



Driving Human Audio Experience

# POWERSOFT CORPORATE PRESENTATION FY2020

APRIL 2021

# POWERSOFT AT A GLANCE

Powersoft is a global leader in **audio amplification technologies**, **advanced signal processing**, and **unique transducer systems** for the pro-audio sector

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



**Net Profit**  
**€1.7m**

**25 Years**  
**of Success**




**Revenues**  
**€31.4m**

**4**  
**Production**  
**Plants\***



**30**  
**International**  
**Patents**

**113**  
**Headcounts**



**EBITDA Margin**  
**15.4%**

2020 FINANCIAL FIGURES

\* 3 production plants are in outsourcing





# STRONG INTERNATIONAL PRESENCE: OVER 95% OF SALES GENERATED ABROAD

2020 REVENUES BREAKDOWN



AROUND 110 COUNTRIES COVERED

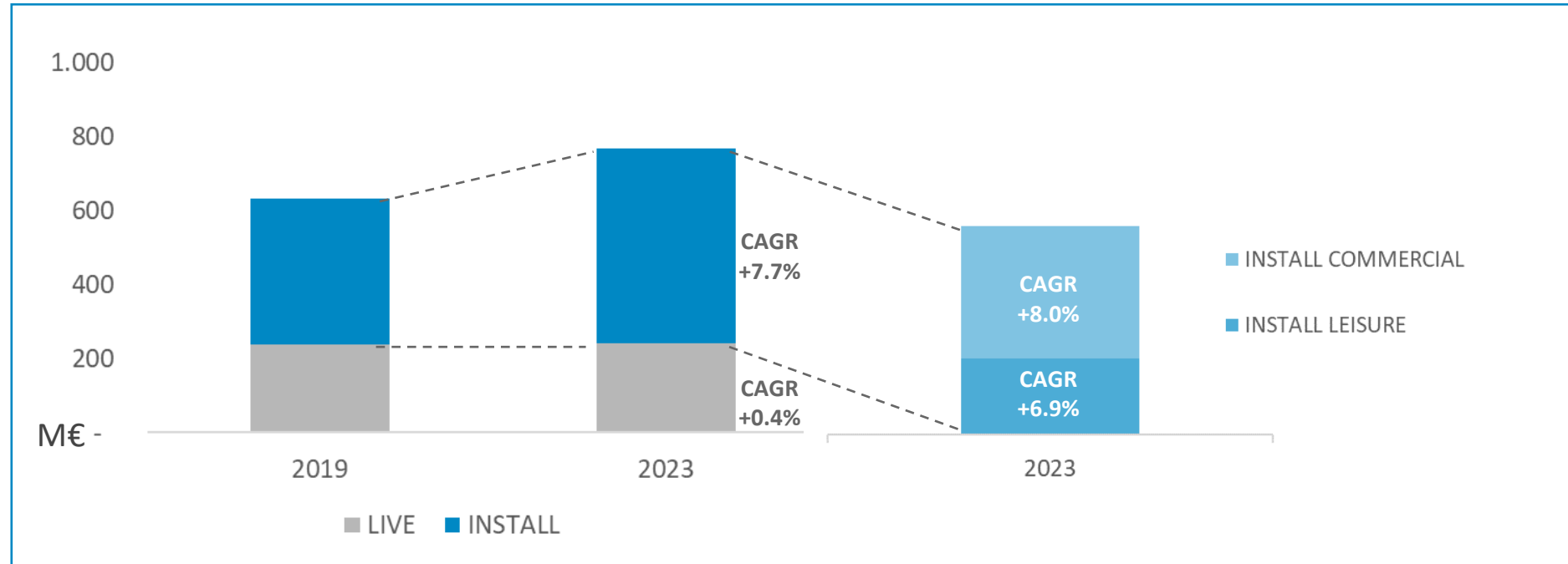
64 DISTRIBUTORS 27 SERVICE CENTERS POWERSOFT



# MARKET: INSTALL COMMERCIAL IS THE FASTEST GROWING AREA OF BUSINESS

The restrictive measures adopted all over the world to face the Covid 19 pandemic have led to a substantial drop of live shows and events, areas that represent an important slice of our turnover

The Professional Power Amp market is expected to grow mainly driven by **install applications**



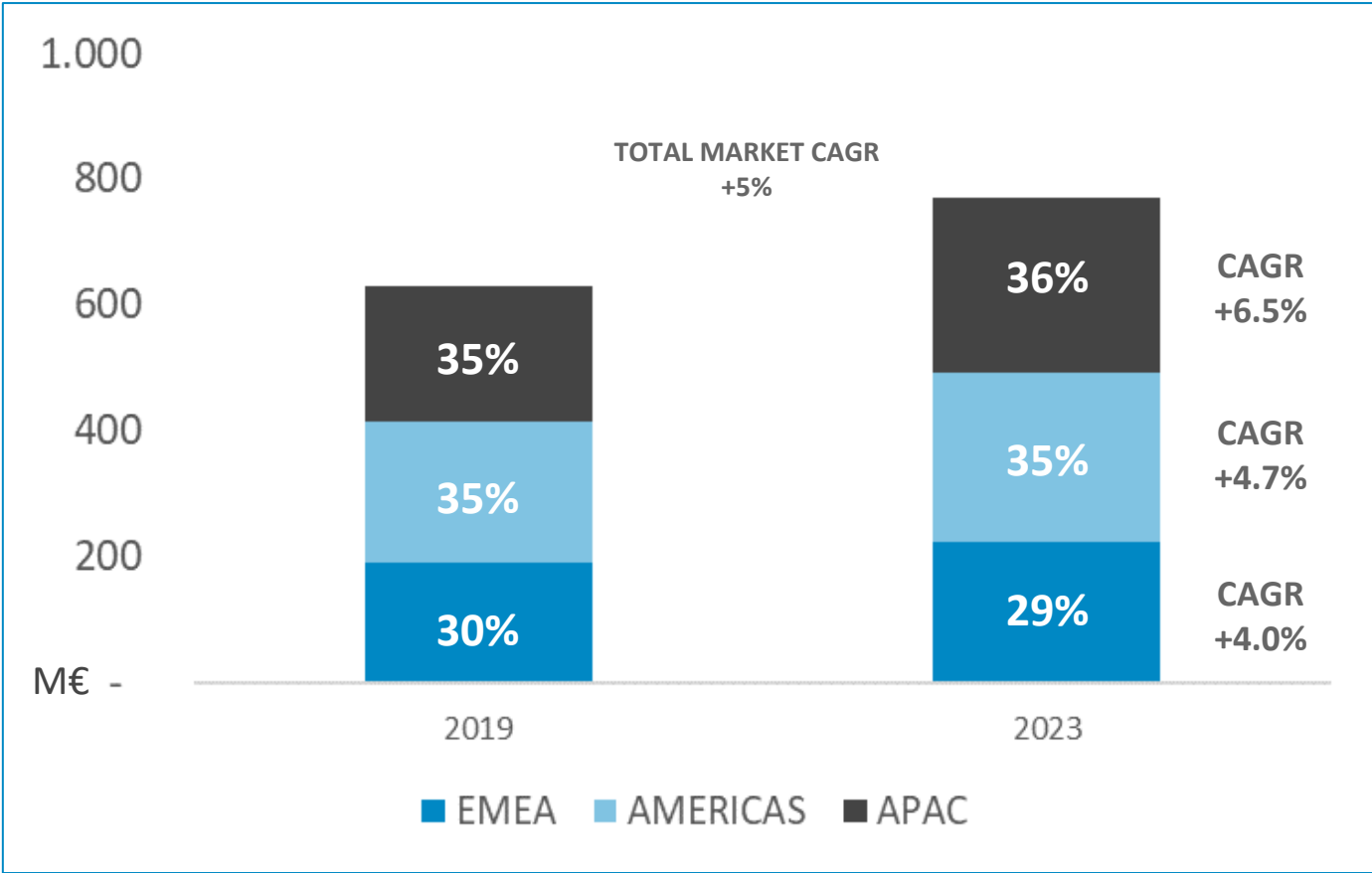
- **Commercial applications:** the main and the fastest growing segment in install applications
- **High demand for renovation of audio and conferencing system,** boosted in 2020 as an effect of COVID-19 emergency
- Slowdown in install leisure applications expected for the current year with a full recovery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

Data source: Powersoft elaboration based on primary research panels



# MARKET: ALL GEOGRAPHIES ARE EXPECTED TO RETURN TO GROW

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



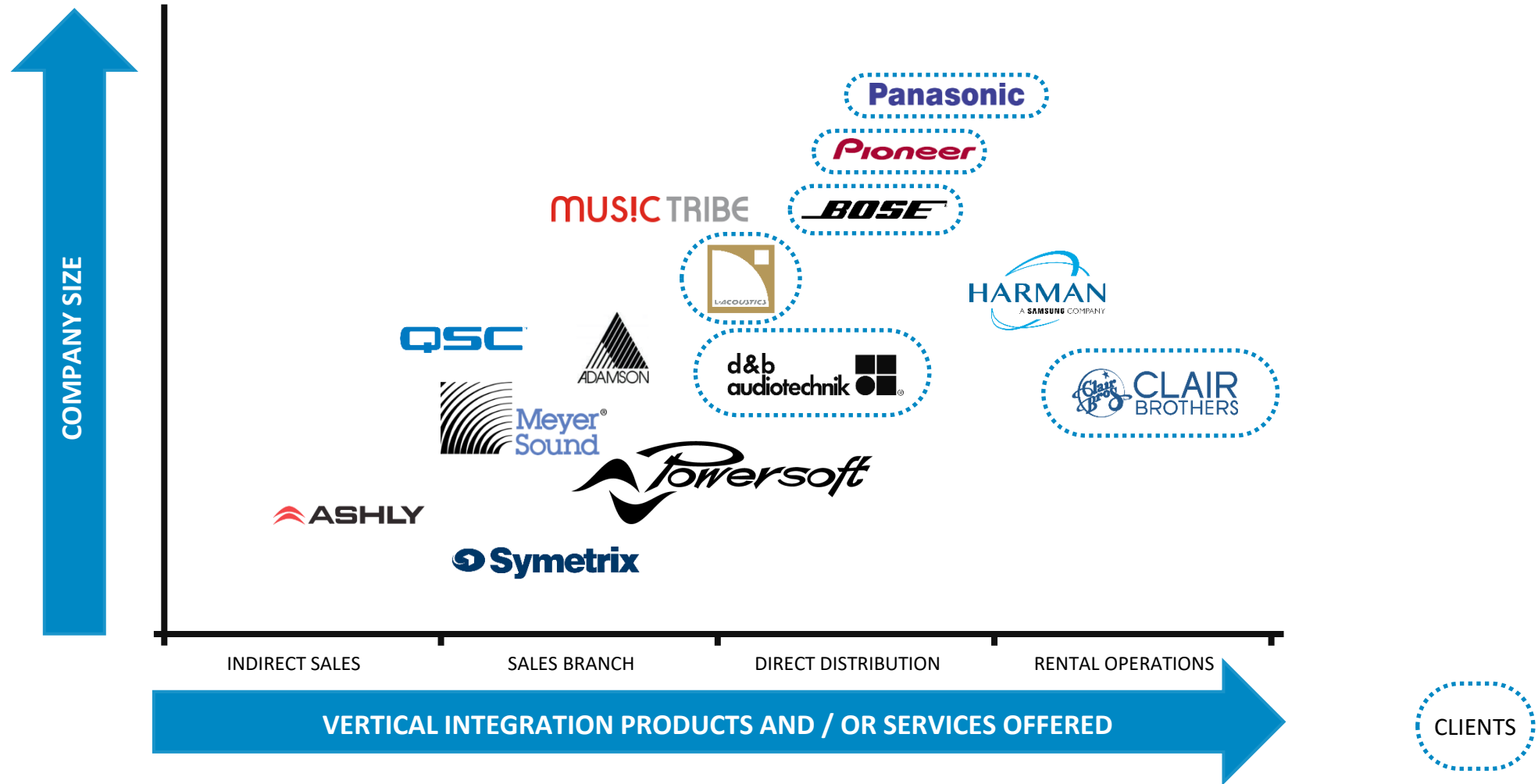
- **APAC : fastest growing area** and expected to get the highest market share in 4 years time
- AV global market hardly impacted by COVID-19 in 2020, with recovery starting from 2021

Data source: Powersoft elaboration based on primary research panels



# A VERY FRAGMENTED MARKET WITH ROOM FOR CONSOLIDATION

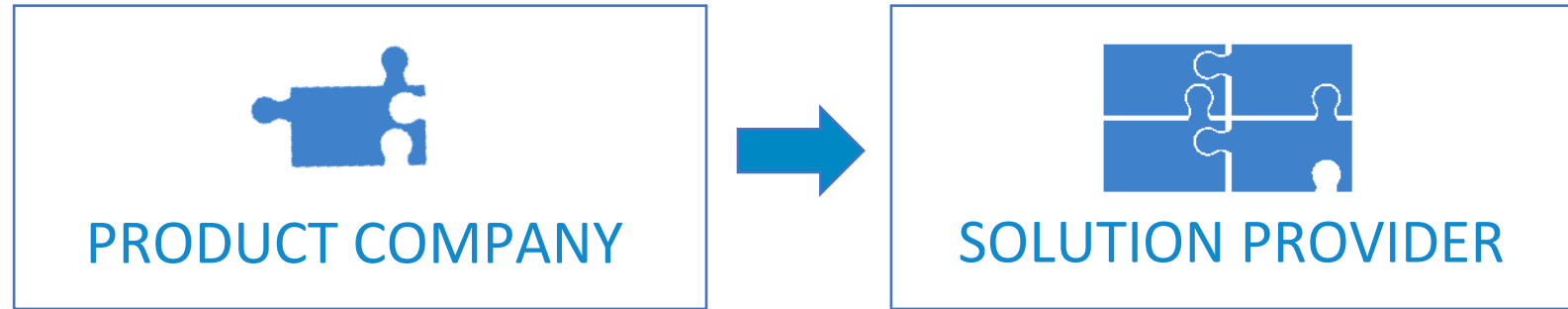
Main market players for company size and level of vertical integration of products and / or offered services



Data source: Powersoft elaboration based on primary research panels



# A NEW COMPANY PROPOSITION



## New Marketing Strategy and Team

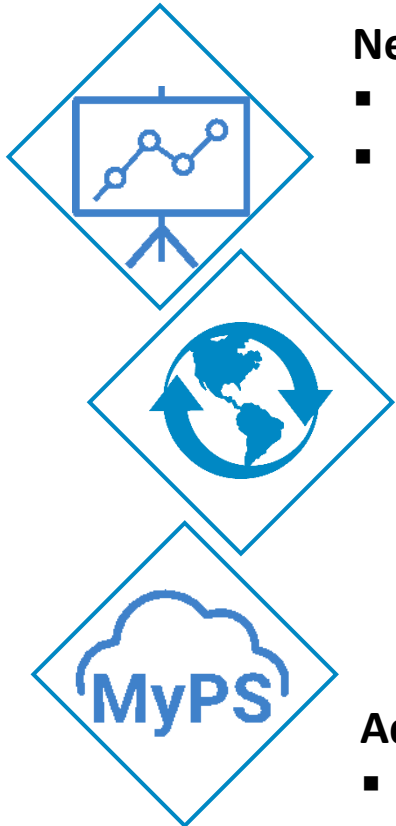
- New Marketing Director: Akira Mochimaru (Former CEO @ BoseProfessional)
- Focus on the core business, expanding on adjacent segments and new markets: **Hospitality, Retail, Higher Education, Houses of Worship, Venues**

## Revised Sales Strategy and Team

- US branch responsible for marketing & sales activities in US, Canada and Latin America
- Focus on China: scouting for a Development Sales Manager
- Key Clients: dedicated sales team
- E-commerce for B2C

## Added Value Services:

- **My Powersoft** In Cloud Platform



# POWERSOFT ECO-SYSTEM: SOLUTION FOR DYNAMIC MUSIC DISTRIBUTION APPLICATIONS

It makes simpler to share, distribute and control music, coming from different audio sources, in one or more areas of a room, in a simple and intuitive way, through the use of a single network cable.



- **Reduced installation time**  
Reduced cable runs
- **Less equipment**  
No matrices, no control processors
- **Simple setup**  
Less time to learn and configure the system



# POWERSOFT CARE PLAN SERVICES: AFTER SALES OFFERING



- **Warranty Extension**  
Extension on the standard warranty up to 3 years
- **Service Shield**  
Accidental damage protection



**Free extended warranty upgrade of 12 months** on top of the standard warranty with product registration within 30 days after purchase



# 2020 RESULTS: FINANCIAL STRENGTH AND INNOVATION

- Despite the challenging context, the group was able to keep an **important capital strength and high marginality**
- Consolidated revenues at euro 31.4 million, **EBITDA margin over 15%** and **positive Net Financial Position** of euro 9.7 million
- Strong and continuous investment in **product development, marketing** and **R&D** (7,5% of revenues) 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, **leveraging on the international presence** to face any negative effect of the current scenario



# NEW PRODUCTS: TO ADDRESS NEW MARKET SEGMENTS

- **ArmoníaPlus 2.1 System Design:** designed to easily manage even the most intricate Install Project. Much more than a software update, it redefines what amplifiers can do, delivering a plethora of new features
- **WM Touch :** effective and intuitive multi-zone control tool that allows control of the entirety of the dynamic music distribution system from a single panel
- **Mezzo series:** addressed to **Conferencing, Retail, Hospitality 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



ARMONÍAPLUS  
2.1



MOVER



TTM



MEZZO



MEMO

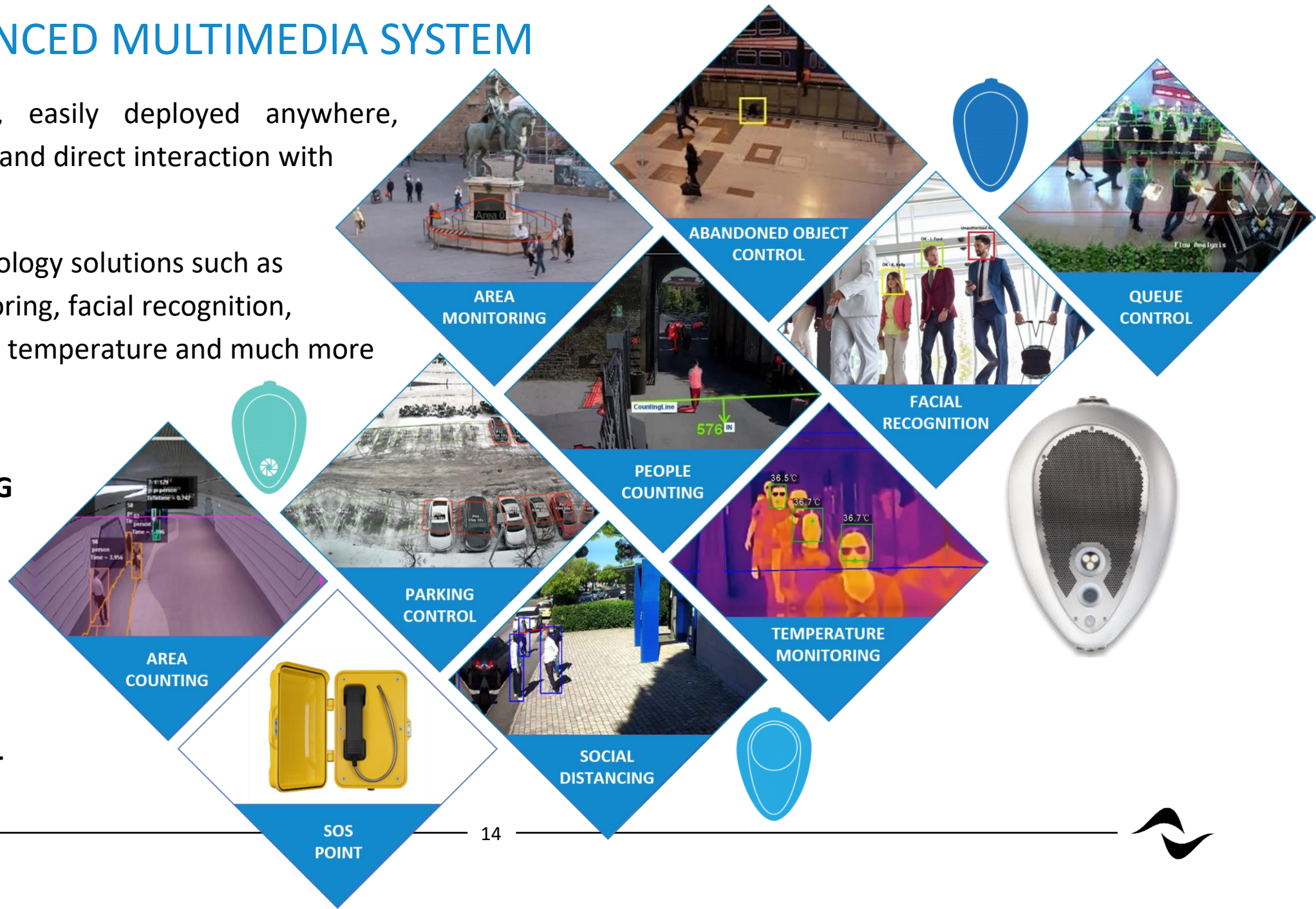


# DEVA - ADVANCED MULTIMEDIA SYSTEM

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:** 30 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

## PATENTED TECHNOLOGY

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

## INNOVATIONS

### Switch-mode technology

- Class-D reliable and effective

### High Energy Efficiency

- Environmentally friend products
- Small sizes, huge power



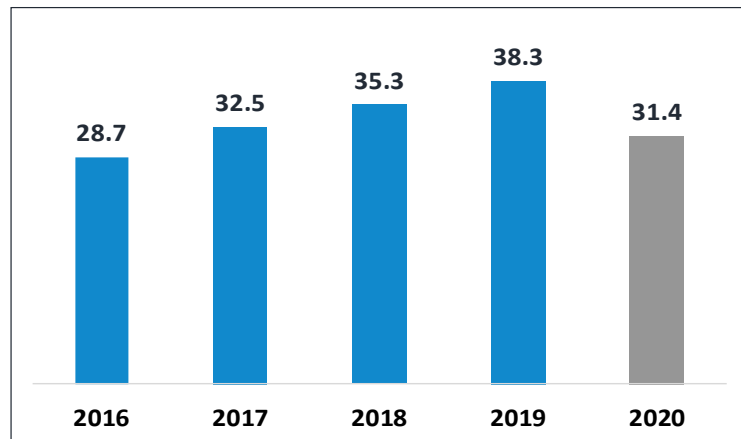
# OUTLOOK

- We are experiencing **a change in the trend of the order book** led by those geographical areas in which the vaccination campaign is more advanced, in particular Asia followed by the United States and, ultimately, by Europe
- **Partnerships with industry players** and **opportunities** for major projects in the installation industry
- The Group will continue to evolve its positioning **from Product Leader to Solution Provider** for the install market which represent a significant potential for development and diversification.  
The strategic evolution lines also provide for the **strengthening of traditional sales channels** as well as the **development of new ones**
- The statements of some countries foresee a significant resumption of live and entertainment activities, **make optimistic about an acceleration of core activities from the second half of the year**

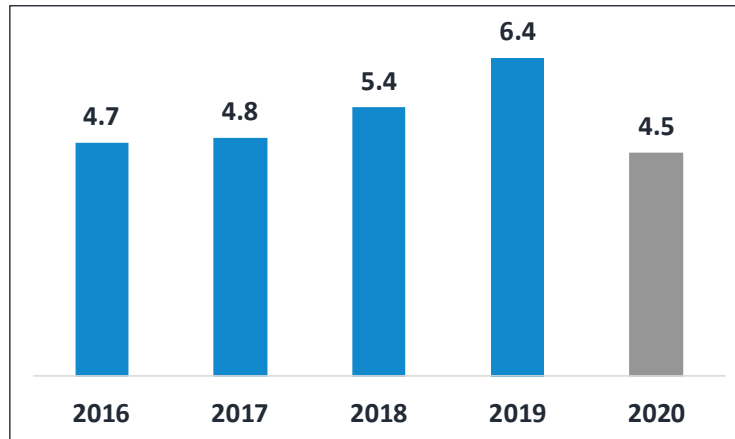


# FINANCIAL HIGHLIGHTS

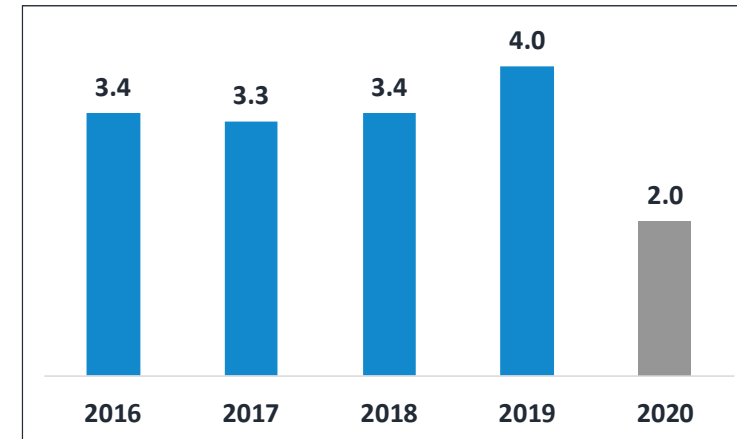
## REVENUES €/M



## EBITDA €/M

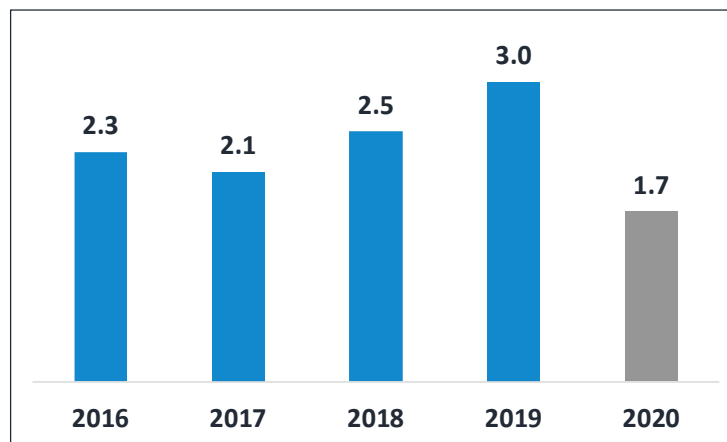


## EBIT €/M

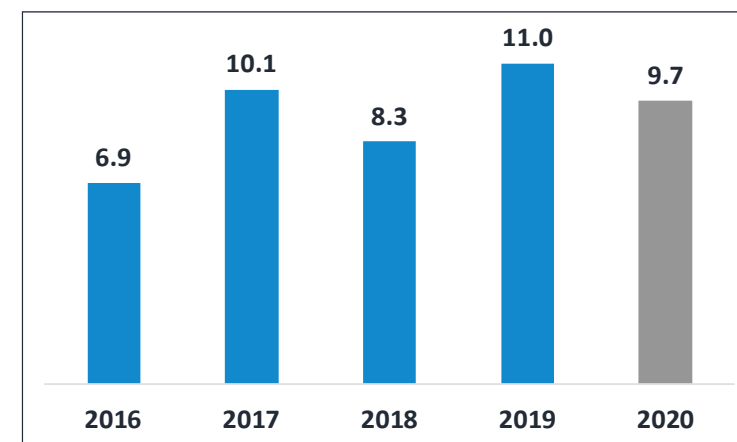


**A solid equity story and sound financials**, which allows the company to face, with flexibility and speed, the changing commercial and industrial needs, the current pandemia and the investment and growth goals

## NET PROFIT €/M

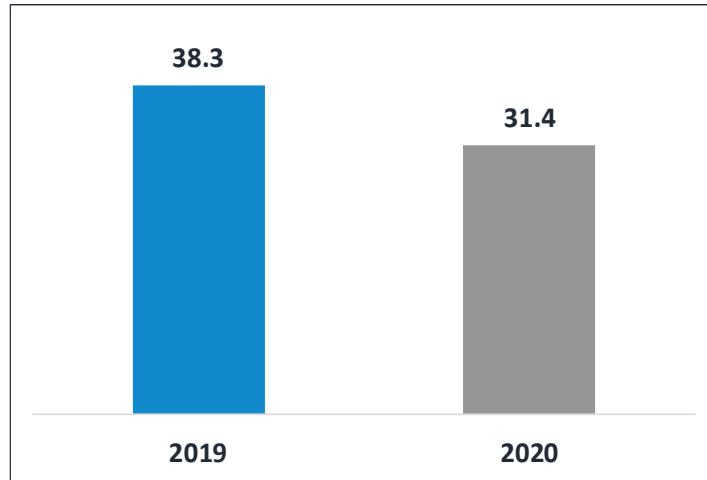


## NFP €/M



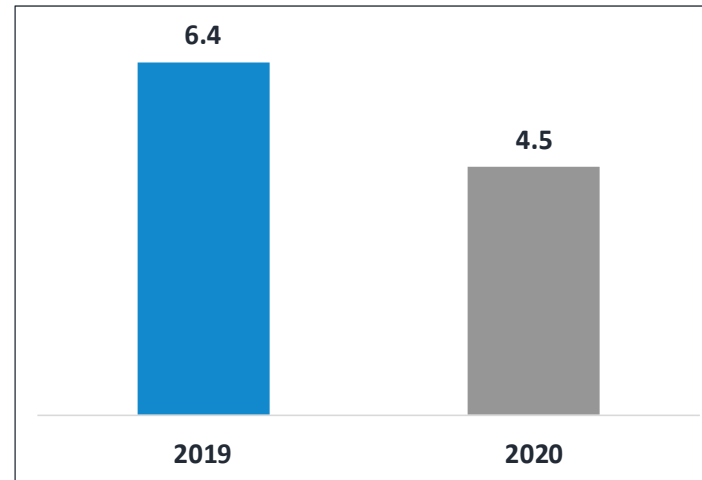
# PROFITABILITY MAINTAINED DESPITE REVENUES DROP DUE TO COVID-19

REVENUES €/M



Covid-19 pandemic affected **total Revenues**, down 18% to **€31.4 M**

EBITDA €/M



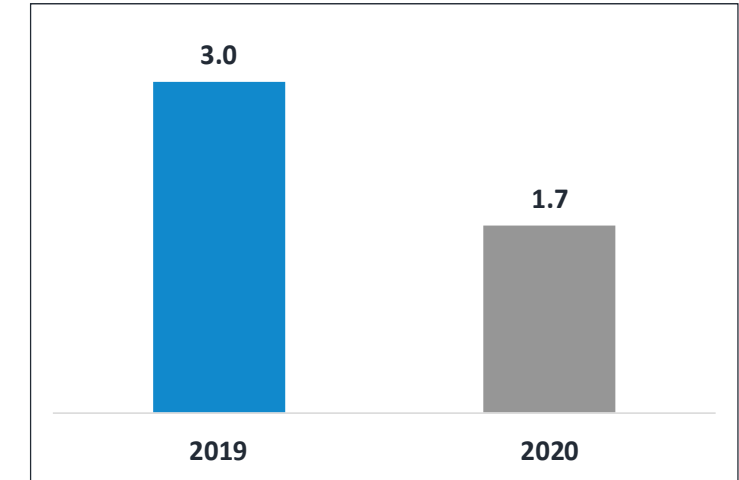
**EBITDA** down 29% as result of the contraction in turnover, but **EBITDA margin** at **15.4%**

Reduction in operating costs:

- Personnel costs down 13%
- Commercial expenses down 36.7%

**R&D investments** at **€2.2 M**, including €0.8 M of capitalized costs

NET PROFIT €/M

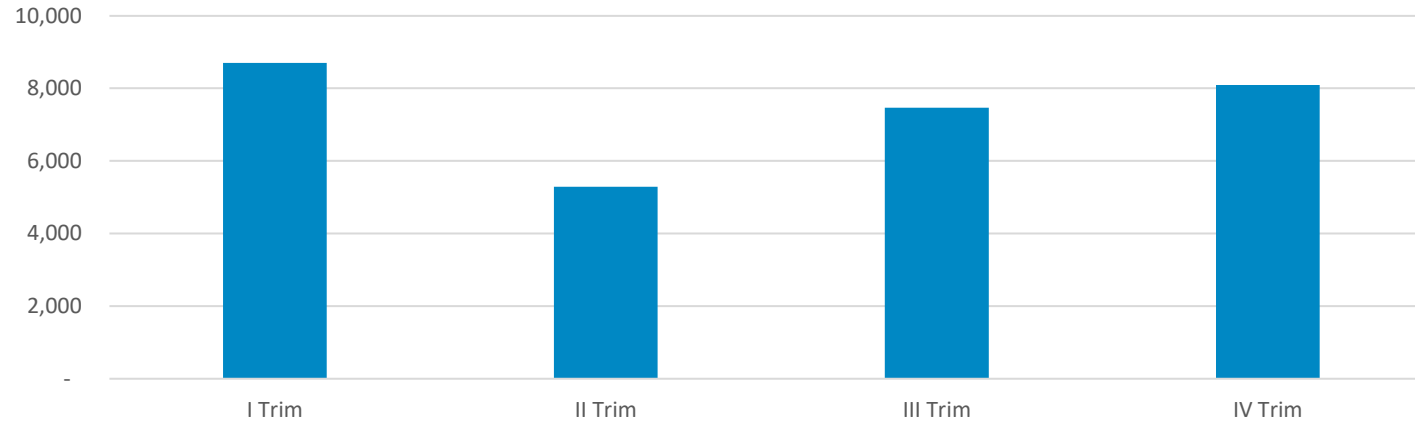


Positive impact of the **Patent Box** for **€0.7 M**

**Net Profit** at **€1.7 M**, with an incidence on turnover of 5.9%



# REVENUES RECOVERY STARTING FROM Q3 2020



(€/K)	2020	% on revenues	2019	% on revenues	YoY
EUROPE	15,162	51.3%	19,475	52.7%	-22%
NAM	6,172	20.9%	7,180	19.4%	-14%
CALA	508	1.7%	1,311	3.5%	-61%
APAC	7,196	24.3%	8,020	21.7%	-10%
MEA	518	1.8%	949	2.6%	-45%
<b>Revenues</b>	<b>29,556</b>	<b>100%</b>	<b>36,935</b>	<b>100%</b>	<b>-20%</b>

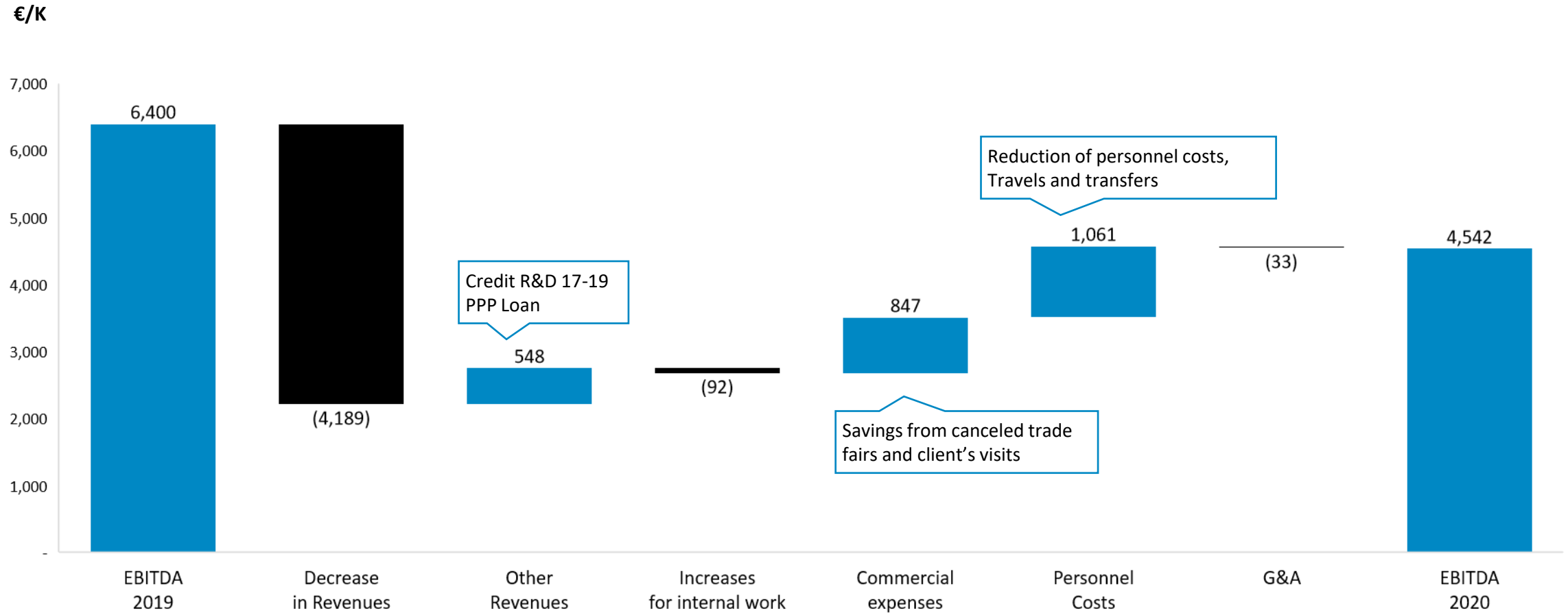
Quarterly consolidated revenues show a gradual recovery after the second quarter of the year, entirely burdened by the lockdown period that has characterized most of the Group's reference countries

The drop was particularly concentrated in the European, Middle East and South American markets while in Asia was more contained, thanks to the contribution of **Asian Distributors**, that closed the year with an 8.0% growth compared to 2019.

**North American market contained losses** thanks also to the contribution provided by the American subsidiary

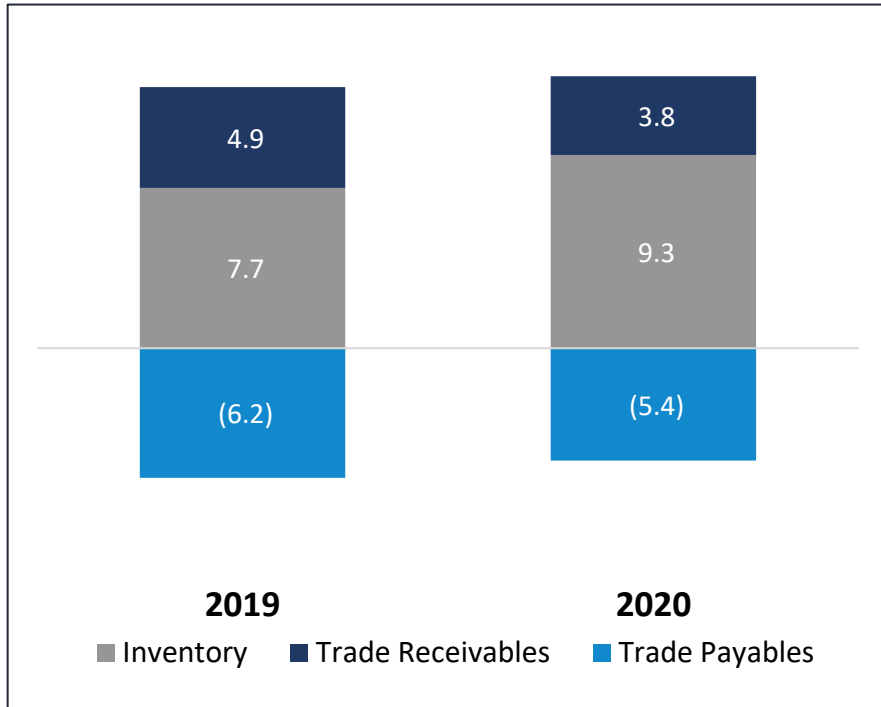


# EBITDA MARGIN AT 15.4%



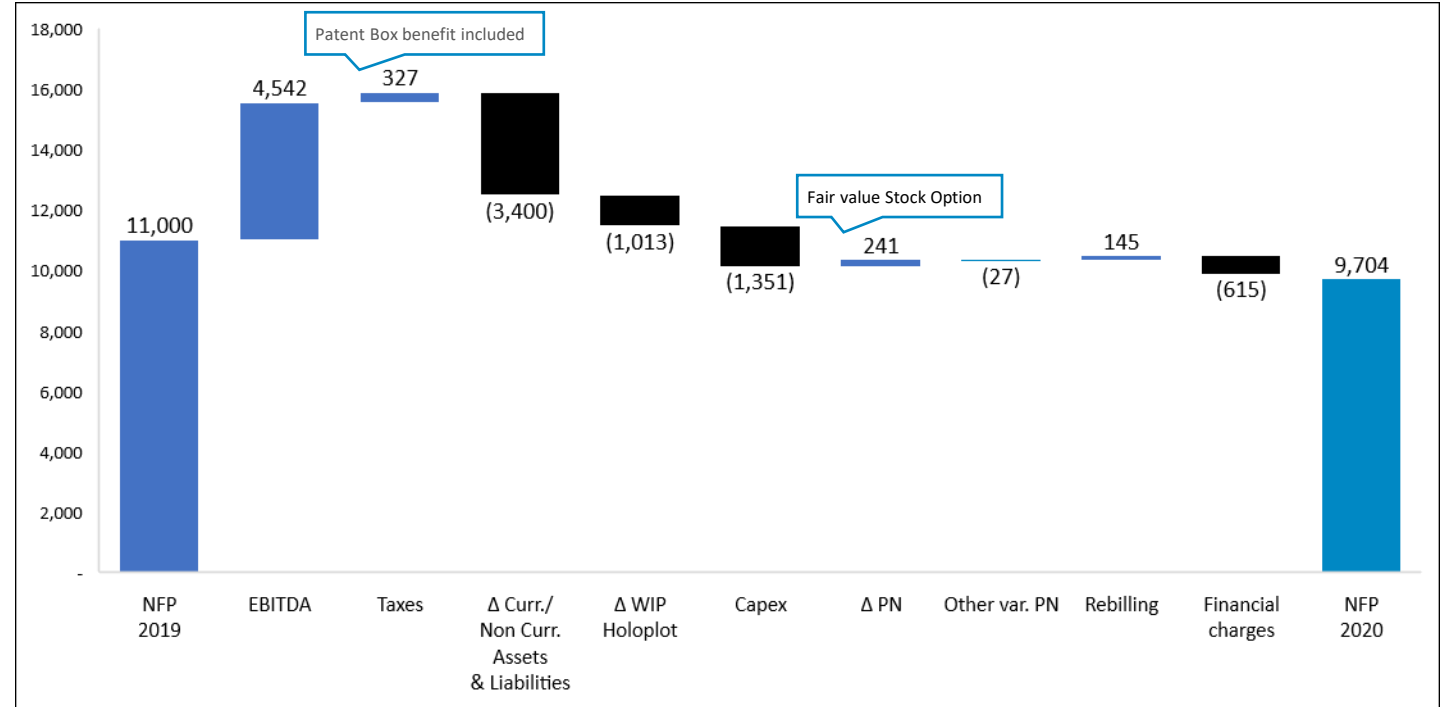
# SOUND BALANCE SHEET

## NET WORKING CAPITAL €/M



Increase in Net Working Capital vs 31 December 2019 mainly due to the increase in inventories, resulting from the Management’s strategic choice to mitigate the risk of delays in supplying to have the availability of goods to face the customers’ demand

## NET FINANCIAL POSITION €/K



NFP positive (Net Cash) for **€9.7 M** as results of Cash for €11.0 M and debt for leasing for € 1.3 M (IFRS 16 accounting)



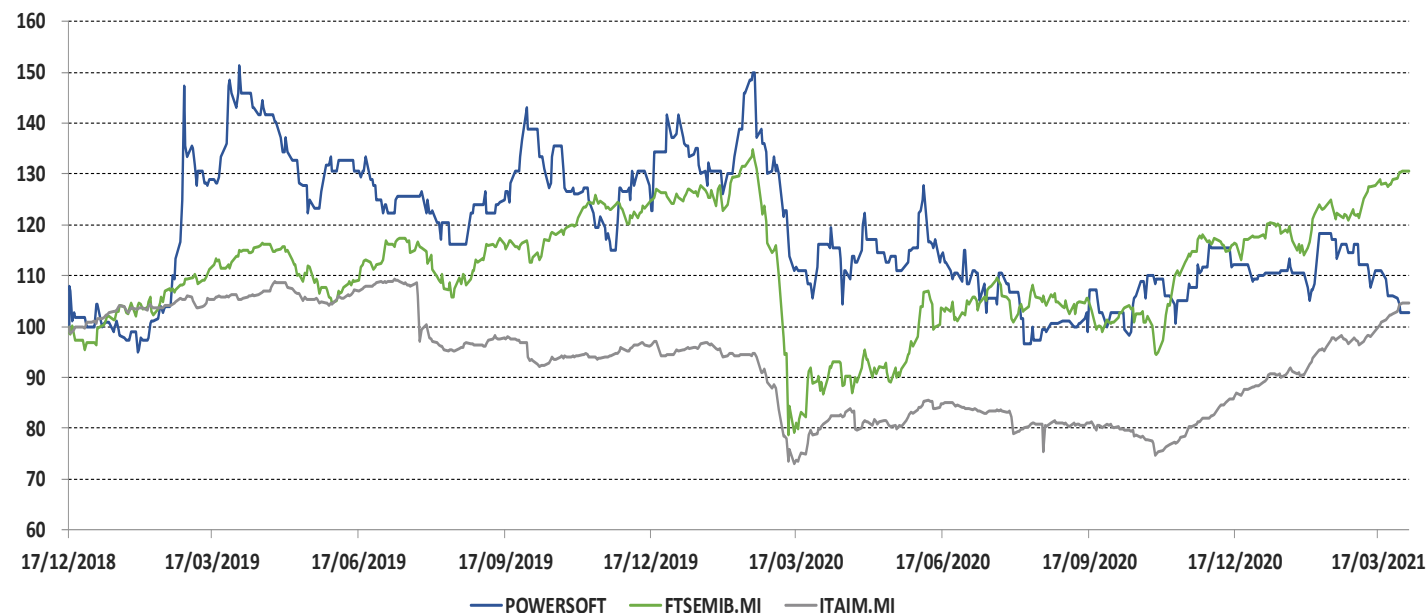
# APPENDIX



# 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

Outstanding Shares	11,066,036
Outstanding Warrants	549,800
Free Float	14.34%
Date IPO	December 17, 2018
Issue Price (€)	3.60
Market Cap (€/M) @ IPO	39.2




**Market:** AIM Italia  
**Price (06/04/2021):** €3.94




**Market Cap (06/04/2020):** €43.6M  
**Average Daily Volume\*:** 1.7K






# GOVERNANCE & GROUP ORGANIZATION

## BOARD OF DIRECTORS

- 
**Carlo Lastrucci**  
 Chairman

- 
**Luca Lastrucci**  
 CEO
- 
**Antonio Peruch**  
 Director
- 
**Paolo Blasi**  
 Independent Director

- 
**Claudio Lastrucci**  
 Director
- 
**Luca Giorgi**  
 Director
- 
**Lorenzo Lepri**  
 Non-executive Director

## AUDIT FIRM



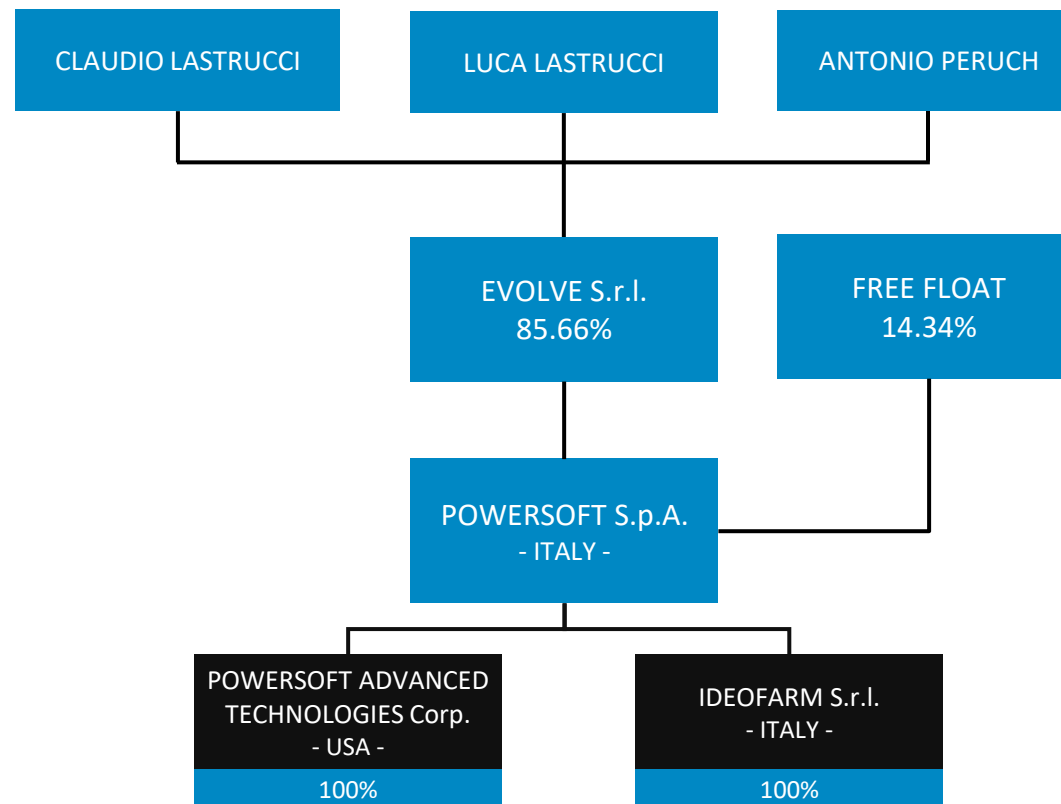
## BOARD OF STATUTORY AUDITORS

- 
**Luigi Fazzini**  
 Chairman

- 
**Carlo Consigli**  
 Standing Statutory Auditor
- 
**Massimiliano Manfredi**  
 Alternate Statutory Auditor

- 
**Federica Menichetti**  
 Standing Statutory Auditor
- 
**Paolo Limberti**  
 Alternate Statutory Auditor

## SHAREHOLDINGS AND GROUP ORGANIZATION CHART



# 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**

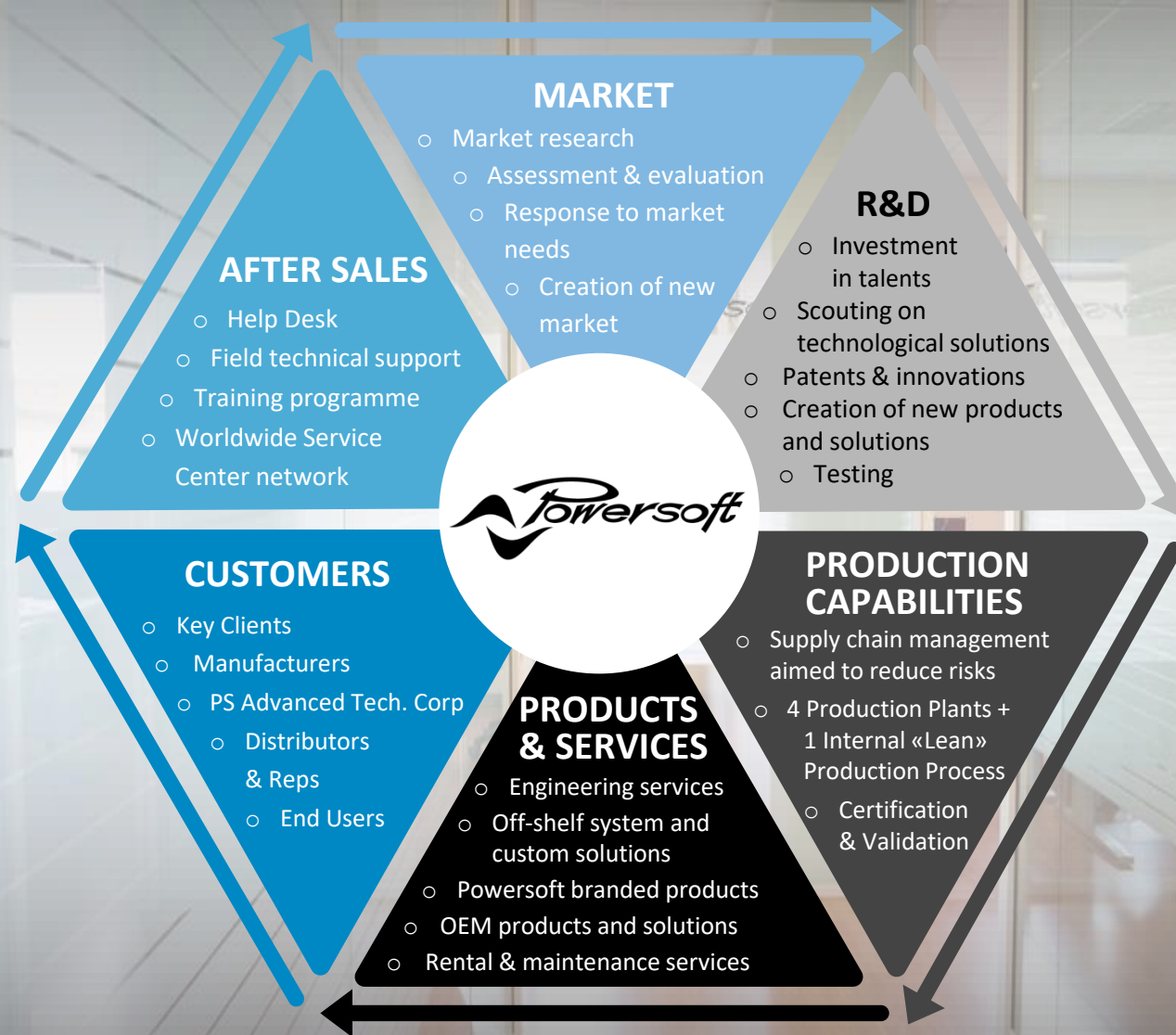
Globally recognized market setter of **unrivalled cutting-edge products** in a thriving market

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

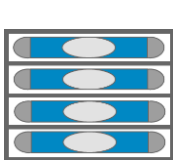
**25 years as a forefront player in the market**, set to face future challenges and to exploit new opportunities



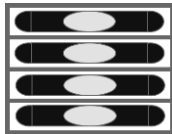
# A FLEXIBLE BUSINESS MODEL TO ADDRESS DIFFERENT CLIENTS



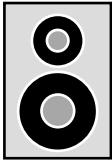
# PRODUCTS, SERVICES VS MARKETS



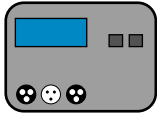
RACK  
AMPLIFIER



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



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***



# 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**



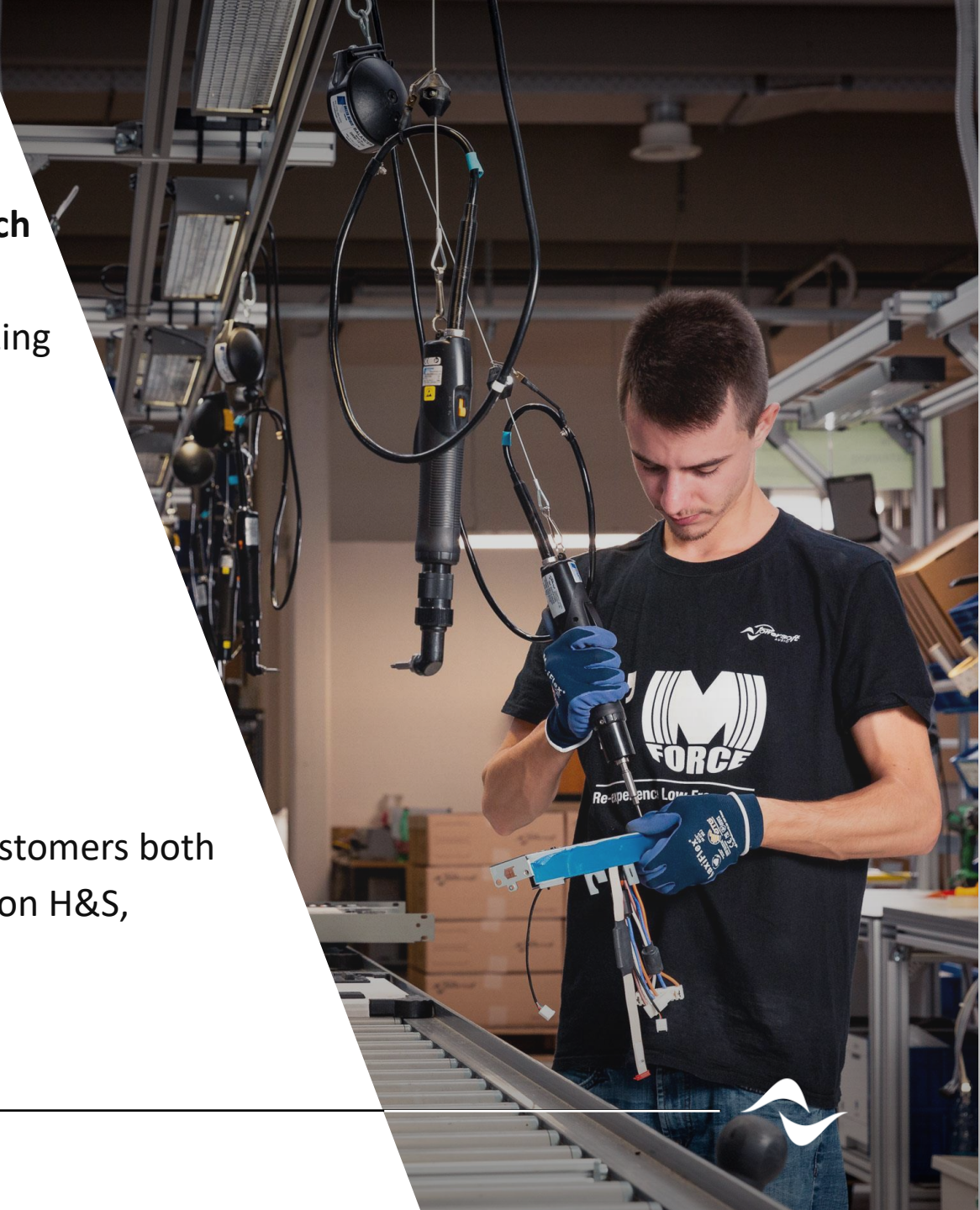
# WE TAKE CARE OF OUR CUSTOMERS

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.



# TAX THEMES

## PATENT BOX

- On June 28, 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 27, 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
- A tax credit of € 0.7 M was recognized to the Company and is currently reflected in the Financials 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
- A tax credit of € 0.6 M was recognized to the Company for investments in R&D for the years 2017-2019 and is currently reflected in the Financials 2020.



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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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