

BOARD OF DIRECTORS APPROVES CONSOLIDATED HALF-YEAR REPORT AT JUNE 30, 2024**ALL MAJOR INCOME METRICS GROW OVER SIX-MONTH PERIOD****CONSOLIDATED REVENUE EURO 36.9 MILLION (+12% YoY)****EBITDA EURO 9.9 MILLION (+15% YoY) WITH EBITDA MARGIN RISING TO 27.2%, NET PROFIT EURO 6.3 MILLION (+20% YoY) OR 17.2% OF REVENUE****POSITIVE (CASH) NFP EURO 5.4 MILLION AFTER DISTRIBUTION OF ORDINARY DIVIDEND OF EURO 10.7 MILLION**

- Consolidated revenue at Euro 36.9 million, up by 11.9% versus Euro 33.0 million in first half 2023;
- EBITDA¹ at Euro 9.9 million, up by 14.7% versus Euro 8.6 million in first half 2023 (EBITDA margin 27.2% versus 26.5% in first half 2023);
- EBIT at Euro 8.5 million, up by 16.5% versus Euro 7.3 million in first half 2023 (EBIT margin 23.2% versus 22.3% in first half 2023);
- Net profit at Euro 6.3 million, up by 20.0% versus Euro 5.2 million in first half 2023;
- Net Financial Position at a positive (cash) Euro 5.4 million at June 30, 2024 versus Euro 17.8 million at December 31, 2023 and Euro 15.0 million at June 30, 2023.

Scandicci (Florence), September 25, 2024 - Powersoft S.p.A. (the "**Company**" or "**Powersoft**"), a global technology leader in audio amplification systems, acoustic signal processing and transducer systems for the pro-Audio sector, listed on Euronext Growth Milan, today approved the consolidated half-year report at June 30, 2024, prepared in accordance with IAS/IFRS and subject to limited audit.

In the words of Powersoft Group CEO Luca Lastrucci: *"The first half of the year closes with positive results for both volumes and margins. Increased operating leverage and positive market feedback confirm the soundness of our strategic decisions. Early in the year, we secured a significant technology partnership with Ferrari, enabling our entry into the automotive sector. We are bolstering our structure by adding top-tier new resources, especially in the U.S. market, aimed at sustaining growth over the years. For the remainder of the year, Powersoft will advance its development plan, aiming to expand its global presence and reinforce its position as a technology leader in the audio industry. In a market showing normalized demand compared to previous peaks, we view 2024 as a year of consolidation and laying the groundwork for sustainable and enduring future growth".*

1 Powersoft defines EBITDA 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 fixed assets, (iii) depreciation of tangible fixed assets, and (iv) allocations. Since EBITDA is not recognized as an accounting measure under the IAS-IFRS accounting standards adopted by the Company, its quantification may not be straightforward.

Results at June 30, 2024

Group performance

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

(*) Figures at June 30, 2023 have been restated by allocation

Total **consolidated revenue** in first half 2024 amounted to Euro 36.9 million, up by 11.9% versus Euro 33.0 million in first half 2023, confirming the ongoing success of the implemented penetration strategy.

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

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

Sales growth for the Group was notably strong in the U.S. and European markets, posting increases of 30.9% and 5.8% respectively versus first half 2023. MEA and CALA also recorded increases versus first half 2023, driven by growth across all business lines.

Cost of sales mainly includes goods purchases and inventory changes, direct and indirect labour costs, transportation costs, customs duties and other direct costs. At June 30, 2024, this metric totaled Euro 19.2 million, up versus the prior year (+10.3%), due mainly to the increase in sales volumes.

Cost of sales at June 30, 2023 has been restated to account for the different accounting of Euro 0.3 million in costs for direct and indirect production personnel, facility costs, and depreciation related to the production area.

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

As a result of the improved operating leverage, consolidated **EBIT** for the period stood at Euro 8.5 million, up by 16.5% versus Euro 7.3 million in the prior six months, with the EBIT margin increasing from 22.3% to 23.2%.

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

As a result, **the consolidated Net Profit** for the six months ended June 30, 2024 amounted to Euro 6.3 million, up by 20.0% versus Euro 5.2 million in first half 2023 and accounting for 17.2% of sales.

Group statement of financial position

<i>(Euro thousands)</i>	30/06/2024	31/12/2023	Change	% change
Fixed capital	4,935	4,768	168	3.5%
Net working capital	23,361	13,112	10,249	78.2%
Net capital employed	27,059	16,605	10,455	63.0%
Net financial position	5,420	17,778	(12,358)	-69.5%
Total equity	(32,479)	(34,383)	1,903	-5.5%
Total sources	(27,059)	(16,605)	(10,455)	63.0%

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

The net financial position at June 30, 2024 stood at a positive (net cash) Euro 5.4 million versus Euro 17.8 million at December 31, 2023 and Euro 15.0 million at June 30, 2023. The NFP is composed mainly of cash funds amounting to Euro 4.3 million, portfolio securities amounting to Euro 5.6 million, and debit items amounting to Euro 4.6 million, mostly related to the accounting of operating lease payables arising from the application of IFRS 16 and subsidized loans taken out with Simest S.p.A.. The deterioration of the net financial position compared to December 31, 2023 is due primarily to the payment of an ordinary dividend totaling Euro 10.7 million and the allocation of resources to bolster inventory, as described in detail above.

Consolidated **equity** at June 30, 2024 stood at Euro 32.5 million versus Euro 34.4 million at December 31, 2023.

Significant events in the first half

On **January 12, 2024**, Powersoft announced, pursuant to Article 17 of the Euronext Growth Milan Issuer Regulation and Article 21 of the Company's Bylaws, that on January 12, 2024 it had received

notification from shareholder Lorenzo Lepri that the 2.5% stake threshold in Powersoft's share capital had been exceeded, the latter having stated holding at such date a 3.09% stake in the share capital.

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

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

On **March 19, 2024**, Powersoft announced that it had published the "Information Document on a Major Related Party Transaction" in connection with the signing of a preliminary lease agreement with Bluesky Immobiliare S.r.l. regarding the Company's new headquarters in Scandicci. This Information Document is available at the Company's registered office, as well as on its website and on the Borsa Italiana website.

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

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

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

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

2020 Incentive Plan" and 549,416 new ordinary shares were granted as a result of the exercise of 549,416 options to service the "2021-2023 Incentive Plan".

Events after first half 2024

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

Business outlook

The first half of 2024 saw further growth in key income and business metrics for Powersoft Group, building on an already highly positive 2023. The year opened with the start of a prestigious partnership with Ferrari, the first prize won at the Inavation Awards in the "Applied Technologies" category for the contribution to the Sphere project in Las Vegas, and the launch of the new "Verso" gateway device, which facilitates the connection of all Powersoft products to the MyUniverso cloud platform, offering additional functionality to customers.

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

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

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

Filing of Documents

The documents related to the Consolidated Half-Year Report at June 30, 2024, as required by current regulations, will be made publicly available within the time limits of law, at the Company's registered office, and will be available for consultation on the Company website www.powersoft.com (*Investor Relations* section) and on the Borsa Italiana website (*Azioni/Documenti* section), within the time limits of applicable laws and regulations.

This press release contains forward-looking statements concerning Powersoft Group's intentions, beliefs, or current expectations regarding the financial results and other aspects of the Group's activities and strategies. Readers of this press release should not place undue reliance on these forward-looking statements as the final results could differ materially from those contained in said forecasts, due to a variety of factors, most of which beyond the Group's control.

This press release is available in the *Investor Relations/Comunicati Stampa Corporate e Finanziari* section on www.powersoft.com.

ABOUT POWERSOFT:

Powersoft S.p.A. was established in 1995 by two brothers, Luca and Claudio Lastrucci, and Antonio Peruch, is headquartered in Scandicci/Florence, and is a global technology leader in audio amplification systems, signal processing and transducer systems for the pro-Audio sector. The Group primarily focuses on providing lightweight power amplifiers known for their high efficiency and exceptional audio quality to customers both domestically and globally. Distribution in the North American (U.S.) market is handled by Powersoft Advanced Technologies Corp., currently a wholly-owned subsidiary, while marketing in other regions (South-America, Asia, Europe and Rest of the World) is managed by a network of multi-brand distributors and through management relationships. The Group currently employs over 110 skilled resources and boasts extensive worldwide sales. Research and Development activities are conducted in-house within the Group, while production is facilitated through a combination of internal production lines and carefully-chosen suppliers operating both in Italy and abroad.

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ATTACHED ARE THE POWERSOFT GROUP INCOME STATEMENT, STATEMENT OF FINANCIAL POSITION, STATEMENT OF CASH FLOWS AND NET FINANCIAL POSITION AT JUNE 30, 2024

INCOME STATEMENT

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

STATEMENT OF FINANCIAL POSITION

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

STATEMENT OF CASH FLOWS

Amounts €/'000

Statement of Cash Flows - Consolidated	30/06/2024	30/06/2023
Cash Flow from Operations		
Profit / (loss) for the year	6,281	5,236
<u>Adjustments to reconcile net profit (loss) for the period to cash flow generated by operations:</u>		
Income tax	2,395	2,011
Amortization/Depreciation	1,445	1,121
Allocations	-	-
(Capital gain)/loss on disposal of fixed assets	-	-
Allocations/(Utilization) provisions for employee benefit liabilities	78	83
Allocations/(Utilization) provisions for risks and charges	-	253
Change FV financial assets	(108)	(49)
Interest (receivable) / accrued liabilities	45	31
<u>Changes in operating assets and liabilities:</u>		
Inventory	(5,777)	(1,723)
Trade receivables and contract assets	1,220	(3,688)
Trade payables	(4,982)	2,470
Other assets	862	1,146
Other liabilities	(3,627)	(1,280)
Interest (paid) / collected	(24)	(31)
Tax (paid) / collected	(285)	(523)
Utilization of provisions for risks and charges	(163)	(123)
Other	124	(16)
Net cash flow from operations (A)	(2,515)	4,917
Cash Flow from Investing Activities		
(Purchase) of property, plant and equipment	(375)	(498)
Sale of property, plant and equipment	-	-
(Purchase) of investment property	-	-
Sale of investment property	-	-
(Purchase) of intangible fixed assets	(1,073)	(790)
Sale of intangible fixed assets	-	-
(Purchase) of financial instruments	-	-
Sale of financial instruments	-	-
(Acquisition) of subsidiaries net of cash acquired	-	-
Net cash flow from investing activities (B)	(1,448)	(1,288)
Cash Flow from Financing Activities		
Paid capital increases	2,319	345
Dividend distribution	(10,651)	(9,671)
Purchase of treasury shares	-	-
Lease repayment	(356)	(254)
New medium- to long-term loans	3,112	246
(Repayment) medium- to long-term loans	(548)	(428)
Net cash flow from financing activities (C)	(6,124)	(9,762)
Total net cash flow (D=A+B+C)	(10,087)	(6,134)
Opening net cash (E)	14,430	20,275
Total net cash flow	(10,087)	(6,134)
Closing cash (G=D+E)	4,343	14,141

CONSOLIDATED NET FINANCIAL POSITION

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