



Unaudited semi-annual report for the period ended 30 June 2023

Muzinich Firstlight
Middle Market ELTIF
SICAV, S.A.
(Société d'investissement à
capital variable)

*12E, rue Guillaume Kroll
L-1882 Luxembourg
B 232.256*

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email: info@muzinich.com web: www.muzinich.com

Muzinich Firstlight Middle Market ELTIF SICAV, S.A.

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Muzinich Firstlight Middle Market ELTIF SICAV, S.A.

General Information

The following information is derived from and should be read in conjunction with the full text and definitions section of the Prospectus.

Muzinich Firstlight Middle Market ELTIF SICAV, S.A., (the “Fund”) is a Luxembourg investment company with variable capital (société d’investissement à capital variable - “SICAV”) incorporated on 20 February 2019 and authorized under Part II of the 2010 Law, under the form of a public limited company (société anonyme - “S.A.”) and subject to the provisions of the Regulation (EU) 2015/760 on European Long Term Investment Funds (the “ELTIF Regulation”). The Fund is registered under number B 232.256 with the Luxembourg Registre de Commerce et des Sociétés. The registered office of the Fund is 12E, rue Guillaume Kroll, L-1882 Luxembourg, Grand Duchy of Luxembourg. The Fund qualifies as an alternative investment fund within the meaning of Article 1 of the Luxembourg law of 12 July 2013 on Alternative Investment Fund Managers (the “2013 Law”).

The Fund is incorporated for a period of six years following its final subscription date, subject to a possible extension of one year or early termination. On 24 January 2020, the Board of Directors resolved to extend the Fund’s notional term by one year. Accordingly, the Fund’s legal term has been extended to 29 November 2026. The initial capital of the Fund is €30,000, represented by 300 fully paid up Shares.

Muzinich & Co. (Ireland) Limited (the “AIFM”, the “Manager”), an Irish limited company, is the Fund’s alternative investment fund manager in accordance with the provisions of the European Union (Alternative Investment Fund Managers) Regulation 2013, and is duly authorized and regulated by the Central Bank of Ireland in this respect.

The AIFM delegated the portfolio management relating to the Fund to Muzinich & Co. Limited, an English limited company.

Muzinich Firstlight Middle Market ELTIF SICAV, S.A.

Investment Manager's Report for the period ended 30 June 2023

Market Review

Global financial markets enjoyed a positive start to 2023; an energy crisis was avoided in Europe and the economic outlook was boosted by falling gas prices and the reopening of China's economy as COVID-era restrictions were released. However, volatility spiked in March after the collapse of Silicon Valley Bank as fears of broader contagion increased and Credit Suisse was forced into a sale to UBS. Inflation in the US and Europe was persistent, forcing central banks to continue with policy rate hikes that put pressure on sovereign bond yields.

European leveraged finance markets were not directly impacted by the travails in the banking sector, and proved resilient in the period, particularly the syndicated loan market. This was in part thanks to constrained new issue loan supply despite new collateralized loan obligation (CLO) vehicle creation which kept secondary market prices supported. Rising interest rates benefited floating rate credit products, such as European syndicated loans, as all-in coupons increased. In Europe, 3-month Euribor, which started the year at 2.13% rose to 3.58% by 30th June 2023, generating additional interest returns for the loan market on top of a positive principal return as average prices increased in a broad-based rally. The trailing 12-month par default rate for the European syndicated loan market rose modestly to 2.2% by 30th June 2023 from 1.9% at the end of 2022, even as leveraged corporates dealt with higher interest costs and made progress refinancing or extending near-term maturities.

The Credit Suisse Western European Loans Index returned +6.68% in euro terms for the first 6 months of 2023. By comparison, the European high yield market returned +4.55% for the period (as represented by the ICE BofA ML BB-B European Currency Non-Financial High Yield Constrained Index - HP4N) even as the fixed rate portion of the index was impacted by rising rates.¹

Fund Update

In line with the European syndicated loan and high yield bond market performance in the first half of 2023, the Muzinich Firstlight Middle Market Fund ELTIF SICAV, SA recovered strongly following the result for 2022. At the close of the reporting period, the weighted average bid price of the portfolio had increased to approximately 94.0 from 88.6 as of 31st December 2022 while the weighted average coupon generated by the portfolio increased to 7.85% from 6.54% over the same period.

Primary loan market volumes have been weak compared to the prior year² as merger & acquisition activity remained muted. Poor market sentiment at the end of 2022 followed by wider market volatility in March 2023 limited arranging banks' willingness to underwrite new transactions, while the rising cost of debt facilities impacted would-be acquirors' ability to finance deals at valuation multiples wished for by sellers. New issue commitments by the Fund were therefore more limited than in prior years although refinancing activity provided the opportunity to add new loan and bond issuers to the portfolio. In addition, we were active in the secondary market and chose to redraw €10 million of the permitted leverage facility in March 2023 to take advantage of the higher coupons available in the syndicated loan market as base rate rises fed through. Drawings under the €100 million facility totaled €95 million as of 30 June 2023.

The figures shown above relate to past performance. Past performance is not a reliable indicator of current or future results.

The portfolio's positioning with respect to industry sectors remained broadly stable during the reporting period. At the end of June 2023, healthcare remained the largest sector, with food/beverage as the second largest sector exposure. The Fund continued to maintain geographic diversity with a relatively low exposure to corporates in Southern Europe (approximately 6% of the invested portfolio as of 30 June 2023). The portfolio's weighted average credit rating of single-B reflects the rating profile of the overall European syndicated loan market. The weighted average life of the assets in the portfolio was approximately 3.9 years as at the end of June. The earliest contractual maturities within the portfolio are in 2024 which represented approximately 6.8% of the invested portfolio as of 30th June 2023. The Fund experienced no defaults during the reporting period.

¹CSWELLI and ICE Index platform as of 30th June 2023

²Pitchbook LCD European Playbook, 3rd July 2023

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Investment Manager's Report for the period ended 30 June 2023 cont/d...

Outlook

Issuance to fund merger and acquisition activity remains subdued and we expect this to continue in the near term as the pipeline of new leveraged buyout transactions remains thin, although there is some evidence that supply could pick up towards the end of 2023. Instead, market volumes will be comprised of refinancing activity as borrowers seek to take advantage of the current willingness of syndicated loan investors to extend approaching maturities in return for better economic terms. We continue to expect that inflationary pressures will persist in major economies for the remainder of 2023 thereby forcing central banks to maintain their hiking cycles in the coming months. Rising interest costs will continue to be a challenge for the most indebted borrowers with unhedged floating rate facilities. Therefore, we expect default rates to moderately increase in the next 12 months, but do not foresee a spike in defaults to the extent experienced during the Global Financial Crisis in the 2009-2010 period.

This material is not intended to be relied upon as a forecast, research, or investment advice, and is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy. The opinions expressed by Muzinich & Co are as of June 2023 and may change without notice.

All references are from Bloomberg as of 30th June 2023 unless otherwise stated.

Significant Events during the Financial Period

Crisis in Ukraine

The Fund did not and does not have any direct exposure to Ukraine, Russia or Belarus. The Investment Manager continues to carefully monitor the evolving conditions for all indirect and unrelated exposures globally. The ongoing military operation in Ukraine and the related sanctions targeted against the Russian Federation may continue to impact on the Global Economy.

Events since the Financial Period End

There have been no significant events since the financial period end that require amendment to or disclosure in the financial statements.

Muzinich & Co. Limited

Investment Manager

August 2023

Muzinich Firstlight Middle Market ELTIF SICAV, S.A.

Statement of Comprehensive Income for the period ended 30 June 2023

		For the period ended 30 June 2023	For the year ended 31 December 2022
	Note(s)	€	€
Income			
Net gains/(losses) on financial assets and liabilities at fair value through profit or loss	4, 8	17,647,223	(52,177,587)
Interest income		13,913,866	20,997,319
Other income		45,955	97,281
		31,607,044	(31,082,987)
Expense			
Management fees	10	(2,100,760)	(4,477,599)
Administrative fee	10	(227,529)	(484,458)
Director fees		(11,770)	(31,582)
Depositary fees	9	(34,378)	(73,638)
Administrator fees	9	(60,674)	(93,501)
Audit fees		(20,833)	(34,170)
Professional and legal fees		(158,276)	(175,975)
Subscription tax	13	(73,925)	(146,995)
Organisational expenses		-	(168,220)
VAT fees		(7,994)	(18,531)
Expense cap reimbursement		33,604	60,412
		(2,662,535)	(5,644,257)
Operating profit/(loss)		28,944,509	(36,727,243)
Finance Costs			
Interest expense		-	(12,217)
Distributions	11	(10,004,927)	(13,277,778)
		(10,004,927)	(13,289,995)
Profit/(loss) before tax		18,939,582	(50,017,239)
Net movement in net assets attributable to Shareholders resulting from operations		18,939,582	(50,017,239)

All activities arose from continuing operations. There are no gains or losses other than those dealt with in the Statement of Comprehensive Income.

The accompanying notes form an integral part of these financial statements.

Muzinich Firstlight Middle Market ELTIF SICAV, S.A.

Statement of Changes in Net Assets for the period ended 30 June 2023

	Note(s)	For the period ended 30 June 2023 €	For the year ended 31 December 2022 €
Net assets attributable to Shareholders at the beginning of the financial period/year		297,540,610	352,421,887
Movement due to the sale and repurchase of Shares			
Issuance of Shares	7	-	-
Redemption of Shares	7	(2,297,370)	(4,864,038)
Net increase resulting from Share transactions		(2,297,370)	(4,864,038)
Net movement in net assets attributable to Shareholders resulting from operations		18,939,582	(50,017,239)
Net assets attributable to Shareholders at the end of the financial period/year		314,182,822	297,540,610

The accompanying notes form an integral part of these financial statements.

Muzinich Firstlight Middle Market ELTIF SICAV, S.A.

Statement of Financial Position as at 30 June 2023

	Note(s)	30 June 2023 €	31 December 2022 €
Assets			
Financial assets at fair value through profit or loss:			
- Investment in the Subsidiary	3,4	308,013,562	292,663,624
Cash at bank		218,884	1,001,478
Other receivables	5	7,567,692	6,087,203
Total Assets		315,800,138	299,752,305
Liabilities			
Financial liabilities at amortised cost:			
Other payables	6	(1,617,316)	(2,211,695)
Total Liabilities (excluding net assets attributable to redeemable participating Shareholders)		(1,617,316)	(2,211,695)
Net assets attributable to redeemable participating Shareholders		314,182,822	297,540,610

The accompanying notes form an integral part of these financial statements.

On Behalf of the Directors:



Date: 10 August 2023



Date: 10 August 2023

Muzinich Firstlight Middle Market ELTIF SICAV, S.A.

Statement of Cash Flows for the period ended 30 June 2023

	For the period ended 30 June 2023 €	For the year ended 31 December 2022 €
Cash flows from operating activities		
Net movement in net assets attributable to Shareholders before distributions	28,944,509	(36,739,461)
Adjustments for:		
Movement in financial assets at fair value through profit or loss	(15,349,938)	57,041,644
Operating cash flows before movements in working capital	(15,349,938)	57,041,644
Movement in receivables	(1,480,489)	(1,785,645)
Movement in payables	(594,379)	(144,304)
Cash inflow/(outflow) from operations	(17,424,806)	55,111,695
Net cash provided by/(used in) operating activities	11,519,703	18,372,234
Financing activities		
Proceeds from subscriptions	-	-
Payment of redemptions	(2,297,370)	(4,864,038)
Distributions paid to shareholders	(10,004,927)	(13,277,778)
Net cash (used in)/provided by financing activities	(12,302,297)	(18,141,816)
Net increase/(decrease) in cash and cash equivalents	(782,594)	230,418
Cash and cash equivalents at the beginning of the financial period/year	1,001,478	771,060
Cash and cash equivalents at the end of the financial period/year	218,884	1,001,478
Supplementary information		
Interest received	13,913,866	20,997,319
Interest paid	-	(12,217)

The accompanying notes form an integral part of these financial statements.

Muzinich Firstlight Middle Market ELTIF SICAV, S.A.

Statistical information as at 30 June 2023

	30 June 2023	31 December 2022
Net Asset Value	€314,182,822	€297,540,610
Net Asset Value attributed to each Share Class		
- H	13,509,401	€12,782,742
- A	3,680,568	€3,458,786
- R	73,884,537	€69,479,611
- P	223,108,316	€211,819,471
Number of Shares in issue		
- H	147,278	148,278
- A	40,000	40,000
- R	809,324	810,423
- P	2,445,500	2,470,187
Total Shares	3,442,102	3,468,888
Net Asset Value per Share		
- H	€91.73	€86.21
- A	€92.01	€86.47
- R	€91.29	€85.73
- P	€91.23	€85.75

Notes to the financial statements for the period ended 30 June 2023

1. Significant accounting policies

The principal accounting policies applied in the presentation of these financial statements are set out below.

i) Basis of preparation and statement of compliance

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB") as adopted by the European Union ("EU"). These financial statements relate solely to the Fund as an individual entity. The financial statements have been prepared on a historical-cost basis, except for financial assets and financial liabilities held at fair value through profit or loss that have been measured at fair value.

The financial statements are presented in Euro ("EUR"), which is the functional currency of the Fund. The Board of Directors of the Fund considers EUR to be the currency that represents the economic effect of the underlying transactions, events and conditions. The Fund's primary investing activities are denominated in EUR. All values are rounded to the nearest Euro, except where otherwise indicated.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the Fund's accounting policies. Actual results may differ from these estimates.

A fundamental principle of the preparation of financial statements is the assumption that an entity will continue in existence as a going concern, which contemplates continuity of operations and the realisation of assets and settlement of liabilities occurring in the ordinary course of business. The Board of Directors believes that the going concern basis of preparation of the financial statements is appropriate.

ii) Basis of consolidation

The Fund is an investment entity, therefore, it holds its investments in the Subsidiary at fair value rather than consolidating its wholly-owned Subsidiary. Investment in Subsidiary is classified as fair value through profit or loss in accordance with IFRS 9.

iii) Financial instruments

Classification

In accordance with IFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- (a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term, or
- (b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking, or
- (c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial assets

The Fund subsequently classifies its financial assets as financial assets measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- (a) The Fund's business model for managing the financial assets
- (b) The contractual cash flow characteristics of the financial asset

Notes to the financial statements for the period ended 30 June 2023 cont/d...

1. Significant accounting policies cont/d...

iii) Financial instruments cont/d...

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Fund includes in this category short-term non-financing receivables as well as cash at bank.

Financial assets measured at fair value through profit or loss ("FVPL")

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest ("SPPI") on the principal amount outstanding, or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell, or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Fund includes in this category:

- (a) Investment in the Subsidiary: In accordance with the exception under IFRS 10, the Fund does not consolidate its Subsidiary in the financial statements unless the Subsidiary is not itself an investment entity and its main purpose and activities are providing services that relate to the Fund's investment activities. The Fund measures its unconsolidated Subsidiary (including loan to the Subsidiary) at FVPL.
- (b) Instruments held for trading. This category includes derivative contracts in an asset position. These instruments are acquired or incurred principally for the purpose of generating profit from short-term fluctuations in prices.

Financial liabilities

Financial liabilities measured at fair value through profit or loss ("FVPL")

A financial liability is measured at FVPL if it meets the definition of held for trading.

The Fund includes in this category:

- (a) Instruments held for trading. This category includes derivative contracts in a liability position. These instruments are acquired or incurred principally for the purpose of generating profit from short-term fluctuations in prices.

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Fund includes short-term payables in this category.

Notes to the financial statements for the period ended 30 June 2023 cont/d...

1. Significant accounting policies cont/d...

iii) Financial instruments cont/d...

Recognition

The Fund recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

Initial measurement

Financial assets and financial liabilities at FVPL are recorded in the Statement of Financial Position at fair value.

All transaction costs for such instruments are recognised directly in profit or loss.

Financial assets and liabilities (other than those classified as at FVPL) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

Subsequent measurement

After initial measurement, the Fund measures financial instruments which are classified as at FVPL at fair value.

Subsequent changes in the fair value of those financial instruments are recorded in net gains or net losses on financial assets and liabilities at FVPL in the Statement of Comprehensive Income. Interest and dividends earned or paid on these instruments are recorded separately in interest income or expense and dividend income or expense in the Statement of Comprehensive Income.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 4.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Fund has:

- (a) Transferred substantially all of the risks and rewards of the asset, or
- (b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Notes to the financial statements for the period ended 30 June 2023 cont/d...

1. Significant accounting policies cont/d...

iii) Financial instruments cont/d...

Impairment

The Fund holds only accrued income and other short-term receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses ("ECL") under IFRS 9 to all its receivables. Therefore the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Fund's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is generally not the case with master netting agreements unless one party to the agreement defaults.

iv) Fair value measurements

The Fund measures its investment in Subsidiary, as well as its investments in financial instruments, such as derivatives, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Assets listed or traded on a recognized exchange for which market quotations are readily available will be valued at the latest mid-market price. Where a security is listed or dealt in on more than one recognized exchange, the relevant exchange or market will be the principal or main stock exchange or market on which the security is listed or dealt on or the exchange or market which the AIFM determines provides the fairest criteria in determining a value for the relevant investment.

The Fund's illiquid assets will be valued at fair value in accordance with the International Private Equity and Venture Capital Guidelines Edition December 2022 (as may be amended or reissued from time to time).

The AIFM is responsible for the valuation of the assets of the Fund. When valuing the assets of the Fund, the AIFM may be assisted by a service provider.

For assets and liabilities that are measured at fair value on a recurring basis, the Fund identifies transfers between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole), and deems transfers to have occurred at the beginning of each reporting period.

Notes to the financial statements for the period ended 30 June 2023 cont/d...

1. Significant accounting policies cont/d...

v) Forward foreign currency exchange contracts

The value of open forward foreign currency exchange contracts is calculated as the difference between the contracted rate and the current forward rate that would close out the contract on the reporting date. Gains or losses on open forward foreign currency exchange contracts are included in the net unrealised gain or loss on forward foreign currency exchange contracts, as appropriate, on the Statement of Financial Position. The Fund does not designate any derivatives as hedges for hedge accounting purposes. During the period ended 30 June 2023 and the year ended 31 December 2022, the Fund via its subsidiary held some hedged forwards.

vi) Net gains or losses on financial assets and liabilities at fair value through profit or loss

Net gains or losses on financial assets and liabilities at fair value through profit or loss includes all realised and unrealised fair value changes. The Fund uses the Average Cost Method to calculate the realised gains or losses on its investments. Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of the prior period's unrealised gains and losses for financial instruments which were realised in the reporting period. Gains and losses relating to forward foreign currency exchange contracts are included in net gains or losses on financial assets and liabilities at fair value through profit or loss.

vii) Income and Expenses

Income and expenses are recognised on an accruals basis.

viii) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the reporting date. Foreign exchange gains and losses arising from translation are included in Other income or Other expenses in the Statement of Comprehensive Income.

The main exchange rate as of 30 June 2023 is:

EUR / GBP: 0.858

The main exchange rate as of 31 December 2022 is:

EUR / GBP: 0.887

ix) Net assets attributable to Shareholders

The liability to Shareholders is presented in the Statement of Financial Position as "Net assets attributable to Shareholders" and is determined based on the residual assets of the Fund after deducting all other liabilities. The prices at which Shares may be issued or redeemed are calculated by reference to the Fund's Net Asset Value ("NAV") calculated in accordance with the Prospectus.

x) Distributions

The Fund expects to distribute at least 85% of Net Investment Income on a semi -annual basis (calculated as of 31 March and 30 September of each year (or, if not a business day, on the next following business day) (each, a "distribution date")). "Net Investment Income" includes all interest or fee income received in cash in respect of the underlying investments, other than to the extent such income is applied in respect of any Management Fees or other expenses of the Fund, and appropriate reserves. Distributions will be paid as soon as reasonably practicable after ascertaining the NAV as of the relevant distribution date. Distributions with an ex-date during the financial period are included as a finance cost in the Statement of Comprehensive Income. Please see Note 11 for details of any distributions paid during the financial period ended 30 June 2023.

Notes to the financial statements for the period ended 30 June 2023 cont/d...

1. Significant accounting policies cont/d...

xi) New and Amended Standards and Interpretations

There is no standard and interpretation which has been issued and not effective and which is reasonably expected to have an impact on the accounting policies, financial position or performance of the Fund. The Fund has adopted all standards effective since the date of inception.

2. Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Fund's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Fund's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Assessment as investment entity

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at FVPL rather than consolidate them. The criteria which define an investment entity are, as follows:

- (a) An entity that obtains funds from one or more investors for the purpose of providing those investors with investment management services.
- (b) An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both.
- (c) An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Board of Directors has concluded that the Fund meets the definition of an investment entity. These conclusions will be reassessed on a continuous basis, if any of these criteria or characteristics change.

Estimates and assumptions

Discussed below are the key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period. The Fund based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and changes in the tax laws on withholding tax. Differences arising between actual investment income and the assumptions made, or future changes to such assumptions could necessitate future adjustments to with respect to tax expenses. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective investment's domicile.

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Notes to the financial statements for the period ended 30 June 2023 cont/d...

2. Significant Accounting Judgements, Estimates and Assumptions cont/d...

Estimates and assumptions cont/d...

Functional currency

As described in Note 1, the Fund conclude that EUR is the functional currency of the Fund. The assumptions made by the Board of Directors is based on the currency in which the performance of the Fund is evaluated and the currency used for managing its liquidity.

Fair value of financial assets and liabilities

The Board of Directors determines that in the ordinary course of business, the NAV of the Subsidiary is considered to be the most appropriate to determine fair value. At each reporting period, the Board of Directors considers whether any additional fair value adjustments need to be made to the NAV of the Subsidiary. These adjustments may be required to reflect market participants' considerations about fair value that may include, but are not limited to, liquidity and the portfolio effect of holding multiple investments within the Subsidiary.

There was no particular circumstance to indicate that a fair value adjustment was required and the Board of Directors concluded that the NAV of the Subsidiary was the most appropriate reflection of fair value as at 30 June 2023.

3. Financial assets and financial liabilities at fair value through profit or loss

Investment in the Subsidiary

The Fund meets the definition of an investment entity. Therefore, it does not consolidate its Subsidiary but, rather, recognises the Subsidiary as an investment at fair value through profit or loss.

Fund	Country of incorporation	Proportion of ownership and voting rights as at 30 June 2023	Proportion of ownership and voting rights as at 31 December 2022
Muzinich Firstlight Middle Market Luxco, S.à r.l.	Luxembourg	100%	100%

The Subsidiary in turn, holds the following investments summarized below as at 30 June 2023:

Security description	Coupon %	Maturity	Industry	Country	Nominal	Fair value as at 30 June 2023 €
Bank Loans						
ADB Safegate BVBA	8.21	05/10/2026	Capital Goods	Luxembourg	6,000,000	5,491,860
Aenova Holding GmbH	7.33	31/03/2026	Healthcare	Germany	3,550,000	3,440,536
AI Plex AcquiCo GmbH	7.44	31/07/2026	Chemicals	Germany	6,000,000	5,433,750
All-Star Bidco AB	7.23	16/11/2028	Services	Sweden	1,000,000	981,460
Alpha AB Bidco BV	7.10	30/07/2025	Capital Goods	Netherlands	3,000,000	2,988,135
Amphora Finance Ltd	9.88	30/05/2025	Food/Beverage/Tobacco	United Kingdom	5,400,000	3,109,266
Antigua Bidco Ltd	7.48	10/08/2026	Healthcare	United Kingdom	5,175,000	5,119,550
Aragon Bidco GmbH	6.74	20/11/2028	Healthcare	Germany	3,500,000	3,208,818
Artemis Acquisition UK Ltd	7.04	01/08/2025	Food/Beverage/Tobacco	Hungary	6,000,000	5,767,500
Artisan Newco BV	8.03	01/02/2029	Food/Beverage/Tobacco	United States	3,960,000	3,875,850
Assystem	7.54	30/09/2024	Services	France	9,000,000	8,471,250
Auris Luxembourg III SA	7.78	23/02/2026	Healthcare	Luxembourg	7,000,000	6,630,015
AVS Group GmbH	6.93	10/09/2026	Capital Goods	Germany	5,980,000	5,831,756
Barentz Europe B.V.	7.10	30/11/2027	Chemicals	Netherlands	3,500,000	3,446,048
BCPE Max Dutch Bidco BV	7.59	31/10/2025	Healthcare	Netherlands	5,600,000	4,946,648

Muzinich Firstlight Middle Market ELTIF SICAV, S.A.

Notes to the financial statements for the period ended 30 June 2023 cont/d...

3. Financial assets and financial liabilities at fair value through profit or loss cont/d...

Investment in the Subsidiary cont/d...

The Subsidiary in turn, holds the following investments summarized below as at 30 June 2023 cont/d...:

						Fair value as at 30 June 2023
Security description	Coupon %	Maturity	Industry	Country	Nominal	€
Bank Loans cont/d...						
Best Food of Nature Holdco III SAS	7.42	11/09/2026	Food/Beverage/Tobacco	France	7,000,000	6,407,205
Boost Holdings 2	7.77	31/10/2028	Services	France	3,026,230	2,970,744
Bowtie Germany BidCo GmbH	7.10	25/02/2028	Healthcare	Germany	2,000,000	1,883,330
Caldic B.V.	6.74	23/02/2029	Chemicals	Netherlands	2,000,000	1,921,780
Castillon SAS	8.05	09/12/2027	Technology	France	5,351,351	5,336,635
CD&R Firefly Bidco Ltd	7.99	21/06/2028	Super Retail	United Kingdom	4,500,000	4,434,615
Cerebro BidCo GmbH	6.99	13/12/2027	Healthcare	Germany	1,409,650	1,379,695
Cerebro BidCo GmbH	6.99	13/12/2027	Healthcare	Germany	2,840,350	2,779,993
Cerelia SASU	7.80	31/03/2027	Food/Beverage/Tobacco	France	4,800,000	4,583,328
Civica Group Ltd	8.95	14/10/2024	Technology	United States	4,000,000	4,540,038
Corialis International	7.00	16/06/2028	Building Materials	Belgium	1,800,000	1,689,759
CSM Ingredients S.a.r.l.	8.71	09/02/2028	Food/Beverage/Tobacco	Luxembourg	5,250,000	4,403,438
Curium Bidco S.a.r.l.	7.35	09/07/2026	Healthcare	Luxembourg	3,812,500	3,774,394
Eagle 4 Ltd	8.10	12/07/2028	Environmental	United Kingdom	1,000,000	995,625
Elvis UK Holdco Limited	8.39	20/10/2028	Restaurants	United Kingdom	2,200,000	2,197,602
Euro Ethnic Foods Bidco	6.52	13/03/2028	Food & Drug Retail	Luxembourg	2,000,000	1,911,670
Fugue Finance BV	8.21	31/01/2028	Services	Netherlands	3,400,000	3,399,473
GHD Verwaltung Gesundheits GmbH Deutschland	7.38	14/08/2026	Healthcare	United States	5,478,000	3,825,205
Hestia Holding SASU	7.35	30/06/2027	Insurance	United States	2,700,000	2,674,121
Hestiafloor 2 SASU	7.10	26/02/2027	Building Materials	United States	6,000,000	5,861,280
Hotelbeds Group	8.26	30/09/2027	Leisure	United Kingdom	8,000,000	7,715,560
Impala Bidco 0 Ltd	9.68	22/05/2028	Healthcare	United States	4,800,000	5,444,297
INEOS Enterprises Holdings Limited	4.00	24/06/2030	Chemicals	United States	2,100,000	2,073,750
Inspired Finco Holdings Limited	7.42	28/05/2026	Services	United Kingdom	1,500,000	1,493,250
Inspired Finco Holdings Limited	6.17	29/05/2026	Services	United Kingdom	3,800,000	3,683,929
Iris Bidco GmbH	8.24	30/06/2028	Healthcare	United States	8,000,000	7,264,000
IVC Acquisition LTD	7.69	13/02/2026	Healthcare	United Kingdom	2,000,000	1,960,960
IVC Acquisition LTD	7.44	13/02/2026	Healthcare	United Kingdom	3,000,000	2,926,740
Kersia International SASU	7.52	25/11/2027	Chemicals	France	1,000,000	955,625
Lernen Bidco Limited	4.75	30/04/2029	Services	United Kingdom	3,700,000	3,647,978
LSF10 XL Bidco SCA	7.52	09/04/2028	Building Materials	Luxembourg	3,730,334	3,200,160
Lsf11 Folio Bidco GmbH	7.71	28/02/2029	Capital Goods	Germany	5,043,000	4,841,280
Markermeer Finance BV	6.91	29/01/2027	Services	Netherlands	5,000,000	4,735,950
Mehilainen Yhtiot Oy	7.12	08/08/2025	Healthcare	Finland	4,500,000	4,461,908
Nemera N	7.35	23/02/2026	Healthcare	France	6,500,000	6,215,658
Nouryon Finance BV	7.77	03/04/2028	Chemicals	Netherlands	4,850,000	4,771,624
Odyssee Investment Bidco SASU	6.85	13/10/2028	Services	United States	2,750,000	2,696,100
OEP Trafo BidCo GmbH	7.92	01/07/2024	Capital Goods	Germany	5,123,775	4,566,565
Park Resorts / Parkdean	9.21	06/02/2024	Leisure	United Kingdom	4,000,000	4,635,593

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Notes to the financial statements for the period ended 30 June 2023 cont/d...

3. Financial assets and financial liabilities at fair value through profit or loss cont/d...

Investment in the Subsidiary cont/d...

The Subsidiary in turn, holds the following investments summarized below as at 30 June 2023 cont/d...:

						Fair value as at 30 June 2023
Security description	Coupon %	Maturity	Industry	Country	Nominal	€
Bank Loans cont/d...						
Patagonia Bidco Limited	10.18	31/07/2028	Building Materials	United Kingdom	4,700,000	4,570,976
Peer Holding III B.V.	7.35	26/09/2028	Super Retail	Netherlands	3,900,000	3,860,123
PharmaZell	7.60	10/05/2027	Healthcare	Germany	5,062,500	4,862,531
PHM Netherlands Midco B.V.	8.71	31/07/2026	Publishing/Printing	Netherlands	6,034,415	5,762,866
PHM SF Dutch Bidco	6.92	08/03/2028	Food/Beverage/Tobacco	Netherlands	1,500,000	1,436,250
Powder Bidco SAS	6.70	28/07/2028	Food/Beverage/Tobacco	France	2,000,000	1,965,750
Rainbow Finco S.a.r.l.	6.95	23/02/2029	Consumer-Products	Luxembourg	3,250,000	3,136,835
Refresco Holding BV	7.57	12/07/2029	Food/Beverage/Tobacco	Netherlands	5,500,000	5,435,403
Restaurant Brands International Inc.	7.14	20/10/2028	Restaurants	Canada	4,250,000	4,208,563
Roar BidCo AB	6.56	17/02/2028	Healthcare	United States	6,000,000	5,777,040
Rubix Group Midco 3 Limited	8.20	30/09/2026	Capital Goods	United Kingdom	5,700,000	5,613,503
Sandy BidCo BV	7.59	17/08/2029	Leisure	Netherlands	4,500,000	4,428,405
Saverglass S.A.S.	4.15	07/02/2029	Containers	France	3,750,000	3,693,750
Siaci Saint Honore	7.68	16/11/2028	Insurance	France	3,800,000	3,728,750
Silk Bidco AS	9.70	24/02/2025	Transportation Ex. Air/Rail	United States	8,000,000	7,085,000
Sirona BidCo SASU	7.52	18/12/2028	Healthcare	France	5,250,000	5,089,219
SLV Holding GmbH	9.32	03/01/2024	Capital Goods	United States	5,754,805	5,265,646
Speedster Bidco GmbH	6.29	31/03/2027	Technology	Germany	4,000,000	3,853,320
Sunrise Bidco S.a r.l.	6.54	27/07/2028	Healthcare	Luxembourg	3,400,000	3,289,500
Surf Holdings S.a r.l.	6.75	05/03/2027	Technology	Luxembourg	1,920,380	1,886,773
Tackle S.a r.l.	6.73	18/05/2028	Gaming	Luxembourg	6,300,000	6,143,319
team.blue Finco S.a.r.l.	6.80	24/03/2028	Technology	Luxembourg	2,750,000	2,655,813
TMF Group Holding BV	5.80	05/05/2025	Services	Netherlands	2,000,000	1,996,940
TMF Sapphire Bidco BV	4.50	26/05/2028	Services	Netherlands	4,030,000	4,023,834
Triley Bidco Ltd	8.17	05/04/2029	Healthcare	United Kingdom	6,250,000	6,158,000
TSG Solutions Holding SACA	7.42	29/03/2029	Services	United States	4,350,000	4,322,813
Virgin Media Ireland Ltd	6.79	13/07/2029	Cable/Satellite TV	Ireland	4,000,000	3,834,240
Winterbotham Darby & Co Ltd	10.88	21/01/2028	Food/Beverage/Tobacco	United Kingdom	7,000,000	7,345,515
Winterfell Financing S.a.r.l.	8.31	04/05/2028	Building Materials	Luxembourg	3,000,000	2,951,250
Zephyr Bidco Ltd	7.19	23/07/2025	Technology	United Kingdom	5,000,000	4,906,825
ZF Invest	7.05	12/07/2028	Food & Drug Retail	France	6,500,000	6,102,785
						348,394,836

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Notes to the financial statements for the period ended 30 June 2023 cont/d...

3. Financial assets and financial liabilities at fair value through profit or loss cont/d...

Investment in the Subsidiary cont/d...

The Subsidiary in turn, holds the following investments summarized below as at 30 June 2023 cont/d...:

Security description	Coupon %	Maturity	Industry	Country	Nominal	Fair value as at 30 June 2023 €
Corporate Bonds						
Altice Financing SA	3.00	15/01/2028	Telecommunications	Luxembourg	2,325,000	1,805,386
Altice France Holding SA	4.00	15/02/2028	Telecommunications	Luxembourg	1,000,000	495,695
Altice France SA	3.38	15/01/2028	Telecommunications	France	800,000	585,876
Benteler International AG	9.38	15/05/2028	Holding Companies-Divers	Austria	1,800,000	1,822,500
Cheplapharm Arzneimittel GmbH	3.50	11/02/2027	Pharmaceuticals	Germany	1,000,000	910,388
Cirsa Finance International S.a.r.l.	7.20	30/09/2025	Entertainment	Luxembourg	1,250,000	1,248,125
Garfunkelux Holdco 3 SA	9.50	01/05/2026	Services	Luxembourg	3,300,000	2,541,670
iliad SA	2.38	17/06/2026	Internet	France	500,000	463,752
INEOS Finance PLC	6.63	15/05/2028	Chemicals	United Kingdom	825,000	812,318
INEOS Quattro Finance 2 Plc	2.50	15/01/2026	Chemicals	United Kingdom	500,000	449,115
IPD 3 BV	8.00	15/06/2028	Commercial Services	Netherlands	725,000	729,477
Italmatch Chemicals SpA	10.00	06/02/2028	Chemicals	Italy	925,000	904,169
Kapla Holding SAS	3.38	15/12/2026	Services	France	1,325,000	1,206,734
Lorca Telecom Bondco SA	4.00	18/09/2027	Telecommunications	Spain	2,350,000	2,149,077
Lottomatica SpA	7.59	01/06/2028	Entertainment	Italy	950,000	955,866
Lottomatica SpA	7.13	01/06/2028	Entertainment	Italy	1,250,000	1,279,779
Monitchem HoldCo 3 SA	8.75	01/05/2028	Chemicals	Luxembourg	450,000	445,570
Sigma Holdco BV	5.75	15/05/2026	Food/Beverage/Tobacco	Netherlands	3,000,000	2,612,625
Summer BC Holdco B S.a.r.l.	5.75	31/10/2026	Services	Luxembourg	2,650,000	2,363,469
United Group BV	8.13	01/02/2029	Cable/Satellite TV	Netherlands	1,000,000	924,303
United Group BV	3.13	15/02/2026	Cable/Satellite TV	Netherlands	1,325,000	1,159,942
Victoria PLC	3.63	24/08/2026	Building Materials	United Kingdom	500,000	413,438
ZF Europe Finance BV	2.00	23/02/2026	Auto Parts&Equipment	Netherlands	500,000	455,998
						26,735,272
Private Loans						
DHG Bidco Limited	7.20	09/06/2027	Healthcare	United Kingdom	1,701,706	1,662,571
DHG Bidco Limited	7.20	09/06/2027	Healthcare	United Kingdom	2,977,985	3,379,802
DHG Bidco Limited	6.93	09/06/2026	Healthcare	United Kingdom	3,519,415	3,435,982
DHG Bidco Limited	6.93	09/06/2026	Healthcare	United Kingdom	7,110,845	8,073,032
Ezentis	7.44	31/07/2025	Telecommunications	Spain	9,106,404	1,806,973
HGMedical GmbH	9.73	14/09/2025	Healthcare	Germany	2,500,000	2,500,000
IskayPet	9.83	29/10/2026	Services	Spain	5,329,152	5,329,152
Restabell Franquicias SLU	11.60	02/11/2026	Consumer Discretionary	Spain	714,132	714,132
Restabell Franquicias SLU	11.60	02/11/2026	Consumer Discretionary	Spain	730,442	730,442
Restabell Franquicias SLU	11.60	02/11/2026	Consumer Discretionary	Spain	3,364,299	3,364,299
						30,996,385
						406,126,493

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Notes to the financial statements for the period ended 30 June 2023 cont/d...

The Subsidiary in turn, held the following investments summarized below as at 31 December 2022:

						Fair value as at 31 December 2022
Security description	Coupon %	Maturity	Industry	Country	Nominal	€
Bank Loans						
ADB Safegate BVBA	6.72	05/10/2026	Capital Goods	Luxembourg	6,000,000	4,656,000
Aenova Holding GmbH	5.03	31/03/2026	Healthcare	Germany	3,550,000	3,149,880
Al Alpine AT Bidco GmbH	4.73	24/10/2025	Capital Goods	Austria	6,000,000	5,601,420
Al Plex AcquiCo GmbH	5.13	31/07/2026	Chemicals	Germany	6,000,000	4,965,000
All-Star Bidco AB	5.70	16/11/2028	Services	Sweden	1,000,000	975,205
Alpha AB Bidco BV	5.95	30/07/2025	Capital Goods	Netherlands	4,000,000	3,763,320
Amphora Finance Ltd	8.38	30/05/2025	Food/Beverage/Tobacco	United Kingdom	5,400,000	3,475,310
Andromeda Investissements	5.05	15/06/2026	Insurance	France	3,074,947	3,022,673
Antigua Bidco Ltd	5.95	10/08/2026	Healthcare	United Kingdom	5,175,000	5,004,872
Aragon Bidco GmbH	4.86	08/11/2028	Healthcare	Germany	3,500,000	3,302,250
Artemis Acquisition UK Ltd	5.56	23/06/2025	Food/Beverage/Tobacco	Hungary	6,000,000	5,450,010
Artisan Newco BV	6.79	01/02/2029	Food/Beverage/Tobacco	United States	4,000,000	3,575,000
Assystem	6.11	30/09/2024	Services	France	9,000,000	6,899,985
Auris Luxembourg III SA	6.44	23/02/2026	Healthcare	Luxembourg	7,000,000	6,312,495
AVS Group GmbH	5.37	10/09/2026	Capital Goods	Germany	5,980,000	5,608,493
Barentz Europe B.V.	5.95	25/11/2027	Chemicals	Netherlands	3,500,000	3,379,688
BCPE Max Dutch Bidco BV	5.98	31/10/2025	Healthcare	Netherlands	7,100,000	6,727,250
Best Food of Nature Holdco III SAS	5.91	11/09/2026	Food/Beverage/Tobacco	France	7,000,000	6,352,500
Boost Holdings 2	7.20	31/10/2028	Services	France	3,250,000	3,038,750
Bowtie Germany BidCo GmbH	5.70	25/02/2028	Healthcare	Germany	2,000,000	1,806,660
Breitling Financing Sarl	5.63	15/10/2028	Consumer-Products	United States	2,241,413	2,177,914
Caldic B.V.	5.11	23/02/2029	Chemicals	Netherlands	2,000,000	1,905,000
Castillon SAS	6.55	09/12/2027	Technology	France	3,351,351	3,257,095
CD&R Firefly Bidco Ltd	4.86	23/06/2025	Super Retail	United Kingdom	2,000,000	1,939,440
CD&R Firefly Bidco Ltd	4.86	23/06/2025	Super Retail	United Kingdom	2,500,000	2,423,438
Cerebro BidCo GmbH	5.86	13/12/2027	Healthcare	Germany	823,821	793,958
Cerebro BidCo GmbH	5.86	13/12/2027	Healthcare	Germany	1,426,179	1,374,480
Cerelia SASU	6.40	31/03/2027	Food/Beverage/Tobacco	France	4,800,000	3,816,000
Civica Group Ltd	8.18	14/10/2024	Technology	United States	4,000,000	3,973,039
ColourOZ Investment 1 GmbH	5.75	21/09/2023	Chemicals	Germany	4,717,548	3,343,562
Corialis International	3.15	16/06/2028	Building Materials	Belgium	1,800,000	1,671,426
CSM Ingredients S.a.r.l.	6.82	09/02/2028	Food/Beverage/Tobacco	Luxembourg	5,250,000	4,035,938
Curium Bidco Sarl	5.95	01/07/2026	Healthcare	Luxembourg	3,812,500	3,663,584
Euro Ethnic Foods Bidco	5.13	13/03/2028	Food & Drug Retail	Luxembourg	2,000,000	1,891,880
GHD Verwaltung Gesundheits GmbH	5.69	17/08/2026	Healthcare	United States	5,478,000	4,759,013
Hestia Holding SASU	5.95	30/06/2027	Insurance	United States	2,700,000	2,586,371
Hestiafloor 2 SASU	5.95	27/02/2027	Building Materials	United States	6,000,000	5,723,550
Hotelbeds Group	6.96	30/09/2027	Leisure	United Kingdom	8,000,000	6,783,360
Impala Bidco 0 Ltd	8.18	22/05/2028	Healthcare	United States	4,800,000	5,022,381
Inspired Finco Holdings Limited	5.90	29/05/2026	Services	United Kingdom	1,500,000	1,485,375
Inspired Finco Holdings Limited	4.90	29/05/2026	Services	United Kingdom	3,800,000	3,592,197
Iris Bidco GmbH	6.61	30/06/2028	Healthcare	United States	8,000,000	6,937,160

Muzinich Firstlight Middle Market ELTIF SICAV, S.A.

Notes to the financial statements for the period ended 30 June 2023 cont/d...

3. Financial assets and financial liabilities at fair value through profit or loss cont/d...

Investment in the Subsidiary cont/d...

The Subsidiary in turn, held the following investments summarized below as at 31 December 2022 cont/d...:

Fair value as at 31 December 2022						€
Security description	Coupon %	Maturity	Industry	Country	Nominal	
Bank Loans cont/d...						
IVC Acquisition LTD	6.29	09/02/2026	Healthcare	United Kingdom	2,000,000	1,867,770
IVC Acquisition LTD	6.04	09/02/2026	Healthcare	United Kingdom	3,000,000	2,780,895
Kersia International SASU	6.13	25/11/2027	Chemicals	France	1,000,000	900,000
LSF10 XL Bidco SCA	6.13	30/03/2028	Building Materials	Luxembourg	6,230,334	5,059,312
Lsf11 Folio Bidco GmbH	6.20	28/02/2029	Capital Goods	Germany	2,800,000	2,583,000
Markermeer Finance BV	5.80	22/01/2027	Services	Netherlands	6,000,000	5,407,500
Marnix SAS	4.46	19/11/2026	Services	France	2,000,000	1,903,410
Mehilainen Yhtiot Oy	5.73	11/08/2025	Healthcare	Finland	4,500,000	4,268,565
Nemera N	5.95	23/02/2026	Healthcare	France	7,500,000	6,933,750
Odyssee Investment Bidco SASU	5.45	13/10/2028	Services	United States	2,750,000	2,633,813
OEP Trafo BidCo GmbH	6.40	01/07/2024	Capital Goods	Germany	5,093,714	3,937,441
Park Resorts / Parkdean	7.71	06/02/2024	Leisure	United Kingdom	6,000,000	6,080,711
Patagonia Bidco Limited	8.68	31/07/2028	Building Materials	United Kingdom	4,700,000	4,375,640
PharmaZell	6.20	19/05/2027	Healthcare	Germany	5,062,500	4,854,938
PHM Netherlands Midco B.V.	5.25	03/08/2026	Publishing/Printing	Netherlands	4,862,500	4,254,688
PHM SF Dutch Bidco	5.11	08/03/2028	Food/Beverage/Tobacco	Netherlands	1,500,000	1,318,125
Powder Bidco SAS	4.38	28/07/2028	Food/Beverage/Tobacco	France	2,000,000	1,936,660
Quimper AB	4.09	16/02/2026	Services	Sweden	1,500,000	1,375,208
Rainbow Finco S.a.r.l.	4.41	23/02/2029	Consumer-Products	Luxembourg	3,250,000	3,052,969
Refresco Holding BV	6.01	12/07/2029	Food/Beverage/Tobacco	Netherlands	5,500,000	5,324,385
Restaurant Brands International Inc.	5.21	20/10/2028	Restaurants	Canada	4,250,000	3,973,750
Roar BidCo AB	5.00	17/02/2028	Healthcare	United States	5,000,000	4,525,000
Sandy BidCo BV	6.04	12/06/2028	Leisure	Netherlands	4,500,000	4,312,980
Saverglass S.A.S.	4.25	07/02/2029	Containers	France	3,750,000	3,471,113
			Transportation Ex.			
Silk Bidco AS	4.91	24/02/2025	Air/Rail	United States	8,000,000	6,323,760
Sirona BidCo SASU	6.33	18/12/2028	Healthcare	France	5,250,000	4,961,250
SLV Holding GmbH	6.15	03/01/2024	Capital Goods	United States	6,608,358	4,559,767
Speedster Bidco GmbH	5.11	31/03/2027	Technology	Germany	5,000,000	4,597,225
Sunrise Bidco S.a r.l.	5.11	27/07/2028	Healthcare	Luxembourg	3,400,000	3,208,750
Sunshine Luxembourg VII Sarl	5.70	01/10/2026	Consumer-Products	Luxembourg	1,809,333	1,740,225
Surf Holdings S.a r.l.	5.49	05/03/2027	Technology	Luxembourg	1,930,253	1,868,726
Tackle S.A.R.L.	4.36	08/05/2028	Gaming	Luxembourg	6,300,000	5,909,526
team.blue Finco SARL	5.90	24/03/2028	Technology	Luxembourg	2,750,000	2,605,048
TMF Group Holding BV	4.19	05/05/2025	Services	Netherlands	4,000,000	3,827,000
Triley Bidco Ltd	6.65	05/04/2029	Healthcare	United Kingdom	4,250,000	4,000,313
TSG Solutions Holding SACA	5.86	29/03/2029	Services	United States	2,000,000	1,900,000
Virgin Media Ireland Ltd	3.86	13/07/2029	Cable/Satellite TV	Ireland	4,000,000	3,823,760
Winterbotham Darby & Co Ltd	9.63	21/01/2028	Food/Beverage/Tobacco	United Kingdom	7,000,000	6,742,005
Wittur Holding GmbH	5.13	23/09/2026	Capital Goods	United States	8,000,000	4,872,000
Zephyr Bidco Ltd	5.66	14/07/2025	Technology	United Kingdom	5,000,000	4,517,500
ZF Invest	5.24	03/07/2028	Food & Drug Retail	France	6,500,000	5,561,920
						318,373,320

Muzinich Firstlight Middle Market ELTIF SICAV, S.A.

Notes to the financial statements for the period ended 30 June 2023 cont/d...

3. Financial assets and financial liabilities at fair value through profit or loss cont/d...

Investment in the Subsidiary cont/d...

The Subsidiary in turn, held the following investments summarized below as at 31 December 2022 cont/d...:

						Fair value as at 31 December 2022
Security description	Coupon %	Maturity	Industry	Country	Nominal	€
Corporate Bonds						
Altice Financing SA	3.00	15/01/2028	Telecommunications	Luxembourg	2,325,000	1,843,155
Altice France Holding SA	4.00	15/02/2028	Telecommunications	Luxembourg	1,000,000	647,863
Altice France SA	3.38	15/01/2028	Telecommunications	France	800,000	605,560
Cirsa Finance Inter	5.67	30/09/2025	Gaming	Luxembourg	1,250,000	1,209,375
Garfunkelux Holdco 3 SA	7.89	01/05/2026	Services	Luxembourg	3,300,000	2,884,388
Kapla Holding SAS	3.38	15/12/2026	Services	France	1,325,000	1,181,377
Kleopatra Finco SARL	4.25	01/03/2026	Containers	Luxembourg	950,000	744,707
Lorca Telecom Bondco	4.00	18/09/2027	Telecommunications	Spain	2,350,000	2,112,063
Sigma Holdco BV	5.75	15/05/2026	Food/Beverage/Tobacco	Netherlands	3,000,000	2,175,000
Summer BC Holdco B SARL	5.75	31/10/2026	Services	Luxembourg	2,650,000	2,269,063
United Group BV	4.32	01/02/2029	Cable/Satellite TV	Netherlands	1,000,000	868,750
United Group BV	3.13	15/02/2026	Cable/Satellite TV	Netherlands	1,325,000	1,068,944
						17,610,245
Private Loans						
DHG Bidco Limited	7.00	09/06/2027	Healthcare	United Kingdom	2,904,564	3,273,744
DHG Bidco Limited	7.00	09/06/2026	Healthcare	United Kingdom	3,432,645	3,432,645
DHG Bidco Limited	7.00	09/06/2027	Healthcare	United Kingdom	1,659,751	1,659,751
DHG Bidco Limited	7.00	09/06/2026	Healthcare	United Kingdom	6,937,873	7,819,699
Ezentis	7.25	31/07/2025	Telecommunications	Spain	8,978,830	1,294,333
HGMedical GmbH	7.50	14/09/2025	Healthcare	Germany	2,500,000	2,500,000
IskayPet	6.25	29/10/2026	Services	Spain	5,263,427	5,263,427
Restabell Franquicias SLU	8.00	02/11/2026	Consumer Discretionary	Spain	3,313,849	3,313,849
Restabell Franquicias SLU	8.00	02/11/2026	Consumer Discretionary	Spain	719,488	719,488
Restabell Franquicias SLU	8.00	02/11/2026	Consumer Discretionary	Spain	703,423	703,423
						29,980,359
						365,963,924

Muzinich Firstlight Middle Market ELTIF SICAV, S.A.

Notes to the financial statements for the period ended 30 June 2023 cont/d...

4. Fair value of assets and liabilities

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

The Fund categorises investments using the following hierarchy as defined by IFRS 13:

Level 1 - Quoted market prices in an active market for an identical instrument.

Level 2 - Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 - Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant impact on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability.

The following table shows financial instruments recognised at fair value as at 30 June 2023:

	Level 1	Level 2	Level 3	Total Fair Value
Muzinich Firstlight Middle Market ELTIF SICAV, S.A.	€	€	€	€
Investment in Subsidiary	-	-	308,013,562	308,013,562
Total financial assets and liabilities at fair value through profit or loss	-	-	308,013,562	308,013,562

For the period ended 30 June 2022, there was no transfer between levels on the fair value hierarchy.

The following table shows financial instruments recognised at fair value as at 31 December 2022:

	Level 1	Level 2	Level 3	Total Fair Value
Muzinich Firstlight Middle Market ELTIF SICAV, S.A.	€	€	€	€
Investment in Subsidiary	-	-	292,663,624	292,663,624
Total financial assets and liabilities at fair value through profit or loss	-	-	292,663,624	292,663,624

For the year ended 31 December 2022, there was no transfer between levels on the fair value hierarchy.

Valuation process for Level 3 valuations

The Fund's illiquid assets will be valued at fair value in accordance with the International Private Equity and Venture Capital Guidelines Edition December 2022 (as may be amended or reissued from time to time).

Muzinich Firstlight Middle Market ELTIF SICAV, S.A.

Notes to the financial statements for the period ended 30 June 2023 cont/d...

4. Fair value of assets and liabilities cont/d...

Quantitative information of significant unobservable inputs - Level 3

The following tables summarise the quantitative inputs and assumptions used for financial assets at fair value through profit or loss categorised as Level 3 in the fair value hierarchy.

As at 30 June 2023	Valuation technique	Unobservable input	Range	Fair Value €
Investment in Subsidiary	Net assets value (fair value basis)	Net asset value	None	308,013,562

As at 31 December 2022	Valuation technique	Unobservable input	Range	Fair Value €
Investment in Subsidiary	Net assets value (fair value basis)	Net asset value	None	292,663,624

The following table shows a reconciliation of all movements in the fair value of items categorised within Level 3 between the beginning and the end of the reporting period:

	Shares in affiliated undertakings €	Loans to affiliated undertakings €	Total €
Cost at the beginning of the period	5,632,459	340,794,177	346,426,636
Additions	-	-	-
Redemptions	-	(2,297,298)	(2,297,298)
Cost at the end of the period	5,632,459	338,496,879	344,129,338
Fair value adjustment at the beginning of the period	641,983	(54,404,995)	(53,763,012)
Fair value adjustment for the period	(1,304,917)	18,952,153	17,647,236
Fair value adjustment at the end of the period	(662,934)	(35,452,842)	(36,115,776)
Balance at the beginning of the period	6,274,442	286,389,182	292,663,624
Balance at the end of the period	4,969,525	303,044,037	308,013,562

The following table provides further information about the portfolio of the Subsidiary, Muzinich Firstlight Middle Market Luxco, S.à r.l., at the end of the reporting period:

30 June 2023	Level 1 €	Level 2 €	Level 3 €	Market Value €
Muzinich Firstlight Middle Market Luxco, S.à r.l.				
Bank Loans	-	348,394,836	-	348,394,836
Corporate Bonds	-	26,735,272	-	26,735,272
Private Loans	-	-	30,996,385	30,996,385
	-	375,130,108	30,996,385	406,126,493

Muzinich Firstlight Middle Market ELTIF SICAV, S.A.

Notes to the financial statements for the period ended 30 June 2023 cont/d...

4. Fair value of assets and liabilities cont/d...

Quantitative information of significant unobservable inputs – Level 3 cont/d...

31 December 2022	Level 1	Level 2	Level 3	Market Value
	€	€	€	€
Muzinich Firstlight Middle Market Luxco, S.à r.l.				
Bank Loans	-	318,373,320	-	318,373,320
Corporate Bonds	-	17,610,245	-	17,610,245
Private Loans	-	-	29,980,359	29,980,359
	-	335,983,565	29,980,359	365,963,924

Other financial assets and liabilities

For all other financial assets and liabilities not carried at fair value, the carrying value is an approximation of fair value.

For each class of assets and liabilities not measured at fair value in the Statement of Financial Position but for which fair value is disclosed, IFRS 13 requires the Fund to disclose the level within the fair value hierarchy within which the fair value measurement would be categorised and a description of the valuation technique and inputs used in the technique.

Cash at bank is categorised as Level 1.

Receivable for investments sold and other receivables include the contractual amounts for settlement of trades and other obligations due to the Fund. Payable for investments sold and other payables represent the contractual amounts and obligations due by the Fund for settlement of trades and expenses. All receivable and payable balances are categorised as Level 2

The value of the Shares is calculated based on the net difference between total assets and all other liabilities of the Fund in accordance with the Fund's Prospectus. These Shares are not traded on an active market. They are redeemable at the Shareholders' option for an amount equal to a proportionate share of the Fund's NAV attributable to the class of Share. The fair value is based on the amount payable on demand, discounted from the first date that the amount could be required to be paid. The impact of discounting in this instance is not material. As such, Level 3 is deemed to be the most appropriate categorisation for net assets attributable to Shareholders.

5. Other receivables

	30 June 2023	31 December 2022
Other receivables	€	€
Interest receivable	7,534,216	6,045,733
VAT receivable	33,476	41,470
	7,567,692	6,087,203

Muzinich Firstlight Middle Market ELTIF SICAV, S.A.

Notes to the financial statements for the period ended 30 June 2023 cont/d...

6. Other payables

	30 June 2023	31 December 2022
Other payables	€	€
Administrative fee payable	(114,971)	(112,095)
Management fees payable	(1,042,207)	(1,067,711)
Depositary fees payable	(79,656)	(249,764)
Administrator fees payable	(139,861)	(444,850)
Audit fees payable	(15,229)	(33,000)
Subscription tax payable	(38,146)	(36,711)
Professional and legal fees payable	(101,941)	(182,260)
Organisational expenses payable	(85,305)	(85,304)
	(1,617,316)	(2,211,695)

7. Number of Shares in issue and net assets attributable to Shareholders

Each Share will represent an individual beneficial interest in the Fund. The return on an investment in the Fund will depend solely upon the investment performance of the assets in the Fund and the increase or decrease (as the case may be) in the Net Asset Value of the Shares.

Net assets attributable to Shareholders represents a liability in the Statement of Financial Position, carried at the redemption amount that would be payable at the Statement of Financial Position date if the Shareholder exercised the right to redeem the Shares in the Fund.

The following tables show the movement in subscriptions and redemptions of each type of Share that was in issue during the financial period ended:

30 June 2023	Number of shares at the beginning of the period	Number of shares subscribed	Number of shares redeemed	Number of shares at the end of the period
Class of Share				
H	148,278	-	(1,000)	147,278
A	40,000	-	-	40,000
R	810,423	-	(1,099)	809,324
P	2,470,187	-	(24,687)	2,445,500

31 December 2022	Number of shares at the beginning of the year	Number of shares subscribed	Number of shares redeemed	Number of shares at the end of the year
Class of Share				
H	148,278	-	-	148,278
A	40,000	-	-	40,000
R	811,455	-	(1,032)	810,423
P	2,524,573	-	(54,386)	2,470,187

Additional subscriptions may not occur since one year of first subscription date.

Investors were able to request the redemption of their Shares on a semi-annual basis starting on 1 January 2022 and subject to the conditions of the Prospectus.

Muzinich Firstlight Middle Market ELTIF SICAV, S.A.

Notes to the financial statements for the period ended 30 June 2023 cont/d...

8. Net gains/(losses) on financial assets and liabilities at fair value through profit or loss

	30 June 2023	31 December 2022
	€	€
Unrealised gain/(loss) on investment in the Subsidiary	17,647,236	(52,177,605)
Unrealised gain/(loss) on foreign currency	(13)	18
Net gain/(losses) on financial assets and liabilities at fair value through profit or loss	17,647,223	(52,177,587)

9. Administrator and Depositary fees

The Administrator is entitled to receive an annual fee of no more than 0.10% of the net asset value of the Fund, accrued daily and payable monthly in arrears, out of the assets of the Fund. The Administrator is entitled to recover its reasonable out-of-pocket expenses from the Fund.

The Depositary is entitled to receive an annual fee of no more than 0.10% of the net asset value of the Fund, accrued daily and payable monthly in arrears out of the assets of the Fund. The Depositary is entitled to recover its reasonable out-of-pocket expenses from the Fund.

10. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The following parties are considered related parties of the Fund:

AIFM

In respect of commitments corresponding to the Fund's classes of Shares, the Fund will also pay the AIFM an annual management fee (the "Management Fee"), as set out below. The Management Fee will be calculated as a percentage of the relevant class's net asset value and will be paid to the AIFM on a quarterly basis in arrears.

Class of Shares	Maximum Management Fee
H	0.60%
A	1.00%
R	1.20%
P	1.50%

The Management Fee will be reduced by 100% (without double-counting) of any: (i) directors' fees, financial consulting fees, advisory fees, monitoring or other transaction fees, paid to the AIFM or any of its affiliates, with respect to the Fund's investments and (ii) break up or abort fees with respect to the Fund's transactions not completed that are paid to the AIFM or any of its affiliates.

No performance-related fees are payable.

Muzinich Firstlight Middle Market ELTIF SICAV, S.A.

Notes to the financial statements for the period ended 30 June 2023 cont/d...

10. Related party transactions cont/d...

The AIFM will pay the fees of the Portfolio Manager from the Management Fee. Additionally, the AIFM may pay all or part of the Management Fee, and/or the Portfolio Manager may pay all or part of its fee, to any party that invests in or provides services to the AIFM or the Portfolio Manager, or in respect of the Fund, including any distributor or sub-distributor.

In addition to the foregoing, on a quarterly basis in arrears, the Fund will pay the AIFM an annual administrative fee equal to 0.15% of the Fund's net asset value. The administrative fee will be calculated as a percentage of the relevant class's net asset value and will be paid to the AIFM on a quarterly basis in arrears. For the avoidance of doubt, such administrative fee is payable in addition to fees payable by the Fund to the Administration fees described in Note 9.

An amount of EUR 2,294,685 (2022: EUR 4,901,645) was due to the AIFM during the period ended 30 June 2023 and the fees payable at the period end were EUR 1,157,178 (2022: EUR 1,179,806).

Subsidiary

Please refer to Note 3 for the investment made in the Subsidiary.

11. Distributions

Please see note 1(x) for the description of the distribution policy. The distributions during the period ended 30 June 2023 are as follows:

Class	Distribution Rate	Total Dividend	Ex-Date	Pay-Date
H EUR	3.2818	483,335	31-Mar-23	26-Apr-23
A EUR	3.0778	123,108	31-Mar-23	26-Apr-23
R EUR	2.9478	2,385,729	31-Mar-23	26-Apr-23
P EUR	2.8676	7,012,756	31-Mar-23	26-Apr-23

Distributions during the year ended 31 December 2022 are as follows:

Class	Distribution Rate	Total Dividend	Ex-Date	Pay-Date
H EUR	2.1576	319,919	31-Mar-22	26-Apr-22
	2.3918	354,650	30-Sep-22	24-Oct-22
A EUR	1.9446	77,783	31-Mar-22	26-Apr-22
	2.1950	87,800	30-Sep-22	24-Oct-22
R EUR	1.8400	1,493,095	31-Mar-22	26-Apr-22
	2.1582	1,749,062	30-Sep-22	24-Oct-22
P EUR	1.6805	4,242,534	31-Mar-22	26-Apr-22
	2.0051	4,952,935	30-Sep-22	24-Oct-22

Notes to the financial statements for the period ended 30 June 2023 cont/d...

12. Financial risks

The Fund raises and channels capital in line with the EU objective of smart, sustainable and inclusive growth. The Fund will seek to invest, via its Subsidiary, mostly in syndicated loans and private debt instruments (both of which generally pay a floating rate of interest) and may also invest in bonds and junior investment opportunities.

The Fund's investments qualify as eligible investments for a European long-term investment fund ("ELTIF"), in particular with regard eligible assets and spreading of investment risks in accordance with Chapter II of the ELTIF Regulation.

As an ELTIF, the Fund may invest in long-term assets, meaning assets that are typically of an illiquid nature, require patient capital based on commitments made for a considerable period of time, often provide late return on investment and generally have an economic profile of a long term nature.

The AIFM delegates the portfolio management functions to the Portfolio Manager.

The main risks relating to financial instruments are set out below.

(a) Market Risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk; market price risk, interest rate risk and currency risk.

(i) Market price risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk), whether those changes are caused by factors specific to individual financial instruments or its issuer, or other factors affecting similar financial instruments traded in the market. The Fund, via its Subsidiary, invests in debt securities. Movements in the market prices of debt securities will affect the Net Asset Value of the Fund. The Fund is therefore exposed to market price risks in relation to the debt investments.

The value of the Fund's investment in the Subsidiary will go up and down as prices of the financial instruments in which the Subsidiary invest fluctuate. The financial instruments are susceptible to market price risk from uncertainty about future prices of financial instruments. All securities in which the Fund and Subsidiary invest present a risk of loss of capital. The Fund manages price risk by investing in a diversified portfolio of assets and by using various investment strategies. The Fund manages price risk by investing in a diversified portfolio of assets and by monitoring exposures and concentration on a regular basis.

A movement in market prices of the financial assets of the Subsidiary will have a proportionate impact on the value of its investments.

(ii) Interest rate risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund, via its Subsidiary, invests mainly in fixed income securities i.e. bonds. Accordingly, the value of the investments is sensitive to movements in interest rates. Longer term obligations are usually more sensitive to interest rate changes. The performance of the Fund may be affected by changes in economic and marketing conditions and in the legal, regulatory and tax requirements or due to an issuer's individual situation.

Muzinich Firstlight Middle Market ELTIF SICAV, S.A.

Notes to the financial statements for the period ended 30 June 2023 cont/d...

12. Financial risks cont/d...

(a) Market Risk cont/d...

(ii) Interest rate risk cont/d...

The interest rate profile of the Subsidiary's portfolio is as follows:

30 June 2023	Up to 1 year €	1 to 5 years €	Non-interest bearing €	Total €
Cash at bank	1,231,232	-	-	1,231,232
Investments	71,194,364	334,932,129	-	406,126,493
Other assets	66,680,905	-	-	66,680,905
Total Assets	139,106,501	334,932,129	-	474,038,630
Income Sharing Loan	-	(303,044,038)	-	(303,044,038)
Other liabilities	(166,025,070)	-	-	(166,025,070)
Total Liabilities	(166,025,070)	(303,044,038)	-	(469,069,108)
Total Net Assets				4,969,522

31 December 2022	Up to 1 year €	1 to 5 years €	Non-interest bearing €	Total €
Cash at bank	11,660,824	-	-	11,660,824
Investments	3,343,562	362,620,362	-	365,963,924
Other assets	59,376,471	-	-	59,376,471
Total Assets	74,380,857	362,620,362	-	437,001,219
Income Sharing Loan	-	(286,467,007)	-	(286,467,007)
Other liabilities	(144,337,594)	-	-	(144,337,594)
Total Liabilities	(144,337,594)	(286,467,007)	-	(430,804,601)
Total Net Assets				6,196,618

The Subsidiary has obtained a EUR 100 million revolving credit facility from Citibank N.A. and EUR 95 million was drawn as at 30 June 2023. The maturity date of the facility is six years and the rate of interest at 30 June 2023 was Euribor + 2.17369%.

(iii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. This risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured.

As at 30 June 2023 and 31 December 2022, all financial instruments were denominated in the functional currency of the Fund. As at 30 June 2023, there were also non-EUR assets at the level of the subsidiary.

Notes to the financial statements for the period ended 30 June 2023 cont/d...

12. Financial risks cont/d...

(b) Credit risk

This is the risk that one party to a financial instrument or transaction will cause a financial loss for the other party by failing to discharge an obligation when it falls due. This includes counterparty risk and issuer (or investment) risk.

The Fund is subject to the credit risk of its Depositary with respect to cash balances and settlements. The Manager reviews the creditworthiness of the Depositary for these purposes. The Manager reviews in detail the creditworthiness of all bond issuers before committing to a purchase using available information in the market place. The creditworthiness of issuers is also kept under constant review. The Fund has no impaired or past due assets.

Financial assets subject to IFRS 9's impairment requirements

The Fund's financial assets subject to the expected credit loss model within IFRS 9 are cash at bank and short-term trade and other receivables. At 30 June 2023, the total of short-term trade and other receivables was EUR 7,567,692 (31 December 2022: EUR 6,087,203) on which no loss allowance had been provided.

The cash at bank and the portfolio of investments are held in custody by State Street Bank Luxembourg S.C.A., a reputable bank in Luxembourg. State Street Corporation has a senior debt credit rating A1 as per Moody's Investor Services rating. No assets are considered impaired and no amounts have been written off in the period.

The Fund is exposed to credit risk on debt instruments and similar securities and derivative assets. These classes of financial assets are not subject to IFRS 9's impairment requirements as they are measured at FVPL. The carrying value of these assets represents the Fund's maximum exposure to credit risk on financial instruments not subject to the IFRS 9 impairment requirements on the respective reporting dates.

Offsetting financial assets and financial liabilities

The Fund presents the fair value of its derivative assets and liabilities on a gross basis, no such assets or liabilities have been offset in the statement of financial position.

The Fund's agreements allow for offsetting following an event of default, but not in the ordinary course of business, and the Fund does not intend to settle these transactions on a net basis or settle the assets and liabilities on a simultaneous basis.

There were no offsetting financial assets and financial liabilities as at 30 June 2023 and 31 December 2022.

(c) Liquidity risk

Liquidity risk is defined as the risk that the Fund may not be able to meet its financial liabilities when they fall due.

The AIFM will maintain an adequate and documented liquidity management policy in accordance with the requirements of Alternative Investment Fund Managers Directive ("AIFMD"). The AIFM's liquidity management policy will include such procedures as are necessary to enable the AIFM to assess and monitor the liquidity risk to which the Fund is or may be exposed (including conducting regular stress tests under normal and exceptional liquidity conditions) and to ensure that the liquidity profile of the investments of the Fund comply with the underlying obligations.

In order to manage liquidity risk, aggregate redemptions will be limited at each redemption date to the value of the liquid assets, including cash at bank and investment proceeds not reinvested or already distributed.

The Subsidiary uses leverage as described in note 12(e).

Muzinich Firstlight Middle Market ELTIF SICAV, S.A.

Notes to the financial statements for the period ended 30 June 2023 cont/d...

12. Financial risks cont/d...

(c) Liquidity risk cont/d...

The tables below analyses the Fund's financial assets and liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

30 June 2023	On demand	1-3 months	3-6 months	More than 1 year	Total
	€	€	€	€	€
Investment in the Subsidiary	308,013,562	-	-	-	308,013,562
Cash at bank	218,884	-	-	-	218,884
Trade and other receivables	-	7,567,692	-	-	7,567,692
Total assets	308,232,446	7,567,692	-	-	315,800,138
Trade and other payables	-	(1,617,316)	-	-	(1,617,316)
Total liabilities	-	(1,617,316)	-	-	(1,617,316)
Net liquidity balance	308,232,446	5,950,376	-	-	314,182,822

31 December 2022	On demand	1-3 months	3-6 months	More than 1 year	Total
	€	€	€	€	€
Investment in the Subsidiary	292,663,624	-	-	-	292,663,624
Cash at bank	1,001,478	-	-	-	1,001,478
Trade and other receivables	-	6,087,203	-	-	6,087,203
Total assets	293,665,102	6,087,203	-	-	299,752,305
Trade and other payables	-	(2,211,695)	-	-	(2,211,695)
Total liabilities	-	(2,211,695)	-	-	(2,211,695)
Net liquidity balance	293,665,102	3,875,508	-	-	297,540,610

(d) Capital risk management

The capital of the Fund is represented by the net assets attributable to Shareholders. The amount of net assets attributable to Shareholders cannot change significantly as the Fund has been closed to subscriptions (please refer to Note 7) and redemptions are subject to the conditions stated in the current prospectus. See Liquidity risk note above for details of how this risk is mitigated.

The Fund's aim with respect to management of its capital is to safeguard its ability to continue as a going concern in order that the Fund may achieve its overall objective of long-term capital growth, and to maintain a strong capital base to support the development of the Fund's investment activities.

The Manager monitors capital on the basis of the value of net assets attributable to Shareholders.

(e) Leverage

The Subsidiary has arranged a EUR 100 million revolving credit facility from Citibank N.A. for leverage. The revolving credit facility is to be used to leverage the acquisition of the investments and fund drawings made in respect of its investments. The amount drawn and terms of the facility are described in note 12(a)(ii).

The leverage employed by the Subsidiary did not exceed 30% of the Fund's Net Assets as of 30 June 2023 and 31 December 2022.

Notes to the financial statements for the period ended 30 June 2023 cont/d...

13. Taxation

Under current law and practice, the Fund is not liable to any Luxembourg income tax, municipal business tax or net wealth tax.

The Fund is, however, liable in Luxembourg to a subscription tax (taxe d'abonnement) at a rate of 0.05% per annum of its net assets, such tax being payable quarterly and calculated on the basis of the total net assets of the Fund at the end of the relevant quarter. Where a class of Shares only includes institutional investors, as defined in the applicable legislation, the Fund may benefit from a reduced tax rate of 0.01% per annum for such class of Shares. However, no guarantee can be given that the Fund will be able to benefit from such reduced tax rate. No stamp duty or other tax is levied on the assets of the Fund invested in other Luxembourg undertakings for collective investment. No stamp or other tax will be payable in Luxembourg on the issue of the Shares of the Fund. Under current law and practice, no other tax is payable in Luxembourg on realized or unrealized capital appreciation of the assets of the Fund.

14. Significant Events during the Financial Period

The Fund did not and does not have any direct exposure to Ukraine, Russia or Belarus. The Investment Manager continues to carefully monitor the evolving conditions for all indirect and unrelated exposures globally. The ongoing military operation in Ukraine and the related sanctions targeted against the Russian Federation may continue to impact on the Global Economy.

15. Events since the Financial Period End

There have been no significant events since the financial period end that require amendment to or disclosure in the financial statements.

16. Approval of Financial Statements

The financial statements were approved by the Board of Directors on 10 August 2023.

Directory

REGISTERED OFFICE

12E, rue Guillaume Kroll
L-1882 Luxembourg
Grand Duchy of Luxembourg

DIRECTORS OF THE FUND

Mr. Paul Fehre
Mr. Fenton Tom
Mr. Alex McKenna
Mr. John Alldis

INVESTMENT MANAGER

Muzinich & Co. Limited
8 Hanover Street
London W1S 1YQ
England

AIFM

Muzinich & Co. (Ireland) Limited
32 Molesworth Street
Dublin 2
Ireland

INDEPENDENT AUDITORS

Deloitte Audit S.à r.l.
20, Boulevard de Kockelscheuer
L-1821 Luxembourg
Grand Duchy of Luxembourg

ADMINISTRATOR, REGISTRAR AND TRANSFER AGENT

State Street Bank International GmbH
Luxembourg Branch
49, Avenue J. F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

Directory cont/d...

DEPOSITARY

State Street Bank International GmbH
Luxembourg Branch
49, Avenue J. F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

LEGAL ADVISORS IN LUXEMBOURG

Loyens & Loeff Luxembourg, S.à r.l.
18-20, Rue Edward Steichen
L-2540 Luxembourg
Grand Duchy of Luxembourg

EU AND ENGLISH LEGAL ADVISORS

Macfarlanes LLP
20 Cursitor Street
London EC4A 1LT
England

FACILITIES AGENT

Muzinich & Co. Limited
8 Hanover Street
London W1S 1YQ
England

Muzinich Firstlight Middle Market ELTIF SICAV, S.A.

Appendix I - Publication of Performance Data

Below is the historical performance data for each Share Class of the Fund:

Fund and Share Class	Return % 30 June 2023	Return % 31 December 2022
Muzinich Firstlight Middle Market ELTIF SICAV, S.A.		
H	10.21%	(9.70%)
A	9.97%	(10.11%)
R	9.93%	(10.23%)
P	9.74%	(10.54%)

Muzinich Firstlight Middle Market ELTIF SICAV, S.A.

Appendix II - Total Expense Ratio (TER)

The average Total Expense Ratio table shows the actual expenses incurred by the Fund during the reporting period, expressed as an annualised percentage of the average (“avg.”) net assets value (“NAV”) of the Fund for the corresponding period.

Fund and Share Class	Expense % of avg. NAV 30 June 2023	Expense % of avg. NAV 31 December 2022
Muzinich Firstlight Middle Market ELTIF SICAV, S.A.		
H	0.95%	0.94%
A	1.39%	1.38%
R	1.50%	1.50%
P	1.89%	1.88%

Appendix III - Securities Financing Transaction Regulations

Article 13 of Regulation (EU) 2015/2365 on transparency of securities financing transactions and of reuse, and amending Regulation (EU) No 648/2012, requires UCITS investment companies to provide the following information on the use made of securities financing transactions and Total Return Swaps.

Information on Securities Financing Transactions and of Reuse ("SFTR") is not required as the Fund does not use any instruments falling into the scope of the European Regulation 2015/2365.

The statement of composition of the portfolio is available to the Shareholders, free of charge.

Appendix IV - Sustainable Finance Disclosure

Article 6

The Fund has been categorised as Article 6 financial products for the purposes of Regulation (EU) 2019/2088 (“SFDR”) (an “Article 6 Fund”):

For the purpose of Regulation EU/ 2020/852 (the “Taxonomy Regulation”), it should be noted that the investments underlying the Article 6 Fund do not take into account the EU criteria for environmentally sustainable economic activities.