B&C Speakers Group

Condensed Interim Financial Report

as of 30 June 2023

Prepared in compliance with
International Financial Reporting Standards
approved by the European Union

Contents

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B&C Speakers S.p.A.
Registered Office in Bagno a Ripoli (FI), Italy at Via Poggiomoro 1
Paid-up share capital of € 1,100,000
Florence Business Register – Tax ID 01398890481

THE B&C SPEAKERS GROUP – Corporate bodies

Board of Directors

Chairperson	Roberta Pecci
Chief Executive Officer	Lorenzo Coppini
Director:	Alessandro Pancani
Director:	Francesco Spapperi
Independent Director:	Raffaele Cappiello
Independent Director:	Veronica Tonini
Independent Director:	Valerie Sun

Board of Auditors

Chairperson:	Riccardo Foglia Taverna
Statutory Auditor:	Giovanni Mongelli
Statutory Auditor:	Sara Nuzzaci
Alternate Auditor:	Adriano Moracci
Alternate Auditor:	Daniela Ermini

Financial Reporting Manager

Francesco Spapperi

Independent auditing firm

PricewaterhouseCoopers S.p.A.

Introduction to the condensed consolidated interim financial report at 30 June 2023

INTRODUCTION

The present Condensed Consolidated Interim Financial Report of the B&C Speakers Group at 30 June 2023 was prepared observing the International Accounting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union and was drawn up in conformity with IAS 34 "Interim Financial Statements". These condensed consolidated interim financial statements therefore do not include all the information required of the annual financial statements and must be read together with the annual financial statements prepared for the financial year ended 31 December 2022.

The present report has been drawn up also in accordance with Italian Legislative Decree 58/1998, and with the Regulation for Issuers published by CONSOB.

During the first half of 2023, the Parent Company continued its buyback programme, involving treasury shares, in accordance with the resolution passed by the Shareholders' Meeting held on 28 April 2023, which renewed the mandate to purchase treasury shares for another 12 months. At 30 June 2023, it held 163,511 treasury shares, equal to 1.49% of the share capital. The weighted average purchase price of shares in the portfolio is € 11.08.

At the date of this report (September 2023), the number of Treasury shares owned has changed with respect to 30 June 2023 and amounts to 2,868, equal to 0.03% of the share capital. For your information we can note that the Parent Company B&C Speakers S.p.A. is controlled by R&D International S.r.l. which performs work of direction and coordination.

The equity interest held by the holding Research & Development International S.r.l. represented, at 30 June 2023, 54.00% of the share capital; further information on relations with the holding are contained in the rest of the report.

Condensed consolidated interim financial report at 30 June 2023 prepared in conformity with the IFRSs endorsed by the European Union

The B&C Speakers Group is one of the international reference points as regards the economic sector of production and sale of "professional loudspeakers in a high quality band"; the business of the Group, which operates both at the national and international level, is carried on entirely in the above sector (production and sale of Loudspeakers in a high quality band). Products are manufactured and assembled at the Italian production plants of the Parent Company and the subsidiary Eighteen Sound S.r.l., which also directly supervise marketing and sales in the various geographical areas covered.

Distribution in the US market is handled through the American subsidiary B&C Speakers NA LLC, which also offers support services for sales to local customers.

Distribution in the Brazilian market is handled through the subsidiary B&C Speakers Brasil LTDA.

Products are distributed on the Asian market through local distributors served directly by the Parent Company and the subsidiary Eighteen Sound S.r.l.

Highlights

In the tables below we present the economic and financial highlights of the half-year period:

Income statement highlights

(€ thousands)	**1st half 2023**	**1st half 2022**
Revenues	48,542	37,390
Ebitda	12,059	8,298
Ebit	11,024	7,243
Net profit	8,138	4,632

Balance sheet highlights

(€ thousands)	**30 June 2023**	**31 December 2022**
Non current Assets	11,180	11,183
Non current liabilities	10,002	12,632
Current assets	70,458	68,826
Current liabilities	33,350	30,684
Net working Capital	37,107	38,142
Net Equity	38,285	36,693

Cash flow statement highlights

(€ thousands)	**1st half 2023**	**1st half 2022**
Operating cash flow	8,940	(3,741)
Cash flow from investing activities	(563)	(202)
Cash flow from financial activities	(11,728)	1,049
Cash flow for the period	(3,351)	(2,895)

Net financial position

(€ thousands)	**30 June 2023**	**31 December 2022**
Current net financial position	1,309	2,404
Total net financial position	(7,862)	(9,414)

Share performance

The B&C Speakers S.p.A. shares are listed on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A.

At 30 June 2023 (the last open market day of the half), the reference price for B&C Speakers S.p.A. (BEC) shares stood at € 14.35 and consequently the market capitalisation amounted to about € 157.8 million.

The following shows the share performance of B&C Speakers SpA during the period from January - August 2023.

Macroeconomic Situation

The impacts of the conflict in Ukraine on the global economy, which started in February 2022, together with those of the COVID-19 pandemic, officially classified as over during 2023, are still uncertain and difficult to define given that the deterioration of growth prospects have multiple causes, some of which are indirectly associated with the pandemic.

New economic estimates issued by the International Monetary Fund in July 2023 suggest moderate growth in GDP during 2023, at 3% globally and 1.8% in the United States, 0.9% in the eurozone and 5.2% in China. The risks in this basic scenario continue to be complex, with higher inflation, higher than the historic average during the most recent period, with possible further interest rate hikes after the significant ones already recently implemented by the main central banks, above all the ECB and the Federal Reserve, which lead to reduced consumer spending power and propensity to spend, as well as developments in and the consequences of the Russia/Ukraine war, as already mentioned.

Industry scenario

Following the COVID-19 crisis, the professional audio sector is experiencing an extremely rapid recovery in its reference market, with a surge of live events and concerts.

Given this situation, 2022 was a year of full recovery, exceeding pre-pandemic levels, and the initial months of 2023 have confirmed the extremely positive trends in the sector. Additionally, prospects in the next three years remain extremely positive, with very interesting growth levels.

Group economic performance

Overall economic performance in the first half of 2023 saw a net improvement over the first half of 2022. This was reflected in the Group's performance, which saw net growth during the half in question compared to the first half of 2022. Furthermore, there were significant incoming orders received during the half, which brought (with respect to the Parent Company) the order portfolio to around € 26.2 million at 30 June 2023.

To better present the trend in operations in relation to the first half of financial year 2023 compared with the same period of the previous year, a table showing these results is provided below:

Economic trends - Group B&C Speakers

(€ thousands)	**1 half 2023**	***Incidence***	**1 half 2022**	***Incidence***
Revenues	48,542	*100.00%*	37,390	*100.0%*
Cost of sales	(30,468)	*-62.77%*	(24,560)	*-65.7%*
Gross margin	**18,073**	***37.23%***	**12,829**	***34.3%***
Other revenues	170	*0.35%*	126	*0.3%*
Cost of indirect labour	(2,490)	*-5.13%*	(2,161)	*-5.8%*
Commercial expenses	(479)	*-0.99%*	(452)	*-1.2%*
General and administrative expenses	(3,216)	*-6.62%*	(2,044)	*-5.5%*
Ebitda	**12,059**	***24.84%***	**8,298**	***22.2%***
Depreciation and Amortization	(1,035)	*-2.13%*	(996)	*-2.7%*
Writedowns	0	*0.00%*	(58)	*-0.2%*
Earning before interest and taxes (Ebit)	**11,024**	***22.71%***	**7,243**	***19.4%***
Writedown of investments in non controlled associates	0	*0.00%*	-	*0.0%*
Financial costs	(981)	*-2.02%*	(2,072)	*-5.5%*
Financial income	785	*1.62%*	800	*2.1%*
Earning before taxes (Ebt)	**10,828**	***22.31%***	**5,972**	***16.0%***
Income taxes	(2,715)	*-5.59%*	(1,590)	*-4.3%*
Profit for the year	**8,113**	***16.71%***	**4,382**	***11.7%***
Minority interest	0	*0.00%*	0	*0.0%*
Group Net Result	**8,113**	***16.71%***	**4,382**	***11.7%***
Other comprehensive result	26	*0.05%*	250	*0.7%*
Total Comprehensive result	**8,138**	***16.77%***	**4,632**	***12.4%***

Note:

This interim report presents and comments on certain financial figures and certain reclassified schedules not defined within the IFRS.
These amounts are defined below in compliance with the provisions in CONSOB Communication (DEM 6064293) of 28 July 2006, as subsequently amended (CONSOB Communication 0092543 of 3 December 2015, implementing the ESMA/2015/1415 guidelines).
The alternative performance indexes listed below should be used as additional information with respect to that foreseen in the IFRS, to assist the users of the financial report to better comprehend the Group's economic, capital and financial performance. We emphasise that the adjustment methods used by the Group to calculate these figures have remained constant over the years. We also note that they could differ from methods used by other companies.
EBITDA (earnings before interest taxes depreciation and amortisation) is defined by the Issuer's Directors as the "before-tax and financial income and expenses", as resulting from the consolidated income statement gross of amortisation/depreciation, provisions and writedowns as resulting from the aforesaid consolidated income statement. EBITDA is a measure that the Issuer uses to monitor and assess the Group's operating performance.
EBIT (earnings before interest and taxes) represents the consolidated profit/loss before taxes, financial expenses and income as shown in the income statement tables prepared by the Directors in drawing up the financial statements in accordance with the IASs/IFRSs.
EBT (*earnings before taxes*) is the consolidated result before tax, as recorded in the income statement prepared by the Directors in preparing IAS/IFRS-compliant consolidated financial statements.

Revenue

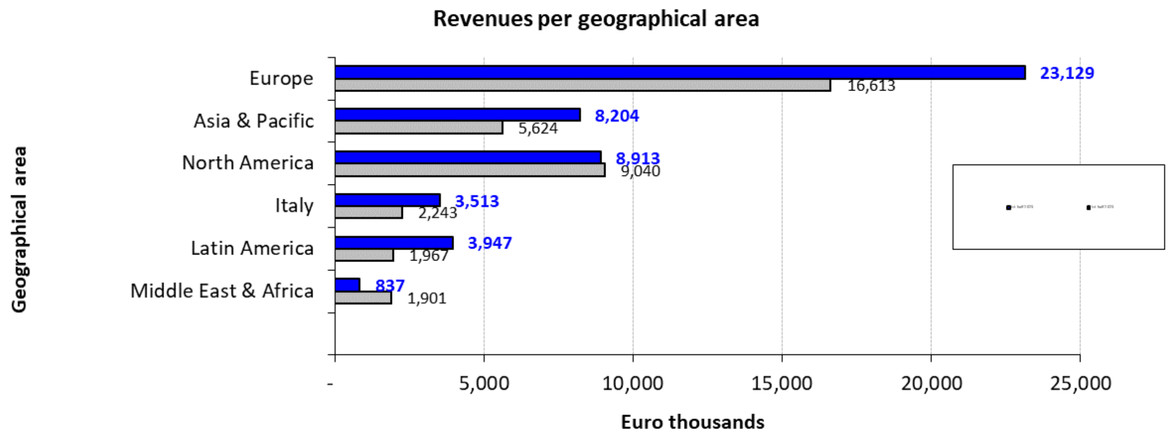
During the half, Group revenue reached a record high of € 48.5 million, an amount never before seen in the multiple decades in which B&C Speakers has been operating, an increase of 29.83% over to the same figure in 2022.

More specifically, the turnover achieved was the result of a significant increase in volume (+16%) and a better sales mix.

Turnover was higher in almost all the Group's reference markets and driven in large part by European and Asian customers, although the excellent performance in the South American market should not be forgotten, the last to exit the post-pandemic crisis.

Below is a full breakdown for the first half of 2023 by geographic area compared with the same period in 2022 (amounts in euros):

Geographical Area	1st half 2023	%	1st half 2023	%	Change	Change %
Latin America	3,946,663	8.1%	1,967,116	5.3%	1,979,547	101%
Europe	23,128,674	47.6%	16,613,429	44.4%	6,515,245	39%
Italy	3,513,022	7.2%	2,243,381	6.0%	1,269,641	57%
North America	8,913,217	18.4%	9,039,968	24.2%	(126,751)	-1%
Middle East & Africa	836,642	1.7%	1,901,412	5.1%	(1,064,770)	-56%
Asia & Pacific	8,203,644	16.9%	5,624,204	15.0%	2,579,440	46%
Total	**48,541,862**	**100.0%**	**37,389,509**	**100.0%**	**11,152,352**	**29.83%**



Cost of sales

This category includes raw materials (purchasing, processing by third parties and changes in inventories), the cost of personnel directly involved in the production process, transport costs and the costs for commissions payable, customs duties and other direct costs of lesser importance.

The cost of sales improved over the first half of 2023 in terms of impact on revenue compared to the same period in 2022, going from 65.7% to 62.7%. This improvement was the consequence of a return to pre-pandemic transport costs and, although to a lesser extent, increased cost efficiency for direct personnel, despite an increase in absolute value (+21% over the first half of 2022), due to the need to support higher production volumes.

Indirect Personnel

This category refers to costs for office staff, executives and workers not associated with the production process.

The cost for indirect personnel fell compared to the first half of 2022 in terms of impact on revenue, going from 5.8% to 5.1%. In absolute terms, the figure for the first half of 2023 increased slightly following the hiring of certain resources within the commercial and production structures.

Commercial expenses

This category refers to costs for commercial consultancy, advertising and marketing, travel and subsistence and other minor charges relating to the commercial sector.

Commercial expenses were substantially unchanged compared to the first half of 2022.

Administrative and General

Administrative and general expenses rose compared to the corresponding figure for 2022, and their overall impact increased from 5.4% to 6.6%. The increase in administrative and general expenses is mainly due to higher costs for external consulting linked to the acquisition described in “Significant events subsequent to 30 June 2023” in this Report and, in part, to higher energy costs.

EBITDA and EBITDA Margin

Due to the trends illustrated above, EBITDA in the first six months of 2023 came out at € 12.1 million, increasing by € 3.76 million, +45.3% compared to the same period of 2022.

Also in terms of the EBITDA margin, there was an improvement, with the figure reaching 24.9% of revenue (22.2% in the first six months of the previous year).

As noted above, the acquisition described in the section on significant events subsequent to 30 June 2023 in this report led to costs for external consulting during the half of around € 524 thousand. Hence, it was determined that it would be useful to state the EBITDA and EBITDA Margin values (adjusted EBITDA) before this effect, as seen in the following table:

(€ thousands)	**1 half 2023**	***Incidence***	**1 half 2022**	***Incidence***
Ebitda	**12,059**	***24.84%***	**8,298**	***22.19%***
Costs for business aggregation	524	***1.08%***	-	***0.00%***
Ebitda adjusted	**12,583**	***25.92%***	**8,298**	***22.19%***

Depreciation and amortisation

Depreciation of property, plant and equipment and amortisation of intangible assets and rights of use were essentially in line with the previous year and came to € 1,035 thousand (€ 996 thousand during the same period in 2022).

EBIT and EBIT margin

EBIT for the first six months of 2023 amounted to € 11.02 million, up 52.2% compared to the same period of 2022 (when the figure was € 7.24 million). The EBIT margin was 22.7% of revenues (19.4% in the same period of 2022).

Group Net Profit

The Group’s net profit at the end of the first half of 2023 amounted to € 8.11 million and represents 16.7% of consolidated revenue, with a total increase of 85.1% compared to the corresponding period in 2022.

Equity and financial trend

Below is the reclassified balance sheet according to the allocation of sources and uses:

Reclassified Balance sheet *(€ thousands)*	**31 March 2023**	**31 December 2022**	**Change**
Property, plant & Equipment	**7,423**	**7,572**	**(149)**
Inventories	28,470	26,420	2,050
Trade receivables	22,270	21,592	678
Other receivables	4,957	7,171	(2,214)
Trade payables	(11,909)	(13,487)	1,578
Other payables	(7,093)	(5,202)	(1,891)
Working capital	**36,695**	**36,494**	**201**
Provisions	**(831)**	**(814)**	**(17)**
Invested net working capital	**43,288**	**43,252**	**35**
Cash and cash equvalents	6,987	5,825	1,162
Investments in associates	0	-	-
Goodwill	2,318	2,318	-
Short term securities	8,671	8,574	97
Other financial receivables	542	536	5
Financial assets	**18,518**	**17,253**	**1,265**
Invested net non operating capital	**18,518**	**17,253**	**1,265**
NET INVESTED CAPITAL	**61,806**	**60,506**	**1,300**
Equity	38,285	36,693	1,592
Short-term financial borrowings	14,349	11,994	2,354
Long-term financial borrowing	9,171	11,818	(2,647)
RAISED CAPITAL	**61,806**	**60,506**	**1,300**

Note:

Fixed Assets: these are defined by the Issuer's Directors as the value of multi-year assets (*property, plant and equipment, rights of use and other intangible assets*). Net Operating Working Capital: is defined by the Issuer's Directors as the value of inventories, trade receivables and other receivables net of debts for supplies and other payables. Funds: the value of bonds linked to employees' severance indemnities and directors' severance pay. Invested net working capital: is the value of financial assets and other financial receivables as described above. Raised capital: is the value of Net Equity of the Group and the total indebtedness of the Group.

A number of comments on the classification of assets and liabilities according to their operational destination are presented below.

Net Invested Operating Capital remained essentially unchanged with respect to 31 December 2022. This performance was mainly due to the combined effect of the following factors:

- an increase in trade receivables of around € 0.7 million due to higher sales volumes during the period;
- an increase in warehouse inventories of around € 2 million, required to support the production volumes achieved, as well as prospective volumes;
- a decrease in trade payables of around € 1.5 million as the stock policy undertaken by the Group in 2022 to deal with the higher cost of raw materials was no longer required.

Net Invested Non-Operating Capital increased compared to 31 December 2022 by around € 1.3 million, for the most part due to the increase in the Group's cash and cash equivalents as a consequence of the significant cash flows generated by operating activity during the half.

It is noted that the performance of the Group’s security portfolio market value showed adjusted profit to fair value of € 95 thousand at 30 June 2023.

The other Capital categories showed no changes compared with 31 December 2022.

Financial debt

Short-term borrowings increased by € 2.3 million due to the increase in bank overdrafts and reclassification of medium/long-term loan instalments due within the next 12 months, the effect of which was partially offset by the payment of the instalments coming due during the half.

Medium/long-term borrowings fell by € 2.7 million after paying the instalments on existing loans.

The overall *Net Financial Position* was negative at € 7.8 million, compared to a negative € 9.4 million at the end of 2022. The Net Financial Position was influenced by the significant cash flows generated by operating management during the period, the effect of which was partially offset by the payment of a € 6.5 million dividend and loan instalments coming due.

Corporate structure

At 30 June 2023 the Group's workforce numbered 168 employees, in line with 31 December 2022.

Investments

Investments during the first half of 2023 were mainly focused on improving production lines.

Significant events during the first half of 2023

The Shareholders' Meeting, held on 28 April 2022, approved the financial statements and approved the issue of an ordinary dividend of € 0.60 per ordinary share outstanding at the ex-dividend date.

Additionally, with the goal of rationalising the Group's structure, on 23 June 2023, the administrative bodies of the relative entities approved the merger by incorporation of Sound & Vision S.r.l. into Eighteen Sound S.r.l., which will be finalised during the current year.

At present, the flow of orders does not seem to be affected by the dramatic developments in Ukraine, as the Group has historically had very limited business with the countries involved. It cannot be excluded however that a continuing conflict and possible extension, could result in an indirect contraction in demand. B&C Speakers SpA Management is carefully monitoring developments in this scenario to understand the possible political, economic and other types of implications that this could have on the Company and Group's business.

Significant events subsequent to 30 June 2023

As already announced in the press release on 8 September 2023, on that date, the parent company B&C Speakers S.p.A. acquired 100% of the share capital of Eminence Speaker LLC from Eminence Holdings LLC (unit purchase agreement - UPA) and also undertook to obtain from Eminence Dongguan Enterprise Co. Ltd, (also a subsidiary of Eminence Holdings LLC), a significant part of its assets through a newco fully held by B&C.

The establishment of the newco and consequent acquisition of the assets (asset purchase agreement - APA) from Eminence Dongguan Enterprise Co. Ltd has the aim of acquiring production factors seen as strategic to strengthen and develop turnover on the Asian market achieved by the Eminence brand, also through additional investments.

The payment of the price for the entire operation, USD 4,495,050, and associated costs, was financed by B&C Speakers through the use of a portion of its available financial resources.

More specifically, the price to acquire 100% of the share capital of Eminence Speaker LLC from Eminence Holdings LLC was USD 3,551,000, while the price to acquire a portion of the assets of Eminence Dongguan Enterprise Co. Ltd (consisting of inventories and tangible assets) was USD 943,950.

Eminence Speaker LLC has around 90 employees and designs and manufactures professional electro-acoustic transducers for the musical instrument (MI) market, as well as for alarm systems and the car audio after market. The company was established in 1966 and took off in the 90s, becoming an internationally recognised brand.

The operation described above is a significant step in the B&C Speakers internationalisation strategy, the purposes of which can be summarised as follows:

- the availability of an additional brand, with a historic presence on the professional audio market and a strong presence in the United States, especially in the musical instruments sector in which B&C has historically been less present;
- the strengthening of Eminence as an international brand through marketing projects and new product launches;
- the availability of production plants in geographic areas in which B&C Speakers has successfully operated in the commercial arena for years and which can offer interesting opportunities for expansion and improved efficiency and shorten the supply chain in Southeast Asia. The availability of two new production plants will provide the ability to manage the reshoring process, which involves, above all, North American manufacturing.

At the time this interim report was prepared, no other events had occurred after 30 June 2023 which required full reporting in this report.

Business outlook

The climate within the reference market continues to be highly positive for the current year. It is more than reasonable to expect that 2023 will end with production and sales showing significant improvement over 2022.

Nonetheless, it is important to remember that the results expected for 2023 could potentially suffer direct or indirect effects from the consequences of the war currently in progress between

Russia and Ukraine, even if historically the Group does not have any significant turnover from Russian or Ukrainian customers.

In this situation, the Group will continue to work to meet its commitments and goals, adopting all necessary measures to manage the direct and indirect effects of the risk factors cited above.

Major shareholders and main data concerning the Issuer's shares

As of the date this interim financial report was prepared (September 2023), the official data reveals the following major shareholders:

- ***Research & Development International S.r.l*,** which holds a 54.00% stake (*parent company*);
- *Lazard Freres Banque* which holds 4.44%;
- *Joh. Berenberg, Gossler & Co. KG* which holds 3.52%;
- *First Capital S.p.A. which holds 3.20%*
- *Allianz Global Investors GmbH* which holds 2.42%;

Disclosure pursuant to Art. 79 of the Issuers' Regulation no. 11971/99

In relation to the disclosure obligations laid down by Art. 79 of the Issuers' Regulation no. 11971/99, with regard to holdings, in issuers themselves and their subsidiaries, pertaining to members of the administrative and auditing bodies, general managers and key managers, as well as by spouses (where not legally separated) and their under-age children, whether directly or through subsidiaries, trustees or third parties, as resulting from the book of members, communications received and other information acquired by the members of the administrative and auditing bodies, general managers and key managers, the following information is provided:

- as at 30 June 2023, the Director Lorenzo Coppini holds 50,000 shares in B&C Speakers S.p.A.;
- as at 30 June 2023, the Director Alessandro Pancani holds 3,617 shares in B&C Speakers S.p.A.;
- as at 30 June 2023, the Director Roberta Pecci holds 11,542 shares in B&C Speakers S.p.A.

Main risks and uncertainties to which the group is exposed

For a full breakdown of the main risks and uncertainties to which the Group is exposed, please see the Report on Operations in the consolidated financial statements at 31 December 2022.

With reference to financial risks, please see that indicated in the explanatory notes below.

Corporate Governance

The Group abides by the Code of Corporate Governance of Italian Listed Companies currently in effect. In accordance with the legislative obligations a Corporate Governance Report is prepared annually. In addition to providing a general description of the corporate governance system adopted by the Group, this contains the information on the ownership structures and on acceptance of the single prescriptions of the Code of Corporate Governance and on observance of the consequent commitments. For a more detailed description of the elements that make up Corporate Governance see the complete document relating to the annual report available on the website www.bcspeakers.com, in the Corporate Documents section.

Art. 36 of the CONSOB Markets Regulation (adopted with CONSOB Resolution No. 16191/2007 and subsequent amendments): conditions for listing of companies that control companies incorporated and governed by the law of States not belonging to the European Union

In relation to the regulatory requirements regarding the conditions for the listing of companies that control companies incorporated and governed by the laws of States not belonging to the European Union and of significant relevance for the purposes of consolidated financial statements, note that:

- as of 30 June 2023 the regulatory requirements of Art. 36 of the Markets Regulation apply to the subsidiaries B&C Speakers NA LLC and B&C Speakers Brasil LTDA.
- appropriate procedures were adopted in order to ensure complete compliance with the aforesaid regulations.

Art. 37 of the CONSOB Markets Regulation: Conditions that inhibit the listing of shares in subsidiaries subject to the direction and coordination of another company

We certify, under the terms of Art. 2.6.2. Section 13 of the Regulation for Markets Organised and Managed by Borsa Italiana S.p.A., the existence of the conditions pursuant to Article 37 of CONSOB Regulation No. 16191/2007.

Condensed consolidated interim financial statements at 30 June 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 June 2023 PREPARED IN CONFORMITY WITH THE IFRSs ADOPTED BY THE EUROPEAN UNION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Values in Euro)*		*Notes*	30 June 2023	31 December 2022
ASSETS				
Fixed assets				
Tangible assets		*1*	2,637,336	2,513,000
Right of use		*2*	4,383,862	4,657,737
Goodwill		*3*	2,318,181	2,318,181
Other intangible assets		*4*	401,778	400,956
Investments in non controlled associates		*5*	-	-
Deferred tax assets		*6*	897,507	756,478
Other non current assets		*7*	541,717	536,368
	related parties	*37*	*6,700*	*6,700*
Total non current assets			**11,180,381**	**11,182,720**
Currents assets				
Inventory		*8*	28,470,118	26,420,332
Trade receivables		*9*	22,270,079	21,592,254
Tax assets		*10*	0	19,831
Other current assets		*11*	12,730,017	14,968,330
Cash and cash equivalents		*12*	6,987,479	5,825,350
Total current assets			**70,457,693**	**68,826,097**
Total assets			**81,638,074**	**80,008,817**
LIABILITIES				
Equity				
Share capital		*13*	1,083,624	1,083,955
Other reserves		*13*	3,966,055	3,490,104
Foreign exchange reserve		*12*	467,143	442,276
Retained earnings		*12*	32,768,627	31,676,850
Total equity attributable to shareholders of the parent			**38,285,449**	**36,693,185**
Minority interest			-	-
Total equity			**38,285,449**	**36,693,185**
Non current liabilities				
Long-term borrowings		*14*	5,849,447	8,183,309
Long-term lease liabilities		*15*	3,321,945	3,634,895
	related parties	*37*	*2,766,341*	3,086,130
Severance Indemnities		*16*	789,317	772,315
Provisions for risk and charges		*17*	41,487	41,487
Total non current liabilities			**10,002,196**	**12,632,006**
Current liabilities				
Short-term borrowings		*18*	13,127,520	10,819,475
Short-term lease liabilities		*15*	1,221,286	1,174,874
	related parties	*37*	*924,519*	885,605
Trade liabilities		*19*	11,908,717	13,487,204
	related parties	*37*	*85,312*	*83,175*
Tax liabilities		*20*	4,114,645	2,445,913
Other current liabilities		*21*	2,978,262	2,756,160
Total current liabilities			**33,350,430**	**30,683,626**
Total Liabilities			**81,638,075**	**80,008,817**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE FIRST HALF OF 2023 PREPARED IN CONFORMITY WITH THE IFRSs ADOPTED BY THE EUROPEAN UNION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Values in Euro)		*Notes*	**1 half 2023**	**1 half 2022**
Revenues		*23*	48,541,861	37,389,509
Cost of sales		*24*	(30,468,416)	(24,560,274)
Other revenues		*25*	169,770	126,122
Cost of indirect labour		*26*	(2,489,662)	(2,161,166)
Commercial expenses		*27*	(478,825)	(452,036)
General and administrative expenses		*28*	(3,215,746)	(2,043,868)
Depreciation and amortization			(1,035,166)	(996,493)
Writedowns		*29*	-	- 58,419.00
Earning before interest and taxes			**11,023,817**	**7,243,375**
Writedown of investments in non controlled associates			-	0
Financial costs		*30*	(981,259)	(2,071,627)
	related parties	*37*	*(41,873)*	(42,699)
Financial income		*30*	785,471	800,450
Earning before taxes			**10,828,029**	**5,972,198**
Income taxes		*31*	(2,715,429)	(1,590,221)
Profit for the year (A)			**8,112,600**	**4,381,977**
Other comprehensive income/(losses) for the year that will not be reclassified in icome statement:				
Actuarial gain/(losses) on DBO (net of tax)		*13*	1,008	27,970
Other comprehensive income/(losses) for the year that will be reclassified in icome statement:				
Exchange differences on translating foreign operations		*13*	24,867	222,489
Total other comprehensive income/(losses) for the year (B)			**25,875**	**250,459**
Total comprehensive income (A) + (B)			**8,138,475**	**4,632,435**
Profit attributable to:				
Owners of the parent			8,112,600	4,381,977
Minority interest			-	-
Total comprehensive income atributable to:				
Owners of the parent			8,138,475	4,632,435
Minority interest			-	-
Basic earning per share		*13*	0.75	0.40
Diluted earning per share		*13*	0.75	0.40

CONSOLIDATED CASH FLOW STATEMENT AT 30 June 2023 PREPARED IN CONFORMITY WITH THE IFRSs ADOPTED BY THE EUROPEAN UNION

Consolidated statement of cash flows *(values in Euro thousands)*	1 half	
	2023	**2022**
A- Net current bank balances at the beginning of the period	**5,350**	**8,075**
B- Cash flow from operating activities		
Profit/loss for the period (Including third parties Profit/loss)	8,138	4,632
Income tax expense	2,715	1,590
Amortization of intangibles assets	79	45
Depreciation of tangible assets	956	951
Depreciation and amortization	1,035	996
Sale of property, plant and equipment	0	0
Finance cost	981	2,072
Interest income	(785)	(800)
Net change in provisions for risk and charges and other provision relating to personell	16	16
Change in provigion for leaving indemnities	1	(60)
(increase) decrease in current trade and other current receivables	1,733	(5,439)
(increase) decrease in deferred tax assets and liabilities	(141)	(19)
(increase) decrease in inventory	(2,050)	(8,027)
Increase (decrease) in current trade and other payables	(2,505)	2,453
Net cash from/(used in) operating activities	**9,139**	**(2,586)**
Paid interest costs	(800)	(457)
Collected interest income	632	324
Taxes paid	(31)	(1,022)
Total (B)	**8,940**	**(3,741)**
C- Cash flow from investing activities		
(Investments) in non current tangible assets	(478)	(338)
Proceeds for sale of non current tangible assets	0	0
Net (investments) in non current intangible assets	(80)	(109)
Net (investments) in investment in associates	0	0
(increase) decrease in non current receivables	0	0
Net (investments) in non current securities	(5)	0
(Investments) in current securities	0	0
Proceeds from sale of current securities	0	245
Total (C)	**(563)**	**(202)**
D- Cash flow from financing activities		
(Outflow) from repayment of loans	(4,816)	(5,180)
Inflow from borrowing activities	277	10,501
(Outflow) from repayment of lease liabilities	(644)	(631)
Purchase of treasury shares	(42)	(162)
Dividend paid to shareholders	(6,503)	(3,479)
Total (D)	**(11,728)**	**1,049**
E- Cash flow for the period (B+C+D)	**(3,351)**	**(2,895)**
F- Cash and cash equivalents at end of the period	**1,999**	**5,180**

Note 1: the liquidity absorbed by repayment of rights of use liabilities includes absorption of liquidity attributable to transactions with the parent R&D International S.r.l. for € 488 thousand.

The following table shows the composition of the balance of net cash and cash equivalents at 30 June 2023 and at 30 June 2022:

Reconciliation between Net Cash and Cash & cash equivalent	**30-Jun-23**	**30-Jun-22**
Cash	6,987	5,180
Bank overdrafts	(4,988)	-
Total	**1,999**	**5,180**

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY, PREPARED IN CONFORMITY WITH THE IFRSs ADOPTED BY THE EUROPEAN UNION

We present below the changes in net equity that occurred in the first half of 2023 and in the first half of 2022.

	Share Capital	Legal Reserve	Share premium reserve	Extraordinary reserve	Exchange rate reserve	Foreign exchange reserve	Retained earnings	Net Group Equity	Minority interest	Total net Equity
Euro thousand										
Balance at January 1, 2023	1,084	379	3,013	44	55	442	31,677	36,693	-	36,693
Result of the period							8,113	8,113		8,113
Other comprehensive income/expenses						25	0	25		25
Totale other comprehensive income/expenses	-	-	-	-	-	25	8,113	8,137	-	8,137
Shareholders										
Dividend distribution							(6,503)	(6,503)	-	(6,503)
Treasury shares allocation	0		(42)				-	(42)		(42)
Other							-	-		-
Balance at June 30, 2023	1,084	379	2,971	44	55	467	33,286	38,286	-	38,286

	Share Capital	Legal Reserve	Share premium reserve	Extraordinary reserve	Exchange rate reserve	Foreign exchange reserve	Retained earnings	Net Group Equity	Minority interest	Total net Equity
Euro thousand										
Balance at January 1, 2022	1,088	379	3,480	44	55	445	22,886	28,376	-	28,376
Result of the period							4,382	4,382		4,382
Other comprehensive income/expenses						222	28	250		250
Totale other comprehensive income/expenses	-	-	-	-	-	222	4,410	4,632	-	4,632
Shareholders										
Dividend distribution							(3,479)	(3,479)	-	(3,479)
Treasury shares allocation	(1)		(161)				-	(162)		(162)
Other							-	-		-
Balance at June 30, 2022	1,087	379	3,319	44	55	668	23,817	29,367	-	29,367

Notes to the condensed consolidated interim financial report at 30 June 2023 prepared in conformity with the IFRSs adopted by the European Union

Accounting policies

The present condensed consolidated interim financial statements were prepared in compliance with the International Accounting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union. The term "IFRS" is also used to refer to all revised International Accounting Standards ("IAS") and all interpretations provided by the International Financial Reporting Interpretations Committee ("IFRIC"), previously named the Standing Interpretations Committee ("SIC").

The present condensed consolidated interim financial statements were drawn up in accordance with IAS 34 "Interim Financial Statements". These condensed interim financial statements do not include, therefore, all the information required in the annual financial statements and must be read together with the annual financial statements prepared for the financial year ended 31 December 2022.
The accounting standards adopted in preparing the present condensed consolidated interim financial statements are the same as those adopted in preparing the Group's annual consolidated financial statements for the financial year ended 31 December 2022.

While preparing the condensed consolidated interim financial statements, the Parent Company's Management made assessments, estimates and assumptions which have an effect on the value of revenue, costs and assets and liabilities and the disclosure related to the potential assets and liabilities at the reference date. It should be noted that, as these are estimates, they may differ from the actual results that may be obtained in the future.
Certain valuation processes, in particular the more complex ones such as determining any impairment losses on non-current assets are generally carried out completely only on preparation of the year-end consolidated financial statements, when all the necessary information is available, except in cases when there is evidence of impairment that requires an immediate measurement of losses.

Income taxes are recognised on the basis of the best estimate of the average rate expected for the entire financial year.

The Group's activities are not subject to significant seasonal factors.

Limited auditing of the condensed consolidated interim financial report for the B&C Speakers Group at 30 June 2023 was entrusted to PricewaterhouseCoopers S.p.A.

Update on the Russia-Ukraine war

With reference to the ongoing war between Russia and Ukraine, neither the results for 2022 nor those for the first half of 2023 have seen any direct effects from the consequences of the war in progress. In fact, the Group has no history of significant turnover from Ukrainian or Russian customers.

The Group has only seen marginal indirect effects from the conflict in terms of higher costs.

More specifically, as the Group's activities are not particularly energy intensive, energy costs rose € 189 thousand in the first half of 2023 compared to the same period the previous year. Therefore, the overall effect on margins is limited.

B&C Speakers SpA Management is carefully monitoring developments in this scenario to understand the possible political, economic and other types of implications that this could have on the Company and Group's business.

Taking the above into account, as well as the financial structure, existing liquidity, banking facilities available and the order portfolio at June 2023, Management does not see any significant uncertainties regarding the existence of the prerequisites for business continuity, as the Parent Company and the Group have the ability to meet their obligations and continue operating as a functioning entity for the foreseeable future.

Accounting standards, amendments and interpretations applied from 1 January 2023

- On 18 May 2017, the IASB published IFRS 17 - Insurance Contracts, which will replace IFRS 4 - Insurance Contracts. The standard applies as of 1 January 2023, with earlier application permitted, but only for companies which apply IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers.

- On 9 December 2021, the IASB published "Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information". The amendment offers a transitional option for comparative information about the financial assets presented in first-time application of IFRS 17. The amendment is intended to avoid temporary accounting misalignments between financial assets and liabilities for insurance contracts and, hence, to improve the utility of comparative information for financial statement users. The amendments apply as of 1 January 2023, with first time application of IFRS 17.

- On 12 February 2021 the IASB published two amendments, "Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2" and "Definition of Accounting Estimates - Amendments to IAS 8". The amendments are intended to improve disclosures on accounting policies so as to provide more useful information for investors and other financial statement users, as well as help companies to distinguish between changes in accounting estimates and changes in accounting policies. The amendments apply as of 1 January 2023.

- On 7 May 2021, the IASB published "Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction". The document clarifies the accounting process for deferred taxes for certain transactions that may generate assets and liabilities of the same amount, such as leases or decommissioning requirements. The amendments apply as of 1 January 2023.

No significant impacts arose from these amendments, either in terms of amounts or financial statement disclosures.

IFRS accounting standards, amendments and interpretations approved by the European Union but not yet mandatory and not adopted in advance by the Group at 30 June 2023

As of the reporting date of this document the competent bodies of the European Union have not yet completed the approval process required for the adoption of amendments and of the principles described below.

- The IASB published "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" on 23 January 2020 and

"Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants" on 31 October 2022. The documents provide clarification on how to classify payables and other short or long-term liabilities. The amendments take effect on 1 January 2024, with early application permitted.

- On 22 September 2022, the IASB published "Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback". The document requires the seller/lessee to value the lease liability deriving from a sale-and-leaseback transaction so as not to recognise revenue or losses that refer to the right of use retained. The amendments apply from 1 January 2024, with early application permitted.
- On 23 May 2023, the IASB published "Amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules". The document introduces a temporary exception to recognition and disclosure requirements for deferred tax assets and liabilities relative to the Pillar Two Model Rules and establishes a specific disclosure requirement for entities affected by the relative international tax reform. The document calls for immediate application of the temporary exception, while the disclosure requirements apply only to financial statements for financial years beginning on or after 1 January 2023, but not to interim financial reports with a reporting date prior to 31 December 2023.
- On 25 May 2023, the IASB published "Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements". The document requires entities to provide additional information on reverse factoring agreements that allow financial statement users to assess the effects of supplier finance arrangements on the entity's liabilities and cash flows and exposure to liquidity risk. The amendments apply from 1 January 2024, with early application permitted.

The Group will adopt these new standards, amendments and interpretations, on the basis of the envisaged application date, and will assess the relative impacts, when they have been approved by the European Union.

Additionally, Directive no. 2022/2464, also known as the Corporate Sustainability Reporting Directive or CSRD, was published in the Official Journal of the EU on 16 December 2022. The introduction of the CSRD in relation to precise parameters for application is aimed at large unlisted companies, small and medium-sized listed companies and branches with non-EU parent companies.

Starting in 2024, 2025, or 2026, based on the type of company, a single standard must be adopted — the European Sustainability Reporting Standard (ESRS) — development of which has been delegated to the European Financial Reporting Advisory Group (EFRAG). The first set of ESRSs consists of 12 Standards: two Cross Cutting Standards of a general nature and ten Topical Standards (Environmental - 5 standards, Social - 4 standards, Governance - 1 standard).

Consolidation scope

The interim report at 30 June 2023 prepared according to the IFRSs includes line by line the financial statements of the Parent Company and of the companies of the B&C Speakers Group.

The companies within the scope of consolidation at 30 June 2023 are the following:

Companies	Country	Group structure at 30 june 2023			Group structure at 31 december 2022		
		Direct	Indirect	Total	Direct	Indirect	Total
B&C Speaker S.p.A.	Italy	Parent Company			Parent Company		
Eighteen Sound S.r.l.	Italy	100%		100%	100%		100%
Sound & Vision S.r.l.	Italy		100%	100%		100%	100%
B&C Speaker NA LLC	USA	100%	-	100%	100%	-	100%
B&C Speaker Brasil LTDA	Brasil	100%	-	100%	100%	-	100%

With reference to subsidiaries, there were no changes in the scope of consolidation compared to 31 December 2022.

The exchange rates applied in the conversion of financial statements in currencies other than the euro in the first half of 2022, at 31 December 2022 and in the first half of 2023 are shown in the table below:

Currency	30-Jun-23		31-Dec-22		30-Jun-22	
	Avg exch.	Final exch.	Avg exch.	Final exch.	Avg exch.	Final exch.
EURO/USD	1.0807	1.0866	1.053	1.067	1.0934	1.0387
EURO/REAL	5.4827	5.279	5.440	5.639	5.5565	5.4229

Operating segments

IFRS 8 requires precise identification of the areas of business in the internal reports used by the management in order to allocate resources to the various segments and monitor their performance. Based on the definition of the operating segments given by IFRS 8, the Group operates in a single sector ("acoustic transducers") and consequently executive reporting pertains to this area of business alone.

Analysis of the breakdown of the main items of the consolidated balance sheet at 30 June 2023

1. Property, plant and equipment

A breakdown of property, plant and equipment and the related changes during the period are highlighted in the following tables:

(In euros)

Historic cost	31-Dec-22	Additions	Reclassification	Foreign exch.	(Decreases)	30-Jun-23
Land and buildings	5,532	-	-	(102)	-	5,431
Photovoltaic System and other minor	1,295,698	3,462	62,030	-	(18,000)	1,343,190
Lightweight construction	124,925	-	-	-	-	124,925
Plants and machinery	8,854,150	82,368	-	(3,107)	(14,315)	8,919,095
Industrial equipment	8,155,999	135,133	101,405	147	(1,355)	8,391,329
Various equipment	1,530,758	65,595	-	2,925	(9,742)	1,589,537
Fixed assets in progress	148,657	210,750	(163,435)	-	-	195,972
Total	**20,115,719**	**497,308**	**-**	**(137)**	**(43,412)**	**20,569,479**

Accumulated depreciation	31-Dec-22	Depreciation	Reclassification	Foreign exch.	(Decreases)	30-Jun-23
Land and buildings	6,486	-	-	(97)	-	6,390
Photovoltaic System and other minor	924,661	31,167	-	-	(18,000)	937,828
Lightweight construction	81,933	5,429	-	-	-	87,362
Plants and machinery	7,537,453	175,316	-	(2,112)	(9,587)	7,701,070
Industrial equipment	7,683,899	128,150	-	130	(1,311)	7,810,869
Various equipment	1,368,063	29,200	-	587	(9,449)	1,388,401
Fixed assets in progress	-	-	-	-	-	-
			-	-	-	
Total	**17,602,495**	**369,262**	**-**	**(1,492)**	**(38,346)**	**17,931,919**

Net value	31-Dec-22	Increases	Reclassification	Foreign exch.	Depreciation	(Decreases)	30-Jun-23
Land and buildings	12	-	- -	5	-	-	7
Photovoltaic System and other minor	371,036	3,462	62,030	-	(31,167)	-	405,361
Lightweight construction	42,249	-	-	-	(5,429)	-	36,820
Plants and machinery	1,316,252	82,368	-	(996)	(175,316)	(4,728)	1,217,580
Industrial equipment	472,099	135,133	101,405	17	(128,150)	(44)	580,459
Various equipment	162,693	65,595	-	2,338	(29,200)	(293)	201,134
Fixed assets in progress	148,659	210,750	(163,435)	-	-	-	195,974
	-	-	-	-	-	-	-
Total	**2,513,000**	**497,308**	**-**	**1,355**	**(369,262)**	**(5,065)**	**2,637,336**

The most significant changes that occurred during the first half of 2023 refer to investments made on the production lines to increase their efficiency and, at the same time, allow the Group to adjust its production levels to meet increased demand.

2. Rights of use

The Group recognised rights of use assets and liabilities for leases in the same amount, discounting the value of lease fees falling due. At 30 June 2023, the Group had rights of use for € 4,383 thousand (€ 4,658 thousand at 31 December 2022), broken down as follows:

- Rights of use for properties of € 4,361 thousand, relative to medium/long-term property lease contracts;
- Rights of use for equipment of € 1 thousand, relative to medium/long-term lease contracts for industrial, electronic and IT equipment;
- Rights of use for vehicles of € 21 thousand, relative to medium/long-term lease contracts for company cars.

The change during the half is mainly due to the effects of amortisation during the period.

3. Goodwill

A breakdown of this item is highlighted in the following table:

(In euros)

Goodwill	30-Jun-23	31-Dec-22
Goodwill on Eighteen Sound S.r.l.	924,392	924,392
Goodwill on B&C Speakers Usa NA LLC	1,393,789	1,393,789
Writedowns	-	-
Total goodwill	**2,318,181**	**2,318,181**

The item Goodwill saw no changes with respect to 31 December 2022 and refers to:

(i) the consolidation of the equity investment in B&C Speakers NA LLC, for € 1,394 thousand;

(ii) the consolidation of the equity investment in Eighteen Sound S.r.l. for € 924 thousand.

The value of the goodwill is the positive difference between the purchase cost and the Group's share in the current values of the identifiable assets, liabilities and contingent liabilities of entities acquired, as of the date of acquisition.

Goodwill is subjected once a year, or more frequently should specific events or changed circumstances indicate possible impairment, to tests to identify any impairments, in accordance with the provisions of IAS 36 - Impairment of assets. The recoverability of the carrying amount is tested by comparing the net carrying amount of individual cash generating units (CGU) with the recoverable amount (value in use). This recoverable amount is represented by the present value of future cash flows that are expected from continuous use of the assets belonging to the cash generating units and from the terminal value attributable to them.

The assumptions made while preparing the business plan used for the impairment test conducted on during preparation of the annual financial statements, approved by the Board of Directors on 15 March 2023, did not change significantly during the period in question, also taking into account the results seen by the aforementioned CGUs during the first half of 2023. The measurements performed by the group did not identify, as of the reporting date, indicators that would lead management to deem it necessary to update the impairment test conducted at 31 December 2022 and approved by the Parent Company's Board of Directors on 15 March 2023 in support of the recognition of goodwill.

Given that the recoverable amount was determined on the basis of estimates, the Group cannot guarantee that there will be no impairment of goodwill in future periods.

4. Other Intangible assets

A breakdown of intangible assets and the related changes during the period are highlighted in the following table:

(In euros)

Other intangible fixed assets	31-Dec-21	Additions	Reclassifications	Foreign Exchange	Depreciation	30-Jun-22
Patent rights	331,208	62,953	-	-	69,067	325,094
Intangible assets in progress	17,500	17,315	-	-	-	34,815
Total	**400,956**	**80,268**	**-**	**-**	**79,446**	**401,778**

"Patent rights" comprise software purchased from external suppliers, B&C Speakers trademark registration costs and costs for patent registration. The increase mainly refers to capitalisation of costs incurred to adapt the information system.

Development costs refer to those incurred by the Group to develop a new type of speaker.

5. Deferred tax assets

At 30 June 2023, this item reflects deferred tax assets, net of deferred tax liabilities, totalling € 897 thousand (€ 756 thousand at 31 December 2022).

These amounts mainly consist of prepaid taxes arising following the taxation of not-entirely-deductible costs during the period and prepaid tax arising following derecognition of intra-Group margins.

Deferred tax assets have been recognised because the management expects the Company to generate future taxable income against which it can use this positive balance.

6. Other non-current assets

The item is made up of:

(In euros)

Other non current assets	30-Jun-23	31-Dec-22	Change	% Change
Insurance poilcies	465,700	465,700	-	0%
Guarantee deposits	59,678	59,678	-	0%
Ires refund receivables	6,700	6,700	-	0%
Others	9,639	4,290	5,349	125%
Total non current assets	**541,717**	**536,368**	**5,349**	**1%**

Insurance policies refers to receivables accrued in respect of the insurance companies Fondiaria Assicurazioni and Allianz in relation to the capitalisation policies signed in order to guarantee adequate financial cover of the Directors' severance pay.

The value of the assets relating to insurance policies recognised in the financial statements has been measured according to the value of the premiums paid.

Guarantee deposits reflects the amount receivable for guarantee deposits issued based on contracts for the leasing of the Group's manufacturing and administrative offices.

7. Inventories

Warehouse inventories are calculated according to the F.I.F.O. method and can be broken down as follows:

(In euros)

Inventories	30-Jun-23	31-Dec-22	Change	% Change
Row materials and consumables	6,803,316	7,566,081	(762,765)	-10%
Work in progress and semi-finished	18,349,339	15,726,957	2,622,382	17%
Finished goods	4,378,842	4,104,124	274,718	7%
Gross Total	**29,531,497**	**27,397,162**	**2,134,335**	**8%**
Provision for inventory writedowns	(1,061,379)	(976,831)	(84,548)	9%
Net Total	**28,470,118**	**26,420,332**	**2,049,786**	**8%**

The value of inventories is shown net of provisions for inventory writedowns of € 895 thousand, with the following changes during the half:

Change in provision for inventory writedowns	31-Dec-22	Increase	Use	Foreign Exchange	30-Jun-23
Provision for inventory writedowns	976,831	80,000	-	4,548	1,061,379
Total	**976,831**	**80,000**	**-**	**4,548**	**1,061,379**

Provisions for inventory writedowns have been estimated as a result of an analysis on the recoverability of stock values.

The gross value of inventories at 30 June 2023 was up compared to 31 December 2022 due to the increase in stock achieved to support higher production levels.

8. Trade receivables

Trade receivables relate to normal sales made to domestic and foreign customers and can be broken down as follows:

(In euros)

Trade receivables	30-Jun-23	31-Dec-22	Change	Change %
Trade receivables	22,802,636	22,116,925	685,711	3%
(Provision for doubtful accounts)	(532,557)	(524,671)	(7,886)	2%
Total	**22,270,079**	**21,592,254**	**677,825**	**3%**

The gross value of trade receivables is substantially in line with the amount at 31 December 2022. As of the date this interim report was prepared, the effects of the pandemic had not caused any significant delays in the collection of receivables. Lastly, there is no exposure to Russian or Ukrainian customers.

9. Current tax assets

At 30 June 2023, the assets in question came to zero (€ 19 thousand at 31 December 2022), as the Group had a net debtor position for current taxes in the relevant liabilities item (Note 19).

10. Other current assets

Other current assets can be broken down as follows:

(In euros)

Other current assets	30-Jun-23	31-Dec-22	Change	% Change
Receivables towards supplier	544,717	390,439	154,278	40%
Securities	8,670,621	8,573,524	97,098	1%
Other tax receivables	2,829,495	4,791,761	(1,962,266)	-41%
Other minor receivables	81,594	457,948	(376,354)	-82%
Total other receivables	**12,126,428**	**14,213,672**	**(2,087,244)**	**-15%**
Total prepaid expenses and accrued income	**603,589**	**754,658**	**(151,069)**	**-20%**
Total current assets	**12,730,017**	**14,968,330**	**(2,238,313)**	**-15%**

Securities held in the portfolio refer to asset management items denominated in € and held for short-term liquidity. These securities were measured at fair value and the estimated gain (€ 95 thousand) recognised as financial expenses on the income statement. A portion of the securities portfolio has been used in a pledge guaranteeing existing bank overdrafts.

The item for prepayments and accrued income mainly refers to costs for assistance and insurance fees.

11. Cash and cash equivalents

In line with the requirements established in CONSOB communication DEM/6064293 dated 28 July 2006 and in compliance with the Guidelines on disclosure requirements pursuant to Regulation EU 2017/1129 (the "Prospectus Regulation") issued by ESMA and explicitly referenced by CONSOB in its Call to Attention no. 5/21 dated 29 April 2021, the Group's net financial position at 30 June 2023 is as follows:

(In € thousands)

(values in Euro thousands)	30 June 2023 (a)	31 December 2022 (a)	Change %
A. Cash	6,987	5,825	20%
C. Other current financial assets	8,671	8,574	1%
D. Cash and cash equivalent (A+C)	**15,658**	**14,399**	**9%**
E. Bank overdrafts	(4,988)	(476)	-
F. Current portion of non current borrowings	(9,360)	(11,519)	-19%
G. Current borrowingse (E+F)	**(14,349)**	**(11,995)**	**20%**
H. Current net financial indebtness (G+D)	**1,309**	**2,404**	**-46%**
I. Non current financial indebtness	(9,171)	(11,818)	-22%
L. Non current financial indebtness	**(9,171)**	**(11,818)**	**-22%**
M. Total financial indebteness (H+L)	**(7,862)**	**(9,414)**	**-16%**

(a) Information taken and/or calculated from the financial statements prepared in compliance with IFRS adopted by the European Union.

The item "Current portion of non-current financial debt" includes € 1,225 thousand relative to financial liabilities for rights of use expiring within the next twelve months (€ 1,174 thousand at 31 December 2022).

Similarly, the item "Non-current financial debt" includes € 3,178 thousand relative to financial liabilities for rights of use expiring after the next twelve months (€ 3,634 thousand at 31 December 2022).

Below is a statement of reconciliation between the final net cash and cash equivalents as seen in the Consolidated Cash Flow Statement and net financial debt shown above.

	30-Jun-23	31-Dec-22
Cash and cash equivalents at end of the period	**1,999**	**5,350**
Current portion of non current borrowings	(8,139)	(10,344)
Non current borrowings	(5,849)	(8,183)
Securities held for trading	(1,221)	(1,175)
Other financial current borrowings	(3,322)	(3,635)
Other financial non current borrowings	8,671	8,574
Total net financial position	**(7,862)**	**(9,414)**

For further details concerning the change in cash and cash equivalents, please refer to the enclosed consolidated cash flow statement.

12. NET EQUITY

Share capital

Share capital came to € 1,083 thousand at 30 June 2023. Following the continuation of the share buy-back plan, at 30 June 2023, the Parent Company held 163,551 treasury shares, equal to 1.49% of the share capital. At the date of this report (September 2023), the number of Treasury shares owned has changed with respect to 30 June 2023 and amounts to 2,868, equal to 0.03% of the share capital. The following table shows the changes, in the first half of 2023, to the number of shares outstanding of the Parent Company:

Reconciliation of the number of outstanding shares	Outstanding shares (n.)
December 31, 2022	**10,839,837**
Treasury shares purchased	(3,388)
Treasury Shares sold	-
June 30, 2023	**10,836,449**

Other reserves

This item, equalling € 3,966 thousand at 30 June 2023, comprises the legal reserve for € 379 thousand, the extraordinary reserve for € 44 thousand, the reserve for unrealised capital gains on currency exchange for € 55 thousand and the share premium reserve for € 2,971 thousand.

In particular, the share premium reserve, which originated on placing of the Parent Company's ordinary shares, during the period in question, fell by € 42 thousand following the recognition of operations carried out on treasury shares.

Foreign Exchange reserve

This item amounted to € 467 as at 30 June 2023 and includes the exchange differences arising from conversion of the financial statements in foreign currencies. This reserve increased by € 25 thousand due to the recognition of other statement of comprehensive income items relating to the conversion of financial statements into foreign currency.

Retained earnings reserves

This item includes the following reserves:

Retained earnings

This includes the results of previous years, net of distribution of dividends.

Actuarial measurement reserve for employee benefit funds

This item includes the effects on net equity of the discounting component of severance indemnity.

Result of the period

This item comprises the net period result for € 8,316 thousand and other period profits/(losses), for a positive value of € 1 thousand relative to the component deriving from the actuarial measurement of severance indemnity. This financial component is shown, net of the relevant tax effect, in the other components of the statement of comprehensive income.

The following tables show the effects recognised in the other components of the Statement of Comprehensive Income:

Euro Thousand	Foreign exchange reserve	Retained earnings	Total Group	Minority interests	Total other comprehensive income/(losses)
June 30, 2023					
Other comprehensive income/(losses) for the year that will not be reclassified in icome statement:					
Actuarial gain/(losses) on DBO (net of tax)		1	1		1
Total	-	1	1	-	1
Other comprehensive income/(losses) for the year that will be reclassified in icome statement:					
Exchange differences on translating foreign operatic	25		25	-	25
Total	25	-	25	-	25
Other comprehensive income/(losses) for the year:	**25**	**1**	**26**	**-**	**26**
June 30, 2022					
Other comprehensive income/(losses) for the year that will not be reclassified in icome statement:					
Actuarial gain/(losses) on DBO (net of tax)		27.97	27.97		27.97
Total	-	27.97	27.97	-	27.97
Other comprehensive income/(losses) for the year that will be reclassified in icome statement:					
Exchange differences on translating foreign operatic	222		222	-	222
Total	222	-	222	-	222
Other comprehensive income/(losses) for the year:	**222**	**27.97**	**250**	**-**	**250**

	June 30, 2023			June 30, 2022		
	Gross value	Fiscal effect	Net value	Gross value	Fiscal effect	Net value
Euro thousand						
Actuarial gain/(losses) on DBO	2	(1)	1	38	(10)	28
Exchange differences on translating foreign operatic	25		25	222		222
Other comprehensive income/(losses)	**27**	**(1)**	**26**	**260**	**(10)**	**250**

Earnings per share

Earnings per share have been calculated as per IAS 33. The value of this indicator is € 0.75 per share (€ 0.40 in the first half of 2022). This indicator has been calculated by dividing the profit or loss attributable to the shareholders of the Parent company by the weighted average of the ordinary shares in issue during the period (no. 10,837,408 in the first half of 2023). There were no significant dilutive factors.

13. Long-term borrowings

The item is made up of:

(In euros)

Long-term borrowings	30-Jun-22	31-Dec-22	Change	Change %
Long-term loan BNL 6169054	1,458,333	1,875,000.01	(416,667)	-22%
Long-term loan Intesa 0IR1017977389	424,917	1,056,047.00	(631,130)	-60%
Long-term loan Intesa 0IC1076967680	1,146,119	1,431,288.00	(285,169)	-20%
Long-term loan Banca Intesa guaranteed	719,268	1,077,402	(358,134)	-33%
Long-term loan BNL guaranteed	714,286	1,071,429	(357,143)	-33%
Long-term loan Intesa 0IC1011858979	715,464	1,072,843	(357,378)	-33%
Long-term loan Simest - PP33867	420,000	480,000	(60,000)	-13%
Long-term loan Simest - FM46888	29,462	39,284	(9,821)	-25%
Long-term loan Simest - FM47037	9,488	12,650	(3,163)	-25%
Long-term loan Simest - EC50949	50,525	67,367.13	(16,842)	-25%
Long-term loan BNL 6173021	161,586	-	161,586	
Total long-term borrowings	**5,849,447**	**8,183,309**	**(2,495,447)**	**-30%**

The table below outlines the changes in financial debt for both the current and non-current portions:

Change in borrowings	31-Dec-22	Refunds	New borrowings	Reclassification current portion	30-Jun-23
Non current portion					
Bank borrowings	8,183,309	-	277,000	(2,610,861)	5,849,448
Total non current borrowings	**8,183,309**	**-**	**277,000**	**(2,610,861)**	**5,849,448**
Curent portion					
Bank borrowings	10,343,751	(4,815,576)	-	2,610,861	8,139,036
Total current borrowings	**10,343,751**	**(4,815,576)**	**-**	**2,610,861**	**8,139,036**
Totale current and non current	**18,527,060**	**(4,815,576)**	**277,000**	**-**	**13,988,484**

In the tables below we present the main characteristics and conditions of the above loans.

(In euros)

Loan details	Loan BNL 2040381	Loan Bnl Flussi	Loan BPER	Loan BNL 6173021
Lender	Banca Nazionale del Lavoro S.p.A.	Banca Nazionale del Lavoro S.p.A.	Banca Popolare Emilia Romagna S.p.A.	Banca Nazionale del Lavoro S.p.A.
Originl amount	1,500,000	1,000,000	1,000,000	277,000
Contract date	27-Jul-21	31-Oct-22	19-Sep-22	17-Feb-23
Due date	27-Jul-23	31-Mar-23	19-Mar-23	17-Feb-26
N. installments	12	1	1	12
N. advanced installments	12	-	-	-
Periodicity	monthly	sole installment	sole installment	quarterly
Interest rate	0.01%	Euribor 3M (base 360) floor zero + spread 0,60%	Euribor 3M (base 360) floor zero + spread 0,75%	Euribor a 3 months + spread 1%
Current Portion	125,000	1,000,000	1,000,000	92,333
Non current portion	-	-	-	161,586

Loan details	Loan Banca Intesa guaranteed	Loan BNL guaranteed	Loan Intesa 0IC1011858979	Loan BNL 6169054
Lender	Intesa S. Paolo S.p.A.	Banca Nazionale del Lavoro S.p.A.	Intesa S. Paolo S.p.A.	Banca Nazionale del Lavoro S.p.A.
Originl amount	2,500,000	2,500,000	2,500,000	2,500,000
Contract date	17-Jun-20	22-Jun-20	19-May-21	22-Mar-22
Due date	17-Jun-25	16-Jun-25	19-May-25	22-Mar-26
N. installments	10	7	7	12
N. advanced installments	3	3	1	4
Periodicity	half yearly	half yearly	half yearly	quarterly
Interest rate	Euribor 6 months + spread 0,7%	Euribor 6 months + spread 0,7%	Euribor 6 months + spread 0,65%	Euribor 3 months + spread 0,85%
Current Portion	715,271	714,286	714,521	833,333
Non current portion	719,268	714,286	715,464	1,458,333

Loan details	Loan Unicredit 0IC1076967680	Loan Intesa flussi	Loan Intesa 0IR1017977389	Loan Simest - PP33867
Lender	Intesa S. Paolo S.p.A.	Intesa S. Paolo S.p.A.	Intesa S. Paolo S.p.A.	Sace Simest
Originl amount	2,000,000	1,000,000	2,500,000	480,000
Contract date	25-Feb-22	24-Oct-22	25-Oct-22	31-mar-21
Due date	25-Feb-26	16-Oct-23	25-Oct-24	31-dic-27
N. installments	8	1	24	8
N. advanced installments	-	-	-	5
Periodicity	half yearly	sole installment	monthly	half yearly
Interest rate	Euribor 6 months + spread 0,90%	Euribor 6 months + spread 1,65%	2.37%	0.55%
Current Portion	569,796	1,000,000	1,254,846	60,000
Non current portion	1,146,119	-	424,917	420,000

Loan details	Loan Simest - FM46888	Loan Simest - FM47037	Loan Simest - EC50949
Lender	Sace Simest	Sace Simest	Sace Simest
Originl amount	93,418	25,300	101,587
Contract date	30-Sep-21	30-Sep-21	12-May-22
Due date	15-Oct-25	15-Oct-25	12-Nov-25
N. installments	6	6	6
N. advanced installments	2	2	2
Periodicity	half yearly	half yearly	half yearly
Interest rate	0.55%	0.55%	0.55%
Current Portion	19,642	6,325	33,683
Non current portion	29,462	9,488	50,525

The borrowings described above are not subject to financial covenants that call for a possible early repayment of debt under certain conditions, nor do they involve any negative pledges applying to the Group.

The Simest loans, while not envisaging any early repayment, do make provision for the increase only of the interest rate if certain conditions occur, compared to what had been agreed on in terms of the contract.

There are no financial payables with maturity dates exceeding five years.

The following tables show the main features and conditions of existing interest rate swap hedging contracts.

Derivative instruments details	Banca Intesa (guaranteed)	BNL (guaranteed)
Counterpart	Intesa S.Paolo S.p.A.	BNL Group
Type of contract	Interest Rate Swap (IRS)	Interest Rate Swap (IRS)
Purpose	Hedging of interest variability risk associated with the Banca Intesa loan	Hedging of interest variability risk associated with the BNl Group loan
Original amount	2,500,000	2,500,000
Periodicity	Half-yearly	Half-yearly
Bank Interest Rate	Euribor 6 months	Euribor 6 months
Company Interest Rate	0.09%	0.05%
Contract date	17 June 2020	22 June 2020
Due date	17 December 2024	16 December 2024
Mark to market amount at June 30, 2023	69,282	68,295

Derivative instruments details	BNL 6169054	Banca Intesa
Counterpart	BNL Group	Intesa S.Paolo S.p.A.
Type of contract	Interest Rate Swap (IRS)	Interest Rate Swap (IRS)
Purpose	Hedging of interest variability risk associated with the BNl Group loan	Hedging of interest variability risk associated with the Banca Intesa loan
Original amount	2,500,000	2,000,000
Periodicity	Quarterly	Half-yearly
Bank Interest Rate	Euribor 6 months	Euribor 6 months
Company Interest Rate	1.05%	1.00%
Contract date	12 April 2022	12 April 2022
Due date	22 March 2026	25 February 2026
Mark to market amount at June 30, 2023	88,338	77,038

14. Financial liabilities for rights of use (current and non-current portions)

At 30 June 2023, financial liabilities for rights of use, calculated by discounting the value of lease fees due, amounted to € 4,543 million, of which € 3,321 million classified among non-current liabilities and € 1,221 million classified among current liabilities.

The change since 31 December 2022 is linked to the net effect of the payment of instalments coming due during the half and the establishment of a new lease contract for an additional portion of the Vallina production plant, in which a company canteen will be established.

Non-current liabilities include financial liabilities with maturity dates exceeding five years for € 211 thousand.

15. Provisions for personnel and similar

The item includes liability accrued in relation to employee severance indemnity and liability accrued against the severance indemnity envisaged for Directors at end of their mandate.

In order to recognise the severance indemnity appropriately, the financial-actuarial value of the liabilities was recalculated, for each employee, to determine a liability similar to that which arises in defined benefit pension plans, in accordance with the guidelines of IAS 19. These provisions are stated net of any advances paid and cash disbursed following resignations which occurred during the period in question.

The present value of liabilities for severance indemnity, in accordance with IAS 19, is € 305 thousand (€ 302 thousand at 31 December 2022).

The following are the technical and economic bases used for the assessment of Severance Indemnity:

Technical parameters

	30-Jun-23
Technical annual discounting rate	3.67%
Annual inflation rate	2.30%
Tasso annuo incremento TFR	3.23%

With regard to the evaluation of the discount rate, the reference used was the IBoxx Corporate AA index of June 2023 with a duration from 7 to 10 years (in line with the average duration of the evaluated group).

In compliance with the provisions of IAS 19, the following tables provide:

- sensitivity analyses for each relevant actuarial hypothesis at the end of the period, showing the effects that would have been seen following the changes made to the actuarial hypotheses reasonably possible at that date, in absolute terms;
- indication of the contribution for the following financial year;
- indication of the average financial term of the obligation for defined benefit plans.

Sensitivity analysis

	DBO 30-june-2023
Turnover rate +1%	288,005
Turnover rate -1%	285,484
Inflation rate + 0,25%	290,109
Inflation rate - 0,25%	283,544
Discount rate + 25%	281,917
Discount rate - 25%	291,832

Estimated future payments

Year	Amount
1	29,033
2	28,625
3	27,806
4	27,091
5	26,306

Service Cost and Duration

Service Cost	0.00
Duration	7.98

Provisions for Directors' Severance Pay at 30 June 2023 amounted to € 485 thousand (€ 468 thousand at 31 December 2022) and, in order to recognise them, for each Director, provisions were set aside for the portion matured during the period on the basis of the existing agreement. The change since 31 December 2022 is the consequence of provisioning during the period.

16. Provisions for risks and charges

At 30 June 2023 the item, of € 40 thousand (unchanged from 31 December 2022), contains provisions to cope with the risk of warranty support for the Group's products.

17. Short-term borrowings

The item is made up of:

(In euros)

Short term borrowings	30-Jun-23	31-Dec-22	Change	Change %
Loan Intesa 66206623	-	500,003	(500,003)	-100%
Loan BNL 6141131	-	500,000	(500,000)	-100%
Loan Banca Intesa guaranteed	715,271	713,281	1,990	0%
Loan BNL garantito	714,286	714,286	0	0%
Loan Intesa 0IC1011858979	714,521	714,050	471	0%
Loan Intesa 0FC1076204523	-	833,667	(833,667)	-100%
Loan Intesa 0IR1017977389	1,254,846	1,240,104	14,742	1%
Loan Intesa Flussi BT	1,000,000	1,000,000	0	0%
Loan Intesa 0IC1076967680	569,796	568,712	1,084	0%
Loan BNL 6169054	833,333	625,000	208,333	33%
Loan BNL flussi	1,000,000	1,000,000	0	0%
Loan BPER	1,000,000	1,000,000	0	0%
Loan 2040381	125,000	875,000	(750,000)	-86%
Loan BNL 6173021	92,333	-	92,333	
Loan Simest - PP33867	60,000	-	60,000	
Loan Simest - FM46888	19,642	19,641	1	0%
Loan Simest - FM47037	6,325	6,325	0	0%
Loan Simest - EC50949	33,683	33,683	0	0%
Short-term borrowings	**8,139,036**	**10,343,751**	**(2,204,715)**	**-21%**
Bank overdrafts	**4,988,484**	**475,724**	**4,512,760**	**949%**
Total	**13,127,520**	**10,819,475**	**2,308,045**	**21%**

For details on the conditions of outstanding loans, one should refer to Note 13.

For more details on the cash flows that have determined the change in short-term financial borrowings, please refer to the attached consolidated statement of cash flows.

18. Trade payables

This item includes amounts due to suppliers and provisions for invoices to be received.

(In euros)

Trade payables	30-Jun-23	31-Dec-22	Change	% Change
Trade payables	11,908,717	13,487,204	(1,578,487)	-12%
Total trade payables	**11,908,717**	**13,487,204**	**(1,578,487)**	**-12%**

The decrease in trade payables is due to the conclusion of the stock policy implemented by the Group in 2022 to limit the effects of upward trends in the prices of raw materials and components.

19. Current tax liabilities

At 30 June 2023, this item came to € 4,114 thousand (€ 2,445 at 31 December 2022) and includes the net debt position for the Group's direct taxes.

20. Other current liabilities

The item is made up of:

(In euros)

Other current liabilities	**30-Jun-23**	**31-Dec-22**	**Change**	**% Change**
Due to social security funds	304,522	477,584	(173,062)	-36%
Unused vacation time and holidays	1,308,438	730,617	577,821	79%
Due to personnel	474,702	540,174	(65,472)	-12%
Other tax liabilities	130,781	272,852	(142,071)	-52%
Other liabilities	759,818	734,934	24,884	3%
Total current liabilities	**2,978,262**	**2,756,161**	**222,101**	8%

The item "Unused vacation time and holidays" includes accruals for the thirteenth month bonus as well as the payable for remaining holidays at 30 June 2023.

The category of "due to personnel" includes payables for salary and retribution not yet paid at 30 June 2023 and settled within the third working day of the next month.

The item "Other payables" mainly includes the payable for directors' fees (€ 337 thousand) as well as advances received from customers.

21. Commitments, guarantees and pending disputes

At 30 June 2023, as at 31 December 2022, no guarantees had been given to third parties by companies within the Group, with the exception of a portion of the securities portfolio which has been pledged as a guarantee for existing bank overdrafts.

With regard to disputes, there are proceedings pending with a former director of one of the Group's subsidiaries. The dispute is in the initial stages. At the reporting date of these financial statements, the assessment undertaken with the assistance of external lawyers appointed by the Group deemed the risk of losing the dispute as possible.

Analysis of the breakdown of the main items of the consolidated income statement closed at 30 June 2023

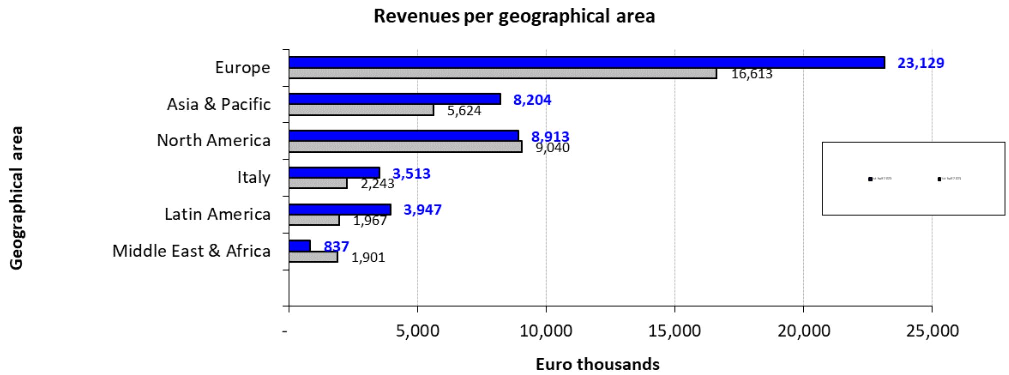
22. Revenue

The table below shows the change in revenue by geographic area:

(In euros)

Geographical Area	1st half 2023	%	1st half 2023	%	Change	Change %
Latin America	3,946,663	8.1%	1,967,116	5.3%	1,979,547	101%
Europe	23,128,674	47.6%	16,613,429	44.4%	6,515,245	39%
Italy	3,513,022	7.2%	2,243,381	6.0%	1,269,641	57%
North America	8,913,217	18.4%	9,039,968	24.2%	(126,751)	-1%
Middle East & Africa	836,642	1.7%	1,901,412	5.1%	(1,064,770)	-56%
Asia & Pacific	8,203,644	16.9%	5,624,204	15.0%	2,579,440	46%
Total	**48,541,862**	**100.0%**	**37,389,509**	**100.0%**	**11,152,352**	**29.83%**

The item can only be broken down in relation to the geographical area for the sales, as the Group's business segment is identifiable exclusively as the manufacture and sale of "top-quality professional loudspeakers".



Turnover was higher in almost all the Group's reference markets and driven in large part by European and Asian customers, although the excellent performance in the South American market should not be forgotten, the last to exit the post-pandemic crisis.

In the first half of 2023, two clients were responsible for turnover above 10% of the total. They account for 14% and 18% of turnover for the half.

23. Cost of sales

The item is as follows (amounts in €):

Cost of sales	I half 2023	I half 2022	Change	Change %
Consumption of production materials	23,592,918	17,869,518	5,723,400	32%
Direct labour	5,241,780	4,330,186	911,593	21%
Freight	1,181,983	2,115,662	(933,679)	-44%
Duties, commissions and other minor costs	451,735	244,908	206,828	84%
Totale Cost of Sales	**30,468,416**	**24,560,274**	**5,908,142**	**24%**

The increase in the cost of sales was essentially determined by the increase in purchase volumes needed to support higher production volumes, combined with a slight increase in the cost of personnel due to greater use of overtime and temporary personnel. On the other hand, during the first half of 2023, transport cost tensions weakened, bringing this cost item to pre-pandemic levels.

Despite the increase in absolute terms, in terms of impact on revenue, the cost of sales improved compared to the same period in 2022, going from 65.7% to 62.7%.

24. Other revenue

This category, which amounts to € 170 thousand for the first half of 2022 (€ 126 thousand in the first half of 2022), mainly refers to recovery of expenses.

25. Indirect Personnel

This category refers to costs of R&D staff, office personnel, top executives and workers not directly involved in the production process. The item is as follows (amounts in €):

Cost of indirect labour	I half 2023	I half 2022	Variazione	Variazione %
Retribution	1,952,444	1,722,888	229,556	13%
Social charges	446,590	358,030	88,560	25%
Severance indemnity	90,629	80,248	10,380	13%
Total cost of indirect labour	**2,489,662**	**2,161,166**	**328,496**	**15%**

The cost for indirect personnel rose compared to the same period in 2022, mainly due to the hiring of new workers in the technical and production areas.

26. Commercial expenses

Commercial expenses came to € 479 thousand (€ 452 thousand in the first half of 2022) and were essentially unchanged, for the most part referring to commercial consulting and the cost of commercial activities at trade fairs.

27. Administrative and General expenses

Administrative and general expenses came to € 3,216 thousand (€ 2,043 thousand in the first half of 2022), up compared to 2022, mainly due to higher costs for external consulting associated with the acquisition described in section 36 “Subsequent events” in these Notes, for € 524 thousand. The remaining increase is linked to higher energy costs for € 189 thousand and costs for technical consulting for € 120 thousand.

28. Amortisation, depreciation and writebacks (net writedowns) for trade and other receivables

The item is as follows (amounts in €):

Amortization, depreciation and writedowns	I half 2023	I half 2022	Change	Change %
Amortization of intangibles assets	79,446	45,278	34,167	75%
Depreciation of tangible assets	356,142	356,641	(499)	0%
Depreciation of right of use	599,578	594,574	5,004	1%
Total amortizations and depreciations	**1,035,166**	**996,493**	**33,668**	**3%**
Total value write-backs (write-downs) of trade and other receivables	**-**	**58,419**	**- 58,419**	**-100%**

The depreciation of property, plant and equipment and amortisation of intangible assets and rights of use were essentially in line with the corresponding six-month period the previous year.

During the first half of 2023, there were no situations involving significant delays in receivables that made it necessary to carry out specific provisioning in terms of the expected loss.

29. Financial income and expenses

Financial income totals € 785 thousand (€ 800 thousand in the first half of 2022) and includes financial income deriving from the fair value measurement of securities held for liquidity purposes for € 97 thousand, realised exchange gains for € 588 thousand, unrealised exchange gains for € 56 thousand and interest income from current accounts for € 44 thousand.

Financial expenses totalled € 981 thousand (€ 2,072 thousand in the first half of 2022) and mainly include the presumed loss deriving from fair value measurement of IRS contracts for € 38 thousand, realised exchange losses for € 593 thousand, unrealised exchange losses for € 133 thousand and interest payable on loans, bank overdrafts and rights of use for € 211 thousand (with € 49 thousand relating to financial expenses associated with measurement of leasing contracts in accordance with IFRS 16).

30. Taxes for the period

This item, including current and deferred taxes, comes to € 2,715 thousand, compared to € 1,590 thousand in the first half of 2022, with the increase due to the growth in the Group's turnover.

31. Transactions with related parties and subsidiaries under their management

The transactions that occurred during the first half of 2023 with related parties are summarised below together with information on transactions with related parties on the basis of the requirements of CONSOB Communication DEM/6664293 of 28 July 2006.

The related parties were identified by the Directors as the holding company Research & Development International S.r.l., a company which provides management and coordination over the issuer and has its with registered office in Florence, Italy at Viale dei Mille no. 60, Tax ID 02342270481, share capital € 90 thousand and, at 30 June 2022, holds 54% of the shares of B&C Speakers S.p.A.

Economic transactions

(In euros)

Financial costs	Total	Research & Development Intl. Srl	Total related parties	Incidence %
I half 2023	(981,259)	(41,873)	(41,873)	4%
I half 2022	(2,071,627)	(42,699)	(42,699)	2%

These financial expenses (recognised following application of IFRS 16) refer to the implicit interest associated with the existing financial liability relative to "*Research & Development International S.r.l.*" for the leasing contracts for the properties cited above.

Financial Relationships

(In euros)

Other non current assets	Total	Research & Development Intl. Srl	Total related parties	Incidence %
30 june 2023	541,717	6,700	6,700	1%
31 december 2022	536,368	6,700	6,700	1%

Long-term lease liabilities	Total	Research & Development Intl. Srl	Total related parties	Incidence %
30 june 2023	(3,321,945)	(2,766,341)	(2,766,341)	83%
31 december 2022	(3,634,895)	(3,086,130)	(3,086,130)	85%

Short-term lease liabilities	Total	Research & Development Intl. Srl	Total related parties	Incidence %
30 june 2023	(1,221,286)	(924,519)	(924,519)	76%
31 december 2022	(1,174,874)	(885,605)	(885,605)	75%

Trade liabilities	Total	Research & Development Intl. Srl	Total related parties	Incidence %
30 june 2023	(11,908,717)	(85,312)	(85,312)	1%
31 december 2022	(13,487,204)	(83,175)	(83,175)	1%

The creditor position of Research & Development International S.r.l. existing at 30 June 2023, is related to the credit for an IRES rebate which arose in 2012 following the rebate application made by the Holding for the financial years in which the Group companies availed themselves of tax consolidation.

Existing financial liabilities relative to Research & Development International S.r.l. refer to the implicit financial payable in the above noted leasing contracts, recognised following application of IFRS 16.

We certify, under the terms of Art. 2.6.2. Section 13 of the Regulation for Markets Organised and Managed by Borsa Italiana S.p.A., the existence of the conditions pursuant to Article 37 of CONSOB Regulation No. 16191/2007.

Transactions with related parties were made on terms equivalent to those prevailing in free transactions between unrelated parties.

32. Transactions deriving from non-recurring operations

Pursuant to the CONSOB Communication dated 28 July 2006, it is noted that during the first half of 2022 no non-recurring operations occurred.

33. Transactions deriving from atypical and/or unusual operations

Under the terms of CONSOB Communication dated 28 July 2006, we can specify that during the first half of 2023 the Group did not engage in any atypical and/or unusual operations, as defined in the said Communication.

34. Information on financial risks

The Group's activities are exposed to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk, interest rate risk and liquidity risk. The strategy adopted by the Group with regard to the management of financial risks is based on the impossibility of being able to influence the external markets and consequently the strategy focuses on an attempt to reduce the adverse effects on the financial performance of the Group itself.

Currency exchange risks

The Group operates internationally and is exposed to exchange risk arising from changes in exchange rates for foreign currencies, primarily the US dollar, Canadian dollar and the Brazilian real. The exchange risk will manifest in future transactions. The Group does not make provision for coverage of this risk, except to seek a long term balance between its sales and purchases, especially in the U.S. dollar zone.

In the first half of 2023, the Group continued to make significant purchases abroad, particularly in Asia; the value of purchases made in foreign currencies (USD and CAD) is summarised as follows:

- purchases in US dollars equal to 13.1 million whose corresponding value in euros (calculated according to the average exchange rate for the period) is equal to € 12.2 million.
- purchases in Canadian dollars equal to € 150 thousand whose corresponding value in € (calculated according to the average exchange rate for the period) is equal to € 103 thousand.

Meanwhile, during the first half of 2023, the Group invoiced clients in foreign currency. More specifically, within the item revenue, the elements paid in foreign currency (USD and Brazilian real) are listed below:

- turnover in US dollars equal to 15.5 million whose corresponding value in euros (calculated according to the average exchange rate for the period) is equal to € 14.4 million;
- turnover in REAL equal to 3.6 million whose corresponding value in euros (calculated according to the average exchange rate for the period) is equal to € 668 thousand.

These figures show that purchases in foreign currency account for approximately 30% of total purchases (40% in the first half of 2022), while sales in foreign currency account for 31% of the Group's turnover (unchanged in the first half of 2022).

Considering that which is set out above, an increase/decrease of 3% in the euro would generate potential gains of Euro 68 thousand and losses of € 64 thousand, respectively.

On the Balance sheet, the equivalent in euros of trade receivables in US dollars at 30 June 2023 amounted to € 7.4 million (the total value at 31 December 2022 was € 7.9 million), while the equivalent value of trade payables in US dollars at 30 June 2022 was € 4.7 million (the total value at 31 December 2022 was € 4.5 million).

Trade Receivables and Payables in other currencies are negligible.

Considering that which is set out above, an increase/decrease of 3% in the euro would generate potential gains of Euro 80 thousand and losses of € 75 thousand, respectively.

Based on the above data, the impact of tax receivables in currency reaches approximately 34% of the overall trade value, while the impact of trade payables in currency accounts for 43% of the total value of corporate debt.

The balance sheet assets in a currency other than the euro were adequate to the exact exchange rate on 30 June 2023, with the associated costs and profits entered in the income statement.

Credit risk

The Group does not have significant concentrations of credit risk, since the strategy adopted has aimed at working with customers who have good credit standing. When transactions entailed a higher risk margin or information on the customer was insufficient, the Company demanded to receive advance payment before supplying the products.

Despite the continuing difficult macroeconomic situation, there were no significant credit defaults at the reporting date of these interim financial statements. This cannot be excluded however in the future.

Lastly, there is no exposure to Russian or Ukrainian customers.

Interest rate risk

The Group has no outstanding financial assets or liabilities capable of significantly affecting its profitability. Therefore, despite the Group not being significantly affected by changes in interest rates the management adopted adequate hedging instruments for interest rate fluctuation risk in particular with regard to certain medium/long term loans, through the signing of IRS (Interest Rate Swaps) agreements. For additional information, reference is made to Note 14.

Liquidity risk

At 30 June 2023, the Group had a negative Net Financial Position of € 7.9 million (negative at € 9.4 million at 31 December 2022). This is the result of a current NFP, which is positive at around € 1.3 million (positive at € 2.4 million at 31 December 2022), and net non-current financial debt of € 9 million (€ 11.8 million at 31 December 2022). For the characteristics of the loans in question, reference should be made to Note 13.

The Group believes that its short and medium-term credit lines and provisions, as well as that which will be generated by operations, will allow it to meet its needs and fulfil its obligations arising from investment activities, manage its working capital and repay its debts in line with their natural due dates.

35. Hierarchical levels of the fair value measurement

For financial instruments recorded on the statement of financial position at fair value, IFRS 7 requires these values to be classified according to a hierarchy of levels that reflects the significance of the inputs used in determining their fair value. The following levels are established:

level 1: listings taken from an active market for the assets or liabilities being measured;

level 2: inputs other than listed prices as per the point above, which can be observed directly (prices) or indirectly (price derivatives) on the market;
level 3: inputs not based on observable market data.

The table below shows the assets and liabilities measured at fair value as at 30 June 2023, according to the hierarchical level of fair value measurement:

Hierarchical level of Fair Value measurement	Level 1	Level 2	Level 3
Financial assets			
Other current assets	8,670,621	-	-
Total	**8,670,621**	-	-
Financial liabilities			
Interest Rate Swap	-	302,953	-
Total	-	**302,953**	-

We note that, with respect to 30 June 2023, there were no movements between the various fair value levels.

The Group assesses its financial assets and financial liabilities at amortised cost except for asset management shown among other current assets and IRS hedging agreements that are measured at fair value through profit and loss.

36. Subsequent events

As already announced in the press release on 8 September 2023, on that date, the parent company B&C Speakers S.p.A. acquired 100% of the share capital of Eminence Speaker LLC from Eminence Holdings LLC (unit purchase agreement - UPA) and also undertook to obtain from Eminence Dongguan Enterprise Co. Ltd, (also a subsidiary of Eminence Holdings LLC), a significant part of its assets through a newco fully held by B&C.

The establishment of the newco and consequent acquisition of the assets (asset purchase agreement - APA) from Eminence Dongguan Enterprise Co. Ltd has the aim of acquiring production factors seen as strategic to strengthen and develop turnover on the Asian market achieved by the Eminence brand, also through additional investments.

Eminence Speaker LLC has around 90 employees and designs and manufactures professional electro-acoustic transducers for the musical instrument (MI) market, as well as for alarm systems and the car audio after market. The company was established in 1966 and took off in the 90s, becoming an internationally recognised brand.

The payment of the price for the entire operation, USD 4,495,050, and associated costs, was financed by B&C Speakers through the use of a portion of its available financial resources.

More specifically, the price to acquire 100% of the share capital of Eminence Speaker LLC from Eminence Holdings LLC was USD 3,551,000, while the price to acquire a portion of the assets of Eminence Dongguan Enterprise Co. Ltd (consisting of inventories and tangible assets) was USD 943,950.

The operation described above is a significant step in the B&C Speakers internationalisation strategy, the purposes of which can be summarised as follows:

- the availability of an additional brand, with a historic presence on the professional audio market and a strong presence in the United States, especially in the musical instruments sector in which B&C has historically been less present;
- the strengthening of Eminence as an international brand through marketing projects and new product launches;
- the availability of production plants in geographic areas in which B&C Speakers has successfully operated in the commercial arena for years and which can offer interesting opportunities for expansion and improved efficiency and shorten the supply chain in Southeast Asia. The availability of two new production plants will provide the ability to manage the reshoring process, which involves, above all, North American manufacturing.

At the time this interim report was prepared, no other events had occurred after 30 June 2023 which required full reporting in this report.

37. Publication authorisation

This document was published on 12 September 2023, authorised by the Chief Executive Officer.

Certification of the Condensed Consolidated Interim Financial Statements under the terms of Art. 154-bis of Italian Legislative Decree 58/98

1. The undersigned Lorenzo Coppini, as Chief Executive Officer and Francesco Spapperi, as Financial Reporting Manager of B&C Speakers S.p.A., hereby certify, also in view of the provisions of Art. 154-bis, paragraphs 3 and 4, of Italian Legislative Decree No. 58 of 24 February 1998:

- the adequacy with regard to the characteristics of the company, and
- the effective application of the administrative and accounting procedures for formation of the condensed interim financial statements during the first half of 2023.

2. We can also confirm that:

2.1 the condensed consolidated interim financial statements:

- are drawn up in accordance with the applicable international accounting standards endorsed by the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and the Council, of 19 July 2002, as well as the measures enacted to implement Art. 9 of Italian Legislative Decree No. 38/2005;
- correspond to the information in the accounting ledgers;
- are capable of providing a fair and correct representation of the situation of the assets and liabilities, and the economic and financial situation, of the issuer and of all the companies included in the consolidation scope.

2.2 The interim report on operations includes a reliable analysis of references to significant events that occurred in the first six months of the year and their impact on the condensed interim financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. The interim report on operations also includes a reliable analysis of information on significant transactions with related parties.

Florence, 12 September 2023

Lorenzo Coppini Francesco Spapperi

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REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the shareholders of
B&C Speakers SpA

Foreword

We have reviewed the accompanying condensed consolidated interim financial statements of B&C Speakers SpA and its subsidiaries (the B&C Speakers Group) as of 30 June 2023, comprising the consolidated statement of financial position, consolidated statement of comprehensive income, statement of changes in the consolidated shareholders' equity, consolidated cashflow statement and related notes. The directors of B&C Speakers SpA are responsible for the preparation of the condensed consolidated interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of condensed consolidated interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed consolidated interim financial statements.

PricewaterhouseCoopers SpA

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of the B&C Speakers Group as of 30 June 2023 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Florence, 12 September 2023

PricewaterhouseCoopers SpA

Signed by

Federico Bitossi
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers. We have not examined the translation of the financial statements referred to in this report.