



Financial Report 2024

LETTER TO SHAREHOLDERS

Shareholders,

Despite a highly challenging and increasingly competitive context, 2024 proved to be **another year of growth** for our Group across key business and financial metrics, building on an exceptional 2023 driven also by the post-COVID resurgence. Overall, the past year saw a **return to normal** in the pro-audio sector, with an initial adjustment of the excess demand from market intermediaries that had marked the prior year. Total **consolidated revenue** reached **Euro 72.4 million**, reflecting a 2.9% increase from 70.3 million in the prior year. The overseas market fueled most of this growth, contributing the lion's share at nearly 54%.

Consolidated EBITDA in 2024 amounted to **Euro 20 million**, an increase from Euro 19.7 million in 2023, representing 28.0% of sales. Margins remained consistent with the prior year and **at exceptional levels**, despite a **rise in operating costs**, confirming ongoing investment aimed at driving sustainable growth. Consolidated EBIT stood at Euro 16.6 million, almost unchanged from 2023, with an EBIT margin of 23.2%. Consolidated Net Profit closed at Euro 12.3 million, up by 2.4% versus the profit of Euro 12.1 million in 2023 and accounting for 17.3% of sales.

2024 was not only a year of **consolidating profitability and financial strength** but also one marked by significant milestones, highlighting our commitment to the future. Prominent among these is the prestigious **technology partnership with Ferrari**, uniting two Italian excellences in the common goal of reshaping the audio experience in the automotive industry, with a strong focus on energy efficiency and sustainability - values that have always characterized our path.

Also noteworthy was the collaboration with **VI-grade**, a leading provider of real-time simulation solutions and professional driving simulators, which marks the integration of Powersoft's innovative haptic transducer, Mover, into VI-grade's COMPACT FSS simulator. Another major agreement was reached with distributor **MIFA Musique**, a leading provider of high-quality audio solutions in Morocco, considerably enhancing Powersoft's presence in North Africa. A similar expansion strategy was followed in Asia with the appointment of new **distribution partners** across three key regions. **Qorsys AV Technologies** has become the official distributor of our cutting-edge pro-audio technology in the Philippines, while **Universal Procurement Systems (UPS)** will represent our brand in Singapore and Vietnam.

An important partnership was also established in 2024 with **Cohesion**, a **Clair Global Group** company and a leader in professional audio system production, offering state-of-the-art amplification and audio signal processing solutions for tours, live events, and fixed installations.

Additionally, the project for the construction of the Group's new headquarters, the **Powersoft Human Audio Experience Center**, to be built in Scandicci, is set to become a global reference for **development and innovation in the audio industry**, while also providing space and tools to support the future growth and well-being of our employees.

The first months of the current year have been marked by a **strategic transaction** that strengthens Powersoft Group's business development plans. The **acquisition of K-Array** fully aligns with our strategic development plan to solidify our presence in the pro-audio industry through both organic



growth and acquisitions, as outlined since the IPO, and in the transition from **Product Company to Solution Provider**. The integration of the two entities is expected to bring substantial increases in volume and improvements in efficiency once fully operational, with positive impacts on anticipated margins.

From this brief overview of the major events of 2024 and the news from the early months of 2025, it is evident how committed everyone is to reinforcing the **global leadership** that our Group has earned through expertise and foresight, a leadership we take great pride in.

Powersoft's success is the result of the **dedication of all the professionals** working within our company: exceptional individuals, at all levels, to whom we extend our sincere gratitude.

These results motivate us to persist with determination **toward even more ambitious goals in technology advancement, innovation, and sustainability**. We are confident of being a team equipped with the knowledge, skills, and tools to aim higher, and it is our responsibility to do so. Therefore, despite the difficulties we face, we will not back down from the challenge.

For the Board of Directors,

Luca Lastrucci
Chief Executive Officer

Carlo Lastrucci
Chairman of the Board of Directors



POWERSOFT GROUP

Consolidated report on operations and Parent Company figures

TABLE OF CONTENTS

1.	Foreword to the financial statements and consolidated financial statements at December 31, 2024	2
2.	Company and Group overview	2
3.	Highlights	3
4.	Share performance	4
5.	Macroeconomic context	5
6.	Group and Company performance	6
7.	Key performance indicators	12
8.	Research & Development	13
9.	Related party transactions	13
10.	Treasury shares	14
11.	Main risks and uncertainties to which the Group is exposed	14
	Exposure to economic trends and adverse macroeconomic scenarios	14
	Dependence on suppliers and procurement risk of semi-finished products and components	14
	Dependence on key individuals	15
	Target market and threats from competition	15
	Environmental risks and sustainability	15
12.	Significant events during the year	16
13.	Significant events after year end	17
14.	Business outlook	18
15.	Other information	18
	Direction and coordination activities	18
	Treasury shares	18
	Branch offices	18

1. Foreword to the financial statements and consolidated financial statements at December 31, 2024

The financial statements and consolidated financial statements of Powersoft S.p.A. at December 31, 2024 were prepared in accordance with the International Financial Reporting Standards ("IAS/IFRS"), in effect at the end of this year, issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union. IFRS is used to mean all the international accounting standards ("IAS") and all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), formerly the Standing Interpretations Committee ("SIC").

The purpose of these financial statements is to present the financial position, results of operations and cash flows of Powersoft S.p.A. ("Powersoft" or the "Parent Company") and its subsidiaries at December 31, 2024, in accordance with the International Financial Reporting Standards ("IAS/IFRS").

In the year ended December 31, 2024, the Group achieved a profit of Euro 12,346 thousand versus Euro 12,081 thousand of the Parent Company.

The financial figures presented and commented on below were prepared based on Powersoft Group's separate and consolidated financial statements at December 31, 2024, since, in accordance with the provisions of current regulations, it was considered more appropriate to consolidate the reports on operations for a comprehensive analysis of the Company's and the Group's income and financial performance, providing a more meaningful assessment.

2. Company and Group overview

Powersoft S.p.A., established in 1995, headquartered in Scandicci (Florence) and listed on the Euronext Growth Milan market of Borsa Italiana ("Powersoft"), is a global technology leader in the pro-Audio sector. As part of its strategic repositioning from a Product Company to a Solution Provider, Powersoft Group continued 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, both through organic growth and acquisitions.

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

Production activities are primarily conducted in Italy at company-owned plants in Scandicci, which employ approximately 170 resources. Additionally, partnerships with leading industry players in Bologna, Cortona, Gorizia, Modena, and Vicenza involve over 100 resources. The main activities involving R&D, technical support, marketing, sales, logistics, warehouse and corporate are also carried out in Italy.

Powersoft holds over 40 international patents in the field of audio amplification, registered in more than 30 countries. Its R&D investments exceed Euro 4 million, confirming its steadfast commitment to innovation and development of new solutions. Also instrumental in achieving these goals is Ideofarm, a wholly-owned subsidiary of Powersoft, established as an incubator of initiatives and an accelerator of innovative high-tech projects.

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

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

3. Highlights

The tables below show a summary of the main income and financial highlights of Powersoft Group and of Powersoft S.p.A. for 2024, compared with the same figures of the prior year:

Group income statement

<i>(Euro thousands)</i>	31/12/2024	31/12/2023	Change	% change
Total revenue	72,362	70,337	2,026	2.9%
EBITDA	19,960	19,721	239	1.2%
EBIT	16,565	16,641	(76)	-0.5%
Net profit (loss)	12,346	12,062	284	2.4%

Group statement of financial position

<i>(Euro thousands)</i>	31/12/2024	31/12/2023	Change	% change
Non-current assets	5,902	5,780	123	2.1%
Non-current liabilities	3,089	3,701	(612)	-16.5%
Current assets	47,416	54,021	(6,605)	-12.2%
Current liabilities	11,647	21,717	(10,070)	-46.4%
Difference between current assets and current liabilities	35,769	32,304	3,465	10.7%
Equity	38,583	34,383	4,200	12.2%

Group statement of cash flows

<i>(Euro thousands)</i>	31/12/2024	31/12/2023	Change	% change
Cash flow from operations	3,644	6,320	(2,676)	-42.3%
Cash flow from investing activities	(3,005)	(2,723)	(282)	10.3%
Cash flow from financing activities	(7,564)	(9,441)	1,877	-19.9%
Total cash flow	(6,925)	(5,845)	(1,081)	18.5%

Group net financial position

<i>(Euro thousands)</i>	31/12/2024	31/12/2023	Change	% change
Available cash	7,504	14,430	(6,925)	-48.0%
Current financial assets	5,833	5,541	293	5.3%
Current financial debt	(2,527)	(779)	(1,749)	224.6%
Current net financial position	10,810	19,192	(8,382)	-43.7%
Non-current financial debt	(657)	(1,414)	757	-53.5%
Net financial position	10,153	17,778	(7,625)	-42.9%

This section shows the main figures of the Parent Company.

Parent Company income statement

<i>(Euro thousands)</i>	31/12/2024	31/12/2023	Change	% change
Total revenue	68,461	67,514	947	1.4%
EBITDA	19,419	19,318	101	0.5%
EBIT	16,132	16,358	(226)	-1.4%
Net profit (loss)	12,081	11,934	147	1.2%

Parent Company statement of financial position

<i>(Euro thousands)</i>	31/12/2024	31/12/2023	Change	% change
Non-current assets	5,243	5,123	120	2.3%
Non-current liabilities	2,977	3,513	(536)	-15.3%
Current assets	46,663	53,851	(7,188)	-13.3%
Current liabilities	11,213	21,598	(10,385)	-48.1%
Difference between current assets and current liabilities	35,450	32,254	3,197	9.9%
Equity	37,717	33,864	3,853	11.4%

Parent Company statement of cash flows

<i>(Euro thousands)</i>	31/12/2024	31/12/2023	Change	% change
Cash flow from operations	3,018	6,930	(3,912)	-56.5%
Cash flow from investing activities	(2,911)	(2,672)	(239)	9.0%
Cash flow from financing activities	(7,490)	(9,347)	1,857	-19.9%
Total cash flow	(7,384)	(5,089)	(2,295)	45.1%

Parent Company net financial position

<i>(Euro thousands)</i>	31/12/2024	31/12/2023	Change	% change
Available cash	6,088	13,472	(7,384)	-54.8%
Current financial assets	5,833	5,541	293	5.3%
Current financial debt	(2,433)	(693)	(1,740)	250.9%
Current net financial position	9,488	18,320	(8,831)	-48.2%
Non-current financial debt	(568)	(1,242)	674	-54.3%
Net financial position	8,921	17,078	(8,157)	-47.8%

4. Share performance

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

At December 31, 2024, the closing price of the Powersoft share stood at Euro 14.10, resulting in a market capitalization of approximately Euro 176.7 million versus an IPO price of Euro 3.60.

Below is the performance of Powersoft's share during the final months of 2024 and the initial months of 2025:



5. Macroeconomic context

Macroeconomic scenario

Global growth shown in the latest World Economic Outlook (January 2025) for 2024 was 3.2%, with forecasts of 3.3% for both 2025 and 2026, below the historical average of 3.7% (2000-2019). The estimate remains largely unchanged from the October 2024 projection, primarily due to an upward revision in the United States, which offset downward adjustments in other major economies.

While medium-term risks are expected to be predominantly downward, in the short term, risks vary: in the United States, positive risks could sustain strong growth, while in other regions, geopolitical uncertainty increases negative risks, with considerable variations among countries.

In 2024, growth in China was 4.8%, falling short of expectations, while in Japan, growth declined slightly due to temporary supply disruptions. In the euro area, growth remained weak, with Germany experiencing negative growth and trailing behind other countries in the region. In contrast, the U.S. economy continued to show strong momentum, growing 2.7% in the third quarter, fueled by solid domestic demand.

Economic policy uncertainty has risen significantly, especially concerning trade and fiscal policies, with notable differences between countries. Expectations of political shifts under newly elected governments in 2024 have influenced market prices in recent months. Political instability in some Asian and European nations has unsettled markets and heightened uncertainty about fiscal and structural reforms. Geopolitical tensions, including those in the Middle East, and global trade disputes remain elevated.

Lastly, the potential tariff measures announced by the new U.S. administration pose a significant risk to manufacturers outside the United States and their economies, as higher import costs could erode competitiveness in the U.S. market, leading to possible market share losses. Additionally, the U.S. economy could suffer from any trade retaliations implemented by countries affected by the tariffs.

Industry scenario

Growth forecasts for the professional AV sector have decelerated from the period immediately following the pandemic, stabilizing at growth levels similar to those seen pre-COVID, but with new foundations and characteristics as outlined below. Nevertheless, despite the complex and somewhat unclear context, it is important to note that the AV industry is still expected to grow and is currently expanding faster than the overall global economy.

Geographically, two countries historically crucial in the sector, Germany and China, are struggling under the current unfavorable macroeconomic conditions, with growth falling short of expectations. On the other hand, in the United States, growth in investment and projects is anticipated following the recent election results.

Broadly speaking, the years 2022 and 2023 witnessed substantial investments, particularly in the installation market, especially within the Corporate sector due to remote work, and in the Live events segment, where a significant renovation took place in anticipation of the resumption of concerts. Although the application segments differ greatly, in both cases, 2024 became a year marked by a tendency to focus on optimizing previous investments rather than making new ones, resulting in a slowdown in growth.

Additionally, the procurement surge in the post-COVID period, followed by the stabilization of the supply chain, led to surplus inventory among intermediaries, causing a decline in purchases from manufacturers in 2024. This contributed to a less favorable "sell in" growth, compared to the actual market activity in "sell out".

Throughout the segment, however, the influence of the 'experience economy' is increasingly being felt, driving substantial and impactful investments in the Hospitality, Venues, and Transportation markets.

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 are becoming increasingly pivotal values driving the development of new products and the growth of companies within the industry.

The launch of new Powersoft products mirrors these trends: "Nota", for instance, is an ultra-compact and highly efficient amplifier that perfectly aligns with the needs of both AV and IT integrators, while the expansion of the "MyUniverse" platform further supports integrators who seek to remotely control their systems.

6. Group and Company performance

Group income statement

To better present the results of operations of 2024, below are the main income aggregates of Powersoft Group versus the corresponding figures in the same period of the prior year.

<i>(Euro thousands)</i>	31/12/2024	Percentage on revenue	31/12/2023	Percentage on revenue
Revenue from contracts with customers	71,413	100.0%	69,277	100.0%
Other revenue	949	1.3%	1,060	1.5%
Total Revenue	72,362		70,337	
Cost of sales	(37,255)	-52.2%	(37,234)	-53.7%
Increases for internal work	1,708	2.4%	1,349	1.9%
Business and marketing expense	(6,508)	-9.1%	(6,140)	-8.9%
General and administrative expense	(13,741)	-19.2%	(11,670)	-16.8%
EBIT	16,565	23.2%	16,641	24.0%
Financial expense	(445)	-0.6%	(832)	-1.2%
Financial income	966	1.4%	821	1.2%
EBT	17,086	23.9%	16,631	24.0%
Income tax	(4,740)	-6.6%	(4,569)	-6.6%
Net profit (loss) from continuing operations	12,346	17.3%	12,062	17.4%

EBITDA reconciliation

(Euro thousands)	31/12/2024	Percentage on revenue	31/12/2023	Percentage on revenue
EBIT	16,565	23.2%	16,641	24.0%
Amortization and depreciation	3,086	4.3%	2,515	3.6%
Allocations	308	0.4%	564	0.8%
EBITDA (*)	19,960	28.0%	19,721	28.5%
ADJ EBITDA (***)	20,237	28.3%	19,721	28.5%

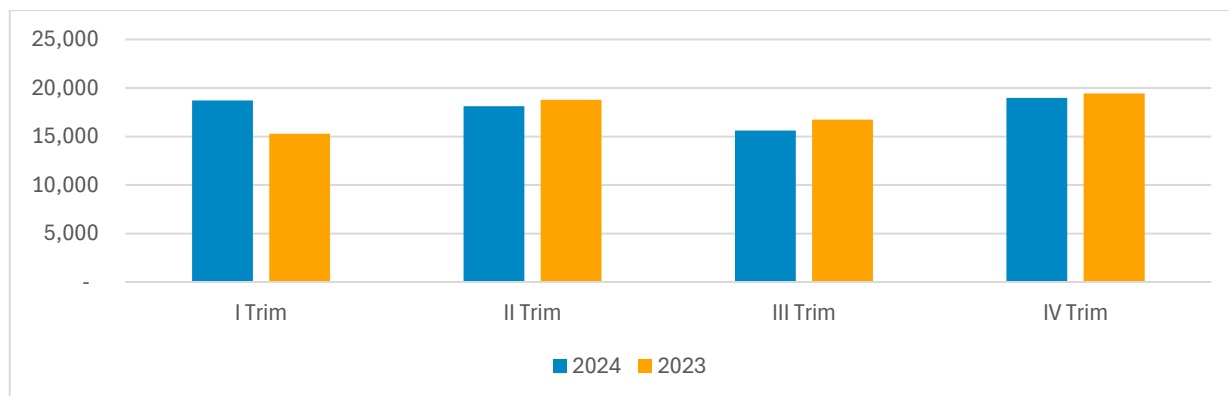
(*) EBITDA is defined as Earnings Before Tax (EBT), as indicated in the consolidated statement of profit/(loss), gross of: (i) financial income and expense, (ii) amortization of intangible assets, (iii) depreciation of tangible assets, and (iv) allocations. Since EBITDA is not recognized as an accounting 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.

(***) ADJ EBITDA has been adjusted for the costs from the extraordinary acquisition transaction of K-Array.

Total consolidated revenue in 2024 amounted to Euro 72.4 million, up versus Euro 70.3 million reported in the prior year.

Quarterly consolidated revenue witnessed fluctuating trends throughout the year, as shown in the table below.



The table below shows the breakdown by geographical area of Group revenue from sales in 2024 versus the figure of 2023:

	2024	Percentage of revenue from sales	2023	Percentage of revenue from sales	Change	% change
Europe	30,927	43.3%	35,818	51.70%	-4,891	-13.7%
North America (NAM)	26,955	37.7%	17,512	25.28%	9,444	53.9%
Asia and Pacific (APAC)	9,819	13.7%	12,675	18.30%	-2,856	-22.5%
Middle East and Africa (MEA)	1,872	2.6%	1,900	2.74%	-28	-1.5%
Caribbean and South America (CALA)	1,839	2.6%	1,371	1.98%	468	34.1%
Revenue from sales	71,413	100.0%	69,277	100.00%	2,136	3.1%

Group revenue from sales in 2024 grew to Euro 71.4 million versus Euro 69.3 million in the prior year. The growth versus the prior year was notably strong in the U.S. market, posting an increase of approximately 54% versus 2023.

The cost of sales mainly includes goods purchases and inventory changes, direct and indirect production labour costs, transportation costs and customs duties, and other direct costs. At December 31, 2024, cost of sales totaled Euro 37.3 million, basically in line versus the prior year, mainly due to the combined effect of the reduction in purchasing volumes, due to weaker demand that the Group was able to meet through the use of inventory in the warehouse, and the increase in personnel and production equipment costs.

Consolidated EBITDA in 2024 totaled Euro 20.0 million, with a revenue margin of 28.0%, up from Euro 19.7 million. Margins remained in line with the prior year and at excellent levels, despite the growth in operating structure costs (sales and marketing expense and general and administrative expense), which amounted to Euro 17.1 million versus Euro 14.9 million, confirming the continuous investments aimed at generating sustainable and lasting growth. It should be noted that at December 31, 2023, sales and marketing expense, general and administrative expense, and cost of sales were restated to take account of the different accounting for Euro 1.1 million in costs related to sales and production personnel.

Amortization and depreciation, and provisions for risks, the latter mainly related to the product warranty provision, totaled Euro 3.4 million, up by 10.2% versus the same period of the prior year, underscoring the company's constant commitment to R&D, of which the Group capitalized Euro 1.7 million, recorded under intangible assets as required by IAS 38.

Financials closed with a positive Euro 0.5 million, an improvement from a negative Euro 0.01 million in the prior year, mainly due to the impact of exchange rates.

Consolidated Net Profit ended at Euro 12.3 million versus Euro 12.1 million in 2023.

Group statement of financial position

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

<i>(Euro thousands)</i>	31/12/2024	31/12/2023	Change	% change
Tangible fixed assets	1,674	1,497	177	11.8%
Assets from right of use	1,012	1,485	(473)	-31.9%
Intangible fixed assets	2,249	1,785	464	26.0%
Financial fixed assets	-	-	-	0.0%
Fixed capital	4,935	4,768	167	3.5%
Inventory	20,212	17,544	2,667	15.2%
Trade receivables	11,206	10,933	273	2.5%
Other current assets	2,660	5,573	(2,913)	-52.3%
Trade payables	(6,649)	(16,560)	9,912	-59.9%
Other current liabilities	(2,471)	(4,378)	1,908	-43.6%
Net working capital	24,959	13,112	11,847	90.3%
Other non-current assets (liabilities)	(1,465)	(1,275)	(189)	14.9%
Net capital employed	28,430	16,605	11,825	71.2%
Cash and cash equivalents	7,504	14,430	(6,925)	-48.0%
Financial assets	5,833	5,541	293	5.3%
Non-current financial liabilities	(392)	(593)	201	-33.9%
Non-current financial liabilities from rights of use	(265)	(821)	556	-67.7%
Current financial liabilities	(1,753)	(95)	(1,658)	1738.3%
Current financial liabilities from rights of use	(774)	(683)	(91)	13.3%

Net financial position	10,153	17,778	(7,625)	-42.9%
Share capital	(1,313)	(1,249)	(64)	5.1%
Reserves	(24,924)	(21,072)	(3,853)	18.3%
Profit (loss) for the period	(12,346)	(12,062)	(284)	2.4%
Total equity	(38,583)	(34,383)	(4,200)	12.2%
Total sources	(28,430)	(16,605)	(11,825)	71.2%

Notes:

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

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

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

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

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

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

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

Equity: the amount of Group equity.

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

Consolidated net working capital increased versus December 31, 2023, due mainly to (i) 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. The peak reached on June 30, 2024 normalized in second half 2024, primarily due to (ii) reduced purchases in the second half, along with a lower VAT burden resulting from increased use of declarations of intent, which positively impacted the change in payables to suppliers; (iii) a decrease in other current assets due to a lower VAT receivable, partly offset by an increase in accrued income; and (iv) a reduction in other current liabilities due to lower debt from the tax consolidation system and a reduced impact from employee bonuses.

The Group's net financial position at December 31, 2024 stood at a positive (net cash) Euro 10.2 million. It consists mainly of cash and cash equivalents of Euro 7.5 million, portfolio securities of Euro 5.8 million, and deferred items of Euro 3.2 million, mostly related to the accounting of operating lease payables arising from the application of IFRS 16, subsidized loans taken out with Simest S.p.A ("Simest"), and the deferral of the payable that arose with the parent company for the tax consolidation system. 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:

	31/12/2024	31/12/2023
(A) Bank and postal deposits	7,503	14,429
(B) Cash	1	1
(C) AVAILABLE CASH (A+B)	7,504	14,430
(D) CURRENT FINANCIAL ASSETS	5,833	5,541
(E) Current bank payables		
(F) Other current financial liabilities	(2,527)	(779)
(G) CURRENT FINANCIAL DEBT (E+F)	(2,527)	(779)
(H) NET CURRENT FINANCIAL POSITION (C+D+G)	10,810	19,192
(I) Non-current bank payables	-	-

(L) Other non-current financial liabilities	(657)	(1,414)
(M) NON-CURRENT FINANCIAL DEBT (I+L)	(657)	(1,414)
(N) NET FINANCIAL POSITION (H+M)	10,153	17,778

Other financial liabilities, as mentioned, include liabilities from rights of use arising from the application of IFRS 16 "Leases", which at December 31, 2024 totaled Euro 1.0 million, of which Euro 0.3 classified under non-current liabilities and Euro 0.7 under current liabilities.

At December 31, 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 April 30, 2025 of the payable to the parent company arising from tax consolidation.

Consolidated Equity at December 31, 2024 stood at Euro 38.6 million versus Euro 34.4 million in the prior year, and was affected, in particular, by the contribution of profit for the year, as well as the share capital increase transactions detailed in the section "Significant events during the year" below.

Parent Company performance

To better present the results of operations of the Parent Company in 2024 versus the same period of the prior year, below is a table showing the main income aggregates of Powersoft S.p.A..

<i>(Euro thousands)</i>	31/12/2024	Percentage on revenue	31/12/2023	Percentage on revenue
Revenue from contracts with customers	67,599	100.0%	66,640	100.0%
Other revenue	862	1.3%	874	1.3%
Total Revenue	68,461		67,514	
Cost of sales	(36,785)	-54.4%	(37,029)	-55.6%
Increases for internal work	1,708	2.5%	1,349	2.0%
Business and marketing expense	(4,635)	-6.9%	(4,686)	-7.0%
General and administrative expense	(12,617)	-18.7%	(10,789)	-16.2%
EBIT	16,132	23.9%	16,358	24.5%
Financial expense	(332)	-0.5%	(705)	-1.1%
Financial income	963	1.4%	821	1.2%
Profit (loss) before tax (EBT)	16,764	24.8%	16,474	24.7%
Income tax	(4,683)	-6.9%	(4,539)	-6.8%
Net profit (loss) from continuing operations	12,081	17.9%	11,934	17.9%

EBITDA reconciliation

<i>(Euro thousands)</i>	31/12/2024	Percentage on revenue	31/12/2023	Percentage on revenue
EBIT	16,132	23.9%	16,358	24.5%
Amortization and depreciation	2,978	4.4%	2,418	3.6%
Allocations	308	0.5%	542	0.8%
EBITDA (*)	19,419	28.7%	19,318	29.0%
ADJ EBITDA (***)	19,696	29.1%	19,318	29.0%

(*) 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.

(***) ADJ EBITDA has been adjusted for the costs from the extraordinary acquisition transaction of K-Array.

Parent Company revenue in 2024 totaled Euro 67.6 million, basically in line with Euro 66.6 million reported in the prior year. See the previous section on Group-level results for the main drivers underlying the trend of aggregates.

EBITDA at end 2024 totaled Euro 19.4 million, with a revenue margin of 28.7%.

Net profit amounted to Euro 12.1 million versus Euro 11.9 million in the prior year.

Parent Company statement of financial position

Below is the financial position at December 31, 2024, reclassified according to the allocation criteria of source and utilization and compared with the figures of the prior year:

<i>(Euro thousands)</i>	31/12/2024	31/12/2023	Change	% change
Tangible fixed assets	1,529	1,417	112	7.9%
Assets from right of use	838	1,238	(400)	-32.3%
Intangible fixed assets	2,249	1,785	464	26.0%
Financial fixed assets	46	1	45	5757.8%
Fixed capital	4,662	4,442	220	5.0%
Inventory	19,295	16,663	2,632	15.8%
Trade receivables	12,893	12,677	216	1.7%
Other current assets	2,553	5,498	(2,944)	-53.6%
Trade payables	(6,626)	(16,751)	10,125	-60.4%
Other current liabilities	(2,154)	(4,153)	1,999	-48.1%
Net working capital	25,962	13,934	12,028	86.3%
Other non-current assets (liabilities)	(1,827)	(1,589)	(238)	15.0%
Net capital employed	28,796	16,786	12,010	71.5%
Cash and cash equivalents	6,088	13,472	(7,384)	-54.8%
Financial assets	5,833	5,541	293	5.3%
Non-current financial liabilities	(392)	(593)	201	-33.9%
Non-current financial liabilities from rights of use	(176)	(649)	473	-72.9%
Current financial liabilities	(1,753)	(95)	(1,658)	1738.3%
Current financial liabilities from rights of use	(680)	(598)	(82)	13.7%
Net financial position	8,921	17,078	(8,157)	-47.8%
Share capital	(1,313)	(1,249)	(64)	5.1%
Reserves	(24,323)	(20,681)	(3,642)	17.6%
Profit (loss) for the period	(12,081)	(11,934)	(147)	1.2%
Total equity	(37,717)	(33,864)	(3,853)	11.4%
Total sources	(28,796)	(16,786)	(12,010)	71.5%

Notes:

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

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

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

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

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

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

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

Equity: the amount of Company equity.

The net financial position at December 31, 2024 stood at a positive Euro 8.9 million.

Equity amounted to Euro 37.7 million, up from Euro 33.9 million, and was affected by profit for the period and share capital increase transactions, which are detailed in the section "Significant events during the year" below.

7. Key performance indicators

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

(*Euro thousands)	31/12/2024	31/12/2023
ROS <i>(Return on Sales: EBIT/revenue and other income)</i>	22.9%	23.7%
ROI <i>(Return on Investments: EBIT/net capital employed)</i>	58.3%	100.5%
ROE <i>(Return on Equity: net profit/equity)</i>	32.0%	35.2%
Equity less fixed assets margin <i>(Difference between equity and fixed assets)</i>	33,648	29,615
Equity less fixed assets ratio <i>(Ratio of equity to fixed assets)</i>	7.82	7.21
NWC - Net Working Capital* <i>(Difference between amount of inventory, trade and other receivables, trade and other payables)</i>	24,959	13,112
Treasury ratio <i>(Ratio of cash to current liabilities)</i>	0.64	0.66
Inventory Turnover Rate <i>(Ratio of Final Inventory to Revenue for 365 days)</i>	102	91
Receivables from Customers Turnover Rate <i>(Ratio of Receivables from Customers to Revenue for 365 days)</i>	57	57
Payables to Suppliers Turnover Rate <i>(Ratio of Payables to Suppliers to Purchasing Costs for 365 days)</i>	41	89

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

(*Euro thousands)	31/12/2024	31/12/2023
ROS <i>(Return on Sales: EBIT/revenue and other income)</i>	23.6%	24.2%
ROI <i>(Return on Investments: EBIT/net capital employed)</i>	56.0%	97.7%
ROE <i>(Return on Equity: net profit/equity)</i>	32.0%	35.3%
Equity less fixed assets margin <i>(Difference between equity and fixed assets)</i>	33,055	29,422
Equity less fixed assets ratio <i>(Ratio of equity to fixed assets)</i>	8.09	7.62
NWC - Net Working Capital* <i>(Difference between equity and fixed assets)</i>	25,962	13,934
Treasury ratio <i>(Ratio of cash to current liabilities)</i>	0.54	0.62
Inventory Turnover Rate	103	90

(Ratio of Final Inventory to Revenue for 365 days)

Receivables from Customers Turnover Rate	69	69
--	----	----

(Ratio of Receivables from Customers to Revenue for 365 days)

Payables to Suppliers Turnover Rate	42	92
-------------------------------------	----	----

(Ratio of Payables to Suppliers to Purchasing Costs for 365 days)

Corporate structure

At December 31, 2024, Powersoft Group's headcount increased versus the prior year, totaling 170 resources.

Below is the trend of the Group's headcount over the past two years, reflecting the efforts to enhance the structure in order to effectively support growth needs:

Headcount	2024	2023
Executives	3	3
Managers	15	14
Employees and similar	126	108
Workers	20	15
Interns	0	0
Directors	6	6
Total	170	146

8. Research & Development

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

R&D expenditure in 2024 totaled approximately Euro 3.4 million, or approximately 4.8% of consolidated revenue, underscoring the company's commitment to persistently invest in product and process innovation. Out of these costs, Euro 1.7 million, or 2.4% of consolidated revenue, represents development costs capitalized under intangible assets as required by IAS 38.

At December 31, 2024, Powersoft S.p.A. also recorded a tax receivable of Euro 0.2 million under Other revenue for research and development activities carried out in prior years.

9. Related party transactions

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

The following are considerations regarding related party transactions, excluding companies within the consolidation scope, conducted by Powersoft in 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., which holds a controlling stake in the Company.

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 April 30, 2025. 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 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 and to the section on events after year end for subsequent transactions.

10. Treasury shares

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

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

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

Exposure to economic trends and adverse macroeconomic scenarios

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

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

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.

12. Significant events during the year

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

On **February 2, 2024**, the Company announced that 43,180 new ordinary shares had been issued and granted in the period between January 15 and 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 the signing of a preliminary lease agreement with Bluesky Immobiliare S.r.l. regarding a property complex under construction. When completed, it will become the Powersoft Human Audio Experience Center, the new headquarters of Powersoft Group in Scandicci (FI). The Transaction constitutes a related party transaction as Bluesky and Powersoft are under the common control of Evolve S.r.l., which holds a 100% interest in the share capital of Bluesky Immobiliare S.r.l. and a controlling interest of approximately 79.20% in the share capital of Powersoft. The Preliminary Lease Agreement stipulates a fixed annual rent of Euro 1,750,000 plus VAT and any applicable ancillary expense, payable in quarterly advance installments.

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 issued and 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 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 seven members of the Board of Directors, who will remain in

office until the date of the Shareholders' Meeting to be convened to approve the financial statements at December 31, 2026. Therefore, the BoD of the Company is composed of the following directors:

1. Antonella Diana;
2. Carlo Lastrucci;
3. Luca Lastrucci;
4. Claudio Lastrucci;
5. Antonio Peruch;
6. Lorenzo Lepri;
7. Luca Giorgi.

On **June 17, 2024**, the Company announced that during the period between June 1 and 15, 2024, 340 new ordinary shares had been issued and granted as a result of the exercise of 340 options to service the "2018-2020 Incentive Plan" and 549,416 new ordinary shares had been granted as a result of the exercise of 549,416 options to service the "2021-2023 Incentive Plan".

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).

On **October 16, 2024**, the Company announced that 4,594 new ordinary shares had been issued and granted in the period between October 1 and October 15, 2024 as a result of the exercise of 4,594 options to service the "2021-2023 Incentive Plan".

13. Significant events after year end

On **February 20, 2025**, Powersoft S.p.A. announced that it had signed a binding investment agreement to acquire from H.P. Sound Equipment S.p.A. 51% of the share capital of K-Array S.r.l., a company specialized in the design and manufacture of innovative high-performance, compact design audio systems for a wide range of applications. The Agreement also envisaged the mutual granting of call and put options in favor of Powersoft and HP Sound, respectively, on the remaining 49% of K-Array's share capital. The closing of the transaction is, to date, expected by March 2025.

The acquisition represents the logical development of a long-established "supplier-customer" partnership between two companies that share common values: technological innovation, excellence, creativity, design, customer focus, and product quality. The goal of the transaction is to leverage their complementary strengths, boosting competitiveness and fostering growth, while preserving their distinct identities and operational autonomy within a shared growth plan. Currently, Powersoft is set to continue its mission as a global technology provider, while K-Array will maintain its unique positioning in the high-end audio speaker industry.

By combining its know-how in amplification systems, signal processing, and transducers with K-Array's expertise in compact, high-performance loudspeaker engineering and design, Powersoft will be able to accelerate its expansion and strengthen its position by offering innovative, efficient, and uniquely designed audio systems. These systems will meet the growing demands for quality, reliability, and space optimization, with a special focus on the automotive and modern transportation systems industries.

The acquisition of K-Array also represents a significant dimensional leap for Powersoft Group, which, based on the operating-financial figures from the financial statements at December 31, 2023, achieves an estimated pro-forma aggregate turnover of approximately Euro 88 million, with an estimated pro-forma EBITDA nearing Euro 24 million, counting on approximately 300 professionals, among the most experienced in the industry.

See the press release issued on February 20 for more details on the transaction.

14. Business outlook

The year 2024 confirmed further growth in Powersoft Group's key income and financial indicators versus 2023 that was in many ways an exceptional year. 2024 marks a return to normal in the audio sector, with efforts to absorb the excess demand from market intermediaries (such as distributors, dealers, etc.) that had defined the prior year. The Group managed to sustain a positive revenue growth rate and, most importantly, maintain its margins at exceptional levels.

The year 2025, celebrating 30 years of Powersoft Group, has started off on a positive note with the launch of important new partnerships at the international level, such as with Clair Global Corp., a leading live event production services company, but especially with the acquisition of 51% of K-Array S.r.l., a company specializing in the design and production of innovative high-performance, compact design audio systems for a wide range of applications.

The acquisition of K-Array is fully aligned with Powersoft Group's strategic development plan, which aims to strengthen its presence in the pro-Audio sector through both organic growth and acquisitions, as outlined since the IPO, and in the transition from Product Company and Solution Provider. This transaction creates a leading group in the professional audio industry on an international scale, leveraging a wide range of products, technological expertise, and the innovative approach of two highly complementary companies. Their combination is expected to drive a potential increase in volume, with positive impacts on margins, while maintaining strong financial health and cash flow. The combination will also enable the prioritization of revenue synergies through enhanced product diversification, expanded target markets, and greater geographical reach. Additionally, the collaboration between the R&D teams of both companies will accelerate the development of next-generation audio systems, in line with the latest market trends, especially for new transducer applications.

The combination will in fact open up new joint business opportunities and allow for the expansion of business offerings into new market segments in the Powersoft portfolio. The combined presence of the two companies through their distribution networks will also drive greater penetration in high-growth markets such as Asia and Latin America, further consolidating the Group's global positioning.

The current year will see the consolidation of nine months of K-Array's operations, given the expected closing by March 31, 2025, and, during the same year, work on the integration and development of the above synergies will be initiated.

15. Other information

Direction and coordination activities

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

Treasury shares

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

Branch offices

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

POWERSOFT GROUP

Consolidated financial statements
at December 31, 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	04644200489
REA no.	FI 468275
VAT no.	04644200489
Share Capital	Euro 1,312,571.94 - 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	PAOLO LIMBERTI
Alternate Auditor	MASSIMILIANO MANFREDI

Independent Auditors

EY S.p.A.

TABLE OF CONTENTS

Consolidated statements.....	5
Consolidated statement of financial position	6
Consolidated statement of profit for the year	7
Consolidated statement of comprehensive income	7
Consolidated statement of cash flows	8
Consolidated statement of changes in equity.....	9
Notes to the consolidated financial statements	10
1. General information	11
2. Accounting policies	11
Basis and scope of consolidation.....	11
Statement of compliance with IFRS	11
Preparation criteria	11
3. Accounting standards	14
Assets	15
Liabilities.....	19
4. New accounting standards, interpretations and amendments adopted by the Group.....	25
5. Notes to the consolidated financial statements	27
5.1 Property, plant and equipment	27
5.2 Assets from right of use.....	27
5.3 Other intangible assets.....	28
5.4 Deferred tax assets and deferred tax liabilities.....	29
5.5 Other non-current assets	29
5.6 Investments	30
5.7 Inventory	30
5.8 Trade receivables.....	30
5.9 Income tax assets	31
5.10 Other current assets.....	31
5.11 Other financial assets	31
5.12 Cash and cash equivalents.....	32
5.13 Equity.....	32
5.14 Current and non-current financial liabilities	33
5.15 Employee benefits	35
5.16 Provisions for risks and charges	36
5.17 Trade payables.....	36

5.18 Income tax liabilities.....	37
5.19 Other current liabilities	37
5.20 Revenue from contracts with customers	37
5.21 Other revenue and income.....	38
5.22 Cost of sales.....	38
5.23 Increases for internal work.....	39
5.24 Business and marketing expense	39
5.25 General and administrative expense.....	39
5.26 Financial income and expense.....	40
5.27 Income tax	41
5.28 Earnings per share	41
5.29 Personnel expense.....	42
5.30 Amortization, depreciation and allocations	42
6. Information on financial risks	43
6.1 Financial risk management.....	43
6.2 Capital management	46
7. Disclosure of financial instruments	46
7.1 Categories of financial assets and liabilities	46
8. Related party transactions	47
Transactions with Board of Directors, Board of Statutory Auditors and Key Management Personnel ..	47
Other related party transactions.....	47
9. Fees to the Independent Auditors.....	48
10. Guarantees and commitments.....	49
11. Events after year end.....	49

Consolidated statements

Consolidated statement of financial position

Assets	Notes	31.12.2024	31.12.2023
Non-current assets			
Property, plant and equipment	5.1	1,674,494	1,497,479
Assets from right of use	5.2	1,011,634	1,485,046
Other intangible assets	5.3	2,248,917	1,785,323
Deferred tax assets	5.4	934,616	979,184
Other non-current assets	5.5	32,691	32,691
Investments	5.6	-	-
Total non-current assets		5,902,351	5,779,723
Current assets			
Inventory	5.7	20,211,844	17,544,441
Trade receivables	5.8	11,206,395	10,933,352
Income tax assets	5.9	103,890	49,585
Other current assets	5.10	2,556,501	5,523,563
Other financial assets	5.11	5,833,119	5,540,571
Cash and cash equivalents	5.12	7,504,326	14,429,779
Total current assets		47,416,075	54,021,291
Total assets		53,318,426	59,801,014
Equity and liabilities			
Share capital and reserves			
Share capital		1,312,572	1,248,780
Reserves		24,924,486	21,071,755
Profit/(loss) for the year		12,345,678	12,062,018
Total Group equity		38,582,736	34,382,553
Equity attributable to non-controlling interests			
Total equity	5.13	38,582,736	34,382,553
Non-current liabilities			
Non-current financial liabilities	5.14	391,828	593,054
Non-current financial liabilities from rights of use	5.14	265,171	821,168
Employee benefits (post-employment benefits)	5.15	1,562,287	1,364,848
Provisions for future risks and charges	5.16	846,967	905,389
Deferred tax liabilities	5.4	22,730	16,860
Total non-current liabilities		3,088,983	3,701,319
Current liabilities			
Current financial liabilities	5.14	1,753,436	95,382
Current financial liabilities from rights of use	5.14	773,934	683,148
Trade payables	5.17	6,648,761	16,560,455
Income tax liabilities	5.18	102,081	259,396
Other current liabilities	5.19	2,368,496	4,118,759
Total current liabilities		11,646,708	21,717,142
Total liabilities		14,735,691	25,418,461
Total equity and liabilities		53,318,426	59,801,014

Consolidated statement of profit for the year

Income statement	Notes	31.12.2024	31.12.2023
Revenue from contracts with customers	5.20	71,413,023	69,276,854
Other revenue and income	5.21	949,105	1,059,724
Revenue		72,362,128	70,336,578
Cost of sales	5.22	(37,254,752)	(37,233,931)
Increases for internal work	5.23	1,707,550	1,348,680
Business and marketing expense	5.24	(6,508,118)	(6,140,196)
General and administrative expense	5.25	(13,741,359)	(11,670,065)
EBIT		16,565,450	16,641,066
Financial expense	5.26	(445,146)	(831,594)
Financial income	5.26	965,509	821,061
Profit (loss) before tax		17,085,812	16,630,533
Income tax	5.27	(4,740,135)	(4,568,515)
Profit (loss) for the year		12,345,678	12,062,018
Basic earnings per share		1.04	1.02
Diluted earnings per share		1.02	0.99

Consolidated statement of comprehensive income

Statement of comprehensive income	31.12.2024	31.12.2023
Profit (loss) for the period	12,345,678	12,062,018
Items that will not be reclassified later in profit / (loss) for the period:	2,320	(14,404)
Gains / (losses) from actuarial benefits	3,053	(18,952)
Tax effect gains/(losses) from actuarial benefits	(733)	4,549
Items that will be reclassified later in profit / (loss) for the period:	82,722	(7,794)
Net translation differences of foreign financial statements	82,722	(7,794)
Total profit (loss) for the period	12,430,720	12,039,821

Consolidated statement of cash flows

Statement of Cash Flows - Consolidated	31.12.2024	31.12.2023
Cash Flow from Operations		
Profit / (loss) for the year	12,345,678	12,062,018
<i>Adjustments to reconcile net profit (loss) for the period to cash flow generated by operations:</i>		
Income tax	4,740,135	4,568,515
Amortization and depreciation	3,086,341	2,515,165
Allocations/(Utilization) provisions for employee benefit liabilities	221,241	138,951
Allocations/(Utilization) provisions for risks and charges	508,237	861,327
Change FV financial assets	(292,548)	(306,393)
Interest (receivable) / accrued liabilities	82,546	(22,050)
<i>Changes in operating assets and liabilities:</i>		
Inventory	(2,867,403)	(8,133,052)
Trade receivables and contract assets	(273,043)	(4,500,891)
Trade payables	(9,911,694)	7,597,853
Other assets	3,658,246	(3,143,502)
Other liabilities	(6,356,652)	(5,328,395)
Interest (paid) / collected	(35,755)	66,141
Tax (paid) / collected	(986,846)	-
Utilization of provisions for risks and charges	(434,199)	(302,016)
Other	159,513	246,139
Net cash flow from operations (A)	3,643,796	6,319,810
Cash Flow from Investing Activities		
(Purchase) of property, plant and equipment	(756,025)	(910,691)
(Purchase) of intangible fixed assets	(2,248,783)	(1,812,493)
Net cash flow from investing activities (B)	(3,004,808)	(2,723,184)
Cash Flow from Financing Activities		
Paid capital increases	2,336,715	641,940
Dividend distribution	(10,650,898)	(9,671,358)
Lease repayment	(707,087)	(628,597)
New medium- to long-term loans	2,293,686	245,664
(Repayment) medium- to long-term loans	(836,859)	(29,117)
Net cash flow from financing activities (C)	(7,564,442)	(9,441,468)
Total net cash flow (D=A+B+C)	(6,925,454)	(5,844,842)
Opening net cash (E)	14,429,779	20,274,621
Total net cash flow	(6,925,454)	(5,844,842)
Closing cash (G=D+E)	7,504,326	14,429,779

Consolidated statement of changes in equity

€/000	Reserves												Total equity attributable to non-controlling interests	Total equity
	Share capital	Legal reserve	Extraordinary reserve	Share premium reserve	Translation reserve	IAS 19 reserve	Stock option reserve	Other reserves	FTA reserve	Retained earnings / (losses carried forward)	Total reserves	Profit / (loss) for the period		
Balance at January 1, 2023	1,228	238	13,771	7,544	42	79	424	875	100	497	23,571	6,347	-	31,146
Allocation of the prior year's result		7	6,360					(300)		280	6,347	(6,347)	-	0
Dividend distribution			(9,671)								(9,671)		-	(9,671)
Exercise of stock options	21			791			(170)				621		-	642
Granting of stock options							252				252		-	252
Profit / (loss) of the statement of comprehensive income:					(34)	(14)					(48)		-	(48)
<i>Of which: Gains / (losses) from actuarial benefits</i>						(14)					(14)		-	(14)
<i>Of which: Translation Reserve</i>					(34)						(34)		-	(34)
Profit / (loss) for the year											-	12,062	-	12,062
Balance at December 31, 2023	1,249	246	10,460	8,335	8	65	506	575	100	777	21,072	12,062	-	34,383

€/000	Reserves												Total equity attributable to non-controlling interests	Total equity
	Share capital	Legal reserve	Extraordinary reserve	Share premium reserve	Translation reserve	IAS 19 reserve	Stock option reserve	Other reserves	FTA reserve	Retained earnings / (losses carried forward)	Total reserves	Profit / (loss) for the period		
Balance at January 1, 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	11,931					(96)		224	12,062	(12,062)	-	-
Dividend distribution			(10,651)								(10,651)		-	(10,651)
Exercise of stock options	64			2,830			(557)				2,273		-	2,337
Granting of stock options							84				84		-	84
Profit / (loss) of the statement of comprehensive income:					83	2					85		-	85
<i>Of which: Gains / (losses) from actuarial benefits</i>						2					2		-	2
<i>Of which: Translation Reserve</i>											0		-	0
Profit / (loss) for the year											-	12,346	-	12,346
Balance at December 31, 2024	1,313	250	11,739	11,165	91	67	33	479	100	1,001	24,925	12,346	-	38,583

Notes to the consolidated financial statements

1. General information

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

2. Accounting policies

Basis and scope of consolidation

The companies included in the scope of consolidation at December 31, 2024 are as follows:

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

Compared with the consolidated financial statements of the prior year, there were no changes in the scope of consolidation, and at the date of preparation of the consolidated financial statements at December 31, 2024, there were no companies not included in the scope of consolidation.

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

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

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

Statement of compliance with IFRS

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

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

Preparation criteria

The Consolidated Financial Statements of Powersoft Group at December 31, 2024 were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as well as with previous International Accounting Standards (IAS) and previous interpretations of the Standard Interpretations Committee (SIC) still in force and endorsed by the European Commission as of the reporting date.

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

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

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

The same accounting standards were used in preparing these financial statements as those used in the financial statements prepared at December 31, 2023.

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

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

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

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

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

These financial statements were approved by the Board of Directors on March 17, 2025.

Discretionary evaluations, accounting estimates, and significant assumptions

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

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

The main figures being estimated refer to the:

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

Management's subjective evaluations relevant to applying the Group's accounting standards and the main sources of estimation uncertainty were the same as those identified in the preparation of the consolidated financial statements for the year ended December 31, 2023.

Climate change effects

In line with the priorities outlined by the European Securities and Market Authority (ESMA) for the reporting year 2024, 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 own CO2 emissions (although, mention should be made that Powersoft Group is not subject to the ETS regulations on emission allowances, as it is not classified as a highly polluting entity);
- 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 due to the absence of production facilities in at-risk areas and considering the insurance coverage taken out, this risk has been assessed as currently low);
- 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.

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".

Transactions denominated in foreign currencies

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

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

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

Company	Exchange rate	
	December 31, 2024	Average 2024
Powersoft Adv. Tech. Corp.	1.0389	1.0821

3. Accounting standards

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

Assets

Property, plant and equipment

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

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

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

The depreciation rates applied are as follows:

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

Other intangible assets

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

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

a) Concessions, licenses and trademarks

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

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

b) Patent and intellectual property rights

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

c) Development costs

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

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

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

Impairment losses on tangible and intangible fixed assets

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

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

An impairment loss is recognized in the statement of profit/(loss) if the carrying amount of the asset, or of its cash generating unit, is higher than its recoverable amount. Impairments of cash generating units are charged firstly to reduce the carrying amount of any goodwill attributed thereto, and then to reduce other assets, in proportion to their carrying amount and within the limits of their recoverable amount. If the conditions for a previous write-down no longer apply, the carrying amount of the asset is reinstated with an

entry to the statement of profit/(loss), up to the net carrying amount that the asset in question would have had if the write-down had not been made and the related amortization/depreciation had been carried out.

Other non-current assets

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

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

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

Investments

Investments are measured at cost adjusted for impairment losses.

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

Inventory

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

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

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

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

Trade receivables

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

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

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

Other current assets

Other current assets mainly include accrued income and deferred expense.

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

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

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

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

Other financial assets

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

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

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

- 1) **Amortized cost.** Financial assets are recognized in this category when:
 - a) the contractual cash flows of the instrument are represented only by the payment of principal and interest (so-called "SPPI Test" passed); and
 - b) the business model adopted by the Group requires the entity to hold the financial asset solely to collect contractual cash flows (HTC business model).

In this category, financial instruments are initially recognized at fair value, including transaction costs (i.e., marginal costs, defined as costs that would not have been incurred without the entity acquiring, issuing, or disposing of the instrument) and subsequently measured at amortized cost. Interest (calculated using the effective interest method as in former IAS 39), losses (and reversals of losses) due

to impairment, foreign exchange gains/(losses), and gains/(losses) from elimination are recognized in profit/(loss) for the year.

2) **Fair Value Through Other Comprehensive Income (FVTOCI)**. Financial assets are recognized in this category when:

- a) the contractual cash flows of the instrument are represented only by the payment of principal and interest (so-called "SPPI Test" passed); and
- b) the business model adopted by the Group requires the entity to hold the financial asset to both collect contractual cash flows and cash flows generated from the sale (HTC&S business model).

In this category, classified financial instruments are initially recognized at fair value, including transaction costs. Interest (calculated using the effective interest method as in former IAS 39), impairment losses/(gains), and foreign exchange gains/(losses) are recognized in net profit/(loss) for the year. Other changes in the fair value of the instrument are recognized in other comprehensive income (OCI). When the instrument is eliminated, all accumulated gains/(losses) at OCI will be reclassified to profit/(loss) for the year.

3) **Fair Value Through Profit Or Loss (FVTPL)**. Financial assets are classified in this category when:

- a) the above criteria are not met; i.e.
- b) in case the fair value option is exercised.

Financial instruments classified in this category are initially and subsequently recognized at fair value. Transaction costs and changes in fair value are recognized in profit/(loss) for the year.

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

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

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

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

Cash and cash equivalents

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

Liabilities

Share capital and treasury shares

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

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

Financial liabilities

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

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

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

Employee benefits

Defined benefit and defined contribution plans

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

Share-based payments (stock options)

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

The current plan is classified, according to IFRS2 terminology, as equity settled, so the cost of the stock options is recognized under personnel expense, with a corresponding increase in equity, over the period from the time the options are granted to the beneficiaries, and ending on the date on which the employees involved have fully vested the right to receive the compensation ("vesting date"). The cumulative costs recorded for such transactions at the date of each financial year end up to the vesting date are commensurate with the expiry of the vesting period and the best estimate available of the number of equity instruments that will actually vest. The cost or revenue on the income statement for the year represents the change in cumulative cost recognized at the beginning and end of the year.

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

in the total fair value of the payment plan, or is otherwise favourable to employees; this cost is measured by reference to the date of change.

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

Provisions for risks and charges

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

Allocations are recognized when:

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

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

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

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

Product warranty provision

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

Trade payables

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

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

Income tax payables

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

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

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

Statement of profit/(loss) for the year

Revenue recognition

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

Group revenue includes:

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

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

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

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

Sale of goods

Revenue from the sale of goods and spare parts is recognized when control of the asset subject to the transaction is transferred to the buyer, i.e., when the asset is delivered to the customer in accordance with

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

Provision of services

Revenue from the provision of services is recognized when the service is completed.

Variable consideration

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

Cost of sales

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

Business and marketing expense

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

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

General and administrative expense

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

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

Financial income and expense

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

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

Current and deferred tax

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

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

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

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

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

Earnings per share

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

IFRS 16 - Leases

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

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

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

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

Transactions denominated in foreign currencies

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

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

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

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

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

The Group has applied for the first time a number of standards or amendments that are effective as of January 1, 2024. The Group has not adopted in advance any new standards, interpretations or amendments issued but not yet in force.

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 specify the requirements that a seller-lessor uses in determining the lease liability arising from a sale and lease back transaction to ensure that the seller-lessor does not account for a gain or loss that relates to the right of use it retains.

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

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

The amendments to IAS 1 specify the requirements for classifying a liability as current or non-current. The amendments clarify:

- What is meant by the right of subordination of the due date;
- That the right of subordination must exist at year end;
- Classification is not impacted by the probability that the entity may exercise its right of subordination;
- Only if a derivative embedded in a convertible liability is itself an equity instrument would the due date of the liability not impact its classification.

Additionally, a requirement was introduced to give disclosures when a liability arising from a loan agreement is classified as noncurrent and the entity's right of subordination is subject to compliance with covenants within twelve months.

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

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supply finance arrangements and require additional disclosures of such arrangements. The disclosure requirements introduced are intended to assist users of financial statements in understanding the effects of supply finance arrangements on an entity's liabilities and cash flows and its exposure to liquidity risk.

The following amendment had no impact on the Group's financial statements.

Standards issued but not yet in force

Standards and interpretations that had already been issued but were not yet in force at the date of preparation of the Group's consolidated financial statements are explained below. The Group intends to adopt these standards and interpretations, if applicable, when they come into effect.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which supersedes IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for the presentation of the income statement, including specific totals and subtotals. Additionally, entities will need to classify all costs and revenues in the income statement into four categories: operating, investing, financing, and income tax, as well as discontinued operations, with the first three categories being new.

The standard also requires disclosures based on the new definition of management-defined performance measures (MPMs), subtotals of costs and revenues, and includes new provisions for aggregating and disaggregating financial information based on the identified roles of "primary" financial statements (PFS) and notes.

Additionally, changes have been made to IAS 7 Statement of Cash Flows, which include modifying the starting point for determining cash flows from operations based on the indirect method - shifting from profit or loss to operating profit or loss - and removing the option to classify cash flows from dividends and interest. Additionally, consequential changes were made to multiple other accounting standards. IFRS 18, and the amendments to other standards, are effective for financial periods beginning on or after January 1, 2027, but early application is permitted subject to disclosure. IFRS 18 will apply retrospectively. The Group is currently working to identify the impacts that the amendments will have on its financial statements and notes to the financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to opt for a reduction in their disclosure requirements while continuing to apply the recognition, measurement and presentation requirements in the other IFRS accounting standards. To be eligible, at year-end, an entity must be a subsidiary as defined within IFRS 19, cannot have "public accountability" and must have a parent (either ultimate or intermediate) that prepares consolidated financial statements, available to the public, in accordance with IFRS accounting standards. IFRS 19 will become effective for financial periods beginning on or after January 1, 2027, but early application is permitted. As a listed company, the Group is not eligible for the application of IFRS 19.

5. Notes to the consolidated financial statements

5.1 Property, plant and equipment

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

PROPERTY, PLANT AND EQUIPMENT	Land and buildings	Plant and equipment	Industrial and commercial equipment	Other tangible fixed assets	Total property, plant and equipment
Net amount at 31.12.2022	0	68	727	288	1,082
Increases	-	14	606	292	911
Decreases	-	-	-	-	-
Depreciation	(0)	(13)	(346)	(136)	(496)
Total changes	(0)	0	260	156	416
Historical cost	18	247	3,796	2,441	6,503
Depreciation fund	(18)	(180)	(2,809)	(1,998)	(5,005)
Net amount at 31.12.2023	-	68	987	443	1,497
Increases	-	17	596	174	787
Decreases	-	-	-	(31)	(31)
Depreciation	-	(17)	(431)	(127)	(575)
Total changes	-	0	165	16	181
Historical cost	18	263	4,393	2,554	7,228
Depreciation fund	(18)	(198)	(3,241)	(2,097)	(5,554)
Net amount at 31.12.2024	-	65	1,152	458	1,674

The total net amount of "Property, plant and equipment" is Euro 1,674 thousand, up from December 31, 2023. This change is attributable to the following main factors:

- expenditure amounting to Euro 596 thousand in industrial and commercial equipment, of which approximately Euro 425 thousand for new equipment and approximately Euro 172 thousand for the purchase of moulds for the development of new products;
- expenditure amounting to Euro 174 thousand for other tangible fixed assets, of which approximately Euro 128 thousand mainly related to the purchase of electronic office machines.

It is acknowledged that for all assets under this category:

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

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

5.2 Assets from right of use

At December 31, 2024, the Group has a value of rights of use on leased property and cars of Euro 1,012 thousand.

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

ASSETS FROM RIGHT OF USE	Assets from right of use on vehicles	Assets from right of use on capital properties	Total assets from right of use
Net amount at 31.12.2022	-	758	758
Increases/decreases	139	1,195	1,160
Depreciation	(28)	(580)	(608)
Total changes	111	615	726
Historical cost	139	3,710	3,849
Depreciation fund	(28)	(2,336)	(2,364)
Net amount at 31.12.2023	111	1,374	1,485
Increases/decreases	242	101	343
Depreciation	(79)	(734)	(813)
Total changes	163	-	633
Historical cost	381	3,811	4,192
Depreciation fund	(106)	(3,074)	(3,180)
Net amount at 31.12.2024	275	737	1,012

5.3 Other intangible assets

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

OTHER INTANGIBLE ASSETS	Industrial patent and intellectual property rights	Concessions, licenses, trademarks and similar rights	Development costs	Other intangible assets	Total other intangible assets
Net amount at 31.12.2022	304	122	952	7	1,385
Increases	436	27	1,348	(0)	1,812
Decreases	-	-	-	-	-
Amortization	(313)	(12)	(1,080)	(7)	(1,412)
Total changes	123	16	269	(7)	400
Historical cost	3,513	219	8,066	351	12,150
Amortization fund	(3,086)	(81)	(6,846)	(351)	(10,364)
Net amount at 31.12.2023	427	138	1,221	-	1,785
Increases	519	22	1,708	-	2,249
Decreases	-	-	-	-	-
Amortization	(431)	(13)	(1,340)	-	(1,784)
Total changes	88	9	367	-	464
Historical cost	4,032	242	9,774	351	14,398
Amortization fund	(3,518)	(94)	(8,186)	(351)	(12,150)
Net amount at 31.12.2024	514	147	1,588	-	2,249

Net intangible assets amounted to Euro 2,249 thousand, up versus December 31, 2023. This increase is mainly attributable to the following factors:

- capitalization of development costs for Euro 1,708 thousand;
- expenditure in industrial patent and intellectual property rights of Euro 519 thousand, mainly related to the purchase of new software amounting to Euro 428 thousand.

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

5.4 Deferred tax assets and deferred tax liabilities

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

Temporary differences	31.12.2024	31.12.2023	Change
IRES	878	570	308
IRAP	15	79	(65)
Foreign corporate income tax	42	330	(288)
Total deferred tax assets	935	979	(45)
IRES	(0)	1	(1)
IRAP	-	-	-
Foreign corporate income tax	23	16	7
Total deferred tax liabilities	23	17	6

Deferred tax assets	31.12.2024		31.12.2023	
	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
Provision for inventory obsolescence	1,081	302	1,173	327
Exchange differences	-	-	97	23
Warranty provision - IAS 37	847	236	905	253
Post-employment benefits - IAS 19	(77)	(25)	(159)	(24)
Unpaid fees to directors	150	36	290	70
Other consolidation entries	982	344	705	247
Foreign corporate income tax		42		84
Total deferred tax assets		935		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 Group considered the results of the business plan.

Deferred tax liabilities	31.12.2024		31.12.2023	
	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
Exchange differences	-	-	2	1
Civil-tax amort. foreign companies		23		16
Total deferred tax liabilities		23		17

5.5 Other non-current assets

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

Other non-current assets	31.12.2024	31.12.2023	Change
Security deposits	5	5	-

Other receivables	28	28	-
Total other non-current assets	33	33	-

5.6 Investments

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

Investments	Net amount at 31.12.2024	Net amount at 31.12.2023	Accumulated allowance for impairment	Change in net amount
Associates	-	-	-	-
Total investments	0	0	-	0

5.7 Inventory

The item is broken down as follows:

Inventory	31.12.2024	31.12.2023	Change
Raw and ancillary materials and consumables	6,065	5,316	749
Work in progress and semi-finished products	10,108	8,361	1,747
Finished products and goods	5,194	4,818	376
Total gross inventory	21,367	18,495	2,872
Prov. for inventory obsolescence	(1,155)	(950)	(204)
Net inventory	20,212	17,544	2,667

Inventory at December 31, 2024 is mainly attributable to raw materials amounting to Euro 6,065 thousand and semi-finished products amounting to Euro 10,108 thousand. The increase in inventory was 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. The peak reached on June 30, 2024 normalized during second half 2024.

At December 31, 2024, the Group recorded an obsolescence provision of Euro 1,155 thousand to safeguard against any risks arising from the possible obsolescence and slow turnover of inventory, considering the potential for future utilization or realization. An allocation of Euro 200 thousand was recorded in the year.

5.8 Trade receivables

Trade receivables are detailed as follows:

Trade receivables	31.12.2024	31.12.2023	Change
Receivables from customers	11,584	11,482	102
Receivables from others	415	47	368
Invoices to issue	(140)	78	(218)
Advances	(406)	(410)	4
Total	11,453	11,197	256
Allowance for impairment	(247)	(264)	17
Total net allowance for impairment	11,206	10,933	273

Trade receivables, net of the allowance for impairment, amounted to Euro 11,206 thousand, up slightly by Euro 273 thousand versus the end of the prior year.

No allocations were deemed necessary for 2024, and no use of the allowance for impairment was necessary.

5.9 Income tax assets

Income tax receivables are detailed as follows:

Income tax assets	31.12.2024	31.12.2023	Change
IRAP advances	29	-	29
Foreign company tax advances	75	50	25
Total	104	50	54

At December 31, 2024, this item amounted to Euro 104 thousand and represented an IRAP receivable from higher advance payments made during the year and tax advances related to foreign companies.

5.10 Other current assets

"Other current assets" is composed as follows:

Other current assets	31.12.2024	31.12.2023	Change
Security deposits	64	63	1
Other receivables from employees	(0)	1	(1)
Tax receivables	508	485	23
VAT receivables	544	3,865	(3,321)
Receivables from Subs. Tax Consolid.	3	2	2
Deferred expense	1,055	1,042	14
Accrued income	382	66	316
Total	2,557	5,524	(2,967)

The item is mainly composed of deferred expense, amounting to Euro 1,055 thousand, and is mainly accounted for costs to guarantee future production, insurance, licenses, and costs for trade fairs that have been incurred financially during the closing year or in prior years, but refer to one or more subsequent years.

This item also includes the VAT receivable claimed by the Company, generated mainly due to its status as a regular exporter. The amount is lower than in 2023 due to increased use of declarations of intent.

5.11 Other financial assets

Current financial assets consist of financial securities purchased by the Group as a form of investment of its excess liquidity. Specifically, these are units of funds, SICAVs and ETFs listed on regulated markets. These investments were recognized based on the requirements of IFRS 9 and measured at fair value (lev. 1) with a balancing entry in the income statement. The portfolio at December 31, 2024 amounted to Euro 5,833 thousand. The portfolio at December 31, 2023 amounted to Euro 5,541 thousand.

Other financial assets	31.12.2024	31.12.2023	Change
Portfolio securities	5,833	5,541	293
Total	5,833	5,541	293

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	5,833			5,833
Total	5,833			5,833

5.12 Cash and cash equivalents

The item is broken down as follows:

Cash	31.12.2024	31.12.2023	Change
Bank and postal deposits	7,502	14,429	(6,927)
Cash and cash on hand	2	1	1
Total	7,504	14,430	(6,925)

The balance represents cash and cash on hand outstanding at the date, free of encumbrances of any kind and freely usable at any time.

5.13 Equity

The changes that took place for the main items in equity are shown analytically in the table at the beginning of the notes to the consolidated financial statements. Below are the changes that took place in 2024 and 2023:

Equity	Balance at 01/01/24	Alloc. Profit (loss) at 31/12/23	Dividend distribution	Exercise of stock options	Share-based payments (stock options)	Profit / (loss) of the statement of comprehensive income	Profit (loss) for the period 31/12/2024	Equity at 31/12/2024
Share capital	1,249	-	-	64	-	-	-	1,313
Translation reserve	8	-	-	-	-	83	-	91
Legal reserve	246	4	-	-	-	-	-	250
Share premium reserve	8,335	-	-	2,830	-	-	-	11,165
Extraordinary reserve	10,460	11,931	(10,651)	-	-	-	-	11,739
FTA reserve	100	-	-	-	-	-	-	100
Reserve for actuarial gains/(losses) from employee benefits	65	-	-	-	-	2	-	67
Various other reserves	575	(96)	-	-	-	-	-	479
Stock options reserve	506	-	-	(557)	84	-	-	33
Retained earnings (losses carried forward)	777	224	-	-	-	-	-	1,001
Profit (loss) for the year	12,062	(12,062)	-	-	-	-	12,346	12,346
Total equity	34,383	0	(10,651)	2,337	84	85	12,346	38,583
Equity attributable to non-controlling interests	-	-	-	-	-	-	-	-
Total equity	34,383	0	(10,651)	2,337	84	85	12,346	38,583

The share capital at December 31, 2024 amounts to Euro 1,313 thousand, fully subscribed and paid up and consists of 12,535,062 shares with no par value.

In 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 1,313 thousand. As a result, the free float increased from 20.52% to 24.38%.

That said, the reserves include:

- the legal reserve of Euro 250 thousand;
- the share premium reserve of Euro 11,165 thousand;
- the extraordinary reserve of Euro 11,739 thousand;
- the negative reserve for actuarial gains/(losses) for employee benefits of Euro 67 thousand, including actuarial gains and losses from the actuarial valuation of post-employment benefits net of the related tax impacts;
- the reserve for the first-time adoption of the international accounting standards of Euro 100 thousand, which incorporates all the effects generated by the transition to IAS/IFRS;

Earnings per share

Basic earnings per share were calculated according to IAS 33; the value of this metric was Euro 1.04 per share. The metric was calculated by dividing the profit attributable to the shareholders of the Parent (Euro 12,345,678 in 2024) by the weighted average number of outstanding ordinary shares in the period (11,925,852 shares in 2024). Diluted earnings per share amounted to Euro 1.02 per share and are calculated by dividing the profit attributable to shareholders (Euro 12,345,678 in 2024) by the weighted average number of shares outstanding, taking account of the effects of all potential ordinary shares with diluted effect (12,132,175 shares in 2024).

5.14 Current and non-current financial liabilities

The item is broken down as follows:

Current and non-current financial liabilities	31.12.2024	31.12.2023	Change
Payables to other non-banking financial institutions (SIMEST)	392	593	(201)
Non-current financial liabilities from rights of use	265	821	(556)
Total non-current financial liabilities	657	1,414	(757)
Payables to Parent Companies	1,529	(0)	1,529
Payables to other non-banking financial institutions (SIMEST)	224	95	129
Current financial liabilities from rights of use	774	683	91
Total current financial liabilities	2,527	779	1,749

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

At December 31, 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 1,039 thousand, of which Euro 265 thousand classified as non-current liabilities and Euro 774 thousand as current liabilities.

At December 31, 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 April 30, 2025 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 year under review were as follows:

Current and non-current financial liabilities	31.12.2023	New contracts	Repayments	31.12.2024	Change
Payables to non-banking financial institutions (SIMEST)	688	-	(72)	616	(72)
Financial liabilities from rights of use	1,504	242	(707)	1,039	(465)
Financial payables to Parent Companies	(0)	2,294	(765)	1,529	1,529
Total current and non-current financial liabilities	2,193	2,536	(1,544)	3,184	992

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

	31.12.2024	31.12.2023
(A) Bank and postal deposits	7,503	14,429
(B) Cash	1	1
(C) AVAILABLE CASH (A+B)	7,504	14,430
(D) CURRENT FINANCIAL ASSETS	5,833	5,541
(E) Current bank payables		
(F) Other current financial liabilities	(2,527)	(779)
(G) CURRENT FINANCIAL DEBT (E+F)	(2,527)	(779)
(H) NET CURRENT FINANCIAL POSITION (C+D+G)	10,810	19,192
(I) Non-current bank payables	-	-
(L) Other non-current financial liabilities	(657)	(1,414)
(M) NON-CURRENT FINANCIAL DEBT (I+L)	(657)	(1,414)
(N) NET FINANCIAL POSITION (H+M)	10,153	17,778

5.15 Employee benefits

The post-employment benefits payable amounted to Euro 1,562 thousand and represents the Parent Company's actual liability at December 31, 2024 to employees in force at that date, net of advances paid and shown taking account of actuarial valuation.

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

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

Defined benefit obligations	31.12.2024	31.12.2024	Change
Defined benefit obligations at January 1	1,365	1,163	202
Service costs	221	188	33
Interest cost	47	44	3
Actuarial (gains) losses recognized in equity	(3)	19	(22)
Advances/utilization and other changes	(68)	(49)	(19)
Total	1,562	1,365	197

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:

	2024	2023
Annual discount rate	3.38%	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%	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	
Turnover rate +1%	1,570
Turnover rate -1%	1,553
Inflation rate +0.25%	1,587
Inflation rate -0.25%	1,538
Discount rate +0.25%	1,530
Discount rate -0.25%	1,595

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

Service Cost and Duration	
Service costs	235
Duration of the plan	13.4
Estimated future disbursements	
Disbursement 1st year	154
Disbursement 2nd year	152
Disbursement 3rd year	161
Disbursement 4th year	189
Disbursement 5th year	173

5.16 Provisions for risks and charges

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

Provisions for risks and charges	31.12.2023	Alloc.	Utilizations	31.12.2024	Of which short	Of which long
Product warranty provision	905	308	(367)	847	364	483
Total	905	308	(367)	847	364	483

Provisions for risks and charges amounted to Euro 847 thousand at December 31, 2024, and included only the allocations to the product warranty provision.

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

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

5.17 Trade payables

The item amounts to Euro 6,649 thousand and is detailed as follows:

Trade payables	31.12.2024	31.12.2023	Change
Payables to suppliers	6,177	15,238	(9,061)
Invoices to receive	1,559	1,499	59
Advances	(1,087)	(177)	(910)
Total	6,649	16,560	(9,912)

The Group's trade payables decreased versus the prior year mainly due to lower purchases in the second half of the year, along with a lower VAT burden due to increased use of declarations of intent, which positively impacted the change in payables to suppliers.

5.18 Income tax liabilities

Income tax payables are broken down as follows:

Income tax liabilities	31.12.2024	31.12.2023	Change
IRAP payable	-	256	(256)
IRES payable	102	3	99
Total	102	259	(157)

5.19 Other current liabilities

The item is broken down as follows:

Other current liabilities	31.12.2024	31.12.2023	Change
Payable to Parent Company for tax consolidation	120	1,631	(1,512)
IRPEF	207	184	23
Withholding tax	2	11	(9)
Accrued expense	654	1,067	(413)
Deferred income	277	260	17
Payables to social security institutions	508	420	88
Other payables	600	544	56
Total	2,368	4,119	(1,750)

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

Accrued expense, amounting to Euro 654 thousand, mainly includes the provision for the portion of bonuses to be paid to employees. Other payables include payables to employees for special paid leave and vacation pay.

5.20 Revenue from contracts with customers

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

Revenue Stream	At point in time/Over time	31.12.2024	31.12.2023	Change
Revenue Goods	At point in time	69,404	68,627	777
Revenue Spare Parts	At point in time	170	221	(51)
Revenue Services	At point in time	1,839	429	1,411
Total		71,413	69,277	2,136

Group revenue from sales increased from Euro 69,277 thousand in the prior year to Euro 71,413 thousand. The growth versus the prior year was notably strong in the U.S. market, posting an increase of approximately 54% versus 2023.

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

Revenue by geographical area	31.12.2024	31.12.2023	Change
Europe	30,927	35,818	-4,891
North America (NAM)	26,955	17,512	9,444
Asia and Pacific (APAC)	9,819	12,675	-2,856
Middle East and Africa (MEA)	1,872	1,900	-28
Caribbean and South America (CALA)	1,839	1,371	468
Total	71,413	69,277	2,136

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

5.21 Other revenue and income

Details of other revenue are shown in the table below:

Other revenue and income	31.12.2024	31.12.2023	Change
Customer transportation recovery	143	239	(96)
Miscellaneous grants	505	297	208
Tax receivables	217	410	(193)
Other revenue	84	113	(30)
Total	949	1,060	(111)

The total of other revenue is Euro 949 thousand and includes under grants various benefits from regional and national subsidized finance instruments, while tax receivables mainly include the benefit from the R&D Receivable related to 2023 and 2024.

5.22 Cost of sales

The item is broken down as follows:

Cost of sales	31.12.2024	31.12.2023	Change
Purchases	36,118	41,133	(5,015)
Change in inventory	(2,758)	(7,718)	4,960
Alloc. prov. obsoles.	200	297	(97)
Utiliz. prov. obsoles.	-	(28)	28
Services	787	528	259
Transportation costs	816	879	(63)
Customs costs	123	133	(10)
Other costs	275	292	(17)
Direct structure costs	75	68	7
Personnel expense	1,401	1,481	(80)
Amortization and depreciation	218	169	49
Total	37,255	37,234	21

At December 31, 2024, cost of sales totaled Euro 37,255 thousand, basically in line versus the prior year, mainly due to the combined effect of the reduction in purchasing volumes, due to weaker demand that the Group was able to meet through the use of inventory in the warehouse, and the increase in personnel and production equipment costs.

At December 31, 2023, the cost of sales was restated to take into account the different accounting for Euro 55 thousand of costs related to production personnel.

5.23 Increases for internal work

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

Increases for internal work	31.12.2024	31.12.2023	Change
Increases for internal work	1,708	1,349	359
Total	1,708	1,349	359

At December 31, 2024, capitalized development costs amounted to Euro 1,708 thousand, an increase of Euro 359 thousand versus the prior year, confirming the Group's constant commitment to research and development activities.

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

5.24 Business and marketing expense

The item is broken down as follows:

Business and marketing expense	31.12.2024	31.12.2023	Change
Consulting	481	438	43
Fairs and Exhibitions	388	537	(149)
Advertising & Marketing	222	375	(153)
Sales commissions	782	650	132
Other business expense	191	213	(23)
Personnel expense	3,471	2,814	657
Travel	660	535	126
Allocations	308	564	(256)
Amortization and depreciation	4	14	(9)
Total	6,508	6,140	368

Business and marketing expense at December 31, 2024 amounted to Euro 6,508 thousand, an increase of Euro 368 thousand versus the prior year, mainly due to the increase in sales personnel costs and travel and customer visits.

At December 31, 2023, business and marketing expense was restated to take into account the different accounting for Euro 1,071 thousand of costs related to sales personnel.

5.25 General and administrative expense

The balance is shown in the table below:

General and administrative expense	31.12.2024	31.12.2023	Change
Consulting	1,843	1,393	451
Rents and service expense	59	71	(11)
Travel	233	189	45
Repairs and maintenance	100	115	(15)
Consumption expense	234	218	16
Product certification	109	98	11
Insurance	307	193	114
Training	65	38	26
Consumables and prototype development	320	343	(23)
Fees to Statutory Auditors	31	29	2
Personnel expense	5,246	4,469	778
Fees to Directors	887	997	(110)
Other defined employee benefits	346	345	1
FV stock options	84	252	(168)
Amortization and depreciation	2,864	2,332	532
Other expense	1,012	588	423
Total	13,741	11,670	2,071

The item mainly relates to:

- personnel costs of Euro 5,246 thousand, an increase of Euro 778 thousand versus 2023.
- consulting services for approximately Euro 1,843 thousand, consisting mostly of business consulting services amounting to Euro 1,617 thousand, recruiting amounting to Euro 79 thousand and fees to the Independent Auditors amounting to Euro 54 thousand.
- other expense for Euro 1,012 thousand, which mainly includes IT fees of Euro 726 thousand, an increase of Euro 355 thousand versus the prior year.

At December 31, 2023, general and administrative expense was restated to take into account the different accounting for Euro 1,126 thousand of costs related to sales and production personnel.

5.26 Financial income and expense

Details of financial income are shown in the table below:

Financial income	31.12.2024	31.12.2023	Change
Interest income	76	110	(34)
Exchange rate gains	593	384	209
Write-backs of financial assets	296	327	(31)
Total	966	821	144

Details of financial expense are shown in the table below:

Financial expense	31.12.2024	31.12.2023	Change
Interest expense	70	70	0
Interest expense on leases	46	18	28
Exchange rate losses	209	606	(397)
Sundry financial expense	116	111	5
Write-downs of financial assets at fair value	4	26	(22)
Total	445	832	(386)

Financials closed with a positive Euro 520 thousand, but improved from a negative Euro 11 thousand in the prior year, mainly due to the positive effect of the revaluation of financial assets and the positive impact of foreign exchange gains and losses.

5.27 Income tax

The table below shows the details of income tax:

Tax	31.12.2024	31.12.2023	Change
Current tax:			
IRES	3,982	3,903	79
IRAP	684	728	(43)
Foreign company tax	105	67	38
Deferred tax assets and liabilities:			
IRES	22	(69)	92
IRAP	(6)	(22)	17
Foreign company tax	(48)	(38)	(10)
Total	4,740	4,569	172

Reconciliation of actual tax burden	31.12.2024	31.12.2023
Profit (loss) before tax	17,086	16,631
Theoretical tax burden (tax rate 27.9%)	4,767	4,640
Reconciliation:		
Non-deductible expense and non-taxable income	(84)	(101)
Current tax prior years		
Tax on the result of subsidiaries	57	29
Other		
Actual tax	4,740	4,569

5.28 Earnings per share

Basic earnings per share and diluted earnings were determined by relating the net profit attributable to the Group in 2024 and 2023 of Euro 12,346 thousand and Euro 12,062 thousand, respectively, to the weighted average number of outstanding shares of the Parent Company.

Earnings per share were Euro 1.04 in 2024 versus Euro 1.02 in 2023.

Diluted earnings were Euro 1.02 in 2024 versus Euro 0.99 in 2023.

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

Diluted earnings per share	31.12.2024	31.12.2023
Profit for the period (A)	12,345,678	12,062,018
Average number of ordinary shares issued	11,925,852	11,801,073
Average number of bonus shares grantable	-	-
Average number of stock options granted	52,781	67,181
Average number of stock options grantable	153,542	348,961
Average number of warrants granted	-	-

Average number of warrants grantable	-	-
Total (B)	12,132,175	12,217,216
Diluted EPS (A/B)	1.02	0.99

5.29 Personnel expense

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

Personnel expense	31.12.2024	31.12.2023	Change
Wages and salaries	7,279	6,174	1,104
Social security expense	1,871	1,550	321
Post-employment benefits	378	329	49
Fees to Directors	783	900	(117)
Pension expense	166	154	12
Other defined employee benefits	602	601	2
FV stock options	84	252	(168)
Travel	734	579	155
Total	11,897	10,539	1,358

Personnel expense in 2024 amounted to Euro 11,897 thousand, increasing by Euro 1,358 thousand versus 2023, mainly due to the increase in headcount and international travel.

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

Headcount	2024	2023	Change
Executives	3	3	0
Managers	15	14	1
Employees and similar	126	108	18
Workers	20	15	5
Interns	0	0	0
Directors	6	6	0
Total	170	146	24

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

Personnel expense	31.12.2024	31.12.2023	Change
Cost of sales	1,210	1,083	127
Business and marketing expense	3,863	3,221	642
General and administrative expense	6,824	6,235	589
Total	11,897	10,539	1,358

5.30 Amortization, depreciation and allocations

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

Amortization and depreciation	31.12.2024	31.12.2023	Change
Amortization of intangible fixed assets	1,784	1,412	372
Depreciation of tangible fixed assets	575	496	79
Depreciation from right of use	727	608	120
Total	3,086	2,515	571

Amortization of other intangible assets mainly refers to Euro 444 thousand for the amortization of software, patents and concessions, and Euro 1,340 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 348 thousand. Depreciation from right of use, following application of IFRS 16 Leases, regards the depreciation of leased property and leased motor vehicles for Euro 727 thousand. The depreciation period starts from the year of asset registration by right of use.

Allocations	31.12.2024	31.12.2023	Change
Allocation to the allowance for impairment	-	22	(22)
Allocation to the provision for inventory obsolescence	200	297	(97)
Allocation to the product warranty provision	308	542	(234)
Total	508	861	(353)

The Group has estimated a product warranty provision of Euro 308 thousand in anticipation of any costs required to fulfill contractual warranty commitments regarding goods invoiced at the date of these consolidated financial statements.

At December 31, 2024, the Group recorded an allocation to the obsolescence provision of Euro 200 thousand to safeguard against any risks arising from the possible obsolescence and slow turnover of inventory, considering the potential for future utilization or realization.

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

Amortization and depreciation	31.12.2024	31.12.2023	Change
Cost of sales	218	169	49
Business and marketing expense	4	14	(9)
General and administrative expense	2,864	2,332	532
Total	3,086	2,515	571

Allocations	31.12.2024	31.12.2023	Change
Cost of sales	200	297	(97)
Business and marketing expense	308	564	(256)
General and administrative expense	-	-	-
Total	508	861	(353)

6. Information on financial risks

6.1 Financial risk management

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

- credit risk;
- liquidity risk;
- market risk, specifically interest rate and exchange rate risk.

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

Credit risk

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

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

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

Financial and business exposure	31.12.2024	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	11,453	11,197	256
Allowance for impairment	(247)	(264)	17
Trade receivables net of allowance for impairment	11,206	10,933	273
Other current assets	2,557	5,524	(2,967)
Allowance for impairment	-	-	-
Other current assets net of allowance for impairment	2,557	5,524	(2,967)
Other financial assets	5,833	5,541	293
Allowance for impairment	-	-	-
Other financial assets net of allowance for impairment	5,833	5,541	293
Cash and cash equivalents	7,504	14,430	(6,925)
Total exposure net of allowance for impairment	27,133	36,460	(9,327)

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

Receivables at 31.12.2024	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	11,638	8,327	2,871	108	80	253
Advances	(406)	-	-	-	-	-
Other receivables	275	275	-	-	-	-
Current financial assets	5,833	-	-	-	-	-
Receivables from financial institutions	-	-	-	-	-	-
Other	2,589	2,589	-	-	-	-
Total	19,929	11,191	2,871	108	80	253

Allowance for impairment	(247)					(247)
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 the Group are typically monitored and managed by the Administration, Finance and Control Department, ensuring the efficient and effective management of financial resources. The Group aims to prudently manage liquidity risk originating from normal operations. This objective entails retaining sufficient liquid assets and convertible securities in the short term.

The contractual maturities of financial liabilities at December 31, 2024 and December 31, 2023, shown before interest payable, are shown in the table below:

Payables and liabilities at 31.12.2024	Carrying amount	Maturity		
		Within one year	2-5 y	Over 5 y
Fin. payab. towards other fin. institutions (A)	616	224	392	
Financial liabilities from leases (B)	1,039	774	265	
Payables to Parent Companies (C)	1,529	1,529		
Tot. financial liabilities (A+B+C)	3,184	2,527	657	-
Trade payables (D)	6,649	6,649		
Total (A+B+C+D)	9,833	9,176	657	-

Payables and liabilities at 31.12.2023	Carrying amount	Maturity		
		Within one year	2-5 y	Over 5 y
Fin. payab. towards other fin. institutions (A)	688	95	593	
Financial liabilities from leases (B)	1,504	683	821	
Tot. financial liabilities (A+B+C)	2,193	779	1,414	-
Trade payables (D)	16,560	16,560		
Total (A+B+C+D)	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 its operational activities, the Group faces various market risks. Primarily, it is exposed to the risk of interest rate fluctuations, and to a lesser extent, to the risk of exchange rate fluctuations. Market risk management aims to maintain the Group's exposure to market risk within acceptable limits while maximizing investment returns. This risk is further broken down into the following components: interest rate risk and exchange rate risk, as detailed below.

Interest rate risk

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

Exchange rate risk

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

6.2 Capital management

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

7. Disclosure of financial instruments**7.1 Categories of financial assets and liabilities**

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

Financial assets and liabilities

Classification under IFRS 9	31.12.2024		31.12.2023	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial assets at fair value through profit or loss	5,866	5,866	5,573	5,573
Amortized cost **	13,763	13,763	16,457	16,457
Financial assets at fair value through O.C.I.	-	-	-	-
TOTAL	19,629	19,629	22,030	22,030

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

** Refers to Other current assets and Trade receivables.

Classification under IFRS 9	31.12.2024		31.12.2023	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Other financial liabilities measured at amortized cost *	12,202	12,202	22,872	22,872
Financial liabilities at fair value through profit or loss	-	-	-	-
TOTAL	12,202	12,202	22,872	22,872

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

8. Related party transactions

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

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

Related party transactions	31.12.2024	31.12.2023
Fees to the Board of Directors and Key Management Personnel	1,507	1,656
Fees to the Board of Statutory Auditors	30	29
Total fees	1,537	1,685

Other related party transactions

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

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

Related party transactions	December 31, 2024					
	Receivables	Payables	Costs	Revenue	Guarantees	Commitments
Other companies						
Bluesky Immobiliare S.r.l.	563	(578)	563	-	-	2,283
Total	563	(578)	563	-	-	2,283

It should be noted that the Parent Company has certain outstanding commitments towards Bluesky Immobiliare S.r.l. regarding the above lease contracts. Specifically, in the event of default by said company, Powersoft has committed to take over for the lease contracts. At December 31, 2024, total exposure on these guarantees amounted to Euro 2,283 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 April 30, 2025. The deferment was granted at normal market conditions.

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

Stock option plan 21-23

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

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

Accordingly, the Board of Directors approved a divisible capital increase to service said plan of a maximum nominal amount of Euro 80 thousand through issuance of up to 764,000 ordinary shares with no par value, which can be subscribed until December 2027.

Stock option plan 18-20

On May 30, 2018, the Parent Company's Ordinary Shareholders' Meeting had 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 had then 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 had approved a divisible capital increase of Euro 80 thousand through issuance of up to 764,000 shares with no par value, which could be subscribed until December 19, 2024.

9. Fees to the Independent Auditors

Pursuant to Article 37, par. 16 of Legislative Decree No. 39/2010, and letter 16bis of Article 2427 of the Italian Civil Code, the total amount of fees due to the Independent Auditors for the statutory audit of the consolidated financial statements and the limited audit of the consolidated half-year report is Euro 51 thousand.

10. Guarantees and commitments

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

11. Events after year end

On February 20, 2025, Powersoft S.p.A. announced that it had signed a binding investment agreement to acquire from H.P. Sound Equipment S.p.A. 51% of the share capital of K-Array S.r.l., a company specialized in the design and manufacture of innovative high-performance, compact design audio systems for a wide range of applications. The Agreement also envisaged the mutual granting of call and put options in favor of Powersoft and HP Sound, respectively, on the remaining 49% of K-Array's share capital. The closing of the transaction is, to date, expected by March 2025.

The acquisition represents the logical development of a long-established "supplier-customer" partnership between two companies that share common values: technological innovation, excellence, creativity, design, customer focus, and product quality. The goal of the transaction is to leverage their complementary strengths, boosting competitiveness and fostering growth, while preserving their distinct identities and operational autonomy within a shared growth plan. Currently, Powersoft is set to continue its mission as a global technology provider, while K-Array will maintain its unique positioning in the high-end audio speaker industry.

By combining its know-how in amplification systems, signal processing, and transducers with K-Array's expertise in compact, high-performance loudspeaker engineering and design, Powersoft will be able to accelerate its expansion and strengthen its position by offering innovative, efficient, and uniquely designed audio systems. These systems will meet the growing demands for quality, reliability, and space optimization, with a special focus on the automotive and modern transportation systems industries.

The acquisition of K-Array also represents a significant dimensional leap for Powersoft Group, which, based on the operating-financial figures from the financial statements at December 31, 2023, achieves an estimated pro-forma aggregate turnover of approximately Euro 88 million, with an estimated pro-forma EBITDA nearing Euro 24 million, counting on approximately 300 professionals, among the most experienced in the industry.

See the press release issued on February 20 for more details on the transaction.

Scandicci, March 17, 2025

Luca Lastrucci - C.E.O.



Powersoft S.p.A.

Bilancio consolidato al 31 dicembre 2024

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



Shape the future
with confidence

EY S.p.A.
Piazza della Libertà, 9
50129 Firenze

Tel: +39 055 552451
Fax: +39 055 5524850
ey.com

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

Agli azionisti della
Powersoft S.p.A.

Relazione sulla revisione contabile del bilancio consolidato

Giudizio

Abbiamo svolto la revisione contabile del bilancio consolidato della Powersoft S.p.A. (ed assieme alle sue controllate il "Gruppo" o il "Gruppo Powersoft"), costituito dalla situazione patrimoniale-finanziaria consolidata al 31 dicembre 2024, dal prospetto dell'utile consolidato, dal conto economico complessivo consolidato, dal prospetto delle variazioni del patrimonio netto consolidato, dal rendiconto finanziario consolidato per l'esercizio chiuso a tale data e dalle note al bilancio consolidato che includono le informazioni rilevanti sui principi contabili applicati.

A nostro giudizio, il bilancio consolidato fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria del Gruppo al 31 dicembre 2024, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data, in conformità ai principi contabili IFRS emanati dall'International Accounting Standards Board e adottati dall'Unione Europea.

Elementi alla base del giudizio

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

Responsabilità degli amministratori e del collegio sindacale per il bilancio consolidato

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

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



Shape the future
with confidence

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

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

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

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

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



Shape the future
with confidence

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

Relazione su altre disposizioni di legge e regolamentari

Giudizi e dichiarazione ai sensi dell'art. 14, comma 2, lettera e), e-bis) ed e-ter) del D. Lgs. 27 gennaio 2010, n. 39

Gli amministratori della Powersoft S.p.A. sono responsabili per la predisposizione della relazione sulla gestione del Gruppo Powersoft al 31 dicembre 2024, inclusa la sua coerenza con il relativo bilancio consolidato e la sua conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di:

- esprimere un giudizio sulla coerenza della relazione sulla gestione con il bilancio consolidato;
- esprimere un giudizio sulla conformità alle norme di legge della relazione sulla gestione;
- rilasciare una dichiarazione su eventuali errori significativi nella relazione sulla gestione.

A nostro giudizio, la relazione sulla gestione è coerente con il bilancio consolidato del gruppo Powersoft al 31 dicembre 2024.

Inoltre, a nostro giudizio, la relazione sulla gestione è redatta in conformità alle norme di legge.

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

Firenze, 31 marzo 2025

EY S.p.A.

Lapo Ercoli
(Revisore Legale)

POWERSOFT S.P.A.

Financial statements
at December 31, 2024

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

COMPANY OVERVIEW

Registered office	Via Enrico Conti 5 - Scandicci (FI) 50018
Tax Code	04644200489
REA no.	FI 468275
VAT no.	04644200489
Share Capital	Euro 1,312,571.94 - 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	PAOLO LIMBERTI
Alternate Auditor	MASSIMILIANO MANFREDI

Independent Auditors

EY S.p.A.

TABLE OF CONTENTS

Statements	5
Statement of financial position	6
Statement of profit/(loss) for the year	7
Statement of comprehensive income	7
Statement of cash flows	8
Statement of changes in equity	9
Explanatory Notes	10
1. General information	11
2. Accounting policies	11
Statement of compliance with IFRS	11
Preparation criteria	11
3. Accounting standards	14
Assets	14
Liabilities	19
Statement of profit/(loss) for the year	21
4. New accounting standards, interpretations and amendments adopted by the Group	24
Segment reporting	26
5. Notes to the financial statements of the Company	26
5.1 Property, plant and equipment	26
5.2 Assets from right of use	27
5.3 Other intangible assets	27
5.4 Deferred tax assets and deferred tax liabilities	28
5.5 Other non-current assets	28
5.6 Investments	29
5.7 Inventory	30
5.8 Trade receivables	30
5.9 Income tax assets	30
5.10 Other current assets	31
5.11 Other financial assets	31
5.12 Cash and cash equivalents	31
5.13 Equity	32
5.14 Current and non-current financial liabilities	32
5.15 Employee benefits	34
5.16 Provisions for risks and charges	36

5.17 Trade payables.....	36
5.18 Income tax liabilities.....	36
5.19 Other current liabilities	36
5.20 Revenue from contracts with customers	37
5.21 Other revenue and income.....	37
5.22 Cost of sales.....	38
5.23 Increases for internal work.....	38
5.24 Business and marketing expense	38
5.25 General and administrative expense.....	39
5.26 Financial income and expense.....	39
5.27 Tax	40
5.28 Personnel expense.....	40
5.29 Amortization, depreciation and allocations	41
6. Information on financial risks	42
6.1 Financial risk management.....	42
6.2 Capital management	45
7. Disclosure of financial instruments	45
7.1 Categories of financial assets and liabilities	45
8. Related party transactions	46
Transactions with Board of Directors, Board of Statutory Auditors and Key Management Personnel ..	46
Other related party transactions.....	46
9. Fees to the Independent Auditors.....	47
10. Guarantees and commitments.....	47
11. Events after year end.....	48
12. Proposed allocation of profit.....	48

Statements

Statement of financial position

Assets	Notes	31.12.2024	31.12.2023
Non-current assets			
Property, plant and equipment	5.1	1,528,907	1,417,344
Assets from right of use	5.2	837,897	1,238,205
Other intangible assets	5.3	2,248,917	1,785,323
Deferred tax assets	5.4	549,071	648,751
Other non-current assets	5.5	32,691	32,691
Investments	5.6	45,882	783
Total non-current assets		5,243,365	5,123,098
Current assets			
Inventory	5.7	19,295,284	16,663,047
Trade receivables	5.8	12,892,809	12,677,256
Income tax assets	5.9	28,847	-
Other current assets	5.10	2,524,621	5,497,876
Other financial assets	5.11	5,833,119	5,540,571
Cash and cash equivalents	5.12	6,088,427	13,472,439
Total current assets		46,663,105	53,851,189
Total assets		51,906,471	58,974,287
Equity and liabilities	Notes	31/12/2024	31/12/2023
Share capital and reserves			
Share capital		1,312,572	1,248,780
Reserves		24,323,170	20,680,924
Profit/(loss) for the year		12,080,918	11,934,366
Total equity		37,716,660	33,864,070
Non-current liabilities			
Non-current financial liabilities	5.14	391,828	593,054
Non-current financial liabilities from rights of use	5.14	175,781	648,696
Employee benefits (post-employment benefits)	5.15	1,562,287	1,364,848
Provisions for future risks and charges	5.16	846,967	905,389
Deferred tax liabilities	5.4	0	562
Total non-current liabilities		2,976,862	3,512,548
Current liabilities			
Current financial liabilities	5.14	1,753,436	95,382
Current financial liabilities from rights of use	5.14	679,879	598,094
Trade payables	5.17	6,625,681	16,750,899
Income tax liabilities	5.18	3,961	259,396
Other current liabilities	5.19	2,149,993	3,893,896
Total current liabilities		11,212,949	21,597,668
Total liabilities		14,189,811	25,110,216
Total equity and liabilities		51,906,471	58,974,287

Statement of profit/(loss) for the year

Income statement	Notes	31.12.2024	31.12.2023
Revenue from contracts with customers	5.20	67,599,025	66,639,524
Other revenue and income	5.21	862,048	874,121
Revenue		68,461,072	67,513,645
Cost of sales	5.22	(36,784,565)	(37,029,046)
Increases for internal work	5.23	1,707,550	1,348,680
Business and marketing expense	5.24	(4,635,084)	(4,686,026)
General and administrative expense	5.25	(12,616,653)	(10,789,186)
EBIT		16,132,320	16,358,067
Financial expense	5.26	(331,533)	(705,317)
Financial income	5.26	963,488	820,995
Profit (loss) before tax		16,764,275	16,473,744
Income tax	5.27	(4,683,357)	(4,539,378)
Profit (loss) for the year		12,080,918	11,934,366

Statement of comprehensive income

Statement of comprehensive income	31.12.2024	31.12.2023
Net profit (loss) for the year	12,080,918	11,934,366
Items that will not be reclassified later in profit / (loss) for the period:	2,320	(14,404)
Gains / (losses) from actuarial benefits	3,053	(18,952)
Tax effect gains/(losses) from actuarial benefits	(733)	4,549
Total Statement of comprehensive income for the period	12,083,238	11,919,962

Statement of cash flows

Statement of cash flows	31.12.2024	31.12.2023
Cash Flow from Operations		
Profit / (loss) for the year	12,080,918	11,934,366
<u>Adjustments to reconcile net profit (loss) for the period to cash flow generated by operations:</u>		
Income tax	4,683,357	4,539,378
Amortization and depreciation	2,978,491	2,417,713
Allocations/(Utilization) provisions for employee benefit liabilities	221,241	138,951
Allocations/(Utilization) provisions for risks and charges	508,237	839,137
Change FV financial assets	(292,548)	(306,393)
Interest (receivable) / accrued liabilities	36,081	(30,168)
<u>Changes in operating assets and liabilities:</u>		
Inventory	(2,832,237)	(7,850,048)
Trade receivables and contract assets	(215,553)	(3,808,139)
Trade payables	(10,125,218)	7,133,139
Other assets	3,657,639	(2,956,960)
Other liabilities	(6,342,956)	(5,157,308)
Interest (paid) / collected	10,710	74,258
	(954,586)	-
Utilization of provisions for risks and charges	(434,199)	(302,016)
Other	38,435	264,212
Net cash flow from operations (A)	3,017,813	6,930,122
Cash Flow from Investing Activities		
(Purchase) of property, plant and equipment	(663,509)	(859,681)
(Purchase) of intangible fixed assets	(2,247,954)	(1,812,493)
Net cash flow from investing activities (B)	(2,911,463)	(2,672,174)
Cash Flow from Financing Activities		
Paid capital increases	2,336,715	641,940
Dividend distribution	(10,650,898)	(9,671,358)
Lease repayment	(633,007)	(534,575)
New medium- to long-term loans	2,293,686	245,664
(Repayment) medium- to long-term loans	(836,859)	(29,117)
Net cash flow from financing activities (C)	(7,490,362)	(9,347,447)
Total net cash flow (D=A+B+C)	(7,384,012)	(5,089,498)
Opening net cash (E)	13,472,439	18,561,937
Total net cash flow	(7,384,012)	(5,089,498)
Closing cash (G=D+E)	6,088,427	13,472,439

Statement of changes in equity

€/000	Reserves											Total reserves	Profit / (loss) for the period	Total equity
	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)				
Balance at January 1, 2023	1,228	238	13,771	7,544	-	79	424	969	100	-	24,354	6,368	30,722	
Allocation of the prior year's result		7	6,361								6,368	(6,368)	-	
Dividend distribution			(9,671)								(9,671)		(9,671)	
Exercise of stock options	21			791			(170)				642		642	
Granting of stock options							252				252		252	
Profit / (loss) of the comprehensive income statement:						(14)					(14)		- 14	
<i>Of which: Gains / (losses) from actuarial benefits</i>						(14)					(14)		(14)	
<i>Of which: Translation Reserve</i>											-		-	
Profit / (loss) for the year											-	11,934	11,934.37	
Balance at December 31, 2023	1,249	246	10,460	8,335	-	65	506	969	100	-	21,930	11,934	33,864	

€/000	Reserves											Total reserves	Profit / (loss) for the period	Total equity
	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)				
Balance at January 1, 2024	1,249	246	10,460	8,335	-	65	506	969	100	-	20,681	11,934	33,864	
Allocation of the prior year's result		4	11,930								11,934	(11,934)	-	
Dividend distribution			(10,651)								(10,651)		(10,651)	
Exercise of stock options	64			2,830			(557)				2,273		2,337	
Granting of stock options							84				84		84	
Profit / (loss) of the comprehensive income statement:						2					2		2	
<i>Of which: Gains / (losses) from actuarial benefits</i>						2					2		2	
<i>Of which: Translation Reserve</i>											-		-	
Profit / (loss) for the year											-	12,081	12,081	
Balance at December 31, 2024	1,313	250	11,739	11,165	-	67	33	969	100	-	24,323	12,081	37,717	

Explanatory Notes

1. General information

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

2. Accounting policies

Statement of compliance with IFRS

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

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

Preparation criteria

The financial statements of Powersoft S.p.A. at December 31, 2024 were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as well as with previous International Accounting Standards (IAS) and previous interpretations of the Standard Interpretations Committee (SIC) still in force and endorsed by the European Commission as of the reporting date.

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

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

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

The same accounting standards were used in preparing these financial statements as those used in the financial statements prepared at December 31, 2023.

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

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

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

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

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

These financial statements were approved by the Board of Directors on March 17, 2025.

Discretionary evaluations, accounting estimates, and significant assumptions

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

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

The main figures being estimated refer to the:

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

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

Management's subjective evaluations relevant to applying the Group's accounting standards and the main sources of estimation uncertainty were the same as those identified in the preparation of the consolidated financial statements for the year ended December 31, 2023.

Climate change effects

In line with the priorities outlined by the European Securities and Market Authority (ESMA) for the reporting year 2024, the Company has identified and evaluated the impact of any environmental risk factors.

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

- increasing sustainability reporting requirements;
- higher stakeholder expectations regarding the use of low-impact energy sources and the reduction of own CO₂ emissions (although, mention should be made that the Company is not subject to the ETS regulations on emission allowances, as it is not classified as a highly polluting entity);
- 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 due to the absence of production facilities in at-risk areas and considering the insurance coverage taken out, this risk has been assessed as currently low);
- lastly, among the risks associated with the transition to a more sustainable economy are reputational risks: failure to undertake a gradual process of decarbonization could adversely affect the Company's reputation and, consequently, its operating and financial performance.

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

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

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".

3. Accounting standards

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

Assets

Property, plant and equipment

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

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

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

The depreciation rates applied are as follows:

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

Other intangible assets

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

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

a) Concessions, licenses and trademarks

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

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

b) Patent and intellectual property rights

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

c) Development costs

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

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

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

Impairment losses on tangible and intangible fixed assets

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

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

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

Other non-current assets

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

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

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

Investments

Investments are measured at cost adjusted for impairment losses.

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

Inventory

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

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

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

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

Trade receivables

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

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

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

Other current assets

Other current assets mainly include accrued income and deferred expense.

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

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

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

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

Other financial assets

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

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

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

- 1) **Amortized cost**. Financial assets are recognized in this category when:
 - a) the contractual cash flows of the instrument are represented only by the payment of principal and interest (so-called "SPPI Test" passed); and
 - b) the business model adopted by the company requires the entity to hold the financial asset solely to collect contractual cash flows (HTC business model).

In this category, financial instruments are initially recognized at fair value, including transaction costs (i.e., marginal costs, defined as costs that would not have been incurred without the entity acquiring, issuing, or disposing of the instrument) and subsequently measured at amortized cost. Interest (calculated using the effective interest method as in former IAS 39), losses (and reversals of losses) due to impairment, foreign exchange gains/(losses), and gains/(losses) from elimination are recognized in profit/(loss) for the year.

- 2) **Fair Value Through Other Comprehensive Income (FVTOCI)**. Financial assets are recognized in this category when:
 - a) the contractual cash flows of the instrument are represented only by the payment of principal and interest (so-called "SPPI Test" passed); and
 - b) the business model adopted by the company requires the entity to hold the financial asset to both collect contractual cash flows and cash flows generated from the sale (HTC&S business model).

In this category, classified financial instruments are initially recognized at fair value, including transaction costs. Interest (calculated using the effective interest method as in former IAS 39), impairment losses/(gains), and foreign exchange gains/(losses) are recognized in net profit/(loss) for the year. Other changes in the fair value of the instrument are recognized in other comprehensive income (OCI). When the instrument is eliminated, all accumulated gains/(losses) at OCI will be reclassified to profit/(loss) for the year.

- 3) **Fair Value Through Profit Or Loss (FVTPL)**. Financial assets are classified in this category when:
 - a) the above criteria are not met; i.e.
 - b) in case the fair value option is exercised.Financial instruments classified in this category are initially and subsequently recognized at fair value. Transaction costs and changes in fair value are recognized in profit/(loss) for the year.

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

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

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

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

Cash and cash equivalents

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

Liabilities

Share capital and treasury shares

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

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

Financial liabilities

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

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

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

Employee benefits

Defined benefit and defined contribution plans

The company manages a defined benefit plan, represented by the provision for post-employment benefits ("TFR"). Post-employment benefits, mandatory for all Italian companies under Article 2120 of the Italian Civil Code, are deferred remuneration and are directly related to the employee's length of service in the company, and to the employee's actual remuneration received during their period of service. As of January 1, 2007, Law No. 296 of December 27, 2006, "2007 Budget Law", and subsequent decrees and regulations, introduced

major changes in the rules governing post-employment benefits, including the employee's choice as to whether to allocate their accruing post-employment benefits to supplementary pension funds or to the "Treasury Fund" managed by INPS. As a result, the obligation to INPS and the contributions to supplementary pension schemes, in accordance with IAS 19 "Employee Benefits", assumed the nature of defined contribution plans. However, the portions registered in the post-employment benefits provision at January 1, 2007, retained the nature of defined benefit plans.

Share-based payments (stock options)

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

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

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

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

Provisions for risks and charges

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

Allocations are recognized when:

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

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

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

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

Product warranty provision

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

Trade payables

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

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

Income tax payables

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

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

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

Statement of profit/(loss) for the year

Revenue recognition

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

The Company's revenue includes:

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

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

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

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

Sale of goods

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

Provision of services

Revenue from the provision of services is recognized when the service is completed.

Variable consideration

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

Cost of sales

This item includes expense directly incurred for direct and indirect production personnel, purchase of raw materials and production of finished products. The item also includes changes in inventory of finished

products, semi-finished products and raw materials, as well as transportation costs, customs duties, depreciation, allocations and other minor direct expense.

Business and marketing expense

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

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

General and administrative expense

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

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

Financial income and expense

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

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

Current and deferred tax

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

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

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

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

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

IFRS 16 - Leases

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

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

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

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

Transactions denominated in foreign currencies

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

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

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

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

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

The Company has applied for the first time a number of standards or amendments that are effective as of January 1, 2024. The Company has not adopted in advance any new standards, interpretations or amendments issued but not yet in force.

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 specify the requirements that a seller-lessor uses in determining the lease liability arising from a sale and lease back transaction to ensure that the seller-lessor does not account for a gain or loss that relates to the right of use it retains.

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

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

The amendments to IAS 1 specify the requirements for classifying a liability as current or non-current. The amendments clarify:

- What is meant by the right of subordination of the due date;

- That the right of subordination must exist at year end;
- Classification is not impacted by the probability that the entity may exercise its right of subordination;
- Only if a derivative embedded in a convertible liability is itself an equity instrument would the due date of the liability not impact its classification.

Additionally, a requirement was introduced to give disclosures when a liability arising from a loan agreement is classified as noncurrent and the entity's right of subordination is subject to compliance with covenants within twelve months.

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

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supply finance arrangements and require additional disclosures of such arrangements. The disclosure requirements introduced are intended to assist users of financial statements in understanding the effects of supply finance arrangements on an entity's liabilities and cash flows and its exposure to liquidity risk.

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

Standards issued but not yet in force

Standards and interpretations that had already been issued but were not yet in force at the date of preparation of the Company's separate financial statements are explained below. The Company intends to adopt these standards and interpretations, if applicable, when they come into effect.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which supersedes IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for the presentation of the income statement, including specific totals and subtotals. Additionally, entities will need to classify all costs and revenues in the income statement into four categories: operating, investing, financing, and income tax, as well as discontinued operations, with the first three categories being new.

The standard also requires disclosures based on the new definition of management-defined performance measures (MPMs), subtotals of costs and revenues, and includes new provisions for aggregating and disaggregating financial information based on the identified roles of "primary" financial statements (PFS) and notes.

Additionally, changes have been made to IAS 7 Statement of Cash Flows, which include modifying the starting point for determining cash flows from operations based on the indirect method - shifting from profit or loss to operating profit or loss - and removing the option to classify cash flows from dividends and interest. Additionally, consequential changes were made to multiple other accounting standards. IFRS 18, and the amendments to other standards, are effective for financial periods beginning on or after January 1, 2027, but early application is permitted subject to disclosure. IFRS 18 will apply retrospectively. The Company is currently working to identify the impacts that the amendments will have on its financial statements and notes to the financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to opt for a reduction in their disclosure requirements while continuing to apply the recognition, measurement and presentation requirements in the other IFRS accounting standards. To be eligible, at year-end, an entity must be a subsidiary as defined within IFRS 19, cannot have "public accountability" and must have a parent (either ultimate or intermediate) that prepares consolidated financial statements, available to the public, in accordance with IFRS accounting standards. IFRS 19 will become effective for financial periods beginning on or after January 1, 2027, but early application is permitted. As a listed company, the Company is not eligible for the application of IFRS 19.

Segment reporting

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

5. Notes to the financial statements of the Company

5.1 Property, plant and equipment

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

PROPERTY, PLANT AND EQUIPMENT	Land and buildings	Plant and equipment	Industrial and commercial equipment	Other tangible fixed assets	Total property, plant and equipment
Net amount at 31.12.2022	0	48	727	265	1,040
Increases	-	1	606	254	860
Decreases	-	-	-	-	-
Depreciation	(0)	(13)	(346)	(123)	(482)
Total changes	(0)	(13)	260	131	378
Historical cost	18	186	3,796	2,318	6,318
Depreciation fund	(18)	(150)	(2,809)	(1,923)	(4,900)
Net amount at 31.12.2023	-	36	987	395	1,417
Increases	-	3	573	85	661
Decreases	-	-	-	(31)	(31)
Depreciation	-	(10)	(430)	(113)	(552)
Total changes	-	(7)	143	(58)	78
Historical cost	18	188	4,369	2,372	6,948
Depreciation fund	(18)	(160)	(3,239)	(2,002)	(5,419)
Net amount at 31.12.2024	-	29	1,130	370	1,529

The total net amount of "Property, plant and equipment" is Euro 1,529 thousand, up from December 31, 2023. This change is attributable to the following main factors:

- expenditure amounting to Euro 573 thousand in industrial and commercial equipment, of which approximately Euro 401 thousand for new equipment and approximately Euro 172 thousand for the purchase of moulds for the development of new products;
- expenditure of Euro 85 thousand for other tangible fixed assets, of which approximately Euro 69 thousand Euro for electronic office machines;

It is acknowledged that for all assets under this category:

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

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

5.2 Assets from right of use

At December 31, 2024, the Company has a value of Rights of Use on leased property and cars of Euro 838 thousand.

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

ASSETS FROM RIGHT OF USE	Assets from right of use on vehicles	Assets from right of use on capital properties	Total assets from right of use
Net amount at 31.12.2022	-	417	417
Increases/decreases	139	1,206	1,345
Depreciation	(28)	(496)	(524)
Total changes	111	710	821
Historical cost	139	3,289	3,428
Depreciation fund	(28)	(2,162)	(2,190)
Net amount at 31.12.2023	111	1,127	1,238
Increases/decreases	242	-	242
Depreciation	(79)	(563)	(642)
Total changes	163	-	-
Historical cost	381	3,289	3,670
Depreciation fund	(106)	(2,726)	(2,832)
Net amount at 31.12.2024	275	563	838

5.3 Other intangible assets

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

OTHER INTANGIBLE ASSETS	Industrial patent and intellectual property rights	Concessions, licenses, trademarks and similar rights	Development costs	Other intangible assets	Total other intangible assets
Net amount at 31.12.2022	304	122	952	7	1,385
Increases	436	27	1,348	(0)	1,812
Decreases	-	-	-	-	-
Amortization	(313)	(12)	(1,080)	(7)	(1,412)
Total changes	123	16	269	(7)	400
Historical cost	3,500	219	8,066	351	12,137
Amortization fund	(3,073)	(81)	(6,846)	(351)	(10,351)
Net amount at 31.12.2023	427	138	1,221	-	1,785
Increases	518	22	1,708	-	2,248
Decreases	-	-	-	-	-
Amortization	(431)	(13)	(1,340)	-	(1,784)
Total changes	87	9	367	-	464
Historical cost	4,018	242	9,774	351	14,385
Amortization fund	(3,504)	(94)	(8,186)	(351)	(12,136)
Net amount at 31.12.2024	514	147	1,588	-	2,249

Net intangible assets amounted to Euro 2,249 thousand, up by Euro 464 thousand versus December 31, 2023. This change is mainly attributable to the following factors:

- capitalization of development costs for Euro 1,708 thousand;

- investments in industrial patent and intellectual property rights of Euro 518 thousand, mainly related to the purchase of new software amounting to Euro 427 thousand.

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

5.4 Deferred tax assets and deferred tax liabilities

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

Temporary differences	31.12.2024	31.12.2023	Change
IRES	534	570	(35)
IRAP	15	79	(65)
Total deferred tax assets	549	649	(100)
IRES	0	1	(1)
IRAP	-	-	-
Total deferred tax liabilities	0	1	(1)

Deferred tax assets	31.12.2024		31.12.2023	
	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
Provision for inventory obsolescence	1,081	302	1,173	327
Exchange differences			97	23
Warranty provision - IAS 37	847	236	905	253
Post-employment benefits - IAS 19	(77)	(25)	(159)	(24)
Unpaid fees to directors	150	36	290	70
Total deferred tax assets		549		649

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

Deferred tax liabilities	31.12.2024		31.12.2023	
	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
Exchange differences	-	-	2	1
Total deferred tax liabilities		-		1

5.5 Other non-current assets

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

Other non-current assets	31.12.2024	31.12.2023	Change
Security deposits	5	5	-
Other receivables	28	28	-
Total other non-current assets	33	33	-

5.6 Investments

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

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

Investments	Amount at 31.12.2024	Amount at 31.12.2023	Accumulated allowance for impairment	Change in net amount
Subsidiaries	46	1	(40)	45
Total investments	46	1	(40)	45

Controlling investments (100%) held at December 31, 2024 by Powersoft S.p.A. refer to Powersoft Advanced Technologies Corp. for the amount of Euro 783, a U.S. marketing company based in New Jersey, and to Ideofarm S.r.l..

Powersoft S.p.A., at December 31, 2024, also holds 100% of Ideofarm S.r.l., established in December 2015 with the aim of centralizing and enhancing the company's research and development activities with a view to future expansion.

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

Investments	Net amount at 31.12.2023	Changes in the year				Net amount at 31.12.2024	Allowance for impairment.
		Acquisitions/underwritings	Repayments	Write-downs/Write-backs	Other changes		
Investments in subsidiaries							
POWERSOFT ADVANCED TECHNOLOGIES CORP.	1	-	-	-	-	1	-
IDEOFARM SRL	-	-	-	-	45	45	(40)
Total	1	-	-	-	45	46	(40)

Investments	Registered office	Share capital	Profit / (loss) for the period	Equity at 31.12.2024	% of ownership	Relevant equity (a)	Carrying amount at 31.12.2023 (b)	Diff. (b) - (a)
Investments in subsidiaries								
POWERSOFT ADVANCED TECHNOLOGIES CORP.	Flanders, New Jersey - USA	1	450	1,541	100%	1,541	1	(1,540)
IDEOFARM SRL	Scandicci (FI)	20	(6)	9	100%	9	45	30

The figures above refer to the latest available accounts.

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

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

5.7 Inventory

The item is broken down as follows:

Inventory	31.12.2024	31.12.2023	Change
Raw and ancillary materials and consumables	6,065	5,316	749
Work in progress and semi-finished products	10,108	8,361	1,747
Finished products and goods	4,204	3,868	336
Total gross inventory	20,376	17,544	2,832
Prov. for inventory obsolescence	(1,081)	(881)	(200)
Net inventory	19,295	16,663	2,632

Inventory at December 31, 2024 is mainly attributable to raw materials amounting to Euro 6,065 thousand and semi-finished products amounting to Euro 10,108 thousand. The increase in inventory was 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. The peak reached on June 30, 2024 normalized during second half 2024.

Indeed, at December 31, 2024, the Company set aside an obsolescence provision of Euro 1,081 thousand to safeguard against any risks arising from the possible obsolescence and slow turnover of inventory, considering the potential for future utilization or realization. An allocation of Euro 200 thousand was recorded in the year.

5.8 Trade receivables

Trade receivables are detailed as follows:

Trade receivables	31.12.2024	31.12.2023	Change
Receivables from customers	10,388	10,287	100
Receivables from subsidiaries	2,658	2,573	85
Receivables from others	359	44	316
Invoices to issue	15	355	(340)
Advances	(355)	(410)	55
Total	13,065	12,850	216
Allowance for impairment	(173)	(173)	-
Total net allowance for impairment	12,893	12,677	216

Trade receivables, net of the allowance for impairment, amounted to Euro 12,893 thousand, up slightly by Euro 216 thousand versus the end of the prior year.

No allocations were deemed necessary for 2024, and no use of the allowance for impairment was necessary.

5.9 Income tax assets

Tax receivables are detailed as follows:

Income tax assets	31.12.2024	31.12.2023	Change
IRAP advances	29	-	29
Total	29	-	29

At December 31, 2024, this item amounted to Euro 29 thousand and represented an IRAP receivable from higher advance payments made during the year.

5.10 Other current assets

"Other current assets" is composed as follows:

Other current assets	31.12.2024	31.12.2023	Change
Security deposits	44	44	-
Other receivables from employees	0	1	(1)
Tax receivables	508	485	23
VAT receivables	544	3,871	(3,327)
Receivables from Subs. Tax Consolid.	-	-	-
Deferred expense	1,047	1,031	16
Accrued income	382	66	316
Total	2,525	5,498	(2,973)

The item is mainly composed of deferred expense, amounting to Euro 1,047 thousand, and is mainly accounted for costs to guarantee future production, insurance, licenses, and costs for trade fairs that have been incurred financially during the closing year or in prior years, but refer to one or more subsequent years.

This item also includes the VAT receivable claimed by the Company, generated mainly due to its status as a regular exporter. The amount is lower than in 2023 due to increased use of declarations of intent.

5.11 Other financial assets

Current financial assets consist of financial securities purchased by the Group as a form of investment of its excess liquidity. Specifically, these are units of funds, SICAVs and ETFs listed on regulated markets. These investments were recognized based on the requirements of IFRS 9 and measured at fair value (lev. 1) with a balancing entry in the income statement. The portfolio at December 31, 2023 amounted to Euro 5,833 thousand. The portfolio at December 31, 2023 amounted to Euro 5,541 thousand.

Other financial assets	31.12.2024	31.12.2023	Change
Portfolio securities	5,833	5,541	293
Total	5,833	5,541	293

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	5,833	-	-	5,833
Total	5,833	-	-	5,833

5.12 Cash and cash equivalents

The item is broken down as follows:

Cash	31.12.2024	31.12.2023	Change
Bank and postal deposits	6,086	13,471	(7,385)
Cash and cash on hand	2	1	1

Total	6,088	13,472	(7,384)
--------------	--------------	---------------	----------------

The balance represents cash and cash on hand outstanding at the date, free of encumbrances of any kind and freely usable at any time.

5.13 Equity

The changes that took place for the main items in equity are shown analytically in the table at the beginning of the notes to the financial statements. Below are the changes that took place in 2024 and 2023:

Equity	Balance at 01/01/24	Alloc. Profit (loss) at 31/12/23	Dividend distribution	Exercise of stock options	Share-based payments (stock options)	Profit / (loss) of the statement of comprehensive income:	Profit (loss) for the period 31/12/2024	Equity at 31/12/2024
Share capital	1,249	-	-	64	-	-	-	1,313
Legal reserve	246	4	-	-	-	-	-	250
Share premium reserve	8,335	-	-	2,830	-	-	-	11,165
Extraordinary reserve	10,460	11,930	(10,651)	-	-	-	-	11,739
FTA reserve	100	-	-	-	-	-	-	100
Reserve for actuarial gains/(losses) from employee benefits	65	-	-	-	-	2	-	67
Various other reserves	969	-	-	-	-	-	-	969
Stock options reserve	506	-	-	(557)	84	-	-	33
Retained earnings (losses carried forward)	-	-	-	-	-	-	-	0
Profit (loss) for the year	11,934	(11,934)	-	-	-	-	12,081	12,081
Total equity	33,864	0	(10,651)	2,337	84	2	12,081	37,717

The share capital at December 31, 2024 amounts to Euro 1,313 thousand, fully subscribed and paid up and consists of 12,535,062 shares with no par value.

In 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 1,313 thousand. As a result, the free float increased from 20.52% to 24.38%.

That said, the reserves include:

- the legal reserve of Euro 250 thousand;
- the share premium reserve of Euro 11,165 thousand;
- the extraordinary reserve of Euro 11,739 thousand;
- the negative reserve for actuarial gains/(losses) for employee benefits of Euro 67 thousand, including actuarial gains and losses from the actuarial valuation of post-employment benefits net of the related tax impacts;
- the reserve for the first-time adoption of the international accounting standards of Euro 100 thousand, which incorporates all the effects generated by the transition to IAS/IFRS;

5.14 Current and non-current financial liabilities

The item is broken down as follows:

Current and non-current financial liabilities	31.12.2024	31.12.2023	Change
Payables to other non-banking financial institutions (SIMEST)	392	593	(201)
Non-current financial liabilities from rights of use	176	649	(473)
Total non-current financial liabilities	568	1,242	(674)
Payables to Parent Companies	1,529	(0)	1,529
Payables to other non-banking financial institutions (SIMEST)	224	95	129
Current financial liabilities from rights of use	680	598	82
Total current financial liabilities	2,433	693	1,740

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

At December 31, 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 856 thousand, of which Euro 176 thousand classified as non-current liabilities and Euro 680 thousand as current liabilities.

At December 31, 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 April 30, 2025 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 year under review were as follows:

Current and non-current financial liabilities	31.12.2023	New contracts	Repayments	31.12.2024	Change
Payables to non-banking financial institutions (SIMEST)	688	-	(72)	616	(72)
Financial liabilities from rights of use	1,247	242	(633)	856	(391)
Financial payables to Parent Companies	(0)	2,294	(765)	1,529	1,529
Total current and non-current financial liabilities	1,935	2,536	(1,470)	3,001	1,066

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

	31/12/2024	31/12/2023
(A) Bank and postal deposits	6,087	13,471
(B) Cash	1	1
(C) AVAILABLE CASH (A+B)	6,088	13,472
(D) CURRENT FINANCIAL ASSETS	5,833	5,541
(E) Current bank payables		
(F) Other current financial liabilities	(2,433)	(693)
(G) CURRENT FINANCIAL DEBT (E+F)	(2,433)	(693)
(H) NET CURRENT FINANCIAL POSITION (C+D+G)	9,488	18,320
(I) Non-current bank payables	-	-
(L) Other non-current financial liabilities	(568)	(1,242)
(M) NON-CURRENT FINANCIAL DEBT (I+L)	(568)	(1,242)
(N) NET FINANCIAL POSITION (H+M)	8,921	17,078

5.15 Employee benefits

The post-employment benefits payable amounted to Euro 1,562 thousand and represents the company's actual liability at December 31, 2024 to employees in force at that date, net of advances paid and shown taking account of actuarial valuation.

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

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

Defined benefit obligations	31.12.2024	31.12.2023	Change
Defined benefit obligations at January 1	1,365	1,163	202
Service costs	221	188	33
Interest cost	47	44	3
Actuarial (gains) losses recognized in equity	(3)	19	(22)
Advances/utilization and other changes	(68)	(49)	(19)
Total	1,562	1,365	197

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:

	2024	2023
Annual discount rate	3.38%	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%	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	
Turnover rate +1%	1,570
Turnover rate -1%	1,553
Inflation rate +0.25%	1,587
Inflation rate -0.25%	1,538
Discount rate +0.25%	1,530
Discount rate -0.25%	1,595

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	235
Duration of the plan	13.4
Estimated future disbursements	
Disbursement 1st year	154
Disbursement 2nd year	152
Disbursement 3rd year	161
Disbursement 4th year	189
Disbursement 5th year	173

5.16 Provisions for risks and charges

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

Provisions for risks and charges	31.12.2023	Alloc.	Utilizations	31.12.2024	Of which short	Of which long
Product warranty provision	905	308	(367)	847	364	483
Total	905	308	(367)	847	364	483

Provisions for risks and charges amounted to Euro 847 thousand at December 31, 2024, and included only the allocations to the product warranty provision.

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

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

5.17 Trade payables

The item amounts to Euro 6,626 thousand and is detailed as follows:

Trade payables	31.12.2024	31.12.2023	Change
Payables to suppliers	6,026	15,284	(9,258)
Invoices to receive	1,686	1,643	43
Advances	(1,087)	(177)	(910)
Total	6,626	16,751	(10,125)

The Company's trade payables decreased versus the prior year mainly due to lower purchases in the second half of the year, along with a lower VAT burden due to increased use of declarations of intent, which positively impacted the change in payables to suppliers.

5.18 Income tax liabilities

Income tax payables are broken down as follows:

Income tax liabilities	31.12.2024	31.12.2023	Change
IRAP payable	-	256	(256)
IRES payable	4	3	1
Total	4	259	(255)

5.19 Other current liabilities

The item is broken down as follows:

Other current liabilities	31.12.2024	31.12.2023	Change
Payable to Parent Company for Tax Consolidation	120	1,631	(1,512)
IRPEF	207	182	26
Withholding tax	2	11	(9)

Accrued expense	470	845	(375)
Deferred income	277	260	17
Payables to social security institutions	508	420	88
Other payables	566	544	21
Total	2,150	3,894	(1,744)

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

Accrued expense, amounting to Euro 470 thousand, mainly includes the provision for the portion of bonuses to be paid to employees. Other payables include payables to employees for special paid leave and vacation pay.

5.20 Revenue from contracts with customers

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

Revenue Stream	At point in time/Over time	31.12.2024	31.12.2023	Change
Revenue Goods	At point in time	65,590	65,989	(400)
Revenue Spare Parts	At point in time	170	221	(51)
Revenue Services	At point in time	1,839	429	1,411
Total		67,599	66,640	960

The company's revenue from sales increased from Euro 66,640 thousand in the prior year to Euro 67,599 thousand. The growth versus the prior year was notably strong in the U.S. market, posting an increase of approximately 56% versus 2023. The breakdown of revenue from sales by geographical area is shown below:

Revenue by geographical area	31.12.2024	31.12.2023	Change
Europe	30,927	35,818	-4,891
North America (NAM)	23,141	14,874	8,267
Asia and Pacific (APAC)	9,819	12,675	-2,856
Middle East and Africa (MEA)	1,872	1,900	-28
Caribbean and South America (CALA)	1,839	1,371	468
Total	67,599	66,640	960

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

5.21 Other revenue and income

Details of other revenue are shown in the table below:

Other revenue and income	31.12.2024	31.12.2023	Change
Customer transportation recovery	31	38	(7)
Miscellaneous grants	505	297	208
Tax receivables	217	410	(193)
Other revenue	109	128	(20)
Total	862	874	(12)

The total of other revenue is Euro 862 thousand and includes under grants various benefits from regional and national subsidized finance instruments, while tax receivables mainly include the benefit from the R&D Receivable related to 2023 and 2024.

5.22 Cost of sales

The item is broken down as follows:

Cost of sales	31.12.2024	31.12.2023	Change
Purchases	36,117	41,526	(5,409)
Change in inventory	(2,832)	(7,850)	5,018
Alloc. prov. obsoles.	200	297	(97)
Utiliz. prov. obsoles.	-	(28)	28
Services	787	528	259
Transportation costs	490	463	27
Customs costs	123	133	(10)
Other costs	275	292	(17)
Direct structure costs	75	68	7
Personnel Costs and Expense	1,334	1,431	(97)
Amortization and depreciation	216	169	47
Total	36,785	37,029	(245)

At December 31, 2024, cost of sales amounted to Euro 36,785 thousand, basically in line versus the prior year, mainly due to the combined effect of the reduction in purchasing volumes, due to weaker demand that the Group was able to meet through the use of inventory in the warehouse, and the increase in personnel and production equipment costs.

5.23 Increases for internal work

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

Increases for internal work	31.12.2024	31.12.2023	Change
Increases for internal work	1,708	1,349	359
Total	1,708	1,349	359

At December 31, 2024, capitalized development costs amounted to Euro 1,708 thousand, an increase of Euro 359 thousand versus the prior year, confirming the Company's constant commitment to research and development activities.

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

5.24 Business and marketing expense

The item is broken down as follows:

Business and marketing expense	31.12.2024	31.12.2023	Change
Consulting	481	438	43
Fairs and Exhibitions	354	501	(147)
Advertising & Marketing	219	347	(128)

Sales commissions	354	293	60
Other business expense	175	192	(18)
Personnel expense	2,246	1,955	291
Travel	495	404	91
Allocations	308	542	(234)
Amortization and depreciation	4	14	(9)
Total	4,635	4,686	(51)

Business and marketing expense at December 31, 2024 amounted to Euro 4,635 thousand, basically in line versus the prior year.

5.25 General and administrative expense

The balance is shown in the table below:

General and administrative expense	31.12.2024	31.12.2023	Change
Consulting	1,737	1,218	519
Rents and service expense	6	71	(65)
Travel	132	120	11
Repairs and maintenance	82	115	(34)
Consumption expense	202	166	35
Product certification	109	98	11
Insurance	258	193	65
Training	65	38	26
Consumables and prototype development	294	287	7
Fees to Statutory Auditors	31	29	2
Personnel expense	4,765	4,139	626
Fees to Directors	887	997	(110)
Other defined employee benefits	344	338	6
FV stock options	84	252	(168)
Amortization and depreciation	2,758	2,235	523
Other expense	865	492	373
Total	12,617	10,789	1,827

The item mainly relates to:

- consulting services for Euro 1,737 thousand, consisting mostly of business consulting services amounting to Euro 1,530 thousand, recruiting amounting to Euro 79 thousand and fees for the Independent Auditors amounting to Euro 54 thousand.
- other expense for Euro 865 thousand, which mainly includes IT fees of Euro 620 thousand, an increase of Euro 259 thousand.

5.26 Financial income and expense

Details of financial income are shown in the table below:

Financial income	31.12.2024	31.12.2023	Change
Interest income	76	110	(34)

Exchange rate gains	591	384	207
Write-backs of financial assets at fair value	296	327	(31)
Total	963	821	142

Details of financial expense are shown in the table below:

Financial expense	31.12.2024	31.12.2023	Change
Interest expense	70	67	2
Interest expense on leases	43	13	30
Exchange rate losses	203	604	(400)
Sundry financial expense	12	0	12
Write-downs of financial assets at fair value	4	21	(17)
Total	332	705	(374)

Financials closed with a positive Euro 632 thousand, improving from Euro 116 thousand in the prior year, mainly due to the positive effect of the revaluation of financial assets and the positive impact of foreign exchange gains and losses.

5.27 Tax

The table below shows the details of income tax:

Tax	31.12.2024	31.12.2023	Change
Current tax:			
IRES			
IRAP	3,982	3,903	79
Prior-years' tax	684	728	(43)
Deferred tax assets and liabilities:			
IRES	22	(69)	92
IRAP	(6)	(22)	17
Prior-years' tax	-	-	-
Total	4,683	4,539	144

Reconciliation of actual tax burden	31.12.2024	31.12.2023
Profit (loss) before tax	16,764	-
Theoretical tax burden (tax rate 27.9%)	4,677	-
Reconciliation:		
Non-deductible expense and non-taxable income	6	4,539
Current tax prior years		
Other		
Actual tax	4,683	4,539

5.28 Personnel expense

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

Personnel expense	31.12.2024	31.12.2023	Change
Wages and salaries	5,847	5,133	715

Social security expense	1,681	1,477	204
Post-employment benefits	346	309	36
Fees to Directors	783	900	(117)
Pension expense	166	154	12
Other defined employee benefits	449	489	(40)
FV stock options	84	252	(168)
Travel	498	380	118
Total	9,853	9,093	760

Personnel expense in 2024 amounted to Euro 9,853 thousand, increasing by Euro 760 thousand versus 2023, mainly due to the increase in headcount and international travel.

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

Headcount	2024	2023	Change
Executives	2	2	-
Managers	15	14	1
Employees and similar	112	95	17
Workers	20	15	5
Interns	0	0	-
Directors	6	6	-
Total	155	132	23

The table below shows the reclassification of personnel expense by purpose:

Personnel expense	31.12.2024	31.12.2023	Change
Cost of sales	1,143	1,033	111
Business and marketing expense	2,472	2,230	242
General and administrative expense	6,238	5,830	408
Total	9,853	9,093	760

5.29 Amortization, depreciation and allocations

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

Amortization and depreciation	31.12.2024	31.12.2023	Change
Amortization of intangible fixed assets	1,784	1,412	372
Depreciation of tangible fixed assets	552	482	70
Depreciation from right of use	642	524	119
Total	2,978	2,418	561

Amortization of other intangible assets mainly refers to Euro 444 thousand for the amortization of software, patents and concessions, and Euro 1,340 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 346 thousand. Depreciation from right of use, following application of IFRS 16 Leases, regards the depreciation of leased property and leased motor vehicles for Euro 642 thousand. The depreciation period starts from the year of asset registration by right of use.

Allocations	31.12.2024	31.12.2023	Change
Allocation to the provision for inventory obsolescence	200	297	(97)
Allocation to the product warranty provision	308	542	(234)
Total	508	839	(331)

The Company has set aside a product warranty provision of Euro 308 thousand in anticipation of any costs required to fulfill contractual warranty commitments regarding goods invoiced at the date of these consolidated financial statements.

The Company also set aside an obsolescence provision of Euro 200 thousand to safeguard against any risks arising from the possible obsolescence and slow turnover of inventory, considering the potential for future utilization or realization.

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

Amortization and depreciation	31.12.2024	31.12.2023	Change
Cost of sales	216	169	47
Business and marketing expense	4	14	(9)
General and administrative expense	2,758	2,235	523
Total	2,978	2,418	561

Allocations	31.12.2024	31.12.2023	Change
Cost of sales	200	297	(97)
Business and marketing expense	308	542	(234)
General and administrative expense	-	-	-
Total	508	839	(331)

6. Information on financial risks

6.1 Financial risk management

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

- credit risk;
- liquidity risk;
- market risk, specifically interest rate and exchange rate risk.

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

Credit risk

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

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

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

Financial and business exposure	31.12.2024	31.12.2023	Change
Other non-current assets	33	33	-
Allowance for impairment	-	-	-
Other non-current assets net of allowance for impairment	33	33	(0)
Trade receivables	13,065	12,850	216
Allowance for impairment	(173)	(173)	-
Trade receivables net of allowance for impairment	12,893	12,677	216
Other current assets	2,525	5,498	(2,973)
Allowance for impairment	-	-	-
Other current assets net of allowance for impairment	2,525	5,498	(2,973)
Other financial assets	5,833	5,541	293
Allowance for impairment	-	-	-
Other financial assets net of allowance for impairment	5,833	5,541	293
Cash and cash equivalents	6,088	13,472	(7,384)
Total exposure net of allowance for impairment	27,372	37,221	(9,849)

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

Receivables at 31.12.2024	Carrying amount	By overdue date				
		Not overdue	0-90 d	91-180 d	181-360 d	Over 360 d
Receivables from subsidiaries	2,658	1,791	867	-	-	-
Receivables from third parties	10,388	7,930	2,106	97	55	200
Advances	(355)	-	-	-	-	-
Other receivables	375	375	-	-	-	-
Current financial assets	5,833	-	-	-	-	-
Receivables from financial institutions	-	-	-	-	-	-
Other	2,557	2,557	-	-	-	-
Total	21,456	12,653	2,973	97	55	200
Allowance for impairment	(173)					(173)

Receivables at 31.12.2023	Carrying amount	By overdue date				
		Not overdue	0-90 d	91-180 d	181-360 d	Over 360 d
Receivables from subsidiaries	2,573	1,020	1,553	-	-	-
Receivables from third parties	10,287	7,291	2,665	137	2	193
Advances	(410)	-	-	-	-	-
Other receivables	399	399	-	-	-	-
Current financial assets	5,541	-	-	-	-	-
Receivables from financial institutions	-	-	-	-	-	-
Other	5,531	5,531	-	-	-	-
Total	23,921	14,241	4,217	137	2	193
Allowance for impairment	(173)					(173)

Liquidity risk

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

The contractual maturities of financial liabilities at December 31, 2024 and December 31, 2023, shown before interest payable, are shown in the table below:

Payables and liabilities at 31.12.2024	Carrying amount	Maturity		
		Within one year	2-5 y	Over 5 y
Fin. payab. towards other non-banking financial inst. (A)	616	224	392	-
Financial liabilities from leases (B)	856	680	176	-
Payables to Parent Companies (C)	1,529	1,529	-	-
Tot. financial liabilities (A+B+C)	3,001	2,433	568	-
Trade payables (D)	6,626	6,626	-	-
Total (A+B+C+D)	9,627	9,059	568	-

Payables and liabilities at 31.12.2023	Carrying amount	Maturity		
		Within one year	2-5 y	Over 5 y
Fin. payab. towards other non-banking financial inst. (A)	688	95	593	-
Financial liabilities from leases (B)	1,247	598	649	-
Tot. financial liabilities (A+B)	1,935	693	1,242	-
Trade payables (C)	16,751	16,751	-	-
Total (A+B+C)	18,686	17,444	1,242	-

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, which can result from fluctuations in exchange rates, interest rates, or equity instrument prices. In the course of its operational activities, the Company faces various market risks.

Primarily, it is exposed to the risk of interest rate fluctuations, and to a lesser extent, to the risk of exchange rate fluctuations. Market risk management aims to maintain the company's exposure to market risk within acceptable limits while maximizing investment returns. This risk is further broken down into the following components: interest rate risk and exchange rate risk, as detailed below.

Interest rate risk

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

Exchange rate risk

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

6.2 Capital management

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

7. Disclosure of financial instruments

7.1 Categories of financial assets and liabilities

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

Financial assets and liabilities

Classification under IFRS 9	31.12.2024		31.12.2023	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial assets at fair value through profit or loss	5,866	5,866	5,573	5,573
Amortized cost **	15,417	15,417	18,175	18,175
Financial assets at fair value through O.C.I.	-	-	-	-
TOTAL	21,283	21,283	23,748	23,748

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

** Refers to Other current assets and Trade receivables.

Classification under IFRS 9	31.12.2024		31.12.2023	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Other financial liabilities measured at amortized cost *	11,777	11,777	22,580	22,580
Financial liabilities at fair value through profit or loss	-	-	-	-
TOTAL	11,777	11,777	22,580	22,580

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

8. Related party transactions

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

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

Related party transactions	31.12.2024	31.12.2023
Fees to the Board of Directors and Key Management Personnel	1,266	1,477
Fees to the Board of Statutory Auditors	30	29
Total fees	1,296	1,506

Other related party transactions

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

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

Related party transactions	31.12.2024					
	Receivables	Payables	Costs	Revenue	Guarantees	Commitments
Subsidiaries						
Ideofarm S.r.l.	45	-	-	-	-	-
Powersoft Advanced Tech. Corp. (USA)	2,781	209	209	10,157	-	-
Other companies						
Bluesky Immobiliare S.r.l.	-	-	503	-	-	2,283
Total	2,826	209	712	10,157	-	2,283

It should be noted that the Parent Company has certain outstanding commitments towards Bluesky Immobiliare S.r.l. regarding the above lease contracts. Specifically, in the event of default by said company, Powersoft has committed to take over for the lease contracts. At December 31, 2024, total exposure on these guarantees amounted to Euro 2,283 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 April 30, 2025. The deferment was granted at normal market conditions.

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

Stock option plan 21-23

On April 29, 2021, the Company's Ordinary Shareholders' Meeting approved the "2021-2023 Incentive Plan" (the "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, which can be subscribed until December 2027.

Stock option plan 18-20

On May 30, 2018, the Company's Ordinary Shareholders' Meeting had 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 had then 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 had approved a divisible capital increase of Euro 80 thousand through issuance of up to 764,000 shares with no par value, which could be subscribed until December 19, 2024.

9. Fees to the Independent Auditors

Pursuant to Article 37, par. 16 of Legislative Decree No. 39/2010, and letter 16bis of Article 2427 of the Italian Civil Code, the amount of fees due to the Independent Auditors for the statutory audit of the separate financial statements and the limited audit of the consolidated half-year report is Euro 51 thousand.

10. Guarantees and commitments

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

11. Events after year end

On **February 20, 2025**, Powersoft S.p.A. announced that it had signed a binding investment agreement to acquire from H.P. Sound Equipment S.p.A. 51% of the share capital of K-Array S.r.l., a company specialized in the design and manufacture of innovative high-performance, compact design audio systems for a wide range of applications. The Agreement also envisaged the mutual granting of call and put options in favor of Powersoft and HP Sound, respectively, on the remaining 49% of K-Array's share capital. The closing of the transaction is, to date, expected by March 2025.

The acquisition represents the logical development of a long-established "supplier-customer" partnership between two companies that share common values: technological innovation, excellence, creativity, design, customer focus, and product quality. The goal of the transaction is to leverage their complementary strengths, boosting competitiveness and fostering growth, while preserving their distinct identities and operational autonomy within a shared growth plan. Currently, Powersoft is set to continue its mission as a global technology provider, while K-Array will maintain its unique positioning in the high-end audio speaker industry.

By combining its know-how in amplification systems, signal processing, and transducers with K-Array's expertise in compact, high-performance loudspeaker engineering and design, Powersoft will be able to accelerate its expansion and strengthen its position by offering innovative, efficient, and uniquely designed audio systems. These systems will meet the growing demands for quality, reliability, and space optimization, with a special focus on the automotive and modern transportation systems industries.

The acquisition of K-Array also represents a significant dimensional leap for Powersoft Group, which, based on the operating-financial figures from the financial statements at December 31, 2023, achieves an estimated pro-forma aggregate turnover of approximately Euro 88 million, with an estimated pro-forma EBITDA nearing Euro 24 million, counting on approximately 300 professionals, among the most experienced in the industry.

See the press release issued on February 20 for more details on the transaction.

12. Proposed allocation of profit

Considering that the net profit resulting from Powersoft's financial statements at December 31, 2024 is Euro 12,080,918 and that, in accordance with Article 2430 of the Italian Civil Code, at least one-twentieth of the annual net profit must be allocated to the legal reserve until one-fifth of the share capital is reached, the proposal is to allocate:

- (i) Euro 12,758.33 to the Legal Reserve, upon reaching one-fifth of the share capital;
- (ii) Euro 0.82 per share, before withholding tax, to the distribution of a dividend to shareholders for each share outstanding on the ex-dividend date set on July 28, 2025, excluding treasury shares held by the Company on such date, with payment on July 30, 2025 and with the entitlement date for payment of the dividend, pursuant to Article 83-terdecies of Legislative Decree No. 58 of February 24, 1998, on July 29, 2025. The total payout of the dividend, taking into account the shares outstanding to date (12,535,062), is estimated at Euro 10,278,751;
- (iii) the remainder to the Extraordinary Reserve.

Scandicci, March 17, 2025

Luca Lastrucci - C.E.O.



Powersoft S.p.A.

Bilancio d'esercizio al 31 dicembre 2024

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



Shape the future
with confidence

EY S.p.A.
Piazza della Libertà, 9
50129 Firenze

Tel: +39 055 552451
Fax: +39 055 5524850
ey.com

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

Agli azionisti della
Powersoft S.p.A.

Relazione sulla revisione contabile del bilancio d'esercizio

Giudizio

Abbiamo svolto la revisione contabile del bilancio d'esercizio della Powersoft S.p.A. (la "Società"), costituito dalla situazione patrimoniale-finanziaria al 31 dicembre 2024, dal prospetto dell'utile/(perdita), dal conto economico complessivo, dal prospetto delle variazioni del patrimonio netto, dal rendiconto finanziario per l'esercizio chiuso a tale data e dalle note al bilancio che includono le informazioni rilevanti sui principi contabili applicati.

A nostro giudizio, il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Società al 31 dicembre 2024, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data, in conformità ai principi contabili IFRS emanati dall'International Accounting Standards Board e adottati dall'Unione Europea.

Elementi alla base del giudizio

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

Responsabilità degli amministratori e del collegio sindacale per il bilancio d'esercizio

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

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



Shape the future
with confidence

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

Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio

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

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

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



Shape the future
with confidence

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

Relazione su altre disposizioni di legge e regolamentari

Giudizi e dichiarazione ai sensi dell'art. 14, comma 2, lettera e), e-bis) ed e-ter) del D. Lgs. 27 gennaio 2010, n. 39

Gli amministratori della Powersoft S.p.A. sono responsabili per la predisposizione della relazione sulla gestione della Powersoft S.p.A. al 31 dicembre 2024, inclusa la sua coerenza con il relativo bilancio d'esercizio e la sua conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di:

- esprimere un giudizio sulla coerenza della relazione sulla gestione con il bilancio d'esercizio;
- esprimere un giudizio sulla conformità alle norme di legge della relazione sulla gestione;
- rilasciare una dichiarazione su eventuali errori significativi nella relazione sulla gestione.

A nostro giudizio, la relazione sulla gestione è coerente con il bilancio d'esercizio della Powersoft S.p.A. al 31 dicembre 2024.

Inoltre, a nostro giudizio, la relazione sulla gestione è redatta in conformità alle norme di legge.

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

Firenze, 31 marzo 2025

EY S.p.A.

Lapo Ercoli
(Revisore Legale)

Relazione del Collegio Sindacale all'Assemblea degli Azionisti, sul Bilancio al 31 Dicembre 2024, di esercizio e consolidato, ai sensi dell'art. art. 2429, comma 2, c.c.

Agli Azionisti di Powersoft S.p.A.

Signori Azionisti,

1. Premessa

Il Collegio Sindacale di Powersoft S.p.A. (di seguito anche "Powersoft" o "Società") ai sensi dell'art. 2429, comma 2, Codice Civile, è chiamato a riferire all'Assemblea degli Azionisti convocata per l'approvazione del bilancio al 31 Dicembre 2024, sull'attività di vigilanza svolta nel corso dell'esercizio nell'adempimento dei propri doveri, sulle omissioni e sui fatti censurabili eventualmente rilevati e sui risultati dell'esercizio sociale, oltreché a formulare proposte in ordine al Bilancio, all'approvazione dello stesso, e alle materie di propria competenza.

Si ricorda che la Società è quotata presso Borsa Italiana S.p.A. al mercato EURONEXT GROWTH MILAN (già AIM ITALIA).

Nel corso dell'esercizio chiuso al 31 dicembre 2024 e sino alla data odierna, il Collegio Sindacale ha effettuato l'attività di vigilanza attenendosi a quanto previsto dalla legge, tenuto conto dei principi di comportamento raccomandati dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili, delle disposizioni CONSOB in materia di controlli societari, nonché delle previsioni contenute nell'art. 19, D.lgs. 39/2010.

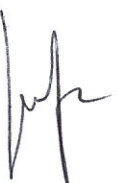
Il bilancio d'esercizio e il bilancio consolidato della Società sono stati redatti in base ai principi contabili internazionali IAS/IFRS emessi dall'International Accounting Standards Board (IASB) e omologati dall'Unione Europea, nonché conformemente ai provvedimenti emanati dalla CONSOB in attuazione dell'art. 9, comma 3, D. Lgs. 38/2005, ed alle ulteriori successive modifiche normative e regolamentari.

Nelle note illustrative di bilancio sono descritti dettagliatamente i principi generali adottati nella redazione del bilancio stesso.

Il Collegio Sindacale ha acquisito le informazioni strumentali allo svolgimento dei compiti di vigilanza ad esso attribuiti mediante la partecipazione alle riunioni del Consiglio di Amministrazione e dei Comitati costituiti (anche in forma monocratica) nell'ambito del Consiglio di Amministrazione, con audizioni del *management* della Società, con informazioni acquisite dalle competenti strutture aziendali, nonché con ulteriori attività di controllo.

2. Nomina ed indipendenza del Collegio Sindacale

Il Collegio Sindacale è stato nominato dall'Assemblea degli Azionisti del 27 Aprile 2023 ed è composto da Luigi Fazzini (Presidente), Marcello Braglia e Federica Menichetti



(Sindaci effettivi), nonché da Paolo Limberti e Massimiliano Manfredi (Sindaci supplenti), che resteranno in carica fino alla data della prossima Assemblea che delibererà sul bilancio al 31 Dicembre 2025.

Il Collegio Sindacale, all'atto della nomina ha verificato la sussistenza del requisito di indipendenza, monitorandone la permanenza, nel corso del proprio ufficio.

3. Attività di vigilanza e controllo del Collegio Sindacale

Il Collegio Sindacale, nel corso dell'esercizio 2024, ha svolto la propria attività di vigilanza in ottemperanza alle regole espresse dall'art. 2403 Codice Civile, dell'art. 19, D. Lgs. 39/2010, nonché alle raccomandazioni della CONSOB in materia di controlli societari e attività del Collegio Sindacale, ed ai principi di comportamento del Collegio Sindacale emanati dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili. Nella redazione della presente Relazione si è tenuto altresì conto delle comunicazioni CONSOB aventi ad oggetto il contenuto delle relazioni dei Collegi sindacali delle società con azioni quotate in borsa alle Assemblee degli Azionisti.

Il Collegio Sindacale ha pertanto programmato le proprie attività alla luce del quadro normativo di riferimento, nonché dando corso alle verifiche ritenute di volta in volta più opportune in relazione alle dimensioni strutturali della società e alla natura e alle modalità di perseguimento dell'oggetto sociale.


L'esercizio dell'attività di controllo è avvenuto in particolare, anche attraverso:

- incontri periodici con gli amministratori e i responsabili delle funzioni aziendali, organizzati al fine di acquisire le informazioni e i dati di volta in volta utili e opportuni;
- la partecipazione alle riunioni di Consiglio di Amministrazione, dell'Assemblea degli azionisti e dei Comitati costituiti;
- lo scambio informativo periodico con la società di revisione, e con l'Organismo di Vigilanza ex L.231/2001 anche in ossequio a quanto previsto dalla vigente normativa.

Il Collegio Sindacale ha, inoltre, svolto le proprie attività con un approccio *risk based* finalizzato ad individuare e valutare gli eventuali elementi di maggiore criticità con una frequenza di intervento graduato secondo la rilevanza del rischio percepito.

Pertanto, nell'ambito delle sue funzioni di vigilanza il Collegio Sindacale:

- rileva che nel corso dell'esercizio gli organi sociali si sono riuniti:
 - 1 (una) volta l'Assemblea degli Azionisti;
 - 8 (otto) volte il Consiglio di Amministrazione, durante i quali il Collegio Sindacale ha potuto essere informato sull'attività svolta e sulle operazioni di maggior rilievo economico, patrimoniale e finanziario poste in essere dalle società del Gruppo;
 - 4 (quattro) volte il Comitato Parti Correlate;



- 6 (sei) volte il Collegio Sindacale stesso per l'attività di vigilanza presso la sede della società, nonché numerose sessioni, anche in "conference call", o presso lo studio del Presidente per l'esame di documenti di interesse, acquisiti durante le verifiche sindacali, e per la redazione della Relazione di cui all'art. 2429 co. 3 c.c.;
- ha partecipato a tutte le suddette riunioni vigilando sul rispetto delle norme statuarie, legislative e regolamentari che disciplinano il funzionamento degli organi della Società, nonché il rispetto dei principi della corretta Amministrazione.
- ha di volta in volta accertato che le decisioni adottate fossero a loro volta conformi alla legge e allo statuto sociale, che non evidenziassero potenziali conflitti di interesse con la società, che non fossero manifestamente imprudenti, azzardate, atipiche, inusuali o tali da compromettere l'integrità del patrimonio sociale. Limitatamente alle delibere del Consiglio di Amministrazione, si è altresì verificato che le medesime non fossero in contrasto con le decisioni assunte dall'Assemblea degli Azionisti.
- rileva che con la periodicità prevista dalla legge, gli Amministratori hanno fornito adeguate informazioni sull'attività complessivamente svolta dalla Società e dalle società controllate. Le informazioni di volta in volta fornite al Collegio Sindacale hanno avuto ad oggetto i vari settori in cui la società ha operato e le operazioni che hanno avuto un maggior rilievo economico, patrimoniale e finanziario, e che sono illustrate anche nella relazione sulla gestione cui il Collegio fa espresso riferimento.
- ha vigilato, per quanto di competenza, sull'adeguatezza della struttura organizzativa della Società e sul rispetto dei principi di corretta amministrazione, tramite osservazioni dirette, raccolta di informazioni dai responsabili di alcune funzioni aziendali e incontri, con la società di revisione EY S.p.A. (nel prosieguo "EY" o "Società di Revisione") nell'ambito di un reciproco scambio di dati ed informazioni rilevanti;
- ha valutato e vigilato sull'adeguatezza del sistema di controllo interno e del sistema amministrativo e contabile, nonché sull'affidabilità di quest'ultimo a rappresentare correttamente i fatti di gestione, attraverso le informazioni dei responsabili delle rispettive funzioni, l'esame dei documenti aziendali, l'esecuzione di taluni test, e l'analisi dei risultati del lavoro svolto dalla Società di Revisione;
- ha vigilato sull'adeguatezza del flusso reciproco di informazioni tra la Società e le sue controllate ai sensi dell'art. 114, comma 2, D.lgs. 58/1998.

4. Attività di vigilanza ed informativa richiesta dal Testo Unico della Revisione Legale

Ai sensi dell'art. 19, D.lgs. 39/2010 (Testo Unico della Revisione Legale), il Collegio Sindacale è chiamato a vigilare:

- sul processo di informativa finanziaria;
- sull'efficacia dei sistemi di controllo interno e di gestione del rischio;



- sulla revisione legale del bilancio d'esercizio e del bilancio consolidato;
- sull'indipendenza della Società di Revisione, in particolare per quanto concerne l'adeguatezza della prestazione di servizi diversi dalla revisione alla Società.

4.a) Processo di informativa finanziaria

Il Collegio Sindacale ha vigilato sull'esistenza di norme e procedure relative al processo di formazione e diffusione delle informazioni finanziarie.

Il Collegio Sindacale dà atto di aver ricevuto adeguate informazioni sull'attività di monitoraggio dei processi aziendali ad impatto amministrativo-contabile nell'ambito del sistema del controllo interno effettuata sia nel corso dell'anno in relazione ai resoconti periodici sulla gestione sia in fase di chiusura dei conti per la predisposizione del bilancio d'esercizio e del bilancio consolidato.

L'adeguatezza del sistema amministrativo-contabile è stata valutata anche mediante l'acquisizione di informazioni dei responsabili delle rispettive funzioni (e successiva effettuazione di test) e l'analisi dei risultati del lavoro svolto dalla Società di Revisione.

4.b) Efficacia dei sistemi di controllo interno e di gestione del rischio

Il Collegio Sindacale ha valutato e vigilato sull'adeguatezza del controllo interno e sull'efficacia dei sistemi di controllo interno e di gestione del rischio.

Il Collegio Sindacale dà atto di aver verificato le attività maggiormente rilevanti svolte dal complessivo sistema di controllo interno e di gestione dei rischi tramite apposito scambio di informazioni (e successiva effettuazione di test) con tutte le funzioni preposte.

Nella Relazione sulla Gestione sono elencati i principali rischi identificati, monitorati e gestiti.

A seguito dell'attività svolta nel periodo, come sopra dettagliata, il Collegio Sindacale esprime valutazione positiva in ordine all'adeguatezza del Sistema di controllo interno e gestione dei rischi. Il tutto anche in relazione all'analisi dei rischi, ed ai compiti attribuiti al Collegio, in ordine alla normativa sulla c.d. "Crisi di impresa", di cui si è costantemente dato atto nelle verifiche periodiche.

4.c) Rapporto con la Società incaricata della revisione legale del bilancio d'esercizio e del bilancio consolidato e verifica della relativa indipendenza

Nel corso dell'esercizio sono stati intrattenuti regolari e collaborativi rapporti con la società di revisione EY S.p.A., incaricata dall'assemblea degli azionisti della revisione legale del Bilancio di Esercizio fino all'approvazione del Bilancio chiuso al 31 dicembre 2025, nell'ambito del reciproco scambio di dati ed informazioni.

Il Collegio Sindacale dà atto che:



- La Società di Revisione ha eseguito i controlli previsti dalle norme applicabili e negli incontri periodici con il Collegio Sindacale non ha evidenziato fatti e/o rilievi tali da essere riportati nella presente Relazione, ed ha altresì emesso la propria relazione priva di rilievi, nella stessa data della presente relazione;
- Il Collegio Sindacale ha vigilato sulla revisione dei conti annuali e consolidati, informandosi e confrontandosi con la Società di Revisione;

In particolare, sono state illustrate al Collegio tutte le principali fasi dell'attività di revisione, ivi compresa l'individuazione delle aree di rischio con descrizione delle relative procedure adottate.

Il Collegio Sindacale ha vigilato sull'indipendenza della società di revisione EY S.p.A., verificando la natura e l'entità dei servizi diversi dal controllo contabile con riferimento alla Società ed alle società controllate.

In base alle informazioni acquisite, non risultano nell'esercizio conferiti incarichi a soci, agli amministratori, ai componenti degli organi di controllo e ai dipendenti della Società di revisione stessa e delle società da essa controllate o ad essa collegate.

Alla luce di quanto indicato, il Collegio Sindacale ritiene che sussista il requisito di indipendenza della Società di Revisione.

5. Operazioni ed eventi di particolare rilevanza

Sulla base delle informazioni acquisite e delle analisi condotte nell'attività di vigilanza, il Collegio Sindacale conferma quanto gli amministratori hanno esposto nella loro relazione sulla gestione, e negli altri atti componenti il Bilancio d'esercizio al 31/12/2024, al riguardo dei fatti di rilievo avvenuti sia nel corso dell'esercizio 2024 che nei primi mesi dell'esercizio 2025.

6. Operazioni infragruppo o con parti correlate

Per quanto riguarda le operazioni effettuate nell'ambito del Gruppo e con parti correlate, gli Amministratori hanno fornito nella relazione sulla gestione e nelle note al bilancio d'esercizio e al bilancio consolidato specifiche e puntuali informazioni, segnalando in particolare che la Società ha intrattenuto, a normali condizioni di mercato, rapporti con altre società del Gruppo e/o con altri soggetti definiti parti correlate dalle disposizioni vigenti.

Per quanto riguarda le operazioni infragruppo, gli Amministratori nella relazione sulla gestione e nelle note al bilancio d'esercizio e al bilancio consolidato hanno indicato le caratteristiche dei rapporti commerciali e finanziari con le società controllate e collegate.



7. Irregolarità, fatti censurabili, denunce ex art. 2408 - 2409 Codice Civile, operazioni atipiche e/o inusuali

A seguito dell'attività di vigilanza e controllo svolta nell'esercizio, il Collegio Sindacale può attestare che:

- nel corso dell'attività svolta, non sono emerse omissioni, irregolarità né fatti censurabili o comunque significativi tali da richiederne la segnalazione agli organi di controllo e menzione nella presente Relazione;
- non sono pervenuti al Collegio Sindacale denunce ai sensi degli artt. 2408 - 2409 del Codice Civile né esposti da parte di terzi;
- non sono state individuate operazioni né con terzi, né infragruppo e/o con parti correlate tali da evidenziare profili di atipicità o di inusualità, per contenuti, natura, dimensioni e collocazione temporale.

8. Attività di vigilanza in relazione al bilancio di esercizio e al bilancio consolidato

Il Bilancio d'esercizio della Società e il Bilancio consolidato del Gruppo, redatti dall'organo amministrativo ai sensi di legge, sono stati da questo regolarmente comunicati al Collegio Sindacale unitamente alla Relazione degli Amministratori sull'andamento della gestione in data 17 marzo 2025, nei termini di legge, in occasione del Consiglio di Amministrazione tenutosi in tale data per l'approvazione dei rendiconti annuali.

Il bilancio consolidato del Gruppo chiude con un utile di €/K 12.345 e il bilancio separato della Società con un utile di €/K 12.080.

La società incaricata della revisione legale dei conti EY S.p.A ci ha consegnato le proprie relazioni datate 31 Marzo 2025 contenenti un giudizio senza rilievi.

Pertanto, da quanto riportato nelle relazioni del soggetto incaricato della revisione legale il bilancio d'esercizio della Società e il bilancio consolidato del Gruppo al 31/12/2024 rappresentano in modo veritiero e corretto la situazione patrimoniale e finanziaria, il risultato economico e i flussi di cassa e sono stati redatti in conformità alla normativa e ai Principi contabili IFRS adottati dall'UE che ne disciplinano la redazione.

A tale proposito si segnala quanto segue:

- il Collegio Sindacale ha accertato, tramite verifiche dirette e informazioni assunte presso la società di revisione, l'osservanza delle norme relative alla struttura inerente alla formazione del bilancio d'esercizio e del bilancio consolidato e della relazione sulla gestione a corredo degli stessi;
- sono espressamente indicati negli schemi di bilancio (laddove esistenti e rilevanti) gli effetti dei rapporti con parti correlate;

- nel corso dell'esercizio chiuso al 31/12/2024, al Collegio non sono stati richiesti pareri da rilasciare a norma di legge.;
- per quanto consta al Collegio Sindacale, gli Amministratori, nella redazione del bilancio d'esercizio e del bilancio consolidato non hanno derogato alle norme di legge ai sensi dell'art. 2423 comma 5 del Codice civile;
- il bilancio d'esercizio ed il bilancio consolidato rispondono ai fatti ed alle informazioni di cui il Collegio Sindacale è venuto a conoscenza nell'ambito dell'esercizio dei suoi doveri di vigilanza e dei suoi poteri di controllo ed ispezione;
- i costi di ricerca e sviluppo sono stati iscritti con il parere favorevole del Collegio Sindacale ai sensi dell'art. 2426 c.c.;
- il Collegio Sindacale ha accertato che la relazione sulla gestione risulta conforme alle leggi vigenti nonché coerente con le deliberazioni adottate dal Consiglio di amministrazione e con le informazioni di cui dispone il Collegio; il Collegio ritiene che l'informativa illustrata nel citato documento risponda alle disposizioni in materia e contenga un'analisi fedele, equilibrata ed esauriente della situazione della Società, dell'andamento e del risultato della gestione, nonché l'indicazione dei principali rischi ai quali la società è esposta e rechi espressa evidenza degli elementi che possano incidere sull'evoluzione della gestione;
- l'attività di vigilanza e controllo svolta dal Collegio Sindacale, come sopra descritta, non ha fatto emergere fatti significativi da menzionare nella presente relazione ovvero da segnalare agli organi di vigilanza e controllo.

Con riferimento al bilancio dell'esercizio della Società ed al bilancio consolidato del Gruppo chiuso al 31 dicembre 2024 il Collegio Sindacale non ha ulteriori osservazioni o proposte da formulare. L'attività di vigilanza e controllo svolta nel corso dell'esercizio dal Collegio, così come illustrata nella presente relazione, non ha fatto emergere ulteriori fatti da segnalare all'Assemblea degli Azionisti.

9. Conclusioni

Ad esito dell'attività di vigilanza svolta nel corso dell'esercizio 2024 e tenuto conto anche delle risultanze dell'attività effettuata dal soggetto incaricato della revisione legale dei conti, contenute nell'apposita relazione accompagnatoria del bilancio, il Collegio Sindacale:

- a) dà atto dell'adeguatezza dell'assetto organizzativo, amministrativo e contabile adottato dall'impresa e del suo concreto funzionamento nonché dell'efficienza e dell'efficacia del sistema dei controlli interni;
- b) esprime, sotto i profili di propria competenza, parere favorevole all'approvazione del bilancio per l'esercizio della Società e del bilancio consolidato di Gruppo chiuso al 31 dicembre 2024 ed alla proposta formulata dal Consiglio di Amministrazione in ordine alla destinazione del risultato conseguito,

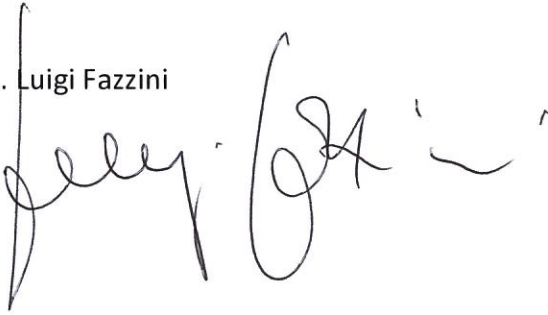


ivi compresa la proposta di distribuzione di un dividendo di € 0,82 per ciascuna azione in circolazione. A tale proposito il Collegio conferma che nulla osta alla distribuzione sopra menzionata, stante la posizione finanziaria netta della società positiva ed assolutamente capiente per le operazioni di cui sopra.

Firenze, 31 Marzo 2025

Il Presidente del Collegio Sindacale per l'intero Collegio

Dott. Luigi Fazzini

A handwritten signature in black ink, appearing to read 'Luigi Fazzini', written in a cursive style.