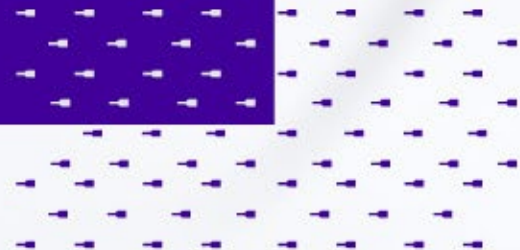


CONSOLIDATED INTERIM MANAGEMENT REPORT

at **31** march **2022**



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

Date of issue: 12 May 2022
This report is available online
in the Investors section of
www.eurotech.com

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

CONTENTS

| | |
|---|-----------|
| Corporate Bodies | 4 |
| Performance highlights | 5 |
| Revenues by business line..... | 6 |
| Summary of the results..... | 7 |
| Information for shareholders | 8 |
| The Eurotech Group | 9 |
| Summary of performance in the first quarter of 2022 and business outlook | 10 |
| Introduction | 10 |
| Reporting policies..... | 10 |
| Operating performance in the period..... | 11 |
| Financial statements and explanatory notes..... | 13 |
| Consolidated income statement..... | 13 |
| Consolidated statement of comprehensive income | 14 |
| Consolidated statement of financial position | 15 |
| Consolidated statement of changes in shareholders' equity..... | 16 |
| Net financial position | 17 |
| Net working capital | 17 |
| Cash flows..... | 18 |
| A – Group business | 19 |
| B – Scope of consolidation | 19 |
| C – Revenues..... | 20 |
| D – Costs of raw & auxiliary materials and consumables used | 22 |
| E – Service costs | 22 |
| F – Payroll costs..... | 22 |
| G – Other provisions and costs..... | 23 |
| H – Other revenues..... | 23 |
| I – Depreciation, amortisation and impairment | 23 |
| J – Financial income and expenses..... | 23 |
| K – Income taxes | 24 |
| L – Non-current assets..... | 25 |
| M – Net working capital | 26 |
| N – Net financial position | 26 |
| O – Changes in shareholders' equity..... | 27 |
| P – Significant events in the quarter | 27 |
| Q – Events after 31 March 2022..... | 28 |
| R – Risks and uncertainties | 28 |
| S – Other information..... | 28 |
| Declaration of the Financial Reporting Manager | 31 |

Corporate Bodies

Board of Directors

| | |
|--------------------|---|
| Chairperson | Patrizio Mapelli |
| Deputy Chairperson | 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

| | |
|--------------------|-------------------------|
| Chairperson | Fabio Monti |
| Statutory Auditor | Pietro Biagio Monterisi |
| Statutory Auditor | Daniela Savi |
| Substitute Auditor | Daniele Englaro |
| Substitute Auditor | Luigina Zocco |

The Board of Statutory Auditors 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 28 April 2022; it will remain in office until approval of the 2022 financial statements.

Independent Auditor

PricewaterhouseCoopers

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)
Iscrizione al registro delle
Imprese di Udine 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

Performance highlights

Financial data

| | (€'000) | Q1 2022 | % | Q1 2021 | % | % change |
|--|---------|---------|--------|---------|--------|----------|
| OPERATING RESULTS | | | | | | |
| SALES REVENUES | | 17,429 | 100.0% | 12,880 | 100.0% | 35.3% |
| GROSS PROFIT MARGIN | (*) | 7,131 | 40.9% | 6,438 | 50.0% | 10.8% |
| EBITDA ADJ | (****) | (997) | -5.7% | (707) | -5.5% | 41.0% |
| Non recurring costs | | 0 | 0.0% | (1,066) | -8.3% | 100.0% |
| EBITDA | (**) | (997) | -5.7% | (1,773) | -13.8% | -43.8% |
| EBIT | (***) | (2,175) | -12.5% | (2,840) | -22.0% | -23.4% |
| PROFIT (LOSS) BEFORE TAXES | | (2,416) | -13.9% | (2,889) | -22.4% | -16.4% |
| GROUP NET PROFIT (LOSS) FOR THE PERIOD | | (2,381) | -13.7% | (2,933) | -22.8% | -18.8% |

(*) **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.

(****) **ADJ. EBITDA** is an intermediate figure, determined gross of non-recurring costs and revenues, before amortisation, depreciation and impairment of fixed assets, financial income and expenses, valuations of affiliates at equity and 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.

Statement of financial position data

| | €'000 | at March 31, 2022 | at December 31, 2021 | at March 31, 2021 |
|---|-------|----------------------|-------------------------|----------------------|
| BALANCE SHEET AND FINANCIAL HIGHLIGHTS | | | | |
| NET NON-CURRENT ASSETS | | 99,165 | 101,000 | 101,937 |
| NET WORKING CAPITAL | | 13,870 | 10,444 | 11,313 |
| NET INVESTED CAPITAL* | | 105,786 | 103,861 | 106,131 |
| SHAREHOLDERS' EQUITY | | 106,945 | 110,436 | 116,429 |
| NET FINANCIAL POSITION | | (1,159) | (6,210) | (10,298) |

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

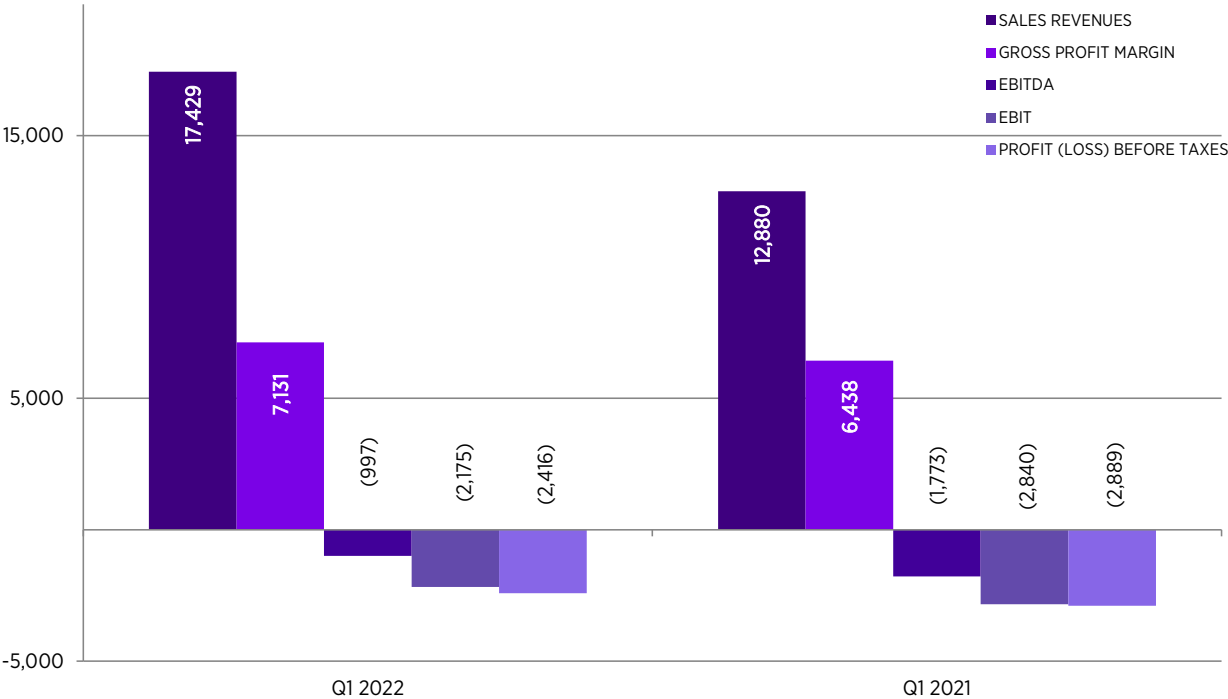
Number of employees

| | at March 31, 2022 | at December 31, 2021 | at March 31, 2021 |
|------------------|----------------------|-------------------------|----------------------|
| EMPLOYEES | 319 | 324 | 324 |

Revenues by business line

The Group's only business line is the “NanoPC” line, which comprises a) miniaturised electronic modules and systems for the industrial automation, transport and off-road, medical, networks and energy, telecommunications sectors; b) Edge gateway, Edge-computer, Edge AI and software platforms for the Internet of Things.

Summary of the results



Information for shareholders

The ordinary shares of Eurotech S.p.A., the Parent Company of the Eurotech Group since 30 November 2005, have been listed in the Euronext Star Milan segment of the Euronext Milan market organised and managed by Borsa Italiana S.p.A.

Share capital of Eurotech S.p.A. as at 31 March 2022

| | |
|--|---------------|
| 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. ordinary treasury shares | 89,920 |
| Stock market capitalisation (based on the share's average price in March 2022) | €119 million |
| Stock market capitalisation (based on the share's average price as at 31 March 2022) | €121 million |

Performance of Eurotech S.p.A. shares

Relative performance EUROTECH S.p.A.
01.01.2022 – 31.03.2022

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



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



The Eurotech Group

Eurotech is a global company with a strong international focus, which generates sales on three continents. It is a Group that has operating offices in Europe, North America and Japan, led and coordinated by its headquarters in Italy.

Eurotech has a long tradition of almost 30 years in the design and implementation of embedded computers for special applications, where the ability of computers to withstand hostile environments and the need for continuous and uninterrupted operations are determinant variables. This is a market niche characterised by high value and low volumes that over the years has allowed the company to maintain a gross profit above the sector average.

Over 10 years ago, with a visionary intuition, Eurotech understood that the technological paradigm was changing and it pioneered an evolutionary path towards Edge Computing and Industrial IoT, with significant investments in software integrated with hardware, focusing on the open-source approach. Today, the result of that vision and 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 sector analysts, including Gartner's prestigious Magic Quadrant for Industrial IoT Platforms, where in 2021 we are present for the third year in a row.

The factors that characterise Eurotech in the Industrial IoT sector are the following:

- Eurotech technology resolves 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 recognised as the number one obstacle to the execution of IoT projects by companies;
- leveraging its DNA and knowledge of the protocols on the OT side, Eurotech has implemented a Plug & Play connectivity to field assets, which speeds up implementation times and reduces costs;
- thanks to relations with the big players in the IT sector such as Microsoft, Amazon and IBM, Eurotech is able to provide certified connectivity to all major cloud platforms, reducing integration time and risks to almost zero in a typical IoT project where these platforms are used;
- Eurotech's connection and integration technology was conceived and implemented by adopting the best Cybersecurity solutions and is certified according to the most recent international standards.

Today, the Group's offering is modular, featuring different levels of hardware and software integration and it is structured as follows:

- embedded PCs in the form of boards and subsystems, which represent Eurotech's historical offering and are purely hardware products with only the integrated operating system;
- Edge gateways, i.e. devices that enable communication between assets operating in the field and data platforms in the cloud, both public and private;
- Edge servers, i.e. computing units similar to the units that make up the data centres but rugged because they are located in the field, close to the assets and dedicated to local processing of the data they generate;
- Edge AI, i.e. high-performance computing systems equipped with GPU accelerators to process AI algorithms directly in the field, eliminating unnecessary and costly data transfers to centralised servers;
- software for the integration of Operational Technology and Information Technology: the "Everyware Software Framework" (ESF) edge framework on the OT side and the "Everyware Cloud" (EC) integration platform on the IT side;

The sectors in which the Group has historically developed most of its turnover are industry and transport, followed by the medical sector. More recently, the new offer of integrated hardware and

software for industrial IoT applications has also made it possible to enter new sectors, such as energy. From a strategic point of view, the Group's current choice is to focus on five vertical markets combining larger size and higher growth rates in the next five years: industrial automation, transport & offroad, medical, renewable energies & networks for energy-gas-water, 5G telecommunications.

Summary of performance in the first quarter of 2022 and business outlook

Introduction

The interim management statement of the Eurotech Group as at 31 March 2022, which has not been independently audited, and the financial statements for comparative periods were drawn up according to the IASs/IFRSs issued by the International Accounting Board and endorsed by the European Union.

The Group's results as at 31 March 2022 and comparable periods were prepared according to the IASs/IFRSs in force on the date of preparation and the statements drawn up according to Annex 3D of the Italian Issuers' Regulation no. 11971 of 14 May 1999, as amended and supplemented.

Reporting policies

The consolidated financial statements were drafted on the basis of financial statements as at 31 March 2022 prepared by the consolidated companies and adjusted, where necessary, to align them with the Group's IFRS-compliant accounting and classification policies.

The assessment and accounting policies and consolidation methods used to prepare the Consolidated Quarterly Report are consistent with those used in the Group Consolidated Annual Financial Report as at 31 December 2021, to which express reference is made, except for the adoption of new standards, amendments and interpretations in force as of 1 January 2022.

The calculation of taxes was carried out on the basis of the best possible estimate that can currently be carried out, also taking into consideration the tax benefit of tax-losses carried forward based on the expected results for the end of the year. According to the criterion used for translation into Euro of accounts expressed in different currencies, statement of financial position items are translated at the exchange rate in effect on the final day of the accounting period, and income statement items are translated at the average exchange rate for the period. Differences arising from translation of the statement of financial position and income statements are posted to a Shareholders' Equity reserve.

Unless otherwise specified, the financial statements, tables and explanatory notes are expressed in thousands of Euro.

In accordance with CONSOB requirements, Income Statement figures are shown for the quarter under review and are compared with data for the same period in the previous financial year (FY). Restated Balance Sheet figures, which refer to the closing date of the quarter, are compared with the figures at the closing date of the previous FY. The format of the financial statements is the same as that used in the Half-Yearly Report and in the Annual Financial Statements.

The preparation of the financial statements and the related explanatory notes required the use of estimates and assumptions, with particular reference to provisions for impairment and risk reserves. Estimates are revised periodically, and any adjustment, following changes in the circumstances on which the estimate was based or in light of new information, is booked in the income statement. The use of estimates is an essential part of preparing the accounting statements and is not prejudicial to their overall reliability.

This document presents some alternative performance indicators to allow for better evaluation of the Group's economic and financial performance. These are as follows:

- **Gross profit**, or the difference between revenues from sale of products and services and consumption of raw materials;
- **EBITDA**, or earnings before amortisation, depreciation and impairment of fixed assets, the valuation of affiliates at equity, financial income and expenses and income taxes for the period;
- **ADJ. EBITDA** is an intermediate figure, determined gross of non-recurring costs and revenues, before amortisation, depreciation and impairment of fixed assets, financial income and expenses, valuations of affiliates at equity and 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.
- **EBIT**, or earnings before the valuation of affiliates at equity, financial income and expenses and income taxes for the period.

Operating performance in the period

Revenues grew by 35% in the quarter, in line with the visibility of the backlog for the year 2022, which stands at €83 million. Despite the outbreak of the conflict in Ukraine, during the first quarter of 2022, we have not experienced any slowdowns in the emergence of new opportunities for IoT projects and in the orders intake from our customer base.

On the other hand, we have experienced further difficulties in sourcing electronic components. Undelivered scheduled orders due to unavailability of electronic components amounted to approximately €3.5 million. Only a small part of these delays will be recoverable in the next quarter, while a recovery by the end of the financial year is plausible.

The core business was a driving force, but the IoT projects activated in previous years also maintained a growth trend in line with the 2021 performance.

The impacts of the component shortage prevented a sufficient level of gross profit margin to have a break-even quarter at EBITDA level.

We knew that the corrective measures put in place as from September 2021 would not produce tangible effects until April. The indicators that management is monitoring suggest that the coming quarters will show an upward trend on the gross profit margin.

Consolidated revenues in the first three months of 2022 amounted to €17.43 million, compared to €12.88 million in the first three months of 2021, an increase of 35.3% (+32.3% at constant exchange rates).

The **gross profit margin** of the period under review, as a percentage of turnover, was 40.9%, compared with 46.7% for the twelve months of 2021 and 50% for the first quarter of 2021. The reduction in gross margin is the combined effect of two elements: higher costs incurred to purchase certain low-availability components in order to be able to deliver products to customers, and a different mix of products sold. Higher procurement costs (PPV) were not always passed on in full to customers during the quarter. On the other hand, as regards the product mix, the Japanese area in particular recorded a significant temporary deviation from the historical trend, also due to the indirect effects of the shortage on the mix of products actually delivered against an order backlog that would have been more balanced.

In the three months under review, **operating costs** before adjustments and net of non-recurring costs (recognised only in 2021) amounted to €8.85 million, compared to €7.94 million in the first three months of 2021. The increase in operating costs is in line with the plan to strengthen the go-to-market, particularly in the US, and the Research & Development, and contains one-off items for recruiting costs of approximately €0.4 million. By virtue of the fabless model adopted, operating costs are substantially fixed and the trends in turnover and gross profit margin are the fundamental variable for the activation of operating leverage, which could not produce visible effects in the quarter just ended.

EBITDA amounted to €-0.99 million (-5.7% of revenues), compared to €-1.77 million in 2021 (-13.8% of revenues). Net of non-recurring costs, adjusted EBITDA for the first three months of 2021 amounted to €-0.71 million.

EBIT, i.e. the operating result for the year, was €-2.17 million (-12.5% of revenues), compared to €-2.84 million in 2021 (22.8% of revenues).

In terms of the Group's **net result**, the first quarter reported €-2.38 million (-13.7% of revenues), against €-2.93 million in the same period of 2021 (-22.8% of revenues).

The Group's financial position as at 31 March 2022 shows a positive net cash **financial position** of €1.2 million, compared with €6.2 million as at 31 December 2021. The reduction in the net financial position was also due to the €3.5 million increase in **net working capital**, which amounted to €13.9 million as at 31 March 2022, compared to €10.4 million as at 31 December 2021. The growth in working capital is mainly linked to the dynamics of purchases of components to maximise production of the existing order book. The ratio of net working capital to turnover for the last 12 rolling months stood at 20.5%, in line with management's objectives.

Financial statements and explanatory notes

The trend in operating performance can be seen in the restated consolidated income statement and is shown below, in both absolute amounts and percentage terms:

Consolidated income statement

| (€ '000) | Notes | Q1 2022 (b) | of which related parties | % | Q1 2021 (a) | of which non recurrent | of which related parties | % | change (b-a) amount | % |
|--|----------|----------------|--------------------------------|---------------|----------------|------------------------------|--------------------------------|---------------|------------------------|--------------|
| Sales revenue | C | 17,429 | 2 | 100.0% | 12,880 | | 1 | 100.0% | 4,549 | 35.3% |
| Cost of material | D | (10,298) | | -59.1% | (6,442) | | | -50.0% | 3,856 | 59.9% |
| Gross profit | | 7,131 | | 40.9% | 6,438 | | | 50.0% | 693 | 10.8% |
| Services costs | E | (3,341) | (219) | -19.2% | (3,634) | (1,066) | (186) | -28.2% | (293) | -8.1% |
| Lease & hire costs | | (95) | | -0.5% | (113) | | | -0.9% | (18) | -15.9% |
| Payroll costs | F | (5,172) | | -29.7% | (4,978) | | | -38.6% | 194 | 3.9% |
| Other provisions and costs | G | (239) | | -1.4% | (285) | | | -2.2% | (46) | -16.1% |
| Other revenues | H | 719 | | 4.1% | 799 | | | 6.2% | (80) | -10.0% |
| EBITDA | | (997) | | -5.7% | (1,773) | (1,066) | | -13.8% | 776 | 43.8% |
| Depreciation & Amortization | I | (1,178) | | -6.8% | (1,067) | | | -8.3% | 111 | 10.4% |
| EBIT | | (2,175) | | -12.5% | (2,840) | (1,066) | | -22.0% | 665 | 23.4% |
| Finance expense | J | (579) | | -3.3% | (585) | | | -4.5% | (6) | -1.0% |
| Finance income | J | 338 | - | 1.9% | 536 | | 1 | 4.2% | (198) | -36.9% |
| Profit before tax | | (2,416) | | -13.9% | (2,889) | (1,066) | | -22.4% | 473 | 16.4% |
| Income tax | K | 35 | | 0.2% | (44) | | | -0.3% | (79) | 179.5% |
| Net profit (loss) of continuing operations before minority interest | | (2,381) | | -13.7% | (2,933) | (1,066) | | -22.8% | 552 | 18.8% |
| Minority interest | O | - | | 0.0% | - | | | 0.0% | - | n/a |
| Group net profit (loss) for period | O | (2,381) | | -13.7% | (2,933) | (1,066) | | -22.8% | 552 | 18.8% |
| Base earnings per share | | (0.067) | | | (0.083) | | | | | |
| Diluted earnings per share | | (0.067) | | | (0.083) | | | | | |

Consolidated statement of comprehensive income

| | Q1 2022 | Q1 2021 |
|--|-----------------|------------------|
| (€ '000) | | |
| Net profit (loss) before minority interest (A) | (2,381) | (10,408) |
| Other elements of the statement of comprehensive income | | |
| <i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i> | | |
| Net profit/(loss) from Cash Flow Hedge | 74 | 75 |
| Tax effect | - | - |
| | 74 | 75 |
| Foreign balance sheets conversion difference | (1,986) | (1,173) |
| Exchange differences on equity investments in foreign companies | 714 | 2,877 |
| Tax effect | - | - |
| | 714 | 2,877 |
| After taxes net other comprehensive income to be reclassified to profit or loss in subsequent periods (B) | (1,198) | 1,779 |
| After taxes net other comprehensive income not being reclassified to profit or loss in subsequent periods (C) | - | - |
| Comprehensive net result (A+B+C) | (3,579) | (8,629) |
| Comprehensive minority interest | - | - |
| Comprehensive Group net profit (loss) for period | (3,579) | (8,629) |

Consolidated statement of financial position

| (€'000) | Notes | at March 31, 2022 | of which related parties | at December 31, 2021 | of which related parties |
|--|----------|----------------------|--------------------------------|-------------------------|--------------------------------|
| ASSETS | | | | | |
| Intangible assets | L a | 86,595 | | 88,043 | |
| Property, Plant and equipment | L b | 4,770 | | 5,229 | |
| Investments in other companies | | 544 | | 542 | |
| Deferred tax assets | | 6,508 | | 6,504 | |
| Medium/long term borrowing allowed to affiliates companies and other Group companies | | 64 | 64 | 62 | 62 |
| Other non-current assets | | 684 | | 620 | |
| Total non-current assets | L | 99,165 | | 101,000 | |
| Inventories | | 20,420 | | 17,646 | |
| Trade receivables | | 12,179 | 3 | 11,280 | 1 |
| Income tax receivables | | 870 | | 801 | |
| Other current assets | | 2,869 | | 2,130 | |
| Other current financial assets | | 123 | 2 | 123 | 2 |
| Derivative instruments | | 70 | | 4 | |
| Cash & cash equivalents | | 24,343 | | 31,704 | |
| Total current assets | | 60,874 | | 63,688 | |
| Non-current assets classified as held for sale | | - | | 365 | |
| Total assets | | 160,039 | | 165,053 | |
| LIABILITIES AND EQUITY | | | | | |
| Share capital | | 8,879 | | 8,879 | |
| Share premium reserve | | 136,400 | | 136,400 | |
| Other reserves | | (38,334) | | (34,843) | |
| Group shareholders' equity | O | 106,945 | | 110,436 | |
| Equity attributable to minority interest | O | - | | - | |
| Total shareholders' equity | O | 106,945 | | 110,436 | |
| Medium-/long-term borrowing | | 15,542 | | 17,535 | |
| Employee benefit obligations | | 2,821 | | 2,844 | |
| Deferred tax liabilities | | 3,102 | | 3,200 | |
| Other non-current liabilities | | 1,262 | | 1,477 | |
| Total non-current liabilities | | 22,727 | | 25,056 | |
| Trade payables | | 15,149 | 355 | 13,005 | 487 |
| Short-term borrowing | | 7,897 | | 8,137 | |
| Derivative instruments | | 2 | | 11 | |
| Income tax liabilities | | 334 | | 215 | |
| Other current liabilities | | 6,985 | | 8,193 | |
| Total current liabilities | | 30,367 | | 29,561 | |
| Total liabilities | | 53,094 | | 54,617 | |
| Total liabilities and equity | | 160,039 | | 165,053 | |

Consolidated statement of changes in shareholders' equity

| (€'000) | 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, 2021 | 8,879 | 1,776 | 136,400 | 10,284 | (39,731) | (6) | (621) | 4,074 | (211) | (10,408) | 110,436 | - | 110,436 |
| 2021 Result allocation | - | - | - | - | (10,408) | - | - | - | - | 10,408 | - | - | - |
| Profit (loss) as at March 31, 2022 | - | - | - | - | - | - | - | - | - | (2,381) | (2,381) | - | (2,381) |
| <i>Comprehensive other profit (loss):</i> | | | | | | | | | | | | | |
| - Hedge transactions | - | - | - | - | - | 74 | - | - | - | - | 74 | - | 74 |
| - Actuarial gains/(losses) on defined benefit plans for employees | - | - | - | - | - | - | - | - | - | - | - | - | - |
| - Foreign balance sheets conversion difference | - | - | - | (1,986) | - | - | - | - | - | - | (1,986) | - | (1,986) |
| - Exchange differences on equity investments in foreign companies | - | - | - | - | - | - | - | 714 | - | - | 714 | - | 714 |
| Total Comprehensive result | - | - | - | (1,986) | - | 74 | - | 714 | - | (2,381) | (3,579) | - | (3,579) |
| - Performance Share Plan | - | - | - | - | 88 | - | - | - | - | - | 88 | - | 88 |
| Balance as at March 31, 2022 | 8,879 | 1,776 | 136,400 | 8,298 | (50,051) | 68 | (621) | 4,788 | (211) | (2,381) | 106,945 | - | 106,945 |

| (€'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 March 31, 2021 | | - | - | - | - | - | - | - | - | - | (2,933) | (2,933) | - | (2,933) |
| <i>Comprehensive other profit (loss):</i> | | | | | | | | | | | | | | |
| - Hedge transactions | | - | - | - | - | - | 18 | - | - | - | - | 18 | - | 18 |
| - Actuarial gains/(losses) on defined benefit plans for employees | | - | - | - | - | - | - | - | - | - | - | - | - | - |
| - Foreign balance sheets conversion difference | | - | - | - | (1,147) | - | - | - | - | - | - | (1,147) | - | (1,147) |
| - Exchange differences on equity investments in foreign companies | | - | - | - | - | - | - | - | 1,598 | - | - | 1,598 | - | 1,598 |
| Total Comprehensive result | | - | - | - | (1,147) | - | 18 | - | 1,598 | - | (2,933) | (2,464) | - | (2,464) |
| - Performance Share Plan | | - | - | - | - | 29 | - | - | - | - | - | 29 | - | 29 |
| Balance as at March 31, 2021 | O | 8,879 | 1,776 | 136,400 | 10,310 | (39,413) | (63) | (640) | 2,795 | (682) | (2,933) | 116,429 | - | 116,429 |

Net financial position

The table below shows the composition of the Group's net financial position as at 31 March 2022, compared to the similar position as at 31 March 2021 and 31 December 2021, calculated 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 March 31, 2022 | at December 31, 2021 | at March 31, 2021 |
|--|----------------|----------------------|-------------------------|----------------------|
| Cash | A | (24,343) | (31,704) | (40,725) |
| Cash equivalents | B | - | - | - |
| Other current financial assets | C | (123) | (123) | (125) |
| Cash equivalent | D=A+B+C | (24,466) | (31,827) | (40,850) |
| Current financial debt | E | 90 | 99 | 63 |
| Current portion of non-current financial debt | F | 7,739 | 8,045 | 8,759 |
| Short-term financial position | G=E+F | 7,829 | 8,144 | 8,822 |
| Short-term net financial position | H=G+D | (16,637) | (23,683) | (32,028) |
| Non current financial debt | I | 15,542 | 17,535 | 21,790 |
| Debt instrument | J | - | - | - |
| Trade payables and other non-current payables | K | - | - | - |
| Medium-/long-term net financial position | L=I+J+K | 15,542 | 17,535 | 21,790 |
| (NET FINANCIAL POSITION) NET DEBT ESMA | M=H+L | (1,095) | (6,148) | (10,238) |
| Medium/long term borrowing allowed to affiliates companies and other Group companies | N | (64) | (62) | (60) |
| (NET FINANCIAL POSITION) NET DEBT | O=M+N | (1,159) | (6,210) | (10,298) |

The consolidated net financial position as at 31 March 2022 amounted to a net cash of €1.16 million, compared to a net financial position with net cash of €6.21 million as at 31 December 2021. With reference to liquidity, which amounted to €24.34 million, in the period in question €4.9 million was used for operating cash, €0.46 million was used for investments and €2.07 million for repayment of loans.

Net working capital

The Group's net working capital as at 31 March 2022, compared with the situation as at 31 March 2021 and 31 December 2021, is as follows:

| (€'000) | at March 31, 2022 (b) | at December 31, 2021 (a) | at March 31, 2021 | Changes (b-a) |
|----------------------------|-----------------------------|--------------------------------|----------------------|------------------|
| Inventories | 20,420 | 17,646 | 17,635 | 2,774 |
| Trade receivables | 12,179 | 11,280 | 9,071 | 899 |
| Income tax receivables | 870 | 801 | 907 | 69 |
| Other current assets | 2,869 | 2,130 | 1,951 | 739 |
| Current assets | 36,338 | 31,857 | 29,564 | 4,481 |
| Trade payables | (15,149) | (13,005) | (10,411) | (2,144) |
| Income tax liabilities | (334) | (215) | (332) | (119) |
| Other current liabilities | (6,985) | (8,193) | (7,508) | 1,208 |
| Current liabilities | (22,468) | (21,413) | (18,251) | (1,055) |
| Net working capital | 13,870 | 10,444 | 11,313 | 3,426 |

Cash flows

| (€'000) | | at March 31, 2022 | at December 31, 2021 | at March 31, 2021 |
|--|-----------|----------------------|-------------------------|----------------------|
| Cash flow generated (used) in operations | A | (4,913) | 3,279 | 2,610 |
| Cash flow generated (used) in investment activities | B | (460) | (5,274) | (1,135) |
| Cash flow generated (absorbed) by financial assets | C | (2,068) | (8,059) | (2,208) |
| Net foreign exchange difference | D | 80 | 536 | 236 |
| Increases (decreases) in cash & cash equivalents | E=A+B+C+D | (7,361) | (9,518) | (497) |
| Opening amount in cash & cash equivalents | | 31,704 | 41,222 | 41,222 |
| Cash & cash equivalents at end of period | | 24,343 | 31,704 | 40,725 |

A – Group business

Eurotech is a Group that has historically been active in the research, development and marketing of miniaturised computers for special applications, characterised by adverse operating conditions and/or a demand for high reliability. Over the last ten years Eurotech evolved its offering towards solutions with integrated hardware and software for the Internet of Things, consisting of intelligent devices (Edge gateways, Edge servers, Edge AI) and a software platform for connectivity and integration with the cloud, both public and private.

The Group's activities are represented in a single sector (called "NanoPC") which consists of: a) embedded computing modules and systems for industrial, transport, medical, energy and telecommunications sectors; 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.

Activity in this line is carried out by Eurotech S.p.A. and I.P.S. Sistemi Programmabili S.r.l., which mainly operate in Italy, and Eurotech Inc. (USA), which mainly operate in the US, Eurotech Ltd (United Kingdom), which mainly operates in the UK, Eurotech France S.A.S. (France), which mainly operates in France, and Advanet Inc. (Japan), which mainly operates in Japan. Our products are marketed under the trademarks Eurotech, Dynatem, IPS and Advanet.

B – Scope of consolidation

The companies included in the scope of consolidation on a line-by-line basis as at 31 March 2022 are as follows:

| Company name | Business activity | Share capital | Group share |
|--|---|----------------|-------------|
| <i>Parent company</i> | | | |
| Eurotech S.p.A. | Via Fratelli Solari 3/A – Amaro (UD, Italy) | Euro 8,878,946 | |
| <i>Subsidiaries and companies consolidated on a line-by-line basis</i> | | | |
| Aurora S.r.l. | Via Fratelli Solari 3/A – Amaro (UD, Italy) | Euro 10,000 | 100.00% |
| EthLab S.r.l. | Via Dante, 300 – Pergine Valsugana (TN) | Euro 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.

Affiliates consolidated on equity basis

| | |
|--|--------|
| Rotowi Technologies S.p.A. in liquidation (formerly U.T.R.I. S.p.A.) | 21,31% |
|--|--------|

Other smaller companies valued at fair value

| | | |
|----------------------|------------------|--------|
| Kairos Autonomi Inc. | Sandy – UT (USA) | 19,00% |
| Interlogica S.r.l. | Mestre (VE) | 10,00% |

No changes took place with regard to subsidiaries and affiliates in the period as at 31 March 2022 compared with 31 December 2021.

The exchange rates used to translate 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 3M 2022 | As of March 31, 2022 | Average 2021 | As of December 31, 2021 | Average 3M 2021 | As of March 31, 2021 |
|------------------------|--------------------|-------------------------|-----------------|-------------------------------|--------------------|-------------------------|
| British pound sterling | 0.83641 | 0.84595 | 0.85960 | 0.84028 | 0.87393 | 0.85209 |
| Japanese Yen | 130.46359 | 135.17000 | 129.87671 | 130.38000 | 127.80571 | 129.91000 |
| USA Dollar | 1.12168 | 1.11010 | 1.18274 | 1.13260 | 1.20485 | 1.17250 |

C – Revenues

Revenues earned by the Group in the first quarter of 2022 amounted to €17.43 million (€12.88 million in the first three months of 2021), an increase of €4.55 million (35.3%) compared to the same period of last year. At constant exchange rates, the increase would be 32.3%. The increase is the result of both the orders collected last year and part of the rescheduling of deliveries carried out at the end of 2021.

For operating purposes, the Group is organised in a single business line, also known as business segment, called “NanoPC”.

Based on the criteria for monitoring activities currently used, a disclosure on a geographical basis is provided, in terms of the location of the Group's various companies.

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

Revenues by business region

As specifically regards the breakdown of revenues of the business units by geographical area, the same can be further detailed as follows:

| | North America | | | Europe | | | Asia | | | Correction, reversal and elimination | | | Total | | |
|----------------------|---------------|---------|--------------|---------|---------|--------------|---------|---------|--------------|--------------------------------------|---------|--------------|---------|---------|--------------|
| | Q1 2022 | Q1 2021 | % YoY Change | Q1 2022 | Q1 2021 | % YoY Change | Q1 2022 | Q1 2021 | % YoY Change | Q1 2022 | Q1 2021 | % YoY Change | Q1 2022 | Q1 2021 | % YoY Change |
| Third party Sales | 6,889 | 5,093 | | 3,410 | 3,279 | | 7,130 | 4,508 | | 0 | 0 | | 17,429 | 12,880 | |
| Infra-sector Sales | 334 | 96 | | 1,228 | 1,130 | | 9 | 13 | | (1,571) | (1,239) | | 0 | 0 | |
| Total Sales revenues | 7,223 | 5,189 | 39.2% | 4,638 | 4,409 | 5.2% | 7,139 | 4,521 | 57.9% | (1,571) | (1,239) | -26.8% | 17,429 | 12,880 | 35.3% |

All geographical areas have reported an increase in the quarters under review.

The North American business area's revenues totalled €7.22 million in the first 3 months of 2022 versus €5.19 million in the first 3 months of 2021, reporting an increase of 39.2%.

In the European business area, turnover increased slightly by 5.2% from €4.41 million in the first quarter of 2021 to €4.64 million in the first quarter of 2022. The area continues to focus on opportunities in the transport sector, products related to High Performance Edge Computing (HPEC) technologies and energy transformation, which are expected to accelerate as a result of the funds made available at European level.

Finally, the Asian business area increased by 57.9% from €4.52 million to €7.13 million, due to fluctuations in orders from its main local customers over the various quarters of the year.

Revenues by customer geographical area

The following table shows the geographical breakdown of revenues based on customer location:

| | (€' 000) | Q1 2022 | % | Q1 2021 | % | % change |
|---|----------|---------------|---------------|---------------|---------------|--------------|
| BREAKDOWN BY GEOGRAPHIC AREA | | | | | | |
| European Union | | 2,623 | 15.0% | 2,316 | 18.0% | 13.3% |
| United States | | 6,493 | 37.3% | 4,617 | 35.8% | 40.6% |
| Japan | | 7,086 | 40.7% | 4,552 | 35.3% | 55.7% |
| Other | | 1,227 | 7.0% | 1,395 | 10.8% | -12.0% |
| TOTAL SALES AND SERVICE REVENUES | | 17,429 | 100.0% | 12,880 | 100.0% | 35.3% |

With reference to the figures by geographical area of the customer shown in the table, revenues from the Japanese area increased by 55.7% compared to the first quarter of 2021, and for this quarter it is the top area on the total turnover with a 40.7%.

The United States grew by 40.6% and the region's share of total turnover in the first three months of 2022 was 37.3%.

With regard to the Europe area, again with reference to the location of customers, the level of turnover increased by 13.3%, a lower performance than in the other areas, and therefore the incidence on total turnover stood at 15.0%.

The other geographical areas made up the remaining 7.0% of total turnover, with a decrease in terms of absolute values and percentage points compared to the first three months of 2021.

D – Costs of raw & auxiliary materials and consumables used

Costs of raw & ancillary material and consumables used, which are closely related to turnover, show a more than proportional growth in the periods being considered compared to revenues, increasing from €6.44 million in the first three months of 2021 to €10.30 million in the first three months of 2022. In the period under review there was thus a variation of €3.86 million (59.9%). The higher component costs (PPV) when recharged to customers, while limiting losses, have an effect on the percentage margin, which is lower than in previous quarters when this was not the case. Even net of the above effect, the mix of products sold, especially in Japan, was different in the quarters under comparison.

As a percentage of revenues, consumption of raw & auxiliary materials and consumables stood at 40.9% in the first three months of 2022 compared to 50.0% in the first three months of 2021.

E – Service costs

Service costs decreased by €0.29 million in the quarters under comparison. Non-recurring costs of €1.07 million were recognised in the first quarter of 2021. Net of these non-recurring costs, costs for services increased by €0.77 million or 21.3%, from €2.57 million to €3.34 million and the ratio to revenues went from 19.9% in the first three months of 2021 to 19.2% in the first three months of 2022.

The increase in costs for services net of non-recurring costs is partly related to higher production costs and partly to ancillary costs linked to the implementation of the new corporate strategy (consultancy and personnel recruitment costs linked to the various recruitments made mainly abroad). These higher costs that do not have a constant run rate will be diluted over the course of the year.

In addition, the Group continued to invest particularly on the business line of the IoT platforms for applications in the industry and in services in addition to developments linked to the Edge Computer product line and those correlated to traditional embedded products line. The purpose of these investments is to support the research and development area to maintain a product portfolio in line with the technological innovations proposed by the producers of raw materials and components.

The non-recurring costs of €1.07 million recognised in 2021 were related to the economic agreement resulting from the termination of the relationship between Eurotech Spa and the previous CEO.

F – Payroll costs

Payroll costs rose from €4.98 million (38.6% of revenues) to €5.17 million (29.7% of revenues) in the reporting period. The increase of €0.2 million is due to both the different exchange rate applied to the translation of foreign quarterly reports (€0.1 million) and the higher incidence of costs related to the

various share performance plans. Wages and Salaries in fact included €88 thousand relating to the pro-rata temporis portion of the cost of the Share Performance Plan in place (in the first quarter of 2021, the amount recorded under costs was €29 thousand).

At the end of March 2022, the number of employees decreased by 7 compared to both the end of 2021 and March 2021 due to a time effect between the time of exits (mainly at the end of the month) versus the time of planned new hires.

The table below shows the number of Group employees:

G – Other provisions and costs

As at 31 March 2022, this item included a provision for doubtful accounts of €5 thousand (€5 thousand in the first three months of 2021), and refers to provisions made to address any non-collectable receivables from customers.

The ratio of the item other provisions and costs to revenues decreased both in absolute value (€46 thousand) and as a result of the 1.4% decrease in revenues (first three months of 2021: 2.2%).

H – Other revenues

Other revenues show a decrease from €799 thousand in the first three months of 2021 to €719 thousand in the first three months of 2022.

Other revenues include the capitalisations of development costs for new solutions featuring highly integrated standard modules and systems for €675 thousand (€784 thousand in the first quarter of 2021) and miscellaneous income for €44 thousand (€15 thousand in the first three months of 2021).

I – Depreciation, amortisation and impairment

Depreciation, amortisation and impairment increased by €111 thousand, from €1,067 thousand in the first quarter of 2021 to €1,178 thousand in the first quarter of 2022. This item includes depreciation and amortisation of €303 thousand due to the application of IFRS 16 (€314 thousand in 2021).

J – Financial income and expenses

Financial expenses remained stable in the two periods under comparison at approximately €0.58 million. Lower interest and expenses on derivative products were recorded against an increase in exchange losses.

Financial income, again due to exchange rates, decreased by €0.20 thousand from €0.54 million in the first three months of 2021 to €0.34 million in the first three months of 2022.

The absolute value and percentage on revenues of the main components of the financial income and expenses item were as follows:

- foreign exchange losses: €0.48 million as at 31 March 2022 (2.8% as a percentage of revenues) compared to €0.45 million as at 31 March 2021 (3.5% as a percentage of revenues);
- foreign exchange gains: €0.34 million as at 31 March 2022 (1.9% as a percentage of revenues), compared with €0.54 million as at 31 March 2021 (4.2% as a percentage of revenues);
- miscellaneous interest expenses: €78 thousand as at 31 March 2022 (0.4% as a percentage of revenues) compared to €95 thousand as at 31 March 2021 (0.7% as a percentage of revenues).

| €'000 | Q1 2022 | Q1 2021 | change % |
|--|---------------|--------------|---------------|
| Exchange-rate losses | 482 | 453 | 6.4% |
| Interest expenses | 63 | 82 | -23.2% |
| Interest expenses on lease liabilities | 9 | 13 | -30.8% |
| Expenses on derivatives | 7 | 14 | -50.0% |
| Other finance expenses | 18 | 23 | -21.7% |
| Financial charges | 579 | 585 | -1.0% |
| Exchange-rate gains | 338 | 536 | -36.9% |
| Interest income | - | 2 | n/a |
| Other finance income | - | (2) | n/a |
| Financial incomes | 338 | 536 | -36.9% |
| Net financial income | (241) | (49) | 391.8% |
| % impact on sales | -0.3% | -0.1% | |

K – Income taxes

Income taxes as at 31 March 2022 were globally negative for €35 thousand (of which €11 thousand for current taxes and €46 thousand for net deferred tax assets), compared to the negative impact of €44 thousand as at 31 March 2021 (of which €63 thousand for current taxes and €19 thousand for net deferred tax assets), recording a positive change of €79 thousand.

L – Non-current assets

The net decrease in non-current assets compared to 31 December 2021 amounted to €2.08 million and was mainly due to changes in the exchange rates of tangible and intangible fixed assets, which generated a negative effect of €1.49 million.

Net investments in property, plant and equipment and intangible assets amounted to €0.77 million and were partly offset by amortisation and depreciation of €1.18 million.

a – Intangible assets

The table below shows the breakdown and main changes in intangible assets during the period:

| | (€ '000) | DEVELOPMENT COSTS | GOODWILL | SOFTWARE TRADEMARKS PATENTS | ASSETS UNDER CONSTRUCTION & ADVANCES | TOTAL INTANGIBLE ASSETS |
|---|----------|-------------------|-----------------|-----------------------------|--------------------------------------|-------------------------|
| OPENING BALANCE (A) | | 4,471 | 69,721 | 9,512 | 4,339 | 88,043 |
| <i>Changes as at March 31, 2022</i> | | | | | | |
| - Purchases | | 83 | - | 24 | 616 | 723 |
| - Amortisation and impairment in period (-) | | (582) | - | (149) | - | (731) |
| - Other changes | | 2,457 | (1,113) | (315) | (2,469) | (1,440) |
| Total changes (B) | | 1,958 | (1,113) | (440) | (1,853) | (1,448) |
| CLOSING BALANCE (A+B) | | 6,429 | 68,608 | 9,072 | 2,486 | 86,595 |

The carrying value of goodwill and trademarks with an indefinite useful life allocated to each of the cash-generating units is as follows:

| | (€ '000) | at March 31, 2022 | | at December 31, 2021 | |
|---|----------|-------------------|--|----------------------|--|
| Cash generating units | | Goodwill | Trademark with an indefinite useful life | Goodwill | Trademark with an indefinite useful life |
| Advanet Inc. | | 41,257 | 8,122 | 42,773 | 8,122 |
| Eurotech Inc. (ex Applied Data Systems e ex Arcom Inc.) | | 22,098 | - | 21,661 | - |
| Eurotech Ltd. (ex Arcom Ltd.) | | 5,163 | - | 5,197 | - |
| Eurotech France S.a.s. | | - | - | - | - |
| Other | | 90 | - | 90 | - |
| TOTAL | | 68,608 | 8,122 | 69,721 | 8,122 |

b – Property, plant and equipment

The table below shows their breakdown and main changes in property, plant and equipment assets during the period:

| (€ '000) | LAND AND BUILDINGS | PLANT AND MACHINERY | INDUSTRIAL & COMMERCIAL EQUIPMENT | OTHER ASSETS | ASSETS UNDER CONSTRUCTI ON & ADVANCES | RIGHT OF USE ASSETS | TOTAL PROPERTY, PLANT & EQUIPMENT |
|---|-----------------------|------------------------|--|-----------------|---|------------------------|--|
| OPENING BALANCE (A) | 1,697 | 450 | 328 | 571 | - | 2,183 | 5,229 |
| <i>Changes as at March 31, 2022</i> | | | | | | | |
| - Purchases | - | - | 5 | 37 | 7 | - | 49 |
| - Disposals | - | - | - | (13) | - | - | (13) |
| - Amortisation and impairment in period (-) | (16) | (18) | (46) | (59) | - | (308) | (447) |
| - Other changes | (1) | (11) | (6) | (7) | - | (23) | (48) |
| Total changes (B) | (17) | (29) | (47) | (42) | 7 | (331) | (459) |
| CLOSING BALANCE (A+B) | 1,680 | 421 | 281 | 529 | 7 | 1,852 | 4,770 |

M – Net working capital

Net working capital increased by €3.43 million, from €10.77 million as at 31 December 2021 to €13.87 million as at 31 March 2022; this performance is due to the different trend of the collection and payment flows, as is usually the case over the various quarters.

The increase in current assets of €4.48 million is mainly due to the increase in inventories of €2.77 million as well as the increase in trade receivables of €0.90 million and other current assets of €0.74 million.

The increase in current liabilities, which does not offset the increase in current assets, amounted to €1.15 million, with an increase in trade payables of €2.19 million and a reduction in other current liabilities for a total of €1.16 million.

N – Net financial position

The consolidated net financial position as at 31 March 2022 amounted to a net cash of €1.16 million, compared to a net financial position with net cash of €6.21 million as at 31 December 2021. The figures shown include financial liabilities for rights of use, in application of the IFRS 16 accounting standard, amounting to €1.93 million, which added to the net financial position, result in a pre-IFRS 16 net cash position of €3.09 million.

With reference to liquidity, which amounted to €24.34 million, in the period under review, as shown in the cash flow statement, operating cash was used in the amount of €4.9 million, while €0.46 million was used for investments and €2.07 million for the repayment of loans.

The trend in cash flows from operations is the result of the use of cash to support current operations and is due to the expected trends there will be an improvement in the coming quarters.

See also financial cash flows, as indicated on page 18.

Medium/long-term financial liabilities include principal on bank loans and finance leases falling due beyond 12 months.

Short-term financial liabilities mainly consist of current account overdrafts, the current portion of mortgage loans, and payables to other lenders falling due by 31 March 2023.

O – Changes in shareholders' equity

The share capital as at 31 March 2022 was made up of 35,515,784 ordinary shares, wholly subscribed and paid in, with no nominal value.

The balance of the Issuer's legal reserve as at 31 March 2022 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 €8.29 million was generated by inclusion in the interim management statement of the statements of financial position and the income statements of US subsidiaries Eurotech Inc. and E-Tech USA Inc., UK subsidiary Eurotech Ltd. and Japanese subsidiary Advanet Inc.

The “other reserves” item was negative for €50.05 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 the 2021 results and to the booking of Eurotech's Share Performance Plan for the period described in a specific section of the 2021 Consolidated Financial Statements.

The cash flow hedge reserve, which includes cash flow hedge transactions pursuant to IAS 39, was positive for €68 thousand and increased by €74 thousand gross of the tax effect, which was not recognised due to absence of the relative prerequisites.

The foreign exchange reserve in which – based on IAS 21 – foreign exchange differences relating to intragroup foreign-currency loans that constitute part of a net investment in a foreign shareholding are recognised, was positive by €4.79 thousand and increased by €0.71 million gross of the related tax effect, not yet recorded due to the absence of the prerequisites.

Treasury shares held by the parent company Eurotech S.p.A. at the end of the period totalled 89,920, the same number as at 31 December 2021.

P – Significant events in the quarter

The major events of the quarter were announced in the press releases listed below (the complete text can be consulted at the Group's website www.eurotech.com on the page www.eurotech.com/it/news):

04/02/2022 Eurotech was recognised for third consecutive time as “Technology Leader” in Industrial IoT by Quadrant Knowledge Solutions

15/03/2022 Frost & Sullivan awards Eurotech for its ability to offer Internet of Things solutions that improve productivity and easily integrate with third-party applications

Other than those discussed in previous paragraphs, no other particularly significant event occurred in the quarter.

Q – Events after 31 March 2022

For events following 31 March, the reader may refer to the press releases listed below (the complete text can be consulted at the Group website www.eurotech.com on page <http://www.eurotech.com/it/news>):

20/04/2022 Eurotech presents its new brand identity: “Unleashing the Power of the Edge”

R – Risks and uncertainties

Please refer to the paragraphs “Main risks and uncertainties to which the Group is exposed” and “Financial risk management: objectives and criteria” in the 2021 Consolidated Financial Statements, in which the risks to which the Eurotech Group is exposed are explained.

S – Other information

We also specify that:

- group intercompany transactions take place at market prices and are eliminated during the consolidation process;
- group companies related-party transactions form part of the normal course of business and are settled under arm's length conditions;
- pursuant to CONSOB communication no. 15519/2006, it should be noted that the consolidated quarterly report as at 31 March 2021 highlights non-recurring economic items, i.e. income items generated by events whose occurrence is non-recurring or by transactions or events that do not occur frequently in the ordinary course of business; there are no non-recurring items as at 31 March 2022;
- pursuant to CONSOB communication no. DEM/6064296 of 28 July 2006, there were no atypical and/or unusual transactions carried out in the first quarter of 2022;
- as at 31 September 2022 the company held 89,920 treasury shares for a total value of €211 thousand. The changes were as follows:

| | No. of shares | Face value of a share (Thousand of Euro) | % share capital | Carrying value (Thousand of Euro) | Average unit value |
|------------------------------------|------------------|--|--------------------|--------------------------------------|-----------------------|
| Status as at 1 January 2022 | 89,920 | 22 | 0.25% | 211 | 2.35 |
| Purchases | - | - | 0.00% | - | |
| Sales | - | - | 0.00% | - | |
| Assignment-Performance share Plan | - | - | 0.00% | - | |
| Status as at 31 March 2022 | 89,920 | 22 | 0.25% | 211 | 2.35 |

- pursuant to CONSOB Communication no. DEM/11070007 of 5 August 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;
- as regards the requirements of Article 150, paragraph 1, of Italian Legislative Decree no. 58 of 24 February 1998, no members of the Board of Directors have executed transactions with Group companies in situations of potential conflict of interest;
- pursuant to Article 3 of CONSOB Resolution no. 18079 of 20 January 2012, Eurotech adopted the simplification procedure set out in Articles 70, paragraph 8, and 71, paragraph 1-bis, of the Regulation adopted by CONSOB with Resolution no. 11971 of 14 May 1999 as amended and supplemented. Therefore, it opts to derogate from the requirement to publish the information documents set out in Attachment 3B of this CONSOB Regulation for significant transactions such as mergers, spin-offs, capital increases via contributions in kind, acquisitions and sales.

Amaro, 12 May 2022

On behalf of the Board of Directors

Signed by Mr. Paul Chawla
Chief Executive Officer

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Declaration of the Financial Reporting Manager

Amaro, 12 May 2022

DECLARATION

PURSUANT TO ART. 154-*BIS*, PARAGRAPH 2 – PART IV, TITLE III, CHAPTER II, SECTION V-BIS OF ITALIAN LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998: “CONSOLIDATED ACT ON MEASURES RELATING TO FINANCIAL INTERMEDIATION PURSUANT TO ARTICLES 8 AND 21 OF ITALIAN LAW NO. 52 OF 6 FEBRUARY 1996”

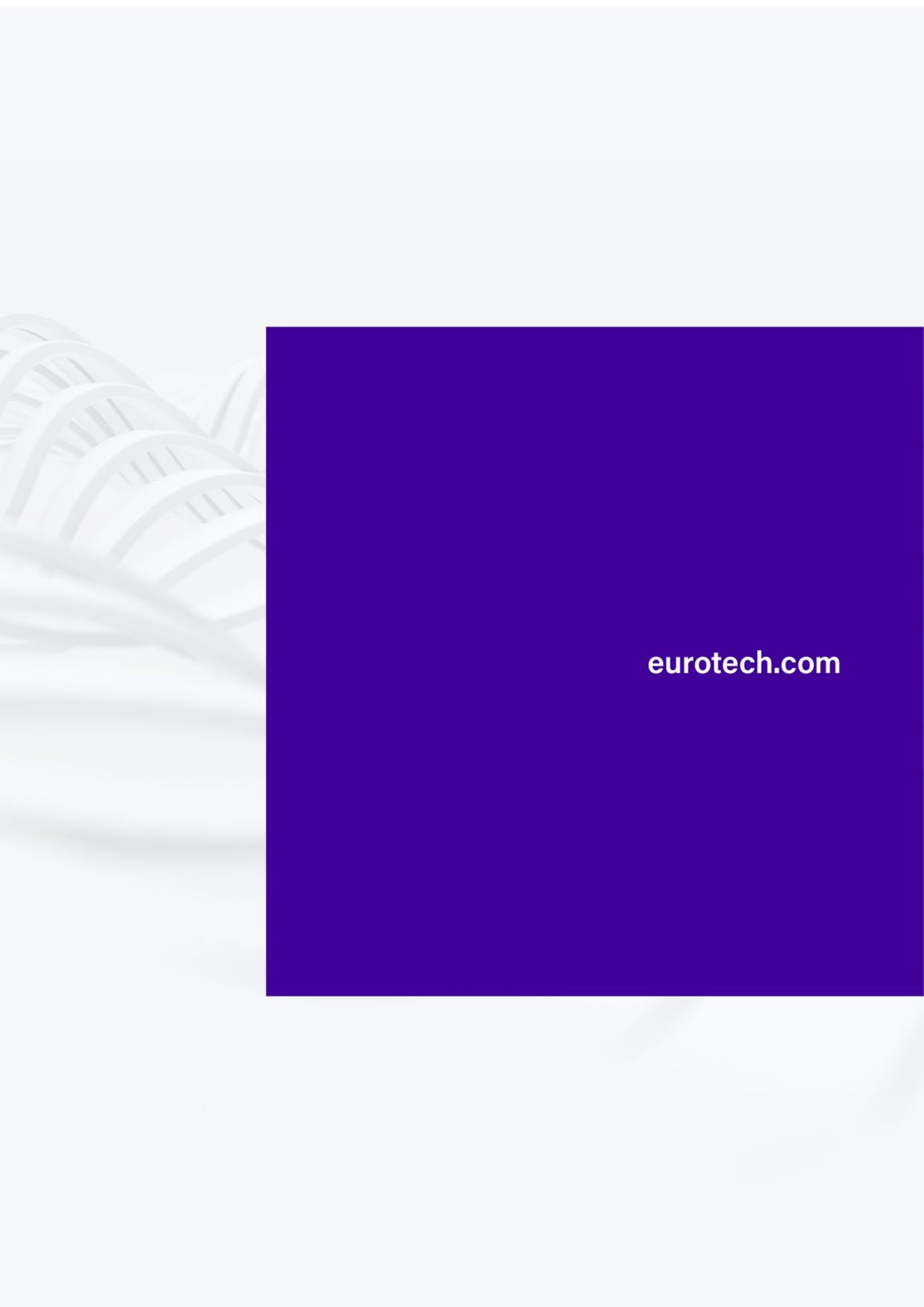
I, Sandro Barazza,

Financial Reporting Manager of Eurotech S.p.A., with reference to the Consolidated Interim Management Statement as at 31 March 2022 approved by the company's Board of Directors on 12 May 2022,

STATE

in compliance with the matters set forth under Article 154-*bis*, part IV, title III, chapter II, section V-*bis* of Italian Legislative Decree no. 58 of 24 February 1998, to the best of my knowledge, the Consolidated Interim Management Statement as at 31 March 2022 corresponds to the accounting entries.

The Financial Reporting Manager
Signed by Sandro Barazza



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