

amplifon

Interim
Financial
Report as at
31 March 2021



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Disclaimer

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

PREFACE

This Interim Financial Report was prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) endorsed by the European Union and should be read together with the Group's consolidated financial statements as at and for the year ended 31 December 2020 that includes additional information on the risks and uncertainties that could impact the Group's operating results or its financial position.

INTERIM MANAGEMENT REPORT

AS AT 31 MARCH 2021

HIGHLIGHTS

In the first three months of 2021 Amplifon recorded a significant increase in revenues, across all its geographies, as well as an improvement in margins and cash generation. This result was achieved thanks to solid organic growth, driven by the effectiveness of the continuous and sizeable investments made in the business, along with the greater operating efficiency stemming from the actions taken in 2020 in response to the Covid-19 crisis.

The results posted in the first quarter of 2020 were impacted significantly by the initial effects of the Covid-19 health crisis in March and, therefore, for the sake of greater comparability the main results for the first quarter of 2019 are also shown. The comments and analyses provided in this Quarterly Financial Report also refer to these figures.

(€ thousands)	First quarter 2021		First quarter 2020		First quarter 2019	
	Recurring	Total	Recurring	Total	Recurring	Total
Economic figures:						
Revenues from sales and services	440,902	440,902	363,476	363,476	391,973	391,973
Gross operating profit (loss) (EBITDA)	96,558	94,153	64,855	64,855	78,942	77,517
Operating profit (loss) (EBIT)	43,580	41,175	14,490	14,490	34,299	32,874
Profit (loss) before tax	36,250	33,845	7,499	7,499	27,717	26,292
Group net profit (loss)	25,033	23,273	5,143	5,143	18,810	17,748

The first three months of the year closed with:

- turnover of €440,902 thousand, an increase of 21.3% compared to the same period of the prior year (+22.8% at constant exchange rates) despite the restrictive measures maintained in several countries, mainly in EMEA. Compared to the first quarter of 2019, turnover was 12.5% higher (+14.2% at constant exchange rates), consistent with the growth path seen before Covid-19.
- a gross operating margin (EBITDA) of €94,153 thousand, 48.9% higher on a recurring basis compared to the first three months of 2020, with an EBITDA margin of 21.9% (+4.1 p.p. against the comparison period). Compared to the first three months of 2019, recurring EBITDA was up 22.3% with the EBITDA margin rising 1.8 p.p. This significant improvement is explained by greater operating efficiency and increased productivity.
- Group net profit of €23,273 thousand, showing an increase of €19,890 thousand (+386.7%) against the first quarter of 2020 and of €6,223 thousand (+33.1%) compared to the first quarter of 2019, on a recurring basis.

Thanks to the numerous actions taken in 2020 and despite business seasonality, net financial debt was lower than the €633,665 thousand recorded at year-end 2020, coming in a €625,425 thousand, confirming the Group's ability to generate cash flow. Free cash flow reached a positive

€52,857 thousand (versus €44,179 thousand in the first three months of the prior year) after absorbing net capital expenditure of €14,833 thousand (€16,473 thousand in the comparison period). This result made it possible to finance cash-outs for acquisitions of €35,228 thousand (€41,745 thousand in the comparison period) and restart the buyback program (€13,331 thousand). Cash flow for the period was positive for €7,346 thousand versus negative €2,475 thousand in the first quarter of 2020.

MAIN ECONOMIC AND FINANCIAL DATA

(€ thousands)	First quarter 2021				First quarter 2020				% change on recurring
	Recurring	Non-recurring	Total	% on recurring	Recurring	Non-recurring	Total	% on recurring	
Economic figures:									
Revenues from sales and services	440,902	-	440,902	100.0%	363,476	-	363,476	100.0%	21.3%
Gross operating profit (loss) (EBITDA)	96,558	(2,405)	94,153	21.9%	64,855	-	64,855	17.8%	48.9%
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	54,139	(2,405)	51,734	12.3%	24,167	-	24,167	6.6%	124.0%
Operating profit (loss) (EBIT)	43,580	(2,405)	41,175	9.9%	14,490	-	14,490	4.0%	200.8%
Profit (loss) before tax	36,250	(2,405)	33,845	8.2%	7,499	-	7,499	2.1%	383.4%
Group net profit (loss)	25,033	(1,760)	23,273	5.7%	5,143	-	5,143	1.4%	386.7%

(€ thousands)	03/31/2021	12/31/2020	Change
Financial figures:			
Non-current assets	2,347,719	2,299,443	48,276
Net invested capital	1,884,511	1,858,312	26,199
Group net equity	830,286	800,883	29,403
Total net equity	831,335	801,868	29,467
Net financial indebtedness	625,425	633,665	(8,240)
Lease liabilities	427,751	422,779	4,972
Total lease liabilities and net financial indebtedness	1,053,176	1,056,444	(3,268)

(€ thousands)	First quarter 2021	First quarter 2020
Free cash flow	52,857	44,179
Cash flow generated from (absorbed by) business combinations	(35,228)	(41,745)
(Purchase) sale of other investments and securities	2,878	-
Cash flow provided by (used in) financing activities	(13,161)	(4,909)
Net cash flow from the period	7,346	(2,475)
Effect of discontinued operations on the net financial position	-	-
Effect of exchange rate fluctuations on the net financial position	894	(1,571)
Net cash flow from the period with changes for exchange rate fluctuations and discontinued operations	8,240	(4,046)

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

- **EBITA** is the operating result before amortization and impairment of customer lists, trademarks, non-competition agreements and other fixed assets arising from business combinations.
- **EBIT** is the operating result before financial income and charges and taxes.
- **Free cash flow** represents the cash flow of operating and investing activities before the cash flows used in acquisitions and payment of dividends and the cash flows from or used in other financing activities.

INDICATORS

	03/31/2021	12/31/2020	03/31/2020
Net financial indebtedness (€ thousands)	625,425	633,665	790,744
Lease liabilities	427,751	422,779	428,072
Total lease liabilities & net financial debt	1,053,176	1,056,444	1,218,816
Net Equity (€ thousands)	831,335	801,868	666,269
Group Net Equity (€ thousands)	830,286	800,883	665,319
Net financial indebtedness/Net Equity	0.75	0.80	1.19
Net financial indebtedness/Group Net Equity	0.75	0.80	1.19
Net financial indebtedness/EBITDA	1.44	1.63	1.99
EBITDA/Net financial expenses	24.51	22.79	27.22
Earnings per share (EPS) (€)	0.10356	0.45132	0.02305
Diluted EPS (€)	0.10241	0.44556	0.02272
EPS (€) adjusted for non-recurring transactions and amortization/depreciation related to purchase price allocations to tangible and intangible assets	0.14651	0.57806	0.05273
Patrimonio netto per azione (Euro)	3.700	3.563	2.981
Prezzo alla fine del periodo (Euro)	31.740	34.040	18.720
Prezzo massimo del periodo (Euro)	37.810	36.540	30.400
Lowest price in period (€)	29.330	14.830	14.830
Share price/net equity per share	8.579	9.569	6.281
Market capitalization (€ millions)	7,123.24	7,651.71	4,178.54
Number of shares outstanding	224,424,674	224,785,974	223,212,593

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

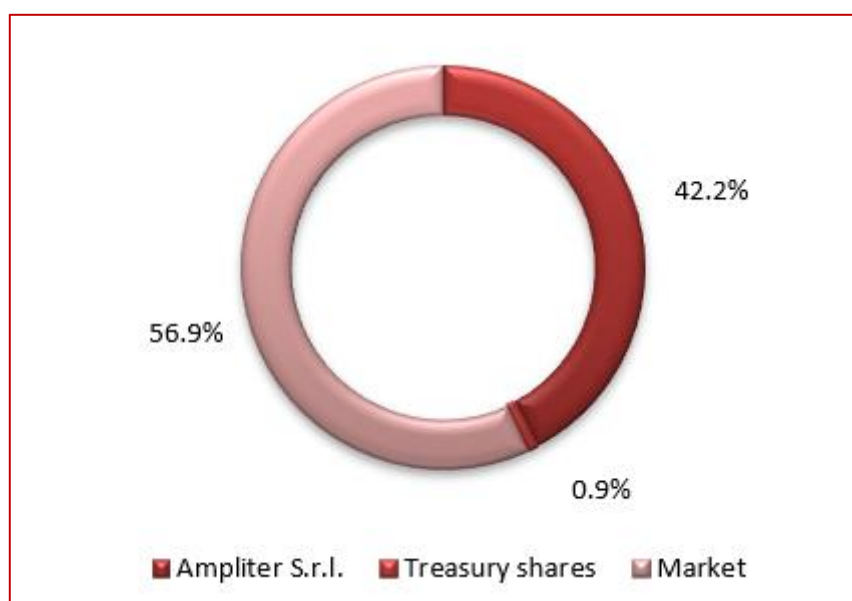
calculation of outstanding shares, purchases and sales of treasury shares are considered as cancellations and issues of shares, respectively.

- **Earnings per share (EPS) adjusted for non-recurring transactions and amortization/depreciation related to purchase price allocations to tangible and intangible assets (€)** is the profit for the period from recurring operations attributable to the parent's ordinary shareholders divided by the weighted average number of outstanding shares in the period adjusted to reflect the amortization of purchase price allocations. When calculating the number of outstanding shares, the purchases and sales of treasury shares are considered cancellations and share issues, respectively.
- **Net Equity per share (€)** is the ratio of Group equity to the number of outstanding shares.
- **Period-end price (€)** is the closing price on the last stock exchange trading day of the period.
- **Highest price (€)** and **lowest price (€)** are the highest and lowest prices from 1 January to the end of the period.
- **Share price/Net equity per share** is the ratio of the share closing price on the last stock exchange trading day of the period to net equity per share.
- **Market capitalization** is the closing price on the last stock exchange trading day of the period multiplied by the number of outstanding shares.
- **The number of shares outstanding** is the number of shares issued less treasury shares.

SHAREHOLDER INFORMATION

Main Shareholders

The main Shareholders of Amplifon S.p.A. as at 31 March 2021 are:



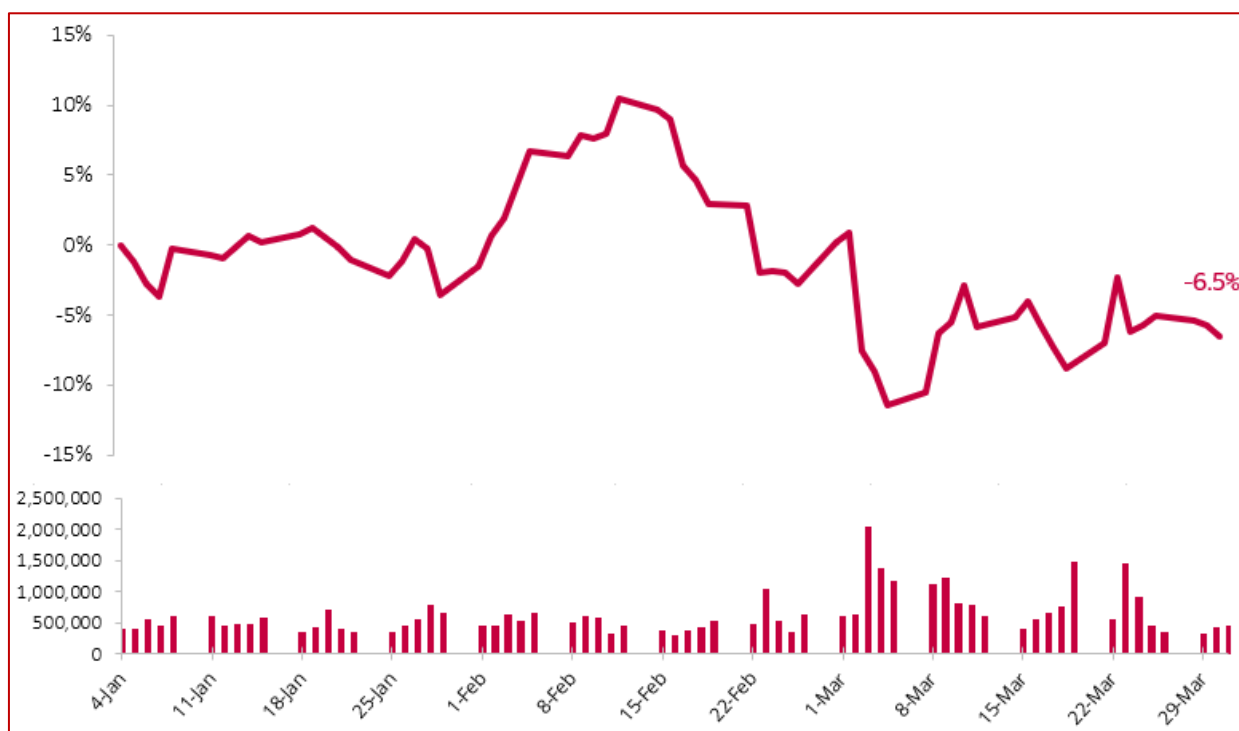
Shareholder	No. of ordinary shares	% held	% of the total share capital in voting right
Ampliter S.r.l.	95,604,369	42.2%	59.2%
Treasury shares	1,963,946	0.9%	0.6%
Market	128,820,305	56.9%	40.2%
Total	226,388,620 (*)	100.0%	100.0%

(*) Number of shares related to the share capital registered with the Company register on 31 March 2021.

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 2021 to 31 March 2021.



As at 31 March 2021 market capitalization was €7,123.24 million.

Dealings in Amplifon shares in the screen-based stock market Mercato Telematico Azionario during the period 2 January 2021 – 31 March 2021, showed:

- average daily value: €20,578,366.61;
- average daily volume: 613,010 shares;
- total volume traded of 38,619,649 shares, or 17.2% of the total number of shares comprising the share capital, net of treasury shares.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(€ thousands)	First quarter 2021				First quarter 2020				Change % on recurring
	Recurring	Non-recurring (*)	Total	% on recurring	Recurring	Non-recurring (*)	Total	% on recurring	
Revenues from sales and services	440,902	-	440,902	100.0%	363,476	-	363,476	100.0%	21.3%
Operating costs	(347,020)	(2,405)	(349,425)	-78.7%	(299,902)	-	(299,902)	-82.5%	-15.7%
Other income and costs	2,676	-	2,676	0.6%	1,281	-	1,281	0.3%	108.9%
Gross operating profit (EBITDA)	96,558	(2,405)	94,153	21.9%	64,855	-	64,855	17.8%	48.9%
Depreciation, amortization and impairment of non-current assets	(19,234)	-	(19,234)	-4.4%	(17,183)	-	(17,183)	-4.7%	-11.9%
Right-of-use depreciation	(23,185)	-	(23,185)	-5.2%	(23,505)	-	(23,505)	-6.5%	1.4%
Operating result before the amortization and impairment of PPA related assets (EBITA)	54,139	(2,405)	51,734	12.3%	24,167	-	24,167	6.6%	124.0%
PPA related depreciation, amortization and impairment	(10,559)	-	(10,559)	-2.4%	(9,677)	-	(9,677)	-2.6%	-9.1%
Operating profit (EBIT)	43,580	(2,405)	41,175	9.9%	14,490	-	14,490	4.0%	200.8%
Income, expenses, valuation and adjustments of financial assets	(14)	-	(14)	0.0%	23	-	23	0.0%	-160.9%
Net financial expenses	(6,979)	-	(6,979)	-1.6%	(6,760)	-	(6,760)	-1.8%	-3.2%
Exchange differences and non-hedge accounting instruments	(337)	-	(337)	-0.1%	(254)	-	(254)	-0.1%	-32.7%
Profit (loss) before tax	36,250	(2,405)	33,845	8.2%	7,499	-	7,499	2.1%	383.4%
Tax	(11,193)	645	(10,548)	-2.5%	(2,428)	-	(2,428)	-0.7%	-361.0%
Net profit (loss)	25,057	(1,760)	23,297	5.7%	5,071	-	5,071	1.4%	394.1%
Profit (loss) of minority interests	24	-	24	0.0%	(72)	-	(72)	0.0%	133.3%
Net profit (loss) attributable to the Group	25,033	(1,760)	23,273	5.7%	5,143	-	5,143	1.4%	386.7%

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

The breakdown of the non-recurring transactions referred to above is provided in the following table. More specifically, in addition to the charges stemming from the second phase of the GAES integration, the first costs relating to the project to redefine the corporate structure of Amplifon S.p.A. (which currently acts as both the parent company and the Italian operating company) were also incurred. The main goal of this project, approved definitively by the Board of Directors on 3 March 2021, is to render the Group's structure consistent with the changes in its organizational structure and multinational nature. Amplifon S.p.A., subsequently, will be responsible for the definition and development of the strategic direction and coordination of the entire group, while the Italian market operations will be run by a dedicated company. The transaction will be done through the contribution in kind of the operations pertaining to the

Italian market to a newly formed wholly-owned subsidiary as consideration for the capital increase reserved for Amplifon S.p.A., effective as of 1 May 2021.

(€ thousands)	Q1 2021	Q1 2020
GAES integration costs	(1,439)	-
Amplifon S.p.A restructuring costs	(966)	-
Impact of the non-recurring items on EBITDA	(2,405)	-
Impact of the non-recurring items on EBIT	(2,405)	-
Impact of the non-recurring items on profit before tax	(2,405)	-
Impact of the above items on the tax burden for the period	645	-
Impact of the non-recurring items on net profit	(1,760)	-

RECLASSIFIED CONSOLIDATED BALANCE SHEET

The reclassified Consolidated Balance Sheet aggregates assets and liabilities according to operating functionality criteria, subdivided by convention into the following three key functions: investments, operations and finance.

(€ thousands)	03/31/2021	12/31/2020	Change
Goodwill	1,321,046	1,281,609	39,437
Customer lists, non-compete agreements, trademarks and location rights	263,852	259,627	4,225
Software, licenses, other int.ass., wip and advances	101,645	101,559	86
Tangible assets	177,862	177,616	246
Right of use assets	413,589	409,338	4,251
Fixed financial assets (1)	37,352	38,125	(773)
Other non-current financial assets (1)	32,373	31,569	804
Total fixed assets	2,347,719	2,299,443	48,276
Inventories	67,307	57,431	9,876
Trade receivables	167,492	169,060	(1,568)
Other receivables	75,553	60,533	15,020
Current assets (A)	310,352	287,024	23,328
Total assets	2,658,071	2,586,467	71,604
Trade payables	(194,845)	(181,036)	(13,809)
Other payables (2)	(344,439)	(318,968)	(25,471)
Provisions for risks (current portion)	(2,748)	(3,560)	812
Short term liabilities (B)	(542,032)	(503,564)	(38,468)
Working capital (A) – (B)	(231,680)	(216,540)	(15,140)
Derivative instruments (3)	(5,883)	(5,908)	25
Deferred tax assets	86,658	83,671	2,987
Deferred tax liabilities	(97,837)	(95,150)	(2,687)
Provisions for risks (non-current portion)	(49,005)	(49,765)	760
Employee benefits (non-current portion)	(25,174)	(24,019)	(1,155)
Loan fees (4)	7,562	7,941	(379)
Other long-term payables	(147,849)	(141,361)	(6,488)
NET INVESTED CAPITAL	1,884,511	1,858,312	26,199
Shareholders' equity	830,286	800,883	29,403
Third parties' equity	1,049	985	64
Net equity	831,335	801,868	29,467
Long term net financial debt (4)	1,061,910	1,103,265	(41,355)
Short term net financial debt (4)	(436,485)	(469,600)	33,115
Total net financial debt	625,425	633,665	(8,240)
Lease liabilities	427,751	422,779	4,972
Total lease liabilities & net financial debt	1,053,176	1,056,444	(3,268)
NET EQUITY, LEASE LIABILITIES AND NET FINANCIAL DEBT	1,884,511	1,858,312	26,199

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 quarter 2021	First quarter 2020
EBIT	41,175	14,490
Amortization, depreciation and write-downs	52,978	50,365
Provisions, other non-monetary items and gain/losses from disposals	3,133	2,420
Net financial expenses	(6,728)	(5,863)
Taxes paid	(7,016)	(3,487)
Changes in net working capital	7,098	22,850
Cash flow provided by (used in) operating activities before repayment of lease liabilities	90,640	80,775
Repayment of lease liabilities	(22,950)	(20,123)
Cash flow provided by (used in) operating activities (A)	67,690	60,652
Cash flow provided by (used in) operating investing activities (B)	(14,833)	(16,473)
Free Cash Flow (A) + (B)	52,857	44,179
Net cash flow provided by (used in) acquisitions (C)	(35,228)	(41,745)
(Purchase) sale of other investment and securities (D)	2,878	-
Cash flow provided by (used in) investing activities (B+C+D)	(47,183)	(58,218)
Cash flow provided by (used in) operating activities and investing activities	20,507	2,434
Fees paid on medium/long-term financing	-	(5,043)
Treasury shares	(13,331)	-
Capital increases, third parties' contributions and dividends paid by subsidiaries to third parties	5	-
Hedging instruments and other changes in non-current assets	165	134
Net cash flow from the period	7,346	(2,475)
Net financial indebtedness as of period opening date	(633,665)	(786,698)
Effect of exchange rate fluctuations on financial position	894	(1,571)
Change in net financial position	7,346	(2,475)
Net financial indebtedness as of period closing date	(625,425)	(790,744)

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

(€ thousands)	First quarter 2021	First quarter 2020
Free cash flow	52,857	44,179
Free cash flow generated by non-recurring transactions (see page 41 for details)	(2,223)	(777)
Free cash flow generated by recurring transactions	55,080	44,956

INCOME STATEMENT REVIEW

Consolidated income statement by segment and geographic area (*)

(€ thousands)	First quarter 2021				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	311,084	77,172	52,646	-	440,902
Operating costs	(232,412)	(60,910)	(36,624)	(19,479)	(349,425)
Other income and costs	2,723	66	(130)	17	2,676
Gross operating profit (loss) (EBITDA)	81,395	16,328	15,892	(19,462)	94,153
Depreciation, amortization and impairment of non-current assets	(10,519)	(2,978)	(2,583)	(3,154)	(19,234)
Right-of-use depreciation	(18,458)	(1,564)	(3,045)	(118)	(23,185)
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	52,418	11,786	10,264	(22,734)	51,734
PPA related depreciation, amortization and impairment	(8,078)	(790)	(1,691)	-	(10,559)
Operating profit (loss) (EBIT)	44,340	10,996	8,573	(22,734)	41,175
Income, expenses, revaluation and adjustments of financial assets					(14)
Net financial expenses					(6,979)
Exchange differences and non-hedge accounting instruments					(337)
Profit (loss) before tax					33,845
Tax					(10,548)
Net profit (loss)					23,297
Profit (loss) of minority interests					24
Net profit (loss) attributable to the Group					23,273

(€ thousands)	First quarter 2021 – Only recurring operations				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	311,084	77,172	52,646	-	440,902
Gross operating profit (loss) (EBITDA)	82,833	16,328	15,892	(18,495)	96,558
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	53,857	11,786	10,264	(21,768)	54,139
Operating profit (loss) (EBIT)	45,779	10,996	8,573	(21,768)	43,580
Profit (loss) before tax					36,250
Net profit (loss) attributable to the Group					25,033

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

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

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

Revenues from sales and services

(€ thousands)	First quarter 2021	First quarter 2020	Change	Change %
Revenues from sales and services	440,902	363,476	77,426	21.3%

Consolidated revenues from sales and services amounted to €440,902 thousand in the first three months of 2021, an increase of €77,426 thousand (+21.3%) at current exchange rates compared to the same period of the prior year which, given the severe impact of the Covid-19 pandemic in March, cannot be considered a viable comparison period. Compared to the first quarter of 2019, a fully comparable period, there was an increase of €48,929 thousand (+12.5%), of which €33,042 thousand (+8.4%) attributable to organic growth.

The increase of €77,426 thousand (+21.3%) against the first quarter of 2020 is explained for €69,681 thousand (+19.2%) by organic growth and for €13,379 thousand (+3.7%) by acquisitions. The foreign exchange effect was negative for €5,634 thousand (-1.6%) as a result of the strengthening of the euro against the US dollar and the Latin American currencies.

The performance was extremely positive across all the geographic areas despite the restrictive measures still in place: a solid performance was recorded in EMEA, driven by strong growth mainly in France, Italy and Spain; in the AMERICAS, North America reported strong, well above market, organic growth, which was combined with the significant contribution of the PJC Hearing acquisition, while Latin America returned to double-digit growth; APAC recorded an excellent performance thanks to strong organic growth with double-digit growth in revenues compared to both 2020 and 2019.

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

(€ thousands)	Q1 2021	% on Total	Q1 2020	% on Total	Change	Change %	Exchange diff.	Change % in local currency
EMEA	311,084	70.6%	258,266	71.1%	52,818	20.5%	(776)	20.7%
Americas	77,172	17.5%	64,355	17.7%	12,817	19.9%	(7,389)	31.4%
Asia Pacific	52,646	11.9%	40,855	11.2%	11,791	28.9%	2,531	22.7%
Corporate	-	-	-	-	-	-	-	-
Total	440,902	100,0%	363,476	100,0%	77,426	21,3%	(5,634)	22,9%

Europe, Middle-East and Africa

(€ thousands)	First quarter 2021	First quarter 2020	Change	Change %
Revenues from sales and services	311,084	258,266	52,818	20.5%

Consolidated revenues from sales and services amounted to €311,084 thousand in the first three months of 2021, an increase of €52,818 thousand (+20.5%) compared to the same period of the prior year which, given the extremely negative impact of the Covid-19 pandemic in March on the core markets Italy, France and Spain, cannot be considered a viable comparison period. Compared to the first quarter of 2019, a fully comparable period, revenues from sales and services rose €27,321 thousand (+9.6%), of which €19,229 thousand (+6.8%) attributable to organic growth.

The increase of €52,818 thousand (+20.5%) against the first quarter of 2020 is explained for €51,686 thousand (+20.0%) by organic growth and for €1,908 thousand (+0.7%) by acquisitions. The foreign exchange effect was slightly negative for €776 thousand (-0.2%).

Despite the restrictive measures maintained in most of the countries, the region posted a very positive performance in revenues. Strong organic growth was reported in France, Italy and Spain while the performance of Germany and the United Kingdom was affected by the restrictive measures in effect during the reporting period.

Americas

(€ thousands)	First quarter 2021	First quarter 2020	Change	Change %
Revenues from sales and services	77,172	64,355	12,817	19.9%

Consolidated revenues from sales and services amounted to €77,172 thousand in the first three months of 2021, an increase of €12,817 thousand (+19.9%) compared to the same period of the prior year which, albeit to a lesser degree than the other geographic regions, was impacted negatively by the Covid-19 pandemic at the end of March, and cannot be considered a viable comparison period. Compared to the first quarter of 2019, a fully comparable period, there was an increase of €14,070 thousand (+22.3%) in sales and services, of which €10,817 thousand (+17.0%) attributable to organic growth.

The increase of €12,817 thousand (+19.9%) against the first quarter of 2020 is explained for €9,998 thousand (+15.5%) by organic growth, attributable mainly to the excellent performance of Miracle-Ear. A positive contribution of €10,208 thousand (+15.9%) came from acquisitions

thanks to the consolidation of PJC Hearing's results, while the foreign exchange effect was negative for €7,389 thousand (-11.5%).

In local currency revenues were up +31.4%. In addition to the excellent performance reported in the United States, a very positive performance was also recorded in both Canada and Latin America.

Asia Pacific

(€ thousands)	First quarter 2021	First quarter 2020	Change	Change %
Revenues from sales and services	52,646	40,855	11,791	28.9%

Consolidated revenues from sales and services amounted to €52,646 thousand in the first three months of 2021, an increase of €11,791 thousand (+28.9%) compared to the same period of the prior year which, given the extremely negative impact of the Covid-19 pandemic cannot be considered a viable comparison period. In China network stores were closed between January and February and in India and New Zealand toward the end of March. Compared to the first quarter of 2019, a fully comparable period, revenues from sales and services rose €8,231 thousand (+18.5%), of which €3,689 thousand (+8.3%) attributable to organic growth.

The increase of €11,791 thousand (+28.9%) against the first quarter of 2020 is explained for €7,997 thousand (+19.6%) by organic growth and for €1,263 thousand (+3.1%) by acquisitions. The foreign exchange effect was positive for €2,531 thousand (+6.2%).

In local currency revenues were up +22.7%. The performance was very positive across all the region's countries despite the temporary lockdowns in Australia and New Zealand. New Zealand and China reported double-digit organic growth against both the first quarter of 2020 and the first quarter of 2020. Australia also reported positive organic growth with respect to the first quarter of 2019, showing strong acceleration in the reporting period.

Gross operating profit (EBITDA)

(€ thousands)	First quarter 2021			First quarter 2020		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Gross operating profit (EBITDA)	96,558	(2,405)	94,153	64,855	-	64,855

Gross operating profit (EBITDA) amounted to €94,153 thousand in the first three months of 2021, an increase of €29,298 thousand (+45.2%) with respect to the comparison period with foreign exchange differences that were negative for €792 thousand.

The EBITDA margin came to 21.4%, 3.5 p.p. higher than in the comparison period.

The first quarter of 2020 cannot be considered a viable comparison period as it was impacted significantly by the lower absorption of fixed costs attributable to the drop in revenues caused by the Covid-19 outbreak. Compared to the first three months of 2019, a fully comparable period, EBITDA rose €16,636 thousand (+21.5%), with the EBITDA margin rising +1.6 p.p.

Non-recurring expenses of €2,405 thousand were incurred during the quarter explained for €966 thousand by the corporate restructuring of Amplifon S.p.A and for €1,439 thousand by the GAES integration.

Net of this item, EBITDA would have been €31,703 thousand higher (+48.9%) than in the first three months of 2020 and €17,616 thousand higher (+22.3%) than in the first three months of 2019 with the EBITDA margin rising +4.1 p.p. and +1.8 p.p., respectively. This significant improvement in profitability is attributable to the greater operating efficiency and increased productivity stemming from the actions taken in 2020 in response to the Covid-19 crisis.

The following table shows a breakdown of EBITDA by segment.

(€ thousands)	Q1 2021	EBITDA Margin	Q1 2020	EBITDA Margin	Change	Change %
EMEA	81,395	26.2%	50,521	19.6%	30,874	61.1%
Americas	16,328	21.2%	11,876	18.5%	4,452	37.5%
Asia Pacific	15,892	30.2%	10,110	24.7%	5,782	57.2%
Corporate (*)	(19,462)	-4.4%	(7,652)	-2.1%	(11,810)	-154.3%
Total	94,153	21.4%	64,855	17.8%	29,298	45.2%

(*) 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)	Q1 2021	EBITDA Margin	Q1 2020	EBITDA Margin	Change	Change %
EMEA	82,833	26.6%	50,521	19.6%	32,312	64.0%
Americas	16,328	21.2%	11,876	18.5%	4,452	37.5%
Asia Pacific	15,892	30.2%	10,110	24.7%	5,782	57.2%
Corporate (*)	(18,495)	-4.2%	(7,652)	-2.1%	(10,843)	-141.7%
Total	96,558	21.9%	64,855	17.8%	31,703	48.9%

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

Europe, Middle-East and Africa

Gross operating profit (EBITDA) amounted to €81,395 thousand in the first three months of 2021, an increase of €30,874 thousand (+61.1%) with respect to the comparison period, with a slightly negative exchange effect of €176 thousand. The EBITDA margin came to 26.2%, 6.6 p.p. higher than in the first quarter of 2020 which cannot be considered a viable comparison period as it was impacted significantly by the region's drop in revenues and the lower absorption of fixed costs. Compared to the first three months of 2019, a fully comparable period, EBITDA was €20,944 thousand (+34.6%) higher, with the EBITDA margin up +4.9 p.p.

Non-recurring expenses of €1,439 thousand relating to the GAES integration were incurred in the period.

Net of this item, EBITDA would have been €32,312 thousand higher (+64.0%) than in the first three months of 2020 and €20,957 thousand higher (+33.9%) than in the first three months of 2019 with the EBITDA margin rising +7.1 p.p. and +4.8 p.p., respectively.

Americas

Gross operating profit (EBITDA) amounted to €16,328 thousand in the first three months of 2021, an increase of €4,452 thousand (+37.5%) with respect to the comparison period. The foreign exchange effect was negative for €1,478 thousand. The EBITDA margin came to 21.2%, 2.7 p.p. higher than in the first three months of 2020 which cannot be considered a viable comparison period as it was impacted significantly by the decline in sales recorded at the end of March and the lower absorption of fixed costs. Compared to the first three months of 2019, a fully comparable period, EBITDA rose €3,611 thousand (+28.4%), with the EBITDA margin up +1.0 p.p.

Asia Pacific

Gross operating profit (EBITDA) amounted to €15,892 thousand in the first three months of 2021, an increase of €5,782 thousand (+57.2%) with respect to the comparison period. The foreign exchange effect was positive for €859 thousand. The EBITDA margin came to 30.2%, 5.4 p.p. higher than in the first three months of 2020 which cannot be considered a viable comparison period as it was impacted significantly by the strong drop in revenues and the lower absorption of fixed costs attributable to the Covid-19 pandemic.

Compared to the first three months of 2019, a fully comparable period, EBITDA rose €1,925 thousand (+13.8%), with the EBITDA margin down -1.3 p.p.

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 €19,462 thousand in the first three months of 2021 (4.4% of the revenues generated by the Group's sales and services), an increase of €11,810 thousand with respect to the same period of the prior year and of €9,844 thousand against the first three months of 2019.

Non-recurring expenses of €966 thousand relating to the corporate restructuring of Amplifon S.p.A. were incurred in the reporting period.

Net of this item, EBITDA would have been €10,843 thousand higher (+141.7%) than in the first three months of 2020 and €8,877 thousand higher (+92.3%) than in the first three months of 2019 with the EBITDA margin rising +2.1 p.p. and +1.7 p.p., respectively.

Operating profit (EBIT)

(€ thousands)	First quarter 2021			First quarter 2020		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Operating profit (EBIT)	43,580	(2,405)	41,175	14,490	-	14,490

Operating profit (EBIT) amounted to €41,175 thousand in the first three months of 2021, an increase of €26,684 thousand (+184.2%) with respect to the comparison period, offset slightly by the negative foreign exchange differences of €442 thousand.

The EBIT margin came to 9.3%, an increase of 5.4 p.p. against the comparison period. The first quarter of 2020 cannot be considered a viable comparison period as, in addition to the effects already referred to in the section on EBITDA, EBIT was also affected by higher amortization and depreciation which are not easily absorbed in the short-term. Compared to the first three months of 2019, a fully comparable period, EBIT rose €8,300 thousand (+25.2%), with the EBIT margin up +1.0 p.p.

The result was impacted for €2,405 thousand by the same non-recurring expenses described in the section on EBITDA. Net of this item, EBIT would have been €29,089 thousand higher (+200.8%) compared to the first three months of 2020 and €9,280 higher (+27.1%) than in the first three months of 2019, with the EBIT margin rising +5.9 p.p. and +1.1 p.p., respectively.

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

The following table shows a breakdown of EBIT by segment.

(€ thousands)	Q1 2021	EBIT Margin	Q1 2020	EBIT Margin	Change	Change %
EMEA	44,340	14.3%	12,786	5.0%	31,554	246.8%
Americas	10,996	14.2%	8,618	13.4%	2,378	27.6%
Asia Pacific	8,573	16.3%	3,056	7.5%	5,517	180.5%
Corporate (*)	(22,734)	-5.2%	(9,970)	-2.7%	(12,764)	-128.0%
Total	41,175	9.3%	14,490	4.0%	26,685	184.2%

(*) 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)	Q1 2021	EBIT Margin	Q1 2020	EBIT Margin	Change	Change %
EMEA	45,779	14.7%	12,786	5.0%	32,993	258.0%
Americas	10,996	14.2%	8,618	13.4%	2,378	27.6%
Asia Pacific	8,573	16.3%	3,056	7.5%	5,517	180.5%
Corporate (*)	(21,768)	-4.9%	(9,970)	-2.7%	(11,798)	-118.3%
Total	43,580	9.9%	14,490	4.0%	29,090	200.8%

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

Europe, Middle-East and Africa

Operating profit (EBIT) amounted to €44,340 thousand in the first three months of 2021, an increase of €31,554 thousand (+246.8%) with respect to the comparison period, including the slightly negative foreign exchange effect of €59 thousand. The EBIT margin came to 14.3% (+9.3 p.p. against the first three months of 2020). The first quarter of 2020 cannot be considered a viable comparison period as, in addition to the effects already referred to in the section on EBITDA, EBIT was also affected by higher amortization and depreciation which are not easily absorbed in the short-term. Compared to the first three months of 2019, a fully comparable period, EBIT rose €18,514 thousand (+71.7%), with the EBIT margin up +5.2 p.p.

The result was impacted for €1,439 thousand by the same non-recurring expenses described in the section on EBITDA. Net of this item, EBIT would have been €32,992 thousand higher (+258.0%) compared to the first three months of 2020 and €18,527 higher (+68.0%) than in the first three months of 2019, with the EBIT margin rising +9.8 p.p. and +5.1 p.p., respectively.

Americas

Operating profit (EBIT) amounted to €10,996 thousand in the first three months of 2021, an increase of €2,378 thousand (+27.6%) with respect to the comparison period, offset by the negative foreign exchange effect of €1,017 thousand. The EBIT margin came to 14.2%, 0.9 p.p. higher than in the first quarter of 2020 which cannot be considered a viable comparison period as, in addition to the effects already referred to in the section on EBITDA, EBIT was also affected by higher amortization and depreciation which are not easily absorbed in the short-term. Compared to the first three months of 2019, a fully comparable period, EBIT rose €651 thousand (+6.3%), with the EBIT margin down 2.1 p.p.

Asia Pacific

Operating profit (EBIT) amounted to €8,573 thousand in the first three months of 2021, an increase of €5,517 thousand (+180.5%) with respect to the comparison period. The foreign exchange effect was positive for €631 thousand. The EBIT margin came to 16.3%, an increase of 8.8 p.p. against the first quarter of 2020 which cannot be considered a viable comparison period as, in addition to the effects already referred to in the section on EBITDA, EBIT was also affected by higher amortization and depreciation which are not easily absorbed in the short-term. Compared to the first three months of 2019, a fully comparable period, EBIT rose €172 thousand (+2.0%), with the EBIT margin down -2.6 p.p.

Corporate

The net costs of centralized Corporate functions at the EBIT level amounted to €22,734 thousand in the first three months of 2021 (5.2% of the revenues generated by the Group's sales and services), an increase of €12,764 thousand with respect to the comparison period and of €11,037 thousand compared to the first quarter of 2019.

The result was impacted for €966 thousand by the same non-recurring expenses described in the section on EBITDA. Net of this item, the costs would have been €11,798 thousand higher (+118.3%) compared to the first three months of 2020 and €10,070 higher (+86.1%) than in the first three months of 2019, and would have increased as a percentage of sales by +2.2 p.p. and +2.0 p.p., respectively.

Profit before tax

(€ thousands)	First quarter 2021			First quarter 2020		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Profit before tax	36,250	(2,405)	33,845	7,499	-	7,499

Profit before tax amounted to €33,845 thousand in the first three months of 2021, showing an increase of €26,346 thousand (+351.3%) against the comparison period, with a gross profit margin of 7.7% (+5.6 p.p. with respect to the comparison period). The first quarter of 2020 cannot be considered a viable comparison period given the impact of the Covid-19 pandemic. Compared to the first quarter of 2019, the profit before tax was €7,554 thousand higher (+28.7%) including after the increase in financial expenses stemming from gross debt which was higher due to refinancing and the extension of debt maturities in February – June 2020.

The result for first quarter 2021 was impacted by the same non-recurring costs of €2,405 thousand commented on in the section relating to EBITDA. Net of this item profit before tax would have been €28,751 thousand (+383.4%) higher than in the first three months of 2020 and €8,533 thousand (+30.8%) higher than in the first three months of 2019, with the gross profit margin up by 6.2 p.p. and 1.2 p.p., respectively.

Group net profit

(€ thousands)	First quarter 2021			First quarter 2020		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Group net profit	25,033	(1,760)	23,273	5,143	-	5,143

The Group's net profit came to €23,273 thousand in the first three months of 2021, an increase of €18,130 thousand (+352.5%) against the comparison period, with a profit margin of 5.3% (+3.9 p.p. against the same period of the prior year). The first quarter of 2020 cannot be considered a viable comparison period given the impact of the Covid-19 pandemic. Compared to the first quarter of 2019, the net profit was €5,525 thousand higher (+31.1%).

The result for the reporting period was impacted by the same non-recurring costs of €1,760 thousand commented on in the section relating to EBITDA, net of the tax effect. On a recurring basis, the increase in net profit would have reached €19,890 thousand (+386.7%) with respect to the first three months of 2020 and €6,223 thousand against the first three months of 2019, with the profit margin up +4.3 p.p. and 0.9 p.p., respectively.

The tax rate was 31.2% in the reporting period compared to 32.4% in the first quarter of 2020.

BALANCE SHEET REVIEW

Consolidated balance sheet by geographical area (*)

(€ thousands)	03/31/2021				
	EMEA	Americas	Asia Pacific	Eliminations	Total
Goodwill	880,867	153,318	286,861	-	1,321,046
Non-competition agreements, trademarks, customer lists and lease rights	209,547	19,315	34,990	-	263,852
Software, licenses, other intangible fixed assets, fixed assets in progress and advances	70,272	22,650	8,723	-	101,645
Tangible assets	139,125	10,382	28,355	-	177,862
Right-of-use assets	355,487	20,319	37,783	-	413,589
Financial fixed assets	3,884	33,468	-	-	37,352
Other non-current financial assets	30,223	1,228	922	-	32,373
Non-current assets	1,689,405	260,680	397,634	-	2,347,719
Inventories	54,861	8,291	4,155	-	67,307
Trade receivables	136,427	34,833	17,564	(21,332)	167,492
Other receivables	86,042	6,011	3,763	(20,263)	75,553
Current assets (A)	277,330	49,135	25,482	(41,595)	310,352
Operating assets	1,966,735	309,815	423,116	(41,595)	2,658,071
Trade payables	(147,097)	(51,614)	(17,466)	21,332	(194,845)
Other payables	(280,443)	(49,795)	(34,464)	20,263	(344,439)
Provisions for risks and charges (current portion)	(2,257)	(491)	-	-	(2,748)
Current liabilities (B)	(429,797)	(101,900)	(51,930)	41,595	(542,032)
Net working capital (A) - (B)	(152,467)	(52,765)	(26,448)	-	(231,680)
Derivative instruments	(5,883)	-	-	-	(5,883)
Deferred tax assets	72,898	6,649	7,111	-	86,658
Deferred tax liabilities	(67,887)	(19,654)	(10,296)	-	(97,837)
Provisions for risks and charges (non-current portion)	(20,347)	(27,795)	(863)	-	(49,005)
Liabilities for employees' benefits (non-current portion)	(24,242)	(138)	(794)	-	(25,174)
Loan fees	7,562	-	-	-	7,562
Other non-current liabilities	(133,245)	(11,923)	(2,681)	-	(147,849)
Net working capital (A) - (B)	1,365,794	155,054	363,663	-	1,884,511
NET INVESTED CAPITAL					830,286
Group net equity					1,049
Minority interests					831,335
Total net equity					1,061,910
Net medium and long-term financial indebtedness					(436,485)
Net short-term financial indebtedness					625,425
Total net financial indebtedness	364,730	22,732	40,289		427,751
Lease liabilities					1,053,176
Total lease liabilities & net financial indebtedness					1,884,511

(*) 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)	12/31/2020				
	EMEA	Americas	Asia Pacific	Eliminations	Total
Goodwill	856,130	147,527	277,952	-	1,281,609
Non-competition agreements, trademarks, customer lists and lease rights	204,674	19,261	35,692	-	259,627
Software, licenses, other intangible fixed assets, fixed assets in progress and advances	70,030	22,381	9,148	-	101,559
Tangible assets	139,426	10,286	27,904	-	177,616
Right-of-use assets	350,449	20,586	38,303	-	409,338
Financial fixed assets	4,075	34,050	-	-	38,125
Other non-current financial assets	29,493	1,144	932	-	31,569
Non-current assets	1,654,277	255,235	389,931	-	2,299,443
Inventories	46,209	8,003	3,219	-	57,431
Trade receivables	132,556	32,883	16,921	(13,300)	169,060
Other receivables	91,990	4,855	2,404	(38,716)	60,533
Current assets (A)	270,755	45,741	22,544	(52,016)	287,024
Operating assets	1,925,032	300,976	412,475	(52,016)	2,586,467
Trade payables	(132,707)	(39,462)	(22,167)	13,300	(181,036)
Other payables	(258,705)	(64,861)	(34,118)	38,716	(318,968)
Provisions for risks and charges (current portion)	(3,075)	(485)	-	-	(3,560)
Current liabilities (B)	(394,487)	(104,808)	(56,285)	52,016	(503,564)
Net working capital (A) - (B)	(123,732)	(59,067)	(33,741)	-	(216,540)
Derivative instruments	(5,908)	-	-	-	(5,908)
Deferred tax assets	70,451	6,262	6,958	-	83,671
Deferred tax liabilities	(65,876)	(18,783)	(10,491)	-	(95,150)
Provisions for risks and charges (non-current portion)	(20,175)	(28,734)	(856)	-	(49,765)
Liabilities for employees' benefits (non-current portion)	(23,185)	(135)	(699)	-	(24,019)
Loan fees	7,941	-	-	-	7,941
Other non-current liabilities	(128,363)	(10,562)	(2,436)	-	(141,361)
NET INVESTED CAPITAL	1,365,430	144,216	348,666	-	1,858,312
Group net equity					800,883
Minority interests					985
Total net equity					801,868
Net medium and long-term financial indebtedness					1,103,265
Net short-term financial indebtedness					(469,600)
Total net financial indebtedness					633,665
Lease liabilities	359,143	22,885	40,751	-	422,779
Total lease liabilities & net financial indebtedness					1,056,444
NET EQUITY, LEASE LIABILITIES AND NET FINANCIAL INDEBTEDNESS					1,858,312

Non-current assets

Non-current assets amounted to €2,347,719 thousand at 31 March 2021, an increase of €48,277 thousand against the €2,299,442 thousand recorded at 31 December 2020.

The changes in the period were as follows (i) €15,762 of capital expenditure (ii) €21,776 thousand for the recognition of right-of-use assets acquired in the period; (iii) €44,601 thousand for acquisitions; (iv) €52,902 thousand for depreciation, amortization and impairment losses, including the depreciation of the above right-of-use assets; (v) €19,040 thousand for other net decreases relating primarily to exchange rate gains.

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

(€ thousands)	03/31/2021	12/31/2020	Change	
EMEA	Goodwill	880,867	856,130	24,737
	Non-competition agreements, trademarks, customer lists and lease rights	209,547	204,674	4,873
	Software, licenses, other intangible fixed assets, fixed assets in progress and advances	70,272	70,030	242
	Tangible assets	139,125	139,426	(301)
	Right-of-use assets	355,487	350,449	5,038
	Financial fixed assets	3,884	4,075	(191)
	Other non-current financial assets	30,222	29,493	729
	Non-current assets	1,689,405	1,654,277	35,128
Americas	Goodwill	153,318	147,527	5,791
	Non-competition agreements, trademarks, customer lists and lease rights	19,315	19,260	55
	Software, licenses, other intangible fixed assets, fixed assets in progress and advances	22,650	22,381	269
	Tangible assets	10,382	10,286	96
	Right-of-use assets	20,319	20,585	(266)
	Financial fixed assets	33,468	34,051	(583)
	Other non-current financial assets	1,228	1,144	84
	Non-current assets	260,680	255,234	5,446
Asia Pacific	Goodwill	286,861	277,952	8,909
	Non-competition agreements, trademarks, customer lists and lease rights	34,990	35,692	(702)
	Software, licenses, other intangible fixed assets, fixed assets in progress and advances	8,724	9,148	(424)
	Tangible assets	28,355	27,904	451
	Right-of-use assets	37,782	38,303	(521)
	Financial fixed assets	-	-	-
	Other non-current financial assets	922	932	(10)
Non-current assets	397,634	389,931	7,703	
Total	2,347,719	2,299,442	48,277	

Europe, Middle-East and Africa

Non-current assets amounted to €1,689,405 thousand at 31 March 2021, an increase of €35,128 thousand against the €1,654,277 thousand recorded at 31 December 2020.

The change is explained as follows:

- €44,104 thousand for acquisitions made in the period;
- €6,509 thousand for investments in property, plant and equipment, relating primarily to the opening of new stores and the renovation of existing ones;
- €5,973 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 front office systems;
- €19,747 thousand for right-of-use assets;
- €40,250 thousand for amortization, depreciation and impairment losses, including the amortization and depreciation of the right-of-use assets referred to above;
- €955 thousand for other net decreases.

Americas

Non-current assets amounted to €260,680 thousand at 31 March 2021, an increase of €5,446 thousand against the €255,234 thousand recorded at 31 December 2020.

The change is explained as follows:

- €307 thousand for investments in property, plant and equipment;
- €1,383 thousand for investments in intangible assets, mainly related to upgrades of front office systems;
- €543 thousand for right-of-use assets;
- €497 thousand for acquisitions made in the period;
- €5,333 thousand for amortization, depreciation and impairment losses, including the amortization and depreciation of the right-of-use assets referred to above;
- €8,049 thousand for other net increases relating mainly to exchange rate gains.

Asia Pacific

Non-current assets amounted to €397,634 thousand at 31 March 2021, an increase of €7,703 thousand against the €389,931 thousand recorded at 31 December 2020.

The increase is explained as follows:

- €1,397 thousand for investments in property, plant and equipment;
- €193 thousand for investments in intangible assets;
- €1,486 thousand for right-of-use assets;
- €7,319 thousand for amortization and depreciation, including the amortization and depreciation of the right-of-use assets referred to above;
- €11,946 thousand for other net increases relating mainly to exchange rate gains.

Net invested capital

Net invested capital came to €1,884,511 thousand at 31 March 2021, an increase of €26,199 thousand compared to the €1,858,312 thousand recorded at 31 December 2020.

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

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

(€ thousands)	03/31/2021	12/31/2020	Change
EMEA	1,365,792	1,365,430	361
Americas	155,055	144,216	10,840
Asia Pacific	363,664	348,666	14,998
Total	1,884,511	1,858,312	26,199

Europa, Medio Oriente e Africa

Net invested capital came to €1,365,792 thousand at 31 March 2021, an increase of €361 thousand against the €1,365,430 thousand recorded at 31 December 2020.

Increase in net invested capital has been substantially offset from working capital decrease caused by growth of deferred revenues for after sale services.

Factoring without recourse in the period involved trade receivables with a face value of €14,819 thousand (€18,905 thousand in the same period of the prior year).

America

Net invested capital came to €155,055 thousand at 31 March 2021, an increase of €10,840 thousand against the €144,216 thousand recorded at 31 December 2020.

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

Asia e Oceania

Net invested capital came to €363,664 thousand at 31 March 2021, an increase of €14.998 thousand against the €348,666 thousand recorded at 31 December 2020.

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

Net Financial Position

(€ thousands)	03/31/2021	12/31/2020	Change
Net medium and long-term financial indebtedness	1,061,910	1,103,265	(41,355)
Net short-term financial indebtedness	121,192	75,427	33,115
Cash and cash equivalents	(557,677)	(545,027)	(12,650)
Net financial indebtedness	625,425	633,665	(8,240)
Lease Liability – current portion	88,647	85,429	3,218
Lease Liability – non-current portion	339,104	337,350	1,754
Lease liabilities	427,751	422,779	4,972
Total lease liabilities & net financial indebtedness	1,053,176	1,056,444	(3,268)
Group net equity	830,286	800,883	29,403
Minority interests	1,049	985	64
Net Equity	831,335	801,868	29,467
Financial indebtedness/Group net equity	0.75	0.80	
Financial indebtedness/net equity	0.75	0.80	
Financial indebtedness/EBITDA	1.44	1.63	

Net financial indebtedness, excluding lease liabilities, amounted to €625,425 thousand at 31 March 2021, reporting a decrease of €8,240 thousand with respect to 31 December 2020.

The ability of ordinary operations to generate excellent cash flow was confirmed with free cash flow coming in at a positive €52,857 thousand (€44,179 thousand in the first three months of the prior year) after absorbing capital expenditure of €14,833 thousand (€16,473 thousand in the first quarter of 2020) and made it possible to sustain the net cash-outs made in the period for acquisitions (€35,228 thousand) and purchase of share treasury (€13,331 thousand).

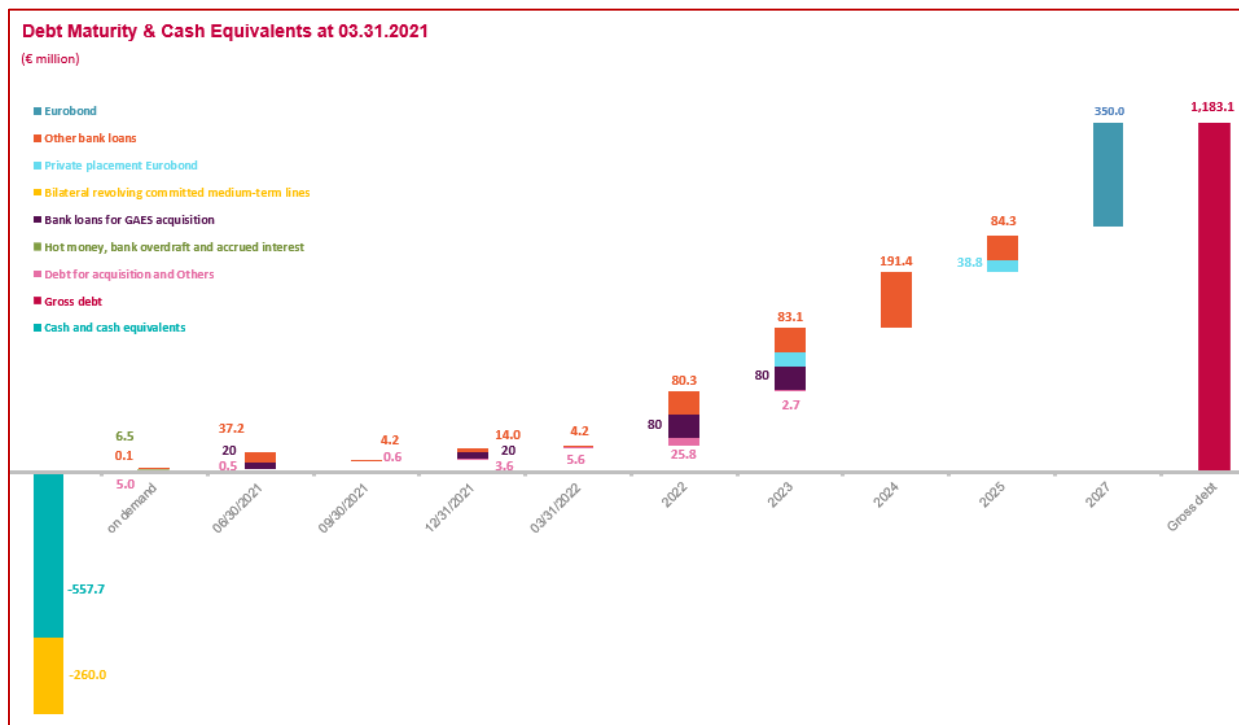
At 31 March the Group had cash and cash equivalents of €557,677 thousand compared to total net financial indebtedness €625,425 thousand, net of lease liabilities.

Long-term debt amounts to €1,061,910 thousand, €28,513 thousand of which reflects the long-term portion of deferred payments for acquisitions. The decrease in the period relates primarily to a reclassification from non-current to current borrowings.

Short-term debt amounts to €121,192 thousand, reporting an increase of €33,115 thousand with respect to the amount at 31 December 2020.

The short-term portion refers primarily to short-term portion of the syndicated loan used for the GAES acquisition (€39,750 thousand), the short-term portion of other long-term bank loans (€59,712 thousand), the interest payable on private placement (€715 thousand) and on the Eurobond (€525 thousand), the interest payable on other bank loans and finally the best estimate of the deferred payments for acquisitions (€13,411 thousand) as well as cash and cash equivalents (€557,677 thousand).

The chart below shows the debt maturities compared to the €558 million in available cash and cash equivalents and the unutilized portions of irrevocable credit lines which amount to €265 million, as well as the €260 million in other available credit lines.



Interest payable on financial indebtedness amounted to €4,423 thousand at 31 March 2021, €3,734 thousand at 31 March 2020.

Interest payable on leases recognized in accordance with IFRS 16 amounted to €2,561 thousand versus €2,708 thousand at 31 March 2020.

Interest receivable on bank deposits came to €48 thousand at 31 March 2021 versus €36 thousand at 31 March 2020.

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 quarter 2021	First quarter 2020
OPERATING ACTIVITIES		
Net profit (loss) attributable to the Group	23,273	5,143
Minority interests	24	(72)
<i>Amortization, depreciation and impairment:</i>		
- Intangible fixed assets	17,525	15,204
- Tangible fixed assets	11,715	11,656
- Right-of-use assets	23,738	23,505
Total amortization, depreciation and impairment	52,978	50,365
Provisions, other non-monetary items and gain/losses from disposals	3,133	2,420
Group's share of the result of associated companies	14	(23)
Financial income and charges	7,315	7,014
Current and deferred income taxes	10,549	2,428
<i>Change in assets and liabilities:</i>		
- Utilization of provisions	(2,924)	(2,748)
- (Increase) decrease in inventories	(9,238)	(8,406)
- Decrease (increase) in trade receivables	6,017	51,869
- Increase (decrease) in trade payables	11,172	12,324
- Changes in other receivables and other payables	2,071	(30,189)
Total change in assets and liabilities	7,098	22,850
Net interest charges	(6,728)	(5,863)
Taxes paid	(7,016)	(3,487)
Cash flow provided by (used in) operating activities before repayment of lease liabilities	90,640	80,775
Repayment of lease liabilities	(22,950)	(20,123)
Cash flow generated from (absorbed) by operating activities	67,690	60,652
INVESTING ACTIVITIES:		
Purchase of intangible fixed assets	(7,549)	(8,726)
Purchase of tangible fixed assets	(8,213)	(9,077)
Consideration from sale of tangible fixed assets and businesses	929	1,330
Cash flow generated from (absorbed) by investing activities	(14,833)	(16,473)
Cash flow generated from operating and investing activities (Free cash flow)	52,857	44,179
Business combinations (*)	(35,228)	(41,745)
(Purchase) sale of other investments and securities	2,878	-
Net cash flow generated from acquisitions	(32,250)	(41,745)
Cash flow generated from (absorbed) by investing activities	(47,183)	(58,218)

(€ thousands)	First quarter 2021	First quarter 2020
FINANCING ACTIVITIES:		
Fees paid on medium/long-term financing	-	(5,043)
Other non-current assets	165	134
Treasury shares	(13,331)	-
Capital increases, third parties' contributions and dividends paid by subsidiaries to third parties	5	-
Cash flow generated from (absorbed) by financing activities	(13,161)	(4,909)
Changes in net financial indebtedness	7,346	(2,475)
Net financial indebtedness at the beginning of the period	(633,665)	(786,698)
Effect of exchange rate fluctuations on net financial indebtedness	894	(1,571)
Changes in net indebtedness	7,346	(2,475)
Net financial indebtedness at the end of the period	(625,425)	(790,744)

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

The change in net financial indebtedness of €7,346 thousand is attributable to:

(i) Investing activities:

- capital expenditure on property, plant and equipment and intangible assets of €15,762 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.
- acquisitions amounting to €35,228 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;
- consideration for the disposal of a few points of sales no longer viewed as strategic of €2,878 thousand.
- net proceeds from the disposal of assets of €929 thousand.

(ii) Operating activities:

- interest payable on financial indebtedness and other net financial expenses of €6,728 thousand;
- payment of taxes amounting to €7,016 thousand;
- payment of principle on lease obligations of €22,950 thousand;
- cash flow generated by operations of €104,384 thousand.

(iii) Financing activities:

- treasury share purchase amounting to (€13.331 thousand);
- net proceeds on financial assets (€165 thousand) mainly related to reimbursement on active financing;
- third parties contributions paid to subsidiaries (€5 thousand)

(iv) Net debt was also impacted by exchange profit of €894 thousand.

The non-recurring transactions described above had a negative impact on cash flow of €2,032 thousand in the first three months of 2021, attributable to the costs incurred for the GAES integration activities (€2.032 thousand) and for the Amplifon S.p.A. restructuring (€191 thousand).

ACQUISITION OF COMPANIES AND BUSINESSES

The Group's external growth continued in the first three months of 2021. 113 points of sale were acquired for a total investment of €35,228 thousand, including the debt consolidated and the best estimate of the earn-out linked to sales and profitability targets payable over the next few years.

More in detail, in the first three months:

- 73 points of sale were acquired in Italy of which 24 are franchising;
- 5 points of sale were acquired in France;
- 28 points of sale were acquired in Germany;
- 1 point of sale was acquired in Israel;
- 5 points of sale and 1 service centre were acquired in the United States.

OUTLOOK

Despite the still ongoing restrictive measures across several countries and the retail hearing care market still impacted by the Covid-19 outbreak, the Company expects the market to gradually normalize throughout the year as Covid-19 vaccines are administered and restrictive measures are subsequently lifted.

In light of the excellent results reported in the first quarter of 2021 and assuming the above-mentioned gradual normalization of the market does materialize during the year, notwithstanding a more challenging comparison basis in the second half with respect to both 2020 and 2019, for 2021 the Company expects:

- with regards to revenues, to outperform the reference market reaching total consolidated revenues of approximately €1,930 million;
- with regards to profitability, to continue to reap the benefits of the actions implemented in 2020, thus achieving a recurring EBITDA margin in the range of +180 - 200 basis points higher than 2019, also after significant reinvestment in the business.

Lastly, the Company remains extremely positive about the medium-term prospects for both sales and profitability, thanks to the proven resilience of its business, the soundness of the industry's fundamentals and the unchanged customer behaviour, as well as the even stronger competitive positioning, the solid strategy and the strong execution capabilities in both growth and challenging environments such as the current one.



**CONSOLIDATED FINANCIAL STATEMENTS AND
EXPLANATORY NOTES AS AT 31 MARCH 2021**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ thousands)		03/31/2021	12/31/2020	Change
ASSETS				
<u>Non-current assets</u>				
Goodwill	Note 3	1,321,046	1,281,609	39,437
Intangible fixed assets with finite useful life	Note 4	365,497	361,185	4,312
Tangible fixed assets	Note 5	177,862	177,616	246
Right-of-use assets	Note 6	413,589	409,338	4,251
Equity-accounted investments		1,989	2,002	(13)
Hedging instruments		8,172	4,327	3,845
Deferred tax assets		86,658	83,671	2,987
Contract costs		8,216	7,777	439
Other assets		59,520	59,916	(396)
Total non-current assets		2,442,549	2,387,441	55,108
<u>Current assets</u>				
Inventories		67,306	57,432	9,874
Trade receivables		167,492	169,060	(1,568)
Contract costs		4,917	5,051	(134)
Other receivables		70,619	55,464	15,155
Hedging instruments		49	8,997	(8,948)
Other financial assets		557,677	545,027	12,650
Cash and cash equivalents		868,060	841,031	27,029
Total current assets		3,310,609	3,228,472	82,137

(€ thousands)		03/31/2021	12/31/2020	Change
LIABILITIES				
Net Equity				
Share capital	Note 7	4,528	4,528	-
Share premium reserve		202,712	202,712	-
Treasury shares		(26,812)	(14,281)	(12,531)
Other reserves		(20,875)	(40,562)	19,687
Retained earnings		647,460	547,482	99,978
Profit (loss) for the period		23,273	101,004	(77,731)
Group net equity		830,286	800,883	29,403
Minority interests		1,049	985	64
Total net equity		831,335	801,868	29,467
Non-current liabilities				
Medium/long-term financial liabilities	Note 9	1,036,228	1,069,321	(33,093)
Lease liabilities	Note 10	339,103	337,350	1,753
Provisions for risks and charges		49,005	49,765	(760)
Liabilities for employees' benefits		25,174	24,019	1,155
Hedging instruments		5,289	5,963	(674)
Deferred tax liabilities		97,837	95,150	2,687
Payables for business acquisitions		28,513	32,262	(3,749)
Contract liabilities		137,222	130,016	7,206
Other long-term liabilities		10,628	11,344	(716)
Total non-current liabilities		1,728,999	1,755,190	(26,191)
Current liabilities				
Trade payables		194,845	181,036	13,809
Payables for business acquisitions		13,411	6,693	6,718
Contract liabilities		101,689	102,999	(1,310)
Tax liabilities		67,415	62,089	5,326
Other payables		171,977	150,741	21,236
Hedging instruments		1,395	112	1,283
Provisions for risks and charges		2,749	3,560	(811)
Liabilities for employees' benefits		3,355	3,139	216
Short-term financial liabilities	Note 9	104,791	75,615	29,176
Lease liabilities	Note 10	88,648	85,430	3,218
Total current liabilities		750,275	671,414	78,861
TOTAL LIABILITIES		3,310,609	3,228,472	82,137

CONSOLIDATED INCOME STATEMENT

(€ thousands)	First quarter 2021			First quarter 2020			Change	
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total		
Revenues from sales and services	Note 11	440,902	-	440,902	363,476	-	363,476	77,426
Operating costs		(347,020)	(2,405)	(349,425)	(299,902)	-	(299,902)	(49,523)
Other income and costs		2,676	-	2,676	1,281	-	1,281	1,395
Gross operating profit (EBITDA)		96,558	(2,405)	94,153	64,855	-	64,855	29,298
Amortization, depreciation and impairment								
Amortization of intangible fixed assets	Note 4	(17,292)	-	(17,292)	(15,206)	-	(15,206)	(2,086)
Depreciation of tangible fixed assets	Note 5	(11,460)	-	(11,460)	(11,269)	-	(11,269)	(191)
Right-of-use depreciation	Note 6	(23,185)	-	(23,185)	(23,505)	-	(23,505)	320
Impairment losses and reversals of non-current assets		(1,041)	-	(1,041)	(385)	-	(385)	(656)
		(52,978)	-	(52,978)	(50,365)	-	(50,365)	(2,613)
Operating result		43,580	(2,405)	41,175	14,490	-	14,490	26,685
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		(14)	-	(14)	23	-	23	(37)
Other income and expenses, impairment and revaluations of financial assets		-	-	-	-	-	-	-
Interest income and expenses		(4,374)	-	(4,374)	(3,697)	-	(3,697)	(677)
Interest expenses on lease liabilities		(2,561)	-	(2,561)	(2,708)	-	(2,708)	147
Other financial income and expenses		(44)	-	(44)	(355)	-	(355)	311
Exchange gains and losses		626	-	626	(260)	-	(260)	886
Gain (loss) on assets accounted at fair value		(963)	-	(963)	6	-	6	(969)
		(7,330)	-	(7,330)	(6,991)	-	(6,991)	(339)
Profit (loss) before tax		36,250	(2,405)	33,845	7,499	-	7,499	26,346
Current and deferred income tax								
Current tax		(12,970)	645	(12,325)	(5,249)	-	(5,249)	(7,076)
Deferred tax		1,777	-	1,777	2,821	-	2,821	(1,044)
		(11,193)	645	(10,548)	(2,428)	-	(2,428)	(8,120)
Total net profit (loss)		25,057	(1,760)	23,297	5,071	-	5,071	18,226
Net profit (loss) attributable to Minority interests		24	-	24	(72)	-	(72)	96
Net profit (loss) attributable to the Group		25,033	(1,760)	23,273	5,143	-	5,143	18,130
Earnings per share (€ per share)				Note 14	First quarter 2021		First quarter 2020	
Earnings per share								
- Basic					0.10356		0.02305	
- Diluted					0.10241		0.02272	

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

(€ thousands)	03/31/2021	03/31/2020
Net income (loss) for the period	23,297	5,071
Other comprehensive income (loss) that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plans	(63)	691
Tax effect on components of other comprehensive income that will not be reclassified subsequently to profit or loss	21	(218)
Total other comprehensive income (loss) that will not be reclassified subsequently to profit or loss after the tax effect (A)	(42)	473
Other comprehensive income (loss) that will be reclassified subsequently to profit or loss		
Gains/(losses) on cash flow hedging instruments	359	5,354
Gains/(losses) from <i>Foreign Currency Basis Spread</i> on hedging instruments	(78)	(64)
Gains/(losses) on exchange differences from translation of financial statements of foreign entities	15,825	(38,488)
Tax effect on components of other comprehensive income that will be reclassified subsequently to profit or loss	19	(1,270)
Total other comprehensive income (loss) that will be reclassified subsequently to profit or loss after the tax effect (B)	16,125	(34,468)
Total other comprehensive income (loss) (A)+(B)	16,083	(33,995)
Comprehensive income (loss) for the period	39,380	(28,924)
Attributable to the Group	39,321	(28,790)
Attributable to Minority interests	59	(134)

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

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

(€ thousands)	Share capital	Share premium reserve	Legal reserve	Other reserves	Treasury shares reserve	Stock option and stock grant reserve
Balance at 01/01/2021	4,528	202,712	934	3,636	(14,281)	34,780
Allocation of profit (loss) for 2020						
Share capital increase						
Treasury shares					(13,331)	
Dividend distribution						
Notional cost of stock options and stock grants						4,281
Other changes					800	(556)
- <i>Stock Grant</i>					800	(556)
- <i>Inflation accounting</i>						
- <i>Other</i>						
Total comprehensive income (loss) for the period						
- <i>Hedge accounting</i>						
- <i>Actuarial gains (losses)</i>						
- <i>Translation differences</i>						
- <i>Result of the period 2020</i>						
Allocation of profit (loss) as at 03/31/2021						
Balance at 03/31/2021	4,528	202,712	934	3,636	(26,812)	38,505

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

Cash flow hedge reserve	Foreign Curr. Basis Spread Reserve	Actuarial gains and losses	Retained earnings	Translation differences	Profit (loss) for the period	Total Shareholders' equity	Minority interests	Total net equity
(2,893)	(1,122)	(9,783)	547,482	(66,114)	101,004	800,883	985	801,868
			101,004		(101,004)			
						(13,331)		(13,331)
						4,281		4,281
			(1,112)			(868)	5	(863)
			(244)					
			(867)			(867)	5	(862)
273	(59)	(42)	86	15,790	23,273	39,321	59	39,380
273	(59)					214		214
		(42)				(42)		(42)
			86			86		86
				15,790		15,790	35	15,825
					23,273	23,273	24	23,297
(2,620)	(1,181)	(9,825)	647,460	(50,324)	23,273	830,286	1,049	831,335

STATEMENT OF CONSOLIDATED CASH FLOWS

(€ thousands)	First quarter 2021	First quarter 2020
OPERATING ACTIVITIES		
Net profit (loss)	23,297	5,071
Amortization, depreciation and impairment:		
- intangible fixed assets	17,525	15,204
- tangible fixed assets	11,715	11,656
- right-of-use assets	23,738	23,505
- goodwill	-	-
Provisions, other non-monetary items and gain/losses from disposals	3,132	2,420
Group's share of the result of associated companies	14	(23)
Financial income and expenses	7,315	7,014
Current and deferred taxes	10,549	2,428
Cash flow from operating activities before change in working capital	97,285	67,275
Utilization of provisions	(2,924)	(2,748)
(Increase) decrease in inventories	(9,238)	(8,406)
Decrease (increase) in trade receivables	6,017	51,869
Increase (decrease) in trade payables	11,172	12,324
Changes in other receivables and other payables	2,073	(30,189)
Total change in assets and liabilities	7,100	22,850
Interest received (paid)	(8,918)	(5,264)
Taxes paid	(7,016)	(3,487)
Cash flow generated from (absorbed by) operating activities (A)	88,451	81,374
INVESTING ACTIVITIES:		
Purchase of intangible fixed assets	(7,549)	(8,726)
Purchase of tangible fixed assets	(8,213)	(9,077)
Consideration from sale of non-current assets	929	1,330
Cash flow generated from (absorbed by) operating investing activities (B)	(14,833)	(16,473)
Purchase of subsidiaries and business units	(35,228)	(44,519)
Increase (decrease) in payables for business acquisitions	2,305	5,160
(Purchase) sale of other investments and securities	2,878	-
Cash flow generated from (absorbed by) acquisition activities (C)	(30,045)	(39,359)
Cash flow generated from (absorbed by) investing activities (B+C)	(44,878)	(55,832)
FINANCING ACTIVITIES:		
Increase (decrease) in financial payables	(4,999)	132,529
(Increase) decrease in financial receivables	9,146	-
Commissions paid for medium/long-term financing	-	(5,043)
Principal portion of lease payments	(22,950)	(20,123)
Other non-current assets and liabilities	165	134
Treasury shares	(13,331)	-
Capital increases, third parties' contributions and dividends paid by subsidiaries to third parties	5	-
Cash flow generated from (absorbed by) financing activities (D)	(31,964)	107,497
Net increase in cash and cash equivalents (A+B+C+D)	11,609	133,039

(€ thousands)	First quarter 2021	First quarter 2020
Cash and cash equivalents at beginning of period	545,027	138,371
Effect of exchange rate fluctuations on cash & cash equivalents	1,041	(2,052)
Liquid assets acquired	-	2,774
Flows of cash and cash equivalents	11,609	133,039
Cash and cash equivalents at end of period	557,677	272,132

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.

SUPPLEMENTARY INFORMATION TO THE STATEMENT OF CONSOLIDATED CASH FLOWS

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

	First quarter 2021	First quarter 2020
- Goodwill		
- Customer lists	25,556	35,957
- Trademarks and non-competition agreements	11,266	5,477
- Other intangible fixed assets	-	5,110
- Tangible fixed assets	300	370
- Right-of-use assets	3,084	2,200
- Current assets	4,049	4,741
- Provisions for risks and charges	4,532	4,680
- Current liabilities	(1,043)	(742)
- Other non-current assets and liabilities	(7,390)	(6,537)
- Minority interests	(5,513)	(6,712)
Total investments	34,841	44,544
Net financial debt acquired	1,789	(25)
Total business combinations	36,630	44,519
(Increase) decrease in payables through business acquisition	(2,305)	(5,160)
Purchase (sale) of other investments and securities	(2,878)	-
Cash flow absorbed by (generated from) acquisitions	31,447	39,359
(Cash and cash equivalents acquired)	(1,402)	(2,774)
Net cash flow absorbed by (generated from) acquisitions	30,045	36,585

NOTES

1. General information

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

The parent company, Amplifon S.p.A. is based in Via Ripamonti 133, Milan, Italy. The Group is controlled directly by Ampliter S.r.l. (42.23% of the share capital as at 31 March 2021), held 100% by Amplifin S.p.A. which is fully controlled by Susan Carol Holland.

The condensed interim consolidated financial statements at 31 March 2021 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 31 March 2021. The International Accounting Standards endorsed after that date and before the preparation of these condensed interim consolidated financial statements are adopted in the preparation of the condensed interim consolidated financial statements only if early adoption is allowed by the Endorsing Regulation and the standard itself and if the Group has elected to do so.

The condensed interim consolidated financial statements at 31 March 2021 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 2020.

The publication of the condensed interim consolidated financial statements of the Amplifon Group at 31 March 2021 was authorized by a resolution of the Board of Directors of 29 April 2021 which approved their publication.

Pursuant to the Consob Communication of 28 July 2006, it is specified that during the first three months of 2021 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

Despite the still ongoing restrictive measures across several countries and the retail hearing care market still impacted by the Covid-19 outbreak, the Company expects the market to gradually normalize throughout the year as Covid-19 vaccines are administered and restrictive measures are subsequently lifted.

In the first quarter of 2021 the performance was extremely positive across all the geographic regions, confirming the resilience of the business and the strong competitive positioning, thanks also to the effectiveness of the actions taken since the inception of the Covid-19 crisis.

The Group continued to benefit, albeit to a very small degree, from the contributions and aid made available by the different governmental authorities and the lease concessions and, conversely, continued to incur a series of expenses attributable directly to the health crisis.

The impact on the income statement and cash flow by type of benefit/expense is shown below.

(€ thousands)	Covid-19 Impact Q1 2021	
	Profit & Loss	Cash Flows
CONTRIBUTIONS RECEIVED/COSTS INCURRED		
Subsidies received from the governmental authorities and other public entities	864	3,919
For the cost of labor	271	1,866
Other business assistance	200	-
Tax credits, other exemptions and delays in tax payments and pension contributions	393	2,053
Lease concessions received from landlords	76	(614)
Costs tied directly to the crisis	(380)	(213)
Costs of personal protective equipment	(287)	(124)
Costs incurred to sanitize offices and stores	(17)	(15)
Costs incurred for consultancies (virologists and other experts, smart working, social plans)	(3)	(63)
Costs for advertising and communication targeting customers	(62)	-
Logistics	(11)	(11)

3. Acquisitions and goodwill

The Group's external growth continued in the first three months of 2021 with a series of acquisitions designed to increase coverage: more in detail, 107 points of sale were purchased in EMEA and 6 in Americas.

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 €35,228 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 12/31/2020	Business combinations	Disposals	Impairment	Other net changes	Net carrying value at 03/31/2021
EMEA	856,130	25,343	(572)	-	(34)	880,867
AMERICAS	147,528	213	-	-	5,577	153,318
APAC	277,951	-	-	-	8,910	286,861
Total	1,281,609	25,556	(572)	-	14,453	1,321,046

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

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

4. Intangible assets

The following table shows the changes in intangible assets.

(€ thousands)	Historical cost at 12/31/2020	Accumulated amortization and write-downs at 12/31/2020	Net book value at 12/31/2020	Historical cost at 03/31/2021	Accumulated amortization and write-downs at 03/31/2021	Net book value at 03/31/2021
Software	180,253	(118,676)	61,577	192,970	(125,002)	67,968
Licenses	22,638	(18,172)	4,466	22,730	(19,062)	3,668
Non-competition agreements	10,451	(7,376)	3,075	11,567	(7,989)	3,578
Customer lists	391,110	(191,905)	199,205	405,944	(201,831)	204,113
Trademarks and concessions	86,668	(29,755)	56,913	87,403	(31,648)	55,755
Other	27,343	(12,025)	15,318	27,926	(13,495)	14,431
Fixed assets in progress and advances	20,631	-	20,631	15,984	-	15,984
Total	739,094	(377,909)	361,185	764,524	(399,027)	365,497

(€ thousands)	Net book value at 12/31/2020	Investments	Disposals	Amortization	Business combinations	Impairment	Other net changes	Net book value at 03/31/2021
Software	61,577	1,573	(628)	(5,545)	140	-	10,851	67,968
Licenses	4,466	20	-	(876)	19	-	39	3,668
Non-competition agreements	3,075	464	-	(461)	-	-	500	3,578
Customer lists	199,205	-	8	(7,718)	11,266	(225)	1,577	204,113
Trademarks and concessions	56,913	-	-	(1,482)	-	-	324	55,755
Other	15,318	(37)	(12)	(1,210)	141	(8)	239	14,431
Fixed assets in progress and advances	20,631	5,529	17	-	-	-	(10,193)	15,984
Total	361,185	7,549	(615)	(17,292)	11,566	(233)	3,337	365,497

The change in "Business combinations" comprises:

- for €11,312 thousand, the temporary allocation of the price paid for acquisitions made in EMEA during the period;
- for €254 thousand, the temporary allocation of the price paid for acquisitions made in the Americas during the period.

The increase in intangible fixed assets recorded in the reporting period is mainly attributable to investments in information technology with regard to both operating and back office processes with the implementation of a new ERP system based on the new cloud technology, which will gradually be used by the whole Group (to the benefit of HR, Procurement and Administration and Finance functions) and the use of advanced business intelligence technologies, as well as in operations and the gradual roll-out of the Amplifon Product Experience (which has redefined Amplifon's entire customer journey) which called for investments in technological infrastructure and store systems.

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

5. Tangible fixed assets

The following table shows the changes in tangible fixed assets.

(€ thousands)	Historical cost at 12/31/2020	Accumulated amortization and write- downs at 12/31/2020	Net book value at 12/31/2020	Historical cost at 03/31/2021	Accumulated amortization and write- downs at 03/31/2021	Net book value at 03/31/2021
Land	205	-	205	203	-	203
Buildings, constructions and leasehold improvements	267,451	(180,675)	86,776	272,037	(186,062)	85,975
Plant and machines	58,805	(42,985)	15,820	60,687	(44,641)	16,046
Industrial and commercial equipment	51,429	(40,054)	11,375	53,166	(41,582)	11,584
Motor vehicles	2,439	(2,108)	331	2,449	(2,086)	363
Computers and office machinery	65,385	(52,248)	13,137	66,583	(52,754)	13,829
Furniture and fittings	109,800	(77,178)	32,622	111,014	(79,158)	31,856
Other tangible fixed assets	3,213	(1,086)	2,127	3,212	(1,163)	2,049
Fixed assets in progress and advances	15,223	-	15,223	15,957	-	15,957
Total	573,950	(396,334)	177,616	585,308	(407,446)	177,862

(€ thousands)	Net book value at 12/31/2020	Investments	Disposals	Amortization	Business combinations	Impairment	Other net changes	Net book value at 03/31/2021
Land	205	-	-	-	-	-	(2)	203
Buildings, constructions and leasehold improvements	86,776	1,931	(448)	(5,753)	2,095	(152)	1,526	85,975
Plant and machines	15,820	674	-	(985)	303	(48)	282	16,046
Industrial and commercial equipment	11,375	358	(6)	(763)	191	(1)	430	11,584
Motor vehicles	331	95	(12)	(31)	60	(14)	(66)	363
Computers and office machinery	13,137	1,054	(1)	(1,853)	21	(3)	1,474	13,829
Furniture and fittings	32,622	512	(0)	(1,979)	377	(37)	361	31,856
Other tangible fixed assets	2,127	11	(3)	(96)	7	(0)	3	2,049
Fixed assets in progress and advances	15,223	3,578	(122)	-	30	-	(2,752)	15,957
Total	177,616	8,213	(592)	(11,460)	3,084	(255)	1,256	177,862

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:

- for €3,053 thousand, the temporary allocation of the price paid for acquisitions made in EMEA during the period;
- for €30 thousand, the temporary allocation of the price paid for acquisitions made in the Americas during the period;

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

6. Right-of-use assets

Right-of-use assets are reported here below:

(€ thousands)	Historical cost at 12/31/2020	Accumulated amortization and write-downs at 12/31/2020	Net book value at 12/31/2020	Historical cost at 03/31/2021	Accumulated amortization and write-downs at 03/31/2021	Net book value at 03/31/2021
Shops and offices	559,664	(160,341)	399,323	582,171	(179,140)	403,031
Motor vehicles	19,142	(9,511)	9,631	19,907	(9,700)	10,207
Electronic machinery	687	(303)	384	694	(343)	351
Total	579,493	(170,155)	409,338	602,772	(189,183)	413,589

(€ thousands)	Net book value at 12/31/2020	Increase	Decrease	Amortization	Business combinations	Impairment	Other net changes	Net book value at 03/31/2021
Shops and offices	399,323	22,179	(1,935)	(21,850)	3,826	(553)	2,041	403,031
Motor vehicles	9,631	1,623	(111)	(1,296)	223	-	137	10,207
Electronic machinery	384	-	-	(39)	-	-	6	351
Total	409,338	23,802	(2,046)	(23,185)	4,049	(553)	2,184	413,589

The change in "Business combinations" comprises the temporary allocation of the price paid for acquisitions made in EMEA during the period.

The item "Other net changes" is explained almost entirely by foreign exchange differences occurred in the period.

7. Share capital

At 31 March 2021 the share capital comprised 226,388,620 ordinary shares with a par value of €0.02 fully paid in and subscribed, unchanged with respect to 31 December 2020.

A total of 58,700 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.

During the reporting period 420,000 treasury shares were purchased as per the buyback program approved by the shareholders during the Annual General Meeting held on 24 April 2020.

A total of 1,963,946 treasury shares, or 0.868% of the parent's share capital, were held at 31 March 2021.

Information relating to the treasury shares held is shown below.

	N. of shares	Average purchase price (Euro)	Total amount (€ thousands)
		FV of transferred rights (Euro)	
Held at 12/31/2020	1,602,646	8.911	14,281
Purchases	420,000	31.741	13,331
Transfers due to exercise of performance stock grants	(58,700)	13.652	(800)
Held at 03/31/2021	1,963,946	13.652	26,812

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 31 March 2021 was as follows:

(€ thousands)	03/31/2021	12/31/2020	Change
Cash	(557,677)	(545,027)	(12,650)
Short term investments	-	(8,980)	8,980
Total Cash and Cash Equivalents	(557,677)	(554,007)	(3,670)
Bank overdraft and other Bank short-term loans from third parties (including current portion of medium/long-term debt)	102,584	71,370	31,214
Total current bank borrowings	102,584	71,370	31,214
Payables for business acquisitions	13,411	6,693	6,718
Financial accruals and deferred income	4,123	6,231	(2,108)
Hedging derivatives	1,074	112	962
Total other current financial payables	18,608	13,036	5,572
Current financial indebtedness	121,192	84,406	36,786
Short-term financial position	(436,485)	(469,601)	33,116
Non-current portion of bank borrowings	598,026	635,633	(37,607)
Total non-current portion of bank borrowings	598,026	635,633	(37,607)
Eurobond 2020-2027	350,000	350,000	-
Private placement 2013-2025	93,817	89,642	4,175
Total Bonds	443,817	439,642	4,175
Non-current hedging derivatives	(8,446)	(4,272)	(4,174)
Non-current payables for business acquisitions	28,513	32,262	(3,749)
Total other non-current financial payables	20,067	27,990	(7,923)
Non-current financial indebtedness	1,061,910	1,103,265	(41,355)
Net financial indebtedness	625,425	633,664	(8,239)
Lease Liability – current portion	88,648	85,430	3,218
Lease Liability – non-current portion	339,103	337,350	1,753
Lease liabilities	427,751	422,780	4,971
Total lease liabilities & net financial indebtedness	1,053,176	1,056,444	(3,268)

The **medium/long-term portion of the net financial position**, excluding the lease liabilities, reached €1,061,910 thousand at March 31st, 2021 compared to €1,103,265 thousand at 31 December 2020, a difference of €41,355 thousand. The decrease in the period relates primarily to a reclass from non-current to current borrowings.

The **short-term portion of the net financial position**, excluding the lease liabilities, decreased €33,116 thousand, going from €469,601 thousand at 31 December 2020 to €436,485 thousand at 31 March 2021. The short-term portion refers primarily to short-term portion of the syndicated loan used for the GAES acquisition (€39,750 thousand), the short-term portion of other long-term bank loans (€59,712 thousand), the interest payable on private placement (€715 thousand) and on the Eurobond (€525 thousand), the interest payable on other bank loans and finally the best estimate of the deferred payments for acquisitions (€13,411 thousand) as well as cash and cash equivalents (€557,677 thousand).

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

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

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

(€ thousands)	03/31/2021
<i>Eurobond 2020-2027</i>	350,000
<i>Private placement 2013-2025</i>	93,817
Syndicated loan for GAES acquisition	159,000
Other medium/long-term bank loans	439,026
Fees for Eurobond 2020-2027, fees for bank loans, private placement 2013-2025 and Syndicated loan for GAES acquisition	(5,615)
Medium/long-term financial liabilities	1,036,228

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

(€ thousands)	03/31/2021
Bank overdraft and other short-term debt (including current portion of other long-term debt)	102,584
Financial accrued expenses and deferred income	4,154
Fees for Eurobond 2020-2027, fees for bank loans, private placement 2013-2025 and Syndicated loan for GAES acquisition	(1,947)
Short-term financial liabilities	104,791

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

9. Financial liabilities

Financial liabilities breakdown is as follows:

(€ thousands)	03/31/2021	12/31/2020	Change
<i>Eurobond 2020-2027</i>	350,000	350,000	-
<i>Private placement 2013-2025</i>	93,817	89,642	4,175
Syndicated loan for GAES acquisition	159,000	159,000	-
Other medium long-term bank loans	439,026	476,633	(37,607)
Fees for Eurobond 2020-2027, fees for bank loans, private placement 2013-2025 and syndicated loan for GAES acquisition	(5,615)	(5,954)	339
Total medium/long-term financial liabilities	1,036,228	1,069,321	(33,093)
Short term debt	104,791	75,615	29,176
- of which current portion for the financing for GAES acquisition	39,750	39,750	-
- of which current portion for the private placement 2013-2025	59,712	25,964	33,748
- of which current portion of other short-term bank loans	(1,947)	(1,987)	40
- of which fees for bank loans, private placement 2013-2025 and syndicated loan for GAES acquisition	104,791	75,615	29,176
Total short-term financial liabilities	1,141,019	1,144,936	(3,917)

The main financial liabilities are detailed below.

- Eurobond 2020-2027

This is a €350,000 thousand 7-year nonconvertible bond with a fixed annual coupon of 1.125% that is listed on the Luxembourg Stock Exchange's unregulated market.

Issue Date	Debtor	Maturity	Nominal value (€/000)	Fair Value (€/000)	Nominal interest rate (*)	Euro interest rate after hedging
02/13/2020	Amplifon S.p.A.	02/13/2027	350,000	351,004	1.125%	N/A
Total in Euro			350,000	351,004		

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

- Private placement 2013-2025

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

Issue Date	Debtor	Maturity	Currency	Nominal value (€/000)	Outstanding debt (€/000)	Fair Value (€/000)	Nominal interest rate (*)	Euro interest rate after hedging (**)
05/30/2013	Amplifon USA	07/31/2023	USD	8,000	8,000	8,826	4.46%	3.90%
07/31/2013	Amplifon USA	07/31/2023	USD	52,000	52,000	57,437	4.51%	3.90%-3.94%
07/31/2013	Amplifon USA	07/31/2025	USD	50,000	50,000	56,211	4.66%	4.00%-4.05%
Total				110,000	110,000	122,474		

(*) The rate shown is the nominal rate in USD at the issue date;

(**) The hedging instruments that determine the interest rate as detailed above, are also fixing the exchange rate at 1.2885, the total equivalent of the bond resulting in €85,371 thousand.

- 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 (**)
12/18/2018	Amplifon S.p.A.	09/28/2023	265,000	198,750	202,234	0.427%	1.082%
Total in Euro			265,000	198,750	202,234		

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

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

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

The following table shows the applicable rates:

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

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

A rate of 0.95% was applied to *Facility A* at 31 March 2021.

- Bank loans

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

Issue Date	Issuer	Type	Maturity	Face Value (€/000)	Outstanding debt (€/000)	Fair value (€/000)	Nominal interest rate in Euro (*)	Interest rate after hedging (**)	Issue Date
01/11/2018	Amplifon S.p.A.	Amortizing	01/11/2022	20,000	6,668	6,696	0.176%	6,668	1.040%
04/30/2020	Amplifon S.p.A.	Amortizing	04/30/2023	30,000	30,000	30,342	0.588%		
04/07/2020	Amplifon S.p.A.	Bullet	03/22/2024	60,000	60,000	61,082	1.031%	30,000	1.559%
04/06/2020	Amplifon S.p.A.	Amortizing	04/06/2025	50,000	50,000	51,637	0.704%	50,000	1.012%
04/07/2020	Amplifon S.p.A.	Amortizing	04/07/2025	150,000	150,000	155,972	0.762%	100,000	1.17%
04/28/2020	Amplifon S.p.A.	Amortizing	04/28/2025	50,000	50,000	50,897	0.535%	50,000	1.530%
04/29/2020	Amplifon S.p.A.	Amortizing	04/29/2025	78,000	78,000	81,448	1.143%	54,600	1.540%
04/23/2020	Amplifon S.p.A.	Amortizing	06/30/2025	35,000	35,000	36,328	0.577%	35,000	0.990%
05/13/2020	Amplifon France SAS	Bullet	05/13/2021	30,000	30,000	30,000	0.500%		
08/03/2020	Amplifon S.p.A.	Amortizing	06/30/2025	10,000	8,533	8,618	1.050%		
Total				513,000	498,201	513,020		326,268	

(*) 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.

The following loans:

- the USD 110 million private placement 2013-2025 (equal to €85.4 million including the fair value of the currency hedges which set the Euro/USD exchange rate at 1.2885);
- the EUR 305 million medium/long-term bilateral loans with top-tier banking institutions;
- the EUR 230 million in irrevocable credit lines with top-tier banking institutions;

are subject to the covenants listed below:

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

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

The outstanding amount of the syndicated loan granted for the GAES acquisition, which originally amounted to €530 million, came to €198,750 thousand at 31 March 2021, along with a €50 million bank loan expiring in 2025 and a €15 million irrevocable revolving credit facility are subject to the following covenants:

- the ratio of net financial indebtedness excluding lease liabilities to EBITDA recorded in the last four quarters (determined excluding the fair value of the share-based payments and

based solely on recurring business and restated if the Group's structure should change significantly) must not exceed 2.85;

- the ratio of EBITDA recorded in the last four quarters (determined excluding the fair value of the share-based payments and based solely on recurring business and restated if the Group's structure should change significantly) and net interest paid in the last 4 quarters must exceed 4.9. As this last covenant was granted in favor of the lender, it is also applied to the private placement.

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

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

In the event of relevant acquisitions, the above ratios may be increased to 2.20 and 3.26, respectively, for a period of not more than 12 months, 2 times over the life of the respective loans.

As at 31 March 2021 these ratios were as follows:

	Value as at 03/31/2021
Net financial indebtedness/Group net equity	0.75
Net financial position/EBITDA for the last 4 quarters	1.44
EBITDA for the last 4 quarters/Net financial expenses	24.51

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

(€ thousands)	Value as at 03/31/2021
Group EBITDA first quarter 2020	94,153
EBITDA April-December 2019	306,113
Fair value of stock grant assignment	21,269
EBITDA normalized (from acquisitions and disposals)	9,587
Acquisitions and non-recurring costs	3,493
EBITDA for the covenant calculation	434,615

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

10. Lease liabilities

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

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

	03/31/2021	12/31/2020	Change
Short term lease liabilities	88,648	85,430	3,218
Long term lease liabilities	339,103	337,350	1,753
Total lease liabilities	427,751	422,780	4,971

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

	03/31/2021
Interest charges on leased assets	(2,561)
Right-of-use depreciation	(23,185)
Costs for short-term leases and leases for low value assets	(2,580)

11. Revenues from Sales and Services

(€ thousands)	First quarter 2021	First quarter 2020	Change
Revenues from sale of products	382,289	314,438	67,851
Revenues from services	58,613	49,038	9,575
Total revenues from sales and services	440,902	363,476	77,426

Consolidated revenues from sales and services amounted to €440,902 thousand in the first three months of 2021, an increase of €77,426 thousand (+21.3%) at current exchange rates compared to the same period of the prior year which, given the severe impact of the Covid-19 pandemic in March, cannot be considered a viable comparison period. Compared to the first quarter of 2019, a fully comparable period, there was an increase of €48,929 thousand (+12.5%), of which €33,042 thousand (+8.4%) attributable to organic growth.

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

Operating costs amounted to €349,425 thousand in the first quarter of 2021 (€299,902 thousand in the first quarter of 2020). Compared to the first quarter of 2019, a fully comparable period, the operating costs were €14,857 thousand lower (-4.7%). This result was achieved thanks to the greater operating efficiency and increased productivity stemming from the actions taken in 2020 in response to the Covid-19 crisis.

“Amortization, depreciation and impairment” amounted to €52,978 thousand, basically in line with 31 March 2020 (€50,365 thousand).

“Financial income, expenses and value adjustments of financial assets” came to €7,330 thousand in the first quarter of 2021, higher than the €6,991 thousand recorded in the first three months of 2020.

Current and deferred tax amounted to €10,548 thousand in the first quarter of 2021, higher with respect to the €8,120 thousand recorded in the first three months of 2020 (+€2,428 thousand). The tax rate was 31.2% in the reporting period versus 32.4% at 31 March 2020.

13. Non-recurring significant events

The first quarter of 2021 was impacted by the following non-recurring items:

(€ thousands)		First quarter 2021	First quarter 2020
Operating costs	GAES integration costs	(1,439)	-
	Amplifon S.p.A restructuring cost (*)	(966)	-
Profit before tax		(2,405)	-
Tax	Impact of the above items on the tax burden for the period	645	-
Total		(1,760)	-

(*) On 3 March 2021 the Board of Directors definitively approved the project to redefine the corporate structure of Amplifon S.p.A. (which currently acts as both the parent company and the Italian operating company). The main goal of this project is to render the Group's structure consistent with the changes in its organizational structure and multinational nature. Amplifon S.p.A., subsequently, will be responsible for the definition and development of the strategic direction and coordination of the entire group, while the Italian market operations will be run by a dedicated company. The transaction will be done through the contribution in kind of the operations pertaining to the Italian market to a newly formed wholly-owned subsidiary as consideration for the capital increase reserved for Amplifon S.p.A., effective as of 1 May 2021.

14. Earnings (loss) per share

Basic Earnings (loss) per share

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

Earnings per share are determined as follows:

Earnings per share	First quarter 2021	First quarter 2020
Net profit (loss) attributable to ordinary shareholders (€ thousand)	23,273	5,143
Average number of shares outstanding in the period	224,737,160	223,162,287
Average earnings per share (€ per share)	0.10356	0.02305

Diluted earnings (loss) per share

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

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

Weighted average diluted number of shares outstanding	First quarter 2021	First quarter 2020
Average number of shares outstanding in the period	224,737,160	223,162,287
Weighted average of potential and diluting ordinary shares	2,516,474	3,197,963
Weighted average of shares potentially subject to options in the period	227,253,634	226,360,250

The diluted earnings per share were determined as follows:

Diluted earnings per share	First quarter 2021	First quarter 2020
Net profit attributable to ordinary shareholders (€ thousand)	23,273	5,143
Average number of shares outstanding in the period	227,253,634	226,360,250
Average diluted earnings per share (€)	0.10241	0.02272

15. Transactions with parent companies and related parties

The parent company, Amplifon S.p.A. is based in Via Ripamonti 133, Milan, Italy. The Group is controlled directly by Ampliter S.r.l. (42.2% of the share capital and 59.2% of the voting rights), held 100% by Amplifon S.p.A. which is fully controlled by Susan Carol Holland.

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

The following table details transactions with related parties:

(€ thousands)	03/31/2021				Q1 2021		
	Trade receivables	Trade payable	Other receivables	Altre attività	Trade receivables	Trade payable	Other receivables
Amplifin S.p.A.	18	-	1,281	-	-	-	7
Total – Parent	18	-	1,281	-	-	-	7
Comfoor BV (Olanda)	7	130	-	-	17	(431)	-
Comfoor GmbH (Germania)	-	1	-	-	-	(8)	-
Ruti Levinson Institute Ltd (Israele)	175	-	-	-	38	-	-
Afik - Test Diagnosis & Hearing Aids Ltd (Israele)	-	45	-	22	113	-	-
Total – Other related parties	182	176	-	22	168	(439)	-
Total	200	176	1,281	22	168	(439)	7
Total as per financial statements	167,492	194,845	70,619	59,520	440,902	(349,425)	(4,375)
% of financial statements total	0.12%	0.09%	1.81%	0.04%	0.04%	0.13%	-0.16%

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

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

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

With the application of IFRS 16, the lease for the Milan headquarters (leased to Amplifon by the parent company Amplifin) is no longer recognized as an operating cost, but is recognized under right-of-use depreciation for €450 thousand, interest on leases for €89 thousand and lease liabilities of €16,399 thousand.

16. Contingent liabilities

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

17. Financial risk management

As this condensed consolidated interim financial report does not include all the additional information required to be included in the Annual Report relating to the management of financial risk, for a detailed analysis of financial risk management reference should be made to the Group's 2020 Annual Report.

18. Translation of foreign companies' financial statements

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

	31 March 2021		2020	31 March 2020	
	Average exchange rate	As at 31 March	As at 31 December	Average exchange rate	As at 31 March
Panamanian balboa	1.2048	1.1725	1.1234	1.1027	1.0956
Australian dollar	1.5597	1.5412	1.5995	1.6791	1.7967
Canadian dollar	1.5258	1.4782	1.4598	1.4819	1.5617
New Zealand dollar	1.6767	1.6769	1.6653	1.7394	1.8417
Singapore dollar	1.6054	1.5768	1.5111	1.5281	1.5633
US dollar	1.2048	1.1725	1.1234	1.1027	1.0956
Hungarian florin	361.21	363.27	330.53	339.137	360.02
Swiss franc	1.0913	1.107	1.0854	1.0668	1.0585
Egyptian lira	18.913	18.434	18.0192	17.3834	17.2687
New Israeli shekel	3.9410	3.9178	3.8845	3.8605	3.9018
Argentine peso	107.8145(*)	107.8145	67.2749	70.5388 (*)	70.5388
Chilean peso	872.41	854.90	844.86	886.05	936.17
Colombian peso	4,285.67	4,372.05	3,688.66	3,903.30	4,451.64
Mexican peso	24.5272	24.0506	21.2202	22.0918	26.1772
Brazilian real	6.599	6.7409	4.5157	4.9167	5.7001
Chinese renminbi	7.808	7.6812	7.8205	7.6956	7.7784
Indian rupee	87.8484	85.813	80.187	79.9096	82.8985
British pound	0.8739	0.8521	0.8508	0.86225	0.88643
Polish zloty	4.5457	4.6508	4.2568	4.3241	4.5506

(*) Argentina is a high inflationary country. As requested by IAS 29, profit and loss items have been converted at 03/31/2021 exchange rate.

Average Argentine peso exchange rate as at 31 March 2021 is 106.6983 (67.7364 as at 31 March 2020).

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

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

Statement of Financial Position as at 31 March 2021 (*)

(€ thousands)	EMEA	Americas	Asia Pacific	Eliminations	Total
ASSETS					
Non-current assets					
Goodwill	880,867	153,318	286,861	-	1,321,046
Intangible fixed assets with finite useful life	279,818	41,965	43,714	-	365,497
Tangible fixed assets	139,125	10,382	28,355	-	177,862
Right-of-use assets	355,488	20,319	37,782	-	413,589
Equity-accounted investments	1,989	-	-	-	1,989
Hedging instruments	8,172	-	-	-	8,172
Deferred tax assets	72,898	6,649	7,111	-	86,658
Contract costs	7,450	709	57	-	8,216
Other assets	24,668	33,987	865	-	59,520
Total non-current assets					2,442,549
Current assets					
Inventories	54,861	8,291	4,154	-	67,306
Trade receivables	218,060	40,378	21,268	(41,595)	238,111
Contract costs	4,391	466	60	-	4,917
Hedging instruments					49
Other financial assets					557,677
Cash and cash equivalents					868,060
Total current assets					3,310,609
LIABILITIES					
Total net equity					831,335
Non-current liabilities					
Medium/long-term financial liabilities					1,036,228
Lease liabilities	293,999	16,530	28,574	-	339,103
Provisions for risks and charges	20,347	27,795	863	-	49,005
Liabilities for employees' benefits	24,242	138	794	-	25,174
Hedging instruments	5,289	-	-	-	5,289
Deferred tax liabilities	67,887	19,654	10,296	-	97,837
Payables for business acquisitions	18,303	10,210	-	-	28,513
Contract liabilities	123,563	10,978	2,681	-	137,222
Other long-term liabilities	9,683	945	-	-	10,628
Total non-current liabilities					1,728,999
Current liabilities					
Trade payables	147,098	51,613	17,466	(21,332)	194,845
Payables for business acquisitions	9,167	4,244	-	-	13,411
Contract liabilities	82,169	10,694	8,826	-	101,689
Other payables and tax payables	197,405	38,965	23,285	(20,263)	239,392
Hedging instruments	1,395	-	-	-	1,395
Provisions for risks and charges	2,258	491	-	-	2,749
Liabilities for employees' benefits	867	136	2,352	-	3,355
Short-term financial liabilities					104,791
Lease liabilities	70,731	6,202	11,715	-	88,648
Total current liabilities					750,275
TOTAL LIABILITIES					3,310,609

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

Statement of Financial Position as at 31 March 2020 (*)

(€ thousands)	EMEA	Americas	Asia Pacific	Eliminations	Total
ASSETS					
Non-current assets					
Goodwill	856,130	147,528	277,951	-	1,281,609
Intangible fixed assets with finite useful life	274,704	41,641	44,840	-	361,185
Tangible fixed assets	139,426	10,286	27,904	-	177,616
Right-of-use assets	350,450	20,585	38,303	-	409,338
Equity-accounted investments	2,002	-	-	-	2,002
Hedging instruments	4,327	-	-	-	4,327
Deferred tax assets	70,451	6,262	6,958	-	83,671
Contract costs	7,047	677	53	-	7,777
Other assets	24,519	34,518	879	-	59,916
Total non-current assets					2,387,441
Current assets					
Inventories	46,210	8,003	3,219	-	57,432
Trade receivables	219,976	37,304	19,260	(52,016)	224,524
Contract costs	4,553	433	65	-	5,051
Hedging instruments					8,997
Other financial assets					545,027
Cash and cash equivalents					841,031
Total current assets					3,228,472
LIABILITIES					
Total net equity					
					801,868
Non-current liabilities					
Medium/long-term financial liabilities					1,069,321
Lease liabilities	290,960	17,075	29,315	-	337,350
Provisions for risks and charges	20,175	28,734	856	-	49,765
Liabilities for employees' benefits	23,185	135	699	-	24,019
Hedging instruments	5,963	-	-	-	5,963
Deferred tax liabilities	65,875	18,783	10,492	-	95,150
Payables for business acquisitions	22,253	10,009	-	-	32,262
Contract liabilities	117,351	10,229	2,436	-	130,016
Other long-term liabilities	11,011	333	-	-	11,344
Total non-current liabilities					1,755,190
Current liabilities					
Trade payables	132,707	39,462	22,167	(13,300)	181,036
Payables for business acquisitions	2,536	4,157	-	-	6,693
Contract liabilities	83,802	10,046	9,151	-	102,999
Other payables and tax payables	174,043	54,709	22,794	(38,716)	212,830
Hedging instruments	112	-	-	-	112
Provisions for risks and charges	3,075	485	-	-	3,560
Liabilities for employees' benefits	860	106	2,173	-	3,139
Short-term financial liabilities					75,615
Lease liabilities	68,183	5,810	11,437	-	85,430
Total current liabilities					671,414
TOTAL LIABILITIES					3,228,472

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

Income Statement – First three months 2021 (*)

(€ thousands)	EMEA	Americas	Asia Pacific	Corporate	Eliminations	TOTAL
Revenues from sales and services	311,084	77,172	52,646	-	-	440,902
Operating costs	(232,412)	(60,910)	(36,624)	(19,479)	-	(349,425)
Other income and costs	2,723	66	(130)	17	-	2,676
Gross operating profit (loss) by segment (EBITDA)	81,395	16,328	15,892	(19,462)	-	94,153
Amortization, depreciation and impairment						
Amortization of intangible fixed assets	(9,274)	(2,849)	(2,537)	(2,632)	-	(17,292)
Depreciation of tangible fixed assets	(8,507)	(694)	(1,737)	(522)	-	(11,460)
Right-of-use depreciation	(18,458)	(1,564)	(3,045)	(118)	-	(23,185)
Impairment losses and reversals of non-current assets	(816)	(225)	-	-	-	(1,041)
	(37,055)	(5,332)	(7,319)	(3,272)	-	(52,978)
Operating result	44,340	10,996	8,573	(22,734)	-	41,175
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	(14)	-	-	-	-	(14)
Other income and expenses, impairment and revaluations of financial assets						-
Interest income and expenses						(4,374)
Interest expenses on lease liabilities						(2,561)
Other financial income and expenses						(44)
Exchange gains and losses						626
Gain (loss) on assets accounted at fair value						(963)
						(7,330)
Net profit (loss) before tax						33,845
Current and deferred income tax						
Current tax						(12,325)
Deferred tax						1,777
						(10,548)
Total net profit (loss)						23,297
Net profit (loss) attributable to Minority interests						24
Net profit (loss) attributable to the Group						23,273

(*) Data for operating segment do not include intercompany eliminations.

Income Statement – First three months 2020 (*)

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

(*) Data for operating segment do not include intercompany eliminations.

20. Accounting policies

20.1 Presentation of the financial statements

The condensed consolidated quarterly financial statements at March 31, 2021 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 the financial statements, the following is specified:

- in the statement of financial position, the Group distinguishes between non-current and current assets and liabilities;
- in the income statement, the Group classifies costs by nature insofar as this is deemed to more accurately represent the primarily commercial and distribution activities carried out by the Group;
- comprehensive income statement: in addition to the net result for the year, it includes the effects of changes in exchange rates, the cash flow hedge reserve, the foreign currency basis spread reserve on derivative instruments and the actuarial gains and losses that have been recognized directly in changes in shareholders' equity, these items are divided according to whether or not they can be subsequently reclassified to the income statement;
- statement of changes in net equity: the Group reports all the changes in net equity, including those deriving from shareholder transactions (payment of dividends and capital increases);
- statement of cash flows: is prepared using the indirect method to determine cash flow from operations.

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;
- 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;
- discount rate of leases falling within the scope of IFRS 16 (incremental borrowing rate) determined with reference to the IRS (reference interbank rate used as indexation parameter for fixed-rate mortgage loans) relating to the individual countries in which the companies of the Amplifon Group, with maturities commensurate with the duration of the specific rental contract, increased by the specific credit spread of the parent company and any costs for additional guarantees. In the rare cases where the IRS rate is not available (Egypt, Ecuador, Mexico and Panama), the risk-free rate was determined with reference to the Government Bond, always with maturities commensurate with the duration of the specific rental contract.

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 verifies the existence of a loss in value of goodwill regularly once a year or in the event of impairment indicators. This requires an estimate of the value in use of the groups of cash-generating units to which the goodwill belongs. This estimate requires a forecast of future cash flows and an estimate of the post-tax discount rate that reflects the market conditions at the valuation date.

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

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

Description	Endorsement date	Publication	Effective date	Effective date for Amplifon
Amendments to IFRS 4 "Insurance Contracts – deferral of IFRS 9" (issued on June 25, 2020)	15 Dec '20	16 Dec '20	1 Jan '21	1 Jan '21
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform – Phase 2" (issued on August 27, 2020)	1 Jan '21	13 Jan '21	14 Jan '21	1 Jan '21

With reference to the principles and interpretations detailed above, the adoption did not have a material impact on the valuation of the Group's assets, liabilities, costs and revenues.

Future financial reporting standards and interpretations

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

The following are the international accounting standards, interpretations, amendments to existing accounting standards and interpretations, or specific provisions contained in the

standards and interpretations approved by the IASB that have not yet been endorsed for adoption in Europe on 20 April 2021.

Description	Effective date
IFRS 17 “Insurance Contracts” (issued on 18 May 2017)	Periods beginning on or after 1 Jan ‘23
Amendments to IAS 1: “Presentation of Financial Statements – Classification of liabilities as current or non-current” (issued on 23 January 2020)	Periods beginning on or after 1 Jan ‘23
Amendments to:	
<ul style="list-style-type: none"> • 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
Amendments to IAS 1: “Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies” (issued on 12 February 2021)	Periods beginning on or after 1 Jan ‘23
Amendments to IAS 8: “Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates” (issued on 12 February 2021)	Periods beginning on or after 1 Jan ‘23
Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021 (issued on 31 March 2021)	Periods beginning on or after 1 Apr ‘21

On March 31, 2021 IASB issued the document Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16) with which the period of application of the amendment to IFRS 16, issued in 2020, relating to the accounting of subsidies, is extended by one year granted, due to Covid-19, to tenants.

With reference to the principles and interpretations detailed above, the adoption is not expected to have material impacts in the valuation of the Group's assets, liabilities, costs and revenues.

21. Subsequent events

On 12 April 2021 execution began of the project to redefine Amplifon S.p.A.'s corporate structure, approved definitively by Amplifon's Board of Directors on 3 March 2021, as per the terms and conditions outlined in the press release issued on the same date.

The redefinition project calls for the contribution in kind of the business branch related to the operating activities of the country Italy ("the Business Branch") as consideration for the capital increase reserved to Amplifon by Amplifon Italia S.r.l., a wholly-owned subsidiary of Amplifon. This is, therefore, an intra-group transaction the sole purpose of which is to redefine Amplifon S.p.A.'s corporate structure in a way that is consistent with the evolution of the group's organizational structure and multinational nature. The transaction will take effect as of 1 May 2021.

In order to provide comprehensive information about the transaction, even though Amplifon exercised the right to waive the mandatory publication of an information document for acquisitions and disposals pursuant to Art. 71 of CONSOB Regulation no. 11971 of 14 May 1991, as subsequently amended, (the "Issuers' Regulation"), an information document relating to the Transaction, drafted on a voluntary basis, was made available to the public within the timeframe indicated in Art. 71 of the Issuers' Regulation.

On 23 April 2021 the Shareholders' Meeting resolved on the items included on the Agenda and, more specifically:

- approved the Company's Annual Report and resolved to distribute a dividend of €0.22 per share for a total of €49.4 million;
- appointed the new Board of Statutory Auditors comprised as follows:
 - o Raffaella Annamaria Pagani (Chairman)
 - o Patrizia Arienti (Standing Auditor)
 - o Dario Righetti (Standing Auditor)
 - o Maria Venturini (Alternative Auditor)
 - o Alessandro Grange (Alternative Auditor)

Subsequent to 31 March 2021 exercise of the performance stock grants continued and on 29 April 2020 the Company transferred 14,200 treasury shares to the beneficiaries. At the date of this report the Company, therefore, holds a total of 1,949,746 treasury shares or 0.861% of the Company's share capital.

Milan, 29 April 2021

On behalf of the Board of Directors
CEO

Enrico Vita

Annexes

Annex I

Consolidation scope

As required by articles 38 and 39 of Law 127/91 and article 126 of Consob's resolution 11971 dated 14 May 1999, as amended by resolution 12475 dated 6 April 2000, the following is the list of companies included in the consolidation scope of Amplifon S.p.A. at 31 March 2021.

Parent company:

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

Subsidiaries consolidated using the line-by-line method:

Company name	Registered head office	Direct/Indirect ownership	Currency	Share Capital	% held as at 03/31/21
Amplifon Rete	Milan (Italy)	D	EUR	19,250	4.35%
Otohub S.r.l.	Naples (Italy)	D	EUR	28,571	100.0%
Audibel S.r.l.	Rome (Italy)	D	EUR	70,000	100.0%
Amplifon Italia S.r.l.	Milan (Italy)	D	EUR	10,000	100.0%
Amplifon France SAS	Arcueil (France)	D	EUR	98,550,898	100.0%
SCI Eliot Leslie	Lyon (France)	I	EUR	610	100.0%
Amplifon France Holding	Arcueil (France)	D	EUR	1	100.0%
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%
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%
Lomaco SAS	Lorient (France)	I	EUR	425,400	100.0%
Amplifon Iberica SA	Zaragoza (Spain)	D	EUR	26,578,809	100.0%
Microson S.A.	Barcelona (Spain)	D	EUR	61,752	100.0%
Amplifon LATAM Holding S.L.	Barcelona (Spain)	I	EUR	3,000	100.0%
Entzumena SLU	Barcelona (Spain)	I	EUR	128,628	100.0%
Auditiva 2014 S.A.	Andorra la Vella (Andorra)	I	EUR	3,000	100.0%
Amplifon Portugal SA	Lisboa (Portugal)	I	EUR	15,520,187	100.0%
Amplifon Magyarország Kft	Budapest (Hungary)	D	HUF	3,500,000	100.0%
Amplibus Magyarország Kft	Budaörs (Hungary)	I	HUF	3,000,000	100.0%
Amplifon AG	Baar (Switzerland)	D	CHF	1,000,000	100.0%
Amplifon Nederland BV	Doesburg (The Netherlands)	D	EUR	74,212,052	100.0%

Company name	Registered head office	Direct/Indirect ownership	Currency	Share Capital	% held as at 03/31/21
Auditech BV	Doesburg (The Netherlands)	I	EUR	22,500	100.0%
Electro Medical Instruments BV	Doesburg (The Netherlands)	I	EUR	16,650	100.0%
Beter Horen BV	Doesburg (The Netherlands)	I	EUR	18,000	100.0%
Amplifon Customer Care Service BV	Elst (The Netherlands)	I	EUR	18,000	100.0%
Amplifon Belgium NV	Bruxelles (Belgium)	D	EUR	495,800	100.0%
Amplifon 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	3,345,460	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	1,000	100.0%
Amplifon USA Inc.	Dover (USA)	D	USD	52,500,010	100.0%
Amplifon Hearing Health Care, Inc.	St. Paul (USA)	I	USD	10	100.0%
Ampifon IPA, LLC	New York (USA)	I	USD	-	100.0%
ME Pivot Holdings LLC	Minneapolis (USA)	I	USD	2,000,000	100.0%
ME Flagship LLC	Wilmington (USA)	I	USD	-	100.0%
METX LLC	Waco (USA)	I	USD	28,869,028	100.0%
MEFL LLC	Waco (USA)	I	USD	13,538,570	100.0%
METAMPA LLC	Waco (USA)	I	USD	5,318,724	100.0%
MENM LLC	Waco (USA)	I	USD	1,450,561	100.0%
Miracle Ear Canada Ltd.	Vancouver (Canada)	I	CAD	67,801,200	100.0%
Amplifon South America Holding LTDA	São Paulo (Brasil)	D	BRL	3,636,348	100.0%
GAES S.A.	Santiago de Chile (Chile)	D	CLP	1,901,686,034	100.0%
GAES Servicios Corporativo de Latinoamerica Spa	Santiago de Chile (Chile)	I	CLP	10,000,000	100.0%
Audiosonic Chile S.A.	Santiago de Chile (Chile)	I	CLP	1,000,000	100.0%
GAES S.A.	Buenos Aires (Argentina)	I	ARS	120,542,331	100.0%
GAES Colombia SAS	Bogota (Colombia)	I	COP	21,803,953,043	100.0%
Soluciones Audiologicas de Colombia SAS	Bogota (Colombia)	I	COP	45,000,000	100.0%
Audiovital S.A.	Quito (Ecuador)	I	USD	430,337	100.0%
Centros Auditivos GAES Mexico sa de cv	Ciudad de México (Mexico)	I	MXN	164,838,568	100.0%

Company name	Registered head office	Direct/Indirect ownership	Currency	Share Capital	% held as at 03/31/21
Compañía de Audiología y Servicios Medicos sa de cv	Aguascalientes (Mexico)	I	MXN	43,306,212	66.4%
GAES Panama S.A.	Panama (Panama)	I	PAB	510,000	100.0%
Amplifon Australia Holding Pty Ltd	Sydney (Australia)	D	AUD	392,000,000	100.0%
National Hearing Centres Pty Ltd	Sydney (Australia)	I	AUD	100	100.0%
National Hearing Centres Unit Trust	Sydney (Australia)	I	AUD	-	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	-	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	-	100.0%
Dilworth Hearing Ltd	Auckland (New Zealand)	I	NZD	-	100.0%
Amplifon India Pvt Ltd	Gurgaon (India)	I	INR	1,770,000,000	100.0%
Beijing Amplifon Hearing Technology Center Co. Ltd (**)	Běijīng (China)	D	CNY	2,143,685	100.0%
Tianjin Amplifon Hearing Technology Co. Ltd (**)	Tianjin (China)	I	CNY	3,500,000	100.0%
Shijiazhuang Amplifon Hearing Technology Co. Ltd (**)	Shijiazhuang (China)	I	CNY	100,000	100.0%

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

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

Companies valued using the equity method:

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

(*) Joint Venture

(**) Related companies

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

The undersigned Gabriele Galli, Chief Financial Officer of the Amplifon Group, as Executive Responsible for Corporate Accounting Information hereby declares that the quarterly report at 31 March 2021 corresponds to the results documented in the books, accounting and other records of the Company.

Milan, 29 April 2021

**Executive Responsible for Corporate
Accounting Information**

Gabriele Galli