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Annual Report 2022

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Annual Report 2022

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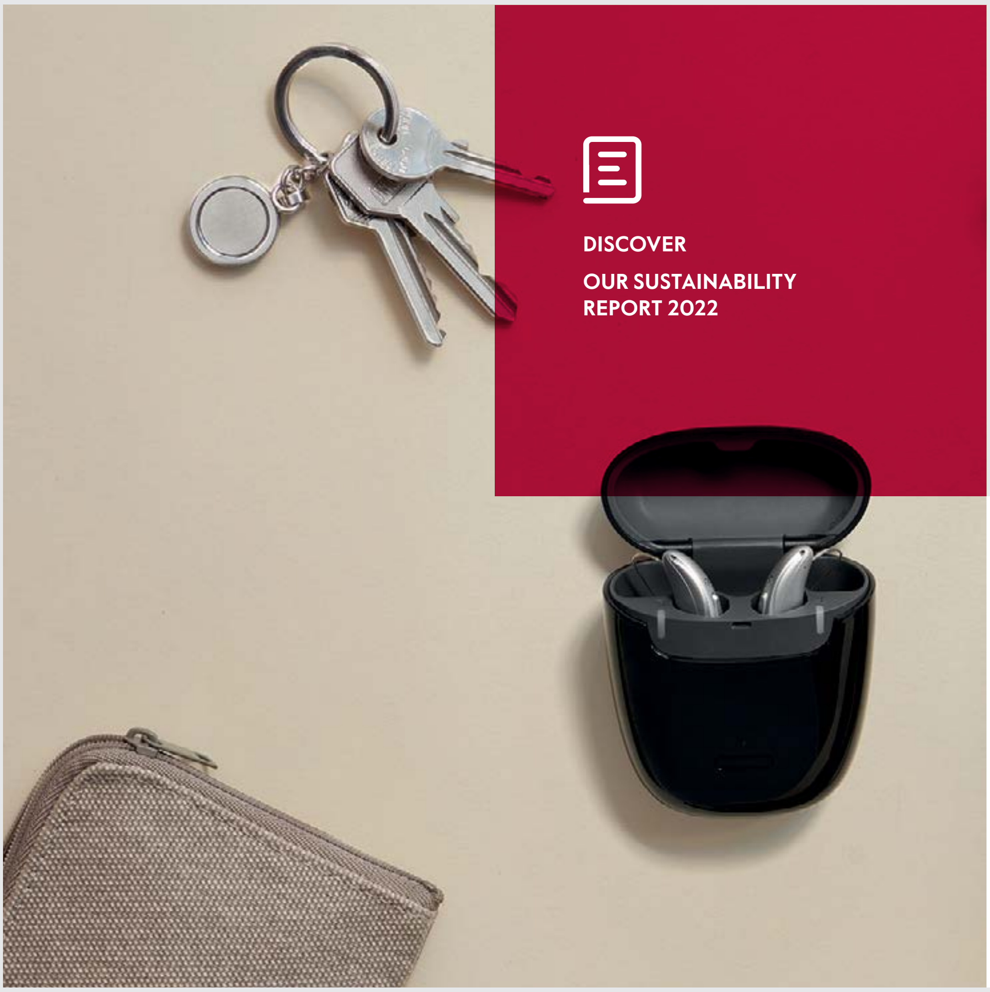
ANNUAL REPORT 2022



DISCOVER
OUR SUSTAINABILITY REPORT 2022

DISCOVER
OUR REMUNERATION REPORT 2023

DISCOVER
OUR REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE 2022

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REPORT ON OPERATIONS AS AT DECEMBER 31st 2022 p. 44

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31st, 2022 p. 110

AMPLIFON AT A GLANCE

LETTER TO SHAREHOLDERS

Dear Shareholders,
in 2022 we continued along our growth path, despite the very difficult context we faced. After two years since the beginning of the health crisis that radically changed the lives of each of us, 2022 was characterized by increasing geopolitical instability and inflation at record highs worldwide, resulting in monetary tightening by central banks. Thus, the economic recovery seen in the first post-pandemic phase swiftly slowed down, bringing a weaker and more volatile macroeconomic environment, especially in the second half of the year, with inevitable repercussions also for the financial markets.

In this context, we still managed to grow at a faster pace than the market and gain market share globally, reaching record-high revenues, EBITDA, and net profit. Revenues, in fact, exceeded 2 billion euros and EBITDA was above 500 million euros, with double-digit growth in net profit. We reported revenues of 2,119 million euros and recurring EBITDA of 525 million euros, both 8.8% higher than last year. Net profit as reported reached 179 million euros, an increase of 13.1% compared to 2021, which allowed us to propose a dividend of 29 euro cents to our shareholders, an increase of 11.5% compared to the 26 euro cents paid in 2021.

We also maintained our usual financial discipline while continuing to pursue our growth strategy. We generated free cash flow of around 247 million euros and lowered net financial debt to 830 million euros, with financial leverage also improving considerably to 1.52x compared to 1.68x at December 31st, 2021. All of this after over 300 million euros in Capex, M&A, dividends, and share buybacks.

As for our strategic initiatives, in 2022 we intensified our projects to provide our customers with a unique customer proposition.

We continued with the successful roll-out of the Amplifon Product Experience in Amplifon Hearing Health Care in the United States and Switzerland reaching a total of 12 countries globally, and launched Ampli-Care in Europe. Thanks to the adoption of technologies that foster a deep, 360° in-depth customer knowledge, this new digital platform supports our hearing care specialists in providing a revolutionary and personalized audiological experience both in-store and throughout the entire customer journey. The roll-out of innovative, proprietary diagnostic tools like the Otopad, the first and only Ipad based audiometer, as well as the implementation of a new immersive store format at some shops in the main European countries contribute to providing our customers with an even more engaging and innovative experience.

In 2022, we continued to grow both organically and through acquisitions with strong acceleration in bolt-on M&A in the fourth quarter, a trend that we intend to maintain also in 2023. In fact, from October until the end of February, we acquired 150 shops mainly in France, Germany, the United States, Canada, and China. Daily business operations and initiatives went hand-in-hand with our sustainability strategy and goals towards which we continued to achieve excellent results. We were once again included in S&P Global's Sustainability Yearbook 2023 and selected as the only Industry Mover, showing the best improvement in our industry compared

to last year. Aware of how important our people are to our business, we adopted our DEIB (Diversity, Equity, Inclusion, Belonging) Policy which defines our priorities and commitment to diversity, equity, inclusion, belonging at all organizational levels. We also received the Top Employer 2023 certification for the second year in a row for Europe, as well as for the United States and New Zealand for the first time. Lastly, we accelerated our efforts on the environmental front, completing both the assessment of all the Group's indirect CO_2 emissions along the value chain and the CDP Climate Change questionnaire for the first time. All these milestones are described in our 2022 Sustainability Report.

We are proud of the results achieved and to have further strengthened the foundations of our Group, which is becoming increasingly global, innovative, and sustainable also thanks to its almost 20,000 people. We are grateful to all our employees, staff members and partners worldwide, as well as the Company's Directors, for their continued commitment, professionalism, passion and sense of belonging. Without their support, everything we have accomplished over the years would not have been possible.

We would also like to thank You, our Shareholders and all the other stakeholders for the support and trust in our Company and in its medium to long-term potential. We look to the coming years with renewed optimism also thanks to the unchanged fundamentals of the hearing care market and our further strengthened competitive positioning.

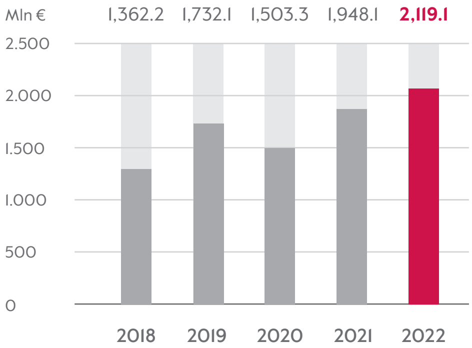
Susan Carol Holland
Presidente

Enrico Vita
Amministratore Delegato

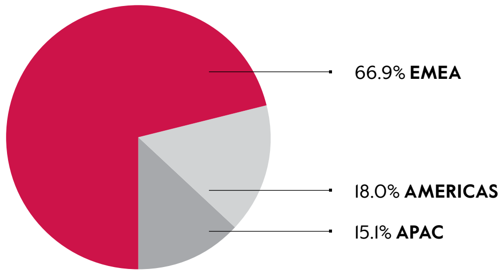
HIGHLIGHTS 2022

REVENUES

(MILLION EUROS)

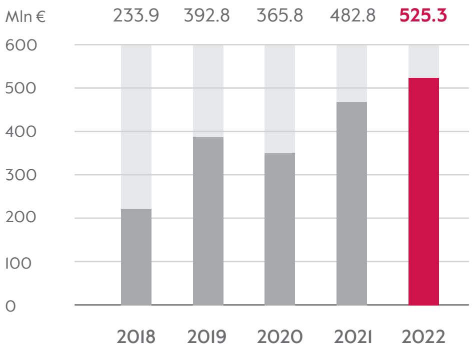


2022 REVENUES BY REGION



EBITDA[1]

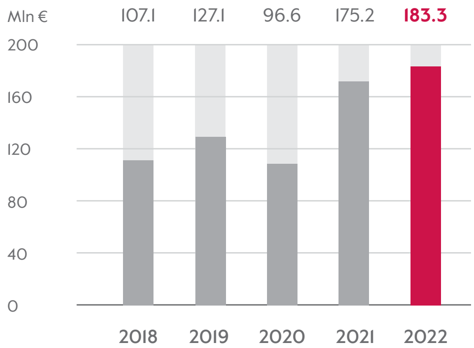
(MILLION EUROS)



MARGINE EBITDA	17,2%	22,9%	24,3%	24,8%	24,8%

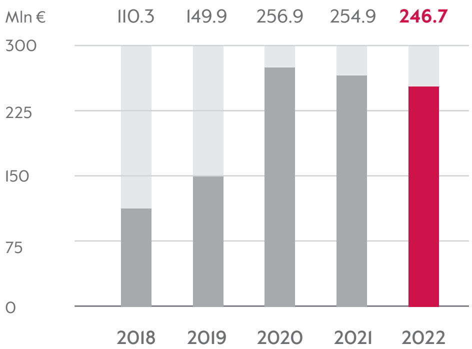
NET PROFIT[1]

(MILLION EUROS)



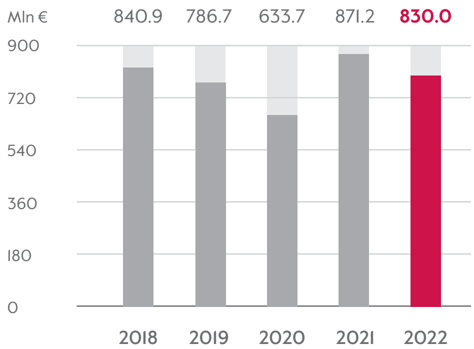
FREE CASH FLOW

(MILLION EUROS)



NET FINANCIAL DEBT[2]

(MILLION EUROS)



1 - Recurring data and without the application of the accounting principle IFRS 16 in 2018.
2 - Data without lease liabilities.

GLOBAL LEADER IN HEARING CARE

25
COUNTRIES

~19.400
PEOPLE

~12%
GLOBAL MARKET SHARE

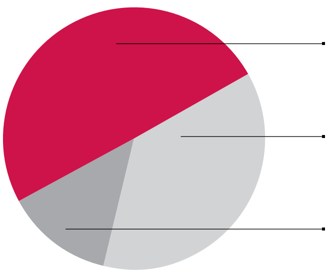
4.600
CORPORATE SHOPS

1.300
SHOPS IN FRANCHISING

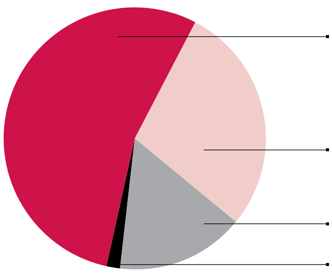
3.400
SHOP-IN-SHOPS & CORNERS

PEOPLE

BY ROLE



BY REGION



CORPORATE CULTURE

Our purpose is the reason we exist and have been serving our customers for over 70 years. Helping people rediscover all the emotions of sound motivates and guides us every day. Our values are the principles that shape how we act. They unite us and make us unique.

OUR PURPOSE

We empower people to rediscover all the emotions of sound.

OUR VALUES

CUSTOMER DEVOTION

We serve our customers' best interests with passion and seek to surprise them by always going the extra-mile.

EVERYDAY EXCELLENCE

We take accountability for setting and delivering the highest standards of quality, and never give up.

OUR MISSION

We transform the way in which hearing care is perceived and experienced across the world, so that everyone naturally turns to the high-quality service and professionalism offered by our specialists.

Each day we strive to understand the unique needs of each customer, guaranteeing each and every one of them the best solution and a fantastic experience.

We select, develop and grow the best talent who share our ambition to change the lives of millions of people around the world.

PERSONAL IMPACT

We empower our people to think freely, perform and succeed, working together to make a lasting difference.

FORWARD THINKING

We listen to the world around us and embrace every challenge with the ambition to learn, grow and innovate.

ACTING RESPONSIBLY

We do well by doing good, acting with true integrity, and showing respect to everyone, every time.

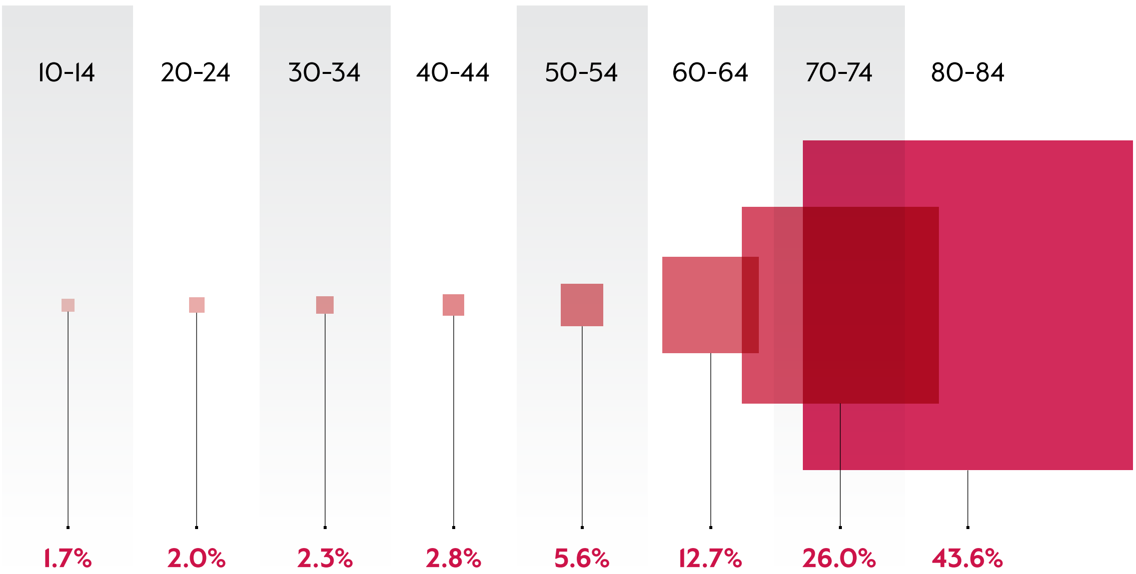
MARKET

The global retail hearing care market is estimated at around 17 billion euros in 2022, with positive growth expected in the medium and long-term thanks to its solid fundamentals and secular trends. It is a highly fragmented market, although in consolidation, in which we hold a global leadership position with around 12% market share.

HEARING LOSS

Currently over 1.5 billion people have some degree of hearing loss across the world. Among those, it is estimated that at least 430 million people have a hearing loss that would require rehabilitation. Due to the rising life expectancy of the global population and the increase in noise exposure, this number is likely to reach 700 million by 2050[3]. Untreated hearing loss can negatively impact people's health, leading to cognitive decline, depression, and falls. Today it represents a global annual cost of approximately 1 trillion US dollars, linked to health sector spending, lost productivity, and related social costs[3]. Notwithstanding these implications, hearing aids adoption rate is still very low, estimated at around 37% in high-income countries and between 5 and 10% in emerging economies[4].

HEARING LOSS PREVALENCE BY AGE[3]



3 - Source: «World Report on Hearing», World Health Organization, 2021.
4 - Source: World Health Organization, EuroTrak, MarkeTrak, Amplifon data 2022 in the countries where Amplifon operates.
5 - Source: "Ageing and Health", World Health Organization, 2022.

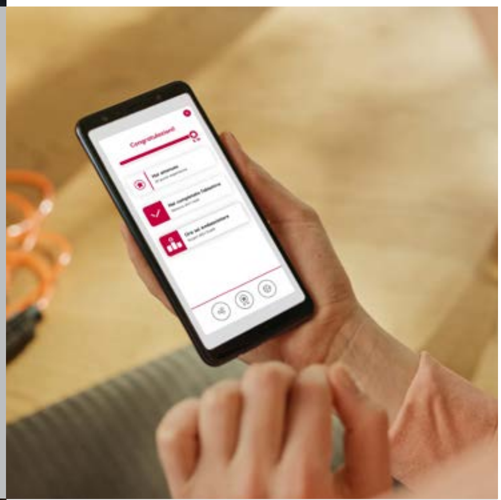
FUNDAMENTALS & MARKET TRENDS

LIFE EXPECTANCY

We are all aware of the increase in life expectancy. In 2020, for the first time in the history of mankind, the number of people aged over 60 exceeded the number of children under 5 years old. By 2050, it is estimated that 2.1 billion people will be 60 years old or more[5].

ACTIVE LIFESTYLE

We have a much longer life expectancy than the previous generations and our quality of life is much higher. The so-called active agers represent a new generation that won't compromise on quality of life as the years go by.



TECHNOLOGY

Advances in technology suchas miniaturization, connectivity and rechargeability contribute towards the higher intake and accessibility of hearing devices. Thus, more and more people decide to take care of their own hearing.

DIGITALIZATION

The use of digital devices, such as smartphones and tablets, is rapidly increasing also among seniors. This makes it possible to offer personalized and interconnected services with added value through new touchpoints such as apps.

RESILIENCE

The importance of hearing well for people's overall health makes our reference market resilient even in periods of deep economic crisis. In addition, consumers in many countries, mainly characterized by retirees with fixed incomes, low risk of unemployment and high disposable income, can still rely on both government reimbursement and consumer credit to finalize their purchases.

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STRATEGY

Our strategy remains simple and focused, aimed at supporting our next phase of growth thanks to three important pillars.

1. 1. CONSOLIDATE OUR LEADERSHIP AT GLOBAL LEVEL

We aim to strengthen our leadership in all core markets, consolidating our position where we are already a leader and achieving leadership in markets where we are not leader yet.

AMERICAS

GROWTH IN THE UNITED STATES, THE LARGEST MARKET WORLDWIDE

We will focus on growing in the United States, the largest market worldwide, where we aim to capture an even larger portion of the value chain, leveraging our strategic businesses: Miracle-Ear (both through its direct retail network and franchised stores) and Amplifon Hearing Health Care.

APAC

AUSTRALIA AND CHINA, TWO COMPELLING MARKETS

In Australia we aim at consolidating our leadership through three perfectly complementary businesses: Amplifon, Attune, and Bay Audio. In the very attractive and fast-growing Chinese market, we will continue to pursue our growth path via M&A in new areas, as well as organically around the existing hubs of Beijing, Shanghai, Zhejiang, and Hubei.

EMEA

A SUCCESSFUL AND WELL-CONSOLIDATED STRATEGY

In EMEA we aim at consolidating our leadership position through organic growth supported by significant investments in marketing and in customer experience innovation, with the progressive roll-out of the Amplifon Product Experience and the launch of Ampli-care, as well as through targeted M&A to reach optimal scale in France and Germany.

2. A UNIQUE AND UNMATCHABLE CUSTOMER PROPOSITION

Our customer proposition will be further enriched leveraging three distinctive assets: the undisputed leading brands in the industry; a superior customer knowledge deriving from the quantity and quality of the data we own to build the finest customer insights; and an innovative customer experience, in which digital technologies play a key role in enriching the consumer experience and enhancing protocols both inside and outside our stores, from the first contact to the after-sales service.

3. 3. EFFECTIVE AND TALENTED ORGANIZATION

We aim to increase the investments dedicated to our people, both in our stores and in the back-office, with the goal of further improving their skills, fostering the sharing of best practices within the Group, and attracting the best talents every day to better support the implementation of our strategy and be even more competitive every day.

DISCOVER
OUR SUSTAINABILITY PLAN

OUR COMMITMENT TOWARDS SUSTAINABLE GROWTH

Listening Ahead, our Sustainability Plan, outlines ambitious targets in line with the United Nations Sustainable Development Goals to continue to continue to grow, every day, in a sustainable way.

DIGITAL INNOVATION

AMPLIFON PRODUCT EXPERIENCE

The Amplifon Product Experience represents a unique and distinctive lever to further strengthen our brand identity, significantly differentiate our service, and offer a complete value proposition, made of product, service, and experience

Ampli-easy, Ampli-connect, Ampli-energy and Ampli-mini are the four products categories within the Amplifon Product Line designed to meet the needs and requirements of our customers. Our products, together with the Amplifon multichannel ecosystem, constitute the Amplifon Product Experience, present today in 12 countries with a penetration of around 95% of the addressable market[6], representing about 70% of the Group's sales.
The Amplifon multichannel ecosystem redefines the entire customer journey (not only in-store), offering fast access to differentiated and high value-added services further increasing customer satisfaction. Within the ecosystem, the Amplifon App is the first touchpoint for consumers and, with a penetration of 22%, allows them to manage device functions while providing suggestions related to the battery replacement or the most suitable program for the surrounding sounds through the use of artificial intelligence.

6 - The addressable market is made of the private and paid-up market shares, excluding the purely social market.

DISCOVER

INNOVATION AND TECHNOLOGY

AMPLI-CARE

Our platform to deliver a revolutionary and personalized audiological care experience, within our stores and at every step of the customer journey.

With Ampli-care, we are activating a full ecosystem around the customer, in which the unrivaled quantity and quality of data we possess, as well as digital technologies play a key role. The roll-out of Ampli-care has begun, enabling us to deliver a unique, innovative, and engaging experience every day. By providing the maximum expertise for each customer's specific needs, we deliver the best support to all our customers along a seamless audiological care journey across all touchpoints.

AMPLI-CARE IS BASED ON THREE PILLARS

IMMERSIVE EXPERIENCE

Our stores, which are the primary point of contact in the customer journey, will be equipped with innovative diagnostic tools (the so-called Otopad, the first and only Ipad-based audiometer). Moreover, in case the shop is part of our renovation program, it will also feature a new store format that can offer customers a unique and fully immersive experience. The roll-out of the Otopad, iOS-based tools for assessing hearing ability, developed in-house on a new proprietary technology, has reached around 70 stores in Italy and will continue in the coming years also in other countries, starting from the United States. Thanks to Otopad, we are able to provide interactive and engaging touch-based experiences, perform sophisticated audiological tests, and clearly identify customer needs. Their use not only enables standardization of the quality of service provided at the highest level and the optimization of our hearing care professionals' time, but also allows visits and follow-up activities to be carried out outside our stores. Finally, our new immersive store format was implemented in some stores in major European countries during 2022 and will continue over the next years with a gradual roll-out as part of our internal renovation program. The new store format was created to provide a unique experience to our consumers, while also reinforcing our global brand through innovative architectural design.

In fact, focus is placed on both the retail area, consisting of the reception and the waiting area, with the display of our products, and the Solution Room, where the customer remains at the center, between the caregiver and the hearing care professional, while enjoying an immersive experience also through visual and digital elements. This is a modular design for a scalable approach to fit the needs of all the different stores around the world.

HYPERPERSONALIZED SOLUTIONS

Thanks to the adoption of technologies that foster a 360° in-depth knowledge of the single customer through an omnichannel approach, Ampli-care provides more and more elements to our hearing care professionals to enable them to offer a hyper-personalized service and experience.
Ampli-care also supports them in identifying the best solution for each customer through a proprietary system called "solution builder engine", powered by artificial intelligence and already present in some shops in Spain. This technology allows them to identify and propose the most suitable product, service offering and fitting for each customer, based on the audiological profile and personal information gathered during the visit and through other touchpoints.

ALWAYS CONNECTED SUPPORT

Thanks to a complex remote monitoring and support system, our hearing care professionals are always connected to intercept hearing solutions usage trends and specific customer needs. Thus, they are able to support customers also when they are not in the store. In the future, our assistance will also be provided remotely, offering assistance via videocalls and systems aimed at performing remote fine-tunings to the hearing devices. Moreover, both caregivers and ENTs, crucial influencers in the hearing solution adoption process, will play a more active role. Caregivers will have a dedicated profile on the Amplifon App to coach and support their dear ones, while ENTs will receive their patient's audiological and hearing aid usage data.

DIGITAL LEADERS

In an industry in which digital communication channels are become increasingly important, we continue to invest to consolidate our leadership also online.

In fact, the Amplifon.com website ranks first in organic traffic in 7 of our 8 major markets within the hearing care industry and, together with the Group's other brands and through other digital channels such as social media, they constantly engage both our customers and their caregivers, such as their friends and family members. With an in-house team dedicated to content creation, our sites are constantly optimized using a data-driven approach and fully integrated with our Customer Relationship Management systems to be increasingly effective. Today, more than 25% of our leads come from our digital platforms, and the number of appointments booked online has increased more than 30% globally compared to just one year ago. Finally, thanks to Earpros.com, our unbranded platform available in 10 countries, we have reached additional 30 million users, on average 4 years younger than the users reached by the Amplifon sites.

AMPLIFON X

Amplifon X is the Group's new internal start-up entirely focused on Amplifon's digital innovation strategy. Amplifon X is responsible for the software design and the end-to-end development of highly innovative digital solutions to enhance the service offered in-store and, most importantly, remotely. With a team of more than 60 people and leveraging important collaborations with recognized academic entities around the world, Amplifon X enables us to continue to redefine the standards of the audiological experience globally, consolidating the Company's significant competitive advantage and creating a unique and unmatchable experience for our customers and hearing care professionals.

BUSINESS MODEL

In all markets, we offer innovative technologies, extensive technical expertise and, above all, empathy: those who choose us have a totally unique and personalized experience.

WE OFFER UNIQUE HEARING CARE SERVICES TO OUR CUSTOMERS

We stay continuously in contact with people, listening to their needs and getting to know their expectations to offer high value-added hearing care services. The success of the hearing solution relies above all on the skills of the hearing care specialists to perform hearing tests, select the most suitable device among the most advanced technologies by the best manufacturers worldwide, and correctly fit them based on each single person's needs.

AMPLIFON 360 JOURNEY

Amplifon 360[7] is our patented protocol that, through its data-driven approach, considers pioneering methods and tools to assess the quality of hearing and guides our hearing care professionals toward the identification of the best hearing solution for each person's needs.

7 - Available in most countries of operation.

DISCOVER
CUSTOMER-DEVOTED

BUSINESS-TO-CONSUMER

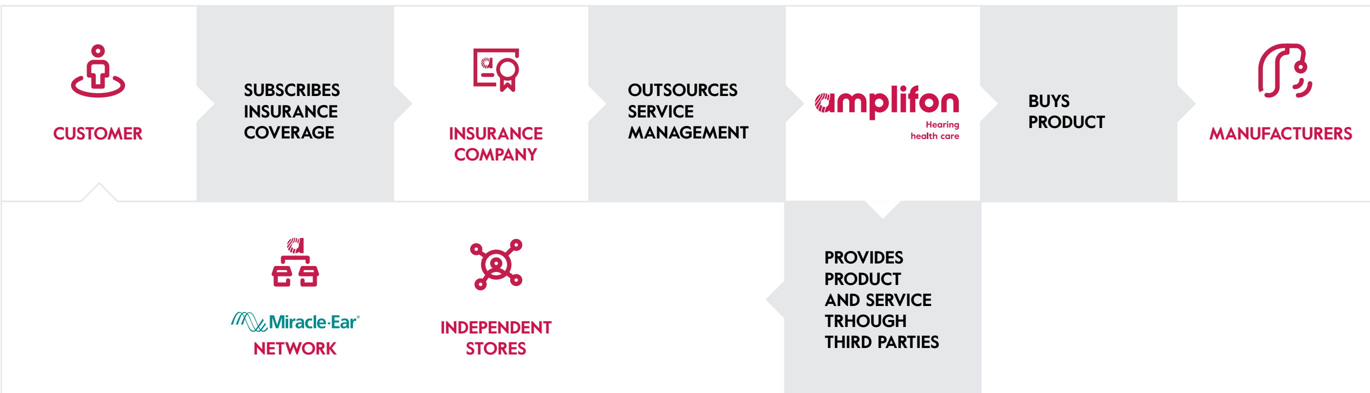
In EMEA, APAC, Canada, and Latin America, we serve our customers through direct points of sale. In the United States we operate over 290 stores with this model under the Miracle-Ear brand.

FRANCHISING

Miracle-Ear operates in the United States mainly through a franchised network. It is a network of around 1,300 points of sales that provides hearing care services independently according to our strategic guidelines.

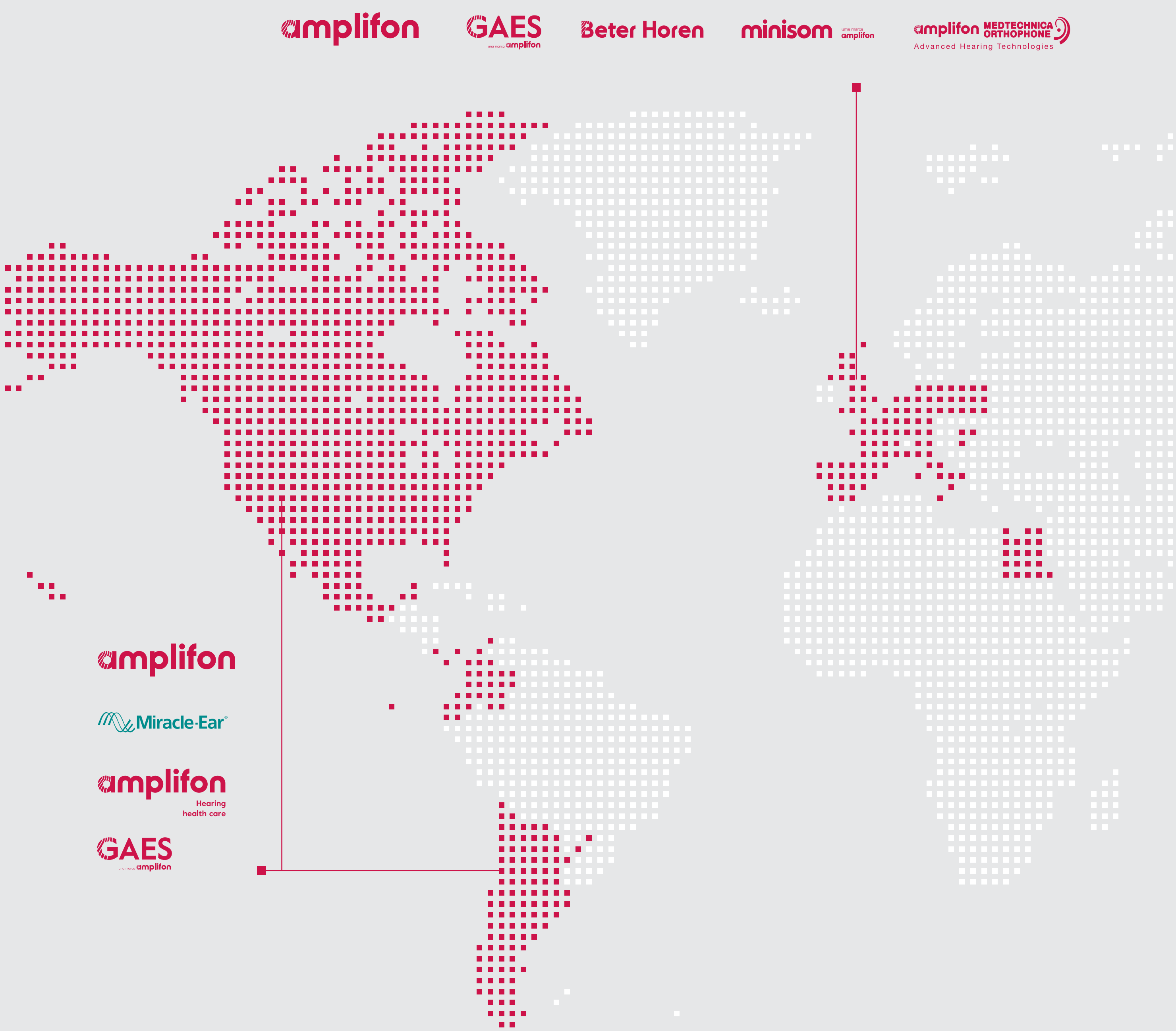
MANAGED CARE

Amplifon Hearing Health Care offers hearing care solutions to health plan members in the United State, though a distribution network made of Miracle-Ear shops and other independent retailers.



OUR NETWORK

We are global leader in terms of quality of service, expertise, distribution network, and geographic coverage.



We operate under three regions – EMEA, Americas and APAC. Each Region corresponds to a business area and is responsible for pursuing the Company's strategy at local level and for sharing its know-how among the various countries.

AMERICAS

Country	Corporate shops	Franchisee
USA	293	1.264
Canada	89	-
Chile	37	-
Argentina	30	5
Ecuador	28	1
Colombia	20	2
Mexico	14	-
Panama	2	-
AMERICAS	**513**	**1,272**

EMEA

Country	Corporate shops	Shop-in-shop and corners
Italy	766	2.745
France	621	106
Germany	598	-
Spain	555	118
The Netherlands	159	50
Switzerland	102	-
United Kingdom	107	27
Belgium	87	37
Portugal	70	100
Poland	93	-
Hungary	79	-
Israel	58	-
Egypt	30	-
EMEA	**3.325**	**3.183**

APAC

Country	Corporate shops	Shop-in-shop and corners
Australia	395	92
New Zealand	117	23
China	168	0
India	78	142
APAC	**758**	**257**

STRENGTHS

PROFESSIONAL EXPERTISE

Our around 9,700 hearing care specialists perform hundreds of thousands of hearing tests and keep up to date by completing over 280,000 hours of training each year. They bring together innovation, scientific knowledge and a highly personalized approach following the exclusive Amplifon 360 protocol to ensure an excellent customer experience.

BRANDS

Our portfolio of strong, well-known brands allows us to drive real cultural change in the sector, redefining the way in which customers relate to their hearing well-being. United under the Amplifon brand, all our trademarks invite people to enjoy unique experiences.

INNOVATION

Through Amplifon X, our new agile business unit entirely dedicated to developing highly innovative digital solutions, we express our attitude of always looking ahead and pushing our limits. The Amplifon multichannel ecosystem of customer-centric omni- channel and omni-persona solutions enables data mining activities, thus allowing us to develop high value-added services to further differentiate the customer journey and the experience we offer.

GLOBAL SCALE

Our global distribution network, interconnected through our databases, allows us to stay close to our customers, share excellence among our hearing care specialists in 25 Countries and diversify exposure to different markets.

EMPLOYER OF CHOICE

We are the employer of choice thanks to our corporate culture, constant investment in our talents and incentives for their professional development, also through assignments within global projects.

SCIENTIFIC LEADERSHIP

Amplifon's Centre for Research and Studies is a specialist partner for the medical and scientific community in the fields of audiology and ENT since 1971. Its prestige is linked to the contribution of internationally recognized experts, whose innovative contribution is fundamental for the continuous theoretical and practical development of the medical community.

Our global positioning and our more than 70 years of experience allow us to aspire to be the best at interpreting the needs of people who won’t settle for anything else apart from living life to the full.

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GOVERNANCE

Our Corporate Governance system complies with the principles set by the Italian Stock Exchange Corporate Governance Code issued in January 2020 and promoted by the Corporate Governance Committee, with which we have complied with since its first version of 2001, timely adhering to subsequent amendments.

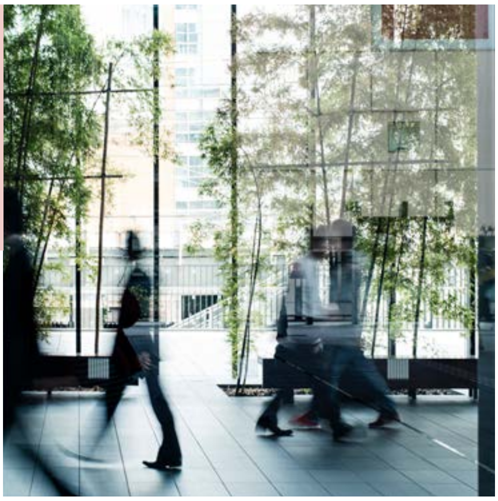
Our aim goes beyond mere compliance: we are fully aware that a correct governance system is essential for meeting our long-term strategic objectives.

BOARD OF DIRECTORS

Our Board of Directors is characterized by an appropriate mix of expertise and professional profiles: it includes prominent executives, managers from other sectors, financial profiles and with international experience, and professionals with expertise in hearing care and ESG. In addition, more than half of the members are women, while the average age of the Board members has significantly decreased from 72 in 2011 to the current 60, with a maximum age of 74 and a minimum of 39. Finally, about 80% are independent directors and there is a single executive director, the CEO. The Board of Directors met seven times in 2022, with an attendance rate of 96.8%. The meetings lasted 3 hours on average.

Role	Nome	Executive	Indipendent[8]	C.C.R.S.[9]
Chairperson	**Susan Carol Holland**			■
CEO	**Enrico Vita**	■		
Director	**Maurizio Costa**		■	
Director	**Veronica Diquattro**		■	
Director	**Laura Donnini**		■	■
Director	**Maria Patrizia Grieco**		■	
Director	**Lorenza Morandini[11]**		■	■
Director	**Lorenzo Pozza**		■	■
Director	**Giovanni Tamburi**		■	

The Board of Directors was appointed by the Shareholders' Meeting on April 22, 2022 and will remain in office until the approval of the Financial Statements as of December 31, 2024. The Curricula Vitae of the members of the Board of Directors are available on our **corporate website**.
The Board of Statutory Auditors was appointed by the Shareholders' Meeting on April 23, 2021 and will remain in office until the approval of the Financial Statements as of December 31, 2023.



LEGENDA

- Business development and strategic planning
- Risk, crisis & audit management
- FinanceHR & organizational transformation
- IT, digital and cyber
- ESG & climate change
- Governance, legal and regulatory
- HR & organizational transformation
- International context

C.R.N.[10]	Gender	Year of first Appointment	Attendance rate	Expertise
■	F	2001	100%	Business development and strategic planning; Risk, crisis & audit management; Finance; Governance, legal and regulatory; International context
	M	2015	100%	Business development and strategic planning; Finance; International context; Governance, legal and regulatory; HR & organizational transformation
■	M	2007	100%	Business development and strategic planning; Finance; Governance, legal and regulatory; HR & organizational transformation; International context
■	F	2022	100%	Business development and strategic planning; Risk, crisis & audit management; IT, digital and cyber; HR & organizational transformation; International context
	F	2016	100%	Business development and strategic planning; Risk, crisis & audit management; IT, digital and cyber; ESG & climate change; HR & organizational transformation; International context
■	F	2016	100%	Business development and strategic planning; Risk, crisis & audit management; Finance; ESG & climate change; Governance, legal and regulatory; International context
	F	2022	100%	Business development and strategic planning; Finance; IT, digital and cyber; ESG & climate change; HR & organizational transformation; International context
	M	2016	86%	Business development and strategic planning; Risk, crisis & audit management; Finance; ESG & climate change; Governance, legal and regulatory; HR & organizational transformation
	M	2013	86%	Business development and strategic planning; Finance; Governance, legal and regulatory; HR & organizational transformation; International context

8 - Directors that declare they qualify as independent as defined under current law and in the Italian Stock Exchange Corporate Governance Code.
9 - C.C.R.S.: Members of the Risk, Control and Sustainability Committee.
10 - C.R.N.: Members of the Remuneration and Appointment Committee.
11 - Director appointed by the minority shareholders and independent pursuant to the Italian Stock Exchange Corporate Governance Code.

BOARD OF STATUTORY AUDITORS

Role	Name
Chairperson	**Raffaella Pagani**[12]
Standing auditor	**Patrizia Arienti**
Standing auditor	**Dario Righetti**
Alternate auditor	**Alessandro Grange**[12]
Alternate auditor	**Maria Venturini**

REMUNERATION & APPOINTMENT COMMITTEE

Role	Name	Participation rate
Chairperson	**Maurizio Costa**	100%
Member	**Susan Carol Holland**	88%
Member	**Veronica Diquattro**	100%
Member	**Maria Patrizia Grieco**	88%

RISK, CONTROL & SUSTAINABILITY COMMITTEE

Role	Name	Participation rate
Chairperson	**Lorenzo Pozza**	100%
Member	**Susan Carol Holland**	100%
Member	**Laura Donnini**	100%
Member	**Lorenza Morandini**	100%

RELATED PARTIES TRANSACTIONS COMMITTEE

Role	Name
Chairperson	**Laura Donnini**
Member	**Maurizio Costa**
Member	**Lorenza Morandini**

SUPERVISORY BOARD

Role	Name
Chairperson	**Lorenzo Pozza**
Member	**Laura Donnini**
Member	**Laura Ferrara** (Responsabile Internal Audit)

LEAD INDEPENDENT DIRECTOR

Name
Lorenzo Pozza

EXTERNAL AUDITORS

Company
KPMG S.p.A.

12 - Member of the Supervisory Board expressed by the minority list.

EXECUTIVE RESPONSIBLE FOR FINANCIAL REPORTING

Name
Gabriele Galli

SECRETARY OF THE BOARD OF DIRECTORS

Name
Federico Dal Poz

ETHICS & TRANSPARENCY

Bearing in mind the importance of promoting a corporate culture based on honesty, integrity, fairness, and good faith, we implemented procedures and processes aimed at aligning our way of doing business to the highest ethical principles, standards of integrity and values.

CODE OF ETHICS

Our **Code of Ethics** formalizes the values, principles and rules of conduct concerning business conduct policies, human resources, sustainability, clarity and completeness of accounting records, and relations with external stakeholders. We prohibit practices of corruption, unlawful favors, collusion, and personal advantages, either directly or through third parties. We strive to ensure that the principles of the Code are shared among agents, consultants, suppliers, and any other party with whom we have ongoing business relationships, and we do not establish or continue business relations with anyone who refuses to adhere to the principles of the Code.

MODEL 231

In Italy, in accordance with Legislative Decree no. 231/2001, we have adopted an internal **Model 231** and appointed the Supervisory Board. Our Model is designed to prevent the commission of the crimes foreseen by the Decree and promote the execution of company activities in accordance with the principles of fairness and transparency and, at the same time, to avoid potential risk situations. In this way, we guarantee the highest degree of efficiency and integrity of the company's processes, as well as protect the Company's image and workforce.

ANTI-CORRUPTION POLICY

We have a zero-tolerance policy towards corruption. For this reason, our Board of Directors approved our **Anti-corruption Policy** in 2017 that promotes the highest standards in all commercial relations and provide specific rules to prevent, identify, and manage the risks of corruption. The recipients of the Policy are the Group's directors, managers, employees, but also our suppliers and consultants, as well as anyone acting on our behalf.

POLICY WHISTLEBLOWING

The objective of the Group **Whistleblowing Policy** is to ensure full alignment of existing processes and operational flows in the field of whistleblowing management, in order to allow deviant and/or non-compliant behavior to be reported, in full confidentiality, in accordance with the Anti-Corruption Policy, our Code of Ethics, and applicable laws and regulations. The whistleblowing system is in place in the main Group companies, and will be progressively adopted by all the countries in which we operate with a view to harmonizing existing local systems[13].

13 - It should be noted that even before 2020, in some countries local whistleblowing systems were already in place if required by national law. In particular, in Italy, a whistleblowing system was adopted as required by Amplifon S.p.A.'s Mode 231, ex Legislative Decree 231/2001.

SUPPLIER CODE OF CONDUCT

In 2022, our **Supplier Code of Conduct** was approved to define the principles and standards of conduct required of all our suppliers and business partners. This Code is being progressively integrated into the supplier qualification process so that suppliers sign up and commit to the proactive implementation of the principles and standards relating to business ethics, compliance, anti-corruption, human and labor rights, diversity and inclusion, health, safety, environment, etc. The objective is to strengthen the business relationship that exists between Amplifon and its suppliers, going beyond mere compliance.

DEIB POLICY

Our new **Diversity, Equity, Inclusion and Belonging** (DEIB) Policy was approved in 2022, formalizing the importance of diversity and inclusion for the Company. Indeed, these principles are fundamental opportunities for enrichment and innovation to ensure that business activities are conducted in a robust and sustainable manner. We are therefore committed to promoting, in all aspects of the employment relationship - from selection to training, through performance appraisal to remuneration - the various principles underlying the Policy, such as cultural background, gender, ethnic origin, disability and age.

REMUNERATION POLICY

Our **Remuneration Policy** is defined consistently with our strategy, our governance model and the guidelines of the Italian Stock Exchange Corporate Governance Code, in order to align the interests of top management with the priority objective of creating value in the medium-long term. This Policy contributes to the achievement of sustainable results over time and allows us to attract, motivate and retain key and strategic resources, enhancing their performance and recognizing the quality and effectiveness of their individual contribution. The Policy is also aimed at promoting sustainable business success and ensuring that compensation policies are aligned with our sustainability strategy. Starting from 2020, the main objectives of the new Sustainability Plan have been set within the performance framework and short-term variable incentive (MBO) system for top management. In addition, a new incentive tool was introduced for the Chief Executive Officer/General Manager in first instance in 2022, and envisaged, from 2023, also for Executives with Strategic Responsibilities, in order to consolidate a policy of strong involvement of the Company's key resources in the achievement of value creation objectives for our shareholders and stakeholders.

SHAREHOLDER ENGAGEMENT POLICY

The **Investor Relations and Shareholders Engagement Policy** describes the principles and practices that Amplifon applies for managing the constant and ongoing relationship with shareholders, potential investors and the Company's main stakeholders, always based on active listening and on principles of fairness and transparency. This Policy describes this relationship within the competences of the corporate functions and regulates the engagement activities designed to promote dialogue between the Company and its shareholders, defining the related topics, setting out the procedures and identifying the parties responsible for the engagement activities and the other persons potentially involved.

SUSTAINABILITY

2022 HIGHLIGHTS

DIVERSITY & INCLUSION

In line with our DEIB Policy, our Code of Ethics and the principles of the UN Global Compact, we do not exercise and do not allow within our company any discriminatory behavior in matters of employment and occupation, based on political and trade union opinions, religion, race, nationality, age, gender, sexual orientation, state of health, disability, or any intimate characteristic of the human person. As confirmation of our commitment, we joined Valore D, the first association of companies in Italy that promotes gender balance and an inclusive culture for the growth of organizations and the country, and we also took part in the first "Target Gender Equality" Accelerator of the UN Global Compact's Italian Network on how to achieve and maintain gender equality within organizations.

In addition, Amplifon received the Gender Equality Certification from the Winning Women Institute, the first certification of its kind in Italy, which recognizes the long-standing commitment of Italian companies in valuing and including diversity, two elements at the basis of Amplifon's philosophy to promote the principle of equal opportunity in all aspects of employment.

ENVIRONMENT

Consistent with our Code of Ethics and our Sustainability Policy, our focus on environmental topics and the challenges posed by climate change continues to grow. This is reflected, first and foremost, in the ever-increasing monitoring of our emissions, which extends not only to the activities in our offices and shops, but to the entire value chain.

This year we are presenting the Group's overall carbon footprint for the first time, following the completion of the Scope 3 inventory of indirect greenhouse gas emissions, with the aim of providing our stakeholders with the most complete and transparent view of our environmental performance. In addition, the portion of electricity used in our shops and offices and certified as coming from renewable sources by obtaining Guarantees of Origin increased from around 30% in 2021 to 52% by the end of 2022, in line with the target set in our Sustainability Plan, allowing us to avoid the emission of about 5,700 tonnes of CO_{2e} in 2022.

STAKEHOLDER ENGAGEMENT PLAN

With the support of top management, in 2022 we updated our stakeholder map by identifying the main categories of stakeholders and interested parties and assessing the importance of each category of stakeholder based on the types of relationship they have with Amplifon, their roles and according to the criteria of dependence and influence between them and the Company. The final objective was to define a Stakeholder Engagement Plan that will allow us to involve, on a rotating basis over the next three years, the majority of our stakeholders according to different interactive methods and on the basis of a structured path, accompanied by a new materiality analysis update process.

TOP EMPLOYER

Following the positive evaluation of the workplace, training offer and the career paths available to our employees, just as we did last year, we received also in 2023 the Top Employer certification for both the entire European region as well as for Italy, France, Germany, Spain, and Portugal. In addition, thanks to our dedication to constantly improving the work environment to Top Employer standards, this year we also received the same certification for the Netherlands, the United States and New Zealand. This award is another step along the transformation path we have taken toward the development of a true Winning Workplace.

DISCOVER SUSTAINABILITY REPORT 2022


THE VALUES WE HOLD
amplifon

MAIN ESG RATINGS

Also in 2022 Amplifon took part in the **S&P** Corporate Sustainability Assessment 2022 (CSA), increasing its total Score from 55 to 64, as well as its performance on the three key dimensions: (Governance & Economics, Environmental, Social), ranked 9th in the global "Health Care Providers & Services" industry. These results allowed Amplifon to be included in the Global Sustainability Yearbook 2023, which includes the ranking of the 708 top performers among the over 7,800 companies evaluated by the Corporate Sustainability Assessment. We have also been selected as the only Industry Mover, showing the best improvement in our industry compared to last year.

In 2022, we took a significant step in our environmental sustainability journey by answering the annual **CDP** Climate Change questionnaire for the first time and achieving a C score on a scale of A to F, aligned with the industry average.

Also in 2022, **MSCI**, whose ESG ratings aim to measure the resilience of companies against ESG risks and trends, confirmed Amplifon's ESG rating at AA, on a scale ranging from CCC to AAA, with scores above the benchmark industry average in all key areas of the assessment.

Sustainalytics' ESG risk rating evaluates companies based on their exposure to key ESG risks. Due to its limited exposure to these types of risks, as well as proper management of residual and potential risks, in 2022 Amplifon received an ESG risk rating of 14.7/100 (Low risk).

The **FTSE4Good** Index Series are equity indices launched by the FTSE Group that measure companies' performance in the ESG sphere. In 2022 Amplifon achieved an ESG Rate of 2.8 (on a 0-5 scale), in line with the Health Care industry average (2.3) and performing better than the industry average in the social and governance sphere.

In 2022, Vigeo Eiris increased Amplifon's ESG Overall Score from 43 to 48 on a 0-100 scale, attributing an above-industry-average ESG performance in all three ESG pillars, and a 10/49 ranking within the benchmark sector (Health Care Equipment & Services).

OUR COMMITMENTS TOWARDS A SUSTAINABLE BUSINESS

In 2021 we defined Listening Ahead - our Sustainability Plan with mid-term objectives, coherent to our business strategy and the United Nations' Agenda 2030 for Sustainable Development, to which the remuneration of our top management is linked. Namely, we formalized our daily commitment to listening to and providing an answer to the expectations of our customers, our people, the community, and the context in which we operate, safeguarding the ability of future generations to fulfill their need in the long-term.

PRODUCT & SERVICE STEWARDSHIP

We are committed to raising awareness and accessibility to hearing care, improving people's lives, and empowering them to rediscover all the emotions of sound. We are committed to offering innovative experiences to our customers by listening to their needs and delivering a highly personalized service across all touchpoints.

PEOPLE EMPOWERMENT

We are committed to attracting, developing, and retaining the best talents to ensure sustainable performances and ensure our leadership in the long- term. We are committed to fostering and promoting diversity among our employees to better represent our customer base.

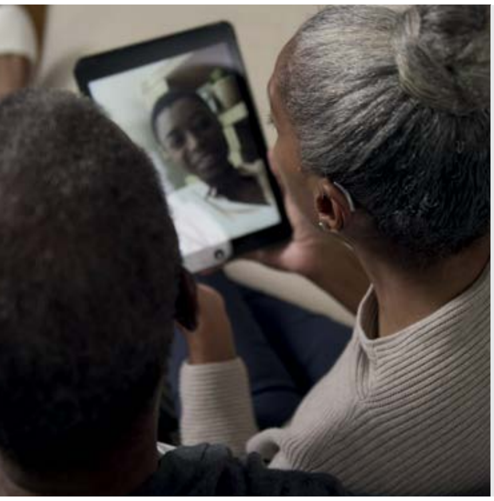
COMMUNITY IMPACT

Through our platform Listen Responsibly and its dedicated app, we are committed to raising awareness on the importance of hearing care prevention, listening responsibly and noise pollution. We are committed to fostering social inclusion by supporting the initiative promoted by the Group's Foundations

ETHICAL BEHAVIOR

We are committed to promoting and sharing the highest environmental, ethical, and social standards with all our business partners to lead a responsible management approach within the value chain. We are committed to reducing the environmental impact of our business by promoting green energy sources and circular economy principles.

OUR FOUNDATIONS



AMPLIFON FOUNDATION

Amplifon Foundation is our corporate foundation, created in the beginning of 2020 as a means of giving back value to the community. The Amplifon Foundation aims at enabling individuals to achieve their full potential in life through social inclusion, particularly the elderly, in line with its areas of action: Enabling participation, Diversity & Employability, as well as Inclusive Communities.

MIRACLE-EAR FOUNDATION

Established in 1990, the aim of the **Miracle-Ear Foundation** is to provide hearing aids, follow-up care, and educational resources to those who do not have enough financial resources to meet their hearing health needs, besides implementing awareness campaigns.

GAES SOLIDARIA FOUNDATION

Founded in 1996 and consolidated as Foundation in 2018, **GAES Solidaria Foundation's** mission is to provide opportunities to people with hearing loss and with no financial resources so that they can develop their language and communication capabilities through the development of local and international hearing care projects.

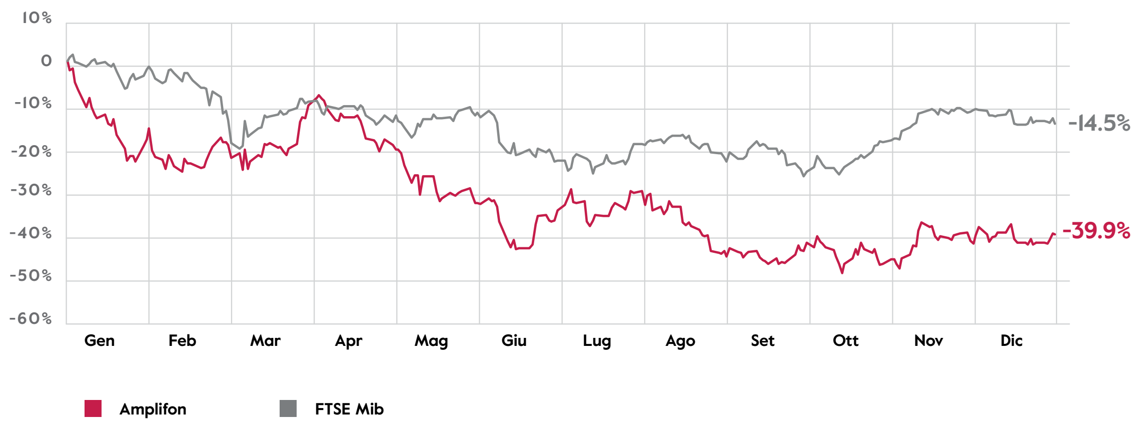
INVESTORS' REPORT

AMPLIFON IN THE STOCK EXCHANGE

Amplifon (Bloomberg ticker: AMP:IM / Reuters ticker: AMPF.MI) is listed on the Euronext Milan market of the Italian Stock Exchange since 2001 and it is part of the Euronext STAR Milan segment since 2008. In December 2018, Amplifon became part of the FTSE MIB index, made of the 40 largest capitalization stocks of the Milan Stock Exchange.

Since June 2019, Amplifon is also part of the Stoxx Europe 600 index and since November 2020 it is part of the MSCI Global Standard index as well. Finally, in October 2021 Amplifon was included in the new MIB ESG index launched by Euronext and Borsa Italiana, dedicated to the 40 Italian blue chips which demonstrate strong ESG (Environment, Social & Governance) practices.

2022 PERFORMANCE

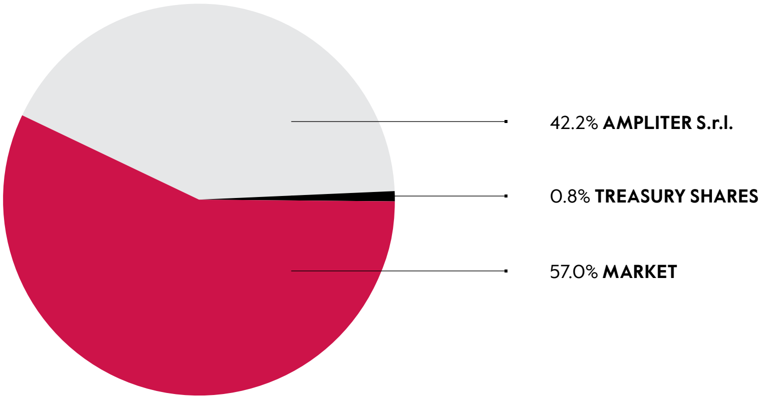


KEY SHARE DATA

Stock exchange	EXM	**Nominal value**	€ 0.02
Bloomberg ticker	AMP:IM	**Average price**[16]	€ 31.741
Share capital[14]	€ 4.528	**Average volumes**[16]	585,574
N° of shares outstanding[14,15]	224,557,260	**Market capitalization**[14,15]	€ 6.247

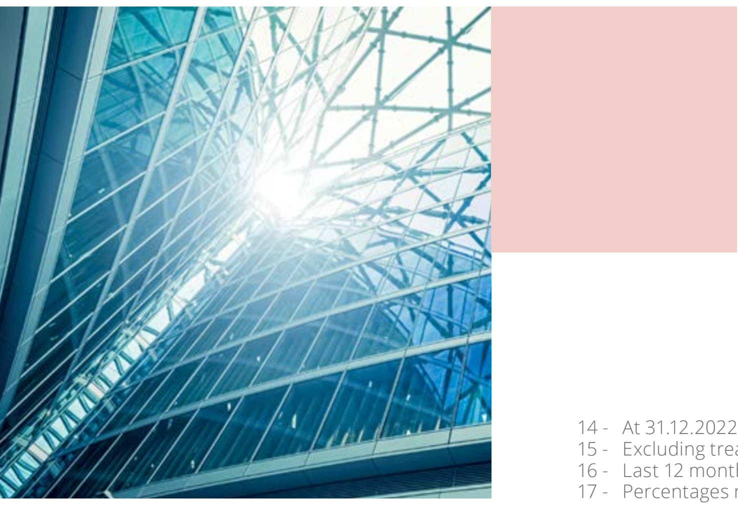
SHAREHOLDING

SHAREHOLDER STRUCTURE AS OF DECEMBER 31st, 2022[17]



INCREASED VOTING RIGHTS

The possibility of exercising increased voting rights was adopted by the Extraordinary Shareholders' Meeting held on January 29th, 2015 with a view to pursuing stability and loyalty of the shareholder base. It gives shareholders the option to obtain increased voting rights equal to two votes for each share held for at least 24 consecutive months from the registration date shown in the shareholder register prepared by the Company, in accordance with current law and regulations. On December 31st, 2022, there were 96,228,033 registered shares (59.65% of the Company's voting capital), of which 95,604,369 shares (59.27% of the voting capital) owned by the majority shareholder Ampliter S.r.l..



14 - At 31.12.2022, in million euros.
15 - Excluding treasury shares.
16 - Last 12 months.
17 - Percentages refer to the share capital on December 31st, 2022.

EMARKET SDIR CERTIFIED

RELATIONS WITH THE FINANCIAL COMMUNITY

STOCK COVERAGE

As of December 31st, 2022, the stock was covered by 19 brokers who actively followed the Company, published specific research and analyses, and issued generally positive recommendations. Coverage is temporarily suspended by: Goldman Sachs and Sanford Bernstein, while HSBC started coverage from January 10th, 2023.

AlphaValue	Citi	Kepler Cheuvreux
Banca Akros	Equita Sim	Mediobanca
Banca IMI	Exane BNP Paribas	Morgan Stanley
Bank of America Merrill Lynch	Goldman Sachs	Oddo BHF Corporates & Markets
Barclays	HSBC	Sanford Bernstein
Bestinver Securities	Intermonte	Stifel
Carnegie	Jefferies	

RESULTS CONFERENCE CALLS

Amplifon organizes conference calls and audiowebcasts with the financial community (analysts and institutional investors) for the release of its annual, half-year and quarterly results. On average, there were over 100 people connected to each conference call.

MEETINGS WITH THE FINANCIAL COMMUNITY

During 2022, the Company's management - Chief Executive Officer, Chief Financial Officer and Investor Relator - took part in 10 roadshows, both in person and virtually, with investors in the main international financial centers (London, Milan, Paris, Zurich, Geneva, Frankfurt, New York and Boston), meeting around 130 institutional investors in one-on-one and group meetings. Furthermore, the Company attended 11 international conferences, both in the healthcare and Hearing Aids sectors, organized by leading institutions such as JP Morgan, Bank of America Merrill Lynch and Kepler Cheuvreux, and conferences dedicated to Italian and/or mid-capitalization companies organized by Barclays, Goldman Sachs and Sanford Bernstein. During these conferences, the management met around 240 institutional investors in both one-on-one and group meetings. In addition, management met approximately 130 institutional investors during company visits, via video or conference calls, leading to a total of more than 500 investors met throughout 2022.

INSTITUTIONAL INVESTOR RECOGNITION

Amplifon was recognized as the best company in Europe in Investor Relations in the "Pharmaceutical & Healthcare" sector in the 2022 edition of the prestigious ranking "All-Europe Executive Team" by Institutional Investor, an independent research institute in international finance. Amplifon was ranked first in the "Best Company in Investor Relations - Pharmaceutical & Healthcare" category and in the Grand Prix, "Best Overall Company in IR", attesting the recognition of the international community for the dialogue and the relationship of trust established with the financial market and all stakeholders.

DEBT AND CREDIT RATING

We leverage on a solid financial structure that allows us to support our ambitious growth projects and to embrace future opportunities thanks to a strong cash flow generation. In order to ensure consistency between our financial structure and our strategic objectives, we diversify the composition and maturity of the debt.

FINANCIAL STRUCTURE

Strong cash generation in 2022 with the operating cash flow at 353.0 million euros and free cash flow at 246.7 million euros, after capex of around 105 million euros. This result allowed us to finance cash-outs for acquisitions for 84.6 million euros, dividend distribution for 58.2 million euros, and share buy-back for 53.1 million euros.

As of December 31st, 2022, we have liquidity of 229.6 million euros versus gross financial debt, excluding lease liabilities, of 1,059.6 million euros.

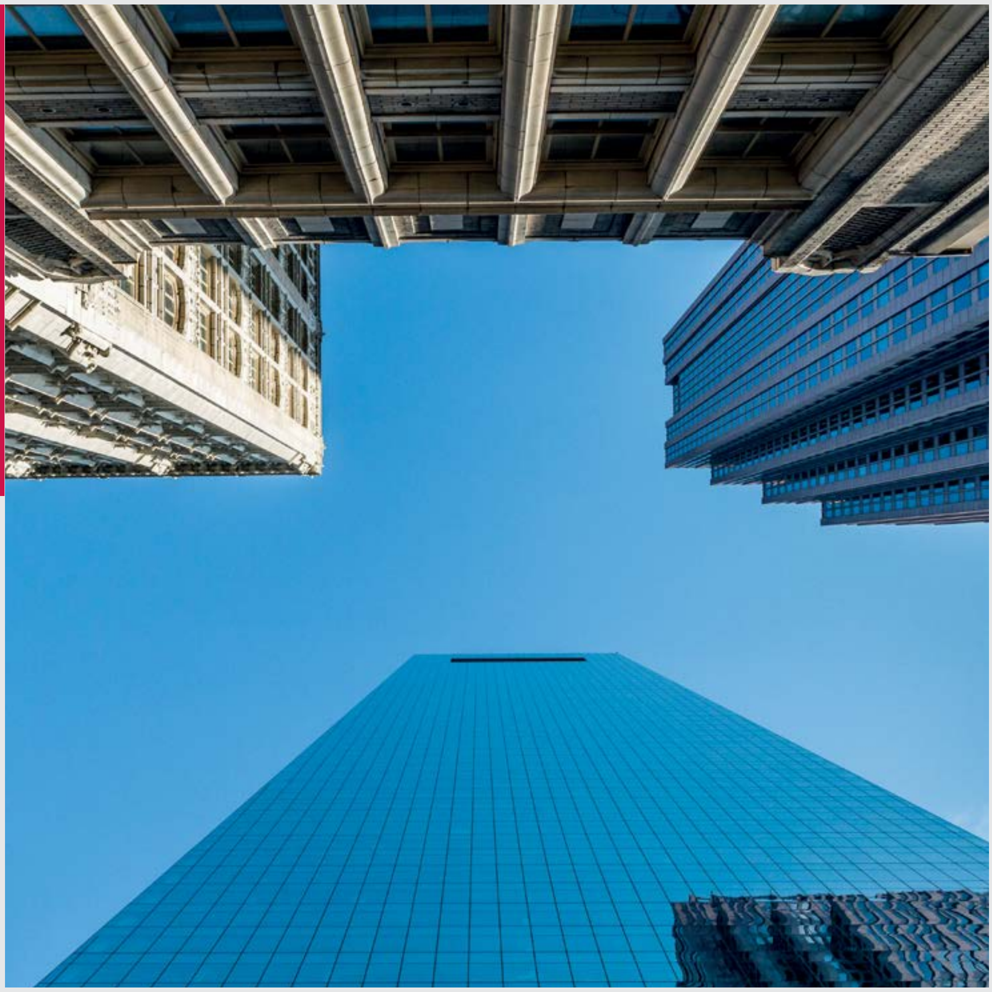
The medium to long-term component of debt amounts to 76.2% of the total debt, while the short-term is 23.8%. More than 80% of the debt can be considered fixed-rate debt since most of the variable-rate debt is swapped. During the year, the average cost of debt was around 1.4%.

Amplifon enjoys an average maturity of its debt of approximately two and a half years and a strong headroom (available liquidity and committed revolving credit lines) totaling around 485 million euros.

DEBT CAPITAL MARKETS

On February 5th, 2020, we placed non-convertible bond notes for 350 million euros with 7-year maturity. Amplifon has a public "BB+" corporate credit rating with a stable outlook by S&P Global Ratings Europe Limited ("S&P"), the same rating is also assigned to the bond notes.

2023 FINANCIAL CALENDAR



MARCH 1st, 2023
Board of Directors' meeting to approve the Consolidated Financial Statements, the draft of Amplifon S.p.A.'s Financial Statements at December 31st, 2022 and proposed allocation of 2022 Net Result

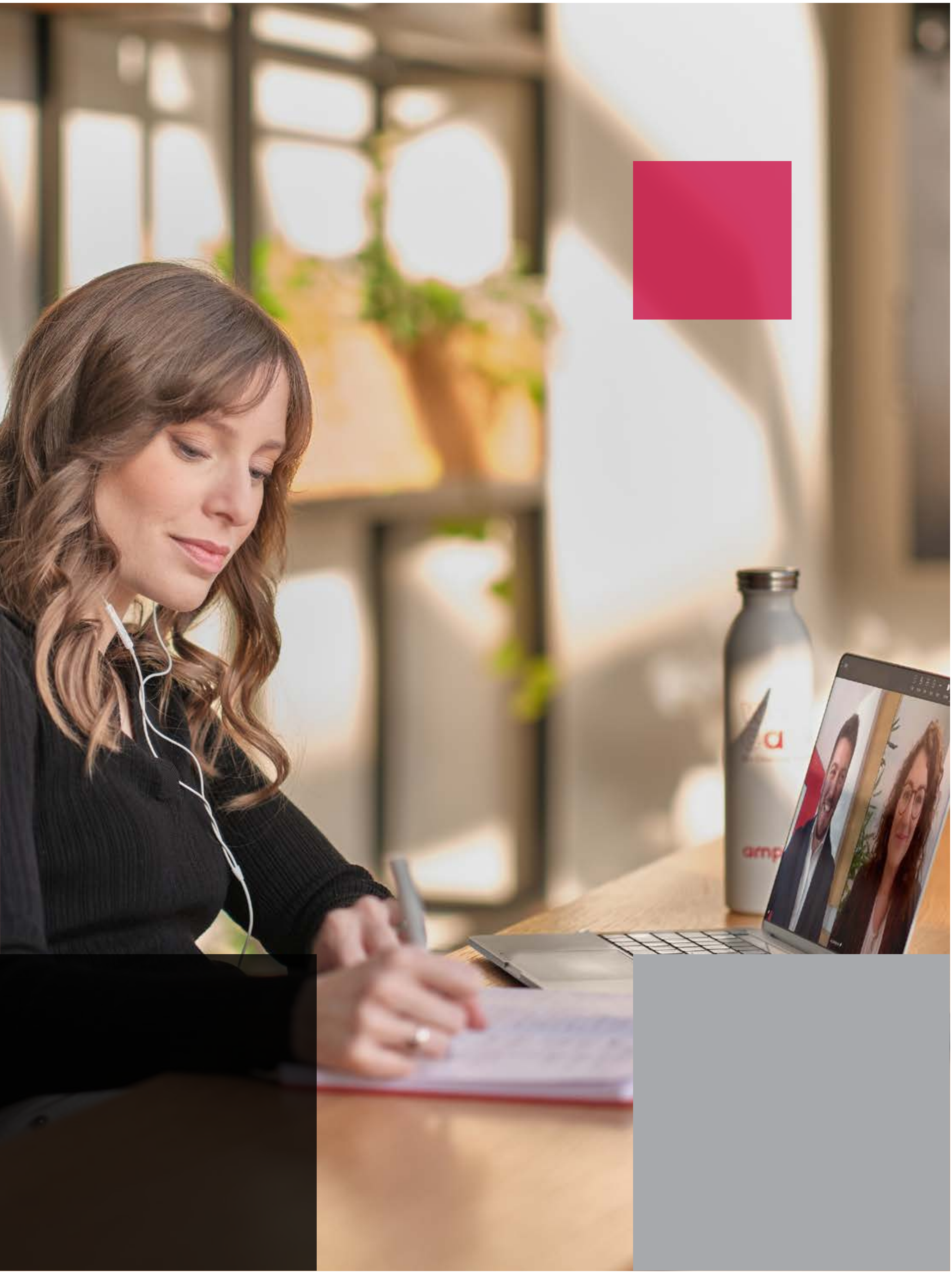
APRIL 21st, 2023
Shareholders' General Meeting (Single Call) to approve Amplifon S.p.A.'s Financial Statement at December 31st, 2022 and allocation of 2022 Net Result

MAY 2nd, 2023
Board of Directors' meeting to approve the Interim Financial Report at March 31st, 2023

JULY 27th, 2023
Board of Directors' meeting to approve the Interim Management Report at June 30th, 2023

OCTOBER 30th, 2023
Board of Directors' meeting to approve the Interim Financial Report at September 30th, 2023

REPORT ON OPERATIONS AS AT DECEMBER 31ST, 2022



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REPORT ON OPERATIONS AS AT DECEMBER 31ST, 2022

COMMENTS ON THE FINANCIAL RESULTS

In 2022 Amplifon recorded an increase in revenues as well as improved profitability compared to 2021, with positive results across all geographies, despite a difficult macroeconomic environment and a comparison period extremely challenging. This result was achieved thanks to excellent organic growth in the first half of the year driven by the effectiveness of the continuous investments made in the business and operating efficiency. The year closed with:

- a turnover of €2,119,126 thousand, an increase of 6.8% at constant exchange rates and 8.8% at current exchange rates compared to the same period of the prior year.
- a gross operating margin (EBITDA) of €518,709 thousand, €50,383 thousand (+10.8%) higher as reported and €42,517 thousand (+8.8%) higher on a recurring basis. The EBITDA margin rose +0.5 p.p. as reported and was unchanged on a recurring basis. The improvement in profitability reflects both the growth in revenues described above, as well as the increased operating efficiency which absorbed a noticeable increase on the investments in the business.
- a Group net profit of €178,525 thousand, an increase of €20,740 thousand (+13.1%) against 2021.

REVENUES PERFORMANCE

Consolidated revenues from sales and services amounted to €2,119,126 thousand in 2022, an increase of €171,051 thousand (+8.8%) compared to 2021 explained for €58,418 thousand (+3.0%) by organic growth. The foreign exchange effect was positive for €39,178 thousand (+2.0%).

The performance was positive across all geographies. A good performance was recorded in EMEA attributable to both the excellent organic growth reported in the first half, as well as bolt-on acquisitions; in the AMERICAS, the United States once again reported excellent, double-digit growth in revenues; the revenue growth reported in APAC was fueled mainly by the consolidation of Bay Audio, acquired in the fourth quarter of 2021.

PROFITABILITY PERFORMANCE

Gross operating profit (EBITDA) amounted to €518,709 thousand in 2022, an increase of €50,383 thousand (+10.8%) with respect to the comparison period. The EBITDA margin came to 24.5%, 0.5 p.p. higher than in 2021.
Non-recurring expenses of €6,584 thousand were incurred during the reporting period explained by the integration of Bay Audio, the second phase of the GAES integration, and the donation made to UNHCR to help Ukraine.

Net of these items, EBITDA would have been €42,517 thousand (+8.8%) higher than in 2021 with the EBITDA margin unchanged at 24.8%.

NET FINANCIAL POSITION CHANGES

Excluding lease liabilities net financial debt amounted to €829,993 thousand at 31 December 2022, a decrease €41,193 thousand compared to 31 December 2021 (€871,186 thousand) which confirms the high Group's ability to generate operating cash. Free cash flow reached €246,695 thousand (versus €254,907 thousand in the prior year) after absorbing net capital expenditure of €106,292 thousand (€111,037 thousand in the comparison period).

The net cash-out for acquisitions (€84,572 thousand versus €414,565 thousand in 2021, of which €344,744 thousand explained by the Bay Audio acquisition in Australia), along with the dividends paid (€58,237 thousand versus €49,356 thousand in 2021) and the share buybacks (€53,093 thousand versus €31,085 thousand in 2021) bring cash flow for the reporting period to positive €44,013 thousand versus negative €240,414 thousand in 2021.

Gross debt, excluding lease liabilities, amounted to €1,059,615 thousand at 31 December 2022, €807,907 thousand of which long-term. The short-term portion amounted to €251,708 thousand which is offset by cash and cash equivalents and other current financial assets of €229,622 thousand. The latter, along with the €255 million in unutilized irrevocable credit lines and the €199 million in other available uncommitted credit lines, provide ample headroom and ensure the flexibility needed to take advantage of any opportunities to consolidate and develop business that might materialize.

If the lease liabilities of €468,606 thousand are taken into account, net financial debt totals €1,298,599 thousand (€1,323,118 thousand at 31 December 2021).

EMARKET SDIR CERTIFIED

CONSOLIDATED INCOME STATEMENT

(€ thousands)	FY 2022				FY 2021				
	Recurring	Non-recurring (*)	Total	% on recurring	Recurring	Non-recurring (*)	Total	% on recurring	Change % on recurring
Revenues from sales and services	2,119,126	-	2,119,126	100.0%	1,948,075	-	1,948,075	100.0%	8.8%
Operating costs	(1,603,710)	(6,533)	(1,610,243)	-75.7%	(1,470,711)	(14,000)	(1,484,711)	-75.5%	-9.0%
Other income and costs	9,877	(51)	9,826	0.5%	5,412	(450)	4,962	0.3%	82.5%
Gross operating profit (loss) (EBITDA)	**525,293**	**(6,584)**	**518,709**	**24.8%**	**482,776**	**(14,450)**	**468,326**	**24.8%**	**8.9%**
Depreciation, amortization and impairment losses on non-current assets	(84,447)	-	(84,447)	-4.0%	(80,343)	(1,693)	(82,036)	-4.2%	-5.1%
Right-of-use depreciation	(108,491)	-	(108,491)	-5.1%	(96,244)	-	(96,244)	-4.9%	-12.7%
Operating result before the amortization and impairment of PPA related assets (EBITA)	**332,355**	**(6,584)**	**325,771**	**15.7%**	**306,189**	**(16,143)**	**290,046**	**15.7%**	**8.5%**
PPA related depreciation, amortization and impairment	(47,102)	-	(47,102)	-2.2%	(44,046)	-	(44,046)	-2.2%	-6.9%
Operating profit (loss) (EBIT)	**285,253**	**(6,584)**	**278,669**	**13.5%**	**262,143**	**(16,143)**	**246,000**	**13.5%**	**8.8%**
Income, expenses, revaluation and adjustments of financial assets (**)	309	-	309	0.0%	1,694	-	1,694	0.1%	-81.8%
Net financial expenses (**)	(32,481)	-	(32,481)	-1.5%	(29,245)	-	(29,245)	-1.6%	-11.1%
Exchange differences, inflation accounting and Fair value valuation (**)	(2,761)	-	(2,761)	-0.1%	4,911	-	4,911	0.3%	-156.2%
Profit (loss) before tax	**250,320**	**(6,584)**	**243,736**	**11.9%**	**239,503**	**(16,143)**	**223,360**	**12.3%**	**4.5%**
Tax	(66,775)	1,819	(64,956)	-3.2%	(64,204)	4,442	(59,762)	-3.3%	-4.0%
Profit (loss) from continuing operations	**183,545**	**(4,765)**	**178,780**	**8.7%**	**175,299**	**(11,701)**	**163,598**	**9.0%**	**4.7%**
Profit (loss) from discontinued operations	-	-	-	0.0%	-	(5,755)	(5,755)	0.0%	-
Net profit (loss)	**183,545**	**(4,765)**	**178,780**	**8.7%**	**175,299**	**(17,456)**	**157,843**	**9.0%**	**4.7%**
Profit (loss) of minority interests	255	-	255	0.0%	58	-	58	0.0%	339.7%
Net profit (loss) attributable to the Group	**183,290**	**(4,765)**	**178,525**	**8.7%**	**175,241**	**(17,456)**	**157,785**	**9.0%**	**4.8%**

(*) See table at page 52 for details of non-recurring transactions
(**) It's specified that, on the comparative period 2021, reclassifications between income, expenses and adjustments of financial assets have been made in order to better represent financial information. For a detail of reclassifications made see note n.33

The indicators below are provided with the purpose to facilitate the financial statement analysis and are additional to ones provided by IFRS accounting standards. It is reported also the criteria used to calculate each indicator. Members of the Board consider such indicators as the most appropriate to monitor and analyze the Group financial information with regard the specific business.

- **EBITDA** is the operating result before charging financial gain or loss, taxes, amortization, depreciation, impairment of both tangible and intangible fixed assets and the right of use depreciation.
- **EBITA** is the operating result before charging financial gain or loss, taxes, 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.

(€ thousands)	FOURTH QUARTER 2022				FOURTH QUARTER 2021				
	Recurring	Non-recurring (*)	Total	% on recurring	Recurring	Non-recurring (*)	Total	% on recurring	Change % on recurring
Revenues from sales and services	579,431	-	579,431	100.0%	568,203	-	568,203	100.0%	2.0%
Operating costs	(428,596)	(903)	(429,499)	-74.0%	(413,337)	(8,817)	(422,154)	-72.7%	-3.7%
Other income and costs	4,927	-	4,927	0.9%	1,715	(185)	1,530	0.3%	187.3%
Gross operating profit (loss) (EBITDA)	**155,762**	**(903)**	**154,859**	**26.9%**	**156,581**	**(9,002)**	**147,579**	**27.6%**	**-0.5%**
Depreciation, amortization and impairment losses on non-current assets	(22,421)	-	(22,421)	-3.9%	(24,073)	-	(24,073)	-4.2%	6.9%
Right-of-use depreciation	(27,433)	-	(27,433)	-4.7%	(25,048)	-	(25,048)	-4.5%	-9.5%
Operating result before the amortization and impairment of PPA related assets (EBITA)	**105,908**	**(903)**	**105,005**	**18.3%**	**107,460**	**(9,002)**	**98,458**	**18.9%**	**-1.4%**
PPA related depreciation, amortization and impairment	(11,908)	-	(11,908)	-2.1%	(12,136)	-	(12,136)	-2.1%	1.9%
Operating profit (loss) (EBIT)	**94,000**	**(903)**	**93,097**	**16.2%**	**95,324**	**(9,002)**	**86,322**	**16.8%**	**-1.4%**
Income, expenses, revaluation and adjustments of financial assets (**)	(15)	-	(15)	0.0%	763	-	763	0.1%	-102.0%
Net financial expenses (**)	(8,497)	-	(8,497)	-1.4%	(3,527)	-	(3,527)	-0.6%	-140.9%
Exchange differences, inflation accounting and Fair value valuation (**)	(848)	-	(848)	-0.1%	954	-	954	0.2%	-188.9%
Profit (loss) before tax	**84,640**	**(903)**	**83,737**	**14.7%**	**93,514**	**(9,002)**	**84,512**	**16.5%**	**-9.5%**
Tax	(20,899)	231	(20,668)	-3.7%	(23,378)	2,560	(20,818)	-4.2%	10.6%
Profit (loss) from continuing operations	**63,741**	**(672)**	**63,069**	**11.0%**	**70,136**	**(6,442)**	**63,694**	**12.3%**	**-9.1%**
Profit (loss) from discontinued operations	-	-	-	0.0%	-	(6,629)	(6,629)	0.0%	-
Net profit (loss)	**63,741**	**(672)**	**63,069**	**11.0%**	**70,136**	**(13,071)**	**57,065**	**12.3%**	**-9.1%**
Profit (loss) of minority interests	28	-	28	0.0%	26	-	26	0.0%	7.7%
Net profit (loss) attributable to the Group	**63,713**	**(672)**	**63,041**	**11.0%**	**70,110**	**(13,071)**	**57,039**	**12.3%**	**-9.1%**

(*) See table at page 52 for details of non-recurring transactions
(**) It's specified that, on the comparative period 2021, reclassifications between income, expenses and adjustments of financial assets have been made in order to better represent financial information. For a detail of reclassifications made see note n.33

The detail of non-recurring transactions, included in the previous tables, are shown below. More in detail, in addition to the costs stemming from Bay Audio integration for €2,780 thousand, costs of €2,804 thousand were incurred for the second phase of GAES integration and €1 million for donation was made to UNHCR to help Ukraine.

(€ thousands)	FY 2022	FY 2021
Bay Audio acquisition and integration costs	(2,780)	(7,372)
GAES second phase integration costs	(2,804)	(5,337)
Donations to UNHCR for emergency in Ukraine	(1,000)	-
Amplifon S.p.A restructuring costs	-	(1,741)
Impact of the non-recurring items on EBITDA	**(6,584)**	**(14,450)**
Accelerated depreciation of GAES tangible assets	-	(1,693)
Impact of the non-recurring items on EBIT	**(6,584)**	**(16,143)**
Impact of the non-recurring items on profit before tax	**(6,584)**	**(16,143)**
Impact of the above items on the tax burden for the period	1,819	4,442
Impact of the non-recurring items on profit from continued operations	**(4,765)**	**(11,701)**
Profit (loss) from discontinued operations	-	(5,755)
Impact of the non-recurring items on net profit	**(4,765)**	**(17,456)**

(€ thousands)	Q4 2022	Q4 2021
Bay Audio acquisition and integration costs	(125)	(6,916)
GAES second phase integration costs	(778)	(2,141)
Donations to UNHCR for emergency in Ukraine	-	-
Amplifon S.p.A restructuring costs	-	55
Impact of the non-recurring items on EBITDA	**(903)**	**(9,002)**
Accelerated depreciation of GAES tangible assets	-	-
Impact of the non-recurring items on EBIT	**(903)**	**(9,002)**
Impact of the non-recurring items on profit before tax	**(903)**	**(9,002)**
Impact of the above items on the tax burden for the period	231	2,560
Impact of the non-recurring items on profit from continued operations	**(672)**	**(6,442)**
Profit (loss) from discontinued operations	-	(6,629)
Impact of the non-recurring items on net profit	**(672)**	**(13,071)**

RECLASSIFIED 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. Items relative to the discontinued operation are included in the following table for the comparative period.

(€ thousands)	12/31/2022	12/31/2021	Change
Goodwill	1,754,028	1,681,470	72,558
Customer lists, non-compete agreements, trademarks and location rights	266,125	284,592	(18,467)
Software, licenses, other int.ass., wip and advances	153,973	129,938	24,035
Property, plant, and equipment	193,415	186,845	6,570
Right of use assets	451,747	437,377	14,370
Fixed financial assets (1)	13,292	11,923	1,369
Other non-current financial assets (1)	42,402	40,436	1,966
Total fixed assets	**2,874,982**	**2,772,581**	**102,401**
Inventories	76,258	62,570	13,688
Trade receivables	192,066	168,680	23,386
Other receivables	77,891	96,761	(18,870)
Current assets (A)	**346,215**	**328,011**	**18,204**
Total assets	**3,221,197**	**3,100,592**	**120,605**
Trade payables	(325,583)	(242,507)	(83,076)
Other payables (2)	(360,461)	(377,394)	16,933
Provisions for risks (current portion)	(1,663)	(3,282)	1,619
Short term liabilities (B)	**(687,707)**	**(623,183)**	**(64,524)**
Net working capital (A) - (B)	**(341,492)**	**(295,172)**	**(46,320)**
Derivative instruments (3)	24,474	(3,447)	27,921
Deferred tax assets	81,780	85,185	(3,405)
Deferred tax liabilities	(106,683)	(105,191)	(1,492)
Provisions for risks (non-current portion)	(19,944)	(29,079)	9,135
Employee benefits (non-current portion)	(8,940)	(20,763)	11,823
Loan fees (4)	4,508	7,017	(2,509)
Other long-term payables	(169,736)	(160,733)	(9,003)
NET INVESTED CAPITAL	**2,338,949**	**2,250,398**	**88,551**
Shareholders' equity	1,038,509	925,178	113,331
Third parties' equity	1,841	2,103	(262)
Net equity	**1,040,350**	**927,281**	**113,069**
Long term net financial debt (4)	807,907	1,023,780	(215,873)
Short term net financial debt (4)	22,086	(152,594)	174,680
Total net financial debt	**829,993**	**871,186**	**(41,193)**
Lease liabilities	468,606	451,931	16,675
Total lease liabilities & net financial debt	**1,298,599**	**1,323,117**	**(24,518)**
NET EQUITY, LEASE LIABILITIES AND NET FINANCIAL DEBT	**2,338,949**	**2,250,398**	**88,551**

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

CONDENSED RECLASSIFIED CONSOLIDATED CASH FLOW STATEMENT

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

(€ thousands)	FY 2022	FY 2021
EBIT (*)	**278,669**	**237,659**
Amortization, depreciation and write-downs	240,040	227,410
Provisions, other non-monetary items and gain/losses from disposals	13,889	17,935
Net financial expenses	(31,073)	(24,369)
Taxes paid	(44,857)	(65,579)
Changes in net working capital	3,617	68,105
Cash flow provided by (used in) operating activities before repayment of lease liabilities	**460,285**	**461,161**
Repayment of lease liabilities	(107,298)	(95,217)
Cash flow provided by (used in) operating activities (A)	**352,987**	**365,944**
Cash flow provided by (used in) operating investing activities (B)	(106,292)	(111,037)
Free Cash Flow (A) + (B)	**246,695**	**254,907**
Net cash flow provided by (used in) acquisitions (C)	(84,572)	(419,731)
(Purchase) sale of other investment and securities (D)	-	5,166
Cash flow provided by (used in) investing activities (B+C+D)	**(190,864)**	**(525,602)**
Cash flow provided by (used in) operating activities and investing activities	**162,123**	**(159,658)**
Dividends	(58,237)	(49,356)
Treasury shares	(53,093)	(31,085)
Fees paid on medium/long-term financing	-	(1,099)
Capital increases, third parties' contributions and dividends paid by subsidiaries to third parties	(608)	458
Hedging instruments	-	(1,681)
Other changes in non-current assets	(6,172)	2,007
Net cash flow from the period	**44,013**	**(240,414)**
Net financial indebtedness at the beginning of the period net of lease liabilities	**(871,186)**	**(633,665)**
Effect of disposal operations on net financial indebtedness	-	(176)
Effect of exchange rate fluctuations on net financial indebtedness	(2,820)	3,069
Changes in net indebtedness	44,013	(240,414)
Net financial indebtedness at the end of the period net of lease liabilities	**(829,993)**	**(871,186)**

(*) The EBIT used in the statement above includes Elite's EBIT for the comparison period.

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

(€ thousands)	FY 2022	FY 2021
Free cash flow	**246,695**	**254,907**
Free cash flow generated by non-recurring transactions (see page 83 for details)	(6,789)	(12,659)
Free cash flow generated by recurring transactions	**253,484**	**267,566**

INDICATORS

	12/31/2022	12/31/2021
Net financial indebtedness net of lease liabilities (€ thousands)	829,993	871,186
Lease liabilities (€ thousands)	468,606	451,932
Total lease liabilities & net financial indebtedness (€ thousands)	1,298,599	1,323,118
Net equity (€ thousands)	1,040,350	927,281
Group Net Equity (€ thousands)	1,038,509	925,178
Net financial indebtedness/Net Equity	0.80	0.94
Net financial indebtedness/Group Net Equity	0.80	0.94
Net financial indebtedness/EBITDA (*)	1.52	1.68
EBITDA/Net financial expenses (*)	22.26	29.13
Earnings per share (EPS) (€)	0.79570	0.70182
Diluted EPS (€)	0.78699	0.69409
EPS (€) adjusted for non-recurring transactions and amortization/depreciation related to purchase price allocations to tangible and intangible assets	0.97738	0.92550
Group Net Equity per share (€)	4.625	4.112
Dividend per share (DPS) (€) (**)	0.29	0.26
Pay out ratio (%) (**)	36.45%	37.05%
Dividend yield (%) (**)	1.04%	0.55%
Period-end price (€)	27.820	47.450
Highest price in period (€)	47.044	47.590
Lowest price in period (€)	23.250	29.330
Price/earning ratio (P/E)	34.96	67.61
Share price/net equity per share	6.016	11.539
Market capitalization (€ millions)	6,247.18	10,675.36
Number of shares outstanding	224,557,260	224,981,270

(*) EBITDA in the comparison period includes Elite.
(**) Dividend to be proposed by the Board of Directors to the Shareholders' Meeting convened on 21 April 2023.

- **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.
- **Dividend per share (DPS)** is the dividend, paid in the following year, decided by the shareholders' meeting following the approval of the financial statements of the reported year. This ratio is not given in the *interim* reports because it is meaningful only with reference to the full year result.
- **Pay-out ratio (%)** is the ratio of the dividend paid on EPS.
- **Dividend yield (%)** is the ratio of the dividend per share, paid in the following year, on the share price determined in December 31st of the reported year.
- **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.
- **Price/Earnings ratio (P/E)** is the ratio of the share price determined during the last stock exchange trading day of the period on earnings per share.
- **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.

INCOME STATEMENT REVIEW

CONSOLIDATED INCOME STATEMENT BY SEGMENT AND GEOGRAPHIC AREA

(€ thousands)	FY 2022				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	1,417,163	381,294	320,146	523	2,119,126
Operating costs	(1,012,216)	(281,792)	(239,229)	(77,006)	(1,610,243)
Other income and costs	7,758	872	215	981	9,826
Gross operating profit (loss) (EBITDA)	**412,705**	**100,374**	**81,132**	**(75,502)**	**518,709**
Depreciation, amortization and impairment of non-current assets	(41,172)	(11,665)	(12,634)	(18,976)	(84,447)
Right-of-use depreciation	(75,620)	(8,142)	(22,465)	(2,264)	(108,491)
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	**295,913**	**80,567**	**46,033**	**(96,742)**	**325,771**
PPA related depreciation, amortization and impairment	(31,274)	(3,550)	(12,195)	(83)	(47,102)
Operating profit (loss) (EBIT)	**264,639**	**77,017**	**33,838**	**(96,825)**	**278,669**
Income, expenses, revaluation and adjustments of financial assets					309
Net financial expenses					(32,481)
Exchange differences, inflation accounting and Fair value valuation					(2,761)
Profit (loss) before tax					**243,736**
Tax					(64,956)
Profit (loss) from continuing operations					**178,780**
Profit (loss) from discontinued operations					-
Net profit (loss)					**178,780**
Profit (loss) of minority interests					255
Net profit (loss) attributable to the Group					**178,525**

(€ thousands)	FY 2022 – ONLY RECURRING OPERATIONS				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	1,417,163	381,294	320,146	523	2,119,126
Gross operating profit (loss) (EBITDA)	415,509	100,374	83,912	(74,502)	525,293
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	298,717	80,568	48,813	(95,743)	332,355
Operating profit (loss) (EBIT)	267,443	77,017	36,618	(95,825)	285,253
Profit (loss) before tax	-	-	-	-	250,320
Profit (loss) from continuing operations	-	-	-	-	183,545
Net profit (loss) attributable to the Group	-	-	-	-	183,290

(€ thousands)	FY 2021				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	1,389,640	306,709	251,726	-	1,948,075
Operating costs	(991,869)	(225,717)	(179,757)	(87,368)	(1,484,711)
Other income and costs	4,833	(619)	(432)	1,180	4,962
Gross operating profit (loss) (EBITDA)	**402,604**	**80,373**	**71,537**	**(86,188)**	**468,326**
Depreciation, amortization and impairment of non-current assets	(43,045)	(10,708)	(12,038)	(16,245)	(82,036)
Right-of-use depreciation	(73,243)	(6,467)	(15,028)	(1,506)	(96,244)
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	**286,316**	**63,198**	**44,471**	**(103,939)**	**290,046**
PPA related depreciation, amortization and impairment	(33,188)	(2,911)	(7,947)	-	(44,046)
Operating profit (loss) (EBIT)	**253,128**	**60,287**	**36,524**	**(103,939)**	**246,000**
Income, expenses, revaluation and adjustments of financial assets (*)					1,694
Net financial expenses (*)					(29,245)
Exchange differences, inflation accounting and Fair value valuation (*)					4,911
Profit (loss) before tax					**223,360**
Tax					(59,762)
Profit (loss) from continuing operations					**163,598**
Profit (loss) from discontinued operations					(5,755)
Net profit (loss)					**157,843**
Profit (loss) of minority interests					58
Net profit (loss) attributable to the Group					**157,785**

(*) It's specified that, on the comparative period 2021, reclassifications between income, expenses and adjustments of financial assets have been made in order to better represent financial information. For a detail of reclassifications made see note n.33

(€ thousands)	FY 2021 – ONLY RECURRING OPERATIONS				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	1,389,640	306,709	251,726	-	1,948,075
Gross operating profit (loss) (EBITDA)	408,172	80,373	71,537	(77,306)	482,776
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	293,577	63,198	44,471	(95,057)	306,189
Operating profit (loss) (EBIT)	260,390	60,287	36,523	(95,057)	262,143
Profit (loss) before tax	-	-	-	-	239,503
Profit (loss) from continuing operations	-	-	-	-	175,299
Net profit (loss) attributable to the Group	-	-	-	-	175,241

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(€ thousands)	FOURTH QUARTER 2022				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	397,908	99,251	82,160	112	579,431
Operating costs	(278,035)	(74,245)	(61,054)	(16,165)	(429,499)
Other income and costs	2,986	1,912	9	20	4,927
Gross operating profit (loss) (EBITDA)	**122,859**	**26,918**	**21,115**	**(16,033)**	**154,859**
Depreciation, amortization and impairment of non-current assets	(11,155)	(3,238)	(3,043)	(4,985)	(22,421)
Right-of-use depreciation	(19,433)	(2,351)	(5,087)	(562)	(27,433)
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	**92,271**	**21,329**	**12,985**	**(21,580)**	**105,005**
PPA related depreciation, amortization and impairment	(7,988)	(937)	(2,962)	(21)	(11,908)
Operating profit (loss) (EBIT)	**84,283**	**20,392**	**10,023**	**(21,601)**	**93,097**
Income, expenses, revaluation and adjustments of financial assets					(15)
Net financial expenses					(8,497)
Exchange differences, inflation accounting and Fair value valuation					(848)
Profit (loss) before tax					**83,737**
Tax					(20,668)
Profit (loss) from continuing operations					**63,069**
Profit (loss) from discontinued operations					-
Net profit (loss)					**63,069**
Profit (loss) of minority interests					28
Net profit (loss) attributable to the Group					**63,041**

(€ thousands)	FOURTH QUARTER 2022 – ONLY RECURRING OPERATIONS				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	397,908	99,251	82,160	112	579,431
Gross operating profit (loss) (EBITDA)	123,636	26,918	21,241	(16,033)	155,762
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	93,048	21,329	13,110	(21,579)	105,908
Operating profit (loss) (EBIT)	85,060	20,392	10,149	(21,601)	94,000
Profit (loss) before tax					84,640
Profit (loss) from continuing operations	-	-	-	-	63,741
Net profit (loss) attributable to the Group	-	-	-	-	63,713

(€ thousands)	FOURTH QUARTER 2021				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	405,494	82,450	80,259	-	568,203
Operating costs	(275,306)	(59,753)	(58,005)	(29,090)	(422,154)
Other income and costs	1,482	(319)	(99)	466	1,530
Gross operating profit (loss) (EBITDA)	**131,670**	**22,378**	**22,155**	**(28,624)**	**147,579**
Depreciation, amortization and impairment of non-current assets	(12,562)	(2,596)	(3,511)	(5,404)	(24,073)
Right-of-use depreciation	(17,249)	(1,712)	(5,541)	(546)	(25,048)
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	**101,859**	**18,070**	**13,103**	**(34,574)**	**98,458**
PPA related depreciation, amortization and impairment	(8,502)	(742)	(2,892)	-	(12,136)
Operating profit (loss) (EBIT)	**93,357**	**17,328**	**10,211**	**(34,574)**	**86,322**
Income, expenses, revaluation and adjustments of financial assets (*)					763
Net financial expenses (*)					(3,527)
Exchange differences, inflation accounting and Fair value valuation (*)					954
Profit (loss) before tax					**84,512**
Tax					(20,818)
Profit (loss) from continuing operations					**63,694**
Profit (loss) from discontinued operations					(6,629)
Net profit (loss)					**57,065**
Profit (loss) of minority interests					26
Net profit (loss) attributable to the Group					**57,039**

(*) It's specified that, on the comparative period 2021, reclassifications between income, expenses and adjustments of financial assets have been made in order to better represent financial information. For a detail of reclassifications made see note n.33

(€ thousands)	FOURTH QUARTER 2021 – ONLY RECURRING OPERATIONS				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	405,494	82,450	80,259	-	568,203
Gross operating profit (loss) (EBITDA)	133,756	22,378	22,155	(21,708)	156,581
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	103,945	18,070	13,103	(27,658)	107,460
Operating profit (loss) (EBIT)	95,444	17,328	10,210	(27,658)	95,324
Profit (loss) before tax					93,514
Profit (loss) from continuing operations					70,136
Net profit (loss) attributable to the Group					70,110

REVENUES FROM SALES AND SERVICES

(€ thousands)	FY 2022	FY 2021	Change	Change %
Revenues from sales and services	**2,119,126**	**1,948,075**	**171,051**	**8.8%**

(€ thousands)	Fourth quarter 2022	Fourth quarter 2021	Change	Change %
Revenues from sales and services	**579,431**	**568,203**	**11,228**	**2.0%**

Consolidated revenues from sales and services amounted to €2,119,126 thousand in 2022, an increase of €171,051 thousand (+8.8%) compared to 2021.

The increase against 2021 is explained for €58,418 thousand (+3.0%) by positive organic growth and for €73,455 thousand (+3.8%) by acquisitions. The foreign exchange effect was positive for €39,178 thousand (+2.0%).

Revenues were higher than in 2021 across all geographies: a good performance was recorded in EMEA, despite a challenging basis for comparison and an year-end marked by weaker market demand than expected, due to the excellent organic growth seen in the first half, as well as the bolt-on acquisitions; in the AMERICAS, the United States once again reported excellent, double-digit organic growth; in APAC revenues were fueled mainly by the consolidation of Bay Audio, acquired in the fourth quarter of 2021.

In the fourth quarter alone, consolidated revenues from sales and services rose €11,228 thousand (+2.0%) to €579,431 thousand explained for €2,523 thousand (+0.4%) by organic growth and for €5,990 thousand (+1.1%) by acquisitions. The exchange effect was positive for €2,715 thousand (+0.5%).

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

(€ thousands)	FY 2022	% on total	FY 2021	% on total	Change	Var %	Exchange diff.	Change % in local currency
EMEA	1,417,163	66.9%	1,389,640	71.3%	27,523	2.1%	4,866	1.7%
Americas	381,294	18.0%	306,709	15.7%	74,585	24.3%	25,788	15.9%
Asia Pacific	320,146	15.1%	251,726	13%	68,420	27.3%	8,524	23.9%
Corporate	523	0.0%	-	0.0%	523	0.0%	-	0.0%
Total	**2,119,126**	**100.0%**	**1,948,075**	**100.0%**	**171,051**	**8.8%**	**39,178**	**6.8%**

EUROPE, MIDDLE-EAST AND AFRICA

Period (€ thousands)	FY 2022	FY 2021	Change	Change %
I quarter	340,171	311,084	29,087	9.4%
II quarter	364,478	362,870	1,608	0.4%
I half	**704,649**	**673,954**	**30,695**	**4.6%**
III quarter	314,606	310,192	4,413	1.4%
IV quarter	397,908	405,494	(7,586)	-1.9%
II half	**712,514**	**715,686**	**(3,172)**	**-0.4%**
Total year	**1,417,163**	**1,389,640**	**27,523**	**2.1%**

Consolidated revenues from sales and services amounted to €1,417,163 thousand in 2022, an increase of €27,523 thousand (+2.1%) compared to the prior year, of which €13,478 thousand is attributable to organic growth (+1.0%). Acquisitions contributed €9,179 thousand (+0.7%) and the foreign exchange effect was positive for €4,866 thousand (+0.4%).

Significant organic growth was recorded in Switzerland and the Netherlands, while France was impacted by a decline in the local market which was expected in the wake of the growth recorded in the comparison period fueled by the March 2021 regulatory reform.

In the fourth quarter alone, consolidated revenues from sales and services amounted to €397,908 thousand, €7,586 thousand (-1.9%) lower than in the comparison period. The difference is explained for €10,310 thousand (-2.5%) by negative organic growth and for €2,319 thousand (+0.5%) by the positive contribution of acquisitions. The foreign exchange effect was positive for €405 thousand (+0.1%).

AMERICAS

Period (€ thousands)	FY 2022	FY 2021	Change	Change %
I quarter	84,021	64,781	19,240	29.7%
II quarter	96,769	79,811	16,958	21.2%
I half	**180,790**	**144,592**	**36,198**	**25.0%**
III quarter	101,254	79,666	21,588	27.1%
IV quarter	99,251	82,450	16,801	20.4%
II half	**200,505**	**162,116**	**38,389**	**23.7%**
Total year	**381,294**	**306,709**	**74,585**	**24.3%**

Consolidated revenues from sales and services amounted to €381,294 thousand in 2022, an increase of €74,585 thousand (+24.3%).
This considerable increase is explained for €39,751 thousand (+13.0%) by organic growth, driven by the outstanding performance of Miracle-Ear Retail and the franchisee shops of the Miracle-Ear network. Acquisitions contributed €9,046 thousand (+2.9%), while the foreign exchange effect was positive for €25,788 thousand (+8.4%).

In addition to the excellent performance reported in the United States, there was also significant growth in Latin America (+37.6%).

In the fourth quarter alone, consolidated revenues from sales and services amounted to €99,251 thousand, €16,801 thousand (+20.4%) higher than in the comparison period. The increase is explained for €11,603 thousand (+14.1%) by organic growth, for €3,091 thousand (+3.7%) by acquisitions, and for €2,107 thousand (+2.6%) by the positive foreign exchange effect.

ASIA PACIFIC

(€ thousands)	FY 2022	FY 2021	Change	Change %
I quarter	71,462	52,647	18,815	35.7%
II quarter	80,031	60,594	19,437	32.1%
I half	**151,493**	**113,241**	**38,252**	**33.8%**
III quarter	86,493	58,227	28,266	48.5%
IV quarter	82,160	80,259	1,901	2.4%
II half	**168,653**	**138,486**	**30,167**	**21.8%**
Total year	**320,146**	**251,726**	**68,420**	**27.3%**

Consolidated revenues from sales and services amounted to €320,146 thousand in 2022, an increase of €68,420 thousand (+27.3%) compared to 2021, explained mainly by acquisitions (Bay Audio, in particular) which contributed €54,707 thousand (+21.7%). The foreign exchange effect was positive for €8,524 thousand (+3.4%) and organic growth was positive for €5,189 thousand (+2.2%).

In the fourth quarter alone, consolidated revenues from sales and services rose €1,901 thousand (+2.4%) to €82,160 thousand, explained for €1,230 thousand by organic growth (+1.5%), for €468 thousand (+0.6%) by acquisitions, while the foreign exchange effect was positive for €203 thousand (+0.3%).

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GROSS OPERATING PROFIT (EBITDA)

(€ thousands)	FY 2022			FY 2021		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Gross operating profit (loss) (EBITDA)	525,293	(6,584)	518,709	482,776	(14,450)	468,326

(€ thousands)	FOURTH QUARTER 2022			FOURTH QUARTER 2021		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Gross operating profit (loss) (EBITDA)	155,762	(903)	154,859	156,581	(9,002)	147,579

Gross operating profit (EBITDA) amounted to €518,709 thousand in 2022, an increase of €50,383 thousand (+10.8%) with respect to the comparison period. The EBITDA margin came to 24.5%, 0.5 p.p. higher than in the comparison period.

Non-recurring expenses of €6,584 thousand were incurred during the reporting period explained for €2,780 thousand by the Bay Audio integration, for €2,804 thousand by the second phase of the GAES integration, for €1,000 thousand by the donation made to UNHCR to help Ukraine.

In 2021 non-recurring expenses of €14,450 thousand were also incurred.
Net of these items, EBITDA would have been €42,517 thousand (+8.8%) higher than in 2021 with the EBITDA margin unchanged with respect to 2021 at 24.8%.

In the fourth quarter alone, EBITDA amounted to €154,859 thousand (with an EBITDA margin of 26.7%), an increase against the comparison period of €7,280 thousand (+4.9%). The EBITDA margin was +0.7 p.p. higher than in the comparison period.

Non-recurring expenses of €903 thousand were incurred in the quarter explained for €125 thousand by the Bay Audio integration and for €778 thousand by the second phase of the GAES integration. In the fourth quarter of 2021 non-recurring expenses of €9,002 thousand were reported.
Net of this item, recurring EBITDA would have been €819 thousand lower (-0.5%) than in the fourth quarter of 2021 with the EBITDA margin at 26.9%, a decrease of 0.7 p.p. against the fourth quarter of 2021.

The following table shows a breakdown of EBITDA by segment.

(€ thousands)	FY 2022	EBITDA Margin	FY 2021	EBITDA Margin	Change	Change %
EMEA	412,705	29.1%	402,604	29.0%	10,101	2.5%
Americas	100,374	26.3%	80,373	26.2%	20,001	24.9%
Asia Pacific	81,132	25.3%	71,537	28.4%	9,595	13.4%
Corporate (*)	(75,502)	-3.6%	(86,188)	-4.4%	10,686	12.4%
Total	**518,709**	**24.5%**	**468,326**	**24.0%**	**50,383**	**10.8%**

(€ thousands)	Fourth quarter 2022	EBITDA Margin	Fourth quarter 2021	EBITDA Margin	Change	Change %
EMEA	122,859	30.9%	131,670	32.5%	(8,811)	-6.7%
Americas	26,918	27.1%	22,378	27.1%	4,540	20.3%
Asia Pacific	21,115	25.7%	22,155	27.6%	(1,040)	-4.7%
Corporate (*)	(16,033)	-2.8%	(28,624)	-5.0%	12,591	44.0%
Total	**154,859**	**26.7%**	**147,579**	**26.0%**	**7,280**	**4.9%**

(*) 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)	FY 2022	EBITDA Margin	FY 2021	EBITDA Margin	Change	Change %
EMEA	415,509	29.3%	408,172	29.4%	7,337	1.8%
Americas	100,374	26.3%	80,373	26.2%	20,001	24.9%
Asia Pacific	83,912	26.2%	71,537	28.4%	12,375	17.3%
Corporate (*)	(74,502)	-3.5%	(77,306)	-4.0%	2,804	3.6%
Total	**525,293**	**24.8%**	**482,776**	**24.8%**	**42,517**	**8.8%**

(€ thousands)	Fourth quarter 2022	EBITDA Margin	Fourth quarter 2021	EBITDA Margin	Change	Change %
EMEA	123,636	31.1%	133,756	33.0%	(10,120)	-7.6%
Americas	26,918	27.1%	22,378	27.1%	4,540	20.3%
Asia Pacific	21,241	25.9%	22,155	27.6%	(914)	-4.1%
Corporate (*)	(16,033)	-2.8%	(21,708)	-3.8%	5,675	26.1%
Total	**155,762**	**26.9%**	**156,581**	**27.6%**	**(819)**	**-0.5%**

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

EUROPE, MIDDLE-EAST AND AFRICA

Gross operating profit (EBITDA) amounted to €412,705 thousand in 2022, an increase of €10,101 thousand (+2.5%) with respect to the comparison period.
The EBITDA margin came to 29.1%, 0.1 p.p. higher than in 2021.

The result for the reporting period reflects non-recurring expenses of €2,804 thousand attributable to the second phase of the GAES integration. In 2021 non-recurring expenses amounted to €5,568 thousand.
Net of this item, recurring EBITDA would have been €7,337 thousand (+1.8%) higher than in 2021, with the EBITDA margin down 0.1 p.p. compared to 2021 at 29.3%.
In the fourth quarter alone, EBITDA amounted to €122,859 thousand, €8,811 thousand (-6.7%) lower than in the comparison period. The EBITDA margin fell by 1.6 p.p. against the comparison quarter to 30.9%.
The result for the quarter reflects non-recurring expenses of €778 thousand attributable to the second phase of the GAES integration.
The fourth quarter of 2021 was also impacted by non-recurring expenses of €2,086 thousand. Net of this item, recurring EBITDA would have been €10,120 thousand (-7.6%) lower than in the fourth quarter of 2021 and the EBITDA margin would have been down 1.9 p.p. at 31.1%.

AMERICAS

Gross operating profit (EBITDA) amounted to €100,374 thousand in 2022, an increase of €20,001 thousand (+24.9%) with respect to the comparison period. The EBITDA margin was 0.1 p.p. higher than in 2021 at 26.3%.

In the fourth quarter alone, EBITDA amounted to €26,918, an increase against the comparison period of €4,540 thousand (+20.3%). The EBITDA margin was unchanged with respect to 2021 (27.1%).

ASIA PACIFIC

Gross operating profit (EBITDA) amounted to €81,132 thousand in 2022, an increase of €9,595 thousand (+13.4%) with respect to the comparison period. The EBITDA margin came to 25.3%, 3.1 p.p. lower than in 2021.

The result reflects non-recurring expenses of €2,780 thousand attributable to the Bay Audio integration. Net of this item, recurring EBITDA would have been €12,375 thousand (+17.3%) higher than in 2021 with the EBITDA margin down 2.2 p.p. against 2021 at 26.2%.

In the fourth quarter alone, EBITDA amounted to €21,115 thousand, a decrease against the comparison period of €1,040 thousand (-4.7%).
The EBITDA margin came to 25.7%, 1.9 p.p. lower than in the comparison period.

The result for the reporting period reflects non-recurring expenses of €125 thousand relating to the Bay Audio integration. Net of this item, recurring EBITDA would have been €914 thousand (-4.1%) lower than in the fourth quarter of 2021 with the EBITDA margin down 1.7 p.p. against the fourth quarter of 2021 at 25.9%.

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 €75,502 thousand in 2022 (-3.6% of the revenues generated by the Group's sales and services), a decrease of €10,686 thousand with respect to the prior year (-12.4%).

The result for the reporting period reflects non-recurring corporate costs of €1,000 thousand explained by the donation made to UNHCR to help Ukraine. In 2021 non-recurring expenses of €8,882 thousand were also incurred.
Net of these items, the costs would have been €2,804 thousand (-3.6%) lower than in 2021, while the margin would have been -3.5%, changing for 0.5 p.p.

In the fourth quarter alone, the corporate costs amounted to €16,033 thousand (-2.8% of the revenues generated by the Group's sales and services), with a decrease in costs of €12,591 thousand (-44.0%) compared to the fourth quarter of 2021.

The result for the comparison quarter was impacted for €6,916 thousand by non-recurring expenses.
Net of this item, the recurring costs would have been €5,675 thousand lower (-26.1%) than in the fourth quarter of 2021, with the margin 1.0 p.p. lower than in the fourth quarter of 2021 at 2.8%.

OPERATING PROFIT (EBIT)

(€ thousands)	FY 2022			FY 2021		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Operating profit (loss) (EBIT)	285,253	(6,584)	278,669	262,143	(16,143)	246,000

(€ thousands)	FY 2022			FY 2021		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Operating profit (loss) (EBIT)	94,000	(903)	93,097	95,324	(9,002)	86,322

Operating profit (EBIT) amounted to €278,669 thousand in 2022, an increase of €32,669 thousand (+13.3%) with respect to the comparison period.
The EBIT margin came to 13.2%, an increase of 0.6 p.p. against the comparison period.
The result was impacted for €6,584 thousand by the same non-recurring expenses described in the section on EBITDA.
2021 was also impacted by non-recurring expenses of €16,143 thousand. Net of these items, EBIT would have been €23,110 thousand higher (+8.8%) than in 2021, with the EBIT margin in line with the prior reporting period at 13.5%.

With respect to the gross operating profit (EBITDA), EBIT was also impacted by higher depreciation and amortization as a result of the opening of new stores, investments in IT systems, as well as higher amortization for right-of-use assets and Purchase Price Allocation. More specifically, in 2022 €4,833 thousand relating to amortization of the Bay Audio Purchase Price Allocation was recognized (€1,208 thousand in 2021).

In the fourth quarter alone, operating profit (EBIT) amounted to €93,097 thousand, an increase against the comparison period of €6,775 thousand (+7.8%).
The EBIT margin came to 16.1%, 0.9 p.p. higher than in 2021.
The result was impacted for €903 thousand by the same non-recurring expenses described in the section on EBITDA. In the fourth quarter of 2021 non-recurring expenses of €9,002 thousand were incurred. Net of this item, recurring EBIT would have been €1,324 thousand lower (-1.4%) than in the fourth quarter of 2021, with the EBIT margin down 0.6 p.p. against the fourth quarter of 2021 at 16.2%.

The breakdown of EBIT by segment is shown below.

(€ thousands)	FY 2022	EBIT Margin	FY 2021	EBIT Margin	Change	Change %
EMEA	264,639	18.7%	253,128	18.2%	11,511	4.5%
Americas	77,017	20.2%	60,287	19.7%	16,730	27.8%
Asia Pacific	33,838	10.6%	36,524	14.5%	(2,686)	-7.4%
Corporate (*)	(96,825)	-4.6%	(103,939)	-5.3%	7,114	6.8%
Total	**278,669**	**13.2%**	**246,000**	**12.6%**	**32,669**	**13.3%**

(€ thousands)	Fourth quarter 2022	EBIT Margin	Fourth quarter 2021	EBIT Margin	Change	Change %
EMEA	84,283	21.2%	93,357	23.0%	(9,074)	-9.7%
Americas	20,392	20.5%	17,328	21.0%	3,064	17.7%
Asia Pacific	10,023	12.2%	10,211	12.7%	(188)	-1.8%
Corporate (*)	(21,601)	-3.7%	(34,574)	-6.1%	12,973	37.5%
Total	**93,097**	**16.1%**	**86,322**	**15.2%**	**6,775**	**7.8%**

(*) 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)	FY 2022	EBIT Margin	FY 2021	EBIT Margin	Change	Change %
EMEA	267,443	18.9%	260,390	18.7%	7,053	2.7%
Americas	77,017	20.2%	60,287	19.7%	16,730	27.8%
Asia Pacific	36,618	11.4%	36,523	14.5%	95	0.3%
Corporate (*)	(95,825)	-4.5%	(95,057)	-4.9%	(768)	-0.8%
Total	**285,253**	**13.5%**	**262,143**	**13.5%**	**23,110**	**8.8%**

(€ thousands)	Fourth quarter 2022	EBIT Margin	Fourth quarter 2021	EBIT Margin	Change	Change %
EMEA	85,060	21.4%	95,443	23.5%	(10,383)	-10.9%
Americas	20,392	20.5%	17,328	21.0%	3,064	17.7%
Asia Pacific	10,149	12.4%	10,211	12.7%	(62)	-0.6%
Corporate (*)	(21,601)	-3.7%	(27,658)	-4.9%	6,057	21.9%
Total	**94,000**	**16.2%**	**95,324**	**16.8%**	**(1,324)**	**-1.4%**

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

EUROPE, MIDDLE-EAST AND AFRICA

Operating profit (EBIT) amounted to €264,639 thousand in 2022, an increase of €11,511 thousand (+4.5%) with respect to the comparison period. The EBIT margin came to 18.7% (+0.5 p.p. higher than in 2021).

The result was impacted for €2,804 thousand by the same non-recurring expenses described in the section on EBITDA. 2021 were also affected by non-recurring expenses of €7,261 thousand.
Net of these items, recurring EBIT would have been €7,053 thousand higher (+2.7%) than in 2021, with the EBIT margin +0.2 p.p. higher than in 2021 at 18.9%.

In the fourth quarter alone, EBIT amounted to €84,283 thousand, a decrease against the comparison period of €9,074 thousand (-9.7%). The EBIT margin came to 21.2%, (-1.8 p.p. than in 2021).

The result for the quarter was impacted for €778 thousand by the same non-recurring expenses described in the section on EBITDA. The fourth quarter of 2021 was also affected by non-recurring expenses of €2,086 thousand.
Net of this item, recurring EBIT would have been €10,383 thousand lower (-10.9%) compared to the fourth quarter of 2021, with the EBIT margin -2.1 p.p. lower than in the fourth quarter of 2021 at 21.4%.

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AMERICAS

Operating profit (EBIT) amounted to €77,017 thousand in 2022, an increase of €16,730 thousand (+27.8%) with respect to the comparison period. The EBIT margin came to 20.2%, 0.5 p.p. higher than in 2021.

In the fourth quarter alone, EBIT amounted to €20,392 thousand, an increase against the comparison period of €3,064 thousand (+17.7%). The EBIT margin was down by 0.5 p.p. at 20.5%.

ASIA PACIFIC

Operating profit (EBIT) amounted to €33,838 thousand in 2022, a decrease of €2,686 thousand (-7.4%) with respect to the comparison period. The EBIT margin came to 10.6%, 3.9 p.p. lower than in 2021.
The result was impacted for €2,780 thousand by the same non-recurring expenses described in the section on EBITDA. Net of this item, EBIT would have been €95 thousand higher (+0.3%) than in 2021, with the EBIT margin down 3.1 p.p. at 11.4%.

In the fourth quarter alone, EBIT amounted to €10,023 thousand, €188 thousand (-1.8%) lower than in the comparison period. The EBIT margin was at 12.2%, 0.5 p.p. lower than in the fourth quarter 2021.

The result for the quarter was impacted for €125 thousand by the same non-recurring expenses described in the section on EBITDA. Net of this item, recurring EBIT would have been €62 thousand lower (-0.6%) than in the fourth quarter of 2021, with the EBIT margin down 0.3 p.p. (12.4%)

CORPORATE

The net cost of centralized Corporate functions at the EBIT level amounted to €96,825 thousand in 2022 (-4.6% of the revenues generated by the Group's sales and services), a decrease of €7,114 thousand compared to 2021.

The result was impacted for €1,000 thousand by the non-recurring expenses described in the section on EBITDA. 2021 was also impacted by non-recurring expenses which amounted to €8,882 thousand.
Net of this item, the costs would have been €768 thousand (+0.8%) higher than in 2021 with the margin on sales down 0.4 p.p. at -4.5%.

In the fourth quarter alone, the Corporate costs totaled €21,601 thousand (-3.7% of the revenues generated by the Group's sales and services), a decrease of €12,973 thousand (-37.5%) against the fourth quarter of 2021.

The fourth quarter of 2021 was impacted for €6,916 thousand by the same non-recurring expenses described in the section on EBITDA.

Net of this item, costs would have been €6,057 thousand lower (-21.9%) compared to the fourth quarter of 2021, with the EBIT margin down 1.2 p.p. at -3.7%.

PROFIT BEFORE TAX

(€ thousands)	FY 2022			FY 2021		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Profit (loss) before tax	250,320	(6,584)	243,736	239,503	(16,143)	223,360

(€ thousands)	FOURTH QUARTER 2022			FOURTH QUARTER 2021		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Profit (loss) before tax	84,640	(903)	83,737	93,514	(9,002)	84,512

Profit before tax amounted to €243,736 thousand in 2022, showing an increase of €20,376 thousand (+9.1%) against the comparison period, with a gross profit margin of 11.5% (in line with the comparison period).
This result was achieved thanks to the better operating performance described above which helped to absorb the increase in financial expenses. In fact, while 2021 benefitted from the gain generated by the sale of the Irish and Luxembourg subsidiaries, interest rates at historic lows and income of €4.6 million (generated by the change in fair value of the Gaes acquisition financing recognized in accordance with IFRS 9), 2022, in addition to the inverse impact of this item which was expensed over the term of the new loan, was affected by an increase in the negative impact of inflation accounting on the Argentinian subsidiary, the higher interest rates applicable to leases and, to a lesser degree, debt, even though 80% is fixed rate thanks to hedges stipulated in prior years.

The profit before taxes for 2022 was also impacted for €6,584 thousand by the non-recurring expenses described in the section on EBITDA. In 2021 non-recurring expenses of €16,143 thousand were also incurred. Net of these items the increase in profit before tax would have come to €10,817 thousand (+4.5%).

In the fourth quarter alone profit before tax amounted to €83,737 thousand, €775 thousand (-0.9%) lower than in the comparison period. The gross profit margin came to 14.5% (-0.4 p.p. compared to 2021).

The result for the fourth quarter of 2022 was impacted for €903 thousand by the same non-recurring costs described in the section on EBITDA. Non-recurring expenses of €9,002 thousand were also incurred in the fourth quarter of 2021. Net of this item profit before tax would have come €8,874 thousand (-9.5%) lower than in the fourth quarter of 2021.

GROUP NET RESULT

(€ thousands)	FY 2022			FY 2021		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Group net result	183,290	(4,765)	178,525	175,241	(17,456)	157,785

(€ thousands)	FOURTH QUARTER 2022			FOURTH QUARTER 2021		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Group net result	63,713	(672)	63,041	70,110	(13,071)	57,039

The Group's net profit came to €178,525 thousand in 2022, an increase of €20,740 thousand (+13.1%) against the comparison period, with a profit margin of 8.4%, +0.3 p.p. higher than in the comparison period.

The result for the reporting period was impacted for €4,765 thousand by the same non-recurring expenses described in the section on EBITDA, net of the tax effect. The amount reported in 2021 net of non-recurring expenses also included the contribution made by discontinued operations of €17,456 thousand.

On a recurring basis, the increase in net profit would have reached €8,049 thousand (+4.6%) with respect to 2021, with the profit margin down 0.3 p.p.

The tax rate was 26.7% in the reporting period compared to 26.8% in 2021.

In the fourth quarter alone, the Group's net profit came to €63,041 thousand (10.9% of revenues from sales and services), an increase of €6,002 thousand (+10.5%) against the comparison period with the profit margin up +0.9 p.p. Net of non-recurring expenses, group net result would have been decreased for €6,397 thousand with profit margin down 1.3 p.p.

BALANCE SHEET REVIEW

CONSOLIDATED BALANCE SHEET BY GEOGRAPHICAL AREA(*)

(€ thousands)	12/31/2022				
	EMEA	Americas	Asia Pacific	Eliminations	Total
Goodwill	921,163	213,816	619,049	0	1,754,028
Non-competition agreements, trademarks, customer lists and lease rights	185,759	22,022	58,344	0	266,125
Software, licenses, other intangible fixed assets, fixed assets in progress and advances	112,883	31,881	9,209	0	153,973
Property, plant, and equipment	136,721	21,006	35,688	0	193,415
Right-of-use assets	366,243	34,242	51,262	0	451,747
Financial fixed assets	3,706	9,378	208	0	13,292
Other non-current financial assets	38,589	2,322	1,491	0	42,402
Non-current assets	**1,765,064**	**334,667**	**775,251**	**0**	**2,874,982**
Inventories	60,417	5,781	10,060	0	76,258
Trade receivables	211,132	46,331	28,617	(94,014)	192,066
Other receivables	64,120	8,520	5,450	(199)	77,891
Current assets (A)	**335,669**	**60,632**	**44,127**	**(94,213)**	**346,215**
Operating assets	**2,100,733**	**395,299**	**819,378**	**(94,213)**	**3,221,197**
Trade payables	(310,412)	(68,611)	(40,574)	94,014	(325,583)
Other payables	(284,580)	(35,345)	(40,735)	199	(360,461)
Provisions for risks and charges (current portion)	(975)	(688)	0	0	(1,663)
Current liabilities (B)	**(595,967)**	**(104,644)**	**(81,309)**	**94,213**	**(687,707)**
Net working capital (A) - (B)	**(260,298)**	**(44,012)**	**(37,182)**	**0**	**(341,492)**
Derivative instruments	24,474	0	0	0	24,474
Deferred tax assets	60,867	10,206	10,707	0	81,780
Deferred tax liabilities	(61,419)	(26,053)	(19,211)	0	(106,683)
Provisions for risks and charges (non-current portion)	(17,712)	(787)	(1,445)	0	(19,944)
Liabilities for employees' benefits (non-current portion)	(8,024)	(202)	(714)	0	(8,940)
Loan fees	4,508	0	0	0	4,508
Other non-current liabilities	(151,723)	(15,718)	(2,295)	0	(169,736)
NET INVESTED CAPITAL	**1,355,737**	**258,101**	**725,111**	**0**	**2,338,949**
Group net equity					1,038,509
Minority interests					1,841
Total net equity					**1,040,350**
Net medium and long-term financial indebtedness					807,907
Net short-term financial indebtedness					22,086
Total net financial indebtedness					**829,993**
Lease liabilities	377,981	36,822	53,803	-	468,606
Total lease liabilities & net financial indebtedness					**1,298,599**
NET EQUITY, LEASE LIABILITIES AND NET FINANCIAL INDEBTEDNESS					**2,338,949**

(*) 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)	12/31/2021				
	EMEA	**Americas**	**Asia Pacific**	**Eliminations**	**Total**
Goodwill	894,227	166,694	620,549	-	1,681,470
Non-competition agreements, trademarks, customer lists and lease rights	196,789	19,391	68,412	-	284,592
Software, licenses, other intangible fixed assets, fixed assets in progress and advances	91,502	27,521	10,915	-	129,938
Property, plant, and equipment	140,362	13,836	32,647	-	186,845
Right-of-use assets	360,625	23,100	53,652	-	437,377
Financial fixed assets	3,968	7,954	-	-	11,923
Other non-current financial assets	37,631	1,808	998	-	40,437
Non-current assets	**1,725,104**	**260,304**	**787,173**	**-**	**2,772,581**
Inventories	49,896	5,557	7,117	-	62,570
Trade receivables	166,832	20,334	18,478	(36,964)	168,680
Other receivables	84,542	27,310	7,205	(22,296)	96,761
Current assets (A)	**301,270**	**53,201**	**32,800**	**(59,260)**	**328,011**
Operating assets	**2,026,374**	**313,505**	**819,973**	**(59,260)**	**3,100,592**
Trade payables	(210,434)	(42,938)	(26,099)	36,964	(242,507)
Other payables	(290,527)	(69,422)	(39,741)	22,296	(377,394)
Provisions for risks and charges (current portion)	(2,804)	(478)	-	-	(3,282)
Current liabilities (B)	**(503,765)**	**(112,838)**	**(65,840)**	**59,260**	**(623,183)**
Net working capital (A) - (B)	**(202,495)**	**(59,637)**	**(33,040)**	**-**	**(295,172)**
Derivative instruments	(3,447)	-	-	-	(3,447)
Deferred tax assets	67,388	6,796	11,001	-	85,185
Deferred tax liabilities	(65,339)	(19,607)	(20,245)	-	(105,191)
Provisions for risks and charges (non-current portion)	(21,291)	(6,369)	(1,419)	-	(29,079)
Liabilities for employees' benefits (non-current portion)	(19,624)	(375)	(763)	-	(20,762)
Loan fees	7,018	-	-	-	7,018
Other non-current liabilities	(146,630)	(12,386)	(1,716)	-	(160,732)
NET INVESTED CAPITAL	**1,340,684**	**168,726**	**740,991**	**-**	**2,250,401**
Group net equity					925,178
Minority interests					2,103
Total net equity					**927,281**
Net medium and long-term financial indebtedness					1,023,780
Net short-term financial indebtedness					(152,594)
Total net financial indebtedness					**871,186**
Lease liabilities	369,514	25,496	56,922	-	451,932
Total lease liabilities & net financial indebtedness					**1,323,118**
NET EQUITY, LEASE LIABILITIES AND NET FINANCIAL INDEBTEDNESS					**2,250,398**

INVESTMENTS

In 2022 Amplifon Group continued with its growth strategy and invested more than €113 million.

In Information Technology continuous customer focus and the desire to increase control of operations resulted in projects to support store systems focused on improving the Amplifon Product Experience, back office processes and enhance AI technologies in order to provide more personalized customer experiences. Moreover, the implementation of a new ERP system based on an integrated and interdependent "Software as a Service" and "Platform as a Service" solution, which makes it possible to provide the Amplifon Group with completely customized cloud computing, continued. The investments made totaled more than €58 million.

In addition, the Group continued and accelerated development of the distribution network by opening new stores, as well as renewing others, and relocating existing points of sale for a total investment of almost €37 million.

NON-CURRENT ASSETS

Non-current assets amounted to €2,874,982 thousand at 31 December 2022, an increase of €102,401 thousand respect to the €2,772,581 thousand recorded at 31 December 2021.

The changes in the period are explained (i) for €115,634 thousand by capital expenditure; (ii) for €120,319 thousand by the recognition of right-of-use assets acquired in the period; (iii) for €100,921 thousand by acquisitions made in the reporting period; (iv) for €240,260 thousand by depreciation, amortization and impairment which includes the amortization of the above right-of-use assets; (v) for €5,787 thousand by other net increases relating primarily to positive foreign exchange differences.

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

(€ thousands)		12/31/2022	12/31/2021	Change
EMEA	Goodwill	921,163	894,227	26,936
	Non-competition agreements, trademarks, customer lists and lease rights	185,759	196,789	(11,030)
	Software, licenses, other intangible fixed assets, fixed assets in progress and advances	112,883	91,502	21,381
	Property, plant, and equipment	136,721	140,362	(3,641)
	Right-of-use assets	366,243	360,625	5,618
	Financial fixed assets	3,706	3,968	(262)
	Other non-current financial assets	38,589	37,631	958
	Non-current assets	**1,765,064**	**1,725,104**	**39,960**
Americas	Goodwill	213,816	166,694	47,122
	Non-competition agreements, trademarks, customer lists and lease rights	22,022	19,391	2,631
	Software, licenses, other intangible fixed assets, fixed assets in progress and advances	31,881	27,521	4,360
	Property, plant, and equipment	21,006	13,836	7,170
	Right-of-use assets	34,242	23,100	11,142
	Financial fixed assets	9,378	7,954	1,424
	Other non-current financial assets	2,322	1,808	514
	Non-current assets	**334,667**	**260,304**	**74,363**
Asia Pacific	Goodwill	619,049	620,549	(1,500)
	Non-competition agreements, trademarks, customer lists and lease rights	58,344	68,412	(10,068)
	Software, licenses, other intangible fixed assets, fixed assets in progress and advances	9,209	10,915	(1,706)
	Property, plant, and equipment	35,688	32,647	3,041
	Right-of-use assets	51,262	53,652	(2,390)
	Financial fixed assets	208	0	208
	Other non-current financial assets	1,491	998	493
	Non-current assets	**775,251**	**787,173**	**(11,922)**
Total		**2,874,982**	**2,772,581**	**102,401**

EUROPE, MIDDLE-EAST AND AFRICA

Non-current assets amounted to €1,765,064 thousand at 31 December 2022, an increase of €39,960 thousand against the €1,725,104 thousand recorded at 31 December 2021.
This increase is explained:

- for €81,179 thousand, by right-of-use assets acquired in the year as a result of the renewal of existing leases, network expansion, as well as a new lease for the offices of the Italian subsidiary;

- for €51,678 thousand, by acquisitions made in the reporting period;
- for €35,158 thousand, by investments in plant, property and equipment, relating primarily to the opening of new stores and the renewal of existing ones, as well as the purchase of hardware needed to implement Group Information Technology projects detailed below;
- for €43,427 thousand, by investments in intangible assets, relating to the ongoing implementation and standardization of the Group ERP cloud system for back-office functions (Human Resources, Procurement, Administration and Finance), as well as new front office solutions for the hyper-personalization of customer experiences;
- for €169,609 thousand, by amortization and depreciation, including amortization of the right-of-use assets referred to above;
- for €1,873 thousand, by other decreases.

AMERICAS

Non-current assets amounted to €334,667 thousand at 31 December 2022, an increase of €74,363 thousand against the €260,304 thousand recorded at 31 December 2021.
This increase is explained:

- for €41,746 thousand, by acquisitions made in the reporting period;
- for €18,600 thousand, by right-of-use assets acquired during the year as a result of the renewal of existing leases and network expansion;
- for €8,765 thousand, by investments in property, plant and equipment, relating to the opening of new stores, mainly those pertaining to the Latin American subsidiaries; and the renewal of existing ones, mostly in the United States and Canada
- for €13,471 thousand, by investments in intangible assets relating mainly to the development of front office IT systems, primarily at US subsidiaries;
- for €23,357 thousand, by amortization and depreciation, including the amortization of the right-of-use assets referred to above;
- for €15,138 thousand, by other positive variations relating primarily to the increase of long-term receivables and positive foreign exchange differences.

ASIA PACIFIC

Non-current assets amounted to €775,251 thousand at 31 December 2022, a decrease of €11,922 thousand against the €787,173 thousand recorded at 31 December 2021.
This decrease is explained:

- for €20,540 thousand, by right-of-use assets acquired during the year as a result of the renewal of existing leases and network expansion, relating primarily to the Australian subsidiaries and, to a lesser degree, the Chinese ones;
- for €7,497 thousand, by acquisitions made in the reporting period;
- for €12,923 thousand, by investments in property, plant and equipment, relating mainly to the opening of new stores and the renewal of existing ones, as well as the purchase of the hardware needed to implement IT projects;
- for €1,890 thousand, by investments in intangible assets;
- for €47,294 thousand, by amortization and depreciation, including the amortization of the right-of-use assets referred to above;
- for €7,478 thousand, by other negative changes relating primarily to negative foreign exchange differences

NET INVESTED CAPITAL

Net invested capital came to €2,338,948 thousand at 31 December 2022, an increase of €88,547 thousand against the €2,250,401 thousand recorded at 31 December 2021.

The increase in non-current assets described above, is partially compensated by the decrease in working capital.

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

(€ thousands)	12/31/2022	12/31/2021	Change
EMEA	1,355,737	1,340,684	15,053
Americas	258,101	168,726	89,375
Asia Pacific	725,111	740,991	(15,880)
Total	**2,338,949**	**2,250,401**	**88,548**

EUROPE, MIDDLE EAST AND AFRICA

Net invested capital came to €1,355,736 thousand at 31 December 2022, an increase of €15,052 thousand against the €1,340,684 thousand recorded at 31 December 2021.
The increase in non-current assets described above is partially compensated by a decrease in working capital.
Factoring without recourse in the period involved trade receivables with a face value of €87,870 thousand (€64,590 thousand in the same period of the prior year) and tax credits (VAT only) with a face value of €5,632 thousand (€5,641 thousand in the prior year).

AMERICAS

Net invested capital is €258,101 thousand at 31 December 2022, an increase of €89,375 thousand against the €168,726 thousand recorded at 31 December 2021.
The increase in non-current assets described above was accompanied by higher working capital.
Factoring without recourse in the period involved trade receivables with a face value of €1,373 thousand.

ASIA PACIFIC

Net invested capital came to €725,111 thousand at 31 December 2022, a decrease of €15,880 thousand against the €740,991 thousand recorded at 31 December 2021.
This decrease is attributable mainly to the change in non-current assets described above, and to the reduction in working capital.
Factoring without recourse in the period involved trade receivables with a face value of €1,285 thousand, and tax credits (VAT only) with a face value of €2,302 thousand.

NET FINANCIAL POSITION

(€ thousands)	12/31/2022	12/31/2021	Change
Net medium and long-term financial indebtedness	807,907	1,023,780	(215,873)
Net short-term financial indebtedness	251,708	165,771	85,937
Cash and cash equivalents	(229,622)	(318,365)	88,743
Net financial indebtedness (A)	**829,993**	**871,186**	**(41,193)**
Lease liabilities – current portion	99,716	98,665	1,051
Lease liabilities – non-current portion	368,890	353,267	15,623
Lease liabilities (B)	**468,606**	**451,932**	**16,674**
Total lease liabilities & net financial indebtedness (A+B) (C)	**1,298,599**	**1,323,118**	**(24,519)**
Group net equity (D)	1,038,509	925,178	113,331
Minority interests	1,841	2,103	(262)
Net Equity (E)	**1,040,350**	**927,281**	113,069
Financial indebtedness/Group net equity (A/D)	**0.8**	**0.94**	-
Financial indebtedness/Net equity (A/E)	**0.8**	**0.94**	-
Financial indebtedness/EBITDA (*)	**1.52**	**1.68**	-

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

Excluding lease liabilities net financial debt amounted to €829,993 thousand at 31 December 2022, a decrease of €41,193 thousand compared to 31 December 2021

The Group confirmed optimal cash generation in 2022, with free cash flow reaching a positive amount of €246,695 thousand (slightly lower than the €254,907 thousand reported in the prior year) after absorbing net capital expenditure of €106,292 thousand (€111,037 thousand in the previous year). This result made it possible to finance €84,572 thousand in acquisitions (€414.565 thousand in the comparison period, of which €344,744 for the Bay Audio acquisition), pay €58,237 thousand in dividends (€49,356 thousand in 2021), and continue with the buyback program (€53,093 thousand versus €31,085 thousand in the comparison period).

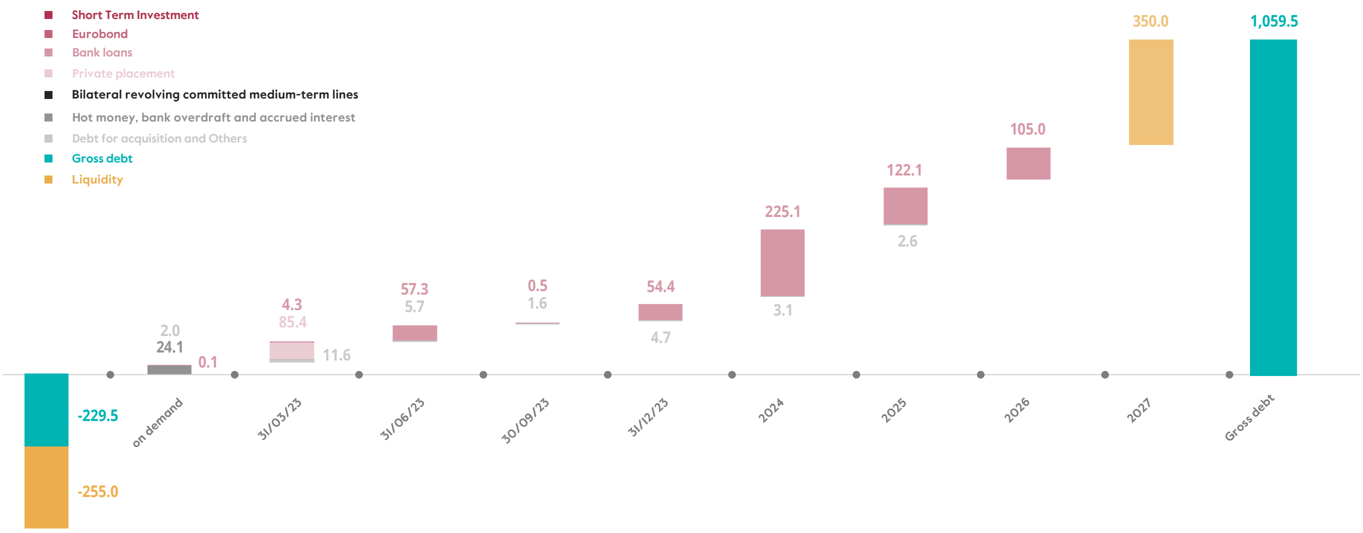
At 31 December 2022, the Group had cash and cash equivalents, as well as other liquid investments, of €229,622 thousand compared to financial indebtedness of €1,060 million, net of lease liabilities.

Long-term debt amounts to €807,907 thousand, €5,705 thousand of which refers to the long- term portion of deferred payments for acquisitions. The decrease in the period of €215,872 thousand is attributable mainly to the reclassification of portions of bank debt from long-to short-term, included all the Private Placement 2013-2025 (€85,371 thousand at the hedged rate) which was repaid in advance at the end of January 2023.

Short-term debt amounts to €251,708 thousand, an increase of €85,937 thousand. Short-term debt refers primarily to the short-term portion of long-term bank debt (€116,659 thousand), the short-term portion of the Private Placement which was repaid in advance in January 2023 (€85,371 thousand at the hedging rate), the hot money accounts used to support treasury activities and other short-term credit lines (€18,804 thousand), the interest payable on the Eurobond (€3,467 thousand) and on the Private Placement (€1,439 thousand) and other bank loans (€738 thousand) and, lastly, the best estimate of deferred payments for acquisitions (€24,601 thousand).

The chart below shows the debt maturities compared to the €230 million in available cash and cash equivalents and the unutilized portions of irrevocable credit lines which amount to €255 million, as well as the €199 million in other uncommitted credit lines. The total liquidity includes quotas in low-risk money market funds managed by top-tier financial institutions for €50 million.

Debt Maturity & Cash Equivalents at 12.31.2022



Interest payable on financial indebtedness amounted to €19,322 thousand at 31 December 2022, €17,315 thousand at 31 December 2021.

Interest payable on leases recognized in accordance with IFRS 16 amounted to €11,366 thousand versus €10,362 thousand at 31 December 2021.

Interest receivable on bank deposits are €598 thousand at 31 December 2022 versus €198 thousand at 31 December 2021.

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

CASH FLOW STATEMENT

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

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

The statement of cash flows below includes, for the comparative period, the impact of the discontinued business which is described in greater detail below.

(€ thousands)	FY 2022	FY 2021
OPERATING ACTIVITIES:		
Net profit (loss) attributable to the Group	178,525	157,785
Minority interests	255	58
Amortization, depreciation and impairment:		
- Intangible fixed assets	80,110	*75,236*
- Property, plant, and equipment	51,440	*50,650*
- Right-of-use assets	108,490	*96,535*
- Impairment of goodwill	-	*4,989*
Total amortization, depreciation and impairment	240,040	227,410
Provisions, other non-monetary items and gain/losses from disposals	13,889	17,935
Group's share of the result of associated companies	(306)	(120)
Financial income and charges	35,239	22,007
Current and deferred income taxes	64,956	57,932
Change in assets and liabilities:		
- Utilization of provisions	*(9,074)*	*(7,299)*
- (Increase) decrease in inventories	*(16,212)*	*178*
- Decrease (increase) in trade receivables	*(22,507)*	*3,016*
- Increase (decrease) in trade payables	*80,235*	*53,088*
- Changes in other receivables and other payables	*(28,825)*	*19,119*
Total change in assets and liabilities	3,617	68,102
Dividends received	342	2
Net interest charges	(31,416)	(24,371)
Taxes paid	(44,856)	(65,579)
Cash flow provided by (used in) operating activities before repayment of lease liabilities	**460,285**	**461,161**
Repayment of lease liabilities	(107,298)	(95,217)
Cash flow generated from (absorbed) by operating activities	**352,987**	**365,944**

(€ thousands)	FY 2022	FY 2021
INVESTING ACTIVITIES:		
Purchase of intangible fixed assets	(58,788)	(61,628)
Purchase of tangible fixed assets	(58,846)	(51,774)
Consideration from sale of tangible fixed assets and businesses	9,342	2,365
Cash flow generated from (absorbed) by investing activities	**(106,292)**	**(111,037)**
Cash flow generated from operating and investing activities (Free cash flow)	**246,695**	**254,907**
Business combinations (*)	(84,572)	(419,731)
(Purchase) sale of other investments and securities	-	5,166
Net cash flow generated from acquisitions	**(84,572)**	**(414,565)**
Cash flow generated from (absorbed) by investing activities and acquisitions	**(190,864)**	**(525,602)**
FINANCING ACTIVITIES:		
Dividends	(58,237)	(49,356)
Treasury shares	(53,093)	(31,085)
Fees paid on medium/long-term financing	-	(1,099)
Capital increases, third parties contributions and dividends paid by subsidiaries to third parties	(608)	458
Hedging instruments	-	(1,681)
Other non-current assets	(6,172)	2,007
Cash flow generated from (absorbed) by financing activities	**(118,110)**	**(80,756)**
Changes in net financial indebtedness net of lease liabilities	**44,013**	**(240,414)**
Net financial indebtedness at the beginning of the period	(871,186)	(633,665)
Effect of disposal operations on net financial indebtedness	-	(176)
Effect of exchange rate fluctuations on net financial indebtedness	(2,820)	3,069
Changes in net indebtedness	44,013	(240,414)
Net financial indebtedness at the end of the period net of lease liabilities	**(829,993)**	**(871,186)**

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

The change in net financial indebtedness of €44,013 thousand is attributable to:

(i) investing activities:
- capital expenditure on property, plant and equipment and intangible assets of €115,634 thousand relating primarily to the ongoing implementation and standardization of the Group cloud based ERP system, new investments made described in the "Net Invested Capital" section and network expansion.
- acquisitions amounting to €84,572 thousand, including the impact of the acquired companies' debt and the best estimate of the earn-out linked to sales and profitability targets payable over the next few years;
- net proceeds from the disposal of assets of €9,342 thousand.

(ii) Operating activities:
- interest payable on financial indebtedness and other net financial expenses of €31,415 thousand;
- payment of taxes amounting to €44,856 thousand;
- payment of principle on lease obligations of €107,298 thousand;
- cash flow generated by current operations of €536,556 thousand.

(iii) Financing activities:
- dividends distribution of €58,237 thousand;
- purchase of €53,093 thousand in treasury shares;
- net proceeds from other financial assets of €6,172 thousand relating mainly to reimbursement on active financing;
- €608 thousand in dividends paid to third parties.

(iv) Net debt was also impacted by exchange losses of €2,820 thousand.

Non-recurring transactions had a negative impact on cash flow of €6,789 thousand in 2022 attributable for €1,000 thousand to the cost of the donation made to UNHCR to support Ukraine, €2,242 thousand to the costs incurred for the second part of the GAES Integration, and €3,547 thousand to the integration of Bay Audio.

ACQUISITION OF COMPANIES AND BUSINESSES

The Group continued with external growth in 2022 and acquired 196 points of sale for a total investment of €84,572 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 2022:

- 87 points of sale were acquired in the United States;
- 34 points of sale were acquired in Germany;
- 24 points of sale were acquired in France;
- 21 points of sale were acquired in China;
- 16 points of sale were acquired in Canada;
- 5 points of sale were acquired in Poland;
- 4 points of sale were acquired in Belgium;
- 3 points of sale were acquired in Switzerland;
- 2 points of sale were acquired in Ecuador.

STATEMENT OF CHANGES BETWEEN THE NET EQUITY AND THE RESULTS OF THE PARENT COMPANY AMPLIFON S.P.A. AND THE NET EQUITY AND THE RESULTS OF THE GROUP FOR THE PERIOD AS AT DECEMBER 31ST, 2022

(€ thousands)	Net equity	Net result
Net equity and year-end result as reported in the Parent company's financial statements	**702,300**	**117,702**
Elimination of carrying amount of consolidated investments:		
· difference between carrying amount and the pro-quota value of net equity	190,043	-
· pro-quota results reported by the subsidiaries	167,504	167,504
· pro-quota results reported by investments valued at equity	1,863	306
Elimination of the effects of intercompany transactions:		
· elimination of impairment net of reversals of investments and intercompany receivables	-	500
· intercompany dividends	-	(90,602)
· intercompany profits included in the year-end value of inventories net of fiscal effect	(21,010)	(16,230)
· exchange differences and other changes	(350)	(400)
Net equity and year-end result as stated in the consolidated financial statements	**1,040,350**	**178,780**
Minority equity and result for the year	1,841	255
Group net equity and result for the year	**1,038,509**	**178,525**

RISK MANAGEMENT

Aware of how important creating sustainable value is for the stakeholders, we ensure that the way we carry out our business is consistent with our mission and our strategic, operational and compliance goals, by promoting an adequate risk management process as part of our business management. Correct risk management allows for better informed business decisions, reduces the gaps between actual results and targets, and can create a competitive advantage.

In 2022 the Company continued to implement its **Enterprise Risk Management** (ERM) model, in accordance with the review completed in 2021. This risk management model is in line with the best international practices and recommendations of the Corporate Governance Code, which is aimed at - through a structured and systematic risk assessment, monitoring and reporting process - an effective management of the Group's main risks, as well as providing the stakeholders involved with adequate information. This methodology called for the **principles of corporate sustainability** to be included in the ERM model in order to create a shared vision as to how to improve the resilience and effectiveness of the

organization including with respect to ESG (Environmental, Social and Governance) factors. Given Amplifon's retail business model, the Group's exposure to the ESG and climate risks is marginal. For a more detailed analysis of ESG and climate risks please refer to the 2022 Corporate Sustainability Report which is also the Consolidated Non-Financial Statement prepared by Amplifon in accordance with Legislative Decree 254/2016.
The following elements were taken into account when defining Amplifon's Enterprise Risk Management Model:

- ***Risk Governance***: the roles and responsibilities of the divisions and bodies involved in the identification, assessment, consolidation and reporting of the Group's risks.
- ***Risk Appetite and thresholds***: the Group's risk appetite, the thresholds used when assessing risks and the related management strategies.
- ***Risk Model & Risk Universe***: the reference framework and the risks that could impact the Group.
- ***Risk Assessment***: the process of identifying and assessing, in terms of impact and probability of occurrence, the risks identified by the parties involved in the process with a view to identifying the Group's main risks.
- ***Risk Reporting & Monitoring***: the timing and ways in which the results of the risk management process are shared with the Chief Executive Officer, the Risk Control and Sustainability Committee, and Amplifon S.p.A.'s Board of Directors, as well as the monitoring activities carried out based on the risk mitigation plans for the Group's main risks.

The risk management activities are coordinated and facilitated by **Group Internal Audit and Risk Management**, which supports the other parties involved (Countries, Regional Vice Presidents, Top Management), in the identification, assessment, management and monitoring of the Group's main risks.

The Group's main risks, broken down by categories defined as part of the Risk Model, are described below.

ECONOMIC BACKDROP AND GLOBAL ENVIRONMENT

During the year Amplifon continued to monitor the developments relative to the global market conditions, geopolitical instability and the Covid-19 health crisis. More specifically, the geopolitical instability and the macroeconomic developments seen in 2022, including the general increase in inflation, energy prices, the cost of labor, interest rates, as well as the generalized slowdown in global trade, were all monitored.
With respect to the geopolitical environment, though the Group monitored the situation and the potential risks, the Group does not have any business in either Ukraine, Russia or Belarus and limited activities in the surrounding countries. As for the volatility, uncertainty and rising inflation characterizing the global market conditions, in the past the importance and nondiscretionary nature of hearing care and the different insurance coverages have ensured, albeit in different contexts, a noticeably resilient reference market including in times of economic crisis.
The rollout of the vaccination campaigns in the wake of the Covid-19 health crisis has allowed for a gradual return to normalcy in a majority of the countries in which the Group operates, even though in 2022 the Group was impacted to a much lesser degree by the health crisis as shown in the excellent financial-economic results achieved by the Group.

As for climate change, Amplifon's business model is based on providing retail hearing solutions. The goals, therefore, connected to transitioning to alternative sources of energy and the actions needed to address climate change are pursued thanks to the steps taken by the Group to improve the energy efficiency of its business activities, as well as report on greenhouse gas emissions along the value chain. Based, furthermore, on the findings of the first report prepared in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the Group's business model does not entail significant exposure to the environmental risks connected specifically to climate change. Further details can be found in the Group's Non-Financial Statement.

EXTERNAL RISKS

External risks derive from exogenous factors.

RISKS CONNECTED TO THE GLOBAL MARKET CONDITIONS

In the last few years, the global market conditions have been characterized by a high degree of uncertainty. More than two years after the beginning of the Covid-19 pandemic, the geopolitical instability, specifically the Russian-Ukrainian conflict begun in February 2022, has led to accelerated increases in the cost of raw materials, and a generalized rise in inflation worldwide causing the central banks to tighten monetary policies. The economic recovery that characterized the first post-pandemic phase slowed rapidly and the short-term prospects remain uncertain and hard to asses with the possibility that an economic recession may materialize.

While the hearing aid market has always proven to be resilient even in times of economic crisis,, as the hearing solutions and services are non-discretional products which benefit people's physical, emotional and relational health significantly, and customers are assisted by public and private insurances, as well as consumer loans, the current inflationary environment and uncertainty about the costs of basic necessities could cause a few potential customers to postpone the purchase of a hearing aid temporarily, particularly if needed in the medium-term.. Although the Group monitors the changing macroeconomic environment and the relative impact on the business constantly, it is not possible to exclude that the situation described above could cause the demand for the Group's services and products to slow even though, as mentioned before, Amplifon operates in a market segment which in the past, albeit in situations which are not directly comparable, has demonstrated that it is less sensitive than others to changes in the general economic cycle.

With regard to the possible direct impact of inflation on different costs and, therefore, on the business's profitability, the level of risk and uncertainty is less as, in addition to Amplifon's considerable negotiation power in direct and indirect procurement, actions to increase efficiency, including in terms of labor costs, have already been taken. As for the higher interest rates, more than 80% of the Group's debt is fixed rate.

Lastly, as regards to the Russian-Ukrainian conflict, Amplifon has no business in either Ukraine, Russia or Belarus and limited activities in the surrounding countries.

COMPETITION

The retail hearing care market is expected to grow over the medium/long-term, consistent with the aging of the population and the increased penetration of hearing solutions thanks to increased knowledge and the consumer's greater healthcare awareness. This market is also still noticeably fragmented, but there has been some consolidation due to vertical integration of hearing aid manufacturers, expansion of market players (including Amplifon). It is possible, therefore, that competition could increase in the next few years.
The Amplifon Group's main competitors are the specialty retailers, which include the manufacturers of downstream integrated hearing aids, and non-specialty retailers (like optical chains, pharmacies and big box stores) which are generally low-cost providers currently found mainly in Australia, the Netherlands, USA, France and New Zealand.
It's possible, therefore, that these players will continue to expand which could potentially erode market share and margins, as well as increase competition in the recruiting and retention of hearing aid specialists and qualified store personnel.
Consequently, Amplifon Group has focused its strategy on strong brand recognition, providing high quality service, as well as on the deep understanding of the consumer developed thanks to the unparalleled quantity and quality of the data Amplifon possesses and uses to better serve its customers by leveraging on a very unique and innovative customer experience. Toward this end, the Group uses sales protocols focused on excellence in customer service (i.e. Ampli-Care) and an increasingly customer-centric approach which enhances the Amplifon Product Experience (APE) comprising Amplifon brand products and a multichannel ecosystem based on which the first contact is through the app.

STRATEGIC RISKS

Strategic risks are typical of any given business. If managed correctly they can be the source of a competitive advantage or, conversely, they can compromise the ability to reach targets.

TECHNOLOGICAL CHANGES IN PRODUCTS AND/OR THE OPERATING MODEL

The development of an alternative to the hearing aid as a remedy for hearing loss (e.g., surgical techniques, new technologies or pharmaceuticals) would have a very significant impact, but the risk is considered remote and is monitored constantly. The Group also continues to invest in resources dedicated to the development of new technologies in order to anticipate and respond to any changes in the business.
Amplifon stands out for the quality of its customer service, during the purchase process and the after sales care provided over the life of the hearing aid. The hearing aid is personalized based on an analysis of the specific needs of each customer, combining the technical and relational aspects in order to provide the best service possible and, at the same time, forge strong differentiation.
In order to monitor and enhance the service and customer satisfaction, the Group invests significant resources in developing its own line of products and digital technologies, like the I Amplifon App, and in redefining its customers audiological experience through Ampli-Care, including with a view to maintaining an ongoing relationship and providing the best customer experience both inside and outside the Group's stores from the first contact to the after sales care.

INVESTMENTS IN *MARKETING*

Amplifon's strategy calls for significant investment in marketing and communications in order to strengthen its brand, increase the rate of penetration of hearing aids and stimulate organic growth.
The marketing investments focus on offline media advertising (mainly television campaigns) and digital channels (including Paid Advertising, Search Engine Optimization and Social Media). The Group also invests in advanced Customer Relationship Management (CRM) systems and campaigns in order to ensure unique and personalized experiences for its customers, as well as in the technological innovation program which comprises Amplifon brand products and the multi-channel eco-system (the "Amplifon Product Experience") to provide a complete value proposition, comprising product, service and experience.
In the face of a volatile macroeconomic environment and a possible uptick in competition, which could cause costs to be higher and/or the initiatives to be less effective, Amplifon, in addition to being able to count on a position of market leadership, works to ensure that the global marketing investments are efficient and effective and carefully monitors the return of these investments, assessing the different strategies, as well as the media mix selected to ensure that the organic growth targets are achievable.

OPERATIONAL RISKS

Operational risks are those inherent in the business's organization, processes and systems, which could impact the efficiency and effectiveness of the Group's operations.

HUMAN RESOURCES AND THE GROUP'S SUSTAINABLE MEDIUM/LONG-TERM GROWTH

In order to achieve its medium/long-term goal for sustainable growth, the Group must be able to attract, develop and retain the best talent in, above all, the key managerial positions and qualified store personnel, including internationally.

Amplifon strives to be the "employer of choice" and is investing heavily in both the development of a unique and innovative Employer Branding, as well as in talents through specific recruiting initiatives and professional development programs designed to ensure the access to rapidly changing core competencies. The Group has developed and maintains structured channels which facilitate the recruiting of talents who possess specific and innovative expertise (for example, data scientists, digital experts).
The current rising inflation and growing competition could have an impact on the recruitment and retention of qualified store personnel, resulting also in higher labor costs.

Amplifon maintains partnerships with universities and dedicates great attention to providing continuous, high-quality training and professional development. Performances are also assessed based on "ad hoc" compensation mechanisms and incentives.

In order to guarantee success in the medium/long-term, global, local and divisional talent mapping and succession planning are carried out regularly. Amplifon is also committed to analyzing and anticipating future needs for key roles, including with a view to the growth of the business and changes in core markets.
The level of efficiency achieved by the Group in relation to these elements is monitored constantly by evaluating KPIs related to succession planning, recruiting and retention.

IMPLEMENTATION OF THE NEW IT SYSTEMS

In 2022 the Group, consistent with its development goals, continued to work on the implementation and release of new IT systems and:

- continued with the centralization of purchasing activities and the release of the new ERP system within Group companies which was begun in 2020;
- continued with the implementation of the new front-end system for stores begun in 2021.

Typically, these projects are highly complex, particularly with respect to the management of unique, local characteristics, the roll-out phases and change management. To address these areas, including in light of past experience and the lessons learned, Amplifon has equipped itself with the internal and external resources needed to ensure that the project goals will be achieved and developed a robust training program in order to train system users, as well as assist with change management.

CYBER SECURITY & DATA PROTECTION

The growing use of technology, the accelerated shift toward digitalization, as well as the introduction of remote working, increases the Group's exposure to different types of internal and external IT risks. The cyber-attacks, which have become more widespread globally, pose a constant threat to both the Group and third parties.

For this reason, Amplifon every day monitors potential threats and any changes with a view to preventing, as well as minimizing, the impact that these attacks could have.
The ongoing activities carried out by the Group aim to guarantee business continuity, as well as prevent the loss of data/information and financial resources, through activities focused on the security of processes, people and systems (e.g., training, phishing simulation, multi-factor authentication, business impact analysis, data cryptography, specific insurance policies).
Lastly, the possibility that personal data is not processed in accordance with the law, including as a result of data breaches and attacks, could lead to possible sanctions by the privacy authorities.
The Group is committed to maintaining adequate safety standards, duly protecting data and other proprietary information, in order to guarantee compliance with laws relating to confidentiality and privacy. Toward this end, Amplifon continuously monitors any changes and amendments to laws that could materialize over the next few years, takes the measures deemed opportune (i.e. appoint a Data Protection Officer) and provides training as needed.

REGULATORY RISKS

Regulatory risk stems from compliance with the laws and regulations within the different markets in which the Company operates.

CHANGES IN THE REGULATORY ENVIRONMENT

Amplifon operates in the medical sector which is regulated differently in different countries. The areas which are the most relevant for Amplifon relate to: i) coverage by national health agencies or insurance companies; ii) the sale and distribution of hearing aids and, more specifically, the requisites and qualifications of the professionals who may select, apply and sell hearing solutions; iii) technical aspects of the hearing aids. A change in regulations (for example, in insurance coverage, in the scope of and access to public insurance, in the role of the ENT doctors and, above all, the qualifications of the hearing aid specialists needed to sell hearing aids and related services) could have a direct, even significant, impact (including in light of possible pressures from the local authorities/health insurance companies) on the market and, consequently, on performance.

With regard to changes in the qualifications to sell hearing aids, in the United States the Over the Counter Hearing Aid Act of 2017 which, annexed to a law on medical devices (Medical Device User Fee Amendments) and included in the FDA Reauthorization Act, makes the Food and Drug Administration (FDA) responsible for defining and regulating a new category of hearing aids.
This law creates a separate category of hearing aids that may be sold over-the-counter (OTC) to adults over the age of 18 with mild to moderate hearing loss without first consulting a hearing aid specialist.
The OTC regulation, issued in 2022 by the Food and Drug Administration (FDA), took effect as of 17 October 2022. The law regulates the sale of OTC devices, which may be sold solely to adults over the age of 18 with mild to moderate hearing loss and defines the technical characteristics, the labelling (internal and external), the amount of risk and the consumer protection policies.
The law also defines the distinction between the OTC devices and prescription hearing aids and recognizes the important role that licensed professionals (including the Hearing Care Professional) have in helping consumers find safe and effective hearing solutions.
Currently it is estimated that the introduction of the OTC devices, given the importance of the service provided and the consumers involved (with mild to moderate hearing loss versus the Group’s current core customers which suffer from moderate to severe hearing loss) will have a limited impact on the business thanks also to the uniqueness of Amplifon’s products and services.
We cannot, however, exclude the possibility of increased competition and a change in the current scenario as new arrivals materialize and the role of large retail players increases. At the same time, however, Amplifon could benefit from the increased penetration of hearing aids, with a larger number of potential customers looking at the sector.
Amplifon has adopted a series of measures which ensure the ability to react to any regulatory changes in a timely manner by constantly monitoring the regulatory issues in the countries where it is present and preparing the action plans that might be needed. Overall, in light also of the current global market conditions, Amplifon monitors regulatory issues in the countries in which it operates and the implementation of possible actions needed to react to potential changes in the regulatory environment quickly.

FINANCIAL RISK MANAGEMENT

With a view to structured management of treasury activities and financial risks, the Group had already adopted a Treasury Policy in 2012 which contains guidelines for the management of:

- currency risk
- interest rate risk
- credit risk
- price risk
- liquidity risk.

This policy is updated periodically in order to guarantee proactive risk management.

CURRENCY RISK

Currency Risk includes the following types of risk:

- foreign exchange transaction risk, that is the risk that the value of a financial asset or liability, a forecasted transaction or a firm commitment, fluctuates due to changes in exchange rates;
- foreign exchange translation risk, that is the risk that the translation of the assets, liabilities, costs and revenues relating to net investment in a foreign operation into the reporting currency gives rise to an exchange gain or loss.

The Amplifon Group's foreign exchange transaction risk relates to:

- the currency risk stemming from the role as "purchasing center" for the whole Group which involves the direct management of the purchase of hearing aids and accessories, along with the resale to the subsidiaries. The purchases from suppliers are generally made in the same currency used in the subsidiaries' invoices with payment terms that are similar to those negotiated with the suppliers which limits the exchange risk to the transfer pricing applied to subsidiaries;
- other transactions in which the purchase costs or sales revenue are denominated in currencies other than the local currency as is the case in a few countries of lesser importance (Israel, Canada and the Central and South American subsidiaries), where the purchasing costs are incurred in Euros and US dollars;
- other intercompany transactions (medium/long-term and short-term loans, charge backs based on intercompany service agreements, other centralized, intercompany dividends, etc) which result in currency risk for the companies operating in currencies other than that of the intercompany transaction;
- the period between the signing and closing of any commitments to purchase equity interests.

Foreign exchange translation risk arises from investments in the United States and Canada, the United Kingdom, Switzerland, Hungary, Poland, Israel, Australia, New Zealand, India, China, Chile, Argentina, Ecuador, Colombia, Panama, Mexico and Egypt.

GROUP STRATEGY:

Foreign Exchange Transaction Risk

The Group's strategy aims to minimize the impact of currency volatility on the income statement and calls for risks stemming from significant positions in currencies other than the currency used in the financial statements of each company to be hedged.

Any exposures to exchange risks stemming from financial transactions are hedged using derivatives. These derivatives are typically used to hedge exchange risk relative to: (i) bonds issued in US dollars by Amplifon S.p.A. and subscribed by Amplifon USA Inc, and (ii) an intercompany loan granted by Amplifon S.p.A. to the Australian subsidiary Bay Audio.

With regard to operational transactions, including those stemming from the Parent Company's Global Procurement activities, the intercompany services provided and cash-pooling, when possible, the risk is covered by using a natural hedge which aims to balance active and passive positions for each company by maintaining currency deposits which can be used to cover any differences. Any risk exposure linked to differences in assets and liabilities that cannot be managed using bank deposits in foreign currency will be adequately hedged using instruments that have already been identified.

The loans between the Australian and New Zealand companies and between the American and Canadian companies are considered equity investments insofar as the loans are non-interest-bearing and not expected to be repaid. The impact of exchange differences is recognized directly in the translation reserve at equity without passing through the income statement.

The risks arising from other intercompany transactions worth less than €1 million (or the equivalent if denominated in another currency) are not hedged as the amounts are not material.

Foreign Exchange translation risk

The foreign exchange translation risk, in accordance with the Group Treasury Policy, is not hedged.
Overall, the impact of the foreign exchange translation risk can be seen in the Group's Euro denominated EBITDA which was around €10 million higher than the Group's total EBITDA.
The Argentinian subsidiary operates in a high-inflation country but, as the size of the subsidiary is immaterial, the impact on the Group is not significant.

INTEREST RATE RISK

Interest rate risk involves the following situations:

- fair value risk, namely the risk that the value of a fixed rate financial asset or liability changes due to fluctuations in market interest rates;
- cash flow risk, namely the risk that the future cash flows of a floating rate financial asset or liability fluctuate due to changes in market interest rates.

In the Amplifon Group fair value risk arises on the issue of fixed rate bonds (private placement and Eurobonds). The cash flow risk derives from floating rate bank loans.
The Group's strategy is to minimize cash flow risk, especially with respect to long-term exposures, through a balanced mix of fixed- and floating-rate loans and assessing whether to switch floating-rate borrowings to fixed-rate when each loan is taken out, as well as over the life of the loans including in light of the current market rates. In any event, at least 50% of the debt must be hedged against interest rate risk. At 31 December 2022, the Group's medium/long- term debt stems for €568.5 million from floating rate bank loans, €391.3 million of which had been swapped to fixed rate debt at the date of this report.

The capital market issues (US private placements and Eurobonds) are fixed rate.

CREDIT RISK

Credit risk is the risk that the issuer of a financial instrument defaults on its obligations resulting in a financial loss for the investor.

In the Amplifon Group credit risk arises from:

(i) sales made as part of ordinary business operations;
(ii) the use of financial instruments that require settlement of positions with other counterparties;
(iii) the loans granted to members of the indirect channel and commercial partners in the United States for investments and business development

With regard to the risk (i) above, the only positions with a high unit value are amounts due from Italian public-sector entities for which the risk of insolvency, while it exists, is remote and further mitigated by the fact that each quarter they are factored without recourse by specialized factoring companies. Conversely, there is credit risk associated with the sales to private individuals based on instalment payment plans and arising from sales to US indirect channel operators (franchisees). This credit risk, however, is spread out over a number of partners and the amount owed by any single individual is limited. The largest of these amounts does not exceed a few million US dollars.
Due to typical business risks, some may not be able to honor their debts. This would result in higher working capital and credit losses. While each subsidiary is responsible for collection of receivables, the Group, through its Corporate functions, has set up a centralized system of monthly reporting relative to trade receivables in order to monitor the composition and due dates for each country, and shares credit recovery initiatives and commercial policies with local management. Payment options like installment plans or loans (with terms limited to a few months) are offered to private customers, the majority of which do, however, use cash. These are managed by external finance companies which advance the whole amount of the sale to Amplifon, while the situation of the indirect channel in the US is closely monitored by local management.

The risk referred to in (ii) above, notwithstanding the inevitable uncertainties linked to sudden and unforeseeable counterparty default, is managed by making diversified investments with the main national and international investment grade financial institutions and through the use of specific counterparty limits with regard to both liquidity invested and/or deposited and to the notional amount of the derivatives. The counterparty limits are determined based on the short-term ratings of each counterparty or, if a public rating is not available, on capital ratios (Tier 1).

The risk referred to in (iii) above refers to receivables that are typically guaranteed personally by the loan beneficiaries and repayments are generally made when the invoices for the purchases of hearing aids are paid.

PRICE RISK

This arises from the possibility that the value of a financial asset or liability may change due to fluctuations in market prices (other than those caused by currency or interest-rate fluctuations) due to both characteristics specific to the financial asset or liability or the issuer of the financial liability, as well as changes related to market factors. This risk is typical of financial assets not listed on an active market, which may not be easy to liquidate quickly at a level close to their fair value. The Amplifon Group does not have investments in these kinds of instruments and, therefore, this risk currently does not exist.

LIQUIDITY RISK

Liquidity Risk typically arises when an entity is experiencing difficulty finding sufficient funds to meet its obligations and includes the risk that the counterparties that have granted loans and/or lines of credit may request repayment.

At the end of the year, available short-term credit lines amounted to €199 million of which €10 million utilized, while the irrevocable credit lines amounted to €255 million and have not been utilized. The debt is primarily long-term.

HEDGING INSTRUMENTS

In accordance with company strategy, hedging instruments are used by the Group exclusively to mitigate interest rate and currency risk and consist solely in financial derivatives. In order to maximize the effectiveness of these hedges the Group's strategy calls for:

- large counterparties with excellent credit standing and transactions which fall within the limits determined in the treasury policy in order to minimize counterparty risk;
- the use of instruments which match, to the extent possible, the characteristics of the risk hedged;
- monitoring of the adequacy of the instruments used in order to check and, possibly, optimize the structure of the instruments used to achieve the purposes of the hedge.

The Group's Treasury Policy also defines the rigorous criteria to be used when selecting counterparties.

The derivatives used by the Group are generally plain vanilla financial instruments. More in detail, the types of derivatives used include:

- cross currency swaps;
- foreign exchange forwards.

On initial recognition these instruments are measured at fair value. At subsequent reporting dates the fair value of derivatives must be re-measured and:

(i) if these instruments fail to qualify for hedge accounting, any changes in fair value that occur after initial recognition are taken to profit and loss;

(ii) if these instruments subsequently qualify as fair value hedges, from that date any changes in the fair value of the derivative are taken to profit and loss; at the same time, any fair value changes due to the hedged risk are recorded as an adjustment to the book value of the hedged item and the same amount is recorded in profit and loss; any ineffectiveness of the hedge is taken to profit and loss;

(iii) if these instruments qualify as cash flow hedges, from that date any changes in the fair value of the derivative are taken to net equity; changes in the fair value of the derivative that are recognized in net equity are subsequently reclassified in the income statement in the period in which the hedged transaction affects profit and loss; when the object of the hedge is the purchase of a non-financial asset, changes to the fair value of the derivative taken to net equity are reclassified to adjust the purchase cost of the asset hedged (basis adjustment); any ineffectiveness of the hedge is recognized in profit and loss.

The Group's hedging strategy is reflected in the accounts as described above as of the moment the following conditions are satisfied:

- the hedging relationship, its purpose and the overall strategy are formally defined and documented; the documentation includes the identification of the hedging instrument, the hedged item, the nature of the risk to be neutralized and the procedures whereby the entity will assess the effectiveness of the hedge;
- the effectiveness of the hedge may be reliably assessed and there is a reasonable expectation, confirmed by evidence, that the hedge will be highly effective for the period in which the hedged risk exists;
- the hedged risk relates to changes in cash flow connected to a future transaction, the latter is highly probable and entails exposure to changes in cash flow which could affect profit and loss.

Derivatives are recognized as assets if their fair value is positive and as liabilities if their fair value is negative. These balances are shown under current assets or liabilities if related to derivatives which do not qualify for hedge accounting, conversely, they are classified consistently with the hedged item.
In detail, if the hedged item is classified as a current asset or liability, the positive or negative fair value of the hedging instrument is included under current assets or liabilities; if the hedged item is classified as a non-current asset or liability, the positive or negative fair value of the hedging instrument is included under non-current assets or liabilities.

The Group does not have any net investment hedges.

TREASURY SHARES

At 31 December 2022 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 2021.

A total of 1,138,490 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 1,600,000 treasury shares were purchased as per the buyback program approved by the shareholders meeting held on 22 April 2022.

A total of 1,831,360 treasury shares, or 0.809% of the parent's share capital, were held at 31 December 2022.

During the reporting period, a total of 37,500 shares were transferred as a first deferred payment for Otohub's acquisition in 2019.

The details related to treasury shares are provided in the following table.

	N. of shares	Average purchase price (Euro) FV of transferred rights (Euro)	Total amount (€ thousand)
Held at 12/31/2021	**1,407,350**	**20.493**	**28,841**
Purchases	1,600,000	33.183	53,093
Transfer due to exercise of performance stock grant	(1,138,490)	27.244	(31,018)
Transfer due to exercise of acquisition's deferred payment	(37,500)	27.244	(1,022)
Total at 12/31/2022	**1,831,360**	**27.244**	**49,895**

RESEARCH AND DEVELOPMENT

While the Group does not typically carry out any research and development in relation to hearing aids (insofar as this is carried out by the manufacturers), it does invest important resources in both innovation and technology through the" Amplifon Product Experience", as well as other innovative digital marketing solutions and front-office systems and processes, in order to provide its customers with an excellent "Customer Experience".
More specifically, in 2022 considerable investments were made in the kick-off of Otopad project.
The goal of the project is to create a more flexible, functional, user-friendly and space-saving tool for hearing tests in the Amplifon stores which would make it possible to carry out the entire diagnostic process in a more integrated, transparent and rapid way for the customer, also allowing for an increase in productivity.
The Otopad project will allow the Group to improve both the efficiency of the hearing tests and their operations, gradually substituting traditional devices. During 2022 the first hundreds Otopad have been installed in Italian stores, since 2023 the coverage of Italian stores will be completed and that of US and Dutch stores will begin. From 2024, however, it will also be implemented in Spanish, English, Portuguese, French, Canadian, German and New Zealand stores.

TRANSACTIONS WITHIN THE GROUP AND WITH RELATED PARTIES

Pursuant to and in accordance with the Consob Regulation n. 17221 issued on 12 March 2010 and after having received a favorable opinion from the Independent Directors' Committee for Related Parties transactions, on 3 November 2010 Amplifon S.p.A.'s Board of Directors adopted a new version of the regulations of procedures and fulfillments for related party transactions which has been updated several times. The regulation currently in force was approved by the Board of Directors on 29 April 2021 with entry into force on 1 July 2021.

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 managed at arm's-length, given the nature of the goods and of the services provided.

Information on transactions with related parties is provided in Note 40 of the consolidated financial statements and in Note 38 of the separate financial statements.

CONTINGENT LIABILITIES

Currently the Group is not exposed to any particular risks, uncertainties or legal disputes which exceed the provisions already made in the financial statements, shown in Note 19 and 25. There are currently underway usual tax audits. These audits are presently in the preliminary phase and no findings have been reported so far. The Group is confident in the correctness of its actions.

ATYPICAL/UNUSUAL TRANSACTIONS

Please note that in 2022 the Group carried out no atypical and/or unusual transactions as defined in the Consob Bulletin of 28 July 2006.

OUTLOOK

In the first two months of 2023 the Group reported solid revenue growth. Market performance in the next few months is key to consolidating this trend and increasing visibility for the entire year. The Group also intends to continue the accelerated bolt-on M&A activity seen in the recent months, also benefitting from a macroeconomic environment which should provide better opportunities in terms of multiples of potential targets. Lastly, since the beginning of the year, the Group implemented globally price increases in order to offset labor cost inflation. The Group does not expect any other significant cost inflation items.
In light of the above, in 2023 Amplifon expects:

- to outperform the reference market organically, gaining market share;
- bolt-on M&A to contribute for around 2% to the Group's consolidated revenue growth;
- to increase overall profitability thanks to higher operating leverage, even after continuous and significant investments in the business.

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

These expectations for 2023 do not include any further global economic activity slowdown due to, among others, the well-known geopolitical, inflation and pandemic related issues.

YEARLY REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE AS AT DECEMBER 31ST 2022

(pursuant to art. 123-bis TUF)

The report on Corporate Governance and Ownership Structure is available on the company's website at https://corporate.amplifon.com/en/governance/governance-system/corporate-governance-reports

NON-FINANCIAL DISCLOSURE AS AT DECEMBER 31ST 2022

The Non-Financial Disclosure is available on the company's website at https://corporate.amplifon.com/en/sustainability/sustainability-reporting.

COMMENTS ON THE ECONOMIC-FINANCIAL RESULTS OF AMPLIFON S.P.A.

RECLASSIFIED INCOME STATEMENT

(€ thousands)	FY 2022				FY 2021*			
	Recurring	Non-recurring	Total	% on recurring revenues	Recurring	Non-recurring	Total	% on recurring revenues
Total revenues	**416,203**	**-**	**416,203**	**100.0%**	**249,551**		**249,551**	**100.0%**
Operating costs	(275,649)	(1,000)	(276,649)	-66.2%	(236,911)	(8,882)	(245,793)	-94.9%
Other income and costs	(48.681)	-	(48,681)	-11.7%	31,767	-	31,767	-12.7%
Gross operating profit (loss) (EBITDA)	**91,873**	**(1,000)**	**90,873**	**22.1%**	**44,407**	**(8,882)**	**35,525**	**17.8%**
Depreciation, amortization and impairment losses on non-current assets	(20,429)	-	(20,429)	-4.9%	(20,121)	-	(20,121)	-8.1%
Right-of-use depreciation	(3,172)	-	(3,172)	-0.8%	(7,348)	-	(7,348)	-2.9%
Operating profit (loss) (EBIT)	**68,272**	**(1,000)**	**67,272**	**16.4%**	**16,938**	**(8,882)**	**8,056**	**6.8%**
Income, expenses, valuation and adjustments of financial assets	85,037	-	85,037	20.4%	87,631	-	87,631	35.1%
Net financial expenses	(19,111)	-	(19,111)	-4.6%	(17,463)	-	(17,463)	-7.0%
Exchange differences and FV adjustments (**)	1,144	-	1,144	0.3%	4,641	-	4,641	1.9%
Profit (loss) before tax	**135,342**	**(1,000)**	**134,342**	**32.5%**	**91,747**	**(8,882)**	**82,865**	**36.8%**
Tax	(16,935)	295	(16,640)	-4.1%	(1,227)	2,641	1,414	-0.5%
Net profit (loss)	**118,407**	**(705)**	**117,702**	**28.4%**	**90,519**	**(6,241)**	**84,279**	**36.3%**

(*) The first 4 months of the comparative period include the income statement items of the business branch pertaining to operating activities on the Italian market then transferred to the company Amplifon Italia S.p.A. in May 2021

(**) It should be noted that for the 2021 comparative period, reclassifications were made between items of financial income expenses and value adjustments of financial assets and exchange differences and fair value valuations for a better representation of the data.

EBITDA: operating result before depreciation and write-downs of tangible and intangible fixed assets and usage rights on lease agreements.

EBIT: operating result before financial income and charges and taxes.

The table below shows the impact of the non-recurring transactions referred to in the statements above, for the periods 2022 and 2021:

(€ thousands)	FY 2022
Donation to UNHCR to help Ukraine	(1,000)
Impact of the non-recurring items on EBITDA	**(1,000)**
Impact of the non-recurring items on EBIT	**(1,000)**
Impact of the non-recurring items on profit before tax	**(1,000)**
Impact of the above items on the tax burden of the period	295
Impact of the non-recurring items on net profit	**(705)**

(€ thousands)	FY 2021
Costs related to the acquisition of Bay Audio Pty	(7,372)
Costs relating to the corporate restructuring of Amplifon S.p.A	(1,510)
Impact of the non-recurring items on EBITDA	**(8,882)**
Impact of the non-recurring items on EBIT	**(8,882)**
Impact of the non-recurring items on profit before tax	**(8,882)**
Impact of the above items on the tax burden of the period	2,641
Impact of the non-recurring items on net profit	**(6,241)**

RECLASSIFIED CONDENSED 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)	12/31/2022	12/31/2021	Change
Goodwill	8,025	-	8,025
Other intangible fixed assets	73,644	64,217	9,427
Buildings, plants and machinery	7,261	8,906	(1,645)
Right of use assets	13,893	18,714	(4,821)
Fixed financial assets	1,773,398	1,681,760	91,638
Other non-current financial assets	4,089	4,792	(703)
Total fixed assets	**1,880,310**	**1,778,389**	**101,921**
Inventories	181	42	139
Trade receivables[1]	244,476	166,374	78,102
Other receivables[2]	41,327	78,915	(37,588)
Current assets (A)	**285,984**	**245,331**	**40,653**
Total assets	**2,166,294**	**2,023,721**	**142,573**
Trade payables[3]	(243,642)	(124,018)	(119,624)
Other payables[4]	(49,510)	(42,232)	(7,279)
Short term liabilities (B)	**(293,152)**	**(166,251)**	**(126,901)**
Net working capital (A)-(B)	**(7,168)**	**79,081**	**(86,249)**
Derivative instruments[5]	24,474	(3,447)	27,921
Deferred tax assets	16,709	19,824	(3,115)
Provisions for risks (non-current portion)	(95)	(140)	45
Employee benefits (non-current portion)	(718)	(891)	173
Deferred tax liabilities	-	-	-
Loan fees[6]	4,508	7,018	(2,510)
Other long-term payables	(110)	(1,750)	1,640
NET INVESTED CAPITAL	**1,917,909**	**1,878,084**	**39,825**
Net equity	**702,300**	**662,084**	**40,216**
Short term net financial debt	395,531	190,131	205,400
Long term net financial debt	804,659	1,005,962	(201,303)
Total net financial debt	**1,200,190**	**1,196,093**	**4,097**
Lease liabilities	15,419	19,907	(4,488)
Total lease liabilities & net financial debt	**1,215,609**	**1,216,000**	**(391)**
NET EQUITY, LEASE LIABILITIES AND NET FINANCIAL DEBT	**1,917,909**	**1,878,084**	**39,825**

[1] The item "Trade receivables" includes "Receivables from suppliers of acoustic solutions for chargebacks" and "Receivables from subsidiaries and parent company deriving from the sale of goods and services".
[2] The item "Other receivables" includes "Other receivables" and "Other receivables from subsidiaries and parent company".
[3] The item "Trade payables" includes "Trade payables" and "Payables to subsidiaries and parent company".
[4] "Other payables" includes other liabilities, accrued liabilities and deferred income, current portion of liabilities for employees' benefits and tax liabilities;
[5] "Derivatives instruments" includes cash flow hedging instruments not included in the item "Net medium and long-term financial indebtedness";
[6] 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(7)

EMARKET SDIR CERTIFIED

CONDENSED RECLASSIFIED 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)	FY 2022	FY 2021
Operating profit (loss) (EBIT)	**67,272**	**8,056**
Amortization, depreciation and write down	23,601	27,469
Provisions, other non-monetary items and gain/losses from disposals	8,759	13,074
Net financial expenses	(17,482)	(14,908)
Dividends collected	109,424	110,034
Taxes paid	(1,240)	(11,360)
Changes in net working capital	52,341	(3,075)
Cash flow provided by (used in) operating activities before repayment of lease liabilities	**242,676**	**129,290**
Repayment of lease liabilities	(2,782)	(7,309)
Cash flow provided by (used in) operating activities (A)	**239,894**	**121,981**
Cash flow provided by (used in) operating investing activities (B)	**(27,064)**	**(36,258)**
Free Cash Flow (A +B)	**212,831**	**85,723**
Net cash flow provided by (used in) acquisitions (C)	(2,629)	(439,039)
(Purchase) sale of other investment and securities (D)	-	132
Cash flow provided by (used in) investing activities (B+C+D)	**(26,693)**	**(475,165)**
Cash flow provided by (used in) operating activities and investing activities	**210,202**	**(353,184)**
Other non-current assets	-	-
Hedging instruments and other changes in non-current assets	-	(1,682)
Fees paid on medium/long-term financing	-	(1,099)
Dividends	(58,237)	(49,356)
Purchases of treasury shares	(53,093)	(31,085)
Capital increases, third parties' contributions and dividends paid by subsidiaries to third parties	(102,555)	-
Net cash flow from the period	**(3,684)**	**(436,406)**
Net financial indebtedness at the beginning of the period net of lease liabilities	**(1,196,093)**	**(725,960)**
Change in net financial position	(3,684)	(436,406)
Net financial indebtedness merged company	(412)	
Cash conferred	-	(33,727)
Net financial indebtedness at the end of the period net of lease liabilities	**(1,200,190)**	**(1,196,093)**

REVENUES FROM SALES AND SERVICES

(€ thousands)	FY 2022	FY 2021	Change	Change %
Revenues from sales and services Italian market	-	104,035	(104,035)	100%
Revenues from sales and services to subsidiaries	416,203	145,516	265,236	186%
Total	**416,203**	**249,551**	**161,201**	**65%**

Revenues for services rendered to subsidiaries include:

- the revenues realized by Amplifon S.p.A. for the Group's centralized procurement which went from €69,400 thousand at 31 December 2021 to €326,741 thousand at 31 December 2022. The increase is linked to the progressive operations' expansion of the Italian and French subsidiaries in the first half of the year, to the German and Swiss subsidiaries in the second half and to the full year contribution of Spain, United States and New Zealand (compared to few months' contribution in the previous year);
- the revenues for services rendered to subsidiaries based on intercompany service agreements amounted to €89,461 thousand at 31 December 2022 (€76,115 thousand at 31 December 2021) and relate to centralized services including human resources management, marketing, implementation of shared IT systems. The increase reflects the gradual increase in the centralization of functions in Amplifon S.p.A

In May 2021, as part of the corporate restructuring project, the parent company Amplifon S.p.A. is now focused on defining the Group's strategic direction and management, as well as centralized Group procurement for the entire Group. As of the same date Amplifon Italia S.p.A. became responsible for the Italian market operations and, consequently, Amplifon S.p.A. did not realize any revenue from end customers for sales and services on the Italian market.

GROSS OPERATING PROFIT (EBITDA)

(€ thousands)	FY 2022			FY 2021		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Gross operating profit (loss) (EBITDA)	**91,873**	**(1,000)**	**90,873**	**44,407**	**(8,882)**	**35,525**

Gross operating profit (EBITDA) amounted to €90,873 thousand (or 21,8% of the revenues generated by sales and services) in 2022 compared to €35,525 thousand at 31 December 2021. The increase is explained by the larger scope of operations with the subsidiaries described above.

EMARKET SDIR CERTIFIED

OPERATING PROFIT (EBIT)

(€ thousands)	FY 2022			FY 2021		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Operating profit (loss) (EBIT)	68,272	(1,000)	67,272	16,938	(8,882)	8,056

Operating profit (EBIT) amounted to €67,271 thousand (16.1% of revenues from sales and services) and reflects the change in EBITDA described above, as well as the decrease in depreciation of tangible fixed assets and the right of use transferred to Amplifon italia S.p.A. following the corporate reorganization project completed in 2021.

PROFIT BEFORE TAX

(€ thousands)	FY 2022			FY 2021		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Profit (loss) before tax	135,342	(1,000)	134,342	91,747	(8,882)	82,865

Profit before tax amounted to €134,342 thousand in 2022 compared to €82,865 thousand in 2021, showing an increase of €51,476 thousand due to the increase in EBIT described above and partially offset by the increase in net financial expenses.

While 2021 benefitted from historically low interest rates and income of €4.6 million attributable to the fair value measurement of the financing used for the GAES acquisition, 2022 was impacted by the amortization of a portion of the income described above and, to a lesser degree, higher interest rates on financing, even though more than 80% of the debt is fixed rate thanks to the interest rate swaps stipulated in previous years.

NET PROFIT ATTRIBUTABLE TO THE GROUP

(€ thousands)	FY 2022			FY 2021		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Group net profit (loss)	118,407	(705)	117,702	90,519	(6,241)	84,279

Net profit reached €117,702 thousand in 2022 compared to €84,729 in 2021, an increase of €33,423 thousand. The tax rate was 12.4%.

Excluding the impact of the dividends, which are taxed at only 5% of their total, the tax rate would have reached 32.8%.

NON-CURRENT ASSETS

(€ thousands)	12/31/2022	12/31/2021	Change
Goodwill	8,025	-	8,025
Other intangible fixed assets	73,644	64,217	9,426
Tangible assets	7,261	8,906	(1,645)
Right-of-use assets	13,893	18,714	(4,821)
Financial fixed assets	1,773,398	1,681,760	9,637
Other non-current financial assets	4,089	4,792	(703)
Non-current assets	**1,880,310**	**1,778,389**	**101,920**

Non-current assets amounted to €1,880,310 thousand at 31 December 2022 versus €1,778,389 thousand at 31 December 2021, an increase of €101,920 thousand mainly attributable to:

- an increase in financial assets explained for €102,555 thousand by capital increases linked to equity stakes of the French, Polish and American subsidiaries and for €2,629 thousand by acquisitions made in the reporting period net of the decrease in investment, due to the merger of the Otohub S.r.l., done in November 2022. Please consider that the related carrying value of the company was Euro 11,312 thousand and from the above explained transaction resulted a recognition of goodwill of € 8,025 thousand;
- an increase in intangible assets attributable mainly to investments in IT as a result of the continuous customer focus and the desire to increase control of operations which fueled the significant work done on information technology and store systems, with the development of tools and technologies which innovate the customer experience, store activities and support extensive understanding of the customer, including through artificial intelligence;
- an increase in intangible assets related to information technology used for operations and back office functions (ongoing implementation and standardization of the Group's ERP cloud system for Human Resources, Procurement, Administration and Finance).

NET INVESTED CAPITAL

Net invested capital came to €1,917,909 thousand at 31 December 2022, an increase of €39,825 thousand against the €1,878,084 thousand recorded at 31 December 2021.
The increase in non-current assets described above was partially offset by a drop in working capital.

EMARKET SDIR CERTIFIED

NET FINANCIAL POSITION

(€ thousands)	12/31/2022	12/31/2021	Change
Net medium and long-term financial indebtedness	804,659	1,005,962	(201,303)
Net short-term financial indebtedness	511,333	393,416	117,917
Cash and cash equivalents, other financial activities and short-term financial receivables	(115,802)	(203,284)	87,482
Net financial indebtedness (A)	**1,200,190**	**1,196,093**	**4,097**
Lease liabilities – current portion	2,850	2,545	306
Lease liabilities – non-current portion	12,568	17,362	(4,794)
Lease liabilities (B)	**15,419**	19,907	(4,488)
Total lease liabilities & net financial indebtedness (A+B) (C)	**1,215,609**	**1,216,000**	**(391)**

Excluding lease liabilities, net financial debt amounted to €1,200,190 thousand at 31 December 2022 versus €1,196,093 thousand at 31 December 2021.

The change in long-term debt is attributable primarily to the reclassification as short-term debt of portions of bank debt, amounts owed for acquisitions falling due in the next 12 months and the reclassification as short-term debt of the private placement 2013-2025 which was repaid in advance.

Short-term net financial debt, excluding lease liabilities, recorded a deterioration of Euro 117,917 thousand, mainly due to the higher short- term portions, including the intercompany bond loan repaid to the American subsidiary in via advanced to the end of January 2023 (Euro 85 million at the exchange rate.

Cash and cash equivalents, other current financial assets and short-term receivables suffer a reduction of Euro 87,482 thousand mainly due to the use of cash and cash equivalents to pay dividends to shareholders (Euro 58,237 thousand), for the purchase of treasury shares (Euro 53.093 thousand), for investments in fixed assets and in capital increases and acquisitions (Euro 106.292 thousand and Euro 84.572 thousand respectively), net of operating cash generation, It should be remembered that the Company has irrevocable medium-long credit lines available term lines of Euro 255 million and other unused short-term credit lines of Euro 199 million.

Net financial debt including the lease liabilities amounted to €1,215,609 thousand versus €1,216,000 thousand in the comparison period.

NET EQUITY

(€ thousands)	12/31/2022	12/31/2021	Change
Net Equity	**702,300**	**662,084**	**40,216**

Net equity amounted to €702,873 thousand at 31 December 2022 versus €662,084 thousand at 31 December 2021, an increase of €40,216 thousand, explained by the net profit for the year and the recognition of Stock Grant plans net of the decrease explained by the payment of dividends and the purchase of treasury shares.

RECLASSIFIED CONDENSED 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)	FY 2022	FY 2021
Operating profit (loss) (EBIT)	**67,272**	**8,056**
Amortization, depreciation and write down	23,601	27,469
Provisions, other non-monetary items and gain/losses from disposals	8,759	13,074
Net financial expenses	(17,482)	(14,908)
Dividends collected	109,424	110,034
Taxes paid	(1,240)	(11,360)
Changes in net working capital	52,341	(3,075)
Cash flow provided by (used in) operating activities before repayment of lease liabilities	**242,676**	**129,290**
Repayment of lease liabilities	(2,782)	(7,309)
Cash flow provided by (used in) operating activities (A)	**239,894**	**121,981**
Cash flow provided by (used in) operating investing activities (B)	**(27,064)**	**(36,258)**
Free Cash Flow (A +B)	**212,831**	**85,723**
Net cash flow provided by (used in) acquisitions (C)	(2,629)	(439,039)
(Purchase) sale of other investment and securities (D)	-	132
Cash flow provided by (used in) investing activities (B+C+D)	**(29,693)**	**(475,165)**
Flusso monetario generato (assorbito) da attività d'esercizio e di investimento	**210,202**	**(353,184)**
Other non-current assets	-	-
Hedging instruments and other changes in non-current assets	-	(1,682)
Fees paid on medium/long-term financing	-	(1,099)
Dividends	(58,237)	(49,356)
Purchases of treasury shares	(53,093)	(31,085)
Capital increases	-	-
Net cash flow from the period	**(3,684)**	**(436,406)**
Net financial indebtedness at the beginning of the period net of lease liabilities	**(1,196,093)**	**(725,960)**
Change in net financial position	(3,684)	(436,406)
Change in net financial position merged company	(412)	-
Cash conferred	-	(33,727)
Net financial indebtedness at the end of the period net of lease liabilities	**(1,200,190)**	**(1,196,093)**

The change in net financial debt is attributable mainly to:

a) Investing activities:

- net increase in property, plant and equipment and intangible assets of €27,064 thousand relating largely to investments in information technology, particularly the development of the new ERP system, hardware and updating of the headquarters;
- an increase in investments explained for €2,629 thousand by acquisitions.

b) operating activities:

- interest expense on financial indebtedness and other net financial charges of €17,482 thousand, €317 thousand of which for imputed interest on leases;
- payment of taxes which amounted to €1,240 thousand;
- dividends received from subsidiaries amounting to €109,424 thousand.

c) financing activities:

- purchase of €53,093 thousand in treasury shares;
- payment of €58,237 thousand in dividends;
- capital increases of € 102,555 thousands.

DATA CONTROLLER

The Board of Directors, held on March 2nd 2016, appointed the Chief Executive Officer as representative of "Data Controller" for all processing of personal data relating to the purposes of Amplifon SpA, as well as for data processing of personal data deriving from the management of the world market and from the governance of the Group.

SUBSIDIARIES

Amplifon S.p.A. detains a branch office, Amplifon Succursale de Paris, with offices in Arcueil, 22 avenue Aristide Briand, France.

OUTLOOK

During the 2023 Amplifon S.p.A., will continue not only the role as head and leader of the Group, but also as the one-procurement center for the entire Group. The Group's expectations strictly bound the pace of the aforementioned Group's operations and remain extremely optimistic, with excellent perspectives regarding the profitable and sustainable development as a result of both the hearing care industry's fundamentals and the stronger competitive positioning.

These expectations for 2023 do not include any further global economic activity slowdown due to, among others, the well-known geopolitical, inflation and pandemic related issues.

Milan, March 1st 2023

CEO
Enrico Vita

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

CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31st, 2022

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*)

(€ thousands)		12/31/2022	12/31/2021	Change
ASSETS				
Non-current assets				
Goodwill	**Note 3**	1,754,028	1,681,470	72,558
Intangible fixed assets with finite useful life	**Note 4**	420,098	414,531	5,567
Property, plant, and equipment	**Note 5**	193,415	186,845	6,570
Right-of-use assets	**Note 6**	451,747	437,377	14,370
Equity-accounted investments	**Note 37**	2,093	2,133	(40)
Hedging instruments	**Note 8**	25,850	10,983	14,867
Deferred tax assets	**Note 28**	81,780	85,185	(3,405)
Contract costs	**Note 11**	11,131	9,452	1,679
Other assets	**Note 7**	42,470	40,773	1,697
Total non-current assets		**2,982,612**	**2,868,749**	**113,863**
Current assets				
Inventories	**Note 9**	76,258	62,570	13,688
Trade receivables	**Note 10**	192,067	168,680	23,387
Contract costs	**Note 11**	5,262	5,187	75
Other receivables	**Note 12**	72,610	91,555	(18,945)
Hedging instruments	**Note 8**	17,016	168	16,848
Other financial assets	**Note 13**	49,986	49,836	150
Cash and cash equivalents	**Note 14**	179,654	268,546	(88,892)
Total current assets		**592,853**	**646,542**	**(53,689)**
Total assets		**3,575,465**	**3,515,291**	**60,174**

(€ thousands)		12/31/2022	12/31/2021	Change
LIABILITIES				
Net Equity				
Share capital	**Note 15**	4,528	4,528	-
Share premium reserve		202,712	202,712	-
Treasury shares		(49,895)	(28,841)	(21,054)
Other reserves		11,230	(5,272)	16,502
Retained earnings		691,409	594,266	97,143
Profit (loss) for the period		178,525	157,785	20,740
Group net equity		**1,038,509**	**925,178**	**113,331**
Minority interests		**1,841**	**2,103**	**(262)**
Total net equity		**1,040,350**	**927,281**	**113,069**
Non-current liabilities				
Medium/long-term financial liabilities	**Note 17**	798,940	1,010,585	(211,645)
Lease liabilities	**Note 18**	368,890	353,267	15,623
Provisions for risks and charges	**Note 19**	19,944	29,079	(9,135)
Liabilities for employees' benefits	**Note 20**	8,940	20,762	(11,822)
Hedging instruments	**Note 8**	-	2,531	(2,531)
Deferred tax liabilities	**Note 28**	106,683	105,191	1,492
Payables for business acquisitions	**Note 21**	5,705	19,571	(13,866)
Contract liabilities	**Note 23**	153,613	144,414	9,199
Other long-term liabilities	**Note 21**	16,123	16,318	(195)
Total non-current liabilities		**1,478,838**	**1,701,718**	**(222,880)**
Current liabilities				
Trade payables	**Note 22**	325,583	242,507	83,076
Payables for business acquisitions	**Note 24**	24,601	12,667	11,934
Contract liabilities	**Note 23**	114,857	107,414	7,443
Tax liabilities	**Note 24**	74,785	54,537	20,248
Other payables	**Note 24**	167,796	211,475	(43,679)
Hedging instruments	**Note 8**	-	552	(552)
Provisions for risks and charges	**Note 25**	1,663	3,282	(1,619)
Liabilities for employees' benefits	**Note 26**	3,616	4,081	(465)
Short-term financial liabilities	**Note 27**	243,661	151,112	92,549
Lease liabilities	**Note 18**	99,715	98,665	1,050
Total current liabilities		**1,056,277**	**886,292**	**169,985**
TOTAL LIABILITIES		**3,575,465**	**3,515,291**	**60,174**

(*) Transactions with related parties have not been reported separately because not material both at single entity and at consolidated level. Please refer to note 40 for more details.

CONSOLIDATED INCOME STATEMENT (*)

(€ thousands)		FY 2022			FY 2021			
		Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Change
Revenues from sales and services	Note 29	2,119,126	-	2,119,126	1,948,075	-	1,948,075	171,051
Operating costs	Note 30	(1,603,710)	(6,533)	(1,610,243)	(1,470,711)	(14,000)	(1,484,711)	(125,532)
Other income and costs	Note 31	9,877	(51)	9,826	5,412	(450)	4,962	4,864
Gross operating profit (EBITDA)		**525,293**	**(6,584)**	**518,709**	**482,776**	**(14,450)**	**468,326**	**50,383**
Amortization, depreciation and impairment	**Note 32**							
Amortization of intangible fixed assets		(80,085)	-	(80,085)	(74,706)	-	(74,706)	(5,379)
Depreciation of property, plant, and equipment		(51,131)	-	(51,131)	(46,856)	(1,693)	(48,549)	(2,582)
Right-of-use depreciation		(108,491)	-	(108,491)	(96,244)	-	(96,244)	(12,247)
Impairment losses and reversals of non-current assets		(333)	-	(333)	(2,827)	-	(2,827)	2,494
		(240,040)	**-**	**(240,040)**	**(220,633)**	**(1,693)**	**(222,326)**	**(17,714)**
Operating result		**285,253**	**(6,584)**	**278,669**	**262,143**	**(16,143)**	**246,000**	**32,669**
Financial income, expenses and value adjustments to financial assets	**Note 33**							
Group's share of the result of associated companies valued at equity and gains/losses on disposals of equity investments (**)		309	-	309	1,694	-	1,694	(1,385)
Other income and expenses, impairment and revaluations of financial assets (**)		-	-	-	-	-	-	-
Interest income and expenses		(18,725)	-	(18,725)	(17,117)	-	(17,117)	(1,608)
Interest expenses on lease liabilities		(11,366)	-	(11,366)	(10,362)	-	(10,362)	(1,004)
Other financial income and expenses (**)		(2,390)	-	(2,390)	(1,766)	-	(1,766)	(624)
Exchange gains and losses, and inflation accounting (**)		(2,716)	-	(2,716)	600	-	600	(3,316)
Gain (loss) on assets accounted at fair value (**)		(45)	-	(45)	4,311	-	4,311	(4,356)
		(34,933)	**-**	**(34,933)**	**(22,640)**	**-**	**(22,640)**	**(12,293)**
Profit (loss) before tax		**250,320**	**(6,584)**	**243,736**	**239,503**	**(16,143)**	**223,360**	**20,376**
Current and deferred income tax	**Note 34**							
Current tax		(68,724)	1,819	(66,905)	(67,880)	4,442	(63,438)	(3,467)
Deferred tax		1,949	-	1,949	3,676	-	3,676	(1,727)
		(66,775)	**1,819**	**(64,956)**	**(64,204)**	**4,442**	**(59,762)**	**(5,194)**
Profit (loss) from continuing operations		**183,545**	**(4,765)**	**178,780**	**175,299**	**(11,701)**	**163,598**	**15,182**
Profit (loss) from discontinued operations	Note 36	-	-	-	**-**	(5,755)	(5,755)	5,755
Net profit (loss)		**183,545**	**(4,765)**	**178,780**	**175,299**	**(17,456)**	**157,843**	**20,937**
Net profit (loss) attributable to Minority interests		255	-	255	58	-	58	197
Net profit (loss) attributable to the Group		**183,290**	**(4,765)**	**178,525**	**175,241**	**(17,456)**	**157,785**	**20,740**

(*) Transactions with related parties have not been reported separately because not material both at single entity and at consolidated level. Please refer to note 40 for more details.
(**) It is specified that, on the comparative period 2021, reclassifications between "Financial income, expenses and value adjustments to financial assets" have been made in order to better represent financial information. For a detail of reclassifications made see Note n.33.

Earnings and dividend per share (€ per share)	Note 39	FY 2022	FY 2021
Earnings per share - Basic - Diluted		0.79570 0.78699	0.70182 0.69409
Dividend per share (*)		0.29	0.26

(*) Dividend proposed by the Board of Directors at the Shareholders General Meeting convened on April 21th, 2023.

EMARKET SDIR CERTIFIED

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

(€ thousands)		FY 2022	FY 2021
Net income (loss) for the period		**178,780**	**157,843**
Other comprehensive income (loss) that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit plans	**Note 20**	11,942	3,281
Tax effect on components of other comprehensive income that will not be reclassified subsequently to profit or loss		(2,150)	(508)
Total other comprehensive income (loss) that will not be reclassified subsequently to profit or loss after the tax effect (A)		**9,792**	**2,773**
Other comprehensive income (loss) that will be reclassified subsequently to profit or loss			
Gains/(losses) on cash flow hedging instruments	**Note 8**	27,561	2,447
Gains/(losses) from *Foreign Currency Basis Spread* on hedging instruments	**Note 8**	790	170
Gains/(losses) on exchange differences from translation of financial statements of foreign entities		(11,734)	27,048
Tax effect on components of other comprehensive income that will be reclassified subsequently to profit or loss		(6,978)	(26)
Total other comprehensive income (loss) that will be reclassified subsequently to profit or loss after the tax effect (B)		**9,639**	**29,639**
Total other comprehensive income (loss) (A)+(B)		**19,431**	**32,412**
Comprehensive income (loss) for the period		**198,211**	**190,255**
Attributable to the Group		198,237	189,890
Attributable to Minority interests		(26)	365

EMARKET SDIR CERTIFIED

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 01/01/2021		**4,528**	**202,712**	**934**	**3,636**	**(14,281)**	**34,780**
Allocation of profit (loss) for 2020							
Share capital increase							
Treasury shares						(31,085)	
Dividend distribution							
Notional cost of stock grants	**Note 35**						17,067
Other changes						16,525	(13,281)
- Stock Grant						16,525	(13,281)
- Inflation accounting							
- Other changes							
Total comprehensive income (loss) for the period						-	-
- Hedge accounting	**Note 8**						
- Actuarial gains (losses)							
- Deferred taxes accounted for within Net Equity							
- Translation differences							
- Result for FY 2021							
Balance at 12/31/2021		**4,528**	**202,712**	**934**	**3,636**	**(28,841)**	**38,566**

(€ thousands)		Share capital	Share premium reserve	Legal reserve	Other reserves	Treasury shares reserve	Stock option and stock grant reserve
Balance at 01/01/2022		**4,528**	**202,712**	**934**	**3,636**	**(28,841)**	**38,566**
Allocation of profit (loss) for 2021							
Share capital increase							
Treasury shares						(53,093)	
Dividend distribution							
Notional cost of stock grants	**Note 35**						12,520
Other changes						32,039	(15,904)
- Stock Grant						*32,039*	*(15,904)*
- Inflation accounting							
- Other changes							
Total comprehensive income (loss) for the period							
- Hedge accounting	**Note 8**						
- Actuarial gains (losses)							
- Deferred taxes accounted for within Net Equity							
- Translation differences							
- Result for FY 2022							
Balance at 12/31/2022		**4,528**	**202,712**	**934**	**3,636**	**(49,895)**	**35,182**

	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)	-		-
							-		-
							(31,085)		(31,085)
				(49,356)			(49,356)		(49,356)
							17,067		17,067
	-	-		(5,466)			(2,222)	754	(1,468)
				(3,244)			-		-
				6,815			*6,815*		*6,815*
				(9,037)			*(9,037)*	*754*	*(8,283)*
	1,860	129	2,773	602	26,741	157,785	189,890	365	190,255
	1,860	*129*					*1,989*		*1,989*
			2,773				*2,773*		*2,773*
				602			*602*		*602*
					26,742		*26,742*	*306*	*27,048*
						157,785	*157,785*	*58*	*157,843*
	(1,033)	**(993)**	**(7,010)**	**594,266**	**(39,372)**	**157,785**	**925,178**	**2,103**	**927,281**

	Cash flow hedge reserve	Foreign Curr. Basis Spread Reserve	Actuarial gains and losses	Retained earnings	Translation differences	Profit (loss) for the period	Total Shareholders' equity	Minority interests	Total net equity
	(1,033)	**(993)**	**(7,010)**	**594,266**	**(39,372)**	**157,785**	**925,178**	**2,103**	**927,281**
				157,785		(157,785)	-		-
							-		-
							(53,093)		(53,093)
				(58,237)			(58,237)		(58,237)
							12,520		12,520
	-	-		(2,231)			13,904	(236)	13,668
				(14,828)			*1,307*		*1,307*
				13,149			*13,149*		*13,149*
				(552)			*(552)*	*(236)*	*(788)*
	20,946	601	9,792	(174)	(11,453)	178,525	198,237	(26)	198,211
	20,946	*601*					*21,547*		*21,547*
			9,792				*9,792*		*9,792*
				(174)			*(174)*		*(174)*
					(11,453)		*(11,453)*	*(281)*	*(11,734)*
						178,525	*178,525*	*255*	*178,780*
	19,913	**(392)**	**2,782**	**691,409**	**(50,825)**	**178,525**	**1,038,509**	**1,841**	**1,040,350**

STATEMENT OF CONSOLIDATED CASH FLOWS (*)

(€ thousands)	FY 2022	FY 2021
OPERATING ACTIVITIES		
Net profit (loss)	178,780	157,843
Amortization, depreciation and impairment:		
- intangible fixed assets	80,110	75,236
- property, plant, and equipments	51,440	50,650
- right-of-use assets	108,491	96,535
- goodwill	-	4,989
Provisions, other non-monetary items and gain/losses from disposals	13,889	17,935
Group's share of the result of associated companies	(306)	(120)
Financial income and expenses	35,239	22,006
Current and deferred taxes	64,956	58,382
Cash flow from operating activities before change in working capital	**532,599**	**483,456**
Utilization of provisions	(9,074)	(7,299)
(Increase) decrease in inventories	(16,212)	178
Decrease (increase) in trade receivables	(22,507)	3,016
Increase (decrease) in trade payables	80,235	53,088
Changes in other receivables and other payables	(28,825)	19,123
Total change in assets and liabilities	**3,617**	**68,106**
Dividends received	342	2
Interest received (paid)	(33,080)	(23,616)
Taxes paid	(44,856)	(65,579)
Cash flow generated from (absorbed by) operating activities (A)	**458,622**	**462,369**
INVESTING ACTIVITIES:		
Purchase of intangible fixed assets	(58,788)	(61,628)
Purchase of tangible fixed assets	(56,846)	(51,774)
Consideration from sale of non-current assets	9,342	2,366
Cash flow generated from (absorbed by) operating investing activities (B)	**(106,292)**	**(111,036)**
Purchase of subsidiaries and business units net of cash and cash equivalents acquired or dismissed	(84,572)	(419,731)
Increase (decrease) in payables for business acquisitions	(2,917)	(8,006)
(Purchase) sale of other investments and securities	-	5,167
Cash flow generated from (absorbed by) acquisition activities (C)	**(87,489)**	**(422,570)**
Cash flow generated from (absorbed by) investing activities (B+C)	**(193,781)**	**(533,606)**

(€ thousands)	FY 2022	FY 2021
FINANCING ACTIVITIES:		
Increase (decrease) in financial payables	(128,336)	7,888
(Increase) decrease in financial receivables	(57)	(40,554)
Derivative instruments and other non-current assets	-	(1,681)
Commissions paid for medium/long-term financing	-	(1,099)
Principal portion of lease payments	(107,298)	(95,217)
Other non-current assets and liabilities	(6,172)	2,007
Dividends distributed	(58,237)	(49,356)
Treasury shares purchase	(53,093)	(31,085)
Capital increases and minority shareholders' contributions and dividends paid to third parties by subsidiaries	(608)	458
Cash flow generated from (absorbed by) financing activities (D)	**(353,801)**	**(208,639)**
Net increase in cash and cash equivalents (A+B+C+D)	**(88,960)**	**(279,876)**
Cash and cash equivalents at beginning of period	**268,546**	**545,027**
Effect of exchange rate fluctuations on cash & cash equivalents	68	3,396
Flows of cash and cash equivalents	(88,960)	(279,877)
Cash and cash equivalents at end of period	**179,654**	**268,546**

(*) Transactions with related parties have not been reported separately because not material both at single entity and at consolidated level. Please refer to note 40 for more details. Furthermore, as requested by IFRS 5, the statement of consolidated cash flows of the comparative period includes items related to the discontinued business Elite.

Related-party transactions relate to lease of the main office and certain stores, to recharges of maintenance costs and general services of the above-mentioned buildings and to commercial transactions, personnel costs and loans. Such loans are detailed in Note 40.

SUPPLEMENTARY INFORMATION TO THE STATEMENT OF CONSOLIDATED CASH FLOWS

The fair values of the assets and liabilities acquired, which are described in the following note 3, are summarized in the table below:

(€ thousands)	FY 2022	FY 2021
- Goodwill	69,121	375,030
- Customer lists	25,814	44,508
- Trademarks and non-competition agreements	80	15,644
- Other intangible fixed assets	295	1,419
- Property, plant, and equipment	2,911	8,720
- Right-of-use assets	2,658	22,558
- Current assets	9,293	16,058
- Provisions for risks and charges	-	(1,626)
- Current liabilities	(10,418)	(57,777)
- Other non-current assets and liabilities	(10,904)	(21,907)
- Third parties equity	-	5,251
Total investments	**88,850**	**407,878**
Net financial debt acquired	1,292	19,954
Total business combinations	**90,142**	**427,832**
(Increase) decrease in payables through business acquisition	2,917	8,006
Purchase (sale) of other investments and securities	-	(5,167)
Cash flow absorbed by (generated from) acquisitions	**93,059**	**430,671**
(Cash and cash equivalents acquired)	(5,570)	(8,101)
Net cash flow absorbed by (generated from) acquisitions	**87,489**	**422,570**

NOTES

1. GENERAL INFORMATION

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

The parent company, Amplifon S.p.A. is based in Via Ripamonti 133, Milan, Italy. The Group is controlled directly by Ampliter S.r.l. (42.23% as at 31 December 2022), held for a 100% by Amplifin S.p.A., which is 99.4% owned by Susan Carol Holland and the remaining 0.6% in treasury shares.

The consolidated financial statements at 31 December 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the regulations implementing 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 December 2022. International Financial Reporting Standards endorsed after that date and before the preparation of these financial statements are adopted in the preparation of this annual report only if early adoption is allowed by the endorsing regulation, by the reporting standard itself and the Group has elected to do so.

The publication of the consolidated financial statements of the Amplifon Group for the year closed on 31 December 2022, carried out in accordance with European Commission Delegated Regulation n. 2019/815, as amended, was authorized by the Board of Directors on 1 March 2023. This annual report is subject to the approval of the Annual Shareholders' Meeting of Amplifon S.p.A. convened on 21 April 2023.

The accounting policies adopted in the preparation of the annual report and a summary of the accounting principles and interpretations to be applied in the future are detailed in section 46.

2. IMPACT OF THE CONFLICT IN UKRAINE, COVID-19 EMERGENCY, AND CLIMATE CHANGE ON THE GROUP'S PERFORMANCE AND FINANCIAL POSITION

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

With respect to the Covid-19 heath crisis, the rollout of vaccination campaigns has allowed for a gradual return to normalcy in a majority of the countries in which the Group operates, even though the peak of contagion and the relative restrictive measures in certain geographies like New Zealand, Australia and China was reached in 2022. The Group was, however, impacted to a much lesser degree by the health crisis in the reporting period, as shown in the excellent financial-economic results achieved by the Group. The relief and subsidies received from governmental agencies were largely immaterial, as were the costs attributable directly to the pandemic.

As for climate change, Amplifon's business model is based on providing retail hearing solutions. The goals, therefore, connected to transitioning to alternative sources of energy and the actions needed to address climate change are pursued thanks to the steps taken by the Group to improve the energy efficiency of its business activities, as well as report on greenhouse gas emissions along the value chain. Based, furthermore, on the findings of the first report prepared in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the Group's business model does not entail significant exposure to the environmental risks connected specifically to climate change. Further details can be found in the Group's Non-Financial Statement.

3. ACQUISITIONS AND GOODWILL

The Group continued with its strategy to balance internal with external growth in 2022 acquiring 196 points of sale for a total cash-out of €84,572 thousand, amount that includes the consolidated debt and the best estimate of the earn-out linked to sales and profitability targets payable over the next few years.

More in detail, in 2022:

- 87 points of sale were acquired in the United States;
- 34 points of sale were acquired in Germany;
- 24 points of sale were acquired in France;
- 21 points of sale were acquired in China;
- 16 points of sale were acquired in Canada;
- 5 points of sale were acquired in Poland;
- 4 points of sale were acquired in Belgium;
- 3 points of sale were acquired in Switzerland;
- 2 points of sale were acquired in Ecuador.

In detail:

SHARE DEALS (*)

Company name	Date	Location
Cévennes Audition	02/01/2022	*France*
Bougerolle Audition	03/01/2022	*France*
A.B. Audition	03/01/2022	*France*
Audition Frèdèric Rembaud	06/01/2022	*France*
Audition 50	07/01/2022	*France*
Audition Marquilly	07/01/2022	*France*
Audition Nouvelle	10/01/2022	*France*
SAS A l'Ecoute	10/01/2022	*France*
Surdité Toulorge	11/01/2022	*France*
Raindrop Hearing Clinic INC	01/13/2022	*Canada*
Terrace Hearing Clinic LTD	01/26/2022	*Canada*
The Hearing Clinic	04/26/2022	*Canada*
Lisa Reid Audiology Hearing Centres	08/05/2022	*Canada*
Great to Hear, Inc.	10/14/2022	*Canada*
Ontario, Inc.	12/22/2022	*Canada*
Wuhan Amplifon Hearing Aids Co., Ltd.	02/01/2022	*China*
Pilot Blankenfelde Medizinisch-Elektronische Geräte GmbH	01/03/2022	*Germany*
Hörberatung Loppacher AG	04/01/2022	*Switzerland*
Audiomed Sp.z.o.o.	11/01/2022	*Poland*

(*) All the companies were 100% acquired and were consolidated on the acquisition date.

ASSET DEALS

Company name	Date	Location
Dirks Sauerland	01/01/2022	*Germany*
Hörgeräte Oexle	01/01/2022	*Germany*
Gut Hören Janitzky	01/15/2022	*Germany*
Ketz Bremen	03/01/2022	*Germany*
Jutta Kleeberg	05/01/2022	*Germany*
Weber Erbach	06/30/2022	*Germany*
Uerlings Ascheberg	08/15/2022	*Germany*
Joeres Mönchengladbach	10/01/2022	*Germany*
Andres Nürnberg	10/01/2022	*Germany*
Allsound Investments	01/07/2022	*United States*
Central Florida Hearing, Inc	06/17/2022	*United States*
Hearing Aid Consultants, Inc.	07/22/2022	*United States*
Newton's Hearing Centers of Northern Colorado, Inc.	08/26/2022	*United States*
Blue Ridge Hearing Group, LLC	09/16/2022	*United States*
Carolinas Hearing Group, LLC	09/16/2022	*United States*
Beall, Inc.	11/04/2022	*United States*
Southeast Hearing Centers, LLC	12/02/2022	*United States*
Force Healthcare Management, LLC	12/30/2022	*United States*
Neuville	01/17/2022	*France*
Payen	04/04/2022	*France*
Saint-Fons	08/29/2022	*France*
Fournier	09/19/2022	*France*
Upper Canada Hearing	04/26/2022	*Canada*
Saskatchewan Ltd.	12/06/2022	*Canada*
Cuenca	01/01/2022	*Ecuador*
ECSH768	02/01/2022	*China*
Fleis Consulting SRL	03/01/2022	*Belgium*
Maico GmbH / Käthi Oberholzer Imesch	07/29/2022	Switzerland

(€ thousands)	Total Purchase Price	Cash acquired	Financial debts acquired	Total Cost	Expected annual turnover (*)	Contribution to turnover from the purchase date
Total share deals	41,314	(5,570)	1,292	37,036	17,466	5,867
Total asset deals	47,536	-	-	47,536	32,303	8,530
Total	**88,850**	**(5,570)**	**1,292**	**84,572**	**49,769**	**14,397**

(*) Annual turnover is the best available estimate of the turnover of the firm or business acquired during 2022

Changes in goodwill and the amounts recognized during the year following acquisitions completed in the reporting period, broken down by Groups of Cash Generating Units, are detailed in the table below.

(€ thousands)	Net carrying value at 12/31/2021	Business combinations	Disposals	Impairment	Other net changes	Net carrying value at 12/31/2022
EMEA	894,228	27,407	-	-	(472)	921,163
Americas	166,693	36,591	-	-	10,532	213,816
Asia Pacific	620,549	5,123	-	-	(6,623)	619,049
Total goodwill	**1,681,470**	**69,121**	**-**	**-**	**3,437**	**1,754,028**

"Business combinations" refers to the temporary allocation to goodwill of the portion of the purchase price paid, comprehensive of the deferred portion and the contingent consideration (earn-out) of which in note 21 e 24, which is not directly attributable to the fair value of assets and liabilities but, rather, based on the assumption that the positive contribution to cash flow will last for an indefinite period of time.

"Other net changes" are almost entirely attributable to foreign exchange differences.

A summary of the carrying amount and fair value of assets and liabilities, deriving from the provisional allocation of the purchase price due to business combinations excluding the purchase of non-controlling interests in subsidiaries, is provided in the following table.

(€ thousands)	EMEA	Americas	Asia Pacific	Total
Cost of acquisitions of the period	**44,520**	**37,250**	**7,080**	**88,850**
Assets and liabilities acquired – Book value				
Current assets	1,804	1,921	-	**3,725**
Current liabilities	(3,545)	(1,786)	(39)	**(5,370)**
Net working capital	**(1,741)**	**135**	**(39)**	**(1,645)**
Other intangible, tangible and right-of-use assets	4,647	1,041	176	**5,864**
Provisions for risks and charges	-	-	-	**-**
Other non-current assets and liabilities	(2,484)	(92)	-	**(2,576)**
Non-current assets and liabilities	**2,163**	**949**	**176**	**3,288**
Net invested capital	**422**	**1,084**	**137**	**1,643**
Third Parties Equity	**-**	**-**	**-**	**-**
Net financial position	**4,278**	**-**	**-**	**4,278**
NET EQUITY ACQUIRED - BOOK VALUE	**4,700**	**1,084**	**137**	**5,921**
DIFFERENCE TO BE ALLOCATED	**39,820**	**36,166**	**6,943**	**82,929**
ALLOCATIONS				
Trademarks	80	-	-	**80**
Customer lists	19,502	4,114	2,198	**25,814**
Contract liabilities - Short and long-term	(4,156)	(4,537)	-	**(8,693)**
Deferred tax assets	1,270	64	-	**1,334**
Deferred tax liabilities	(4,283)	(66)	(378)	**(4,727)**
Total allocations	**12,413**	**(425)**	**1,820**	**13,808**
GOODWILL	**27,407**	**36,591**	**5,123**	**69,121**

Identification of the Groups of Cash Generating Units

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

The assets allocation to Groups of Cash Generating Units and the identification criteria of these groups are the same with respect to the financial Statements as at 31 December 2021. The groups of cash generating units identified for the purpose of impairment testing are:

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

Goodwill is evaluated at the higher of fair value and value in use. As at 31 December 2022, the management runs his evaluations taking into consideration the value in use.

Impairment test

All the groups of cash-generating units were subject to the IAS 36 compliant impairment tests, based on the value in use calculated using the discounted cash flow (DCF) method net of tax consistent with the post-tax discount rates used.

The value in use of the groups of cash-generating units was determined by discounting the estimated future cash flows forecast in the three-year business plan (2023-2025) approved by the subsidiaries as well as from the Amplifon Group consolidated business plan (2023-2025) approved by the Board of Directors on 15 December 2022.

The impairment test was approved by the Board of Directors of the Parent Company before the approval of the Group Financial Statements.

The discount rate (WACC), the growth rate (g), and the expected changes in revenues and costs during the period assumed for the calculation were the main assumptions that the management implemented for the estimate of the value in use.
The rate adopted to discount the expected cash flows is the weighted average cost of capital (WACC) post-tax, reflects the current market evaluations, and has been determined using the following drivers: the free risk interest rate on CGU level represented by the yield of the ten-years government bonds, the Beta, the equity risk premium and the cost of debt.

Beta and equity risk premium have been determined in accordance with best practices using a widely recognized, international database (Damodaran) which takes into account market and macroeconomic risks to determine the Equity risk premium and takes into consideration the systematic risk of a financial asset and the specific risks of the market in which the Group operates to determine Beta. The Beta is calculated based on the arithmetic average of the betas for Healthcare Products, Healthcare Support Services and Retail special lines. The global market conditions have changed with higher interest rates and inflation, which caused expectations for global economic growth to deteriorate. Particular attention was, therefore, paid to the sensitivity analysis and verifying that all the Groups of Cash Generating Units had sufficient headroom in the event there was an increase (in terms of percentage points) in the discount rates.

The perpetual growth rate for each country was adjusted to reflect the International Monetary Fund's forecast for inflation in 2026.

	EMEA	AMERICAS	ASIA PACIFIC
Growth rate	1.81%	3.31%	2.42%
WACC (*) 2022	8.41%	11.82%	9.67%
Cash flow time horizon (explicit assumption)	3Y	3Y	3Y
WACC (*) 2021	4.07%	6.02%	5.71%

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

No loss in value was identified as a result of impairment testing.

For all the Groups of Cash Generating Units, as suggested by ESMA, a sensitivity analysis was also carried out to determine the change in underlying assumptions which, in light of the impact of this change on other variables, would result in the Groups of Cash Generating Units' recoverable value being equal to its book value. This analysis, shown in the table below, showed that only significant deviations from the business targets, in interest rates and perpetual growth rates, would reduce the recoverable value to a level close to the book value of all the Groups of Cash Generating Units.

	Negative changes (percentage points) in growth rate expected on the basis of each business plan which would make the CGU's recoverable value equal to its book value	Negative % changes in cash flow expected on the basis of each business plan which would make the CGU's recoverable value equal to its book value	Changes (percentage points) in the discount rates which would make the CGU's recoverable value equal to its book value
EMEA	27 p.p.	70%	16 p.p.
AMERICAS	78 p.p.	76%	28 p.p.
ASIA PACIFIC	2 p.p.	18%	2 p.p.

4. INTANGIBLE FIXED ASSETS WITH USEFUL LIFE

The following table shows the changes in intangible assets.

(€ thousands)	Historical cost at 12/31/2021	Accumulated amortization and write-downs at 12/31/2021	Net book value at 12/31/2021	Historical cost at 12/31/2022	Accumulated amortization and write-downs at 12/31/2022	Net book value at 12/31/2022
Software	195,983	(117,195)	78,788	235,964	(143,068)	92,896
Licenses	22,508	(16,669)	5,839	23,024	(18,450)	4,574
Non-competition agreements	13,262	(3,860)	9,402	14,328	(7,749)	6,579
Customer lists	438,617	(224,188)	214,429	464,959	(258,275)	206,684
Trademarks and concessions	96,853	(36,485)	60,368	96,559	(44,113)	52,446
Other	24,816	(12,484)	12,332	22,665	(11,292)	11,373
Fixed assets in progress and advances	33,373	-	33,373	45,546	-	45,546
Total	**825,412**	**(410,881)**	**414,531**	**903,045**	**(482,947)**	**420,098**

(€ thousands)	Net book value at 12/31/2021	Investments	Disposals	Amortization	Business combinations	Impairment	Other net changes	Net book value at 12/31/2022
Software	78,788	21,849	(2)	(29,241)	4	(22)	21,520	92,896
Licenses	5,839	743	(4)	(2,215)	80	(4)	135	4,574
Non-competition agreements	9,402	705	(128)	(3,769)	-	-	369	6,579
Customer lists	214,429	-	(66)	(35,268)	25,814	-	1,775	206,684
Trademarks and concessions	60,368	-	-	(7,958)	-	(15)	51	52,446
Other	12,332	2,124	(541)	(1,634)	27	4	(939)	11,373
Fixed assets in progress and advances	33,373	33,367	(715)	-	265	12	(20,756)	45,546
Total	**414,531**	**58,788**	**(1,456)**	**(80,085)**	**26,190**	**(25)**	**2,155**	**420,098**

The change in "Business combinations" comprises:

- For €19,613 thousand, the temporary allocation of the price paid for acquisitions made in EMEA;
- For €4,379 thousand, the temporary allocation of the price paid for acquisitions made in Americas;
- For €2,198 thousand, the temporary allocation of the price paid for acquisitions made in APAC.

The increase in intangible fixed assets seen in the year is mainly attributable to investments in information technology where continuous customer focus and the desire to increase control of operations fueled the significant work done on both technological infrastructures (specifically in artificial intelligence to provide a hyper-personalized experience to clients) and in-store systems and instrumentation to support the Amplifon Product Experience (which has redefined Amplifon's entire customer journey), as well as on the operating and back office. For this purpose, there has been a roll-out process with the gradual launch of a new ERP system based on the new integrated and interdependent solutions "Software as a Service" and "Platform as a Service" which provides the Group with a customized cloud environment. Significant investments were made in intangible fixed assets related to the rationalization of Group procurement and centralization of purchasing.

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

5. PROPERTY, PLANT, AND EQUIPMENT

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

(€ thousands)	Historical cost at 12/31/2021	Accumulated amortization and write-downs at 12/31/2021	Net book value at 12/31/2021	Historical cost at 12/31/2022	Accumulated amortization and write-downs at 12/31/2022	Net book value at 12/31/2022
Land	219	-	219	154	-	154
Buildings, constructions and leasehold improvements	290,394	(197,365)	93,029	298,991	(199,083)	99,908
Plant and machines	62,620	(47,363)	15,257	52,414	(42,077)	10,337
Industrial and commercial equipment	59,791	(45,961)	13,830	76,808	(58,052)	18,756
Motor vehicles	2,643	(2,140)	503	1,047	(776)	271
Computers and office machinery	72,845	(58,136)	14,709	80,108	(62,712)	17,396
Furniture and fittings	126,417	(90,869)	35,548	124,155	(91,452)	32,703
Other tangible fixed assets	3,205	(1,412)	1,793	5,673	(3,031)	2,642
Fixed assets in progress and advances	11,957	-	11,957	11,248	-	11,248
Total	**630,091**	**(443,246)**	**186,845**	**650,598**	**(457,183)**	**193,415**

(€ thousands)	Net book value at 12/31/2021	Investments	Disposals	Amortization	Business combinations	Impairment	Other net changes	Net book value at 12/31/2022
Land	219	-	(93)	-	14	-	14	154
Buildings, constructions and leasehold improvements	93,029	21,373	(583)	(23,027)	954	(132)	8,294	99,908
Plant and machines	15,257	2,465	34	(3,021)	375	(98)	(4,675)	10,337
Industrial and commercial equipment	13,830	3,675	(270)	(5,723)	339	35	6,870	18,756
Motor vehicles	503	39	(190)	(101)	26	-	(6)	271
Computers and office machinery	14,709	7,048	(85)	(9,787)	188	(4)	5,327	17,396
Furniture and fittings	35,548	8,295	(95)	(8,849)	143	(76)	(2,263)	32,703
Other tangible fixed assets	1,793	149	(13)	(623)	7	-	1,329	2,642
Fixed assets in progress and advances	11,957	13,802	(247)	-	865	(34)	(15,095)	11,248
Total	**186,845**	**56,846**	**(1,542)**	**(51,131)**	**2,911**	**(309)**	**(205)**	**193,415**

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

The change in "business combinations" comprises:

- for €2,051 thousand, the temporary allocation of the price paid for acquisitions made in EMEA;
- for €176 thousand, the temporary allocation of the price paid for acquisitions made in APAC;
- for €684 thousand, the temporary allocation of the price paid for acquisitions made in Americas.

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

6. RIGHT-OF-USE ASSETS

Right-of-use assets are reported here below:

(€ thousands)	Historical cost at 12/31/2021	Accumulated amortization and write-downs at 12/31/2021	Net book value at 12/31/2021	Historical cost at 12/31/2022	Accumulated amortization and write-downs at 12/31/2022	Net book value at 12/31/2022
Stores and offices	681,738	(253,738)	428,000	777,889	(336,445)	441,444
Motor vehicles	22,188	(13,230)	8,958	24,819	(15,365)	9,454
Electronic machinery	871	(452)	419	1,657	(808)	849
Total	**704,797**	**(267,420)**	**437,377**	**804,365**	**(352,618)**	**451,747**

(€ thousands)	Net book value at 12/31/2021	Increase	Decrease	Depreciation	Business combinations	Impairment	Other net changes	Net book value at 12/31/2022
Stores and offices	428,000	126,740	(11,594)	(102,703)	2,658	-	(1,657)	441,444
Motor vehicles	8,958	5,724	(31)	(5,293)	-	-	96	9,454
Electronic machinery	419	572	357	(495)	-	-	(4)	849
Total	**437,377**	**133,036**	**(11,268)**	**(108,491)**	**2,658**	**-**	**(1,565)**	**451,747**

The increase in right of use assets acquired in the year is explained by the renewal of existing leases, the network expansion, as well as the new lease for the offices of an Italian subsidiary.

The decreases in right-of-use assets refer to anticipated terminations of rent contracts due to store relocations. There was not any incursion of significant costs or fees due to these early terminations.

The change in "Business combinations" comprises the allocation of the price paid for right of use assets acquired in EMEA for €2,565 thousand and in Americas for €93 thousand.

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

For more details refer to note 18.

7. OTHER NON-CURRENT ASSETS

(€ thousands)	Balance at 12/31/2022	Balance at 12/31/2021	Change
Long-term financial receivables	9,204	2,257	6,947
Asset Plans and other restricted amounts	1,644	7,620	(5,976)
Other non-current assets	31,622	30,896	726
Total	**42,470**	**40,773**	**1,697**

More in detail:

- long-term financial receivables refer largely to the loans granted by American subsidiaries to franchisees for €8,490;
- asset plans and other restricted amounts refer to a decrease in the mandatory contributions made to the deferred compensation plans of commercial partners in the United States (relative mainly to the Elite wholesale business which was wound down and discontinued year-end 2021) against which a liability of €5,873 was recognized as described in note 19;
- Other non-current assets include:
  - €10,263 thousand in security deposits called for in the leases for stores and offices;
  - €14,489 thousand related to suspended costs, commissions, and other compensation payable for post-sales services to be rendered in the future relating mainly to agents in Italy.

The cash flow stemming from the contracts relating to both long-term financial receivables and other non-current assets are discounted when the interest rate applied differs from the market rate.

The following tables show the non-current assets in accordance with the accounting treatment applied.

(€ thousands)	DECEMBER 31ST, 2022		
Consolidated statement of financial position	**Amortized cost**	**Fair Value through OCI**	**Fair Value through P&L**
Non-current assets			
Financial assets measured at FV through P&L			
Financial long-term receivables	9,204		
Asset plans and other restricted amounts			1,644
Other non-current assets	31,622		

(€ thousands)	DECEMBER 31ST, 2021		
Consolidated statement of financial position	**Amortized cost**	**Fair Value through OCI**	**Fair Value through P&L**
Non-current assets			
Financial assets measured at FV through P&L			
Financial long-term receivables	2,257		
Asset plans and other restricted amounts			7,620
Other non-current assets	30,896		

8. DERIVATIVES AND HEDGE ACCOUNTING

These are instruments not listed on official markets; entered into for the purpose of hedging interest rate and/or currency risk. The fair value of these instruments is determined using valuation models based on market-derived inputs (source: Bloomberg) such as forward rates, exchange rates, etc. The valuation is performed using the DCF method. Own risk and counterparty risk (credit/debit value adjustments) were taken into account. These credit/debit value adjustments were determined based on market information such as the value of CDS (Credit Default Swaps) and used to determine counterparty risk, also taking into account the mutual break clause if present.

The following table shows the fair values of the derivatives outstanding at the end of the comparative period and at the reporting date showing the fair value of those derivatives that qualify as fair value hedges and cash flow hedges and those that do not qualify for hedge accounting separately.

(€ thousands)	*Fair value* at 12/31/2022		*Fair value* at 12/31/2021	
Type	**Assets**	**(Liabilities)**	**Assets**	**(Liabilities)**
Fair value hedge	-	-	-	-
Cash flow hedge	42,235	-	10,983	(2,679)
Total *hedge accounting*	**42,235**	-	**10,983**	**(2,679)**
Non hedge accounting	631	-	168	(404)
Total	**42,866**	**-**	**11,151**	**(3,083)**

CASH FLOW HEDGES

In 2022, cash flow hedges were made against the currency and interest rate risk relating to the 2013-2025 private placement for a total residual amount of USD 110 million and the interest rate risk relating to outstanding medium/long-term loans totaling €492.5 million at 31 December 2022.

(€ thousands)		*Fair value* at 12/31/2022		*Fair value* at 12/31/2021	
Hedging purpose	**Hedged risk**	**Assets**	**(Liabilities)**	**Assets**	**(Liabilities)**
Private placement 2013-2025	Exchange and interest rates	16,385	-	10,983	-
Medium long-term bank loans	Interest rate	25,850	-	-	(2,679)
	Total	**42,235**	**-**	**10,983**	**(2,679)**

The following table details the gains or losses from the derivatives currently in place and the impact on the statement of financial position of the cash flow hedge reserve. Amounts are shown before the tax effect.

(€ thousands)	Recognized in net equity	Reclassified to the income statement - Effective portion	Reclassified to the income statement - Ineffective portion
	(Debit)/Credit	**(Loss) Gain**	**(Loss) Gain**
1/1/2021 - 12/31/2021	2,617	(7,479)	156
1/1/2022 - 12/31/2022	28,351	(6,010)	430

The maturity of the hedges is in line with the duration of the item hedged. Please refer to Note 17 for details.

NON-HEDGE ACCOUNTING DERIVATIVES

Non-hedge accounting derivatives comprise forwards hedging the exchange risk on transactions in currency other than the Company's or the individual subsidiary's reporting currency and the repayment of the loan granted to Bay Audio Pty Ltd, outstanding for AUD 7,361 thousand, which will be paid quarterly through April 2023.

VALUATION METHOD

The following tables show the derivative instruments in accordance with the accounting treatment applied:

(€ thousands)	DECEMBER 31ST, 2022	
Consolidated statement of financial position	**Fair value Net Equity**	**Fair Value through P&L**
Asset Derivative Instruments – Cash flow hedge	42,235	
Liability Derivative Instruments – Cash flow hedge	-	
Asset Derivative Instruments - Non-hedge accounting		631
Liability Derivative Instruments - Non-hedge accounting		-

(€ thousands)	DECEMBER 31ST, 2021	
Consolidated statement of financial position	**Fair value Net Equity**	**Fair Value through P&L**
Asset Derivative Instruments – Cash flow hedge	10,983	
Liability Derivative Instruments – Cash flow hedge	(2,679)	
Asset Derivative Instruments - Non-hedge accounting		168
Liability Derivative Instruments - Non-hedge accounting		(404)

The following table shows the fair value measurement on the basis of a hierarchy reflecting the level of significance of the data used for the valuation.
This hierarchy consists of the following levels:

1. listed (unadjusted) prices in active markets for identical assets and liabilities;
2. input data other than the above listed prices, but which can be observed directly or indirectly in the market;
3. input data on assets or liabilities not based on observable market data.

	2022				2021			
(€ thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets								
Hedging instruments								
- Long-term		25,850		**25,850**		10,983		**10,983**
- Short-term		17,016		**17,016**		168		**168**
Liabilities								
Hedging instruments								
- Long-term		-		**-**		(2,679)		**(2,679)**
- Short-term		-		**-**		(404)		**(404)**

There were no transfers among the levels during the period.

9. INVENTORIES

(€ thousands)	Balance at 12/31/2022			Balance at 12/31/2021		
	Cost	Obsolescence provision	Net	Cost	Obsolescence provision	Net
Finished goods	89,756	(13,497)	76,258	73,579	(11,009)	62,570
Total	**89,756**	**(13,497)**	**76,258**	**73,579**	**(11,009)**	**62,570**

Movements in the provision for obsolescence for inventories in the year were as follows:

(€ thousands)	Total
Balance at 12/31/2021	**(11,009)**
Provision	(5,355)
Utilization	2,772
Business combination	(4)
Translation differences and other movements	99
Balance at 12/31/2022	**(13,497)**

10. TRADE RECEIVABLES

Trade receivables are detailed in the following table:

(€ thousands)	Balance at 12/31/2022	Balance at 12/31/2021	Change
Trade receivables	191,994	168,281	23,713
Trade receivables - Subsidiaries	22	17	5
Trade receivables - Parent company	32	365	(333)
Trade receivables - Associated companies and *joint ventures*	19	17	2
Total trade receivables	**192,067**	**168,680**	**23,387**

The breakdown of trade receivables is shown in the table below:

(€ thousands)	Balance at 12/31/2022	Balance at 12/31/2021	Change
Trade receivables	206,954	185,725	21,229
Sales returns liabilities	(2,177)	(2,677)	500
Allowance for doubtful accounts	(12,783)	(14,767)	1,984
Total	**191,994**	**168,281**	**23,713**

The average collection time was around 26 days in 2022 and there is no significant concentration of credit risk.

€175,804 thousand of the trade receivables are held as part of a "held to collect" business model based on which contractual cash flows are collected at maturity and €31,150 thousand are held as part of a "hold to collect and sell" business model based on which contractual cash flows are collected at maturity or through a sale.
The face value of the factoring without recourse transactions carried out in the year amounted to €90,528 thousand (versus €64,590 thousand in the prior year) and relate primarily to receivables generated in the year and, therefore, did not have a significant impact on the comparison of working capital with the prior year.

Movements in the allowance for doubtful accounts in the year were as follows:

(€ thousands)	Total
Balance at 12/31/2021	**(14,767)**
Provisions	(2,042)
Reversals	1,289
Utilization for charges	2,913
Business combinations	(33)
Translation differences and other net charges	(143)
Balance at 12/31/2022	**(12,783)**

In compliance with the mandatory disclosure requirements in Italy as per Law n. 124 of 4/8/17 n. 124, please note that in 2022 Amplifon Italia S.p.A. received a total of €49,413 thousand (as shown in 48,895 invoices) from public entities, of which €41,568 thousand (as shown in 41,132 invoices) through financial operators, and €7,845 thousand (as shown in 7,763 invoices) through direct deposits.

11. CONTRACT COSTS

(€ thousands)	Balance at 12/31/2022	Balance at 12/31/2021	Change
Contract costs – Short-term	5,262	5,187	75
Contract costs – Long-term	11,131	9,452	1,679
Total	**16,393**	**14,639**	**1,754**

The contract costs, of €16,393 thousand, refer to the costs incurred to obtain or fulfil contracts capitalized in accordance with IFRS 15. These typically include commissions and bonuses paid to employees and agents for each sale made. These costs are deferred and recognized in the income statement based on the level to which the relative contractual performance obligations have been satisfied.

The significant changes in the contract cost balances are shown below:

(€ thousands)	
Net value at 12/31/2021	**14,639**
Increase linked to customer contracts and reversals	1,715
Business combinations	-
Translation differences and other net changes	39
Net value at 12/31/2022	**16,393**

The impact of the contract costs on the income statement for the next years is shown below:

(€ thousands)	2023	2024	2025	2026	2027 and beyond
Contract costs	5,262	5,292	3,492	2,054	293

12. OTHER RECEIVABLES

(€ thousands)	Balance at 12/31/2022	Balance at 12/31/2021	Change
Tax receivables	22,319	23,713	(1,394)
Other receivables	23,998	46,855	(22,856)
Non-financial prepayments and accrued income	26,293	20,988	5,305
Total	**72,610**	**91,555**	**(18,945)**

Tax receivables

Tax receivables comprise mainly tax advances for €4,260 thousand to be used to offset future tax payables, as well as €15,449 thousand in VAT and other indirect tax credits held based on a held to collect business model (cash flows collected at maturity).

Factoring without recourse of VAT credits amounted to €7,934 thousand in the reporting period with net proceeds reaching €7,854 thousand (€5,641 thousand and €5,607 thousand respectively on 31 December 2021).

Other receivables

Other receivables are held with a view to collecting the contractual cash flows at maturity. The change in the reporting period is explained by lower deferred contributions to defined-benefit plans for commercial partners following the wind-down of the Elite business.

Non-financial accrued income and prepaid expenses

More in detail, this item refers for:

- €11,856 thousand to services to be rendered in the future and for which revenue recognition is deferred (mainly post-sales services) relating primarily to agents in Italy;
- € 3,504 thousand to other services;
- € 2,146 thousand to advertising;

- € 1,054 thousand to costs related to lease contracts not belonging to *lease components* as defined by *IFRS16 – Leasing*;
- € 944 thousand to insurance;
- €6,789 thousand to other prepaid costs.

13. OTHER FINANCIAL ASSETS

(€ thousands)	Balance at 12/31/2022	Balance at 12/31/2021	Change
Other financial assets	49,884	49,889	(5)
Financial prepayments and accrued income	102	(53)	155
Total	**49,986**	**49,836**	**150**

"Other financial assets" amounted to € 49,884 thousand at 31 December 2022 and refer primarily to quotas of money market funds managed by top-tier financial institutions.

14. CASH AND CASH EQUIVALENTS

(€ thousands)	Balance at 12/31/2022	Balance at 12/31/2021	Change
Bank current accounts	177,045	260,129	(83,084)
Short-term bank deposits	1,024	6,070	(5,046)
Funds	101	910	(809)
Cash on hand	1,484	1,437	47
Total	**179,654**	**268,546**	**(88,892)**

Cash and cash equivalents amounted to €179,654 thousand at 31 December 2022, €88,892 thousand lower than the €268,546 thousand recorded at 31 December 2021. This change is explained primarily by the repayment of short-term portions of long-term debt (€84,275 thousand) and the reduction of hot money (€50,090 thousand) offset by the operating cash flow remaining after cash-outs for acquisitions, the dividends paid to shareholders and share buybacks.

Cash and cash equivalents are deposited with top-rated banks and earn interest at market rates.

The ratings assigned to financial assets by S&P are broken down below:

(€ thousands)		RATING S&P SHORT-TERM					
	Balance at 12/31/2022	A-1+	A-1	A-2	A-3	B	Other (*)
Non-current assets							
Hedging instruments – long-term	25,850						
Current assets							
Hedging instruments – short-term	17,016						
Bank current accounts, short-term bank deposits, and funds	178,170	23,371	40,308	85,121	-	-	29,370
Cash on hand	1,484						

(*) The "Other" column refers primarily to time deposit balances with counterparties that are unrated, but which satisfy ECB's minimum capital requirements, as well as with institutions not domiciled in the European Union.

15. SHARE CAPITAL

At 31 December 2022 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 2021.

A total of 1,138,490 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 1,600,000 treasury shares were purchased as per the buyback program approved by the shareholders during the Annual General Meeting held on 22 April 2022.

During the period, 37,500 shares were transferred as a first deferred payment for the acquisition of Otohub carried out in 2019.

A total of 1,831,360 treasury shares, or 0.809% of the parent's share capital, were held as of 31 December 2022.

Information relating to the treasury shares held is shown below.

	N. of shares	Average purchase price (€) FV of transferred rights (Euro)	Total amount (€ thousands)
Held at 12/31/2021	**1,407,350**	**20.493**	**28,841**
Purchases	1,600,000	33.183	53,093
Transfers due to exercise of performance stock grants	(1,138,490)	27.244	(31,018)
Transfers due to acquisition deferred payment	(37,500)	27.244	(1,021)
Held at 12/31/2022	**1,831,360**	**27.244**	**49,895**

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16. NET FINANCIAL POSITION

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

(€ thousands)	12/31/2022	12/31/2021	Change
Cash (A)	179,654	268,546	(88,892)
Cash equivalents (B)	-	-	-
Short term investments (C)	49,968	49,819	149
Total Cash, Cash Equivalents and Short-Term Investments (A+B+C) (D)	**229,622**	**318,365**	**(88,743)**
Current financial payables (including bonds, but excluding current portion of medium/long-term debt) (E)	221,095	147,031	74,064
- Bank borrowings	*116,659*	*84,394*	*32,265*
- Private Placement 2013-2025	*103,131*	-	*103,131*
- Other financial payables and bank overdrafts	*19,697*	62,402	*(42,705)*
- Hedging derivatives	*(18,392)*	*235*	*(18,627)*
Current portion of medium/long-term financial debt (F)	130,329	*117,404*	*12,925*
- Financial accruals and deferred income	*6,012*	*6,072*	*(60)*
- Payables for business acquisitions	*24,601*	*12,667*	*11,934*
- Lease Liability – current portion	*99,716*	*98,665*	*1,051*
Current Financial Indebtedness (E+F) (G)	**351,424**	**264,435**	**86,989**
Current Financial Indebtedness (G-D) (H)	**121,802**	**(53,930)**	**175,732**
Non current financial payables (I)	826,797	941,676	(114,879)
- Bank borrowings – Non current portion	*452,202*	*568,838*	*(116,636)*
- Payables for business acquisitions – Non current portion	*5,705*	*19,571*	*(13,866)*
- Lease Liability – Non current portion	*368,890*	*353,267*	*15,623*
Bonds (J)	350,000	447,122	(97,122)
- Eurobond 2020-2027	*350,000*	*350,000*	-
- Private Placement 2013-2025	-	*97,122*	*(97,122)*
Trade and other non current payables (K)	-	(11,750)	11,750
- Hedging derivatives – non current portion	-	*(11,750)*	*11,750*
Non Current Financial Indebtedness (I+J+K) (L)	**1,176,797**	**1,377,048**	**(200,251)**
Total Financial Indebtedness (H+L) (M)	**1,298,599**	**1,323,118**	**(24,519)**

Excluding lease liabilities (€468,606 thousand at 31 December 2022), net financial debt amounted to €829,993 thousand at 31 December 2022, broken down as follows:

(€ thousands)	12/31/2022	12/31/2021	Change
Cash and Cash Equivalents	179,654	268,546	(88,892)
Short Term Investments	49,968	49,819	149
Cash, Cash Equivalents and Short Term Investments	**229,622**	**318,365**	**(88,743)**
Current Financial Indebtedness (excluding lease liabilities)	251,708	165,771	85,937
Current Financial Indebtedness (excluding lease liabilities)	**22,086**	**(152,594)**	**174,680**
Non current Financial Indebtedness (excluding lease liabilities)	807,907	1,023,780	(215,873)
Total Financial Indebtedness (excluding lease liabilities)	**829,993**	**871,186**	**(41,193)**

Long-term net financial debt, excluding lease liabilities, amounted to €807,907 thousand at 31 December 2022, €215,873 thousand lower than the €1,023,780 thousand recorded at 31 December 2021. The change is attributable mainly to the reclassification as short-term debt of the portions of bank debt maturing in the next 12 months, the private placement 2013-2025 (which was repaid in full on 31 January 2023) and amounts owed for acquisitions.

The **short-term portion of the net financial position,** excluding lease liabilities, fell by €174,680 thousand, going from a positive €152,594 thousand at 31 December 2021 to a negative €22,086 thousand at 31 December 2022. The short-term portion of long-term debt and the other short-term components of financial debt exceed available liquidity, other cash equivalents and other short-term liquid assets. The company, however, has unutilized, irrevocable lines of credit of €255,000 thousand which, in addition to the cash generation expected for 2023, ensure enough liquidity to satisfy current obligations and support business needs.

More specifically, the short-term portion of the net financial position includes the short-term portion of long-term bank loans (€116,659 thousand), all of the 2013-2025 private placement which was repaid in advance at the end of January (€103,131 thousand), other bank debt of €18,804 thousand including hot money and utilization of short-term credit lines, interest payable on the private placement (€1,439 thousand) and on the Eurobond (€3,467 thousand), as well as on other bank borrowings, and lastly, the best estimate of the deferred payments for acquisitions (€24,601 thousand), net of the €229,622 thousand in liquidity. Liquidity includes €179,654 thousand in available cash and €49,819 thousand in other financial assets that are easily liquidated. These financial assets refer to investments made in money market funds managed by top-tier financial institutions.

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

a. under the item “medium/long-term financial liabilities” described in the section 17 of the explanatory notes for the long-term portion.

(€ thousands)	Balance at 12/31/2022
Eurobond 2020-2027	350,000
Other medium/long-term debt	452,202
Fees on *Eurobond* 2020-2027 and bank loans	(3,262)
Medium/long-term financial liabilities	**798,940**

b. under the item “financial payables (current)”, described in the section 27 of the explanatory notes for the current portion.

(€ thousands)	Balance at 12/31/2022
Bank overdraft and other short-term debt (including current portion of other long-term debt)	135,763
Private Placement 2013-2025	103,131
Other financial payables	6,012
Fees on bank loans and private placement 2013-2025	(1,245)
Short-term financial liabilities	**243,661**

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

17. FINANCIAL LIABILITIES

Financial liabilities breakdown is as follows:

(€ thousands)	Balance at 12/31/2022	Balance at 12/31/2021	Change
Eurobond 2020-2027	350,000	350,000	-
Private Placement 2013-2025	-	97,122	(97,122)
Other medium long-term bank loans	452,202	568,838	(116,636)
Fees on Eurobond 2020-2027, bank loans, and private placement 2013-2025	(3,262)	(5,375)	2,113
Total medium/long-term financial liabilities	**798,940**	**1,010,585**	**(211,645)**
Short term debt	243,661	151,112	92,549
- of which current portion of short-term bank loans	*116,659*	*84,394*	*32,265*
- of which current portion of private placement 2013-2025	*103,131*	*-*	*103,131*
- of which debts for account overdrafts and other short-term liabilities	*18,212*	*61,900*	*(43,688)*
- of which fees for bank loans and private placement 2013-2025	*(1,245)*	*(1,644)*	*399*
Total short-term financial liabilities	**243,661**	**151,112**	**92,549**
Total financial liabilities	**1,042,601**	**1,161,697**	**(119,096)**

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	315,176	1.125%	N/A
	Total in Euro		**350,000**	**315,176**		

(*) 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 United States by Amplifon USA.

Issue Date	Debtor	Maturity (*)	Currency	Nominal value (USD/000)	Outstanding debt (USD/000	Fair Value (USD/000)	Nominal interest rate (**)	Euro interest rate after hedging (***)
05/30/2013	Amplifon USA	07/31/2023	USD	8,000	8,000	7,513	4.46%	3.90%
07/31/2013	Amplifon USA	07/31/2023	USD	52,000	52,000	49,335	4.51%	3.90%-3.94%
07/31/2013	Amplifon USA	07/31/2025	USD	50,000	50,000	48,505	4.66%	4.00%-4.05%
	Total			**110,000**	**110,000**	**105,353**		

(*) The Private Placement 2013-2025 was repaid early on 31 January 2023.
(**) 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.

Bank loans

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

Issue Date	Debtor	Type	Maturity	Nominal value (€/000)	Outstanding debt (€/000	Fair Value (€/000)	Nominal interest rate (*)	Interest rate after hedging	Euro interest rate after hedging (**)
04/30/2020	Amplifon S.p.A.	Amortizing	04/30/2023	30,000	7,538	7,578	2.705%		
04/07/2020	Amplifon S.p.A.	Bullet	03/22/2024	60,000	60,000	60,991	4.253%		
04/06/2020	Amplifon S.p.A.	Amortizing	04/06/2025	50,000	35,714	36,410	2.423%	42,857	1.012%
04/07/2020	Amplifon S.p.A.	Amortizing	04/07/2025	150,000	120,000	120,187	1.250%	100,000	1.17%
04/28/2020	Amplifon S.p.A.	Amortizing	04/28/2025	50,000	50,000	50,713	1.529%	50,000	1.530%
04/29/2020	Amplifon S.p.A.	Amortizing	04/29/2025	78,000	48,750	49,884	1.414%	54,600	1.540%
04/23/2020	Amplifon S.p.A.	Amortizing	06/30/2025	35,000	31,500	32,018	0.985%	35,000	0.990%
08/03/2020	Amplifon S.p.A.	Amortizing	06/30/2025	10,000	5,066	5,132	1.193%		
12/23/2021	Amplifon S.p.A.	Amortizing	12/23/2026	210,000	210,000	215,922	1.225%	210,000	1.163%
	Total			**673,000**	**568,568**	**578,835**		**492,457**	

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

The current loans, broken down by maturity, are show below

Debt	Maturity (thousands)	Average Exch. rate 2022/360	Balance as at 12/31/2021 (€/000)	Exchange rate effect (€/000)	Repayments as at 12/31/2022 (€/000) (Eur/000)	New loans (€/000)	Business combination (€/000)	Balance as at 12/31/2022 (€/000)	Short term portion (€/000)	Medium/Long term portion (€/000)
Private Placement 2013-2025	**USD 8,000**	4.46%	**7,063**	437				**7,500**	**7,500**	
Amplifon USA (*)	07/31/2023									
Private Placement 2013-2025	**USD 52,000**	4.51%	**45,912**	2,841				**48,753**	**48,753**	
Amplifon USA (*)	07/31/2023									
Private Placement 2013-2025	**USD 50,000**	4.66%	**44,146**	2,732				**46,878**	**46,878**	
Amplifon USA (*)	07/31/2025									
Eurobond 2020-2027 2020-2027	**EUR 350,000**	1.13%	**350,000**					**350,000**		**350,000**
Amplifon SpA	02/13/2027									
UBI amortizing Due date 04/30/2023 Amplifon SpA	**EUR 30,000**	1.16%	**22,538**		(15,000)			**7,538**	**7,538**	
Euribor 3m +1.10	04/30/2023									
Mediobanca bullet Due date 03/22/2024 Amplifon SpA	**EUR 60,000**	1.39%	**60,000**					**60,000**		**60,000**
Euribor 6m +1.55%	03/22/2024									
BNL amortizing Due date 04/06/2025 Amplifon SpA	**EUR 50,000**	1.36%	**50,000**		(14,286)			**35,714**	**14,286**	**21,428**
Euribor 6m +1.25%	04/06/2025									
Unicredit Amortizing Due date 04/07/2025 Amplifon SpA	**EUR 150,000**	1.31%	**150,000**		(30,000)			**120,000**	**30,000**	**90,000**
Euribor 6m + *margin grid*	04/07/2025									
BPM amortizing Due date 04/28/2025 Amplifon SpA	**EUR 50,000**	1.40%	**50,000**					**50,000**		**50,000**
Euribor 6m +1.05%	04/28/2025									
CDP/MPS amortizing Due date 04/29/2025 Amplifon SpA	**EUR 78,000**	1.71%	**68,250**		(19,500)			**48,750**	**19,500**	**29,250**
Euribor 6m +1.65%	04/29/2025									
Credit Agricole amortizing Due date 06/30/2025 Amplifon SpA	**EUR 35,000**	0.84%	**35,000**		(3,500)			**31,500**	**9,625**	**21,875**
Euribor 6m +1.10%	06/30/2025									
Sparkasse amortizing Due date 06/30/2025 Amplifon SpA	**EUR 10,000**	1.05%	**7,054**		(1,989)			**5,065**	**2,010**	**3,055**
Euribor 3m +1.05%	06/30/2025									
Unicredit - NEW SYNDICATE Due date 12/23/2026 Amplifon SpA	**EUR 210,00**	1.31%	**210,000**					**210,000**	**33,600**	**176,400**
Euribor 6m + *margin grid*	12/23/2026									
Total long-term loans			**1,099,964**	**6,010**	**(84,275)**		**-**	**1,021,698**	**219,690**	**802,008**
Others			**389**		**(389)**	**892**	**119**	**1,011**	**892**	**119**
TOTAL			**1,100,354**	**6,010**	**(84,664)**	**892**	**119**	**1,022,709**	**220,582**	**802,127**

(*) Considering the effect of the interest rate and currency hedges, the total Euro equivalent of interest payable on the Private Placement 2013-2025 is €85,371 thousand. The Private Placement was reclassified to short term also for its 2025 maturity quota since it has been fully repaid early on 31 January 2023.

The maturities of financial debt at 31 December 2022 based on contractual obligations are shown below:

(€ thousands)	Private placement 2013-2025 (*)	Eurobond 2020-2027	Bank Loans	Total
2023	85,371		116,559	201,930
2024			224,917	224,917
2025			122,091	122,091
2026			105,000	105,000
2027		350,000		350,000
Total	**85,371**	**350,000**	**568,567**	**1,003,938**

(*) Amounts related to the private placement are reported at the hedging exchange rate.

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

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

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

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

Primary Credit Facility Agreement	Leverage Ratio	Net Worth Ratio	Interest Cover (*)	Spike
- Private placement 2013-2025 of USD 110 million (of EUR 85.4 million, including the fair value of the derivatives which set the EUR/USD exchange rate at 1.2885) - Medium/long-term bilateral loans with top-tier banking institutions of EUR 243 million - Irrevocable credit lines with top-tier banking institutions of EUR 125 million;	≤ 2.85	≤ 1.65	-	≤ 3.26 (Leverage Ratio) ≤ 2.20 (Net Worth Ratio)
- EUR 36 million bank loan expiring in 2025 - Revolving irrevocable credit line of EUR 15 million	≤ 2.85	-	> 4.90	≤ 3.26 (Leverage Ratio)
- Medium/long-term bilateral loans with top-tier banking institutions of EUR 80 million; - Irrevocable credit lines with top-tier banking institutions of EUR 115 million;	≤ 2.85	≤ 1.65	> 4.90	≤ 3.26 (Leverage Ratio) ≤ 2.20 (Net Worth Ratio)

(*) This covenant applies to the Private Placement being a favorable condition granted to the lenders.

The EUR 210 million "sustainability-linked" line negotiated at year-end 2021 used to refinance the syndicated loan for the GAES acquisition is not subject to financial covenants. However, the financial covenants on the other credit facilities will also be extended to the lenders of the "sustainability-linked" facility as a result of a most favored clause.
The three financial covenants and the relative spikes, shown in the table above, are, therefore, applied to this credit line as long as they are also applied to the other facilities.

As at 31 December 2022 these ratios were as follows:

	Value as at 12/31/2022
Net financial indebtedness excluding lease liabilities/Group net equity *(Net Worth Ratio)*	0.80
Net financial position excluding lease liabilities/EBITDA for the last four quarters *(Leverage Ratio)*	1.52
EBITDA for the last 4 quarters/Net financial expenses *(Interest Cover)*	22.26

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 12/31/2022
Group EBITDA FY 2022	518,709
Fair value of stock grant assignment	13,069
EBITDA normalized (from acquisitions and disposals)	7,544
Acquisitions and non-recurring costs	7,210
EBITDA for the covenant calculation	546,532

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.

Based on management's expectations (2023-2025) 3-year Group's plan submitted to the Board of Directors of the Parent Company on 15 December 2022) at 31 December 2022 there are no foreseeable circumstances which could cause the covenants to be breached over the life of the plan.

The financial liabilities broken down by the accounting method used are shown below:

(€ thousands)	12/31/2022		
	Amortized cost	Fair value Net Equity	Fair Value through P&L
Total non-current financial liabilities	798,940		
Total current financial liabilities	243,661		

(€ thousands)	12/31/2021		
	Amortized cost	Fair value Net Equity	Fair Value through P&L
Total non-current financial liabilities	1,010,585		
Total current financial liabilities	151,112		

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18. LEASE LIABILITIES

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

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

(€ thousands)	12/31/2022	12/31/2021	Change
Short term lease liabilities	99,716	98,665	1,051
Long term lease liabilities	368,890	353,267	15,623
Total lease liabilities	**468,606**	**451,932**	**16,674**

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

(€ thousands)	12/31/2022
Interest charges on leased assets	(11,366)
Right-of-use depreciation	(108,491)
Costs for short-term leases and leases for low value assets	(12,392)

The maturities of the Group's lease liabilities based on undiscounted contractual cash flows are summarized below:

Description	< 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	> 5 years
Undiscounted lease liabilities	109,361	90,597	76,862	64,752	51,804	141,929

The maturities of the Group's lease liabilities based on discounted contractual payments are summarized below:

Description	< 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	> 5 years
Lease liabilities	99,715	79,576	68,815	57,329	44,459	118,712

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19. PROVISIONS FOR RISKS AND CHARGES (MEDIUM/LONG-TERM)

(€ thousands)	12/31/2022	12/31/2021	Change
Product warranty provision	1,261	1,245	16
Contractual risk provision	4,515	4,836	(321)
Agents' leaving indemnity	11,735	20,097	(8,362)
Other risk provisions	2,433	2,901	(468)
Total	**19,944**	**29,079**	**(9,135)**

(€ thousands)	Net value as at 12/31/2021	Provision	Reversals	Utilization	Other net changes	Translation differences	Change in the consolidation area	Net value at 12/31/2022
Product warranty provision	1,245	685	(575)	-	(93)	(1)	-	1,261
Contractual risk provision	4,836	829	(914)	(244)	-	8	-	4,515
Agents' leaving indemnity	20,097	9	(1,275)	(1,470)	(6,095)	469	-	11,735
Other risk provisions	2,901	21	(100)	-	(381)	(8)	-	2,433
Total	**29,079**	**1,544**	**(2,864)**	**(1,714)**	**(6,569)**	**468**	**-**	**19,944**

The "Agents' leaving indemnity" refers mainly to Amplifon Italia S.p.A.'s provisions for the indemnity of €10,953 thousand. The change in the reporting period is explained, for €5,873 thousand, by payments to commercial partners in the United States (mainly part of the Elite wholesale business which was wound down and discontinued in 2021) and to the increase interest rates which caused a considerable decrease in the present value of the indemnity provision with respect to the prior period.

The main assumptions used in the actuarial calculation of the agents' leaving indemnity of Amplifon Italia S.p.A. were:

	FY 2022
Economic assumptions	
Annual discount rate	3.63%
Demographic assumptions	
Probability of agency contract termination by the company	2.70%
Probability of agent's voluntary termination	8.25%
Mortality rate	RG48
Disability percentage	INPS tables divided by age and sex

The other provisions for risks include mainly the liabilities of reinsurance companies on lost & damage policies and the costs allocated for restoring premises to the original condition when leases expire.

20. LIABILITIES FOR EMPLOYEES' BENEFITS (MEDIUM/LONG-TERM)

(€ thousands)	Balance at 12/31/2022	Balance at 12/31/2021	Change
Defined-benefit plans	7,561	19,162	(11,601)
Other defined-benefit plans	766	822	(56)
Other provisions for personnel	613	778	(165)
Total	**8,940**	**20,762**	**(11,822)**

Provisions for defined-benefit plans mainly include the severance pay potentially owed by the Italian companies, as well as severance owed by the Swiss, French and Israeli subsidiaries. The increase in interest rates resulted in a noticeable decrease in the present value of the indemnity compared to the previous reporting period.
The way in which these benefits are guaranteed varies based on the legal, tax and economic conditions of each country in which the Group operates.

The change in the provision for defined-benefit plans is detailed below:

(€ thousands)	FY 2022
Net present value of the liability at the beginning of the year	**19,162**
Current service cost	950
Financial charges	300
Actuarial losses (gains)	(11,974)
Amounts paid	(984)
Translation differences	191
Reversal	(84)
Net present value of the liability at the end of the year	**7,561**

The current cost of severance indemnity is recognized under personnel expenses in the consolidated financial statements, while actuarial gains and losses are recognized in the statement of comprehensive income statement.

The main assumptions used in the actuarial estimate of the liability for employee benefits were as follows:

FY 2022

	Italy	France	Switzerland	Israel
Economic assumptions				
Annual discount rate	3.63%	3.65%	2.30%	2.29%
Expected annual inflation rate	2.30%	3.65%	1.50%	2.78%
Annual rate of increase of severance indemnity	3.225%	1.50%	2.00%	5.6%
Demographic assumptions				
Mortality rate	RG48 mortality tables published by the General Accounting Office of the State	INSEE 2021	BVG 2020 GT (generational)	Circular letter 2022-9-18
Disability percentage	INPS tables divided by age and sex	N/A	BVG 2020	Circular letter 2022-9-18
Retirement age	100% on meeting the requirements for compulsory national social insurance	60-67 years	100% on meeting the age requirements (65m/64f)	Male - 67 Female - 62

FY 2021

	Italy	France	Switzerland	Israel
Economic assumptions				
Annual discount rate	0.44%	1%	0.30%	2.29%
Expected annual inflation rate	1.75%	1%	0.75%	2.54%
Annual rate of increase of severance indemnity	2.81%	1.5%	2%	3.38%
Demographic assumptions				
Mortality rate	RG48 mortality tables published by the General Accounting Office of the State	INSEE TD-TV 14-16 tables	BVG 2015 GT tables	circular letter 2019-1-10
Disability percentage	INPS tables divided by age and sex	N/A	BVG 2015 GT tables	circular letter 2019-1-10
Retirement age	100% on meeting the requirements for compulsory national social insurance	62 years	100% on meeting the age requirements (65m/64f)	Men – 67 Women -62

Provisions for other benefits are explained primarily by the Australian subsidiaries (€714 thousand) which have an obligation for those benefits that are recognized when a given job seniority is reached.

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21. OTHER LONG-TERM LIABILITIES

(€ thousands)	12 /31/2022	12/31/2021	Change
Payables for business acquisitions	5,705	19,571	(13,866)
Other long-term debt	16,123	16,318	(195)
Total	**21,828**	**35,889**	**(14,061)**

Acquisition liabilities include the long-term portion of the contingent consideration (earn-out), estimated based on the economic information available at the date of the Annual Report, to be paid on acquisitions of companies and business units made mainly in Canada, the United States. France and Germany, if certain sales and/or profitability targets are reached, as well as the fair value of the put and call options on the remaining minority interests in Hangzhou Amplifon Hearing Aid Co. Ltd (China) and Medtechnica Ortophone Ltd (Israel). The options are classified Level 3 on the fair value hierarchy scale. The negative variance is mainly caused by the reclassification from long-term to short-term of the debt.

Other long-term debt includes primarily the liabilities of reinsurance companies on lost & damage policies.

The following tables show the long-term liabilities according to the accounting treatment applied:

12/31/2022

(€ thousands)	Amortized cost	Fair value Net Equity	Fair Value through P&L
Payable for business acquisition		2,576	3,129
Other long-term debt	16,123		

12/31/2021

(€ thousands)	Amortized cost	Fair value Net Equity	Fair Value through P&L
Payable for business acquisition		6,552	13,019
Other long-term debt	16,318		

22. TRADE PAYABLES

(€ thousands)	12/31/2022	12/31/2021	Change
Trade payables – Joint ventures	1,716	311	1,405
Trade payables – Related parties	268	106	162
Trade payables – Third parties	323,599	242,090	81,509
Total	**325,583**	**242,507**	**83,076**

Trade payables do not bear interest and are paid within 60 to 120 days.

The Group adheres to a credit agreement (reverse factoring or indirect factoring) based on which suppliers can transfer their credits with the Group to a bank and receive early payment of their invoices. The Group did not eliminate the original liabilities to which the agreement applies from its accounts insofar as no legal release has been obtained nor have any substantive changes been made to the original liability as a result of the agreement. The agreement does not result in a significant lengthening of the Group's payment terms beyond the normal expirations established prior to adhering to the agreement or with the suppliers who do not adhere to the agreement. The Group, furthermore, may not postpone payment to the bank of its trade payables and does not have to pay additional interest to the bank on the amounts owed the suppliers. The amounts factored by the suppliers are classified as trade payables as the nature and purpose of the financial liabilities are not any different from that of the other trade payables. The trade payables which have yet to expire transferred to the factor by the suppliers amounted to €59,577 thousand at 31 December 2022.

23. CONTRACT LIABILITIES

(€ thousands)	12/31/2022	12/31/2021	Change
Contract liabilities – Short-term	114,857	107,414	7,443
Contract liabilities – Long-term	153,613	144,414	9,199
Total	**268,470**	**251,828**	**16,642**

The contract liabilities refer to deferred income for goods and services provided to customers over time (after sales services, extended warranties, material rights, batteries). These are recognized in the income statement based on the level to which the different contractual performance obligations have been satisfied.

The changes in contract liabilities in the year are shown below:

(€ thousands)	
Net value at 12/31/2021	**251,828**
Increase linked to customer contracts	54,897
Revenues included in the opening balance	(47,828)
Business combinations	8,694
Currency translation differences and other net changes	879
Net value at 12/31/2022	**268,470**

The revenue recognized in 2022 stemming from fulfilled contractual obligations, included in the opening balance of contract liabilities at January 1st, 2022, amounted to €47,828 thousand.

More in detail, the contract liabilities that should be extinguished, resulting in the recognition of the revenue allocated, over the next years are shown below:

(€ thousands)	2023	2024	2025	2026	2027 and beyond
Contract liabilities	114,857	74,738	45,059	23,035	10,781

For a description of the performance obligations relating to goods and services provided over time please refer to note 29.

24. OTHER PAYABLES

(€ thousands)	12/31/2022	12/31/2021	Change
Other payables	149,855	190,996	(41,141)
Accrued expenses and deferred income	14,359	16,936	(2,577)
Sales returns - liability	3,582	3,543	39
Total other payables	**167,796**	**211,475**	**(43,679)**
Tax payables	74,785	54,537	20,248
Payables for business acquisitions	24,601	12,667	11,934
Total	**267,182**	**278,679**	**(11,497)**

The other payables mainly comprise: (i) €68,467 thousand relating to amounts owed personnel; (ii) €52,846 thousand relating to commissions and bonuses payable to agents; (iii) €22,547 thousand relating to social security liabilities; and (iv) €5,236 thousand relating to customer down-payments.

Acquisition liabilities include the short-term portion of the contingent consideration *(earn-out)* to be paid long-term on acquisitions of companies and business units made in Germany, France, Belgium, Israel, Canada and the United States, if certain sales and/or profit targets are reached. The positive variance is mainly caused by the reclassification from long-term to short-term of the debt.

Tax payables include mainly: (i) €57,546 thousand in direct taxes; (ii) €8,342 thousand in withholding taxes; (iii) €8,897 thousand in VAT and other indirect taxes.

The provision for sales returns is calculated based on the best estimate of the liabilities for returns made through the direct channel.

The following table show other payables according to the accounting treatment applied:

	12/31/2022		
(€ thousands)	Amortized cost	Fair value Net Equity	Fair Value through P&L
Other debts	242,581		
Payables from business acquisitions		4,253	20,348

12/31/2021			
(€ thousands)	Amortized cost	Fair value Net Equity	Fair Value through P&L
Other debts	266,012		
Payables from business acquisitions			12,667

25. PROVISIONS FOR RISKS AND CHARGES (CURRENT PORTION)

(€ thousands)	12/31/2022	12/31/2021	Change
Other provisions for risks	1,663	3,282	(1,619)
Total	**1,663**	**3,282**	**(1,619)**

The other provisions for risks include mainly the liabilities of reinsurance companies on lost & damage policies and the costs allocated for restoring premises to the original condition when leases expire.

26. LIABILITIES FOR EMPLOYEES' BENEFITS (CURRENT PORTION)

(€ thousands)	12/31/2022	12/31/2021	Change
Other provisions for risks – current portion	3,616	4,081	(465)
Total	**3,616**	**4,081**	**(465)**

The amount refers to the current portion of liabilities for the employee benefits described in note 20.

27. SHORT-TERM FINANCIAL DEBT

(€ thousands)	12/31/2022	12/31/2021	Change
Bank current accounts	*5,661*	*617*	*5,044*
Short-term bank borrowings	*12,551*	*61,284*	*(48,733)*
Current portion of long-term debts	*116,659*	*84,394*	*32,265*
Current portion of the Private Placement 2013-2025 (*)	*103,131*	*-*	*103,131*
Payables to banks and other financing	**238,002**	**146,295**	**91,707**
Current portion of fees on loans	(1,245)	(1,644)	399
Short-term financial debt	892	389	503
Financial accrued expenses and deferred income	6,012	6,072	(60)
Total	**243,661**	**151,112**	**92,549**

(*) The Private Placement 2013-2025 was fully reclassified to short term because it was repaid early on 31 January 2023.

For current share of medium-long term loans please see note 17.

Financial accruals and deferred income of €6,012 thousand relate primarily to the interest owed on the 2013-2025 private placement (€1,439 thousand), on the Eurobond 2020-2027 (€3,467 thousand) and other medium/long-term loans.

The decrease in short-term financial debt is explained primarily by the hot money used for treasury activities and bank overdrafts in 2021.

28. DEFERRED TAX ASSET AND LIABILITIES

The net balance of deferred tax assets and liabilities at 31 December 2022 can be broken down as follows:

(€ thousands)	12/31/2022	12/31/2021	Change
Deferred tax assets	81,780	85,185	(3,405)
Deferred tax liabilities	(106,683)	(105,191)	(1,492)
Net position	**(24,903)**	**(20,006)**	**(4,897)**

The net change in deferred tax assets and liabilities is provided below:

(€ thousands)	Balance as at 12/31/2021	Recognized in P&L	Recognized in net equity	Recognized in balance sheet (to reverse in future periods)	Businesses combinations and changes in consolidation area	Exchange differences and other changes	Balance as at 12/31/2022
Deferred tax on severance indemnity and pension funds	5,144	(871)	(2,150)		-	212	**2,335**
Deferred tax on tax losses carried forward	6,100	(3,628)	-		-	(2)	**2,470**
Deferred tax on inventory	1,940	6,168	-		-	(2)	**8,106**
Deferred tax on tangibles, intangibles and goodwill	(24,328)	(12,723)	-		160	164	**(36,727)**
Deferred tax on trademarks and concessions	(59,782)	15,843	-		(4,013)	24	**(47,928)**
Deferred tax on other provisions	12,597	(2,495)	-		-	258	**10,360**
Deferred tax on contract liabilities and contract costs	11,375	1,034	-		461	904	**13,774**
Deferred tax on leasing	4,539	102	-		-	12	**4,653**
Substitute tax on the release of goodwill	-	-		6,400	-	-	**6,400**
Other deferred tax	22,409	(1,481)	(6,978)		-	(2,296)	**11,654**
Total	**(20,006)**	**1,949**	**(9,128)**	**6,400**	**(3,392)**	**(726)**	**(24,903)**

"Substitute tax on the release of goodwill" refers for €6,400 thousand to tax paid on the release of goodwill recognized for Bay Audio pursuant to Art. 15, paragraphs 10-bis and 10-ter of Legislative Decree n. 185/2008. This amount will be released to the income statement based on the tax amortization schedule for goodwill.

Deferred tax assets on prior year tax losses carried forward are as follows:

(€ thousands)	12/31/2022	12/31/2021	Change
Germany	2,451	6,079	(3,628)
Israel	20	21	(1)
Total	**2,471**	**6,100**	**(3,629)**

As at December 31st, 2022 the following prior year fiscal losses did not originate deferred tax assets because the requirements of reasonable certainty for recoverability do not currently exist:

(€ thousands)	Prior year tax losses	Rate	Deferred tax assets not recognized in the consolidated financial statements	Due date
Canada	24,805	26.50%	6,573	10-20 years
China	2,268	25.00%	567	2-5 years
Colombia	3,781	35.00%	1,323	7-12 years
India	15,316	26.00%	3,982	1-8 years
Mexico	5,486	30.00%	1,646	5-9 years
Panama	25	25.00%	6	1-3 years
Poland	2,804	19.00%	533	1-5 years
Portugal	4,197	21.00%	881	3-9 years
United Kingdom	97,359	25.00%	24,340	none
Hungary	2,481	9.00%	223	3-5 years
Total	**158,524**		**40,076**	

29. REVENUES FROM SALES AND SERVICES

The breakdown of the Group's revenues by customer contract is shown below.

(€ thousands)	FY 2022	FY 2021	Change
Revenues from sale of products	1,846,950	1,719,933	127,017
Revenues from services	272,176	228,142	44,034
Total revenues from sales and services	**2,119,126**	**1,948,075**	**171,051**
Goods and services provided at a point in time	1,846,950	1,719,933	127,017
Goods and services provided over time	272,176	228,142	44,034
Total revenues from sales and services	**2,119,126**	**1,948,075**	**171,051**

Consolidated revenues from sales and services amounted to €2,119,126 thousand in 2022, an increase of €171,051 thousand (+8.8%) against the comparison period, explained by €58,418 thousand (+3.0%) in organic growth and by €73,455 thousand (+3.8%) in acquisitions. The foreign exchange effect was positive for €39,718 thousand (+2.0%).

Revenues from services rendered were €44,034 thousand higher and refer mainly to the deferred revenues for post-sales services which are recognised overtime based on the extent which the performance obligations have been satisfied.

For the breakdown of revenues by geographical area refer to Note 45 Segment Information.

The main goods and services provided by the Amplifon Group in 2022, as well as the nature and terms of the performance obligations, are described below.

Goods and services	Nature and fulfillment terms
Hearing aid and fitting	Part of a single and inseparable performance obligation, comprised of the hearing aid, fitting and personalization of the solution using computerized systems to satisfy each person's needs. The Group recognized the relative revenue when the fitting has been completed or at the end of the trial period, when provided.
Other goods	Batteries, cleaning kits, and other accessories. The Group recognizes the revenue relative to other goods when the goods are transferred, which can happen at the time of sale (ex. batteries, cleaning kits and other accessories) or over time.
After sales services	After sales services include: - Cleaning, regulation and revision of the hearing aid; - Periodic hearing tests; - Post – sales assistance; The Group recognizes the revenue generated by after sales services over the life of the contract, generally 4-5 years. The amount of the revenue recognized based on the input method.
Extended warranties	Extended warranties are provided in addition to mandatory warranties that the supplier must provide. The Group recognizes the revenue from extended warranties in equal amounts over the duration of the extension.
Material rights	*Material rights include, for example, discounts of future purchases or loyalty points.* The Group recognizes the revenue from material rights when the rights are exercised by the customer or when the probability that the customer exercises the remaining rights is remote.

The deferred revenues for goods transferred and services rendered over time which will be realized in subsequent years and included in the short- and long-term contract liabilities at 31 December 2022 are showed below:

(€ thousands)	2023	2024	2025	2026	2027 and beyond
Revenues for goods and services provided over time	114,857	74,738	45,059	23,035	10,781

Services rendered over time refer mainly to after sales services, extended warranties, material rights and batteries (if delivered over time).

30. OPERATING COSTS

(€ thousands)	FY 2022	FY 2021 (*)	Change
Cost of raw materials, consumables and supplies and change in inventories of raw materials, consumables and supplies	(351,782)	(330,661)	(21,121)
Personnel expenses – Points of sale	(463,749)	(398,350)	(65,399)
Commissions – Points of sale	(116,809)	(116,192)	(617)
Rental costs – Points of sale	(10,671)	(9,020)	(1,651)
Total	**(943,011)**	**(854,223)**	**(88,788)**
Other personnel expenses	(235,800)	(240,682)	4,882
Other rental costs	(1,721)	(1,780)	59
Other costs for services	(429,711)	(388,026)	(41,685)
Total other operating costs	**(667,232)**	**(630,488)**	**(36,744)**
Total operating costs	**(1,610,243)**	**(1,484,711)**	**(125,532)**

(*) It is specified that, on the comparative period 2021, reclassifications between "Operating costs" have been made in order to provide a more accurate representation. The reclassifications are from "Other costs for services" for €15,682 thousand, to "Cost of raw materials, consumables and supplies and change in inventories of raw materials, consumables and supplies" for €14,692 thousand, and to "Other rental costs" for € 990 thousand.

The operating costs incurred in 2022 include non-recurring expenses of €6.533 thousand, explained for €2,780 thousand by the Bay Audio integration, for €2,753 thousand by the second phase of the GAES integration, and for €1,000 thousand to the costs for charitable donation to the UNHCR for the Ukraine emergency.

The lease and rental costs refer to leases not subject to IFRS 16 application (leases for low value assets, short-term leases, leases with variable payment terms).

The breakdown of "Personnel expenses – Points of sale" and "Other personnel expenses" is as follows:

(€ thousands)	FY 2022	FY 2021	Change
Wages and salaries	(550,755)	(489,718)	(61,037)
Stock options and performance stock grant	(13,069)	(17,111)	4,043
Social contributions	(109,803)	(102,882)	(6,921)
Other personnel costs	(25,922)	(29,321)	3,398
Total	**(699,549)**	**(639,032)**	**(60,517)**

Staff headcount by geographic area:

	12/31/2022		12/31/2021	
	Number	Average	Number	Average
Italy	742	731	715	694
France	1,581	1,504	1,399	1,350
Switzerland	306	302	291	282
Hungary	205	198	193	190
Germany	1,862	1,853	1,816	1,843
Spain	2,022	1,995	1,967	1,969
Portugal	243	231	227	221
Belgium and Luxemburg	217	195	181	185
The Netherlands	661	669	692	714
Poland	197	188	171	163
United Kingdom and Ireland	302	298	292	310
Israel	195	207	216	213
Egypt	182	184	184	184
Total EMEA	**8,715**	**8,555**	**8,344**	**8,318**
USA and Canada	1,108	1,029	938	874
Argentina	125	120	106	96
Chile	168	151	138	124
Ecuador	91	83	65	58
Panama	8	7	6	5
Colombia	73	64	47	36
Mexico	58	53	54	44
Total Americas	**1,631**	**1,507**	**1,354**	**1,237**
Australia	1,449	1,456	1,639	1,144
New Zealand	513	519	487	494
India	442	414	413	424
Singapore	10	10	8	7
China	435	409	342	245
Total Asia Pacific	**2,849**	**2,808**	**2,889**	**2,314**
Total Group	**13,195**	**12,870**	**12,587**	**11,869**

31. OTHER INCOME AND COSTS

The breakdown of the Group's other income and costs is shown below.

(€ thousands)	FY 2022	FY 2021	Change
Other income and costs	9,826	4,962	4,864
Total	**9,826**	**4,962**	**4,864**

Other income and costs amounted to €9,826 thousand and relate primarily to a few defer payments on acquisitions which are not to be paid due to the lack of achievement of specific sales and/or profitability objectives on asset deals. In 2021 this item included non-recurring expenses of €450 thousand connected to the second phase of the GAES integration.

32. AMORTIZATION, DEPRECIATION AND IMPAIRMENT

The breakdown of the Group's other income and costs is shown below.

(€ thousands)	FY 2022	FY 2021	Change
Amortization of intangible fixed assets	*(80,085)*	*(74,706)*	*(5,379)*
Depreciation of property, plant, and equipment	*(51,131)*	*(48,549)*	*(2,582)*
Depreciation of right-of-use assets	*(108,491)*	*(96,244)*	*(12,247)*
Amortization and depreciation	(239,707)	(219,499)	(20,208)
Impairment	(333)	(2,827)	2,494
Total	**(240,040)**	**(222,326)**	**(17,714)**

Amortization and depreciation amounted to €239,707 thousand in 2022, an increase of €20,208 thousand against the comparison period explained primarily by higher investments in intangible assets, property, plant and equipment, and rights of use assets described in Note 4, Note 5, and Note 6 respectively.
The impairments for 2022 are for €308 thousand relative to property, plant, and equipment and for €25 thousand relative to intangible fixed assets (mainly software).

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33. FINANCIAL INCOME, EXPENSES, AND VALUE ADJUSTMENTS TO FINANCIAL ASSETS

The breakdown of the Group's financial income, expenses and value adjustments to financial assets is shown below.

(€ thousands)	FY 2022	FY 2021 (*)	Change
Proportionate share of the result of associated companies valued at equity and gains/(losses) on disposals of equity investments	**309**	**1,694**	**(1,385)**
Other income, charges, revaluation and write-downs of financial assets	**-**	**-**	**-**
Interest income on bank accounts	598	198	399
Interest expenses on short and long-term bank loans	(19,322)	(17,315)	(2,008)
Interest income and expenses	**(18,725)**	**(17,117)**	**(1,608)**
Interest expenses on lease liabilities	**(11,366)**	**(10,362)**	**(1,004)**
Other financial income and charges	**(2,390)**	**(1,766)**	**(624)**
Exchange rate gains and inflation accounting	14,070	9,589	4,481
Exchange rate losses and inflation accounting	(16,785)	(8,989)	(7,796)
Gains/(losses) on financial assets at fair value – Non-hedge accounting derivatives	(45)	4,311	(4,356)
Exchange rate differences and gains/(losses) on financial assets at fair value	**(2,761)**	**4,910**	**(7,671)**
Total	**(34,933)**	**(22,640)**	**(12,293)**

(*) It is specified that, on the comparative period 2021, reclassifications between "Financial income, expenses and value adjustments to financial assets" have been made in order to provide a more accurate representation. The reclassifications are for €1,574 thousand from "Other income, charges, revaluation and write-downs of financial assets", to "Proportionate share of the result of associated companies valued at equity and gains/(losses) on disposals of equity investments", and for €3,915 thousand from "Other financial income and charges", to "Exchange rate differences and gains/(losses) on financial assets at fair value".

Interest payable on financial indebtedness amounted to €19,322 thousand at 31 December 2022, versus €17,315 thousand at 31 December 2021. The increase is attributable mainly to higher interest rates which impacted utilization of short-term credit lines and hot money transactions used to support treasury activities, as well as the remaining portion of long-term loans which was not swapped to fixed rate.

Interest receivable on bank deposits came to €598 thousand at 31 December 2022, versus €198 thousand at 31 December 2021.

The change in "Proportionate share of the result of associated companies valued at equity and gains/(losses) on disposals of equity investments" is explained primarily by the gains realized in 2021 on the disposals of the Irish and Luxembourg subsidiaries.

The change in "Exchange rate differences and gains/(losses) on financial assets at fair value" is attributable mainly to income of €4,571 thousand recognized in 2021 pursuant to IFRS 9 due to the change in fair value of the GAES acquisition debt following refinancing, while 2022, in addition to the inverse impact of this item which was expensed over the term of the new loan, reflects the negative effect of inflation accounting on the Argentinian subsidiary which was higher than the €517 thousand recorded in the prior year, coming in at €2,407 thousand at 31 December 2022.

INTEREST RATE RISK – SENSITIVITY ANALYSIS:

The Amplifon Group's exposure to changes in interest rates is mitigated significantly by the fact that a large part of the medium/long-term debt is fixed rate as a result of interest rate hedges or because the debt is fixed rate.

More in detail:

- as a result of swaps, the Euro interest rate on the different tranches of the 2013-2025 private placement (remaining outstanding of USD 110 million) is 3.952% (average rate);
- as a result of hedges, the average rate on the loans granted by Unicredit for € 100 million, BNL for Euro 50 million, CDP/MPS for Euro 54,6 million, Credit Agricole for Euro 35 million, and the refinancing for GAES acquisition for € 210 million is 1.52%;
- the bond issued in February 2020 has a fixed rate of 1.125%.

The impact on the income statement of plausible changes in interest rates, applied to the consolidated figures at 31 December 2022, is shown below.

(€ thousands)

FY 2022	Note	Balance at 12/31/2022	Increase/decrease in interest rates (in %)	Impact on profit before tax
Current assets				
Bank current accounts and short-term bank deposits	14	178,170	1%	1,782
Non current liabilities				
Non-hedged medium-long term bank loans		(151,819)	1%	(1,518)
Current liabilities				
Bank current accounts	27	(5,661)	1%	(57)
Short-term bank borrowings	27	(12,551)	1%	(126)
Current portion of non-hedged medium-long term bank loans		(25,409)	1%	(254)
Total impact on profit before tax				**(166)**

(€ thousands)

FY 2022	Note	Balance at 12/31/2022	Increase/decrease in interest rates (in %)	Impact on profit before tax
Current assets				
Bank current accounts and short-term bank deposits	14	178,170	-1%	(1,782)
Non current liabilities				
Non-hedged medium-long term bank loans		(151,819)	-1%	1,518
Current liabilities				
Bank current accounts	27	(5,661)	-1%	57
Short-term bank borrowings	27	(12,551)	-1%	126
Current portion of non-hedged medium-long term bank loans		(25,409)	-1%	254
Total impact on profit before tax				**166**

CURRENCY RISK - SENSITIVITY ANALYSIS:

The 2013-2025 private placement denominated in USD, with a remaining outstanding of USD 110 million, is hedged against currency risk. More specifically, as a result of hedges the Group set the Euro/Dollar exchange rate for the duration of the loan. The private placement was fully repaid in advance on 31 January 2023. Therefore, in the future any change in the exchange rates will not have any economic impact.

The intercompany loans between the Australian and New Zealand companies, and between American and Canadian companies, are considered equity investments insofar as they are not interest bearing and are not expected to be repaid. Any changes in exchange rates are, therefore, charged directly to the translation reserve without passing through the income statement. In 2021 Amplifon S.p.A. also granted a loan for 7,361 thousand of Australian dollars to the Australian subsidiary Bay Audio in Australian dollars which was hedged against exchange risk using a forward.

Overall, derivatives are used to hedge the exchange risk stemming from financial transactions, while natural hedges are used to cover the risk stemming from operational transactions and the rendering of intercompany services.

Given the management of foreign exchange risk described in note 43, the residual currency risk on receivables, payables and future revenue streams which have not been hedged is not significant.

34. INCOME TAXES

The breakdown of the Group's income taxes is shown below.

(€ thousands)	FY 2022	FY 2021	Change
Current income tax	(66,905)	(63,438)	(3,467)
Deferred income tax	1,949	3,676	(1,727)
Total	**(64,956)**	**(59,762)**	**(5,194)**

(€ thousands)	FY 2022	FY 2021	Change
Profit (loss) before tax	243,736	223,360	20,376
Tax for the year	(64,956)	(59,762)	(5,194)
Tax rate	**-26.7%**	**-26.8%**	**0.1%**

The following table reconciles tax recognized in the consolidated financial statements to theoretical tax charge calculated on the basis of Italy's current tax rates.

(€ thousands)	December 2022 Tax effect	%	December 2021 Tax effect	%
Reconciliation with the effective tax rate:				
Effective tax/effective tax rate	**64,956**	**26.7%**	**59,762**	**26.8%**
Non-recognition of deferred taxes on the year's losses and earnings which were not taxed due to carried forward tax losses.	(380)	**-0.2%**	(485)	**-0.2%**
Effect of companies taxed in countries other than Italy	(1,915)	**-0.8%**	(1,266)	**-0.6%**
Deferred tax: change in rates and correction of errors	1,813	**0.7%**	(119)	**-0.1%**
Non-deductible expense net of non-taxable income	527	**0.2%**	3,015	**1.3%**
Effective tax rate net of IRAP and CVAE	**65,002**	**26.7%**	**60,906**	**27.3%**
IRAP, CVAE and other taxes not tied to income tax	(6,505)	**-2.7%**	(7,300)	**-3.3%**
Effective tax/theoretical tax rate	**58,497**	**24.0%**	**53,606**	**24.0%**

The Group tax rate is in 2022 equal to 26.7% compared to the 26.8% from last year.

35. PERFORMANCE STOCK GRANT

GENERAL CHARACTERISTICS OF THE PERFORMANCE STOCK GRANT PLAN 2014-2021

On 28th April 2014 the Board of Directors of the Parent Company – as resolved by the Shareholders' Meeting held on 16th April 2014 and based on the recommendations of the Remuneration and Appointments Committee – approved the regulations of the Performance Stock Grant Plan 2014-2021 with the following general characteristics:

- the plan provides for the grant of rights, each of which gives the right to a Company share to be awarded at the end of the vesting period (3.5 years) to beneficiaries falling within one of the following clusters:
  1. Executives & Senior Managers;
  2. International Key Managers and Group & Country Talents;
  3. High Performing Audiologists & Sales Managers.

- the vesting of the rights and, therefore, the award of the related shares is subject to the following main condition that as of the date of grant of the shares the beneficiary is an employee of one of the companies of the Group and no notice period subsequent to resignation and/or withdrawal is under way. Furthermore, for the Cluster 1 and Cluster 2 the plan foresees further conditions to attribute the financial instruments:
  - Cluster 1: achievement of Group 3 years business targets;
  - Cluster 2: level of the individual performance of the beneficiary are not lower, in all the reference periods, to fully meets expectations

- the exercise of the vested rights should be performed within the deadline of the exercise period (2.5 years from the date of vesting of the rights) and is subject to a minimum threshold value of the Amplifon Spa share defined by the Board of Directors of the Parent Company for each assignment cycle.

For each cycle of assignment, the Board of Directors of the Parent Company is empowered, with sub-delegation, to identify the beneficiaries and to set the number of rights to be granted to each beneficiary.
The Board of Directors may at any time make changes to the Regulations as may be necessary and/or appropriate in connection with, in particular, the case of changes to the applicable law.

On 21st April 2015, following the proposal of the Board of Directors of 3rd March 2015 and heard the opinion of the Remuneration and Appointments Committee, the Shareholders' Meeting of the Parent Company discussed and approved the modifications to the stock plan for the period 2014-2021 (the "New Plan of Performance Stock Grant").

In particular, the amendment approved by the ordinary Shareholders' Meeting concerns the extension of the plan also to collaborators not related to the Company by employment contracts and the subsequent variation in the identification of the beneficiaries who are currently defined as employees and collaborators of a Group entity, belonging to the following categories:

- Cluster 1: Executives & Senior Managers;
- Cluster 2: International Key Managers; Group & Country Talents;
- Cluster 3: High Performing Audiologists & Sales Managers.

This extension allowed to include also the agents working in Italy, Spain, and Belgium with the aim to adequately sustain, also in terms of retention, the different business models through which the Amplifon Group operates.

On 29th April 2015 the Board of Directors of the Parent Company, approved the modification to the operative regulation of the plan, in line with the changes approved by the ordinary Shareholders' Meeting.

On 18th April 2016, following the proposal of the Board of Directors of the Parent Company and heard the opinion of the Remuneration and Appointments Committee, the ordinary Shareholders' Meeting discussed and approved the modifications to the share plan for the period 2014-2021. The purpose of the modification is to align the plan to a new provision introduced in France as the result of Law n. 2015-990 dated August 6th, 2015 (the "Macron Law"). The amendment allows the beneficiaries and the Company to take advantage of a more favorable fiscal and social contribution regime.

The provisions that, in line with the Macron Law, have been amended, regard in particular:
a) the elimination of an exercise period of 2.5 years;
b) the introduction of specific "closed periods" during which the employees cannot sell the shares obtained in relation to the incentive plan.

All the key characteristics of the plan, among which the number of available rights, the timing and conditions for the rights' maturation remain unchanged.

The amendment affects only French beneficiaries and does not have any retroactive effects on previous awards to French beneficiaries.

Below are reported the details of the cycles of assignment of the New Performance Stock Grant plan 2014-2021 currently in place:

A) STOCK GRANT 27TH APRIL 2017

STOCK GRANT 27TH APRIL 2017 – GENERAL RULES

	FY 2022		FY 2021	
	N. rights granted	Market Price (€)	N. rights granted	Market Price (€)
Rights at 1st January	**388,235**	**47.45**	**589,808**	**34.04**
Rights granted in the period	-	-	-	-
Upside rights	-	-	-	-
(Rights converted in the period)	305,180	27.09 (*)	201,573	33.29 (*)
(Rights cancelled in the period)	-	-	-	-
Rights at 31st December	**83,055**	**27.82**	**388,235**	**47.45**

(*) Average weighted market price at the exercises

STOCK GRANT 27TH APRIL 2017 – FRENCH RULES

	FY 2022		FY 2021	
	N. rights granted	Market Price (€)	N. rights granted	Market Price (€)
Rights at 1st January	**-**	**-**	**1,000**	**34.04**
Rights granted in the period	-	-	-	-
Upside rights	-	-	-	-
(Rights converted in the period)	-	-	1,000	- (*)
(Rights cancelled in the period)	-	-	-	-
Rights at 31st December	**-**	**-**	**-**	**-**

(*) Rights exercise through "Classic" method

B) STOCK GRANT 25TH OCTOBER 2017

STOCK GRANT 25TH OCTOBER 2017 – GENERAL RULES

	FY 2022		FY 2021	
	N. rights granted	Market Price (€)	N. rights grant	Market Price (€)
Rights at 1st January	**1,000**	**47.45**	**11,170**	**34.04**
Rights granted in the period	-	-	-	-
Upside rights	-	-	-	-
(Rights converted in the period)	1,000	27.37 (*)	10,170	38.61 (*)
(Rights cancelled in the period)	-	-	-	-
Rights at 31st December	**-**	**-**	**1,000**	**47.45**

(*) Average weighted market price at the exercises

STOCK GRANT 25TH OCTOBER 2017 – FRENCH RULES

	FY 2022		FY 2021	
	N. rights granted	Market Price (€)	N. rights granted	Market Price (€)
Rights at 1st January	**-**	**-**	**-**	**-**
Rights granted in the period	-	-	-	-
Upside rights	-	-	-	-
(Rights converted in the period)	-	-	-	-
(Rights cancelled in the period)	-	-	-	-
Rights at 31st December	**-**	**-**	-	-

C) STOCK GRANT 2ND MAY 2018

STOCK GRANT 2ND MAY 2018 – GENERAL RULES

	FY 2022		FY 2021	
	N. rights granted	Market Price (€)	N. rights granted	Market Price (€)
Rights at 1st January	**568,535**	**47.45**	**1,062,182**	**34.04**
Rights granted in the period	-	-	-	-
Upside rights	-	-	103,140	-
(Rights converted in the period)	63,480	31.46 (*)	596,037	37.15 (*)
(Rights cancelled in the period)	-	-	750	-
Rights at 31st December	**505,055**	**27.82**	**568,535**	**47.45**

(*) Average weighted market price at the exercises

STOCK GRANT 2ND MAY 2018 – FRENCH RULES

	FY 2022		FY 2021	
	N. rights granted	Market Price (€)	N. rights granted	Market Price (€)
Rights at 1st January	**-**	**-**	**20,610**	**34.04**
Rights granted in the period	-	-	-	-
Upside rights	-	-	-	-
(Rights converted in the period)	-	-	20,610	- (*)
(Rights cancelled in the period)	-	-	-	-
Rights at 31st December	**-**	**-**	**-**	**-**

(*) Rights exercise through "Classic" method

D) STOCK GRANT 30TH OCTOBER 2018

STOCK GRANT 30TH OCTOBER 2018 – GENERAL RULES

	FY 2022		FY 2021	
	N. rights granted	Market Price (€)	N. rights granted	Market Price (€)
Rights at 1st January	**46,050**	**47.45**	**87,356**	**34.04**
Rights granted in the period	-	-	-	-
Upside rights	-	-	-	-
(Rights converted in the period)	16,100	35.57 (*)	41,306	33.65 (*)
(Rights cancelled in the period)	-	-	-	-
Rights at 31st December	**29,950**	**27.82**	**46,050**	**47.45**

(*) Average weighted market price at the exercises

STOCK GRANT 30TH OCTOBER 2018 – FRENCH RULES

	FY 2022		FY 2021	
	N. rights granted	Market Price (€)	N. rights granted	Market Price (€)
Rights at 1st January	-	-	**7,700**	**34.04**
Rights granted in the period	-	-	-	-
Upside rights	-	-	-	-
(Rights converted in the period)	-	-	7,700	- (*)
(Rights cancelled in the period)	-	-	-	-
Rights at 31st December	**-**	**-**	**-**	**-**

(*) Rights exercise through "Classic" method

GENERAL CHARACTERISTICS OF THE STOCK GRANT PLAN 2019-2025

On May 7th 2019 the Board of Directors of the Parent Company– as resolved by the ordinary Shareholders' Meeting held on 17th April 2019 and heard the opinion of the Remuneration and Appointments Committee – has approved the 2019 stock grant assignment in relation to the Stock Grant Plan 2019 – 2025 with the following general characteristics:

- The Stock Grant Plan 2019-2025 provides for different guidelines according to the category the beneficiaries belong to:
  - Long-Term Incentive Plan (LTI) Beneficiaries: the employees and the self-employees, of a Group Company – identified by virtue of the band to which the organizational position of the same employee and/or associate belongs to, in the context of the Company's banding system, subject to possible review on an annual basis;
  - Amplifon Extraordinary Award Plan (AEA) Beneficiaries: the employees and the self-employees of a Group Company, identified based on retention, promotability and extraordinary recognition criteria.

- With reference to all beneficiaries of the plan, unless otherwise provided elsewhere in these rules, the assigned rights granted will vest (the "vested rights") provided that as of the date falling on the last day of the aggregate reference period, the beneficiary is an employee, or a self-employee of a Group Company and no notice period is under way.
  With regard to the Long-Term Incentive Plan (LTI) beneficiaries, the vesting of the assigned rights is also subject to the achievement of the business objectives indicated in the Letter of Assignment of the Rights.
- The shares corresponding to the vested rights shall be awarded to the beneficiary within 90 business days from the date of the notice of vesting of the assigned rights, subject to the implementation (also by the beneficiary) of all the fulfilments (including those of accounting and/or administrative nature) relating thereto.
- Assignments made under Stock Grant Plan 2019-2025 will not be subject to distinctions made of the different assignments under French Law n. 2015-990 of 6 August 2015 (the "Macron Law").

Below are reported the details of the cycles of assignment of the Stock Grant plan 2019-2025, including new assignments that have taken place in the year 2022:

A) STOCK GRANT 7TH MAY 2019

STOCK GRANT 7TH MAY 2019 – GENERAL RULES

	FY 2022		FY 2021	
	N. rights granted	Market Price (€)	N. rights granted	Market Price (€)
Rights at 1st January	**478,780**	**47.45**	**503,880**	**34.04**
Rights granted in the period	-	-	-	-
Upside rights	210,750	-	-	-
(Rights converted in the period)	689,530	31.52 (*)	-	-
(Rights cancelled in the period)	-	-	25,100	-
Rights at 31st December	**-**	**-**	**478,780**	**47.45**

(*) Average weighted market price at the exercises

B) STOCK GRANT 30TH OCTOBER 2019

STOCK GRANT 30TH OCTOBER 2019 – GENERAL RULES

	FY 2022		FY 2021	
	N. rights granted	Market Price (€)	N. rights granted	Market Price (€)
Rights at 1st January	**53,200**	**47.45**	**53,200**	**34.04**
Rights granted in the period	-	-	-	-
Upside rights	11,500	-	-	-
(Rights converted in the period)	62,200	31.47 (*)	-	-
(Rights cancelled in the period)	2,500	-	-	-
Rights at 31st December	**-**	**-**	**53,200**	**47.45**

(*) Average weighted market price at the exercises

C) STOCK GRANT 30TH JULY 2020

STOCK GRANT 30TH JULY 2020 – GENERAL RULES

	FY 2022		FY 2021	
	N. rights granted	Market Price (€)	N. rights granted	Market Price (€)
Rights at 1st January	**404,800**	**47.45**	**430,600**	**34.04**
Rights granted in the period	-	-	-	-
Upside rights	-	-	-	-
(Rights converted in the period)	-	-	-	-
(Rights cancelled in the period)	13,433	-	25,800	-
Rights at 31st December	**391,367**	**27.82**	**404,800**	**47.45**

D) STOCK GRANT 30TH OCTOBER 2020

STOCK GRANT 30TH OCTOBER 2020 – GENERAL RULES

	FY 2022		FY 2021	
	N. rights granted	Market Price (€)	N. rights granted	Market Price (€)
Rights at 1st January	**91,250**	**47.45**	**99,800**	**34.04**
Rights granted in the period	-	-	-	-
Upside rights	-	-	-	-
(Rights converted in the period)	-	-	-	-
(Rights cancelled in the period)	7,100	-	7,550	-
Rights at 31st December	**84,150**	**27.82**	**91,250**	**47.45**

E) STOCK GRANT 3RD MAY 2021

STOCK GRANT 3RD MAY 2021 – GENERAL RULES

	FY 2022		FY 2021	
	N. rights granted	Market Price (€)	N. rights granted	Market Price (€)
Rights at 1st January	**358,100**	**47.45**	-	-
Rights granted in the period	-	-	373,600	35.40
Upside rights	-	-	-	-
(Rights converted in the period)	-	-	-	-
(Rights cancelled in the period)	26,867	-	15,500	-
Rights at 31st December	**331,233**	**27.82**	**358,100**	**47.45**

F) STOCK GRANT 28TH OCTOBER 2021

STOCK GRANT 28TH OCTOBER 2021 – GENERAL RULES

	FY 2022		FY 2021	
	N. rights granted	**Market Price (€)**	**N. rights granted**	**Market Price (€)**
Rights at 1st January	**56,050**	**47.45**	-	-
Rights granted in the period	-	-	56,050	44.28
Upside rights	-	-	-	-
(Rights converted in the period)	-	-	-	-
(Rights cancelled in the period)	10,250	-	-	-
Rights at 31st December	**45,800**	**27.82**	**56,050**	**47.45**

G) STOCK GRANT 17TH DECEMBER 2021

STOCK GRANT 17TH DECEMBER 2021 – GENERAL RULES

	FY 2022		FY 2021	
	N. rights granted	**Market Price (€)**	**N. rights granted**	**Market Price (€)**
Rights at 1st January	**5,300**	**47.45**	-	-
Rights granted in the period	-	-	5,300	44.08
Upside rights	-	-	-	-
(Rights converted in the period)	-	-	-	-
(Rights cancelled in the period)	4,300	-	-	-
Rights at 31st December	**1,000**	**27.82**	**5,300**	**47.45**

H) STOCK GRANT 5TH MAY 2022

The assumptions adopted in the calculation of the fair value are the following:

	ASSIGNMENT – GENERAL RULE	ASSIGNMENT – FRENCH RULE
Model used	**Binomial (Cox-Ross-Rubinstein method)**	
Price at grant date	36.75 €	
Threshold	- €	
Exercise Price	0.00	
Volatility	34.95%	
Risk free interest rate	1.265%	
Maturity (in years)	3	
Vesting Date	the date of approval from the Board of the project of Consolidated Financial Statement as of 12.31.24 (i.e. March 2025)	
Expected Dividend Yield	0.6511%	
Fair Value	36.75 €	

STOCK GRANT 5TH MAY 2022 – GENERAL RULES

	FY 2022		FY 2021	
	N. rights granted	Market Price (€)	N. rights granted	Market Price (€)
Rights at 1st January	**-**	**-**	-	-
Rights granted in the period	438,750	36.75	-	-
Upside rights	-	-	-	-
(Rights converted in the period)	-	-	-	-
(Rights cancelled in the period)	32,700	-	-	-
Rights at 31st December	**406,050**	**27.82**	**-**	**-**

I) STOCK GRANT 27TH OCTOBER 2022

The assumptions adopted in the calculation of the fair value are the following:

	ASSIGNMENT – GENERAL RULE	ASSIGNMENT – FRENCH RULE
Model used	Binomial (Cox-Ross-Rubinstein method)	
Price at grant date	24.52 €	
Threshold	- €	
Exercise Price	0.00	
Volatility	37.88%	
Risk free interest rate	2.697%	
Maturity (in years)	3	
Vesting Date	the date of approval from the Board of the project of Consolidated Financial Statement as of 12.31.24 (i.e. March 2025)	
Expected Dividend Yield	0.7636%	
Fair Value	25.45 €	

STOCK GRANT 27TH OCTOBER 2022 – GENERAL RULES

	FY 2022		FY 2021	
	N. rights granted	Market Price (€)	N. rights granted	Market Price (€)
Rights at 1st January	**-**	**-**	-	-
Rights granted in the period	89,700	24.52	-	-
Upside rights	-	-	-	-
(Rights converted in the period)	-	-	-	-
(Rights cancelled in the period)	-	-	-	-
Rights at 31st December	**89,700**	**27.82**	**-**	**-**

J) STOCK GRANT 28TH NOVEMBER 2022

The assumptions adopted in the calculation of the fair value are the following:

	ASSIGNMENT – GENERAL RULE	ASSIGNMENT – FRENCH RULE
Model used	**Binomial (Cox-Ross-Rubinstein method)**	
Price at grant date	28.02 €	
Threshold	- €	
Exercise Price	0.00	
Volatility	38.38%	
Risk free interest rate	2.830%	
Maturity (in years)	3	
Vesting Date	the date of approval from the Board of the project of Consolidated Financial Statement as of 12.31.24 (i.e. March 2025)	
Expected Dividend Yield	0.7636%	
Fair Value	27.04 €	

STOCK GRANT 28TH NOVEMBER 2022 – GENERAL RULES

	FY 2022		FY 2021	
	N. rights granted	**Market Price (€)**	**N. rights granted**	**Market Price (€)**
Rights at 1st January	**-**	**-**	-	-
Rights granted in the period	8,400	28.02	-	-
Upside rights	-	-	-	-
(Rights converted in the period)	-	-	-	-
(Rights cancelled in the period)	-	-	-	-
Rights at 31st December	**8,400**	**27.82**	**-**	**-**

SUSTAINABLE VALUE SHARING PLAN 2022-2027

The Board of Directors, based on the recommendation of the Remuneration and Appointments Committee and pursuant to Art. 84 bis, paragraph 5 of CONSOB Regulation n. 11971/99, as amended, resolved to assign a maximum of 48,000 rights under the Sustainable Value Sharing Plan 2022-2027, reserved for the Chief Executive Officer, as described in the Information Document approved during the Shareholders' Meeting held on 22nd April 2022.

The Plan is an incentive tool which involves two separate phases, the second of which is dependent on the first ("Phase A" and "Phase B"). Phase A: beginning in 2022 the MBO Bonus payable to the beneficiary under the MBO Plan of the prior year (and, therefore, including 2021) will not be paid and the MBO bonus will be substituted with a certain number of rights (the "Co-Investment Rights") as a result of which the CEO will receive shares at the end of the Phase B vesting period indicated below or prior to this deadline if Phase B fails to vest. Phase B: if, in a specific year, the Beneficiary receives the Co-Investment Rights as per the above, the Beneficiary will receive other share-based incentives, namely the matching rights that the Company may assign if certain performance targets connected

to the Group's value creation and sustainable success, are achieved.
Under the Sustainable Value Sharing Plan 2022-2027, 2022-2024 cycle, reserved for the CEO/GM, the conversion of the MBO bonus matured resulted in the assignment of 24,000 co-investment rights and 24,000 matched rights.

The following assumptions were used to determine the fair value:

	PHASE A	PHASE B
Valuation Model	**Binomial (Cox-Ross-Rubinstein method)**	**Binomial (Cox-Ross-Rubinstein method)**
FV	31.61 €	21.55 €
KPI	-	ESG/TSR
Exercise price	0.00	
Volatility (3 years)	35.28%	35.28%
Risk-free interest rate	1.292%	1.292%
Vesting (in years)	3	3
Vesting date	3 months after the Board approves the draft Consolidated Financial Statements as at 12.31.24 (i.e., June 2025)	3 months after the Board approves the draft Consolidated Financial Statements as at 12.31.24 (i.e., June 2025)
Expected dividend yield	0.6511%	0.6511%

31TH MAY 2022 – GENERAL RULES

	FY 2022		FY 2021	
	N. rights granted	**Market Price (€)**	**N. rights granted**	**Market Price (€)**
Rights at 1st January	**-**	**-**	-	-
Rights granted in the period	48,000	35.00	-	-
Upside rights	-	-	-	-
(Rights converted in the period)	-	-	-	-
(Rights cancelled in the period)	-	-	-	-
Rights at 31st December	**48,000**	**27.82**	**-**	**-**

RESIDUAL LIFE OF AWARDED STOCK GRANTS

RIGHTS ASSIGNED UP TO 12/31/2022

		VESTING				EXERCISE	
Plans	Assignment date	< 1 year	1-5 years	5-10 years	Total	N. of rights	Average expiring date
New Performance Stock Grant 2014 – 2021	04/27/2017					*83,055*	*0 years* [1]
	of which General Rules					*83,055*	*0 years*
	of which French Rules					-	-
	05/02/2018					*505,055*	*1 year*
	of which General Rules					*50,.055*	*1 year*
	of which French Rules					-	*1 year*
	10/30/2018					*29,950*	*1 year*
	of which General Rules					*29,950*	*1 year*
	of which French Rules					-	*1 year*
Stock Grant Plan 2019 - 2015	07/30/2020	391,367			391,367		
	10/30/2020	84,150			84,150		
	05/03/2021		331,233		331,233		
	10/28/2021		45,800		45,800		
	12/17/2021		1,000		1,000		
	05/05/2022		406,050		406,050		
	10/27/2022		89,700		89,700		
	11/28/2022		8,400		8,400		
Sustainable Value Sharing Plan 2022-2027	05/31/2022		48,000		48,000		
	Total	**475,517**	**930,183**		**1,405,700**	**618,060**	

[1] For the Chief Executive Officer / General Manager and Managers with Strategic Responsibilities, at the end of the vesting period, the plan provides for a lock-up period of a further year with reference to 30% of the vested shares.

The figurative cost of the stock grants for the period is €13,069 thousand.

36. DISCONTINUED OPERATIONS

In the fourth quarter of 2021 the wind-down of the Elite Hearing LLC's business ("Elite") in the United States was completed and the Group exited the wholesale business as resolved by the Board of Directors on 29 July 2021. In accordance with IFRS 5, in this report the income statement figures for Elite are recognized among the non-recurring items in the line "Profit (loss) from Discontinued Operations net of the tax effect" in the comparison period.

37. SUBSIDIARIES WITH RELEVANT MINORITY INTERESTS, JOINT VENTURES AND ASSOCIATE COMPANIES

The following table shows the main income statement and statement of financial position figures of the subsidiaries with relevant minority interests (as a reference please consider the annex regarding the consolidation area). The figures are shown before intragroup eliminations.

(€ thousands)	12/31/2022	12/31/2021
Non-current assets	11,634	11,941
Current assets	6,509	5,874
Non-current liabilities	1,061	1,166
Current liabilities	5,084	4,342
Revenues	13,819	8,828
Net profit (loss) for the year	638	(8)
Dividends paid to minorities	236	118
Net financial positions	3,369	1,829
Cash flows	658	1,060

The income statement and statement of financial position highlights of the Dutch joint venture Comfoor BV, accounted for using the equity method, are provided below. The company is active in the hearing protection sector.

(€ thousands)	12/31/2022	12/31/2021
Non-current assets	722	964
Current assets	5,320	4,892
Non-current liabilities	293	329
Current liabilities	1,604	1,315
Revenues	10,775	8,483
Amortization, depreciation and impairment	(476)	(499)
Interest income and expenses	(13)	(12)
Net profit (loss)	612	240
Net financial position	1,506	1,573
Cash flows	(68)	246

A reconciliation of the economic-financial figures with the carrying amount of the equity investment in the joint venture recognized in the consolidated financial statements is provided below:

(€ thousands)	12/31/2022	12/31/2021
Net equity of joint ventures	4,145	4,213
% held	50%	50%
Book value	2,072	2,106

38. NON-RECURRING SIGNIFICANT EVENTS

The table below shows the impact of the non-recurring transactions referred to in the statements above, which relate to four main streams:

- the costs relating to the Bay Audio Pty. acquisition which was finalized on 1 October 2021;
- the costs relating to the second phase of the GAES integration;
- the costs relating to the charitable donation to the UNHCR for the Ukraine emergency.

(thousands)		FY 2022	FY 2021
Operating Costs	Costs related to Bay Audio acquisition	(2,780)	(7,372)
	Costs related to second phase of the GAES integration	(2,804)	(5,337)
	Costs related to the charitable donation to the UNHCR for the Ukraine emergency.	(1,000)	-
	Costs related to the project to redefine the corporate structure of Amplifon S.p.A.	-	(1,741)
Gross operating Profit		**(6,584)**	**(14,450)**
Amortizazion	Accelerated amortizations of GAES non-current assets	-	(1,693)
Operating Result		**(6,584)**	**(16,143)**
Profit (loss) before tax		**(6,584)**	**(16,143)**
Tax	Impact of the above items on the tax burden for the period	1,189	4,442
Total net profit (loss) from operating activities		**(4,765)**	**(11,701)**
Net profit (loss) of discontinued activities		-	(5,755)
Total net profit (loss)		**(4,765)**	**(17,456)**

39. EARNINGS (LOSSES) PER SHARE

BASIC EPS

Basic earnings 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 treasury shares as cancellations and issues of shares respectively.

Earnings per share is determined as follows:

Earnings per share	FY 2022	FY 2021
Net profit (loss) attributable to ordinary shareholders (€ thousand)	178,525	157,785
Average number of shares outstanding in the year	224,363,318	224,823,927
Average earnings per share (€ per share)	0.79570	0.70182

DILUTED EPS

Diluted earnings per share is obtained by dividing the net income for the year attributable to ordinary shareholders of the parent company 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 cancellations and issues of shares respectively.

The 'potential ordinary share' categories refer to the possible conversion of Group employees' stock options and stock grants. 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-dilutive effects.

Weighted average diluted number of shares outstanding	FY 2022	FY 2021
Average number of shares outstanding in the year	224,363,318	224,823,927
Weighted average of potential and diluting ordinary shares	2,482,185	2,502,844
Weighted average of shares potentially subject to options in the period	226,845,503	227,326,771

The diluted earnings per share was determined as follows:

Diluted earnings per share	FY 2022	FY 2021
Net profit attributable to ordinary shareholders (€ thousands)	178,525	157,785
Average diluted number of outstanding shares	226,845,503	227,326,771
Average diluted earnings per share (€)	0.78699	0.69409

EMARKET SDIR CERTIFIED

40. 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. (42.23% of share capital and 59,27% of voting rights), held for a 100% by Amplifin S.p.A., which is 99.4% owned by Susan Carol Holland and the remaining 0.6% in treasury shares.

In accordance with CONSOB Regulation n. 17221 of 12 March 2010, on 3 November 2010, Amplifon S.p.A.'s Board of Directors, after receiving a favorable opinion from the Committee of Independent Directors, adopted the regulation relative to the procedures for and obligations inherent in related party transactions ("Regulation for Related Party Transactions"). The Regulation for Related Party Transactions was recently updated after having been approved by the Board of Directors and took effect on 1 July 2021.

Other 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.

PARENT COMPANY AND OTHER RELATED PARTIES

(€ thousands)	12/31/2022			FY 2022		
	Trade receivables	Trade payables	Other receivables	Revenues from sales and services	Operating costs	Interest income and expenses
Amplifin S.p.A.	32		708		232	13
Total – Parent Company	**32**		**708**		**232**	**13**
Comfoor BV (The Netherlands)	19	1,716		93	(1,375)	
Comfoor GmbH (Germany)						
Ruti Levinson Institute Ltd (Israel)	84					
Afik - Test Diagnosis & Hearing Aids Ltd (Israel)	210					1
Total – Associated companies	**313**	**1,716**		**93**	**(1,375)**	**1**
Total related parties	**345**	**1,716**	**708**	**93**	**(1,143)**	**14**
Total as per financial statement	**192,066**	**325,583**	**72,611**	**2,119,126**	**(1,610,243)**	**(18,725)**
% of financial statement total	**0.18%**	**0.53%**	**0.98%**	**0.00%**	**0.07%**	**-0.08%**

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

- amounts payable by Amplifin S.p.A. for the recovery of maintenance costs and condominium fees;
- amounts payable by Amplifin S.p.A. for the relative portion of costs pertaining to the restructuring of the headquarters calculated based on modern and efficient usage fees for the working spaces;
- trade receivables payable by associated companies (primarily in Israel) acting as resellers to which the Group supplies hearing aids.

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

Following the application of IFRS 16, the lease for the Milan headquarters (leased to Amplifon S.p.A by the parent company Amplifin S.p.A) recognizes a right-of-use depreciation for €1,818 thousands, an interest payable on leases for €308 thousands, a lease liabilities for €13,638 thousands, and a right-of-use asset for €12,728 thousand.

OTHER RELATED PARTIES

The total remuneration of Group Directors, members of Board of Auditors and Key Managers for the period amounted to €19,369 thousand and is made up as follows:

REMUNERATION PAID TO MEMBERS OF THE BOARD OF DIRECTORS , MEMBERS OF THE BOARD OF STATUTORY AUDITORS , THE GENERAL MANAGER AND OTHER KEY MANAGERS OF THE GROUP

First and last names	Office	Period of which the Office was help	Expiry of Office	Fixed Remuneration	Remuneration for participation in Committees
Susan Carol Holland	Chairman	01/01/2022-12/31/2022	approval of 2024 financial statements	300	-
Enrico Vita	Chief Executive Officer	01/01/2022-12/31/2022	approval of 2024 financial statements	400	-
	General Manager	Permanent		1,080	-
Maurizio Costa	Independent Director	01/01/2022-12/31/2022	approval of 2024 financial statements	62	33 (1)
Laura Donnini	Independent Director	01/01/2022-12/31/2022	approval of 2024 financial statements	62	38 (2)
Maria Patrizia Grieco	Independent Director	01/01/2022-12/31/2022	approval of 2024 financial statements	62	20 (3)
Veronica Diquattro	Independent Director	04/22/2022-12/31/2022	approval of 2024 financial statements	45	14 (3)
Lorenza Morandini	Independent Director	04/22/2022-12/31/2022	approval of 2024 financial statements	45	17 (4)
Lorenzo Pozza	Independent Director	01/01/2022-12/31/2022	approval of 2024 financial statements	62	45 (5)
Giovanni Tamburi	Director	01/01/2022-12/31/2022	approval of 2024 financial statements	62	-
Raffaella Pagani	Chair of the Board of Statutory Auditors	01/01/2022-12/31/2022	approval of 2023 financial statements	75	-
Arienti Patrizia	Standing Auditor	01/01/2022-12/31/2022	approval of 2023 financial statements	50	-
Righetti Dario	Standing Auditor	01/01/2022-12/31/2022	approval of 2023 financial statements	50	-
			Total	**2,356**	**168**
Other Key Managers with Strategic Responsibilities of the Group (12) ***(Key Managers)*** **F. Bardelli** **A. Bonacina** **R. Cattaneo** **A. Ciccolini** **F. Dal Poz** **C. Finotti** **G. Galli** **F. Morichini** **A. Muir** **I. Pazzi** **G. Pizzini** **G. Vironda**	Permanent			3,936	-
			Grand Total	**6,292**	**168**
DIRECTORS / STANDING AUDITORS WHO LEFT OFFICE IN 2021					
Andrea Casalini	Independent Director	01/01/2022-04/22/2022	approval of 2021 financial statements	17	9 (6)
Alessandro Cortesi	Independent Director	01/01/2022-04/22/2022	approval of 2021 financial statements	17	8 (4)
			Grand Total	**6,326**	**185**

(1) Remuneration as Chair of the Remuneration and Appointments Committee and for participation in the Independent Committee (Related Parties).
(2) Remuneration as Chair of the Independent Committee (Related Parties) and for participation in the Risk, Control and Sustainability Committee, and the Supervisory Body.
(3) Remuneration for participation in the Remuneration and Appointments Committee.
(4) Remuneration for participation in the Independent Committee (Related Parties) and for participation in the Risk, Control and Sustainability Committee.
(5) Remuneration as Chair of the Risk, Control and Sustainability Committee and as Chair of the Supervisory Board.
(6) Remuneration as Chair of the Independent Committee (Related Parties) and for participation in the Remuneration and Appointments Committee.

Remuneration of Group Directors, statutory auditors, and Key Managers (including of Subsidiaries):

Variable non-equity Remuneration		Non-monetary benefits	Other Remuneration	Total	Fair Value Equity Remuneration	Severance indemnities and non-competition agreements	Non-competition Agreement	GRAND TOTAL
Bonuses and other incentives	Profit Sharing							
		7	-	**307**	-	-	-	**307**
2,000 (*)	-	-	-	**2,400**	-	-	-	**2,400**
662 (**)	-	35	-	**1,778**	3,041	-	-	**4,819**
-	-	-	-	**95**	-	-	-	**95**
-	-	-	-	**100**	-	-	-	**100**
-	-	-	-	**82**	-	-	-	**82**
-	-	-	-	**59**	-	-	-	**59**
-	-	-	-	**63**	-	-	-	**63**
-	-	-	-	**107**	-	-	-	**107**
-	-	-	-	**62**	-	-	-	**62**
-	-	-	2	**77**	-	-	-	**77**
-	-	-	1	**51**	-	-	-	**51**
-	-	-	1	**51**	-	-	-	**51**
2,662	**-**	**43**	**4**	**5,232**	**3,041**	**-**		**8,273**
1,502 (***)	-	555	-	**5,992**	5,053	-	-	**11,045**
4,164	**-**	**598**	**4**	**11,225**	**8,094**	**-**		**19,319**
-		-	-	**26**				**26**
-		-	-	**24**				**24**
4,164	**-**	**598**	**4**	**11,275**	**8,094**	**-**	**-**	**19,369**

(*) Special Award 2020-2022 for the CEO. This amount was paid in 2022 following the approval by the Board of Directors of the 2021 consolidated financial statements, as it involved the payment of a cash bonus subject to the Chief Executive Officer and General Manager still being in the Group at that date.

(**) Amounts subject to variations based on data approved by the Board of Directors on 03/01/2023. This amount includes the pay-out relating to the recognition of the individual results.

(***) Amounts subject to variations based on data approved by the Board of Directors on 03/01/2023. This amount includes the pay-out relating to the recognition of the individual results. This amount includes, in addition to the amount paid as short-term variable remuneration (MBO), other bonuses paid to Key Managers whose value is equal to 264.390 €.

Below are detailed stock grants awarded to the members of Board of Directors, General Managers and Key Managers.

INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS, OTHER THAN STOCK OPTIONS, FOR THE MEMBERS OF THE BOARD OF DIRECTORS, THE GENERAL MANAGER AND MANAGERS WITH STRATEGIC RESPONSIBILITIES

			FINANCIAL INSTRUMENTS GRANTED IN PREVIOUS FINANCIAL YEARS, NOT VESTED DURING THE FINANCIAL YEAR		FINANCIAL INSTRUMENTS GRANTED DURING THE FINANCIAL YEAR				
First and last names	**Office**	**Plan**	**Number and type of financial instruments**	**Vesting Period**	**Number and type of financial instruments**	**Fair Value at grant date (euro)**	**Vesting Period**	**Grant Date**	**Market Price at grant date (euro)**
Enrico Vita	Chief Executive Officer and General Manger	Stock Grant Plan 2019-2025 (7th May 2019)	140,000	Jun - 2022 (1)	-	-	-	-	-
		Stock Grant Plan 2019-2025 (30th July 2020)	90,000	Jun - 2023 (1)	-	-	-	-	-
		Stock Grant Plan 2019-2025 (3rd May 2021)	70,000	Jun - 2024 (1)	-	-	-	-	-
		Stock Grant Plan 2019-2025 (5th May 2022)	-	-	65,000	36.75	Jun - 2025 (1)	05/05/22	36.75
		Sustainable Value Sharing Plan 2022-2027 (31th May 2022) - Coinvested Shares	-	-	24,000	31.61	Jun - 2025	31/5/2022	35.00
		Sustainable Value Sharing Plan 2022-2027 (31th May 2022) - Matched Shares	-	-	24,000	21.55	Jun - 2025	31/5/2022	35.00
		Total	300,000	-	113,000	-	-	-	-
Other Key Managers with Strategic Responsibilities of the Group (12) ***(Key Managers)*** **F. Bardelli, A. Bonacina, R. Cattaneo, A. Ciccolini, F. Dal Poz, C. Finotti, G. Galli, F. Morichini, A. Muir, I. Pazzi, G. Pizzini, G. Vironda**		Stock Grant Plan 2019-2025 (30th October 2019)	163,000	Jun - 2022 (1)	-	-	-	-	-
		Stock Grant Plan 2020-2022 (30th July 2020)	8,500	Jun - 2022 (1)	-	-	-	-	-
		Stock Grant Plan 2020-2022 (30th October 2020)	164,000	Jun - 2023 (1)	-	-	-	-	-
		Stock Grant Plan 2019-2025 (3rd May 2021)	24,000	Jun - 2023 (1)	-	-	-	-	-
		Stock Grant Plan 2019-2025 (5th May 2022)	122,500	Jun - 2024 (1)	-	-	-	-	-
		Stock Grant Plan 2019-2025 (5th Maggio 2022)	-	-	155,000	36.75	Jun - 2025 (1)	05/05/22	36.75
Total			**482,000**	**-**	**155,000**	**-**	**-**	**-**	**-**
Grand Total			**782,000**	**-**	**268,000**	**-**	**-**	**-**	**-**

(1) For the Chief Executive Officer/General Manager and Managers with Strategic Responsibilities, at the end of the vesting period, the plan provides for a lock-up period of a further year with reference to 30% of the vested shares.

FINANCIAL INSTRUMENTS VESTED DURING THE FINANCIAL YEAR AND NOT AWARDED	FINANCIAL INSTRUMENTS VESTED DURING THE FINANCIAL YEAR AND ASSIGNABLE		FINANCIAL INSTRUMENTS ACCRUED FOR THE FINANCIAL YEAR
Number and type of financial instruments	Number and type of financial instruments	Value at the date of Vesting	Fair value (thousands of euro)
-	210,000	32,44	1,185
-	-	-	675
-	-	-	662
-	-	-	427
-	-	-	
-	-	-	93
-	210,000	-	3,041
-	244,500	32,44	1,379
-	8,500	32,44	27
-	-	-	1,229
-	-	-	241
-	-	-	1,158
-	-	-	1,019
-	**253,000**	**-**	**5,053**
-	**463,000**	**-**	**8,094**

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41. GUARANTEES PROVIDED, COMMITMENTS, AND CONTINGENT LIABILITIES

GUARANTEES PROVIDED TO THIRD PARTIES

This comprised the following as at 31 December 2022:

(€ thousands)	12/31/2022	12/31/2021
Guarantees provided to third parties	46,241	46,085
Total	**46,241**	**46,085**

Regarding the guarantees relating to financial liabilities recognized in the consolidated financial statements, only the amount of the guarantee in excess of the liability recognized in the financial statements is shown, in addition to the interest not yet paid (if applicable).

The guarantees provided refer mainly to:

- the guarantee issued to the subscribers of the 2013-2025 private placements issued by Amplifon USA of €11,839 thousand (the private placement was repaid in advance on 31 January 2023);
- sureties issued in favor of third parties for leases amounting to €12,211 thousand;
- miscellaneous guarantees, totaling €22,192 thousand, which include letters of patronage issued on behalf of subsidiaries to third parties.

COMMITMENTS

As at 31 December 2022 no commitments are recognized in the consolidated financial statements.

CONTINGENT LIABILITIES

Currently the Group is not exposed to any particular risks, uncertainties or legal disputes which exceed the provisions already made in the financial statements. The usual periodic tax audits will continue, but to date no particular findings have emerged and, at any rate, the Group is confident in the correctness of its actions.

42. TRANSACTIONS ARISING FROM ATYPICAL/UNUSUAL TRANSACTIONS

Pursuant to Consob Communication of 28 July 2006, it should be noted that during 2022 the Group carried out no atypical and/or unusual transactions, as defined by the Communication.

43. FINANCIAL RISK MANAGEMENT

With a view to structured management of treasury activities and financial risks, the Group had already adopted a Treasury Policy in 2012 which contains guidelines for the management of:

- currency risk
- interest rate risk
- credit risk
- price risk
- liquidity risk.

This policy is updated periodically in order to guarantee proactive risk management.

CURRENCY RISK

Currency Risk includes the following types of risk:

- foreign exchange transaction risk, that is the risk that the value of a financial asset or liability, a forecasted transaction or a firm commitment, fluctuates due to changes in exchange rates;
- foreign exchange translation risk, that is the risk that the translation of the assets, liabilities, costs and revenues relating to net investment in a foreign operation into the reporting currency gives rise to an exchange gain or loss.

The Amplifon Group's foreign exchange transaction risk relates to:

- the currency risk stemming from the role as "purchasing center" for the whole Group which involves the direct management of the purchase of hearing aids and accessories, along with the resale to the subsidiaries. The purchases from suppliers are generally made in the same currency used in the subsidiaries' invoices with payment terms that are similar to those negotiated with the suppliers which limits the exchange risk to the transfer pricing applied to subsidiaries;
- other transactions in which the purchase costs or sales revenue are denominated in currencies other than the local currency as is the case in a few countries of lesser importance (Israel, Canada and the Central and South American subsidiaries), where the purchasing costs are incurred in Euros and US dollars;
- other intercompany transactions (medium/long-term and short-term loans, charge backs based on intercompany service agreements, other centralized, intercompany dividends, etc) which result in currency risk for the companies operating in currencies other than that of the intercompany transaction;
- the period between the signing and closing of any commitments to purchase equity interests.

Foreign exchange translation risk arises from investments in the United States and Canada, the United Kingdom, Switzerland, Hungary, Poland, Israel, Australia, New Zealand, India, China, Chile, Argentina, Ecuador, Colombia, Panama, Mexico, and Egypt.

EMARKET SDIR CERTIFIED

GROUP STRATEGY:

FOREIGN EXCHANGE TRANSACTION RISK

The Group's strategy aims to minimize the impact of currency volatility on the income statement and calls for risks stemming from significant positions in currencies other than the currency used in the financial statements of each company to be hedged.

Any exposures to exchange risks stemming from financial transactions are hedged using derivatives. These derivatives are typically used to hedge exchange risk relative to: (i) bonds issued in US dollars by Amplifon S.p.A. and subscribed by Amplifon USA Inc, and (ii) an intercompany loan granted by Amplifon S.p.A. to the Australian subsidiary Bay Audio Pty Ltd.

With regard to operational transactions, including those stemming from the Parent Company's Global Procurement activities, the intercompany services provided and cash-pooling, when possible, the risk is covered by using a natural hedge which aims to balance active and passive positions for each company by maintaining currency deposits which can be used to cover any differences. Any risk exposure linked to differences in assets and liabilities that cannot be managed using bank deposits in foreign currency will be adequately hedged using instruments that have already been identified.

The loans between the Australian and New Zealand companies and between the American and Canadian companies are considered equity investments insofar as the loans are non-interest-bearing and not expected to be repaid. The impact of exchange differences is recognized directly in the translation reserve at equity without passing through the income statement.

The risks arising from other intercompany transactions worth less than €1 million (or the equivalent if denominated in another currency) are not hedged as the amounts are not material.

FOREIGN EXCHANGE TRANSLATION RISK

The foreign exchange translation risk, in accordance with the Group Treasury Policy, is not hedged.
Overall, the impact of the foreign exchange translation risk can be seen in the Group's Euro denominated EBITDA which was around €10 million higher than the Group's total EBITDA.
The Argentinian subsidiary operates in a high-inflation country but, as the size of the subsidiary is immaterial, the impact on the Group is not significant.

INTEREST RATE RISK

Interest rate risk involves the following situations:

- fair value risk, namely the risk that the value of a fixed rate financial asset or liability changes due to fluctuations in market interest rates;
- cash flow risk, namely the risk that the future cash flows of a floating rate financial asset or liability fluctuate due to changes in market interest rates.

In the Amplifon Group fair value risk arises on the issue of fixed rate bonds (private placement and Eurobonds). The cash flow risk derives from floating rate bank loans.
The Group's strategy is to minimize cash flow risk, especially with respect to long-term exposures, through a balanced mix of fixed- and floating-rate loans and assessing whether to switch floating-rate borrowings to fixed-rate when each loan is taken out, as well as over the life of the loans including in light of the current market rates. In any event, at least 50% of the debt must be hedged against interest rate risk. At 31 December 2022, the Group's medium/long- term debt stems for €568.5 million from floating rate bank loans, €391.3 million of which had been swapped to fixed rate debt at the date of this report.

The capital market issues (US private placements and Eurobonds) are fixed rate.

CREDIT RISK

Credit risk is the risk that the issuer of a financial instrument defaults on its obligations resulting in a financial loss for the investor.

In the Amplifon Group credit risk arises from:

(i) sales made as part of ordinary business operations;
(ii) the use of financial instruments that require settlement of positions with other counterparties;
(iii) the loans granted to members of the indirect channel and commercial partners in the United States for investments and business development.

With regard to the risk (i) above, the only positions with a high unit value are amounts due from Italian public-sector entities for which the risk of insolvency, while it exists, is remote and further mitigated by the fact that each quarter they are factored without recourse by specialized factoring companies. Conversely, there is credit risk associated with the sales to private individuals based on instalment payment plans and arising from sales to US indirect channel operators (franchisees). This credit risk, however, is spread out over a number of partners and the amount owed by any single individual is limited. The largest of these amounts does not exceed a few million US dollars.
Due to typical business risks, some may not be able to honor their debts. This would result in higher working capital and credit losses. While each subsidiary is responsible for collection of receivables, the Group, through its Corporate functions, has set up a centralized system of monthly reporting relative to trade receivables in order to monitor the composition and due dates for each country, and shares credit recovery initiatives and commercial policies with local management. Payment options like installment plans or loans (with terms limited to a few months) are offered to private customers, the majority of which do, however, use cash. These are managed by external finance companies which advance the whole amount of the sale to Amplifon, while the situation of the indirect channel in the US is closely monitored by local management.

The risk referred to in (ii) above, notwithstanding the inevitable uncertainties linked to sudden and unforeseeable counterparty default, is managed by making diversified investments with the main national and international investment grade financial institutions and through the use of specific counterparty limits with regard to both liquidities invested and/or deposited and to the notional amount of the derivatives. The counterparty limits are determined based on the short-term ratings of each counterparty or, if a public rating is not available, on capital ratios (Tier 1).

The risk referred to in (iii) above refers to receivables that are typically guaranteed personally by the loan beneficiaries and repayments are generally made when the invoices for the purchases of hearing aids are paid.

PRICE RISK

This arises from the possibility that the value of a financial asset or liability may change due to fluctuations in market prices (other than those caused by currency or interest-rate fluctuations) due to both characteristics specific to the financial asset or liability or the issuer of the financial liability, as well as changes related to market factors. This risk is typical of financial assets not listed on an active market, which may not be easy to liquidate quickly at a level close to their fair value. The Amplifon Group does not have investments in these kinds of instruments and, therefore, this risk currently does not exist.

LIQUIDITY RISK

Liquidity Risk typically arises when an entity is experiencing difficulty finding sufficient funds to meet its obligations and includes the risk that the counterparties that have granted loans and/or lines of credit may request repayment.

At the end of the year, available short-term credit lines amounted to €199 million of which €10 million utilized, while the irrevocable credit lines amounted to €255 million and have not been utilized. The debt is primarily long-term.

HEDGING INSTRUMENTS

In accordance with company strategy, hedging instruments are used by the Group exclusively to mitigate interest rate and currency risk and consist solely in financial derivatives. In order to maximize the effectiveness of these hedges the Group's strategy calls for:

- large counterparties with excellent credit standing and transactions which fall within the limits determined in the treasury policy in order to minimize counterparty risk;
- the use of instruments which match, to the extent possible, the characteristics of the risk hedged;
- monitoring of the adequacy of the instruments used in order to check and, possibly, optimize the structure of the instruments used to achieve the purposes of the hedge.

The Group's Treasury Policy also defines the rigorous criteria to be used when selecting counterparties.

The derivatives used by the Group are generally plain vanilla financial instruments. More in detail, the types of derivatives used include:

- cross currency swaps;
- foreign exchange forwards.

On initial recognition these instruments are measured at fair value. At subsequent reporting dates the fair value of derivatives must be re-measured and:

(i) if these instruments fail to qualify for hedge accounting, any changes in fair value that occur after initial recognition are taken to profit and loss;
(ii) if these instruments subsequently qualify as fair value hedges, from that date any changes in the fair value of the derivative are taken to profit and loss; at the same time,

any fair value changes due to the hedged risk are recorded as an adjustment to the book value of the hedged item and the same amount is recorded in profit and loss; any ineffectiveness of the hedge is taken to profit and loss;

(iii) if these instruments qualify as cash flow hedges, from that date any changes in the fair value of the derivative are taken to net equity; changes in the fair value of the derivative that are recognized in net equity are subsequently reclassified in the income statement in the period in which the hedged transaction affects profit and loss; when the object of the hedge is the purchase of a non-financial asset, changes to the fair value of the derivative taken to net equity are reclassified to adjust the purchase cost of the asset hedged (basis adjustment); any ineffectiveness of the hedge is recognized in profit and loss.

The Group's hedging strategy is reflected in the accounts as described above as of the moment the following conditions are satisfied:

- the hedging relationship, its purpose and the overall strategy are formally defined and documented; the documentation includes the identification of the hedging instrument, the hedged item, the nature of the risk to be neutralized and the procedures whereby the entity will assess the effectiveness of the hedge;
- the effectiveness of the hedge may be reliably assessed and there is a reasonable expectation, confirmed by evidence, that the hedge will be highly effective for the period in which the hedged risk exists;
- the hedged risk relates to changes in cash flow connected to a future transaction, the latter is highly probable and entails exposure to changes in cash flow which could affect profit and loss.

Derivatives are recognized as assets if their fair value is positive and as liabilities if their fair value is negative. These balances are shown under current assets or liabilities if related to derivatives which do not qualify for hedge accounting, conversely, they are classified consistently with the hedged item.
In detail, if the hedged item is classified as a current asset or liability, the positive or negative fair value of the hedging instrument is included under current assets or liabilities; if the hedged item is classified as a non-current asset or liability, the positive or negative fair value of the hedging instrument is included under non-current assets or liabilities.

The Group does not have any net investment hedges.

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44. TRANSLATION OF FOREIGN COMPANIES' FINANCIAL STATEMENTS

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

	12/31/2022		12/31/2021	
	Average exchange rate	Year-end exchange rate	Average exchange rate	Year-end exchange rate
Panamanian balboa	1.0530	1.0660	1.1827	1.1326
Australian dollar	1.5167	1.5693	1.5749	1.5615
Canadian dollar	1.3695	1.4440	1.4826	1.4393
New Zealand dollar	1.6582	1.6798	1.6724	1.6579
Singapore dollar	1.4512	1.4300	1.5891	1.5279
US dollar	1.0530	1.0666	1.1827	1.1326
Hungarian florin	391.29	400.87	358.52	369.19
Swiss franc	1.0047	0.9847	1.0811	1.0331
Egyptian lira	20.1636	26.3990	18.568	17.801
New Israeli shekel	3.5345	3.7554	3.8208	3.5159
Argentinian peso (*)	188.5033	188.5033	116.3622	116.3622
Chilean peso	917.83	913.82	898.39	964.35
Colombian peso	4473.28	5172.47	4.429.48	4.598.68
Mexican peso	21.1869	20.8560	23.9852	23.1438
Brazilian real	5.4399	5.6386	6.3779	6.3101
Chinese renminbi	7.0788	7.3582	7.6282	7.1947
Indian rupee	82.6864	88.1710	87.4392	84.2292
British pound	0.8528	0.8869	0.8596	0.8403
Polish zloty	4.6861	4.6808	4.5652	4.5969

(*) Argentina is a high-inflation country; therefore, pursuant to IAS 29, the items recognized in the income statement were converted based on the exchange rate at the end of the reporting period.
The average exchange rate of the Argentine peso at 31 December 2022 was 136.7767 and 112.4215 at 31 December 2021.

45. SEGMENT INFORMATION

In accordance with IFRS 8 "Operating Segments", the schedules relative to each operating segment are shown below.

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

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

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

Performances are monitored and measured for each operating segment/geographical segment, through operating profit including amortization and depreciation (EBIT), along with the portion of the results of equity investments in associated companies valued 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 segment without being separated from the corporate functions which remain part of EMEA. All the information relating to the income statement and the statement of financial position is determined using the same criteria and accounting standards used to prepare the consolidated financial statements.

EMARKET SDIR CERTIFIED

INCOME STATEMENT – FY 2022 (*)

(€ thousands)	EMEA	AMERICAS	APAC	CORPORATE	ELIM.	CONSOLIDATED
Revenues from sales and services	1,417,163	381,294	320,146	523	-	2,119,126
Operating costs	(1,012,216)	(281,792)	(239,229)	(77,006)	-	(1,610,243)
Other income and costs	7,758	872	215	981	-	9,826
Gross operating profit by segment (EBITDA)	**412,705**	**100,374**	**81,132**	**(75,502)**	**-**	**518,709**
Amortization, depreciation and impairment						
Intangible assets amortization	(37,719)	(10,474)	(15,676)	(16,216)	-	(80,085)
Property, plant, and equipment depreciation	(34,432)	(4,805)	(9,133)	(2,761)	-	(51,131)
Right-of-use depreciation	(75,620)	(8,142)	(22,465)	(2,264)	-	(108,491)
Impairment losses and reversals of non-current assets	(295)	64	(20)	(82)	-	(333)
	(148,066)	**(23,357)**	**(47,294)**	**(21,323)**	**-**	**(240,040)**
Operating result by segment	**264,639**	**77,017**	**33,838**	**(96,825)**	**-**	**278,669**
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	309	-	-	-	-	309
Other income and expenses, impairment and revaluations of financial assets						-
Interest income and expenses						(18,725)
Interest expenses on lease liabilities						(11,366)
Other financial income and expenses						(2,390)
Exchange gains and losses, and inflation accounting						(2,716)
Gain (loss) on assets accounted at fair value						(45)
						(34,933)
Net profit (loss) before tax						**243,736**
Current and deferred income tax						
Current income tax						(66,905)
Deferred tax						1,949
						(64,956)
Profit (loss) from continuing operations						**178,780**
Profit (loss) from discontinued operations						-
Net profit (loss)						**178,780**
Net profit (loss) attributable to Minority interests						255
Net profit (loss) attributable to the Group						**178,525**

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

INCOME STATEMENT – FY 2021 (*)

(€ thousands)	EMEA	AMERICAS	APAC	CORPORATE	ELIM.	CONSOLIDATED
Revenues from sales and services	1,389,640	306,709	251,726	-	-	1,948,075
Operating costs	(991,869)	(225,717)	(179,757)	(87,368)	-	(1,484,711)
Other income and costs	4,833	(619)	(432)	1,180	-	4,962
Gross operating profit by segment (EBITDA)	**402,604**	**80,373**	**71,537**	**(86,188)**	**-**	**468,326**
Amortization, depreciation and impairment						
Intangible assets amortization	(38,823)	(10,140)	(12,358)	(13,385)	-	(74,706)
Property, plant, and equipment depreciation	(35,486)	(3,250)	(7,580)	(2,233)	-	(48,549)
Right-of-use depreciation	(73,243)	(6,467)	(15,028)	(1,506)	-	(96,244)
Impairment losses and reversals of non-current assets	(1,924)	(229)	(47)	(627)	-	(2,827)
	(149,476)	**(20,086)**	**(35,013)**	**(17,751)**	**-**	**(222,326)**
Operating result by segment	**253,129**	**60,287**	**36,524**	**(103,939)**	**-**	**246,000**
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 (**)	1,694	-	-	-	-	1,694
Other income and expenses, impairment and revaluations of financial assets (**)						-
Interest income and expenses						(17,117)
Interest expenses on lease liabilities						(10,362)
Other financial income and expenses (**)						(1,766)
Exchange gains and losses, and inflation accounting (**)						600
Gain (loss) on assets accounted at fair value (**)						4,311
						(22,640)
Net profit (loss) before tax						**223,360**
Current and deferred income tax						
Current income tax						(63,438)
Deferred tax						3,676
						(59,762)
Profit (loss) from continuing operations						**163,598**
Profit (loss) from discontinued operations						(5,755)
Net profit (loss)						**157,843**
Net profit (loss) attributable to Minority interests						58
Net profit (loss) attributable to the Group						**157,785**

(*) The figures of the operating segments are net of the intercompany eliminations.
(**) It is specified that, on the comparative period 2021, reclassifications between "Financial income, expenses and value adjustments to financial assets" have been made in order to better represent financial information. For a detail of reclassifications made see Note n.33.

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31ST, 2022 (*)

(€ thousands)	EMEA	AMERICAS	APAC	ELIM.	CONSOLIDATED
ASSETS					
Non-current assets					
Goodwill	921,163	213,816	619,049	-	1,754,028
Intangible fixed assets with finite useful life	298,642	53,903	67,553	-	420,098
Property, plant, and equipment depreciation	136,721	21,006	35,688	-	193,415
Right-of-use assets	366,243	34,242	51,262	-	451,747
Equity-accounted investments	2,093	-	-	-	2,093
Hedging instruments	25,850	-	-	-	25,850
Deferred tax assets	60,867	10,206	10,707	-	81,780
Deferred contract costs	9,841	1,206	84	-	11,131
Other assets	30,361	10,494	1,615	-	42,470
Total non-current assets					**2,982,612**
Current assets					
Inventories	60,417	5,781	10,060	-	76,258
Receivables	270,798	54,107	33,985	(94,213)	264,677
Deferred contract costs	4,437	744	81	-	5,262
Hedging instruments	17,016	-	-	-	17,016
Other financial assets					49,986
Cash and cash equivalents					179,654
Total current assets					**592,853**
TOTAL ASSETS					**3,575,465**
LIABILITIES					
Net Equity					**1,040,350**
Non-current liabilities					
Medium/long-term financial liabilities					798,940
Lease liabilities	304,182	28,995	35,713	-	368,890
Provisions for risks and charges	17,712	787	1,445	-	19,944
Liabilities for employees' benefits	8,023	203	714	-	8,940
Hedging instruments	-	-	-	-	-
Deferred tax liabilities	61,419	26,053	19,211	-	106,683
Payables for business acquisitions	3,209	2,496	-	-	5,705
Contract liabilities	136,574	14,744	2,295	-	153,613
Other long-term liabilities	15,149	974	-	-	16,123
Total non-current liabilities					**1,478,838**
Current assets					
Trade payables	310,412	68,611	40,574	(94,014)	325,583
Payables for business acquisitions	7,585	17,016	-	-	24,601
Contract liabilities	91,613	15,034	8,210	-	114,857
Other payables and tax payables	192,769	19,919	30,092	(199)	242,581
Hedging instruments	-	-	-	-	-
Provisions for risks and charges	975	688	-	-	1,663
Liabilities for employees' benefits	789	393	2,434	-	3,616
Short-term financial liabilities					243,661
Lease liabilities	73,798	7,827	18,090	-	99,715
Total current liabilities					**1,056,277**
TOTAL LIABILITIES					**3,575,465**

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

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31ST, 2021 (*)

(€ thousands)	EMEA	AMERICAS	APAC	ELIM.	CONSOLIDATED
ASSETS					
Non-current assets					
Goodwill	894,227	166,694	620,549	-	1,681,470
Intangible fixed assets with finite useful life	288,292	46,912	79,327	-	414,531
Property, plant, and equipment depreciation	140,362	13,836	32,647	-	186,845
Right-of-use assets	360,625	23,100	53,652	-	437,377
Equity-accounted investments	2,133	-	-	-	2,133
Hedging instruments	10,983	-	-	-	10,983
Deferred tax assets	67,388	6,796	11,001	-	85,185
Deferred contract costs	8,434	924	94	-	9,452
Other assets	31,031	8,838	904	-	40,773
Total non-current assets					**2,868,749**
Current assets					
Inventories	49,896	5,557	7,117	-	62,570
Receivables	246,764	47,114	25,615	(59,258)	260,235
Deferred contract costs	4,591	529	67	-	5,187
Hedging instruments	168	-	-	-	168
Other financial assets					49,836
Cash and cash equivalents					268,546
Total current assets					**646,542**
TOTAL ASSETS					**3,515,291**
LIABILITIES					
Net Equity					**927,281**
Non-current liabilities					
Medium/long-term financial liabilities					1,010,585
Lease liabilities	295,011	19,056	39,200	-	353,267
Provisions for risks and charges	21,292	6,369	1,418	-	29,079
Liabilities for employees' benefits	19,623	375	764	-	20,762
Hedging instruments	2,531	-	-	-	2,531
Deferred tax liabilities	65,339	19,607	20,245	-	105,191
Payables for business acquisitions	7,193	12,378	-	-	19,571
Contract liabilities	131,010	11,688	1,716	-	144,414
Other long-term liabilities	15,620	698	-	-	16,318
Total non-current liabilities					**1,701,718**
Current assets					
Trade payables	210,435	42,938	26,098	(36,964)	242,507
Payables for business acquisitions	7,271	5,357	39	-	12,667
Contract liabilities	88,400	10,849	8,165	-	107,414
Other payables and tax payables	200,682	58,446	29,180	(22,296)	266,012
Hedging instruments	552	-	-	-	552
Provisions for risks and charges	2,804	478	-	-	3,282
Liabilities for employees' benefits	1,557	127	2,397	-	4,081
Short-term financial liabilities					151,112
Lease liabilities	74,504	6,440	17,721	-	98,665
Total current liabilities					**886,292**
TOTAL LIABILITIES					**3,515,291**

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

46. ACCOUNTING POLICIES

46.1. PRESENTATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements as at December 31, 2022 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.

46.2. 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;
- Impact of changes to agreements following the renegotiation of long-term financial liabilities valued using the market rate updated at the time of the negotiation when and if market rates are applied;

- 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 based on the IRS (reference interbank rate used as an index for fixed-rate mortgage loans) in the individual countries in which Amplifon Group companies operate, for maturities commensurate with the duration of the specific rental contract, plus the Parent Company's credit spread and any costs for additional guarantees. In the rare instances when the IRS rate is not available (Egypt, Ecuador, Mexico and Panama), the risk-free rate was determined based on government bonds with maturities similar to the duration of the specific rental 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.
The impairment test is conducted for the groups of cash generating units to which the goodwill refers and based on which the Group values, directly or indirectly, the return on the investment that includes the goodwill.

46.3. IFRS STANDARDS/INTERPRETATIONS

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

Description	Endorsement date	Publication in the G.U.C.E.	Effective date	Effective date for Amplifon
Changes to: ■ IFRS 3 *Business Combinations* ■ IAS 16 *Property, Plant and Equipment* ■ IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* ■ *Annual Improvements* 2018-2020 (issued on May 14 2020)	28 Jun '21	2 Jul '21	1 Jan '22	1 Jan '22

- Amendments to IFRS 3 "Reference to the Conceptual Framework" in order to: (i) complete the update of the references to the Conceptual Framework for Financial Reporting in the accounting standard; (ii) provide clarification relative to the recognition, through the acquisition date, of provisions, potential liabilities, tax liabilities (i.e. levies) recognized as part of a business combination; (iii) state expressly that potential assets cannot be recognized in a business combination.
- Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use", which indicate that proceeds from selling items produced by an asset before the asset is ready for the use it was intended are recognized in the income statement along with the relative production costs.
- Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract" which clarify how to assess whether or not a contract is onerous;
- "Annual Improvements to IFRS Standards 2018 – 2020" contain amendments to the accounting standards which are largely technical and relate to presentation.

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

The IFRS Standards/ interpretations approved by the IASB and endorsed in Europe which take effect after 31 December 2022 are shown below:

Description	Endorsement date	Publication in the G.U.C.E.	Expected effective date	Effective date for Amplifon
Amendment to IAS 1 *"Presentation of Financial Statements"* & *IFRS Practice Statement 2: Disclosure of Accounting Policies* (issued on 12 February 2021)	2 March '22	3 March '22	1 Jan '23	1 Jan '23
IFRS 17 *"Insurance Contracts"* (issued on 18 May 2017); including amendments to IFRS 17 (issued on 25 June 2020)	19 Nov '21	23 Nov '21	1 Jan '23	1 Jan '23
Amendment to IFRS 17 *"Insurance contracts"* and *IFRS 9* (issued on 9 December 2021)	8 Sep '22	9 Sep '22	1 Jan '23	1 Jan '23
Amendment to IAS 12 *"Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (issued on 7 May 2021)	11 Aug '22	12 Aug '22	1 Jan '23	1 Jan '23
Amendment to IAS 8 "Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates" (issued on 12 February 2021)	2 March 2022	3 March 2022	1 Jan '23	1 Jan '23

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

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

Amendments to IAS 12 "Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction" calls for exceptions to the *"initial recognition exemption"* provided in IAS 12.25 (b) and IAS 12.24. The provision impacts the calculation of the tax liability recorded upon "*initial recognition*".

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

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

46.4. FUTURE ACCOUNTING STANDARDS AND INTERPRETATIONS

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

The following are the international accounting standards, interpretations, amendments to existing accounting standards and interpretations, or specific provisions contained in the standards and interpretations approved by the IASB which, at 31 December 2022, have yet to be endorsed for adoption in Europe.

Description	Expected effective date
Amendments to IAS 1: *"Presentation of Financial Statements – Classification of liabilities as current or non-current" and "Classification of Liabilities as Current or Non-current - Deferral of Effective Date" and "Non-current Liabilities with Covenants"* (issued on 23 January 2020, 15 July 2020, and 21 October 2022, respectively)	Periods beginning on or after 1 Jan '24
Amendments to IFRS 16 *"Leases: Lease Liability in a Sale and Leaseback"* (issued on September 22 2022)	Periods beginning on or after 1 Jan '24

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

IFRS 16 amendments are related to the definitions of liabilities derived from lease back and the accounting of eventual gains or losses from the previously described operation.

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

46.5. SUBSIDIARIES

The consolidation area includes companies which are controlled by the Group. Control is defined as the power to influence the financial and operating policies of a company. The existence of control over a company is determined on the basis of: (i) voting rights, including potential ones, that the Group is entitled to and by virtue of which the Group may exercise a majority of the votes that can be cast at ordinary Shareholders' meetings; (ii) the content of possible agreements between shareholders or the existence of specific clauses in the entity's by-laws which grant the Group the power to manage the company; (iii) control by the Group of a sufficient number of votes to exercise de facto control at ordinary Shareholders' meetings of the company.

Income statement items are included in the consolidated financial statements starting from the date control is acquired and up to the date such control ceases. All payables and receivables, as well as the revenue and expense items deriving from transactions between companies included in the consolidation are eliminated entirely; capital gains and losses deriving from transfers of assets between consolidated companies are also eliminated, as are the profits and losses arising from transfers of assets between consolidated companies that come to form inventories of the acquiring company, write-downs and reversals of holdings in consolidated companies, and intragroup dividends. Assets, liabilities, costs and revenues of subsidiaries are recorded in full, allocating to minority shareholders their share of net equity and of the net result.

The financial statements of subsidiaries are adjusted in order to make the measurement criteria consistent with those adopted by the Group.

The closing dates of subsidiaries are aligned with that of the parent company; where this is not the case, the subsidiaries prepare appropriate financial statements for consolidation purposes.

46.6. JOINTLY CONTROLLED COMPANIES

A joint control arrangement is an agreement based on which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

There are two types of joint control arrangements: joint operations and joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. These parties are referred to as joint operators.
With reference to investment in a joint operation, each part has to relocate:

- Own assets, included share of jointly owned assets;
- Own liabilities, included share of jointly owned liabilities;
- Revenues from sales of own production share arises from joint operation activity;
- Share of revenues from the production sale deriving from the jointly controlled activity;
- Own costs, included parts of costs sustained with the other part.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.
In consolidated financial statements investment in joint venture are valuated with equity method, accounted in income statement net profit and loss attributable to the group occurred in the period.

With equity method, investment carry amount represents assets and liabilities fair value of jointed at acquisition moment, as well goodwill arises at acquisition moment.

46.7. ASSOCIATED COMPANIES

Investments in associates are accounted for using the equity method. A company is considered an associate if the Group participates in decisions relating to the company's operating and financial policies even if the latter is not a subsidiary nor subject to joint control. Under the equity method, on initial recognition, an investment in an associate is recognized at cost in the statement of financial position and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The goodwill relating to the associate is included in the carrying amount and is not subject to amortization. The profits generated as a result of transactions carried out by the Group with associates are eliminated to the extent of the Group's interest in the associate. The financial statements of companies accounted for based on the equity method are adjusted to be in line with the Group's accounting policies.

46.8. BUSINESS COMBINATIONS

Business combinations are accounted for in the financial statements as follows:

- acquisition cost is determined on the basis of the fair value of assets transferred, liabilities assumed, or the shares transferred to the seller in order to obtain control;
- the determination of the values of the assets and liabilities of the acquiree is made provisionally until the activities of determining the fair value of the assets and liabilities are completed. The completion of these activities must in any case take place within 12 months of the acquisition, where the latter are counted from the date on which the acquisition took place and accounted for the first time. If, in the period in which the allocation is made provisionally, different values should emerge from those initially recorded following new information on facts and circumstances that in any case existed at the acquisition date, the recognized values are adjusted retrospectively;
- acquisition- costs related to business combinations are recognized in the income statement for the period in which the costs were incurred;
- the fair value of the shares transferred is determined according to the market price at the exchange date;
- where the agreement with the seller provides for a price adjustment linked to the profitability of the business acquired, over a defined timeframe or at a pre-established future date (earn-out), the adjustment is included in the acquisition price as of the acquisition date and is measured at fair value as at the date of acquisition;
- at the acquisition date, the assets and liabilities, including contingent ones, of the acquired company are recognized at their fair value at that date. When determining the value of these assets we also consider the potential tax benefits applicable to the jurisdiction of the acquired company;
- when the carrying amounts of assets, liabilities and contingent liabilities recorded differ from their corresponding tax base at the acquisition date, deferred tax assets and liabilities are recognized;
- any difference between the acquisition cost of the investment and the corresponding share of the net assets acquired is recorded as goodwill, if positive, or it is charged to the income statement, if negative;
- income items are included in the consolidated financial statements starting from the date control is acquired and up to the date control ceases.

46.9. FUNCTIONAL CURRENCY, PRESENTATION CURRENCY AND TRANSLATION CRITERIA APPLIED TO FOREIGN CURRENCY ITEMS

The consolidated financial statements of the Amplifon Group are presented in Euros, the functional currency of the parent company, Amplifon S.p.A.
The financial statements of subsidiaries and jointly-controlled companies are prepared in the functional currency of each company. When this currency differs from the reporting currency of the consolidated financial statements, the financial statements are translated using the current exchange rate method: income statement items are translated using the average exchange rates of the year, asset and liability items are translated using year-end rates and net equity items are translated at historical rates. Exchange differences are recorded under "translation difference" in the consolidated net equity; when the company is disposed of, the cumulative differences booked in net equity are taken to the income statement.

Foreign currency transactions are recorded at the exchange rate at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currency and valued at cost are reported at the exchange rate used upon initial recognition. Non-monetary assets and liabilities denominated in foreign currency and recognized at fair value, at recoverable value, or realizable value, are translated using the exchange rate of the date when the value was determined.

Any exchange rate differences arising from the settlement of monetary assets and liabilities or from the translation at exchange rates that are different from those used upon initial recognition, during the year or in previous financial statements, are recognized in the income statement.

46.10. INTANGIBLE ASSETS

Intangible assets purchased separately and those acquired through business combinations carried out prior to the adoption of the IFRS are initially measured at cost, whilst those acquired through business combinations completed after the date of transition to IFRS, are initially measured at fair value. Expenditure incurred after the initial acquisition is recorded as an increase in the cost of the intangible asset to the extent that the expenditure can generate future economic benefits.

Intangible assets having a finite useful life are amortized systematically over their useful lives and written down for impairment (see section 46.13). Amortization begins when an asset is available for use and ceases at the time of termination of the useful life or when an asset is classified as held for sale (or included in a disposal group classified as held for sale). Both the useful life and the amortization criterion are periodically reviewed and, where significant changes have occurred compared to the previously adopted assumptions, the amortization charge for the current year and subsequent ones is adjusted.

The periods of amortization are shown in the following table:

Asset Type	Years
Software	3-10
Licenses	1-15
Non-competition agreements	5
Customer lists	10-15
Trademarks and concessions	3-15
Other	5-9

46.11. GOODWILL

Goodwill is recognized in the financial statements following business combinations and is initially recorded at cost, which is the excess of the cost of acquisition over the Group's share in the fair values of the assets, liabilities and contingent liabilities acquired.

Goodwill is classified as an intangible asset. As of the acquisition date, the goodwill acquired in a business combination is allocated to each of the acquirer's cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are allocated to those units or groups of units.

Subsequent to initial recognition, goodwill is not amortized but valued at cost less any cumulative impairment losses (see section 46.13).

46.12. TANGIBLE FIXED ASSETS

Tangible fixed assets are recorded at purchase or production cost, inclusive of ancillary costs that are directly attributable to the assets.

The carrying amount upon initial recognition of tangible fixed assets, or their significant elements (except for land), net of their residual value, is depreciated on a straight-line basis over their useful life and is written down for impairments (see section 46.14). Depreciation starts when the asset becomes available for use and ceases at the time of termination of the useful life or when it is classified as held for sale (or included as part of a disposal group classified as held for sale). The useful life and the depreciation rate, as well as the residual value, are periodically reviewed and, where significant changes have occurred compared to the previously adopted assumptions, the depreciation charge for the current year and subsequent ones is adjusted.

Maintenance costs that do not add value to an asset are charged to the income statement in the year in which they are incurred. Maintenance costs that add value to an asset are recorded with the fixed asset item to which they relate and are depreciated on the basis of the future remaining useful life of the asset.

Leasehold improvements, such as to premises, shops and branches held under operating leases, are capitalized and depreciated over the shorter of the term of the lease and the useful life of the tangible asset installed.

The periods of depreciation are shown in the following table:

Asset type	Years
Buildings, constructions and leasehold improvements	5-25
Plant and machinery	5-16
Industrial and commercial equipment	4-10
Motor vehicles	3-9
Computers and office machinery	3-7
Furniture and fittings	3-10
Other tangible fixed assets	4-8

46.13. IMPAIRMENT OF INTANGIBLE FIXED ASSETS, TANGIBLE FIXED ASSETS, INVESTMENTS IN ASSOCIATED COMPANIES AND GOODWILL

The Group checks the recoverable value of an asset whenever an impairment indicator exists and, for intangible fixed assets with an indefinite life, other tangible assets and goodwill, the assessment is carried out yearly. The recoverable amount is defined as the higher of the asset's fair value less costs to sell and its value in use.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Value in use is determined with reference to the present value of the estimated future cash flows that are expected to be generated by the continued use of an asset and its disposal at the end of its useful life, discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the specific risks associated with the asset. Where the value in use of a specific asset cannot be determined due to the fact that the asset does not generate independent cash flows, value in use is estimated with reference to the cash-generating unit to which the asset belongs.

With regard to goodwill, the impairment test is performed for the smallest cash-generating unit that the goodwill relates to and which is used by the Group to evaluate, either directly or indirectly, the return on the investment which includes the goodwill itself.

Impairment losses are recognized in the income statement when the carrying value of an asset is higher than its recoverable value. Except for goodwill, for which impairment losses cannot be reversed, when there is an indication that an impairment loss is no longer justified or may have decreased, the carrying value of the asset is adjusted to its recoverable value. The increased carrying value of an asset due to an impairment reversal cannot, however, exceed the carrying value that the asset would have had (net of the write-down or depreciation) if the impairment had not been recognized in previous years. The reversal is immediately recognized in the income statement.

46.14. LEASING

When a contract is signed the Group assesses whether a contract is or contains a lease, namely if the contract conveys the right to use an asset for a period of time in exchange for consideration.

ACCOUNTING POLICIES APPLICABLE TO THE GROUP AS A LESSEE

The Group uses a single model to recognize and measure all leases, with the exception of short-term leases and leases for low value assets. The Group recognizes the lease liabilities and the right-of-use asset, namely the right to use the lease's underlying asset.

Right-of-use assets

The Group recognizes the right-of-use assets as of the commencement date of the lease (namely the date on which use of the underlying asset is conveyed). The right-of-use assets are valued at cost, net of any accumulated depreciation and impairment losses, adjusted to reflect any restated lease liabilities. The costs for the right-of-use assets include the lease liabilities recognized, the initial direct costs incurred and the lease payments made as of the commencement date or before the commencement date net of any incentives received.

The right-of-use assets are amortized on a straight-line basis from the commencement date to the end of their useful life consistent with the right granted or, if before, the end of the lease term.

The right-of-use assets are subject to impairment testing. Please refer to section 46.13. Loss of value of non-financial assets.

Lease liabilities
At the commencement date of the lease, the Group recognizes a lease liability equal to the payments that must be made in the future under the lease. The payments owed include fixed lease payments less any lease incentives, variable lease payments linked to an index or a rate, and the guaranteed residual amount due. The lease payments also include the exercise price of a purchase price if it is reasonably certain that the option will be exercised by the Group and any penalties for terminating the lease contemplated in the lease if the duration of the lease takes into account the exercise by the Group of the option to terminate the lease itself.

Variable lease payments that are not linked to an index or a rate are recognized as a cost in the period in which the event or the condition triggering the payment occurred.

When calculating the present value of payments owed, the Group uses the marginal borrowing rate at the commencement date if the implied borrowing rate is not easily determined. After the commencement date the amount of the lease liabilities will be increased in order to reflect interest owed and decreased to reflect payments made. The book value of the lease liabilities will also be restated if any changes are made to the lease terms or payment terms; it will also be restated if the value of the purchase option on the underlying asset is changed or if any changes in the index or rate used to determine future payments occur.

Concessions deriving from the effects of Covid-19
The Group applies the practical expedient that allows the lessee to disregard any concessions on the payment of rents received from 1 January 2020 and resulting from the effects of Covid-19 as a modification of the original contract changes. Therefore, the aforementioned concessions are accounted for as positive variable fees without going through a contractual amendment.
This exemption applies when the following conditions are met:

- the granting of payments is a direct consequence of the Covid-19 pandemic and the reduction in payments refers only to those originally due until June 2021;
- the change in payments has left unchanged, with respect to the original conditions, the same amount to be paid, or has reduced the amount;
- there are no substantial changes to other contractual terms or conditions of the lease.

Short-term leases and low value assets
The Group applies the exemption relative to leases for low value assets like, for example PCs, printers, electronic equipment and short-term leases, namely leases with a term of less than 12 months without purchase options, with the exception of the assets classed as “stores”. The rent payable under short-term leases and leases for low value assets are recognized as costs on a straight-line basis over the lease term.

THE GROUP AS LESSOR
Leases which leave all the risks and benefits associated with ownership of the asset are classified as operating leases. Lease income stemming for the operating lease must be

recognized on a straight-line basis over the lease term and recognized as revenue in the income statement. The initial negotiation costs are added to the book value of the leased asset and are recognized on a straight-line basis over the lease term. Unplanned leases are recognized as revenue in the period in which they mature.

SUBLEASE

The Group, as an intermediate lessor in a subleasing contract, classifies a sublease as a finance or operating lease as follows:

a) If the head lease is accounted for as a short-term lease, for which the Group has made use of the practical expedient, the sublease is classified as an operating lease;
b) otherwise, the sublease is classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset (for example, property unit, leased plants or machinery).

More in detail, if the sub-lease is classified as an operating lease, the head lessor continues to recognize the lease liabilities and the right-of-use assets in the head lease like any other lease.
If the net book value of the right-of-use asset in the head lease exceeds the income expected from the sub-lease, this might indicate that there has been a loss in the value of the right-to-use asset in the head lease. The loss in value of a right-of-use asset is measured in accordance with IAS 36.

If the sub-lease is classified as a finance lease, the head lessor eliminates the right-of-use asset from the head lease as of the commencement date of the sub-lease and continues to recognize the original lease liability as per the lessee's accounting model.

46.15. FINANCIAL ASSETS AND LIABILITIES

46.15.1. FINANCIAL ASSETS (EXCLUDING DERIVATIVES)

The Group's financial assets are classified based on the business model used to manage them and the nature of the relative cash flows.

a) Financial assets valued at amortized cost

Financial assets that meet the following requirements are classified in this category:
(i) assets held as part of a business model where the objective of the entity's business model is collecting contractual cash flows; and
(ii) the cash flows contemplated under the contract refer solely to payments of principal and interest on the amount of principal to be repaid.

These are mainly trade receivables, loans and other receivables.

The trade receivables without a significant financing component are recognized at the price of the relative transaction (determined in accordance with IFRS 15 Revenue from contracts with customers).

The other receivables and loans are recognized in the financial statements at fair value plus any ancillary costs attributable directly to the transactions that generated them.

After initial recognition, the effective interest rate applied to financial assets measured at amortized cost, with the exception of receivables without a significant financing component, is used to determine interest income which is recognized in profit or loss. The effects of this measurement are recognized among the financial components of income.

With reference to the impairment model, the Group evaluates the receivables by adopting an expected loss logic.

The Group used a simplified approach to measure trade receivables which does not call for periodic adjustments of the credit risk nor of the expected credit loss ("ECL") calculated over the life of the receivable ("lifetime ECL").
More in detail, the policy implemented by the Group calls for the stratification of trade receivables broken down into similar risk categories. Different percentages of impairment are applied to these categories based on the expected level of recoverability which refer to historical percentages and any forward-looking elements that could affect recoverability. The trade receivables are written off entirely if there is not a reasonable expectation of recoverability (i.e. past due above a certain level, bankruptcy and/or legal proceedings).

The Group uses a general approach for the measurement of the long-term financial receivables relating to the loans granted by American subsidiaries to franchisees and members of the Elite network in order support investment and development in the United States which requires the checking of any increase in the credit risk at the end of each reporting period.

Impairment recognized pursuant to IFRS 9 is presented in the income statement, net of any positive effects stemming from releases or reversals, as operating costs.

b) Financial assets at fair value recognized through the comprehensive income statement ("FVOCI")

Financial assets that meet the following requirements are classified in this category:

(i) assets held as part of a business model where the objective of the entity's business model is collecting contractual cash flows and selling the assets; and
(ii) the cash flows contemplated under the contract refer solely to payments of principal and interest on the amount of principal to be repaid.

These include trade receivables that the Group sometimes used in factoring without recourse transactions.

These assets are initially recognized in the financial statements at their fair value plus any ancillary costs directly attributable to the transactions generating them. After initial recognition, the measurement is updated and any changes in fair value are recognized in the comprehensive income statement.
The impairment model used is describe in a) above.

c) Financial assets at fair value recognized through the consolidated income statement ("FVPL")
Financial assets which are not classified in the other categories (i.e. residual category). These are mainly derivatives.

Assets belonging to this category are initially recognized at fair value.

The ancillary costs incurred when the asset is recognized are immediately recognized in the consolidated income statement. After initial recognition, the FVPL are measured at fair value.

The gains and losses stemming from changes in fair value are recognized in the consolidated income statement for the reporting period under “Gains (losses) from assets measured at fair value”.

The purchases and disposals of financial assets are accounted for on the settlement date.

Financial assets are derecognized from the financial statements when the related contractual rights expire, or when the Group transfers all the risks and rewards of ownership associated with the financial asset.

44.15.2. FINANCIAL LIABILITIES (EXCLUDING DERIVATIVES)

Financial liabilities include financial payables, lease obligations and trade payables. Amounts payable to banks and other lenders are initially recognized at fair value less any directly attributable transaction costs and subsequently valued at amortized cost based on the effective interest rate. If there is a change in the forecast cash flow the value of the liabilities is recalculated in order to reflect this change based on the present value of the new future cash flows and the internal rate of return initially determined.

Whenever legal rights to compensation arise, the Group decides whether or not to show cash and cash equivalents net of bank overdrafts.

Trade payables are obligations to pay for goods and services acquired from suppliers as part of general business operations. The amounts owed suppliers are classified as current liabilities if the payment will be made within a year of the relative reporting period. Conversely, these payables are classified as non-current liabilities.

The trade and other payables are initially measured at fair value and subsequently using the amortized cost method.

When a financial liability is hedged against interest rate risk in a fair value hedge, any changes in fair value due to the hedged risk are not included in the amortized cost calculation. These changes are amortized starting from the moment fair value hedge accounting is discontinued.

With regard to lease liabilities, please refer to section 46.14. Leases.

Financial liabilities are derecognized when the underlying obligation is extinguished, cancelled or fulfilled.

Contractual amendments relating to financial liabilities are assessed from a qualitative and quantitative point of view (using the 10% test) to determine whether they are of a substantial nature and therefore require a derecognition of the original debt In the event of non-substantial amendments, the Group recognizes the impact of those changes in the income statement.

In the case of put and call granted to minority shareholders and which guarantee them the settlement in cash in exchange for available liquidity or other financial assets, the Group, in accordance with IAS 32, records a financial liability equal to the best estimate of the exercise price of the option. This liability is subsequently remeasured at each closing date. Based on the Group’s accounting policy any change in the value of the liability is recognized in net equity.

44.15.3. DERIVATIVE FINANCIAL INSTRUMENTS

As of 1 January 2019 the Amplifon Group opted to apply the provisions of IFRS 9 relating to hedge accounting, rather than the provisions of IAS 39 used in the past.

The Group enters into derivative financial instruments for the purpose of neutralizing the financial risks it is exposed to and which it decides to hedge in accordance with its adopted strategy (see note 43).

The documentation which formalizes the hedging relationship for the purpose of the application of hedge accounting includes the identification of:

- the hedging instrument;
- the hedged item or transaction;
- the nature of the risk;
- the methods that the company intends to adopt to assess the effectiveness of the hedge in offsetting the exposure to changes in the fair value of the hedged item or the cash flows associated with the risk that is hedged against.

On initial recognition these instruments are measured at fair value. On subsequent reporting dates the fair value of derivatives must be re-measured and:

(i) if these instruments fail to qualify for hedge accounting, any changes in fair value that occur after initial recognition are taken to profit and loss;

(ii) if these instruments qualify as fair value hedges, from that date any changes in the fair value of the derivative are taken to profit and loss; at the same time, any fair value changes due to the hedged risk are recorded as an adjustment to the book value of the hedged item and the same amount is recorded in the income statement; any ineffectiveness of the hedge is recognized in profit and loss in an item separate from that in which changes in the fair value of the hedging instrument and the hedged item are recognized;

(iii) if these instruments qualify as cash flow hedges, starting from that date, any changes in the fair value of the derivative are recognized in net equity, but only to the extent of the effective amount of the hedge, with the amount of any hedge ineffectiveness being recognized in the income statement; changes in the fair value of the derivative that are recognized in net equity are subsequently transferred to the income statement in the period in which the transaction that is hedged against affects the income statement; when the hedged item is the purchase of a non-financial asset, changes to the fair value of the derivative taken to equity are reclassified and adjusted according to the purchase cost of the asset which is the hedged item (referred to as basis adjustment);

(iv) if these instruments qualify as hedges of net investment of a foreign operation, starting from that date any changes in the fair value of the derivative are adjusted as part of the "translation difference", to the extent of the effective amount of the hedge and the ineffective portion is charged to the income statement;

(v) hedging is carried out by the designated instrument, considered as a whole. In the case of options or forward contracts, however, only part of the derivative instrument is designated as the hedging instrument; the remainder is recognized in the income statement. More specifically, in the case of options, only the changes in fair value due to changes in the intrinsic value are designated as a hedging instrument; conversely, fair value changes of options due to changes in the time value are recognized in the income statement and are not considered in the assessment of the hedge effectiveness. In the case of forward contracts, only changes in fair value due to changes in the spot rate are designated as a hedging instrument; conversely fair value changes due to changes in the forward points are recognized in the income statement and are not considered in the assessment of the hedge effectiveness.

If the hedge becomes ineffective or the Group changes its hedging strategies, hedge accounting is discontinued. In particular, hedge accounting is discontinued prospectively when the hedge becomes ineffective or when there is a change in the hedging strategies.

If, in a fair value hedge, the hedged item is a financial instrument measured using the effective interest rate method, the adjustments made to the book value of the hedged item are amortized starting from the date when fair value hedge accounting is discontinued and the hedged item is no longer adjusted for fair value changes attributable to the hedged risk.

Financial instruments hedging exchange rate risk due to forecasted transactions and firm commitments are represented on the statement of financial position according to the cash-flow hedge accounting model.

Derivatives are recognized as assets if their fair value is positive and as liabilities if their fair value is negative. These balances are shown under current assets or liabilities if related to derivatives which do not qualify for hedge accounting criteria, conversely, they are classified according to the hedged item.

In particular, if the hedged item is classified as a current asset or liability, the positive or negative fair value of the hedging instrument is included under current assets or liabilities; if the hedged item is classified as a non-current asset or liability, the positive or negative fair value of the hedging instrument is included under non-current assets or liabilities.

46.16. INVENTORIES

Inventories are valued at the lower of purchase or production cost and their net realizable value, represented by their open market value. Inventories are valued using the weighted average cost method.

46.17. CASH AND CASH EQUIVALENTS AND FINANCIAL ASSETS

The item cash and cash equivalents comprise liquid funds and financial investments with a maturity, at the acquisition date, of less than three months and for which there is an insignificant risk of a change in value. These financial assets are recorded at their nominal value.

46.18. PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges relate to costs and charges of a specific nature which are certain or probable and whose amount or timing is uncertain at the reporting date.

Provisions are recognized if the following conditions apply: (i) the Group has a present obligation (legal or constructive) that has arisen as a result of a past event; (ii) it is probable that the fulfilment of the obligation will require the use of resources which produce economic benefits; (iii) the amount can be estimated reliably.

The amount recognized as a provision in the financial statements represents the best estimate of the expenditure required by the company to settle the obligation at the reporting date or to transfer it to a third party.

Specifically:

- the agents' leaving indemnity includes the estimate of amounts due to agents, calculated using actuarial methods and having regard to the probability that such amounts will be paid, as well as the expectations as to the time of payment;
- the warranty and repair provision includes the estimate of costs for warranty services to be provided on products sold, calculated on the basis of historical/statistical data and the warranty period;
- the provision for risks arising from legal disputes includes the estimate of charges relating to legal disputes with employees or agents or associated with the provision of services.

46.19. EMPLOYEES' BENEFITS

Post-employment benefits are defined on the basis of pension plans, even if not formalized, which due to their characteristics can be classified as either defined-contribution or defined-benefit plans.

Under a defined-contribution plan the company's obligation is limited to the payment of the contributions agreed with the employees and it is determined on the basis of the contributions due at the end of the period, as reduced by any amounts already paid.

Under defined-benefit plans the liability recorded in the books is equal to: (a) the present value of the defined-benefit obligation at the reporting date; (b) plus any actuarial gains (minus any actuarial losses); (c) less any past service costs that have not yet been recorded; (d) less the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

Under defined-benefit plans, the cost charged to the income statement is equal to the algebraic sum of the following elements: (a) current service cost; (b) the financial charges arising from the increase in liability due to the passage of time; (c) the expected return on plan assets; (d) past service cost; (e) the effect of any curtailments or settlements under the plan.

Actuarial gains and losses are recognized in other comprehensive income.

Net financial charges on defined-benefit plans are recognized in profit or loss under financial income and charges.

46.20. STOCK GRANT

The Group grants the right to participate in share capital plans (stock grants) to certain top executives and other beneficiaries who hold key positions within the Group. Stock grants are equity settled, and the beneficiary receives a free allotment of shares in Amplifon S.p.A. at the end of the vesting period.

The relative fair value is recognized in the income statement under personnel expenses over the period from the date they are granted to the vesting date and a corresponding amount is recorded in a net equity reserve. The fair value of stock grants is determined at the date they are granted, taking account of the market conditions at that date.

At each reporting date, the Group reviews the assumptions about the number of rights which are expected to be exercised and records the effect of any change in estimate in the income statement adjusting the corresponding net equity reserve.

In case of free stock allotment (i.e. "stock grant"), the corresponding increase in net equity is recognized at the end of the vesting period.

46.21. REVENUES

REVENUES FROM CONTRACTS WITH CLIENTS

The revenues from contracts with customers are recognized in accordance with IFRS 15.

Based on the five-step model introduced in IFRS 15, the Group records revenue after having identified the contracts with its customer and the relative performance obligations (transfer of control of goods and/or services), determined the consideration to which it is entitled upon satisfaction of each of the obligations, as well as the way these obligations will be satisfied (at a point in time or over time).

The Group will recognize revenue once the criteria for the identification of the contract with the customer are satisfied, the parties are involved in fulfilling the respective obligations and it is probable that the Group will receive the consideration to which it is entitled in exchange for the goods and services transferred to the customer.

The main performance obligations identified by the Amplifon Group involve: the hearing aid and fitting, which represent a single inseparable performance obligation, after sales care, extended warranties which are above and beyond normal supplier warranties, the material rights (discounts on future purchases and loyalty points) and accessories (batteries, cleaning kits) provided to the customer.

The goods and services may be sold separately or bundled.

The transaction price, which represents the amount the entity expects to receive from the customer for the goods and services provided, is allocated based on the stand-alone selling prices of the relative performance obligations.

The stand-alone selling price is determined based on observable prices when available, while for goods and services not sold separately (for example after sales services) and when observable market prices are not available the cost plus a margin method is used.

Any commercial discounts are allocated to the different performance obligations that make up the bundle sold to the customer, with the exception of after sales services in proportion to the weight of the relative stand-alone selling price.

Revenues are recognized when control of the goods and services has been transferred to the customer and performance obligations have been satisfied. This can happen at a point in time or over time.

Revenues realized over time, represented typically by after sales services, extended warranties, and accessories supplied over time, are recognized based on the level to which the different contractual performance obligations have been satisfied. More in detail, transfer over time is measured based on the input method, namely taking into account the work done (inputs) by the Group to fulfill each performance obligation.

The up-front fee paid by franchisees is considered a revenue stream generated over time and is recognized over the life of the franchising agreement.

Revenues realized at a point in time refer to the transfer of goods and services that the customer receives and consumes at the same time.
These are generally attributable to the sale of hearing aids and relative fitting, accessories and a few services that are sold separately. In these situations, revenue is recorded when control of the good of service is transferred to the customer.

The performance obligation to transfer control of the goods and services over time is recognized under "Contractual liabilities".
The Group incurs costs to acquire and fulfill contracts over time. These costs, which typically include commissions and bonuses paid to employees and agents for each sale made that will be recovered through the revenues generated by the contract, are capitalized as contract costs and amortized based on the progress made in transferring the goods and services to the customer over time.

The contract costs are recognized as assets in a specific line of the financial statement (Short-term and long-term deferred assets arising from contract costs).

Public contributions received are presented as a reduction of the reference cost item or are shown among other revenues/income when not directly attributable to a specific cost item, taking into account the nature of the contribution itself. They have acquired greater importance following the Covid-19 emergency, considering that the Group has enjoyed contributions and concessions from the various government authorities (as well as concessions relating to the lease contracts described in paragraph 46.14), such as contributions on the cost of work and contributions to support the business.

46.22. DIVIDENDS

The dividends are recognized as profit (loss) for the year only when:

- the entity's right to receive a dividend arises;
- it's likely that the economic benefits stemming from the dividend will flow to the entity; and
- the amount of the dividend can be reliably measured.

46.23. CURRENT AND DEFERRED TAXES

Current income tax payables and receivables are recorded at the amount that is expected to be paid to/received from the tax authorities at the rates enacted or substantially enacted, and the laws in force at the reporting date.

Deferred tax assets and liabilities are recognized on temporary differences between the value of assets and liabilities in the financial statements and the corresponding tax bases.

Deferred income taxes are not recognized: (i) when they derive from the initial recognition of goodwill or of an asset or liability in a transaction other than a business combination and which, at the time of the transaction, does not affect either the accounting profit or the taxable profit /loss; (ii) when they relate to temporary differences related to investments in subsidiaries and joint ventures, where the reversal of temporary differences may be controlled and it is probable that it will not occur in the foreseeable future.

Deferred tax assets, including those arising from unused tax losses and tax credits, are recorded only to the extent their recovery is highly probable.

Deferred tax assets are not discounted to present value and are calculated using the tax rates that are expected to apply when the taxes are paid or settled in the respective countries where the Group operates.

Deferred tax assets and liabilities are debited or credited directly to net equity if they relate to elements which are recognized directly in net equity. Deferred tax assets and liabilities are recorded respectively under non-current assets and liabilities and are offset only when a legally enforceable right to offset current tax assets against current tax liabilities exists and this will result in a lower tax charge. Moreover, when there is a legally enforceable right of set-off, deferred tax assets and deferred tax liabilities are offset only if at the time of their reversal they will not generate any current tax asset or liability.
When an asset is revalued for tax purposes and the revaluation does not relate to an accounting revaluation of an earlier period, or to one that is expected to be carried out in a future period, deferred tax assets are recognized in the income statement on the temporary difference arising as a result of the revaluation.

The current and deferred tax assets and liabilities must be recognized and measured in accordance with IAS 12 namely based on the taxable income (losses), the amounts for tax purposes, unused tax losses, unused tax credits, and tax rates determined based on IFRIC 23.

In the presence of uncertainties in the application of tax legislation, in accordance with IFRS 23 interpretation, the Group:

(i) in cases where it deems probable that the tax authority will accept the uncertain tax treatment, it determines the income taxes (current and/or deferred) to be recognized in the financial statements according to the tax treatment applied or which it plans to apply at the time of tax declaration;
(ii) in cases where it deems unlikely that the tax authority will accept the uncertain tax treatment, it reflects such uncertainty in the determination of income taxes (current and/or deferred) to be recognized in the financial statements;
(iii) the uncertain tax asset/liability are to be represented in the items that include the assets and liabilities for income taxes and not in other balance sheet items.

46.24. VALUE ADDED TAX

Revenues, costs and assets are recognized net of valued added tax (VAT), except where VAT applied to the purchase of goods or services is non-deductible, in which case it is recognized as part of the purchase cost of the asset or as part of the expense recorded in the income statement.

The net amount of indirect tax on sales which may be recovered from/paid to the Tax Authorities is included in the financial statements under other receivables or payables, depending on whether it is a debit or a credit balance.

46.25. SHARE CAPITAL, TREASURY SHARES, DIVIDEND DISTRIBUTION AND OTHER NET EQUITY ITEMS

Ordinary shares issued by the parent company Amplifon S.p.A. are classified as part of net equity. Any costs incurred to issue new shares, are classified as a reduction of net equity.

Purchases and disposals of treasury shares, as well as any gains or losses on purchase/disposal, are recognized in the financial statements as changes in net equity. Dividends distributed to the shareholders are recorded as a reduction in net equity and as a liability of the period when the dividend payment is approved by the Shareholders' Meeting.

46.26. EARNINGS (LOSS) PER SHARE

Earnings per share is determined by comparing the Group's net profit to the weighted-average number of shares outstanding during the accounting period. For the calculation of diluted earnings per share, the weighted average number of shares outstanding is adjusted assuming the conversion of all potential shares with a dilutive effect.

46.27. ACCOUNTING STANDARDS FOR HYPERINFLATIONARY COUNTRIES

The Group companies operating in hyperinflationary countries (Argentina) restate non-monetary assets and liabilities found in their original financial statements in order to eliminate any distortions due to the currency's loss of purchasing power. The inflation rate used in this instance corresponds with the consumer price index.
The companies operating in countries in which the cumulative three-year rate of inflation is close to or exceeds 100% use the hyperinflationary accounting measures and cease to do so when the cumulative three-year rate of inflation falls below 100%.

The gains or losses on the net monetary position are recorded in the income statement.

The financial statements drafted in currencies other than the euro by Group companies operating in hyperinflationary countries are converted into euros based on the exchange rate at the end of the reporting period both for balance sheet items and for economic ones.

46.28. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The company classifies an asset (or a disposal group) as held for sale when its book value will be recovered mainly through a sale rather than through continuous use.

Non-current assets and groups of assets being sold classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. The costs to sell are the incremental costs attributable directly to the asset (or disposal groups) held for sale, excluding financial expense and income tax.

The criteria for the classification of assets as held for sale are satisfied solely when the sale is highly probable and the asset or disposal group to be sold is available for immediate sale in its current state. The actions required to complete the sale plan should indicate that it is unlikely that the plan will be significantly changed or withdrawn. Management must actively commit to selling the asset and the sale should be completed within one year of classification.

The entity may not classify an asset (or disposal groups) as held for sale if the asset (or disposal groups) will be abandoned. However, if the assets to be abandoned are part of an entity that was disposed of or classified as held for sale, and

a) represents either a separate major line of business or a geographical area of operations;
b) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
c) is a subsidiary acquired exclusively with a view to resale and the disposal involves loss of control;

the entity must recognize the results and cash flows of the group being sold in the financial statements as discontinued operations. Non-current assets (or disposal groups) to be abandoned include non-current assets (or disposal groups) that are to be used to the end of their economic life and non-current assets (or disposal groups) that are to be closed rather than sold.

The tangible and intangible assets are not amortized or depreciated once they are classified as held for sale.

The assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

The sum of the post-tax profit or loss of the discontinued operation is presented as a single amount in the income statement.

47. SUBSEQUENT EVENTS

In line with the Group's growth strategy, during the first two months of 2023, external growth initiatives have continued through bolt-on acquisitions. There have been acquisitions for over 60 shops in all three regions in which the Group operates: in detail, mostly in France and Germany for the EMEA, in Canada for the Americas, and in China for the Asia Pacific. Thanks to these last operations the Group has exceeded the 9,350 shops worldwide, increasing above all the presence in China (nearly 200 shops), and in Canada (more than 100 shops).

The exercise of Performance Stock Grants also continued, and the beneficiaries received a total of 4,900 treasury shares. At the date of this report, the Company has a total of 1,826,460 treasury shares or 0.807% of its share capital.

On 31 January 2023, Amplifon successfully completed early repayment of the remaining outstanding tranches of the Private Placement made in the United States ('USPP') for a total of USD 110 million (€85.4 million at the hedging exchange rate), with an average coupon rate of 4%. The cost of the early repayment, financed through available liquidity, was very limited given both the "make-whole" provision and the unwinding of the derivatives. The early repayment of the USPP and the subsequent elimination of the related financial covenants allowed the Amplifon Group to lower the total cost of debt and improve financial flexibility.

On 5 January 2023 the majority shareholder Ampliter S.r.l. ("Ampliter") issued a plan which provides for the one-off assignment, free of charge, of up to a maximum of 500,000 of the Amplifon shares owned by Ampliter, to the Chief Executive Officer Enrico Vita, during the current mandate 2022-2024. As a result of this assignment, which was made completely autonomously by Ampliter and does not envisage any cash-out by Amplifon, based on IFRS 2 "Share Based Payments" an estimated one-off notional cost of €13.7 million must be recognized in the income statement, of which €12.4 million in 2023 and €1.3 million in 2024.

Milan, March 1st, 2023

CEO

Enrico Vita

ANNEXES

ANNEX I

CONSOLIDATION AREA

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 area of Amplifon S.p.A. at 31 December 2022.

PARENT COMPANY:

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

SUBSIDIARIES CONSOLIDATED USING THE LINE-BY-LINE METHOD:

Company name	Head office	Direct/Indirect ownership	Currency	Share Capital	% held as at 12/31/2022
Amplifon Italia S.p.A	Milan (Italy)	D	EUR	100,000	100.0%
Amplifon Rete	Milan (Italy)	I	EUR	19,250	2.6%
Audibel S.r.l (in liquidation)	Rome (Italy)	D	EUR	70,000	100.0%
Pilot Blankenfelde Medizinisch-Elektronische Gerate GmbH	Blankenfelde-Mahlow (Germany)	D	EUR	34,595	100.0%
Amplifon France SAS	Arcueil (France)	D	EUR	98,550,898	100.0%
SCI Eliot Leslie	Lyon (France)	I	EUR	610	100.0%
Amplifon France Holding	Arcueil (France)	D	EUR	1	100.0%
Audition Nouvelle	Versailles (France)	I	EUR	10,000	100.0%
Bougerolle Audition	Saint-Gervais-la-Forêt (France)	I	EUR	8,000	100.0%
A.B. Audition	Mer (France)	I	EUR	6,000	100.0%
Audition Frederic Rembaud	Périgueux (France)	I	EUR	40,000	100.0%
Audition 50	Granville (France)	I	EUR	40,000	100.0%
Audition Marquilly	Lavelanet (France)	I	EUR	15,000	100.0%
SAS A l'Ecoute	Tours (France)	I	EUR	10,000	100.0%
Surdité Toulorge	Cherbourg (France)	I	EUR	3,920	100.0%
Amplifon Iberica SA	Barcelona (Spain)	D	EUR	26,578,809	100.0%
Microson S.A.	Barcelona (Spain)	D	EUR	61,752	100.0%
Amplifon LATAM Holding S.L.	Barcelona (Spain)	I	EUR	3,000	100.0%
Amplifon Portugal SA	Lisboa (Portugal)	I	EUR	15,520,187	100.0%
Amplifon Magyarország Kft	Budapest (Hungary)	D	HUF	723,500,000	100.0%
Amplibus Magyarország Kft	Budaörs (Hungary)	I	HUF	3,000,000	100.0%
Amplifon AG	Baar (Switzerland)	D	CHF	1,000,000	100.0%

Company name	Head office	Direct/Indirect ownership	Currency	Share Capital	% held as at 12/31/2022
Amplifon Nederland BV	Doesburg (The Netherlands)	D	EUR	74,212,052	100.0%
Auditech BV	Doesburg (The Netherlands)	I	EUR	22,500	100.0%
Electro Medical Instruments BV	Doesburg (The Netherlands)	I	EUR	16,650	100.0%
Beter Horen BV	Doesburg (The Netherlands)	I	EUR	18,000	100.0%
Amplifon Customer Care Service BV	Elst (The Netherlands)	I	EUR	18,000	100.0%
Amplifon Belgium NV	Bruxelles (Belgium)	D	EUR	495,800	100.0%
Amplifon RE SA	Luxembourg (Luxembourg)	D	EUR	3,700,000	100.0%
Amplifon Deutschland GmbH	Hamburg (Germany)	D	EUR	6,026,000	100.0%
Focus Hören AG	Willroth (Germany)	I	EUR	485,555	100.0%
Focus Hören Deutschland GmbH	Willroth (Germany)	I	EUR	25,000	100.0%
Amplifon Poland Sp. z o.o.	Lodz (Poland)	D	PLN	3,346,400	100.0%
Audiomed Sp.z.o.o.	Varsavia (Poland)	I	PLN	5,000	100.0%
Amplifon UK Ltd	Manchester (United Kingdom)	D	GBP	130,951,168	100.0%
Amplifon Ltd	Manchester (United Kingdom)	I	GBP	1,800,000	100.0%
Ultra Finance Ltd	Manchester (United Kingdom)	I	GBP	75	100.0%
Amplifon Cell	Ta' Xbiex (Malta)	D	EUR	2,500,125	100.0%
Medtechnica Ortophone Ltd (*)	Tel Aviv (Israel)	D	ILS	1,100	80.0%
Amplifon Middle East SAE	Cairo (Egypt)	D	EGP	3,000,000	51.0%
Miracle Ear Inc.	St. Paul (United States)	I	USD	5	100.0%
Elite Hearing, LLC	Minneapolis (United States)	I	USD	1,000	100.0%
Amplifon USA Inc.	Dover (United States)	D	USD	52,500,010	100.0%
Amplifon Hearing Health Care. Inc.	St. Paul (United States)	I	USD	10	100.0%
Ampifon IPA, LLC	New York (United States)	I	USD	-	100.0%
ME Pivot Holdings, LLC	Minneapolis (United States)	I	USD	2,000,000	100.0%
ME Flagship, LLC	Wilmington (United States)	I	USD	-	100.0%
METX, LLC	Waco (United States)	I	USD	-	100.0%
MEFL, LLC	Waco (United States)	I	USD	-	100.0%
METAMPA, LLC	Waco (United States)	I	USD	-	100.0%
MENM, LLC	Waco (United States)	I	USD	-	100.0%
MEOH, LLC	Minneapolis (United States)	I	USD	-	100.0%
Miracle Ear Canada Ltd.	Vancouver (Canada)	I	CAD	80,201,200	100.0%
2829663 Ontario Inc	Milton (Canada)	I	CAD	-	100.0%
Ossicle Fort McMurray Inc	Fort McMurray (Canada)	I	CAD	-	100.0%
Southern Alberta Hearing Aid Ltd	Lethbridge (Canada)	I	CAD	-	100.0%
Burnaby Hearing Center Inc	Burnaby (Canada)	I	CAD	-	100.0%
Raindrop Hearing Clinici Inc	Toronto (Canada)	I	CAD	-	100.0%
Terrace Hearing Clinic Ltd.	Terrace (Canada)	I	CAD	-	100.0%
The Hearing Clinic	Scarborough (Canada)	I	CAD	-	100.0%
Lisa Reid Audiology Hearing Centres	Manitoba (Canada)	I	CAD	-	100.0%
Great to Hear, Inc	Manitoba (Canada)	I	CAD	35	100.0%
Ontario, Inc	Ontario (Canada)	I	CAD	1,000,100	100.0%

Company name	Head office	Direct/Indirect ownership	Currency	Share Capital	% held as at 12/31/2022
GAES S.A.	Santiago de Chile (Chile)	I	CLP	1,901,686,034	100.0%
GAES Servicios Corporativo de Latinoamerica Spa	Santiago de Chile (Chile)	I	CLP	10,000,000	100.0%
Audiosonic Chile S.A.	Santiago de Chile (Chile)	I	CLP	1,000,000	99.0%
GAES S.A.	Buenos Aires (Argentina)	I	ARS	120,542,331	100.0%
GAES Colombia SAS	Bogotà (Colombia)	I	COP	21,900,000,000	100.0%
Soluciones Audiologicas de Colombia SAS (in liquidation)	Bogotà (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	194,683,815	100.0%
Compañía de Audiologia y Servicios Medicos sa de cv	Aguascalientes (Mexico)	I	MXN	43,306,212	66.7%
GAES Panama S.A.	Panama (Panama)	I	PAB	510,000	100.0%
Amplifon Australia Holding Pty Ltd	Sydney (Australia)	D	AUD	392,000,000	100.0%
National Hearing Centres Pty Ltd	Sydney (Australia)	I	AUD	100	100.0%
National Hearing Centres Unit Trust	Sydney (Australia)	I	AUD	-	100.0%
Attune Hearing Pty Ltd	Brisbane (Australia)	D	AUD	14,771,093	100.0%
Attune Workplace Hearing Pty Ltd	Brisbane (Australia)	I	AUD	1	100.0%
Ear Deals Pty Ltd	Brisbane (Australia)	I	AUD	300,000	100.0%
Otohub Unit Trust (in liquidazione)	Brisbane (Australia)	D	AUD	-	100.0%
Otohub Australasia Pty Ltd	Brisbane (Australia)	D	AUD	10	100.0%
Bay Audio Pty Ltd	Sydney (Australia)	D	AUD	10,000	100.0%
Amplifon Asia Pacific Pte Limited	Singapore (Singapore)	I	SGD	1,000,000	100.0%
Amplifon NZ Ltd	Takapuna (New Zealand)	I	NZD	130,411,317	100.0%
Bay Audiology Ltd	Takapuna (New Zealand)	I	NZD	-	100.0%
Dilworth Hearing Ltd	Auckland (New Zealand)	I	NZD	-	100.0%
Auckland Hearing Ltd	Auckland (New Zealand)	I	NZD	-	100.0%
Amplifon India Pvt Ltd	Gurgaon (India)	I	INR	1,770,000,000	100.0%
Beijing Amplifon Hearing Technology Center Co. Ltd	Běijīng (China)	D	CNY	2,143,685	100.0%
Tianjin Amplifon Hearing Technology Co. Ltd	Tianjin (China)	I	CNY	3,500,000	100.0%
Shijiazhuang Amplifon Hearing Technology Co. Ltd	Shijiazhuang (China)	I	CNY	100,000	100.0%
Shanghai Amplifon Hearing Aid Co. Ltd	Shanghai (China)	D	CNY	46,000,000	100.0%
Hangzhou Amplifon Hearing Aid Co. Ltd (**)	Hangzhou (China)	D	CNY	11,000,000	60.0%
Zhengzhou Yuanjin Hearing Technology Co. Ltd. (**)	Zhengzhou (China)	I	CNY	-	60.0%
Wuhan Amplifon Hearing Aids Co. Ltd	Wuhan (China)	I	CNY	1,250,000	100.0%
Shanghai Amplifon Hearing Technology Co. Ltd	Shanghai (China)	I	CNY	100,000	100.0%
Nanjing Amplifon Hearing Aid Co. Ltd	Nanjing (China)	I	CNY	100,000	100.0%

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

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

COMPANIES VALUED USING THE EQUITY METHOD:

Company name	Head office	Direct/Indirect ownership	Currency	Share Capital	% held as at 12/31/2022
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

ANNEX II

INFORMATION PURSUANT TO ARTICLE § 149-DUODECIES OF CONSOB ISSUERS' REGULATIONS

The following table, drawn up pursuant to Article 149-duodecies of the Consob Issuers' Regulations, highlights the fees pertaining to 2022 for auditing services and for those other than audits provided by the auditing firm itself and by entities belonging to its network.

Description	Subject that provided the service	Recipient	Audit fees 2022
Independent audit services	KPMG S.p.A.	Parent Company - Amplifon S.p.A.	283,500
Services other than audits	KPMG S.p.A.	Parent Company - Amplifon S.p.A.	73,000
Total – Parent Company			***356,500***
Independent audit services	KPMG *Network*	Subsidiaries	1,367,500
	KPMG S.p.A.	Subsidiaries	218,000
Services other than audits	KPMG *Network*	Subsidiaries	28,000
Total Subsidiaries			***1,613,500***
Grand total			**1,970,000**

DECLARATION IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154-BIS OF LEGISLATIVE DECREE NO. 58/98

We, the undersigned, Enrico Vita, Chief Executive Officer and Gabriele Galli, Executive Responsible for Corporate Accounting Information for Amplifon S.p.A., taking into account the provisions of article § 154-*bis*, paragraphs 3 and 4 of Law no. 58/98, certify:

- the adequacy, by reference to the characteristics of the business and
- the effective application of the administrative and accounting procedures for the preparation of the consolidated financial statements during the course of 2022.

We also certify that the consolidated financial statements at 31 December 2022:

- have been prepared in accordance with the international accounting standards recognized in the European Union under the EC regulation no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- have been prepared in accordance with the European Commission regulation no. 2019/815 and following modifications;
- correspond to the underlying accounting entries and records;
- provides a true and fair view of the performance and financial position of the issuer and of all of the companies included in the consolidation area.

The report on operations includes a reliable operating and financial review of the Company and all of the companies included in the consolidation area as well as a description of the main risks and uncertainties to which they are exposed.

Milan, March 1st, 2023

CEO	Executive Responsible for Corporate Accounting Information
Enrico Vita	Gabriele Galli

KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI
Telefono +39 02 6763.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(The accompanying translated consolidated financial statements of the Amplifon Group constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
Amplifon S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Amplifon Group (the "group"), which comprise the statement of financial position as at 31 December 2022, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Amplifon Group as at 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of Amplifon S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of goodwill

Notes to the consolidated financial statements: note 3 "Acquisitions and goodwill" and note 46 "Accounting policies"

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 31 December 2022 include goodwill of €1,754 million, mainly arising from the significant acquisitions carried out by the group. Annually or more frequently, if necessary, the directors check the recoverable amount of the goodwill by comparing its carrying amount to its value in use, calculated using a method that discounts expected cash flows. The key assumptions used to calculate value in use relate to the operating cash flows' forecasts over the calculation period and the discount and growth rates of those flows. The directors have forecast the operating cash flows for the explicit projection period (2023-2025) used for impairment testing on the basis of the 2023-2025 three-year business plans approved by the subsidiaries' boards of directors and the group's business plan for the same period approved by the parent's board of directors on 15 December 2022. Considering the materiality of the caption and that impairment testing entails a high level of judgement by the directors, especially forecasting operating cash flows, the recoverability of goodwill was a key audit matter.	Our audit procedures, which also involved our own valuation specialists, included: — understanding the process adopted to prepare the impairment test approved by the parent's board of directors; — understanding the process adopted to prepare the 2023-2025 business plans from which the expected operating cash flows used for impairment testing have been derived; — checking any discrepancies between the previous year business plans' figures and actual figures, in order to check the accuracy of the estimation process adopted by the directors; — analysing the reasonableness of the assumptions used by the directors to determine the recoverable amount of goodwill, including the operating cash flows of the 2023-2025 plans used by the parent; — analysing the reasonableness of the assumptions underlying the valuation model used by the parent to calculate the recoverable amount of goodwill; — checking the sensitivity analysis made by the directors in relation to the main assumptions used to test goodwill for impairment; — assessing the appropriateness of the disclosures provided in the notes.

Revenue recognition

Notes to the consolidated financial statements: note 29 "Revenue from sales and services" and note 46 "Accounting policies"

Key audit matter	Audit procedures addressing the key audit matter
The income statement includes revenue from sales and services of €2,119 million for 2022. The group recognises revenue from contracts with customers differently depending on when control over the goods or services is transferred to the customer and on the type of consideration to which it is entitled. Since sales, which generally cover a package of products and services at a stand-alone price, contain many contractual terms applied to customers, the	Our audit procedures included: — understanding the process for the recognition of revenue, the related IT environment and related accounting policies; — assessing the design, implementation and operating effectiveness of controls deemed material for the purposes of our audit; — comparing the main components of revenue to the budgeted and previous year figures and

KPMG

Amplifon Group
Independent auditors' report
31 December 2022

group was required to identify and measure the various performance obligations and how they are satisfied. For the above reasons and considering the materiality of the caption, we believe that the recognition of revenue, and especially its accuracy and accruals-based accounting, are a key audit matter.	discussing the results with the relevant internal departments; — checking the documentation supporting a sample of sales, whether their performance obligations had been correctly identified, the transaction price allocated thereto and whether revenue has been recognised in profit or loss based on how the obligations were satisfied; — sending requests for written confirmation in order to obtain audit evidence supporting the trade receivables recognised in the consolidated financial statements; — assessing the appropriateness of the disclosures provided in the notes.

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate those threats or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 20 April 2018, the parent's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2019 to 31 December 2027.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the parent in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Amplifon Group
Independent auditors' report
31 December 2022

Report on other legal and regulatory requirements

Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The parent's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the consolidated financial statements at 31 December 2022 to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the consolidated financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the consolidated financial statements at 31 December 2022 have been prepared in XHTML format and have been marked up, in all material respects, in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Due to certain technical limitations, some information included in the notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The parent's directors are responsible for the preparation of the group's reports on operations and on corporate governance and ownership structure at 31 December 2022 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the report on operations and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the group's consolidated financial statements at 31 December 2022 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the report on operations and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the group's consolidated financial statements at 31 December 2022 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Amplifon Group
Independent auditors' report
31 December 2022

Statement pursuant to article 4 of the Consob regulation implementing Legislative decree no. 254/16

The directors of Amplifon S.p.A. are responsible for the preparation of a non-financial statement pursuant to Legislative decree no. 254/16. We have checked that the directors had approved such non-financial statement. In accordance with article 3.10 of Legislative decree no. 254/16, we attested the compliance of the non-financial statement separately.

Milan, 14 March 2023

KPMG S.p.A.

(signed on the original)

Claudio Mariani
Director

Editorial Project Coordination
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