Interim Financial Report as at 30 June 2020

INDEX

Disclaimer

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

PREFACE

This Interim Financial Report was prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) endorsed by the European Union with the exception of the amendment to IFRS 16 "*Leases Covid-19 - Related Rent Concessions*" approved by the IASB on 28 May 2020 which, despite the favorable opinions of both the EFRAG and the European Council, has yet to be endorsed by the European Union. However, this amendment was applied in this interim financial report in order to provide a more accurate and complete representation of the half-year results. This amendment introduces a practical expedient based on which any concessions obtained as a result of Covid-19 related renegotiations such as a reduction in lease payments for the period through 30 June 2021, are not viewed as lease modifications, but as variable lease payments, which positively impacts the income statement.

This Interim Financial Report should be read together with the Group's consolidated financial statements as at and for the year ended 31 December 2019 that includes additional information on the risks and uncertainties that could impact the Group's operating results or its financial position.

INTERIM MANAGEMENT REPORT

AS AT 30 JUNE 2020

HIGHLIGHTS

The Covid-19 health crisis, which had a material impact beginning in March and peaked in April, interrupted the positive growth trend the Group had recorded since 2014 which was also confirmed in the first two months of the year when double-digit growth was recorded.
Even though hearing care services were categorized as essential services by the authorities in the majority of the countries in which Amplifon operates and the stores could, therefore, continue to operate, the severe lockdown measures adopted caused a generalized, significant drop in traffic and the stores' hours of operation. Revenue, consequently, fell by 26.2% in the first half of the year as a result of the sharp 43.1% contraction recorded in the second quarter during which revenue in April, the most difficult month, plummeted by 65%. In subsequent months, as the lockdown measures were eased, sales showed marked recovery with an encouraging trend that even exceeded initial expectations, with a rapid acceleration in sales that brought the difference against the prior year to around -45% in May,-20% in June and, finally, to growth in July with respect to the same month of 2019.

In order to offset the pandemic's impact on financial and economic results, the Group immediately adopted a timely plan of action, beginning in March, in order to reduce costs, generate cash and safeguard its net financial position, which was already solid. Amplifon further strengthened its financial structure by completing important refinancing at market rates in order to guarantee ample headroom (over €650 million in cash on balance sheet and undrawn committed revolving credit facilities) which, in addition to helping during the difficult economic situation, particularly in the second quarter, provides the Group with a safety net in the event of further lockdown measures should the pandemic worsen again.

The measures implemented to contain and optimize costs include those relative to the cost of labor (activation of government social schemes, voluntary salary reduction by management, hiring freeze), marketing costs (cancellation of most activities and planned investments) and other costs (suspension of discretionary costs and renegotiation of different contracts, including leases). The Group also limited investments to essential capex (approximately 20-25% of the average annual capex) and temporarily suspended all M&A. Lastly, but just as important, the entire profit for 2019 was allocated to retained earnings and dividends were not distributed to shareholders.

Along with the actions aimed at safeguarding the Group's economic-financial results, important measures were also adopted to protect the health of its employees and guarantee the full safety of its customers. More in detail, thanks to the collaboration of expert virologists and in compliance with the mandatory restrictions in the different countries, new protocols were developed and adopted not only for the Group's sales network, but also at headquarters in preparation for the gradual return of back office personnel to the workplace.

The effective and timely implementation of the measures described above made it possible for the Group to significantly limit the impact that the strong contraction in sales had on profitability, posting a recurring EBITDA of €131,299 thousand in the first six months of the year with an EBITDA margin of 21.4%, a drop of just 1 p.p. against the first half of 2019. The result

also benefitted from the Covid-19-related concessions (discounts or exemption from payment) obtained by Amplifon when renegotiating the leases for its distribution network which amounted to €7,042 thousand.
The International Accounting Standards Board (IASB) approved an amendment to IFRS 16 which provides a practical expedient based on which any concessions obtained as a result of Covid-19-related renegotiations such as a reduction in leases owed for the period through 30 June 2021, are not viewed as lease modifications but as variable lease payments which positively impacts the income statement. While this amendment has not yet been endorsed by the European Union, the Group applied it anyway in order to better represent the results for the reporting period.
If the practical expedient had not been applied, Amplifon would have reported an EBITDA of €124,256 thousand in the first half of the year, with an EBITDA margin of 20.2%, down 2.2 p.p. against the recurring margin posted in the first half of 2019.

Despite the strong drop in revenues, the second quarter was positively impacted by the Group's actions on costs and closed with an EBITDA of €66,444 thousand and a margin of 26.5%, 2.0 p.p. higher than in second quarter of 2019 on a recurring basis. If the amendment described above had not been applied, EBITDA would have reached €59,402 thousand in the quarter, with an EBITDA margin of 23.7%, just 0.8 p.p. less than in the second quarter of 2019 on a recurring basis.

In the different markets in which it operates, the Group also sought to access the subsidies and benefits made available by the different governmental authorities and other public bodies as a result of the unfavorable economic situation caused by the pandemic. These benefits, relating mainly to subsidies for the cost of labor and business relief, had a positive impact on the income statement of around €30.7 million while the renegotiated leases recognized pursuant to the IFRS 16 amendment approved by IASB on 28 May 2020 had a positive impact of €7 million. On the other hand, the Group incurred a series of costs totaling around €5.9 million related directly to the Covid-19 outbreak which relate to the cost of personal protective equipment for personnel and customers, sanitization costs, the cost of personnel at stores closed during the lockdown not covered by social plans, expenses for consultants and logistics costs for sales and remote repairs, as well as the cancellation of planned events and programs and advertising/communication expenses relating specifically to the consequences of Covid-19.
In terms of cash flows, while cash outflows were up by roughly €6.2 million due to the pandemic, the group benefitted from approximately €77.8 million in government subsidies for the cost of labor and business relief, delayed tax and pension payments, as well as lower leases due to the renegotiation of leases.

Performance in the different geographic areas in which the Group operates varied based on the timing of the outbreak, as well as the gradual adoption of the different restrictive measures adopted by the governmental authorities in each country. In EMEA, specifically, Italy was the first country to be affected by Covid-19 and the relative containment measures, followed by Spain and France and the other markets, with the exception of Germany.

In the United States, the situation varied noticeably including as a result of measures that, at least initially, differed from state to state. In most of the USA hearing care is considered an essential service but, at the same time, the restrictive measures adopted as of the end of March caused business to slow. Subsequently, in the latter part of the first half of the year, thanks to the easing of the restrictions, sales in the US market showed the strongest speed of recovery. In Canada and Latin America, where the pandemic materialized later in the second quarter, the recovery in still slow.

Lastly, APAC was the first to be impacted by the negative effects of the pandemic. In China, after a first quarter that was strongly impacted by the lockdown measures, business returned to growth in the second quarter. New Zealand suffered a clear contraction in business due to the mandatory closure of network stores beginning in March through mid-May, but then showed strong recovery as the restrictive measures were eased. Australia reported the least affected performance thanks to less severe restrictive measures and despite the negative impact of the bushfires in the first quarter.

The first six months of the year closed with:

- turnover of €613,899 thousand, a drop of 26.2% compared to the same period of the prior year (-26.0% at constant exchange rates) with negative organic growth of €231,258 thousand (-27,8%). This decline is concentrated in the second quarter when revenues fell by 43.1% against the comparison period;
- a gross operating margin (EBITDA) of €131,299 thousand, 29.6% lower on a recurring basis compared to the first six months of 2019, with an EBITDA margin of 21.4% (-1.0 p.p. against the comparison period). If the IFRS 16 amendment had not been applied, EBITDA would have amounted to €124,256 thousand with an EBITDA margin of 20.2%, 2.2 p.p. lower on a recurring basis than in first half 2019;
- Group net profit of €12,577 thousand, 78.8% lower than the recurring net profit recorded in first half 2019, due to the significant drop in sales and the increase in depreciation, amortization and financial expenses. Net profit as reported was 76.9% lower than in the first half of 2019.

Net financial indebtedness, excluding lease liabilities, was €765,345 thousand, showing an improvement compared to both the €786,698 thousand recorded at 31 December 2019 and the €790,744 thousand posted at 31 March 2020, confirming not only the Group's solidity, in an unprecedented economic situation, but also the efficacy of the actions taken to contain costs and maximize cash generation. Free cash flow, thanks also to the quick use of tax relief and benefits), reached a positive €72,075 thousand (compared to €57,852 thousand in the first six months of the prior year) after absorbing net capital expenditure of €21,804 thousand (€41,966 thousand in the comparison period). Cash outflows for acquisitions amounted to €41,815 thousand and refer mainly to the acquisition of Attune Hearing Pty Ltd (Australia) in the first quarter (€27,747 thousand in the first half of 2019).

Lastly, at the beginning of February, Amplifon began refinancing the next debt financial maturities well in advance and successfully completed the placement of a €350 million seven-year Eurobond. Furthermore, when the first signs of the pandemic materialized, new long-term borrowings (term loan and revolving facilities), totaling €343 million expiring between 2023 and 2025 were secured at excellent conditions in order to protect the Group. €180 million in existing bilateral loans were renegotiated and the maturities extended to 2024-2025 and the expiration of €60 million in revolving credit facilities was extended to 2025. The Group, therefore, further strengthened its financial structure by extending the average maturity to around four and a half years and ensuring significant liquidity with cash on balance sheet of €427 million and undrawn irrevocable credit lines of €235 million.

MAIN ECONOMIC AND FINANCIAL FIGURES

(€ thousands)	First Half 2020				First Half 2019				
	Recurring	Non-recurring	Total	% on recurring	Recurring	Non-recurring	Total	% on recurring	Change % on recurring
Economic figures:									
Revenues from sales and services	613,899	-	613,899	100.0%	832,035	-	832,035	100.0%	-26.2%
Gross operating profit (loss) (EBITDA)	131,299	-	131,299	21.4%	186,565	(5,805)	180,760	22.4%	-29.6%
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	51,103	-	51,103	8.3%	113,896	(5,805)	108,091	13.7%	-56.0%
Operating profit (loss) (EBIT)	31,526	-	31,526	5.1%	95,373	(5,870)	89,503	11.5%	-66.9%
Profit (loss) before tax	17,783	-	17,783	2.9%	82,557	(5,870)	76,687	9.9%	-78.5%
Group net profit (loss)	12,577	-	12,577	2.0%	59,363	(4,871)	54,492	7.1%	-78.8%

(€ thousands)	06/30/2020	12/31/2019	Change
Financial figures:			
Non-current assets	2,277,648	2,275,196	2,452
Net invested capital	1,908,088	1,907,438	650
Group net equity	699,166	695,031	4,135
Total net equity	700,044	696,115	3,929
Net financial indebtedness	765,345	786,698	(21,353)
Lease liabilities	442,699	424,625	18,074
Total lease liabilities and net financial indebtedness	1,208,044	1,211,323	(3,279)

(€ thousands)	First Half 2020	First Half 2019
Free cash flow	**72,075**	**57,852**
Cash flow generated from (absorbed by) business combinations	(41,816)	(27,747)
(Purchase) sale of other investments and securities	-	-
Cash flow provided by (used in) financing activities	(7,658)	(29,659)
Net cash flow from the period	**22,601**	**446**
Effect of discontinued operations on the net financial position	-	-
Effect of exchange rate fluctuations on the net financial position	(1,248)	(657)
Net cash flow from the period with changes for exchange rate fluctuations and discontinued operations	**21,353**	**(211)**

- **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

	06/30/2020	12/31/2019	06/30/2019
Net financial indebtedness (€ thousands)	765,345	786,698	841,067
Lease liabilities	442,699	424,625	435,964
Total lease liabilities & net financial indebtedness	1,208,044	1,211,323	1,277,031
Net equity (€ thousands)	700,044	696,115	625,546
Group Net Equity (€ thousands)	699,166	695,031	624,417
Net financial indebtedness/Net Equity	1.10	1.13	1.34
Net financial indebtedness/Group Net Equity	1.10	1.13	1.35
Net financial indebtedness/EBITDA	2.18	1.90	2.23
EBITDA/Net financial expenses	22.55	28.81	25.88
Earnings per share (EPS) (€)	0.05634	0.48979	0.24665
Diluted EPS (€)	0.05564	0.48135	0.24180
EPS (€) adjusted for non-recurring transactions and amortization/depreciation related to purchase price allocations to tangible and intangible assets	0.12079	0.70691	0.32978
Group Net Equity per share (€)	3.132	3.115	2.808
Period-end price (€)	23.710	25.640	20.560
Highest price in period (€)	30.400	26.800	22.120
Lowest price in period (€)	14.830	13.610	13.610
Share price/net equity per share	7.570	8.231	7.322
Market capitalization (€ millions)	5,301.48	5,720.78	4,571.84
Number of shares outstanding	223,596,726	223,119,533	222,365,750

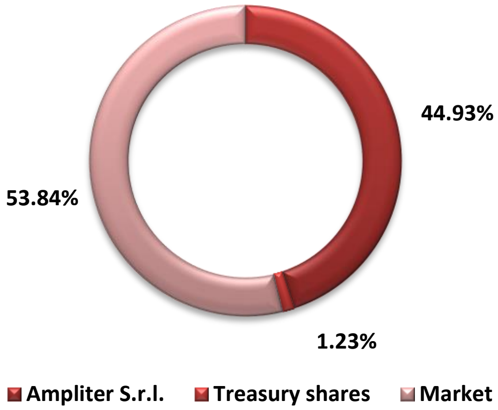
- **Net financial indebtedness/net equity** is the ratio of net financial indebtedness to total net equity.
- **Net financial indebtedness/Group net equity** is the ratio of the net financial indebtedness to the Group’s net equity.
- **Net financial indebtedness/EBITDA** is the ratio of net financial 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 30 June 2020 are:



Shareholder	No. of ordinary shares	% held	% of the total share capital in voting rights
Ampliter S.r.l.	101,715,003	44.93%	61.92%
Treasury shares	2,791,894	1.23%	0.85%
Market	121,881,723	53.84%	37.23%
Total	**226,388,620 (*)**	**100.00%**	**100.00%**

(*) Number of shares related to the share capital registered with the Company registrar on 30 June 2020.

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

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

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

As at 30 June 2020 market capitalization was €5,301.48 million.

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

- average daily value: €22,332,127.33;
- average daily volume: 952,834 shares;
- total volume traded of 120,057,110 shares, or 53.7% of the total number of shares comprising the share capital, net of treasury shares.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(€ thousands)	First Half 2020				First Half 2019				
	Recurring	Non-recurring (*)	Total	% on recurring	Recurring	Non-recurring (*)	Total	% on recurring	Change % on recurring
Revenues from sales and services	613,899	-	613,899	100.0%	832,035	-	832,035	100.0%	-26.2%
Operating costs	(493,696)	-	(493,696)	-80.4%	(646,294)	(5,805)	(652,099)	-77.7%	23.6%
Other income and costs	11,096	-	11,096	1.8%	824	-	824	0.1%	1,246.6%
Gross operating profit (loss) (EBITDA)	**131,299**	**-**	**131,299**	**21.4%**	**186,565**	**(5,805)**	**180,760**	**22.4%**	**-29.6%**
Depreciation, amortization and impairment losses on non-current assets	(34,231)	-	(34,231)	-5.6%	(29,894)	-	(29,894)	-3.6%	-14.5%
Right-of-use depreciation	(45,965)	-	(45,965)	-7.5%	(42,775)	-	(42,775)	-5.1%	-7.5%
Operating result before the amortization and impairment of PPA related assets (EBITA)	**51,103**	**-**	**51,103**	**8.3%**	**113,896**	**(5,805)**	**108,091**	**13.7%**	**-55.1%**
PPA related depreciation, amortization and impairment	(19,577)	-	(19,577)	-3.2%	(18,523)	(65)	(18,588)	-2.2%	-5.7%
Operating profit (loss) (EBIT)	**31,526**	**-**	**31,526**	**5.1%**	**95,373**	**(5,870)**	**89,503**	**11.5%**	**-66.9%**
Income, expenses, valuation and adjustments of financial assets	(256)	-	(256)	0.0%	193	-	193	0.0%	-232.6%
Net financial expenses	(14,219)	-	(14,219)	-2.3%	(13,121)	-	(13,121)	-1.6%	-8.4%
Exchange differences and non-hedge accounting instruments	732	-	732	0.1%	112	-	112	0.0%	553.6%
Profit (loss) before tax	**17,783**	**-**	**17,783**	**2.9%**	**82,557**	**(5,870)**	**76,687**	**9.9%**	**-78.5%**
Tax	(5,323)	-	(5,323)	-0.9%	(23,199)	999	(22,200)	-2.8%	77.1%
Net profit (loss)	**12,460**	**-**	**12,460**	**2.0%**	**59,358**	**(4,871)**	**54,487**	**7.1%**	**-79.0%**
Profit (loss) of minority interests	(117)	-	(117)	0.0%	(5)	-	(5)	0.0%	-2,240.0%
Net profit (loss) attributable to the Group	**12,577**	**-**	**12,577**	**2.0%**	**59,363**	**(4,871)**	**54,492**	**7.1%**	**-78.8%**

(*) See table at page 18 for details of non-recurring transactions.

(€ thousands)	Second Quarter 2020				Second Quarter 2019				
	Recurring	Non-recurring (*)	Total	% on recurring	Recurring	Non-recurring (*)	Total	% on recurring	Change % on recurring
Revenues from sales and services	250,423	-	250,423	100.0%	440,062	-	440,062	100.0%	-43.1%
Operating costs	(193,794)	-	(193,794)	-77.4%	(332,960)	(4,380)	(337,340)	-75.6%	41.8%
Other income and costs	9,815	-	9,815	3.9%	521	-	521	0.1%	1,783.9%
Gross operating profit (loss) (EBITDA)	**66,444**	**-**	**66,444**	**26.5%**	**107,623**	**(4,380)**	**103,243**	**24.5%**	**-38.3%**
Depreciation, amortization and impairment losses on non-current assets	(17,046)	-	(17,046)	-6.7%	(15,679)	-	(15,679)	-3.6%	-8.7%
Right-of-use depreciation	(22,461)	-	(22,461)	-9.0%	(21,580)	-	(21,580)	-4.9%	-4.1%
Operating result before the amortization and impairment of PPA related assets (EBITA)	**26,937**	**-**	**26,937**	**10.8%**	**70,364**	**(4,380)**	**65,984**	**16.0%**	**-61.7%**
PPA related depreciation, amortization and impairment	(9,901)	-	(9,901)	-4.0%	(9,289)	(65)	(9,354)	-2.1%	-6.6%
Operating profit (loss) (EBIT)	**17,036**	**-**	**17,036**	**6.8%**	**61,075**	**(4,445)**	**56,630**	**13.9%**	**-72.1%**
Income, expenses, valuation and adjustments of financial assets	(280)	-	(280)	-0.1%	121	-	121	0.0%	-331.4%
Net financial expenses	(7,459)	-	(7,459)	-3.0%	(6,627)	-	(6,627)	-1.5%	-12.6%
Exchange differences and non-hedge accounting instruments	987	-	987	0.4%	272	-	272	0.1%	262.9%
Profit (loss) before tax	**10,284**	**-**	**10,284**	**4.1%**	**54,841**	**(4,445)**	**50,396**	**12.5%**	**-81.2%**
Tax	(2,895)	-	(2,895)	-1.1%	(14,281)	635	(13,646)	-3.3%	79.7%
Net profit (loss)	**7,389**	**-**	**7,389**	**3.0%**	**40,560**	**(3,810)**	**36,750**	**9.2%**	**-81.8%**
Profit (loss) of minority interests	(45)	-	(45)	0.0%	(20)	-	(20)	0.0%	-850.0%
Net profit (loss) attributable to the Group	**7,434**	**-**	**7,434**	**3.0%**	**40,580**	**(3,810)**	**36,770**	**9.2%**	**-81.7%**

(*) See table at page 18 for details of non-recurring transactions.

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

(€ thousands)	H1 2020	H1 2019
Costs related to GAES integration	-	(5,805)
Impact of the non-recurring items on EBITDA	-	**(5,805)**
Impairment of GAES intangible asset	-	(65)
Impact of the non-recurring items on EBIT	-	**(5,870)**
Impact of the non-recurring items on profit before tax	-	**(5,870)**
Impact of the above items on the tax burden of the period	-	999
Impact of the non-recurring items on net profit	-	**(4,871)**

(€ thousands)	Q2 2020	Q2 2019
Costs related to GAES integration	-	(4,380)
Impact of the non-recurring items on EBITDA	-	**(4,380)**
Impairment of GAES intangible asset	-	(65)
Impact of the non-recurring items on EBIT	-	**(4,445)**
Impact of the non-recurring items on profit before tax	-	**(4,445)**
Impact of the above items on the tax burden of the period	-	635
Impact of the non-recurring items on net profit	-	**(3,810)**

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)	06/30/2020	12/31/2019	Change
Goodwill	1,242,099	1,215,511	26,588
Customer lists, non-compete agreements, trademarks and location rights	262,863	270,307	(7,444)
Software, licenses, other int.ass., wip and advances	95,315	97,201	(1,886)
Tangible assets	185,216	196,579	(11,363)
Right of use assets	423,757	418,429	5,328
Fixed financial assets (1)	39,446	44,887	(5,441)
Other non-current financial assets (1)	28,952	32,282	(3,330)
Total fixed assets	**2,277,648**	**2,275,196**	**2,452**
Inventories	67,130	64,592	2,538
Trade receivables	132,997	205,219	(72,222)
Other receivables	76,889	75,998	891
Current assets (A)	**277,016**	**345,809**	**(68,793)**
Total assets	**2,554,664**	**2,621,005**	**(66,341)**
Trade payables	(139,939)	(177,390)	37,451
Other payables (2)	(282,757)	(284,827)	2,070
Provisions for risks (current portion)	(3,996)	(4,242)	246
Short term liabilities (B)	**(426,692)**	**(466,459)**	**39,767**
Net working capital (A) - (B)	**(149,676)**	**(120,650)**	**(29,026)**
Derivative instruments (3)	(4,510)	(8,763)	4,253
Deferred tax assets	77,497	81,427	(3,930)
Deferred tax liabilities	(97,615)	(102,111)	4,496
Provisions for risks (non-current portion)	(47,084)	(50,290)	3,206
Employee benefits (non-current portion)	(23,861)	(25,281)	1,420
Loan fees (4)	9,396	1,611	7,785
Other long-term payables	(133,707)	(143,701)	9,994
NET INVESTED CAPITAL	**1,908,088**	**1,907,438**	**650**
Shareholders' equity	699,166	695,031	4,135
Third parties' equity	878	1,084	(206)
Net equity	**700,044**	**696,115**	**3,929**
Long term net financial debt (4)	1,126,173	752,648	373,525
Short term net financial debt (4)	(360,828)	34,050	(394,878)
Total net financial debt	**765,345**	**786,698**	**(21,353)**
Lease liabilities	442,699	424,625	18,074
Total lease liabilities & net financial debt	**1,208,044**	**1,211,323**	**(3,279)**
NET EQUITY, LEASE LIABILITIES AND NET FINANCIAL DEBT	**1,908,088**	**1,907,438**	**650**

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

(1) “Financial fixed assets” and “Other non-current financial assets” include equity interests valued by using the net equity method, financial assets at fair value through profit and loss and other non-current assets;

(2) "Other payables" includes other liabilities, accrued liabilities and deferred income, current portion of liabilities for employees' benefits and tax liabilities;
(3) "Derivatives instruments" includes cash flow hedging instruments not included in the item "Net medium and long-term financial indebtedness";
(4) The item "loan fees" is presented in the balance sheet as a direct reduction of the short-term and medium/long-term components of the items "financial payables" and "financial liabilities" for the short-term and long-term portions, respectively.

CONDENSED RECLASSIFIED CONSOLIDATED CASH FLOW STATEMENT

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

(€ thousands)	First Half 2020	First Half 2019
Operating profit (loss) (EBIT)	**31,526**	89,503
Amortization, depreciation and write down	99,773	91,257
Provisions, other non-monetary items and gain/losses from disposals	475	12,908
Net financial expenses	(12,336)	(11,098)
Taxes paid	(808)	(17,035)
Changes in net working capital	2,932	(26,062)
Cash flow provided by (used in) operating activities before repayment of lease liabilities	**121,562**	**139,473**
Repayment of lease liabilities	(27,683)	(39,655)
Cash flow provided by (used in) operating activities (A)	**93,879**	**99,818**
Cash flow provided by (used in) operating investing activities (B)	(21,804)	(41,966)
Free Cash Flow (A) + (B)	**72,075**	**57,852**
Net cash flow provided by (used in) acquisitions (C)	(41,816)	(27,747)
(Purchase) sale of other investment and securities (D)	-	-
Cash flow provided by (used in) investing activities (B+C+D)	**(63,620)**	**(69,713)**
Cash flow provided by (used in) operating activities and investing activities	**30,259**	**30,105**
Dividends	-	(30,939)
Fees paid on medium/long-term financing	(7,374)	-
Capital increases, third parties' contributions and dividends paid by subsidiaries to third parties	-	(38)
Hedging instruments and other changes in non-current assets	(284)	1,318
Net cash flow from the period	**22,601**	**446**
Net financial indebtedness as of period opening date	**(786,698)**	**(840,856)**
Effect of exchange rate fluctuations on financial position	(1,248)	(657)
Change in net financial position	22,601	446
Net financial indebtedness as of period closing date	**(765,345)**	**(841,067)**

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

(€ thousands)	First Half 2020	First Half 2019
Free cash flow	**72,075**	**57,852**
Free cash flow generated by non-recurring transactions (see page 54 for details)	(812)	(6,981)
Free cash flow generated by recurring transactions	**72,887**	**64,833**

INCOME STATEMENT REVIEW

Consolidated income statement by segment and geographic area (*)

(€ thousands)	First Half 2020				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	437,470	104,601	71,828	-	613,899
Operating costs	(342,808)	(82,820)	(50,839)	(17,229)	(493,696)
Other income and costs	8,204	925	1,667	300	11,096
Gross operating profit (loss) (EBITDA)	**102,866**	**22,706**	**22,656**	**(16,929)**	**131,299**
Depreciation, amortization and impairment of non-current assets	(20,048)	(3,638)	(6,007)	(4,538)	(34,231)
Right-of-use depreciation	(38,239)	(1,969)	(5,541)	(216)	(45,965)
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	**44,579**	**17,099**	**11,108**	**(21,683)**	**51,103**
PPA related depreciation, amortization and impairment	(15,780)	(658)	(3,139)	-	(19,577)
Operating profit (loss) (EBIT)	**28,799**	**16,441**	**7,969**	**(21,683)**	**31,526**
Income, expenses, revaluation and adjustments of financial assets					(256)
Net financial expenses					(14,219)
Exchange differences and non-hedge accounting instruments					732
Profit (loss) before tax					**17,783**
Tax					(5,323)
Net profit (loss)					**12,460**
Profit (loss) of minority interests					(117)
Net profit (loss) attributable to the Group					**12,577**

(€ thousands)	First Half 2020 – Only recurring operations				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	437,470	104,601	71,828	-	613,899
Gross operating profit (loss) (EBITDA)	102,866	22,706	22,656	(16,929)	131,299
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	44,579	17,099	11,108	(21,683)	51,103
Operating profit (loss) (EBIT)	28,799	16,441	7,969	(21,683)	31,526
Profit (loss) before tax					17,783
Net profit (loss) attributable to the Group					12,577

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

(€ thousands)	First Half 2019				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	607,128	131,884	91,037	1,986	832,035
Operating costs	(466,168)	(103,135)	(63,729)	(19,067)	(652,099)
Other income and costs	531	365	(39)	(33)	824
Gross operating profit (loss) (EBITDA)	**141,491**	**29,114**	**27,269**	**(17,114)**	**180,760**
Depreciation, amortization and impairment of non-current assets	(19,210)	(2,618)	(3,963)	(4,103)	(29,894)
Right-of-use depreciation	(36,167)	(1,893)	(4,715)	-	(42,775)
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	**86,114**	**24,603**	**18,591**	**(21,217)**	**108,091**
PPA related depreciation, amortization and impairment	(14,945)	(592)	(2,925)	(126)	(18,588)
Operating profit (loss) (EBIT)	**71,169**	**24,011**	**15,666**	**(21,343)**	**89,503**
Income, expenses, revaluation and adjustments of financial assets					193
Net financial expenses					(13,121)
Exchange differences and non-hedge accounting instruments					112
Profit (loss) before tax					**76,687**
Tax					(22,200)
Net profit (loss)					**54,487**
Profit (loss) of minority interests					(5)
Net profit (loss) attributable to the Group					**54,492**

(€ thousands)	First Half 2019 – Only recurring operations				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	607,128	131,884	91,037	1,986	832,035
Gross operating profit (loss) (EBITDA)	147,271	29,139	27,269	(17,114)	186,565
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	91,894	24,628	18,591	(21,217)	113,896
Operating profit (loss) (EBIT)	77,014	24,036	15,666	(21,343)	95,373
Profit (loss) before tax					82,557
Net profit (loss) attributable to the Group					59,363

(€ thousands)	Second Quarter 2020				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	179,204	40,246	30,973	-	250,423
Operating costs	(134,206)	(29,853)	(20,169)	(9,566)	(193,794)
Other income and costs	7,347	437	1,742	289	9,815
Gross operating profit (loss) (EBITDA)	**52,345**	**10,830**	**12,546**	**(9,277)**	**66,444**
Depreciation, amortization and impairment of non-current assets	(9,799)	(1,738)	(3,183)	(2,326)	(17,046)
Right-of-use depreciation	(18,575)	(933)	(2,844)	(109)	(22,461)
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	**23,971**	**8,159**	**6,519**	**(11,712)**	**26,937**
PPA related depreciation, amortization and impairment	(7,959)	(336)	(1,606)	-	(9,901)
Operating profit (loss) (EBIT)	**16,012**	**7,823**	**4,913**	**(11,712)**	**17,036**
Income, expenses, revaluation and adjustments of financial assets					(280)
Net financial expenses					(7,459)
Exchange differences and non-hedge accounting instruments					987
Profit (loss) before tax					**10,284**
Tax					(2,895)
Net profit (loss)					**7,389**
Profit (loss) of minority interests					(45)
Net profit (loss) attributable to the Group					**7,434**

(€ thousands)	Second Quarter 2020 – Only recurring operations				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	179,204	40,246	30,973	-	250,423
Gross operating profit (loss) (EBITDA)	52,345	10,830	12,546	(9,277)	66,444
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	23,971	8,159	6,519	(11,712)	26,937
Operating profit (loss) (EBIT)	16,012	7,823	4,913	(11,712)	17,036
Profit (loss) before tax					10,284
Net profit (loss) attributable to the Group					7,434

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

(€ thousands)	Second Quarter 2019				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	323,365	68,782	46,622	1,293	440,062
Operating costs	(242,600)	(52,618)	(33,356)	(8,766)	(337,340)
Other income and costs	275	234	36	(24)	521
Gross operating profit (loss) (EBITDA)	**81,040**	**16,398**	**13,302**	**(7,497)**	**103,243**
Depreciation, amortization and impairment of non-current assets	(9,981)	(1,382)	(2,233)	(2,083)	(15,679)
Right-of-use depreciation	(18,205)	(1,026)	(2,349)	-	(21,580)
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	**52,854**	**13,990**	**8,720**	**(9,580)**	**65,984**
PPA related depreciation, amortization and impairment	(7,510)	(325)	(1,455)	(64)	(9,354)
Operating profit (loss) (EBIT)	**45,344**	**13,665**	**7,265**	**(9,644)**	**56,630**
Income, expenses, revaluation and adjustments of financial assets					121
Net financial expenses					(6,627)
Exchange differences and non-hedge accounting instruments					272
Profit (loss) before tax					**50,396**
Tax					(13,646)
Net profit (loss)					**36,750**
Profit (loss) of minority interests					(20)
Net profit (loss) attributable to the Group					**36,770**

(€ thousands)	Second Quarter 2019 – Only recurring transactions				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	323,365	68,782	46,622	1,293	440,062
Gross operating profit (loss) (EBITDA)	85,395	16,423	13,302	(7,497)	107,623
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	57,209	14,016	8,720	(9,581)	70,364
Operating profit (loss) (EBIT)	49,763	13,691	7,265	(9,644)	61,075
Profit (loss) before tax					54,841
Net profit (loss) attributable to the Group					40,580

Revenues from sales and services

(€ thousands)	First Half 2020	First Half 2019	Change	Change %
Revenues from sales and services	**613,899**	**832,035**	**(218,136)**	**-26.2%**

(€ thousands)	Second Quarter 2020	Second quarter 2019	Change	Change %
Revenues from sales and services	**250,423**	**440,062**	**(189,639)**	**-43.1%**

Consolidated revenues from sales and services amounted to €613,899 thousand in the first six months of 2020, a decrease of €218,136 thousand (-26.2%) against the same period of the previous year. This decline is attributable entirely to the Covid-19 outbreak, which started in China at the end of January, and then spread to Italy at the end of February, followed by the other markets in which the Group operates. The containment measures put into place by the governmental authorities resulted in a series of closures/limitations on store hours and, consequently, commercial activities, which caused revenue to fall considerably in March and April. The first half of the year, therefore, closed with organic growth that was down by €231,258 thousand (-27.8%). The acquisitions contributed €14,596 thousand (+1.8%), net of the disposal of Makstone (Turkey) completed in the fourth quarter of 2019, relating mainly to the Attune Hearing Pty Ltd acquisition (Australia). Exchange rate losses amounted to €1,474 thousand (-0.2%).

In the second quarter alone, consolidated revenues from sales and services amounted to €250,423 thousand, a decrease of €189,639 thousand (-43.1%) against the same period of the previous year attributable entirely to the lockdown measures adopted in the Group's key markets. In the months of May and June, as the Covid-19 containment measures were eased, a gradual and consistent recovery in commercial activities and, therefore, revenue materialized. The second quarter closed with organic growth that was down by €194,014 thousand (-44.1%), while acquisitions contributed €5,651 thousand (+1.3%). Exchange rate losses amounted to €1,276 thousand (-0.3%).

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

(€ thousands)	H1 2020	% on Total	H1 2019	% on Total	Change	Change %	Exchange diff.	Change % in local currency
EMEA	437,470	71.3%	607,128	73.0%	(169,658)	-27.9%	1,355	-28.1%
Americas	104,601	17.0%	131,884	15.9%	(27,283)	-20.7%	219	-20.9%
Asia Pacific	71,828	11.7%	91,037	10.9%	(19,209)	-21.1%	(3,048)	-17.8%
Corporate	-	0.0%	1,986	0.2%	(1,986)	-100.0%	-	-100.0%
Total	**613,899**	**100.0%**	**832,035**	**100.0%**	**(218,136)**	**-26.2%**	**(1,474)**	**-26.0%**

Europe, Middle-East and Africa

Period (€ thousands)	2020	2019	Change	Change %
I quarter	258,266	283,763	(25,497)	-9.0%
II quarter	179,204	323,365	(144,161)	-44.6%
I Half Year	**437,470**	**607,128**	**(169,658)**	**-27.9%**

Revenues from sales and services amounted to €437,470 thousand in the first six months of 2020, down €169,658 thousand (-27.9%) against the same period of the previous year. The decline is attributable entirely to Covid-19 which, in this area, had already begun to spread at the end of February. The first half of the year closed with organic growth that was down by €179,939 thousand (-29.6%). Acquisitions, made mainly in France and Germany and net of the disposal of Makstone (Turkey) completed in the fourth quarter of 2019, contributed €8,926 thousand (+1.5%) and exchange rate gains amounted to €1,355 thousand (+0.2%).

EMEA was affected by the pandemic beginning at the end of February, initially in Italy and then in the area’s other main countries, except for Germany where the restrictions were less severe. As the anti-Covid-19 measures were eased gradually, beginning at the end of April the Group’s key markets showed a speedy recovery. A robust recovery in sales was reported in France, reaching basically a flat run rate YoY in June. Italy and Spain, which were initially harder hit by the pandemic and the containment measures, reported a gradual improvement in the last two months of the second quarter.

In the second quarter alone, consolidated revenues from sales and services amounted to €179,204 thousand, a decrease of €144,161 thousand (-44.6%) against the same period of the previous year attributable entirely to Covid-19. The quarter closed with negative organic growth of €147,555 thousand (-45.7%) while acquisitions contributed €3,142 thousand (+1.0%). Exchange rate gains came to €252 thousand (+0.1%).

Americas

Period (€ thousands)	2020	2019	Change	Change %
I quarter	64,355	63,102	1,253	2.0%
II quarter	40,246	68,782	(28,536)	-41.5%
I Half Year	**104,601**	**131,884**	**(27,283)**	**-20.7%**

Revenues from sales and services amounted to €104,601 thousand in the first six months of 2020, a decrease of €27,283 thousand (-20.7%) against the same period of the previous year attributable entirely to Covid-19 which initially struck the USA at the end of March and, subsequently, Latin America. The quarter closed with negative organic growth of €28,000 thousand (-21.3%). Acquisitions, mainly in Canada, contributed €498 thousand (+0.4%) and exchange rate gains came to €219 thousand (+0.2%).

The United States, while strongly impacted by Covid-19 and store closures in April, reported the Group's fastest pace of recovery in sales to the extent that in June the Miracle-Ear stores reported positive growth. Canada, even though it benefitted initially from the positive contribution of acquisitions, reported a clear decrease in sales in the second part of the half, as did Latin America where, after recording double-digit organic growth in the first quarter, business declined considerably.

In the second quarter alone, consolidated revenues from sales and services amounted to €40,246 thousand, a decrease of €28,536 thousand (-41.5%) comprising negative organic growth of €28,412 thousand (-41.4%) and exchange rate losses of €229 thousand (-0.3%). Acquisitions contributed €105 thousand (+0.2%).

Asia Pacific

Period (€ thousands)	2020	2019	Change	Change %
I quarter	40,855	44,415	(3,560)	-8.0%
II quarter	30,973	46,622	(15,649)	-33.6%
I Half Year	**71,828**	**91,037**	**(19,209)**	**-21.1%**

Revenues from sales and services amounted to €71,828 thousand in the first six months of the year, down €19,209 thousand (-21.1%) against the same period of the previous year due primarily to Covid-19. The first half of the year closed with organic growth that was down by €21,333 thousand (-23.5%). Acquisitions contributed €5,172 thousand (+5.7%) thanks to the Attune Hearing Pty Ltd (Australia) acquisition completed in the first part of February. Exchange rate losses came to €3,048 thousand (-3.3%).

Revenues in local currency were 17.8% lower than in the first half of the prior year. In Australia the negative performance was attributable to the bushfires, which continued throughout January and were only fully extinguished at the beginning of March, as well as the Covid-19 containment measures enacted at the end of the first quarter which were less stringent than in other markets and did not result in store closures. The containment orders in New Zealand, China and India resulted in the closure of all the network stores, albeit at different times. That said, APAC led the Group’s gradual topline recovery which already began in the second quarter, driving China to reach the same level of sales reported in the prior year.

In the second quarter alone, consolidated revenues from sales and services amounted to €30,973 thousand, a decrease of €15,649 thousand (-33.6%) against the same period of the previous year, which comprised negative organic growth of €16,754 thousand (-36.0%) and exchange rate losses of €1,299 thousand (-2.8%). Acquisitions contributed €2,404 thousand (+5.2%).

Gross operating profit (EBITDA)

(€ thousands)	First Half 2020			First Half 2019		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Gross operating profit (loss) (EBITDA)	**131,299**	**-**	**131,299**	**186,565**	**(5,805)**	**180,760**

(€ thousands)	Second Quarter 2020			Second Quarter 2019		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Gross operating profit (loss) (EBITDA)	**66,444**	**-**	**66,444**	**107,623**	**(4,380)**	**103,243**

Gross operating profit (EBITDA) amounted to €131,299 thousand in the first six months of 2020, a drop of €49,461 thousand (-27.4%) with respect to the same period of the previous year with exchange rate losses of €387 thousand. The EBITDA margin came to 21.4%, 0.3 p.p. lower than in the same period of the previous year.
No non-recurring expenses were incurred in the reporting period, while non-recurring expenses relating to the GAES integration of €5,805 thousand were incurred in the first half of the prior year. Net of this item, EBITDA would have been down by €55,266 thousand (-29.6%) in the first six months of the year, with an EBITDA margin 1.0 p.p. lower than in the first six months of 2019.

The performance, despite the heavy impact of Covid-19 emergency, shows an excellent profitability thanks to the timely and effective measures implemented to contain and optimize costs and to the renegotiations of contracts with suppliers and lessors.
In the different markets in which it operates, the Group also accessed the subsidies and benefits made available by the different governmental authorities and other public entities relative to the cost of labor and business relief which had a positive impact of around €30,755 thousand while the renegotiated leases recognized pursuant to the IFRS 16 amendment approved by IASB on 28 May 2020 had a positive impact of €7 million.
On the other hand, the Group incurred a series of costs totaling around €5,945 thousand related directly to the Covid-19 outbreak. Please refer to note 2 of the notes for further details.

If the practical expedient introduced in the IFRS 16 amendment relating to Covid-19 concessions (discounts or exemption from payment) had not been applied, EBITDA would not have benefitted from the savings of €7,042 thousand achieved as a result of the leases renegotiated for the distribution network. EBITDA would have reached €124,256 thousand, a decrease of €56,504 thousand (-31.3%) against the comparison period with the margin at 20.2% (-1,5 p.p. versus the comparison period and -2.2 p.p. on a recurring basis).

In the second quarter alone, gross operating profit (EBITDA) amounted to €66,444 thousand (with an EBITDA margin of 26.5%), a decrease against the same period of the previous year of

€36,799 thousand, but with a noticeable increase in the margin of 3.1 p.p. which, moreover, absorbed the exchange rate losses of €396 thousand.
The result reflects the positive impact of the lease concessions, the Group's actions on cost containment and optimization implemented to defend the business, as well as the higher costs, described in the section on EBITDA in the first half of the year and tied to the economic situation caused by the Covid-19 outbreak.

No non-recurring expenses were incurred in the reporting period, while non-recurring expenses relating to the GAES integration of €4,380 thousand were incurred in the second quarter of the prior year. Net of this item, EBITDA would have been down by €41,179 thousand (-38.3%) in the second quarter of the year, with an EBITDA margin 2.1 p.p. higher than in the comparison period.

If the practical expedient introduced in the IFRS 16 amendment mentioned above had not been applied, EBITDA would have reached €59,402 thousand, a decrease of €43,841 thousand against the same period of the previous year, with the margin at 23.7% (+0.2 p.p. versus the period and -0.8 p.p. on a recurring basis).

The following table shows a breakdown of EBITDA by segment.

(€ thousands)	H1 2020	EBITDA Margin	H1 2019	EBITDA Margin	Change	Change %
EMEA	102,866	23.5%	141,491	23.3%	(38,625)	-27.3%
Americas	22,706	21.7%	29,114	22.1%	(6,408)	-22.0%
Asia Pacific	22,656	31.5%	27,269	30.0%	(4,613)	-16.9%
Corporate (*)	(16,929)	-2.8%	(17,114)	-2.1%	185	1.1%
Total	**131,299**	**21.4%**	**180,760**	**21.7%**	**(49,461)**	**-27.4%**

(€ thousands)	Q2 2020	EBITDA Margin	Q2 2019	EBITDA Margin	Change	Change %
EMEA	52,345	29.2%	81,040	25.1%	(28,695)	-35.4%
Americas	10,830	26.9%	16,398	23.8%	(5,568)	-34.0%
Asia Pacific	12,546	40.5%	13,302	28.5%	(756)	-5.7%
Corporate (*)	(9,277)	-3.7%	(7,497)	-1.7%	(1,780)	-23.7%
Total	**66,444**	**26.5%**	**103,243**	**23.5%**	**(36,799)**	**-35.6%**

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

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

(€ thousands)	H1 2020	EBITDA Margin	H1 2019	EBITDA Margin	Change	Change %
EMEA	102,866	23.5%	147,271	24.3%	(44,405)	-30.2%
Americas	22,706	21.7%	29,139	22.1%	(6,433)	-22.1%
Asia Pacific	22,656	31.5%	27,269	30.0%	(4,613)	-16.9%
Corporate (*)	(16,929)	-2.8%	(17,114)	-2.1%	185	1.1%
Total	**131,299**	**21.4%**	**186,565**	**22.4%**	**(55,266)**	**-29.6%**

(€ thousands)	Q2 2020	EBITDA Margin	Q2 2019	EBITDA Margin	Change	Change %
EMEA	52,345	29.2%	85,395	26.4%	(33,050)	-38.7%
Americas	10,830	26.9%	16,423	23.9%	(5,593)	-34.1%
Asia Pacific	12,546	40.5%	13,302	28.5%	(756)	-5.7%
Corporate (*)	(9,277)	-3.7%	(7,497)	-1.7%	(1,780)	-23.7%
Total	**66,444**	**26.5%**	**107,623**	**24.5%**	**(41,179)**	**-38.3%**

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

Europe, Middle-East and Africa

Gross operating profit (EBITDA) amounted to €102,866 thousand in the first six months of 2020, a drop of €38,625 thousand (-27.3%) with respect to the comparison same period of the previous year and includes exchange rate gains of €394 thousand. The EBITDA margin came to 23.5%, slightly higher (+0.2 p.p. than in the first half of 2019).
Non-recurring expenses relating to the GAES integration of €5,780 thousand were incurred in the same period of the previous year. Net of this item, EBITDA would have been down by €44,405 thousand (-30.2%) in the first six months of the year, with an EBITDA margin only 0.8 p.p. lower than in the same period of the previous year.

The performance, while strongly impacted by drop in revenues caused by Covid-19, shows only a slight drop in profitability on a recurring basis thanks to the timely actions on costs implemented in the second quarter, as the crisis worsened, to the extent that recurring profitability showed marked improvement with respect to the same period of the previous year. The region benefitted from the renegotiation of leases for the distribution network of €5,708 thousand, recognized based on the IFRS 16 amendment approved by IASB on 28 May 2020, as well as the contributions and subsidies received from the different governmental authorities and other public entities which amounted to around €20,995 thousand, relating mainly to subsidies for the cost of labor and business relief, while costs incurred stemming directly from the Covid-19 crisis amounted to around €4,147 thousand.
If the practical expedient introduced in the IFRS 16 amendment had not been applied, EBITDA would have reached €97,158 thousand, a decrease of €44,333 thousand against the period (-31.3%) with the margin at 22.2% (-1.1 p.p. compared to the same period of the previous year and -2.1 p.p. on a recurring basis).

In the second quarter alone, gross operating profit (EBITDA) amounted to €52,345 thousand, a decrease against the comparison period of €28,695 thousand (-35.4%). The EBITDA margin reached 29.2%, a marked increase of 4.1 p.p. against the same quarter of the previous year which includes exchange rate gains of €116 thousand.
The second quarter of 2019 was impacted negatively for €4,355 thousand by the non-recurring expenses relating to the GAES integration. Net of this item, EBITDA would have been down by €33,050 thousand (-38.7%), with an EBITDA margin that was 2.8 p.p. higher than in the same period of the previous year.
The result reflects the positive impact of the lease concessions, the Group's actions on costs, as well as the impact of the economic situation caused by the Covid-19 outbreak described above in the comments on EBITDA in the half.
If the practical expedient introduced had not been applied, EBITDA would have reached €46,638 thousand, a decrease of €34,402 thousand against the comparison period (-42.5%), with the margin at 26.0% (+0.9 p.p. versus the comparison period and -0.4 p.p. on a recurring basis).

Americas

Gross operating profit (EBITDA) amounted to €22,706 thousand in the first six months of the year, a decrease of €6,408 thousand (-22.0%) with respect to the same period of the previous year including exchange rate gains of €196 thousand. The EBITDA margin came to 21.7%, 0.4 p.p. lower than in the first six months of 2019.
The results posted in the same period of the previous year were only marginally impacted marginally by the non-recurring expenses of €25 thousand incurred stemming from the GAES integration.

In the first six months of the year, profitability, while impacted by the decrease in sales, was largely protected by the actions taken to contain and optimize costs as the pandemic worsened and restrictive measures were implemented by the local authorities.
The region benefitted from the renegotiation of leases for the distribution network of €314 thousand, recognized based on the IFRS 16 amendment approved by IASB on 28 May 2020, and the contributions and subsidies received from the different governmental authorities and other public entities which amounted to around €1,509 million, relating mainly to subsidies for the cost of labor and business relief, while costs incurred connected directly to the Covid-19 crisis amounted to around €157 thousand.
If the practical expedient introduced in the IFRS 16 amendment had not been applied, EBITDA would have reached €22,392 thousand, a decrease of €6,722 thousand against the comparison period (-23.1%), with a margin of 21.4% (-0.7 p.p. versus both the comparison period and on a recurring basis).

In the second quarter alone, gross operating profit (EBITDA) amounted to €10,830 thousand, a decrease against the same period of the previous year of €5,568 thousand (-34.0%) including exchange rate losses which had a marginal negative impact of €10 thousand.
The EBITDA margin reached 26.9%, an increase of 3.1 p.p. against the same period of the previous year.

The same quarter of the previous year was marginally impacted by the non-recurring expenses described above.
The result reflects the positive impact of the Group's actions on costs, as well as the impact of the economic situation caused by the Covid-19 outbreak described above in the comments on EBITDA in the first half of the year.
If the practical expedient introduced in the IFRS 16 amendment relating to Covid-19 rent concessions had not been applied, EBITDA would have reached €10,516 thousand, a decrease of €5,882 thousand against the comparison period (-35.9%), with the margin at 26.1% (+2.3 p.p. versus both the comparison period and on a recurring basis).

Asia Pacific

Gross operating profit (EBITDA) amounted to €22,656 thousand in the first six months of the year, a decrease of €4,613 thousand (-16.9%) with respect to the same period of the previous year. The result also reflects exchange rate losses of €980 thousand. The EBITDA margin came to 31.5%, 1.5 p.p. higher than in the first six months of 2019.

Thanks to the measures implemented, above all in the second quarter, to mitigate the impact of Covid-19 and the subsidies made available by the governmental authorities, profitability was broadly in line with the first half of 2019 driven by a robust rise in the second quarter compared to the same period of the prior year.
The region benefitted from the renegotiation of leases for the distribution network for €1,021 thousand, recognized based on the IFRS 16 amendment approved by IASB on 28 May 2020, and the contributions and subsidies received from the different governmental authorities and other public entities which amounted to around €8,252 million, relating mainly to subsidies for the cost of labor and business relief, while the group incurred costs of around €1,642 thousand in costs connected directly to the Covid-19 crisis.
If the practical expedient introduced in the IFRS 16 amendment had not been applied, EBITDA would have reached €21,635 thousand, a decrease of €5,634 thousand (-20.7%) with a margin of 30.1% (+0.1 p.p. versus both the comparison period and on a recurring basis).

In the second quarter alone, gross operating profit (EBITDA) amounted to €12,546 thousand, a decrease against the prior year of €756 thousand (-5.7%) including €503 thousand in exchange rate losses.
The EBITDA margin reached 40.5%, a substantial increase of 12.0 p.p. against the same period of the previous year, due to lease concessions, the actions on costs, as well as the impact of the economic situation caused by the Covid-19 outbreak described above in the comments on EBITDA in the first half of the year.
If the practical expedient introduced in the IFRS 16 amendment had not been applied, EBITDA would have reached €11,525 thousand, a decrease of €1,777 thousand (-13.4%) with a margin of 37.2% (+8.7 p.p. compared to the second quarter of 2019).

Corporate

The net cost of centralized corporate functions (corporate bodies, general management, business development, procurement, treasury, legal affairs, human resources, IT systems, global marketing and internal audit) which do not qualify as operating segments under IFRS 8 amounted to €16,929 thousand in the first six months of 2020 (2.8% of the revenue generated by the Group's sales and services), a decrease of €185 thousand with respect to the same period of the prior year as a result of cost containment measures implemented to the difficult economic environment, but also to 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.

In the second quarter alone, the net cost of centralized corporate functions amounted to €9,277 thousand (3.7% of the revenues generated by the Group's sales and services), an increase of €1,780 thousand against the same period of the previous year.

Operating profit (EBIT)

(€ thousands)	First Half 2020			First Half 2019		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Operating profit (loss) (EBIT)	**31,526**	**-**	**31,526**	**95,373**	**(5,870)**	**89,503**

(€ thousands)	Second Quarter 2020			Second Quarter 2019		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Operating profit (loss) (EBIT)	**17,036**	**-**	**17,036**	**61,075**	**(4,445)**	**56,630**

Operating profit (EBIT) amounted to €31,526 thousand in the first six months of 2020, a decrease of €57,977 thousand (-64.8%) with respect to the same period of the previous year, offset slightly by the exchange rate gains of €154 thousand.
The EBIT margin came to 5.1%, a decrease of 5.7 p.p. against the same period of the previous year.
No non-recurring expenses were incurred in the reporting period while in the first half of 2019 EBIT was impacted by non-recurring costs of €5,870 thousand relative to the integration of GAES. Net of this item EBIT would have come to €63,847 thousand (-66.9%), with an EBIT margin that was 6.4 p.p. lower than in the same period of the previous year.
With respect to the gross operating profit (EBITDA), EBIT was also influenced by higher depreciation and amortization as a result of the incremental investments made in 2019, the opening of new stores, investments in IT systems, as well as higher depreciation of right-of-use assets.
If the practical expedient introduced in the IFRS 16 amendment had not been applied, EBIT would have reached €24,484 thousand, a decrease of €65,019 thousand (-72,6%) with a margin of 4.0% (-6.8 p.p. the first half of 2019 and -7.5 p.p. on a recurring basis).

In the second quarter alone, operating profit (EBIT) amounted to €17,036 thousand (6.8% of sales and services), a decrease against the same period of the previous year of €39,594 thousand (-69.9%) including exchange rate gains which had a marginal impact of €5 thousand.
The EBIT margin came to 6.8%, a decrease of 6.1 p.p. against the same period of the previous year.
In the same period of the previous year, EBIT was impacted by non-recurring costs of €4,445 thousand relative to the integration of GAES.
Net of this item, EBIT would have come to €44,039 thousand (-72.1%), with an EBIT margin that was 7.1 p.p. lower than in the same period of the previous year.
If the practical expedient introduced in the IFRS 16 amendment had not been applied, EBIT would have reached €9,994 thousand, a decrease of €46,636 (-82,4%) with a margin of 4.0% (-8.9 p.p. compared to the second half of 2019 and -9.9 p.p. on a recurring basis).

The following table shows the breakdown of EBIT by segment:

(€ thousands)	H1 2020	EBIT Margin	H1 2019	EBIT Margin	Change	Change %
EMEA	28,799	6.6%	71,169	11.7%	(42,370)	-59.5%
Americas	16,441	15.7%	24,011	18.2%	(7,570)	-31.5%
Asia Pacific	7,969	11.1%	15,666	17.2%	(7,697)	-49.1%
Corporate (*)	(21,683)	-3.5%	(21,343)	-2.6%	(340)	-1.6%
Total	**31,526**	**5.1%**	**89,503**	**10.8%**	**(57,977)**	**-64.8%**

(€ thousands)	Q2 2020	EBIT Margin	Q2 2019	EBIT Margin	Change	Change %
EMEA	16,012	8.9%	45,344	14.0%	(29,332)	-64.7%
Americas	7,823	19.4%	13,665	19.9%	(5,842)	-42.8%
Asia Pacific	4,913	15.9%	7,265	15.6%	(2,352)	-32.4%
Corporate (*)	(11,712)	-4.7%	(9,644)	-2.2%	(2,068)	-21.4%
Total	**17,036**	**6.8%**	**56,630**	**12.9%**	**(39,594)**	**-69.9%**

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

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

(€ thousands)	H1 2020	EBIT Margin	H1 2019	EBIT Margin	Change	Change %
EMEA	28,799	6.6%	77,014	12.7%	(48,215)	-62.6%
Americas	16,441	15.7%	24,036	18.2%	(7,595)	-31.6%
Asia Pacific	7,969	11.1%	15,666	17.2%	(7,697)	-49.1%
Corporate (*)	(21,683)	-3.5%	(21,343)	-2.6%	(340)	-1.6%
Total	**31,526**	**5.1%**	**95,373**	**11.5%**	**(63,847)**	**-66.9%**

(€ thousands)	Q2 2020	EBIT Margin	Q2 2019	EBIT Margin	Change	Change %
EMEA	16,012	8.9%	49,763	15.4%	(33,751)	-67.8%
Americas	7,823	19.4%	13,691	19.9%	(5,868)	-42.9%
Asia Pacific	4,913	15.9%	7,265	15.6%	(2,352)	-32.4%
Corporate (*)	(11,712)	-4.7%	(9,644)	-2.2%	(2,068)	-21.4%
Total	**17,036**	**6.8%**	**61,075**	**13.9%**	**(44,039)**	**-72.1%**

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

Europe, Middle-East and Africa

In the first six months of 2020, operating profit (EBIT) amounted to €28,799 thousand, a decrease of €42,370 thousand (-59.5%), including exchange rate gains of €224 thousand. The EBIT margin came to 6.6% (-5.1 p.p. against the first six months of 2019).
In the same period EBIT was impacted by non-recurring costs of €5,845 thousand relative the GAES integration. Net of this item EBIT would have been €48,215 thousand lower (-62.6%), with an EBIT margin that was 6.1 p.p. lower than in the same period of the previous year.
If the practical expedient introduced in the IFRS 16 amendment had not been applied, EBIT would have reached €23,091 thousand, a decrease of €48,078 thousand (-67,6%), with a margin of 5.3% (-6.4 p.p. compared to the second half of 2019 and -7.4 p.p. on a recurring basis).

In the second quarter alone, operating profit (EBIT) amounted to €16,012 thousand, a decrease against the same period of the previous year of €29,332 thousand (-64.7%) including exchange rate gains which had a marginal positive impact of €70 thousand. The EBIT margin fell by 5.1 p.p. with respect to the same period of the previous year, coming in at 8.9%.
The result for the period was impacted by non-recurring costs of €4,420 thousand relative to the integration of GAES. Net of this item, EBIT would been €33,751 thousand lower (-67.8%), with an EBIT margin that was 6.5 p.p. lower than in the same period of the previous year.
If the practical expedient introduced in the IFRS 16 amendment had not been applied, EBIT would have reached €10,304 thousand, a decrease of €35,040 thousand (-77.3%) with the margin at 5.8% (-8.2 p.p. compared to the second quarter of 2019 and -9.6 p.p. on a recurring basis).

Americas

In the first six months of 2020, operating profit (EBIT) was €7,570 thousand lower (-31.5%) than in the same period of the previous year, coming in at €16,441 thousand, including exchange rate gains of €384 thousand. The EBIT margin came to 15.7%, down 2.5 p.p. against the first half of 2019.
The results in the same period of the previous year were marginally impacted (€25 thousand) by the same non-recurring expenses commented on in the section about EBITDA above.
If the practical expedient introduced in the IFRS 16 amendment had not been applied, EBIT would have reached €16,127 thousand, a decrease of €7,884 thousand, with a margin of 15.4% (-2.8 p.p. compared to the first half of 2019).

In the second quarter alone, operating profit (EBIT) amounted to €7,823 thousand, a decrease against the comparison period of €5,842 thousand (-42.8%) offset slightly by the exchange rate gains of €124 thousand.
The EBIT margin fell by 0.5 p.p. against the same period of the previous year, coming in at 19.4%.
If the practical expedient introduced in the IFRS 16 amendment had not been applied, EBIT would have reached €7,510 thousand, a decrease of €6,155 thousand, with a margin of 18.7% (-1.2% p.p. compared to the second quarter of 2019).

Asia Pacific

In the first six months of 2020, operating profit (EBIT) fell €7,697 thousand (-49.1%) to €7,969 thousand due in part to exchange rate losses of €458 thousand. The EBIT margin came to 11.1%, down 6.1 p.p. compared to the first half of 2019.
If the practical expedient introduced in the IFRS 16 amendment had not been applied, EBIT would have reached €6,949 thousand with a margin of 9.7% (-7.5 p.p. compared to the first half of 2019).

In the second quarter alone, operating profit (EBIT) amounted to €4,913 thousand, a decrease against the same period of the previous year of €2,352 thousand (-32.4%). This operating profit also reflects exchange rate losses of €201 thousand.
The EBIT margin rose slightly against the same period of the previous year by 0.3 p.p. to 15.9%.
If the practical expedient introduced in the IFRS 16 amendment had not been applied, EBIT would have reached €3,892 thousand, a decrease of €3,373 thousand, with the margin at 12.6% (-3.0 p.p. compared to the second quarter of 2019).

Corporate

The net costs of centralized Corporate functions at the EBIT level amounted to €21,683 thousand in the first six months of 2020 (3.5% of the revenues generated by the Group's sales and services), an increase of €340 thousand with respect to the same period of the previous year.

In the second quarter alone, net costs totaled €11,712 thousand (4.7% of the revenues generated by the Group's sales and services), an increase of €2,068 thousand against the same period of the previous year.

Profit before tax

(€ thousands)	First Half 2020			First Half 2019		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Profit (loss) before tax	**17,783**	**-**	**17,783**	**82,557**	**(5,870)**	**76,687**

(€ thousands)	Second Quarter 2020			Second Quarter 2019		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Profit (loss) before tax	**10,284**	**-**	**10,284**	**54,841**	**(4,445)**	**50,396**

Profit before tax amounted to €17,783 thousand in the first six months of 2020, a drop of €58,904 thousand (-76.8%) with respect to the same period of the previous year, reflecting the decrease in EBIT described above and the increase in financial expenses stemming from the rise in gross debt following the completion of an important refinancing program aimed at safeguarding the Group by ensuring significant headroom which made it possible not only to face the difficult economic situation, particularly in the second quarter, but also to provide a safety net in the event of further lockdown measures should the pandemic worsen again. Please refer to the section on net financial debt and the relative explanatory notes for more information about the Group’s new financial structure.

The result for first half 2019 was impacted by the same non-recurring costs of €5,870 thousand commented on above. Net of this item profit before tax would have been €64,774 thousand lower (-78.5%), while the gross profit margin would have reached 2.9%, a decrease of 6.3 p.p. against the same period of the previous year and 7.0 p.p. on a recurring basis.

If the practical expedient introduced in the IFRS 16 amendment had not been applied, profit before tax would have reached €10,741 thousand, a decrease of €65,946 thousand, with a margin of 1.7% (-7.5% p.p. the first half of 2019 and -8.2 p.p. on a recurring basis).

In the second quarter alone, profit before tax amounted to €10,284 thousand, a decrease against the period of €40,112 thousand (-79.6%). The gross profit margin came to 4.1% (-7.4 p.p. against the first half of the previous year).
The result for second quarter 2019 was impacted by the same non-recurring costs of €4,445 thousand commented on above. Net of this item, profit before tax would have been €44,557 thousand lower (-81.2%), with a gross profit margin down 8.4 p.p. against the same period of the previous year.

If the practical expedient introduced in the IFRS 16 amendment had not been applied, profit before tax would have reached €3,242 thousand, with a gross profit margin of 1.3% (-10.2 p.p. compared to the second quarter of 2019 and -11.2 p.p. on a recurring basis).

Net profit attributable to the Group

(€ thousands)	First Half 2020			First Half 2019		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Group net profit (loss)	**12,577**	**-**	**12,577**	**59,363**	**(4,871)**	**54,492**

(€ thousands)	Second Quarter 2020			Second Quarter 2019		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Group net profit (loss)	**7,434**	**-**	**7,434**	**40,580**	**(3,810)**	**36,770**

The Group's net profit came to €12,577 thousand in the first six months of 2020, down €41,915 thousand (-76.9%) against the same period of the previous year, with a profit margin of 2.0% (-4.5 p.p. compared to the same half of the prior year).
The result posted in the same period of the previous year was impacted by the same non-recurring costs commented on above of €4,871 thousand, net of the tax effect.
The decrease in recurring profit reached €46,786 thousand (-78.8%), with a profit margin that was down 5.1 p.p. compared to the prior period. This decrease is largely in line with the profit before tax commented on above. The period tax rate for the period was 29.9% compared to 28.9% in the same period of the previous year.
If the practical expedient introduced in the IFRS 16 amendment had not been applied, profit would have reached €7,550 thousand, with a profit margin of 1.2% (-5.3 p.p. compared to the first half of 2019 and -5.9 p.p. on a recurring basis) and the tax rate would have come to 30.8%.

In the second quarter alone, the Group's profit came to €7,434 thousand (3.0% of revenue from sales and services), a decrease of €29,336 thousand (-79.8%) against the same period of the previous year with a profit margin down by 5.4 p.p. Net of non-recurring expenses, profit would have been €33,146 thousand lower (-81.7%) with a profit margin of 6.2 p.p. against the same period of the previous year.
If the practical expedient introduced in the IFRS 16 amendment had not been applied, profit would have reached €2,407 thousand, with a profit margin of 1.0% (-7.4 p.p. compared to the second quarter of 2019 and -8.2 p.p. on a recurring basis).

BALANCE SHEET REVIEW

Consolidated balance sheet by geographical area (*)

(€ thousands)	06/30/2020				
	EMEA	Americas	Asia Pacific	Eliminations	Total
Goodwill	849,183	121,810	271,106	-	1,242,099
Non-competition agreements, trademarks, customer lists and lease rights	215,639	9,194	38,030	-	262,863
Software, licenses, other intangible fixed assets, fixed assets in progress and advances	67,364	19,420	8,531	-	95,315
Tangible assets	148,621	9,613	26,982	-	185,216
Right-of-use assets	368,870	16,990	37,897	-	423,757
Financial fixed assets	4,054	35,392	-	-	39,446
Other non-current financial assets	27,484	428	1,040	-	28,952
Non-current assets	**1,681,215**	**212,847**	**383,586**	**-**	**2,277,648**
Inventories	56,611	6,999	3,520	-	67,130
Trade receivables	103,447	29,747	13,766	(13,963)	132,997
Other receivables	63,676	5,401	7,819	(7)	76,889
Current assets (A)	**223,734**	**42,147**	**25,105**	**(13,970)**	**277,016**
Operating assets	**1,904,949**	**254,994**	**408,691**	**(13,970)**	**2,554,664**
Trade payables	(102,015)	(32,148)	(19,739)	13,963	(139,939)
Other payables	(239,400)	(18,311)	(25,053)	7	(282,757)
Provisions for risks and charges (current portion)	(3,489)	(507)	-	-	(3,996)
Current liabilities (B)	**(344,904)**	**(50,966)**	**(44,792)**	**13,970**	**(426,692)**
Net working capital (A) - (B)	**(121,170)**	**(8,819)**	**(19,687)**	**-**	**(149,676)**
Derivative instruments	(4,510)	-	-	-	(4,510)
Deferred tax assets	71,091	694	5,712	-	77,497
Deferred tax liabilities	(68,000)	(18,463)	(11,152)	-	(97,615)
Provisions for risks and charges (non-current portion)	(18,178)	(28,080)	(826)	-	(47,084)
Liabilities for employees' benefits (non-current portion)	(23,275)	(123)	(463)	-	(23,861)
Loan fees	9,396	-	-	-	9,396
Other non-current liabilities	(124,027)	(7,529)	(2,151)	-	(133,707)
NET INVESTED CAPITAL	**1,402,542**	**150,527**	**355,019**	**-**	**1,908,088**
Group net equity					699,166
Minority interests					878
Total net equity					**700,044**
Net medium and long-term financial indebtedness					1,126,173
Net short-term financial indebtedness					(360,828)
Total net financial indebtedness					**765,345**
Lease liabilities					442,699
Total lease liabilities & net financial indebtedness					**1,208,044**
NET EQUITY, LEASE LIABILITIES AND NET FINANCIAL INDEBTEDNESS					**1,908,088**

(*) 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 €2,277,648 thousand at 30 June 2020, an increase of €2,452 thousand against the €2,275,196 thousand recorded at 31 December 2019.

The changes in the period were as follows (i) €23,469 of capital expenditure (ii) €49,784 thousand for the recognition of right-of-use assets acquired in the period; (iii) €55,038 thousand for acquisitions; (iv) €99,808 thousand for depreciation, amortization and impairment losses, including the depreciation of the above right-of-use assets; (v) €26,031 thousand for other net decreases relating primarily to exchange rate losses.

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

(€ thousands)		06/30/2020	12/31/2019	Change
EMEA	Goodwill	849,183	839,802	9,381
	Non-competition agreements, trademarks, customer lists and lease rights	215,639	224,288	(8,649)
	Software, licenses, other intangible fixed assets, fixed assets in progress and advances	67,364	67,386	(22)
	Tangible assets	148,621	158,390	(9,769)
	Right-of-use assets	368,870	361,739	7,131
	Financial fixed assets	4,054	3,797	257
	Other non-current financial assets	27,484	30,833	(3,349)
	Non-current assets	**1,681,215**	**1,686,235**	**(5,020)**
Americas	Goodwill	121,810	126,418	(4,608)
	Non-competition agreements, trademarks, customer lists and lease rights	9,194	10,189	(995)
	Software, licenses, other intangible fixed assets, fixed assets in progress and advances	19,420	20,068	(648)
	Tangible assets	9,613	10,450	(837)
	Right-of-use assets	16,990	18,300	(1,310)
	Financial fixed assets	35,392	41,090	(5,698)
	Other non-current financial assets	428	389	39
	Non-current assets	**212,847**	**226,904**	**(14,057)**
Asia Pacific	Goodwill	271,106	249,291	21,815
	Non-competition agreements, trademarks, customer lists and lease rights	38,030	35,830	2,200
	Software, licenses, other intangible fixed assets, fixed assets in progress and advances	8,531	9,747	(1,216)
	Tangible assets	26,982	27,739	(757)
	Right-of-use assets	37,897	38,390	(493)
	Financial fixed assets	-	-	-
	Other non-current financial assets	1,040	1,060	(20)
	Non-current assets	**383,586**	**362,057**	**21,529**

Europe, Middle-East and Africa

Non-current assets amounted to €1,681,215 thousand at 30 June 2020, a decrease of €5,020 thousand against the €1,686,235 thousand recorded at 31 December 2019.
The change is explained as follows:

- €15,074 thousand for acquisitions made in the period;
- €8,700 thousand for investments in property, plant and equipment, relating primarily to the opening of new stores and the renovation of existing ones;
- €9,153 thousand for investments in intangible assets, relating primarily to the new business transformation ERP cloud system for back office functions (Human Resources, Procurement, Administration and Finance) and upgrades of the CRM systems and digital marketing;
- €46,467 thousand for right-of-use assets;
- €78,824 thousand for amortization, depreciation and impairment losses, including the amortization and depreciation of the right-of-use assets referred to above;
- €5,590 thousand for other net decreases relating mainly to exchange rate losses.

Americas

Non-current assets amounted to €212,847 thousand at 30 June 2020, a decrease of €14,057 thousand against the €226,904 thousand recorded at 31 December 2019.
The change is explained as follows:

- €472 thousand for investments in property, plant and equipment;
- €2,391 thousand for investments in intangible assets;
- €1,500 thousand for right-of-use assets;
- €6,297 thousand for amortization, depreciation and impairment losses, including the amortization and depreciation of the right-of-use assets referred to above;
- €12,123 thousand for other net decreases relating mainly to exchange rate losses.

Asia Pacific

Non-current assets amounted to €383,586 thousand at 30 June 2020, an increase of €21,529 thousand against the €362,057 thousand recorded at 31 December 2019.
The increase is explained as follows:

- €1,975 thousand for investments in property, plant and equipment;
- €778 thousand for investments in intangible assets;
- €1,817 thousand for right-of-use assets;
- €14,687 thousand for amortization and depreciation, including the amortization and depreciation of the right-of-use assets referred to above;
- €39,964 thousand for acquisitions;
- €8,318 thousand for other net decreases relating mainly to exchange rate losses.

Net invested capital

Net invested capital came to €1,908,088 thousand at 30 June 2020, an increase of €649 thousand compared to the €1,907,438 thousand recorded at 31 December 2019.

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

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

(€ thousands)	06/30/2020	12/31/2019	Change
EMEA	1,402,542	1,405,934	(3,392)
Americas	150,527	163,582	(13,056)
Asia Pacific	355,019	337,922	17,097
Total	**1,908,088**	**1,907,438**	**649**

Europe, Middle-East and Africa

Net invested capital came to €1,402,542 thousand at 30 June 2020, a decrease of €3,392 thousand against the €1,405,934 thousand recorded at 31 December 2019.
This decline is attributable to the change in non-current assets described above, along with the decrease in working capital.

Factoring without recourse in the period involved trade receivables with a face value of €36,772 thousand (€50.45 thousand in the same period of the prior year).

Americas

Net invested capital came to €150,527 thousand at 30 June 2020, a decrease of €13,056 thousand against the €163,582 thousand recorded at 31 December 2019.
This decline is attributable to the change in non-current assets described above, along with the decrease in working capital.

Asia Pacific

Net invested capital came to €355,019 thousand at 30 June 2020, an increase of €17,097 thousand against the €337,922 thousand recorded at 31 December 2019.
This increase is attributable to the change in non-current assets described above, along with the decrease in working capital.

Net financial indebtedness

(€ thousands)	06/30/2020	12/31/2019	Change
Net medium and long-term financial indebtedness	1,126,173	752,648	373,525
Net short-term financial indebtedness	66,386	172,421	(106,035)
Cash and cash equivalents	(427,214)	(138,371)	(288,843)
Net financial indebtedness	**765,345**	**786,698**	**(21,353)**
Lease liabilities – current portion	90,007	81,585	8,422
Lease liabilities – non-current portion	352,692	343,040	9,652
Lease liabilities	**442,699**	**424,625**	**18,074**
Total lease liabilities & net financial indebtedness	**1,208,044**	**1,211,323**	**(3,279)**
Group net equity	699,166	695,031	4,135
Minority interests	878	1,084	(206)
Net Equity	**700,044**	**696,115**	**3,929**
Financial indebtedness/Group net equity	**1.10**	**1.13**	
Financial indebtedness/Net equity	**1.10**	**1.13**	
Financial indebtedness/EBITDA	**2.18**	**1.90**	

Net financial indebtedness, excluding lease liabilities, amounted to €765,345 thousand at 30 June 2020, reporting a decrease of €21,353 thousand with respect to 31 December 2019.

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

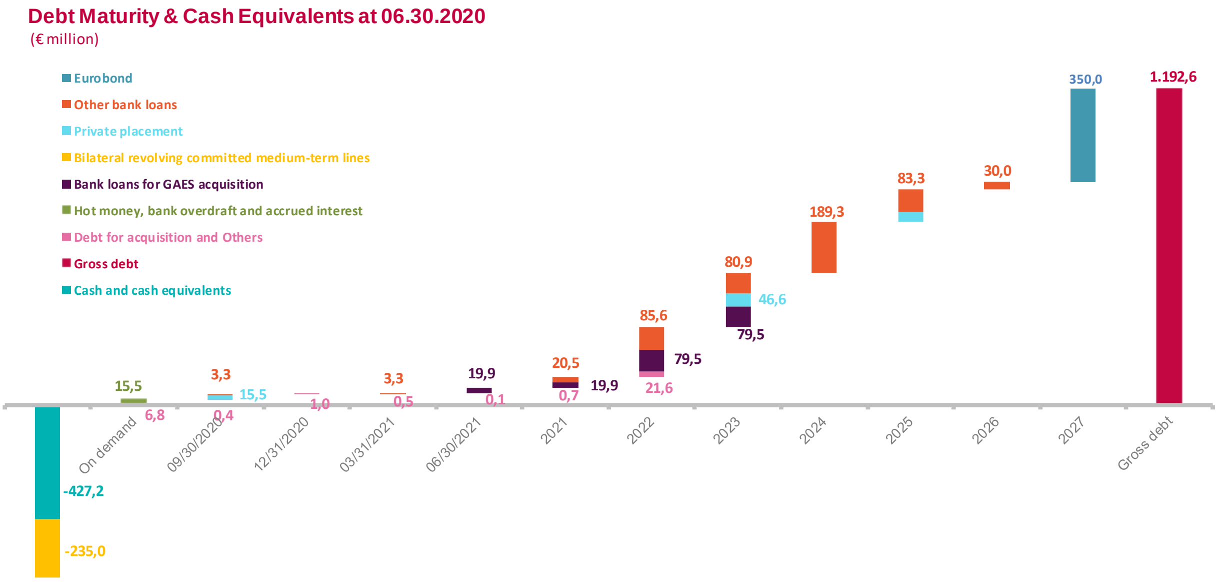
- the company resolved not to proceed with the distribution of a dividend to shareholders, allocating the entire profit for 2019 to retained earnings;
- a series of measures were adopted which focused on cost containment, reducing and redefining investments, the suspension of M&A cash-outs, quickly accessing all the tools made available by the governmental authorities, along with other operational initiatives and the management of working capital which made it possible for free cash flow to reach €72,075 thousand (€57,852 thousand in the first half of the prior year);
- the Group's financial structure and position were strengthened as follows:
  - €180 million in existing bilateral loans were renegotiated, the maturities were extended from 2021-2022 to 2024-2025 and the amount was increased by €80 million;
  - an additional €193 million in long-term loans were stipulated, expiring between 2023 and 2025;
  - government Covid-19 loans amounting to €35.5 million (of which €30.5 million utilized and €5 million available) were requested and granted;
  - €35 million in new long-term irrevocable credit facilities (expiring in 2025) were granted and the expiration of €60 million in credit lines was extended from 2021 to 2025.

At 30 June the Group had cash and cash equivalents of €427,214 thousand compared to total net financial indebtedness €765,345 thousand, net of lease liabilities.

Long-term indebtedness amounts to €1,126,173 thousand, €22,259 thousand of which reflects the long-term portion of deferred payments for acquisitions. The increase in the period of €373,525 thousand is attributable to the transactions carried out to strengthen the financial structure described above, net the repayment of a portion of the syndicated loan used for the GAES acquisition (approximately €305 million).

The short-term portion of indebtedness amounts to €66,386 thousand and is €106,035 thousand lower due mainly to the repayment of hot money drawn at 31 December 2019 using the cash and cash equivalents derived from the transactions described above, and includes: the short-term portion of the syndicated loan used to finance the GAES acquisition (€19,875 thousand), the short-term portion of the private placement (€17,860 thousand), the short-term portion of other long-term bank loans (€6,666 thousand), interest expense on bank loans, the Eurobond and the private placement (€2,145 thousand) and the best estimate of the deferred payments for acquisitions (€4,038 thousand).

The chart below shows the debt maturities compared to the €427 million in available cash and cash equivalents and the unutilized portions of irrevocable credit lines which amount to €235 million, as well as the €206 million in other available credit lines.



In July 2020, the Group further strengthened its financial structure, entering into agreements for new long-term loans, committed credit lines for a total of €25 million expiring in 2025 of which €10 million in term loans and €15 million in revolving facilities.

Interest payable on financial indebtedness amounted to €4,778 thousand at 30 June 2020, €3,728 thousand at 30 June 2019.

Interest payable on leases recognized in accordance with IFRS 16 amounted to €5,350 thousand versus €5,682 thousand at 30 June 2019.

Interest receivable on bank deposits came to €43 thousand at 30 June 2020 versus €34 thousand at 30 June 2019.

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

CASH FLOW

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

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

(€ thousands)	First Half 2020	First Half 2019
OPERATING ACTIVITIES		
Net profit (loss) attributable to the Group	12,577	54,492
Minority interests	(117)	(5)
Amortization, depreciation and impairment:		
- Intangible fixed assets	*30,498*	*28,129*
- Tangible fixed assets	*23,309*	*20,353*
- Right-of-use assets	*45,966*	*42,775*
Total amortization, depreciation and impairment	99,773	91,257
Provisions, other non-monetary items and gain/losses from disposals	475	12,908
Group's share of the result of associated companies	256	(193)
Financial income and charges	13,487	13,009
Current and deferred income taxes	5,322	22,200
Change in assets and liabilities:		
- Utilization of provisions	*(4,003)*	*(4,649)*
- (Increase) decrease in inventories	*(4,170)*	*(4,655)*
- Decrease (increase) in trade receivables	*70,672*	*(15,300)*
- Increase (decrease) in trade payables	*(37,010)*	*(736)*
- Changes in other receivables and other payables	*(22,557)*	*(722)*
Total change in assets and liabilities	2,932	(26,062)
Dividends received	-	125
Net interest charges	(12,336)	(11,223)
Taxes paid	(808)	(17,035)
Cash flow provided by (used in) operating activities before repayment of lease liabilities	**121,562**	**139,473**
Repayment of lease liabilities	(27,683)	(39,655)
Cash flow generated from (absorbed) by operating activities	**93,879**	**99,818**
INVESTING ACTIVITIES:		
Purchase of intangible fixed assets	(12,322)	(15,913)
Purchase of tangible fixed assets	(11,147)	(27,140)
Consideration from sale of tangible fixed assets and businesses	1,665	1,087
Cash flow generated from (absorbed) by investing activities	**(21,804)**	**(41,966)**
Cash flow generated from operating and investing activities (Free cash flow)	**72,075**	**57,852**
Business combinations (*)	(41,816)	(27,747)
(Purchase) sale of other investments and securities	-	-
Net cash flow generated from acquisitions	**(41,816)**	**(27,747)**
Cash flow generated from (absorbed) by investing activities	**(63,620)**	**(69,713)**

(€ thousands)	First Half 2020	First Half 2019
FINANCING ACTIVITIES:		
Fees paid on medium/long-term financing	(7,374)	-
Other non-current assets	(284)	1,318
Dividends	-	(30,939)
Capital increases (reduction), third parties' contributions in subsidiaries and dividends paid to third parties by the subsidiaries	-	(38)
Cash flow generated from (absorbed) by financing activities	**(7,657)**	**(29,659)**
Changes in net financial indebtedness	**22,601**	**446**
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	(1,248)	(657)
Changes in net indebtedness	22,601	446
Net financial indebtedness at the end of the period	**(765,345)**	**(841,067)**

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

The change in net financial indebtedness of €22,601 thousand is attributable to:

- Investing activities:
  - capital expenditure on property, plant and equipment and intangible assets of €23,469 thousand relating primarily to the new business transformation system for back office functions (Human Resources, Procurement, Administration and Finance), investments in CRM systems, digital marketing and the opening, renewal and repositioning of stores consistent with Amplifon's new brand image. As of March, however, the Group suspended all non-essential capex due to Covid-19 and reduced them to approximately 20-25% of the average annual capex;
  - acquisitions amounting to €41,816 thousand, including the impact of the acquired companies' debt and the best estimate of the earn-out linked to sales and profitability targets payable over the next few years. After the acquisition of Attune Hearing Pty (Australia), made at the beginning of February, all M&A activities were temporarily suspended as of March;
  - net proceeds from the disposal of assets of €1,665 thousand.

- Operating activities:
  - interest payable on financial indebtedness and other net financial expenses of €12,336 thousand;
  - payment of taxes amounting to €808 thousand, which benefitted from the payment extensions granted by the different governmental authorities;
  - payment of principle on lease obligations of €27,684 thousand, after concessions and deferments obtained as a result of Covid-19 lease negotiations of around €15,125 thousand;
  - cash flow generated by operations of €134,706 thousand.
    While the drop in sales inevitably impacted the ability to generate cash, cash flow generated by operations benefitted from the Group's actions on cash flow maximization, as well as €62,689 thousand in governmental assistance with the cost of labor, delayed tax payments and pension contributions, as well as lower rents. These benefits were, however, partially offset by higher outflows linked to

the pandemic of around €6,220 thousand (including the personal protective equipment, sanitization and the cost of personnel at closed stores not covered by social plans).

- Financing activities, which reached a negative €7,657 thousand, relating basically to the payment of fees for the Eurobond issue (Eurobond 2020-2027) and the new credit lines (€7,374 thousand).

Net debt was also impacted by exchange losses of €1,249 thousand.

The non-recurring transactions described above had a negative impact on cash flow of €812 thousand in the first six months of 2020, attributable to the costs incurred for the GAES integration activities carried out in 2019.

ACQUISITION OF COMPANIES AND BUSINESSES

Prior to the temporary suspension of acquisitions beginning in March in order to protect cash flow from the financial impact of the Covid-19 outbreak, the Group's external growth had continued. In the first three months of 2020, 77 points of sale were acquired for a total of €43,225 thousand, including the consolidated net financial indebtedness and the best estimate of the earn-out linked to sales and profitability targets payable over the next few years.

More in detail during the first six months of 2020:
- 5 points of sale were acquired in France;
- 12 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.

OUTLOOK

While the risks associated with future developments in the Covid-19 outbreak call for caution, the Group believes that the most difficult phase of the pandemic is behind us. The impressive speed of recovery since the easing of restrictive measures and the positive signals given by July revenues, currently above prior year level, clearly demonstrate the resilience of the business, the solid fundamentals of the market in which the Group operates and the unchanged consumer behavior.

Therefore, although the situation remains uncertain, given the Group's recent performance and assuming no further significant re-tightening of lockdown restrictions in the near future, the Group expects to see a favorable trend in the second half of 2020 and estimates that third quarter 2020 revenues will be in line with the same period of the previous year

The Group also looks positively to the future both in terms of sales and profitability. The strong measures implemented to reduce the cost base and improve productivity will, in fact, allow the Group to be even more efficient and profitable going forward.

Milan, 29 July 2020

On behalf of the Board of Directors
CEO

Enrico Vita

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ thousands)		06/30/2020	12/31/2019	Change
ASSETS				
Non-current assets				
Goodwill	Note 3	1,242,099	1,215,511	26,588
Intangible fixed assets with finite useful life	Note 4	358,178	367,508	(9,330)
Tangible fixed assets	Note 5	185,216	196,579	(11,363)
Right-of-use assets	Note 6	423,757	418,429	5,328
Equity-accounted investments		2,058	2,314	(256)
Hedging instruments		13,816	8,153	5,663
Deferred tax assets		77,497	81,427	(3,930)
Contract costs		6,730	7,339	(609)
Other assets		59,610	67,516	(7,906)
Total non-current assets		**2,368,961**	**2,364,776**	**4,185**
Current assets				
Inventories		67,130	64,592	2,538
Trade receivables		132,997	205,219	(72,222)
Contract costs		4,468	4,386	82
Other receivables		72,360	71,553	807
Hedging instruments		2,405	2,201	204
Other financial assets		90	240	(150)
Cash and cash equivalents	Note 8	427,214	138,371	288,843
Total current assets		**706,664**	**486,562**	**220,102**
TOTAL ASSETS		**3,075,625**	**2,851,338**	**224,287**

(€ thousands)		06/30/2020	12/31/2019	Change
LIABILITIES				
Net Equity				
Share capital	Note 7	4,528	4,528	-
Share premium reserve		202,712	202,712	-
Treasury shares		(24,879)	(29,131)	4,252
Other reserves		(37,254)	(24,669)	(12,585)
Retained earnings		541,482	432,925	108,557
Profit (loss) for the period		12,577	108,666	(96,089)
Group net equity		**699,166**	**695,031**	**4,135**
Minority interests		**878**	**1,084**	**(206)**
Total net equity		**700,044**	**696,115**	**3,929**
Non-current liabilities				
Medium/long-term financial liabilities	Note 9	1,109,523	750,719	358,804
Lease liabilities	Note 10	352,692	343,040	9,652
Provisions for risks and charges		47,084	50,290	(3,206)
Liabilities for employees' benefits		23,861	25,281	(1,420)
Hedging instruments		5,531	4,290	1,241
Deferred tax liabilities		97,615	102,111	(4,496)
Payables for business acquisitions		22,259	13,527	8,732
Contract liabilities		125,389	135,052	(9,663)
Other long-term liabilities		8,318	8,649	(331)
Total non-current liabilities		**1,792,272**	**1,432,959**	**359,313**
Current liabilities				
Trade payables		139,939	177,390	(37,451)
Payables for business acquisitions		4,038	10,245	(6,207)
Contract liabilities		92,519	97,725	(5,206)
Tax liabilities		61,432	40,334	21,098
Other payables		127,973	146,223	(18,250)
Hedging instruments		-	28	(28)
Provisions for risks and charges		3,996	4,242	(246)
Liabilities for employees' benefits		833	545	288
Short-term financial liabilities	Note 9	62,572	163,947	(101,375)
Lease liabilities	Note 10	90,007	81,585	8,422
Total current liabilities		**583,309**	**722,264**	**(138,955)**
TOTAL LIABILITIES		**3,075,625**	**2,851,338**	**224,287**

CONSOLIDATED INCOME STATEMENT

(€ thousands)		First Half 2020			First Half 2019			
		Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Change
Revenues from sales and services	Note 11	613,899	-	613,899	832,035	-	832,035	(218,136)
Operating costs		(493,696)	-	(493,696)	(646,294)	(5,805)	(652,099)	158,403
Other income and costs		11,096	-	11,096	824	-	824	10,272
Gross operating profit (EBITDA)		**131,299**	**-**	**131,299**	**186,565**	**(5,805)**	**180,760**	**(49,461)**
Amortization, depreciation and impairment								
Amortization of intangible fixed assets	Note 4	(30,493)	-	(30,493)	(27,865)	-	(27,865)	(2,628)
Depreciation of tangible fixed assets	Note 5	(22,936)	-	(22,936)	(19,962)	-	(19,962)	(2,974)
Right-of-use depreciation	Note 6	(45,966)	-	(45,966)	(42,775)	-	(42,775)	(3,191)
Impairment losses and reversals of non-current assets		(378)	-	(378)	(590)	(65)	(655)	277
		(99,773)	**-**	**(99,773)**	**(91,192)**	**(65)**	**(91,257)**	**(8,516)**
Operating result		**31,526**	**-**	**31,526**	**95,373**	**(5,870)**	**89,503**	**(57,977)**
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		(256)	-	(256)	193	-	193	(449)
Other income and expenses, impairment and revaluations of financial assets		-	-	-	-	-	-	-
Interest income and expenses		(8,459)	-	(8,459)	(7,219)	-	(7,219)	(1,240)
Interest expenses on lease liabilities		(5,350)	-	(5,350)	(5,682)	-	(5,682)	332
Other financial income and expenses		(410)	-	(410)	(220)	-	(220)	(190)
Exchange gains and losses		726	-	726	457	-	457	269
Gain (loss) on assets accounted at fair value		6	-	6	(345)	-	(345)	351
		(13,743)	**-**	**(13,743)**	**(12,816)**	**-**	**(12,816)**	**(927)**
Profit (loss) before tax		**17,783**	**-**	**17,783**	**82,557**	**(5,870)**	**76,687**	**(58,904)**
Current and deferred income tax	Note 12							
Current tax		(9.035)	-	(9.035)	(26.684)	999	(25.685)	16.650
Deferred tax		3.712	-	3.712	3.485	-	3.485	227
		(5.323)	**-**	**(5.323)**	**(23.199)**	**999**	**(22.200)**	**16.877**
Total net profit (loss)		**12,460**	**-**	**12,460**	**59,358**	**(4,871)**	**54,487**	**(42,027)**
Net profit (loss) attributable to Minority interests		(117)	-	(117)	(5)	-	(5)	(112)
Net profit (loss) attributable to the Group		**12,577**	**-**	**12,577**	**59,363**	**(4,871)**	**54,492**	**(41,915)**

Earnings per share (€ per share)	Note 14	First Half 2020	First Half 2019
Earnings per share			
- Basic		0.05634	0.24665
- Diluted		0.05564	0.24180

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

(€ thousands)	First Half 2020	First Half 2019
Net income (loss) for the period	**12,460**	**54,487**
Other comprehensive income (loss) that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plans	2,187	(1,284)
Tax effect on items of other comprehensive income (expense) that will not be reclassified subsequently to profit or loss	(317)	175
Total other comprehensive income (loss) that will not be reclassified subsequently to profit or loss after the tax effect (A)	**1,870**	**(1,109)**
Other comprehensive income (loss) that will be reclassified subsequently to profit or loss		
Gains/(losses) on cash flow hedging instruments	4,146	(1,653)
Gains/(losses) from Foreign Currency Basis Spread on hedging instruments	335	133
Gains/(losses) on exchange differences from translation of financial statements of foreign entities	(15,163)	1,481
Tax effect on components of other comprehensive income that will be reclassified subsequently to profit or loss	(1,076)	364
Total other comprehensive income (loss) that will be reclassified subsequently to profit or loss after the tax effect (B)	**(11,758)**	**325**
Total other comprehensive income (loss) (A)+(B)	**(9,888)**	**(784)**
Comprehensive income (loss) for the period	**2,572**	**53,703**
Attributable to the Group	2,778	53,630
Attributable to Minority interests	(206)	73

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 1 January 2019 as reported	**4,527**	**202,565**	**934**	**3,636**	**(50,933)**	**34,569**
Allocation of profit (loss) for 2018						
Share capital increase	1	147				
Treasury shares						
Dividend distribution						
Notional cost of stock options and stock grants						7,729
Other changes					15,085	(11,470)
Total comprehensive income (expense) for the period						
- Hedge accounting						
- Actuarial gains (losses)						
- Translation differences						
- Profit for the first half of 2019						
Balance at 30 June 2019	**4,528**	**202,712**	**934**	**3,636**	**(35,848)**	**30,828**

(€ thousands)	Share capital	Share premium reserve	Legal reserve	Other reserves	Treasury shares reserve	Stock option and stock grant reserve
Balance at 1 January 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						2,070
Other changes					4,252	(4,856)
-Stock Grant					*4,252*	*(4,856)*
-Other changes						
Total comprehensive income (expense) for the period						
- Hedge accounting						
- Actuarial gains (losses)						
- Translation difference						
- Profit for the first half of 2020						
Balance at 30 June 2020	**4,528**	**202,712**	**934**	**3,636**	**(24,879)**	**32,177**

Cash flow hedge reserve	Foreign Curr. Basis Spread reserve	Actuarial gains and (losses)	Retained earnings	Translation difference	Profit for the period	Total Shareholders' equity	Minority interests	Total net equity
(8,012)	**-**	**(7,123)**	**362,503**	**(48,190)**	**100,443**	**594,919**	**1,028**	**595,947**
			100,443		(100,443)	-		-
						148		**148**
						-		-
			(30,939)			**(30,939)**		**(30,939)**
						7,729		**7,729**
657	(657)		(4,685)			**(1,070)**	28	**(1,042)**
(1,257)	101	(1,109)		1,404	54,491	**53,630**	**73**	**53,703**
(1,257)	*101*					***(1,156)***		***(1,156)***
		(1,109)				***(1,109)***		***(1,109)***
				1,404		***1,404***	*77*	***1,481***
					54,491	***54,491***	*(4)*	***54,487***
(8,612)	**(556)**	**(8,232)**	**427,322**	**(46,786)**	**54,491**	**624,417**	**1,129**	**625,546**

Cash flow hedge reserve	Foreign Curr. Basis Spread reserve	Actuarial gains and (losses)	Retained earnings	Translation difference	Profit for the period	Total Shareholders' equity	Minority interests	Total net equity
(5,462)	**(748)**	**(11,048)**	**432,925**	**(46,944)**	**108,666**	**695,031**	**1,084**	**696,115**
			108,666		(108,666)	-		-
						-		-
						-		-
						-		-
						2,070		**2,070**
			(109)			**(713)**		**(713)**
			604			-		-
			(713)			***(713)***		***(713)***
3,151	254	1,870	-	(15,074)	12,577	**2,778**	**(206)**	**2,572**
3,151	*254*					***3,405***		***3,405***
		1,870				***1,870***		***1,870***
				(15,074)		***(15,074)***	*(89)*	***(15,163)***
					12,577	***12,577***	*(117)*	***12,460***
(2,311)	**(494)**	**(9,178)**	**541,482**	**(62,018)**	**12,577**	**699,166**	**878**	**700,044**

STATEMENT OF CONSOLIDATED CASH FLOWS

(€ thousands)	First Half 2020	First Half 2019
OPERATING ACTIVITIES		
Net profit (loss)	12,460	54,487
Amortization, depreciation and impairment:		
- intangible fixed assets	30,498	28,129
- tangible fixed assets	23,309	20,353
- right-of-use assets	45,966	42,775
- goodwill	-	-
Provisions, other non-monetary items and gain/losses from disposals	475	12,908
Group's share of the result of associated companies	256	(193)
Financial income and expenses	13,487	13,009
Current and deferred taxes	5,322	22,200
Cash flow from operating activities before change in working capital	**131,773**	***193,668***
Utilization of provisions	(4,003)	(4,649)
(Increase) decrease in inventories	(4,170)	(4,655)
Decrease (increase) in trade receivables	70,672	(15,300)
Increase (decrease) in trade payables	(37,010)	(736)
Changes in other receivables and other payables	(22,557)	(722)
Total change in assets and liabilities	**2,932**	***(26,062)***
Dividends received	-	125
Interest received (paid)	(10,119)	(11,553)
Taxes paid	(808)	(17,035)
Cash flow generated from (absorbed by) operating activities (A)	**123,778**	**139,143**
INVESTING ACTIVITIES:		
Purchase of intangible fixed assets	(12,322)	(15,913)
Purchase of tangible fixed assets	(11,147)	(27,140)
Consideration from sale of non-current assets	1,665	1,087
Cash flow generated from (absorbed by) operating investing activities (B)	**(21,804)**	**(41,966)**
Purchase of subsidiaries and business units	(44,700)	(28,456)
Increase (decrease) in payables for business acquisitions	2,600	(4,777)
(Purchase) sale of other investments and securities	-	-
Cash flow generated from (absorbed by) acquisition activities (C)	**(42,100)**	**(33,233)**
Cash flow generated from (absorbed by) investing activities (B+C)	**(63,904)**	**(75,199)**
FINANCING ACTIVITIES:		
Increase (decrease) in financial payables	263,086	43,479
(Increase) decrease in financial receivables	-	(119)
Derivative instruments and other non-current assets	(705)	-
Commissions paid for medium/long-term financing	(7,374)	-
Principal portion of lease payments	(27,683)	(39,655)
Other non-current assets and liabilities	421	1,318
Dividends distributed	-	(30,939)
Capital increases and minority shareholders' contributions and dividends paid to third parties by subsidiaries	-	(38)
Cash flow generated from (absorbed by) financing activities (D)	**227,745**	**(25,954)**
Net increase in cash and cash equivalents (A+B+C+D)	**287,619**	**37,990**

(€ thousands)	First Half 2020	First Half 2019
Cash and cash equivalents at beginning of period	**138,371**	**89,915**
Effect of exchange rate fluctuations on cash & cash equivalents	(1,660)	185
Liquid assets acquired	2,884	709
Flows of cash and cash equivalents	287,619	37,990
Cash and cash equivalents at end of period	**427,214**	**128,799**

Related-party transactions refer to rentals of the main office and certain stores, to recharges of maintenance costs and general services of the above-mentioned buildings and to commercial transactions, personnel expenses and loans. They are detailed in Note 15. The impact of these transactions on the Group's cash flows is not material.

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

SUPPLEMENTARY INFORMATION TO THE STATEMENT OF CONSOLIDATED CASH FLOWS

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

(€ thousands)	First Half 2020	First Half 2019
- Goodwill	36,636	20,629
- Customer lists	5,737	12,393
- Trademarks and non-competition agreements	5,110	-
- Other intangible fixed assets	370	184
- Tangible fixed assets	2,287	990
- Right-of-use assets	4,741	704
- Financial fixed assets	-	80
- Current assets	4,760	3,043
- Provisions for risks and charges	(743)	(4)
- Current liabilities	(7,330)	(3,181)
- Other non-current assets and liabilities	(6,856)	(7,029)
- Minority interests	-	-
Total investments	**44,712**	**27,809**
Net financial debt acquired	(12)	647
Total business combinations	**44,700**	**28,456**
(Increase) decrease in payables through business acquisition	(2,600)	4,777
Purchase (sale) of other investments and securities	-	-
Cash flow absorbed by (generated from) acquisitions	**42,100**	**33,233**
(Cash and cash equivalents acquired)	(2,884)	(709)
Net cash flow absorbed by (generated from) acquisitions	**39,216**	**32,524**

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 06/30/2020) 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 no. 58/1998 (Consolidated Finance Act) and subsequent amendments and with International Accounting Standards and the implementation regulations set out in Article 9 of legislative decree no. 38 of 28 February 2005. These standards include the IAS and IFRS issued by the International Accounting Standard Board, as well as the SIC and IFRIC interpretations issued by the International Financial Reporting Interpretations Committee, which were endorsed in accordance with the procedure set out in Article 6 of Regulation (EC) no. 1606 of 19 July 2002 by 30 June 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.

In order to provide a more accurate representation of the half-year results at 30 June 2020, Amplifon applied the amendment to IFRS 16 “Leases Covid-19 - Related Rent Concessions” approved by IASB on 28 May 2020 which introduces a practical expedient based on which any concessions obtained as a result of Covid-19 related renegotiations are not viewed as lease modifications, but as variable lease payments which positively impacts the income statement, even though the amendment has yet to be endorsed by the European Union. For more information please see note 20.

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

The publication of the condensed interim consolidated financial statements of the Amplifon Group at 30 June 2020 was authorized by a resolution of the Board of Directors of 29 July 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. Impacts of COVID-19 emergency on the Group's performance and financial position, measures adopted, risks and areas of uncertainty

The Covid-19 pandemic and the restrictive measures adopted by the different authorities had a significant impact on the Group's results, causing total revenues to fall 26.2% in the first half of the year and 43.1% in the second quarter. April was the hardest hit by the lockdown, reporting a 65% drop in sales compared to April 2019, while as the lockdown measures were eased, the recovery improved sequentially in May and June with sales down 45% and 20% against same months of the prior year, respectively.

Europe, where lockdown measures were implemented in all the main markets with the exception of Germany, was affected the most, but then showed strong recovery beginning in May as the restrictive measures were eased. In the United States, which was also profoundly impacted by the closures in April, the recovery was quick as of the end of the same month, while APAC suffered less as there were no store closures in Australia. The post lockdown recovery in New Zealand was very speedy after stores were reopened mid-May and in China, where the impact of the closures was felt in February, the performance was already back in line with the prior year in May.

In response to the Covid-19 outbreak, the Group quickly prepared and implemented an effective plan of action aiming to:
- ensure the health and safety of its people and its customers;
- reduce operating costs and maximize cash generation;
- strengthen the financial structure through an important refinancing program in order to provide enough headroom in the event of further lockdown periods.

More in detail:

Measures adopted to protect stakeholders during the Covid-19 pandemic
Since the start of the Covid-19 outbreak, the Group's priority has been to safeguard the health of its people, while, at the same time, serving customers in total safety. Amplifon, therefore, rapidly created a task force at both a Group and country level in order to coordinate and implement immediately all the preventive measures needed to ensure the health of its employees, customers and other stakeholders, in line with the safety measures indicated by the authorities in the different countries. These measures included, among other things, the development and adoption of a new Group-wide store protocol (which comprises the use of personal protective equipment by hearing care professionals and client advisers, visits on an appointment-only basis following an in-depth telephone interview in order to assess the customers' state of health, strict social distancing and sanitization procedures, etc.), smart working practices for back-office personnel, as well as protocols for returning to work, developed with the support of experts, consistent with the ordinances issued in the different countries and other safety measures.

Measures to mitigate the impact on profitability and cash flow generation
Given the negative impact that the restrictive or even general lockdown measures adopted by the governmental authorities in the various countries as a result of the Covid-19 crisis had on hearing care market demand, the Group moved very quickly and decisively to implement a series of measures to limit the impact. More in detail, Amplifon adopted the following cost containment measures:

- Labor costs: activation of government social schemes and other employment support tools in the different countries of operation, proportional reduction in variable compensation, voluntary pay cuts by management and hiring freeze;
- Marketing costs: cancellation of most activities and programmed investments;
- Other costs: suspension of all discretionary costs and renegotiation of several supplier contracts and leases;
- Suspension of all non-essential capex and M&A transactions;
- Quick use of all forms of subsidies made available by the different governmental authorities to support business;
- allocation of the entire profit for 2019 to retained earnings without distributing any dividends to shareholders.

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

- new long-term borrowings (term loan and revolving facilities), totaling €343.5 million expiring between 2023 and 2025 were secured (€35.5 million of which relate to Covid-19 emergency government financing), and an additional €40 million will be granted in the third quarter of 2020;
- €180 million in existing bilateral loans were renegotiated and the maturities extended from 2021-2022 to 2024-2025;
- the expiration of €60 million in revolving credit facilities was extended from 2021-2022 to 2025.

At 30 June 2020 the Group had cash and cash equivalents of €427 million, undrawn irrevocable credit lines of €235 million and uncommitted lines of €206 million compared to total gross debt which, net of lease liabilities, amounts to €1,192.6 million without significant short-term maturities as the average maturity is 4.5 years.

The negative impact on the period results was inevitably significant, to the extent that the ability to achieve planned targets was compromised. Consequently, the Group thinks it opportune to withdraw the guidance issued in March 2018 and updated subsequently in March 2019 to reflect the GAES acquisition. The Group will provide updates in this regard as visibility of the conditions increases and it becomes possible to make more accurate estimates as to the impact of the Covid-19 outbreak.
The Group, however, still expects to out-perform the market and, above all, is confident that once the current crisis has definitively waned, its unique competitive positioning, along with the

strong fundamentals of its market and the unchanged consumer behavior, will allow the Group to once again deliver robust growth over the medium-term, thanks also to the actions on costs implemented in this difficult period.
While the risks associated with future developments in the Covid-19 outbreak call for caution, the Group believes that the most difficult phase of the pandemic is behind us. The impressive speed of recovery since the easing of restrictive measures and the positive signals given by July revenues, currently in line with the prior year, clearly demonstrate, in fact, the resilience of the business.

Accounting impact

From an accounting standpoint, Covid-19 may be construed as indicator of impairment and, therefore, the Group verified the potential impact on the recoverability of intangible assets, right-of-use and goodwill.
The current uncertainty and complexity made it impossible to prepare a new business plan before drafting this Interim Financial Report that would have included the actions, results, details and guidelines that are available only at the end of a process that normally begins in June and is completed in December. Therefore, the recoverability of assets was determined based on the prudent assumption that there will be a two-year delay in achieving the targets in the previous 2020-2022 plan used for the impairment test conducted on the financial statements at 31 December 2019. More in detail, the impairment test was developed based on the most recent forecast available for the second part of 2020, assuming that the results for 2021 will be in line with 2019 results and assuming organic growth rates for 2022 and 2023 in line with the organic growth realized by the Group in the most recent years.
In light of the uncertain economic environment due to Covid-19, the WACC applied to the above cash flows was determined taking into account three different levels of risk, each of which with different probability of occurrence, to which an additional risk coefficient was attributed.
This testing, completed using adequate sensitivity analyses, made it possible to verify that the carrying amount of the assets, including goodwill, are well below their recoverable value and that, consequently, none of the assets, including goodwill, were impaired as a result of Covid-19.

In this period of crisis, the Group benefitted from subsidies and contributions from the different governmental authorities, as well as concessions on leases, but also incurred a series of expenses attributable directly to the crisis. The impact on the income statement and cash flow by type of benefit/expense is shown below.

(€ thousands)	Impact of Covid-19 in the first six months of 2020	
	Profit & Loss	**Cash Flows**
CONTRIBUTIONS RECEIVED/COSTS INCURRED		
Subsidies received from the governmental authorities and other public entities	**30,755**	**62,689**
For the cost of labor	25,790	23,478
- of which relative to contributions received	*20,384*	*18,322*
- of which relative to the decrease in costs in the event the public entity paid subsidies directly to the employee	*5,406*	*5,156*
Other business assistance	4,283	841
Tax credits, other exemptions and delays in tax payments and pension contributions	682	38,370
Lease concessions received from landlords	**7,042**	**15,125**
Costs tied directly to the crisis	**(3,412)**	**(3,882)**
Costs of personal protective equipment	(1,746)	(2,964)
Costs incurred to sanitize offices and stores	(74)	(5)
Costs incurred for consultancies (virologists and other experts, smart working, social plans)	(623)	(171)
Costs for advertising and communication targeting customers	(270)	(88)
Logistics	(304)	(282)
Costs for cancelling events, advertising and other contracts	(395)	(372)
Cost of labor for personnel of closed stores not covered by social plans	**(2,533)**	**(2,338)**

In order to provide a more accurate representation of the half-year results at 30 June 2020, the Group applied the amendment to IFRS 16 approved by IASB on 28 May 2020 even though it has yet to be endorsed by the European Union. This amendment introduces a practical expedient based on which any concessions obtained as a result of Covid-19 related renegotiations such as a reduction in the leases owed for the period through 30 June 2021, are not viewed as lease modifications, but as variable lease payments which positively impacts the income statement. The application of this practical expedient had a positive impact of €7,042 thousand recognized as other income and costs, as a reduction of the lease liabilities.

3. Acquisitions and goodwill

The Group's external growth continued in the first six months of 2020 with a series of acquisitions designed to increase coverage: more in detail, 23 points of sale were purchased in EMEA and 54 in APAC.

The total investment, including the consolidated indebtedness and the best estimate of the net change in the earn-out linked to sales and profitability targets due over the next few years, amounted to €41,816 thousand.

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

(€ thousands)	Value at 12/31/2019	Business combinations	Disposals	Impairment	Other net changes	Net carrying value at 06/30/2020
EMEA	839,802	9,783	-	-	(402)	849,183
AMERICAS	126,418	-	-	-	(4,608)	121,810
APAC	249,291	26,853	-	-	(5,038)	271,106
Total	**1,215,511**	**36,636**	**-**	**-**	**(10,048)**	**1,242,099**

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

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

"Other net changes" refers almost entirely to foreign exchange differences.

The Group tests for impairment losses once a year and when any impairment indicators materialize.

The Covid-19 emergency caused, primarily in March and April, the total or partial closure of a large part of Amplifon's commercial network. The containment measures implemented by the different governmental authorities limited customers' ability to go to stores. Turnover, albeit in rapid recovery since the end of the lockdown, therefore, fell significantly in the second quarter bringing budget results in the half below budget, presenting signs of impairment. Impairment tests were then conducted in order to assess the recoverability of the assets recognized in the financial statements at 30 June 2020.

The groups of Cash Generating Units recognized for the purposes of impairment testing are:

- EMEA (Italy, France, Netherlands, Germany, Belgium and Luxembourg, Switzerland, Spain, Portugal, UK, Ireland, Hungary, Poland, Israel and Egypt);
- AMERICAS (USA, Canada, Argentina, Chile, Mexico, Panama, Ecuador and Colombia);
- APAC (Australia, New Zealand, India and China).

All the groups of cash generating units were subject to impairment tests based on the value in use calculated using the discounted cash flow (DCF) method net of tax consistent with the post-tax discount rates used.

The value in use of the groups of cash generating units was determined by discounting the estimated future cash flows forecast in the business plan. The current uncertainty and complexity made it impossible to prepare a new business plan before drafting this Interim Financial Report that would have included the actions, results, details and guidelines that are available only at the end of a process that normally begins in June and is completed in December. Therefore, the recoverability of assets was determined based on the prudent assumption that there will be a two-year delay in achieving the targets in the previous 2020-2022 plan used for the impairment test conducted on the financial statements at 31 December 2019. More in detail, the impairment test was developed based on the most recent forecast available for the second part of 2020, assuming that the results for 2021 will be in line with 2019 results and assuming organic growth rates for 2022 and 2023 in line with the organic growth recorded in past few years.

The DCF calculation assumed a weighted average cost of capital which reflects the current market borrowing costs and takes into account, through adequate increases in the “Beta“ as described below, the specific risks of each group of cash generating units, including the risk that the plan targets fail to be fully met.

The WACC applied was determined taking into account three different levels of risk, each of which with a different probability of occurrence. In order to take into account the uncertain economic environment created by Covid-19 an additional risk coefficient was used to calculate the WACC.

In accordance with international best practices, the “Beta“(the gauge of a financial asset’s systemic risk) was determined based on the data found in a well-known international database relative to the sector “retail medical products and services”.

The perpetual growth rate for each country was adjusted to reflect the International Monetary Fund's forecast for inflation in 2024.

	EMEA	AMERICAS	APAC
Growth rate	1.86%	2.22%	2.45%
WACC (*) 2020 - Scenario 1	6.40%	7.47%	7.19%
WACC (*) 2020 - Scenario 2	7.12%	8.19%	7.91%
WACC (*) 2020 - Scenario 2	8.81%	9.88%	9.59%
WACC (*) 2019	5.24%	8.40%	6.67%

(*) the WACC of the Groups of CGUs was determined by weighting the WACCs of each individual CGU found in the region based on the respective EBITDA recorded in the last year of the business plan.

No impairment losses were identified as a result of impairment testing.

For all the groups of cash generating units a sensitivity analysis was also carried out to determine the change in underlying assumptions which, after considering the effect that changes in other variables might have, would result in the group of CGU's recoverable value being equal to its carrying amount.

	Negative changes (percentage points) in growth rate expected on the basis of each business plan which would make the group of CGU's recoverable value equal to its carrying amount			Negative (%) changes in cash flows expected on the basis of each business plan which would make the group of CGU's recoverable value equal to its carrying amount			Changes (percentage points) in the discount rates which would make the group of CGU's recoverable value equal to its carrying amount		
	Scenario 1	**Scenario 2**	**Scenario 3**	**Scenario 1**	**Scenario 2**	**Scenario 3**	**Scenario 1**	**Scenario 2**	**Scenario 3**
EMEA	7%	6%	4%	54%	47%	31%	5%	5%	3%
AMERICAS	49%	47%	42%	81%	78%	72%	21%	20%	18%
APAC	3%	2.2%	0.18%	34%	24%	2%	2%	1.8%	0.15%

4. Intangible fixed assets with finite useful life

The following table shows the changes in intangible assets.

(€ thousands)	Historical cost at 12/31/2019	Accumulated amortization and write-downs at 12/31/2019	Net book value at 12/31/2019	Historical cost at 06/30/2020	Accumulated amortization and write-downs at 06/30/2020	Net book value at 06/30/2020
Software	151,863	(100,820)	51,043	163,265	(109,810)	53,455
Licenses	21,836	(14,762)	7,074	22,064	(16,521)	5,543
Non-competition agreements	7,342	(6,693)	649	8,227	(7,167)	1,060
Customer lists	378,407	(167,075)	211,332	381,139	(179,372)	201,767
Trademarks and concessions	82,052	(24,599)	57,453	85,708	(26,318)	59,390
Other	28,423	(12,022)	16,401	27,507	(12,894)	14,613
Fixed assets in progress and advances	23,556	-	23,556	22,350	-	22,350
Total	**693,479**	**(325,971)**	**367,508**	**710,260**	**(352,082)**	**358,178**

(€ thousands)	Net book value at 12/31/2019	Investments	Disposals	Amortization	Business combinations	Impairment	Other net changes	Net book value at 06/30/2020
Software	51,043	2,298	-	(9,861)	23	(5)	9,957	53,455
Licenses	7,074	27	-	(1,818)	-	-	260	5,543
Non-competition agreements	649	543	-	(465)	-	-	333	1,060
Customer lists	211,332	-	-	(14,275)	5,737	-	(1,027)	201,767
Trademarks and concessions	57,453	-	-	(2,861)	5,110	-	(312)	59,390
Other	16,401	29	(135)	(1,213)	-	-	(469)	14,613
Fixed assets in progress and advances	23,556	9,425	-	-	347	-	(10,978)	22,350
Total	**367,508**	**12,322**	**(135)**	**(30,493)**	**11,217**	**(5)**	**(2,236)**	**358,178**

The change in "Business combinations" comprises:

- the temporary allocation of the price paid for acquisitions made in EMEA of €4,515 thousand;
- the temporary allocation of the price paid for acquisitions made in APAC of €6,702 thousand.

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

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

No indications pointing to impairment losses emerged as a result of the testing conducted on the recoverability of intangible assets/right-of-use assets.

5. Tangible fixed assets

The following table shows the changes in tangible fixed assets.

(€ thousands)	Historical cost at 12/31/2019	Accumulated amortization and write-downs at 12/31/2019	Net book value at 12/31/2019	Historical cost at 06/30/2020	Accumulated amortization and write-downs at 06/30/2020	Net book value at 06/30/2020
Land	209	-	209	202	-	202
Buildings, constructions and leasehold improvements	239,688	(150,402)	89,286	237,926	(155,748)	82,178
Plant and machines	59,788	(42,305)	17,483	59,437	(42,556)	16,881
Industrial and commercial equipment	50,506	(36,523)	13,983	50,176	(37,801)	12,375
Motor vehicles	3,127	(2,185)	942	3,076	(2,302)	774
Computers and office machinery	62,500	(46,956)	15,544	63,273	(49,347)	13,926
Furniture and fittings	125,814	(79,300)	46,514	127,589	(83,277)	44,312
Other tangible fixed assets	3,364	(889)	2,475	3,305	(1,013)	2,292
Fixed assets in progress and advances	10,143	-	10,143	12,276	-	12,276
Total	**555,139**	**(358,560)**	**196,579**	**557,260**	**(372,044)**	**185,216**

(€ thousands)	Net book value at 12/31/2019	Investments	Disposals	Depreciation	Business combinations	Impairment	Other net changes	Net book value at 06/30/2020
Land	209	-	-	-	-	-	(7)	202
Buildings, constructions and leasehold improvements	89,286	3,565	(14)	(9,408)	53	(242)	(1,062)	82,178
Plant and machines	17,483	959	(31)	(2,031)	452	(9)	58	16,881
Industrial and commercial equipment	13,983	158	(19)	(1,642)	57	(12)	(150)	12,375
Motor vehicles	942	-	(99)	(120)	62	-	(11)	774
Computers and office machinery	15,544	1,030	(566)	(3,799)	778	(5)	944	13,926
Furniture and fittings	46,514	2,066	(26)	(5,781)	690	(96)	945	44,312
Other tangible fixed assets	2,475	28	(18)	(155)	-	(9)	(29)	2,292
Fixed assets in progress and advances	10,143	3,341	(77)	-	195	-	(1,326)	12,276
Total	**196,579**	**11,147**	**(850)**	**(22,936)**	**2,287**	**(373)**	**(638)**	**185,216**

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

The change in "Business combinations" comprises:

- the temporary allocation of the price paid for acquisitions made in EMEA of €492 thousand;
- the temporary allocation of the price paid for acquisitions made in APAC of €1,795 thousand.

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

6. Right-of-use assets

Right-of-use assets are reported here below:

(€ thousands)	Historical cost at 12/31/2019	Accumulated amortization and write-downs at 12/31/2019	Net book value at 12/31/2019	Historical cost at 06/30/2020	Accumulated amortization and write-downs at 06/30/2020	Net book value at 06/30/2020
Stores and offices	490,070	(82,424)	407,646	535,492	(121,768)	413,724
Motor vehicles	16,875	(6,625)	10,250	17,885	(8,294)	9,591
Electronic machinery	694	(161)	533	669	(227)	442
Total	**507,639**	**(89,210)**	**418,429**	**554,046**	**(130,289)**	**423,757**

(€ thousands)	Net book value at 12/31/2019	Investments	Disposals	Depreciation	Business combinations	Impairment	Other net changes	Net book value at 06/30/2020
Stores and offices	407,646	53,551	(5,468)	(43,357)	4,741	-	(3,389)	413,724
Motor vehicles	10,250	2,211	(246)	(2,535)	-	-	(89)	9,591
Electronic machinery	533	3	(3)	(74)	-	-	(17)	442
Total	**418,429**	**55,765**	**(5,717)**	**(45,966)**	**4,741**	**-**	**(3,495)**	**423,757**

7. Share capital

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

A total of 477,193 of the performance stock grant rights were exercised in the period, as a result of which the Group transferred the same number of treasury shares to the beneficiaries.

In the period there were no purchases of treasury shares.

A total of 2,791,894 treasury shares, or 1.233% of the parent's share capital, were held at 30 June 2020.

Information relating to the treasury shares held is shown below.

	No. of shares	Average purchase price (Euro) / FV of transferred rights (Euro)	Total amount (€ thousands)
Held at 12/31/2019	**3,269,087**	**8.911**	**29,131**
Purchases			
Transfers due to exercise of performance stock grants	(477,193)	8.911	(4,252)
Held at 06/30/2020	**2,791,894**	**8.911**	**24,879**

8. Net financial position

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

(€ thousands)	06/30/2020	12/31/2019	Change
Cash and cash equivalents	(427,214)	(138,371)	(288,843)
Private placement 2013-2025	17,860	17,803	57
Payables for business acquisitions	4,038	10,245	(6,207)
Bank overdraft and other short-term loans from third parties (including current portion of medium/long-term debt)	37,855	141,032	(103,177)
Other net financial payables	8,971	5,594	3,377
Hedging derivatives	(2,338)	(2,253)	(85)
Short-term financial position	**(360,828)**	**34,050**	**(394,878)**
Private placement 2013-2025	98,232	97,917	315
Eurobond 2020-2027	350,000	-	350,000
Other medium/long-term debt	668,543	653,751	14,792
Hedging derivatives	(12,861)	(12,547)	(314)
Medium/long-term acquisition payables	22,259	13,527	8,732
Net medium and long-term financial position	**1,126,173**	**752,648**	**373,525**
Net financial position	**765,345**	**786,698**	**(21,353)**
Lease liabilities – current portion	90,007	81,585	8,422
Lease liabilities – non-current portion	352,692	343,040	9,652
Lease liabilities	**442,699**	**424,625**	**18,074**
Total lease liabilities & net financial debt	**1,208,044**	**1,211,323**	**(3,279)**

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

- €180 million in existing bilateral loans were renegotiated, the maturities were extended from 2021-2022 to 2024-2025 and the amount was increased by €80 million;
- an additional €193 million in long-term loans were stipulated, expiring between 2023 and 2025;
- government Covid-19 loans amounting to €35.5 million, of which 30.5 million utilized (€30 million in France and 0.5 million in Switzerland) and €5 million available (entirely in Switzerland), were requested and granted;
- €35 million in new long-term irrevocable credit facilities (expiring in 2025) were granted and the expiration of €60 million in credit lines was extended from 2021 to 2025.

The **medium/long-term portion of the net financial position**, excluding the lease liabilities, reached €1,126,173 thousand at 30 June 2020 compared to €752,648 thousand at 31 December 2019, a difference of €373,525 thousand. The increase in the period relates primarily to the transactions described above to strengthen the financial structure net the repayment of a portion of the syndicated loan used for the GAES acquisition (around €305 million).

The **short-term portion of the net financial position**, excluding the lease liabilities, improved by €394,878 thousand, going from a negative €34,050 thousand at 31 December 2019 to a positive €360,828 thousand at 30 June 2020. The change is attributable mainly to the repayment of hot money utilized at 31 December 2019 using part of the new liquidity stemming from the transactions described above, and includes the short-term portion of the syndicated loan used for the GAES acquisition for a total of €19,875 thousand, the short-term portion of the private placement (€17,860 thousand), the short term portion of other long-term bank loans (€6,666 thousand), interest payable on bank loans and the private placement (€2,145 thousand), the best estimate of the deferred payments for acquisitions (€4,038 thousand), as well as cash and cash equivalents of €427,214 thousand.

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

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

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

(€ thousands)	06/30/2020
Private placement 2013-2025	98,232
Eurobond 2020-2027	350,000
Syndicated loan for GAES acquisition	178,875
Other medium/long-term debt	489,668
Fees for Eurobond 2020-2027, fees for bank loans, private placement 2013-2025 and Syndicated loan for GAES acquisition	(7,252)
Medium/long-term financial liabilities	**1,109,523**

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

(€ thousands)	06/30/2020
Bank overdraft and other short-term debt (including current portion of other long-term debt)	37,855
Private placement 2013-2025	17,860
Other financial payables	9,002
Fees for Eurobond 2020-2027, fees for bank loans, private placement 2013-2025 and Syndicated loan for GAES acquisition	(2,145)
Short-term financial liabilities	**62,572**

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

9. Financial liabilities

The long-term financial liabilities breakdown is as follows:

(€ thousands)	06/30/2020	12/31/2019	Change
Private placement 2013-2025	98,232	97,917	315
Eurobond 2020-2027	350,000	-	350,000
Syndicated loan for GAES acquisition	178,875	463,750	(284,875)
Other medium long-term bank loans	489,668	190,001	299,667
Fees for bank loans, private placement 2013-2025 and syndicated loan for GAES acquisition	(7,252)	(949)	(6,303)
Total medium/long-term financial liabilities	**1,109,523**	**750,719**	**358,804**
Short term debt	62,572	163,947	(101,375)
- of which current portion for the financing for GAES acquisition	*19,875*	*39,750*	*(19,875)*
- of which current portion for the private placement 2013-2025	*17,860*	*17,803*	*57*
- 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	*(2,145)*	*(663)*	*(1,482)*
Total short-term financial liabilities	**62,572**	**163,947**	**(101,375)**
Total financial liabilities	**1,172,095**	**914,666**	**257,429**

The main financial liabilities are detailed below.

- *Eurobond 2020-2027*
  In February Amplifon began refinancing the next debt maturities well in advance. The refinancing was completed in the second quarter, a period which was profoundly affected by the Covid-19 pandemic. The Group issued a €350 million seven-year nonconvertible bond with a fixed annual coupon of 1.125% listed in the over the counter market of Luxembourg Stock Exchange.

Issue Date	Debtor	Maturity	Nominal value (€/000)	Fair Value (€/000)	Nominal interest rate (*)	Euro interest rate after hedging
13/02/2020	Amplifon S.p.A.	13/02/2027	350,000	344,926	1.125%	N/A
	Total in Euro		**350,000**	**344,926**		

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

- *Syndicated loan for the GAES acquisition*
  An unsecured syndicated bank loan negotiated with five top-tier banks for the acquisition of GAES originally comprised of two tranches:
  - a five-year amortizing loan of €265 million (Facility A);
  - a €265 million 18-month bullet loan (Facility B) with an option to extend it to five years which may be exercised at Amplifon's discretion before the expiration date. This tranche was paid back in February 2020 thanks to the proceeds of the Eurobond issue above mentioned.

Issue Date	Debtor	Maturity	Nominal value (€/000)	Outstanding debt (€/000	Fair Value (€/000)	Nominal interest rate (*)	Euro interest rate after hedging (**)
18/12/2018	Amplifon S.p.A.	28/09/2023	265,000	198,750	197,719	0.817%	1.232%
	Total in Euro		**265,000**	**198,750**	**197,719**		

(*) The nominal interest rate is equal to Euribor plus a spread.
(**) The floating Euribor rate has been converted into a fixed rate of 0.132%.
The applicable rates depend on the ratio of net financial position over Group EBITDA.

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

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

The 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 are determined.
The margin at 06.30.2020 is equal to 1.25% 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 (**)
30/05/2013	Amplifon USA	31/07/2020	USD	7,000	7,000	7,133	3.85%	3.39%
30/05/2013	Amplifon USA	31/07/2023	USD	8,000	8,000	9,189	4.46%	3.90%
31/07/2013	Amplifon USA	31/07/2020	USD	13,000	13,000	13,250	3.90%	3.42%
31/07/2013	Amplifon USA	31/07/2023	USD	52,000	52,000	59,419	4.51%	3.90%-3.94%
31/07/2013	Amplifon USA	31/07/2025	USD	50,000	50,000	61,913	4.66%	4.00%-4.05%
	Total			**130,000**	**130,000**	**150,904**		

(*) 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*

In the wake of the Covid-19 pandemic, beginning in March the Group began refinancing its lines of credit in order to increase access to funding and credit lines, as well as extend the maturities of existing loans and irrevocable credit lines.
More in detail, as reported in Note 8, the Group's financial structure and position were strengthened as illustrated in the table below which shows the medium/long-term bank loans in place at 30 June 2020.

Issue Date	Issuer	Type	Maturity	Face Value (€/000)	Outstanding debt (€/000)	Fair value (€/000)	Effective interest rate (*)	Notional amount hedged through IRS	Interest rate after hedging (**)
11/01/18	Amplifon S.p.A.	Amortizing	11/01/22	20,000	13,334	13,910	0.367%	13,334	1.040%
30/04/20	Amplifon S.p.A.	Amortizing	30/04/23	30,000	30,000	30,521	0.677%		
07/04/20	Amplifon S.p.A.	Bullet	22/03/24	60,000	60,000	59,546	1.267%	30,000	1.559%
06/04/20	Amplifon S.p.A.	Amortizing	06/04/25	50,000	50,000 (***)	48,686	0.932%	50,000 (***)	1.012% (***)
07/04/20	Amplifon S.p.A.	Amortizing	07/04/25	150,000	150,000	149,438	1.018%	100,000	1.17%
28/04/20	Amplifon S.p.A.	Amortizing	28/04/25	50,000	50,000	49,837	1.050%	50,000	1.530%
29/04/20	Amplifon S.p.A.	Amortizing	29/04/25	78,000	78,000	77,598	1.480%	54,600	1.540%
23/04/20	Amplifon S.p.A.	Amortizing	30/06/25	35,000	35,000	34,957	0.817%	35,000	0.990%
13/05/20	Amplifon France SAS	Bullet	13/05/26	30,000	30,000	30,241	0.500%		
	Total			**503,000**	**496,334**	**494,734**		**282,934**	

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

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

(***) This loan was converted to fixed rate using an Interest Rate Swap starting from July 2020.

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

The following loans:

- the USD 130 million private placement 2013-2025 (equal to €100.9 million including the fair value of the currency hedges which set the Euro/USD exchange rate at 1.2885);
- the EUR 446.3 million medium/long-term bilateral loans with top-tier banking institutions;
- the EUR 235 million in irrevocable credit lines with top-tier banking institutions;

are subject to the following covenants:

- the Group's net debt/equity ratio must not exceed 1.65;
- the net debt/EBITDA ration 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 no more than 12 months, twice over the life of the respective loans.

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

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

this last covenant was granted in favor of the lender, it is also applied to the private placement.

As at 30 June 2020 these ratios were as follows:

	Value as at 06/30/2020
Net financial indebtedness/Group net equity	1.10
Net financial position/EBITDA for the last 4 quarters	2.18
EBITDA for the last 4 quarters/Net financial expenses	22.55

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

(€ thousands)	Value as at 06/30/2020
Group EBITDA first six months 2020	131,299
EBITDA July-December 2019	189,831
Fair value of stock grant assignment	10,836
EBITDA normalized (from acquisitions and disposals)	2,884
Acquisitions and non-recurring costs	17,335
EBITDA for the covenant calculation	352,185

The net indebtedness has been calculated as follows:

(€ thousands)	Value as at 06/30/2020
Net financial indebtedness as from Balance Sheet	765,345
Bank guarantee issued for a commerical partner in the US	1,786
Net financial indebtedness for the covenant calculation	767,131

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

10. Lease liabilities

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

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

	06/30/2020	12/31/2019	Change
Short-term lease liabilities	90,007	81,585	8,422
Long-term lease liabilities	352,692	343,040	9,652
Lease liabilities	**442,699**	**424,625**	**18,074**

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

	First Half 2019
Interest paid on leased assets	(5,350)
Right-of-use depreciation	(45,966)
Costs relating to short-term and low-value leases	(4,384)

The application of the practical expedient relating to concessions granted (discounts or exemptions from payments) on leases as a result of Covid-19 – introduced in an amendment to IFRS 16 approved by IASB on 28 May 2020 but not yet endorsed by the European Union – had a positive impact on the income statement of €7,042 thousand.

11. Revenues from sales and services

(€ thousands)	First Half 2020	First Half 2019	Change
Revenues from sales of products	520,176	739,217	(219,041)
Revenues from services	93,723	92,818	905
Revenues from sales and services	**613,899**	**832,035**	**(218,136)**
Goods and services provided at a point in time	520,176	739,217	(219,041)
Goods and services provided over time	93,723	92,818	905
Revenues from sales and services	**613,899**	**832,035**	**(218,136)**

Consolidated revenues from sales and services amounted to €613,899 thousand in the first six months of 2020, a decrease of €218,136 thousand (-26.2%) against the same period of the previous year. This decline is attributable entirely to the Covid-19 outbreak, which started in China at the end of January, and then spread to Italy at the end of February, followed by the other markets in which the Group operates. Revenues for services rendered were up by €905 thousand as they relate to the portion of post sales services recognized over time and are, therefore, less influenced by fluctuations in hearing aid sales.

12. Income taxes

The Group's tax rate came to 29.9% compared to 28.9% at 30 June 2019.

The deferred tax assets on past losses are detailed in the following table:

(€ thousands)	06/30/2020	12/31/2019	Change
Germany	8,925	7,288	1,637
Israel	70	87	(17)
Spain	3,538	3,638	(100)
Total	**12,533**	**11,013**	**1,520**

The assessment of the recoverability of deferred tax assets did not show that the assets had suffered any loss in value.

13. Non-recurring significant events

The first half of 2020 was not impacted by any non-recurring expenses. The non-recurring expenses incurred in the same period of the previous year are shown in the table below:

(€ thousands)		First Half 2020	First Half 2019
Operating costs	GAES integration costs	-	(5,805)
Impairment and impairment reversals of non-current assets	Impairment of GAES intangible asset	-	(65)
Profit before tax		**-**	**(5,870)**
Income tax expense	Impact of the above items on the tax burden for the period	-	999
Total		**-**	**(4,871)**

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

14. Earnings (loss) per share

Basic Earnings (loss) per share

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

Earnings per share are determined as follows:

Earnings per share	First Half 2020	First Half 2019
Net profit (loss) attributable to ordinary shareholders (€ thousand)	12,577	54,492
Average number of shares outstanding in the period	223,232,696	220,928,080
Average earnings per share (€ per share)	0.05634	0.24665

Diluted earnings (loss) per share

Diluted earnings (loss) per share is obtained by dividing the net profit for the period attributable to the ordinary shareholders of the parent by the weighted average number of shares outstanding during the year adjusted by the diluting effects of potential shares. In the calculation of shares outstanding, purchases and sales of treasury shares are considered as cancellation or issue of shares.

The 'potential ordinary share' categories refer to the possible conversion of Group employees' stock options and stock grants' attribution. The calculation of the average number of outstanding potential shares is based on the average fair value of shares for the period; stock options and stock grants are excluded from the calculation since they have anti-diluting effects.

Weighted average diluted number of shares outstanding	First Half 2020	First Half 2019
Average number of shares outstanding in the period	223,232,696	220,928,080
Weighted average of potential and diluting ordinary shares	2,827,776	4,436,127
Weighted average of shares potentially subject to options in the period	226,060,472	225,364,207

The diluted earnings per share were determined as follows:

Diluted earnings per share	First Half 2020	First Half 2019
Net profit attributable to ordinary shareholders (€ thousand)	12,577	54,492
Average number of shares outstanding in the period	226,060,472	225,364,207
Average diluted earnings per share (€)	0.05564	0.24180

15. Transactions with parents and other 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 June 2020) by Amplifin S.p.A. which is fully controlled by Susan Carol Holland.

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

The following table details the related-party transactions:

(€ thousands)	06/30/2020				First Half 2020		
	Trade receivables	Trade payables	Other receivables	Other assets	Revenues for sales and services	Operating costs	Interest income and expense
Amplifin S.p.A.	13	-	2,125	-	-	(12)	18
Total – Parent	**13**	**-**	**2,125**	**-**	**-**	**(12)**	**18**
Comfoor BV (The Netherlands)	-	247	-	-	168	(1,297)	-
Comfoor GmbH (Germany)	-	7	-	-	1	-	-
Ruti Levinson Institute Ltd (Israel)	196	-	-	-	106	(4)	-
Afik - Test Diagnosis & Hearing Aids Ltd (Israel)	-	23	-	23	172	-	-
Total – Other related parties	**196**	**277**	**-**	**23**	**447**	**(1,301)**	**-**
Total related parties	**209**	**277**	**2,125**	**23**	**447**	**(1,313)**	**18**
Total as per financial statements	**132,997**	**139,939**	**72,360**	**59,610**	**613,899**	**(493,696)**	**(8,459)**
% of financial statements total	**0.16%**	**0.20%**	**2.94%**	**0.04%**	**0.07%**	**0.27%**	**-0.21%**

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

- the recovery of maintenance costs and building fees and the recharge of personnel expense to Amplifin S.p.A.
- the amounts due from 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 from associates (mainly in Israel) which act as resellers and to which the Group supplies hearing aids.

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

With the application of IFRS 16, the lease of the Milan headquarters (leased to Amplifon by the parent company Amplifin) is no longer recognized as an operating cost, but is recognized under right-of-use depreciation for €916 thousand, interest on leases for €194 thousand and lease liabilities of €17,577 thousand.

16. Financial risk management

The Covid-19 pandemic and the lockdown measures put into place by the different governmental authorities caused sales to drop sharply in March and April, above all, as a result of store closures. As described in Note 8, in order to manage liquidity risk and safeguard the Group against any future lockdown measures implemented if the pandemic were to return, Amplifon, which had already begun refinancing the next debt maturities well in advance by issuing a €350 million seven-year Eurobond in February, refinanced and signed new long-term credit lines in the second quarter in order to ensure adequate headroom of over €650 million (comprising cash and cash equivalents and irrevocable revolving credit lines).

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

17. Contingent liabilities

Currently the Group is not exposed to any particular risks or uncertainties with the exception of what has already been described in relation to the Covid-19 crisis and the usual regular tax audits, which are currently underway in two countries. These audits are still ongoing and no findings have been reported.

18. Translation of foreign companies' financial statements

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

	30 June 2020		2019	30 June 2019	
	Average exchange rate	As at 30 June	As at 31 December	Average exchange rate	As at 30 June
Panamanian balboa	1.102	1.120	1.1234	1.130	1.138
Australian dollar	1.678	1.634	1.5995	1.600	1.624
Canadian dollar	1.503	1.532	1.4598	1.507	1.489
New Zealand dollar	1.760	1.748	1.6653	1.682	1.696
Singapore dollar	1.541	1.565	1.5111	1.536	1.540
US dollar	1.102	1.120	1.1234	1.130	1.138
Hungarian florin	345.261	356.580	330.53	320.420	323.39
Swiss franc	1.064	1.065	1.0854	1.130	1.111
Egyptian lira	17.452	18.101	18.0192	19.566	19.001
New Israeli shekel	3.864	3.882	3.8845	4.090	4.061
Argentine peso	78.786	78.786	67.2749	46.800	48.568
Chilean peso	895.570	918.720	844.86	763.39	773.850
Colombian peso	4,065.310	4,203.450	3,688.66	3,602.82	3,638.99
Mexican peso	23.843	25.947	21.2202	21.654	21.820
Brazilian real	5.410	6.112	4.5157	4.342	4.351
Chinese renminbi	7.751	7.922	7.8205	7.668	7.819
Indian rupee	81.705	84.624	80.187	79.124	78.524
British pound	0.875	0.912	0.8508	0.874	0.897
Polish zloty	4.412	4.456	4.2568	4.292	4.250

19. Segment reporting

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

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

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

These areas of responsibility, which coincide with the geographical segments (the corporate functions are recognized under EMEA), represent the organizational structure used by management to run the Group’s operations. The reports periodically analyzed by the Chief Executive Officer and Top Management are divided up accordingly, by geographical segment.

Performances are monitored and measured for each operating segment/geographical segment, through operating profit including amortization and depreciation (EBIT), along with the portion of the results of equity investments in associated companies valued by using the equity method. Financial expenses are not monitored insofar as they are based on corporate decisions regarding the financing of each region (own funds compared to bank loans and borrowings) and, consequently, neither are taxes. Items in the statement of financial position are analyzed by geographical segment without being separated from the corporate functions which remain part of EMEA. All the information relating to the income statement and the statement of financial position is determined using the same criteria and accounting standards used to prepare the consolidated financial statements.

Statement of Financial Position as at June 30st, 2020 (*)

(€ thousands)	EMEA	AMERICAS	APAC	ELIM.	CONSOLIDATED
ASSETS					
Non-current assets					
Goodwill	849,183	121,810	271,106	-	1,242,099
Intangible fixed assets with finite useful life	283,003	28,614	46,561	-	358,178
Tangible fixed assets	148,621	9,613	26,982	-	185,216
Right-of-use assets	368,870	16,990	37,897	-	423,757
Equity-accounted investments	2,058	-	-	-	2,058
Hedging instruments	13,816	-	-	-	13,816
Deferred tax assets	71,091	694	5,712	-	77,497
Deferred contract costs	6,432	242	56	-	6,730
Other assets	23,048	35,578	984	-	59,610
Total non-current assets					**2,368,961**
Current assets					
Inventories	56,611	6,999	3,520	-	67,130
Receivables	162,824	34,995	21,508	(13,970)	205,357
Deferred contract costs	4,239	152	77	-	4,468
Hedging instruments	2,405	-	-	-	2,405
Other financial assets					90
Cash and cash equivalents					427,214
Total current assets					**706,664**
TOTAL ASSETS					**3,075,625**
LIABILITIES					
Net Equity					**700,044**
Non-current liabilities					
Medium/long-term financial liabilities					1,109,523
Lease liabilities					352,692
Provisions for risks and charges	18,178	28,080	826	-	47,084
Liabilities for employees' benefits	23,275	123	463	-	23,861
Hedging instruments	5,531	-	-	-	5,531
Deferred tax liabilities	68,000	18,463	11,152	-	97,615
Payables for business acquisitions	21,639	620	-	-	22,259
Contract liabilities	115,761	7,476	2,152	-	125,389
Other long-term liabilities	8,266	52	-	-	8,318
Total non-current liabilities					**1,792,272**
Current assets					
Trade payables	102,015	32,148	19,739	(13,963)	139,939
Payables for business acquisitions	3,279	759	-	-	4,038
Contract liabilities	75,491	7,886	9,142	-	92,519
Other payables and tax payables	163,143	10,358	15,911	(7)	189,405
Provisions for risks and charges	3,489	507	-	-	3,996
Liabilities for employees' benefits	766	67	-	-	833
Short-term financial liabilities					62,572
Lease liabilities					90,007
Total current liabilities					**583,309**
TOTAL LIABILITIES					**3,075,625**

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

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

(€ thousands)	EMEA	AMERICAS	APAC	ELIM.	CONSOLIDATED
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
Deferred 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
Receivables	217,387	50,814	26,722	(18,151)	276,772
Deferred contract costs	4,176	122	88	-	4,386
Hedging instruments	2,201	-	-	-	2,201
Other financial receivables					240
Cash and cash equivalents					138,371
Total current assets					**486,562**
TOTAL ASSETS					**2,851,338**
LIABILITIES					
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 assets					
Trade payables	127,909	40,928	23,571	(15,018)	177,390
Payables for business acquisitions	9,257	988	-	-	10,245
Contract liabilities	81,557	8,332	7,836	-	97,725
Other payables and tax payables	165,279	9,657	14,754	(3,133)	186,557
Hedging instruments	28	-	-	-	28
Provisions for risks and charges	3,650	592	-	-	4,242
Liabilities for employees' benefits	478	67	-	-	545
Short-term financial liabilities					163,947
Lease liabilities					81,585
Total current liabilities					**722,264**
TOTAL LIABILITIES					**2,851,338**

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

Income Statement – First Half 2020 (*)

(€ thousands)	EMEA	AMERICAS	APAC	CORPORATE	ELIM.	CONSOLIDATED
Revenues from sales and services	437,470	104,601	71,828	-	-	613,899
Operating costs	(342,808)	(82,820)	(50,839)	(17,229)	-	(493,696)
Other income and costs	8,204	925	1,667	300	-	11,096
Gross operating profit by segment (EBITDA)	**102,866**	**22,706**	**22,656**	**(16,929)**	**-**	**131,299**
Amortization, depreciation and impairment						
Intangible assets amortization	(18,543)	(3,167)	(5,038)	(3,745)	-	(30,493)
Tangible asset depreciation	(16,937)	(1,129)	(4,076)	(794)	-	(22,936)
Right-of-use depreciation	(38,239)	(1,969)	(5,542)	(215)	-	(45,965)
Impairment losses and reversals of non-current assets	(348)	-	(31)	-	-	(379)
	(74,067)	**(6,265)**	**(14,687)**	**(4,754)**	**-**	**(99,773)**
Operating result by segment	**28,799**	**16,441**	**7,969**	**(21,683)**	**-**	**31,526**
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	(256)	-	-	-	-	(256)
Other income and expenses, impairment and revaluations of financial assets						-
Interest income and expenses						(8,459)
Interest expenses on lease liabilities						(5,350)
Other financial income and expenses						(410)
Exchange gains and losses						726
Gain (loss) on assets accounted at fair value						6
						(13,743)
Net profit (loss) before tax						**17,783**
Current and deferred income tax						
Current income tax						(9,035)
Deferred tax						3,712
						(5,323)
Total net profit (loss)						**12,460**
Minority interests						(117)
Net profit (loss) attributable to the Group						**12,577**

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

Income Statement – First Half 2019 (*)

(€ thousands)	EMEA	AMERICAS	APAC	CORPORATE	CONSOLIDATED
Revenues from sales and services	607,128	131,884	91,037	1,986	832,035
Operating costs	(466,168)	(103,135)	(63,729)	(19,067)	(652,099)
Other income and costs	531	365	(39)	(33)	824
Gross operating profit by segment (EBITDA)	**141,491**	**29,114**	**27,269**	**(17,114)**	**180,760**
Amortization, depreciation and impairment					
Intangible assets amortization	(17,557)	(2,354)	(4,347)	(3,607)	(27,865)
Tangible asset depreciation	(16,003)	(856)	(2,481)	(622)	(19,962)
Right-of-use depreciation	(36,167)	(1,893)	(4,715)	-	(42,775)
Impairment losses and reversals of non-current assets	(595)	-	(60)	-	(655)
	(70,322)	**(5,103)**	**(11,603)**	**(4,229)**	**(91,257)**
Operating result by segment	**71,169**	**24,011**	**15,666**	**(21,343)**	**89,503**
Financial income, expenses and value adjustments to financial assets					
Group's share of the result of associated companies valued at equity	193	-	-	-	193
Other income and expenses, impairment and revaluations of financial assets					-
Interest income and expenses					(7,219)
Other financial income and expenses					(5,682)
Exchange gains and losses					(220)
Gain (loss) on assets accounted at fair value					457
					(345)
					(12,816)
Net profit (loss) before tax					
					76,687
Current and deferred income tax					
Current income tax					(25,685)
Deferred tax					3,485
					(22,200)
Total net profit (loss)					**54,487**
Minority interests					(5)
Net profit (loss) attributable to the Group					**54,492**

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

20. Accounting policies

20.1. Presentation of the financial statements

The condensed interim consolidated financial statements at 30 June 2020 were prepared in accordance with the historical cost method with the exception of derivatives, a few financial investments measured at fair value and assets and liabilities hedged against changes in fair value, as explained in more detail in this report, as well as on a going concern basis.

With regard to reporting formats:

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

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

20.2. Use of estimates in preparing the financial statements

The preparation of the financial statements and explanatory notes requires the use of estimates and assumptions particularly with regard to the following items:

- revenues for services rendered over time recognized based on the effort or the input expended to satisfy the performance obligation;
- allowances for impairment made based on the asset's estimated realizable value;
- provisions for risks and charges made based on a reasonable estimate of the amount of the potential liability, including with regard to any counterparty claims;
- provisions for obsolete inventories in order to align the carrying value of inventories with the estimated realizable value;
- provisions for employee benefits, calculated based on actuarial valuations;
- amortization and depreciation of intangible assets and tangible fixed assets recognized based on the estimated remaining useful life and the recoverable amount;
- income tax recognized based on the best estimate of the tax rate for the full year;
- IRSs and currency swaps (instruments not traded on regulated markets), marked to market at the reporting date based on the yield curve and market exchange rates, which are subject to credit/debit valuation adjustments based on market prices;

- importance of the contractual amendments stemming from the renegotiation of long-term financial liabilities measured using the most recent market rates when the market rates are applicable;
- the lease term duration was determined on a lease-by-lease basis and is comprised of the "non-cancellable" period along with the impact of any extension or early termination clauses if exercise of that clause is reasonably certain. This property valuation took into account circumstances and facts specific to each asset;
- the discount rate (incremental borrowing rate) applied to future rent payments was determined using the risk-free rate in the country where the agreement was executed, with expirations consistent with the term of the specific lease agreement plus the parent's credit spread and any costs for additional guarantees.

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

The Group tests goodwill for impairment at least once a year or when there are indicators of impairment. The impairment test is carried out based on the groups of cash generating units to which the goodwill is allocated and based on which the Group assesses, directly or indirectly, the return on investment which includes this goodwill.
Please refer to Note 3 for information on the goodwill recognized and, more in general, on the recoverability of assets over the long-term based on the impairment tests conducted at 30 June 2020.

20.3. IFRS standards and interpretations

International financial reporting standards and interpretations approved by the IASB and endorsed in Europe

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

Description	Endorsement date	Publication	Effective date	Effective date for Amplifon
Amendments to IFRS 3: "Business Combinations" (issued on 22 October 2018)	21 Apr 20	22 Apr 20	1 Jan 20	1 Jan 20
Amendments to IFRS 9, IAS 39 and IFRS 7: "Interest Rate Benchmark Reform" (issued on 26 September 2019)	15 Jan 20	16 Jan 20	1 Jan 20	1 Jan 20
Revised version of the IFRS Conceptual Framework (issued on 29 March 2018)	29 Nov 19	6 Dec 19	1 Jan 20	1 Jan 20
Amendments to IAS 1 and IAS 8: "Definition of Material" (issued on 31 October 2018)	29 Nov 19	10 Dec 19	1 Jan 20	1 Jan 20

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

International financial reporting standards approved by the IASB and to be endorsed by Europe within the current year

On 28 May 2020 IASB issued an amendment to IFRS 16 "*Leases Covid-19 - Related Rent Concessions*" introducing a practical expedient in the chapter "Lease amendments" which allows the lessees to treat any Covid-19 lease concessions granted as of 1 January 2020 not as modifications of the original lease but rather as variable lease payments. According to these amendments, the concessions can be booked as variable positive payments without going through a modification of the original lease contract. In order to apply this exemption, the following conditions must be satisfied:

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

The amendment of IFRS 16 was defined and approved very quickly by IASB, as FASB did with a similar amendment for companies applying US GAAP. The amendment is effective as of 1 June 2020 and allows for early adoption. Despite EFRAG issued a favorable opinion on 2 June, the draft of the European Regulation that includes this amendment was not sent to the European

Commission and the European Parliament until the beginning of July and the approval process has not yet ended.

In order to provide a better representation of the half-year results the Amplifon Group decided to apply the practical expedient in this Interim Financial Report at 30 June 2020.

Future financial reporting standards and interpretations

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

The International Financial Reporting Standards, interpretations and amendments to existing standards and interpretations approved by IASB, but not yet endorsed for adoption in Europe on 17 July 2020 are listed below:

Description	**Effective date**
IFRS 17 "Insurance Contracts" (issued on 18 May 2017)	Periods beginning on or after 1 Jan '23
Amendments to IFRS *4* "Insurance Contracts – deferral of IFRS 9" (issued on 25 June 2020)	Periods beginning on or after 1 Jan '21
Amendments to IAS 1: "Presentation of Financial Statements – Classification of liabilities as current or non-current" (issued on 23 January 2020)	Periods beginning on or after 1 Jan '23
Amendments to: • IFRS 3 Business Combinations • IAS 16 Property, Plant and Equipment • IAS 37 Provisions, Contingent Liabilities and Contingent Assets • Annual Improvements 2018-2020 (all issued on 14 May 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 measurement of the Group's assets, liabilities, costs and revenues.

21. Subsequent events

In July 2020, the Group further strengthened its financial structure by subscribing a five-year loan of €25 million of which €10 million as a term loan and €15 million as an irrevocable revolving credit line.

After 30 June 2020, exercise of the performance stock grant rights continued and on 29 July 2020 the Company transferred 209,469 treasury shares to the beneficiaries. At the date of this report the Company holds a total of 2,583,425 treasury shares or 1.141% of the Company's share capital.

Pursuant to the 2019-2025 plan, on 30 July 2020 the Board of Directors assigned 2020 n. 458,000 rights relative to the first tranche of the stock grant cycle 2020-2022 as recommended by the Remuneration and Appointments Committee pursuant to Article 84 bis.5 of CONSOB Regulation n. 11971/99, as amended.

Milan, 29 July 2020

On behalf of the Board of Directors
CEO

Enrico Vita

Annexes

Consolidation scope

As required by articles 38 and 39 of Law 127/91 and article 126 of Consob's resolution 11971 dated 14 May 1999, as amended by resolution 12475 dated 6 April 2000, the following is the list of companies included in the consolidation scope of Amplifon S.p.A. at 30 June 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 06/30/2020
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%
Conversons Paris 19 Sarl	Paris (France)	I	EUR	1,000	100.0%
Conversons 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%
Conversons 93 Sarl	Paris (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%
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%

Company name	Registered head office	Direct/Indirect ownership	Currency	Share Capital	% held as at 06/30/2020
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 Luxemburg Sarl	Luxembourg (Luxembourg)	I	EUR	50,000	100.0%
Amplifon RE SA	Luxembourg (Luxembourg)	D	EUR	3,700,000	100.0%
Amplifon Deutschland GmbH	Hamburg (Germany)	D	EUR	6,026,000	100.0%
Focus Hören AG	Willroth (Germany)	I	EUR	485,555	100.0%
Focus Hören Deutschland GmbH	Willroth (Germany)	I	EUR	25,000	100.0%
Amplifon Poland Sp. z o.o.	Lodz (Poland)	D	PLN	3,344,520	100.0%
Amplifon UK Ltd	Manchester (UK)	D	GBP	130,951,168	100.0%
Amplifon Ltd	Manchester (UK)	I	GBP	1,800,000	100.0%
Ultra Finance Ltd	Manchester (UK)	I	GBP	75	100.0%
Amplifon Ireland Ltd	Wexford (Ireland)	I	EUR	1,000	100.0%
Amplifon Cell	Ta' Xbiex (Malta)	D	EUR	1,000,125	100.0%
Medtechnica Ortophone Ltd (*)	Tel Aviv (Israel)	D	ILS	1,100	80.0%
Amplifon Middle East SAE	Cairo (Egypt)	D	EGP	3,000,000	51.0%
Miracle Ear Inc.	St. Paul (USA)	I	USD	5	100.0%
Elite Hearing, LLC	Minneapolis (USA)	I	USD	0	100.0%
Amplifon USA Inc.	Dover (USA)	D	USD	52,500,010	100.0%
Amplifon Hearing Health Care, Inc.	St. Paul (USA)	I	USD	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	63,979,200	100.0%
Sound Authority, Inc.	Orangeville (Canada)	I	CAD	0	100.0%
2332325 Ontario Ltd.	Strathroy (Canada)	I	CAD	0	100.0%
6793798 Manitoba Ltd	Winnipeg (Canada)	I	CAD	0	100.0%
Grand River Tinnitus and Hearing Centre Ltd	Kitchener (Canada)	I	CAD	0	100.0%
Cobourg Hearing Ltd.	Cobourg (Canada)	I	CAD	0	100.0%
Ossicle Hearing Ltd.	Kelowna (Canada)	I	CAD	0	100.0%
2076748 Alberta Ltd.	Edmonton (Canada)	I	CAD	0	100.0%
2063047 Alberta Ltd.	Edmonton (Canada)	I	CAD	0	100.0%
Amplifon South America Holding LTDA	São Paulo (Brasil)	D	BRL	3,636,348	100.0%
GAES S.A.	Santiago de Chile (Chile)	D	CLP	1,901,686,034	100.0%
GAES Servicios Corporativo de Latinoamerica Spa	Santiago de Chile (Chile)	I	CLP	10,000,000	100.0%

Company name	Registered head office	Direct/Indirect ownership	Currency	Share Capital	% held as at 06/30/2020
Audiosonic Chile S.A.	Santiago de Chile (Chile)	I	CLP	1,000,000	100.0%
GAES S.A.	Buenos Aires (Argentina)	D	ARS	120,542,331	100.0%
GAES Colombia SAS	Bogota (Colombia)	I	COP	21,803,953,043	100.0%
Soluciones Audiologicas de Colombia SAS	Bogota (Colombia)	I	COP	45,000,000	100.0%
Audiovital S.A.	Quito (Ecuador)	I	USD	430,337	100.0%
Centros Auditivos GAES Mexico sa de cv	Ciudad de México (Mexico)	I	MXN	164,838,568	100.0%
Compañía de Audiologia y Servicios Medicos sa de cv	Aguascalientes (Mexico)	I	MXN	43,306,212	66.4%
GAES Panama S.A.	Panama (Panama)	I	PAB	510,000	100.0%
Amplifon Australia Holding Pty Ltd	Sydney (Australia)	D	AUD	392,000,000	100.0%
National Hearing Centres Pty Ltd	Sydney (Australia)	I	AUD	100	100.0%
National Hearing Centres Unit Trust	Sydney (Australia)	I	AUD	0	100.0%
Attune Hearing Pty Ltd	Brisbane (Australia)	D	AUD	14,771,093	100.0%
Attune Workplace Hearing Pty Ltd	Brisbane (Australia)	I	AUD	1	100.0%
Ear Deals Pty Ltd	Brisbane (Australia)	I	AUD	300,000	100.0%
Otohub Unit Trust (in liquidation)	Brisbane (Australia)	D	AUD	0	100.0%
Otohub Australasia Pty Ltd	Brisbane (Australia)	D	AUD	10	100.0%
Amplifon Asia Pacific Pte Limited	Singapore (Singapore)	I	SGD	1,000,000	100.0%
Amplifon NZ Ltd	Takapuna (New Zealand)	I	NZD	130,411,317	100.0%
Bay Audiology Ltd	Takapuna (New Zealand)	I	NZD	0	100.0%
Dilworth Hearing Ltd	Auckland (New Zealand)	I	NZD	0	100.0%
Amplifon India Pvt Ltd	Gurgaon (India)	I	INR	1,400,000,000	100.0%
Beijing Amplifon Hearing Technology Center Co. Ltd (**)	Běijīng (China)	D	CNY	2,143,685	100.0%
Tianjin Amplifon Hearing Technology Co. Ltd (**)	Tianjin (China)	I	CNY	3,500,000	100.0%
Shijiazhuang Amplifon Hearing Technology Co. Ltd (**)	Shijiazhuang (China)	I	CNY	100,000	100.0%

(*) Medtechnica Ortophone Ltd, despite being 80% owned by Amplifon, is consolidated at 100% without exposure of non-controlling interests due to the put-call option exercisable from 2019 and related to the purchase of the remaining 20%.
(**) Beijing Amplifon Hearing Technology Center Co. Ltd and its subsidiaries (Tianjin Amplifon Hearing Technology Co. Ltd and Shijiazhuang Amplifon Hearing Technology Co. Ltd), despite being 51% owned by Amplifon, are consolidated at 100% without exposure of non-controlling interests due to the put-call option exercisable from 2022 and related to the purchase of the remaining 49%.

Companies valued using the equity method:

Company name	Registered head office	Direct/Indirect ownership	Currency	Share Capital	% held as at 06/30/2020
Comfoor BV (*)	Doesburg (The Netherlands)	I	EUR	18,000	50,0%
Comfoor GmbH (*)	Emmerich am Rhein (Germany)	I	EUR	25,000	50,0%
Ruti Levinson Institute Ltd (**)	Ramat HaSharon (Israel)	I	ILS	105	16,0%
Afik - Test Diagnosis & Hearing Aids Ltd (**)	Jerusalem (Israel)	I	ILS	100	16,0%
Lakeside Specialist Centre Ltd (**)	Mairangi Bay (New Zealand)	I	NZD	0	50,0%

(*) Joint Venture
(**) Related companies

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

We, the undersigned, Enrico Vita, Chief Executive Officer, and Gabriele Galli, Executive Responsible for Corporate Accounting Information for Amplifon S.p.A., taking into account the provisions of article 154-*bis*, paragraphs 3 and 4 of Law 58/98, certify:

- the adequacy, by reference to the characteristics of the business;
- the effective application of the administrative and accounting procedures for the preparation of the condensed interim consolidated financial statements during the period from 1 January to 30 June 2020.

We also certify that the condensed interim consolidated financial statements at 30 June 2020:

- have been prepared in accordance with the International Financial Reporting Standards recognized in the European Union under the EC regulation 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- correspond to the underlying accounting entries and records;
- provides a true and fair view of the financial performance and financial position of the issuer and of all of the companies included in the consolidation scope.

The management report includes a reliable operating and financial analysis of the parent and all the companies included in the consolidation scope as well as a description of the main risks and uncertainties to which they are exposed.

Milan, 29 July 2020

CEO	**Executive Responsible for Corporate Accounting Information**
Enrico Vita	Gabriele Galli

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(Translation from the Italian original which remains the definitive version)

Report on review of condensed interim consolidated financial statements

To the shareholders of
Amplifon S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Amplifon Group, comprising the statement of financial position as at 30 June 2020, the income statement and the statements of comprehensive income, changes in equity and cash flows for the six months then ended and notes thereto. The directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of the review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Amplifon Group as at and for the six months ended 30 June 2020 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Milan, 4 August 2020

KPMG S.p.A.

(signed on the original)

Claudio Mariani
Director of Audit