

NOT FOR DISTRIBUTION IN THE UNITED STATES



AMPLIFON S.p.A.

(incorporated as a società per azioni under the laws of the Republic of Italy)

€350,000,000 1.125 per cent. Guaranteed Notes due 13 February 2027

guaranteed by

AMPLIFON (USA), Inc.

(incorporated as a corporation under the laws of the State of Delaware, USA)

and

NATIONAL HEARING CENTRES PTY. Ltd.

(incorporated with limited liability under the laws of the State of Victoria, Australia)

The issue price of the €350,000,000 1.125 per cent. Guaranteed Notes due 13 February 2027 (the “**Notes**”) of Amplifon S.p.A. (the “**Issuer**”) is 99.253 per cent. of their principal amount. The Notes constitute *obbligazioni* pursuant to Articles 2410-*et seq.* of the Italian Civil Code. The payment of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed (the “**Guarantees**”) by each of Amplifon (USA), Inc. and National Hearing Centres Pty. Ltd. (each, a “**Guarantor**” and together with any Successor Guarantor or any Additional Guarantor (once the Notes have been issued) pursuant to the Terms and Conditions of the Notes (the “**Conditions**”), the “**Guarantors**”). The Guarantees will terminate in the circumstances described in “*Terms and Conditions of the Notes – Guarantee and Status – Fall-Away of the Guarantees*”.

Unless previously redeemed, repurchased or cancelled, the Notes will be redeemed at one-hundred per cent. (100%) of their principal amount on 13 February 2027. The Notes may be redeemed in whole, but not in part, at one-hundred per cent. (100%) of their principal amount plus interest, if any, to the date fixed for redemption at the option of the Issuer in the event of certain changes affecting taxation in the Republic of Italy, the United States or Australia. See “*Terms and Conditions of the Notes – Redemption and Purchase – Redemption for Taxation Reasons*”. Noteholders will be entitled, following the occurrence of a Change of Control Event (as defined in the Conditions) to request the Issuer to redeem such Notes at one-hundred per cent. (100%) of their principal amount together with any accrued and unpaid interest (if any), all as more fully described in “*Terms and Conditions of the Notes – Redemption and Purchase – Redemption at the Option of the Holders upon a Change of Control Event*”. The Issuer may, at its option and at any time from (and including) 13 February 2024 to (but excluding) 13 November 2026, redeem the Notes, in whole but not in part, at the Optional Redemption Amount, as described under “*Terms and Conditions of the Notes – Redemption at the Option of the Issuer from (and including) 13 February 2024 to (but excluding) 13 November 2026*”. The Notes may be redeemed in whole at their principal amount, together with interest accrued to, but excluding, the date fixed for redemption, at the option of the Issuer during the period starting on (and including) 13 November 2026 up to (but excluding) the Maturity Date, as described under “*Terms and Conditions of the Notes – Redemption at the Option of the Issuer from (and including) 13 November 2026*”. Furthermore, the Notes may be redeemed in whole at their principal amount, together with interest accrued to the date fixed for redemption, at the option of the Issuer in the event that at least 80 per cent. of the aggregate principal amount of the Notes has been purchased and cancelled by the Issuer, as described under “*Terms and Conditions of the Notes – Clean-Up Call Option*”.

The Notes will bear interest from and including the Closing Date (as defined below) at the rate of 1.125 per cent. per annum, payable in arrears on 13 February in each year, commencing on 13 February 2021, all as more fully described in “*Terms and Conditions of the Notes – Interest*”. Interest payments to certain Noteholders may be subject to Italian substitute tax (*imposta sostitutiva*) as more fully described in “*Terms and Conditions of the Notes – Taxation*” and “*Taxation – Italian Tax Treatment of the Notes*”.

Investing in the Notes involves risks. For a discussion of these risks, see “Risk Factors” beginning on page 2.

Application has been made to the Luxembourg Stock Exchange (*Bourse de Luxembourg*) (the “**Luxembourg Stock Exchange**”) for the Notes to be listed on the official list of the Luxembourg Stock Exchange on 13 February 2020 and to be admitted to trading on the Luxembourg Stock Exchange’s Euro MTF Market (the “**Euro MTF Market**”). The Euro MTF Market is not a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments (as amended, “**MiFID II**”). This document has been approved as a prospectus (“**Prospectus**”) by the Luxembourg Stock Exchange in accordance with Part IV of the Luxembourg Law on Prospectuses for securities dated 16 July 2019.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or any state securities laws and are subject to United States tax law requirements. The Notes are being offered only outside the United States by the Joint Lead Managers (as defined herein) in accordance with Regulation S under the Securities Act (“**Regulation S**”), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, “U.S. persons”, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a description of further restrictions on offers and sales of the Securities, see “*Subscription and Sale*”.

The Notes will be in bearer form and in the denomination of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000 and will initially be in the form of a temporary global note (the “**Temporary Global Note**”), without interest coupons, which will be deposited on or around 13 February 2020 (the “**Closing Date**”) with a common safekeeper (the “**Common Safekeeper**”) for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”) and, together with Euroclear, the “**Clearing Systems**”). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the “**Permanent Global Note**”), without interest coupons, not earlier than forty (40) days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification. The Temporary Global Note and the Permanent Global Note, each a “**Global Note**”, will be issued in new global note (“**NGN**”) form. Ownership of the beneficial interests in the Notes will be shown on, and transfers thereof will be effected through, records maintained in book-entry form by the

Clearing Systems and their respective participants. The Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form in the denomination of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000 with interest coupons attached. See “*Summary of Provisions Relating to the Notes in Global Form*”.

The Issuer has been rated “BB+” by S&P Global Ratings Europe Limited (“**S&P**”). The Notes are expected to be rated “BB+” by S&P. S&P is established in the European Union and registered under Regulation (EC) No.1060/2009 (as amended) (the “**CRA Regulation**”) and as such is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation)). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Prospectus dated 11 February 2020.

Global Coordinator

UniCredit Bank

Joint Lead Managers and Joint Bookrunners

BNP Paribas

HSBC

ING

Mediobanca

UniCredit Bank

The Issuer and the Guarantors have confirmed that this Prospectus contains all information regarding the Issuer, the Guarantors and their respective subsidiaries (together with the Issuer and the Guarantors, the “**Group**”) and the Notes which is (in the context of the issue of the Notes and the giving of the Guarantees (as defined herein)) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Prospectus on the part of the Issuer or the Guarantors are honestly held or made and are not misleading in any material respect; this Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect. The Issuer and the Guarantors accept responsibility for the information contained in this Prospectus and declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus to the best of their knowledge is in accordance with the facts and contains no omission likely to affect its import.

None of the Issuer or the Guarantors has authorised the making or provision of any representation or information regarding the Issuer, the Guarantors, the Notes or the Guarantees other than as contained in this Prospectus or as approved for such purpose by the Issuer and the Guarantors. Any such representation or information should not be relied upon as having been authorised by the Issuer, the Guarantors, the Trustee (as defined herein) or the Joint Lead Managers.

Neither the Issuer, the Guarantors nor the Joint Lead Managers have authorised, nor do they authorise, the making of any offer of the Notes through any financial intermediary, other than offers made by the Joint Lead Managers which constitute the final placement of the Notes contemplated in this Prospectus.

This Prospectus has not been submitted to the clearance procedure of CONSOB and may not be used in connection with the offering of the Notes in the Republic of Italy, its territories and possessions and any areas subject to its jurisdictions other than in accordance with applicable Italian securities laws and regulations, as more fully set out under “*Subscription and Sale*”.

The distribution of this Prospectus and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Guarantors and the Joint Lead Managers to inform themselves about and to observe any such restrictions. This Prospectus may only be used for the purposes for which it has been published. For a description of certain restrictions on offers, sales and deliveries of the Notes and on distribution of this Prospectus and other offering material relating to the Notes, see “*Subscription and Sale*”.

In particular, the Notes have not been and will not be registered under the Securities Act and are subject to United States tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered in the United States or to U.S. persons. The Notes are subject to restrictions on transferability and resale and may not be transferred or resold in the United States or to U.S. persons except as permitted under applicable U.S. federal and state securities laws pursuant to a registration statement or an exemption from registration.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer, the Guarantors or the Group since the date of this Prospectus.

None of the Joint Lead Managers or the Trustee makes any representation or warranty, expressed or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus (including documents and information incorporated by reference) whether as to the past or the future. This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Guarantors, any of the Joint Lead Managers or the Trustee that any recipient of this Prospectus should purchase the Notes. In making an investment decision, prospective investors must rely on their own examination of the Issuer’s and the Guarantors’ businesses and the terms of the offering. Prospective

investors should not consider any information contained in this Prospectus to be investment, legal, business or tax advice. Each prospective investor should consult its own counsel, business advisor, accountant, tax advisor and other advisors for legal, financial, business, tax and related advice regarding an investment in the Notes.

Prospective investors should understand that they may have to bear the financial risks of their investment for an indefinite period of time.

The information set out in the sections of this Prospectus describing clearing arrangements is subject to any change or reinterpretation of the rules, regulations and procedures of Euroclear and Clearstream, Luxembourg, in each case as currently in effect. The information in such sections concerning the Clearing Systems has been obtained from sources that the Issuer and the Guarantors believe to be reliable, but the Issuer and the Guarantors take no responsibility for the accuracy of such information. If prospective investors wish to use the facilities of any of the Clearing Systems, they should confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. The Issuer and the Guarantors will not be responsible or liable for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such book-entry interests.

This Prospectus is to be read in conjunction with all the documents which are incorporated herein by reference (see “*Documents incorporated by reference*”). This Prospectus shall be read and construed on the basis that such documents are incorporated by reference and form part of this Prospectus. Unless specifically incorporated by reference into this Prospectus, information contained on websites mentioned herein does not form part of this Prospectus.

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

MARKET SHARE INFORMATION AND STATISTICS

This Prospectus contains information and statistics which are derived from, or are based upon, the Issuer's analysis of data obtained from the sources indicated in the section “*Description of the Issuer*” below. To the extent that such source is not indicated, such data derives from the Issuer's internal market data. Such information has been reproduced accurately in this Prospectus and, as far as the Issuer and the Guarantors are aware, no facts have been omitted which would render such reproduced information inaccurate or misleading. None of the Joint Lead Managers or the Trustee have independently verified the foregoing data and take no responsibility for the same.

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY

TARGET MARKET – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the

Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

EEA AND UNITED KINGDOM RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”) or in the United Kingdom.

For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the United Kingdom may be unlawful under the PRIIPs Regulation.

ALTERNATIVE PERFORMANCE MEASURES

This Prospectus contains certain alternative performance measures, that are non-IFRS measures, as defined by the European Securities and Markets Authority's Guidelines on Alternative Performance Measures (ESMA/2015/1415), which are used by our management to monitor our economic, financial and operating performance. It should be noted that such measures are not prepared in accordance with IFRS or any other generally accepted accounting principles and are therefore not subject to audit by our independent auditors.

Investors should not place any undue reliance on the non-IFRS measures and financial indicators and should not consider these measures as: (a) an alternative to measures of operating income or net income as determined in accordance with generally accepted accounting principles, or as measures of operating performance; (b) an alternative to cash flows from operating, investing or financing activities, as determined in accordance with generally accepted accounting principles, or as a measure of our ability to meet cash needs; or (c) an alternative to any similar measures of performance, liquidity or cash generation as determined under generally accepted accounting principles. These measures are not indicative of our historical operating results, nor are they meant to be predictive of future results. These measures are used by our management to monitor the underlying performance of the business and the operations. Since not all companies calculate these measures in an identical manner, our presentation may not be consistent with similar measures used by other companies. Therefore, investors should not place undue reliance on this data.

Non-IFRS measures included in this Prospectus include without limitation the following:

- EBIT or Operating Profit: is determined as operating result before financial income and charges and taxes;
- EBITDA or Gross Operating Profit or Gross Operating Margin: is determined as operating result (EBIT) before charging amortisation, depreciation and impairment of both tangible and intangible fixed assets;
- EBITDA recurring: is determined as EBITDA excluding non-recurring transactions;

- Operating profit (loss) before the depreciation and amortisation of purchase price allocation (“PPA”) related assets (EBITA): is determined as operating result (EBIT) before amortisation and impairment of customer lists; trademarks, non-competition agreements and other fixed assets arising from business combinations;
- Net Working Capital: is determined as the difference between current assets (the sum of goodwill, customer lists, non-compete agreements, trademarks and location rights, software charges, licenses, other intangible assets, WIP and advances, tangible assets, right-of-use assets, financial fixed assets, other non-current financial assets, inventories, trade receivables, other receivables) and current liabilities (trade payables, other payables, provisions for risks (current portion));
- Net invested capital: is determined as working capital net of derivative instruments, deferred tax assets, deferred tax liabilities, provisions for risks (non-current portion), employee benefits (non-current portion), loan fees, other non-current payables; and
- Free cash flow: represents the cash flows of operating and investing activities before such cash flows are used in acquisitions and the payment of dividends and the cash flows from or used in other financing activities.

RECLASSIFICATION

This Prospectus contains certain financial figures which were subject to reclassification including the Reclassified Consolidated Balance Sheet, Reclassified Consolidated Income Statement and Reclassified Consolidated Cash Flow Statement.

The Reclassified Consolidated Balance Sheet aggregates assets and liabilities according to operating functionality criteria, subdivided by convention into the following three key functions: (i) investments; (ii) operations and (iii) finance.

The Reclassified Consolidated Income Statement aggregates the financial income, charges and value adjustments to financial assets into the three key categories of (i) income, expenses, valuation and adjustments of financial assets; (ii) net financial expenses; and (iii) exchange differences and non hedge accounting instruments.

The Reclassified Consolidated Cash Flow Statement shows the change in net debt between the beginning and the end of the relevant period.

Reference should be made to the notes to the relevant financial statements for further details.

The Reclassified Consolidated Balance Sheet, Reclassified Consolidated Income Statement and Reclassified Consolidated Cash Flow Statement are not prepared in accordance with IFRS or any other generally accepted accounting principles and are therefore not subject to audit by our independent auditors.

CERTAIN DEFINED TERMS

References to the “**Issuer**” are to Amplifon S.p.A.; references to the “**Group**” are to the Issuer and its Subsidiaries (including the Guarantors) taken as a whole; references to the “**Guarantors**” are to Amplifon (USA), Inc. and National Hearing Centres Pty. Ltd.; and “**Subsidiaries**” has the meaning given to it in “*Terms and Conditions of the Notes*”.

References to the “**Joint Lead Managers**” or to “**Joint Bookrunners**” are to BNP Paribas, HSBC Bank plc, ING Bank N.V., Mediobanca – Banca di Credito Finanziario S.p.A. and UniCredit Bank AG.

References to “**Global Coordinator**” are to UniCredit Bank, AG.

References to the “**Trust Deed**” are to the trust deed constituting the Notes dated on or about the Closing Date (as defined herein) between the Issuer, the Guarantors and Citicorp Trustee Company Limited in their capacity as trustee, and references to the “**Trustee**” are to Citicorp Trustee Company Limited.

References to “**€**” or “**Euro**” are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the functioning of the European Union, as amended, references to “**U.S.\$**” and “**U.S. dollars**” are to the lawful currency of the United States and references to “**A\$**” or “**AUD**” are to the lawful currency of Australia.

Except where indicated, references to “**IFRS**” in this Prospectus are to International Financial Reporting Standards as adopted by the European Commission for use by companies listed on markets in the European Union.

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FORWARD-LOOKING STATEMENTS

This Prospectus contains certain statements that are, or may be deemed to be, forward-looking, including statements with respect to the Issuer's and the Group's business strategies, expansion of operations, trends in their business and their competitive advantage, information on technological and regulatory changes and information on exchange rate risk and generally includes all statements preceded by, followed by or that include the words "believe", "expect", "project", "anticipate", "seek", "estimate", "aim", "intend", "plan", "continue" or similar expressions. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Potential investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof.

Any forward-looking statements are only made as of the date of this Prospectus, and the Issuer and the Guarantors do not intend, and do not assume any obligation, to update forward-looking statements set forth in this Prospectus. Many factors may cause the Issuer's, the Guarantors' or the Group's results of operations, financial condition, liquidity and the development of the industries in which they compete to differ materially from those expressed or implied by the forward-looking statements contained in this Prospectus.

The risks described under "Risk Factors" in this Prospectus are not exhaustive. Other sections of this Prospectus describe additional factors that could adversely affect the Issuer's, the Guarantors' and the Group's results of operations, financial condition, liquidity and the development of the industries in which they operate. New risks can emerge from time to time, and it is not possible for the Issuer or the Guarantors to predict all such risks, nor can the Issuer or the Guarantors assess the impact of all such risks on their business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not rely on forward looking statements as a prediction of actual results.

RISK FACTORS

Each of the Issuer and the Guarantors believes that the following factors may affect its ability to fulfil its obligations under the Notes or the Guarantees. Most of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantors are in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.

Each of the Issuer and the Guarantors believes that the factors described below represent the principal risks inherent in investing in the Notes but the inability of the Issuer or the Guarantors to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons which may not be considered significant risks by the Issuer and the Guarantors based on information currently available to them or which they may not currently be able to anticipate.

Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Words and expressions defined in “Terms and Conditions of the Notes” or elsewhere in this Prospectus have the same meaning in this section. References to a “Condition” is to such numbered condition in the Terms and Conditions of the Notes. Prospective investors should read the whole Prospectus.

Risks related to the Group’s ability to compete effectively and differentiate its products and services

If the Group does not effectively react to increasing competition from vertical integration of manufacturers and compete with certain non-specialty retailers and low cost providers, demand for its products could decline and its business and operating results could be adversely affected

The worldwide market of hearing aids is competitive in terms of pricing, product quality, product innovation, time-to-market and customer service. The global distribution of hearing aids is highly fragmented and may be affected, at particular moments in the economic cycle, by competition designed to capture market share. The Group’s main competitors are speciality retailers, including hearing aid manufacturers, and non-speciality retailers such as optical chains, pharmacies or convenience stores, which may have significant resources or a strong financial profile that may enable them to exploit changes in the industry on a cost-competitive basis.

The Group is exposed to the risk of vertical integration of hearing aid manufacturers, which could cause an increase in sector concentration and competition. The Group may also be threatened by increased competition brought by new players entering into the market. In particular, a potential threat to the Group’s profitability may be represented by the entry into the market of additional non-specialty retailers, which may use their existing stores as distribution channels, by hearing aid producers or by on-line players. The risk that new players may enter the market could also be facilitated if, as a consequence of regulatory changes, the qualifications required for store personnel to sell hearing aids become less stringent or professions like hearing care specialists become more accessible. Moreover, new players are not only a potential obstacle to external growth due to increased competition for the acquisition of new companies, but also increase the risk of greater price pressure. Price pressure reduces profit margins and may result in significant losses for market operators.

A decline in market share or reduced profits could have a material adverse effect on the Group's results of operations, financial condition and its ability to meet payment obligations under the Notes and the Guarantees.

If the Group is not successful in hiring, retaining, integrating and motivating sufficient numbers of qualified personnel, including senior management and hearing care specialists, its business and operating results could be adversely affected

The Group's strategy and ability to provide hearing solutions and services, maintain operating margins and control expenses depends on its ability to attract, motivate and retain highly skilled personnel, including senior management and, in particular, qualified hearing care specialists. Retaining and recruiting skilled personnel is highly competitive. If the Group fails to provide competitive compensation to its employees, it will be difficult to retain, hire and integrate qualified employees and contractors, and the Group may not be able to maintain and expand its business. If the Group does not retain senior managers or other key employees for any reason, the Group risks losing institutional knowledge, experience, expertise and other benefits of continuity as well as the ability to attract and retain other key employees.

Failure to attract, retain and grow the right talent on an ongoing basis, could result in the Group being unable to continue delivering innovative and relevant solutions and services, successfully execute its strategy and build a sustainable organisation for the future and this could have a material adverse effect on the Group's results of operations, financial condition and its ability to meet payment obligations under the Notes and the Guarantees.

If alternative technologies, therapies or a cure for hearing loss is discovered, the Group's business and operating results could be adversely affected

If medical research were to lead to the discovery of a cure for the various forms of hearing loss as an alternative to hearing instruments such as by surgical techniques, the use of pharmaceuticals or breakthrough bio-technological innovations or therapies, the Group's profitability could suffer through a reduction in sales.

In addition, the discovery of other alternatives, such as unexpected manufacturing platforms or a further technological development of hearing instruments or new concepts of hearables or audio enhancing platforms could result in a decreased use of the Group's products and services, with material adverse effect on the Group's results of operations, financial condition and its ability to meet payment obligations under the Notes and the Guarantees.

If the Group fails to innovate, develop and update the Amplifon App, its business and operating results could be adversely affected

The Group has invested in and launched new and advanced digital services, such as the Amplifon Application (the "**Amplifon App**") which offers the Group's clients a number of services, therefore improving client assistance. The Amplifon App is a remote control to the hearing aid and offers day-to-day assistance and access to new services such as "find the nearest store", "book an appointment", "find my hearing aid" and the "Companion", an exclusive Amplifon digital feature which provides useful advice to customers thanks to an artificial intelligence algorithm which processes hearing device usage data.

Digital product categories, such as applications, are characterised by continually evolving technology and require frequent software updates. As a result, the Group must continually enhance and innovate the Amplifon App and introduce new services and solutions in order to remain competitive.

Failure by the Group to continuously innovate, develop and update the Amplifon App could result in the Group's inability to execute successfully its strategy, which could have a material adverse effect on its results of operations, financial condition and ability to meet payment obligations under the Notes and the Guarantees.

If the Group fails to achieve its growth strategy and/or the intended benefits of any strategic business acquisition, its business and operating results could be adversely affected

The Group has in the past, and may in the future, make strategic business acquisitions in order to expand or complement its existing business, achieve synergies and cost savings, and improve operating efficiencies. By way of example, at the end of December 2018, the Issuer completed the acquisition of the GAES group (“GAES”) for a total consideration of around €530 million, including the net financial position of the acquired entity. GAES was founded in 1949 in Barcelona and is the leader in hearing care solutions in Spain and is also present in Portugal, Andorra and six Latin American countries (Argentina, Chile, Ecuador, Panama, Colombia and Mexico).

On 8 January 2020, Amplifon announced that it had entered into a definitive agreement for the acquisition of Attune Hearing Pty Ltd (“Attune”), Australia’s largest independent hearing healthcare player. Attune is a full-service audiology company specialised in hearing solutions, comprehensive diagnostic services, cochlear implants and other services. Attune operates a distribution network of around 55 points of sale in Australia. The transaction involves a cash-out of around AU\$ 55 million (around €34 million).

Any initiative of this sort is inherently risky and the Group could face the following unintended consequences: (i) inability to achieve strategic objectives, cost savings and other benefits from the acquisition; (ii) lack of success by the acquired business in its markets; (iii) difficulty in integrating the newly-acquired business and operations in an efficient and effective manner; (iv) loss of key employees of the acquired business; (v) difficulty in integrating the front-end and back-end operating systems of the acquired business with the Group’s systems; (vi) cultural differences between the Group’s organisation and that of the acquired business; and (vii) liabilities that were not known at the time of acquisition or the need to address unexpected tax or accounting issues.

As a result, the Group may fail to achieve its growth strategy and/or the intended benefits of any acquisition, or may fail to do so within the period of time initially envisaged, which could have a material adverse effect on the Group’s results of operations, financial condition and the Group’s ability to meet its payment obligations under the Notes and the Guarantees.

If the Group’s intellectual property rights are infringed by others or the Group infringes the intellectual property rights of others resulting in claims or lawsuits, its business and operating results could be adversely affected

The Group’s success depends, in part, on its ability to protect its trademarks, patents (including its exclusive in-store protocol Amplifon 360) and other intellectual property rights, including the Group’s rights to certain domain names. Effective protection and enforcement of the Group’s intellectual property rights may not be available in every country in which its products are distributed to customers.

Furthermore, the Group may be countersued by an actual or alleged infringer if the Group attempts to enforce its intellectual property rights. Such an occurrence could materially increase costs, divert management attention and result in injunctive relief or financial damages being awarded against the Group. In addition, existing patents, trademarks and domain names may not provide competitive advantages or be adequate to safeguard and maintain the Group’s rights. If it is not feasible or possible to obtain, enforce, or protect the Group’s intellectual property rights, its business, financial condition, and results of operations could be materially and adversely affected.

To the extent claims against the Group are successful, it may have to pay substantial monetary damages or discontinue the use of its trademarks, patents and domain names that are found to be in violation of another party’s rights and this could have a material adverse effect on the Group’s results of operations, financial condition and ability to meet its payment obligations under the Notes and the Guarantees.

If the Group is not successful in implementing or realising all the expected benefits from its marketing strategies, its business and operating results could be adversely affected

As part of its business strategy, the Group has invested significantly in marketing (specifically €109.6 million and €107.6 million for the year ended 31 December 2018 and for the nine-month period ended 30 September 2019, respectively). The Group is mainly focusing on effective advertising (also through digital channels) to further strengthen its brand equity, advanced Customer Relationship Management (“CRM”) system and campaigns to ensure personalised experience to customers and drive customer satisfaction and on its innovation program composed by the new Amplifon product line and the Amplifon App (together the “**Amplifon Product Experience**”) to offer a new distinctive value proposition to customers made of products, services and experiences. However, the Group may not be able to implement one or more of its initiatives successfully. In addition, any future profit that the Group realises from such efforts may differ materially from the Group’s estimates and marketing strategies that have been successful in the past may not be successful in the future.

The Group’s inability to carry out its marketing initiatives or the failure of such strategies could have a material adverse effect on the Group’s results of operations, financial condition and its ability to meet payment obligations under the Notes and the Guarantees.

Risks related to the Group’s relationship with and interaction with customers

If the Group is unable to preserve relationships with its customers, its business and operating results could be adversely affected

The Group’s business consists in providing high-quality services to customers in terms of both technical performance and personal relationship. Accordingly, the Group’s profitability is highly dependent on the level of customer satisfaction, which in turn can be affected by a variety of factors, including, negative perception or negative and/or inaccurate publicity concerning the quality of the services provided by the Group.

The inability of the Group to preserve relationships with its customers and to maintain a high level of customer satisfaction, in the future, may make it difficult for the Group to manage its business and this could have a material adverse effect on its results of operations, financial condition and ability to meet its payment obligations under the Notes and the Guarantees.

If the Group is not able to maintain and enhance its reputation or if its reputation is damaged, its business and operating results could be adversely affected

The Group has developed long-term value in its reputation and has invested significantly in brand identity and the quality of the services it offers over the past several years. Maintaining its reputation and value associated with the Group’s brands is central to the success of the business and future growth.

Maintaining and enhancing the Group’s reputation will require significant investments and will depend largely on its future solutions and services, which may not be successful and may damage the Group’s reputation.

The Group’s reputation is also dependent on third parties, such as suppliers, manufacturers, retailers, the media and online consumer product reviews, recommendations and referrals. It can take significant time, resources and expense to overcome negative publicity, reviews or perception.

Substantial erosion in the reputation or value associated with the Group’s brand names could have a material adverse effect on the Group’s results of operations, financial condition and its ability to meet payment obligations under the Notes and the Guarantees.

If the Group's information technology systems are significantly disrupted or if material breaches in security occur, its business and operating results could be adversely affected

The Group's business depends to a large and increasing degree on reliable and secure IT systems to forecast its business, maintain financial and legal records, manage front-end and back-end operations and inventory, and operate other critical functions. The Group allocates significant resources to maintain its information technology systems and deploy network security, data encryption, training and other measures to protect against unauthorised access or misuse.

Moreover, the Group also invested in a significant way in innovative IT systems, such as those for the development and implementation of its CRM system, which is employed to analyse and manage customers' and potential customers' data and interactions through the customer lifecycle with the goal of improving customer service, satisfaction and retention and for the implementation of the Oracle Enterprise Resource Planning Cloud (the **"ERP Cloud system"**) which supports the Group's back-end processes relating particularly to finance, human resources and procurement.

Nevertheless, the Group may be subject to information technology system failures, network disruptions and material breaches in data security due to power outages, hardware failures, structural or operational failures, computer viruses, attacks by computer hackers, other data security issues, telecommunication failures, user error, malfeasance, catastrophes, system or software upgrades, integration or migration, or other foreseeable and unforeseen events.

Moreover, the collection of user data heightens the risk of security material breaches and other data security issues related to the Group's IT systems and the systems of third-party data storage and other service and IT providers. In addition, such risks appear to be heightened because of the launch of new digital services, such as the Amplifon App which gives the Group access also to customers' behavioural data.

Material breaches or disruptions of the Group's information technology systems could adversely affect the Group's brands, reputation, relationships with customers or business partners, or consumer or investor perceptions of the Group, business, products or services, or could result in disruptions of its operations, loss of customers' or its business partners' data or costs to address regulatory inquiries or actions or private litigation, which could have a material adverse effect on the Group's results of operations, financial condition and its ability to meet payment obligations under the Notes and the Guarantees.

If the Group is not able to maintain positive relationships with the key members of the medical community, its business and operating results could be adversely affected

The Group's relationship with the medical community (in particular with ear, nose and throat ("ENT") specialists) and its perception of the Group's products and services is important in certain selected markets in which the Group operates as the hearing care industry has typical requirements and operating rules of medical services. In particular, the Group provides solutions and service to customers with health issues, thus the medical community may play an important role in the customers' choice to purchase a hearing solution, and the Group also operates in certain countries where a medical prescription is required in order to purchase hearing aids, such as Italy, France and Germany. Therefore, the members of the medical community can have a significant impact on the purchase by customers of hearing solutions in certain selected markets.

The Group believes it has a strong relationship with the medical community in such selected markets. However, if it were unable to maintain it, the marketing of its products and services could suffer and this in turn could have a material adverse effect on the Group's results of operations, financial condition and its ability to meet payment obligations under the Notes and the Guarantees.

If the Group's products and services were to have quality issues, its business and operating results could be adversely affected

The Group could be adversely affected by any quality issues relating to its products and the use and functioning of the Amplifon App. With respect to hearing instruments, as the Group purchases all of its products from third party manufacturers, it cannot be held responsible for any defects that may affect the products that are supplied to and then distributed by the Group. The manufacturers of such products will face any product liability claims in the event that the supplied devices are alleged to have resulted in personal injury or damage to property, or otherwise to have caused harm. Nevertheless, consumers may also decide to sue the Group for the supply of defected products. In addition, the Group also faces a reputational risk in the event of any product quality issues, given that the Group's reputation is also dependent on third parties, such as suppliers and manufacturers.

Moreover, with respect to the Amplifon App, the Group could be held responsible if such app is alleged to have resulted in personal injury or to have caused harm due to, by way of example, a technical glitch or a personal data breach. As a result, the Group could not only incur significant costs in defending claims brought by customers against it, but may also face negative publicity which could have an adverse effect on its reputation.

While the Group maintains reserves for reasonably estimable liabilities and purchases liability insurance which it considers satisfactory, the Group's reserves or insurance limits may not be sufficient to cover such claims and liabilities and the Group's insurance is subject to deductibles and may not be sufficient to cover such claims and liabilities.

In light of the above, product quality issues and/or a malfunction of the Amplifon App could have a material adverse effect on the Group's results of operations, financial condition and its ability to meet payment obligations under the Notes and the Guarantees.

Risks related to the Group's supply and distribution facilities

The Group purchases products from a limited number of sources, and if supply were delayed or constrained or if there were shortages of required components, its business and operating results could be adversely affected

The Group purchases its products from a limited number of sources as the wholesale market is concentrated primarily among a small number of manufacturers, namely Sonova, Demant, WS Audiology A/S, GN ReSound (part of GN Store Nord A/S) and Starkey Hearing Technologies. As at 30 September 2019, the Group's purchases from the five main suppliers accounted for more than 75% of the Group's total cost of goods sold and it currently has in place supply arrangements for the provision of products with each of the above suppliers.

If the supply of these products were to be delayed, constrained or interrupted, or if one or more of its single-source suppliers were to go out of business as a result of adverse global economic conditions or natural disasters, the Group may be unable to find a new supplier on acceptable terms or with the volumes required in the short-term, or at all.

Shortages or interruptions in the supply of products, or the Group's inability to procure these products from alternate sources at acceptable prices in a timely manner, could delay shipment of its products, which could have a material adverse effect on the Group's results of operations, financial condition and its ability to meet payment obligations under the Notes and the Guarantees.

If the Group's current arrangements and relationship with agents and franchisees terminates, its business and operating results could be adversely affected

The Group's products and services are provided in 28 countries across the world. In a number of markets, mainly in Italy and the United States, the Group relies upon exclusive agents and franchisees (such as Miracle-Ear) to distribute its devices under agency and franchising agreements. The use of such commercial partners entails risks, including the risk of termination of contractual relations with

such third parties. This risk is particularly concentrated in the United States where one of the Group's business model (Miracle-Ear) is based on franchisees, as the economic performance and financial solidity of the latter must be monitored carefully in order to be able to react quickly if necessary. In addition, in Italy, the majority of direct points of sale (582 out of 657, as at 30 September 2019) are run by agents (or agent-like entities) who work exclusively with the Group and have acquired extensive information on the customers residing in their area of operation.

A disruption or termination of the Group's current arrangements with these third parties could have a material adverse effect on the Group's financial condition and results of operations. In addition, the loss of market share or any financial difficulties of these third parties, including insolvency, could have a material adverse effect on the Group's results of operations, financial condition and its ability to meet payment obligations under the Notes and the Guarantees.

If the Group or its suppliers are subject to property loss and unforeseen business interruption, its business and operating results could be adversely affected

The Group currently operates through around 11,000 points of sale and owns five main warehouses across the world, in countries such as Italy, France, Spain and The Netherlands. However, many of the products that the Group sells are stored by its suppliers and directly delivered to the Group's points of sale. Damage and loss caused by fire, accidents, natural disasters, terrorism, political unrest, enhanced national security measures, conflicts, strained international relations, severe weather or other disruptions of the Group's points of sale or warehouses, or of its suppliers' storage facilities could be significant.

Furthermore, such events could injure or kill individuals or damage or destroy third party property or the environment, which could, among other things, lead to considerable financial costs for us. The realisation of any of these risks could have a material adverse effect on the Group's results of operations, financial condition and its ability to meet payment obligations under the Notes and the Guarantees.

Risks related to the legal and regulatory environment in which the Group operates

The Group must comply with various regulatory requirements, and changes in or new regulatory requirements may adversely impact its gross margins and reduce its ability to generate revenues, which would cause an adverse effect on its business and operating results

The Group operates in the medical sector which is subject to a wide variety of laws and regulations administered by national, regional and supranational government bodies.

Hearing aid products may be negatively impacted by new and proposed regulation of medical devices. In particular, these laws govern: (i) reimbursements by the national health services or by third-party health insurance services for the purchase of hearing aids; (ii) the sale and distribution of hearing aids to the public and, more specifically, the training and qualifications required to practise the profession of hearing care specialist; and (iii) technical aspects of hearing aids, which are considered medical devices in all the markets where the Group operates, hence the devices sold must comply with national and international regulations on product standards, packaging and labelling requirements and high quality standards.

Accordingly, the business of the Group may be affected by changes in any such laws and regulations and, in particular, by changes to the conditions for reimbursement, the way in which coverage is calculated, the ability to access national health insurance coverage, the role of ENT specialists and of hearing aid specialists and the requirements for selling hearing aids and related services, as occurred for example in the United States. In 2017 in the United States the Over-the-Counter ("OTC") Hearing Aid Act came into force requiring the Food and Drug Administration (the "FDA") to introduce a new category of hearing aids intended for use by adults over the age of 18 years with perceived mild to moderate hearing loss, which would be available OTC without the supervision, prescription, involvement or intervention of a licensed hearing professional. This reduction of

requirements to sell and customise hearing aids could open the market to less performing solutions as well as an increase in competition with new potential players and may result in a decline in market share and price pressure.

The Group may also be affected by new or more stringent laws regulating hearing devices, including those applying to the Amplifon App, which is a medical device and internally developed by the Group.

Additionally, regulatory requirements concerning quality management systems and product safety of medical devices, including hearing aids and certain accessories, are increasing for distributors. The EU Medical Device Regulation 2017/745 (“**EUMDR**”) imposes stricter requirements with regard to clinical data and safety risk management. In fact, the EUMDR requires importers and distributors to verify that the manufacturer and device meet the requirements set out in the aforementioned Regulation, before the device is imported or sold into the European Union. In May 2020, the transition period for the EUMDR expires, after which compliance with the applicable standards set out in the EUMDR must be ensured. The heightened standards of the EUMDR could lead to increased compliance costs or, if the Group is unable to comply with such standards, it may lead to sanctions and affect the Group’s business, results of operations and financial condition.

The Group has implemented a series of measures to ensure its ability to react in a timely manner to potential changes in regulation, including through the establishment of the Regulatory Affairs function, which is responsible for, *inter alia*, the monitoring of regulatory changes and their impact in all countries where the Group operates and the development of action plans to resolve any issues, which however may not always be effective.

Changes in laws, regulations or governmental policies and the related interpretations may alter the environment in which the Group carries on its business and, accordingly, may have a material adverse effect on the Group’s results of operations, financial condition and ability to meet payment obligations under the Notes and the Guarantees.

If the Group’s collection, storage, transmission, use and distribution of user data gives rise to liabilities and additional costs of operation as a result of laws, governmental regulation, standards and risks of security breaches, its business and operating results could be adversely affected

The Group is subject to legislation, regulations and security standards in connection with customer data that it collects. This information is increasingly subject to legislation and regulations relating to data protection and cyber-security in numerous jurisdictions around the world, especially in the U.S., China and Europe.

For example, the European Union adopted the General Data Protection Regulation (“**GDPR**”), effective as of May 2018, which imposes significant fines and sanctions for violations of the GDPR and is applicable to the Group and to all companies processing data of European Union residents.

The Group is also subject to the stringent data security standards which many of its large clients (mainly in the U.S.) require it to achieve. The Group’s compliance with these standards is necessary in order for the Group to maintain its relationship with its clients but also in light of the audits to which it is subject in connection to such imposed standards.

Such laws and regulations, and the variation between jurisdictions, as well as additional security measures and risk, could subject the Group to costs, allocation of additional resources, liabilities or negative publicity that could adversely affect the Group’s results of operations, financial condition and ability to meet its payment obligations under the Notes and the Guarantees.

If the Group were to be involved in litigation and investigations, its business and operating results could be adversely affected

The Group may be involved in litigation matters and other disputes from time to time in the normal course of its business. For this reason, the Group has made allocations to risk provisions, recognised

as liabilities in the Group's financial statements amounting to €2.6 million and €2.0 million as at 31 December 2018 and 30 September 2019, respectively. However, there can be no assurance that provisions relating to litigation will be sufficient to cover the Group's ultimate loss or expenditure in its full entirety.

It is inherently difficult to assess the outcome of litigation and investigation matters, and there can be no assurance that the Group will prevail in any litigation. The outcome of any investigation that is currently pending or that may be launched in the future is similarly uncertain, and there can be no assurance that the Group will not be subject to any civil, regulatory or even criminal sanctions as a result of such investigations. Any such litigation or investigation could result in substantial costs and diversion of the efforts of the Group's management, which by itself could have a material adverse effect on its financial condition and operating results. Further, adverse determinations in litigations or investigations could subject the Group to significant liabilities to third parties, any of which could have a material adverse effect on its business, financial condition or results of operations and ability to meet its payment obligations under the Notes and the Guarantees.

Risks Relating to the Markets in which the Group Operates

The Group is exposed to risks related to conducting operations in many different jurisdictions and this could adversely affect its business and operating results

The Group operates in the retail, wholesale and service segment of the global hearing aid market. Specifically, the Group operates in Europe, the Middle East and Africa ("EMEA"), in the United States, Canada and Latin America ("AMERICAS") and Australia, New Zealand, India and China ("APAC") and each of these geographical regions contributes to the Group's financial performance. As at 31 December 2018, the Group generated 69.9 per cent. of revenues in the EMEA region, 17.0 per cent. in the AMERICAS region and 12.8 per cent. in the APAC region, with the balance (0.3 per cent.) related to Corporate¹.

Because of the international scope of the Group's activities, the Issuer is subject to a number of risks, many of which are beyond its control. These risks include but are not limited to:

- compliance with a variety of national and local laws of countries in which the Issuer does business;
- risk of loss or other delays in the delivery of products or services caused by transportation problems;
- restrictions on the repatriation of income or capital, deprivation of contract rights, expropriation, confiscatory taxation or other adverse tax policies or governmental actions;
- changes in laws, regulations, and practices affecting the global hearing aid market and the health care system in general, including but not limited to protection of intellectual property rights, imports, exports, quality, cost, pricing, reimbursement, approval, inspection and delivery of health care;
- changes in employment laws, wage increases, or rising inflation in the countries in which the Group or its partners and suppliers operate;
- fluctuations in exchange rates for transactions conducted in currencies other than the functional currency;
- adverse changes in the economies in which the Group or its suppliers operate as a result of a slowdown in overall growth, a change in government or economic policies, or financial, political, or social change or instability in such countries that affects the markets in which the Group operates, particularly emerging markets;

¹ 2018 data with the application of IFRS 15 and IFRS 9.

- differing local product preferences and product requirements;
- supply disruptions, and increases in energy and transportation costs;
- natural disasters, including droughts, floods, and earthquakes or outbreaks of health epidemics and contagious diseases in the countries in which the Group operates;
- economic sanctions and restrictions on exports and other transfers of goods;
- local disturbances, terrorist attacks, riots, social disruption, or regional hostilities in the countries in which the Group or its partners and suppliers operate; and
- government uncertainty, including as a result of new or changed laws and regulations.

The occurrence of any of the above events could have a material adverse effect on the Group's results of operations, financial condition and ability to meet its payment obligations under the Notes and the Guarantees.

If the Group's business is negatively affected by changes in international economic conditions, its business and operating results could be adversely affected

While the hearing aid market has generally shown resilience during economic downturns, sales of the Group's products could fluctuate during periods of economic challenge. Customers could "trade down" from higher-priced products to lower priced products.

If this were to occur and the Group were not successful in adapting to such trends and cost structures there may be a decrease in the number of units sold or a reduction in the average selling price, which could have a material adverse effect on the Group's results of operations, financial condition and ability to meet its payment obligations under the Notes and the Guarantees.

If the Group is affected by economic uncertainty and political instability in Italy and Europe, its business and operating results could be adversely affected

The Group mainly operates in the EMEA region, which accounted for €952.3 million, or 69.9 per cent. of its revenues from sales and services for the year ended 31 December 2018, and for €877.8 million, or 71.7 per cent. of its revenues from sales and services for the nine-month period ended 30 September 2019. Moreover, the Group's revenues from sales and services in Italy amounted to €310.7 million and €232.1 million as at 31 December 2018 and the nine months ended 30 September 2019, respectively. As a result, the Issuer is more sensitive to adverse macroeconomic and political conditions in Italy and more generally in Europe.²

The signs of recovery from the financial and economic crisis, which caused macroeconomic conditions to deteriorate and consumption to contract since 2008, are still modest both in Italy and in the rest of Europe (although economic recovery has been stronger in certain countries), and uncertainty remains that these economies will continue to recover over the medium/long term. In particular, there is uncertainty that Italy's real gross domestic product ("GDP") will return to pre-crisis levels (2007) and even in the event of GDP growth, the Group cannot guarantee that an increase in the Italian GDP will lead to an increase in the Group's overall performance, or that other reasons for instability in the Eurozone or other macroeconomic factors will not adversely affect these projections.

Moreover, with respect to the United Kingdom's withdrawal from the European Union on 31 January 2020 ("Brexit"), given the unprecedented nature of a departure from the EU, and the fact that the terms for Brexit are still unknown, Brexit could, among other outcomes, significantly disrupt trade between the United Kingdom and the European Union and cause political and economic instability in other countries of the European Union. Therefore, although the Group's revenues in the United

² Data with the application of IFRS 15 and IFRS 9.

Kingdom amounted to only €39.1 million and €28.5 million as at 31 December 2018 and as at 30 September 2019, respectively, the Group's main markets, such as Germany, Italy and Spain, could also be affected, with a potentially negative impact on the Group's business.

Financial market conditions have remained challenging and have shown signs of weakness, such as in relation to sovereign credit risk and fiscal deficits in European countries, including Italy. Conditions in Eurozone countries have deteriorated showing rising yields on certain sovereign debt instruments issued by certain Eurozone states, including Italy, and the market perception is that Europe is facing an institutional crisis of confidence related to contagion from sovereign debt.

Challenging market conditions have resulted in greater volatility and, in some cases, reduced liquidity, widening of credit spreads and a lack of price transparency in credit markets. Changes in investment markets, including changes in interest rates, exchange rates and returns from equity, property and other investments, may affect the Group's financial performance or ability to refinance in the future should a refinancing be required. In addition, the Group's financial performance could be adversely affected by a worsening of general economic conditions in Italy.

The Group's business, financial condition and results of operations could also be negatively affected by the increased instability of the Italian political environment. In August 2019, the Italian Deputy Prime Minister and Interior Minister announced a motion of no confidence in Italy's Prime Minister, in an attempt to force early elections. This resulted in the Prime Minister's resignation and subsequently in the formation of a new coalition government led by the former Prime Minister.

On 9 September 2019, the newly formed government won a vote of confidence in Italy's lower and upper houses of parliament, namely the Chamber of Deputies and the Senate. Nevertheless, the new government is composed of and supported by longstanding political rivals and, as a consequence, the stability of the new government and the outlook for economic policies are very uncertain.

Should the uncertainty in the political climate in Italy, or Europe in general, worsen, it could have a material adverse effect on the Group's results of operations, financial condition and ability to meet its payment obligations under the Notes and the Guarantees.

Risks Relating to the Group's Financial Results and Sources of Revenue

Exchange and interest rate risk

The Group conducts a significant portion of its operations outside the Euro zone and, accordingly, carries on parts of its business in currencies other than the Euro, including, *inter alia*, the US dollar, the Australian dollar, the New Zealand dollar, the British pound, and the Swiss franc. Foreign exchange risk arises from investments in the United States, Canada, the United Kingdom, Switzerland, Hungary, Poland, Israel, Australia, New Zealand, India, Egypt and, as result of the GAES acquisition year-end 2018, in Chile, Argentina, Ecuador, Colombia, Panama and Mexico. Fluctuations in the exchange rate between the Euro and the aforementioned currencies may adversely affect the Group's financial results, either in the form of lower revenues or increased costs, as well as having an impact on the value of its assets and liabilities. The Group is also exposed to the risk of interest rate changes relating to its borrowings and the cash held by it to manage day-to-day liquidity.

Interest rate fluctuations could affect interest received on cash holdings, the amount of interest payable on existing debt or refinancing costs or, in the case of fixed interest debt, result in interest payments that are significantly above market rates.

Credit risk

The Group is subject to credit risk arising from, *inter alia*, (i) sales made as part of ordinary business operations; (ii) the use of financial instruments that require settlement of positions with other counterparties; (iii) from the loans granted to members of the indirect channel and commercial partners in the United States and in Spain for investments and business development; (iv) from the

residual amount receivable for the sale of the American subsidiary Sonus in the period 2010-2011 which was switched from the direct to the indirect channel.

The inability of the Group's risk management procedures to prevent or offset breaches of payment obligations could have a material adverse effect on the Group's results of operations, financial condition and ability to meet its payment obligations under the Notes and the Guarantees.

Liquidity risk

The Issuer is exposed to a possible liquidity risk in that it may be unable to meet payment obligations because it has insufficient cash at its disposal, which may in turn arise from matters outside of its control, such as a credit crisis or severe economic conditions in the countries in which the Group operates. Such risk has increased as a result of the sizeable financial commitment assumed with the GAES acquisition.

The inability to ensure sufficient liquidity could have a material adverse effect on the Group's results of operations, financial condition and ability to meet its payment obligations under the Notes and the Guarantees.

The operating results of the Group are subject to seasonality

The operating results of the Group are subject to seasonality. In particular, sales in EMEA, which represents the largest region in terms of the Group's revenue and profitability contribution, are concentrated in the second and the fourth quarter of each financial year. As a result, the fourth quarter is the strongest for the Group in terms of revenue, profitability and cash flow generation.

Because of these quarterly fluctuations, a comparison of the overall Group's revenues and results of operations between different quarters within a single financial year may not be meaningful and should not be relied upon as an indication of the Group's future revenues or results of operations of a full year.

Risks Factors Relating to the Notes

The Notes and the Guarantees are unsecured obligations

The Notes and the Guarantees will be direct, unconditional, unsecured (subject to "*Terms and Conditions of the Notes—Negative Pledge*") and unsubordinated indebtedness of the Issuer and the Guarantors, respectively. For more information concerning the ranking of the Notes and the Guarantees, see "*Terms and Conditions of the Notes—Guarantee and Status*".

The Notes are unsecured and the Conditions do not restrict the amount of debt which the Issuer or the Guarantors may incur

The Conditions do not contain any restriction on the amount of indebtedness which the Issuer and its Subsidiaries may from time to time incur. In the event of any insolvency or winding-up of the Issuer and/or the Guarantors, the Notes or the Guarantees (as the case may be) will rank equally with the Issuer's and the Guarantors' other unsecured senior indebtedness and, accordingly, any increase in the amount of the Issuer's or the Guarantors' unsecured senior indebtedness in the future may reduce the amount recoverable by Noteholders. In addition, the Notes are unsecured and, although they restrict the giving of security by the Issuer and its Subsidiaries over Relevant Indebtedness and guarantees in respect of such indebtedness a number of exceptions apply (as more fully described in "*Terms and Conditions of the Notes – Negative Pledge*"). Where security has been granted over assets of the Issuer to secure indebtedness, in the event of any insolvency or winding-up of the Issuer or the Guarantors, such secured indebtedness will rank in priority over the Notes and other unsecured indebtedness of the Issuer or the Guarantors in respect of such assets.

The claims of Noteholders are structurally subordinated with respect to entities that are not guarantors of the Notes

The operations of the Group are principally conducted through subsidiaries of the Issuer, including (but not limited to) the Guarantors. Noteholders will not have a claim against any subsidiaries of the Issuer other than the Guarantors or any Additional Guarantor or Successor Guarantor. The assets of the Issuer's non-guarantor subsidiaries will be subject to prior claims by creditors of those subsidiaries, whether such creditors are secured or unsecured.

The Issuer and the Guarantors may not have sufficient funds at the time of occurrence of a change of control to redeem outstanding Notes

Upon the occurrence of certain events relating to the Issuer as set out in “*Terms and Conditions of the Notes – Redemption and Purchase*” under certain circumstances the Noteholders will have the right to require the Issuer to redeem their outstanding Notes at their principal amount plus accrued and unpaid interest, if any, to the date of redemption. However, it is possible that the Issuer and the Guarantors will not have sufficient funds at the time of occurrence of such events to make the required redemption of Notes. In addition, except as specifically set out in “*Terms and Conditions of the Notes – Redemption and Purchase*”, the Notes do not contain provisions that provide a right to Noteholders to require the Issuer to purchase or redeem the Notes in any other circumstances.

The Group is subject to taxes in numerous foreign jurisdictions

The Group is subject to taxes in Italy and numerous other foreign jurisdictions. The Group's future effective tax rates could be affected by changes in the mix of earnings in countries with differing tax rules and rates, changes in corporation or other taxes (including withholding taxes), changes in the valuation of deferred tax assets and liabilities, or changes in tax laws or their interpretation, which could be applied retrospectively. Any of these changes could have a material adverse effect on the Group's profitability. Similarly, the Group's profitability could be affected by changes in customs duty legislation.

The Group is also regularly subject to the examination of its tax returns by the Italian tax authorities, as well as the governing tax authorities in other countries where the Group operates. The Group routinely assesses the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of its provision for taxes. Currently, some of the Group's subsidiaries are under routine inspections by the local tax authorities and, in many of the jurisdictions in which the Group operates, tax claims by the authorities involving significant amounts of money are not uncommon and may have quite long prescription periods. Furthermore, such claims can lead to extremely drawn-out proceedings over many years. There can be no assurance that the outcomes of the current on-going examinations and possible future examinations will not have a material adverse effect on the Group's results of operations, financial condition and ability to meet its payment obligations under the Notes and the Guarantees.

Payments in respect of the Notes may in certain circumstances be made subject to withholding or deduction of tax

All payments in respect of Notes and the Guarantees will be made free and clear of withholding or deduction of Italian, United States or Australian taxation, respectively, unless the withholding or deduction is required by law. In that event, the Issuer will pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required. The Issuer's obligation to gross up is, however, subject to a number of exceptions, including withholding or deduction of:

- (a) Italian substitute tax (*imposta sostitutiva*), pursuant to Italian Legislative Decree No. 239 of 1 April 1996; and

- (b) withholding tax or other similar measure in effect in certain Member States in accordance with international agreements entered into between the Member State and a non-EU country or territory (such as FATCA agreements).

Prospective purchasers of Notes should consult their tax advisers as to the overall tax consequences of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws of any country or territory.

Italian substitute tax

Italian substitute tax is applied to payments of interest and other income (including the difference between the redemption amount and the issue price) at a rate of twenty-six per cent. (26%) to (i) certain Italian resident Noteholders and (ii) certain non-Italian resident Noteholders who have not filed in due time with the relevant depository a declaration (*autocertificazione*) stating, *inter alia*, that he or she is resident for tax purposes in a country which allows for an adequate exchange of information with the Italian tax authorities.

The Notes will initially be held in book-entry form, and therefore investors must rely on the procedures of the relevant clearing systems to exercise any rights and remedies

The Notes will initially only be issued in global form and held through Euroclear and Clearstream. The Group refers to beneficial interests in such global notes as “Book-Entry Interests.”

Interests in the global notes will trade in book-entry form only, and the Notes in definitive registered form, or Definitive Registered Notes, will be issued in exchange for Book-Entry Interests only in very limited circumstances. Owners of Book-Entry Interests will not be considered owners of the Notes. The common depository, or its nominee, for Euroclear and Clearstream will be the sole registered holder of the global notes representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Notes will be made to Citibank N.A., London Branch, as principal paying agent, which will make payments to Euroclear and Clearstream. Thereafter, such payments will be credited to participants’ accounts that hold Book-Entry Interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to Euroclear and Clearstream, none of the Issuer, the Guarantors, the Trustee or any paying agent will have any responsibility or liability for any aspect of the records relating to or payments of interest, principal or other amounts by Euroclear and Clearstream or to owners of Book-Entry Interests. Accordingly, if you own a Book-Entry Interest, you must rely on the procedures of Euroclear and Clearstream, and if you are not a participant in Euroclear and Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the Notes under the indenture.

Unlike holders of the Notes themselves, owners of Book-Entry Interests will not have the direct right to act upon the Group’s solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a Book-Entry Interest, you will be reliant on the common depository (as registered holder of the Notes) to act on your instructions and/or will be permitted to act directly only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream or, if applicable, from a participant. The Group cannot assure you that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any requested actions or to take any other action on a timely basis.

Modification and waiver

The terms and conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally, including, *inter alia*, any proposal to modify the maturity of the Notes or the dates on which interest is payable on them, to reduce or cancel the principal amount of, or interest on, the Notes, or to change the currency of payment of the Notes. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not

attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the Trustee may, without the consent of Noteholders or Couponholders, agree to (i) the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes and/or (ii) determine without the consent of the Noteholders or Couponholders that any Event of Default or potential Event of Default shall not be treated as such, each in the circumstances described in Condition 13.3 (*Modification, Waiver, Authorisation and Determination*).

There is no active trading market for the Notes and there can be no assurance that one will develop

Application has been made to admit the Notes to the official list of the Luxembourg Stock Exchange and to trading on the Euro MTF Market. The Notes are new securities for which there is currently no market. There can be no assurance as to the liquidity of any market that may develop for the Notes, the ability of Noteholders to sell such Notes or the price at which the Notes may be sold. The liquidity of any market for the Notes will depend on the number of holders of the Notes, prevailing interest rates, the market for similar securities and a number of other factors. In an illiquid market, the Noteholders might not be able to sell their Notes at any time at fair market prices. There can be no assurance that an active trading market for the Notes will develop or, if one does develop, that it will be maintained. If an active trading market does not develop or cannot be maintained, this could have a material adverse effect on the liquidity and trading prices for the Notes.

The liquidity and market value of the Notes may also be significantly affected by factors such as variations in our annual and interim results of operations, news announcements or changes in general market conditions. In addition, broad market fluctuations and general economic and political conditions may adversely affect the market value of the Notes, regardless of our actual performance. Furthermore, if additional and competing products are introduced in the markets, this may adversely affect the value of the Notes.

The Notes may be redeemed prior to maturity

In the event that we are obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any political subdivision thereof or any authority therein or thereof having power to tax, we may pursuant to Condition 6 (*Redemption and Purchase*) redeem all outstanding Notes in accordance with the terms and conditions of the Notes (the “**Conditions**”). If we call and redeem the Notes in the circumstances mentioned above, the Noteholders may not be able to reinvest the redemption proceeds in comparable securities offering a yield as high as that of the Notes. Prospective investors should consider reinvestment risk in light of other investments available at that time.

Credit Rating

Each Series of Notes is expected to be rated “BB+” by S&P Global Ratings Europe Limited. Noteholders should be aware that:

- (a) a rating will reflect only the views of the rating agency and may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this Prospectus and other factors that may affect the value of the Notes;
- (b) a rating is not a recommendation to buy, sell or hold securities and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning rating agency; and
- (c) notwithstanding the above, an adverse change in a credit rating could adversely affect the trading price for the Notes.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.

Insolvency laws applicable to the Issuer may not be as favourable to the Noteholders as bankruptcy laws in other jurisdictions

The Issuer is incorporated in the Republic of Italy and is subject to Italian insolvency laws. Italian insolvency laws may not be as favourable to interests of holders of Notes as creditors as the laws of other jurisdictions with which the holders of Notes may be familiar, including in respect of creditors' rights, the ability to obtain post petitions interest and the duration of the insolvency proceedings. This may therefore limit the ability of holders of Notes to recover payments due on the Notes.

For instance, if the Issuer becomes subject to bankruptcy proceedings, payments made in favour of holders of Notes, the Note Trustee or the Security Agent prior to the commencement of the relevant proceedings, may be subject to claw-back upon certain conditions, at the request of the relevant receiver.

Furthermore, under Italian law, holders of Notes do not have any right to vote at any of the Group's shareholders' meetings. Consequently, holders of Notes cannot influence any decisions by the Group's board of directors or any decisions by shareholders concerning its capital structure, including the declaration of dividends in respect of ordinary shares.

The Guarantees may be limited by applicable laws or subject to certain defences that may limit their validity and enforceability

The Guarantees given by the Guarantors provides Noteholders with a direct claim against the Guarantors in respect of the Issuer's obligations under the Notes. Enforcement of the Guarantees would be subject to certain generally available defences. Local laws and defences may vary, and may include those that relate to corporate benefit, fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, and capital maintenance or similar laws. Enforcement of the Guarantees may also be affected by general law doctrines or statutory relief in relation to matters such as fraud, misrepresentation, mistake, duress, unconscionable conduct, frustration, estoppel, waiver, lapse of time, penalties, courts retaining their ability to adjudicate, public policy or illegality. A court might decline to exercise jurisdiction, for example if it considers that it is not the most appropriate forum or if the subject matter is concurrently before another court. Local laws may also require that parties act reasonably or in good faith in their dealings with each other, including in exercising rights, powers or discretions or forming opinions and may also include regulations or defences which affect the rights of creditors generally. Under local laws, equitable remedies, such as injunction and specific performance, may be discretionary (as is the case in Australia). They may also include regulations or defences which affect the rights of creditors generally. If a court were to find the Guarantees given by the Guarantors void or unenforceable as a result of such local laws or defences Noteholders would cease to have any claim in respect of the Guarantors and would be creditors solely of the Issuer. Enforcement of the Guarantees is subject to the detailed provisions contained in the Trust Deed which include certain limitations reflecting mandatory provisions of the laws of the Guarantors' respective jurisdiction.

With reference to any Guarantor incorporated in the United States:

Under U.S. federal bankruptcy laws or comparable provisions of state fraudulent transfer laws, the issuance of the Guarantee by a U.S. Guarantor could be voided, if, among other things, at the time the U.S. Guarantor issued the Guarantee, it:

- (i) intended to hinder, delay or defraud any present or future creditor; or
- (ii) received less than reasonably equivalent value or fair consideration for the incurrence of such indebtedness; and
 - (a) was insolvent or rendered insolvent by reason of such incurrence;
 - (b) was engaged in a business or transaction for which its remaining assets constituted unreasonably small capital; or
 - (c) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

The measures of insolvency for purposes of the foregoing considerations will vary depending upon the law applied in any proceeding with respect to the foregoing. Generally, however, the U.S. Guarantor would be considered insolvent if:

- (i) the sum of its debts, including contingent liabilities, was greater than the saleable value of all of its assets;
- (ii) the present fair saleable value of its assets was less than the amount that would be required to pay its probable liabilities on its existing debts, including contingent liabilities, as they become absolute and mature; or
- (iii) it could not pay its debts as they become due.

By its terms, the Guarantee by the U.S. Guarantor will limit its liability to the maximum amount it can pay without the Guarantee being deemed a fraudulent transfer. The Issuer believes that immediately after the issuance of the Notes by the Issuer and the issuance of the Guarantees by the Guarantors, the Issuer and each of the Guarantors will be solvent, will have sufficient capital to carry on its respective business and will be able to pay its respective debts as they mature. However, there can be no assurance as to what standard a court would apply in making these determinations or that a court would reach the same conclusions with regard to these issues. Certain U.S. federal bankruptcy courts have held that a determination as to whether a transferor is rendered insolvent by a transfer may depend on the actual liabilities of the transferor, not what the transferor knows about such liabilities at the time of the transfer. Because liabilities that are unknown, or that are known to exist but whose magnitude is not fully appreciated at the time of the transfer, may be taken into account in the context of a future determination of insolvency, it may be difficult to know with certainty whether a transferor is solvent at the time of transfer, and there is an increased risk that a transfer may in the future be found to be a fraudulent conveyance.

Enforcement of the Guarantees across multiple jurisdictions may be difficult

The Issuer is incorporated under the laws of the Republic of Italy and the Guarantors are incorporated under the laws of the State of Delaware and Australia. In the event of bankruptcy, insolvency or a similar event, proceedings could be initiated in any of these jurisdictions. The rights of the holders of the Notes under the Guarantees will thus be subject to the laws of different jurisdictions, and it may be difficult to effectively enforce such rights in multiple bankruptcy, insolvency and other similar proceedings. Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of creditors' rights. In addition, the bankruptcy, insolvency, administration and other laws of the jurisdiction of organisation of the Issuer and the Guarantors may be materially different from, or in conflict with, one another, including creditors' rights, priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceeding. The application of these various laws in multiple

jurisdictions could trigger disputes over which jurisdictions' law should apply and could adversely affect the ability to realise any recovery under the Notes and the Guarantees.

The Guarantors may cease to be Guarantors

Under the Terms and Conditions of the Notes if a Guarantor is no longer providing a guarantee in respect of the Facilities Agreement (as defined in the Terms and Conditions) and is not otherwise an obligor thereunder and provided that the Trustee shall have received, in form and substance satisfactory to it, a certificate, signed by two directors of the Issuer, confirming that (i) such Guarantor's obligations under the Facility Agreement have terminated and (ii) no Event of Default or Potential Event of Default shall have occurred and then be continuing or shall result from such termination, such Guarantor shall be deemed released from all its obligations under their Guarantee of the Notes. Consequently, such Guarantor may cease to be a Guarantor in respect of the Notes. Should the Guarantees in respect of all Guarantors cease, Noteholders will only be able to look to the Issuer for payments in respect of the Notes.

DOCUMENTS INCORPORATED BY REFERENCE

The following financial information is incorporated by reference in this Prospectus:

- (i) the audited consolidated annual financial statements of the Issuer and its subsidiaries (including the Guarantors) as at and for the years ended 31 December 2018 and 2017 prepared in accordance with IFRS together with the accompanying independent auditors' reports (available on the Issuer's website at https://corporate.amplifon.com/content/dam/amplifon/archive/en/investors/financial-reports/2019/ag-annual_report-2018-ENG.pdf and https://corporate.amplifon.com/content/dam/amplifon/archive/en/investors/financial-reports/2018/ag-annual_report-2017-ENG.pdf, respectively); and
- (ii) the unaudited consolidated interim financial statements of the Issuer and its subsidiaries (including the Guarantors) as at and for the six-month period ended 30 June 2019 prepared in accordance with IFRS together with the accompanying independent auditors' report (available on the Issuer's website at <https://corporate.amplifon.com/content/dam/amplifon/archive/en/investors/financial-reports/2019/H1-2019-financial-report-13-05-2019.pdf>); and
- (iii) the unaudited consolidated interim financial statements of the Issuer and its subsidiaries (including the Guarantors) as at and for the nine-month period ended 30 September 2019 prepared in accordance with IFRS (available on the Issuer's website at <https://corporate.amplifon.com/content/dam/amplifon/archive/en/investors/financial-reports/2019/interim-financial-report-30-09-2019.pdf>).

Cross-reference list

The following tables show where the information incorporated by reference in this Prospectus can be found in the above-mentioned documents.

<i>Audited consolidated annual financial statements of the Issuer</i>	31 December 2018	31 December 2017
Consolidated Income Statement.....	Pages 56 to 60	Pages 49 to 51
Reclassified Consolidated Balance Sheet	Page 61	Page 52
Condensed Reclassified Consolidated Cash Flow Statement	Page 62	Page 53
Consolidated Statement of Financial Position	Pages 128 to 129	Pages 116 to 117
Consolidated Income Statement.....	Page 130	Page 118
Statement of Comprehensive Income	Page 131	Page 119
Statement of Changes in Consolidated Net Equity	Pages 132 to 133	Pages 120 to 121
Consolidated Cash Flow Statement	Pages 134 to 135	Pages 122 to 123
Supplementary Information to Cash Flow Statement	Page 136	Page 124
Explanatory Notes.....	Pages 137 to 237	Pages 125 to 207
Annexes	Pages 238 to 242	Pages 208 to 211
Declaration in respect of the Consolidated Financial Statements pursuant to Article 154-bis of Legislative Decree 58/98	Page 243	Page 212
Independent Auditors' Report.....	Page 244	Page 213

Unaudited condensed interim consolidated financial statements of the Issuer

30 June 2019

Reclassified Consolidated Income Statement	Pages 14 to 18
Reclassified Consolidated Balance Sheet	Pages 19 to 20
Condensed Reclassified Consolidated Cash Flow Statement	Page 21
Consolidated Statement of Financial Position	Pages 55 to 56
Consolidated Income Statement.....	Page 57
Statement of Consolidated Comprehensive Income	Page 58
Statement of changes in Consolidated Equity.....	Pages 59 to 60
Consolidated Cash Flow Statement	Pages 61 to 62
Explanatory Notes.....	Pages 63 to 91
Annexes	Pages 92 to 95
Independent Auditors' Report.....	Page 97

Unaudited condensed interim consolidated financial statements of the Issuer

30 September 2019

Reclassified Consolidated Income Statement	Pages 14 to 18
Reclassified Consolidated Balance Sheet	Pages 19 to 20
Condensed Reclassified Consolidated Cash Flow Statement	Page 21
Consolidated Statement of Financial Position	Pages 55 to 56
Consolidated Income Statement.....	Page 57
Statement of Consolidated Comprehensive Income	Page 58
Statement of changes in Consolidated Equity.....	Pages 59 to 60
Consolidated Cash Flow Statement	Pages 61 to 62
Explanatory Notes.....	Pages 63 to 91
Annexes	Pages 92 to 94

The consolidated financial statements of the Issuer referred to above are translated into English from the original Italian.

All documents incorporated by reference have been previously published or are published simultaneously with this Prospectus. Such documents shall be incorporated by reference in, and form part of, this Prospectus, save that any statement contained in a document or part of a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, be part of this Prospectus.

This Prospectus should be read and construed together with the information incorporated by reference herein. A copy of any document incorporated by reference in this Prospectus is available for viewing on the website of the Issuer (www.corporate.amplifon.com). A copy of this Prospectus and any document incorporated by reference in this Prospectus will also be available free of charge at the specified office of the Paying Agent in Luxembourg, unless such documents have been modified or superseded. Such documents will also be available for viewing on the website of the Luxembourg Stock Exchange (www.bourse.lu).

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes which (subject to completion and amendment) will be endorsed on each Note in definitive form. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “Summary of Provisions relating to the Notes in Global Form” below.

The €350,000,000 1.125 per cent. Guaranteed Notes due 13 February 2027 (the “**Notes**”, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 15 (*Further Issues*) and forming a single series with the Notes) of Amplifon S.p.A. (the “**Issuer**”) are guaranteed on a joint and several basis by each of Amplifon (USA), Inc. and National Hearing Centres Pty. Ltd. (each, a “**Guarantor**” and together with any Successor Guarantor or any Additional Guarantor (once the Notes have been issued) pursuant to Condition 9 below, the “**Guarantors**”). The Notes are constituted by a trust deed dated 13 February 2020 (as amended, supplemented and/or restated from time to time, the “**Trust Deed**”) made between the Issuer, the Guarantors and Citicorp Trustee Company Limited as trustee (the “**Trustee**”).

These Conditions include summaries of the Trust Deed and Agency Agreement (as defined below) and are subject to the detailed provisions of, and definitions in, the Trust Deed. Copies of the Trust Deed and the agency agreement dated 13 February 2020 (such agreement as amended, supplemented and/or restated from time to time, the “**Agency Agreement**”) made between the Issuer, the Guarantors, Citibank N.A., London Branch as principal paying agent (the “**Principal Paying Agent**”) and any other paying agents appointed thereunder from time to time (together with the Principal Paying Agent, the “**Paying Agents**”) and the Trustee are available for inspection during normal business hours by holders of the Notes (the “**Noteholders**”) and holders of the interest coupons appertaining to the Notes (the “**Couponholders**” and the “**Coupons**” respectively) at the registered office for the time being of the Trustee and at the specified office of each of the Paying Agents. The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. References in these Conditions to the Trustee and any Paying Agent shall include any successor appointed under the Trust Deed or the Agency Agreement, as the case may be.

References to “**€**” or “**Euro**” are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the functioning of the European Union, as amended.

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Notes are in bearer form, serially numbered, in the denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000, with Coupons attached on issue.

1.2 Title

Title to the Notes and the Coupons will pass by delivery.

1.3 Holder Absolute Owner

The Issuer, each Guarantor, any Paying Agent and the Trustee may (to the fullest extent permitted by applicable laws) deem and treat the bearer of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon) and shall not be required to obtain any proof thereof or as to the identity of such bearer.

2. GUARANTEE AND STATUS

2.1 Guarantee

Each Guarantor has unconditionally and irrevocably guaranteed on a joint and several basis (i) the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Agency Agreement, the Notes and the Coupons and (ii) the performance by the Issuer of all of its obligations under the Trust Deed, the Agency Agreement, the Notes and the Coupons. Each Guarantor's obligations in that respect (each a "**Guarantee**" and together the "**Guarantees**", which expressions shall include, for the avoidance of doubt, any guarantees given by a Successor Guarantor and/or an Additional Guarantor pursuant to Condition 9 and the provisions of the Trust Deed in, and subject to the provisions of, and to the limitations contained in, the Trust Deed) are contained in the Trust Deed.

Pursuant to Condition 9 below and the provisions of the Trust Deed, the occurrence of a Permitted Transaction (as defined in Condition 9) may require a Successor Guarantor or an Additional Guarantor, as the case may be, to provide a Guarantee in respect of the Notes and the Trust Deed. Such Guarantee will be on a joint and several basis with each other Guarantee, to the extent permitted by law.

2.2 Status of the Notes

The Notes constitute direct, unconditional and (subject to the provisions of Condition 3 (*Negative Pledge*)) unsecured and unsubordinated obligations of the Issuer and rank and will rank *pari passu*, without any preference among themselves and at least *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

2.3 Status of the Guarantees

The Guarantees constitute direct, unconditional and (subject to the provisions of Condition 3 (*Negative Pledge*)) unsecured and unsubordinated obligations of the Guarantors and rank and will rank at least *pari passu* with all other outstanding unsecured and unsubordinated obligations of the relevant Guarantor, present and future, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

2.4 Fall-Away of the Guarantees

Each Guarantor will have in full force and effect its Guarantee so long as such Guarantor has outstanding a guarantee (or is otherwise an obligor) under the facilities agreement dated 28 September 2018 between, among others, the Issuer as borrower, the Guarantors as guarantors and the lenders listed therein (as amended, restated, supplemented, refinanced or otherwise modified time from time, including on 30 April 2019, the "**Facilities Agreement**"). In the event that at any time any Guarantor no longer has outstanding a guarantee under the Facilities Agreement (and is not otherwise an obligor thereunder), then the obligations of such Guarantor shall terminate automatically on the date that such Guarantor's obligations have terminated under the Facilities Agreement and the Trustee shall have received, in form and substance satisfactory to it, a certificate, signed by two directors of the Issuer, confirming that (i) such Guarantor's obligations under the Facility Agreement have terminated and (ii) no Event of Default or Potential Event of Default shall have occurred and then be continuing or shall result from such termination.

3. NEGATIVE PLEDGE

3.1 Negative Pledge

So long as any Note or Coupon remains outstanding (as defined in the Trust Deed), none of the Issuer or any Guarantor will, and each of the Issuer and the Guarantors shall procure that no Material Subsidiary will, create or have outstanding any Security Interest (other than a Permitted Security Interest) upon the whole, or with respect to, any part of their present or future business, undertakings, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, without:

- (a) at the same time or prior thereto, securing by way of Security Interest all amounts payable by the Issuer under the Notes, the Coupons and the Trust Deed or, as the case may be, by the Guarantors under the Guarantees equally and rateably with such Relevant Indebtedness to the reasonable satisfaction of the Trustee; or
- (b) providing such Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) either (i) as the Trustee in its absolute discretion considers to be not materially less beneficial to the interests of the Noteholders or (ii) as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

3.2 Interpretation

For the purposes of these Conditions:

- (a) “**Consolidated Total Assets**” means, at any time, the total assets of the Issuer and its Subsidiaries as set forth in the most recent annual consolidated financial statements of the Issuer prepared in accordance with GAAP;
- (b) “**GAAP**” means generally accepted accounting principles as in effect from time to time in Italy and applicable to the Issuer, including International Financial Reporting Standards (as adopted by the European Union) if in effect at any such time;
- (c) “**Governmental Authority**” means:
 - (i) the government of the United States of America, Australia or Italy or any State or other political subdivision of any thereof, or
 - (ii) any other jurisdiction in which the Issuer or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any properties of the Issuer or any Subsidiary, or
 - (iii) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government;
- (d) “**Indebtedness**” means any indebtedness (whether being principal, premium or interest) of any Person for or in respect of any money borrowed or raised;
- (e) “**Material Subsidiary**” means, at any time, each Subsidiary (i) the book value of the assets of which, together with the assets of the Subsidiaries of such Subsidiary, exceeds ten per cent. (10%) of Consolidated Total Assets at such time or (ii) the revenues of which, together with the revenues of the Subsidiaries of such Subsidiary, for the fiscal year of the Issuer ending on or immediately preceding such time exceeded ten per cent. (10%) of the consolidated revenues of the Issuer and its Subsidiaries for such fiscal year, in each case under (i) and (ii) above as set forth in the most recent annual consolidated financial statements of the Issuer prepared in accordance with GAAP;

- (f) **“Permitted Security Interest”** means:
- (i) any Security Interest arising by operation of law; or
 - (ii) any Security Interest created by any entity upon the whole or any part of its undertaking or assets and subsisting at the time such entity (A) merges or consolidates with or is demerged, contributed or merged into or transferred to the Issuer, a Guarantor or a Material Subsidiary, (B) becomes a Material Subsidiary of the Issuer or a Guarantor or (C) sells, contributes or transfers all or substantially all of its assets to the Issuer, a Guarantor or a Material Subsidiary, *provided that* such Security Interest was not created in connection with, or in contemplation of, such merger, consolidation, demerger, contribution, transfer or sale or such entity becoming a Material Subsidiary and *provided further that* the principal amount of Relevant Indebtedness secured by such Security Interest is not subsequently increased; or
 - (iii) any Security Interest to secure Relevant Indebtedness upon or with respect to any present or future assets, receivables, remittances or payment rights of the Issuer, a Guarantor or any of its Material Subsidiaries (the **“Charged Assets”**) which is created pursuant to any securitisation or like arrangements whereby all or substantially all the payment obligations in respect of such Relevant Indebtedness are to be discharged solely from the Charged Assets, *provided that* (A) the aggregate principal amount outstanding of the Relevant Indebtedness which is created pursuant to any securitisation or like arrangement and (B) the Charged Assets at any time in any fiscal year do not exceed ten per cent. (10%) of Consolidated Total Assets (as set forth in the most recent annual consolidated financial statements of the Issuer prepared in accordance with GAAP); or
 - (iv) any Security Interest created in substitution of any existing Security Interest permitted pursuant to this Condition 3 over the same assets or replacement assets provided further that the amount of Relevant Indebtedness secured by such Security Interest is not substantially increased;
- (g) **“Person”** means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organisation, business entity or Governmental Authority;
- (h) **“Relevant Indebtedness”** means (i) any Indebtedness, whether present or future, which is in the form of or represented by any bond, note (including, for the avoidance of doubt, any note issued on a private placement basis to investors), debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange, over the counter or other organised market for securities or (ii) any guarantee and/or indemnity in relation to any such Indebtedness;
- (i) **“Security Interest”** means any mortgage, charge, pledge, lien or other form of security interest including, without limitation, anything substantially analogous to any of the foregoing under the laws of any jurisdiction; and
- (j) **“Subsidiary”** means, as to any Person, any other Person in which such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such second Person, and any partnership or joint venture if more than a fifty per cent. (50%) interest in the profits or capital thereof is owned by such first Person or one or more of its Subsidiaries or such first Person and

one or more of its Subsidiaries (unless such partnership can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries).

4. INTEREST

4.1 Interest Rate and Interest Payment Dates

The Notes bear interest from and including 13 February 2020 (the “**Issue Date**”) at the rate of 1.125 per cent. per annum (the “**Rate of Interest**”), payable annually in arrears on 13 February in each year (each an “**Interest Payment Date**”). The first payment (representing a full year’s interest) shall be made on 13 February 2021. The amount of interest payable on each Interest Payment Date shall be €11.25 per Calculation Amount.

4.2 Interest Accrual

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) seven (7) days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Principal Paying Agent or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 11 (*Notices*) (except to the extent that there is any subsequent default in payment).

4.3 Calculation of Broken Interest

If interest is required to be paid in respect of a Note on any date other than an Interest Payment Date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest cent, with 0.5 cents being rounded upwards and multiplying such rounded figure by a fraction equal to the denomination of such Note divided by the Calculation Amount.

In these Conditions:

- (a) “**Calculation Amount**” means €1,000; and
- (b) “**Day Count Fraction**” means (i) the actual number of days in the period from and including the date from which interest begins to accrue (the “**Accrual Date**”) to but excluding the date on which it falls due divided by (ii) the actual number of days from and including the Accrual Date to but excluding the next following Interest Payment Date.

5. PAYMENTS

5.1 Payments in respect of Notes

Payments of principal and interest in respect of each Note will be made against presentation and surrender (or, in the case of a partial payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of a partial payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.

5.2 Method of Payment

Payments will be made by credit or transfer to a Euro account (or to any other account to which Euro may be credited or transferred) specified by the payee with a bank in a city in which banks have access to the TARGET System.

5.3 Missing Unmatured Coupons

Each Note should be presented for payment together with all relative unmatured Coupons, failing which the full amount of any relative missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount of the missing unmatured Coupon which the amount so paid bears to the total amount due), will be deducted from the amount due for payment. Each amount so deducted will be paid in the manner mentioned above against presentation and surrender (or, in the case of a partial payment only, endorsement) of the relative missing Coupon at any time before the expiry of ten (10) years after the Relevant Date (as defined in Condition 7 (*Taxation*)) in respect of the relevant Note (whether or not the Coupon would otherwise have become void pursuant to Condition 8 (*Prescription*)) or, if later, five (5) years after the date on which the Coupon would have become due, but not thereafter.

5.4 Payments subject to Applicable Laws

Payments in respect of principal and interest on Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

5.5 Payment only on a Presentation Date

A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 4 (*Interest*), be entitled to any further interest or other payment if a Presentation Date is after the due date for such payment.

In these Conditions:

- (a) “**Business Day**” means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place;
- (b) “**Presentation Date**” means a day which (subject to Condition 8 (*Prescription*)):
 - (i) is or falls after the relevant due date;
 - (ii) is a Business Day in the place of the specified office of the Paying Agent at which the Note or Coupon is presented for payment; and
 - (iii) in the case of payment by credit or transfer to a Euro account as referred to above, is a TARGET2 Settlement Day;
- (c) “**TARGET2 Settlement Day**” means any day on which the TARGET System is open; and
- (d) “**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) system.

5.6 Partial payments

If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

5.7 Initial Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents, *provided that*:

- (a) there will at all times be an Agent;
- (b) so long as the Notes are listed on any stock exchange or admitted to trading by any relevant authority, a Paying Agent (which may be the Principal Paying Agent) having its specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and
- (c) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the Republic of Italy.

Notice of any termination or appointment and of any changes in specified offices will be given to the Trustee and the Noteholders promptly by the Issuer in accordance with Condition 11 (*Notices*).

6. REDEMPTION AND PURCHASE

6.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount together with any accrued and unpaid interest on 13 February 2027 (the “**Maturity Date**”), subject as provided in Condition 5 (*Payments*).

6.2 Redemption for Taxation Reasons

If the Issuer certifies to the Trustee immediately before the giving of the notice referred to below that:

- (a) as a result of any change in, or amendment to, the laws or regulations of the Relevant Taxing Jurisdiction, or any change in the application or official interpretation of such laws or regulations (including a decision made by a court of competent jurisdiction), which change or amendment becomes effective after 13 February 2020, the Issuer or, if the Guarantees were called, the relevant Guarantor would be required to pay additional amounts as provided or referred to in Condition 7 (*Taxation*); and
- (b) such obligation cannot be avoided by the Issuer or the relevant Guarantor, as the case may be, taking reasonable measures available to it,

the Issuer may, at its option, having given not less than 30 nor more than 60 days’ notice to the Noteholders in accordance with Condition 11 (*Notices*) (which notice shall be irrevocable), redeem the Notes in whole, but not in part, at any time, on an Interest Payment Date, at their principal amount together with interest accrued to but excluding the date of redemption *provided that* (i) no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or any Guarantor, as the case may be, would be obliged to pay such additional amounts if a payment in respect of the Notes were then payable and (ii) unless, at the time such notice is given, such change or amendment remains in effect (or due to take effect).

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories (as defined in the Trust Deed) of the Issuer or, as the case may be, the relevant Guarantor stating that the requirement referred to in (a) above will apply on the next Interest Payment Date and cannot be avoided by the Issuer or, as the case may be, the relevant Guarantor taking reasonable

measures available to it, and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

In these Conditions, the “**Relevant Taxing Jurisdiction**” means:

- (a) in respect of payments by the Issuer, the Republic of Italy or any political subdivision or any agency or authority thereof or therein having power to tax; or
- (b) in respect of payments by Amplifon (USA), Inc., the United States or any political subdivision or any agency or authority thereof or therein having power to tax; or
- (c) in respect of payments by National Hearing Centres Pty. Ltd., Australia or any political subdivision or any agency or authority thereof or therein having power to tax;
- (d) in the case of any Additional Guarantor or Successor Guarantor, the jurisdiction of such Additional Guarantor or Successor Guarantor, or any political subdivision or any authority thereof or therein having power to tax or in each such case any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Additional Guarantor or Successor Guarantor, as the case may be, becomes subject in respect of payments made by it of principal and interest on the Notes and Coupons;
- (e) in each of the above cases, any other jurisdiction or any political subdivision or any agency or authority thereof or therein having power to tax to which the Issuer may become subject in respect of payments of principal and interest on the Notes and Coupons or, in the case of any Guarantors, under the respective Guarantee.

6.3 **Redemption at the Option of the Holders upon a Change of Control Event**

A Change of Control event (a “**Change of Control Event**”) will occur if, at any time while any Note remains outstanding:

- (a) a Change of Control (as defined below) occurs; and
- (b) (in the event that the Notes carry a credit rating from any rating agency at the time of the Change of Control) within 180 days of the occurrence of the Change of Control the rating previously assigned to any of the Notes by a rating agency (where at the relevant time the Notes are rated by one rating agency) or by two rating agencies (where at the relevant time the Notes are rated by two or more rating agencies) is:
 - (i) in the case of an investment grade credit rating (BBB-/Baa3/BBB-, or equivalent, or better), either downgraded to a non-investment grade credit rating (BB+/Ba1/BB+, or equivalent, or worse) or withdrawn and is not, within such 180-day period, subsequently (in the case of a downgrade) upgraded to an investment grade credit rating by such rating agency or (in the case of a withdrawal) replaced by an investment grade credit rating from any other rating agency or agencies; or
 - (ii) in the case of a non-investment grade credit rating (BB+/Ba1/BB+, or equivalent, or worse), either downgraded by at least one full rating notch (for example, to BB/Ba2 or their respective equivalents) or withdrawn and is not, within such 180-day period, subsequently (in the case of a downgrade) upgraded to its earlier credit rating or better by such rating agency or agencies or (in the case of a withdrawal) replaced by an equivalent credit rating or better from any other rating agency or agencies,

and in making the relevant decision(s) referred to above, the relevant rating agency announces publicly or confirms in writing to the Issuer and the Trustee that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control. For the avoidance of doubt, this paragraph (b) shall only apply in the event the Notes carry a credit rating from any rating agency at the time of the Change of Control and, to the extent that there is no credit rating at such time, then only paragraph (a) above shall apply for determining a Change of Control Event, and this Condition 6.3 shall be read and construed accordingly.

Within fifteen (15) Business Days following the date upon which the Issuer first has knowledge of a Change of Control Event, or a reasonable belief that a Change of Control Event has occurred, the Issuer will, and at any time upon the Trustee becoming aware that a Change of Control Event has occurred the Trustee may, and if so requested by the holders of at least one-fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction) direct the Issuer to, give written notice thereof (a “**Change of Control Notice**”) to the holders of all outstanding Notes in accordance with Condition 11 (*Notices*), which Change of Control Notice shall (i) describe the facts and circumstances of such Change of Control Event in reasonable detail, (ii) refer to this Condition 6.3 and the rights of the holders of Notes hereunder, (iii) contain an offer to prepay on a date, which shall be no more than sixty (60) days and not less than thirty (30) days after the date upon which the Issuer or the Trustee, as the case may be, first acquired or were deemed to acquire knowledge of such Change of Control Event or the Issuer first had reasonable belief that such Change of Control Event had occurred, the entire unpaid principal amount of the Notes held by such holder, together with interest thereon to the prepayment date (a “**Change of Control Prepayment Date**”) (showing in such offer the amount of interest which would be paid on such prepayment date), and (iv) request such holder to notify the Issuer in writing by a stated date (a “**Response Date**”), which date is not less than ten (10) days prior to the Change of Control Prepayment Date and not less than thirty (30) days after such holder’s receipt of the Change of Control Notice, of its acceptance or rejection of such prepayment offer. For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require, the Issuer shall also notify the Luxembourg Stock Exchange promptly of any Change of Control Event. If a holder does not notify the Issuer on or before the Response Date specified in the Change of Control Notice of such holder’s acceptance of the prepayment offer contained therein, then the holder shall be deemed to have waived its rights under this Condition 6.3.

On the Change of Control Prepayment Date, the entire unpaid principal amount of the Notes held by each holder of a Note who has accepted such prepayment offer, together with accrued and unpaid interest thereon to the prepayment date, shall become due and payable. Upon such payment by the Issuer in accordance with the provisions of this Condition 6.3, each such holder shall surrender the Notes held by it to the Issuer for cancellation.

To exercise the right to require early redemption of any Notes, the holder of the Notes must deliver at the specified office of any Paying Agent, on any Business Day on or before the Response Date, a duly signed and completed notice of exercise in the form (for the time being current and which may, if such Notes are held in a clearing system, be in any form acceptable to such clearing system and may be delivered in any manner acceptable to such clearing system) obtainable from the specified office of any Paying Agent (a “**Put Notice**”) and in which the holder must specify a bank account to which payment is to be made under this Condition, accompanied by such Notes or evidence satisfactory to the Paying Agent concerned that such Notes will, following the delivery of the Put Notice, be held to its order or under its control. A Put Notice given by a holder of any Note shall be irrevocable except where, prior to the Change of Control Prepayment Date, an Event of Default has occurred and is continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Put Notice.

As used herein:

“Change of Control” shall be deemed to occur if any Person or Persons Acting in Concert (other than the Permitted Holders, jointly or severally), together with Affiliates thereof, shall in the aggregate, gain Control of the Issuer.

For the purposes of this definition:

“Acting in Concert” means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in the Issuer by any of them, either directly or indirectly, to obtain or consolidate Control of the Issuer (for the avoidance of doubt, no group of persons shall be deemed to be Acting in Concert with a Permitted Holder in any transaction where the Permitted Holders retain Control);

“Affiliate” means, at any time, and with respect to any Person, any other Person that at such time directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such first Person, and, with respect to the Issuer, shall include any Person beneficially owning or holding, directly or indirectly, ten per cent. (10%) or more of any class of voting or equity interests of the Issuer or any Subsidiary of the Issuer or any Person of which the Issuer and its Subsidiaries beneficially own or hold, in the aggregate, directly or indirectly, ten per cent. (10%) or more of any class of voting or equity interests. As used in this definition, **“control”** means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise;

“Control” means the power to, directly or indirectly, control or own (beneficially or otherwise) more than fifty per cent. (50%) (by number of shares) of the total voting power of all classes then outstanding of the voting stock of the Issuer; and

“Permitted Holders” means (i) Susan Carol Holland; (ii) any direct lineal descendants and spouses of any of the foregoing; (iii) any trust for the benefit of any person listed in clauses (i) and (ii) above; and (iv) any entity which is controlled by, or controls, any of the foregoing listed in clauses (i) through (iii) above, directly or indirectly, individually or collectively.

6.4 **Redemption at the Option of the Issuer from (and including) 13 February 2024 to (but excluding) 13 November 2026**

Subject to Condition 6.5 (*Redemption of at the Option of the Issuer from (and including) 13 November 2026 (Three-Months Par Call)*), the Issuer may, at any time from (and including) 13 February 2024 to (but excluding) 13 November 2026, having given:

- (a) not less than fifteen (15) nor more than thirty (30) days’ notice to the Noteholders in accordance with Condition 11 (*Notices*); and
- (b) not less than fifteen (15) days before the giving of the notice referred to in (a) above, notice to the Trustee and the Paying Agent,

(which notices shall be irrevocable and shall specify the date fixed for redemption) (the **“Optional Redemption Date”**), redeem all (but not some only) of the Notes then outstanding at the Optional Redemption Amount (as defined below) together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date.

For the purposes of this Condition 6.4, the **“Optional Redemption Amount”** will be an amount which is the higher of:

- (a) 100 per cent. of the principal amount of the Notes to be redeemed; or

- (b) as determined by the Determination Agent (as defined below), the sum of the then current values of the remaining scheduled payments of principal and interest on the Notes (not including any interest accrued on the Notes to, but excluding, the Optional Redemption Date) discounted to the Optional Redemption Date on an annual basis (based on the actual number of days elapsed divided by 365 or (in the case of a leap year) by 366) at the Reference Bond Rate (as defined below) plus the Redemption Margin (as defined below),

plus, in each case, any interest accrued on the Notes to, but excluding, the Optional Redemption Date.

As used in this Condition 6.4:

“Determination Agent” means an investment bank or financial institution of international standing selected by the Issuer.

“Redemption Margin” shall be 0.30 per cent. per annum.

“Reference Bond” shall be the German government bond bearing interest at a rate of 0 per cent. per annum and maturing on 15 August 2026 with ISIN DE0001102408.

“Reference Bond Rate” means the average of the five quotations given by the Reference Dealers on the fourth Business Day prior to the Optional Redemption Date (the **“Calculation Date”**) at 11.00 a.m. (Central European time (CET)) of the mid-market annual yield to maturity of the Reference Bond. If the Reference Bond is no longer outstanding, a Similar Security will be chosen by the Determination Agent after prior consultation with the Issuer if practicable under the circumstances, at 11.00 a.m. (CET) on the Calculation Date, quoted in writing by the Determination Agent to the Issuer and published in accordance with Condition 11 (*Notices*).

“Reference Dealers” shall be each of the five banks selected by the Determination Agent which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues.

“Similar Security” means a reference bond or reference bonds issued by the German government having an actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

6.5 **Redemption at the Option of the Issuer from (and including) 13 November 2026 (Three-Months Par Call)**

The Issuer may, having given not less than fifteen (15) nor more than thirty (30) days’ notice to the Noteholders in accordance with Condition 11 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the Notes, at their principal amount together with interest accrued to, but excluding, the date fixed for redemption, at any time during the period starting on (and including) 13 November 2026 up to (but excluding) the Maturity Date.

6.6 **Clean-Up Call Option**

In the event that at least eighty (80) per cent. of the aggregate principal amount of the Notes has been purchased and cancelled by the Issuer, the Issuer may, at its option but subject to having given not less than thirty (30) nor more than sixty (60) days’ notice to the Noteholders, redeem all, but not some only, of the outstanding Notes. Any such redemption of Notes shall be at one hundred (100) per cent. of their principal amount, together with interest accrued to the date fixed for redemption.

6.7 **No Other Redemption**

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 6.1 (*Redemption at Maturity*) to 6.6 (*Clean-Up Call Option*) above.

6.8 **Purchases**

The Issuer, any Guarantor or any of their respective Subsidiaries may at any time purchase Notes (*provided that* all unmatured Coupons appertaining to the Notes are purchased with the Notes) in any manner and at any price. Such Notes may be held, reissued or resold or, at the option of the Issuer, surrendered to the Principal Paying Agent for cancellation. None of the Issuer, any Guarantor or any of their respective Subsidiaries shall be entitled to vote at any meetings of Noteholders in relation to the Notes redeemed or held by it.

6.9 **Cancellations**

All Notes which are (a) purchased by or on behalf of the Issuer, any Guarantor or any of their respective Subsidiaries and surrendered for cancellation or (b) redeemed, and any unmatured Coupons attached to or surrendered with them, shall be cancelled and may not be reissued or resold.

6.10 **Notices Final**

Upon the expiry of any notice as is referred to in Condition 6.2 (*Redemption for Taxation Reasons*), 6.3 (*Redemption at the Option of the Holders upon a Change of Control Event*), 6.4 (*Redemption at the Option of the Issuer from (and including) 13 February 2024 to (but excluding) 13 November 2026*) or 6.5 (*Redemption of at the Option of the Issuer from (and including) 13 November 2026 (Three-Months Par Call)*) or 6.6 (*Clean-Up Call Option*) above, the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such paragraph. If more than one notice of redemption is given by the Issuer pursuant to these Conditions, or a Noteholder delivers a Put Notice pursuant to Condition 6.3 (*Redemption at the Option of the Holders upon a Change of Control Event*), the first in time of such notices shall prevail.

7. **TAXATION**

7.1 **Payment without Withholding**

All payments in respect of principal and interest by the Issuer in respect of the Notes and the Coupons or by any Guarantor under the Guarantees, as the case may be, will be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“**Taxes**”) imposed or levied by or on behalf of any of the Relevant Taxing Jurisdictions, unless the withholding or deduction of such Taxes is required by law. In that event, the Issuer or, as the case may be, the relevant Guarantor will pay such additional amounts as may be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would have been received in respect of the Notes or (as the case may be) Coupons, in the absence of such withholding or deduction, except that no additional amounts shall be payable with respect to any Note or Coupon:

- (a) presented for payment by, or by a third party on behalf of, a holder who is liable to such Taxes, in respect of such Note or Coupon by reason of its having some connection (otherwise than merely by holding the Note or Coupon) with the Relevant Taxing Jurisdiction; or
- (b) presented for payment in the Relevant Taxing Jurisdiction; or

- (c) for, or on account of, *imposta sostitutiva* pursuant to Legislative Decree No. 239 of 1 April 1996, as amended, or related implementing regulations; or
- (d) in all circumstances in which the procedures to obtain an exemption from *imposta sostitutiva* or any alternative future system of deduction or withholding set forth in Legislative Decree No. 239, as amended, or related implementing regulations, have not been met or complied with, except where such procedures have not been met or complied with due to the actions or omissions of the Issuer or its agents; or
- (e) in respect of any payment to a holder who is a non-Italian resident individual or legal entity which is resident in a country which does not allow for a satisfactory exchange of information with the Italian tax authorities according to Article 6, Legislative Decree No. 239 of 1 April 1996; or
- (f) presented for payment more than thirty (30) days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on the thirtieth such day; or
- (g) held by or on behalf of a Noteholder or Couponholder who would have been able to lawfully avoid (but has not so avoided) such deduction or withholding by complying with any statutory requirements; or
- (h) any Taxes that are imposed or withheld pursuant to Section 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, (or any amended or successor version of such versions), any regulations promulgated thereunder, any official interpretations thereof, any law, treaty, agreement entered into in connection with the implementation thereof or any law or agreement implementing an intergovernmental approach thereto or other official guidance enacted in Italy or any other jurisdiction, which facilitates the implementation of FATCA; or
- (i) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in the United Kingdom or a Member State of the European Union;

without prejudice to the option of the Issuer to redeem the Notes pursuant to, and subject to the conditions of, Condition 6.2 (*Redemption for Taxation Reasons*).

7.2 Interpretation

In these Conditions:

- (a) the “**Relevant Date**” in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the holders of Notes in accordance with Condition 11 (*Notices*) that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, *provided that* payment is in fact made upon such presentation; and
- (b) any reference in these Conditions to “principal” and/or “interest” shall be deemed to include any additional amounts which may be payable under this Condition 7 (*Taxation*).

8. PRESCRIPTION

Notes and Coupons will become void unless presented for payment within periods of ten (10) years (in the case of principal) and five (5) years (in the case of interest) from the Relevant

Date in respect of the Notes or, as the case may be, the Coupons, subject to the provisions of Condition 5 (*Payments*).

9. EVENTS OF DEFAULT

If any of the following events (“**Events of Default**”) occurs and is continuing, then the Trustee at its discretion may, and if so requested in writing by holders of at least one quarter of the aggregate principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution (as defined in the Trust Deed) shall (subject to being indemnified and/or secured prefunded to its satisfaction), give notice to the Issuer that the Notes are, and shall accordingly forthwith become, immediately due and repayable at their principal amount, together with interest accrued to the date of repayment:

- (a) *Non-payment*: if default is made in the payment of any principal or interest due in respect of any Note when the same becomes due and payable and such failure continues for a period of seven (7) Business Days;
- (b) *Breach of other obligations*: if the Issuer or any Guarantor default in the performance of or compliance with any of its other obligations under these Conditions or the Trust Deed (other than those referred to in Condition 9(a) above) and such default (i) is, in the opinion of the Trustee, incapable of remedy or (ii) being a default which is, in the opinion of the Trustee, capable of remedy, continues for a period of thirty (30) days or such longer period as the Trustee may agree following service of a notice by the Trustee on the Issuer or the relevant Guarantor requiring the same to be remedied (any such written notice to be identified as a “notice of default” and to refer specifically to this Condition 9(b)); or
- (c) *Cross-default*:
 - (i) if any Indebtedness of the Issuer or any Subsidiary is not paid when due or within any applicable grace period, as the case may be;
 - (ii) if any Indebtedness of the Issuer or any Subsidiary is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described); or
 - (iii) if the Issuer or any Subsidiary fails to pay when due any amount payable by it under any guarantee of any Indebtedness,

provided that no Noteholder will be entitled to declare its Notes due in accordance with this Condition 9(c) if the aggregate amount of Indebtedness falling within paragraphs (i) to (iii) above is less than €35,000,000 (thirty-five million); or

- (d) *Inability to pay debts*: if the Issuer, any Guarantor or any Material Subsidiary (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganisation or arrangement or any other petition in insolvency or bankruptcy, for liquidation or winding up, or to take advantage of any bankruptcy, insolvency, reorganisation, moratorium or other similar law of any jurisdiction, save for the purposes of or pursuant to, a Permitted Transaction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any Substantial Part (as defined below) of its property, (v) is adjudicated as insolvent or to be liquidated or wound up, (vi) takes corporate action for the purpose of any of the foregoing or (vii) takes any corporate action, legal proceedings or other procedure or step (including a petition or a judicial and/or court order) in relation to a *gestione provvisoria, fallimento, concordato preventivo, concordato fallimentare, liquidazione coatta amministrativa, amministrazione straordinaria, amministrazione*

straordinaria delle grandi imprese in stato di insolvenza, cessione di beni ai creditori, liquidazione, or any other proceeding set out in Italian Royal Decree No. 267 of 16 March 1942, the Italian Civil Code and/or any other applicable Italian laws (including Law No. 80 of 14 May 2005), as well as any other proceeding defined as a “*procedura di risanamento*” or “*procedura concorsuale*” under Italian Legislative Decree No. 170 of 21 May 2004; or

- (e) *Insolvency/Enforcement proceedings*: a court or Governmental Authority of competent jurisdiction enters an order appointing, without consent by the Issuer, any Guarantor or any Material Subsidiary, a custodian, receiver, administrator, administrative receiver, trustee (including, without limitation, any *curatore, liquidatore or commissario giudiziale*) or other officer with similar powers with respect to it or with respect to any Substantial Part of its property, or constituting an order for relief or approving a petition for relief or reorganisation, (including, without limitation, any *concordato preventivo or amministrazione straordinaria*) or any other petition in insolvency or bankruptcy (including, without limitation, any *fallimento*) or for liquidation or winding up or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding up, (including, without limitation, any *scioglimento or liquidazione*) or liquidation of the Issuer, any Guarantor or any Material Subsidiary, save for the purposes of or pursuant to, a Permitted Transaction, or any such petition shall be filed against the Issuer, any Guarantor or any Material Subsidiary and such petition shall not be dismissed within sixty (60) days; or
- (f) *Analogous event*: any event occurs with respect to the Issuer, any Guarantor or any Material Subsidiary which under the laws of any jurisdiction is analogous to any of the events described in Conditions 9(d) or (e) above, provided that the applicable grace period, if any, which shall apply shall be the one applicable to the relevant proceeding which most closely corresponds to the proceeding described in Conditions 9(d) or (e) above; or
- (g) *Unsatisfied judgement*: a final judgment or judgments for the payment of money aggregating in excess of €35,000,000 (thirty-five million) (or its equivalent in the relevant currency of payment) (to the extent not covered by insurance under which the insurer has admitted its liability in writing) are rendered against one or more of the Issuer, any Guarantor or any Subsidiary and which judgments are not, within sixty (60) days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within sixty (60) days after the expiration of such stay; or
- (h) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any Substantial Part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries; or
- (i) *Cessation of business*: the Issuer, either Guarantor or any Material Subsidiary ceases or threatens to cease to carry on all or a Substantial Part of its business, (otherwise than for the purposes of, or pursuant to, a Permitted Transaction), *provided that* the occurrence of a Put Event listed under Condition 6.3 (*Redemption and Purchase – Redemption at the Option of the Holders upon a Change of Control*) will not trigger the Event of Default set forth in this Condition 9(i); or
- (j) *Unlawfulness*: it is or will become unlawful for either the Issuer or either Guarantor to perform or comply with any of its material obligations under or in respect of the Notes or the Trust Deed, unless the matter giving rise to such unlawfulness is promptly remedied by the Issuer or either Guarantor, as the case may be;

- (k) *Guarantee*: if any Guarantee ceases to be in full force and effect with respect to the relevant Guarantor other than in accordance with the terms thereof and the terms of these Conditions; or
- (l) *Guarantor*: if any Guarantor ceases to be a subsidiary that is controlled, directly or indirectly, by the Issuer, save for the purposes of or pursuant to, a Permitted Transaction.

As used herein:

“Permitted Transaction” means any *“fusione”* or *“scissione”* (such expressions bearing the meanings ascribed to them by the laws of the Republic of Italy) or any other reconstruction, amalgamation, reorganisation, merger, consolidation, disposal or transfer of assets or other similar arrangement, in each case:

- (a) on terms approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders; or
- (b) in the case of a Material Subsidiary, whilst solvent:
 - (i) whereby all or a Substantial Part of the assets and undertaking of such Material Subsidiary are transferred to or otherwise vested in the Issuer, a Guarantor or another Material Subsidiary; or
 - (ii) whereby any such Material Subsidiary sells, transfers, leases, exchanges or otherwise disposes of its business (or a Substantial Part thereof) (whether in the form of property or assets, including any receivables, shares, interest or other equivalents or corporate stock or other indicia of ownership) at a value that would be realised in an arm’s length sale; or
- (c) in the case of a Guarantor, whilst solvent, whereby (i) all or a Substantial Part of the assets and liabilities of such Guarantor are transferred to or otherwise vested in the Issuer or another Guarantor or (ii) all or a Substantial Part of the assets and liabilities of such Guarantor are transferred to an entity which, prior to or immediately upon such transfer, is a Subsidiary of the Issuer and (A) where all the assets and liabilities of such Guarantor are so transferred, such entity (each such entity a **“Successor Guarantor”**) assumes, in accordance with applicable law, all the obligations of such Guarantor in respect of the relevant Guarantee and under the Trust Deed, or (B) where a Substantial Part of (but not all) the assets and liabilities of such Guarantor are so transferred, such entity becomes, in accordance with the provisions of the Trust Deed and upon execution of all necessary documents as specified in the Trust Deed, a guarantor (each an **“Additional Guarantor”** and together the **“Additional Guarantors”**) in respect of the Notes and the Issuer’s obligation under the Trust Deed; or
- (d) in the case of the Issuer, whilst solvent, whereby (i) the Issuer is merged with another entity (the **“Successor Issuer”**) (such merger being an **“Issuer Merger”**) and, if the Notes carry a credit rating from any rating agency at the time of the Issuer Merger, the Issuer Merger does not result in a Rating Downgrade; (ii) a Substantial Part of the assets and liabilities of the Issuer are transferred to an entity (which prior to or immediately upon such transfer, is a Subsidiary of the Issuer) and such entity becomes, in accordance with the provisions of the Trust Deed and upon execution of all necessary documents as specified in the Trust Deed, an Additional Guarantor in respect of the Notes and the Issuer’s obligations under the Trust Deed or (iii) the Issuer sells a Material Subsidiary at a value that would be realised in an arm’s length sale (it being understood that if any such Material Subsidiary is a Guarantor prior to the sale, in accordance with Condition 2.4 (*Fall-Away of the Guarantees*) it will cease

to be a Guarantor to the extent that it also ceases to be a guarantor under the Facilities Agreement, and to the extent that it is replaced by another guarantor under the Facilities Agreement it will be replaced by an Additional Guarantor in respect of the Notes and the Issuer's obligations under the Trust Deed),

and, in the case of (c) and (d) above, opinions of independent legal advisers of recognised standing in the jurisdiction of such Successor Issuer, Guarantor, or if different, Successor Guarantor or, as applicable, any Additional Guarantor, and as to English law, in each case in a form acceptable to the Trustee, having been delivered to the Trustee confirming that such Successor Issuer, Guarantor, Successor Guarantor or Additional Guarantor, as the case may be, has assumed the relevant obligations in accordance with applicable law at the effective date of such “*fusionne*” or “*scissione*” or other reconstruction, amalgamation, reorganisation, merger, consolidation, disposal or transfer of assets or other similar arrangement provided that, for the avoidance of doubt, in the case of (c) above, where the relevant assets are transferred to or otherwise vested in the Issuer, no such opinions will be required or necessary.

A “**Rating Downgrade**” will be deemed to have occurred if within 180 days of the occurrence of the Issuer Merger the rating previously assigned to any of the Notes by a rating agency (where at the relevant time the Notes are rated by one rating agency) or by two rating agencies (where at the relevant time the Notes are rated by two or more rating agencies) is:

- (a) in the case of an investment grade credit rating (BBB-/Baa3/BBB-, or equivalent, or better), either downgraded to a non-investment grade credit rating (BB+/Ba1/BB+, or equivalent, or worse) or withdrawn and is not, within such 180-day period, subsequently (in the case of a downgrade) upgraded to an investment grade credit rating by such rating agency or (in the case of a withdrawal) replaced by an investment grade credit rating from any other rating agency or agencies; or
- (b) in the case of a non-investment grade credit rating (BB+/Ba1/BB+, or equivalent, or worse), either downgraded by at least one full rating notch (for example, to BB/Ba2 or their respective equivalents) or withdrawn and is, not within such 180-day period, subsequently (in the case of a downgrade) upgraded to its earlier credit rating or better by such rating agency or agencies or (in the case of a withdrawal) replaced by an equivalent credit rating or better from any other rating agency or agencies,

and in making the relevant decision(s) referred to above, the relevant rating agency announces publicly or confirms in writing to the Issuer and the Trustee that such decision(s) resulted, in whole or in part, from the occurrence of the Issuer Merger.

“**Substantial Part**” means a substantial part of a business, undertaking or assets, a part of the relevant entity’s business, undertaking or assets which accounts for thirty-five per cent. (35%) or more of its assets and/or gross revenues.

10. REPLACEMENT OF NOTES AND COUPONS

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Paying Agent or the Paying Agent in Luxembourg, subject to all applicable laws, listing authority requirements and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer and any Guarantor may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

11. NOTICES

11.1 Notices to the Noteholders

All notices to the Noteholders will be valid if published in a leading English language daily newspaper published in London or such other English language daily newspaper with general circulation in Europe as the Issuer may decide and, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, on the website of the Luxembourg Stock Exchange (www.bourse.lu) or in one daily newspaper published in Luxembourg. It is expected that publication will normally be made in the *Financial Times* and the *Luxemburger Wort* or the *Tageblatt* on the Issue Date. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

11.2 Notices from the Noteholders

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Principal Paying Agent or, if the Notes are held in a clearing system, may be given through the clearing system in accordance with the standard rules and procedures.

12. TRUSTEE

12.1 Under the Trust Deed, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

12.2 In connection with the exercise by the Trustee of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, any Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 7 (*Taxation*) and/or any undertaking given in addition to, or in substitution for, Condition 7 (*Taxation*) pursuant to the Trust Deed.

13. MEETINGS OF NOTEHOLDERS, NOTEHOLDERS' REPRESENTATIVE, MODIFICATION AND SUBSTITUTION

13.1 Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including, inter alia, the modification or abrogation by Extraordinary Resolution (as defined in the Trust Deed) of the Notes or any of the provisions of the Trust Deed. Subject to any mandatory laws, legislation, rules and regulations of Italian law applicable from time to time, as well as the Issuer's by-laws, any such meeting may be

convened by the board of directors of the Issuer, the Trustee or the Noteholders' Representative (as defined below) at their discretion and, in any event, upon the request in writing signed by any Noteholder(s) holding not less than one-twentieth of the aggregate principal amount of the Notes for the time being remaining outstanding. If the board of directors or the statutory auditors of the Issuer default in convening such a meeting following such request or requisition by the Noteholders, the same may be convened by decision of the President of the competent court upon in accordance with the provisions of Article 2367 of the Italian Civil Code. Every such meeting shall be held at such time and place as provided pursuant to Article 2363 of the Italian Civil Code and the Issuer's by-laws, in force from time to time.

Subject to the provisions of the following paragraph, such a meeting will be validly held (subject to any mandatory laws, legislation, rules and regulations of Italian law, as well as the Issuer's by-laws, in force from time to time) if: (a) in the case of a sole meeting (*convocazione unica*), there are one or more persons being or representing Noteholders holding at least one fifth of the aggregate principal amount of the outstanding Notes; (b) in the case of a first meeting, there are one or more persons present being or representing Noteholders holding at least one half of the aggregate principal amount of the outstanding Notes; (b) in the case of a second meeting, there are one or more persons present being or representing Noteholders holding more than one third of the aggregate principal amount of the outstanding Notes; or (c) in the case of any subsequent adjourned meeting, there are one or more persons present being or representing Noteholders holding at least one fifth of the aggregate principal amount of the outstanding Notes.

The majority required to pass a resolution at any meeting (including any adjourned meeting) convened to vote on any resolution (subject to any mandatory laws, legislation, rules and regulations of Italian law, as well as the Issuer's by-laws, in force from time to time) will be (a) for voting on any matter other than a Reserved Matter, one or more persons holding or representing at least two-thirds of the aggregate principal amount of the outstanding Notes represented at the meeting or (b) for voting on a Reserved Matter, the higher of (i) one or more persons holding or representing not less than one half of the aggregate principal amount of the outstanding Notes and (ii) one or more persons holding or representing not less than two thirds of the Notes represented at the meeting, *provided that*, to the extent permitted under applicable provisions of Italian law, the Issuer's by-laws may in each case provide for higher majorities. Any resolution duly passed at any such meeting shall be binding on all the Noteholders, whether or not they are present at the meeting and on all Couponholders.

“Reserved Matter” has the meaning given to it in the Trust Deed.

13.2 **Noteholders' Representative**

A joint representative of Noteholders (*rappresentante comune*) (the **“Noteholders' Representative”**), subject to any applicable provisions of Italian law, is appointed in accordance with and pursuant to Article 2417 of the Italian Civil Code in order to represent the Noteholders' interest under these Conditions and to give effect to the resolutions passed at a meeting of the Noteholders. If the Noteholders' Representative is not appointed by an Extraordinary Meeting of such Noteholders, it shall be appointed by a decree of the competent court where the Issuer has its registered office at the request of one or more Noteholders or at the request of the directors of the Issuer. The Noteholders' Representative shall have the powers and duties set out in Article 2418 of the Italian Civil Code.

13.3 **Modification, Waiver, Authorisation and Determination**

The Trustee (a) may agree, without the consent of the Noteholders or Couponholders to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the

Trust Deed) shall not be treated as such (provided that, in any such case, it is not materially prejudicial to the interests of the Noteholders) or (b) may agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or (c) may agree, without any such consent as aforesaid, to any modification if it is made to comply with mandatory provisions of Italian law or (d) may agree with the Issuer and the Guarantors in making any other modification to the Trust Deed, the Agency Agreement or the Conditions provided the Trustee shall not give such consent until it has been instructed to do so pursuant to an Extraordinary Resolution passed at a meeting of Noteholders convened by the Issuer and the Guarantors for such purpose. Any such modification shall be binding on the Noteholders and the Couponholders. Any modification, waiver, authorisation or determination shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 11 (*Notices*).

The Trustee shall not be obliged to consent to any modification under this Condition 13.3 (*Modification, Waiver, Authorisation and Determination*) which would, in its sole opinion (a) expose the Trustee to any liability against which it has not been indemnified and/or prefunded and/or secured to its satisfaction or (b) increase the obligations or duties, or decrease the protections, of the Trustee in the Trust Deed or the Conditions.

13.4 Substitution

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require but without the consent of the Noteholders to the substitution of any other company in place of the Issuer or Guarantor, or of any previous substituted company, as principal debtor under the Trust Deed and the Notes. No Noteholder shall, in connection with any such substitution, be entitled to claim from the Issuer, any Guarantor or the Trustee any indemnification or payment in respect of any tax consequence of any such substitution upon individual Noteholders, except to the extent provided in Condition 7 (*Taxation*) (or any undertaking given in addition to or substitution of it pursuant to the provisions of the Trust Deed).

14. ENFORCEMENT

14.1 Enforcement by the Trustee

The Trustee may at any time, at its discretion and without notice, institute such proceedings as it thinks fit to enforce the provisions of the Trust Deed, the Notes and the Coupons, but it shall not be bound to do so or to take any other action under or pursuant to the Trust Deed unless:

- (a) it has been so requested in writing by the holders of at least one quarter of the aggregate principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and
- (b) it has been indemnified and/or provided with security and/or prefunded to its satisfaction.

14.2 Enforcement by the Noteholders

No Noteholder may proceed directly against the Issuer or any Guarantors unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

15. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders or Couponholders and in accordance with the Trust Deed, create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the Issue Date and the amount and date of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes. The Issuer may from time to time, with the consent of the Trustee, create and issue other series of notes having the benefit of the Trust Deed

16. GOVERNING LAW AND SUBMISSION TO JURISDICTION

16.1 Governing Law

The Trust Deed (including the Guarantees), the Agency Agreement, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed (including the Guarantees), the Agency Agreement, the Notes and the Coupons are governed by, and will be construed in accordance with English law, save that provisions in these Conditions and in the Trust Deed relating to Noteholders' meetings and the Noteholders' Representative are subject to compliance with mandatory provisions of Italian law.

16.2 Jurisdiction of English Courts

Each of the Issuer and the Guarantors has, in the Trust Deed, irrevocably agreed for the benefit of the Noteholders and the Couponholders that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed (including the Guarantees), the Notes or the Coupons and accordingly has submitted to the exclusive jurisdiction of the English courts. The Issuer and the Guarantors waive any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum.

The Trustee, the Noteholders and the Couponholders may take any suit, action or proceeding arising out of or in connection with the Trust Deed (including the Guarantees), the Notes or the Coupons respectively (together referred to as "**Proceedings**") against the Issuer or the Guarantors in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

16.3 Appointment of Process Agent

Each of the Issuer and the Guarantors has, in the Trust Deed, irrevocably and unconditionally appointed Amplifon United Kingdom Limited (company number 05803524), whose registered office is at Gateway House, Styal Road, Manchester, Greater Manchester, M22 5WY, England, as its agent for service of process in England in respect of any Proceedings and has undertaken that in the event of such agent ceasing so to act it will appoint another person as the Trustee may approve as its agent for that purpose.

16.4 Other Documents

Each of the Issuer and the Guarantors has in the Trust Deed and in the Agency Agreement submitted to the jurisdiction of the English courts and appointed an agent in England for service of process, in terms substantially similar to those set out above.

17. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note or the Trust Deed, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

There will appear at the foot of the Conditions endorsed on each Note in definitive form the names and Specified Offices of the Trustee and the Paying Agents as set out at the end of this Prospectus.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Temporary Global Note and the Permanent Global Note (each, a “**Global Note**”) contain provisions which apply to the Notes while they are in global form, some of which modify the effect of the terms and conditions of the Notes set out in this Prospectus. Beneficial interests in the Permanent Global Note will be shown on, and transfers thereof will be effected only through, records maintained in a book-entry form by Euroclear and/or Clearstream, Luxembourg. The Global Notes will be issued in NGN form. On 13 June 2006 the European Central Bank (the “**ECB**”) announced the Notes in NGN form are in compliance with the “Standards for the use of EU securities settlement systems in ESCB credit operations” of the central banking system for the Euro (the “**Eurosystem**”), provided that certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The following is a summary of certain of those provisions:

Exchange for Permanent Global Note and Definitive Notes

- (a) The Temporary Global Note will be exchangeable, in whole or in part, for the Permanent Global Note not earlier than forty (40) days after the Closing Date upon certification as to non-U.S. beneficial ownership.
- (b) The Permanent Global Note is exchangeable in whole, but not in part, for definitive bearer Notes only if (i) it is held on behalf of Euroclear or Clearstream, Luxembourg, and any such Clearing System is closed for business for a continuous period of fourteen (14) days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so; or (ii) an Event of Default (as defined in Condition 9 (*Events of Default*)) occurs.

If principal in respect of any Notes is not paid when due and payable the holder of the Permanent Global Note may by notice to the Paying Agent require the exchange of a specified principal amount of the Permanent Global Note (which may be equal to or *provided that*, if the Permanent Global Note is held by or on behalf of a Clearing System, that Clearing System agrees) less than the outstanding principal amount of Notes represented thereby) for definitive Notes on or after the exchange date specified in such notice.

On or after any exchange into definitive Notes the holder of the Permanent Global Note may surrender the Permanent Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Paying Agent. In exchange for the Permanent Global Note, or the part thereof to be exchanged, the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated definitive Notes in bearer form (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Trust Deed. On exchange in full of the Permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with any relevant definitive Notes.

Payments

No payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused *provided that*, in the case of an improper withholding of, or refusal to exchange, an interest in the Permanent Global Note, a certificate of non-U.S. beneficial ownership has been properly provided.

Payments of principal and interest in respect of Notes represented by the Permanent Global Note will be made against presentation for endorsement and, if no further payment fails to be made in respect of

the Notes, surrender of the Permanent Global Note to or to the order of any Paying Agent as shall have been notified to the Noteholders for such purpose, and may be made, at the direction of the holder of the Permanent Global Note, to the relevant Clearing Systems for credit to the account or accounts of the accountholder or accountholders appearing in the records of the relevant Clearing System as having Notes credited to them. The Issuer shall procure that a record of each payment made in respect of the Permanent Global Note shall be made by the relevant Clearing Systems.

Payments on business days

In the case of all payments made in respect of the Temporary Global Note and the Permanent Global Note “business day” means any day on which the TARGET system is open.

Notices

Notices shall be given as provided in Condition 11 (*Notices*), save that so long as the Notes are represented by the Temporary Global Note or Permanent Global Note and the Temporary Global Note or Permanent Global Note is held on behalf of a Clearing System, notices to Noteholders may be given by delivery of the relevant notice to the relevant Clearing System for communication to the relevant Accountholders (as defined below) rather than by publication as required by Condition 11 (*Notices*), *provided, however*, that so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, notices will also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxembourger Wort*) or be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). Any notice delivered to Euroclear and/or Clearstream, Luxembourg shall be deemed to have been given to Noteholders on the date on which such notice is delivered to the relevant Clearing System.

Purchase and cancellation

Cancellation of any Note to be cancelled following its purchase by the Issuer will be effected by a reduction in the principal amount of the relevant Global Note.

Prescription

Claims against the Issuer and the Guarantors in respect of principal, premium and interest on the Notes while the Notes are represented by the Permanent Global Note will become void unless it is presented for payment within a period of ten (10) years (in the case of principal) and five (5) years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 7 (*Taxation*)).

Put Option

The Noteholders’ option in Condition 6.3 (*Redemption at the Option of the Holders upon a Change of Control Event*) may be exercised by the holder of the Permanent Global Note giving notice to the Paying Agent of the principal amount of Notes in respect of which the option is exercised within the time limits specified in Condition 6.3 (*Redemption at the Option of the Holders upon a Change of Control Event*).

Redemption at the Option of the Issuer

The option of the Issuer provided for in Condition 6.2 (*Redemption for Taxation Reasons*), Condition 6.4 (*Redemption at the Option of the Issuer from (and including) 13 February 2024 to (but excluding) 13 November 2026*), Condition 6.5 (*Redemption at the Option of the Issuer from (and including) 13 November 2026 (Three-Months Par Call)*) and Condition 6.6 (*Clean-up Call Option*) shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in, and containing the information required by, that Condition.

Authentication and Effectuation

Neither the Temporary Global Note nor the Permanent Global Note shall become valid or enforceable for any purpose unless and until it has been authenticated by or on behalf of the Paying Agent and effectuated by the entity appointed as Common Safekeeper by Euroclear and/or Clearstream, Luxembourg.

Accountholders

For so long as any of the Notes is represented by the Permanent Global Note or by the Permanent Global Note and Temporary Global Note and such Global Note(s) is/are held on behalf of the relevant Clearing Systems, each person (other than a relevant Clearing System) who is for the time being shown in the records of a relevant Clearing System as the holder of a particular principal amount of Notes (each an “**Accountholder**”) (in which regard any certificate or other document issued by a relevant Clearing System as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of that principal amount for all purposes (including but not limited to for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders and giving notice to the Issuer pursuant to Condition 9 (*Events of Default*) and Condition 6.3 (*Redemption at the Option of the Holders upon a Change of Control Event*)) other than with respect to the payment of principal and interest on the Notes, the right to which shall be vested, as against the Issuer, the Guarantors and the Trustee, solely in the bearer of the Permanent Global Note in accordance with and subject to its terms and the terms of the Trust Deed. Each Accountholder must look solely to the relevant Clearing Systems for its share of each payment made to the bearer of the Permanent Global Note.

Eligibility of the Notes for Eurosystem Monetary Policy

The Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Notes are upon issue deposited with one of the international central securities depositories (ICSDs) as Common Safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem (Eurosystem Eligible Collateral) either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria and other obligations (including the provision of further information) as specified by the ECB from time to time. As at the date of this Prospectus, one of the Eurosystem eligibility criteria for debt securities is an investment grade rating and, accordingly, as the Notes are unrated, they are not expected to satisfy the requirements for Eurosystem eligibility.

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be used by the Issuer (i) primarily to repay existing indebtedness of the Group (a portion of which is owed to certain of the Joint Lead Managers, directly or through an affiliate or through companies being part of their banking group, including parent companies) and (ii) for the remaining portion, for its general corporate purposes, including funding for investments and capital expenditures. See “*Description of the Issuer – Financing*” and “*General Information – Potential Conflicts of Interest*”.

OVERVIEW CONSOLIDATED FINANCIAL INFORMATION RELATING TO THE GROUP

The tables below set out an overview of the consolidated financial information of the Group as at and for the years ended 31 December 2018 and 2017, as at and for the six and nine-month period ended 30 June 2019 and 30 September 2019. Such information is derived from and should be read in conjunction with, and is qualified in its entirety by reference to the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2018 and 2017, the unaudited condensed interim consolidated financial statements of the Issuer as at and for the six-month period ended 30 June 2019 and the nine-month period ended 30 September 2019, in each case together with the accompanying notes thereto and (where applicable) reports of the Issuer's independent auditors, all of which are incorporated by reference in this Prospectus. See "*Documents incorporated by reference*", "*Alternative Performance Measures*" and "*Reclassification*".

The Issuer's consolidated annual financial statements as at and for the years ended 31 December 2018 and 2017, its condensed interim consolidated financial statements as at and for the six-month period ended 30 June 2019 and its condensed interim consolidated financial statements as at and for the nine-month period ended 30 September 2019 have been prepared in accordance with IFRS. PricewaterhouseCoopers S.p.A. audited the Issuer's consolidated annual financial statements as at and for the years ended 31 December 2018 and 2017.

The Issuer's unaudited condensed interim consolidated financial statements as at and for the six-month period ended 30 June 2019 have been subject to a limited review by KPMG S.p.A.. The unaudited condensed interim consolidated financial statements of the Issuer as at and for the nine-month period ended 30 September 2019 have not been audited or reviewed by independent auditors. The tables below are translated into English from the original Italian.

Impact due to the new accounting policies on 2018

The Issuer has adopted IFRS 15 "*Revenue from contracts with customers*" and IFRS 9 "*Financial instruments*" which became effective from 1 January 2018 (with the exception of the provisions relating to hedge accounting for which the Group has chosen to continue applying IAS 39), resulting in changes to the accounting policies and adjustments to the amounts recognised in the financial statements.

The adoption of IFRS 9 by the Issuer had a small impact on the measurement of financial assets and, in particular, on the provision for bad debt, thanks to the introduction of specific models used to quantify the forward-looking element. Other items found in the financial statements were not impacted. The application of the standard did not affect cash flows or, therefore, the statement of cash flow.

The cumulative effect in the initial reserves stemming from the first-time application of IFRS 15 "*Revenues from contracts with customers*" and IFRS 9 "*Financial instruments*", adopted for the first time on 1 January 2018, is shown below:

	Balance at the transaction date
	<i>(€ millions)</i>
Contract liabilities short/long-term - IFRS 15.....	(170,5)
Assets stemming from deferred contractual costs and other short/long-term assets - IFRS 15.....	27,9
Release of provisions for guarantees and other short/long-term liabilities - IFRS 15.....	63,4
Provision for bad debt - IFRS 9	(2,3)
Deferred tax	20,3
Total impact at 1 January 2018	(61,2)

The main impacts on the income statement for the year ended 31 December 2018 of the adoption of IFRS 15 are shown below:

	2018			Impact IFRS 15			2018 W/O IFRS 15		
	(€ thousands)								
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Revenues from sales and services	1,362,234	-	1,362,234	10,496	0	10,496	1,372,730	-	1,372,730
Operating costs	(1,131,060)	(2,193)	(1,133,253)	(3,079)	0	(3,079)	(1,134,139)	(2,193)	(1,136,332)
Other costs and revenues	2,750	(6,264)	(3,514)	-	0	-	2,750	(6,264)	(3,514)
Gross operating profit (EBITDA)	233,924	(8,457)	225,467	7,417	0	7,417	241,341	(8,457)	232,884

Impact due to the new accounting policies on 2019

IFRS 16 “Leases” replaced the accounting rules under in IAS 17, as well as the interpretation of IFRIC 4 “Determining whether an Arrangement contains a Lease”, SIC-15 “Operating Leases - Incentives” and SIC-27 “Evaluating the Substance of Transactions involving the Legal Form of a Lease” and was applied as of 1 January 2019.

The adoption of the standard as of 1 January 2019 resulted in an increase in the right-of-use assets and lease liabilities equal to the present value of future instalments payable over the lease term, as shown below. Upon first application, the right-of-use was also adjusted to reflect any prepayments made as at 1 January 2019.

	01/01/2019
	(€ thousands)
Non-current assets	
Right-of-use assets	442,063
Current assets	
Non-financial prepayments and accrued income	71,123
Non-current liabilities	
Lease liabilities	368,117
Current liabilities	
Lease liabilities	71,689

The main impacts on the income statement for the six-month period ended 30 June 2019 of the adoption of IFRS 16 are shown below:

	For the six-month period ended 30 June								
	2019			Impact IFRS 16 (€ thousands)			2019 W/O IFRS 16		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Revenues from sales and services	832,035	-	832,035	-	0	-	832,035	-	832,035
Operating costs	(646,294)	(5,805)	(652,099)	(45,374)	0	(45,374)	(691,668)	(5,805)	(697,473)
Other costs and revenues	824	-	824	5	0	5	829	-	829
Gross operating profit (EBITDA)	186,565	(5,805)	180,760	(45,369)	0	(45,369)	141,196	(5,805)	135,391

The main impacts on the income statement for the nine-month period ended 30 September 2019 of the adoption of IFRS 16 are shown below:

	For the nine-month period ended 30 September								
	2019			Impact IFRS 16 (Euro thousands)			2019 W/O IFRS 16		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Revenues from sales and services	1,224,741	-	1,224,741	-	0	-	1,224,741	-	1,224,741
Operating costs	(963,216)	(18,372)	(981,588)	(67,954)	(178)	(68,132)	(1,031,170)	(18,550)	(1,049,720)
Other costs and revenues	1,085	-	1,085	(13)	0	(13)	1,072	-	1,072
Gross operating profit (EBITDA)	262,610	(18,372)	244,238	(67,967)	(178)	(68,145)	194,643	(18,550)	176,093

Consolidation of the GAES group

The GAES group is consolidated under a balance sheet perspective from 31 December 2018 and from an income statement perspective from 1 January 2019.

Amplifon S.p.A.

Consolidated Statement of Financial Position

The 2018 data are shown with the application of IFRS 15 “*Revenue from contracts with customers*” and IFRS 9 “*Financial instruments*”. The 2017 data are shown without the application of IFRS 15 and IFRS 9. For more information on the main impact please see “*Impact due to the new accounting policies on 2019*”.

	As at 31 December		
	2018	2017	Change
	(€ thousands)		
Non-current assets			
Goodwill	1,258,848	684,635	574,213
Intangible fixed assets with finite useful life	223,832	199,956	23,876
Tangible fixed assets	188,651	143,003	45,648
Investments valued at equity	2,025	1,976	49
Financial assets measured at fair value through profit or loss	-	35	(35)
Hedging instruments	3,725	-	3,725
Deferred tax assets	74,641	45,300	29,341
Contract costs	5,594	-	5,594
Other assets	60,679	48,956	11,723
Total non-current assets	1,817,995	1,123,861	694,134
Current assets			
Inventories	61,770	37,081	24,689
Trade receivables	169,454	132,792	36,662
Contract costs	3,853	-	3,853
Other receivables	75,387	47,584	27,803
Hedging instruments	-	-	-
Other financial assets	60	19	41
Cash and cash equivalents	89,915	124,082	(34,167)
Total current assets	400,439	341,558	58,881
TOTAL ASSETS	2,218,434	1,465,419	753,015

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Consolidated Statement of Financial Position (Cont'd)

The 2018 data are shown with the application of IFRS 15 “*Revenue from contracts with customers*” and IFRS 9 “*Financial instruments*”. The 2017 data are shown without the application of IFRS 15 and IFRS 9. For more information on the main impact please see “*Impact due to the new accounting policies on 2019*”.

	As at 31 December		
	2018	2017	Change
		(€ thousands)	
LIABILITIES			
Net Equity			
Share capital	4,527	4,527	-
Share premium account	202,565	202,412	153
Treasury shares	(50,933)	(60,217)	9,284
Other reserves	(24,186)	(14,333)	(9,853)
Profit (loss) carried forward	362,503	355,714	6,789
Profit (loss) for the period	100,443	100,578	(135)
Group net equity	594,919	588,681	6,238
Minority interests	1,183	(263)	1,446
Total net equity	596,102	588,418	7,684
Non-current liabilities			
Medium/long-term financial liabilities	872,669	123,990	748,679
Provisions for risks and charges	48,043	65,390	(17,347)
Liabilities for employees' benefits	20,290	16,717	3,573
Hedging instruments	1,957	2,362	(405)
Deferred tax liabilities	64,885	60,044	4,841
Payables for business acquisitions	16,136	2,355	13,781
Contract liabilities	118,791	-	118,791
Other long-term debt	7,411	30,372	(22,961)
Total non-current liabilities	1,150,182	301,230	848,952
Current liabilities			
Trade payables	173,649	137,401	36,248
Payables for business acquisitions	12,643	9,468	3,175
Contract liabilities	93,692	-	93,692
Other payables	150,749	132,572	18,177
Hedging instruments	58	43	15
Provisions for risks and charges	2,768	4,055	(1,287)
Liabilities for employees' benefits	476	851	(375)
Financial payables	38,115	291,381	(253,266)
Total current liabilities	472,150	575,771	(103,621)
TOTAL LIABILITIES	2,218,434	1,465,419	753,015

Amplifon S.p.A.

Consolidated Income Statement

The 2018 data are shown with the application of IFRS 15 “Revenue from contracts with customers” and IFRS 9 “Financial instruments”. The 2017 data are shown without the application of IFRS 15 and IFRS 9. For more information on the main impact please see “Impact due to the new accounting policies on 2019”.

	For the year ended 31 December		
	2018	2017	Change
	(€ thousands)		
Revenues from sales and services	1,362,234	1,265,994	96,240
Operating costs	(1,133,253)	(1,058,159)	(75,094)
Other income and costs	(3,514)	4,656	(8,170)
Gross operating profit (EBITDA)	225,467	212,491	12,976
Amortisation, depreciation and impairment			
Amortisation of intangible fixed assets	(36,973)	(30,899)	(6,074)
Depreciation of tangible fixed assets	(34,343)	(30,788)	(3,555)
Impairment and impairment reversals of non-current assets	(841)	(1,127)	286
	(72,157)	(62,814)	(9,343)
Operating result	153,310	149,677	3,633
Financial income, charges and value adjustments to financial assets			
Group's share of the result of associated companies valued at equity	426	500	(74)
Other income and charges, impairment and revaluations of financial assets	44	2	42
Interest income and charges	(13,245)	(18,194)	4,949
Other financial income and charges	(925)	(1,090)	165
Exchange gains and losses	(864)	(692)	(172)
Gain (loss) on assets measured at fair value	(170)	144	(314)
	(14,734)	(19,330)	4,596
Profit (loss) before tax	138,576	130,347	8,229
Current and deferred income tax	(38,166)	(29,869)	(8,297)
Total net income (loss)	100,410	100,478	(68)
Minority interests	(33)	(100)	67
Net profit (loss) attributable to the Group	100,443	100,578	(135)

	For the year ended 31 December	
	2018	2017
Income (loss) and earning per share (€ per share)		
Earning per share		
- base	0.45706	0.45906
- diluted	0.44801	0.44779
Dividend per share	0.14	0.11

Amplifon S.p.A.

Consolidated Cash Flow Statement

The 2018 data are shown with the application of IFRS 15 “Revenue from contracts with customers” and IFRS 9 “Financial instruments”. The 2017 data are shown without the application of IFRS 15 and IFRS 9. Also, the impact of these standards on the cash flow is substantially neutral.

	For the year ended 31 December	
	2018	2017
	<i>(€ thousands)</i>	
OPERATING ACTIVITIES		
Net profit (loss).....	100,410	100,478
Amortisation, depreciation and write-downs:		
intangible fixed assets.....	37,052	30,899
tangible fixed assets.....	35,105	31,860
goodwill.....	-	55
Provisions, other non-monetary items and gain/losses from disposals.....	19,743	27,841
Associated companies' share of profit.....	(547)	(500)
Financial income and charges.....	15,281	19,829
Current, deferred tax assets and liabilities.....	38,166	29,869
Cash flow from operating income before working capital change.....	245,210	240,331
Utilisation of provisions.....	(8,778)	(13,283)
(Increase) decrease in inventories.....	(6,026)	(2,462)
Decrease (increase) in trade receivables.....	(23,301)	(9,062)
Increase (decrease) in trade payables.....	13,782	8,398
Changes in other receivables and other payables.....	16,111	8,910
Total change in assets and liabilities.....	(8,212)	(7,499)
Dividends received.....	380	302
Interest received (paid).....	(19,892)	(18,320)
Taxes paid.....	(36,590)	(45,866)
Cash flow generated from (absorbed by) operating activities (A).....	180,896	168,948
INVESTING ACTIVITIES:		
Purchase of intangible fixed assets.....	(29,843)	(21,304)
Purchase of tangible fixed assets.....	(48,128)	(50,867)
Consideration from sale of tangible fixed assets.....	1,825	1,506
Cash flow generated from (absorbed by) investing activities (B).....	(76,146)	(70,665)
Purchase of subsidiaries and business units.....	(641,455)	(116,511)
Increase (decrease) in payables through business acquisition.....	14,941	(4,865)
(Purchase) sale of other investments and securities.....	451	23
Cash flow generated from (absorbed) by acquisition activities (C).....	(626,063)	(121,353)
Cash flow generated from (absorbed by) investing activities (B+C).....	(702,208)	(192,018)
FINANCING ACTIVITIES:		
Increase (decrease) in financial payables.....	502,519	15,312
Increase) decrease in financial receivables.....	(226)	(142)
Derivatives instruments and other non-current assets.....	-	-
Commissions paid for medium/long-term financing.....	(3,758)	(775)
Other non-current assets and liabilities.....	1,901	(710)
Treasury shares.....	(9,631)	(36,160)
Dividend distributed.....	(24,079)	(15,292)
Capital increases and minorities' contributions.....	(22)	144
Cash flow generated from (absorbed by) financing activities (D).....	466,704	(37,623)
Net increase in cash and cash equivalents (A+B+C+D).....	(54,608)	(60,693)

	For the year ended 31 December	
	2018	2017
	<i>(€ thousands)</i>	
Cash and cash equivalents at beginning of period.....	124,082	183,834
Effect of discontinued operations on liquid funds.....	(149)	-
Effect of exchange rate fluctuations on liquid funds.....	(226)	(4,053)
Liquid assets acquired.....	20,816	4,994
Flows of cash and cash equivalents.....	(54,608)	(60,693)
Cash and cash equivalents at the end of period.....	89,915	124,082

Amplifon S.p.A.

Reclassified Consolidated Balance Sheet

The 2018 data are shown with the application of IFRS 15 “Revenue from contracts with customers” and IFRS 9 “Financial instruments”. The 2017 data are shown without the application of IFRS 15 and IFRS 9. Changes between the 2018 data and 2017 data are shown both with IFRS 15 and without IFRS 15. For more information on the main impact please see “Impact due to the new accounting policies on 2019”.

	As at 31 December			Change w/o IFRS 15
	2018	2017	Change (€ thousands)	
Goodwill	1,258,848	684,635	574,213	573,115
Customer lists, non-compete agreements, trademarks and location rights	154,236	143,373	10,863	10,863
Software charges, licenses, other int.ass., wip and advances	69,596	56,583	13,013	13,013
Tangible assets	188,651	143,003	45,648	45,648
Financial fixed assets ⁽¹⁾	41,546	43,392	(1,846)	(1,846)
Other non-current financial assets ⁽¹⁾	26,752	7,576	19,176	2,699
Total fixed assets	1,739,629	1,078,562	661,067	643,492
Inventories	61,770	37,081	24,689	24,689
Trade receivables	169,454	132,792	36,662	36,662
Other receivables	79,299	47,584	31,715	16,672
Current assets (A)	310,523	217,457	93,066	78,023
Total assets	2,050,152	1,296,019	754,133	721,515
Trade payables	(173,649)	(137,401)	(36,248)	(37,219)
Other payables ⁽²⁾	(244,917)	(133,423)	(111,494)	(33,092)
Provisions for risks (current portion)	(2,768)	(4,055)	1,287	(53)
Short term liabilities (B)	(421,334)	(274,879)	(146,455)	(70,364)
Working capital (A) – (B)	(110,811)	(57,422)	(53,389)	7,659
Derivative instruments ⁽³⁾	(10,876)	(9,866)	(1,010)	(1,010)
Deferred tax assets	74,641	45,300	29,341	2,499
Deferred tax liabilities	(64,885)	(60,044)	(4,841)	(4,729)
Provisions for risks (non-current portion)	(48,043)	(65,390)	17,347	(5,427)
Employee benefits (non-current portion)	(20,290)	(16,717)	(3,573)	(3,573)
Loan fees ⁽⁴⁾	3,795	632	3,163	3,163
Other non-current payables	(126,202)	(30,372)	(95,830)	(6,859)
NET INVESTED CAPITAL	1,436,958	884,683	552,275	635,215
Shareholders' equity	594,919	588,681	6,238	89,178
Third parties' equity	1,183	(263)	1,446	1,446
Total net equity	596,102	588,418	7,684	90,624
Net medium and long-term financial indebtedness ⁽⁴⁾	877,688	119,193	758,495	758,495
Net short-term financial indebtedness ⁽⁴⁾	(36,832)	177,072	(213,904)	(213,904)
Total net financial debt	840,856	296,265	544,591	544,591
NET EQUITY, LEASE LIABILITIES AND NET FINANCIAL DEBT	1,436,958	884,683	552,275	635,215

- (1) “Financial fixed assets” and “Other non-current financial assets” include equity interests valued 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 and tax liabilities;
- (3) “Derivative instruments” includes cash flow hedging instruments not comprised in the net financial position;
- (4) The item “Loan fees” is presented in the balance sheet as a direct deduction of the short-term and medium/long-term components of the items “financial payables” and “financial liabilities” for the short term and long term portion respectively.

Amplifon S.p.A.

Reclassified Consolidated Income Statement

The 2018 data are shown with the application of IFRS 15 “*Revenue from contracts with customers*” and IFRS 9 “*Financial instruments*”. The 2017 data are shown without the application of IFRS 15 and IFRS 9. Changes between the 2018 data and 2017 data are shown both with IFRS 15 and without IFRS 15. For more information on the main impact please see “*Impact due to the new accounting policies on 2019*”.

	For the year ended 31 December			
	2018	2017	Change	Change w/o IFRS 15
			(€ thousands)	
Revenues from sales and services	1,362,234	1,265,994	96,240	106,736
Operating costs	(1,133,253)	(1,058,159)	(75,094)	(78,173)
Other income and expenses	(3,514)	4,656	(8,170)	(8,170)
Gross operating profit (EBITDA)	225,467	212,491	12,976	20,393
Depreciation and write-downs of non-current assets.....	(51,150)	(44,908)	(6,242)	(6,242)
Operating result before the amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	174,317	167,583	6,734	14,151
Amortisation and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill ..	(21,007)	(17,906)	(3,101)	(3,101)
Operating profit (EBIT)	153,310	149,677	3,633	11,050
Income, expenses, valuation and adjustments of financial assets	470	502	(32)	(32)
Net financial expenses	(14,170)	(19,284)	5,114	5,114
Exchange differences and non-hedge accounting instruments	(1,034)	(548)	(486)	(486)
Profit (loss) before tax	138,576	130,347	8,229	15,646
Tax	(38,166)	(29,869)	(8,297)	(9,464)
Net profit (loss)	100,410	100,478	(68)	6,182
Profit (loss) of minority interests	(33)	(100)	67	79
Net profit (loss) attributable to the Group	100,443	100,578	(135)	6,103

Reconciliation recurring EBITDA

The 2018 data are shown with the application of IFRS 15 “Revenue from contracts with customers” and IFRS 9 “Financial instruments”. The 2017 data are shown without the application of IFRS 15 and IFRS 9. For more information on the main impact please see “Impact due to the new accounting policies on 2019”.

	2018			2017		
	(€ thousands)					
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Revenues from sales and services..	1,362,234	-	1,362,234	1,265,994	-	1,265,994
Operating costs.....	(1,131,060)	(2,193)	(1,133,253)	(1,053,167)	(4,992)	(1,058,159)
Other costs and revenues	2,75	(6,264)	(3,514)	4,656	-	4,656
Gross operating profit (EBITDA).....	233,924	(8,457)	225,467	217,483	(4,992)	212,491

	2018	2017
	(€ thousands)	
GAES acquisition costs	(8,457)	-
Restructuring costs incurred following the acquisition of AudioNova’s retail businesses in France and in Portugal	-	(4,992)
Impact of the non-recurring items on EBITDA	(8,457)	(4,992)

Amplifon S.p.A.

Condensed Reclassified Consolidated Cash Flow Statement

The 2018 data are shown with the application of IFRS 15 “Revenue from contracts with customers” and IFRS 9 “Financial instruments”. The 2017 data are shown without the application of IFRS 15 and IFRS 9. Also, the impact of these standards on the cash flow is substantially neutral.

	For the year ended 31 December	
	2018	2017
	(€ thousands)	
Operating profit (EBIT)	153,310	149,677
Amortisation, depreciation and write down	72,157	62,814
Provision, other non monetary items and gain/losses from disposals	19,743	27,840
Net financial expenses	(13,942)	(18,322)
Taxes paid.....	(36,590)	(45,866)
Changes in net working capital.....	(8,212)	(7,499)
Cash flow generated (absorbed) by operating activities (A).....	186,466	168,644
Cash flow generated (absorbed) by operating investing activities (B).....	(76,146)	(70,665)
Free cash flow (A+B)	110,320	97,979
Cash flow generated (absorbed) by business combinations (C).....	(620,639)	(111,516)
(Purchase) sale of other investments and securities (D).....	452	23
Cash flow generated (absorbed) by investing activities (B+C+D).....	(696,333)	(182,158)
Cash flows provided by (used in) operating activities and investing activities	(509,867)	(13,514)
Dividends.....	(24,079)	(15,292)
Fees paid on medium/long-term financing.....	(3,758)	(775)
Treasury shares	(9,631)	(36,160)
Capital increases, third parties contributions, dividends paid to third parties by the subsidiaries	(22)	144
Hedging instruments and other changes in non current assets	1,901	(710)
Net cash flow from the period.....	(545,456)	(66,307)
Opening net financial indebtedness.....	(296,265)	(224,421)
Effect of discontinued operations on financial position	22	-
Effect of the exchange rate fluctuations on the net financial position	843	(5,537)
Change in net financial position.....	(545,457)	(66,307)
Closing net financial indebtedness.....	(840,856)	(296,265)

Amplifon S.p.A.

Consolidated Statement of Financial Position

The 2019 data are shown with the application of IFRS 16 “Leases”. The changes between the 2019 and 2018 data are shown without applying IFRS 16. For more information on the main impact please see “*Impact due to the new accounting policies on 2019*”.

Also, the 2018 data have been revised for the provisional allocation of the GAES acquisition price, and are derived from the unaudited condensed interim consolidated financial statements as at and for the six-month period ended 30 June 2019.

	As at 30 June 2019	As at 31 December 2018 (€ thousands)	Change
Non-current assets			
Goodwill	1,183,529	1,161,598	21,931
Intangible fixed assets with finite useful life	360,380	359,402	978
Tangible fixed assets	196,101	188,941	7,160
Right-of-use assets	433,446	-	433,446
Investments valued at equity	2,273	2,025	248
Long-term hedging instruments	6,898	3,725	3,173
Deferred tax assets	78,172	75,204	2,968
Contract costs	6,518	5,594	924
Other assets	62,473	60,679	1,794
Total non-current assets	2,329,790	1,857,168	472,622
Current assets			
Inventories	67,345	61,740	5,605
Trade receivables	184,517	169,454	15,063
Contract costs	3,816	3,853	(37)
Other receivables	86,333	73,380	12,953
Hedging instruments	-	-	-
Other financial assets	73	60	13
Cash and cash equivalents	128,799	89,915	38,884
Total current assets	470,883	398,402	72,481
TOTAL ASSETS	2,800,673	2,255,570	545,103

Amplifon S.p.A.

Consolidated Statement of Financial Position (Cont'd)

The 2019 data are shown with the application of IFRS 16 “Leases”. The changes between the 2019 and 2018 data are shown without applying IFRS 16. For more information on the main impact please see “Impact due to the new accounting policies on 2019”.

Also, the 2018 data have been revised for the provisional allocation of the GAES acquisition price, and are derived from the unaudited condensed interim consolidated financial statements as at and for the six-month period ended 30 June 2019.

	As at 30 June 2019	As at 31 December 2018 (€ thousands)	Change
LIABILITIES			
Net Equity			
Share capital	4,528	4,527	1
Share premium reserve	202,712	202,565	147
Treasury shares	(35,848)	(50,933)	15,085
Other reserves	(28,788)	(24,186)	(4,602)
Retained Earnings	427,322	362,503	64,819
Profit (loss) for the period	54,491	100,443	(45,952)
Group net equity	624,417	594,919	29,498
Minority interests	1,129	1,028	101
Total net equity	625,546	595,947	29,599
Non-current liabilities			
Medium/long-term financial liabilities	810,138	872,669	(62,531)
Lease liabilities	358,887	-	358,887
Provisions for risks and charges	48,575	49,619	(1,044)
Liabilities for employees' benefits	22,545	20,290	2,255
Long-term hedging instruments	6,068	1,957	4,111
Deferred tax liabilities	98,966	98,932	34
Payables for business acquisitions	14,231	16,136	(1,905)
Contract liabilities	126,517	118,791	7,726
Other long-term debt	11,092	7,411	3,681
Total non-current liabilities	1,497,019	1,185,805	311,214
Current liabilities			
Trade payables	174,099	173,100	999
Payables for business acquisitions	10,099	12,643	(2,544)
Contract liabilities	95,671	93,692	1,979
Other payables	167,955	150,818	17,137
Hedging instruments	11	58	(47)
Provisions for risks and charges	6,244	4,916	1,328
Liabilities for employees' benefits	525	476	49
Short-term financial liabilities	146,427	38,115	108,312
Lease liabilities	77,077	-	77,077
Total current liabilities	678,108	473,818	204,290
TOTAL LIABILITIES	2,800,673	2,255,570	545,103

Amplifon S.p.A.

Consolidated Income Statement

The 2019 data are shown with the application of IFRS 16 “Leases”. The changes between the 2019 and 2018 data are shown without applying IFRS 16. For more information on the main impact please see “Impact due to the new accounting policies on 2018”.

	For the six-month period ended 30 June		
	2019	2018	Change
	(€ thousands)		
Revenues from sales and services	832,035	659,605	172,430
Operating costs	(652,099)	(551,065)	(101,034)
Other income and costs	824	1,409	(585)
Gross operating profit (EBITDA)	180,760	109,949	70,811
Amortisation, depreciation and impairment			
Amortisation of intangible fixed assets	(27,865)	(17,286)	(10,579)
Depreciation of tangible fixed assets	(19,962)	(16,465)	(3,497)
Depreciation of right-of-use assets	(42,775)	-	(42,775)
Impairment and impairment reversals of non-current assets	(655)	(141)	(514)
	(91,257)	(33,892)	(57,365)
Operating profit (loss) (EBIT)	89,503	76,057	13,446
Financial income, charges and value adjustments to financial assets			
Group's share of the result of associated companies valued at equity	193	243	(50)
Other income and charges, impairment and revaluations of financial assets	-	(85)	85
Interest income and expense	(7,180)	(9,088)	1,908
Other financial income and expense	(5,941)	(413)	(5,528)
Exchange gains and losses	457	(440)	897
Gain (loss) on assets measured at fair value	(345)	(14)	(331)
	(12,816)	(9,797)	(3,019)
Profit (loss) before tax	76,687	66,260	10,427
Current and deferred income tax	(22,200)	(19,273)	(2,927)
Total net profit (loss)	54,487	46,987	7,500
Net profit (loss) attributable to Minority interests	(5)	(51)	46
Net profit (loss) attributable to the Group	54,492	47,038	7,454

	For the six-month period ended 30 June	
	2019	2018
Income (loss) and earning per share (€ per share)		
Earning per share		
- base	0.24665	0.21477
- diluted	0.24180	0.21005

Amplifon S.p.A.

Statement of Consolidated Cash Flow

The 2019 data are shown with the application of IFRS 16 “Leases”. Also, the impact of these standards on cash flow is substantially neutral.

	For the six-month period ended	
	30 June	
	2019	2018
	(€ thousands)	
OPERATING ACTIVITIES		
Net profit (loss)	54,487	46,987
<i>Amortisation, depreciation and write-downs:</i>		
- intangible fixed assets	28,129	17,320
- tangible fixed assets	20,353	16,572
- right-of-use assets	42,775	-
- goodwill	-	-
Provisions, other non-monetary items and gain/losses from disposals	12,908	9,499
Group's share of the result of associated companies	(193)	(243)
Financial income and charges	13,009	10,040
Current, deferred tax assets and liabilities	22,200	19,272
Cash flow from operating activities before working capital change	193,668	119,447
Utilisation of provisions	(4,649)	(5,861)
(Increase) decrease in inventories	(4,655)	(3,324)
Decrease (increase) in trade receivables	(15,300)	(6,541)
Increase (decrease) in trade payables	(736)	(707)
Changes in other receivables and other payables	(722)	(6,015)
Total change in assets and liabilities (delta working capital)	(26,062)	(22,448)
Dividends received	125	158
Interest received (paid)	(11,553)	(2,523)
Taxes paid	(17,035)	(17,177)
Cash flow generated from (absorbed by) operating activities (A)	139,143	77,457
INVESTING ACTIVITIES:		
Purchase of intangible fixed assets	(15,913)	(7,107)
Purchase of tangible fixed assets	(27,140)	(19,596)
Consideration from sale of tangible fixed assets	1,087	753
Cash flow generated from (absorbed by) operating investing activities (B)	(41,966)	(25,950)
Purchase of subsidiaries and business units	(28,456)	(39,338)
Increase (decrease) in payables through business acquisition	(4,777)	(351)
(Purchase) sale of other investments and securities	-	388
Cash flow generated from (absorbed by) acquisition activities (C)	(33,233)	(39,301)
Cash flow generated from (absorbed by) investing activities (B+C)	(75,199)	(65,251)
FINANCING ACTIVITIES:		
Increase (decrease) in financial payables	43,479	117,030
(Increase) decrease in financial receivables	(119)	(41)
Derivatives instruments and other non-current assets	-	-
Commissions paid for medium/long-term financing	-	(146)
Repayment of lease liabilities	(39,655)	-
Other non-current assets and liabilities	1,318	1,313
Treasury shares	-	(7,833)
Dividend distributed	(30,939)	(24,079)
Capital increases and minorities' / shareholders' contributions and dividends paid to third parties by subsidiaries	(38)	117
Cash flow generated from (absorbed by) financing activities (D)	(25,954)	86,361
Net increase in cash and cash equivalents (A+B+C+D)	37,990	98,567

	For the six-month period ended 30 June	
	2019	2018
	<i>(€ thousands)</i>	
Cash and cash equivalents at beginning of period	89,915	124,082
Effect of discontinued operations on cash and cash equivalents	-	(155)
Effect of exchange rate fluctuations on cash and cash equivalents	185	(73)
Liquid assets acquired.....	709	1,365
Flows of cash and cash equivalents	37,990	98,567
Cash and cash equivalents at the end of period.....	128,799	223,786

Amplifon S.p.A.

Reclassified Consolidated Balance Sheet

The 2019 data are shown with the application of IFRS 16 “Leases”. The changes between the 2019 and 2018 data are shown both with and without applying IFRS 16. For more information on the main impact please see “Impact due to the new accounting policies on 2019”.

Also, the 2018 data have been revised for the provisional allocation of the GAES acquisition price, and are derived from the unaudited condensed interim consolidated financial statements as at and for the six-month period ended 30 June 2019.

	As at 30 June 2019	As at 31 December 2018	Change	Change w/o IFRS 16
			(€ thousands)	
Goodwill	1,183,529	1,161,598	21,931	21,931
Non-competition agreements, trademarks, customer lists and lease rights	275,865	279,406	(3,541)	(3,541)
Software, licenses, other intangible fixed assets, fixed assets in progress and advances	84,515	79,996	4,519	4,519
Property, plant and equipment	196,101	188,941	7,160	7,160
Right-of-use assets	433,446	-	433,446	-
Financial fixed assets ⁽¹⁾	40,580	41,546	(966)	(966)
Other non-current financial assets ⁽¹⁾	30,686	26,752	3,934	4,280
Non-current assets	2,244,722	1,778,239	466,483	33,383
Inventories	67,345	61,740	5,605	5,605
Trade receivables	184,517	169,454	15,063	15,063
Other receivables	90,208	77,292	12,916	14,958
Current assets (A)	342,070	308,486	33,584	35,626
Operating assets	2,586,792	2,086,725	500,067	69,009
Trade payables	(174,099)	(173,100)	(999)	(1,401)
Other payables ⁽²⁾	(264,151)	(244,986)	(19,165)	(19,165)
Provisions for risks and charges (current portion)	(6,244)	(4,916)	(1,328)	(1,328)
Current liabilities (B)	(444,494)	(423,002)	(21,492)	(21,894)
Net working capital (A) - (B)	(102,424)	(114,516)	12,092	13,732
Derivative instruments ⁽³⁾	(12,514)	(10,876)	(1,638)	(1,638)
Deferred tax assets	78,172	75,204	2,968	2,440
Deferred tax liabilities	(98,966)	(98,932)	(34)	(34)
Provisions for risks and charges (non-current portion)	(48,575)	(49,619)	1,044	1,044
Liabilities for employees' benefits (non-current portion)	(22,545)	(20,290)	(2,255)	(2,255)
Loan fees ⁽⁴⁾	2,316	3,795	(1,479)	(1,479)
Other non-current payables	(137,609)	(126,202)	(11,407)	(11,407)
NET INVESTED CAPITAL	1,902,577	1,436,803	465,774	33,786
Group net equity	624,417	594,919	29,498	32,028
Minority interests	1,129	1,028	101	107
Total net equity	625,546	595,947	29,599	32,135
Net medium and long-term financial indebtedness ⁽⁴⁾	812,211	877,688	(65,477)	(64,822)
Net short-term financial indebtedness ⁽⁴⁾	28,856	(36,832)	65,688	66,473
Total net financial indebtedness	841,067	840,856	211	1,651
Lease liabilities	435,964	-	435,964	-
Total lease liabilities & net financial indebtedness	1,277,031	840,856	436,175	1,651
NET EQUITY, LEASE LIABILITIES AND NET FIN. INDEBTEDNESS	1,902,577	1,436,803	465,774	33,786

- (1) “Financial fixed assets” and “Other non-current financial assets” include equity interests valued 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 and tax liabilities;
- (3) “Derivative instruments” includes cash flow hedging instruments not comprised in the net financial position;
- (4) The item “Loan fees” is presented in the balance sheet as a direct deduction of the short-term and medium/long-term components of the items “financial payables” and “financial liabilities” for the short term and long term portion respectively.

Amplifon S.p.A.

Reclassified Consolidated Income Statement

The 2019 data are shown with the application of IFRS 16 “Leases”. The changes between the 2019 and 2018 data are shown both with and without applying IFRS 16. For more information on the main impact please see “Impact due to the new accounting policies on 2019”.

	For the six-month period ended 30 June			Change w/o IFRS 16
	2019	2018	Change	
	(€ thousands)			
Revenues from sales and services	832,035	659,605	172,430	172,430
Operating costs	(652,099)	(551,065)	(101,034)	(146,408)
Other costs and revenues	824	1,409	(585)	(580)
Gross operating profit (loss) (EBITDA)	180,760	109,949	70,811	25,442
Depreciation and write-downs of non-current assets	(72,669)	(23,691)	(48,978)	(6,203)
Operating profit (loss) before the depreciation and amortisation of PPA related assets (EBITA)	108,091	86,258	21,833	19,239
PPA related depreciation and amortisation	(18,588)	(10,201)	(8,387)	(8,387)
Operating profit (loss) (EBIT)	89,503	76,057	13,446	10,852
Income, expenses, valuation and adjustments of financial assets	193	158	35	35
Net financial expenses	(13,121)	(9,501)	(3,620)	2,057
Exchange differences and non-hedge accounting instruments	112	(454)	566	566
Profit (loss) before tax	76,687	66,260	10,427	13,510
Tax	(22,200)	(19,273)	(2,927)	(3,463)
Net profit (loss)	54,487	46,987	7,500	10,047
Profit (loss) of minority interests	(5)	(51)	46	65
Net profit (loss) attributable to the Group	54,492	47,038	7,454	9,982

Reconciliation recurring EBITDA

The 2019 data are shown with the application of IFRS 16 “Leases”. For more information on the main impact please see “Impact due to the new accounting policies on 2019”.

	For the six-month period ended 30 June					
	2019			2018		
	(€ thousands)					
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Revenues from sales and services	832,035	-	832,035	659,605	-	659,605
Operating costs.....	(646,294)	(5,805)	(652,099)	(551,065)	-	(551,065)
Other costs and revenues.....	824	-	824	1,409	-	1,409
Gross operating profit (EBITDA).....	186,565	(5,805)	180,760	109,949	-	109,949

	For the six-month period ended 30 June	
	2019	2018
	(€ thousands)	
Costs related to GAES integration	(5,805)	-
Impact of the non-recurring items on EBITDA	(5,805)	-

Amplifon S.p.A.

Condensed Reclassified Consolidated Cash Flow Statement

The 2019 data are shown with the application of IFRS 16 “Leases”. Also, the impact of these standards on cash flow is substantially neutral.

	For the six-month period ended 30 June	
	2019	2018
	(€ thousands)	
Operating profit loss (EBIT)	89,503	76,057
Amortisation, depreciation and write down	91,257	33,892
Provision, other non monetary items and gain/losses from disposals	12,908	9,499
Net financial expenses	(11,098)	(9,382)
Taxes paid.....	(17,035)	(17,177)
Changes in net working capital	(26,062)	(22,448)
Cash flow provided by (used in) operating activities before repayment of lease liabilities	139,473	70,440
Repayment of lease liabilities	(39,655)	-
Cash flow provided by (used in) operating activities (A)	99,818	70,440
Cash flow provided by (used in) operating investing activities (B)	(41,966)	(25,950)
Free cash flow (A+B)	57,852	44,490
Net cash flow provided by (used in) acquisitions (C)	(27,747)	(37,973)
(Purchase) sale of other investments and securities (D).....	-	388
Cash flow provided by (used in) investing activities (B+C+D)	(69,713)	(63,535)
Cash flows provided by (used in) operating activities and investing activities	30,105	6,905
Dividends.....	(30,939)	(24,079)
Fees paid on medium/long-term financing.....	-	(146)
Treasury shares	-	(7,833)
Capital increases, third parties' contributions and dividends paid by subsidiaries to third parties	(38)	117
Hedging instruments and other changes in non current assets	1,318	1,313
Net cash flow from the period	446	(23,723)
Net financial indebtedness as of period opening date	(840,856)	(296,265)
Effect of discontinued operation on financial position.....	-	24
Effect of exchange rate fluctuations on financial position	(657)	318
Change in net financial position	446	(23,723)
Net financial indebtedness as of period closing date	(841,067)	(319,646)

Amplifon S.p.A.

Consolidated Statement of Financial Position

The 2019 data are shown with the application of IFRS 16 “*Leases*”. The changes between the 2019 and 2018 data are shown without applying IFRS 16. For more information on the main impact please see “*Impact due to the new accounting policies on 2019*”.

Also, the 2018 data have been revised for the provisional allocation of the GAES acquisition price.

	As at 30 September 2019	As at 31 December 2018 (€ thousands)	Change
Non-current assets			
Goodwill	1,205,795	1,161,598	44,197
Intangible fixed assets with finite useful life	362,069	359,402	2,667
Tangible fixed assets	195,469	188,968	6,501
Right-of-use assets	429,760	-	429,760
Investments valued at equity	2,224	2,025	199
Long-term hedging instruments	10,504	3,725	6,779
Deferred tax assets	82,530	75,204	7,326
Contract costs	6,874	5,594	1,280
Other assets	65,162	60,679	4,483
Total non-current assets	2,360,387	1,857,195	503,192
Current assets			
Inventories	71,956	61,713	10,243
Trade receivables	181,570	169,454	12,116
Contract costs	3,706	3,853	(147)
Other receivables	84,476	73,380	11,096
Hedging instruments	2,633	-	2,633
Other financial assets	260	60	200
Cash and cash equivalents	125,245	89,915	35,330
Total current assets	469,846	398,375	71,471
TOTAL ASSETS	2,830,233	2,255,570	574,663

Amplifon S.p.A.

Consolidated Statement of Financial Position (Cont'd)

The 2019 data are shown with the application of IFRS 16 “Leases”. The changes between the 2019 and 2018 data are shown without applying IFRS 16. For more information on the main impact please see “Impact due to the new accounting policies on 2019”.

Also, the 2018 data have been revised for the provisional allocation of the GAES acquisition price.

	As at 30 September 2019	As at 31 December 2018 (€ thousands)	Change
LIABILITIES			
Net Equity			
Share capital	4,528	4,527	1
Share premium reserve	202,712	202,565	147
Treasury shares	(30,834)	(50,933)	20,099
Other reserves	(26,531)	(24,186)	(2,345)
Retained earnings	423,948	362,503	61,445
Profit (loss) for the period	61,663	100,443	(38,780)
Group net equity	635,486	594,919	40,567
Minority interests	1,251	1,028	223
Total net equity	636,737	595,947	40,790
Non-current liabilities			
Medium/long-term financial liabilities	803,576	872,669	(69,093)
Lease liabilities	355,138	-	355,138
Provisions for risks and charges	51,166	49,619	1,547
Liabilities for employees' benefits	23,626	20,290	3,336
Long-term hedging instruments	7,037	1,957	5,080
Deferred tax liabilities	100,211	98,932	1,279
Payables for business acquisitions	14,691	16,136	(1,445)
Contract liabilities	129,783	118,791	10,992
Other long-term debt	11,109	7,411	3,698
Total non-current liabilities	1,496,337	1,185,805	310,532
Current liabilities			
Trade payables	167,558	173,100	(5,542)
Payables for business acquisitions	13,339	12,643	696
Contract liabilities	95,218	93,692	1,526
Other payables	157,875	150,818	7,057
Hedging instruments	-	58	(58)
Provisions for risks and charges	17,101	4,916	12,185
Liabilities for employees' benefits	486	476	10
Short-term financial liabilities	167,232	38,115	129,117
Lease liabilities	78,350	-	78,350
Total current liabilities	697,159	473,818	223,341
TOTAL LIABILITIES	2,830,233	2,255,570	574,663

Amplifon S.p.A.

Consolidated Income Statement

The 2019 data are shown with the application of IFRS 16 “Leases”. The changes between the 2019 and 2018 data are shown without applying IFRS 16. For more information on the main impact please see “Impact due to the new accounting policies on 2019”.

	For the nine-month period ended 30 September		
	2019	2018	Change
	(€ thousands)		
Revenues from sales and services	1,224,741	962,771	261,970
Operating costs	(981,588)	(815,112)	(166,476)
Other income and costs	1,085	(3,098)	4,183
Gross operating profit (EBITDA)	244,238	144,561	99,677
Amortisation, depreciation and impairment			
Amortisation of intangible fixed assets	(42,110)	(26,254)	(15,856)
Depreciation of tangible fixed assets	(30,213)	(25,202)	(5,011)
Depreciation of right-of-use assets	(64,936)	-	(64,936)
Impairment and impairment reversals of non-current assets	(1,006)	(299)	(707)
	(138,265)	(51,755)	(86,510)
Operating profit (loss) (EBIT)	105,973	92,806	13,167
Financial income, charges and value adjustments to financial assets			
Group's share of the result of associated companies valued at equity	217	330	(113)
Other income and charges, impairment and revaluations of financial assets	3	(77)	80
Interest income and expense	(10,672)	(11,293)	621
Other financial income and expense	(9,027)	(463)	(8,564)
Exchange gains and losses	108	(542)	650
Gain (loss) on assets measured at fair value	(345)	(69)	(276)
	(19,716)	(12,114)	(7,602)
Profit (loss) before tax	86,257	80,692	5,565
Current and deferred income tax	(24,564)	(23,144)	(1,420)
Total net profit (loss)	61,693	57,548	4,145
Net profit (loss) attributable to Minority interests	30	(90)	120
Net profit (loss) attributable to the Group	61,663	57,638	4,025

	For the nine-month period ended 30 September	
	2019	2018
Income (loss) and earning per share (€ per share)		
Earning per share		
- base	0.27839	0.26264
- diluted	0.27309	0.25733

Amplifon S.p.A.

Consolidated Cash Flow Statement

The 2019 data are shown with the application of IFRS 16 “Leases”. Also, the impact of these standards on cash flow is substantially neutral.

	For the nine-month period ended 30 September	
	2019	2018
	(€ thousands)	
OPERATING ACTIVITIES		
Net profit (loss).....	61,693	57,548
<i>Amortisation, depreciation and write-downs:</i>		
- intangible fixed assets	42,593	26,333
- tangible fixed assets.....	30,736	25,422
- right-of-use assets.....	64,936	-
- goodwill.....	-	-
Provisions, other non-monetary items and gain/losses from disposals	27,515	12,734
Group's share of the result of associated companies.....	(217)	(330)
Financial income and charges	19,933	12,444
Current, deferred tax assets and liabilities	24,564	23,144
Cash flow from operating income before working capital change.....	271,753	157,295
Utilisation of provisions.....	(6,574)	(6,386)
(Increase) decrease in inventories	(7,179)	(8,259)
Decrease (increase) in trade receivables	(10,705)	(1,471)
Increase (decrease) in trade payables.....	(9,832)	(1,803)
Changes in other receivables and other payables	(3,247)	(7,235)
Total change in assets and liabilities (delta working capital)	(37,537)	(25,154)
Dividends received	127	159
Interest received (paid)	(17,145)	(18,241)
Taxes paid	(29,833)	(27,423)
Cash flow generated by (absorbed by) operating activities (A)	187,365	86,636
INVESTING ACTIVITIES:		
Purchase of intangible fixed assets	(23,117)	(11,802)
Purchase of tangible fixed assets	(37,517)	(31,760)
Consideration from sale of tangible fixed assets	1,899	1,332
Cash flow generated (absorbed) by investing activities (B)	(58,735)	(42,230)
Purchase of subsidiaries and business units	(54,065)	(74,633)
Increase (decrease) in payables through business acquisition.....	924	(1,302)
(Purchase) sale of other investments and securities	3	397
Cash flow generated (absorbed) by acquisition activities (C)	(53,138)	(75,538)
Cash flow generated by (absorbed by) investing activities (B+C).....	(111,873)	(117,768)
FINANCING ACTIVITIES:		
Increase (decrease) in financial payables	51,556	35,239
(Increase) decrease in financial receivables	(3,654)	(92)
Derivatives instruments and other non-current assets	-	-
Commissions paid for medium/long-term financing.....	-	(146)
Repayment of lease liabilities.....	(59,647)	-
Other non-current assets and liabilities.....	(33)	1,220
Treasury shares	-	(7,833)
Dividend distributions.....	(30,939)	(24,079)
Capital increases and minorities' contributions and dividends paid to third parties by subsidiaries	(53)	26
Cash flow generated by (absorbed by) financing activities (D).....	(42,770)	4,335
Net increase in cash and cash equivalents (A+B+C+D)	32,722	(26,797)

	For the nine-month period ended 30 September	
	2019	2018
	<i>(€ thousands)</i>	
Cash and cash equivalents at beginning of period	89,915	124,082
Effect of discontinued operations on liquid funds	-	(150)
Effect of exchange rate fluctuations on liquid funds	1,551	(200)
Liquid assets acquired	1,057	1,945
Flows of cash and cash equivalents	32,722	(26,795)
Cash and cash equivalents at the end of period.....	125,245	98,882

Amplifon S.p.A.

Reclassified Consolidated Balance Sheet

The 2019 data are shown with the application of IFRS 16 “Leases”. The changes between the 2019 and 2018 data are shown both with and without applying IFRS 16. For more information on the main impact please see “Impact due to the new accounting policies on 2019”. Also, the 2018 data have been revised for the provisional allocation of the GAES acquisition price.

	As at 30 September 2019	As at 31 December 2018	Change	Change w/o IFRS 16
			(€ thousands)	
Goodwill	1,205,795	1,161,598	44,197	44,197
Customer lists, non-compete agreements, trademarks and location rights	274,210	279,406	(5,196)	(5,196)
Software charges, licenses, other int.ass., wip and advances	87,859	79,996	7,863	7,863
Tangible assets	195,469	188,968	6,501	7,237
Right-of-use assets	429,760	-	429,760	-
Financial fixed assets ⁽¹⁾	43,403	41,546	1,857	1,615
Other non-current financial assets ⁽¹⁾	30,857	26,752	4,105	4,539
Total fixed assets	2,267,353	1,778,266	489,087	60,255
Inventories	71,956	61,713	10,243	10,243
Trade receivables	181,569	169,454	12,115	12,115
Other receivables	88,242	77,292	10,950	13,229
Current assets (A)	341,767	308,459	33,308	35,587
Total assets	2,609,120	2,086,725	522,395	95,842
Trade payables	(167,558)	(173,100)	5,542	5,054
Other payables ⁽²⁾	(253,579)	(244,986)	(8,593)	(8,673)
Provisions for risks (current portion)	(17,101)	(4,916)	(12,185)	(12,306)
Short term liabilities (B)	(438,238)	(423,002)	(15,236)	(15,925)
Working capital (A) – (B)	(96,471)	(114,543)	18,072	19,662
Derivative instruments ⁽³⁾	(12,394)	(10,876)	(1,518)	(1,518)
Deferred tax assets	82,530	75,204	7,326	6,318
Deferred tax liabilities	(100,211)	(98,932)	(1,279)	(1,279)
Provisions for risks (non-current portion)	(51,166)	(49,619)	(1,547)	(1,547)
Employee benefits (non-current portion)	(23,626)	(20,290)	(3,336)	(3,336)
Loan fees ⁽⁴⁾	1,853	3,795	(1,942)	(1,942)
Other non-current payables	(140,892)	(126,202)	(14,690)	(14,690)
NET INVESTED CAPITAL	1,926,976	1,436,803	490,173	61,923
Shareholders' equity	635,486	594,919	40,567	44,488
Third parties' equity	1,251	1,028	223	232
Total net equity	636,737	595,947	40,790	44,720
Net medium and long-term financial indebtedness ⁽⁴⁾	803,687	877,688	(74,001)	(76,255)
Net short-term financial indebtedness ⁽⁴⁾	53,064	(36,832)	89,896	93,458
Total net financial debt	856,751	840,856	15,895	17,203
Lease liabilities	433,488	-	433,488	-
Total lease liabilities & net financial debt	1,290,239	840,856	449,383	17,203
NET EQUITY, LEASE LIABILITIES AND NET FINANCIAL DEBT	1,926,976	1,436,803	490,173	61,923

(1) “Financial fixed assets” and “Other non-current financial assets” include equity interests valued 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 and tax liabilities;

(3) “Derivative instruments” includes cash flow hedging instruments not comprised in the net financial position;

(4) The item “Loan fees” is presented in the balance sheet as a direct deduction of the short-term and medium/long-term components of the items “financial payables” and “financial liabilities” for the short term and long term portion respectively.

Amplifon S.p.A.

Reclassified Consolidated Income Statement

The 2019 data are shown with the application of IFRS 16 “Leases”. The changes between the 2019 and 2018 data are shown both with and without applying IFRS 16. For more information on the main impact please see “Impact due to the new accounting policies on 2019”.

	For the nine-month period ended 30 September			Change w/o
	2019	2018	Change	IFRS 16
	(€ thousands)			
Revenues from sales and services	1,224,741	962,771	261,970	261,970
Operating costs	(981,588)	(815,112)	(166,476)	(234,608)
Other costs and revenues	1,085	(3,098)	4,183	4,170
Gross operating profit (EBITDA)	244,238	144,561	99,677	31,532
Depreciation and write-downs of non-current assets	(45,622)	(36,271)	(9,351)	(9,718)
Right-of-use depreciation	(64,936)	-	(64,936)	-
Operating result before the amortisation and impairment of PPA related assets (EBITA)	133,680	108,290	25,390	21,814
PPA related depreciation and impairment	(27,707)	(15,484)	(12,223)	(12,224)
Operating profit (EBIT)	105,973	92,806	13,167	9,590
Income, expenses, revaluation and adjustments of financial assets	220	253	(33)	(33)
Net financial expenses	(19,699)	(11,756)	(7,943)	539
Exchange differences and non hedge accounting instruments	(237)	(611)	374	375
Profit (loss) before tax	86,257	80,692	5,565	10,471
Tax	(24,564)	(23,144)	(1,420)	(2,432)
Net profit (loss)	61,693	57,548	4,145	8,039
Profit (loss) of minority interests	30	(90)	120	147
Net profit (loss) attributable to the Group	61,663	57,638	4,025	7,892

Reconciliation recurring EBITDA

The 2019 data are shown with the application of IFRS 16 “Leases”. For more information on the main impact please see “Impact due to the new accounting policies on 2019”.

	For the nine-month period ended 30 September					
	2019			2018		
	(€ thousands)					
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Revenues from sales and services	1,224,741	-	1,224,741	962,771	-	962,771
Operating costs	(963,216)	(18,372)	(981,588)	(814,85)	(262)	(815,112)
Other costs and revenues	1,085	-	1,085	2,644	(5,742)	(3,098)
Gross operating profit (EBITDA)	262,610	(18,372)	244,238	150,565	-6,004	144,561

	For the nine-month period ended 30 September	
	2019	2018
	(€ thousands)	
GAES acquisition and integration costs	(18,372)	(6,004)
Impact of the non-recurring items on EBITDA	(18,372)	(6,004)

Amplifon S.p.A.

Reclassified Consolidated Cash Flow Statement

The 2019 data are shown with the application of IFRS 16 “Leases”. Also, the impact of these new standards on cash flow is substantially neutral.

	For the nine-month period ended 30 September	
	2019	2018
	(€ thousands)	
Operating income (EBIT).....	105,973	92,806
Amortisation, depreciation and write down	138,265	51,755
Provision, other non monetary items and gain/losses from disposals	27,515	12,734
Net financial expenses	(17,374)	(11,687)
Taxes paid.....	(29,833)	(27,423)
Changes in net working capital	(37,537)	(25,154)
Cash flow provided by (used in) operating activities before repayment of lease liabilities.....	187,009	93,031
Repayment of lease liabilities	(59,647)	-
Cash flow provided by (used in) operating activities (A).....	127,362	93,031
Cash flow provided by (used in) operating investing activities (B)	(58,735)	(42,230)
Free cash flow (A+B)	68,627	50,801
Net cash flow provided by (used in) acquisitions (C)	(53,008)	(72,688)
(Purchase) sale of other investments and securities (D).....	3	397
Cash flow provided by (used in) investing activities (B+C+D).....	(111,740)	(114,521)
Cash flows provided by (used in) operating activities and investing activities	15,622	(21,490)
Dividends.....	(30,939)	(24,079)
Fees paid on medium/long-term financing.....	-	(146)
Treasury shares	-	(7,833)
Capital increases, third parties' contributions and dividends paid by subsidiaries to third parties	(53)	26
Hedging instruments and other changes in non current assets	(33)	1,220
Net cash flow from the period	(15,403)	(52,302)
 Net financial indebtedness as of period opening date	 (840,856)	 (296,265)
Effect of discontinued operation on financial position.....	-	22
Effect of exchange rate fluctuations on financial position	(492)	(71)
Change in net financial position.....	(15,403)	(52,302)
Net financial indebtedness as of period closing date	(856,751)	(348,616)

Amplifon S.p.A.

Preliminary consolidated net financial indebtedness (excluding lease liabilities) of the Issuer for the year ended 31 December 2019

Based on unaudited preliminary management accounts for the year ended 31 December 2019, the Issuer estimates that its consolidated net financial indebtedness (excluding lease liabilities) at the end of such period will be between €785 and €800 million. There can be no assurance that these preliminary estimates will be realised or that actual results will not be higher or lower than estimated.

The consolidated net financial indebtedness (excluding lease liabilities) presented above is based on unaudited management accounts through 31 December 2019 and is not intended to be a comprehensive statement of the Issuer's financial or operational results for the year ended 31 December 2019. Such information has been prepared by the Issuer's management. The Issuer's independent auditors have not audited, reviewed, compiled or performed any procedures with respect to the accompanying consolidated net financial indebtedness (excluding lease liabilities) for the purpose of its inclusion herein, and accordingly, the Issuer's independent auditors do not express an opinion or provide any form of assurance with respect thereto for the purpose of this Prospectus. Furthermore, the consolidated net financial indebtedness (excluding lease liabilities) does not take into account any circumstances or events occurring after the date it was prepared.

The consolidated net financial indebtedness (excluding lease liabilities) set out above is based on a number of assumptions that are subject to inherent uncertainties and subject to change or adjustment. In addition, while the Issuer believes the consolidated net financial indebtedness (excluding lease liabilities) to be reasonable, the Issuer's actual results for the year ended 31 December 2019 may vary from the preliminary financial information contained above, and such variations could be material. As such, investors should not place undue reliance on the inclusion of consolidated net financial indebtedness (excluding lease liabilities) in this document which should not be regarded as an indication that such preliminary financial information will be an accurate prediction of future events, and such information should not be relied on as such. See "*Forward-Looking Statements*" and "*Risk Factors*" for a more complete discussion of certain of the factors that could affect the Issuer's future performance and results of operations.

OVERVIEW FINANCIAL INFORMATION RELATING TO THE GUARANTORS

The following unaudited summary financial information has been prepared specifically for the application to list the Notes on the official list of the Luxembourg Stock Exchange. Financial information relating to the Guarantors (and their respective subsidiaries, if any), used for management reporting and consolidation purposes, is based on accounting principles applied by the Group, which applies IFRS. See “*Non-IFRS Financial Measures*” and “*Reclassification*”.

Issuer/Guarantors/Non-guarantor subsidiaries Statement of Financial Position

	As at 31 December 2018			
	Issuer	Guarantor subsidiaries	Non-guarantor subsidiaries ⁽¹⁾	Consolidated
	(€ thousands)			
Non-current assets				
Goodwill	540	88,815	1,169,493	1,258,848
Intangible fixed assets with finite useful life	37,411	53,964	132,457	223,832
Tangible fixed assets	29,466	18,408	140,777	188,651
Investments valued at equity	1,160,746	-	(1,158,721)	2,025
Financial assets measured at fair value through profit or loss ..	-	-	-	-
Long-term hedging instruments	3,725	(0)	(0)	3,725
Deferred tax assets	21,845	3,577	49,219	74,641
Contract costs	2,488	137	2,970	5,594
Other assets	93,692	151,123	(184,135)	60,679
Total non-current assets	1,349,912	316,024	152,060	1,817,995
Current assets	-	-	-	-
Inventories	10,314	2,878	48,578	61,770
Trade receivables	86,445	35,411	47,598	169,454
Contract costs	1,737	80	2,036	3,853
Other receivables	28,125	8,132	39,130	75,387
Hedging instruments	-	0	(0)	-
Other financial assets	87,344	2,227	(89,511)	60
Cash and cash equivalents	13,271	12,073	64,570	89,915
Total current assets	227,237	60,801	112,401	400,439
TOTAL ASSETS	1,577,149	376,825	264,461	2,218,434

(1) Includes Group eliminations

Issuer/Guarantors/Non-guarantor subsidiaries Statement of Financial Position (Cont'd)

	As at 31 December 2018			
	Issuer	Guarantor subsidiaries	Non-guarantor subsidiaries ⁽¹⁾	Consolidated
	(€ thousands)			
LIABILITIES				
Net Equity				
Share capital	4,527	41,568	(41,568)	4,527
Share premium account	202,565	698	(698)	202,565
Treasury shares	(50,933)	-	(0)	(50,933)
Other reserves	30,519	17,919	(72,624)	(24,186)
Retained earnings.....	203,392	12,126	146,986	362,503
Profit (loss) for the period.....	79,261	39,389	(18,207)	100,443
Group net equity	469,331	111,700	13,889	594,919
Minority interests	-	-	1,183	1,183
Total net equity	469,331	111,700	15,072	596,102
Non-current liabilities				
Medium/long-term financial liabilities	872,177	113,537	(113,045)	872,669
Provisions for risks and charges.....	13,985	27,757	6,301	48,043
Liabilities for employees' benefits.....	3,329	1,875	15,086	20,290
Long-term hedging instruments	1,957	-	-	1,957
Deferred tax liabilities	1,230	24,354	39,301	64,885
Payables for business acquisitions	12,502	309	3,325	16,136
Contract liabilities.....	-	7,588	111,203	118,791
Other long-term debt.....	26,861	752	(20,202)	7,411
Total non-current liabilities	932,041	176,172	41,970	1,150,182
Current liabilities				
Trade payables	49,212	40,627	83,810	173,649
Payables for business acquisitions	4,827	711	7,105	12,643
Contract liabilities.....	20,720	14,101	58,871	93,692
Other payables	71,430	31,334	47,984	150,749
Hedging instruments	46	-	12	58
Provisions for risks and charges.....	-	0	2,768	2,768
Liabilities for employees' benefits.....	-	66	410	476
Short-term financial liabilities	29,541	2,114	6,460	38,115
Total current liabilities	175,777	88,953	207,419	472,150
TOTAL LIABILITIES	1,577,149	376,825	264,461	2,218,434

(1) Includes Group eliminations

Issuer/Guarantors/Non-guarantor subsidiaries Income Statement

For the year ended 31 December 2018

	Issuer	Guarantor subsidiaries	Non-guarantor subsidiaries ⁽¹⁾	Consolidated
	(€ thousands)			
Revenues from sales and services	310,668	339,686	711,879	1,362,234
Operating costs	(285,184)	(272,877)	(575,191)	(1,133,253)
Other income and costs	47,888	360	(51,762)	(3,514)
Gross operating profit (EBITDA)	73,372	67,168	84,926	225,467
Amortisation, depreciation and impairment	-	-	-	-
Amortisation of intangible fixed assets	(9,946)	(10,169)	(16,858)	(36,973)
Depreciation of tangible fixed assets	(6,967)	(4,468)	(22,908)	(34,343)
Impairment and impairment reversals of non-current assets	-	(100)	(741)	(841)
	(16,913)	(14,737)	(40,507)	(72,157)
Operating profit (loss) (EBIT)	56,459	52,431	44,420	153,310
Financial income, charges and value adjustments to financial assets				
Group's share of the result of associated companies valued at equity	-	-	426	426
Other income and charges, impairment and revaluations of financial assets	47,221	-	(47,177)	44
Interest income and expense	(13,572)	(4,564)	4,891	(13,245)
Other financial income and expense	601	6,634	(8,159)	(925)
Exchange gains and losses	(112)	(539)	(213)	(864)
Gain (loss) on assets measured at fair value	(170)	-	0	(170)
	33,967	1,530	(50,231)	(14,734)
Profit (loss) before tax	90,426	53,962	(5,812)	138,576
Current and deferred income tax	(11,165)	(14,572)	(12,429)	(38,166)
Total net profit (loss)	79,261	39,389	(18,241)	100,410
Net profit (loss) attributable to Minority interests	-	-	(33)	(33)
Net profit (loss) attributable to the Group	79,261	39,389	(18,208)	100,443

(1) Includes Group eliminations

Issuer/Guarantors/Non-guarantor subsidiaries Reclassified Balance Sheet

As at 31 December 2018				
	Issuer	Guarantor subsidiaries	Non-guarantor subsidiaries ⁽¹⁾	Consolidated
	(€ thousands)			
Goodwill	540	88,815	1,169,493	1,258,848
Customer lists, non-compete agreements, trademarks and location rights	5,023	34,422	114,790	154,236
Software charges, licenses, other int.ass., wip and advances ...	32,387	19,542	17,667	69,596
Tangible assets	29,466	18,408	140,777	188,651
Financial fixed assets ^(a)	1,160,746	37,376	(1,156,576)	41,546
Other non-current financial assets ^(a)	15,269	346	11,137	26,752
Total fixed assets	1,243,432	198,909	297,288	1,739,629
Inventories	10,314	2,878	48,578	61,770
Trade receivables	81,734	35,411	52,308	169,454
Other receivables	34,573	8,212	36,514	79,299
Current assets (A)	126,622	46,500	137,400	310,523
Total assets	1,370,054	245,410	434,689	2,050,152
Trade payables	(50,519)	(40,627)	(82,503)	(173,649)
Other payables ^(b)	(72,833)	(45,501)	(126,582)	(244,917)
Provisions for risks (current portion)	-	(0)	(2,768)	(2,768)
Short term liabilities (B)	(123,352)	(86,129)	(211,854)	(421,334)
Net working capital (A) – (B)	3,270	(39,628)	(74,453)	(110,811)
Derivative instruments ^(c)	(10,876)	-	0	(10,876)
Deferred tax assets	21,845	3,577	49,219	74,641
Deferred tax liabilities	(1,230)	(24,354)	(39,301)	(64,885)
Provisions for risks (non-current portion)	(13,985)	(27,757)	(6,301)	(48,043)
Employee benefits (non-current portion)	(3,329)	(1,875)	(15,086)	(20,290)
Loan fees ^(d)	3,795	-	(0)	3,795
Other non-current payables	(26,861)	(8,339)	(91,001)	(126,202)
NET INVESTED CAPITAL	1,216,060	100,533	120,365	1,436,958
Shareholders' equity	469,331	111,700	13,889	594,919
Third parties' equity	-	-	1,183	1,183
Total net equity	469,331	111,700	15,072	596,102
Net medium and long-term financial indebtedness ^(d)	792,651	309	84,727	877,688
Net short-term financial indebtedness ^(d)	(45,922)	(11,476)	20,566	(36,832)
Total net financial debt	746,729	(11,167)	105,293	840,856
NET EQUITY, LEASE LIABILITIES AND NET FINANCIAL DEBT	1,216,060	100,533	120,365	1,436,958

(1) Includes Group eliminations

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

(b) “Other Payables” includes other liabilities, accrued liabilities and deferred income and tax liabilities;

(c) “Derivative instruments” includes cash flow hedging instruments not comprised in the net financial position;

(d) The item “Loan fees” is presented in the balance sheet as a direct deduction of the short-term and medium/long-term components of the items “financial payables” and “financial liabilities” for the short term and long term portion respectively.

Issuer/Guarantors/Non-guarantor subsidiaries Reclassified Income Statement

For the year ended 31 December 2018				
	Issuer	Guarantor subsidiaries	Non-guarantor subsidiaries ⁽¹⁾	Consolidated
	(€ thousands)			
Revenues from sales and services	310,668	339,686	711,879	1,362,234
Operating costs	(231,132)	(272,877)	(629,243)	(1,133,253)
Other income and expenses	(6,164)	360	2,290	(3,514)
Gross operating profit (EBITDA)	73,372	67,168	84,926	225,467
Depreciation and write-downs of non-current assets	(15,041)	(9,906)	(26,203)	(51,150)
Operating result before the amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	58,331	57,263	58,723	174,317
Amortisation and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill.....	(1,872)	(4,831)	(14,303)	(21,007)
Operating profit (EBIT)	56,459	52,431	44,420	153,310
Income, expenses, valuation and adjustments of financial assets.....	47,221	-	(46,751)	470
Net financial expenses	(12,972)	2,070	(3,268)	(14,170)
Exchange differences and non-hedge accounting instruments.	(282)	(539)	(212)	(1,034)
Profit (loss) before tax	90,426	53,962	(5,811)	138,576
Tax.....	(11,165)	(14,572)	(12,429)	(38,166)
Net profit (loss).....	79,261	39,389	(18,240)	100,410
Profit (loss) of minority interests	-	-	(33)	(33)
Net profit (loss) attributable to the Group	79,261	39,389	(18,207)	100,443

(1) Includes Group eliminations

Issuer/Guarantors/Non-guarantor subsidiaries Statement of Financial Position

As at 30 June 2019				
	Issuer	Guarantor subsidiaries	Non-guarantor subsidiaries ⁽¹⁾	Consolidated
	(€ thousands)			
Non-current assets				
Goodwill	540	90,390	1,092,599	1,183,529
Intangible fixed assets with finite useful life	42,796	52,807	264,777	360,380
Tangible fixed assets	29,760	22,596	143,744	196,101
Right-of-use assets	96,552	29,333	307,561	433,446
Investments valued at equity	1,169,379	-	(1,167,106)	2,273
Long-term hedging instruments	6,899	(0)	(1)	6,898
Deferred tax assets	20,446	4,880	52,846	78,172
Contract costs	2,797	171	3,551	6,518
Other assets	85,364	150,705	(173,595)	62,473
Total non-current assets	1,454,531	350,882	524,377	2,329,790
Current assets				
Inventories	11,478	2,127	53,740	67,345
Trade receivables	112,766	44,894	26,857	184,517
Contract costs	1,815	101	1,900	3,816
Other receivables	35,797	9,246	41,291	86,333
Hedging instruments	-	0	(0)	-
Other financial assets	106,293	2,432	(108,652)	73
Cash and cash equivalents	28,635	30,149	70,014	128,799
Total current assets	296,783	88,949	85,150	470,883
TOTAL ASSETS	1,751,314	439,832	609,527	2,800,673

(1) Includes Group eliminations

Issuer/Guarantors/Non-guarantor subsidiaries Statement of Financial Position (Cont'd)

	As at 30 June 2019			
	Issuer	Guarantor subsidiaries	Non-guarantor subsidiaries ⁽¹⁾	Consolidated
	(€ thousands)			
LIABILITIES				
Net Equity				
Share capital	4,528	41,568	(41,568)	4,528
Share premium reserve	202,712	698	(698)	202,712
Treasury shares	(35,848)	-	(0)	(35,848)
Other reserves	25,586	19,593	(73,967)	(28,788)
Retained Earnings	249,261	51,213	126,848	427,322
Profit (loss) for the period	34,890	22,407	(2,807)	54,491
Group net equity	481,130	135,479	7,809	624,417
Minority interests	-	-	1,129	1,129
Total net equity	481,130	135,479	8,938	625,546
Non-current liabilities				
Medium/long-term financial liabilities	810,008	114,236	(114,106)	810,138
Lease liabilities	80,485	23,435	254,967	358,887
Provisions for risks and charges	14,205	28,134	6,236	48,575
Liabilities for employees' benefits	3,348	1,949	17,248	22,545
Long-term hedging instruments	6,068	-	(0)	6,068
Deferred tax liabilities	1,115	24,529	73,322	98,966
Payables for business acquisitions	12,920	311	1,000	14,231
Contract liabilities	28,719	8,310	89,488	126,517
Other long-term debt	-	3,107	7,985	11,092
Total non-current liabilities	956,867	204,012	336,140	1,497,019
Current liabilities				
Trade payables	54,725	42,883	76,491	174,099
Payables for business acquisitions	3,176	349	6,574	10,099
Contract liabilities	21,725	14,057	59,889	95,671
Other payables	65,779	34,185	67,991	167,955
Hedging instruments	(0)	-	11	11
Provisions for risks and charges	-	0	6,244	6,244
Liabilities for employees' benefits	-	66	459	525
Short-term financial liabilities	152,272	2,317	(8,162)	146,427
Lease liabilities	15,641	6,484	54,952	77,077
Total current liabilities	313,318	100,341	264,449	678,108
TOTAL LIABILITIES	1,751,314	439,832	609,527	2,800,673

(1) Includes Group eliminations

Issuer/Guarantors/Non-guarantor subsidiaries Income Statement

For the six-month period ended 30 June 2019				
	Issuer	Guarantor subsidiaries	Non-guarantor subsidiaries ⁽¹⁾	Consolidated
			(€ thousands)	
Revenues from sales and services	167,527	175,686	488,821	832,035
Operating costs	(106,764)	(134,779)	(410,556)	(652,099)
Other income and costs	316	476	32	824
Gross operating profit (EBITDA)	61,079	41,384	78,297	180,760
Amortisation, depreciation and impairment				
Amortisation of intangible fixed assets	(5,661)	(5,139)	(17,065)	(27,865)
Depreciation of tangible fixed assets	(3,598)	(1,679)	(14,685)	(19,962)
Depreciation of right-of-use assets	(7,966)	(3,990)	(30,820)	(42,775)
Impairment and impairment reversals of non-current assets	-	(60)	(595)	(655)
	(17,225)	(10,867)	(63,165)	(91,257)
Operating profit (loss) (EBIT)	43,855	30,516	15,132	89,503
Financial income, charges and value adjustments to financial assets				
Group's share of the result of associated companies valued at equity	-	-	193	193
Other income and charges, impairment and revaluations of financial assets	9,161	-	(9,161)	-
Interest income and expense	(7,246)	(2,718)	2,784	(7,180)
Other financial income and expense	(632)	2,961	(8,270)	(5,941)
Exchange gains and losses	231	235	(10)	457
Gain (loss) on assets measured at fair value	(345)	-	(0)	(345)
	1,170	478	(14,464)	(12,816)
Profit (loss) before tax	45,024	30,995	668	76,687
Current and deferred income tax	(10,134)	(8,587)	(3,479)	(22,200)
Total net profit (loss)	34,890	22,407	(2,811)	54,487
Net profit (loss) attributable to Minority interests	-	-	(5)	(5)
Net profit (loss) attributable to the Group	34,890	22,407	(2,806)	54,492

(1) Includes Group eliminations

Issuer/Guarantors/Non-guarantor subsidiaries Reclassified Balance Sheet

	As at 30 June 2019			
	Issuer	Guarantor subsidiaries	Non-guarantor subsidiaries ⁽¹⁾	Consolidated
	(€ thousands)			
Goodwill	540	90,390	1,092,599	1,183,529
Non-competition agreements, trademarks, customer lists and lease rights	4,709	32,428	238,728	275,865
Software, licenses, other intangible fixed assets, fixed assets in progress and advances	38,087	20,379	26,049	84,515
Property, plant and equipment	29,760	22,596	143,744	196,101
Right-of-use assets	96,552	29,333	307,561	433,446
Financial fixed assets ^(a)	1,169,379	36,062	(1,164,861)	40,580
Other non-current financial assets ^(a)	16,360	578	13,748	30,686
Non-current assets	1,355,387	231,767	657,569	2,244,722
Inventories	11,478	2,127	53,740	67,345
Trade receivables	112,766	44,894	26,857	184,517
Other receivables	37,611	9,347	43,250	90,208
Current assets (A)	161,855	56,368	123,847	342,070
Operating assets	1,517,241	288,135	781,416	2,586,792
Trade payables	(54,725)	(42,883)	(76,491)	(174,099)
Other payables ^(b)	(87,504)	(48,308)	(128,339)	(264,151)
Provisions for risks and charges (current portion)	-	(0)	(6,244)	(6,244)
Current liabilities (B)	(142,229)	(91,191)	(211,074)	(444,494)
Net working capital (A) - (B)	19,626	(34,823)	(87,227)	(102,424)
Derivative instruments ^(c)	(12,512)	-	(2)	(12,514)
Deferred tax assets	20,446	4,880	52,846	78,172
Deferred tax liabilities	(1,115)	(24,529)	(73,322)	(98,966)
Provisions for risks and charges (non-current portion)	(14,205)	(28,134)	(6,236)	(48,575)
Liabilities for employees' benefits (non-current portion)	(3,348)	(1,949)	(17,248)	(22,545)
Loan fees ^(d)	2,316	-	(0)	2,316
Other non-current payables	(28,719)	(11,417)	(97,473)	(137,609)
NET INVESTED CAPITAL	1,337,876	135,795	428,906	1,902,577
Group net equity	481,130	135,479	7,809	624,417
Minority interests	-	-	1,129	1,129
Total net equity	481,130	135,479	8,938	625,546
Net medium and long-term financial indebtedness ^(d)	738,971	311	72,928	812,211
Net short-term financial indebtedness ^(d)	21,649	(29,915)	37,122	28,856
Total net financial indebtedness	760,620	(29,604)	110,050	841,067
Lease liabilities	96,126	29,920	309,918	435,964
Total lease liabilities & net financial indebtedness	856,746	316	419,969	1,277,031
NET EQUITY, LEASE LIABILITIES AND NET FINANCIAL INDEBTEDNESS	1,337,876	135,795	428,906	1,902,577

(1) Includes Group eliminations

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

(b) "Other Payables" includes other liabilities, accrued liabilities and deferred income and tax liabilities;

(c) "Derivative instruments" includes cash flow hedging instruments not comprised in the net financial position;

(d) The item "Loan fees" is presented in the balance sheet as a direct deduction of the short-term and medium/long-term components of the items "financial payables" and "financial liabilities" for the short term and long term portion respectively.

Issuer/Guarantors/Non-guarantor subsidiaries Reclassified Income Statement

For the six-month period ended 30 June 2019				
	Issuer	Guarantor subsidiaries	Non-guarantor subsidiaries ⁽¹⁾	Consolidated
	(€ thousands)			
Revenues from sales and services	167,527	175,686	488,821	832,035
Operating costs	(106,764)	(134,779)	(410,556)	(652,099)
Other costs and revenues	316	476	32	824
Gross operating profit (loss) (EBITDA)	61,079	41,384	78,297	180,760
Depreciation and write-downs of non-current assets	(16,292)	(8,423)	(47,953)	(72,669)
Operating profit (loss) before the depreciation and amortisation of PPA related assets (EBITA)	44,787	32,961	30,343	108,091
PPA related depreciation and amortisation	(932)	(2,444)	(15,211)	(18,588)
Operating profit (loss) (EBIT)	43,855	30,516	15,132	89,503
Income, expenses, valuation and adjustments of financial assets	9,161	-	(8,968)	193
Net financial expenses	(7,878)	243	(5,487)	(13,121)
Exchange differences and non-hedge accounting instruments	(113)	235	(10)	112
Profit (loss) before tax	45,025	30,995	668	76,687
Tax	(10,134)	(8,587)	(3,479)	(22,200)
Net profit (loss)	34,891	22,407	(2,811)	54,487
Profit (loss) of minority interests	-	-	(5)	(5)
Net profit (loss) attributable to the Group	34,891	22,407	(2,806)	54,492

(1) Includes Group eliminations

Issuer/Guarantors/Non-guarantor subsidiaries Balance Sheet

As at 30 September 2019				
	Issuer	Guarantor subsidiaries	Non-guarantor subsidiaries ⁽¹⁾	Consolidated
	(€ thousands)			
Non-current assets				
Goodwill	540	95,262	1,109,993	1,205,795
Intangible fixed assets with finite useful life	43,327	53,401	265,341	362,069
Tangible fixed assets	29,890	23,900	141,679	195,469
Right-of-use assets	93,743	29,652	306,365	429,760
Investments valued at equity	1,215,854	-	(1,213,630)	2,224
Long-term hedging instruments	10,504	(0)	(0)	10,504
Deferred tax assets	24,140	5,370	53,019	82,530
Contract costs	2,823	188	3,863	6,874
Other assets	80,102	140,394	(155,334)	65,162
Total non-current assets	1,500,924	348,167	511,297	2,360,387
Current assets				
Inventories	11,952	2,725	57,279	71,956
Trade receivables	121,800	44,909	14,861	181,570
Contract costs	1,815	114	1,777	3,706
Other receivables	31,612	11,463	41,401	84,476
Hedging instruments	2,633	0	(0)	2,633
Other financial assets	63,700	19,304	(82,744)	260
Cash and cash equivalents	28,480	43,218	53,548	125,245
Total current assets	261,991	121,733	86,122	469,846
TOTAL ASSETS	1,762,914	469,900	597,419	2,830,233

(1) Includes Group eliminations

Issuer/Guarantors/Non-guarantor subsidiaries Balance Sheet (Cont'd)

	As at 30 September 2019			
	Issuer	Guarantor subsidiaries	Non-guarantor subsidiaries ⁽¹⁾	Consolidated
	(€ thousands)			
LIABILITIES				
Net Equity				
Share capital.....	4,528	41,568	(41,568)	4,528
Share premium reserve.....	202,712	698	(698)	202,712
Treasury shares.....	(30,834)	-	0	(30,834)
Other reserves.....	26,529	22,480	(75,540)	(26,531)
Retained earnings.....	248,459	51,192	124,297	423,948
Profit (loss) for the period.....	32,906	33,341	(4,585)	61,663
Group net equity	484,301	149,278	1,907	635,486
Minority interests	-	-	1,251	1,251
Total net equity.....	484,301	149,278	3,158	636,737
Non-current liabilities				
Medium/long-term financial liabilities.....	803,576	101,019	(101,019)	803,576
Lease liabilities.....	77,901	24,004	253,233	355,138
Provisions for risks and charges.....	14,240	30,425	6,501	51,166
Liabilities for employees' benefits.....	3,233	2,135	18,258	23,626
Long-term hedging instruments.....	7,037	-	(0)	7,037
Deferred tax liabilities.....	1,057	25,099	74,055	100,211
Payables for business acquisitions.....	13,409	274	1,008	14,691
Contract liabilities.....	28,107	9,122	92,555	129,783
Other long-term debt.....	-	3,182	7,927	11,109
Total non-current liabilities.....	948,559	195,260	352,518	1,496,337
Current liabilities				
Trade payables.....	46,876	46,247	74,435	167,558
Payables for business acquisitions.....	6,322	607	6,409	13,339
Contract liabilities.....	21,725	14,907	58,586	95,218
Other payables.....	55,396	37,331	65,148	157,875
Hedging instruments.....	(0)	-	0	-
Provisions for risks and charges.....	-	0	17,101	17,101
Liabilities for employees' benefits.....	-	69	417	486
Short-term financial liabilities.....	184,104	19,256	(36,129)	167,232
Lease liabilities.....	15,631	6,943	55,776	78,350
Total current liabilities	330,055	125,361	241,743	697,159
TOTAL LIABILITIES	1,762,914	469,900	597,419	2,830,233

(1) Includes Group eliminations

Issuer/Guarantors/Non-guarantor subsidiaries Income Statement

For the nine-month period ended 30 September 2019

	Issuer	Guarantor subsidiaries	Non-guarantor subsidiaries ⁽¹⁾	Consolidated
	(€ thousands)			
Revenues from sales and services	232,080	270,072	722,588	1,224,741
Operating costs	(153,235)	(208,451)	(619,902)	(981,588)
Other income and costs	498	549	38	1,085
Gross operating profit (EBITDA)	79,343	62,170	102,724	244,238
Amortisation, depreciation and impairment	-	-	-	-
Amortisation of intangible fixed assets	(8,412)	(7,784)	(25,915)	(42,110)
Depreciation of tangible fixed assets	(5,645)	(2,571)	(21,996)	(30,213)
Depreciation of right-of-use assets	(11,989)	(6,080)	(46,867)	(64,936)
Impairment and impairment reversals of non-current assets ...	-	(99)	(907)	(1,006)
Operating profit (loss) (EBIT)	53,298	45,636	7,039	105,973
Financial income, charges and value adjustments to financial assets	-	-	-	-
Group's share of the result of associated companies valued at equity	-	-	217	217
Other income and charges, impairment and revaluations of financial assets	1,740	-	(1,737)	3
Interest income and expense	(10,857)	(4,019)	4,204	(10,672)
Other financial income and expense	(1,123)	4,342	(12,247)	(9,027)
Exchange gains and losses	(39)	133	14	108
Gain (loss) on assets measured at fair value	(345)	-	(0)	(345)
Profit (loss) before tax	(10,624)	456	(9,548)	(19,716)
Current and deferred income tax	42,674	46,092	(2,509)	86,257
Current and deferred income tax	(9,768)	(12,751)	(2,045)	(24,564)
Total net profit (loss)	32,906	33,341	(4,555)	61,693
Net profit (loss) attributable to Minority interests	-	-	30	30
Net profit (loss) attributable to the Group	32,906	33,341	(4,585)	61,663

(1) Includes Group eliminations

Issuer/Guarantors/Non-guarantor subsidiaries Reclassified Balance Sheet

As at 30 September 2019				
	Issuer	Guarantor subsidiaries	Non-guarantor subsidiaries ⁽¹⁾	Consolidated
	(€ thousands)			
Goodwill	540	95,262	1,109,993	1,205,795
Customer lists, non-compete agreements, trademarks and location rights	4,465	31,872	237,873	274,210
Software charges, licenses, other int.ass., wip and advances ...	38,862	21,529	27,468	87,859
Property, plant and equipment	29,890	23,900	141,679	195,469
Right-of-use assets	93,743	29,652	306,365	429,760
Financial fixed assets ^(a)	1,215,854	38,985	(1,211,436)	43,403
Other non-current financial assets ^(a)	16,125	578	14,154	30,857
Total fixed assets	1,399,479	241,777	626,097	2,267,353
Inventories	11,952	2,725	57,279	71,956
Trade receivables	121,800	44,909	14,860	181,569
Other receivables	33,426	11,577	43,239	88,242
Current assets (A)	167,178	59,211	115,378	341,767
Total assets	1,566,657	300,988	741,475	2,609,120
Trade payables	(46,876)	(46,247)	(74,435)	(167,558)
Other payables ^(b)	(77,121)	(52,308)	(124,151)	(253,579)
Provisions for risks (current portion)	-	(0)	(17,101)	(17,101)
Short term liabilities (B)	(123,997)	(98,555)	(215,686)	(438,238)
Net working capital (A) – (B)	43,181	(39,344)	(100,308)	(96,471)
Derivative instruments ^(c)	(12,394)	-	0	(12,394)
Deferred tax assets	24,140	5,370	53,019	82,530
Deferred tax liabilities	(1,057)	(25,099)	(74,055)	(100,211)
Provisions for risks (non-current portion)	(14,240)	(30,425)	(6,501)	(51,166)
Employee benefits (non-current portion)	(3,233)	(2,135)	(18,258)	(23,626)
Loan fees ^(d)	1,853	-	0	1,853
Other non-current payables	(28,107)	(12,304)	(100,482)	(140,892)
NET INVESTED CAPITAL	1,409,623	137,841	379,512	1,926,976
Shareholders' equity	484,301	149,278	1,907	635,486
Third parties' equity	-	-	1,251	1,251
Total net equity	484,301	149,278	3,158	636,737
Net medium and long-term financial indebtedness ^(d)	735,606	274	67,807	803,687
Net short-term financial indebtedness ^(d)	96,185	(42,658)	(463)	53,064
Total net financial debt	831,791	(42,384)	67,344	856,751
Lease liabilities	93,532	30,947	309,010	433,488
Total lease liabilities & net financial debt	925,322	(11,437)	376,354	1,290,239
NET EQUITY, LEASE LIABILITIES AND NET FINANCIAL DEBT	1,409,623	137,841	379,512	1,926,976

(1) Includes Group eliminations

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

(b) “Other Payables” includes other liabilities, accrued liabilities and deferred income and tax liabilities;

(c) “Derivative instruments” includes cash flow hedging instruments not comprised in the net financial position;

(d) The item “Loan fees” is presented in the balance sheet as a direct deduction of the short-term and medium/long-term components of the items “financial payables” and “financial liabilities” for the short term and long term portion respectively.

Issuer/Guarantors/Non-guarantor subsidiaries Reclassified Income Statement

For the nine-month period ended 30 September 2019				
	Issuer	Guarantor subsidiaries	Non-guarantor subsidiaries ⁽¹⁾	Consolidated
			(€ thousands)	
Revenues from sales and services	232,080	270,072	722,588	1,224,741
Operating costs	(153,235)	(208,451)	(619,902)	(981,588)
Other costs and revenues	498	549	38	1,085
Gross operating profit (EBITDA)	79,343	62,170	102,724	244,238
Depreciation and write-downs of non-current assets	(12,751)	(6,802)	(26,068)	(45,622)
Right-of-use depreciation	(11,989)	(6,080)	(46,867)	(64,936)
Operating result before the amortisation and impairment of PPA related assets (EBITA).....	54,603	49,288	29,789	133,680
PPA related depreciation and impairment.....	(1,306)	(3,651)	(22,750)	(27,707)
Operating profit (EBIT)	53,298	45,636	7,039	105,973
Income, expenses, revaluation and adjustments of financial assets.....	1,740	-	(1,520)	220
Net financial expenses	(11,980)	323	(8,042)	(19,699)
Exchange differences and non hedge accounting instruments .	(384)	133	14	(237)
Profit (loss) before tax	42,674	46,092	(2,509)	86,257
Tax.....	(9,768)	(12,751)	(2,045)	(24,564)
Net profit (loss).....	32,906	33,341	(4,555)	61,693
Profit (loss) of minority interests	-	-	30	30
Net profit (loss) attributable to the Group	32,906	33,341	(4,585)	61,663

(1) Includes Group eliminations

Issuer/Guarantors/Non-guarantor subsidiaries relative values

EBITDA

The EBITDA of the non-guarantor subsidiaries for the fiscal year ended on 31 December 2018 represented 37.7 per cent. of the Issuer's consolidated EBITDA, 43.3 per cent. for the six-month period ended on 30 June 2019 and 42.1 per cent. for the nine-month period ended on 30 September 2019.

Total Assets

The total assets of the non-guarantor subsidiaries for the fiscal year ended on 31 December 2018, the six-month period ended on 30 June 2019 and the nine-month period ended on 30 September 2019 represented respectively 11.9 per cent., 21.8 per cent. and 21.1 per cent. of the Issuer's consolidated total assets.

DESCRIPTION OF THE ISSUER

Introduction

Amplifon S.p.A. (the “**Issuer**” or “**Amplifon**”) is the parent company of the international group (the “**Group**” or the “**Amplifon Group**”) which is the global leader in the hearing care retail market. Its headquarters are in Milan, and it has operations in 28 countries across five continents: Italy, France, the Netherlands, Germany, Spain, Portugal, Andorra, Israel, Switzerland, Belgium, Luxembourg, Hungary, Poland, the UK, Ireland, the USA, Canada, Australia, New Zealand, India, Egypt, China, Chile, Argentina, Ecuador, Colombia, Panama and Mexico. The Group’s main brand is the flagship brand Amplifon; other key brands are Beter Horen, GAES, Miracle-Ear, National Hearing Care and Bay Audiology.

The Issuer is listed on the STAR segment of the Italian Stock Exchange (Borsa Italiana S.p.A.). Amplifon is also included in the FTSE MIB index (entered on 27 December 2018) and the Stoxx Europe 600 (entered on 24 June 2019).

Company history

Amplifon is a company limited by shares (*società per azioni* or S.p.A.) incorporated under the laws of the Republic of Italy for a duration of up to 31 December 2100, which may be extended by a shareholders’ resolution. The Issuer is registered at the Companies’ Registry (*Registro delle Imprese*) of Milan under registration number 04923960159. Its registered office is at Via Ripamonti, 131 / 133, Milan (MI), Italy and the telephone number of its registered office is +39 02 574721.

The Issuer was originally incorporated on 15 November 1950 as a limited liability company (*società a responsabilità limitata*), when Mr. Algernon Charles Holland founded the Company for the purposes of the distribution of hearing solutions and services. The Issuer rapidly became the leading company for the distribution of hearing aids in the Italian market. The Issuer was converted into an S.p.A. in 1976 and merged in 1982 with its parent company, S.I.A. – Società Italiana per l’Acustica S.p.A., adopting its current name “Amplifon S.p.A.”.

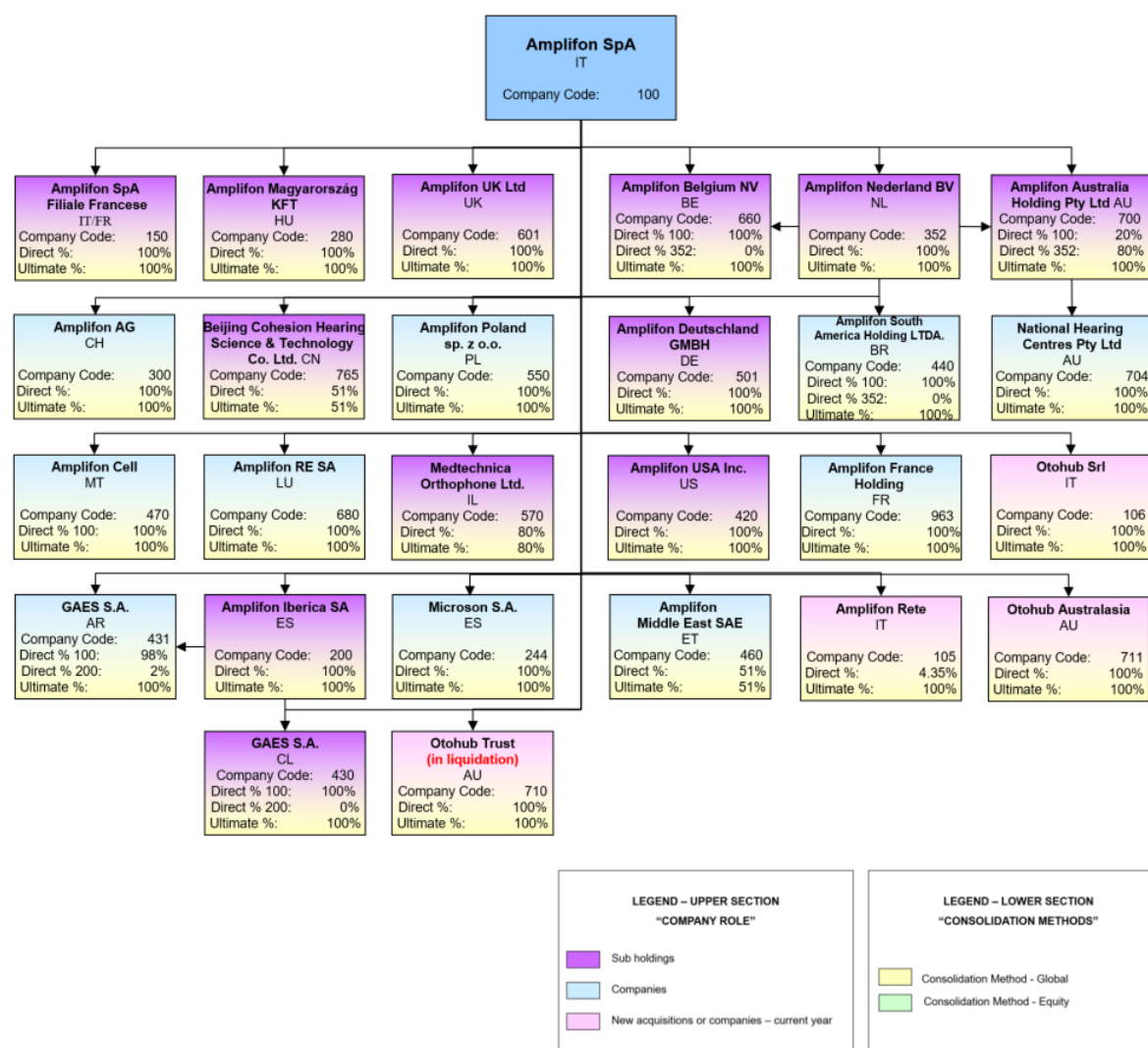
The key events in the Group’s history may be summarised as follows:

1950	Mr. Algernon Charles Holland founded the Issuer specialised in the distribution of hearing aids.
1960s-1970s	Shops are opened throughout Italy. Amplifon establishes the Centre for Research and Studies (“ CRS ”) with the objective both of promoting and supporting clinical research and spreading innovations and advances in audiology and otology therapy.
1990s	The Group begins its process of international expansion with entry into the Spanish and Portuguese markets in 1992.
1996	The Issuer is the first company in Italy to introduce an entirely digital hearing aid which combines a smaller size with high quality sound.
1998-2000	The Group develops a strong internationalisation strategy through significant acquisitions in Switzerland, France, the United States and the Netherlands.
2001	The Issuer’s shares are listed on the Italian Stock Exchange. The Group enters the African and Middle Eastern markets establishing a Joint Venture in Egypt.
2002	The Group continues its international expansion, strengthening its position in key markets such as the United States and the Netherlands, and entering

	Germany and the United Kingdom.
2008	The Issuer's shares are listed on the STAR segment of the Italian Stock Exchange.
2009	The Group consolidates its presence in Europe and enters the Belgian market.
2010	The Group acquires National Hearing Care (NHC), a leading hearing care player with a network of around 200 points of sale in Australia, New Zealand and India.
2012	The Group enters Turkey (then divested in November 2019) and increases its presence in India. Amplifon enters Poland through the formation of Amplifon Poland.
2015-2017	In 2015 the Group starts implementing a highly successful bolt-on acquisition strategy and its revenues exceed the € one billion threshold thanks to a solid strategy, careful planning and strong execution. In the following years the Group keeps growing significantly both organically and through bolt-on acquisitions (including the acquisition of AudioNova France and MiniSom, respectively in France and Portugal in 2017).
2018	The Issuer successfully launches the Amplifon Product Experience in Italy. The Issuer acquires GAES, leader in the Spanish market and the largest privately-owned specialty hearing care retailer worldwide. With this transaction the Issuer consolidates its global leadership reaching a market share of approximately 11 per cent. in the hearing care retail market worldwide. The Issuer enters the Chinese hearing care retail market through a joint venture with Beijing Cohesion Hearing Science & Technology Co. Ltd. with a 51 per cent. stake. The joint venture entity currently operates approximately 45 points of sale mainly located in the Beijing area. The Issuer enters the FTSE MIB Index, the primary benchmark index for the Italian equity market, which measures the performance of the 40 most liquid and capitalised Italian equities.
2019	In June 2019 the Issuer enters the STOXX Europe 600 Index, the primary index for European equity. In the first nine months of 2019, the Group purchases 92 shops primarily in France and Germany.
2020	On 8 January 2020, Amplifon announced that it has entered into an agreement for the acquisition of Attune, Australia's largest independent hearing healthcare player.

Group Structure

The Issuer is the parent company of the Amplifon Group. The chart below shows the Group's structure, including the Issuer's principal subsidiaries at the date of this Prospectus. Unless otherwise specified all subsidiaries listed in the below chart are, directly or indirectly, wholly owned by the Issuer.



Business Overview

The Amplifon Group is the global leader in the hearing care retail market, holding approximately an 11 per cent. share of the global market in terms of units sold and is ranked as either the first or the second market player in most of the core markets in which it operates. The Group has operations in 28 countries across five continents: Italy, France, the Netherlands, Germany, Spain, Portugal, Andorra, Israel, Switzerland, Belgium, Luxembourg, Hungary, Poland, the UK, Ireland, the USA, Canada, Australia, New Zealand, India, Egypt, China, Chile, Argentina, Ecuador, Colombia, Panama and Mexico, with approximately 11,000 points of sale globally. The Group operates across three regions: EMEA, AMERICAS and APAC.

The Amplifon Group generated €1,362.2 million in revenues and €233,9 million in EBITDA recurring in 2018 and €1,224.7 million in revenues and €262,6 million in EBITDA recurring as at 30 September 2019. Of its total revenues for 2018, EMEA contributed 69.9 per cent., the AMERICAS

contributed 17.0 per cent. and APAC contributed around 12.8 per cent. (with the balance of 0.3 per cent. related to Corporate).³

Over the last five years (2013-2018), the Group has steadily continued to grow its revenues, through organic growth and external acquisitions, and EBITDA recurring at compound annual growth rates of 10.6 per cent. and 14.4 per cent.⁴, respectively. In the same period the Group also reported a strong increase in cash flow generation, with operating cash flow and free cash flow increasing 18.3 per cent. and 16.7 per cent., respectively. The Group has a market capitalisation of approximately €6 billion.

Amplifon markets its products through a network of around 11,000 points of sales, of which around 3,650 direct shops, 1,500 franchisees, 1,800 affiliates and 4,000 shop-in-shops & corners and approximately 16,200 people globally.

Amplifon's purpose is to empower people to rediscover all the emotions of sound and its main values are customer devotion, personal impact, everyday excellence, acting responsibly and forward thinking.

Key Competitive Strengths

The Group's competitive strengths are represented by the following key factors:

Long-term sustained market growth

The global hearing care retail market was estimated at around €14.2 billion in 2018⁵, growing by four per cent. per year and expected to continue to grow at the same rate in the next years⁶ primarily due to world demographic trends (the population aged 65 or over is growing by over three per cent. globally) and the increase in hearing care penetration (*i.e.* the fraction of population using hearing aids divided by the population with some degree of hearing loss), thanks to increasing awareness and consciousness of the beneficial effect of hearing aids, improving technology (miniaturisation and better performance) and growing wellness relevance.

Global leadership with unrivalled brand portfolio

The Issuer is a leader in the global hearing care retail with approximately an 11 per cent. market share (in units sold) worldwide and leverages on a strong brand portfolio. The Issuer's brand portfolio is made up of strong, well-known brands which drive a cultural change in the sector, redefining the way in which customers relate to their hearing wellbeing. Amplifon is the Issuer's flagship brand and is currently used in 15 countries, while the Group operates with different brands in the other markets in which it operates. In particular, in the process of international expansion, the Amplifon Group has acquired a number of local firms with strong well-known brands in their respective markets.

³ 2018 data with the application of IFRS 15 and IFRS 9.

⁴ 2018 unaudited data without the application of IFRS 15.

⁵ Source: Amplifon estimate. Data exclude hearing solutions and services directly provided by the United States Department of Veterans Affairs (VA), the National Health System of United Kingdom and other public systems.

⁶ Source: Amplifon estimate.

The chart below provides a summary of brand awareness and the positioning of the Issuer's brand in the main markets where the Issuer operates as at November 2019.⁷

Country	Awareness	Positioning
Italy	~95%	#1
Spain	~95%	#1
France	~70%	#2
Germany	~45%	#3
United States	~70%	#1
Australia	~30%	#2
New Zealand	~85%	#1

Predominant concentration of the hearing aid market value chain in the highly fragmented retail market⁸

Approximately 70 per cent. of the hearing aid market value chain is concentrated in the retail market, with the manufacturing and wholesale market accounting for the remaining 30 per cent. Retailers' value position entails several services (including, among others, assessment, counselling, fitting and after-care) which make up most of the value to customers, making trust in the brand and service essential for success, as retailers are the best positioned to leverage on the knowledge they have on the customer in order to develop new services, thus retaining existing customers and attracting new ones.

The retail market is very fragmented, with very few international chains and with the ten largest players representing approximately 35 per cent.. The market is composed of specialty retailers (including the Issuer) accounting for over 35 per cent, non-specialty retailers for over 10 per cent., online players approximately one per cent. and independents (*i.e.* players with less than 10 points of sale) around 50 per cent. Smaller players, primarily independents, are facing pressure from global players such as Amplifon, that leverage on significant global scale economies and are under gradual consolidation from major players.

Global scale and unique business model tailored to different market needs

The Amplifon Group, with its global distribution network of around 11,000 points of sale and approximately 16,200 people, leverages on a unique business model tailored to the different market needs. The Issuer operates across three regions –EMEA, AMERICAS and APAC – each corresponding to a business area responsible for pursuing the Group's strategy at local level and for sharing its knowhow among the various countries. The Issuer operates with a single value proposition which consists in ensuring customer satisfaction throughout the world by means of four business models in the various geographical regions: Business-to-Consumer in EMEA, APAC and AMERICAS (primarily Canada and Latin America); and Franchising, Managed Care and Wholesale which are present in the United States.

Leadership in customer experience innovation

The Amplifon Group is a leader in innovation thanks to (i) effective branding and advertising in order to be a "top of mind" brand in its key markets, also leveraging on digital marketing and best-in-class digital technology (including SEO, website platforms and new advanced online services), (ii) long-lasting customer loyalty with an offer of personalised customer experience and customer relationship management ("CRM"), powered by big data; (iii) superior knowledge of customers thanks to a high quantity of data and (iv) the launch of the Amplifon Product Experience: the combination of the Amplifon product line and Amplifon's multichannel ecosystem, with the Amplifon App being the first touchpoint.

⁷ Source: Amplifon estimate based on an externally commissioned study.

⁸ Source: Amplifon estimate.

Steady top-line growth and profitability improvement⁹

The Amplifon Group has experienced a strong revenue growth of more than ten per cent. per annum over the past three years (2016-2018), with organic growth representing approximately seven per cent., acquisitions contributing approximately five per cent. and the negative impact of foreign exchange accounting for less than two per cent. The Group has also experienced an improvement of its profitability, with EBITDA up by approximately 40-50 basis points per annum in the three-year period 2016-2018, while the Group continues to invest to achieve a long-term sustainable growth. The GAES acquisition in late 2018 also contributed to the high revenue and EBITDA growth in 2019.

High cash flow generation and cash conversion¹⁰

The Group has capital expenditure of around 5.5 per cent. of sales over the last three years (2016-2018). A higher profitability and a low working capital absorption lead to high cash conversion, defined as free cash flow on EBITDA reported including non-monetary costs related to stock grants (about 50 per cent. of the reported EBITDA in 2018).

Highly experienced, ambitious and motivated management team

The Amplifon Group's management team has a strong track-record in delivering targets and in M&A transactions as well as diverse backgrounds and capabilities.

Strategy

The Amplifon Group's strategy is based on the following three pillars:

Focus on core markets

The Group is aiming to focus on (i) core worldwide markets, such as Italy, Spain, France, Germany, US, Canada, Australia and New Zealand and (ii) China, which represents a sizeable opportunity for Amplifon's medium-term growth path.

Lead in customer experience innovation

The Group intends to offer a distinctive and highly innovative customer experience through the launch of the Amplifon Product Experience, and also by leveraging on its unique assets such as data, brand and personalised service.

Building an effective and talented organisation

The Group is aiming to build an effective and talented organisation by creating a distinctive corporate culture, attracting top talents, sharing best practices and developing a global integrated IT infrastructure.

Market overview

The global hearing care retail market was estimated at around €14.2 billion in 2018, growing at around four per cent. and expected to continue to grow at a similar pace in the next years supported by long-term trends as demographics and increase in penetration.¹¹

The hearing aid market is mainly composed of hearing impaired people who are 65 years of age or older ("65+"), representing nine per cent. of the total worldwide population. World population is progressively ageing, with the 65+ portion of the population growing at over three per cent. (against

⁹ 2018 unaudited data refer to figures without the application of IFRS15 for comparability purpose with previous years.

¹⁰ 2018 unaudited data refer to figures without the application of IFRS15 for comparability purpose with previous years.

¹¹ Source: Amplifon estimate.

0.7 per cent. of the 0 to 64 segment). In 2018, 65+ population was 16 per cent. of the total population in the US, approximately 20 per cent. in Germany, France and Spain and 23 per cent. in Italy. According to the World Health Organisation, in 2018 there were an estimated 466 million people with disabling hearing loss and almost one third of the 65+ population is affected.¹²

In developed countries penetration is around 30-35 per cent. and is improving both for serious losses and (more slowly) for mild losses, whereas in emerging markets penetration is still negligible (between five and ten per cent.). The penetration rate in developed countries varies widely from one country to another ranging from around 20 per cent. in Spain to over 40 per cent. in France, the Netherlands and even more in the Nordic countries.¹³ In emerging markets, economic development, an increase of disposable income and the implementation of welfare systems could play a key role in the growth of the hearing aid market.

Penetration rates have increased in the last years thanks to the following drivers: (i) marketing investments which have raised awareness of the beneficial effect of hearing aids, (ii) technological improvement and (iii) a higher expectation with respect to wellbeing and a better quality of life.

The hearing care retail market is highly concentrated geographically, with the top ten countries accounting for approximately 85 per cent. of market value and developed countries accounting for approximately 80 per cent. of market value¹⁴. The US alone represents approximately 40 per cent. of global retail market value and Germany, France, Japan, Canada and Italy approximately account for an additional 30 per cent.¹⁵ The percentage of market value in emerging countries is still not material but is growing steadily, with China representing a sizeable opportunity for medium and long-term potential growth.

Consumer choice is driven by trust in the brand and service, with marketing and service differentiation being key drivers to attract and retain customers. Consumers on average only know 1.8 hearing aid retail brands.¹⁶

Hearing care retail is a typical healthcare sector and as such is characterised by resilient demand and centrality of service. Demand is driven by ageing population and by hearing loss prevalence, rather than by macro-economic trends and therefore the increasing expectation of wellbeing and a better quality of life are further drivers of demand. Customers choose service providers based on the quality of service and trust them in the counselling and product selection, and therefore the service offered by and the relationship with hearing care professionals is a key driver for satisfaction and repurchase. The hearing care business has requirements typical of medical services (such as professional training, product approval and operating rules) and welfare policies dedicated to customer support (including reimbursement scheme).

Operations and products

The Amplifon Group operates in the retail, wholesale and service segment of the global hearing aid market. This part of the value chain is a very labour intensive and relationship dependent business. The hearing evaluation, counselling, fitting process (programming of the device in order to restore audibility and maintain comfort) and after-sales services performed by hearing care professionals are key points of quality interaction with customers. The performance of a hearing aid is dependent on the technical specification and personal adaptation of the device to the customer's needs and, accordingly, the service provided by hearing care professionals is strictly integrated with the sale of the device. The retail and service segment plays a key role for growth of market penetration as well as business expansion, improving the visibility of hearing instruments among customers.

¹² Source: United Nations, World Health Organisation.

¹³ Source: Amplifon estimate, EHIMA – EuroTrak.

¹⁴ Source: Amplifon estimate.

¹⁵ Source: Amplifon estimates.

¹⁶ Source: Amplifon estimates based on an externally committed study. Data refer to 2018.

Customer base and marketing

The Group generates revenues from both new and existing customers (returning customers who repurchase the Group's products when seeking a new device). Pivotal elements to drive repurchases are data, effective CRM and in-store interactions. Cutting-edge technology, advanced analytics models and top talents are key elements to increase repurchase and reduce repurchase cycle.

The Issuer has a large and unique global database on the elderly population, with more than ten million people, which contains transactional, clinical and, thanks to the current Amplifon Product Experience, also behavioural data.

The Group invests significantly in marketing to consolidate further its leadership position and continue to improve its marketing efficiency and effectiveness on a global scale. In particular, the Group invests in brand equity to drive penetration and widen the gap with competitors, digital marketing to reach the untapped customer segment at a lower cost of acquisition, advanced CRM to ensure personalised experience driving customer satisfaction and retention and customer life time value and innovation (i.e., the Amplifon Product Experience) to provide a unique and distinctive customer experience to its customers.

Product innovation and quality

Hearing aids are intended to compensate for impaired hearing and as such are considered medical devices in all the markets in which the Group operates. Hearing aids are highly sophisticated communication devices composed of the following components: microphones, an amplifier, a loudspeaker, a battery, a computer chip, signal processing and software that is programmed by the hearing care professional to suit individual needs.

The latest generation of almost invisible hearing aids are tiny electronic instruments which receive, process and amplify sounds that are then transmitted to the ear through a clear and precise amplification process. These products are able to meet a wide range of conditions ranging from slight to more serious hearing loss.

These hearing aids ensure consistent listening quality as they adapt to different sound environments such as:

- identifying background noise and toning it down, while picking out and emphasising the human voice;
- recognising and reducing loud, annoying or sudden sounds in order to maintain a natural listening experience; and
- reducing disturbing wind related noises.

State of the art Receiver in the Canal ("*RIC*") technology, for example, means that a micro-speaker can be lodged directly in the ear canal within a silicone plug. Depending on the type of noise detected, the "sound smoothing" software is activated to assist comfortable listening.

With Bluetooth technology it is now possible to automatically synchronise all electronic devices (televisions, telephones, MP3 player, PC, etc.) wirelessly and without headphones. In other words you can listen to music, watch a film or talk on the phone with no interference from surrounding sound sources.

Amplifon sources its hearing aids from the major hearing aids manufacturers globally. Since 2018 Amplifon also launched its own Amplifon Product Line (supplied by four major suppliers), part of the Amplifon Product Experience.

The Amplifon Product Experience

The Issuer has developed an innovation program, namely the Amplifon Product Experience, a unique and distinctive lever to offer a complete value proposition, made of product, service and experience. The two pillars of this program are the new Amplifon Product Line and the Amplifon multichannel ecosystem, of which the Amplifon App is the first touchpoint.

The Amplifon Product Line (APL) is the first key element of Amplifon's technological innovation program. The APL consists of four product families, each meeting specific customer needs, and supplied by four of the largest hearing aid manufacturers. The Amplifon Product Line includes the following families of products:

- ampli-easy, hearing aids with essential functionalities for the customer;
- ampli-mini, small, handy and almost invisible devices;
- ampli-energy, rechargeable devices; and
- ampli-connect, devices which allow connection with smartphones, TV and stereo.

Such program provides for a new product line aiming at differentiating from competition, further strengthening the Amplifon brand equity, leveraging products and technology in communication and advertising and gathering hearing aid usage data to further personalise customers' experience.

The second key element of the Amplifon Product Experience is the Amplifon multichannel ecosystem, which redefines the Amplifon experience throughout the customer journey (and therefore not only in the shop). Through the Amplifon App, that represents the first touchpoint of the ecosystem, Amplifon provides customers with new differentiated and highly value-added services such as "find the nearest shop", "book an appointment" and the "Companion" (an exclusive and customised service that guides consumers to maximising the effectiveness of their hearing solution, with personalised tips throughout the entire journey), besides serving as a remote control to the hearing aids. Amplifon is constantly focusing on innovating and adding new features to its App, as the Amplifon remote care and Ecosystem control centre, both to be launched in the near future. The remote care innovation will enhance customers' lives, providing services via (i) chat bot, (ii) tutorials, (iii) call centre and (iv) in store. At the same time, the Ecosystem control centre will provide hearing care professionals with a single tool to: (i) access useful customer insights, (ii) receive alerts on customers usage anytime and anywhere, (iii) activate different services, and (iv) message/chat/video-chat with customers. Moreover, the Amplifon App represents a significant potential in terms of data: Amplifon can access information on the use of hearing aids and use it to create an increasingly personalised experience.

The Amplifon Product Experience was launched in Italy in May 2018 and in five other countries in 2019 (namely, Germany, the Netherlands, France, Australia and the US – Miracle-Ear with regards to the Amplifon App) and presented strong results from the roll-out. In Italy, for example, the adoption rate of the APL in the private and paid-up market is of over 90 per cent. and the penetration rate of the Amplifon App is of approximately 15 per cent. of the compatible hearing solutions, and consumers access it more than 3 times a day, thus confirming user satisfaction.

Brand

In addition to the Amplifon brand, other Issuer's key brands include: Beter Horen (the Netherlands), GAES (Spain and Latin America), Miracle-Ear (United States), National Hearing Care (Australia) and Bay Audiology (New Zealand).

Key brands of the Group are listed below:



Business Model

In EMEA, APAC and Latin America the Group's business model is based on direct sales to end user customers (so-called "B2C") and more specifically:

- in regions where the Group has a market leading positions (such as Italy, Australia and New Zealand), the core strategy is to maintain and further strengthen its market position, mostly via organic growth;
- in markets where the Group is a co-leader or follower (such as France and Germany), the Group will focus on increasing its market share both organically and through bolt-on M&A;
- in emerging markets (such as India, China and Latin America), where the hearing care market is still underpenetrated, the Group's main strategy is to develop the market and eventually continue to expand its retail footprint;
- in the US, the business model is primarily based on indirect sales (so-called "B2B") through a platform of three business models: (i) Miracle-Ear is the Group's leading retail brand in the US and is primarily based on a franchisee model; (ii) Elite Hearing Network is a wholesale business serving independents; and (iii) Amplifon Hearing Healthcare operates in the managed care arena. The Group will look to continue developing its Miracle-Ear franchised network; as well as continue developing its Elite Hearing Network and Amplifon Hearing Healthcare businesses.

Distribution network

The Group leverages on a broad distribution network, which is a relevant driver in consumers' purchase decision, comprised of around 3,650 corporate shops, around 4,000 shop-in-shops & corners, around 1,500 franchisees and around 1,800 affiliates. The Group's different points of sales formats are as follows:

Corporate shops – these are stores where customers are in direct contact with Amplifon. They can be managed either by Amplifon staff directly or by people working on behalf of the Issuer on a commission basis.

Shop-in-shops & corners – these are shops located at third party premises (e.g. pharmacies, opticians). Such widespread network of outlets may be the first point of contact with customers who are then directed to a store, when necessary.

Indirect points of sale – these are indirect channels through which the Group sells to independent sales organisations, which in turn distribute the hearing aids, accessories and complementary services to end users. These include:

- Franchisees who purchase products exclusively from Amplifon and run retail outlets themselves under a franchising agreement, benefitting from a leading brand, advanced

marketing tools and other value-added services made available by Amplifon. These are mainly present in the US territory (the “**Franchisees**”); and

- Affiliates, who are independent retailers, which operate with their own brands, purchase products from Amplifon benefitting from a variety of support activities offered by the Group, and offer hearing solutions to end users. These are mainly present in the US territory (Elite Hearing Network).

The chart below highlights the Group’s distribution network as of 31 December 2018:

Country	Brand	Corporate Shops	Shop-in-shops & corners	Franchisees	Network Affiliates	
Italy	Amplifon	617	3,167	0	0	EMEA
France	Amplifon	558	125	0	0	
Germany	Amplifon	500	0			
The Netherlands	Beter Horen	169	50	0	0	
Spain	Amplifon/GAES	607	131	39	0	
UK & Ireland	Amplifon	130	115			
Switzerland	Amplifon	93	0	0	0	
Belgium & Luxemburg	Amplifon	90	54	10		
Hungary	Amplifon	77	0			
Portugal	Minisom	89	54	0	0	
Poland	Amplifon	58				
Egypt	Amplifon	25				
Turkey	Maxtone	24				
Israel	Medtechnica Orthophone	23			50	
USA	Miracle-Ear	50		1,440		AMERICAS
	Elite Hearing Network				1,763	
Canada	Amplifon	62				
Latam GAES	GAES	72		15		
Australia	National Hearing Care	189	114	0	0	APAC
New Zealand	Bay Audiology	103	31	0	0	
India	Amplifon	75	150	0	0	
China	Beijing Cohesion Hearing Science & Technology	29				
TOTAL		3,640	3,991	1,504	1,813	

Geographic presence

The Amplifon Group operates across three regions (EMEA, AMERICAS and APAC), each of which is responsible for implementing the Group’s strategic guidelines, coordinating local activities and sharing best practices. Management teams in each country are accountable for developing the Company’s business as well as implementing sales and marketing strategies, adapting them to local market needs and legislation, ensuring customer satisfaction throughout the world. The chart below shows the countries in which the Group currently operates:

Countries		
EMEA	AMERICAS	APAC
Italy	USA	Australia
France	Canada	New Zealand
Germany	Chile	India
The Netherlands	Argentina	China
Spain	Ecuador	
UK & Ireland	Colombia	
Switzerland	Panama	
Belgium & Luxemburg	Mexico	
Hungary		
Portugal		
Poland		
Egypt		
Israel		

The Amplifon Group controls approximately 11 per cent. (in units) of the global market. The Amplifon Group holds top positions in most of the key markets including Italy, Spain (after the GAES acquisition), France, the Netherlands, Portugal, Switzerland, Australia, New Zealand and the US, the world's largest market.¹⁷

Geographical areas of activity¹⁸

Since the 1990s, one of the Group's key strategies has been the expansion into new markets primarily through acquisitions, focusing on gaining market leading positions in newly entered regions and consolidating its position in established markets. The Amplifon Group has successfully implemented this strategy and has diversified its operations across 28 countries in five continents.

The Group's revenues increased by 8.4 per cent. from €1,266.0 million in 2017 to €1,372.7 million in 2018. Recurring EBITDA recorded an increase of 11.0 per cent. from €217.5 million in 2017 to €241.3 million in 2018. The following table provides a detailed breakdown of the Group's revenues by region for 2017 and 2018:

	FY 2018 w/o IFRS 15 (*)	%	FY 2017	%	Change (€ thousands)	Change %	Exchange diff.	Change % in local currency	Organic growth % (**)
Total EMEA	960,380	70.0%	855,628	67.6%	104,752	12.2%	(4,166)	12.7%	7.9%
Total Americas	234,421	17.1%	228,940	18.1%	5,481	2.4%	(10,640)	7.0%	5.7%
Total APAC	174,370	12.7%	179,002	14.1%	(4,632)	-2.6%	(12,841)	4.6%	3.9%
Corporate and intercompany elimination	3,559	0.2%	2,424	0.2%	1,135	46.8%			
Total	1,372,730	100.0%	1,265,994	100.0%	106,736	8.4%	(27,647)	10.6%	7.0%

(*) 2018 unaudited data shown without application of IFRS 15 for the sake of comparison with as reported 2017 data.

(**) Organic growth is calculated as sum of same store growth and openings.

EMEA Region

In 2018 revenues in EMEA reached €960.4 million, an increase of 12.7 per cent. at constant exchange rates and of 12.2 per cent. at current exchange rates compared to 2017. This result was comprised of 7.9 per cent. from very strong organic growth, of 4.8 per cent. from acquisitions, while the foreign exchange effect had a negative impact of 0.5 per cent.

In Europe, Italy reported a strong performance also thanks to the successful roll-out of the new Amplifon product line and digital ecosystem. Excellent growth continued in France and Germany, driven by both strong organic growth and significant M&A activity. An excellent performance was reported in Spain, supported by extraordinary organic growth.

¹⁷ Source: Amplifon estimate.

¹⁸ 2018 unaudited data in all of these paragraphs are shown without the application of IFRS15 for comparability purpose with 2017 reported data.

The contribution of EMEA to the Company's profitability continues to be very significant, with recurring EBITDA rising 23.6 per cent. compared to 2017 to €185.9 million. The margin rose by 180 basis points to the historic high of 19.4 per cent. of revenues due to the strong increase in revenues, greater operational efficiency and the greater scale reached mainly in Germany and France, despite the ongoing strong marketing investments.

AMERICAS Region

In 2018 revenues in AMERICAS amounted to €234.4 million, an increase of 7.0 per cent. in local currency and of 2.4 per cent. at current exchange rates compared to the prior year. This result is explained by solid organic growth (+5.7 per cent.), which accelerated sharply in the fourth quarter (+7.4 per cent.), and by acquisitions¹⁹ (+1.3 per cent.). Revenues were reduced by the unfavourable USD/EUR exchange rate, which had a negative impact of 4.6 per cent., although improving in the second half. The strong growth in the region was driven by the excellent results of Miracle-Ear and Amplifon Hearing Health Care, combined with the contribution made by Canada, where solid growth was reported thanks mainly to M&A.

EBITDA in AMERICAS rose from the €45.2 million recorded in 2017 to €47.0 million (+4.1 per cent.) in 2018, despite the adverse FX translatable effect. The margin rose 40 basis points compared to the prior year, coming in at 20.1 per cent. of revenues, thanks to improved operational efficiency and despite the particularly challenging comparison base, as the margin recorded in 2017 was 170 basis points higher than in 2016.

APAC Region

Revenues in APAC amounted to €174.4 million in 2018, an increase of 4.6 per cent. in local currency despite the challenging comparison with the prior year, while the unfavourable foreign exchange had a negative impact on revenues of 7.2 per cent. A positive performance was reported in Australia despite a softer market environment in the second half of the year. New Zealand reported solid organic growth even though the market, again in the second half, was softer due to the anniversary of the regulatory changes that took place in 2013. However, it seems that the market is already improving in light of the solid performance posted in APAC in the first months of 2019.

In 2018 the APAC EBITDA was €43.6 million, down compared to the €51.5 million recorded in 2017 as a result of the particularly adverse FX translatable effect, the strong marketing investments for the launch of the new brand image of National Hearing Care and the greater difficulty in absorbing fixed costs in Australia in the second half due to the softer market environment.

Competitive positioning²⁰

The Issuer is ranked as either the first or the second market player in most of the markets in which it operates, with approximately an 11 per cent. share of the global market, compared to a market share of over 25 per cent. held by manufacturers and other national chains, over 10 per cent. held by non-speciality players (such as optical chains, pharmacies and grocery chains which are generally positioned in the low-end of the market targeting "price seekers" customers), approximately 50 per cent. held by independent players and approximately one per cent. held by online players.

Amplifon is consolidating its presence in the hearing care retail market also via a bolt-on acquisition strategy, which was successfully initiated in 2015. Bolt-on M&A has contributed on average to Amplifon's total revenue growth by approximately three per cent. per year.

The wholesale market is worth approximately €5 billion and is concentrated in a small number of manufacturers (Sonova, Demant, WS Audiology A/S, GN ReSound (part of GN Store Nord) and Starkey). The Issuer has a balanced share of wallet spread amongst all five major players and takes

¹⁹ Net of the disposal of Direito de Ouvir's distribution network in Brazil.

²⁰ Source: Amplifon estimates.

quality of products, pricing and quality of service as drivers of share of wallet allocation. Manufacturers are also present in retail, as the retail brand is generally one of the most relevant buying factor for consumers and product choice is driven mainly by audiologists.

Acquisitions

Amplifon's acquisition strategy is primarily based on bolt-on M&A in selected core countries – namely France, Germany and China - where the Group intends to increase its current footprint. The Company also evaluates any possible acquisition and integration of companies that are leaders in their respective markets, such as GAES in Spain and Attune Hearing Pty Ltd (“**Attune**”) in Australia. The main synergies pursued by the Company in these M&A deals are optimisation of scale economies (both direct and indirect costs), marketing effectiveness, commercial excellence and effective organisation.

Attune Acquisition

On 8 January 2020, Amplifon announced that it had entered into a definitive agreement for the acquisition of Attune, Australia's largest independent hearing healthcare player. Attune is a full-service audiology company specialised in hearing solutions, comprehensive diagnostic services, cochlear implants and other services. Attune operates a distribution network of around 55 points of sale in Australia.

The transaction, which involves a cash-out of around AU\$55 million (around €34 million), is consistent with Amplifon's strategy aimed at further strengthening the Issuer's position in the core Australian market, complementing National Hearing Care's retail business with Attune's integrated medical model.

The transaction is currently expected to be completed by the end of the first quarter of 2020 after obtaining the required regulatory approvals and subject to the satisfaction of customary conditions precedents for transactions of this nature.

GAES Acquisition

At the end of December 2018, the Issuer completed the acquisition of the GAES group for a consideration of approximately €530 million. The acquisition was financed through term loan facilities provided to Amplifon by a pool of banks comprising two tranches of €265 million each. The integration of GAES increased the Company's global market share to approximately 11 per cent.

GAES was founded in 1949 in Barcelona and was the largest privately-owned specialty hearing care retailer worldwide, with a leadership position in Spain, the ninth largest hearing aid retail market²¹ in the world. The company is also present in Portugal as well as in six Latin American countries (Argentina, Chile, Ecuador, Panama, Colombia and Mexico). GAES operates a network of around 600 points of sale, of which around 500 in Spain.

The GAES acquisition was the largest acquisition carried out by the Amplifon Group and represented a unique strategic opportunity for Amplifon for the following reasons:

- Further consolidation of Amplifon's global leadership, increasing Amplifon's global market share to around 11 per cent.
- Unique strategic fit with Amplifon's growth strategy to consolidate its position in the core Spanish and Portuguese markets, while also building a position in Latin America;
- Ideal combination thanks to GAES' highly valued and recognised brand, the extensive coverage of its store network, its highly professional workforce as well as its profitable business; and

²¹ Source: Amplifon estimates.

- Around € 25 million of run-rate annual synergies at EBITDA level - leveraging greater scale, best brand and best practice sharing - expected to be delivered by 2021.

JV in China

In November 2018, Amplifon acquired a 51 per cent. stake in Beijing Cohesion Hearing Science & Technology Co. Ltd, a company based in the Beijing area, which operated through around 29 points of sale mainly located in the Beijing area and during the course of 2019, Amplifon opened 15 additional points of sale in China. The Chinese retail hearing care market represents a sizeable opportunity for Amplifon in the medium-long term (accounting for 30 per cent. of the hearing aids emerging countries retail market value²²), given the estimated size of the market and expected growth, the current low penetration, the highly fragmented market structure and, moreover, the presence of a sizeable consumer segment driven by quality of service, which represents the addressable market for Amplifon. The transaction value amounted to €19.5 million. In 2019 Amplifon, *inter alia*, (i) increased its knowledge of the Chinese market, (ii) set-up processes and capabilities, (iii) introduced the sharing of best practices, (iv) opened 15 additional shops and (v) rebranded the network to Amplifon's global brand.

Other transactions

Throughout 2018 the Group completed a series of bolt-on acquisitions for a total of 226 shops (excluding the major acquisition of GAES) primarily in France, Germany, Canada and China. In the first nine months of 2019, the Group acquired 92 shops primarily in France and Germany.

Financing

The following table provides a breakdown of the main senior Medium/Long-Term facilities (including, private placement of notes) of the Group as at the date of this Prospectus.

²² Source: Amplifon estimates.

Borrower	Agreement	Guaranteed by:	Maturity	Original Amount	Outstanding Amount as at the date of this Prospectus	Secured/Unsecured
(i) Syndicated loan for GAES acquisition (*)						
Amplifon S.p.A.	Facilities Agreement	Amplifon USA, Inc. and National Hearing Centres Pty Ltd	28 September 2023 / 28 March 2020 (extendable to 28 September 2023) (*)	€530,000,000	€503,500,000	Unsecured
Total Syndicated loan for GAES acquisition				€530,000,000	€503,500,000	
(ii) Medium-long term unsecured bank loans						
Amplifon S.p.A.	Bullet financing	N/A	28 September 2021	€100,000,000	€100,000,000	Unsecured
Amplifon S.p.A.	Amortizing financing	N/A	31 October 2022	€50,000,000	€50,000,000	Unsecured
Amplifon S.p.A.	Bullet financing	N/A	22 March 2022	€30,000,000	€30,000,000	Unsecured
Amplifon S.p.A.	Bullet financing	N/A	1 November 2022	€20,000,000	€13,334,000	Unsecured
Amplifon S.p.A.	Revolving credit facility	N/A	21 December 2021	€30,000,000	€ 000	Unsecured
Amplifon S.p.A.	Revolving credit facility	N/A	12 December 2021	€30,000,000	€ 000	Unsecured
Total medium-long term unsecured bank loans				€260,000,000	€193,334,000	
(iii) US Private Placement 2013-2025						
Amplifon (USA) Inc.	2013 Note Purchase Agreement	Amplifon S.p.A., Amplifon Nederland BV, Amplifon Deutschland G.m.b.H, Amplifon UK Ltd, Amplifon Australia Holding Pty Ltd, Amplifon Australia Pty Ltd, NHC Group Pty Ltd, ACN 119430018 Pty Ltd, National Hearing Centres Pty Ltd., National Hearing Centres Unit Trust	31 July 2020 –Tranche A	US\$7,000,000	US\$7,000,000	Unsecured
			31 July 2020 –Tranche B	US\$13,000,000	US\$13,000,000	Unsecured
			31 July 2023 –Tranche C	US\$8,000,000	US\$8,000,000	Unsecured
			31 July 2023 –Tranche D	US\$52,000,000	US\$52,000,000	Unsecured
			31 July 2023 –Tranche E	US\$50,000,000	US\$50,000,000	Unsecured
Total US Private Placement 2013-2025				US\$130,000,000	US\$130,000,000	

(*) The syndicated acquisition facility for the acquisition of GAES comprised of two tranches: (i) a 5-year amortizing loan of €265 million (Facility A); and (ii) a €265 million 18-month bullet loan (Facility B) with an option to extend it to 5 years which may be exercised at the Issuer's discretion before the expiration date, in order to ensure both the certainty of long-term financing and the flexibility to refinance through debt capital market issues or other forms of financing.

Workforce

The following table shows a breakdown of the Group's workforce as at 31 December 2018 and 2017, based on headcounts at each year end.

	As at 31 December	
	2018	2017
Hearing care professionals (e.g. audiologists)	9,000	7,500
Other shop personnel (client advisors and area managers)	4,900	4,500
Support functions.....	2,300	1,700
Total.....	16,200	13,700

In addition to the employees, the Group has agreements in place with over 5,400 workers which are not on payroll (of which approximately 2,900 are hearing care professionals) and mainly working in the US Franchisee and in Italy under agency contracts. As at 31 December 2018, of a total workforce of approximately 16,200 people, the employees were 10,765, while approximately 5,400 were sales force not on payroll.

The level of trade union membership of the Group's employees is limited and varies from country to country and Group companies are party to a number of collective bargaining agreements.

Regulatory Framework

The Group operates in the medical sector which is subject to a wide variety of laws and regulations administered by national, regional and supranational government bodies.

The most relevant areas to Amplifon are: (i) technical aspects of hearing aids; (ii) the sale and distribution of hearing aids to the public and, more specifically, the professionals entitled to select, fit and sell hearing solutions; (iii) reimbursements primarily by the national health services for the purchase of hearing aids.

With regards to point (i), hearing aids are considered medical devices in all the markets where Amplifon operates, hence the devices sold must comply with national and international regulations on product standards, packaging and labelling requirements and high quality standards.

With regards to point (ii), regulation also differs from country to country. In EU countries, the European Medical Device Directive provides that only professionals authorised under relevant national regulations can select, fit, sell and conduct immediate and ongoing inspections of the effectiveness of hearing solutions. The profession of hearing care specialist is therefore regulated in most EU countries. In the US, in the current regulatory scenario, the FDA requires hearing aids to be dispensed only by licensed individuals, such as audiologists or hearing aid dispensers. In August 2017, the OTC Hearing Aid Act, which formed part of the Medical Device User Fee Amendments package and the FDA Reauthorization Act, came into force. The new legislation provides that the FDA introduces a separate category of hearing aids approved for OTC sales to adults aged 18 and above with mild-to-moderate hearing loss without seeking treatment by a health professional. The FDA has a statutory deadline to release a draft rule, setting specific guidelines regarding safety standards, labelling and other technical requirements for OTC hearing aids, by August 2020. The publication of the proposed rule will then be followed by a “Public Comment Period” and FDA’s review and answer to comments. The effective implementation is estimated to occur not earlier than the end of 2020 or early 2021.²³

In Australia, in order to be accredited by the Office of Hearing Services (the office responsible for managing and administering the Australian Government Hearing Services Program), hearing care professionals and audiometrists need to be members of an approved Australian professional body. As far as the private market is concerned, there is no specific regulation applicable to requirements for hearing aid dispensers.

With regards to point (iii), the reimbursement conditions for hearing aids and related services also differ according to the national health systems of the countries where Amplifon operates. The possible reimbursement conditions are as follows:

- national health systems offering hearing aids free of charge to everyone (such as in the UK);
- national health systems offering partial to full reimbursement to eligible people having a certain level of hearing loss (such as in Germany);
- national health systems not offering reimbursement (such as Spain, with the exception of children up to 16 years of age).

²³ Source: Amplifon estimates.

Amplifon has implemented a series of measures to ensure its ability to react in a timely manner to potential changes in regulation, including through the establishment of a Regulatory Affairs function, which is responsible for, *inter alia*, the monitoring of regulatory changes and their impact in all countries where the Group operates and the development of action plans to manage any potential issues or opportunities arising from regulatory changes.

Litigation

The Issuer and its subsidiaries are subject to various legal proceedings arising in the ordinary course of their business. While any litigation has an element of uncertainty, the Issuer does not expect that the outcome of any such proceedings, either individually or in aggregate, will have a significant effect upon the Group's financial position or results of operations.

Management

Corporate governance

The Issuer applies the ordinary model of management and control envisaged under Italian law, which involves a division of powers between the Shareholders' Meeting, the Board of Directors, the Board of Statutory Auditors and independent auditors. The directors and other company bodies are appointed at the Shareholders' Meeting for a three-year period. The independent auditors are appointed for nine-year periods.

The corporate governance system adopted by the Issuer is substantially consistent with the principles established in the Corporate Governance Code for Listed Companies published by the Italian Corporate Governance Committee (the "**Code**"). In compliance with the "comply-or-explain" principle, the Issuer gives reasons for any departure from the provisions of the Code.

The Issuer ensures compliance with the Code through, *inter alia*, the adoption of internal committees. In particular, the Issuer has established a "Risk, Control and Sustainability Committee" a "Remuneration & Appointment Committee", and a "Related Parties Transactions Committee". The committees are comprised of at least three non-executive Directors, the majority of which are independent, and perform their activities in accordance with the guidelines set forth in the Code.

The Issuer's key corporate governance documents comprise: (i) its by-laws; (ii) Shareholders' Meetings regulation; (iii) the "Procedure for handling and publishing corporate information", in particular price sensitive information; (iv) the related party transactions procedure; (v) the internal dealing procedures; (vi) the code of ethics; and (v) the Corporate Governance Code for Listed Companies, proposed by the Listed Companies Corporate Governance Committee.

Board of Directors

The following table shows the names of the current members of the Board of Directors, their positions and principal posts held outside the Issuer.

Name	Position	Principal activities outside the Issuer
Susan Carol Holland	Chairman	Chairperson of Amplifin S.p.A.; Chairperson of Ampliter S.r.l.; Chairperson of Ampliare S.r.l.
Enrico Vita	Chief Executive Officer and General Manager	Independent Director for Ariston Thermo S.p.A
Andrea Casalini	Non-executive independent director	Chief Executive Officer of Eataly Net, a subsidiary of Eataly group
Alessandro Cortesi	Non-executive independent director	Board Member of Italtel S.p.A. and Conbipel S.p.A. and Chairperson of the Board of Statutory Auditors of Ferragamo Finanziaria S.p.A
Maurizio Costa	Non-executive independent director	Independent Board Member of Mediobanca S.p.A., for which he is also Chairperson of the Appointments Committee.
Laura Donnini	Non-executive independent director	Chief Executive Officer and Publisher at HarperCollins Italia and Independent Board Member of Pinko (Cris Conf. S.p.A.)

Name	Position	Principal activities outside the Issuer
Maria Patrizia Grieco	Non-executive independent director	Chairperson of Enel; Board Member of Anima Holding and Ferrari N.V.
Lorenzo Pozza	Non-executive independent director	Director & Vice-chairperson of Angel Capital Management; Chairperson of the Board of Statutory Auditors of Ariston Thermo S.p.A. and Statutory Auditor of Assicurazioni Generali S.p.A.
Giovanni Tamburi	Non-executive director	Chairperson and Chief Executive Officer of Tamburi Investment Partners S.p.A.; Board Member of Alpitour S.p.A. and Interpump Group S.p.A.

The current members of the Board of Directors were appointed for a three-year term by a resolution passed at the Issuer's annual shareholders' meeting held on 17 April 2019. The appointments of the current members of the Board of Directors will expire at the shareholders' meeting at which the Issuer's 2021 annual financial statement are approved.

The business address of each of the members of the Board of Directors is the Issuer's registered office.

Board of Statutory Auditors

The current members of the Board of Statutory Auditors were appointed for a three-year term by a resolution passed at the Issuer's annual shareholders' meeting held on 20 April 2018 and the following table shows their names, positions and principal activities outside the Issuer.

Name	Position	Principal activities outside the Issuer
Raffaella Pagani	Chairperson	Auditor at Studio Associato Pagani; Chairperson of the Board of Statutory Auditors of Brembo S.p.A. and Sanofi S.p.A.; Board Member of Azimut Holding S.p.A.
Maria Stella Brena	Statutory Auditor	Chairperson of the Board of Statutory Auditors and Sole Auditor for companies part of the Randstad group; Statutory Auditor for companies part of the BASF group; Independent Director of Banca Galileo S.p.A.
Emilio Fano	Statutory Auditor	Chairperson of the Board of Statutory Auditors of Il Sole 24 Ore Cultura S.r.l. Statutory Auditor of Nespresso Italiana S.p.A. and La7 S.p.A.
Alessandro Grange	Alternate Auditor	Statutory Auditor of Clessidra SGR S.p.A. and Anima Holding S.p.A., Deputy Board Member of Iccrea Banca S.p.A.
Claudia Mezzabotta	Alternate Auditor	Deputy Board Member of Prysmian S.p.A. and Fincantieri S.p.A.; Board Member of Ansaldo Energia S.p.A. and Chairman of the Board of Statutory Auditors of Carrara S.p.A.

The appointments of the current members of the Board of Statutory Auditors will expire at the shareholders' meeting at which the Issuer's 2020 annual financial statement are approved.

The business address of each of the members of the Board of Statutory Auditors is the Issuer's registered office.

Conflicts of interest

As far as the Issuer is aware and save as disclosed above, there are no potential conflicts of interests between any duties of the members of the Board of Directors and the Board of Statutory Auditors and their private interests.

Shareholders

The following table sets out details of the persons who have significant shareholdings in Amplifon as at the date of this Prospectus, which is based on disclosures required to be made to the Issuer and to CONSOB under Italian law.

Direct shareholder	% of ordinary capital	% of voting capital
Ampliter S.r.l.	44.9	61.9
Treasury shares	1.6	1.1
Market	53.5	37.0
Total	100	100

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

The shares of Amplifon S.p.A. have been listed on the screen based Mercato Telematico Azionario (MTA) since 27 June 2001 and since 10 September 2008 in the STAR segment. Amplifon is also included in the FTSE MIB index since 27 December 2018 and Stoxx Europe 600 since 24 June 2019.

Share Capital

At 30 September 2019 the share capital comprised 226,388,620 ordinary shares with a par value of €0.02, fully paid in and subscribed. The share capital at 31 December 2018 comprised 226,353,620 shares. The increase recorded in the period is attributable to the exercise of 35,000 stock options, equivalent to 0.015 per cent. of the share capital.

In relation to the Stock Grant Plan 2019-2025, on 7 May 2019, the Board of Directors resolved to assign, based on the recommendations of the Remuneration and Appointments Committee and pursuant to Art. 84 bis, par. 5 of Consob Regulation n. 11971/1999, as amended, the first award cycle of the stock grant (for the period 2019-2021) which calls for the assignment of 620,000 shares per target.

A total of 2,087,165 of the performance stock grant rights were exercised as at 30 September 2019, as a result of which the Company transferred the same number of treasury shares to the beneficiaries.

The total amount of treasury shares held at 30 September 2019 equals 3,628,580 or 1.603 per cent. of the parent's share capital. Information relating to the treasury shares held is shown below:

		Average purchase price (€)	
	No. of shares	FV of transferred rights (€)	Total amount (€ thousands)
Held at 31 December 2018	5,715,745	8.911	50,933
Purchases	-	-	-
Transfer due to exercise of Performance Stock grants	(2,087,165)	8.911	(18,599)
Total at 30 September 2019	3,628,580	8.911	32,334

DESCRIPTION OF THE GUARANTORS

AMPLIFON (USA), Inc.

Incorporation and status

Amplifon (USA), Inc. (“**Amplifon (USA)**”) is a corporation incorporated under the laws of the state of Delaware, USA, with its registered office at 160 Greentree Dr Suite 101, Dover, Delaware- 19904 (USA). It is registered in Delaware with the Delaware Secretary of State under registration number 41-1958972. It was incorporated on 30 June 1999. Its telephone number is +1 763-268-4000.

Principal activities

The principal activity of Amplifon (USA) is hearing aid distribution.

Share Capital

As at 31 December 2018, Amplifon (USA) had an authorised share capital of \$52,500,010, represented by 1,000 shares having a nominal value of \$52,500.01 each. All issued shares are held by the Issuer.

Board of Directors and officers

The current Board of Directors of Amplifon (USA) is comprised of two members, each of whom will remain in office until their successor is elected and qualified or until their earlier resignation or removal. As at the date of this Prospectus, the members of the Board of Directors of Amplifon (USA) are Marc C. Lundeborg and Giulio William Sandonà Pizzini.

Employees

As at the date of this Prospectus, Amplifon (USA) has 512 employees that support its subsidiaries.

Financial Year and Auditors

The financial year of Amplifon (USA) is the calendar year. Financial information for the financial year 2018 relating to Amplifon (USA) forms part of the consolidated financial statements of the Issuer audited by PricewaterhouseCoopers S.p.A. Amplifon (USA) is not required under national law to prepare standalone financial statements.

NATIONAL HEARING CENTRES Pty. Ltd.

Incorporation and status

National Hearing Centres Pty. Ltd. (“**National Hearing Centres**”) is a corporation incorporated under the laws of the state of Victoria, Australia, with its registered office at TMF Corporate Services (Aust) Pty Limited, Level 16, 201 Elizabeth Street, Sydney NSW 2000. Its principal place of business is at 89-91 Peters Avenue, Mulgrave, Victoria, 3170. It is registered in Australia under registration number 075 889 262. It was incorporated on 7 October 1996. Its telephone number is +61 3 9264 9000.

Principal activities

The principal activities of National Hearing Centres are the provision of hearing devices and audiology services throughout Australia.

Share Capital

As at 31 December 2018, National Hearing Centres had an authorised share capital of A\$100 represented by 4 fully paid ordinary shares. All issued shares are held by A.C.N. 119 430 018 Pty

Limited. One-hundred per cent. (100%) of all the equity interest of National Hearing Centres is owned indirectly by the Issuer.

Board of Directors and officers

The current Board of Directors of National Hearing Centres is comprised of three members, each of whom will remain in office until their successor is elected and qualified or until their earlier resignation or removal. As at the date of this Prospectus, the members of the Board of Directors of National Hearing Centres are Giulio William Sandonà Pizzini, Christopher Pennie and Liliana Comitini.

Employees

As at the date of this Prospectus National Hearing Centres has 1,035 employees.

Financial Year and Auditors

The financial year of National Hearing Centres is the calendar year. Financial information for the financial year 2018 relating to National Hearing Centres forms part of the consolidated financial statements of the Issuer audited by PricewaterhouseCoopers S.p.A. National Hearing Centres is not required under national law to prepare standalone financial statements.

TAXATION

Republic of Italy

The following is a general description of certain Italian tax considerations relating to the purchase, the ownership and the disposal of Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes and does not discuss every aspect of Italian taxation that may be relevant to a holder of the Notes especially but not only if such holder is subject to special circumstances or if such holder is subject to special treatment under applicable law. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

This summary is based upon Italian tax laws and practice in effect as at the date of this Prospectus, which may be subject to change, potentially with retroactive effect. For Noteholders who are not resident in Italy for tax purposes, applicable tax treaties may reduce or nullify the Italian withholding tax rates set out below.

Taxation in the Republic of Italy

Tax treatment of Notes

Legislative Decree No. 239 of 1 April 1996, as subsequently amended (“**Decree 239**”), provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from Notes (hereinafter collectively referred to as “**Interest**”) falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986, as amended and supplemented, issued, *inter alia*, by Italian companies with shares listed on an Italian regulated market. For this purpose, bonds and debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at redemption, an amount not lower than their nominal value and which do not grant the holder any direct or indirect right of participation in (or control of) the management of the Issuer. Pursuant to Law Decree No. 138 of 13 August 2011, converted into Law No. 148 of 14 September 2011 (“**Decree No. 138**”), the described tax treatment applies irrespective of the maturity date of the Notes

Taxation interest Italian resident Noteholders

Where an Italian resident Noteholder is (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless he has opted for the application of the *risparmio gestito* regime according to Article 7 of Legislative Decree No. 461 of 21 November 1997 – see under “*Capital gains tax*” section below); (b) a non-commercial partnership; (c) a non-commercial private or public institution; or (d) an investor exempt from Italian corporate income taxation, Interest is subject to a final withholding tax, referred to as “*imposta sostitutiva*”, levied at the rate of 26 per cent. In the event that the Noteholders described under (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Pursuant to Decree No. 239, *imposta sostitutiva* is applied by authorised Intermediaries (as defined below) which intervene in any way in the collection of Interest or in transfers or disposals of the Notes. Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the *imposta sostitutiva*, on Interest if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(88-114) of Law No. 232 of 11 December 2016, as

subsequently amended (the “**Finance Act 2017**”) and in Article 1(210-215) of Law No. 145 of 30 December 2018 (the “**Finance Act 2019**”), as implemented by Ministerial Decree of 30 April 2019.

Where an Italian resident Noteholder is a company or similar commercial entity, or a permanent establishment in Italy of a non-Italian resident company to which the Notes are effectively connected, and the Notes are deposited with an authorised intermediary, Interest is not subject to *imposta sostitutiva*, but must be included in the relevant Noteholder’s income tax return and are therefore subject to general Italian corporate taxation (“**TRES**”) (and, in certain circumstances, depending on the “status” of the Noteholder, also to the regional tax on productive activities (“**IRAP**”)).

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into law with amendments by Law No. 410 of 23 November 2001 as subsequently amended (“**Decree 351**”) payments of Interest in respect of the Notes deposited with an authorised intermediary made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998 or pursuant to Article 14-bis of Law No. 86 of 25 January 1994 set up from 26 September 2001, as well as real estate funds incorporated before that date, the managing company of which has so requested by 25 November 2001, are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of a real estate investment fund. A withholding tax at a rate of 26 per cent. will apply, in certain circumstances, to distributions made by the real estate fund in favour of its unitholders or shareholders or in case of redemption or sale of the relevant units or shares. Subject to certain conditions, depending on the status of the investor and percentage of participation, income of the real estate fund is subject to taxation in the hands of the unitholder or shareholder, regardless of distribution.

According to Article 9 of the Legislative Decree No. 44 of 4 March 2014, the same regime is applicable to Italian real estate SICAFs (“**Real Estate SICAFs**”).

If the investor is an Italian resident open-ended or closed-ended investment fund, a SICAF (an investment company with fixed capital) or a SICAV (an investment company with variable capital) established in Italy (together, the “**Fund**”), and either (i) the Fund or (ii) its manager is subject to the supervision of a regulatory authority and the relevant Notes are deposited with an authorised intermediary, Interest accrued during the holding period on such Notes will neither be subject to *imposta sostitutiva* nor to any other income tax in the hands of the Fund. A withholding tax at a rate of 26 per cent. will apply, in certain circumstances, to distributions made by the Fund in favour of unitholders or shareholders or in case of redemption or sale or liquidation of the units or shares of the Fund (the “**Collective Investment Fund Tax**”).

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, Interest accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, Interest may be excluded from the taxable base of the 20 per cent. substitute tax if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (92-114) of the Finance Act 2017 and in Article 1(210-215) of Finance Act 2019, as implemented by Ministerial Decree of 30 April 2019.

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* (“**SIMs**”), fiduciary companies, *società di gestione del risparmio* (“**SGRs**”), stockbrokers and other entities identified by a decree of the Ministry of Finance (each an “**Intermediary**”) as subsequently amended and integrated.

An Intermediary must be (a) resident in Italy or a permanent establishment in Italy of a non- Italian resident entity or be an entity or a company not resident in Italy, acting through a system of centralised administration of notes and directly connected with the Department of Revenue of the Italian Ministry of Finance having appointed an Italian representative for the purposes of Decree No.

239; and (b) intervene, in any way, in the collection of interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by the intermediary paying interest to a Noteholder (or by the Issuer should the interest be paid directly by this latter).

Non-Italian resident Noteholders

Where the Noteholder is a non-Italian resident without a permanent establishment in Italy to which the Notes are connected and all the requirements and procedures set forth in Decree No. 239 and in its implementation rules in order to benefit from the exemption from *imposta sostitutiva* are met and complied with in due time, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is either (a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy (listed in the so called “**White List**”); or (b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (c) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) an institutional investor set-up in a country included in the White List, even if it does not possess the status of taxpayer in its own country.

In order to ensure gross payment, non-Italian resident Noteholders must be the beneficial owners of the payments of Interest and (a) deposit, directly or indirectly, the Notes with a resident bank or SIM or a permanent establishment in Italy of a non-Italian resident bank or SIM or with a non-Italian resident entity or company participating in a centralised securities management system and directly connected with the Department of Revenue of the Italian Ministry of Finance having appointed an Italian representative for the purposes of Decree No. 239 and (b) file with the relevant depository, prior to or concurrently with the deposit of the Notes, a statement of the relevant Noteholder, which remains valid until withdrawn or revoked, in which the Noteholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. Such statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy nor in case of foreign Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001, as subsequently amended.

The *imposta sostitutiva* will be applicable at the rate of 26 per cent. (or at the reduced rate provided for by the applicable double tax treaty, if any) to Interest paid to Noteholders who are resident, for tax purposes, in countries which do not allow for a satisfactory exchange of information with Italy or who do not comply with the above mentioned provisions.

Fungible issues

Pursuant to Article 11, paragraph 2 of Decree No. 239, where the Issuer issues a new Tranche forming part of a single series with a previous Tranche, for the purposes of calculating the amount of Interest subject to *imposta sostitutiva*, the issue price of the new Tranche is deemed to be the same amount as the issue price of the original Tranche. This rule applies where the (a) the new Tranche is issued within 12 months from the issue date of the previous Tranche and (b) the difference between the issue price of the new Tranche and that of the original Tranche does not exceed 1 per cent. of the nominal value of the Notes multiplied by the number of years of duration of the Notes.

Capital gains tax

Italian resident Noteholders

Any gain obtained from the sale or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the “status” of the Noteholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company or a similar

commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident Noteholder is (i) an individual holding the Notes not in connection with an entrepreneurial activity, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the current rate of 26 per cent. Noteholders may set off losses with gains.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from Italian capital gain taxes, including the *imposta sostitutiva*, on capital gains realised upon sale or redemption of the Notes if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1(88-114) of the Finance Act 2017 and in Article 1(210-215) of Finance Act 2019 as implemented by Ministerial Decree of 30 April 2019.

In respect of the application of *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below.

Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Noteholders under (i) to (iii) above, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Noteholder pursuant to all sales or redemptions of the Notes carried out during any given tax year. These Noteholders must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident Noteholders under (i) to (iii) above may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the *risparmio amministrato* regime). Such separate taxation of capital gains is allowed subject to (a) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries (including permanent establishments in Italy of non-Italian resident intermediaries) and (b) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Noteholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in the annual tax return.

Any capital gains realised by Italian resident Noteholders under (i) to (iii) above who have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the so-called “*risparmio gestito*” regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the

risparmio gestito regime, the Noteholder is not required to declare the capital gains realised in the annual tax return.

Any capital gains realised by a Noteholder who is an Italian real estate fund or a Real Estate SICAF to which the provisions of Decree 351, Law Decree No. 78 of 31 May 2010, converted into Law No. 122 of 30 July 2010 and Legislative Decree No. 44 of 4 March 2014, all as amended, will be subject neither to *imposta sostitutiva* nor to any other income tax at the level of the real estate investment fund or the Real Estate SICAF. A withholding tax at a rate of 26 per cent. will apply, in certain circumstances, to distributions made by the real estate fund in favour of its unitholders or shareholders or in case of redemption or sale of the relevant units or shares. Subject to certain conditions, depending on the status of the investor and percentage of participation, income of the real estate fund is subject to taxation in the hands of the unitholder or shareholder, regardless of distribution.

Any capital gains realised by a Noteholder which is a Fund will not be subject to *imposta sostitutiva*, but will be included in the result of the relevant portfolio. Such result will not be taxed with the Fund, but subsequent distributions in favour of unitholders or shareholders or redemption or sale or liquidation of the units or shares of the Fund may be subject to the Collective Investment Fund Tax.

Any capital gains realised by a Noteholder who is an Italian pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, capital gains realised upon sale or redemption of the Notes may be excluded from the taxable base of the 20 per cent. substitute tax if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (92-114) of the Finance Act 2017 and in Article 1(210-215) of Finance Act 2019, as implemented by Ministerial Decree of 30 April 2019.

Non Italian resident Noteholders

Capital gains realised by non-Italian resident Noteholders, not having a permanent establishment in Italy to which the Notes are connected, from the sale or redemption of Notes traded on regulated markets (and, in certain cases, subject to filing of required documentation) are neither subject to the *imposta sostitutiva* nor to any other Italian income tax. Capital gains realised by non-Italian resident Noteholders, not having a permanent establishment in Italy to which the Notes are connected, from the sale or redemption of Notes not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary: (a) is resident for tax purposes in a country included in the White List; or (b) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (c) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) is an institutional investor which is set-up in a country included in the White List, even if it does not possess the status of taxpayer in its own country, and a proper documentation is filed. If the conditions above are not met, capital gains realised by said non-Italian resident Noteholders from the sale or redemption of Notes not traded on regulated markets are subject to the *imposta sostitutiva* at the current rate of 26 per cent.

In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are connected that may benefit from a double taxation treaty with Italy providing that capital gains realised upon the sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon the sale or redemption of Notes (subject to – in certain cases – the filing of the proper documentation).

Inheritance and gift taxes

Pursuant to Law Decree No. 262 of 3 October 2006, converted with amendments into Law No. 286 of 24 November 2006, as subsequently amended, the transfers of any valuable asset (including shares, notes or other securities) as a result of death or donation are taxed as follows:

- transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding, for each beneficiary, €1,000,000;
- transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding, for each beneficiary, €100,000; and
- any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

If the transfer is made in favour of persons with severe disabilities, the tax is levied at the rate mentioned above in (i), (ii) and (iii) on the value exceeding, for each beneficiary, €1,500,000.

Transfer tax

Contracts relating to the transfer of securities are subject to the following registration tax: (i) public deeds and notarised deeds are subject to fixed registration tax at a rate of €200; (ii) private deeds are subject to registration tax at the same rate of €200 only in the case of use (*caso d'uso*), explicit reference (*enunciazione*) or voluntary registration. Voluntary registration is the registration of the document with the local tax office voluntarily made by one of the parties to such document.

Stamp duty

Pursuant to Article 13(2-ter) of the Tariff enclosed to Decree No. 642 of 26 October 1972, as amended, a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by an Italian based financial intermediary to a Noteholder in respect of any Notes which may be deposited with such financial intermediary. The stamp duty applies at a rate of 0.2 per cent. (and cannot exceed €14,000, for taxpayers other than individuals) on the market value or – if no market value figure is available – the nominal value or redemption amount of the Notes held.

The communication is deemed to be sent at least once a year, even for instruments for which it is not mandatory.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

Wealth Tax on securities deposited abroad

Pursuant to Article 19(18) of Decree No. 201 of 6 December 2011, Italian resident individuals, entrepreneurs and self-employed persons, non-commercial entities including foundations and trust, partnerships and similar entities holding the Notes outside the Italian territory are required to pay a wealth tax which applies at a rate of 0.2 per cent. on the market value of the Notes at the end of the relevant year or – if no market value figure is available – the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes, if any, paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

Tax monitoring obligations

According to Law Decree No. 167 of 28 June 1990, converted by Law No. 227 of 4 August 1990, as amended from time to time, individuals, non-profit entities and certain partnerships (*società semplici* or similar partnerships in accordance with article 5 of Presidential Decree 917) resident in Italy for tax

purposes, under certain conditions, are required to report for tax monitoring purposes in their yearly income tax the amount of investments (including the Notes) directly or indirectly held abroad.

The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the actual owner of the instrument.

Furthermore, the above reporting requirement is not required to comply with respect to: (i) Notes deposited for management or administration with qualified Italian financial intermediaries; (ii) contracts entered into through their intervention, upon condition that the items of income derived from the Notes have been subject to tax by the same intermediaries; or (iii) if the foreign investments which are only composed by deposits and/or bank accounts when their aggregate value does not exceeds a €15,000 threshold throughout the year.

Foreign Account Tax Compliance Act

Certain non-U.S. financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30 per cent. on all or a portion of payments made after 31 December 2016 pursuant to the U.S. Foreign Account Tax Compliance Act (“**FATCA**”).

FATCA may affect payments made to custodians or intermediaries (including any clearing system other than an ICSD) in the payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It may also affect payments to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives a payment) with any information, forms or other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how it may affect them.

The FATCA regime has been implemented in Italy after the promulgation of the Law no. 95/2015 and the issuance of several decrees.

Certain United States Federal Income Tax Considerations

Payment under a Guarantee

The following is a general summary of certain U.S. federal income tax consequences if a Guarantee is called and Amplifon (USA), Inc. is obliged to pay an amount with respect to any Notes. This summary is applicable only to Non-U.S. Holders (as defined below) that purchase Notes at their original issuance in this offering. This summary is based upon United States laws, including the Code, as amended, U.S. Treasury regulations (final, proposed and temporary) promulgated thereunder, rulings, judicial decisions and administrative pronouncements, all as of the date hereof, and such authorities may be repealed, revoked or modified, possibly with retroactive effect, so as to result in U.S. federal income tax consequences different from those discussed below. The summary is included herein for general information only, and there can be no assurance that the U.S. Internal Revenue Service (the “**IRS**”) or a U.S. court will take a similar view of the U.S. federal income tax treatment of payments under a Guarantee.

The term “Non-U.S. Holder” means a beneficial owner of a Note that is not, for U.S. federal income tax purposes:

- (a) an individual citizen or resident of the United States;
- (b) a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organised in or under the laws of the United States, any state thereof or the District of Columbia;

- (c) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- (d) a trust, if it (i) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (ii) has a valid election in effect under applicable U.S. treasury regulations to be treated as a U.S. person.

A Non-U.S. Holder (also) does not include a Holder who is (i) an individual present in the United States for 183 days or more in any taxable year of a sale, exchange or retirement of a Note and who is not otherwise a resident of the United States for U.S. federal income tax purposes or (ii) engaged in the conduct of a trade or business in the United States and whose payments on a Note are effectively connected to such U.S. trade or business. Further, a Non-U.S. Holder does not include any partnership or other entity or arrangement treated as a partnership for U.S. federal income tax purposes. Such Holders are urged to consult their own tax advisors.

Subject to the discussion below concerning reporting and backup withholding, in the event that a Guarantee is called and Amplifon (USA), Inc. is obliged to pay an amount with respect to any Notes, such payment on the Notes to a Non-U.S. Holder should not be subject to any U.S. federal withholding tax.

Information Reporting and Backup Withholding

In general, a Non-U.S. Holder will not be subject to information reporting or backup withholding with respect to payments made under the Guarantee by Amplifon (USA), Inc., provided that (i) the Non-U.S. Holder provides its name and address, and certifies, under penalties of perjury, that it is not a U.S. person, as defined in the Code (which certification may be made on an IRS Form W-8BEN (or other applicable form)) or the Non-U.S. Holder holds the Notes through certain foreign intermediaries or certain foreign partnerships, and the Non-U.S. Holder and the foreign intermediary or foreign partnership satisfies the certification requirements of applicable U.S. Treasury regulations, and (ii) the Issuer does not have actual knowledge or reason to know that the holder is a U.S. person that is not an exempt recipient. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability provided the required information is furnished timely to the IRS.

Australia

The following is a general summary of certain Australian income tax considerations that may be relevant for Noteholders who are not a resident of Australia under Australian tax law. This summary is based on the Australian law and the Australian Commissioner of Taxation's ("Commissioner's") interpretation of the law, as of the date of this Prospectus. This summary does not take into account or anticipate any changes in the law or practice that may occur.

The summary is general in nature. Prospective Noteholders should obtain independent professional tax advice in relation to their holding of the Notes.

Taxation in Australia

Payment under a Guarantee

If a Guarantee is called, National Hearing Centres Pty Ltd may be obliged to pay an amount to the Noteholders in respect of the Notes. The Australian income tax treatment of payments of this kind is not currently settled. For example, the Commissioner has expressed the view in Taxation Determination TD 1999/26 that payments made by an Australian resident guarantor to a lender on behalf of a borrower may be in the nature of interest or in substitution for interest and accordingly may be subject to Australian interest withholding tax. This is an indication that the Commissioner may seek to collect Australian interest withholding tax on payments made by National Hearing Centres Pty Ltd to the Noteholders in respect of the Notes.

This view has no binding effect and there are reasonable arguments that such payments should not be in the nature of interest or in substitution for interest and accordingly should not be subject to Australian interest withholding tax.

Income tax – gains on sale or redemption of Notes

Non-residents of Australia holding their investment through an Australian permanent establishment may be subject to Australian income tax on the interest derived from the Notes and any gain on sale or redemption of the Notes.

A non-resident Noteholder that does not hold the Note in the course of carrying on business through an Australian permanent establishment may be subject to Australian income tax on any gain on sale if the gain otherwise has an Australian source. A gain arising on the sale of Notes by a non-resident to another non-resident where all negotiations are conducted, and all documentation is executed, outside of Australia would generally not be regarded as having an Australian source. In the event that any gain on the sale or redemption of the Notes is subject to tax in Australia under our domestic law, it would be necessary to review any relevant tax treaty between Australia and the Noteholder's country of residence (if any).

SUBSCRIPTION AND SALE

BNP Paribas, HSBC Bank plc, ING Bank N.V., Mediobanca – Banca di Credito Finanziario S.p.A. and UniCredit Bank AG (together, the “**Joint Lead Managers**” or “**Joint Bookrunners**”) have, in a subscription agreement dated 11 February 2020 (the “**Subscription Agreement**”) and made between the Issuer, the Guarantors and the Joint Lead Managers, upon the terms and subject to the conditions contained therein, jointly and severally agreed to subscribe and pay for the Notes at their issue price of 99.253 per cent. of their principal amount less a combined management, underwriting and selling commission. The Issuer has also agreed to reimburse the Joint Lead Managers for certain of their expenses incurred in connection with the management of the issue of the Notes. The Joint Lead Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

General

No action has been or will be taken in any jurisdiction by the Issuer, the Guarantors or any Joint Lead Manager that would, or is intended to, permit a public offering of the Notes, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Prospectus comes are required by the Issuer, the Guarantors and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or have in their possession, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

Each Joint Lead Manager has represented, warranted and agreed that it will to the best of its knowledge and belief comply with all the relevant laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Prospectus or any other offering material, in all cases at its own expense.

United States of America

The Notes have not been and will not be registered under the Securities Act or any state securities laws in the United States. The Notes are being offered only outside the United States by the Joint Lead Managers to certain investors in offshore transactions in reliance on Regulation S, and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, “U.S. persons”, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S.

Each Joint Lead Manager has represented and warranted that it has not offered and sold the Notes, and that it will not offer and sell the Notes (a) as part of its own distribution at any time or (b) otherwise until forty (40) days after the later of the commencement of the offering and the Closing Date, except in accordance with Rule 903 of Regulation S. Accordingly, none of the Joint Lead Managers, any of their respective Affiliates (as defined in Rule 405 of the Securities Act) nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts with respect to the Notes, and each of the Joint Lead Managers has represented and agreed that they have complied and will comply with the offering restrictions requirement of Regulation S. Each Joint Lead Manager has agreed that, at or prior to confirmation of sale of the Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases the Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

“The securities covered hereby have not been registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), and may not be offered and sold within the United States or to, or for the account or benefit of, “U.S. persons” (i) as part of their distribution at any time or (ii) otherwise, until forty (40) days after the later of the commencement of the offering and the Closing Date, except pursuant to an exemption from,

or in a transaction not subject to, the regulation requirements of the Securities Act. Terms used above have the meanings given to them by Regulation S.”

Terms used in the above paragraph have the meanings given to them by Regulation S.

Each Joint Lead Manager has represented, warranted and agreed with the Issuer that:

- (a) except to the extent permitted under U.S. Treasury Regulation §1.163-5(c)(2)(i)(D) (the “**D Rules**”):
 - (i) it has not offered or sold, and during the forty (40) day restricted period will not offer or sell, Notes in bearer form to a person who is within the United States or its possessions or to a United States person; and
 - (ii) it has not delivered and will not deliver in definitive form within the United States or its possessions any definitive Notes in bearer form that are sold during the restricted period;
- (b) it has, and throughout the restricted period will have, in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes in bearer form are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (c) if it is a United States person, (i) it is acquiring the Notes in bearer form for the purposes of resale in connection with their original issue and (ii) if it retains Notes in bearer form for its own account, it will only do so in accordance with the requirements of U.S. Treasury Regulation §1.163-5(c)(2)(i)(D)(6); and
- (d) with respect to each Affiliate (as defined in Rule 405 of the Securities Act) of any Joint Lead Manager that acquires Notes in bearer form from such Joint Lead Manager for the purpose of offering or selling such Notes during the restricted period, such Joint Lead Manager undertakes to the Issuer that it will either (i) repeat and confirm the representations and agreements contained in sub-paragraphs (a), (b) and (c) on its behalf or (ii) obtain from such affiliate for the benefit of the Issuer the representations and undertakings contained in sub-paragraphs (a), (b) and (c) above.

Terms used in the above paragraph have the meaning given to them by the Code and regulations thereunder, including the D Rules.

In addition, until forty (40) days after the commencement of the offering, an offer or sale of securities within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Each Joint Lead Manager has acknowledged that the Notes will be represented upon issuance by the Temporary Global Note which is not exchangeable for Permanent Global Notes or definitive Notes until the expiration of the 40-day distribution compliance period and, for persons other than distributors, until certification of beneficial ownership of the Notes by a non-U.S. person or a U.S. person who purchased securities in a transaction that did not require registration under the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S.

Prohibition of Sales to EEA and United Kingdom Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available, and will not offer, sell or otherwise make available, any Notes to any retail investor in the EEA or in the United Kingdom. For these purposes:

- (a) the expression **retail investor** means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; and/or
 - (ii) a customer within the meaning of the Insurance Distribution Directive where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.
- (b) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

The Republic of Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* (“**CONSOB**”) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*) as defined in Article 2, letter e) of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”), pursuant to Article 1, fourth paragraph, letter a) of the Prospectus Regulation as implemented in Italy by Article 35, paragraph 1, letter d) of CONSOB regulation No. 20307 of 15 February 2018, as amended (“**Regulation No. 20307**”); or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation.

Any such offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy must be in compliance with the selling restriction under (a) and (b) above and:

- (a) be made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with the relevant provisions of the Intermediaries Regulation, Legislative Decree No. 58 of 24 February 1998, CONSOB Regulation No. 20307 of 15 February 2018 and Legislative Decree No. 385 of 1 September 1993 (the “**Banking Act**”) (in each case, as amended from time to time) and any other applicable laws or regulations;
- (b) comply with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended, pursuant to which the Bank of Italy may request information on the offering or issue of securities in Italy or by Italian persons outside of Italy; and
- (c) be made in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other competent Authority.

Each Joint Lead Manager has represented, warranted and agreed that any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy will be made in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

United Kingdom

Each Joint Lead Manager has represented, warranted and agreed that:

- (a) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended (the “**FSMA**”)) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer and the Guarantors; and

- (b) it has complied and will comply with all applicable provisions of the FSMA and the regulations adopted thereunder with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

France

Each Joint Lead Manager and the Issuer has represented and agreed, that it has only offered or sold, directly or indirectly, Notes in France to qualified investors (*investisseurs qualifiés*) as defined in Article L.411-2 1° of the French *Code monétaire et financier* and it has only distributed or caused to be distributed in France to such qualified investors this Prospectus, or any other offering material relating to the Notes.

Australia

This document has not been, and will not be, lodged with the Australian Securities and Investments Commission. This document and the offer of Notes is not available, and cannot be distributed, to persons in Australia, except “sophisticated investors” as defined in section 708(8) of the Corporations Act 2001 (Cth) of Australia (the “**Corporations Act**”) or “professional investors” as defined in section 708(11) of the Corporations Act.

Each Joint Lead Manager has represented, warranted and agreed that it has not and will not offer or sell Notes contrary to the preceding paragraph.

GENERAL INFORMATION

1. ***Listing and Admission to Trading.*** Application has been made for the Notes to be admitted to the official list of the Luxembourg Stock Exchange and to trading on the Euro MTF Market, in accordance with the rules and regulations of the Luxembourg Stock Exchange. The total expenses related to admission of the Notes to trading are estimated at €6,100.
2. ***Authorisation.*** The Issuer and each of the Guarantors has obtained all necessary consents, approvals and authorisations in Italy, the State of Delaware and Australia in connection with the issue and performance of the obligations under the Notes and the Guarantees relating to them. The creation and issue of the Notes has been authorised by a resolution of the Chief Executive Officer of the Issuer dated 5 February 2020, as empowered pursuant to a resolution of the Board of Directors of the Issuer dated 29 January 2020. The giving of the Guarantees relating to the Notes by the Guarantors was authorised by resolutions of the respective Board of Directors dated 30 January 2020 for Amplifon (USA), Inc. and 30 January 2020 for National Hearing Centres Pty. Ltd.
3. ***Legal and Arbitration Proceedings.*** Neither the Issuer nor the Guarantors nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantors are aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer, the Guarantors or the Group.
4. ***Auditors.*** The consolidated annual financial statements of the Issuer prepared in accordance with IFRS have been audited without qualification as at and for the years ended 31 December 2017 and 2018 by PricewaterhouseCoopers S.p.A. with registered office at Via Monte Rosa 91, 20149 Milan, which is registered under No. 119644 in the Single Register of Legal Auditors at the Ministry of Economy and Finance (*Registro Unico dei Revisori Legali presso il Ministero dell'Economia e delle Finanze*), State General Accounting (*Ragioneria Generale dello Stato*). PricewaterhouseCoopers S.p.A. is also a member of ASSIREVI, the Italian association of auditing firms.

Following the expiration of the nine-year mandate granted to PricewaterhouseCoopers S.p.A., as the Issuer's independent auditing firm for the period 2010-2018, the Issuer's shareholders meeting held on 20 April 2018, and following a bid on the market, appointed KPMG S.p.A., with registered office at Via Vittor Pisani 25, Milan, Italy, which is registered under No. 70623 in the Single Register of Legal Auditors at the Ministry of Economy and Finance (*Registro Unico dei Revisori Legali presso il Ministero dell'Economia e delle Finanze*), State General Accounting (*Ragioneria Generale dello Stato*), as the Issuer's independent auditing firm for the period 2019-2027. The unaudited condensed interim consolidated financial statements of the Issuer as at and for the six-month period ended 30 June 2019 have been subject to a limited review by KPMG S.p.A. The unaudited condensed interim consolidated financial statements of the Issuer as at and for the nine-month period ended 30 September 2019 have not been audited or reviewed by independent auditors.

5. ***Significant Material Change.*** Since 31 December 2018, there has been no material adverse change in the financial position or prospects of the Issuer or the Guarantors and there has been no significant change in the financial performance or position of the Issuer or of the Group.

6. **LEI.** The Legal Entity Identifier (LEI) of the Issuer is ZYXJDNVM2JI3VBM8G556.
7. **Documents on Display.** For so long as any of the Notes are outstanding, physical or electronic copies of the following documents will be available during normal business hours at the specified office of each Paying Agent:
- (a) the Agency Agreement;
 - (b) the Trust Deed (including the Guarantees);
 - (c) the constitutive documents of the Issuer and each of the Guarantors;
 - (d) the most recent published audited consolidated annual and unaudited consolidated semi-annual and quarterly financial statements of the Issuer; and
 - (e) the documents incorporated by reference into this Prospectus.

A copy of this Prospectus and any document incorporated by reference in this Prospectus will also be available for viewing on the website of the Luxembourg Stock Exchange (www.bourse.lu).

8. **Legend for any U.S. Person.** The Notes and any Coupons appertaining thereto will bear a legend to the following effect: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”
9. **ISIN and Common Code.** The Notes have been accepted for clearance and settlement through Euroclear and Clearstream, Luxembourg. The International Securities Identification Number for the Notes is XS2116503546 and the Common Code is 211650354. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is, 42 Avenue J.F. Kennedy, L-1855 Luxembourg.
10. **Yield.** Based upon an issue price of 99.253 per cent. of the principal amount of the Notes, the yield on the Notes is 1.237 per cent. on an annual basis. The yield is calculated at the Closing Date on the basis of the issue price. It is not an indication of future yield.
11. **Potential Conflicts of Interest.** Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer, the Guarantors and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantors or affiliates or any entity related to the Notes. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer or the Guarantors consistently with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer’s or the Guarantors’ securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the purpose of this paragraph the word “affiliates” include also parent companies.

REGISTERED OFFICE OF THE ISSUER

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