



Driving Human Audio Experience

AIM ITALIA CONFERENCE LONDON

October 21, 2019

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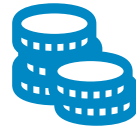
INVESTMENT CASE



A worldwide recognized top brand in Pro-Audio



High entry barriers thanks to excellence and innovation



Steady double-digit growth above market average



Great potential for further international expansion



Reinforced structure to face future challenges



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WE ARE A WORLD TECHNOLOGICAL LEADER IN LIGHTWEIGHT, HIGH-POWER, ENERGY EFFICIENT PRO-AUDIO AMPLIFIERS



Specialized in design, production and marketing of high-end patented technologies for professional audio applications



24 international patents, main trademarks registered in over 30 Countries, many others are in the registration phase



Pioneer in switch-mode technology, worldwide credited as a standard setter and industry innovator



Presence in 138 countries, with a wide network of 70 distributors and 35 certified technical service centers



Consolidated Financials prepared in accordance with IAS/IFRS principles and audited by KPMG



2013: Elite Company at the Italian Stock Exchange
2018: Innovative SME (PMI innovative)
Since Dec. 17, 2018: Listed on the AIM Market



A HISTORY OF GROWTH

1995-1998

BIRTH AND DEVELOPMENT

Luca Lastrucci, his brother Claudio, and their mutual friend Antonio Peruch, began by designing amplifiers

They succeeded in making a Class D amplifier with very high power levels

1998-2008

COMPANY GROWTH

Product and sales network consolidation

First company to introduce high power amplification modules to be used inside active loudspeakers

US market entry with the foundation of Powersoft US

2008-2018

CONSOLIDATION AND DIVERSIFICATION

Today Powersoft is a **world technological leader company** for the professional audio market

Their state-of-the-art amplifiers can be found in an array of markets and are used by the world's **leading tour sound companies**

Significant investments to **strengthen the organizational structure**

DEC. 17, 2018

IPO

Powersoft is listed on **AIM Italia**, market dedicated to **dynamic and competitive SMEs**, which are looking for capital in order to finance their growth.

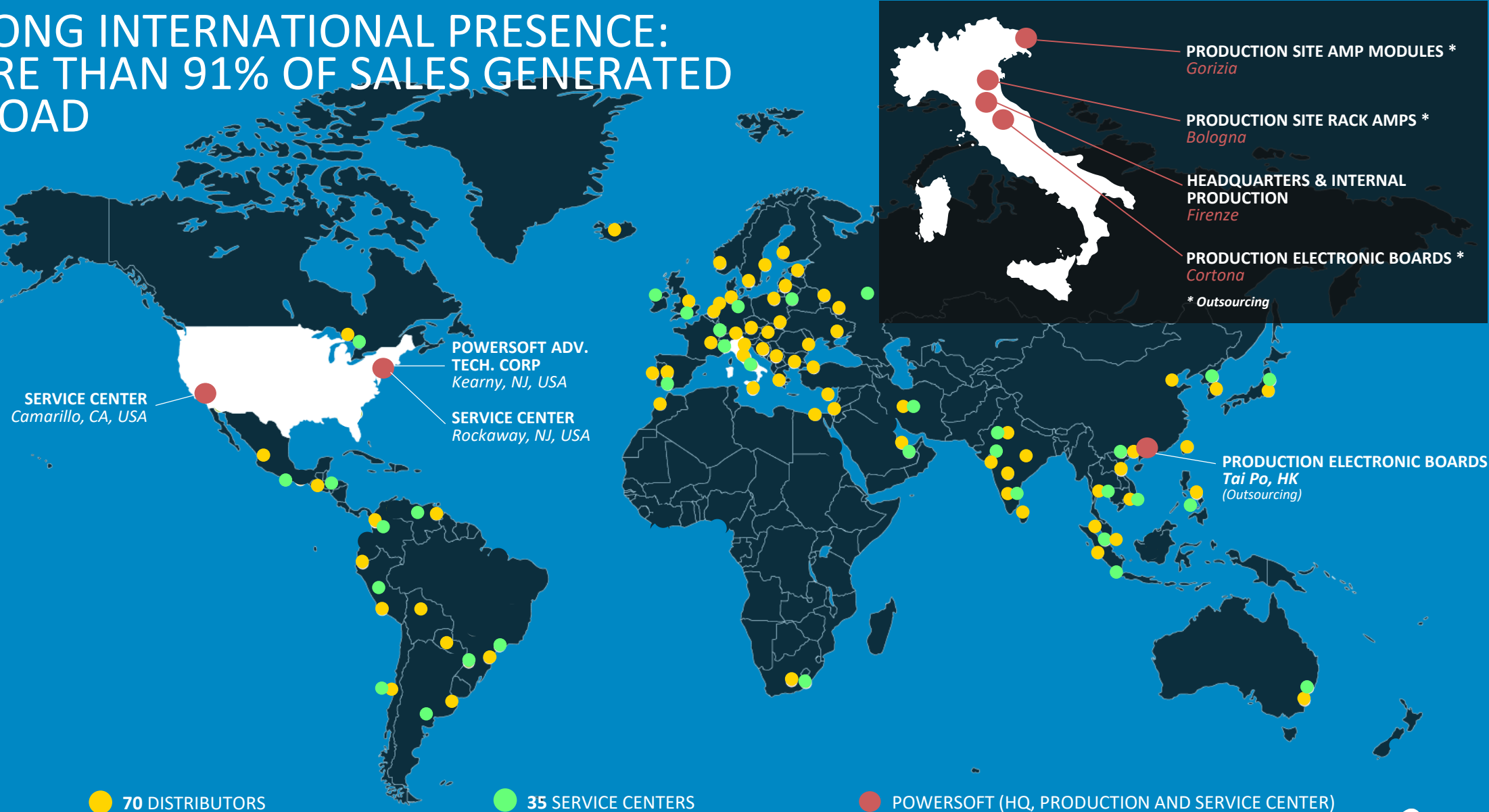
Since the first day of listing, Powersoft's shares registered an increase of 39%, overperforming the FTSE AIM Italia by 46% and the FTSE MIB by 24%*

2020

25 YEARS OF POWERSOFT



STRONG INTERNATIONAL PRESENCE: MORE THAN 91% OF SALES GENERATED ABROAD

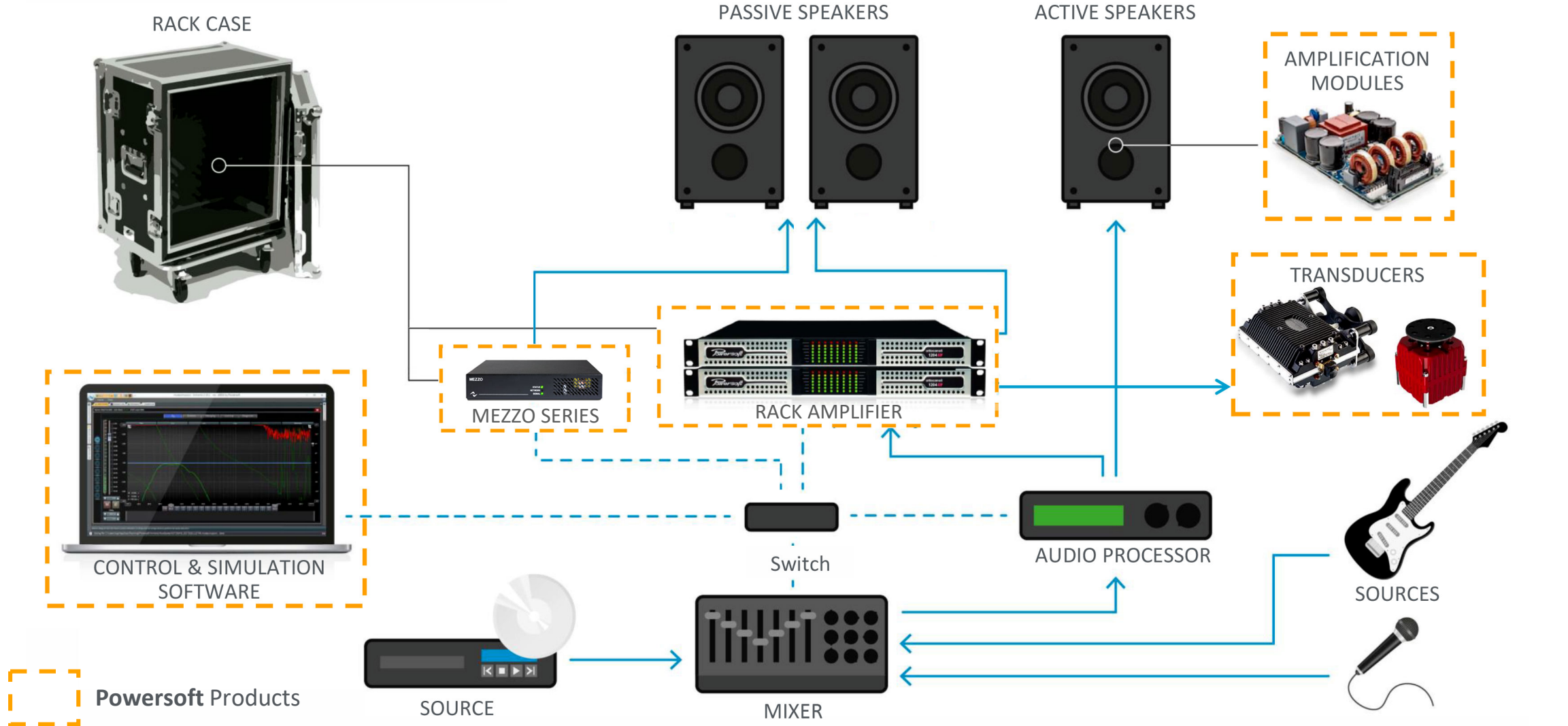


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THE AUDIO SYSTEM



TIMELINE



DEVA

MULTIMEDIA



IPALMOD



M-FORCE



M-DRIVE



MOVER

TRANSDUCERS



Q SERIES/D SERIES*



DUECANALI SERIES



OTTOCANALI SERIES



QUATTROCANALI SERIES



MEZZO SERIES



DIGAM 3000*



K SERIES



M SERIES



X SERIES



T SERIES

RACK AMPLIFIERS



DIGIMOD



DIGIMOD PFC



D-CELL 504



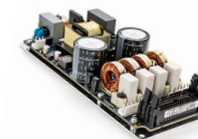
DIGIMOD PFC2/PFC4



DIGIMOD IS



LITEMOD



MINIMOD



LOTO

AMPLIFICATION MODULES

1995-2003

2004-2009

2010-2013

2014-2018

2019→

* OUT OF ORDER PRODUCTS



A WIDE RANGE OF PRODUCTS...

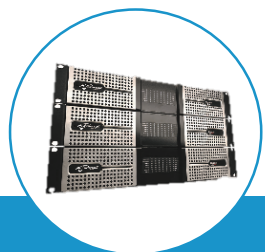


RACK AMPLIFIERS
FOR TOURING

COMPLETE SYSTEMS

High performance and power combined with reduced dimensions to facilitate portability and logistics

- T Series
- X Series
- K Series
- M Series

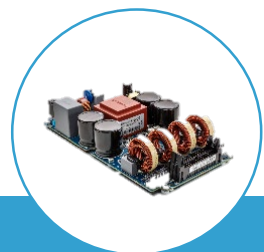


RACK AMPLIFIERS
FOR FIXED
INSTALLATIONS

COMPLETE SYSTEMS

A family of products designed specifically for applications where efficiency and reliability are a key requirement

- Mezzo Series
- Duecanali Series
- Quattrocanali Series
- Ottocanali Series



AMPLIFICATION
MODULES

COMPONENTS

Devices designed to provide very compact amplifiers and high configurability to facilitate integration into third-party (speakers) products



TRANSDUCERS

COMPONENTS

Innovative devices for acoustic transduction at very high efficiency for low frequencies

- Ipalmod
- M-Force
- M-Drive
- Mover



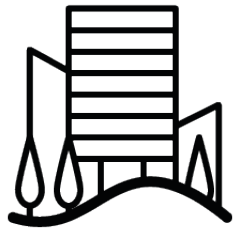
MULTIMEDIA

COMPLETE SYSTEMS

Multimedia device (audio, video, light, wireless, sensors, UMTS, ...) energy-efficient, functioning even without power connection, thanks to an internal battery and photovoltaic recharge. Programmable and controllable remotely for outdoor applications



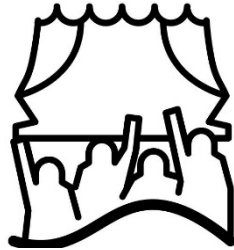
...TO MEET DIFFERENT MARKET SEGMENTS



HOSPITALITY

Low consumption, high engagement, uniform and non-invasive distribution of sound

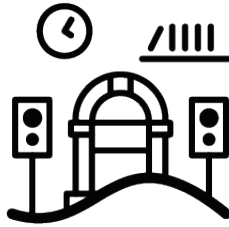
- Theme parks
- Resorts & Hotels
- Bars & Restaurants



TOURING

High power, minimum weight, maximum efficiency and reliability

- World Tours
- Live Events
- Concerts



RETAIL

Broad coverage, low consumption, flexibility and ease of use

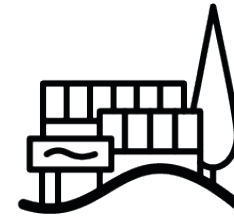
- Malls
- Shopping Centres
- Shops



HOUSE OF WORSHIP

Uniform distribution of sound, clarity of acoustics, reliability and ease of use

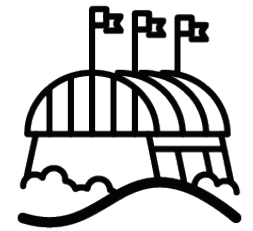
- Churches
- Mosques
- Other places of worship



CORPORATE

Reliable audio distribution systems, flexibility in the corporate environment

- Companies
- Offices
- Meeting rooms



VENUES

Power and reliability, audio quality, immersive and multi-zone experience

- Stadiums
- Theaters
- Convention Centres
- Museums
- Clubs



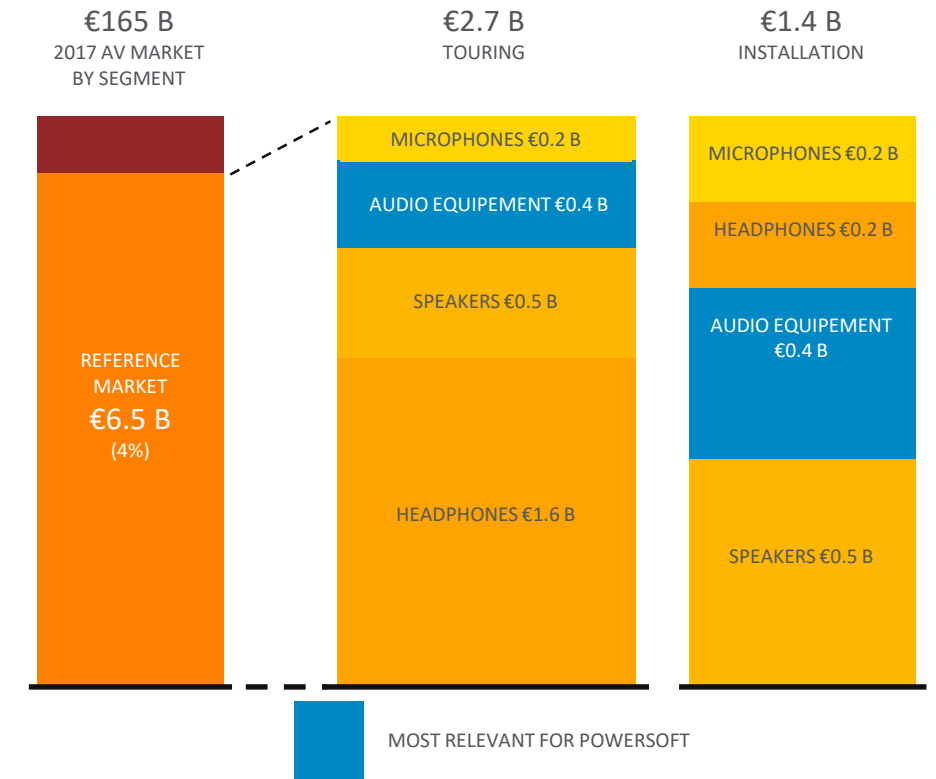
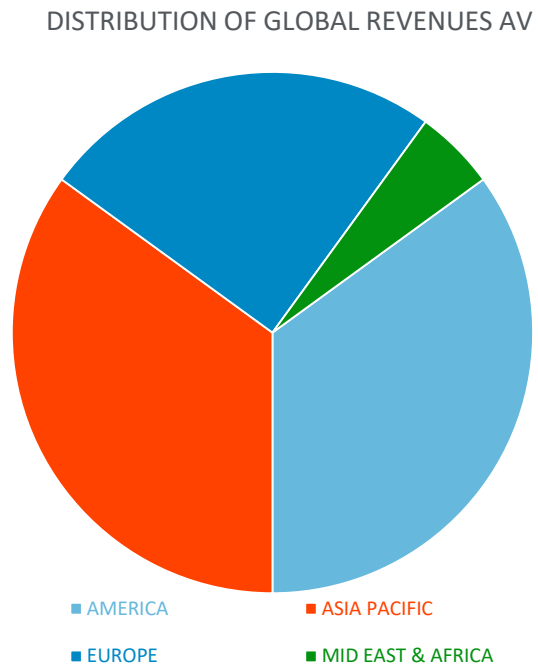
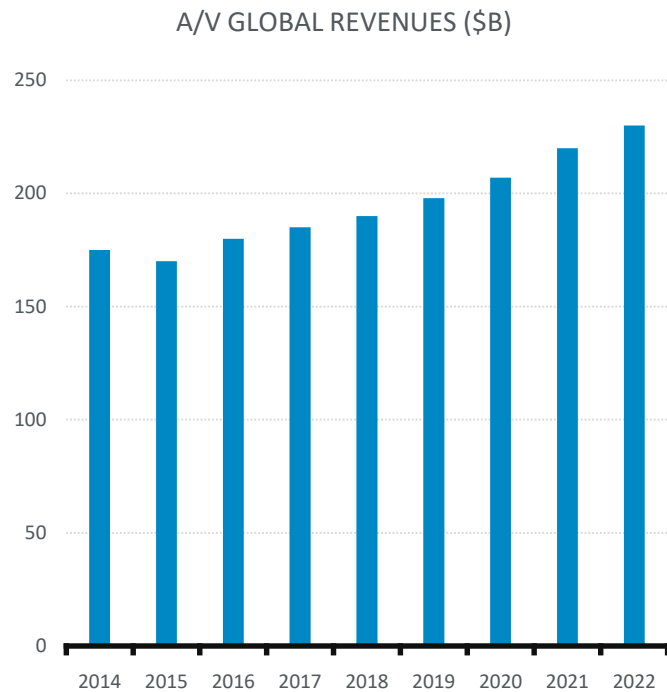
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AUDIO-VIDEO MARKET ESTIMATED TO BE WORTH €165 BILLIONS

Within an enormous audio equipment market, the addressable market for Powersoft's most relevant products and solutions both in Touring and Fixed Installation, account for at least €800 M.

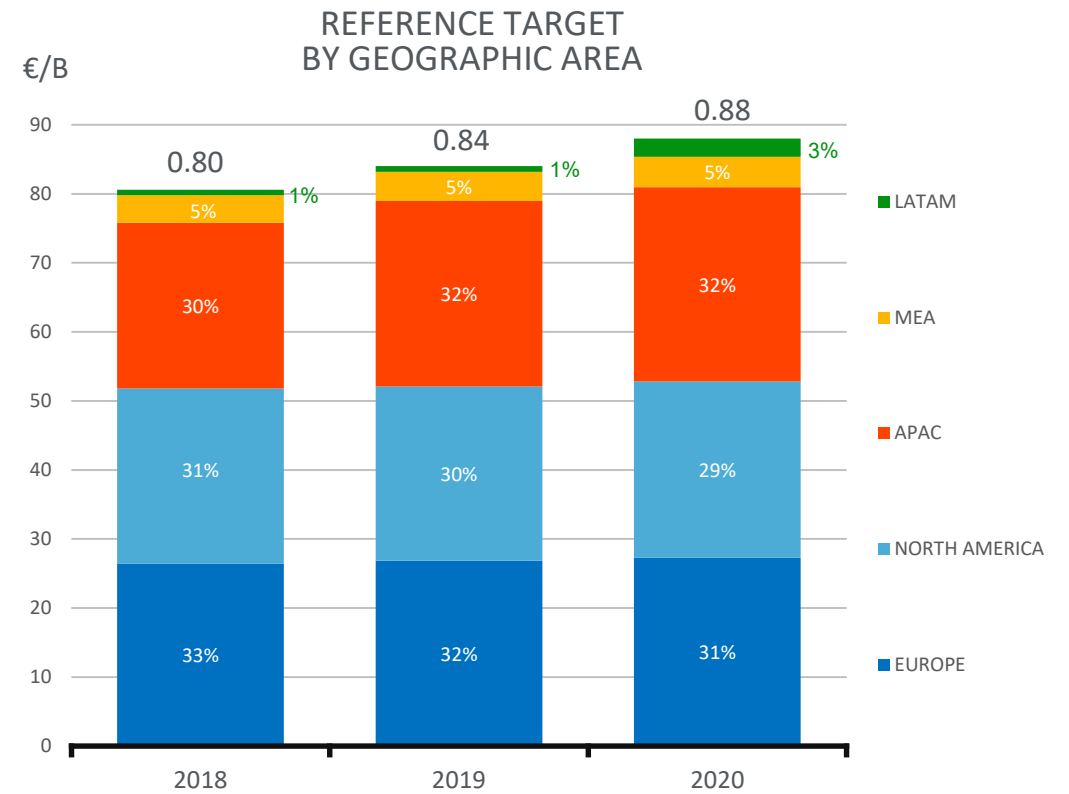
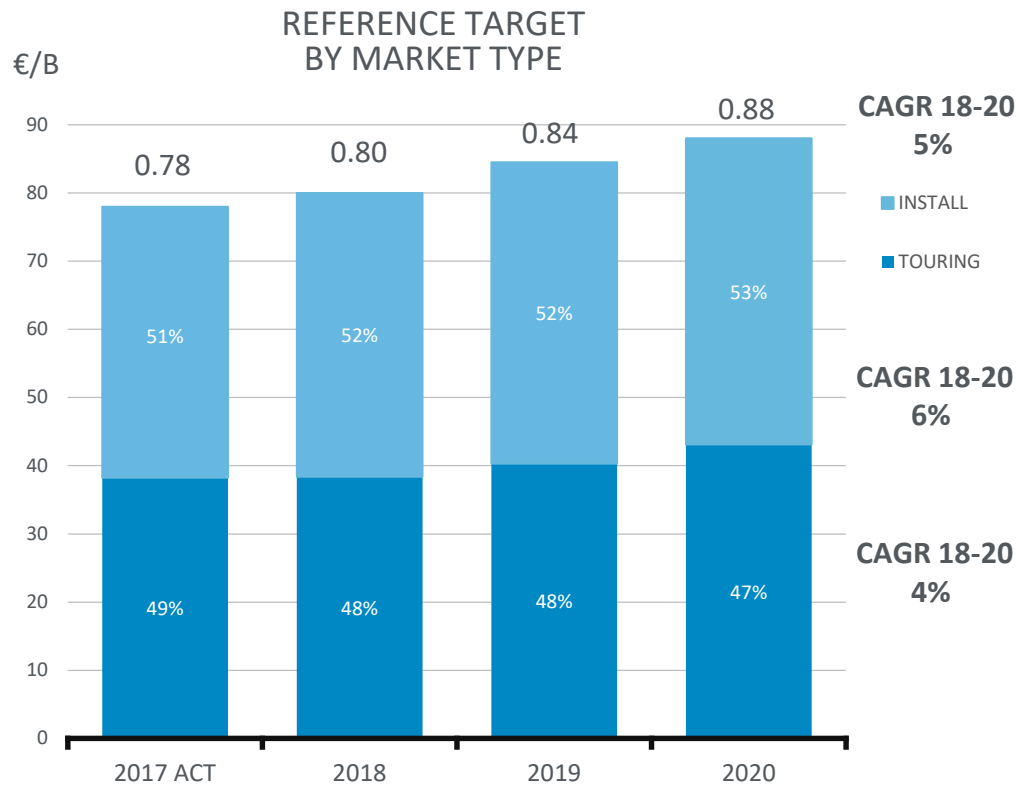


Data source: primary consultancy company on IOTA Avixa data



AN EXPECTED MARKET'S ORGANIC GROWTH OF 5% CAGR

- Professional audio market (**Fixed Installations and Touring**) expected to grow: **+5% CAGR 2018-2020**
- **Forecasted increase in number of live shows** with growth in quality expectations in terms of audio
- **Continuous development of large sports and entertainment facilities**

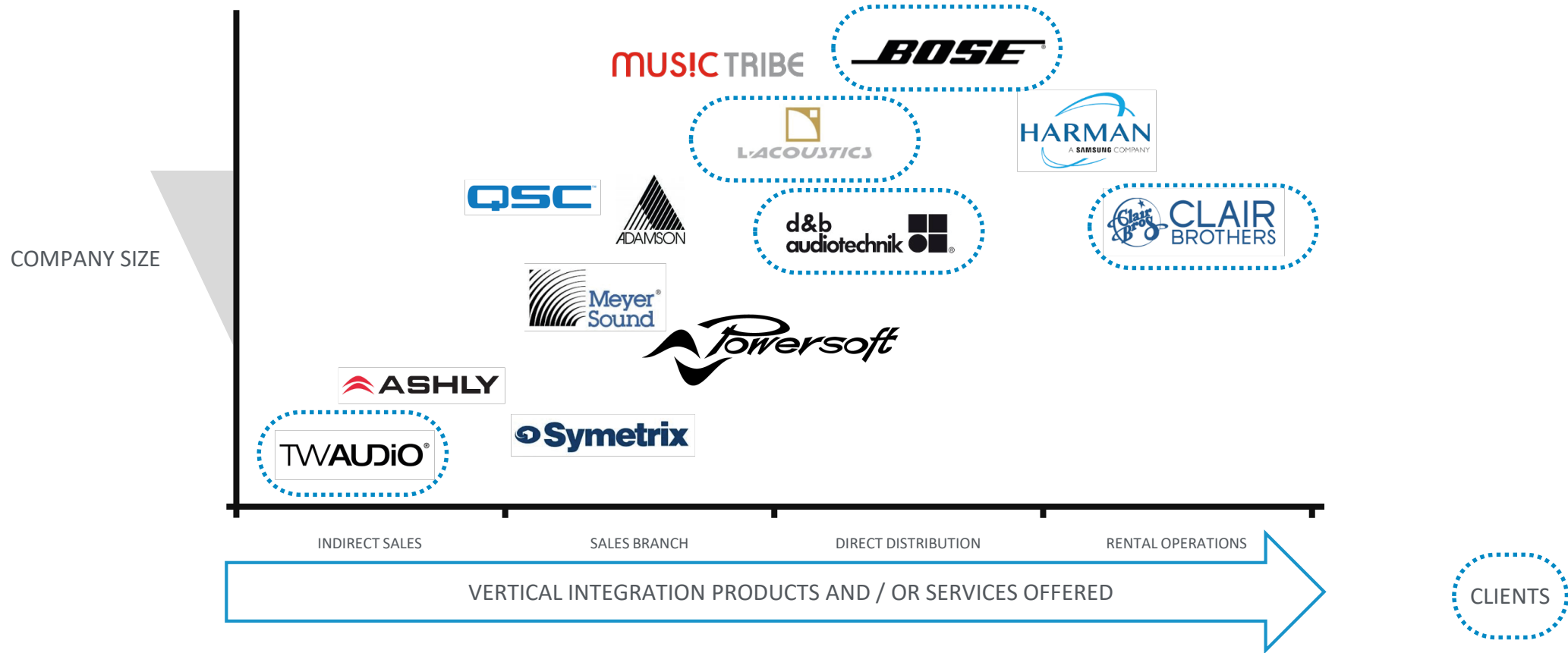


Data source: primary consultancy company on IOTA Avixa data



CURRENT MARKET POSITIONING

Main market players for company size and level of vertical integration of products and / or offered services

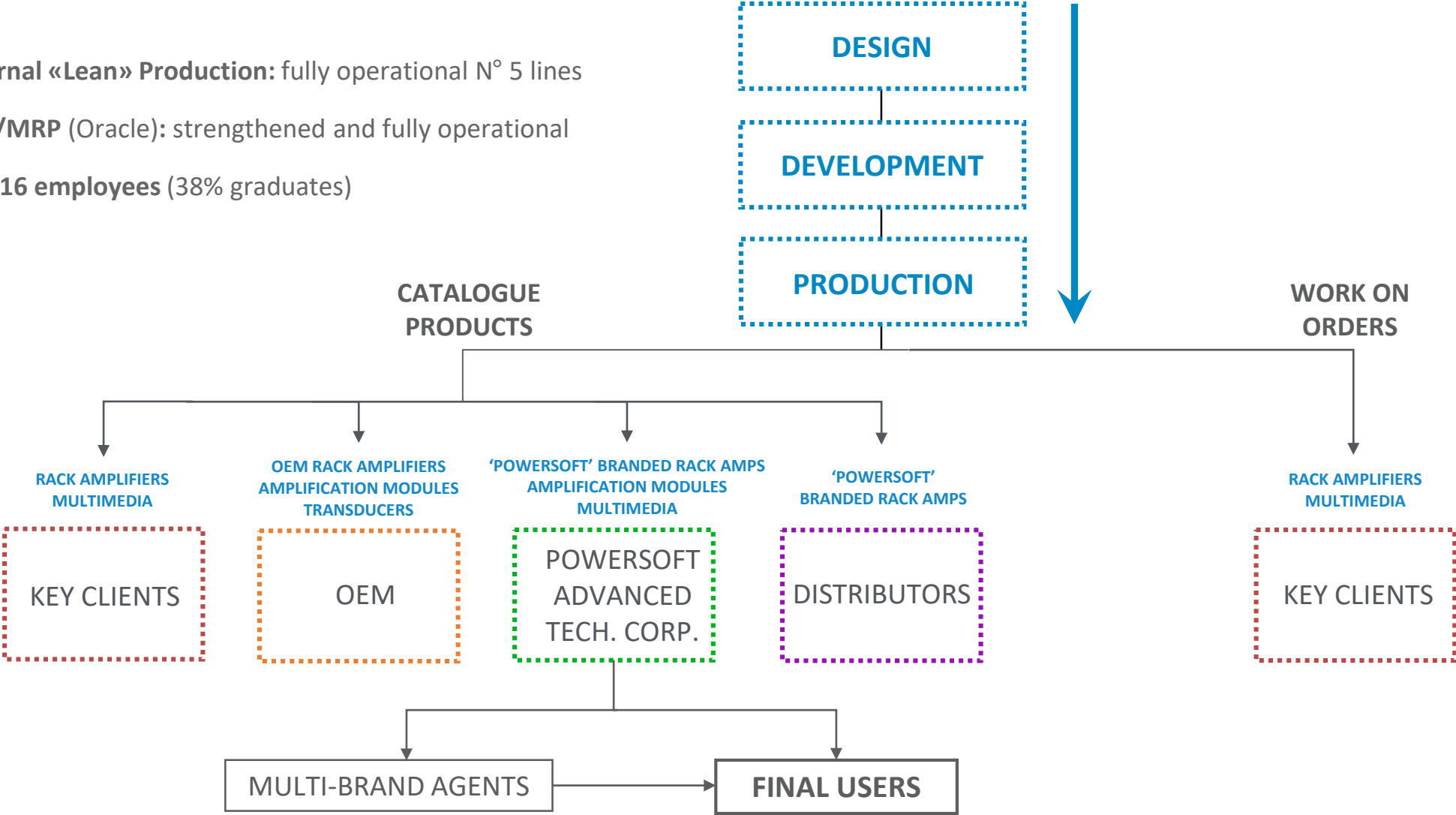


Source: Internal analysis, market studies. In evidence there are the competitors who are also Powersoft customers.



BUSINESS MODEL

- **Internal «Lean» Production:** fully operational N° 5 lines
- **ERP/MRP (Oracle):** strengthened and fully operational
- **N° 116 employees** (38% graduates)



A STORY OF EXCELLENCE AND INNOVATION IN R&D

INNOVATOR IN SWITCH-MODE TECHNOLOGY

Class-D reliable and effective

IDEOFARM

- **Accelerator of Ideas** where engineers, designers develop their ideas;
- **Internal Incubator** that provides its expertise, laboratories, equipment;
- Research and development of **innovative technologies**;



PATENTED TECHNOLOGY

- Pulse Width Modulation (PWM)
- Power Factor Correction (PFC)
- Differential Pressure Control (DPC)
- Smart Rails Management (SRM)

GREEN AUDIO POWER

- Environmental sustainability
- Eco-friendly production sites
- Solar power (lower carbon footprint)



~8%

OF 2018 REVENUES
INVESTED IN R&D



24

INTERNATIONAL
PATENTS



29

R&D EMPLOYEES
(~ 30% OF EMPLOYEES)

AWARDS



MEZZO



ARMONÍAPLUS



QUATTROCANALI



OTTOCANALI



OTTOCANALI



X SERIES



M SERIES HDSP



DEVA



OTTOCANALI 12K4



OTTOCANALI 1204



K10

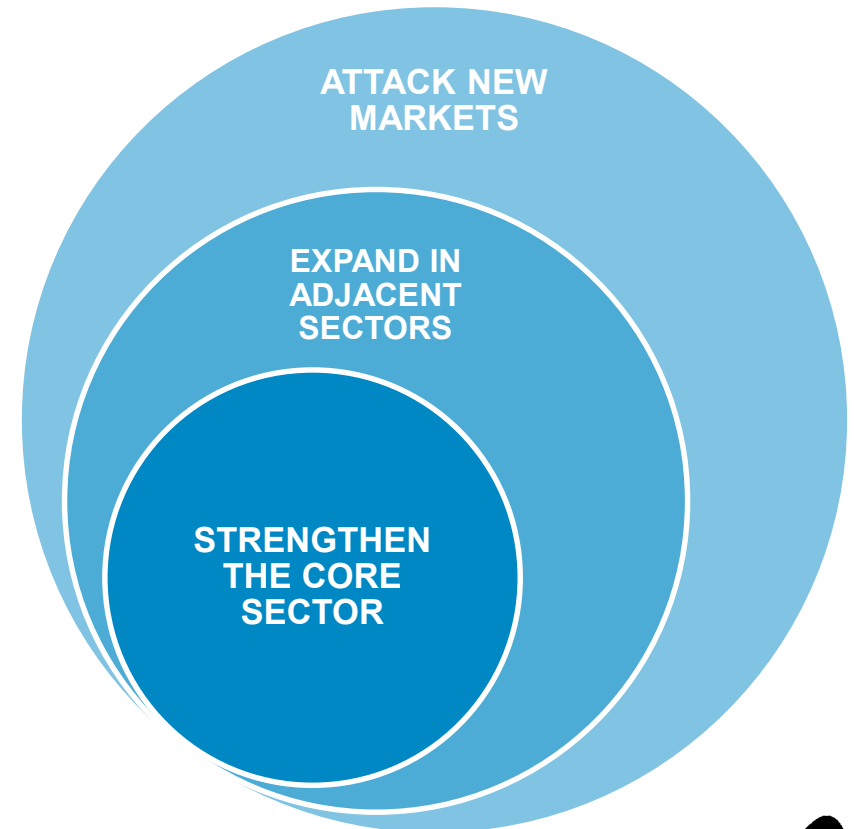


THE STRATEGY FOR NEW SUCCESSES

Powersoft is a solid and structured company that wants to accelerate its **growth path** focusing on **strengthening the "CORE" business and expanding on adjacent segments and new markets**

Powersoft aims to:

- **increase market share** in core segment
- **diversify into adjacent sectors** with greater growth potential by adding solutions to the value chain
- **enhance financial soundness** for international tenders and in negotiations with bigger and more structured customers
- **continue to innovate** by leveraging on R&D capabilities to introduce new leading-edge products
- **attract high-potential talents and senior management**
- **grow via partnerships and M&A**



PRODUCT AND DEVELOPMENT ROADMAP

OBJECTIVES	ACTION PLAN	
	PRODUCTS	DISTRIBUTION
<ul style="list-style-type: none">• Accelerate the market share in the core segment• Consolidate product leadership by anticipating new technological trends• Strengthen the image and the brand's positioning in strategic markets.• Optimize product availability through the production's internalization based on the Lean approach	<ul style="list-style-type: none">• Expand the catalog with solutions for the middle market (medium power products and audio signal processing devices)• Proposing systemic solutions rather than products in the installation segment• Create new products for markets other than audio• Create services for the management, control and monitoring of products and A/V systems.• Implement "Powersoft Audio Competence Center", an executive center and integrated hub for research, development, production and training on innovative technologies for acoustic applications	<ul style="list-style-type: none">• Implement new business strategies to promote new high-growth products and services.• Focus on some vertical markets through key accounts:<ul style="list-style-type: none">• Theme Parks• Naval• Commercial installations• Evaluate the strengthening of the presence in Asia through the creation of a JV with a local distributor• Evaluate potential M&A transactions to gain strategic skills, market share or opportunities for expansion in adjacent markets



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H1 2019 KEY FACTS

Launch of **5 new products** as a result of a strong focus on Innovation



MOVER



MEZZO SERIES



T SERIES



LOTO



X4L



Strategic agreement with **Holoplot** to develop and to produce innovative audio systems (€5.6 M value of the order spread in 2019-2020)



Strong growth in **Asian market**. Consolidation in **US** and **EMEA** after a major increase in 2018

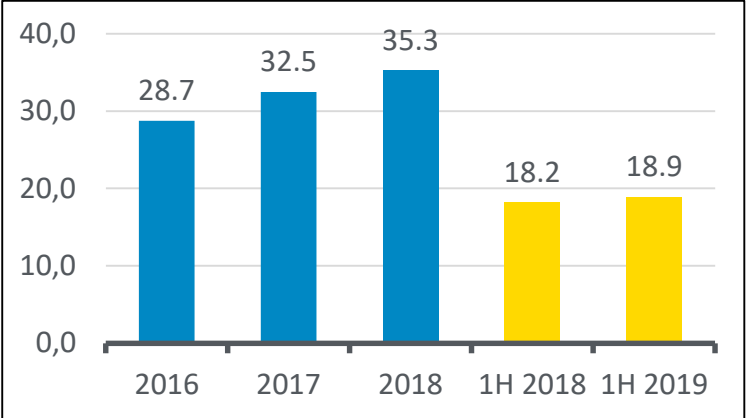


Appointment of **Thomas J. Knesel**, skilled manager with more than 25 years of expertise in the US pro-audio market, as General Manager of Powersoft Advanced Technologies Corp., in order to strengthen US activity

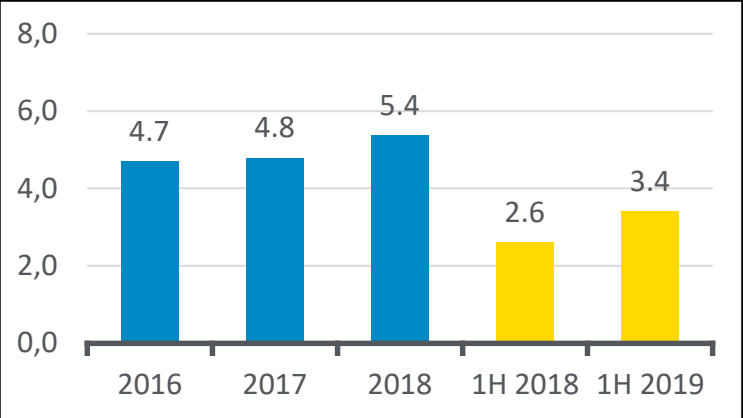


FINANCIAL HIGHLIGHTS

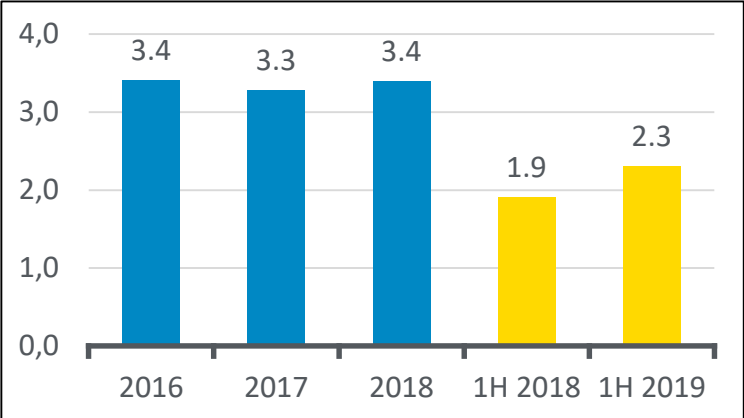
REVENUES €/M



EBITDA €/M

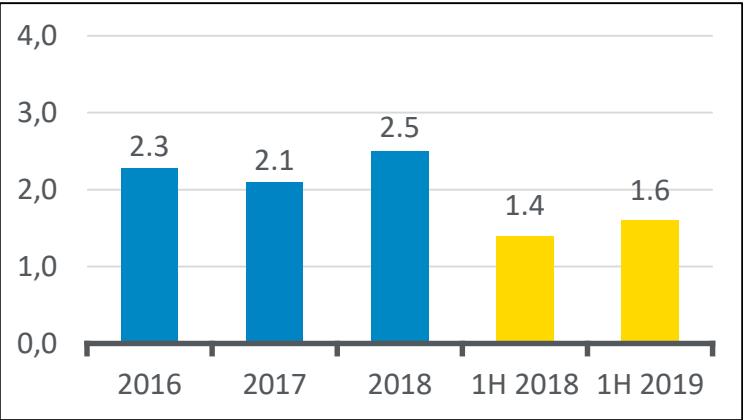


EBIT €/M

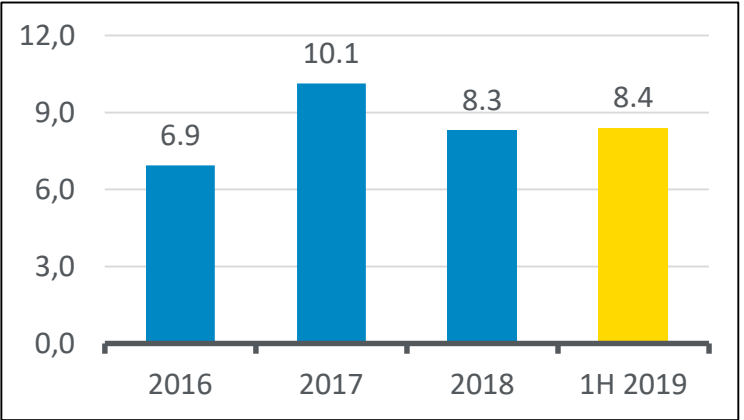


A solid equity story and sound financials, which allows the company to face, with flexibility and speed, the changing commercial and industrial needs and to face future investment and growth goals

NET PROFIT €/M



NFP €/M



INCOME STATEMENT

€/K

Income Statement	H1 2019	H1 2018	YoY %
Sales Revenues	18,095	16,819	7.6%
Other Revenues	801	1,416	-43.4%
Total Revenues	18,896	18,235	3.6%
Cost of sales	(9,557)	(10,220)	-6.5%
Gross Margin	9,339	8,016	16.5%
<i>% revenues</i>	<i>51.6%</i>	<i>47.7%</i>	
Internal works	419	449	-6.7%
Commercial expenses	(1,002)	(884)	13.3%
Personnel costs	(4,098)	(3,603)	13.7%
G&A	(1,261)	(1,370)	-8.0%
EBITDA	3,398	2,608	30.3%
<i>% revenues</i>	<i>18.8%</i>	<i>15.5%</i>	
EBIT	2,322	1,904	22.0%
<i>% revenues</i>	<i>12.8%</i>	<i>11.3%</i>	
EBT	2,273	1,960	16.0%
<i>% revenues</i>	<i>12.6%</i>	<i>11.7%</i>	
Taxes	(646)	(593)	-8.9%
Net Income	1,627	1,367	19.0%

- **Sales Revenues** up 7.6% to €18.1 M primarily thanks to growth of rack amplifiers and amplification modules
- Other Revenues decline as effect of the Company's strategy to reduce not profitable re-billing
- **Gross Margin steadily improving at 16.5%** as results of insourcing of products assembly and cost efficiencies
- **Operating expenses up by 9.9% to €5.9 M**
 - ✓ **R&D on revenues** up to around 5.8% (€1.1 M of which €0.4 M capitalized);
 - ✓ **Commercial Expenses on revenues** from 4.8% to 5.3% mainly due to marketing activities;
 - ✓ **G&A decreased by 8.0%**, moving from 7.5% to 6.7% on revenues.
- **EBITDA margin at 18.8% mainly** thanks to improved Gross Margin. IFRS 16 positive impact on EBITDA of € 0.2 M
- **Net income at €1.6 M**

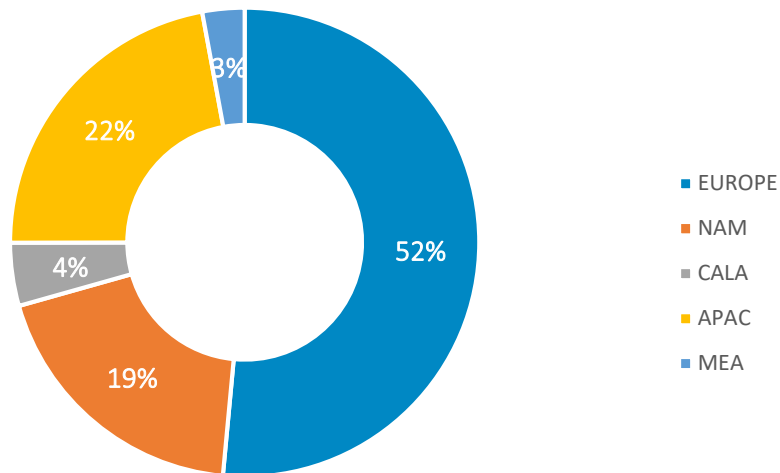


REVENUES GROWTH

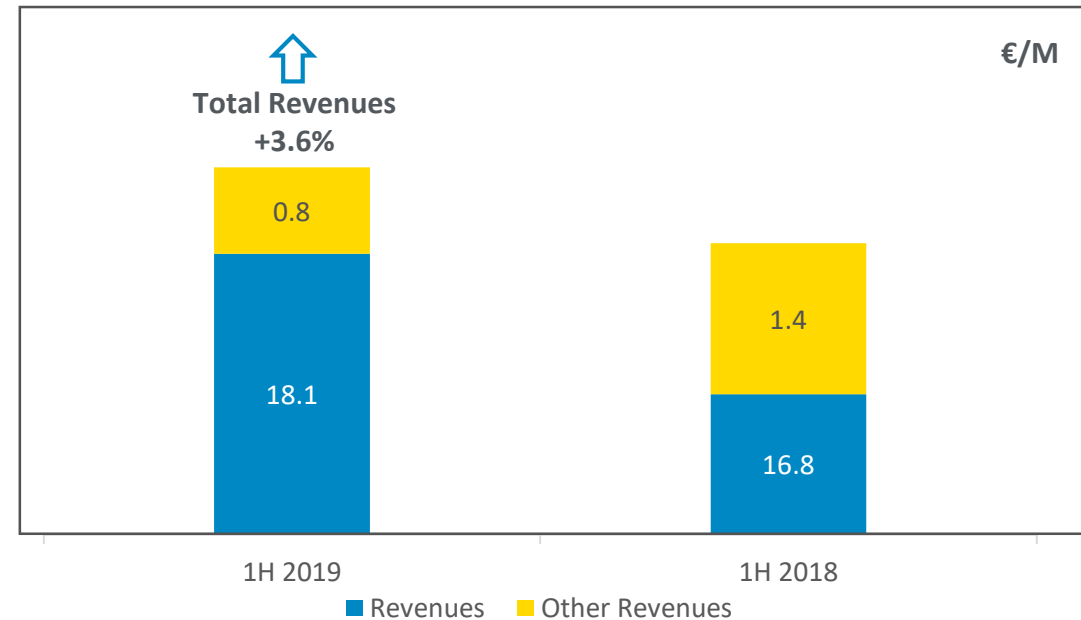
€/K

	H1 2019	%	H1 2018	%	% YoY
EUROPE	9,316	51.5%	9,608	57.1%	-3.0%
NAM	3,464	19.1%	3,592	21.4%	-3.6%
CALA	786	4.3%	553	3.3%	42.1%
APAC	4,003	22.1%	2,612	15.5%	53.3%
MEA	526	2.9%	454	2.7%	15.9%
Total sales revenues	18,095	100%	16,819	100%	7.6%

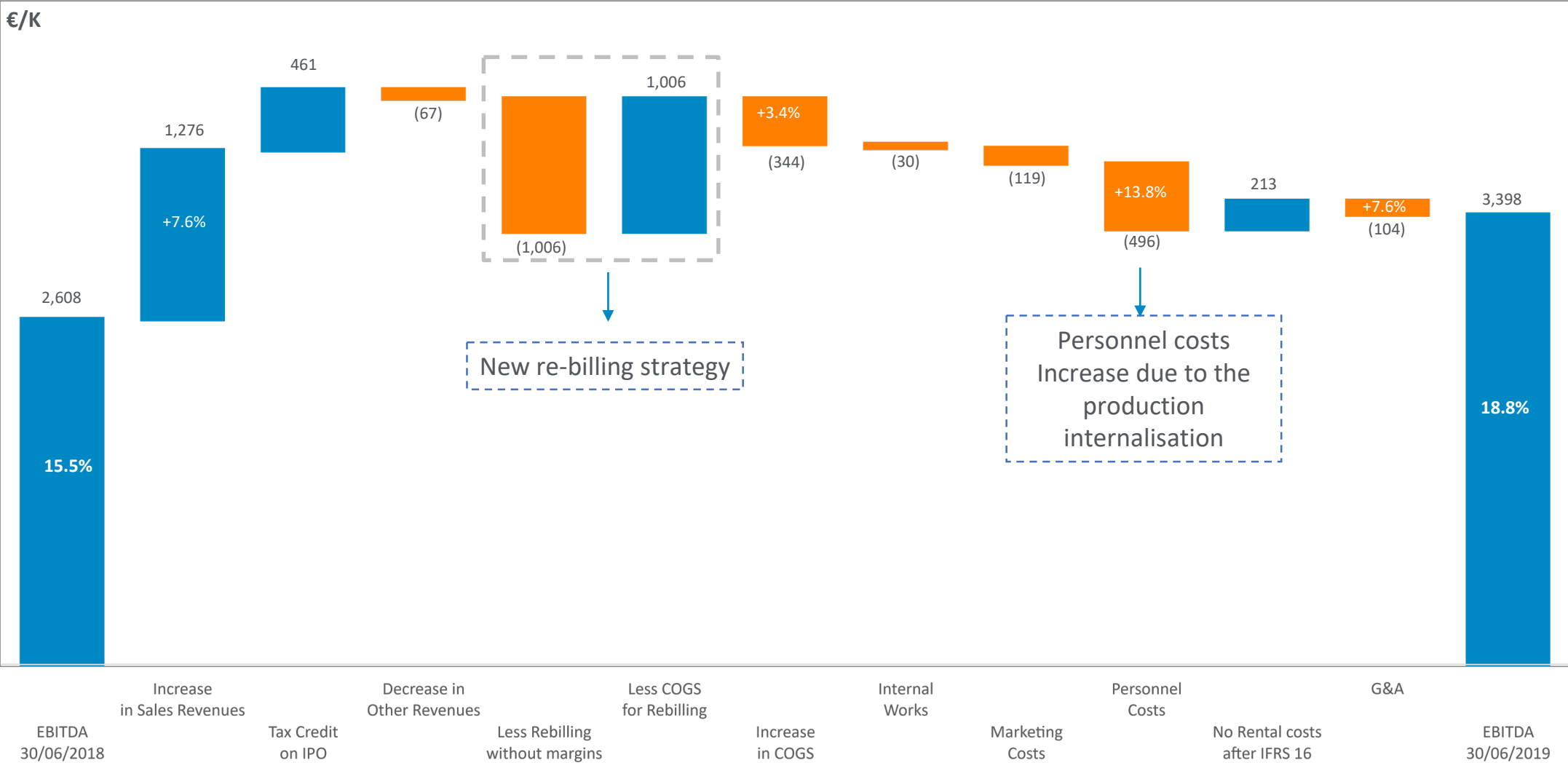
Revenues Breakdown H1 2019 by Country



- Sales growth reflects the positive sales trend in Asia, while sales in Europe and North America are almost in line with the previous year, after the significant growth recorded in the first half of 2018;
- Positive impact for €0.4 M of tax credit on IPO costs;
- Other Revenues declined as effect of the Company's strategy to reduce not profitable re-billing.



EBITDA BRIDGE



BALANCE SHEET

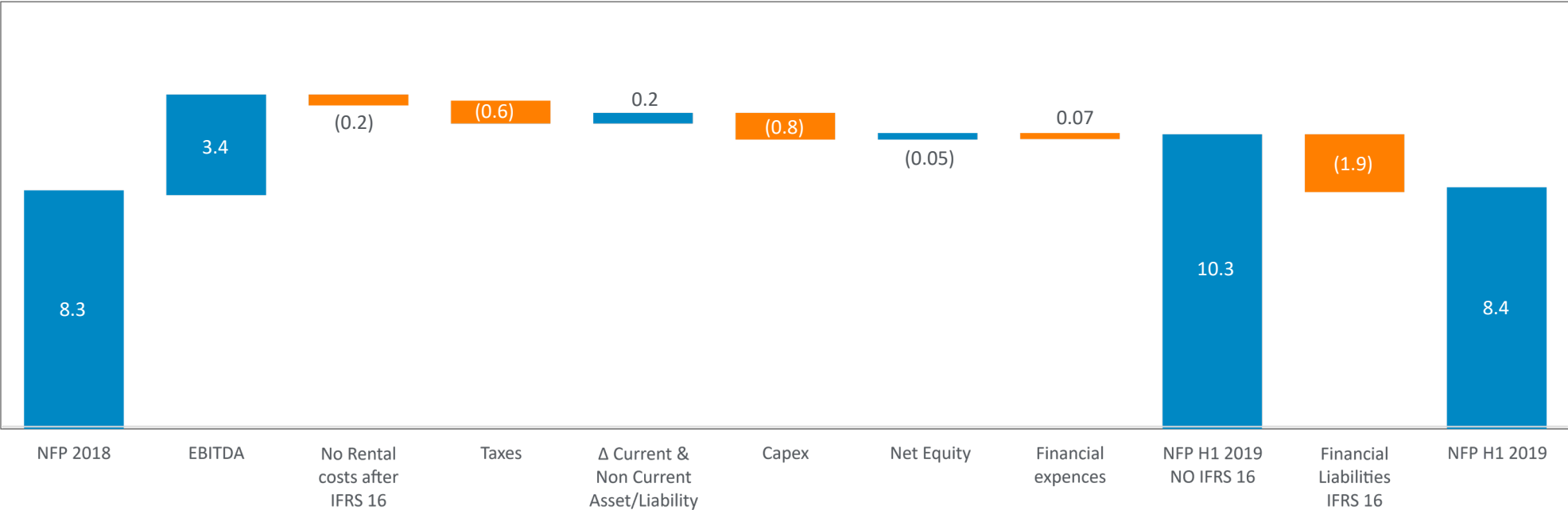
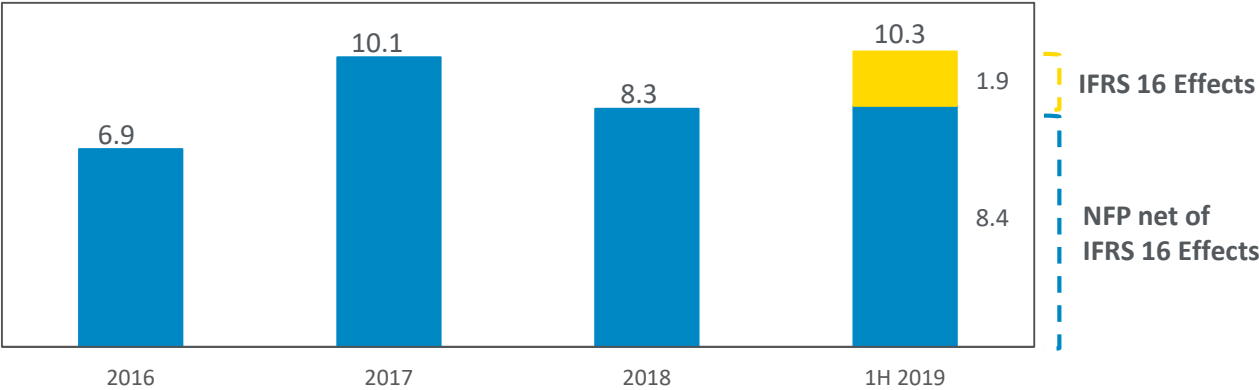
€/K	H1 2019	2018		H1 2019	2018
Total Fixed Assets	4,376	2,384	Net Financial Position	8,410	8,292
Inventory	8,408	7,998			
Trade receivables	6,040	5,513			
Other current assets	3,256	2,140			
Liabilities for in progress contract work	(1,963)	-			
Trade payables	(7,378)	(7,688)			
Other current liabilities	(3,072)	(2,333)			
Net Working Capital	5,292	5,628	Net Equity	(17,113)	(15,419)
Other non-current assets (liabilities)	(964)	(884)			
Total Assets	8,703	7,127	Total Liabilities	(8,703)	(7,127)

- **Net Working Capital:** decrease mainly due to Liabilities for in progress contract work and tax liabilities
- **IFRS 16 impact on NFP** negative for € 1.9 M



NET FINANCIAL POSITION

- NFP on a like for like basis (net of IFRS 16 impact) improved from €8.3 M to €10.3 M thanks to continuous cash generation



* The effects IFRS 16 amounted to total €1.9 M, excluding D&A



TAX THEMES

PATENT BOX

- On June 20, 2016, Powersoft submitted to the Italian tax authorities a ruling to benefit from the «Patent Box» tax treatment covering the 2016-2020 period
- On February 23, 2018 the Direzione Regionale Toscana allowed Powersoft to enter into the final contradictory phase to then finalize and agreement with the tax authority
- While it is not possible to assert the exact timing of the response and/or its final outcome, Powersoft believes there are solid grounds for its request of such tax treatment

TAX CREDIT ON R&D

- Recent tax regulations (including Decreto Destinazione Italia, Piano Nazionale Industria 4.0, Legge di bilancio 2019) have introduced several favourable tax treatments for investments in R&D aimed at incentivizing product and process innovation
- Powersoft started a detailed analysis supported by a tier 1 tax advisor to assess the opportunity to benefit from these tax treatments, starting from the 2015-2018 period

TAX CREDIT ON LISTING COSTS

- A tax credit equal to half of the costs incurred for the listing on the AIM market was recognized to the company in April 2019 and incorporated in the first half of 2019 results for €0.4 M
- The Company had not incorporated this benefit in the 2018 financial statements

No benefit from Patent Box or Tax Credit on R&D currently reflected in the Financials



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LIVE CONCERT TOURING

CHALLENGE:

Clarity and routing capabilities, with incredible amounts of output power, whilst keeping the system small.

SOLUTION:

3x X4 Series Amplifier Platform, driving the new Rat Sound's Superwedges.



RED HOT CHILI PEPPERS
WORLD TOUR



CONGRESS CENTER SYSTEM

CHALLENGE:

Design speech and music system for concert hall and 10 congress venues.

SOLUTION:

6x **Ottocanali DSP+Dante**, 2x **X4** and 1x **X8** to drive the main speaker and monitor sets. **Armonia Software** configuration.



QUEEN ELISABETH HALL
ANTWERP



Install
awards
2017
FINALIST



SPORT EVENT & LIVE SHOW

CHALLENGE:

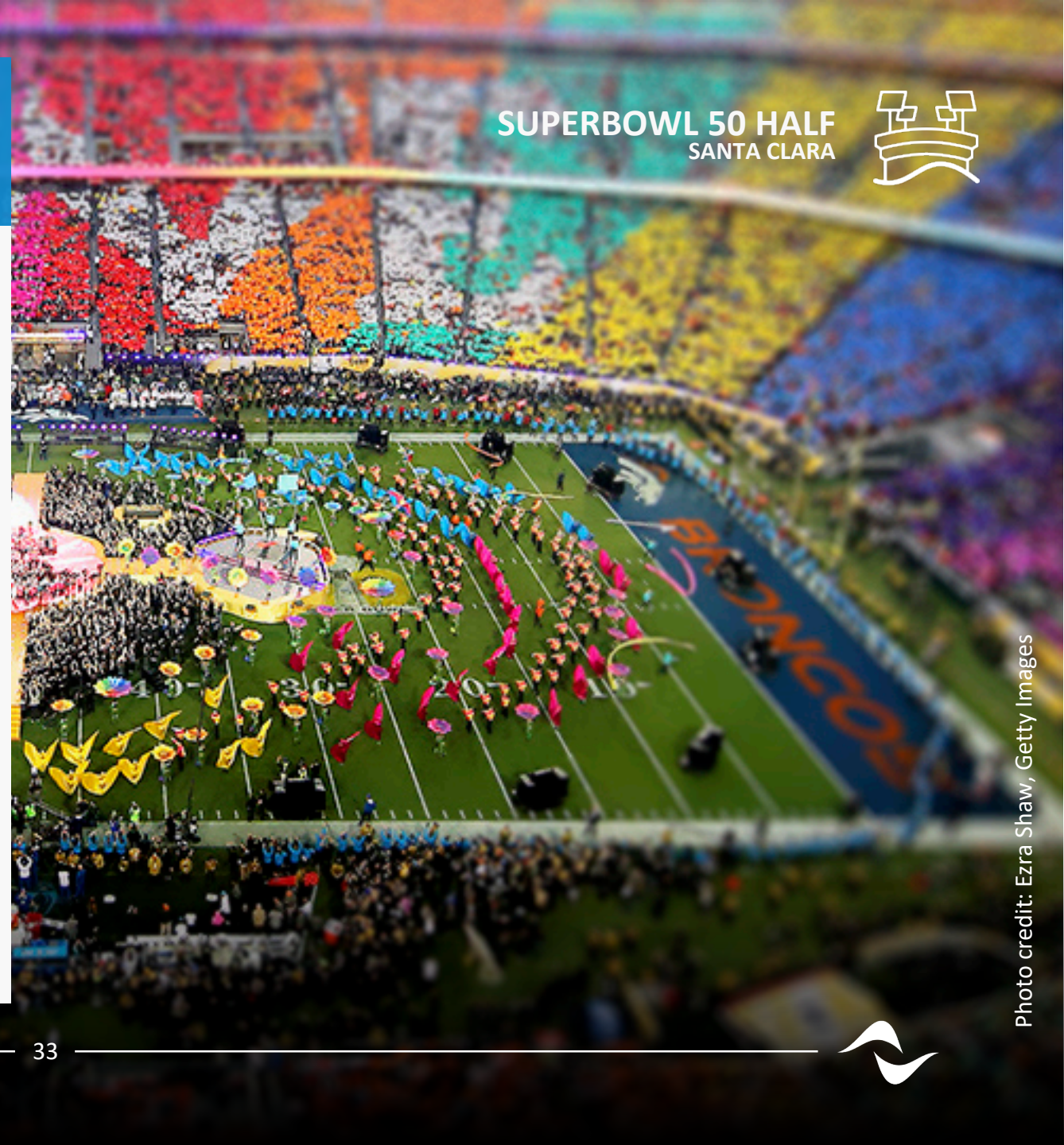
Deliver flawless and immersive sound experience for 68.500 seats.

SOLUTION:

Over a **120 K10 Amplifier Platforms**, plus **8x M-Force Subwoofers**, drawing power exclusively from generators.



SUPERBOWL 50 HALF
SANTA CLARA



RELIGIOUS SITE

MECCA
SAUDI ARABIA

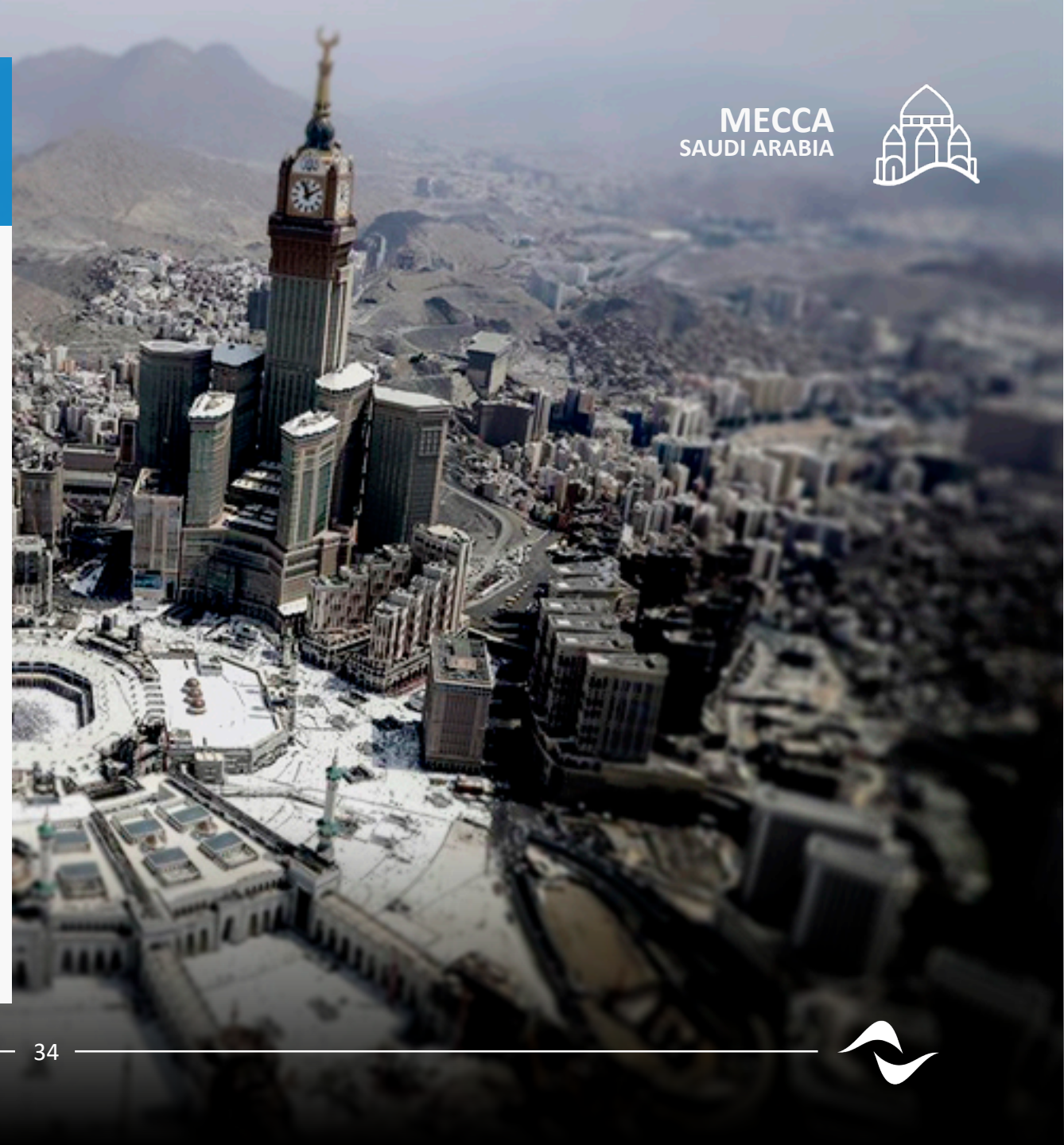


CHALLENGE:

Deliver clear and distinct sound over a radius of 5 kilometers

SOLUTION:

K Series, over a million Euro cost amplification.



STADIUM SYSTEM

CHALLENGE:

Drive the new EAW PA system for nearly 56,000 seats.

SOLUTION:

4x 4K4 Ottocanali and 14x 12K4 Ottocanali



PARC OLYMPIQUE LYONNAIS STADIUM
LYON



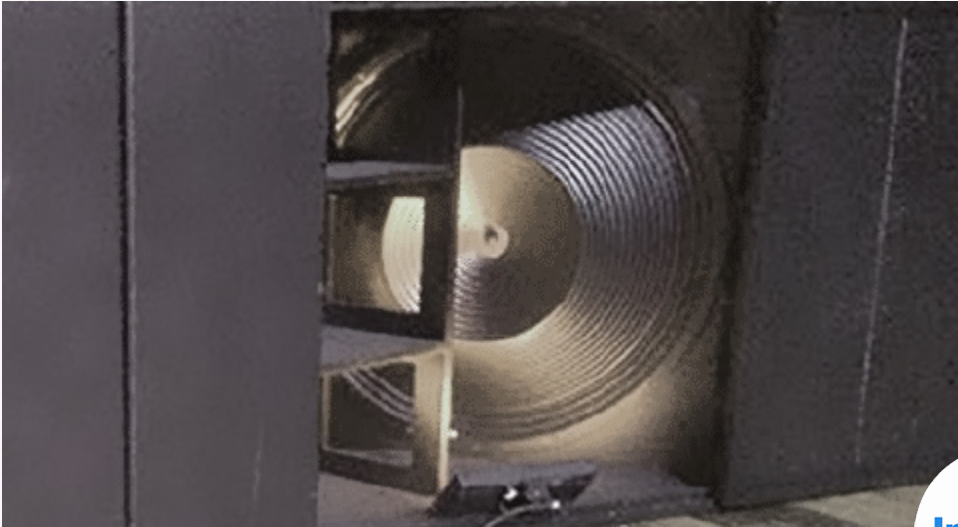
CLUB SYSTEM

CHALLENGE:

Creating earth crushing sub bass by the largest subwoofer club install.

SOLUTION:

6x **40-inch subwoofers**, each one using push-pull motor that is able to move 1,000 lbs of force.



AVALON CLUB
LOS ANGELES



ZOO COMMUNICATION

CHALLENGE:

Providing pristine sounding music throughout the zoo campus and solving communication and messaging challenges.

SOLUTION:

60x Deva HD, 40x Deva Audio, 50x Deva Passive.



CINCINNATI ZOO
OHIO




INDEX



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GOVERNANCE & GROUP ORGANIZATION

BOARD OF DIRECTORS

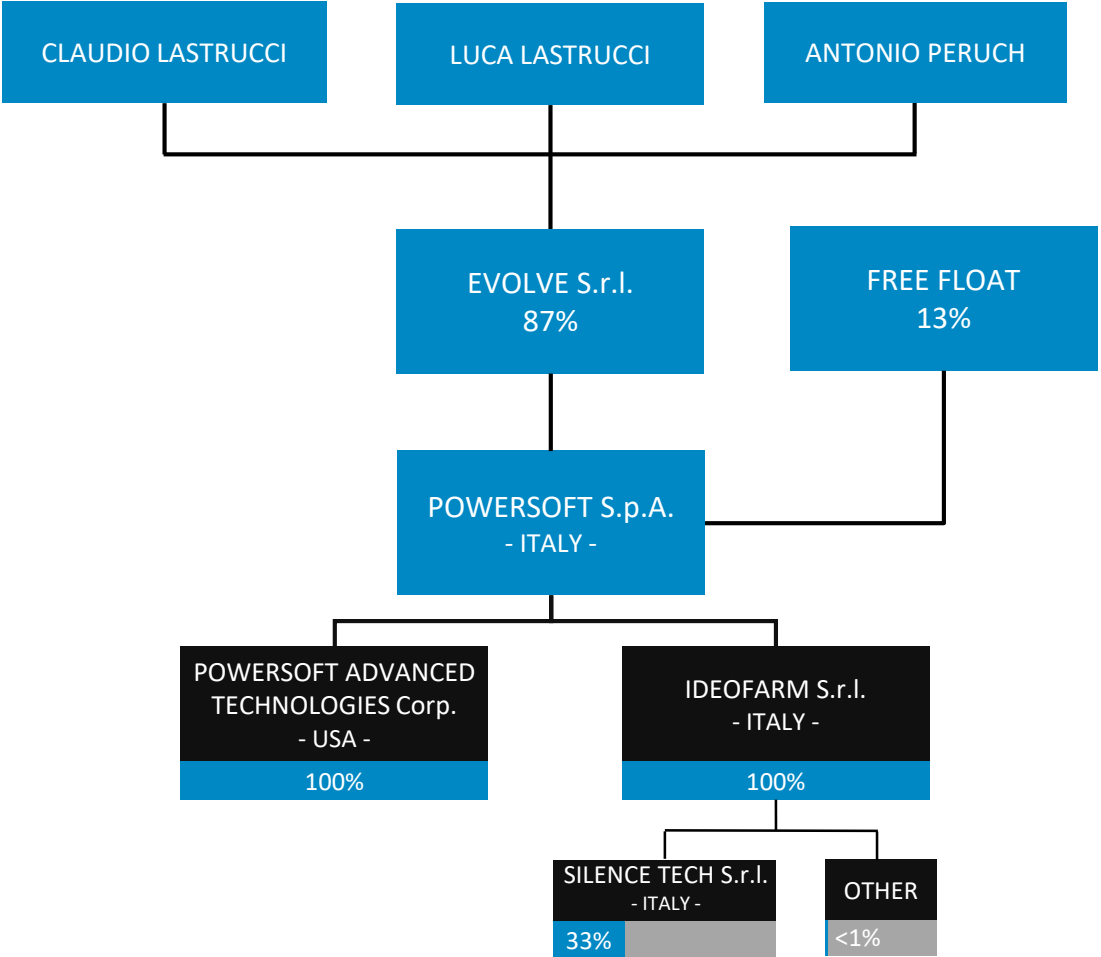
- 
Carlo Lastrucci
 Chairman


Claudio Lastrucci
 Director
- 
Luca Lastrucci
 CEO


Luca Giorgi
 Director
- 
Antonio Peruch
 Director


Lorenzo Lepri
 Non-executive Director
- 
Paolo Blasi
 Independent Director


SHAREHOLDINGS AND GROUP ORGANIZATION CHART







AUDIT FIRM



BOARD OF STATUTORY AUDITORS

- 
Luigi Fazzini
 Chairman


Federica Menichetti
 Standing Statutory Auditor
- 
Carlo Consigli
 Standing Statutory Auditor

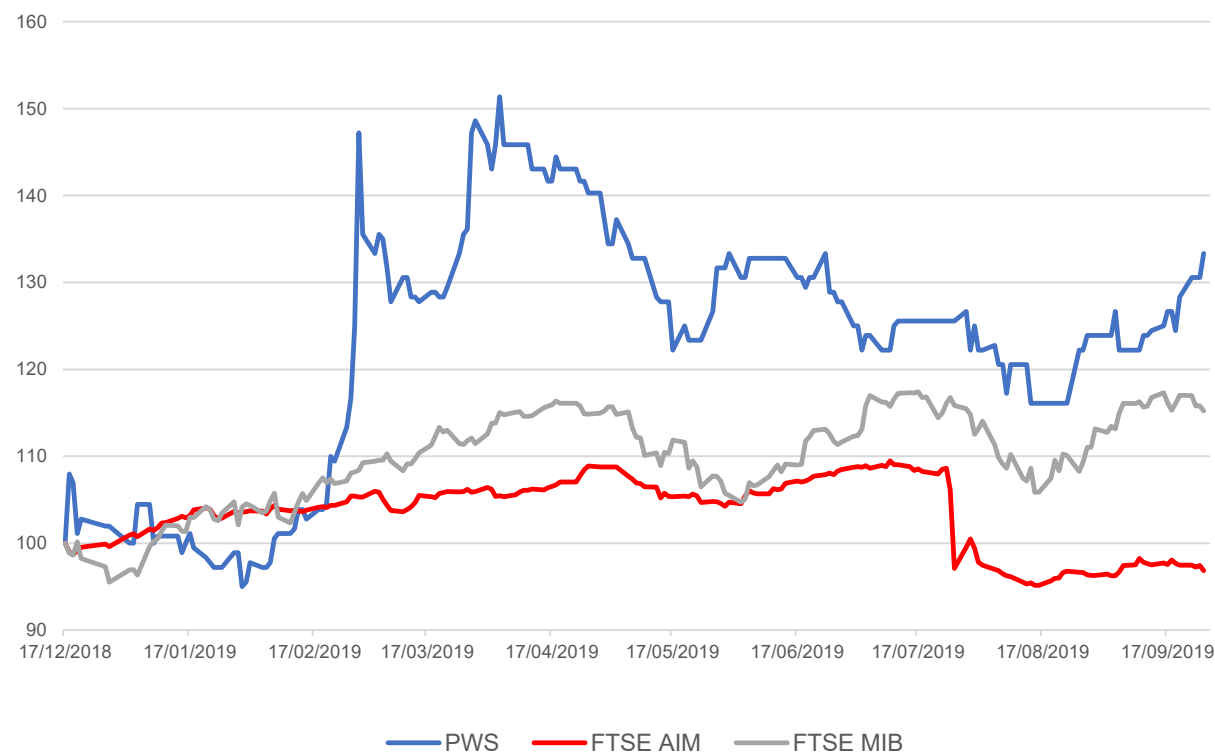

Paolo Limberti
 Alternate Statutory Auditor
- 
Massimiliano Manfredi
 Alternate Statutory Auditor



A SUCCESSFUL IPO

<<We are proud to have succeeded in going forward with this path in a phase of the financial market characterized by strong volatility. The fact that there was a higher demand than supply testifies to the appreciation from the financial community towards our company and the projects we have in the pipeline>> Luca Lastrucci CEO

IPO FIGURES	
Number of shares pre-IPO	1,417,500
Shares newly issued	1,350,000
Greenshoe	67,500
Warrant	647,550
Outstanding shares post-IPO	10,900,000
Free Float	13%
Date IPO	December 17, 2018
Issue Price (€)	3.60
Market Cap (€/M) @ IPO	39.2



Market: AIM Italia
Price (09/30/2019): €5.15

Market Cap (09/30/2019): €56.1 M
Average Daily Volume*: 0.9K



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Roma, Piazza del Gesù, 49
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NEXT EVENTS

- **October 21, 2019**
AIM Conference



THANKS!

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