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PRESS RELEASE

EUROTECH: CONSOLIDATED FINANCIAL STATEMENTS AND DRAFT OF SEPARATE FINANCIAL STATEMENTS FOR 2021 APPROVED BY THE BOARD OF DIRECTORS

The fourth-quarter growth in revenues confirms the positive trend, but the difficulty of sourcing components prevents a revenue growth over the twelve months. Negative EBITDA due to the effect of non-recurring costs, of extra costs arising from component shortages and non-activation of the operating leverage. Double-digit growth expected in 2022, supported by a backlog at the beginning of the year that double the backlog at the beginning of 2021.

Amaro (Italy), 15 March 2022

- Consolidated revenues at €63.1 million (€69.3 million as at 31.12.2020, -5.5% at constant exchange rates)
- Consolidated gross profit at €29.5 million and 46.7% of revenues (€36.5 million and 52.7% of revenues as at 31.12.2020)
- Consolidated EBITDA at - €2.7 million (€6.6 million as at 31.12.2020)
- Non-recurring costs of €2.4 million (resulting from the change of CEO and the reorganisation of Group resources)
- Consolidated EBIT at - €7.6 million (€2.4 million as at 31.12.2020)
- Group net profit at - €10.4 million (€0.1 million as at 31.12.2020)
- Net financial position with net cash at €6.2 million (€8.6 million as at 31.12.2020)

Today, the Board of Directors of Eurotech S.p.A. reviewed and approved the consolidated financial statements and the draft of separate financial statements for 2021.

Operating performance in the period

Despite the continuation of the pandemic with several lock-downs, we have not experienced any slowdowns in the emergence of new opportunities for IoT projects and in orders intake from our customer base during 2021.

In fact, Eurotech's order book has increased sharply during the year, which, without the component shortage, would have allowed it to record a growth in turnover of 5-7% in 2021 at constant exchange rates compared to the previous year.

The core business has been a driving force, but the IoT POCs activated in previous years have also experienced an acceleration. In particular, during 2021, we recorded an increase in orders in the smart agriculture sector in the US, in the semiconductor machinery sector in Japan, and in the railway sector in Europe.

Undelivered orders due to unavailability of electronic components amounted to approximately €7 million. About half of these orders have been rescheduled to 2022, while the other half have been moved out to 2023.

In general, the trend in orders and the fact that the Eurotech Group has an order book at the beginning of the year for 2022 that double the order book at the beginning of 2021, bodes well for the growth expected in 2022.

Operating performance of the Eurotech Group

Consolidated revenues in the twelve months of 2021 amounted to €63.15 million, compared to €69.26 million in the twelve months of 2020, a decrease of 5.5% at constant exchange rates (-8.8% at historical exchange rates). The fourth quarter has confirmed the positive trend, increasing by 15.0% YoY and 11.4% QoQ, but difficulties in sourcing components prevented to reach a turnover sufficient to produce twelve-month growth.

The sales generated in North America were 43% of the total (twelve months 2020: 36%) followed by Japan with 32% (twelve months 2020: 35%), while Europe accounted for the remaining 18% (twelve months 2020: 24%).

The US was the area where traditional embedded business grew, thanks to the increase in orders in the transport & off-road sector, also as a result of the Biden administration's stimulus plan.

Due to the shortage of components, the Japanese area suffered a slowdown in the ramp-up of new projects, which should have offset the cyclical drop in business with some historic customers. Order intake in the second half of the year was strong, but due to the long procurement times some of the orders received did not translate into turnover for the year.

The European area is the one that suffered the most from a contraction in turnover, mainly due to the failure to offset the business in level 5 autonomous cars, terminated by the customer following the abrupt strategic repositioning of investments towards electrification that took place during the Covid phase. The cycle of activating new business, equivalent in size to that lost, typically takes at least 24 months, therefore 2021 still suffered the negative effects that had already begun in 2020. However, in 2021 we have seen some signs of recovery in the autonomous car sector, with some projects restarting and some orders intake that will materialise in 2022 and 2023.

The **gross profit** of the period under review, as a percentage of turnover, was 46.7%, compared to 52.7% in the twelve months of 2020. The reduction in profit margin is the combined effect of two elements: higher costs incurred to purchase certain low-availability components in order to be able to deliver products to

customers, and a different mix of products sold. Higher procurement costs were not always passed on in full to customers during the year, but measures were taken on selling prices to allow profitability to recover in 2022. In terms of product mix, 2020 still benefited from the premium profit from High Performance Edge Computers (HPEC) orders for level 5 autonomous cars, which did not instead contribute in 2021.

In the twelve months under review, **operating costs** before adjustments and net of non-recurring costs amounted to €33.69 million, in line with the amount recorded in 2020 (€33.75 million). As a result of the reorganisation, it was possible to create space to start go-to-market strengthening while minimising the impact on operating costs in the year.

Non-recurring costs amounted to €2.42 million, of which €1.3 million arose from the termination of the relationship between the Company and the previous CEO and €1.1 million from the reorganisation of certain Group companies.

Adjusted EBITDA is close to break-even and amounts to - €0.32 million (-0.5% of revenues), compared to €6.63 million in 2020 (9.6% of revenues). Including non-recurring costs, **EBITDA** in 2021 stood at - €2.75 million.

Adjusted EBIT, i.e. the operating result for the year net of non-recurring costs, was - €5.10 million (-8.08% of revenues), compared to €2.44 million in 2020 (3.5% of revenues). Operating result (**EBIT**), including non-recurring costs, amounted to - €7.59 million in 2021.

The Group's **net loss** for the year stood at - €10.41 million, while a profit of €1.83 million was registered in 2020. This trend reflects both the decrease in EBIT and the different tax burden of the subsidiaries, and the fact that no deferred tax assets have been recognised on the estimated tax losses for the period.

Statement of financial position of the Eurotech Group

The Group's **financial position** as at 31 December 2021 shows a **positive net cash** position of €6.2 million, compared with €8.6 million as at 31 December 2020. The reduction in the net financial position was limited thanks to the tight control of net working capital.

The Group's **cash and cash equivalents** amounted to €31.7 million as at 31 December 2021, compared to €41.2 million at the end of 2020. Operations generated cash of €3.3 million, while €5.3 million was used for investments and €8.1 million for repayment of loans payable.

Net working capital amounted to €10.4 million as at 31 December 2021, compared to €15.8 million as at 31 December 2020, with a reduction of €5.4 million obtained thanks to a careful and effective management of trade receivables and trade payables. Net working capital as a percentage of turnover was 16.5% in 2021, compared to 22.9% at the end of 2020.

Group **shareholders' equity** was €110.4 million (€118.7 million as at 31 December 2020).

Business outlook

In order to partially mitigate the problem of the shortage of electronic components, which is certain to continue into 2022, in addition to the increase in sales prices, two further initiatives have been set in motion that will produce effects in the coming months: on the one hand, the redesign of some systems to use alternative components that are more readily available and/or less costly; on the other, the reorganisation of the supply chain on more standard and higher-volume products, giving forecasts and longer-range orders (12-24 months) to suppliers.

In addition, the process of changing the organisation to align it with the needs of implementing the new outlined strategy will continue. New employees with different backgrounds and experiences will join the teams in the different locations, particularly in Europe and the USA. In addition to strengthening managerial functions, new hires will be made in the areas of sales support and research and development.

Finally, work on potential inorganic growth targets will continue. This is a process that is integrally buy-side, and therefore with longer lead times and more complex ways of development than the more traditional sell-side processes. Inorganic growth remains an important part of the strategy as an accelerating factor in the development of sales channels, the penetration of the five vertical target markets we have chosen, and the completion of the offering in the HW product families for Edge computing on which we are now focusing.

Separate Financial Statements of the Parent Company, Eurotech S.p.A.

Revenues of the Parent Company Eurotech S.p.A. decreased by 14.9% and amounted to €16.45 million, compared to €19.33 million in 2020. Operating income for the year amounted to € -7.61 million, while in 2020 it was € -2.11 million. The net result for the year shows a loss of €6.33 million (in 2020: a loss of €3.00 million). The shareholders' equity of Eurotech S.p.A. at December 31, 2021 was €140.74 million, compared to €147.10 million in 2020. The Parent Company shows a net financial position, i.e. net cash, of Euro 29.95 million in 2021, compared to the 2020 figure of Euro 29.00 million.

The Board of Directors will propose to the Shareholders' Meeting that the loss for the year of €6,633,135 be carried forward.

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The Financial Reporting Manager Sandro Barazza certifies, pursuant to article 154-bis, paragraph 2 of the Consolidated Finance Act, that the accounting information contained in this press release corresponds to the company's documents, books and accounting records.

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THE EUROTECH GROUP

Eurotech (ETH:IM) is a multinational that designs, develops and supplies Edge Computers and Internet of Things (IoT) solutions, complete with services, software and hardware, to system integrators and companies. By adopting Eurotech solutions, customers have access to components and software platforms for IoT, Edge Gateways to enable the monitoring of assets and High-Performance Edge Computers (HPECs) for applications including Artificial Intelligence (AI). In order to offer increasingly complete solutions, Eurotech has partnered leading companies in their fields, in this way creating a global ecosystem that allows them to develop "best in class" solutions for the Industrial Internet of Things. For more information about Eurotech: www.eurotech.com.

Corporate contacts:

Investor Relations
Andrea Barbaro
Tel. +39 0433 485411
e-mail: andrea.barbaro@eurotech.com

Corporate Communication
Federica Maion
Tel. +39 0433 485411
e-mail: federica.maion@eurotech.com

ANNEXES – FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(€ '000)	FY 2021 (b)	of which non recurrent	of which related parties	%	FY 2020 (a)	of which related parties	%	change (b-a) amount	change (b-a) %
Sales revenue	63,148		11	100.0%	69,259	3	100.0%	(6,111)	-8.8%
Cost of material	(33,670)			-53.3%	(32,741)		-47.3%	929	2.8%
Gross profit	**29,478**			**46.7%**	**36,518**		**52.7%**	**(7,040)**	**-19.3%**
Services costs	(13,623)	(1,357)	(974)	-21.6%	(12,150)	(421)	-17.5%	1,473	12.1%
Lease & hire costs	(386)			-0.6%	(404)		-0.6%	(18)	-4.5%
Payroll costs	(20,721)	(488)		-32.8%	(20,095)		-29.0%	626	3.1%
Other provisions and costs	(1,384)	(577)		-2.2%	(1,099)		-1.6%	285	25.9%
Other revenues	3,889			6.2%	3,862		5.6%	27	0.7%
EBITDA	**(2,747)**	**(2,422)**		**-4.4%**	**6,632**		**9.6%**	**(9,379)**	**141.4%**
Depreciation & Amortization	(4,574)			-7.2%	(4,042)		-5.8%	532	13.2%
Asset impairment	(205)	(61)		-0.3%	(151)		-0.2%	54	35.8%
EBIT	**(7,587)**	**(2,483)**		**-12.0%**	**2,439**		**3.5%**	**(10,026)**	**411.1%**
Subsidiaries management	(3)			0.0%	61		0.1%	64	-104.9%
Finance expense	(1,295)			-2.1%	(1,461)		-2.1%	(166)	-11.4%
Finance income	896		1	1.4%	793	4	1.1%	103	13.0%
Profit before tax	**(7,989)**	**(2,483)**		**-12.7%**	**1,832**		**2.6%**	**(9,821)**	**n.s.**
Income tax	(2,419)			-3.8%	(1,700)		-2.5%	719	42.3%
Net profit (loss) of continuing operations before minority interest	**(10,408)**	**(2,483)**		**-16.5%**	**132**		**0.2%**	**(10,540)**	**n.s.**
Minority interest	**-**			**0.0%**	**-**		**0.0%**	**-**	**n/a**
Group net profit (loss) for period	**(10,408)**	**(2,483)**		**-16.5%**	**132**		**0.2%**	**(10,540)**	**n.s.**
Base earnings per share	**(0.294)**				**0.004**				
Diluted earnings per share	**(0.294)**				**0.004**				

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€'000)	at December 31, 2021	of which related parties	at December 31, 2020	of which related parties
ASSETS				
Intangible assets	88,043		86,775	
Property, Plant and equipment	5,229		6,468	
Investments in other companies	542		533	
Deferred tax assets	6,504		7,478	
Medium/long term borrowing allowed to affiliates companies and other Group companies	62	62	57	57
Other non-current assets	620		661	
Total non-current assets	**101,000**		**101,972**	
Inventories	17,646		17,393	
Trade receivables	11,280	1	16,441	1
Income tax receivables	801		900	
Other current assets	2,130		1,665	
Other current financial assets	123	2	125	1
Derivative instruments	4		-	
Cash & cash equivalents	31,704		41,222	
Total current assets	**63,688**		**77,746**	
Non-current assets classified as held for sale	**365**		**-**	
Total assets	**165,053**		**179,718**	
LIABILITIES AND EQUITY				
Share capital	8,879		8,879	
Share premium reserve	136,400		136,400	
Other reserves	(34,843)		(26,415)	
Group shareholders' equity	**110,436**		**118,864**	
Equity attributable to minority interest	**-**		**-**	
Total shareholders' equity	**110,436**		**118,864**	
Medium-/long-term borrowing	17,535		23,874	
Employee benefit obligations	2,844		2,918	
Deferred tax liabilities	3,200		3,166	
Other non-current liabilities	1,477		1,342	
Total non-current liabilities	**25,056**		**31,300**	
Trade payables	13,005	487	10,647	345
Short-term borrowing	8,137		8,901	
Derivative instruments	11		81	
Income tax liabilities	215		810	
Other current liabilities	8,193		9,115	
Total current liabilities	**29,561**		**29,554**	
Total liabilities	**54,617**		**60,854**	
Total liabilities and equity	**165,053**		**179,718**	

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, 2020	**8,879**	**1,776**	**136,400**	**11,457**	**(39,574)**	**(81)**	**(640)**	**1,197**	**(682)**	**132**	**118,864**	**-**	**118,864**
2020 Result allocation	-	-	-	-	132	-	-	-	-	(132)	-	-	-
Profit (loss) as at December 31, 2021	-	-	-	-	-	-	-	-	-	(10,408)	(10,408)	-	(10,408)
Comprehensive other profit (loss):													
- Hedge transactions	-	-	-	-		75	-	-	-	-	75	-	75
- Actuarial gains/(losses) on defined benefit plans for employees	-	-	-	-	-	-	19	-	-	-	19	-	19
- Foreign balance sheets conversion difference	-	-	-	(1,173)	-			-	-	-	(1,173)	-	(1,173)
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	-	2,877	-	-	2,877	-	2,877
Total Comprehensive result	**-**	**-**	**-**	**(1,173)**	**-**	**75**	**19**	**2,877**	**-**	**(10,408)**	**(8,610)**	**-**	**(8,610)**
- Performance Share Plan	-	-	-	-	(289)	-	-	-	471	-	182	-	182
Balance as at December 31, 2021	**8,879**	**1,776**	**136,400**	**10,284**	**(39,731)**	**(6)**	**(621)**	**4,074**	**(211)**	**(10,408)**	**110,436**	**-**	**110,436**

SUMMARY CASH FLOW STATEMENT

(€'000)		at December 31, 2021	at December 31, 2020
Cash flow generated (used) in operations	A	3,279	3,388
Cash flow generated (used) in investment activities	B	(5,274)	(5,092)
Cash flow generated (absorbed) by financial assets	C	(8,059)	13,456
Net foreign exchange difference	D	536	(1,217)
Increases (decreases) in cash & cash equivalents	E=A+B+C+D	(9,518)	10,535
Opening amount in cash & cash equivalents		**41,222**	**30,687**
Cash & cash equivalents at end of period		**31,704**	**41,222**

NET FINANCIAL POSITION

(€'000)			at December 31, 2021	at December 31, 2020
Cash		A	(31,704)	(41,222)
Cash equivalents		B	-	-
Other current financial assets		C	(123)	(125)
Cash equivalent		**D=A+B+C**	**(31,827)**	**(41,347)**
Current financial debt		E	99	328
Current portion of non-current financial debt		F	8,045	8,654
Short-term financial position		**G=E+F**	**8,144**	**8,982**
Short-term net financial position		**H=G+D**	**(23,683)**	**(32,365)**
Non current financial debt		I	17,535	23,874
Debt instrument		J	-	-
Trade payables and other non-current payables		K	-	-
Medium-/long-term net financial position		**L=I+J+K**	**17,535**	**23,874**
(NET FINANCIAL POSITION) NET DEBT ESMA		M=H+L	(6,148)	(8,491)
Medium/long term borrowing allowed to affiliates companies and other Group companies		N	(62)	(57)
(NET FINANCIAL POSITION) NET DEBT	P	O=M+N	(6,210)	(8,548)

NET WORKING CAPITAL

	at December 31, 2021	at December 31, 2020	Changes
Inventories	17,646	17,393	253
Trade receivables	11,280	16,441	(5,161)
Income tax receivables	801	900	(99)
Other current assets	2,130	1,665	465
Current assets	**31,857**	**36,399**	**(4,542)**
Trade payables	(13,005)	(10,647)	(2,358)
Income tax liabilities	(215)	(810)	595
Other current liabilities	(8,193)	(9,115)	922
Current liabilities	**(21,413)**	**(20,572)**	**(841)**
Net working capital	10,444	15,827	(5,383)