



Driving Human Audio Experience

CORPORATE PRESENTATION

JULY 22, 2020

POWERSOFT AT A GLANCE

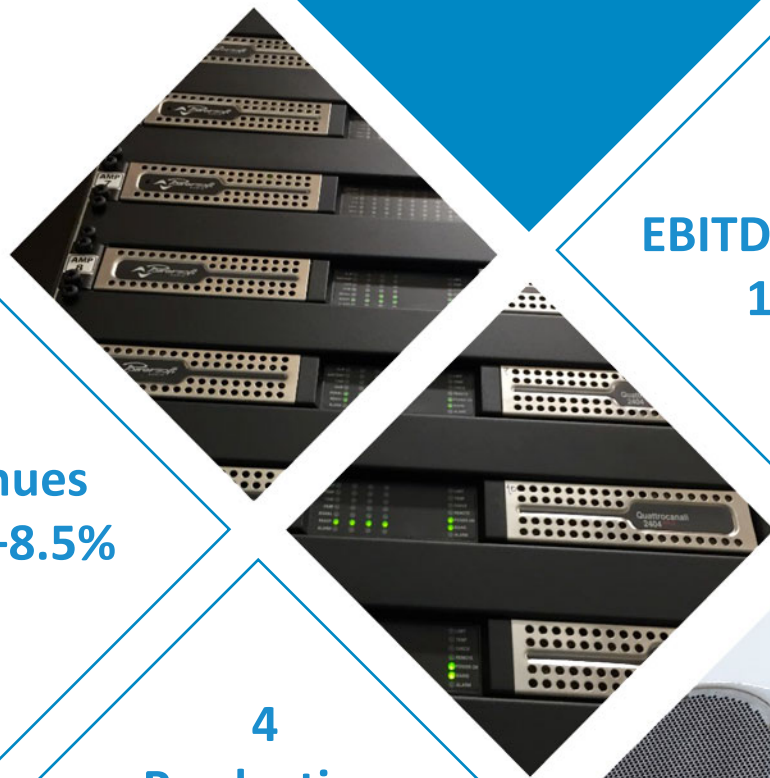
Powersoft is a world technological leader in lightweight, high-power, energy efficient pro-audio amplifiers.

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

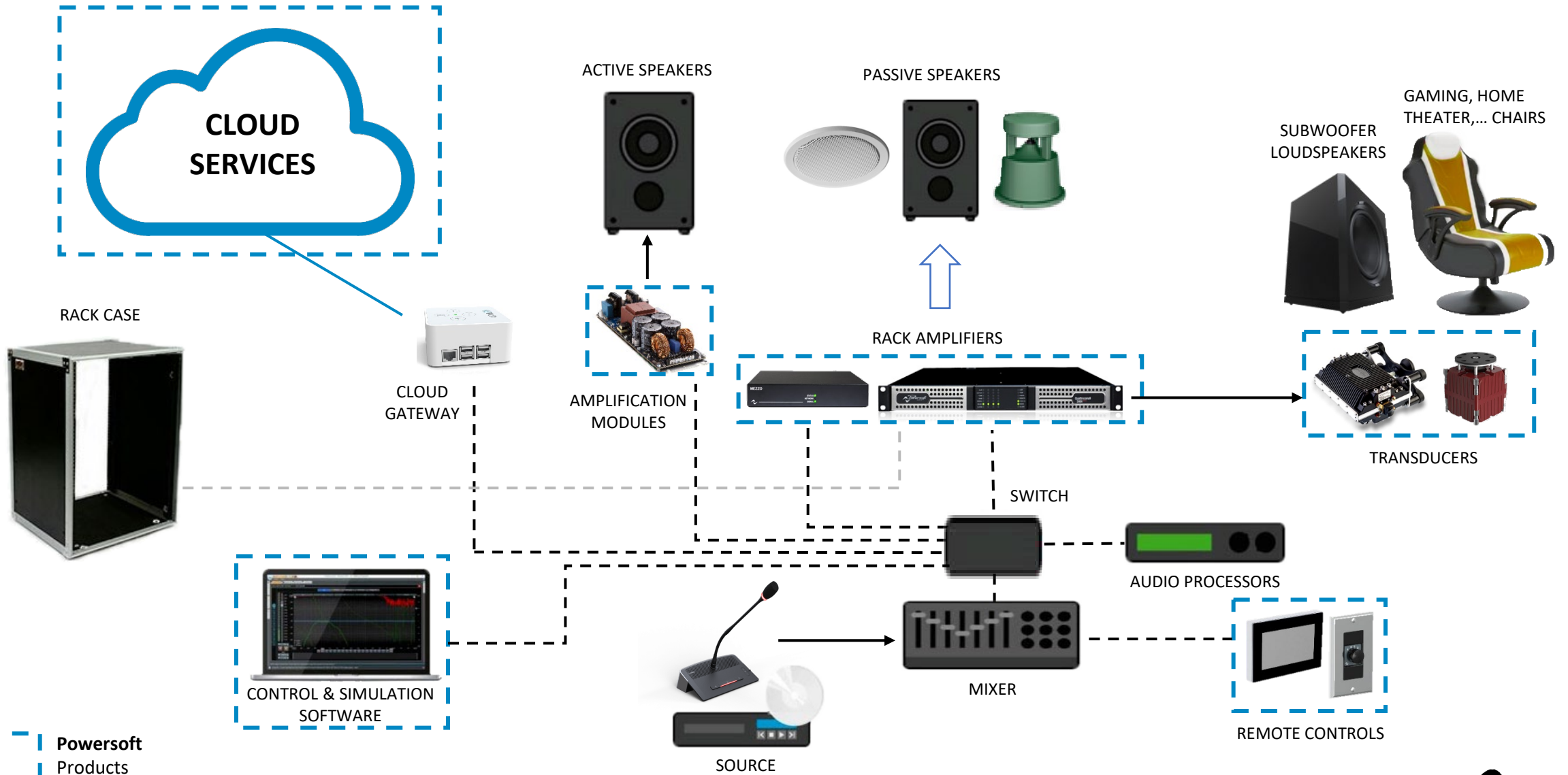


EBITDA Margin
17.3%

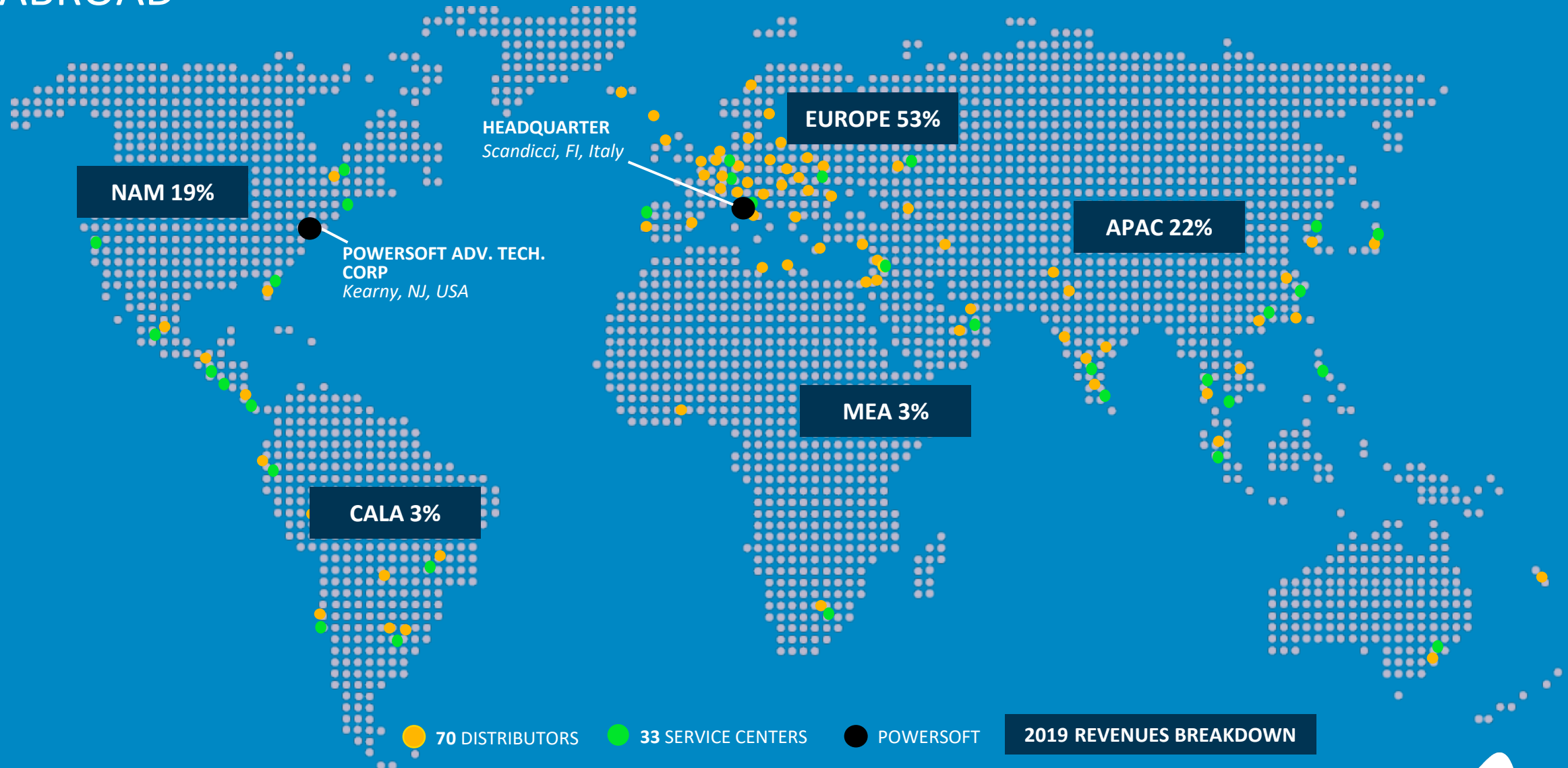
2019 FINANCIAL FIGURES

* 3 production plants are in outsourcing

AT THE HEART OF THE AUDIO SYSTEM

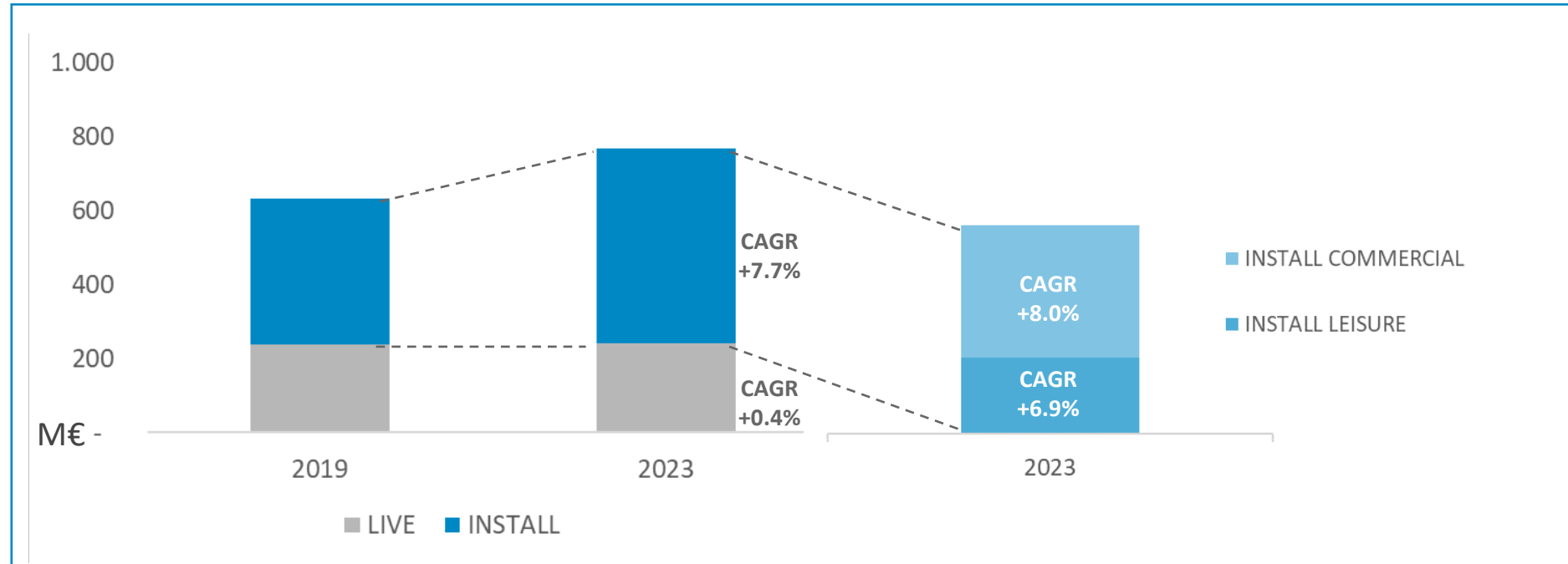


STRONG INTERNATIONAL PRESENCE: OVER 91% OF SALES GENERATED ABROAD



INSTALL COMMERCIAL IS THE FASTEST GROWING AREA OF BUSINESS

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



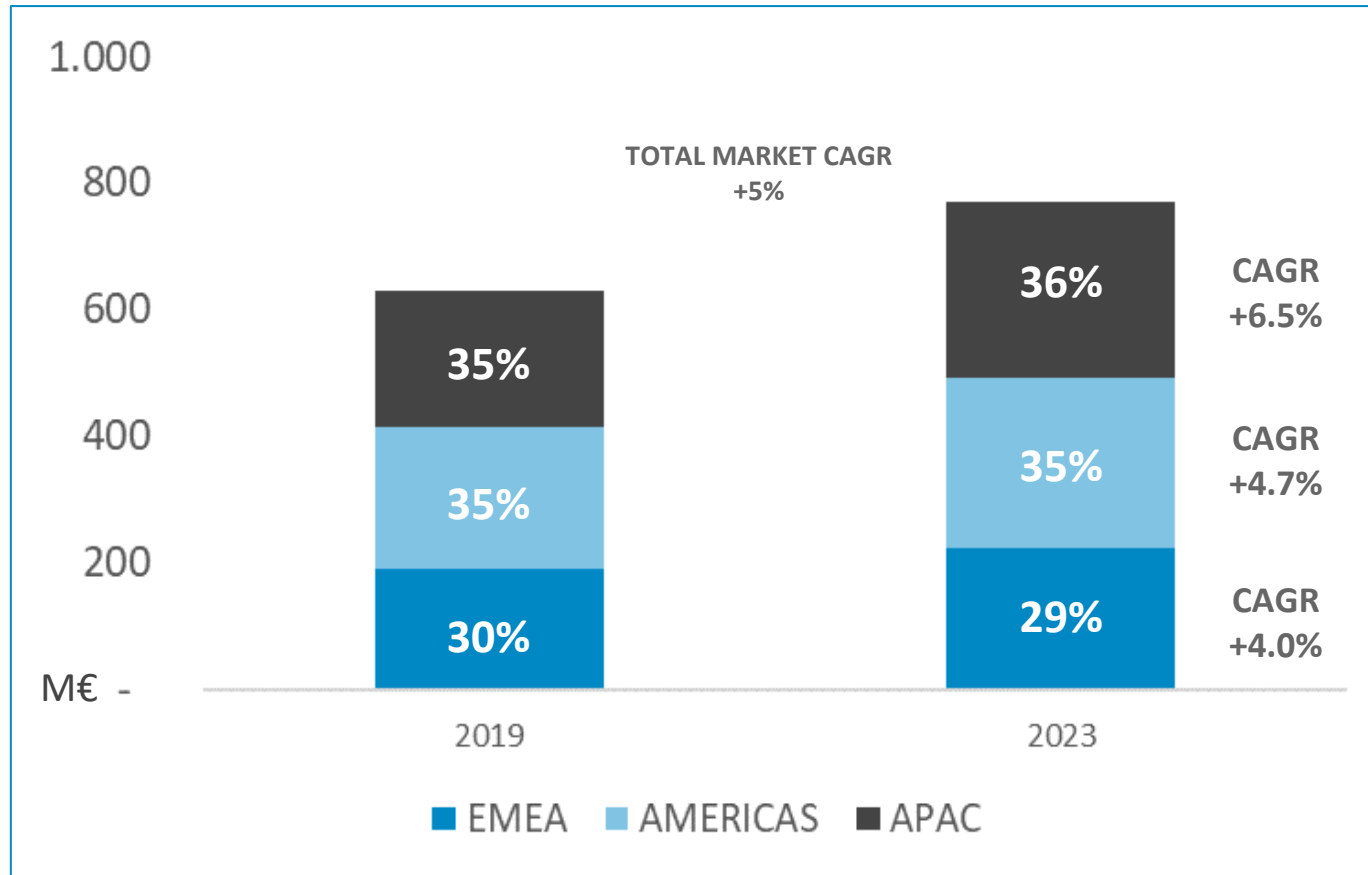
- **Commercial applications:** the main and the fastest growing segment in install applications
- **High demand for renovation of audio and conferencing system**, boosted in 2020 as an effect of COVID-19 emergency
- Slowdown in install leisure applications expected for the current year with a full recovery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



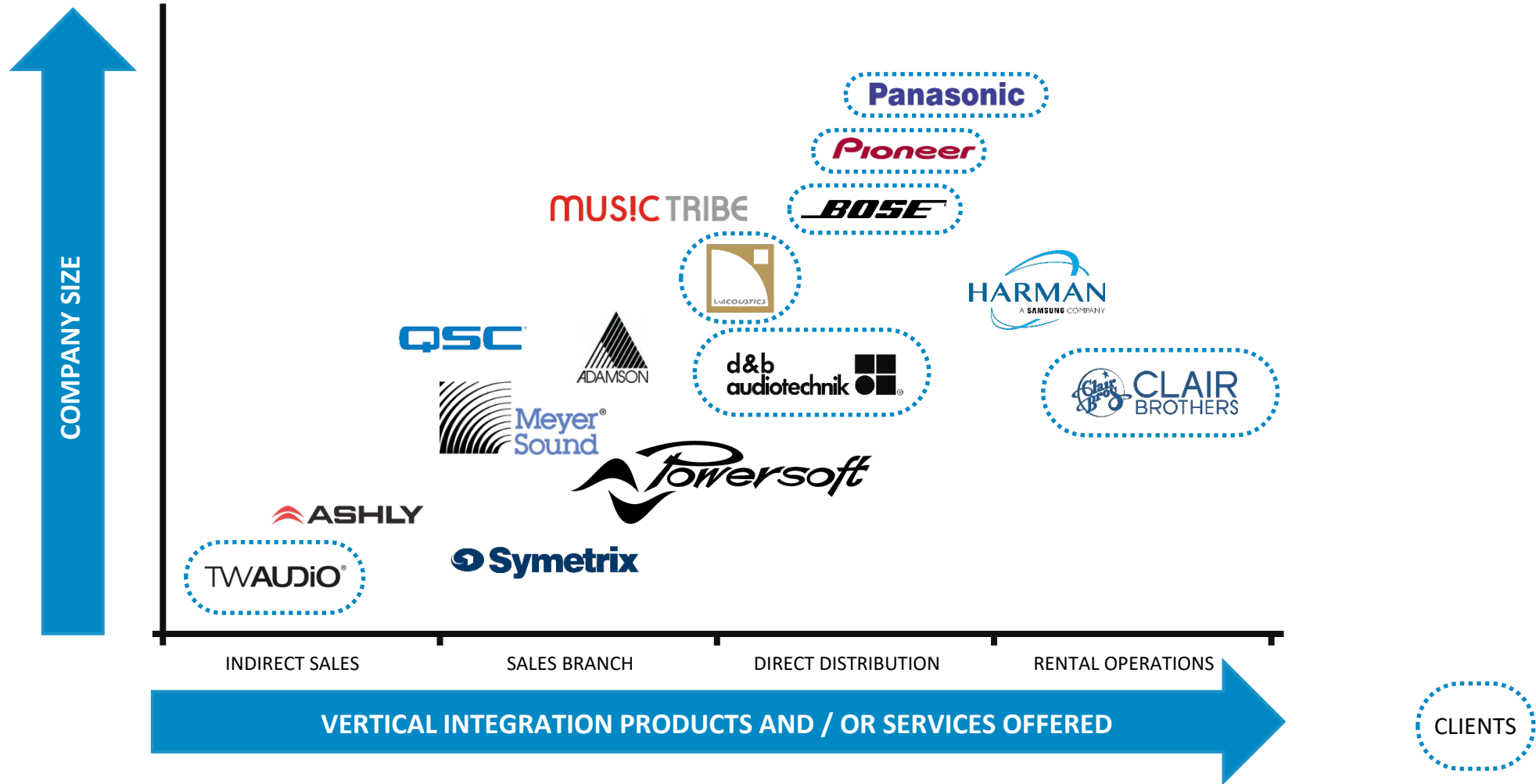
- **APAC : fastest growing area** and expected to get the highest market share in 4 years time.
- AV global market hardly impacted by COVID-19 in 2020, with recovery starting from 2021.

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 SUPPORTED BY....

Moving from being a product company into a solution provider, focusing on 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.

New products to address new market segments with greater potential like **Safety and Security** and products for **Home Theater** and **Gaming**.



Explore new distribution channels:

- e-commerce for B2C through **Amazon** and **eBay** in Europe
- **dedicated sales people** for Deva and Corporate clients



Offer an **Integrated platform** designed for customers: in-cloud services that allow remote control and predictive/ diagnostics analysis.



...FINANCIAL STRENGTH AND INNOVATION

- 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
- Industrial **production activity fully resumed** after suspension following the legislation linked to the Covid-19 emergency.
- 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



SERVICES FOR TAILORED SOLUTION

Powersoft organization is designed to be “customer centric” providing consultancy services for tailored solutions based on customer needs

Our **Customer Service** Department provides:

- **Service ready** configuration setup
- **OnLine Update** Training for our local ASC
- **Strong Qualification** and Auditing Process of our local Partners
- **Training sessions**, including hands-on and real case practice, provided by our senior engineers
- **Maintenance Services**

Our **R&D** Department provides:

- Support for **integration with 3rd party** management platforms
- **Software development** for the fulfillment of customers needs
- **Feasibility study** for new required features
- **Certification, Testing and Validation**



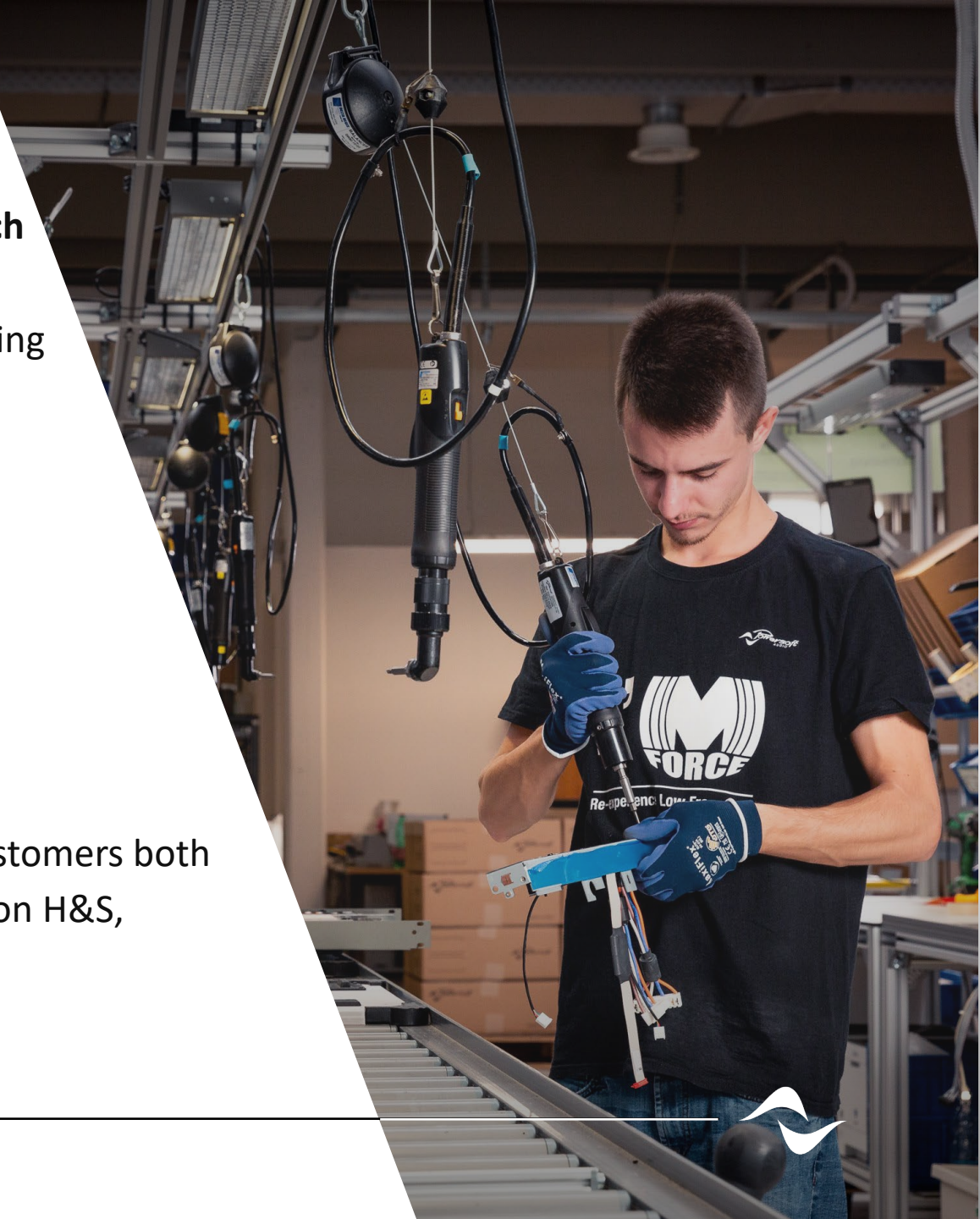
WE TAKE CARE OF OUR CUSTOMERS

Powersoft solutions are designed following the **outside-in approach**

We target the needs of our customers to design solutions maximizing the following aspects:

- **Convenience**
- **Reliability**
- **E2E approach**
- **Customization**

Powersoft sustainable approach is the ideal way to support our customers both in B2B (e.g. Smart city) and B2C (e.g. IOT) applications, with focus on H&S, Security and Communication project needs.



NEW PRODUCTS TO ADDRESS NEW MARKET SEGMENTS

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

- **Wall Mount Panels:** 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
- **TTM:** OEM fully **customizable platform** allowing a fast time to market (TTM) for companies wishing to have their own amplifier line
- **MEMO:** High performance low frequency transducer–amplifier bundle designed for **Home Theater and Gaming** markets

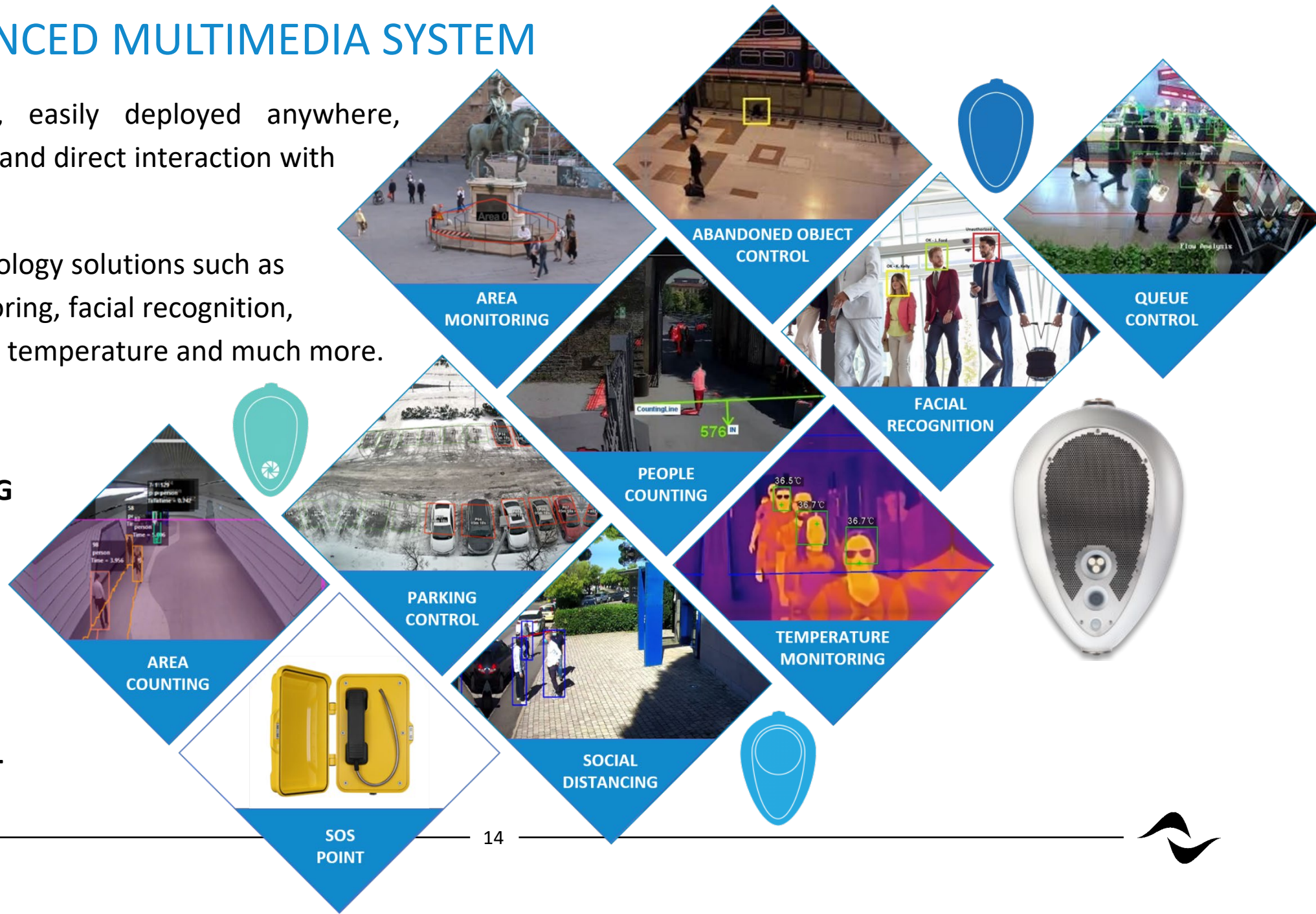


DEVA - ADVANCED MULTIMEDIA SYSTEM

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, body temperature and much more.

- DATA GATHERING
- SAFETY
- INFOTAINMENT
- ENTERTAINMENT



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)

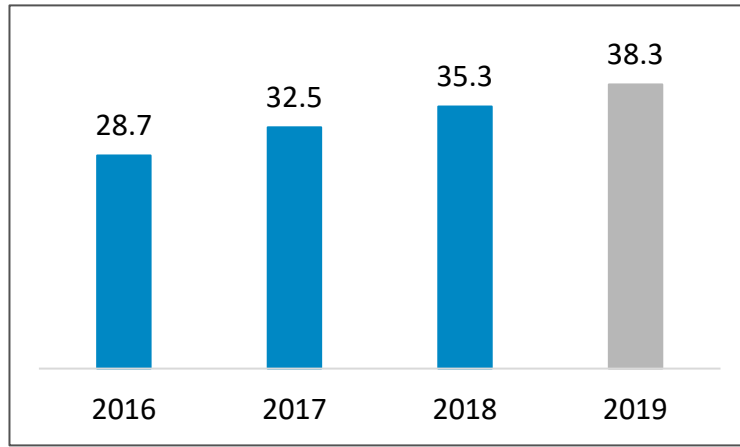
ENERGY EFFICIENCY

- Environmentally friend products
- Small sizes, huge power

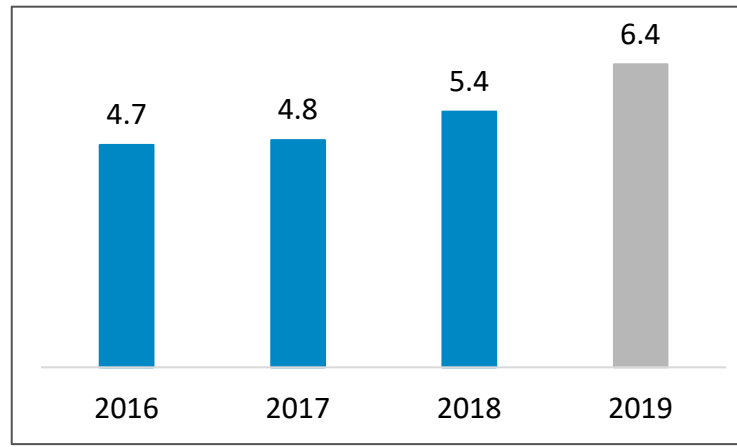


SUBSTANTIAL GROWTH AND SOUND FINANCIALS

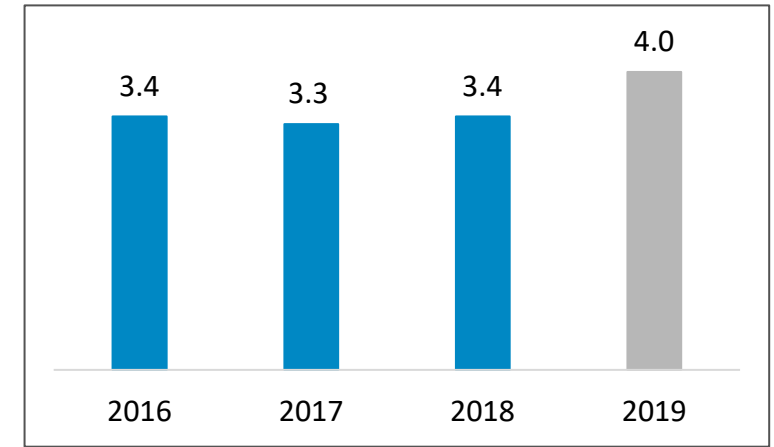
REVENUES €/M



EBITDA €/M

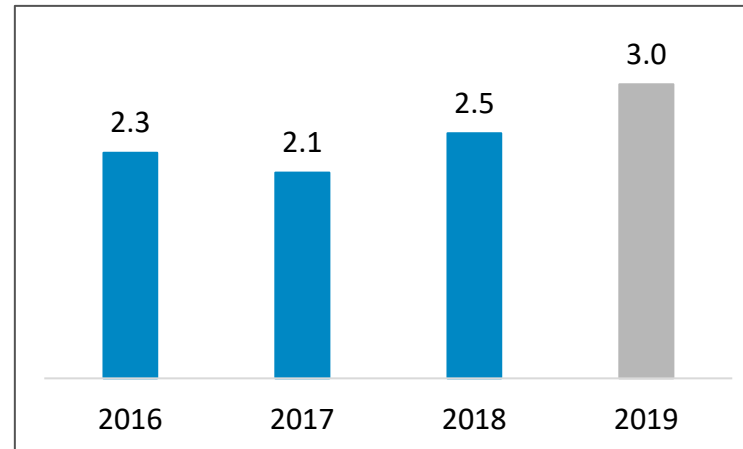


EBIT €/M

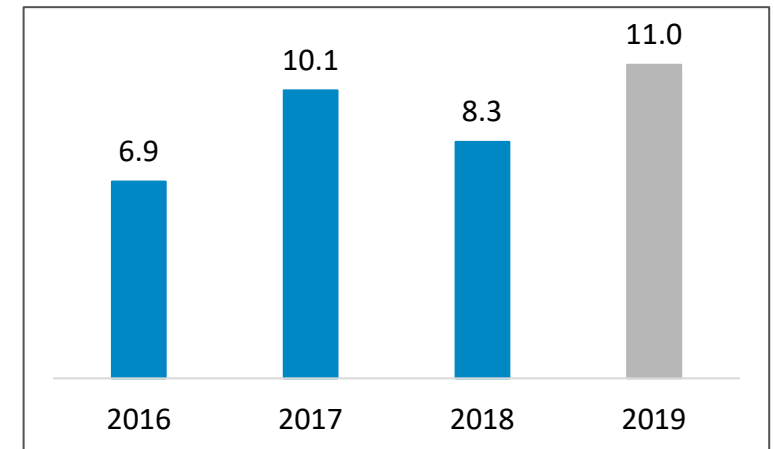


A solid equity story and sound financials, which allows the company to face, with flexibility and speed, the changing commercial and industrial needs and to face future investment and growth goals

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**



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



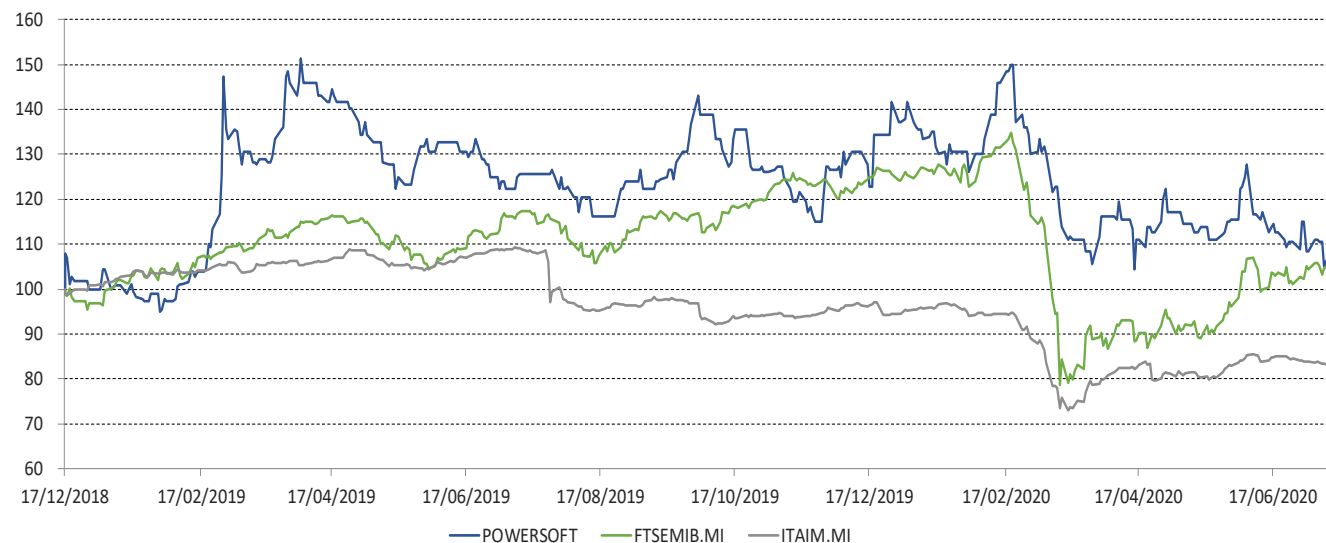
APPENDIX



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 (15/07/2020): €3.80


Market Cap (15/07/2020): €42.05 M
Average Daily Volume*: 4.3K



Note: *Last three months







GOVERNANCE & GROUP ORGANIZATION

BOARD OF DIRECTORS

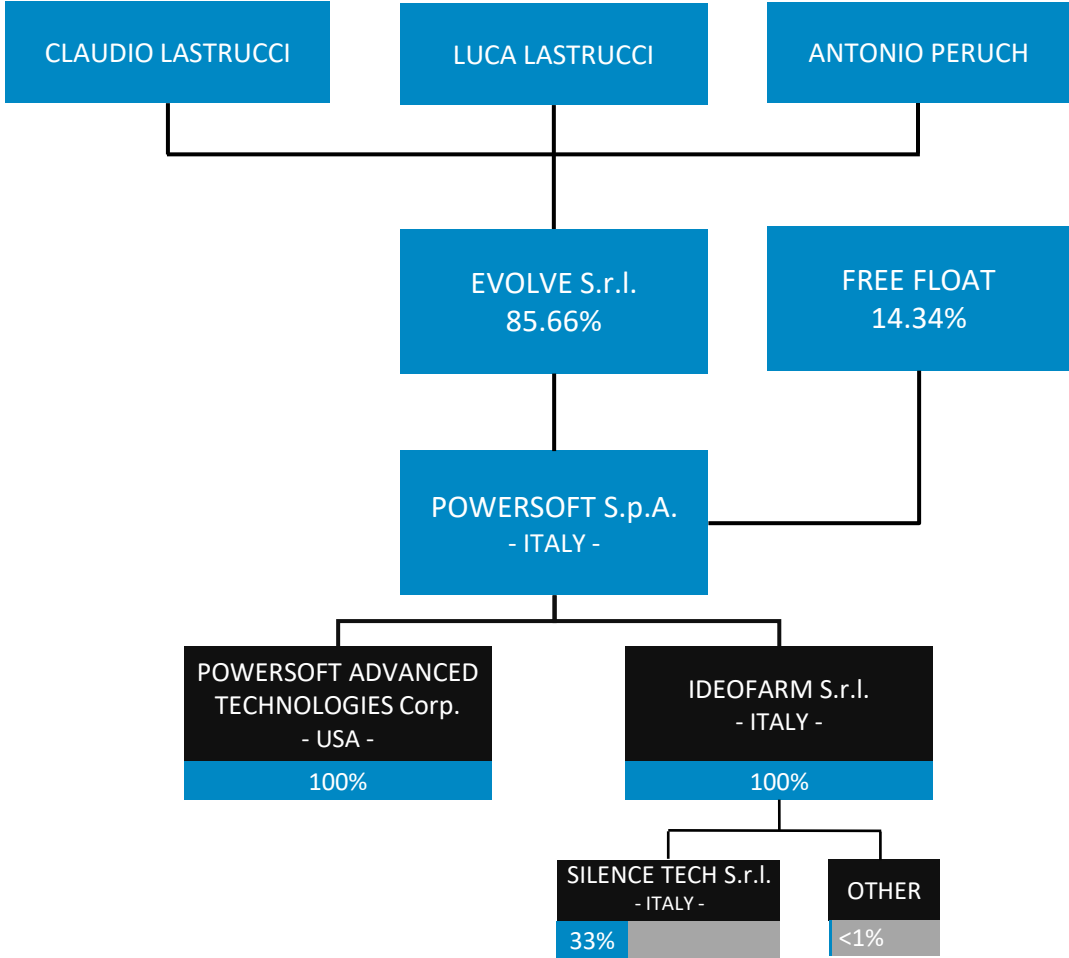
- 
Carlo Lastrucci
 Chairman


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



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**

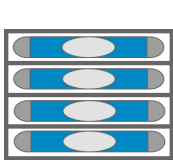
25 years as a forefront player in the market, set to face future challenges and to exploit new opportunities



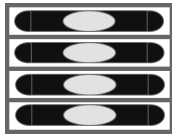
A FLEXIBLE BUSINESS MODEL TO ADDRESS DIFFERENT CLIENTS



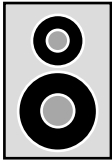
PRODUCTS, SERVICES VS MARKETS



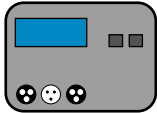
RACK AMPLIFIER



OEM RACK AMPLIFIER



ACTIVE SPEAKER AMPLIFIER



DSP SIGNAL PROCESSING



BASS SHAKERS TRANSDUCERS



SECURITY MULTIMEDIA DEVICE



DIAGNOSTIC AND PROGNOSTIC SERVICES



CORPORATE



CONVENTION & EXHIBITION CENTERS



AIRPORTS



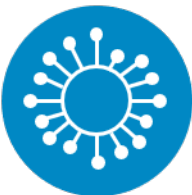
THEME PARKS



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 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



CONTINUOUS DEVELOPMENT OF NEW CREATIVE PROJECTS



Ideofarm

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***



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



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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

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