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welcome

Eurotech is a global company which designs, manufactures and distributes edge computing technology, through an integrated hardware and software offering.

We operate in fast-growth markets worldwide: industrial automation, transportation & offroad, medical, utility grids, and communications.

Eurotech provides the compute capability that enables physical devices and assets to perform beyond all previous expectations, powering human endeavour across the globe.

Through Eurotech’s embedded systems, edge compute solutions, and Internet of Things (IoT) offerings our customers’ assets operate with greater intelligence, becoming more efficient, productive, and sustainable.

Our world is changing, powered by the access to more compute power than ever before.

The cloud enabled a data revolution, where assets could be controlled and monitored remotely.

We are now enabling one of this decades major secular forces: the repatriation of cloud-based analytics and AI to the Edge, enabling assets to become more autonomous, secure and responsive.

The pairing of superior edge processing power with machine learning and artificial intelligence, will fuel the next industrial revolution, and Eurotech will be a significant player in that journey.

 our mission is simple

unleashing the power of the edge
unleashing the power of the edge

we connect valuable assets and enable edge AI in mission-critical applications

we simplify complexity at the edge
to allow fast connection of assets in Industrial Internet-of-Things projects.

we champion cybersecurity at the edge
to make digitization of assets safe in mission critical applications.

we enable AI computing at the edge
to unleash the power of assets data with no latency and lower costs.
Dear Shareholders,

Since joining Eurotech as CEO in April 2021, I have been immensely impressed with the technical excellence established in the first three decades of the company’s life. It is this excellence that attracted me to the role, and which will fuel the next chapter of our growth.

My first few months were concentrated on building a repositioning strategy for the company, so we could better exploit the potential of those technical building blocks that were already in the pipeline in order to become a “relevant player in Edge IoT”.

Our purpose is to enable our customers to connect their mission critical devices to the cloud easily and safely, and to operate AI on the edge. Our ambition is to pivot the mix of the business to more than 70% IoT business over the next 4 years.

We specialize in helping our customers to solve problems in the most challenging and extreme environments, those with demanding high reliability needs.

Extreme temperatures, harsh vibrations, shock, humidity, dust and high-security are applications in which our decades of experience enable us to excel.

I have learned during my career that to succeed when limited by size “less is more” and that the most difficult thing in creating a strategy is first “deciding what not to do”. We agreed therefore to focus mainly on the things we excel at: miniaturized, ruggedized applications with high reliability, security and efficient computational needs.

There is a longer time to market when entering mission critical applications, but barriers to entry are higher, and therefore revenues are stickier over time.

Consequently, we chose to play initially in five high-growth markets where Eurotech’s technology offers significant competitive advantage. In these markets new secular forces are stimulating digitization of the verticals.

They are: industrial automation, transportation & offroad, medical, utility grids, and communications.

Here IoT is finally beginning to deliver its long-promised benefits of greater productivity, more efficient use of resources, and new opportunities for business services. Our products are differentiated and consistently recognized in the IoT landscape by industry analysts. Eurotech is one of only a handful of companies able to deliver fully integrated edge hardware and edge software underpinned by world-class cybersecurity.
Last year, we were proud to be included in Gartner’s Magic Quadrant for Industrial IoT Platforms for the third year in the row. It is simplicity, paired with open architectures, that enables our customers to adopt our technology quickly, and with minimal engineering efforts. This sets us apart from many competitors.

Our edge solutions have been globally recognized for their security certifications. 2021 saw Eurotech become one of the few companies in the world to achieve both product and process cybersecurity certifications IEC 62443-4-2 and IEC 62443-4-1 for integrated edge hardware & software.

In essence, we have started a journey of more standardization of our offerings that will bring us gradually more economies of scale. Furthermore, software is creating reoccurring revenues and growing nicely year-over-year at 50%.

Organization wise, we removed geographical barriers across the enterprise, creating synergies between teams, nurtured existing skills, whilst introducing new ones and new people to the company. I have been extremely proud of the passion and courage of the team at Eurotech in embracing these changes, and in coming together with renewed purpose and drive.

Through changing our go-to-market strategy, and creating a more agile, flexible, and resilient organization we are creating a strong pipeline of IoT business opportunities that will grow consistently, starting end of 2023 and through 2024. Until then, our core business, together with the IoT design wins collected in past years, are sustaining us in a healthy mode.

Recapping 2021, we saw a year with a robust order book that unfortunately did not fully translate to revenue growth. This was due to the industry component shortage: else we would have enjoyed mid-high single digit growth at constant exchange rates.

Ebitda wise we suffered negative results following lack of leverage, one-time costs for organization changes, and premiums paid for scarce component availability.

Looking to 2022, we expect a year of transition and returning to growth. With the reorganization progressing well, we now need to execute against our new strategy. Our embedded business continues to sustain us, and we now see POCs won 2 years ago starting to ramp up consistently.

With more robust go-to-market operations rolled out, we are now focused on the creation and delivery of a healthy pipeline of new business in markets forecasted to achieve double digit growth
in the next 5 years. With a very healthy backlog in hand after the first 2 months of 2022 our aim is to return to positive profits by close of the year.

We also keep strong focus on our M&A pipeline that is targeted to bring new channels, customers and distribution in our selected market verticals, and complementarity to our portfolio in our selected edge product families.

Looking to the future, Eurotech is poised to be a relevant player in the Edge IoT domain.

Pairing IoT connectivity with artificial intelligence computing at the edge is the most exciting opportunity to help our customers succeed in their technical and commercial goals. Cybersecurity remains a major concern for customers as operational technologies become increasingly connected to the outside world.

At the same time, there is a growing recognition that pushing all data to cloud hosted applications is wasteful and inefficient. Processing as much data as possible at or near its source - edge computing - can offer significant benefits, including lower latency and lower operating costs. With our integrated HW and SW platform, we are uniquely positioned to help customers to implement AI applications close to their assets quickly, seamlessly, and securely.

Our opensource SW platform allows high interoperability for the customer. It is also proving to be valuable for many AI independent software vendors and partners traveling to market with us as a "one-stop shop" technically and commercially for the end customer.

I firmly believe this is a natural evolution of existing Edge IoT markets and, despite the geopolitical unrest we are now witnessing, edge AI markets will experience accelerated growth over the next three years.

Of course, we cannot forget that we are living in an increasingly volatile world. The Covid-19 pandemic, electronic component shortage and now the war in Ukraine, are testing the resiliency of many businesses. Our fabless business model keeps us flexible and agile as we keep monitoring the new landscapes and events coming at us.

We are not exposed to Russian and Ukrainian markets and I am confident that we will overcome these tough months we are all witnessing.

We hope that the celebration of our 30th anniversary this year coincides with a world coming back to a certain normality and peace and harmony. Our hearts go out to all those people in Ukraine, and their loved ones, who have had their lives devastated by the war.

I’m optimistic about the road ahead, paired with renewed passion in the team to take our strategy to market. With your commitment as an investor, we embark together on an exciting journey to becoming a relevant Edge IoT player.

Paul Chawla, CEO
2021
—at a glance

**tech excellence** confirmed

Third year consecutively in Gartner® Magic Quadrant™ for IoT Platforms

One of the few to achieve both process & product cybersecurity certification IEC 62443-3-2 and IEC 62443-4-1

**backlog** growing

Order intake marked a +87% vs FY 2020, showing a clear trend inversion to fuel 2022 growth

**tackling** shortage

Moved to a longer term supply chain planning

Re-negotiated prices with customers, effects visible starting from Q2 2022
**financial highlights**

Component shortage prevented 5.5% YoY growth

- IoT confirmed 15% increase YoY proving resilience
- Headwind from components shortage dictated embedded performance

**revenues breakdown by geography**

- USA sustained by legacy business
- Japan with growing order intake in Q3 & Q4 only partially converted into revenues due to lack of components
- Europe affected by stop on autonomous car business and waiting for IoT projects to ramp up
financial highlights

EBITA burdened by gross margin contraction

EBITDA affected by shortage and change in product mix, together with non-recurring costs

operational leverage not activated due to lack of sufficient volume

all values in M€
financial highlights

solid balance sheet

FY2021 NFP bridge

- NFP impacted by cash flow investment
- positive generation of operational cash flow thanks to control of NWC

all values in M€
why — eurotech

EUROTECH IS A GLOBAL EDGE IOT PLAYER WHO HAS A TECHNOLOGY-LED AND MARKET-FOCUSED VALUE PROPOSITION

we have top class edge technology

we are committed long term

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 hardware & software
about — us

who we are

we have a passion
for digital technology.

we want to enable
a smarter and more sustainable world.

we are focused
on accelerating our journey to become a relevant Edge IoT Player.

our culture

Our values underpin every aspect of our business, from how we work with our customers and partners, to how our employees operate as One Eurotech.

we embrace technology evolution
building on our expertise, challenging it to evolve as the frontier of innovation moves forward, and working creatively within an open ecosystem.

we are entrepreneurial
acting with vision, enthusiasm, dedication, and ambition.

we play to win
focusing our effort on the markets in which we can win. Building high performance teams to win and retain new customers. Making the right choices to place us in the most rewarding scenarios.

we care about our impact
believing in respect and integrity, we deploy the high ethical standards of UN Global Compact when carrying out our business globally.
Eurotech was born in 1992 as a visionary company inspired by the possibilities of miniaturized computers. Since day one, innovation has been the distinctive signature of how the company wanted to compete. Several times thought our history we have been first movers and we came first in the market with break-through technology. In the search of a niche to safely grow from a start-up to a relevant player in the embedded computing market, we choose to focus on offering products for harsh operating environment and mission critical applications. Still today, this ability to distinguish ourselves when customer requirements are demanding is a key pillar of our competitive advantage.

At Eurotech we have always looked at computers as enablers of a better world, and this care for developing digital technologies that have a positive impact on society has been accompanying us in our 30 years of history.
milestones — in our history

offering evolution: from embedded computing to complete edge solutions

1999
co-authors of MQTT with IBM

2012
co-founders of open-source IoT

2021
IEC 62443

1992

2009
first HPC with direct liquid cooling

2013
integrated HW&SW

greenest HPC in the world

unleashing the power of the edge

HW modules
HW subsystems
first HPC with direct liquid cooling
integrated HW&SW
greenest HPC in the world
intelligent edge platform
investments & global footprint — history

from technology start-up to international public company

1992
Private equity taking a 32% stake

2001
Bolt-on acquisition in US

2003
Bolt-on acquisition in France

2004
IPO on the STAR segment of Borsa Italiana

2005
Capital increase

2006
Further expansion in Japan via M&A

2007
Sale of US subsidiary focused on defence

2008
International expansion in UK & US via M&A

2013
Capital increase

start-up

2001
Bolt-on acquisition in US

2004
IPO on the STAR segment of Borsa Italiana

2006
Further expansion in Japan via M&A

2007
Sale of US subsidiary focused on defence

2013
the value we create

for **our customers & partners**

**collect & connect**

Easy “south-bound connection” to assets thanks to plug-in modules. Certified “north-bound connection” to leading cloud platforms.

**protect**

Certified state of art cybersecurity to connect mission critical assets.

**enhance**

Enable the “repatriation” of AI computing from the cloud to the edge thanks to the agnostic approach of our edge software platform.

**tune**

Modular HW and SW allowing easy and fast “last mile” configuration and personalisation to special needs.
one-stop shop — for IoT edge

edge AI
edge servers
edge gateways

connection
system integrator
content delivery & network
app & analytics
platforms
edge software
edge & data centers
gateways
sensors

easy northbound integration and connection to cloud platform
open to third-party AI
easy southbound connection to the assets
product strategy

Over the next years, Eurotech’s product strategy will exploit the technical excellence held in the company, chase high growth market segments, and look to the future to stay at the forefront of the digital technology evolution.

The rapid adoption across all vertical markets of Industrial IoT presents a clear scenario of strategic product options.

Here we will focus on those product segments which are projected to scale faster and present a higher CAGR.

leveraging on strong growing edge gateways, edge AI and IoT platforms

global market of industrial IoT by product segment

(in US $Bn - 2020 / 2025)

3.0 4.0
3.6 5.0
2.1 2.5
1.3 3.5
2.9
1.9 4.5

source: adapted from MEC, VDC, IoT Analytics
we have the knowledge and expertise to enable AI computing at the edge
Running AI algorithms in the cloud to control assets in the field presents challenges of latency, data transport costs and data storage costs. These challenges can be overcome by moving AI at the edge of the network, and on the assets themselves.
We see this as a huge opportunity: with our knowledge and expertise we can create simple and secure computing architectures for our customers to build a home at the edge for the AI products of their choice.

we believe in cybersecurity by design and certified
The state of the art of cybersecurity can only be achieved when it's taken into consideration since the beginning of the designing process.
Moreover, solutions are made of hardware and software that have to work together seamlessly, so our ability to leverage integrated hardware and software offers many benefits for achieving a premium cybersecurity.
We have attained best-in-class cybersecurity certification IEC 62443-4-2 on integrated hardware and software with a product combining our edge gateway ReliaGATE 10-14 and our edge software Framework ESF. In the ecosystem where we play, only a handful of players can claim this.

we are committed to open and interoperable technology
By creating open-source products and building modular architectures, our customers are empowered to adopt technology without the fear of being locked in and constrained by a given vendor ecosystem.
While customers can get the most out of our technology by adopting our end-to-end integrated edge hardware and software, we believe it must be their choice.

product strategy

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vertical market — strategy

Eurotech’s vertical market strategy demonstrates our ambition to continue to deliver against demanding customers and use cases. We serve mission-critical applications where reliability, security and the ability to operate in harsh environments are paramount.

Here we can leverage both our experience in markets requiring ruggedization of hardware, and also the certified, cutting-edge cybersecurity of our integrated edge hardware and software.

We recognize that winning opportunities in mission-critical applications takes longer. The typical conversion time of 12-24 months allows us to enjoy higher barriers to entry for competitors and longer life cycles.

We focus our attention specifically on those markets where external driving forces are accelerating growth rate and digital transformation.
vertical market — strategy

These external driving forces are:

**repatriation**
a trend of bringing big-data compute and AI algorithms close to, or onboard, the assets. This reduces the reliance on cloud infrastructure and associated costs – including carbon footprint.

**5G**
a decentralized communication network driving a widespread insurgence of edge data centers sitting between field assets and the cloud data centers.

**automation & servitization**
the transformation of business models towards everything as-a-service, which drives the need for assets to be remotely monitored, controlled, and operated via secure edge technology.

**green & smart energy**
the big challenge of powering the planet sustainably and efficiently.

**recovery plans**
a boost to the upgrade and growth of critical infrastructures that are the backbone for a more sustainable economy.
a business model — to drive scale

Eurotech’s new business model brings together the historical innovative spin and specialization in mission-critical applications with a new focalization on selected product families & market verticals and a significant enhancement of indirect sales through an ecosystem of partners.

Historically, Eurotech has been selling customized embedded computer though a direct engagement with end customers. Going forward, large System Integrators and Hyperscalers will become more and more the channels to amplify our possibility reach new customers.

To facilitate sales through indirect channels, we seek to continue to produce standardized offerings, which can be easily configured across multiple applications and markets, rather than customized for niche applications. The delineation between configuration and customization is an important one: it drives a modular approach to the design of both hardware and software products to ease their deployment by partners.

By building relationships with customers in mission critical applications, where entry barriers are higher, we can enjoy sticky, repeatable business over long life cycles.

But is the software piece that will more and more allow us to enjoy recurring revenues, from both subscriptions and maintenance fees.

Moreover, through our opensource approach and agnosticity to third party add-ons, flexibility is offered to customers to choose the AI products they prefer and adapt their systems over time as new AI innovation come to market. All with the reassurance that our platform is providing the vital cybersecurity guardrails at the Edge.
our environmental, social & governance commitment

We strive to act on our commitment to United Nations’ Sustainable Development Goals since 2009.

As we grow our Industrial IoT applications we realize their potential to support a more sustainable world. We imagine how digital technology can be used to make existing assets smarter, and infrastructures more efficient, reducing the burden on our planet’s limited resources.

Being listed on the Euronext STAR Milan segment, we are committed to complying with the most rigorous requirements in terms of transparency and corporate governance.