THE BOARD OF DIRECTORS OF POWERSOFT S.P.A. APPROVED THE CONSOLIDATED HALF-YEAR REPORT AS AT 30 JUNE 2022

STAGGERING GROWTH IN FIRST HALF: KEY FINANCIAL INDICATORS UP AND PROFITABILITY ABOVE PRE-PANDEMIC LEVELS

CONSOLIDATED REVENUES AT EUR 19.7 MILLION (+24.7% YoY)
EBITDA MARGIN AT 19.2%, VS 13.4% AS OF 30 JUNE 2021
EBITDA UP 76.7% TO €3.7 MILLION AND NET PROFIT UP 53.7% TO €1.4 MILLION
POSITIVE NFP (CASH) OF 21.3 MILLION EURO

- Consolidated revenues at EUR 19.7 million, up 24.7% from EUR 15.8 million in H1 2021;
- EBITDA[1] at EUR 3.7 million, up 76.7% compared to EUR 2.1 million in H1 2021 (EBITDA margin at 19.2% vs 13.4%)
- EBIT at EUR 2.5 million, against EUR 0.9 million in H1 2021 (EBIT margin at 13.1% vs 5.5%);
- Net profit at €1.4 million, up 53.7% vs €0.9 million in H1 2021;
- Net Financial Position as at 30 June 2022 was positive (cash) and amounted to €21.3 million compared to €19.9 million as at 31 December 2021 and €11.4 million as at 30 June 2021.

Scandicci (Florence), 29 September 2022 - Powersoft S.p.A. (the "**Company**" or "**Powersoft**"), a company heading a technology group operating worldwide in audio amplification, signal processing and transduction systems for the pro-audio sector (the "**Group**" or "**Powersoft Group**") and listed on Euronext Growth Milan, today approved the consolidated half-year report for the six months ended June 30, 2022, prepared in accordance with International Financial Reporting Standards ("IAS/IFRS") and subject to limited audit.

The results of the first half of the financial year show a strong improvement in the main economic-financial aggregates and a profitability higher than the one achieved in the pre-pandemic years. These results confirm the validity of the strategic choices of the Group, which is beginning to benefit substantially from the effects of its strategic repositioning from Product Company to Solution Provider.

[1] EBITDA is defined by Powersoft as Earnings before Tax (EBT), as reported in the consolidated statement of profit/(loss), before: (i) finance income and expenses, (ii) amortisation of intangible assets, (iii) depreciation of tangible assets, (iv) provisions. Since EBITDA is not identified as an accounting measure under the IAS-IFRS adopted by the Company, the quantitative determination of the same may not be unambiguous.

Powersoft Group CEO Luca Lastrucci commented as follows:

"*The first half of 2022 was characterised by a challenging social and macroeconomic environment, a global increase in energy costs, and difficulties in sourcing electronic components. However, the Powersoft Group has stood by its commitment to growth and development, investing in strategic projects in line with its roadmap in order to offer top-notch solutions and products and to optimise production processes. We are pleased to confirm that the Group has reported excellent results, with double-digit order growth – both in the amplifier market and in the market of products for the vertical target segments within the Install sector – as well as an increase in profitability, thus confirming the validity of its strategy and business model.*

Going forward into 2022, Powersoft will continue to strive to consolidate its position in its two core markets, Install and Live, and in the countries with the greatest capacity for growth and potential, such as the US and Asia; it will also keep investing in R&D to respond punctually, competitively and efficiently to market demands, with excellent, innovative, compact, powerful and energy-efficient products, thus enhancing its role at national and international level".

Results to 30 June 2022

Economic Performance of the Group

(Amounts in thousands €)

	30/06/22	30/06/21	Change	Change %
Total revenue *	19,685	15,789	3,896	24.7%
EBITDA	3,696	2,091	1,605	76.7%
EBIT	2,531	861	1,670	194.0%
Net profit	1,402	912	490	53.7%

* Total revenue as of 30/06/2021 has been recalculated to take into account the different accountability of € 0,34 mln of revenues linked to the re-invoicing of raw materials into the cost of goods sold.

Consolidated revenues in the first half of 2022 amounted to Euro 19.7 million and increased by 24.7%, confirming market recovery and the success of the penetration strategy in target sectors.

The following table shows the breakdown by geographies of the Group's revenues in the first half of 2022 and compared to 2021:

(In thousands of Euro)	30/06/22	Impact on revenue	30/06/21	Impact on revenue	Change	Change %
EUROPE	9,962	51.72%	7,883	50.55%	2,079	26.37%
NAM	5,652	29.34%	4,053	25.99%	1,599	39.45%
APAC	2,848	14.79%	3,066	19.66%	-218	-7.10%
MEA	581	3.01%	494	3.17%	87	17.53%
CALA	220	1.14%	100	0.64%	120	119.57%
Revenues from sales	**19,262**	**100.00%**	**15,596**	**100.00%**	**3,666**	**23.51%**

Group sales revenue increased by 23.5% to Euro 19.3 million compared to Euro 15.6 million in the first half of the previous year. It should be noted that sales revenues realised during the first half of 2022 were approximately 7% higher than the corresponding figure for the first half of 2019, thus confirming the full recovery to pre-pandemic levels. The increase in core revenues was particularly striking in the US market, including Canada and South America, as well as in Europe, in line with the trend seen in the first half of 2021. The Asian market showed a slight decline compared to the previous half-year, but a recovery was reported during the current quarter.

The **cost of sales**, which mainly includes the purchase of goods and changes in inventory, transport costs and customs duties and other direct costs, totalled Euro 9.7 million, up year-on-year due mainly to the increase in volumes sold, but with a lower incidence on sales. This reduction is ascribable to various factors, among which it is worth highlighting: (i) the sale of products with higher margins; (ii) the adjustment of sales price lists that became necessary to offset the effects of the increase in raw material costs, thus limiting the negative effect on margins. Please note that 30 June 2021 was restated to consider the different accounting for €0.3 million related to the re-invoicing of raw materials.

The **Gross Contribution Margin** at 30 June 2022 was €10 million, up 35.4% from €7.4 million at 30 June 2021, but with a ratio to revenues that decreased from 47.1% to 51.7%. This change is substantially ascribable to: (i) the recognition under other revenues of grants and tax credits for €0.2 million in the first half of 2022; (ii) the less than proportional increase in the cost of sales reported above.

Consolidated **EBITDA** for the first half of 2022 amounted to a total of €3.7 million, up 76.7%, and representing 19.2% of revenue compared to 13.4% for the first half of 2021 and 18.8% for the respective half of 2019. During the first half of 2022, operating structure costs – and in particular expenses related to the commercial department – increased compared to the previous half-year, a sign of recovery in the business of reference and investments in marketing aimed at increasing sales volumes.

Depreciation and amortisation and accruals to the risk provisions, mainly relating to the product warranty provision, totalled Euro 1.1 million, in line with the figure for the same period of the previous year, also confirming the company's constant focus on investments in R&D, of which the Group capitalised Euro 0.5 million in the half-year period, recorded under intangible assets as required by IAS 38.

Consolidated EBIT (Operating Profit) for the period amounted to Euro 2.5 million, up from Euro 0.9 million in the previous half-year, with an EBIT margin that increased from 5.5% to 13.1%, mainly due to the aforementioned increase in operating margins.

The **Consolidated Net Profit** was positive and amounted to Euro 1.4 million, a 54% increase against Euro 1 million in the previous half-year, with a 7.3% margin on sales. However, the net profit was affected by the negative effect of the fair value valuation of the securities portfolio, which, gross of the tax effect, resulted in a charge of Euro 0.6 million.

Group Balance Sheet and Financial Performance

(values in thousands of Euro)	30/06/2022	31/12/2021	Change	Change %
Non-current assets	3,405	3,300	105	32%
Non-current liabilities	2,152	2,341	(189)	-8.1%
Current assets	35,956	31,604	4,352	13.8%
Current liabilities	11,144	7,503	3,642	48.5%
Difference between current assets and current liabilities	24,812	24,101	711	2.9%
Shareholders' equity	26,064	25,060	1,004	4.0%

Net working capital shows a slight decrease compared to 31 December 2021 mainly due to: (i) an increase in payables to suppliers that became necessary both to support the increase in sales volumes and for the stocking policy, needed to limit shortage risks. In this regard, it should also be noted that there are no overdue positions of more than 365 days; (ii) an increase in trade receivables mainly related to the rise in turnover in the six-month period concerned; (iii) an increase in inventories, especially of raw materials and semi-finished products, deriving from a corporate strategy aimed at mitigating the risk of delays in procurement and availability of goods to meet prospective customer demand.

The **Net Financial Position** at 30 June 2022 was positive at €21.3 million (€19.9 million at 31 December 2021). It is mainly composed of cash and cash equivalents for €17 million, securities in portfolio for €5.3 million and negative items for €0.9 million, relating both to the accounting of operating lease payables arising from the application of IFRS 16 and subsidised loans obtained from Simest S.p.A..

The consolidated balance sheet reported above shows a situation capable of guaranteeing the Group the capital strength and financial elasticity necessary to best meet its commercial and industrial needs, as well as the Group's future growth targets.

Significant events during the half-year

On **27 January 2022**, Powersoft announced the relocation of its US headquarters to a new, larger office in Flanders, New Jersey, and appointed Sara Schiffler, a highly regarded professional with over 20 years of experience in the proAV industry, as Business Development Manager for the US region. Sara will be responsible for developing new business opportunities for the Group, promoting the Powersoft brand as a leading amplifier manufacturer as well as a provider of integrated audio solutions throughout the US.

On **1 February 2022**, Powersoft announced the composition of the new share capital, amounting to €1,226,177.18 broken down into a total of 11,709,992 ordinary shares, following the exercise of 324,700 options under the 2018-2020 Stock Option Plan by the directors, Luca Lastrucci (CEO), Claudio Lastrucci, Antonio Peruch and Lorenzo Lepri. The subscription of the aforementioned shares increased the free float from 16.74% to 19.05% and allowed the Company to raise capital totalling Euro 1.1 million.

In **April** 2022, the Powersoft Group, as part of its international growth project, strengthened its customer support team in the United States with the addition of three new resources. Following the relocation of its headquarters to Flanders, New Jersey, Powersoft is firmly targeting the American market, which is considered strategic and a benchmark in its sector.

On **16 June 2022**, the Group announced the composition of the new share capital, amounting to Euro 1,227,787.65 broken down into a total of 11,725,372 ordinary shares, following the exercise of 15,380 options to service the "2018-2020 Incentive Plan".

Significant events after the end of the first half of 2022

On **22 July 2022**, Powersoft announced the signing of a major Agreement with Christie® for the supply of a range of high-end professional amplifiers to enhance its Vive Audio™ line array cinema loudspeakers. The amplifier platforms in question are the Duecanali and Quattrocanali, which offer excellent audio quality and complement the Vive Audio cinematic line array speakers to further enhance the immersive sound experience of Christie Vive Audio.

Foreseeable Evolution of Operations

The results for the first half of the year show a marked improvement in all the main economic-financial aggregates and a return of growth and profitability to pre-pandemic levels.

These results confirm the validity of the Group's strategic choices and of its repositioning from Product Company to Solution Provider. Growth was mainly driven by the Install segment, whose demand was particularly robust especially in vertical markets such as Hospitality, Retail, Higher Education, Houses of Worship, Venues, on which the Group has focused its business. The gradual reopening of live events also allowed for a recovery in demand in the proAudio sector.

The good trend in demand continues to be reflected in the order backlog, where the Group continues to record significant growth both in the traditional amplifier market and in new solutions/products aimed at the target vertical segments within the Install sector.

There is still a strong focus on raw material procurement and production costs, despite the fact that the Group has been able, also thanks to an ever-increasing operating flexibility, to partially contain the impacts deriving from the shortage in electronic components and the consequent increase in costs.

The year 2022 opened with a renewed worsening of the macroeconomic context, affected by strong geopolitical tensions, the progressive deterioration of inflation and the ongoing of limitations in the procurement of components. In this regard, the Group continues to believe that, at present, the Russia-Ukraine crisis will have a limited direct impact on the Powersoft Group's turnover and financial exposure. On the other hand, there remains a strong focus on raw material procurement and production costs, although it is difficult to estimate the resulting effects.

For the remainder of the current year, Powersoft intends to continue its growth strategy in its two core markets, Install and Live, particularly in the areas with the greatest capacity for growth, such as Asia and the US, where the Group is gaining more and more visibility thanks to recent recruitment and the relocation of the US headquarters to New Jersey. The Group will also continue to invest in R&D to respond efficiently to market needs with innovative, compact, powerful and energy-efficient products, thus gaining increasing credibility nationally and internationally.

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Filing of Documentation

The documentation relating to the Consolidated Half-Year Report as at 30 June 2022, as required by the regulations in force, will be available to the public, within the terms of the law, at the company's registered office, as well as on the company's website www.powersoft.com (Investor Relations section) and on the Borsa Italiana website, within the terms of the applicable laws and regulations.

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This press release contains forward-looking statements regarding the Powersoft Group's intentions, beliefs or current expectations with respect to the Group's financial results and other aspects of its business and strategies. The reader of this release should not place undue reliance on such forward-looking statements as actual results could differ materially from those contained in such forward-looking statements as a result of a variety of factors, most of which are outside the Group's control.

ABOUT POWERSOFT:

Powersoft S.p.A. was founded in 1995 by two brothers Luca and Claudio Lastrucci and Antonio Peruch, is based in Scandicci (Florence) and is a world technology leader in audio amplification, signal processing and transduction systems for the pro-audio sector. The Group's business is mainly in light power amplifiers with high efficiency and audio quality, which are offered to a domestic and international clientele. Distribution in the North American market (U.S.A.) is through the company Powersoft Advanced Technologies Corp., currently a 100% subsidiary, while marketing in the other markets (South America, Asia, Europe and the Rest of the World) is managed by a network of multi-brand distributors and through management relationships. The Group currently employs more than 110 highly qualified resources and has a worldwide sales network. Research and Development activities are carried out directly within the Group, while production relies both on its own internal production lines and on highly selected suppliers operating in Italy and abroad.

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ENCLOSED ARE THE INCOME STATEMENT, BALANCE SHEET, CASH FLOW STATEMENT AND NET FINANCIAL POSITION OF THE POWERSOFT GROUP AS AT 30 JUNE 2022

INCOME STATEMENT

	30/06/22	Impact on revenue	30/06/21	Impact on revenue
Revenues	19,262	100.0%	15,596	100.0%
Other revenues	423	2.2%	193	1.2%
Cost of sales	(9,731)	-50.5%	(8,436)	-54.1%
GROSS CONTRIBUTION MARGIN	**9,953**	**51.7%**	**7,353**	**47.1%**
Increases for internal work	490	2.5%	589	3.8%
Commercial expenses	(680)	-3.5%	(453)	-2.9%
Personnel	(4,437)	-23.0%	(4,114)	-26.4%
General and administrative expenses	(1,631)	-8.5%	(1,283)	-8.2%
EBITDA	**3,696**	**19.2%**	**2,091**	**13.4%**
Depreciation of tangible fixed assets	(389)	-2.0%	(422)	-2.7%
Depreciation of untangible fixed assets	(505)	-2.6%	(557)	-3.6%
Provisions	(272)	-1.4%	(252)	-1.6%
EBIT	**2,531**	**13.1%**	**861**	**5.5%**
Financial expenses	(830)	-4.3%	(26)	-0.2%
Financial income	325	1.7%	375	2.4%
Profit before tax (EBT)	**2,026**	**10.5%**	**1,210**	**7.8%**
Income Taxes	(624)	-3.2%	(298)	-1.9%
Net result from continuing operations	**1,402**	**7.3%**	**912**	**5.8%**
Operating assets held for sale	-	0.0%	-	0.0%
Net profit	**1,402**	**7.3%**	**912**	**5.8%**

BALANCE SHEET

	30/06/22	31/12/21	Change	Change %
Tangible fixed assets	849,934	682,860	167,074	24.5%
Assets for right of use	624,837	833,116	(208,279)	-25.0%
Intangible fixed assets	1,255,115	1,220,377	34,738	2.8%
Financial Fixed Assets	5,000	5,000	-	0.0%
Capital assets	**2,734,886**	**2,741,353**	**(6,467)**	**-0.2%**
Inventories	8,361,550	6,319,579	2,041,971	32.3%
Trade receivables	3,964,682	2,550,924	1,413,758	55.4%
Other current assets	1,456,840	1,787,471	(330,631)	-18.5%
Liabilities from contracts	-	-	-	0.0%
Trade payables	(8,291,691)	(5,261,035)	(3,030,656)	57.6%
Other current liabilities	(2,417,398)	(1,808,435)	(608,963)	33.7%
Net working capital	**3,073,984**	**3,588,504**	**(514,520)**	**-14.3%**
Other non-current assets (liabilities)	(1,063,576)	(1,264,725)	201,149	-15.9%
Net invested capital	**4,745,294**	**5,065,132**	**(319,838)**	**-6.3%**
Cash and cash equivalents	16,906,123	15,000,623	1,905,500	12.7%
Financial assets	5,266,688	5,944,956	(678,267)	-11.4%
Non-current financial liabilities	(419,019)	(517,981)	98,962	-19.1%
Current financial liabilities	(435,139)	(433,211)	(1,927)	0.4%
Net financial position	**21,318,653**	**19,994,386**	**1,324,266**	**6.6%**
Share capital	(1,227,788)	(1,192,177)	(35,610)	3.0%
Other equity instruments	(299,872)	(523,702)	223,830	-42.7%
Share premium reserve	(7,532,243)	(6,169,886)	(1,362,357)	22.1%
Reserves	(15,601,912)	(14,910,899)	(691,014)	4.6%
Profit for the period	(1,402,132)	(2,262,856)	860,723	-38.0%
Total equity	**(26,063,947)**	**(25,059,519)**	**(1,004,428)**	**4.0%**
Total sources	**(4,745,294)**	**(5,065,132)**	**319,838**	**-6.3%**

CASH FLOW STATEMENT

Cash Flow Statement - Indirect Method	30/06/22	30/06/21
Profit for the period	**1,402,132**	**912,041**
Depreciation and amortisation	893,366	978,959
Provisions and write-downs	272,468	251,553
Interest paid/collected	504,594	(348,827)
Taxes and duties for the period	623,867	297,656
Change in inventories	(2,041,971)	2,122,588
Change in liabilities from contracts	-	(264,105)
Change in trade receivables	(1,413,758)	(1,066,054)
Change in trade payables	3,030,656	(1,559,190)
Change in current and deferred taxes	(92,383)	(148,174)
Change in other liabilities	608,963	953,963
Change in other assets	330,631	268,561
Change in provisions for risks and charges	(215,746)	(159,723)
Change in employee benefits	(18,338)	(14,136)
Taxes (paid)/received	(623,867)	(297,656)
Net cash flow from operating activities	**3,260,614**	**1,927,458**
(Investment)/disposal of property, plant and equipment	(347,545)	(58,390)
(Investments)/disposals in intangible assets	(539,354)	(691,294)
Net cash flow from investing activities	(886,899)	(749,685)
Issuance and (repayment) of medium-/long-term loans	**(97,034)**	**(214,498)**
Change in financial assets	678,267	-
Capital increase	35,610	859
Stock options	(223,830)	24,722
Other changes in shareholders' equity	(356,636)	156,931
Financial income/expenses	(504,594)	348,827
Net cash flow from financing activities	(468,215)	316,841
Total cash flow generated/(absorbed) in the year	1,905,500	1,494,613
Cash and cash equivalents at the beginning of the period	15,000,623	10,984,139
Cash and cash equivalents at the end of the period	16,906,123	12,478,753
Net cash flow from financing activities	**(468,215)**	**316,841**
Total cash flow generated/(used) in the period	**1,905,500**	**1,494,613**
Cash and cash equivalents at the beginning of the period	**15,000,623**	**10,984,139**
Cash and cash equivalents at the end of the period	**16,906,123**	**12,478,753**

CONSOLIDATED NET FINANCIAL POSITION

	30/06/22	31/12/21
(A) Bank and postal deposits	16,905	14,999
(B) Cash	1	2
(C) IMMEDIATE LIQUIDITY (A+B)	**16,906**	**15,001**
(D) CURRENT FINANCIAL ASSETS	**5,267**	**5,945**
(E) Current bank debts		
(F) Other current financial liabilities	(435)	(433)
(G) CURRENT FINANCIAL DEBT (E+F)	**(435)**	**(433)**
(H) NET CURRENT FINANCIAL POSITION (C+D+G)	**21,738**	**20,512**
(I) Non-current bank payables		-
(L) Other non-current financial liabilities	(419)	(518)
(M) NON-CURRENT FINANCIAL DEBT (I+L)	**(419)**	**(518)**
(N) NET FINANCIAL POSITION (H+M)	**21,319**	**19,994**