Interim Financial Report

June 30, 2024

POWERSOFT Group

Condensed Half-Year Financial Report
at June 30, 2024

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 and VAT no.	*04644200489*
REA no.	*FI 468275*
Share Capital Euro	*1,312,090.90 - 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	ANTONELLA DIANA

Board of Statutory Auditors

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

Independent Auditors

EY S.p.A.

Table of Contents

Directors' Report on Operations at June 30, 2024

Foreword

This Condensed Consolidated Half-Year Financial Report of Powersoft Group at June 30, 2024 was 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 was prepared in accordance with IAS 34 ("Interim Financial Reporting").

In order to provide a better understanding of the operating and financial performance, figures for the year ended December 31, 2023 for the consolidated statement of financial position, and figures for the six months ended June 30, 2023 for the consolidated statement of profit and the consolidated statement of comprehensive income, consolidated statement of cash flows, and the consolidated statement of changes in equity, were presented as comparative figures as required by IAS 34.

Group Intro

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. As part of its strategic repositioning from a Product Company to a Solution Provider, Powersoft Group continues to expand 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. In line with the international strategic development plan to strengthen traditional sales channels and establish new offices in countries with the highest growth potential, a representative office was opened in Shenzhen, People's Republic of China, in 2021, later relocated to Beijing. In 2023, the Group expanded its presence in Japan by opening a representative office, aiming to enhance and accelerate commercial penetration in the Japanese market, considered one of the key strategic markets with significant growth potential.

Production activities are primarily conducted at company-owned plants in Scandicci, which employ approximately 168 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 now holds more than 40 international patents in the Pro-audio field (amplification, transduction, and signal processing), registered in over 30 countries, and invests more than Euro 1.7 million annually in R&D, demonstrating its ongoing commitment to innovation and the development of new solutions. Also instrumental in achieving these goals is Ideofarm, a wholly-owned subsidiary of Powersoft, which acts as an incubator of initiatives and an accelerator of innovative high-tech projects.

It should be noted that during the reporting period, the consolidation scope, which includes the Parent Company Powersoft S.p.A. and its wholly owned subsidiaries, Powersoft Adv. Tech. Corp and Ideofarm, remained unchanged. As a result, figure comparisons between years can be made on an organic basis.

Highlights

The tables below show Powersoft Group's operating and financial highlights for first half 2024 versus the results in the same period of the prior year:

Group income statement

(Euro thousands)	30/06/2024	30/06/2023	Change	% change
Total revenue	36,909	32,981	3,929	11.9%
EBITDA	9,910	8,638	1,272	14.7%
EBIT	8,465	7,264	1,201	16.5%
Total net profit (loss)	6,281	5,236	1,046	20.0%

(*) The figures at 30/06/2023 have been restated by purpose

Group statement of financial position

(Euro thousands)	30/06/2024	31/12/2023	Change	% change
Non-current assets	5,885	5,780	106	1.8%
Non-current liabilities	3,266	3,701	(435)	-11.8%
Current assets	48,023	54,021	(5,999)	-11.1%
Current liabilities	18,163	21,717	(3,554)	-16.4%
Difference between current assets and current liabilities	29,860	32,304	(2,444)	-7.6%
Equity	32,479	34,383	(1,903)	-5.5%

Group statement of cash flows

(Euro thousands)	30/06/2024	30/06/2023	Change	% change
Cash flow from operations	(2,515)	4,917	(7,432)	-151.2%
Cash flow from investing activities	(1,448)	(1,288)	(160)	12.4%
Cash flow from financing activities	(6,124)	(9,762)	3,638	-37.3%
Total cash flow	(10,087)	(6,134)	(3,953)	64.5%

Group net financial position

(Euro thousands)	30/06/2024	31/12/2023	Change	% change
Available cash	4,343	14,430	(10,087)	-69.9%
Current financial assets	5,648	5,541	108	1.9%
Current financial debt	(3,492)	(779)	(2,714)	348.6%
Current net financial position	6,499	19,192	(12,693)	-66.1%
Non-current financial debt	(1,079)	(1,414)	335	-23.7%
Net financial position	5,420	17,778	(12,358)	-69.5%

Share performance

Powersoft's ordinary share has been listed on the Euronext Growth Milan market of Borsa Italiana since December 2018.

At June 30, 2024, the closing price of the Powersoft share stood at Euro 16.50, resulting in a market capitalization of approximately Euro 206.8 million.

Powersoft's share price performance in the period January - September 2024 is shown below:

Macroeconomic context

Macroeconomic scenario

Global growth, as forecast in the latest update of the World Economic Outlook (July 2024), remains consistent with previous estimates, with a rate of 3.2% in 2024 and 3.3% in 2025. Global activity and world trade have generally strengthened since the beginning of the year, but at the same time, certain areas experienced a reversal during the first half of the year.

Global geopolitical tensions, driven by the Russian invasion of Ukraine, strained relations between China and the West, and the conflict in the Middle East, are causing significant global economic reconfiguration and shifts in supply chains. These developments are influencing local and international economic policy decisions required to foster growth in various markets. Additionally, key electoral sessions have heightened uncertainties at this stage, resulting in deadlocks in investment policies in some instances.

Despite this context, growth in the first quarter exceeded expectations in many countries. However, some key areas, such as the United States and Japan, experienced less positive trends than anticipated.

In the United States, the growth estimate was revised slightly downward to 2.6% in 2024 and 1.9% in 2025, reflecting a decline in domestic consumption and a cooling labor market. Meanwhile, in Japan, growth slowed due to temporary disruptions in the automotive industry and weakening private investment.

In the Euro area, a modest recovery of 0.9% in 2024 and 1.5% in 2025 is anticipated, driven by increased consumption and investment, supported by stronger momentum in services and higher-than-expected net exports during the first half of the year. However, a weak manufacturing sector indicates a slower recovery in countries like Germany, which are more closely tied to this industry.

In China, recovering domestic consumption boosted the economy in the first quarter, leading to a projected growth of 5% in 2024, partly driven by an increase in exports. However, China's growth is expected to slow to 4.5% in 2025, with a potential worsening trend in the following years due to anticipated declines in productivity and an aging population.

Industry scenario

Growth forecasts for the professional AV sector are approximately 6% for 2024. After a phase of rapid post-COVID growth, values have normalized, returning to pre-pandemic levels typical for the industry.

This year, in particular, has been affected by inflated demand from market intermediaries (distributors, dealers, etc.) in the previous period, driven by concerns over a potential resurgence of supply chain issues. This situation led to a subsequent slowdown in demand from producers this year, as intermediaries dealt with overstocking.

A potential market acceleration is anticipated by 2025, driven by the launch of multiple technological innovations that were previously delayed due to the aforementioned supply chain issues.

The Pro-AV sector is currently in a transition phase: moving from post-pandemic recovery, with most supply chain issues nearly resolved, toward new growth fueled by the "experience economy”. In this phase, value is not just defined by the quality or functionality of solutions, but by the experiences they can create for end users. The impact is positive not only on the performance and immersive sector, which has seen steady growth since the end of the pandemic, but also on more traditionally commercial sectors, such as "experiential retail”, aiming to provide immersive and memorable experiences.

The increasing integration with the IT world, particularly in commercial installations, has also driven innovations aimed at enhancing product value without compromising the distinctiveness of the AV sector, whose needs and expertise remain largely sector-specific and independent of the IT world.

Lastly, sustainability and efficiency - values for which Powersoft is widely recognized as a pioneer - are becoming increasingly crucial in driving new product development and growth for companies within the industry.

The expansion of the Unica platform and the extension of the MyUniverso Cloud platform across the entire Powersoft portfolio align with current trends, focusing on fast-growing vertical markets. This approach remains consistent with Powersoft's core values of sustainability and efficiency.

Group performance

Group income statement

To better illustrate Powersoft Group's performance in first half 2024, below are the key consolidated operating figures compared with those of the prior period.

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

(Euro thousands)	30/06/2024	Percentage on revenue	30/06/2023 (*)	Percentage on revenue
Revenue from contracts with customers	36,471	100.0%	32,545	100.0%
Other revenue	438	1.2%	436	1.3%
Total Revenue	**36,909**		**32,981**	
Cost of sales	(19,240)	-52.8%	(17,449)	-53.6%
Increases for internal work	807	2.2%	683	2.1%
Business and marketing expense	(3,064)	-8.4%	(3,341)	-10.3%
General and administrative expense	(6,947)	-19.0%	(5,611)	-17.2%
EBIT	**8,465**	**23.2%**	**7,264**	**22.3%**
Financial expense	(161)	-0.4%	(363)	-1.1%
Financial income	372	1.0%	346	1.1%
EBT	**8,676**	**23.8%**	**7,247**	**22.3%**
Income tax	(2,395)	-6.6%	(2,011)	-6.2%
Net profit (loss) from continuing operations	**6,281**	**17.2%**	**5,236**	**16.1%**

(*) The figures at 30/06/23 have been restated by purpose

EBITDA reconciliation

(Euro thousands)	30/06/2024	Percentage on revenue	30/06/2023 (*)	Percentage on revenue
EBIT	**8,465**	**23.2%**	**7,264**	**22.3%**
Amortization/Depreciation	1,445	4.0%	1,121	3.4%
Allocations	-	0.0%	253	0.8%
EBITDA (*)	**9,910**	**27.2%**	**8,638**	**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.

Total consolidated revenue in first half 2024 amounted to Euro 36.9 million, reflecting an 11.9% increase versus the prior half-year, which ended at Euro 33.0 million.

Core revenue growth primarily stemmed from the U.S. and European markets, reporting increases of 30.9% and 5.8% respectively versus the prior six months. MEA and CALA also recorded increases versus first half 2023, driven by growth across all business lines.

The table below shows the breakdown by geographical area of Group revenue in first half 2024 versus first half 2023:

(Euro thousands)	30/06/2024	Percentage on revenue	30/06/2023	Percentage on revenue	Change	% change
EUROPE	17,716	48.6%	16,749	51.5%	967	5.8%
NAM	11,636	31.9%	8,887	27.3%	2,749	30.9%
APAC	5,175	14.2%	5,938	18.2%	- 763	-12.8%
MEA	1,016	2.8%	611	1.9%	405	66.3%
CALA	929	2.5%	359	1.1%	570	158.7%
Revenue from sales	**36,471**	**100.0%**	**32,545**	**100.0%**	**3,926**	**12.1%**

Cost of sales mainly includes goods purchases and inventory changes, direct labour costs, transportation costs, customs duties and other direct costs. At June 30, 2024, the item totaled Euro 19.2 million, a 10.3% increase, less than proportional to the growth in revenue versus the prior year, due mostly to the increase in sales volumes. Mention should be made that the cost of sales at June 30, 2023 was restated to consider the different accounting of Euro 0.3 million in costs for direct and indirect production personnel, overhead costs, and amortization and depreciation related to the production area.

Consolidated EBITDA in first half 2024 amounted to Euro 9.9 million, up by 14.7%, accounting for 27.2% of revenue versus Euro 8.6 million in first half 2023 (26.5%). In first half 2024, operating structure costs (sales and marketing expense and general and administrative expense) amounted to Euro 10.0 million versus Euro 9.0 million in first half 2023, reflecting an increase in line with revenue growth.

Amortization and depreciation, and provisions for risks, mainly related to the product warranty provision, totaled Euro 1.4 million, up by 5.1% versus the same period of the prior year, underscoring the company's constant commitment to R&D, of which the Group capitalized Euro 0.8 million in the first half of the year, recorded under intangible assets as required by IAS 38.

As a result of the improved operating leverage, consolidated EBIT for the period stood at Euro 8.5 million, up versus Euro 7.3 million in the prior six months, with the EBIT margin increasing from 22.3% to 23.2%.

Financials closed at a positive Euro 211 thousand versus a negative Euro 17 thousand in first half 2023, due primarily to the fair-value revaluation of the securities portfolio and financial income from currency exchange transactions.

Consolidated Net Profit for the six months ended June 30, 2024 amounted to Euro 6.3 million, up by 20% from Euro 5.2 million in the previous six months, representing 17.2% of sales.

Group statement of financial position

Below is Powersoft Group's financial position at June 30, 2024 reclassified according to the allocation criteria of source and utilization and compared with the figures at December 31, 2023:

(Euro thousands)	30/06/2024	31/12/2023	Change	% change
Tangible fixed assets	1,605	1,497	107	7.2%
Assets from right of use	1,295	1,485	(190)	-12.8%
Intangible fixed assets	2,036	1,785	250	14.0%
Financial fixed assets	-	-	-	0.0%
Fixed capital	**4,935**	**4,768**	**168**	**3.5%**
Inventory	23,321	17,544	5,777	32.9%
Trade receivables	9,714	10,933	(1,220)	-11.2%
Other current assets	4,997	5,573	(576)	-10.3%
Trade payables	(11,578)	(16,560)	4,982	-30.1%
Other current liabilities	(3,092)	(4,378)	1,286	-29.4%
Net working capital	**23,361**	**13,112**	**10,249**	**78.2%**
Other non-current assets (liabilities)	(1,237)	(1,275)	38	-3.0%
Net capital employed	**27,059**	**16,605**	**10,455**	**63.0%**
Cash and cash equivalents	4,343	14,430	(10,087)	-69.9%
Financial assets	5,648	5,541	108	1.9%
Non-current financial liabilities	(492)	(593)	101	-17.0%
Non-current financial liabilities from rights of use	(587)	(821)	235	-28.6%
Current financial liabilities	(2,760)	(95)	(2,665)	2793.6%
Current financial liabilities from rights of use	(733)	(683)	(49)	7.2%
Net financial position	**5,420**	**17,778**	**(12,358)**	**-69.5%**
Share capital	(1,312)	(1,249)	(63)	5.1%
Reserves	(24,886)	(21,072)	(3,814)	18.1%
Profit (loss) for the period	(6,281)	(12,062)	5,781	-47.9%
Total equity	**(32,479)**	**(34,383)**	**1,903**	**-5.5%**
Total sources	**(27,059)**	**(16,605)**	**(10,455)**	**63.0%**

Notes: In line with ESMA guidelines on alternative performance measures (ESMA Guidelines/2015/1415), mention should be made of the following:

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 significant changes in consolidated assets and liabilities, reclassified for operational purposes.

Net working capital increased by 78.2% compared to December 31, 2023, due mainly to a rise in inventory driven by higher procurement of raw materials and semi-finished goods. This was in response to rising demand forecasts from market intermediaries (distributors, dealers, etc.), which were later postponed due to overstocking by the intermediaries. Inventory values are expected to normalize in the coming months from the peak recorded at June 30, 2024, as also indicated by the lower purchases of raw materials and semi-finished goods during the latter part of the six-month period. This trend, along with the reduced VAT burden due to increased use of declarations of intent, positively impacted the change in payables, which showed a YoY reduction at the end of the six-month period.

The net financial position at June 30, 2024 stood at a positive Euro 5.4 million (Euro 17.8 million at December 31, 2023). It consists mainly of cash for Euro 4.3 million, portfolio securities for Euro 5.6 million, and debit items for Euro 4.6 million, mostly related to both the accounting of operating lease payables arising from the application of IFRS 16, and subsidized loans taken out with Simest S.p.A. ("Simest"). The deterioration of the net financial position compared to December 31, 2023 is due primarily to the payment of an ordinary dividend totaling Euro 10.7 million and the allocation of resources to bolster inventory, as described in detail above.

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:

	30/06/2024	31/12/2023
(A) Bank and postal deposits	4,342	14,429
(B) Cash	1	1
(C) AVAILABLE CASH (A+B)	**4,343**	**14,430**
(D) CURRENT FINANCIAL ASSETS	**5,648**	**5,541**
(E) Current bank payables		
(F) Other current financial liabilities	(3,492)	(779)
(G) CURRENT FINANCIAL DEBT (E+F)	**(3,492)**	**(779)**
(H) NET CURRENT FINANCIAL POSITION (C+D+G)	**6,499**	**19,192**
(I) Non-current bank payables	-	-
(L) Other non-current financial liabilities	(1,079)	(1,414)
(M) NON-CURRENT FINANCIAL DEBT (I+L)	**(1,079)**	**(1,414)**
(N) NET FINANCIAL POSITION (H+M)	**5,420**	**17,778**

Corporate structure

At June 30, 2024, Powersoft Group's headcount totaled 168 resources.

The Group's headcount trend at June 30, 2024 and 2023 is shown below:

Headcount	30/06/2024	30/06/2023
Executives	3	3
Managers	15	14
Employees and similar	123	101
Workers	21	16
Interns	0	0
Directors	6	6
Total	**168**	**140**

The headcount trend aligns with the strategy of bolstering the organizational structure to effectively support Powersoft Group's future development plans.

Research & Development

Powersoft Group has reaffirmed its commitment in 2024 to increasing investments aimed at elevating its levels of excellence, amidst an environment dominated by intensifying global competition.

R&D expenditure in first half 2024 totaled approximately Euro 1.7 million, representing 4.7% of consolidated revenue, remaining consistent with the same period of the prior year, underscoring the company's commitment to persistently invest in product and process innovation. Out of these costs, Euro 0.8 million represents development costs capitalized under intangible assets as required by IAS 38.

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 *"Corporate 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 first half 2024.

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, 2024. 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 first half 2024, the Company's Board of Directors resolved to submit to Bluesky the proposal for the Preliminary Lease Agreement regarding the Company's new headquarters in Scandicci.

Please refer to the notes to the consolidated financial statements for details on related party transactions.

Treasury shares

At June 30, 2024, the Company held no treasury shares.

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.

Consequently, if global conditions deteriorate due to the geopolitical situation, or changes in the local regulatory environment, demand for the Group's distributed products may decline, adversely affecting its 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 generally 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 on its own initiative, 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 procuring 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 is additionally working to further expand the specialized supplier base especially for key products and semi-finished products.

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.

Group Management believes that the supply of certain electronic components, including electronic boards, semi-finished products, and high-power electronic components, on which the Group relies for product development, may not be easily replaceable in a short period of time. This is due to the specialized nature of these components, the technologies involved, and the stringent quality standards imposed by the Group. Hence, any sudden shortage of these components due to unpredictable external factors, which are challenging to anticipate or manage by the Group, 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 the Group's operations.

The Group is taking proactive measures to mitigate, as far as possible, the potential repercussions of a shortage 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, having played, and continuing to play, instrumental roles in the company's success. If one or more of 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, as well as environmental compliance, 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.

Significant events in first half 2024

On **January 12**, **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**, Powersoft announced that 43,180 new ordinary shares were granted in the period between January 15, 2024 and January 31, 2024 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 that it had published the "Information Document on a Major Related Party Transaction" in connection with the signing of a preliminary lease agreement with Bluesky Immobiliare S.r.l. regarding the Company's new headquarters in Scandicci. This Information Document is available at the Company's registered office, as well as on its website and on the Borsa Italiana website.

On **April 2, 2024**, the Company announced that 11,680 new ordinary shares were granted in the period between March 22 and 31, 2024 as a result of the exercise of 11,680 options to service the "2018-2020 Incentive Plan".

On **April 23, 2024**, the Ordinary Shareholders' Meeting of the Company met and (i) approved the Separate Financial Statements of Powersoft S.p.A. at December 31, 2023, (ii) approved the distribution of an ordinary dividend of Euro 0.85 per share, and (iii) appointed the Board of Directors for a three-year term until the date of the Shareholders' Meeting to be convened to approve the financial statements at December 31, 2026. The Board of Directors is therefore composed of: Carlo Lastrucci, Luca Lastrucci, Claudio Lastrucci, Antonio Peruch, Luca Giorgi, Lorenzo Lepri, Antonella Diana.

On **April 23, 2024**, the Board of Directors met and appointed Carlo Lastrucci as Executive Chairman of the Board of Directors, Luca Lastrucci as Chief Executive Officer, and granted authority for the Research & Development area to Claudio Lastrucci and for the Cost Assessment & Production Engineering area to Antonio Peruch. In accordance with the provisions of Model 231, the Board also appointed the Supervisory Board in the persons of Federica Menichetti as Chair and Carlo Bombace (Head of Legal and Corporate Affairs of the Company) as an internal member. Both individuals meet the requirements of autonomy, independence, and professionalism necessary to oversee the proper implementation, effectiveness, and compliance with Model 231, as well as to ensure its ongoing updates.

On **June 16, 2023**, the Company announced that during the period between June 1 and 15, 2024, 340 new ordinary shares were granted as a result of the exercise of 340 options to service the "2018-2020 Incentive Plan" and 549,416 new ordinary shares were granted as a result of the exercise of 549,416 options to service the "2021-2023 Incentive Plan".

Significant events after first half 2024

On **July 16, 2024**, Powersoft announced that Notice no. 30187 was published by Borsa Italiana regarding the reduction of the minimum trading lot from 500 shares to 250 shares for Powersoft ordinary shares (ISIN code IT0005353815), effective Thursday, July 18, 2024.

Business outlook

The first half of 2024 saw further growth in key income and business metrics for Powersoft Group, building on an already highly positive 2023. The year opened with the start of a prestigious partnership with Ferrari, the first prize won 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.

Powersoft capitalized on ongoing investments aimed at enhancing audio systems' efficiency in sound quality, energy consumption, and sustainability. This approach has allowed it to position itself at the high-end and secure long-term strategic partnerships, improving order book visibility.

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 global technology leader in the Pro-audio industry. The Group is enhancing its capabilities by recruiting new resources with highly qualified and diverse skills, aiming to expand its capacity to serve corporate clients and collaborate with its strategic partners. It is anticipated that the effects of excess demand from market intermediaries (distributors, dealers, etc.), driven by concerns over worsening supply chain issues, will diminish, allowing inventory levels, which peaked on June 30, 2024, to normalize.

Despite ongoing macroeconomic uncertainties, exacerbated by the conflicts in Russia-Ukraine and the Middle East and a contracting European manufacturing sector, Powersoft Group, thanks also to the recent trade agreements and extensive geographical and product diversification, views 2024 as an opportunity for further consolidation and continued investment in sustainable and enduring growth.

Direction and coordination activities

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

Branch offices

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

Powersoft Group condensed consolidated half-year financial statements at June 30, 2024

- Statements -

Consolidated statement of financial position

Amounts €/000

Assets	Notes	30/06/2024	31/12/2023
Non-current assets			
Property, plant and equipment	3.1	1,605	1,497
Assets from right of use	3.2	1,295	1,485
Other intangible assets	3.3	2,036	1,785
Deferred tax assets	3.4	917	979
Other non-current assets	3.5	33	33
Investments	3.6	-	-
Total non-current assets		**5,885**	**5,780**
Current assets			
Inventory	3.7	23,321	17,544
Trade receivables	3.8	9,714	10,933
Income tax receivables	3.9	296	50
Other current assets	3.10	4,700	5,524
Other financial assets	3.11	5,648	5,541
Cash and cash equivalents	3.12	4,343	14,430
Total current assets		**48,023**	**54,021**
Total assets		**53,908**	**59,801**

Equity and liabilities	Notes	30/06/2024	31/12/2023
Share capital and reserves			
Share capital	3.13	1,312	1,249
Reserves	3.13	24,886	21,072
Profit (loss) for the period	3.13	6,281	12,062
Total Group equity		**32,479**	**34,383**
Equity attributable to non-controlling interests			
Total equity		**32,479**	**34,383**
Non-current liabilities			
Non-current financial liabilities	3.14	492	593
Non-current financial liabilities from rights of use	3.14	587	821
Employee benefits (post-employment benefits)	3.15	1,426	1,365
Provisions for future risks and charges	3.16	743	905
Deferred tax liabilities	3.4	19	17
Total non-current liabilities		**3,266**	**3,701**
Current liabilities			
Current financial liabilities	3.14	2,760	95
Current financial liabilities from rights of use	3.14	733	683
Trade payables	3.17	11,578	16,560
Income tax payables	3.18	373	259
Other current liabilities	3.19	2,718	4,119
Total current liabilities		**18,163**	**21,717**
Total liabilities		**21,429**	**25,418**
Total equity and liabilities		**53,908**	**59,801**

Consolidated statement of profit

Amounts €/000

Income statement	Notes	30/06/2024	30/06/2023
Revenue from contracts with customers	4.1	36,471	32,545
Other revenue	4.2	438	436
Revenue		**36,909**	**32,981**
Cost of sales	4.3	(19,240)	(17,449)
Increases for internal work	4.4	807	683
Business expense	4.5	(3,064)	(3,341)
General and administrative expense	4.7	(6,947)	(5,611)
EBITDA		**8,465**	**7,264**
Financial expense	4.9	(161)	(363)
Financial income	4.9	372	346
Profit (loss) before tax		**8,676**	**7,247**
Income tax	4.10	(2,395)	(2,011)
Profit (loss) for the period		**6,281**	**5,236**
Basic earnings per share		0.52	0.44
Diluted earnings per share		0.52	0.43

Consolidated statement of comprehensive income

Amounts €/000

Statement of comprehensive income	Notes	30/06/2024	30/06/2023
Profit (loss) for the period		**6,281**	**5,236**
Items that will not be reclassified later in profit / (loss) for the period:		**(29)**	**8**
Gains / (losses) from actuarial benefits		(39)	11
Tax effect gains/(losses) from actuarial benefits		9	(3)
Items that will be reclassified later in profit / (loss) for the period:		**(42)**	**(25)**
Net translation differences of foreign financial statements		(42)	(25)
Total profit (loss) for the period		**6,210**	**5,219**

Consolidated statement of cash flows

Amounts €/000

Statement of Cash Flows - Consolidated	30/06/2024	30/06/2023
Cash Flow from Operations		
Profit / (loss) for the year	6,281	5,236
Adjustments to reconcile net profit (loss) for the period to cash flow generated by operations:		
Income tax	2,395	2,011
Amortization/Depreciation	1,445	1,121
Allocations	-	-
(Capital gain)/loss on disposal of fixed assets	-	-
Allocations/(Utilization) provisions for employee benefit liabilities	78	83
Allocations/(Utilization) provisions for risks and charges	-	253
Change FV financial assets	(108)	(49)
Interest (receivable) / accrued liabilities	45	31
Changes in operating assets and liabilities:		
Inventory	(5,777)	(1,723)
Trade receivables and contract assets	1,220	(3,688)
Trade payables	(4,982)	2,470
Other assets	862	1,146
Other liabilities	(3,627)	(1,280)
Interest (paid) / collected	(24)	(31)
Tax (paid) / collected	(285)	(523)
Utilization of provisions for risks and charges	(163)	(123)
Other	124	(16)
Net cash flow from operations (A)	**(2,515)**	**4,917**
Cash Flow from Investing Activities		
(Purchase) of property, plant and equipment	(375)	(498)
Sale of property, plant and equipment	-	-
(Purchase) of investment property	-	-
Sale of investment property	-	-
(Purchase) of intangible fixed assets	(1,073)	(790)
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)	**(1,448)**	**(1,288)**
Cash Flow from Financing Activities		
Paid capital increases	2,319	345
Dividend distribution	(10,651)	(9,671)
Purchase of treasury shares	-	-
Lease repayment	(356)	(254)

New medium- to long-term loans	3,112	246
(Repayment) medium- to long-term loans	(548)	(428)
Net cash flow from financing activities (C)	**(6,124)**	**(9,762)**
Total net cash flow (D=A+B+C)	**(10,087)**	**(6,134)**
Opening net cash (E)	**14,430**	**20,275**
Total net cash flow	(10,087)	(6,134)
Closing cash (G=D+E)	**4,343**	**14,141**

Consolidated 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, 2023	**1,228**	**238**	**13,731**	**7,544**	**42**	**79**	**424**	**637**	**100**	**776**	**23,222**	**6,347**	**31,146**	**-**
Allocation of the prior year's result		7	6,340								**6,347**	(6,347)	**-**	**-**
Dividend distribution			(9,671)								**(9,671)**		**(9,671)**	**-**
Exercise of stock options	**7**			272			(58)				**221**		**221**	**-**
Granting of stock options							124				**124**		**124**	**-**
Other changes/reclassifications											**-**		**-**	**-**
Profit / (loss) of the statement of comprehensive income:					(17)	(8)					**(25)**	-	**(25)**	**-**
Of which: Gains / (losses) from actuarial benefits						(8)					**(8)**		**(8)**	**-**
Of which: Translation Reserve					(17)						**(17)**		**(17)**	**-**
Profit / (loss) for the year											**-**	5,236	**5,236**	**-**
Balance at June 30, 2023	**1,235**	**246**	**10,400**	**7,816**	**25**	**71**	**490**	**637**	**100**	**776**	**20,218**	**5,236**	**27,030**	**-**

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, 2024	**1,249**	**246**	**10,460**	**8,335**	**8**	**65**	**506**	**575**	**100**	**777**	**21,072**	**12,062**	**34,383**	**-**
Allocation of the prior year's result		4	11,930					(95)		222	**12,062**	(12,062)	**0**	**-**
Dividend distribution			(10,651)								**(10,651)**		**(10,651)**	**-**
Exercise of stock options	**63**			2,808			(553)				**2,256**		**2,319**	**-**
Granting of stock options							84				**84**		**84**	**-**
Profit / (loss) of the statement of comprehensive income:					34	29					**63**		**63**	**-**
Of which: Gains / (losses) from actuarial benefits						29					29		**29**	**-**
Of which: Translation Reserve					34						34		**34**	**-**

Profit / (loss) for the year											-	6,281	**6,281**	-
Balance at June 30, 2024	**1,312**	**250**	**11,739**	**11,143**	**42**	**94**	**37**	**480**	**100**	**999**	**24,886**	**6,281**	**32,479**	**-**

Powersoft Group condensed consolidated half-year financial statements at June 30, 2024

- Explanatory Notes -

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 condensed consolidated half-year financial statements include the financial statements of Powersoft S.p.A. and the companies over which the Company has the right to exercise control, as envisaged in IFRS 10 - "Consolidated Financial Statements".

Details of the companies included in the consolidation scope are given below:

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%

There were no changes in the consolidation scope in the six months under review from the consolidated financial statements at December 31, 2023.

At the date of preparation of the condensed consolidated half-year financial statements at June 30, 2024, there were no subsidiaries not included in the consolidation scope.

Summary of accounting standards adopted

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

These condensed consolidated half-year financial statements were prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's most recent annual consolidated financial statements for the year ended December 31, 2023 ("most recent financial statements"). While not including all the information required for full financial statement disclosure, specific notes are included to explain events and transactions that are relevant to understanding changes in the Group's financial position and performance since the most recent financial statements.

These condensed consolidated half-year financial statements were authorized to be published by the Board of Directors on September 25, 2024.

Discretionary evaluations, accounting estimates, and significant assumptions

In preparing these condensed consolidated half-year financial statements, Management was called to make evaluations and estimates that affect the application of accounting policies 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 significant subjective evaluations in applying the Group's accounting policies and the main sources of estimation uncertainty were the same as those applied in the preparation of the consolidated financial statements for the year ended December 31, 2023.

Climate change effects

In line with the priorities outlined by the European Securities and Market Authority (ESMA), 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 CO_2 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.

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 June 30, 2024	Exchange rate Average H1 2024
Powersoft Adv. Tech. Corp.	1.0705	1.0812

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".

Seasonality

The operating performance of Powersoft Group, while not displaying significant seasonal or cyclical variations in overall annual sales, is influenced by the uneven distribution of revenue and costs throughout the year. Due to these reasons, the analysis of the half-year results and the operating and financial metrics cannot be considered fully representative. Therefore, it would be inaccurate to consider the half-year metrics as a proportional share of the full year.

3. Explanatory notes to the items in the consolidated statement of financial position

3.1 Property, plant and equipment

The table below shows the amounts of property, plant and equipment at the beginning and end of the first half 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 31.12.2023	**-**	**68**	**987**	**443**	**1,497**
Increases	-	12	314	49	**375**
Decreases	-	-	-	-	**-**
Depreciation	-	(8)	(199)	(61)	**(267)**
Total changes	**-**	**4**	**115**	**(11)**	**108**
Historical cost	18	258	4,110	2,461	**6,848**
Depreciation fund	(18)	(189)	(3,008)	(2,028)	**(5,243)**
Net amount at 30.06.24	**-**	**70**	**1,102**	**433**	**1,605**

The total net amount of "Property, plant and equipment" is Euro 1,605 thousand, up from December 31, 2023. This change is attributable to:

- expenditure for the purchase of industrial equipment and moulds for the development of new products totaling Euro 314 thousand;
- expenditure mainly related to the purchase of other tangible fixed assets totaling Euro 49 thousand;
- depreciation in the six months of Euro 267 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.

3.2 Assets from rights of use

At June 30, 2024, the Group had an asset value from rights of use on leased property and cars of Euro 1.3 million.

The following are the changes that took place in the six months.

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 31.12.2023	**111**	**1,374**	**1,485**
Increases/decreases	157	-	157
Depreciation	(30)	(359)	(390)
Total changes	**127**	**(359)**	**233**
Historical cost	296	3,536	3,832
Depreciation fund	(58)	(2,479)	(2,537)
Net amount at 30.06.2024	**238**	**1,057**	**1,295**

3.3 Other intangible assets

The table below shows other intangible assets at the beginning and end of the first half 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 31.12.2023	**427**	**138**	**1,221**	**-**	**1,785**
Increases	265	2	807	-	**1,073**
Decreases	-	-	-	-	**-**
Amortization	(162)	(6)	(654)	-	**(823)**
Total changes	**103**	**(4)**	**152**	**-**	**251**
Historical cost	3,778	221	8,873	351	**13,223**
Amortization fund	(3,249)	(87)	(7,500)	(351)	**(11,187)**
Net amount at 30.06.2024	**529**	**134**	**1,373**	**-**	**2,036**

Net intangible assets amounted to Euro 2,036 thousand, up versus December 31, 2023. This change is mainly explained by the following reasons:

- capitalization of development costs for Euro 807 thousand;
- increases for industrial patent and intellectual property rights for Euro 265 thousand;
- amortization in the six months for approximately Euro 823 thousand.

Regarding the item "Development costs", at the reporting date, the company did not identify any indicators of impairment in accordance with IAS 36. Therefore, there was no need to conduct an impairment test on this asset.

3.4 Deferred tax assets and deferred tax liabilities

The tables below show the amount of deferred tax assets and deferred tax liabilities, as well as the changes in first half 2024 of deferred taxation recognized for the main temporary differences.

Temporary differences	30.06.2024	31.12.2023	Change
IRES	848	570	278
IRAP	3	79	(76)
Foreign corporate income tax	67	330	(264)
Total deferred tax assets	**917**	**979**	**(62)**
IRES	1	1	0
IRAP	-	-	-
Foreign corporate income tax	18	16	1
Total deferred tax liabilities	**19**	**17**	**2**

Deferred tax assets	30.06.2024		31.12.2023	
Temporary differences	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
Provision for inventory obsolescence	881	246	1,173	327
Exchange differences	30	7	97	23
Warranty provision - IAS 37	743	207	905	253
Post-employment benefits - IAS 19	-	(33)	(159)	(24)
Unpaid fees to directors	161	39	290	70
Other consolidation entries	1,101	385	705	247
Foreign corporate income tax		67		84
Total deferred tax assets		**917**		**979**

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 Parent Company considered the results of the post-COVID-19 business plan.

Deferred tax liabilities	30.06.2024		31.12.2023	
Temporary differences	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
Exchange differences	4	1	2	1
Foreign corporate income tax		18		16
Total deferred tax liabilities		**19**		**17**

3.5 Other non-current assets

The table below shows other non-current assets at the beginning and end of the first half of the year, and the changes that took place.

Other non-current assets	30.06.2024	31.12.2023	Change
Security deposits	5	5	0
Other receivables	28	28	-
Total other non-current assets	**33**	**33**	**0**

3.6 Investments

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

Investments	Net amount at 30.06.2024	Net amount at 31.12.2023	Accumulated allowance for impairment	Change in net amount
Associates	-	-	-	-
Total investments	**-**	**-**	**-**	**-**

3.7 Inventory

Inventory is composed as follows:

Inventory	30.06.2024	31.12.2023	Change
Raw and ancillary materials and consumables	5,395	5,316	79
Work in progress and semi-finished products	11,114	8,361	2,753
Finished products and goods	7,765	4,818	2,946
Total gross inventory	**24,274**	**18,495**	**5,779**
Prov. for inventory obsolescence	(953)	(950)	(2)
Net inventory	**23,321**	**17,544**	**5,777**

Inventory at June 30, 2024 is mainly attributable to semi-finished products amounting to Euro 11,114 thousand and finished products amounting to Euro 7,765 thousand. The increase in inventory is attributable to the higher procurement of raw materials and semi-finished goods, which became necessary to meet demand forecasts from market intermediaries (distributors, dealers, etc.). However, these forecasts were later partly disregarded due to the intermediaries' overstocking. Inventory values are expected to normalize in the coming months from the peak recorded at June 30, 2024, as indicated by the lower purchases of raw materials and semi-finished goods during the latter part of the six-month period.

At June 30, 2024, the Group established a provision of Euro 953 thousand to account for obsolescence and the slow turnover of inventory, considering the potential possibility of a future utilization or realization.

3.8 Trade receivables

Trade receivables	30.06.2024	31.12.2023	Change
Receivables from customers	10,499	11,482	(983)
Receivables from others	222	47	176
Invoices to issue	(40)	78	(118)
Advances	(723)	(410)	(313)
Total	**9,959**	**11,197**	**(1,238)**
Allowance for impairment	(245)	(264)	19
Total net allowance for impairment	**9,714**	**10,933**	**(1,220)**

Trade receivables, net of the allowance for impairment, amounted to Euro 9,714 thousand, down by Euro 1,220 thousand versus the end of the prior year. This reduction was due primarily to higher advances received from customers and effective cash generation from trade receivables management.

These receivables are anticipated to be recoverable within the coming year.

3.9 Income tax receivables

Income tax receivables are detailed as follows:

Income tax receivables	30.06.2024	31.12.2023	Change
IRAP advances	285	-	285
Foreign company tax advances	11	49	(38)
Total	**296**	**49**	**247**

At June 30, 2024, the item amounted to Euro 296 thousand, up from the end of the prior year, due mainly to the IRAP advance payment and foreign company tax.

3.10 Other current assets

"Other current assets" is composed as follows:

Other current assets	30.06.2024	31.12.2023	Change
Security deposits	64	63	1
Other receivables from employees	10	1	9
Tax receivables	418	485	(67)
VAT receivables	3,091	3,865	(774)
Withholding tax	10	-	10
Receivables from Subs. Tax Consolid.	2	2	-
Deferred expense	1,107	1,042	65
Accrued income	-	66	(66)
Total	**4,700**	**5,524**	**(823)**

Other current assets mainly include VAT receivables for Euro 3,091 thousand, as well as tax receivables from R&D credit for Euro 418 thousand and prepaid expense for Euro 1,107 thousand. The latter item comprises future accrued costs, primarily associated with insurance and consulting, for which the Group made advance payments in first half 2024.

3.11 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 30/06/2024 amounted to Euro 5,648 thousand.

Other financial assets	30.06.2024	31.12.2023	Change
Portfolio securities	5,648	5,541	108
Total	**5,648**	**5,541**	**108**

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	5,648	-	-	5,648

Total	**5,648**	**-**	**-**	**5,648**

3.12 Cash and cash equivalents

The item is broken down as follows:

Cash	30.06.2024	31.12.2023	Change
Bank and postal deposits	4,341	14,429	(10,088)
Cash and cash on hand	2	1	1
Total	**4,343**	**14,430**	**(10,087)**

The balance represents cash and cash on hand outstanding at 30.06.2024, which totaled Euro 4,343. The reduction in cash in first half 2024 was due primarily to the payment of an ordinary dividend totaling Euro 10.7 million and the allocation of resources to bolster inventory.

3.13 Equity

The items making up Group Equity are shown below:

Equity	Balance at 01/01/24	Profit (loss) for the period 31/12/2023	Dividend distribution	Exercise of stock options	Share-based payments (stock options)	Profit / (loss) of the statement of comprehensive income	Profit (loss) for the period 30/06/2024	Equity at 30/06/2024
Share capital	**1,249**	-	-	63	-	-	-	**1,312**
Translation reserve	**8**	-	-	-	-	34	-	**42**
Legal reserve	**246**	4	-	-	-	-	-	**250**
Share premium reserve	**8,335**	-	-	2,808		-	-	**11,143**
Extraordinary reserve	**10,460**	11,930	(10,651)	-	-	-	-	**11,739**
FTA reserve	**100**	-	-	-	-	-	-	**100**
Reserve for actuarial gains/(losses) from employee benefits	**65**	-	-	-	-	29	-	**94**
Various other reserves	**575**	(95)	-	-	-	-	-	**480**
Stock options reserve	**506**	-	-	(553)	84	-	-	**37**
Retained earnings (losses carried forward)	**777**	222	-	-		-	-	**999**
Profit (loss) for the year	**12,062**	(12,062)	-	-	-	-	6,281	**6,281**
Total equity	**34,383**	**(0)**	**(10,651)**	**2,319**	**84**	**63**	**6,281**	**32,479**
Equity attributable to non-controlling interests	-	-	-	-	-	-	-	-
Total equity	**34,383**	**(0)**	**(10,651)**	**2,319**	**84**	**63**	**6,281**	**32,479**

The share capital at June 30, 2024 amounted to Euro 1,312 thousand, fully subscribed and paid up and consists of 12,530,468 shares with no par value.

In first half 2024, following partial execution of the option right serving the "2018-2020 Incentive Plan" and the "2021-2023 Incentive Plan", the share capital increased from Euro 1,249 thousand to Euro 1,312 thousand. As a result, the free float increased from 20.52%. to 24.35%.

Reserves include:

- the legal reserve of Euro 250 thousand;
- the share premium reserve of Euro 11,143 thousand;
- the extraordinary reserve of Euro 11,739 thousand;
- the reserve for actuarial gains/(losses) for employee benefits of Euro 94 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;
- the stock option reserve under IFRS2 of Euro 37 thousand;
- the reserve for the Euro translation of the financial statements of the U.S. subsidiary of Euro 42 thousand;
- the reserve under L.289/2002 of Euro 966 thousand;

The result for the six months ended June 30, 2024 amounted to Euro 6,281 thousand.

Earnings per share

Basic earnings per share were calculated according to IAS 33; the value of this metric was Euro 0.52 per share. The metric was calculated by dividing the profit attributable to the shareholders of the Parent (Euro 6,281 thousand at June 30, 2024) by the weighted average number of outstanding ordinary shares in the period (12,056,833 shares in first half 2024). Diluted earnings per share amounted to Euro 0.52 per share and is calculated by dividing the profit attributable to the shareholders of the Parent (Euro 6,281 thousand at June 30, 2024) by the weighted average number of outstanding shares, taking account of the effects of all potential ordinary shares with diluted effect (no. 12,140,037 average shares in first half 2024).

3.14 Current and non-current financial liabilities

The item is broken down as follows:

Current and non-current financial liabilities	30.06.2024	31.12.2023	Change
Payables to other non-banking financial institutions (SIMEST)	492	593	(101)
Non-current financial liabilities from rights of use	587	821	(235)
Total non-current financial liabilities	**1,079**	**1,414**	**(335)**
Payables to parent companies	2,593	(0)	2,593
Payables to other non-banking financial institutions (SIMEST)	167	95	71
Current financial liabilities from rights of use	733	683	49
Total current financial liabilities	**3,492**	**779**	**2,714**

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 June 30, 2024, 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 1,319 thousand, of which Euro 587 thousand classified as non-current liabilities and Euro 733 thousand as current liabilities.

At June 30, 2024, current financial liabilities, in addition to the short-term portion of Simest loans, included a short-term payable due to the parent company Evolve S.r.l.. This payable is the result of the deferral in six tranches with final maturity on November 30, 2024 of the payable to the parent company arising from tax consolidation.

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	31.12.2023	New contracts	Repayments	30.06.2024
Payables to non-banking financial institutions (SIMEST)	688		(29)	659
Financial liabilities from rights of use	1,504	157	(342)	1,319
Payables to parent companies	-	3,112	(519)	2,593
Total current and non-current financial liabilities	**2,192**	**3,269**	**(890)**	**4,571**

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:

	30/06/2024	31/12/2023
(A) Bank and postal deposits	4,342	14,429
(B) Cash	1	1
(C) AVAILABLE CASH (A+B)	**4,343**	**14,430**
(D) CURRENT FINANCIAL ASSETS	**5,648**	**5,541**
(E) Current bank payables		
(F) Other current financial liabilities	(3,492)	(779)
(G) CURRENT FINANCIAL DEBT (E+F)	**(3,492)**	**(779)**
(H) NET CURRENT FINANCIAL POSITION (C+D+G)	**6,499**	**19,192**
(I) Non-current bank payables	-	-
(L) Other non-current financial liabilities	(1,079)	(1,414)
(M) NON-CURRENT FINANCIAL DEBT (I+L)	**(1,079)**	**(1,414)**

(N) NET FINANCIAL POSITION (H+M)	**5,420**	**17,778**

3.15 Employee benefits

The post-employment benefits payable amounted to Euro 1,426 thousand.

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	30.06.2024	31.12.2023	Change
Defined benefit obligations at January 1	1,365	1,163	202
Service costs	105	188	(83)
Interest cost	21	44	(23)
Actuarial (gains) losses recognized in equity	(39)	19	(58)
Advances/utilization and other changes	(26)	(49)	22
Total	**1,426**	**1,365**	**61**

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:

	30.06.2024	31.12.2023
Annual discount rate	3.61%	3.17%
Annual rate of increase in post-employment benefits	3.00%	3.00%
Annual inflation rate	2.00%	2.00%
Annual rate of real wage increase		0.50%
Expected rate of employee turnover post-employment benefits		6.00%

Expected rate of advances	1.50%
Probability of death	ISTAT 2022
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%	1,449
Inflation rate -0.25%	1,403
Discount rate +0.25%	1,397
Discount rate -0.25%	1,456
Turnover rate +1%	1,436
Turnover rate -1%	1,415

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 - future	233
Duration of the plan	13.3

Estimated future disbursements	
Disbursement 1st year	141
Disbursement 2nd year	145
Disbursement 3rd year	155
Disbursement 4th year	163
Disbursement 5th year	189

3.16 Provisions for risks and charges

The table below shows the changes in the six months in the provision for risks and charges.

Provisions for risks and charges	31.12.2023	Alloc.	Utilizations	30.06.2024	Of which short	Of which long
Product warranty provision	905		(163)	743	206	537
Total	**905**	**0**	**(163)**	**743**	**206**	**537**

Provisions for risks and charges amounted to Euro 743 thousand at June 30, 2024 and mainly refer 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.

3.17 Trade payables

The item amounts to Euro 11,578 thousand and is detailed as follows:

Trade payables	30.06.2024	31.12.2023	Change
Payables to suppliers	7,806	15,238	(7,432)
Invoices to receive	4,258	1,499	2,759
Advances	(486)	(177)	(309)

Total	**11,578**	**16,560**	**(4,982)**

The Group's trade payables decreased compared to the prior year's figure, due mainly to reduced purchases of raw materials and semi-finished goods in the latter part of the six-month period.

3.18 Income tax payables

Income tax payables are broken down as follows:

Income tax payables	30.06.2024	31.12.2023	Change
IRAP payable	368	256	112
Foreign corporate income tax	5	3	2
Total	**373**	**259**	**114**

3.19 Other current liabilities

Other current liabilities	30.06.2024	31.12.2023	Change
Payable to Parent Company for tax consolidation	474	1,631	(1,158)
IRPEF	127	184	(58)
Withholding tax	5	11	(6)
Accrued expense	578	1,067	(489)
Deferred income	160	260	(100)
Payables to social security institutions	400	420	(19)
Other payables	975	544	430
Total	**2,718**	**4,119**	**(1,400)**

"Accrued expense" mainly refers to bonuses payable to employees accruing in 2024.
Other payables, amounting to Euro 975 thousand, mainly include payables to employees for work time reduction, holidays, 13th month bonus and the share of the bonus to employees in the form of Flexible Benefits.

4. Explanatory notes to the items in the consolidated income statement

4.1 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	30.06.2024	30.06.2023	Change
Goods revenue	At point in time	35,230	32,335	2,895
Spare parts revenue	At point in time	95	87	9
Services revenue	At point in time	1,146	123	1,023
Total		**36,471**	**32,545**	**3,926**

Consolidated revenue in first half 2024 amounted to Euro 36,471 thousand, reflecting a 12.1% increase versus the prior half-year, which ended at Euro 32,545 thousand.

Core revenue growth primarily stemmed from the U.S. and European markets, reporting increases of 30.9% and 5.8% respectively versus the prior six months. The other geographies also recorded increases versus first half 2023, driven by growth across all business lines.

The breakdown of revenue from contracts with customers by geographical area is shown below:

(Euro thousands)	30.06.2024	30.06.2023	Change
EUROPE	17,716	16,749	967
NAM	11,636	8,887	2,749
APAC	5,175	5,938	-763
MEA	1,016	611	405
CALA	929	359	570
Revenue from sales	**36,471**	**32,545**	**3,927**

As previously mentioned, 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.

4.2 Other revenue

Details of other revenue are shown in the table below:

Other revenue	30.06.2024	30.06.2023	Change
Customer transportation recovery	101	128	(27)
Miscellaneous grants	185	297	(112)
Tax receivables	125	-	125
Other revenue	27	11	16
Total	**438**	**436**	**2**

Other revenue totaled Euro 438 thousand, in line with Euro 436 thousand in first half 2023.

4.3 Cost of sales

The item is broken down as follows:

Cost of sales	30.06.2024	30.06.2023	Change
Purchases	22,886	16,990	5,896
Change in inventory	(5,721)	(1,265)	(4,455)
Utiliz. prov. obsoles.	-	(26)	26
Services	404	273	131
Transportation costs	491	488	3
Customs costs	78	76	2
Other costs	166	134	32
Direct structure costs	34	32	2
Personnel expense	794	674	120
Amortization/Depreciation	107	73	34
Total	**19,240**	**17,449**	**1,791**

At June 30, 2024, costs of sales totaled Euro 19,240 thousand, up by 10.3% versus the prior year, due mostly to the increase in volumes sold.

4.4 Increases for internal work

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

Increases for internal work	30.06.2024	30.06.2023	Change
Increases for internal work	807	683	123
Total	**807**	**683**	**123**

"Increases for internal work" includes capitalized development costs amounting to Euro 807 thousand in first half 2024, up by Euro 123 thousand versus the same period of the prior year.

Development costs are defined as expense incurred by the Parent Company in the six months 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.

4.5 Business and marketing expense

The item is broken down as follows:

Business expense	30.06.2024	30.06.2023	Change
Consulting	209	222	(13)
Fairs and Exhibitions	222	230	(8)
Advertising & Marketing	120	211	(91)
Sales commissions	360	441	(81)
Other business expense	99	174	(75)
Personnel expense	1,723	1,495	228
Travel	330	309	21
Allocations	-	253	(253)
Amortization/Depreciation	2	6	(4)
Total	**3,064**	**3,341**	**(276)**

Business expense in first half 2024 amounted to Euro 3,064 thousand, down slightly versus the same period of the prior year. This reduction is attributable mainly to the absence of provisions for product warranties, as no situations arose during the first half of the year that necessitated additional provisions. The cost of sales staff increased, reflecting the continued investment in the structure to support the pursuit of business targets.

4.6 General and administrative expense

The balance is shown in the table below:

General and administrative expense	30.06.2024	30.06.2023	Change
Consulting	821	701	119
Rents and service expense	25	86	(61)
Travel	141	58	83
Repairs and maintenance	57	69	(11)
Consumption expense	114	98	16
Product certification	51	44	6
Insurance	128	89	39
Training	29	20	9
Consumables and prototype development	197	147	50
Fees to Statutory Auditors	23	18	5
Personnel expense	2,771	2,241	530
Fees to Directors	516	505	11

Other defined employee benefits	177	165	11
FV stock options	84	125	(41)
Amortization/Depreciation	1,336	1,043	293
Other expense	478	201	277
Total	**6,947**	**5,611**	**1,336**

The item mainly relates to:

- Consulting services for Euro 821 thousand mostly related to business consulting, regarding in particular expenditure in R&D, Marketing and IT;
- Consumables and prototype development for Euro 197 thousand;
- Repair and maintenance expense for products under warranty and maintenance fees for Euro 57 thousand;
- Product certification costs of Euro 51 thousand;
- Consumption and utility expense of Euro 114 thousand;
- Other expense mostly related to IT fees.

4.7 Financial income and expense

Details of financial income are shown in the table below:

Financial income	30.06.2024	30.06.2023	Change
Interest income	0	13	(13)
Exchange rate gains	254	253	1
Write-backs of financial assets	118	80	38
Total	**372**	**346**	**26**

Details of financial expense are shown in the table below:

Financial expense	30.06.2024	30.06.2023	Change
Interest expense	22	22	(0)
Interest expense on leases	23	9	14
Exchange rate losses	56	247	(191)
Sundry financial expense	50	53	(4)
Write-downs of financial assets	10	31	(22)
Total	**161**	**363**	**(202)**

4.8 Tax

Income tax is recognized based on the best estimate of the average expected tax rate for the entire year (IAS 34 par. 30 letter c).
The table below shows the details of income tax:

Tax	30.06.2024	30.06.2023	Change
Current tax:			
IRES	2,008	1,682	327
IRAP	368	332	37
Foreign company tax	43	-	43
Deferred tax assets and liabilities:			
IRES	(52)	3	(55)
IRAP	6	(5)	11
Foreign company tax	20	-	20
Total	**2,395**	**2,011**	**384**

Reconciliation of actual tax rate

Reconciliation of actual tax burden	30.06.2024
Profit (loss) before tax	8,676
Theoretical tax burden (tax rate 27.9%)	**2,421**
Reconciliation:	
Non-deductible expense and non-taxable income	(89)
Current tax prior years	
Tax on the result of subsidiaries	64
Other effects	
Actual tax	**2,395**

4.9 Personnel expense

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

Personnel expense	30.06.2024	30.06.2023	Change
Wages and salaries	3,766	3,228	538
Social security expense	928	752	176
Post-employment benefits	161	149	12
Fees to Directors	423	418	6
Pension expense	122	113	9
Other defined employee benefits	325	238	87
FV stock options	84	125	(41)
Travel	409	290	119
Total	**6,217**	**5,312**	**906**

Personnel expense in 2024 amounted to Euro 6,217 thousand, increasing by Euro 906 thousand versus 2023, mainly due to the increase in headcount.

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

Average headcount	30.06.2024	30.06.2023	Change
Executives	3	3	-
Managers	15	14	1
Employees and similar	123	101	22
Workers	21	16	5
Interns	0	0	0
Directors	6	6	0
Total	**168**	**140**	**28**

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

Personnel expense	30.06.2024	30.06.2023	Change
Cost of sales	627	506	121
Business and marketing expense	1,968	1,730	239
General and administrative expense	3,622	3,076	546
Total	**6,217**	**5,312**	**906**

4.10 Amortization, depreciation and allocations

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

Amortization and depreciation	30.06.2024	30.06.2023	Change
Amortization of intangible fixed assets	823	632	191
Depreciation of tangible fixed assets	267	227	40
Depreciation from right of use	355	263	92
Total	**1,445**	**1,121**	**323**

Amortization of other intangible assets mainly refers to Euro 168 thousand for the amortization of software, patents and concessions, and Euro 654 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 199 thousand. Depreciation from right of use, following application of IFRS 16 Leases, regards the depreciation of leased property and leased motor vehicles for Euro 355 thousand. The depreciation period starts from the year of asset registration by right of use.

Allocations	30.06.2024	30.06.2023	Change
Allocation to the allowance for impairment	-	-	-
Allocation to the provision for inventory obsolescence	-	-	-
Allocation to the product warranty provision	-	253	(253)
Total	**-**	**253**	**(253)**

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

Amortization and depreciation	30.06.2024	30.06.2023	Change
Cost of sales	107	73	34
Business and marketing expense	2	6	(4)
General and administrative expense	1,336	1,043	293
Total	**1,445**	**1,121**	**323**

Allocations	30.06.2024	30.06.2023	Change
Cost of sales	-	-	-
Business and marketing expense	-	253	(253)
General and administrative expense	-	-	-
Total	**-**	**253**	**(253)**

5. Explanatory notes to the significant items in the consolidated statement of cash flows

The main factors that impacted cash flow performance in the reviewed periods are outlined below.

Net cash flow generated/(absorbed) from operations shifted from a positive Euro 4,917 thousand in first half 2023 to a negative Euro 2,515 thousand in first half 2024, due mainly to the increase in inventory from the higher procurement of raw materials and semi-finished goods, which became necessary to meet demand forecasts from market intermediaries (distributors, dealers, etc.). However, these forecasts were later partly disregarded due to the intermediaries' overstocking.

Investing activities absorbed cash amounting to Euro 1,447 thousand in first half 2024 versus Euro 1,288 thousand in the same period of 2023. The Group's main requirements included:

- expenditure in intangible assets of Euro 1,073 thousand mainly for development costs;
- expenditure in tangible assets of Euro 374 thousand, related to the purchase of industrial and commercial equipment and moulds.

Total cash flow absorbed in the six months amounted to Euro 10,087 thousand. At June 30, 2024, cash amounted to Euro 4,343 thousand, while the NFP stood at a positive Euro 5,420 thousand. The reduction in the net financial position compared to December 31, 2023 is due primarily to the payment of an ordinary dividend totaling Euro 10.7 million and the allocation of resources to invest in inventory, as described in detail above.

6. Other information

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:

	June 30, 2024					
Related party transactions	**Assets**	**Liabilities**	**Amortization and depreciation**	**Interest**	**Guarantees**	**Commitments**
Other companies						
Bluesky Immobiliare S.r.l.	720	(727)	282	15		2,452
Total	**720**	**(727)**	**282**	**15**	**-**	**2,452**

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 June 30, 2024, total exposure on these guarantees amounted to Euro 2,452 thousand versus Euro 2,621 thousand at December 31, 2023.

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, 2024. The deferment was granted at normal market conditions.

The above 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.

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.

Financial risks

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, continuously monitoring financial and business exposure, and overseeing the collection of receivables within agreed contractual timeframes.

Financial and business exposure	30.06.2024	31.12.2023	Change
Other non-current assets	33	33	-
Allowance for impairment	-	-	-
Other non-current assets net of allowance for impairment	**33**	**33**	**-**
Trade receivables	9,959	11,197	(1,238)
Allowance for impairment	(245)	(264)	19
Trade receivables net of allowance for impairment	**9,714**	**10,933**	**(1,220)**
Other current assets	4,700	5,524	(823)
Allowance for impairment	-	-	-
Other current assets net of allowance for impairment	**4,700**	**5,524**	**(823)**
Other financial assets	5,648	5,541	108
Allowance for impairment	-	-	-
Other financial assets net of allowance for impairment	**5,648**	**5,541**	**108**
Cash and cash equivalents	**4,343**	**14,430**	**(10,087)**
Total exposure net of allowance for impairment	**24,438**	**36,510**	**(12,022)**

The tables below provide a breakdown of financial assets and trade receivables at June 30, 2024 and December 31, 2023, grouped by due date and shown excluding cash and cash equivalents:

Receivables at 30/06/2024	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	**10,499**	6,868	3,203	178	-	250
Advances	**(723)**	-	-	-	-	-
Other receivables	**182**	182	-	-	-	-
Current financial assets	**5,648**	-	-	-	-	-
Receivables from financial institutions	**-**	-	-	-	-	-
Other	**4,733**	4,733	-	-	-	-
Total	**20,340**	**11,783**	**3,203**	**178**	**-**	**250**
Allowance for impairment	**(245)**					**(245)**

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)**

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 Group companies are typically centrally 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 June 30, 2024 and December 31, 2023, shown before interest payable, are shown in the table below:

Payables and liabilities at 30/06/2024	Carrying amount	Maturity		
		Within one year	2-5 y	Over 5 y
Payables to banks and par. companies (A)	3,252	2,760	492	
Financial liabilities from leases (B)	1,319	733	587	
Tot. Financial liabilities (A+B)	**4,572**	**3,492**	**1,079**	**-**
Trade payables (C)	**11,578**	**11,578**		
Total (A+B+C)	**16,150**	**15,071**	**1,079**	**-**

Payables and liabilities at 31/12/2023	Carrying amount	Maturity		
		Within one year	2-5 y	Over 5 y
Financial payables to banks (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**	**-**

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 their operational activities, the Group companies face various market risks. Primarily, they are 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 companies' 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.

Significant events after first half 2024

There are no subsequent events that impact on the financial statements to disclose.

Powersoft S.p.A.

Bilancio consolidato intermedio al 30 giugno 2024

Relazione di revisione contabile limitata sul bilancio consolidato intermedio

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Building a better working world

Relazione di revisione contabile limitata sul bilancio consolidato intermedio

Agli Azionisti della
Powersoft S.p.A.

Introduzione

Abbiamo svolto la revisione contabile limitata dell'allegato bilancio consolidato intermedio, costituito dal prospetto della situazione patrimoniale-finanziaria consolidata, dal prospetto dell'utile consolidato, dal prospetto di conto economico complessivo consolidato, dal prospetto delle variazioni del patrimonio netto, dal rendiconto finanziario consolidato per il periodo di sei mesi chiuso al 30 giugno 2024 e dalle relative note illustrative della Powersoft S.p.A. e controllate (il "Gruppo Powersoft"). Gli Amministratori sono responsabili per la redazione del bilancio consolidato intermedio in conformità al principio contabile internazionale applicabile per l'informativa finanziaria infrannuale (IAS 34) adottato dall'Unione Europea. È nostra la responsabilità di esprimere una conclusione sul bilancio consolidato intermedio sulla base della revisione contabile limitata svolta.

Portata della revisione contabile limitata

Il nostro lavoro è stato svolto in conformità all'*International Standard on Review Engagements* 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*. La revisione contabile limitata del bilancio consolidato intermedio consiste nell'effettuare colloqui, prevalentemente con il personale della società responsabile degli aspetti finanziari e contabili, analisi di bilancio ed altre procedure di revisione contabile limitata. La portata di una revisione contabile limitata è sostanzialmente inferiore rispetto a quella di una revisione contabile completa svolta in conformità ai principi di revisione internazionali (ISA Italia) e, conseguentemente, non ci consente di avere la sicurezza di essere venuti a conoscenza di tutti i fatti significativi che potrebbero essere identificati con lo svolgimento di una revisione contabile completa. Pertanto, non esprimiamo un giudizio sul bilancio consolidato intermedio.

Conclusioni

Sulla base della revisione contabile limitata svolta, non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che l'allegato bilancio consolidato intermedio del Gruppo Powersoft, per il periodo di sei mesi chiuso al 30 giugno 2024, non sia stato redatto, in tutti gli aspetti significativi, in conformità al principio contabile internazionale applicabile per l'informativa finanziaria infrannuale (IAS 34) adottato dall'Unione Europea.

Firenze, 25 settembre 2024

EY S.p.A.

Lapo Ercoli
(Revisore Legale)

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