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consolidated interim management report

.....

at 30 september 2023

AT 30 SEPTEMBER 2023

*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
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>	<i>6</i>
<i>Summary of the results.....</i>	<i>6</i>
Information for shareholders	7
The Eurotech Group	8
Summary of performance in the third quarter of 2023 and business outlook	10
<i>Introduction</i>	<i>10</i>
<i>Reporting policies.....</i>	<i>10</i>
<i>Operating performance in the period.....</i>	<i>11</i>
Financial statements and explanatory notes.....	14
<i>Consolidated income statement</i>	<i>14</i>
<i>Consolidated statement of comprehensive income.....</i>	<i>16</i>
<i>Consolidated statement of financial position.....</i>	<i>17</i>
<i>Consolidated statement of changes in shareholders' equity</i>	<i>18</i>
<i>Net financial position.....</i>	<i>19</i>
<i>Net working capital.....</i>	<i>19</i>
<i>Cash flows.....</i>	<i>20</i>
<i>A – Group business</i>	<i>21</i>
<i>B – Scope of consolidation</i>	<i>21</i>
<i>B bis – Business combinations – Acquisition of InoNet Computer GmbH.....</i>	<i>22</i>
<i>C – Revenues.....</i>	<i>24</i>
<i>D – Costs of raw & ancillary materials and consumables used</i>	<i>26</i>
<i>E – Costs for services.....</i>	<i>26</i>
<i>F – Payroll costs</i>	<i>26</i>
<i>G – Other provisions and costs.....</i>	<i>27</i>
<i>H – Other revenues.....</i>	<i>27</i>
<i>I – Depreciation, amortisation and impairment.....</i>	<i>27</i>
<i>J – Financial income and expenses</i>	<i>28</i>
<i>K – Income taxes</i>	<i>28</i>
<i>L – Non-current assets.....</i>	<i>29</i>
<i>M – Net working capital.....</i>	<i>30</i>
<i>N – Net financial position.....</i>	<i>30</i>
<i>O – Changes in shareholders' equity</i>	<i>31</i>
<i>P – Significant events in the quarter.....</i>	<i>32</i>
<i>Q – Events after 30 September 2023</i>	<i>32</i>
<i>R – Risks and uncertainties.....</i>	<i>32</i>
<i>S – Other information</i>	<i>32</i>
Statement of the Financial Reporting Manager.....	35

Corporate Bodies

Board of Directors

Chairperson	Luca di Giacomo
Deputy Chairperson	Aldo Fumagalli ^{1 3}
Director	Paul Chawla
Director	Michela Costa ^{1 2 3 4 5}
Director	Marco Costaguta ¹
Director	Susanna Curti ^{1 5}
Director	Alberta Gervasio ¹
Director	Simona Elena Pesce ^{1 2 3 4 5}
Director	Massimo Russo ^{1 2 4}

The Board of Directors currently in office was appointed by shareholders at the Annual General Meeting of 27 April 2023, and will remain in office until approval of the 2025 financial statements.

Board of Statutory Auditors

Chairperson	Fabio Monti
Statutory Auditor	Laura Briganti
Statutory Auditor	Daniela Savi
Substitute Auditor	Clara Carbone
Substitute Auditor	Daniele Englaro

The Board of Statutory Auditors currently in office was appointed by shareholders at the Annual General Meeting of 27 April 2023, and will remain in office until approval of the 2025 financial statements.

Independent Auditor

Ernst & Young

The independent auditor was appointed for the period 2023-2031 by shareholders at the Annual General Meeting of 27 April 2023.

Corporate name and registered offices of the Parent Company

Eurotech S.p.A.
Via Fratelli Solari 3/A
33020 Amaro (Udine), 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 2023	%	3rd Q 2022	%	% change	(€'000)	9M 2023	%	9M 2022	%	% change
OPERATING RESULTS										
22,112	100.0%	25,084	100.0%	-11.8%	SALES REVENUES	70,007	100.0%	59,825	100.0%	17.0%
10,787	48.8%	12,014	47.9%	-10.2%	GROSS PROFIT MARGIN (*)	33,085	47.3%	26,793	44.8%	23.5%
1,101	5.0%	2,973	11.9%	-63.0%	EBITDA ADJ (****)	3,799	5.4%	1,407	2.4%	170.0%
0	0.0%	(920)	-3.7%	100.0%	Non recurring costs	0	0.0%	(920)	-1.5%	100.0%
1,101	5.0%	2,053	8.2%	-46.4%	EBITDA (**)	3,799	5.4%	487	0.8%	680.1%
(521)	-2.4%	817	3.3%	-163.8%	EBIT (***)	(508)	-0.7%	(3,173)	-5.3%	84.0%
25	0.1%	956	3.8%	-97.4%	PROFIT (LOSS) BEFORE TAXES	(163)	-0.2%	(3,362)	-5.6%	95.2%
(292)	-1.3%	521	2.1%	-156.0%	GROUP NET PROFIT (LOSS) FOR THE PERIOD	(1,231)	-1.8%	(3,742)	-6.3%	67.1%

(*) **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 fixed 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, 2023	at December 31, 2022	at September 30, 2022
BALANCE SHEET AND FINANCIAL HIGHLIGHTS				
NET NON-CURRENT ASSETS		102,892	107,513	111,630
NET WORKING CAPITAL		22,489	19,944	19,229
NET INVESTED CAPITAL *		117,139	120,936	124,039
SHAREHOLDERS' EQUITY		99,112	106,515	108,339
NET FINANCIAL POSITION		18,027	14,421	15,700

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

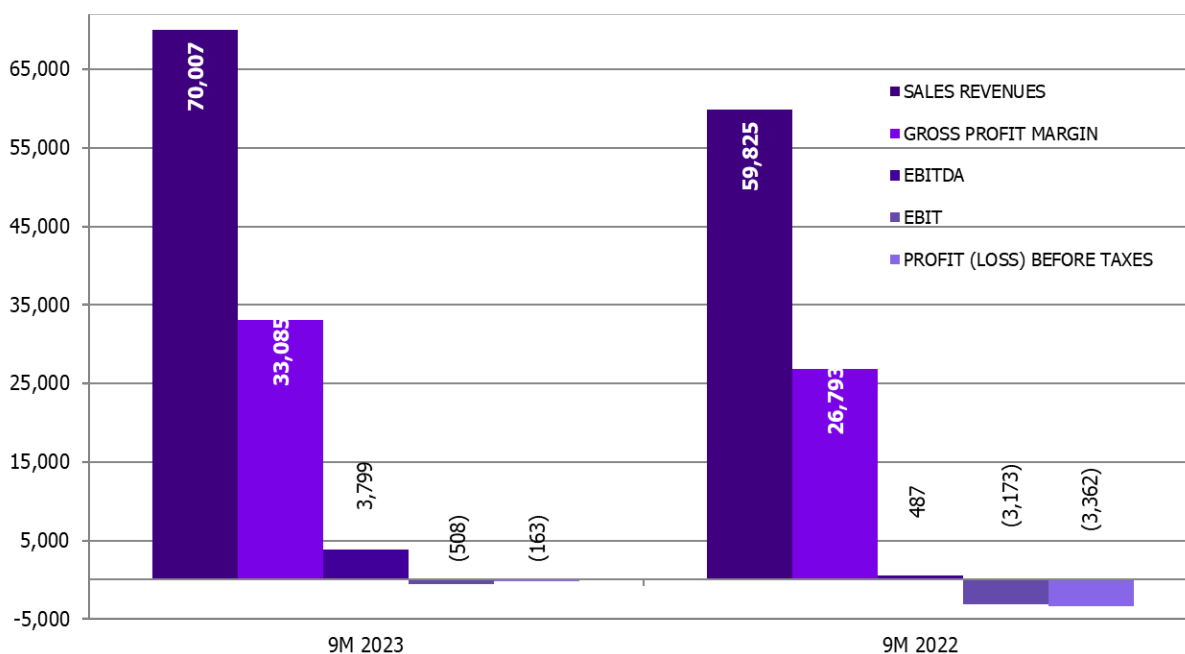
Number of employees

	at September 30, 2023	at December 31, 2022	at September 30, 2022
EMPLOYEES	393	398	388

Revenues by business line

The Group's only business line is 'Modules and Platforms', which consists of: a) modules and embedded electronic computing systems for the industrial, transport, medical, energy and water-light-gas distribution networks; b) low-power, high-performance Edge Computers for use in the Internet of Things (IoT) environment and for realising applications that make use of Artificial Intelligence (AI) algorithms; c) frameworks and software platforms for IoT applications.

Summary of the results



Information for shareholders

The ordinary shares of Eurotech S.p.A., the Parent Company of the Eurotech Group since 30 November 2005, have been listed in the Euronext Star Milan segment of the Euronext Milan market organised and managed by Borsa Italiana S.p.A.

Share capital of Eurotech S.p.A. at 30 September 2023

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. ordinary treasury shares	240,606
Stock market capitalisation (based on the share's average price in September 2023)	€82 million
Stock market capitalisation (based on the share's reference price at 30 September 2023)	€87 million

Performance of Eurotech S.p.A. shares

Relative performance EUROTECH S.p.A.
01.01.2023 – 30.09.2023

The line chart 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 offices in Europe, North America and Japan, led and coordinated by its headquarters in Italy.

Eurotech has a long tradition of 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 characterised by high value and low volumes that over the years has allowed the company to maintain a gross profit above the sector average.

Over ten 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, where in 2022 we were present for the fourth year in a row.

The factors that characterise 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 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 integration time and 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 solutions and is certified according to the most recent international standards (IEC 62443-4-1 AND IEC 62443-4-2).

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;
- Industrial PC (IPC), which represent the main offering of InoNet Computer GmbH, the German subsidiary acquired in September 2022;
- Edge gateways, i.e. devices with hardware and software integrated that enable communication between assets operating in the field and data platforms in the cloud, both public and private;
- Edge server, i.e. rugged computing units located in the field, close to the assets and dedicated to local processing of the data they generate;
- Edge AI devices, i.e. high-performance systems with integrated hardware and software to safely and remotely process AI algorithms directly in the field, eliminating unnecessary and costly data transfers to centralised 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 four vertical markets combining larger size and higher growth rates in the future years: industrial automation, transport & offroad, medical, renewable energies & networks for energy-gas-water.

Summary of performance in the third quarter of 2023 and business outlook

Introduction

The interim management report of the Eurotech Group at 30 September 2023, 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 at 30 September 2023 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 accounts at 30 September 2023 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 2022, to which express reference is made, except for the adoption of new standards, amendments and interpretations in force as of 1 January 2023.

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 figures at 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 explanatory notes required the use of estimates and assumptions, with particular reference to provisions for impairment 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;
- **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;
- **EBITDA**, or earnings before amortisation, depreciation and impairment 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

Turnover of the first nine months of 2023 was €70.01 million compared to €59.82 million for the first nine months of 2022. The increase at constant exchange rates was 21.9%, while at historical exchange rates the increase was 17.0%. This is entirely due to the higher turnover contributed by InoNet Computer GmbH, which was acquired in September 2022 and thus consolidated for only one month in 2022 and for all nine months in 2023.

With the same scope of consolidation, revenue was stable year-on-year, but with a very different contribution from the new Edge AIoT business line: in fact, the Edge AIoT component grew 73% in the nine months of 2023 compared to the nine months of 2022, confirming the ongoing transformation towards the new strategic direction. Including InoNet's contribution, the Edge AIoT business accounted for 39% of total revenue in the nine months of 2023, while it was 15% in the nine months of 2022.

With reference to the **breakdown of revenues by geographical area** of the Group's activities, Europe has become the most significant region, thanks mainly to the inclusion of InoNet in the scope of consolidation, and accounts for 42.8% of the Group's revenue (in the nine months of 2022 it was 21.7%); despite a decrease of 16.5%, the US region remained in second place and contributed 31.6% of total revenue (in the nine months of 2022 it was 44.3%); in third place was the Japanese region, which declined by 12.0% and recorded a contribution of 25.6% to the total figure (in the nine months of 2022 it was 34.1%).

Gross profit in the period totalled €33.08 million, accounting for 47.3% of the turnover, well up compared to 44.8% in the first nine months of 2022. Compared to the first half of the year, the margin improved by 70 bps, thanks to a 48.8% margin in the third quarter. The improvement in the gross profit was mainly the result of the stabilisation of component procurement costs and the almost complete disappearance of price anomalies on low availability components, which had led to significant Purchase Price Variations (PPV) in 2022 and had had a dilutive effect on the gross profit.

Operating costs gross of adjustments and net of non-recurring costs (which were only recognised in 2022) amounted to €31.95 million in the first nine months of 2023, compared to €27.48 million in the first nine months of 2022. The increase is mainly due to the costs resulting from the different contribution of InoNet to the consolidation, which was one month in the quarterly report at 30 September 2022 and full nine months for 2023.

At historical exchange rates, there was a total increase of 16.3% that, net of higher InoNet costs, was only 1.3%.

The **non-recurring costs**, which were not recognised until 2022, amounted to €0.92 million and related to the expenses incurred for the acquisition of InoNet Computer GmbH, which must be recognised as expenses for the period in accordance with IFRS 3.

Adjusted EBITDA amounted to €3.80 million (5.4% of revenues) in the first nine months, compared to €1.41 million (2.4% of revenues) in 2022. Considering only the non-recurring costs of 2022, **EBITDA** for the first nine months of 2022 amounted to €0.49 million; on the other hand, there is no change with reference to the first nine months of 2023 as there are no non-recurring costs.

Adjusted EBIT of the first nine months, i.e. the operating result for the period net of non-recurring costs, was -€0.51 million (-0.7% of revenues), compared to -€2.25 million in 2022 (-3.8% 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 2023, deriving from operating assets becoming subject to depreciation and amortisation in that same period. The operating result (EBIT) including non-recurring costs for 2022 amounted to -€3.17 million, while there is no change for 2023.

EBIT for the first nine months of 2023, although unaffected by non-recurring costs, was, however, impacted by the effects of the recognition of the "purchase price allocation" related to the business combination of InoNet Computer GmbH. In fact, the recognition of amortisation on the higher values attributed to intangible assets (customer list and brand name) of €0.32 million had an impact on EBIT, which would have been -€0.18 million without these effects.

Financial management in the first nine months of 2023 was positive for €345 thousand, while it was negative for €189 thousand in the first nine months of 2022. For greater detail, please refer to the comments made in the Explanatory Note "J".

In terms of the Group's **net result**, the figure for the first nine months was -€1.23 million (-1.8% of revenues), while it was -€3.74 million in the same period of 2022 (-6.3% of revenues).

At 30 September 2023, the Group had a **net financial debt** of €18.03 million, compared to a net debt of €14.42 million at 31 December 2022. The decline in net financial position was due to both the use of liquidity to support the increase in working capital of €2.54 million and the repayment of loans. **Net working capital** amounted to €22.49 million at 30 September 2023, compared to €19.94 million at 31 December 2022. The increase in working capital is related both to the trend in collections and payments and to the trend in inventories required to generate turnover in the fourth quarter. It should be noted, however, that the values of both net working capital and net financial debt improved compared to the values recorded at the end of June. The ratio of net working capital to pro forma turnover for the last 12 rolling months stood at 21.5%.

With reference to the trend in the third quarter alone, turnover amounted to €22.11 million, down 11.8% compared to the same period last year. This difference is reduced by 5.9% at constant exchange

rates. This decrease was mainly due to the decrease in the American area, offset by an increased contribution from InoNet Computer GmbH.

The gross profit of the third quarter rose to 48.8% of turnover, i.e. a value above expectations and in line with the historical margins of the Eurotech Group. The improvement of 220 bps in the percentage margin compared to the first half-year is the combined effect of 3 factors: 1) an improved product mix; 2) actions taken to mitigate the effects of the component shortage; 3) actions to improve InoNet's gross profit.

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, but lower than expected due to the difficulty in finding the resources required to implement the Group's strategy.

Thanks to the level of turnover and the gross profit achieved, the EBITDA of the third quarter was positive for €1.10 million with a percentage of turnover of 5.0%, in line with the value of the first six months of the year.

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)	9M 2023 (b)	of which related parties	%	9M 2022 (a)	of which related parties	%	change (b-a) amount	%
Sales revenue	70,007	5	100.0%	59,825	6	100.0%	10,182	17.0%
Cost of material	(36,922)		-52.7%	(33,032)		-55.2%	3,890	11.8%
Gross profit	33,085		47.3%	26,793		44.8%	6,292	23.5%
Services costs	(11,009)	(465)	-15.7%	(11,081)	(366)	-18.5%	(72)	-0.6%
Lease & hire costs	(599)		-0.9%	(624)		-1.0%	(25)	-4.0%
Payroll costs	(19,461)		-27.8%	(16,183)		-27.1%	3,278	20.3%
Other provisions and costs	(880)		-1.3%	(515)		-0.9%	365	70.9%
Other revenues	2,663		3.8%	2,097		3.5%	566	27.0%
EBITDA	3,799		5.4%	487		0.8%	3,312	n.s.
Depreciation & Amortization	(4,307)		-6.2%	(3,660)		-6.1%	647	17.7%
EBIT	(508)		-0.7%	(3,173)		-5.3%	2,665	84.0%
Finance expense	(2,145)		-3.1%	(2,297)		-3.8%	(152)	-6.6%
Finance income	2,490	-	3.6%	2,108	1	3.5%	382	18.1%
Profit before tax	(163)		-0.2%	(3,362)		-5.6%	3,199	95.2%
Income tax	(1,068)		-1.5%	(380)		-0.6%	688	181.1%
Net profit (loss) of continuing operations before minority interest	(1,231)		-1.8%	(3,742)		-6.3%	2,511	67.1%
Minority interest	-		0.0%	-		0.0%	-	n/a
Group net profit (loss) for period	(1,231)		-1.8%	(3,742)		-6.3%	2,511	67.1%
Base earnings per share	(0.035)			(0.106)				
Diluted earnings per share	(0.035)			(0.106)				

(€ '000)	3rd Qtr 2023	of which non recurrent	%	3rd Qtr 2022	of which non recurrent	%
Sales revenue	22,112		100%	25,084		100%
Cost of material	(11,325)		-51.2%	(13,070)		-52.1%
Gross profit	10,787		48.8%	12,014		47.9%
Services costs	(3,602)		-16.3%	(4,355)	(920)	-17.4%
Lease & hire costs	(213)		-1.0%	(254)		-1.0%
Payroll costs	(6,409)		-29.0%	(5,755)		-22.9%
Other provisions and costs	(349)		-1.6%	(137)		-0.5%
Other revenues	887		4.0%	540		2.2%
EBITDA	1,101		5.0%	2,053		8.2%
Depreciation & Amortization	(1,622)		-7.3%	(1,236)		-4.9%
EBIT	(521)		-2.4%	817		3.3%
Finance expense	(735)		-3.3%	(1,008)		-4.0%
Finance income	1,281		5.8%	1,147		4.6%
Profit before tax	25		0.1%	956		3.8%
Income tax	(317)		-1.4%	(435)		-1.7%
Net profit (loss) of continuing operations before minority interest	(292)		-1.3%	521		2.1%
Minority interest	0		0.0%	0		0.0%
Group net profit (loss) for period	(292)		-1.3%	521		2.1%

Consolidated statement of comprehensive income

	9M 2023	9M 2022
(€ '000)		
Net profit (loss) before minority interest (A)	(1,231)	(3,742)
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	(57)	202
Tax effect	-	-
	(57)	202
Foreign balance sheets conversion difference	(5,804)	(3,841)
Exchange differences on equity investments in foreign companies	(655)	5,020
Tax effect	-	-
	(655)	5,020
After taxes net other comprehensive income to be reclassified to profit or loss in subsequent periods (B)	(6,516)	1,381
After taxes net other comprehensive income not being reclassified to profit or loss in subsequent periods (C)	-	-
Comprehensive net result (A+B+C)	(7,747)	(2,361)
Comprehensive minority interest	-	-
Comprehensive Group net profit (loss) for period	(7,747)	(2,361)

Consolidated statement of financial position

(€'000)	Notes	at September 30, 2023	of which related parties	at December 31, 2022	of which related parties
Intangible assets	L a	89,301		93,620	
Property, Plant and equipment	L b	6,828		7,425	
Investments in affiliate companies		4		-	
Investments in other companies		550		549	
Deferred tax assets		5,715		5,301	
Medium/long term borrowing allowed to affiliates companies and other companies		-	-	66	66
Other non-current assets		494		552	
Total non-current assets	L	102,892		107,513	
Inventories		26,447		26,854	
Contracts in progress		2,506		-	
Trade receivables		13,315	-	19,906	8
Income tax receivables		1,976		749	
Other current assets		4,830	30	2,274	
Other current financial assets		143	-	139	3
Derivative instruments		148		205	
Cash & cash equivalents		12,416		18,110	
Total current assets		61,781		68,237	
Total assets		164,673		175,750	
LIABILITIES AND EQUITY					
Share capital		8,879		8,879	
Reserves		(44,936)		(37,218)	
Share premium reserve		136,400		136,400	
Net profit (loss) for period		(1,231)		(1,546)	
Group shareholders' equity	O	99,112		106,515	
Equity attributable to minority interest	O	-		-	
Total shareholders' equity	O	99,112		106,515	
Medium-/long-term borrowing		15,110		15,785	
Employee benefit obligations		2,339		2,504	
Deferred tax liabilities		4,983		2,952	
Other non-current liabilities		920		999	
Business combination liabilities		900		900	
Total non-current liabilities		24,252		23,140	
Trade payables		14,974	180	19,780	117
Trade payables from affiliates companies		82	82	-	
Short-term borrowing		14,724		16,256	
Income tax liabilities		1,591		1,449	
Other current liabilities		9,938		8,610	
Total current liabilities		41,309		46,095	
Total liabilities		65,561		69,235	
Total liabilities and equity		164,673		175,750	

Consolidated statement of changes in shareholders' equity

(€'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 shareholder s' equity	Equity attributable to Minority interest	Total shareholder s' equity
Balance as at December 31, 2022		8,879	1,776	136,400	5,998	(49,878)	205	(445)	5,829	(703)	(1,546)	106,515	-	106,515
2022 Result allocation		-	-	-	-	(1,546)	-	-	-	-	1,546	-	-	-
Profit (loss) as at September 30, 2023		-	-	-	-	-	-	-	-	-	(1,231)	(1,231)	-	(1,231)
<i>Comprehensive other profit (loss):</i>														
- Hedge transactions		-	-	-	-	-	(57)	-	-	-	-	(57)	-	(57)
- Actuarial gains/(losses) on defined benefit plans for employees		-	-	-	-	(41)	-	-	-	41	-	-	-	-
- Foreign balance sheets conversion difference		-	-	-	(5,804)	-	-	-	-	-	-	(5,804)	-	(5,804)
- Exchange differences on equity investments in foreign companies		-	-	-	-	-	-	-	(655)	-	-	(655)	-	(655)
Total Comprehensive result		-	-	-	(5,804)	(41)	(57)	-	(655)	41	(1,231)	(7,747)	-	(7,747)
- Performance Share Plan		-	-	-	-	344	-	-	-	-	-	344	-	344
Balance as at September 30, 2023	O	8,879	1,776	136,400	194	(51,121)	148	(445)	5,174	(662)	(1,231)	99,112	-	99,112

(€'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 shareholder s' equity	Equity attributable to Minority interest	Total shareholder s' equity
Balance as at December 31, 2021	8,879	1,776	136,400	10,284	(39,731)	(6)	(621)	4,074	(211)	(10,408)	110,436	-	110,436
2021 Result allocation	-	-	-	-	(10,408)	-	-	-	-	10,408	-	-	-
Profit (loss) as at September 30, 2022	-	-	-	-	-	-	-	-	-	(3,742)	(3,742)	-	(3,742)
<i>Comprehensive other profit (loss):</i>													
- Hedge transactions	-	-	-	-	-	202	-	-	-	-	202	-	202
- Actuarial gains/(losses) on defined benefit plans for employees	-	-	-	-	-	-	-	-	-	-	-	-	-
- Foreign balance sheets conversion difference	-	-	-	(3,841)	-	-	-	-	-	-	(3,841)	-	(3,841)
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	-	5,020	-	-	5,020	-	5,020
Total Comprehensive result	-	-	-	(3,841)	-	202	-	5,020	-	(3,742)	(2,361)	-	(2,361)
- Performance Share Plan	-	-	-	-	264	-	-	-	-	-	264	-	264
Balance as at September 30, 2022	8,879	1,776	136,400	6,443	(49,875)	196	(621)	9,094	(211)	(3,742)	108,339	-	108,339

Net financial position

The table below shows the composition of the Group's net financial position at 30 September 2023, compared to those at 30 September 2022 and 31 December 2022, 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, 2023	at December 31, 2022	at September 30, 2022
Cash	A	12,416	18,110	14,827
Cash equivalents	B	-	-	-
Other current financial assets	C	291	344	335
Cash equivalent	D=A+B+C	12,707	18,454	15,162
Current financial debt	E	-	2,241	2,241
Current portion of non-current financial debt	F	14,724	14,015	13,115
Short-term financial position	G=E+F	14,724	16,256	15,356
Short-term net financial position	H=G-D	2,017	(2,198)	194
Non current financial debt	I	15,110	15,785	14,678
Debt instrument	J	-	-	-
Trade payables and other non-current payables	K	900	900	900
Medium-/long-term net financial position	L=I+J+K	16,010	16,685	15,578
(NET FINANCIAL POSITION) NET DEBT ESMA	M=H+L	18,027	14,487	15,772
Medium/long term borrowing allowed to affiliates companies and other Group companies	N	-	66	72
(NET FINANCIAL POSITION) NET DEBT	O=M-N	18,027	14,421	15,700

Consolidated net financial debt at 30 September 2023 amounted to €18.03 million compared to €14.42 million at 31 December 2022. This result was impacted by the increase in working capital. With reference to cash, which amounted to €12.42 million, in the period under review there was an operating cash generation of €1.5 million, €7.8 million was used for investments including €9.4 million for repayment of financial liabilities offset by the assumption of new short-term loans of €7.2 million.

Net working capital

The Group's net working capital at 30 September 2023, compared with the balances at 30 September 2022 and 31 December 2022, is as follows:

(€'000)	at September 30, 2023 (b)	at December 31, 2022 (a)	at September 30, 2022	Changes (b-a)
Inventories	26,447	26,854	30,422	(407)
Contracts in progress	2,506	0	0	2,506
Trade receivables	13,315	19,906	16,178	(6,591)
Income tax receivables	1,976	749	751	1,227
Other current assets	4,830	2,274	1,595	2,556
Current assets	49,074	49,783	48,946	(709)
Trade payables	(14,974)	(19,780)	(21,693)	4,806
Income tax liabilities	(1,591)	(1,449)	(917)	(142)
Other current liabilities	(9,938)	(8,610)	(7,107)	(1,328)
Current liabilities	(26,585)	(29,839)	(29,717)	3,254
Net working capital	22,489	19,944	19,229	2,545

Cash flows

(€'000)		at September 30, 2023	at September 30, 2022	at December 31, 2022
Cash flow generated (used) in operations	A	1,463	(6,041)	(1,608)
Cash flow generated (used) in investment activities	B	(4,357)	(11,278)	(13,396)
Cash flow generated (absorbed) by financial assets	C	(3,464)	(267)	1,605
Net foreign exchange difference	D	664	709	(195)
Increases (decreases) in cash & cash equivalents	E=A+B+C+D	(5,694)	(16,877)	(13,594)
Opening amount in cash & cash equivalents		18,110	31,704	31,704
Cash & cash equivalents at end of period		12,416	14,827	18,110

A – Group business

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

The Group's activities are represented in a single sector (called "Modules and Platforms") which consists of: a) embedded computing modules and systems for industrial, transport, medical, energy and communication sectors; 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 operates 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) operating mainly in Japan and InoNet Computer GmbH operating mainly in Germany and in the German-speaking areas. Our products are marketed under the Eurotech, Dynatem, IPS, Advanet e InoNet trademarks.

B – Scope of consolidation

The line-by-line consolidated companies in the scope of consolidation at 30 September 2023 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 (Udine, Italy)	EUR 8,878,946	
<i>Subsidiaries consolidated line-by-line</i>			
Aurora S.r.l. in liquidation	Via Fratelli Solari 3/A – Amaro (Udine, Italy)	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)	EUR 795,522	100.00%
I.P.S. Sistemi Programmabili S.r.l. in liquidation	Via Piave, 54 – Caronno Varesino (VA)	EUR 51,480	100.00%
InoNet Computer GmbH	Taufkirchen (Germany)	EUR 250,000	100.00%

Advanet Inc.	Okayama (Japan)	JPY 72,440,000	90.00% (1)
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(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.

Affiliates consolidated at equity

Insulab S.r.l.	Viale Umberto I, 24/C – Sassari	40.00%
Rotowi Technologies S.p.A. in liquidation (formerly U.T.R.I. S.p.A.)	Via del Follatolo, 12 – Trieste, Italy	21.31%

Other smaller companies valued at fair value

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

At 30 September 2023, there were the following changes in subsidiaries and affiliates compared to 31 December 2022:

- 09.05.2023 Establishment of the company Insulab S.r.l. with registered office in Sassari and a shareholding of 40% of the share capital
- 07.06.2023 Placement in liquidation of the company Aurora S.r.l.

The exchange rates used to translate 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 2023	As of September 30, 2023	Average 12M 2022	As of December 31, 2022	Average 9M 2022	As of September 30, 2022
British pound sterling	0.87072	0.86458	0.85276	0.88693	0.84716	0.88300
Japanese Yen	149.65146	158.10000	138.02739	140.66000	135.96793	141.01000
USA Dollar	1.08329	1.05940	1.05305	1.06660	1.06384	0.97480

B bis – Business combinations – Acquisition of InoNet Computer GmbH

On 12 September 2022, the Eurotech Group purchased 100% of the shares with voting rights of InoNet Computer GmbH (InoNet) (unlisted company based in Taufkirchen – Germany), a company particularly well-known in the German-speaking market for its Industrial PCs and Edge AI devices.

During the first nine months of 2023, the price allocation made for this acquisition was finally revised by implementing the final values resulting from the work of the expert appointed to make these changes to the fair value in accordance with IFRS 3 of the identifiable assets and liabilities of InoNet Computer GmbH at the acquisition date. The revised values, which are very close to the provisional values determined when preparing the financial statements at 31 December 2022, are as follows:

	Value recognized for acquisition	Book value
(€'000)		
ASSETS		
Intangible assets	9,351	186
Property, Plant and equipment	3,900	3,900
Deferred tax assets	13	13
Total non-current assets	13,264	4,100
Inventories	2,107	2,107
Trade receivables	2,585	2,585
Other current assets	181	181
Cash & cash equivalents	1	1
Totale current assets	4,874	4,874
Total assets	18,138	8,973
LIABILITIES		
Medium-/long-term borrowing	(3,820)	(3,820)
Deferred tax liabilities	(1,095)	(43)
Other non-current liabilities	(77)	(77)
Total non-current liabilities	(4,992)	(3,940)
Trade payables	(1,243)	(1,243)
Short-term borrowings	(869)	(869)
Income tax liabilities	(185)	(185)
Other current liabilities	(499)	(499)
Total current liabilities	(2,796)	(2,796)
Total liabilities	(7,788)	(6,736)
Total liabilities and shareholders' equity	(7,788)	(6,736)
Fair value of net assets	10,350	
Part of Eurotech	10,350	
Goodwill generated by acquisition	8,113	
Acquisition of minority interests	0	
Cost of the Acquisition	10,350	
Ancillary Acquisition Costs recognize in the income statement	913	
Total Cost of the Acquisition	11,263	

The total cost of the acquisition of €11.26 million was composed of a spot price of €9,450 thousand, a liability to be settled in a deferred manner by means of Eurotech S.p.A. shares as an earn-out of €900 thousand, and ancillary costs directly attributable to the acquisition of €913 thousand referring to relevant legal, notary and tax costs and other costs for professional services.

The value of the estimated earn-out liability will be periodically remeasured in relation to the revaluation of the extent and probability of achieving a set of objectives of the acquired component forming the basis of the disbursement.

The net liquidity currently used and the total liquidity allocated to the acquisition are as follows:

(€'000)	Liquidity used
Subsidiary's net liquidity	(550)
Cash payment	10,000
Acquisition costs	913
Destined Net liquidity for the acquisition	10,363
Amounts to be cash out	0
Net liquidity used	10,363
Financial liabilities related to the earn-out	900

Based on the information available, a 15-year repayment plan was envisaged for the higher values attributed to the customer list and 12-year to the trademark. The impact of these repayments on the income statement for the first nine months was €325 thousand.

C – Revenues

Revenues earned by the Group in the first nine months of 2023 amounted to €70.01 million (€59.82 million in the first nine months of 2022), an increase of €10.18 million or 17.0% compared to the same period of the previous year. At constant exchange rates, the increase would be 21.9%. The increase is due to a higher contribution from InoNet in the first nine months of 2023 compared to the first nine months of 2022.

For operating purposes, the Group is organised in a single business line, also known as business segment, called “Modules and Platforms”.

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 geographic business area

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

(€'000)	North America			Europe			Asia			Correction, reversal and elimination			Total		
	9M 2023	9M 2022	% YoY Change	9M 2023	9M 2022	% YoY Change	9M 2023	9M 2022	% YoY Change	9M 2023	9M 2022	% YoY Change	9M 2023	9M 2022	% YoY Change
Third party Sales	22,100	26,482		29,971	12,954		17,936	20,389		0	0		70,007	59,825	
Infra-sector Sales	599	1,294		1,854	5,051		560	269		(3,013)	(6,614)		0	0	
Total Sales revenues	22,699	27,776	-18.3%	31,825	18,005	76.8%	18,496	20,658	-10.5%	(3,013)	(6,614)	-54.4%	70,007	59,825	17.0%

The North American business area's revenues totalled €22.70 million in the first nine months of 2023 and €27.78 million in the first nine months of 2022, decreased by 18.3%. This decline is the effect of fewer orders than in 2022 due to destocking by the main customer in the embedded area and its phase-out. As in previous years, in 2023 revenues in the American area are also affected by a high concentration of turnover on a small number of long-standing customers in the traditional business.

In the European business area, turnover grew by 76.8% from €18.00 million in the first nine months of 2022 to €31.82 million in the first nine months of 2023. Net of the turnover generated by the new subsidiary InoNet, the increase would have been 23.1%. The area continues to focus on opportunities related to the transport sector, products related to High Performance Edge Computing (HPEC) technologies and energy transformation.

Finally, the Asian business area decreased by 10.5% from €20.66 million to €18.50 million, due to both destocking and fluctuation of orders from its main local customers over the different quarters of the year, maintaining a positive outlook for the last quarter of the year.

Revenues by customer geographic area

The following table shows the breakdown of revenues by customer geographic area:

(€' 000)	9M 2023	%	9M 2022	%	% change
BREAKDOWN BY GEOGRAPHIC AREA					
European Union	28,434	40.6%	10,818	18.1%	162.8%
United States	20,013	28.6%	25,713	43.0%	-22.2%
Japan	17,339	24.8%	20,242	33.8%	-14.3%
Other	4,221	6.0%	3,052	5.1%	38.3%
TOTAL SALES AND SERVICE REVENUES	70,007	100.0%	59,825	100.0%	17.0%

With reference to the values by customer geographic area shown in the table, revenues in the European area increased the most, up 162.8% compared to the first nine months of 2022 due to the contribution of InoNet, whose revenues are entirely attributable to the European area, and becomes the main area for the first time with a percentage of 40.6%.

Despite a 22.2% decline, the United States became the second most important area, accounting for 28.6% of total turnover in the first nine months of 2023, compared to being the most important area with 43.0% in the first nine months of 2022.

The Japanese area is represented with a decrease of 14.3%, but this is mainly due to the exchange rate effect. The real decrease at constant exchange rates was only 3.7%. The Japanese area accounts for almost a quarter of the Group's turnover (24.8%).

The other geographic areas completed the remaining 6.0% of total turnover (5.1% at 30 September 2022), with an increase in both absolute value and percentage terms compared to the first nine months of 2022.

D – Costs of raw & ancillary materials and consumables used

Costs of raw & ancillary materials and consumables used, which are closely related to turnover, show a less than proportional growth in the periods being considered compared to revenues, increasing from €33.03 million in the first nine months of 2022 to €36.92 million in the first nine months of 2023. In the period under review there was thus a change of €3.89 million (11.8%). In this year, there is a significantly lower percentage of extra component costs (PPV), which led to a strong dilution of the percentage margin last year, returning to values similar to those in 2021.

As a percentage of revenues, costs of raw & auxiliary materials and consumables used stood at 52.7% in the first nine months of 2023, compared to 55.2% in the first nine months of 2022.

E – Costs for services

The costs for services are shown with a slight decrease of €72 thousand in the period under comparison. At constant exchange rates, there would have been an increase of €0.11 million or 1.0%. It should be noted that non-recurring costs were incurred in 2022, which amounted to €920 thousand in the first nine months and referred to costs incurred for the acquisition of InoNet Computer GmbH. Net of these non-recurring costs, service costs in 2023, at historical exchange rates, increased by €0.85 million or 8.3% from €10.16 million to €11.01 million, and the ratio to revenues decreased from 17.0% in the first nine months of 2022 to 15.7% in the first nine months of 2023.

The increase in service costs, net of non-recurring costs, is partly related to higher costs brought about by the consolidation of InoNet for the full nine months of 2023 and partly to ancillary costs linked to the implementation of the new corporate strategy.

In addition, the Group continues to make constant investments particularly on the business line of the IoT platforms for applications in the industry and in the infrastructure in addition to developments linked to the Edge Computer product line and, to a lesser extent, those correlated to traditional embedded products line. The purpose of these investments is to support 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 on the cutting edge of customer requirements.

F – Payroll costs

Payroll costs went from €16.18 million (27.1% of revenues) to €19.46 million (27.8% of revenues) in the reporting period. The increase at historical exchange rates was €3.28 million, while at constant exchange rates the increase would have been €3.85 million, of which €3.34 million was due to the different contribution given by InoNet to the tax consolidation scheme (compared to the first nine months of 2022) and the remaining €0.51 million was due to net salary increases.

Wages and Salaries also include €344 thousand relating to the pro rata temporis portion of the cost of the Share Performance Plan in place (in the first nine months of 2022, the amount recorded under costs was €264 thousand).

At the end of September 2023, the number of employees decreased by 5 units compared to the end of 2022 as a result of some exits not always promptly replaced by new hires that take longer to occur and

increased by 5 units compared to September 2022 as a result of new hires compared to 12 months earlier.

The table below shows the number of Group employees:

EMPLOYEES	at September 30, 2023	at December 31, 2022	at September 30, 2022
Manager	12	11	10
Clerical workers	274	279	267
Line workers	107	108	111
TOTAL	393	398	388

G – Other provisions and costs

At 30 September 2023, this item included a provision for doubtful accounts of €216 thousand (€13 thousand in the first nine months of 2022), and refers to provisions made for the possibility of non-collectable trade receivables.

Other provisions and costs on revenues increased in absolute value (€365 thousand) mainly due to higher provisions for risks of €329 thousand and residually due to higher operating costs. As a result, the percentage to revenues amounted to 1.3% (first nine months of 2022: 0.9%).

H – Other revenues

The item other revenues shows an increase from €2.10 million in the first nine months of 2022 to €2.66 million in the first nine months of 2023.

Other revenues comprise the capitalisation of development costs for new solutions featuring highly integrated standard modules and systems for €2.48 million (€1.93 million in the first nine months of 2022) and other income of €0.18 million (€0.16 million in the first nine months of 2022).

I – Depreciation, amortisation and impairment

This item increased by €647 thousand, from €3.66 million in the first nine months of 2022 to €4.31 million in the first nine months of 2023. This item includes depreciations of €1,027 thousand (€911 thousand in 2022) due to the application of IFRS 16 and amortisation due to the InoNet price allocation (with reference to trademark and customer list) of €325 thousand.

J – Financial income and expenses

Financial expenses fell from €2.30 million in the first nine months of 2022 to €2.15 million in the first nine months of 2023 mainly due to exchange rate losses and the increase in interest expense.

Financial income, again due to exchange rates, increased by €0.38 million from €2.11 million in the first nine months of 2022 to €2.49 million in the first nine months of 2023.

The absolute value and percentage of revenues relating to the main components of the financial income and expenses item were as follows:

- foreign exchange losses: €1.36 million at 30 September 2023, equal to 1.9% of revenues, compared to €2.00 million at 30 September 2022, with a percentage of revenues of 3.3%;
- foreign exchange gains: €2.41 million at 30 September 2023, equal to 3.4% of revenues, compared to €2.09 million at 30 September 2022, with a percentage of revenues of 3.5%;
- miscellaneous interest expenses: €709 thousand at 30 September 2023, equal to 1.1% of revenues, compared to €233 thousand at 30 September 2022, with a percentage of revenues of 0.4%.

€'000	9M 2023	9M 2022	change %
Exchange-rate losses	1,358	2,002	-32.2%
Interest expenses	709	204	247.5%
Interest expenses on lease liabilities	78	29	169.0%
Expenses on derivatives	-	15	n/a
Other finance expenses	-	47	n/a
Financial charges	2,145	2,297	-6.6%
Exchange-rate gains	2,411	2,092	15.2%
Interest income	2	1	100.0%
Gain on derivatives	72	-	n/a
Other finance income	5	15	-66.7%
Financial incomes	2,490	2,108	18.1%
Net financial income	345	(189)	-282.4%
% impact on sales	0.5%	-0.3%	

K – Income taxes

Income taxes at 30 September 2023 were negative overall in the amount of €1,068 thousand (of which €1,254 thousand for current taxes and €186 thousand for net deferred tax assets) compared to a negative impact of €380 thousand at 30 September 2022 (of which €595 thousand for current taxes and €215 thousand for net deferred tax liabilities), recording a negative change of €688 thousand.

L – Non-current assets

The net decrease in non-current assets compared to 31 December 2022 amounted to €4.62 million and was mainly due to changes in the exchange rates of property, plant and equipment and intangible assets, which generated a total negative effect of €6.60 million.

Net investments in property, plant and equipment and intangible assets amounted to €2.25 million and were partly offset by amortisation and depreciation of €4.31 million.

a – Intangible assets

The table below shows the breakdown and main changes in intangible assets during the period:

(€ '000)	DEVELOPMENT COSTS	GOODWILL	SOFTWARE TRADEMARKS PATENTS	ASSETS UNDER CONSTRUCTION & ADVANCES	OTHER INTANGIBLE ASSETS	TOTAL INTANGIBLE ASSETS
OPENING BALANCE (A)	6,259	75,771	8,803	2,787	-	93,620
<i>Changes as at September 30, 2023</i>						
- Purchases	28	-	78	2,336	77	2,519
- Disposals	-	-	-	-	-	-
- Amortisation and impairment in period (-)	(2,219)	-	(527)	-	(140)	(2,886)
- Other changes	1,806	(6,982)	1,287	(1,866)	1,803	(3,952)
Total changes (B)	(385)	(6,982)	838	470	1,740	(4,319)
CLOSING BALANCE (A+B)	5,874	68,789	9,641	3,257	1,740	89,301

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, 2023		at December 31, 2022	
Cash generating units	Goodwill	Trademark with an indefinite useful life	Goodwill	Trademark with an indefinite useful life
Advanet Inc.	35,273	6,698	39,647	7,529
InoNet Computer GmbH	5,221	-	8,113	-
Eurotech Inc. (ex Applied Data Systems e ex Arcom Inc.)	23,154	-	22,997	-
Eurotech Ltd. (ex Arcom Ltd.)	5,051	-	4,924	-
Other	90	-	90	-
TOTAL	68,789	6,698	75,771	7,529

In 2023, the decrease in values with indefinite useful life is attributable to the reduction of InoNet's goodwill of €2.89 million due to the finalisation of the price allocation that resulted in the identification of trademarks with a definite useful life, customer list and deferred tax assets, and to different exchange rates of €4.92 million.

b – Property, plant and equipment

The table below shows the breakdown of property, plant and equipment and their main changes during the period:

(€ '000)	LAND AND BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL & COMMERCIAL EQUIPMENT	OTHER ASSETS	ASSETS UNDER CONSTRUCTION & ADVANCES	RIGHT OF USE ASSETS	TOTAL PROPERTY, PLANT & EQUIPMENT
OPENING BALANCE (A)	1,635	362	273	483	-	4,672	7,425
<i>Changes as at September 30, 2023</i>							
- Purchases	9	34	115	157	2	537	854
- Disposals	-	-	-	-	-	1,571	1,571
- Amortisation and impairment in period (-)	(44)	(57)	(112)	(170)	-	(1,038)	(1,421)
- Other changes	(4)	(24)	(12)	(8)	-	(1,553)	(1,601)
Total changes (B)	(39)	(47)	(9)	(21)	2	(483)	(597)
CLOSING BALANCE (A+B)	1,596	315	264	462	2	4,189	6,828

M – Net working capital

Net working capital increased by €2.54 million from €19.94 million at 31 December 2022 to €22.49 million at 30 September 2023. The increase at constant exchange rates would be even higher and would amount to €3.18 million.

This increase is mainly due to the reduction in current liabilities and to the actual different trend of collection and payment flows as generally occurs during the quarters.

The net decrease in current assets of €0.71 million is mainly due to the decrease in trade receivables of €6.59 million, not entirely offset by the increase in inventories and contracts in progress of €2.10 million, the increase in income taxes of €1.23 million and other receivables of €2.56 million and.

The decrease in current liabilities, which does not offset the decrease in current assets, amounted to €3.25 million and is the combined effect of a decrease in trade payables of €4.8 million and an increase in other current liabilities and income tax payables for a total of €1.47 million.

N – Net financial position

Consolidated net financial debt at 30 September 2023 amounted to €18.03 million compared to a net debt of €14.42 million at 31 December 2022. The figures shown include financial liabilities for rights of use, in application of the IFRS 16 accounting standard, amounting to €4.28 million and a business combination debt of €0.90 million, which when subtracted from the net financial debt give a pre-IFRS 16 debt of €12.85 million.

With reference to cash, which amounted to €12.42 million, in the period under review, as can be inferred from the cash flow statement, there was an utilisation of operating cash of €1.5 million, while €7.8 million was used for investments, of which €9.4 million for the repayment of financial liabilities, partly offset by the assumption of new short-term loans in the amount of €7.2 million.

See also financial cash flows, as indicated on page 20.

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 2024.

O – Changes in shareholders' equity

The share capital at 30 September 2023 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 2022 amounted to €1.78 million.

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

The positive translation reserve of €0.19 million was generated by inclusion in the interim management report of the statements of financial position and the 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 €51.12 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 2022 result and to the booking of the Eurotech's Performance Share Plans for the period described in a specific section of the 2022 Consolidated Financial Statements.

The cash flow hedge reserve, which includes cash flow hedge transactions pursuant to IAS 39, was positive for €148 thousand and decreased by €57 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 intra-group foreign-currency loans that constitute part of a net investment in a foreign shareholding are recognised, was positive by €5.17 thousand and decreased by €0.65 million gross of the related tax effect, not yet recorded due to the absence of the prerequisites.

Treasury shares held by the parent company Eurotech S.p.A. at the end of the period totalled 240,606, down by 15,000 compared to the number of shares held at 31 December 2022.

P – Significant events in the quarter

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

No significant events occurred during the quarter.

Q – Events after 30 September 2023

No significant events occurred after the approval of the quarterly report.

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 2022 Consolidated Financial Statements and the Consolidated Financial Report at 30 June 2023, 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. 15519/2006, it should be noted that the consolidated quarterly report at 30 September 2023 highlights non-recurring economic items, i.e. income items generated by events whose occurrence is non-recurring or by transactions or events that do not occur frequently in the ordinary course of business, relating only to the first nine months of 2022;
- pursuant to CONSOB communication no. DEM/6064296 of 28 July 2006, in the first nine months of 2023 there were no atypical and/or unusual transactions carried out;
- at 30 September 2023, the company held 240,606 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 2023	255,606	64	0.72%	703	2.75
Purchases	-	-	0.00%	-	
Sales	-	-	0.00%	-	
Assignment-Performance share Plan	(15,000)	(4)	-0.04%	(41)	2.75
Status as at 30 September 2023	240,606	60	0.68%	662	2.75

- The detailed Corporate Governance report is provided with the annual financial statements;
- pursuant to CONSOB Communication no. 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 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, 14 November 2023

On behalf of the Board of Directors

Signed by Mr. Paul Chawla
Chief Executive Officer

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Statement of the Financial Reporting Manager

Amaro, 14 November 2023

STATEMENT

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

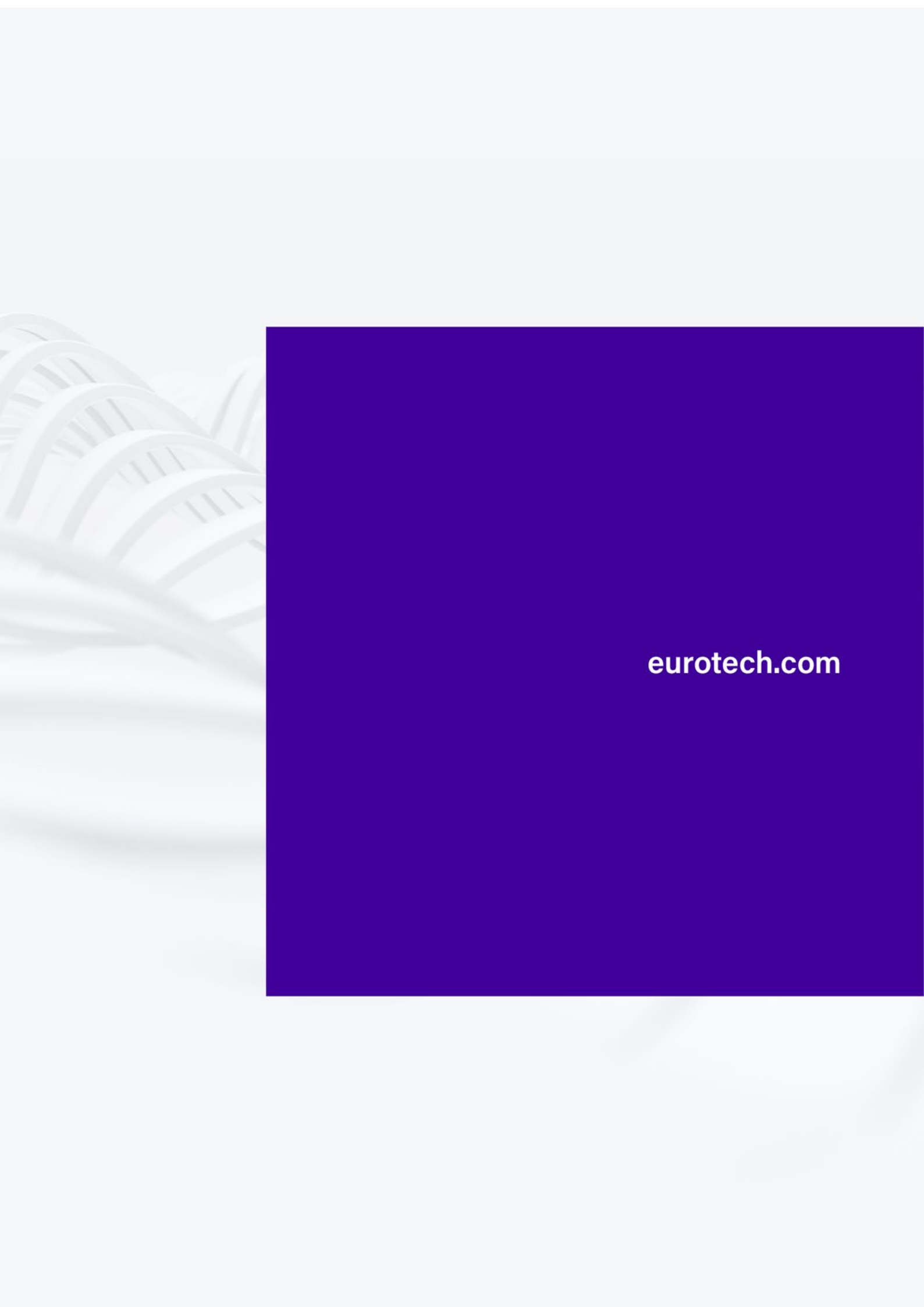
I, Sandro Barazza,

Financial Reporting Manager of Eurotech S.p.A., with reference to the Consolidated Interim Management Report at 30 September 2023 approved by the Company's Board of Directors on 14 November 2023,

STATE

in accordance with the provisions of the second paragraph of Article 154-bis, 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 Report at 30 September 2023 corresponds to the accounting entries.

The Financial Reporting Manager
Signed by Sandro Barazza



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