

**Consolidated Interim
Management Report
at 30 September 2021**

*This document has been translated into English
for the convenience of readers outside Italy.
The original Italian document should be considered
the authoritative version.*

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EUROTECH S.p.A.
Registered offices: Via Fratelli Solari 3/A, Amaro (Udine), Italy
Share capital: €8,878,946 fully paid in
Tax code and
Udine Company Register no. 01791330309

CONTENTS

Corporate Bodies	4
Performance highlights	5
<i>Revenues by business line</i>	6
<i>Summary of the results</i>	6
Information for shareholders	8
The Eurotech Group	9
Summary of performance in the third quarter of 2021 and business outlook	11
<i>Introduction</i>	11
<i>Reporting policies</i>	11
<i>COVID-19 update</i>	12
<i>Operating performance in the period</i>	12
Financial statements and explanatory notes	15
<i>Consolidated income statement</i>	15
<i>Consolidated statement of comprehensive income</i>	17
<i>Consolidated statement of financial position</i>	18
<i>Consolidated statement of changes in equity</i>	19
<i>Net financial position</i>	20
<i>Net working capital</i>	20
<i>Cash flows</i>	21
<i>A - Group business</i>	22
<i>B - Basis of consolidation</i>	22
<i>C - Revenues</i>	23
<i>D - Costs of raw & auxiliary materials and consumables used</i>	25
<i>E - Service costs</i>	25
<i>F - Payroll costs</i>	25
<i>G - Other provisions and costs</i>	26
<i>H - Other revenues</i>	26
<i>I - Depreciation, amortisation and impairment</i>	26
<i>J - Financial income and expenses</i>	26
<i>K - Income taxes</i>	27
<i>L - Non-current assets</i>	28
<i>M - Net working capital</i>	29
<i>N - Net financial position</i>	29
<i>O - Changes in equity</i>	29
<i>P - Significant events in the quarter</i>	30
<i>Q - Events after 30 September 2021</i>	30
<i>R - Risks and uncertainties</i>	31
<i>S - Other information</i>	31
Declaration of the Financial Reporting Manager	33

Corporate Bodies

Board of Directors	
Chairman	Patrizio Mapelli
Vice Chairman	Aldo Fumagalli ¹
Director	Paul Chawla
Director	Marco Costaguta ¹
Director	Susanna Curti ^{1 5}
Director	Maria Grazia Filippini ^{1 2 3 4 5}
Director	Antongiulio Marti ^{1 3}
Director	Chiara Mio ^{1 2 3 4}
Director	Laura Rovizzi ^{1 2 4 5}

The Board of Directors currently in office was appointed by shareholders at the Annual General Meeting of 28 April 2020 and was supplemented at the Annual General Meeting of 11 June 2021; it will remain in office until approval of the 2022 financial statements.

Board of Statutory Auditors	
Chairman	Fabio Monti
Statutory Auditor	Pietro Biagio Monterisi
Statutory Auditor	Daniela Savi
Substitute Statutory Auditor	Luigina Zocco

The Board of Statutory Auditors currently in office, with the exception of Mr. Monterisi, who took over on 23 June 2021 from the auditor Mr. Rebecchini, who resigned, was appointed by shareholders at the Annual General Meeting of 28 April 2020, and will remain in office until approval of the 2022 financial statements.

Independent auditor
PricewaterhouseCoopers

The independent auditor was appointed for the period 2014-2022 by shareholders at the Annual General Meeting of 24 April 2014.

Corporate name and registered offices of the Parent Company
Eurotech S.p.A. Via Fratelli Solari 3/A 33020 Amaro (UD), Italy Udine Company Register number 01791330309

¹ Non-executive Directors.

² Independent Directors pursuant to the Corporate Governance Code issued by the Italian Corporate Governance Committee for Listed Companies.

³ Member of the Control and Risks Committee

⁴ Member of the Committee for Transactions with Related Parties

⁵ Member of the Remuneration and Appointments Committee

Performance highlights

Financial data

3rd Q 2021	%	3rd Q 2020	%	% change	(€'000)	9M 2021	%	9M 2020	%	% change
OPERATING RESULTS										
17,224	100.0%	16,384	100.0%	5.1%	SALES REVENUES	43,954	100.0%	52,572	100.0%	-16.4%
7,618	44.2%	8,911	54.4%	-14.5%	GROSS PROFIT MARGIN (*)	20,822	47.4%	27,889	53.0%	-25.3%
64	0.4%	1,662	10.1%	-96.1%	EBITDA ADJ (***)	(1,641)	-3.7%	4,869	9.3%	-133.7%
(57)	-0.3%	0	0.0%	n/a	Non recurring costs	(1,472)	-3.3%	0	0.0%	n/a
7	0.0%	1,662	10.1%	-99.6%	EBITDA (**)	(3,113)	-7.1%	4,869	9.3%	-163.9%
(1,119)	-6.5%	691	4.2%	-261.9%	EBIT (***)	(6,531)	-14.9%	1,802	3.4%	n.s
(1,056)	-6.1%	334	2.0%	n.s	PROFIT (LOSS) BEFORE TAXES	(6,842)	-15.6%	1,630	3.1%	n.s
(1,128)	-6.5%	95	0.6%	n.s	GROUP NET PROFIT (LOSS) FOR THE PERIOD	(6,889)	-15.7%	672	1.3%	n.s

(*) Gross profit is the difference between revenues from sales of goods and services and use of raw materials.

(**) EBITDA, an intermediate figure, is earnings before amortisation, depreciation and impairment of non-current assets, financial income and expenses, the valuations of affiliates at equity and of income taxes for the period. This is a measure used by the Group to monitor and assess operating performance. Since the composition of EBITDA is not regulated by the reference accounting standards, the calculation criterion applied by the Group may not be consistent with that used by other companies and would therefore not be comparable.

(***) EBIT, or earnings before financial income and expenses, the valuations of affiliates at equity and of income taxes for the period.

(****) ADJ. EBITDA is an intermediate figure, determined gross of non-recurring costs and revenues, before amortisation, depreciation and impairment of non-current assets, financial income and expenses, valuations of affiliates at equity and income taxes for the period. This is a measure used by the Group to monitor and assess its operating performance, net of any non-recurring costs or revenues that therefore do not occur frequently in the ordinary course of business. Since the composition of EBITDA is not regulated by the reference accounting standards, the calculation criterion applied by the Group may not be consistent with that used by other companies and would therefore not be comparable.

Statement of financial position data

€'000	at September 30, 2021	at December 31, 2020	at September 30, 2020
BALANCE SHEET AND FINANCIAL HIGHLIGHTS			
NET NON-CURRENT ASSETS	102,659	101,972	103,453
NET WORKING CAPITAL	13,051	15,827	19,590
NET INVESTED CAPITAL*	108,429	110,316	115,946
SHAREHOLDERS' EQUITY	113,252	118,864	122,303
NET FINANCIAL POSITION	(4,823)	(8,548)	(6,357)

(*) Non-current, non-financial assets, plus net working capital, minus non-current, non-financial liabilities.

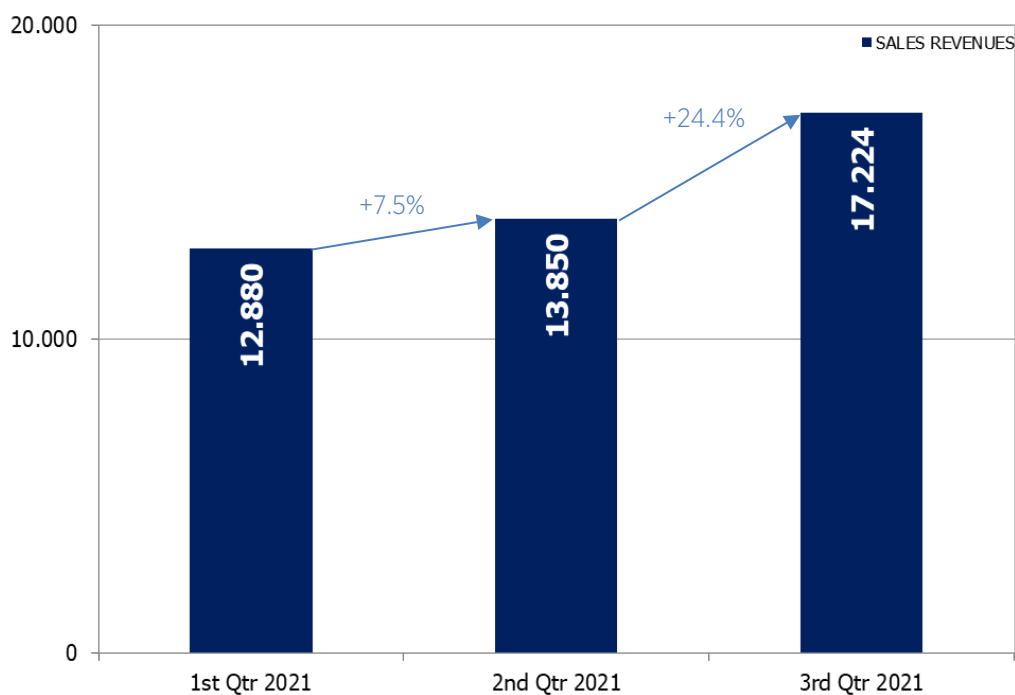
Number of employees

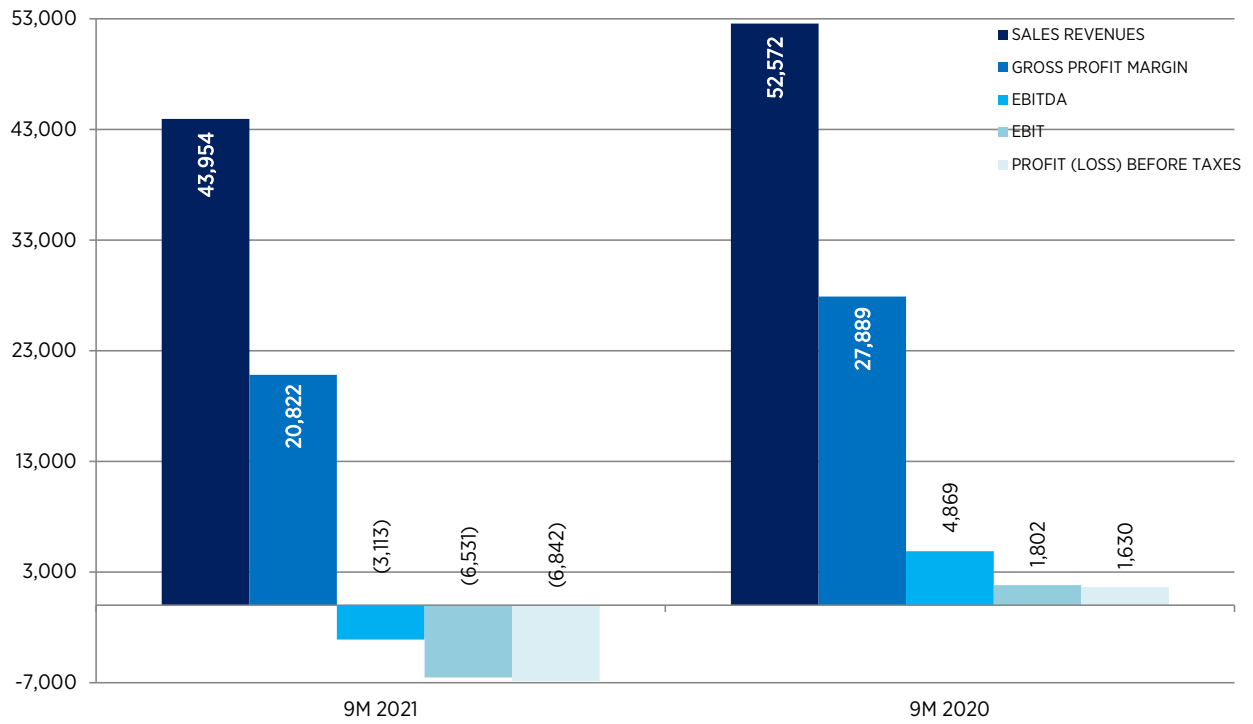
	at September 30, 2021	at December 31, 2020	at September 30, 2020
EMPLOYEES	332	323	317

Revenues by business line

The Group's only business line is the "NanoPC" line, which comprises a) miniaturised electronic modules and systems for the industrial automation, transport and offroad, medical, grids and energy, and telecommunications sectors; b) Edge gateway, Edge-computer, Edge AI and software platforms for the Internet of Things.

Summary of the results





Information for shareholders

The ordinary shares of Eurotech S.p.A., the Parent Company of the Eurotech Group, have been listed in the STAR segment of Borsa Italiana (Milan Stock Exchange) since 30 November 2005.

Share capital of Eurotech S.p.A. at 30 September 2021

Share capital	€8,878,946.00
Number of ordinary shares (without nominal unit value)	35,515,784
Number of savings shares	-
Number of Eurotech S.p.A. treasury shares	89,920
Stock market capitalisation (based on the share's average price in September 2021)	€178 million
Stock market capitalisation (based on the share's reference price at 30 September 2021)	€1,178 million

Performance of Eurotech S.p.A. shares

Relative performance EUROTECH S.p.A.
01.01.2021 – 30.09.2021

The line graph shows the share's performance based on daily reference prices



The candle chart shows the share's daily maximum and minimum prices



The Eurotech Group

Eurotech is a global company with a strong international focus, which generates sales on three continents. It is a Group that has operating locations in Europe, North America and Japan, led and coordinated by its headquarters in Italy.

Eurotech has a long tradition of almost 30 years in the design and implementation of embedded computers for special applications, where the ability of computers to withstand hostile environments and the need for continuous and uninterrupted operations are determinant variables. This is a market niche characterized by high value and low volumes that over the years has allowed the company to maintain a gross profit above the sector average.

Over 10 years ago, with a visionary intuition, Eurotech understood that the technological paradigm was changing and it pioneered an evolutionary path towards Edge Computing and Industrial IoT, with significant investments in software integrated with hardware, focusing on the open-source approach.

Today, the result of that vision and those investments is a technological positioning among the leaders in the reference market, confirmed both by the awards received and by the mentions in the reports of sector analysts, including Gartner's prestigious Magic Quadrant for "Industrial IoT Platforms" which has us in 2021 for the third year in a row.

The factors that characterize Eurotech in the Industrial IoT sector are the following:

- Eurotech technology resolves the conflict between Operational Technology (OT) and Information Technology (IT) at the Edge, thanks to integrated solutions that combine hardware and software; this conflict is unanimously recognised as the number one obstacle to the execution of IoT projects by companies;
- leveraging its DNA and knowledge of the protocols on the OT side, Eurotech has implemented a Plug & Play connectivity to field assets, which speeds up implementation times and reduces costs;
- thanks to relations with the big players in the IT sector such as Microsoft, Amazon and IBM, Eurotech is able to provide certified connectivity to all major cloud platforms, reducing time and integration risks to almost zero in a typical IoT project where these platforms are used;
- Eurotech's connection and integration technology was conceived and implemented by adopting the best Cybersecurity practices and is certified according to the most recent international standards.

Today, the Group's offering is modular, featuring different levels of hardware and software integration and it is structured as follows:

- embedded PCs in the form of boards and subsystems, which represent Eurotech's historical offering and are purely hardware products with only the integrated operating system;
- Edge gateways, i.e. devices that enable communication between assets operating in the field and data platforms in the cloud, both public and private;
- Edge servers, i.e. computing units similar to the units that make up the data centre but rugged because located in the field, close to the assets and dedicated to the local processing of the data generated by them;
- Edge AI, i.e. high-performance computing systems equipped with GPU accelerators to process Artificial Intelligence algorithms directly in the field, eliminating unnecessary and costly data transfers to centralized servers;
- software for the integration of Operational Technology and Information Technology: the "Everyware Software Framework" (ESF) edge framework on the OT side and the "Everyware Cloud" (EC) integration platform on the IT side;

The sectors in which the Group has historically developed most of its turnover are industry and transport, followed by the medical sector. More recently, the new offer of integrated hardware and software for industrial IoT applications has also made it possible to enter new sectors, such as energy. From a strategic point of view, the Group's current choice is to focus on five vertical markets combining larger size and

higher growth rates in the next five years: industrial automation, transport & offroad, medical, renewable energies & energy gas-water networks, and 5G telecommunications.

Summary of performance in the third quarter of 2021 and business outlook

Introduction

The interim management statement of the Eurotech Group as at 30 September 2021, which has not been independently audited, and the statements for comparative periods were drawn up according to the IAS/IFRS standards issued by the International Accounting Board and endorsed by the European Union.

The Group's results as at 30 September 2021 and comparable periods were prepared according to the IAS/IFRS standards in force on the date of preparation and the statements drawn up according to Annex 3D of the Italian Issuers' Regulation no. 11971 of 14 May 1999, as amended and supplemented.

Reporting policies

The consolidated financial statements were drafted on the basis of the financial statements as at 30 September 2021 prepared by the consolidated companies and adjusted, where necessary, to align them with the Group's IFRS-compliant accounting and classification policies.

The assessment and accounting policies and consolidation methods used to prepare the Consolidated Quarterly Report are consistent with those used in the Group Consolidated Annual Financial Report as at 31 December 2020, to which express reference is made, except for the adoption of new standards, amendments and interpretations in force as at 1 January 2021.

The calculation of taxes was carried out on the basis of the best possible estimate that can currently be carried out, also taking into consideration the tax benefit of tax-losses carried forward based on the expected results for the end of the year. According to the criterion used for translation into Euro of accounts expressed in different currencies, statement of financial position items are translated at the exchange rate in effect on the final day of the accounting period, and income statement items are translated at the average exchange rate for the period. Differences arising from translation of the statement of financial position and income statements are posted to a Shareholders' Equity reserve.

Unless otherwise specified, the financial statements, tables and explanatory notes are expressed in thousands of Euro.

In accordance with Consob requirements, Income Statement figures are shown for the quarter under review and are compared with data for the same period in the previous financial year (FY). Restated Balance Sheet figures, which refer to the closing date of the quarter, are compared with the closing date of the previous FY. The format of the financial statements is the same as that used in the Half-Yearly Report and in the Annual Financial Statements.

The preparation of the financial statements and the related notes to the accounts required the use of estimates and assumptions, with particular reference to provisions for write-downs and risk reserves. Estimates are revised periodically, and any adjustment, following changes in the circumstances on which the estimate was based or in light of new information, is booked in the income statement. The use of estimates is an essential part of preparing the accounting statements and is not prejudicial to their overall reliability.

This document presents some alternative performance indicators to allow for better evaluation of the Group's economic and financial performance. These are as follows:

- Gross profit, or the difference between revenues from sale of products and services and consumption of raw materials;
- EBITDA, or earnings before amortisation, depreciation and write-downs of non-current assets, the valuation of affiliates at equity, financial income and expenses and income taxes for the period;
- EBIT, or earnings before the valuation of investments in affiliates at equity, financial income and expenses and income taxes for the period.
- ADJ. EBITDA is an intermediate figure, determined gross of non-recurring costs and revenues, before amortisation, depreciation and impairment of non-current assets, financial income and expenses, valuations of affiliates at equity and income taxes for the period. This is a measure used by the Group to monitor and assess its operating performance, net of any non-recurring costs or revenues that therefore do not occur frequently in the ordinary course of business. Since the composition of EBITDA is not regulated by the reference accounting standards, the calculation criterion applied by the Group may not be consistent with that used by other companies and would therefore not be comparable.

COVID-19 update

International attention continues to be focused on limiting the spread of the Covid-19 pandemic.

All Group companies continue to adopt the greatest hygiene precautions, protocols and measures necessary to preserve the health of employees and to manage biological risk in the workplace. This risk is expected to decrease more and more with the increase in the number of vaccinated population. Although there are no obligations in this regard, the various Group companies have always supported and facilitated the vaccination of their staff, believing that at the moment this is the only path to return to a “new” operating normality.

In compliance with the recent Green Pass provisions, the company has set up an entry control system at its Italian offices to ensure that all employees entering company premises are properly certified.

In addition, the use of remote work continued in the first few months of 2021, for the roles and activities for which it is materially possible, thus ensuring business continuity in all geographical areas.

The movements of people outside the European Community in different continents continue to be limited; for example, only recently the United States announced the reopening of its borders to business travellers.

The use of videoconferencing systems facilitates interaction both with customers or potential customers, and with colleagues among the various affiliates in the various geographic areas.

Operating performance in the period

The third quarter of the year generated **revenues** of €17.22 million, 5.1% higher than the corresponding quarter of 2020 (+5.4% at constant exchange rates) and 24.4% higher than the second quarter.

This growth in the quarter meant that turnover in the first 9 months of 2021 reached €43.95 million compared to €52.57 million in the nine months of 2020. The decrease at constant exchange rates amounts to 12.5%. At historical exchange rates, the decrease was 16.4% with a clear trend reversal compared to 26.1% in the first six months of 2021.

Management’s forecast, which had estimated a decidedly more robust second half of the year is therefore confirmed, in line with the historicity of the breakdown of turnover where the first six months contribute less to the result for the entire year.

The recovery in turnover derives both from the recovery of sales to historical customers and from the start of production for some new customers who in the previous 18-24 months had carried out POCs

(Proofs of Concept) or development activities and who have now started to release orders for full production.

Order intake in the first nine months of the year maintained the positive trend already seen in the first six months of the year. This has further increased the order backlog for 2022 to 50% higher than the order backlog at the beginning of the year for 2021. With reference to the current year, the orders in the portfolio at the end of September would allow to achieve a growth at constant exchange rates of about 7% on an annual basis compared to 2020, but the persisting shortage of electronic components is creating a strong risk on the possibility to produce and deliver all the backlog in time to be able to invoice in this fiscal year. In addition, the difficulty in finding components leads to a pressure on purchase prices, with increases we have not always, as yet, been able to pass on to the customer. A window of opportunity still remains open and therefore the Group is active on a daily basis in order to maximize turnover for the year and minimize the impact on the first margin.

The substantial break-even of the third quarter in terms of **EBITDA** did not make it possible to recover what had already emerged in the first half-year and, offsetting the increase in turnover, there was an increase in the cost of sales which had a significant impact on profitability for the quarter.

In terms of equity, management was able to optimise **working capital**, which decreased by €2.78 million compared to 31 December 2020, remaining at the lowest levels of the last five years. At present, the amount of €13.05 million represents a good balance of working capital that allows to continue to generate positive cash flows from operating activities to support current operations.

With reference to the geographical **breakdown of revenues** of the Group's activities, the greatest reduction was recorded in the Japanese area, which in any case remains in second place with a contribution of 29.2% of the total figure (in the nine months of 2020: 33.1%) and has a positive outlook for the coming years by virtue of developments approved by some customers; the US area continues to be the most significant with 47.9% (in the nine months of 2020 it was 37.8%); finally, the European area represents the remaining 22.9% (in the nine months of 2020: 29.1%).

Gross profit in the period totalled €20.82 million, accounting for 47.4% of the turnover, compared to 53.0% in the first nine months of 2020. The lower ratio on sales is the effect of both a different product mix and the increase in the purchase costs of some components that the Group has had to face, especially in this last quarter, and which at the moment has not been able to fully pass on to the customer due to some previous trade agreements. This increase in raw material costs is higher than the forecast formulated at the beginning of the year, especially for those components that at the beginning of the year had no supply problems or whose consumption at the current quantities was not expected. The impact of the higher costs incurred for the procurement of components in a situation of scarcity was more than 2 percentage points on a 9-month basis.

Operating costs gross of adjustments and net of non-recurring costs amounted to €25.06 million in the first nine months of 2021, compared to €25.65 million in the first nine months of 2020. At historical exchange rates, there was a decrease in costs of 2.3%, while at constant exchange rates costs increased by 2%.

The recurring operating costs of the third quarter are in line with the average of those recorded in the first and second quarter of the year.

With the aim of continuous technological improvement and strengthening of the new strategy in the field of industrial IoT and Edge computers, the Group continues to consider it extremely important to invest in these areas and in particular on equipping the organization with the skills and people needed to accelerate go-to-market implementation. Consequently, a number of targeted hires were arranged in the strategic marketing and sales areas, which resulted in the number of employees at 30 September 2021 reaching 332 (it was 323 at 31 December 2020 and 317 at 30 September 2020), with an average for the period of 324 (318 in the first nine months of 2020). Despite these increases in the number of employees, payroll costs (which is the element with the greatest impact on total operating costs) amounted to €15.24

million, in line with the previous year if it is considered at constant exchange rates (+1.9% at historical exchange rates). By virtue of the fables model adopted, operating costs are substantially fixed and the turnover trend is the fundamental variable for the activation of the operating leverage. On the other hand, in a phase such as the current one, it should be noted that the operating structure is streamlined and allows for fluctuations in turnover to be tolerated. The percentage of gross operating costs, net of non-recurring costs, on revenues, stood at 57.0% compared to 48.8% in the first nine months of 2020. This percentage, standing at 60.4%, is even higher if non-recurring costs are considered.

Non-recurring costs, represented in the income statement of only the first nine months of 2021, amounted to €1.47 million and refer primarily to the economic agreement resulting from the termination of the relationship between Eurotech S.p.A. and the Chief Executive Officer Roberto Siagri on 23 March, which was extensively described in a separate communication following the event. In addition to these costs, some reorganisation costs and some costs related to the entry of the new Chief Executive Officer were recorded. Therefore, also considering these non-recurring costs, operating costs would amount to a total of €26.53 million.

ADJ EBITDA in the first nine months totalled -€1.64 million (-3.7% of revenues) compared with €4.87 million in 2020 (9.3% of revenues), reflecting the trend of both gross profit and of operating costs and other revenues. In consideration of non-recurring costs, EBITDA was -€3.11 million.

ADJ EBIT for the first nine months, i.e. EBIT net of non-recurring costs, was -€5.06 million (-11.5% of revenues) compared to €1.80 million in the first nine months of 2020 (3.4% of revenues). In addition to the above, this performance also reflects the depreciation and amortisation recognised in the income statement in the first nine months of 2021, deriving from operating assets becoming subject to depreciation and amortisation in that same period. Operating result (EBIT), including non-recurring costs, amounted to -€6.53 million.

Financial management was negative for €311 thousand in the first nine months of 2021, while in the first nine months of 2020 it was negative for €172 thousand. For greater detail, please refer to the comments made in Note "J".

Pre-tax loss was €6.84 million compared to a profit of €1.63 million in the first nine months of 2020. The lower pre-tax result is directly linked to the effect of the reduction in turnover and to higher costs for consumption of raw, ancillary and consumable materials.

Estimated taxes, calculated based on the rates established for the year by governing regulations and considering the tax benefit that would result from the recognition of deferred tax assets deriving from tax losses generated in the period limited to and in only two Cash Generating Unites (CGUs), was a negative €47 thousand. No deferred tax assets were recognised on the period results of the Italian, English and French companies. In 2020, the incidence of taxes on the income statement amounted to €0.96 million, also limiting the recognition of deferred tax assets on losses for the period last year.

The **net result** for the Group was -€6.89 million (was positive for €0.67 million in the first nine months of 2020), with a -15.7% impact on revenues.

Financial statements and explanatory notes

The trend in operating performance can be seen in the restated consolidated income statement and is shown below, in both absolute amounts and percentage terms:

Consolidated Income statement

(€ '000)	Notes	9M 2021 (b)	of which non recurrent	of which related parties	%	9M 2020 (a)	of which related parties	%	change (b-a) amount	%
Sales revenue	C	43,954		9	100.0%	52,572	2	100.0%	(8,618)	-16.4%
Cost of material	D	(23,132)			-52.6%	(24,683)		-47.0%	(1,551)	-6.3%
Gross profit		20,822			47.4%	27,889		53.0%	(7,067)	-25.3%
Services costs	E	(10,169)	(1,270)	(751)	-23.1%	(9,236)	-	-17.6%	933	10.1%
Lease & hire costs		(293)			-0.7%	(307)		-0.6%	(14)	-4.6%
Payroll costs	F	(15,236)			-34.7%	(15,505)		-29.5%	(269)	-1.7%
Other provisions and costs	G	(837)	(202)		-1.9%	(607)		-1.2%	230	37.9%
Other revenues	H	2,600			5.9%	2,635		5.0%	(35)	-1.3%
EBITDA		(3,113)			-7.1%	4,869		9.3%	(7,982)	163.9%
Depreciation & Amortization	I	(3,418)			-7.8%	(3,007)		-5.7%	411	13.7%
Asset impairment	I	0			0.0%	(60)		-0.1%	(60)	-100.0%
EBIT		(6,531)			-14.9%	1,802		3.4%	(8,333)	462.4%
Subsidiaries management	L	0			0.0%	0		0.0%	0	n/a
Finance expense	J	(900)			-2.0%	(850)		-1.6%	50	5.9%
Finance income	J	589		1	1.3%	678	3	1.3%	(89)	-13.1%
Profit before tax		(6,842)			-15.6%	1,630		3.1%	(8,472)	n.s.
Income tax	K	(47)			-0.1%	(958)		-1.8%	(911)	-95.1%
Net profit (loss) of continuing operations before minority interest		(6,889)			-15.7%	672		1.3%	(7,561)	n.s.
Minority interest	O	-			0.0%	-		0.0%	-	n/a
Group net profit (loss) for period	O	(6,889)			-15.7%	672		1.3%	(7,561)	n.s.
Base earnings per share		(0.195)				0.019				
Diluted earnings per share		(0.195)				0.019				

(€ '000)	3rd Qtr 2021	<i>of which non recurrent</i>	%	3rd Qtr 2020	%
Sales revenue	17,224		100%	16,384	100%
Cost of material	(9,606)		-55.8%	(7,473)	-45.6%
Gross profit	7,618		44.2%	8,911	54.4%
Services costs	(2,984)	(57)	-17.3%	(2,997)	-18.3%
Lease & hire costs	(84)		-0.5%	(92)	-0.6%
Payroll costs	(5,082)		-29.5%	(4,821)	-29.4%
Other provisions and costs	(227)		-1.3%	(231)	-1.4%
Other revenues	766		4.4%	892	5.4%
EBITDA	7		0.0%	1,662	10.1%
Depreciation & Amortization	(1,126)		-6.5%	(971)	-5.9%
Asset impairment	0		0.0%	0	0.0%
EBIT	(1,119)		-6.5%	691	4.2%
Subsidiaries management	0		0.0%	0	0.0%
Finance expense	(95)		-0.6%	(319)	-1.9%
Finance income	158		0.9%	(38)	-0.2%
Profit before tax	(1,056)		-6.1%	334	2.0%
Income tax	(72)		-0.4%	(239)	-1.5%
Net profit (loss) of continuing operations before minority interest	(1,128)		-6.5%	95	0.6%
Minority interest	0		0.0%	0	0.0%
Group net profit (loss) for period	(1,128)		-6.5%	95	0.6%
Base earnings per share					
Diluted earnings per share					

Consolidated statement of comprehensive income

	9M 2021	9M 2020
<i>(€ '000)</i>		
Net profit (loss) before minority interest (A)	(6,889)	672
Other elements of the statement of comprehensive income		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Net profit/(loss) from Cash Flow Hedge	46	(34)
Tax effect	-	-
	46	(34)
Foreign balance sheets conversion difference	(1,063)	(1,435)
Exchange differences on equity investments in foreign companies	2,162	(1,908)
Tax effect	-	-
	2,162	(1,908)
After taxes net other comprehensive income to be reclassified to profit or loss in subsequent periods (B)	1,145	(3,377)
After taxes net other comprehensive income not being reclassified to profit or loss in subsequent periods (C)	-	-
Comprehensive net result (A+B+C)	(5,744)	(2,705)
Comprehensive minority interest	-	-
Comprehensive Group net profit (loss) for period	(5,744)	(2,705)

Consolidated statement of financial position

(€'000)	Notes	at September 30, 2021	of which related parties	at December 31, 2020	of which related parties
ASSETS					
Intangible assets	L a	87,699		86,775	
Property, Plant and equipment	L b	5,977		6,468	
Investments in other companies		539		533	
Deferred tax assets		7,762		7,478	
Medium/long term borrowing allowed to affiliates companies and other Group companies		61	61	57	57
Other non-current assets		621		661	
Total non-current assets	L	102,659		101,972	
Inventories		18,546		17,393	
Trade receivables		10,275	1	16,441	1
Income tax receivables		1,744		900	
Other current assets		2,201		1,665	
Other current financial assets		121	2	125	1
Cash & cash equivalents		33,439		41,222	
Total current assets		66,326		77,746	
Total assets		168,985		179,718	
LIABILITIES AND EQUITY					
Share capital		8,879		8,879	
Share premium reserve		136,400		136,400	
Other reserves		(32,027)		(26,415)	
Group shareholders' equity	O	113,252		118,864	
Equity attributable to minority interest	O	-		-	
Total shareholders' equity	O	113,252		118,864	
Medium-/long-term borrowing		20,335		23,874	
Employee benefit obligations		2,983		2,918	
Deferred tax liabilities		3,110		3,166	
Other non-current liabilities		1,127		1,342	
Total non-current liabilities		27,555		31,300	
Trade payables		11,523	521	10,647	345
Short-term borrowing		8,428		8,901	
Derivative instruments		35		81	
Income tax liabilities		268		810	
Other current liabilities		7,924		9,115	
Total current liabilities		28,178		29,554	
Total liabilities		55,733		60,854	
Total liabilities and equity		168,985		179,718	

Consolidated statement of changes in 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, 2019	8,879	1,776	136,400	14,224	(58,907)	(44)	(531)	4,650	(1,033)	19,242	124,656	-	124,656
2019 Result allocation	-	-	-	-	19,242	-	-	-	-	(19,242)	-	-	-
Profit (loss) as at September 30, 2020	-	-	-	-	-	-	-	-	-	672	672	-	672
<i>Comprehensive other profit (loss):</i>													
- Hedge transactions	-	-	-	-	-	(34)	-	-	-	-	(34)	-	(34)
- Foreign balance sheets conversion difference	-	-	-	(1,435)	-	-	-	-	-	-	(1,435)	-	(1,435)
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	-	(1,908)	-	-	(1,908)	-	(1,908)
Total Comprehensive result	-	-	-	(1,435)	-	(34)	-	(1,908)	-	672	(2,705)	-	(2,705)
- Performance Share Plan	-	-	-	-	140	-	-	-	212	-	352	-	352
Balance as at September 30, 2020	8,879	1,776	136,400	12,789	(39,525)	(78)	(531)	2,742	(821)	672	122,303	-	122,303

(€'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, 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 September 30, 2021		-	-	-	-	-	-	-	-	-	(6,889)	(6,889)	-	(6,889)
<i>Comprehensive other profit (loss):</i>														
- Hedge transactions		-	-	-	-	-	46	-	-	-	-	46	-	46
- Foreign balance sheets conversion difference		-	-	-	(1,063)	-	-	-	-	-	-	(1,063)	-	(1,063)
- Exchange differences on equity investments in foreign companies		-	-	-	-	-	-	-	2,162	-	-	2,162	-	2,162
Total Comprehensive result		-	-	-	(1,063)	-	46	-	2,162	-	(6,889)	(5,744)	-	(5,744)
- Performance Share Plan		-	-	-	-	(339)	-	-	-	471	-	132	-	132
Balance as at September 30, 2021	0	8,879	1,776	136,400	10,394	(39,781)	(35)	(640)	3,359	(211)	(6,889)	113,252	-	113,252

Net financial position

The table below shows the composition of the Group's net financial position at 30 September 2021, compared to the similar position at 30 September 2020 and 31 December 2020, calculated as defined by Consob notice no. 5/21 of 29 April 2021, which refers to the Guidelines of the European Securities and Markets Authority (ESMA), issued on 15 July 2020 and effective from 5 May 2021.

(€'000)		at September 30, 2021	at December 31, 2020	at September 30, 2020
Cash	A	(33,439)	(41,222)	(29,894)
Cash equivalents	B	-	-	-
Other current financial assets	C	(121)	(125)	(93)
Cash equivalent	D=A+B+C	(33,560)	(41,347)	(29,987)
Current financial debt	E	152	328	183
Current portion of non-current financial debt	F	8,311	8,654	7,141
Short-term financial position	G=E+F	8,463	8,982	7,324
Short-term net financial position	H=G+D	(25,097)	(32,365)	(22,663)
Non current financial debt	I	20,335	23,874	16,366
Debt instrument	J	-	-	-
Trade payables and other non-current payables	K	-	-	-
Medium-/long-term net financial position	L=I+J+K	20,335	23,874	16,366
(NET FINANCIAL POSITION) NET DEBT ESMA	M=H+L	(4,762)	(8,491)	(6,297)
Medium/long term borrowing allowed to affiliates companies and other Group companies	N	(61)	(57)	(60)
(NET FINANCIAL POSITION) NET DEBT	O=M+N	(4,823)	(8,548)	(6,357)

The consolidated net financial position at 30 September 2020 amounted to net cash of €4.82 million, compared to a net financial position with net cash of €8.55 million at 31 December 2020. With reference to liquidity, which amounts to €33.44 million, in the period in question, as per the cash flow statement, operating cash of €0.8 million was generated, while €4.3 million were used for investments and €4.7 million for the repayment of loans.

Net working capital

The Group's net working capital at 30 September 2021, compared with the situation at 30 September 2020 and 31 December 2020, is as follows:

(€'000)	at September 30, 2021 (b)	at December 31, 2020 (a)	at September 30, 2020	Changes (b-a)
Inventories	18,546	17,393	19,442	1,153
Trade receivables	10,275	16,441	14,819	(6,166)
Income tax receivables	1,744	900	612	844
Other current assets	2,201	1,665	2,319	536
Current assets	32,766	36,399	37,192	(3,633)
Trade payables	(11,523)	(10,647)	(9,616)	(876)
Income tax liabilities	(268)	(810)	(427)	542
Other current liabilities	(7,924)	(9,115)	(7,559)	1,191
Current liabilities	(19,715)	(20,572)	(17,602)	857
Net working capital	13,051	15,827	19,590	(2,776)

Cash flows

(€'000)		at September 30, 2021	at December 31, 2020	at September 30, 2020
Cash flow generated (used) in operations	A	824	3,388	(1,335)
Cash flow generated (used) in investment activities	B	(4,353)	(5,092)	(3,712)
Cash flow generated (absorbed) by financial assets	C	(4,707)	13,456	5,049
Net foreign exchange difference	D	453	(1,217)	(795)
Increases (decreases) in cash & cash equivalents	E=A+B+C+D	(7,783)	10,535	(793)
Opening amount in cash & cash equivalents		41,222	30,687	30,687
Cash & cash equivalents at end of period		33,439	41,222	29,894

A – Group business

Eurotech is a group historically active in the research, development, and marketing of miniaturised computers for special applications, characterized by adverse operating conditions and/or a demand for high reliability. In the last ten years Eurotech has evolved its offer towards solutions with integrated hardware and software for the Internet of Things, consisting of intelligent devices (Edge gateways, Edge servers, Edge AI) and a software platform for connectivity and integration to the cloud, both public and private.

The Group's activities are represented in a single sector (called 'NanoPC') which consists of: a) embedded computing modules and systems for industrial, transport, medical, energy and defence uses; b) Edge computers featuring low power consumption and high performances, to be used both in Internet of Things (IoT) solutions and to create applications where Artificial Intelligence (AI) algorithms are used; c) software frameworks and platforms for IoT applications.

Activity in this line is carried out by Eurotech S.p.A. and I.P.S. Sistemi Programmabili S.r.l., which mainly operate in Italy, and Eurotech Inc. (USA), which mainly operate in the US, Eurotech Ltd (United Kingdom), which mainly operates in the UK, Eurotech France S.A.S. (France), which mainly operates in France, and Advanet Inc. (Japan), which mainly operates in Japan. Our products are marketed under the trademarks Eurotech, Dynatem, IPS and Advanet.

Eurotech shares (ETH.MI) have been listed on the STAR segment of Borsa Italiana (the Milan Stock Exchange) since 30 November 2005.

B – Basis of consolidation

The companies consolidated line-by-line in the basis of consolidation at 30 September 2021 are as follows:

Company name	Registered offices	Share capital	Group share
<i>Parent company</i>			
Eurotech S.p.A.	Via Fratelli Solari, 3/A - Amaro (UD)	EUR 8,878,946	
<i>Subsidiaries consolidated line-by-line</i>			
Aurora S.r.l.	Via Fratelli Solari, 3/A - Amaro (UD)	EUR 10,000	100.00%
EthLab S.r.l.	Via Dante, 300 - Pergine Valsugana (TN)	EUR 115,000	100.00%
Eurotech Inc.	Columbia - MD (USA)	USD 26,500,000	100.00%
Eurotech Ltd.	Cambridge (UK)	GBP 33,333	100.00%
E-Tech USA Inc.	Columbia - MD (USA)	USD 8,000,000	100.00%
Eurotech France S.A.S.	Vénissieux (France)	Euro 795,522	100.00%
I.P.S. Sistemi Programmabili S.r.l.	Via Piave, 54 - Caronno Varesino (VA)	Euro 51,480	100.00%
Advanet Inc.	Okayama (Japan)	JPY 72,440,000	90.00% (1)
<i>Affiliates consolidated at equity</i>			
Rotowi Technologies S.p.A. in liquidation (formerly U.T.R.I. S.p.A.)	Via Carlo Ghega, 15 - Trieste		21.31%

(1) Officially, the Group owns 90% of the company, but as Advanet holds 10% of the share capital in the form of treasury shares, it is fully consolidated.

Other smaller companies valued at cost

Kairos Autonomi Inc.	Sandy – UT (USA)	19.00%
Interlogica S.r.l.	Mestre (VE)	10.00%

No changes took place with regard to subsidiaries and affiliates in the period as at 30 September 2021 compared with 31 December 2020.

The exchange rates used to convert the financial statements of foreign companies into the Eurotech Group's reference currency (euro) are presented in the following table and correspond to those issued by the Italian Foreign Exchange Bureau:

Currency	Average 9M 2021	As of September 30, 2021	Average 2020	As of December 31, 2020	Average 9M 2020	As of September 30, 2020
British pound sterling	0.86363	0.86053	0.88970	0.89903	0.88509	0.91235
Japanese Yen	129.83203	129.67000	121.84576	126.49000	120.91083	123.76000
USA Dollar	1.19622	1.15790	1.14220	1.22710	1.12503	1.17080

C - Revenues

Revenues earned by the Group in the first nine months of 2021 amounted to €43.95 million (€52.57 million in the first nine months of 2020), a decrease of €8.62 million or 16.4% compared to the same period of the previous year. The trend, as already explained in the representation of the half-year data, is impacted by the factors that emerged in 2020 and linked to decisions to optimise costs and re-prioritise activities by some of our customers as well as the postponement of various POCs (Proof of Concept) in the IoT sector that should have led to design-wins in 2021.

For operating purposes, the Group is organised in a single business line, also known as business segment, called "NanoPC".

Based on the criteria for monitoring activities currently used, a disclosure on a geographical basis is provided, in terms of the location of the Group's various companies.

The Group's geographical areas are defined according to the localisation of Group assets and operations. The areas identified within the Group are: Europe, North America and Asia.

Revenues by business region

As specifically regards the breakdown of revenues of the business units by geographical area, the same can be further detailed as follows:

	North America			Europe			Asia			Correction, reversal and elimination			Total		
	9M 2021	9M 2020	% YoY Change	9M 2021	9M 2020	% YoY Change	9M 2021	9M 2020	% YoY Change	9M 2021	9M 2020	% YoY Change	9M 2021	9M 2020	% YoY Change
Third party Sales	21,050	19,890		10,075	15,280		12,829	17,402		0	0		43,954	52,572	
Infra-sector Sales	480	406		3,507	2,236		28	493		(4,015)	(3,135)		0	0	
Total Sales revenues	21,530	20,296	6.1%	13,582	17,516	-22.5%	12,857	17,895	-28.2%	(4,015)	(3,135)	-28.1%	43,954	52,572	-16.4%

North American revenues amounted to €21.53 million in the first nine months of 2021 and to €20.29 million in the first nine months of 2020, an increase of 6.1%, including intra-sector revenues. As a result of the increase in orders in 2021, mainly from consolidated customers, the expected reversal of the trend that will also determine a growth in turnover in the US area by the end of the year was determined. In 2021, revenues in the American area are affected by a high concentration of turnover on a small number of long-standing customers with consolidated business.

The Europe business area shows a decrease in turnover, from €17.52 million in the first nine months of 2020 to €13.58 million in the first nine months of 2021, down by 22.5% including intra-sector revenues. In this area, the reduction is due to non-recurring and non-repetitive revenues that, following the cancellation of projects by customers due to the pandemic, could not be replicated in 2021. In spite of this, medium-term trends remain positive thanks to the opportunities in the transport sector, products linked to Edge Computing technologies and the Industrial IoT paradigm, which may also experience an acceleration in the next quarters.

As a result of a different scheduling of deliveries by customers, the Asia business area decreased by 28.2% (including inter-sector revenues) from €17.89 million to €12.86 million. Also for this area, the outlook for the fourth quarter is positive on the basis of the existing order book, but subject to a risk situation for the difficult sourcing of the specific components needed to produce the products on order..

Revenues by customer geographical area

The following table shows the geographical breakdown of revenues based on customer location:

(€' 000)	9M 2021	%	9M 2020	%	% change
BREAKDOWN BY GEOGRAPHIC AREA					
European Union	7,928	18.0%	12,639	24.0%	-37.3%
United States	19,750	44.9%	19,427	37.0%	1.7%
Japan	12,810	29.1%	17,403	33.1%	-26.4%
Other	3,466	7.9%	3,103	5.9%	11.7%
TOTAL SALES AND SERVICE REVENUES	43,954	100.0%	52,572	100.0%	-16.4%

With reference to revenues by geographic area of the customer, shown in the table, revenues in the United States continue to have the greatest impact on the total (44.9%), confirming that the US territory is the predominant area with growth also in terms of absolute value (+1.7%).

The Japanese area continues to be the Group's second most significant area, accounting for 29.1%, and turnover lower by 26.4% compared to the first nine months of 2020.

In Europe, again with reference to customer location, turnover reflected a 37.3% reduction. The EU accounted for 18.0% of total turnover.

The remaining geographical areas account for 7.9% of the total (5.9% as at 30 September 2020) and have recorded a growth of 11.7% due to the higher turnover generated in the Asian area extra-Japan.

D – Costs of raw & auxiliary materials and consumables used

Costs of raw & auxiliary materials and consumables used, which relate strictly to turnover, fell from €24.68 million in the first nine months of 2020 to €23.13 million in the first nine months of 2021. In the period under review there was a decrease of €1.55 million equal to 6.3%, lower than the decrease in turnover which stood at 16.4%. This different proportionality resulted in a lower gross profit than that of the first nine months of 2020, and also lower than that recorded at the end of 2020. The gross profit trend is strictly correlated to the different product mix sold in the quarters in question and to the price trend of components that are difficult to find.

As a percentage of revenues, consumption of raw & auxiliary materials and consumables fell from 47.0% in the first nine months of 2020 to 52.6% in the first nine months of 2021.

E – Service costs

Net of non-recurring service costs, the variable portion of service costs resulted in a decrease in costs of €0.34 million equal to 3.6%, reducing the absolute value of costs to €8.90 million. This cost item decreased as a percentage of revenues from 17.6% in the first nine months of 2020 to 20.2% in the first nine months of 2021. As a result of the recognition of non-recurring costs (of €1.27 million), the nature of which was explained above, costs for services in the first nine months amounted to €10.17 million, up compared to the first nine months of 2020 and accounted for 23.1% of turnover.

In addition to referring to ordinary operations, the costs also pertain to the investments that the Group has planned to make with particular reference to the product line of the IoT platforms for applications in the industry and in services, in addition to developments linked to the Edge Servers product line and those correlated to traditional embedded products line. These investments are aimed at supporting the research and development area to maintain a product portfolio in line with the technological innovations proposed by the producers of raw materials and components and the sales and marketing area in order to be able to implement the strategic lines recently outlined.

F – Payroll costs

Personnel costs in the period under review rose from €15.50 million (29.5% of revenues) to €15.24 million (34.7% of revenues); this decrease is due exclusively to the exchange rate differential: at constant exchange rates, personnel costs would have increased by approximately €0.29 thousand due to the increase in the workforce. At the end of the third quarter of 2021, the workforce was higher compared to that at the end of the year, but with an annual average of 6 units higher than the 2020 average. In all geographical areas, search is under way for new personnel, who are able to bring the skills needed to develop and implement the Group's new strategic vision and its business model.

Wages and Salaries also include €132 thousand relating to the pro rata temporis portion of the cost of the Share Performance Plan finalised at the beginning of the year and of the cost approved by the shareholders' meeting of 11 June (in the first nine months of 2020 the amount recorded under costs was €354 thousand).

The table below shows the number of Group employees:

EMPLOYEES	at September 30, 2021	at December 31, 2020	at September 30, 2020
Manager	10	9	9
Clerical workers	300	291	284
Line workers	22	23	24
TOTAL	332	323	317

G – Other provisions and costs

At 30 September 2021, this item included a provision for doubtful accounts of €56 thousand (€72 thousand in the first nine months of 2020), and refers to provisions made for the possibility of non-collectable trade receivables. In addition, as at 30 September 2021, a non-recurring allocation to the provision for sundry risks of €202 thousand was made to cover the risk of expenses relating to a company reorganization.

Other provisions and costs as a percentage of revenues were 1.9%, higher than the 1.2% recorded in the same period of 2020.

H – Other revenues

The item other revenues remains substantially unchanged in terms of absolute value, going from €2.63 million in the first nine months of 2020 to €2.60 million in the first nine months of 2021.

Other revenues mainly comprise the capitalisation of development costs for new solutions featuring highly integrated standard modules and systems for €2.51 million (€2.32 million in first nine months of 2020) and miscellaneous income of €0.09 million (€0.31 million in first nine months of 2020).

I – Depreciation, amortisation and impairment

This item increased by €351 thousand, from €3.07 million in first nine months of 2020 to €3.42 million in first nine months of 2021. This change is due mainly to the higher amortisation of development costs that began their amortisation process.

Impairment, made in 2020 alone, amounting to €60 thousand, referred to the decrease in value of land and buildings, based on a recent appraisal carried out on the Caronno Varesino site.

J – Financial income and expenses

Financial expenses fell from €0.85 million in first nine months of 2020 to €0.90 million in first nine months of 2021 mainly due to exchange rate losses.

Financial income, again due to exchange rates, decreased by €89 thousand, from €0.68 million in first nine months of 2020 to €0.59 million in first nine months of 2021.

The absolute value and percentage on revenues of the main components of the financial income and expense item were as follows:

- foreign exchange losses: €0.54 million at 30 September 2021, with a percentage of revenues of 1.2%, compared to €0.51 million at 30 September 2020, with a percentage of revenues of 1.0%;
- foreign exchange gains: €0.58 million at 30 September 2021 (1.3% as a percentage of revenues), compared with €0.67 million at 30 September 2020 (1.3% as a percentage of revenues);
- miscellaneous interest expenses: €230 thousand at 30 September 2021 (0.6% as a percentage of revenues), compared with €248 thousand at 30 September 2020 (0.5% as a percentage of revenues).

3rd Q 2021	3rd Q 2020	€'000	9M 2021	9M 2020	change %
(7)	208	Exchange-rate losses	541	512	5.7%
67	82	Interest expenses	230	248	-7.3%
11	11	Interest expenses on lease liabilities	37	34	8.8%
11	10	Expenses on derivatives	38	23	65.2%
13	8	Other finance expenses	54	33	63.6%
95	319	Financial charges	900	850	5.9%
157	(23)	Exchange-rate gains	585	670	-12.7%
-	(1)	Interest income	1	4	-75.0%
1	(14)	Other finance income	3	4	-25.0%
158	(38)	Financial incomes	589	678	-13.1%
63	(357)	Net financial income	(311)	(172)	80.8%
0.4%	-2.2%	% impact on sales	-0.4%	-0.3%	

K - Income taxes

Income taxes at 30 September 2020 were negative for €47 thousand (of which €121 thousand for current taxes, €183 thousand for net deferred tax liabilities and €109 thousand for prior years' taxes) compared to a negative impact of €0.96 million at 30 September 2020 (of which €717 thousand for current taxes and €242 thousand for net deferred tax liabilities), recording a change of €911 thousand.

L – Non-current assets

The positive change in non-current assets between 31 December 2020 and 30 September 2021 of €687 thousand is mainly due to the increase in deferred tax assets of €284 thousand, to the net change in intangible assets and property, plant and equipment for a total of €433 thousand (of which €179 thousand due to changes in exchange rates).

Net investments of approximately €3.69 million in property, plant and equipment and intangible assets are offset by depreciation and amortisation for €3.42 million.

The most significant increases are related to intangible assets and are largely linked to projects to develop new products for a total of €2.49 million and to the costs incurred to implement the Group's new ERP system for €289 thousand.

a – Intangible assets

The table below shows their breakdown and main changes during the period:

(€ '000)	DEVELOPMENT COSTS	GOODWILL	SOFTWARE TRADEMARKS PATENTS	ASSETS UNDER CONSTRUCTI ON & ADVANCES	TOTAL INTANGIBLE ASSETS
OPENING BALANCE (A)	3,607	69,219	9,412	4,537	86,775
<i>Changes as at September 30, 2021</i>					
- Purchases	239	-	5	2,539	2,783
- Amortisation and impairment in period (-)	(1,595)	-	(450)	-	(2,045)
- Other changes	2,704	328	658	(3,504)	186
Total changes (B)	1,348	328	213	(965)	924
CLOSING BALANCE (A+B)	4,955	69,547	9,625	3,572	87,699

The carrying value of goodwill and trademarks with an indefinite useful life allocated to each of the cash-generating units is as follows:

(€ '000)	at September 30, 2021		at December 31, 2020	
Cash generating units	Goodwill	Trademark with an indefinite useful life	Goodwill	Trademark with an indefinite useful life
Advanet Inc.	43,007	8,167	44,088	8,372
Eurotech Inc. (ex Applied Data Systems e ex Arcom Inc.)	21,189	-	19,998	-
Eurotech Ltd. (ex Arcom Ltd.)	5,075	-	4,857	-
Eurotech France S.a.s.	186	-	186	-
Other	90	-	90	-
TOTAL	69,547	8,167	69,219	8,372

b – Property, plant and equipment

The table below shows their breakdown and main changes during the period:

(€ '000)	LAND AND BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL & COMMERCIAL EQUIPMENT	OTHER ASSETS	ASSETS UNDER CONSTRUCTI ON & ADVANCES	RIGHT OF USE ASSETS	TOTAL PROPERTY, PLANT & EQUIPMENT
OPENING BALANCE (A)	2,094	227	412	718	33	2,984	6,468
<i>Changes as at September 30, 2021</i>							
- Purchases	52	293	74	132	-	355	906
- Disposals	-	-	-	(14)	-	(3)	(17)
- Amortisation and impairment in period (-)	(57)	(51)	(141)	(187)	-	(937)	(1,373)
- Other changes	10	-	13	(21)	(33)	24	(7)
Total changes (B)	5	242	(54)	(90)	(33)	(561)	(491)
CLOSING BALANCE (A+B)	2,099	469	358	628	-	2,423	5,977

M – Net working capital

Net working capital decreased by €2.78 million, from €15.83 million as of 31 December 2020 to €13.05 million as of 30 September 2021. This trend is due to the decrease in current assets and in particular in the value of receivables from customers; current liabilities also decreased mainly due to the payment of taxes and the reduction of other current liabilities, but to a lesser extent than assets.

Net working capital as a rolling ratio of turnover in the last twelve months was 21.5%, compared to 22.9% at 31 December 2020 and 26.2% at 30 September 2020. The 12-month figure remains in line with the 20% threshold value expected by management.

N – Net financial position

The consolidated net financial position at 30 September 2021 amounted to net cash of €4.82 million, compared to a net financial position with net cash of €8.55 million at 31 December 2020.

With reference to liquidity, which amounts to €33.44 million, as can be deduced from the cash flow statement, there was an operating cash generation of €0.8 million in the period, while €4.3 million was used for investments and €4.7 million for repayment of loans.

See also Cash flow on page 21.

Medium/long-term financial liabilities include principal on bank loans and finance leases falling due beyond 12 months.

Short-term financial liabilities mainly consist of current account overdrafts, the current portion of mortgage loans, and payables to other lenders falling due by 30 September 2022.

O – Changes in equity

The share capital at 30 September 2021 was made up of 35,515,784 ordinary shares, fully subscribed and paid up, with no nominal value.

The balance of the Issuer's legal reserve at 30 September 2021 amounted to €1.78 million.

The share premium reserve, which relates entirely to the Parent Company, amount to a total of €136.4 million.

The positive translation reserve of €10.39 million was generated by inclusion in the interim management statement of the statements of financial position and income statements of US subsidiaries Eurotech Inc. and E-Tech USA Inc., UK subsidiary Eurotech Ltd. and Japanese subsidiary Advanet Inc.

The "other reserves" item was negative for €39,78 million and consisted of the Parent Company's extraordinary reserve, formed by losses carried forward, allocations of retained earnings from prior years and other miscellaneous reserves. The change in the year is attributable to the allocation of the 2020 result and to the booking of the two Eurotech's Performance Share Plans for the period.

The cash flow hedge reserve, which includes cash flow hedge transactions pursuant to IAS 39, was negative for €35 thousand and decreased by €46 thousand gross of the tax effect, which was not recognised due to absence of the relative prerequisites.

The foreign exchange reserve, which includes foreign exchange differences relating to intragroup foreign-currency loans that constitute part of a net investment in a foreign shareholding on the basis of IAS 21, was positive by €3.36 thousand and increased by €2.16 million gross of the related tax effect, not yet recorded due to the absence of the prerequisites.

The Parent Company Eurotech S.p.A. held 89,920 treasury shares at the end of the reporting period (293,520 at 31 December 2020).

P - Significant events in the quarter

The major events of the quarter were announced in the press releases listed below (the complete text can be consulted at the Group's website www.eurotech.com on [the page www.eurotech.com/it/news](http://www.eurotech.com/it/news)):

- 07/07/2021 Eurotech IoT components certified for cybersecurity
- 14/07/2021 Eurotech received award from Frost & Sullivan as leader in the market of IoT solutions for the railway sector
- 20/07/2021 Roadshow of the new CEO Paul Chawla with over 40 Italian and international investors
- 31/08/2021 Eurotech confirms its position as "Best in Class" supplier of industrial IoT platforms based on open source in the market survey of PAC (teknowlogy Group)

Other than those discussed in previous paragraphs, no other particularly significant event occurred in the quarter.

Q - Events after 30 September 2021

For events after 30 September, please refer to the press releases listed below (the complete text can be consulted at the Group website www.eurotech.com on page <http://www.eurotech.com/IT/sala+stampa/news>):

- 20/10/2021 Eurotech appoints Roger Appelo as Europe and North America VP

01/11/2021 Eurotech recognized in the 2021 Gartner® Magic Quadrant™ for Industrial IoT Platforms

R - Risks and uncertainties

Please refer to the paragraphs “Main risks and uncertainties to which the Group is exposed” and “Financial risk management: objectives and criteria” in the 2020 Consolidated Financial Statements and the Consolidated Financial Report at 30 June 2021, which illustrate the risks to which the Eurotech Group is exposed.

S - Other information

We also specify that:

- group intercompany transactions take place at market prices and are eliminated during the consolidation process;
- group companies’ related-party transactions form part of the normal course of business and are settled under arm’s length conditions;
- pursuant to CONSOB communication no. 15519/2005, there were no non-recurring economic components in the consolidated quarterly results as at 30 September 2020;
- pursuant to CONSOB communication no. DEM/6064296 of 28 July 2006, there were no atypical and/or unusual transactions carried out in 2020;
- at 30 September 2021 the company held 89,920 treasury shares for a total value of €211 thousand. The changes were as follows:

	No. of shares	Face value of a share (Thousand of Euro)	% share capital	Carrying value (Thousand of Euro)	Average unit value
Status as at 1 January 2021	290,520	73	0.80%	682	2.35
Purchases	-	-	0.00%	-	
Sales	-	-	0.00%	-	
Assignment-Performance share Plan	(200,600)	(50)	-0.56%	(471)	2.35
Status as at 30 September 2021	89,920	23	0.25%	211	2.35

- the detailed Corporate Governance report is provided with the annual financial statements;
- pursuant to CONSOB Communication DEM/11070007 of 5 August 2011, relating to disclosure in financial reports of the exposure of listed companies to sovereign debt, note that the Group does not hold sovereign debt securities;
- as regards the requirements of Article 150, paragraph 1, of Italian Legislative Decree no. 58 of 24 February 1998, no members of the Board of Directors have executed transactions with Group companies in situations of potential conflict of interest;
- pursuant to Article 3 of Consob Resolution no. 18079 of 20 January 2012, Eurotech has adopted the simplification procedure set out in Articles 70, paragraph 8, and 71, paragraph 1-bis, of the Regulation adopted by Consob with Resolution no. 11971 of 14 May 1999 as amended and supplemented. Therefore, it opts to derogate from the requirement to publish the information

documents set out in Attachment 3B of this Consob Regulation for significant transactions such as mergers, spin-offs, capital increases via contributions in kind, acquisitions and sales.

Amaro, 12 November 2021

On behalf of the Board of Directors

Signed Mr. Paul Chawla
Chief Executive Officer

Declaration of the Financial Reporting Manager

Amaro, 12 November 2021

DECLARATION

PURSUANT TO ART. 154-*BIS*, PARAGRAPH 2 – PART IV, TITLE III, CHAPTER II, SECTION V-BIS OF LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998: “CONSOLIDATED ACT ON MEASURES RELATING TO FINANCIAL INTERMEDIATION PURSUANT TO ARTICLES 8 AND 21 OF LAW NO. 52 OF 6 FEBRUARY 1996”

I, Sandro Barazza,

Financial Reporting Manager of Eurotech S.p.A., with reference to the Consolidated Interim Management Statement at 30 September 2021 approved by the company's Board of Directors on 12 November 2021,

STATE

in compliance with the matters set forth under art. 154 *bis*, paragraph 2, part IV, title III, chapter II, section V-*bis* of Italian Legislative Decree no. 58 of 24 February 1998, that, to the best of my knowledge, the Consolidated Interim Management Statement at 30 September 2021 corresponds to the accounting entries.

The Financial Reporting Manager
Signed Sandro Barazza

