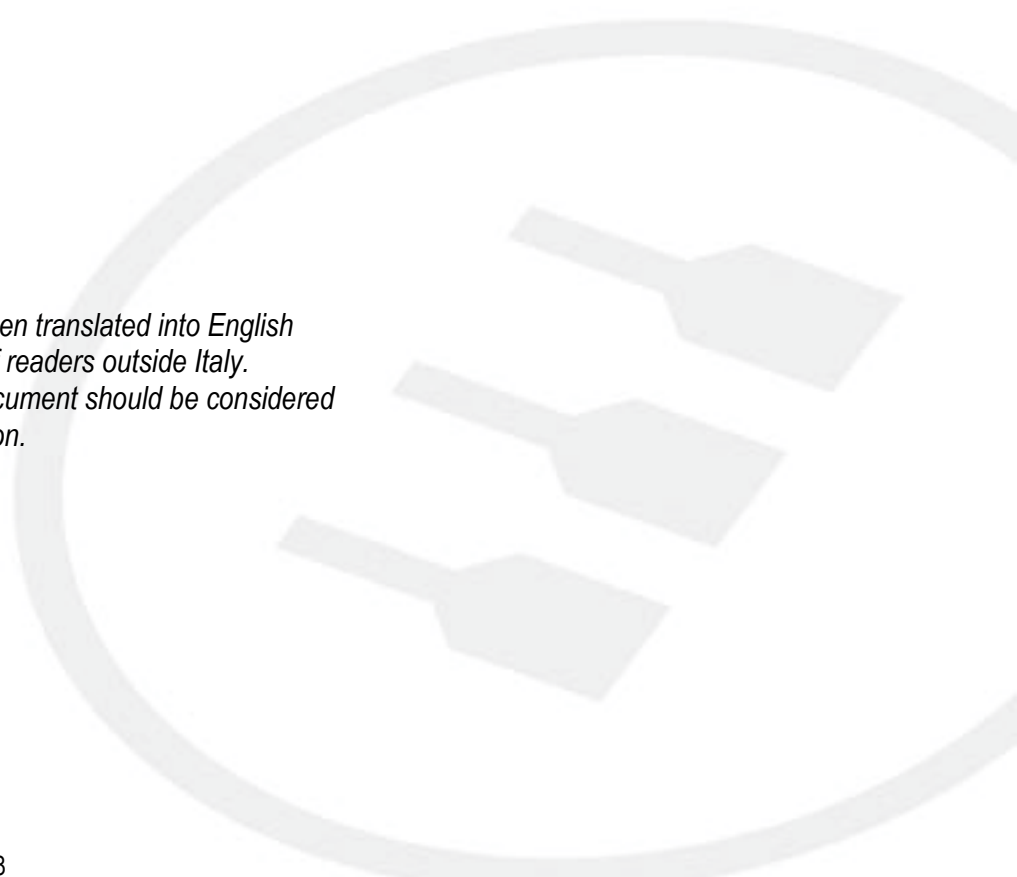


Consolidated Interim Management Report
at 31 March 2018





*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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in the Investors section of
www.eurotech.com

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

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Corporate Bodies

Board of Directors	
Chairman	Giuseppe Panizzardi ^{1 5}
Director	Roberto Siagri ⁶
Director	Dino Paladin ¹
Director	Giulio Antonello ^{1 2 6}
Director	Riccardo Costacurta ^{1 2 3 4 5}
Director	Chiara Mio ^{1 2 3 4 5 6}
Director	Giorgio Mosca ¹
Director	Carmen Pezzuto ^{1 2 4}
Director	Marina Pizzol ^{1 3}

The Board of Directors currently in office was appointed by shareholders at the Annual General Meeting of 26 April 2017; it will remain in office until approval of the 2019 financial statements.

Board of Statutory Auditors	
Chairman	Gianfranco Favaro
Statutory auditor	Laura Briganti
Statutory auditor	Gaetano Rebecchini
Substitute auditor	Clara Carbone
Substitute auditor	Nicola Turello

The Board of Statutory Auditors currently in office was appointed by shareholders at the Annual General Meeting of 26 April 2017, and will remain in office until the approval of the 2019 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 Related Party Transactions

⁵ Member of the Remuneration Committee

⁶ Member of the Appointments Committee

Performance highlights

Income statement highlights

	(€'000)	1Q 2018	%	1Q 2017	%	% change
OPERATING RESULTS						
SALES REVENUES		17,894	100.0%	9,114	100.0%	96.3%
GROSS PROFIT MARGIN	(*)	8,733	48.8%	4,278	46.9%	104.1%
EBITDA	(**)	1,621	9.1%	(2,876)	-31.6%	N/A
EBIT	(***)	1,172	6.5%	(4,091)	-44.9%	N/A
PROFIT (LOSS) BEFORE TAXES		795	4.4%	(4,300)	-47.2%	N/A
GROUP NET PROFIT (LOSS) FOR THE PERIOD		623	3.5%	(3,733)	-41.0%	N/A

Income statement net of the accounting effects of purchase price allocation

	(€'000)	1Q 2018 adjusted	%	1Q 2017 adjusted	%	% change
OPERATING RESULTS						
SALES REVENUES		17,894	100.0%	9,114	100.0%	96.3%
GROSS PROFIT MARGIN	(*)	8,733	48.8%	4,278	46.9%	104.1%
EBITDA	(**)	1,621	9.1%	(2,876)	-31.6%	N/A
EBIT	(***)	1,172	6.5%	(3,479)	-38.2%	N/A
PROFIT (LOSS) BEFORE TAXES		795	4.4%	(3,688)	-40.5%	N/A
GROUP NET PROFIT (LOSS) FOR THE PERIOD		623	3.5%	(3,335)	-36.6%	N/A

(*) Gross profit = difference between revenues from sale of products and services and consumption 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 its operating performance. Since the composition of EBITDA is not regulated by the reference accounting standards, the determination criteria applied by the Group may not be the same as that used by others and may therefore not be comparable.

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

For a breakdown of effects arising from purchase price allocation, see the notes on page 13.

Balance sheet and financial highlights

€'000	at March 31, 2018	at December 31, 2017	at March 31, 2017
NET NON-CURRENT ASSETS	85,688	84,532	96,413
NET WORKING CAPITAL	17,349	17,717	14,792
NET INVESTED CAPITAL*	96,889	96,319	103,996
ASSETS HELD FOR SALES	28	28	769
SHAREHOLDERS' EQUITY	92,539	90,697	101,456
NET FINANCIAL POSITION	4,378	5,650	3,309

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

Employee headcount

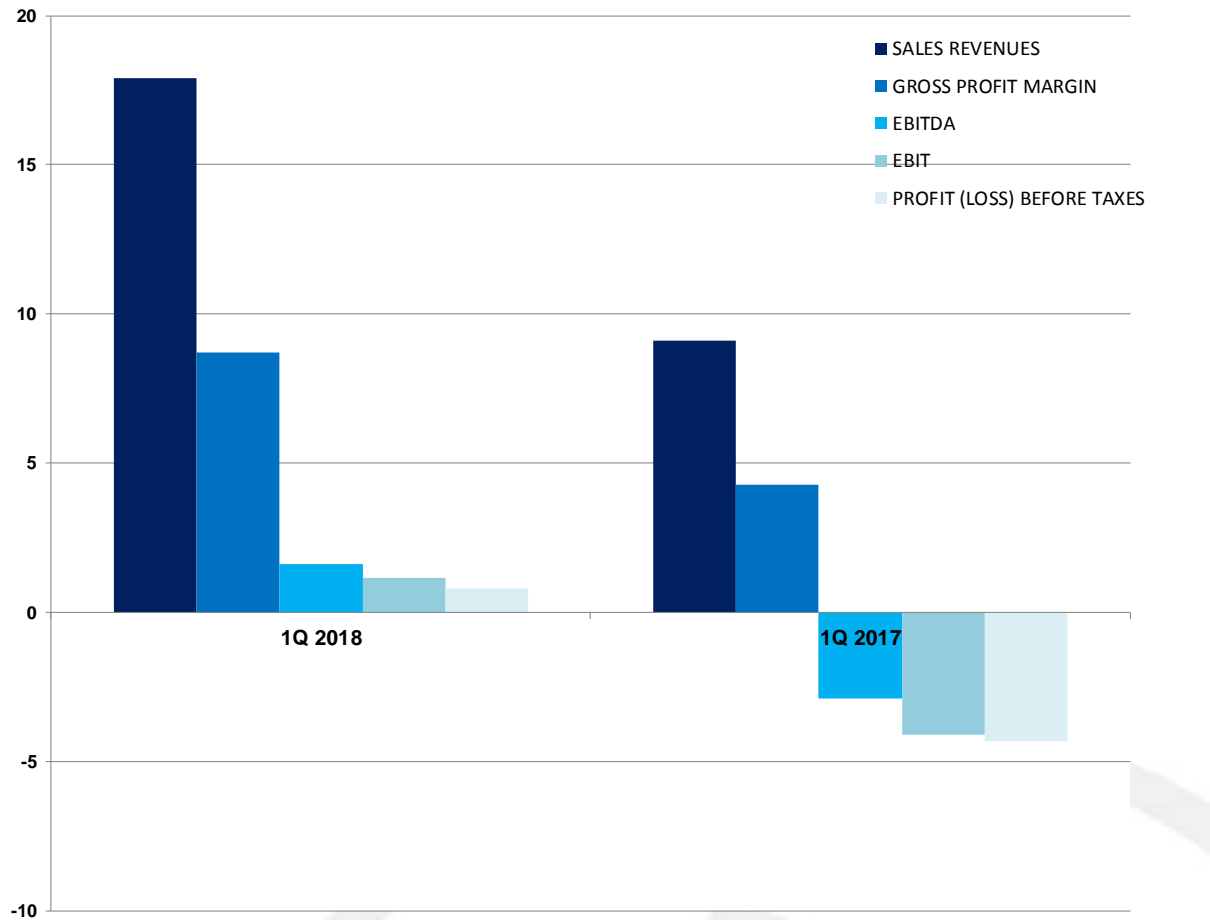
	at March 31, 2018	at December 31, 2017	at March 31, 2017
EMPLOYEES	291	294	305

Revenues by business line

Up until June 2017, the company had two separate business lines, namely NanoPC and HPC (High Performance Computers). From July 2017, following a change in the company's strategy for HPC, the two divisions were combined, as the HPEC (High Performance Embedded Computer) market, featuring small supercomputers with high processing capacity, was retained much more interesting. HPEC are used by customers similar to those of the NanoPC division, which is more focused on Embedded Computers. The large HPCs had been created and designed on a modular basis, making it easy to transform them into small supercomputers should industry demand change.

Following this reorganisation, the only business line of the Group is the "NanoPC" line, which comprises a) miniaturised electronic modules and systems for the transport, logistics, defence, security, medical and industrial sectors; b) gateways, edge-computers 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.

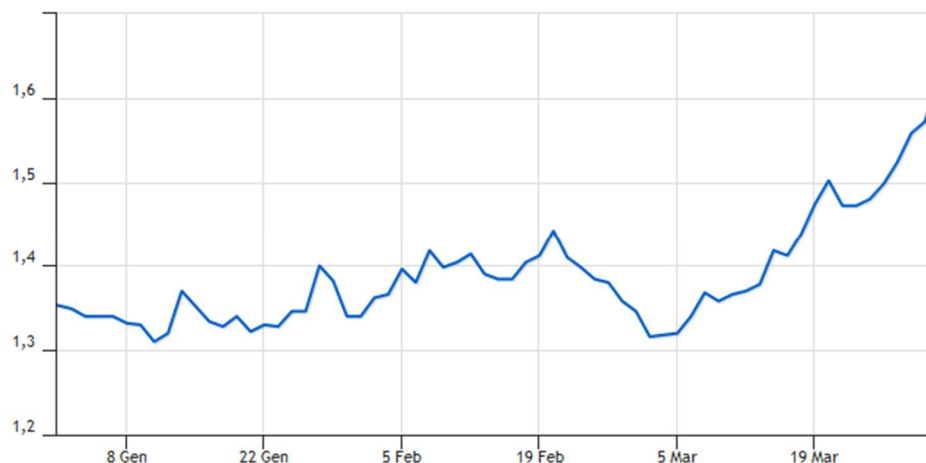
Share capital of Eurotech S.p.A. at 31 March 2018

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	1,319,020
Stock market capitalisation (based on the share's average price in March 2018)	€55 million
Stock market capitalisation (based on the share's average price 31 March 2018)	€56 million

Performance of Eurotech S.p.A. shares

Relative performance of EUROTECH S.p.A. shares
01.01.2018 – 31.03.2018

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 the headquarters in Italy.

The technological paradigm followed by Eurotech is ‘pervasive computing’ or ‘ubiquitous computing’. The pervasive concept combines three key factors: the miniaturisation of ‘smart’ devices, i.e. devices capable of processing information; their spread in the real world – inside buildings and equipment, on board vehicles, worn by people, and disseminated in the environment; and their ability to connect with each other in a network and communicating.

Within this overall vision, Eurotech conducts research and development activities with a view to building and marketing high performance and highly energy-efficient miniaturised computers that can be used in a variety of industrial spheres, that can be easily connected to one another and to the cloud through the new Internet of Things (IoT) paradigm.

The Group sells modular products with different levels of hardware and software integration, detailed as follows:

- basic components: electronic processing and communications boards according to different proprietary formats and compliant to standards (PC/104, Com-Express, VME, CompactPCI, etc.);
- high and very high performance, low consumption processing and communications sub-systems for fixed and mobile applications built using basic components and third-party components (product families: DuraCOR, BoltCOR, DynaCOR, etc.);
- ready-to-use devices and sensors built from components and sub-systems with the integration of specific software (the ReliaGATE and DynaGATE families for IoT Gateways, the BoltGATE family for Edge Computers, and the PCN and ReliaSENS family for intelligent sensors);
- software for integration with the cloud of basic components, sub-systems and devices: Everyware Cloud software platform;
- design services for solutions and personalised products to simplify their integration into customer products.

The Eurotech’s offering is used in several application fields, both conventional and emerging. Eurotech is most active in the manufacturing, transport, medical, energy and defence sectors. The feature common to many of our Customers in all these sectors is they are seeking not only a supplier but also a centre of technological competence – and they often see in Eurotech a partner for innovating their products and their way of doing business. Through our products, we seek to reduce the time-to-market and the total cost of ownership of our customers, who can then focus on their core businesses.

With the emergence of industry 4.0 and the spread of artificial intelligence and collaborative robotics, considerable processing power, which over time had shifted from the “periphery” to the “centre” (cloud computing), is now returning to the “periphery” (edge computing). The paradigm of edge computing is revitalising both the traditional sector of embedded computers and that of High Performance Computers (HPC). Embedded computers are increasingly being requested at the “periphery” as long as interconnected with the cloud, and this interconnection function is guaranteed by IoT software platforms. By anticipating the market, over the years, Eurotech has developed a platform for industrial IoT, marketed under the name Everyware Cloud and, thanks to the open-innovation model adopted for its development, is becoming a de-facto standard.

HPCs, instead, will have to take on other forms: they will have to start to be miniaturised, just like Personal Computers were miniaturised in the nineties, with a view to being used at the “periphery”. Therefore, there is a shift from “central” HPCs to “peripheral” HPCs, which are now called HPEC (High Performance Embedded Computer).

Thanks to the knowhow developed over the years in the design of hot-water, low-pressure cooled HPC, Eurotech is one of the only companies able to offer very compact HPEC able to be used in very small spaces, such as in mobile applications, and in any event able to meet the current needs of our customer markets.

In order to excel with its products and to guarantee the highest competitive advantage to its customers, a system of incremental and disruptive innovation has been activated, able to evolve the current products and intercept new latent requests that have not yet emerged in the market. Internal research activities are flanked by external relations with Universities and Research Institutes, thus creating a “network of knowledge” which fuels innovation and contributes to maintaining Eurotech’s technological leadership.

Eurotech has always sought to excel within the sector’s standards. It has understood that, to provide its Customers with performing and forward-looking solutions, excellence should not just be achieved through proprietary solutions, but rather as far as possible with state-of-the-art solutions that stay true to existing standards and, shouldn’t they exist, it must contribute to the formation of the same, as it is doing in the Internet of things (MQTT protocol and open-source Kura and Kapua projects).

Lastly, with a view to business sustainability and to be able to adapt the business model and to add new ones, the company has constantly focused on the development of its basic products over time to follow the technological evolution of the same, and on the progressive evolution of the product range by adding increasingly integrated devices to the same, which are becoming easier to interconnect to the network and which also enable recurring revenue business models to be pursued, thanks to IoT.



Summary of performance in the first quarter of 2018 and business outlook

Introduction

The interim management statement of the Eurotech Group at 31 March 2018, which has not been independently audited, and the statements for comparative periods were drawn up according to the IASs/IFRSs issued by the International Accounting Board and endorsed by the European Union.

The Group's results at 31 March 2018 and comparable periods were prepared according to the IASs/IFRSs 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 financial statements to 31 March 2018 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 at 31 December 2017, to which we expressly invite readers to refer, except for the adoption of new standards, amendments and interpretations in force at 1 January 2018.

Taxes have been calculated based on the current best possible estimates. 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 affiliates at equity, financial income and expenses and income taxes for the period.

Operating performance in the period

2018 started off on a positive note, confirming the trend that marked the close of 2017.

Without a doubt, at constant exchange rates, this was the highest first quarter for five years and enabled a net positive result of €623 thousand to be reported for the period.

Looking at planned performance, the first three months of the year show a steady customer demand trend in all continents with orders up against the same period of last year. In geographical terms, based on the location of the subsidiaries, North America and Europe more than doubled their turnover, while the Asian market increased by over 50%.

The changes made to the organisation, the investments made in developing a wider range of innovative products and the Group's ability to create solutions that meet the needs of individual customers all contributed to these results, which thanks to the end of quarter backlog due by year's end, grant us not only peace of mind regarding the year, they allow us to dedicate more energy to increasing orders for 2019.

In the IoT sector, Eurotech continues to be a technology leader thanks to its product portfolio and to the creation and continuous implementation of an ecosystem of partners. POCs (Proof Of Concept) continue to rise, although the launches of the implementation stages on a large scale for IoT projects are still slow. Nevertheless, the management team are counting on IoT implementations for B2B and B2B2C to boost the Group's future growth.

Revenues earned by the Group in the first three months of 2018 amounted to €17.89 million compared to €9.11 million in the first three months of 2017, up 96.3%. At constant exchange rates, the increase would be higher still, at 115.5%. As we noted last year, commenting on the first three months of 2017, the low revenues of the quarter were atypical and reflected an intermediate phase that several of our most important customers were undergoing.

With reference to the localisation of the Group activities, the highest turnover in the quarter was generated in North America, accounting for 45.0% of the total (34.9% in the first quarter of 2017), followed by Japan with 33.5% (44.4% in the first quarter of 2017, representing the most important area at the time), while Europe covers the remaining 21.5% (first quarter of 2017: 20.7%).

Historically, the trend of the first quarter has always been the least significant, as it is generally the weakest of the year; in 2018, however, boosted by the increase of the order portfolio, as already highlighted at the end of the year, the first quarter maintained the pace of the previous two quarters (third and fourth quarter of 2017) and the trend is cause to look towards the current year with renewed optimism. The activities performed in the various geographical areas, and in particular the reorganisation of North American operations, which began in the Spring of last year and are still in progress, are generating the results we had hoped for, and the figures prove it. We are counting on being able to evolve our organisation in 2018 as well, making it fitter to pursue and accelerate revenue growth and therefore exploit operational leverage.

Before commenting on the income statement figures in more detail, we must point out that at the end of 2017, the effects of the recognition in the accounts of the purchase price allocations⁷ (PPA) relating to business combinations only regarded that of Advanet Inc. in 2017.

Gross profit in the first quarter of 2018 equalled €8.73 million, accounting for 48.8% of revenues, compared to 46.9% in the first quarter of 2017 and in line with the figure for 2017, which was 48.5%. Maintaining gross profit close to 50% in the various quarters shows the group's ability to develop and sell innovative products that met the needs of the market.

In the three months of reference, operating costs before adjustments decreased by €290 thousand, from €8.13 million in the first quarter of 2017 to €7.84 million in the first quarter of 2018.

The impact is even more evident if compared as a percentage of turnover; gross operating costs fell as a percentage of revenues, from 89.2% in the first quarter of 2017 to 43.8% in the first quarter of 2018.

This decrease, in absolute terms, in addition to the impact of exchange rates when converting the financial statements into non-Euro currencies, reflect cost cutting measures made in 2017, which were partly offset by higher variable costs generated by higher revenues. In reality, this quarter reflects the company's operating leverage, showing that the cost operating structure is mostly comprised by fixed costs and therefore there are only a few variable costs that are dependent on revenues.

EBITDA for the first three months totalled €1.62 million (9.1% of revenues) compared with €-2.88 million in 2017 (-31.6% of revenues), reflecting the trend of both gross profit and of operating costs and other revenues.

EBIT rose from €-4.09 million in the first three months of 2017 (-44.9% of revenues) to €1.17 million in the first three months of 2018 (6.5% of revenues). In addition to the above, this performance also reflects the depreciation and amortisation recognised in the income statement in the first quarter of 2018, deriving from operating assets becoming subject to depreciation until 31 March 2018. The amount of depreciation and amortisation recognised in 2017 included €0.61 million resulting from the impact of the price allocation relating to the purchase of Advanet Inc.. As the impact of the price allocation ended in 2017, it has no effect on 2018.

Net finance expense was negative for €377 thousand in the first three months of 2018, just like in the first three months of 2017 for €209 thousand. This performance was affected by the different trend in exchange rates, in terms of average value in the periods under review, which led to unrealised exchange rate differences of €287 thousand being recorded. For greater detail, readers should refer to the comments made in Note "J".

The Group booked a pre-tax profit in the three months under review of €0.79 million, versus a loss of €4.30 million in the first three months of 2017. The improvement of the pre-tax result of €5.09 million reflects the combined effect of the higher EBIT for €5.26 million and the negative net financial position performance for €0.17 million due to the different trend in exchange rates.

The effects of price allocation on the pre-tax result amounted to €0.61 million only for the first three months of 2017.

⁷ In detail, the effects of the recognition in the accounts of the purchase price allocation relating to the business combination of the Advanet Group, which only impacted 2017, can be summarised as follows:

- depreciation, amortization and impairment: €610 thousand, equal to the higher amortisation charged to the higher values attributed to intangible assets (particularly customer relationships); the higher amortisation is attributable to the higher values assigned to the unit generating cash to the Advanet Group;
- lower income taxes: €214 thousand resulting from the tax effect on adjustments made.

In terms of Group net result, the tax burden on the Group's various units led to a profit of €0.62 million in the quarter (-€3.73 million in the first three months of 2017). In addition to reflecting the changes in the pre-tax result, the performance derives from the different tax burden recorded overall on the Group's units.

The achievement of the positive result in connection with the trend of working capital made possible to highlight positive operating cash flows to the full advantage of the increase in cash and cash equivalents.



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

CONSOLIDATED INCOME STATEMENT		Note	1Q 2018 (b)	of which related parties	%	1Q 2017 (a)	of which related parties	%	change (b-a)	
(€ '000)	amount								%	
Sales revenue	C	17,894	71	100.0%	9,114	266	100.0%	8,780	96.3%	
Cost of material	D	(9,161)		-51.2%	(4,836)	(292)	-53.1%	4,325	-89.4%	
Gross profit		8,733		48.8%	4,278		46.9%	4,455	104.1%	
Services costs	E	(2,923)		-16.3%	(2,636)	(1)	-28.9%	287	-10.9%	
Lease & hire costs		(422)		-2.4%	(450)		-4.9%	(28)	6.2%	
Payroll costs	F	(4,263)		-23.8%	(4,823)		-52.9%	(560)	11.6%	
Other provisions and costs	G	(231)		-1.3%	(220)		-2.4%	11	5.0%	
Other revenues	H	727		4.1%	975		10.7%	(248)	-25.4%	
EBITDA		1,621		9.1%	(2,876)		-31.6%	4,497	-156.4%	
Depreciation & Amortization	I	(449)		-2.5%	(1,215)		-13.3%	(766)	-63.0%	
EBIT		1,172		6.5%	(4,091)		-44.9%	5,263	128.6%	
Finance expense	J	(674)		-3.8%	(388)		-4.3%	286	-73.7%	
Finance income	J	297	6	1.7%	179		2.0%	118	65.9%	
Profit before tax		795		4.4%	(4,300)		-47.2%	5,095	118.5%	
Income tax	K	(172)		-1.0%	567		6.2%	739	130.3%	
Net profit (loss) of continuing operations before minority interest		623		3.5%	(3,733)		-41.0%	4,356	116.7%	
Minority interest	O	0		0.0%	0		0.0%	0	n/a	
Group net profit (loss) for period	O	623		3.5%	(3,733)		-41.0%	4,356	116.7%	
Base earnings per share		0.018			(0.109)					
Diluted earnings per share		0.018			(0.109)					

(€/000)	Note	1Q 2018	1Q 2017
Net profit (loss) before minority interest (A)		623	(3,733)
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	O	2	3
Tax effect		-	-
		<u>2</u>	<u>3</u>
Foreign balance sheets conversion difference		<u>1,989</u>	<u>2,098</u>
Exchange differences on equity investments in foreign	O	(924)	(535)
Tax effect		-	-
		<u>(924)</u>	<u>(535)</u>
After taxes net other comprehensive income to be reclassified to profit or loss in subsequent periods (B)		1,067	1,566
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>			
Actuarial gains/(losses) on defined benefit plans for employees	O	(1)	0
Tax effect		-	-
		<u>(1)</u>	<u>0</u>
After taxes net other comprehensive income not being reclassified to profit or loss in subsequent periods (C)		(1)	0
Comprehensive net result (A+B+C)		1,689	(2,167)
Comprehensive minority interest		0	0
Comprehensive Group net profit (loss) for period		1,689	(2,167)

Consolidated statement of financial position

(€'000)	Notes	at March 31, 2018	of which related parties	at December 31, 2017	of which related parties
ASSETS					
Intangible assets		81,116		79,968	
Property, Plant and equipment		2,352		2,436	
Investments in other companies		140		144	
Deferred tax assets		1,365		1,283	
Medium/long term borrowing allowed to affiliates companies and other Group companies		81	81	83	83
Other non-current assets		634		618	
Total non-current assets	L	85,688		84,532	
Inventories		20,056		17,821	
Contracts in progress		455	455	412	412
Trade receivables		13,311	134	15,623	252
Income tax receivables		207		204	
Other current assets		2,757		1,782	
Other current financial assets		102	6	95	5
Cash & cash equivalents		8,974		6,745	
Total current assets		45,862		42,682	
Non-current assets classified as held for sale	P	28		28	
Total assets		131,578		127,242	
LIABILITIES AND EQUITY					
Share capital		8,879		8,879	
Share premium reserve		136,400		136,400	
Other reserves		(52,740)		(54,582)	
Group shareholders' equity	O	92,539		90,697	
Equity attributable to minority interest	O	0		0	
Total shareholders' equity	O	92,539		90,697	
Medium-/long-term borrowing		2,142		1,844	
Employee benefit obligations		2,362		2,343	
Deferred tax liabilities		2,997		2,816	
Other non-current liabilities		708		688	
Total non-current liabilities		8,209		7,691	
Trade payables		14,166	161	13,088	149
Short-term borrowing		11,386		10,720	
Derivative instruments		7		9	
Income tax liabilities		331		262	
Other current liabilities		4,940		4,775	
Total current liabilities		30,830		28,854	
Total liabilities		39,039		36,545	
Total liabilities and equity		131,578		127,242	

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, 2016	8,879	1,385	136,400	12,689	(54,109)	(12)	(398)	6,889	(3,097)	(5,069)	103,557	-	103,557
2016 Result allocation	-	-	-	-	(5,069)	-	-	-	-	5,069	-	-	-
Profit (loss) as at March 31, 2017	-	-	-	-	-	-	-	-	-	(3,733)	(3,733)	-	(3,733)
- Performance Share Plan	-	-	-	-	66	-	-	-	-	-	66	-	66
<i>Comprehensive other profit (loss):</i>													
- Hedge transactions	-	-	-	-	-	3	-	-	-	-	3	-	3
Actuarial gains/(losses) on defined benefit plans for	-	-	-	-	-	-	-	-	-	-	-	-	-
- Foreign balance sheets conversion difference	-	-	-	2,098	-	-	-	-	-	-	2,098	-	2,098
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	-	(535)	-	-	(535)	-	(535)
Comprehensive result	-	-	-	2,098	-	3	-	(535)	-	(3,733)	(2,167)	-	(2,167)
Balance as at March 31, 2017	8,879	1,385	136,400	14,787	(59,112)	(9)	(398)	6,354	(3,097)	(3,733)	101,456	-	101,456

(€'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, 2017	8,879	1,385	136,400	8,817	(58,830)	(9)	(456)	2,280	(3,097)	(4,672)	90,697	-	90,697
2017 Result allocation	-	-	-	-	(4,672)	-	-	-	-	4,672	-	-	-
Profit (loss) as at March 31, 2018	-	-	-	-	-	-	-	-	-	623	623	-	623
- Performance Share Plan	-	-	-	-	153	-	-	-	-	-	153	-	153
<i>Comprehensive other profit (loss):</i>													
- Hedge transactions	-	-	-	-	-	2	-	-	-	-	2	-	2
Actuarial gains/(losses) on defined benefit plans for employees	-	-	-	-	-	-	(1)	-	-	-	(1)	-	(1)
- Foreign balance sheets conversion difference	-	-	-	1,989	-	-	-	-	-	-	1,989	-	1,989
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	-	(924)	-	-	(924)	-	(924)
Comprehensive result	-	-	-	1,989	-	2	(1)	(924)	-	623	1,689	-	1,689
Balance as at March 31, 2018	8,879	1,385	136,400	10,806	(63,349)	(7)	(457)	1,356	(3,097)	623	92,539	-	92,539

Net financial debt

Pursuant to the CESR Recommendation of 10 February 2005, the following table shows the Group's net financial debt at 31 March 2018, breaking it down by due date and comparing it with the situation at 31 March 2017 and 31 December 2017:

(€'000)		at March 31, 2018	at December 31, 2017	at March 31, 2017
Cash & cash equivalents	A	(8,974)	(6,745)	(7,925)
Cash equivalent	B=A	(8,974)	(6,745)	(7,925)
Other current financial assets	C	(102)	(95)	(76)
Derivative instruments	D	7	9	9
Short-term borrowing	E	11,386	10,720	8,571
Short-term financial position	F=C+D+E	11,291	10,634	8,504
Short-term net financial position	G=B+F	2,317	3,889	579
Medium/long term borrowing	H	2,142	1,844	2,824
Medium-/long-term net financial position	I=H	2,142	1,844	2,824
(NET FINANCIAL POSITION) NET DEBT pursuant to CONSOB instructions	J=G+I	4,459	5,733	3,403
Medium/long term borrowing allowed to affiliates companies and other Group companies	K	(81)	(83)	(94)
(NET FINANCIAL POSITION) NET DEBT	L=J+K	4,378	5,650	3,309

Working capital

The Group's working capital at 31 March 2018, compared with the situation at 31 March 2017 and 31 December 2017, is as follows:

(€'000)	Notes	at March 31, 2018 (b)	at December 31, 2017 (a)	at March 31, 2017	Changes (b-a)
Inventories		20,056	17,821	20,545	2,235
Contracts in progress		455	412	0	43
Trade receivables		13,311	15,623	8,826	(2,312)
Income tax receivables		207	204	338	3
Other current assets		2,757	1,782	2,000	975
Current assets		36,786	35,842	31,709	944
Trade payables		(14,166)	(13,088)	(11,135)	(1,078)
Income tax liabilities		(331)	(262)	(403)	(69)
Other current liabilities		(4,940)	(4,775)	(5,379)	(165)
Current liabilities		(19,437)	(18,125)	(16,917)	(1,312)
Net working capital	M	17,349	17,717	14,792	(368)

Cash flow

(€'000)		at March 31, 2018	at December 31, 2017	at March 31, 2017
Cash flow generated (used) in operations	A	1,839	(788)	(481)
Cash flow generated (used) in investment activities	B	(563)	(1,625)	(482)
Cash flow generated (absorbed) by financial assets	C	832	896	(390)
Net foreign exchange difference	D	121	(924)	92
Increases (decreases) in cash & cash equivalents	E=A+B+C+D	2,229	(2,441)	(1,261)
Opening amount in cash & cash equivalents		6,745	9,186	9,186
Cash & cash equivalents at end of period		8,974	6,745	7,925



A – Eurotech Group business

The Group's business activities, which up until 30 June 2017 had been split into 2 business lines (NanoPC and HPC), are now grouped into a single business line, which includes both high performance special-purpose miniaturised computers, and SW platforms for M2M integration.

The business line is represented by modules, systems and platforms currently targeting the transport, industrial, medical, security, defence and logistics markets.

Activity in this segment is carried out by Eurotech S.p.A. and I.P.S. Sistemi Programmabili S.r.l., which mainly operate in Italy, as well as 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 – Scope of consolidation

The companies included in the scope of consolidation on a line-by-line basis at 31 March 2018 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, Italy)	Euro 8,878,946	
<i>Subsidiary companies consolidated line-by-line</i>			
Aurora S.r.l.	Via Fratelli Solari 3/A – Amaro (UD, Italy)	Euro 10,000	100.00%
EthLab S.r.l.	Viale Dante, 300 – Pergine (TN, Italy)	Euro 115,000	100.00%
Eurotech Inc.	Columbia (USA)	USD 26,500,000	100.00%
Eurotech Ltd.	Cambridge (UK)	GBP 33,333	100.00%
E-Tech USA Inc.	Columbia (USA)	USD 8,000,000	100.00%
Eurotech France S.A.S.	Venissieux Cedex (France)	Euro 795,522	100.00%
I.P.S. Sistemi Programmabili S.r.l.	Via Piave, 54 – Caronno Varesino (VA, Italy)	Euro 51,480	100.00%
Advanet Inc.	Okayama (Japan)	JPY 72,440,000	90.00% (1)

(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.

The Slovak company Eth Devices S.r.o. was placed in liquidation in 2017, it was consolidated until 31 January 2018, the date on which the liquidation was closed.

The following affiliates are also valued at equity:

Rotowi Technologies S.p.A. in liquidation (formerly U.T.R.I. S.p.A.)	Via del Follatolo, 12 – Trieste, Italy	21.31%
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Other smaller companies valued at cost

Kairos Autonomi Inc.	Sandy (USA)	19.00%
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Affiliated companies booked under assets held for sale

eVS embedded Vision Systems S.r.l.	Ca' Vignal2, Strada Le Grazie 15 – Verona, Italy	24.00% (2)
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The main changes with regard to subsidiaries and affiliates compared with 31 December 2017 are as follows:

- 31.01.2018 the Slovak company Eth Devices S.r.o. in liquidation, it was consolidated until 31 January 2018, the date on which the liquidation was closed.

The following table provides information on the exchange rates used to translate foreign companies' financial statements into the Eurotech Group's presentation currency (the euro). The rates correspond to those released by the Italian Foreign Exchange Bureau (Ufficio Italiano Cambi).

Currency	Average 2018	As of March 31, 2018	Average 2017	As of December 31, 2017	Average 3Months 2017	As of March 31, 2017
British pound sterling	0.88337	0.87490	0.87667	0.88723	0.86009	0.85553
Japanese Yen	133.16620	131.15000	126.71120	135.01000	121.01385	119.55000
USA Dollar	1.22920	1.23210	1.12970	1.19930	1.06480	1.06910

C - Revenues

Revenues earned by the Group in the first quarter of 2018 amounted to €17.89 million (€9.11 million in the first three months of 2017), an increase of €8.78 million, corresponding to 96.3% against the same period of last year. This performance is strictly related to the recovery of order numbers in the various geographical areas, especially in North America and Japan. Furthermore, a comparison with 2017 shows a significant increase due to the atypical situation that occurred in the first quarter of 2017, where a delay in the receipt of orders had generated a decidedly irregular revenue figure, below expectations.

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 location of Group assets and operations. The areas identified within the Group are: Europe, North America and Asia.

Revenues of 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:

(€' 000)	North America			Europe			Asia			Correction, reversal and elimination			Total		
	1Q 2018	1Q 2017	% YoY Change	1Q 2018	1Q 2017	% YoY Change	1Q 2018	1Q 2017	% YoY Change	1Q 2018	1Q 2017	% YoY Change	1Q 2018	1Q 2017	% YoY Change
Third party Sales	8,056	3,178		3,835	1,886		6,003	4,050		0	0		17,894	9,114	
Infra-sector Sales	166	99		1,466	673		95	9		(1,727)	(781)		0	0	
Total Sales revenues	8,222	3,277	150.9%	5,301	2,559	107.2%	6,098	4,059	50.2%	(1,727)	(781)	-121.1%	17,894	9,114	96.3%

The North American business area's revenues totalled €8.22 million in the first three months of 2018 compared with €3.28 million in the first three months of 2017, recording a significant rise of 150.9%. This increase, the result of sales and marketing efforts in previous quarters, is no doubt emphasised by the figures for the first quarter of 2017, which were lower than usual. Orders continue to be healthy, especially in the board & system business line, which a recovery of orders from consolidated customers was flanked by an improvement of the opportunity conversion ratio of new customers, which see our products as solutions that can cut their time to market. Also orders relating to the IoT business line rose significantly, where the POC made are resulting in orders.

The European business area also recorded a significant increase from €2.56 million in the first quarter of 2017 to €5.30 million in the first quarter of 2018. This increase brings Europe to record levels for the first quarter of the year and there are good growth prospects thanks to the new business opportunities that have been generated in new vertical markets linked to HPEC technologies and to traditional areas such as transport as well as to emerging ones relating to industrial IoT and the paradigm of Industry 4.0.

The Asian business area recorded an increase of 50.2%, from €4.06 million to €6.10 million, due to the increase of orders generated by traditional customers in the industrial and medical sectors and only partially mitigated by an exchange rate effect that period to period saw the Japanese currency weaken by around 10%.

Revenues by customer geographical area

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

BREAKDOWN BY GEOGRAPHIC AREA	1Q 2018	%	1Q 2017	%	var. %
European Union	3,068	17.1%	1,610	17.7%	90.6%
United States	8,553	47.8%	3,143	34.5%	172.1%
Japan	6,003	33.5%	4,055	44.5%	48.0%
Other	270	1.5%	306	3.4%	-11.8%
TOTAL SALES AND SERVICE REVENUES	17,894	100.0%	9,114	100.0%	96.3%

With reference to the figures by geographical area reported in the table, revenues in the US rose by 172.1% and brought the area's contribution to be the largest, representing 47.8% to total revenues in the first three months of 2018.

Despite an increase of 48.0%, like at the end of 2017, Japan is the second most important area, accounting for 33.5% of the Group's revenues.

In Europe, again with reference to customer location, revenues fell, although still accounting for about 17.1% of total revenues.

D – Costs of raw & auxiliary materials and consumables used

Costs of raw & auxiliary materials and consumables used, which relate strictly to revenues, recorded an increase in the periods considered, rising from €4.84 million in the first three months of 2017 to €9.16 million in the first

three months of 2018. In the period under review there was thus a variation of €4.32 million (89.4%), lower than the increase in revenues, which was 96.3%. These different proportions resulted in a higher gross profit figure, in line with the end-of-year result and is due to both the different mix of products sold in the two periods compared, and to the importance of the market in said geographical areas where said products are sold.

As a percentage of revenues, consumption of raw & auxiliary materials and consumables fell from 53.1% in the first three months of 2017 to 51.2% in the first three months of 2018.

E – Service costs

The growth of the variable component of service costs led to an increase of the same of €0.29 million, corresponding to 10.9%, and amounting to €2.92 million. As a percentage of revenues, this cost item improved significantly, falling from 28.9% in the first three months of 2017 to 16.3% in the first three months of 2018.

In addition to referring to ordinary operations and therefore to sustaining the higher revenues, the costs pertain also to the investments the Group continues to make, mainly in the new business line of the IoT/M2M platforms for applications in the industry and in services. The purpose of these investments is to provide support to the sales and marketing area to improve the visibility of this product line, as well as to the research and development area, which maintains products in line with the new technologies present in the market.

F – Payroll costs

In the period under review, payroll costs decreased by 11.6%, from €4.82 million (52.9% of revenues) to €4.26 million (23.8% of revenues). At the end of the first quarter of 2018, there was a slight reduction in the workforce due to normal turnover trends. At present, the number of employees is higher, bringing new skills to the company to be able to develop and achieve the strategic vision that guides the group. The skills of our resources are constantly monitored, to be able to provide the various areas with the expertise and the resources needed.

Wages and Salaries also includes €152 thousand relating to the *pro rata temporis* portion of the cost of the Share Performance Plan in place (in the first quarter of 2017, the amount recorded under costs was €67 thousand).

Compared to 31 December 2017, the number of operators decreased from 294 to 291.

The table below shows the number of Group employees:

Employees	at March 31, 2018	at December 31, 2017	at March 31, 2017
Manager	9	9	9
Clerical workers	265	268	279
Line workers	17	17	17
TOTAL	291	294	305

G – Other provisions and costs

At 31 March 2018, this item included a provision for doubtful accounts of €42 thousand (€53 thousand in the first three months of 2017), and refers to provisions made for the possibility of uncollectable trade receivables. Other provisions and costs as a percentage of revenues were 1.3%, lower than the 2.4% recorded in the same period in 2017.

H – Other revenues

The item other revenues shows a decrease from €975 thousand in the first three months of 2017 to €727 thousand in the first three months of 2018.

Other revenues comprise the capitalisation of development costs for new solutions featuring highly integrated standard modules and systems for €499 thousand (€429 thousand in the first three months of 2017), miscellaneous income of €228 thousand (€546 thousand in the first three months of 2017).

I - Depreciation, amortization and impairment

This item decreased by €766 thousand, from €1.22 million in the first three months of 2017 to €0.45 million in the first three months of 2018 and is mainly due to lower amortisation recorded following the completion at the end of 2017 of the amortisation of the residual value of the customer relationship that emerged at the time of the price allocation. The amount recorded at 31 March 2017 was €612 thousand.

J – Financial income and expenses

Financial expenses rose from €0.39 million for the first three months of 2017 to €0.67 million for the first three months of 2018. This increase is mainly attributable to higher exchange rate losses linked to the performance of the American dollar, the Japanese yen and the pound sterling.

Financial income, again due to exchange rates, rose by €0.12 million from €0.18 million for the first three months of 2017 to €0.30 million for the first three months of 2018.

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

- foreign exchange losses: €0.55 million at 31 March 2018 (3.1% as a percentage of revenues), compared with €0.29 million at 31 March 2017 (3.1% as a percentage of revenues). The amount of unrealised exchange rate losses at 31 March 2018 was €417 thousand;
- foreign exchange gains: €0.29 million at 31 March 2018 (1.6% as a percentage of revenues), compared with €0.17 million at 31 March 2017 (1.9% as a percentage of revenues). The amount of unrealised exchange rate gains at 31 March 2018 was €130 thousand;
- miscellaneous interest expenses: €102 thousand at 31 March 2018 (0.7% as a percentage of revenues), compared with €89 thousand at 31 March 2017 (1.1% as a percentage of revenues).

	1Q 2018	1Q 2017	change %
(€'000)			
Exchange-rate losses	551	287	92.0%
Interest expenses	102	86	18.6%
Expenses on derivatives	8	3	166.7%
Other finance expenses	13	12	8.3%
Financial charges	674	388	73.7%
(€'000)			
Exchange-rate gains	291	173	68.2%
Interest income	4	2	100.0%
Other finance income	2	4	-50.0%
Financial incomes	297	179	65.9%
Net financial income	(377)	(209)	80.4%
% impact on sales	-0.6%	-2.3%	

K – Income taxes

Income taxes at 31 March 2018 were negative as a whole for €172 thousand (of which €230 thousand for current taxes and €58 thousand for net deferred tax assets), compared with a positive impact of €567 thousand at 31 March 2017 (of which €170 thousand for current taxes and €737 thousand for net deferred tax assets), representing a negative change of €739 thousand.

L – Non-current assets

The positive change in non-current assets between 31 December 2017 and 31 March 2018 of € 1.16 million was primarily due to foreign exchange rate changes and the increase in deferred tax assets.

Net investments of about €0.55 million in property, plant and equipment and intangible assets are partially offset by depreciation and amortisation for €0.45 million.

The most significant increases are related to intangible assets and are largely linked to projects to develop new products for a total amount equal to €0.51 million.

a – Intangible assets

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

(€ '000)	DEVELOPMENT COSTS	GOODWILL	SOFTWARE TRADEMARKS PATENTS	ASSETS UNDER CONSTRUCTION & ADVANCES	OTHER INTANGIBLE ASSETS	TOTAL INTANGIBLE ASSETS
OPENING BALANCE (A)	2,158	67,185	7,952	2,667	6	79,968
<i>Changes as at March 31, 2018</i>						
- Purchases	-	-	7	512	-	519
- Amortisation and impairment in period (-)	(302)	-	(13)	-	-	(315)
- Other changes	970	742	233	(1,001)	-	944
Total changes (B)	668	742	227	(489)	-	1,148
CLOSING BALANCE (A+B)	2,826	67,927	8,179	2,178	6	81,116

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

Cash generating units	at March 31, 2018		at December 31, 2017	
	Goodwill	Trademark with an indefinite useful life	Goodwill	Trademark with an indefinite useful life
Advanet Inc.	42,522	8,075	41,306	7,843
Eurotech Inc. (ex Applied Data Systems e ex Arcom Inc.)	19,917	-	20,461	-
Eurotech Ltd. (ex Arcom Ltd.)	4,992	-	4,922	-
Eurotech France S.a.s.	406	-	406	-
Other	90	-	90	-
TOTAL	67,927	8,075	67,185	7,843

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 CONSTRUCTION & ADVANCES	LEASED ASSETS	TOTAL PROPERTY, PLANT & EQUIPMENT
OPENING BALANCE (A)	1,090	241	345	677	2	81	2,436
<i>Changes as at March 31, 2018</i>							
- Purchases	-	-	19	11	-	-	30
- Disposals	-	-	-	(1)	-	-	(1)
- Amortisation and impairment in period (-)	(9)	(16)	(44)	(57)	-	(8)	(134)
- Other changes	-	1	6	14	-	-	21
Total changes (B)	(9)	(15)	(19)	(33)	-	(8)	(84)
CLOSING BALANCE (A+B)	1,081	226	326	644	2	73	2,352

M – Net working capital

Net working capital dropped by €0.37 million, from €17.72 million at 31 December 2017 to €17.35 million of 31 March 2018; this performance is due to the different trend of the collection and payment flows, as is usually the case during the first quarter and to the increase in the value of inventory, to cover shipments in future quarters, due to longer delivery times of several critical components.

The positive change of €0.94 million in current assets was mainly due to the increase of warehouse inventory by €2.23 million and of other current assets of €0.98 million, only partly offset by the decrease in trade receivables of €2.31 million.

The increase in current liabilities of €1.31 million is attributable to the increase in trade payables and tax payables.

N – Net financial position

The Group's net financial debt at 31 March 2018 is €4.38 million, compared with the amount of €5.65 million at 31 December 2017.

The positive change and therefore the lower amount of financial debt, as envisaged, is due to cash generation in the period, following a very positive fourth quarter in terms of turnover. This is also demonstrated by the level of cash and cash equivalents, which rose by €2.23 million against 31 December 2017.

See also Cash flow on page 20.

Please note that short-term borrowings (in applying the provisions of IAS 1.65) include, as previously done at 31 December 2017, the medium-long-term portion (€0.95 million) of two existing loans with respect to which, based on the consolidated final figures at 31 December, one of the covenant required in accordance with the loan agreements has not been respected.

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 31 March 2019.

O – Changes in equity

The share capital at 31 March 2018 was made up of 35,515,784 ordinary shares, wholly subscribed and paid up, with no nominal value.

The balance of the Issuer's legal reserve at 31 March 2018 amounted to €1.38 million.

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

The positive translation reserve of €10.81 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 €63.35 million and comprised the Parent Company's surplus reserve, formed by losses carried forward, allocations of retained earnings from prior years and other reserves of miscellaneous origin. The change in the year is attributable to the allocation of the 2017 results and to the booking of Eurotech's Performance share Plan for the period described in a specific section of the 2017 Consolidated Financial Statements.

The cash flow hedge reserve, which includes cash flow hedge transactions pursuant to IAS 39, was negative for €7 thousand and decreased by €2 thousand gross of the tax effect, which was not recognised due to absence of the relative prerequisites.

The foreign exchange reserve in which – based on IAS 21 – foreign exchange differences relating to intragroup foreign-currency loans that constitute part of a net investment in a foreign shareholding are recognised, was positive by €1.36 thousand and decreased by €0.92 million gross of the related tax effect; again it was not recorded due to the absence of the prerequisites.

At the end of the reporting period, the Parent Company Eurotech S.p.A. held 1,319,020 treasury shares (same amount at 31 December 2017).

P - Assets classified as held for sale

Following the resolutions of the Parent Company's Board of Directors, the value of the quotas held in Inasset S.r.l. of €19 thousand and in eVS embedded Vision System S.r.l. of €9 thousand were classified under this item whilst awaiting their final disposal.

Q – 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 website www.eurotech.com on page <https://www.eurotech.com/en/press+room/news>):

- 25/01/2018 [Eurotech and ALTEN Calsoft Labs partner up to provide innovative solutions in the IoT space](#)
- 28/02/2018 [AAEON Technology Europe BV announces collaboration with Eurotech to power its IIoT gateways with ESF edge framework](#)

The company also took part in the Star Conference 2018 in Milan on 21 March.

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

R – Events after 31 March 2018

For events following 31 March, the reader may refer to the press releases listed below (the complete text can be consulted at the Group website www.eurotech.com on page <https://www.eurotech.com/en/press+room/news>):

- 05/04/2018 [Eurotech's ReliaGATE 20-25 achieves SAP-Certified Integration as Built on SAP® Cloud Platform](#)
- 17/04/2018 [Eurotech and e-Lios Partner Up for a Coffee 4.0](#)

No other significant events took place after the three months ended.

S - 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 2017 Consolidated Financial Statements, in which the risks to which the Eurotech Group is subject are explained.

T – 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 to 31 March 2018;
- pursuant to CONSOB communication no. DEM/6064296 of 28 July 2006, there were no atypical and/or unusual transactions carried out in the first quarter of 2018;
- at 31 March 2018, the company held 1,319,020 treasury shares for a total value of €3,097 thousand. The changes were as follows:

	No. of shares	Face value of a share (Thousand of Euro)	% share capital	Carrying value (€'000)	Average unit value
Status as at 1 January 2018	1,319,020	330	3.71%	3,097	2.35
Purchases	-	-	0.00%	0	
Status as at 31 March 2018	1,319,020	330	3.71%	3,097	2.35

- 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. It therefore 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, 14 May 2018

On behalf of the Board of Directors

Signed Roberto Siagri
Chief Executive Officer



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Declaration of the Financial Reporting Manager

Amaro, 14 May 2018

DECLARATION

PURSUANT TO ARTICLE 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 31 March 2018 approved by the Company's Board of Directors on 14 May 2018,

STATE

in compliance with the matters set forth under ex - art. 154 bis, paragraph 2, part IV, title III, chapter II, section V-bis of the Legislative Decree no. 58 of 24 February 1998, to the best of my knowledge, the Consolidated Interim Management Statement at 31 March 2018 corresponds to the accounting entries.

The Financial Reporting Manager
Signed Sandro Barazza

