility A):

Ratio between net financial position and Group EBITDA	Facility A
Higher than 2.85x	1.65%
Less or equal than 2.84x but higher than 2.44x	1.45%
Less or equal than 2.44x but higher than 2.04x	1.25%
Less or equal than 2.04x but higher than 1.63x	1.10%
Less or equal than 1.63x	0.95%

The rate, calculated based on the Group net debt/EBITDA ratio, is applicable starting from the interest period following the one when the rate was determined and is revisited each year at 30 June and 30 December.

A rate of 1.25% was applied to *Facility A* at 30 September 2020.

- 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 (**)
30/05/2013	Amplifon USA	31/07/2023	USD	8,000	8,000	9,015	4.46%	3.90%
31/07/2013	Amplifon USA	31/07/2023	USD	52,000	52,000	58,678	4.51%	3.90% - 3.94%
31/07/2013	Amplifon USA	31/07/2025	USD	50,000	50,000	60,768	4.66%	4.00% - 4.05%
<b>Total</b>				<b>110,000</b>	<b>110,000</b>	<b>128,461</b>		

(\*) 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.

In July 2020 two tranches maturing on 31 July were repaid for a total of USD 20 million.

- Bank loans

These are 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 (**)
11/01/2018	Amplifon S.p.A.	Amortizing	11/01/2022	20,000	10,001	10,069	0.372%	10,001	1.040%
30/04/2020	Amplifon S.p.A.	Amortizing	30/04/2023	30,000	30,000	29,961	0.642%		
07/04/2020	Amplifon S.p.A.	Bullet	22/03/2024	60,000	60,000	63,539	1.282%	30,000	1.559%
06/04/2020	Amplifon S.p.A.	Amortizing	06/04/2025	50,000	50,000	51,962	0.821%	50,000	1.012%
07/04/2020	Amplifon S.p.A.	Amortizing	07/04/2025	150,000	150,000	149,841	1.018%	100,000	1.17%
28/04/2020	Amplifon S.p.A.	Amortizing	28/04/2025	50,000	50,000	51,258	0.914%	50,000	1.530%
29/04/2020	Amplifon S.p.A.	Amortizing	29/04/2025	78,000	78,000	77,971	1.480%	54,600	1.540%
23/04/2020	Amplifon S.p.A.	Amortizing	30/06/2025	35,000	35,000	36,491	0.716%	35,000	0.990%
13/05/2020	Amplifon France SAS	Bullet	13/05/2021 (***)	30,000	30,000	30,241	0.500%		
03/08/2020	Amplifon S.p.A.	Amortizing	30/06/2025	10,000	10,000	10,229	1.050%		
<b>Totale</b>				<b>513,000</b>	<b>503,001</b>	<b>511,562</b>		<b>329,601</b>	

(\*) 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.

(\*\*\*) This loan may be extended by Amplifon through 13 May 2026 if the option provided is exercised between 15 January and 15 March 2021.

The loan renegotiations were recognized in accordance with the IFRS 9's "10% test", the quantitative test used to determine the impact of the amendment. The test confirmed that the changes were not substantial.

The following loans:

- the USD 130 million private placement 2013-2025 (equal to €85.4 million including the fair value of the currency hedges which set the Euro/USD exchange rate at 1.2885);
- the EUR 310 million medium/long-term bilateral loans with top-tier banking institutions;
- the EUR 230 million in irrevocable credit lines with top-tier banking institutions;

are subject to the following covenants:

- the Group's net debt/equity ratio must not exceed 1.65;
- the net debt/EBITDA ratio recorded in the last four quarters (determined excluding the fair value of equity-based payments, based solely on recurring business and restated if the Group's structure should change significantly) must not exceed 2.85.

In the event of relevant acquisitions, the above ratios may be increased to 2.20 and 3.26, respectively, for a period of no more than 12 months, twice over the life of the respective loans.

The outstanding amount of the syndicated loan granted for the GAES acquisition, which originally amounted to €530 million, came to €198,750 thousand at 30 September 2020, along with a €50 million bank loan expiring in 2025 and a €15 million irrevocable revolving credit facility are subject to the following covenants:

- the net indebtedness/EBITDA ratio recorded in the last four quarters (determined excluding the fair value of the share-based payments and based solely on recurring business and restated if the Group's structure should change significantly) must not exceed 2.85;
  - the ratio of EBITDA/interest paid recorded in the last four quarters (determined excluding the fair value of the share-based payments and based solely on recurring business and restated if the Group's structure should change significantly) must be higher than 4.9.
- As this last covenant was granted in favor of the lender, it is also applied to the private placement.

Bank loans amounting to €113 million expiring in 2025 and a revolving credit facility of €15 million are subject to the following covenants:

- the Group's net debt/equity ratio must not exceed 1.65;
- the net indebtedness/EBITDA ratio recorded in the last four quarters (determined excluding the fair value of the share-based payments and based solely on recurring business and restated if the Group's structure should change significantly) must not exceed 2.85;
- the ratio of EBITDA/interest paid recorded in the last four quarters (determined excluding the fair value of the share-based payments and based solely on recurring business and restated if the Group's structure should change significantly) must be higher than 4.9.

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, 2 times over the life of the respective loans.

As at 30 September 2020 these ratios were as follows:

	Value as at 09/30/2020
Net financial indebtedness/Group net equity	0.98
Net financial position/EBITDA for the last 4 quarters	1.89
EBITDA for the last 4 quarters/Net financial expenses	22.41

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

(€ thousands)	Value as at 09/30/2020
Group EBITDA first nine months 2020	228,357
EBITDA October-December 2019	126,352
Fair value of stock grant assignment	17,888
EBITDA normalized (from acquisitions and disposals)	1,374
Acquisitions and non-recurring costs	4,739
EBITDA for the covenant calculation	378,710

The net indebtedness has been calculated as follows:

(€ thousands)	Value as at 09/30/2020
Net financial indebtedness as from Balance Sheet	712,552
Bank guarantee issued for a commercial partner in the US	1,708
Net financial indebtedness for the covenant calculation	714,260

The same agreements are also subject to other covenants applied as per 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.

## 10. Lease liabilities

Lease liabilities stem from lease agreements. These liabilities are equal to the present value of future leases due over the lease term.

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

	09/30/2020	12/31/2019	Change
Short-term lease liabilities	84,735	81,585	3,150
Long-term lease liabilities	338,506	343,040	(4,534)
<b>Lease liabilities</b>	<b>423,241</b>	<b>424,625</b>	<b>(1,384)</b>

During the reporting period the following expense items were recognized in the income statement:

	First nine months 2020
Interest paid on leased assets	(7,930)
Right-of-use depreciation	(67,515)
Costs relating to short-term and low-value leases	(7,395)

Application of the practical expedient introduced in the IFRS 16 amendment relating to concessions granted (discounts or exemptions from payments) on leases as a result of Covid-19 had a positive impact on the income statement of €9,409 thousand and on cash of €13,332 thousand.

## 11. Revenues from sales and services

(€ thousands)	First nine months 2020	First nine months 2019	Change
Revenues from sales of products	898,851	1,082,950	(184,099)
Revenues from services	143,271	141,791	1,480
<b>Revenues from sales and services</b>	<b>1,042,122</b>	<b>1,224,741</b>	<b>(182,619)</b>
Goods and services provided at a point in time	898,851	1,082,950	(184,099)
Goods and services provided over time	143,271	141,791	1,480
<b>Revenues from sales and services</b>	<b>1,042,122</b>	<b>1,224,741</b>	<b>(182,619)</b>

Consolidated revenues from sales and services amounted to €1,042,122 thousand in the first nine months of 2020, a decrease of €182,619 thousand (-14.9%) against the comparison period. The nine-month performance in 2020 was characterized by very different trends depending on the impact of the Covid-19 health crisis and the restrictive measures adopted to contain the outbreak. After a very positive beginning of the year, the Group's performance was, in fact, severely impacted by the adoption of severe restrictive measures in the period March-June, but then began to record strong growth beginning in July. Revenues for services rendered were up by €1,480 thousand as they relate to the portion of post sales services recognized over time and are, therefore, less influenced by fluctuations in hearing aid sales.

## 12. Income taxes

The Group's tax rate came to 28.7% compared to 28.5% at 30 September 2019.

## 13. Non-recurring significant events

The period was not impacted by any non-recurring expenses. The non-recurring expenses incurred in the same period of the previous year are shown in the table below:

(€ thousands)		First nine months 2020	First nine months 2019
Operating costs	GAES integration costs	-	(18,372)
Impairment and impairment reversals of non-current assets	Impairment of GAES intangible asset	-	(364)
<b>Profit before tax</b>		<b>-</b>	<b>(18,736)</b>
Income tax expense	Impact of the above items on the tax burden for the period	-	4,717
<b>Total</b>		<b>-</b>	<b>(14,019)</b>

Please refer to Note 2 for more information on the nature and impact of the Covid-19 pandemic.

## 14. Earnings (loss) per share

### *Basic Earnings (loss) per share*

Basic earnings (loss) per share is obtained by dividing the net profit for the period attributable to the ordinary shareholders of the parent company by the weighted average number of shares outstanding in the period, considering purchases and disposals of own shares as cancellations and issues of shares.

Earnings per share are determined as follows:

Earnings per share	First nine months 2020	First nine months 2019
Net profit (loss) attributable to ordinary shareholders (€ thousand)	41,107	61,663
Average number of shares outstanding in the period	223,513,959	221,502,419
Average earnings per share (€ per share)	0.18391	0.27839

### *Diluted earnings (loss) per share*

Diluted earnings (loss) per share is obtained by dividing the net profit for the period attributable to the ordinary shareholders of the parent 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 cancellation or issue of shares.

The 'potential ordinary share' categories refer to the possible conversion of Group employees' stock options and stock grants' attribution. The calculation 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-diluting effects.

Weighted average diluted number of shares outstanding	First nine months 2020	First nine months 2019
Average number of shares outstanding in the period	223,513,959	221,502,419
Weighted average of potential and diluting ordinary shares	2,660,007	4,294,741
Weighted average of shares potentially subject to options in the period	226,173,966	225,797,159

The diluted earnings per share were determined as follows:

Diluted earnings per share	First nine months 2020	First nine months 2019
Net profit attributable to ordinary shareholders (€ thousand)	41,107	61,663
Average number of shares outstanding in the period	226,173,966	225,797,159
Average diluted earnings per share (€)	0.18175	0.27309

## 15. Transactions with parents and other 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. (42.2% of the share capital and 59.4% of the voting rights), held 100% by Amplifon S.p.A. which is fully controlled by Susan Carol Holland.

The related-party transactions, 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 basis as dictated by the nature of the goods and services provided.

The following table details the related-party transactions:

(€ thousands)	09/30/2020				First nine months 2020		
	Trade receivables	Trade payables	Other receivables	Other assets	Revenues for sales and services	Operating costs	Interest income and expense
Amplifon S.p.A.	14	-	2,133	-	-	(12)	25
<b>Total – Parent</b>	<b>14</b>	<b>-</b>	<b>2,133</b>	<b>-</b>	<b>-</b>	<b>(12)</b>	<b>25</b>
Comfoor BV (The Netherlands)	1	117	-	-	375	(1,957)	-
Comfoor GmbH (Germany)	-	1	-	-	-	(1)	-
Ruti Levinson Institute Ltd (Israel)	264	-	-	-	205	(4)	-
Afik - Test Diagnosis & Hearing Aids Ltd (Israel)	30	-	-	22	330	-	-
<b>Total – Other related parties</b>	<b>295</b>	<b>118</b>	<b>-</b>	<b>22</b>	<b>910</b>	<b>(1,962)</b>	<b>-</b>
<b>Total related parties</b>	<b>309</b>	<b>118</b>	<b>2,133</b>	<b>22</b>	<b>910</b>	<b>(1,974)</b>	<b>25</b>
<b>Total as per financial statements</b>	<b>159,502</b>	<b>149,745</b>	<b>68,723</b>	<b>59,240</b>	<b>1,042,121</b>	<b>(826,925)</b>	<b>(13,448)</b>
<b>% of financial statements total</b>	<b>0.19%</b>	<b>0.08%</b>	<b>3.10%</b>	<b>0.04%</b>	<b>0.09%</b>	<b>0.24%</b>	<b>-0.19%</b>

The trade receivables and other receivables, revenues from sales and services and other income with related parties refer primarily to:

- the recovery of maintenance costs and building fees and the recharge of personnel expense to Amplifon S.p.A.;
- the amounts due from Amplifon S.p.A. for the renovation of the headquarters based on modern and efficient standards for the use of workspaces;
- the trade receivables due from associates (mainly in Israel) which act as resellers and to which the Group supplies hearing aids.

The trade payables and operating costs refer primarily to commercial transactions with Comfoor BV and Comfoor GmbH and to joint ventures from which hearing protection devices are purchased and then distributed in Group stores.

With the application of IFRS 16, the lease of the Milan headquarters (leased to Amplifon by the parent company Amplifon) is no longer recognized as an operating cost, but is recognized under right-of-use depreciation for €1,366 thousand, interest on leases for €288 thousand and lease liabilities of €17,187 thousand.

## 16. Financial risk management

The Covid-19 pandemic and the lockdown measures put into place by the different governmental authorities caused sales to drop sharply in March and April as a result of store closures. As described in Note 8, in order to manage liquidity risk and safeguard the Group against any future lockdown measures implemented if the pandemic were to return, Amplifon, which had already begun refinancing the next debt maturities well in advance by issuing a €350 million 7-year Eurobond in February, refinanced and signed new long-term credit lines, mainly in the second quarter, in order to ensure adequate headroom of more than €728 million (comprising cash on balance sheet and irrevocable revolving credit lines).

For additional information about financial risk management please refer to the Group's 2019 Annual Report in which a detailed analysis of financial risk management is provided.

## 17. Contingent liabilities

Currently the Group is not exposed to any particular risks or uncertainties with the exception of what has already been described in relation to the Covid-19 crisis and the usual tax audits that are part of periodic monitoring activities. The audits, already referred to in the half-year financial report, are still in progress and they will be finalized soon. At the moment no particular findings have been highlighted, in any case the Group is confident on the correctness of its operations.

## 18. Translation of foreign companies' financial statements

The exchange rates used to translate non-Euro zone companies' financial statements are as follows:

	30 September 2020		2019	30 September 2019	
	Average exchange rate	As at 30 June	As at 31 December	Average exchange rate	As at 30 June
Panamanian balboa	1.125	1.1708	1.1234	1.1236	1.0889
Australian dollar	1.6627	1.6438	1.5995	1.6077	1.6126
Canadian dollar	1.5218	1.5676	1.4598	1.4935	1.4426
New Zealand dollar	1.7622	1.7799	1.6653	1.6928	1.7375
Singapore dollar	1.5635	1.6035	1.5111	1.5332	1.506
US dollar	1.125	1.1708	1.1234	1.1236	1.0889
Hungarian florin	348.127	365.53	330.53	323.0732	334.83
Swiss franc	1.068	1.0804	1.0854	1.1179	1.0847
Egyptian lira	17.8449	18.442	18.0192	19.1576	17.738
New Israeli shekel	3.9091	4.0277	3.8845	4.0313	3.7877
Argentine peso	89.1232	89.1232	67.2749	49.8762	62.3995
Chilean peso	901.52	920.47	844.86	770.61	791.24
Colombian peso	4,167.09	4,550.37	3,688.66	3,640.8	3,768.25
Mexican peso	24.5232	26.1848	21.2202	21.6336	21.4522
Brazilian real	5.71	6.6308	4.5157	4.3646	4.5288
Chinese renminbi	7.8659	7.972	7.8205	7.7135	7.7784
Indian rupee	83.496	86.299	80.187	78.8301	77.1615
British pound	0.88509	0.91235	0.8508	0.88346	0.88573
Polish zloty	4.422	4.5462	4.2568	4.3011	4.3782

## 19. Segment reporting

In accordance with IFRS 8 “Operating Segments”, the schedules related to each operating segment are shown below.

The Amplifon Group’s business (distribution and customization of hearing solutions) is organized into three specific geographical areas which comprise the Group’s operating segments: Europe, Middle-East and Africa - EMEA - (Italy, France, The Netherlands, Germany, the United Kingdom, Ireland, 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 segment.

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 by 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 compared to bank loans and 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.

## Statement of Financial Position as at September 30<sup>st</sup>, 2020 (\*)

(€ thousands)	EMEA	AMERICAS	APAC	ELIM.	CONSOLIDATED
<b>ASSETS</b>					
<b>Non-current assets</b>					
Goodwill	848,842	116,801	269,495	-	1,235,138
Intangible fixed assets with finite useful life	273,525	27,967	44,902	-	346,394
Tangible fixed assets	140,486	8,876	24,512	-	173,874
Right-of-use assets	356,036	15,609	37,015	-	408,660
Equity-accounted investments	1,907	-	-	-	1,907
Hedging instruments	8,659	-	-	-	8,659
Deferred tax assets	68,734	613	6,043	-	75,390
Deferred contract costs	6,717	273	53	-	7,043
Other assets	23,703	34,597	940	-	59,240
<b>Total non-current assets</b>					<b>2,316,305</b>
<b>Current assets</b>					
Inventories	56,831	3,342	3,450	-	63,623
Receivables	186,181	40,754	18,815	(17,526)	228,224
Deferred contract costs	3,990	175	73	-	4,238
Hedging instruments	-	-	-	-	-
Other financial assets					85
Cash and cash equivalents					462,630
<b>Total current assets</b>					<b>758,800</b>
<b>TOTAL ASSETS</b>					<b>3,075,105</b>
<b>LIABILITIES</b>					
<b>Net Equity</b>					
					<b>726,722</b>
<b>Non-current liabilities</b>					
Medium/long-term financial liabilities					1,106,586
Lease liabilities					338,506
Provisions for risks and charges	18,747	28,113	821	-	47,681
Liabilities for employees' benefits	24,093	114	472	-	24,679
Hedging instruments	6,249	-	-	-	6,249
Deferred tax liabilities	66,385	17,558	10,590	-	94,533
Payables for business acquisitions	21,918	510	-	-	22,428
Contract liabilities	120,533	7,418	2,279	-	130,230
Other long-term liabilities	9,001	85	-	-	9,086
<b>Total non-current liabilities</b>					<b>1,779,978</b>
<b>Current liabilities</b>					
Trade payables	111,089	33,600	22,575	(17,519)	149,745
Payables for business acquisitions	2,326	647	105	-	3,078
Contract liabilities	71,648	7,506	8,797	-	87,951
Other payables and tax payables	164,170	10,196	21,435	(7)	195,794
Provisions for risks and charges	2,952	486	-	-	3,438
Liabilities for employees' benefits	748	95	-	-	843
Short-term financial liabilities					42,821
Lease liabilities					84,735
<b>Total current liabilities</b>					<b>568,405</b>
<b>TOTAL LIABILITIES</b>					<b>3,075,105</b>

(\*) The items in the statement of financial position are analyzed by the CEO and Top Management by geographical segment without being separated from the corporate functions which are included in EMEA.

**Statement of Financial Position as at December 31<sup>st</sup>, 2019 <sup>(\*)</sup>**

(€ thousands)	EMEA	AMERICAS	APAC	ELIM.	CONSOLIDATED
<b>ASSETS</b>					
<b>Non-current assets</b>					
Goodwill	839,802	126,418	249,291	-	1,215,511
Intangible fixed assets with finite useful life	291,674	30,257	45,577	-	367,508
Tangible fixed assets	158,390	10,450	27,739	-	196,579
Right-of-use assets	361,739	18,300	38,390	-	418,429
Equity-accounted investments	2,314	-	-	-	2,314
Hedging instruments	8,153	-	-	-	8,153
Deferred tax assets	73,434	3,400	4,593	-	81,427
Deferred contract costs	7,046	222	71	-	7,339
Other assets	25,270	41,256	990	-	67,516
<b>Total non-current assets</b>					<b>2,364,776</b>
<b>Current assets</b>					
Inventories	55,834	4,433	4,325	-	64,592
Receivables	217,387	50,814	26,722	(18,151)	276,772
Deferred contract costs	4,176	122	88	-	4,386
Hedging instruments	2,201	-	-	-	2,201
Other financial receivables					240
Cash and cash equivalents					138,371
<b>Total current assets</b>					<b>486,562</b>
<b>TOTAL ASSETS</b>					<b>2,851,338</b>
<b>LIABILITIES</b>					
<b>Net Equity</b>					
					<b>696,115</b>
<b>Non-current liabilities</b>					
Medium/long-term financial liabilities					750,719
Lease liabilities					343,040
Provisions for risks and charges	17,620	32,406	264	-	50,290
Liabilities for employees' benefits	24,143	130	1,008	-	25,281
Hedging instruments	4,290	-	-	-	4,290
Deferred tax liabilities	70,398	21,265	10,448	-	102,111
Payables for business acquisitions	12,876	651	0	-	13,527
Contract liabilities	124,540	8,530	1,982	-	135,052
Other long-term liabilities	8,466	183	-	-	8,649
<b>Total non-current liabilities</b>					<b>1,432,959</b>
<b>Current liabilities</b>					
Trade payables	127,909	40,928	23,571	(15,018)	177,390
Payables for business acquisitions	9,257	988	-	-	10,245
Contract liabilities	81,557	8,332	7,836	-	97,725
Other payables and tax payables	165,279	9,657	14,754	(3,133)	186,557
Hedging instruments	28	-	-	-	28
Provisions for risks and charges	3,650	592	-	-	4,242
Liabilities for employees' benefits	478	67	-	-	545
Short-term financial liabilities					163,947
Lease liabilities					81,585
<b>Total current liabilities</b>					<b>722,264</b>
<b>TOTAL LIABILITIES</b>					<b>2,851,338</b>

(\*) The items in the statement of financial position are analyzed by the CEO and Top Management by geographical segment without being separated from the corporate functions which are included in EMEA.

**Income Statement – First nine months 2020 <sup>(\*)</sup>**

(€ thousands)	EMEA	AMERICAS	APAC	CORPORATE	ELIM.	CONSOLIDATED
Revenues from sales and services	740,652	174,163	127,307	-	-	1,042,122
Operating costs	(571,272)	(137,023)	(83,190)	(35,440)	-	(826,925)
Other income and costs	10,297	1,566	1,015	282	-	13,160
<b>Gross operating profit by segment (EBITDA)</b>	<b>179,677</b>	<b>38,706</b>	<b>45,132</b>	<b>(35,158)</b>	-	<b>228,357</b>
<b>Amortization, depreciation and impairment</b>						
Intangible assets amortization	(27,741)	(4,338)	(7,638)	(5,763)	-	(45,480)
Tangible asset depreciation	(26,099)	(1,609)	(6,159)	(1,198)	-	(35,065)
Right-of-use depreciation	(55,860)	(2,884)	(8,438)	(333)	-	(67,515)
Impairment losses and reversals of non-current assets	(590)	-	(43)	-	-	(633)
	<b>(110,290)</b>	<b>(8,831)</b>	<b>(22,278)</b>	<b>(7,294)</b>	-	<b>(148,693)</b>
<b>Operating result by segment</b>	<b>69,387</b>	<b>29,875</b>	<b>22,854</b>	<b>(42,452)</b>	-	<b>79,664</b>
<b>Financial income, expenses and value adjustments to financial assets</b>						
Group's share of the result of associated companies valued at equity and gains/losses on disposals of equity investments	(404)	-	-	-	-	(404)
Other income and expenses, impairment and revaluations of financial assets						(34)
Interest income and expenses						(13,448)
Interest expenses on lease liabilities						(7,930)
Other financial income and expenses						(705)
Exchange gains and losses						554
Gain (loss) on assets accounted at fair value						6
						<b>(21,961)</b>
<b>Net profit (loss) before tax</b>						<b>57,703</b>
<b>Current and deferred income tax</b>						
Current income tax						(20,194)
Deferred tax						3,610
						<b>(16,584)</b>
<b>Total net profit (loss)</b>						<b>41,119</b>
Minority interests						12
<b>Net profit (loss) attributable to the Group</b>						<b>41,107</b>

(\*) For the purposes of reporting on economic figures by geographical segment, please note that the corporate structures are included in EMEA.

## Income Statement – First nine months 2019 <sup>(\*)</sup>

(€ thousands)	EMEA	AMERICAS	APAC	CORPORATE	CONSOLIDATED
Revenues from sales and services	877,827	203,382	140,218	3,314	1,224,741
Operating costs	(691,449)	(159,105)	(98,446)	(32,588)	(981,588)
Other income and costs	668	476	(118)	59	1,085
<b>Gross operating profit by segment (EBITDA)</b>	<b>187,046</b>	<b>44,753</b>	<b>41,654</b>	<b>(29,215)</b>	<b>244,238</b>
<b>Amortization, depreciation and impairment</b>					
Intangible assets amortization	(26,263)	(3,613)	(6,758)	(5,476)	(42,110)
Tangible asset depreciation	(23,934)	(1,307)	(3,807)	(1,165)	(30,213)
Right-of-use depreciation	(54,944)	(2,795)	(7,197)	-	(64,936)
Impairment losses and reversals of non-current assets	(906)	-	(100)	-	(1,006)
	<b>(106,047)</b>	<b>(7,715)</b>	<b>(17,862)</b>	<b>(6,641)</b>	<b>(138,265)</b>
<b>Operating result by segment</b>	<b>80,999</b>	<b>37,038</b>	<b>23,792</b>	<b>(35,856)</b>	<b>105,973</b>
<b>Financial income, expenses and value adjustments to financial assets</b>					
Group's share of the result of associated companies valued at equity	217	-	-	-	217
Other income and expenses, impairment and revaluations of financial assets					3
Interest income and expenses					(10,918)
Other financial income and expenses					(8,521)
Exchange gains and losses					(260)
Gain (loss) on assets accounted at fair value					108
					(345)
					<b>(19,716)</b>
<b>Net profit (loss) before tax</b>					<b>86,257</b>
<b>Current and deferred income tax</b>					
Current income tax					(32,901)
Deferred tax					8,337
					<b>(24,564)</b>
<b>Total net profit (loss)</b>					<b>61,693</b>
Minority interests					30
<b>Net profit (loss) attributable to the Group</b>					<b>61,663</b>

(\*) For the purposes of reporting on economic figures by geographical segment, please note that the corporate structures are included in EMEA.

## 20. Accounting policies

### 20.1. Presentation of the financial statements

The condensed interim consolidated financial statements at 30 September 2020 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 more 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 the hedging reserve 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.

The government contributions received in the first nine months of 2020 are offset against the related cost or recognized under other revenues/income if not associated directly with a specific cost item given the nature of the assistance received.

### 20.2. 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;

- importance of the contractual amendments stemming from the renegotiation of long-term financial liabilities measured using the most recent market rates when the market rates are applicable;
- 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;
- the discount rate (incremental borrowing rate) applied to future rent payments was determined using the risk-free rate in the country where the agreement was executed, with expirations consistent with the term of the specific lease agreement plus the parent’s credit spread and any costs for additional guarantees.

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.

## 20.3. IFRS standards and interpretations

### International financial reporting standards and 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 16 "Leases Covid 19-Related Rent Concessions" (issued on 22 May 2020)	9 Oct 20	12 Oct 20	1 Jun 20	1 Jan 20
Amendments to IFRS 3: "Business Combinations" (issued on 22 October 2018)	21 Apr 20	22 Apr 20	1 Jan 20	1 Jan 20
Amendments to IFRS 9, IAS 39 and IFRS 7: "Interest Rate Benchmark Reform" (issued on 26 September 2019)	15 Jan 20	16 Jan 20	1 Jan 20	1 Jan 20
Revised version of the IFRS Conceptual Framework (issued on 29 March 2018)	29 Nov 19	6 Dec 19	1 Jan 20	1 Jan 20
Amendments to IAS 1 and IAS 8: "Definition of Material" (issued on 31 October 2018)	29 Nov 19	10 Dec 19	1 Jan 20	1 Jan 20

The amendment to IFRS 16 "*Leases Covid 19-Related Rent Concessions*" introduced a practical expedient in the chapter "Lease amendments" which allows for lessees to treat any Covid-19 lease concessions granted as of 1 January 2020 as variable lease payments and not as modifications of the original lease. In order to apply this exemption, the following conditions must be satisfied:

- the rent concession is a direct consequence of Covid-19 and any reduction in lease payments affects only payments originally due on or before 30 June 2021;
- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- there are no substantive changes to other terms and conditions of the lease.

Application of the practical expedient relating to concessions granted (discounts or exemptions from payments) on leases as a result of Covid-19 had a positive impact on the income statement of €9,409 thousand.

The adoption of the other standards and interpretations referred to above is not expected to have a material impact on the measurement of the Group's assets, liabilities, costs and revenues.

## Future financial reporting standards and interpretations

### International Financial Reporting Standards and interpretations approved by the IASB but not yet endorsed in Europe

The International Financial Reporting Standards, interpretations and amendments to existing standards and interpretations, or specific provisions included in the standards and interpretations, approved by IASB, but not yet endorsed for adoption in Europe on 30 September 2020 are listed below:

Description	Effective date
IFRS 17 "Insurance Contracts" (issued on 18 May 2017)	Periods beginning on or after 1 Jan '23
Amendments to IFRS 4 "Insurance Contracts – deferral of IFRS 9" (issued on 25 June 2020)	Periods beginning on or after 1 Jan '21
Amendments to IAS 1: "Presentation of Financial Statements – Classification of liabilities as current or non-current" (issued on 23 January 2020)	Periods beginning on or after 1 Jan '23
Amendments to:	
<ul style="list-style-type: none"> <li>• IFRS 3 Business Combinations</li> <li>• IAS 16 Property, Plant and Equipment</li> <li>• IAS 37 Provisions, Contingent Liabilities and Contingent Assets</li> <li>• Annual Improvements 2018-2020</li> </ul> (all issued on 14 May 2020)	Periods beginning on or after 1 Jan '22
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform – Phase 2" (issued on 27 Aug 2020)	Periods beginning on or after 1 Jan '21

The adoption of the standards and interpretations above is not expected to have a material impact on the measurement of the Group's assets, liabilities, costs and revenues.

## 21. Subsequent events

The positive performance in revenues recorded, above all, in the third quarter continued in October, even if the recent surge in contagion worldwide and in Europe, the risks associated with future developments in the pandemic and the implementation of partial lockdown measures by the different governmental authorities call for a certain amount of caution going forward and limit the visibility on the near future.

At the beginning of October the expiration of a €30 million irrevocable revolving credit line was extended from December 2021 to 2025.

Exercise of the performance stock grant rights continued and on 28 October 2020 the Company transferred n. 87,300 treasury shares to the beneficiaries. At the date of this report the Company holds a total of 1,861,131 treasury shares or 0.822% of the Company's share capital.

In accordance with the 2019-2025 plan, on 28 October 2020 the Board of Directors assigned n. 99,800 rights relative to the second tranche of the stock grant cycle 2020-2022 as recommended by the Remuneration and Appointments Committee pursuant to Article 84 bis.5 of CONSOB Regulation n. 11971/99, as amended.

Milan, 28 October 2020

On behalf of the Board of Directors  
CEO

Enrico Vita

## Annexes

### Consolidation scope

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 scope of Amplifon S.p.A. at 30 September 2020.

#### 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	Registered head office	Direct/Indirect ownership	Currency	Share Capital	% held as at 09/30/2020
Amplifon Rete	Milan (Italy)	D	EUR	13,250	4.35%
Otohub S.r.l.	Naples (Italy)	D	EUR	28,571	100.0%
Amplifon France SAS	Arcueil (France)	D	EUR	98,550,898	100.0%
SCI Eliot Leslie	Lyon (France)	I	EUR	610	100.0%
Conversions Paris 19 Sarl	Paris (France)	I	EUR	1,000	100.0%
Conversions Couëron SAS	Paris (France)	I	EUR	1,000	100.0%
Audiosons Nantes SAS	Paris (France)	I	EUR	16,000	100.0%
Amplifon France Holding	Arcueil (France)	D	EUR	1	100.0%
Laboratoire d'Audiologie Eric Hans SAS	Belfort (France)	I	EUR	380,000	100.0%
Audition Paca SAS	Thionville (France)	I	EUR	5,000	100.0%
Acovoux SAS	Paris (France)	I	EUR	50,000	100.0%
Audition-Assas.com Sarl	Paris (France)	I	EUR	201,000	100.0%
N France SAS	Mulhouse (France)	I	EUR	30,000	100.0%
Audiness SAS	Mulhouse (France)	I	EUR	30,000	100.0%
T.S.P SAS	Nantes (France)	I	EUR	20,000	100.0%
OA1 Sarl	Nantes (France)	I	EUR	3,000	100.0%
OA2 Eurl	Carquefou (France)	I	EUR	3,000	100.0%
OA3 Eurl	Orvault (France)	I	EUR	3,000	100.0%
Amplifon Iberica SA	Zaragoza (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%
Auditiva 2014 S.A.	Andorra la Vella (Andorra)	I	EUR	3,000	100.0%
Amplifon Portugal SA	Lisboa (Portugal)	I	EUR	15,520,187	100.0%
Amplifon Magyarország Kft	Budapest (Hungary)	D	HUF	3,500,000	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 Netherlands)	D	EUR	74,212,052	100.0%
Auditech BV	Doesburg (The Netherlands)	I	EUR	22,500	100.0%

Company name	Registered head office	Direct/Indirect ownership	Currency	Share Capital	% held as at 09/30/2020
Electro Medical Instruments BV	Doesburg (The Netherlands)	I	EUR	16,650	100.0%
Beter Horen BV	Doesburg (The Netherlands)	I	EUR	18,000	100.0%
Amplifon Customer Care Service BV	Elst (The Netherlands)	I	EUR	18,000	100.0%
Amplifon Belgium NV	Bruxelles (Belgium)	D	EUR	495,800	100.0%
Amplifon Luxemburg Sarl	Luxembourg (Luxembourg)	I	EUR	50,000	100.0%
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	3,344,520	100.0%
Amplifon UK Ltd	Manchester (UK)	D	GBP	130,951,168	100.0%
Amplifon Ltd	Manchester (UK)	I	GBP	1,800,000	100.0%
Ultra Finance Ltd	Manchester (UK)	I	GBP	75	100.0%
Amplifon Ireland Ltd	Wexford (Ireland)	I	EUR	1,000	100.0%
Amplifon Cell	Ta' Xbiex (Malta)	D	EUR	1,000,125	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	0	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	0	100.0%
ME Pivot Holdings LLC	Minneapolis (USA)	I	USD	2,000,000	100.0%
Miracle Ear Canada Ltd.	Vancouver (Canada)	I	CAD	63,979,200	100.0%
Sound Authority, Inc.	Orangeville (Canada)	I	CAD	0	100.0%
2332325 Ontario Ltd.	Strathroy (Canada)	I	CAD	0	100.0%
6793798 Manitoba Ltd	Winnipeg (Canada)	I	CAD	0	100.0%
Grand River Tinnitus and Hearing Centre Ltd	Kitchener (Canada)	I	CAD	0	100.0%
Cobourg Hearing Ltd.	Cobourg (Canada)	I	CAD	0	100.0%
Ossicle Hearing Ltd.	Kelowna (Canada)	I	CAD	0	100.0%
2076748 Alberta Ltd.	Edmonton (Canada)	I	CAD	0	100.0%
2063047 Alberta Ltd.	Edmonton (Canada)	I	CAD	0	100.0%
Amplifon South America Holding LTDA	São Paulo (Brasil)	D	BRL	3,636,348	100.0%
GAES S.A.	Santiago de Chile (Chile)	D	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	Bogota (Colombia)	I	COP	21,803,953,043	100.0%
Soluciones Audiologicas de Colombia SAS	Bogota (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%

Company name	Registered head office	Direct/Indirect ownership	Currency	Share Capital	% held as at 09/30/2020
Compañía de Audiología 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%
National Hearing Centres Pty Ltd	Sydney (Australia)	I	AUD	100	100.0%
National Hearing Centres Unit Trust	Sydney (Australia)	I	AUD	0	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)	D	AUD	0	100.0%
Otohub Australasia Pty Ltd	Brisbane (Australia)	D	AUD	10	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	0	100.0%
Dilworth Hearing Ltd	Auckland (New Zealand)	I	NZD	0	100.0%
Amplifon India Pvt Ltd	Gurgaon (India)	I	INR	1,400,000,000	100.0%
Beijing Amplifon Hearing Technology Center Co. Ltd (**)	Béijīng (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%

(\*) 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%.

(\*\*) Beijing Amplifon Hearing Technology Center Co. Ltd and its subsidiaries (Tianjin Amplifon Hearing Technology Co. Ltd and Shijiazhuang Amplifon Hearing Technology Co. Ltd), despite being 51% owned by Amplifon, are consolidated at 100% without exposure of non-controlling interests due to the put-call option exercisable from 2022 and related to the purchase of the remaining 49%.

**Companies valued using the equity method:**

Company name	Registered head office	Direct/Indirect ownership	Currency	Share Capital	% held as at 09/30/2020
Comfoor BV (*)	Doesburg (The Netherlands)	I	EUR	18,000	50.0%
Comfoor GmbH (*)	Emmerich am Rhein (Germany)	I	EUR	25,000	50.0%
Ruti Levinson Institute Ltd (**)	Ramat HaSharon (Israel)	I	ILS	105	16.0%
Afik - Test Diagnosis & Hearing Aids Ltd (**)	Jerusalem (Israel)	I	ILS	100	16.0%
Lakeside Specialist Centre Ltd (**)	Mairangi Bay (New Zealand)	I	NZD	0	50.0%

(\*) Joint Venture

(\*\*) Related companies

**Declaration of the Executive Responsible for Corporate Accounting Information pursuant to Article 154-bis of Legislative Decree 58/1998 (Consolidated finance act)**

The undersigned Gabriele Galli, Chief Financial Officer of the Amplifon Group, as Executive Responsible for Corporate Accounting Information hereby declares that the quarterly report at 30 September 2020 corresponds to the results documented in the books, accounting and other records of the Company.

Milan, 28 October 2020

**Executive Responsible for Corporate  
Accounting Information**

Gabriele Galli