

**Interim
Financial
Report as at
31 March
2023**

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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 several factors, the majority of which are out of the Group's control.

PREFACE

This Interim Financial Report as at 31 March 2023 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 2022 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 31 MARCH 2023

HIGHLIGHTS

In the first three months of 2023 Amplifon recorded a significant increase in revenues across all geographies, as well as an improvement in profitability. This result was achieved thanks to a high organic growth significantly superior to the market driven by the effectiveness of the continuous investments made in the business and operating efficiency.

(€ thousands)	First three months 2023		First three months 2022	
	Recurring	Total	Recurring	Total
Economic figures:				
Revenues from sales and services	540,251	540,251	495,808	495,808
Gross operating profit (loss) (EBITDA)	123,533	115,641	112,853	109,806
Operating profit (loss) (EBIT)	61,458	53,566	55,204	52,157
Profit (loss) before tax	49,510	41,618	46,760	43,713
Group net profit (loss)	34,885	29,299	32,807	30,613

The first three months of the year closed with:

- turnover of €540,521 thousand, an increase of 9.0% compared to the first three months of 2022 (+9.3% at constant exchange rates).
- gross operating margin (EBITDA) of €123,533 thousand, higher than the first three months of 2022 of 9.5% on a recurring basis, with an EBITDA margin of 22.9% (+0.1 p.p. against the comparison period).
- Group net profit of €34,885 thousand, higher than €2,078 thousand (+6.3%) compared to first three months of 2022 on a recurring basis.

Net financial debt, without lease liabilities, amounts to €826,351 thousand compared to €829,993 thousand as of 31 December 2022, confirming the Group's ability to generate cash flow. Free cash flow reached a positive €46,301 thousand (€ 53,410 thousand in the first three months of the prior year) after absorbing capital expenditure of €26,625 thousand (€21,080 thousand in the comparison period). This result made it possible to finance cash-outs for acquisitions of €38,799 thousand (€23,855 thousand in the comparison period).

MAIN ECONOMIC AND FINANCIAL FIGURES

(€ thousands)	First three months 2023				First three months 2022				Change % on recurring
	Recurring	Non-recurring	Total	% on recurring	Recurring	Non-recurring	Total	% on recurring	
Economic figures:									
Revenues from sales and services	540,251	-	540,251	100.0%	495,808	-	495,808	100.0%	9.0%
Gross operating profit (loss) (EBITDA)	123,533	(7,892)	115,641	22.9%	112,853	(3,047)	109,806	22.8%	9.5%
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	73,407	(7,892)	65,515	13.6%	66,714	(3,047)	63,667	13.5%	10.0%
Operating profit (loss) (EBIT)	61,458	(7,892)	53,566	11.4%	55,204	(3,047)	52,157	11.1%	11.3%
Profit (loss) before tax	49,510	(7,892)	41,618	9.2%	46,760	(3,047)	43,713	9.4%	5.9%
Group net profit (loss)	34,885	(5,586)	29,299	6.5%	32,807	(2,194)	30,613	6.6%	6.3%

(€ thousands)	03/31/2023	12/31/2022	Change
Financial figures:			
Non-current assets	2,890,270	2,874,982	15,288
Net invested capital	2,352,657	2,338,949	13,708
Group net equity	1,046,141	1,038,509	7,632
Total net equity	1,047,292	1,040,350	6,942
Net financial indebtedness	826,351	829,993	(3,642)
Lease liabilities	479,014	468,606	10,408
Total lease liabilities and net financial indebtedness	1,305,365	1,298,599	6,766

(€ thousands)	First three months 2023	First three months 2022
Free cash flow		
	46,301	53,410
Cash flow generated from (absorbed by) business combinations	(38,799)	(23,855)
(Purchase) sale of other investments and securities	-	40
Cash flow provided by (used in) financing activities	(1,796)	(28,907)
Net cash flow from the period	5,706	688
Effect of exchange rate fluctuations on the net financial position	(2,064)	1,927
Net cash flow from the period with changes for exchange rate fluctuations and discontinued operations	3,642	2,615

- **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

	03/31/2023	12/31/2022	03/31/2022
Net financial indebtedness (€ thousands)	826,351	829,993	868,571
Lease liabilities (€ thousands)	479,014	468,606	469,743
Total lease liabilities & net financial indebtedness (€ thousands)	1,305,365	1,298,599	1,338,314
Net equity (€ thousands)	1,047,292	1,040,350	979,532
Group Net Equity (€ thousands)	1,046,141	1,038,509	977,342
Net financial indebtedness/Net Equity	0.79	0.80	0.89
Net financial indebtedness/Group Net Equity	0.79	0.80	0.89
Net financial indebtedness/EBITDA	1.48	1.52	1.64
EBITDA/Net financial expenses	25.74	22.26	28.16
Earnings per share (EPS) (€)	0.13048	0.79570	0.13638
Diluted EPS (€)	0.15535	0.78699	0.13504
EPS (€) adjusted for non-recurring transactions and amortization/depreciation related to purchase price allocations to tangible and intangible assets	0.19629	0.97738	0.18443
Group Net Equity per share (€)	4.653	4.625	4.359
Period-end price (€)	31.94	27.820	40.540
Highest price in period (€)	32.19	47.044	47.430
Lowest price in period (€)	25.02	23.250	33.530
Share price/net equity per share	6.864	6.016	9.304
Market capitalization (€ millions)	7,173,10	6,247,18	9,089,26
Number of shares outstanding	224,580,485	224,557,260	224,204,810

- **Net financial indebtedness/net equity** is the ratio of net financial indebtedness, excluding lease liabilities and short-term investments not cash equivalents, to total net equity.
- **Net financial indebtedness/Group net equity** is the ratio of the net financial indebtedness, excluding lease liabilities and short-term investments not cash equivalents, to the Group's net equity.
- **Net financial indebtedness/EBITDA** is the ratio of net financial indebtedness, excluding lease liabilities and short-term investments not cash equivalents, to EBITDA for the last four quarters (determined with reference to recurring operations only, based on pro forma figures in case of significant changes to the structure of the Group).
- **EBITDA/net financial expenses ratio** is the ratio of EBITDA for the last four quarters (determined with reference to recurring operations only, based on restated figures in case of significant changes to the structure of the Group) to net interest payable and receivable of the same last four quarters.
- **Earnings per share (EPS)** is the net profit for the period attributable to the parent's ordinary shareholders divided by the weighted average number of shares outstanding during the period, considering purchases and sales of treasury shares as cancellations or issues of shares, respectively.
- **Diluted earnings per share (EPS)** is the net profit for the period attributable to the parent's ordinary shareholders divided by the weighted average number of shares outstanding during the period adjusted for the dilution effect of potential shares. In the calculation of

outstanding shares, purchases and sales of treasury shares are considered as cancellations and issues of shares, respectively.

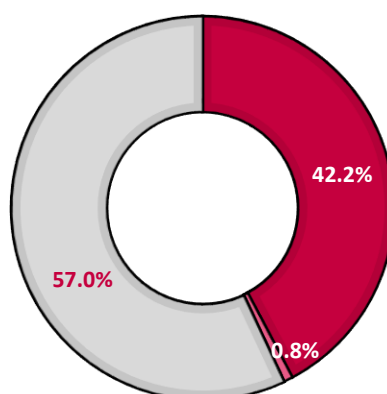
- **Earnings per share (EPS) adjusted for non-recurring transactions and amortization/depreciation related to purchase price allocations to tangible and intangible assets** is the profit for the period from recurring operations attributable to the parent's ordinary shareholders divided by the weighted average number of outstanding shares in the period adjusted to reflect the amortization of purchase price allocations. When calculating the number of outstanding shares, the purchases and sales of treasury shares are considered cancellations and share issues, respectively.
- **Net Equity per share** is the ratio of Group equity to the number of outstanding shares.
- **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 31 March 2023 are:

■ Ampliter S.r.l. ■ Treasury shares ■ Market



Shareholder	No. of ordinary shares	% held	% of the total share capital in voting rights
Ampliter S.r.l.	95,604,369	42.23%	59.27%
Treasury shares	1,808,135	0.80%	0.56%
Market	128,976,116	56.97%	40.17%
Total	226,388,620 (*)	100.00%	100.00%

(*) Number of shares related to the share capital registered with the Company registrar on 31 March 2023.

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 Amplifin S.p.A.

The shares of the parent Amplifon S.p.A. have been listed on the screen-based stock market Euronext Milano (EXM) 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 30 December 2022 to 31 March 2023.



As at 31 March 2023 market capitalization was €7,173.1 million.

Dealings in Amplifon shares in the screen-based stock market Mercato Telematico Azionario during the period 30 December 2022 – 31 March 2023, showed:

- average daily value: €20,439,223.93;
- average daily volume: 727,994 shares;
- total volume traded of 48,047,522 shares, or 21.4% of the total number of shares comprising the share capital, net of treasury shares.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(€ thousands)	First three months 2023				First three months 2022				Change % on recurring
	Recurring	Non- recurring (*)	Total	% on recurring	Recurring	Non- recurring (*)	Total	% on recurring	
Revenues from sales and services	540,251	-	540,251	100.0%	495,808	-	495,808	100.0%	9.0%
Operating costs	(420,070)	(7,892)	(427,962)	-77.7%	(384,518)	(2,996)	(387,514)	-77.5%	-9.2%
Other income and costs	3,352	-	3,352	0.6%	1,563	(51)	1,512	0.3%	114.5%
Gross operating profit (loss) (EBITDA)	123,533	(7,892)	115,641	22.9%	112,853	(3,047)	109,806	22.8%	9.5%
Depreciation, amortization and impairment losses on non-current assets	(21,989)	-	(21,989)	-4.1%	(20,022)	-	(20,022)	-4.0%	-9.8%
Right-of-use depreciation	(28,137)	-	(28,137)	-5.2%	(26,117)	-	(26,117)	-5.3%	-7.7%
Operating result before the amortization and impairment of PPA related assets (EBITA)	73,407	(7,892)	65,515	13.6%	66,714	(3,047)	63,667	13.5%	10.0%
PPA related depreciation, amortization and impairment	(11,949)	-	(11,949)	-2.2%	(11,510)	-	(11,510)	-2.4%	-3.8%
Operating profit (loss) (EBIT)	61,458	(7,892)	53,566	11.4%	55,204	(3,047)	52,157	11.1%	11.3%
Income, expenses, revaluation and adjustments of financial assets	126	-	126	0.0%	49	-	49	0.0%	157.1%
Net financial expenses (**)	(10,417)	-	(10,417)	-1.9%	(7,844)	-	(7,844)	-1.7%	-32.8%
Exchange differences, inflation accounting and Fair Value valuation (**)	(1,657)	-	(1,657)	-0.3%	(649)	-	(649)	0.0%	-153.3%
Profit (loss) before tax	49,510	(7,892)	41,618	9.2%	46,760	(3,047)	43,713	9.4%	5.9%
Taxes	(14,665)	2,306	(12,359)	-2.7%	(13,879)	853	(13,026)	-2.8%	-5.7%
Net profit (loss)	34,845	(5,586)	29,259	6.5%	32,881	(2,194)	30,687	6.6%	6.0%
Profit (loss) of minority interests	(40)	-	(40)	0.0%	74	-	74	0.0%	-154.1%
Net profit (loss) attributable to the Group	34,885	(5,586)	29,299	6.5%	32,807	(2,194)	30,613	6.6%	6.3%

(*) See table at page 14 for details of non-recurring transactions.

(**) It is specified that, on the 2022 comparative period, reclassifications between income, expenses and adjustments of financial assets have been made in order to better represent financial information.

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

- On 5 January 2023 the majority shareholder Ampliter S.r.l. (“Ampliter”) issued a plan which provides for the one-off assignment, free of charge, of up to a maximum of 500,000 of the Amplifon shares owned by Ampliter, to the CEO.
The shares will be transferred, free of charge, in five tranches, comprising a first tranche of 260,000 shares and subsequent ones of 60,000 shares each.
As a result of this assignment, which was made completely autonomously by Ampliter and does not envisage any cash-out by Amplifon, based on IFRS 2 “Share Based Payments” an estimated one-off notional cost of €13.7 million will be recognized in the income statement, of which €12.4 million in 2023 and €1.3 million in 2024.
The notional cost for the first quarter of €7,294 thousand was recognized as a non-recurring expense at 31 March 2023.
- €598 thousand were incurred for the second phase of the GAES.

(€ thousands)	Q1 2023	Q1 2022
Bay Audio acquisition and integration costs	-	(1,000)
GAES second phase integration costs	(598)	(1,047)
Donations to UNHCR for emergency in Ukraine	-	(1,000)
Notional cost of the Amplifon shares assigned by the shareholder Ampliter to the CEO	(7,294)	-
Impact of the non-recurring items on EBITDA	(7,892)	(3,047)
Impact of the non-recurring items on EBIT	(7,892)	(3,047)
Impact of the non-recurring items on profit before tax	(7,892)	(3,047)
Impact of the above items on the tax burden for the period	2,306	853
Impact of the non-recurring items on profit from continued operations	(5,586)	(2,194)

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)	03/31/2023	12/31/2022	Change
Goodwill	1,755,695	1,754,028	1,667
Customer lists, non-compete agreements, trademarks and location rights	262,806	266,125	(3,319)
Software, licenses, other int.ass., wip and advances	153,536	153,973	(437)
Property, plant, and equipment	197,866	193,415	4,451
Right of use assets	461,732	451,747	9,985
Fixed financial assets (1)	14,915	13,292	1,623
Other non-current financial assets (1)	43,720	42,402	1,318
Total fixed assets	2,890,270	2,874,982	15,288
Inventories	83,637	76,258	7,379
Trade receivables	190,274	192,066	(1,792)
Other receivables	94,576	77,891	16,685
Current assets (A)	368,487	346,215	22,272
Total assets	3,258,757	3,221,197	37,560
Trade payables	(315,988)	(325,583)	9,595
Other payables (2)	(396,508)	(360,461)	(36,047)
Provisions for risks (current portion)	(2,395)	(1,663)	(732)
Short term liabilities (B)	(714,891)	(687,707)	(27,184)
Net working capital (A) - (B)	(346,404)	(341,492)	(4,912)
Derivative instruments (3)	24,946	24,474	472
Deferred tax assets	86,540	81,780	4,760
Deferred tax liabilities	(105,023)	(106,683)	1,660
Provisions for risks (non-current portion)	(19,734)	(19,944)	210
Employee benefits (non-current portion)	(8,841)	(8,940)	99
Loan fees (4)	4,215	4,508	(293)
Other long-term payables	(173,312)	(169,736)	(3,576)
NET INVESTED CAPITAL	2,352,657	2,338,949	13,708
Shareholders' equity	1,046,141	1,038,509	7,632
Third parties' equity	1,151	1,841	(690)
Net equity	1,047,292	1,040,350	6,942
Long term net financial debt (4)	747,149	807,907	(60,758)
Short term net financial debt (4)	79,202	22,086	57,116
Total net financial debt	826,351	829,993	(3,642)
Lease liabilities	479,014	468,606	10,408
Total lease liabilities & net financial debt	1,305,365	1,298,599	6,766
NET EQUITY, LEASE LIABILITIES AND NET FINANCIAL DEBT	2,352,657	2,338,949	13,708

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

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

CONDENSED RECLASSIFIED CONSOLIDATED CASH FLOW STATEMENT

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

(€ thousands)	First three months 2023	First three months 2022
(EBIT)	53,566	52,157
Amortization, depreciation and write-downs	62,075	57,649
Provisions, other non-monetary items and gain/losses from disposals	16,405	2,869
Net financial expenses	(10,846)	(7,920)
Taxes paid	(19,166)	(6,693)
Changes in net working capital	(1,150)	2,015
Cash flow provided by (used in) operating activities before repayment of lease liabilities	100,884	100,077
Repayment of lease liabilities	(27,958)	(25,587)
Cash flow provided by (used in) operating activities (A)	72,926	74,490
Cash flow provided by (used in) operating investing activities (B)	(26,625)	(21,080)
Free Cash Flow (A) + (B)	46,301	53,410
Net cash flow provided by (used in) acquisitions (C)	(38,799)	(23,855)
(Purchase) sale of other investment and securities (D)	-	40
Cash flow provided by (used in) investing activities (B+C+D)	(65,424)	(44,895)
Cash flow provided by (used in) operating activities and investing activities	7,502	29,595
Treasury shares	-	(29,723)
Derivatives	(1,483)	-
Other changes in non-current assets	(313)	816
Net cash flow from the period	5,706	688
Net financial indebtedness at the beginning of the period	(829,993)	(871,186)
Effect of exchange rate fluctuations on net financial indebtedness	(2,064)	1,927
Changes in net indebtedness	5,706	688
Net financial indebtedness at the end of the period	(826,351)	(868,571)

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

(€ thousands)	First three months 2023	First three months 2022
Free cash flow	46,301	53,410
Free cash flow generated by non-recurring transactions (see page 38 for details)	(1,342)	(1,953)
Free cash flow generated by recurring transactions	47,643	55,363

INCOME STATEMENT REVIEW

Consolidated income statement by segment and geographic area

(€ thousands)	First three months 2023				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	359,707	100,864	79,594	86	540,251
Operating costs	(261,166)	(78,355)	(57,951)	(30,490)	(427,962)
Other income and costs	883	2,322	98	49	3,352
Gross operating profit (loss) (EBITDA)	99,424	24,831	21,741	(30,355)	115,641
Depreciation, amortization and impairment of non-current assets	(10,012)	(3,156)	(3,435)	(5,386)	(21,989)
Right-of-use depreciation	(18,932)	(2,671)	(5,969)	(565)	(28,137)
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	70,480	19,004	12,337	(36,306)	65,515
PPA related depreciation, amortization and impairment	(8,072)	(876)	(2,980)	(21)	(11,949)
Operating profit (loss) (EBIT)	62,408	18,128	9,357	(36,327)	53,566
Income, expenses, revaluation and adjustments of financial assets					126
Net financial expenses					(10,417)
Exchange differences, inflation accounting and Fair Value valuation					(1,657)
Profit (loss) before tax					41,618
Taxes					(12,359)
Net profit (loss)					29,259
Profit (loss) of minority interests					(40)
Net profit (loss) attributable to the Group					29,299

(€ thousands)	First three months 2023 – Only recurring operations				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	359,707	100,864	79,594	86	540,251
Gross operating profit (loss) (EBITDA)	100,021	24,831	21,741	(23,060)	123,533
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	71,077	19,004	12,337	(29,011)	73,407
Operating profit (loss) (EBIT)	63,005	18,128	9,357	(29,032)	61,458
Profit (loss) before tax	-	-	-	-	49,510
Net profit (loss)	-	-	-	-	34,845
Net profit (loss) attributable to the Group	-	-	-	-	34,885

(€ thousands)	First three months 2022				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	340,172	84,021	71,462	153	495,808
Operating costs	(248,744)	(63,357)	(53,090)	(22,323)	(387,514)
Other income and costs	982	6	(41)	565	1,512
Gross operating profit (loss) (EBITDA)	92,410	20,670	18,331	(21,605)	109,806
Depreciation, amortization and impairment of non-current assets	(9,736)	(2,436)	(3,448)	(4,402)	(20,022)
Right-of-use depreciation	(18,655)	(1,897)	(5,004)	(561)	(26,117)
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	64,019	16,337	9,879	(26,568)	63,667
PPA related depreciation, amortization and impairment	(7,704)	(754)	(3,032)	(20)	(11,510)
Operating profit (loss) (EBIT)	56,315	15,583	6,847	(26,588)	52,157
Income, expenses, revaluation and adjustments of financial assets					49
Net financial expenses (*)					(7,844)
Exchange differences, inflation accounting and Fair Value valuation (*)					(649)
Profit (loss) before tax					43,713
Tax					(13,026)
Net profit (loss)					30,687
Profit (loss) of minority interests					74
Net profit (loss) attributable to the Group					30,613

(€ thousands)	First three months 2022 – Only recurring operations				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	340,172	84,021	71,462	153	495,808
Gross operating profit (loss) (EBITDA)	93,457	20,670	19,331	(20,605)	112,853
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	65,066	16,337	10,879	(25,568)	66,714
Operating profit (loss) (EBIT)	57,362	15,583	7,847	(25,588)	55,204
Profit (loss) before tax	-	-	-	-	46,760
Net profit (loss)	-	-	-	-	32,881
Net profit (loss) attributable to the Group	-	-	-	-	32,807

(*) It's specified that, on the comparative period 2022, reclassifications between income, expenses and adjustments of financial assets have been made in order to better represent financial information.

Revenues from sales and services

(€ thousands)	First three months 2023	First three months 2022	Change	Change %
Revenues from sales and services	540,251	495,808	44,443	9.0%

Consolidated revenues from sales and services amounted to €540,251 thousand in the first three months of 2023, an increase of €44,443 thousand (+9.0%) compared to the same period of the prior year.

The increase against the same period of 2022 is explained for €36,934 thousand (+7.4%) by organic growth and for €9,255 thousand (+1.9%) by acquisitions. The foreign exchange effect was negative for €1,746 thousand (-0.3%).

The performance was extremely positive across all regions: a strong performance was recorded in EMEA, well balanced across the main markets, despite a challenging comparison base; AMERICAS was once again the region posting the highest organic growth; and APAC reported an excellent performance supported by a double-digit organic growth in Australia and China.

The breakdown of revenues from sales and services by geographic area is shown below.

(€ thousands)	First three months 2023	% on Total	First three months 2022	% on Total	Change	Change %	Exchange diff.	Change % in local currency
EMEA	359,707	66.6%	340,172	68.6%	19,535	5.7%	(838)	6.0%
Americas	100,864	18.7%	84,021	16.9%	16,843	20.0%	543	19.4%
Asia Pacific	79,594	14.7%	71,462	14.5%	8,132	11.4%	(1,451)	13.4%
Corporate	86	0.0%	153	0.0%	(67)	-43.8%	-	-43.8%
Total	540,251	100.0%	495,808	100.0%	44,443	9.0%	(1,746)	9.3%

Europe, Middle-East and Africa

(€ thousands)	First three months 2023	First three months 2022	Change	Change %
Revenues from sales and services	359,707	340,172	19,535	5.7%

Consolidated revenues from sales and services amounted to €359,707 thousand in the first three months of 2023, an increase of €19,535 thousand (+5.7%) compared to the same period of the prior year, of which €17,095 thousand (+5.0%) is attributable to organic growth which was particularly significant in Italy and Germany, while a sequential recovery is recorded in Spain and France compared to the last quarter of 2022, even though the French market was still affected by the difficult comparison base due to the hearing healthcare reform anniversary.

Acquisitions contributed €3,278 thousand (+1.0%), while the foreign exchange effect was negative for €838 thousand (-0.3%).

Americas

(€ thousands)	First three months 2023	First three months 2022	Change	Change %
Revenues from sales and services	100,864	84,021	16,843	20.0%

Consolidated revenues from sales and services amounted to €100,864 thousand in the first three months of 2023, an increase of €16,843 thousand (+20.0%).

The increase is explained for €10,917 thousand (+13.0%) by organic growth, driven mainly by the outstanding performance of Miracle-Ear and Amplifon Hearing Health Care. Acquisitions contributed €5,383 thousand (+6.4%), while the foreign exchange effect was positive for €543 thousand (+0.6%).

In addition to the excellent performance reported in the United States, there was also a significant double-digit growth in Latin America.

Asia Pacific

(€ thousands)	First three months 2023	First three months 2022	Change	Change %
Revenues from sales and services	79,594	71,462	8,132	11.4%

Consolidated revenues from sales and services amounted to €79,594 thousand in the first three months of 2023, an increase of €8,132 thousand (+11.4%) compared to the same period in 2022 explained primarily, for by organic growth of €8,989 thousand (+12.6%), driven mainly by Australian and Chinese markets. The Chinese market in particular, posted a strong recovery in the wake of the lockdowns which had negatively impacted all of 2022.

Acquisitions contributed €594 thousand (+0.8%) and is attributable entirely to acquisitions in China. The foreign exchange effect was negative for €1,451 thousand (-2.0%).

Gross operating profit (EBITDA)

(€ thousands)	First three months 2023			First three months 2022		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Gross operating profit (loss) (EBITDA)	123,533	(7,892)	115,641	112,853	(3,047)	109,806

Gross operating profit (EBITDA) amounted to €115,641 thousand in the first three months of 2023, an increase of €5,835 thousand (+5.3%) with respect to the comparison period. The EBITDA margin came to 21.4%, 0.7 p.p. lower than in the comparison period.

The result for the reporting period reflects non-recurring expenses of €7,892 thousand. More in detail:

- for €7,294 thousand, by the notional cost of the free of charge, one-off assignment made by the shareholder Ampliter of 500,000 of its Amplifon shares to the CEO Enrico Vita, recognized in the reporting period in accordance with IFRS 2 “Share Based Payments”. For more information refer to note 14 of this report;
- €598 thousand were incurred for the second phase of the GAES.

In the first three months of 2022 non-recurring expenses of €3,047 thousand were also incurred.

Net of these items, EBITDA would have been €10,680 thousand (+9.5%) higher than in the first three months of 2022 with an increase in the EBITDA margin of +0.1 p.p.

The breakdown of EBITDA by geographic region is shown below.

(€ thousands)	First three months 2023	EBITDA Margin	First three months 2022	EBITDA Margin	Change	Change %
EMEA	99,424	27.6%	92,410	27.2%	7,014	7.6%
Americas	24,831	24.6%	20,670	24.6%	4,161	20.1%
Asia Pacific	21,741	27.3%	18,331	25.7%	3,410	18.6%
Corporate (*)	(30,355)	-5.6%	(21,605)	-4.4%	(8,750)	-40.5%
Total	115,641	21.4%	109,806	22.1%	5,835	5.3%

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

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

(€ thousands)	First three months 2023	EBITDA Margin	First three months 2022	EBITDA Margin	Change	Change %
EMEA	100,021	27.8%	93,457	27.5%	6,564	7.0%
Americas	24,831	24.6%	20,670	24.6%	4,161	20.1%
Asia Pacific	21,741	27.3%	19,331	27.1%	2,410	12.5%
Corporate (*)	(23,060)	-4.3%	(20,605)	-4.2%	(2,455)	-11.9%
Total	123,533	22.9%	112,853	22.8%	10,680	9.5%

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

Europe, Middle East and Africa

Gross operating profit (EBITDA) amounted to €99,424 thousand in the first three months of 2023, an increase of €7,014 thousand (+7.6%) with respect to the comparison period. The EBITDA margin came to 27.6%, 0.4 p.p. higher than in the first three months of 2022.

The result for the reporting period reflects non-recurring expenses of €598 thousand attributable to the second phase of the GAES integration.

In the first three months of 2022 non-recurring expenses of €1.047 thousand.

Net of this item, EBITDA would have been €6,564 thousand (+7.0%) higher than in the first three months of 2022 with the EBITDA margin up +0.3 p.p.

Americas

Gross operating profit (EBITDA) amounted to €24,831 thousand in the first three months of 2023, an increase of €4,161 thousand (+20.1%) with respect to the comparison period. The EBITDA margin came to 24.6%, in line with the first three months of 2022.

Asia Pacific

Gross operating profit (EBITDA) amounted to €21,741 thousand in the first three months of 2023, an increase of €3,410 thousand (+18.6%) with respect to the comparison period. The EBITDA margin came to 27.3%, 1.6 p.p. higher than in the comparison period.

In the first three months of 2022 non-recurring expenses of €1,000 thousand were incurred.

Net of this item, EBITDA would have been €2,410 thousand higher (+12.5%) with the EBITDA margin up +0.2 p.p.

Corporate

In the first three months of 2023 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 €30,355 thousand (-5.6% EBITDA margin), a change of €8,750 thousand (+40.5%) with respect to the same period of the prior year. The EBITDA margin came to -4.4% in the comparison period.

The result for the reporting period reflects the non-recurring expense for €7,294 thousand stemming from the notional cost of the free of charge, one-off assignment made by the shareholder Ampliter of 500,000 of its Amplifon shares to CEO Enrico Vita recognized in the first quarter in accordance with IFRS 2 “Share Based Payments”. For more information refer to section 14 of this report.

In the first three months of 2022 non-recurring expenses of €1,000 thousand were recognized. Net of these items, costs would have been €2,455 thousand (11.9%) higher than in the first three months of 2022 and the margin would have been 0.1 p.p. lower

Operating profit (EBIT)

(€ thousands)	First three months 2023			First three months 2022		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Operating profit (loss) (EBIT)	61,458	(7,892)	53,566	55,204	(3,047)	52,157

Operating profit (EBIT) amounted to €53,566 thousand in the first three months of 2023, an increase of €1,409 thousand (+2.7%) with respect to the comparison period.

The EBIT margin came to 9.9%, a decrease of 0.6 p.p. against the comparison period.

The result was impacted for €7,892 thousand by the same non-recurring expenses described in the section on EBITDA. The first three months of 2022 were also impacted by non-recurring expenses of €3,047 thousand. Net of these items, EBIT would have been €6,254 thousand higher (+11.3%) compared to the first three months of 2022, with the EBIT margin rising +0.3 p.p..

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

The breakdown of EBIT by geographic area is shown below.

(€ thousands)	First three months 2023	EBIT Margin	First three months 2022	EBIT Margin	Change	Change %
EMEA	62,408	17.3%	56,315	16.6%	6,093	10.8%
Americas	18,128	18.0%	15,583	18.5%	2,545	16.3%
Asia Pacific	9,357	11.8%	6,847	9.6%	2,510	36.7%
Corporate (*)	(36,327)	-6.7%	(26,588)	-5.4%	(9,739)	-36.6%
Total	53,566	9.9%	52,157	10.5%	1,409	2.7%

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

The breakdown of EBIT by geographic area with reference to recurring operations is shown below.

(€ thousands)	First three months 2023	EBIT Margin	First three months 2022	EBIT Margin	Change	Change %
EMEA	63,005	17.5%	57,362	16.9%	5,643	9.8%
Americas	18,128	18.0%	15,583	18.5%	2,545	16.3%
Asia Pacific	9,357	11.8%	7,847	11.0%	1,510	19.2%
Corporate (*)	(29,032)	-5.4%	(25,588)	-5.2%	(3,444)	-13.5%
Total	61,458	11.4%	55,204	11.1%	6,254	11.3%

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

Europa, Middle East, Africa

Operating profit (EBIT) amounted to €62,408 thousand in the first three months of 2023, an increase of €6,093 thousand (+10.8%) with respect to the comparison period. The EBIT margin came to 17.3% (+0.7 p.p. against the first three months of 2022).

The result was impacted for €598 thousand by the same non-recurring expenses described in the section on EBITDA. The first three months of 2022 were also affected by non-recurring expenses of €1,047 thousand.

Net of these items, EBIT would have been €5,643 thousand higher (+9.8%) compared to the first three months of 2022, with the EBIT margin up +0.6 p.p..

Americas

Operating profit (EBIT) amounted to €18,128 thousand in the first three months of 2023, an increase of €2,545 thousand (+16.3%) with respect to the comparison period. The EBIT margin came to 18.0%, 0.5 p.p. lower than in the first three months of 2022. The increase in EBIT was largely in line with the growth seen in EBITDA.

Asia Pacific

Operating profit (EBIT) amounted to €9,357 thousand in the first three months of 2023, an increase of €2,510 thousand (+36.7%) with respect to the comparison period. The EBIT margin came to 11.8%, 2.2 p.p. higher than in the first three months of 2022.

In the first three months of 2022 non-recurring expenses of €1,000 thousand were incurred.

Net of this item, EBIT would have been €1,510 thousand higher (+19.2%) with the EBIT margin up +0.8 p.p..

Corporate

The net Corporate costs at the EBIT level amounted to €36,327 thousand in the first three months of 2023 (6.7% of the revenues generated by the Group's sales and services), a change of €9,739 thousand.

The result was impacted for €7,294 thousand by the non-recurring expenses described in the section on EBITDA. The first three months of 2022 were also impacted by non-recurring expenses which amounted to €1,000 thousand.

Net of these items, the costs would have been €3,444 thousand (+13.5%) higher.

Profit before taxes

(€ thousands)	First three months 2023			First three months 2022		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Profit before taxes	49,510	(7,892)	41,618	46,760	(3,047)	43,713

Profit before tax amounted to €41,618 thousand in the first three months of 2023, a decrease of €2,095 thousand (-4.8%) against the comparison period, with a gross profit margin of 7.7% (-1.1 p.p. with respect to the comparison period).

The result for the reporting period was impacted for €7,892 thousand by the same non-recurring expenses described in the section on EBITDA. In the first three months of 2022 non-recurring expenses of €3,047 thousand were incurred.

On a recurring basis, there would have been an increase of €2,750 thousand (+5.9%) against the first three months of 2022, with the profit margin down 0.3 p.p..

The increase, on recurring basis, compared to the same period of 2022 is due to the strong revenue growth and the solid operational efficiency. This result reflects a €3.5 million increase in net financial expenses mainly due higher interest rates on short-term credit lines (most of the medium/long-term debt is fixed rate) and exchange differences tied to currency volatility mainly in countries in North and South America.

Group net profit

(€ thousands)	First three months 2023			First three months 2022		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Group net profit	34,885	(5,586)	29,299	32,807	(2,194)	30,613

The Group's net profit came to €29,299 thousand in the first three months of 2023, a decrease of €1,314 thousand (-4.3%) against the comparison period, with a profit margin of 5.4% (-0.8 p.p. against the comparison period).

The result for the reporting period was impacted for €5,586 thousand by the same non-recurring expenses described in the section on EBITDA, net of the tax effect. In the first three months of 2022 non-recurring expenses amounted to €2,194 thousand.

On a recurring basis, there would have been an increase of €2,078 thousand (+6.3%) with respect to the first three months of 2022, with the profit margin down 0.2 p.p..

The tax rate was 29.7% in the reporting period compared to 29.8% in the first three months of 2022.

BALANCE SHEET REVIEW

Consolidated balance sheet by geographical area (*)

(€ thousands)	03/31/2023				
	EMEA	Americas	Asia Pacific	Eliminations	Total
Goodwill	928,253	224,073	603,369	-	1,755,695
Non-competition agreements, trademarks, customer lists and lease rights	183,158	23,323	56,325	-	262,806
Software, licenses, other intangible fixed assets, fixed assets in progress and advances	113,763	31,248	8,525	-	153,536
Property, plant, and equipment	142,337	22,072	33,457	-	197,866
Right-of-use assets	368,629	38,521	54,582	-	461,732
Financial fixed assets	3,830	10,880	205	-	14,915
Other non-current financial assets	39,646	2,411	1,663	-	43,720
Non-current assets	1,779,616	352,528	758,126	-	2,890,270
Inventories	67,895	6,018	9,724	-	83,637
Trade receivables	192,759	33,358	25,285	(61,128)	190,274
Other receivables	75,260	13,095	6,417	(196)	94,576
Current assets (A)	335,914	52,471	41,426	(61,324)	368,487
Operating assets	2,115,530	404,999	799,552	(61,324)	3,258,757
Trade payables	(278,258)	(58,609)	(40,249)	61,128	(315,988)
Other payables	(319,351)	(39,575)	(37,778)	196	(396,508)
Provisions for risks and charges (current portion)	(1,685)	(710)	-	-	(2,395)
Current liabilities (B)	(599,294)	(98,894)	(78,027)	61,324	(714,891)
Net working capital (A) - (B)	(263,380)	(46,423)	(36,601)	-	(346,404)
Derivative instruments	24,946	-	-	-	24,946
Deferred tax assets	65,681	10,115	10,744	-	86,540
Deferred tax liabilities	(61,782)	(25,519)	(17,722)	-	(105,023)
Provisions for risks and charges (non-current portion)	(17,541)	(771)	(1,422)	-	(19,734)
Liabilities for employees' benefits (non-current portion)	(7,927)	(214)	(700)	-	(8,841)
Loan fees	4,215	-	-	-	4,215
Other non-current liabilities	(154,787)	(16,234)	(2,291)	-	(173,312)
NET INVESTED CAPITAL	1,369,041	273,482	710,134	-	2,352,657
Group net equity					1,046,141
Minority interests					1,151
Total net equity					1,047,292
Net medium and long-term financial indebtedness					747,149
Net short-term financial indebtedness					79,202
Total net financial indebtedness					826,351
Lease liabilities	380,476	41,368	57,171	-	479,014
Total lease liabilities & net financial indebtedness					1,305,365
NET EQUITY, LEASE LIABILITIES AND NET FINANCIAL INDEBTEDNESS					2,352,657

(*) 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)	12/31/2022				
	EMEA	Americas	Asia Pacific	Eliminations	Total
Goodwill	921,163	213,816	619,049	-	1,754,028
Non-competition agreements, trademarks, customer lists and lease rights	185,759	22,022	58,344	-	266,125
Software, licenses, other intangible fixed assets, fixed assets in progress and advances	112,883	31,881	9,209	-	153,973
Property, plant, and equipment	136,721	21,006	35,688	-	193,415
Right-of-use assets	366,243	34,242	51,262	-	451,747
Financial fixed assets	3,706	9,378	208	-	13,292
Other non-current financial assets	38,589	2,322	1,491	-	42,402
Non-current assets	1,765,064	334,667	775,251	-	2,874,982
Inventories	60,417	5,781	10,060	-	76,258
Trade receivables	211,132	46,331	28,617	(94,014)	192,066
Other receivables	64,120	8,520	5,450	(199)	77,891
Current assets (A)	335,669	60,632	44,127	(94,213)	346,215
Operating assets	2,100,733	395,299	819,378	(94,213)	3,221,197
Trade payables	(310,412)	(68,611)	(40,574)	94,014	(325,583)
Other payables	(284,580)	(35,345)	(40,735)	199	(360,461)
Provisions for risks and charges (current portion)	(975)	(688)	-	-	(1,663)
Current liabilities (B)	(595,967)	(104,644)	(81,309)	94,213	(687,707)
Net working capital (A) - (B)	(260,298)	(44,012)	(37,182)	-	(341,492)
Derivative instruments	24,474	-	-	-	24,474
Deferred tax assets	60,867	10,206	10,707	-	81,780
Deferred tax liabilities	(61,419)	(26,053)	(19,211)	-	(106,683)
Provisions for risks and charges (non-current portion)	(17,712)	(787)	(1,445)	-	(19,944)
Liabilities for employees' benefits (non-current portion)	(8,024)	(202)	(714)	-	(8,940)
Loan fees	4,508	-	-	-	4,508
Other non-current liabilities	(151,723)	(15,718)	(2,295)	-	(169,736)
NET INVESTED CAPITAL	1,355,737	258,101	725,111	-	2,338,949
Group net equity					1,038,509
Minority interests					1,841
Total net equity					1,040,350
Net medium and long-term financial indebtedness					807,907
Net short-term financial indebtedness					22,086
Total net financial indebtedness					829,993
Lease liabilities	377,981	36,822	53,803	-	468,606
Total lease liabilities & net financial indebtedness					1,298,599
NET EQUITY, LEASE LIABILITIES AND NET FINANCIAL INDEBTEDNESS					2,338,949

Non-current assets

Non-current assets amounted to €2,890,270 thousand at 31 March 2023, an increase of €15,288 thousand respect to the €2,874,982 thousand recorded at 31 December 2022.

The changes in the period are explained (i) for €28,517 thousand by capital expenditure; (ii) for €39,623 thousand by the recognition of right-of-use assets acquired in the period; (iii) for €41,890 thousand by acquisitions made in the reporting period; (iv) for €62,184 thousand by depreciation, amortization and impairment which includes the amortization of the above right-of-use assets; (v) for €32,558 thousand by other net decreases relating primarily to negative foreign exchange differences.

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

(€ thousands)	03/31/2023	12/31/2022	Change	
EMEA	Goodwill	928,253	921,163	7,090
	Non-competition agreements, trademarks, customer lists and lease rights	183,158	185,759	(2,601)
	Software, licenses, other intangible fixed assets, fixed assets in progress and advances	113,763	112,883	880
	Tangible assets	142,337	136,721	5,616
	Right-of-use assets	368,629	366,243	2,386
	Financial fixed assets	3,830	3,706	124
	Other non-current financial assets	39,646	38,589	1,057
	Non-current assets	1,779,616	1,765,064	14,552
Americas	Goodwill	224,073	213,816	10,257
	Non-competition agreements, trademarks, customer lists and lease rights	23,323	22,022	1,301
	Software, licenses, other intangible fixed assets, fixed assets in progress and advances	31,248	31,881	(633)
	Tangible assets	22,072	21,006	1,066
	Right-of-use assets	38,521	34,242	4,279
	Financial fixed assets	10,880	9,378	1,502
	Other non-current financial assets	2,411	2,322	89
	Non-current assets	352,528	334,667	17,861
Asia Pacific	Goodwill	603,369	619,049	(15,680)
	Non-competition agreements, trademarks, customer lists and lease rights	56,325	58,344	(2,019)
	Software, licenses, other intangible fixed assets, fixed assets in progress and advances	8,525	9,209	(684)
	Tangible assets	33,457	35,688	(2,231)
	Right-of-use assets	54,582	51,262	3,320
	Financial fixed assets	205	208	(3)
	Other non-current financial assets	1,663	1,491	172
	Non-current assets	758,126	775,251	(17,125)
Total	2,890,270	2,874,982	15,288	

Europe, Middle-East and Africa

Non-current assets amounted to €1,779,616 thousand at 31 March 2023, an increase of €14,552 thousand against the €1,765,064 thousand recorded at 31 December 2022.

This increase is explained:

- for €21,795 thousand, by right-of-use assets acquired in the year as a result of the renewal of existing leases and network expansion.
- for €13,101 thousand, by acquisitions made in the reporting period;
- for €13,907 thousand, by investments in plant, property and equipment, relating primarily to the opening of new stores and the renewal of existing ones, as well as the purchase of hardware needed to implement Group Information Technology projects detailed below;
- for €8,418 thousand, by investments in intangible assets, relating to the ongoing implementation and standardization of the Group ERP cloud system for back-office functions (Human Resources, Procurement, Administration and Finance), as well as new front office solutions for the hyper-personalization of customer experiences;
- for €43,098 thousand, by amortization and depreciation, including amortization of the right-of-use assets referred to above;
- for €429 thousand, by other increases.

Americas

Non-current assets amounted to €352,528 thousand at 31 March 2023, an increase of €17,861 thousand against the €334,667 thousand recorded at 31 December 2022.

This increase is explained:

- for €19,504 thousand, by acquisitions made in the reporting period;
- for €6,950 thousand, by right-of-use assets acquired during the year as a result of the renewal of existing leases and network expansion;
- for €2,823 thousand, by investments in property, plant and equipment, relating to the opening of stores, and the renewal of existing ones.
- for €2,139 thousand, by investments in intangible assets relating mainly to the development of front office IT systems, primarily at US subsidiaries;
- for €6,702 thousand, by amortization and depreciation, including the amortization of the right-of-use assets referred to above;
- for €6,853 thousand, by other negative variations relating primarily to negative foreign exchange differences.

Asia Pacific

Non-current assets amounted to €758,126 thousand at 31 March 2023, a decrease of €17,125 thousand against the €775,251 thousand recorded at 31 December 2022.

This variation is explained:

- for €10,878 thousand, by right-of-use assets acquired during the year as a result of the renewal of existing leases and network expansion, relating primarily to the Australian subsidiaries and, to a lesser degree, the Chinese ones;
- for €9,285 thousand, by acquisitions made in the reporting period;

- for €980 thousand, by investments in property, plant and equipment, relating mainly to the opening of stores and the renewal of existing ones, as well as the purchase of the hardware needed to implement IT projects;
- for €250 thousand, by investments in intangible assets;
- for €12,384 thousand, by amortization and depreciation, including the amortization of the right-of-use assets referred to above;
- for €26,134 thousand, by other decreases relating to negative exchange differences which mainly affected the goodwill of companies in Asia Pacific.

Net invested capital

Net invested capital amounted to €2,352,657 thousand at 31 March 2023, an increase of €13,708 thousand against the €2,338,949 thousand recorded at 31 December 2022.

This increase is attributable mainly to the change in non-current assets described above, as well as a decrease in working capital.

The breakdown of net invested capital by geographical region is shown below.

(€ thousands)	03/31/2023	12/31/2022	Change
EMEA	1,369,041	1,355,737	13,304
Americas	273,482	258,101	15,381
Asia Pacific	710,134	725,111	(14,977)
Total	2,352,657	2,338,949	13,708

Europe, Middle East and Africa

Net invested capital came to €1,369,041 thousand at 31 March 2023, an increase of €13,304 thousand against the €1,355,737 thousand recorded at 31 December 2022.

The increase in non-current assets described above was partially offset by a decrease in working capital.

Factoring without recourse in the period involved trade receivables with a face value of €26,251 thousand (€18,433 thousand in the same period of the prior year).

Americas

Net invested capital came to €273,482 thousand at 31 March 2023, an increase of €15,381 thousand against the €258,101 thousand recorded at 31 December 2022.

The increase in non-current assets described above was partially offset by a decrease in working capital.

Factoring without recourse in the period involved trade receivables with a face value of €160 thousand.

Asia Pacific

Net invested capital came to €710,134 thousand at 31 March 2023, a decrease of €14,977 thousand against the €725,111 thousand recorded at 31 December 2022.

The change in non-current assets described above was offset slightly by an increase in deferred tax liabilities.

Factoring without recourse in the period involved trade receivables with a face value of €1,845 thousand.

Net financial position

(€ thousands)	03/31/2023	12/31/2022	Change
Net medium and long-term financial indebtedness	747,149	807,907	(60,758)
Net short-term financial indebtedness	273,813	251,708	22,105
Cash and cash equivalents	(194,611)	(229,622)	35,011
Net financial indebtedness (A)	826,351	829,993	(3,642)
Lease liabilities – current portion	105,540	99,716	5,824
Lease liabilities – non-current portion	373,474	368,890	4,584
Lease liabilities (B)	479,014	468,606	10,408
Total lease liabilities & net financial indebtedness (A+B) (C)	1,305,365	1,298,599	6,766
Group net equity (D)	1,046,141	1,038,509	7,632
Minority interests	1,151	1,841	(690)
Net Equity (E)	1,047,292	1,040,350	6,942
Financial indebtedness/Group net equity (A/D)	0.79	0.80	
Financial indebtedness/Net equity (A/E)	0.79	0.80	
Financial indebtedness/EBITDA (*)	1.48	1.52	

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

Excluding lease liabilities net financial debt amounted to €826,351 thousand at 31 March 2023, a decrease of €3,642 thousand compared to 31 December 2022.

The Group confirmed excellent cash generation in the first three months of 2023, with free cash flow reaching a positive €46,301 thousand, slightly lower than in the same period of the prior year (€53,410 thousand) due to higher capital expenditure (€26,625 thousand in the first quarter of 2023 vs. €21,080 thousand in the first quarter of the prior year). This result made it possible to finance €38,799 thousand in acquisitions (€23,855 thousand in the comparison period).

At the end of January 2023 the entire Private Placement 2013-2025 was repaid in advance (€85,371 thousand at the hedging rate).

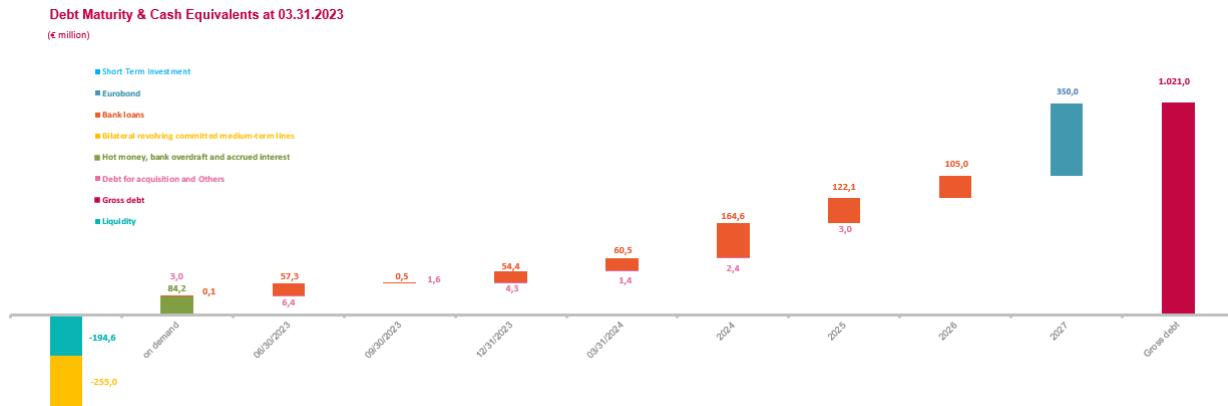
At 31 March 2023, the Group had cash and cash equivalents, as well as other liquid investments, of €194,611 thousand compared to financial indebtedness of €1,021 million, net of lease liabilities.

Long-term debt amounts to €747,149 thousand, €5,490 thousand of which refers to the long-term portion of deferred payments for acquisitions. The decrease in the period of €60,758 thousand is attributable mainly to the reclassification of portions of bank debt from long- to short-term debt (expiring in the next 12 months).

The short-term debt was about €22,105 thousand higher, coming in at €273,813 thousand. The short-term portion refers primarily to the short-term portion of long-term bank debt (€172,895 thousand), the hot money accounts used to support treasury activities and other short-term credit lines (€79,959 thousand), the interest payable on the Eurobond (€514 thousand) and on

other bank loans (€3,740 thousand) and, lastly, the best estimate of the deferred payments for acquisitions (€16,417 thousand).

The chart below shows the debt maturities compared to the €195 million in available cash and cash equivalents and the unutilized portions of irrevocable credit lines which amount to €255 million, as well as the €148 million in other uncommitted credit lines. The total liquidity includes quotas in low-risk money market funds managed by top-tier financial institutions for €50 million.



Interest payable on financial indebtedness amounted to €6,262 thousand at 31 March 2023, €4,699 thousand at 31 March 2022.

Interest payable on leases recognized in accordance with IFRS 16 amounted to €3,263 thousand versus €2,736 thousand at 31 March 2022.

Interest receivable on bank deposits are €310 thousand at 31 March 2023 versus €39 thousand at 31 March 2022.

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

CASH FLOW STATEMENT

The reclassified statement of cash flows shows the change in net financial indebtedness from the beginning to the end of the period.

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

(€ thousands)	Q1 2023	Q1 2022
OPERATING ACTIVITIES:		
Net profit (loss) attributable to the Group	29,299	30,613
Minority interests	(40)	74
Amortization, depreciation and impairment:		
- <i>Intangible fixed assets</i>	20,984	19,086
- <i>Tangible fixed assets</i>	12,954	12,445
- <i>Right-of-use assets</i>	28,137	26,118
Total amortization, depreciation and impairment	62,075	57,649
Provisions, other non-monetary items and gain/losses from disposals	16,405	2,871
Group's share of the result of associated companies	(126)	(59)
Financial income and charges	12,075	8,502
Current and deferred income taxes	12,359	13,027
Change in assets and liabilities:		
- <i>Utilization of provisions</i>	(1,417)	(2,478)
- <i>(Increase) decrease in inventories</i>	(10,689)	(4,042)
- <i>Decrease (increase) in trade receivables</i>	896	(2,747)
- <i>Increase (decrease) in trade payables</i>	(9,116)	13,048
- <i>Changes in other receivables and other payables</i>	19,175	(1,768)
Total change in assets and liabilities	(1,150)	2,013
Net interest charges	(10,846)	(7,920)
Taxes paid	(19,166)	(6,693)
Cash flow provided by (used in) operating activities before repayment of lease liabilities	100,884	100,077
Repayment of lease liabilities	(27,958)	(25,587)
Cash flow generated from (absorbed) by operating activities	72,926	74,490
INVESTING ACTIVITIES:		
Purchase of intangible fixed assets	(10,807)	(8,719)
Purchase of tangible fixed assets	(17,710)	(14,071)
Consideration from sale of tangible fixed assets and businesses	1,892	1,710
Cash flow generated from (absorbed) by investing activities	(26,625)	(21,080)
Cash flow generated from operating and investing activities (Free cash flow)	46,301	53,410
Business combinations (*)	(38,799)	(23,855)
(Purchase) sale of other investments and securities	-	40
Net cash flow generated from acquisitions	(38,799)	(23,815)
Cash flow generated from (absorbed) by investing activities and acquisitions	(65,424)	(44,895)

(€ thousands)	Q1 2023	Q1 2022
FINANCING ACTIVITIES:		
Derivatives	(1,483)	-
Other non-current assets	(313)	816
Treasury shares	-	(29,723)
Cash flow generated from (absorbed) by financing activities	(1,796)	(28,907)
Changes in net financial indebtedness net of lease liabilities	5,706	688
Net financial indebtedness at the beginning of the period	(829,993)	(871,186)
Effect of exchange rate fluctuations on net financial indebtedness	(2,064)	1,927
Changes in net indebtedness	5,706	688
Net financial indebtedness at the end of the period net of lease liabilities	(826,351)	(868,571)

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

The change in net financial indebtedness of €5,706 thousand is attributable to:

- (i) Investing activities:
 - capital expenditure on property, plant and equipment and intangible assets of €28,517 thousand relating primarily to the ongoing implementation and standardization of the Group cloud based ERP system, new investments made described in the “Net Invested Capital” section and network expansion;
 - acquisitions amounting to €38,799 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;
 - net proceeds from the disposal of assets of €1,892 thousand.
- (ii) Operating activities:
 - interest payable on financial indebtedness and other net financial expenses of €10,846 thousand;
 - payment of taxes amounting to €19,166 thousand;
 - payment of principle on lease obligations of €27,958 thousand;
 - cash flow generated by current operations of €72,926 thousand.
- (iii) Financing activities:
 - hedging instruments payment per €1.483 thousands;
 - negative changes in other non-current assets of other non-current assets per €313 thousands.
- (iv) Net debt was also impacted by exchange losses of €2,064 thousand

Non-recurring transactions had a negative impact on cash flow of €1,342 thousand in the first three months of 2023 attributable for €1,187 thousand to the cost of GAES Integration, and €155 thousand to the integration of Bay Audio.

ACQUISITION OF COMPANIES AND BUSINESSES

During the first quarter of 2023, the Group continued with external growth operations and acquired 70 points of sale for a total investment of €38,799 thousand), including the debt consolidated and the best estimate of the earn-out linked to sales and profitability targets payable over the next few years.

More in detail, in the first quarter of 2023:

- 27 points of sale were acquired in Canada;
- 23 points of sale were acquired in China;
- 8 points of sale were acquired in France;
- 6 points of sale were acquired in Germany;
- 3 points of sale were acquired in Spain;
- 2 points of sale were acquired in Mexico;
- 1 point of sale was acquired in the United States.

OUTLOOK

Contrary to the last three quarters of 2023, characterized by a slightly negative hearing care market trend, the Group estimates that in the first quarter of 2023 market demand was back to growth compared to the same period of 2022, though below historic levels. Therefore, even if the well-known uncertainties related to the macroeconomic environment persist, the Group now expects a positive market development throughout all of 2023.

In light of the above, assuming that there are no further slowdowns in global economic activity due to, among others, the well-known geopolitical and inflation related issues, in 2023 Amplifon expects to see strong growth in results, as follows:

- consolidated revenues increasing significantly to €2.30-€2.35 billion (exchange rate for 2023: EUR/USD 1.07; EUR/AUD 1,57; EUR/ARS 227; EUR/EGP 32) (compared to €2.12 billion reported in 2022), supported by market share gains and bolt-on M&A, which will contribute around 2% to the revenue growth;
- a recurring EBITDA in the range of €570-€585 million (compared to the €525 million posted in 2022), due to operating leverage and the new pricing actions implemented to offset the higher cost of labor, as well as support other strategic costs and investments.

In the medium-term the Group remains extremely positive on its prospects of sustainable growth in sales and profitability, thanks to the secular fundamentals of the hearing care market and its even stronger competitive positioning.

Milan, May 2nd 2023

CEO

Enrico Vita

**CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS AS AT 31 MARCH 2023**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION^(*)

(€ thousands)		03/31/2023	12/31/2022	Change
ASSETS				
<u>Non-current assets</u>				
Goodwill	Note 3	1,755,695	1,754,028	1,667
Intangible fixed assets with finite useful life	Note 4	416,342	420,098	(3,756)
Property, plant, and equipment	Note 5	197,866	193,415	4,451
Right-of-use assets	Note 6	461,732	451,747	9,985
Equity-accounted investments		2,215	2,093	122
Hedging instruments		25,400	25,850	(450)
Deferred tax assets		86,540	81,780	4,760
Contract costs		11,870	11,131	739
Other assets		44,549	42,470	2,079
Total non-current assets		3,002,209	2,982,612	19,597
<u>Current assets</u>				
Inventories		83,637	76,258	7,379
Trade receivables		190,274	192,067	(1,793)
Contract costs		4,831	5,262	(431)
Other receivables		89,728	72,610	17,118
Hedging instruments		276	17,016	(16,740)
Other financial assets		50,200	49,986	214
Cash and cash equivalents	Note 8	144,429	179,654	(35,225)
Total current assets		563,375	592,853	(29,478)
Total assets		3,565,584	3,575,465	(9,881)

(€ thousands)		03/31/2023	12/31/2022	Change
LIABILITIES				
Net Equity				
Share capital	Note 7	4,528	4,528	-
Share premium reserve		202,712	202,712	-
Treasury shares		(49,262)	(49,895)	633
Other reserves		(9,930)	11,230	(21,160)
Retained earnings		868,794	691,409	177,385
Profit (loss) for the period		29,299	178,525	(149,226)
Group net equity		1,046,141	1,038,509	7,632
Minority interests		1,151	1,841	(690)
Total net equity		1,047,292	1,040,350	6,942
Non-current liabilities				
Medium/long-term financial liabilities	Note 9	738,735	798,940	(60,205)
Lease liabilities	Note 11	373,474	368,890	4,584
Provisions for risks and charges	Note 10	19,734	19,944	(210)
Liabilities for employees' benefits		8,841	8,940	(99)
Hedging instruments		454	-	454
Deferred tax liabilities		105,023	106,683	(1,660)
Payables for business acquisitions		5,490	5,705	(215)
Contract liabilities		156,831	153,613	3,218
Other long-term liabilities		16,479	16,123	356
Total non-current liabilities		1,425,061	1,478,838	(53,777)
Current liabilities				
Trade payables		315,988	325,583	(9,595)
Payables for business acquisitions		16,417	24,601	(8,184)
Contract liabilities		114,492	114,857	(365)
Tax liabilities		89,494	74,785	14,709
Other payables		188,768	167,796	20,972
Hedging instruments		266	-	266
Provisions for risks and charges	Note 10	2,395	1,663	732
Liabilities for employees' benefits		3,754	3,616	138
Short-term financial liabilities	Note 9	256,117	243,661	12,456
Lease liabilities	Note 11	105,540	99,716	5,824
Total current liabilities		1,093,231	1,056,277	36,954
TOTAL LIABILITIES		3,565,584	3,575,465	(9,881)

(*) Transactions with related parties have not been reported separately because not material both at single entity and at consolidated level. Please refer to note 17 for more details.

CONSOLIDATED INCOME STATEMENT^(*)

(€ thousands)		First three months 2023			First three months 2022			
		Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Change
Revenues from sales and services	Note 12	540,251	-	540,251	495,808	-	495,808	44,443
Operating costs	Note 13	(420,070)	(7,892)	(427,962)	(384,518)	(2,996)	(387,514)	(40,448)
Other income and costs		3,352	-	3,352	1,563	(51)	1,512	1,840
Gross operating profit (EBITDA)		123,533	(7,892)	115,641	112,853	(3,047)	109,806	5,835
Amortization, depreciation and impairment								
Amortization of intangible fixed assets	Note 4	(20,984)	-	(20,984)	(19,110)	-	(19,110)	(1,874)
Depreciation of property, plant, and equipment	Note 5	(12,934)	-	(12,934)	(12,371)	-	(12,371)	(563)
Right-of-use depreciation	Note 6	(28,137)	-	(28,137)	(26,117)	-	(26,117)	(2,020)
Impairment losses and reversals of non-current assets		(20)	-	(20)	(51)	-	(51)	31
		(62,075)	-	(62,075)	(57,649)	-	(57,649)	(4,426)
Operating result		61,458	(7,892)	53,566	55,204	(3,047)	52,157	1,409
Financial income, expenses and value adjustments to financial assets								
Group's share of the result of associated companies valued at equity and gains/losses on disposals of equity investments		126	-	126	49	-	49	77
Interest income and expenses		(5,952)	-	(5,952)	(4,661)	-	(4,661)	(1,291)
Interest expenses on lease liabilities		(3,263)	-	(3,263)	(2,736)	-	(2,736)	(527)
Other financial income and expenses (**)		(1,202)	-	(1,202)	(447)	-	(447)	(755)
Exchange gains and losses, and inflation accounting (**)		(1,978)	-	(1,978)	1,043	-	1,043	(3,021)
Gain (loss) on assets accounted at fair value (**)		321	-	321	(1,692)	-	(1,692)	2,013
		(11,948)	-	(11,948)	(8,444)	-	(8,444)	(3,504)
Profit (loss) before tax		49,510	(7,892)	41,618	46,760	(3,047)	43,713	(2,095)
Current and deferred income tax								
Current tax		(21,057)	2,306	(18,751)	(17,363)	853	(16,510)	(2,241)
Deferred tax		6,392	-	6,392	3,484	-	3,484	2,908
		(14,665)	2,306	(12,359)	(13,879)	853	(13,026)	667
Net profit (loss)		34,845	(5,586)	29,259	32,881	(2,194)	30,687	(1,428)
Net profit (loss) attributable to Minority interests		(40)	-	(40)	74	-	74	(114)
Net profit (loss) attributable to the Group		34,885	(5,586)	29,299	32,807	(2,194)	30,613	(1,314)

(*) Transactions with related parties have not been reported separately because not material both at single entity and at consolidated level. Please refer to note 17 for more details.

(**) It is specified that, on the comparative period 2022, reclassifications between "Financial income, expenses and value adjustments to financial assets" have been made in order to better represent financial information.

Earnings per share (€ per share)	Note 16	First three months 2023	First three months 2022
Earnings per share			
- Basic		0.13048	0.13638
- Diluted		0.12952	0.13504

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

(€ thousands)	First three months 2023	First three months 2022
Net income (loss) for the period	29,259	30,687
Other comprehensive income (loss) that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plans	(33)	751
Tax effect on components of other comprehensive income that will not be reclassified subsequently to profit or loss	8	(149)
Total other comprehensive income (loss) that will not be reclassified subsequently to profit or loss after the tax effect (A)	(25)	602
Other comprehensive income (loss) that will be reclassified subsequently to profit or loss:		
Gains/(losses) on cash flow hedging instruments	(1,178)	8,294
Gains/(losses) from <i>Foreign Currency Basis Spread</i> on hedging instruments	516	323
Gains/(losses) on exchange differences from translation of financial statements of foreign entities	(31,747)	40,141
Tax effect on components of other comprehensive income that will be reclassified subsequently to profit or loss	159	(2,068)
Total other comprehensive income (loss) that will be reclassified subsequently to profit or loss after the tax effect (B)	(32,250)	46,690
Total other comprehensive income (loss) (A)+(B)	(32,275)	47,292
Comprehensive income (loss) for the period	(3,016)	77,979
Attributable to the Group	(2,805)	77,892
Attributable to Minority interests	(211)	87

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(€ thousands)	Share capital	Share premium reserve	Legal reserve	Other reserves	Treasury shares reserve	Stock option and stock grant reserve
Balance at 01/01/2022	4,528	202,712	934	3,636	(28,841)	38,566
Allocation of profit (loss) for 2021						
Share capital increase						
Treasury shares					(29,723)	
Dividend distribution						
Notional cost of stock grants						4,082
Other changes					625	(302)
- <i>Stock Grant</i>					625	(302)
- <i>Inflation accounting</i>						
- <i>Other changes</i>						
Total comprehensive income (loss) for the period					-	-
- <i>Hedge accounting</i>						
- <i>Actuarial gains (losses)</i>						
- <i>Deferred taxes accounted for within Net Equity</i>						
- <i>Translation differences</i>						
- Profit for the first three months of 2022						
Balance at 31 March 2022	4,528	202,712	934	3,636	(57,939)	42,346
(€ thousands)	Share capital	Share premium reserve	Legal reserve	Other reserves	Treasury shares reserve	Stock option and stock grant reserve
Balance at 01/01/2023	4,528	202,712	934	3,636	(49,895)	35,182
Allocation of profit (loss) for 2022						
Share capital increase						
Treasury shares					-	
Dividend distribution						
Notional cost of stock grants						11,063
Other changes					633	(119)
- <i>Stock Grant</i>					633	(119)
- <i>Inflation accounting</i>						
- <i>Other changes</i>						
Total comprehensive income (loss) for the period					-	-
- <i>Hedge accounting</i>						
- <i>Actuarial gains (losses)</i>						
- <i>Deferred taxes accounted for within Net Equity</i>						
- <i>Translation differences</i>						
- Profit for the first three months of 2023						
Balance at 31 March 2023	4,528	202,712	934	3,636	(49,262)	46,126

Cash flow hedge reserve	Foreign Curr. Basis Spread Reserve	Actuarial gains and losses	Retained earnings	Translation differences	Profit (loss) for the period	Total Shareholders' equity	Minority interests	Total net equity
(1,033)	(993)	(7,010)	594,266	(39,372)	157,785	925,178	2,103	927,281
			157,785		(157,785)	-		-
						(29,723)		(29,723)
						4,082		4,082
			(410)			(87)		(87)
			(323)			-		-
						-		-
			(87)			(87)		(87)
6,303	246	602	-	40,128	30,613	77,892	87	77,979
6,303	246					6,549		6,549
		602				602		602
						-		-
				40,128		40,128	13	40,141
					30,613	30,613	74	30,687
5,270	(747)	(6,408)	751,641	756	30,613	977,342	2,190	979,532

Cash flow hedge reserve	Foreign Curr. Basis Spread Reserve	Actuarial gains and losses	Retained earnings	Translation differences	Profit (loss) for the period	Total Shareholders' equity	Minority interests	Total net equity
19,913	(392)	2,782	691,409	(50,825)	178,525	1,038,509	1,841	1,040,350
			178,525		(178,525)	-		-
						-		-
						-		-
						11,063		11,063
			(1,140)			(629)	(479)	(1,105)
			(289)			225		225
						-		-
			(851)			(851)	(479)	(1,330)
(895)	392	(25)	-	(31,576)	29,299	(2,805)	(211)	(3,016)
(895)	392					(503)		(503)
		(25)				(25)		(25)
						-		-
				(31,576)		(31,576)	(171)	(31,747)
					29,299	29,299	(40)	29,259
19,018	-	2,757	868,794	(82,401)	29,299	1,046,141	1,151	1,047,292

STATEMENT OF CONSOLIDATED CASH FLOWS

(€ thousands)	First three months 2023	First three months 2022
OPERATING ACTIVITIES		
Net profit (loss)	29,259	30,687
Amortization, depreciation and impairment:		
- <i>intangible fixed assets</i>	20,984	19,086
- <i>property, plant, and equipment</i>	12,954	12,446
- <i>right-of-use assets</i>	28,137	26,117
Provisions, other non-monetary items and gain/losses from disposals	16,405	2,870
Group's share of the result of associated companies	(126)	(59)
Financial income and expenses	12,075	8,502
Current and deferred taxes	12,359	13,027
<i>Cash flow from operating activities before change in working capital</i>	132,047	112,676
Utilization of provisions	(1,417)	(2,478)
(Increase) decrease in inventories	(10,689)	(4,042)
Decrease (increase) in trade receivables	896	(2,747)
Increase (decrease) in trade payables	(9,116)	13,048
Changes in other receivables and other payables	19,175	(1,766)
<i>Total change in assets and liabilities</i>	(1,151)	2,015
Interest received (paid)	(13,272)	(10,563)
Taxes paid	(19,166)	(6,694)
Cash flow generated from (absorbed by) operating activities (A)	98,458	97,434
INVESTING ACTIVITIES:		
Purchase of intangible fixed assets	(10,807)	(8,719)
Purchase of tangible fixed assets	(17,710)	(14,071)
Consideration from sale of non-current assets	1,892	1,710
Cash flow generated from (absorbed by) operating investing activities (B)	(26,625)	(21,080)
Purchase of subsidiaries and business units net of cash and cash equivalents acquired or dismissed	(38,799)	(23,855)
Increase (decrease) in payables for business acquisitions	(8,175)	(9,014)
(Purchase) sale of other investments and securities	-	40
Cash flow generated from (absorbed by) acquisition activities (C)	(46,974)	(32,829)
Cash flow generated from (absorbed by) investing activities (B+C)	(73,599)	(53,909)
FINANCING ACTIVITIES:		
Increase (decrease) in financial payables	(28,682)	(17,609)
(Increase) decrease in financial receivables	(316)	(441)
Derivative instruments and other non-current assets	(1,483)	-
Principal portion of lease payments	(27,958)	(25,586)
Other non-current assets and liabilities	(313)	816
Treasury shares purchase	-	(29,723)
Cash flow generated from (absorbed by) financing activities (D)	(58,752)	(72,543)
Net increase in cash and cash equivalents (A+B+C+D)	(33,893)	(29,018)

(€ thousands)	First three months 2023	First three months 2022
Cash and cash equivalents at beginning of period	179,654	268,546
Effect of exchange rate fluctuations on cash & cash equivalents	(1,332)	2,356
Flows of cash and cash equivalents	(33,893)	(29,018)
Cash and cash equivalents at end of period	144,429	241,884

Related-party transactions relate to lease of the main office and certain stores, to recharges of maintenance costs and general services of the above-mentioned buildings and to commercial transactions, personnel costs and loans. Such operations are detailed in Note 17.

SUPPLEMENTARY INFORMATION TO THE STATEMENT OF CONSOLIDATED CASH FLOWS

The fair values of the assets and liabilities acquired are summarized in the table below:

(€ thousands)	First three months 2023	First three months 2022
- Goodwill	29,406	17,944
- Customer lists	10,091	8,270
- Trademarks and non-competition agreements	-	80
- Other intangible fixed assets	401	60
- Property, plant, and equipment	1,466	773
- Right-of-use assets	494	1,104
- Current assets	2,755	1,780
- Current liabilities	(3,310)	(1,952)
- Other non-current assets and liabilities	(3,058)	(3,204)
- Third parties equity	1,498	-
Total investments	39,743	24,855
Net financial debt acquired	349	283
Total business combinations	40,092	25,138
(Increase) decrease in payables through business acquisition	8,175	9,014
Purchase (sale) of other investments and securities	-	(40)
Cash flow absorbed by (generated from) acquisitions	48,267	34,112
(Cash and cash equivalents acquired)	(1,293)	(1,283)
Net cash flow absorbed by (generated from) acquisitions	46,974	32,829

NOTES

1. General Information

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

The parent company, Amplifon S.p.A. is based in Via Ripamonti 133, Milan, Italy. The Group is controlled directly by Ampliter S.r.l. (42.23% as at 31 March 2023), held for a 100% by Amplifin S.p.A., which is 99.4% owned by Susan Carol Holland and the remaining 0.6% in treasury shares.

The condensed interim consolidated financial report as at 31 March 2023 was prepared in accordance with International Accounting Standards, as well as 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 31 March 2023. The International Accounting Standards endorsed after that date and before the preparation of this report were adopted in the preparation of the condensed interim consolidated financial report only if early adoption is allowed by the Endorsing Regulation and the standard itself and if the Group had elected to do so.

The condensed interim consolidated financial statements at 31 March 2023 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 2022.

The publication of the condensed interim consolidated financial statements of the Amplifon Group at 31 March 2023 was authorized by a resolution of the Board of Directors of 2 May 2023 which approved their publication.

According to the Consob Communication of 28 July 2006, it is specified that during the first three months of 2023 the Group did not carry out atypical and/or unusual transactions, as defined by the Communication itself.

2. Impact of the conflict in Ukraine, COVID-19 emergency, and climate change on the Group's performance and financial position

The Group has no business activities, direct or indirect, in either Ukraine, Russia or Belarus and limited activities in surrounding countries. The military conflict in Ukraine has not yet had any direct impact on the Group's performance or business. That said, in 2022 the Russian-Ukrainian conflict caused a strong increase in inflation worldwide causing the central banks to tighten monetary policies and raise interest rates which stabilized somewhat in the first quarter of 2023 but, however, continue to be very high. The economic recovery that characterized the first post-pandemic phase slowed rapidly and the short/medium-term prospects remain uncertain and hard to assess with the possibility that an economic recession may materialize or persist. While the hearing aid market has always proven to be resilient even in times of economic crisis, as hearing solutions and services are non-discretionary products which benefit people's physical, emotional and relational health significantly, and customers are assisted by public and private insurances, as well as consumer loans, the current inflationary environment and uncertainty about the future costs of basic necessities could cause a few potential customers to postpone the purchase of a hearing aid temporarily, particularly if needed in the medium-term. Although the Group monitors the changing macroeconomic environment and the relative impact on the business constantly, it cannot be excluded that the situation described above could cause the demand for the Group's services and products to slow even though, as mentioned before, Amplifon operates in a market segment which in the past, albeit in situations that are not directly comparable, has proven to be less sensitive than others to changes in the general economic cycle.

With respect to the Covid-19 health crisis, the rollout of vaccination campaigns allowed for a gradual return to normalcy in a majority of the countries in which the Group operates already in the latter part of 2022. In the first three months of the 2023 the Group was not impacted by the health crisis, as shown by the excellent financial-economic results achieved by the Group.

As for climate change, the Group's business model is based on providing retail hearing solutions. The goals, therefore, connected to transitioning to alternative sources of energy and the actions needed to address climate change are pursued thanks to the steps taken by the Group to improve the energy efficiency of its business activities, as well as report on the greenhouse gas emissions generated along the value chain. Moreover, the Group's activities and business model do not entail significant exposure to the environmental risks connected specifically to climate change.

3. Acquisitions and goodwill

The Group continued its own balancing strategy between internal and external growth during the first three months of 2023 acquiring 70 points of sale. In detail, there were 30 points of sale purchased in Americas, 23 in Asia Pacific, and 17 in EMEA.

The total investment, including the indebtedness consolidated and the best estimate of the net change in the earn-out linked to sales and profitability targets payable over the next few years, amounted to €38,799 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 groups of Cash Generating Units.

(€ thousands)	Net carry at 12/31/2022	Business combinations completed in the reporting period	Disposals	Impairment	Other net changes	Net carry at 03/31/2023
EMEA	921,163	7,374	-	-	(284)	928,253
AMERICAS	213,816	16,351	-	-	(6,094)	224,073
APAC	619,049	5,681	-	-	(21,361)	603,369
Total	1,754,028	29,406	-	-	(27,739)	1,755,695

“Business combinations completed in the reporting period” refers to the temporary allocation to goodwill of the portion of the purchase price paid, including deferrals and contingent consideration (earn-outs), 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.

Identification of the Groups of Cash Generating Units

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

The assets allocated to the groups of Cash Generating Units and the methods used to determine these groups are the same as those applied to the financial Statements as at 31 December 2022.

The groups of Cash Generating Units recognized are:

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

The recoverable value of goodwill is determined based on the value in use or, if the latter is less than book value, on fair value. As at 31 December 2022 the management's valuations were made taking into consideration the value in use. No loss in value was identified as a result of the impairment tests conducted at 31 December 2022.

The Group tests for impairment of goodwill once a year and in the event of any impairment indicators.

In the first quarter of 2023 the Group recorded growth against the first quarter of the prior year across all geographies and results were largely in line with the budget. The long-term risk free interest rate applied was slightly lower than the rate used for the FY 2022 impairment tests. The headroom at 31.12.2022 varied, depending on the geographic area, from 2% to 27%.

No indicators of impairment, therefore, emerged and for the purposes of measuring goodwill reference should be made to the impairment tests reported on in the Annual Report 2022.

A summary of the book value and the fair value of assets and liabilities, deriving from the temporary allocation of the purchase price made as a result of business combinations and the purchase of minority interests in subsidiaries, is provided in the following table.

(€ thousands)	EMEA	Americas	APAC	Total
Cost of acquisitions of the period	11,024	19,553	9,166	39,743
Assets and liabilities acquired – Book value				
Current assets	339	1,123	-	1,462
Current liabilities	(565)	(1,140)	(119)	(1,824)
Net working capital	(226)	(17)	(119)	(362)
Other intangible, tangible and right-of-use assets	1,001	559	802	2,362
Other non-current assets and liabilities	(321)	(511)	-	(832)
Non-current assets and liabilities	680	48	802	1,530
Net invested capital	454	31	683	1,168
Third Parties Equity	-	1,498	-	1,498
Net financial position	507	437	-	944
NET EQUITY ACQUIRED - BOOK VALUE	961	1,966	683	3,610
DIFFERENCE TO BE ALLOCATED	10,063	17,587	8,483	36,133
ALLOCATIONS				
Customer lists	4,712	2,577	2,802	10,091
Contract liabilities - Short and long-term	(1,287)	(1,341)	-	(2,628)
Deferred tax assets	146	-	-	146
Deferred tax liabilities	(882)	-	-	(882)
Total allocations	2,689	1,236	2,802	6,727
GOODWILL	7,374	16,351	5,681	29,406

4. Intangible fixed assets with useful life

The following table shows the changes in intangible assets.

(€ thousands)	Historical cost at 12/31/2022	Accumulated amortization and write-downs at 12/31/2022	Net book value at 12/31/2022	Historical cost at 03/31/2023	Accumulated amortization and write-downs at 03/31/2023	Net book value at 03/31/2023
Software	235,964	(143,068)	92,896	240,534	(149,093)	91,441
Licenses	23,024	(18,450)	4,574	24,883	(19,326)	5,557
Non-competition agreements	14,328	(7,749)	6,579	14,869	(8,540)	6,329
Customer lists	464,959	(258,275)	206,684	471,263	(265,178)	206,085
Trademarks and concessions	96,559	(44,113)	52,446	95,111	(45,118)	49,993
Other	22,665	(11,292)	11,373	17,346	(7,348)	9,998
Fixed assets in progress and advances	45,546	-	45,546	46,939	-	46,939
Total	903,045	(482,947)	420,098	910,945	(494,603)	416,342

(€ thousands)	Net book value at 12/31/2022	Investments	Disposals	Amortization	Business combinations	Impairment	Other net changes	Net book value at 03/31/2023
Software	92,896	2,044	7	(7,829)	-	-	4,323	91,441
Licenses	4,574	40	-	(837)	-	-	1,780	5,557
Non-competition agreements	6,579	324	-	(903)	-	-	329	6,329
Customer lists	206,684	15	93	(9,065)	10,091	-	(1,733)	206,085
Trademarks and concessions	52,446	-	-	(1,953)	4	-	(504)	49,993
Other	11,373	236	(953)	(397)	-	-	(261)	9,998
Fixed assets in progress and advances	45,546	8,148	(50)	-	397	-	(7,102)	46,939
Total	420,098	10,807	(903)	(20,984)	10,492	-	(3,168)	416,342

The investments in intangible fixed assets recorded in the reporting period (€10,807 thousand) are attributable to the ongoing implementation and standardization of the Group cloud-based ERP system for back-office functions (HR, Procurement, Administration and Finance), the new front office solutions and the AI technologies used to provide customers with a highly personalized experience.

The change in "Business combinations" comprises:

- For €4,716 thousand, the temporary allocation of the price paid for acquisitions made in EMEA;
- For €2,974 thousand, the temporary allocation of the price paid for acquisitions made in Americas;
- For €2,802 thousand, the temporary allocation of the price paid for acquisitions made in APAC.

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

5. Property, plant, and equipment

The following table shows the changes in property, plant, and equipment.

(€ thousands)	Historical cost at 12/31/2022	Accumulated amortization and write-downs at 12/31/2022	Net book value at 12/31/2022	Historical cost at 03/31/2023	Accumulated amortization and write-downs at 03/31/2023	Net book value at 03/31/2023
Land	154	-	154	142	-	142
Buildings, constructions and leasehold improvements	298,991	(199,083)	99,908	302,393	(202,696)	99,697
Plant and machines	52,414	(42,077)	10,337	53,017	(42,782)	10,235
Industrial and commercial equipment	76,808	(58,052)	18,756	78,991	(59,834)	19,157
Motor vehicles	1,047	(776)	271	1,154	(802)	352
Computers and office machinery	80,108	(62,712)	17,396	80,435	(63,295)	17,140
Furniture and fittings	124,155	(91,452)	32,703	124,883	(92,618)	32,265
Other tangible fixed assets	5,673	(3,031)	2,642	6,983	(4,237)	2,746
Fixed assets in progress and advances	11,248	-	11,248	16,132	-	16,132
Total	650,598	(457,183)	193,415	664,130	(466,264)	197,866

(€ thousands)	Net book value at 12/31/2022	Investments	Disposals	Amortization	Business combinations	Impairment	Other net changes	Net book value at 03/31/2023
Land	154	-	-	-	-	-	(12)	142
Buildings, constructions and leasehold improvements	99,908	4,630	(24)	(6,018)	10	(21)	1,212	99,697
Plant and machines	10,337	532	-	(746)	179	(2)	(65)	10,235
Industrial and commercial equipment	18,756	1,916	(51)	(1,753)	46	-	243	19,157
Motor vehicles	271	85	(3)	(22)	20	-	1	352
Computers and office machinery	17,396	731	54	(2,007)	719	-	247	17,140
Furniture and fittings	32,703	1,302	27	(2,225)	49	-	409	32,265
Other tangible fixed assets	2,642	82	-	(163)	-	-	185	2,746
Fixed assets in progress and advances	11,248	8,432	(36)	-	443	3	(3,958)	16,132
Total	193,415	17,710	(33)	(12,934)	1,466	(20)	(1,738)	197,866

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

The change in “business combinations” comprises:

- for €651 thousand, the temporary allocation of the price paid for acquisitions made in EMEA;
- for €132 thousand, the temporary allocation of the price paid for acquisitions made in Americas;

- for €683 thousand, the temporary allocation of the price paid for acquisitions made in APAC.

“Other net changes” is explained primarily by foreign exchange differences recorded in the reporting period and the reclassification of work in progress completed in the period.

6. Right-of-use assets

Right-of-use assets are reported here below:

(€ thousands)	at 12/31/2022			at 03/31/2023		
	Historical cost	Accumulated amortization and write-downs	Net book value	Historical cost	Accumulated amortization and write-downs	Net book value
Stores and offices	777,889	(336,445)	441,444	791,263	(341,286)	449,977
Motor vehicles	24,819	(15,365)	9,454	25,727	(15,772)	9,955
Electronic machinery	1,657	(808)	849	2,780	(980)	1,800
Total	804,365	(352,618)	451,747	819,770	(358,038)	461,732

(€ thousands)	Net book value at 12/31/2022		Decrease	Depreciation	Business combinations		Other net changes	Net book value at 03/31/2023
	Value	Increase			Impairment	Impairment		
Stores and offices	441,444	37,161	(5,465)	(26,559)	494	-	2,902	449,977
Motor vehicles	9,454	1,958	(294)	(1,388)	-	-	225	9,955
Electronic machinery	849	1,185	-	(190)	-	-	(44)	1,800
Total	451,747	40,304	(5,759)	(28,137)	494	-	3,083	461,732

The increase in right of use assets acquired in the year is explained by the renewal of existing leases and the network expansion.

The change in “business combinations” comprises:

- for €345 thousand, the temporary allocation of the price paid for acquisitions made in EMEA;
- for €30 thousand, the temporary allocation of the price paid for acquisitions made in Americas;
- for €119 thousand, the temporary allocation of the price paid for acquisitions made in APAC.

“Other changes” refers mainly to foreign exchange differences recorded in the reporting period.

7. Share capital

On 31 March 2023 the share capital comprised 226,388,620 ordinary shares with a par value of €0.02 fully paid in and subscribed, unchanged concerning 31 December 2022.

A total of 23,225 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.

A total of 1,808,135 treasury shares, or 0.799% of the parent's share capital, were held at 31 March 2023.

Information relating to the treasury shares held is shown below:

	No. of shares	Average purchase price (Euro)	Total amount (€ thousands)
		FV of transferred rights (Euro)	
Held at 12/31/2022	1,831,360	27.245	49,895
Purchases	-	-	-
Transfers due to exercise of performance stock grants	(23,225)	27.245	(633)
Held at 03/31/2023	1,808,135	27.245	49,262

8. Net financial position

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

(€ thousands)	03/31/2023	12/31/2022	Change
Cash (A)	144,429	179,654	(35,225)
Cash equivalents (B)	-	-	-
Short term investments (C)	50,182	49,968	214
Total Cash, Cash Equivalents and Short-Term Investments (A+B+C) (D)	194,611	229,622	(35,011)
Current financial payables (including bonds, but excluding current portion of medium/long-term debt) (E)	253,143	221,095	32,048
- Bank borrowings	172,895	116,659	56,236
- Private Placement 2013-2025	-	103,131	(103,131)
- Other financial payables and bank overdrafts	80,258	19,697	60,561
- Hedging derivatives	(10)	(18,392)	18,382
Current portion of medium/long-term financial debt (F)	126,211	130,329	(4,118)
- Financial accruals and deferred income	4,254	6,012	(1,758)
- Payables for business acquisitions	16,417	24,601	(8,184)
- Lease Liability – current portion	105,540	99,716	5,824
Current Financial Indebtedness (E+F) (G)	379,353	351,424	27,929
Current Financial Indebtedness (G-D) (H)	184,742	121,802	62,940
Non current financial payables (I)	770,623	826,797	(56,174)
- Bank borrowings – Non current portion	391,659	452,202	(60,543)
- Payables for business acquisitions – Non current portion	5,490	5,705	(215)
- Lease Liability – Non current portion	373,474	368,890	4,584
Bonds (J)	350,000	350,000	-
- Eurobond 2020-2027	350,000	350,000	-
Trade and other non current payables (K)	-	-	-
- Hedging derivatives – non current portion	-	-	-
Non Current Financial Indebtedness (I+J+K) (L)	1,120,623	1,176,797	(56,174)
Total Financial Indebtedness (H+L) (M)	1,305,365	1,298,599	6,766

Excluding lease liabilities (€479,014 thousand at 31 March 2023), net financial debt amounted to €826,351 thousand at 31 March 2023, broken down as follows:

(€ thousands)	03/31/2023	12/31/2022	Change
Cash and Cash Equivalents	144,429	179,654	(35,225)
Short Term Investments	50,182	49,968	214
Cash, Cash Equivalents and Short Term Investments	194,611	229,622	(35,011)
Current Financial Indebtedness (excluding lease liabilities)	273,813	251,708	22,105
Current Financial Indebtedness (excluding lease liabilities)	79,202	22,086	57,116
Non current Financial Indebtedness (excluding lease liabilities)	747,149	807,907	(60,758)
Total Financial Indebtedness (excluding lease liabilities)	826,351	829,993	(3,642)

At the end of January 2023 the entire Private Placement 2013-2025 was repaid in advance (€85,371 thousand at the hedging rate).

Long-term net financial debt, excluding lease liabilities, amounted to €747,149 thousand at 31 March 2023 which is €60,758 thousand lower than the €807,907 thousand recorded at 31 December 2022. The change is attributable mainly to the reclassification as short-term debt of the portions of long-term debt maturing in the next 12 months.

The **short-term portion of the net financial debt**, excluding lease liabilities, increased by €57,116 thousand, going from €22,086 thousand at 31 December 2022 to €79,202 thousand at 31 March 2023. The short-term portion of long-term debt and the other short-term components of financial debt exceed available liquidity, other cash equivalents and other short-term liquid assets. The company, however, has unutilized, irrevocable lines of credit of €255,000 thousand which, in addition to the €148 million in available uncommitted credit lines and the cash generation expected for the remainder of 2023, ensure enough liquidity to satisfy current obligations and support business needs.

More specifically, the short-term portion of the net financial position includes the short-term portion of long-term bank loans (€172,895 thousand), other bank debt of €79,959 thousand including hot money and utilization of short-term credit lines, interest payable on the Eurobond (€514 thousand), as well as on other bank borrowings (€3,740 thousand), and lastly, the best estimate of the deferred payments for acquisitions (€16,417 thousand), net of the €194,611 thousand in liquidity. Liquidity includes €144,429 thousand in available cash and €50,182 thousand in other financial assets that are easily liquidated. These financial assets refer to investments made in money market funds managed by top-tier financial institutions.

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

- a. under the item “medium/long-term financial liabilities”.

(€ thousands)	Balance at 03/31/2023
<i>Eurobond 2020-2027</i>	350,000
Other medium/long-term debt	391,659
Fees on <i>Eurobond 2020-2027</i> and bank loans	(2,924)
Medium/long-term financial liabilities	738,735

- b. under the item “financial payables (current)”.

(€ thousands)	Balance at 03/31/2023
Bank overdraft and other short-term debt (including current portion of other long-term debt)	253,153
Other financial payables	4,254
Fees on bank loans	(1,290)
Short-term financial liabilities	256,117

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

9. Financial liabilities

The financial liabilities breakdown is as follows:

(€ thousands)	Balance at 03/31/2023	Balance at 12/31/2022	Change
Eurobond 2020-2027	350,000	350,000	-
Other medium long-term bank loans	391,659	452,202	(60,543)
Fees on Eurobond 2020-2027, bank loans, and private placement 2013-2025	(2,924)	(3,262)	338
Total medium/long-term financial liabilities	738,735	798,940	(60,205)
Short term debt	256,117	243,661	12,456
- of which current portion of short-term bank loans	172,895	116,659	56,236
- of which current portion of private placement 2013-2025	-	103,131	(103,131)
- of which debts for account overdrafts and other short-term liabilities	79,959	18,212	61,747
- of which fees for bank loans and private placement 2013-2025	(1,290)	(1,245)	(45)
Total short-term financial liabilities	256,117	243,661	12,456
Total financial liabilities	994,852	1,042,601	(47,749)

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
02/13/2020	Amplifon S.p.A.	02/13/2027	350,000	306,774	1.125%	N/A
Total in Euro			350,000	306,774		

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

- *Bank loans*

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

Issue Date	Debtor	Type	Maturity	Nominal value (€/000)	Outstanding debt (€/000)	Fair Value (€/000)	Nominal interest rate (*)	Hedged nominal amount (**)	Interest rate after hedging (**)
04/30/2020	Amplifon S.p.A.	Amortizing	04/30/2023	30,000	3,772	3,798	3.592%		
04/07/2020	Amplifon S.p.A.	Bullet	03/22/2024	60,000	60,000	61,493	4.032%		
04/06/2020	Amplifon S.p.A.	Amortizing	04/06/2025	50,000	35,714	36,424	3.420%	35,714	1.012%
04/07/2020	Amplifon S.p.A.	Amortizing	04/07/2025	150,000	120,000	123,501	3.088%	80,000	1.17%
04/28/2020	Amplifon S.p.A.	Amortizing	04/28/2025	50,000	50,000	51,056	3.168%		1.530%
04/29/2020	Amplifon S.p.A.	Amortizing	04/29/2025	78,000	48,750	50,330	3.768%	34,125	1.540%
04/23/2020	Amplifon S.p.A.	Amortizing	06/30/2025	35,000	31,500	32,244	3.826%	31,500	0.990%
08/03/2020	Amplifon S.p.A.	Amortizing	06/30/2025	10,000	4,565	4,623	3.252%		
12/23/2021	Amplifon S.p.A.	Amortizing	12/23/2026	210,000	210,000	211,295	3.602%	210,000	1.163%
Total				673,000	564,301	574,764		391,339	

(*) The nominal interest rate comprises the benchmark rate (Euribor) plus the applicable spread.

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

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

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

Typically, in the event of relevant acquisitions, the first two ratios may be increased to 2.20 and 3.26, respectively, for a period of not more than 12 months, twice over the life of the respective loans.

The trigger events for these covenants and the “spikes” relative to significant acquisitions (i.e. increase in benchmark index for maximum 12 months and twice along the duration of the financial liability) are summarized below:

Primary Credit Facility Agreement	Leverage Ratio	Net Worth Ratio	Interest Cover	Spike
- Medium/long-term bilateral loans with top-tier banking institutions of €238 million.	≤ 2.85	≤ 1.65	-	≤ 3.26 (Leverage Ratio)
- Irrevocable credit lines with top-tier banking institutions of €125 million.				≤ 2.20 (Net Worth Ratio)
- €36 million bank loan expiring in 2025				
- Revolving irrevocable credit line of €15 million	≤ 2.85	-	> 4.90	≤ 3.26 (Leverage Ratio)
-Medium/long-term bilateral loans with top-tier banking institutions of €80 million;	≤ 2.85	≤ 1.65	> 4.90	≤ 3.26 (Leverage Ratio)
- Irrevocable credit lines with top-tier banking institutions of €115 million;				≤ 2.20 (Net Worth Ratio)

The €210 million “sustainability-linked” line negotiated at year-end 2021 used to refinance the syndicated loan for the GAES acquisition is not subject to financial covenants. However, the financial covenants on the other credit facilities will also be extended to the lenders of the “sustainability-linked” facility as a result of a most favored clause.

The three financial covenants and the relative spikes, shown in the table above, are, therefore, applied to this credit line as long as they are also applied to the other facilities.

As at 31 March 2023 these ratios were as follows:

	Value as at 03/31/2023
Net financial indebtedness excluding lease liabilities/Group net equity (<i>Net Worth Ratio</i>)	0.79
Net financial position excluding lease liabilities/EBITDA for the last four quarters (<i>Leverage Ratio</i>)	1.48
EBITDA for the last 4 quarters/Net financial expenses (<i>Interest Cover</i>)	25.74

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

(€ thousands)	Value as at 03/31/2023
Group EBITDA first three months 2023	115,641
EBITDA April-December 2022	408,903
Fair value of stock grant assignment	12,988
EBITDA normalized (from acquisitions and disposals)	9,026
Acquisitions and non-recurring costs	11,131
EBITDA for the covenant calculation	557,689

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

10. Provision for risk and charges

Provisions for risks and charges amounted to €22,129 thousand, largely in line with the €21,607 thousand recorded at 31 December 2022.

The provisions for risks at 31 March 2023 are detailed below:

(€ thousands)	03/31/2023	12/31/2022	Change
Product warranty provision	1,161	1,261	(100)
Provision on contract risks	4,085	4,515	(430)
Agents' leaving indemnities	12,077	11,735	342
Other reserves for risks and charges	2,411	2,433	(22)
Total Long-term provision for risk and charges	19,734	19,944	(210)
Product warranty provision	479	323	156
Other reserves for risks and charges	1,916	1,340	576
Total Short-term provision for risk and charges	2,395	1,663	732
Total provision for risk and charges	22,129	21,607	522

11. Lease liabilities

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

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

(€ thousands)	03/31/2023	12/31/2022	Change
Short term lease liabilities	105,540	99,716	5,824
Long term lease liabilities	373,474	368,890	4,584
Total lease liabilities	479,014	468,606	10,408

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

(€ thousands)	First three months 2023
Interest charges on leased assets	(3,263)
Right-of-use depreciation	(28,137)
Costs for short-term leases and leases for low value assets	(3,550)

12. Revenues from sales and services

(€ thousands)	First three months 2023	First three months 2022	Change
Revenues from sale of products	469,108	437,789	31,319
Revenues from services	71,143	58,019	13,124
Total revenues from sales and services	540,251	495,808	44,443
Goods and services provided at a point in time	469,108	437,789	31,319
Goods and services provided over time	71,143	58,019	13,124
Total revenues from sales and services	540,251	495,808	44,443

Consolidated revenues from sales and services amounted to €540,251 thousand in the first three months of 2023, an increase of €44,443 thousand (+9.0%) compared to the same period of the prior year.

The increase compared to the first quarter of 2022 is attributable for €36,934 thousand to organic growth (+7.4%), acquisitions for €9,255 thousand (+1.9%) and negative exchange differences for €1,746 thousand (-0.3%).

13. Operating costs, depreciation and impairment, financial income-expenses and taxes

Operating costs amounted to €427,962 thousand in the first quarter of 2023 (€387,514 thousand in the first quarter of 2022), an increase of €40,448 thousand (+10.4%).

“Amortization, depreciation and impairment” amounted to €62,075 thousand at 31 March 2023, higher than the €57,649 thousand recorded in the first three months of 2022.

“Financial income, expenses and value adjustments to financial assets” came to €11,948 thousand in the first quarter of 2023 (€8,444 thousand in the first three months of 2022).

The change in the reporting period is attributable mainly to an increase in financial expenses stemming from higher interest rates on the utilization of short-term credit lines (most of the long-term debt is fixed rate) and the negative exchange differences recorded primarily in North and South America.

Current and deferred tax amounted to €12,359 thousand in the first quarter of 2023, €667 thousand lower than in the first three months of 2022 (€13,026 thousand). The tax rate was 29.7% in the reporting period versus 29.8% at 31 March 2022.

14. Performance Stock Grant

On 5 January 2023 the majority shareholder Ampliter S.r.l. (“Ampliter”) issued a plan which provides for the one-off assignment, free of charge, of up to a maximum of 500,000 of the Amplifon shares owned by Ampliter, to the Chief Executive Officer Enrico Vita, during the current mandate 2022-2024.

The shares will be transferred, free of charge, in five tranches, comprising a first tranche of 260,000 shares and subsequent ones of 60,000 shares each.

As a result of this assignment, which was made completely autonomously by Ampliter and does not envisage any cash-out by Amplifon, based on IFRS 2 “Share Based Payments” an estimated one-off notional cost of €13.7 million will be recognized in the income statement, of which €12.4 million in 2023 and €1.3 million in 2024.

The fair value per share recognized in accordance with IFRS 13 equaled the mark to market (Level 1) of the rights at the assignment date or €27.43.

The notional cost for the first quarter was €7,294 thousand which was recognized as a non-recurring expense at 31 March 2023.

15. Non-recurring significant events

The first three months of 2023 were impacted by the following non-recurring items:

(€ thousands)	First three months 2023	First three months 2022
Costs related to Bay Audio integration	-	(1,000)
Costs related to second phase of the GAES integration	(598)	(1,047)
Operating costs		
Costs related to the charitable donation to the UNHCR for the Ukraine emergency.	-	(1,000)
Notional cost of the Amplifon shares assigned by the shareholder Ampliter to the CEO	(7,294)	-
Profit (loss) from operating activities	(7,892)	(3,047)
Profit (loss) before tax	(7,892)	(3,047)
Impact of the above items on the tax burden for the period	2,306	853
Total net profit (loss)	(5,586)	(2,194)

16. Earnings (loss) per share

Basic Earnings (loss) per share

Basic earnings (loss) per share is obtained by dividing the net profit for the year attributable to the ordinary shareholders of the parent company by the weighted average number of shares outstanding in the 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 three months 2023	First three months 2022
Net profit (loss) attributable to ordinary shareholders (€ thousand)	29,299	30,613
Average number of shares outstanding in the period	224,551,388	224,476,338
Average earnings per share (€ per share)	0.13048	0.13638

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 computation of the average number of outstanding potential shares is based on the average fair value of shares for the period; stock options and stock grants are excluded from the calculation since they have anti-diluting effects.

Weighted average diluted number of shares outstanding	First three months 2023	First three months 2022
Average number of shares outstanding in the period	224,551,388	224,476,338
Weighted average of potential and diluting ordinary shares	1,673,108	2,218,858
Weighted average of shares potentially subject to options in the period	226,224,496	226,695,196

The diluted earnings per share were determined as follows:

Diluted earnings per share	First three months 2023	First three months 2022
Net profit attributable to ordinary shareholders (€ thousand)	29,299	30,613
Average number of shares outstanding in the period	226,224,496	226,695,196
Average diluted earnings per share (€)	0.12952	0.13504

17. 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. (42.23% of share capital and 59.27% of voting rights), held for a 100.0% by Amplifon S.p.A., which is 99.4% owned by Susan Carol Holland and the remaining 0.6% in treasury shares.

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

The following table details transactions with related parties:

(€ thousands)	03/31/2023			First three months 2023		
	Trade receivables	Trade payables	Other receivables	Revenues for sales and services	Operating (costs)/revenues	Interest income and expense
Amplifon S.p.A.	27	-	624	-	(48)	2
Total – Parent	27	-	624	-	(48)	2
Comfoor BV (The Netherlands)	47	2,754	-	20	(271)	-
Ruti Levinson Institute Ltd (Israel)	93	-	-	-	-	-
Afik - Test Diagnosis & Hearing Aids Ltd (Israel)	165	-	-	-	-	-
Total – Other related parties	305	2,754	-	20	(271)	-
Total related parties	332	2,754	624	20	(319)	2
Total as per financial statements	190,274	315,988	89,728	540,251	(427,962)	(5,952)
% of financial statements total	0.17%	0.87%	0.70%	0.00%	0.07%	-0.03%

The trade and other receivables refer primarily to:

- the recovery of maintenance costs and building fees from Amplifon S.p.A.;
- the receivables due by 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 by associates (mainly in Israel) who 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, a joint venture from which hearing protection devices are purchased and then distributed in Group stores.

The lease for the Milan headquarters (leased to Amplifon by the parent company Amplifon) is recognized under right-of-use depreciation for €455 thousand, interest on leases for €70 thousand, lease liabilities of €14,061 thousand, and right-of-use asset of €12,273 thousand.

The assignment of Amplifon shares by Ampliter S.r.l. to the CEO Enrico Vita described in note 14, is a transaction between related parties and not a transaction with related parties.

18. Contingent liabilities

Currently the Group is not exposed to any particular risks, uncertainties or legal disputes in excess of the provisions already made in the financial statements, shown in Note 10. The usual tax audits are currently underway and no findings of note have been reported so far and the Group is, at any rate, confident in the adequacy of the measures implemented.

19. Financial risk management

As this condensed consolidated interim financial report does not include all the additional information that is mandatorily included in the Annual Report relating to the management of financial risk, for a detailed analysis of financial risk management reference should be made to the Group's 2022 Annual Report.

20. Translation of foreign companies' financial statements

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

	31 March 2023		2022	31 March 2022	
	Average exchange rate	As at 31 March	As at 31 December	Average exchange rate	As at 31 March
Panamanian balboa	1.0730	1.0875	1.0660	1.1101	1.1217
Australian dollar	1.5701	1.6268	1.5693	1.4829	1.5491
Canadian dollar	1.4513	1.4737	1.4440	1.3896	1.4206
New Zealand dollar	1.7040	1.7392	1.6798	1.6014	1.6584
Singapore dollar	1.4302	1.4464	1.4300	1.5028	1.5169
US dollar	1.0730	1.0875	1.0666	1.1101	1.1217
Hungarian forint	388.71	379.50	400.87	369.77	364.60
Swiss franc	0.9925	0.9968	0.9847	1.0267	1.0364
Egyptian lira	32.1589	33.5530	26.3990	20.280	18.037
New Israeli shekel	3.7959	3.9284	3.7554	3.5243	3.5869
Argentine peso (*)	226.8909	226.8909	188.5033	123.1020	123.1020
Chilean peso	870.78	858.85	913.82	875.81	907.57
Colombian peso	5,106.29	5,048.97	5,172.47	4,167.38	4,389.67
Mexican peso	20.0431	19.6392	20.8560	22.0903	22.9919
Brazilian real	5.5750	5.5158	5.6386	5.3009	5.8696
Chinese renminbi	7.3419	7.4763	7.3582	7.0403	7.1212
Indian rupee	88.2438	89.3995	88.1710	84.1340	84.3944
British pound	0.8831	0.8792	0.8869	0.8460	0.8364
Polish zloty	4.7081	4.6700	4.6808	4.6531	4.6230

(*) Argentina is a highly inflationary country. As requested by IAS 29, profit and loss items have been converted at the closing exchange rate.

The average Argentine peso exchange rate as at 31 March 2023 is 206.2678 and as at 31 March 2022 is 119.4929.

21. 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, Spain, Portugal, Switzerland, Belgium, 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 areas (the Corporate functions are recognized under EMEA), represent the organizational structure used by management to run the Group’s operations. The reports periodically analyzed by the Chief Executive Officer and Top Management are divided up accordingly, by geographical area.

Performances are monitored and measured for each operating segment/geographical area, 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 versus borrowings) and, consequently, neither are taxes. Items in the statement of financial position are analyzed by the geographical area 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 March 31st, 2023 (*)

(€ thousands)	EMEA	AMERICAS	APAC	ELIM.	CONSOLIDATED
ASSETS					
<u>Non-current assets</u>					
Goodwill	928,253	224,073	603,369	-	1,755,695
Intangible fixed assets with finite useful life	296,921	54,571	64,850	-	416,342
Property, plant, and equipment	142,337	22,072	33,457	-	197,866
Right-of-use assets	368,629	38,521	54,582	-	461,732
Equity-accounted investments	2,215	-	-	-	2,215
Hedging instruments	25,400	-	-	-	25,400
Deferred tax assets	65,681	10,115	10,744	-	86,540
Deferred contract costs	10,582	1,218	70	-	11,870
Other assets	30,679	12,072	1,798	-	44,549
Total non-current assets					3,002,209
<u>Current assets</u>					
Inventories	67,895	6,018	9,724	-	83,637
Receivables	264,043	45,675	31,608	(61,324)	280,002
Deferred contract costs	3,959	778	94	-	4,831
Hedging instruments	276	-	-	-	276
Other financial assets					50,200
Cash and cash equivalents					144,429
Total current assets					563,375
TOTAL ASSETS					3,565,584
LIABILITIES					
<u>Net Equity</u>					1,047,292
<u>Non-current liabilities</u>					
Medium/long-term financial liabilities					738,735
Lease liabilities	303,413	32,492	37,569	-	373,474
Provisions for risks and charges	17,541	771	1,422	-	19,734
Liabilities for employees' benefits	7,927	214	700	-	8,841
Hedging instruments	454	-	-	-	454
Deferred tax liabilities	61,782	25,519	17,722	-	105,023
Payables for business acquisitions	3,292	2,198	-	-	5,490
Contract liabilities	139,605	14,935	2,291	-	156,831
Other long-term liabilities	15,181	1,298	-	-	16,479
Total non-current liabilities					1,425,061
<u>Current liabilities</u>					
Trade payables	278,258	58,609	40,249	(61,128)	315,988
Payables for business acquisitions	7,813	8,604	-	-	16,417
Contract liabilities	90,759	15,749	7,984	-	114,492
Other payables and tax payables	227,753	23,376	27,329	(196)	278,262
Hedging instruments	266	-	-	-	266
Provisions for risks and charges	1,685	710	-	-	2,395
Liabilities for employees' benefits	841	449	2,464	-	3,754
Short-term financial liabilities					256,117
Lease liabilities	77,062	8,876	19,602	-	105,540
Total current liabilities					1,093,231
TOTAL LIABILITIES					3,565,584

(*) The items in the statement of financial position are analyzed by the CEO and Top Management by geographic area without being separated from the Corporate functions which are included in EMEA.

Statement of Financial Position as at December 31st, 2022 ^(*)

(€ thousands)	EMEA	AMERICAS	APAC	ELIM.	CONSOLIDATED
ASSETS					
Non-current assets					
Goodwill	921,163	213,816	619,049	-	1,754,028
Intangible fixed assets with finite useful life	298,642	53,903	67,553	-	420,098
Property, plant, and equipment	136,721	21,006	35,688	-	193,415
Right-of-use assets	366,243	34,242	51,262	-	451,747
Equity-accounted investments	2,093	-	-	-	2,093
Hedging instruments	25,850	-	-	-	25,850
Deferred tax assets	60,867	10,206	10,707	-	81,780
Deferred contract costs	9,841	1,206	84	-	11,131
Other assets	30,361	10,494	1,615	-	42,470
Total non-current assets					2,982,612
Current assets					
Inventories	60,417	5,781	10,060	-	76,258
Receivables	270,798	54,107	33,985	(94,213)	264,677
Deferred contract costs	4,437	744	81	-	5,262
Hedging instruments	17,016	-	-	-	17,016
Other financial assets					49,986
Cash and cash equivalents					179,654
Total current assets					592,853
TOTAL ASSETS					3,575,465
LIABILITIES					
Net Equity					
					1,040,350
Non-current liabilities					
Medium/long-term financial liabilities					798,940
Lease liabilities	304,182	28,995	35,713	-	368,890
Provisions for risks and charges	17,712	787	1,445	-	19,944
Liabilities for employees' benefits	8,023	203	714	-	8,940
Hedging instruments	-	-	-	-	-
Deferred tax liabilities	61,419	26,053	19,211	-	106,683
Payables for business acquisitions	3,209	2,496	-	-	5,705
Contract liabilities	136,574	14,744	2,295	-	153,613
Other long-term liabilities	15,149	974	-	-	16,123
Total non-current liabilities					1,478,838
Current liabilities					
Trade payables	310,412	68,611	40,574	(94,014)	325,583
Payables for business acquisitions	7,585	17,016	-	-	24,601
Contract liabilities	91,613	15,034	8,210	-	114,857
Other payables and tax payables	192,769	19,919	30,092	(199)	242,581
Hedging instruments	-	-	-	-	-
Provisions for risks and charges	975	688	-	-	1,663
Liabilities for employees' benefits	789	393	2,434	-	3,616
Short-term financial liabilities					243,661
Lease liabilities	73,798	7,827	18,090	-	99,716
Total current liabilities					1,056,277
TOTAL LIABILITIES					3,575,465

(*) The items in the statement of financial position are analyzed by the CEO and Top Management by geographic area without being separated from the Corporate functions which are included in EMEA.

Income Statement – First three months 2023 ^(*)

(€ thousands)	EMEA	AMERICAS	APAC	CORPORATE	ELIM.	CONSOLIDATED
Revenues from sales and services	359,707	100,864	79,594	86	-	540,251
Operating costs	(261,166)	(78,355)	(57,951)	(30,490)	-	(427,962)
Other income and costs	883	2,322	98	49	-	3,352
Gross operating profit by segment (EBITDA)	99,424	24,831	21,741	(30,355)	-	115,641
Amortization, depreciation and impairment						
Intangible assets amortization	(10,028)	(2,474)	(3,761)	(4,721)	-	(20,984)
Property, plant, and equipment depreciation	(8,034)	(1,558)	(2,656)	(686)	-	(12,934)
Right-of-use depreciation	(18,932)	(2,671)	(5,969)	(565)	-	(28,137)
Impairment losses and reversals of non-current assets	(22)	-	2	-	-	(20)
	(37,016)	(6,703)	(12,384)	(5,972)	-	(62,075)
Operating result by segment	62,408	18,128	9,357	(36,327)	-	53,566
Financial income, expenses and value adjustments to financial assets						
Group's share of the result of associated companies valued at equity and gains/losses on disposals of equity investments	126	-	-	-	-	126
Interest income and expenses						(5,952)
Interest expenses on lease liabilities						(3,263)
Other financial income and expenses						(1,202)
Exchange gains and losses, and inflation accounting						(1,978)
Gain (loss) on assets accounted at fair value						321
						(11,948)
Net profit (loss) before tax						41,618
Current and deferred income tax						
Current income tax						(18,751)
Deferred tax						6,392
						(12,359)
Net profit (loss)						29,259
Net profit (loss) attributable to Minority interests						(40)
Net profit (loss) attributable to the Group						29,299

(*) The figures of the operating segments are net of the intercompany eliminations.

Income Statement – First three months 2022 ^(*)

(€ thousands)	EMEA	AMERICAS	APAC	CORPORATE	ELIM.	CONSOLIDATED
Revenues from sales and services	340,172	84,021	71,462	153	-	495,808
Operating costs	(248,744)	(63,357)	(53,090)	(22,323)	-	(387,514)
Other income and costs	982	6	(41)	565	-	1,512
Gross operating profit by segment (EBITDA)	92,410	20,670	18,331	(21,605)	-	109,806
Amortization, depreciation and impairment						
Intangible assets amortization	(8,952)	(2,287)	(4,160)	(3,711)	-	(19,110)
Property, plant, and equipment depreciation	(8,389)	(963)	(2,308)	(711)	-	(12,371)
Right-of-use depreciation	(18,655)	(1,897)	(5,004)	(561)	-	(26,117)
Impairment losses and reversals of non-current assets	(99)	60	(12)	-	-	(51)
	(36,095)	(5,087)	(11,484)	(4,983)	-	(57,649)
Operating result by segment	56,315	15,583	6,847	(26,588)	-	52,157
Financial income, expenses and value adjustments to financial assets						
Group's share of the result of associated companies valued at equity and gains/losses on disposals of equity investments	49	-	-	-	-	49
Interest income and expenses						(4,661)
Interest expenses on lease liabilities						(2,736)
Other financial income and expenses (**)						(447)
Exchange gains and losses, and inflation accounting (**)						1,043
Gain (loss) on assets accounted at fair value (**)						(1,692)
						(8,444)
Net profit (loss) before tax						43,713
Current and deferred income tax						
Current income tax						(16,510)
Deferred tax						3,484
						(13,026)
Net profit (loss)						30,687
Net profit (loss) attributable to Minority interests						74
Net profit (loss) attributable to the Group						30,613

(*) The figures of the operating segments are net of the intercompany eliminations.

(**) It is specified that, on the comparative period 2022, reclassifications between "Financial income, expenses and value adjustments to financial assets" have been made in order to better represent financial information.

22. Accounting policies

22.1 Presentation of financial statements

The Interim Financial Report as at 31 March 2023 was 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 the financial statements, the following is specified:

- 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 provide a more accurate representation of the Group's primarily commercial and distribution activities;
- comprehensive income statement: in addition to the net result for the year, it includes the impact of differences in exchange rates, the cash flow hedge reserve, the foreign currency basis spread reserve for derivatives, as well as the actuarial gains and losses that have been recognized directly in changes in shareholders' equity, these items are divided according to whether or not they can be subsequently reclassified to the income statement
- 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);
- statement of cash flows: is prepared using the indirect method to determine cash flow from operations.

22.2 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 input or output needed 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, tangible fixed assets and right of use assets recognized based on the estimated remaining useful life and the recoverable amount;
- income tax recognized based on the best estimate of the tax rate for the full year;
- IRSs and currency swaps (instruments not traded on regulated markets), marked to market at the reporting date based on the yield curve and market exchange rates, which are subject to credit/debit valuation adjustments based on market prices;
- the lease term duration was determined on a lease-by-lease basis and is comprised of the "non-cancellable" period along with the impact of any extension or early termination clauses

- if exercise of that clause is reasonably certain and taking into account any and all lease clauses;
- discount rate of leases falling within the scope of IFRS 16 (incremental borrowing rate) determined based on the IRS (reference interbank rate used as an index for fixed-rate mortgage loans) in the individual countries in which Amplifon Group companies operate, for maturities commensurate with the duration of the specific rental agreement, plus the Parent Company's credit spread and any costs for additional guarantees. In the rare instances when the IRS rate is not available (Egypt, Ecuador, Mexico and Panama), the risk-free rate was determined based on government bonds with maturities similar to the duration of the specific rental agreement.

Estimates are periodically reviewed, and any changes made, following the change of the circumstances based on which the estimates were made 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 verifies the existence of a loss in value of goodwill regularly, once a year or in the event of impairment indicators. This calls for an estimate of the value in use of the cash generating units to which the goodwill refers based on an estimate of future cash flows and the after-tax discount rate which reflects market conditions at the valuation date.

22.3 IFRS standards/interpretations approved by the IASB and endorsed in Europe

The following table lists the IFRS/interpretations approved by the IASB, endorsed in Europe and applied for the first time this year.

Description	Endorsement date	Publication in the G.U.C.E.	Effective date	Effective date for Amplifon
Amendment to IAS 1 <i>“Presentation of Financial Statements”</i> e <i>IFRS Practice Statement 2: Disclosure of Accounting Policies</i> (issued on 12 February 2021)	2 Mar '22	3 Mar '22	1 Jan '23	1 Jan '23
IFRS 17 <i>“Insurance Contracts”</i> (issued on 18 May 2017); including amendments to IFRS 17 (issued on 25 June 2020)	19 Nov '21	23 Nov '21	1 Jan '23	1 Jan '23
Amendment to IFRS 17 <i>“Insurance contracts”</i> and IFRS 9 (issued on 9 December 2021)	8 Sept '22	9 Set '22	1 Jan '23	1 Jan '23
Amendment to IAS 12 <i>“Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction”</i> (issued on 7 May 2021)	11 Aug '22	12 Aug '22	1 Jan '23	1 Jan '23
Amendment to IAS 8 <i>“Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates”</i> (issued on 12 February 2021)	2 Mar '22	3 Mar '22	1 Jan '23	1 Jan '23

Amendments to IAS 1 *“Presentation of Financial Statements”* and *“IFRS Practice Statement 2 Disclosure of Accounting Policies”* which strive to improve accounting policy disclosures, in order to provide investors and other primary users of the financial statements with more useful information, as well as help companies clarify the distinction between changes in accounting policies and changes in accounting estimates.

IFRS 17 *“Insurance Contracts”* is a new standard which relates to the recognition and measurement, presentation and disclosure of insurance contracts which will substitute IFRS 4, issued in 2005. This standard is applicable to all types of insurance contracts, regardless of the issuer, as well as to a few guarantees and financial instruments with discretionary participation features.

Amendments to IAS 12 *“Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction”* calls for exceptions to the *“initial recognition exemption”* provided

in IAS 12.25 (b) and IAS 12.24. The provision impacts the calculation of the tax liability recorded upon “initial recognition”.

Amendments to IAS 8 “Accounting policies, Changes in Accounting Estimates and Errors” which allow the entities to distinguish between accounting principle and accounting estimates through the introduction of a new definition of “accounting estimates”.

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

22.4 Future accounting standards and interpretations

IFRS standards/interpretations approved by IASB, but not endorsed in Europe

The following are the international accounting standards, interpretations, amendments to existing accounting standards and interpretations, or specific provisions contained in the standards and interpretations approved by the IASB which, at 5 April 2023, had yet to be endorsed for adoption in Europe.

Description	Expected effective date
Amendments to IAS 1: “ <i>Presentation of Financial Statements – Classification of liabilities as current or non-current</i> ” and “ <i>Classification of Liabilities as Current or Non-current - Deferral of Effective Date</i> ” and “ <i>Non-current Liabilities with Covenants</i> ” (issued on 23 January 2020, 15 July 2020 and 31 October 2022, respectively)	Periods beginning on or after 1 Jan ‘24
Amendments to IFRS 16 “ <i>Leases: Lease Liability in a Sale and Leaseback</i> ” (issued on September 22 2022)	Periods beginning on or after 1 Jan ‘24

IAS 1 amendments are related to the definitions of current and non-current assets, providing a more generalized approach to the classification of liabilities under the standard, based on the contractual agreements.

IFRS 16 amendments are related to the definitions of liabilities derived from leasebacks and the accounting treatment of any gains or losses stemming from these transactions.

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.

23. Subsequent events

After 31 March 2023, the exercise of the performance stock grants continued, and the beneficiaries received a total of 7,285 treasury shares from the Company. At the date of this report, the Company has a total of 1,798,450 treasury shares or 0.794% of its share capital.

The Group's external growth continued in April 2023 with the acquisition of a total of 28 stores in China, Poland and France.

Milan, May 2nd, 2023

CEO

Enrico Vita

Annexes

Annex I

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 31 March 2023.

Parent company:

Company name	Head office	Currency	Share capital
Amplifon S.p.A.	Milan (Italy)	EUR	4,527,772

Subsidiaries consolidated using the line-by-line method:

Company name	Head office	Direct/Indirect ownership	Currency	Share Capital	% held as at 03/31/2023
Amplifon Italia S.p.A	Milan (Italy)	D	EUR	100,000	100.0%
Amplifon Rete	Milan (Italy)	I	EUR	19,250	2.6%
Audibel S.r.l (in liquidazione)	Rome (Italy)	D	EUR	70,000	100.0%
Pilot Blankenfelde Medizinisch-Elektronische Gerate GmbH	Blankenfelde-Mahlow (Germany)	D	EUR	34,595	100.0%
Amplifon France SAS	Arcueil (France)	D	EUR	98,550,898	100.0%
SCI Eliot Leslie	Lyon (France)	I	EUR	610	100.0%
Amplifon France Holding	Arcueil (France)	D	EUR	1	100.0%
Audition Nouvelle	Versailles (France)	I	EUR	10,000	100.0%
Audition Frederic Rembaud	Périgueux (France)	I	EUR	40,000	100.0%
Audition 50	Granville (France)	I	EUR	40,000	100.0%
Audition Marquilly	Lavelanet (France)	I	EUR	15,000	100.0%
Surdit� Toulorge	Cherbourg (France)	I	EUR	3,920	100.0%
NewEar	Guidel (France)	I	EUR	502,830	100.0%
Ghama	Guidel (France)	I	EUR	5,000	100.0%
Adagio	Guidel (France)	I	EUR	14,000	100.0%
Audition Guidel	Guidel (France)	I	EUR	1,500	100.0%
Octave Audition	Moret Loing et Orvanne (France)	I	EUR	10,000	100.0%
Argenteuil Acoustique M�dicale	Argenteuil (France)	I	EUR	13,000	100.0%
SAS Galy	Fronton (France)	I	EUR	5,000	100.0%
Amplifon Iberica SA	Barcelona (Spain)	D	EUR	26,578,809	100.0%
Microson S.A.	Barcelona (Spain)	D	EUR	61,752	100.0%
Amplifon LATAM Holding S.L.	Barcelona (Spain)	I	EUR	3,000	100.0%
Amplifon Portugal SA	Lisboa (Portugal)	I	EUR	15,520,187	100.0%
Amplifon Magyarország Kft	Budapest (Hungary)	D	HUF	723,500,000	100.0%
Amplibus Magyarország Kft	Buda�rs (Hungary)	I	HUF	3,000,000	100.0%
Amplifon AG	Baar (Switzerland)	D	CHF	1,000,000	100.0%

Company name	Head office	Direct/Indirect ownership	Currency	Share Capital	% held as at 03/31/2023
Amplifon Nederland BV	Doesburg (The Netherlands)	D	EUR	74,212,052	100.0%
Auditech BV	Doesburg (The Netherlands)	I	EUR	22,500	100.0%
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 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	3,346,400	100.0%
Audiomed Sp.z.o.o.	Varsavia (Poland)	I	PLN	5,000	100.0%
Amplifon UK Ltd	Manchester (United Kingdom)	D	GBP	130,951,168	100.0%
Amplifon Ltd	Manchester (United Kingdom)	I	GBP	1,800,000	100.0%
Ultra Finance Ltd	Manchester (United Kingdom)	I	GBP	75	100.0%
Amplifon Cell	Ta' Xbiex (Malta)	D	EUR	2,500,125	100.0%
Medtechnica Ortophone Ltd (*)	Tel Aviv (Israel)	D	ILS	1,100	80.0%
Amplifon Middle East SAE	Cairo (Egypt)	D	EGP	3,000,000	51.0%
Miracle Ear Inc.	St. Paul (United States)	I	USD	5	100.0%
Elite Hearing, LLC	Minneapolis (United States)	I	USD	1,000	100.0%
Amplifon USA Inc.	Dover (United States)	D	USD	52,500,010	100.0%
Amplifon Hearing Health Care. Inc.	St. Paul (United States)	I	USD	10	100.0%
Ampifon IPA, LLC	New York (United States)	I	USD	-	100.0%
ME Pivot Holdings, LLC	Minneapolis (United States)	I	USD	2,000,000	100.0%
ME Flagship, LLC	Wilmington (United States)	I	USD	-	100.0%
METX, LLC	Waco (United States)	I	USD	-	100.0%
MEFL, LLC	Waco (United States)	I	USD	-	100.0%
METAMPA, LLC	Waco (United States)	I	USD	-	100.0%
MENM, LLC	Waco (United States)	I	USD	-	100.0%
MEOH, LLC	Minneapolis (United States)	I	USD	-	100.0%
Miracle Ear Canada Ltd.	Vancouver (Canada)	I	CAD	80,201,200	100.0%
2829663 Ontario Inc	Milton (Canada)	I	CAD	-	100.0%
Ossicle Fort McMurray Inc	Fort McMurray (Canada)	I	CAD	-	100.0%
Southern Alberta Hearing Aid Ltd	Lethbridge (Canada)	I	CAD	-	100.0%
Burnaby Hearing Center Inc	Burnaby (Canada)	I	CAD	-	100.0%
Raindrop Hearing Clinici Inc	Toronto (Canada)	I	CAD	-	100.0%
Terrace Hearing Clinic Ltd.	Terrace (Canada)	I	CAD	-	100.0%
The Hearing Clinic	Scarborough (Canada)	I	CAD	-	100.0%

Company name	Head office	Direct/Indirect ownership	Currency	Share Capital	% held as at 03/31/2023
Lisa Reid Audiology Hearing Centres	Manitoba (Canada)	I	CAD	-	100.0%
Great to Hear, Inc	Manitoba (Canada)	I	CAD	35	100.0%
Ontario, Inc	Ontario (Canada)	I	CAD	1,000,100	100.0%
Living Sounds Hearing Centre Ltd.	Alberta (Canada)	I	CAD	100	100.0%
Professional Hearing Services Ltd./100391416 Ontario Ltd.	Ontario (Canada)	I	CAD	1,210	100.0%
Sackville Hearing Centre Limited	Nova Scotia (Canada)	I	CAD	1,020	100.0%
GAES S.A.	Santiago de Chile (Chile)	I	CLP	1,901,686,034	100.0%
GAES Servicios Corporativo de Latinoamerica Spa	Santiago de Chile (Chile)	I	CLP	10,000,000	100.0%
Audiosonic Chile S.A.	Santiago de Chile (Chile)	I	CLP	1,000,000	99.0%
GAES S.A.	Buenos Aires (Argentina)	I	ARS	120,542,331	100.0%
GAES Colombia SAS	Bogotá (Colombia)	I	COP	21,900,000,000	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	194,683,815	100.0%
Compañía de Audiología y Servicios Medicos sa de cv	Aguascalientes (Mexico)	I	MXN	43,306,212	100.0%
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	-	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 liquidazione)	Brisbane (Australia)	D	AUD	-	100.0%
Otohub Australasia Pty Ltd	Brisbane (Australia)	D	AUD	10	100.0%
Bay Audio Pty Ltd	Sydney (Australia)	D	AUD	10,000	100.0%
Amplifon Asia Pacific Pte Limited	Singapore (Singapore)	I	SGD	1,000,000	100.0%
Amplifon NZ Ltd	Takapuna (New Zealand)	I	NZD	130,411,317	100.0%
Bay Audiology Ltd	Takapuna (New Zealand)	I	NZD	-	100.0%
Dilworth Hearing Ltd	Auckland (New Zealand)	I	NZD	-	100.0%
Auckland Hearing Ltd	Auckland (New Zealand)	I	NZD	-	100.0%
Amplifon India Pvt Ltd	Gurgaon (India)	I	INR	1,770,000,000	100.0%
Beijing Amplifon Hearing Technology Center Co. Ltd	Běijīng (China)	D	CNY	2,143,685	100.0%
Tianjin Amplifon Hearing Technology Co. Ltd	Tianjin (China)	I	CNY	3,500,000	100.0%
Shijiazhuang Amplifon Hearing Technology Co. Ltd	Shijiazhuang (China)	I	CNY	100,000	100.0%
Shanghai Amplifon Hearing Aid Co. Ltd	Shanghai (China)	D	CNY	46,000,000	100.0%
Hangzhou Amplifon Hearing Aid Co. Ltd (**)	Hangzhou (China)	D	CNY	11,000,000	60.0%
Zhengzhou Yuanjin Hearing Technology Co.. Ltd. (**)	Zhengzhou (China)	I	CNY	-	60.0%
Wuhan Amplifon Hearing Aids Co. Ltd	Wuhan (China)	I	CNY	1,250,000	100.0%

Company name	Head office	Direct/Indirect ownership	Currency	Share Capital	% held as at 03/31/2023
Shanghai Amplifon Hearing Technology Co. Ltd	Shanghai (China)	I	CNY	100,000	100.0%
Nanjing Amplifon Hearing Aid Co. Ltd	Nanjing (China)	I	CNY	100,000	100.0%
Shanxi Tingdaoai Hearing Technology Co.Ltd	Taiyuan (China)	I	CNY	3,000,000	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%.

(**) Hangzhou Amplifon Hearing Aid Co.. Ltd. And its subsidiary Zhengzhou Yuanjin Hearing Technology Co. Ltd (together Soundbridge) are consolidated using the full consolidation method, with a control of the group of 60% because of the direct ownership of 51% and a put-call option for an additional 9%.

Companies valued using the equity method:

Company name	Head office	Direct/Indirect ownership	Currency	Share Capital	% held as at 03/31/2023
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	-	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)

I, the undersigned, Gabriele Galli, Chief Financial Officer of Amplifon Group, Executive Responsible for Accounting Information, declare that the consolidated financial statements as at 31 March 2023 correspond to documented results, books, and accounting entries.

Milan, May 2nd, 2023

**Executive Responsible for Corporate
Accounting Information**

Gabriele Galli