



**Interim Financial
Report 2025**

POWERSOFT Group

Condensed Half-Year Financial Report
at June 30, 2025

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

PARENT COMPANY OVERVIEW

<i>Registered office</i>	<i>Via Enrico Conti 5 - Scandicci (FI) 50018</i>
<i>Tax code and VAT no.</i>	<i>04644200489</i>
<i>REA no.</i>	<i>FI 468275</i>
<i>Share Capital</i>	<i>Euro 1,345,022.41 - fully paid up</i>
<i>Legal status</i>	<i>Joint-stock company</i>
<i>Website</i>	<i>www.powersoft.com</i>

CORPORATE BODIES**Board of Directors**

Chairman	CARLO LASTRUCCI
Chief Executive Officer	CLAUDIO LASTRUCCI
Chief Executive Officer	LUCA LASTRUCCI
Chief Executive Officer	ANTONIO PERUCH
Director	LUCA GIORGI
Director	LORENZO LEPRI
Independent Director	ANTONELLA DIANA

Board of Statutory Auditors

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

Independent Auditors

EY S.p.A.

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Directors' Report on Operations at June 30, 2025

Foreword

This Condensed Consolidated Half-Year Financial Report of Powersoft Group at June 30, 2025 was prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union, and was prepared in accordance with IAS 34 ("Interim Financial Reporting").

The consolidated figures at June 30, 2025, shown below, include the consolidation of the income figures of K-Array S.r.l. ("K-Array"), a company specialized in the design and production of advanced high-performance compact design audio systems, from April 1°, 2025 to June 30, 2025.

In the reporting period, the consolidation scope includes, for six months, the Parent Company Powersoft S.p.A., Powersoft Adv. Tech. Corp and Ideofarm, all wholly-owned subsidiaries, and K-Array S.r.l. ("K-Array"), for the last 3 months, following the acquisition on April 1°, 2025 of 51% of its share capital. Therefore, figure comparisons between years cannot be made on an organic basis since Powersoft Group's figures at June 30, 2025 include the consolidation of K-Array, fully with regard to balance sheet figures and for a three-month period (second quarter 2025) with regard to income and financial figures.

In order to provide a better understanding of the operating and financial performance, figures for the year ended December 31, 2024 for the consolidated statement of financial position, and figures for the six months ended June 30, 2024 for the consolidated statement of profit and the consolidated statement of comprehensive income, consolidated statement of cash flows, and the consolidated statement of changes in equity, were presented as comparative figures as required by IAS 34.

Powersoft Group Intro

Powersoft S.p.A., established in 1995, headquartered in Scandicci (Florence) and listed on the Euronext Growth Milan market of Borsa Italiana ("Powersoft"), is a global technology leader in audio amplification systems, signal processing and transducer systems for the pro-Audio sector. As part of its strategic transformation from Product Company to Solution Provider, Powersoft Group continues to expand into vertical segments and markets within the Install sector. This path includes the acquisition of control of K-Array, one of the most pioneering international players in the field of audio systems, established in 2005 and headquartered in San Piero a Sieve (Florence).

The K-Array acquisition strengthens Powersoft Group's position as a leading global player in the Audio sector, relying on an increasingly broad portfolio of products, solutions, technological expertise, and innovative approach through the integration of two synergistic and complementary entities. The acquisition will speed up Powersoft's strategic development into a Solution Provider, particularly within the transportation and automotive sectors, where technological innovation, efficiency (including energy efficiency), and audio system reliability are crucial.

K-Array is in fact active in the design and production of advanced high-performance compact design audio systems for a wide range of applications. It employs a team of more than 100 highly qualified resources, and operates primarily through 3 brands targeting different market segments: (i) K-Array, the Company's main brand focused on audio professionals, (ii) K-Gear, dedicated to traditional and more affordable audio

solutions, and (iii) K-Scape, specialized in high-quality audio and lighting systems that combine sound and lighting excellence with sophisticated design.

K-Array also offers a comprehensive portfolio of innovative, ultra-compact, high-performance audio and speaker systems for small, medium, and large applications, including touring, events, installations, transportation, and broadcast. Specifically, it produces and installs integrated solutions that include acoustic speakers, amplifiers, lighting, and accessory products such as microphones and earphones.

Powersoft Group today has a total of 266 resources, regarded among the most skilled in the pro-Audio industry, and operates worldwide, generating more than 90% of its sales abroad through a direct and indirect presence in over 140 countries across the globe. Distribution in the North American (U.S.) market is handled by the wholly-owned subsidiary Powersoft Advanced Technologies Corp. and through K-Array USA LLC, a company 50% owned by K-Array Italy. The Group's marketing in other markets (South America, Asia, Europe and the Rest of the World) is managed both through a network of over 145 multi-brand distributors and through management relationships. In line with the international strategic development plan to strengthen traditional sales channels and establish new offices in countries with the highest growth potential, a representative office was opened in Shenzhen, People's Republic of China, in 2021, later relocated to Beijing. In 2023, the Group expanded its presence in Japan by opening a representative office.

The Group's production operations are carried out mainly at its factories in Scandicci and San Piero a Sieve, and in partnership with leading sector players in Bologna, Cortona, Gorizia, Modena and Vicenza. The main activities involving R&D, technical support, marketing, sales, logistics, warehouse and corporate are also carried out in Italy.

The Group today boasts more than 60 international patents in the Pro-audio field (amplification, transduction, and signal processing), registered in over 30 countries, and invests over 5% of revenue in R&D, demonstrating its ongoing commitment to innovation and the development of new solutions. Also instrumental in achieving these goals is Ideofarm, a wholly-owned subsidiary of Powersoft, which acts as an incubator of initiatives and an accelerator of innovative high-tech projects.

Highlights

The tables below show Powersoft Group's operating and financial highlights for first half 2025 versus the results in the same period of the prior year:

Group income statement

<i>(Euro thousands)</i>	30/06/2025	30/06/2024	Change	% change
Total revenue	41,082	36,909	4,172	11.3%
EBITDA	11,106	9,910	1,197	12.1%
ADJ. EBITDA	11,453	9,910	1,543	15.6%
EBIT	9,003	8,465	538	6.4%
Total net profit (loss)	5,232	6,281	(1,049)	-16.7%

Group statement of financial position

<i>(Euro thousands)</i>	30/06/2025	31/12/2024	Change	% change
Non-current assets	63,162	5,902	57,260	970.1%
Non-current liabilities	58,156	3,089	55,067	1782.7%
Current assets	65,563	47,416	18,147	38.3%

Current liabilities	32,504	11,647	20,857	179.1%
Difference between current assets and current liabilities	33,060	35,769	(2,710)	-7.6%
Equity	38,066	38,583	(517)	-1.3%

Group statement of cash flows

<i>(Euro thousands)</i>	30/06/2025	30/06/2024	Change	% change
Cash flow from operations	5,406	(2,515)	7,921	-315.0%
Cash flow from investing activities	(6,674)	(1,448)	(5,227)	361.1%
Cash flow from financing activities	9,206	(6,124)	15,331	-250.3%
Total cash flow	7,939	(10,087)	18,026	-178.7%

Group net financial position

<i>(Euro thousands)</i>	30/06/2025	31/12/2024	Change	% change
Available cash	15,443	7,504	7,939	105.8%
Current financial assets	5,919	5,833	86	1.5%
Current financial debt	(18,113)	(2,527)	(15,586)	616.7%
Current net financial position	3,249	10,810	(7,561)	-69.9%
Non-current financial debt	(54,670)	(657)	(54,013)	8221.2%
Net financial position	(51,422)	10,153	(61,575)	-606.5%

Share performance

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

At June 30, 2025, the closing price of the Powersoft share stood at Euro 19.7, resulting in a stock market capitalization of approximately Euro 253.0 million.

Powersoft's share price performance in the period January - September 2025 is shown below:



Macroeconomic context

Macroeconomic scenario

According to the International Monetary Fund, global economic growth in 2025 is expected at 3.0%, with forecasts revised upward from earlier estimates. This improvement is attributable to several factors: a global acceleration of economic activity in the first half of the year to advance supplies ahead of new U.S. tariffs; lower actual U.S. tariffs than initially announced; more favourable financial conditions due to a weaker dollar; and expansionary fiscal policies adopted in some major economies.

In the United States, the economy is projected to grow 1.9% in 2025 with a positive first half of the year, driven by lower-than-expected tariffs and tax incentives designed to encourage business investment.

In the euro area, growth is expected at 1.0% in 2025, with first-half results linked to an acceleration in exports ahead of expected tariffs. Among the leading economies, Germany continues to show signs of weakness while avoiding a contraction, with a struggling automotive sector weighing on the entire national economy. Likewise, France has projected growth of 0.6%, sharply lower versus the prior year, constrained by political uncertainty and a steep rise in public debt versus the pre-pandemic period.

In China, forecasts for 2025 have been revised upward to 4.8%, reflecting stronger-than-expected economic activity in the first half of the year due to rising exports to emerging markets and a notable reduction in U.S.-imposed tariffs versus initial estimates. Yet, the measures introduced to stimulate domestic demand and attract investment in different sectors are proving less effective than anticipated: the uncertain macroeconomic climate reinforces the propensity to save, deeply rooted in Chinese culture, thereby curbing domestic investment in social and cultural infrastructure intended to sustain internal demand.

The global outlook nevertheless remains marked by lingering uncertainty, with the risk of further tariff escalation and protectionist trade policies continuing to weigh on the world economy. Geopolitical tensions in several regions further threaten supply chains, driving up commodity prices and fueling higher market volatility.

However, the effectiveness of trade agreements, if supported by economic policies aimed at strengthening confidence in consumption and investment, could produce a less volatile scenario in the near term.

Industry scenario

According to AVIXA industry research, growth estimates for the professional AV market, while outpacing global GDP, show a slower expansion in the current year, shaped by the global macroeconomic context but with growth in segments linked to the “experience economy” - particularly live events, retail, hospitality and large venues.

From a manufacturing perspective, the slowdown is especially evident when viewed against the phase of intense procurement activity in the post-COVID period, followed by a gradual normalization of the supply chain that generated an accumulation of inventory at intermediaries. This surplus, mainly in 2024 but still affecting the current year, has resulted in reduced orders to manufacturers, leading to weaker “sell-in” growth versus the actual “sell-out” market dynamics.

Geographically, Germany, France and China, historically significant for the industry, remain heavily impacted by the current unfavourable macroeconomic environment, with growth below expectations in line with domestic economic conditions.

In the United States, strong growth is currently visible in investment and projects supported by incentives aimed at industrial and economic development. Yet, the overall rise in sector prices due to tariffs on imported goods may partly curb this growth in the near future.

Data confirm that the AV industry nevertheless remains well positioned for long-term success, even in a more moderate growth setting. Strategic investments in sustainability and emerging technologies, diversification and cross-sector partnerships are key drivers in creating new opportunities. Greater integration with the IT world, particularly in business applications, has fueled the development of innovative solutions designed to enhance product value while preserving the distinctive features of the AV sector, whose expertise and requirements remain largely specialized and independent from the IT sphere.

Together, Powersoft and K-Array establish themselves as a benchmark group in the professional audio industry worldwide, offering a wide portfolio of products and technological know-how, and leveraging their distribution networks in various geographical areas to promote the innovative approach of two highly complementary companies.

Group performance**Group income statement**

The consolidated figures at June 30, 2025, shown below, include the consolidation for three months (April 1° - June 30) of K-Array S.r.l. (“K-Array”), a company specialized in the design and production of advanced high-performance compact design audio systems, which contributed Euro 6.2 million to revenue and Euro 2.0 million to ADJ EBITDA for the period.

In the first half of the year, Powersoft Group was affected by a complex geopolitical and macroeconomic context, marked by significant trade tensions arising from U.S.-imposed tariffs along with the additional dynamics described above.

Despite this, the Group closed first half 2025 with positive results in both revenue growth and EBITDA, posting revenue of Euro 40.7 million and an Adj EBITDA margin (calculated net of acquisition-related extraordinary expense) of about 28.2%, thus maintaining excellent levels despite a highly challenging market environment. Powersoft Group ended the six-month period with consolidated profit of Euro 5.2 million, slightly lower than

Euro 6.3 million in first half 2024, due mainly to higher foreign exchange differences and expense tied to the K-Array acquisition.

Globally, the industry has shown a two-speed trend: decline in China and Europe offset by growth in the U.S. market. In this market in particular, Powersoft recorded significant growth stemming from the outcomes of strategic decisions made in 2024 (including the appointment of the new sales director) and from the decision to temporarily absorb the impact of tariffs without passing the full cost on to customers. This commercial initiative, which temporarily reduced consolidated margins by approximately Euro 0.5 million, enabled the Group to strengthen its competitiveness by further expanding its market share in North America, a region that plays a central role in the global pro-Audio industry. The positive performance of North America also helped offset weaker results in other regions, including Europe, where the ongoing issue of excess inventory, combined with the uncertainty created after the announcement of U.S. tariffs - particularly affecting Germany and France - led to a slight slowdown in sales, and China, which declined due to government trade policies aimed at boosting domestic production in response to U.S. tariffs.

<i>(Euro thousands)</i>	30/06/2025	Percentage on revenue	30/06/2024	Percentage on revenue
Revenue from contracts with customers	40,651	100.0%	36,471	100.0%
Other revenue	431	1.1%	438	1.2%
Total Revenue	41,082		36,909	
Cost of sales	(18,610)	-45.8%	(19,240)	-52.8%
Increases for internal work	871	2.1%	807	2.2%
Business and marketing expense	(5,306)	-13.1%	(3,064)	-8.4%
General and administrative expense	(9,033)	-22.2%	(6,947)	-19.0%
EBIT	9,003	22.1%	8,465	23.2%
Financial expense	(1,884)	-4.6%	(161)	-0.4%
Financial income	493	1.2%	372	1.0%
EBT	7,612	18.7%	8,676	23.8%
Income tax	(2,380)	-5.9%	(2,395)	-6.6%
Net profit (loss) from continuing operations	5,232	12.9%	6,281	17.2%

EBITDA reconciliation

<i>(Euro thousands)</i>	30/06/2025	Percentage on revenue	30/06/2024	Percentage on revenue
EBIT	9,003	22.1%	8,465	23.2%
Amortization and depreciation	1,959	4.8%	1,445	4.0%
Allocations	144	0.4%	-	0.0%
EBITDA (*)	11,106	27.3%	9,910	27.2%
ADJ EBITDA (***)	11,453	28.2%	9,910	27.2%

(*) 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.

The table below shows the breakdown by geographical area of Group revenue in first half 2025 versus first half 2024:

<i>(Euro thousands)</i>	30/06/2025	Percentage on revenue	30/06/2024	Percentage on revenue	Change	% change
EUROPE	15,790	38.84%	17,716	48.60%	(1,926)	-11%
NAM	17,204	42.32%	11,636	31.90%	5,568	48%
APAC	5,165	12.71%	5,175	14.20%	(10)	0%
MEA	1,231	3.03%	1,016	2.80%	215	21%
CALA	1,261	3.10%	929	2.50%	332	36%
Revenue from sales	40,651	100.00%	36,471	100.00%	4,180	11%

Cost of sales includes mainly goods purchases and inventory changes, direct labour costs, transportation costs, customs tariffs and other direct costs. At June 30, 2025, this item totaled Euro 18.6 million, a decrease of 3.3% versus end first half 2024, with the percentage on revenue dropping from 52.8% to 45.8% due to (i) a more advantageous product mix sold, (ii) higher sales price lists versus the prior half-year, which had a positive effect on the percentage, and (iii) the inclusion in the consolidation period of K-Array, which has a lower cost of sales impact. Of particular note is the increase in customs tariffs, introduced during the period under review following regulatory updates and protectionist measures enacted internationally. These tariffs generated higher procurement costs, directly impacting the cost of sales. The income effect of these tariffs, amounting to Euro 0.5 million as outlined above, was largely absorbed by the Company and only partly mitigated through targeted adjustments to sales lists, whose effects will be reflected in the second half of the year.

Consolidated EBITDA in first half 2025 amounted to Euro 11.1 million, up 12.1%, accounting for 27.3% of revenue versus Euro 9.9 million in first half 2024 (27.2%). In first half 2025, operating structure costs, including sales and marketing expense as well as general and administrative expense, amounted to Euro 12.4 million, versus Euro 8.7 million in the six months of the prior period. The increase, beyond the inclusion of K-Array in the consolidation period, was attributable mainly to extraordinary one-off expense related to the acquisition completed in the period, as well as partial strengthening of the structure, particularly the sales area, in line with the Group's growth strategy. Net of acquisition-related extraordinary costs, ADJ EBITDA was Euro 11.5 million versus Euro 9.9 million at June 30, 2024, equal to 28.2% of revenue.

Amortization and depreciation, and provisions for risks, related mainly to the product warranty provision, totaled Euro 2.1 million, up versus the same period of the prior year, due mainly to the higher value of capitalized development costs, underscoring the company's constant commitment to R&D. The Group capitalized Euro 0.9 million in the first half of the year, recorded under intangible assets as required by IAS 38.

Consolidated EBIT for the period was Euro 9.0 million, up slightly from Euro 8.5 million in the prior six months, with an EBIT margin at 22.1%, essentially in line with the prior period.

Financials closed at negative Euro 1.4 million versus positive Euro 211 thousand in first half 2024, due mainly to interest on the loan taken out for the acquisition and the adverse impact of exchange rate fluctuations during the reporting period, amplified by the application of tariffs impacting foreign-currency transactions. This change was partly offset by the fair value revaluation of the securities portfolio and financial income generated by foreign-exchange transactions.

Accordingly, consolidated net profit for the six months ended June 30, 2025 amounted to Euro 5.2 million, down slightly from Euro 6.3 million in the prior six months, due mainly to the negative impact of financials as well as the factors mentioned above.

Group statement of financial position

Below is Powersoft Group's financial position at June 30, 2025 compared with the figures at December 31, 2024:

(Euro thousands)	30/06/2025	31/12/2024	Change	% change
Tangible fixed assets	2,047	1,674	373	22.2%
Assets from right of use	7,516	1,012	6,504	642.9%
Intangible fixed assets	6,364	2,249	4,115	183.0%
Financial fixed assets	1,273	-	1,273	0.0%
Goodwill	44,838	-	44,838	0.0%
Fixed capital	62,038	4,935	57,103	1157.1%
Inventory	27,428	20,212	7,216	35.7%
Trade receivables	12,975	11,206	1,768	15.8%
Other current assets	3,799	2,660	1,139	42.8%
Trade payables	(10,247)	(6,649)	(3,598)	54.1%
Other current liabilities	(4,144)	(2,471)	(1,673)	67.7%
Net working capital	29,811	24,959	4,852	19.4%
Other non-current assets (liabilities)	(2,362)	(1,465)	(897)	61.3%
Net capital employed	89,487	28,430	61,058	214.8%
Cash and cash equivalents	15,443	7,504	7,939	105.8%
Financial assets	5,919	5,833	86	1.5%
Non-current financial liabilities	(48,247)	(392)	(47,855)	12213.3%
Non-current financial liabilities from rights of use	(6,423)	(265)	(6,158)	2322.4%
Current financial liabilities	(16,997)	(1,753)	(15,243)	869.3%
Current financial liabilities from rights of use	(1,117)	(774)	(343)	44.3%
Net financial position	(51,422)	10,153	(61,575)	-606.5%
Share capital	(1,345)	(1,313)	(32)	2.5%
Reserves	(31,489)	(24,924)	(6,564)	26.3%
Profit (loss) for the period	(5,232)	(12,346)	7,114	-57.6%
Total equity	(38,066)	(38,583)	517	-1.3%
Total sources	(89,487)	(28,430)	(61,058)	214.8%

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

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

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

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

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

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

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

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

Equity: the amount of Group equity.

In first half 2025, net working capital increased 19.4%, from Euro 25.0 million at December 31, 2024 to Euro 29.8 million. This change is attributable mainly to the consolidation of the recently acquired company, whose balance sheet structure reflects a different ratio of current assets to current liabilities.

At June 30, 2025, the Group's Net Financial Position was negative Euro 51.4 million, versus positive Euro 10.2 million at December 31, 2024. This change was attributable mainly to: (i) the acquisition transaction, which led to the recognition of additional financial liabilities arising from both the financing of the transaction itself,

amounting to Euro 9.2 million, and deferred price components including: (a) deferred price related to the installment and discounted payment of 51% of the investment acquired for Euro 8.4 million; (b) discounted debt for the two Earn outs for Euro 10.6 million; (c) discounted debt for the call/put option for the acquisition of the remaining 49% investment for Euro 17.9 million; (ii) the consolidation of the newly acquired company, whose debt was fully included in the scope of consolidation. As a result, the Net Financial Position at June 30, 2025 consisted of cash of Euro 15.4 million, portfolio securities of Euro 5.9 million, and financial liabilities totaling Euro 72.8 million, referring mainly to payables and liabilities arising from the acquisition and to payables to shareholders related to the dividend payment of Euro 10.5 million approved by the Shareholders' Meeting on April 16, 2025 and settled on July 30, 2025.

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

	30/06/2025	31/12/2024
(A) Cash	15,443	7,504
(B) Cash equivalents	-	-
(C) Other current financial assets	5,919	5,833
(D) AVAILABLE CASH (A+B+C)	21,362	13,337
(E) Current financial debt	-	-
(F) Current portion of non-current financial debt	(18,113)	(2,527)
(G) CURRENT FINANCIAL DEBT (E+F)	(18,113)	(2,527)
(H) NET CURRENT FINANCIAL DEBT (G+D)	3,249	10,810
(I) Non-current financial debt	(54,670)	(657)
(J) Debt instruments	-	-
(K) Trade payables and other non-current payables	-	-
(M) NON-CURRENT FINANCIAL DEBT (I+L)	(54,670)	(657)
(N) NET FINANCIAL POSITION (H+M)	(51,422)	10,153

Corporate structure

At June 30, 2025, Powersoft Group's headcount totaled 266 resources.

The Group's headcount trend at June 30, 2025 and 2024 is shown below:

Headcount	30/06/2025	30/06/2024
Executives	3	3
Managers	17	15
Employees and similar	182	123
Workers	52	21
Interns	0	0
Directors	12	6
Total	266	168

The headcount increase is due mainly to the integration of K-Array and to the strengthening of the structure in line with the strategy to best support the future development plans of Powersoft Group.

Research & Development

Powersoft Group has reaffirmed its commitment in 2025 to increasing investments aimed at further consolidating and elevating its levels of excellence, amid an environment dominated by intensifying global competition.

R&D expenditure in first half 2025 totaled approximately Euro 2.2 million, representing 5.3% of consolidated revenue, remaining consistent with the same period of the prior year, underscoring the company's commitment to persistently invest in product and process innovation. Of these costs, Euro 0.9 million represents development costs capitalized under intangible assets as required by IAS 38, with a percentage basically consistent with that of the prior-year period.

Related party transactions

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

The following are considerations regarding related party transactions, excluding companies within the consolidation scope, conducted by Powersoft in first half 2025.

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

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

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

Treasury shares

At June 30, 2025, the Company held no treasury shares.

Main risks and uncertainties to which the Group is exposed

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

Exposure to economic trends and adverse macroeconomic scenarios

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

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

The current introduction of tariffs worldwide, along with the continuation of protectionist policies, could generate further impacts on the Group's performance. The Group closely monitors changes in the international context and assesses mitigation actions designed to limit potential adverse impacts on its business and financial performance.

Consequently, if global conditions deteriorate, or due to 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, significant roles in the company's success. If one or more of these key individuals were to leave the Group Management, there is no assurance that the Group could swiftly find equally capable and fitting replacements, at least in the short run. This could potentially affect the Group's operations.

Target market and threats from competition

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

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

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

Environmental risks and sustainability

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

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

- Risks in the procurement of certain raw materials along the supply chain. The Group actively monitors climate change-related risks along its supply chain to minimize their impact on its operations. To date, the Group does not report significant impacts of climate change on operational risks;
- Financial risks associated with potential increased costs and investments related to adjusting the production and distribution structure in order to mitigate the impacts that its business could have on climate change. To date, there are no estimates of substantial costs and investments associated with addressing these issues;
- Lastly, concerning compliance risks, sustainability spillovers could result from non-compliance with environmental regulations that may apply to the Group. The Group closely monitors the ongoing developments in the regulatory framework, both at the domestic and international levels, and the potential additional regulations aimed at reducing the environmental impacts of business operations.

Significant events in first half 2025

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 production of advanced high-performance compact design audio systems for a wide range of applications. The closing of the transaction took place on April 1°, and the agreement also envisaged the mutual granting of call and put options in favour of Powersoft and HP Sound, respectively, on the remaining 49% of K-Array's share capital.

On **April 1, 2025**, the Group, following up on its announcement on February 20, 2025, announced the successful closing of the transaction related to the acquisition from H.P. Sound Equipment S.p.A. of 51% of K-Array S.r.l., a company specialized in the design and production of advanced high-performance compact design audio systems for a wide range of applications.

On **April 16, 2025**, the Ordinary Shareholders' Meeting of the Company approved the Annual Report of Powersoft S.p.A. at December 31, 2024 and the distribution of an ordinary dividend of Euro 0.82 per share.

On **April 16, 2025**, Powersoft S.p.A. announced that 5,318 new ordinary shares were granted in the period between April 1°, 2025 and April 15, 2025 as a result of the exercise of 5,318 options to service the "2021-2023 Incentive Plan".

On **May 8, 2025**, the Extraordinary Shareholders' Meeting resolved to increase the Company's share capital for cash and in divisible form, with the exclusion of option rights pursuant to Article 2441, paragraphs 5 and 6, of the Italian Civil Code, by a maximum total amount of Euro 5,009,280.00 (of which a maximum of Euro 31,413.61 as share capital and a maximum of Euro 4,977,866.39 as premium), through the issue of a maximum total of 300,000 new ordinary shares of the Company, with no par value, carrying regular dividend rights and the same ISIN as Powersoft's currently outstanding shares, at a subscription price of Euro 16.6976 per share (including premium) for each new share, reserved for subscription to H.P. Sound Equipment S.p.A., also to be released by offsetting, by the deadline of June 30, 2025. The Share Capital Increase is part of the transaction whereby on April 1°, 2025, Powersoft acquired from HP Sound a 51% stake (the "Stake") in the share capital of K-Array S.r.l., and the consideration for the acquisition was determined to be Euro 22,275,298.05. Under the terms of the Agreement, HP Sound agreed to reinvest part of this consideration by subscribing to 300,000 newly issued Powersoft shares. At the date of completion of the Transaction, the newly issued shares were valued at Euro 16.6976 per share and, therefore, the reinvestment value was Euro 5,009,280.00. The newly issued shares from the Capital Increase will be subject to a lock-up restriction until October 1°, 2026, or 18 months from the date of completion of the Transaction.

On **May 20, 2025**, the Group announced a major partnership with Coastal Source, a US company specializing in the design of high-performance outdoor audio systems. The new strategic OEM (Original Equipment Manufacturer) agreement marks the start of a new partnership phase between the two companies that will involve the development of an amplification platform based on Powersoft's proprietary technologies, customized to ensure superior audio performance in outdoor applications under the harshest weather conditions.

On **June 3, 2025**, the Group announced a partnership with Midwich, a leading global distributor of professional Audio Video ("AV") solutions. The agreement, an essential step in Powersoft's internationalization roadmap, is aimed at strengthening its commercial presence in the United States in a

structured way, extending access to its entire product portfolio and offering even broader support to System Integrators through a solid distribution network.

On **June 10, 2025**, the Company announced a strategic agreement with Adam Hall Group, a German company among the leading international players in the design, manufacture, and distribution of professional audio, lighting, and event equipment solutions. Under this partnership, Powersoft's proprietary Class-D amplification and signal processing technology will be integrated into two new four-channel amplifiers from LD Systems, one of the flagship brands of Adam Hall Group.

On **June 13, 2025**, Powersoft S.p.A. announced the new composition of its share capital (fully subscribed and paid up) following the execution on May 30, 2025 of the paid-in capital increase, excluding option rights and reserved for subscription to H.P. Sound Equipment S.p.A. ("HP Sound"), approved by the Company's Extraordinary Shareholders' Meeting on May 8, 2025.

On **June 16, 2025**, Powersoft S.p.A. announced that 4,584 new ordinary shares were granted in the period between June 1^o, 2025 and June 15, 2025 as a result of the exercise of 4,584 options to service the "2021-2023 Incentive Plan".

Significant events after first half 2025

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

Business outlook

The first half of 2025 delivered solid results for Powersoft Group, despite a challenging macroeconomic scenario marked by heightened geopolitical uncertainty and intensifying global trade tensions.

The year began with the launch of significant new international partnerships, including the partnership with Clair Global Corp., a leader in live event production services, the first prize at the Inavation Awards in the "Best Audio Technology" category for the UNICA platform, and most importantly the acquisition of a 51% stake in K-Array.

The acquisition of K-Array is fully aligned with Powersoft Group's strategic development plan to reinforce its presence in the pro-Audio industry and to accelerate its transformation into a fully integrated Solution Provider, establishing a leading global player in the professional audio sector.

For the rest of the year, Powersoft Group will continue integrating K-Array and developing both revenue and cost synergies, focusing on high-growth markets and new segments, particularly in automotive and transportation.

Following the imposition of export tariffs in the U.S. market, the Group - after initially opting in the first half of the year to temporarily absorb tariff-related costs to preserve competitiveness and consolidate market share - will take the necessary steps to align with the new tariff level and the euro/dollar exchange rate in order to safeguard future margins.

The second half of the year began with a positive trend, driven by the U.S. market and the performance of subsidiary K-Array. Therefore, despite ongoing uncertainty, Powersoft Group, supported by its broad geographical and supply diversification and the K-Array transaction, looks to 2025 as a year of integration and investment to sustain durable and sustainable growth.

Direction and coordination activities

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

Branch offices

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

K-Array - Via Paolina Romagnoli, 17, 50038 San Piero a Sieve (FI)

**Powersoft Group condensed consolidated half-
year financial statements at June 30, 2025**

- Statements -

Consolidated statement of financial position

Assets	Notes	30/06/2025	31/12/2024
Non-current assets			
Property, plant and equipment	3.1	2,047,067	1,674,494
Assets from right of use	3.2	7,515,787	1,011,634
Other intangible assets	3.3	6,364,205	2,248,917
Deferred tax assets	3.4	1,083,247	934,616
Other non-current assets	3.5	40,497	32,691
Investments in associates and joint ventures	3.6	1,272,926	-
Goodwill	3.7	44,838,484	-
Total non-current assets		63,162,214	5,902,351
Current assets			
Inventory	3.8	27,427,847	20,211,844
Trade receivables	3.9	12,974,693	11,206,395
Income tax receivables	3.10	741,797	103,890
Other current assets	3.11	3,057,284	2,556,501
Other financial assets	3.12	5,918,923	5,833,119
Cash and cash equivalents	3.13	15,442,854	7,504,326
Total current assets		65,563,398	47,416,075
Total assets		128,725,612	53,318,426
Equity and liabilities			
Share capital and reserves			
Share capital	3.14	1,345,022	1,312,572
Reserves	3.14	31,488,535	24,924,486
Profit (loss) for the period	3.14	5,231,986	12,345,678
Total Group equity		38,065,544	38,582,736
Equity attributable to non-controlling interests			
Total equity		38,065,544	38,582,736
Non-current liabilities			
Non-current financial liabilities	3.15	48,246,981	391,828
Non-current financial liabilities from rights of use	3.15	6,423,495	265,171
Employee benefits (post-employment benefits)	3.16	2,703,877	1,562,287
Provisions for future risks and charges	3.17	756,367	846,967
Deferred tax liabilities	3.4	25,521	22,730
Total non-current liabilities		58,156,242	3,088,983
Current liabilities			
Current financial liabilities	3.15	16,996,593	1,753,436
Current financial liabilities from rights of use	3.15	1,116,557	773,934
Trade payables	3.18	10,247,023	6,648,761
Income tax payables	3.19	857,236	102,081
Other current liabilities	3.20	3,286,418	2,368,496
Total current liabilities		32,503,826	11,646,708
Total liabilities		90,660,068	14,735,691
Total equity and liabilities		128,725,612	53,318,426

Consolidated statement of profit

Income statement	Notes	30/06/2025	30/06/2024
Revenue from contracts with customers	4.1	40,650,564	36,471,301
Other revenue	4.2	431,008	438,184
Revenue		41,081,572	36,909,485
Cost of sales	4.3	(18,609,971)	(19,239,575)
Increases for internal work	4.4	871,226	806,500
Business expense	4.5	(5,306,409)	(3,064,333)
General and administrative expense	4.7	(9,033,245)	(6,947,188)
EBIT		9,003,173	8,464,889
Financial expense	4.9	(1,884,423)	(161,006)
Financial income	4.9	493,421	372,017
Profit (loss) before tax		7,612,172	8,675,901
Income tax	4.10	(2,380,186)	(2,394,636)
Profit (loss) for the period		5,231,986	6,281,264
Basic earnings per share		0.42	0.52
Diluted earnings per share		0.42	0.52

Consolidated statement of comprehensive income

Statement of comprehensive income	Notes	30/06/2025	30/06/2024
Profit (loss) for the period		5,231,986	6,281,264
Items that will not be reclassified later in profit / (loss) for the period:		56,896	(29,373)
Gains / (losses) from actuarial benefits		74,863	(38,649)
Tax effect gains/(losses) from actuarial benefits		(17,967)	9,276
Items that will be reclassified later in profit / (loss) for the period:		228,050	(42,101)
Net translation differences of foreign financial statements		228,050	(42,101)
Total profit (loss) for the period		5,516,932	6,209,790

Consolidated statement of cash flows

Statement of Cash Flows - Consolidated	30/06/2025	30/06/2024
Cash Flow from Operations		
Profit / (loss) for the year	5,231,986	6,281,264
<u>Adjustments to reconcile net profit (loss) for the period to cash flow generated by operations:</u>		
Income tax	2,380,186	2,394,636
Amortization and depreciation	1,958,774	1,444,656
Allocations	-	-
(Capital gain)/loss on disposal of fixed assets	-	-
Allocations/(Utilization) provisions for employee benefit liabilities	136,594	78,342
Allocations/(Utilization) provisions for risks and charges	184,391	-
Change FV financial assets	(25,385)	(107,819)
Interest (receivable) / accrued liabilities	504,700	44,933
<u>Changes in operating assets and liabilities:</u>		
Inventory	(1,347,837)	(5,776,710)
Trade receivables and contract assets	740,768	1,219,595
Trade payables	(333,961)	(4,982,081)
Other assets	151,891	861,735
Other liabilities	(69,201)	(3,626,601)
Interest (paid) / collected	(218,740)	(23,510)
Tax (paid) / collected	(3,528,993)	(285,292)
Utilization of provisions for risks and charges	(296,916)	(162,683)
Other	(61,942)	124,385
Net cash flow from operations (A)	5,406,313	(2,515,148)
Cash Flow from Investing Activities		
(Purchase) of property, plant and equipment	(268,666)	(374,535)
Sale of property, plant and equipment	-	-
(Purchase) of investment property	-	-
Sale of investment property	-	-
(Purchase) of intangible fixed assets	(1,142,962)	(1,073,016)
Sale of intangible fixed assets	-	-
(Purchase) of financial instruments	-	-
Sale of financial instruments	-	-
(Acquisition) of subsidiaries net of cash acquired	-	-
Business combination net of cash acquired	(5,262,470)	-
Net cash flow from investing activities (B)	(6,674,098)	(1,447,552)
Cash Flow from Financing Activities		
Paid capital increases	47,584	2,318,826
Dividend distribution	-	(10,650,898)
Purchase of treasury shares	-	-

Lease repayment	(507,059)	(356,248)
New medium- to long-term loans	12,685,787	3,111,712
(Repayment) medium- to long-term loans	(3,020,000)	(547,739)
Net cash flow from financing activities (C)	9,206,313	(6,124,347)
Total net cash flow (D=A+B+C)	7,938,527	(10,087,046)
Opening net cash (E)	7,504,326	14,429,779
Total net cash flow	7,938,527	(10,087,046)
Closing cash (G=D+E)	15,442,854	4,342,733

Consolidated statement of changes in equity

Amounts €/000	Reserves													
	Share capital	Legal reserve	Extraordinary reserve	Share premium reserve	Translation reserve	IAS 19 reserve	Stock option reserve	Other reserves	FTA reserve	Retained earnings / (losses carried forward)	Total reserves	Profit / (loss) for the period	Total Group equity	Total equity attributable to non-controlling interests
Balance at January 1, 2024	1,249	246	10,460	8,335	8	65	506	575	100	777	21,072	12,062	34,383	-
Allocation of the prior year's result		4	11,930					(95)		222	12,062	(12,062)	0	-
Dividend distribution			(10,651)								(10,651)		(10,651)	-
Exercise of stock options	63			2,808			(553)				2,256		2,319	-
Granting of stock options							84				84		84	-
Profit / (loss) of the statement of comprehensive income:					34	29					63		63	-
<i>Of which: Gains / (losses) from actuarial benefits</i>						29					29		29	-
<i>Of which: Translation Reserve</i>					34						34		34	-
Profit / (loss) for the year											-	6,281	6,281	-
Balance at June 30, 2024	1,312	250	11,739	11,143	42	94	37	480	100	999	24,886	6,281	32,479	-

Amounts €/000	Reserves													
	Share capital	Legal reserve	Extraordinary reserve	Share premium reserve	Translation reserve	IAS 19 reserve	Stock option reserve	Other reserves	FTA reserve	Retained earnings / (losses carried forward)	Total reserves	Profit / (loss) for the period	Total Group equity	Total equity attributable to non-controlling interests
Balance at January 1, 2025	1,313	250	11,739	11,165	91	67	33	479	100	1,001	24,925	12,346	38,583	-
Allocation of the prior year's result		13	12,068					(186)		450	12,346	(12,346)	(0)	-
Dividend distribution			(10,533)								(10,533)		(10,533)	-
Exercise of stock options	31			4,978			(9)				4,978		5,009	-
Granting of stock options	1			47							38		39	-
Profit / (loss) of the statement of comprehensive income:					(319)	54					(264)		(264)	-
<i>Of which: Gains / (losses) from actuarial benefits</i>						54					54		54	-
<i>Of which: Translation Reserve</i>					(319)						(319)		(319)	-
Profit / (loss) for the year											-	5,232	5,232	-
Balance at 30 June 2025	1,345	263	13,275	16,189	(228)	122	24	293	100	1,451	31,489	5,232	38,066	-

**Powersoft Group condensed consolidated half-
year financial statements at June 30, 2025**

- Explanatory Notes -

1. General information

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

2. Accounting policies

Basis and scope of consolidation

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

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

Name	Registered office	Currency	% of ownership
Powersoft S.p.A.	Scandicci - Italy	Euro	Parent Company
Powersoft Advanced Technologies Corp.	Flanders, New Jersey - USA	Dollars	100%
Ideofarm S.r.l.	Scandicci - Italy	Euro	100%
K-Array S.r.l.	Scarperia e San Piero – Italy	Euro	51%

In the reporting period, the consolidation scope includes, for six months, the Parent Company Powersoft S.p.A., Powersoft Adv. Tech. Corp and Ideofarm, all wholly-owned subsidiaries, and K-Array S.r.l. ("K-Array"), 51% controlled, for the last 3 months, following the acquisition on April 1^o, 2025 of 51% of its share capital. Therefore, figure comparisons between years cannot be made on an organic basis since Powersoft Group's figures at June 30, 2025 include the consolidation of K-Array, fully with regard to balance sheet figures and for a three-month period (second quarter 2025) with regard to income statement figures.

It is also noted, as further explained below, that under the ownership of PUT&CALL shares on the minority share, K-Array S.r.l. from an accounting perspective is 100% consolidated, without representation of the non-controlling interest.

Additionally, Powersoft Group consolidates the following entities using the equity method:

Name	Registered office	Currency	% of ownership
K-Array USA	Needham, Massachusetts	USD	50%

At the date of preparation of the condensed consolidated half-year financial statements at June 30, 2025, there were no subsidiaries not included in the consolidation scope.

Summary of accounting standards adopted

Statement of compliance with IFRS

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

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

Preparation criteria

These condensed consolidated half-year financial statements were prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's most recent annual consolidated financial statements for the year ended December 31, 2024 ("most recent financial statements"). While not including all the information required for full financial statement disclosure, specific notes are included to explain events and transactions that are relevant to understanding changes in the Group's financial position and performance since the most recent financial statements.

The financial statements were prepared in condensed form on a going concern basis.

These condensed consolidated half-year financial statements were authorized to be published by the Board of Directors on September 25, 2025.

Discretionary evaluations, accounting estimates, and significant assumptions

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

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

The main figures being estimated refer to the:

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

- Development costs. The Group capitalizes costs related to new product development projects. Initial capitalization of costs depends on the confirmation of the project's technical and economic feasibility, typically when it has reached a specific stage in the development plan, as assessed by the directors.
- Employee benefits. The Group determines amounts based on actuarial estimates, set out in Note 3.16.
- Useful life of property, plant and equipment, of intangible assets with finite useful life. The depreciation/amortization of assets with finite useful life, including property, plant, and equipment, right-of-use assets, and intangible assets, involves a discretionary evaluation by the directors. This evaluation is reviewed at each balance sheet date to ensure that the recorded amounts accurately reflect the best estimate of the costs that the Group will ultimately incur. If significant changes are identified, the amounts are revised and updated.
- Product warranty provision. The Group determines a liability for the future cost of warranty repairs by considering historical repair rates.
- Goodwill recoverability. As of this year, as a result of the business combination of K-Array, the Group presents goodwill in its financial statements. This item is subject to recoverability testing whenever there is a risk of impairment ("impairment indicators") and, in any case, at least once a year.

Management's significant subjective evaluations in applying the Group's accounting policies and the main sources of estimation uncertainty were the same as those applied in the preparation of the consolidated financial statements for the year ended December 31, 2024, except for the recoverability of goodwill, an item that arose only in the present year.

Business combinations and goodwill

Business combinations are accounted through the acquisition method. The cost of an acquisition is determined as the sum of the consideration transferred, measured at fair value on the acquisition date, and the amount of the non-controlling interest in the acquiree.

The acquisition costs are recognized in the year and classified under operating expense.

The Group determines that it has acquired a business when the integrated set of activities and assets includes at least one factor of production and one substantial process that together contribute significantly to the ability to generate an output. The acquired process is considered substantial if it is essential to the ability to continue generating an output and the acquired inputs include an organized workforce that has the required skills, knowledge, or experience to perform that process, or contributes significantly to the ability to continue generating an output, and is considered unique, scarce, or cannot be replaced without significant cost, effort, or delay to the ability to continue generating an output.

When the Group acquires a business, it classifies or designates the financial assets acquired or liabilities assumed in accordance with the contractual terms, financial terms, and other relevant conditions existing at the acquisition date.

Any contingent consideration to be recognized is recognized by the acquirer at fair value on the acquisition date. Contingent consideration classified as equity is not remeasured, and its subsequent settlement is accounted for against equity. The change in fair value of contingent consideration classified as an asset or liability, as a financial instrument subject to IFRS 9 Financial Instruments, must be recognized in the income

statement in accordance with IFRS 9. Contingent consideration not within the scope of IFRS 9 is measured at fair value at the balance sheet date, and changes in fair value are recognized in the income statement.

Goodwill is initially recognized at cost, represented by the excess of the consideration paid and the amount recognized for minority interests over the identifiable net assets acquired and liabilities incurred by the Group. If the fair value of the net assets acquired exceeds the total consideration paid, the Group checks again whether it has correctly identified all the assets acquired and liabilities incurred and reviews the procedures adopted to determine the amounts to be recorded at the acquisition date. If the new measurement still shows a fair value of the net assets acquired that is higher than the consideration, the difference (profit) is recognized in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities of the target company are assigned to those units.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, goodwill associated with the operation disposed of is included in the carrying amount of the operation when calculating the profit or loss on disposal. Goodwill associated with the discontinued operation is calculated on the basis of the relating values of the discontinued operation and the retained portion of the cash-generating unit.

Combinations carried out during the year

In 2025, Powersoft S.p.A. acquired control of K-Array S.r.l..

K-Array, founded in 2005 and headquartered in Scarperia e San Piero (Florence), is active in the design and production of advanced high-performance compact design audio systems for a wide range of applications. The Company operates primarily through 3 brands targeting different market segments: (i) K-Array, the Company's main brand focused on audio professionals, (ii) K-Gear, dedicated to traditional and more affordable audio solutions, and (iii) K-Scape, specializing in high-quality audio and lighting systems that combine sound and lighting excellence with sophisticated design. K-Array offers a comprehensive portfolio of innovative, ultra-compact, high-performance audio and speaker systems for small, medium, and large applications, including touring, events, installations, transportation, and broadcast. Specifically, it manufactures and installs integrated solutions that include acoustic speakers, amplifiers, lighting, and accessory products such as microphones and earphones.

The acquisition transaction took place as follows:

- Payment of Euro 8,356 thousand paid in cash at the closing date. The amount was financed through a bank loan.
- Payment of Euro 5,009 thousand by issuing 300,000 Powersoft shares, subject to lock-up for a period of 18 months from the closing date;
- Payment of the remaining Euro 8,910 thousand in 4 equal annual installments starting April 1°, 2026. No interest will accrue on these installment amounts.

Additionally, the investment agreement envisages:

- the granting to Powersoft of a call option on the remaining 49% of K-Array's share capital exercisable within 60 days after the approval of K-Array's financial statements at December 31, 2030; and the granting to HP Sound of a put option on the same 49% of K-Array's share capital exercisable from the 61° to the 120° day after the approval of K-Array's financial statements at December 31, 2030, if Powersoft has not exercised the call option. The agreement also gives both parties the right to accelerate the exercise of their option in the event of a change of control of Powersoft or K-Array or decision deadlock in the Company's Shareholders' Meeting or Board of Directors, as well as the right for HP Sound to accelerate the exercise of its put option in the event of changes to K-Array's business plan that have not been approved by HP Sound's appointed directors. The exercise price has already been set and is 49% of the equity value of K-Array at the acquisition date.
- the recognition to HP Sound of (i) a contingent earn-out of Euro 4 million subject to the achievement of certain targets at the level of both Powersoft Group and K-Array stand alone based on the results of Powersoft and K-Array at December 31, 2027, as well as (ii) a further contingent earn-out of Euro 8 million subject to the achievement of certain targets at the level of both Powersoft Group and K-Array stand alone based on the results of Powersoft and K-Array at December 31, 2030;

Based on the analysis under IFRS 10 "Consolidated Financial Statements" and IAS 32 "Financial Instruments: Disclosure and Presentation", the Group has assessed that these options, taken together, substantially transfer to the parent company all risks and rewards related to the investment, including the portion held by minority shareholders, even before the options are formally exercised. As a result, the Group has consolidated K-Array at 100%, minority shareholders are no longer represented in consolidated equity in the usual terms, and a financial liability has been recognized for the counterparty to the put/call at the present value of the price set, in accordance with IAS 32.

Below are details of the assets and liabilities acquired at their fair value, the consideration paid to the seller, and the resulting provisional goodwill arising from this transaction:

Description	€/000
Property, plant and equipment	462
Assets from right of use	5,815
Intangible assets	4,069
Investments in associates and joint ventures	1,513
Deferred tax assets	251
Inventory	5,908
Trade receivables	2,509
Other operating activities	245
Cash	3,093
Financial liabilities	(5,948)
Employee benefits	(1,057)
Provision for risks and charges	(20)
Trade payables	(3,932)
Liabilities from leases	(5,815)
Other operating liabilities	(1,924)
Fair Value contingent consideration (earn-out)	(10,486)
Minority acquisition financial liabilities (put/call options)	(17,826)
Cash consideration	(16,686)
Fair Value shares issued Powersoft	(5,009)

Provisional goodwill	44,838
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The cash flow details of the transaction are as follows:

Total net identifiable assets at fair value (provisional)	5,169
Non-controlling interests	-
Goodwill (provisional) arising from the acquisition	44,838
Transaction consideration	50,007

Detail:	(Euro/000)
Cash consideration paid at acquisition date (included in cash flows from investing activities)	(8,355)
Cash acquired with subsidiary (included in cash flows from investing activities)	3,093
Acquisition transaction costs (included in cash flows from operations)	(347)
Net cash flow at acquisition date	4,915

The fair value of trade receivables amounts to Euro 2,509 thousand and is expected to be collected in full.

Right-of-use liabilities acquired were valued by considering the present value of the remaining payments at the acquisition date. The right-of-use asset was recognized for a value equal to that of the liability and, if necessary, was adjusted to reflect the favourable terms of the contract versus market terms.

Since joining the Group, K-Array has contributed Euro 6,158 thousand in revenue from customer contracts and Euro 2,019 thousand in EBITDA.

If K-Array had been acquired on January 1^o, 2025, it would have contributed Euro 10,940 thousand in revenue from customer contracts and Euro 2,670 thousand in EBITDA.

To date, the fair value calculation of the acquired assets and liabilities is still in progress. In fact, Powersoft Group Management made use of the option granted by IFRS 3 to conclude this exercise within 12 months from the transaction date.

Climate change effects

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

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

- increasing sustainability reporting requirements;
- higher stakeholder expectations regarding the use of low-impact energy sources and the reduction of their own CO2 emissions;

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

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

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

New accounting standards, interpretations and amendments adopted by the Group

The accounting standards adopted in the preparation of the condensed consolidated half-year financial statements are the same as those used for the consolidated financial statements at 31 December 2024, with the exception of the adoption of the new standards and amendments effective as of 1° January 2025. The Group has not adopted in advance any new standards, interpretations or amendments issued but not yet in force.

This amendment applied for the first time in 2025 but had no impact on the Group's condensed consolidated half-year financial statements.

Lack of exchangeability - Amendments to IAS 21

The amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates clarify how an entity should assess whether a currency is exchangeable and how to determine the spot exchange rate when it is not. The amendments also introduce disclosure requirements that allow financial statement users to understand how a non-exchangeable currency affects - or is expected to affect - the entity's operating results, financial position, and cash flows.

The amendments take effect as of the years beginning on or after 1° January 2025. When applying the changes, the entity is not permitted to restate comparative information.

Transactions denominated in foreign currencies

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

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

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

Company	Exchange rate	
	June 30, 2025	Average H1 2025
Powersoft Adv. Tech. Corp.	1.1720	1.0930

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 "professional audio."

Seasonality

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

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

3.1 Property, plant and equipment

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

PROPERTY, PLANT AND EQUIPMENT	Land and buildings	Plant and equipment	Industrial and commercial equipment	Other tangible fixed assets	Total property, plant and equipment
Net amount at 31.12.2024	-	65	1,152	458	1,674
Change of scope			163	299	462
Increases	-	-	206	64	270
Decreases	-	(2)	-	-	(2)
Depreciation	-	(8)	(260)	(90)	(358)
Total changes	-	(10)	108	273	372
Historical cost	18	279	5,002	3,201	8,500
Depreciation fund	(18)	(224)	(3,742)	(2,469)	(6,452)
Net amount at 30.06.2025	-	55	1,260	731	2,047

The total net amount of "Property, plant and equipment" is Euro 2,047 thousand, up from December 31, 2024. This change is attributable, in addition to the consolidation of K-Array within the Group's scope, to:

- expenditure for the purchase of industrial equipment and moulds for the development of new products totaling Euro 206 thousand;
- expenditure related mainly to the purchase of other tangible fixed assets totaling Euro 64 thousand;

It is acknowledged that for all assets under this category:

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

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

3.2 Assets from rights of use

At June 30, 2025, the Group had an asset value from rights of use on leased property and cars of Euro 7,516 thousand.

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

ASSETS FROM RIGHT OF USE	Assets from right of use on vehicles	Assets from right of use on capital properties	Total assets from right of use
Net amount at 31.12.2024	275	737	1,012
Change of scope	-	5,815	5,815
Increases/decreases	30	1,163	1,192
Depreciation	(53)	(451)	(504)
Total changes	(23)	6,527	6,504
Historical cost	414	7,672	8,086
Depreciation fund	(161)	(409)	(570)
Net amount at 30.06.2025	253	7,263	7,516

3.3 Other intangible assets

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

OTHER INTANGIBLE ASSETS	Industrial patent and intellectual property rights	Concessions, licenses, trademarks and similar rights	Development costs	Other intangible assets	Total other intangible assets
Net amount at 31.12.2024	514	147	1,588	-	2,249
Change of scope	150	3,901	-	17	4,069
Increases	235	35	871	-	1,141
Decreases	-	-	-	-	-
Amortization	(186)	(107)	(800)	(4)	(1,097)
Total changes	200	3,829	71	13	4,114
Historical cost	4,410	4,078	10,645	364	19,497
Amortization fund	(3,694)	(102)	(8,986)	(351)	(13,133)
Net amount at 30.06.2025	715	3,976	1,659	13	6,364

Net intangible assets amounted to Euro 6,364 thousand, up versus December 31, 2024. This change can be attributed, on the one hand, to the inclusion of K-Array in the Group's consolidation scope, which shows Euro

3,901 thousand of trademarks recognized as a benchmark in the professional audio sector, and, on the other hand, to the effects of the following factors:

- capitalization of development costs for Euro 871 thousand;
- increases for industrial patent and intellectual property rights for Euro 235 thousand;

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

3.4 Deferred tax assets and deferred tax liabilities

The tables below show the amount of deferred tax assets and deferred tax liabilities, as well as the changes in first half 2025 of deferred taxation recognized for the main temporary differences.

Temporary differences	30.06.2025	31.12.2024	Change
IRES	996	878	118
IRAP	49	15	34
Foreign corporate income tax	39	42	(3)
Total deferred tax assets	1,083	935	148
IRES	-	-	-
IRAP	-	-	-
Foreign corporate income tax	26	23	3
Total deferred tax liabilities	26	23	3

Deferred tax assets	30.06.2025		31.12.2024	
	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
Provision for inventory obsolescence	1,961	547	1,081	302
Warranty provision - IAS 37	756	211	847	236
Post-employment benefits - IAS 19	144	(45)	-77	-25
Unpaid fees to directors	113	27	150	36
Other consolidation entries	809	279	982	344
Trademark amort.	88	25		
Foreign corporate income tax		39		42
Total deferred tax assets		1,083		935

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 liabilities	30.06.2025		31.12.2024	
	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
Foreign corporate income tax	187	26		23
Total deferred tax liabilities		26		23

3.5 Other non-current assets

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

Other non-current assets	30.06.2025	31.12.2024	Change
Security deposits	13	5	8
Other receivables	28	28	-
Total other non-current assets	41	33	8

3.6 Investments in associates and joint ventures

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

Investments	Net amount at 31.12.2024	Change of scope	Expense/income for the period	Exchange effect	Net amount at 30.06.2025
Joint Venture K-Array USA	-	1,512	(120)	(119)	1,273
Total investments	-	1,512	(120)	(119)	1,273

During the year, Powersoft S.p.A. acquired K-Array, which holds a 50% stake in K-Array US, based in Massachusetts. The latter is accounted at equity.

3.7 Goodwill

In 2025, Powersoft S.p.A. acquired control of K-Array in a business combination transaction. To date, the fair value calculation of the acquired assets and liabilities is still in progress. In fact, Powersoft Group Management made use of the option granted by IFRS 3 to conclude this exercise within 12 months from the transaction date.

At June 30, 2025, the Group has provisional goodwill amounting to Euro 44,838 thousand. This goodwill was allocated entirely to a single independent cash-generating unit ("CGU") called K-Array.

3.8 Inventory

Inventory is composed as follows:

Inventory	30.06.2025	31.12.2024	Change
Raw and ancillary materials and consumables	9,506	6,065	3,441
Work in progress and semi-finished products	12,474	10,108	2,366
Finished products and goods	7,475	5,194	2,281
Total gross inventory	29,454	21,367	8,087
Prov. for inventory obsolescence	(2,027)	(1,155)	(872)
Net inventory	27,428	20,212	7,216

Inventory at June 30, 2025 is attributable mainly to semi-finished products in the amount of Euro 12,474 thousand and finished products in the amount of Euro 7,475 thousand. The increase in inventory is due mainly to the consolidation of K-Array into the Group's consolidation scope.

At June 30, 2025, the Group established a provision of Euro 2,027 thousand to account for obsolescence and the slow turnover of inventory, considering the potential possibility of a future utilization or realization.

3.9 Trade receivables

Trade receivables	30.06.2025	31.12.2024	Change
Receivables from customers	13,266	11,584	1,682
Receivables from others	679	415	264
Invoices/Credit notes to issue	210	(140)	350
Advances	(894)	(406)	(488)
Total	13,261	11,453	1,808
Allowance for impairment	(287)	(247)	(40)
Total net allowance for impairment	12,975	11,206	1,769

Trade receivables, net of the allowance for impairment, amounted to Euro 12,975 thousand, an increase of Euro 1,769 thousand versus the end of the prior year, due mainly to the consolidation of K-Array in the Group's financial statements.

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

3.10 Income tax receivables

Income tax receivables are detailed as follows:

Income tax receivables	30.06.2025	31.12.2024	Change
IRAP advances	105	29	76
IRES advances	588	0	588
Foreign company tax advances	49	75	(26)
Total	742	104	638

At June 30, 2025, the item amounted to Euro 742 thousand, up from the end of the prior year, due mainly to the IRES and IRAP advance payments and foreign company tax.

3.11 Other current assets

"Other current assets" is composed as follows:

Other current assets	30.06.2025	31.12.2024	Change
Security deposits	63	64	(1)
Other receivables from employees	2	0	2
Tax receivables	362	508	(146)
VAT receivables	353	544	(191)
Withholding tax	32	-	32
Receivables from Subs. Tax Consolid.	233	3	230
Deferred expense	1,555	1,055	500
Accrued income	457	382	75
Total	3,057	2,557	500

Other current assets include mainly VAT receivables for Euro 353 thousand, as well as tax receivables from R&D credit for Euro 362 thousand and deferred expense for Euro 1,555 thousand. The latter item comprises future accrued costs, primarily associated with insurance and consulting, for which the Group made advance payments in first half 2025.

3.12 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 June 30, 2025 amounted to Euro 5,919 thousand.

Other financial assets	30.06.2025	31.12.2024	Change
Portfolio securities	5,919	5,833	86
Total	5,919	5,833	86

3.13 Cash and cash equivalents

The item is broken down as follows:

Cash	30.06.2025	31.12.2024	Change
Bank and postal deposits	15,438	7,502	7,936
Cash and cash on hand	5	2	3
Total	15,443	7,504	7,939

The balance represents cash and cash on hand outstanding at 30 June 2025, which totaled Euro 15,443.

3.14 Equity

The items making up Group Equity are shown below:

Equity	Balance at 01/01/25	Profit (loss) for the period 31/12/24	Dividend distribution	Issue of new shares	Exercise of stock options	Share-based payments (stock options)	Profit / (loss) of the statement of comprehensive income	Profit (loss) for the period 30/06/25	Equity at 30/06/25
Share capital	1,313	-	-	31	1	-	-	-	1,345
Translation reserve	91	-	-	-	-	-	(319)	-	(228)
Legal reserve	250	13	-	-	-	-	-	-	263
Share premium reserve	11,165	-	-	4,978	47	-	-	-	16,189
Extraordinary reserve	11,739	12,068	(10,533)	-	-	-	-	-	13,275
FTA reserve	100	-	-	-	-	-	-	-	100
Reserve for actuarial gains/(losses) from employee benefits	67	-	-	-	-	-	54	-	121
Various other reserves	479	(186)	-	-	-	-	-	-	294
Stock options reserve	33	-	-	-	(9)	0	-	-	24
Retained earnings (losses carried forward)	1,001	450	-	-	-	-	-	-	1,451
Profit (loss) for the year	12,346	(12,346)	-	-	-	-	-	5,232	5,232
Total equity	38,583	(0)	(10,533)	5,009	39	0	(264)	5,232	38,066
Equity attributable to non-controlling interests	-	-	-	-	-	-	-	-	-
Total equity	38,583	(0)	(10,533)	5,009	39	0	(264)	5,232	38,066

The share capital at June 30, 2025 amounted to Euro 1,345 thousand, fully subscribed and paid up and consists of 12,844,964 shares with no par value.

In first half 2025, following partial execution of the option right serving the “2021–2023 Incentive Plan” and the issue of 300,000 new shares as a result of the acquisition of K-Array S.r.l., the share capital rose from Euro 1,313 thousand to Euro 1,345 thousand. As a result, the free float increased from 24.38% to 26.20%.

Reserves include:

- the legal reserve of Euro 263 thousand;
- the share premium reserve of Euro 16,189 thousand;
- the extraordinary reserve of Euro 13,275 thousand;
- the reserve for actuarial gains/(losses) for employee benefits of Euro 122 thousand, including actuarial gains and losses from the actuarial valuation of post-employment benefits net of the related tax impacts;
- the reserve for the first-time adoption of the international accounting standards of Euro 100 thousand, which incorporates all the effects generated by the transition to IAS/IFRS;
- the stock option reserve under IFRS2 of Euro 24 thousand;
- the Euro conversion reserve of the financial statements of the U.S. subsidiaries of Euro 228 thousand;
- the reserve under L.289/2002 of Euro 966 thousand;

The result for the six months ended June 30, 2025 amounted to Euro 5,232 thousand.

Earnings per share

Basic earnings per share were calculated according to IAS 33; the value of this metric was Euro 0.42 per share. The metric was calculated by dividing the profit attributable to the shareholders of the Parent (Euro 5,232 thousand at June 30, 2025) by the weighted average number of outstanding ordinary shares in the period (12,567,665 shares in first half 2025). Diluted earnings per share amounted to Euro 0.42 per share and is calculated by dividing the profit attributable to the shareholders of the Parent (Euro 5,232 thousand at June 30, 2025) by the weighted average number of outstanding shares, taking account of the effects of all potential ordinary shares with diluted effect (no. 12,588,500 average shares in first half 2025).

3.15 Current and non-current financial liabilities

The item is broken down as follows:

Current and non-current financial liabilities	30.06.2025	31.12.2024	Change
Payables to banks for medium- to long-term loans	13,015	0	13,015
Payables to other non-banking financial institutions (SIMEST)	463	392	71
Derivative Instruments	58	0	58
Medium-long term deferred price for acquisition of K-Array S.r.l.	6,204	0	6,204
Debt Earn Out	10,558	0	10,558
Debt Call/Put Options 49%	17,948	0	17,948
Non-current financial liabilities from rights of use	6,423	265	6,158
Total non-current financial liabilities	54,670	657	54,013
Payables to Parent Companies for loans	1,444	1,529	(85)
Payables to banks for medium- to long-term loans	2,633	0	2,633
Payables to other non-banking financial institutions (SIMEST)	204	224	(20)
Payables to shareholders for dividends	10,533	0	10,533
Short-term Deferred Price for acquisition of K-Array S.r.l.	2,183	0	2,183
Current financial liabilities from rights of use	1,117	774	343
Total current financial liabilities	18,113	2,527	15,586

At June 30, 2025, the following loans are recorded as payables to banking and non-banking financial institutions:

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%
Unicredit loan	28/04/2025	31/03/2031	3.08%
550347 - ISP OIC1045918513	09/07/2020	09/06/2026	1.94%
550348 - BPM loan 04728658	20/07/2020	20/07/2026	1.89%
550349 - Unicredit loan 8603937	31/08/2020	31/07/2026	0.90%
550350 - BCCM loan 208820	03/03/2021	03/02/2026	2.14%
550374 - ISP OIC1076410043	29/12/2021	29/11/2029	1.26%
550376 - ISP OUC2017800985	30/10/2022	30/09/2025	2.85%
550378 - ISP LOAN 114948	30/06/2023	29/03/2030	4.55%
550380 - SIMEST LOAN 401863	02/08/2024	02/08/2028	0.51%
550381 - UNI LOAN 2503650	31/03/2025	31/03/2028	3.70%
550382 - UNI LOAN 2510218	31/03/2025	29/02/2028	4.06%
550383 - MPS LOAN 994419455	31/07/2025	30/06/2026	2.75%

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.

To partly finance the up-front payment related to the acquisition transaction, the Group obtained a medium-to long-term bank loan. The purpose of the loan was to cover the cash requirements associated with the transaction.

The loan entered into for the acquisition transaction is governed by covenants. These clauses include covenants on certain income and financial indicators, compliance with which is verified annually.

Specifically, the covenants to be met at December 31, 2025 and at each subsequent annual closing until the expiration date are as follows:

- Net Financial Position/EBITDA
- Net Financial Position/Equity

Financial liabilities from rights of use, calculated by discounting the value of lease payments due, totaled Euro 7,540 thousand, of which Euro 6,423 thousand classified as non-current liabilities and Euro 1,117 thousand as current liabilities.

At June 30, 2025, current financial liabilities, in addition to the short-term portion of Simest loans, included a short-term payable due to the parent company Evolve S.r.l.. This payable is the result of the deferral in six tranches with final maturity on November 30, 2025 of the payable to the parent company arising from tax consolidation.

Additionally, at June 30 there was a payable to shareholders for dividends resolved but not yet paid in the amount of Euro 10,533 thousand, of which Euro 7,773 thousand payable to the parent company Evolve S.r.l..

An earn-out and an option arising from the Agreement signed with HP Sound have been recognized in these financial statements as new financial liabilities in the interim allocation pending completion of the Purchase Price Allocation (PPA). Specifically, the agreement envisages:

- the recognition to HP Sound of (i) a contingent earn-out of Euro 4 million subject to the achievement of certain targets at the level of both Powersoft Group and K-Array stand alone based on the results of Powersoft and K-Array at December 31, 2027, as well as (ii) a further contingent earn-out of Euro 8 million subject to the achievement of certain targets at the level of both Powersoft Group and K-Array stand alone based on the results of Powersoft and K-Array at December 31, 2030;
- the granting to Powersoft of a call option on the remaining 49% of K-Array's share capital exercisable within 60 days after the approval of K-Array's financial statements at December 31, 2030; and the granting to HP Sound of a put option on the same 49% of K-Array's share capital exercisable from the 61° to the 120° day after the approval of K-Array's financial statements at December 31, 2030, if Powersoft has not exercised the call option. The agreement also gives both parties the right to accelerate the exercise of their option in the event of a change of control of Powersoft or K-Array or decision deadlock in the Company's Shareholders' Meeting or Board of Directors, as well as the right for HP Sound to accelerate the exercise of its put option in the event of changes to K-Array's business plan that have not been approved by HP Sound's appointed directors.

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

Current and non-current financial liabilities	31.12.2024	Change of scope	New contracts	Repayments	30.06.2025
Payables to non-banking financial institutions (SIMEST)	616	79	96	(124)	667
Financial liabilities from rights of use	1,039	5,815	1,174	(488)	7,540
Payables to Parent Companies	1,529	-	1,733	(1,818)	1,444
Payables to banks for medium- to long-term loans	-	5,869	10,856	(1,078)	15,648
Payables to shareholders for dividends	-	-	10,533	-	10,533
Derivative Instruments	-	-	58	-	58
Deferred price for acquisition of K-Array S.r.l.	-	-	8,387	-	8,387
Debt Earn Out	-	-	10,558	-	10,558
Debt Call/Put Options 49%	-	-	17,948	-	17,948
Total current and non-current financial liabilities	3,184	11,764	61,344	(3,508)	72,784

Below are details of the fair value hierarchy of financial assets and liabilities:

	Quoted prices on an active market (Lev. 1)	Significant observable inputs (Lev. 2)	Significant unobservable inputs (Lev. 3)	Total
Financial Assets - Portfolio Securities	5,919			5,919
Financial Liabilities - Derivative Instruments		(58)		(58)
Financial Liabilities - Earn Out			(10,558)	(10,558)
Total	5,919	(58)	(10,558)	(4,697)

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

	30.06.2025	31.12.2024
(A) Cash	15,443	7,504
(B) Cash equivalents	-	-
(C) Other current financial assets	5,919	5,833
(D) AVAILABLE CASH (A+B+C)	21,362	13,337
(E) Current financial debt	-	-
(F) Current portion of non-current financial debt	(18,113)	(2,527)
(G) CURRENT FINANCIAL DEBT (E+F)	(18,113)	(2,527)
(H) NET CURRENT FINANCIAL DEBT (G+D)	3,249	10,810
(I) Non-current financial debt	(54,670)	(657)
(J) Debt instruments	-	-
(K) Trade payables and other non-current payables	-	-
(M) NON-CURRENT FINANCIAL DEBT (I+L)	(54,670)	(657)
(N) NET FINANCIAL POSITION (H+M)	(51,422)	10,153

3.16 Employee benefits

The post-employment benefits payable amounted to Euro 2,704 thousand.

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

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

Defined benefit obligations	30.06.2025	31.12.2024	Change
Defined benefit obligations at January 1*	1,562	1,365	399
Change of scope	1,057	-	1,057
Service costs	164	221	33
Interest cost	35	47	3
Actuarial (gains) losses recognized in equity	(73)	-3	(22)
Advances/utilization and other changes	(42)	-68	(19)
Total	2,704	1,562	1,142

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 of Powersoft are summarized below:

	30.06.2025	31.12.2024
Annual discount rate	3.70%	3.38%
Annual rate of increase in post-employment benefits	3.00%	3.00%
Annual inflation rate	2.00%	2.00%
Annual rate of real wage increase		0.50%
Expected rate of employee turnover post-employment benefits		6.00%
Expected rate of advances		1.50%
Probability of death		ISTAT 2022
Disability		INPS tables by age and gender
Retirement age		100% upon meeting AGO requirements

The main assumptions made for the actuarial estimation process of K-Array are summarized below:

	30.06.2025	31.03.2025
Annual discount rate	3.21%	3.32%
Annual rate of increase in post-employment benefits	3.00%	3.00%
Annual inflation rate	2.00%	2.00%
Annual rate of real wage increase		0.50%
Expected rate of employee turnover post-employment benefits		8.00%
Expected rate of advances		5.00%
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	Powersoft	K-Array
Turnover rate +1%	1,601	1,116
Turnover rate -1%	1,577	1,112
Inflation rate +0.25%	1,615	1,125
Inflation rate -0.25%	1,565	1,103
Discount rate +0.25%	1,558	1,101
Discount rate -0.25%	1,623	1,128

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

Service Cost and Duration	Powersoft	K-Array
Service Cost - future	204	195
Duration of the plan	12.6	8.6

Estimated future disbursements	Powersoft	K-Array
Disbursement 1st year	156	195
Disbursement 2nd year	156	165
Disbursement 3rd year	163	174
Disbursement 4th year	174	230
Disbursement 5th year	174	159

3.17 Provisions for risks and charges

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

Provisions for risks and charges	31.12.2024	Change of scope	Alloc.	Utilizations	30.06.2025	Of which short	Of which long
Product warranty provision	847	20	144	(255)	756	163	593
Total	847	20	144	(255)	756	163	593

Provisions for risks and charges amounted to Euro 756 thousand at June 30, 2025 and refer mainly to the product warranty provision.

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

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

3.18 Trade payables

The item amounts to Euro 10,247 thousand and is detailed as follows:

Trade payables	30.06.2025	31.12.2024	Change
Payables to suppliers	6,426	6,177	249
Invoices to receive	4,589	1,559	3,030
Advances	(768)	(1,087)	319
Total	10,247	6,649	3,598

Trade payables increased versus the prior year's figure due both to the consolidation of K-Array in the Group's financial statements and to the reduction of advances to suppliers compared with the December 31, 2024 closing.

3.19 Income tax payables

Income tax payables are broken down as follows:

Income tax payables	30.06.2025	31.12.2024	Change
IRAP payable	146	0	146
IRES payable	646	102	544
Foreign corporate income tax	65	0	65
Total	857	102	755

3.20 Other current liabilities

Other current liabilities	30.06.2025	31.12.2024	Change
Payable to Parent Company for tax consolidation	-	120	(120)
IRPEF	157	207	(50)
Withholding tax	3	2	1
Accrued expense	653	654	(1)
Deferred income	75	277	(202)
Payables to social security institutions	693	508	185
Other payables	1,705	600	1,105
Total	3,286	2,368	918

"Accrued expense" refers mainly to bonuses payable to employees accruing in 2025.

Other payables, amounting to Euro 1,705 thousand, include mainly payables to employees for work time reduction, holidays, 13th month bonus and the share of the bonus to employees in the form of Flexible Benefits.

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

4.1 Revenue from contracts with customers

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

Revenue Stream	At point in time/Over time	30.06.2025	30.06.2024	Change
Revenue Goods	At point in time	39,944	35,230	4,714
Revenue Spare Parts	At point in time	132	95	37
Revenue Services	At point in time	575	1,146	(571)
Total		40,651	36,471	4,180

Consolidated revenue in first half 2025 amounted to Euro 40,651 thousand, reflecting an 11.5% increase versus the prior half-year, which ended at Euro 36,471 thousand. Consolidated revenue in first half 2025 includes the consolidation of K-Array's income figures from April 1°, 2025 to June 30, 2025.

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

(Euro thousands)	30.06.2025	30.06.2024	Change
EUROPE	15,790	17,716	(1,926)
NAM	17,204	11,636	5,568
APAC	5,165	5,175	(10)
MEA	1,231	1,016	215
CALA	1,261	929	332
Revenue from sales	40,651	36,471	4,180

Globally, the industry has shown a two-speed trend: decline in China and Europe offset by growth in the U.S. market. In this market in particular, Powersoft recorded significant growth stemming from the outcomes of strategic decisions made in 2024 and from the decision to temporarily absorb the impact of tariffs without passing the full cost on to customers. This commercial initiative enabled the Group to strengthen its competitiveness by further expanding its market share in North America, a region that plays a central role in the global pro-Audio industry. The more than positive performance of North America also helped partly offset weaker results in other regions, including Europe, where the ongoing issue of excess inventory, combined with the uncertainty created after the announcement of U.S. tariffs - particularly affecting Germany and France - led to a drop in sales, and China, which witnessed a negative trend due to government trade policies aimed at boosting domestic production in response to U.S. tariffs.

As previously mentioned, within Powersoft Group, aside from the professional audio segment, there are no other operating segments that exceed the significance thresholds defined by IFRS 8. Therefore, disclosures required by this standard are not provided.

4.2 Other revenue

Details of other revenue are shown in the table below:

Other revenue	30.06.2025	30.06.2024	Change
Customer transportation recovery	67	101	(34)
Miscellaneous grants	146	185	(39)
Tax receivables	90	125	(35)
Other revenue	128	27	101
Total	431	438	(7)

Other revenue totaled Euro 431 thousand, in line with Euro 438 thousand in first half 2024.

4.3 Cost of sales

The item is broken down as follows:

Cost of sales	30.06.2025	30.06.2024	Change
Purchases	17,719	22,886	(5,167)
Change in inventory	(1,562)	(5,721)	4,159
Alloc. prov. obsoles.	40	-	40
Services	260	404	(144)
Transportation costs	579	491	88
Customs costs	558	78	480
Other costs	88	166	(78)
Direct structure costs	40	34	6
Personnel expense	761	794	(33)
Amortization and depreciation	128	107	21
Total	18,610	19,240	(629)

Cost of sales includes mainly goods purchases and inventory changes, direct labour costs, transportation costs, customs tariffs and other direct costs. At June 30, 2025, this item totaled Euro 18,610 thousand, a decrease of 3.3% versus end first half 2024, with the percentage on revenue dropping from 52.8% to 45.8% due to (i) a more advantageous product mix sold, (ii) higher sales price lists versus the prior half-year, which had a positive effect on the percentage, and (iii) the inclusion in the consolidation period of K-Array, which has a lower cost of sales impact. Of particular note is the increase in customs tariffs, introduced during the period under review following regulatory updates and protectionist measures enacted internationally. These tariffs generated higher procurement costs, directly impacting the cost of sales. The economic effect of these tariffs, amounting to Euro 0.5 million as outlined above, was largely absorbed by the Company and only partly mitigated through targeted adjustments to sales lists, whose effects will be reflected in the second half of the year.

4.4 Increases for internal work

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

Increases for internal work	30.06.2025	30.06.2024	Change
Increases for internal work	871	807	64
Total	871	807	64

"Increases for internal work" includes capitalized development costs amounting to Euro 871 thousand in first half 2025, up by Euro 64 thousand versus the same period of the prior year.

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

4.5 Business and marketing expense

The item is broken down as follows:

Business expense	30.06.2025	30.06.2024	Change
Consulting	292	209	83
Fairs and Exhibitions	397	222	175
Advertising & Marketing	407	120	287
Sales commissions	882	360	522
Other business expense	257	99	158
Personnel expense	2,424	1,723	701
Travel	487	330	157
Allocations	144	0	144
Amortization and depreciation	16	2	14
Total	5,306	3,064	2,241

Business expense in first half 2025 amounted to Euro 5,306 thousand, up versus the same period of the prior year. This change, in addition to the inclusion of K-Array in the consolidation period, is attributable mainly to a partial strengthening of the structure, particularly sales staff, in line with the Group's growth strategy.

4.6 General and administrative expense

The balance is shown in the table below:

General and administrative expense	30.06.2025	30.06.2024	Change
Consulting	1,133	821	312
Rents and service expense	37	25	12
Travel	126	141	(15)
Repairs and maintenance	53	57	(4)
Consumption expense	144	114	30
Product certification	63	51	12
Insurance	147	128	19
Training	48	29	19
Consumables and prototype development	226	197	29
Fees to Statutory Auditors	16	23	(7)
Personnel expense	3,733	2,771	962
Fees to Directors	599	516	83
Other defined employee benefits	258	177	81
FV stock options	-	84	(84)
Amortization and depreciation	1,815	1,336	479
Other expense	635	478	157
Total	9,033	6,947	2,085

General and administrative expense in first half 2025 amounted to Euro 9,033 thousand, higher than the amount recorded in first half 2024. The increase, beyond the inclusion of K-Array in the consolidation period, was attributable mainly to extraordinary one-off expense related to the acquisition completed in the period, as well as partial strengthening of the structure.

The item is related mainly to:

- Consulting services for Euro 1,133 thousand related to extraordinary consulting services associated with the acquisition transaction and other consulting services mainly in R&D and IT;
- Consumables and prototype development for Euro 226 thousand;
- Repair and maintenance expense for products under warranty and maintenance fees for Euro 53 thousand;
- Product certification costs for Euro 63 thousand;
- Consumption and utility expense for Euro 144 thousand;
- Other expense related mostly to IT fees.

4.7 Financial income and expense

Details of financial income are shown in the table below:

Financial income	30.06.2025	30.06.2024	Change
Interest income	1	0	1
Exchange rate gains	344	254	90
Write-backs of financial assets	149	118	31
Total	493	372	121

Details of financial expense are shown in the table below:

Financial expense	30.06.2025	30.06.2024	Change
Interest expense	93	22	71
Interest expense on leases	63	23	40
Exchange rate losses	1,050	56	994
Sundry financial expense	81	50	31
Write-downs of financial assets	127	10	117
Interest and other expense on loans	98	0	98
Interest from discounting	179	0	179
FV financial liabilities	72	0	72
Other Expense	122	0	122
Total	1,884	161	1,723

4.8 Tax

Income tax is recognized based on the best estimate of the average expected tax rate for the entire year (IAS 34 par. 30 letter c).

The table below shows the details of income tax:

Tax	30.06.2025	30.06.2024	Change
Current tax:			
IRES	1,786	2,008	(222)
IRAP	386	368	18
Foreign company tax	123	43	80
Deferred tax assets and liabilities:			
IRES	80	(52)	132
IRAP	1	6	(5)
Foreign company tax	4	20	(16)
Total	2,380	2,395	(13)

Reconciliation of actual tax rate

Reconciliation of actual tax burden	30.06.2025
Profit (loss) before tax	7,612
Theoretical tax burden (tax rate 27.9%)	2,124
Reconciliation:	
Non-deductible expense and non-taxable income	129
Current tax prior years	
Tax on the result of subsidiaries	127
Other effects	
Actual tax	2,380

4.9 Personnel expense

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

Personnel expense	30.06.2025	30.06.2024	Change
Wages and salaries	5,192	3,766	1,426
Social security expense	1,185	928	257
Post-employment benefits	273	161	112
Fees to Directors	503	423	80
Pension expense	132	122	10
Other defined employee benefits	452	325	127
FV stock options	-	84	(84)
Travel	488	409	79

Total	8,226	6,217	2,008
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The table below shows the Group's headcount by category:

Average headcount	30.06.2025	30.06.2024	Change
Executives	3	3	-
Managers	17	15	2
Employees and similar	182	123	59
Workers	52	21	31
Interns	0	0	-
Directors	12	6	6
Total	266	168	98

The headcount increase is due mainly to the integration of K-Array and to the strengthening of the structure in line with the strategy to best support the future development plans of Powersoft Group.

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

Personnel expense	30.06.2025	30.06.2024	Change
Cost of sales	732	627	105
Business and marketing expense	2,789	1,968	821
General and administrative expense	4,705	3,622	1,083
Total	8,226	6,217	2,009

4.10 Amortization, depreciation and allocations

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

Amortization and depreciation	30.06.2025	30.06.2024	Change
Amortization of intangible fixed assets	1,097	823	274
Depreciation of tangible fixed assets	358	267	91
Depreciation from right of use	504	355	149
Total	1,959	1,445	514

Amortization of other intangible assets relates mainly to the amortization of software, patents and concessions for Euro 153 thousand, the amortization of trademarks for Euro 107 thousand, and the amortization of capitalized development costs for Euro 800 thousand, for which the Company estimated a useful life and amortization period of 3 years. Depreciation of property, plant and equipment concerns mainly depreciation of equipment amounting to Euro 211 thousand. Depreciation from right of use, following application of IFRS 16 Leases, regards the depreciation of leased property and leased motor vehicles for Euro 504 thousand. The depreciation period starts from the year of asset registration by right of use.

Allocations	30.06.2025	30.06.2024	Change
Allocation to the allowance for impairment	-	-	-
Allocation to the provision for inventory obsolescence	40	-	40
Allocation to the product warranty provision	144	-	144
Total	184	-	184

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

Amortization and depreciation	30.06.2025	30.06.2024	Change
Cost of sales	128	107	21
Business and marketing expense	16	2	14
General and administrative expense	1,815	1,336	479
Total	1,959	1,445	514

Allocations	30.06.2025	30.06.2024	Change
Cost of sales	40	0	40
Business and marketing expense	144	0	144
General and administrative expense	-	0	-
Total	184	-	184

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

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

Net cash flow generated/(absorbed) from operations increased from negative Euro 2,515 thousand in first half 2024 to positive Euro 5,406 thousand in first half 2025, due mainly to the change in inventory and trade payables versus the prior half year.

Investing activities absorbed cash amounting to Euro 6,674 thousand in first half 2025 versus Euro 1,448 thousand in the same period of 2024. The Group's main requirements included:

- expenditure in intangible assets of Euro 1,143 thousand mainly for development costs;
- expenditure in tangible assets of Euro 269 thousand, related to the purchase of industrial and commercial equipment and moulds.
- Business combination net of cash acquired for Euro 5,262

Total cash flow generated in the six months amounted to Euro 7,939 thousand. At June 30, 2025, cash amounted to Euro 15,443 thousand, while the NFP stood at negative Euro 51,422 thousand. This change is attributable mainly to: (i) the consolidation of the newly acquired company, whose debt was fully included in the consolidation scope; (ii) the acquisition transaction, which resulted in the recognition of additional financial liabilities arising both from the financing of the transaction itself in the amount of Euro 9,214 thousand, and from deferred price components including: (a) deferred price related to the deferred and discounted payment of 51% of the acquired investment for Euro 8,387 thousand; (b) discounted debt for the two earn-outs for Euro 10,558 thousand; (c) discounted debt for the call/put option for the acquisition of 49% of the remaining investment for Euro 17,948 thousand.

6. Other information

Related party transactions

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

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

Related party transactions	June 30, 2025					
	Assets	Liabilities	Amortization and depreciation	Interest	Guarantees	Commitments
Other companies						
Bluesky Immobiliare S.r.l.	1,457	(1,465)	285	21		2,283
Total	1,457	(1,465)	285	21	-	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 June 30, 2025, total exposure on these guarantees amounted to Euro 2,114 thousand versus Euro 2,283 thousand at December 31, 2024.

Additionally, to streamline financial transactions with the parent company Evolve S.r.l. in the current year, it was decided to structure the debt owed by Powersoft S.p.A. to the latter - originating from the tax consolidation scheme - into six installments, with the final installment due on November 30, 2025. The deferment was granted at normal market conditions.

Lastly, at June 30 there was a payable to shareholders for dividends resolved but not yet paid in the amount of Euro 10,533 thousand, of which Euro 7,773 thousand payable to the parent company Evolve S.r.l..

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

Stock option plan 21-23

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

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

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

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.

Derivative Instruments

At June 30, 2025, the Group was a counterparty to the following derivative instruments:

IRS

- Company: Powersoft S.p.A.
- Purpose: hedging currency risk on loan
- Notional: Euro 4,600 thousand
- Fair Value at 30.06.25: Euro 58 thousand

IRS

- Company: K-Array
- Purpose: hedging currency risk on loan
- Notional: Euro 126 thousand
- Fair Value at 30.06.25: Euro 1,397 thousand

The Group has opted to account for these instruments under the ordinary method, whereby changes in fair value are recognized in the income statement as financial income/expense.

Financial risks

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

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

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

Credit risk

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

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

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

Financial and business exposure	30.06.2025	31.12.2024	Change
Other non-current assets	40	33	7
Allowance for impairment	-	0	-
Other non-current assets net of allowance for impairment	40	33	7
Trade receivables	13,261	11,453	1,808
Allowance for impairment	(287)	(247)	(40)
Trade receivables net of allowance for impairment	12,975	11,206	1,769
Other current assets	3,057	2,557	500
Allowance for impairment	-	0	-

Other current assets net of allowance for impairment	3,057	2,557	500
Other financial assets	5,919	5,833	86
Allowance for impairment	-	0	-
Other financial assets net of allowance for impairment	5,919	5,833	86
Cash and cash equivalents	15,443	7,504	7,939
Total exposure net of allowance for impairment	37,434	27,133	10,301

The tables below provide a breakdown of financial assets and trade receivables at June 30, 2025 and December 31, 2024, grouped by due date and shown excluding cash and cash equivalents:

Receivables at 30.06.2025	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	13,266	9,681	2,861	113	287	323
Advances	(894)	-	-	-	-	-
Other receivables	890	890	-	-	-	-
Current financial assets	5,919	-	-	-	-	-
Receivables from financial institutions	-	-	-	-	-	-
Other	3,098	3,098	-	-	-	-
Total	22,278	13,669	2,861	113	287	323
Allowance for impairment	(287)					(287)

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)

Liquidity risk

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

The contractual maturities of financial liabilities at June 30, 2025 and December 31, 2024, shown before interest payable, are shown in the table below:

Payables and liabilities at 30.06.2025	Carrying amount	Maturity		
		Within one year	2-5 y	Over 5 y
Financial payables to other non-bank financial institutions (A)	667	204	463	-
Financial liabilities from leases (B)	7,540	1,117	6,423	-
Payables to Parent Companies	1,444	1,444	-	-
Payables to banks	15,648	2,633	13,015	-
Hedging Derivative	58	-	58	-
Deferred Price	8,387	2,183	6,204	-
Debt Earn Out	10,558	-	10,558	-
Debt Call/Put Options 49%	17,948	-	17,948	-
Payables to shareholders for dividends	10,533	10,533	-	-
Tot. Financial liabilities (A+B)	72,784	18,113	54,670	-
Trade payables (C)	10,247	10,247		
Total (A+B+C)	83,031	28,360	54,670	-

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

Market risk

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

Interest rate risk

The Group has limited exposure to interest rate risk on loans. The management of interest rate risk follows established practices aimed at mitigating risks associated with interest rate fluctuations. Concurrently, it aims to minimize bank expense on deposits. The Group has entered into hedging derivative contracts, whereby it undertakes to exchange floating interest flows for fixed-rate flows.

Exchange rate risk

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

Significant events after first half 2025

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



Powersoft S.p.A.

Bilancio consolidato intermedio al 30 giugno 2025

Relazione di revisione contabile limitata sul bilancio consolidato intermedio



Shape the future
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Relazione di revisione contabile limitata sul bilancio consolidato intermedio

Agli Azionisti della
Powersoft S.p.A.

Introduzione

Abbiamo svolto la revisione contabile limitata dell'allegato bilancio consolidato intermedio, costituito dal prospetto della situazione patrimoniale-finanziaria consolidata, dal prospetto dell'utile consolidato, dal prospetto di conto economico complessivo consolidato, dal prospetto delle variazioni del patrimonio netto, dal rendiconto finanziario consolidato per il periodo di sei mesi chiuso al 30 giugno 2025 e dalle relative note illustrative della Powersoft S.p.A. e controllate (il "Gruppo Powersoft"). Gli Amministratori sono responsabili per la redazione del bilancio consolidato intermedio in conformità al principio contabile internazionale applicabile per l'informativa finanziaria infrannuale (IAS 34) adottato dall'Unione Europea. È nostra la responsabilità di esprimere una conclusione sul bilancio consolidato intermedio sulla base della revisione contabile limitata svolta.

Portata della revisione contabile limitata

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

Conclusioni

Sulla base della revisione contabile limitata svolta, non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che l'allegato bilancio consolidato intermedio del Gruppo Powersoft, per il periodo di sei mesi chiuso al 30 giugno 2025, non sia stato redatto, in tutti gli aspetti significativi, in conformità al principio contabile internazionale applicabile per l'informativa finanziaria infrannuale (IAS 34) adottato dall'Unione Europea.

Firenze, 29 settembre 2025

EY S.p.A.

Lapo Ercoli
(Revisore Legale)