

RECOMMENDATION
BUY (from BUY)

Target Price
8.4 € (from 5 €)

POWERSOFT

Sector: Electronic Equipment & Instruments
Bloomberg negotiation code: PWS IM
AIM Market
Price as of 28/04/2021
4.28 € (price at market close)

Market Capitalisation: 47,362,634 €

Number of shares: 11,688,696[^]
Shareholders Equity 31.12.2020: 20,999,000 €

Outstanding warrants (1:1): 549,800^{^^}
^(^) Fully Diluted; ^(^^) See page 11

Date and time of production:
29.04.2021 at 09:00
Date and time of first circulation:
29.04.2021 at 09:30
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- Powersoft is a global technological leader in compact, energy-efficient and high-power amplifiers for the professional audio sector. These amplifiers are designed either to be installed in large venues or used by major global touring companies (for live concerts and events).
- Powersoft Group's economic and financial performance in 2020 was strongly influenced by the global COVID-19 pandemic, which penalised all the Group's main reference markets, particularly Europe and North America.
- Powersoft ended 2020 with sales revenue 20% lower than 2019, down from €36.9 million to €29.5, a gross operating income (EBITDA) down from €6.4 million at 31.12.2019 to €4.5 million (down 29%) and net income at €1.7 million, down from €3 million (a 42.3% drop).
- In light of the challenging market context, a process of strategic repositioning has been launched to convert the company from a *Product Company* to a *Solution Provider*, expanding the business into sectors with broader perceived potential, such as *Conferencing, Education for Corporate, Safety, Security and Gaming*, whilst reinforcing sales channels at the same time.
- For the period 2020/2024 we estimate sales could plausibly grow at an average annual rate of approximately 14%, EBITDA by 19.2% and net income by 28.2%, the latter rising from €1.5 million estimated for the end of 2021 to €4.7 million by 2024.
- We raise the stock valuation to €8.4 (previously €5), confirming our recommendation to buy.

Year to 31/12 (k €)

	2019	2020	2021E	2022E	2023E	2024E
Sales revenue	36934	29555	33000	40300	45136	49650
EBITDA	6400	4542	4380	6844	8090	9182
EBIT	3977	2027	2080	4444	5540	6582
Net Income	3015	1739	1462	3164	3952	4703
Cash-flow	5437	4254	3762	5564	6502	7303
Equity	19046	20999	22461	25625	27995	30722
NFP	11000	9704	14634	17335	19513	22167
ROE	15.8	8.3	6.5	12.3	14.1	15.3

Source: Powersoft; Estimates: Banca Finnat

Activities & Strategies

The company, founded in 1995 and based in Scandicci (Florence), heads a Group that operates globally in the design, manufacture and sale of compact, lightweight, energy-efficient and high-power amplifiers for the professional audio sector. Pioneers in the use of switched mode technology, Powersoft has developed and launched solutions that have gone on to become sector standards. The Powersoft Group operates mainly in the amplifiers sector, in electronics for active speakers, in audio signal processing software, and now also in audio system accessories, which are offered to a broad range of domestic and international clients. Powersoft now owns 30 international patents in audio amplification, registered in over 30 countries, and invests approximately 7.5% of its consolidated sales in research & development. The amplifiers manufactured by Powersoft can be applied in fixed installations for sports stadia, theme parks, resorts and hotels, airports, theatres, conference centres, shopping malls, museums and places of worship, company meeting rooms and home theatres, as well as being used by major global touring companies (for live concerts and events).

In light of the current challenging market context, a process of strategic repositioning has been launched to convert from a *Product Company* to a *Solution Provider*, aiming to expand the business into adjacent sectors such as *Conferencing, Education for Corporate, Safety, Security* and *Gaming*, whilst also exploring verticalization into specific client segments (Hospitality, Education, Government, Retail). At the same time Powersoft intends to optimise its distribution network, placing more focus on the “installation” than the “live” sector, as well as strengthening its traditional sales channels (the company recently recruited the former CEO of Bose Professional as its new Marketing Director) and developing new ones, with a particular focus on e-commerce (a B2C channel has been activated on the marketplace in Europe and USA) and creating commercial structures for clients requiring more ongoing support.

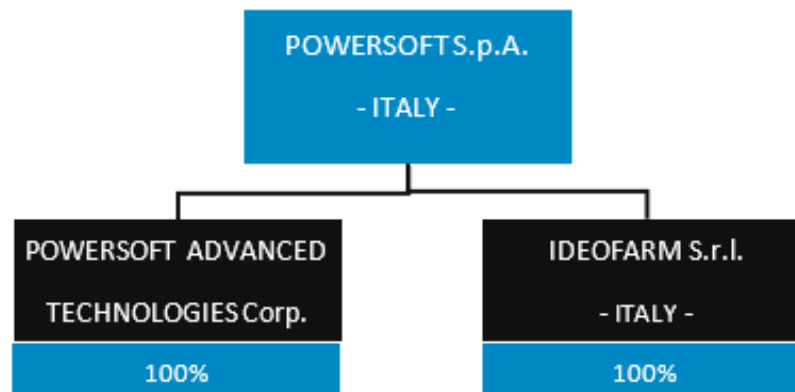
Production is carried out by subcontractors at three sites in Gorizia, Bologna and Cortona, while two product lines, more technologically complex and higher added value, are “worked on” at company headquarters in Scandicci (assembly and testing of electronic cards for amplifiers). Currently, over 65% of production is assembled in-house, with a clear advantage for boosting margins.

Powersoft has always focused closely on environmental sustainability, adopting a “green” policy as the basis for the production of all its products. *Green Audio Power* is a trademark registered by Powersoft to identify its “environmentally friendly” products.

Powersoft products are distributed in 110 countries (95% of sales is generated on foreign markets); on the North American market distribution is through the 100% owned company Powersoft Advanced Technologies Corp., while in other countries (South America – especially Brazil and Mexico - Asia, Europe, Middle East and Africa) it is carried out by a network of 66 multi-brand distributors and through direct clients (especially for modules, transducers and Deva multimedia units). Distribution is backed by 27 technical support centres worldwide. The company recently set up a Customer Services Division to provide value added cloud-based services for remote device diagnostic analysis and maintenance.

Group Structure

The company has been listed on the AIM segment of Borsa Italiana since 17 December 2018 at a placing price of €3.6. The reference shareholder of Powersoft Group, with an 85.66% share of the capital, is Evolve S.r.l. - owned by Luca Lastrucci (45%), Claudio Lastrucci (45%) and Antonio Peruch (10%). 14.34% of the stock is floated on the market.

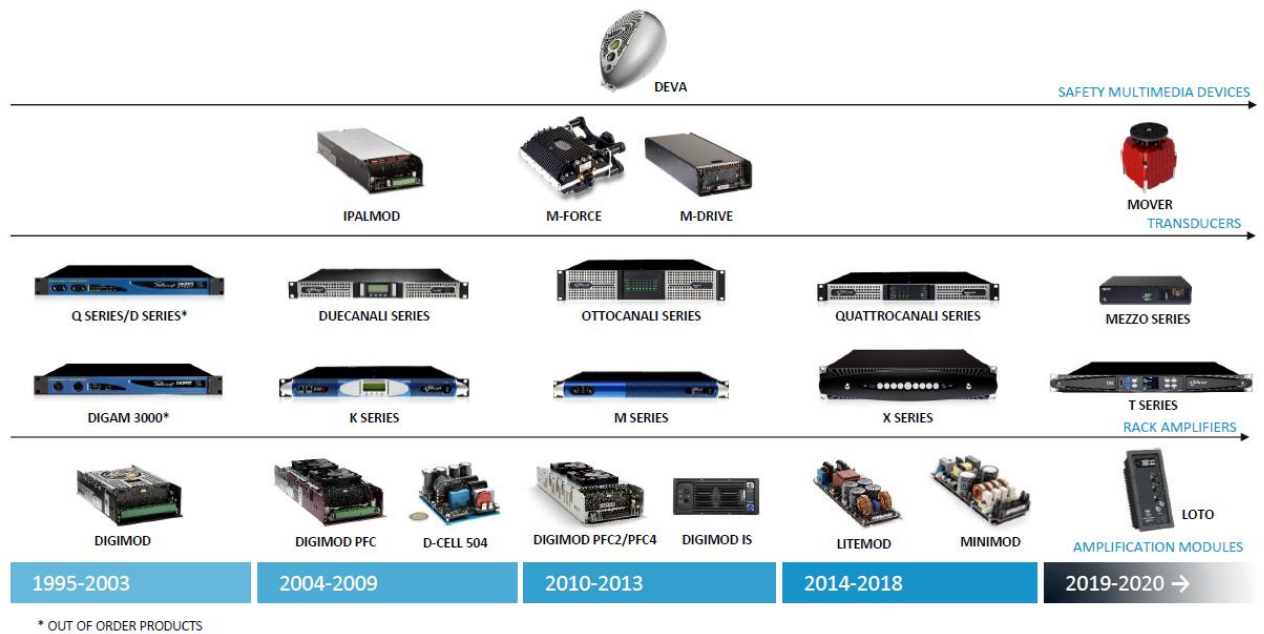


Source: Powersoft

- Powersoft Advanced Technologies Corp. USA distributes Powersoft products on the North American market.
- Ideofarm S.r.l. is an in-house incubator that enables engineers, designers and all new potential employees of Powersoft to develop innovative ideas into concrete action. Ideofarm supports the research and development of innovative technologies, mainly (but not necessarily) for the Digital Audio/Video sector, involving mechatronics, electroacoustics, innovative materials and software for complex systems.

The Group operates on the professional audio market, offering five specific product lines: (i) Rack amplifiers for touring and fixed installations; (ii) Accessories for rack amplifiers; (iii) Transducers; (iv) Amplification modules; (v) Multimedia units.

Product lines



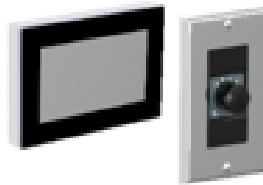
The main product lines are:

- Rack amplifiers for touring and fixed installations



The former are designed to guarantee high quality sound, reliability and high power density despite the compact size and low weight for easier portability and logistics; the latter are designed to be integrated into any new or existing installation (for example, when renewing obsolete systems).

- Accessories for rack amplifiers (Remote Controls)



- Transducers (M-System, Mover)



Innovative, high-efficiency transducers for low frequencies (e.g. sound emphasis). Transducers convert an electrical signal to a high-power acoustic signal (a loudspeaker is a type of transducer). The main application is gaming (vibrating floors and chairs for immersive experiences).

- Amplification modules



Devices designed to provide highly compact amplifiers and high configurability for easier integration into third-party products (speakers).

➤ Multimedia units (Deva)



A compact multimedia device (audio, video, light, wireless connectivity, UMTS), energy-efficient, providing audio messaging (promotional/music) and equipped with a camera, remote-controllable for outdoor applications and capable of working without an internet connection thanks to its solar-powered internal battery. With its multiple built-in functions (high-resolution camera, LED spotlight for illuminating monitored area, audio amplifier and various sensors), easy installation and remote control, DEVA could be the ideal solution for meeting market requirements arising from the COVID-19 emergency. This is a potentially useful tool for fulfilling the requirements of COVID-19 measures and initiatives have begun to sell this device to different types of clients in the public and private sectors.

The Group has also developed a proprietary software program to manage, monitor and remote control its entire product range, called *Armonia Pro Audio Suite*. This software, which enables complex audio systems to be easily set and controlled thanks to its highly user-friendly interface, ensures higher quality standards and makes the audio system more secure and better-performing. This is especially true when used in combination with DSP technology (Digital Signal Processing), which integrates digital processing inside the amplifiers. The Group uses this technology to create a series of scalable, standardised products. In particular, with *Armonia Pro Audio Suite*, system designers and users have a unique tool to significantly improve the system's audio performance and reliability.

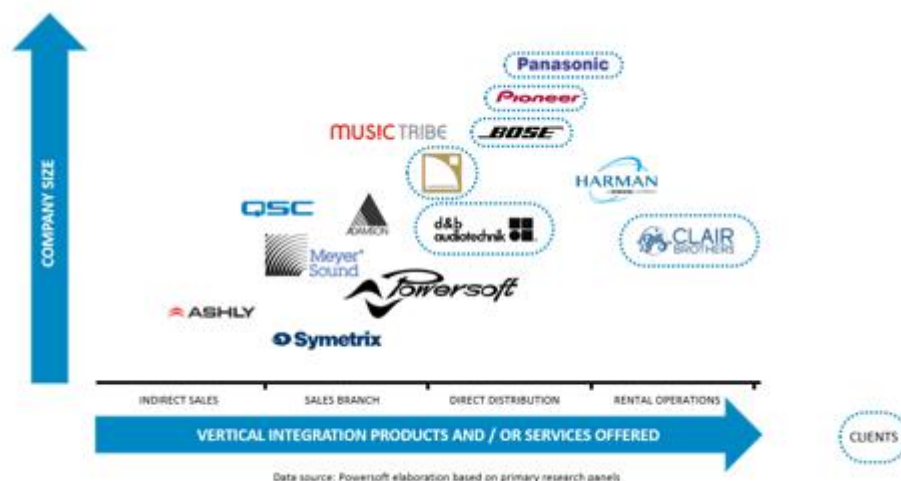
The latest release of the software, *Armonia Plus*, includes major new functions and was named best software platform for managing and monitoring professional audio systems.

The Group has also developed *Armonia Pro Manager* software, which speaker manufacturers can use to initialize their products in a proprietary manner whilst showing information on branding, name, and serial number of the loudspeaker system, the product name and series, product images and a brief description. This software ensures a high level of customisation and greater visibility.

The Group also develops solutions for different markets, from professional audio to solution development:

- Mover (Tactile Sound Transducer): a compact yet powerful transducer, launched on the market in the first quarter of 2019, usable both as a linear motor/shaker and as an additional element in audio systems, which amplifies the Group's market potential. Mover technology is patented by Powersoft, designed and developed for gaming chairs, industrial applications, aquatic effects for swimming pools, fountains and pools and for those wishing to add a new dimension to their sound experience. It is designed for 4D cinema, theme parks or locations with vibrating floors and walls that, through haptic perception, gives the audience a multisensory immersive experience.
- Wipod (Wireless Energy): a wireless low-power, medium-distance system for transferring energy to mobile or fixed devices such as audio reproduction devices, emergency lights, smoke and movement detectors, and more generally, for IoT use and the architectural/home automation sector.
- Silence (Active Acoustic Treatment): a system based on active sound control designed for strongly reverberating settings such as recording studios, control rooms, acoustically critical industrial environments.
- MeMo: a bundle comprising an amplifier (Mezzo) and a shaker (Mover) for Gaming and Home Cinema.

Over the years, major global brands in the audio sector have chosen to use Powersoft amplifiers for installations and live events, or Powersoft modules in their active speaker products. Bose and Pioneer sell Powersoft rack amplifiers with Powersoft branding, while other brands use Powersoft amplification modules inside their active speakers, with Powered by Powersoft stated on the product.



Source: Powersoft

Source: Powersoft



Powersoft's innovative, high-performing solutions have been awarded a number of prizes.



Source: Powersoft

The following products were put on the market in 2020:

- i) New versions of the Quattrocanali (Quattrocanali 8804 DSP+D) and Duecanali series (Duecanali 6404 DSP+D);
- ii) Memo, a bundle comprising a compact, low energy amplifier (Mezzo) and a tactile transducer (Mover) designed to provide an "immersive" experience in *Gaming* and *Home Cinema*;
- iii) Armonia Plus 2.0, software with a new interface entirely designed for managing installed sound systems;
- iv) A line of control panels, called Wall Mount panels, designed for the installations market, particularly conference rooms, lecture theatres, stores and small venues, for managing and distributing audio signals from different sources;
- v) An after-sales service called "Powersoft Care" has also been introduced. Aimed at clients in the rack amplifiers sector, it will enable them not only to extend the contractual warranty period but also activate an optional paid service to protect their product from accidental damage during the first year of life.

On 19 March 2021 Powersoft presented WM Touch (Wall Mount Touch), a system for controlling an entire music distribution system from a single wall-mounted touch screen panel. WM Touch enables music from different audio sources to be distributed and controlled in one or more areas of a venue simply and intuitively using a single network cable.

The main plans for 2021 are:

- Reinforce the Strategic Marketing structure in a bid to define and implement the Group's growth trajectories;
- Develop and expand in American and Asian markets, with particular focus on China, identifying figures of international standing with whom to collaborate to bring further added value to the Sales Team;
- Develop the My Powersoft web platform through which Powersoft users are offered the possibility of accessing not only information on purchased products but also a broad range of additional innovative services, such as "in cloud" connectivity of all products for remote management of any issues; through the "Powersoft Care" service, to extend the contractual warranty period for amplifiers by registering the product on the portal; possibility of activating an optional paid service to protect purchases from accidental damage during the first year of life;
- Present new accessories designed to complete the offering of systems for installations;
- Implement a new CRM system to support the sales force;
- Scouting and screening of target companies for future M&A operations;
- New solutions for installations (Mezzo + Wall Mount Touch).



Warrants & Stock Options Plan

- The 549,800 Warrants currently in circulation (Powersoft Warrants 2018/2021) have a recognised conversion ratio of 1 converted share per 1 warrant presented for the exercise. As envisaged by the regulation, a single time window is left for conversion:
 - a) 01/10/2021 - 15/10/2021 at a price of €5.48
- A further 191,000 Warrants may be assigned to the shareholder Evolve S.r.l., calculated in the ratio of 1 warrant for every 50 ordinary shares held at the end of 30 days from the start of trading to be issued and assigned to Evolve S.r.l. by the tenth stock exchange trading day following that on which the market value of the share, for at least 5 consecutive stock exchange trading days, has been at least equal to the exercise price applicable to the relevant exercise period plus an amount equal to 50% of the placing price. The remaining time window is:
 - a) 01/10/2021 - 15/10/2021 at a price of €7.28
- The Board of Directors also verified the fulfilment of the conditions for accrual of the 2018-2020 Incentive Plan (Stock Options Plan) in favour of executive directors, managers and key resources, which provided for the allocation of a maximum of 764,000 options, which can be exercised, following approval of the 2020 financial statement and up to 19 December 2024, in converted shares in the ratio of 1/1 at a strike price of €3.25. A total of 622,660 options were allocated. The share capital is currently divided into 11,066,036 shares. The number of fully diluted shares is 11,688,696.

Results FY 2020

EUR (K)	FY2019	FY2020	VAR%	FY2020E
Sales revenue	36934	29555	-20	30000
Other revenues	1325	1874	41.3	1600
Total Revenues	38259	31429	-17.9	31600
Cost of Sales	19755	16566	-16.1	16700
%	53.5	56		55.7
Increases for internal projects	855	763	-10.8	700
%	2.3	2.6		2.3
Commercial Expenses	2310	1462	-36.68	1800
%	6.3	4.9		6
Labour costs	8150	7089	-13	7650
%	22.1	24		25.5
Operating expenses	2500	2532	1.3	2100
%	6.8	8.6		7
EBITDA	6400	4542	-29	4050
%	17.3	15.4		13.5
Depreciation & Provisions	2423	2515	3.8	2100
%	6.6	8.5		7
EBIT	3977	2027	-49	1950
%	10.8	6.9		6.5
Financial expenses (income)	(36)	615	-	150
PRE-TAX PROFIT	4013	1412	-64.8	1800
%	10.9	4.8		6
Taxes	999	(327)		(140)
Tax rate (%)	24.9			-
NET INCOME	3015	1739	-42.3	1940
%	8.2	5.9		6.5
Cash Flow	5437	4254	-21.8	4040
%	14.7	14.4		13.5
NFP	11000	9704		10789
Equity	19046	20999		20986
ROI	49.4	17.9		19.1
ROE	15.8	8.3		9.2

Source: Powersoft

The spread of the COVID-19 pandemic has had a severe impact on the entire professional audio sector. While the installations sector and the Asian markets have mostly held up, social distancing measures adopted around the world and restrictions on mass gatherings have brought live shows and events to a virtual halt, especially in Europe and the Americas, removing a large slice of Powersoft's sales revenue.

The Group ended 2020 with 20% lower sales revenue than the previous year, down from € 36.9 million to € 29.6 million, not too far from the 30 million we expected. Despite an almost 37% drop in commercial expenses and a 13% fall in labour costs, the gross operating income fell by 29% compared to 31.12.2019, from € 6.4 million to € 4.5 million, with a margin falling from the previous 17.3% to 15.4%, which is still well above the 13.5% we expected.

The net operating income (EBIT) fell from € 4 million at the end of 2019 to € 2 million, with a margin of 6.9% down from the 6.5% we estimated and the 10.8% recorded at the end of 2019. Higher financial expenses (up € 465 thousand) than our estimate more than outweighed the higher tax benefits (up € 187 thousand) than our estimate, taking the net income to € 1.74 million compared to the € 1.94 million expected and the € 3 million net income recorded at the end of 2019.

Net financial position is positive at € 9.7 million (€ 11 million at 31.12.2019) while shareholders equity stands at € 21 million, compared to € 19.05 million at the end of 2019.

Outlook 2021 – 2024

Old estimates

EUR (K)	2018	2019	2020E	2021E	2022E	2023E	CAGR 19/23
Sales Revenue	33467	36934	30000	33000	41000	45000	5.1
Other Revenues	1794	1325	1600	650	650	650	
Total Revenues	35260	38259	31600	33650	41650	45650	
Cost of Sales	19337	19755	16700	17820	21935	24075	
%	57.8	53.5	55.7	54	53.5	53.5	
Increases for internal projects	886	855	700	800	940	1050	
%	2.6	2.3	2.3	2.4	2.3	2.3	
Commercial Expenses	1710	2310	1800	1500	2070	2280	
%	5.1	6.3	6	4.5	5	5.1	
Labour costs	6952	8150	7650	8100	9250	9800	
%	20.8	22.1	25.5	24.5	22.6	21.8	
Operating expenses	2795	2500	2100	2350	2400	2900	
%	8.4	6.8	7	7.1	5.9	6.4	
EBITDA	5353	6400	4050	4680	6935	7645	4.5
%	16	17.3	13.5	14.2	16.9	17	
Depreciation & Provisions	1973	2423	2100	2300	2350	2700	
%	5.9	6.6	7	7	5.7	6	
EBIT	3380	3977	1950	2380	4585	4945	5.6
%	10.1	10.8	6.5	7.2	11.2	11	
Financial expenses (income)	(125)	(36)	150	50	50	50	
PRE-TAX PROFIT	3504	4013	1800	2330	4535	4895	5.1
%	10.5	10.9	6	7.1	11.1	10.9	
Taxes	984	999	(140)	600	1250	1400	
Tax rate (%)	28.1	24.9	-	25.75	27.56	28.6	
NET INCOME	2520	3015	1940	1730	3285	3495	3.8
%	7.5	8.2	6.5	5.2	8	7.8	
Cash Flow	4493	5438	4040	4030	5635	6195	
%	13.4	14.7	13.5	12.2	13.7	13.8	
NFP	8292	11000	10789	11819	14754	17850	
Equity	15419	19046	20986	22716	26001	29496	
ROI	47.4	49.4	19.1	21.8	40.8	42.5	
ROE	16.3	15.8	9.2	7.6	12.6	11.8	
CAPEX	1719	1507	1100	1600	1600	2300	
NWC	5630	4850	8000	9400	10500	11300	

Source: Powersoft; Estimates: Banca Finnat

New estimates

EUR (K)	2019	2020	2021E	2022E	2023E	2024E	CAGR 20/24
Sales Revenue	36934	29555	33000	40300	45136	49650	13.85%
Other Revenues	1325	1874	1000	1000	1000	1000	
Total Revenues	38259	31429	34000	41300	46136	50650	
Cost of Sales	19755	16566	17820	21963	24599	27208	
%	53.5	56	54	54.5	54.5	54.8	
Increases for internal projects	855	763	800	900	1100	1200	
%	2.3	2.6	2.4	2.2	2.4	2.4	
Commercial Expenses	2310	1462	1650	1753	1963	2085	
%	6.3	4.9	5	4.4	4.4	4.2	
Labour costs	8150	7089	8400	9100	9650	9750	
%	22.1	24	25.5	22.6	21.4	19.6	
Operating expenses	2500	2532	2550	2539	2934	3624	
%	6.8	8.6	7.7	6.3	6.5	7.3	
EBITDA	6400	4542	4380	6844	8090	9182	19.2%
%	17.3	15.4	13.3	17	17.9	18.5	
Depreciation & Provisions	2423	2515	2300	2400	2550	2600	
%	6.6	8.5	7	6	5.6	5.2	
EBIT	3977	2027	2080	4444	5540	6582	34.2%
%	10.8	6.9	6.3	11	12.3	13.3	
Financial expenses (income)	(36)	615	50	50	50	50	
PRE-TAX PROFIT	4013	1412	2030	4395	5490	6532	
%	10.9	4.8	6.1	10.9	12.2	13.1	
Taxes	999	(327)	568	1230	1537	1829	
Tax rate (%)	24.9	-	28	28	28	28	
NET INCOME	3015	1739	1462	3164	3952	4703	28.2%
%	8.2	5.9	4.4	7.9	8.8	9.5	
Cash Flow	5437	4254	3762	5564	6502	7303	
%	14.7	14.4	11.4	13.8	14.4	14.7	
NFP	11000	9704	14634	17335	19513	22167	
Equity	19046	20999	22461	25625	27995	30722	
ROI	49.4	17.9	26.6	53.6	65.3	76.9	
ROE	15.8	8.3	6.5	12.3	14.1	15.3	
CAPEX	1507	1351	1300	1700	1850	2100	
NWC	4850	8928	6459	7623	8514	9087	

Source: Powersoft; Estimates: Banca Finnat

Medium and long-term forecasts for the audio sector seem to indicate a recovery, which is expected to be greater in the installations sector, while the outlook in the live events sector is less favourable since, for the moment, it is expected to depend on the spread of variants and the rollout of vaccination programmes. In the amplifiers market, average annual growth for the next four years is expected to be around 5.1% (source: Powersoft). In this context, the company expects to place greater emphasis on its presence on the American market, due to its importance in the reference sector, and the Asian market, due not only to this region performing better but also because this area is expected to benefit from a more favourable economic recovery than more developed countries. For the four-year period 2021/2024 the company will focus on a strategic repositioning strategy to combat the uncertainty still affecting the live events sector. The Group is therefore directing its efforts towards installations in Conferencing and Education for businesses but also towards greater diversification into adjacent sectors with high potential such as Safety & Security. A central focus of this “company paradigm shift” is the intention to serve clients not just as a simple manufacturer of audio systems but above all as a “Solution Provider” of advanced “turnkey” systems - advanced audio solutions that, through agreements between manufacturers, envisage integrating different products such as control systems, amplifiers, speakers and microphones.

Based on these premises, we estimate sales revenue will grow at a compound annual growth rate of 13.85% over the period 2020/2024. Group revenues are expected to rise from € 29.5 million at the end of 2020 to € 33 million by the end of 2021 and reach € 49.6 million by the end of 2024. Gross operating income (EBITDA) is estimated to rise at an average annual rate of 19.2%. From a margin of € 4.5 million at the end of 2020, it is expected to initially remain stable at € 4.4 million at the end of 2021 (with a margin of 13.3%) before reaching € 9.2 million by the end of the forecast period (2024), with a margin of 18.5%.

Net operating income (EBIT) is estimated to rise from € 2 million at 31.12.2020 to € 2.1 million by the end of 2021 before reaching € 6.6 million by 2024; the average annual growth rate is estimated to be 34.2%, with ROS rising gradually from 6.3% at the end of 2021 to 13.3% by 2024.

Group profit is expected to grow at an average annual rate of 28.2%, from € 1.7 million at the end of 2020 to € 1.5 million by the end of 2021 (for 2021 we estimate a 28% tax rate with a positive tax component of € 327 thousand in 2020), before reaching € 4.7 million by the end of 2024.

Net financial position is expected to stay positive, from € 9.7 million at the end of 2020 to € 14.6 million by the end of 2021 and € 22.2 million by the end of 2024, while shareholders equity, € 21 million at the end of 2020, should rise to € 30.7 million by the end of the forecast period.

We estimate a payout ratio of 50% starting from the 2022 financial statement.

Valuation

For the purposes of valuation, we use the Discounted Cash Flow methodology with the explicit forecast of cash flows generated in the period 2021/2024.

The perpetual growth rate is cut to 1% (from 1.5%) and the WACC is set at 6.17% (7.95% previously), with a Free Risk Rate of 1% (1.2% previously), a Beta Coefficient equal to 0.53 (source: Bloomberg) down from the previous 0.6 and a Market Risk Premium of 9.75% (11.25% previously). We obtain an Enterprise Value of 88.5 million Euro and an **Equity Value of 8.4 Euro** per share (down from €5). Our recommendation is still to buy.

Cash Flow Model (K €)

	2021E	2022E	2023E	2024E
EBIT	2080	4444	5540	6582
Taxes	582	1244	1551	1843
NOPAT	2662	3200	3988	4739
D&A	2300	2400	2550	2600
Capex	1300	1700	1850	2100
CNWC	-2469	1164	892	573
FOCF	6131	2736	3797	4666

Estimates: Banca Finnat

DCF Model Valuation (k €)

Perpetual Growth Rate (%)	1
WACC (%)	6.17
Discounted Terminal Value	73200
Cum. Disc. Free Operating Cash Flow	15345
Enterprise Value	88545
Net financial position as of 31/12/2020	9704
Equity Value	98249
No. of shares fully diluted	11,688,696
Value per share	8.4

Estimates: Banca Finnat

WACC Calculation (%)

Risk free rate	1
Market risk premium	9.75
Beta (x)	0.53
Cost of Equity	6.17
WACC	6.17

Estimates: Banca Finnat

INCOME STATEMENT (Eur k)	2019	2020	2021E	2022E	2023E	2024E
Sales Revenue	36934	29555	33000	40300	45136	49650
Total Revenues	38259	31429	34000	41300	46136	50650
Cost of Sales	19755	16566	17820	21963	24599	27208
Increases for internal projects	855	763	800	900	1100	1200
Commercial Expenses	2310	1462	1650	1753	1963	2085
Labour costs	8150	7089	8400	9100	9650	9750
Operating expenses	2500	2532	2550	2539	2934	3624
EBITDA	6400	4542	4380	6844	8090	9182
Depreciation & Provisions	2423	2515	2300	2400	2550	2600
EBIT	3977	2027	2080	4444	5540	6582
Financial expenses (income)	(36)	615	50	50	50	50
PRE-TAX PROFIT	4013	1412	2030	4394	5490	6532
Taxes	999	(327)	568	1230	1537	1829
NET INCOME	3015	1739	1462	3164	3952	4703
Cash Flow	5437	4254	3762	5564	6502	7303
BALANCE SHEET (Eur k)	2019	2020	2021E	2022E	2023E	2024E
Shareholders Equity	19046	20999	22461	25625	27995	30722
NFP	11000	9704	14634	17335	19513	22167
Net Invested Capital	8046	11295	7827	8290	8482	8555
FINANCIAL RATIOS (%)	2019	2020	2021E	2022E	2023E	2024E
EBITDA margin	17.3	15.4	13.3	17	17.9	18.5
EBIT margin	10.8	6.9	6.3	11	12.3	13.3
Net margin	8.2	5.9	4.4	7.9	8.8	9.5
ROI	49.4	17.9	26.6	53.6	65.3	76.9
ROE	15.8	8.3	6.5	12.3	14.1	15.3
GROWTH RATES (%)	2019	2020	2021E	2022E	2023E	2024E
Sales revenue	10.4	-20	12	22	12	10
EBITDA	19.6	-29	-4	56	18	13
EBIT	17.7	-49	3	114	25	19
Net Profit	19.6	-42	-16	116	25	19
Cash Flow	21	-22	-12	48	17	12.3
VALUATION METRICS	2019	2020	2021E^	2022E^	2023E^	2024E^
EPS	0.27	0.16	0.12	0.27	0.34	0.40
CFPS	0.49	0.38	0.32	0.48	0.56	0.62
BVPS	1.72	1.90	1.92	2.19	2.40	2.63
P/E	15.71	27.24	34.23	15.81	12.66	10.64
P/CF	8.71	11.14	13.30	9	7.69	6.85
P/BV	2.50	2.25	2.23	1.95	1.80	1.63
EV/SALES	1	1.27	1.10	0.81	0.68	0.56
EV/EBITDA	5.68	8.29	8.10	4.78	3.77	3
EV/EBIT	9.14	18.58	17	7.35	5.50	4.23

Source: Powersoft; Estimates: Banca Finnat; ^Data per share fully diluted

Recommendations issued for POWERSOFT securities in previous 12 months

Date	Rating	Target Price	Market Price
30.10.2020	Buy	5 €	3.94 €
29.05.2020	BUY	6 €	4.14 €
15.10.2019	BUY	6.75 €	4.58 €
10.05.2019	BUY	6 €	4.78 €

Rating System (12-month time span)

BUY: if the target price is at least 15% higher than the current market price

HOLD: if the target price is within +/-15% of the current market price

SELL: if the target price is at least 15% lower than the current market price

NO RATING: lack of sufficient fundamentals to make a recommendation and/or target price

Banca Finnat Research Rating Distribution
31/03/2021

	BUY	HOLD	SELL	N.R.
N° Research reports issued in last 12 months: 27	89%	11%	0%	0%
Percentage of recommendations out of research total	89%	11%	0%	0%
Percentage of covered companies to which Banca Finnat offers investment services	100%	100%	-	-

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