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PRESS RELEASE

EUROTECH: BOD APPROVES 2017 DRAFT ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

Amaro (UD), 13 March 2018

- Consolidated revenues: €60.12 million +1.7% at constant exchange rates and -1.6% at current exchange rates, compared to €61.10 million in 2016
- Consolidated gross profit: from €29.96 million to €29.13 million
- Consolidated EBITDA: from €0.44 million to €1.67 million
- Consolidated EBITDA: from -€5.56 million to -€2.98 million
- Consolidated pre-tax result: from -€5.12 million to -€4.56 million
- Group net result: from -€5.07 million to -€4.67 million
- Net financial debt: €5.65 million, compared to €2.34 million at 31/12/2016
- Shareholders' equity pertaining to the Group: €90.70 million
- Eurotech S.p.A.: net result from -€1.26 million to -€4.00 million

Today the Board of Directors of Eurotech S.p.A. examined and approved the Draft Annual and Consolidated Financial Statements at 31 December 2017 that will be submitted to the Annual General Meeting of Shareholders.

Group turnover in 2017 reached €60.12 million which, when compared to the 2016 turnover at constant exchange rates, shows an increase of 1.7%. At constant exchange rates, the turnover for 2016 would amount to €59.13 million compared to €61.10 million shown in the financial statements.

The result achieved in the second half of the year was encouraging, with a turnover of €38.12 million and an EBITDA of €6.07 million (15.9% of revenues) compared to a negative EBITDA of €4.40 million of the first half. This not only demonstrates that the Group recovered after an anomalous first half year compared to the historical trend, but highlights how the organization structure can obtain, with the right mix of products, results exceeding 15% in terms of EBITDA.

Though appearing to have decreased on account of the currency effect, the Japan area actually grew slightly at constant exchange rates. The business in this area continues to be linked to major local players which, during the year, felt the improving of an economic trend towards the end of the year. The expansion of the customer base continued throughout the entire year and we are expecting results beginning in 2018, based on the opportunities that have been secured. The area is also interesting because of the development of IoT. There continues to be a certain pressure on prices, which in prior years resulted in decreased gross profit, especially as regards low value added products. The actions of management on production and procurement of components mitigated this effect.

The US area had two-speed during the year; in the first half of the year, orders and revenues were much below expectations and the previous year, while in the second half of the year, also due to the corrective actions implemented after March, managed to close the year with a turnover of 3.6% higher than in 2016 and with orders that allow us to look at 2018 with optimism. Though the increases in the orders received during 2017 by both new customers and consolidated clients, could continue to generate increased sales in 2018 as well.

Orders in the European are for 2018 delivery were good, whether they were from traditional or new customers and the effects will be visible in 2018. The customers of the European area are today, much more fragmented compared to the customers in the USA and Japan. The potential in the area is certainly high, both for embedded systems with high computing capacity (HPEC) and for the IoT product offer. The new product lines that are today very innovative compared to traditional customers, should allow us to attract important customers with recurring businesses in this area as well.

The investments that Eurotech continues to make in the strategic areas, identified in the previous business plans and confirmed by what has recently been approved, led to increased acknowledgment and agreements with important International partners such as Red Hat, Hitachi, VMware. The results from the second half of the year highlight how the strategies implemented were correct and that the efforts will be reflected into results as early as 2018.

On the one hand, the Group is consolidating its position in the embedded computing while maintaining the innovation on the traditional business of computer boards and high-performance sub-systems, while on the other the development of IoT platforms has proved to be very successful insofar as attracting the attention of customers of international calibre who rely on our technological solutions.

Management believes that the Eurotech brand's international positioning and the creation and ongoing implementation of an ecosystem of partners is the starting point for developing this new business that numerous market analyses indicate extremely promising.

By virtue of the progress of the strategy's implementation, more tangible results in order book terms are expected in the quarters to come, whereas the impact on turnover will be seen afterwards due to the curve depicting the adoption of the new IoT technologies by the customers described above.

In order to be able to stay in line with the technological innovations and retain its competitive edge in the IoT market, Eurotech continues to invest, paying close attention to the overall performance of costs balancing the investments in connection with growth path of sales.

The gross profit margin, slightly lower than was forecast in the plan, came in at 48.5%, compared to 49.0% last year. This percentage is the result of the mix of products sold, which have different margins depending on the type of product, the application sectors and the geographic market outlets. Indeed, in the first half of the year, the profitability was 44.9% (at the end of the nine months it stood at 47.8%), while in the second half of the year the value was 50.5%, which is more in line with the plan figures.

Again, in terms of profitability, procurement management is of major importance when the objective is to maintain a competitive edge even when prices are under pressure or to recover some profitability.

The management's focus remained on containing operating costs for the entire year, to ensure that we broke even as soon as possible. Before adjustments for internal increases, operating costs decreased by 9.42% - in absolute value by €3.29 million, from €34.92 million in 2016 (57.1% as a percentage of revenues) to €31.63 million (52.6% as a percentage of revenues) in 2017. This decrease in operating costs is the result of some cost curbing in relation to service costs and the personnel structure, while awaiting sales to recover. The reduction of the absolute number of employees is due to a certain amount of streamlining of the work force in the US area that mainly took place at the beginning of the year, to be followed by recruitment of qualified staff only for positions closely related to the strategic vision in place. In absolute terms, a part of the cost reduction is due to the currency effect which affected total operating costs by 2.63% in 2017. The cost cuts above affected the Group's EBITDA.

The Group's structure, with minor adaptations in the sales & marketing and research & development areas, continues to be able to support the sales levels generated by the business, whether in the traditional embedded form or IoT, higher compared to prior years. Any additional and new skills will progressively be added in various areas, in line with the growth the Group expects to achieve in the medium-long term.

EBITDA improved by €1.23 million to reach €1.67 million, as compared to €0.44 million in 2016; this figure included a non-recurring amount of €1.70 million from the capital gains realised by the sale of the security and traffic business unit that belonged to subsidiary IPS Sistemi Programmabili S.r.l.. Net of these non-recurring revenues, the result is decidedly encouraging since our efforts resulted in an almost €3 million improvement from one year to the next.

EBITDA in 2017 as a percentage of revenues was 2.8%, compared with 0.7% in 2016.

The operating result (EBIT) improved in the periods in question, rising from -€5.56 million in 2016 to -€2.98 million in 2017. EBIT as a percentage of revenues was -€5.0% in 2017 compared to -€9.1% in 2016.

EBIT in 2017 was affected by the year's write-downs and amortisation and the performance of the EBITDA commented on above.

The write-downs in 2017 refer exclusively to the write-down of a portion of the goodwill related to the Eurotech France SaS business unit, while the impairment tests on the product development costs did not result in the need for further write-downs of the recognised cost.

Conversely, depreciation and amortisation derive from both operating assets becoming subject to depreciation throughout 2017 and the non-monetary effects arising from price allocation relating to the acquisitions of Advanet Inc. The effect on EBIT of the higher values attributed as a result of purchase price allocation and the impairment of goodwill in 2017 was €2.23 million, compared with €2.83 million in 2016.

Following the currency fluctuations in 2017, the financial operations were significantly affected by the exchange differences affecting the currencies of the countries in which the Group operates, as was the net financial position. Overall, foreign exchange differences had a positive effect on the period of €1.10 million (compared with a positive effect of €0.61 million in 2016), while financial management relating to interest had an effect of €0.36 million (€0.43 million in 2016). It should be noted that a large part of the exchange differences that resulted in net losses during the period are relative to unrealised losses and profits (€1.14 million) which, depending on the performance of exchange rates could generate different results in 2018.

The pre-tax loss for 2017 was €4.56 (compared with a loss of €5.12 million in 2016). This performance was influenced by the factors outlined above. The impact on the pre-tax result of PPA was €2.23 million in 2017, compared with €2.83 million in 2016.

The Group net result was -€4.67 million, compared with -€5.07 million in 2016.

Price allocation had a €1.55 million effect on the Group's net result in 2017 (2016: €1.73 million).

At 31 December 2017 the Group had a net financial debt of €5.65 million, compared to the figure at year-end 2016 of €2.34 million.

Group shareholders' equity, the same as the consolidated shareholders' equity as there are no minority interests, amounts to €90.70 million (2016: €103.56 million).

Annual Financial Statements of the Parent Company Eurotech S.p.A.

Revenues of the Parent Company Eurotech S.p.A. totalled €10.27 million, compared to €9.80 million in 2016. The net loss was €4.00 million, compared to €1.26 million in 2016. The shareholders' equity of Eurotech S.p.A. at 31 December 2017 is €109.41 million, compared to €113.07 million in 2016. The Parent Company shows a net financial position in 2017 of €27.80 million, down compared to the 2016 figure, which amounted to €33.62 million.

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

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The Board also approved the Corporate Governance Report that also contains the information on the ownership structure pursuant to Art. 123 bis of the Italian Consolidated Law on Finance (TUF), which will be published within the time frame and according to the methods required by current regulations.

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In compliance with the requirements of the new provisions of paragraphs 1 and 1 bis of Art. 154 of the Italian Consolidated Law on Finance (TUF), the annual financial report, which includes the draft annual financial statements, the consolidated financial statements, the report on operations, the Corporate Governance Report and the certification of the financial reporting manager, together with the reports of the independent auditor and the board of statutory auditors, will be published by and no later than 31 March 2018.

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

(€/000)	FY 2017	%	FY 2016	%
Revenues from sales of products and services	60,120	100.0%	61,103	100.0%
Cost of materials	(30,985)	-51.5%	(31,144)	-51.0%
Gross profit	**29,135**	**48.5%**	**29,959**	**49.0%**
Service costs	(11,365)	-18.9%	(12,333)	-20.2%
Lease & hire costs	(1,726)	-2.9%	(1,788)	-2.9%
Payroll costs	(17,804)	-29.6%	(19,856)	-32.5%
Other provisions and other costs	(734)	-1.2%	(942)	-1.5%
Other revenues	4,166	6.9%	5,403	8.8%
Profit before depreciation and amortization (EBITDA)	**1,672**	**2.8%**	**443**	**0.7%**
Depreciation & amortisation	(4,377)	-7.3%	(5,257)	-8.6%
Asset impairment	(280)	-0.5%	(751)	-1.2%
Operating profit (EBIT)	**(2,985)**	**-5.0%**	**(5,565)**	**-9.1%**
Share of associates' profit of equity	(3)	0.0%	52	0.1%
Subsidiaries management	(116)	-0.2%	214	0.4%
Finance expense	(2,205)	-3.7%	(1,295)	-2.1%
Finance income	748	1.2%	1,469	2.4%
Profit before taxes	**(4,561)**	**-7.6%**	**(5,125)**	**-8.4%**
Income tax	(111)	-0.2%	56	0.1%
Net profit (loss) of continuing operations before minority interest	**(4,672)**	**-7.8%**	**(5,069)**	**-8.3%**
Minority interest	**-**	**0.0%**	**-**	**0.0%**
Group net profit (loss) for period	**(4,672)**	**-7.8%**	**(5,069)**	**-8.3%**
Base earnings (losses) per share	**(0.137)**		**(0.148)**	
Diluted earnings (losses) per share	**(0.137)**		**(0.148)**	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€'000)	at December 31, 2017	at December 31, 2016
ASSETS		
Intangible assets	79,968	89,715
Property, Plant and equipment	2,436	2,993
Investments in affiliate companies	0	11
Investments in other companies	144	301
Deferred tax assets	1,283	1,465
Medium/long term borrowing allowed to affiliates companies and other Group companies	83	95
Other non-current assets	618	640
Total non-current assets	**84,532**	**95,220**
Inventories	17,821	19,337
Contracts in progress	412	0
Trade receivables	15,623	15,813
Income tax receivables	204	155
Other current assets	1,782	1,414
Other current financial assets	95	76
Cash & cash equivalents	6,745	9,186
Total current assets	**42,682**	**45,981**
Non-current assets classified as held for sale	**28**	**769**
Total assets	**127,242**	**141,970**
LIABILITIES AND EQUITY		
Share capital	8,879	8,879
Share premium reserve	136,400	136,400
Other reserves	(54,582)	(41,722)
Group shareholders' equity	**90,697**	**103,557**
Equity attributable to minority interest	**0**	**0**
Total shareholders' equity	**90,697**	**103,557**
Medium-/long-term borrowing	1,844	3,475
Employee benefit obligations	2,343	2,437
Deferred tax liabilities	2,816	3,767
Other non-current liabilities	688	869
Total non-current liabilities	**7,691**	**10,548**
Trade payables	13,088	13,459
Short-term borrowing	10,720	8,210
Derivative instruments	9	12
Income tax liabilities	262	642
Other current liabilities	4,775	5,542
Total current liabilities	**28,854**	**27,865**
Total liabilities	**36,545**	**38,413**
Total liabilities and equity	**127,242**	**141,970**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(€'000)	Notes	Share capital	Legal reserve	Share premium reserve	Conversion reserve	Other reserves	Cash flow hedge reserve	Actuarial gains/(losses) on defined benefit plans reserve	Exchange rate differences reserve	Treasury shares	Profit (loss) for period	Group shareholders' equity	Equity attributable to Minority interest	Total shareholders' equity
Balance as at December 31, 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 december 31, 2017		-	-	-	-	-	-	-	-	-	(4,672)	(4,672)	-	(4,672)
- Performance Share Plan	18	-	-	-	-	348	-	-	-	-	-	348	-	348
Comprehensive other profit (loss):														
- Hedge transactions	36	-	-	-	-		3	-	-	-	-	3	-	3
Actuarial gains/(losses) on defined benefit plans for	17	-	-	-	-	-	-	(58)	-	-	-	(58)	-	(58)
- Foreign balance sheets conversion difference		-	-	-	(3,872)	-			-	-	-	(3,872)	-	(3,872)
- Exchange differences on equity investments in foreign companies		-	-	-	-	-	-	-	(4,609)	-	-	(4,609)	-	(4,609)
Comprehensive result		-	-	-	*(3,872)*	-	*3*	*(58)*	*(4,609)*	-	*(4,672)*	(13,208)	-	(13,208)
Balance as at December 31, 2017		8,879	1,385	136,400	8,817	(58,830)	(9)	(456)	2,280	(3,097)	(4,672)	90,697	-	90,697

CONCISE CASH FLOW STATEMENT

(€'000)		at December 31, 2017	at December 31, 2016
Cash flow generated (used) in operations	A	(788)	(1,426)
Cash flow generated (used) in investment activities	B	(1,625)	(34)
Cash flow generated (absorbed) by financial assets	C	896	(810)
Net foreign exchange difference	D	(924)	26
Increases (decreases) in cash & cash equivalents	E=A+B+C+D	(2,441)	(2,244)
Opening amount in cash & cash equivalents		9,186	11,430
Cash & cash equivalents at end of period		6,745	9,186

NET FINANCIAL POSITION

(€'000)		at December 31, 2017	at December 31, 2016
Cash & cash equivalents	A	(6,745)	(9,186)
Cash equivalent	**B=A**	**(6,745)**	**(9,186)**
Other current financial assets	C	(95)	(76)
Derivative instruments	D	9	12
Short-term borrowing	E	10,720	8,210
Short-term financial position	**F=C+D+E**	**10,634**	**8,146**
Short-term net financial position	**G=B+F**	**3,889**	**(1,040)**
Medium/long term borrowing	H	1,844	3,475
Medium-/long-term net financial position	**I=H**	**1,844**	**3,475**
(NET FINANCIAL POSITION) NET DEBT pursuant to CONSOB instructions	**J=G+I**	**5,733**	**2,435**
Medium/long term borrowing allowed to affiliates companies and other Group companies	K	(83)	(95)
(NET FINANCIAL POSITION) NET DEBT	**L=J+K**	**5,650**	**2,340**

NET WORKING CAPITAL

(€'000)	at December 31, 2017 (b)	at December 31, 2016 (a)	Changes (b-a)
Inventories	17,821	19,337	(1,516)
Contracts in progress	412	0	412
Trade receivables	15,623	15,813	(190)
Income tax receivables	204	155	49
Other current assets	1,782	1,414	368
Current assets	*35,842*	*36,719*	*(877)*
Trade payables	(13,088)	(13,459)	371
Income tax liabilities	(262)	(642)	380
Other current liabilities	(4,775)	(5,542)	767
Current liabilities	*(18,125)*	*(19,643)*	*1,518*
Net working capital	**17,717**	**17,076**	**641**