| Informazione Regolamentata n. 0931-21-2020 | Data/Ora Ricezione 10 Settembre 2020 14:17:26 | MTA - Star |
|---|---|---|

| | | |
|---|---|---|
| Societa' | : | B&C SPEAKERS |
| Identificativo Informazione Regolamentata | : | 136802 |
| Nome utilizzatore | : | BCSPEAKERSN01 - Pratesi |
| Tipologia | : | 1.2 |
| Data/Ora Ricezione | : | 10 Settembre 2020 14:17:26 |
| Data/Ora Inizio Diffusione presunta | : | 10 Settembre 2020 18:00:19 |
| Oggetto | : | B&C Speakers 1H2020 Interim Report |

*Testo del comunicato*

Vedi allegato.

COMUNICATO STAMPA

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

## The Board of Directors approves the abbreviated Interim Report on Operations as at 30 June 2020

- **Consolidated revenues equal to € 16.94 million (a decrease of 40.3% compared to the € 28.39 million for the same period in 2019);**
- **E Consolidated EBITDA equal to € 2.88 million (a decrease of 55.3% compared to the € 6.44 million for the same period in 2019);**
- **Group profit equal to € 1.03 million (a decrease of 76.7% compared to the 4.44 million for the same period in 2019);**
- **Group net financial position equal to € 3.55 million (equal to € 5.00 million at the end of the 2019 financial year);**
- **Continuation of the actions already taken at the beginning of the pandemic to mitigate the financial and economic effects linked to Covid19.**

*Bagno a Ripoli (prov. Florence), Italy, September 10, 2020* – The **Board of Directors of B&C Speakers S.p.A.**, one of the foremost international players in the design, manufacture, distribution and marketing of professional electro-acoustic transducers, approved the abbreviated Half-Year Group's Interim Report as at June 30, 2020 for the first six months of 2020, in accordance with IFRS international accounting standards.

***Revenues***

The Group's activities, and therefore also sales, resumed, in accordance with the regulations in force, starting from May 4, 2020; please note that, following the D.P.C.M. ((Council of Ministry President's Decree) of March 22, 2020, the production plant in Reggio Emilia was closed from March 13, 2020, while the Florentine one from March 20, 2020.
The Group's reference market is still heavily and negatively impacted by the consequences of Covid-19 (gatherings of people, including live events, are still prohibited in most of the reference markets), which have led to a significant decrease in turnover of Group which was equal to Euro 17 million at the end of the first half of 2020, so down by 40.32% compared to the same period of 2019.
In addition to this, it should be noted that the health provisions that have made it possible to resume production activities, resulted in a loss of production efficiency that can be measured in about 20% of normal capacity, due to the provisions on interpersonal distancing and sanitation of productive structures.

The decrease in the Group's turnover compared to the first half of 2019 occurred, albeit with different timescales and methods, on all the reference markets as summarized in the chart here below.

| Geographical Area | 1st half 2020 | % | 1st half 2019 | % | Change | Change % |
|---|---|---|---|---|---|---|
| America Latina | 828,329 | 4.9% | 1,943,547 | 6.8% | (1,115,218) | -57% |
| Europa | 7,558,944 | 44.6% | 13,456,652 | 47.4% | (5,897,708) | -44% |
| Italia | 1,336,308 | 7.9% | 2,090,125 | 7.4% | (753,817) | -36% |
| Nord America | 4,522,205 | 26.7% | 5,244,840 | 18.5% | (722,635) | -14% |
| Medio Oriente & Africa | 241,792 | 1.4% | 113,406 | 0.4% | 128,386 | 113% |
| Asia & Pacifico | 2,456,902 | 14.5% | 5,543,038 | 19.5% | (3,086,136) | -56% |
| **Totale** | **16,944,480** | **100.0%** | **28,391,607** | **100.0%** | **(11,447,127)** | **-40.32%** |

## *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 passive commissions, customs duties and other minor direct costs.

The cost of sales showed a slight worsening in its incidence on revenues in the first six months of 2020 compared to the same period of 2019, going from 61.02% to 64.03%; the limited worsening is attributable to a good management of the costs that flow into it, including direct personnel for which the Covid Redundancy Fund was used since the closure of the Group's plants and also after their reopening, to manage the production capacity in oversupply with respect to the market demands.

## *Indirect Personnel*

The cost for indirect personnel, although decreasing by 21% compared to the first six months of 2019, has increased its incidence on turnover from 6.96% to 9.21%; this is explained by the fact that, despite the use of social safety nets, it was not possible to adjust the cost of labor to the decline in business volumes.

## *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 show a sharp decrease in absolute value compared to the first six months of the previous year and a significant reduction in the incidence on turnover going from 1.8% to 1.46%; this contraction is mainly explained by the cancellation of all trade shows scheduled during the year.

## *Administrative and General*

General and administrative costs showed a significant decrease of 29% compared to the first six months of 2019 and slightly increased their incidence on turnover, which went from 7.70% to 9.13%. In this category of costs, the cost containment measures implemented by the Company management, which will be explained in detail in a subsequent paragraph, were particularly effective.

### *EBITDA and EBITDA Margin*

Mainly due to the dynamics shown above, EBITDA for the first six months of 2020 was equal to 2.88 million euros, down by 55.3% compared to the same period of 2019.

The ***EBITDA margin*** for the first six months of 2020 is equal to 17.00% of revenues while it was equal to 22.69% in the first six months of the previous year.

### *Depreciation*

Depreciation of tangible and intangible fixed assets and rights of use amounted to € 1.03 million (€ 1.02 million in the first six months of 2019).

### *Provisions*

The provisions made in the quarter were equal to zero as there was no need for provisions to take into account the risk of bad debts despite the crisis triggered by the Covid-19 epidemic. There are currently no situations of bad debt from the Group's customers.

### *EBIT*

EBIT for the first six months of 2020 amounts to € 1.77 million, also sharp decreasing compared to the same period of 2019

### *Group Net Profit*

The Group's net profit at the end of the first six months of 2020 amounts to € 1.03 million, representing a percentage of 6.10% of consolidated revenues with an overall decrease of 76.70% compared to the corresponding period of 2019.
It should be noted that the Group's net profit is also affected by the presumed losses from the valuation of the securities held in the portfolio, which amount to € 0.37 million at the end of the first half of 2020; the securities portfolio itself showed a loss of € 0.96 million at the end of the first quarter.
The securities portfolio in question has therefore already recovered a significant part of the loss and, given the quality of the securities that comprise it, it can be assumed that that it can continue towards a complete recovery.

The **Net Financial Position** at the end of the first three months of 2020 was equal to € 3.55 million against a value of 5.00 at the end of the 2019 financial year.

| | 30 June 2020 (a) | 31 December 2019 (a) | Change % |
|---|---|---|---|
| A. Cash | 12,102 | 5,278 | 129% |
| C. Securities held for trading | 7,543 | 7,916 | -5% |
| **D. Cash and cash equivalent (A+C)** | **19,645** | **13,194** | **49%** |
| | | | |
| F. Bank overdrafts | (0) | (314) | -100% |
| G. Current portion of non current borrowings | (5,492) | (6,686) | -18% |
| H. Other financial current borrowings | (1,099) - | 1,211.60 | |
| **I. Current borrowingse (F+G)** | **(6,591)** | **(8,211)** | **-20%** |
| | | | |
| **J. Current net financial position (D+I)** | **13,054** | **4,982** | **162%** |
| | | | |
| K. Non current borrowings | (14,039) | (6,958) | 102% |
| M. Other financial non current borrowings | (2,570) - | 3,031.00 | |
| **N. Non current borrowings** | **(16,608)** | **(9,989)** | **66%** |
| | | | |
| **O. Total net financial position (J+N)** | **(3,554)** | **(5,006)** | **-29%** |

The improvement of the Net Financial Position was mainly affected by the decision of the Shareholders' Meeting not to proceed with the distribution of the dividend initially proposed, in order to prudently maintain the balance sheet unchanged;
Furthermore, during the first half of 2020, the Parent Company has taken out new loans for 7.5 million (of which 5 million relating to two loans of 2.5 million, each with a guarantee from Medio Credito Centrale SpA pursuant to Legislative Decree 23 / 2020, art.13, paragraph 1.), reimbursable starting from 2021.

**The Group's reclassified Income Statement for the first six months of 2020 compared with the same period in 2019 is provided below.**

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

| *(€ thousands)* | 1H 2020 | *Incidence* | 1H 2019 | *Incidence* |
|---|---|---|---|---|
| Revenues | 16,944 | *100.00%* | 28,392 | *100.0%* |
| Cost of sales | (10,849) | *-64.03%* | (17,324) | *-61.0%* |
| **Gross margin** | **6,095** | ***35.97%*** | **11,068** | ***39.0%*** |
| Other revenues | 141 | *0.83%* | 70 | *0.2%* |
| Cost of indirect labour | (1,561) | *-9.21%* | (1,976) | *-7.0%* |
| Commercial expenses | (248) | *-1.46%* | (534) | *-1.9%* |
| General and administrative expenses | (1,546) | *-9.13%* | (2,186) | *-7.7%* |
| **Ebitda** | **2,881** | ***17.00%*** | **6,442** | ***22.7%*** |
| Depreciation of tangible assets | (1,031) | *-6.09%* | (1,019) | *-3.6%* |
| Amortization of intangible assets | (74) | *-0.44%* | (141) | *-0.5%* |
| Writedowns | 0 | *0.00%* | 0 | *0.0%* |
| **Earning before interest and taxes (Ebit)** | **1,776** | ***10.48%*** | **5,282** | ***18.6%*** |
| Financial costs | (687) | *-4.06%* | (310) | *-1.1%* |
| Financial income | 120 | *0.71%* | 590 | *2.1%* |
| **Earning before taxes (Ebt)** | **1,208** | ***7.13%*** | **5,561** | ***19.6%*** |
| Income taxes | (174) | *-1.03%* | (1,124) | *-4.0%* |
| **Profit for the year** | **1,034** | ***6.10%*** | **4,438** | ***15.6%*** |
| Minority interest | 0 | *0.00%* | 0 | *0.0%* |
| **Group Net Result** | **1,034** | ***6.10%*** | **4,438** | ***15.6%*** |
| Other comprehensive result | (151) | *-0.89%* | (55) | *-0.2%* |
| **Total Comprehensive result** | **882** | ***5.21%*** | **4,382** | ***15.4%*** |

## Significant events after June 30, 2020

The company activity is still strongly impacted by the crisis generated by the spread of Covid-19, the first effect of whom still remains the strong contraction in demand which, even during the summer months, was about 40% lower than in the same period of the previous year. The persistence of the ban on carrying out activities requiring proximity between people, makes it impossible to truly resume the reference market (live shows, concerts) for the moment.

## Measures aimed at mitigating the economic and financial impact of the Covid-19 emergency

In continuity with what was already started at the beginning of the crisis, the Company has implemented a series of actions aimed at mitigating the negative effect caused by the crisis generated by the spread of Covid-19.

In particular, the Company has identified and adopted the following cost-containment measures:

- activation of social safety nets and other forms of public support to protect workers, on an extraordinary basis, forms envisaged or issued in the countries where the Group operates: this intervention has guaranteed a lower cost of direct and indirect personnel and will maintain its effectiveness also during the of the second semester;
- reduction (equal to 25%) of the annual fixed remuneration of the executive directors;

- management salary adapted to the changed market conditions through the use of social safety nets and / or the redefinition of the managers' remuneration;
- Interruption of the accrual of all the variable components of the remuneration of Directors and Management;
- significant reduction in marketing costs;
- suspension of all non-strategic activities and related costs, as well as renegotiation, where possible, of the contracts currently in place; in this context, there has been a reduction in costs for company property rentals, that will guarantee substantial savings in the second half of 2020.

As regards decisions of a financial nature, in order to manage company resources with the utmost prudence, the Company has carried out the following actions:

- The Shareholders' Meeting resolved, on the basis of the updated proposal of the Board of Directors, not to proceed with the distribution of the dividend;
- Has taken out new loans for a total of Euro 7.5 million (of whom 5 million relating to two 2.5 million loans, both guaranteed by Medio Credito Centrale SpA pursuant to Legislative Decree no. 23/2020, art.13, paragraph 1. ) to be redeemed starting from the second half of 2021;
- has joined the voluntary moratorium, promoted by the reference financial institutions of B&C Speakers, of the maturities of mortgages until September 2021.

It is commonly believed by the management that the interventions described here can rationally guarantee liquidity (upon completion of the above transactions, the Company will have additional liquidity of over nine million) and financial solidity in order to meet all the needs that may arise during the current crisis.

## Business Outlook

Given the current uncertainty about the duration and intensity of the health and socio-economic emergency relating to Covid-19, the Company believes that it is still not possible today to estimate the impact that such epidemic will have throughout the year, even if it is highly probable that, based on the information currently available, the current situation will continue until the end of the financial year.
The Company reserves the right to provide updates as soon as the visibility conditions allow for more accurate estimates to be drawn up.

The B&C Speakers S.p.A. Financial Reporting Manager, Francesco Spapperi, confirms—in accordance with Art. 154-*bis*, paragraph 2 of Italian Legislative Decree No. 58/1998—that the accounting disclosures contained in this press release are consistent with the company's accounting documents, books and records.

**B&C Speakers S.p.A.**
Simone Pratesi (Investor Relator),
Tel: 055/6572 303
Email: spratesi@bcspeakers.com

B&C Speakers S.p.A. is an international leader in designing, producing, distributing and promoting professional electro-acoustic transducers (the main components in acoustic speakers for music, commonly referred to as loudspeakers), supplied mainly to professional audio-system manufacturers (OEM). With around 160 employees, approximately 10% of whom are assigned to its Research and Development Department, B&C Speakers carries out all design, production, marketing and control activities at its offices in Florence and Reggio Emilia for the brands of the Group: B&C, 18SOUND and CIARE. Most of its products are developed according to its key customers' specifications. B&C Speakers also operates in the US and Brazil through two subsidiaries carrying out commercial activities.

## Consolidated Statement of Financial Position as at June 30, 2020.

| CONSOLIDATED STATEMENT OF FINANCIAL POSITION | | 30 June | 31 December |
|---|---|---|---|
| *(Values in Euro)* | | 2020 | 2019 |
| **ASSETS** | | | |
| **Fixed assets** | | | |
| Tangible assets | | 3,046,796 | 3,252,228 |
| Right of use | | 3,585,001 | 4,179,283.42 |
| Goodwill | | 2,318,181 | 2,318,181 |
| Other intangible assets | | 283,020 | 351,582 |
| Investments in non controlled associates | | 50,000 | 50,000 |
| Deferred tax assets | | 580,489 | 612,160 |
| Other non current assets | | 672,435 | 665,646 |
| | *related parties* | *68,392* | *68,392* |
| **Total non current assets** | | **10,535,922** | **11,429,080** |
| **Currents assets** | | | |
| Inventory | | 14,676,800 | 13,492,428 |
| Trade receivables | | 8,385,075 | 12,842,205 |
| Tax assets | | 1,172,611 | 843,794 |
| Other current assets | | 8,107,291 | 8,396,516 |
| Cash and cash equivalents | | 12,102,082 | 5,277,278 |
| **Total current assets** | | **44,443,859** | **40,852,221** |
| **Total assets** | | **54,979,781** | **52,281,301** |
| **LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | | 1,090,531 | 1,097,829 |
| Other reserves | | 4,970,497 | 5,043,360 |
| Foreign exchange reserve | | 409,638 | 560,962 |
| Retained earnings | | 19,202,321 | 18,910,616 |
| **Total equity attributable to shareholders of the parent** | | **25,672,987** | **25,612,766** |
| Minority interest | | - | 0 |
| **Total equity** | | **25,672,987** | **25,612,766** |
| **Non current liabilities** | | | |
| Long-term borrowings | | 14,038,618 | 6,957,599 |
| Long-term lease liabilities | | 2,569,609 | 3,104,267.26 |
| | *related parties* | *1,887,545* | 2,290,500.19 |
| Severance Indemnities | | 917,929 | 891,965 |
| Provisions for risk and charges | | 38,238 | 38,238 |
| **Total non current liabilities** | | **17,564,394** | **10,992,069** |
| **Current liabilities** | | | |
| Short-term borrowings | | 5,492,015 | 6,999,955 |
| Short-term lease liabilities | | 1,099,181 | 1,138,074.94 |
| | *related parties* | *839,079* | 867,957.01 |
| Trade liabilities | | 3,181,281 | 4,959,909 |
| | *related parties* | *1,791* | *4,377* |
| Tax liabilities | | 404,945 | 720,077 |
| Other current liabilities | | 1,564,978 | 1,858,449 |
| **Total current liabilities** | | **11,742,400** | **15,676,465** |
| **Total Liabilities** | | **54,979,781** | **52,281,301** |

# Consolidated Income Statement for the first six months of 2020

| CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME<br>(Values in Euro) | | 1 half 2020 | 1 half 2019 |
|---|---|---|---|
| Revenues | | 16,944,480 | 28,391,607 |
| Cost of sales | | (10,849,376) | (17,323,737) |
| Other revenues | | 141,219 | 69,880 |
| Cost of indirect labour | | (1,561,313) | (1,976,060) |
| Commercial expenses | | (247,805) | (533,672) |
| General and administrative expenses | | (1,546,295) | (2,186,438) |
| | *related parties* | *0* | *0* |
| Depreciation and amortization | | (1,105,361) | (1,159,781) |
| Writedowns | | 0 | 0 |
| **Earning before interest and taxes** | | **1,775,549** | **5,281,799** |
| Financial costs | | (687,421) | (310,404) |
| | *related parties* | *(38,065)* | - 46,470.75 |
| Financial income | | 120,094 | 590,082 |
| **Earning before taxes** | | **1,208,221** | **5,561,477** |
| Income taxes | | (174,303) | (1,123,896) |
| **Profit for the year (A)** | | **1,033,918** | **4,437,581** |
| **Other comprehensive income/(losses) for the year that will not be reclassified in icome statement:** | | | |
| Actuarial gain/(losses) on DBO (net of tax) | | (124) | (15,185) |
| **Other comprehensive income/(losses) for the year that will be reclassified in icome statement:** | | | |
| Exchange differences on translating foreign operations | | (151,324) | (40,059) |
| **Total other comprehensive income/(losses) for the year (B)** | | **(151,448)** | **(55,244)** |
| **Total comprehensive income (A) + (B)** | | **882,470** | **4,382,337** |
| **Profit attributable to:** | | | |
| Owners of the parent | | 1,033,918 | 4,437,581 |
| Minority interest | | - | - |
| **Total comprehensive income atributable to:** | | | |
| Owners of the parent | | 882,470 | 4,382,337 |
| Minority interest | | - | - |
| **Basic earning per share** | | 0.09 | 0.40 |
| **Diluted earning per share** | | 0.09 | 0.40 |

| | |
|---|---|
| Fine Comunicato n.0931-21 | Numero di Pagine: 11 |