



Driving Human Audio Experience

VIRTUAL AIM ITALIA CONFERENCE

MAY 25, 2020



A WORLDWIDE RECOGNIZED TECHNOLOGICAL TOP PARTNER IN PRO-AUDIO



POWERSOFT AT A GLANCE

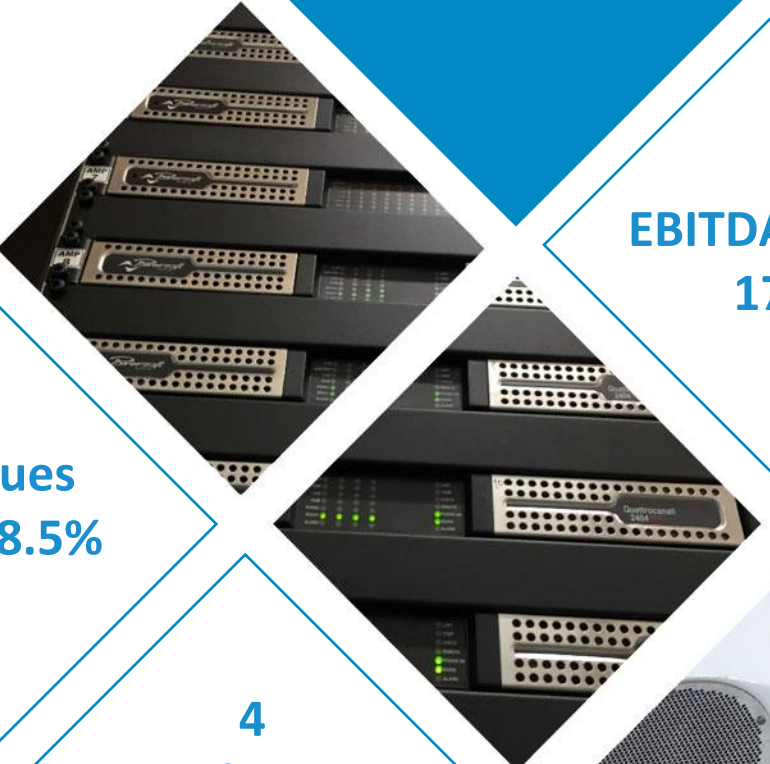
Powersoft is a world technological leader in lightweight, high-power, energy efficient pro-audio amplifiers.

Powersoft is specialized in the **design, production and marketing** of landmark products for sophisticated customers and operators alike in the professional audio market are the result of its **strong emphasis on R&D and continuous innovation**.



Net Profit
€3m +19.6%

25 Years
of Success



Revenues
€38m +8.5%

4
Production
Plants*

29
International
Patents

119
Employees

EBITDA Margin
17.3%



2019 FINANCIAL FIGURES

* 3 production plants are in outsourcing

A HISTORY OF CONSISTENT GROWTH



1995 - 1998

BIRTH AND DEVELOPMENT



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

1998 - 2008

COMPANY GROWTH



2008 - 2018

CONSOLIDATION AND DIVERSIFICATION



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

DEC 17, 2018

IPO



2020

25 YEARS OF POWERSOFT



25 YEARS POWERSOFT



AN ITALIAN EXCELLENCE POSITIONED AT THE HIGH-END PROFESSIONAL AUDIO MARKET



AT THE TOP OF THE PIRAMID

A pioneer in the high-end professional audio market

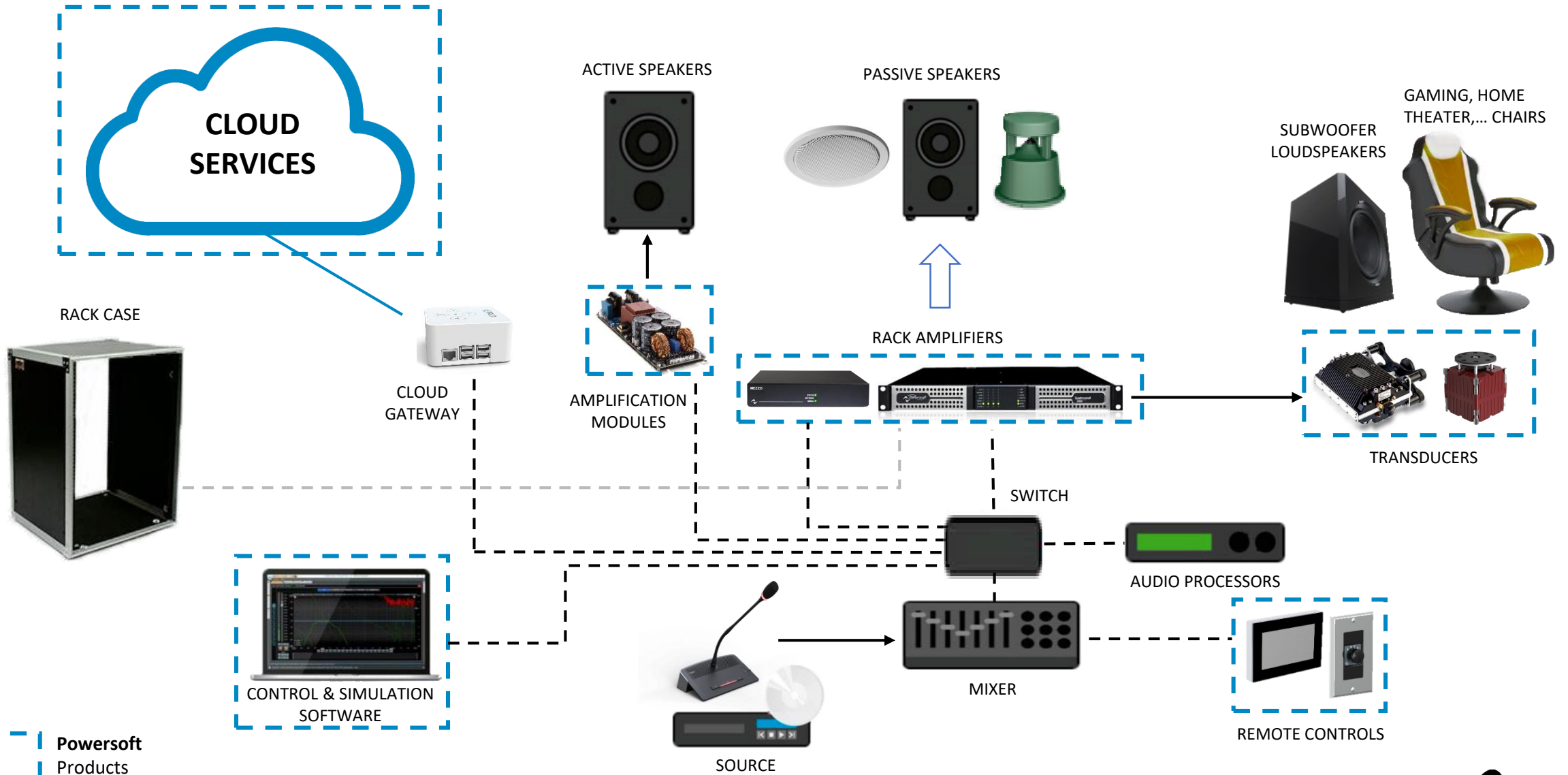
Globally recognized market setter of unrivalled cutting-edge products in a thriving market

Serving a broad range of clients, both professional customers and audio-device makers

25 years as a forefront player in the market, set to face future challenges and to exploit new opportunities



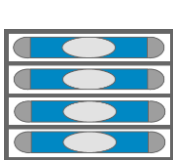
AT THE HEART OF THE AUDIO SYSTEM



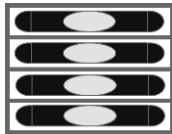
A FLEXIBLE BUSINESS MODEL TO ADDRESS DIFFERENT CLIENTS



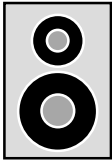
PRODUCTS, SERVICES VS MARKETS



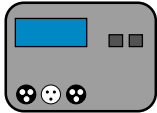
RACK
AMPLIFIER



OEM
RACK AMPLIFIER



ACTIVE SPEAKER
AMPLIFIER



DSP
SIGNAL
PROCESSING



BASS
SHAKERS
TRANSDUCERS



SECURITY
MULTIMEDIA
DEVICE



DIAGNOSTIC AND
PROGNOSTIC
SERVICES



CORPORATE



CONVENTION &
EXHIBITION CENTERS



AIRPORTS



THEME PARKS



STADIUMS &
ARENAS



CONFERENCE
& BOARD ROOMS



COVID-19
SECURITY SUPPORT



RETAIL



HOUSES OF
WORSHIP



INDUSTRIAL



HOTELS &
RESORTS



BARS &
RESTAURANTS



THEATRES



MUSEUMS



MALLS &
SHOPPING
CENTERS



CRUISE SHIPS

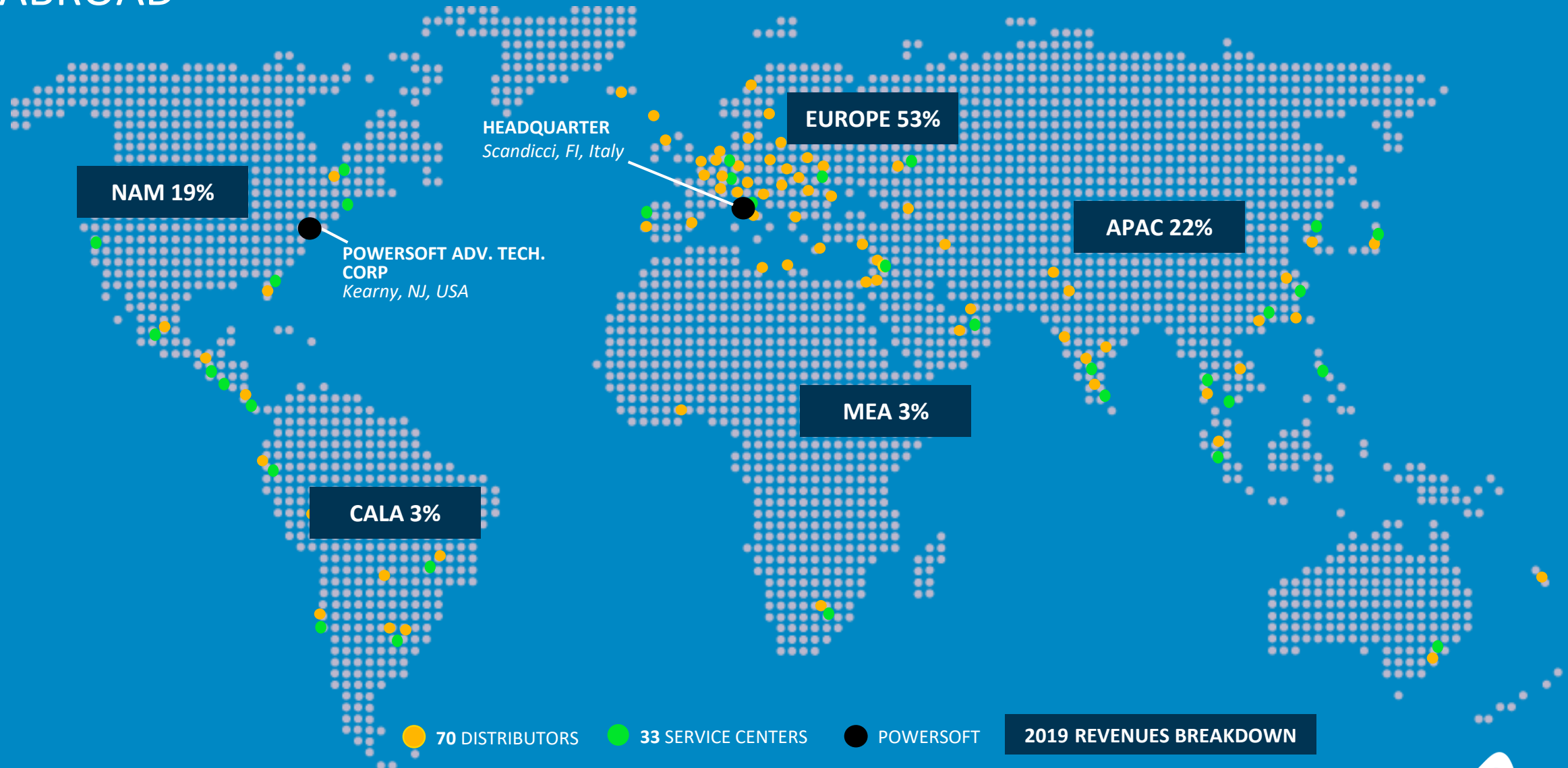




MARKET TREND & POSITIONING

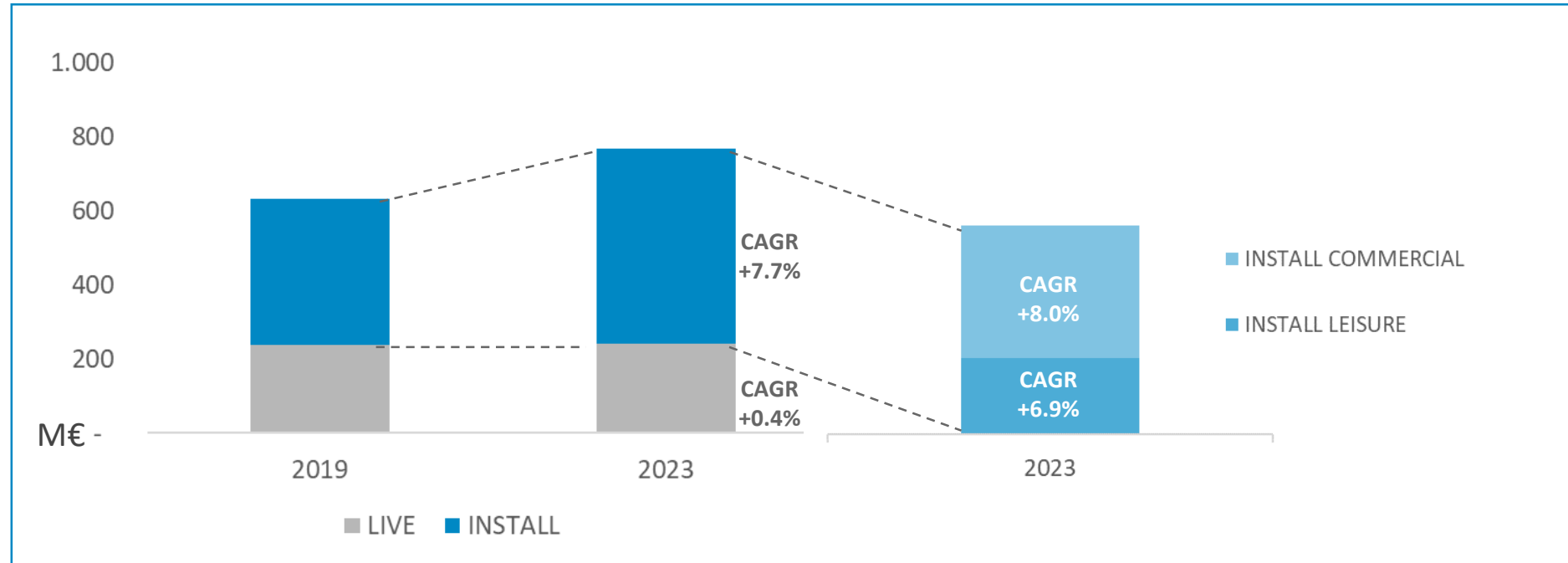


STRONG INTERNATIONAL PRESENCE: OVER 91% OF SALES GENERATED ABROAD



INSTALL COMMERCIAL IS THE FASTEST GROWING AREA OF BUSINESS

Professional Power Amp market growth mainly driven by **install applications**.



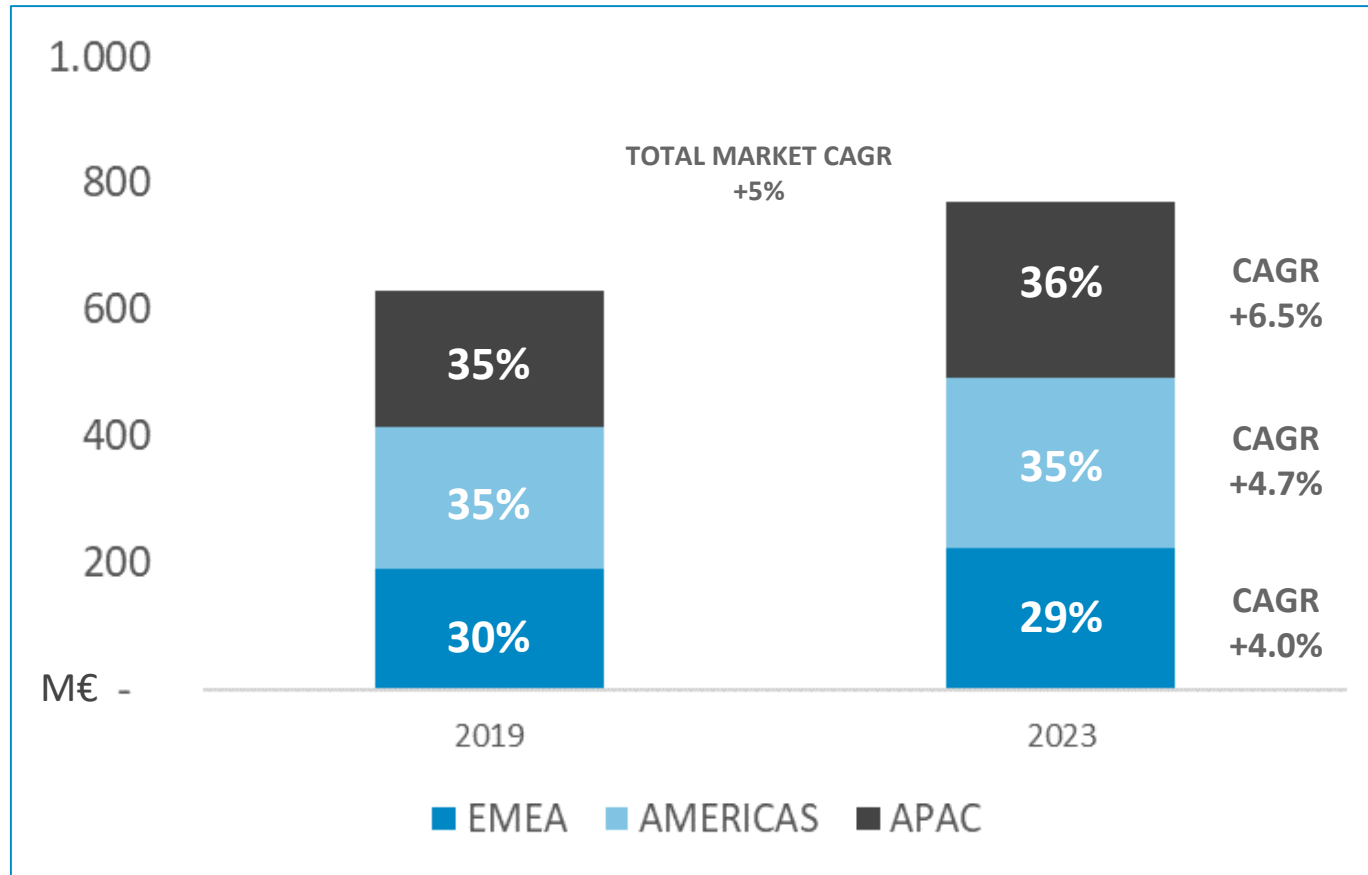
- **Commercial applications:** the main and the fastest growing segment in install applications
- **High demand for renovation of audio and conferencing system**, boosted in 2020 as an effect of COVID-19 emergency
- Slowdown in install leisure applications expected for the current year with a full recovery by 2023.

Data source: Powersoft elaboration based on primary research panels



ALL GEOGRAPHIES ARE EXPECTED TO GROW IN THE FUTURE

Total power amplifiers market is expected to grow + **5.1% CAGR in 4 years** accounting almost €800 M in 2023



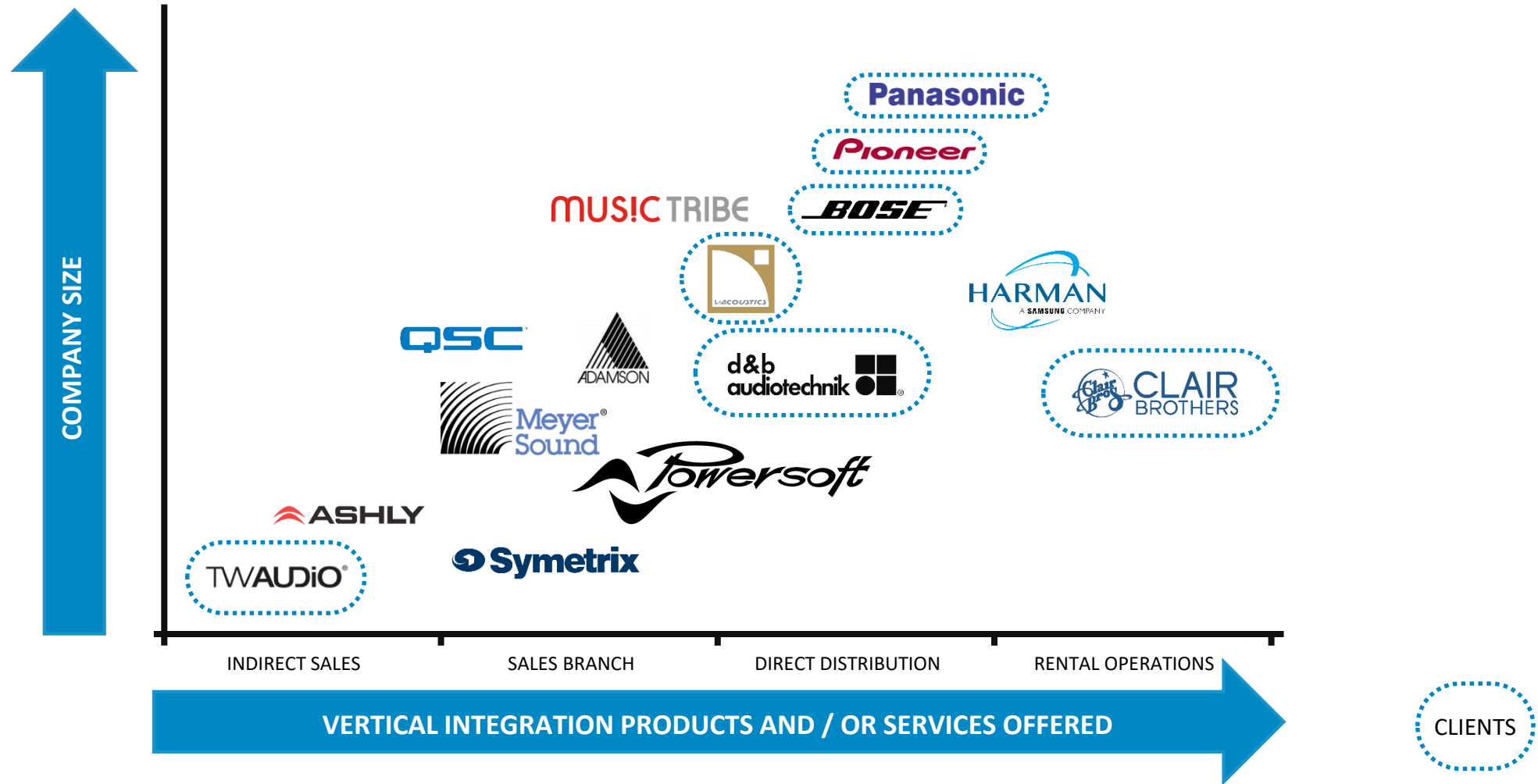
- **APAC : fastest growing area** and expected to get the highest market share in 4 years time.
- AV global market hardly impacted by COVID-19 in 2020, with recovery starting from 2021.

Data source: Powersoft elaboration based on primary research panels



A VERY FRAGMENTED MARKET WITH ROOM FOR CONSOLIDATION

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



Data source: Powersoft elaboration based on primary research panels



A CLEAR STRATEGY WITH AN UNEXPLORED GROWTH POTENTIAL



A CLEAR STRATEGY TO FACE DISCONTINUITY

FOCUS ON STRENGTHENING THE "CORE" BUSINESS AND EXPANDING ON ADJACENT SEGMENTS AND NEW MARKETS



Improve market share in the **installation business** like **Conferencing and Education for Corporate**, whose market is expected to grow at higher pace



Diversify **into adjacent sectors** with greater potential like **Safety and Security and products for Residential, e-sports**



Expand internationally leveraging on the consolidated presence in 138 countries and a network of 70 distributors worldwide



Offer of in-cloud services that allow remote control and predictive/ diagnostics analysis

COVID-19 PANDEMIC IS ACCELERATING THIS DIVERSIFICATION INTO FAST GROWING ADJACENT SECTORS



COVID 19 OUTLOOK

- Industrial **production activity fully resumed** after suspension following the legislation linked to the Covid 19 emergency.
- Despite a good start of the year, in these uncertain conditions it is **difficult to provide a reliable quantitative estimate** of the full-year effects on the economic and business situation.
- Strong and continuous investment in **product development, marketing and R&D** as it has always done by working to expand the offer of technological solutions
- Creation of new lines of products and services and will also **leverage on its international presence** to face any negative effect of the current scenario



SAFETY ASSURED BY DEVA - A MULTIMEDIA DEVICE

devä

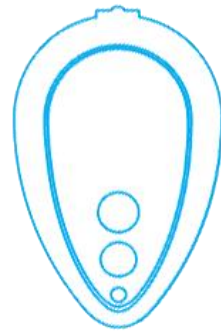
Deva is a COVID-19 Security Support

Multimedia system, easily deployed anywhere, enabling automated and direct interaction with the public.

It is an in-built technology solutions such as remote video monitoring, facial recognition, queue counter, and body temperature

DATA GATHERING

Deva is equipped with sensors **reporting local position conditions** including current temperature, barometric pressure and ambient humidity



SAFETY

With high-grade wireless technology and built in safety features, Deva helps **keep environments safe** - and can relay information if something looks suspicious

INFOTAINMENT

Communicate through preset or live broadcasts. Deva will keep people informed through **integrated Bluetooth and GPRS technologies**

ENTERTAINMENT

Powersoft's amplifier and loudspeaker technology allow to broadcast crisp and powerful sound into any environment and to **create playlists and customized settings**



SMALL SIZE RACK AMPLIFIERS AND TRANSDUCER TO ADDRESS NEW SEGMENTS

Many opportunities are arising due to COVID-19 lockdown where **smart working, e-learning and visual conferences are incentivated**

- **Wall Mount Panels:** launch, designed for conference rooms and schoolrooms to manage and distribute audio signals from multiple sources to different areas
- **Mover:** a patented low frequency direct drive/tactile transducer and shaker thought for large venue or cinema
- **Mezzo series:** addressed to **Corporate, Conferencing and Education markets**, it offers sound clarity, reliability, and quality in a ½ rack unit form factor

MEZZO AND MOVER: CAN ALSO BE COMMERCIALISED TOGETHER TO THE RESIDENTIAL SECTOR FOR HOME THEATRE APPLICATIONS AND GAMING



HUGE INVESTMENTS IN R&D AND INNOVATION

- **High entry barriers:** 29 international patents, many trademarks registered in over 30 countries and others in the registration process
- **International recognition of Claudio Lastrucci, R&D Director** as winner of the Inavation Awards in the Industry Influencer category

INNOVATOR IN SWITCH-MODE TECHNOLOGY

- Class-D reliable and effective

PATENTED TECHNOLOGY

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

ENERGY EFFICIENCY

- Environmentally friend products
- Small sizes, huge power

~8.7%
OF 2019 REVENUES
INVESTED
IN R&D

29
INTERNATIONAL
PATENTS

31
R&D EMPLOYEES
(~ 30% OF
EMPLOYEES)

**Inavation Awards
Industry Influencer 2020**

CONTINUOUS DEVELOPMENT OF NEW CREATIVE PROJECTS



Powersoft's own
growth accelerator, dedicated to supporting
new creative projects, and future development
of **innovative technologies**:

- ✓ ***Creativity and Innovation***
- ✓ ***Sharing***
- ✓ ***Connection***



GREEN AUDIO POWER

Powersoft's own registered **Trademark**
which identifies environmental friendly products:

- ✓ ***The most *efficient amplifiers* in the industry***
- ✓ ***Power density***
- ✓ ***Compactness***
- ✓ ***Reduced shipping size***
- ✓ ***Power recycling***



MARKET SETTER OF UNRIVALLED CUTTING-HEDGE PRODUCTS



DEVA

SAFETY MULTIMEDIA DEVICES →



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

2019-2020 →

* OUT OF ORDER PRODUCTS



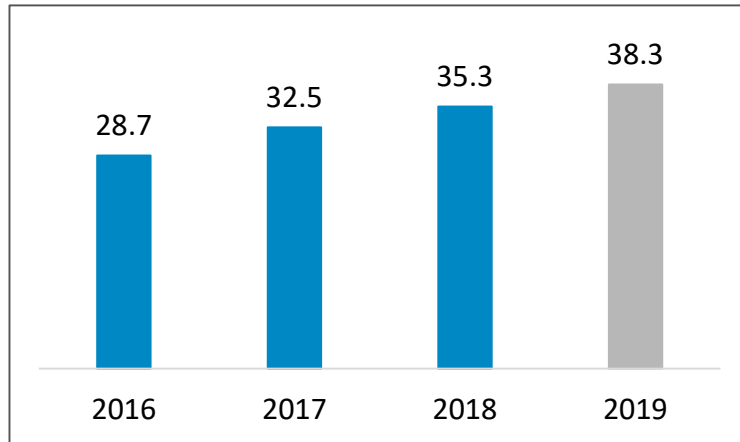


STRONG EQUITY STORY BACKED BY SOLID FINANCIALS

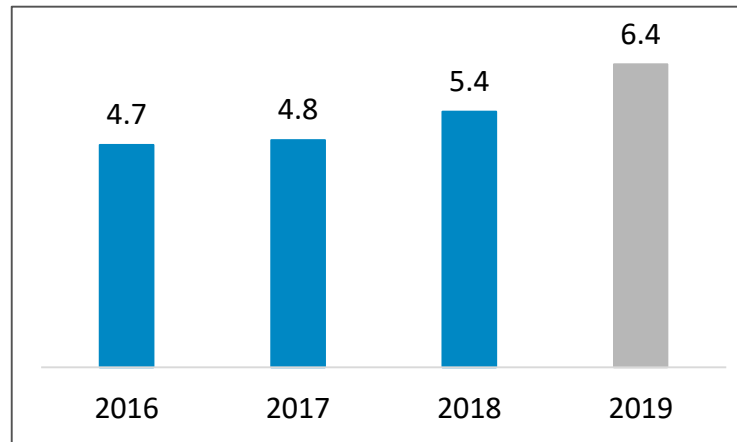


FINANCIAL HIGHLIGHTS

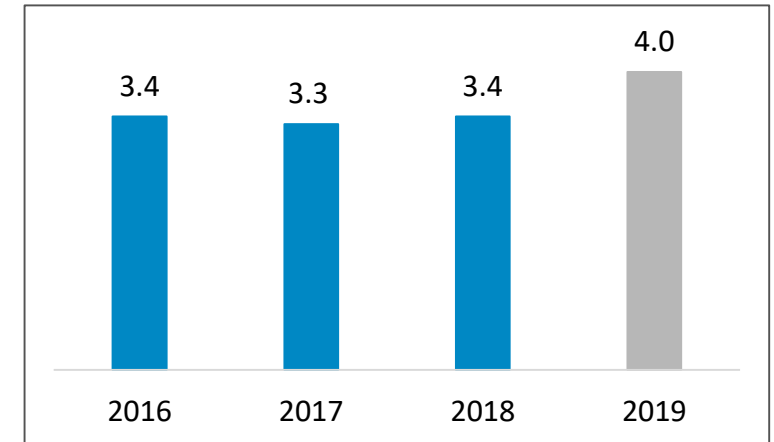
REVENUES €/M



EBITDA €/M

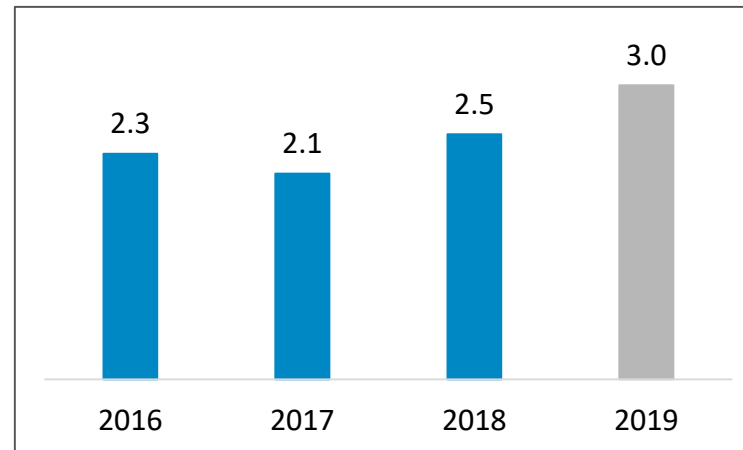


EBIT €/M

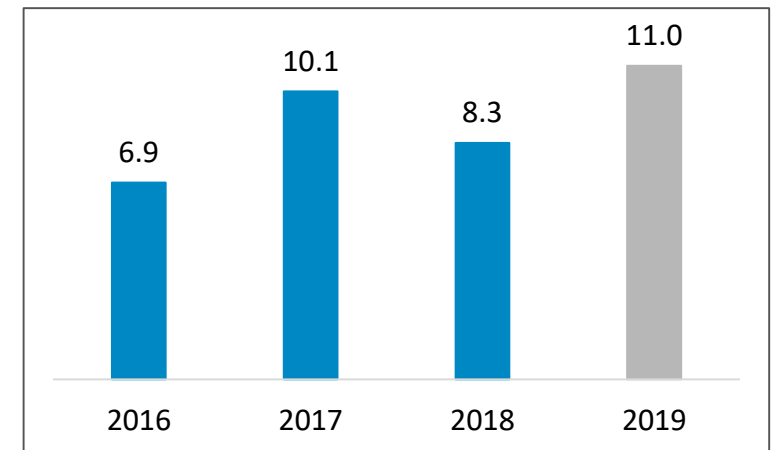


A solid equity story and sound financials, which allows the company to face, with flexibility and speed, the changing commercial and industrial needs and to face future investment and growth goals

NET PROFIT €/M



NFP €/M



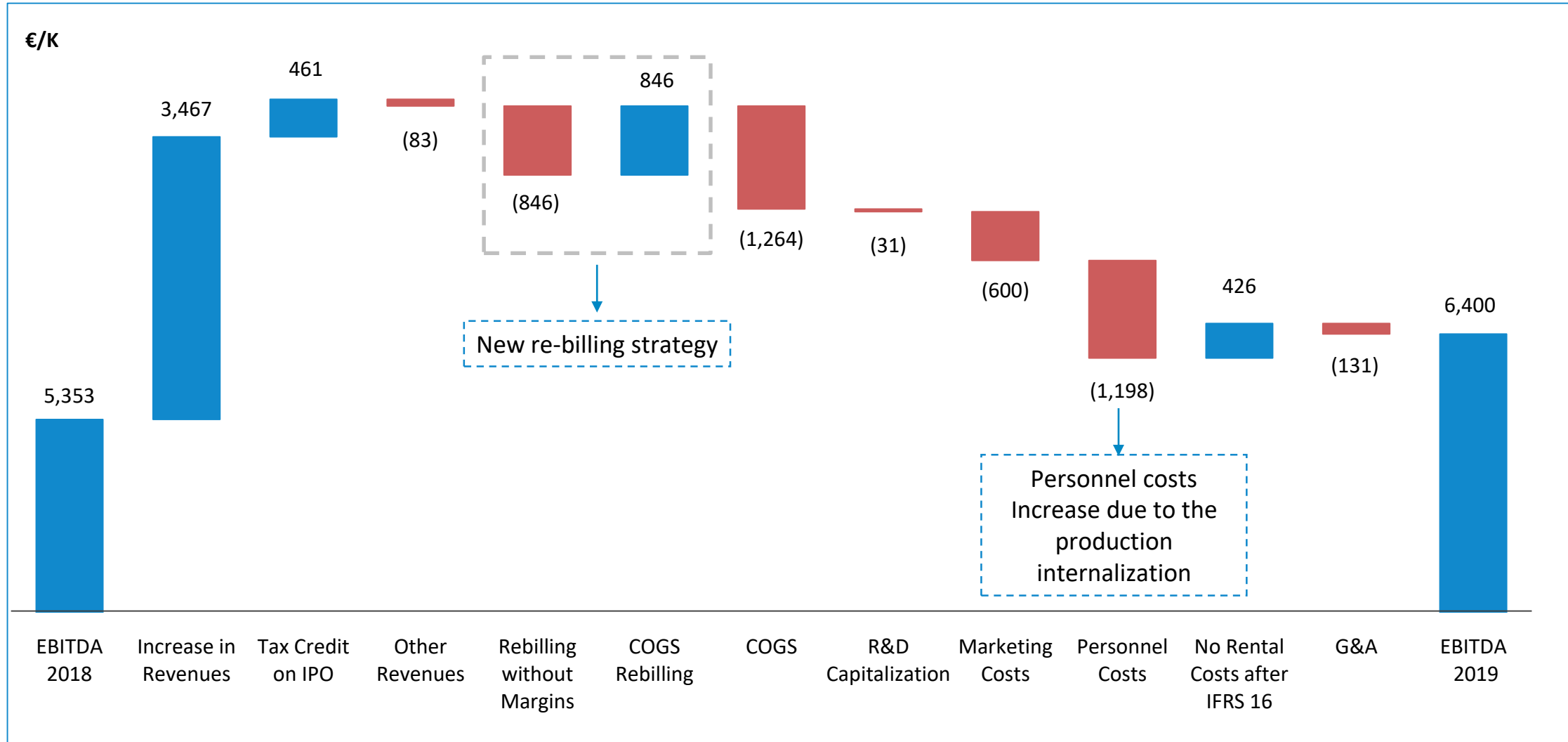
INCOME STATEMENT

€/K	Income Statement	2019	2018	YoY
	Revenues	36,934	33,467	10%
	Other revenues	1,325	1,794	-26%
	Total Revenues	38,259	35,261	9%
	Cost of sales	(19,755)	(19,337)	2%
	Gross Margin	18,504	15,923	16%
	Internal works	855	886	-4%
	Commercial expenses	(2,310)	(1,710)	35%
	Personnel costs	(8,150)	(6,952)	17%
	G&A	(2,500)	(2,795)	-11%
	EBITDA	6,400	5,353	20%
	<i>% revenues</i>	<i>17%</i>	<i>16%</i>	
	EBIT	3,977	3,380	18%
	<i>% revenues</i>	<i>11%</i>	<i>10%</i>	
	EBT	4,013	3,504	15%
	<i>% revenues</i>	<i>11%</i>	<i>11%</i>	
	Taxes	(999)	(984)	2%
	Net income	3,015	2,520	20%

- **Total Revenues** up 8.5% to €38.3 M reflecting the positive performance across all reference markets following the development of business volumes and the launch of new projects
- **Strong improvement of Gross Margin, +16% at €18.5 M**, also thanks to the limited growth of the cost of sales
- **Operating expenses up by 13.1% to €13.0 M**
 - ✓ **R&D investment** increased by 23% to around €3.2 M (of which €0.9 M capitalized); **8.7% on revenues**
 - ✓ **Commercial Expenses on revenues** from 5.1% to 6.3% mainly due to marketing activities;
 - ✓ **G&A decreased by 11.0%**, moving from 8.4% to 6.8% on revenues.
- **EBITDA margin at 17.3%** thanks to an increase in turnover, IPO Tax Credit of € 0.5 M and a more efficient operating structure. IFRS 16 positive impact on EBITDA of € 0.4 M
- **Net income at €3.0 M, +20% YoY**



EBITDA BRIDGE



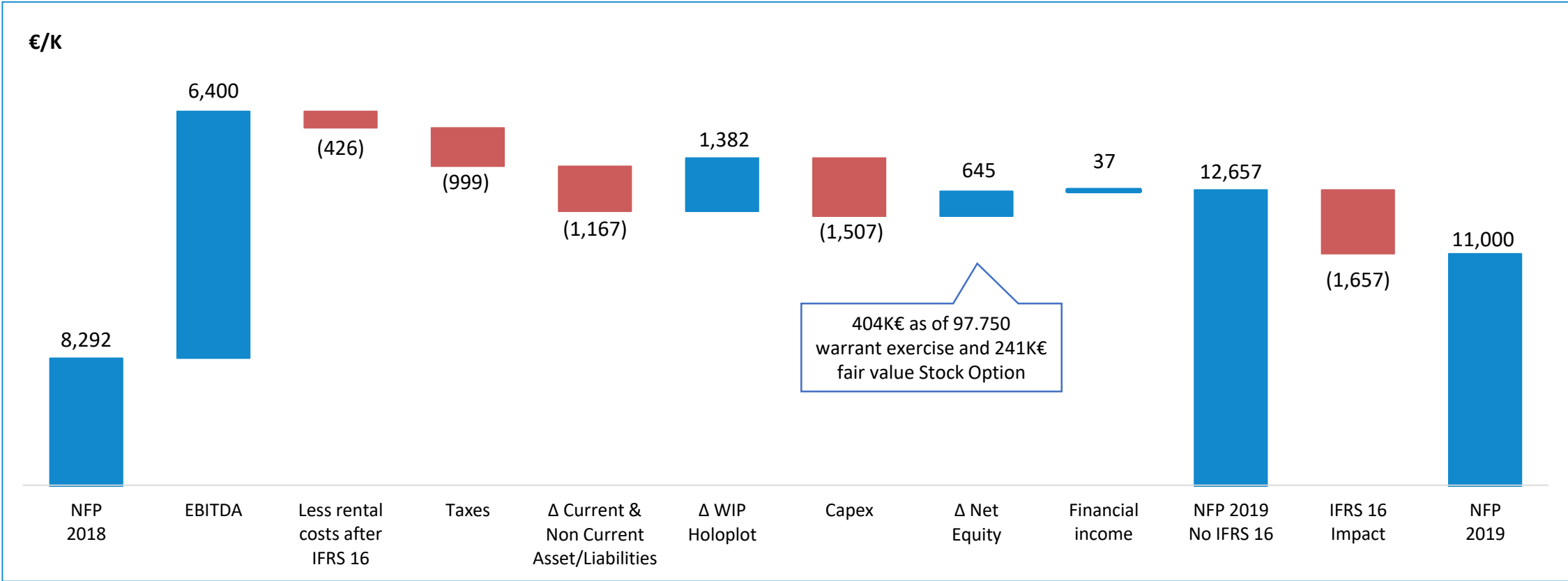
BALANCE SHEET

€/K	2019	2018	YoY		2019	2018	YoY
Total Fixed Assets	4,029	2,384	69%	Net Financial Position	11,000	8,292	32.7%
Inventory	7,714	7,998	-3.5%				
Trade receivables	4,859	5,513	-11.9%				
Other current assets	1,862	2,140	-13.0%				
Liabilities for in progress contract work	(1,382)	-	n.m.				
Trade payables	(6,226)	(7,688)	-19.0%				
Other current liabilities	(1,978)	(2,333)	-15.2%				
Net Working Capital	4,850	5,628	-13.8%	Net Equity	(19,046)	(15,419)	23.5%
Other non-current assets(liabilities)	(833)	(884)	-5.8%				
Total Assets	8,046	7,127	12.9%	Total Liabilities	(8,046)	(7,127)	12.9%

- **Net Working Capital:** decrease mainly due to a decrease in all the items that make it up, highlighting an excellent cash generation, in addition to the liabilities for in progress contract work and tax liabilities
- **IFRS 16 impact on NFP** negative for € 1.7 M



NET FINANCIAL POSITION



- NFP on a like for like basis (net of IFRS 16 impact) improved from €8.3 M to €12.7 M thanks to continuous cash generation



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 April 2, 2020 Powersoft signed the agreement with the Italian Tax Authority in which the methods and criteria for calculating the economic contribution for the years 2016-2020 were defined
- The Company undertakes to carry out the calculations on the basis of these criteria in order to insert the exact amount of the benefit in the half-yearly report of 30/06/2020

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

No Patent Box benefit, nor Tax Credit on R&D currently reflected in the Financials



INVESTMENT CASE



A worldwide recognized top partner in Pro-Audio, unrivalled pioneer in high-end energy efficient switch-mode technology, credited globally as a standard setter



Proven track record of top-notch Italian excellence at its best for audio professionals worldwide



High entry barriers thanks to excellence, innovation, and R&D
29 international patents, many trademarks registered in over 30 countries and others in the registration process



Great potential for further international expansion leveraging on the consolidated presence in 138 countries and a network of 70 distributors worldwide



A focused strategy with an unexplored growth potential




Steady double-digit growth above market average, sound financials and stock value overperforming indexes




APPENDIX


GOVERNANCE & GROUP ORGANIZATION

BOARD OF DIRECTORS


- 


Carlo Lastrucci
Chairman




Claudio Lastrucci
Director
- 


Luca Lastrucci
CEO



Luca Giorgi
Director
- 

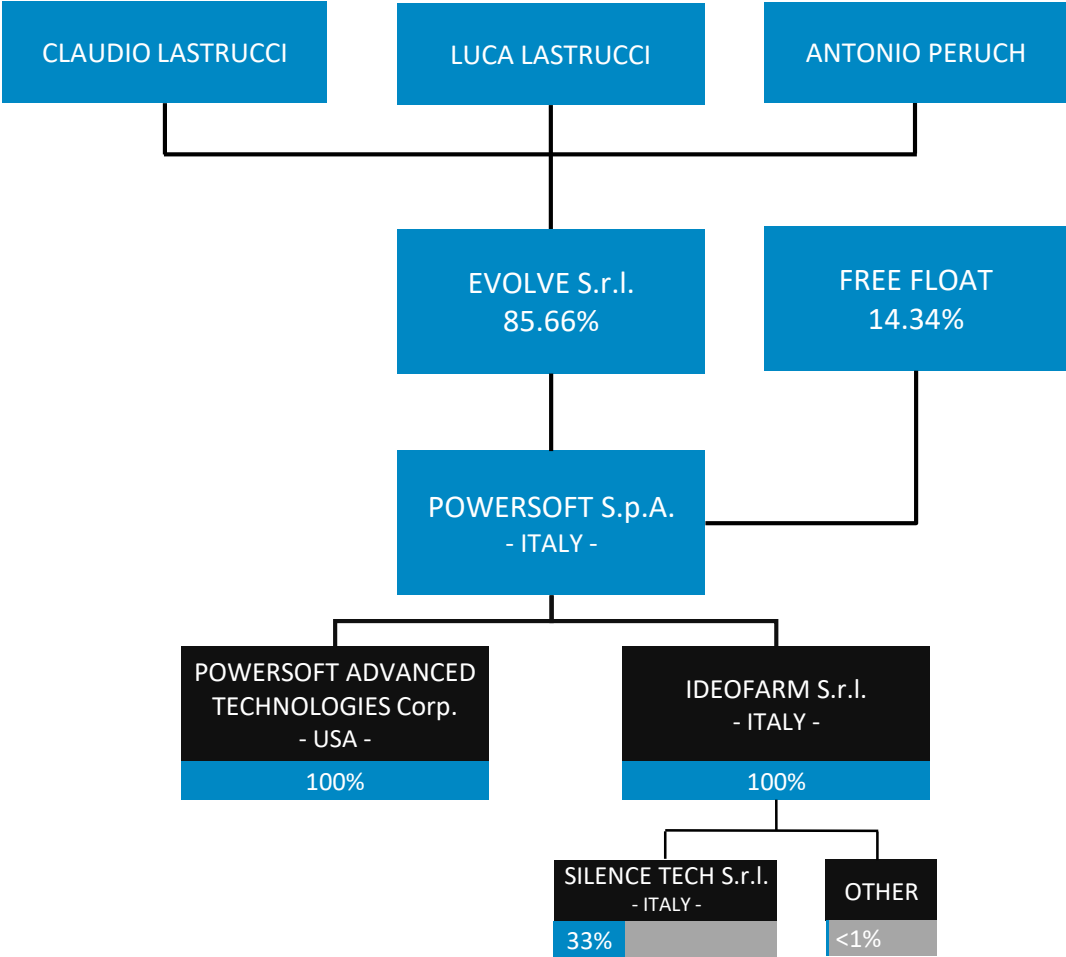
Antonio Peruch
Director



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
- 

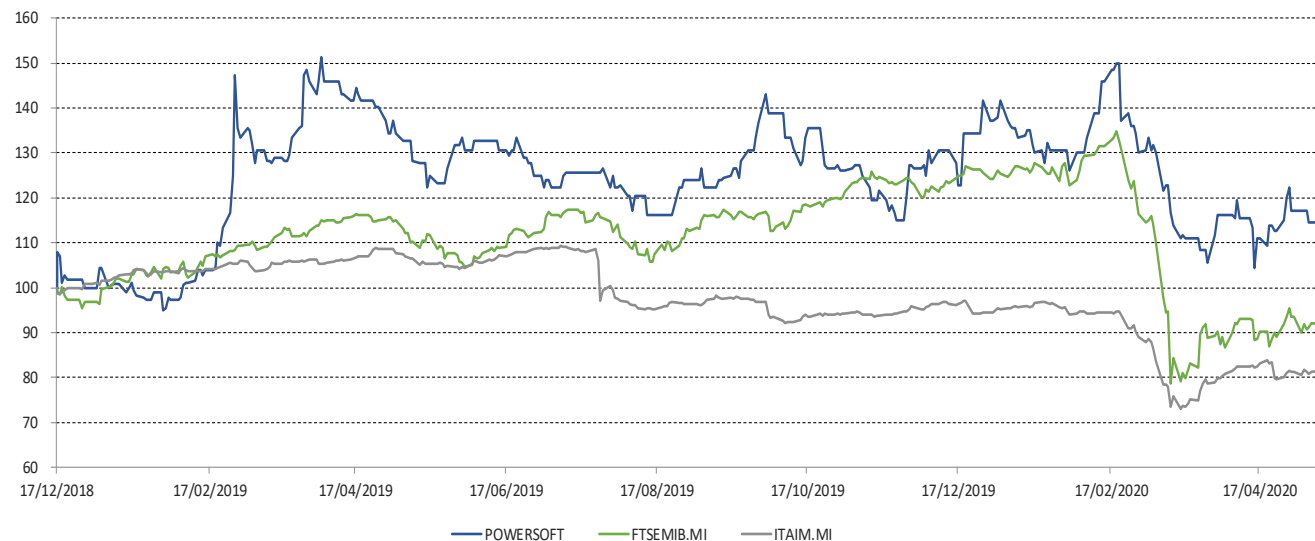
Massimiliano Manfredi
Alternate Statutory Auditor



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	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 (21/05/2020): €4.00

Market Cap (21/05/2020): €44.26 M
Average Daily Volume*: 3.4K



CONTACTS



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NEXT EVENTS

June 5, 2020:

Shareholder Meeting

September 30, 2020:

H1 2020 Results



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“This Presentation contains certain forward-looking statements. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words "believes," "expects," "predicts," "intends," "projects," "plans," "estimates," "aims," "foresees," "anticipates," "targets," and similar expressions. The forward-looking statements contained in this Presentation, including assumptions, opinions and views of Powersoft S.p.A. (“**Powersoft**” or the “**Company**”) or cited from third party sources, are solely opinions and forecasts reflecting current views with respect to future events and plans, estimates, projections and expectations which are uncertain and subject to risks. Market data used in this Presentation not attributed to a specific source are estimates of the Company and have not been independently verified. These statements are based on certain assumptions that, although reasonable at this time, may prove to be erroneous. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. If certain risks and uncertainties materialize, or if certain underlying assumptions prove incorrect, the Company may not be able to achieve its financial targets and strategic objectives. A multitude of factors which are in some cases beyond the Company’s control can cause actual events to differ significantly from any anticipated development. Forward-looking statements contained in this Presentation regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. No one undertakes any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Market data used in this Presentation not attributed to a specific source are estimates of the Company and have not been independently verified. Forward-looking statements speak only as of the date of this Presentation and are subject to change without notice. No representations or warranties, express or implied, are given as to the achievement or reasonableness of, and no reliance should be placed on, any forward-looking statements, including (but not limited to) any projections, estimates, forecasts or targets contained herein. Powersoft does not undertake to provide any additional information or to remedy any omissions in or from this Presentation. Powersoft does not intend, and does not assume any obligation, to update industry information or forward-looking statements set forth in this Presentation. This presentation does not constitute a recommendation regarding the securities of the Company.

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Driving Human Audio Experience

THANK YOU

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