

2021 First Quarter Results

INVESTORS LIVE STREAMING PRESENTATION

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Agenda & Today Speakers

Introduction // CEO

Comment on Q1 2021 // CFO

Takeaways // CEO

Q&A Time // ALL




Paul Chawla
Eurotech CEO




Sandro Barazza
Eurotech CFO

Agenda & Today Speakers


Paul Chawla, CEO

WHO  / Seasoned leader with international background
in **multinational corporations**
(industrial manufacturing and high tech)

WHEN  / **April 8, 2021**

WHAT  / Transforming complex strategies into
sustainable growth roadmaps

WHERE  / Italy, UK, Germany, France, Asia and USA

WHY  / **Play to win** in transformative environments

Paul Chawla



What I Have Found in Eurotech



1. Right **Vision**
2. Huge **Market Potential**
3. Great **Team**
4. Profound **Technical Knowledge**
5. Leading **Technology** Building Blocks
(Hardware & Software)

What I Have Found

Eurotech Well Positioned in the IoT Ecosystem

1. High Performance HW for Mission Critical Applications
2. Differentiated SW in Cyber Security and Edge Management
3. Technology Recognition by Industry Analysts
 - [Gartner Magic Quadrant](#) for Industrial IoT Platforms
 - [Frost & Sullivan 2020 Global Competitive Strategy Leadership Award](#)




IoT Ecosystem

First Perspectives after

30

days

- 
- An abstract background composed of thin, yellow-outlined wireframe cubes and rectangular prisms of various sizes, some overlapping, creating a 3D architectural feel.
1. Focus On “*What **Not** To Do*”
 2. Refine **Go To Market** Strategies
 3. Work On a More **Sustainable Nature of Revenue Mix**
 4. More **Internationalisation**
 5. Accelerate **M&A**

Q1 2021: Key Highlights

Financial Summary



Volume decrease negatively affected EBITDA - also influenced by **non recurrent costs**
Good cost control on OPEX

Backlog Growing



Stronger backlog from USA
... but watching out on **components shortage**

Effective Cash & Capital Management



Net Working Capital optimized
Improved **Net Financial Position**

Meaningful Progress in IoT Positioning



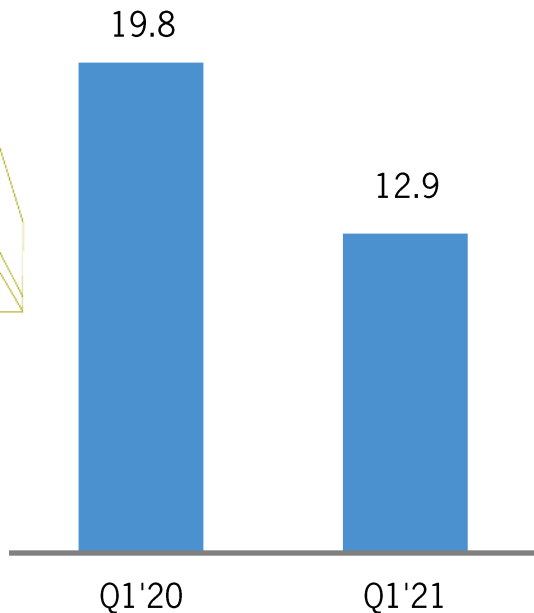
IoT Partnerships progressing **well** and leading to **first wins**
Mid-long term **growth potential is real**

2021
Q1

Key Highlights

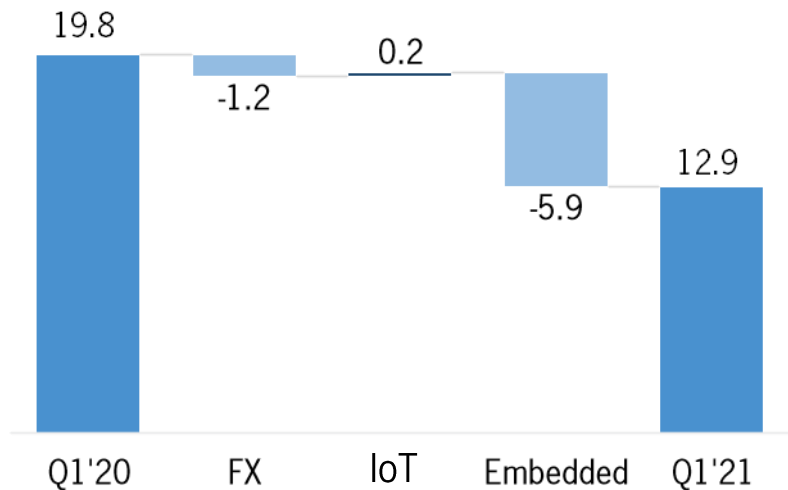
Q1 2021 Revenues

Revenues



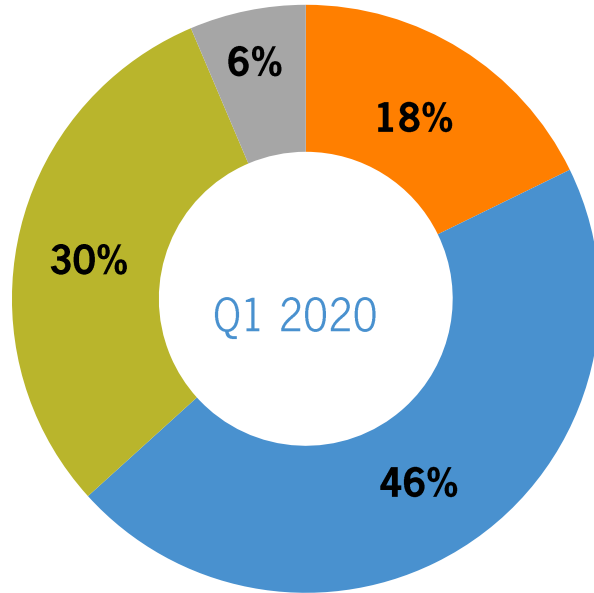
Top line strongly affected by market scenario -
down 35% vs Q1 2020
(-31% at constant exchange rates)

Revenue Bridge

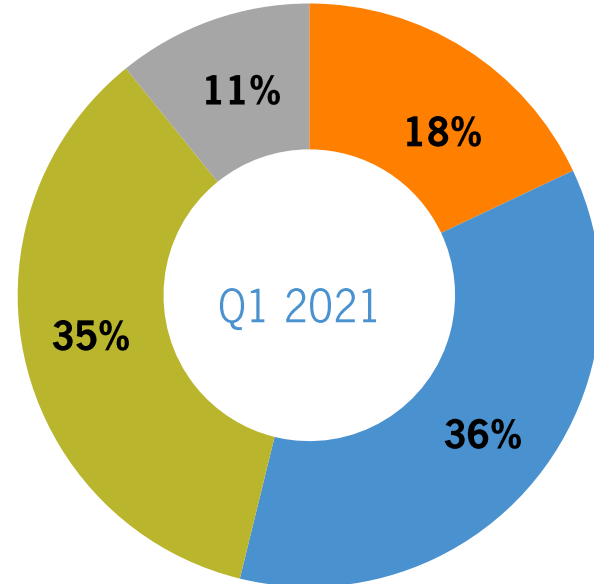


Around €2.5m from projects discontinued from two major clients.
In terms of segments, IoT proved to be resilient

Q1 2021 Revenues by Geography



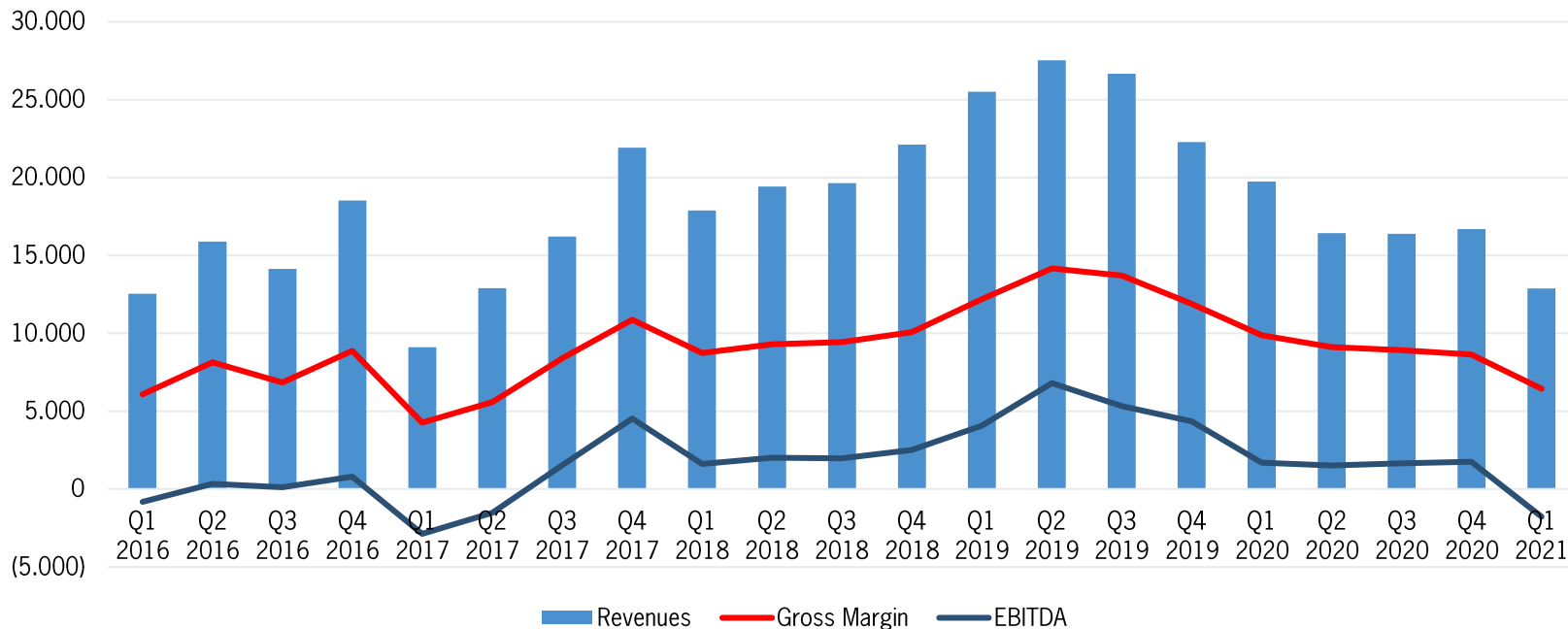
Europe USA Japan Other



Europe USA Japan Other

More balanced international breakdown in Q1 2021

Seasonality of Quaterly Revenues



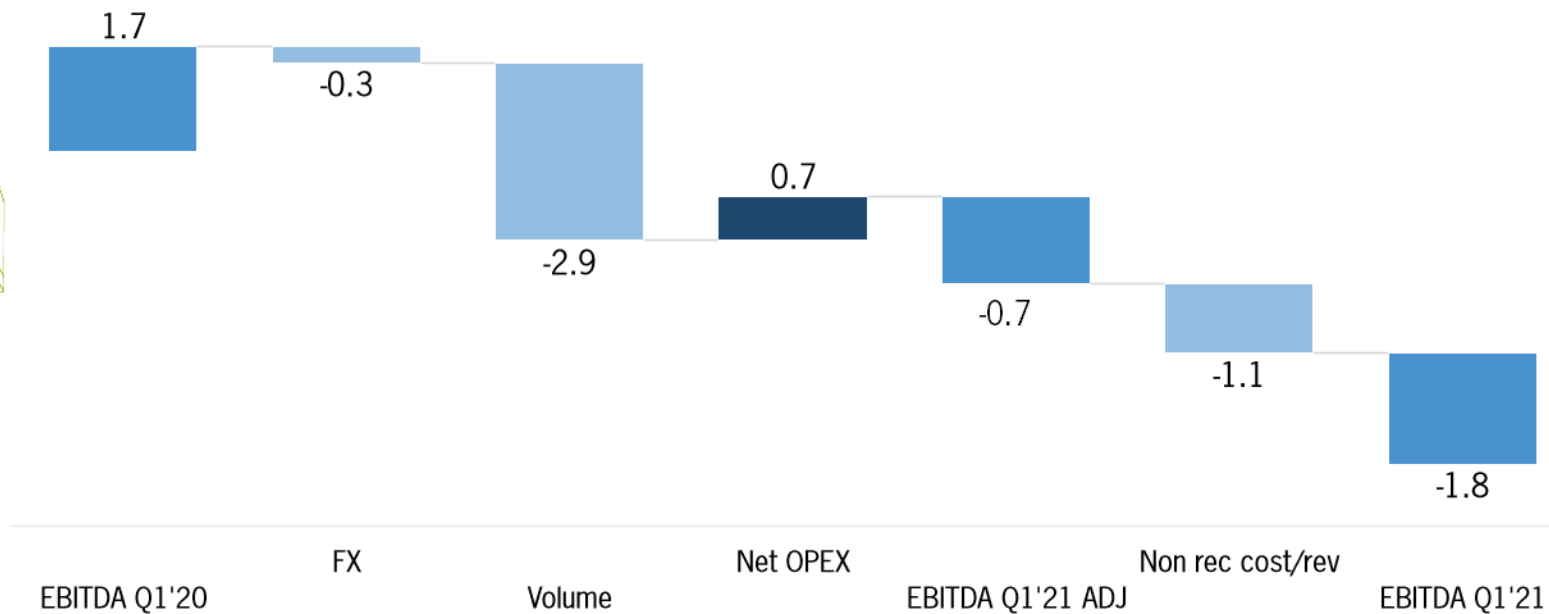
Quarterly Gross Margin in the region 46%-54%

(usually lower in Q1)

In Q1 2021 the reported decrease in Gross Margin value is in line with revenues change

Historical trend proves the seasonality of Revenues and Margins - Q1 always being the weakest, except in 2019, 2020

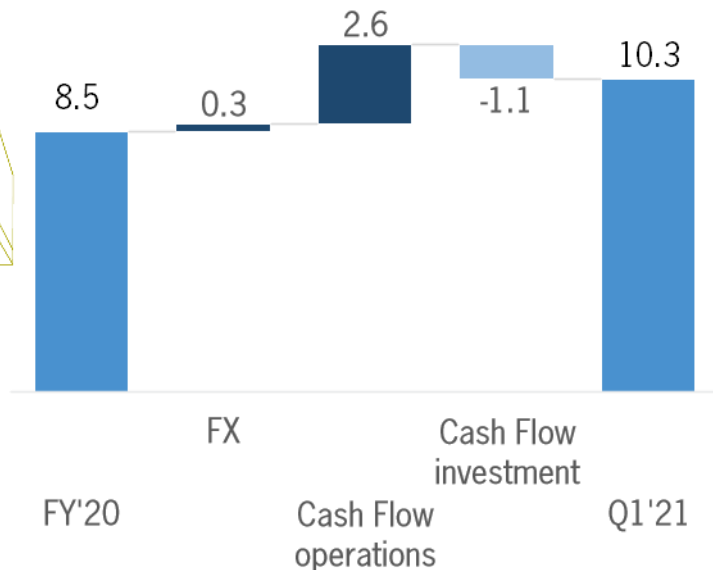
EBITDA Bridge



Q1 EBITDA affected by sales volume and non recurring costs

Solid and well-balanced BS

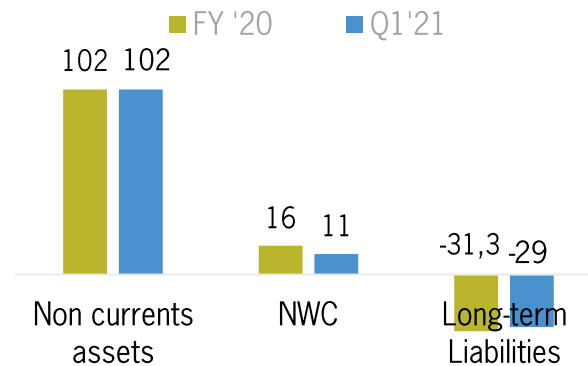
Q1 '21 NFP bridge



NFP improved thanks to **positive change** both in long and short term debt - Strong decrease in trade receivables

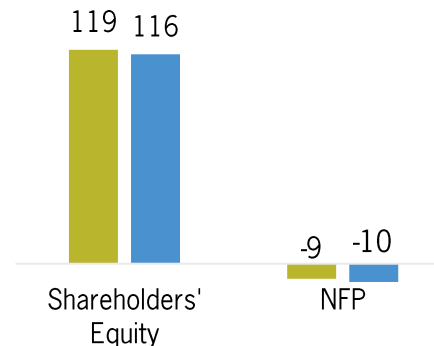
Net Capital Employed

FY'20 €110m - Q1'21 €106m



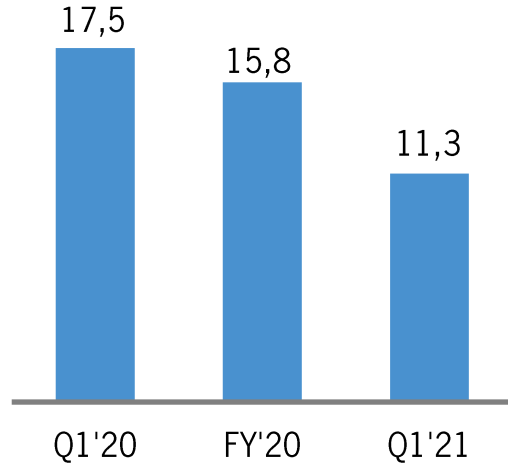
Net Equity and Funds

FY€110m - Q1'21 €106m



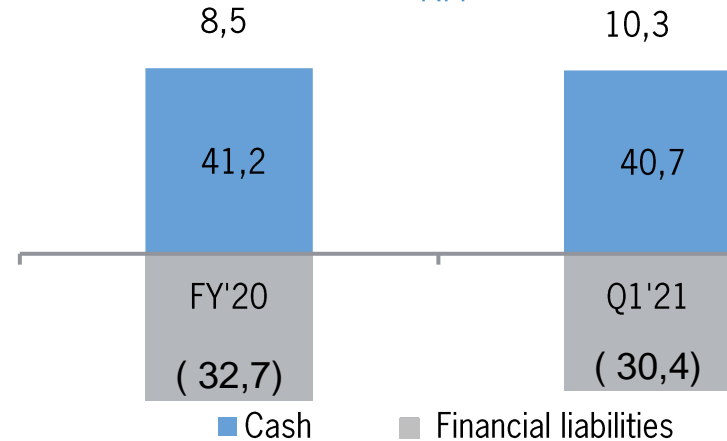
Effective Cash Management

Net Working Capital



Cash Flow	Q1'20	FY'20	Q1'21
Cash flow Operation	-0.3	3.4	2.6
Capex	-1.7	-5.1	-1.1
FCF	-2.0	-1.7	1.5

NFP



Strong decrease in NWC due to effective management of cash and payments

Robust Cash from operations in Q1 2021 to drive a healthy FCF generation

Takeaways



Resilient - Fabless & Lean Operating Structure



Operating Leverage And Strong Cash Conversion



Technology Partnerships As Important Go To Market Amplifiers



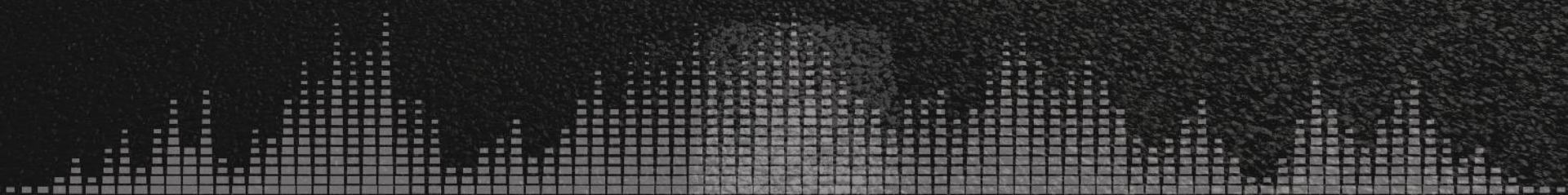
M&A Sustained By a Strong NFP as a Growth Accelerator



Mid-long Term IoT Growth Has Real Potential

Looking Forward

Stay Tuned



Q&A

Ready to Take
Questions

Appendix I

Q1 2021 Consolidated Balance Sheet

	at March 31, 2021	at December 31, 2020
ASSETS		
Intangible assets	87,045	86,775
Property, Plant and equipment	6,163	6,468
Investments in other companies	538	533
Deferred tax assets	7,508	7,478
Medium/long term borrowing allowed to affiliates companies and other Group companies	60	57
Other non-current assets	623	661
Total non-current assets	101,937	101,972
Inventories	17,635	17,393
Trade receivables	9,071	16,441
Income tax receivables	907	900
Other current assets	1,951	1,665
Other current financial assets	125	125
Cash & cash equivalents	40,725	41,222
Total current assets	70,414	77,746
Total assets	172,351	179,718

	at March 31, 2021	at December 31, 2020
LIABILITIES AND EQUITY		
Share capital	8,879	8,879
Share premium reserve	136,400	136,400
Other reserves	(28,850)	(26,415)
Group shareholders' equity	116,429	118,864
Equity attributable to minority interest	-	-
Total shareholders' equity	116,429	118,864
Medium-/long-term borrowing	21,790	23,874
Employee benefit obligations	2,928	2,918
Deferred tax liabilities	3,128	3,166
Other non-current liabilities	1,003	1,342
Total non-current liabilities	28,849	31,300
Trade payables	10,411	10,647
Short-term borrowing	8,759	8,901
Derivative instruments	63	81
Income tax liabilities	332	810
Other current liabilities	7,508	9,115
Total current liabilities	27,073	29,554
Total liabilities	55,922	60,854
Total liabilities and equity	172,351	179,718

Appendix II

Q1 2021 Consolidated Cash Flow Statement

		at March 31, 2021	at December 31, 2020	at March 31, 2020
Cash flow generated (used) in operations	A	2,610	3,388	(304)
Cash flow generated (used) in investment activities	B	(1,135)	(5,092)	(1,712)
Cash flow generated (absorbed) by financial assets	C	(2,208)	13,456	(1,196)
Net foreign exchange difference	D	236	(1,217)	310
Increases (decreases) in cash & cash equivalents	E=A+B+C+D	(497)	10,535	(2,902)
Opening amount in cash & cash equivalents		41,222	30,687	30,687
Cash & cash equivalents at end of period		40,725	41,222	27,785

Appendix III

	1Q 2020 (a)		1Q 2021 adj (b)		change (b-a) amount %		1Q 2021 (b)	
		%		%		%		%
Sales revenue	19,752	100.0%	12,880	100.0%	(6,872)	-34.8%	12,880	100.0%
Cost of material	(9,886)	-50.1%	(6,442)	-50.0%	(3,444)	-34.8%	(6,442)	-50.0%
Gross profit	9,866	49.9%	6,438	50.0%	(3,428)	-34.7%	6,438	50.0%
Services costs	(3,112)	-15.8%	(2,568)	-19.9%	544	-17.5%	(3,634)	-28.2%
Lease & hire costs	(113)	-0.6%	(113)	-0.9%	0	0.0%	(113)	-0.9%
Payroll costs	(5,271)	-26.7%	(4,978)	-38.6%	(293)	-5.6%	(4,978)	-38.6%
Other provisions and costs	(201)	-1.0%	(285)	-2.2%	84	41.8%	(285)	-2.2%
Other revenues	526	2.7%	799	6.2%	273	51.9%	799	6.2%
EBITDA	1,695	8.6%	(707)	-5.5%	(2,402)	n.s.	(1,773)	-13.8%
Depreciation & Amortization	(874)	-4.4%	(1,067)	-8.3%	193	22.1%	(1,067)	-8.3%
Asset impairment	0	0.0%	0	0.0%	0	n/a	0	0.0%
EBIT	821	4.2%	(1,774)	-13.8%	(2,595)	n.s.	(2,840)	-22.0%
Subsidiaries management	0	0.0%	0	0.0%	0	n/a	0	0.0%
Finance expense	(324)	-1.6%	(585)	-4.5%	261	80.6%	(585)	-4.5%
Finance income	372	1.9%	536	4.2%	164	44.1%	536	4.2%
Profit before tax	869	4.4%	(1,823)	-14.2%	(2,692)	n.s.	(2,889)	-22.4%
Income tax	(360)	-1.8%	(44)	-0.3%	(316)	-87.8%	(44)	-0.3%
Net profit (loss) of continuing operations before minority interest	509	2.6%	(1,867)	-14.5%	(2,376)	n.s.	(2,933)	-22.8%
Minority interest	-	0.0%	-	0.0%	-	n/a	-	0.0%
Group net profit (loss) for period	509	2.6%	(1,867)	-14.5%	(2,376)	n.s.	(2,933)	-22.8%

Thank
you