



Interim Financial
Report as at
31 March 2020



INDEX

PREFACE	4
INTERIM MANAGEMENT REPORT AS AT 31 MARCH 2020.....	5
HIGHLIGHTS.....	6
MAIN ECONOMIC AND FINANCIAL DATA.....	8
INDICATORS.....	10
SHAREHOLDER INFORMATION	12
RECLASSIFIED CONSOLIDATED INCOME STATEMENT	14
RECLASSIFIED CONSOLIDATED BALANCE SHEET	16
CONDENSED RECLASSIFIED CONSOLIDATED CASH FLOW STATEMENT.....	18
INCOME STATEMENT REVIEW	19
BALANCE SHEET REVIEW	29
ACQUISITION OF COMPANIES AND BUSINESSES	39
COVID-19 EMERGENCY MEASURES.....	39
OUTLOOK	41
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2020	43
CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	44
CONSOLIDATED INCOME STATEMENT	46
STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME	47
STATEMENT OF CHANGES IN CONSOLIDATED EQUITY.....	48
STATEMENT OF CONSOLIDATED CASH FLOWS	50
SUPPLEMENTARY INFORMATION TO THE STATEMENT OF CONSOLIDATED CASH FLOWS	51
NOTES.....	52

1.	General information	52
2.	Acquisitions and goodwill	53
3.	Intangible assets.....	53
4.	Tangible fixed assets	55
5.	Right-of-use assets	56
6.	Share capital.....	56
7.	Net financial position	57
8.	Financial liabilities	59
9.	Lease liabilities	62
10.	Revenues from Sales and Services	63
11.	Taxes.....	63
12.	Non-recurring significant events.....	63
13.	Earnings (loss) per share	63
14.	Transactions with parent companies and related parties	64
15.	Contingent liabilities	65
16.	Translation of foreign companies' financial statements.....	66
17.	Segment reporting	67
18.	Accounting policies	72
19.	Subsequent events.....	75
	ANNEXES	76
	Consolidation scope	76
	Declaration of the Executive Responsible for Corporate Accounting Information pursuant to Article 154-bis of Legislative Decree 58/1998 (Consolidated finance act).....	80

Disclaimer

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

PREFACE

This Interim Financial Report for the period has been prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) adopted by the European Union and must be read together with the financial statements of the Group at 31 December 2019 that includes additional information on the risks and uncertainties that could impact the Group's operative results or its financial position.

INTERIM MANAGEMENT REPORT

AS AT 31 MARCH 2020

HIGHLIGHTS

Beginning in March the Covid-19 outbreak significantly impacted the results for first quarter 2020 which the Amplifon Group, after having recorded further revenue growth in the first two months of the year, closed with consolidated revenues down with respect to the prior year, reversing the solid growth trend that has characterized quarters in recent years.

The performances of the different geographic areas in which the Group operates varied based on the timing of the outbreak, as well as the gradual adoption of various restrictive measures by the governmental authorities of each Country. More in detail, in EMEA, Italy was the first country, as well as the one that was the most affected by the crisis and the relative containment measures, followed by Spain and France. Even though hearing care services are considered essential in these countries, the lockdown measures caused a strong reduction in both traffic and the hours of store operation. In other EMEA countries, like Germany, the Netherlands, Switzerland and Belgium-Luxembourg, the containment measures implemented were less severe and were largely felt as of the end of March.

In Americas the negative effects of the pandemic became apparent only toward the end of the quarter. In the United States, the situation varied noticeably including as a result of measures that, at least initially, differed from state to state. In a large part of the USA hearing care is considered an essential service but, at the same time, the restrictive measures implemented in almost all the states as of the end of March caused business to slow. In Latin America there were mandatory store closures toward the end of the quarter: all stores were closed in Ecuador and Argentina, while in Chile closures were limited to a few zones in the country. In Columbia, the strong drop in customer traffic basically brought commercial activity to a standstill. Lastly, in APAC, the first area to be struck by the pandemic resulting in the closure of stores in China in January and February, there were mandatory closures of all stores New Zealand and India toward the end of March. In Australia, while the governmental authorities did not implement any specific lockdown measures, the business was also affected by the devastating bushfires that plagued the country for a large part of the first quarter.

The first three months of the year closed with:

- turnover of €363,476 thousand, a drop of -7.3% compared to the same period of the prior year (-7.2% at constant exchange rates). This result reflects the strong growth recorded in the first two months of the year, during which organic growth reached +7.4%, impacted subsequently by the Covid-19 crisis in March;
- a gross operating margin (EBITDA) of €64,855 thousand, -17.8% lower on a recurring basis compared to the first three months of 2019, with an EBITDA margin of 17.8% (-2.3 p.p. against the comparison period). This result reflects the drop in revenues referred to above which did not yet benefit from the different measures adopted by the Group to limit the negative impact of Covid-19. While implemented in a timely manner, the effects of these measures will materialize beginning in the second quarter;
- Group net profit of €5,143 thousand, a drop of -72.7% against the recurring net profit recorded in the first quarter of 2019.

Despite business seasonality and the negative impact of the Covid-19 outbreak, net financial debt was basically unchanged with respect to the €786,698 thousand recorded at 31 December 2019, coming in at €790,744 thousand, confirming the Group's ability to generate operating cash flow. Free cash flow reached a positive €44,179 thousand (compared to €16,241 thousand in the first three months of the prior year) after absorbing capital expenditure of €16,473 thousand (€18,601 thousand in the comparison period). This result made it possible to finance €41,475 thousand in acquisitions. In order, however, to protect cash flow from the impact of the Covid-19 outbreak, beginning in March capex were limited solely to activities deemed essential to the Group's operations (roughly 20-25% of the average annual capex) while acquisitions were suspended temporarily.

At the beginning of February Amplifon successfully placed a 7-year non-convertible bond for a total nominal amount of €350 million which further strengthened its financial structure and extended the average debt maturity.

MAIN ECONOMIC AND FINANCIAL DATA

(€ thousands)	First quarter 2020				First quarter 2019				Change % on recurring
	Recurring	Non- recurring	Total	% on recurring	Recurring	Non- recurring	Total	% on recurring	
Economic figures:									
Revenues from sales and services	363,476	-	363,476	100.0%	391,973	-	391,973	100.0%	-7.3%
Gross operating profit (loss) (EBITDA)	64,855	-	64,855	17.8%	78,942	(1,425)	77,517	20.1%	-17.8%
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	24,167	-	24,167	6.6%	42,661	(1,425)	41,236	10.9%	-43.4%
Operating profit (loss) (EBIT)	14,490	-	14,490	4.0%	34,299	(1,425)	32,874	8.8%	-57.8%
Profit (loss) before tax	7,499	-	7,499	2.1%	27,717	(1,425)	26,292	7.1%	-72.9%
Group net profit (loss)	5,143	-	5,143	1.4%	18,810	(1,062)	17,748	4.8%	-72.7%

(€ thousands)	03/31/2020	12/31/2019	Change
Financial figures:			
Non-current assets	2,268,041	2,275,196	(7,155)
Net invested capital	1,885,085	1,907,438	(22,353)
Group net equity	665,319	695,031	(29,712)
Total net equity	666,269	696,115	(29,846)
Net financial indebtedness	790,744	786,698	4,046
Lease liabilities	428,072	424,625	3,447
Total lease liabilities and net financial indebtedness	1,218,816	1,211,323	7,493

(€ thousands)	First quarter 2020	First quarter 2019
Free cash flow		
	44,179	16,241
Cash flow generated from (absorbed by) business combinations	(41,745)	(14,364)
(Purchase) sale of other investments and securities	-	-
Cash flow provided by (used in) financing activities	(4,909)	1,089
Net cash flow from the period	(2,475)	2,966
Effect of discontinued operations on the net financial position	-	-
Effect of exchange rate fluctuations on the net financial position	(1,571)	(93)
Net cash flow from the period with changes for exchange rate fluctuations and discontinued operations	(4,046)	2,873

- **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

	03/31/2020	12/31/2019	03/31/2019
Net financial indebtedness (€ thousands)	790,744	786,698	837,983
Lease liabilities	428,072	424,625	436,084
Total lease liabilities & net financial debt	1,218,816	1,211,323	1,274,067
Net Equity (€ thousands)	666,269	696,115	628,348
Group Net Equity (€ thousands)	665,319	695,031	627,185
Net financial indebtedness/Net Equity	1.19	1.13	1.33
Net financial indebtedness/Group Net Equity	1.19	1.13	1.34
Net financial indebtedness/EBITDA	1.99	1.90	2.36
EBITDA/Net financial expenses	27.22	28.81	29.52
Earnings per share (EPS) (€)	0.02305	0.48979	0.08043
Diluted EPS (€)	0.02272	0.48135	0.07898
EPS (€) adjusted for non-recurring transactions and amortization/depreciation related to purchase price allocations to tangible and intangible assets	0.05273	0.70691	0.11246
Group Net Equity per share (€)	2.981	3.115	2.842
Period-end price (€)	18.720	25.640	17.350
Highest price in period (€)	30.400	26.800	17.770
Lowest price in period (€)	14.830	13.610	13.610
Share price/net equity per share	6.281	8.231	6.105
Market capitalization (€ millions)	4,178.54	5,720.78	3,829.00
Number of shares outstanding	223,212,593	223,119,533	220,691,875

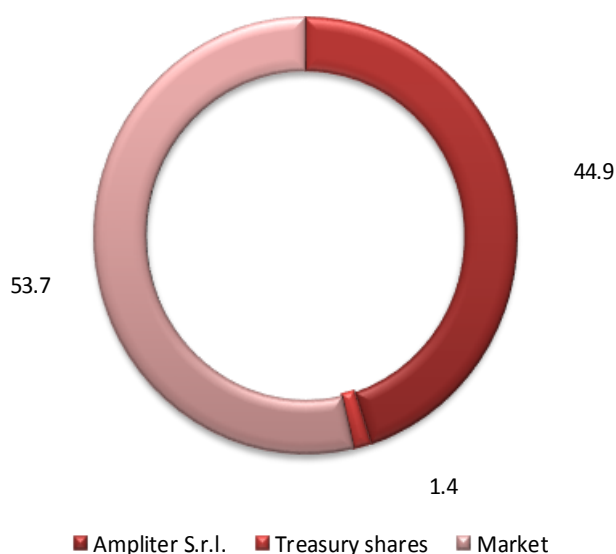
- **Net financial indebtedness/net equity** is the ratio of net financial indebtedness to total net equity.
- **Net financial indebtedness/Group net equity** is the ratio of the net financial indebtedness to the Group's net equity.
- **Net financial indebtedness/EBITDA** is the ratio of net financial indebtedness to EBITDA for the last four quarters (determined with reference to recurring operations only, based on pro forma figures in case of significant changes to the structure of the Group).
- **EBITDA/net financial expenses ratio** is the ratio of EBITDA for the last four quarters (determined with reference to recurring operations only, based on restated figures in case of significant changes to the structure of the Group) to net interest payable and receivable of the same last four quarters.
- **Earnings per share (EPS) (€)** is the net profit for the period attributable to the parent's ordinary shareholders divided by the weighted average number of shares outstanding during the period, considering purchases and sales of treasury shares as cancellations or issues of shares, respectively.
- **Diluted earnings per share (EPS) (€)** is the net profit for the period attributable to the parent's ordinary shareholders divided by the weighted average number of shares outstanding during the period adjusted for the dilution effect of potential shares. In the calculation of outstanding shares, purchases and sales of treasury shares are considered as cancellations and issues of shares, respectively.

- **Earnings per share (EPS) adjusted for non-recurring transactions and amortization/depreciation related to purchase price allocations to tangible and intangible assets (€)** is the profit for the year 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 2020 are:



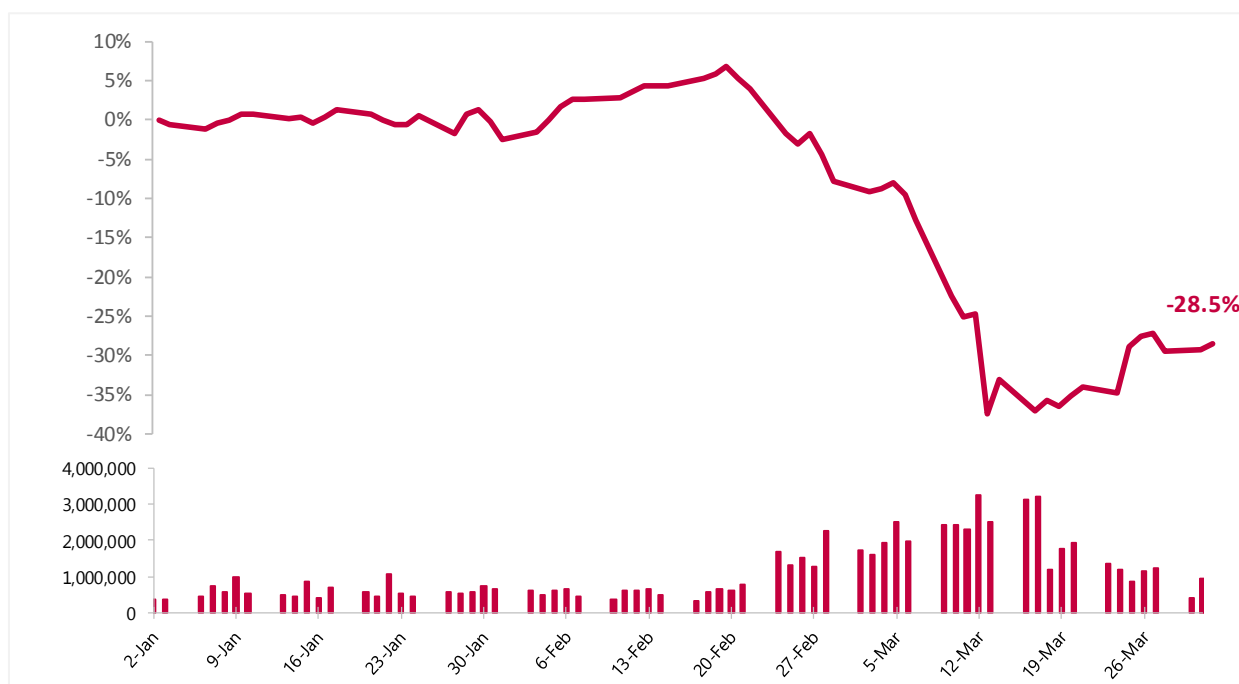
Shareholder	No. of ordinary shares	% held	% of the total share capital in voting right
Ampliter S.r.l.	101,715,003	44.9%	61.9%
Treasury shares	3,176,027	1.4%	1,0%
Market	121,497,590	53.7%	37.1%
Total	226,388,620 (*)	100,0%	100,0%

(*) Number of shares related to the share capital registered with the Company registrar on 31 March 2020.

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

The shares of the parent Amplifon S.p.A. have been listed on the screen based Mercato Telematico Azionario (MTA) since 27 June 2001 and since 10 September 2008 in the STAR segment. Amplifon is also included in the FTSE Italy Mid Cap index since 27 December 2018.

The chart shows the performance of the Amplifon share price and its trading volumes from 2 January 2020 to 31 March 2020.



As at 31 March 2020 market capitalization was € 4,178.54 million.

Dealings in Amplifon shares in the screen-based stock market Mercato Telematico Azionario during the period 2 January 2020 – 31 March 2020, showed:

- average daily value: € 27,048,227.44;
- average daily volume: 1,099,081 shares;
- total volume traded of 70,341,225 shares, or 31.5% of the total number of shares comprising the share capital, net of treasury shares.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(€ thousands)	First quarter 2020				First quarter 2019				Change % on recurring
	Recurring	Non-recurring (*)	Total	% on recurring	Recurring	Non-recurring (*)	Total	% on recurring	
Revenues from sales and services	363,476	-	363,476	100.0%	391,973	-	391,973	100.0%	-7.3%
Operating costs	(299,902)	-	(299,902)	-82.5%	(313,334)	(1,425)	(314,759)	-79.9%	4.3%
Other income and costs	1,281	-	1,281	0.3%	303	-	303	0.1%	322.8%
Gross operating profit (EBITDA)	64,855	-	64,855	17.8%	78,942	(1,425)	77,517	20.1%	-17.8%
Depreciation, amortization and impairment of non-current assets	(17,183)	-	(17,183)	-4.7%	(15,086)	-	(15,086)	-3.8%	-13.9%
Right-of-use depreciation	(23,505)	-	(23,505)	-6.5%	(21,195)	-	(21,195)	-5.4%	-10.9%
Operating result before the amortization and impairment of PPA related assets (EBITA)	24,167	-	24,167	6.6%	42,661	(1,425)	41,236	10.9%	-43.4%
PPA related depreciation, amortization and impairment	(9,677)	-	(9,677)	-2.6%	(8,362)	-	(8,362)	-2.1%	-15.7%
Operating profit (EBIT)	14,490	-	14,490	4.0%	34,299	(1,425)	32,874	8.8%	-57.8%
Income, expenses, valuation and adjustments of financial assets	23	-	23	0.0%	72	-	72	0.0%	-68.1%
Net financial expenses	(6,760)	-	(6,760)	-1.8%	(6,495)	-	(6,495)	-1.7%	-4.1%
Exchange differences and non-hedge accounting instruments	(254)	-	(254)	-0.1%	(159)	-	(159)	0.0%	-59.7%
Profit (loss) before tax	7,499	-	7,499	2.1%	27,717	(1,425)	26,292	7.1%	-72.9%
Tax	(2,428)	-	(2,428)	-0.7%	(8,918)	363	(8,555)	-2.3%	72.8%
Net profit (loss)	5,071	-	5,071	1.4%	18,799	(1,062)	17,737	4.8%	-73.0%
Profit (loss) of minority interests	(72)	-	(72)	0.0%	(11)	-	(11)	0.0%	-554.5%
Net profit (loss) attributable to the Group	5,143	-	5,143	1.4%	18,810	(1,062)	17,748	4.8%	-72.7%

(*) See table at page 15 for details of non-recurring transactions.

The following table shows the details of the non-recurring transactions included in the previous statements.

(€ thousands)	Q1 2020	Q1 2019
GAES integration costs	-	(1,425)
Impact of the non-recurring items on EBITDA	-	(1,425)
Impact of the non-recurring items on EBIT	-	(1,425)
Impact of the non-recurring items on profit before tax	-	(1,425)
Impact of the above items on the tax burden for the period	-	363
Impact of the non-recurring items on net profit	-	(1,062)

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)	03/31/2020	12/31/2019	Change
Goodwill	1,221,875	1,215,511	6,364
Customer lists, non-compete agreements, trademarks and location rights	268,237	270,307	(2,070)
Software, licenses, other int.ass., wip and advances	98,235	97,201	1,034
Tangible assets	192,533	196,579	(4,046)
Right of use assets	417,297	418,429	(1,132)
Fixed financial assets (1)	38,591	44,887	(6,296)
Other non-current financial assets (1)	31,273	32,282	(1,009)
Total fixed assets	2,268,041	2,275,196	(7,155)
Inventories	70,873	64,592	6,281
Trade receivables	153,215	205,219	(52,004)
Other receivables	86,546	75,998	10,548
Current assets (A)	310,634	345,809	(35,175)
Total assets	2,578,675	2,621,005	(42,330)
Trade payables	(189,582)	(177,390)	(12,192)
Other payables (2)	(270,347)	(284,827)	14,480
Provisions for risks (current portion)	(4,700)	(4,242)	(458)
Short term liabilities (B)	(464,629)	(466,459)	1,830
Working capital (A) – (B)	(153,995)	(120,650)	(33,345)
Derivative instruments (3)	(3,726)	(8,763)	5,037
Deferred tax assets	78,774	81,427	(2,653)
Deferred tax liabilities	(100,222)	(102,111)	1,889
Provisions for risks (non-current portion)	(43,145)	(50,290)	7,145
Employee benefits (non-current portion)	(24,763)	(25,281)	518
Loan fees (4)	6,655	1,611	5,044
Other long-term payables	(142,534)	(143,701)	1,167
NET INVESTED CAPITAL	1,885,085	1,907,438	(22,353)
Shareholders' equity	665,319	695,031	(29,712)
Third parties' equity	950	1,084	(134)
Net equity	666,269	696,115	(29,846)
Long term net financial debt (4)	838,944	752,648	86,296
Short term net financial debt (4)	(48,200)	34,050	(82,250)
Total net financial debt	790,744	786,698	4,046
Lease liabilities	428,072	424,625	3,447
Total lease liabilities & net financial debt	1,218,816	1,211,323	7,493
NET EQUITY, LEASE LIABILITIES AND NET FINANCIAL DEBT	1,885,085	1,907,438	(22,353)

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

- (1) "Financial fixed assets" and "Other non-current financial assets" include equity interests valued by using the net equity method, financial assets at fair value through profit and loss and other non-current assets;
- (2) "Other payables" includes other liabilities, accrued liabilities and deferred income, current portion of liabilities for employees' benefits and tax liabilities;
- (3) "Derivative instruments" includes cash flow hedging instruments not comprised in the item "Net 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 quarter 2020	First quarter 2019
EBIT	14,490	32,874
Amortization, depreciation and write-downs	50,365	44,643
Provisions, other non-monetary items and gain/losses from disposals	2,420	7,760
Net financial expenses	(5,863)	(5,733)
Taxes paid	(3,487)	(6,395)
Changes in net working capital	22,850	(18,673)
Cash flow provided by (used in) operating activities before repayment of lease liabilities	80,775	54,476
Repayment of lease liabilities	(20,123)	(19,634)
Cash flow provided by (used in) operating activities (A)	60,652	34,842
Cash flow provided by (used in) operating investing activities (B)	(16,473)	(18,601)
Free Cash Flow (A) + (B)	44,179	16,241
Net cash flow provided by (used in) acquisitions (C)	(41,745)	(14,364)
(Purchase) sale of other investment and securities (D)	-	-
Cash flow provided by (used in) investing activities (B+C+D)	(58,218)	(32,965)
Cash flow provided by (used in) operating activities and investing activities	2,434	1,877
Fees paid on medium/long-term financing	(5,043)	-
Hedging instruments and other changes in non-current assets	134	1,089
Net cash flow from the period	(2,475)	2,966
Net financial indebtedness as of period opening date	(786,698)	(840,856)
Effect of exchange rate fluctuations on financial position	(1,571)	(93)
Change in net financial position	(2,475)	2,966
Net financial indebtedness as of period closing date	(790,744)	(837,983)

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

(€ thousands)	First quarter 2020	First quarter 2019
Free cash flow	44,179	16,241
Free cash flow generated by non-recurring transactions (see page 38 for details)	(777)	(3,053)
Free cash flow generated by recurring transactions	44,956	19,294

INCOME STATEMENT REVIEW

Consolidated income statement by segment and geographic area ^(*)

(€ thousands)	First quarter 2020				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	258,266	64,355	40,855	-	363,476
Operating costs	(208,602)	(52,967)	(30,670)	(7,663)	(299,902)
Other income and costs	857	488	(75)	11	1,281
Gross operating profit (loss) (EBITDA)	50,521	11,876	10,110	(7,652)	64,855
Depreciation, amortization and impairment of non-current assets	(10,249)	(1,899)	(2,824)	(2,211)	(17,183)
Right-of-use depreciation	(19,664)	(1,037)	(2,697)	(107)	(23,505)
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	20,608	8,940	4,589	(9,970)	24,167
PPA related depreciation, amortization and impairment	(7,822)	(322)	(1,533)	-	(9,677)
Operating profit (loss) (EBIT)	12,786	8,618	3,056	(9,970)	14,490
Income, expenses, revaluation and adjustments of financial assets					23
Net financial expenses					(6,760)
Exchange differences and non-hedge accounting instruments					(254)
Profit (loss) before tax					7,499
Tax					(2,428)
Net profit (loss)					5,071
Profit (loss) of minority interests					(72)
Net profit (loss) attributable to the Group					5,143

(€ thousands)	First quarter 2020 – Only recurring operations				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	258,266	64,355	40,855	-	363,476
Gross operating profit (loss) (EBITDA)	50,521	11,876	10,110	(7,652)	64,855
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	20,608	8,940	4,589	(9,970)	24,167
Operating profit (loss) (EBIT)	12,786	8,618	3,056	(9,970)	14,490
Profit (loss) before tax					7,499
Net profit (loss) attributable to the Group					5,143

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

First quarter 2019					
(€ thousands)	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	283,763	63,102	44,415	693	391,973
Operating costs	(223,567)	(50,517)	(30,374)	(10,301)	(314,759)
Other income and costs	255	132	(74)	(10)	303
Gross operating profit (loss) (EBITDA)	60,451	12,717	13,967	(9,618)	77,517
Depreciation, amortization and impairment of non-current assets	(10,095)	(1,244)	(1,729)	(2,018)	(15,086)
Right-of-use depreciation	(17,961)	(867)	(2,367)	-	(21,195)
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	32,395	10,606	9,871	(11,636)	41,236
PPA related depreciation, amortization and impairment	(6,569)	(261)	(1,470)	(62)	(8,362)
Operating profit (loss) (EBIT)	25,826	10,345	8,401	(11,698)	32,874
Income, expenses, revaluation and adjustments of financial assets					72
Net financial expenses					(6,495)
Exchange differences and non-hedge accounting instruments					(159)
Profit (loss) before tax					26,292
Tax					(8,555)
Net profit (loss)					17,737
Profit (loss) of minority interests					(11)
Net profit (loss) attributable to the Group					17,748

First quarter 2019 – Only recurring operations					
(€ thousands)	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	283,763	63,102	44,415	693	391,973
Gross operating profit (loss) (EBITDA)	61,876	12,717	13,967	(9,618)	78,942
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	33,819	10,606	9,871	(11,635)	42,661
Operating profit (loss) (EBIT)	27,251	10,345	8,401	(11,698)	34,299
Profit (loss) before tax					27,717
Net profit (loss) attributable to the Group					18,810

Revenues from sales and services

(€ thousands)	First quarter 2020	First quarter 2019	Change	Change %
Revenues from sales and services	363,476	391,973	(28,497)	-7.3%

Consolidated revenues from sales and services amounted to €363,476 thousand in the first three months of 2020, down €28,497 thousand (-7.3%) against the comparison period. This decline is attributable entirely to the Covid-19 outbreak, which started in China at the end of January, and then spread to Italy in March, followed by the other markets in which the Group operates. The containment measures put into place by the governmental authorities, which refer mainly to social distancing and mandatory closure of stores in countries like China, India and New Zealand, resulted in a decided decrease in store hours and, consequently, commercial activity which caused revenues to fall considerably in March. The quarter, therefore, closed with organic growth that was negative for €37,244 thousand (-9.5%), while at the end of February it was 7.4% higher than in the first two months of 2019. The contribution of acquisitions was positive for €8,945 thousand (+2.3%), net of the disposal of Makstone (Turkey) completed in the fourth quarter of 2019, driven by the bolt-on acquisitions made in France and Germany and the Attune Hearing Pty Ltd acquisition (Australia). The foreign exchange differences had a negative impact of €198 thousand (-0.1%).

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

(€ thousands)	Q1 2020	% on Total	Q1 2019	% on Total	Change	Change %	Exchange diff.	Change % in local currency
EMEA	258,266	71.1%	283,763	72.4%	(25,497)	-9.0%	1,103	-9.4%
Americas	64,355	17.7%	63,102	16.1%	1,253	2.0%	448	1.3%
Asia Pacific	40,855	11.2%	44,415	11.3%	(3,560)	-8.0%	(1,749)	-4.1%
Corporate	-	0.0%	693	0.2%	(693)	-100.0%	-	-100.0%
Total	363,476	100.0%	391,973	100.0%	(28,497)	-7.3%	(198)	-7.2%

Europe, Middle East and Africa

(€ thousands)	First quarter 2020	First quarter 2019	Change	Change %
Revenues from sales and services	258,266	283,763	(25,497)	-9.0%

Revenues from sales and services amounted to €258,266 thousand in the first three months of 2020, down €25,497 thousand (-9.0%) against the comparison period. The decline is attributable entirely to Covid-19 which, in this area, had already begun to spread at the end of February. The quarter closed with organic growth that was negative for €32,384 thousand (-11.4%), while at the end of February it was 7.5% higher than in the first two months of 2019. The contribution of acquisitions, made mainly in France and Germany and net of the disposal of Makstone (Turkey) completed in the fourth quarter of 2019, was positive for €5,784 thousand (+2.0%). The foreign exchange differences had a positive impact of €1,103 thousand (+0.4%) due to the strengthening of the Swiss Franc and the British Pound against the Euro.

Italy, Spain and France were affected the most by the pandemic as the shelter-in-place measures were enacted first and were also more restrictive compared to countries like Germany, the Netherlands, Switzerland, Belgium and Luxembourg where the impact was more contained, at least in March.

Americas

(€ thousands)	First quarter 2020	First quarter 2019	Change	Change %
Revenues from sales and services	64,355	63,102	1,253	2.0%

Revenues from sales and services amounted to €64,355 thousand in the first three months of 2020, an increase, despite Covid-19 restrictions, of €1,253 thousand (+2.0%) against the comparison period. The quarter closed with organic growth of €412 thousand (+0.7%), while at the end of February an increase of +15.3% against the first two months of 2019 was recorded. The contribution of acquisitions, mainly in Canada, was positive for €393 thousand (+0.6%). The foreign exchange differences had a positive impact of €448 thousand (+0.7%) due to the strengthening of the USD against the Euro.

Despite the negative impact of Covid-19 in the second half of March, the United State reported revenue growth of +1.3% thanks to the solid performances of Miracle-Ear and AHHC recorded up until this time. Canada benefitted from the contribution of acquisitions, while double-digit growth was recorded in Latin America as the Covid outbreak only started to affect sales in the latter part of March resulting in the mandatory closure of points of sale in Ecuador, Argentina

and a few zones in Chile, while the closures in Columbia were voluntary given the lack of customer traffic.

Asia Pacific

(€ thousands)	First quarter 2020	First quarter 2019	Change	Change %
Revenues from sales and services	40,855	44,415	(3,560)	-8.0%

Revenues from sales and services amounted to €40,855 thousand in the first three months of year, down €3,560 thousand (-8.0%) against the comparison period explained primarily by Covid-19. The quarter closed with organic growth that was negative for €4,579 thousand (-10.3%), noticeably higher than the drop of 2.5% recorded in the first two months of 2019. Acquisitions made a positive contribution of €2,768 thousand (+6.2%) thanks to the Attune Hearing Pty Ltd acquisition completed in the first part of February. The foreign exchange differences were negative for €1,749 thousand (-3.9%).

Revenues in local currency fell by -4.1%. In Australia the negative performance is attributable to the bushfires, which continued throughout January and were only definitively extinguished at the beginning of March, as well as the Covid-19 containment measures enacted at the end of the quarter which were less stringent than in other markets. The containment ordinances in New Zealand, China and India resulted in the closure of all the network stores, albeit at different times.

Gross operating profit (EBITDA)

(€ thousands)	First quarter 2020			First quarter 2019		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Gross operating profit (EBITDA)	64,855	-	64,855	78,942	(1,425)	77,517

Gross operating profit (EBITDA) amounted to €64,855 thousand in the first three months of 2020, a drop of €12,662 thousand (-16.3%) with respect to the comparison period. The impact of the positive exchange differences was immaterial (€9 thousand). This decrease reflects the lower absorption of fixed costs attributable to the decline in revenues caused by the Covid-19 outbreak and the costs associated directly with the crisis which totaled roughly €1.3 million. The EBITDA margin was -2.0 p.p. lower than in the comparison period, coming in at 17.8%. No non-recurring expenses were incurred in the reporting period, while non-recurring expenses relating to the GAES integration of €1,425 thousand were incurred in the prior year. Net of this item, EBITDA was down €14,087 thousand (-17.8%) in the first three months of the year, with an EBITDA margin that was -2.3 p.p. lower than in the first three months of 2019.

The following table shows a breakdown of EBITDA by segment.

(€ thousands)	Q1 2020	EBITDA Margin	Q1 2019	EBITDA Margin	Change	Change %
EMEA	50,521	19.6%	60,451	21.3%	(9,930)	-16.4%
Americas	11,876	18.5%	12,717	20.2%	(841)	-6.6%
Asia Pacific	10,110	24.7%	13,967	31.4%	(3,857)	-27.6%
Corporate (*)	(7,652)	-2.1%	(9,618)	-2.5%	1,966	20.4%
Total	64,855	17.8%	77,517	19.8%	(12,662)	-16.3%

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

(€ thousands)	Q1 2020	EBITDA Margin	Q1 2019	EBITDA Margin	Change	Change %
EMEA	50,521	19.6%	61,876	21.8%	(11,355)	-18.4%
Americas	11,876	18.5%	12,717	20.2%	(841)	-6.6%
Asia Pacific	10,110	24.7%	13,967	31.4%	(3,857)	-27.6%
Corporate (*)	(7,652)	-2.1%	(9,618)	-2.5%	1,966	20.4%
Total	64,855	17.8%	78,942	20.1%	(14,087)	-17.8%

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

Europe, Middle East and Africa

Gross operating profit (EBITDA) amounted to €50,521 thousand in the first three months of the year, a decrease of €9,930 thousand (-16.4%) against the comparison period explained by the drop in revenues, resulting in lower absorption of fixed costs, and the costs associated directly with the health crisis of €1.1 million. The foreign exchange differences had a positive impact of €278 thousand.

The EBITDA margin came to 19.6%, a decrease of -1.7 p.p. compared to the first quarter of 2019.

Non-recurring expenses relating to the GAES integration of €1,425 thousand were incurred in the comparison period. Net of this item, EBITDA was down €11,355 thousand (-18.4%) in the first three months of the year, with an EBITDA margin that was -2.2 p.p. lower than in the first three months of 2019.

Americas

Gross operating profit (EBITDA) amounted to €11,876 thousand in the first three months of the year, a decrease of €841 thousand (-6.6%) with respect to the comparison period attributable to the slowdown in revenue growth and the costs directly associated with the health crisis of €0.1 million. The decline was mitigated by a positive foreign exchange difference of €206 thousand. The EBITDA margin came to 18.5%, a decrease of -1.7 p.p. compared to the first three months of 2019.

Asia Pacific

Gross operating profit (EBITDA) amounted to €10,110 thousand in the first three months of the year, a decrease of €3,857 thousand (-27.6%) with respect to the comparison period explained by the drop in revenues, resulting in lower absorption of fixed costs, and the costs associated directly with the health crisis of €0.1 million. The result also reflects negative exchange differences of €476 thousand. The EBITDA margin came to 24.7%, -6.7 p.p. lower than in the first three months of 2019.

Corporate

The net cost of centralized Corporate functions (corporate bodies, general management, business development, procurement, treasury, legal affairs, human resources, IT systems, global marketing and internal audit) which do not qualify as operating segments under IFRS 8 amounted to €7,652 thousand in the first three months of 2020 (2.1% of the revenues generated by the Group's sales and services), a decrease of €1,966 thousand with respect to the same period of the prior year. The figure also reflects the revised estimated cost of the company management incentive plans due to the decline in the number of assignable rights given the impact that the health crisis will have on the Group's results.

Operating profit (EBIT)

(€ thousands)	First quarter 2020			First quarter 2019		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Operating profit (EBIT)	14,490	-	14,490	34,299	(1,425)	32,874

Operating profit (EBIT) amounted to €14,490 thousand in the first three months of 2020, a decrease of €18,384 thousand (-55.9%) with respect to the comparison period, offset slightly by the positive foreign exchange differences of €159 thousand.

The EBIT margin came to 4.0%, a decrease of -4.4 p.p. against the comparison period.

No non-recurring expenses were incurred in the reporting period while in the first quarter of 2019 EBIT was impacted by the same non-recurring costs of €1,425 thousand commented on in the section relating to EBITDA. Net of this item EBIT would have come to €19,809 thousand (-57.8%), with an EBIT margin that was -4.8 p.p. lower than in the comparison period.

With respect to the gross operating profit (EBITDA), EBIT was also influenced 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.

The following table shows a breakdown of EBIT by segment.

(€ thousands)	Q1 2020	EBITDA Margin	Q1 2019	EBITDA Margin	Change	Change %
EMEA	12,786	5.0%	25,826	9.1%	(13,040)	-50.5%
Americas	8,618	13.4%	10,345	16.4%	(1,727)	-16.7%
Asia Pacific	3,056	7.5%	8,401	18.9%	(5,345)	-63.6%
Corporate (*)	(9,970)	-2.7%	(11,698)	-3.0%	1,728	14.8%
Total	14,490	4.0%	32,874	8.4%	(18,384)	-55.9%

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

(€ thousands)	Q1 2020	EBITDA Margin	Q1 2019	EBITDA Margin	Change	Change %
EMEA	12,786	5.0%	27,251	9.6%	(14,465)	-53.1%
Americas	8,618	13.4%	10,345	16.4%	(1,727)	-16.7%
Asia Pacific	3,056	7.5%	8,401	18.9%	(5,345)	-63.6%
Corporate (*)	(9,970)	-2.7%	(11,698)	-3.0%	1,728	14.8%
Total	14,490	4.0%	34,299	8.8%	(19,809)	-57.8%

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

Europe, Middle East and Africa

In the first three months of 2020 operating profit (EBIT) amounted to €12,786 thousand, a decrease of €13,040 thousand (-50.5%), including the positive foreign exchange differences of €154 thousand. The EBIT margin came to 5.0% (-4.1 p.p. against the first three months of 2019).

In the comparison period EBIT was impacted by the same non-recurring costs of €1,425 thousand commented on in the section relating to EBITDA. Net of this item EBIT would have come to €14,465 thousand (-53.1%), with an EBIT margin that was -4.6 p.p. lower than in the comparison period.

Americas

In the first three months of 2020 operating profit (EBIT) benefitted from positive foreign exchange differences of €260 thousand but fell €1,727 thousand (-16.7%) against the comparison period to €8,618 thousand. The EBIT margin came to 13.4%, down -3.0 p.p. against the first quarter of 2019.

Asia Pacific

In the first three months of 2020 operating profit (EBIT) fell €5,345 thousand (-63.6%) to €3,056 thousand due also to the negative foreign exchange differences of €257 thousand. The EBIT margin came to 7.5%, a decrease of -11.4 p.p. compared to the first quarter of 2019.

Corporate

The net costs of centralized Corporate functions at the EBIT level amounted to €9,970 thousand in the first three months of 2020 (2.7% of the revenues generated by the Group's sales and services), a decrease of €1,728 thousand with respect to the comparison period.

Profit before tax

(€ thousands)	First quarter 2020			First quarter 2019		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Profit before tax	7,499	-	7,499	27,717	(1,425)	26,292

Profit before tax amounted to €7,499 thousand in the first three months of 2020, a drop of €18,793 thousand (-71.5%) with respect to the comparison period which reflects the decrease in EBIT described above net of the slight increase in financial expenses stemming from the increase in gross debt following the Eurobond issued in mid-February. The gross profit margin came to 2.1% (-4.6 p.p. against the comparison period).

The result for first quarter 2019 was impacted by the same non-recurring costs of €1,425 thousand commented on in the section relating to EBITDA. Net of this item profit before tax would have been €20,218 thousand lower (-72.9%), while the gross profit margin would have been down by -5.0 p.p. against the comparison period.

Group net profit

(€ thousands)	First quarter 2020			First quarter 2019		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Group net profit	5,143	-	5,143	18,810	(1,062)	17,748

The Group's net profit came to €5,143 thousand in the first three months of 2020, down €12,605 thousand (-71.0%) against the comparison period, with a profit margin of 1.4% (-3.1 p.p. compared to the comparison period).

The result posted in the comparison period was impacted for €1,062 thousand by the same non-recurring costs commented on in the section relating to EBITDA, net of the tax effect. The decrease in recurring net profit reached €16,667 thousand (-72.7%), with a profit margin that was down -3.4 p.p. compared to the comparison period. This decrease is largely in line with the profit before tax commented on above. The period tax rate was 32.4% compared to 32.5% in the comparison period.

BALANCE SHEET REVIEW

Consolidated balance sheet by geographical area ^(*)

(€ thousands)	03/31/2020				
	EMEA	Americas	Asia Pacific	Eliminations	Total
Goodwill	848,693	124,421	248,761	-	1,221,875
Non-competition agreements, trademarks, customer lists and lease rights	221,939	9,613	36,685	-	268,237
Software, licenses, other intangible fixed assets, fixed assets in progress and advances	69,668	20,352	8,215	-	98,235
Tangible assets	156,322	9,730	26,481	-	192,533
Right-of-use assets	362,673	17,249	37,375	-	417,297
Financial fixed assets	4,353	34,238	-	-	38,591
Other non-current financial assets	29,779	416	1,078	-	31,273
Non-current assets	1,693,427	216,019	358,595	-	2,268,041
Inventories	62,377	4,368	4,128	-	70,873
Trade receivables	111,753	41,383	15,333	(15,254)	153,215
Other receivables	70,222	7,745	8,586	(7)	86,546
Current assets (A)	244,352	53,496	28,047	(15,261)	310,634
Operating assets	1,937,779	269,515	386,642	(15,261)	2,578,675
Trade payables	(142,220)	(43,387)	(19,229)	15,254	(189,582)
Other payables	(234,479)	(14,637)	(21,238)	7	(270,347)
Provisions for risks and charges (current portion)	(4,162)	(538)	-	-	(4,700)
Current liabilities (B)	(380,861)	(58,562)	(40,467)	15,261	(464,629)
Net working capital (A) - (B)	(136,509)	(5,066)	(12,420)	-	(153,995)
Derivative instruments	(3,726)	-	-	-	(3,726)
Deferred tax assets	72,953	682	5,139	-	78,774
Deferred tax liabilities	(70,607)	(18,869)	(10,746)	-	(100,222)
Provisions for risks and charges (non-current portion)	(15,990)	(26,404)	(751)	-	(43,145)
Liabilities for employees' benefits (non-current portion)	(24,222)	(129)	(412)	-	(24,763)
Loan fees	6,655	-	-	-	6,655
Other non-current liabilities	(131,870)	(8,617)	(2,047)	-	(142,534)
NET INVESTED CAPITAL	1,390,111	157,616	337,358	-	1,885,085
Group net equity					665,319
Minority interests					950
Total net equity					666,269
Net medium and long-term financial indebtedness					838,944
Net short-term financial indebtedness					(48,200)
Total net financial indebtedness					790,744
Lease liabilities					428,072
Total lease liabilities & net financial indebtedness					1,218,816
NET EQUITY, LEASE LIABILITIES AND NET FINANCIAL INDEBTEDNESS					1,885,085

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

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

Non-current assets

Non-current assets amounted to €2,268,041 thousand at 31 March 2020, a decrease of €7,155 thousand against the €2,275,196 thousand recorded at 31 December 2019.

The changes in the period are explained (i) for €17,803 thousand by capital expenditure; (ii) for €22,557 thousand by right-of-use assets; (iii) for €54,013 thousand by acquisitions; (iv) for €50,365 thousand by depreciation, amortization and impairment which includes the amortization of the above right-of-use assets; (v) for €51,163 thousand by other net decreases relating primarily to foreign exchange losses.

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

(€ thousands)	03/31/2020	12/31/2019	Change	
EMEA	Goodwill	848,693	839,802	8,891
	Non-competition agreements, trademarks, customer lists and lease rights	221,939	224,288	(2,349)
	Software, licenses, other intangible fixed assets, fixed assets in progress and advances	69,668	67,386	2,282
	Tangible assets	156,322	158,390	(2,068)
	Right-of-use assets	362,673	361,739	934
	Financial fixed assets	4,353	3,797	556
	Other non-current financial assets	29,779	30,833	(1,054)
	Non-current assets	1,693,427	1,686,235	7,192
Americas	Goodwill	124,421	126,418	(1,997)
	Non-competition agreements, trademarks, customer lists and lease rights	9,613	10,189	(576)
	Software, licenses, other intangible fixed assets, fixed assets in progress and advances	20,352	20,068	284
	Tangible assets	9,730	10,450	(720)
	Right-of-use assets	17,249	18,300	(1,051)
	Financial fixed assets	34,236	41,090	(6,854)
	Other non-current financial assets	418	389	29
	Non-current assets	216,019	226,904	(10,885)
Asia Pacific	Goodwill	248,761	249,291	(530)
	Non-competition agreements, trademarks, customer lists and lease rights	36,685	35,830	855
	Software, licenses, other intangible fixed assets, fixed assets in progress and advances	8,215	9,747	(1,532)
	Tangible assets	26,481	27,739	(1,258)
	Right-of-use assets	37,375	38,390	(1,015)
	Financial fixed assets	-	-	-
	Other non-current financial assets	1,078	1,060	18
	Non-current assets	358,595	362,057	(3,462)

Europe, Middle East and Africa

Non-current assets amounted to €1,693,427 thousand at 31 March 2020, an increase of €7,192 thousand against the €1,686,235 thousand recorded at 31 December 2019.

The increase is explained:

- for €13,939 thousand, by acquisitions;
- for €7,289 thousand, by investments in plant, property and equipment, relating primarily to the opening of new and renewal of existing stores;
- for €6,833 thousand, by investments in intangible assets, relating primarily to further improvements of the CRM systems, digital marketing and a new business transformation system for back office functions (Human Resources, Procurement, Administration and Finance);
- for €20,958 thousand, by right-of-use assets;
- for €40,053 thousand, by amortization, depreciation and impairment which includes the amortization and depreciation of the right-of-use assets referred to above;
- for €1,774 thousand, by other net decreases.

Americas

Non-current assets amounted to €216,019 thousand at 31 March 2020, a decrease of €10,885 thousand against the €226,904 thousand recorded at 31 December 2019.

The decrease is explained:

- for €258 thousand, by investments in plant, property and equipment;
- for €1,789 thousand, by investments in intangible assets;
- for €736 thousand, by right-of-use assets;
- for €110 thousand, by acquisitions;
- for €3,258 thousand, by amortization and depreciation which includes the amortization and depreciation of the right-of-use assets referred to above;
- for €10,520 thousand, by other net decreases relating primarily to foreign exchange losses.

Asia Pacific

Non-current assets amounted to €358,595 thousand at 31 March 2020, a decrease of €3,462 thousand against the €362,057 thousand recorded at 31 December 2019.

The decrease is explained:

- for €1,530 thousand, by investments in plant, property and equipment;
- for €104 thousand, by investments in intangible assets;
- for €863 thousand, by right-of-use assets;
- for €7,054 thousand, by amortization and depreciation which includes the amortization and depreciation of the right-of-use assets referred to above;
- for €39,964 thousand, by acquisitions;
- for €38,869 thousand, by other net decreases relating primarily to foreign exchange losses.

Net invested capital

Net invested capital came to €1,885,085 thousand at 31 March 2020, a decrease of €22,353 thousand against the €1,907,438 thousand recorded at 31 December 2019.

This decrease is attributable to the change in non-current assets described above and to the worsening in working capital.

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

(€ thousands)	03/31/2020	12/31/2019	Change
EMEA	1,390,111	1,405,934	(15,823)
Americas	157,616	163,582	(5,966)
Asia Pacific	337,358	337,922	(564)
Total	1,885,085	1,907,438	(22,353)

Europe, Middle East and Africa

Net invested capital came to €1,390,111 thousand at 31 March 2020, a decrease of €15,823 thousand against the €1,405,934 thousand recorded at 31 December 2019.

This decrease is attributable to the change in non-current assets described above and to the worsening in working capital.

Factoring without recourse in the period involved trade receivables with a face value of €18,905 thousand (€18,738 thousand in the same period of the prior year).

Americas

Net invested capital came to €157,616 thousand at 31 March 2020, a decrease of €5,966 thousand against the €163,582 thousand recorded at 31 December 2019.

This decrease is attributable to the change in non-current assets described above partially offset by the decrease of medium-long term liabilities and of deferred taxes.

Asia Pacific

Net invested capital came to €337,358 thousand at 31 March 2020, a decrease of €564 thousand against the €337,922 thousand recorded at 31 December 2019.

The decrease is attributable to the change in non-current assets described largely offset by the positive change in working capital.

Net Financial Position

(€ thousands)	03/31/2020	12/31/2019	Change
Net medium and long-term financial indebtedness	838,944	752,648	86,296
Net short-term financial indebtedness	223,932	172,421	51,511
Cash and cash equivalents	(272,132)	(138,371)	(133,761)
Net financial indebtedness	790,744	786,698	4,046
Group net equity	665,319	695,031	(29,712)
Minority interests	950	1,084	(134)
Net Equity	666,269	696,115	(29,846)
Financial indebtedness/Group net equity	1.19	1.13	
Financial indebtedness/net equity	1.19	1.13	
Financial indebtedness/EBITDA	1.99	1.90	

Net financial indebtedness, excluding lease liabilities, amounted to €790,744 thousand at 31 March 2020 reporting an increase of €4,046 thousand with respect to the amount at 31 December 2019.

The ability of ordinary operations to generate excellent cash flow was confirmed with free cash flow coming in at a positive €44,179 thousand (€16,241 thousand in the first three months of the prior year) after absorbing capital expenditure of €16,473 thousand (€18,601 thousand in the first quarter of 2019) and made it possible to sustain the net cash-outs made in the period for acquisitions (€41,745 thousand).

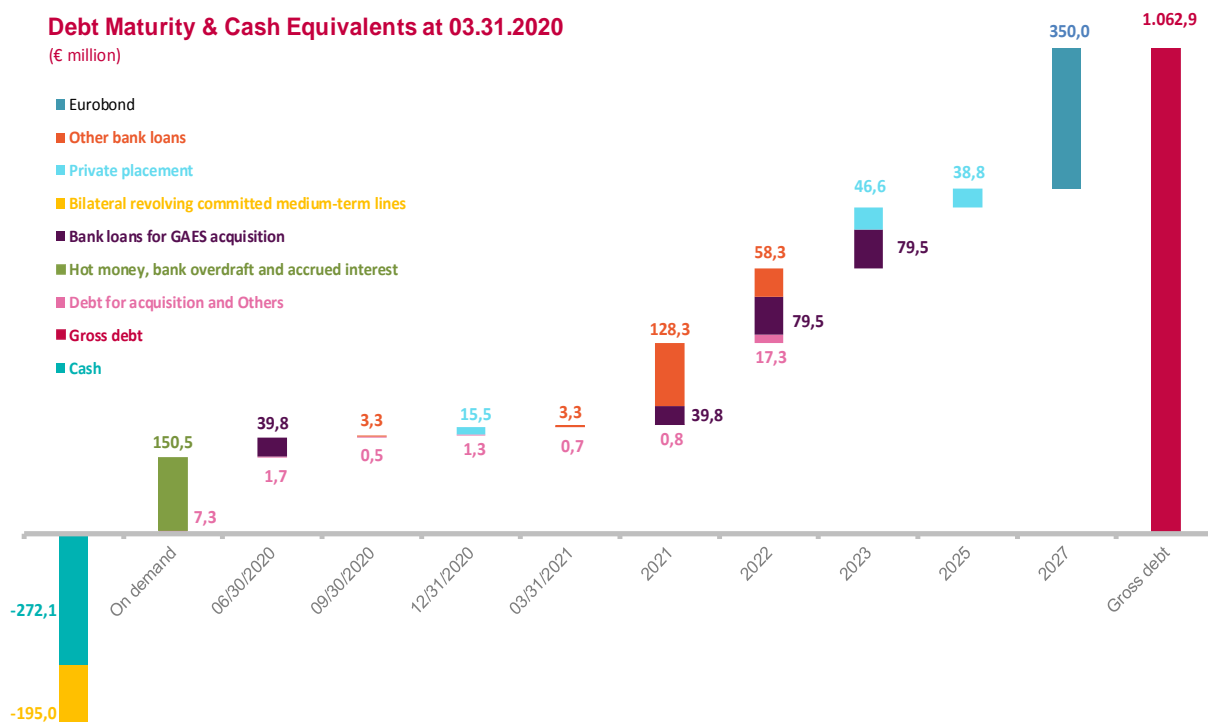
At 31 March 2020 the Group's total financial indebtedness, excluding lease liabilities, amounted to €790,744 thousand net of cash and cash equivalents totaling €272,132 thousand.

Long-term debt amounts to €838,944 thousand, €18,155 thousand of which reflects the long-term portion of deferred payments for acquisitions. The increase of €86,296 thousand is attributable to the issue of a €350,000 thousand bond (Eurobond 2020-2027) which made it possible to noticeably extend the average debt maturity and was used largely to repay a portion of the syndicated loan used for the GAES acquisition (€265,000 thousand).

Short-term debt amounts to €223,932 thousand, reporting an increase of €51,511 thousand with respect to the amount at 31 December 2019.

In addition to the hot money (140,000 thousand), drawn on in light of the Covid-19 health crisis to ensure that the company has a liquidity reserve, the short-term portion of debt includes the short-term portion of the syndicated loan used to finance the GAES acquisition (of which €39,750 thousand was repaid in April with the proceeds of the Eurobond issue), the short-term portion of the private placement (€18,255 thousand), the short-term portion of other long-term bank loans (€6,666 thousand), interest payable on bank loans and the private placement (€2,972 thousand) and the best estimate of the deferred payments for acquisitions (€10,672 thousand).

The chart below shows debt maturities comparing them with the available cash and cash equivalents of €272.132 million and the unutilized portions of irrevocable credit lines which amount to €195 million. The others available credit lines amount to €102.8 million.



In April 2020 the Group further strengthened its financial structure by signing/receiving irrevocable commitments with banks to sign new long-term loan agreements and committed credit lines for a total of €278 million and to extend the maturity of €210 million in existing committed credit lines to 2024 and 2025.

Interest expense on financial indebtedness amounted to €3,734 thousand at 31 March 2020, compared to €3,632 thousand at 31 March 2019.

The interest expense on leases accounted for in accordance with IFRS 16 amounted to €2,708 thousand compared to €2,842 thousand at 31 March 2019.

Interest income on bank deposits came to €36 thousand at 31 March 2020, compared to €30 thousand at 31 March 2019.

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

CASH FLOW

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

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

(€ thousands)	First quarter 2020	First quarter 2019
OPERATING ACTIVITIES		
Net profit (loss) attributable to the Group	5,143	17,748
Minority interests	(72)	(11)
<i>Amortization, depreciation and impairment:</i>		
- Intangible fixed assets	15,204	13,610
- Tangible fixed assets	11,656	9,839
- Right-of-use assets	23,505	21,194
Total amortization, depreciation and impairment	50,365	44,643
Provisions, other non-monetary items and gain/losses from disposals	2,420	7,760
Group's share of the result of associated companies	(23)	(72)
Financial income and charges	7,014	6,654
Current and deferred income taxes	2,428	8,555
<i>Change in assets and liabilities:</i>		
- Utilization of provisions	(2,748)	(1,150)
- (Increase) decrease in inventories	(8,406)	(6,903)
- Decrease (increase) in trade receivables	51,869	(757)
- Increase (decrease) in trade payables	12,324	(20,380)
- Changes in other receivables and other payables	(30,189)	10,517
Total change in assets and liabilities	22,850	(18,673)
Dividends received	-	-
Net interest charges	(5,863)	(5,733)
Taxes paid	(3,487)	(6,395)
Cash flow provided by (used in) operating activities before repayment of lease liabilities	80,775	54,476
Repayment of lease liabilities	(20,123)	(19,634)
Cash flow generated from (absorbed) by operating activities	60,652	34,842
INVESTING ACTIVITIES:		
Purchase of intangible fixed assets	(8,726)	(5,843)
Purchase of tangible fixed assets	(9,077)	(13,140)
Consideration from sale of tangible fixed assets and businesses	1,330	382
Cash flow generated from (absorbed) by investing activities	(16,473)	(18,601)
Cash flow generated from operating and investing activities (Free cash flow)	44,179	16,241
Business combinations (*)	(41,745)	(14,364)
(Purchase) sale of other investments and securities	-	-
Net cash flow generated from acquisitions	(41,745)	(14,364)
Cash flow generated from (absorbed) by investing activities	(58,218)	(32,965)

(€ thousands)	First quarter 2020	First quarter 2019
FINANCING ACTIVITIES:		
Fees paid on medium/long-term financing	(5,043)	-
Other non-current assets	134	1,089
Cash flow generated from (absorbed) by financing activities	(4,909)	1,089
Changes in net financial indebtedness	(2,475)	2,966
Net financial indebtedness at the beginning of the period	(786,698)	(840,856)
Effect of discontinued operations on net financial indebtedness	-	-
Effect of exchange rate fluctuations on net financial indebtedness	(1,571)	(93)
Changes in net indebtedness	(2,475)	2,966
Net financial indebtedness at the end of the period	(790,744)	(837,983)

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

The change in net financial debt of €2,475 thousand is attributable to:

- (i) Investing activities:
 - capital expenditure on property, plant and equipment and intangible assets of €17,803 thousand relating primarily to the opening, renewal and repositioning of stores consistent with Amplifon's new brand image, CRM systems, digital marketing, as well as a new ERP system for back office functions (Human Resources, Procurement, Administration and Finance);
Beginning, however, in March and in light of the Covid-19 outbreak, capex was limited to property, plant and equipment and intangible assets deemed essential to the Group's operations and which represent roughly 20-25% of the average annual capex;
 - acquisitions amounting to €41,745 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. Acquisitions were also suspended temporarily beginning in March;
 - net proceeds from the disposal of assets of €1,330 thousand.
- (ii) Operating activities:
 - interest expense on financial indebtedness and other net financial expenses of €5,863 thousand;
 - payment of taxes amounting to €3,487 thousand;
 - payment of principle on lease obligations of €20,123 thousand;
 - cash flow generated by operations of €90,125 thousand.
- (iii) Financing activities which show a negative balance of €4,909 thousand, attributable mainly to the payment of fees relating to a bond issue (Eurobond 2020-2027).

Net debt was also impacted by negative foreign exchange differences of €1,571 thousand. During the first quarter of 2020 the cash flow has been negatively impacted by non-recurring transactions related to the GAES integration costs occurred during 2019 for €777 thousand.

ACQUISITION OF COMPANIES AND BUSINESSES

Prior to the temporary suspension of acquisitions beginning in March in order to protect cash flow from the financial impact of the Covid-19 outbreak, the Group's external growth had continued. In the first three months of 2020, 75 points of sale were acquired for a total investment of €41,745 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 during the first three months of 2020:

- 5 points of sale were acquired in France;
- 10 points of sale were acquired in Germany;
- 6 points of sale were acquired in Belgium;
- 54 new points of sale were added to the Group as a result of the acquisition of Attune Hearing Pty Ltd in Australia.

COVID-19 EMERGENCY MEASURES

The Company is monitoring the evolution of the Covid-19 outbreak daily with the utmost attention and promptly implemented an effective plan of action to ensure the health and safety of all its people and customers, as well as limit any financial impact.

Measures taken to protect the Company's stakeholders during the Covid-19 crisis

Since the start of the Covid-19 outbreak, the Company's priority has been the health of its people, while ensuring the complete safety of its customers. Amplifon, therefore, instituted a task force at both a Group and country level in order to coordinate and implement immediately all the preventive measures needed to ensure the health of its employees, customers and other stakeholders, in line with the security measures and recommendations indicated by the governmental authorities in the different countries. These measures include the development and adoption of a new Group-wide in-store protocol (use of personal protective equipment by hearing care professionals and client advisers, visits on an appointment-only basis following an in-depth telephone medical consultation in order to assess the customers' health conditions, strict social distancing and hygiene procedures, etc.), smart working practices for back-office personnel and other safety measures.

Measures to mitigate the financial impact of the Covid-19 crisis

Given the negative impact on demand in the hearing care retail market due to the restrictive or even general lockdown measures adopted by the governmental authorities in various countries as a result of the Covid-19 crisis, the Company moved very quickly and decisively to implement

a series of measures to limit the effects. More in detail, the Company adopted the following cost cutting measures:

- Labor costs: activation of the social safety nets provided for in the Countries where the Group operates, proportional reduction in variable compensation, voluntary pay cuts by management and a hiring freeze
- Marketing costs: significant reduction of these costs
- Other costs: suspension of all discretionary costs and renegotiation of contracts with several suppliers and landlords.

Furthermore, with a view to safeguarding its net financial position, the Company also temporarily suspended all non-essential capex and M&A cash-outs, as well as, as previously announced and approved during the Shareholders' Meeting held on April 24th, 2020, allocated the year's earnings as retained earnings.

Lastly, as described in the section relating to events subsequent to the close of the quarter, in March the Company began refinancing its credit lines in order to increase the availability of financing and irrevocable credit lines by a total of roughly 300 million euros, as well as extend maturities of the loans and the existing irrevocable credit lines. More in detail, in April:

- new loan agreements were signed for a total of €243 million and new irrevocable credit lines amounting to €15 million, while an additional €20 million in irrevocable credit lines was approved by the banks;
- the maturities of €180 million in existing loans which expired originally in 2021-2022 were extended to 2024-2025 and the extension through 2025 of an additional €30 million in irrevocable credit lines was approved.

Once the refinancing is completed, the average maturity of Amplifon's debt will be around 5 years and the Company will benefit from a strong liquidity position totaling €550 million including cash on balance sheet and undrawn committed revolving facilities.

OUTLOOK

Given the current uncertainty as to the duration and intensity of the health and socio-economic, crisis caused by Covid-19, and the timing of a possible waning of the crisis and the consequent return to normalcy, the Company feels that it is still not possible to estimate the impact that the epidemic will have on the current year.

Consequently, the Company thinks it opportune to withdraw the guidance issued in March 2018 and updated subsequently in March 2019 to reflect the GAES acquisition. The Company will provide updates in this regard as visibility of the conditions increases and it becomes possible to make more accurate estimates as to the impact of the Covid-19 outbreak.

As mentioned above, the Company took immediate and effective action to identify and implement a series of measures designed to limit the financial impact of Covid-19 focused on, specifically, strong cost cutting, protection of the net financial position and strengthening the Company's already solid financial profile. The results of these measures, though activated in March, will be realized mainly in the second quarter during which, given the lockdowns adopted in a majority of countries worldwide, we believe the negative effects stemming from Covid-19 will be more intense, even though to what degree is still uncertain given the lack of visibility as to when the crisis might subside and there will be a return to normalcy.

Lastly, despite the negative impact that Covid-19 will have on hearing care market demand in the short-term, the Company still expects to out-perform the market and, above all, is confident that its unique competitive positioning, along with the strong fundamentals of its market, will allow the Company to deliver renewed strong growth over the medium-term.

CONDENSED INTERIM CONSOLIDATED FINANCIAL

STATEMENTS AS AT 31 MARCH 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ thousands)		03/31/2020	12/31/2019	Change
ASSETS				
<u>Non-current assets</u>				
Goodwill	Note 2	1,221,875	1,215,511	6,364
Intangible fixed assets with finite useful life	Note 3	366,472	367,508	(1,036)
Tangible fixed assets	Note 4	192,533	196,579	(4,046)
Right-of-use assets	Note 5	417,297	418,429	(1,132)
Equity-accounted investments		2,337	2,314	23
Hedging instruments		16,123	8,153	7,970
Deferred tax assets		78,774	81,427	(2,653)
Contract costs		7,065	7,339	(274)
Other assets		60,462	67,516	(7,054)
Total non-current assets		2,362,938	2,364,776	(1,838)
<u>Current assets</u>				
Inventories		70,873	64,592	6,281
Trade receivables		153,215	205,219	(52,004)
Contract costs		4,674	4,386	288
Other receivables		81,812	71,553	10,259
Hedging instruments		2,732	2,201	531
Other financial assets		177	240	(63)
Cash and cash equivalents		272,132	138,371	133,761
Total current assets		585,615	486,562	99,053
TOTAL ASSETS		2,948,553	2,851,338	97,215

(€ thousands)		03/31/2020	12/31/2019	Change
LIABILITIES				
Net Equity				
Share capital	Note 6	4,528	4,528	-
Share premium reserve		202,712	202,712	-
Treasury shares		(28,302)	(29,131)	829
Other reserves		(59,871)	(24,669)	(35,202)
Retained earnings		541,109	432,925	108,184
Profit (loss) for the period		5,143	108,666	(103,523)
Group net equity		665,319	695,031	(29,712)
Minority interests		950	1,084	(134)
Total net equity		666,269	696,115	(29,846)
Non-current liabilities				
Medium/long-term financial liabilities	Note 8	830,817	750,719	80,098
Lease liabilities	Note 9	328,964	343,040	(14,076)
Provisions for risks and charges		43,145	50,290	(7,145)
Liabilities for employees' benefits		24,763	25,281	(518)
Hedging instruments		4,817	4,290	527
Deferred tax liabilities		100,222	102,111	(1,889)
Payables for business acquisitions		18,155	13,527	4,628
Contract liabilities		133,850	135,052	(1,202)
Other long-term liabilities		8,685	8,649	36
Total non-current liabilities		1,493,418	1,432,959	60,459
Current liabilities				
Trade payables		189,582	177,390	12,192
Payables for business acquisitions		10,672	10,245	427
Contract liabilities		95,046	97,725	(2,679)
Tax liabilities		44,523	40,334	4,189
Other payables		130,142	146,223	(16,081)
Hedging instruments		-	28	(28)
Provisions for risks and charges		4,699	4,242	457
Liabilities for employees' benefits		636	545	91
Short-term financial liabilities	Note 8	214,458	163,947	50,511
Lease liabilities	Note 9	99,108	81,585	17,523
Total current liabilities		788,866	722,264	66,602
TOTAL LIABILITIES		2,948,553	2,851,338	97,215

CONSOLIDATED INCOME STATEMENT

(€ thousands)	First quarter 2020			First quarter 2019			Change
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	
Revenues from sales and services	363,476	-	363,476	391,973	-	391,973	(28,497)
Operating costs	(299,902)	-	(299,902)	(313,334)	(1,425)	(314,759)	14,857
Other income and costs	1,281	-	1,281	303	-	303	978
Gross operating profit (EBITDA)	64,855	-	64,855	78,942	(1,425)	77,517	(12,662)
Amortization, depreciation and impairment							
Amortization of intangible fixed assets	Note 3 (15,206)	-	(15,206)	(13,610)	-	(13,610)	(1,596)
Depreciation of tangible fixed assets	Note 4 (11,269)	-	(11,269)	(9,743)	-	(9,743)	(1,526)
Right-of-use depreciation	Note 5 (23,505)	-	(23,505)	(21,195)	-	(21,195)	(2,309)
Impairment losses and reversals of non-current assets	(385)	-	(385)	(95)	-	(95)	(290)
	(50,365)	-	(50,365)	(44,643)	-	(44,643)	(5,722)
Operating result	14,490	-	14,490	34,299	(1,425)	32,874	(18,384)
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	23	-	23	72	-	72	(49)
Other income and expenses, impairment and revaluations of financial assets	-	-	-	-	-	-	-
Interest income and expenses	(3,697)	-	(3,697)	(3,602)	-	(3,602)	(95)
Interest expenses on lease liabilities	(2,708)	-	(2,708)	-	-	-	134
Other financial income and expenses	(355)	-	(355)	(2,892)	-	(2,892)	(305)
Exchange gains and losses	(260)	-	(260)	185	-	185	(445)
Gain (loss) on assets accounted at fair value	6	-	6	(345)	-	(345)	351
	(6,991)	-	(6,991)	(6,582)	-	(6,582)	(409)
Profit (loss) before tax	7,499	-	7,499	27,717	(1,425)	26,292	(18,793)
Current and deferred income tax	Note 10						
Current tax	(5,249)	-	(5,249)	(11,448)	(363)	(11,085)	5,836
Deferred tax	2,821	-	2,821	(2,530)	-	(2,530)	291
	(2,428)	-	(2,428)	(8,918)	363	(8,555)	6,127
Total net profit (loss)	5,071	-	5,071	18,799	(1,062)	17,737	(12,666)
Net profit (loss) attributable to Minority interests	(72)	-	(72)	(11)	-	(11)	(61)
Net profit (loss) attributable to the Group	5,143	-	5,143	18,810	(1,062)	17,748	(12,605)

Earnings per share (€ per share)	Note 12	First quarter 2020	First quarter 2019
Earnings per share			
- Basic		0.02305	0.08043
- Diluted		0.02272	0.07898

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

(€ thousands)	03/31/2020	03/31/2019
Net income (loss) for the period	5,071	17,737
Other comprehensive income (loss) that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plans	691	974
Tax effect on components of other comprehensive income that will not be reclassified subsequently to profit or loss	(218)	(320)
Total other comprehensive income (loss) that will not be reclassified subsequently to profit or loss after the tax effect (A)	473	654
Other comprehensive income (loss) that will be reclassified subsequently to profit or loss		
Gains/(losses) on cash flow hedging instruments	5,354	(892)
Gains/(losses) from <i>Foreign Currency Basis Spread</i> on hedging instruments	(64)	73
Gains/(losses) on exchange differences from translation of financial statements of foreign entities	(38,488)	10,994
Tax effect on components of other comprehensive income that will be reclassified subsequently to profit or loss	(1,270)	196
Total other comprehensive income (loss) that will be reclassified subsequently to profit or loss after the tax effect (B)	(34,468)	10,371
Total other comprehensive income (loss) (A)+(B)	(33,995)	11,025
Comprehensive income (loss) for the period	(28,924)	28,762
Attributable to the Group	(28,790)	28,713
Attributable to Minority interests	(134)	49

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 01/01/2019	4,527	202,565	934	3,636	(50,933)	34,569
Allocation of profit (loss) for 2018						
Share capital increase						
Treasury shares						
Dividend distribution						
Notional cost of stock options and stock grants						3,747
Other changes					482	(303)
Total comprehensive income (loss) for the period						
- <i>Hedge accounting</i>						
- <i>Actuarial gains (losses)</i>						
- <i>Translation differences</i>						
- <i>Result of the period 2019</i>						
Balance at 03/31/2019	4,527	202,565	934	3,636	(50,451)	38,013
(€ thousands)	Share capital	Share premium reserve	Legal reserve	Other reserves	Treasury shares reserve	Stock option and stock grant reserve
Balance at 01/01/2020	4,528	202,712	934	3,636	(29,131)	34,963
Allocation of profit (loss) for 2019						
Share capital increase						
Treasury shares						
Dividend distribution						
Notional cost of stock options and stock grants						(610)
Other changes					829	(659)
- <i>Stock Grant</i>					829	(659)
- <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>Translation differences</i>						
- <i>Result of the period 2020</i>						
Balance at 03/31/2020	4,528	202,712	934	3,636	(28,302)	33,694

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
(8,012)	-	(7,123)	362,503	(48,190)	100,443	594,919	1,028	595,947
			100,443		(100,443)	-		-
						-		-
						-		-
						3,747		3,747
843	(843)		(373)			(194)	86	(108)
(678)	55	654		10,934	17,748	28,713	49	28,762
(678)	55					(623)		(623)
		654				654		654
				10,934		10,934	60	10,994
					17,748	17,748	(11)	17,737
(7,847)	(788)	(6,469)	462,573	(37,256)	17,748	627,185	1,163	628,348

Cash flow hedge reserve	Foreign Curr. Basis Spread Reserve	Actuarial gains and losses	Retained earnings	Translation differences	Profit (loss) for the period	Total Shareholders' equity	Minority interests	Total net equity
(5,462)	(748)	(11,048)	432,925	(46,944)	108,666	695,031	1,084	696,115
			108,666		(108,666)	-		-
						-		-
						-		-
						(610)		(610)
			(482)			(312)		(312)
			(170)			-		-
						-		-
			(312)			(312)		(312)
4,068	(48)	473	-	(38,426)	5,143	(28,790)	(134)	(28,924)
4,068	(48)					4,020		4,020
		473				473		473
				(38,426)		(38,426)	(62)	(38,488)
					5,143	5,143	(72)	5,071
(1,394)	(796)	(10,575)	541,109	(85,370)	5,143	665,319	950	666,269

STATEMENT OF CONSOLIDATED CASH FLOWS

(€ thousands)	First quarter 2020	First quarter 2019
OPERATING ACTIVITIES		
Net profit (loss)	5,071	17,737
Amortization, depreciation and impairment:		
- intangible fixed assets	15,204	13,610
- tangible fixed assets	11,656	9,839
- right-of-use assets	23,505	21,194
- goodwill	-	-
Provisions, other non-monetary items and gain/losses from disposals	2,420	7,760
Group's share of the result of associated companies	(23)	(72)
Financial income and expenses	7,014	6,654
Current and deferred taxes	2,428	8,555
Cash flow from operating activities before change in working capital	67,275	85,277
Utilization of provisions	(2,748)	(1,150)
(Increase) decrease in inventories	(8,406)	(6,903)
Decrease (increase) in trade receivables	51,869	(757)
Increase (decrease) in trade payables	12,324	(20,380)
Changes in other receivables and other payables	(30,189)	10,517
Total change in assets and liabilities	22,850	(18,673)
Dividends received	-	-
Interest received (paid)	(5,264)	(5,344)
Taxes paid	(3,487)	(6,395)
Cash flow generated from (absorbed by) operating activities (A)	81,374	54,865
INVESTING ACTIVITIES:		
Purchase of intangible fixed assets	(8,726)	(5,843)
Purchase of tangible fixed assets	(9,077)	(13,140)
Consideration from sale of non-current assets	1,330	382
Cash flow generated from (absorbed by) operating investing activities (B)	(16,473)	(18,601)
Purchase of subsidiaries and business units	(44,519)	(14,633)
Increase (decrease) in payables for business acquisitions	5,160	(5,084)
(Purchase) sale of other investments and securities	-	-
Cash flow generated from (absorbed by) acquisition activities (C)	(39,359)	(19,717)
Cash flow generated from (absorbed by) investing activities (B+C)	(55,832)	(38,318)
FINANCING ACTIVITIES:		
Increase (decrease) in financial payables	132,529	3,015
(Increase) decrease in financial receivables	-	(169)
Derivative instruments and other non-current assets	-	-
Commissions paid for medium/long-term financing	(5,043)	-
Principal portion of lease payments	(20,123)	(19,634)
Other non-current assets and liabilities	134	1,089
Treasury shares purchase	-	-
Dividends distributed	-	-
Capital increases and minority shareholders' contributions and dividends paid to third parties by subsidiaries	-	-
Cash flow generated from (absorbed by) financing activities (D)	107,497	(15,699)

Net increase in cash and cash equivalents (A+B+C+D)	133,039	848
(€ thousands)	First quarter 2020	First quarter 2019
Cash and cash equivalents at beginning of period	138,371	89,915
Effect of exchange rate fluctuations on cash & cash equivalents	(2,052)	745
Liquid assets acquired	2,774	269
Flows of cash and cash equivalents	133,039	848
Cash and cash equivalents at end of period	272,132	91,777

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 transactions are detailed in Note 14 and do not have a material impact on the Group's financial flows.

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 quarter 2020	First quarter 2019
- Goodwill	35,957	10,636
- Customer lists	5,477	6,749
- Trademarks and non-competition agreements	5,110	-
- Other intangible fixed assets	370	62
- Tangible fixed assets	2,200	527
- Right-of-use assets	4,741	356
- Current assets	4,680	1,810
- Provisions for risks and charges	(742)	(4)
- Current liabilities	(6,537)	(2,365)
- Other non-current assets and liabilities	(6,712)	(3,728)
- Minority interests	-	-
Total investments	44,544	14,043
Net financial debt acquired	(25)	590
Total business combinations	44,519	14,633
(Increase) decrease in payables through business acquisition	(5,160)	5,084
Purchase (sale) of other investments and securities	-	-
Cash flow absorbed by (generated from) acquisitions	39,359	19,717
(Cash and cash equivalents acquired)	(2,774)	(269)
Net cash flow absorbed by (generated from) acquisitions	36,585	19,448

NOTES

1. General information

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

The parent company, Amplifon S.p.A. is based in Milan, in Via Ripamonti 133. The Group is controlled directly by Ampliter S.r.l. which is owned through a majority stake (93.82% as at 03/31/2020) by Amplifin S.p.A. which is fully controlled by Susan Carol Holland.

The condensed interim consolidated financial statements at 31 March 2020 have been prepared in accordance with Article 154-bis of Legislative Decree 58/1998 (Consolidated finance act) and subsequent amendments and with International Accounting Standards and the implementation regulations set out in Article 9 of legislative decree no. 38 of 28 February 2005. These standards include the IAS and IFRS issued by the International Accounting Standard Board, as well as the SIC and IFRIC interpretations issued by the International Financial Reporting Interpretations Committee, which were endorsed in accordance with the procedure set out in Article 6 of Regulation (EC) no. 1606 of 19 July 2002 by 31 March 2020. The International Accounting Standards endorsed after that date and before the preparation of these condensed interim consolidated financial statements are adopted in the preparation of the condensed interim consolidated financial statements only if early adoption is allowed by the Endorsing Regulation and the standard itself and if the Group has elected to do so.

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

The publication of the condensed interim consolidated financial statements of the Amplifon Group at 31 March 2020 was authorized by a resolution of the Board of Directors of 29 April 2020 which approved their publication.

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

2. Acquisitions and goodwill

During the first three months of 2020 the Group continued its external growth and finalized many acquisitions with the aim of increasing the coverage: specifically, 21 points of sale were purchased in the EMEA region and 54 in the APAC region.

The total investment, including the debt 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 €41,745 thousand.

The variations of goodwill and of the amounts recognized as such, stemming from the acquisitions performed during the period, are reported in the table below and shown by cash generating unit.

(€ thousands)	Value at 12/31/2019	Business combinations	Disposals	Impairment	Other net changes	Net carrying value at 03/31/2020
EMEA	839,802	8,994	-	-	(103)	848,693
AMERICAS	126,418	110	-	-	(2,107)	124,421
APAC	249,291	26,853	-	-	(27,383)	248,761
Total	1,215,511	35,957	-	-	(29,593)	1,221,875

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

The item "Other net changes" is almost entirely related to differences in exchange rates.

3. Intangible assets

The following tables show the changes in intangible fixed assets.

(€ thousands)	Historical cost at 12/31/2019	Accumulated amortization and write-downs at 12/31/2019	Net book value at 12/31/2019	Historical cost at 03/31/2020	Accumulated amortization and write-downs at 03/31/2020	Net book value at 03/31/2020
Software	151,863	(100,820)	51,043	161,746	(105,152)	56,594
Licenses	21,836	(14,762)	7,074	22,022	(15,633)	6,389
Non-competition agreements	7,342	(6,693)	649	7,761	(6,941)	820
Customer lists	378,407	(167,075)	211,332	376,782	(169,870)	206,912
Trademarks and concessions	82,052	(24,599)	57,453	83,473	(23,718)	59,755
Other	28,423	(12,022)	16,401	27,942	(12,680)	15,262
Fixed assets in progress and advances	23,556	-	23,556	20,740	-	20,740
Total	693,479	(325,971)	367,508	700,466	(333,994)	366,472

(€ thousands)	Net book value at 12/31/2019	Investments	Disposals	Amortization	Business combinations	Impairment	Other net changes	Net book value at 03/31/2020
Software	51,043	819	-	(4,881)	23	2	9,588	56,594
Licenses	7,074	11	-	(924)	-	-	228	6,389
Non-competition agreements	649	-	-	(163)	-	-	334	820
Customer lists	211,332	-	-	(7,100)	5,477	-	(2,797)	206,912
Trademarks and concessions	57,453	-	-	(1,418)	5,110	-	(1,390)	59,755
Other	16,401	29	(135)	(720)	-	-	(313)	15,262
Fixed assets in progress and advances	23,556	7,867	-	-	347	-	(11,030)	20,740
Total	367,508	8,726	(135)	(15,206)	10,957	2	(5,380)	366,472

The variation of the item “Business combinations” is detailed as follows:

- For €4,255 thousand to the temporary allocation of the considerations paid for the acquisitions made in the EMEA region;
- For €6,702 thousand to the temporary allocation of the consideration paid for the acquisitions made in the APAC region.

The increase in intangible assets in the period is attributable primarily to investments in CRM systems, in digital marketing and in the new system of business transformation for the back-office functions (HR, Procurement and Administration and Finance).

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

4. Tangible fixed assets

The following tables show the changes in tangible fixed assets.

(€ thousands)	Historical cost at 12/31/2019	Accumulated amortization and write-downs at 12/31/2019	Net book value at 12/31/2019	Historical cost at 03/31/2020	Accumulated amortization and write-downs at 03/31/2020	Net book value at 03/31/2020
Land	209	-	209	206	-	206
Buildings, constructions and leasehold improvements	239,688	(150,402)	89,286	237,868	(152,112)	85,756
Plant and machines	59,788	(42,305)	17,483	60,990	(43,581)	17,409
Industrial and commercial equipment	50,506	(36,523)	13,983	49,994	(36,897)	13,097
Motor vehicles	3,127	(2,185)	942	3,168	(2,293)	875
Computers and office machinery	62,500	(46,956)	15,544	64,268	(48,910)	15,358
Furniture and fittings	125,814	(79,300)	46,514	126,361	(81,941)	44,420
Other tangible fixed assets	3,364	(889)	2,475	3,316	(940)	2,376
Fixed assets in progress and advances	10,143	-	10,143	13,036	-	13,036
Total	555,139	(358,560)	196,579	559,207	(366,674)	192,533

(€ thousands)	Net book value at 12/31/2019	Investments	Disposals	Amortization	Business combinations	Impairment	Other net changes	Net book value at 03/31/2020
Land	209	-	-	-	-	-	(3)	206
Buildings, constructions and leasehold improvements	89,286	2,686	(14)	(4,729)	53	(281)	(1,245)	85,756
Plant and machines	17,483	702	(30)	(1,001)	448	(31)	(162)	17,409
Industrial and commercial equipment	13,983	128	(20)	(834)	57	(4)	(213)	13,097
Motor vehicles	942	-	(49)	(63)	62	-	(17)	875
Computers and office machinery	15,544	890	(695)	(1,905)	778	(3)	749	15,358
Furniture and fittings	46,514	1,106	(8)	(2,668)	689	(59)	(1,154)	44,420
Other tangible fixed assets	2,475	20	(18)	(69)	-	(9)	(23)	2,376
Fixed assets in progress and advances	10,143	3,545	(6)	-	113	-	(759)	13,036
Total	196,579	9,077	(840)	(11,269)	2,200	(387)	(2,827)	192,533

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

The variation of the item "Business combinations" is related:

- for €405 thousand, is related to the temporary allocation of the price related to the acquisitions made in the EMEA region;
- for €1,795 thousand, is related to the temporary allocation of the price related to the acquisitions made in the APAC region.

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

5. Right-of-use assets

Right-of-use assets are reported here below:

(€ thousands)	Historical cost at 12/31/2019	Accumulated amortization and write-downs at 12/31/2019	Net book value at 12/31/2019	Historical cost at 03/31/2020	Accumulated amortization and write-downs at 03/31/2020	Net book value at 03/31/2020
Shops and offices	490,070	(82,424)	407,646	508,387	(101,878)	406,509
Motor vehicles	16,875	(6,625)	10,250	17,516	(7,184)	10,332
Electronic machinery	694	(161)	533	638	(182)	456
Total	507,639	(89,210)	418,429	526,541	(109,244)	417,297

(€ thousands)	Net book value at 12/31/2019	Investments	Disposals	Amortization	Business combinations	Impairment	Other net changes	Net book value at 03/31/2020
Shops and offices	407,646	22,932	(1,063)	(22,170)	4,741	-	(5,577)	406,509
Motor vehicles	10,250	1,646	(108)	(1,298)	-	-	(158)	10,332
Electronic machinery	533	3	(3)	(37)	-	-	(40)	456
Total	418,429	24,581	(1,174)	(23,505)	4,741	-	(5,775)	417,297

6. Share capital

At 31 March 2020 the share capital comprised 226,388,620 ordinary shares with a par value of €0.02 fully paid in and subscribed. The share capital is unchanged with respect to 31 December 2019.

A total of 93,060 of the performance stock grant rights were exercised in the period, as a result of which the Company transferred the same number of treasury shares to the beneficiaries.

In the period there were no purchases of treasury shares.

The total amount of treasury shares held at 31 March 2020 equals 3,176,027 or 1.403% of the parent’s share capital.

Information relating to the treasury shares held is shown below.

	N. of shares	Average purchase price (Euro)	Total amount (€ thousands)
		FV of transferred rights (Euro)	
Held at 12/31/2019	3.269.087	8,911	29.131
Purchases			
Transfers due to exercise of performance stock grants	(93.060)	8,911	(829)
Held at 03/31/2020	3.176.027	8,911	28.302

7. Net financial position

In accordance with the requirements of the Consob communication dated 28 July 2006 and in compliance with the CESR (now ESMA) recommendation of 10 February 2005 “Recommendations for the consistent implementation of the European Commission’s Regulation on Prospectuses”, the Group’s net financial position at 31 March 2020 was as follows:

(€ thousands)	03/31/2020	12/31/2019	Change
Cash and cash equivalents	(272,132)	(138,371)	(133,761)
Private placement 2013-2025	18,255	17,803	452
Payables for business acquisitions	10,672	10,245	427
Bank overdraft and other short-term loans from third parties (including current portion of medium/long-term debt)	194,024	141,032	52,992
Other net financial payables	3,714	5,594	(1,880)
Hedging derivatives	(2,733)	(2,253)	(480)
Short-term financial position	(48,200)	34,050	(82,250)
Private placement 2013-2025	100,402	97,917	2,485
Eurobond 2020-2027	350,000	-	350,000
Other medium/long-term debt	385,418	653,751	(268,333)
Hedging derivatives	(15,031)	(12,547)	(2,484)
Medium/long-term acquisition payables	18,155	13,527	4,628
Net medium and long-term financial position	838,944	752,648	86,296
Net financial position	790,744	786,698	4,046
Lease liabilities – current portion	99,108	81,585	17,523
Lease liabilities – non-current portion	328,964	343,040	(14,076)
Lease liabilities	428,072	424,625	3,447
Total lease liabilities & net financial debt	1,218,816	1,211,323	7,493

The **medium/long-term portion of the net financial position**, excluding the lease liabilities, reached €838,944 thousand at March 31st, 2020 compared to €752,648 thousand at 31 December 2019, a difference of €86,296 thousand. The increase in the period relates primarily to a €350,000 thousand bond issue (Eurobond 2020-2027) which was used largely to repay a portion of the syndicated loan used for the GAES acquisition (€265,000 thousand).

The **short-term portion of the net financial position**, excluding the lease liabilities, rose €82,250 thousand, going from a negative €34,050 thousand at 31 December 2019 to a positive €48,200 thousand at 31 March 2020. The short-term portion refers primarily to hot money of €140,000 thousand (drawn on in light of the Covid-19 health crisis to ensure that the company has a liquidity reserve), the short-term portion of the syndicated loan (€39,750 thousand), the short-term portion of the private placement (€18,255 thousand), the short term portion of other long-term bank loans (€6,666 thousand), interest payable on bank loans and the private placement (€2,972 thousand), the best estimate of the deferred payments for acquisitions (€10,672 thousand), as well as cash and cash equivalents of €272,132 thousand.

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

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

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

(€ thousands)	03/31/2020
Private placement 2013-2025	100,402
Eurobond 2020-2027	350,000
Syndicated loan for GAES acquisition	198,750
Other medium/long-term bank loans	186,668
Fees for Eurobond 2020-2027, fees for bank loans, private placement 2013-2025 and Syndicated loan for GAES acquisition	(5,003)
Medium/long-term financial liabilities	830,817

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

(€ thousands)	03/31/2020
Bank overdraft and other short-term debt (including current portion of other long-term debt)	194,024
Private placement 2013-2025	18,255
Other financial payables	3,831
Fees for Eurobond 2020-2027, fees for bank loans, private placement 2013-2025 and Syndicated loan for GAES acquisition	(1,652)
Short-term financial liabilities	214,458

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

8. Financial liabilities

Financial liabilities breakdown is as follows:

(€ thousands)	03/31/2020	12/31/2019	Change
Private placement 2013-2025	100,402	97,917	2,485
Eurobond 2020-2027	350,000	-	350,000
Syndicated loan for GAES acquisition	198,750	463,750	(265,000)
Other medium long-term bank loans	186,668	190,001	(3,333)
Fees for Eurobond 2020-2027, fees for bank loans, private placement 2013-2025 and syndicated loan for GAES acquisition	(5,003)	(949)	(4,054)
Total medium/long-term financial liabilities	830,817	750,719	80,098
Short term debt	214,458	163,947	50,511
- of which current portion for the financing for GAES acquisition	39,750	39,750	-
- of which current portion for the private placement 2013-2025	18,255	17,803	452
- of which current portion of other short-term bank loans	6,666	6,666	-
- of which fees for bank loans, private placement 2013-2025 and syndicated loan for GAES acquisition	(1,652)	(663)	(989)
Total short-term financial liabilities	214,458	163,947	50,511
Total financial liabilities	1,045,275	914,666	130,609

The main financial liabilities are detailed below.

- Eurobond 2020-2027

In February Amplifon issued a 7-year €350 million non-convertible bond with a fixed annual coupon of 1.125%.

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	313.404	1,125%	N/A
Total in Euro			350.000	313.404		

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

- Syndicated loan for the GAES acquisition

An unsecured syndicated bank loan negotiated with five top-tier banks for the acquisition of GAES comprised of two tranches:

- a 5-year amortizing loan of €265 million (Facility A);
- a €265 million 18-month bullet loan (Facility B) with an option to extend it to 5 years which may be exercised at Amplifon's discretion before the expiration date. This tranche has been paid back in February 2020 thanks to the proceeds of the Eurobond issue above mentioned.

Issue Date	Debtor	Maturity	Nominal value (€/000)	Outstanding debt (€/000)	Fair Value (€/000)	Nominal interest rate (*)	Euro interest rate after hedging (**)
12/18/2018	Amplifon S.p.A.	09/28/2023	265,000	238,500	216,921	0.925%	1.382%
Total in Euro			265,000	238,500	216,921		

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

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

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

The following table shows the applicable rates:

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

The margin recognized, based on the ratio between the net financial position and Group EBITDA, is applicable starting from the interest period following the one when the ratios is determined.

The margin at 03.31.2020 is equal to 1.10% for Facility A.

- *Private placement 2013-2025*

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

Issue Date	Issuer	Maturity	Currency	Face Value (USD/000)	Outstanding debt (USD/000)	Fair value (USD/000)	Nominal interest rate USD (*)	Euro interest rate after hedging (**)
05/30/2013	Amplifon USA	07/31/2020	US\$	7,000	7,000	5,543	3.85%	3.39%
05/30/2013	Amplifon USA	07/31/2023	US\$	8,000	8,000	7,230	4.46%	3.90%
07/31/2013	Amplifon USA	07/31/2020	US\$	13,000	13,000	10,296	3.90%	3.42%
07/31/2013	Amplifon USA	07/31/2023	US\$	52,000	52,000	47,013	4.51%	3.90%-3.94%
07/31/2013	Amplifon USA	07/31/2025	US\$	50,000	50,000	48,941	4.66%	4.00%-4.05%
Total				130,000	130,000	119,023		

(*) Refers to the nominal interest rate at the issue.

(**) The hedging instruments that determine the interest rate as detailed above, are also fixing the exchange rate at 1.2885, the total equivalent of the bond resulting in €100,892 thousand.

- *Bank loans*

4 medium/long-term unsecured bank loans totaling €200 million as shown in the following table.

Issue Date	Issuer	Type	Maturity	Face Value (€/000)	Outstanding debt (€/000)	Fair value (€/000)	Nominal interest rate in Euro (*)	Interest rate after hedging (**)
09/28/2017	Amplifon S.p.A.	Bullet financing	09/28/2021	100.000	100.000	100.881	0.413%	0,987%
10/24/2017	Amplifon S.p.A.	Amortizing financing	10/31/2022	50.000	50.000	50.817	0.850%	1,329%
03/23/2018	Amplifon S.p.A.	Bullet financing	03/22/2022	30.000	30.000	30.394	0.369%	1,00%
01/11/2018	Amplifon S.p.A.	Amortizing financing	01/11/2022	20.000	13.334	13.435	0.70%	1,04%

Total in Euro	200.000	193.334	195.527
---------------	---------	---------	---------

(*) The nominal interest rate shown for the fixed rate loans comprises the fixed rate plus the applicable spread.

(**) All the loans shown were converted to fixed rate using Interest Rate Swaps.

The following loans:

- the USD 130 million private placement 2013-2025 (equal to €100.9 million including the fair value of the currency hedges which set the Euro/USD exchange rate at 1.2885);
- the EUR 193.3 million medium/long-term bilateral loans with top-tier banking institutions;
- the EUR 195 million in irrevocable credit lines with top-tier banking institutions

are subject to the covenants listed below:

- the ratio of Group net financial indebtedness to Group shareholders' equity must not exceed 1.65;
- the ratio of net financial indebtedness to EBITDA recorded in the last four quarters (determined based solely on recurring business and restated if the Group's structure should change significantly) must not exceed 2.85.

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

The syndicated loan granted for the GAES acquisition, which was originally amounting to €530 million while it currently has an outstanding debt of 238,500 thousand as at March 2020, is subject to the following covenants:

- the ratio of net financial indebtedness to EBITDA recorded in the last four quarters (determined excluding the fair value of the share-based payments and based solely on recurring business and restated if the Group's structure should change significantly) must not exceed 2.85;
- the ratio of EBITDA recorded in the last four quarters (determined excluding the fair value of the share-based payments and based solely on recurring business and restated if the Group's structure should change significantly) and net interest paid in the last 4 quarters must exceed 4.9. As this last covenant was granted in favor of the lender, it is also applied to the private placement.

As at March 31st, 2020 these ratios were as follows:

	Value as at 03/31/2020
Net financial indebtedness/Group net equity	1.19
Net financial position/EBITDA for the last 4 quarters	1.99
EBITDA for the last 4 quarters/Net financial expenses	27.22

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

(€ thousands)	Value as at 03/31/2020
Group EBITDA first quarter 2020	64,855
EBITDA April-December 2019	293,073
Fair value of stock grant assignment	12,137
EBITDA normalized (from acquisitions and disposals)	5,616
Acquisitions and non-recurring costs	22,184
EBITDA for the covenant calculation	397,865

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.

9. 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 liabilities for finance leases are shown in the statement of financial position as follows:

	03/31/2020	12/31/2019	Change
Short term lease liabilities	99,108	81,585	17,523
Long term lease liabilities	328,964	343,040	(14,076)
Total lease liabilities	428,072	424,625	3,447

The following charges were recognized in the income statement during the reporting period:

	03/31/2020
Interest charges on leased assets	(2,708)
Right-of-use depreciation	(23,505)
Costs for short-term leases and leases for low value assets	(2,295)

10. Revenues from Sales and Services

(€ thousands)	First quarter 2020	First quarter 2019	Change
Revenues from sale of products	314,438	348,001	(33,563)
Revenues from services	49,038	43,972	5,067
Total revenues from sales and services	363,476	391,973	(28,497)

Consolidated revenues from sales and services amounted to €363,476 thousand in the first three months of 2020, a decrease of €28,497 thousand (-7.3%) attributable entirely to revenues from the sale of goods which were down by €33,563 thousand. Revenues for services rendered were up by €5,067 thousand as they relate to the portion of post sales services recognized over time and are, therefore, less influenced by fluctuations in hearing aid sales.

11. Taxes

The Group's tax rate came to 32.4% compared to 32.5% at 31 March 2019.

12. Non-recurring significant events

The first quarter of 2020 was not impact by any non-recurring expenses. The non-recurring expenses, related to the GAES integration, incurred in the comparative quarter are shown in the table below:

(€ thousands)		First quarter 2020	First quarter 2019
Operating costs	GAES integration costs	-	(1,425)
Profit before tax		-	(1,425)
Tax	Impact of the above items on the tax burden for the period	-	363
Total		-	(1,062)

13. 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 year, considering purchases and disposals of own shares as cancellations and issues of shares.

Earnings per share are determined as follows:

Earnings per share	First quarter 2020	First quarter 2019
Net profit (loss) attributable to ordinary shareholders (€ thousand)	5,143	17,748
Average number of shares outstanding in the period	223,162,287	220,660,372
Average earnings per share (€ per share)	0.02305	0.08043

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 quarter 2020	First quarter 2019
Average number of shares outstanding in the period	223,162,287	220,660,372
Weighted average of potential and diluting ordinary shares	3,197,963	4,057,314
Weighted average of shares potentially subject to options in the period	226,360,250	224,717,686

The diluted earnings per share were determined as follows:

Diluted earnings per share	First quarter 2020	First quarter 2019
Net profit attributable to ordinary shareholders (€ thousand)	5,143	17,748
Average number of shares outstanding in the period	226,360,250	224,717,686
Average diluted earnings per share (€)	0.02272	0.07898

14. Transactions with parent companies and related parties

The parent, Amplifon S.p.A. is based in Milan, in Via Ripamonti 133. The Group is controlled directly by Ampliter S.r.l. which is owned through a majority stake (93.82% as at 31 March 2020) by Amplifin S.p.A. which is fully controlled by Susan Carol Holland.

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)	03/31/2020				First three months 2020		
	Trade receivables	Trade payable	Other receivables	Other assets	Revenues for sales and services	Operating costs	Interest income and expense
Amplifin S.p.A.	107	-	1,577	-	-	-	9
Total – Parent	107	-	1,577	-	-	-	9
Comfoor BV (The Netherlands)	-	341	-	-	99	(770)	-
Comfoor GmbH (Germany)	-	8	-	-	-	-	-
Ruti Levinson Institute Ltd (Israel)	132	-	-	-	39	(4)	-
Afik - Test Diagnosis & Hearing Aids Ltd (Israel)	-	55	-	22	93	-	-
Total – Other related parties	132	404	-	22	231	(774)	-
Total	239	404	1,577	22	231	(774)	9
Total as per financial statements	153,215	189,582	81,812	60,462	363,476	(299,902)	(3,697)
% of financial statements total	0.16%	0.21%	1.93%	0.04%	0.06%	0.26%	-0.25%

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

- the recovery of maintenance costs and building fees and the recharge of personnel expense to Amplifin S.p.A.
- the receivables due by Amplifin 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) which act as resellers and to which the Group supplies hearing aids.

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

With the application of IFRS 16, the lease for the Milan headquarters (leased to Amplifon by the parent company Amplifin) is no longer recognized as an operating cost, but is recognized under right-of-use depreciation for €462 thousand, interest on leases for €98 thousand and lease liabilities of €18,422 thousand.

15. Contingent liabilities

Currently the Group is not exposed to any particular risks or uncertainties with the exception of the usual periodic tax audits, which are currently underway in two countries of the Group. These audits are presently in the preliminary phase and no findings have been reported so far.

16. Translation of foreign companies' financial statements

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

	31 March 2020		2019	31 March 2019	
	Average exchange rate	As at 31 March	As at 31 December	Average exchange rate	As at 31 March
Panamanian balboa	1.1027	1.0956	1.1234	1.136	1.124
Australian dollar	1.6791	1.7967	1.5995	1.594	1.582
Canadian dollar	1.4819	1.5617	1.4598	1.510	1.500
New Zealand dollar	1.7394	1.8417	1.6653	1.667	1.650
Singapore dollar	1.5281	1.5633	1.5111	1.539	1.521
US dollar	1.1027	1.0956	1.1234	1.136	1.124
Hungarian florin	339.137	360.02	330.53	317.908	321.050
Swiss franc	1.0668	1.0585	1.0854	1.132	1.118
Egyptian lira	17.3834	17.2687	18.0192	20.011	19.469
New Israeli shekel	3.8605	3.9018	3.8845	4.139	4.076
Argentine peso	70.5388 (*)	70.5388	67.2749	44.225	48.935
Chilean peso	886.05	936.17	844.86	757.94	766.02
Colombian peso	3,903.30	4,451.64	3,688.66	3,560.65	3,570.25
Mexican peso	22.0918	26.1772	21.2202	21.806	21.691
Brazilian real	4.9167	5.7001	4.5157	4.278	4.387
Chinese renminbi	7.6956	7.7784	7.8205	7.664	7.540
Indian rupee	79.9096	82.8985	80.187	80.072	77.719
British pound	0.86225	0.88643	0.8508	0.873	0.858
Polish zloty	4.3241	4.5506	4.2568	4.302	4.301

(*) The average exchange rate is equal to 67,7364. However, because of the high inflation rate, the exchange rate used to translate the income statement is the one as at March 31st.

17. Segment reporting

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

The Amplifon Group’s business (distribution and customization of hearing solutions) is organized into three specific geographical areas which comprise the Group’s operating segments: Europe, Middle-East and Africa - EMEA - (Italy, France, The Netherlands, Germany, the United Kingdom, Ireland, Spain, Portugal, Switzerland, Belgium, Luxemburg, Hungary, Egypt, Poland and Israel), Americas (USA, Canada, Chile, Argentina, Ecuador, Colombia, Panama and Mexico) and Asia-Pacific (Australia, New Zealand, India and China).

The Group also operates via centralized Corporate functions (Corporate bodies, general management, business development, procurement, treasury, legal affairs, human resources, IT systems, global marketing and internal audit) which do not qualify as operating segments under IFRS 8.

These areas of responsibility, which coincide with the geographical 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 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 31 March 2020 (*)

(€ thousands)	EMEA	Americas	Asia Pacific	Eliminations	Total
ASSETS					
Non-current assets					
Goodwill	848,693	124,421	248,761	-	1,221,875
Intangible fixed assets with finite useful life	291,607	29,965	44,900	-	366,472
Tangible fixed assets	156,322	9,730	26,481	-	192,533
Right-of-use assets	362,673	17,249	37,375	-	417,297
Equity-accounted investments	2,337	-	-	-	2,337
Hedging instruments	16,123	-	-	-	16,123
Deferred tax assets	72,953	682	5,139	-	78,774
Contract costs	6,764	234	67	-	7,065
Other assets	25,030	34,422	1,010	-	60,462
Total non-current assets					2,362,938
Current assets					
Inventories	62,377	4,368	4,128	-	70,873
Trade receivables	177,462	48,992	23,834	(15,261)	235,027
Contract costs	4,454	135	85	-	4,674
Hedging instruments	2,732	-	-	-	2,732
Other financial assets					177
Cash and cash equivalents					272,132
Total current assets					585,615
TOTAL ASSETS					2,948,553
LIABILITIES					
Total net equity					666,269
Non-current liabilities					
Medium/long-term financial liabilities					830,817
Lease liabilities					328,964
Provisions for risks and charges	15,990	26,404	751	-	43,145
Liabilities for employees' benefits	24,222	129	412	-	24,763
Hedging instruments	4,817	-	-	-	4,817
Deferred tax liabilities	70,607	18,869	10,746	-	100,222
Payables for business acquisitions	17,547	608	-	-	18,155
Contract liabilities	123,246	8,557	2,047	-	133,850
Other long-term liabilities	8,625	60	-	-	8,685
Total non-current liabilities					1,493,418
Current liabilities					
Trade payables	142,220	43,387	19,229	(15,254)	189,582
Payables for business acquisitions	9,761	911	-	-	10,672
Contract liabilities	78,725	8,210	8,111	-	95,046
Other payables and tax payables	155,187	6,358	13,127	(7)	174,665
Provisions for risks and charges	4,162	537	-	-	4,699
Liabilities for employees' benefits	566	70	-	-	636
Short-term financial liabilities					214,458
Lease liabilities					99,108
Total current liabilities					788,866
TOTAL LIABILITIES					2,948,553

(*) 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.

Statement of Financial Position as at 31 December 2019 ^(*)

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

(*) 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.

Income Statement – First three months 2020 (*)

(€ thousands)	EMEA	Americas	Asia Pacific	Corporate	Eliminations	Total
Revenues from sales and services	258,266	64,355	40,855	-	-	363,476
Operating costs	(208,602)	(52,967)	(30,670)	(7,663)	-	(299,902)
Other income and costs	857	488	(75)	11	-	1,281
Gross operating profit (loss) by segment (EBITDA)	50,521	11,876	10,110	(7,652)	-	64,855
Amortization, depreciation and impairment						
Amortization of intangible fixed assets	(9,196)	(1,699)	(2,493)	(1,818)	-	(15,206)
Depreciation of tangible fixed assets	(8,519)	(522)	(1,835)	(393)	-	(11,269)
Right-of-use depreciation	(19,664)	(1,037)	(2,697)	(107)	-	(23,505)
Impairment losses and reversals of non-current assets	(356)	-	(29)	-	-	(385)
	(37,735)	(3,258)	(7,054)	(2,318)	-	(50,365)
Operating result	12,786	8,618	3,056	(9,970)	-	14,490
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	23	-	-	-	-	23
Other income and expenses, impairment and revaluations of financial assets						-
Interest income and expenses						(3,697)
Interest expenses on lease liabilities						(2,708)
Other financial income and expenses						(355)
Exchange gains and losses						(260)
Gain (loss) on assets accounted at fair value						6
						(6,991)
Net profit (loss) before tax						7,499
Current and deferred income tax						
Current tax						(5,249)
Deferred tax						2,821
						(2,428)
Total net profit (loss)						5,071
Net profit (loss) attributable to Minority interests						(72)
Net profit (loss) attributable to the Group						5,143

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

Income Statement – First three months 2019 ^(*)

(€ thousands)	EMEA	Americas	Asia Pacific	Corporate	Eliminations
Revenues from sales and services	283,763	63,102	44,415	693	391,973
Operating costs	(223,567)	(50,517)	(30,374)	(10,301)	(314,759)
Other income and costs	255	132	(74)	(10)	303
Gross operating profit (loss) by segment (EBITDA)	60,451	12,717	13,967	(9,618)	77,517
Amortization, depreciation and impairment					
Amortization of intangible fixed assets	(8,732)	(1,100)	(2,002)	(1,776)	(13,610)
Depreciation of tangible fixed assets	(7,863)	(404)	(1,172)	(304)	(9,743)
Right-of-use depreciation	(17,961)	(868)	(2,366)	-	(21,195)
Impairment and impairment reversals of non-current assets	(69)	-	(26)	-	(95)
	(34,625)	(2,372)	(5,566)	(2,080)	(44,643)
Operating result	25,826	10,345	8,401	(11,698)	32,874
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	72	-	-	-	72
Other income and expenses, impairment and revaluations of financial assets					-
Interest income and expenses					(3,602)
Other financial income and expenses					(2,892)
Exchange gains and losses					185
Gain (loss) on assets accounted at fair value					(345)
					(6,582)
Net profit (loss) before tax					26,292
Current and deferred income tax					(8,555)
Total net profit (loss)					17,737
Net profit (loss) attributable to Minority interests					(11)
Net profit (loss) attributable to the Group					17,748

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

18. Accounting policies

18.1 Presentation of the financial statements

The condensed interim consolidated financial statements at 31 March 2020 were prepared in accordance with the historical cost method with the exception of derivatives, a few financial investments measured at fair value and assets and liabilities hedged against changes in fair value, as explained in more detail in this report, as well as on an ongoing concern basis.

With regard to reporting formats:

- in the statement of financial position, the Group distinguishes between non-current and current assets and liabilities;
- in the income statement, the Group classifies costs by nature insofar as this is deemed to more accurately represent the primarily commercial and distribution activities carried out by the Group;
- in addition to the net profit for the period, the statement of comprehensive income also shows the impact of exchange rate differences, changes in the hedging reserve and actuarial gains and losses that are recognized directly in equity; these items are subdivided based on whether they may subsequently be reclassified to profit or loss;
- in the statement of changes in net equity, the Group reports all the changes in net equity, including those deriving from shareholder transactions (payment of dividends and capital increases);
- the statement of cash flows is prepared using the indirect method to determine cash flow from operations.

18.2 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 from services rendered over time recognized based on the effort or the input expended to satisfy the performance obligation;
- allowances for impairment made based on the asset's estimated realizable value;
- provisions for risks and charges made based on a reasonable estimate of the amount of the potential liability, including with regard to any counterparty claims;
- provisions for obsolete inventory in order to align the carrying value of inventory with the estimated realizable value;
- provisions for employee benefits, calculated based on actuarial valuations;
- amortization and depreciation of intangible and tangible fixed assets recognized based on the estimated remaining useful life and the recoverable amount;
- income tax recognized based on the best estimate of the tax rate for the full year;
- IRSs and currency swaps (instruments not traded on regulated markets), marked to market at the reporting date based on the yield curve and market exchange rates, which are subject to credit/debit valuation adjustments based on market prices;
- the lease term duration was determined on a lease-by-lease basis and is comprised of the "non-cancellable" period along with the impact of any extension or early termination clauses if exercise of that clause is reasonably certain. This property valuation took into account circumstances and facts specific to each asset;

- the discount rate (incremental borrowing rate) applied to future rent payments was determined using the risk-free rate in the country where the agreement was executed, with expirations consistent with the term of the specific lease agreement plus the parent's credit spread and any costs for additional guarantees.

Estimates and assumptions are periodically reviewed, and any changes made, following the change of the circumstances or the availability of better information, are recognized in the income statement. The use of reasonable estimates is essential to the preparation of the financial statements and does not affect their overall reliability.

The Group tests goodwill for impairment at least once a year. The impairment test is done based on the groups of cash generating units to which the goodwill is allocated and based on which the Group assesses, directly or indirectly, the return on investment which includes this goodwill.

With regard to the first quarter of 2020 and the impact of the Covid-19 crisis on the estimates used, in light of the current uncertainty as to the duration and intensity of the health and socio-economic crisis the Company feels that it is both premature and impossible to assess the impact on goodwill and, more in general, the recoverability of asset value in the long-term.

A more detailed analysis will be provided in the half-year report when there is greater visibility as to the timing of the re-opening process and the speed of the recovery.

International accounting standards and interpretations approved by the IASB and endorsed in Europe

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

Description	Endorsement date	Publication	Effective date	Effective date for Amplifon
Amendments to IFRS 9, IAS 39 and IFRS 7: "Interest Rate Benchmark Reform"	15 Jan 2020	16 Jan 2020	1 Jan 20	1 Jan 20
Revised version of the IFRS Conceptual Framework	29 Nov 2019	6 Dec 2019	1 Jan 20	1 Jan 20
Amendments to IAS 1 and IAS 8: "Definition of Material"	29 Nov 2019	10 Dec 2019	1 Jan 20	1 Jan 20

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

Future accounting standards and interpretations

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

The International Financial Reporting Standards, interpretations and amendments to existing standards and interpretations approved by IASB, but not yet endorsed for adoption in Europe at 27 April 2020 are listed below:

Description	Effective date
IFRS 17 "Insurance Contracts" (issued on 18 May 2017)	Periods beginning on or after 1 Jan '21
Amendments to IFRS 3: "Business Combinations" (issued on 22 October 2018)	Periods beginning on or after 1 Jan '20
Amendments to IAS 1: "Presentation of Financial Statements – Classification of liabilities as current or non-current" (issued on 23 January 2020)	Periods beginning on or after 1 Jan '22

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

19. Subsequent events

The Covid-19 crisis persisted after the close of the quarter and in April the restrictive measures adopted by the different governmental authorities intensified which caused many countries worldwide to go on lockdown. Even though hearing care services are considered essential in many countries and stores remained opened, the gradual adoption of increasingly more restrictive measures in April caused a generalized, significant drop in the Group's store traffic and, consequently, in revenues

In response to this situation, beginning in March the Company adopted a plan of action focused on limiting the financial impact of Covid-19 (for more information refer to the section "Covid-19 emergency measures"). The different measures undertaken by the Company in March include the refinancing of its credit lines in order to increase the availability of financing and irrevocable credit lines by a total of roughly 300 million euros, as well as extend maturities of the loans and the existing irrevocable credit lines. More in detail, in April:

- new loan agreements were signed for a total of €243 million and new irrevocable credit lines amounting to €15 million, while an additional €20 million in irrevocable credit lines was approved by the banks.
- the maturities of €180 million in existing loans which expired originally in 2021-2022 were extended to 2024-2025 and the extension through 2025 of an additional €30 million in irrevocable credit lines was approved.

Once the refinancing is completed, the average maturity of Amplifon's debt will be around 5 years and the Company will benefit from a strong liquidity position totaling €550 million including cash on balance sheet and undrawn committed revolving facilities.

After 31 March 2020 the company continued its stock grant remuneration program and granted 18,100 treasury shares as at 29 April 2020. As at the date of the above financial statements, the total of treasury shares in portfolio is 3,157,927, corresponding to 1.395% of the company share capital.

Milan, 29 April 2020

On behalf of the Board of Directors
CEO

Enrico Vita

Annexes

Consolidation scope

As required by articles 38 and 39 of Law 127/91 and article 126 of Consob's resolution 11971 dated 14 May 1999, as amended by resolution 12475 dated 6 April 2000, the following is the list of companies included in the consolidation scope of Amplifon S.p.A. at 31 March 2020.

Parent company:

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

Subsidiaries consolidated using the line-by-line method:

Company name	Registered head office	Direct/Indirect ownership	Currency	Share Capital	% held as at 03/31/2020
Amplifon Rete	Milan (Italy)	D	EUR	11,750	4.35%
Otohub S.r.l.	Naples (Italy)	D	EUR	28,571	100.0%
Amplifon France SAS	Arcueil (France)	D	EUR	98,550,898	100.0%
SCI Eliot Leslie	Lyon (France)	I	EUR	610	100.0%
Conversions Paris 19 Sarl	Paris (France)	I	EUR	1,000	100.0%
Conversions Couëron SAS	Paris (France)	I	EUR	1,000	100.0%
Audiosons Nantes SAS	Paris (France)	I	EUR	16,000	100.0%
Amplifon France Holding	Arcueil (France)	D	EUR	1	100.0%
OLM SAS	Paris (France)	I	EUR	5,000	100.0%
Conversions 93 Sarl	Paris (France)	I	EUR	10,000	100.0%
Conversions Lyon SAS	Paris (France)	I	EUR	1,000	100.0%
Entendre - Blandine Lannee SAS	Dax (France)	I	EUR	4,000	100.0%
Cap Audition SAS	La Rochelle (France)	I	EUR	10,000	100.0%
Laboratoire d'Audiologie Eric Hans SAS	Belfort (France)	I	EUR	380,000	100.0%
Audition Paca SAS	Thionville (France)	I	EUR	5,000	100.0%
Acovoux SAS	Paris (France)	I	EUR	50,000	100.0%
Audition-Assas.com Sarl	Paris (France)	I	EUR	201,000	100.0%
Espace de Correction Auditive SAS	Thionville (France)	I	EUR	7,500	100.0%
N France SAS	Mulhouse (France)	I	EUR	30,000	100.0%
Audiness SAS	Mulhouse (France)	I	EUR	30,000	100.0%
Correction Auditive Michèle HUC Sarl	Lyon (France)	I	EUR	5,000	100.0%
T.S.P SAS	Nantes (France)	I	EUR	20,000	100.0%
OA1 Sarl	Nantes (France)	I	EUR	3,000	100.0%
OA2 Eurl	Carquefou (France)	I	EUR	3,000	100.0%
OA3 Eurl	Orvault (France)	I	EUR	3,000	100.0%
Amplifon Iberica SA	Zaragoza (Spain)	D	EUR	26,578,809	100.0%
Fundación Amplifon Iberica	Madrid (Spain)	I	EUR	30,000	100.0%

Company name	Registered head office	Direct/Indirect ownership	Currency	Share Capital	% held as at 03/31/2020
Microson S.A.	Barcelona (Spain)	D	EUR	61,752	100.0%
Instituto Médico Auditivo S.L.U.	Valencia (Spain)	I	EUR	46,188	100.0%
Amplifon LATAM Holding S.L.	Barcelona (Spain)	I	EUR	3,000	100.0%
Auditiva 2014 S.A.	Andorra la Vella (Andorra)	I	EUR	3,000	100.0%
Amplifon Portugal SA	Lisboa (Portugal)	I	EUR	15,520,187	100.0%
Amplifon Magyarország Kft	Budapest (Hungary)	D	HUF	3,500,000	100.0%
Amplibus Magyarország Kft	Budaörs (Hungary)	I	HUF	3,000,000	100.0%
Amplifon AG	Baar (Switzerland)	D	CHF	1,000,000	100.0%
Amplifon Nederland BV	Doesburg (The Netherlands)	D	EUR	74,212,052	100.0%
Auditech BV	Doesburg (The Netherlands)	I	EUR	22,500	100.0%
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%
579 BVBA	Bruxelles (Belgium)	I	EUR	120,216	100.0%
Amplifon Luxembourg Sarl	Luxembourg (Luxembourg)	I	EUR	50,000	100.0%
Amplifon RE SA	Luxembourg (Luxembourg)	D	EUR	3,700,000	100.0%
Amplifon Deutschland GmbH	Hamburg (Germany)	D	EUR	6,026,000	100.0%
Focus Hören AG	Willroth (Germany)	I	EUR	485,555	100.0%
Focus Hören Deutschland GmbH	Willroth (Germany)	I	EUR	25,000	100.0%
Amplifon Poland Sp. z o.o.	Lodz (Poland)	D	PLN	3,344,520	100.0%
Amplifon UK Ltd	Manchester (UK)	D	GBP	130,951,168	100.0%
Amplifon Ltd	Manchester (UK)	I	GBP	1,800,000	100.0%
Ultra Finance Ltd	Manchester (UK)	I	GBP	75	100.0%
Amplifon Ireland Ltd	Wexford (Ireland)	I	EUR	1,000	100.0%
Amplifon Cell	Ta' Xbiex (Malta)	D	EUR	1,000,125	100.0%
Medtechnica Ortophone Ltd (*)	Tel Aviv (Israel)	D	ILS	1,100	80.0%
Amplifon Middle East SAE	Cairo (Egypt)	D	EGP	3,000,000	51.0%
Miracle Ear Inc.	St. Paul (USA)	I	USD	5	100.0%
Elite Hearing, LLC	Minneapolis (USA)	I	USD	0	100.0%
Amplifon USA Inc.	Dover (USA)	D	USD	52,500,010	100.0%
Amplifon Hearing Health Care, Inc.	St. Paul (USA)	I	USD	0	100.0%
Ampifon IPA, LLC	New York (USA)	I	USD	0	100.0%
ME Pivot Holdings LLC	Minneapolis (USA)	I	USD	2,000,000	100.0%
Miracle Ear Canada Ltd.	Vancouver (Canada)	I	CAD	54,915,200	100.0%
Sound Authority, Inc.	Orangeville (Canada)	I	CAD	0	100.0%
2332325 Ontario Ltd.	Strathroy (Canada)	I	CAD	0	100.0%
6793798 Manitoba Ltd	Winnipeg (Canada)	I	CAD	0	100.0%
Grand River Tinnitus and Hearing Centre Ltd	Kitchener (Canada)	I	CAD	0	100.0%
Cobourg Hearing Ltd.	Cobourg (Canada)	I	CAD	0	100.0%
Ossicle Hearing Ltd.	Kelowna (Canada)	I	CAD	0	100.0%

2076748 Alberta Ltd.	Edmonton (Canada)	I	CAD	0	100.0%
Company name	Registered head office	Direct/Indirect ownership	Currency	Share Capital	% held as at 03/31/2020
2063047 Alberta Ltd.	Edmonton (Canada)	I	CAD	0	100.0%
Amplifon South America Holding LTDA	São Paulo (Brasil)	D	BRL	3,636,348	100.0%
GAES S.A.	Santiago de Chile (Chile)	D	CLP	1,901,686,034	100.0%
GAES Servicios Corporativo de Latinoamerica Spa	Santiago de Chile (Chile)	I	CLP	10,000,000	100.0%
Audiosonic Chile S.A.	Santiago de Chile (Chile)	I	CLP	1,000,000	100.0%
GAES S.A.	Buenos Aires (Argentina)	D	ARS	133,476,452	100.0%
GAES Colombia SAS	Bogota (Colombia)	I	COP	21,803,953,043	100.0%
Soluciones Audiológicas de Colombia SAS	Bogota (Colombia)	I	COP	45,000,000	100.0%
Audiovital S.A.	Quito (Ecuador)	I	USD	430,337	100.0%
Centros Auditivos GAES Mexico sa de cv	Ciudad de México (Mexico)	I	MXN	164,838,568	100.0%
Compañía de Audiología y Servicios Medicos sa de cv	Aguascalientes (Mexico)	I	MXN	43,306,212	66.4%
GAES Panama S.A.	Panama (Panama)	I	PAB	510,000	100.0%
Amplifon Australia Holding Pty Ltd	Sydney (Australia)	D	AUD	392,000,000	100.0%
National Hearing Centres Pty Ltd	Sydney (Australia)	I	AUD	100	100.0%
National Hearing Centres Unit Trust	Sydney (Australia)	I	AUD	0	100.0%
Attune Hearing Pty Ltd	Brisbane (Australia)	D	AUD	14,771,093	100.0%
Attune Workplace Hearing Pty Ltd	Brisbane (Australia)	I	AUD	1	100.0%
Ear Deals Pty Ltd	Brisbane (Australia)	I	AUD	300,000	100.0%
Otohub Unit Trust (in liquidation)	Brisbane (Australia)	D	AUD	0	100.0%
Otohub Australasia Pty Ltd	Brisbane (Australia)	D	AUD	10	100.0%
Amplifon Asia Pacific Pte Limited	Singapore (Singapore)	I	SGD	1,000,000	100.0%
Amplifon NZ Ltd	Takapuna (New Zealand)	I	NZD	130,411,317	100.0%
Bay Audiology Ltd	Takapuna (New Zealand)	I	NZD	0	100.0%
Dilworth Hearing Ltd	Auckland (New Zealand)	I	NZD	0	100.0%
Amplifon India Pvt Ltd	Gurgaon (India)	I	INR	1,400,000,000	100.0%
Beijing Cohesion Hearing Science &Technology Co. Ltd (**)	Běijīng (China)	D	CNY	2,143,685	100.0%
Tianjin Cohesion Hearing Science &Technology Co. Ltd (**)	Tianjin (China)	I	CNY	3,200,000	100.0%
Shijiazhuang Cohesion Hearing Science &Technology Co. Ltd (**)	Shijiazhuang (China)	I	CNY	100,000	100.0%

(*) Medtechnica Ortophone Ltd, despite being owned by Amplifon at 80%, is consolidated at 100% without exposure of non-controlling interest due to the put-call option exercisable from 2019 and related to the purchase of the remaining 20%.

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

Companies valued using the equity method:

Company name	Registered head office	Direct/Indirect ownership	Currency	Share Capital	% held as at 03/31/2020
Comfoor BV (*)	Doesburg (The Netherlands)	I	EUR	18,000	50,0%
Comfoor GmbH (*)	Emmerich am Rhein (Germany)	I	EUR	25,000	50,0%
Ruti Levinson Institute Ltd (**)	Ramat HaSharon (Israel)	I	ILS	105	12,0%
Afik - Test Diagnosis & Hearing Aids Ltd (**)	Jerusalem (Israel)	I	ILS	100	12,0%
Lakeside Specialist Centre Ltd (**)	Mairangi Bay (New Zealand)	I	NZD	0	50,0%

(*) Joint Venture

(**) Related companies

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

The undersigned Gabriele Galli, Chief Financial Officer of the Amplifon Group, as Executive Responsible for Corporate Accounting Information hereby declares that the quarterly report at 31 March 2020 corresponds to the results documented in the books, accounting and other records of the Company.

Milan, 29 April 2020

**Executive Responsible for Corporate
Accounting Information**

Gabriele Galli