



COMUNICATO STAMPA

B&C Speakers S.p.A.:

The Board of Directors approves the Interim Report on Operations as at September 30, 2020

- Consolidated revenues amounted to € 24.84 79 million (a decrease of 42.2% compared to the € 42,95 million for the same period in 2019);
- Consolidated EBITDA equal to € 4.44 million (a decrease of 55.9% compared to the 10,1 million for the same period in 2019);
- Consolidated EBITDA margin of 17.9%, while it was of 23.5% at September 30, 2019;
- Group net profit amounted to € 1.78 million, down by 74.5% compared to € 7.00 million in the same period of 2019);
- Group net financial position equal to € 1.64 million (it amounted to € 5.00 million at year-end 2019);
- 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, November 13, 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 Group's Interim Report as at September 30, 2020 for the first nine months of 2020, in accordance with IFRS international accounting standards.

Revenues

Even during the summer, the Group's reference market continued to significantly suffer from the consequences of the ongoing pandemic that led to a significant decrease in the Group's turnover, which amounted to Euro 24.8 million at the end of the first nine months in 2020 and down by 42.16% compared to the same period of 2019.

In addition to this, it should be noted that the health provisions that have made possible the resumption of production activities, determine a loss of production efficiency that can be measured in about 20% of normal capacity, as a result of the provisions on interpersonal distancing and sanitation of production facilities.

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.



| Revenues per geographic area <i>(values in Euro/thousand)</i> | III Q 2020 YTD | % | III Q 2019 YTD | % | Difference | Difference % |
|--|-------------------|-------------|-------------------|-------------|-----------------|--------------|
| Latin America | 1,783 | 7% | 3,110 | 7% | (1,327) | -43% |
| Europe | 9,846 | 40% | 20,116 | 47% | (10,270) | -51% |
| Italy | 1,867 | 8% | 2,981 | 7% | (1,114) | -37% |
| North America | 6,855 | 28% | 8,452 | 20% | (1,597) | -19% |
| Middle East & Africa | 337 | 1% | 273 | 1% | 64 | 23% |
| Asia & Pacific | 4,157 | 17% | 8,022 | 19% | (3,865) | -48% |
| Total | 24,844 | 100% | 42,954 | 100% | (18,110) | -42% |

It should be noted that the Asian market, and China in particular, in the course of the quarter just passed, gave clear signs of a gradual recovery in demand, made possible by the ability to block the spread of the virus, allowing the resumption of all social aggregation activities. The geographic area that, at Group level, is best reacting to this crisis, is North America, thanks to the success achieved in the sale of car transducers and in selling to end customers, through an effective network of traditional and non-traditional resellers, which have partly balanced the loss in turnover suffered by manufacturers (OEMs).

Cost of sales

The cost of sales showed a slight worsening in its incidence on revenues in the first nine months of 2020 compared to the same period of 2019, going from 61.00% to 63.18%; this worsening is attributable to the contraction in turnover not fully balanced by the cost containment policies that the Company has put in place, including the use of the Covid redundancy fund.

Indirect Personnel

The cost for indirect personnel, although decreasing by 24.5% compared to the first nine months of 2019, has increased its incidence on turnover from 6.70% to 8.75%; 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 nine months of the previous year and a significant reduction in the incidence on turnover going from 2.05% to 1.51%; 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 (-23% compared to the first nine months of 2019) and slightly increased their incidence on turnover, which went from



7.08% to 9.42%. 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 nine months of 2020 was equal to Euro 4.44 million, down by 55.9% compared to the same period of 2019.

L'EBITDA margin for the first nine months of 2020 is equal to 17.87% of revenues while it amounted to 23.47% in the same period of the previous year.

Depreciation

Depreciation of tangible and intangible fixed assets and rights of use amounted to Euro 1.65 million (Euro 1.72 million in the first nine month of 2019).

Provisions

Provisions made during the period are zero, as there was no need for provisions, taking into account the risk of bad debt of trade receivables, despite the crisis triggered by the ongoing epidemic. Currently there are no situations of bad debt on the part of the Group's customers. Even the stocks do not show critical situations that require value adjustments.

EBIT

EBIT for the first nine months of 2020 amounts to Euro 2.79 million, also in sharp decline compared to the same period of 2019.

Utile Netto di Gruppo

The Group's net profit at the end of the first nine months of 2020 amounts to Euro 1.78 million, representing a percentage of 7.18% of consolidated revenues, with an overall decrease of 74.5% compared to the corresponding period of 2019.

It should be noted that the Group's net profit is also affected by the alleged valuation losses of the securities held in the portfolio, which, although constantly decreasing, amount to Euro 0.26 million at the end of the first nine months of 2020. The securities portfolio itself showed a loss of Euro 0.37 million at the end of the first half and amounted to 0.96 at the end of the first quarter.

Therefore, the securities portfolio at issue has already recovered a significant part of the loss and, given the quality of the securities that comprise it, it can be assumed it will continue towards a complete recovery by the end of the year.

The **Net Financial Position** at the end of the first nine months of 2020 was equal to Euro 1.64 million against a value of 5.00 at the end of the 2019 financial year.



| <i>Values in Euro Thousands</i> | 30 September 2020 | 31 December 2019 | Change % |
|--|------------------------------|-----------------------------|-----------------|
| A. Cash | 13,167 | 5,277 | 149% |
| C. Securities held for trading | 7,651 | 7,916 | -3% |
| D. Cash and cash equivalent (A+C) | 20,818 | 13,194 | 58% |
| F. Bank overdrafts | (0) | (314) | -100% |
| G. Current portion of non current borrowings | (6,660) | (6,686) | 0% |
| H. Other current financial debts | (961) | (1,212) | |
| I. Current borrowings (F+G) | (7,621) | (8,211) | -7% |
| J. Current net financial position (D+I) | 13,197 | 4,982 | 165% |
| K. Non current borrowings | (12,414) | (6,958) | 78% |
| M. Other non current financial debts | (2,423) | (3,031) | |
| N. Non current borrowings | (14,837) | (9,989) | 49% |
| O. Total net financial position (J+N) | (1,640) | (5,006) | -67% |

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, besides a cash generation deriving from operating activities for 5,076 thousands of Euro which, despite the decrease in turnover, remained at excellent levels.

It is also recalled that the Parent Company has taken out new loans for 7.5 million (of whom 5 million are related to two loans of 2.5 million, each of whom have been guaranteed by Medio Credito Centrale SpA, pursuant to Legislative Decree 23 / 2020, art.13, paragraph 1.), reimbursable starting from 2021



Provided here below the Group's reclassified Income Statement for the first nine months of 2020, compared with the same period in 2019.

Economic trends - Group B&C Speakers

| <i>(€ thousands)</i> | 9 months 2020 | <i>Incidence</i> | 9 months 2019 | <i>Incidence</i> |
|---|--------------------------|------------------|--------------------------|------------------|
| Revenues | 24,844 | 100.00% | 42,955 | 100.0% |
| Cost of sales | (15,697) | -63.18% | (26,204) | -61.0% |
| Gross margin | 9,148 | 36.82% | 16,751 | 39.0% |
| Other revenues | 179 | 0.72% | 127 | 0.3% |
| Cost of indirect labour | (2,173) | -8.75% | (2,878) | -6.7% |
| Commercial expenses | (375) | -1.51% | (880) | -2.0% |
| General and administrative expenses | (2,340) | -9.42% | (3,040) | -7.1% |
| Ebitda | 4,440 | 17.87% | 10,080 | 23.5% |
| Depreciation of tangible assets | (1,517) | -6.11% | (1,505) | -3.5% |
| Amortization of intangible assets | (132) | -0.53% | (212) | -0.5% |
| Writedowns | 0 | 0.00% | 0 | 0.0% |
| Earning before interest and taxes (Ebit) | 2,791 | 11.23% | 8,363 | 19.5% |
| Financial costs | (832) | -3.35% | (415) | -1.0% |
| Financial income | 226 | 0.91% | 878 | 2.0% |
| Earning before taxes (Ebt) | 2,185 | 8.79% | 8,825 | 20.5% |
| Income taxes | (402) | -1.62% | (1,820) | -4.2% |
| Profit for the year | 1,783 | 7.18% | 7,005 | 16.3% |
| Minority interest | 0 | 0.00% | 0 | 0.0% |
| Group Net Result | 1,783 | 7.18% | 7,005 | 16.3% |
| Other comprehensive result | (238) | -0.96% | 76 | 0.2% |
| Total Comprehensive result | 1,545 | 6.22% | 7,080 | 16.5% |

Significant events after September 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 continues to be significantly 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. The Chinese market is an exception, which instead shows strong signs of recovery that have already impacted the order intake in October.

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

In continuity with what was already made public on the occasion of the press release issued on September 10, 2020, the Company maintained the cost containment and efficient financial management actions listed at the time; it should be added that during the second half of the year, a downward adjustment of the cost of real estate rents was defined with the Parent Company, adapting them to the worsening economic situation.

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 today's situation will



continue until the end of the year, thus the entire year will be strongly and negatively impacted with results, in line with those of September.

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.

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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 September 30, 2020.

| CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Values in Euro) | 30 September 2020 | 31 December 2019 |
|--|----------------------------------|---------------------|
| ASSETS | | |
| Fixed assets | | |
| Tangible assets | 2,939,410 | 3,252,228 |
| Right of use | 3,291,287 | 4,179,283 |
| Goodwill | 2,318,181 | 2,318,181 |
| Other intangible assets | 259,238 | 351,582 |
| Investments in non controlled associates | 50,000 | 50,000 |
| Deferred tax assets | 608,650 | 612,160 |
| Other non current assets | 669,816 | 665,646 |
| | <i>related parties</i> 68,392 | 68,392 |
| Total non current assets | 10,136,582 | 11,429,080 |
| Currents assets | | |
| Inventory | 13,229,559 | 13,492,428 |
| Trade receivables | 8,684,440 | 12,842,205 |
| Tax assets | 961,044 | 843,794 |
| Other current assets | 8,119,162 | 8,396,516 |
| Cash and cash equivalents | 13,166,683 | 5,277,278 |
| Total current assets | 44,160,888 | 40,852,221 |
| Total assets | 54,297,470 | 52,281,301 |
| LIABILITIES | | |
| Equity | | |
| Share capital | 1,088,719 | 1,097,829 |
| Other reserves | 4,781,777 | 5,043,360 |
| Foreign exchange reserve | 323,087 | 560,962 |
| Retained earnings | 19,951,279 | 18,910,616 |
| Total equity attributable to shareholders of the parent | 26,144,862 | 25,612,766 |
| Minority interest | - | - |
| Total equity | 26,144,862 | 25,612,766 |
| Non current liabilities | | |
| Long-term borrowings | 12,414,041 | 6,957,599 |
| Long-term lease liabilities | 2,423,373 | 3,104,267 |
| | <i>related parties</i> 1,791,328 | 2,290,500 |
| Severance Indemnities | 924,872 | 891,965 |
| Provisions for risk and charges | 38,238 | 38,238 |
| Total non current liabilities | 15,800,524 | 10,992,069 |
| Current liabilities | | |
| Short-term borrowings | 6,660,130 | 6,999,955 |
| Short-term lease liabilities | 960,521 | 1,138,075 |
| | <i>related parties</i> 717,773 | 867,957 |
| Trade liabilities | 2,707,634 | 4,959,909 |
| | <i>related parties</i> 100,119 | 4,377 |
| Tax liabilities | 415,298 | 720,077 |
| Other current liabilities | 1,608,502 | 1,858,449 |
| Total current liabilities | 12,352,085 | 15,676,465 |
| Total Liabilities | 54,297,470 | 52,281,301 |



Consolidated Income Statement for the first nine months of 2020

| CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Values in Euro) | 9 months 2020 | 9 months 2019 |
|--|------------------|------------------|
| Revenues | 24,844,461 | 42,954,631 |
| Cost of sales | (15,696,695) | (26,203,849) |
| Other revenues | 179,482 | 126,966 |
| Cost of indirect labour | (2,172,706) | (2,878,365) |
| Commercial expenses | (374,793) | (880,165) |
| General and administrative expenses | (2,340,054) | (3,039,677) |
| <i>related parties</i> | 0 | 0 |
| Depreciation and amortization | (1,648,999) | (1,716,928) |
| Writedowns | 0 | 0 |
| Earning before interest and taxes | 2,790,695 | 8,362,613 |
| Financial costs | (831,750) | (415,391) |
| <i>related parties</i> | (55,491) | (68,143) |
| Financial income | 225,771 | 877,644 |
| Earning before taxes | 2,184,715 | 8,824,866 |
| Income taxes | (401,839) | (1,820,328) |
| Profit for the year (A) | 1,782,876 | 7,004,538 |
| Other comprehensive income/(losses) for the year that will not be reclassified in income statement: | | |
| Actuarial gain/(losses) on DBO (net of tax) | (124) | (15,185) |
| Other comprehensive income/(losses) for the year that will be reclassified in income statement: | | |
| Exchange differences on translating foreign operations | (237,875) | 90,884 |
| Total other comprehensive income/(losses) for the year (B) | (237,999) | 75,699 |
| Total comprehensive income (A) + (B) | 1,544,877 | 7,080,238 |
| Profit attributable to: | | |
| Owners of the parent | 1,782,876 | 7,004,538 |
| Minority interest | - | - |
| Total comprehensive income attributable to: | | |
| Owners of the parent | 1,544,877 | 7,080,238 |
| Minority interest | - | - |
| Basic earning per share | 0.16 | 0.64 |
| Diluted earning per share | 0.16 | 0.64 |