



# Gruppo B&C Speakers

## Condensed Consolidated Interim Financial Report

as at June 30, 2022

Issued in conformity with the  
International Financial Reporting Standards  
endorsed by the European Union

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[www.bcspeakers.com](http://www.bcspeakers.com)

### **B&C Speakers S.p.A.**

Registered Office in Bagno a Ripoli (FI), via Poggiomoro 1

Paid-up share capital of Euro 1.100.000

Companies Register Florence Office – Tax Code– C.F. 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

Chairmen:	Riccardo Foglia Taverna
Regular Auditor:	Giovanni Mongelli
Regular Auditor:	Sara Nuzzaci
Regular Auditor:	Adriano Moracci
Regular Auditor:	Ermini Daniela

### Financial Reporting Manager

Francesco Spapperi

### Independent auditing firm

PricewaterhouseCoopers S.p.A.

## Introduction to the condensed consolidated interim financial report at June 30, 2022

### PREMISE

This Condensed Consolidated Interim Financial Report of the B&C Speakers Group at June 30, 2022 was issued 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 on December 31, 2021.

This 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 2022 the Parent Company continued in its Buy-Back programme involving treasury shares in accordance with the resolution passed by the Shareholders’ Meeting held on April 29, 2022 which renewed the mandate to purchase treasury shares for another 12 months. At June 30, 2022, it held 133,307 treasury shares, equal to 1.21% of the share capital. The weighted average purchase price of shares in the portfolio is Euro 10.89.

At the date of this report (September 2022), the number of treasury shares held has been modified compared to June 30, 2022 and equal to no. 141,410 equal to 1.29% of the share capital. For information purposes, it should be noted that the Parent Company B&C Speakers S.p.A. is controlled by R&D International S.r.l. which exercises management and coordination activities.

The shareholding held by the parent Research & Development International S.r.l. it is equivalent, as at 30 June 2022, to 54.00% of the Share Capital; further information on relations with the parent company is reported in the course of the report.

## Condensed consolidated interim financial report at June 30, 2022 issued 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 related to the 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 mentioned 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

The charts below show the economic and financial highlights of the half-year period:

<b>Income statement highlights</b> (€ thousands)	<b>1st half</b> <b>2022</b>	<b>1st half</b> <b>2021</b>
Revenues	37,390	19,579
Ebitda	8,298	3,552
Ebit	7,243	2,513
Net profit	4,632	2,099

<b>Balance sheet highlights</b> (€ thousands)	<b>30 June</b> <b>2022</b>	<b>31 December</b> <b>2021</b>
Non current Assets	11,381	11,418
Non current liabilities	13,578	13,358
Current assets	63,146	52,344
Current liabilities	31,583	22,028
Net working Capital	31,563	30,316
Net Equity	29,367	28,376

<b>Cash flow statement highlights</b> (€ thousands)	<b>1st half</b> <b>2022</b>	<b>1st half</b> <b>2021</b>
Operating cash flow	(3,741)	3,354
Cash flow from investing activities	(202)	(2,708)
Cash flow from financial activities	1,049	(2,890)
Cash flow for the period	(2,895)	(2,244)

<b>Net financial position</b> (€ thousands)	<b>30 June</b> <b>2022</b>	<b>31 December</b> <b>2021</b>
Current net financial position	(870)	8,629
Total net financial position	(13,676)	(3,913)

## 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 June 30, 2022 (the last open market day of the half), the reference price for B&C Speakers S.p.A. (BEC) shares stood at Euro 12.20, and consequently the market capitalization amounted to Euro 149 million.

The following provides the share performance of B&C Speakers SpA during the period from January – August 2022.



## Macroeconomic Situation

After just over two years of COVID-19 pandemic, the armed conflict between Russia and Ukraine, with its direct impacts on commodity markets, supply chains, inflation levels and financial markets, has significantly worsened the global macroeconomic environment in the first half of 2022, holding back its economic recovery. Specifically, the rising of the conflict in this first half of the year caused a global shock in the supply of a wide range of raw materials, especially agricultural and energy ones, negatively impacting the world economy, lowering the growth expectations of many countries and creating a new danger to the growing inflation pressures inherited from previous quarters. Considering these factors, a modest global GDP growth rate of around 2.8% is expected for the second quarter on an annual basis, compared to 4.2% in the first quarter.

The Eurozone economy recorded an expected GDP growth rate of 3.1% on an annual basis in the second quarter of 2022 determined by the accumulation of stocks, the boost of net trade linked to the weakness of imports and private consumption supported by various state subsidies and private savings accumulated in past periods, marked by restrictions on mobility and economic activities. However, the economic recovery of the Eurozone in the second quarter was still heavily penalized by the rising levels of inflation generated by the sudden increase in the prices of energy commodities which, as a cascading effect, pushed up the prices of food products, industrial products and services as well. These general price increases resulted in inflation reaching 8% on an annual basis in the second quarter of 2022, up from 6.1% of the previous quarter, and well above the target pursued by the European Central Bank (ECB) of 2%.

In the United States, the GDP growth rate remained positive with an expected value around 2.6 percent year-on-year in the second quarter of 2022, up from 3.5% in the previous quarter,

driven by a strong recovery in domestic consumption for goods and services, and a resilient labor market with the unemployment rate estimated at 3.6% in the second quarter of the year. Although the direct effects of the Russia-Ukraine conflict were lower than in the Eurozone due to limited trade agreements and financial ties, inflation also rose more than expected in the United States, driven by prices of energy and food components that rose 8.7% year-on-year in the second quarter of the year. In order to cope with these inflationary pressures, the Federal Reserve decided at its June meeting to raise the benchmark federal funds rate by 75 basis points to a range of 1.5% to 1.75%.

In Italy, the macroeconomic environment for the second quarter of 2022 was also significantly affected by the conflict between Russia and Ukraine due to the country's heavy dependence on foreign energy resources. In fact, the increase in commodity prices combined with the persistent distortions in supply chains, pushed up inflation levels, which stood at 7.4% year-on-year in the second quarter. The growth in the real economy during this quarter was supported mainly by strong domestic demand for services, registering an expected GDP growth rate of 3.9% year-on-year.

In Brazil, the economy surprised positively by performing better than expected at the beginning of the year, with an expected GDP growth rate of 2.4% year-on-year for the second quarter of the year. The Brazilian economy's growth was mainly supported by a recovery in services and domestic consumption, and export revenues that benefited from high commodity prices, such as oil. Nevertheless, Brazil's central bank maintained a highly restrictive monetary policy this half-year, raising the benchmark interest rate to 13.25% percent to counteract high inflation, which stood at 11.9% year-on-year.

### Industry scenario

The professional audio sector has been significantly affected by the crisis generated by the spread of Covid-19, the first effect of whom remains the strong contraction in demand. In particular, what makes the current crisis particularly harmful consists in the persistence of the prohibitions to carry out activities that require proximity between individuals. The now consolidated disappearance of such prohibitions, albeit with different timing from state to state, makes a real restart of the reference market, strongly characterized by *live* shows and concerts.

Given this situation, 2022, also in light of the results achieved in the first half, could represent the year of complete recovery and overcoming of pre-pandemic levels.

### Group economic performance

The general economic trend of the first half of 2022 shows a marked improvement compared to the corresponding half of 2021 which was still partially influenced by the spread of the Coronavirus and the subsequent containment actions taken by world governments. The progress of the vaccination campaigns put in place by governments, already starting from 2021, has led to a gradual relaxation of the restrictive measures, allowing us to witness, in the course of 2022, a real restart of the sector. This event impacted the Group's performance and made the six-month period in question resulting in clear growth compared to the first half of 2021. Furthermore, the important order collection in the six-month period was highlighted, which led the order book (relative to the Parent Company) to a record level of approximately Euro 47 million at June 30, 2022 (Euro 27.4 million at December 31, 2021).

For a better representation of the management performance relating to the first half of 2022, compared with the same period of the previous year, an explanatory chart of these results is shown below:

#### Economic trends - Group B&C Speakers

(€ thousands)	1 Half 2022	Incidence	1 Half 2021	Incidence
Revenues	37,390	100.00%	19,579	100.0%
Cost of sales	(24,560)	-65.69%	(12,619)	-64.5%
<b>Gross margin</b>	<b>12,829</b>	<b>34.31%</b>	<b>6,960</b>	<b>35.5%</b>
Other revenues	126	0.34%	432	2.2%
Cost of indirect labour	(2,161)	-5.78%	(1,618)	-8.3%
Commercial expenses	(452)	-1.21%	(259)	-1.3%
General and administrative expenses	(2,044)	-5.47%	(1,962)	-10.0%
<b>Ebitda</b>	<b>8,298</b>	<b>22.19%</b>	<b>3,552</b>	<b>18.1%</b>
Amortization & Depreciation	(996)	-2.67%	(1,006)	-5.1%
Writedowns	(58)	-0.16%	(33)	-0.2%
<b>Earning before interest and taxes (Ebit)</b>	<b>7,243</b>	<b>19.37%</b>	<b>2,513</b>	<b>12.84%</b>
Writedown of investments in non controlled associates	0	0.00%	(19)	-0.1%
Financial costs	(2,072)	-5.54%	(203)	-1.0%
Financial income	800	2.14%	365	1.9%
<b>Earning before taxes (Ebt)</b>	<b>5,972</b>	<b>15.97%</b>	<b>2,656</b>	<b>13.6%</b>
Income taxes	(1,590)	-4.25%	(662)	-3.4%
<b>Profit for the year</b>	<b>4,382</b>	<b>11.72%</b>	<b>1,994</b>	<b>10.2%</b>
Minority interest	0	0.00%	0	0.0%
<b>Group Net Result</b>	<b>4,382</b>	<b>11.72%</b>	<b>1,994</b>	<b>10.2%</b>
Other comprehensive result	250	0.67%	105	0.5%
<b>Total Comprehensive result</b>	<b>4,632</b>	<b>12.39%</b>	<b>2,099</b>	<b>10.7%</b>

#### Note:

This interim report shows and analyses certain financial figures and certain reclassified schedules not defined by the IFRS. These figures are defined below in compliance with the provisions in the Consob Communication (DEM 6064293) of July 28, 2006, and subsequent amendments and additions (Consob Communication 0092543 of December 3, 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, in order to assist the users of this financial report to better understand the Group's economic, capital and financial performance. It is noted that the adjustment methods used by the Group to calculate these figures have remained consistent over the years. It should be also noted 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 before depreciation, amortization of fixed tangible assets, provisions and write-downs, 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 charts 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 while preparing IAS/IFRS-compliant consolidated financial statements.

## Revenues

The clear recovery of the Group's reference market enable it, during the first half of 2022, to achieve a record business volume. The Group's turnover was equal to Euro 37.4 million at the end of the first six months of 2022, increased by Euro 17.8 million (+ 90.97%) compared to the same period of 2021.

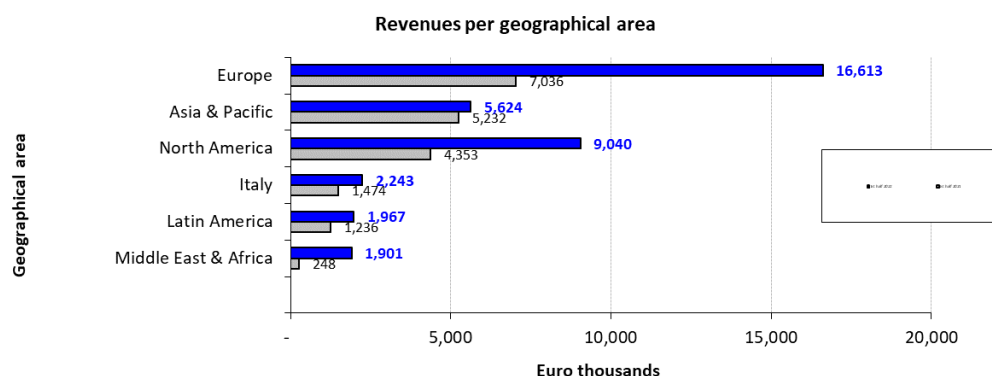
In particular, the level of turnover achieved is due both to an important growth in volumes (up by 56% compared to the same period of 2021), and to the achievement of a better sales mix, in addition to the effect of the increase in prices that became necessary to balance the effects of raw material cost increases. It should also be noted that the sales volumes achieved during the first half of 2022 were 16% higher than the corresponding figure for the first half of 2019, confirming the more than complete recovery of the pre-pandemic levels.



The growth in turnover was achieved in practically all of the Group's reference markets and was largely driven by European and North American customers, although the excellent performance of the Asian market should not be forgotten.

Below is the complete breakdown by geographical area for the first half of 2022 compared with the same period of 2021 (amounts in Euro):

Geographical Area	1st half 2022	%	1st half 2021	%	Change	Change %
Latin America	1,967,116	5.3%	1,235,623	6.3%	731,493	59%
Europe	16,613,429	44.4%	7,035,977	35.9%	9,577,452	136%
Italy	2,243,381	6.0%	1,474,388	7.5%	768,994	52%
North America	9,039,968	24.2%	4,353,205	22.2%	4,686,762	108%
Middle East & Africa	1,901,412	5.1%	247,963	1.3%	1,653,449	667%
Asia & Pacific	5,624,204	15.0%	5,231,690	26.7%	392,514	8%
<b>Total</b>	<b>37,389,509</b>	<b>100.0%</b>	<b>19,578,845</b>	<b>100.0%</b>	<b>17,810,664</b>	<b>90.97%</b>



### Cost of sales

This category includes the consumption of materials (purchases, third party processing and changes in inventories), the cost of personnel directly involved in the production process, transport costs and costs for commission expenses, customs duties and other minor direct costs.

During the first six months of 2022, the cost of sales showed a slight increase in its incidence on revenues compared to the same period of 2021, going from 64.4% to 65.7%; this increase was driven by a higher incidence of transport costs (which remained at end-2021 maximum levels) that was not fully offset by the increased efficiency in the use of direct personnel.

### Indirect Personnel

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

The cost for indirect personnel decreased in terms of incidence on revenues compared to the first half of 2021, going from 8.3% to 5.8%. In absolute terms, the figure for the first half of 2022 increased following the hiring of some resources at the commercial and technical structure.

### Commercial expenses

This category refers to costs for commercial consultancy, advertising and marketing expenses, travels and business trips and other minor charges relating to the commercial sector.

Commercial expenses increased compared to the first half of 2021, as trade shows and consequently the related commercial activities too resumed during the second quarter of 2022.

### ***Administrative and General***

General and administrative costs are substantially stable with respect to the corresponding figure for 2022 and their incidence has therefore significantly decreased, passing from 10% to 5.5%.

### ***EBITDA and EBITDA Margin***

As a result of the dynamics illustrated above, EBITDA for the first six months of 2022 is equal to Euro 8.30 million, with an increase of Euro 4.74 million (+133%) compared to the same period of 2021.

Also in terms of EBITDA margin there is a marked improvement with the figure reaching 22.2% of revenues (18.1% in the first six months of the previous year).

### ***Depreciation***

The depreciation of tangible and intangible fixed assets and rights of use are basically consistent with the first half of the previous year and amounts to Euro 996 thousand (Euro 1,006 thousand in the corresponding period of 2021).

### ***EBIT and EBIT margin***

EBIT for the first six months of 2022 amounts to Euro 7.24 million, an increase of 188% compared to the same period of 2021 (when it was equal to Euro 2.51 million). The EBIT margin is equal to 19.4% of revenues (12.8% in the corresponding period of 2021).

### ***Group Net Profit***

The Group's net profit at the end of the first six months of 2022 amounts to Euro 4.38 million, representing a percentage of 11.7% of consolidated revenues with an overall increase of 119.7% compared to the corresponding period of 2021. However, the Group's net income has been affected by the negative effect of the valuation of portfolio securities, which resulted in a charge (before tax effect) of Euro 1.3 million.

### ***Balance sheet and financial performance***

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

Reclassified Balance sheet (€ thousands)	30 June 2022	31 December 2021	Change
<b>Property, plant &amp; Equipment</b>	<b>7,677</b>	<b>7,733</b>	<b>(56)</b>
Inventories	25,352	17,326	8,027
Trade receivables	19,719	12,996	6,724
Other receivables	4,590	3,989	601
Trade payables	(13,312)	(9,020)	(4,292)
Other payables	(3,027)	(2,732)	(295)
<b>Working capital</b>	<b>33,323</b>	<b>22,557</b>	<b>10,765</b>
<b>Provisions</b>	<b>(772)</b>	<b>(816)</b>	<b>44</b>
<b>Invested net working capital</b>	<b>40,228</b>	<b>29,474</b>	<b>10,753</b>
Cash and cash equivalents	5,180	8,075	(2,895)
Investments in associates	0	-	-
Goodwill	2,318	2,318	-
Short term securities	9,193	10,829	(1,636)
Other financial receivables	497	497	0
<b>Financial assets</b>	<b>17,189</b>	<b>21,719</b>	<b>(4,530)</b>
<b>Invested net non operating capital</b>	<b>17,189</b>	<b>21,719</b>	<b>(4,530)</b>
<b>NET INVESTED CAPITAL</b>	<b>57,416</b>	<b>51,194</b>	<b>6,223</b>
Equity	29,367	28,376	991
Short-term financial borrowings	15,244	10,276	4,968
Long-term financial borrowing	12,806	12,542	264
<b>RAISED CAPITAL</b>	<b>57,416</b>	<b>51,194</b>	<b>6,223</b>

**Note:**

**Fixed Assets:** these are defined by the Issuer's Directors as the value of multi-year assets (properties, plants 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. **Capital raised:** 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 showed here below.

The *Invested net working capital* shows an increase of Euro 10.7 million compared to December 31, 2021. This decrease is mainly due to the combined effect of the following factors:

- an increase in trade receivables of approximately Euro 6.7 million due to higher sales volumes in the half year. It should be noted that, despite the harmful effects of the pandemic on customer liquidity, there have been no situations of significant bad debts as of the date of preparation of this report;
- an increase in inventories of approximately Euro 8 million partly due to the decisive resumption of production and partly to the storage policy undertaken by the Group to reduce the impact of the increase in the cost of raw materials and components
- an increase in trade and miscellaneous payables equal to approximately Euro 4.2 million due both to the higher production volumes of the year and to the aforementioned storage policy undertaken by the Group.

*Net non-operating invested capital* decreased by approximately Euro 4.5 million compared to December 31, 2021. The decrease in the Group's cash and cash equivalents is to be related to

the absorption of liquidity determined by the storage policy undertaken by the Group to reduce the impact of the increase in the cost of raw materials and components.

It should be noted that the market value performance of the Group's securities portfolio showed a fair value adjustment loss of 1.3 million euros as of June 30, 2022.

The other asset categories did not show any changes compared to December 31, 2021.

### Financial Debt

Short-term financial debt increases by Euro 4.9 million due to the reclassification of the installments of medium / long-term loans expiring in the next 12 months for Euro 10.5 million, partially offset by repayments for Euro 5.2 million.

Medium/long-term financial debt increases by Euro 0.3 million due to the effect of the decrease in bank financial liabilities resulting from the reclassification to short-term and the increase in liabilities and new borrowing of Euro 10.5 million.

The overall *Net Financial Position* is negative and equal to Euro 13.7 million against a value of Euro 3.9 million at the end of the 2021 financial year. The Net Financial Position was affected by the absorption of liquidity resulting from the storage policy adopted by the Group in order to reduce the impact of the increase in the cost of raw materials and components, by the payment of a dividend equal to Euro 3.5 million, and finally by the decrease in short-term securities which recorded a fair value loss equal to Euro 1.3 million.

### Corporate structure

At June 30, 2022 the Group's workforce amounted to 168 resources in line with December 31, 2021.

### Investments

The investment activity in the first half of 2022 was mainly focused on activities aimed at improving the production lines.

### Significant events occurred during the first half of 2022

The Shareholders' Meeting, held on April 29, 2022 resolved to approve the financial statements and the distribution of an ordinary dividend equal to Euro 0.32 for each ordinary share in circulation at the ex-dividend date (which took place on April 9, 2022, record date on May 10 and payment on May 11).

As is well known, in February 2022 the geopolitical tensions between Russia and Ukraine resulted in a war conflict. At present, the order flow does not seem to have been affected by the dramatic developments of this situation, noting how the turnover of the Group coming from these countries has historically been of a very low amount. Nevertheless, it cannot be excluded that a prolonged duration of the conflict and its possible extension may lead to an indirect contraction of demand. The management of B&C Speakers SpA is carefully monitoring the evolution of the above-mentioned scenario to understand any further political, economic and any other implication that could impact the business of the Company and the Group.

As regards the health measures taken, the two production companies of the Group continued the process of constant updating of the specific health protocol which provides for the

application of all the protection and containment measures envisaged by the various legislative and regulatory interventions (national and regional) which have followed one another and continue to constitute the necessary prerequisite to allow the carrying out of work activities in a context of safety and respect for the health of workers.

### Events after June 30, 2022

There are currently no events occurring after June 30, 2022 that would require additional notes to this half-year report.

### Business Outlook

The recovery in demand that gradually took hold during the first half of the year required setting higher productivity levels than pre-pandemic figures. Given the current level of order intake and the results achieved in the first half of the year, the Group management believes that 2022 could be a year of surpassing pre-pandemic sales levels. In terms of margins, however, there is a strong upward trend in the price of neodymium, a magnetic material which the Group is widely using in its products, just as the prices of metals in general and their transformation remain high due to the well-known increases in energy costs.

Expected results for 2022 could therefore be directly and indirectly affected by the consequences of the ongoing war conflict between Russia and Ukraine. Nevertheless, it should be noted that generally the Group has not recorded significant turnover from Russian or Ukrainian customers.

As far as the tensions on procurement costs are concerned, it is reasonable to think that the adjustment of sales lists will allow to find a balance that will reduce, as much as possible, the negative effect on margins.

In this scenario, the Group will keep on working in order to meet commitments and targets by continuing to take all necessary measures to manage the direct and indirect effects of the aforementioned risk factors.

### Major shareholders and main data concerning the Issuer's shares

As of the date these financial statements were prepared (September 2022), the official data reveals the following major shareholders:

- **Research & Development International S.r.l.** holding a 54.00% stake (Parent Company);
- *Lazard Freres Banque* holding 4.78%;
- *Joh. Berenberg, Gossler & Co. KG* which holds 3.52%;
- *First Capital S.p.A.* holding 3.21%
- *Allianz Global Investors GmbH* which holds 2.24%;

### 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 June 30, 2022 the Director Lorenzo Coppini holds 50,000 shares in B&C Speakers S.p.A.;
- as at June 30, 2022 the Director Alessandro Pancani holds 3,617 shares in B&C Speakers S.p.A.;
- as at June 30, 2022 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**

To examine the main risks and uncertainties to which the Group is exposed, please refer to the full discussion on the matter in the report on operations of the Consolidated Financial Statements at December 31, 2021.

With reference to financial risks, please refer to the explanatory notes.

### **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 “*Report on Corporate Governance*”, which, in addition to providing a general description of the corporate governance system adopted by the Group, 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](http://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, it should be noted that:

- as of June 30, 2022 the regulatory requirements of Art. 36 of the Market 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 Market Regulation: Conditions inhibiting 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 June 30, 2022

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT JUNE 30, 2022 PREPARED IN ACCORDANCE WITH THE IFRSs ADOPTED BY THE EUROPEAN UNION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Values in Euro)	30 June 2022	31 December 2021
<b>ASSETS</b>		
<b>Fixed assets</b>		
Tangible assets	2,512,063	2,530,233
Right of use	4,786,619	4,888,298
Goodwill	2,318,181	2,318,181
Other intangible assets	378,148	314,159
Deferred tax assets	889,114	869,899
Other non current assets	497,141	496,824
	<i>related parties</i>	<i>6,700</i>
	<i>6,700</i>	<i>6,700</i>
<b>Total non current assets</b>	<b>11,381,266</b>	<b>11,417,594</b>
<b>Currents assets</b>		
Inventory	25,352,382	17,325,538
Trade receivables	19,719,351	12,995,603
Tax assets	24,054	267,450
Other current assets	12,869,546	13,680,165
Cash and cash equivalents	5,180,422	8,075,158
<b>Total current assets</b>	<b>63,145,755</b>	<b>52,343,914</b>
<b>Total assets</b>	<b>74,527,021</b>	<b>63,761,508</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
<b>LIABILITIES</b>		
<b>Equity</b>		
Share capital	1,086,651	1,087,901
Other reserves	4,350,099	4,186,497
Foreign exchange reserve	667,731	445,242
Retained earnings	23,262,182	22,656,388
<b>Total equity attributable to shareholders of the parent</b>	<b>29,366,663</b>	<b>28,376,029</b>
Minority interest	-	-
<b>Total equity</b>	<b>29,366,663</b>	<b>28,376,029</b>
<b>Non current liabilities</b>		
Long-term borrowings	8,985,103	8,620,901
Long-term lease liabilities	3,820,831	3,921,073
	<i>related parties</i>	<i>3,122,103</i>
	<i>731,491</i>	<i>775,447</i>
Severance Indemnities	731,491	775,447
Provisions for risk and charges	40,289	40,291
<b>Total non current liabilities</b>	<b>13,577,714</b>	<b>13,357,712</b>
<b>Current liabilities</b>		
Short-term borrowings	14,139,549	9,183,071
Short-term lease liabilities	1,104,343	1,092,438
	<i>related parties</i>	<i>812,473</i>
	<i>13,311,810</i>	<i>9,020,141</i>
Trade liabilities	13,311,810	9,020,141
	<i>related parties</i>	<i>78,826</i>
	<i>556,148</i>	<i>188,520</i>
Tax liabilities	556,148	188,520
Other current liabilities	2,470,794	2,543,597
<b>Total current liabilities</b>	<b>31,582,644</b>	<b>22,027,767</b>
<b>Total Liabilities</b>	<b>74,527,021</b>	<b>63,761,508</b>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE FIRST HALF OF 2022 PREPARED IN COMPLIANCE WITH THE IFRSs ADOPTED BY THE EUROPEAN UNION**

<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b> (Values in Euro)	<b>6 months 2022</b>	<b>6 months 2021</b>
Revenues	37,389,509	19,578,845
Cost of sales	(24,560,274)	(12,619,143)
Other revenues	126,122	431,900
Cost of indirect labour	(2,161,166)	(1,618,461)
Commercial expenses	(452,036)	(259,237)
General and administrative expenses	(2,043,868)	(1,962,041)
Depreciation and amortization	(996,493)	(1,005,793)
Writedowns	(58,419)	(33,122)
<b>Earning before interest and taxes</b>	<b>7,243,375</b>	<b>2,512,948</b>
Writedown of investments in non controlled associates	-	(19,182)
Financial costs	(2,071,627)	(202,525)
<i>related parties</i>	(42,699)	(33,055)
Financial income	800,450	365,235
<b>Earning before taxes</b>	<b>5,972,198</b>	<b>2,656,476</b>
Income taxes	(1,590,221)	(662,133)
<b>Profit for the year (A)</b>	<b>4,381,977</b>	<b>1,994,343</b>
<b>Other comprehensive income/(losses) for the year that will not be reclassified in income statement:</b>		
Actuarial gain/(losses) on DBO (net of tax)	27,970	3,438
<b>Other comprehensive income/(losses) for the year that will be reclassified in income statement:</b>		
Exchange differences on translating foreign operations	222,489	101,309
<b>Total other comprehensive income/(losses) for the year (B)</b>	<b>250,459</b>	<b>104,747</b>
<b>Total comprehensive income (A) + (B)</b>	<b>4,632,435</b>	<b>2,099,091</b>
<b>Profit attributable to:</b>		
Owners of the parent	4,381,977	1,916,549
Minority interest	-	-
<b>Total comprehensive income attributable to:</b>		
Owners of the parent	4,632,435	2,099,091
Minority interest	-	-
<b>Basic earning per share</b>	<b>0.40</b>	<b>0.18</b>
<b>Diluted earning per share</b>	<b>0.40</b>	<b>0.18</b>



**CONSOLIDATED CASHFLOW STATEMENT AT JUNE 30, 2022 PREPARED IN ACCORDANCE WITH THE IFRSs ADOPTED BY THE EUROPEAN UNION**

Consolidated cashflow statement	First Half	
	2022	2021
<b>A- Net current bank balances at the beginning of the period</b>	<b>8,075</b>	<b>13,415</b>
<b>B- Cash flow from operating activities</b>		
Profit/loss for the period (Including third parties Profit/loss)	4,632	2,099
Income tax expense	1,590	662
Depreciation and amortization	996	1,006
Sale of property, plant and equipment	0	0
Finance cost	2,072	222
Interest income	(800)	(365)
Net change in provisions for risk and charges and other provision relating to personell	16	(166)
Change in provigion for leaving indemnities	(60)	(6)
(increase) decrease in current trade and other current receivables	(5,439)	(2,634)
(increase) decrease in deferred tax assets and liabilities	(19)	(74)
(increase) decrease in inventory	(8,027)	84
Increase (decrease) in current trade and other payables	2,453	2,675
<b>Net cash from/(used in) operating activities</b>	<b>(2,586)</b>	<b>3,503</b>
Paid interest costs	(457)	(138)
Collected interest income	324	127
Taxes paid	(1,022)	(139)
<b>Total (B)</b>	<b>(3,741)</b>	<b>3,354</b>
<b>C- Cash flow from investing activities</b>		
(Investments) in non current tangible assets	(338)	(155)
Net (investments) in non current intangible assets	(109)	(23)
Net (investments) in investment in associates	0	50
Net (investments) in non current securities	0	189
(Investments) in current securities	0	(4,659)
Proceeds from sale of current securities	245	1,890
<b>Total (C)</b>	<b>(202)</b>	<b>(2,708)</b>
<b>D- Cash flow from financing activities</b>		
(Outflow) from repayment of loans	(5,180)	(2,621)
Inflow from borrowing activities	10,501	2,980
(Outflow) from repayment of lease liabilities	(631)	(624)
Purchase of treasury shares	(162)	217
Dividend paid to shareholders	(3,479)	(2,842)
<b>Total (D)</b>	<b>1,049</b>	<b>(2,890)</b>
<b>E- Cash flow for the period (B+C+D)</b>	<b>(2,895)</b>	<b>(2,244)</b>
<b>F- Cash and cash equivalents at end of the period</b>	<b>5,180</b>	<b>11,171</b>

**Note 1:** the liquidity absorbed by repayment of the rights of use liabilities includes absorption of liquidity attributable to transactions with the parent R&D International S.r.l. for EURO 474 thousand.

The following chart shows the composition of the balance of net cash at June 30, 2022 and at June 30, 2021:

	30-Jun-22	30-Jun-21
Cash	5,180	11,171
Bank overdrafts	-	-
<b>Total</b>	<b>5,180</b>	<b>11,171</b>

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

Here below are shown the changes in net equity occurred in the first half of 2022 and in the first half of 2021:

	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
<i>Euro thousand</i>										
<b>Balance at January 1, 2022</b>	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
<b>Totale other comprehensive income/expenses</b>	-	-	-	-	-	222	4,410	4,632	-	4,632
<u>Shareholders</u>										
Dividend distribution							(3,479)	(3,479)	-	(3,479)
Treasury shares allocation	(1)		(161)				-	(162)		(162)
Other							-	-		-
<b>Balance at June 30, 2022</b>	1,087	379	3,319	44	55	668	23,817	29,367	-	29,367

	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
<i>Euro thousand</i>										
<b>Balance at January 1, 2021</b>	1,089	379	3,589	44	54	296	20,760	26,211	-	26,211
Result of the period							1,994	1,994		1,994
Other comprehensive income/expenses						100	3	104		104
<b>Totale other comprehensive income/expenses</b>	-	-	-	-	-	100	1,998	2,098	-	2,098
<u>Shareholders</u>										
Dividend distribution							(2,842)	(2,842)	-	(2,842)
Treasury shares allocation	2		215				-	217		217
Other							-	-		-
<b>Balance at June 30, 2021</b>	1,091	379	3,804	44	54	396	19,916	25,684	-	25,684

## Notes to the condensed consolidated interim financial report at June 30, 2022 prepared in accordance 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 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 2021.

The accounting standards adopted to draw up these condensed consolidated interim financial statements are the same as those used to prepare the Group's annual consolidated financial statements for the year ending on December 31, 2021.

In the context of preparation of the condensed consolidated interim financial statements the Management of the Company and Group carried out valuations, estimates and assumptions impacting on the amounts of the revenues, costs and assets and liabilities, and also on the disclosure related to the potential assets and liabilities at the reference date thereof. It should be noted that, as these are estimates, they may differ from the actual results that could be obtained in the future. Some valuation processes, in particular the more complex ones, such as determining any impairment losses on non-current assets, are usually carried out thoroughly 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 requiring an immediate measurement of losses.

Income taxes are recognized 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 June 30, 2022 was entrusted to PricewaterhouseCoopers S.p.A.

### Update on the impacts of the Covid-19 epidemic and the Russia-Ukraine war conflict

With reference to the effects of the Covid-19 epidemic, it should be noted that starting from 2021, the progress of the vaccination campaigns promoted by the various governments has led to an improvement in general conditions, which has resulted in the now almost complete reopening of the Group's target market thanks to the resumption of live shows and concerts.

In economic terms, it was therefore possible to achieve an increase in business volume of approximately 91% compared to the first half of the previous year and approximately 31% compared to the first half of 2019..

In terms of margins, the Group's EBITDA was 133% (+Euro 4.7 million) higher than in 2021 and

28% higher than in 2019. In terms of EBITDA margin, the recovery over 2021 is also clear such that it was 22.2%, basically in line with 2019.

As for the ongoing war conflict between Russia and Ukraine, it should be noted that the expected results for 2022 could suffer the direct and indirect effects of the consequences of the war conflict currently underway between Russia and Ukraine. Nevertheless, it should be noted that historically the Group has not recorded significant turnover from Russian or Ukrainian customers.

As far as the tensions on procurement costs are concerned, it is reasonable to think that the adjustment of sales lists will allow to find a balance that will reduce, as much as possible, the negative effect on margins.

In addition to this, the Group has increased its financial resources by signing new loans totaling Euro 10 million.

In view of the above, as well as the financial structure, the outstanding liquidity, the bank credit lines available and the order book in place as of September, the Management believes that there are no significant uncertainties regarding the existence of the going concern assumption, having assessed the proficiency of the Parent Company and of the Group to fulfill the obligations undertaken and to continue to operate as an entity.

#### **Accounting standards, amendments and interpretations applied from January 1, 2022**

In May 2020, IASB published some limited amendments to IFRS 3, IAS 16, IAS 37 and some annual revisions to IFRS 1, IFRS 9, IAS 41 and IFRS 16.

In March 2021, IASB published some amendments to IFRS 16 which postpone the deadline from June 30, 2021 to June 30, 2022 in order to take advantage of a practical expedient to evaluate leasing contracts, in case that, as a result of Covid-19, lease payments have been renegotiated. The lessee may choose to account for the concession as a variable rent over the period in which a lower payment is recognized.

Since the application of the new amendments, no significant impacts have arisen either in the values or in the financial statement disclosures.

#### **IFRS accounting standards, amendments and interpretations approved by the European Union, not yet compulsorily applicable and not adopted in advance by the Group as at June 30, 2022**

In May 2017, IASB issued the new standard IFRS 17 "Insurance Contracts." The new standard, which will replace the IFRS, applies from January 1, 2023, but early application is allowed only for entities that apply IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers."

In February 2021, IASB published some limited amendments to IAS 1, Practice Statement 2 and IAS 8. The amendments aim to improve disclosures on accounting policies and help users of financial statements distinguish between changes in accounting estimates and changes in accounting policies. The amendments will be applicable effective January 1, 2023, but earlier application is permitted.

## Accounting standards, amendments and interpretations not yet applied

Furthermore, at the date of this Report, the competent bodies of the European Union have not yet completed the approval process needed to adopt the following accounting standards and amendments:

- In January 2020, IASB published some amendments to IAS 1 which clarify that the definition of "current" or "non-current" of a liability depends on the outstanding right at the balance sheet date. The amendments will be applicable with effect from January 1, 2024
- In May 2021, IASB published some amendments to IAS 12 - Deferred taxes relating to assets and liabilities arising from a single transaction. The amendments require companies to recognize deferred taxes upon initial recognition of an asset or liability in an operation that results in deductible and taxable temporary differences of equal amount. The amendments will be applicable with effect from 1 January 1, 2023
- In December 2021, IASB published an amendment called "Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information". The amendment is a transition option relating to comparative information on financial assets submitted at the date of initial application of IFRS 17. The amendment is aimed at avoiding temporary accounting mismatches between financial assets and liabilities of insurance contracts, and thus at improving the usefulness of comparative information for readers of the financial statements. The changes will apply from January 1, 2023, along with the application of IFRS 17.

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.

## Consolidation Scope

This interim report at June 30, 2022 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 June 30, 2022 are the following ones:

Companies	Country	Group structure at 30 June 2022			Group structure at 31 december 2021		
		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 relative to the scope of consolidation at December 31, 2021.

The exchange rates applied in the conversion of financial statements in currencies other than Euro in the first half of 2021, at December 31, 2021 and in the first half of 2022 are shown in the chart here below:

Currency	30-Jun-22		31-Dec-21		30-Jun-21	
	Avg exch.	Final exch.	Avg exch.	Final exch.	Avg exch.	Final exch.
EURO/USD	1.0934	1.0387	1.183	1.133	1.2053	1.1884
EURO/REAL	5.5565	5.423	6.378	6.310	6.4902	5.9050

## Segment reporting.

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”), therefore this executive reporting pertains to this area of business only.

## Analysis of the breakdown of the main items of the consolidated balance sheet at June 30, 2022

### 1. Property, plant and equipment

A breakdown of property, plant and equipment at June 30, 2022 and the related changes during the period are highlighted in the following tables

(In Euro)

Historic cost	31-Dec-21	Additions	Reclassification	Foreign exch.	(Decreases)	30-Jun-22
Land and buildings	5,210	-	-	471	-	5,681
Photovoltaic System and other minor	1,283,459	5,000	-	-	-	1,288,459
Lightweight construction	124,925	-	-	-	-	124,925
Plants and machinery	8,562,691	37,764	106,355	8,179	-	8,714,989
Industrial equipment	7,860,711	163,220	50,000	315	-	8,074,246
Various equipment	1,469,815	23,690	-	8,445	-	1,501,950
Fixed assets in progress	121,512	119,865	(156,355)	-	-	85,022
<b>Total</b>	<b>19,428,323</b>	<b>349,538</b>	<b>-</b>	<b>17,410</b>	<b>-</b>	<b>19,795,271</b>

Accumulated depreciation	31-Dec-21	Depreciation	Reclassification	Foreign exch.	(Decreases)	30-Jun-22
Land and buildings	6,180	1	-	447	-	6,628
Photovoltaic System and other minor	862,342	30,746	-	-	-	893,088
Lightweight construction	70,617	5,747	-	-	-	76,364
Plants and machinery	7,162,139	180,979	-	7,890	-	7,351,008
Industrial equipment	7,456,722	122,585	-	268	-	7,579,575
Various equipment	1,339,866	29,067	-	7,388	-	1,376,321
Fixed assets in progress	-	-	-	-	-	-
<b>Total</b>	<b>16,897,866</b>	<b>369,125</b>	<b>-</b>	<b>15,993</b>	<b>-</b>	<b>17,282,984</b>

Net value	31-Dec-21	Net increases	Reclassification	Foreign exch.	Depreciation	Accumulated depreciation decrease	30-Jun-22
Land and buildings	(4)	-	-	24	(1)	-	19
Photovoltaic System and other minor	421,116	5,000	-	-	(30,746)	-	395,370
Lightweight construction	53,565	-	-	-	(5,747)	-	47,818
Plants and machinery	1,400,107	37,764	106,355	289	(180,979)	-	1,363,535
Industrial equipment	403,988	163,220	50,000	47	(122,585)	-	494,670
Various equipment	129,947	23,690	-	1,057	(29,067)	-	125,627
Fixed assets in progress	121,514	119,865	(156,355)	-	-	-	85,024
	-	-	-	-	-	-	-
<b>Total</b>	<b>2,530,233</b>	<b>349,538</b>	<b>-</b>	<b>1,417</b>	<b>(369,125)</b>	<b>-</b>	<b>2,512,063</b>

The need to increase productivity against increased levels of demand has led to focus investment initiatives on strategic processes. Consequently, the most significant changes that occurred during the first half of 2022 mainly refer to the investments made on the production lines in order to increase their efficiency.

## 2. Rights of use

The Group has recognized assets for the right of use and lease liabilities of the same amount, by discounting the value of the lease payments due. The Group at June 30, 2022 has a value of the Rights of Use equal to Euro 4,788 thousand (Euro 4,888 thousand at December 31, 2021), composed as follows:

- Rights of use for properties of Euro 4,783 thousand, related to medium/long-term property leasing contracts;
- Rights of use for equipment of Euro 2 thousand, related to medium/long-term leasing contracts for industrial, electronic and IT equipment;
- Rights of use for vehicles of Euro 3 thousand, related to medium/long-term leasing contracts for company cars.

## 3. Goodwill

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

(In Euro)

<b>Goodwill</b>	<b>30-Jun-22</b>	<b>31-Dec-21</b>
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	-	-
<b>Total goodwill</b>	<b>2,318,181</b>	<b>2,318,181</b>

The item *Goodwill* saw no changes with respect to December 31, 2021 and refers to:

- the consolidation of the equity investment in *B&C Speakers NA LLC*, for Euro 1,394 thousand;
- the consolidation of the equity investment in *Eighteen Sound S.r.l.* for Euro 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 every year, or more frequently if specific events or changed circumstances indicate the possibility of having suffered a loss in value, to audits so to identify any reductions in value, in accordance with the provisions of IAS 36 - Impairment of assets (*impairment test*). The recoverability of the recognized values is verified by comparing the net book value of the individual *cash generating units* ("CGU") with the recoverable value (value in use). This recoverable value is represented by the current value of future cash flows, which are estimated to derive from continuous use of the assets referred to the *cash generating unit* and with a terminal value attributable to them.

The assumptions made about the preparation of the industrial plan used for the *impairment test* carried out while editing the annual financial statements and approved by the Board of Directors on February 25, 2022 did not undergo significant changes during the six-month period in question, considering also the final results of the aforementioned CGUs in the first

half of 2022. The assessments carried out by the Group have not shown, at the date of preparation of this report, any *impairment* indicators such as to make it necessary to update the *impairment* test carried out at December 31, 2021 and approved by the Parent Company's Board of Directors on March 15, 2022, in order to support the registration of Goodwill.

Considering that the recoverable amount is determined on the basis of estimates, the Group cannot ensure that there will be no impairment of Goodwill in the future.

#### 4. Other Intangible assets

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

(In Euro)

Other intangible fixed assets	31-Dec-21	Additions	Reclassifications	Foreign Exchange	Depreciation	30-Jun-22
Patent rights	129,469	16,267	-	-	45,278	100,458
Intangible assets in progress	184,690	93,000	-	-	-	277,690
<b>Total</b>	<b>314,159</b>	<b>109,267</b>	<b>-</b>	<b>-</b>	<b>45,278</b>	<b>378,148</b>

The item "Patent Rights" (Industrial patent rights and use of intellectual property) consists of softwares purchased from external suppliers, the registration costs of the B&C Speakers brand and the costs for patent registrations. The increase in the period is essentially due to the purchase of management software and software for the R&D engineering department. The current fixed assets mainly refer to the costs incurred for the implementation of an e-commerce platform and for upgrading the Company IT system.

#### 5. Equity investments in associated companies

This item reflects deferred tax assets at June 30, 2022, net of deferred tax liabilities, amounting to Euro 889 thousand (Euro 870 thousand at December 31 2021).

These amounts mainly consist of prepaid taxes resulting from the tax treatment of not completely deductible costs during the period and of prepaid taxes derived from removing intragroup margins.

Deferred tax assets have been accounted for since adequate future taxable income may occur, against which using this positive balance might be needed.

#### 6. Deferred tax assets

The item is made up as follows:

(In Euro)

Other non current assets	30-Jun-22	31-Dec-21	Change	% Change
Insurance policies	427,974	427,974	-	0%
Guarantee deposits	59,678	59,678	-	0%
Ires refund receivables	6,700	6,700	-	0%
Others	2,789	2,472	317	13%
<b>Total non current assets</b>	<b>497,141</b>	<b>496,824</b>	<b>317</b>	<b>0%</b>



The “insurance policies” item refers to the receivable accrued from Fondiaria Assicurazioni and Allianz insurance companies in relation to the capitalization policies underwritten in order to ensure adequate financial coverage of the severance pay provided for Directors.

The value of the assets relating to insurance policies recorded in the balance sheet was determined according to the value of the bonus paid.

The “guarantee deposits” item mainly reflects the receivable for the guarantee deposits issued on the basis of the rental contracts of the properties relating to the production and management offices of the Group.

## 7. Inventories

Warehouse inventories are calculated according to the F.I.F.O. criteria and consist of:

Inventories	30-Jun-22	31-Dec-21	Change	% Change
Raw materials and consumables	6,760,203	4,315,532	2,444,671	57%
Work in progress and semi-finished	17,209,546	11,160,488	6,049,058	54%
Finished goods	2,277,986	2,605,966	(327,980)	-13%
<b>Gross Total</b>	<b>26,247,735</b>	<b>18,081,986</b>	<b>8,165,749</b>	<b>45%</b>
Provision for inventory writedowns	(895,353)	(756,448)	(138,905)	18%
<b>Net Total</b>	<b>25,352,382</b>	<b>17,325,538</b>	<b>8,026,844</b>	<b>46%</b>

The value of inventories is shown net of the obsolescence provision amounting to Euro 895 thousand, which changed as follows during this half year:

Change in provision for inventory writedowns	31-Dec-21	Increase	Use	Foreign Exchange	30-Jun-22
Provision for inventory writedowns	756,448	125,000	-	13,905	895,353
<b>Total</b>	<b>756,448</b>	<b>125,000</b>	<b>-</b>	<b>13,905</b>	<b>895,353</b>

The calculation of the provision for obsolescence was estimated following analysis based on the recoverability of inventory values.

The gross value of the warehouse at June 30, 2022 is up by 45% compared to December 31, 2021 due to the storage policy put implemented by the Group to cope with the increasing production and sales volumes.

## 8. Trade receivables

Trade receivables relate to normal sales made to national and foreign customers and are composed as follows:

(In Euro)

Trade receivables	30-Jun-22	31-Dec-21	Change	Change %
Trade receivables	20,266,040	13,481,790	6,784,249	50%
(Provision for doubtful accounts)	(546,689)	(486,187)	(60,501)	12%
<b>Total</b>	<b>19,719,351</b>	<b>12,995,603</b>	<b>6,723,748</b>	<b>52%</b>

The gross value of trade receivables increased compared to December 31, 2021 mainly due to the growth in the Group's turnover, especially in the second quarter of 2022. It should be also noted that the effects of the pandemic have not led to any situation of significant delay in the collection of receivables as of the date of preparation of this half-yearly report. Finally, there

are no reported exposures to Russian or Ukrainian customers.

## 9. Current Tax Assets

Tax credits as at June 30, 2022, amounting to Euro 24 thousand (Euro 267 thousand at December 31, 2021), consist of current tax credits arising from the advances for overpayments compared to the tax burden for the year.

## 10. Other current assets

Other current assets are made up as follows:

(In Euro)

Other current assets	30-Jun-22	31-Dec-21	Change	% Change
Receivables towards supplier	1,261,501	536,495	725,006	135%
Securities	9,193,427	10,825,037	(1,631,611)	-15%
Other tax receivables	1,754,314	1,964,266	(209,952)	-11%
Other minor receivables	65,666	36,574	29,092	80%
<b>Total other receivables</b>	<b>12,274,907</b>	<b>13,362,371</b>	<b>(1,087,464)</b>	<b>-8%</b>
<b>Total prepaid expenses and accrued income</b>	<b>594,639</b>	<b>317,794</b>	<b>276,845</b>	<b>87%</b>
<b>Total current assets</b>	<b>12,869,546</b>	<b>13,680,165</b>	<b>(810,619)</b>	<b>-6%</b>

Securities held in the portfolio refer to asset management items denominated in EURO and held for short-term liquidity. These securities were measured at *fair value* and the presumed loss (equal to Euro 1,386 thousand), due to the crisis triggered by the conflict between Russia and Ukraine, charged to the income statement under financial charges.

The item relating to accrued income and prepaid expenses mainly refers to costs for assistance and insurance fees.

## 11. Cash and cash equivalents

As required by Consob Communication No. DEM/6064293 of July 28, 2006 and in accordance with the Guidelines on disclosure obligations pursuant to EU Regulation 2017/1129 (so-called "Prospectus Regulation") issued by ESMA and to whom Consob explicitly refers in the Notice no. 5/21 of April 29 2021, it should be noted that the net financial position of the Group at June 30, 2022 is as follows

(values in Euro thousands)

	30 June 2022 (a)	31 December 2021 (a)	Change %
A. Cash	5,180	8,075	-36%
C. Other current financial assets	9,193	10,829	-15%
<b>D. Cash and cash equivalent (A+C)</b>	<b>14,374</b>	<b>18,904</b>	<b>-24%</b>
F. Current portion of non current borrowings	(15,244)	(10,275)	48%
<b>G. Current borrowings (E+F)</b>	<b>(15,244)</b>	<b>(10,275)</b>	<b>48%</b>
<b>H. Current net financial indebtedness (G+D)</b>	<b>(870)</b>	<b>8,629</b>	<b>-110%</b>
I. Non current financial indebtedness	(12,806)	(12,542)	2%
<b>L. Non current financial indebtedness</b>	<b>(12,806)</b>	<b>(12,542)</b>	<b>2%</b>
<b>M. Total financial indebtedness (H+L)</b>	<b>(13,676)</b>	<b>(3,913)</b>	<b>250%</b>

(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 indebtedness" includes Euro 1,104 thousand related to financial liabilities for right of use expiring within 12 months (Euro 1,092 thousand as of December 31, 2021).

Similarly, the item "Non-current financial borrowing" includes Euro 3,820 thousand relating to financial liabilities for rights of use expiring beyond twelve months (Euro 3,921 thousand at December 31, 2021).

Below is a statement of reconciliation between cash and cash equivalents at end of the period highlighted in the consolidated cash flow statement and the net financial position shown above.

	30-Jun-22	31-Dec-21
<b>Cash and cash equivalents at end of the period</b>	<b>5,180</b>	<b>8,075</b>
Current portion of non current borrowings	(14,139)	(9,183)
Non current borrowings	(8,985)	(8,621)
Securities held for trading	(1,104)	(1,092)
Other financial current borrowings	(3,821)	(3,921)
Other financial non current borrowings	9,193	10,829
<b>Total net financial position</b>	<b>(13,676)</b>	<b>(3,913)</b>

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 was Euro 1,086 thousand at June 30, 2022 and decreased by Euro 2 thousand following the purchase of treasury shares. As a result of the continuation of the treasury buy-back plan, on June 30, 2022 B&C Speakers S.p.A. held a total of 133,307 equal to 1.21% of the share capital. At the date of this report (September 2022), the number of Treasury shares owned has changed with respect to June 30, 2022 and amounts to 141,410 (equal to 1.29% of

the share capital).

The following chart shows the changes, in the first half of 2022, to the number of shares outstanding of the Parent Company:

<b>Reconciliation of the number of outstanding shares</b>	<b>Outstanding shares (n.)</b>
<b>December 31, 2021</b>	<b>10,879,310</b>
Treasury shares purchased	(12,617)
Treasury Shares sold	-
<b>June 30, 2022</b>	<b>10,866,693</b>

### Other reserves

This item, equal to Euro 4,350 thousand at June 30, 2022 comprises the legal reserve for Euro 379 thousand, the extraordinary reserve for Euro 44 thousand, the reserve for unrealized capital gains on currency exchange for Euro 55 thousand and the share premium reserve for Euro 3,319 thousand.

In particular, the share premium reserve, which originated on placing of the Parent Company's ordinary shares, during the period in question, decreased by Euro 161 thousand following the recognition of operations carried out on treasury shares.

### Foreign Exchange reserve

This item amounted to Euro 668 as at June 30, 2022 and includes the exchange differences arising from conversion of the financial statements in foreign currencies. This reserve increased by Euro 222 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 year's 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 includes the net result for the period for Euro 4,382 thousand and other profits/(losses) for the period for a negative value of Euro 28 thousand relating to the factor deriving from the actuarial valuation of the severance indemnity. This financial aspect is shown, net of the related tax effect, in the other components of the comprehensive income statement.

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

	Foreign exchange reserve	Retained earnings	Total Group	Minority interests	Total other comprehensive income/(losses)																																									
<i>Euro Thousand</i>																																														
<b>June 30, 2022</b>																																														
<b>Other comprehensive income/(losses) for the year that will not be reclassified in income statement:</b>																																														
Actuarial gain/(losses) on DBO (net of tax)		28	28		28																																									
<b>Total</b>	-	28	28	-	28																																									
<b>Other comprehensive income/(losses) for the year that will be reclassified in income statement:</b>																																														
Exchange differences on translating foreign operatic	222		222	-	222																																									
<b>Total</b>	222	-	222	-	222																																									
<b>Other comprehensive income/(losses) for the year:</b>	<b>222</b>	<b>28</b>	<b>250</b>	<b>-</b>	<b>250</b>																																									
<b>June 30, 2021</b>																																														
<b>Other comprehensive income/(losses) for the year that will not be reclassified in income statement:</b>																																														
Actuarial gain/(losses) on DBO (net of tax)		3.44	3.44		3.44																																									
<b>Total</b>	-	3.44	3.44	-	3.44																																									
<b>Other comprehensive income/(losses) for the year that will be reclassified in income statement:</b>																																														
Exchange differences on translating foreign operatic	101		101	-	101																																									
<b>Total</b>	101	-	101	-	101																																									
<b>Other comprehensive income/(losses) for the year:</b>	<b>101</b>	<b>3.44</b>	<b>105</b>	<b>-</b>	<b>105</b>																																									
<table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="3">June 30, 2022</th> <th colspan="3">June 30, 2021</th> </tr> <tr> <th>Gross value</th> <th>Fiscal effect</th> <th>Net value</th> <th>Gross value</th> <th>Fiscal effect</th> <th>Net value</th> </tr> </thead> <tbody> <tr> <td colspan="7"><i>Euro thousand</i></td> </tr> <tr> <td>Actuarial gain/(losses) on DBO</td> <td>38</td> <td>(10)</td> <td>28</td> <td>5</td> <td>(2)</td> <td>3</td> </tr> <tr> <td>Exchange differences on translating foreign operatic</td> <td>222</td> <td></td> <td>222</td> <td>101</td> <td></td> <td>101</td> </tr> <tr> <td><b>Other comprehensive income/(losses)</b></td> <td><b>260</b></td> <td><b>(10)</b></td> <td><b>250</b></td> <td><b>106</b></td> <td><b>(2)</b></td> <td><b>104</b></td> </tr> </tbody> </table>							June 30, 2022			June 30, 2021			Gross value	Fiscal effect	Net value	Gross value	Fiscal effect	Net value	<i>Euro thousand</i>							Actuarial gain/(losses) on DBO	38	(10)	28	5	(2)	3	Exchange differences on translating foreign operatic	222		222	101		101	<b>Other comprehensive income/(losses)</b>	<b>260</b>	<b>(10)</b>	<b>250</b>	<b>106</b>	<b>(2)</b>	<b>104</b>
	June 30, 2022			June 30, 2021																																										
	Gross value	Fiscal effect	Net value	Gross value	Fiscal effect	Net value																																								
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## Earnings per share

Earnings per share have been calculated as per IAS 33. The value of this indicator is Euro 0.40 per share (Euro 0.18 in the first half of 2021). 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. 10,871,038 in the first half of 2022). There are no diluting factors.

## 13. Long-term borrowings

This item is made up of:

(In Euro)

Long term borrowings	30-Jun-22	31-Dec-21	Change	Change %
Long-term loan CRF 2	-	500,004	(500,004)	-100%
Long-term loan BNL 6169054	2,291,667	-	2,291,667	
Long-term loan BNL 4	-	500,000	(500,000)	-100%
Long-term loan BNL 2040381	125,000	875,000	(750,000)	-86%
Long-term loan Unicredit OIC1076967680	1,715,914	-	1,715,914	
Long-term loan Banca Intesa garantito	1,434,539	1,790,683	(356,144)	-20%
Long-term loan BNL garantito	1,428,571	1,785,714	(357,143)	-20%
Long-term loan Intesa OIC1011858979	1,429,985	1,786,892	(356,907)	-20%
Long-term loan Intesa OFC1076204523	-	833,667	(833,667)	-100%
Long-term loan Simest - PP33867	480,000	480,000	-	0%
Long-term loan Simest - FM47998	-	24,423	(24,423)	-100%
Long-term loan Simest - FM46888	29,193	35,031	(5,838)	-17%
Long-term loan Simest - FM47037	7,906	9,487	(1,581)	-17%
Long-term loan Simest - EC50949	42,328	-	42,328	
<b>Total long term borrowings</b>	<b>8,985,103</b>	<b>8,620,901</b>	<b>364,202</b>	<b>4%</b>

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

Change in borrowings	31-Dec-21	Refunds	New borrowings	Reclassification current portion	30-Jun-22
<b>Non current portion</b>					
Bank borrowings	8,620,901	-	10,500,793	(10,136,591)	8,985,103
<b>Total non current borrowings</b>	<b>8,620,901</b>	<b>-</b>	<b>10,500,793</b>	<b>(10,136,591)</b>	<b>8,985,103</b>
<b>Current portion</b>					
Bank borrowings	9,182,998	(5,180,113)	-	10,136,591	14,139,476
<b>Total current borrowings</b>	<b>9,182,998</b>	<b>(5,180,113)</b>	<b>-</b>	<b>10,136,591</b>	<b>14,139,476</b>
<b>Totale current and non current</b>	<b>17,803,899</b>	<b>(5,180,113)</b>	<b>10,500,793</b>	<b>-</b>	<b>23,124,579</b>

The following tables show the main features and conditions of the above mentioned loans and the Interest Rate Swap hedging contract.

(In Euro)

Loan details	CRF 2	Loan BNL 2040381	Loan Bnl Flussi	BNL 4
Lender	Banca CR Firenze S.p.A.	Banca Nazionale del Lavoro S.p.A.	Banca Nazionale del Lavoro S.p.A.	Banca Nazionale del Lavoro S.p.A.
Originl amount	5,000,000	1,500,000	750,000	3,000,000
Contract date	26-Oct-17	27-Jul-21	7-Jun-22	18-apr-19
Due date	26-Apr-23	27-Jul-23	7-Dec-22	13-mar-23
N. installments	20	12	3	6
N. advanced installments	-	12	-	1
Periodicity	quarterly	monthly	monthly	half-yearly
Interest rate	Euribor 3M (base 360) floor zero + spread 0,33%	0.01%	0.35%	Euribor 6 months + spread 0,65%
Current Portion	1,000,012	1,375,000	750,000	1,000,000
Non corrente portion	-	125,000	-	-

Loan details	Mediocredito Italiano	Loan Banca Intesa garantito	Loan BNL garantito	Loan Intesa OIC1011858979
Lender	Mediocredito Italiano S.p.A.	Intesa S. Paolo S.p.A.	Banca Nazionale del Lavoro S.p.A.	Intesa S. Paolo S.p.A.
Originl amount	3,000,000	2,500,000	2,500,000	2,500,000
Contract date	17-Apr-19	17-Jun-20	22-Jun-20	19-May-21
Due date	15-Dec-22	17-Jun-25	16-Jun-25	19-May-25
N. installments	6	10	7	7
N. advanced installments	1	3	3	1
Periodicity	half-yearly	half-yearly	half-yearly	half-yearly
Interest rate	Euribor 6 months + spread 0,65%	Euribor 6 months + spread 0,7%	Euribor 6 months + spread 0,7%	Euribor 6 months + spread 0,65%
Current Portion	500,000	711,296	714,286	713,579
Non corrente portion	-	1,434,539	1,428,571	1,429,985

<b>Loan details</b>	<b>Loan Intesa OFC1076204523</b>	<b>Loan BNL 6169054</b>	<b>Loan Unicredit OIC1076967680</b>	<b>Loan Intesa flussi</b>
Lender	Intesa S. Paolo S.p.A.	Banca Nazionale del Lavoro S.p.A.	Intesa S. Paolo S.p.A.	Intesa S. Paolo S.p.A.
Originl amount	2,500,000	2,500,000	2,000,000	4,000,000
Contract date	28-Oct-21	22-Mar-22	25-Feb-22	19-Apr-22
Due date	28-Apr-23	22-Mar-26	25-Feb-26	31-Oct-22
N. installments	3	12	8	1
N. advanced installments	-	4	-	-
Periodicity	half-yearly	quarterly	half-yearly	yearly
Interest rate	0.08%	Euribor 3 months + spread 0,85%	Euribor 6 months + spread 0,90%	0.32%
Current Portion	1,667,000	208,333	284,086	4,000,000
Non corrente portion	-	2,291,667	1,715,914	-

<b>Loan details</b>	<b>Loan Unicredit flussi</b>	<b>Loan Simest - PP33867</b>	<b>Loan Simest - FM47998</b>	<b>Loan Simest - FM46888</b>
Lender		Sace Simest	Sace Simest	Sace Simest
Originl amount	1,200,000	480,000	65,130	93,418
Contract date		31-Mar-21	30-Sep-21	30-Sep-21
Due date		31-Dec-27	12-Oct-25	15-Oct-25
N. installments	1	8	6	6
N. advanced installments	-	5	2	2
Periodicity	yearly	half-yearly	half-yearly	half-yearly
Interest rate	0.85%	0.55%	0.55%	0.55%
Current Portion	1,200,000	-	-	5,838
Non corrente portion	-	480,000	-	29,193

Loan details	Loan Simest - FM47037	Loan Simest - EC50949
Lender	Sace Simest	Sace Simest
Original amount	25,300	101,587
Contract date	30-Sep-21	12-May-22
Due date	15-Oct-25	12-Nov-25
N. installments	6	6
N. advanced installments	2	2
Periodicity	half-yearly	half-yearly
Interest rate	0.55%	0.55%
Current Portion	1,581	8,465
Non current portion	7,906	42,328

These loans are not subject to financial *covenants* providing for any early repayment of the debt upon the occurrence of certain conditions, nor do they involve any *negative pledges* related to the Group.

It should be noted that the Simest long term-loan, even if doesn't envisage any hypothesis of early repayment, foresees, upon the occurrence of certain conditions, only an increase in the interest rate with respect to the subsidized rate set out in the contract.

There are no financial payables maturing in over five years.

The main characteristics of the outstanding Interest Rate Swap hedging contracts are reported in the following charts:

Derivative instruments details	BNL 4	Mediocredito Italiano	Banca Intesa (guaranteed)
Counterpart	Banca Nazionale del Lavoro S.p.A.	Mediocredito Italiano S.p.A.	Intesa S.Paolo S.p.A.
Type of contract	Interest Rate Swap (IRS)	Interest Rate Swap (IRS)	Interest Rate Swap (IRS)
Purpose	Hedging of interest variability risk associated with the Banca CR Firenze S.p.A. loan (BNL 4)	Hedging of interest variability risk associated with the Mediocredito Italiano loan	Hedging of interest variability risk associated with the Banca Intesa loan
Original amount	3,000,000	3,000,000	2,500,000
Periodicity	Half-yearly	Half-yearly	Half-yearly
Bank Interest Rate	Euribor 6 months	Euribor 6 months	Euribor 6 months
Company Interest Rate	0.07%	0.07%	0.09%
Contract date	09 May 2019	09 May 2019	17 June 2020
Due date	13 September 2022	15 June 2022	17 December 2024
Mark to market amount at June 30, 2022	560	503	51,945



Derivative instruments details	BNL (guaranteed)	BNL 6169054	Banca Intesa
Counterpart	BNL Group	BNL Group	Intesa S.Paolo S.p.A.
Type of contract	Interest Rate Swap (IRS)	Interest Rate Swap (IRS)	Interest Rate Swap (IRS)
Purpose	Hedging of interest variability risk associated with the BNI Group loan	Hedging of interest variability risk associated with the BNI Group loan	Hedging of interest variability risk associated with the Banca Intesa loan
Original amount	2,500,000	2,500,000	2,000,000
Periodicity	Half-yearly	Quarterly	Half-yearly
Bank Interest Rate	Euribor 6 months	Euribor 6 months	Euribor 6 months
Company Interest Rate	0.05%	1.05%	1.00%
Contract date	22 June 2020	12 April 2022	12 April 2022
Due date	16 December 2024	22 March 2026	25 February 2026
Mark to market amount at June 30, 2022	49,562	19,976	11,385

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

As of June 30, 2022 the Financial liabilities for rights of use calculated by discounting the value of the leasing instalments to expire, amount to Euro 4,925 million, of whom Euro 3,821 million classified among non-current liabilities and Euro 1,104 million among current liabilities.

The change compared to December 31, 2021 is linked to the net effect of the payment of allowances maturing in the half year and to the renewal of a lease contract relating to the Bagno a Ripoli production plant.

Non-current liabilities include financial liabilities due beyond five years for Euro 11 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 recognize 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 current value of liabilities for severance indemnity, in accordance with IAS 19, is equal to Euro 284 thousand (Euro 345 thousand at December 31, 2021).

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

### Technical parameters

	<b>30-Jun-22</b>
Technical annual discounting rate	2.74%
Annual inflation rate	2.10%
Tasso annuo incremento TFR	3.08%

With regard to the evaluation of the discount rate, the reference used was the IBoxx Corporate AA index of June 2022 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 occurred following the changes made to the actuarial hypotheses considered as 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

	<b>DBO 30-june-2022</b>
Turnover rate +1%	260,878
Turnover rate -1%	260,079
Inflation rate + 0,25%	263,616
Inflation rate - 0,25%	257,427
Discount rate + 25%	255,826
Discount rate - 25%	265,312

### Estimated future payments

<b>Year</b>	<b>Amount</b>
1	27,279
2	25,769
3	24,996
4	23,917
5	22,983

### Service Cost and Duration

Service Cost	0.00
Duration	8.45

Provisions for Directors' Severance Pay at June 30, 2022 amounted to Euro 447 thousand (Euro 431 thousand at December 31, 2021) and, in order to recognize them, for each Director, provisions were set aside for the portion matured during the period on the basis of the existing agreement. The change compared to December 31, 2021 is a consequence of the leave-taking of a director from the Board of Directors of the Parent Company.

## 17. Provisions for risks and charges

As at June 30, 2022 this item, equal to Euro 40 thousand (unchanged from December 31,

2021), 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 Euro)

Short term borrowings	30-Jun-22	31-Dec-21	Change	Change %
Short-term loan CRF 2	1,000,012	1,000,014	(2)	0%
Short-term loan BNL 6169054	208,333	-	208,333	
Short-term loan BNL 1	-	503,066	(503,066)	-100%
Short-term loan Unicredit OIC1076967680	284,086	-	284,086	
Short-term loan BNL 4	1,000,000	1,000,000	-	0%
Short-term loan Mediocredito	500,000	1,000,000	500,000.00	-50%
Short-term loan BNL 2040381	1,375,000	625,000	750,000	120%
Short-term loan BNL flussi	750,000	-	750,000	
Short-term loan Unicredit 2	-	1,251,874	(1,251,874)	-100%
Short-term loan Intesa flussi	4,000,000	-	4,000,000	
Short-term loan Unicredit flussi	1,200,000	-	1,200,000	
Short-term loan Banca Intesa garantito	711,296	709,317	1,979	0%
Short-term loan BNL garantito	714,286	714,286	0	0%
Short-term loan Intesa OIC1011858979	713,579	713,108	471	0%
Short-term loan Intesa OFC1076204523	1,667,000	1,666,333	667	0%
Short-term loan Simest - FM46888	5,838	-		
Short-term loan Simest - FM47037	1,581	-		
Short-term loan Simest - EC50949	8,465	-		
<b>Short term borrowings</b>	<b>14,139,476</b>	<b>9,182,998</b>	<b>4,956,478</b>	<b>54%</b>
<b>Bank overdrafts</b>	<b>73</b>	<b>73</b>	<b>0</b>	<b>0%</b>
<b>Total</b>	<b>14,139,549</b>	<b>9,183,071</b>	<b>4,956,478</b>	<b>54%</b>

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 Euro)

Trade payables	30-Jun-22	31-Dec-21	Change	% Change
Trade payables	13,311,810	9,020,141	4,291,669	48%
<b>Total trade payables</b>	<b>13,311,810</b>	<b>9,020,141</b>	<b>4,291,669</b>	<b>48%</b>

The increase in trade payables is due to the higher volumes of purchases made especially during the second quarter of 2022, due to the gradual recovery of production volumes.

The increase in trade payables is due to the higher purchases volumes resulting from the storage policy undertaken by the Group to support the growing production volumes and contain the effects of the upward trend in raw materials and components prices.

## 19. Current tax liabilities

This item as at June 30, 2022 amounts to Euro 556 thousand (Euro 188 thousand at December 31, 2021) and includes the tax payable for the Group's direct taxes.

## 20. Other current liabilities

This item is made up as follows

(In Euro)

Other current liabilities	30-Jun-22	31-Dec-21	Change	% Change
Due to social security funds	284,671	466,150	(181,479)	-39%
Unused vacation time and holidays	1,133,618	637,753	495,865	78%
Due to personnel	512,352	566,129	(53,777)	-9%
Other tax liabilities	49,046	277,939	(228,893)	-82%
Other liabilities	491,108	595,626	(104,518)	-18%
<b>Total current liabilities</b>	<b>2,470,794</b>	<b>2,543,597</b>	<b>(72,803)</b>	<b>-3%</b>

The item “Unused vacation time and holidays” contains the accruals for the thirteenth month pay, as well as the payable for remaining vacation time as at June 30, 2022.

Within the item of "due to personnel" are contained the payables for wages and salaries not yet paid at June 30, 2022 and settled by the third working day of the following month.

The item “Other liabilities” mainly includes the payable for Directors' fees (Euro 279 thousand), in addition to the deposits received from customers.

## 21. Commitments, Guarantees and outstanding disputes

At June 30, 2022, as also at December 31, 2021, there are no records of any guarantees given to third parties by Group companies.

As regards the disputes, there is a lawsuit pending with a former director of a subsidiary of the Group. The dispute is in its initial phase and, at the date of preparation of these financial statements, the risk of losing was estimated, also with the support of external lawyers appointed by the Group, as possible.

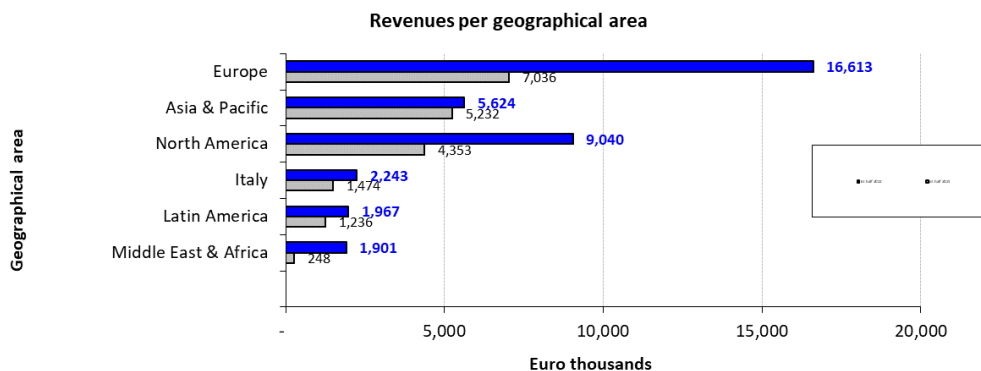
## Analysis of the breakdown of the main items of the consolidated income statement closed at June 30, 2022

## 22. Revenues

The chart below shows the change in revenues divided by geographical area:

(In Euro)

Geographical Area	1st half 2022	%	1st half 2021	%	Change	Change %
Latin America	1,967,116	5.3%	1,235,623	6.3%	731,493	59%
Europe	16,613,429	44.4%	7,035,977	35.9%	9,577,452	136%
Italy	2,243,381	6.0%	1,474,388	7.5%	768,994	52%
North America	9,039,968	24.2%	4,353,205	22.2%	4,686,762	108%
Middle East & Africa	1,901,412	5.1%	247,963	1.3%	1,653,449	667%
Asia & Pacific	5,624,204	15.0%	5,231,690	26.7%	392,514	8%
<b>Total</b>	<b>37,389,509</b>	<b>100.0%</b>	<b>19,578,845</b>	<b>100.0%</b>	<b>17,810,664</b>	<b>90.97%</b>



The breakdown of this item can only be made in relation to the geographical area of reference for sales, as the Group's business sector can only be identified in the production and sale of "high-quality professional loudspeakers".

The growth in turnover was achieved basically in all of the Group's reference markets and it was largely driven by European and North American customers, although the excellent performance of the Asian market should not be forgotten.

In the first half of 2022, two customers achieved a turnover exceeding 10% of the total: their incidence on the half-year turnover was equal to 11% and 12%.

### 23. Cost of Sales

The item is made up of (amounts in Euros):

Cost of sales	I half 2022	I half 2021	Change	Change %
Consumption of production materials	17,869,518	9,325,473	8,544,045	92%
Direct labour	4,330,186	2,602,151	1,728,036	66%
Freight	2,115,662	621,835	1,493,828	240%
Duties, commissions and other minor costs	244,908	69,685	175,223	251%
<b>Totale Cost of Sales</b>	<b>24,560,274</b>	<b>12,619,143</b>	<b>11,941,131</b>	<b>95%</b>

The increase in the cost of sales is due to (i) the growth in purchase volumes required to support the increased production volumes, (ii) by the increase in the cost of direct personnel caused by the complete absence of redundancy funds, as well as by the greater use of overtime and temporary staff and (iii) the increase in transport costs induced by both higher volumes and by the increase in transport rates. In terms of incidence on revenues, the cost of sales showed, during the first six months of 2022, a slight increase compared to the same period in 2021, going from 64.4% to 65.7%.

This increase is mainly resulting from a greater incidence of transport costs (which remained at the highest levels at the end of 2021), which has not been fully offset by the increase in the efficiency of direct staff.

### 24. Other Revenues

This category, amounting to Euro 126 thousand in the first half of 2022 (Euro 431 thousand in the first half of 2021), refers for Euro 33 thousand to the non-refundable grant received by Sace Simest for internationalization and for the remaining amount mainly to the 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 made up as follows (amounts in Euros):

Cost of indirect labour	I half 2022	I half 2021	Change	Change %
Retribution	1,722,888	1,238,386	484,502	39%
Social charges	358,030	310,716	47,314	15%
Severance indemnity	80,248	69,359	10,889	16%
<b>Total cost of indirect labour</b>	<b>2,161,166</b>	<b>1,618,461</b>	<b>542,705</b>	<b>34%</b>

The cost for indirect personnel increased compared to the same period of 2021, mainly due to the recruitment of new people in the design area, as well as the lack of use of social safety nets.

## 26. Commercial Expenses

Commercial expenses of Euro 452 thousand (Euro 259 thousand in the first half of 2021) increased due to the resumption, during the second quarter, of trade shows and, therefore, the related commercial activities.

## 27. Administrative and General expenses

Commercial expenses totaling Euro 2,043 thousand, basically unchanged compared to the corresponding period in 2021, due to the cost containment policies implemented by the Group's Management.

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

The item is made up of (amounts in Euros):

Amortization, depreciation and writedowns	I half 2022	I half 2021	Change	Change %
Amortization of intangibles assets	45,278	69,514	(24,236)	-35%
Depreciation of tangible assets	356,641	345,713	10,929	3%
Depreciation of right of use	594,574	590,567	4,007	
<b>Total amortizations and depreciations</b>	<b>996,493</b>	<b>1,005,793</b>	<b>(13,307)</b>	<b>-1%</b>
<b>Total value write-backs (write-downs) of trade and other receivables</b>	<b>58,419</b>	<b>33,122</b>	<b>25,297</b>	<b>76%</b>

Depreciation of tangible and intangible fixed assets and rights of use remain essentially in line with the corresponding semester of the previous year.

The write-down of Euro 58 thousand refers to the write-down of trade receivables made to bring their value back to the presumed realization.

## 29. Financial income and expenses

Financial income amounted to Euro 800 thousand (Euro 365 thousand in the first half of 2021) and mainly included the financial income deriving from the *fair value* valuation of IRS contracts amounting to Euro 163 thousand, realized positive exchange differences for Euro 324 thousand and unrealized ones for Euro 313 thousand.

Financial charges amount to Euro 2,071 thousand (Euro 202 thousand in the first half of 2021) and mainly include the presumed loss deriving from the fair value valuation of securities held for use of liquidity for Euro 1,380 thousand, the negative exchange differences realized for Euro 389 thousand and unrealized ones for Euro 177 thousand, interest expense on loans, bank overdrafts and rights of use for Euro 111 thousand (of which Euro 51 thousand relating to financial charges connected with the valuation of rental contracts in accordance with IFRS 16).

### 30. Taxes for the period

The item, including current and deferred taxes, is equal to Euro 1,590 thousand, while it amounted to Euro 662 thousand in the first half of 2021, an increase due to the raised trend of the Group's turnover.

### 31. Transactions with related parties and subsidiaries under their management

The transactions that occurred during the first half of 2022 with related parties and information on relations with related parties are summarized below, based on the requirements of Consob Communication no. DEM / 6664293 dated July 28, 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, Viale dei Mille No. 60, Tax Code 02342270481, share capital Euro 90,000 thousand, that in June 30, 2022 held 54% of the shares of B&C Speakers S.p.A.

#### Economic transactions

(In Euro)

Financial costs	Total	Research & Development Intl. Srl	Total related parties	Incidence %
I half 2022	(2,071,627)	(42,699)	(42,699)	2%
I half 2021	(202,525)	(33,055)	(33,055)	16%

These borrowing costs (recorded following the application of IFRS 16) refer to the implicit interests of the outstanding financial liability towards "*Research & Development International S.r.l.*" for the rental contracts of the aforementioned properties.

#### Financial Reports

(In Euro)

Other non current assets	Total	Research & Development Intl. Srl	Total related parties	Incidence %
30 june 2022	497,141	6,700	6,700	1%
31 december 2021	496,824	6,700	6,700	1%

		Research & Development Intl. Srl	Total related parties	Incidence %
<b>Long-term lease liabilities</b>	<b>Total</b>			
30 june 2022	(3,820,831)	(3,122,103)	(3,122,103)	82%
31 december 2021	(3,921,073)	(3,524,407)	(3,524,407)	90%
		Research & Development Intl. Srl	Total related parties	Incidence %
<b>Short-term lease liabilities</b>	<b>Total</b>			
30 june 2022	(1,104,343)	(812,473)	(812,473)	74%
31 december 2021	(1,092,438)	(843,493)	(843,493)	77%
		Research & Development Intl. Srl	Total related parties	Incidence %
<b>Trade liabilities</b>	<b>Total</b>			
30 june 2022	(13,311,810)	(78,826)	(78,826)	1%
31 december 2021	(9,020,141)	(81,227)	(81,227)	1%

The creditor position of Research & Development International S.r.l. outstanding at June 30, 2022, is related to the credit for an IRES rebate which arose in 2012 following the rebate application made by the Parent Company for the financial years in which the Group companies benefited from the tax consolidation.

Outstanding financial liabilities related to Research & Development International S.r.l. refer to the implicit financial payable in the above noted leasing contracts, recorded following the 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 of July 28, 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 of July 28, 2006, we specify that during the first half of 2022 the Group did not engage in any atypical and/or unusual operations, as defined in the said Communication.

### 34. Information on financial risks

The Company'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 Company 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 2022, 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 18.6 million whose corresponding value in Euros (calculated according to the average exchange rate for the period) is equal to Euro 17.1 million.
- Purchases in CAD, Canadian dollars, equal to Euro 125 thousand, whose corresponding value in Euros (calculated according to the average exchange rate for the period) is equal to Euro 93 thousand.

On the other hand, during the first half of 2022, the Group invoiced customers denominated in foreign currencies. In particular, within the item *Revenues*, those made in foreign currency (USD and Real) are summarized below:

- turnover in USD amounting to 12.4 million, whose corresponding value in Euro (calculated according to the average exchange rate for the period) is equal to Euro 11.4 million;
- turnover in REAL equal to 1.3 million whose corresponding value in Euro (calculated according to the average exchange rate for the period) is equal to Euro 192 thousand.

Purchases in foreign currency represent approximately 40% of total purchases (25% in the first half of 2021), while sales in foreign currencies represent approximately 31% of the turnover achieved by the Group (27% in the first half of 2021).

On the basis of that set out above, a hypothetical increase/decrease of 3% of the Euro would generate, respectively, potential gains of Euro 164 thousand and losses of Euro 174 thousand.

Within the balance sheet items, the value in Euros of trade receivables denominated in dollars amounts to Euro 7.3 million as at June 30, 2022 (the total value at December 31, 2021 amounted to Euro 3.3 million), while the counter value of trade payables denominated in dollars it amounts to Euro 6.5 million at June 30, 2022 (the total value at December 31, 2021 amounted to Euro 2.1 million).

Trade Receivables and Payables in other currencies are negligible.

Based on that set out above, a hypothetical increase/decrease of 3% in the euro would generate potential gains of Euro 22 thousand and, in turn, losses of Euro 21 thousand.

Based on the above data, the impact of tax receivables in currency reaches approximately 37% of the overall trade value, while the impact of trade payables in currency accounts for 48% of the total value of corporate debt.

The balance sheet assets in a currency other than the Euro had been adapted to the exact exchange rate on June 30, 2022, with the associated costs and profits entered in the Income Statement.

### Credit Risk

The Company 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 effects of the ongoing pandemic, at the date of drawing up this half-yearly report there are no situations of significant bad debts. Nevertheless, it cannot be ruled out that this may happen in the future.

Finally, there were no exposures to Russian or Ukrainian customers.

### Interest rate risk

The Group does not have any outstanding financial assets or liabilities such as to significantly affect the profitability of the Company. Therefore, although the Company is not significantly affected by changes in interest rates, the management adopted hedging instruments for interest rate fluctuation risk, in particular with regard to some medium-long term loans through the signing of IRS (Interest Rate Swap)-type contracts. For further details in this regard, reference should be made to the detailed description in Note 14.

### Liquidity Risk

As of June 30, 2022, the Group has a negative Net Financial Position equal to Euro 13.6 million (negative for Euro 3.9 million at December 31, 2021). It is the result of a positive NFP flow of approximately Euro 0.9 million (profit of Euro 8.6 million at December 31, 2021) and a non-current financial debt of Euro 12.8 million (Euro 12.5 million at December 31, 2021). For the characteristics of the loans in question, please refer to the contents of Note 13.

The Group believes that the short and medium term credit lines and funds currently existing, as well as those that will be generated by operations, will allow it to meet its requirements arising from investment activities, from the management of working capital and repayment of debts in line with their natural due dates.

### 36. 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 exist:

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

livello 2: inputs other than listed prices as per the paragraph above, which can be observed directly (prices) or indirectly (price derivatives) on the market;

livello 3: inputs not based on observable market data.

The table below shows the assets and liabilities measured at *fair value* as at June 30, 2022, according to the hierarchical level of fair value measurement:

Hierarchical level of Fair Value measurement	Level 1	Level 2	Level 3
<b>Financial assets</b>			
Other current assets	9,193,427	-	-
<b>Total</b>	<b>9,193,427</b>	-	-
<b>Financial liabilities</b>			
Interest Rate Swap	-	133,931	-
<b>Total</b>	-	<b>133,931</b>	-

It is specified that, with respect to June 30, 2022, there were no movements between the various *fair value* levels.

The Group evaluates its financial assets and liabilities at amortized cost with the exception of the asset management shown under other current assets and IRS hedging contracts which are measured at *fair value through profit and loss*.

### 37. Subsequent events

At present there are no events occurring after June 30, 2022 that would require additional notes to this half-year report.

### 38. Publication authorisation

This document was published on September 9, 2022, authorized by the Managing Director.

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

1. The CEO Lorenzo Coppini, along with Francesco Spapperi, as Financial Reporting Manager of B&C Speakers S.p.A., hereby certify - pursuant to Art. 154-bis, paragraphs 2 and 3 of the Italian Legislative Decree No. 58/1998 and of the legislative decree 24 February 1998, n. 58:
  - 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 2022.
  
2. It is also certified that:
  - 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
  
3. 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 (Italy), September 9, 2022

Lorenzo Coppini

Francesco Spapperi

# Independent Auditors' Report



## 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 2022, 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 2022 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, 9 September 2022

PricewaterhouseCoopers SpA

*Signed by*

Luigi Necci  
(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.*