



2021 First Half Results

# **INVESTORS LIVE STREAMING PRESENTATION**

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# H1 2021: Key Highlights

## Financial Summary

- ✓ **Q2 marked a return to revenue growth: +7.5% vs Q1** , but H1 still down YoY
- ✓ Volume decrease negatively affected EBITDA - also influenced by **non recurring costs**
- ✓ **Good cost control** on OPEX

## Progress on IoT

- ✓ **IoT revenues up 15% YoY** and # PoCs increasing

## Backlog Growing

- ✓ **Order intake** nicely growing with a 12-month **uptrend of +40%**
- ✓ ... but watching out on components shortage

# 2021: a year of recovery & repositioning

## Where we are coming from

- ☑ Weak Q1 hitting the bottom of the downside
- ☑ Long cycle business with **slow recovery post-crisis**
- ☑ **One big customer in US** on a weak period, **not coming back before 2022**
- ☑ **Business on Autonomous Driving stopped by customer** for strategic repositioning on Electrification
- ☑ **Good ecosystem** building **with Hyperscalers**, still **work to do** to develop an indirect channel **with Large System Integrators**

# 2021: a year of recovery & repositioning

Where we are going (subject to components shortage)

- 🎯 **Q3 > Q2**
- 🎯 **Q4 >> Q3** & profitable thanks to **operational leverage**
- 🎯 **+30% in opening book for 2022** vs 2021 - as of today
- 🎯 **Mid-long term growth potential on IoT is real**: visibility on **volume of Gateways** shipped in 2022 at **+40% YoY** - as of today

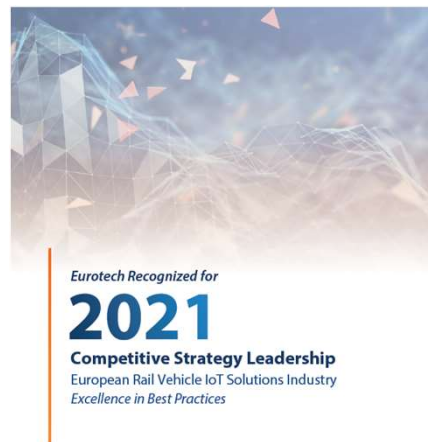
# The journey on the long run

- 🎯 Back to sustainable & sticky **growth**
- 🎯 From mostly Customized HW to **more Standard HW plus SW**
- 🎯 From any market vertical needing high reliability & ruggedization to **5 focused market verticals**
- 🎯 From volatile revenues to **more re-occurring revenues**
- 🎯 From SW to sell more HW to **scaling integrated HW/SW**
- 🎯 Using **M&A to accelerate**

# Industry Analysts recognition keeps momentum

## Market recognition progress

- ✓ **Frost & Sullivan** 2021 Europe Competitive Strategy Leadership Award for **leading the Rail IoT market** with a “full end-to-end OT solutions enabling **seamless IT/OT integration**”
- ✓ **PAC (teknowlogy Group)** confirmed ‘**Best in Class**’ position for Eurotech in the **Open Source Software Platforms** for IoT



FROST & SULLIVAN





# Progress on go-to-market enablers

## Technical Progress

- ✓ We joined the **O-RAN Alliance** to enable us **to play in the 5G Communication ecosystem** with our Edge AI products
- ✓ We have been the **first in our industry to achieve the PSA Certification**, an independent IoT **cybersecurity certification** originally created by ARM and conceived to overcome barriers to global IoT adoption

## Organisation Progress

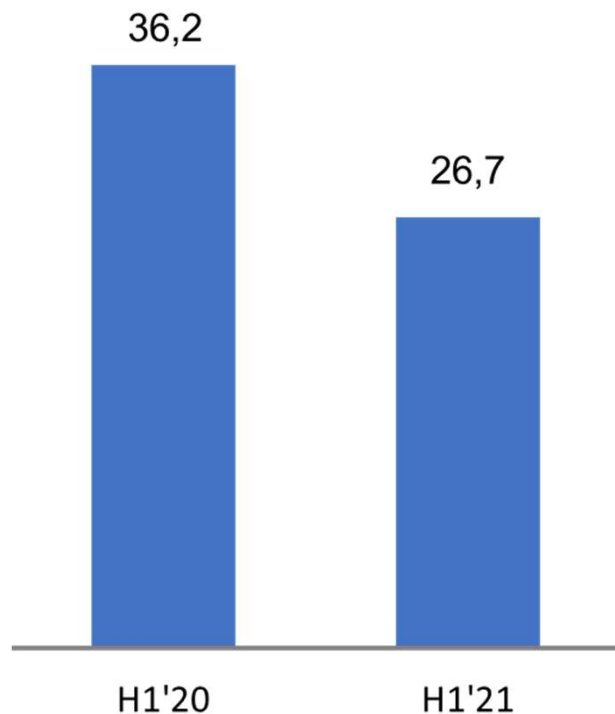
- ✓ **New talents hired:** new business leader EU & US; senior strategic marketing expert; distribution channel manager
- ✓ **Kicked off building of Distribution Channel division**



# H1 2021 Revenues

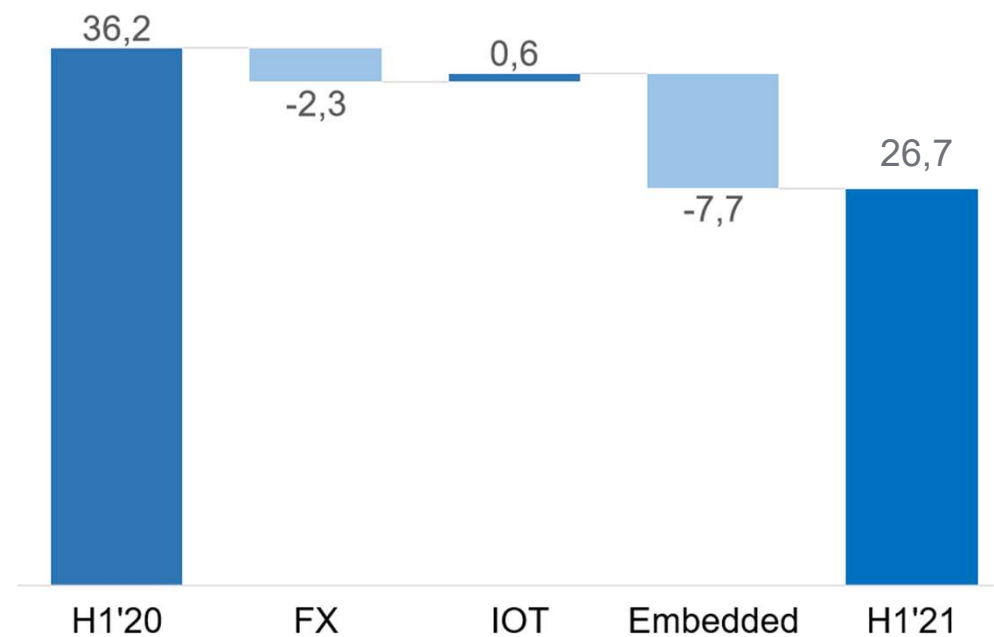
Revenues

All values in € million



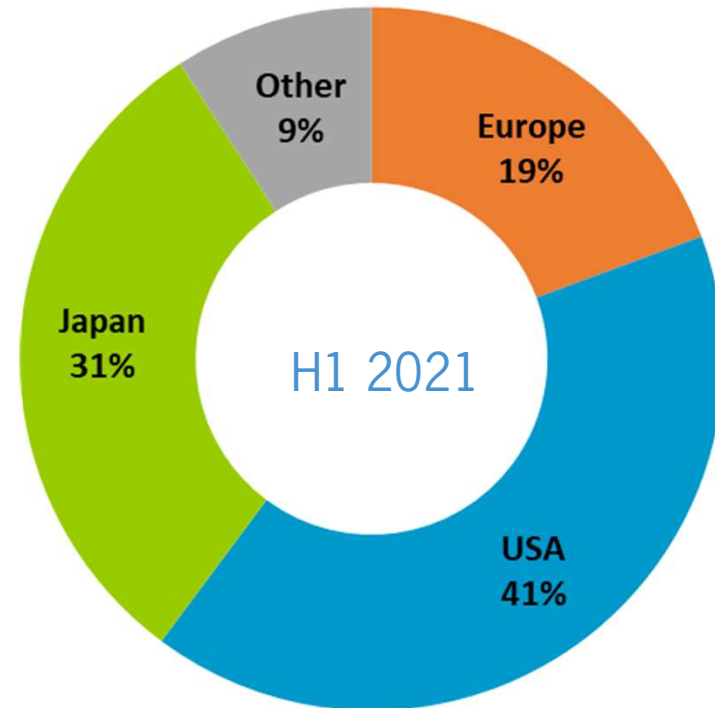
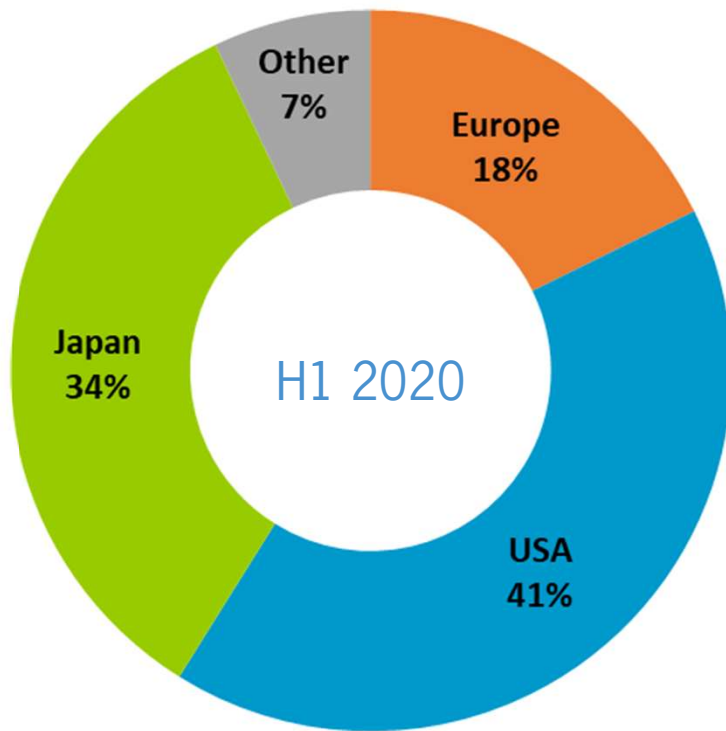
Top line affected by slow recovery - down 26% vs H1 2020  
(-21% at constant exchange rates)

Revenue Bridge



Around €3.0m from projects discontinued from two major clients.  
In terms of segments, IoT increased by 15% proving to be resilient

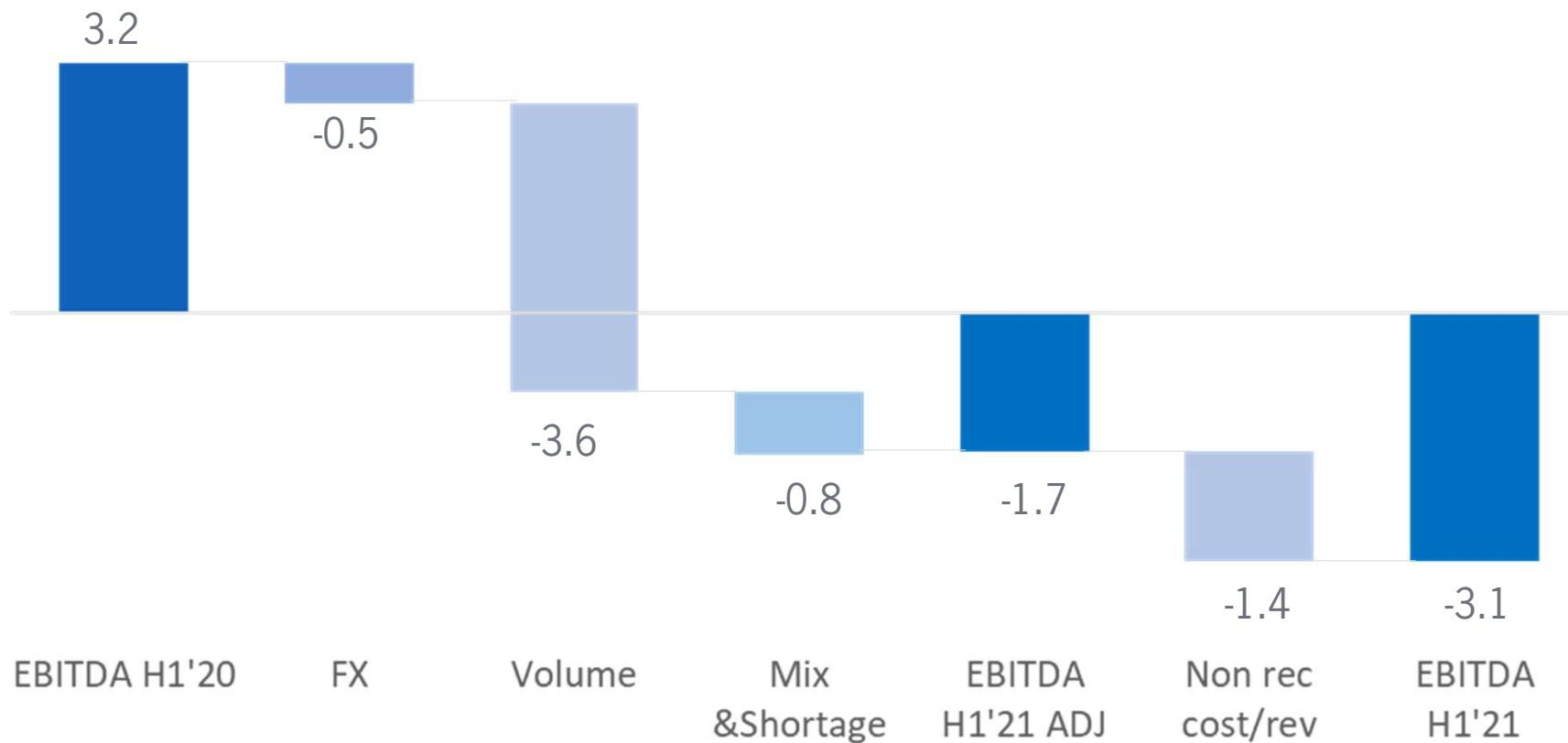
# H1 2021 Revenues by Geography



USA continue to be the first area

# EBITDA Bridge

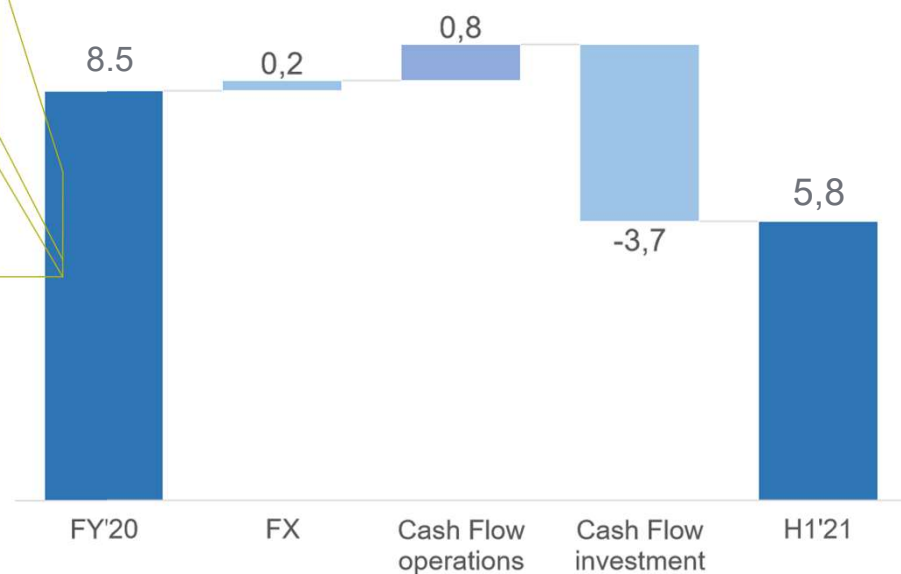
All values in € million



H1 EBITDA affected by sales volume and non recurring costs

# Solid Balance Sheet

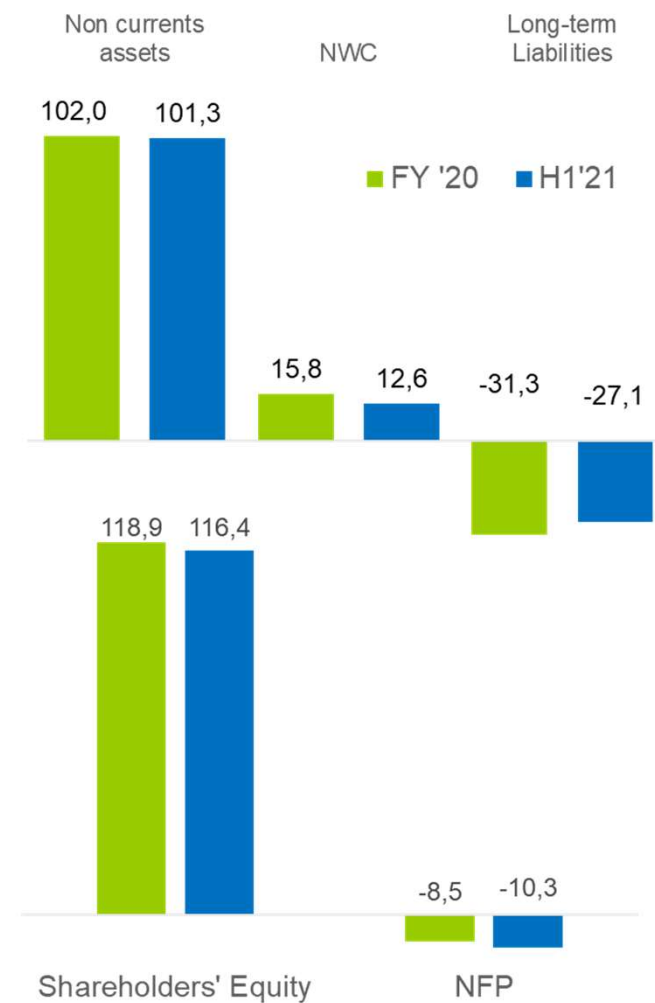
H1 '21 NFP bridge



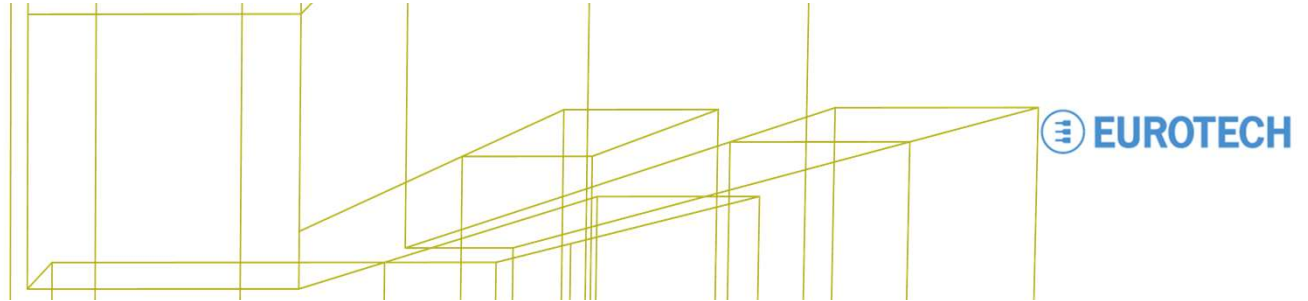
NFP impacted by cash flow investment but **positive generation** of operational cash flow - Decrease in trade receivables

## Net Capital Employed

FY'20 €110m - H1'21 €107m

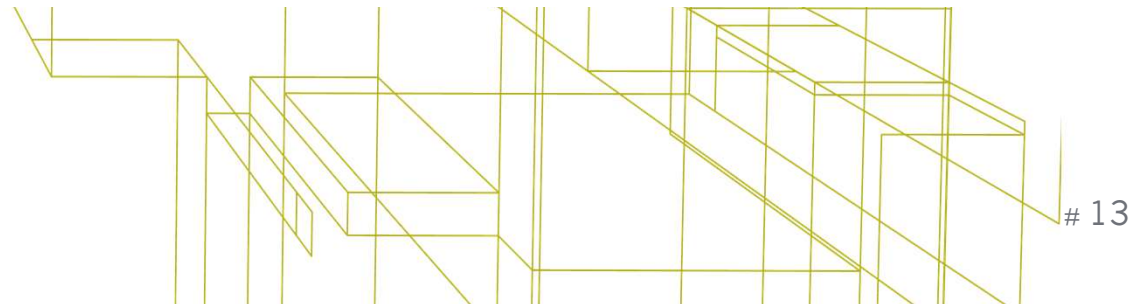


# Takeaways



- ☑ Q2 was the **turning point**, Q3 & Q4 on a growth trend
- ☑ Good order intake is helping to build **2022 backlog**
- ☑ Headwind from **components shortage** will continue, likely into 2022 – we keep working it
- ☑ IoT is growing and **go-to-market initiatives** to accelerate are progressing
- ☑ Double digit growth will leverage also **M&A to accelerate**

Takeaways



The background of the slide is a dark, textured surface composed of numerous thin, light blue fiber optic strands radiating from a central point, creating a starburst effect. Scattered throughout the lower-left and central areas are several out-of-focus, glowing blue circles of varying sizes, resembling bokeh or light particles.

Thank  
you

# Appendix I - Why Eurotech

- ☑ We have **top class solutions for the EDGE**
- ☑ We are **long term** committed
- ☑ We aim at **growing double digit ...**  
by leveraging secular trends and **using M&A to accelerate**
- ☑ With **solid margins ...**  
because of our **differentiation** in high reliability & ruggedized applications and our **innovation** in Edge software
- ☑ With **more re-occurring** and **sticky** type of **revenues ...**  
selling **integrated HW & SW**
- ☑ Leveraging an **agile cost structure ...**  
being **fabless**



## Appendix II – H1 2021 Consolidated Balance Sheet

	at June 30, 2021	at December 31, 2020		at June 30, 2021	at December 31, 2020
(€'000)			<b>LIABILITIES AND EQUITY</b>		
<b>ASSETS</b>			Share capital	8,879	8,879
Intangible assets	86,314	86,775	Share premium reserve	136,400	136,400
Property, Plant and equipment	6,053	6,468	Other reserves	( 32,738)	( 26,415)
Investments in other companies	536	533	<b>Group shareholders' equity</b>	<b>112,541</b>	<b>118,864</b>
Deferred tax assets	7,673	7,478			
Medium/long term borrowing allowed to affiliates companies and other Group companies	59	57	<b>Equity attributable to minority interest</b>	<b>-</b>	<b>-</b>
Other non-current assets	615	661	<b>Total shareholders' equity</b>	<b>112,541</b>	<b>118,864</b>
<b>Total non-current assets</b>	<b>101,250</b>	<b>101,972</b>			
Inventories	18,893	17,393	Medium-/long-term borrowing	20,017	23,874
Trade receivables	8,974	16,441	Employee benefit obligations	2,872	2,918
Income tax receivables	1,166	900	Deferred tax liabilities	3,069	3,166
Other current assets	2,434	1,665	Other non-current liabilities	1,115	1,342
Other current financial assets	125	125	<b>Total non-current liabilities</b>	<b>27,073</b>	<b>31,300</b>
Cash & cash equivalents	34,244	41,222	Trade payables	10,157	10,647
<b>Total current assets</b>	<b>65,836</b>	<b>77,746</b>	Short-term borrowing	8,550	8,901
<b>Total assets</b>	<b>167,086</b>	<b>179,718</b>	Derivative instruments	47	81
			Income tax liabilities	275	810
			Other current liabilities	8,443	9,115
			<b>Total current liabilities</b>	<b>27,472</b>	<b>29,554</b>
			<b>Total liabilities</b>	<b>54,545</b>	<b>60,854</b>
			<b>Total liabilities and equity</b>	<b>167,086</b>	<b>179,718</b>

## Appendix III – H1 2021 Consolidated Operating Results

(€ '000)	1H 2021 (b)	of which non recurrent	%	1H 2020 (a)	%	change (b-a)	
						amount	%
Sales revenue	26,730		100.0%	36,188	100.0%	(9,458)	-26.1%
Cost of material	(13,526)		-50.6%	(17,210)	-47.6%	(3,684)	-21.4%
<b>Gross profit</b>	<b>13,204</b>		<b>49.4%</b>	<b>18,978</b>	<b>52.4%</b>	<b>(5,774)</b>	<b>-30.4%</b>
Services costs	(7,185)	(1,213)	-26.9%	(6,239)	-17.2%	946	15.2%
Lease & hire costs	(209)		-0.8%	(215)	-0.6%	(6)	-2.8%
Payroll costs	(10,154)		-38.0%	(10,684)	-29.5%	(530)	-5.0%
Other provisions and costs	(610)	(202)	-2.3%	(376)	-1.0%	234	62.2%
Other revenues	1,834		6.9%	1,743	4.8%	91	5.2%
<b>EBITDA</b>	<b>(3,120)</b>		<b>-11.7%</b>	<b>3,207</b>	<b>8.9%</b>	<b>(6,327)</b>	<b>197.3%</b>
Depreciation & Amortization	(2,292)		-8.6%	(2,036)	-5.6%	256	12.6%
<b>EBIT</b>	<b>(5,412)</b>		<b>-20.2%</b>	<b>1,111</b>	<b>3.1%</b>	<b>(6,523)</b>	<b>n.s.</b>
Subsidiaries management	0		0.0%	0	0.0%	0	n/a
Finance expense	(805)		-3.0%	(531)	-1.5%	274	51.6%
Finance income	431		1.6%	716	2.0%	(285)	-39.8%
<b>Profit before tax</b>	<b>(5,786)</b>		<b>-21.6%</b>	<b>1,296</b>	<b>3.6%</b>	<b>(7,082)</b>	<b>n.s.</b>
Income tax	25		0.1%	(719)	-2.0%	(744)	103.5%
<b>Net profit (loss) of continuing operations before minority interest</b>	<b>(5,761)</b>		<b>-21.6%</b>	<b>577</b>	<b>1.6%</b>	<b>(6,338)</b>	<b>n.s.</b>
<b>Minority interest</b>	<b>-</b>		<b>0.0%</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>n/a</b>
<b>Group net profit (loss) for period</b>	<b>(5,761)</b>		<b>-21.6%</b>	<b>577</b>	<b>1.6%</b>	<b>(6,338)</b>	<b>n.s.</b>