

EUROTECH: RESULTS OF THE CONSOLIDATED FINANCIAL REPORT AS AT 30 JUNE 2023 APPROVED BY THE BOARD OF DIRECTORS

Growth in revenues already observed in the first quarter confirmed. Gross margin improved by 410 bps compared to the first half of 2022. Positive EBITDA as opposed to the first six months of 2022.

Amaro (Udine), 7 September 2023

- Consolidated revenues of €47.9 million (€34.7 million as at 30.06.2022, +37.9%)
- Consolidated gross profit margin at €22.3 million and 46.6% of revenues (€14.8 million and 42.5% of revenues as at 30.06.2022)
- Consolidated EBITDA at €2.7 million (€-1.6 million as at 30.06.2022)
- Consolidated EBIT at €0.01 million (€-4.0 million as at 30.06.2022)
- Group net profit at €-0.9 million (€-4.3 million as at 30.06.2022)
- Net financial debt at €18.7 million (€14.4 million as at 31.12.2022)

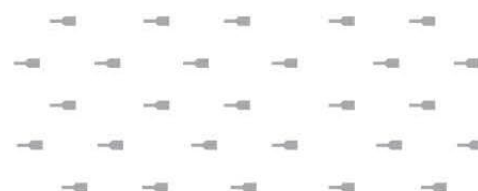
The Board of Directors of Eurotech S.p.A. today examined and approved the results of the first six months of 2023.

Operating performance in the period

The first half of the year showed revenue growth on a like-for-like basis of 13.8% year on year (16.6% at constant exchange rates). Including the contribution of InoNet, which entered the scope of consolidation in September 2022, the growth rises to 37.9% (41.2% at constant exchange rates).

The Edge AIoT business played a key role in revenue growth during the first six months of the year, a situation diametrically opposite to the one recorded in the first six months of 2022. On a like-for-like basis, the Edge AIoT business showed significant organic growth of 50% compared to the first half of 2022; Including InoNet's contribution, the overall year-on-year revenue growth in Edge AIoT climbs to 300%.

Even if some difficulties remain in sourcing particular electronic components, the ad hoc contracts stipulated by paying premium prices (PPV) have drastically decreased, compared



to a year ago. The actions to improve supplies and the price increases towards customers, which took full effect, led to an improvement of 410 bps in the gross profit margin compared to the first half of 2022.

Although the purchase prices of electronic components are not falling, for some months we have been seeing a reduction in the delivery times of the components themselves which, for some items, are made available well in advance of the initial expected delivery, the result being a temporary accumulation of inventories. This phenomenon had a negative impact on net working capital and, consequently, on the net financial position at the end of the half year.

Operating performance of the Eurotech Group

Turnover in the first six months of 2023 amounted to €47.89 million compared to €34.74 million in the first half of 2022.

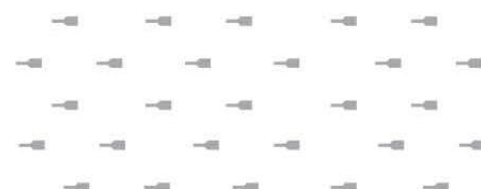
Looking at the **breakdown of revenues** by geographic area (based on the location of the business units), with the inclusion of the German company InoNet, the European area has become the most significant with 38.5% of the total figure (H1 2022: 20.3%); the US remains in second place with a contribution of 34.9% (H1 2022: 45.1%); lastly, the Japanese area accounts for the remaining 26.6% (H1 2022: 34.6%).

The **Gross profit margin** for the period amounted to €22.30 million, with an incidence on turnover of 46.6%. In percentage terms, this compares with 45.0% in the 12 months of 2022 and 42.5% in the first half of 2022.

InoNet's consolidation had a slightly dilutive effect, but InoNet's gross profit margin improves YoY from 37% to 41% thanks to a better mix with more Edge AI systems for autonomous driving and pricing actions with customers and suppliers.

In the first half of the year, **operating costs** amounted to €21.38 million after adjustments, compared to €17.90 million in the first half of 2022. The increase of Euro 3.48 million is mainly due to the change in the consolidation area: the contribution of InoNet amounts to Euro 3.07 million, which also includes all operating costs for the assembling & testing plant.

Based on the same scope of consolidation, there was an increase in operating costs of 2.2% between the first half of 2022 and the first half of 2023, an increase which would be 4.2% at constant exchange rates.



As at 30 June 2023, the number of employees was 395 (it was 398 at 31 December 2022 and 316 at 30 June 2022), with an average for the period of 395 units (320 in the first half of 2022). Based on the same scope of consolidation, personnel costs rose from €10.43 million to €10.56 million, with growth of 1.2%, mainly linked to the different cost of new personnel, which include some of the most in-demand professional profiles in the market today. The total cost of personnel as at 30 June 2023 amounts to €13.05 million.

In the first half of 2023, EBITDA amounted to €2.70 million (5.6% of revenue), compared to €-1.57 million in 2022 (-4.5% of revenue).

In the first half, EBIT, i.e. the operating result, was essentially in a break-even position at €13 thousand compared to €-3.99 million in the first half of 2022 (-11.5% of revenues).

The net result for the Group was €-0.94 million (it was negative for €4.26 million in the first six months of 2022) and its ratio to revenue was -2.0%.

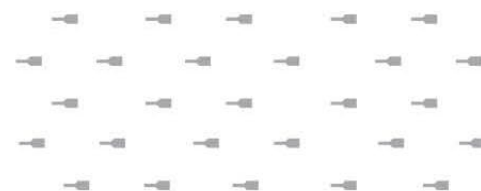
Statement of financial position of the Eurotech Group

Group **cash and cash equivalents** were €11.8 million at 30 June 2023, while they were €18.1 million at the end of 2022. €8.1 million was used for the partial repayment of loans with banks according to the due dates against €4.9 million as new loans signed.

As at 30 June 2023, the Group had a **net financial debt** of €18.7 million, compared to an amount of €14.4 million at 31 December 2022. The change in the net financial position was mainly determined by an increase in net working capital.

Net working capital amounted to €23.3 million as at 30 June 2022, compared to €19.9 million as at 31 December 2022. The growth in working capital is mainly linked to a more than proportional reduction in trade payables compared to the reduction in trade receivables. This unbalanced dynamic derives from forecast-based purchases of components, agreed with suppliers between the end of 2021 and the beginning of 2022 to counter the shortage phenomenon. Today, the early deliveries of these orders for components with respect to their actual use, which will materialise over the next two quarters, have created a temporary time lag between the payment of payables to suppliers and the collection of receivables from customers, with the aim of reabsorbing it by the end of the year. The ratio of net working capital to turnover for the last 12 rolling months stood at 21%.

Group **shareholders' equity** was €99.6 million (€106.5 million as at 31 December 2022).



Business outlook

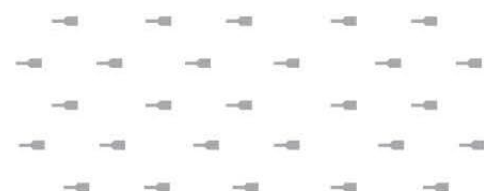
The third quarter turnover will be impacted by the phenomenon of destocking by some customers, a common phenomenon in our sector and which many of our peers are experiencing, linked to three factors: 1. progressive normalisation of the availability of electronic components which is making it possible to get out of the overstocking situation in inventory management; 2. growing interest rates that make inventories cost more and lead to a reduction in absolute values; 3. fears of a possible slowdown in the global economy, which lead companies to be more conservative in releasing orders beyond what is strictly necessary.

Barring a resurgence of the component shortage phenomenon, to date not predictable, the fourth quarter will be much stronger than the third and, as historically recorded, will probably be the best of the year.

Initiatives to manage the increase in supply costs linked to the shortage of electronic components are producing the desired effects and the indicators monitored by management suggest that in the next two quarters the gross profit percentage margin will maintain values close to those recorded in the first half.

Based on the delivery of the orders in the portfolio, expected in particular in the fourth quarter, we expect a progressive consumption of the extra inventories of components accumulated in recent quarters, with a consequent reduction in the value of the inventory between €3 to €4 million, to the full benefit of working capital.

In terms of strengthening the operating structure for strategy implementation, in the coming months 7 new key staff members for whom employment contracts have already been signed will join the middle management structure.



The Financial Reporting Manager Sandro Barazza certifies, pursuant to article 154-bis, paragraph 2 of the Consolidated Finance Act, that the accounting information contained in this press release corresponds to the company's documents, books and accounting records.

Eurotech

Eurotech (ETH:IM) is a multinational that designs, develops and supplies Edge Computers and Internet of Things (IoT) solutions, complete with services, software and hardware, to system integrators and companies. By adopting Eurotech solutions, customers have access to components and software platforms for IoT, Edge Gateways to enable the monitoring of assets and High-Performance Edge Computers (HPECs) for applications including Artificial Intelligence (AI). In order to offer increasingly complete solutions, Eurotech has partnered leading companies in their fields, in this way creating a global ecosystem that allows them to develop “best in class” solutions for the Industrial Internet of Things. More information: www.eurotech.com

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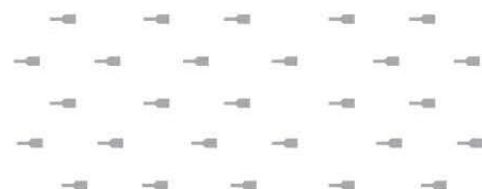
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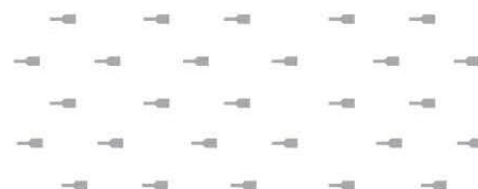
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ANNEXES – FINANCIAL STATEMENTS

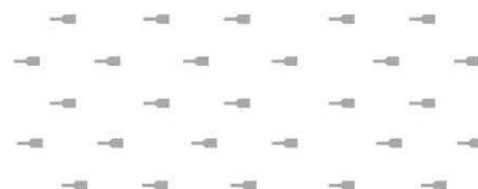
CONSOLIDATED INCOME STATEMENT

(€ '000)	H1 2023 (b)	of which related parties	%	H1 2022 (a)	of which related parties	%	change (b-a) amount	%
Sales revenue	47,895	4	100.0%	34,741	4	100.0%	13,154	37.9%
Cost of material	(25,597)		-53.4%	(19,962)		-57.5%	5,635	28.2%
Gross profit	22,298		46.6%	14,779		42.5%	7,519	50.9%
Services costs	(7,407)	(310)	-15.5%	(6,726)	(300)	-19.4%	681	10.1%
Lease & hire costs	(386)		-0.8%	(370)		-1.1%	16	4.3%
Payroll costs	(13,052)		-27.3%	(10,428)		-30.0%	2,624	25.2%
Other provisions and costs	(531)		-1.1%	(378)		-1.1%	153	40.5%
Other revenues	1,776		3.7%	1,557		4.5%	219	14.1%
EBITDA	2,698		5.6%	(1,566)		-4.5%	4,264	-272.3%
Depreciation & Amortization	(2,685)		-5.6%	(2,424)		-7.0%	261	10.8%
EBIT	13		0.0%	(3,990)		-11.5%	4,003	-100.3%
Finance expense	(1,410)		-2.9%	(1,289)		-3.7%	121	9.4%
Finance income	1,209	-	2.5%	961	1	2.8%	248	25.8%
Profit before tax	(188)		-0.4%	(4,318)		-12.4%	4,130	95.6%
Income tax	(751)		-1.6%	55		0.2%	806	n.s.
Net profit (loss) of continuing operations before minority interest	(939)		-2.0%	(4,263)		-12.3%	3,324	78.0%
Minority interest	-		0.0%	-		0.0%	-	n/a
Group net profit (loss) for period	(939)		-2.0%	(4,263)		-12.3%	3,324	78.0%
Base earnings per share	(0.027)			(0.120)				
Diluted earnings per share	(0.027)			(0.120)				



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€'000)	at June 30, 2023	of which related parties	at December 31, 2022	of which related parties
Intangible assets	88,291		93,620	
Property, Plant and equipment	7,139		7,425	
Investments in affiliate companies	4		-	
Investments in other companies	547		549	
Deferred tax assets	4,267		5,301	
Medium/long term borrowing allowed to affiliates companies and other companies	-	-	66	66
Other non-current assets	496		552	
Total non-current assets	100,744		107,513	
Inventories	26,345		26,854	
Trade receivables	15,712	1	19,906	8
Income tax receivables	1,396		749	
Other current assets	2,019		2,274	
Other current financial assets	136		139	3
Derivative instruments	175		205	
Cash & cash equivalents	11,770		18,110	
Total current assets	57,553		68,237	
Total assets	158,297		175,750	
LIABILITIES AND EQUITY				
Share capital	8,879		8,879	
Share premium reserve	136,400		136,400	
Other reserves	(45,727)		(38,764)	
Group shareholders' equity	99,552		106,515	
Equity attributable to minority interest	-		-	
Total shareholders' equity	99,552		106,515	
Medium-/long-term borrowing	15,685		15,785	
Employee benefit obligations	2,336		2,504	
Deferred tax liabilities	2,587		2,952	
Other non-current liabilities	896		999	
Business combination liabilities	900		900	
Total non-current liabilities	22,404		23,140	
Trade payables	14,233	205	19,780	117
Short-term borrowing	14,154		16,256	
Income tax liabilities	745		1,449	
Other current liabilities	7,209		8,610	
Total current liabilities	36,341		46,095	
Total liabilities	58,745		69,235	
Total liabilities and equity	158,297		175,750	

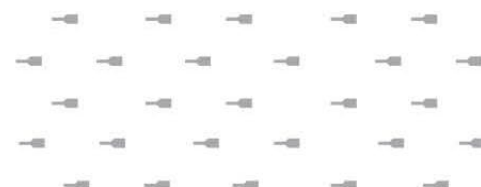


STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(€'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 shareholder s' equity	Equity attributable to Minority interest	Total shareholder s' equity
Balance as at December 31, 2022	8,879	1,776	136,400	5,998	(49,878)	205	(445)	5,829	(703)	(1,546)	106,515	-	106,515
2022 Result allocation	-	-	-	-	(1,546)	-	-	-	-	1,546	-	-	-
Profit (loss) as at June 30, 2023	-	-	-	-	-	-	-	-	-	(939)	(939)	-	(939)
<i>Comprehensive other profit (loss):</i>													
- Hedge transactions	-	-	-	-	-	(30)	-	-	-	-	(30)	-	(30)
- Actuarial gains/(losses) on defined benefit plans for employees	-	-	-	-	-	-	-	-	-	-	-	-	-
- Foreign balance sheets conversion difference	-	-	-	(5,731)	-	-	-	-	-	-	(5,731)	-	(5,731)
- Exchange differences on equity investments in foreign companies	-	-	-	-	625	-	-	(1,164)	-	-	(539)	-	(539)
Total Comprehensive result	-	-	-	(5,731)	625	(30)	-	(1,164)	-	(939)	(7,239)	-	(7,239)
- Performance Share Plan	-	-	-	-	276	-	-	-	-	-	276	-	276
Balance as at June 30, 2023	8,879	1,776	136,400	267	(50,523)	175	(445)	4,665	(703)	(939)	99,552	-	99,552

SUMMARY CASH FLOW STATEMENT

(€'000)		at June 30, 2023	at June 30, 2022	at December 31, 2022
Cash flow generated (used) in operations	A	(721)	(5,379)	(1,608)
Cash flow generated (used) in investment activities	B	(1,766)	(1,316)	(13,396)
Cash flow generated (absorbed) by financial assets	C	(3,146)	(4,165)	1,605
Net foreign exchange difference	D	(707)	434	(195)
Increases (decreases) in cash & cash equivalents	E=A+B+C+D	(6,340)	(10,426)	(13,594)
Opening amount in cash & cash equivalents		18,110	31,704	31,704
Cash & cash equivalents at end of period		11,770	21,278	18,110



NET FINANCIAL POSITION

(€'000)		at June 30, 2023	at December 31, 2022	at June 30, 2022
Cash	A	11,770	18,110	21,278
Cash equivalents	B	-	-	-
Other current financial assets	C	311	344	260
Cash equivalent	D=A+B+C	12,081	18,454	21,538
Current financial debt	E	2,241	2,241	226
Current portion of non-current financial debt	F	11,913	14,015	8,331
Short-term financial position	G=E+F	14,154	16,256	8,557
Short-term net financial position	H=G-D	2,073	(2,198)	(12,981)
Non current financial debt	I	15,685	15,785	12,778
Debt instrument	J	-	-	-
Trade payables and other non-current payables	K	900	900	-
Medium-/long-term net financial position	L=I+J+K	16,585	16,685	12,778
(NET FINANCIAL POSITION) NET DEBT ESMA	M=H+L	18,658	14,487	(203)
Medium/long term borrowing allowed to affiliates companies and other Group companies	N	-	66	68
(NET FINANCIAL POSITION) NET DEBT	O=M-N	18,658	14,421	(271)

NET WORKING CAPITAL

(€'000)	at June 30, 2023 (b)	at December 31, 2022 (a)	at June 30, 2022	Changes (b-a)
Inventories	26,345	26,854	23,618	(509)
Trade receivables	15,712	19,906	10,881	(4,194)
Income tax receivables	1,396	749	624	647
Other current assets	2,019	2,274	2,363	(255)
Current assets	45,472	49,783	37,486	(4,311)
Trade payables	(14,233)	(19,780)	(17,165)	5,547
Income tax liabilities	(745)	(1,449)	(375)	704
Other current liabilities	(7,209)	(8,610)	(6,537)	1,401
Current liabilities	(22,187)	(29,839)	(24,077)	7,652
Net working capital	23,285	19,944	13,409	3,341

