

Q3 & 9M 2022 Results

Milan, October 26th, 2022



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Income statement data reported herein

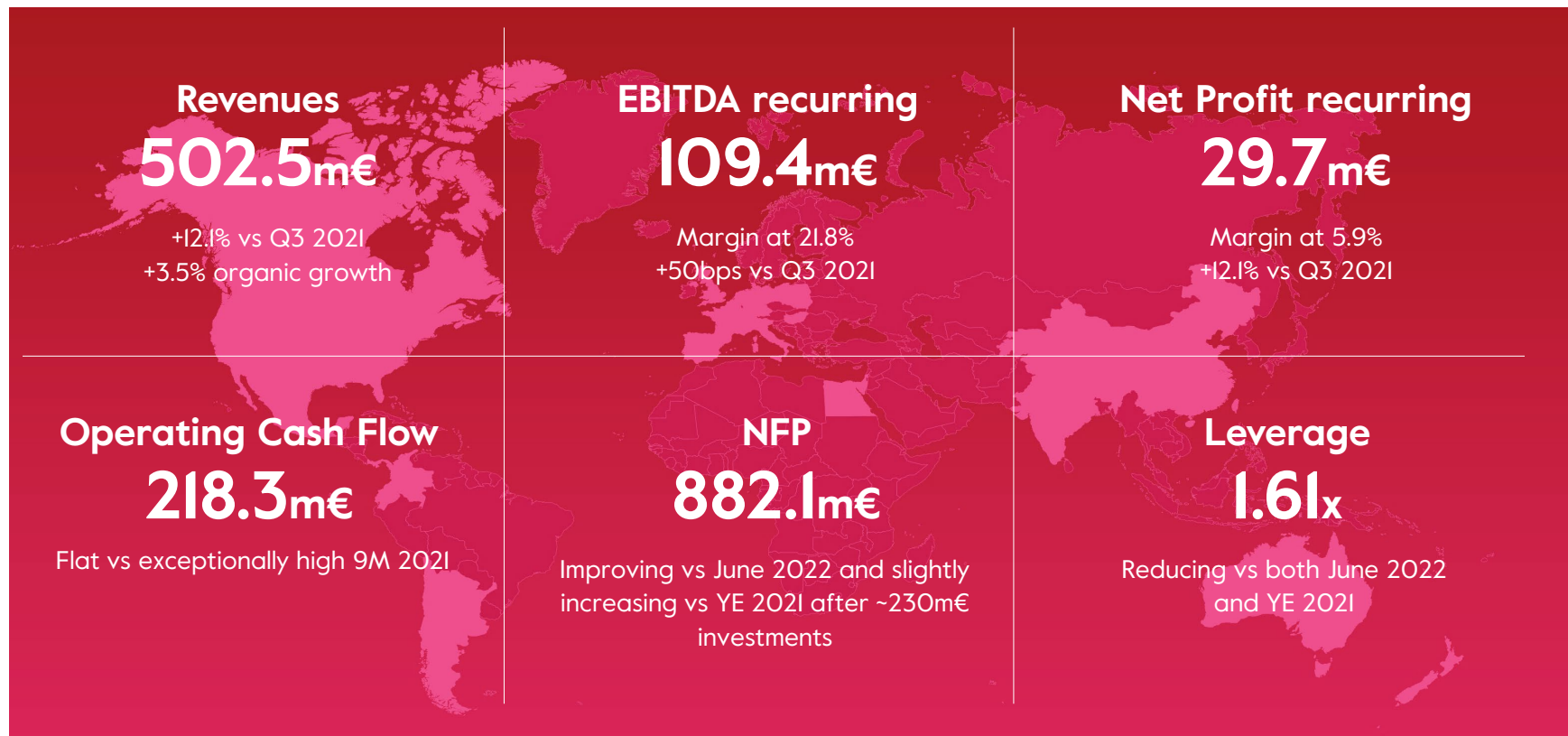
In light of the wind-down of Elite, completed and effective in Q4 2021, and treated as discontinued operations following IFRS 5 application, Elite P&L is excluded from Q3 and 9M 2021 comparative period (which has been fully restated) with the result of discontinued operations reported in "Net Results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

Statement

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

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

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



Q3 2022 Financial highlights

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

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

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

9M 2022 Financial highlights

Strong nine-months results across the board

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

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

Financial results by Region

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

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

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

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

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

Financial results by Region

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

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

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

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

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

Financial results by Region

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

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

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

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

- Revenues at constant FX up +33.9%
 - Organic growth at +2.3%
 - Strong M&A contribution at +31.6%
- EBITDA at €62.7 million, with margin at 26.3%
 - Continued re-investments in the business primarily in Australia

Q3 2022 Financial results

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

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

9M 2022 Financial results

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

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

9M 2022 Financial results

Solid cash generation vs exceptionally high 9M 2021

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



9M 2022 Financial results

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

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

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

- Solid capital structure to sustain future growth opportunities

2022 Outlook

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

2023 Financial Calendar

Upcoming corporate events

- **March 1st: FY 2022 Results**
- **April 21st: 2022: Shareholder's General Meeting**
- **May 2nd: Q1 2023 Results**
- **July 27th: Q2 & H1 2023 Results**
- **October 30th: Q3 & 9M 2023 Results**

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