



Driving Human Audio Experience

AIM CONFERENCE - MILAN

May 27, 2019

DISCLAIMER

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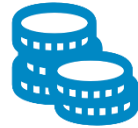
INVESTMENT CASE



A worldwide recognized top brand in Pro-Audio



A success story of excellence and innovation



**Sales growth above market, high operational
marginality and excellent financial soundness**



Great potential for further international expansion



Reinforced structure to face future challenges



**Board of proven experience for the new development
phase**



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- PRODUCTS
- MARKET & STRATEGY
- FINANCIALS
- CASE HISTORY



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 80 countries, with a wide network of 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 innovativa)
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

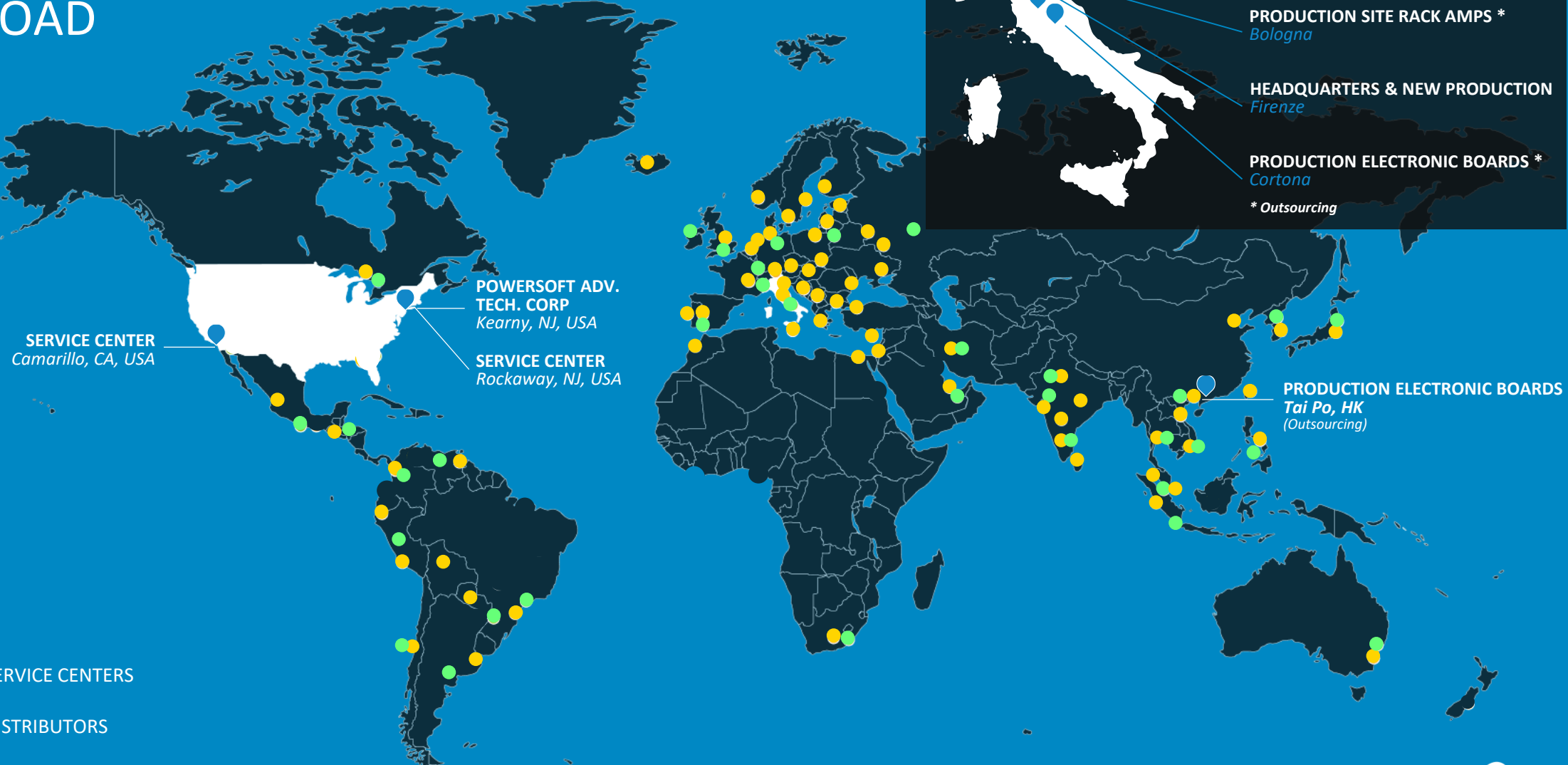
IPO

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 23%, overperforming the FTSE AIM Italia by 18% and the FTSE MIB by 15%



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






- 35 SERVICE CENTERS
- 70 DISTRIBUTORS







GOVERNANCE & GROUP ORGANIZATION

BOARD OF DIRECTORS

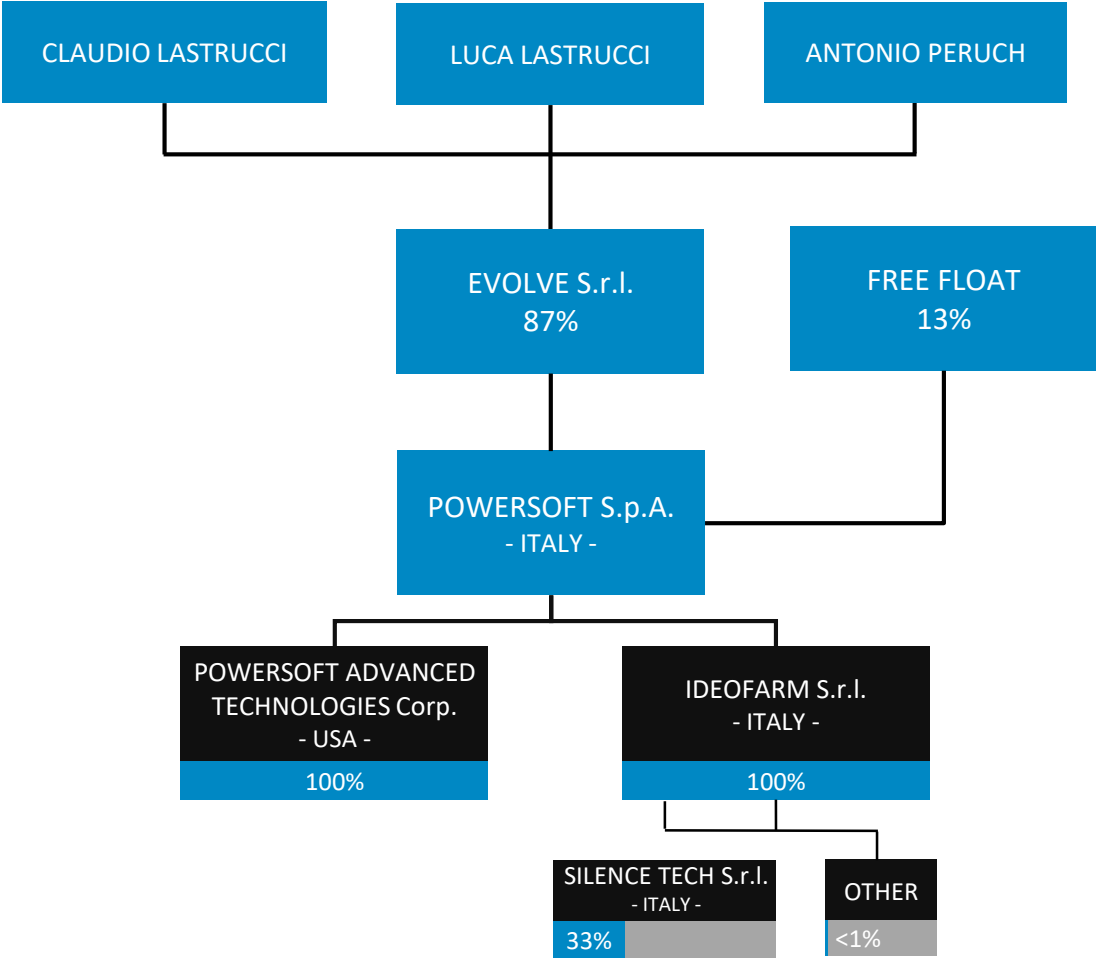
- 
Carlo Lastrucci
 Chairman


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

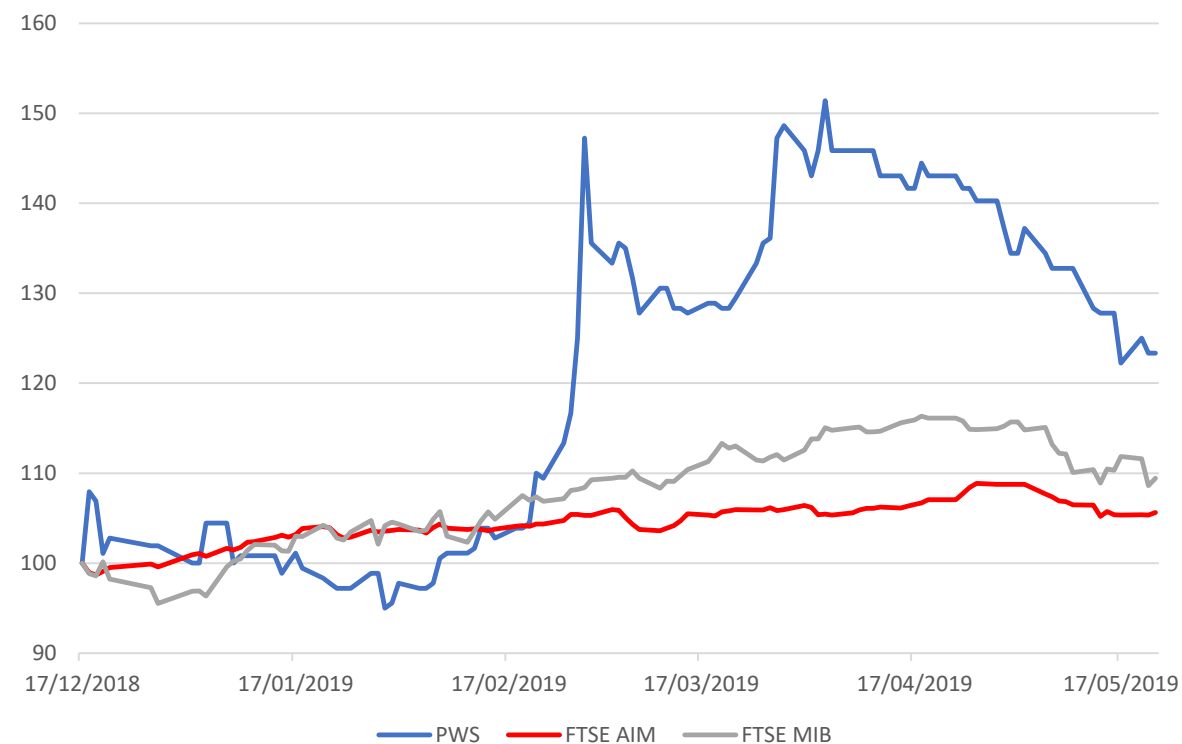

Paolo Limberti
 Alternate Statutory Auditor
- 
Massimiliano Manfredi
 Alternate Statutory Auditor



A SUCCESSFUL IPO

<<We are proud to have succeeded in going forward with the listing in a phase of the financial market characterized by strong volatility. The fact that there was a higher demand of shares 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	9,550,000
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 (22/05/2019): €4.4

Market Cap (22/05/2019): €48.4 M
Average Daily Volume*: 6.2K

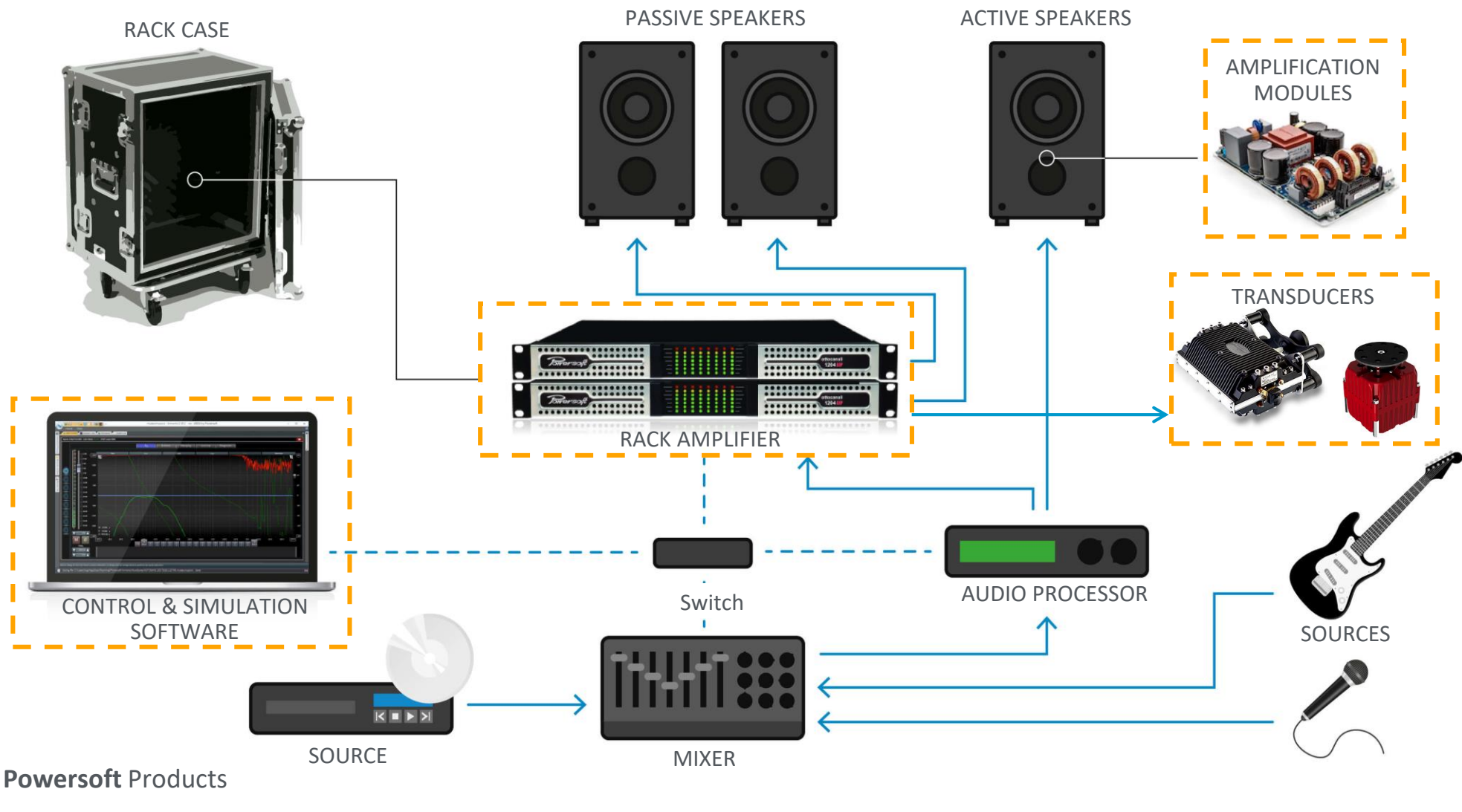


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THE AUDIO SYSTEM



 Powersoft Products



TIMELINE



DEVA

MULTIMEDIA



IPALMOD



M-FORCE



M-DRIVE



MOVER

TRANSDUCERS



D-SERIES*



DUECANALI SERIES



OTTOCANALI SERIES



QUATTROCANALI SERIES



T SERIES



DIGAM 3000*



K SERIES



M SERIES



X SERIES



X4L

RACK AMPLIFIERS



DIGIMOD PFC



DIGIMOD 1000



D-CELL 504



LITEMOD



DIGIMOD IS



MINIMOD



LOTO

AMPLIFICATION MODULES

1995-2006

2007-2009

2010-2013

2013-2018

2019→

* OUT OF ORDER PRODUCTS



A WIDE RANGE OF PRODUCTS...

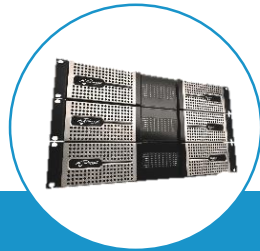


RACK AMPLIFIERS FOR TOURING

COMPLETE SYSTEMS

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

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

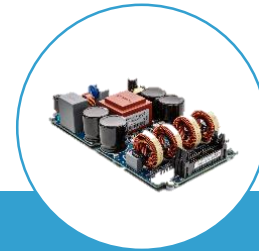


RACK AMPLIFIERS FOR FIXED INSTALLATIONS

COMPLETE SYSTEMS

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

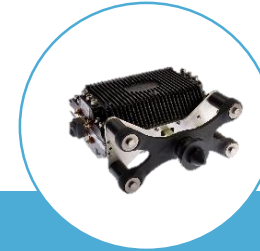
- Duecanali Series
- Quattrocanali Series
- Ottocanali Series



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

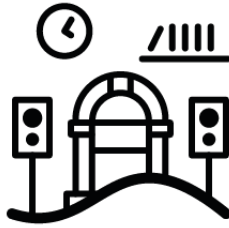
- Theme parks
- Resorts & Hotels
- Bars & Restaurants



TOURING

High power, minimum weight, maximum efficiency and reliability

- World Tours
- Live Events
- Concerts



RETAIL

Broad coverage, low consumption, flexibility and ease of use

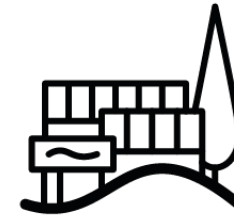
- Malls
- Shopping Centres
- Shops



HOUSE OF WORSHIP

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

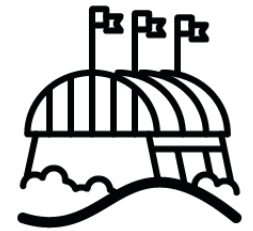
- Churches
- Mosques
- Other places of worship



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



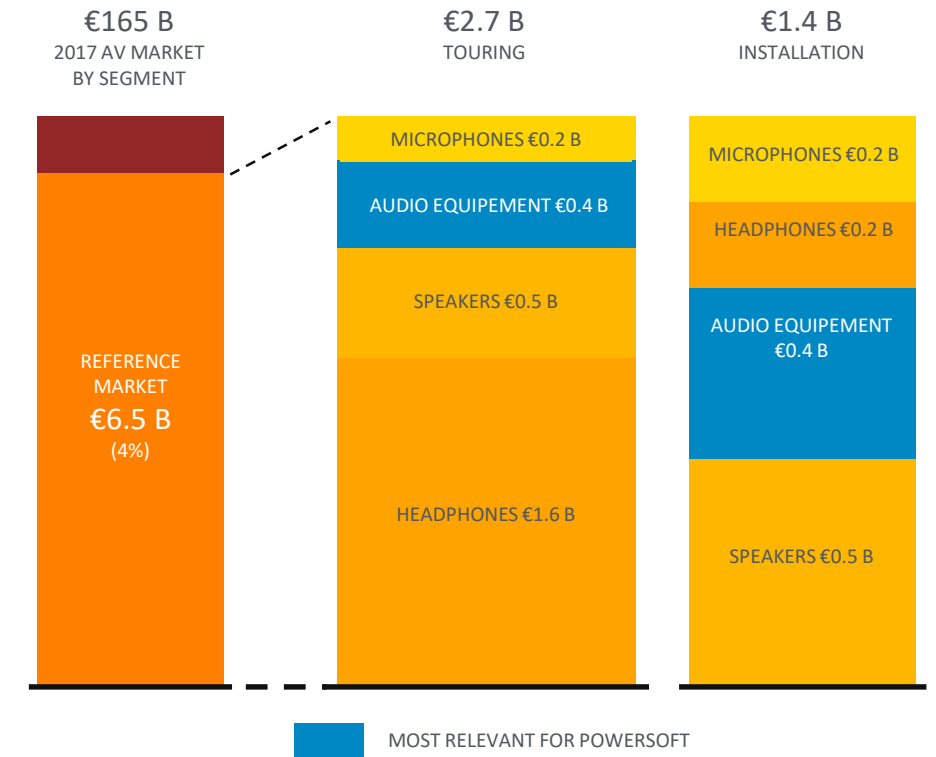
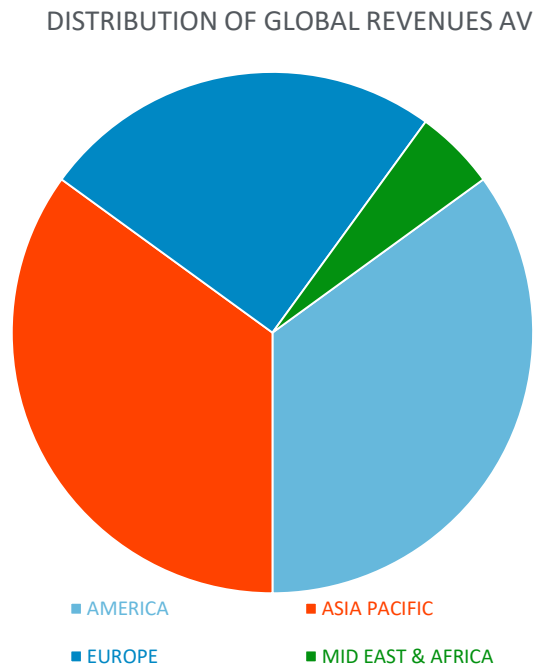
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AUDIO-VIDEO MARKET ESTIMATED TO BE WORTH €165 BILLIONS

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.

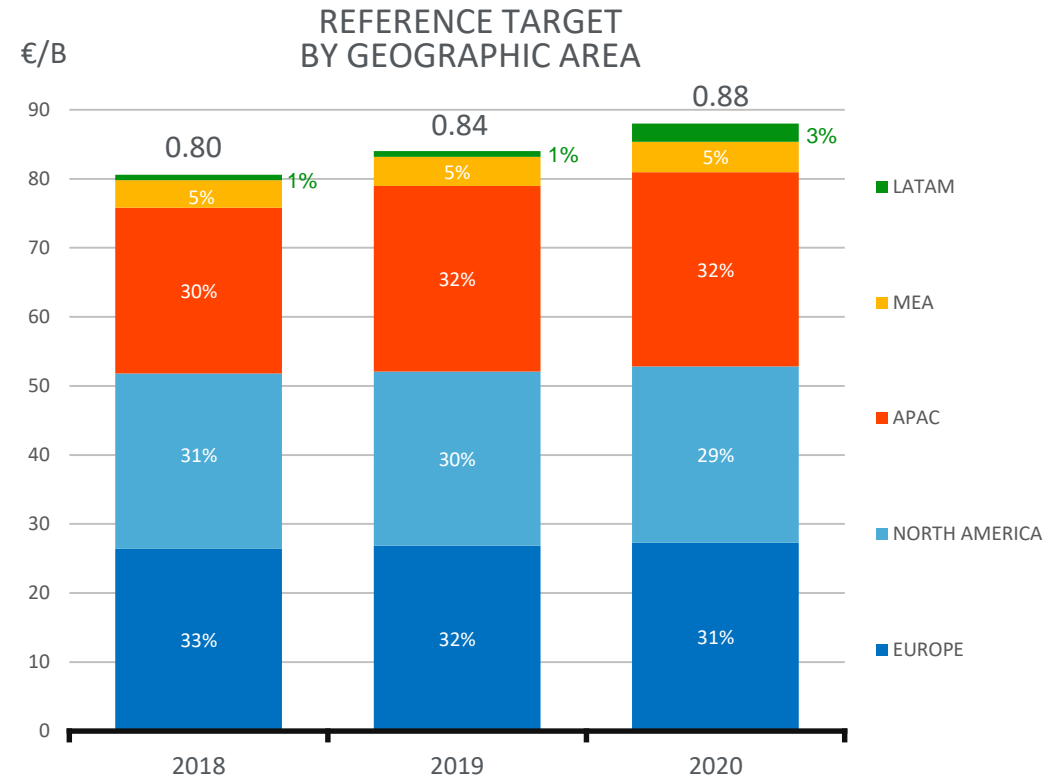
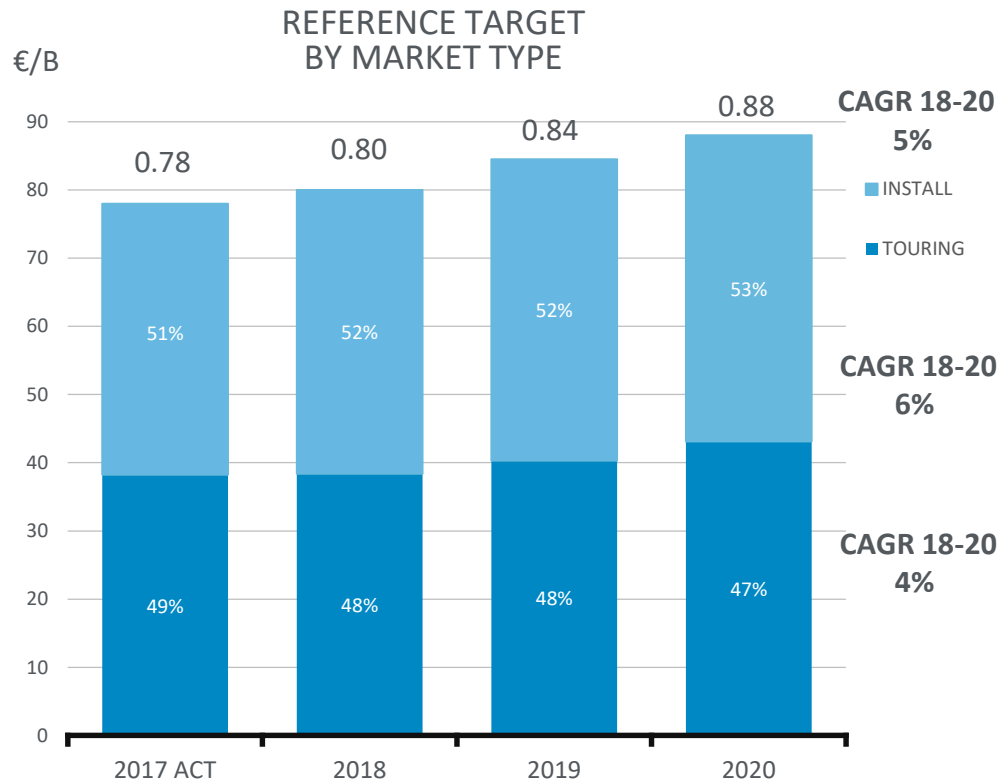


Data source: primary consultancy company on IOTA Avixa data



AN EXPECTED MARKET'S ORGANIC GROWTH OF 5% CAGR

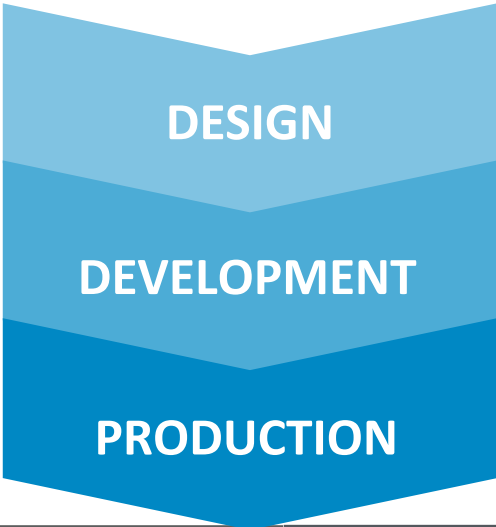
- Professional audio market (**Fixed Installations and Touring**) expected to grow: **+5% CAGR 2018-2020**
- **Forecasted increase in number of live shows** with growth in quality expectations in terms of audio
- **Continuous development of large sports and entertainment facilities**



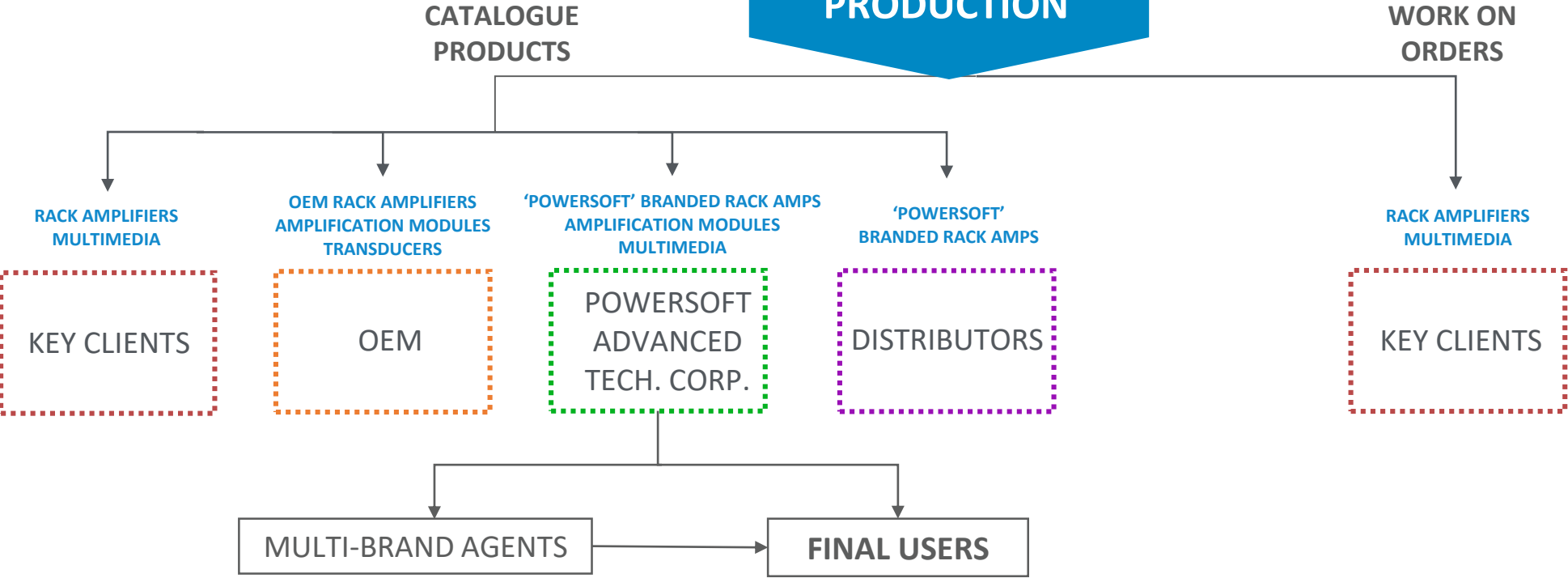
Data source: primary consultancy company on IOTA Avixa data



BUSINESS MODEL



- **Internal «Lean» Production:** fully operational N° 5 lines
- **ERP/MRP (Oracle):** strengthened and fully operational
- **N° 107 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)



MARKET & STRATEGY



OF 2018 REVENUES
INVESTED IN R&D



INTERNATIONAL
PATENTS



R&D EMPLOYEES
(~ 30% OF EMPLOYEES)

AWARDS



ARMONÍAPLUS



QUATTROCANALI



OTTOCANALI

INAVATION AWARDS
TECHNOLOGY WINNER 2016



OTTOCANALI

The
READERS'
CHOICE
AWARDS 2015
WINNER



X SERIES

Readers
Choice
AWARDS
WINNER
2017



M SERIES HDSP

The
READERS'
CHOICE
AWARDS 2014
WINNER



DEVA

The
READERS'
CHOICE
AWARDS 2014
WINNER



OTTOCANALI
12K4

AV
AWARDS 13
HIGHLY COMMENDED



OTTOCANALI
1204

The
READERS'
CHOICE
AWARDS 2013
WINNER



K10



STRATEGIC AGREEMENT WITH HOLOPLOT

- The project foresees the development and the production of innovative audio systems to be offered in various markets such as auditoriums, convention centers, concert hall and entertainment facilities.
- The supply value is around € 5 million. Deliveries, as well as the related payments, are envisaged in different tranches starting from 2020, subject to the timing of the project.



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 a business area for value-added services through a cloud platform 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 Extend the distribution network also through direct presence on the most strategic markets (USA and Germany). Evaluate the strengthening of the presence in China 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

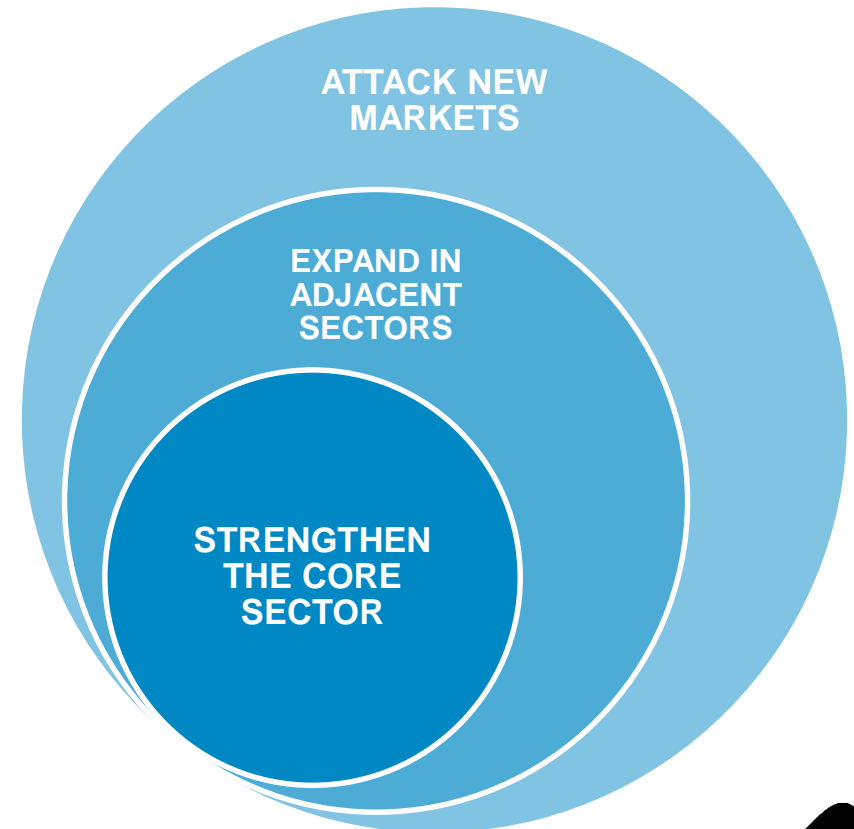


LEVERAGING ON THE IPO FOR NEW SUCCESSES

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**



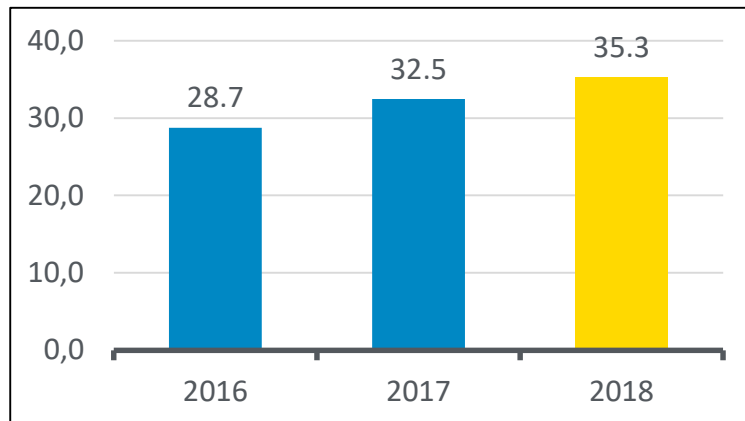
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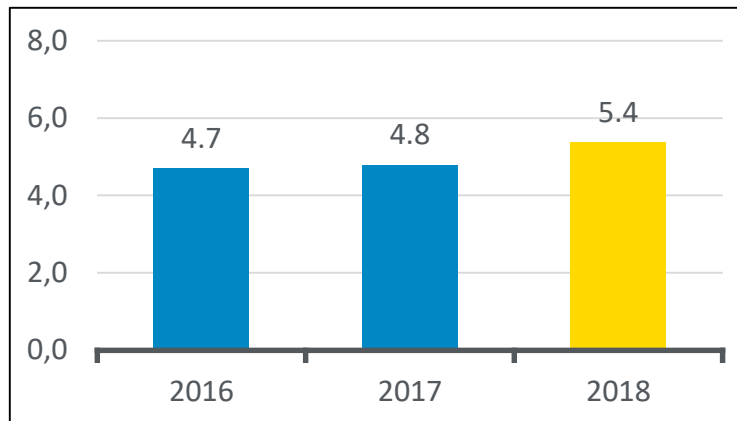


FINANCIAL HIGHLIGHTS IFRS

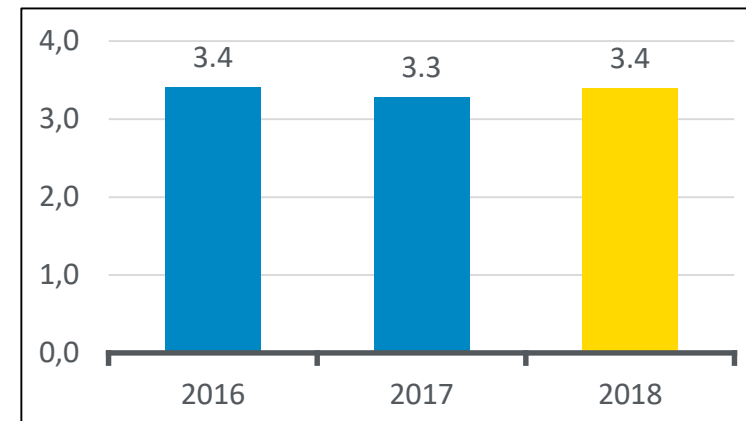
REVENUES €/M



EBITDA €/M

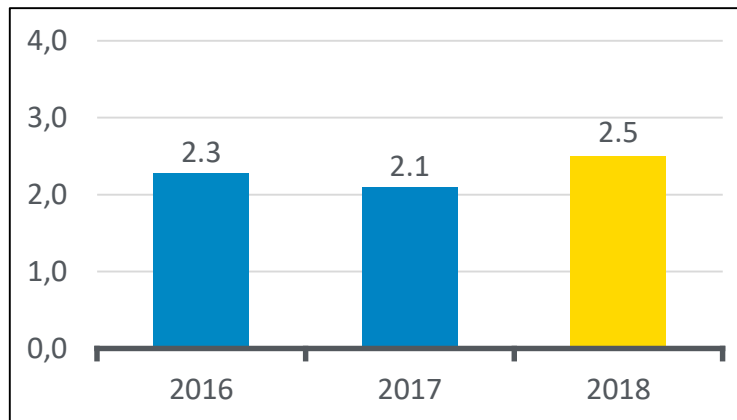


EBIT €/M

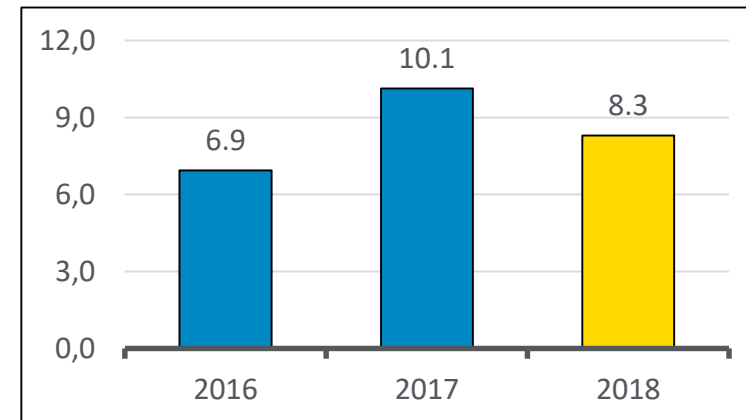


A solid equity story and sound financial condition, which allows to respond with flexibility and speed to changing commercial and industrial needs and to face future investment and growth goals

NET PROFIT €/M



NFP €/M



INCOME STATEMENT

IFRS €/K

Income Statement	2018	2017	YoY %
Sales Revenues	33,467	30,504	9.7%
Other Revenues	1,794	1,965	-8.7%
Total Revenues	35,261	32,469	8.6%
Cost of sales	(19,337)	(18,671)	3.6%
Gross Margin	15,924	13,798	15.4%
<i>% revenues</i>	<i>47.6%</i>	<i>45.2%</i>	
Internal works	886	769	15.3%
Commercial expenses	(1,710)	(1,492)	14.6%
Personnel costs	(6,952)	(5,691)	22.2%
G&A	(2,795)	(2,596)	7.7%
EBITDA	5,353	4,788	11.8%
<i>% revenues</i>	<i>16.0%</i>	<i>15.7%</i>	
EBIT	3,380	3,273	3.2%
<i>% revenues</i>	<i>10.1%</i>	<i>10.7%</i>	
EBT	3,504	3,125	12.2%
<i>% revenues</i>	<i>10.5%</i>	<i>10.2%</i>	
Taxes	(984)	(1,032)	-4.6%
Net Income	2,520	2,093	20.4%

- **Sales Revenues** up 9.7% to €33.5 M primarily thanks to all product families sales growth in US, EU and Asia
- **Gross Margin** steadily improving at **47.6%** (+240 bps vs 2017)
- **Operating expenses up by 17.3% to €10.6 M.**
 - ✓ **R&D on revenues** up to around 8.0% (€2.6 M of which €0.9 M capitalized);
 - ✓ **Commercial Expenses on revenues** from 4.9% to 5.1% due to the strengthening of sales organization and enhanced marketing activities;
 - ✓ **G&A increased by 7.7%**, moving from 8.5% to 8.4% on revenues, to reflect new organization post-IPO;
- **EBITDA margin at 16.0% mainly** thanks to improved Gross Margin
- Tax Rate at 28.09%, lower than previous year
- **Net income at €2.5 M**



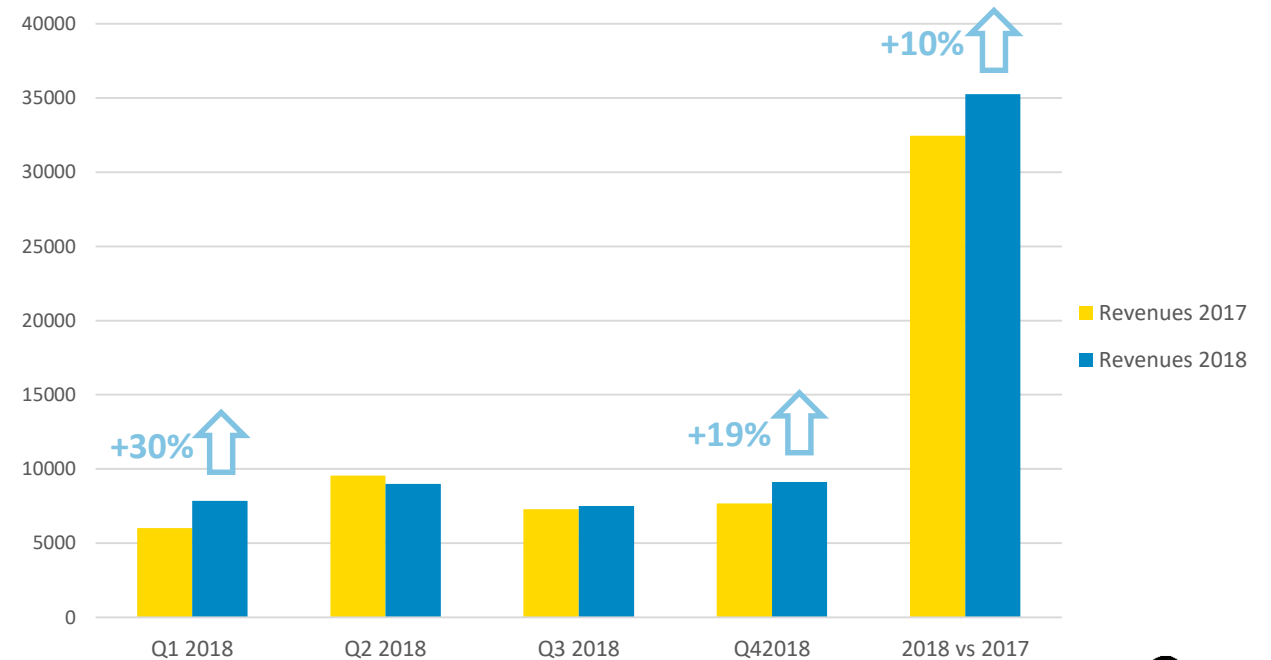
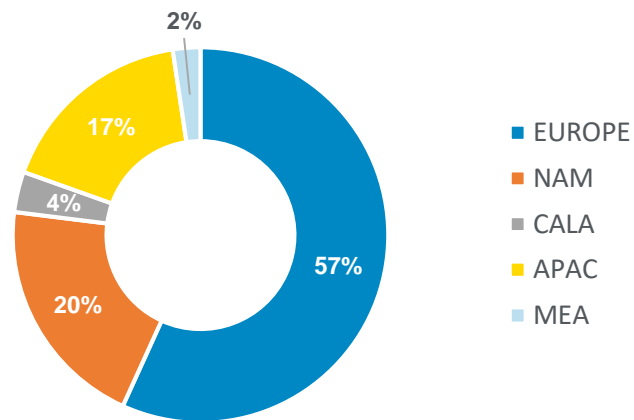
REVENUES GROWTH

IFRS €/K

	12/31/18	%	12/31/17	%	% YoY
EUROPE	19,014	57%	17,872	59%	6%
NAM	6,749	20%	4,949	16%	37%
CALA	1,168	4%	1,328	4%	-12%
APAC	5,743	17%	5,443	18%	6%
MEA	794	2%	912	3%	-13%
Totale	33,467	100%	30,504	100%	10%

- Sales growth primarily in the sector of rack amplifiers (fixed installation and touring) and amplifier modules sold to the main speaker manufacturers
- Growth driven by marketing actions, both direct and through seminars, as well as by the greater and more incisive presence at the main international exhibitions
- Strong growth in US as a result of Group reorganization and new local team

Revenues Breakdown 2018 by Country



BALANCE SHEET

IFRS €/K

€/000	12/31/18	12/31/17		12/31/18	12/31/17
Total Fixed Assets	2,384	2,120	Net Financial Position	8,292	10,130
Inventory	7,998	5,364			
Trade receivables	5,513	4,840			
Other current assets	2,140	2,060			
Trade payables	(7,688)	(5,806)			
Other current liabilities	(2,333)	(2,191)			
Net Working Capital	5,627	4,267	Net Equity	(15,419)	(16,434)
Other non-current assets (liabilities)	(884)	(83)			
Total Assets	7,127	6,303	Total Liabilities	(7,127)	(6,303)

- **Net Working Capital:** Increase mainly due to additional inventories, partially offset by an increase in trade payables.
- **Net Equity:** Affected by dividends, capital increase and listing costs



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
- 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.



Install
awards
2017

FINALIST

QUEEN ELISABETH HALL
ANTWERP



SPORT EVENT & LIVE SHOW

CHALLENGE:

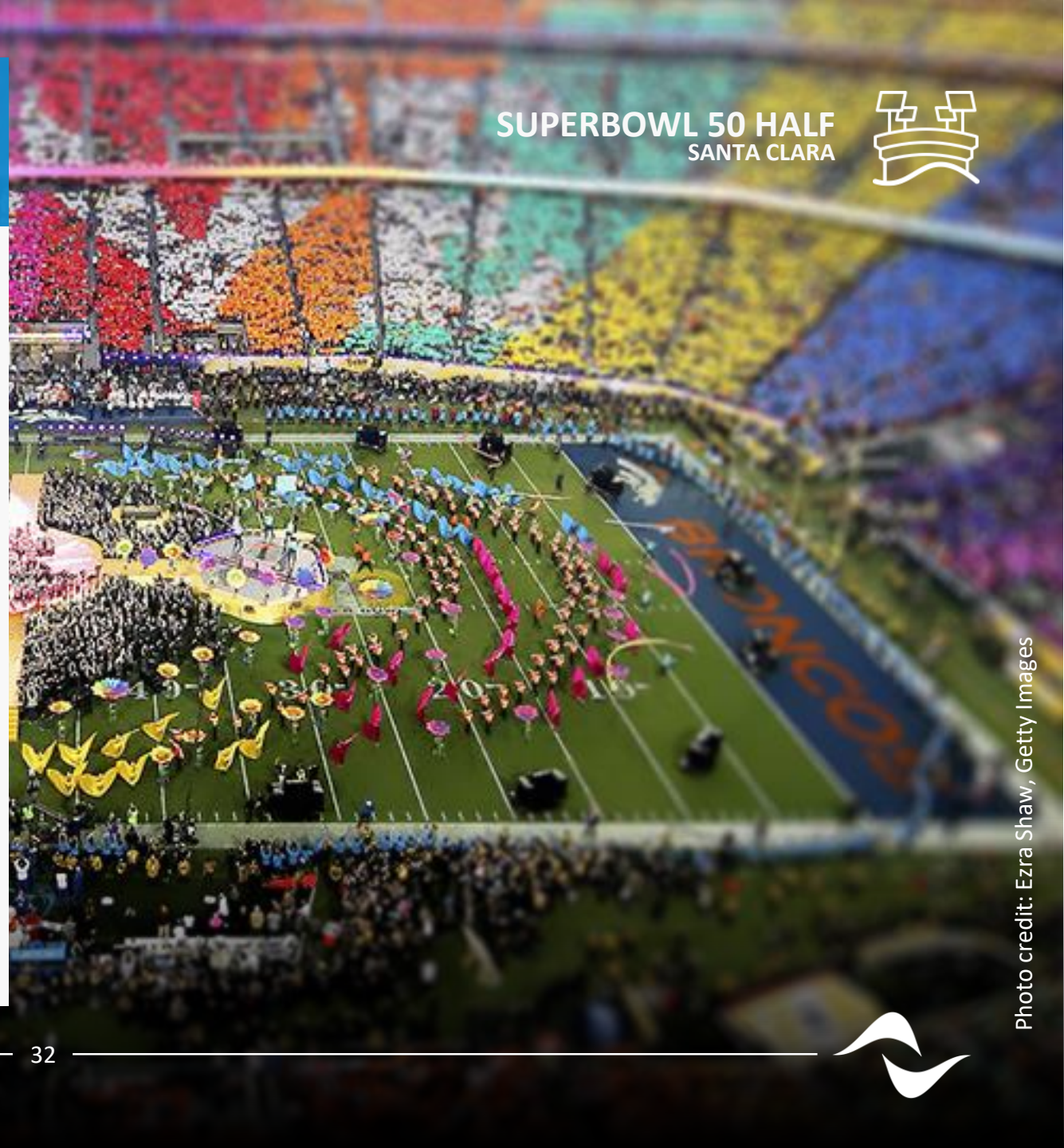
Deliver flawless and immersive sound experience for 68.500 seats.

SOLUTION:

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



SUPERBOWL 50 HALF
SANTA CLARA



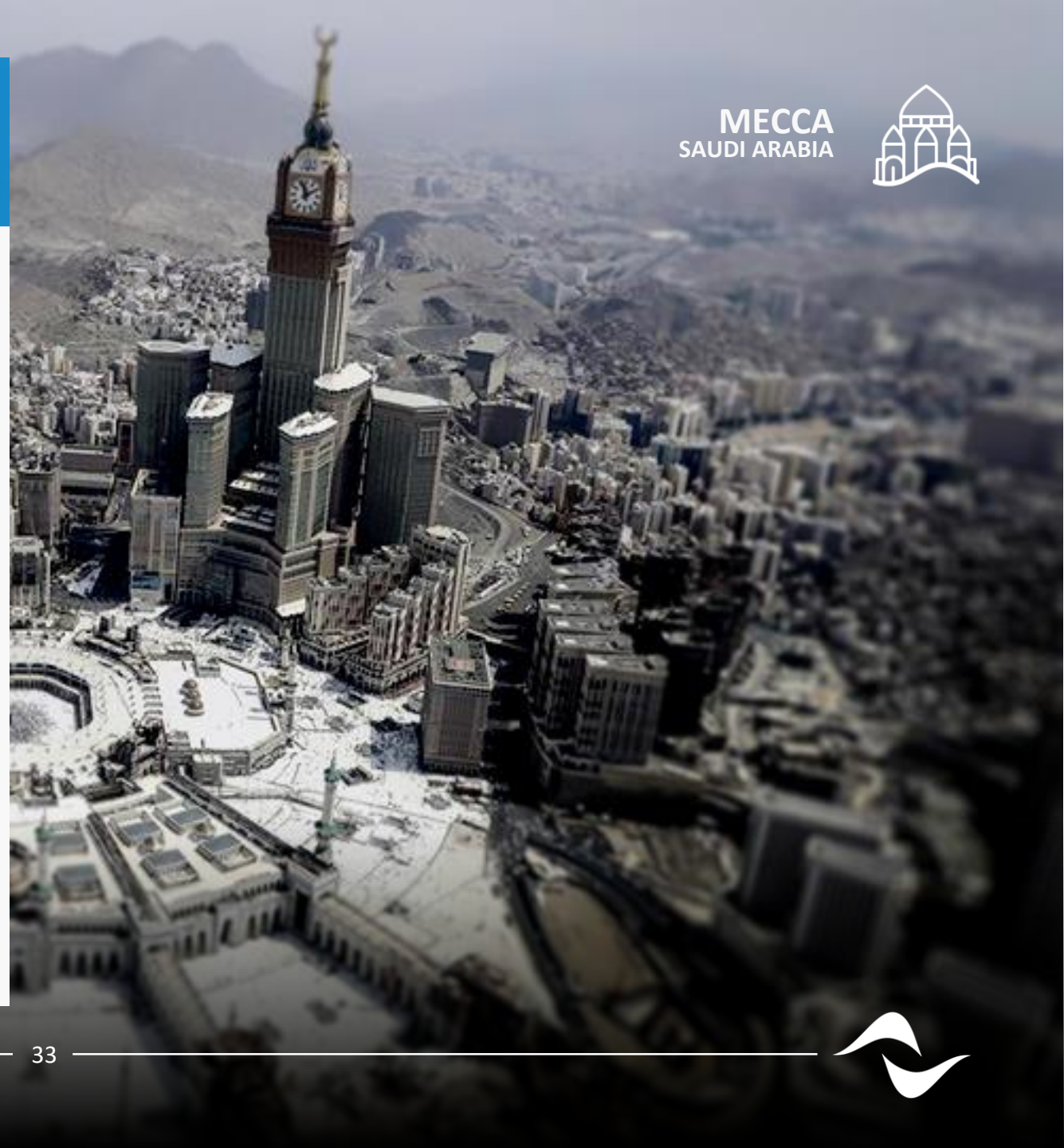
RELIGIOUS SITE

CHALLENGE:

Deliver clear and distinct sound over a radius of 5 kilometers

SOLUTION:

K Series, over a million Euro cost amplification.



STADIUM SYSTEM

CHALLENGE:

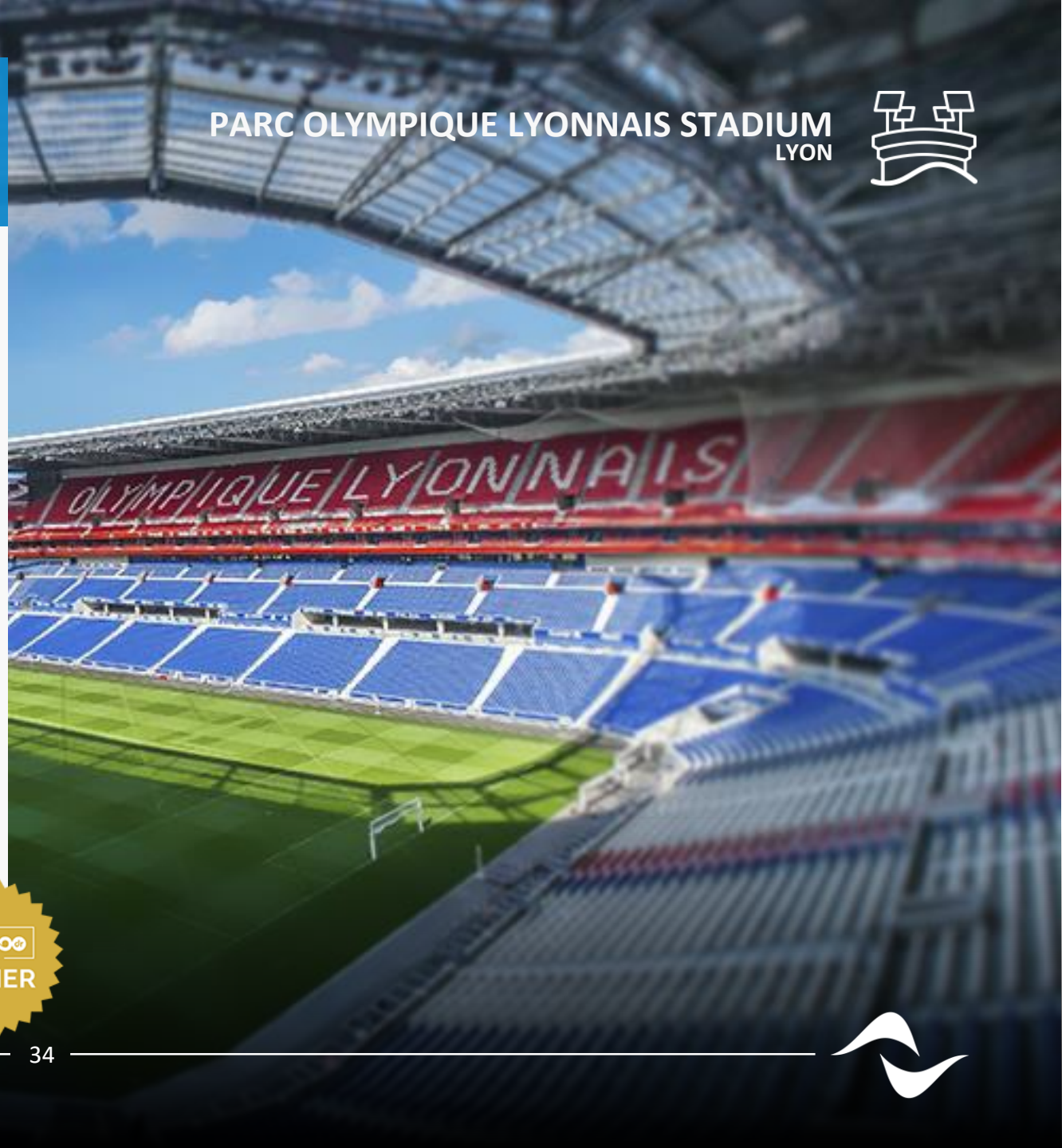
Drive the new EAW PA system for nearly 56,000 seats.

SOLUTION:

4x 4K4 Ottocanali and 14x 12K4 Ottocanali



PARC OLYMPIQUE LYONNAIS STADIUM
LYON



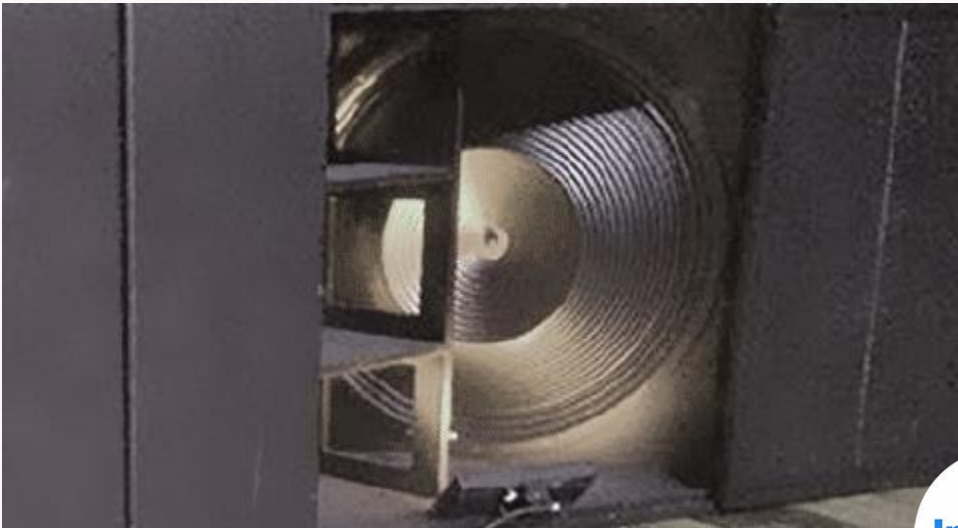
CLUB SYSTEM

CHALLENGE:

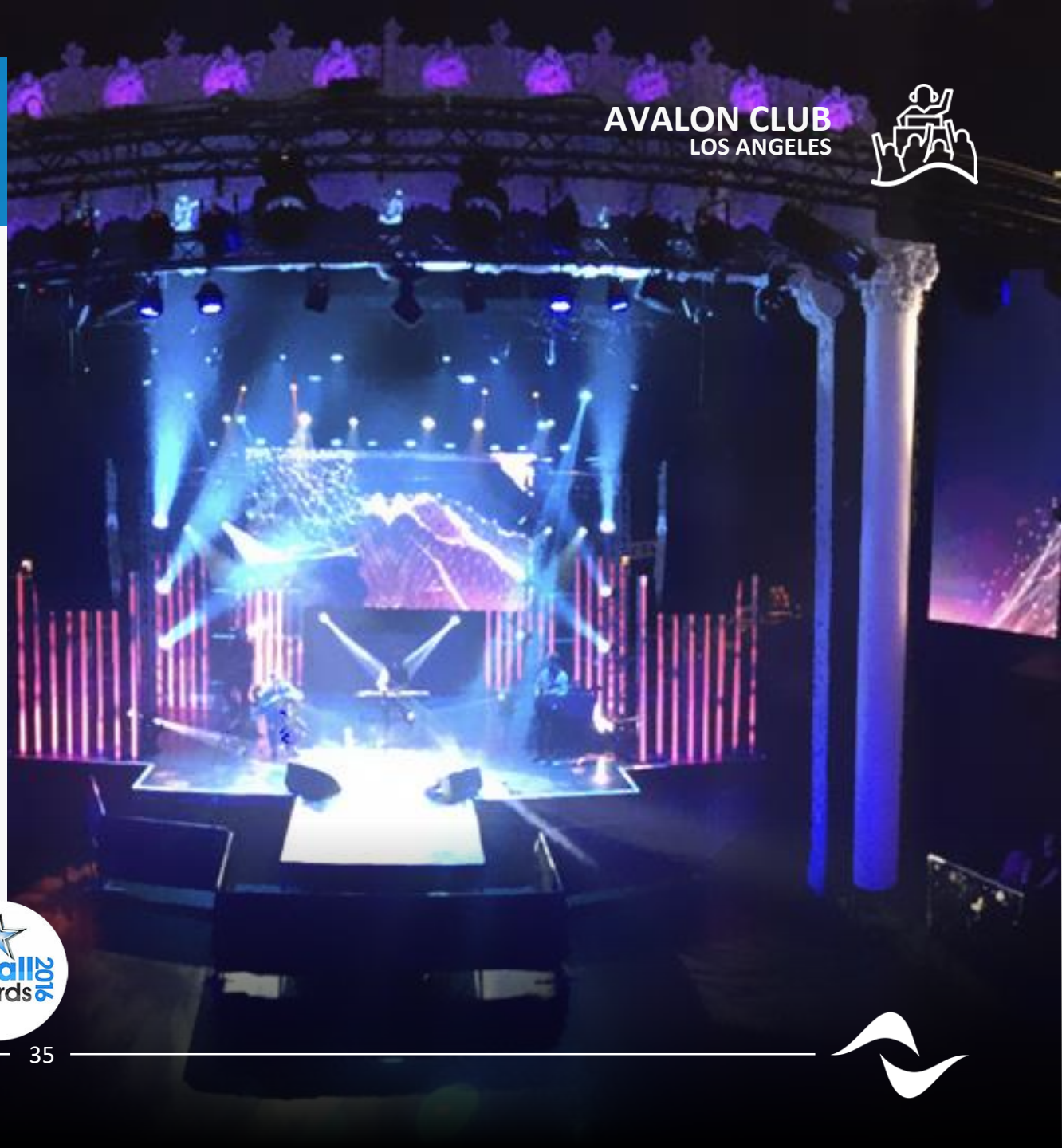
Creating earth crushing sub bass by the largest subwoofer club install.

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



CONTACTS



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NEXT EVENTS

- **May 27, 2019**
AIM Conference Milan
- **September 30, 2019**
H12019 results





THANKS!

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