Company Introduction

March 2022
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Eurotech’s roots: Embedded Computers for Demanding Applications

Custom | Rugged

[Images of various electronic components and logos for John Deere, Alstom, Hitachi Medical Corporation, and Mitsubishi Heavy Industries Machinery Systems]
Eurotech’s mission is to connect Edge assets securely and simply and enable AI Computing in mission critical environments

- **Simplify** complexity at the edge
- Champion a **secure** digitization of assets
- Enable next generation of **smart** products

- Better Time To Market
- Minimum Risk
- Open-source Agnosticity
  Enabling AI at the Edge
NEW BENEFITS TO POTATO FARMERS WITH PRECISION AGRICULTURE

CUSTOMER REQUIREMENTS

• Enable precise field performance assessment
• Maximize yield while improving sustainability
• Perform remote and predictive maintenance
• Offer valuable data to the complete supply chain

THE SOLUTION

AVR

ESF EC

EUROTECH
INTELLIGENT DATA LOGGING FOR TRAIN LOCOMOTIVES

CUSTOMER REQUIREMENTS

• Securely collect data from locomotives
• Publish data in customer’s private cloud in near real time
• Aggregate data on the Edge for effective data transfer
• Enable load measurement and preventive maintenance

THE SOLUTION

INTELLIGENT DATA LOGGING FOR TRAIN LOCOMOTIVES
IOT PLATFORM FOR GLOBALLY DEPLOYED MEDICAL DEVICES

CUSTOMER REQUIREMENTS

• Integrating with existing IT infrastructure with zero changes on products and applications
• High level of cybersecurity and reliability
• Advanced Edge computing performances

THE SOLUTION
Our Domain: the EDGE of Industrial IoT

- Easy Southbound Connection to Assets
- Easy Northbound Connection to Cloud Platforms
- Open to Third-party AI
- Certified Cybersecurity
We are a Top Player in Industrial IoT with a distinctive offering of integrated Edge SW + HW

Industry Analysts recognize & appreciate:
- premium cybersecurity = less risk for customers
- easiness of use / implementation = low cost & low effort to market

We are different because:
- open-source = agnosticity & no lock-in
- one-stop-shop with HW + SW = less complexity in system integration & best cybersecurity

Source: adapted from MachNation, Gartner, IoT Analytics
Our journey on the long run

2021: Repositioning
- New strategy
- New organisation kick-off
- Order book back to solid growth

2022: Transitioning
- Strategy building blocks execution
- Embedded business sustaining growth
- Creating and closing healthy Edge IoT pipeline
- Close 1st M&A deal

2023: Transforming
- Edge IoT growing stronger than Embedded
- Sustainable re-occurring revenues growing double digit

2024: Eurotech is a Relevant Player in Edge IoT
How we want to grow: FOCUS and LEVERAGE

- Play in markets with combination of **higher size** and **higher CAGR** in next 5 years
- Serve **mission critical** type of applications with **high and mild ruggedization needs**
- Focus on **verticals / applications** where **certified cutting-edge cybersecurity is valued** more
- Create growth **organically** and **inorganically**

Leverage **relevant driving forces & accelerators:**
1. Repatriation, i.e. moving computing from cloud to edge, where data are generated
2. 5G
3. Automation & Servitization
4. Green & Smart Energy
5. Recovery Plans
“Core” action items

- **Focus** on What-we-do and Where-we-play
- **Create bandwidth** to enable our strategic growth imperatives
- Operationalize better our **go to market** Channels and front-line resources
- Drive a **growth culture** via a new Management Long Term Incentive Plan
Leveraging on strong growing Edge Gateways, Edge AI and IoT Platforms

Global market of Industrial IoT by product segment (in US $Bn – 2020-2025)

- Boards & Systems: 6.0% CAGR (2020: 3.0, 2025: 4.0)
- IPCs: 6.8% CAGR (2020: 3.6, 2025: 5.0)
- Edge Servers: 3.5% CAGR (2020: 2.1, 2025: 2.5)
- IoT Platforms: 21.9% CAGR (2020: 1.3, 2025: 3.5)
- Edge AI: 31.7% CAGR (2020: 2.9, 2025: 11.5)
- Edge Gateway: 18.8% CAGR (2020: 1.9, 2025: 4.5)

Source: adapted from MEC, VDC, IoT Analytics
The 5 verticals where we will focus (TAM 21B$ in 2025)

- **Industrial Automation**
  - CAGR 20-25: 13.4%
  - 2020: 4.71 (High ruggedization applications)
  - 2025: 8.84 (High ruggedization applications)

- **Transportation & Offroad**
  - CAGR 20-25: 16.3%
  - 2020: 1.09 (Mild ruggedization applications)
  - 2025: 2.31 (Mild ruggedization applications)

- **Medical**
  - CAGR 20-25: 16.9%
  - 2020: 1.57 (High ruggedization applications)
  - 2025: 3.44 (High ruggedization applications)

- **Grids**
  - CAGR 20-25: 18.8%
  - 2020: 0.96 (Mild ruggedization applications)
  - 2025: 2.27 (Mild ruggedization applications)

- **Communication**
  - CAGR 20-25: 13.4%
  - 2020: 2.19 (High ruggedization applications)
  - 2025: 4.12 (High ruggedization applications)

**Total Target Verticals**
- CAGR 20-25: 14.8%
- 2020: 10.53 (High ruggedization applications)
- 2025: 20.98 (High ruggedization applications)

*Source: adapted from MEC, VDC, IoT Analytics*
Go to market routes: the Partners Ecosystem will be paramount to growth
Why Eurotech

- We have top class EDGE technology
- We are long term committed
- We aim at growing double digit ... by leveraging secular trends and using M&A to accelerate
- With solid margins ... because of our differentiation in high reliability & ruggedized applications and our innovation in Edge software
- With more re-occurring and sticky type of revenues ... selling integrated HW & SW
- Leveraging an agile cost structure ... being fabless
Recap 2021

**Tech Excellence Confirmed**
- Third year consecutively in Gartner Magic Quadrant for IoT Platforms
- One of the few to achieve both process & product cybersecurity certifications IEC 62443-4-2 and IEC 62443-4-1

**Backlog Growing**
- Order intake marked a +87% vs FY2020, showing a clear trend inversion to fuel 2022 growth

**Tackling Shortage**
- Moved to a longer term supply chain planning
- Re-negotiated prices with customers, effects visible starting from Q2 2022
- Re-designed some products to use alternative components
Customer commitments for 2022 already @ 78M€

- +100% in opening book for 2022 vs opening book for 2021, up from +50% in Q3

- Top 12 IoT design wins coming live: CAGR 30% for next 3 years

- Volume of Gateways shipped in 2022 at +40% YoY

- SW revenues ramping up to 3.5M€ (50+% YoY)

- No revenues linked to Russia and Ukraine

**Line of sight** i.e. invoiced + backlog @ 78M€ (as of today)
2021 FINANCIAL HIGHLIGHTS
Component shortage prevented 5.5% YoY growth

IoT confirmed 15% increase YoY proving resilience

Headwind from components shortage dictated Embedded performance

<table>
<thead>
<tr>
<th></th>
<th>FY2020</th>
<th>FX</th>
<th>IoT</th>
<th>Embedded</th>
<th>FY2021</th>
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</thead>
<tbody>
<tr>
<td>FY2020</td>
<td>69.3</td>
<td>-2.3</td>
<td>1.3</td>
<td>-5.2</td>
<td>63.1</td>
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</tbody>
</table>

All values in € million
Revenues breakdown by Geography

FY 2020
- Europe: 36%
- USA: 23%
- Japan: 35%
- Other: 6%

FY 2021
- Europe: 43%
- USA: 18%
- Japan: 32%
- Other: 7%

- **USA** sustained by legacy business
- **Japan** with growing order intake in Q3 & Q4 only partially converted into revenues due to lack of components
- **Europe** affected by stop on autonomous cars business and waiting for IoT projects to ramp up
EBITDA burdened by Gross Margin contraction

<table>
<thead>
<tr>
<th>EBITDA FY2020</th>
<th>FX</th>
<th>Volume</th>
<th>PPV &amp; MIX</th>
<th>Net Opex</th>
<th>EBITDA FY2021 ADJ</th>
<th>Non rec Cost/rev</th>
<th>EBITDA FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.6</td>
<td>-0.5</td>
<td>-2.0</td>
<td>-3.7</td>
<td>-0.7</td>
<td>-0.3</td>
<td>-2.4</td>
<td>-2.7</td>
</tr>
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EBITDA affected by **shortage and change in product mix**, together with **non-recurring costs**

Operational leverage not activated due to lack of sufficient volume.
Solid Balance Sheet

**FY2021 NFP Bridge**

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

**Net Capital Employed**

FY2020 €110M – FY2021 €119M

All values in € million

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<thead>
<tr>
<th></th>
<th>FY2020</th>
<th>FY2021</th>
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<tbody>
<tr>
<td><strong>Non current assets</strong></td>
<td>102.0</td>
<td>101.0</td>
</tr>
<tr>
<td><strong>NWC</strong></td>
<td>15.8</td>
<td>10.4</td>
</tr>
<tr>
<td><strong>Long term liabilities</strong></td>
<td>-.31.3</td>
<td>-.25.1</td>
</tr>
<tr>
<td><strong>Shareholders’ Equity</strong></td>
<td>118.9</td>
<td>110.4</td>
</tr>
<tr>
<td><strong>NFP</strong></td>
<td>-.8.5</td>
<td>-.6.2</td>
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Thank You!