

Consolidated Interim Financial Report

at 30 June 2021

*This document has been translated into English
for the convenience of readers outside Italy.
The original Italian document should be considered
the authoritative version.*

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EUROTECH S.p.A.
Registered offices: Via Fratelli Solari 3/A, Amaro (Udine), Italy
Share capital: €8,878,946 fully paid in
Tax code and
Udine Company Register no.: 01791330309

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Corporate Bodies

Board of Directors	
Chairman	Patrizio Mapelli
Vice Chairman	Aldo Fumagalli ¹
Director	Paul Chawla
Director	Marco Costaguta ¹
Director	Susanna Curti ^{1 5}
Director	Maria Grazia Filippini ^{1 2 3 4 5}
Director	Antongiulio Marti ^{1 3}
Director	Chiara Mio ^{1 2 3 4}
Director	Laura Rovizzi ^{1 2 4 5}

The Board of Directors currently in office was appointed by shareholders at the Annual General Meeting of 28 April 2020 and was supplemented at the Annual General Meeting of 11 June 2021; it will remain in office until approval of the 2022 financial statements.

Board of Statutory Auditors	
Chairman	Fabio Monti
Statutory Auditor	Pietro Biagio Monterisi
Statutory Auditor	Daniela Savi
Substitute Statutory Auditor	Luigina Zocco

The Board of Statutory Auditors currently in office, with the exception of Monterisi, who took over on 23 June 2021 the auditor Rebecchini, who resigned, was appointed by shareholders at the Annual General Meeting of 28 April 2020, and will remain in office until approval of the 2022 financial statements.

Independent Auditor
PricewaterhouseCoopers S.p.A.

The independent auditor was appointed for the period 2014-2022 by shareholders at the Annual General Meeting of 24 April 2014.

Corporate name and registered offices of the Parent Company
Eurotech S.p.A. Via Fratelli Solari 3/A 33020 Amaro (UD), Italy Udine Company Register number 01791330309

¹ Non-executive Directors.

² Independent Directors pursuant to the Corporate Governance Code issued by the Italian Corporate Governance Committee for Listed Companies.

³ Member of the Control and Risks Committee.

⁴ Member of the Committee for transactions with related parties.

⁵ Member of the Remuneration and Appointments Committee.

Information for shareholders

The ordinary shares of Eurotech S.p.A., the Parent Company of the Eurotech Group, have been listed in the STAR segment of the MTA Market run by Borsa Italiana since 30 November 2005.

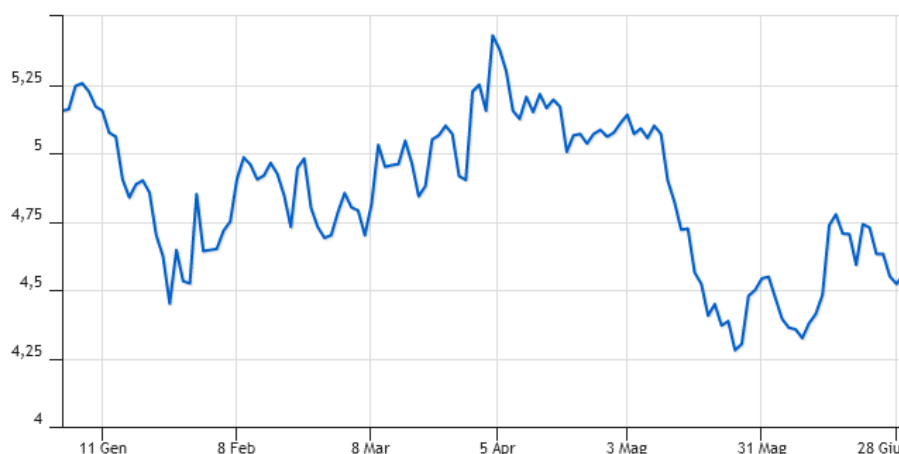
Share capital of Eurotech S.p.A. at 30 June 2021

Share capital	€8,878,946.00
Number of ordinary shares (without nominal unit value)	35,515,784
Number of savings shares	-
Number of Eurotech S.p.A. treasury shares	349,520
Stock market capitalisation (based on the average share price in June 2021)	€161 million
Stock market capitalisation (based on the share price on 30 June 2021)	€163 million

Performance of Eurotech S.p.A. shares

Relative performance EUROTECH S.p.A.
01.01.2021 – 30.06.2021

The line graph shows the share's performance based on daily relevant prices



The candle chart shows the share's daily maximum and minimum prices



Management report

Introduction

The consolidated annual financial statements of Eurotech Group were prepared in accordance with IFRS accounting standards issued by the International Accounting Standards Board (IASB) and adopted by the European Commission pursuant to Art. 6 of EC Regulation 1606/2002 of the European Parliament and European Council of 19 July 2002.

This consolidated half-year financial report for the six-month period ended 30 June 2021 was prepared in accordance with the provisions of IAS 34 Interim Financial Reporting, Art. 154-ter of the Consolidated Law on Finance, as well as the relevant Consob provisions. This consolidated half-year financial report is subject to a limited audit according to the criteria recommended by Consob. The consolidated half-year financial report does not contain all the information and notes required for drafting the consolidated annual financial statements and therefore this report must be read together with the consolidated annual financial statements at 31 December 2020.

Unless otherwise stated, data are expressed in thousands of euro.

Performance highlights

Financial data

(€'000)	1H 2021	%	1H 2020	%	% change
OPERATING RESULTS					
SALES REVENUES	26,730	100.0%	36,188	100.0%	-26.1%
GROSS PROFIT MARGIN	13,204	49.4%	18,978	52.4%	-30.4%
EBITDA ADJ	(1,705)	-6.4%	3,207	8.9%	-153.2%
Non recurring costs	(1,415)	-5.3%	0	0.0%	n/a
EBITDA	(3,120)	-11.7%	3,207	8.9%	-197.3%
EBIT	(5,412)	-20.2%	1,111	3.1%	n.s
PROFIT (LOSS) BEFORE TAXES	(5,786)	-21.6%	1,296	3.6%	n.s
GROUP NET PROFIT (LOSS) FOR THE PERIOD	(5,761)	-21.6%	577	1.6%	n.s

Statement of financial position data

€'000	at June 30, 2021	at December 31, 2020
BALANCE SHEET AND FINANCIAL HIGHLIGHTS		
Non-current assets	101,250	101,972
- of which net intangible assets	86,314	86,775
- of which net tangible assets	6,053	6,468
Current assets	65,836	77,746
TOTAL ASSETS	167,086	179,718
Group shareholders' equity	112,541	118,864
Minority interest	0	0
Non-current liabilities	27,073	31,300
Current liabilities	27,472	29,554
TOTAL LIABILITIES AND EQUITY	167,086	179,718

€'000	at June 30, 2021	at December 31, 2020
NET FINANCIAL POSITION	(5,814)	(8,548)
NET WORKING CAPITAL	12,592	15,827
NET INVESTED CAPITAL*	106,727	110,316
CASH FLOW DATA		
Cash flow generated (used) in operations	756	3,388
Cash flow generated (used) in investment activities	(3,269)	(5,092)
Cash flow generated (absorbed) by financial assets	(4,674)	13,456
Net foreign exchange difference	209	(1,217)
TOTAL CASH FLOW	(6,978)	10,535

(*) Non-current, non-financial assets, plus net working capital, minus non-current, non-financial liabilities.

Number of employees

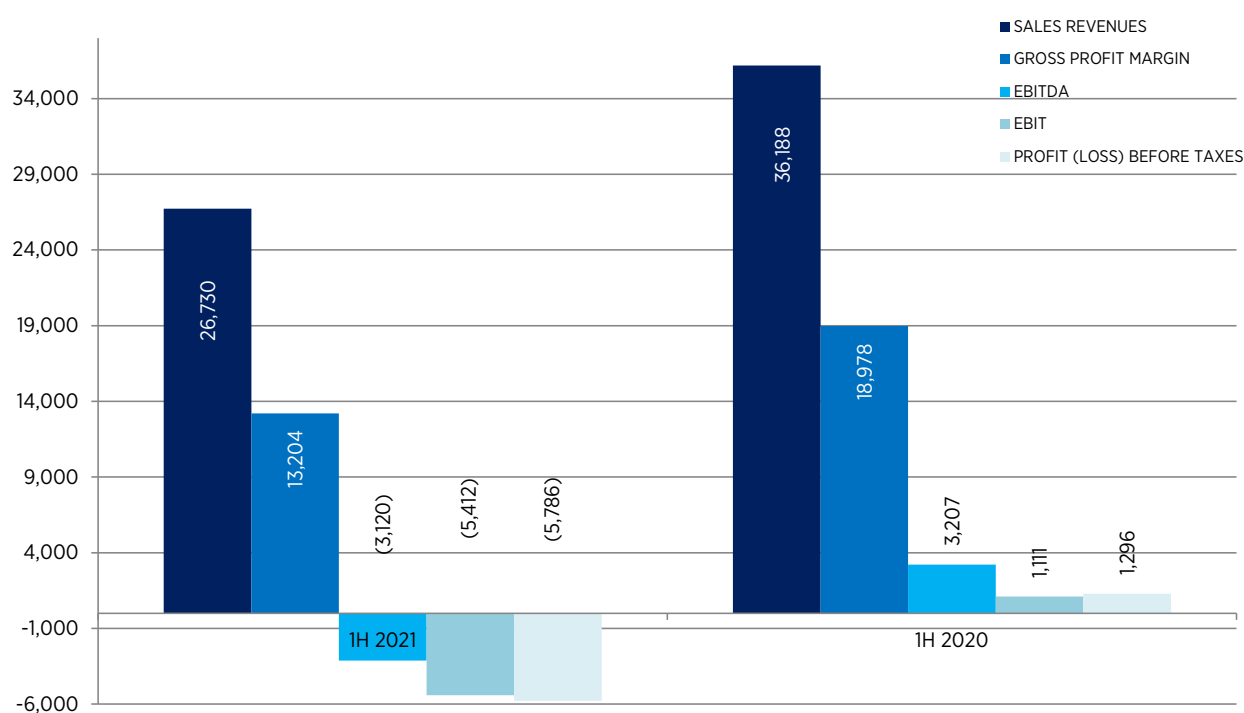
	at June 30, 2021	at December 31, 2020	at June 30, 2020
EMPLOYEES	331	323	326

Revenues of the NanoPC line by geographic business area

(€' 000)

	North America			Europe			Asia			Correction, reversal and elimination			Total		
	1H 2021	1H 2020	% YoY Change	1H 2021	1H 2020	% YoY Change	1H 2021	1H 2020	% YoY Change	1H 2021	1H 2020	% YoY Change	1H 2021	1H 2020	% YoY Change
Third party Sales	11,801	15,276		6,717	8,597		8,212	12,315		0	0		26,730	36,188	
Infra-sector Sales	284	191		2,318	1,673		21	308		(2,623)	(2,172)		0	0	
Total Sales revenues	12,085	15,467	-21.9%	9,035	10,270	-12.0%	8,233	12,623	-34.8%	(2,623)	(2,172)	-20.8%	26,730	36,188	-26.1%

Summary of the results



The Eurotech Group

Eurotech is a global company with a strong international focus and sales across three continents. It is a Group that has operating locations in Europe, North America and Japan, led and coordinated by the headquarters in Italy.

Eurotech has a long tradition of almost thirty years in the design and manufacture of embedded computers for special applications, in which the ability of computers to withstand hostile environments and the need for continuous and uninterrupted operation are the determining variables. This is a market niche characterized by high value and low volumes that over the years has allowed the company to defend a gross profit margin above the industry average.

More than 10 years ago Eurotech understood, in a visionary impulse, that the technological paradigm was changing and embarked in a pioneering way on a path of evolution towards Edge Computing and Industrial IoT, with significant investments in software integrated with hardware and focusing on the open-source approach.

Today the result of that vision and of those investments is a technological positioning among the leaders in the reference market, confirmed both by the awards received and by the mentions in the reports of the industry analysts.

The elements that characterize Eurotech in the Industrial IoT landscape are the following:

- Eurotech's technology solves the conflict between Operational Technology (OT) and Information Technology (IT) at the Edge, thanks to integrated solutions that combine hardware and software; this conflict is unanimously recognized as the number one obstacle to the implementation of IoT projects by companies;
- by leveraging its DNA and knowledge of OT-side protocols, Eurotech has realized Plug&Play connectivity to field assets, which accelerates implementation time and reduces deployment costs;
- thanks to the relationships with the big names in IT such as Microsoft, Amazon, IBM, Eurotech is able to provide certified connectivity to all major cloud platforms, reducing to almost zero the risks of integration in a typical IoT project where these platforms are used;
- Eurotech's connection and integration technology has been conceived and implemented by adopting the best solutions in the field of Cybersecurity and is certified according to the latest international standards on the subject.

Today the Group's offer is modular, with different levels of hardware and software integration and is articulated as follows:

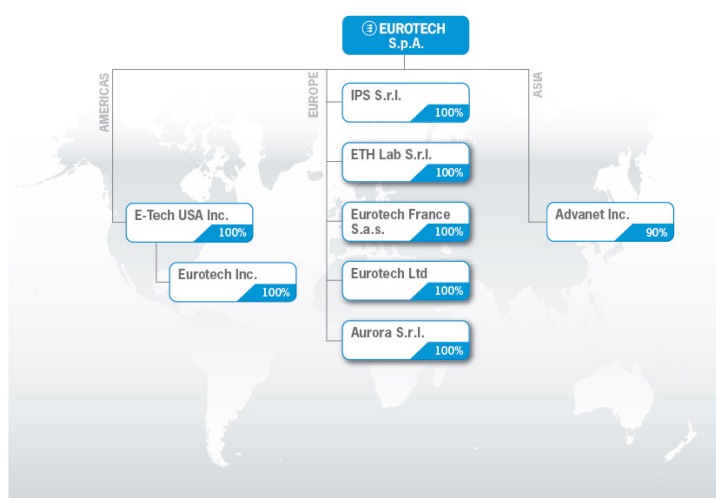
- embedded PC in the form of boards and subsystems, which represent Eurotech's historical offer and are purely hardware products with only the operating system integrated;
- edge gateways, i.e. devices that enable multi-standard and multi-protocol communication between assets operating in the field and remote data platforms;
- edge servers, i.e. CPU-based computing units similar to the units that make up data centers but located in the field, close to the assets and dedicated to local processing of data generated by them;
- edge AI, i.e. high performance computing systems equipped with GPU accelerators to process Artificial Intelligence algorithms, dedicated to the extraction of meaning from data directly in the field;
- software for integration between Operational Technology and Information Technology: the edge framework "Everyware Software Framework" (ESF) on the OT side and the integration platform "Everyware Cloud" (EC) on the IT side.

The sectors in which the Group has historically developed most of its turnover are industrial and transportation, followed by medical. More recently, the new offer of integrated hardware and software for industrial IoT applications has also allowed the Group to enter new sectors, such as energy. From a strategic point of view, the Group's choice today is to focus on 5 vertical markets that combine larger size and higher growth rate in the next five years: industrial automation, transportation & offroad, medical, energy-gas-water networks, telecommunications.

At 30 June 2021, the Eurotech Group consisted of the following companies:

Company name	Business activity	Share capital	Group share
<i>Parent company</i>			
Eurotech S.p.A.	Operates in the NanoPC segment focusing on the Edge Computer market and "IoT" technology, predominantly in the Italian and EMEA markets. In terms of organisation, it performs the role of industrial holding coordinating all subsidiaries of the Eurotech Group.	Euro 8,878,946	
<i>Subsidiaries and companies consolidated on a line-by-line basis</i>			
Aurora S.r.l.	Engineering company that provides services within the Group.	Euro 10,000	100.00%
E-Tech USA Inc.	Holding company that controls 100% of Eurotech Inc.	USD 8,000,000	100.00%
EthLab S.r.l.	Company that provides services and performs research and development on behalf of the Group.	Euro 115,000	100.00%
Eurotech France S.A.S.	Operates in the French market, focusing on the IoT market in particular.	Euro 795,522	100.00%
Eurotech Inc.	Operates in the US market with a focus on the industrial, medical and transport sectors.	USD 26,500,000	100.00%
Eurotech Ltd.	Operates mainly in the United Kingdom and in Northern Europe.	GBP 33,333	100.00%
I.P.S. Sistemi Programmabili S.r.l.	Operates in the Italian market under the IPS brand.	Euro 51,480	100.00%
Advanet Inc.	Operates in the Japanese market with a focus on the industrial, medical and transport sectors.	JPY 72,440,000	90.00% (1)

(1) For purposes of consolidation, it is considered as 100% owned, since the company holds the remaining 10% in the form of treasury shares.



Aggiornamento COVID-19

During 2021, the focus on limiting the spread of the Covid-19 pandemic continued at the international level.

All Group companies continue to adopt the greatest hygiene precautions, protocols and measures necessary to preserve the health of employees and to manage the biological risk in the workplace. This risk is expected to decrease more and more as the number of vaccinated personnel increases. Although there are no obligations in this regard, the various Group companies have always supported and facilitated the vaccination of their staff, believing that at the moment this is the only way to return to a "new" operational normality.

Moreover, the use of remote work continued in the first half of 2021, for those roles and activities for which it is materially possible, guaranteeing business continuity in all geographical areas.

The travel of people across continents continues to be impossible due to the limitations of countries such as the United States and Japan, which also do not allow foreigners to enter for business reasons. The use of videoconferencing systems compensates for these restrictions in interactions with clients or potential clients, as well as with colleagues between the various subsidiaries.

Operating performance

(€'000)		1H 2021	%	1H 2020	%
OPERATING RESULTS					
SALES REVENUES		26,730	100.0%	36,188	100.0%
GROSS PROFIT MARGIN	(*)	13,204	49.4%	18,978	52.4%
EBITDA ADJ	(****)	(1,705)	-6.4%	3,207	8.9%
Non recurring costs		(1,415)	-5.3%	0	0.0%
EBITDA	(**)	(3,120)	-11.7%	3,207	8.9%
EBIT	(***)	(5,412)	-20.2%	1,111	3.1%
PROFIT (LOSS) BEFORE TAXES		(5,786)	-21.6%	1,296	3.6%
GROUP NET PROFIT (LOSS) FOR THE PERIOD		(5,761)	-21.6%	577	1.6%

(*) **Gross profit margin** is the difference between revenues from sales of goods and services and use of raw materials.

(**) **EBITDA**, an intermediate figure, is earnings before amortisation, depreciation and impairment of non-current assets, financial income and expenses, the valuations of affiliates at equity and of income taxes for the period. This is a measure used by the Group to monitor and assess operating performance. Since the composition of EBITDA is not regulated by the reference accounting standards, the calculation criterion applied by the Group may not be consistent with that used by other companies and would therefore not be comparable.

(***) **EBIT**, or earnings before financial income and expenses, the valuations of affiliates at equity and of income taxes for the period.

(****) **EBITDA ADJ**, an intermediate figure, is determined gross of non-recurring costs and revenues, before amortisation, depreciation and impairment of non-current assets, financial income and expenses, the valuations of affiliates at equity and of income taxes for the period. This is a measure used by the Group to monitor and assess its operating performance, net of any non-recurring costs or revenues that therefore do not occur frequently in the ordinary course of business. Since the composition of EBITDA is not regulated by the reference accounting standards, the calculation criterion applied by the Group may not be consistent with that used by other companies and would therefore not be comparable.

The Group's **turnover** in the first half of 2021 amounted to €26.73 million, while in the first half of 2020 it was € 36.19 million. The decrease at constant exchange rates amounts to 21.1%. At historical exchange rates, the decrease was 26.1%. Historically, the first half of the year represented a smaller portion of the entire year than the second half, and this year in particular the Management envisage a decidedly more robust second half-year.

The Group's current results for the first half-year were still impacted by factors occurred in 2020 and that are both related to cost optimisation and re-prioritisation decisions by some of our customers: the first is related to the cancellation of an HPEC programme and the second to the postponement of various PoCs (Proof of Concept) in the Industrial IoT market that should have led to design-wins in 2021.

However, in the first half we saw a significant growth of PoCs (Proof of Concept) in the Industrial IoT market thanks also to an intensification of collaboration activities with our Partners.

Order intake in the first half-year accelerated significantly, driven by US area, with a growth trend over a 12 months period at +40%. The order backlog would allow to sustain a growth trend, but the shortage of electronic components is slowing down the transformation of orders into turnover. The continuation of the activities of the internal task force for the procurement of critical components will be essential in the coming months in determining the year-end result.

Half-year **margins** were significantly related to the level of turnover, that was not sufficient to activate the operating leverage. Furthermore, margins have been worsened by non-recurring costs that had an impact of €1.42 million on the operating result.

In terms of balance sheet, the management's actions made it possible to optimise working capital, which has decreased by €3.23 million compared to 31 December 2020, reaching one of the lowest values of the last five years at €12.59 million and consequently offsetting the use of cash to support current operations.

Looking at the **breakdown of revenues** by geographic area of the Group's activities, the greatest decrease was recorded in the Japanese area, which remains nevertheless in second place with a contribution of 30.7% to the total figure (first half of 2020: 34.0%); the American area remains the most significant with 44.1% (first half of 2019: 42.2%); finally, the European area accounts for the remaining 25.1% (first half of 2020: 23.8%).

The **Gross profit margin** for the period amounted to €13.20 million, with an incidence on turnover of 49.4%. This percentage is in line with the budget, although lower than in the first half of 2020 (percentage of turnover 52.4%). The lower percentage impact is the effect of a different mix of products and of the higher costs incurred for the procurement of components in order to meet as much as possible the deadlines agreed upon with the customer and which has not always been possible to charge back to the customer. The impact of higher costs incurred to procure components in a scenario of component scarcity was 1.5 percentage points.

Operating costs after adjustments and net of non-recurring costs, in the first six months of the year, amounted to €16.74 million, compared to €17.51 million in the first half of 2020.

At historical exchange rates, there was a decrease in costs of 4.4%, while at constant exchange rates the change is almost zero.

With the aim of continuous technological improvement in the field of industrial IoT and Edge computers, the Group continued to invest in these areas. Consequently, a number of targeted recruitments were arranged in the research and development and technical sales support areas, which resulted in the number of employees at 30 June 2021 reaching 331 (it was 323 at 31 December 2020 and 326 at 30 June 2020), with an average for the period of 327 (325 in the first half of 2020).

Despite these increases in the number of employees, payroll costs (which is the part with the greatest impact on total operating costs) amounted to €10.15 million, in line with the previous year if it is considered at constant exchange rates (-5.0% at historical exchange rates).

By virtue of the fabless model adopted, operating costs are substantially fixed and the turnover trend is the fundamental variable for the activation of the operating leverage. The percentage of gross operating costs net of non-recurring costs on revenues stands at 62.6% compared to 48.4% in the first half of 2020. This percentage, standing at 67.9%, becomes even higher if non-recurring costs are being considered.

Non-recurring costs, represented in the income statement of the first half of 2021 alone, amounted to €1.42 million and refer primarily to the economic agreement resulting from the termination of the relationship between Eurotech SpA and the Chief Executive Officer Roberto Siagri, defined on 23 March, which was extensively described in a separate communication following the event. In addition to these costs, some reorganisation costs and some costs related to the entry of the new Chief Executive Officer were recorded. Therefore, also considering these non-recurring costs, the operating costs would amount to €18.16 million.

EBITDA adjusted in the first six months totalled -€1.70 million (-6.4% of revenues) compared with €3.21 million in 2020 (8.9% of revenues), reflecting the trend of both gross profit and of operating costs and other revenues. In consideration of non-recurring costs, EBITDA was -€3.12 million.

EBIT adjusted, that is operating result net of non-recurring costs, in the first six months was -€4.00 million (-14.9% of revenues) compared to €1.11 million in the first six months of 2020 (3.1% of revenues). In addition to the above, this performance reflects also the depreciation and amortisation recognised in the income statement in the first six months of 2021, deriving from operating assets becoming subject to depreciation and amortisation in that same period. Operating result (EBIT), including non-recurring costs, amounted to -€5.41 million.

The recognition of intangible assets amortisation and the depreciation of property, plant and equipment had a €2.29 million impact compared to €2.04 million in the same period of 2020, whereas the impairment of property, plant and equipment was only necessary on 2020 for €60 thousand.

Financial management in the first six months of 2021 recorded a negative result of €0.37 million compared to a positive €0.18 million in the first six months of 2020. The value for 2020 was affected by a different trend in exchange rates, which led to a negative effect of €548 thousand, while in 2020 the exchange rate difference provided a positive contribution of only €428 thousand. Financial management relative to interest had an impact of €188 thousand, in line with the first half of 2020 (€184 thousand).

Pre-tax loss was €5.79 million compared to a profit of €1.309 million in the first six months of 2020. The lower pre-tax result is directly linked to the effect of the reduction in turnover.

Estimated taxes, calculated based on the rates established for the year by governing regulations and - limited to and in only two Cash-Generating Units (CGUs) - considering the tax benefit that would result from the recognition of deferred tax assets deriving from tax losses generated in the period, was a positive €0.25 million. No deferred tax assets have been recognised on the period results of the Italian, English and French companies. In 2020, the incidence of taxes on the income statement amounted to €0.72 million, also limiting the recognition of deferred tax assets on losses for the period last year.

The **net result** for the Group was -€5.76 million (it was positive for €0.58 million in the first six months of 2020) and its incidence on revenues is -21.0%.

As indicated in the explanatory notes to the annual consolidated financial statements, the Group oversees a single line of business known as “NanoPC”, which comprises a) embedded computing modules and systems for industrial, transport, medical, energy and defence uses; b) Edge computers featuring low power consumption and high performances, to be used both in Internet of Things (IoT) solutions and to create applications where Artificial Intelligence (AI) algorithms are used; c) software frameworks and platforms for IoT applications.

The segment reporting is presented based on the geographic area in which the various Group companies operate and are currently monitored. This is defined by the location of goods and operations carried out by individual Group companies. The geographic areas identified within the Group are: North America, Europe and Asia.

Changes in revenues and margins by individual geographic area and the relative changes in the periods under review are set out below.

	North America			Europe			Asia			Correction, reversal and elimination			Total		
	1H 2021	1H 2020	% YoY Change	1H 2021	1H 2020	% YoY Change	1H 2021	1H 2020	% YoY Change	1H 2021	1H 2020	% YoY Change	1H 2021	1H 2020	% YoY Change
Third party Sales	11,801	15,276		6,717	8,597		8,212	12,315		0	0		26,730	36,188	
Infra-sector Sales	284	191		2,318	1,673		21	308		(2,623)	(2,172)		0	0	
Total Sales revenues	12,085	15,467	-21.9%	9,035	10,270	-12.0%	8,233	12,623	-34.8%	(2,623)	(2,172)	-20.8%	26,730	36,188	-26.1%
Gross profit	4,673	6,577	-28.9%	3,710	5,311	-30.1%	4,825	7,218	-33.2%	(4)	(128)	-96.9%	13,204	18,978	-30.4%
Gross profit margin - %	38.7%	42.5%		41.1%	51.7%		58.6%	57.2%					49.4%	52.4%	
EBITDA													(3,120)	3,207	-197.3%
EBITDA margin - %													-11.7%	8.9%	
EBIT													(5,412)	1,111	-587.1%
EBIT margin - %													-20.2%	3.1%	

North American revenues amounted to €12.08 million in the first half of 2021 and €15.47 million in the first half of 2020, a decrease of 21.9% including inter-segment revenues. The order portfolio grew significantly in 2021, and this allows for the expectation of a trend reversal in the second half-year, if the procurement of hard-to-find components allows to confirmation of planned shipments in the fourth quarter of the year.

Revenues for the year for the Americas area are impacted by a high concentration of sales on a small number of historical customers with established business.

The European business area saw a decline in revenues from €10.27 million in the first half of 2020 to €9.03 million in the first half of 2021. In this area, the reduction is due to non-recurring and non-repetitive revenues that, following the cancellation of projects by customers due to the pandemic, could not be replicated in 2021. In spite of this, medium-term trends remain positive thanks to the opportunities in the transport sector, products linked to Edge Computing technologies and the Industry 4.0 paradigm, which could probably experience an acceleration post crisis.

As a result of a different scheduling of deliveries by customers, the Asia business area decreased by 34.8% (including inter-segment revenues) from €12.62 million to €8.23 million. Trends for the second half of the year for this area is also positive. The opportunities for new joint development activities with major customers, which maintain the interest in new technologies that the Group's Japanese company is able to offer to its local customers, are confirmed for the years to come.

The **breakdown of revenues by type**, which also in application of IFRS 15 represents the disclosure of disaggregated revenues, is as follows:

(€' 000)	1H 2021	%	1H 2020	%	% change
SALES BY TYPE					
Industrial revenues	22,521	84.3%	33,253	91.9%	-32.3%
Services revenues	4,209	15.7%	2,935	8.1%	43.4%
TOTALE SALES AND SERVICE REVENUES	26,730	100.0%	36,188	100.0%	-26.1%

The significant growth in revenues from services, up by 43.4% year-on-year, was due to higher income from the initial phases of the IoT and some embedded projects.

The regional **breakdown of revenues by customer location** is shown below:

(€' 000)	1H 2021	%	1H 2020	%	% change
BREAKDOWN BY GEOGRAPHIC AREA					
European Union	5,172	19.3%	6,411	17.7%	-19.3%
United States	10,915	40.8%	14,901	41.2%	-26.7%
Japan	8,193	30.7%	12,316	34.0%	-33.5%
Other	2,450	9.2%	2,560	7.1%	-4.3%
TOTAL SALES AND SERVICE REVENUES	26,730	100.0%	36,188	100.0%	-26.1%

The breakdown of revenues by customer location highlights a decrease in turnover in the United States of 26.7%, though the United States was reconfirmed as the predominant area for the Group, accounting for 40.8% of total turnover in the first half of 2021.

Japan reported a decrease of 33.5%. As previously noted at the end of the year, this area continues to be the Group's second most important area, accounting for 30.7% of revenues.

In Europe, again with reference to customer location, turnover reflected a 19.3% reduction. The EU accounted for 19.3% of total turnover.

The remaining geographical areas declined also (-4.3%) and accounted for 9.2% of total turnover in the first half of 2021.

Statement of financial position

Non-current assets

(€'000)	at June 30, 2021	at December 31, 2020	Changes
Intangible assets	86,314	86,775	(461)
Property, Plant and equipment	6,053	6,468	(415)
Investments in other companies	536	533	3
Deferred tax assets	7,673	7,478	195
Medium/long term borrowing allowed to affiliates companies and other Group companies	59	57	2
Other non-current assets	615	661	(46)
Total non-current assets	101,250	101,972	(722)

The “Non-current assets” item shown in the table above decreased from €101.97 million in 2020 to €101.25 million in the first half of 2021. The change reflects mainly the investments made and the changes in intangible assets and property, plant and equipment arising from the different conversion ratio for financial statements in foreign currency, as well as an increase in deferred tax assets.

The Group’s main investments break down as follows:

(€'000)	at June 30, 2021	at December 31, 2020	Changes
Intangible assets	1,972	4,270	(2,298)
Property, plant and equipment	566	1,929	(1,363)
Investments	-	-	-
TOTAL MAIN INVESTMENTS	2,538	6,199	(3,661)

Current assets

(€'000)	at June 30, 2021	at December 31, 2020	Changes
Inventories	18,893	17,393	1,500
Trade receivables	8,974	16,441	(7,467)
Income tax receivables	1,166	900	266
Other current assets	2,434	1,665	769
Other current financial assets	125	125	-
Cash & cash equivalents	34,244	41,222	(6,978)
Total current assets	65,836	77,746	(11,910)

Current assets decreased compared to 31 December 2020: from €77.75 million at 31 December 2020 to €65.84 million in the first half of 2021.

The decrease in trade receivables is related to the value of turnover and the trend in payments from customers. The fluctuation in inventory remains in line with the trend of expected deliveries and reflects partly the need for a higher procurement volume to cope with the risks of component availability, while the reduction in liquidity is mainly attributable to operating performance and the repayment of loan instalments.

Net working capital

Net working capital, which comprises current assets net of cash and cash equivalents and non-financial current liabilities, underwent the following changes in the reporting period:

(€'000)	at June 30, 2021 (b)	at December 31, 2020 (a)	at June 30, 2020	Changes (b-a)
Inventories	18,893	17,393	20,609	1,500
Trade receivables	8,974	16,441	12,451	(7,467)
Income tax receivables	1,166	900	544	266
Other current assets	2,434	1,665	2,313	769
Current assets	31,467	36,399	35,917	(4,932)
Trade payables	(10,157)	(10,647)	(10,680)	490
Income tax liabilities	(275)	(810)	(839)	535
Other current liabilities	(8,443)	(9,115)	(7,615)	672
Current liabilities	(18,875)	(20,572)	(19,134)	1,697
Net working capital	12,592	15,827	16,783	(3,235)

Net working capital decreased compared to 31 December 2020. This change is primarily due to the decrease in current assets and in particular in the value of receivables from customers; current liabilities also decreased mainly due to the payment of suppliers, taxes and other current liabilities but to a lesser extent than assets.

Net working capital as a rolling ratio of turnover in the last twelve months was 21.1%, compared to 22.9% at 31 December 2020 and 19.7% at 30 June 2020. The 12-month figure remains in line with the 20% threshold value set by management.

Net financial position

The following table shows the composition of the net financial position at the end of each period indicated, represented as defined by Consob notice no. 5/21 of 29 April 2021, which refers to the Guidelines of the European Securities and Markets Authority (ESMA), issued on 15 July 2020 and effective from 5 May 2021.

(€'000)		at June 30, 2021	at December 31, 2020	at June 30, 2020
Cash	A	(34,244)	(41,222)	(30,047)
Cash equivalents	B	-	-	-
Other current financial assets	C	(125)	(125)	(110)
Cash equivalent	D=A+B+C	(34,369)	(41,347)	(30,157)
Current financial debt	E	249	328	407
Current portion of non-current financial debt	F	8,348	8,654	7,148
Short-term financial position	G=E+F	8,597	8,982	7,555
Short-term net financial position	H=G+D	(25,772)	(32,365)	(22,602)
Non current financial debt	I	20,017	23,874	12,632
Debt instrument	J	-	-	-
Trade payables and other non-current payables	K	-	-	-
Medium-/long-term net financial position	L=I+J+K	20,017	23,874	12,632
(NET FINANCIAL POSITION) NET DEBT ESMA	M=H+L	(5,755)	(8,491)	(9,970)
Medium/long term borrowing allowed to affiliates companies and other Group	N	(59)	(57)	(89)
(NET FINANCIAL POSITION) NET DEBT	O=M+N	(5,814)	(8,548)	(10,059)

The consolidated net financial position at 30 June 2021 amounted to a net cash of €5.81 million, compared a net financial position with net cash of €8.55 million at 31 December 2020.

With reference to liquidity, which amounted to €34.24 million, in the period under review, as can be seen from the cash flow statement, operating cash was generated in the amount of €0.8 million, while €3.3 million was used for investments and €4.7 million for the repayment of loans.

Cash flows

(€'000)		at June 30, 2021	at December 31, 2020	at June 30, 2020
Cash flow generated (used) in operations	A	756	3,388	576
Cash flow generated (used) in investment activities	B	(3,269)	(5,092)	(2,346)
Cash flow generated (absorbed) by financial assets	C	(4,674)	13,456	1,542
Net foreign exchange difference	D	209	(1,217)	(412)
Increases (decreases) in cash & cash equivalents	E=A+B+C+D	(6,978)	10,535	(640)
Opening amount in cash & cash equivalents		41,222	30,687	30,687
Cash & cash equivalents at end of period		34,244	41,222	30,047

Despite the negative EBITDA and EBIT results, the Group was able to optimally manage its resources and achieve positive cash flows from operations.

Investments and research and development

At 30 June 2021, technical investments (property, plant and equipment) in buildings, plants, equipment and instruments amounted to €154 thousand, while investments in other assets amounted to €112 thousand and those related to "right of use" amounted to €300 thousand. Furthermore, during the first

half-year the Group purchased software licenses relating to production for €5 thousand and €180 thousand in consultancy for implementing the new ERP system in subsidiaries that are starting or completing said implementation.

During the period, the Group invested in industrial research and development and technological innovation for new products and process improvement. Research resulted in the development of new products/applications in the field of highly integrated, low-consumption embedded computers and systems, IoT framework and integration platform, edge computers, intelligent sensors and embedded supercomputers. Moreover, technological innovation enabled the Company to achieve improvements in product quality in order to reduce production costs, with a resulting increase in business competitiveness. In the period, development costs for new products were capitalised for an amount of €1,79 million (€1,43 million in the first half of 2020).

Competitive scenario, outlook and future growth strategy

The trend in orders in the first half of 2021, particularly in the US market, makes it possible to forecast a recovery in sales in the second half of the year. A situation of shortage of electronic components remains, which will last at least until the end of the financial year and which, according to some chip manufacturers, will extend into 2022. The internal Task Force created ad-hoc is constantly working to monitor the evolution of the scenario, which is having an impact on the supply chain of both our customers and suppliers.

More generally, the strategic direction for the Group's growth is based on the following points:

- Playing in markets with combination of higher size and higher CAGR in next 5 years
- Addressing applications in harsh environments or with high reliability requirements that demand more rugged solutions
- Focusing on target verticals / applications where the IT-OT integration is valued more
- Creating growth organically and inorganically
- Leveraging relevant driving forces & accelerators:
 - Repatriation
 - 5G
 - New & smart energy
 - Automation
 - Recovery Plans

Treasury shares of the Parent Company owned by the Parent Company or subsidiaries

The Parent Company Eurotech S.p.A. held 89,920 treasury shares at the end of the reporting period. During the first half of 2021, the Parent Company did not purchase or sell treasury shares on the market; however, 200,600 shares were assigned to employees as part of the existing performance plan.

Disclosure on sovereign exposure

Pursuant to Consob Communication no. DEM/11070007 of 5 August 2011 (a continuation of ESMA document 2011/266 of 28 July 2011) relating to disclosure in financial reports of the exposure of listed companies to sovereign debt, note that the Group does not hold sovereign debt securities.

Regulatory simplification process based on Consob resolution no. 18079/2012

Pursuant to Art. 3 of Consob Resolution no. 18079 of 20 January 2012, Eurotech adheres to the simplification procedure provided for by Arts. 70, paragraph 8, and 71, paragraph 1-bis of the Regulations adopted by Consob with its resolution no. 11971 of 14 May 1999 as amended and supplemented, therefore benefiting from the right to derogate from the obligations to disclose information documents provided for by Annex 3B of the aforesaid Consob Regulation at the time of significant transactions concerning mergers, spin-offs, increases in capital by way of contributions in kind, purchases and sales.

Corporate governance information

The “Report on Corporate Governance and Ownership Structure” (hereinafter “Report”) envisaged by Art. 123-bis of the Consolidated Law on Finance was prepared as an independent document, approved by the Board of Directors on 13 March 2021 and published on the Company's website at www.eurotech.com under the “Investors” section along with the financial statements.

The Report was prepared in line with the recommendations of the Corporate Governance Code of January 2020.

The Report provides a general and complete overview of the corporate governance system adopted by Eurotech S.p.A. The Company's profile and the principles to which it aspires are described. It contains information on the ownership structure and compliance with the Corporate Governance Code, including the principal governance policies applied and the main features of the internal control and risk management system. Furthermore, it includes a description of the functioning and composition of administrative and control bodies and their committees, roles, responsibilities and competencies.

The criteria for determining directors' compensation are described in the “Remuneration Report”, drafted in compliance with the requirements envisaged by Art. 123-ter of the Consolidated Law on Finance and Art. 84-quater of the Consob Issuers' Regulation and published under the “Investors / Shareholder Information” section of the Company's website.

Unusual and/or atypical transactions

Based on the information received from Group companies, no unusual or atypical transactions took place as defined by Consob in its communication no. 6064293 of 28 July 2006.

Events after the reporting period

No significant events took place after the reporting date and up to 3 September 2021.

Financial statements for the condensed consolidated half-year report at 30 June 2021

Consolidated statement of financial position

(€'000)	Notes	at June 30, 2021	of which related parties	at December 31, 2020	of which related parties
ASSETS					
Intangible assets	1	86,314		86,775	
Property, Plant and equipment	2	6,053		6,468	
Investments in other companies	3	536		533	
Deferred tax assets	26	7,673		7,478	
Medium/long term borrowing allowed to affiliates companies and other Group companies		59	59	57	57
Other non-current assets		615		661	
Total non-current assets		101,250		101,972	
Inventories	4	18,893		17,393	
Trade receivables	5	8,974	8	16,441	1
Income tax receivables	6	1,166		900	
Other current assets	7	2,434		1,665	
Other current financial assets	8	125	1	125	1
Cash & cash equivalents	9	34,244		41,222	
Total current assets		65,836		77,746	
Total assets		167,086		179,718	
LIABILITIES AND EQUITY					
Share capital		8,879		8,879	
Share premium reserve		136,400		136,400	
Other reserves		(32,738)		(26,415)	
Group shareholders' equity	11	112,541		118,864	
Equity attributable to minority interest	11	-		-	
Total shareholders' equity	11	112,541		118,864	
Medium-/long-term borrowing	13	20,017		23,874	
Employee benefit obligations	14	2,872		2,918	
Deferred tax liabilities	26	3,069		3,166	
Other non-current liabilities	15	1,115		1,342	
Total non-current liabilities		27,073		31,300	
Trade payables	16	10,157	466	10,647	345
Short-term borrowing	13	8,550		8,901	
Derivative instruments	29	47		81	
Income tax liabilities	6	275		810	
Other current liabilities	17	8,443		9,115	
Total current liabilities		27,472		29,554	
Total liabilities		54,545		60,854	
Total liabilities and equity		167,086		179,718	

Consolidated income statement

	Notes	1H 2021	of which non recurrent	of which related parties	1H 2020	%	of which related parties
<i>(Migliaia di Euro)</i>							
Revenues from sales of products and services	D	26,730		7	36,188	100.0%	2
Other revenues	23	30			284	0.8%	
Cost of materials	18	(13,526)		-	(17,210)	-47.6%	
Service costs	20	(7,185)	(1,213)	(516)	(6,239)	-17.2%	
Lease & hire costs		(209)			(215)	-0.6%	
Payroll costs	21	(10,154)			(10,684)	-29.5%	
Other provisions and other costs		(610)	(202)		(376)	-1.0%	
Cost adjustments for in-house generation of non-	22	1,804			1,459	4.0%	
Depreciation & amortisation	24	(2,292)			(2,036)	-5.6%	
Asset impairment	24	-			(60)	-0.2%	
Operating profit		(5,412)	(1,415)		1,111	3.1%	
Finance expense	25	(805)			(531)	-1.5%	
Finance income	25	431		1	716	2.0%	2
Profit before taxes		(5,786)			1,296	3.6%	
Income tax	26	25			(719)	-2.0%	
Net profit (loss)		(5,761)			577	1.6%	
Minority interest		-			-	0.0%	
Group net profit (loss) for period		(5,761)			577	1.6%	
Base earnings (losses) per share	12	(0.163)			0.016		
Diluted earnings (losses) per share	12	(0.163)			0.016		

Consolidated statement of comprehensive income

(€'000)	Notes	1H 2021	1H 2020
Net profit (loss) before minority interest (A)		(5,761)	577
<i>Other elements of the statement of comprehensive</i>			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Net profit/(loss) from Cash Flow Hedge	29	34	(21)
Tax effect		-	-
		34	(21)
Foreign balance sheets conversion difference		(1,889)	184
Exchange differences on equity investments in foreign companies	11	1,258	(247)
Tax effect		-	-
		1,258	(247)
<i>After taxes net other comprehensive income to be reclassified to profit or loss in subsequent periods (B)</i>		<i>(597)</i>	<i>(84)</i>
Comprehensive net result (A+B+C)		(6,358)	493
Comprehensive minority interest		-	-
Comprehensive Group net profit (loss) for period		(6,358)	493

Consolidated statement of changes in equity

(€'000)	Notes	Share capital	Legal reserve	Share premium reserve	Conversion reserve	Other reserves	Cash flow hedge reserve	Actuarial gains/(losses) on defined benefit plans reserve	Exchange rate differences reserve	Treasury shares	Profit (loss) for period	Group shareholders' equity	Equity attributable to Minority interest	Total shareholders' equity
Balance as at December 31, 2019		8,879	1,776	136,400	14,224	(58,907)	(44)	(531)	4,650	(1,033)	19,242	124,656	-	124,656
2019 Result allocation		-	-	-	-	19,242	-	-	-	-	(19,242)	-	-	-
Profit (loss) as at June 30, 2020		-	-	-	-	-	-	-	-	-	577	577	-	577
<i>Comprehensive other profit (loss):</i>														
- Hedge transactions	29	-	-	-	-	-	(21)	-	-	-	-	(21)	-	(21)
- Foreign balance sheets conversion difference	-	-	-	-	184	-	-	-	-	-	-	184	-	184
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	-	-	(247)	-	-	(247)	-	(247)
Total Comprehensive result		-	-	-	184	-	(21)	-	(247)	-	577	493	-	493
- Performance Share Plan	30	-	-	-	-	22	-	-	-	212	-	234	-	234
Balance as at June 30, 2020		8,879	1,776	136,400	14,408	(39,643)	(65)	(531)	4,403	(821)	577	125,383	-	125,383

(€'000)	Notes	Share capital	Legal reserve	Share premium reserve	Conversion reserve	Other reserves	Cash flow hedge reserve	Actuarial gains/(losses) on defined benefit plans reserve	Exchange rate differences reserve	Treasury shares	Profit (loss) for period	Group shareholders' equity	Equity attributable to Minority interest	Total shareholders' equity
Balance as at December 31, 2020		8,879	1,776	136,400	11,457	(39,574)	(81)	(640)	1,197	(682)	132	118,864	-	118,864
2020 Result allocation		-	-	-	-	132	-	-	-	-	(132)	-	-	-
Profit (loss) as at June 30, 2021		-	-	-	-	-	-	-	-	-	(5,761)	(5,761)	-	(5,761)
<i>Comprehensive other profit (loss):</i>														
- Hedge transactions	29	-	-	-	-	-	34	-	-	-	-	34	-	34
- Foreign balance sheets conversion difference	-	-	-	-	(1,889)	-	-	-	-	-	-	(1,889)	-	(1,889)
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	-	-	1,258	-	-	1,258	-	1,258
Total Comprehensive result		-	-	-	(1,889)	-	34	-	1,258	-	(5,761)	(6,358)	-	(6,358)
- Performance Share Plan	30	-	-	-	-	(436)	-	-	-	471	-	35	-	35
Balance as at June 30, 2021		8,879	1,776	136,400	9,568	(39,878)	(47)	(640)	2,455	(211)	(5,761)	112,541	-	112,541

Consolidated cash flow statement

CONSOLIDATED STATEMENT OF CASH FLOWS (€'000)	Notes	at June 30, 2021	of which related parties	at June 30, 2020	of which related parties
CASH FLOWS GENERATED BY OPERATIONS:					
Group net profit (loss) for period		(5,761)		577	
Adjustments to reconcile reported net profit with cash & cash equivalents generated (used) in operations:					
Depreciation & amortization intangible assets, property, plant and equipment	24	2,292		2,096	
Write-down of receivables	5	10		44	
Interest income	25	(1)		(5)	
Interest expenses	25	257		227	
Income taxes (paid) get		(348)		(509)	
Income taxes of the period	26	(25)		719	
Stock Grant expenses	30	35		234	
Provision for (use of) cumulative inventory write-down	4	1		(388)	
Provision for (use of) long-term employee severance indemnities	14	(46)		148	
Provision for (use of) risk provision	15	(227)		(121)	
Changes in current assets and liabilities					
Trade receivables	5	7,451	(8)	(697)	0
Other current assets	7	(1,028)		(483)	
Inventories and contracts in process	4	(1,519)		1,121	
Trade payables	16	(430)	121	(899)	0
Other current liabilities	17	95		(1,488)	
Total adjustments and changes		6,517		(1)	
Cash flow generated (used) in operations		756		576	
CASH FLOW FROM INVESTMENT ACTIVITIES:					
Sales of tangible and intangible assets	1/2	-		-	
Interest income	25	1		5	
Purchase of intangible fixed assets	1	(1,972)		(1,978)	
Purchase of tangible fixed assets	2	(1,341)		(345)	
Decreases (Increases) other financial assets	8	-		(2)	
Net investments in long-term investments and non-current assets		43		(26)	
Cash flow generated (used) in investment activities		(3,269)		(2,346)	
CASH FLOW FROM FINANCING ACTIVITIES:					
Loans taken	13	-		5,489	
(Increases) decreases of loans to other Group companies	13	-	0	-	0
Interest paid		(257)		(227)	
(Repaid) loans short and medium/long term	13	(4,417)		(3,720)	
Cash flow generated (absorbed) by financial assets		(4,674)		1,542	
Net foreign exchange difference		209		(412)	
Increases (decreases) in cash & cash equivalents		(6,978)		(640)	
Opening amount in cash & cash equivalents	9	41,222		30,687	
Cash & cash equivalents at end of period	9	34,244		30,047	

Explanatory notes to the financial statements

A – Corporate information

The publication of the condensed consolidated half-year financial statements of Eurotech S.p.A. for the six-month period ended 30 June 2021 was authorised by resolution of the Board of Directors on 3 September 2021. Eurotech S.p.A. is a joint stock company incorporated and domiciled in Italy. The Group has its registered office in Amaro (UD), Italy.

Eurotech is a group active in the research, development, and marketing of miniaturised computers and high-performance computers featuring high computing capacity. Moreover, within this business line it provides complete solutions or building-blocks for solutions and products for the Internet of Things, like intelligent devices and an intelligent proprietary connectivity and communications platform. For more information, see Note D.

B – Reporting policies and IFRS compliance

The consolidated annual financial statements of Eurotech Group were prepared in accordance with IFRS accounting standards issued by the International Accounting Standards Board (IASB) and adopted by the European Commission pursuant to Art. 6 of EC Regulation 1606/2002 of the European Parliament and European Council of 19 July 2002.

These condensed consolidated half-year financial statements for the six-month period ended 30 June 2021 were prepared in accordance with the provisions of IAS 34 “Interim Financial Reporting”, Art. 154-ter of the Consolidated Law on Finance and subsequent amendments, as well as the relevant Consob provisions. These condensed consolidated half-year financial statements do not contain all the information and notes required for drafting the consolidated annual financial statements and therefore this report must be read together with the consolidated annual financial statements at 31 December 2020.

To prepare the interim financial statements, management must make estimates and assumptions that affect the values of revenues, costs, assets and liabilities in the financial statements and the disclosure of potential assets and liabilities at the interim reporting date. If in the future, these estimates and assumptions, which are based on management’s best valuations, differ from the actual circumstances, they would be modified appropriately in the period in which the circumstances arise. For a more detailed description of the Group’s most significant valuation processes, please refer to note “C – Discretionary valuations and relevant accounting estimates” in the consolidated financial statements at 31 December 2020.

Moreover, note that certain valuation processes, in particular, more complex ones, such as calculating any impairment of non-current assets, are generally carried out fully only upon drafting of the annual financial statements, when all necessary information is available, except in cases in which there are impairment indicators that require an immediate valuation of any losses in value.

Income taxes are recognised based on the best estimate of the weighted average rate expected for the entire year.

The accounting standards, consolidation principles, and valuation criteria applied to prepare the condensed consolidated half-year financial statements are consistent with those used to draft the consolidated financial statements at 31 December 2020. The sole exception is for the adoption of new accounting standards, amendments and interpretations in force from 1 January 2021.

The standards, amendments and interpretations that became effective on 1 January 2021 and which are applicable for the first time to the Financial Report at 30 June 2021 are briefly described below. The application of these standards had no particular impact on the consolidated financial statements of the Group since they regulate matters not present, or affect only financial reporting:

Interest rate benchmark reform - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – On 14 January 2021 it was published in the Official Gazette, Regulation (EU) 2021/25 of the Commission dated 13 January 2021, which adopts the reform of interest rate benchmarks, the amendments of which provide for a specific accounting treatment to allocate over time the changes in value of financial instruments or leases due to the replacement of the reference index for determining interest rates. The application of these amendments did not have a significant impact on these half-year financial statements.

On March 31, 2021, the IASB issued "Covid-19-Related Rent Concessions beyond June 30, 2021" (Amendments to IFRS 16) by which it extends by one year (to June 30, 2022) the period of application of the amendment to IFRS 16 that was issued in 2020. The practical expedient allows for simplified accounting for any lease benefits, such as temporary reduction or suspension of instalments, received by lessees during the pandemic. The amendment is effective April 1, 2021. The application has no particular effect on these half-year financial statements.

At the date of preparation of the consolidated financial report at 30 June 2021, there were no endorsed newly issued accounting standards and interpretations with mandatory effect after 2021.

The consolidated financial report at 30 June 2021 was drafted in euro, rounding amounts to the nearest thousand and consist of the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement, and the following explanatory notes.

The data used for consolidation have been taken from the income statements and statements of financial position prepared by the Directors of individual subsidiaries. These figures have been appropriately amended and restated as necessary to align them with international accounting policies and with uniform group-wide classification policies.

The condensed consolidated half-year financial report has been prepared in accordance with the general criteria of reliable and accurate presentation of the Group's financial position and results, as well as the cash flows, in compliance with the general principles of business continuity, accrual accounting, consistency of presentation, materiality and aggregation, prohibition of offsetting, and comparability of information.

The Group is not exposed to significant risks of business continuity due to the effect of a significant increase in orders compared to the previous year, due to a current financial availability that allows to sustain the investments necessary to support the corporate strategies and despite a supply chain risk related to the contingent situation of shortage of electronic components that is continuously monitored by a specific task force also in direct collaboration with the main customers.

C – Scope of consolidation

The condensed consolidated half-year financial statements include the half-year financial statements of the Parent Company, Eurotech S.p.A., and the Italian and foreign subsidiaries in which Eurotech directly or indirectly (through subsidiaries and affiliates) exercises control, makes financial and operating decisions and obtains the respective benefits.

Subsidiaries are consolidated from the date at which control is effectively transferred to the Group, and cease to be consolidated on the date at which control is transferred outside the Group.

The companies consolidated line-by-line in the basis of consolidation at 30 June 2021 are as follows:

Company name	Registered offices	Share capital	Group share
<i>Parent company</i>			
Eurotech S.p.A.	Via Fratelli Solari, 3/A - Amaro (UD)	EUR 8,878,946	
<i>Subsidiaries consolidated line-by-line</i>			
Aurora S.r.l.	Via Fratelli Solari, 3/A - Amaro (UD)	EUR 10,000	100.00%
EthLab S.r.l.	Via Dante, 300 - Pergine Valsugana (TN)	EUR 115,000	100.00%
Eurotech Inc.	Columbia - MD (USA)	USD 26,500,000	100.00%
Eurotech Ltd.	Cambridge (UK)	GBP 33,333	100.00%
E-Tech USA Inc.	Columbia - MD (USA)	USD 8,000,000	100.00%
Eurotech France S.A.S.	Vénissieux (France)	Euro 795,522	100.00%
I.P.S. Sistemi Programmabili S.r.l.	Via Piave, 54 - Caronno Varesino (VA)	Euro 51,480	100.00%
Advanet Inc.	Okayama (Japan)	JPY 72,440,000	90.00% (1)
(1) Officially, the Group owns 90% of the company, but as Advanet holds 10% of the share capital in the form of treasury shares, it is fully consolidated.			
<i>Affiliates consolidated at equity</i>			
Rotowi Technologies S.p.A. in liquidation (formerly U.T.R.I. S.p.A.)	Via Carlo Ghega, 15 - Trieste		21.31%
<i>Other smaller companies valued at cost</i>			
Kairos Autonomi Inc.	Sandy - UT (USA)		19.00%
Interlogica S.r.l.	Mestre (VE)		10.00%

There were no changes with regard to subsidiaries and affiliates compared to 31 December 2020.

The exchange rates used to convert the financial statements of foreign companies into the Eurotech Group's reference currency (euro) are presented in the following table and correspond to those issued by the Italian Foreign Exchange Bureau:

Currency	Average 6M 2021	As of June 30, 2021	Average 2020	As of December 31, 2020	Average 6M 2020	As of June 30, 2020
British pound sterling	0.86801	0.85805	0.88970	0.89903	0.87463	0.91243
Japanese Yen	129.86810	131.43000	121.84576	126.49000	119.26683	120.66000
USA Dollar	1.20535	1.18840	1.14220	1.22710	1.10205	1.11980

D – Segment reporting

For management purposes, the Group considers only one business sector as relevant: the “NanoPC” sector. Thus, the disclosure is provided for the sole identified sector, broken down on a geographical basis. The geographical areas are produced in relation to the various group entities and based on the criteria with which they are currently monitored by top management.

The Group’s geographical areas are defined according to the localisation of Group assets and operations. They are: Europe, North America and Asia.

Management monitors the gross profit margin of the individual business units separately for the purposes of resources allocation and performance assessment.

(€'000)	North America			Europe			Asia			Correction, reversal and elimination			Total		
	1H 2021	1H 2020	% YoY Change	1H 2021	1H 2020	% YoY Change	1H 2021	1H 2020	% YoY Change	1H 2021	1H 2020	% YoY Change	1H 2021	1H 2020	% YoY Change
Third party Sales	11,801	15,276		6,717	8,597		8,212	12,315		0	0		26,730	36,188	
Infra-sector Sales	284	191		2,318	1,673		21	308		(2,623)	(2,172)		0	0	
Total Sales revenues	12,085	15,467	-21.9%	9,035	10,270	-12.0%	8,233	12,623	-34.8%	(2,623)	(2,172)	-20.8%	26,730	36,188	-26.1%

With regard to the sales performance by geographic area, shown in the table above, to be noted is a decrease - as already mentioned - in all geographical areas.

The table below shows assets and investments in the Group’s individual business segments at 30 June 2021 and 31 December 2020.

(€'000)	North America		Europe		Asia		Correction, reversal and elimination		Total	
	1H 2021	FY 2020	1H 2021	FY 2020	1H 2021	FY 2020	1H 2021	FY 2020	1H 2021	FY 2020
Assets and liabilities										
Segment assets	43,445	41,588	88,152	99,659	70,929	75,910	-35,976	-37,972	166,550	179,185
Investments in subsidiaries non consolidated, associate & other companies	110	117	426	45	0	0	0	0	536	162
Total assets	43,555	41,705	88,578	99,704	70,929	75,910	-35,976	-37,972	167,086	179,347
Segment liabilities	41,318	46,865	35,496	27,577	13,701	14,618	-35,970	-43,207	54,545	45,853
Total liabilities	41,318	46,865	35,496	27,577	13,701	14,618	-35,970	-43,207	54,545	45,853
Other segment information										
Investments in tangible assets	35	877	214	920	317	132	0	0	566	1,929
Investments in intangible assets	216	687	1,416	2,782	376	896	-36	-95	1,972	4,270
Depreciation & amortisation	418	770	1,301	2,341	608	1,151	-35	-69	2,292	4,193

E – Breakdown of main items of the statement of financial position

1 – Intangible assets

The following table shows the changes in the historical cost and accumulated amortisation of intangible assets in the reporting period:

(€ '000)	DEVELOPMENT COSTS	GOODWILL	SOFTWARE TRADEMARKS PATENTS	ASSETS UNDER CONSTRUCTION & ADVANCES	OTHER INTANGIBLE ASSETS	TOTAL INTANGIBLE ASSETS
Purchase or production cost	14,672	76,668	22,356	4,593	28,391	146,680
Previous years' impairment	(863)	(7,449)	(7,457)	(56)	-	(15,825)
Previous years' amortisation	(10,202)	-	(5,487)	-	(28,391)	(44,080)
OPENING BALANCE	3,607	69,219	9,412	4,537	-	86,775
Purchases	194	-	5	1,773	-	1,972
Disposals	(424)	-	(7)	-	-	(431)
Other changes	1	(582)	(1)	21	(904)	(1,465)
Transfers	2,684	-	845	(3,529)	-	-
Amortisation in period	(1,061)	-	(301)	-	-	(1,362)
Reversal of cumulative amortisation	336	-	7	-	-	343
Decreases in cumulative impairment	88	-	-	-	-	88
Other changes in cumulative impairment	(3)	(193)	(300)	-	-	(496)
Other changes in cumulative amortisation	(1)	-	(13)	-	904	890
TOTAL CHANGES	1,814	(775)	235	(1,735)	-	(461)
Purchase or production costs	17,127	76,086	23,198	2,858	27,487	146,756
Impairment	(778)	(7,642)	(7,757)	(56)	-	(16,233)
Cumulative amortisation	(10,928)	-	(5,794)	-	(27,487)	(44,209)
CLOSING BALANCE	5,421	68,444	9,647	2,802	-	86,314

The increase of €0.46 million is due to the combination of new investments for €1.97 million, a negative exchange rate effect of €1.07 million, and depreciation and amortisation recorded in the first half- year for €1.36 million. The total amount in fact went from €86.77 million last year to €86.31 million at the end of the first half of 2021.

The investments made in the first six months concern mainly Group projects to develop new products both in new IoT technologies and low-energy-consumption products and the capitalisation of costs related to the implementation of the new ERP information system in some subsidiaries.

The “other changes”, “other changes, accumulated write-downs” and “other changes, accumulated amortisation” items refer to exchange differences accrued on the opening balances of the values expressed in foreign currencies.

Goodwill refers to the higher value paid, upon acquisition of fully consolidated subsidiaries, in excess of the fair value of the assets and liabilities acquired. Effective 1 January 2004, goodwill is no longer subject to amortisation but must be subjected at least annually to impairment testing.

In order to carry out the annual impairment test, the individual goodwill items and the assets with indefinite and definite useful lives, which were acquired through business combinations, were allocated to their respective cash-generating units, corresponding to the legal entity or Group of companies to which they refer to test for impairment.

The book value of goodwill and trademarks with indefinite useful lives allocated to each of the cash-generating units are as follows:

(€ '000)	at June 30, 2021		at December 31, 2020	
	Goodwill	Trademark with an indefinite useful life	Goodwill	Trademark with an indefinite useful life
Cash generating units				
Advanet Inc.	42,431	8,057	44,088	8,372
Eurotech Inc. (ex Applied Data Systems e ex Arcom Inc.)	20,647	-	19,998	-
Eurotech Ltd. (ex Arcom Ltd.)	5,090	-	4,857	-
Eurotech France S.a.s.	186	-	186	-
Other	90	-	90	-
TOTAL	68,444	8,057	69,219	8,372

The change in the values of Advanet Inc., Eurotech Inc. and Eurotech Ltd. is attributable to the fact that these values are expressed in the functional currency of foreign operations and subsequently converted at each reporting date using the precise exchange rate on that date.

For the purpose of verifying any impairment of goodwill and other intangible assets with definite useful lives, the Group again critically analysed, at 30 June 2021, the valuation processes conducted at 31 December 2020 and approved by the BoD on 11 March 2021, which were carried out with the support of independent experts.

The reported data for the first half of 2021 were compared with the forecasts for the half-year included in the plan and also with the figures for the original 2021 budget used at December 2020. This analysis did not show the need to re-perform the impairment test at 30 June 2021 for the different CGUs, since final data were in line or in some cases above forecasts.

Generally speaking, in their analyses, the Directors have taken into account not only internal indicators, but also external ones (such as the stock market performance of Eurotech's shares and its capitalisation, as well as changes in the technological, market, economic or regulatory environments) and have deemed the values recorded to be adequate and recoverable.

2 – Property, plant and equipment

The table below shows changes in the historical cost and accumulated depreciation and the value of the assets in the period under review:

(€ '000)	LAND AND BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL & COMMERCIAL EQUIPMENT	OTHER ASSETS	ASSETS UNDER CONSTRUCTION & ADVANCES	RIGHT OF USE ASSETS	TOTAL PROPERTY, PLANT & EQUIPMENT
Purchase of production cost	2,847	5,768	5,317	5,801	33	5,611	25,377
Depreciation	(101)	-	-	-	-	-	(101)
Previous year's depreciation	(652)	(5,541)	(4,905)	(5,083)	-	(2,627)	(18,808)
OPENING BALANCE	2,094	227	412	718	33	2,984	6,468
Purchases	52	45	57	112	-	300	566
Disposals	-	(4)	(1)	(162)	-	-	(167)
Other changes	(2)	(144)	(42)	3	-	(31)	(216)
Transfers	11	2	20	-	(33)	-	-
Depreciation in period	(38)	(37)	(97)	(131)	-	(627)	(930)
Reversal of cumulative depreciation	-	4	1	162	-	-	167
Other changes in cumulative amortisation	-	141	33	(31)	-	22	165
TOTAL CHANGES	23	7	(29)	(47)	(33)	(336)	(415)
Purchase or production cost	2,908	5,667	5,351	5,754	-	5,880	25,560
Depreciation	(101)	-	-	-	-	-	(101)
Cumulative depreciation	(690)	(5,433)	(4,968)	(5,083)	-	(3,232)	(19,406)
CLOSING BALANCE	2,117	234	383	671	-	2,648	6,053

The item “other changes”, referring to both the cost and the value of the relative accumulated depreciation, shows the effect of the different exchange rate used to convert the values of foreign entities at 30 June 2021 compared to that applied at 31 December 2020.

In January 2021, the deed was signed for the purchase of the building located in Amaro and used as offices, the full availability of which had already been granted to the Parent Company in 2020, following the signing of the preliminary purchase agreement, and the payment of monthly rents had been stopped. The increase of €52 thousand refers entirely to cadastral and notary taxes relating to the purchase of the building.

The other purchases refer mainly to computers, office equipment, industrial equipment and cars.

The “Right-of-use assets” item includes both leases always recognised using the financial method and mainly referring to some cars purchased by the Parent Company, as well as the amounts related to application of the IFRS 16 standard, which requires that lease contracts be recognised as assets.

Right-of-use assets includes mainly leases, in accordance with IFRS 16. Leases refer to the rents of industrial and commercial buildings as well as office areas and leases of office machines. During the year,

following the renegotiation of some contracts, the increase was €300 thousand. These assets, concerning the "Right of use", are then depreciated on a straight line basis for the duration of the contract, taking account of the renewal/termination options, which are highly likely to occur.

3 – Equity investments in affiliates and other companies

The table below shows changes in equity investments in affiliates and other companies in the reporting period:

at June 30, 2021						
(€'000)	INITIAL VALUE	INCREASES	DECREASES	WRITE-UPS /WRITE-DOWN	OTHER	EOP VALUE % OWNERSHIP
Investments in associate companies (valuation using the equity method):						
Rotowi Technologies S.r.l. in liquidazione (ex U.T.R.I. S.p.A.)	-	-	-	-	-	- 21.32%
TOTAL INVESTMENTS IN ASSOCIATE COMPANIES	-	-	-	-	-	-
Investments in other companies (valuation at fair value on the Profit&Loss):						
Consorzio Ecor' IT	2	-	-	-	-	2
Consorzio Aeneas	5	-	-	-	-	5
Consorzio Ditedi	19	-	-	-	-	19 7.69%
Consorzio Rete Space Italy	-	-	-	-	-	-
Interlogica S.r.l.	400	-	-	-	-	400 10.00%
Kairos Autonomi	106	-	-	-	3	109 19.00%
Others	1	-	-	-	-	1
TOTAL INVESTMENTS IN OTHER COMPANIES	533	-	-	-	3	536

Rotowi Technologies S.r.l. in liquidation (formerly U.T.R.I. S.p.A.) was valued using the equity method and the percentage of ownership is equal to 21.32%.

There are no changes in the values of equity investments in affiliates and other companies, except for exchange rate effect.

4 – Inventories and contracts in progress

The table below shows the breakdown of inventories at the end of the relevant reporting periods:

(€'000)	at June 30, 2021	at December 31, 2020
Raw & auxiliary materials and consumables - gross	12,676	10,344
Inventory write-down provision	(2,516)	(2,355)
Raw & auxiliary materials and consumables - net	10,160	7,989
Work in process and semi-finished goods - gross	1,053	1,347
Inventory write-down provision	(108)	(96)
Work in process and semi-finished goods	945	1,251
Finished products and goods for resale - gross	10,293	10,869
Inventory write-down provision	(2,761)	(2,874)
Finished products and goods for resale - net	7,532	7,995
Advances	256	158
TOTAL INVENTORIES	18,893	17,393

Inventories at 30 June 2021 amounted to €18.89 million, net of inventory write-down provisions totalling €5.38 million. The net decrease in the inventory write-down provision of €0.06 million is the result of the combined effect of allocations made during the period and the uses following the disinvestment of warehouse items that had previously been either fully or partially written down.

The following table shows the changes in inventory write-down provision in the periods under review:

(€'000)	at June 30, 2021	at December 31, 2020
OPENING BALANCE	5,325	5,810
Provisions	322	424
Other changes	59	(302)
Utilisation	(321)	(607)
CLOSING BALANCE	5,385	5,325

The “other changes” item represents the movements in values expressed in the functional currency of foreign operations and subsequently converted at each reporting date using the exchange rate on that date.

5 – Trade receivables

The table below shows the breakdown of trade receivables and the respective doubtful debt provision at 30 June 2021 and 31 December 2020:

(€'000)	at June 30, 2021	at December 31, 2020
Trade receivables - customers	9,461	16,932
Trade receivables - related parties	8	1
Doubtful debt provision	(495)	(492)
TOTAL TRADE RECEIVABLES	8,974	16,441

Note that, at the reporting date, the Group did not present significant concentrations of credit risk, as the Group has a number of customers located throughout the various geographic areas of business. The risk profile of customers is essentially similar to that identified and assessed in the past year. These receivables are expected to be collected within the next year. Trade receivables are non-interest bearing and generally fall due at 90/120 days.

Trade receivables, net of the relative doubtful debt provision, decreased by €6.23 million compared with 31 December 2020. The decrease is mainly due to the trend in natural due dates of residual trade receivables at the end of June 2021.

No bank receipts subject to collection were presented but not yet due at the end of the period.

Receivables are shown net of a doubtful debt provision of €0.49 million.

(€'000)	at June 30, 2021	at December 31, 2020
OPENING BALANCE	492	422
Provisioning	10	98
Other changes	2	(8)
Utilisation	(9)	(20)
CLOSING BALANCE	495	492

The net increase for the period was €3 thousand, due to the combined effect of the provision for the period for €10 thousand to adjust, individually, the value of receivables based on the expected losses on them, the utilisation of the provision for €9 thousand as the conditions for utilising the provision were met and a slight exchange rate effect for €2 thousand.

6 – Tax receivables and payables

Receivables for income taxes represent receivables from individual governments for direct taxation (IRES and income taxes in various countries), which should be recovered within the next year as well as receivables for withholdings made on dividends distributed to the Parent Company. Compared to 31 December 2020, this value decreased from €900 thousand to €1,166 thousand.

Income tax payables are made up of current taxes relating to the period still to liquidate and represent the amounts that the companies must pay to the tax authorities of the respective countries. These payables are calculated according to the tax rates currently in force in each country. Foreign tax payables amounted to €111 thousand (2020: €647 thousand) and Italian tax payables amounted to €164 thousand (2020: €163 thousand).

7 – Other current assets

The table below shows the breakdown of other current assets at 30 June 2021 and 31 December 2020:

(€'000)	at June 30, 2021	at December 31, 2020
Amounts receivable for grants	5	1
Advance payments to suppliers	184	209
Tax receivables	536	459
Other receivables	92	55
Accrued income and prepaid expenses	1,617	941
TOTAL OTHER CURRENT ASSETS	2,434	1,665

Tax receivables comprise mainly receivables for indirect tax (VAT). VAT receivables do not bear interest and are generally settled with the competent tax authority on a monthly basis.

Prepaid expenses relate to costs borne in advance for bank charges, maintenance fees, utilities, services and insurance.

8 – Other current financial assets

The "other current financial assets" item recorded under current assets amounted to €125 thousand and remained unchanged compared to 31 December 2020.

The amount comprises €90 thousand of a three-year insurance policy, €31 thousand related to an investment of liquid assets in low risk funds, €3 thousand relative to 100 shares of Banca Popolare Friuladria and €1 thousand in interest accrued on the loan granted to Kairos Autonomi Inc., which will be repaid in the next year.

The portfolio continues to hold 2,500 shares of Veneto Banca Holding S.c.a.r.l. that were purchased in 2012 and completely written down in 2016, in order to adjust the value to the market value, which is currently €0.1.

These assets were classified as financial assets recorded in the income statement at fair value.

9 – Cash and cash equivalents

The table below shows the breakdown of cash and cash equivalents at 30 June 2021 and 31 December 2020:

(€'000)	at June 30, 2021	at December 31, 2020
Bank and post office deposits	34,226	41,205
Cash and valuables in hand	18	17
TOTAL CASH & CASH EQUIVALENTS	34,244	41,222

Bank deposits are mostly on demand and are remunerated at a variable rate of interest. The fair value of cash and cash equivalents was €34.23 million (€41.20 million at 31 December 2020).

Cash and cash equivalents fell by €6.98 million compared to 31 December 2020 as a result of operating cash used in the half-year, net of loan instalment payments due in the first half-year (€4.4 million) and investments in property, plant and equipment (€0.3 million) and intangible assets (€2.0 million) made in the period.

10 – Net financial position

The Group's net financial position as defined by the Consob notice no. 5/21 of 29 April 2021, which refers to the Guidelines of the European Securities and Markets Authority (ESMA), issued on 15 July 2020 and in force as from 5 May 2021 is as follows:

(€'000)		at June 30, 2021	at December 31, 2020
Cash	A	(34,244)	(41,222)
Cash equivalents	B	-	-
Other current financial assets	C	(125)	(125)
Cash equivalent	D=A+B+C	(34,369)	(41,347)
Current financial debt	E	249	328
Current portion of non-current financial debt	F	8,348	8,654
Short-term financial position	G=E+F	8,597	8,982
Short-term net financial position	H=G+D	(25,772)	(32,365)
Non current financial debt	I	20,017	23,874
Debt instrument	J	-	-
Trade payables and other non-current payables	K	-	-
Medium-/long-term net financial position	L=I+J+K	20,017	23,874
(NET FINANCIAL POSITION) NET DEBT ESMA	M=H+L	(5,755)	(8,491)
Medium/long term borrowing allowed to affiliates companies and other Group	N	(59)	(57)
(NET FINANCIAL POSITION) NET DEBT	O=M+N	(5,814)	(8,548)

The consolidated net financial position at 30 June 2021 amounted to a net cash of €5.81million, compared a net financial position with net cash of €8.55 million at 31 December 2020. Application of the IFRS 16 accounting standard entailed the recognition by Group companies of financial liabilities for rights of use at 30 June 2021 equal to €2.67 million (€3.01 million at 31 December 2020), which added to the net financial position result in a post-IFRS 16 net cash position of €8.49 million.

11 – Equity

The table below shows the breakdown of equity at 30 June 2021 and 31 December 2020:

(€'000)		at June 30, 2021	at December 31, 2020
Share capital		8,879	8,879
Share premium reserve		136,400	136,400
Other reserves		(32,738)	(26,415)
Group shareholders' equity		112,541	118,864
Equity attributable to minority interest		-	-
Total shareholders' equity		112,541	118,864

The share capital at 30 June 2021 was made up of 35,515,784 ordinary shares, fully subscribed and paid in, with no nominal value.

The balance of the Issuer's legal reserve at 30 June 2021 amounted to €1.78 million.

The share premium reserve, which relates entirely to the Parent Company, is shown at a total amount of €136.4 million.

The positive translation reserve of €9.57 million is generated by inclusion in the condensed consolidated half-year financial statements of the statements of financial position and income statements of US subsidiaries Eurotech Inc. and E-Tech USA Inc., as well as the UK subsidiary Eurotech Ltd. and the Japanese subsidiary Advanet Inc.

The “other reserves” item was negative for €39.88 million and consisted of the Parent Company’s extraordinary reserve, formed by losses carried forward, allocations of retained earnings from prior years and other miscellaneous reserves. The change in the year is attributable to the allocation of 2020 results and the recognition of the Performance Share Plan as described in Note 30.

The cash flow hedge reserve, which includes cash flow hedge transactions pursuant to IFRS 9, was negative for €47 thousand and decreased by €34 thousand gross of the related tax effect, and was therefore not recorded as the prerequisite conditions were not met.

The foreign exchange reserve, which recognises – based on IAS 21 – foreign exchange differences relating to intragroup foreign-currency loans that constitute part of a net investment in foreign operations, was positive for €2.45 million, an increase of €1.26 million gross of the related tax effect, and again was not recorded.

The Parent Company Eurotech S.p.A. held 89,920 treasury shares at the end of the reporting period. The only change during the first half-year relates to the allocation of shares for the Performance Share Plan.

12 – Basic and diluted earnings (losses) per share

Base earnings (losses) per share (EPS) are calculated by dividing the income of the period pertaining to ordinary shareholders of the Parent Company by the average weighted number of ordinary shares in circulation during the period, net of treasury shares.

No equity transactions were reported in the periods presented for comparison that diluted earnings per share.

The tables below shows earnings and information on the shares used to calculate the basic and diluted EPS.

	at June 30, 2021	at December 31, 2020
Net income (loss) attributable to parent company shareholders	(5,761,000)	132,000
Weighted average number of ordinary shares including own shares	35,515,784	35,515,784
Own shares	(128,647)	(372,189)
Weighted average number of ordinary shares except own shares	35,387,137	35,143,595
Weighted average number of ordinary shares except own shares for share diluted	35,387,137	35,143,595
<i>Net income (loss):</i>		
- per share	(0.163)	0.004
- per share diluted	(0.163)	0.004

13 – Financial liabilities

The table below shows the breakdown of short- and medium/long-term financial liabilities at 30 June 2021:

TYPE	COMPANY	BALANCE ON 31.12.2020	BALANCE ON 30.06.2021	SHORT TERM within 12 months	Total Medium and long-term	Mid term Over 12 months	Long term Over 5 years
(€'000)							
CURRENT OUTSTANDINGS - (a)		247	202	202	-	-	-
Lease liabilities		3,010	2,674	1,114	1,560	1,515	45
TOTAL OTHER FINANCINGS - (b)		3,010	2,674	1,114	1,560	1,515	45
Unsecured loans	Eurotech S.p.A.	27,383	23,864	6,777	17,087	16,598	489
Unsecured loans	Advanet Inc.	2,134	1,827	457	1,370	1,370	-
TOTAL BANK DEBT - (c)		29,517	25,691	7,234	18,457	17,968	489
TOTAL OTHER FINANCING AND BANK DEBT - [(b) + (c)]		32,527	28,365	8,348	20,017	19,483	534
TOTAL DEBT - [(a) + (b) + (c)]		32,774	28,567	8,550	20,017	19,483	534

In the first half of 2021, portions of medium/long-term loans falling due were paid in the amount of €3.83 million.

The "other loans" item includes the residual debt of €2.67 million (of which €1.56 million is medium-term and includes €45 thousand over 5 years) for leases accounted for in accordance with IFRS 16 and also

relating to financial debts that already existed at the beginning of the year in adoption of the previous IAS 17 for company vehicles purchased by the Parent Company and a server at the production site in Columbia (USA).

One loan, held by the Parent Company, for a residual amount of €1.00 million, has covenants attached. The covenants, defined with reference to the consolidated financial statements at the end-date of each year, were fully respected at 31 December 2020.

All existing bank loans are denominated in euro, with the exception of loans granted to the Japanese subsidiary, which are in Japanese yen, while the other loans are expressed in the four currencies, which are the reference currencies of the various Group companies (Euro, USD, Yen and GBP).

14 – Employee benefits

The table below shows the breakdown of employee benefits at 30 June 2021 and 31 December 2020:

(€'000)	at June 30, 2021	at December 31, 2020
Employees' leaving indemnity	402	392
Foreing Employees' leaving indemnity	2,378	2,436
Employees' retirement fund	92	90
TOTAL EMPLOYEES' BENEFITS	2,872	2,918

Defined-benefit plans

The Group has defined-benefit pension plans both in Italy and Japan, and these require contributions to a separately managed fund.

IAS 19R was applied retroactively starting from 1 January 2012. As a result, the expected return of the assets servicing the defined benefit-plan was not booked to the income statement. The interest on the net liabilities of the defined-benefit plan (not including the plan assets) was, however, booked to the income statement. Interest is calculated using the discount rate used to measure the net assets or liabilities of the pension plan.

In addition, the past service cost (not vested) can no longer be deferred to the future vesting period. All past service costs are instead recognised in the income statement at the date of the plan's amendment, or at the date of recognition of the related restructuring costs, or cessation of the employment relationship, whichever is earlier. Until 2012, (non-vested) past servicing costs were recognised on a straight-line basis over the plan's average vesting period. With the move to IAS 19R, past service costs are recognised immediately in the income statement if the benefits vest immediately with the introduction or modification of the pension plan.

The changes in the Italian and foreign "pension fund" items are as follows:

(€ '000)	Defined benefit plans			
	Italy		Japan	
	at June 30, 2021	at December 31, 2020	at June 30, 2021	at December 31, 2020
Liabilities at start of period	392	343	2,436	2,164
Cost relating to present service	10	14	144	239
Past Service cost	0	0	0	0
Finance expense	0	2	0	6
Other changes	0	0	(92)	-88
Benefits paid out	0	(8)	(110)	0
Actuarial loss (gain) recognised	0	41	0	115
Liabilities at end of period	402	392	2,378	2,436

15 – Provisions for risks and charges

The table below shows the breakdown and changes in provisions for risks and charges at 30 June 2021 and 31 December 2020:

(€'000)	at December 31, 2020	Provision	Utilization	Other	at June 30, 2021
Selling agents' commission fund	76	-	(49)	-	27
Director termination fund	75	99	(120)	(2)	52
Guarantee reserve	370	36	(1)	3	408
Busting depreciable asset	402	-	-	(8)	394
Other long term risk provision	419	202	(386)	(1)	234
TOTAL FUNDS FOR COSTS AND FUTURE RISKS	1,342	337	(556)	(8)	1,115

The “Selling agents' commission fund” is allocated based on the amounts envisaged by legislation and collective economic agreements regarding situations of interruption in the mandate given to agents. The effect of discounting the share of liabilities that will be liquidated beyond the next year is not expected to be significant.

The “Directors' termination fund” refers to the indemnity recognised for directors with powers set out in by the Bylaws of the Company or its subsidiaries. This indemnity is generally paid at the end of the mandate of the Board in office and is allocated periodically for the relevant portion. In the course of 2021, following a novation transaction with the previous CEO, the amount of €120 thousand was recognised.

The product warranty provision is allocated based on the expectations of the charges to be incurred for non-fulfilment of the contractual warranty on products sold at year-end.

The asset disposal reserve was allocated in response to an obligation for future costs that a number of Japanese companies of the Group will incur in future years for the disposal, demolition, disassembly, and removal of a number of assets, and improvements to leased property, at the end of their useful lives or of the lease agreement.

The "Other risks reserve" is allocated on the basis of expected costs to be incurred for risks related to tax issues or to legal disputes or transitional reorganisation agreements not yet settled. During the year, the provision was increased to cover the risk of expenses relating to a company reorganisation for €202 thousand. The decrease is related to the financial disbursement made following a tax audit on the Parent Company for the years 2012 to 2015.

16 – Trade payables

The table below shows the breakdown of trade payables at 30 June 2021 and 31 December 2020:

(€'000)	at June 30, 2021	at December 31, 2020
Third parties	9,691	10,302
Related companies	466	345
TOTAL TRADE PAYABLES	10,157	10,647

Trade payables at 30 June 2021 came to €10.16 million, decreasing by €0.49 million compared with 31 December 2020.

Trade payables are non-interest bearing and, on average, are settled 90-120 days after invoice date.

17 – Other current liabilities

The table below shows the breakdown of other current liabilities at 30 June 2021 and 31 December 2020:

(€'000)	at June 30, 2021	at December 31, 2020
Social contributions	572	676
Other	4,421	4,771
Advances from customers	872	748
Grants advances	863	750
Other tax liabilities	302	464
Accrued expenses	1,413	1,706
TOTAL OTHER CURRENT LIABILITIES	8,443	9,115

Other payables

<i>(€'000)</i>	at June 30, 2021	at December 31, 2020
Employees	1,155	886
Vacation pay	1,320	1,194
Directors	1,012	576
Statutory auditors	227	195
Other	707	1,920
TOTAL OTHER PAYABLES	4,421	4,771

The “other payables” item contains the amounts due to employees for compensation, holidays and leaves of absence accrued and not yet used at the reporting dates, as well as amounts due to directors and other miscellaneous payables.

F – Breakdown of the main income statement items

18 – Costs of raw & auxiliary materials and consumables used

(€'000)	1H 2021	1H 2020
Purchases of raw materials, semi-finished and finished products	13,987	18,083
Changes in inventories of raw materials	(393)	(204)
Change in inventories of semi-finished and finished products	(68)	(669)
TOTAL COST OF MATERIALS	13,526	17,210

Costs of raw & auxiliary materials and consumables used show a decrease of 21.4% over the period, from €17.21 million in the first half of 2020 to €13.53 million in the first half of 2021. The decrease is related to the lower turnover achieved in the first half of 2021 compared to the previous period and is also influenced by the different product mix.

19 – Other operating costs net of cost adjustments

(€'000)	1H 2021	1H 2020
Service costs	7,185	6,239
- of which non recurrent costs	1,273	-
Rent and leases	209	215
Payroll	10,154	10,684
Accruals and other costs	610	376
- of which non recurrent costs	202	-
Cost adjustments for in-house generation of non-current assets	(1,804)	(1,459)
Operating costs net of cost adjustments	16,354	16,055

The “other operating costs” item shown in the table above, net of cost adjustments for internal increases, grew from €16.05 million in the first half of 2020 to €16.36 million in the first half of 2021. The item includes non-recurring costs for a total of €1.41 million. Net of these costs, the item Other operating costs net of cost adjustments would amount to €14.93 million.

The “other provisions and other costs” item includes an allocation to the doubtful debt provision for €10 thousand.

20 – Service costs

(€'000)	1H 2021	1H 2020
Industrial services	2,133	2,441
Commercial services	827	1,048
General and administrative costs	4,225	2,750
Total costs of services	7,185	6,239

In the period under review, service costs recorded an increase of 15.2%, from €6.24 million to €7.18 million. The ratio to revenues rose from 17.2% in the first half of 2020 to 26.9% in the first half of 2021. Net of non-recurring costs, a decrease of 4.3% would have been recorded, with an incidence on revenues of 22.3%.

21 – Payroll costs

(€'000)	1H 2021	1H 2020
Wages, salaries and Social Security contributions	9,601	10,171
Employees' leaving entitlement and other personnel provisions	280	258
Other costs	273	255
Total personnel expenses	10,154	10,684

In the first half of the year, payroll costs decreased. This decrease is due exclusively to the exchange rate differential: at constant exchange rates, payroll costs would decrease by only €21 thousand. Wages include €35 thousand as the accrued portion of costs relating to the Performance Share Plan as reported in Note 30 (at 30 June 2020, the amount recognised at cost was €234 thousand).

As shown in the table below, the number of Group employees increased at the end of the most recent period, from 323 at year-end 2020 to 331 at the end of the first half of 2021.

EMPLOYEES	Average 2021	at June 30, 2021	Average at December 31, 2020	at June 30, 2020
Management	4.0	4	4.0	4
Clerical workers	300.8	305	293.9	298
Line workers	22.0	22	22.0	24
TOTAL	326.8	331	319.9	326

22 – Cost adjustments for internally generated non-current assets

Cost adjustments for internally generated non-current assets at 30 June 2021 amounted to €1.80 million (at 30 June 2020 €1.46 million), entirely related to the capitalisation of internal payroll, material and service costs incurred for certain development projects for new products in the fields of NanoPC modules and systems, and in the field of Internet of Things software platforms. More specifically, if these costs had been deducted from the corresponding income statement item, there would have been a reduction in materials costs for €31 thousand (€38 thousand at 30 June 2020), payroll costs for €1,038 thousand (€688 thousand at 30 June 2020) and service costs for €731 thousand (€733 thousand at 30 June 2020).

23 – Other income

(€'000)	1H 2021	1H 2020
Government grants	7	231
Sundry revenues	23	53
Total other revenues	30	284

24 – Depreciation, amortisation and impairment

(€'000)	1H 2021	1H 2020
Amortisation of intangible assets	1,362	1,059
Amortisation of property, plant and equipment	930	977
Write-down of fixed assets	-	60
Total amortisation and depreciation	2,292	2,096

Depreciation, amortisation and impairment increased from €2.10 million in the first half of 2020 to €2.29 million in the first half of 2021. This change is due mainly to the higher amortisation of development costs that began their amortisation process.

Impairment, made in 2020 alone, amounting to €60 thousand, referred to the decrease in value of land and buildings, based on an appraisal carried out on the Caronno Varesino site.

25 – Financial income and charges

The Group's financial management is summarised as follows:

€'000	1H 2021	1H 2020
Exchange-rate losses	548	304
Interest expenses	163	166
Interest expenses on lease liabilities	26	23
Expenses on derivatives	27	13
Other finance expenses	41	25
Financial charges	805	531
Exchange-rate gains	428	693
Interest income	1	5
Other finance income	2	18
Financial incomes	431	716

Financial management performance is influenced by exchange rate management, which in the first six months of 2021 was negative for €120 thousand, compared to a net positive effect in the first six months of 2020 of €389 thousand. The management of interest expense is in line with that recognised in 2020.

26 – Income tax for the period

Income taxes at 30 June 2021 showed a net positive effect of €25 thousand (arising from the net effect of current tax charges of €41 thousand and income relating to deferred taxes of €175 thousand and taxes relating to prior years of €109 thousand) compared to a negative effect of €719 thousand at 30 June 2020 (arising from the net effect of current tax charges of €419 thousand, costs relating to deferred taxes of €300 thousand), posting a positive change of €744 thousand.

(€'000)	1H 2021	1H 2020
IRES (Italian corporate income tax)	-	46
IRAP (Italian Regional business tax)	-	89
Foreign current income taxes	41	284
Total current income tax	41	419
Net (prepaid) deferred taxes: Italy	-	(178)
Net (prepaid) deferred taxes: Non-Italian	(175)	478
Net (prepaid) deferred taxes	(175)	300
Previous years taxes	109	-
Previous years taxes	109	-
TOTAL INCOME TAXES	(25)	719

Deferred tax assets at 30 June 2021 amounted to €7.67 million (31 December 2020: €7.48 million) and were accounted for in previous years on a portion of the tax losses carried forward in future years, as well as on the inventory write-down provision, the doubtful debt provision and other deductible costs of previous years.

The amount of deferred tax liabilities at 30 June 2021 was €3.07 million (€3.17 million at 31 December 2020) and refers principally to the tax effects on the "price allocation" for trademarks with indefinite useful lives. The decrease is mainly because of the booking of deferred taxes in the period, in addition to the forex effect on values expressed in USD and JPY and relating to the values attributed for the "price allocation".

G – Other information

27 – Related-party transactions

The condensed consolidated half-year financial statements include the financial statements of Eurotech S.p.A. and the half-year financial statements of subsidiaries shown in the table below:

Name	Location	Currency	% of ownership 30.06.2021	% of ownership 31.12.2020
<i>Subsidiaries</i>				
Aurora S.r.l.	Italy	Euro	100.00%	100.00%
I.P.S. Sistemi Programmabili S.r.l.	Italy	Euro	100.00%	100.00%
ETH Lab S.r.l.	Italy	Euro	100.00%	100.00%
Eurotech France S.A.S.	France	Euro	100.00%	100.00%
Eurotech Ltd.	UK	GBP	100.00%	100.00%
E-Tech Inc.	United States	USD	100.00%	100.00%
Eurotech Inc.	United States	USD	100.00%	100.00%
Advanet Inc.	Japan	Yen	90.00% (1)	90.00% (1)
<i>Affiliated companies</i>				
Rotowi Technologies S.p.A. in liquidation (ex U.T.R.I. S.p.A.) (2)	Italy		21.32%	21.32%

(1) The percentage of formal possession is 90%, but due to the possession by Advanet of 10% of the share capital in the form of treasury shares, it is fully consolidated

(2) Company in liquidation

The following table shows relationships with related parties, not eliminated on consolidation.

RELATED PARTIES

	Revenues to related parties	Interest to related parties	Purchases from related parties	Financial receivables to related parties	Receivables from related parties	Payables from related parties
Other related parties						
Bluenergy Assistance srl	7	-	-	-	8	-
Kairos Autonomi	-	1	-	61	-	-
Interlogica srl	-	-	430	-	-	380
LONG TERM PARTNERS SRL	-	-	86	-	-	86
Total	7	1	516	61	8	466
Total with related parties	7	1	516	61	8	466
% impact on line item	0.0%	0.2%	2.6%	33.2%	0.1%	4.6%

28 – Financial risk management: objectives and criteria

The Group's financial instruments, other than derivative contracts, include bank loans in the various technical forms, leases, as well as short-term and on-demand bank deposits. These instruments are intended to finance Group operations. The Group has several other receivable and payable financial instruments at its disposal, such as trade receivables arising from operations and liquidity. The Group had

also transactions in derivatives, mainly swap or collar transactions on interest rates. The objective is to manage interest rate risks caused by Group transactions and by its sources of finance.

In accordance with Group policies, no speculative derivatives have been entered into.

The main risks generated by Group financial instruments are interest rate risks, exchange risks, liquidity risks and credit risks. The Board of Directors has reviewed and agreed to the policies for managing these risks, as summarised below.

Interest rate risk

The Group's exposure to the risk of interest rate fluctuations involves mainly medium-term obligations taken on by the Group, featuring variable interest rates linked to various indices. The Group signed interest rate swap contracts that provided for recognition of a variable rate against payment of a fixed rate. The contract type is designated to hedge changes in the interest rates in place on some loans. Group policy is to maintain between 30% and 60% of its loans at a fixed rate. At 30 June 2021, approximately 27.3% of the Group's loans were fixed-rate (in the first half of 2020, the percentage was approximately 48.4%). The loans in place at the Japanese company were signed at fixed rates since it is more advantageous than those at variable rates.

Exchange rate risk

In view of the significant investment transactions in the US, Japan and the UK, with substantial foreign currency cash flows from operations and financial management, the Group's financial statements could be significantly affected by changes in the USD/EUR, JPY/EUR and GBP/EUR exchange rates. During the reporting period, no foreign exchange hedges were executed because of the fluctuating USD, GBP and JPY flows, particularly taking into account that the individual subsidiaries tend to operate in their respective functional currencies in their respective core markets.

Approximately 74.1% of sales of goods and services (30 June 2020: 77.3%) and 58.5% (30 June 2020: 68.0%) of the cost of goods purchases and the operating costs of the Group are denominated in a different currency from the functional currency used by the Parent Company to draw up this consolidated half-year financial report.

Product and component price risk

Although in general the Group is not significantly exposed to price risk, over the last 12 months, as a result of the lack of availability of certain electronic components, there have been significant increases in the price of such components that affect the total cost of the finished product. Regular activities are carried out to minimize this price increase and to discuss with the customer a possible reversal on the selling price.

Credit risk

The Group trades only with known and reliable customers. The Group's policy is to check the creditworthiness grade of customers that request extended payment arrangements. In addition, the balance of receivables is monitored during the year so that the amount of non-performing positions is not significant. Only some receivables from key customers are insured.

Financial assets, recorded by trading date, are recognised in the financial statements net of write-downs calculated according to the risk of counterparty default, taking into account the information available on the customer's level of solvency and historical data.

There is no significant concentration of credit risk in the Group, even though there have been occasions over the last 3 years in which an individual customer generated more than 10% of total revenues. In particular, in 2020, two customers each generated turnover that was more than 10% of the Group's turnover, totalling 29.9% of the Group's revenues. In the first half of 2021, there was only one customer with turnover of more than 10%, and had a total impact of around 31% on consolidated half-year revenues.

Credit risk concerning other Group financial assets, which include cash and cash equivalents and financial instruments, presents a maximum risk equal to the book value of these assets in the event of insolvency of the counterparty.

Liquidity risk

The objective of the Group is to strike a balance between maintenance of funds and flexibility through the use of overdrafts, loans, leases, factoring assignments with recourse, as well as through equity financing in the market.

Group policy states that no more than 40% of loans must fall due within 12 months.

At 30 June 2021, 28.7% of the Group's financial payables will be due within one year (2020 half-year: 36.1%) based on the balances of the original repayment plans.

Considering the current net financial position and the structure of working capital, the risk that the Group will be unable to honour its financial liabilities is limited.

Measurement of fair value and relative hierarchical valuation levels

All financial instruments recognised at fair value are classified within the following three categories:

Level 1: market price

Level 2: valuation techniques (based on observable market data)

Level 3: valuation techniques (not based on observable market data)

The fair value of derivatives and of loans obtained has been calculated by discounting expected cash flows to present value applying prevailing interest rates. The fair value of other financial assets was calculated using market interest rates. As IFRS 13 requires, for each of the financial assets and liabilities the company analysed the effect of their measurement at fair value. The measurement process refers to Level 3 of the fair value hierarchy, except for trading in derivatives as described in greater detail hereunder, and revealed no considerable differences compared to the book values at 30 June 2021 and the respective comparison figures.

At 30 June 2021, the Group held the following financial instruments measured at fair value:

	Notional value at June 30, 2021	Fair value at June 30, 2021 (debit)	Fair value at June 30, 2021 (credit)	Notional value at December 31, 2020	Fair value at December 31, 2020 (debit)	Fair value at December 31, 2020 (credit)
Cash flow hedge						
Contracts Interest Rate Swap (IRS)	9,058	0	(47)	10,965	0	(81)

All the assets and liabilities measured at fair value at 30 June 2021 are classified in Level 2 of the fair value hierarchy. In addition, during the first half of 2021 there were no transfers from Level 1 to Level 2 or Level 3, or vice versa.

29 – Derivatives

Fair value

From the comparison between the book value and the fair value by category of all of the Group's financial instruments recognised in the financial statements, there were no significant differences, other than those highlighted, that require disclosure.

The fair value of derivatives and of loans obtained has been calculated by discounting expected cash flows to present value applying prevailing interest rates. The fair value of other financial assets was calculated using market interest rates.

Interest rate risk

Interest on financial instruments classified as variable-rate instruments is recalculated periodically during the financial year. Interest on financial instruments classified as fixed-rate instruments is kept constant until the maturity date of the instruments concerned.

Hedging

Cash flow hedges

At 30 June 2021, the Group held 5 IRS contracts (for a total notional residual value €9.06 million), one of which was signed during the first half-year and designated as instruments to hedge interest rate risk.

	Due date	Fixed rate	Floating rate	Market value (€'000)
Interest rate swap contracts				
Euro 1.034.677,96,	29 December 2023	0.25%	Euribor 3 months	(11)
Euro 1.836.202,00	30 May 2022	0.10%	Euribor 3 months	(6)
Euro 2.187.500,00	31 March 2023	0.01%	Euribor 3 months	(11)
Euro 2.000.000,00	31 July 2025	-0.20%	Euribor 3 months	(13)
Euro 2.000.000,00	30 September 2026	-0.14%	Euribor 3 months	(6)
TOTAL				(47)

Interest rate swap contract conditions were negotiated to coincide with the conditions of the underlying commitments.

The accounting treatment of these financial instruments during the period entailed a decrease in equity of €34 thousand and decreased the cash flow hedge reserve as a direct reduction of equity to a total negative value of €47 thousand.

30 – Share-based payments

On 22 April 2016, the Shareholders' Meeting of the Company approved adoption of an incentive plan solely for individuals who have a directorship position and/or an employment contract and/or a freelance collaboration or consultancy agreement with Eurotech S.p.A. or one of its subsidiaries and who have key functions in the Group organisation chart; the plan is called "2016 EUROTECH S.p.A. Performance Share Plan" (hereinafter "PPS 2016").

The PPS 2016 provides that the beneficiaries identified by the Company's Board of Directors be assigned the right (known as Unit) to receive Eurotech S.p.A. shares free of charge provided that on the Assignment Date they maintain a relationship with the Company or one of its subsidiaries. The Units assigned are subject to a retention period lasting 2 years starting from the respective Assignment Date; during the Retention Period, the assigned Units cannot accrue unless the contract is terminated as a good leaver (for example: dismissed by the company not for just cause, death, the Beneficiary's retirement and loss of the condition of Subsidiary by the employer company of the Beneficiary).

The Board of Directors distributed 200,600 units to beneficiaries during 2021, either directly or through its delegated representative.

	Year 2021			Year 2020		
	No. Units granted	Value of the assign units (€'000)	Value of the units for the period (€'000)	No. Units granted	Value of the assign units (€'000)	Value of the units for the period (€'000)
Performance Share Plan 2016						
Nr. Unit at the beginning of the period	200,600	722	35	364,600	1,153	492
Nr. Unit Granted during period	-	-	-	-	-	-
Nr. Unit Cancelled during period	-	-	-	(14,500)	(55)	(33)
Nr. Unit assigned during period	(200,600)	(722)	(35)	(149,500)	(376)	-
Nr. Unit Outstanding at the end of the period	-	-	-	200,600	722	459

With the last assignments of units in 2019 and the distribution of units in 2021, the 2016 Performance Share Plan was concluded. At 30 June 2021, the company recorded a cost of €35 thousand in the income statement, with a balancing entry recognised in equity. Since the beginning of the plan (2016), the total amount recognised in the income statement is €2,256 thousand.

On 11 June 2021, the Shareholders' Meeting of the Company approved adoption of a new incentive plan for individuals who have a directorship position and/or an employment contract and/or a freelance collaboration or consultancy agreement with Eurotech S.p.A. and who occupy the positions most directly responsible for the company's results or who are of strategic interest within the Group's organisation chart; the plan is called the "2021-2023 Performance Share Plan" (hereinafter "PPS 2021").

The PPS 2021 provides that the beneficiaries identified by the Company's Board of Directors be assigned the right (known as Unit) to receive Eurotech S.p.A. shares free of charge if Performance Objectives quantified as follows are achieved: (i) up to two business-based objectives linked to the economic-financial performance of the Eurotech Group in the medium-long term and (ii) a market-based objective (Total Shareholder Return) linked to the trend of the market price of the Shares in the medium-long term.

The PPS 2021 was activated by the Board of Directors on 19 July 2021 and therefore did not generate any effects on the results of this Consolidated Half-Year Financial Report.

31 – Events after the reporting period

No significant events took place after the closing of the Consolidated Financial Report at 30 June 2021 and up to the date of its approval.

32 – Seasonality of business activities

There are no significant seasonal trends in the sector in which the Group operates. Having stated as such, historically the Group recorded a greater concentration of revenues in the second half of the year. These higher sales were mainly due to the scheduling of purchases by customers. Also for the current year, a higher concentration of turnover is expected in the second half of the year.

Certification of the Condensed Consolidated Half-Year Financial Statements

Pursuant to Art. 154-bis, Paragraph 5 – Part IV, Title III, Chapter II, Section V-bis of Italian Legislative Decree no. 58 of 24 February 1998: “Consolidated Law on Finance, pursuant to Arts. 8 and 21 of Italian Law no. 52 of 6 February 1996”.

- 1) We the undersigned, Paul Chawla, Chief Executive Officer, and Sandro Barazza, Financial Reporting Manager, for Eurotech S.p.A., pursuant to Art. 154-bis, paragraphs 3 and 4 of Italian Legislative Decree no. 58 of 24 February 1998 and subsequent amendments, hereby attest to:
 - the adequacy in relation to the characteristics of the company and
 - the effective applicationof the administrative and accounting procedures for the preparation of the condensed consolidated half-year financial statements for the period from 1 January 2021 to 30 June 2021.
- 2) Valuation of the adequacy of the administrative and accounting procedures for the formation of the consolidated half-year financial statements at 30 June 2021 is based on a model Eurotech defined in line with the CoSO framework (document in the CoSO Report) and also takes into account the document “Internal Control over Financial Reporting – Guidance for Smaller Public Companies”, both prepared by the Committee of Sponsoring Organizations of the Treadway Commission that represent a generally accepted reference framework at international level. In this regard, no significant aspects emerged.
- 3) Moreover, we hereby attest that the condensed consolidated half-year financial statements:
 - a) correspond to the results in the corporate books and accounting records;
 - b) were prepared in compliance with the International Accounting Standards (IFRSs) recognised in the European Union pursuant to Regulation (EC) 1606/2002 of the European Parliament and the Council, dated 19 July 2002;
 - c) provide a fair and true representation of the assets, liabilities, financial position and profit or loss of companies included in the consolidation.
- 4) The Interim Management Report contains references to the significant events that occurred in the first six months of the year and their impact on the condensed consolidated half-year financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year, as well as information on relevant transactions with related parties.

Amaro (Udine), 3 September 2021

Eurotech S.p.A.

signed Paul Chawla
Chief Executive Officer

signed Sandro Barazza
Financial Reporting Manager

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REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Shareholders of
Eurotech SpA

Foreword

We have reviewed the accompanying condensed consolidated interim financial statements of Eurotech SpA and its subsidiaries (the Eurotech Group) as of 30 June 2021 comprising the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related explanatory notes. The directors of Eurotech SpA are responsible for the preparation of the condensed consolidated interim financial statements in accordance with the International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution n°10867 of 31 July 1997. A review of condensed consolidated interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed consolidated interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of the Eurotech Group as of 30 June 2021 are not prepared, in all material respects, in accordance with the International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Udine, 3 September 2021

PricewaterhouseCoopers SpA

Signed by

Massimo Dal Lago
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers.

PricewaterhouseCoopers SpA

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