



Financial Report 2023

LETTER TO SHAREHOLDERS

Shareholders,

We close 2023 with **Powersoft celebrating its best results to date**. It was a pivotal and challenging year, during which the Group achieved remarkable milestones and expanded the brand's presence into new geographies. Volumes and margins **surged by double digits** in both the Fixed Installation and Live-Touring sectors, underscoring the effectiveness of our strategic decisions focused on excellence and sustainability.

Powersoft has proven its ability to **exceed expectations** and pursue **ambitious goals**.

Consolidated revenue in 2023 amounted to Euro **70.3 million**, up by **44.2%** versus Euro 48.8 million in 2022, confirming the success of the development strategy implemented. The increase in sales was particularly strong in the **European and Asian markets**, with increases of 71.8% and 71.5%, respectively, versus 2022, across all business lines. **EBITDA** totaled Euro **19.7 million**, increasing by **59.7%** versus Euro 12.4 million in the prior year, accounting for 28.5% of sales revenue, up versus 2022. **Net Profit** almost doubled to reach Euro **12.1 million** (versus a profit of Euro 6.3 million in 2022), accounting for 17.4% of sales. Thanks to strong cash generation, the Group's **net financial position** at December 31, 2023 stood at a positive (net cash) Euro **17.8 million** versus Euro 15.0 million at June 30, 2023, despite the payout of dividends (ordinary and extraordinary) totaling Euro 9.7 million in the year. Consolidated equity at December 31, 2023 stood at Euro 34.4 million versus Euro 31.1 million in the prior year.

During 2023, Powersoft continued to strengthen its **presence in key areas** for its business, bolstering its U.S. operations by appointing Thomas Howie as Business Development Manager, and investing in the **Asia Pacific** regions, such as **China** and **Japan**, aiming to increase and accelerate business penetration in markets with higher growth potential. We forged **major partnerships** with international leaders such as Bose Professional, Vega Global, and Cinemanext, recognizing Powersoft for its audio performance, high reliability, and energy efficiency of its products. A special mention must also be made of the significant **technological contribution to Sphere in Las Vegas**, the largest next-generation entertainment arena, which uses our cutting-edge technology for immersive sound and haptic seating.

These achievements are a testament to the dedicated **efforts of our teams located** across the globe, of all **our co-workers** and **our Management**. They consistently lead the way, ensuring a resilient and efficient organization capable of navigating the evolving market landscape.

We continue to look towards the **future**. 2024 has already kicked off with major agreements and projects, including a **technology partnership with Ferrari**. Powersoft will continue investing in R&D to meet market and customer needs, upholding our mission "**Driving Human Audio Experience**". Additionally, with the construction of the **Powersoft Human Audio Experience Center**, our new **innovative facility** focused on **sustainability**, the Group will benefit from a more efficient and streamlined space and structure. The centralized hub will bring together all business areas, equipped with **state-of-the-art equipment** to enhance departmental capabilities, foster team synergy, and optimize operational costs.

We proceed on our journey with confidence and enthusiasm, well aware of our value and uniqueness. **We extend our heartfelt thanks** to all those who trust in us and contribute daily to the success of this great project.



For the Board of Directors,

Luca Lastrucci

Chief Executive Officer

Carlo Lastrucci

Chairman of the Board of Directors



POWERSOFT GROUP

Consolidated report on operations and Parent Company figures

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1. Foreword to the financial statements and consolidated financial statements at December 31, 2023

The financial statements and consolidated financial statements of Powersoft S.p.A. at December 31, 2023 were prepared in accordance with the International Financial Reporting Standards ("IAS/IFRS"), in effect at the end of this year, issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union. IFRS is used to mean all the international accounting standards ("IAS") and all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), formerly the Standing Interpretations Committee ("SIC").

The purpose of these financial statements is to present the financial position, results of operations and cash flows of Powersoft S.p.A. ("Powersoft" or the "Parent Company") and its subsidiaries at December 31, 2023, in accordance with the International Financial Reporting Standards ("IAS/IFRS").

In the year ended December 31, 2023, the Group achieved a profit of Euro 12,062 thousand versus Euro 11,934 thousand of the Parent Company.

The financial figures presented and commented on below were prepared based on Powersoft Group's separate and consolidated financial statements at December 31, 2023, since, in accordance with the provisions of current regulations, it was considered more appropriate to consolidate the reports on operations for a comprehensive analysis of the Company's and the Group's income and financial performance, providing a more meaningful assessment.

2. Company and Group overview

Powersoft S.p.A., established in 1995, headquartered in Scandicci (Florence) and listed on the Euronext Growth Milan market of Borsa Italiana ("Powersoft"), is a global technology leader in audio amplification systems, signal processing and transducer systems for the pro-Audio sector. In recent years, in response to a changing landscape marked by significant macroeconomic uncertainties and a progressively challenging procurement system, Powersoft Group has undertaken a strategic repositioning effort. This effort involves transitioning from a Product Company to a Solution Provider, expanding into vertical market segments within the Install sector (such as Hospitality, Retail, Higher Education, Houses of Worship, and Venues). Additionally, the Group is dedicated to enhancing its portfolio of offerings and bolstering its international footprint.

Powersoft Group operates globally, with over 90% of its sales originating from foreign markets. The Group maintains a direct and indirect presence in 110 countries across the globe. Distribution in the North American (U.S.) market is handled by the wholly-owned subsidiary Powersoft Advanced Technologies Corp., while marketing in other regions (South-America, Asia, Europe and Rest of the World) is managed through a network of multi-brand distributors and through management relationships. As part of the international strategic development plan aimed at reinforcing existing sales channels and expanding into high-growth regions, a representative office was opened in Shenzhen, People's Republic of China in 2021. Subsequently, it was relocated to Beijing. In 2023, the Group also bolstered its presence in Japan by opening a representative office. This expansion aims to accelerate business penetration in Japan, a strategic market identified for its significant growth potential.

Production activities are primarily conducted at company-owned plants in Scandicci, which employ approximately 140 resources. Additionally, partnerships with leading industry players in Bologna, Cortona, Gorizia, Modena, and Vicenza involve over 100 resources. The main activities involving R&D, technical support, marketing, sales, logistics, warehouse and corporate are also carried out in Italy.

Powersoft holds over 40 international patents in the field of audio amplification, registered in more than 30 countries. Its annual R&D investments exceed Euro 3 million, demonstrating its steadfast commitment to innovation and development of new solutions. Also instrumental in achieving these goals is Ideofarm, a

wholly-owned subsidiary of Powersoft, established as an incubator of initiatives and an accelerator of innovative high-tech projects.

Powersoft S.p.A., as the Parent Company, owns 100% of the share capital of Powersoft Advanced Technologies Corp. and Ideofarm S.r.l. (together the "Powersoft Group" or the "Group").

There were no changes in the consolidation scope in the reporting period, allowing for YoY comparisons on an organic basis.

3. Highlights

The tables below show a summary of the main income and financial highlights of Powersoft Group and of Powersoft S.p.A. for 2023, compared with the same figures of the prior year:

Group income statement

<i>(Euro thousands)</i>	31/12/2023	31/12/2022(*)	Change	% change
Total revenue	70,337	48,793	21,544	44.2%
EBITDA	19,721	12,351	7,370	59.7%
EBIT	16,641	9,900	6,741	68.1%
Net profit (loss)	12,062	6,347	5,715	90.0%

(*) The figures at 31/12/22 have been restated by purpose

Group statement of financial position

<i>(Euro thousands)</i>	31/12/2023	31/12/2022	Change	% change
Non-current assets	5,780	4,178	1,602	38.3%
Non-current liabilities	3,701	2,563	1,138	44.4%
Current assets	54,021	44,211	9,810	22.2%
Current liabilities	21,717	14,680	7,037	47.9%
Difference between current assets and current liabilities	32,304	29,531	2,773	9.4%
Equity	34,383	31,146	3,237	10.4%

Group statement of cash flows

<i>(Euro thousands)</i>	31/12/2023	31/12/2022	Change	% change
Cash flow from operations	6,320	8,173	(1,853)	-22.7%
Cash flow from investing activities	(2,723)	(2,082)	(641)	30.8%
Cash flow from financing activities	(9,441)	(817)	(8,625)	1055.9%
Total cash flow	(5,845)	5,274	(11,119)	-210.8%

Group net financial position

<i>(Euro thousands)</i>	31/12/2023	31/12/2022	Change	% change
Available cash	14,430	20,275	(5,845)	-28.8%
Current financial assets	5,541	5,234	306	5.9%
Current financial debt	(779)	(567)	(212)	37.3%
Current net financial position	19,192	24,942	(5,750)	-23.1%
Non-current financial debt	(1,414)	(680)	(734)	107.8%
Net financial position	17,778	24,261	(6,484)	-26.7%

This section shows the main figures of the Parent Company.

Parent Company income statement

<i>(Euro thousands)</i>	31/12/2023	31/12/2022(*)	Change	% change
Total revenue	67,514	46,686	20,828	44.6%
EBITDA	19,318	12,240	7,078	57.8%
EBIT	16,358	9,936	6,422	64.6%
Net profit (loss)	11,934	6,368	5,567	87.4%

(*) The figures at 31/12/22 have been restated by purpose

Parent Company statement of financial position

<i>(Euro thousands)</i>	31/12/2023	31/12/2022	Change	% change
Non-current assets	5,123	3,430	1,693	49.4%
Non-current liabilities	3,513	2,216	1,296	58.5%
Current assets	53,851	44,425	9,426	21.2%
Current liabilities	21,598	14,918	6,680	44.8%
Difference between current assets and current liabilities	32,254	29,508	2,746	9.3%
Equity	33,864	30,722	3,143	10.2%

Parent Company statement of cash flows

<i>(Euro thousands)</i>	31/12/2023	31/12/2022	Change	% change
Cash flow from operations	6,930	7,076	(146)	-2.1%
Cash flow from investing activities	(2,672)	(2,034)	(638)	31.4%
Cash flow from financing activities	(9,347)	(746)	(8,602)	1153.1%
Total cash flow	(5,089)	4,296	(9,385)	-218.5%

Parent Company net financial position

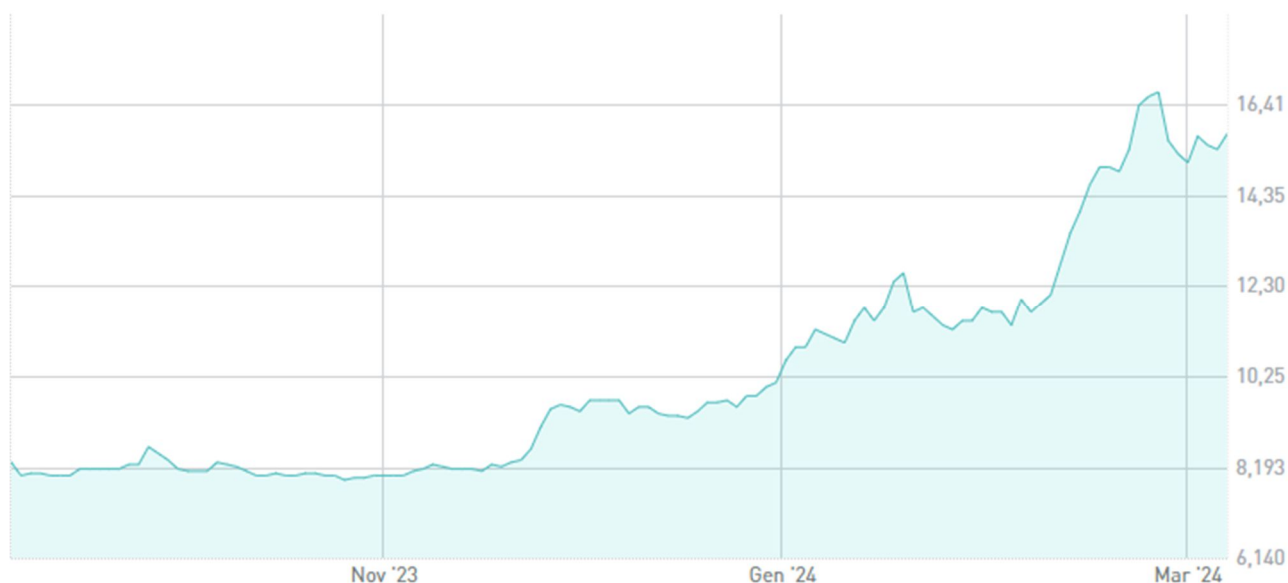
<i>(Euro thousands)</i>	31/12/2023	31/12/2022	Change	% change
Available cash	13,472	18,562	(5,089)	-27.4%
Current financial assets	5,541	5,234	306	5.9%
Current financial debt	(693)	(482)	(211)	43.8%
Current net financial position	18,320	23,314	(4,994)	-21.4%
Non-current financial debt	(1,242)	(414)	(828)	200.2%
Net financial position	17,078	22,900	(5,823)	-25.4%

4. Share performance

Powersoft S.p.A.'s shares have been listed since December 13, 2018 on the Euronext Growth Milan market, a multilateral trading facility organized and managed by Borsa Italiana S.p.A..

At December 31, 2023, the closing price of the Powersoft share stood at Euro 10.10, resulting in a market capitalization of approximately Euro 120.5 million versus an IPO price of Euro 3.60.

Below is the performance of Powersoft's share during the final months of 2023 and the initial months of 2024:



5. Macroeconomic context

Macroeconomic scenario

According to recent IMF forecasts (January 2024), the global economy is gradually recovering, with expected growth of +3.1% this year and +3.2% in 2025. The forecast for the current year is slightly higher, by 0.2%, than estimated in the October 2023 World Economic Outlook. This is attributed to the greater-than-expected resilience of the economy in the United States and several large emerging markets, as well as the fiscal measures implemented by China.

In detail, GDP growth in 2024 for the Eurozone is anticipated at +0.9%, with no country experiencing negative growth, and for the United States at +2.1%.

Regarding China, the prior year ended in line with initial forecasts, showing a growth of +5.2%. This growth was primarily bolstered by government benefits aimed at boosting household cash flow and, consequently, spending power. In 2024, however, lower growth of +4.6% is anticipated due to a further deepening of the housing crisis, which could exert downward pressure on commodity prices both locally and globally.

For Japan, after closing 2023 at +1.9%, projections for the current year stand at 0.9%.

The global forecast for 2024-2025, however, falls below the historical average (2000-2019) of 3.8%, with benchmark rates from central banks still expected to remain high to combat inflation. This is coupled with a withdrawal of fiscal support amid high debt burdening economic activity and low productivity growth.

Even against the backdrop of a clear deflationary trend on a global scale, the IMF advocates for cautious forecasts when it comes to combating inflation. Interest rates, according to IMF estimates, are expected to stay at current levels for the Federal Reserve, the European Central Bank, and the Bank of England until the second half of 2024. They are anticipated to gradually decline as inflation approaches targets. The paper also predicts that the Bank of Japan will maintain an accommodative stance.

On the trends of world economies, however, new risks are on the horizon: the conflict in Gaza and Israel could further intensify tensions in the Middle East. This region produces a significant portion of the world's oil and gas exports and serves as a transit point for many goods. Repeated attacks in the Red Sea, the ongoing war in Ukraine, and worsening real estate conditions in China are likely to generate new adverse supply-side shocks to the global recovery.

Industry scenario

According to recent industry studies, estimates of professional AV growth settle for the five-year period 2023 - 2028 returning to pre-pandemic levels, with a CAGR of approximately 6%. However, this shows a steeper curve in the early years due to the post-pandemic "rebound" effect.

Despite facing challenging macroeconomic conditions in 2023, the professional AV industry witnessed positive developments. The reduction of supply problems, coupled with emerging trends such as the growing "experience economy", and the full return of live events, contributed to this progress. The increasing convergence with the IT world, particularly for commercial-type installations, has driven innovations focused on expanding the overall value of products. However, this progress has not compromised the specificity of the AV sector, whose demands and skills largely remain independent of the IT world.

The installation AV market is anticipated to maintain a steady positive trend, in both commercial and especially performance segments. There are promising prospects for both established and future projects, with a growing emphasis on immersive experiences.

The expansion of the Unica platform and the extension of the MyUniverso Cloud platform to the entire Powersoft portfolio align with the above trends. Their primary target is the fastest-growing vertical markets at this time, fostering increased integration with the IT world.

6. Group and Company performance

Group results

To better present the results of operations of 2023, below are the main income aggregates of Powersoft Group versus the corresponding figures in the same period of the prior year.

To better present the items in accordance with IFRS, versus the prior year, amortization/depreciation, allocations and indirect personnel have been reclassified under the items business and marketing and general and administrative expense.

<i>(Euro thousands)</i>	31/12/2023	Percentage on revenue	31/12/2022(*)	Percentage on revenue
Revenue from contracts with customers	69,277	100.0%	48,210	100.0%
Other revenue	1,060	1.5%	583	1.2%
Total Revenue	70,337		48,793	
Cost of sales	(37,183)	-53.7%	(24,885)	-51.6%
Increases for internal work	1,349	1.9%	965	2.0%
Business and marketing expense	(5,150)	-7.4%	(4,059)	-8.4%
General and administrative expense	(12,711)	-18.3%	(10,914)	-22.6%
EBIT	16,641	24.0%	9,900	20.5%
Financial expense	(832)	-1.2%	(1,755)	-3.6%
Financial income	821	1.2%	721	1.5%
EBT	16,631	24.0%	8,866	18.4%
Income tax	(4,569)	-6.6%	(2,519)	-5.2%
Net profit (loss) from continuing operations	12,062	17.4%	6,347	13.2%

(*) The figures at 31/12/22 have been restated by purpose

EBITDA reconciliation

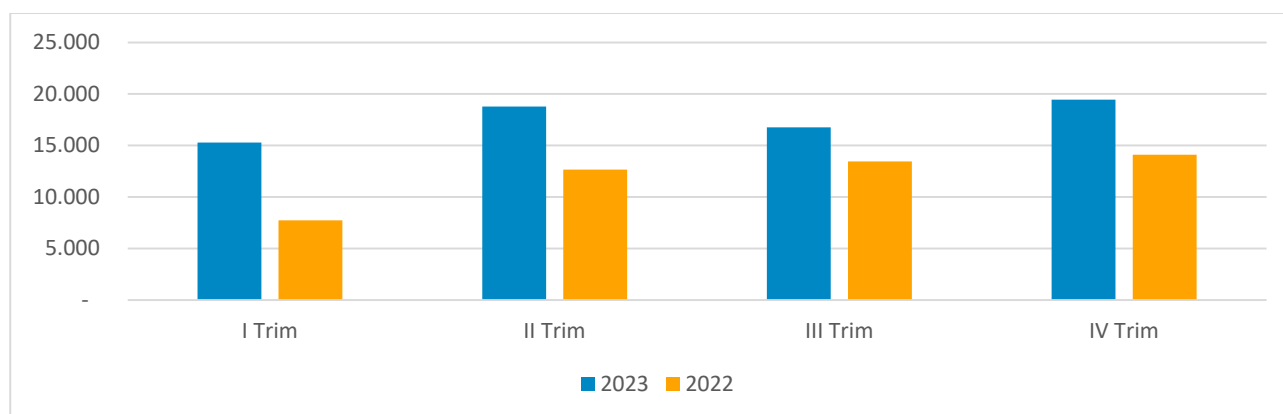
(Euro thousands)	2023	Percentage on revenue	2022	Percentage on revenue
EBIT	16,641	24.0%	9,900	20.5%
Amortization/depreciation	2,515	3.6%	2,020	4.2%
Allocations	564	0.8%	431	0.9%
EBITDA (*)	19,721	28.5%	12,351	25.6%

(*) EBITDA is defined as Earnings Before Tax (EBT), as indicated in the consolidated statement of profit/(loss), gross of: (i) financial income and expense, (ii) amortization of intangible assets, (iii) depreciation of tangible assets, and (iv) allocations. Since EBITDA is not recognized as an accounting measure under the IFRSs adopted by the European Union, its quantification may not be straightforward.

(**) EBITDA is a metric identified and utilized by the Group to monitor and assess its operating performance. However, since it is not defined within the IFRS framework, it might not be comparable to similar measures adopted by other groups. Consequently, it should not be used as an alternative metric for evaluating the performance of the Group's operations. The Company regards EBITDA as a crucial metric for evaluating the Group's performance, as it facilitates analysis of the Group's margins by excluding the effects generated by non-recurring income elements.

Total consolidated revenue in 2023 amounted to Euro 70.3 million, growing sharply by approximately 44.2% versus Euro 48.8 million in the prior year.

Specifically, as shown in the graph below summarizing the trend of quarterly consolidated revenue for 2022 and 2023, all quarters accelerated versus the quarters of the prior year.



The table below shows the breakdown by geographical area of Group revenue from sales in 2023 versus the figure of 2022:

	2023	Percentage of revenue from sales	2022	Percentage of revenue from sales	Change	% change
Europe	35,818	51.7%	20,848	43.20%	14,970	71.80%
North America (NAM)	17,512	25.3%	18,316	38.00%	-804	-4.39%
Asia and Pacific (APAC)	12,675	18.3%	7,391	15.30%	5,284	71.50%
Middle East and Africa (MEA)	1,900	2.7%	1,123	2.30%	777	69.23%
Caribbean and South America (CALA)	1,371	2.0%	532	1.10%	839	157.79%
Revenue from sales	69,277	100.0%	48,210	100.00%	21,067	43.7%

Group revenue from sales grew by 43.7% to Euro 69.3 million from Euro 48.2 million in the prior year. Versus the prior year, the Group's sales growth was notably strong in the European and Asian markets, where it increased by 71.8% and 71.5%, respectively, versus 2022.

The cost of sales mainly includes goods purchases and inventory changes, direct and indirect production labour costs, transportation costs and customs duties, and other direct costs. At December 31, 2023, the cost of sales totaled Euro 37.2 million, up versus the prior year, mainly due to the increase in volumes sold.

Mention should be made that the cost of sales at December 31, 2022 was restated to consider the different accounting of Euro 0.5 million in costs for direct and indirect production personnel, overhead costs, and amortization and depreciation related to the production area.

Consolidated EBITDA in 2023 totaled Euro 19.7 million, up by Euro 7.4 million and accounting for 28.5% of sales, up versus the prior year when the percentage stood at 25.6%. In 2023, operating structure costs, personnel-related expense in particular, increased in absolute terms but at a slower rate versus the prior year. This indicates the success of expenditure to achieve operating leverage.

Consolidated EBIT stood at Euro 16.6 million, up from Euro 9.9 million in the prior year, with an EBIT margin rising from 20.5% to 24.0%. This change is mainly attributable to the mentioned increase in EBITDA.

Financials closed with a negative Euro 0.01 million, an improvement from a negative Euro 1 million in the prior year, mainly due to the impact of exchange rates.

Consolidated Net Profit ended at Euro 12.1 million, up by 90% versus Euro 6.3 million in 2023 and accounting for 17.4% of sales.

Group statement of financial position

Below is Powersoft Group's financial position at December 31, 2023, reclassified according to the allocation criteria of source and utilization and compared with the figures of the prior year:

<i>(Euro thousands)</i>	31/12/2023	31/12/2022	Change	% change
Tangible fixed assets	1,497	1,082	415	38.4%
Assets from right of use	1,485	758	727	96.0%
Intangible fixed assets	1,785	1,385	401	28.9%
Financial fixed assets	-	5	(5)	-100.0%
Fixed capital	4,768	3,230	1,538	47.6%
Inventory	17,544	9,680	7,864	81.2%
Trade receivables	10,933	6,455	4,479	69.4%
Other current assets	5,573	2,567	3,006	117.1%
Trade payables	(16,560)	(8,963)	(7,598)	84.8%
Other current liabilities	(4,378)	(5,150)	772	-15.0%
Net working capital	13,112	4,589	8,523	185.7%
Other non-current assets (liabilities)	(1,275)	(935)	(341)	36.4%
Net capital employed	16,605	6,884	9,721	141.2%
Cash and cash equivalents	14,430	20,275	(5,845)	-28.8%
Financial assets	5,541	5,234	306	5.9%
Non-current financial liabilities	(593)	(414)	(179)	43.4%
Non-current financial liabilities from rights of use	(821)	(267)	(554)	207.8%
Current financial liabilities	(95)	(58)	(37)	63.8%
Current financial liabilities from rights of use	(683)	(509)	(175)	34.3%
Net financial position	17,778	24,261	(6,484)	-26.7%
Share capital	(1,249)	(1,228)	(21)	1.7%
Reserves	(21,072)	(23,570)	2,498	-10.6%
Profit (loss) for the period	(12,062)	(6,347)	(5,715)	90.0%
Total equity	(34,383)	(31,146)	(3,237)	10.4%
Total sources	(16,605)	(6,884)	(9,721)	141.2%

Notes:

Fixed assets: the amount of assets with long-term useful life (*tangible, intangible and financial*).

Other current assets: include tax receivables and other current assets.

Other current liabilities: include tax liabilities and other current liabilities.

Net working capital: the amount of inventory, trade receivables and other current assets less trade payables and other current liabilities.

Other non-current assets (liabilities): the amount of deferred tax assets and other non-current assets net of obligations from post-employment benefits, the amount of provisions for future risks and charges, and deferred tax liabilities.

Net capital employed: total sources of capital resulting from the above assets and liabilities.

Net financial position: a financial metric that represents the Group's solvency level, given by the difference between cash and cash equivalents and current financial assets, and payables to banks and other financial liabilities due within one year, of other non-current financial liabilities and medium- and long-term financial payables.

Equity: the amount of Group equity.

Below are certain considerations regarding the main changes in the Group's assets and liabilities, reclassified for operational purposes.

Consolidated net working capital increased versus December 31, 2022, mainly due to: (i) an increase in payables to suppliers, both as a result of the increase in sales volumes and due to the stocking policy implemented by the Group in order to reduce product shortage risks; (ii) an increase in trade receivables mainly related to the increase in turnover in the year; (iii) an increase in inventory, raw materials and semi-finished products in particular, stemming from a business strategy aimed at mitigating the risk of procurement delays and ensuring the availability of goods to meet anticipated customer demand.

The Group's net financial position at December 31, 2023 stood at a positive (net cash) Euro 17.8 million. It consists mainly of cash and cash equivalents of Euro 14.4 million, portfolio securities of Euro 5.5 million, and debit items of Euro 2.2 million, mostly related to the accounting of operating lease payables arising from the application of IFRS 16 and to subsidized loans taken out with Simest S.p.A. ("Simest").

Below is the net financial position as required by ESMA Guideline 32-382-1138 of March 4, 2021 as referred by CONSOB in Warning Notice no. 5/21 of April 29, 2021:

	31/12/2023	31/12/2022
(A) Bank and postal deposits	14,429	20,273
(B) Cash	1	2
(C) AVAILABLE CASH (A+B)	14,430	20,275
(D) CURRENT FINANCIAL ASSETS	5,541	5,234
(E) Current bank payables		
(F) Other current financial liabilities	(779)	(567)
(G) CURRENT FINANCIAL DEBT (E+F)	(779)	(567)
(H) NET CURRENT FINANCIAL POSITION (C+D+G)	19,192	24,942
(I) Non-current bank payables	-	-
(L) Other non-current financial liabilities	(1,414)	(680)
(M) NON-CURRENT FINANCIAL DEBT (I+L)	(1,414)	(680)
(N) NET FINANCIAL POSITION (H+M)	17,778	24,261

Other financial liabilities, as mentioned, include liabilities from rights of use arising from the application of IFRS 16 "Leases", which at December 31, 2023 totaled Euro 1.5 million, of which Euro 0.8 classified under non-current liabilities and Euro 0.7 under current liabilities.

Consolidated Equity at December 31, 2023 stood at Euro 34.4 million versus Euro 31.1 million in the prior year, and was affected, in particular, by the contribution of profit for the year, as well as the share capital increase transactions detailed in the section "Significant events during the year" below.

Parent Company performance

To better present the results of operations of the Parent Company in 2023 versus the same period of the prior year, below is a table showing the main income aggregates of Powersoft S.p.A..

<i>(Euro thousands)</i>	2023	Percentage on revenue	2022(*)	Percentage on revenue
Revenue from contracts with customers	66,640	100.0%	46,258	100.0%
Other revenue	874	1.3%	428	0.9%
Total Revenue	67,514		46,686	
Cost of sales	(37,029)	-55.6%	(24,891)	-53.8%
Increases for internal work	1,349	2.0%	965	2.1%
Business and marketing expense	(4,686)	-7.0%	(3,619)	-7.8%
General and administrative expense	(10,789)	-16.2%	(9,205)	-19.9%
EBIT	16,358	24.5%	9,936	21.5%
Financial expense	(705)	-1.1%	(1,701)	-3.7%
Financial income	821	1.2%	721	1.6%
Profit (loss) before tax (EBT)	16,474	24.7%	8,956	19.4%
Income tax	(4,539)	-6.8%	(2,589)	-5.6%
Net profit (loss) from continuing operations	11,934	17.9%	6,368	13.8%

(*) The figures at 31/12/22 have been restated by purpose

EBITDA reconciliation

<i>(Euro thousands)</i>	2023	Percentage on revenue	2022	Percentage on revenue
EBIT	16,358	24.5%	9,936	21.5%
Amortization/depreciation	2,418	3.6%	1,929	4.2%
Allocations	542	0.8%	374	0.8%
EBITDA (*)	19,318	29.0%	12,240	26.5%

(*) EBITDA is defined as Earnings Before Tax (EBT), as indicated in the consolidated statement of profit/(loss), gross of: (i) financial income and expense, (ii) amortization of intangible assets, (iii) depreciation of tangible assets, and (iv) allocations. Since EBITDA is not recognized as an accounting measure under the IFRSs adopted by the European Union, its quantification may not be straightforward.

(**) EBITDA is a metric identified and utilized by the Group to monitor and assess its operating performance. However, since it is not defined within the IFRS framework, it might not be comparable to similar measures adopted by other groups. Consequently, it should not be used as an alternative metric for evaluating the performance of the Group's operations. The Company regards EBITDA as a crucial metric for evaluating the Group's performance, as it facilitates analysis of the Group's margins by excluding the effects generated by non-recurring income elements.

In 2023, revenue earned by the Parent Company totaled Euro 66.6 million, up by approximately 44.1% versus the prior year. See the previous section on Group-level results for the main drivers underlying the trend of aggregates.

EBITDA at end 2023 totaled Euro 19.3 million, up from the figure recorded in 2022 (+57.8%) and accounting for 28.9% of revenue.

Net profit amounted to Euro 11.9 million, up by 87.4% from Euro 6.4 million in the prior year, accounting for 17.9% of sales.

Parent Company statement of financial position

Below is the financial position at December 31, 2023, reclassified according to the allocation criteria of source and utilization and compared with the figures of the prior year:

<i>(Euro thousands)</i>	31/12/2023	31/12/2022	Change	% change
Tangible fixed assets	1,417	1,040	377	36.3%
Assets from right of use	1,238	417	822	197.2%
Intangible fixed assets	1,785	1,385	401	28.9%
Financial fixed assets	1	1	-	0.0%
Fixed capital	4,442	2,842	1,600	56.3%
Inventory	16,663	9,082	7,581	83.5%
Trade receivables	12,677	8,869	3,808	42.9%
Other current assets	5,498	2,678	2,820	105.3%
Trade payables	(16,751)	(9,618)	(7,133)	74.2%
Other current liabilities	(4,153)	(4,817)	664	-13.8%
Net working capital	13,934	6,194	7,740	125.0%
Other non-current assets (liabilities)	(1,589)	(1,215)	(375)	30.8%
Net capital employed	16,786	7,821	8,965	114.6%
Cash and cash equivalents	13,472	18,562	(5,089)	-27.4%
Financial assets	5,541	5,234	306	5.9%
Non-current financial liabilities	(593)	(414)	(179)	43.4%
Non-current financial liabilities from rights of use	(649)	-		
Current financial liabilities	(95)	(58)	(37)	63.8%
Current financial liabilities from rights of use	(598)	(424)		
Net financial position	17,078	22,900	(5,823)	-25.4%
Share capital	(1,249)	(1,228)	(21)	1.7%
Reserves	(20,681)	(23,126)	2,445	-10.6%
Profit (loss) for the period	(11,934)	(6,368)	(5,567)	87.4%
Total equity	(33,864)	(30,722)	(3,143)	10.2%
Total sources	(16,786)	(7,821)	(8,965)	114.6%

Notes:

Fixed assets: the amount of assets with long-term useful life (*tangible, intangible and financial*).

Other current assets: include tax receivables and other current assets.

Other current liabilities: include tax liabilities and other current liabilities.

Net working capital: the amount of inventory, trade receivables and other current assets less trade payables and other current liabilities.

Other non-current assets (liabilities): the amount of deferred tax assets and other non-current assets net of obligations from post-employment benefits, the amount of provisions for future risks and charges, and deferred tax liabilities.

Net capital employed: total sources of capital resulting from the above assets and liabilities.

Net financial position: a financial metric that represents the Company's solvency level, given by the difference between cash and cash equivalents and current financial assets, and payables to banks and other financial liabilities due within one year, of other non-current financial liabilities and medium- and long-term financial payables.

Equity: the amount of Company equity.

The net financial position at December 31, 2023 stood at a positive Euro 17.1 million.

Equity amounted to Euro 33.9 million, up from Euro 30.7 million, and was affected by profit for the period and share capital increase transactions, which are detailed in the section "Significant events during the year" below.

7. Key performance indicators

To provide a more comprehensive overview of Powersoft Group's overall situation, performance, and results of operations, below are several key performance indicators, both financial and non-financial, along with comparisons with the prior year's results.

(*Euro thousands)	31/12/2023	31/12/2022
ROS <i>(Return on Sales: EBIT/revenue and other income)</i>	23.7%	20.3%
ROI <i>(Return on Investments: EBIT/net capital employed)</i>	100.5%	144.2%
ROE <i>(Return on Equity: net profit/equity)</i>	35.2%	20.4%
Equity less fixed assets margin <i>(Difference between equity and fixed assets)</i>	29,615	27,916
Equity less fixed assets ratio <i>(Ratio of equity to fixed assets)</i>	7.21	9.64
NWC - Net Working Capital* <i>(Difference between amount of inventory, trade and other receivables, trade and other payables)</i>	13,112	4,589
Treasury ratio <i>(Ratio of cash to current liabilities)</i>	0.66	1.38
Inventory Turnover Rate <i>(Ratio of Final Inventory to Revenue for 365 days)</i>	91	72
Receivables from Customers Turnover Rate <i>(Ratio of Receivables from Customers to Revenue for 365 days)</i>	57	48
Payables to Suppliers Turnover Rate <i>(Ratio of Payables to Suppliers to Purchasing Costs for 365 days)</i>	89	77

Below are the main performance indicators, both financial and non-financial, of the Parent Company:

(*Euro thousands)	31/12/2023	31/12/2022
ROS <i>(Return on Sales: EBIT/revenue and other income)</i>	24.2%	21.3%
ROI <i>(Return on Investments: EBIT/net capital employed)</i>	97.7%	127.4%
ROE <i>(Return on Equity: net profit/equity)</i>	35.3%	20.8%
Equity less fixed assets margin <i>(Difference between equity and fixed assets)</i>	29,422	27,880
Equity less fixed assets ratio <i>(Ratio of equity to fixed assets)</i>	7.62	10.81
NWC - Net Working Capital* <i>(Difference between equity and fixed assets)</i>	13,934	6,194
Treasury ratio <i>(Ratio of cash to current liabilities)</i>	0.62	1.24
Inventory Turnover Rate <i>(Ratio of Final Inventory to Revenue for 365 days)</i>	90	71
Receivables from Customers Turnover Rate <i>(Ratio of Receivables from Customers to Revenue for 365 days)</i>	69	69
Payables to Suppliers Turnover Rate <i>(Ratio of Payables to Suppliers to Purchasing Costs for 365 days)</i>	92	84

Corporate structure

At December 31, 2023, Powersoft Group's headcount increased versus the prior year, totaling 146 resources.

Below is the trend of the Group's headcount over the past two years, which was essential for adjusting the operational structure to meet growth needs:

Headcount	2023	2022
Executives	3	3
Managers	14	13
Employees	108	89
Workers	15	12
Interns	0	1
Directors	6	6
Total	146	124

8. Research & Development

Powersoft Group has reaffirmed its commitment in 2023 to professional and organizational growth, aimed at elevating its levels of excellence, amidst an environment dominated by intensifying global competition.

R&D expenditure in 2023 totaled approximately Euro 3.1 million, or approximately 4.5% of consolidated revenue, underscoring the company's commitment to persistently invest in product and process innovation. Out of these costs, Euro 1.3 million, or 1.9% of consolidated revenue, represents development costs capitalized under intangible assets as required by IAS 38.

At December 31, 2023, Powersoft S.p.A. recorded a tax receivable of Euro 0.2 million under Other revenue for research and development activities carried out in prior years.

9. Related party transactions

Under the provisions of the Issuer Regulation - Euronext Growth Milan and the Regulation on Related Party Transactions adopted by CONSOB Resolution no. 17221 of March 12, 2010 as subsequently amended and supplemented, the Company has adopted the "Procedure for the Regulation of Related Party Transactions" (the "RPT Procedure"), last amended on April 29, 2021 and available on the Company website in the "*governance / documenti e procedure*" section, in order to describe and define the process, terms and operating procedures regarding the proper management of related party transactions.

The following are considerations regarding related party transactions, excluding companies within the consolidation scope, conducted by Powersoft in 2023.

Powersoft has business dealings with Bluesky Immobiliare S.r.l. as the tenant of a number of business property leases, concluded at normal market conditions. This company is controlled, like Powersoft S.p.A., by Evolve S.r.l..

Additionally, to streamline financial transactions with the parent company Evolve S.r.l. in the current year, it was decided to structure the debt owed by Powersoft S.p.A. to the latter - originating from the tax consolidation scheme - into six installments, with the final installment due on November 30, 2023. The deferment was granted at normal market conditions.

Related party transactions, including intercompany transactions, do not qualify as either atypical or unusual, falling within the normal business of Group companies and are regulated at market conditions, taking account of the characteristics of the goods and services provided. In 2023, the Company's Board of Directors did not approve any major transactions as defined in the RPT Procedure, nor any other minor related party transactions that materially affected the Group's financial position or results.

Please refer to the notes to the consolidated financial statements for details on related party transactions and to the section on events after year end for subsequent transactions.

10. Treasury shares

To date, the Company does not hold any treasury shares.

11. Main risks and uncertainties to which the Group is exposed

Various factors, risks, and uncertainties related to the current situation could affect the activities of Powersoft Group, including:

Exposure to economic trends and adverse macroeconomic scenarios

The Group conducts operations on an international scale, with its performance significantly hinging on macroeconomic trends in Europe and globally, as well as on the economic conditions within its target countries.

Negative global and local economic conditions may impact heavily on the demand for the goods produced by the Group. Indeed, any downturn in the broader economic climate could result in diminished investment and expenditure in the sectors where the Group is active.

Hence, if global conditions were to deteriorate due to the geopolitical situation in Eastern Europe and an exacerbated inflationary environment, or if there were changes in the local regulatory environment, demand for the Group's distributed products may decline, adversely affecting the Group's financial position, results and cash flows.

Dependence on suppliers and procurement risk of semi-finished products and components

Mention should be made that the Group's transactions with its primary suppliers are governed by annual framework supply agreements, which are tacitly renewed unless a termination notice is provided six months in advance. If a supplier chooses to end its relationship with the Group, or if disagreements emerge over the type or terms of the services provided by the supplier, the Group may pursue the usual legal remedies available under contract.

The Group believes that it alleviates this risk by engaging multiple suppliers for acquiring the mentioned components in its business operations. This approach aims to minimize potential production disruption risks should the relationship with any one of them cease. The Group has made efforts to broaden its network of specialized and selected suppliers for its procurement needs.

Should there be substantial challenges with strategic suppliers to the Group, significant measures and/or investments in inventory and purchases of semi-finished products might be necessary. This approach would compensate with internal production to satisfy the demand for finished products needed for sales.

Management acknowledges that short-term replacement is challenging for specific electronic components, including electronic boards, semi-finished products, and high-power electronic components. These components are crucial for the development of its products due to their unique characteristics, employed technologies, and the quality standards set by the Group. Hence, any shortage of these components due to unpredictable external factors, which are challenging to anticipate or manage, with its current suppliers, or the termination of ongoing contractual relationships, could have adverse implications for the Group's operations. Indeed, while Management believes that it is feasible to identify alternative specialized suppliers to replace the current ones, this transition might occur under different economic conditions, timelines, and technical standards than the current ones. Such changes could potentially result in production delays, which might have adverse effects on operations.

Specifically, the ongoing shortage situation impacting the entire sector, coupled with resulting inflationary trends, especially concerning components and logistics costs, and global inflationary pressures, may put pressure on the production of finished products. This pressure could intensify in the event of a prolonged pandemic or a worsening geopolitical situation in Eastern Europe.

The Group is taking measures to mitigate the potential repercussions of such a scenario. This includes extending the procurement forecast timeline, establishing framework agreements with key suppliers, and increasing inventory levels wherever it is deemed essential and feasible.

Dependence on key individuals

The Group is currently managed by a number of key individuals represented in particular by the Shareholders of the parent company Evolve S.r.l.. These individuals hold positions as Directors with operational powers within the parent company. They boast a proven track record within the industry and have played, and continue to play, instrumental roles in the company's success. If these key individuals were to leave the Group Management, there is no assurance that the Group could swiftly find equally capable and fitting replacements, at least in the short run. This could potentially affect the Group's operations.

Target market and threats from competition

The Group's market of operation is marked by fierce competition and a high level of specialization. In this context, the Group faces competition from other industry players and pricing pressures.

The entry of new competitors into the market could have a negative impact on the Group's operating and financial performance over the medium to long term. Furthermore, the emergence of conglomerates headed by multiple brands, or the bolstering of existing major players capable of offering comprehensive product solutions and packages, may potentially restrict the market for Powersoft products and curtail their sales. Additionally, it is uncertain whether the competitive landscape in the target market will align with the Group's strategies within the expected timeframe and in the desired manner. Under such circumstances, heightened competition could result in a decline in the Group's market share.

The Group believes that providing sufficient financial support for product development and innovation, with a focus on maintaining and enhancing the quality of its offerings (the key strength of the Group), can help to mitigate certain competitive threats.

Environmental risks and sustainability

With regard to the strategic risks facing the Group, climate change and public attention to sustainability issues could have significant impacts on the Group in the near future. However, these are difficult to measure at this time.

Management has identified several key focus areas related to climate change. These include:

- Risks in the procurement of certain raw materials along the supply chain. The Group actively monitors climate change-related risks along its supply chain to minimize their impact on its operations. To date, the Group does not report significant impacts of climate change on operational risks;
- Financial risks associated with potential increased costs and investments related to adjusting the production and distribution structure in order to mitigate the impacts that its business could have on climate change. To date, there are no estimates of substantial costs and investments associated with addressing these issues;

- Lastly, concerning compliance risks, sustainability spillovers could result from non-compliance with environmental regulations that may apply to the Group. The Group closely monitors the ongoing developments in the regulatory framework, both at the domestic and international levels, and the potential additional regulations aimed at reducing the environmental impacts of business operations.

12. Significant events during the year

On **January 25, 2023**, Powersoft strengthened its U.S. organization by appointing Thomas Howie as Business Development Manager. Thomas is a highly regarded professional, and brings over 15 years of experience in developing and managing vertical markets within the large sports installation and theme park industry for top-tier brands. He develops relationships and explores new opportunities with decision-makers in the AV industry sectors, while also monitoring market and technology trends. Additionally, he supports the sales team with projects and tenders.

On **January 31, 2023**, Powersoft unveiled UNICA, an innovative and groundbreaking amplification platform, at the "Integration System Europe - ISE" trade show held in Barcelona, the major event for audiovisuals and systems integration. UNICA represents Powersoft's third generation of amplification and processing, with Cloud connectivity. Based on 5 new patented innovations that facilitate easy integration with existing systems for end users, UNICA is designed for easy customization and configuration, ultimately reducing operating and maintenance costs. At the same event, Powersoft announced its finalist position for the Inavation Awards, hosted by Inavate magazine and ISE, in the Best Manufacturer category worldwide, an award it subsequently won.

On **February 1, 2023**, Powersoft announced that 10,340 new ordinary shares were issued and granted in the period between January 15, 2023 and January 31, 2023 as a result of the exercise of 10,340 options to service the "2018-2020 Incentive Plan".

On **March 1, 2023**, the Company appointed Massimo Ghedini (former Finance & IR Manager) to the new role of Chief Financial Officer. Mr. Ghedini will retain his role as IR Manager.

On **April 3, 2023**, Powersoft announced that 54,340 new ordinary shares were issued and granted in the period between March 29 and 31, 2023 as a result of the exercise of 54,340 options to service the "2018-2020 Incentive Plan".

On **April 27, 2023**, the Ordinary Shareholders' Meeting met and (i) approved the Separate Financial Statements of Powersoft S.p.A. at December 31, 2022, (ii) approved the distribution of an ordinary dividend of Euro 0.48 per share and an extraordinary dividend of Euro 0.34 per share, (iii) appointed the Board of Statutory Auditors for a three-year term, until the date of the Shareholders' Meeting to be called to approve the financial statements for the year ending December 31, 2025, and (iv) appointed EY S.p.A. as the independent auditors for the years 2023-2025.

On **May 16, 2023**, Powersoft announced an agreement with Vega Global, a leading name in Digital Workplace solutions in audiovisual, video conferencing, and collaboration technologies, to supply professional amplifiers to expand and strengthen the audio solutions it offers to end customers. The long-term supply agreement spans 16 regions in the APAC and MEA areas where Vega Global operates. Powersoft will grant direct access to its portfolio of amplifiers, specifically: Duecanali and Quattrocanali Series, Mezzo Series, and the new cloud-based UNICA platform.

On **June 16, 2023**, the Company announced that 3,200 new ordinary shares were issued and granted in the period between June 1 and June 15, 2023 as a result of the exercise of 3,200 options to service the "2018-2020 Incentive Plan".

On **June 27, 2023**, Powersoft announced a partnership with Bose Professional, a global leader in professional audio solutions, to develop the new Bose Professional PowerShareX series of adaptive power amplifiers. The new Bose Professional PowerShareX series of amplifiers, featuring three models with Dante digital audio, deliver 1200, 2400, and 4800 watts of power on four channels. This series evolves from the existing PowerShare range, offering elevated power levels and extra features, including enhanced energy efficiency. This improvement results in power savings and diminished environmental impact.

On **July 27, 2023**, Powersoft announced it was bolstering its presence in Japan by opening a representative office. This expansion aims to accelerate business penetration in Japan, a strategic market identified for its significant growth potential. The new Japanese office is based in Tokyo and joins the Italian headquarters in Scandicci, the operations office in the U.S., and the representative office in China.

On **August 7, 2023**, Powersoft announced the reinforcement of its team in China by appointing Miao Wang as Solution Engineer and relocating to the new offices in Beijing. Miao Wang's appointment is aimed at driving the Group's growth in China by exploring the market and establishing new business relationships. Moving the representative office from Shenzhen to Beijing confirms the Group's strategic decision to strengthen its presence in the People's Republic of China, offering a more extensive and timely response to market needs.

On **September 7, 2023**, the Company announced a partnership with Strong Technical Services (STS) and STRONG/MDI Screen Systems, both subsidiaries of Strong Global Entertainment, a prominent international entertainment company. The agreement specifically covers the resale, integration, and installation of Powersoft products within STRONG/MDI's Seismos Immersive product line, a revolutionary interactive flooring system deployed in various attractions worldwide.

On **October 2, 2023**, the Company announced that 41,840 new ordinary shares were issued and granted in the period between September 29 and 30, 2023 as a result of the exercise of 41,840 options to service the "2018-2020 Incentive Plan".

On **October 11, 2023**, the Company announced its contribution of immersive haptic technology and state-of-the-art amplification solutions for Sphere, the next-generation entertainment arena located in Las Vegas. Powersoft's technology is integrated into the 10,000 seats and is part of HOLOPLOT's Sphere Immersive Sound, the world's most advanced immersive sound system.

On **October 23, 2023**, Powersoft announced the signing of an agreement with CinemaNext, the major service provider in the cinema segment in EMEA, providing customers with innovative and comprehensive solutions across all areas of cinema exhibition, to supply energy-efficient amplifiers with high audio quality.

On **October 31, 2023**, Powersoft announced that it was among the winners of the sixth edition of the Best Managed Companies Award, the prize for entrepreneurial excellence in Made in Italy promoted by Deloitte Private, with the participation of ALTIS - Graduate School of Sustainable Management of Università Cattolica del Sacro Cuore, ELITE-Euronext Group and Piccola Industria di Confindustria.

On **December 1, 2023**, the Company announced that 87,800 new ordinary shares were issued and granted in the period between November 15 and 30, 2023 as a result of the exercise of 87,800 options to service the "2018-2020 Incentive Plan".

13. Significant events after year end

On **January 16, 2024**, Powersoft announced, pursuant to Article 17 of the Euronext Growth Milan Issuer Regulation and Article 21 of the Company's Bylaws, that on January 12, 2024 it had received notification from shareholder Lorenzo Lepri that the 2.5% stake threshold in Powersoft's share capital had been exceeded, the latter having stated holding at such date a 3.09% stake in the share capital.

On **February 2, 2024**, the Company announced that 43,180 new ordinary shares were issued and granted in the period between November 15 and 30, 2023 as a result of the exercise of 43,180 options to service the "2018-2020 Incentive Plan".

On **February 13, 2024**, Powersoft announced a technology partnership with Ferrari S.p.A., combining Italian excellence in acoustic innovation and automotive engineering. The partnership aims to develop solutions enhancing the Ferrari brand's audio experience while minimizing energy consumption and offering benefits in efficiency, reliability, and sound quality. Powersoft's development philosophy prioritizes reducing environmental impact through technology advancements and environmentally-conscious manufacturing processes. This commitment aligns seamlessly with Ferrari's pursuit of excellence, aiming to achieve carbon neutrality by 2030.

On **March 19, 2024**, Powersoft announced the signing of a preliminary lease agreement with Bluesky Immobiliare S.r.l. regarding a property complex under construction. When completed, it will become the Powersoft Human Audio Experience Center, the new headquarters of Powersoft Group in Scandicci (FI). The Transaction constitutes a related party transaction as Bluesky and Powersoft are under the common control of Evolve S.r.l., which holds a 100% interest in the share capital of Bluesky Immobiliare S.r.l. and a controlling interest of approximately 79.20% in the share capital of Powersoft.

14. Business outlook

The 2023 results, Powersoft's best ever, show significant revenue growth and notable improvement in operating margins. Additionally, advancements are witnessed across all key business, income, and financial metrics. The growth, evident across all major geographies where the group operates and in both its Install and Live Touring sectors, underscores Powersoft's success in transitioning from a product company to a comprehensive solutions provider. This achievement also reflects the company's dedication to technological innovation, with a focus on delivering the highest level of excellence to its customers. Ongoing investments aimed at enhancing the efficiency of audio systems, focusing not only on sound quality but also on reducing energy consumption, have enabled the Group to solidify its position in the high-end range. This is further confirmed by the partnerships forged with Bose Professional and CinemaNext in the latter half of the year, as well as the partnership announced with Ferrari after year end.

The year 2024 began on a positive note, despite the lingering uncertainties in the macroeconomic environment heightened by the Russia-Ukraine and Middle East conflicts, which we currently anticipate may have limited direct impacts on the Group's revenue and financial exposure. This was marked by the start of a prestigious partnership with Ferrari, winning the first prize at the Inavation Awards in the "Applied Technologies" category for the contribution to the Sphere project in Las Vegas, and the launch of the new "Verso" gateway device, which facilitates the connection of all Powersoft products to the MyUniverso cloud platform, offering additional functionality to customers.

For the remainder of the year, Powersoft will persist in its development plan, with the aim of broadening its global presence and solidifying its position as a leading global technology provider in the audio industry. The main goal is to enhance brand visibility in new geographies, aiming not only to capture market share but also

to cultivate solid and enduring relationships with new customers and partners. This geographical expansion is strategically tailored to encompass markets experiencing rapid growth in the demand for advanced technology solutions.

Concurrently with geographical expansion, Powersoft aims to diversify its offerings by venturing into strategic vertical markets. This approach enables the effective addressing of the specific needs of various industries, thereby solidifying its reputation as a provider of comprehensive solutions rather than solely a product manufacturer.

The company is investing in research and development, strategic partnerships, and expertise to strengthen its capabilities to offer integrated solutions that address the complex needs of customers operating in vertical markets in the install sector (such as Hospitality, Retail, Higher Education, Houses of Worship, Venues).

15. Other information

Direction and coordination

The Parent Company is not subject to any direction and coordination.

Treasury shares

At the balance sheet date, the Company does not hold any treasury shares.

Branch offices

Powersoft Adv. Tech. Corp. 199 US-206 Suite B Flanders, NJ 07836

POWERSOFT GROUP

Consolidated financial statements

at December 31, 2023

Prepared in accordance with the
International Financial Reporting Standards
endorsed by the European Union

PARENT COMPANY OVERVIEW

Registered office	Via Enrico Conti 5 - Scandicci (FI) 50018
Tax Code	04644200489
REA no.	FI 468275
VAT no.	04644200489
Share Capital Euro	1,248,780 - fully paid up
Legal status	Joint-stock company
Website	www.powersoft.com

CORPORATE BODIES**Board of Directors**

Chairman	CARLO LASTRUCCI
Chief Executive Officer	CLAUDIO LASTRUCCI
Chief Executive Officer	LUCA LASTRUCCI
Chief Executive Officer	ANTONIO PERUCH
Director	LUCA GIORGI
Director	LORENZO LEPRI
Independent Director	PAOLO BLASI

Board of Statutory Auditors

Chairman	LUIGI FAZZINI
Statutory Auditor	MARCELLO BRAGLIA
Statutory Auditor	FEDERICA MENICHETTI
Alternate Auditor	PAOLO LIMBERTI
Alternate Auditor	MASSIMILIANO MANFREDI

Independent Auditors

EY S.p.A.

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Consolidated statements

Consolidated statement of financial position

Assets	Notes	31.12.2023	31.12.2022
Non-current assets			
Property, plant and equipment	5.1	1,497,479	1,082,290
Assets from right of use	5.2	1,485,046	757,623
Other intangible assets	5.3	1,785,323	1,384,743
Deferred tax assets	5.4	979,184	915,426
Other non-current assets	5.5	32,691	32,691
Investments	5.6	-	5,000
Total non-current assets		5,779,723	4,177,773
Current assets			
Inventory	5.7	17,544,441	9,680,191
Trade receivables	5.8	10,933,352	6,454,651
Income tax receivables	5.9	-	137,536
Other current assets	5.10	5,573,148	2,429,646
Other financial assets	5.11	5,540,571	5,234,178
Cash and cash equivalents	5.12	14,429,779	20,274,621
Total current assets		54,021,291	44,210,822
Total assets		59,801,014	48,388,595
Equity and liabilities			
Share capital and reserves			
Share capital		1,248,780	1,228,098
Reserves		21,071,755	23,570,058
Profit/(loss) for the year		12,062,018	6,347,361
Total Group equity		34,382,553	31,145,516
Equity attributable to non-controlling interests			
Total equity	5.13	34,382,553	31,145,516
Non-current liabilities			
Non-current financial liabilities	5.14	593,054	413,655
Non-current financial liabilities from rights of use	5.14	821,168	266,798
Employee benefits (post-employment benefits)	5.15	1,364,848	1,162,854
Provisions for future risks and charges	5.16	905,389	637,069
Deferred tax liabilities	5.4	16,860	82,822
Total non-current liabilities		3,701,319	2,563,199
Current liabilities			
Current financial liabilities	5.14	95,382	58,234
Current financial liabilities from rights of use	5.14	683,148	508,644
Trade payables	5.17	16,560,455	8,962,603
Income tax payables	5.18	259,396	557,368
Other current liabilities	5.19	4,118,759	4,593,032
Total current liabilities		21,717,142	14,679,880
Total liabilities		25,418,461	17,243,079
Total equity and liabilities		59,801,014	48,388,595

Consolidated statement of profit for the year

Income statement	Notes	31.12.2023	31.12.2022
Revenue from contracts with customers	5.20	69,276,854	48,209,987
Other revenue	5.21	1,059,724	583,058
Revenue		70,336,578	48,793,046
Cost of sales	5.22	(37,183,325)	(24,885,229)
Increases for internal work	5.23	1,348,680	964,718
Business and marketing expense	5.24	(5,149,570)	(4,059,055)
General and administrative expense	5.25	(12,711,298)	(10,913,538)
EBIT		16,641,066	9,899,942
Financial expense	5.26	(831,594)	(1,755,263)
Financial income	5.26	821,061	721,315
Profit (loss) before tax		16,630,533	8,865,994
Income tax	5.27	(4,568,515)	(2,518,633)
Profit (loss) for the year		12,062,018	6,347,361
Basic earnings per share		1.02	0.54
Diluted earnings per share		0.99	0.53

Consolidated statement of comprehensive income

Statement of comprehensive income	31.12.2023	31.12.2022
Profit (loss) for the period	12,062,018	6,347,361
Items that will not be reclassified later in profit / (loss) for the period:	(14,404)	(154,918)
Gains / (losses) from actuarial benefits	(18,952)	(203,839)
Tax effect gains/(losses) from actuarial benefits	4,549	48,921
Items that will be reclassified later in profit / (loss) for the period:	(7,794)	41,816
Net translation differences of foreign financial statements	(7,794)	41,816
Total profit (loss) for the period	12,039,821	6,234,259

Consolidated statement of cash flows

Statement of Cash Flows - Consolidated	31/12/2023	31/12/2022
Cash Flow from Operations		
Profit / (loss) for the year	12,062,018	6,347,361
<u>Adjustments to reconcile net profit (loss) for the period to cash flow generated by operations:</u>		
Income tax	4,568,515	2,518,633
Amortization/depreciation	2,515,165	2,020,465
Allocations	-	-
(Capital gain)/loss on disposal of fixed assets	-	-
Allocations/(Utilization) provisions for employee benefit liabilities	138,951	75,014
Allocations /(Utilization) provisions for risks and charges	861,327	744,750
Change FV financial assets	(306,393)	710,778
Interest (receivable) / accrued liabilities	(22,050)	15,821
<u>Changes in operating assets and liabilities:</u>		
Inventory	(8,133,052)	(3,411,132)
Trade receivables and contract assets	(4,500,891)	(3,959,808)
Trade payables	7,597,853	3,701,568
Other assets	(3,143,502)	(2,097,960)
Other liabilities	(5,328,395)	305,609
Interest (paid) / collected	66,141	7,713
Tax (paid) / collected	-	-
Utilization of provisions for risks and charges	(302,016)	(552,032)
Other	246,139	1,746,520
Net cash flow from operations (A)	6,319,810	8,173,298
Cash Flow from Investing Activities		
(Purchase) of property, plant and equipment	(910,691)	(806,190)
Sale of property, plant and equipment	-	-
(Purchase) of investment property	-	-
Sale of investment property	-	-
(Purchase) of intangible fixed assets	(1,812,493)	(1,276,280)
Sale of intangible fixed assets	-	-
(Purchase) of financial instruments	-	-
Sale of financial instruments	-	-
(Acquisition) of subsidiaries net of cash acquired	-	-
Net cash flow from investing activities (B)	(2,723,184)	(2,082,470)
Cash Flow from Financing Activities		
Paid capital increases	641,940	1,114,880
Dividend distribution	(9,671,358)	(1,756,498)
Purchase of treasury shares	-	-
Lease repayment	(628,597)	(494,780)
New medium- to long-term loans	245,664	319,568
(Repayment) medium- to long-term loans	(29,117)	-
Net cash flow from financing activities (C)	(9,441,468)	(816,830)
Total net cash flow (D=A+B+C)	(5,844,842)	5,273,998
Opening net cash (E)	20,274,621	15,000,623
Total net cash flow	(5,844,842)	5,273,998
Closing cash (G=D+E)	14,429,779	20,274,621

Consolidated statement of changes in equity

	Reserves													Total equity	Total equity attributable to non-controlling interests
	Share capital	Legal reserve	Extraordinary reserve	Share premium reserve	Translation reserve	IAS 19 reserve	Stock option reserve	Other reserves	FTA reserve	Retained earnings / (losses carried forward)	Total reserves	Profit / (loss) for the period			
Balance at January 1, 2022	1,192	232	13,528	6,170	52	(76)	524	735	100	340	21,604	2,263	25,060	-	
Allocation of the prior year's result		7	2,000					100		156	2,263	(2,263)	(0)	-	
Dividend distribution			(1,756)								(1,756)		(1,756)	-	
Exercise of stock options	36			1,374			(295)				1,079		1,115	-	
Granting of stock options							196				196		196	-	
Other changes/reclassifications								41			41		41	-	
Profit / (loss) of the statement of comprehensive income:					(10)	155					145		145	-	
<i>Of which: Gains / (losses) from actuarial benefits</i>						155					155		155	-	
<i>Of which: Translation Reserve</i>					(10)						(10)		(10)	-	
Profit / (loss) for the year											-	6,347	6,347	-	
Balance at December 31, 2022	1,228	238	13,771	7,544	42	79	424	876	100	496	23,571	6,347	31,146	-	

	Reserves													Total equity	Total equity attributable to non-controlling interests
	Share capital	Legal reserve	Extraordinary reserve	Share premium reserve	Translation reserve	IAS 19 reserve	Stock option reserve	Other reserves	FTA reserve	Retained earnings / (losses carried forward)	Total reserves	Profit / (loss) for the period			
Balance at January 1, 2023	1,228	238	13,771	7,544	42	79	424	875	100	497	23,571	6,347	31,146	-	
Allocation of the prior year's result		7	6,360					(300)		280	6,347	(6,347)	-	-	
Dividend distribution			(9,671)								(9,671)		(9,671)	-	
Exercise of stock options	21			791			(170)				621		642	-	
Granting of stock options							252				252		252	-	
Profit / (loss) of the statement of comprehensive income:					(34)	(14)					(48)		(48)	-	
<i>Of which: Gains / (losses) from actuarial benefits</i>						(14)					(14)		(14)	-	
<i>Of which: Translation Reserve</i>					(34)						(34)		(34)	-	
Profit / (loss) for the year											-	12,062	12,062	-	
Balance at December 31, 2023	1,249	246	10,460	8,335	8	65	506	575	100	777	21,072	12,062	34,383	-	

Notes to the consolidated financial statements

1. General information

The Group headed by Powersoft S.p.A. (hereafter also the "Company" or "Parent Company"), headquartered in Via E. Conti 5 - Scandicci, specializes in the design and production of compact, high-power and energy-efficient solutions and technologies for the professional audio market.

2. Accounting policies

Basis and scope of consolidation

The companies included in the scope of consolidation at December 31, 2023 are as follows:

Name	Registered office	Currency	% of ownership
Powersoft S.p.A.	Scandicci - Italy	Euro	Parent Company
Powersoft Advanced Technologies Corp.	Flanders, New Jersey - USA	Dollars	100%
Ideofarm S.r.l.	Scandicci - Italy	Euro	100%

Compared with the consolidated financial statements of the prior year, there were no changes in the scope of consolidation, and at the date of preparation of the consolidated financial statements at December 31, 2023, there were no companies not included in the scope of consolidation.

The financial statements of subsidiaries are consolidated using the full consolidation method from the time control is acquired until the date of its termination. Full consolidation consists of "line by line" acquisition of the balance sheet aggregates and the statement of profit (loss) for the year of subsidiaries. After the possible allocation to non-controlling interests, in a dedicated item, of their share of the assets and profit or loss, the amount of the investment is written off against the subsidiary's equity.

Mutual debt and credit and cost and revenue transactions, between companies within the scope of consolidation, as well as the effects of all significant transactions between them, are eliminated.

Accounting standards adopted by subsidiaries are amended where necessary to ensure consistency with those adopted by the Group.

Statement of compliance with IFRS

Powersoft Group's consolidated financial statements were prepared in accordance with the International Financial Reporting Standards "IFRS", issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union and in force at the date of the financial statements.

"IFRS" also means the International Accounting Standards ("IAS") still in force today, as well as all interpreted documents issued by the IFRS Interpretation Committee, formerly the International Financial Reporting Interpretation Committee ("IFRIC") and earlier the Standing Interpretations Committee ("SIC").

Preparation criteria

The Consolidated Financial Statements of Powersoft Group at December 31, 2023 were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as well as with previous International Accounting Standards (IAS) and

previous interpretations of the Standard Interpretations Committee (SIC) still in force and endorsed by the European Commission as of the reporting date.

The financial statements consist of the consolidated statement of financial position, consolidated profit/(loss) for the year, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, and related notes. In detail:

- the consolidated statement of financial position was prepared by classifying assets and liabilities on a "current/non-current" basis with specific separation, if any, of assets/liabilities classified as held for sale or included in a disposal group classified as held for sale;
- the consolidated statement of profit/(loss) for the year was prepared by classifying revenue and expense by purpose;
- the consolidated statement of comprehensive income includes, in addition to profit/(loss) for the period, income and expense charged directly to equity, net of tax effects;
- the consolidated statement of changes in equity provides separate disclosure of profit (loss) for the year and any other changes not reflected in the income statement;
- the consolidated statement of cash flows was prepared by showing cash flows from operations using the indirect method.

Compared with the comparative year, the items "Indirect personnel", "amortization and depreciation", and "allocations" have been eliminated as they have been reclassified into the relevant areas of the statement of profit/(loss) for the year as shown in the respective sections of this note.

Additionally, the term "current" means the 12 months following the reference date of this document, while "non-current" means periods beyond 12 months following the same date.

The same accounting standards were used in preparing these financial statements as those used in the financial statements prepared at December 31, 2022.

These financial statements are expressed in Euro (€), the Group's functional currency. Unless otherwise indicated, financial information in the notes is presented in Euro thousands.

Due to rounding of the amounts, there may be instances where the sum of the detailed figures differs from the amount displayed in the rows of totals, as well as in the percentage changes from the prior year.

The Group's operations are not significantly affected by seasonal trends.

These financial statements were prepared on a going concern basis, as the Directors have assessed that there are no financial, operational, or other indicators that may cast significant doubts on the Group's ability to meet its obligations in the foreseeable future and in particular in the next 12 months.

See the Report on Operations for information on the nature of the company's business and significant events after year end.

Discretionary evaluations, accounting estimates, and significant assumptions

In preparing these consolidated financial statements, Management was called to make evaluations and estimates that affect the application of accounting standards and the amounts of assets, liabilities, expense, and revenue recognized in the financial statements. However, it should be noted that since these are estimates, the results may not necessarily align with the figures presented in these financial statements.

The main assumptions regarding the future and other factors introducing evaluation uncertainties, at the reporting date, which could potentially require adjustments to the carrying amounts, are outlined below. The Group has based its estimates and assumptions on information available at the time the consolidated financial statements were prepared. However, circumstances on future events may change due to changes in the market or events beyond the Group's control.

The main figures being estimated refer to the:

- Lease discount rate. To establish the interest rate for discounting future rental payments, the Group identified the rates applicable to loans of a comparable duration, as would be offered by financial institutions.
- Lease term. The Group determined the lease contract term by utilizing discretionary evaluations, applying the best estimates, and considering the impacts of renewal options at the end of the non-cancellable period, as well as evaluating industry practices related to property leases.
- Deferred tax assets. These are recognized to the extent that it is likely there will be sufficient future taxable profits available to offset the temporary differences or any tax losses. In this regard, Group Management estimates the likely timing and amount of future taxable profits.
- Provision for inventory obsolescence. The Group assesses the potential future use of these materials by calculating distinct turnover ratios, each of which is associated with a particular inventory depreciation rate.
- Allowance for impairment. The Group uses a matrix to calculate future "expected credit loss". Allocation rates are based on past due days and reported historical default rates. The Group adjusts the matrix to align historical credit loss data with forward-looking factors.
- Development costs. The Group capitalizes costs related to new product development projects. Initial capitalization of costs depends on the confirmation of the project's technical and economic feasibility, typically when it has reached a specific stage in the development plan, as assessed by the directors.
- Employee benefits. The Group determines amounts based on actuarial estimates, set out in Note 3.16.
- Useful life of property, plant and equipment, of intangible assets with finite useful life. The depreciation/amortization of assets with finite useful life, including property, plant, and equipment, right-of-use assets, and intangible assets, involves a discretionary evaluation by the directors. This evaluation is reviewed at each balance sheet date to ensure that the recorded amounts accurately reflect the best estimate of the costs that the Group will ultimately incur. If significant changes are identified, the amounts are revised and updated.
- Product warranty provision. The Group determines a liability for the future cost of warranty repairs by considering historical repair rates.

Management's subjective evaluations relevant to applying the Group's accounting standards and the main sources of estimation uncertainty were the same as those identified in the preparation of the consolidated financial statements for the year ended December 31, 2022.

Climate change effects

In line with the priorities outlined by the European Securities and Market Authority (ESMA) for the reporting year 2023, the Group has identified and evaluated the impact of any environmental risk factors.

The main risk factors to which the Group is subject include:

- increasing sustainability reporting requirements;
- higher stakeholder expectations regarding the use of low-impact energy sources and the reduction of their own CO2 emissions;
- legal/regulatory changes associated with combating climate change;
- risks stemming from disruptions in essential supplies due to gradually changing climate conditions and extreme weather events, which expose the Group to potential capacity reductions.
- Risks of physical damage to its facilities and buildings from climate conditions and extreme weather events (although the absence of production facilities in hazard-prone areas currently contains this risk).
- lastly, among the risks associated with the transition to a more sustainable economy are reputational risks: failure to undertake a gradual process of decarbonization could adversely affect the Company's reputation and, consequently, its operating and financial performance.

The Group monitors climate change risks in order to reduce any impact on its operations. Additionally, the Group closely monitors the ongoing developments in the regulatory framework, both at the domestic and international levels, and the potential additional regulations aimed at reducing the environmental impacts of business operations.

Presently, the impact of climate-related issues on the Group's consolidated financial statements is not material, and there have been no significant adjustments to estimates in the financial statements as a result. The Group will continue to monitor this exposure by specifically evaluating the impact on production costs associated with the implementation of emission reduction regulations. If a significant impact is identified, the Group will incorporate these assumptions into its estimates.

3. Accounting standards

The following are the most significant accounting standards and valuation criteria used in the preparation of the consolidated financial statements.

Assets

Property, plant and equipment

Property, plant and equipment are recorded at purchase or production cost, net of accumulated depreciation and any impairment losses. The purchase or production cost includes expense directly incurred in preparing the assets for their use, as well as any dismantling and removal expense that will be incurred as a result of contractual obligations requiring the asset to be restored to its original condition. Borrowing costs directly attributable to the acquisition, construction or production of qualified assets are capitalized and depreciated over the useful life of the asset to which they relate. Costs for improvements, modernization and transformation having incremental nature of tangible assets are recognized as assets in the balance sheet.

Costs incurred after purchase are capitalized only if they increase the future economic benefits inherent in the asset to which they refer. All other costs, including ordinary maintenance and repair costs, are recognized in the statement of profit/(loss) for the year in which they are incurred.

Depreciation is calculated on a systematic and constant basis, determined by the remaining useful life of the assets. The useful life of tangible fixed assets and their residual value are reviewed and updated, where necessary, at least at the end of each financial period.

The depreciation rates applied are as follows:

Asset category	Depreciation rate
Electronic office machines, electrical machinery and instruments, internal transportation, cell phones, and trucks	20%
Furniture and fittings	12%
General plant and lightweight constructions	10%
Miscellaneous equipment, vehicles and fixed assets at third parties	25%

Other intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance, controllable and capable of generating future economic benefits. These items are recorded at purchase and/or production cost, including directly attributable expense for preparing the asset for use, net of accumulated amortization and any impairment losses. Any interest expense, accrued during and for the development of intangible fixed assets, is considered part of the purchase cost. Amortization begins from when the asset is available for use and is systematically allocated in relation to the residual possibility of use of the asset, or on the basis of its estimated useful life.

Specifically, the following main intangible assets can be identified within the Group:

a) Concessions, licenses and trademarks

Concessions, licenses, and trademarks are amortized on a straight-line basis over their respective terms.

The costs of software licenses, including expense incurred to make the software ready for use, are amortized on a straight-line basis over the relevant period of time. Costs related to software program maintenance are expensed as they are incurred.

b) Patent and intellectual property rights

Patents and intellectual property rights are amortized on a straight-line basis over their useful lives.

c) Development costs

Costs related to research activities are charged to the statement of profit/(loss) for the year in which they are incurred, while development costs are recognized as intangible assets, under IAS 38, where the entity can prove:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- the ability to reliably measure the cost attributable to the intangible asset during its development.

Amortization of any development costs recorded as intangible assets begins from the date when the result generated by the project is usable. The estimated useful life, as well as the related amortization period, of development costs is three years and starts from the year in which the intangible asset is recorded. Where, in an identified internal project for the formation of an intangible asset, the research phase is

indistinguishable from the development phase, the costs arising from that project are fully charged to the statement of profit/loss for the year, as if incurred exclusively in the research phase. Gains and losses arising from the disposal of an intangible asset are determined as the difference between the disposal value, net of costs to sell, and the carrying amount of the asset, and are recognized in the statement of profit/(loss) on disposal.

Impairment losses on tangible and intangible fixed assets

A test is conducted at each balance sheet date to determine whether there is any indication that tangible and intangible fixed assets may be impaired. Both internal and external sources of information are considered for this purpose. With regard to the former (internal sources), the following are considered: obsolescence or physical deterioration of the asset, any significant changes in the use of the asset, and the economic performance of the asset compared to estimated performance. With regard to external sources, the following are considered: trends in the market prices of assets, any technological, market or regulatory discontinuities, trends in market interest rates or the cost of capital used to value investments.

If such indicators are identified, the recoverable amount of said assets is estimated (impairment test), charging any impairment against the relevant book value in the statement of profit/(loss). The recoverable amount of an asset is represented by the greater of its fair value, less ancillary costs to sell, and its value in use, i.e. the current value of the future cash flows estimated for this asset. In determining the value in use, the expected future cash flows are discounted using a discount rate that reflects current market assessments of the time value of money, in relation to the period of the investment and the risks specific to the asset. For an asset that does not generate cash flows that are largely independent, the recoverable amount is determined in relation to the cash generating unit (CGU) to which such asset belongs.

An impairment loss is recognized in the statement of profit/(loss) if the carrying amount of the asset, or of its cash generating unit, is higher than its recoverable amount. Impairments of cash generating units are charged firstly to reduce the carrying amount of any goodwill attributed thereto, and then to reduce other assets, in proportion to their carrying amount and within the limits of their recoverable amount. If the conditions for a previous write-down no longer apply, the carrying amount of the asset is reinstated with an entry to the statement of profit/(loss), up to the net carrying amount that the asset in question would have had if the write-down had not been made and the related amortization/depreciation had been carried out.

Other non-current assets

Other non-current assets include receivables with medium- to long-term maturity and investments in non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has an objective intention and ability to hold to maturity. If, as a result of a change in will or the loss of capacity, it is no longer appropriate to maintain investments in this category, they are transferred to current assets.

Non-current assets are measured at amortized cost, and objective evidence of impairment is tested for impairment at the time the financial statements are closed.

Positive income components represented by interest income and similar income are recognized on an accrual basis, based on the effective interest rate, in the financial income line item of the statement of profit/(loss) for the year.

Investments

Investments are measured at cost adjusted for impairment losses.

In the case of investments measured at cost, a write-down is recognized with impact in the statement of income/(loss) for the year where impairment losses are identified. If the factors that caused the write-down cease to apply, it is necessary to write back the value, but not to exceed the original cost. This write-back is recognized in the statement of profit/(loss) for the year.

Inventory

Inventory is recognized at the lower of purchase and/or production cost and net realizable value. Cost is calculated according to the weighted average cost method.

Net realizable value corresponds, for finished products, to the estimated selling price in the ordinary course of business, net of estimated selling costs. For raw and ancillary materials and consumables, the net realizable value is represented by the replacement cost.

Purchase cost includes ancillary expense; production cost includes directly attributable costs and a share of indirect costs, reasonably attributable to products.

Obsolete and/or slow turnover inventory is written-down based on its estimated possible use or future sale, through entry in a special provision, adjusted by the value of inventory. The write-down is eliminated in subsequent years if the reasons for the write-down no longer apply.

Trade receivables

Trade receivables, generally with a maturity of less than one year, are recorded at the fair value of the initial consideration plus settlement costs and subsequently measured at amortized cost using the new impairment model introduced by IFRS 9. Based on this model, the Company measures receivables by adopting an expected loss approach, defined as the sum of the expected losses resulting from default events that may impact the financial instrument over a given time horizon; this involves recognizing the expected loss using both historical and current data, as well as forward looking information.

For trade receivables, the Group adopts a simplified valuation approach that does not require the recognition of periodic changes in credit risk, but rather the recognition of an Expected Credit Loss ("ECL") calculated over the entire life of the receivable (so-called lifetime). Specifically, the policy implemented by the Group involves stratifying trade receivables into categories based on days past due and assessing customer creditworthiness. Different impairment percentages are applied to these categories to reflect their relative recovery expectations, determined based on historical losses incurred over the previous four years.

The amount of receivables is shown in the statement of financial position net of related allowances for impairment. Write-downs made in accordance with IFRS 9 are recognized in the income statement.

Other current assets

Other current assets mainly include accrued income and deferred expense.

Accrued income represents portions of income pertaining to the year that will have financial impact in subsequent years.

Deferred expense represents portions of costs that have been incurred financially during the year or in prior years but refer to one or more subsequent years.

Therefore, only portions of expense and income, shared across two or more years, where the amount fluctuates due to physical or economic time, are recorded under these items.

At the end of each year, the conditions that led to their initial recognition are assessed and, if necessary, value adjustments are made. Specifically, besides the passage of time, the presumed realizable value is taken into account for accrued income.

Other financial assets

Other financial assets are measured, as of January 1, 2018, based on the new international accounting standard IFRS 9 "Financial Instruments". IFRS 9 supersedes the previous IAS 39, establishing new guidelines on classification and measurement, derecognition, impairment, and hedge accounting.

IFRS 9 introduces new requirements for the classification and measurement of financial assets that reflect the business model under which these assets are managed and the characteristics of their cash flows, and classifies financial assets into three main categories: at **amortized cost**, at **fair value through other comprehensive income (FVOCI)**, and at **fair value through profit/(loss) for the year (FVTPL)**. The categories under IAS 39, namely, loans and receivables and available-for-sale held-to-maturity, have been eliminated.

In detail, the categories identified by IFRS 9 are as follows:

- 1) **Amortized cost.** Financial assets are recognized in this category when:
 - a) the contractual cash flows of the instrument are represented only by the payment of principal and interest (so-called "SPPI Test" passed); and
 - b) the business model adopted by the Group requires the entity to hold the financial asset solely to collect contractual cash flows (HTC business model).In this category, financial instruments are initially recognized at fair value, including transaction costs (i.e., marginal costs, defined as costs that would not have been incurred without the entity acquiring, issuing, or disposing of the instrument) and subsequently measured at amortized cost. Interest (calculated using the effective interest method as in former IAS 39), losses (and reversals of losses) due to impairment, foreign exchange gains/(losses), and gains/(losses) from elimination are recognized in profit/(loss) for the year.
- 2) **Fair Value Through Other Comprehensive Income (FVTOCI).** Financial assets are recognized in this category when:
 - a) the contractual cash flows of the instrument are represented only by the payment of principal and interest (so-called "SPPI Test" passed); and
 - b) the business model adopted by the Group requires the entity to hold the financial asset to both collect contractual cash flows and cash flows generated from the sale (HTC&S business model).In this category, classified financial instruments are initially recognized at fair value, including transaction costs. Interest (calculated using the effective interest method as in former IAS 39), impairment losses/(gains), and foreign exchange gains/(losses) are recognized in net profit/(loss) for the year. Other changes in the fair value of the instrument are recognized in other comprehensive income (OCI). When the instrument is eliminated, all accumulated gains/(losses) at OCI will be reclassified to profit/(loss) for the year.
- 3) **Fair Value Through Profit Or Loss (FVTPL).** Financial assets are classified in this category when:
 - a) the above criteria are not met; i.e.
 - b) in case the fair value option is exercised.Financial instruments classified in this category are initially and subsequently recognized at fair value. Transaction costs and changes in fair value are recognized in profit/(loss) for the year.

Fair value is defined by IFRS 13 as "The price that would be received to sell an asset or paid to transfer a liability in a regular transaction between market participants at the measurement date".

The fair value of investments listed in active markets is determined by reference to market prices recorded at the balance sheet date.

A market is regarded as active if quoted prices reflect normal market transactions, are readily and regularly available, and express the price of actual and regular market transactions. In the absence of an active market, estimation methods and valuation models are used that consider all risk factors related to the instruments and that are based on market data.

Positive income components represented by interest and similar income are recognized on an accrual basis in the statement of profit/(loss) for the year related to financial income. Realized gains and losses on disposal or redemption and unrealized gains and losses arising from changes in the fair value of the trading portfolio are classified in the statement of profit/(loss) for the year under financials, as is the effect of period-end exchange rate valuations of foreign currency monetary assets and liabilities.

Cash and cash equivalents

Cash and cash equivalents include available cash and bank deposits and other forms of short-term investments with original maturities of three months or less. At the balance sheet date, overdrafts are classified as financial payables in current liabilities in the statement of financial position. Items included in cash are measured at fair value, and changes in fair value are recognized in net profit/(loss) for the year.

Liabilities

Share capital and treasury shares

The Share Capital, fully paid up, is recorded at par value.

Treasury shares are measured at cost including ancillary expense, and are recorded as a reduction from equity in the appropriate reserve.

Financial liabilities

Interest-bearing financial payables are initially recorded at fair value, net of ancillary expense.

Subsequent to original recognition, interest-bearing financial payables are measured at amortized cost (using the effective interest method); the difference between this value and the settlement value is charged to the statement of profit/(loss) for the year over the life of the loan based on the payment schedule.

Current financial liabilities include the short-term portion of financial payables, including payables for cash advances, as well as other financial liabilities.

Employee benefits

Defined benefit and defined contribution plans

The Group manages a defined benefit plan, represented by the provision for post-employment benefits ("TFR"). Post-employment benefits, mandatory for all Italian companies under Article 2120 of the Italian Civil Code, are deferred remuneration and are directly related to the employee's length of service in the company,

and to the employee's actual remuneration received during their period of service. As of January 1, 2007, Law No. 296 of December 27, 2006, "2007 Budget Law", and subsequent decrees and regulations, introduced major changes in the rules governing post-employment benefits, including the employee's choice as to whether to allocate their accruing post-employment benefits to supplementary pension funds or to the "Treasury Fund" managed by INPS. As a result, the obligation to INPS and the contributions to supplementary pension schemes, in accordance with IAS 19 "Employee Benefits", assumed the nature of defined contribution plans. However, the portions registered in the post-employment benefits provision at January 1, 2007, retained the nature of defined benefit plans.

Share-based payments (stock options)

The cost of employee transactions for share-based benefits (stock options) is recognized in accordance with IFRS 2 and is measured referring to the fair value at the grant date. Fair value is determined by an external valuer using an appropriate valuation model.

The current plan is classified, according to IFRS 2 terminology, as equity settled, so the cost of the stock options is recognized under personnel expense, with a corresponding increase in equity, over the period from the time the options are granted to the beneficiaries, and ending on the date on which the employees involved have fully vested the right to receive the compensation ("vesting date"). The cumulative costs recorded for such transactions at the date of each financial year end up to the vesting date are commensurate with the expiry of the vesting period and the best estimate available of the number of equity instruments that will actually vest. The cost or revenue on the income statement for the year represents the change in cumulative cost recognized at the beginning and end of the year.

No cost is recognized for rights that do not reach final vesting, except in the case of rights whose vesting is contingent on market conditions, which are treated as if they had vested regardless of whether the market conditions to which they are subject are met or not, with the understanding that all other conditions must be met. If the initial conditions are changed, at the very least a cost should be recognized assuming that these conditions are unchanged. Additionally, a cost will be recognized for any change that results in an increase in the total fair value of the payment plan, or is otherwise favourable to employees; this cost is measured by reference to the date of change.

If rights are canceled, they are treated as if they had vested on the date of cancellation, and any costs not yet recognized against those rights are immediately recognized. However, if a canceled right is replaced by a new right and this is recognized as a situation on the date it is granted, the canceled and new right are treated as if they were a change of the original right.

Provisions for risks and charges

Provisions for risks and charges are recorded for losses and charges that have been clearly identified, are certain or probable, but whose amount and/or date of occurrence cannot be determined.

Allocations are recognized when:

- it is probable that an ongoing, legal or implicit obligation exists arising from past events;
- it is probable that the fulfilment of the obligation involves a cost;
- the amount of the obligation can be reliably estimated.

Allocations are booked at the amount representing the best estimate of the amount that the company would rationally pay to settle the obligation or to transfer it to third parties at the reporting date.

When the financial effect of timing is important and the dates of payment can be reasonably estimated, the allocation is subject to discounting.

Provisions are periodically updated to reflect changes in cost estimates, timing of implementation and the discounting rates. Revisions to provision estimates are charged to the same line item in the statement of profit/(loss) for the year that previously included the allocation.

Product warranty provision

The product warranty provision encompasses the anticipation of any costs required to fulfill contractual warranty commitments regarding goods invoiced at the balance sheet date. This provision is estimated on the basis of historical information on the nature, frequency and average cost of warranty interventions.

Trade payables

Trade payables whose maturity falls within normal commercial terms, usually less than one year, are recorded at the fair value of the initial consideration increased by settlement costs. After initial recognition, they are measured at amortized cost by recognizing any differences in the statement of profit/(loss) for the year over the life of the liability in accordance with the effective rate method.

Trade payables, which generally have a term of less than one year, are not discounted.

Income tax payables

For the three-year period 2022-2024, the Company participates in the national tax consolidation scheme under Articles 117 et seq. TUIR, jointly with the parent company Evolve S.r.l., which acts as the consolidating company.

This scheme is implemented based on one or more bilateral options, meaning each subsidiary company interested in participating opts with the parent-consolidating company. This arrangement allows corporate income tax ("IRES") to be calculated uniformly with regard to all the companies within the tax consolidation scheme.

The option exercised is binding for a three-year period, with the possibility of renewal and termination at the end of the first three-year period or any subsequent three-year periods.

Statement of profit/(loss) for the year

Revenue from contracts with customers

IFRS 15 Revenue from Contracts with Customers and clarification of IFRS 15 Revenue from Contracts with Customers

Revenue is recognized based on the likelihood of the Group to derive economic benefits and the extent to which the amount can be reliably determined, considering any returns, rebates, trade discounts, and quantity-related premiums.

As of January 1, 2018, the Group applies IFRS 15 "Revenue from Contracts with Customers" for revenue recognition. IFRS 15 constitutes a unified and comprehensive framework for revenue recognition, outlining the requirements applicable to all contracts with customers, except those falling under the standards on leases, insurance contracts, and financial instruments. The fundamental principle of the new standard

requires that the Group recognize revenue in such a way that the transfer to the customer of goods and/or services is expressed in an amount that reflects the consideration to which the Group believes it is entitled as compensation for the transfer of the goods and/or services. Revenue recognition, unlike in the previous IAS 18 and IAS 11, no longer distinguishes between revenue from the sale of goods, services, and work in progress. Instead, it follows the five-step model, which involves the identification of the contract, performance obligation, consideration, allocation of consideration to performance obligation, and ultimately, revenue recognition.

Under IFRS 15, revenue is measured by taking account of the contractual terms and business practices generally applied in customer relationships. The transaction price is the amount of consideration (which may include fixed amounts, variable amounts, or both) to which a company is deemed to be entitled in exchange for the transfer of control of the promised goods/services. Control is generally defined as the power to make decisions about the use of the asset (good/service) and to derive substantially all remaining benefits from it. The total consideration for contracts for the provision of services is allocated among all services based on the selling prices of the relevant services as if they had been sold individually.

For IFRS 15, under each contract, the benchmark for revenue recognition is the individual performance obligation. For each separately identified performance obligation, the entity recognizes revenue when (or as) it fulfills the obligation by transferring the promised good/service (i.e., asset) to the customer. The asset is transferred when (or as) the customer gains control.

Variable consideration

If the contractual consideration includes a variable amount (e.g., as a result of reductions, discounts, refunds, credits, price concessions, incentives, performance bonuses, penalties, or because the consideration itself depends on the occurrence or non-occurrence of an uncertain future event), the amount of consideration deemed to be entitled to must be estimated. The Group estimates variable consideration on a consistent basis for similar cases, using the expected value or most probable amount method; it then includes the estimated amount of variable consideration in the transition price only to the extent that this amount is highly probable.

Presence of a significant financial component

Group revenue is adjusted when there are significant financial components, whether it is funded by its customer (advance receipts) or funded by it (deferred collection). The presence of a significant financial component is identified at contract signing by comparing expected revenue with payments to be received. It is not recognized if there is a time period of less than 12 months between the time of transfer of the good/service and the time of payment.

Costs for obtaining and fulfilling the contract

The Group capitalizes the costs incurred to obtain the contract that it would not have incurred had it not been obtained (e.g., sales commissions) when it expects to recover them. While in the case of no contract, it capitalizes them only if explicitly chargeable to the customer. The Group capitalizes the costs incurred in contract fulfillment only when they are directly related to the contract, allow for new and increased resources for future fulfillment, and those costs are expected to be recovered.

Revenue recognition

The Group specializes in the design and production of compact, high-power and energy-efficient solutions and technologies for the professional audio market.

Group revenue includes:

- (i) consideration for sales of goods to customers;
- (ii) consideration for sales of spare parts to customers;
- (iii) service consideration: including fees from the provision of support services;

Based on the IFRS 15 five-step model, the Group recognizes revenue only if the following criteria (so-called "contract" identification criteria with the customer) are met:

- a) the parties to the contract have approved the contract (whether in writing, orally, or in accordance with other customary business practices) and have agreed to fulfill their respective obligations; hence, an agreement is in place between the parties, establishing enforceable rights and obligations, regardless of the form in which the agreement is expressed;
- b) the Group can identify each party's rights regarding the goods or services to be transferred;
- c) the Group can identify the payment terms for the goods or services to be transferred;
- d) the contract has commercial substance; and
- e) it is likely that the Group will receive the consideration to which it is entitled in exchange for the goods or services that will be transferred to the customer.

If the above criteria are not met, the relevant revenue is recognized when: (i) the Group has already transferred goods and/or provided services to the customer and all, or nearly all, of the consideration promised by the customer has been received and is non-refundable; or (ii) the contract has been terminated and the consideration the Group has received from the customer is non-refundable. If the above criteria are instead met, the Group applies the mentioned recognition rules.

With regard to the accounting of revenue from long-term sales contracts, the Group has identified a single performance obligation in this type of agreement and has decided to account for the related revenue over time and use as a method of assessing progress, the input-based technique, specifically referring to costs incurred over time (cost to cost method).

Sale of goods

Revenue from the sale of goods and spare parts is recognized when control of the asset subject to the transaction is transferred to the buyer, i.e., when the asset is delivered to the customer in accordance with the contractual provisions and the customer acquires the full power to decide on the use of the asset as well as to derive substantially all the benefits from it. If the sales contract provides for retrospective volume discounts, the Group estimates their effect and treats them as a variable component of the agreed consideration. There are no post-delivery obligations other than product warranties; should these warranties not be a separate benefit, they are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Cost of sales

This item includes expense directly incurred for direct and indirect production personnel, purchase of raw materials and production of finished products. The item also includes changes in inventory of finished products, semi-finished products and raw materials, as well as transportation costs, customs duties, depreciation, allocations and other minor direct expense.

Business and marketing expense

The item includes business costs related to personnel, consulting, trade fairs and exhibitions, marketing and advertising costs, collaborations, sales commissions, depreciation and allocations.

Trade costs are recorded when their amount can be reliably determined. Costs for services are recorded on an accrual basis according to the moment they are received.

General and administrative expense

This item includes overhead expense, which consists mostly of indirect personnel costs, utilities, leases and rentals, corporate expense, overhead, maintenance, consulting (excluding purely commercial), depreciation and allocations.

General and administrative costs are recorded when their amount can be reliably determined. Costs for the purchase of goods are recognized at the time of delivery, which under existing contracts identifies the time when the associated risks and benefits are transferred. Costs for services are recorded on an accrual basis according to the moment they are received.

Financial income and expense

Financial income includes interest income accrued on any form of financing, financial income on cash and similar securities, dividends, foreign exchange gains, and valuation gains (unrealized) on portfolio securities.

Financial expense includes interest expense accrued on any form of financing, foreign exchange losses and any valuation losses (unrealized) on securities.

Current and deferred tax

The tax expense for the year includes current tax expense and deferred tax expense. Income tax is recognized in the Statement of Profit (Loss) for the year, except for tax related to transactions recognized directly in equity, which is accounted for in equity.

Current tax expense represents the estimated amount of income tax due calculated on taxable income for the year, determined by applying current tax rates or those substantially in effect at year end. Deferred tax is appropriated under the equity method, calculating temporary differences between the carrying amounts of assets and liabilities recorded in the financial statements and the corresponding amounts recognized for tax purposes.

Deferred tax assets are recognized to the extent that it is likely that future taxable profit will be available against which they can be recovered.

Deferred tax assets and deferred tax liabilities are offset when they are applied by the same tax authority, there is a legal right to offset, and a settlement of the net balance is expected.

Other tax not related to income, such as indirect tax and levies, is included in the statement of profit/(loss) for the year they relate to.

Earnings per share

Basic earnings per share are calculated, based on the provisions of IAS 33, by dividing the net profit for the year, attributable to ordinary shareholders of the Parent Company, by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share are calculated by dividing the net profit attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the year and those potentially arising from the exercise of all outstanding options.

IFRS 16 - Leases

IFRS 16 introduces a single lease accounting model in the financial statements of lessees.

At the date of commencement of each lease, the lessee recognizes a liability for lease payments (i.e., the lease liability) and concurrently an asset representing the right to use the underlying asset for the term of the lease (i.e., the right to use the asset). Lessees must therefore account separately for interest expense on the lease liability and depreciation of the right to use the asset.

Upon occurrence of certain events (for example: a change in the terms of the lease agreement, a change in future lease payments resulting from a change in an index or rate used to determine those payments) the lease liability is re-determined. The lessee records the amount of re-measurement of the lease liability as an adjustment to the right to use the asset

The Group has opted to apply exemptions to such accounting for short-term leases (less than 1 year) and low-value asset leases (less than Euro 5,000), whose lease payments will continue to be recorded as a period expense in the income statement.

Transactions denominated in foreign currencies

Foreign currency transactions are initially recognized in the functional currency, applying the spot exchange rate at the date of the transaction.

Monetary assets and liabilities expressed in foreign currency are translated into the functional currency at the exchange rate in force at the balance sheet date.

Realized exchange differences or those arising from the translation of monetary items are recognized in the income statement.

Non-monetary items measured at historical cost in foreign currencies are translated at the exchange rates on the date of initial recognition of the transaction. Non-monetary items recognized at fair value in a foreign currency are converted at the exchange rates applied on the fair value calculation date. The gain or loss arising from the translation of non-monetary items is treated consistently with the recognition of gains and losses related to the change in fair value of those items.

4. New accounting standards, interpretations and amendments adopted by the Group

The accounting standards adopted in the preparation of the consolidated financial statements are the same as those used for the consolidated financial statements at December 31, 2022, with the exception of the adoption of the new standards and amendments effective as of January 1, 2023, as shown below. The Group has not adopted in advance any new standards, interpretations or amendments issued but not yet in force.

IFRS 17 - Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a new accounting standard for insurance contracts that considers recognition and measurement, presentation, and disclosure. IFRS 17 supersedes IFRS 4 Insurance Contracts issued in 2005. IFRS 17 applies to all types of insurance contracts (e.g., life, non-life, direct insurance, and reinsurance), regardless of the type of entity that issues them, as well as to certain guarantees and financial instruments with discretionary participation features; some exceptions apply to the scope. The overall goal of IFRS 17 is to provide a more useful and consistent accounting model for insurance contracts for insurers. Unlike the requirements of IFRS 4, which are based largely on maintaining previous local accounting standards, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-term contracts.

The amendments had no impact on the Group's consolidated financial statements.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting standards and error correction. They also clarify how entities use valuation techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's consolidated financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments are intended to help entities provide more useful accounting policy disclosures by replacing the requirement for entities to disclose their "significant" accounting standards with a requirement to disclose their "material" accounting standards and by adding guidance on how entities apply the concept of materiality when making accounting standard disclosure decisions.

The amendments impacted the disclosure of the Group's accounting standards, but not the measurement, recognition, and presentation of the Group's consolidated financial statement elements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

The amendments to IAS 12 Income Taxes narrow the scope of the exception to initial recognition so that it no longer applies to transactions that give rise to equally taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Group's consolidated financial statements.

International Tax Reform - Pillar Two Model Rules - Amendments of IAS 12

The amendments to IAS 12 were introduced in response to the OECD BEPS Pillar Two rules and include:

- A temporary mandatory exemption to recognition and disclosure requirements for deferred tax resulting from the implementation in jurisdictions of the Pillar Two rules; and

- Disclosure requirements for affected entities to help users of financial statements better understand the income tax impacts arising from this legislation, particularly prior to the effective date.

The temporary mandatory exemption - whose use is required to be disclosed - is immediately applicable. The remaining disclosure requirements apply for financial years beginning on or after January 1, 2023, but not for interim periods prior to December 31, 2023.

The amendment has no impact on the Group's consolidated financial statements.

Transactions denominated in foreign currencies

All amounts are expressed in Euro, the functional currency of the parent company.

Financial statements expressed in foreign currencies were translated into Euro by applying the average exchange rates for the year to the individual items in the consolidated statement of profit/(loss) for the year and the current exchange rates at the closing date to those in the Statement of Financial Position.

The exchange rates used in the translation (Euro versus currency) were as follows:

Company	Exchange rate	
	December 31, 2023	Average 2023
Powersoft Adv. Tech. Corp.	1.105	1.0816

Segment reporting

Under the provisions of IFRS 8 "Operating Segments", mention should be made that the Group, as it exists currently, operates within a single operating segment referred to as "audio amplifiers for professional applications".

5. Notes to the consolidated financial statements

5.1 Property, plant and equipment

The table below shows the amounts of property, plant and equipment at the beginning and end of the year, and the changes that took place.

PROPERTY, PLANT AND EQUIPMENT	Land and buildings	Plant and equipment	Industrial and commercial equipment	Other tangible fixed assets	Total property, plant and equipment
Net amount at 31.12.2021	1	62	361	258	683
Increases	-	26	630	100	755
Decreases	-	-	-	(57)	(57)
Depreciation	(1)	(16)	(278)	(113)	(407)
Total changes	(1)	10	352	(70)	291
Historical cost	18	231	3,190	2,165	5,604
Depreciation fund	(18)	(163)	(2,464)	(1,878)	(4,522)
Net amount at 31.12.2022	0	68	727	288	1,082
Increases	-	14	606	292	911
Decreases	-	-	-	-	-
Depreciation	(0)	(13)	(346)	(136)	(496)
Total changes	(0)	0	260	156	416

Historical cost	18	247	3,796	2,441	6,503
Depreciation fund	(18)	(180)	(2,809)	(1,998)	(5,005)
Net amount at 31.12.2023	-	68	987	443	1,497

The total net amount of "Property, plant and equipment" is Euro 1,497 thousand, up from December 31, 2022. This change is attributable to the following main factors:

- expenditure of Euro 606 thousand in industrial equipment for approximately Euro 590 thousand and moulds for approximately Euro 16 thousand for equipment for the development of new products;
- expenditure of Euro 292 thousand mainly in the purchase of electronic office machines for Euro 112 thousand, maintenance on third-party assets of Euro 53 thousand and motor vehicles of Euro 74 thousand.

It is acknowledged that for all assets under this category:

- the Group did not identify any indicators of impairment;
- there are no commitments to purchase other assets;
- there is no capitalized financial expense.

It should be noted that assets acquired through lease contracts are classified under the "Assets from rights of use" section below.

5.2 Assets from right of use

At December 31, 2023, the Group has a value of rights of use on leased property and cars of Euro 1,485 thousand.

The following are the changes that took place during the year.

ASSETS FROM RIGHT OF USE	Assets from right of use on vehicles	Assets from right of use on capital properties	Total assets from right of use
Net amount at 31.12.2021	-	833	833
Increases/decreases	-	432	432
Depreciation	-	(502)	(502)
Total changes	-	(502)	(502)
Historical cost	-	2,515	2,515
Depreciation fund	-	(1,757)	(1,757)
Net amount at 31.12.2022	-	758	758
Increases/decreases	139	1,021	1,160
Depreciation	(28)	(580)	(608)
Total changes	111	441	552
Historical cost	139	3,536	3,675
Depreciation fund	(28)	(2,162)	(2,190)
Net amount at 31.12.2023	111	1,374	1,485

5.3 Other intangible assets

The table below shows other intangible assets at the beginning and end of the year, and the changes that took place.

OTHER INTANGIBLE ASSETS	Industrial patent and intellectual property rights	Concessions, licenses, trademarks and similar rights	Development costs	Other intangible assets	Total other intangible assets
Net amount at 31.12.2021	212	120	871	18	1,220
Increases	300	13	965	-	1,277
Decreases	-	-	-	-	-
Amortization	(207)	(10)	(884)	(10)	(1,112)
Total changes	92	2	80	(10)	165
Historical cost	3,077	192	6,718	351	10,338
Amortization fund	(2,774)	(69)	(5,766)	(344)	(8,953)
Net amount at 31.12.2022	304	122	952	7	1,385
Increases	436	27	1,348	(0)	1,812
Decreases	-	-	-	-	-
Amortization	(313)	(12)	(1,080)	(7)	(1,412)
Total changes	123	16	269	(7)	400
Historical cost	3,513	219	8,066	351	12,150
Amortization fund	(3,086)	(81)	(6,846)	(351)	(10,364)
Net amount at 31.12.2023	427	138	1,221	-	1,785

Net intangible assets amounted to Euro 1,785 thousand, up versus December 31, 2022. This increase is mainly attributable to the following factors:

- capitalization of development costs for Euro 1,348 thousand;
- investments in industrial patent and intellectual property rights of Euro 436 thousand, mainly related to the purchase of new software amounting to Euro 341 thousand.

Regarding the item "Development costs", at the reporting date, the Group did not identify any indicators of impairment in accordance with IAS 36 prompting the need to assess the existence of an impairment of the asset itself.

5.4 Deferred tax assets and deferred tax liabilities

The tables below show the amount of deferred tax assets and deferred tax liabilities.

Temporary differences	31.12.2023	31.12.2022	Change
IRES	570	498	71
IRAP	79	57	22
Foreign corporate income tax	330	360	(30)
Total deferred tax assets	979	915	64
IRES	1	3	(2)
IRAP	-	-	-
Foreign corporate income tax	16	80	(64)
Total deferred tax liabilities	17	83	(66)

Deferred tax assets	31.12.2023		31.12.2022	
Temporary differences	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
Provision for inventory obsolescence	1,173	327	876	244
Exchange differences	97	23	244	59
Warranty provision - IAS 37	905	253	637	178
Post-employment benefits - IAS 19	(159)	(24)	159	9
Unpaid fees to directors	290	70	271	65
Other consolidation entries	705	247	573	201
Foreign corporate income tax		84	-	160
Total deferred tax assets		979		915

Deferred tax assets are recognized to the extent that it is likely that future taxable profit will be available against which they can be recovered. In determining the estimated recoverable amount, the Group considered the results of the business plan.

Deferred tax liabilities	31.12.2023		31.12.2022	
Temporary differences	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
Exchange differences	2	1	12	3
Civil-tax amort. foreign companies	78	16		80
Total deferred tax liabilities		17		83

5.5 Other non-current assets

The table below shows other non-current assets at the beginning and end of the year.

Other non-current assets	31.12.2023	31.12.2022	Change
Security deposits	5	5	-
Other receivables	28	28	-
Total other non-current assets	33	33	-

5.6 Investments

The table below shows the amount at the beginning and end of the year of investments, and their changes in the year.

Investments	Net amount at 31.12.2023	Net amount at 31.12.2022	Accumulated allowance for impairment	Change in net amount
Associates	-	5	-	(5)
Total investments	0	5	-	(5)

5.7 Inventory

The item is broken down as follows:

Inventory	31.12.2023	31.12.2022	Change
Raw and ancillary materials and consumables	5,316	5,235	81
Work in progress and semi-finished products	8,361	3,225	5,135
Finished products and goods	4,818	1,904	2,915
Total gross inventory	18,495	10,364	8,131
Prov. for inventory obsolescence	(950)	(684)	(266)
Net inventory	17,544	9,680	7,864

Inventory at December 31, 2023 is mainly attributable to raw materials amounting to Euro 5,316 thousand and semi-finished products amounting to Euro 8,361 thousand. The increase in inventory, raw materials and semi-finished products in particular, stems from a business strategy aimed at mitigating the risk of procurement delays and ensuring the availability of goods to meet anticipated customer demand.

At December 31, 2023, the Group recorded an obsolescence provision of Euro 950 thousand to safeguard against any risks arising from the possible obsolescence and slow turnover of inventory, considering the potential for future utilization or realization. An allocation of Euro 297 thousand was recorded in the year.

5.8 Trade receivables

Trade receivables are detailed as follows:

Trade receivables	31.12.2023	31.12.2022	Change
Receivables from customers	11,482	7,060	4,421
Receivables from others	47	170	(123)
Invoices to issue	78	(29)	108
Advances	(410)	(496)	86
Total	11,197	6,705	4,492
Allowance for impairment	(264)	(250)	(13)
Total net allowance for impairment	10,933	6,455	4,479

Trade receivables, net of the allowance for impairment, amounted to Euro 10,933 thousand, an increase of Euro 4,479 thousand versus the end of the prior year, mainly due to the increase in business volumes.

No allocations were deemed necessary for 2023, and no use of the allowance for impairment was necessary.

5.9 Income tax receivables

Income tax receivables are detailed as follows:

Income tax receivables	31.12.2023	31.12.2022	Change
IRAP advances	-	138	(138)
Total	-	138	(138)

The item at December 31, 2022 amounted to Euro 138 thousand and included IRAP advances made during the year. In the current period, however, the position with the tax authorities for IRAP at year end indicates a debit and is thus classified as a liability.

5.10 Other current assets

"Other current assets" is composed as follows:

Other current assets	31.12.2023	31.12.2022	Change
Security deposits	63	58	5
Other receivables from employees	1	2	(1)
Tax receivables	535	279	255
VAT receivables	3,865	1,169	2,696
Withholding tax	-	-	-
Receivables from Subs. Tax Consolid.	2	577	(575)
Deferred expense	1,042	327	714
Accrued income	66	18	49
Total	5,573	2,430	3,143

The item is primarily comprised of the VAT receivable claimed by the Company, generated mainly due to its status as a regular exporter.

Deferred expense, amounting to Euro 1,042 thousand, mainly includes costs to guarantee future production, insurance, licenses, and costs for trade fairs that have been incurred financially during the closing year or in prior years, but refer to one or more subsequent years.

5.11 Other financial assets

Current financial assets consist of financial securities purchased by the Group as a form of investment of its excess liquidity. Specifically, these are units of funds, SICAVs and ETFs listed on regulated markets. These investments were recognized based on the requirements of IFRS 9 and measured at fair value (lev. 1) with a balancing entry in the income statement. The portfolio at December 31, 2023 amounted to Euro 5,541 thousand. The portfolio at December 31, 2022 amounted to Euro 5,234 thousand.

Other financial assets	31.12.2023	31.12.2022	Change
Portfolio securities	5,541	5,234	306
Total	5,541	5,234	306

The fair value hierarchy is shown below:

	Quoted prices on an active market (Lev. 1)	Significant observable inputs (Lev. 2)	Significant unobservable inputs (Lev. 3)	Total
Portfolio securities	5,541			5,541
Total	5,541			5,541

5.12 Cash and cash equivalents

The item is broken down as follows:

Cash	31.12.2023	31.12.2022	Change
Bank and postal deposits	14,429	20,273	(5,844)
Cash and cash on hand	1	2	(1)
Total	14,430	20,275	(5,845)

The balance represents cash and cash on hand outstanding as of the date.

5.13 Equity

The changes that took place for the main items in equity are shown analytically in the table at the beginning of the notes to the consolidated financial statements. Below are the changes that took place in 2023 and 2022:

Equity	Balance at 01/01/23	Alloc. Profit (loss) at 31/12/22	Dividend distribution	Exercise of stock options	Share-based payments (stock options)	Profit / (loss) of the statement of comprehensive income	Profit (loss) for the period 31/12/2023	Equity at 31/12/2023
Share capital	1,228	-	-	21	-	-	-	1,249
Translation reserve	42	-	-	-	-	(34)	-	8
Legal reserve	238	7	-	-	-	-	-	246
Share premium reserve	7,544	-	-	791	-	-	-	8,335
Extraordinary reserve	13,771	6,360	(9,671)	-	-	-	-	10,460
FTA reserve	100	-	-	-	-	-	-	100
Reserve for actuarial gains/(losses) from employee benefits	79	-	-	-	-	(14)	-	65
Various other reserves	875	(300)	-	-	-	-	-	575
Stock options reserve	424	-	-	(170)	252	-	-	506
Retained earnings (losses carried forward)	497	280	-	-	-	-	-	777
Profit (loss) for the year	6,347	(6,347)	-	-	-	-	12,062	12,062
Total equity	31,147	0	(9,671)	642	252	(48)	12,062	34,383
Equity attributable to non-controlling interests	-	-	-	-	-	-	-	-
Total equity	31,147	0	(9,671)	642	252	(48)	12,062	34,383

The share capital at December 31, 2023 amounts to Euro 1,249 thousand, fully subscribed and paid up and consists of 11,925,852 shares with no par value.

In 2023, following partial execution of the option right serving the "2018-2020 Incentive Plan", the share capital increased from Euro 1,228 thousand to Euro 1,249 thousand. As a result, the free float increased from 19.18% to 20.52%.

That said, the reserves include:

- the legal reserve of Euro 246 thousand;
- the share premium reserve of Euro 8,335 thousand;
- the extraordinary reserve of Euro 11,215 thousand;
- the negative reserve for actuarial gains/(losses) for employee benefits of Euro 65 thousand, including actuarial gains and losses from the actuarial valuation of post-employment benefits net of the related tax impacts;
- the reserve for the first-time adoption of the international accounting standards of Euro 100 thousand, which incorporates all the effects generated by the transition to IAS/IFRS;

Earnings per share

Basic earnings per share were calculated according to IAS 33; the value of this metric was Euro 1.02 per share. The metric was calculated by dividing the profit attributable to the shareholders of the Parent (Euro 12,062,018 in 2023) by the weighted average number of outstanding ordinary shares in the period (11,801,073 shares in 2023). Diluted earnings per share amounted to Euro 0.99 per share and are calculated by dividing the profit attributable to shareholders (Euro 12,062,018 in 2023) by the weighted average number of shares outstanding, taking account of the effects of all potential ordinary shares with diluted effect (12,217,216 shares in 2023).

5.14 Current and non-current financial liabilities

The item is broken down as follows:

Current and non-current financial liabilities	31.12.2023	31.12.2022	Change
Payables to other non-banking financial institutions (SIMEST)	593	414	179
Non-current financial liabilities from rights of use	821	267	554
Total non-current financial liabilities	1,414	680	734
Payables to parent companies	(0)	-	(0)
Payables to other non-banking financial institutions (SIMEST)	95	58	37
Current financial liabilities from rights of use	683	509	174
Total current financial liabilities	779	567	212

The Group applied for subsidized loans through Fund 394/81 and related non-repayable co-financing from Simest. This application is intended to secure access to 4 lines of subsidized loans, as outlined in Law Decree no. 112 of June 25, 2008, article 6, paragraph 2, letters a), b), and c), subsequently converted into Law no. 133 of August 6, 2008. These funds are earmarked for covering expense planned for the years 2021-2023, focusing on market expansion efforts and participation in international trade fairs. The Group also applied to Simest for subsidized loans using funds from the PNRR - NextGenerationEU aimed at supporting SMEs in the processes of international expansion and digital and ecological transition. The specific objective of the project, which the Group submitted to Simest to secure the loans, is to enhance the level of digitization within the company.

At December 31, 2023, five Simest loans, aimed at financing participation in international trade fairs, expanding into foreign markets, and facilitating digital transition, are recorded as payables to non-banking financial institutions. Details are given below:

Payables to SIMEST	Disbursement	Maturity	Annual Rate
SIMEST loan no. 45392	03/12/2021	26/10/2025	0.055%
SIMEST loan no. 45396	24/11/2021	26/10/2025	0.055%
SIMEST loan no. 65797	13/05/2022	17/01/2028	0.055%
SIMEST loan no. 11305	13/07/2022	28/06/2028	0.051%
SIMEST loan no. 11218	13/01/2023	25/10/2028	0.065%

Financial liabilities from rights of use, calculated by discounting the value of lease payments due, totaled Euro 1,504 thousand, of which Euro 821 thousand classified as non-current liabilities and Euro 683 thousand as current liabilities.

There are no covenants or guarantees.

Changes in "Current and non-current financial liabilities" in the six months under review were as follows:

Current and non-current financial liabilities	31.12.2022	New contracts	Repayments	31.12.2023	Change
Payables to non-banking financial institutions (SIMEST)	472	274	(58)	688	216
Financial liabilities from rights of use	776	1,357	(629)	1,504	728
Total current and non-current financial liabilities	1,248	1,631	(687)	2,192	944

Below is the net financial position as required by ESMA Guideline 32-382-1138 of March 4, 2021 as referred by CONSOB in Warning Notice no. 5/21 of April 29, 2021:

	31.12.2023	31.12.2022
(A) Bank and postal deposits	14,429	20,273
(B) Cash	1	2
(C) AVAILABLE CASH (A+B)	14,430	20,275
(D) CURRENT FINANCIAL ASSETS	5,541	5,234
(E) Current bank payables		
(F) Other current financial liabilities	(779)	(567)
(G) CURRENT FINANCIAL DEBT (E+F)	(779)	(567)
(H) NET CURRENT FINANCIAL POSITION (C+D+G)	19,192	24,942
(I) Non-current bank payables	-	-
(L) Other non-current financial liabilities	(1,414)	(680)
(M) NON-CURRENT FINANCIAL DEBT (I+L)	(1,414)	(680)
(N) NET FINANCIAL POSITION (H+M)	17,778	24,261

5.15 Employee benefits

The post-employment benefits payable amounted to Euro 1,365 thousand and represents the Parent Company's actual liability at December 31, 2023 to employees in force at that date, net of advances paid and shown taking account of actuarial valuation.

The actuarial value of the defined benefit plan was estimated by an independent actuary, as required by IAS 19 "Employee Benefits".

The table below shows the changes in the present value of the liability for defined benefit obligations.

Defined benefit obligations	31.12.2023	31.12.2022	Change
Defined benefit obligations at January 1	1,163	1,268	(105)
Service costs	188	182	6
Interest cost	44	24	21
Actuarial (gains) losses recognized in equity	19	(204)	223
Advances/utilization and other changes	(49)	(107)	58
Total	1,365	1,163	202

Actuarial assumptions

Under IAS 19, the liability to be recognized should be calculated using a specific approach (the Projected Unit Credit Cost). In accordance with this approach, the liability is calculated based on the proportion of the service that has accrued by the balance sheet date in relation to the total service that is expected to be provided.

Additionally, this approach determines the liability without considering the average present value of any expected future contributions.

The evaluation of benefits under IAS 19 consists of the following steps:

- projection based on a set of economic-financial assumptions of the possible future benefits that could be paid to each employee in the event of retirement, death, disability, resignation, request for advancement, etc.. The estimate also includes future annual accruals and future revaluations;
- calculation at the valuation date, based on the annual interest rate adopted and the probability that each benefit has of actually being paid, the average present value of future benefits;
- definition of the liability by identifying the portion of the average present value of future benefits referring to the service already accrued by the employee in the company at the valuation date;
- identification, based on the liability calculated and the reserve set aside, of the recognized reserve in accordance with IAS.

The main assumptions made for the actuarial estimation process are summarized below:

	2023	2022
Annual discount rate	3.17%	3.77%
Annual rate of increase in post-employment benefits	3.00%	3.23%
Annual inflation rate	2.00%	2.30%
Annual rate of real wage increase	0.50%	0.50%
Expected rate of employee turnover post-employment benefits		6.00%
Expected rate of advances		1.50%
Probability of death		RG48 mortality tables
Disability		INPS tables by age and gender
Retirement age		100% upon meeting AGO requirements

The results of sensitivity analyses conducted to evaluate the impact on the present value of defined benefit obligation liabilities due to changes in reasonably possible actuarial assumptions are outlined below:

Sensitivity analysis of key evaluation parameters	
Inflation rate +0.25%	1,387
Inflation rate -0.25%	1,343
Discount rate +0.25%	1,336
Discount rate -0.25%	1,394
Turnover rate +1%	1,371
Turnover rate -1%	1,357

The table below provides the average financial duration of the obligation for defined benefit plans and estimated plan disbursements.

Service Cost and Duration	
Service costs	209
Duration of the plan	14
Estimated future disbursements	
Disbursement 1st year	145
Disbursement 2nd year	131
Disbursement 3rd year	139
Disbursement 4th year	146
Disbursement 5th year	152

5.16 Provisions for risks and charges

The following table shows the breakdown of provisions for risks and charges.

Provisions for risks and charges	31.12.2022	Alloc.	Utilizations	31.12.2023	Of which short	Of which long
Product warranty provision	637	542	(274)	905	455	450
Total	637	542	(274)	905	455	450

Provisions for risks and charges amounted to Euro 905 thousand at December 31, 2023, and included only the allocations to the product warranty provision.

The product warranty provision includes the estimated cost of repairs and warranty work on products sold, determined on the basis of historical/statistical data and the warranty coverage period.

The Group companies are not engaged in any civil, administrative, or contractual litigation that could lead to the recognition of contingent liabilities in the financial statements at the closing date.

5.17 Trade payables

The item amounts to Euro 16,560 thousand and is detailed as follows:

Trade payables	31.12.2023	31.12.2022	Change
Payables to suppliers	15,238	7,747	7,491
Invoices to receive	1,499	1,661	(161)
Advances	(177)	(445)	268
Total	16,560	8,963	7,598

The Group's trade payables increased versus the prior year's figure mainly to support the increase in sales volumes and the stocking policy required to mitigate shortage risks.

5.18 Income tax payables

Income tax payables are broken down as follows:

Income tax payables	31.12.2023	31.12.2022	Change
IRAP payable	256	474	(218)
IRES payable	3	84	(80)
Total	259	557	(298)

5.19 Other current liabilities

The item is broken down as follows:

Other current liabilities	31.12.2023	31.12.2022	Change
Payable to Parent Company for tax consolidation	1,631	2,283	(651)
IRPEF	184	169	16
Withholding tax	11	3	8
Accrued expense	1,067	1,052	15
Deferred income	260	262	(1)
Payables to social security institutions	420	359	61
Other payables	544	466	78
Total	4,119	4,593	(474)

The payable to the parent company refers to the debt arising from the tax consolidation scheme.

Accrued expense, amounting to Euro 1,067 thousand, mainly includes the provision for the portion of bonuses to be paid to employees. Other payables include payables to employees for special paid leave and vacation pay.

5.20 Revenue from contracts with customers

Below is a breakdown of revenue from contracts by type of service and by revenue recognition method.

Revenue Stream	At point in time/Over time	31.12.2023	31.12.2022	Change
Goods revenue	At point in time	68,627	47,713	20,914
Spare parts revenue	At point in time	221	251	(29)
Services revenue	At point in time	429	247	182
Total		69,277	48,210	21,067

Group sales revenue grew by 43.7% to Euro 69,277 thousand from Euro 48,210 thousand in the prior year. Versus the prior year, the Group's sales growth was notably strong in the European and Asian markets, where it increased by 71.8% and 71.5%, respectively, versus 2022.

The breakdown of sales revenue by geographical area is shown below:

Revenue by geographical area	31.12.2023	31.12.2022	Change
Europe	35,818	20,848	14,970
North America (NAM)	17,512	18,316	-804
Asia and Pacific (APAC)	12,675	7,391	5,284
Middle East and Africa (MEA)	1,900	1,123	777
Caribbean and South America (CALA)	1,371	532	839
Total	69,277	48,210	21,067

Mention should be made that within Powersoft Group, aside from the audio and amplifiers for professional applications segment, there are no other operating segments that exceed the significance thresholds defined by IFRS 8. Therefore, disclosures required by this standard are not provided.

5.21 Other revenue

Details of other revenue are shown in the table below:

Other revenue	31.12.2023	31.12.2022	Change
Customer transportation recovery	239	238	1
Miscellaneous grants	297	55	242
Tax receivables	410	225	185
Other revenue	113	64	49
Total	1,060	583	477

Other revenue totaled Euro 1,060 thousand, an increase of Euro 477 thousand versus the prior year. Included under Miscellaneous Grants are benefits from regional and national subsidized finance instruments, while tax receivables mainly include the benefit from the R&D Receivable related to 2022 and Industry 4.0.

5.22 Cost of sales

The item is broken down as follows:

Cost of sales	31.12.2023	31.12.2022	Change
Purchases	41,133	24,159	16,974
Change in inventory	(7,718)	(2,519)	(5,199)
Alloc. prov. obsoles.	297	314	(17)
Utiliz. prov. obsoles.	(28)	(264)	236
Services	528	480	48
Transportation costs	879	1,087	(209)
Customs costs	133	107	26
Other costs	292	347	(55)
Direct structure costs	68	82	(14)
Personnel Costs and Expense	1,431	977	453
Amortization/depreciation	169	114	56
Total	37,183	24,885	12,298

At December 31, 2023, the cost of sales totaled Euro 37,183 thousand, up versus the prior year, mainly due to the increase in volumes sold.

Cost of Sales related to 2022 has been restated to include costs related to direct and indirect production personnel, facility costs and depreciation regarding the production facility, which last year were shown in lines dedicated by nature to personnel and depreciation.

5.23 Increases for internal work

Under IAS 38, the item includes capitalized development costs and is composed as follows:

Increases for internal work	31.12.2023	31.12.2022	Change
Increases for internal work	1,349	965	384
Total	1,349	965	384

At December 31, 2023, capitalized development costs amounted to Euro 1,349 thousand, an increase of Euro 384 thousand versus the prior year, confirming the Group's constant commitment to research and development activities.

Development costs are defined as expense incurred by the Parent Company for the purpose of implementing and applying research findings or other knowledge to a plan or project aimed at creating new or significantly improved materials, devices, processes, systems, or services before commercial production or use commences.

5.24 Business and marketing expense

The item is broken down as follows:

Business and marketing expense	31.12.2023	31.12.2022	Change
Consulting	438	523	(85)
Fairs and Exhibitions	537	357	180
Advertising & Marketing	375	157	218
Sales commissions	650	546	104
Gifts	(0)	-	(0)
Other business expense	213	65	148
Personnel Costs and Expense	1,955	1,754	201
Travel	404	210	193
Allocations	564	431	134
Amortization/depreciation	14	15	(2)
Total	5,150	4,059	1,091

Business and marketing expense at December 31, 2023 amounted to Euro 5,150 thousand, an increase of Euro 1,091 thousand versus the prior year. The changes include:

- increased presence at international fairs/roadshows;
- increased promotional expense and sales commissions due to increased business volumes;
- increased costs of sales staff and customer travel and visits.

Business and marketing expense at December 31, 2022 has been restated to consider the different accounting of costs related to sales, marketing and aftersales personnel, facility costs and depreciation related to the sales area, which last year were shown in lines dedicated by nature to personnel and depreciation.

5.25 General and administrative expense

The balance is shown in the table below:

General and administrative expense	31.12.2023	31.12.2022	Change
Consulting	1,393	1,268	125
Rents and service expense	71	91	(21)
Travel	320	173	147
Repairs and maintenance	115	411	(296)

Consumption expense	218	208	10
Product certification	98	81	17
Insurance	193	127	66
Training	38	21	18
Consumables and prototype development	343	258	85
Fees to Statutory Auditors	29	32	(3)
Personnel Costs and Expense	5,379	4,737	641
Directors' Fees and Expense	997	947	50
Other defined employee benefits	345	187	158
FV stock options	252	196	56
Amortization/depreciation	2,332	1,891	441
Other expense	588	284	305
Total	12,711	10,914	1,798

The item mainly relates to:

- consulting services for approximately Euro 1,393 thousand, consisting mostly of business consulting services amounting to Euro 999 thousand, recruiting amounting to Euro 82 thousand and fees to the Independent Auditors amounting to Euro 49 thousand.
- expense for the purchase of materials, mainly related to research and development, for Euro 343 thousand, an increase of Euro 85 thousand versus the prior year.

General and administrative expense at December 31, 2022 has been restated to consider the different accounting of costs related to indirect personnel, indirect facility costs, and indirect depreciation, which last year were shown in lines dedicated by nature to personnel and depreciation.

5.26 Financial income and expense

Details of financial income are shown in the table below:

Financial income	31.12.2023	31.12.2022	Change
Interest income	110	20	91
Exchange rate gains	384	697	(313)
Write-backs of financial assets at fair value	327	5	322
Total	821	721	100

Details of financial expense are shown in the table below:

Financial expense	31.12.2023	31.12.2022	Change
Interest expense	70	24	46
Interest expense on leases	18	11	7
Exchange rate losses	606	941	(335)
Sundry financial expense	111	64	46
Write-downs of financial assets at fair value	26	714	(688)
Total	832	1,755	(924)

Financials closed with a negative Euro 11 thousand, but improved from a negative Euro 1,034 thousand in the prior year, mainly due to the positive effect of revaluation.

5.27 Income tax

The table below shows the details of income tax:

Tax	31.12.2023	31.12.2022	Change
Current tax:			
IRES	3,903	2,290	1,612
IRAP	728	474	254
Foreign company tax	67	114	(46)
Deferred tax assets and liabilities:			
IRES	(69)	(160)	91
IRAP	(22)	(15)	(7)
Foreign company tax	(38)	(183)	145
Total	4,569	2,519	2,050

Reconciliation of actual tax burden	31.12.2023	31.12.2022
Profit (loss) before tax	16,631	8,866
Theoretical tax burden (tax rate 27.9%)	4,640	2,474
Reconciliation:		
Non-deductible expense and non-taxable income	(101)	115
Current tax prior years		
Tax on the result of subsidiaries	29	(70)
Other		
Actual tax	4,569	2,519

5.28 Earnings per share

Basic earnings per share and diluted earnings were determined by relating the net profit attributable to the Group in 2023 and 2022 of Euro 12,062 thousand and Euro 6,347 thousand, respectively, to the weighted average number of outstanding shares of the Parent Company.

Earnings per share were Euro 1.02 in 2023 versus Euro 0.54 in 2022.

Diluted earnings were Euro 0.99 in 2023 versus Euro 0.53 in 2022.

The table below shows the reconciliation between the weighted average number of shares used to calculate basic and diluted earnings per share:

Diluted earnings per share	31.12.2023	31.12.2022
Profit for the period (A)	12,062,018	6,347,361
Average number of ordinary shares issued	11,801,073	11,693,923
Average number of bonus shares grantable	-	-
Average number of stock options granted	67,181	91,809
Average number of stock options grantable	348,961	110,886
Average number of warrants granted	-	-
Average number of warrants grantable	-	-
Total (B)	12,217,216	11,896,618
Diluted EPS (A/B)	0.99	0.53

5.29 Personnel expense

The table below provides a breakdown of employee personnel expense by nature:

Personnel expense	31.12.2023	31.12.2022	Change
Wages and salaries	6,174	5,229	946
Social security expense	1,550	1,380	170
Post-employment benefits	329	309	20
Fees to Directors	900	854	47
Pension expense	154	135	19
Other defined employee benefits	601	464	137
FV stock options	252	196	56
Travel	579	270	310
Total	10,539	8,835	1,704

Personnel expense in 2023 amounted to Euro 10,539 thousand, increasing by Euro 1,704 thousand versus 2022, mainly due to the increase in headcount and the resumption of international travel.

The table below shows the Group's headcount by category:

Average headcount	2023	2022	Change
Executives	3	3	0
Managers	14	13	1
Employees	108	89	19
Workers	15	12	3
Interns	0	1	-1
Directors	6	6	0
Total	146	124	22

The tables below show the reclassification of personnel expense by purpose:

Personnel expense	31.12.2023	31.12.2022	Change
Cost of sales	1,033	744	288
Business and marketing expense	2,230	1,855	376
General and administrative expense	7,276	6,236	1,040
Total	10,539	8,835	1,704

5.30 Amortization, depreciation and allocations

The table below provides a breakdown of amortization, depreciation and allocations by nature:

Amortization and depreciation	31.12.2023	31.12.2022	Change
Amortization of intangible fixed assets	1,412	1,112	300
Depreciation of tangible fixed assets	496	407	89
Depreciation from right of use	608	502	106
Total	2,515	2,020	495

Amortization of other intangible assets mainly refers to Euro 325 thousand for the amortization of software, patents and concessions, and Euro 1,080 thousand for the amortization of capitalized development costs, for

which the company estimated a useful life and amortization period of 3 years. Depreciation of property, plant and equipment mainly concerns depreciation of equipment amounting to Euro 267 thousand. Depreciation from right of use, following application of IFRS 16 Leases, regards the depreciation of leased property and leased motor vehicles for Euro 608 thousand. The depreciation period starts from the year of asset registration by right of use.

Allocations	31.12.2023	31.12.2022	Change
Allocation to the allowance for impairment	22	56	(34)
Allocation to the provision for inventory obsolescence	297	314	(17)
Allocation to the product warranty provision	542	374	168
Total	861	745	117

The Group has estimated a product warranty provision of Euro 542 thousand in anticipation of any costs required to fulfill contractual warranty commitments regarding goods invoiced at the date of these consolidated financial statements.

At December 31, 2023, the Group recorded an allocation to the obsolescence provision of Euro 297 thousand to safeguard against any risks arising from the possible obsolescence and slow turnover of inventory, considering the potential for future utilization or realization.

At December 31, 2023, the Group recorded an allocation to the allowance for impairment of Euro 22 thousand to safeguard against any risks arising from customer receivables.

The tables below show the reclassification of amortization/depreciation and allocations by purpose:

Amortization and depreciation	31.12.2023	31.12.2022	Change
Cost of sales	169	114	56
Business and marketing expense	14	15	(2)
General and administrative expense	2,332	1,891	441
Total	2,515	2,020	495

Allocations	31.12.2023	31.12.2022	Change
Cost of sales	297	314	(17)
Business and marketing expense	564	431	134
General and administrative expense	-	-	-
Total	861	745	117

6. Information on financial risks

6.1 Financial risk management

The Group's activities expose it to various types of risks arising from the use of financial instruments:

- credit risk;
- liquidity risk;

- market risk, specifically interest rate and exchange rate risk.

This section details the Group's exposure to the listed risks, objectives, policies, and processes for managing these risks, methods used for their assessment, and capital management. These financial statements also include additional quantitative information. The Group's risk management concentrates on financial market volatility, aiming to minimize potential adverse effects on its financial and operational performance.

Credit risk

Credit risk arises mainly from the Group's trade receivables and financial investments.

The Group does not hold financial derivatives for hedging purposes, which could potentially generate credit exposure to counterparties.

The Group manages credit risk assessment by being responsible for risk management and analysis of new significant customers. The Group continuously monitors its financial and business exposure, and oversees the collection of receivables within agreed contractual timeframes.

Financial and business exposure	31.12.2023	31.12.2022	Change
Other non-current assets	33	33	-
Allowance for impairment	-	-	-
Other non-current assets net of allowance for impairment	33	33	-
Trade receivables	11,197	6,705	4,492
Allowance for impairment	(264)	(250)	(13)
Trade receivables net of allowance for impairment	10,933	6,455	4,479
Other current assets	5,573	2,430	3,143
Allowance for impairment	-	-	-
Other current assets net of allowance for impairment	5,573	2,430	3,143
Other financial assets	5,541	5,234	306
Allowance for impairment	-	-	-
Other financial assets net of allowance for impairment	5,541	5,234	306
Cash and cash equivalents	14,430	20,275	(5,845)
Total exposure net of allowance for impairment	36,510	34,426	2,083

The tables below provide a breakdown of financial assets and trade receivables at December 31, 2023 and December 31, 2022, grouped by due date and shown excluding cash and cash equivalents:

Receivables at 31/12/2023	Carrying amount	By overdue date				
		Not overdue	0-90 d	91-180 d	181-360 d	Over 360 d
Receivables from subsidiaries	-					
Receivables from third parties	11,482	7,792	3,039	360	(11)	301
Advances	(410)	-	-	-	-	-
Other receivables	125	125	-	-	-	-
Current financial assets	5,541	-	-	-	-	-

Receivables from financial institutions	-	-	-	-	-	-
Other	5,606	5,606	-	-	-	-
Total	22,343	13,523	3,039	360	(11)	301
Allowance for impairment	(264)					(264)

Receivables at 31/12/2022	Carrying amount	By overdue date				
		Not overdue	0-90 d	91-180 d	181-360 d	Over 360 d
Receivables from subsidiaries	-					
Receivables from third parties	7,060	3,489	2,830	450	-	292
Advances	(496)	-	-	-	-	-
Other receivables	141	141	-	-	-	-
Current financial assets	5,234	-	-	-	-	-
Receivables from financial institutions	-	-	-	-	-	-
Other	2,463	2,463	-	-	-	-
Total	14,402	6,092	2,830	450	-	292
Allowance for impairment	(250)					(250)

Liquidity risk

Liquidity risk represents the potential difficulty that an entity may encounter in meeting its obligations associated with financial liabilities to be settled that require the provision of cash or another financial asset. Cash flows, financing requirements, and liquidity for the Group are typically monitored and managed by the Administration, Finance and Control Department, ensuring the efficient and effective management of financial resources. The Group aims to prudently manage liquidity risk originating from normal operations. This objective entails retaining sufficient liquid assets and convertible securities in the short term.

The contractual maturities of financial liabilities at December 31, 2023 and December 31, 2022, shown before interest payable, are shown in the table below:

Payables and liabilities at 31/12/2023	Carrying amount	Maturity		
		Within one year	2-5 y	Over 5 y
Fin. payab. towards other fin. institutions (A)	688	95	593	
Financial liabilities from leases (B)	1,504	683	821	
Tot. Financial liabilities (A+B)	2,193	779	1,414	-
Trade payables (C)	16,560	16,560		
Total (A+B+C)	18,753	17,339	1,414	-

Payables and liabilities at 31/12/2022	Carrying amount	Maturity		
		Within one year	2-5 y	Over 5 y
Fin. payab. towards other fin. institutions (A)	472	58	414	
Financial liabilities from leases (B)	775	509	267	

Tot. Financial liabilities (A+B)	1,247	567	680	-
Trade payables (C)	8,963	8,963		
Total (A+B+C)	10,210	9,529	680	-

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, which can result from fluctuations in exchange rates, interest rates, or equity instrument prices. In the course of its operational activities, the Group faces various market risks. Primarily, it is exposed to the risk of interest rate fluctuations, and to a lesser extent, to the risk of exchange rate fluctuations. Market risk management aims to maintain the Group's exposure to market risk within acceptable limits while maximizing investment returns. This risk is further broken down into the following components: interest rate risk and exchange rate risk, as detailed below.

Interest rate risk

The Group has limited exposure to interest rate risk on loans. The management of interest rate risk follows established practices aimed at mitigating risks associated with interest rate fluctuations. Concurrently, it aims to minimize bank expense on deposits.

Exchange rate risk

Due to the Group's international development and current operations, the entity's results are exposed to fluctuations in Euro/Dollar exchange rates. This exposure to exchange rate risk is generated by sales or purchases in currencies other than the functional currency.

6.2 Capital management

The Group's primary objective in capital risk management is to ensure the continuity of business operations over the long term. The Group also aims to maintain an optimal capital structure to reduce borrowing costs.

7. Disclosure of financial instruments

7.1 Categories of financial assets and liabilities

Lastly, the following are the statements containing the description of financial assets and liabilities shown in the balance sheet, split up according to the categories required by the new IFRS 9 and compared with the corresponding fair value.

IFRS 9 was applied retrospectively, identifying January 1, 2018 as the initial application date. The Group also made use of the option in the standard itself not to restate comparative information. The adoption of IFRS 9 did not generate significant impacts on the consolidated financial statements and did not result in the need to recognize adjustments to the financial position at the date of initial application of the standard, as the portfolio of financial instruments held by the Group includes financial assets held for "trading" purposes. Regarding trade receivables, the Group maintains its policy of provisioning for impairment losses, using a model that effectively incorporates Expected Credit Losses (see the previous section outlining the main evaluation criteria).

For a better understanding of the financial statement disclosures, below are the reconciliation tables of assets and liabilities classified according to IFRS 9 and according to the previous classification under IAS 19.

Financial assets and liabilities

Classification under IFRS 9	31.12.2023		31.12.2022	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial assets at fair value through profit or loss	5,573	5,573	5,267	5,267
Amortized cost **	16,506	16,506	8,884	8,884
Financial assets at fair value through O.C.I.	-	-	-	-
TOTAL	22,080	22,080	12,126	12,126

* Refers to Other non-current assets and Other current financial assets.

** Refers to Other current assets and Trade receivables.

Classification under IFRS 9	31.12.2023		31.12.2022	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Other financial liabilities measured at amortized cost *	22,872	22,872	14,803	14,803
Financial liabilities at fair value through profit or loss	-	-	-	-
TOTAL	22,872	22,872	12,349	12,349

*Refers to the following items: Non-current financial liabilities, Current financial liabilities, Trade payables, and Other current liabilities.

8. Related party transactions

For the definition of related parties, reference is made, in addition to IAS 24 and in accordance with the provisions of the Regulation adopted by CONSOB Resolution No. 17221 of March 12, 2010, as amended (the "Consob RPT Regulation"), to the "Procedure for the regulation of related party transactions" adopted by the Company and available on the website [https://www.powersoft.com/it/ "corporate-governance – documenti e procedure"](https://www.powersoft.com/it/corporate-governance-documenti-e-procedure) section.

Transactions with Board of Directors, Board of Statutory Auditors and Key Management Personnel

Related party transactions	31.12.2023	31.12.2022
Fees to the Board of Directors and Key Management Personnel	1,656	1,679
Fees to the Board of Statutory Auditors	29	30
Total fees	1,685	1,709

Other related party transactions

Powersoft S.p.A. has business dealings with Bluesky Immobiliare S.r.l. as the tenant of business property leases, concluded at normal market conditions. Bluesky Immobiliare S.r.l. is subject (with Powersoft S.p.A.) to joint control exercised by Evolve S.r.l..

These leases were accounted for in accordance with IFRS 16 as further described above. The table below shows the amounts of these transactions:

Related party transactions	December 31, 2023					
	Receivables	Payables	Costs	Revenue	Guarantees	Commitments
Other companies						
Bluesky Immobiliare S.r.l.	1,127	(1,134)	496			2,621

Total	1,127	(1,134)	496	-	-	2,621
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It should be noted that the Parent Company has certain outstanding commitments towards Bluesky Immobiliare S.r.l. regarding the above lease contracts. Specifically, in the event of default by said company, Powersoft has committed to take over for the lease contracts. At December 31, 2023, total exposure on these guarantees amounted to Euro 2,621 thousand versus Euro 2,959 thousand at December 31, 2022.

Additionally, to streamline financial transactions with the parent company Evolve S.r.l. in the current year, it was decided to structure the debt owed by Powersoft S.p.A. to the latter - originating from the tax consolidation scheme - into six installments, with the final installment due on November 30, 2023. The deferment was granted at normal market conditions.

Related party transactions do not qualify as either atypical or unusual, falling within the normal business. These transactions were carried out on market conditions, taking account of the goods and services provided.

Stock option plan 21-23

On April 29, 2021, the Parent Company's Ordinary Shareholders' Meeting approved the "2021-2023 Incentive Plan" (the "21-23 Stock Option Plan"), establishing its regulations and defining various aspects, including the following:

- beneficiaries of the plan (Powersoft Group directors, employees and associates);
- option exercise period (in multiple windows following the date of approval of the Company's financial statements for the year ending December 31, 2023), with acceleration provisions applicable under specific conditions arising from certain extraordinary transactions;
- minimum performance target to be achieved to access the incentive is Euro 17,832 thousand in cumulative consolidated EBITDA over the three-year period 2021-2023;
- share subscription price of Euro 3.894 per share corresponding to the average share price over the last 60 open market days prior to the date of approval of the Incentive Plan.

Accordingly, the Board of Directors approved a divisible capital increase to service said plan of a maximum nominal amount of Euro 80 thousand through issuance of up to 764,000 ordinary shares with no par value.

Stock option plan 18-20

On May 30, 2018, the Parent Company's Ordinary Shareholders' Meeting approved the "2018-2020 Incentive Plan" ("Stock Option Plan") for employees, directors and consultants of Powersoft S.p.A..

On November 14, 2018, the Board of Directors established its regulations, defining various aspects, including the following:

- beneficiaries of the plan (Powersoft S.p.A. directors, employees and consultants);
- grant date;
- option exercise period (in multiple windows starting on January 15 each year following the date of approval of the Company's financial statements for the year ended December 31, 2020);
- minimum performance target to be achieved to access the incentive is Euro 16,271 thousand in consolidated EBITDA over the three-year period 2018-2020;
- share subscription price of Euro 3.25 per share.

For this transaction, the Board of Directors approved a divisible capital increase of Euro 80 thousand through issuance of up to 764,000 shares with no par value, which can be subscribed until December 19, 2024.

The Plan's main goal is to guide directors, employees, and associates towards strategies that seek the Group's medium to long-term results, aligning their interests with shareholders', while attracting and retaining talent in an increasingly competitive labour market. Through this stock option plan, the Company seeks greater beneficiary involvement in Powersoft Group's future economic and strategic development, specifically through share value increase, while making execution contingent upon achieving a minimum plan result.

9. Fees to the Independent Auditors

Pursuant to Article 37, par. 16 of Legislative Decree No. 39/2010, and letter 16bis of Article 2427 of the Italian Civil Code, the total amount of fees due to the Independent Auditors for the statutory audit of the consolidated financial statements and the review of the consolidated half-year report is Euro 48 thousand.

10. Guarantees and commitments

No commitments were made to third parties and subsidiaries, excluding those indicated in sect. 8 "Related party transactions". No guarantees were given. All contingent liabilities result from the Statement of Financial Position.

11. Events after year end

On **January 16, 2024**, Powersoft announced, pursuant to Article 17 of the Euronext Growth Milan Issuer Regulation and Article 21 of the Company's Bylaws, that on January 12, 2024 it had received notification from shareholder Lorenzo Lepri that the 2.5% stake threshold in Powersoft's share capital had been exceeded, the latter having stated holding at such date a 3.08% stake in the share capital.

On **February 2, 2024**, the Company announced that 43,180 new ordinary shares were issued and granted in the period between November 15 and 30, 2023 as a result of the exercise of 43,180 options to service the "2018-2020 Incentive Plan".

On **February 13, 2024**, Powersoft announced a technology partnership with Ferrari S.p.A., combining Italian excellence in acoustic innovation and automotive engineering. The partnership aims to develop solutions enhancing the Ferrari brand's audio experience while minimizing energy consumption and offering benefits in efficiency, reliability, and sound quality. Powersoft's development philosophy prioritizes reducing environmental impact through technology advancements and environmentally-conscious manufacturing processes. This commitment aligns seamlessly with Ferrari's pursuit of excellence, aiming to achieve carbon neutrality by 2030.

On **March 19, 2024**, Powersoft announced the signing of a preliminary lease agreement with Bluesky Immobiliare S.r.l. regarding a property complex under construction. When completed, it will become the Powersoft Human Audio Experience Center, the new headquarters of Powersoft Group in Scandicci (FI). The Transaction constitutes a related party transaction as Bluesky and Powersoft are under the common control of Evolve S.r.l., which holds a 100% interest in the share capital of Bluesky Immobiliare S.r.l. and a controlling interest of approximately 79.20% in the share capital of Powersoft.

Scandicci, March 21, 2024

Luca Lastrucci - C.E.O.



Powersoft S.p.A.

Bilancio consolidato al 31 dicembre 2023

Relazione della società di revisione indipendente
ai sensi dell'art. 14 del D. Lgs. 27 gennaio 2010, n. 39

Relazione della società di revisione indipendente ai sensi dell' art. 14 del D. Lgs. 27 gennaio 2010, n. 39

Agli azionisti della
Powersoft S.p.A.

Relazione sulla revisione contabile del bilancio consolidato

Giudizio

Abbiamo svolto la revisione contabile del bilancio consolidato della Powersoft S.p.A. (ed assieme alle sue controllate il "Gruppo" o il "Gruppo Powersoft"), costituito dalla situazione patrimoniale-finanziaria consolidata al 31 dicembre 2023, dal prospetto dell'utile consolidato, dal conto economico complessivo consolidato, dal prospetto delle variazioni del patrimonio netto consolidato, dal rendiconto finanziario consolidato per l'esercizio chiuso a tale data e dalle note al bilancio consolidato che includono le informazioni rilevanti sui principi contabili applicati.

A nostro giudizio, il bilancio consolidato fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria consolidata del Gruppo al 31 dicembre 2023, del risultato economico consolidato e dei flussi di cassa consolidati per l'esercizio chiuso a tale data, in conformità agli International Financial Reporting Standards adottati dall'Unione Europea.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della società di revisione per la revisione contabile del bilancio consolidato* della presente relazione. Siamo indipendenti rispetto Powersoft S.p.A. in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Altri aspetti

Il bilancio consolidato del Gruppo Powersoft per l'esercizio chiuso al 31 dicembre 2022 è stato sottoposto a revisione contabile da parte di un altro revisore che, in data 7 aprile 2023 ha espresso un giudizio senza rilievi su tale bilancio.

Responsabilità degli amministratori e del collegio sindacale per il bilancio consolidato

Gli amministratori sono responsabili per la redazione del bilancio consolidato che fornisca una rappresentazione veritiera e corretta in conformità agli International Financial Reporting Standards adottati dall'Unione Europea e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli amministratori sono responsabili per la valutazione della capacità del Gruppo di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio consolidato, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio consolidato a meno che abbiano valutato che sussistono le condizioni per la liquidazione della capogruppo Powersoft S.p.A. o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il collegio sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria del Gruppo.

Responsabilità della società di revisione per la revisione contabile del bilancio consolidato

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio consolidato nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che tuttavia non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche degli utilizzatori prese sulla base del bilancio consolidato.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio consolidato, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio; il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti od eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;
- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze, e non per esprimere un giudizio sull'efficacia del controllo interno del Gruppo;
- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli amministratori e della relativa informativa;
- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità del Gruppo di continuare ad operare come un'entità in funzionamento; in presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio; le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione; tuttavia, eventi o circostanze successivi possono comportare che il Gruppo cessi di operare come un'entità in funzionamento;

- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio consolidato nel suo complesso, inclusa l'informativa, e se il bilancio consolidato rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione.
- abbiamo acquisito elementi probativi sufficienti e appropriati sulle informazioni finanziarie delle imprese o delle differenti attività economiche svolte all'interno del Gruppo per esprimere un giudizio sul bilancio consolidato; siamo responsabili della direzione, della supervisione e dello svolgimento dell'incarico di revisione contabile del Gruppo; siamo gli unici responsabili del giudizio di revisione sul bilancio consolidato.

Abbiamo comunicato ai responsabili delle attività di governance, identificati ad un livello appropriato come richiesto dai principi di revisione internazionali (ISA Italia), tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Relazione su altre disposizioni di legge e regolamentari

Giudizio ai sensi dell'art. 14, comma 2, lettera e), del D. Lgs. 27 gennaio 2010, n. 39

Gli amministratori della Powersoft S.p.A. sono responsabili per la predisposizione della relazione sulla gestione del Gruppo Powersoft al 31 dicembre 2023, inclusa la sua coerenza con il relativo bilancio consolidato e la sua conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione con il bilancio del Gruppo Powersoft al 31 dicembre 2023 e sulla conformità della stessa alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione è coerente con il bilancio consolidato del Gruppo Powersoft al 31 dicembre 2023 ed è redatta in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'art. 14, c.2, lettera e), del D. Lgs. 27 gennaio 2010, n. 39, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

Firenze, 5 aprile 2024


EY S.p.A.
Lapo Ercoli
(Revisore Legale)

POWERSOFT S.P.A.

Financial statements
at December 31, 2023

Prepared in accordance with the
International Financial Reporting Standards
endorsed by the European Union

COMPANY OVERVIEW

Registered office	Via Enrico Conti 5 - Scandicci (FI) 50018
Tax Code	04644200489
REA no.	FI 468275
VAT no.	04644200489
Share Capital Euro	1,248,780 - fully paid up
Legal status	Joint-stock company
Website	www.powersoft.com

CORPORATE BODIES**Board of Directors**

Chairman	CARLO LASTRUCCI
Chief Executive Officer	CLAUDIO LASTRUCCI
Chief Executive Officer	LUCA LASTRUCCI
Chief Executive Officer	ANTONIO PERUCH
Director	LUCA GIORGI
Director	LORENZO LEPRI
Independent Director	PAOLO BLASI

Board of Statutory Auditors

Chairman	LUIGI FAZZINI
Statutory Auditor	MARCELLO BRAGLIA
Statutory Auditor	FEDERICA MENICHETTI
Alternate Auditor	PAOLO LIMBERTI
Alternate Auditor	MASSIMILIANO MANFREDI

Independent Auditors

EY S.p.A.

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Statements

Statement of financial position

Assets	Notes	31.12.2023	31.12.2022
Non-current assets			
Property, plant and equipment	5.1	1,417,344	1,039,869
Assets from right of use	5.2	1,238,205	416,558
Other intangible assets	5.3	1,785,323	1,384,743
Deferred tax assets	5.4	648,751	555,269
Other non-current assets	5.5	32,691	32,691
Investments	5.6	783	783
Total non-current assets		5,123,098	3,429,913
Current assets			
Inventory	5.7	16,663,047	9,081,800
Trade receivables	5.8	12,677,256	8,869,117
Income tax receivables	5.9	-	137,536
Other current assets	5.10	5,497,876	2,540,916
Other financial assets	5.11	5,540,571	5,234,178
Cash and cash equivalents	5.12	13,472,439	18,561,937
Total current assets		53,851,189	44,425,483
Total assets		58,974,287	47,855,395
Equity and liabilities	Notes	31/12/2023	31/12/2022
Share capital and reserves			
Share capital		1,248,780	1,228,098
Reserves		20,680,924	23,125,706
Profit/(loss) for the year		11,934,366	6,367,738
Total equity		33,864,070	30,721,542
Equity attributable to non-controlling interests			
Total equity	5.13	33,864,070	30,721,542
Non-current liabilities			
Non-current financial liabilities	5.14	593,054	413,655
Non-current financial liabilities from rights of use	5.14	648,696	-
Employee benefits (post-employment benefits)	5.15	1,364,848	1,162,854
Provisions for future risks and charges	5.16	905,389	637,069
Deferred tax liabilities	5.4	562	2,770
Total non-current liabilities		3,512,548	2,216,349
Current liabilities			
Current financial liabilities	5.14	95,382	58,234
Current financial liabilities from rights of use	5.14	598,094	423,894
Trade payables	5.17	16,750,899	9,617,760
Tax payables	5.18	259,396	475,571
Other current liabilities	5.19	3,893,896	4,342,045
Total current liabilities		21,597,668	14,917,505
Total liabilities		25,110,216	17,133,854
Total equity and liabilities		58,974,287	47,855,395

Statement of profit/(loss) for the year

Income statement	Notes	31.12.2023	31.12.2022
Revenue from contracts with customers	5.20	66,639,524	46,258,176
Other revenue	5.21	874,121	427,641
Revenue		67,513,645	46,685,817
			-
Cost of sales	5.22	(37,029,046)	(24,890,811)
Increases for internal work	5.23	1,348,680	964,718
Business and marketing expense	5.24	(4,686,026)	(3,618,649)
General and administrative expense	5.25	(10,789,186)	(9,205,243)
EBIT		16,358,067	9,935,833
Financial expense	5.26	(705,317)	(1,700,905)
Financial income	5.26	820,995	721,315
Profit (loss) before tax		16,473,744	8,956,243
Income tax	5.27	(4,539,378)	(2,588,505)
Profit (loss) for the year		11,934,366	6,367,738

Statement of comprehensive income

Statement of comprehensive income	31.12.2023	31.12.2022
Net profit (loss) for the year	11,934,366	6,367,738
Items that will not be reclassified later in profit / (loss) for the period:	(14,404)	(154,918)
Gains / (losses) from actuarial benefits	(18,952)	(203,839)
Tax effect gains/(losses) from actuarial benefits	4,549	48,921
Total Statement of comprehensive income for the period	11,919,962	6,212,820

Statement of cash flows

Statement of cash flows	31/12/2023	31/12/2022
Cash Flow from Operations		
Profit / (loss) for the year	11,934,366	6,367,738
<u>Adjustments to reconcile net profit (loss) for the period to cash flow generated by operations:</u>		
Income tax	4,539,378	2,588,505
Amortization and depreciation	2,417,713	1,929,362
Allocations	-	-
(Capital gain)/loss on disposal of fixed assets	-	-
Allocations/(Utilization) provisions for employee benefit liabilities	138,951	75,014
Allocations /(Utilization) provisions for risks and charges	839,137	674,437
Change FV financial assets	(306,393)	710,778
Interest (receivable) / accrued liabilities	(30,168)	9,804
<u>Changes in operating assets and liabilities:</u>		
Inventory	(7,850,048)	(2,970,903)
Trade receivables and contract assets	(3,808,139)	(5,639,055)
Trade payables	7,133,139	4,251,081
Other assets	(2,956,960)	(2,288,963)
Other liabilities	(5,157,308)	385,860
Interest (paid) / collected	74,258	13,729
Tax (paid) / collected	-	-
Utilization of provisions for risks and charges	(302,016)	(552,032)
Other	264,212	1,520,437
Net cash flow from operations (A)	6,930,122	7,075,791
Cash Flow from Investing Activities		
(Purchase) of property, plant and equipment	(859,681)	(758,000)
Sale of property, plant and equipment	-	-
(Purchase) of investment property	-	-
Sale of investment property	-	-
(Purchase) of intangible fixed assets	(1,812,493)	(1,276,280)
Sale of intangible fixed assets	-	-
(Purchase) of financial instruments	-	-
Sale of financial instruments	-	-
(Acquisition) of subsidiaries net of cash acquired	-	-
Net cash flow from investing activities (B)	(2,672,174)	(2,034,280)
Cash Flow from Financing Activities		
Paid capital increases	641,940	1,114,880
Dividend distribution	(9,671,358)	(1,756,498)
Purchase of treasury shares	-	-
Lease repayment	(534,575)	(423,894)
New medium- to long-term loans	245,664	319,568
(Repayment) medium- to long-term loans	(29,117)	-
Net cash flow from financing activities (C)	(9,347,447)	(745,944)
Total net cash flow (D=A+B+C)	(5,089,498)	4,295,568
Opening net cash (E)	18,561,937	14,266,369
Total net cash flow	(5,089,498)	4,295,568
Closing cash (G=D+E)	13,472,439	18,561,937

Statement of changes in equity

Amounts €/000	Reserves													
	Share capital	Legal reserve	Extraordinary reserve	Share premium reserve	Translation reserve	IAS 19 reserve	Stock option reserve	Other reserves	FTA reserve	Retained earnings / (losses carried forward)	Total reserves	Profit / (loss) for the period	Total Group equity	Total equity attributable to non-controlling interests
Balance at January 1, 2022	1,192	232	13,527	6,170		(76)	524	971	100	-	22,640	2,004	24,645	-
Allocation of the prior year's result		7	1,998								2,004	(2,004)	0	-
Dividend distribution			(1,756)								(1,756)		(1,756)	-
Exercise of stock options	36			1,374			(295)				1,115		1,115	-
Granting of stock options							196				196		196	-
Other changes/reclassifications			2					(2)			0		0	-
Profit / (loss) of the comprehensive income statement:						155					155		155	-
<i>Of which: Gains / (losses) from actuarial benefits</i>						155					155		155	-
<i>Of which: Translation Reserve</i>											-		-	-
Profit / (loss) for the year											-	6,368	6,368	-
Balance at December 31, 2022	1,228	238	13,771	7,544	-	79	424	969	100	-	24,354	6,368	30,722	-

Amounts €/000	Reserves													
	Share capital	Legal reserve	Extraordinary reserve	Share premium reserve	Translation reserve	IAS 19 reserve	Stock option reserve	Other reserves	FTA reserve	Retained earnings / (losses carried forward)	Total reserves	Profit / (loss) for the period	Total Group equity	Total equity attributable to non-controlling interests
Balance at January 1, 2023	1,228	238	13,771	7,544	-	79	424	969	100	-	24,354	6,368	30,722	-
Allocation of the prior year's result		7	6,361								6,368	(6,368)	-	-
Dividend distribution			(9,671)								(9,671)		(9,671)	-
Exercise of stock options	21			791			(170)				642		642	-
Granting of stock options							252				252		252	-
Profit / (loss) of the comprehensive income statement:						(14)					(14)		(14)	-
<i>Of which: Gains / (losses) from actuarial benefits</i>						(14)					(14)		(14)	-
<i>Of which: Translation Reserve</i>											-		-	-
Profit / (loss) for the year											-	11,934	11,934	-
Balance at December 31, 2023	1,249	246	10,460	8,335	-	65	506	969	100	-	21,930	11,934	33,864	-

Explanatory Notes

1. General information

Powersoft S.p.A. (hereafter also the "Company"), a company under Italian law with registered office in Via E. Conti 5 - Scandicci, is the parent company of Powersoft Group, specialized in the design and production of compact, high-power and energy-efficient solutions and technologies for the professional audio market.

2. Accounting policies

Statement of compliance with IFRS

The financial statements of Powersoft S.p.A. were prepared in accordance with the International Financial Reporting Standards "IFRS", issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union and in force at the date of the financial statements.

"IFRS" also means the International Accounting Standards ("IAS") still in force today, as well as all interpreted documents issued by the IFRS Interpretation Committee, formerly the International Financial Reporting Interpretation Committee ("IFRIC") and earlier the Standing Interpretations Committee ("SIC").

Preparation criteria

The financial statements of Powersoft S.p.A. at December 31, 2023 were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as well as with previous International Accounting Standards (IAS) and previous interpretations of the Standard Interpretations Committee (SIC) still in force and endorsed by the European Commission as of the reporting date.

The financial statements consist of the statement of financial position, profit/(loss) for the year, statement of comprehensive income, statement of changes in equity, statement of cash flows, and related notes. In detail:

- The statement of financial position was prepared by classifying assets and liabilities on a "current/non-current" basis with specific separation, if any, of assets/liabilities classified as held for sale or included in a disposal group classified as held for sale;
- The statement of profit/(loss) for the year was prepared by classifying revenue and expense by purpose;
- The statement of comprehensive income includes, in addition to profit/ (loss) for the year, income and expense charged directly to equity, net of tax effects;
- The statement of changes in equity provides separate disclosure of profit (loss) for the year and any other changes not reflected in the income statement;
- The statement of cash flows was prepared by showing cash flows from operations using the indirect method.

Compared with the comparative year, the items "Indirect personnel", "amortization and depreciation", and "allocations" have been eliminated as they have been reclassified into the relevant areas of the statement of profit/(loss) for the year as shown in the respective sections of this note.

Additionally, the term "current" means the 12 months following the reference date of this document, while "non-current" means periods beyond 12 months following the same date.

The same accounting standards were used in preparing these financial statements as those used in the financial statements prepared at December 31, 2022.

These financial statements are expressed in Euro (€), the Company's functional currency. Unless otherwise indicated, financial information in the notes is presented in Euro thousands.

Due to rounding of the amounts, there may be instances where the sum of the detailed figures differs from the amount displayed in the rows of totals, as well as in the percentage changes from the prior year.

The Company's operations are not significantly affected by seasonal trends.

These financial statements were prepared on a going concern basis, as the Directors have assessed that there are no financial, operational, or other indicators that may cast significant doubts on the Company's ability to meet its obligations in the foreseeable future and in particular in the next 12 months.

See the Report on Operations for information on the nature of the company's business and significant events after year end.

Discretionary evaluations, accounting estimates, and significant assumptions

In preparing these financial statements, Management was called to make evaluations and estimates that affect the application of accounting standards and the amounts of assets, liabilities, expense, and revenue recognized in the financial statements. However, it should be noted that since these are estimates, the results may not necessarily align with the figures presented in these financial statements.

The main assumptions regarding the future and other factors introducing evaluation uncertainties, at the reporting date, which could potentially require adjustments to the carrying amounts, are outlined below. The Group has based its estimates and assumptions on information available at the time the consolidated financial statements were prepared. However, circumstances on future events may change due to changes in the market or events beyond the Group's control.

The main figures being estimated refer to the:

- Lease discount rate. To establish the interest rate for discounting future rental payments, the Group identified the rates applicable to loans of a comparable duration, as would be offered by financial institutions.
- Lease term. The Group determined the lease contract term by utilizing discretionary evaluations, applying the best estimates, and considering the impacts of renewal options at the end of the non-cancellable period, as well as evaluating industry practices related to property leases.
- Deferred tax assets. These are recognized to the extent that it is likely there will be sufficient future taxable profits available to offset the temporary differences or any tax losses. In this regard, Group Management estimates the likely timing and amount of future taxable profits.
- Provision for inventory obsolescence. The Group assesses the potential future use of these materials by calculating distinct turnover ratios, each of which is associated with a particular inventory depreciation rate.
- Allowance for impairment. The Group uses a matrix to calculate future "expected credit loss". Allocation rates are based on past due days and reported historical default rates. The Group adjusts the matrix to align historical credit loss data with forward-looking factors.

- Development costs. The Group capitalizes costs related to new product development projects. Initial capitalization of costs depends on the confirmation of the project's technical and economic feasibility, typically when it has reached a specific stage in the development plan, as assessed by the directors.
- Employee benefits. The Group determines amounts based on actuarial estimates, set out in Note 3.16.
- Useful life of property, plant and equipment, of intangible assets with finite useful life. The depreciation/amortization of assets with finite useful life, including property, plant, and equipment, right-of-use assets, and intangible assets, involves a discretionary evaluation by the directors. This evaluation is reviewed at each balance sheet date to ensure that the recorded amounts accurately reflect the best estimate of the costs that the Group will ultimately incur. If significant changes are identified, the amounts are revised and updated.
- Product warranty provision. The Group determines a liability for the future cost of warranty repairs by considering historical repair rates.

Management's subjective evaluations relevant to applying the Group's accounting standards and the main sources of estimation uncertainty were the same as those identified in the preparation of the consolidated financial statements for the year ended December 31, 2022.

Climate change effects

In line with the priorities outlined by the European Securities and Market Authority (ESMA) for the reporting year 2023, the Company has identified and evaluated the impact of any environmental risk factors.

The main risk factors to which the Company is subject include:

- increasing sustainability reporting requirements;
- higher stakeholder expectations regarding the use of low-impact energy sources and the reduction of their own CO2 emissions;
- legal/regulatory changes associated with combating climate change;
- risks stemming from disruptions in essential supplies due to gradually changing climate conditions and extreme weather events, which expose the Group to potential capacity reductions.
- Risks of physical damage to its facilities and buildings from climate conditions and extreme weather events (although the absence of production facilities in hazard-prone areas currently contains this risk).
- lastly, among the risks associated with the transition to a more sustainable economy are reputational risks: failure to undertake a gradual process of decarbonization could adversely affect the Company's reputation and, consequently, its operating and financial performance.

The Company monitors climate change risks in order to reduce any impact on its operations. Additionally, the Company closely monitors the ongoing developments in the regulatory framework, both at the domestic and international levels, and the potential additional regulations aimed at reducing the environmental impacts of business operations.

Presently, the impact of climate-related issues on the Company's financial statements is not material, and there have been no significant adjustments to estimates in the financial statements as a result. The Company will continue to monitor this exposure by specifically evaluating the impact on production costs associated with the implementation of emission reduction regulations. If a significant impact is identified, the Company will incorporate these assumptions into its estimates.

3. Accounting standards

The following are the most significant accounting standards and valuation criteria used in the preparation of the financial statements.

Assets

Property, plant and equipment

Property, plant and equipment are recorded at purchase or production cost, net of accumulated depreciation and any impairment losses. The purchase or production cost includes expense directly incurred in preparing the assets for their use, as well as any dismantling and removal expense that will be incurred as a result of contractual obligations requiring the asset to be restored to its original condition. Borrowing costs directly attributable to the acquisition, construction or production of qualified assets are capitalized and depreciated over the useful life of the asset to which they relate. Costs for improvements, modernization and transformation having incremental nature of tangible assets are recognized as assets in the balance sheet.

Costs incurred after purchase are capitalized only if they increase the future economic benefits inherent in the asset to which they refer. All other costs, including ordinary maintenance and repair costs, are recognized in the statement of profit/(loss) for the year in which they are incurred.

Depreciation is calculated on a systematic and constant basis, determined by the remaining useful life of the assets. The useful life of tangible fixed assets and their residual value are reviewed and updated, where necessary, at least at the end of each financial period.

The depreciation rates applied are as follows:

Asset category	Depreciation rate
Electronic office machines, electrical machinery and instruments, internal transportation, cell phones, and trucks	20%
Furniture and fittings	12%
General plant and lightweight constructions	10%
Miscellaneous equipment, vehicles and fixed assets at third parties	25%

Other intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance, controllable and capable of generating future economic benefits. These items are recorded at purchase and/or production cost, including directly attributable expense for preparing the asset for use, net of accumulated amortization and any impairment losses. Any interest expense, accrued during and for the development of intangible fixed assets, is considered part of the purchase cost. Amortization begins from when the asset is available for use and is systematically allocated in relation to the residual possibility of use of the asset, or on the basis of its estimated useful life.

Specifically, the following main intangible assets can be identified within the company:

a) Concessions, licenses and trademarks

Concessions, licenses, and trademarks are amortized on a straight-line basis over their respective terms.

The costs of software licenses, including expense incurred to make the software ready for use, are amortized on a straight-line basis over the relevant period of time. Costs related to software program maintenance are expensed as they are incurred.

b) Patent and intellectual property rights

Patents and intellectual property rights are amortized on a straight-line basis over their useful lives.

c) Development costs

Costs related to research activities are charged to the statement of profit/(loss) for the year in which they are incurred, while development costs are recognized as intangible assets, under IAS 38, where the entity can prove:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- the ability to reliably measure the cost attributable to the intangible asset during its development.

Amortization of any development costs recorded as intangible assets begins from the date when the result generated by the project is usable. The estimated useful life, as well as the related amortization period, of development costs is three years and starts from the year in which the intangible asset is recorded. Where, in an identified internal project for the formation of an intangible asset, the research phase is indistinguishable from the development phase, the costs arising from that project are fully charged to the statement of profit/loss for the year, as if incurred exclusively in the research phase. Gains and losses arising from the disposal of an intangible asset are determined as the difference between the disposal value, net of costs to sell, and the carrying amount of the asset, and are recognized in the statement of profit/(loss) on disposal.

Impairment losses on tangible and intangible fixed assets

A test is conducted at each balance sheet date to determine whether there is any indication that tangible and intangible fixed assets may be impaired. Both internal and external sources of information are considered for this purpose. With regard to the former (internal sources), the following are considered: obsolescence or physical deterioration of the asset, any significant changes in the use of the asset, and the economic performance of the asset compared to estimated performance. With regard to external sources, the following are considered: trends in the market prices of assets, any technological, market or regulatory discontinuities, trends in market interest rates or the cost of capital used to value investments.

If such indicators are identified, the recoverable amount of said assets is estimated (impairment test), charging any impairment against the relevant book value in the statement of profit/(loss). The recoverable

amount of an asset is represented by the greater of its fair value, less ancillary costs to sell, and its value in use, i.e. the current value of the future cash flows estimated for this asset. In determining the value in use, the expected future cash flows are discounted using a discount rate that reflects current market assessments of the time value of money, in relation to the period of the investment and the risks specific to the asset. For an asset that does not generate cash flows that are largely independent, the recoverable amount is determined in relation to the cash generating unit (CGU) to which such asset belongs.

An impairment loss is recognized in the statement of profit/(loss) if the carrying amount of the asset, or of its cash generating unit, is higher than its recoverable amount. Impairments of cash generating units are charged firstly to reduce the carrying amount of any goodwill attributed thereto, and then to reduce other assets, in proportion to their carrying amount and within the limits of their recoverable amount. If the conditions for a previous write-down no longer apply, the carrying amount of the asset is reinstated with an entry to the statement of profit/(loss), up to the net carrying amount that the asset in question would have had if the write-down had not been made and the related amortization/depreciation had been carried out.

Other non-current assets

Other non-current assets include receivables with medium- to long-term maturity and investments in non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has an objective intention and ability to hold to maturity. If, as a result of a change in will or the loss of capacity, it is no longer appropriate to maintain investments in this category, they are transferred to current assets.

Non-current assets are measured at amortized cost, and objective evidence of impairment is tested for impairment at the time the financial statements are closed.

Positive income components represented by interest income and similar income are recognized on an accrual basis, based on the effective interest rate, in the financial income line item of the statement of profit/(loss) for the year.

Investments

Investments are measured at cost adjusted for impairment losses.

In the case of investments measured at cost, a write-down is recognized with impact in the statement of profit/(loss) for the year where impairment losses are identified. If the factors that caused the write-down cease to apply, it is necessary to write back the value, but not to exceed the original cost. This write-back is recognized in the statement of profit/(loss) for the year.

Inventory

Inventory is recognized at the lower of purchase and/or production cost and net realizable value. Cost is calculated according to the weighted average cost method.

Net realizable value corresponds, for finished products, to the estimated selling price in the ordinary course of business, net of estimated selling costs. For raw and ancillary materials and consumables, the net realizable value is represented by the replacement cost.

Purchase cost includes ancillary expense; production cost includes directly attributable costs and a share of indirect costs, reasonably attributable to products.

Obsolete and/or slow turnover inventory is written-down based on its estimated possible use or future sale, through entry in a special provision, adjusted by the value of inventory. The write-down is eliminated in subsequent years if the reasons for the write-down no longer apply.

Trade receivables

Trade receivables, generally with a maturity of less than one year, are recorded at the fair value of the initial consideration plus settlement costs and subsequently measured at amortized cost using the new impairment model introduced by IFRS 9. Based on this model, the Company measures receivables by adopting an expected loss approach, defined as the sum of the expected losses resulting from default events that may impact the financial instrument over a given time horizon; this involves recognizing the expected loss using both historical and current data, as well as forward looking information.

For trade receivables, the Company adopts a simplified valuation approach that does not require the recognition of periodic changes in credit risk, but rather the recognition of an Expected Credit Loss ("ECL") calculated over the entire life of the receivable (so-called lifetime). Specifically, the policy implemented by the Company involves stratifying trade receivables into categories based on days past due and assessing customer creditworthiness. Different impairment percentages are applied to these categories to reflect their relative recovery expectations, determined based on historical losses incurred over the previous four years.

The amount of receivables is shown in the statement of financial position net of related allowances for impairment. Write-downs made in accordance with IFRS 9 are recognized in the income statement.

Other current assets

Other current assets mainly include accrued income and deferred expense.

Accrued income represents portions of income pertaining to the year that will have financial impact in subsequent years.

Deferred expense represents portions of costs that have been incurred financially during the year or in prior years but refer to one or more subsequent years.

Therefore, only portions of expense and income, shared across two or more years, where the amount fluctuates due to physical or economic time, are recorded under these items.

At the end of each year, the conditions that led to their initial recognition are assessed and, if necessary, value adjustments are made. Specifically, besides the passage of time, the presumed realizable value is taken into account for accrued income.

Other financial assets

Other financial assets are measured, as of January 1, 2018, based on the new international accounting standard IFRS 9 "Financial Instruments". IFRS 9 supersedes the previous IAS 39, establishing new guidelines on classification and measurement, derecognition, impairment, and hedge accounting.

IFRS 9 introduces new requirements for the classification and measurement of financial assets that reflect the business model under which these assets are managed and the characteristics of their cash flows, and classifies financial assets into three main categories: at **amortized cost**, at **fair value through other**

comprehensive income (FVOCI), and at **fair value through profit/(loss) for the year** (FVTPL). The categories under IAS 39, namely, loans and receivables and available-for-sale held-to-maturity, have been eliminated.

In detail, the categories identified by IFRS 9 are as follows:

- 1) **Amortized cost**. Financial assets are recognized in this category when:
 - a) the contractual cash flows of the instrument are represented only by the payment of principal and interest (so-called "SPPI Test" passed); and
 - b) the business model adopted by the company requires the entity to hold the financial asset solely to collect contractual cash flows (HTC business model).In this category, financial instruments are initially recognized at fair value, including transaction costs (i.e., marginal costs, defined as costs that would not have been incurred without the entity acquiring, issuing, or disposing of the instrument) and subsequently measured at amortized cost. Interest (calculated using the effective interest method as in former IAS 39), losses (and reversals of losses) due to impairment, foreign exchange gains/(losses), and gains/(losses) from elimination are recognized in profit/(loss) for the year.
- 2) **Fair Value Through Other Comprehensive Income (FVTOCI)**. Financial assets are recognized in this category when:
 - a) the contractual cash flows of the instrument are represented only by the payment of principal and interest (so-called "SPPI Test" passed); and
 - b) the business model adopted by the company requires the entity to hold the financial asset to both collect contractual cash flows and cash flows generated from the sale (HTC&S business model).In this category, classified financial instruments are initially recognized at fair value, including transaction costs. Interest (calculated using the effective interest method as in former IAS 39), impairment losses/(gains), and foreign exchange gains/(losses) are recognized in net profit/(loss) for the year. Other changes in the fair value of the instrument are recognized in other comprehensive income (OCI). When the instrument is eliminated, all accumulated gains/(losses) at OCI will be reclassified to profit/(loss) for the year.
- 3) **Fair Value Through Profit Or Loss (FVTPL)**. Financial assets are classified in this category when:
 - a) the above criteria are not met; i.e
 - b) in case the fair value option is exercised.Financial instruments classified in this category are initially and subsequently recognized at fair value. Transaction costs and changes in fair value are recognized in profit/(loss) for the year.

Fair value is defined by IFRS 13 as "The price that would be received to sell an asset or paid to transfer a liability in a regular transaction between market participants at the measurement date".

The fair value of investments listed in active markets is determined by reference to market prices recorded at the balance sheet date.

A market is regarded as active if quoted prices reflect normal market transactions, are readily and regularly available, and express the price of actual and regular market transactions. In the absence of an active market, estimation methods and valuation models are used that consider all risk factors related to the instruments and that are based on market data.

Positive income components represented by interest and similar income are recognized on an accrual basis in the statement of profit/(loss) for the year related to financial income. Realized gains and losses on disposal or redemption and unrealized gains and losses arising from changes in the fair value of the trading portfolio

are classified in the statement of profit/(loss) for the year under financials, as is the effect of period-end exchange rate valuations of foreign currency monetary assets and liabilities.

Cash and cash equivalents

Cash and cash equivalents include available cash and bank deposits and other forms of short-term investments with original maturities of three months or less. At the balance sheet date, overdrafts are classified as financial payables in current liabilities in the statement of financial position. Items included in cash are measured at fair value, and changes in fair value are recognized in net profit/(loss) for the year.

Liabilities

Share capital and treasury shares

The Share Capital, fully paid up, is recorded at par value.

Treasury shares are measured at cost including ancillary expense, and are recorded as a reduction from equity in the appropriate reserve.

Financial liabilities

Interest-bearing financial payables are initially recorded at fair value, net of ancillary expense.

Subsequent to original recognition, interest-bearing financial payables are measured at amortized cost (using the effective interest method); the difference between this value and the settlement value is charged to the statement of profit/(loss) for the year over the life of the loan based on the payment schedule.

Current financial liabilities include the short-term portion of financial payables, including payables for cash advances, as well as other financial liabilities.

Employee benefits

Defined benefit and defined contribution plans

The company manages a defined benefit plan, represented by the provision for post-employment benefits ("TFR"). Post-employment benefits, mandatory for all Italian companies under Article 2120 of the Italian Civil Code, are deferred remuneration and are directly related to the employee's length of service in the company, and to the employee's actual remuneration received during their period of service. As of January 1, 2007, Law No. 296 of December 27, 2006, "2007 Budget Law", and subsequent decrees and regulations, introduced major changes in the rules governing post-employment benefits, including the employee's choice as to whether to allocate their accruing post-employment benefits to supplementary pension funds or to the "Treasury Fund" managed by INPS. As a result, the obligation to INPS and the contributions to supplementary pension schemes, in accordance with IAS 19 "Employee Benefits", assumed the nature of defined contribution plans. However, the portions registered in the post-employment benefits provision at January 1, 2007, retained the nature of defined benefit plans.

Share-based payments (stock options)

The cost of employee transactions for share-based benefits (stock options) is recognized in accordance with IFRS 2 and is measured referring to the fair value at the grant date. Fair value is determined by an external valuer using an appropriate valuation model.

The current plan is classified, according to IFRS 2 terminology, as equity settled, so the cost of the stock options is recognized under personnel expense, with a corresponding increase in equity, over the period from the time the options are granted to the beneficiaries, and ending on the date on which the employees involved have fully vested the right to receive the compensation ("vesting date"). The cumulative costs recorded for such transactions at the date of each financial year end up to the vesting date are commensurate with the expiry of the vesting period and the best estimate available of the number of equity instruments that will actually vest. The cost or revenue on the income statement for the year represents the change in cumulative cost recognized at the beginning and end of the year.

No cost is recognized for rights that do not reach final vesting, except in the case of rights whose vesting is contingent on market conditions, which are treated as if they had vested regardless of whether the market conditions to which they are subject are met or not, with the understanding that all other conditions must be met. If the initial conditions are changed, at the very least a cost should be recognized assuming that these conditions are unchanged. Additionally, a cost will be recognized for any change that results in an increase in the total fair value of the payment plan, or is otherwise favourable to employees; this cost is measured by reference to the date of change.

If rights are canceled, they are treated as if they had vested on the date of cancellation, and any costs not yet recognized against those rights are immediately recognized. However, if a canceled right is replaced by a new right and this is recognized as a situation on the date it is granted, the canceled and new right are treated as if they were a change of the original right.

Provisions for risks and charges

Provisions for risks and charges are recorded for losses and charges that have been clearly identified, are certain or probable, but whose amount and/or date of occurrence cannot be determined.

Allocations are recognized when:

- it is probable that an ongoing, legal or implicit obligation exists arising from past events;
- it is probable that the fulfilment of the obligation involves a cost;
- the amount of the obligation can be reliably estimated.

Allocations are booked at the amount representing the best estimate of the amount that the company would rationally pay to settle the obligation or to transfer it to third parties at the reporting date.

When the financial effect of timing is important and the dates of payment can be reasonably estimated, the allocation is subject to discounting.

Provisions are periodically updated to reflect changes in cost estimates, timing of implementation and the discounting rates. Revisions to provision estimates are charged to the same line item in the statement of profit/(loss) for the year that previously included the allocation.

Product warranty provision

The product warranty provision encompasses the anticipation of any costs required to fulfill contractual warranty commitments regarding goods invoiced at the balance sheet date. This provision is estimated on the basis of historical information on the nature, frequency and average cost of warranty interventions.

Trade payables

Trade payables whose maturity falls within normal commercial terms, usually less than one year, are recorded at the fair value of the initial consideration increased by settlement costs. After initial recognition, they are measured at amortized cost by recognizing any differences in the statement of profit/(loss) for the year over the life of the liability in accordance with the effective rate method.

Trade payables, which generally have a term of less than one year, are not discounted.

Income tax payables

For the three-year period 2022-2024, the Company participates in the national tax consolidation scheme under Articles 117 et seq. TUIR, jointly with the parent company Evolve S.r.l., which acts as the consolidating company.

This scheme is implemented based on one or more bilateral options, meaning each subsidiary company interested in participating opts with the parent-consolidating company. This arrangement allows corporate income tax ("IRES") to be calculated uniformly with regard to all the companies within the tax consolidation scheme.

The option exercised is binding for a three-year period, with the possibility of renewal and termination at the end of the first three-year period or any subsequent three-year periods.

Statement of profit/(loss) for the year**Revenue from contracts with customers**

IFRS 15 Revenue from Contracts with Customers and clarification of IFRS 15 Revenue from Contracts with Customers.

Revenue is recognized based on the likelihood of the Company to derive economic benefits and the extent to which the amount can be reliably determined, considering any returns, rebates, trade discounts, and quantity-related premiums.

As of January 1, 2018, the Company applies IFRS 15 "Revenue from Contracts with Customers" for revenue recognition. IFRS 15 constitutes a unified and comprehensive framework for revenue recognition, outlining the requirements applicable to all contracts with customers, except those falling under the standards on leases, insurance contracts, and financial instruments. The fundamental principle of the new standard requires that the company recognize revenue in such a way that the transfer to the customer of goods and/or services is expressed in an amount that reflects the consideration to which the company believes it is entitled as compensation for the transfer of the goods and/or services. Revenue recognition, unlike in the previous IAS 18 and IAS 11, no longer distinguishes between revenue from the sale of goods, services, and work in progress. Instead, it follows the five-step model, which involves the identification of the contract, performance obligation, consideration, allocation of consideration to performance obligation, and ultimately, revenue recognition.

Under IFRS 15, revenue is measured by taking account of the contractual terms and business practices generally applied in customer relationships. The transaction price is the amount of consideration (which may include fixed amounts, variable amounts, or both) to which a company is deemed to be entitled in exchange for the transfer of control of the promised goods/services. Control is generally defined as the power to make decisions about the use of the asset (good/service) and to derive substantially all remaining benefits from it. The total consideration for contracts for the provision of services is allocated among all services based on the selling prices of the relevant services as if they had been sold individually.

For IFRS 15, under each contract, the benchmark for revenue recognition is the individual performance obligation. For each separately identified performance obligation, the entity recognizes revenue when (or as) it fulfills the obligation by transferring the promised good/service (i.e., asset) to the customer. The asset is transferred when (or as) the customer gains control.

Variable consideration

If the contractual consideration includes a variable amount (e.g., as a result of reductions, discounts, refunds, credits, price concessions, incentives, performance bonuses, penalties, or because the consideration itself depends on the occurrence or non-occurrence of an uncertain future event), the amount of consideration deemed to be entitled to must be estimated. The Company estimates variable consideration on a consistent basis for similar cases, using the expected value or most probable amount method; it then includes the estimated amount of variable consideration in the transition price only to the extent that this amount is highly probable.

Presence of a significant financial component

Company revenue is adjusted when there are significant financial components, whether it is funded by its customer (advance receipts) or funded by it (deferred collection). The presence of a significant financial component is identified at contract signing by comparing expected revenue with payments to be received. It is not recognized if there is a time period of less than 12 months between the time of transfer of the good/service and the time of payment.

Costs for obtaining and fulfilling the contract

The Company capitalizes the costs incurred to obtain the contract that it would not have incurred had it not been obtained (e.g., sales commissions) when it expects to recover them. While in the case of no contract, it capitalizes them only if explicitly chargeable to the customer. The Company capitalizes the costs incurred in contract fulfillment only when they are directly related to the contract, allow for new and increased resources for future fulfillment, and those costs are expected to be recovered.

Revenue recognition

The Company specializes in the design and production of compact, high-power and energy-efficient solutions and technologies for the professional audio market.

The Company's revenue includes:

- (i) consideration for sales of goods to customers;
- (ii) consideration for sales of spare parts to customers;

(iii) service consideration: including fees from the provision of support services;

Based on the IFRS 15 five-step model, the Company recognizes revenue only if the following criteria (so-called "contract" identification criteria with the customer) are met:

a) the parties to the contract have approved the contract (whether in writing, orally, or in accordance with other customary business practices) and have agreed to fulfill their respective obligations; hence, an agreement is in place between the parties, establishing enforceable rights and obligations, regardless of the form in which the agreement is expressed;

b) the Company can identify each party's rights regarding the goods or services to be transferred;

c) the Company can identify the payment terms for the goods or services to be transferred;

d) the contract has commercial substance; and

e) it is likely that the Company will receive the consideration to which it is entitled in exchange for the goods or services that will be transferred to the customer.

If the above criteria are not met, the relevant revenue is recognized when: (i) the Company has already transferred goods and/or provided services to the customer and all, or nearly all, of the consideration promised by the customer has been received and is non-refundable; or (ii) the contract has been terminated and the consideration the Company has received from the customer is non-refundable. If the above criteria are instead met, the Company applies the mentioned recognition rules.

With regard to the accounting of revenue from long-term sales contracts, the Company has identified a single performance obligation in this type of agreement and has decided to account for the related revenue over time and use as a method of assessing progress, the input-based technique, specifically referring to costs incurred over time (cost to cost method).

Sale of goods

Revenue from the sale of goods and spare parts is recognized when control of the asset subject to the transaction is transferred to the buyer, i.e., when the asset is delivered to the customer in accordance with the contractual provisions and the customer acquires the full power to decide on the use of the asset as well as to derive substantially all the benefits from it. If the sales contract provides for retrospective volume discounts, the Company estimates their effect and treats them as a variable component of the agreed consideration. There are no post-delivery obligations other than product warranties; these warranties are not a separate benefit and are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Cost of sales

This item includes expense directly incurred for direct and indirect production personnel, purchase of raw materials and production of finished products. The item also includes changes in inventory of finished products, semi-finished products and raw materials, as well as transportation costs, customs duties, depreciation, allocations and other minor direct expense.

Business and marketing expense

The item includes business costs related to sales personnel, consulting, trade fairs and exhibitions, marketing and advertising costs, collaborations, sales commissions, depreciation and allocations.

Trade costs are recorded when their amount can be reliably determined. Costs for services are recorded on an accrual basis according to the moment they are received.

General and administrative expense

This item includes overhead expense, which consists mostly of indirect personnel costs, utilities, leases and rentals, corporate expense, overhead, maintenance, consulting (excluding purely commercial), depreciation and allocations.

General and administrative costs are recorded when their amount can be reliably determined. Costs for the purchase of goods are recognized at the time of delivery, which under existing contracts identifies the time when the associated risks and benefits are transferred. Costs for services are recorded on an accrual basis according to the moment they are received.

Financial income and expense

Financial income includes interest income accrued on any form of financing, financial income on cash and similar securities, dividends, foreign exchange gains, and valuation gains (unrealized) on portfolio securities.

Financial expense includes interest expense accrued on any form of financing, foreign exchange losses and any valuation losses (unrealized) on securities.

Current and deferred tax

The tax expense for the year includes current tax expense and deferred tax expense. Income tax is recognized in the Statement of Profit (Loss) for the year, except for tax related to transactions recognized directly in equity, which is accounted for in equity.

Current tax expense represents the estimated amount of income tax due calculated on taxable income for the year, determined by applying current tax rates or those substantially in effect at year end. Deferred tax is appropriated under the equity method, calculating temporary differences between the carrying amounts of assets and liabilities recorded in the financial statements and the corresponding amounts recognized for tax purposes.

Deferred tax assets are recognized to the extent that it is likely that future taxable profit will be available against which they can be recovered.

Deferred tax assets and deferred tax liabilities are offset when they are applied by the same tax authority, there is a legal right to offset, and a settlement of the net balance is expected.

Other tax not related to income, such as indirect tax and levies, is included in the statement of profit/(loss) for the year they relate to.

IFRS 16 - Leases

IFRS 16 introduces a single lease accounting model in the financial statements of lessees.

At the date of commencement of each lease, the lessee recognizes a liability for lease payments (i.e., the lease liability) and concurrently an asset representing the right to use the underlying asset for the term of the lease (i.e., the right to use the asset). Lessees must therefore account separately for interest expense on the lease liability and depreciation of the right to use the asset.

Upon occurrence of certain events (for example: a change in the terms of the lease agreement, a change in future lease payments resulting from a change in an index or rate used to determine those payments) the lease liability is re-determined. The lessee records the amount of re-measurement of the lease liability as an adjustment to the right to use the asset

The Company has opted to apply exemptions to such accounting for short-term leases (less than 1 year) and low-value asset leases (less than Euro 5,000), whose lease payments will continue to be recorded as a period expense in the income statement.

Transactions denominated in foreign currencies

Foreign currency transactions are initially recognized in the functional currency, applying the spot exchange rate at the date of the transaction.

Monetary assets and liabilities expressed in foreign currency are translated into the functional currency at the exchange rate in force at the balance sheet date.

Realized exchange differences or those arising from the translation of monetary items are recognized in the income statement.

Non-monetary items measured at historical cost in foreign currencies are translated at the exchange rates on the date of initial recognition of the transaction. Non-monetary items recognized at fair value in a foreign currency are converted at the exchange rates applied on the fair value calculation date. The gain or loss arising from the translation of non-monetary items is treated consistently with the recognition of gains and losses related to the change in fair value of those items.

4. New accounting standards, interpretations and amendments adopted by the Group

The accounting standards adopted in the preparation of the financial statements are the same as those used for the financial statements at December 31, 2022, with the exception of the adoption of the new standards and amendments effective as of January 1, 2023, as shown below. The Company has not adopted in advance any new standards, interpretations or amendments issued but not yet in force.

IFRS 17 - Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a new accounting standard for insurance contracts that considers recognition and measurement, presentation, and disclosure. IFRS 17 supersedes IFRS 4 Insurance Contracts issued in 2005. IFRS 17 applies to all types of insurance contracts (e.g., life, non-life, direct insurance, and reinsurance), regardless of the type of entity that issues them, as well as to certain guarantees and financial instruments with discretionary participation features; some exceptions apply to the scope. The overall goal of IFRS 17 is to provide a more useful and consistent accounting model for insurance contracts for insurers. Unlike the requirements of IFRS 4, which are based largely on maintaining previous local accounting standards, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-term contracts.

The amendments had no impact on the Company's financial statements.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting standards and error correction. They also clarify how entities use valuation techniques and inputs to develop accounting estimates.

The amendments had no impact on the Company's financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments are intended to help entities provide more useful accounting policy disclosures by replacing the requirement for entities to disclose their "significant" accounting standards with a requirement to disclose their "material" accounting standards and by adding guidance on how entities apply the concept of materiality when making accounting standard disclosure decisions.

The amendments impacted the disclosure of the Company's accounting standards, but not the measurement, recognition, and presentation of the Company's financial statement elements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

The amendments to IAS 12 Income Taxes narrow the scope of the exception to initial recognition so that it no longer applies to transactions that give rise to equally taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Company's financial statements.

International Tax Reform - Pillar Two Model Rules - Amendments of IAS 12

The amendments to IAS 12 were introduced in response to the OECD BEPS Pillar Two rules and include:

- A temporary mandatory exemption to recognition and disclosure requirements for deferred tax resulting from the implementation in jurisdictions of the Pillar Two rules; and
- Disclosure requirements for affected entities to help users of financial statements better understand the income tax impacts arising from this legislation, particularly prior to the effective date.

The temporary mandatory exemption - whose use is required to be disclosed - is immediately applicable. The remaining disclosure requirements apply for financial years beginning on or after January 1, 2023, but not for interim periods prior to December 31, 2023.

The amendment has no impact on the Company's financial statements.

Segment reporting

Under the provisions of IFRS 8 "Operating Segments", mention should be made that the Group, as it exists currently, operates within a single operating segment referred to as "audio amplifiers for professional applications".

5. Notes to the financial statements of the Company**5.1 Property, plant and equipment**

The table below shows the amounts of property, plant and equipment at the beginning and end of the year, and the changes that took place.

PROPERTY, PLANT AND EQUIPMENT	Land and buildings	Plant and equipment	Industrial and commercial equipment	Other tangible fixed assets	Total property, plant and equipment
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Net amount at 31.12.2021	1	62	361	259	683
Increases	-	3	630	69	702
Decreases	-	-	-	(57)	(57)
Depreciation	(1)	(16)	(278)	(107)	(401)
Total changes	(1)	(13)	352	(94)	244
Historical cost	18	185	3,190	2,073	5,467
Depreciation fund	(18)	(137)	(2,464)	(1,809)	(4,427)
Net amount at 31.12.2022	0	48	727	265	1,040
Increases	-	1	606	254	860
Decreases	-	-	-	-	-
Depreciation	(0)	(13)	(346)	(123)	(482)
Total changes	(0)	(13)	260	131	378
Historical cost	18	186	3,796	2,318	6,318
Depreciation fund	(18)	(150)	(2,809)	(1,923)	(4,900)
Net amount at 31.12.2023	-	36	987	395	1,417

The total net amount of "Property, plant and equipment" is Euro 1,417 thousand, up from December 31, 2022. This change is attributable to the following main factors:

- expenditure of Euro 606 thousand in industrial equipment for approximately Euro 590 thousand and moulds for approximately Euro 16 thousand for equipment for the development of new products;
- expenditure of Euro 254 thousand mainly in the purchase of electronic office machines for Euro 81 thousand, maintenance on third-party assets of Euro 53 thousand and motor vehicles of Euro 74 thousand.

It is acknowledged that for all assets under this category:

- the Company has not identified any indicators of impairment;
- there are no commitments to purchase other assets;
- there is no capitalized financial expense.

It should be noted that assets acquired through lease contracts are classified under the "Assets from rights of use" section below.

5.2 Assets from right of use

At December 31, 2023, the Company has a value of Rights of Use on leased property and cars of Euro 1,238 thousand.

The following are the changes that took place during the year.

ASSETS FROM RIGHT OF USE	Assets from right of use on vehicles	Assets from right of use on capital properties	Total assets from right of use
Net amount at 31.12.2021	-	833	833
Increases/decreases	-	-	-
Depreciation	-	(417)	(417)
Total changes	-	(417)	(417)
Historical cost	-	2,083	2,083
Depreciation fund	-	(1,666)	(1,666)
Net amount at 31.12.2022	-	417	417
Increases/decreases	139	1,206	1,345

Depreciation	(28)	(496)	(524)
Total changes	111	710	821
Historical cost	139	3,289	3,428
Depreciation fund	(28)	(2,162)	(2,190)
Net amount at 31.12.2023	111	1,127	1,238

5.3 Other intangible assets

The table below shows other intangible assets at the beginning and end of the year, and the changes that took place.

OTHER INTANGIBLE ASSETS	Industrial patent and intellectual property rights	Concessions, licenses, trademarks and similar rights	Development costs	Other intangible assets	Total other intangible assets
Net amount at 31.12.2021	212	120	871	18	1,220
Increases	299	13	965	-	1,276
Decreases	-	-	-	-	-
Amortization	(207)	(10)	(884)	(10)	(1,112)
Total changes	92	(7)	80	(10)	164
Historical cost	3,064	192	6,718	351	10,324
Amortization fund	(2,760)	(69)	(5,766)	(344)	(8,939)
Net amount at 31.12.2022	304	122	952	7	1,385
Increases	436	27	1,348	(0)	1,812
Decreases	-	-	-	-	-
Amortization	(313)	(12)	(1,080)	(7)	(1,412)
Total changes	123	16	269	(7)	400
Historical cost	3,500	219	8,066	351	12,137
Amortization fund	(3,073)	(81)	(6,846)	(351)	(10,351)
Net amount at 31.12.2023	427	138	1,221	-	1,785

Net intangible assets amounted to Euro 1,785 thousand, up by Euro 400 thousand versus December 31, 2022. This change is mainly attributable to the following factors:

- capitalization of development costs for Euro 1,348 thousand;
- investments in industrial patent and intellectual property rights of Euro 436 thousand, mainly related to the purchase of new software amounting to Euro 341 thousand.

Regarding the item "Development costs", at the reporting date, the company did not identify any indicators of impairment in accordance with IAS 36 prompting the need to assess the existence of an impairment of the asset itself.

5.4 Deferred tax assets and deferred tax liabilities

The tables below show the amount of deferred tax assets and deferred tax liabilities.

Temporary differences	31.12.2023	31.12.2022	Change
IRES	570	498	71
IRAP	79	57	22
Total deferred tax assets	649	555	93
IRES	1	3	(2)

IRAP	-	-	-
Total deferred tax liabilities	1	3	(2)

Deferred tax assets	31.12.2023		31.12.2022	
Temporary differences	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
Provision for inventory obsolescence	1,173	327	876	244
Exchange differences	97	23	244	59
Guarantee Fund - IAS 37	905	253	637	178
Post-employment benefits - IAS 19	(159)	(24)	159	9
Unpaid fees to directors	290	70	271	65
Total deferred tax assets		649		555

Deferred tax assets are recognized to the extent that it is likely that future taxable profit will be available against which they can be recovered. In determining the estimated recoverable amount, the Company considered the results of the business plan.

Deferred tax liabilities	31.12.2023		31.12.2022	
Temporary differences	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
Exchange differences	2	1	12	3
Total deferred tax liabilities		1		3

5.5 Other non-current assets

The table below shows non-current assets at the beginning and end of the year.

Other non-current assets	31.12.2023	31.12.2022	Change
Security deposits	5	5	-
Other receivables	28	28	-
Total other non-current assets	33	33	-

5.6 Investments

The table below shows the amount at the beginning and end of the year of investments, and their changes in the year.

The Company has no investments in associates or companies under joint control.

Investments	Amount at 31.12.2023	Amount at 31.12.2022	Accumulated allowance for impairment	Change in net amount
Subsidiaries	1	1	(40)	-
Total investments	1	1	(40)	-

Controlling investments (100%) held at December 31, 2023 by Powersoft S.p.A. refer to Powersoft Advanced Technologies Corp. for the amount of Euro 783, a U.S. marketing company based in New Jersey, and to Ideofarm S.r.l..

Powersoft S.p.A., at December 31, 2023, also holds 100% of Ideofarm S.r.l., established in December 2015 with the aim of centralizing and enhancing the company's research and development activities with a view to future expansion.

The following is a list of investments in subsidiaries and a comparison of their carrying amounts with the corresponding portion of equity.

Investments	Net amount at 31.12.2022	Changes in the year				Net amount at 31.12.2023
		Acquisitions/ underwritings	Repayments	Write-downs/ Write-backs	Other changes	
Investments in subsidiaries						
POWERSOFT ADVANCED TECHNOLOGIES CORP.	1	-	-	-	-	1
IDEOFARM SRL	-	-	-	-	-	-
Total	1	-	-	-	-	1

Investments	Registered office	Share capital	Profit / (loss) for the period	Equity at 31/12/2023	% of ownership	Relevant equity (a)	Carrying amount at 31/12/2022 (b)	Diff. (b) - (a)
Investments in subsidiaries								
POWERSOFT ADVANCED TECHNOLOGIES CORP.	Flanders, New Jersey - USA	1	223	1,008	100%	1,008	1	(1,007)
IDEOFARM SRL	Scandicci (FI)	20	(10)	(30)	100%	(30)	0	30

The figures above refer to the latest available accounts.

The carrying amount of the investment held in the U.S. subsidiary is lower than the valuation based on the percentage of equity.

Regarding the investment in Ideofarm S.r.l., the Company has cautiously written down the investment while maintaining belief in the potential for future development.

5.7 Inventory

The item is broken down as follows:

Inventory	31.12.2023	31.12.2022	Change
Raw and ancillary materials and consumables	5,316	5,235	81
Work in progress and semi-finished products	8,361	3,225	5,135
Finished products and goods	3,868	1,233	2,634
Total gross inventory	17,544	9,694	7,850
Prov. for inventory obsolescence	(881)	(612)	(269)
Net inventory	16,663	9,082	7,581

Inventory at December 31, 2023 is mainly attributable to raw materials amounting to Euro 5,316 thousand and semi-finished products amounting to Euro 8,361 thousand. The increase in inventory, raw materials and semi-finished products in particular, stems from a business strategy aimed at mitigating the risk of procurement delays and ensuring the availability of goods to meet anticipated customer demand.

Indeed, at December 31, 2023, the Company set aside an obsolescence provision of Euro 881 thousand to safeguard against any risks arising from the possible obsolescence and slow turnover of inventory, considering the potential for future utilization or realization. An allocation of Euro 297 thousand was recorded in the year.

5.8 Trade receivables

Trade receivables are detailed as follows:

Trade receivables	31.12.2023	31.12.2022	Change
Receivables from customers	10,287	5,728	4,560
Receivables from subsidiaries	2,573	2,960	(386)
Receivables from others	44	170	(126)
Invoices to issue	355	681	(326)
Advances	(410)	(496)	86
Total	12,850	9,042	3,808
Allowance for impairment	(173)	(173)	-
Total net allowance for impairment	12,677	8,869	3,808

Trade receivables, net of the allowance for impairment, amounted to Euro 12,677 thousand, an increase of Euro 3,808 thousand versus the end of the prior year, mainly due to the increase in business volumes. No allocations were deemed necessary for 2023, and no use of the allowance for impairment was necessary.

5.9 Income tax receivables

Tax receivables are detailed as follows:

Income tax receivables	31.12.2023	31.12.2022	Change
IRAP advances	-	138	(138)
Total	-	138	(138)

The item at December 31, 2022 amounted to Euro 138 thousand and included IRAP advances made during the year. In the current period, however, the position with the tax authorities for IRAP at year end indicates a debit and is thus classified as a liability.

5.10 Other current assets

"Other current assets" is composed as follows:

Other current assets	31.12.2023	31.12.2022	Change
Security deposits	44	38	6
Other receivables from employees	1	2	(1)
Tax receivables	485	273	212
VAT receivables	3,871	1,310	2,561
Receivables from Subs. Tax Consolid.	-	575	(575)
Deferred expense	1,031	325	705
Accrued income	66	18	49

Total	5,498	2,541	2,957
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The item is primarily comprised of the VAT receivable claimed by the Company, generated mainly due to its status as a regular exporter.

Deferred expense, amounting to Euro 1,031 thousand, mainly includes costs to guarantee future production, insurance, licenses, and costs for trade fairs that have been incurred financially during the closing year or in prior years, but refer to one or more subsequent years.

5.11 Other financial assets

Current financial assets consist of financial securities purchased by the Group as a form of investment of its excess liquidity. Specifically, these are units of funds, SICAVs and ETFs listed on regulated markets. These investments were recognized based on the requirements of IFRS 9 and measured at fair value (lev. 1) with a balancing entry in the income statement. The portfolio at December 31, 2023 amounted to Euro 5,541 thousand. The portfolio at December 31, 2022 amounted to Euro 5,234 thousand.

Other financial assets	31.12.2023	31.12.2022	Change
Portfolio securities	5,541	5,234	306
Total	5,541	5,234	306

The fair value hierarchy is shown below:

	Quoted prices on an active market (Lev. 1)	Significant observable inputs (Lev. 2)	Significant unobservable inputs (Lev. 3)	Total
Portfolio securities	5,541	-	-	5,541
Total	5,541	-	-	5,541

5.12 Cash and cash equivalents

The item is broken down as follows:

Cash	31.12.2023	31.12.2022	Change
Bank and postal deposits	13,471	18,560	(5,089)
Cash and cash on hand	1	2	(1)
Total	13,472	18,562	(5,089)

The balance represents cash and cash on hand outstanding as of the date.

5.13 Equity

The changes that took place for the main items in equity are shown analytically in the table at the beginning of the notes to the financial statements. Below are the changes that took place in 2023 and 2022:

Equity	Balance at 01/01/23	Alloc. Profit (loss) at 31/12/22	Dividend distribution	Exercise of stock options	Share-based payments (stock options)	Profit / (loss) of the statement of comprehensive income:	Profit (loss) for the period 31/12/2023	Equity at 31/12/2023
Share capital	1,228	-	-	21	-	-	-	1,249
Legal reserve	238	7	-	-	-	-	-	246
Share premium reserve	7,544	-	-	791	-	-	-	8,335
Extraordinary reserve	13,771	6,361	(9,671)	-	-	-	-	10,460
FTA reserve	100	-	-	-	-	-	-	100
Reserve for actuarial gains/(losses) from employee benefits	79	-	-	-	-	(14)	-	65
Various other reserves	969	-	-	-	-	-	-	969
Stock options reserve	424	-	-	(170)	252	-	-	506
Retained earnings (losses carried forward)	-	-	-	-	-	-	-	-
Profit (loss) for the year	6,368	(6,368)	-	-	-	-	11,934	11,934
Total equity	30,722	0	(9,671)	642	252	(14)	11,934	33,864
Equity attributable to non-controlling interests	-	-	-	-	-	-	-	-
Total equity	30,722	0	(9,671)	642	252	(14)	11,934	33,864

The share capital at December 31, 2023 amounts to Euro 1,249 thousand, fully subscribed and paid up and consists of 11,925,852 shares with no par value.

In 2023, following partial execution of the option right serving the "2018-2020 Incentive Plan", the share capital increased from Euro 1,228 thousand to Euro 1,249 thousand. As a result, the free float increased from 19.18% to 20.52%.

That said, the reserves include:

- the legal reserve of Euro 246 thousand;
- the share premium reserve of Euro 8,335 thousand;
- the extraordinary reserve of Euro 10,460 thousand;
- the negative reserve for actuarial gains/(losses) for employee benefits of Euro 65 thousand, including actuarial gains and losses from the actuarial valuation of post-employment benefits net of the related tax impacts;
- the reserve for the first-time adoption of the international accounting standards of Euro 100 thousand, which incorporates all the effects generated by the transition to IAS/IFRS;

5.14 Current and non-current financial liabilities

The item is broken down as follows:

Current and non-current financial liabilities	31.12.2023	31.12.2022	Change
Payables to other non-banking financial institutions (SIMEST)	593	414	179
Non-current financial liabilities from rights of use	649	-	649
Total non-current financial liabilities	1,242	414	828
Payables to parent companies	(0)	-	(0)
Payables to other non-banking financial institutions (SIMEST)	95	58	37
Current financial liabilities from rights of use	598	424	174
Total current financial liabilities	693	482	211

The Company applied for subsidized loans through Fund 394/81 and related non-repayable co-financing from Simest. This application is intended to secure access to 4 lines of subsidized loans, as outlined in Law Decree no. 112 of June 25, 2008, article 6, paragraph 2, letters a), b), and c), subsequently converted into Law no. 133 of August 6, 2008. These funds are earmarked for covering expense planned for the years 2021-2023, focusing on market expansion efforts and participation in international trade fairs. The Company also applied to Simest for subsidized loans using funds from the PNRR - NextGenerationEU aimed at supporting SMEs in the processes of international expansion and digital and ecological transition. The specific objective of the project, which the Group submitted to Simest to secure the loans, is to enhance the level of digitization within the company.

At December 31, 2023, five Simest loans, aimed at financing participation in international trade fairs, expanding into foreign markets, and facilitating digital transition, are recorded as payables to non-banking financial institutions. Details are given below:

Payables to SIMEST	Disbursement	Maturity	Annual Rate
SIMEST loan no. 45392	03/12/2021	26/10/2025	0.055%
SIMEST loan no. 45396	24/11/2021	26/10/2025	0.055%
SIMEST loan no. 65797	13/05/2022	17/01/2028	0.055%
SIMEST loan no. 11305	13/07/2022	28/06/2028	0.051%
SIMEST loan no. 11218	13/01/2023	25/10/2028	0.065%

Financial liabilities from rights of use, calculated by discounting the value of lease payments due, totaled Euro 1,246 thousand, of which Euro 649 thousand classified as non-current liabilities and Euro 598 thousand as current liabilities.

There are no covenants or guarantees.

Changes in "Current and non-current financial liabilities" in the year under review were as follows:

Current and non-current financial liabilities	31.12.2022	New contracts	Repayments	31.12.2023	Change
Payables to non-banking financial institutions (SIMEST)	472	274	(58)	688	216
Financial liabilities from rights of use	424	1,357	(535)	1,247	823
Total current and non-current financial liabilities	896	1,631	-593	1,935	1,039

Below is the net financial position as required by ESMA Guideline 32-382-1138 of March 4, 2021 as referred by CONSOB in Warning Notice no. 5/21 of April 29, 2021:

	31.12.2023	31.12.2022
(A) Bank and postal deposits	13,471	18,560
(B) Cash	1	2
(C) AVAILABLE CASH (A+B)	13,472	18,562
(D) CURRENT FINANCIAL ASSETS	5,541	5,234
(E) Current bank payables	-	-
(F) Other current financial liabilities	(693)	(482)
(G) CURRENT FINANCIAL DEBT (E+F)	(693)	(482)

(H) NET CURRENT FINANCIAL POSITION (C+D+G)	18,320	23,314
(I) Non-current bank payables	-	-
(L) Other non-current financial liabilities	(1,242)	(414)
(M) NON-CURRENT FINANCIAL DEBT (I+L)	(1,242)	(414)
(N) NET FINANCIAL POSITION (H+M)	17,078	22,900

5.15 Employee benefits

The post-employment benefits payable amounted to Euro 1,365 thousand and represents the company's actual liability at December 31, 2023 to employees in force at that date, net of advances paid and shown taking account of actuarial valuation.

The actuarial value of the defined benefit plan was estimated by an independent actuary, as required by IAS 19 "Employee Benefits".

The table below shows the changes in the present value of the liability for defined benefit obligations.

Defined benefit obligations	31.12.2023	31.12.2022	Change
Defined benefit obligations at January 1	1,163	1,268	(105)
Service costs	188	182	6
Interest cost	44	24	21
Actuarial (gains) losses recognized in equity	19	(204)	223
Advances/utilization and other changes	(49)	(107)	58
Total	1,365	1,163	202

Actuarial assumptions

Under IAS 19, the liability to be recognized should be calculated using a specific approach (the Projected Unit Credit Cost). In accordance with this approach, the liability is calculated based on the proportion of the service that has accrued by the balance sheet date in relation to the total service that is expected to be provided.

Additionally, this approach determines the liability without considering the average present value of any expected future contributions.

The evaluation of benefits under IAS 19 consists of the following steps:

- projection based on a set of economic-financial assumptions of the possible future benefits that could be paid to each employee in the event of retirement, death, disability, resignation, request for advancement, etc.. The estimate also includes future annual accruals and future revaluations;
- calculation at the valuation date, based on the annual interest rate adopted and the probability that each benefit has of actually being paid, the average present value of future benefits;
- definition of the liability by identifying the portion of the average present value of future benefits referring to the service already accrued by the employee in the company at the valuation date;
- identification, based on the liability calculated and the reserve set aside, of the recognized reserve in accordance with IAS.

The main assumptions made for the actuarial estimation process are summarized below:

	2023	2022
Annual discount rate	3.17%	3.77%
Annual rate of increase in post-employment benefits	3.00%	3.23%
Annual inflation rate	2.00%	2.30%
Annual rate of real wage increase	0.50%	0.50%
Expected rate of employee turnover post-employment benefits		6.00%
Expected rate of advances		1.50%
Probability of death		RG48 mortality tables
Disability		INPS tables by age and gender
Retirement age		100% upon meeting AGO requirements

The results of sensitivity analyses conducted to evaluate the impact on the present value of defined benefit obligation liabilities due to changes in reasonably possible actuarial assumptions are outlined below:

Sensitivity analysis of key evaluation parameters	
Inflation rate +0.25%	1,387
Inflation rate -0.25%	1,343
Discount rate +0.25%	1,336
Discount rate -0.25%	1,394
Turnover rate +1%	1,371
Turnover rate -1%	1,357

The table below provides the average financial duration of the obligation for defined benefit plans and estimated plan disbursements.

Service Cost and Duration	
Service Cost	209
Duration of the plan	14
Estimated future disbursements	
Disbursement 1st year	145
Disbursement 2nd year	131
Disbursement 3rd year	139
Disbursement 4th year	146
Disbursement 5th year	152

5.16 Provisions for risks and charges

The following table shows the breakdown of provisions for risks and charges.

Provisions for risks and charges	31.12.2022	Alloc.	Utilizations	31.12.2023	Of which short	Of which long
Product warranty provision	637	542	(274)	905	455	450
Total	637	542	(274)	905	455	450

Provisions for risks and charges amounted to Euro 905 thousand at December 31, 2023, and included only the allocations to the product warranty provision.

The product warranty provision includes the estimated cost of repairs and warranty work on products sold, determined on the basis of historical/statistical data and the warranty coverage period.

The Company is not engaged in any civil, administrative, or contractual litigation that could lead to the recognition of contingent liabilities in the financial statements at the closing date.

5.17 Trade payables

The item amounts to Euro 16,751 thousand and is detailed as follows:

Trade payables	31.12.2023	31.12.2022	Change
Payables to suppliers	15,284	8,364	6,921
Invoices to receive	1,643	1,699	(56)
Advances	(177)	(445)	268
Total	16,751	9,618	7,133

The Company's trade payables increased versus the prior year's figure mainly to support the increase in sales volumes and the stocking policy required to mitigate shortage risks.

5.18 Income tax payables

Income tax payables are broken down as follows:

Income tax payables	31.12.2023	31.12.2022	Change
IRAP payable	256	474	(218)
IRES payable	3	2	1
Total	259	476	(216)

5.19 Other current liabilities

The item is broken down as follows:

Other current liabilities	31.12.2023	31.12.2022	Change
Payable to Parent Company Tax Consolidation	1,631	2,283	(651)
IRPEF	182	169	13
Withholding tax	11	3	8
Accrued expense	845	801	44
Deferred income	260	262	(1)
Payables to social security institutions	420	359	61
Other payables	544	466	78
Total	3,894	4,342	(448)

The payable to the parent company refers to the debt arising from the tax consolidation scheme.

Accrued expense, amounting to Euro 845 thousand, mainly includes the provision for the portion of bonuses to be paid to employees. Other payables include payables to employees for special paid leave and vacation pay.

5.20 Revenue from contracts with customers

Details of the items making up sales revenue are shown in the tables and comments below.

Revenue Stream	At point in time/Over time	31.12.2023	31.12.2022	Change
Goods revenue	At point in time	65,989	45,770	20,220
Spare parts revenue	At point in time	221	242	(20)
Services revenue	At point in time	429	247	182
Total		66,640	46,258	20,381

In 2023, revenue totaled Euro 66,640 thousand, up by approximately 44.1% versus the prior year. Versus the prior year, the sales growth was notably strong in the European and Asian markets, where it increased by 71.8% and 71.5%, respectively, versus 2022.

The breakdown of sales revenue by geographical area is shown below:

Revenue by geographical area	31.12.2023	31.12.2022	Change
Europe	35,818	20,843	14,975
North America (NAM)	14,874	16,369	-1,495
Caribbean and South America (CALA)	12,675	7,391	5,285
Asia and Pacific (APAC)	1,900	1,123	777
Middle East and Africa (MEA)	1,371	532	840
Total	66,640	46,258	20,381

Mention should be made that within Powersoft, aside from the audio and amplifiers for professional applications segment, there are no other operating segments that exceed the significance thresholds defined by IFRS 8. Therefore, disclosures required by this standard are not provided.

5.21 Other revenue

Details of other revenue are shown in the table below:

Other revenue	31.12.2023	31.12.2022	Change
Customer transportation recovery	38	60	(22)
Miscellaneous grants	297	55	242
Tax receivables	410	225	185
Other revenue	128	87	41
Total	874	428	446

Other revenue totaled Euro 874 thousand, an increase of Euro 446 thousand versus the prior year. Included under Miscellaneous Grants are benefits from regional and national subsidized finance instruments, while tax receivables mainly include the benefit from the R&D Receivable related to 2022 and Industry 4.0.

5.22 Cost of sales

The item is broken down as follows:

Cost of sales	31.12.2023	31.12.2022	Change
Purchases	41,526	25,200	16,326
Change in inventory	(7,850)	(2,971)	(4,879)
Alloc. prov. obsoles.	297	300	(3)
Utiliz. prov. obsoles.	(28)	(264)	236
Services	528	480	48
Transportation costs	463	523	(60)
Customs costs	133	101	32
Other costs	292	347	(55)
Direct structure costs	68	82	(14)
Personnel Costs and Expense	1,431	977	453
Amortization/depreciation	169	114	56
Total	37,029	24,891	12,138

At December 31, 2023, the cost of sales totaled Euro 37,029 thousand, up versus the prior year, mainly due to the increase in volumes sold.

Cost of Sales related to 2022 has been restated to include costs related to direct and indirect production personnel, facility costs and depreciation regarding the production facility, which last year were shown in lines dedicated by nature to personnel and depreciation.

5.23 Increases for internal work

Under IAS 38, the item includes capitalized development costs and is composed as follows:

Increases for internal work	31.12.2023	31.12.2022	Change
Increases for internal work	1,349	965	384
Total	1,349	965	384

At December 31, 2023, capitalized development costs amounted to Euro 1,349 thousand, an increase of Euro 384 thousand versus the prior year, confirming the Company's constant commitment to research and development activities.

Development costs are defined as expense incurred for the purpose of implementing and applying research findings or other knowledge to a plan or project aimed at creating new or significantly improved materials, devices, processes, systems, or services before commercial production or use commences.

5.24 Business and marketing expense

The item is broken down as follows:

Business and marketing expense	31.12.2023	31.12.2022	Change
Consulting	438	523	(85)
Fairs and Exhibitions	501	305	197
Advertising & Marketing	347	113	234
Sales commissions	293	268	25
Gifts	(0)	-	(0)

Other business expense	192	55	137
Personnel Costs and Expense	1,955	1,754	201
Travel	404	210	193
Allocations	542	374	168
Amortization/depreciation	14	15	(2)
Total	4,686	3,619	1,067

Business and marketing expense at December 31, 2023 amounted to Euro 4,686 thousand, an increase of Euro 1,067 thousand versus the prior year. The changes include:

- increased presence at international fairs/roadshows;
- increased promotional expense and sales commissions due to increased business volumes;
- increased costs of sales staff and customer travel and visits.

Business and marketing expense at December 31, 2022 has been restated to consider the different accounting of costs related to sales, marketing and aftersales personnel, facility costs and depreciation related to the sales area, which last year were shown in lines dedicated by nature to personnel and depreciation.

5.25 General and administrative expense

The balance is shown in the table below:

General and administrative expense	31.12.2023	31.12.2022	Change
Consulting	1,218	1,128	91
Rents and service expense	71	45	26
Travel	120	49	71
Repairs and maintenance	115	396	(281)
Consumption expense	166	176	(10)
Product certification	98	81	17
Insurance	193	127	66
Training	38	21	18
Consumables and prototype development	287	218	69
Fees to Statutory Auditors	29	32	(3)
Personnel Costs and Expense	4,139	3,550	590
Directors' Fees and Expense	997	947	50
Other defined employee benefits	338	187	151
FV stock options	252	196	56
Amortization/depreciation	2,235	1,800	434
Other expense	492	253	238
Total	10,789	9,205	1,584

The item mainly relates to:

- consulting services for approximately Euro 1,218 thousand, consisting mostly of business consulting services amounting to Euro 845 thousand, recruiting amounting to Euro 82 thousand and fees for the Independent Auditors amounting to Euro 49 thousand.
- expense for the purchase of materials, mainly related to research and development, for Euro 287 thousand, an increase of Euro 69 thousand versus the prior year.

General and administrative expense at December 31, 2022 has been restated to consider the different accounting of costs related to indirect personnel, indirect facility costs, and indirect depreciation, which last year were shown in lines dedicated by nature to personnel and depreciation.

5.26 Financial income and expense

Details of financial income are shown in the table below:

Financial income	31.12.2023	31.12.2022	Change
Interest income	110	20	91
Exchange rate gains	384	697	(313)
Write-backs of financial assets at fair value	327	5	322
Total	821	721	100

Details of financial expense are shown in the table below:

Financial expense	31.12.2023	31.12.2022	Change
Interest expense	67	24	44
Interest expense on leases	13	6	7
Exchange rate losses	604	957	(353)
Sundry financial expense	0	0	0
Write-downs of financial assets at fair value	21	714	(693)
Total	705	1,701	(996)

Financials closed with a negative Euro 116 thousand, improving from a negative Euro 980 thousand in the prior year, mainly due to the positive effect of the revaluation of financial assets against a significant revaluation in the past year.

5.27 Tax

The table below shows the details of income tax:

Tax	31.12.2023	31.12.2022	Change
Current tax:			
IRES	3,903	2,290	1,612
IRAP	728	474	254
Prior-years' tax	-	-	-
Deferred tax assets and liabilities:			
IRES	(69)	(160)	91
IRAP	(22)	(15)	(7)
Prior-years' tax	-	-	-
Total	4,539	2,589	1,951

Reconciliation of actual tax burden	31.12.2023	31.12.2022
Profit (loss) before tax	16,474	8,956
Theoretical tax burden (tax rate 27.9%)	4,596	2,499

Reconciliation:

Non-deductible expense and non-taxable income	(57)	90
Current tax prior years		
Other		
Actual tax	4,539	2,589

5.28 Personnel expense

The table below provides a breakdown of employee personnel expense by nature:

Personnel expense	31.12.2023	31.12.2022	Change
Wages and salaries	5,133	4,278	854
Social security expense	1,477	1,296	181
Post-employment benefits	309	289	20
Fees to Directors	900	854	47
Pension expense	154	135	19
Other defined employee benefits	489	330	159
FV stock options	252	196	56
Travel	380	145	235
Total	9,093	7,523	1,570

Personnel expense in 2023 amounted to Euro 9,093 thousand, increasing by Euro 1,570 thousand versus 2022, mainly due to the increase in headcount and the resumption of international travel.

The table below shows the Company's headcount by category:

Average headcount	2022	2021	Change
Executives	2	2	0
Managers	14	13	1
Employees	95	80	15
Workers	15	12	3
Interns	0	1	(1)
Directors	6	6	0
Total	132	114	18

The table below shows the reclassification of personnel expense by purpose:

Personnel expense	31.12.2023	31.12.2022	Change
Cost of sales	1,033	744	288
Business and marketing expense	2,230	1,855	376
General and administrative expense	5,830	4,924	906
Total	9,093	7,523	1,570

5.29 Amortization, depreciation and allocations

The table below provides a breakdown of amortization, depreciation and allocations by nature:

Amortization and depreciation	31.12.2023	31.12.2022	Change
Amortization of intangible fixed assets	1,412	1,112	300
Depreciation of tangible fixed assets	482	401	81
Depreciation from right of use	524	417	107
Total	2,418	1,929	488

Amortization of other intangible assets mainly refers to Euro 325 thousand for the amortization of software, patents and concessions, and Euro 1,080 thousand for the amortization of capitalized development costs, for which the company estimated a useful life and amortization period of 3 years. Depreciation of property, plant and equipment mainly concerns depreciation of equipment amounting to Euro 267 thousand. Depreciation from right of use, following application of IFRS 16 Leases, regards the depreciation of leased property and leased motor vehicles for Euro 524 thousand. The depreciation period starts from the year of asset registration by right of use.

Allocations	31.12.2023	31.12.2022	Change
Allocation to the provision for inventory obsolescence	297	300	(3)
Allocation to the product warranty provision	542	374	168
Total	839	674	165

The Company has set aside a product warranty provision of Euro 542 thousand in anticipation of any costs required to fulfill contractual warranty commitments regarding goods invoiced at the date of these consolidated financial statements.

The Company also set aside an obsolescence provision of Euro 297 thousand to safeguard against any risks arising from the possible obsolescence and slow turnover of inventory, considering the potential for future utilization or realization.

The tables below show the reclassification of amortization/depreciation and allocations by purpose:

Amortization and depreciation	31.12.2023	31.12.2022	Change
Cost of sales	169	114	56
Business and marketing expense	14	15	(2)
General and administrative expense	2,235	1,800	434
Total	2,418	1,929	488

Allocations	31.12.2023	31.12.2022	Change
Cost of sales	297	300	(3)
Business and marketing expense	542	374	168
General and administrative expense	-	-	-
Total	839	674	165

6. Information on financial risks

6.1 Financial risk management

The Company's activities expose it to various types of risks arising from the use of financial instruments:

- credit risk;
- liquidity risk;
- market risk, specifically interest rate and exchange rate risk.

This section details the Company's exposure to the listed risks, objectives, policies, and processes for managing these risks, methods used for their assessment, and capital management. These financial statements also include additional quantitative information. The Company's risk management concentrates on financial market volatility, aiming to minimize potential adverse effects on its financial and operational performance.

Credit risk

Credit risk arises mainly from the Company's trade receivables and financial investments.

The Company does not hold financial derivatives for hedging purposes, which could potentially generate credit exposure to counterparties.

The Company manages credit risk assessment by being responsible for risk management and analysis of new significant customers. The Company continuously monitors its financial and business exposure, and oversees the collection of receivables within agreed contractual timeframes.

Financial and business exposure	31.12.2023	31.12.2022	Change
Other non-current assets	33	33	(0)
Allowance for impairment	-	-	-
Other non-current assets net of allowance for impairment	33	33	(0)
Trade receivables	12,850	9,042	3,808
Allowance for impairment	(173)	(173)	-
Trade receivables net of allowance for impairment	12,677	8,869	3,808
Other current assets	5,498	2,541	2,957
Allowance for impairment	-	-	-
Other current assets net of allowance for impairment	5,498	2,541	2,957
Other financial assets	5,541	5,234	306
Allowance for impairment	-	-	-
Other financial assets net of allowance for impairment	5,541	5,234	306
Cash and cash equivalents	13,472	18,562	(5,089)
Total exposure net of allowance for impairment	37,221	35,240	1,981

The tables below provide a breakdown of financial assets and trade receivables at December 31, 2023 and December 31, 2022, grouped by due date and shown excluding cash and cash equivalents:

Receivables at 31/12/2023	Carrying amount	By overdue date				
		Not overdue	0-90 d	91-180 d	181-360 d	Over 360 d
Receivables from subsidiaries	2,573	1,020	1,553	-	-	-
Receivables from third parties	10,287	7,291	2,665	137	2	193
Advances	(410)	-	-	-	-	-
Other receivables	399	399	-	-	-	-
Current financial assets	5,541	-	-	-	-	-
Receivables from financial institutions	-	-	-	-	-	-
Other	5,531	5,531	-	-	-	-
Total	23,921	14,241	4,217	137	2	193
Allowance for impairment	(173)					

Receivables at 31/12/2022	Carrying amount	By overdue date				
		Not overdue	0-90 d	91-180 d	181-360 d	Over 360 d
Receivables from subsidiaries	2,960	1,064	2,021	(124)	-	-
Receivables from third parties	5,728	3,332	2,186	9	(14)	215
Advances	(496)	-	-	-	-	-
Other receivables	851	851	-	-	-	-
Current financial assets	5,234	-	-	-	-	-
Receivables from financial institutions	-	-	-	-	-	-
Other	2,574	2,574	-	-	-	-
Total	9,460	3,940	500	68	184	485
Allowance for impairment	(173)					

Liquidity risk

Liquidity risk represents the potential difficulty that an entity may encounter in meeting its obligations associated with financial liabilities to be settled that require the provision of cash or another financial asset. Cash flows, financing requirements, and liquidity for the Company are typically monitored and managed by the Administration, Finance and Control Department, ensuring the efficient and effective management of financial resources. The Company aims to prudently manage liquidity risk originating from normal operations. This objective entails retaining sufficient liquid assets and convertible securities in the short term.

The contractual maturities of financial liabilities at December 31, 2023 and December 31, 2022, shown before interest payable, are shown in the table below:

Payables and liabilities at 31/12/2023	Carrying amount	Maturity		
		Within one year	2-5 y	Over 5 y
Fin. payab. towards other non-banking financial inst. (A)	688	95	593	-
Financial liabilities from leases (B)	1,247	598	649	-
Tot. Financial liabilities (A+B)	1,935	693	1,242	-
Trade payables (C)	16,751	16,751	-	-
Total (A+B+C)	18,686	17,444	1,242	-

Payables and liabilities at 31/12/2022	Carrying amount	Maturity		
		Within one year	2-5 y	Over 5 y
Fin. payab. towards other non-banking financial inst. (A)	472	58	414	
Financial liabilities from leases (B)	424	424	-	
Tot. Financial liabilities (A+B)	896	482	414	-
Trade payables (C)	9,618	9,618	-	-
Total (A+B+C)	10,514	10,100	414	-

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, which can result from fluctuations in exchange rates, interest rates, or equity instrument prices. In the course of its operational activities, the Company faces various market risks. Primarily, it is exposed to the risk of interest rate fluctuations, and to a lesser extent, to the risk of exchange rate fluctuations. Market risk management aims to maintain the company's exposure to market risk within acceptable limits while maximizing investment returns. This risk is further broken down into the following components: interest rate risk and exchange rate risk, as detailed below.

Interest rate risk

The Company has limited exposure to interest rate risk on loans. The management of interest rate risk follows established practices aimed at mitigating risks associated with interest rate fluctuations. Concurrently, it aims to minimize bank expense on deposits.

Exchange rate risk

Due to the Company's international development and current operations, the entity's results are exposed to fluctuations in Euro/Dollar exchange rates. This exposure to exchange rate risk is generated by sales or purchases in currencies other than the functional currency.

6.2 Capital management

The Company's primary objective in capital risk management is to ensure the continuity of business operations over the long term. The Company also aims to maintain an optimal capital structure to reduce borrowing costs.

7. Disclosure of financial instruments

7.1 Categories of financial assets and liabilities

Lastly, the following are the statements containing the description of financial assets and liabilities shown in the balance sheet, split up according to the categories required by the new IFRS 9 and compared with the corresponding fair value.

IFRS 9 was applied retrospectively, identifying January 1, 2018 as the initial application date. The Company also made use of the option in the standard itself not to restate comparative information. The adoption of IFRS 9 did not generate significant impacts on the Company's financial statements and did not result in the

need to recognize adjustments to the financial position at the date of initial application of the standard, as the portfolio of financial instruments held by the Company includes financial assets held for "trading" purposes. Regarding trade receivables, the company maintains its policy of provisioning for impairment losses, using a model that effectively incorporates Expected Credit Losses (see the previous section outlining the main evaluation criteria).

For a better understanding of the financial statement disclosures, below are the reconciliation tables of assets and liabilities classified according to IFRS 9 and according to the previous classification under IAS 19.

Financial assets and liabilities

Classification under IFRS 9	31.12.2023		31.12.2022	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial assets at fair value through profit or loss	5,573	5,573	5,267	5,267
Amortized cost **	18,175	18,175	11,410	11,410
Financial assets at fair value through O.C.I.	-	-	-	-
TOTAL	23,748	23,748	9,460	9,460

* Refers to Other non-current assets and Other current financial assets.

** Refers to Other current assets and Trade receivables.

Classification under IFRS 9	31.12.2023		31.12.2022	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Other financial liabilities measured at amortized cost *	22,580	22,580	14,856	14,856
Financial liabilities at fair value through profit or loss	-	-	-	-
TOTAL	22,580	22,580	7,878	7,878

*Refers to the following items: Non-current financial liabilities, Current financial liabilities, Trade payables, and Other current liabilities.

8. Related party transactions

For the definition of related parties, reference is made, in addition to IAS 24 and in accordance with the provisions of the Regulation adopted by CONSOB with Resolution No. 17221 of March 12, 2010, as amended (the "CONSOB RPT Regulation"), to the "Procedure for the regulation of related party transactions" adopted by the Company and available on the website <https://www.powersoft.com/it/> "corporate-governance – documenti e procedure" section.

Transactions with Board of Directors, Board of Statutory Auditors and Key Management Personnel

Related party transactions	31.12.2023	31.12.2022
Fees to the Board of Directors and Key Management Personnel	1,477	1,417
Fees to the Board of Statutory Auditors	29	30
Total fees	1,506	1,447

Other related party transactions

Powersoft S.p.A. has business dealings with Bluesky Immobiliare S.r.l. as the tenant of business property leases, concluded at normal market conditions. Bluesky Immobiliare S.r.l. is subject (with Powersoft S.p.A.) to joint control exercised by Evolve S.r.l..

These leases were accounted for in accordance with IFRS 16 as further described above. The table below shows the amounts of these transactions:

Related party transactions	31.12.2023					
	Receivables	Payables	Costs	Revenue	Guarantees	Commitments
Subsidiaries						
Ideofarm S.r.l.	45	-	-	-	-	-
Powersoft Advanced Tech. Corp. (USA)	2,787	164	186	9,011	-	-
Other companies						
Bluesky Immobiliare S.r.l.	-	-	494	-	-	2,621
Total						

It should be noted that the Parent Company has certain outstanding commitments towards Bluesky Immobiliare S.r.l. regarding the above lease contracts. Specifically, in the event of default by said company, Powersoft has committed to take over for the lease contracts. At December 31, 2023, total exposure on these guarantees amounted to Euro 2,621 thousand versus Euro 2,959 thousand at December 31, 2022.

Additionally, to streamline financial transactions with the parent company Evolve S.r.l. in the current year, it was decided to structure the debt owed by Powersoft S.p.A. to the latter - originating from the tax consolidation scheme - into six installments, with the final installment due on November 30, 2023. The deferment was granted at normal market conditions.

Related party transactions do not qualify as either atypical or unusual, falling within the normal business. These transactions were carried out on market conditions, taking account of the goods and services provided.

Stock option plan 21-23

On April 29, 2021, the Company's Ordinary Shareholders' Meeting approved the "2021-2023 Incentive Plan" (the "Stock Option Plan 21-23"), establishing its regulations and defining various aspects, including the following:

- beneficiaries of the plan (Powersoft Group directors, employees and associates);
- option exercise period (in multiple windows following the date of approval of the Company's financial statements for the year ending December 31, 2023), with acceleration provisions applicable under specific conditions arising from certain extraordinary transactions;
- minimum performance target to be achieved to access the incentive is Euro 17,832 thousand in cumulative consolidated EBITDA over the three-year period 2021-2023;
- share subscription price of Euro 3.894 per share corresponding to the average share price over the last 60 open market days prior to the date of approval of the Incentive Plan.

Accordingly, the Board of Directors approved a divisible capital increase to service said plan of a maximum nominal amount of Euro 80 thousand through issuance of up to 764,000 ordinary shares with no par value.

Stock option plan 18-20

On May 30, 2018, the Company's Ordinary Shareholders' Meeting approved the "2018-2020 Incentive Plan" ("Stock Option Plan") for employees, directors and consultants of Powersoft S.p.A..

On November 14, 2018, the Board of Directors established its regulations, defining various aspects, including the following:

- beneficiaries of the plan (Powersoft S.p.A. directors, employees and consultants);
- grant date;
- option exercise period (in multiple windows starting on January 15 each year following the date of approval of the Company's financial statements for the year ended December 31, 2020);
- minimum performance target to be achieved to access the incentive is Euro 16,271 thousand in consolidated EBITDA over the three-year period 2018-2020;
- share subscription price of Euro 3.25 per share.

For this transaction, the Board of Directors approved a divisible capital increase of Euro 80 thousand through issuance of up to 764,000 shares with no par value, which can be subscribed until December 19, 2024.

The Plan's main goal is to guide directors, employees, and associates towards strategies that seek the Group's medium to long-term results, aligning their interests with shareholders', while attracting and retaining talent in an increasingly competitive labour market. Through this stock option plan, the Company seeks greater beneficiary involvement in Powersoft Group's future economic and strategic development, specifically through share value increase, while making execution contingent upon achieving a minimum plan result.

9. Fees to the Independent Auditors

Pursuant to Article 37, par. 16 of Legislative Decree No. 39/2010, and letter 16bis of Article 2427 of the Italian Civil Code, the amount of fees due to the Independent Auditors for the statutory audit of the financial statements is Euro 48 thousand.

10. Guarantees and commitments

No commitments were made to third parties and subsidiaries, excluding those indicated in sect. 8 "Related party transactions". No guarantees were given. All contingent liabilities result from the Statement of Financial Position.

11. Events after year end

On **January 16, 2024**, Powersoft announced, pursuant to Article 17 of the Euronext Growth Milan Issuer Regulation and Article 21 of the Company's Bylaws, that on January 12, 2024 it had received notification from shareholder Lorenzo Lepri that the 2.5% stake threshold in Powersoft's share capital had been exceeded, the latter having stated holding at such date a 3.08% stake in the share capital.

On **February 2, 2024**, the Company announced that 43,180 new ordinary shares were issued and granted in the period between November 15 and 30, 2023 as a result of the exercise of 43,180 options to service the "2018-2020 Incentive Plan".

On **February 13, 2024**, Powersoft announced a technology partnership with Ferrari S.p.A., combining Italian excellence in acoustic innovation and automotive engineering. The partnership aims to develop solutions enhancing the Ferrari brand's audio experience while minimizing energy consumption and offering benefits in efficiency, reliability, and sound quality. Powersoft's development philosophy prioritizes reducing environmental impact through technology advancements and environmentally-conscious manufacturing processes. This commitment aligns seamlessly with Ferrari's pursuit of excellence, aiming to achieve carbon neutrality by 2030.

On **March 19, 2024**, Powersoft announced the signing of a preliminary lease agreement with Bluesky Immobiliare S.r.l. regarding a property complex under construction. When completed, it will become the

Powersoft Human Audio Experience Center, the new headquarters of Powersoft Group in Scandicci (FI). The Transaction constitutes a related party transaction as Bluesky and Powersoft are under the common control of Evolve S.r.l., which holds a 100% interest in the share capital of Bluesky Immobiliare S.r.l. and a controlling interest of approximately 79.20% in the share capital of Powersoft.

12. Proposed allocation of profit

Considering that the net profit resulting from Powersoft's financial statements at December 31, 2023 is Euro 11,934,366 and that, in accordance with Article 2430 of the Italian Civil Code, at least one-twentieth of the annual net profit must be allocated to the legal reserve until one-fifth of the share capital is reached, the proposal is to allocate:

- (i) Euro 4,136.54 to the Legal Reserve, upon reaching one-fifth of the share capital;
- (ii) Euro 0.85 per share, before withholding tax, to the distribution of a dividend to shareholders for each share outstanding on the ex-dividend date on June 24, 2024, excluding treasury shares held by the Company on such date, with payment on June 26, 2024 and with the entitlement date for payment of the dividend, pursuant to Article 83-terdecies of Legislative Decree No. 58 of February 24, 1998, on June 25, 2024. The total payout of the dividend, taking into account the shares outstanding to date (11,969,032), is estimated at Euro 10,173,677.2;
- (iii) The remainder to the Extraordinary Reserve.

Scandicci, March 21, 2024

Luca Lastrucci - C.E.O.



Powersoft S.p.A.

Bilancio d'esercizio al 31 dicembre 2023

Relazione della società di revisione indipendente
ai sensi dell'art. 14 del D. Lgs. 27 gennaio 2010, n. 39

Relazione della società di revisione indipendente ai sensi dell' art. 14 del D. Lgs. 27 gennaio 2010, n. 39

Agli azionisti della
Powersoft S.p.A.

Relazione sulla revisione contabile del bilancio d'esercizio

Giudizio

Abbiamo svolto la revisione contabile del bilancio d'esercizio della Powersoft S.p.A. (la "Società"), costituito dalla situazione patrimoniale-finanziaria al 31 dicembre 2023, dal prospetto dell'utile/(perdita), dal conto economico complessivo, dal prospetto delle variazioni del patrimonio netto, dal rendiconto finanziario per l'esercizio chiuso a tale data e dalle note al bilancio che includono le informazioni rilevanti sui principi contabili applicati.

A nostro giudizio, il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Società al 31 dicembre 2023, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data, in conformità agli International Financial Reporting Standards adottati dall'Unione Europea.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio* della presente relazione. Siamo indipendenti rispetto alla Società in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Altri aspetti

Il bilancio d'esercizio della Società per l'esercizio chiuso al 31 dicembre 2022 è stato sottoposto a revisione contabile da parte di un altro revisore che, in data 7 aprile 2023 ha espresso un giudizio senza rilievi su tale bilancio.

Responsabilità degli amministratori e del collegio sindacale per il bilancio d'esercizio

Gli amministratori sono responsabili per la redazione del bilancio d'esercizio che fornisca una rappresentazione veritiera e corretta in conformità agli International Financial Reporting Standards adottati dall'Unione Europea e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli amministratori sono responsabili per la valutazione della capacità della Società di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio d'esercizio, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio d'esercizio a meno che abbiano valutato che sussistono le condizioni per la liquidazione della Società o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il collegio sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria della Società.

Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio d'esercizio nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che tuttavia non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche degli utilizzatori prese sulla base del bilancio d'esercizio.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio d'esercizio, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio; il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti od eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;
- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze, e non per esprimere un giudizio sull'efficacia del controllo interno della Società;
- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli amministratori e della relativa informativa;
- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità della Società di continuare ad operare come un'entità in funzionamento; in presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio; le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione; tuttavia, eventi o circostanze successivi possono comportare che la Società cessi di operare come un'entità in funzionamento;

- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio d'esercizio nel suo complesso, inclusa l'informativa, e se il bilancio d'esercizio rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione.

Abbiamo comunicato ai responsabili delle attività di governance, identificati ad un livello appropriato come richiesto dai principi di revisione internazionali (ISA Italia), tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Relazione su altre disposizioni di legge e regolamentari

Giudizio ai sensi dell'art. 14, comma 2, lettera e), del D. Lgs. 27 gennaio 2010, n. 39

Gli amministratori della Powersoft S.p.A. sono responsabili per la predisposizione della relazione sulla gestione della Powersoft S.p.A. al 31 dicembre 2023, inclusa la sua coerenza con il relativo bilancio d'esercizio e la sua conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione con il bilancio d'esercizio della Powersoft S.p.A. al 31 dicembre 2023 e sulla conformità della stessa alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione è coerente con il bilancio d'esercizio della Powersoft S.p.A. al 31 dicembre 2023 ed è redatta in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'art. 14, c.2, lettera e), del D. Lgs. 27 gennaio 2010, n. 39, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

Firenze, 5 aprile 2024


EYS.p.A.
Lapo Ercoli
(Revisore Legale)

Relazione del Collegio Sindacale all'Assemblea degli Azionisti, sul Bilancio al 31 Dicembre 2023, di esercizio e consolidato, ai sensi dell'art. art. 2429, comma 2, c.c.

Agli Azionisti di Powersoft S.p.A.

Signori Azionisti,

1. Premessa

Il Collegio Sindacale di Powersoft S.p.A. (di seguito anche "Powersoft" o "Società") ai sensi dell'art. 2429, comma 2, Codice Civile, è chiamato a riferire all'Assemblea degli Azionisti convocata per l'approvazione del bilancio al 31 Dicembre 2023, sull'attività di vigilanza svolta nel corso dell'esercizio nell'adempimento dei propri doveri, sulle omissioni e sui fatti censurabili eventualmente rilevati e sui risultati dell'esercizio sociale, oltreché a formulare proposte in ordine al Bilancio, all'approvazione dello stesso, e alle materie di propria competenza.

Si ricorda che la Società è quotata presso Borsa Italiana S.p.A. al mercato EURONEXT GROWTH MILAN (già AIM ITALIA).

Nel corso dell'esercizio chiuso al 31 dicembre 2023 e sino alla data odierna, il Collegio Sindacale ha effettuato l'attività di vigilanza attenendosi a quanto previsto dalla legge, tenuto conto dei principi di comportamento raccomandati dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili, delle disposizioni CONSOB in materia di controlli societari, nonché delle previsioni contenute nell'art. 19, D.lgs. 39/2010.

Il bilancio d'esercizio e il bilancio consolidato della Società sono stati redatti in base ai principi contabili internazionali IAS/IFRS emessi dall'International Accounting Standards Board (IASB) e omologati dall'Unione Europea, nonché conformemente ai provvedimenti emanati dalla CONSOB in attuazione dell'art. 9, comma 3, D. Lgs. 38/2005, ed alle ulteriori successive modifiche normative e regolamentari.

Nelle note illustrative di bilancio sono descritti dettagliatamente i principi generali adottati nella redazione del bilancio stesso.

Il Collegio Sindacale ha acquisito le informazioni strumentali allo svolgimento dei compiti di vigilanza ad esso attribuiti mediante la partecipazione alle riunioni del Consiglio di Amministrazione e dei Comitati costituiti (anche in forma monocratica) nell'ambito del Consiglio di Amministrazione, con audizioni del *management* della Società, con informazioni acquisite dalle competenti strutture aziendali, nonché con ulteriori attività di controllo.

2. Nomina ed indipendenza del Collegio Sindacale

Il Collegio Sindacale è stato nominato dall'Assemblea degli Azionisti del 27 Aprile 2023 ed è composto da Luigi Fazzini (Presidente), Marcello Braglia e Federica Menichetti



(Sindaci effettivi), nonché da Paolo Limberti e Massimiliano Manfredi (Sindaci supplenti), che resteranno in carica fino alla data della prossima Assemblea che delibererà sul bilancio al 31 Dicembre 2025.

Il Collegio Sindacale, all'atto della nomina e nel corso del proprio ufficio, ha verificato costantemente la sussistenza del requisito di indipendenza.

3. Attività di vigilanza e controllo del Collegio Sindacale

Il Collegio Sindacale, nel corso dell'esercizio 2023, ha svolto la propria attività di vigilanza in ottemperanza alle regole espresse dall'art. 2403 Codice Civile, dell'art. 19, D. Lgs. 39/2010, nonché alle raccomandazioni della CONSOB in materia di controlli societari e attività del Collegio Sindacale, ed ai principi di comportamento del Collegio Sindacale emanati dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili. Nella redazione della presente Relazione si è tenuto altresì conto delle comunicazioni CONSOB aventi ad oggetto il contenuto delle relazioni dei Collegi sindacali delle società con azioni quotate in borsa alle Assemblee degli Azionisti.

Il Collegio Sindacale ha pertanto programmato le proprie attività alla luce del quadro normativo di riferimento, nonché dando corso alle verifiche ritenute di volta in volta più opportune in relazione alle dimensioni strutturali della società e alla natura e alle modalità di perseguimento dell'oggetto sociale.

L'esercizio dell'attività di controllo è avvenuto in particolare, anche attraverso:

- incontri periodici con gli amministratori e i responsabili delle funzioni aziendali, organizzati al fine di acquisire le informazioni e i dati di volta in volta utili e opportuni;
- la partecipazione alle riunioni di Consiglio di Amministrazione, dell'Assemblea degli azionisti e dei Comitati costituiti;
- lo scambio informativo periodico con la società di revisione, e con l'Organismo di Vigilanza ex L.231/2001 anche in ossequio a quanto previsto dalla vigente normativa.

Il Collegio Sindacale ha, inoltre, svolto le proprie attività con un approccio *risk based* finalizzato ad individuare e valutare gli eventuali elementi di maggiore criticità con una frequenza di intervento graduato secondo la rilevanza del rischio percepito.

Pertanto, nell'ambito delle sue funzioni di vigilanza il Collegio Sindacale:

- rileva che nel corso dell'esercizio gli organi sociali si sono riuniti:
 - 1 (una) volta l'Assemblea degli Azionisti;
 - 6 (sei) volte il Consiglio di Amministrazione, durante i quali il Collegio Sindacale ha potuto essere informato sull'attività svolta e sulle operazioni di maggior rilievo economico, patrimoniale e finanziario poste in essere dalle società del Gruppo;
 - 8 (otto) volte il Collegio Sindacale stesso per l'attività di vigilanza presso la

sede della società, nonché numerose sessioni, anche in “conference call”, o presso lo studio del Presidente per l’esame di documenti di interesse, acquisiti durante le verifiche sindacali, per la redazione della Relazione di cui all’art. 2429 co. 3 c.c.;

- 1 (una) volta il Comitato Parti Correlate;
- ha partecipato a tutte le suddette riunioni vigilando sul rispetto delle norme statuarie, legislative e regolamentari che disciplinano il funzionamento degli organi della Società, nonché il rispetto dei principi della corretta Amministrazione.
- ha di volta in volta accertato che le decisioni adottate fossero a loro volta conformi alla legge e allo statuto sociale, che non evidenziassero potenziali conflitti di interesse con la società, che non fossero manifestamente imprudenti, azzardate, atipiche, inusuali o tali da compromettere l’integrità del patrimonio sociale. Limitatamente alle delibere del Consiglio di Amministrazione, si è altresì verificato che le medesime non fossero in contrasto con le decisioni assunte dall’Assemblea degli Azionisti.
- rileva che con la periodicità prevista dalla legge, gli Amministratori hanno fornito adeguate informazioni sull’attività complessivamente svolta dalla Società e dalle società controllate. Le informazioni di volta in volta fornite al Collegio Sindacale hanno avuto ad oggetto i vari settori in cui la società ha operato e le operazioni che hanno avuto un maggior rilievo economico, patrimoniale e finanziario, e che sono illustrate anche nella relazione sulla gestione cui il Collegio fa espresso riferimento.
- ha vigilato, per quanto di competenza, sull’adeguatezza della struttura organizzativa della Società e sul rispetto dei principi di corretta amministrazione, tramite osservazioni dirette, raccolta di informazioni dai responsabili di alcune funzioni aziendali e incontri, con la società di revisione EY S.p.A. (nel prosieguo “EY” o “Società di Revisione”) nell’ambito di un reciproco scambio di dati ed informazioni rilevanti;
- ha valutato e vigilato sull’adeguatezza del sistema di controllo interno e del sistema amministrativo e contabile, nonché sull’affidabilità di quest’ultimo a rappresentare correttamente i fatti di gestione, attraverso le informazioni dei responsabili delle rispettive funzioni, l’esame dei documenti aziendali, l’esecuzione di taluni test, e l’analisi dei risultati del lavoro svolto dalla Società di Revisione;
- ha vigilato sull’adeguatezza del flusso reciproco di informazioni tra la Società e le sue controllate ai sensi dell’art. 114, comma 2, D.lgs. 58/1998.

4. Attività di vigilanza ed informativa richiesta dal Testo Unico della Revisione Legale

Ai sensi dell’art. 19, D.lgs. 39/2010 (Testo Unico della Revisione Legale), il Collegio Sindacale è chiamato a vigilare:

- sul processo di informativa finanziaria;
- sull’efficacia dei sistemi di controllo interno e di gestione del rischio;



- sulla revisione legale del bilancio d'esercizio e del bilancio consolidato;
- sull'indipendenza della Società di Revisione, in particolare per quanto concerne l'adeguatezza della prestazione di servizi diversi dalla revisione alla Società.

4.a) Processo di informativa finanziaria

Il Collegio Sindacale ha vigilato sull'esistenza di norme e procedure relative al processo di formazione e diffusione delle informazioni finanziarie.

Il Collegio Sindacale dà atto di aver ricevuto adeguate informazioni sull'attività di monitoraggio dei processi aziendali ad impatto amministrativo-contabile nell'ambito del sistema del controllo interno effettuata sia nel corso dell'anno in relazione ai resoconti periodici sulla gestione sia in fase di chiusura dei conti per la predisposizione del bilancio d'esercizio e del bilancio consolidato.

L'adeguatezza del sistema amministrativo-contabile è stata valutata anche mediante l'acquisizione di informazioni dei responsabili delle rispettive funzioni (e successiva effettuazione di test) e l'analisi dei risultati del lavoro svolto dalla Società di Revisione.

4.b) Efficacia dei sistemi di controllo interno e di gestione del rischio

Il Collegio Sindacale ha valutato e vigilato sull'adeguatezza del controllo interno e sull'efficacia dei sistemi di controllo interno e di gestione del rischio.

Il Collegio Sindacale dà atto di aver verificato le attività maggiormente rilevanti svolte dal complessivo sistema di controllo interno e di gestione dei rischi tramite apposito scambio di informazioni (e successiva effettuazione di test) con tutte le funzioni preposte.

Nella Relazione sulla Gestione sono elencati i principali rischi identificati, monitorati e gestiti.

A seguito dell'attività svolta nel periodo, come sopra dettagliata, il Collegio Sindacale esprime valutazione positiva in ordine all'adeguatezza del Sistema di controllo interno e gestione dei rischi. Il tutto anche in relazione all'analisi dei rischi, ed ai compiti attribuiti al Collegio, in ordine alla normativa sulla c.d. "Crisi di impresa"

4.c) Rapporto con la Società incaricata della revisione legale del bilancio d'esercizio e del bilancio consolidato e verifica della relativa indipendenza

Nel corso dell'esercizio sono stati intrattenuti regolari e collaborativi rapporti con la società di revisione EY S.p.A., incaricata dall'assemblea degli azionisti della revisione legale del Bilancio di Esercizio fino all'approvazione del presente Bilancio chiuso al 31 dicembre 2025, nell'ambito del reciproco scambio di dati ed informazioni.

Il Collegio Sindacale dà atto che:



- La Società di Revisione ha eseguito i controlli previsti dalle norme applicabili e negli incontri periodici con il Collegio Sindacale non ha evidenziato fatti e/o rilievi tali da essere riportati nella presente Relazione, ed ha altresì emesso la propria relazione priva di rilievi;
- Il Collegio Sindacale ha vigilato sulla revisione dei conti annuali e consolidati, informandosi e confrontandosi con la Società di Revisione;

In particolare, sono state illustrate al Collegio tutte le principali fasi dell'attività di revisione, ivi compresa l'individuazione delle aree di rischio con descrizione delle relative procedure adottate.

Il Collegio Sindacale ha vigilato sull'indipendenza della società di revisione EY S.p.A., verificando la natura e l'entità dei servizi diversi dal controllo contabile con riferimento alla Società ed alle società controllate.

Nel corso dell'esercizio è stato affidato ad EY S.p.a. un ulteriore incarico rispetto a quello di revisione legale dei conti del bilancio d'esercizio e del bilancio consolidato e di verifica della regolare tenuta delle scritture contabili obbligatorie, ed il Collegio, all'esito di una approfondita analisi, ha concordato con la conclusione raggiunta dal revisore ovvero sul mantenimento dell'indipendenza dello stesso anche in presenza di un incarico di prestazioni di servizi professionali non Audit da parte di società o entità facenti parte del network di EY

Sempre in base alle informazioni acquisite, non risultano nell'esercizio conferiti incarichi a soci, agli amministratori, ai componenti degli organi di controllo e ai dipendenti della Società di revisione stessa e delle società da essa controllate o ad essa collegate.

Alla luce di quanto indicato, il Collegio Sindacale ritiene che sussista il requisito di indipendenza della Società di Revisione.

5. Operazioni ed eventi di particolare rilevanza

Sulla base delle informazioni acquisite e delle analisi condotte nell'attività di vigilanza, il Collegio Sindacale conferma quanto gli amministratori hanno esposto nella loro relazione sulla gestione, e negli altri atti componenti il Bilancio d'esercizio al 31/12/2023, al riguardo dei fatti di rilievo avvenuti sia nel corso dell'esercizio 2023 che nei primi mesi dell'esercizio 2024.

6. Operazioni infragruppo o con parti correlate

Per quanto riguarda le operazioni effettuate nell'ambito del Gruppo e con parti correlate, gli Amministratori hanno fornito nella relazione sulla gestione e nelle note al bilancio d'esercizio e al bilancio consolidato specifiche e puntuali informazioni, segnalando in particolare che la Società ha intrattenuto, a normali condizioni di mercato,



rapporti con altre società del Gruppo e/o con altri soggetti definiti parti correlate dalle disposizioni vigenti, e segnalando altresì una operazione con parti correlate di Maggiore Rilevanza deliberata nei primi mesi dell'esercizio 2024.

Per quanto riguarda le operazioni infragruppo, gli Amministratori nella relazione sulla gestione e nelle note al bilancio d'esercizio e al bilancio consolidato hanno indicato le caratteristiche dei rapporti commerciali e finanziari con le società controllate e collegate.

7. Irregolarità, fatti censurabili, denunce ex art. 2408 Codice Civile, operazioni atipiche e/o inusuali

A seguito dell'attività di vigilanza e controllo svolta nell'esercizio, il Collegio Sindacale può attestare che:

- nel corso dell'attività svolta, non sono emerse omissioni, irregolarità né fatti censurabili o comunque significativi tali da richiederne la segnalazione agli organi di controllo e menzione nella presente Relazione;
- non sono pervenuti al Collegio Sindacale denunce ai sensi dell'art. 2408 del Codice Civile né esposti da parte di terzi;
- non sono state individuate operazioni né con terzi, né infragruppo e/o con parti correlate tali da evidenziare profili di atipicità o di inusualità, per contenuti, natura, dimensioni e collocazione temporale.

8. Attività di vigilanza in relazione al bilancio di esercizio e al bilancio consolidato

Il Bilancio della Società e il Bilancio consolidato del Gruppo, redatti dall'organo amministrativo ai sensi di legge, sono stati da questo regolarmente comunicati al Collegio Sindacale unitamente alla Relazione degli Amministratori sull'andamento della gestione in data 21 marzo 2024 in occasione del Consiglio di Amministrazione tenutosi in tale data per l'approvazione dei rendiconti annuali.

Il bilancio consolidato chiude con un utile di €/K 12.062 e il bilancio della capogruppo con un utile di €/K 11.934

A tale proposito si segnala quanto segue:

- il Collegio Sindacale ha accertato, tramite verifiche dirette e informazioni assunte presso la società di revisione, l'osservanza delle norme relative alla struttura inerente alla formazione del bilancio d'esercizio e del bilancio consolidato e della relazione sulla gestione a corredo degli stessi;
- sono espressamente indicati negli schemi di bilancio (laddove esistenti e rilevanti) gli effetti dei rapporti con parti correlate;



- nel corso dell'esercizio chiuso al 31/12/2023, al Collegio non sono stati richiesti pareri da rilasciare a norma di legge, salvo quello sul mantenimento dell'indipendenza da parte del Revisore Contabile – sopra citato;
- per quanto consta al Collegio Sindacale, gli Amministratori, nella redazione del bilancio d'esercizio e del bilancio consolidato non hanno derogato alle norme di legge ai sensi dell'art. 2423 comma 5 del Codice civile;
- il bilancio d'esercizio ed il bilancio consolidato rispondono ai fatti ed alle informazioni di cui il Collegio Sindacale è venuto a conoscenza nell'ambito dell'esercizio dei suoi doveri di vigilanza e dei suoi poteri di controllo ed ispezione;
- i costi di ricerca e sviluppo sono stati iscritti con il parere favorevole del Collegio Sindacale ai sensi dell'art. 2426 c.c.;
- il Collegio Sindacale ha accertato che la relazione sulla gestione risulta conforme alle leggi vigenti nonché coerente con le deliberazioni adottate dal Consiglio di amministrazione e con le informazioni di cui dispone il Collegio; il Collegio ritiene che l'informativa illustrata nel citato documento risponda alle disposizioni in materia e contenga un'analisi fedele, equilibrata ed esauriente della situazione della Società, dell'andamento e del risultato della gestione, nonché l'indicazione dei principali rischi ai quali la società è esposta e rechi espressa evidenza degli elementi che possano incidere sull'evoluzione della gestione;
- l'attività di vigilanza e controllo svolta dal Collegio Sindacale, come sopra descritta, non ha fatto emergere fatti significativi da menzionare nella presente relazione ovvero da segnalare agli organi di vigilanza e controllo.

Con riferimento al bilancio dell'esercizio ed al bilancio consolidato del Gruppo chiuso al 31 dicembre 2023 il Collegio Sindacale non ha ulteriori osservazioni o proposte da formulare. L'attività di vigilanza e controllo svolta nel corso dell'esercizio dal Collegio, così come illustrata nella presente relazione, non ha fatto emergere ulteriori fatti da segnalare all'Assemblea degli Azionisti.

9. Conclusioni

Ad esito dell'attività di vigilanza svolta nel corso dell'esercizio 2023 e tenuto conto anche delle risultanze dell'attività effettuata dal soggetto incaricato della revisione legale dei conti, contenute nell'apposita relazione accompagnatoria del bilancio, il Collegio Sindacale:

- a) dà atto dell'adeguatezza dell'assetto organizzativo, amministrativo e contabile adottato dall'impresa e del suo concreto funzionamento nonché dell'efficienza e dell'efficacia del sistema dei controlli interni;
- b) esprime, sotto i profili di propria competenza, parere favorevole all'approvazione del bilancio per l'esercizio e del bilancio consolidato di Gruppo chiuso al 31 dicembre 2023 ed alla proposta formulata dal Consiglio di

Amministrazione in ordine alla destinazione del risultato conseguito, ivi compresa la proposta di distribuzione di un dividendo di € 0,85 per ciascuna azione in circolazione. A tale proposito il Collegio conferma che nulla osta alla distribuzione sopra menzionata, stante la posizione finanziaria netta della società ampiamente positiva ed assolutamente capiente per le operazioni di cui sopra.

Firenze, 5 Aprile 2024

Il Presidente del Collegio Sindacale per l'intero Collegio

Dott. Luigi Fazzini

A handwritten signature in black ink, appearing to read 'Luigi Fazzini', written in a cursive style.