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PRESS RELEASE

Eurotech: Consolidated interim management statement at 30 September 2017

Third quarter 2017: revenues growth of 14.6%, compared to the third quarter of 2016, €16.20 million and positive EBIT to €0.39 million

Amaro (UD) - Italy, 13 November 2017

- Consolidated revenues: from € 42,58 million to € 38,21 million
- Consolidated gross profit: from € 21,08 million to € 18,27 million
- Consolidated EBITDA : from € -0,36 million to € -2,86 million
- Consolidated EBIT: from € -4,23 million to € -6,46 million
- Consolidated pre-tax result : from € -4,23 million to € -7,15 million
- Net financial debt : € 5,62 million
- Shareholders' equity pertaining to the Group : € 89,54 million

The Board of Directors of Eurotech S.p.A. examined and approved the results of the first nine months of 2017 and of the third quarter today.

THIRD QUARTER 2017

With regard to the third quarter, all indices the Group monitors were positive and provide a bright outlook for the fourth quarter and, as a result, for the end of the year.

The quarter that just ended resulted in a positive EBIT of €0.39 million (2.4% of turnover) and broke even with the pre-tax result.

More specifically, turnover was affected (as commented on above) by the sound performance of the US and European (the UK in particular) areas with respect to the comparative period. The quarter in question closed with total turnover of €16.20 million (€14.14 million in 3Q16), up 14.6% compared to the same quarter the previous year; the value of the turnover of the quarter corresponds to 42.4% of the turnover of the nine-month period, while it was 33.2% of the turnover of the same period in 2016.

Gross profit (51.8%) in the quarter under review went up compared to what was recorded in the past quarters and higher than the figure of the same period of 2016 (9M16: 48.4%).

The interim results are influenced by the trend in turnover and by the resulting gross profits generated, and by the reduced operating costs and amortisation charged in the quarter. Third quarter 2017 EBITDA was positive for €1,535 thousand (9.5% of revenues of the quarter), while it was also positive for €112 thousand in the 3Q16 (0.8% of revenues).

EBIT was also positive and influenced by the margins described in the third quarter of 2017, totalling €389 thousand (2.4% as a percentage of revenues), versus a negative result of €-1.22 million (-8.6% of revenues) in the same period of 2016. PPA had a negative effect on EBIT of €566 thousand in the third quarter of 2017 and €647 thousand in the same period of 2016.

FIRST NINE MONTHS OF 2017

The favourable performance of the third quarter of 2017 made it possible to recover part of the gap compared to last year that had accumulated during the first half of 2017. Turnover of the quarter amounted to €16.20 million and group revenues in the first nine months of 2017 totalled €38.21 million, compared to €42.58 million of 2016.

The actions taken during the year, above all in the US area, are generating benefits with recovery of the turnover and orders of the year, which continue to be about 20% higher than those of the same period of 2016 at Group level.

The time needed to finalise the current negotiations is still slower than usual, particularly with regard to those related to the transport sector in the Italian area where the conclusion of supply contracts required more time than expected. The effects on sales should appear in the last quarter of the year.

In the IoT segment, the Group continues to work on the construction of an indirect sales channel to be joined to the direct channel, which represent today the main sales channel. The indirect channel will have the advantage of leveraging both the partner's customer base and the vertical competencies of the partners so that we can enjoy a larger and varied market and where our IoT technological platform in industry (Industry 4.0) is highly appreciated.

The analysts continue to see the IoT market as one of the most promising in terms of expected growth and for the figures that will generate there. However more time than anticipated will be necessary for the transition from the POC (Proof of Concept) to the large-scale production phase given the complexity of the digital transformation that companies must undertake. Nevertheless, the number of opportunities for which the Group is working has doubled in the last 9 months.

As surmised, gross profit came in at 47.8%, higher than the 44.9% made in the first 6 months and approaches the expectations at the start of the year as well as what was registered in the first nine months of 2016 (9 months 2016: 49.5%). The recovery of the margin, whose value in the third quarter was 51.8% of sales, is determined by the mix of different products with a higher margin. An improvement in the margin is expected also in the fourth quarter, based on the backlog and on the recovery of the turnover. As always, 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.

This quarter management continue to focus much of its attention on reducing operating costs in order to be able to break even at the operational level as quickly as possible. Gross of adjustments, these costs were reduced by €1.84 million (7.13%), from €25.83 million in the first nine months of 2016 to €23.99 million in the first nine months of 2017.

In addition to cutting costs for services deemed unnecessary during this stage of strategic focus, this reduction in operating costs was also achieved by reducing the net absolute number of employees after measures were taken to rationalise operational structures in general.

Due to a trend in revenues incapable to meet the leverage, despite the considerable reduction in operating costs, they were 62.8% of revenues in the first nine months of 2017, as compared to 60.7% in the first nine months of 2016. The percentage remarkably improved compared to the 74.9% at 30 June 2017 and it is believed that it can further improve by virtue of the expected performance of turnover in the fourth quarter. The growth in the backlog over the 2016 period will contribute to return to levels more in line with the average of past years.

EBITDA totalled €-2.86 million (-7.5% of revenues) for the first nine months of the year, compared with €-0.36 million for 2016 (-0.8% of revenues). Thanks to operating cost containment, and despite reduced revenues by Euro 4.38 million, the difference between one period and the other, net of the gain realized last year from the sale of branch of the subsidiary IPS Sistemi Programmabili Srl (Euro 1.70 million), was in the amount of Euro 0.7 million.

EBIT came to €-6.46 million in the first nine months of 2017 (-16.9% of revenues), compared to €-4.23 million in the first nine months of 2016 (-9.9% of revenues). The EBIT figure also reflects the effects of depreciation and amortisation charged to the income statement in 9M17, as well as the trend in EBITDA mentioned previously. Depreciation and amortisation derive from operating assets becoming subject to depreciation and amortisation in the period under review and the non-monetary effects arising from price allocation of Advanet Inc. The effect on EBIT of the PPA amounts in 9M17 was €1.78 million, versus €1.84 million in 9M16.

Net finance expense was €-1.29 million in the first nine months of 2017, affected by the foreign currency trends (in terms of average value), as compared to the net finance expense of €-60 thousand in 9M16.

Overall, foreign exchange differences had a negative effect on the period of €1.01 million, compared with a positive effect of €0.22 million in 9M16. Financial management relating to interest had an effect of €0.26 million in 9M17, in line with the figure of 9M16. For greater detail, readers should refer to the comments made in Note “J”.

A pre-tax loss of €7.88 million was registered for the 9M17 (compared with a loss of €4.23 million in the 9M16). This performance was influenced by the factors outlined above. The effects of price allocation on the pre-tax result amounted to €1.78 million in 9M17 and €1.84 million in 9M16.

The Group net result amounted to €-7.15 million (€-4.02 million in 9M16). 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 9M17 amounted to €1.16 million (9M16: €0.96 million).

The Group's net financial debt at 30 September 2017 is €5.62 million.

At September 30, 2017, net working capital amounted to Euro 14.55 million, down from the value of Euro 17.08 million recorded at 31 December 2016 and to Euro 15.02 million as at 30 June.

Pursuant to the provisions set out by CONSOB, it is reported that the Consolidated Interim Management Statement at 30 September 2017 is at the disposal of whoever requests it at the company's registered office. The Report is also available on the Eurotech 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 2017	%	3rd Qtr 2016	%	9M 2017 (b)	%	9M 2016 (a)	%	change (b-a) amount	change (b-a) %
Sales revenue	16,203	100.0%	14,143	100.0%	38,206	100.0%	42,582	100.0%	(4,376)	-10.3%
Cost of material	(7,806)	-48.2%	(7,296)	-51.6%	(19,936)	-52.2%	(21,505)	-50.5%	(1,569)	7.3%
Gross profit	**8,397**	**51.8%**	**6,847**	**48.4%**	**18,270**	**47.8%**	**21,077**	**49.5%**	**(2,807)**	**-13.3%**
Services costs	(2,639)	-16.3%	(2,794)	-19.8%	(8,446)	-22.1%	(8,885)	-20.9%	(439)	-4.9%
Lease & hire costs	(402)	-2.5%	(445)	-3.1%	(1,300)	-3.4%	(1,332)	-3.1%	(32)	2.4%
Payroll costs	(4,301)	-26.5%	(4,776)	-33.8%	(13,698)	-35.9%	(14,995)	-35.2%	(1,297)	8.6%
Other provisions and costs	(164)	-1.0%	(236)	-1.7%	(541)	-1.4%	(615)	-1.4%	(74)	12.0%
Other revenues	644	4.0%	1,516	10.7%	2,852	7.5%	4,389	10.3%	(1,537)	-35.0%
EBITDA	**1,535**	**9.5%**	**112**	**0.8%**	**(2,863)**	**-7.5%**	**(361)**	**-0.8%**	**(2,502)**	**n.s.**
Depreciation & Amortization	(1,146)	-7.1%	(1,333)	-9.4%	(3,602)	-9.4%	(3,865)	-9.1%	(263)	-6.8%
EBIT	**389**	**2.4%**	**(1,221)**	**-8.6%**	**(6,465)**	**-16.9%**	**(4,226)**	**-9.9%**	**(2,239)**	**53.0%**
Share of associates' profit of equity	(118)	-0.7%	(26)	-0.2%	(121)	-0.3%	52	0.1%	173	332.7%
Subsidiaries management	113	0.7%	0	0.0%	0	0.0%	0			
Finance expense	(612)	-3.8%	(326)	-2.3%	(1,926)	-5.0%	(1,028)	-2.4%	898	-87.4%
Finance income	226	1.4%	407	2.9%	632	1.7%	968	2.3%	(336)	-34.7%
Profit before tax	**(2)**	**0.0%**	**(1,166)**	**-8.2%**	**(7,880)**	**-20.6%**	**(4,234)**	**-9.9%**	**(3,646)**	**86.1%**
Income tax	(135)	-0.8%	(41)	-0.3%	726	1.9%	218	0.5%	(508)	-233.0%
Net profit (loss) before minority interest	**(137)**	**-0.8%**	**(1,207)**	**-8.5%**	**(7,154)**	**-18.7%**	**(4,016)**	**-9.4%**	**(3,138)**	**78.1%**
Minority interest	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**n/a**
Group net profit (loss)	**(137)**	**-0.8%**	**(1,207)**	**-8.5%**	**(7,154)**	**-18.7%**	**(4,016)**	**-9.4%**	**(3,138)**	**78.1%**
Base earnings per share					**(0.209)**		**(0.117)**			
Diluted earnings per share					**(0.209)**		**(0.117)**			

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€'000)	at September 30, 2017	of which related parties	at December 31, 2016	of which related parties
ASSETS				
Intangible assets	81,703		89,715	
Property, Plant and equipment	2,541		2,993	
Investments in affiliate companies	0		11	
Investments in other companies	163		301	
Deferred tax assets	1,518		1,465	
Medium/long term borrowing allowed to affiliates companies and other Group	85	85	95	95
Other non-current assets	596		640	
Total non-current assets	**86,606**		**95,220**	
Inventories	18,541		19,337	
Trade receivables	10,316	591	15,813	1,037
Income tax receivables	699		155	
Other current assets	1,916		1,414	
Other current financial assets	76		76	
Cash & cash equivalents	7,450		9,186	
Total current assets	**38,998**		**45,981**	
Non-current assets classified as held for sale	**8**		**769**	
Total assets	**125,612**		**141,970**	
LIABILITIES AND EQUITY				
Share capital	8,879		8,879	
Share premium reserve	136,400		136,400	
Other reserves	(55,739)		(41,722)	
Group shareholders' equity	**89,540**		**103,557**	
Equity attributable to minority interest	**0**		**0**	
Total shareholders' equity	**89,540**		**103,557**	
Medium-/long-term borrowing	3,636		3,475	
Employee benefit obligations	2,304		2,437	
Deferred tax liabilities	2,919		3,767	
Other non-current liabilities	697		869	
Total non-current liabilities	**9,556**		**10,548**	
Trade payables	11,454	285	13,459	300
Short-term borrowing	9,587		8,210	
Derivative instruments	10		12	
Income tax liabilities	80		642	
Other current liabilities	5,385		5,542	
Total current liabilities	**26,516**		**27,865**	
Total liabilities	**36,072**		**38,413**	
Total liabilities and equity	**125,612**		**141,970**	

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, 2016	8,879	1,385	136,400	12,689	(54,109)	(12)	(398)	6,889	(3,097)	(5,069)	103,557	-	103,557
2016 Result allocation	-	-	-	-	(5,069)	-	-	-	-	5,069	-	-	-
Profit (loss) as at September 30, 2017	-	-	-	-	-	-	-	-	-	(7,154)	(7,154)	-	(7,154)
- Performance Share Plan	-	-	-	-	227	-	-	-	-	-	227	-	227
Comprehensive other profit (loss):													
- Hedge transactions	-	-	-	-		2	-	-	-	-	2	-	2
- Foreign balance sheets conversion difference	-	-	-	(3,013)	-			-	-	-	(3,013)	-	(3,013)
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	-	(4,079)	-	-	(4,079)	-	(4,079)
Comprehensive result	-	-	-	*(3,013)*	-	*2*	-	*(4,079)*	-	*(7,154)*	(14,244)	-	(14,244)
Balance as at June 30, 2017	8,879	1,385	136,400	9,676	(58,951)	(10)	(398)	2,810	(3,097)	(7,154)	89,540	-	89,540

CONCISE CASH FLOW STATEMENT

(€'000)		at September 30, 2017	at December 31, 2016	at September 30, 2016
Cash flow generated (used) in operations	A	(1,591)	(1,426)	(2,467)
Cash flow generated (used) in investment activities	B	(1,068)	(34)	570
Cash flow generated (absorbed) by financial assets	C	1,234	(566)	(1,539)
Net foreign exchange difference	D	(311)	(218)	34
Increases (decreases) in cash & cash equivalents	E=A+B+C+D	(1,736)	(2,244)	(3,402)
Opening amount in cash & cash equivalents		9,186	11,430	11,430
Cash & cash equivalents at end of period		7,450	9,186	8,028

NET FINANCIAL POSITION

(€'000)		at September 30, 2017	at December 31, 2016	at September 30, 2016
Cash & cash equivalents	A	(7,450)	(9,186)	(8,028)
Cash equivalent	**B=A**	**(7,450)**	**(9,186)**	**(8,028)**
Other current financial assets	C	(76)	(76)	(5)
Derivative instruments	D	10	12	15
Short-term borrowing	E	9,587	8,210	6,492
Short-term financial position	**F=C+D+E**	**9,521**	**8,146**	**6,502**
Short-term net financial position	**G=B+F**	**2,071**	**(1,040)**	**(1,526)**
Medium/long term borrowing	H	3,636	3,475	4,163
Medium-/long-term net financial position	**I=H**	**3,636**	**3,475**	**4,163**
(NET FINANCIAL POSITION) NET DEBT pursuant to CONSOB instructions	**J=G+I**	**5,707**	**2,435**	**2,637**
Medium/long term borrowing allowed to affiliates companies and other Group companies	K	(85)	(95)	(90)
(NET FINANCIAL POSITION) NET DEBT	**L=J+K**	**5,622**	**2,340**	**2,547**

NET WORKING CAPITAL

(€'000)	at September 30, 2017 (b)	at December 31, 2016 (a)	at September 30, 2016	Changes (b-a)
Inventories	18,541	19,337	20,940	(796)
Trade receivables	10,316	15,813	12,369	(5,497)
Income tax receivables	699	155	307	544
Other current assets	1,916	1,414	2,548	502
Current assets	*31,472*	*36,719*	*36,164*	*(5,247)*
Trade payables	(11,454)	(13,459)	(12,425)	2,005
Income tax liabilities	(80)	(642)	(209)	562
Other current liabilities	(5,385)	(5,542)	(6,054)	157
Current liabilities	*(16,919)*	*(19,643)*	*(18,688)*	*2,724*
Net working capital	**14,553**	**17,076**	**17,476**	**(2,523)**