EUROTECH: CONSOLIDATED INTERIM MANAGEMENT STATEMENT AT 30 SEPTEMBER 2016

Amaro (UD), 11 November 2016

- Consolidated revenues: from €47.26 million to €42,58 million
- Consolidated gross profit: from €22,55 million to €21,08 million
- Consolidated EBITDA: from -€3,34 million to -€0,36 million
- Consolidated EBIT: from -€7,50 million to -€4,23 million
- Consolidated pre-tax result: from -€7,11 million to -€4,23 million
- Net financial debt: €2,55 million
- Shareholders' equity pertaining to the Group: €108,65 million

The Board of Directors of Eurotech S.p.A. examined and approved the results of the first nine months of 2016 and of the third quarter today.

FIRST NINE MONTHS OF 2016

Performance in 9M16 continued to reflect the situation of the three previous months, when the main investments were made in the strategic areas considered best capable of bringing about future growth for the Group.

The Group is consolidating its positions in the embedded computing segment and maintaining innovation in its traditional business of computing boards and subsystems. At the same time, it is developing M2M/IoT platforms that are achieving an increasing number of recognitions and that allow agreements to be made with qualified international partners.

The financial results of the new business are improving from one period to the next, and will soon make it possible to cover the investments made.

Given the current situation, which is still in the development stage, management is paying close attention to the industrial margins, and particularly to gross profit, which still remains in the forecast area. This therefore underscores the significant work done in procuring components and semi-finished products. Also worthy of note is an overall reduction in operating costs and their continuous control.

Group revenues in the first nine months of 2016 totalled €42.58 million, compared to €47.26 million in the first nine months of 2015.

Sales performance reflected what had earlier emerged during the first half, and was caused by a transitory situation that took shape especially in America and partly in Japan. It was marked by a phase of switching from completing several personalised products linked to orders and projects obtained in past years, and the new projects it is working on with both new customers and long-standing customers. The partial misalignment in time between phasing out end-of-life projects and phasing in new projects was partly caused by the changes introduced to the sales structure, which was radically updated in the American area and to a lesser extent in the Japanese area as well toward the end of 2015 and in early 2016. If on the one hand this change has fed enormous impetus to the proposition of the offer of solutions for the emerging market of IoT and contributed to improving margins as a whole, on the other hand it introduced some temporary slowdowns in the operations of traditional business.

With reference to the major geographic areas where the Group operates, the Japanese area is still basically in line with its sales of last year, at constant exchange rates, and is the area that generated the highest turnover in the nine-month period. The American area sustained a decrease compared to the period of comparison, but increased its order book. The European area is continuing to concentrate on single businesses opportunities and seek customers throughout its local EMEA area.

In order to support the Group's competitiveness, management does not generally forego investing in the key activities for the future as the IoT technology platform in industry (Industry 4.0). Looking at the recognitions it has attained by these technological innovations, its important partnerships announced and the number of opportunities it has seized, it is confident that the market will soon reward the efforts put forth.

Gross profit for the period came in at 49.5%, in line both with the expectations at the start of the year and with what was registered in the half-year. Gross profit in the first nine months of 2015 was 47.7%. The margin is tied to the product mix, the fields of application and the geographic market outlets, so it may sustain changes from one quarter to the next.

In addition to keeping gross profit unchanged, during the period another element to which considerable attention was paid was the reduction of operating costs. In the nine months in question, operating costs, gross of adjustments, were reduced by 7.8% (€2.19 million), from €28.02 million in the first nine months of 2015 to €25.83 million in the first nine months of 2016.

This cut in operating costs was achieved by reducing service costs and also the absolute net number of employees, with only qualified staff hired for positions strictly necessary to implement the strategic vision. Staff abroad, mainly in the production area, was reduced and replaced with an expanded use of specialised outsourcers.

Owing to the revenues performance commented on above, although gross operating costs significantly fell, they were 60.7% of revenues in the first nine months of 2016, as compared to 59.3% in the first nine months of 2015.

EBITDA totalled €-0.36 million (-0.8% of revenues) for the first nine months of the year, compared with €-3.34 million for 2015 (-7.1% of revenues). This improved performance is to be ascribed to the combined effect of the lower operating costs commented on above, the performance of the other revenues (that includes the capital gains of €1.705 million generated by the sale of the security and traffic business unit of the subsidiary IPS Sistemi Programmabili S.r.l.) and the different gross profit between the periods compared.

EBIT came to €-4.23 million in the first nine months of 2016 (-9.9% of revenues), from €-7.50 million in the first nine months of 2015 (-15.9% of revenues). The EBIT figure reflects also the effects of depreciation and amortisation charged to the income statement in 9M16, as well as the trend in EBITDA mentioned previously. Depreciation and amortisation derive from both operating assets becoming subject to depreciation in the period in question and the non-monetary effects arising from price allocation relating to the acquisitions of Dynatem Inc. (for 2015 only) and Advanet Inc. The effect on EBIT of the PPA amounts in 9M16 was €1.84 million, versus €1.90 million in 9M15.

Net finance expense was €60 thousand in the first nine months of 2016, versus positive net finance income of €230 million in 9M15. This performance was affected by the different trend in exchange rates, in terms of average value in the periods under review.

Overall, foreign exchange differences had a positive effect on the period of €0.22 million, compared with a positive effect of €0.63 million in 9M15. Financial management relating to interest had an effect of €0.28 million in 9M16 (€0.41 million in 9M15).

A pre-tax loss of €4.23 million was registered for the 9M16 (compared with a loss of €7.11 million in the same period a year previously).

The effects of price allocation on the pre-tax result amounted to €1.84 million in 9M16 and €1.90 million in 9M15.

The Group net result amounted to -€-4.02 million (€-6.80 million in 9M15). Not only does it reflect the changes in the pre-tax result, but the performance also was caused by the effect of the tax burden on the Group's various units.

Total PPA effects on the Group net result in 9M16 amounted to €0.96 million (9M15: €1.15 million).

The Group's net financial position at 30 September is €2.55 million, compared with the amount of €0.22 million at 31 December 2015.

Net working capital rose by €0.48 million, from €16.99 million at 31 December 2015 to €17.48 million at 30 September 2016.

THIRD QUARTER 2016

As far as their third quarter is concerned, turnover was affected by the poorer performance of America and the UK than that of the comparative period. The quarter in question closed with total turnover of €14.14 million (€17.08 million in 3Q15), down 17.2% compared to the same quarter the year before; the value of the turnover of the quarter corresponds to 33.2% of the turnover of the nine-month period, while it was 36.1% of the turnover of the same period in 2015.

Gross profit in the quarter under review was in line with the figure recorded in the prior quarters and was sharply higher than 2015, where the spot sale of a particular type of hardware product in Japan led to a value significantly lower than usual.

The interim results are influenced by the trend in turnover, in addition to the reduction in operating costs, the item “Other revenues” (especially linked to operating grants) and the depreciation and amortisation charged in the quarter. Third quarter 2016 EBITDA was positive for €112 thousand (0.8% of revenues of the quarter), while it was negative for €786 thousand in the 3Q15 (-4.6% of revenues).

EBIT was also influenced by the margins described in the third quarter of 2016, totalling €-1.22 million (-8.6% as a percentage of revenues), from €-2.26 million (-13.2% of revenues) in the same period of 2015. PPA had a negative effect on EBIT of €647 thousand in the third quarter of 2016 and €628 thousand in the same period a year previously.

These trends contributed to generate the interim 9M results mentioned above.

Pursuant to the provisions set out by CONSOB, it is reported that the Consolidated Interim Management Statement at 30 September 2016 is at the disposal of whoever requests it at the company's registered office. The Report is also available on the Eurotect website at www.eurotech.com (investors section) *and on the "1Info" Centralised Storage system at* www.1info.it.

Pursuant to Art. 154 bis , paragraph 2 of the Italian Consolidated Law on Finance (TUF), the Corporate Financial Reporting Manager of Eurotech S.p.A., Sandro Barazza, declares that the information on accounts disclosed in this press release corresponds to the documentable results, books and accounting records of the company.

THE EUROTECH GROUP

Eurotech (ETH:IM) is a multinational that designs, develops and supplies Internet of Things solutions, complete with services, software and hardware, to the leading system integrators and to large and small companies. By adopting Eurotech's solution, customers gain access to the most recent open-source software stacks and standards, flexible and sturdy multiservice gateways and sophisticated sensors in order to collect data from the field and make them usable for corporate processes. In collaboration with a large number of partners of a world ecosystem, Eurotech contributes toward building the vision of the Internet of Things by supplying complete solutions or single "best-in-class" blocks, from managing devices and data to the connectivity and communication platform as well as from the smart peripheral devices to the smart objects, with business models appropriate for the world of modern enterprise. For more information on Eurotech, please visit www.eurotech.com.

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ANNEXES - FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT (€ '000)	3rd Qtr 2016	%	3rd Qtr 2015	%	9M 2016 (b)	%	9M 2015 (a)	%	change (b-a) amount	change (b-a) %
Sales revenue	14,143	100.0%	17,085	100.0%	42,582	100.0%	47,260	100.0%	(4,678)	-9.9%
Cost of material	(7,296)	-51.6%	(9,671)	-56.6%	(21,505)	-50.5%	(24,707)	-52.3%	(3,202)	13.0%
Gross profit	**6,847**	**48.4%**	**7,414**	**43.4%**	**21,077**	**49.5%**	**22,553**	**47.7%**	**(1,476)**	**-6.5%**
Services costs	(2,794)	-19.8%	(3,277)	-19.2%	(8,885)	-20.9%	(10,094)	-21.4%	(1,209)	-12.0%
Lease & hire costs	(445)	-3.1%	(438)	-2.6%	(1,332)	-3.1%	(1,342)	-2.8%	(10)	0.7%
Payroll costs	(4,776)	-33.8%	(5,010)	-29.3%	(14,995)	-35.2%	(15,805)	-33.4%	(810)	5.1%
Other provisions and costs	(236)	-1.7%	(290)	-1.7%	(615)	-1.4%	(782)	-1.7%	(167)	21.4%
Other revenues	1,516	10.7%	815	4.8%	4,389	10.3%	2,132	4.5%	2,257	105.9%
EBITDA	**112**	**0.8%**	**(786)**	**-4.6%**	**(361)**	**-0.8%**	**(3,338)**	**-7.1%**	**2,977**	**-89.2%**
Depreciation & Amortization	(1,333)	-9.4%	(1,472)	-8.6%	(3,865)	-9.1%	(4,163)	-8.8%	(298)	-7.2%
EBIT	**(1,221)**	**-8.6%**	**(2,258)**	**-13.2%**	**(4,226)**	**-9.9%**	**(7,501)**	**-15.9%**	**3,275**	**43.7%**
Share of associates' profit of equity	(26)	-0.2%	0	0.0%	52	0.1%	165	0.3%	113	68.5%
Finance expense	(326)	-2.3%	(263)	-1.5%	(1,028)	-2.4%	(1,312)	-2.8%	(284)	-21.6%
Finance income	407	2.9%	277	1.6%	968	2.3%	1,542	3.3%	(574)	-37.2%
Profit before tax	**(1,166)**	**-8.2%**	**(2,244)**	**-13.1%**	**(4,234)**	**-9.9%**	**(7,106)**	**-15.0%**	**2,872**	**40.4%**
Income tax	(41)	-0.3%	(56)	-0.3%	218	0.5%	304	0.6%	86	28.3%
Net profit (loss) before minority interest	**(1,207)**	**-8.5%**	**(2,300)**	**-13.5%**	**(4,016)**	**-9.4%**	**(6,802)**	**-14.4%**	**2,786**	**41.0%**
Minority interest	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**n/a**
Group net profit (loss)	**(1,207)**	**-8.5%**	**(2,300)**	**-13.5%**	**(4,016)**	**-9.4%**	**(6,802)**	**-14.4%**	**2,786**	**41.0%**
Base earnings per share					**(0.117)**		**(0.199)**			
Diluted earnings per share					**(0.117)**		**(0.199)**			

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€'000)	at September 30, 2016	of which related parties	at December 31, 2015	of which related parties
ASSETS				
Intangible assets	94,565		89,682	
Property, Plant and equipment	3,140		3,325	
Investments in affiliate companies	239		161	
Investments in other companies	287		308	
Deferred tax assets	1,641		1,351	
Medium/long term borrowing allowed to affiliates companies and other Group	90	90	0	
Other non-current assets	685		608	
Total non-current assets	**100,647**		**95,435**	
Inventories	20,940		20,198	
Trade receivables	12,369	1,029	15,715	742
Income tax receivables	307		180	
Other current assets	2,548		1,650	
Other current financial assets	5		76	
Cash & cash equivalents	8,028		11,430	
Total current assets	**44,197**		**49,249**	
Non-current assets classified as held for sale	**769**		**769**	
Total assets	**145,613**		**145,453**	
LIABILITIES AND EQUITY				
Share capital	8,879		8,879	
Reserves	(32,611)		(33,719)	
Share premium reserve	136,400		136,400	
Other reserves	(36,627)		(39,942)	
Group shareholders' equity	**108,652**		**105,337**	
Equity attributable to minority interest	**0**		**0**	
Total shareholders' equity	**108,652**		**105,337**	
Medium-/long-term borrowing	4,163		3,401	
Employee benefit obligations	2,443		2,127	
Deferred tax liabilities	4,346		4,572	
Other non-current liabilities	814		940	
Total non-current liabilities	**11,766**		**11,040**	
Trade payables	12,425	229	14,381	1,038
Short-term borrowing	6,492		8,316	
Derivative instruments	15		8	
Income tax liabilities	209		866	
Other current liabilities	6,054		5,505	
Total current liabilities	**25,195**		**29,076**	
Total liabilities	**36,961**		**40,116**	
Total liabilities and equity	**145,613**		**145,453**	

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, 2015	8,879	1,200	136,400	10,601	(47,761)	(8)	(372)	5,718	(3,097)	(6,223)	105,337	-	105,337
2015 Result allocation	-	185	-	-	(6,408)	-	-	-	-	6,223	-	-	-
Profit (loss) as at September 30, 2016	-	-	-	-	-	-	-	-	-	(4,016)	(4,016)	-	(4,016)
Comprehensive other profit (loss):													
- Hedge transactions	-	-	-	-		(7)	-	-	-	-	(7)	-	(7)
Actuarial gains/(losses) on defined benefit plans for	-	-	-	-	-	-	35	-	-	-	35	-	35
- Foreign balance sheets conversion difference	-	-	-	8,175	-			-	-	-	8,175	-	8,175
- Performance Share Plan	-	-	-	-	3	-	-	-	-	-	3	-	3
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	-	(875)	-	-	(875)	-	(875)
Comprehensive result	-	-	-	*8,175*	*3*	*(7)*	*35*	*(875)*	-	*(4,016)*	*3,315*	-	*3,315*
Balance as at September 30, 2016	8,879	1,385	136,400	18,776	(54,166)	(15)	(337)	4,843	(3,097)	(4,016)	108,652	-	108,652

CONCISE CASH FLOW STATEMENT

(€'000)		at September 30, 2016	at December 31, 2015	at September 30, 2015
Cash flow generated (used) in operations	A	(2,467)	(3,503)	(5,610)
Cash flow generated (used) in investment activities	B	570	(459)	385
Cash flow generated (absorbed) by financial assets	C	(1,539)	419	3,507
Net foreign exchange difference	D	34	869	507
Increases (decreases) in cash & cash equivalents	E=A+B+C+D	(3,402)	(2,674)	(1,211)
Opening amount in cash & cash equivalents		11,430	14,104	14,104
Cash & cash equivalents at end of period		8,028	11,430	12,893

NET FINANCIAL POSITION

(€'000)		at September 30, 2016	at December 31, 2015	at September 30, 2015
Cash & cash equivalents	A	(8,028)	(11,430)	(12,893)
Cash equivalent	**B=A**	**(8,028)**	**(11,430)**	**(12,893)**
Other current financial assets	C	(5)	(76)	(76)
Derivative instruments	D	15	8	25
Short-term borrowing	E	6,492	8,316	9,266
Short-term financial position	**F=C+D+E**	**6,502**	**8,248**	**9,215**
Short-term net financial position	**G=B+F**	**(1,526)**	**(3,182)**	**(3,678)**
Medium/long term borrowing	H	4,163	3,401	5,365
Medium-/long-term net financial position	**I=H**	**4,163**	**3,401**	**5,365**
(NET FINANCIAL POSITION) NET DEBT pursuant to CONSOB instructions	**J=G+I**	**2,637**	**219**	**1,687**
Medium/long term borrowing allowed to affiliates companies and other Group companies	K	(90)	0	0
(NET FINANCIAL POSITION) NET DEBT	**L=J+K**	**2,547**	**219**	**1,687**

NET WORKING CAPITAL

(€'000)	2016 (b)	2015 (a)	2015	Changes (b-a)
Inventories	20,940	20,198	19,993	742
Trade receivables	12,369	15,715	18,397	(3,346)
Income tax receivables	307	180	123	127
Other current assets	2,548	1,650	1,985	898
Current assets	*36,164*	*37,743*	*40,498*	*(1,579)*
Trade payables	(12,425)	(14,381)	(15,586)	1,956
Income tax liabilities	(209)	(866)	(400)	657
Other current liabilities	(6,054)	(5,505)	(7,479)	(549)
Current liabilities	*(18,688)*	*(20,752)*	*(23,465)*	*2,064*
Net working capital	**17,476**	**16,991**	**17,033**	**485**