press release

EUROTECH ANNOUNCES THE ACQUISITION OF INONET COMPUTER GmbH

The deal closed today extends Eurotech's footprint in Germany and accelerates its growth strategy in the Edge Computing market in AIoT.

Amaro (Italy), 12 September 2022

Eurotech S.p.A. ("**Eurotech**"), a leading provider of Edge Computing solutions for mission critical applications, is pleased to announce that it has successfully finalized today, concurrently with the signing of the related binding agreement, the acquisition from InoNet GmbH of the entire share capital of InoNet Computer GmbH ("**InoNet**"), a German company based in Taufkirchen (south of Munich), operating in the sectors of Industrial PCs (IPCs) and embedded systems for special applications.

The Enterprise Value of the target amounts to Euro 10 million, on the basis of which a cash consideration of Euro 9.45 million has been determined; there is also an earn-out of up to a maximum of 300,000 Eurotech shares, to be paid depending on the achievement until the year 2024 of specific targets for organic growth, implementation of synergies and retention of identified key figures. The aforementioned cash amount of the acquisition consideration was paid in full using the Eurotech Group's cash and cash equivalents.

Founded in 1998, InoNet is an established and recognized player in the DACH market, where it supplies custom and configured systems to renowned customers in the medical, industrial, and automotive sectors. For fiscal year 2022, ending March 31, 2023, InoNet expects revenues of €17.5 million (€15.2 million in fiscal year 2021) and EBITDA of €0.7 million (€0.4 million in fiscal year 2021), calculated according to German GAAP. This corresponds, according to IFRS used by Eurotech and based on preliminary estimates, to approximately €0.8 - 0.85 million.

The implied multiple of the transaction is 0.6x with respect to sales and 14.3x with respect to EBITDA (11.8x - 12.5x with respect to EBITDA calculated according to IFRS).

We expect to be able to bring InoNet's EBITDA margin into double digits within the next two and a half years. We have identified, on the one hand, cost synergies on the supply chain and, on the other hand, growth synergies related to cross-selling actions, both to InoNet's existing customers and to new customers in the DACH area.

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Strategic rationale

1. EXPANSION INTO THE SECOND LARGEST MARKET FOR INDUSTRIAL IOT

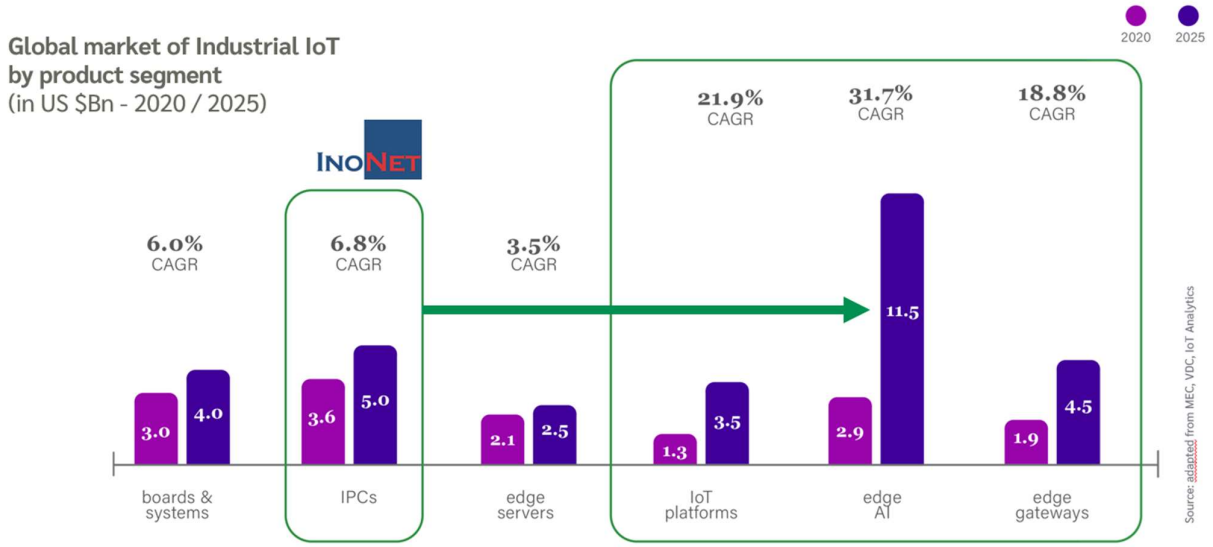
The addition of InoNet gives Eurotech relevance and critical mass in Germany, and creates an important access to the DACH market, which is the world's second largest market for industrial IoT after the United States.

2. HIGH COMPLEMENTARITY

InoNet shares with Eurotech the same focus on critical applications, high-quality products, and high value-added solutions. In addition to this affinity, the two companies have a strong complementarity of products, markets, and channels.

		Eurotech	InoNet
Sales	Global 2000 customers	**High**	Low
	Mid Cap customers	Low	**High**
Products	IPCs	No	**Yes**
	Edge Gateways	**Yes**	No
	Edge AI	**Yes**	**Yes**
	Edge Software	**Yes**	No
Footprint	USA	**Yes**	No
	Japan	**Yes**	No
	DACH	No	**Yes**
	Rest of EU	**Yes**	No
Channels to market	Direct to OEMs	**Yes**	**Yes**
	System Integrators	**Yes**	No
	Hyperscalers	**Yes**	No
	Technology Partners	**Yes**	No
Operations	Assembly, configuration & test	**Yes**	**Yes**
	SMT production lines	No	No

3. ACCELERATING GROWTH IN THE EMERGING EDGE AI SECTOR



InoNet represents a solid platform for Eurotech to accelerate in the emerging global Edge AI market, growing over 30% YoY, starting from Industial PCs type of products.

In addition, integration with our Edge SW and cybersecurity certifications will enable important differentiation and accelerate our journey towards being a leading provider of integrated devices for Edge AIoT applications.

Finally, InoNet's portfolio of customers in the midcaps of the DACH region provides the basis for up-selling opportunities of our Edge SW (ESF and EC).

Paul Chawla, CEO of Eurotech, said: *"I'm happy to welcome InoNet to the Eurotech family. InoNet allow us to have a direct presence in Germany, which has been a white space so far in our footprint. We share similar DNAs when it comes to helping customers solve challenging problems. The complementarity of our offerings will help us scale in DACH, the second fastest growing IoT market in the world, with strong differentiation in cybersecurity linked to integrated HW & SW solutions."*

Michael Schmohl, founder of InoNet*, said, "25 years after founding InoNet Computer GmbH, I am excited to hand over the company to an Industrial IoT player that fits so perfectly with our corporate culture and our customers."*

Ioannis Armenis and Ralph Ostertag, Managing Directors and co-owners of InoNet, *added, "We are all thrilled by the opportunity to create a leading provider of Edge AI devices. With InoNet's presence in DACH and Eurotech's presence in the Americas, UK and Asia, the two companies truly complement each other. We look forward to building on our companies' consistent commitment to innovation and customer service."*

In connection with the transaction, Eurotech was assisted by ARTHOS Corporate Finance GmbH (M&A advisor), Lexia Avvocati (legal advisor Milan), SLB Rechtsanwaltsgesellschaft mbH (legal advisor Munich), PwC (financial, tax & HR due diligence).

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Eurotech

Eurotech (ETH:IM) is a multinational company that designs, develops and delivers Edge Computers and Internet of Things (IoT) solutions complete with services, software and hardware to system integrators and enterprises. By adopting Eurotech's solutions, customers have access to components and software platforms for IoT, Edge Gateways to enable asset monitoring, and high-performance Edge Computer for applications including Artificial Intelligence (Edge AI). To offer more and more complete solutions Eurotech has activated partnerships with leading companies in their field of action, thus creating a global ecosystem that allows it to create "best in class" solutions for the Industrial Internet of Things.
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