annual **report**

2024

AT 31 DECEMBER 2024

eurotech

UNLEASHING THE POWER OF THE EDGE

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

Date of issue: 14 March 2025
This report is available online
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

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Letter to shareholders

Dear Shareholders,

I have no other word that come to my mind to describe the year that has just gone by so quickly rather than “year extremely tough”.

2024 saw us tackling a number of headwinds simultaneously, resulting in a real challenge for a company of our size that is still undergoing a transformation and hence is less resilient than others who are more on a stable set-up.

Our first challenge has been finding a replacement for the drop in revenues of our major customer on legacy embedded business in the US.

As all our peers we faced aswell the prolonged and widespread freeze of investment in Industrial Automation worldwide, after having invested heavily in 2023 to activate new Edge IoT opportunities precisely in that domain: an unfortunate sequence of events definitely, something we did not anticipate.

Long story short, the net outcome was a significant drop in revenues compared to 2023, to a level that does not represent the true potential of our strategic direction. Indeed a disappointing outcome that drove our top line down and bottom line into negative performance.

We did improve our gross margin by 330 bps and brought it over 50%, reduced our operating costs by 4.5M (-11.5%) and improved our working capital by 9M euros: this is for me the litmus test that during a very difficult year the management team did very diligently everything in their control to offset as much as possible the impacts of the market downturns globally.

Having said that, despite the important optimization of our opex runrate we were able to maintain intact our ability to execute the building blocks of our strategy and the proof is in the 4 new product families launched during the year.

Contrary to the past, these 4 new product families have been designed to be more channel ready and easier to be sold via indirect sales channels and partners. But the differentiating theme across all 4 of them is their uniqueness in cybersecurity certifications.

With cybersecurity now a requirement rather than an option, driven by regulations like the US IoT Cybersecurity Improvement Act, EU NIS2, RED, Cyber Resilience Act, and Machinery Directive, our new generation of products are ready to meet these demands right out of the box, enabling organizations to efficiently meet regulatory standards, drastically reducing compliance time, effort and fees.

The 4 new product families range from the *new modular gateway*, a first in its kind, to a new family of *Edge AI devices based on the NVIDIA Jetson Orin* processors, aswell as a family of *Edge servers* on one side *for generative AI and LLM* applications leveraging our traditional HPC and water-cooling capabilities, and on the other for *higher-end industrial automation applications.*

Last but not least, we activated 2 new partners more in the Edge AI domain vs Edge IoT i.e. where typical time-to-market is shorter: we see customer decision making in this domain more in the 9-12 months time frame rather that the 24-40 months for the IoT projects were repeatedly we have seen, after closing commercial contracts, regular struggles of our customers to ramp up to targeted connected points.

All in all, a prolific year in enhancing both our portfolio and our channels.

With our strengths in mind and the new portfolio in our bag, as a company we set the following focus points for 2025:

- Keep targeting our efforts on applications and environments where Cybersecurity is relevant:
    - Industrial Automation in EU given the NIS2-related cybersecurity mandatory upgrades
    - Smart Grids in EU and USA (i.e. power grids, oil&gas pipelines, water grids) which are increasingly targeted by cyber attacks and are a critical backbone of every country's economy
    - Smart Infrastructure, especially where treatment of video streams for security & surveillance is involved since it requires cybersecure Edge AI solutions.
- Reach them by leveraging our existing ecosystem of Channels and Partners:
    - AWS for Edge Gateways and IoT SW stack
    - the NVIDIA Metropolis ecosystem and especially the recent AxxonSoft and PNY partnerships for Edge AI hardware
    - Inductive Automation network of OT system integrators for cybersecure IPCs.

Looking at how 2025 started, we can say we see signs of change and improvement on the order intake side but not on the revenue side yet. The first quarter will show the same type of dynamics seen in the last quarter of 2024, but from the second quarter we will gradually see a different scenario emerging. At the moment I'm writing this letter, the visibility on how the second half of the year will unfold is still limited, but there are prospects for a better performance than the first half.

Looking to the mid-term future, Edge AI is set to become increasingly important in the digital market within the next few years. The fusion of IoT and Edge AI will happen, it's clear, morphing into Edge AIoT. This mutual fertilization of the two technologies will bring increased benefits as IoT collects the data that Edge AI needs, and Edge AI extracts additional value from IoT data. Ultimately, this enables a higher return for customer's digital infrastructure investments. This evolution will drive the need for increased cybersecurity at the Edge, simpler solutions to implement and deploy at scale, and the need to remote manage updates of operating systems, firmware and AI applications installed in the field. This is exactly what we are good at and what our transformation has prepared us for.

The entire Eurotech team is committed to proving that our strategic direction can bring us to a successful positioning in the Edge AIoT market as a relevant player, despite the delayed journey we have experienced in 2024. While we come out of this drop, we like to think we can rely on your renewed commitment as investors to support us.

Let's stay in contact, we are working hard to make you proud of this company.

17 March 2025

signed
Paul Chawla
CEO

Corporate information

Board of Directors	
President	Luca di Giacomo
Deputy Chairman	Aldo Fumagalli [1] [3]
Director	Davide Albino Carando [1]
Director	Paul Chawla
Director	Michela Costa [1] [2] [3] [4] [5]
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 was supplemented at the Annual General Meeting of 15 June 2024 with reference to the appointment of Director Davide Albino Carando; he will remain in office until approval of the 2025 financial statements.

Board of Statutory Auditors	
Chairman	Fabio Monti
Statutory Auditor	Laura Briganti
Statutory Auditor	Daniela Savi
Statutory Auditor	Clara Carbone
Statutory 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	
	EY S.p.A.

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 (UD) Udine Company Register No. 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 Risk Committee
[4] Member of the Related-Party Transactions Committee
[5] Member of the Remuneration and Appointments Committee

Information for shareholders

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

Share capital of Eurotech S.p.A. at 31 December 2024

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 2024)	€49 million
Stock market capitalisation (based on the share's average price in December 2024)	€27 million
Market capitalisation (based on reference price at 31 December 2024)	€27 million

Performance of Eurotech S.p.A. shares

Relative performance Eurotech S.p.A.
01.01.2024 – 31.12.2024

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

Management report

Introduction

The Eurotech Group's business and financial results for FY2024 and comparative periods have been drawn up in accordance with the IFRS accounting standards issued by the International Accounting Standards Board and approved by the European Union. Unless otherwise stated, data are expressed in thousands of euro.

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 margin above the sector average. Over 10 years ago, with a visionary intuition, Eurotech understood that the technological paradigm was changing and it pioneered an evolutionary path towards Edge Computing and Industrial IoT, with significant investments in software integrated with hardware, focusing on the open-source approach.
Today, the result of that vision and those investments is a technological positioning among the leaders in the reference market, confirmed both by the awards received and by the mentions in the reports of sector analysts.
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 Red Hat, 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).

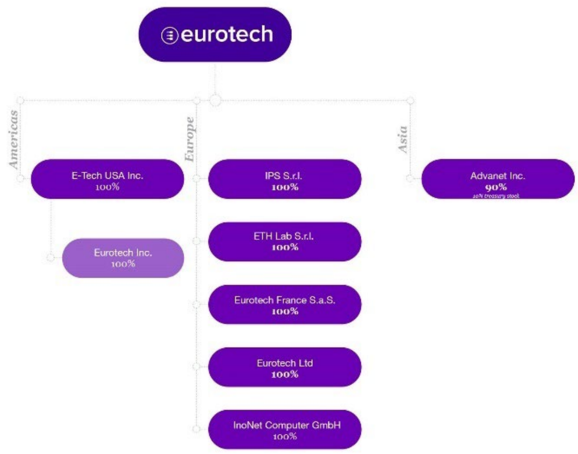
Today, the Group's offering is modular, featuring different levels of hardware and software integration and it is structured as follows:
– embedded PCs in the form of boards and subsystems, which represent Eurotech's historical offering and are purely hardware products with only the integrated operating 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 that enable communication between assets operating in the field and data platforms in the cloud, both public and private;
– Edge computers, 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 appliance, 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.

At 31 December 2024, the Eurotech Group consisted of the following companies:

Company name	Business activity	Share capital	Group share
Parent company			
Eurotech S.p.A.	It operates in the NanoPC segment focusing on the Edge Computer and "IoT" technology market, predominantly in the Italian and EMEA markets. In terms of organisation, it performs the role of industrial holding coordinating all subsidiaries of the Eurotech Group.	Euro 8.878.946	
Subsidiaries and consolidated companies on a line-by-line basis			
E-Tech USA Inc.	Holding company that controls 100% of Eurotech Inc.	USD 8.000.000	100,00%
EthLab S.r.l.	Company that provides services and performs research and development on behalf of the Group	Euro 115.000	100,00%
Eurotech France S.A.S.	It operates in the French market, focusing on the IoT market in particular	Euro 795.522	100,00%
Eurotech Inc.	It operates in the US market with a focus on the industrial, medical and transport sectors	USD 26.500.000	100,00%
Eurotech Ltd.	It operates mainly in the United Kingdom and in Northern Europe	GBP 33.333	100,00%
I.P.S. Sistemi Programmabili S.r.l. in liquidazione	The Company was placed in liquidation	Euro 51.480	100,00%
InoNet Computer GmbH	It operates under the InoNet brand in the DATCH market, providing highly reliable, powerful and robust industrial PCs	Euro 250.000	100,00%
Advanet Inc.	It operates in the Japanese market with a focus on the industrial, medical and transport sectors	JPY 72.440.000	90,00% (1)

(1) For the purposes of consolidation 100% is taken into account, since the company holds the remaining 10% in the form of treasury shares.



Global conflicts

Russia-Ukraine conflict

More than three years have passed since the outbreak of the conflict in Ukraine, and the Eurotech Group continues to closely monitor developments and possible risks that may arise from it. In particular, the recent development in not yet defined peace negotiations continue to create uncertainty not only in the conflict area but at European level. The Eurotech Group has not been significantly and directly impacted as sales of products and services in the areas involved in the conflict have always been irrelevant in the past. Furthermore, as they were completely interrupted following the outbreak of the conflict, there are no exposures of receivables from customers belonging to those geographical areas.
With reference to the indirect effects resulting from the conflict, these remain difficult to quantify, but can be summarised in the those resulting from interruptions or delays in the supply of some raw materials and components and the effects associated with the increase in the price of raw materials and energy that affected the rise in production prices by some subcontractors.

Israel-Palestine conflict

Around eighteen months after the outbreak of the Middle-East conflict between Israel and Palestine, no direct effects on the Group have been recorded as there are no trade relations in that specific geographical area, and consequently there is no direct exposure of trade receivables from that region.
As for the indirect effects resulting from the conflict, these are difficult to quantify and uncertain to determine, and there could be major impacts both in international trade relations and in supply chains passing through ports and straits geographically close to the conflict.

European Single Electronic Format (ESEF) requirements

Pursuant to Art. 4 of the Transparency Directive, starting from financial year 2021, the annual financial report is drawn up in XHTML format, in compliance with the European Single Electronic Format (ESEF). In addition, issuers preparing consolidated financial statements pursuant to IFRSs must mark them using the Inline XBRL. The Eurotech Group manages the ESEF using dedicated outsourced computer software that enables compliance with the regulations in effect.

Operating performance

(€'000) OPERATING RESULTS	FY 2024	%	FY 2023	%	% change
SALES REVENUES	59,133	100.0%	93,756	100.0%	-36.9%
GROSS PROFIT MARGIN	29,989	50.7%	44,423	47.4%	-32.5%
EBITDA ADJ	(3,708)	-6.3%	5,531	5.9%	-167.0%
Non recurring costs	(1,250)	-2.1%	(251)	-0.3%	n.a.
EBITDA	(4,958)	-8.4%	5,280	5.6%	193.9%
EBIT	(32,259)	-54.6%	(2,449)	-2.6%	n.a.
PROFIT (LOSS) BEFORE TAXES	(32,615)	-55.2%	(1,662)	-1.8%	n.a.
GROUP NET PROFIT (LOSS) FOR THE PERIOD	(36,155)	-61.1%	(3,118)	-3.3%	n.a.

(*) **Gross profit margin** 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** before valuation of equity investments in affiliates using the equity method, financial income and charges and income taxes for the year.

(****) The **ADJ. EBITDA** incorporates the EBITDA structure just defined above and isolates the cost and/or revenue components considered non-recurring by management. 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 ADJ. 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.

Scenario

The traditional Embedded business saw a contraction due to the combined effect of two factors: the first, a structural one, which we were anticipated at the beginning of the year, was the accelerated phase-out of our main customer in the United States, which suspended orders at the end of 2023 as a result of overstocking during the component shortage period; the second, a cyclical one, which worsened during the year compared to initial expectations and is the destocking by Japanese customers, also related to the global demand weakness in the Industrial sector.

The Edge AIoT business experienced a decline linked to two elements: on the one hand, a spot project on High Performance Computing products in Europe in 2023, which was not repeated in 2024, and on the other hand, above all, the strong business contraction in Germany due to the economic crisis affecting the country, with a collapse of the manufacturing index well below the European average.

The business area that suffered most of the reduction in revenues was that of the traditional Embedded business, with a decrease of 50.6%. This reduction has meant that the revenues in the AIoT Edge area have become the most significant one; in fact, the contribution percentage of the Edge AIoT business in 2024 was 55.4% of total turnover, compared to 41.8% of total turnover in 2023.

Revenues

Total turnover in 2024 amounted to €59.13 million, a reduction of 36.9% compared to €93.76 million in 2023. At constant exchange rates, and thus neutralising the effect of the different currency conversion ratio in the two periods, a slightly lower decrease of 35.7% in turnover would have been recorded.

Compared to 2023, the traditional Embedded business suffered a strong reduction due to the termination of the business with an important U.S. customer, which suspended orders at the end of 2023 as a result of the overstocking incurred during the component shortage period, and the slower than the expected phase-in of the new Edge AIoT projects.

In addition, the Japanese area also suffered from the destocking of its main customers, while in 2023 it benefited from the opposite phenomenon of product accumulation by the same customers. Lastly, the European area, and in particular Germany, suffered a slowdown in orders due to the general crisis in the automotive and industrial sectors.

Although the Edge AIoT business is representative of more than the majority of the Group's turnover in absolute terms, there was a reduction mainly attributable to market performance in Germany.

With reference to the turnover breakdown by location of operating activities, in the American region, sales decreased by 65.9% compared to the same period of the previous year; the Japanese region recorded a decrease of 34.8% at historical exchange rates, but at constant exchange rates would show a growth decrease of 31.2%; finally, in Europe, the decrease was 21.3%.

Gross Profit Margin

The gross profit margin for the year amounted to €29.99 million, accounting for 50.7% of turnover, compared to 47.4% last year and 45.0% in 2022. The German subsidiary InoNet's gross profit margin also improved during 2024, going from 42% to 44%, up by 520 bps.

The improvement that brought the margin back to over 50% is the combined effect of several factors: the normalisation of component prices that did experience value peaks, the mix of products sold, the improvement in margins pertaining to the German subsidiary and the activities carried out, on both the purchases and sales sides, to increase product margins compared to the recent past.

Operating costs

Operating costs before adjustments for internal increases and net of non-recurring costs decreased by €5.10 million (-12.0%), reaching €37.33 million (63.1% of revenues) in 2024 from €42.43 million in the previous year (45.3% of revenues). At constant exchange rates, the decrease in costs amounted to €4.50 million (-10.8%) and the greatest effect derives from a reduction in payroll and service costs.

Total operating costs including non-recurring costs amounted to €38.58 million compared to €42.68 million in 2023. Therefore, cost saving was 9.6%, while at constant exchange rates it stood at 8.3%.

In 2024, non-recurring costs amounted to €1.25 million and refer to: payroll costs incurred within the Group to redefine the organizational structure, costs for some services incurred for financial optimisation completed in September 2024, and costs incurred to settle a legal dispute in the United States. In 2023, non-recurring costs amounted to €0.25 million and referred entirely to payroll costs incurred in the United States for the reduction of the operating structure linked to the legacy Embedded business.

The most significant cost item that makes up operating costs is the payroll. These costs rose from €26.38 million (28.1% of revenues) to €23.78 million (40.2% of revenues) with a decrease of €2.60 million, equal to 9.9%. The change at constant exchange rates and not including the non-recurring costs amounted to €2.39 million and is the effect of the personnel structure reorganisation, the actions taken mainly in Germany to deal with the decline

in orders with a reduction in working hours of some company divisions, and the failure to achieve corporate results in the various geographical areas, which led to the failure to achieve of bonuses and variable remuneration, unlike last year. Non-recurring costs, represented separately, are always linked to payroll costs and amounted to €0.44 in 2024, compared to €0.25 million in 2023.
During 2024 the structure was lightened mainly in the United States; as for the other companies in the Group, on the other hand, hiring was reduced and concentrated mainly at the beginning of the year. The number of employees at 31 December 2024 was 361 (393 at 31 December 2023), with an average for the period of 372.4 (392.0 in the financial year 2023). Further staff reductions occurred or were announced in the first months of 2025, as was also the redefinition of working hours in Italy based on technical production needs for a certain period of time during the first nine months of 2025.

Costs for services also significantly decreased in 2024 compared to 2023, from €14.65 million to €12.92 million, with a reduction of €1.73 million. The reduction in service costs is linked to the containment of expenses in the various departments of the Group and to the preferential use of internal know-how rather than external resources. Net of non-recurring costs and of the exchange rate effect, this reduction amounted to €2.20 million.

Other operating costs, excluding non-recurring costs were essentially stable, again at constant exchange rates.

EBITDA
Earnings before amortisation, depreciation of fixed assets, valuations of equity investments in associates, net financial charges and income tax net of non-recurring costs (Adjusted EBITDA) amounted to -€3.71 million compared to €5.53 million in 2023, a decrease of €9.24 million.

EBITDA in 2024, including non-recurring income statement items, amounted to -€4.96 million (€5.28 million in 2023).
EBITDA in 2024 was -8.4% of revenues compared to +5.6% in 2023.

EBIT
The operating result (EBIT) amounted to -€32.26 million compared to a value of -€2.45 million in 2023, and was significantly influenced by the write-down of the goodwill linked to the value generating unit in the United States, as well as the factors highlighted above.
Amortisation/depreciation and write-downs of property, plant and equipment and intangible assets amounted to €4.45 million and €22.69 million, respectively. The related values in 2023 were €5.65 million and €1.39 million, respectively (linked to the write-down of goodwill). The values for 2024 include €0.3 million relating to the amortisation of intangible assets with a finite useful life (customer and brand list) identified following the completion of the purchase price allocation (PPA) of InoNet. EBIT as a percentage of revenues stood at -54.6% in 2024 compared to -2.6% in 2023. The decrease in amortisation/depreciation is mainly due to the completion of the amortisation/depreciation period of some development projects.

The write-downs made in 2024 for €0.16 million and in 2023 for €0.69 million refer in both years to development costs related to products and projects that found less market interest than originally estimated.

Net financial management in 2024 amounted to negative €0.36 million (positive €0.79 million in 2023) and is affected by €1.09 million of net interest income (in 2023 it amounted to €1.05 million) and the amount of other financial income and charges. Financial income includes €0.62 million (Euro 0.16 million in 2023) relating to the fair value adjustments of payables for business combinations. With regard to the net exchange rate difference, a profit of €0.27 million was reported in 2024, whereas in 2023 the profit was €1.67 million.

Pre-tax result
The pre-tax result in 2024 amounted to -€32.61 million (it was -€1.66 million in 2023). This performance was influenced by the factors outlined above.

Net result

The net loss of the Group and the consolidated group amounted to 36.15 million euros (loss for the year 2023 equal to 3.12 million euros).

The net result for the period was influenced not only by the dynamics described above, but also by the assessments in relation to the full recoverability of deferred tax assets.

Breakdown by geographical area

The Group oversees a single line of business known as “Modules and Platforms”, which comprises a) embedded computing modules and systems for industrial, transport, medical, and energy; 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.

The segment reporting is presented based on the geographic area in which the various Group companies operate and are currently monitored. This is defined by the location of goods and operations carried out by individual Group companies. The geographic areas identified within the Group are: North America, Europe and Asia.

The development in revenues and margins by individual geographic area and the relative changes in the periods under review are set out below.

(€' 000)	North America		Europe		Asia		Correction, reversal and elimination		Total		
	FY 2024	FY 2023	FY 2024	FY 2023	FY 2024	FY 2023	FY 2024	FY 2023	FY 2024	FY 2023	% YoY Change
Third party Sales	8,472	24,842	33,401	42,445	17,260	26,469	0	0	59,133	93,756	
Infra-sector Sales	173	751	5,677	4,145	12	607	(5,862)	(5,503)	0	0	
Total Sales revenues	8,645	25,593	39,078	46,590	17,272	27,076	(5,862)	(5,503)	59,133	93,756	-36.9%
Gross profit	3,668	11,386	18,393	21,274	9,543	13,673	(1,615)	(1,910)	29,989	44,423	-32.5%
Gross profit margin - %	42.4%	44.5%	47.1%	45.7%	55.3%	50.5%			50.7%	47.4%	
EBITDA									(4,958)	5,280	-193.9%
EBITDA margin - %									-8.4%	5.6%	
EBIT									(32,259)	(2,449)	n.s.
EBIT margin - %									-54.6%	-2.6%	

North America area's revenues, including infra-sector revenues, decreased by 66.2%, from €25.59 million in 2023 to €8.65 million in 2024. This reduction is the effect of the phase-out of the legacy Embedded business with the main customer in the area, not offset by the development of the Edge AIoT business. Unlike the case in 2023 and in the years before, revenues in the American area were no longer affected by a high concentration of turnover on a small number of customers.

The European business area recorded the smallest decline, limiting to -16.1% and falling from €46.59 million to €39.08 million. This trend is the consequence of the lengthening of ramp-up times of the Edge AIoT projects in progress with customers in the area, who have adopted a prudent wait-and-see approach in the allocation of their annual budgets at a time when the entire industrial automation industry recorded a decrease of around 20%; in particular a sharp contraction in the German manufacturing index was highlighted in the second half of the year.

Lastly, the Asian business area recorded a decrease of 36.2% from €27.08 million to €17.27 million, not due to a loss of customers –which is historically very stable – but rather due to a reduction in volumes linked to the effect of destocking which affected the majority of customers.

The breakdown of revenues by type that, also in application of IFRS 15, provides information on disaggregated revenues, shows a decrease of 41.0% in industrial revenues and a lower contraction in service revenues contained at 5.3% compared to 2023.

(€' 000) SALES BY TYPE	FY 2024	%	FY 2023	%	% change
Industrial revenues	48,913	82.7%	82,962	88.5%	-41.0%
Services revenues	10,220	17.3%	10,794	11.5%	-5.3%
TOTALE SALES AND SERVICE REVENUES	**59,133**	**100.0%**	**93,756**	**100.0%**	**-36.9%**

The geographic breakdown of revenues by customer geographical area is shown below:

(€' 000) BREAKDOWN BY GEOGRAPHIC AREA	FY 2024	%	FY 2023	%	% change
European Union	29,280	49.5%	38,593	41.2%	-24.1%
United States	7,984	13.5%	23,657	25.2%	-66.3%
Japan	17,235	29.1%	26,430	28.2%	-34.8%
Other	4,634	7.8%	5,076	5.4%	-8.7%
TOTAL SALES AND SERVICE REVENUES	**59,133**	**100.0%**	**93,756**	**100.0%**	**-36.9%**

Based on the breakdown of turnover by customer geographical area, as shown in the table above, the European area increased its incidence from 41.2% in 2023 to 49.5% of the total, although there was a decrease in revenues of 24.1% compared to the previous year.
Japan remains the second most important area with a 29.1% share of consolidated turnover, slightly up from 28.2% in 2023. As already explained, the decrease is due to the order trend relating to the main local customers. The US area becomes the Group's third largest area due to the reduction in its largest customer's turnover. The USA area accounted for 13.5% of total annual turnover in 2024 compared to 25.2% in 2023.
With reference to the other geographical areas, in absolute term, turnover decreased by 8.7% but the percentage on total annual turnover rose from 5.4% in 2023 to 7.8%.

(€'000)	FY 2024	% of sales	FY 2023	% of sales	% change
Purchases of raw materials, semi-finished and finished products	25,709	43.5%	46,922	50.0%	-45.2%
Changes in inventories of raw materials	1,890	3.2%	340	0.4%	455.9%
Change in inventories of semi-finished and finished products	1,545	2.6%	2,071	2.2%	-25.4%
TOTAL COST OF MATERIALS	**29,144**	**49.3%**	**49,333**	**52.6%**	**-40.9%**

Consumption of raw and auxiliary materials and consumables – the components of which are shown in the table above – in the period under review shows a decrease greater than the reduction in turnover due to the mix of products sold, from €49.33 million in 2023 to €29.14 million in 2024. In the same period, there was a decrease in consumption of 40.9%, which was more than proportional to the decrease in turnover of 36.9%. The imbalance between changes in consumption and turnover is the direct consequence of the product mix sold, which was particularly favourable due to some very high-margin transactions, with practically no impact in terms of extra component costs (PPV), unlike in previous years, when such costs led to margin and inventory write-downs dilution. Costs for raw and auxiliary materials and consumables as a percentage of revenues fell from 52.6% in 2023 to 49.3% in 2024.

The Group's operating costs are shown in the tables below before and after non-recurring costs, grouped under a single heading:

(€'000)	FY 2024	% of sales	FY 2023	% of sales	% change
Service costs	12,921	21.9%	14,653	15.6%	-11.8%
- of which non recurrent costs	*659*	*1.1%*	-	*0.0%*	#DIV/0!
Rent and leases	894	1.5%	747	0.8%	19.7%
Payroll	23,784	40.2%	26,384	28.1%	-9.9%
- of which non recurrent costs	*437*	*0.7%*	*251*	*0.3%*	74.1%
Accruals and other costs	985	1.7%	900	1.0%	9.4%
- of which non recurrent costs	*154*	*0.3%*	-	*0.0%*	#DIV/0!
Cost adjustments for in-house generation of non-current assets	(3,202)	-5.4%	(2,658)	-2.8%	20.5%
Operating costs net of cost adjustments	**35,382**	**59.8%**	**40,026**	**42.7%**	**-11.6%**

Non-recurring costs were incurred in both 2024 and 2023; these costs are shown separately. In 2024 these costs relate to the Group's reorganisation activities and relate in particular to one-off payroll costs related to the reduction of the workforce, some service costs incurred to facilitate and speed up this reorganisation, in addition to costs for the financial optimisation completed in September and the legal costs for a legal dispute defined at the beginning of 2025.

In 2023, non-recurring costs referred entirely to payroll costs linked to the reorganisation in the United States. As a percentage of revenues, operating costs, net of non-recurring costs and only cost adjustments for internal increases, increased from 42.7% in 2023 to 59.8% in 2024. Also considering these non-recurring costs, the operating costs amounted to a total of €35.38 million in 2024 and to €40.03 million in 2023, an increase of 11.6%. The decrease in absolute terms is largely due to the reduction in the payroll and services costs. The most significant operating cost categories consist of the costs for services supporting the various company activities, with particular reference to development and commercial costs, and of payroll costs.

The trend in service costs is shown below.

(€'000)	FY 2024	%	FY 2023	%	% change
Industrial services	4,587	35.5%	5,712	39.0%	-19.7%
Commercial services	2,015	15.6%	2,473	16.9%	-18.5%
General and administrative costs	6,319	48.9%	6,468	44.1%	-2.3%
Total costs of services	**12,921**	**100.0%**	**14,653**	**100.0%**	**-11.8%**
% impact on sales	**21.9%**		**15.6%**		

Costs of services decreased from €14.65 million in 2023 to €12.92 million in 2024. As a percentage of revenues, this item stood at 21.9% (2023: 15.6%). At constant exchange rates, the decrease would be even greater and would amount to €1.54 million. Non-recurring costs of €0.66 million are included.

Industrial service costs were down 19.7%, from €5.71 million in 2023 to €4.59 million in 2024. These costs are directly linked to both the quantity of products sold and their mix.

Costs for commercial services, incurred in support of the product portfolio in the various reference markets, decreased by 18.5% due to cost containment measures in marketing and sales expenses; these costs amounted to €2.01 million in 2024 (2023: €2.47 million), a decrease of €0.46 million.

General and administrative costs decreased by 2.3% compared to the previous year, from €6.47 million in 2023 to €6.32 million in 2024.

The absolute value of leasing costs increased from €0.75 million in 2023 to €0.89 million in 2024. The increase is due to higher costs incurred to use third-party assets for activities related to the IoT business area and higher rental costs. Leasing costs concern lease and rental contracts which, in terms of duration and/or amount, are subject to the exemptions envisaged by IFRS 16 accounting standard. Their percentage of revenues was 1.5% (2023: 0.9%).

Payroll costs including non-recurring costs decreased by 9.9%, equal to €2.60 million. The reduction is the effect of the company reorganisation and of the actions taken in the different geographical areas to correlate payroll costs with sales performance, in addition to the non-recognition of many of the company bonuses following the failure to achieve the company targets for the year.
The following table shows the payroll costs:

(€'000)	**FY 2024**	**%**	**FY 2023**	**%**	**% change**
Wages, salaries and Social Security contributions	22,712	95.5%	25,431	96.4%	-10.7%
Costs of defined benefit plans	556	2.3%	382	1.4%	45.5%
Other costs	516	2.2%	571	2.2%	-9.6%
Total personnel expenses	**23,784**	**100.0%**	**26,384**	**100.0%**	**-9.9%**
% impact on sales	**40.2%**		**28.1%**		

In 2024 payroll costs as a percentage of revenues stood at 40.2%, compared to 28.1% in 2023.

As shown in the table below, the number of Group employees at the end of the years under review increased from 393 in 2023 to 361 in 2024. The net number of employees decreased by 32 due to the general reorganisation of the Group structure. In terms of average number of employees, the values went from 392.0 in 2023 to 372.4 in 2024.

In the table below, staff of the management team and who is responsible for managing the individual subsidiaries (managers) has been extrapolated from the "employees" item.

EMPLOYEES	**Average 2024**	**at December 31, 2024**	**Average 2023**	**at December 31, 2023**
Manager	5.0	5	4.3	5
Clerical workers	266.4	260	280.9	282
Line workers	101.0	96	106.8	106
TOTAL	**372.4**	**361**	**392.0**	**393**

Total accrual and other costs are as follow:

(€'000)	FY 2024	%	FY 2023	%	% change
Doubful debt provision	119	12.1%	68	7.6%	75.0%
Other Provisions	171	17.4%	88	9.8%	94.3%
Other costs	695	70.6%	744	82.7%	-6.6%
Total accruals and other costs	**985**	**100.0%**	**900**	**100.0%**	**9.4%**

The "doubtful debt provision" item refers to provisions made during the years under review to cover any trade receivables that cannot be collected.
Provisions in 2024 mainly refer for the settlement of a legal case and in a limited part to the allocation to the product guarantee provision, which was adjusted to reflect the related risk, while in 2023 the item referred entirely to the allocation to the product guarantee provision.
This item's incidence on revenues was 1.7%, while it was 1.0% in 2023.

(€'000)	FY 2024	%	FY 2023	%	% change
Government grants	1	0.2%	393	44.5%	-99.7%
Sundry revenues	434	99.8%	490	55.5%	-11.4%
Total other revenues	**435**	**100.0%**	**883**	**100.0%**	**-50.7%**
% impact on sales	**0.7%**		**0.9%**		

The "Other income" item decreased in the period under consideration, from €0.88 million in 2023 to €0.43 million in 2024. The difference of €0.45 million is mainly due to operating grants accounted for in 2024 for €1 thousand while the amount recorded in the previous year was €0.39 million and referred to operating grants for product development activities for the non-capitalized portion and benefits for hiring new employees..

As a percentage of revenues, this item decreased from 0.9% in 2023 to 0.7% in 2024.

(€'000)	FY 2024	%	FY 2023	%	% change
Amortisation of intangile assets	2,663	9.8%	3,731	48.3%	-28.6%
Amortisation of property, plant and equipment	1,783	6.5%	1,918	24.8%	-7.0%
Write-down of fixed assets	22,855	83.7%	2,080	26.9%	n.s.
Total amortisation and depreciation	**27,301**	**100.0%**	**7,729**	**100.0%**	**253.2%**

Amortisation/depreciation decreased from €5.65 million in 2023 to €4.45 million in 2024.
The item amortisation of intangible assets includes both in 2023 and in 2024 €0.30 million relating to the amortisation of intangible assets with a finite useful life identified as a result of the InoNet PPA.

Write-downs during the year amounted to €22.86 million and relate for €22.69 million to the write-down due to impairment test of the goodwill of the Eurotech Inc. CGU, which became necessary following a significant reduction in business and the uncertain performance related to the possible profitability recovery in the area, and for €0.163 million to the write-downs recognised on some development projects and products whose value is no longer considered recoverable. In 2023 write-downs made during the year amounted to €2.08 million and related for €1.39 million to the partial write-down of the goodwill of the Eurotech Ltd. CGU deriving from a change in strategy made on the cash generation unit in question and to €0.69 million from the write-downs made on some development projects and products.

As a result of the significant write-down of the American CGU attributable to Eurotech Inc., the percentage of amortisation, depreciation and write-downs of non-current relative to revenues rose to 46.2% in 2024 compared to 8.2% in 2023.

€'000	FY 2024	FY 2023	change %
Exchange-rate losses	1,239	1,482	-16.4%
Interest expenses	1,012	951	6.4%
Interest expenses on lease liabilities	95	109	-12.8%
Other finance expenses	251	91	175.8%
Financial charges	**2,597**	**2,633**	**-1.4%**
Exchange-rate gains	1,512	3,150	-52.0%
Interest income	19	8	137.5%
Gain on derivatives	86	100	-14.0%
Other finance income	624	162	n/a
Financial incomes	**2,241**	**3,420**	**-34.5%**
Net financial income	**(356)**	**787**	**-145.2%**
% impact on sales	**-0.6%**	**0.8%**	

The "Financial charges" item remained stable year on year, going from €2.63 million in 2023 to €2.60 million in 2024 with a different proportion in the years compared to the exchange rate losses linked to the performance of foreign currencies (US dollar, Japanese yen and British pound), which decreased in 2024 compared to 2023 and the charges related to the management of interest expense, which have the opposite trend.

Financial income, mainly due to the trend in exchange rate differences, decreased from €3.42 million in 2023 to €2.24 million in 2024.

Net charges from financial management as a percentage of revenues is -0.6% in 2024 compared to 0.8% in 2023.

(€'000)	FY 2024	% of sales	FY 2023	% of sales	% change
Pre-tax result	(32,615)	-55.2%	(1,662)	-1.8%	n.s.
Income taxes	(3,540)	-6.0%	(1,456)	-1.6%	143.1%
Income taxes as a percentage of profit before taxes (effective tax rate)	**-10.9%**		**-87.6%**		

The pre-tax result went from a loss of €1.66 million in 2023 to a loss of €32.61 million in 2024. The income taxes as a percentage of the pre-tax result in the period under review reflects the tax trends of the various companies included in the scope of consolidation. Furthermore, part of the deferred tax assets recognized in past years on tax losses carried forward have been written down as there is currently no foreseeable time frame for their full recovery. Furthermore, due to the persistent uncertainties relating to the global economic scenario (as a result of the current conflicts in Europe and the Middle East) and in relation to the predictability of the tax results of the plan, there was no recognition of a material part of the overall residual tax benefit pertaining to the losses that can be carried forward.

The table below breaks down the income taxes sustained by Group companies for both years under review, distinguishing between current tax and deferred tax assets and liabilities, and between taxes due under Italian law and those due under foreign law.

(€'000)	FY 2024	% of sales	FY 2023	% of sales	% change
IRES (Italian corporate income tax)	-	0.0%	-	0.0%	#DIV/0!
IRAP (Italian Regional business tax)	-	0.0%	-	0.0%	#DIV/0!
Foreign current income taxes	114	1.8%	1,667	2.5%	-93.2%
Total current income tax	**114**	**1.8%**	**1,667**	**2.5%**	**-93.2%**
Net (prepaid) deferred taxes: Italy	1,549	0.1%	90	0.5%	n.s.
Net (prepaid) deferred taxes: Non-italian	1,277	-0.3%	(301)	-0.5%	n.s.
Net (prepaid) deferred taxes	**2,826**	**-0.2%**	**(211)**	**0.0%**	**n.s.**
Previous years taxes	600	0.0%	-	0.0%	N/A
Previous years taxes	**600**	**0.0%**	**-**	**0.0%**	**N/A**
TOTAL INCOME TAXES	**3,540**	**1.6%**	**1,456**	**2.4%**	**143.1%**

The consolidating company Eurotech S.p.A. operates in a national tax consolidation scheme for Italian companies of the Group.

The Group's net result for 2024 shows a loss for the year of €36.16 million compared to a loss for 2023 of €3.12 million.

Statement of financial position

Non-current assets

(€'000)	at December 31, 2024	at December 31, 2023	Changes
Intangible assets	62,425	85,827	(23,402)
Property, Plant and equipment	8,367	7,185	1,182
Investments in affiliate companies	4	4	-
Investments in other companies	152	544	(392)
Deferred tax assets	1,647	4,655	(3,008)
Other non-current assets	480	502	(22)
Total non-current assets	**73,075**	**98,717**	**(25,642)**

The "Non-current assets" item decreased from €98.72 million in the financial year 2023 to €73.07 million in 2024.
The change of €25.64 million was mainly attributable to the write-down of goodwill of €22.69 million (the overall balance sheet effect of the valuation compared to last year is €23.64), to the different translation ratio of foreign currency, in addition to the investments made and amortisation of values, and partly to the change in intangible assets resulting from the final allocation of the InoNet PPA.
Again with reference to the change in the period, the exchange rate effect had a negative impact of €1.08 million: in fact, if the values at constant exchange rates had been compared, net of the write-down of goodwill, the decrease would have amounted to €2.03 million.

The Group's main investments break down as follows:

(€'000)	at December 31, 2024	at December 31, 2023	Changes
Intangible assets	3,217	2,753	464
Property, plant and equipment	3,032	395	2,637
Investments	-	4	(4)
TOTAL MAIN INVESTMENTS	**6,249**	**3,152**	**3,097**

Investments in intangible fixed assets mainly refer to the development of new products, while investments in tangible fixed assets mainly relate to the purchase of a new SMT line in Japan.

Deferred tax assets also decreased by €3.01 million mainly due to their complete write-off in the USA for €1.08 million, and their partial reduction in Italy for €0.67 million.

Current assets

(€'000)	at December 31, 2024	at December 31, 2023	Changes
Inventories	17,141	21,887	(4,746)
Trade receivables	12,405	19,883	(7,478)
Income tax receivables	934	1,206	(272)
Other current assets	1,498	2,151	(653)
Other current financial assets	115	143	(28)
Derivative instruments	29	102	(73)
Cash & cash equivalents	6,170	11,428	(5,258)
Total current assets	**38,292**	**56,800**	**(18,508)**

The "Current assets" item decreased from €56.80 million in 2023 to €38.29 million in 2024. The change is mainly attributable to the reduction in the value of inventories, the receivables from customers and the decrease in cash and cash equivalents for the repayment of loan instalments and to support operations. Compared to 31 December 2023, at the end of 2024 there was a reduction in inventories of €4.75 million (-21.7%) used to meet customer requests and for the which a further reduction is envisaged after the effects of accumulation related to long procurement lead-times due to the shortage of components between 2020 and early 2023. For the details of cash flows, please refer to the consolidated cash flow statement.

Net working capital

Net working capital, which comprises current assets net of cash and cash equivalents and non-financial current liabilities, underwent the following changes in the reporting period:

(€'000)	December (b)	31, 2023 (a)	Changes (b-a)
Inventories	17,141	21,887	(4,746)
Trade receivables	12,405	19,883	(7,478)
Income tax receivables	934	1,206	(272)
Other current assets	1,498	2,151	(653)
Current assets	**31,978**	**45,127**	**(13,149)**
Trade payables	(9,040)	(11,668)	2,628
Trade payables from affiliates companies	(399)	(127)	(272)
Income tax liabilities	(953)	(1,779)	826
Other current liabilities	(6,902)	(7,701)	799
Current liabilities	**(17,294)**	**(21,275)**	**3,981**
Net working capital	**14,684**	**23,852**	**(9,168)**

Net working capital decreased by €9.17 million. This decrease derives from the decline in current assets, partly offset by the decrease in items relating to current liabilities. In particular, there was a significant decrease in inventories, but also a significant reduction in receivables from customers as well as payables to suppliers and payables for income tax and other current liabilities. Net working capital as a percentage of turnover is 24.8%, whereas at the end of 2023 it had been 25.4%. The trend in net working capital, therefore, is mainly explained by the contraction in the overall sales revenue.

Net financial position

At 31 December 2024, the Group had a net financial debt of €20.40 million, compared to an amount of €20.57 million at 31 December 2023.
The essential stability is due to the balance between the net use of cash to support operations, working capital management, net investment in property, plant and equipment and intangible assets as well as the payment of €2.5 million for a future capital increase made during the year by the reference shareholder Emera S.r.l..

Financial liabilities relating to lease and rental contracts accounted for in compliance with the provisions of IFRS 16 amounted to €4.69 million at 31 December 2023; at 31 December 2024, the remaining higher financial liabilities recognised amounted to €4.26 million.

The net financial position (net financial debt) is determined in accordance with the definitions of CONSOB notice no. 5/21 of 29 April 2021, i.e. the Guidelines of the European Securities and Markets Authority (ESMA) issued on 15 July 2020 and in force as from 5 May 2021.
The following table shows the breakdown of the net financial position under these guidelines.

(€'000)		at December 31, 2024	at December 31, 2023
Cash	A	6,170	11,428
Cash equivalents	B	-	-
Other current financial assets	C	144	245
Cash equivalent	**D=A+B+C**	**6,314**	**11,673**
Current financial debt	E	6,808	4,547
Current portion of non-current financial debt	F	2,240	13,474
Other current financial liabilities	G	115	-
Short-term financial position	**H=E+F+G**	**9,163**	**18,021**
Short-term net financial position	**I=H-D**	**2,849**	**6,348**
Non current financial debt	J	17,551	13,481
Debt instrument	K	-	-
Medium-/long-term net financial position	**L=J+K**	**17,551**	**14,221**
(NET FINANCIAL POSITION) NET DEBT ESMA	**M=I+L**	**20,400**	**20,569**

Existing financial liabilities of €19.83 million, plus current account overdrafts at year-end 2024 of €6.77 thousand, combine to form total debt toward banks of €26.60 million (€31.50 million in 2023), of which €9.05 million is payable in the short term.

During the second quarter of 2024, the parent company undertook a financial optimisation with almost all of its banks, which resulted in a moratorium on the principal amounts to be repaid for the period from June 2024 to December 2025 and an extension of the original 24-month duration of the loans. The financial optimisation was concluded on 11 September last year, after obtaining the extension of the guarantees given by the entities that had originally granted them and the subscription of the amending addenda to the loan agreements. The financial optimisation agreements allowed Eurotech to reduce disbursements for the loans instalments of €3.6 million in 2024 and €4.1 million in 2025, and to recalculate the current portion and the medium-term portion of the rescheduled loans. Due to the extension of the deadlines by 24 months, some loans have a duration until 2030.

At the end of August 2024, the waiver was also obtained on covenants not respected at the end of 2023 on a medium/long-term loan and new covenants were put in place to replace them, fully respected at the end of 2024. These covenants define targets that must not be exceeded with reference to the ratio between EBITDA and financial charges, net financial position and EBITDA, and finally net financial position and net equity.

(€'000)		at December 31, 2024	at December 31, 2023
Cash flow generated (used) in operations	A	4,277	1,908
Cash flow generated (used) in investment activities	B	(4,959)	(3,112)
Cash flow generated (absorbed) by financial assets	C	(4,182)	(2,186)
Net foreign exchange difference	D	(394)	(3,292)
Increases (decreases) in cash & cash equivalents	E=A+B+C+D	(5,258)	(6,682)
Opening amount in cash & cash equivalents		**11,428**	**18,110**
Cash & cash equivalents at end of period		**6,170**	**11,428**

Operating activities generated cash flows of €4.28 million, due to a significant reduction in net working capital, compared to a generation of €1.91 million in 2023.

Investment activities relating to the investments made in developing new products in the form of modules, Embedded systems and Internet of Things (IoT) platforms, from the purchase of a new SMT (Surface Mount Technology) in Japan which became operation in January 2025 and the internal investments in industrial, commercial and hardware equipment.

Finally, cash flows from financial activities was mainly due to the repayment of short-term portions of medium-term loans net of the payment of €2.5 million for future capital increase made by the reference shareholder Emera S.r.l.

Intragroup relations and transactions with related parties

Within the scope of transactions aimed at routine management of the business of the Eurotech Group and constant promotion of new production and commercial synergies, the Group companies maintain reciprocal commercial relations whereby they sell and purchase products and services. Among the main transactions, it should be noted that a) against the recognition of royalties, the Group companies use trademarks held by the Parent Company, and that b) the Parent Company provides the subsidiaries with administrative, tax, corporate, business and strategic consulting services.
Relations between Group companies are governed by market conditions, taking into account the quality of the goods and services provided. The outstanding balances at the reporting date are not supported by guarantees, do not generate interest (excluding financial relations) and are settled in cash. No warranties, whether given or received, exist in relation to related-party receivables and payables.
During the year, the parent company Eurotech S.p.A. waived loans to the French subsidiary Eurotech France Sas for €20 thousand.
Following the evaluation of the financial position of related parties and the analysis of the market in which they operate, at 31 December 2024 the Group made no allocation to a doubtful debt provision for sums owed by related parties, except for the €447 thousand write-down already made in 2010 on the receivable from the affiliated company in liquidation Rotowi Technologies S.p.A. (formerly UTRI S.p.A.).

Relations with related parties include transactions arising in the course of normal business and financial relationships with companies in which the Directors of the Parent Company or its subsidiaries have senior positions. These transactions are regulated under market conditions.
In August, the relative majority shareholder Emera S.r.l., pertaining to the directors Fumagalli and Carando, made payments to Eurotech for a future capital increase for a total amount of €2.5 million, to allow the Company

immediate flexibility to act on its short- and medium-term financial needs in related to the implementation of its strategy. The Emera initiative also made it possible to finalise agreements within Eurotech S.p.A. to reschedule the payment due dates of the existing medium/long-term loans with the main credit institutes..

Information on related-party transactions, as required by CONSOB communication no. 6064293 of 28 July 2006, are described in the notes to the Consolidated financial statements.

There were no atypical or unusual transactions during the year 2024, as defined by CONSOB in its communication no. 6064293 of 28 July 2006.

The table below shows information on equity investments held in the Parent Company and its subsidiaries by members of the management and supervisory bodies, general managers and managers with strategic responsibilities as well as spouses not legally separated and children, directly or through subsidiaries, trust companies or third parties, taken from the shareholders' register, notifications received and other information acquired by the members of the management and supervisory bodies, general managers and managers with strategic responsibilities, pursuant to Art. 79 of CONSOB Regulation No. 11971/99 as subsequently amended.

				at December 31, 2024				
Name	Nomination	Company	Possessory title	Share at January 1 or appointment	Share acquired in the period	Share disposed in the period	Share at the end of the period	of which shares at the end of the period indirectly
di Giacomo Luca	President	Eurotech	-	-	-	-	-	-
Fumagalli Aldo *	Director and Vice President	Eurotech	-	-	-	-	-	-
Carando Davide Albino *	Director from 08.04.2024	Eurotech	-	-	-	-	-	-
Chawla Paul	Director	Eurotech	Ownership	126,150	-	-	126,150	-
Costaguta Marco	Director up to 06.04.2024	Eurotech	-	-	-	-	-	-
Curti Susanna *	Director up to 12.23.2024	Eurotech	-	-	-	-	-	-
Costa Michela	Director	Eurotech	-	-	-	-	-	-
Gervasio Alberta	Director up to 12.04.2024	Eurotech	-	-	-	-	-	-
Pesce Simona	Director	Eurotech	-	-	-	-	-	-
Russo Massimo	Director	Eurotech	-	-	-	-	-	-
Monti Fabio	President of Board of Statutory Auditors	Eurotech	-	-	-	-	-	-
Savi Daniela	Statutory Auditor	Eurotech	-	-	-	-	-	-
Briganti Laura	Statutory Auditor	Eurotech	-	-	-	-	-	-
	Strategic Managers	Eurotech	Ownership	41,000	-	-	41,000	-

(*)As previously indicated, Emera S.r.l. is the Eurotech's reference shareholder with a shareholding of 18.12%, and it is linked to the directors Fumagalli and Carando. As communicated during the financial year, the ownership of Emera S.r.l. was also partly attributable to the director Curti, who nevertheless sold his interests by the end of the 2024 financial year.

Treasury shares of the Parent Company owned by the Parent Company or subsidiaries

The Parent Company Eurotech S.p.A. held 240,606 treasury shares at the end of the reporting period. There were no changes in treasury shares in 2024:

	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 2024	**240,606**	**60**	**0.68%**	**662**	**2.75**
Purchases	-	-	0.00%	-	
Sales	-	-	0.00%	-	
Assignment-Performance share Plan	-	-	0.00%	-	
Status as at 31 December 2024	**240,606**	**60**	**0.68%**	**662**	**2.75**

Investments and research & development

At 31 December 2024, technical investments (property, plant and equipment) in equipment, machinery and instruments amounted to €2,082 thousand, investments in property and other assets amounted to €155 thousand, investments to purchase user, software and know-how licenses amounted to €23 thousand.
The significant increases in technical investments are related to the purchase of a new SMT line that will allow greater efficiency in the Japanese factory.
During the period, the Group invested in industrial research & development and technological innovation for new products and for improving the current products and processes.
Research resulted in the development of new products/applications in the field of computers and Embedded systems (limited to Japan), high-integration and low-consumption computers, network appliances, software platforms and supercomputers. Research also led to improvements in the quality of products, the creation of new products, reduced manufacturing costs and a resulting increase in company competitiveness. During the period development costs for new products were recognised for €3.15 million: 14.4% of said costs relate to the development of new hardware products based on the new ultra-low power architecture; 73.5% of said costs relate to software projects in the Edge computing segment and in the Internet of Things platforms; the remaining approximately 12.2% was used for a range of purposes in both hardware and software, including projects launched in previous years.

Main risks and uncertainties to which the Group is exposed

Risks related to the Russia-Ukraine conflict

The conflict between Russia and Ukraine, which has been ongoing for over three years, continues to have important consequences at global level, not only due to the severe humanitarian crisis it has caused but also because of the economic effects that are difficult to predict and the implications deriving from any lengthening of a ceasefire and the definition of peace agreements.
Although the Eurotech Group continues to have no business relations with Ukraine and Russia, as it has no raw material suppliers and no production sites located in both countries, it cannot be excluded that a further extension of a period without peace agreements could have unforeseeable effects on other neighbouring countries and an impact on procurement costs. The situation is continuously monitored in order to be able to react promptly to any changes in the context.

Risks related to the conflict between Israel and Palestine

With regard to the conflict in the Middle East between Israel and Palestine, which arose at the beginning of October 2023, although there are no direct implications for the Group as there are no trade relations in that area, the general ramifications result uncertain and undefined although they could become more fluid over time. Also in this case, from an initial analysis, there could be impacts both in terms of cost volatility (e.g. energy) and in international trade relations.

Risks connected to general economic conditions

In addition to the ongoing consequences of the Russia-Ukraine and Israel-Palestine conflicts, the global macroeconomic landscape in 2024 was also affected by the crisis in the European automotive sector and the freeze on investments in the Industrial Automation sector worldwide.
The macro-economic context affects the Group's ability to implement the desired growth path. The technological sectors in which the Group operates remain with a positive outlook for the years to come. In part, the scenario will also depend on the investments that individual countries will decide to make in support of local economies.

The Group's presence in various regions of the world however enables it to diversify risk and to benefit from any positive situations arising in some regions in relation to or before other regions.
The Group's presence in sectors such as industrial, commercial and transportation, which are more affected by reduced consumption, may generate losses and risks of loss, above all in a scenario of considerable weakness of overall economic conditions.
Furthermore, leaving aside slow economic growth or recession, other economic conditions such as fluctuating raw material prices or their reduced availability or reduced spending on infrastructure may negatively affect the markets in which the Group operates, and may, in combination with other factors, have a significant impact on the Group's business outlook, operating performance and/or financial situation.
The political instability of some European countries as well as the effects of the United Kingdom's exit from the European Community and the too slow recovery of Europe after the pandemic in addition to the conflicts also involving it in the Mediterranean basin, could represent elements of instability for Europe's economy.

Risks related to protectionism policies

The Group purchases and sells products outside the local territories of the individual subsidiaries. Recent protectionist policies of some non-European countries in which the Group operates and sells its products, which tend to protect national production activities from competition from foreign states through the application of duties, could lead to increased costs and a consequent reduction in margins, but could also have a significant impact on the growth prospects of the Group's business, with negative effects on its economic results and consequently on its financial situation.

Risks connected to exchange rate and interest rate fluctuations

The Eurotech Group operates at global level and has invested in countries such as the US, Japan and the UK, deriving cash flows from these countries that are not consistent. In addition, foreign subsidiaries operate on their respective core markets with their respective functional currencies. Owing to these considerations, exchange rate hedging operations are not carried out, despite the fact that the consolidated financial statements are constantly affected by exchange rate fluctuations when the financial statements of companies outside the Eurozone are translated.
The Group is exposed through medium-term, variable-rate loans, particularly in Europe, while exposure in the Yen area is more contained. The Group uses hedging instruments to mitigate the effects of interest rate variations on loans (mainly Interest Rate Swaps – IRS).

Steep exchange rate or interest rate fluctuations may have an impact on the Group's business performance and financial results.
For further information, please refer to the notes to the consolidated financial statements.

Risks connected to liquidity and required financial resources

In consideration of the existing net financial position, the Group expects to fulfil the obligations deriving from maturing financial payables through the liquidity available, through the flows deriving from operations, through the use of existing credit lines and/or the renewal or refinancing of bank loans, as well as through the raising of equity on the market.
The Group believes that in order to generate positive cash flows, it must continue to have a level of turnover higher than that achieved during the year and due to the effect of the implementation of efficiency measures lower than that achieved in 2022 or in 2023 and continue to focus on margins and operating costs in accordance with revenue levels while balancing the growth of the organisation in order to achieve the expected objectives and readjust it in line with lower turnovers.
Group strategy is to keep available liquidity invested in on-demand or very short-term bank deposits by dividing, whenever possible, deposits among a sufficient number of selected bank counterparties operating in different geographical areas.
Even if the Group has implemented measures designed to maintain adequate levels of working capital and cash, any lack of growth or further contraction in sales volumes may have a negative effect on the cash-generating capacity of the Group's operational units. The Group may therefore find it necessary to arrange further loans and/or refinancing of existing debt, including in unfavourable market conditions, with a general reduction in available financing sources and higher costs. Any difficulties in raising such financing could have a negative effect on the Group's business outlook, as well as on its operational results and/or its financial position.
Regarding this last aspect, and as also mentioned in the paragraph "Significant events after the end of the financial year", it should be noted that at the end of January 2025, Emera S.r.l., as the majority shareholder, signed a commitment to make one or more payments towards a future capital increase in favor of Eurotech S.p.A., up to a maximum amount of €6 million for the 2025 financial year. The company accepted this commitment at the beginning of February 2025. This commitment allows the Group to find new financial resources necessary to meet short-medium term liquidity needs, without increasing exposure to credit institutions and at the same time strengthening the Company's capital structure. Furthermore, as already communicated during the fiscal year 2024, on October 15, 2024, the Eurotech shareholders' meeting authorized the board of directors to proceed, even in several tranches, with a capital increase up to a maximum of €20 million, an element that the directors considered when evaluating the feasibility of the strategic development lines hypothesized in their business plans.

Risks connected to management

The Group's success largely depends on the ability of certain Executive Directors and other members of management to run the Group and the individual local entities efficiently. Loss of the services of an Executive Director or other key resources without adequate replacement, and any inability to attract and retain new and qualified resources, could have negative effects on the Group's outlook, business performance and operating and financial results.

Risks connected to competitiveness in the sectors in which the Group operates

With some exceptions, the Group's markets are competitive in terms of product quality, innovation, reliability and customer support.
The Group's success depends on its ability to maintain and build on its share of the markets in which it operates and/or to expand into new markets with innovative products and high quality standards ensuring profit levels similar to those on its current markets.

In recent years competition has become more intense, particularly in terms of price, especially in the Embedded boards and modules segment and to a lesser extent in systems sector.
If the Group were not able to offer more competitive and innovative products than its competitors, the Group's market share could decline, with a negative effect on the profitability and operating and financial results of the Eurotech Group.

Risks connected to customers

In some regions, the Group can operate with a limited number of customers. Due to this dependency on certain customers, the loss of these large customers or a significant reduction in the turnover generated from them could have a negative impact on the Group's sales revenues and profitability.
Generally speaking, these customers are not the end-users of our products. Any lack of success of products into which our products are incorporated, and any difficulty experienced by our customers in selling the products that we design or produce for them, could have a negative effect on sales and margins.
Adverse economic conditions in markets where our customers may sell or use our products would lead to a reduction in supplies to these customers. Some of these markets are characterised by intense competition, rapid technological change and economic uncertainty. The Group's exposure to economic cycles and related fluctuations in demand from these customers could have a negative effect on revenues and therefore on the Group's financial situation.
In addition, a decision by some customers to produce in-house the products supplied by us would reduce supplies to these customers and therefore sales revenues and profitability.

Risks connected to environmental policy

The Eurotech Group's activities and products have to comply with national, community and international environmental legislation. This legislation is becoming increasingly stringent in the countries where the Group operates.
The potential risk to which the Group is subject relates to the processing of electric and/or electronic parts that, pursuant to new legislation, could become unusable in production or separately saleable.
The consequent disposal of such products, or of others that have become obsolete due to technological advances, incurs increasingly high costs.
In order to comply with legislation in force, the Eurotech Group envisages having to continue to sustain costs that may rise in future years.

Risks connected to relations with employees and suppliers

In some of the countries in which the Group operates, employees are subject to various laws and/or collective labour agreements that guarantee them – including by means of local and national representatives – the right to be consulted on certain questions, such as workforce reductions. Such laws and/or collective labour agreements applicable by the Group could affect Group flexibility in the redefinition and/or strategic repositioning of its operations. Any unagreed decisions could lead to problems in workforce management.
In addition, the Group acquires raw materials and components from numerous suppliers and depends on the services and products supplied by other companies external to the Group. Collaboration between producers and suppliers is normal in the segments in which the Group operates, and while this leads to economic benefits in the forms of reduced costs, it also means that the Group has to rely on these suppliers, with the consequent possibility that difficulties they experience (whether due to external or internal factors), including financial difficulties, could have negative repercussions on the Group's business outlook, as well as its operating results and/or its financial situation.
The price and availability of the electronic components used depend on a wide variety of factors, largely beyond the control of the Group and difficult to predict. Over the years, supply-side tensions have led to procurement difficulties and increased costs with negative consequences on the Group's economic results. A resurgence,

whether partial or full, of this situation of uncertainty requires the Group to adopt a strategy of planned purchases in the medium term to minimise the risks associated with a potential unavailability of components within the time-frames required for production.

Risks connected to development activity

The Group conducts major research and development activities that can last for more than 24 months. Development activities believed to be capable of producing future benefits in terms of revenues are posted as intangible assets. Not all development activities may lead to production at a level that allows for complete recoverability of the posted asset. When products related to capitalised development activities do not achieve the success expected, the impact on expected Group revenues and profits is determined, as well as whether the asset has to be written down.

Risks connected to the capacity to enrich the product portfolio and offer innovative products

The success of the Group's activities depends on its ability to maintain or increase its share on the markets in which it operates and/or to expand into new markets with innovative products of a high standard of quality ensuring adequate profit levels. More specifically, if the Group were unable to develop and offer more innovative and competitive products than its main competitors, also in terms of price, quality and functionality, or if there were delays in the development of new innovative products, the Group's market share could contract, with a negative impact on the Group's business outlook as well as its operating results and/or financial situation.

Risks and uncertainties connected to goodwill and assets with an indefinite life

The Group carries out impairment tests on goodwill and other intangible assets with an indefinite useful life (trademarks), at least annually and during the course of the year if there are indications of loss in value. Among the indicators considered, the Group carefully monitors the performance of the markets in which it operates, the costs of production factors, exchange rates and interest rates, which can modify the profitability profiles of the business and the recoverability of investments made, as well as the performance of the share price on the Italian stock market, thus also paying attention to market capitalization, which is less than the book value of the net assets recorded in the Group's financial statements at the end of the financial year. The test requires an estimate of the value in use of the cash-generating unit to which the goodwill and other intangible assets with an indefinite useful life are attributed, based in turn on the estimated expected cash flows of the unit and on the discounting of these flows at an appropriate rate.

In view of the general macroeconomic picture and the key sectors in which the Group operates, there is intrinsic uncertainty in estimating the cash flows used to test the assets for impairment, as well as some of the parameters that make up the discount rate. This uncertainty could give rise to the risk of failure to write down goodwill and intangible assets with an indefinite useful life, due to possible overestimation of future cash flows in the application of some of the parameters that make up the discount rate.
Lastly, the Group strategic development is influenced by the evolution of technologies, applications and, more generally, the sectors and markets in which the Group operates, offering solutions (products and services) that are frequently updated. It follows that goodwill originating from acquisitions made in markets, sectors and periods other than those envisaged in the annually updated business plans could lead to potential impairment losses also deriving from qualitative analyses regarding the Group strategic development, even before the precise identification of the expected cash flows in one of the Group entities, an aspect affected by the cash-generating units.

Risks connected with the performance of the Group's operating results

This risk factor brings out the risks connected with investment in the Company's share capital in consideration of the performance of the Group's operating result in recent years and of current conditions in certain markets.
It is difficult to foresee the Group's future performance in consideration of the sectors in which it operates. It is however evident that every external event, such as a significant drop in one of the major relevant markets, the volatility of financial markets and the resulting deterioration of the capital market, the increase in cost of raw materials, unfavourable interest and exchange rate fluctuation, government policies, etc., might have a negative impact on the sectors in which the Group operates and negatively affect its prospects and activity, as well as affect its operating and financial results. The profitability of the Group's activities is also subject to risks tied to the fluctuation of interest rates, solvency and ability of the commercial counterparties to finance themselves, as well as to the overall economic conditions of the countries where the Group operates.

Cybersecurity Risk

The risk of cybersecurity is represented by the possibility that cyber-attacks compromise company information systems, with the main consequences being the theft of sensitive information (including company know-how), the interruption of services provided with both economic and reputational consequences.
The consequences deriving from a cyber-attack could concern:
- the loss of confidentiality, i.e. the intentional or accidental disclosure of confidential information, which may result in losses for the Eurotech Group in terms of competitive advantage, damage to its image and reputation and legal and economic impacts (e.g. sanctions) due to failure to compliance with regulatory and/or contractual obligations;
- the loss of integrity and availability of the information and systems supporting the business, which may result in a loss of profit due to the non-provision of services and/or damage to company assets.

Disclosure on the environment and personnel

Although the Group does not carry out activities that could impact local areas or the environment, it has always tried to operate in line with national and international best practice, in accordance with the approaches of risk prevention and reducing and minimising environmental impacts.
Eurotech is increasingly committed to responding to the challenges posed by climate change to improve the Group's resilience and seize the opportunities arising from the transition to a sustainable and low-carbon economy. To achieve these objectives, the initial step involves identifying the risks and opportunities related to the climate and their impacts. For the type of business in which the Group operates, the impact of climate change is currently very marginal but despite this, there is increasing attention to assessing its potential effects in the individual development processes of the Group.

The Eurotech Group has always paid close attention and been highly committed to the topic of employee safety, spreading a culture of safety within the organisation, minimising risk exposure in every activity and conducting activities to control, prevent and protect against risk exposure.
There have been no major work-related accidents at the Eurotech Group, and there is currently no risk of work-related illness.

Disclosure on sovereign exposure

Pursuant to CONSOB Communication No. DEM/11070007 of 5 August 2011 (a continuation of ESMA document 2011/266 of 28 July 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.

Regulatory simplification process based on CONSOB resolution No. 18079/2012

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.

Events after the reporting date

With the aim of supporting the achievement of the Eurotech Group's next objectives, without increasing exposure to credit institutions and at the same time strengthening the Company's capital structure, at the end of January 2025, the relative majority shareholder, Emera S.r. L., has signed a commitment to make one or more payments towards a future capital increase, up to a maximum amount of €6 million for the 2025 financial year. The company accepted this commitment at the beginning of February 2025. At the date of preparation of this report, the relative majority shareholder Emera S.r.l. made payments for a total of €2.5 million for future capital increases.
It is to be noted that the market contraction and the performance decline in 2024 led the group to adopt further measures to rationalize operating costs and, with particular reference to personnel costs, to introduce measures to reduce working hours, especially in Italy and Germany, with recourse to government subsidies.
No further significant events took place after the reporting date.

Report on corporate governance and ownership structure

The Report on Corporate Governance and Ownership Structure pursuant to Article 123-bis, paragraphs 1 and 2 of Italian Legislative Decree No. 58 of 24 February 1998, as amended, is included in a separate report from the Management Report, published together with the latter on Eurotech's website (www.eurotech.com, Investors section).

Off-statement of financial position agreements

The information required by Art. 2427, paragraph 1(9) of the Italian Civil Code is hereby given that the Group has no agreements not disclosed in the Statement of financial position.

Subsidiaries created and regulated according to the law of countries outside the European Union

The Board of Directors hereby declares that conditions for listing exist pursuant to Art. 36 of CONSOB Regulation No. 16191/2007 (the "Stock Market Regulation"). In this regard, note that at 31 December 2024 the subsidiaries created and regulated under the laws of countries outside the European Union, pursuant to Art. 36, paragraph 2 of the above Regulation, are the US companies Eurotech Inc. and E-Tech USA Inc., the Japanese company Advanet Inc. and the British company Eurotech Ltd. and that the requirements set out in paragraph 1 of said article are met for these subsidiaries.
In accordance with Art. 15, paragraph 1 of CONSOB Regulation No. 16191/2007 (as amended by CONSOB Resolution No. 20249 of 28 December 2017, effective from 3 January 2018) it is acknowledged that the information flows provided by the Extra-EU subsidiaries, set forth in the aforementioned legislation, are adequate to regularly provide the Parent Company with the economic, equity and financial data necessary for the preparation of the consolidated financial statements. Specifically, it should be noted that at 31 December 2024 the subsidiaries to which these provisions apply are those listed previously.

Competitive scenario, outlook and future growth strategy

Despite the uncertainty of the global macroeconomic situation, the significant loss of a customer in the United States, the integration and the strengthened relations between the Group's various companies, the global positioning of the technology offering, as well as the solid governance of the Group on the capital and financial front, make it possible to positively face the challenges for 2025 and to glimpse positive effects for the years to come, even though there are no precautions that arise from time to time depending on market conditions in certain sectors.

The Group will also pursue strategic development in 2025, along guidelines outlined in the previous years. The implementation of the strategic plan includes specifically the following actions:

- focus on markets that combine a larger size and a higher growth rate (CAGR) over the next 5 years;
- address applications in difficult environments or with high reliability requirements, which require more rugged solutions;
- strengthen commercial activities, particularly with regard to indirect sales channels along with direct ones;
- focus on vertical markets and sectors where IT-OT integration and cybersecurity are most valued also in view of the recent NIS2 regulation;
- create growth both organically and through external lines;
- leverage both global and local accelerating factors and forces of change:
    - Edge AI
    - Cybersecurity
    - Renewable & smart energy
    - Assisted Driving (Level 2 & Level 3).

Furthermore, on October 15, 2024, the shareholders' meeting approved a capital increase of up to €20 million (including any share premium) to be carried out in one or more tranches over the next 2 years, with pre-emptive rights for shareholders or even without pre-emptive rights pursuant to Article 2441, paragraphs 4 and/or 5, of the Italian Civil Code, to provide the Group with financial resources to support the implementation of the strategic plan, with particular reference to M&A transactions, preferably in the United States.

Consolidated financial statements at 31 December 2024 prepared according to international accounting standards

Consolidated statement of financial position

(€'000)	Notes	at December 31, 2024	of which related parties	at December 31, 2023	of which related parties
ASSETS					
Intangible assets	1	62,425		85,827	
Property, Plant and equipment	2	8,367		7,185	
Investments in affiliate companies	3	4		4	
Investments in other companies	3	152		544	
Deferred tax assets	31	1,647		4,655	
Other non-current assets	4	480		502	
Total non-current assets		**73,075**		**98,717**	
Inventories	5	17,141		21,887	
Trade receivables	6	12,405	-	19,883	1
Income tax receivables	7	934		1,206	
Other current assets	8	1,498		2,151	
Other current financial assets	10	115		143	
Derivative instruments	34	29		102	
Cash & cash equivalents	9	6,170		11,428	
Total current assets		**38,292**		**56,800**	
Total assets		**111,367**		**155,517**	
LIABILITIES AND EQUITY					
Share capital		8,879		8,879	
Share premium reserve		136,400		136,400	
Other reserves		(84,615)		(49,960)	
Group shareholders' equity	**12**	**60,664**		**95,319**	
Equity attributable to minority interest	**12**	**-**		**-**	
Total shareholders' equity	**12**	**60,664**		**95,319**	
Medium-/long-term borrowing	14	17,551		13,481	
Employee benefit obligations	15	2,331		2,382	
Deferred tax liabilities	31	3,164		3,400	
Other non-current liabilities	17	1,200		899	
Business combination liabilities		-		740	
Total non-current liabilities		**24,246**		**20,902**	
Trade payables	18	9,040	-	11,668	137
Trade payables from affiliates companies	18	399	399	127	127
Short-term borrowing	14	9,048		18,021	
Income tax liabilities	7	953		1,779	
Other current liabilities	19	6,902		7,701	
Business combination liabilities	20	115		-	
Total current liabilities		**26,457**		**39,296**	
Total liabilities		**50,703**		**60,198**	
Total liabilities and equity		**111,367**		**155,517**	

Consolidated income statement

(Migliaia di Euro)	Notes	FY 2024	of which non recurrent	of which related parties	FY 2023	of which non recurrent	of which related parties
Revenues from sales of products and services	21	59,133		3	93,756		8
Other revenues	27	435			883		
Cost of materials	22	(29,144)			(49,333)		
Service costs	24	(12,921)	(659)		(14,653)		
Lease & hire costs	23	(894)			(747)		
Payroll costs	25	(23,784)	(437)	(873)	(26,384)	(251)	(659)
Other provisions and other costs	26	(985)	(154)		(900)		
Cost adjustments for in-house generation of non-	28	3,202			2,658		
Depreciation & amortisation	29	(4,446)			(5,649)		
Asset impairment	29	(22,855)	-		(2,080)	-	
Operating profit		**(32,259)**	**(1,250)**		**(2,449)**	**(251)**	
Finance expense	30	(2,597)			(2,633)		
Finance income	30	2,241			3,420		
Profit before taxes		**(32,615)**			**(1,662)**		
Income tax	31	(3,540)			(1,456)		
Net profit (loss)		**(36,155)**			**(3,118)**		
Minority interest		**-**			**-**		
Group net profit (loss) for period		**(36,155)**			**(3,118)**		
Base earnings (losses) per share	**13**	**(1.025)**			**(0.088)**		
Diluted earnings (losses) per share	**13**	**(1.025)**			**(0.088)**		

Consolidated statement of comprehensive income

(€'000)	Notes	FY 2024	FY 2023
Net profit (loss) before minority inerest (A)		**(36,155)**	**(3,118)**
Other elements of the statement of comprehensive income			
Other comprehensive income to be reclassified to profit or loss insubsequent periods:			
Net profit/(loss) from Cash Flow Hedge	34	(73)	(103)
Foreign balance sheets conversion difference		(2,562)	(5,623)
Exchange differences on equity investments in foreign companies	12	1,231	(2,449)
After taxes net other comprehensive income to be reclassified to profit or loss in subsequent periods (B)		***(1,404)***	***(8,175)***
Comprehensive net result (A+B+C)		**(37,529)**	**(11,391)**
Comprehensive minority interest		**-**	**-**
Comprehensive Group net profit (loss) for period		**(37,529)**	**(11,391)**

Consolidated statement of changes in shareholders' equity

Statement of changes in shareholders' equity – previous year

(€'000)	Notes	Share capital	Legal reserve	Share premium reserve	Conversion reserve	Other reserves	Cash flow hedge reserve	Actuarial gains/(losses) on defined benefit plans reserve	Exchange rate differences reserve	Treasury shares	Profit (loss) for period	Group shareholders' equity	Equity attributable to Minority interest	Total shareholders' equity
Balance as at December 31, 2022(*)		**8,879**	**1,776**	**136,400**	**5,998**	**(49,878)**	**205**	**(445)**	**5,829**	**(703)**	**(1,619)**	**106,442**	**-**	**106,442**
2022 Result allocation		-	-	-	-	(1,619)	-	-	-	-	1,619	-	-	-
Profit (loss) as at December 31, 2023		-	-	-	-	-	-	-	-	-	(3,118)	(3,118)	-	(3,118)
Comprehensive other profit (loss):														
- Hedge transactions	34	-	-	-	-		(103)	-	-	-	-	(103)	-	(103)
- Actuarial gains/(losses) on defined benefit plans for employees	15	-	-	-	-		-	(98)	-		-	(98)	-	(98)
- Foreign balance sheets conversion difference		-	-	-	(5,623)	-			-	-	-	(5,623)	-	(5,623)
- Exchange differences on equity investments in foreign companies	12	-	-	-	-		-	-	(2,449)	-	-	(2,449)	-	(2,449)
Total Comprehensive result		-	-	-	**(5,623)**	-	**(103)**	**(98)**	**(2,449)**	-	**(3,118)**	**(11,391)**	-	**(11,391)**
- Performance Share Plan	16	-	-	-	-	227	-	-	-	41	-	268	-	268
- Other changes and transfers	12				-	-	-			-		-		-
Balance as at December 31, 2023		**8,879**	**1,776**	**136,400**	**375**	**(51,270)**	**102**	**(543)**	**3,380**	**(662)**	**(3,118)**	**95,319**	**-**	**95,319**

(*) Restated, see note F -Business combination

(€'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, 2023	**8,879**	**1,776**	**136,400**	**375**	**(51,270)**	**102**	**(543)**	**3,380**	**(662)**	**(3,118)**	**95,319**	**-**	**95,319**
2023 Result allocation	-	-	-	-	(3,118)	-	-	-	-	3,118	-	-	-
Profit (loss) as at December 31, 2024	-	-	-	-	-	-	-	-	-	(36,155)	(36,155)	-	(36,155)
Comprehensive other profit (loss):													
- Hedge transactions	-	-	-	-		(73)	-	-	-	-	(73)	-	(73)
- Actuarial gains/(losses) on defined benefit plans for employees	-	-	-	-		-	30	-		-	30	-	30
- Foreign balance sheets conversion difference	-	-	-	(2,562)	-			-	-	-	(2,562)	-	(2,562)
- Exchange differences on equity investments in foreign companies	-	-	-	-		-	-	1,231	-	-	1,231	-	1,231
Total Comprehensive result	**-**	**-**	**-**	**(2,562)**	**-**	**(73)**	**30**	**1,231**	**-**	**(36,155)**	**(37,529)**	**-**	**(37,529)**
- Performance Share Plan	-	-	-	-	387	-	-	-	-	-	387	-	387
- Future capital increase payment				-	2,500	-			-		2,500		2,500
Change in consolidation area	-	-	-	-	(13)	-	-	-	-	-	(13)	-	(13)
Balance as at December 31, 2024	**8,879**	**1,776**	**136,400**	**(2,187)**	**(51,514)**	**29**	**(513)**	**4,611**	**(662)**	**(36,155)**	**60,664**	**-**	**60,664**

Consolidated cash flow statement

Cash flow statement

CONSOLIDATED CASH FLOW STATEMENT *(€'000)*	Notes	at December 31, 2024	of which related parties	at December 31, 2023	of which related parties
CASH FLOWS GENERATED BY OPERATIONS:					
Group net profit (loss) for period		**(36,155)**		**(3,118)**	
Adjustments to reconcile reported net profit with cash & cash equivalents generated (used) in operations:					
Depreciation & amortization intangible assets, property, plant and	29	27,301		7,729	
Write-down of receivables		-		-	
Interest income	30	(19)		8	
Interest expenses	30	1,107		1,060	
Income taxes (paid) get		-		-	
Stock Grant expenses	15	387		268	
Provision for (use of) long-term employee severance indemnities	14	(21)		(220)	
Provision for (use of) risk provision	15	301		(100)	
(Provision for) / use of deferred tax asset / Provision for (use of) deferred tax liability	26	2,873		-	
Changes in current assets and liabilities					
Trade receivables	5	7,295	(1)	(646)	(1)
Other current assets	7	1,086		(364)	
Inventories and contracts in process	4	4,618		3,793	
Trade payables	18	(2,262)	(264)	(7,200)	(487)
Other current liabilities	17	(2,234)		698	
Total adjustments and changes		**40,432**		**5,026**	
Cash flow generated (used) in operations		**4,277**		**1,908**	
CASH FLOW FROM INVESTMENT ACTIVITIES:					
Sales of tangible and intangible assets	1/2	34		(3)	
Interest income	30	19		(8)	
Purchase of intangible fixed assets	1	(3,217)		(2,753)	
Purchase of tangible fixed assets	2	(2,237)		(395)	
Achievement from investments in associates		400		-	
Decreases (Increases) other financial assets	8	28		(4)	
Net (investments) Divestments in long-term investments and non-current as		14		51	
Cash flow generated (used) by non-current assets classified as held for sale		-		-	
Cash flow generated (used) in investment activities		**(4,959)**		**(3,112)**	
CASH FLOW FROM FINANCING ACTIVITIES:					
Other changes in shareholders' equity		2,487		-	
Loans taken	13	450		5,343	
(Increases) decreases of loans to other Group companies	13	-		67	
Interest paid		(1,107)		(1,060)	
(Repaid) loans short and medium/long term	13	(6,012)		(6,536)	
Cash flow generated (absorbed) by financial assets		**(4,182)**		**(2,186)**	
Net foreign exchange difference		(394)		(3,292)	
Increases (decreases) in cash & cash equivalents		**(5,258)**		**(6,682)**	
Opening amount in cash & cash equivalents	**9**	**11,428**		**18,110**	
Cash & cash equivalents at end of period	**9**	**6,170**		**11,428**	

Explanatory notes to financial statements

A – Corporate information

The publication of the consolidated financial statements of the Eurotech Group for the financial year ended 31 December 2024 was authorised by resolution of the Board of Directors on 14 March 2025. The Parent Company Eurotech S.p.A. is a joint-stock company incorporated and domiciled in Italy. The Group has its registered office in Amaro (UD), Italy.
Eurotech is a group active in the research, development, and marketing of miniaturised computers and high-performance computers featuring high computing capacity. Moreover, within this business line it provides complete solutions or blocks of solutions and products for the Internet of Things through intelligent devices and an intelligent proprietary connectivity and communications platform. For more information, see Explanatory Note G.

B – Reporting policies and IFRS compliance

The consolidated financial statements were prepared in accordance with the IFRS principles issued by the International Accounting Standards Board (IASB) and approved by the European Commission pursuant to Article 6 of (EC) Regulation No. 1606/2002 of the European Parliament and European Council of 19 July 2002 by 31 December 2024, as well as to the measures enacted to implement Art. 9 of Italian Legislative Decree No. 38/2005. IFRSs include all international accounting standards that have been revised (IAS) and all the interpretations of the International Financial Reporting Interpretation Committee (IFRIC), formerly the Standing Interpretations Committee (SIC).
The consolidated financial statements are based on recognition at cost, except for derivative financial instruments and for the equity investments in other companies recognised at fair value, as well as in compliance with the general principles of going concern, economic accrual, consistent presentation and comparability of information.
The Group applied the content of CONSOB Resolution No. 15519 of 27 July 2006 on the subject of financial statements.

The accounting standards adopted are the same as those used at 31 December 2023, albeit with regard to the updates to the reference framework that came into force on 1 January 2024, described below, which did not have significant impacts for the Group, as they regulate non-existent or insignificant cases.

The accounting standards, amendments and interpretations applicable to financial statements for the year ending December 31, 2024 are briefly described below.

Amendments to IFRS 16 – Lease Liability in Sale and Leaseback

The amendments to IFRS 16 specify the requirements that a seller-lessor uses in determining the lease liability arising from a sale and leaseback transaction, to ensure that the seller-lessor does not recognize a gain or loss that relates to the right of use retained by the seller-lessor.
The amendment had no impact on the Group's financial statements.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 specify the requirements for classifying a liability as current or non-current. The amendments clarify:

- what is meant by the right of subordination at maturity;
- that the right of subordination must exist at the end of the financial year;
- the classification is not affected by the probability that the entity will exercise its right of subordination;

- only if a derivative embedded in a liability is convertible and itself an equity instrument, does the maturity of the liability affect the classification.

Furthermore, a requirement has been introduced to provide information when a liability deriving from a loan agreement is classified as non-current and the entity's right of subordination is subordinated to compliance with covenants within twelve months.
The changes have not had any impact on the classification of the Group's liabilities.

Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supply finance arrangements and require additional disclosures of such arrangements. The disclosure requirements introduced are intended to assist users of financial statements in understanding the effects of supply finance arrangements on an entity's liabilities and cash flows and its exposure to liquidity risk.

Below is a brief description of the IFRS accounting standards, amendments and interpretations not yet endorsed by the European Union.

At the date of this document, the competent bodies of the European Union have not yet completed the endorsement process required for the adoption of the amendments and standards described below.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for the presentation of the income statement, including specific totals and subtotals. Furthermore, entities will have to classify all costs and revenues in the income statement into four categories: operating, investing, financing, income taxes and discontinued operations, where the first three categories are new.

The standard also requires disclosure based on the new definition of management-defined performance measures (MPMs), subtotals of costs and revenues, and includes new provisions for the aggregation and disaggregation of financial information based on the identified roles of the “primary” financial statements (PFS) and notes.
In addition, amendments have been introduced to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operating activities based on the indirect method; from profit or loss to operating profit or loss and removing the option to classify cash flows from dividends and interest.

Furthermore, consequential amendments have been made to multiple other accounting standards.
IFRS 18, and the amendments to the other standards, are effective for fiscal years beginning on or after January 1, 2027, but early application is permitted subject to disclosure. IFRS 18 will be applied retrospectively.
The Group is currently working to identify the impact that the changes will have on the financial statements and notes.

IFRS 19 Subsidiaries without Public Accountability: Disclosure

In May 2024, the IASB issued IFRS 19, which allows eligible entities to opt for a reduction in their disclosure requirements while continuing to apply the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the financial year, an entity must be a subsidiary as defined in IFRS 19, cannot have “public accountability” and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available to the public, prepared in accordance with IFRS accounting standards.

IFRS 19 will become effective for financial years beginning on or after January 1, 2027, with the possibility of early application.

As the Group's shares are publicly listed, the Group is not eligible for the application of IFRS 19

The consolidated financial statements were drafted in Euro, rounding amounts to the nearest thousand unless otherwise indicated. They consist of the Statement of financial position, Income statement, Statement of comprehensive income, Statement of changes in shareholders' equity, Cash flow statement, and the following Notes to the Consolidated Financial Statements.

The data used for consolidation have been taken from the income statements and statements of financial position prepared by the Directors of individual subsidiaries. These figures have been appropriately amended and restated as necessary to align them with international accounting policies and with uniform Group-wide classification policies.

From year to year Eurotech is increasingly committed to responding to the challenges posed by climate change to improve the Group's resilience and seize the opportunities arising from the transition to a sustainable and low-carbon economy. To achieve these objectives, the initial step involves identifying the risks and opportunities related to the climate and their impacts. For the type of business in which the Group operates, the impact of climate change is currently very marginal but despite this, there is increasing attention to assessing its potential effects in the individual development processes of the Group.

Going concern

The Directors of the Group have analysed various internal and external factors also in view of the existing geopolitical situation, to identify risks on going concern. To this end: the business plan approved by the Parent Company was assessed on the basis of the plans prepared by the individual subsidiaries; the effect of order trends compared to the previous year was reviewed; the current financial resources were evaluated and the credit facilities granted by the banks in the various countries where it operates were examined, as they enable the investments necessary to support corporate strategies; and the economic context in which the Group operates was taken into account.

The assumptions adopted in the updated 2025-2029 business plan highlighted the need to continue to make use of the financial support of banks and shareholders, in order to support the planned investments and in general the needs identified by management. The analysis carried out by the company management, which examined the treasury situation of the Parent Company and of the Group companies over a time horizon of at least 12 months from the approval of these Financial Statements, considered the existing financial resources, as well as the credit lines granted and partially used by the Group companies and the mitigation actions taken, the decision of the shareholders' meeting to carry out a capital increase up to €20 million and the related willingness already explicitly expressed by the relative majority shareholder to support the Company with some payments for future capital increases of €6 million (of which €2.5 million had already been paid at the time of writing this report), did not identify the presence of significant uncertainties regarding the adoption of the going concern assumption for a period of at least twelve months from the balance sheet date, highlighting the availability of sufficient financial resources to meet the commitments undertaken both for company operations and for existing loans.

C – Discretionary evaluations and relevant accounting estimates

The preparation of the Group's financial statements requires all directors to make subjective assessments, estimates and assumptions that may affect the value of revenues, expenses, assets, liabilities, their disclosure and contingent liabilities at the reporting date. However, uncertainties about such assumptions and estimates may produce effects, that may require significant adjustments to the accounting value of said assets and/or liabilities.

The estimates at year-end are reviewed periodically and could lead to significant adjustments in the carrying value of the assets and liabilities within the subsequent financial period. The main estimates are used to recognise:

Write-down of non-financial assets
The Group periodically tests non-financial assets for any indicators of impairment.

In particular, goodwill and other intangible assets with an indefinite useful life (trademarks) are tested for impairment at least once a year as well as whenever during the year, indicators are identified that the asset may be impaired.
On the other hand, other non-financial assets are tested for impairment when there are indications that the book value may not be recovered.
The test consists of comparing the carrying amount with its recoverable amount, identified as the higher of fair value less selling costs and the estimated value in use of the assets, if separately identifiable, or of the cash-generating unit to which the asset belongs. The value in use is determined by discounting the expected cash flows from the unit using a rate that takes into account the specific risk of the asset concerned.
The expected cash flows are estimated on the basis of the most recent information available at the valuation date and on the basis of assumptions on the performance of future variables (sales prices, purchase costs, growth rates and interest rates). The directors' key assumptions are subsequently subject to sensitivity analyses.
At 31 December 2024, the carrying amount of goodwill amounted to €43.29 million (2023: €66.80 million). Further details are provided in Explanatory Note 1.

Deferred tax assets
Deferred tax assets are recognised against temporary differences and tax losses carried forward, to the extent that it is likely that there will be large future taxable profits against which such temporary differences can be absorbed and such losses can be utilised. Consequently, the directors are required to make a significant discretionary evaluation to determine the amount of deferred tax assets that can be posted.

At 31 December 2024, the unrecognised tax losses carried by the Parent Company and the Aid to Economic Growth (Aiuto alla Crescita Economica – ACE) on the basis of the tax consolidation scheme were estimated at €46.7 million (2023: €47.8 million), which can be carried forward indefinitely. In the Group as a whole, unrecognised tax losses and ACE came to €51.1 million (2023: €48.7 million), which can be carried forward indefinitely.

Development costs
Development costs are recognised as assets on the basis of the accounting standard described in Explanatory Note E. The recognition of development assets is based on the Directors' assessment of the technical and economic feasibility of the project, normally when the project itself has reached a certain stage in the development plan and it is likely that the asset will generate future economic benefits. In order to determine the amounts to be recognised as assets, Directors need to make assumptions about expected future cash flows from development projects, discount rates to be applied and periods in which benefits will accrue.

Other items subject to estimates
Estimates are also used to recognise provisions for risks on receivables, for inventory obsolescence and slow movement or impairment, amortisation and depreciation, employee benefits, defined benefit plans, manager and employee incentive plans, user rights, derivative instruments, taxes and provisions for risks and charges, to determine any total costs of jobs and the respective state of progress, in order to record deferred tax assets and allocate the purchase price of business acquisitions.

D – Scope of consolidation

The consolidated financial statements include the annual financial statements of the Parent Company, Eurotech S.p.A., and the Italian and foreign subsidiaries in which Eurotech directly or indirectly (through subsidiaries and affiliates) exercises control since it holds valid rights giving it the current capacity to manage significant assets, i.e. the assets that significantly affect returns of the investee.
The companies included in the scope of consolidation on a line-by-line basis at 31 December 2024 are as follows:

Company name	Registered offices	Share capital	Group Share
Parent company			
Eurotech S.p.A.	Via Fratelli Solari, 3/A – Amaro (UD)	Euro 8.878.946	
Subsidiaries consolidated line by line			
EthLab S.r.l.	Via Dante, 300 – Pergine Valsugana (TN)	Euro 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.	Lione (Francia)	Euro 795.522	100,00%
I.P.S. Sistemi Programmabili S.r.l. in liquidazione	Via Piave, 54 – Caronno Varesino (VA)	Euro 51.480	100,00%
InoNet Computer GmbH	Taufkirchen (Germania)	Euro 250.000	100,00%
Advanet Inc.	Okayama (Giappone)	JPY 72.440.000	90,00% (1)

(1) Officially, the Group owns 90% of the company but as Advanet Inc. 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 liquidazione (ex U.T.R.I. S.p.A.)	Via Carlo Ghega, 15 – Trieste	21,31%
Other smaller companies valued at fair value		
Kairos Autonomi Inc.	Sandy – UT (USA)	19,00%

The changes with regard to subsidiaries and affiliates compared with 31 December 2023 are as follows:
- On 23 July 2024, having exercised its right to withdraw from the company Interlogica S.r.l., which was held at 10%, the Company obtained the repayment of the value recorded at the time the equity investment was made, in 2020, without any significant economic effect.
- On 30 November 2024 the liquidation of the company Aurora S.r.l. was closed, the impact of which is not significant as the company was no longer operational.

The Consolidated Financial Statements at 31 December 2024 did not contain significant transactions or unusual events.

E – Accounting standards and policies

Accounting basis

The Consolidated Financial Statements consist of the Consolidated Income Statement, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Shareholders' Equity, the Consolidated Cash Flow Statement and the related Explanatory Notes to the Consolidated Financial Statements. In the Statement of Financial Position, assets and liabilities are classified according to the "current/non-current" criterion, with specific separation of the assets held for sale and the liabilities associated with assets held for sale, if any. Current assets, including cash and cash equivalents, are those held to be realised, sold or consumed within the normal operating cycle of the Group or within the twelve months following the end of the year. Current liabilities are those whose extinction is expected within the normal operating cycle of the Group or within the twelve months after the end of the year.
The Income Statement is classified based on the nature of income components, while the Cash Flow Statement is presented using the indirect method.

Consolidation policies

The Financial Statements of the subsidiaries used for the consolidation are drawn up using the same accounting standards as for the Parent Company; any consolidation adjustments are carried out to make consistent the items affected by the application of different accounting standards. All intragroup balances and transactions, including any unrealised profits deriving from relationships between Group companies, are completely derecognised. The portion pertaining to the Group of unrealised profits and losses with affiliates is derecognised.

Subsidiaries are fully consolidated from the acquisition date, i.e. the date at which the Group acquires control, and cease to be consolidated on the date at which control is transferred outside the Group.

Losses are attributed to minority interests, if there are any, even when this gives rise to a negative balance for minority shareholdings.

Changes in the equity interest of the Parent Company in a subsidiary that do not involve the acquisition/loss of control are booked as equity transactions. Specifically, in the case of acquisitions of minority interests, the difference between the price paid and the book value of the portion of the net assets purchased is posted directly to shareholders' equity.

If the Parent Company loses control of a subsidiary, it:

- derecognises the subsidiary’s assets (including any goodwill) and liabilities;
- derecognises cumulative exchange rate differences recognised in shareholders' equity;
- recognises the fair value of the payment received;
- recognises the fair value of any equity interest retained in the former subsidiary;
- recognises any profit or loss in the income statement;
- restates the portion held by the Parent Company of the components previously posted to the statement of comprehensive income to the income statement or to retained earnings, as appropriate.

Conversion of foreign currency items and financial statements from non-euro currency

The Consolidated Financial Statements are presented in Euro, which is the functional and presentation currency used by the Group. Each Group entity determines its own functional currency, which is used to value the items in the individual financial statements.

Transactions in foreign currency are initially recognised at the exchange rate (in relation to the functional currency) in force at the transaction date. Monetary assets and liabilities denominated in foreign currency are converted to the functional currency at the exchange rate in force at the reporting date. All exchange rate differences are posted to the income statement, except for differences deriving from loans in foreign currency that form part of a net investment in a foreign company, which are recognised directly in shareholders' equity until the net investment is planned and expected to be disposed of, at which time it is recognised in the income statement. Taxes and tax receivables attributable to exchange rate differences on these loans are also posted directly to shareholders' equity. Non-monetary items valued at historic cost in foreign currency are translated using the exchange rates in force at the date at which the transaction is initially recognised. Non-monetary items posted at fair value in foreign currency are converted using the exchange rate in force at the date of calculation of this value.

Any goodwill deriving from the acquisition of a foreign operation, and any changes in fair value that change the book values of the assets and liabilities deriving from the acquisition of this foreign operation, are booked as assets and/or liabilities of the foreign operation. These values are therefore expressed in the functional currency of the foreign operation and are translated at the exchange rate in force at the reporting date.

The functional currency used by the US subsidiaries Eurotech Inc. and E-Tech USA Inc. is the US dollar; the functional currency used by the UK subsidiary Eurotech Ltd. is the UK pound; and the functional currency used by the Japanese subsidiary Advanet Inc. is the Japanese yen.

At the reporting date, the assets and liabilities of these subsidiaries were translated to the presentation, or functional, currency of the Eurotech Group (Euro) at the exchange rate in force on this date, while the income statement was converted using the average exchange rate for the year. The translation differences deriving from the application of a different exchange rate between the economic figures are shown separately in a specific consolidated shareholders' equity reserve. When a foreign company is disposed of, the cumulative exchange rate differences recognised in shareholders' equity relating to that particular foreign company are posted to the income statement.

The schedule below shows the exchange rates used, as issued by the Italian Foreign Exchange Bureau:

Currency	Average 2024	As of December 31, 2024	Average 12M 2023	As of December 31, 2023
British pound sterling	0.84662	0.82918	0.86979	0.86905
Japanese Yen	163.85191	163.06000	151.99027	156.33000
USA Dollar	1.08238	1.03890	1.08127	1.10500

Accounting policies

The accounting standards and policies applied to draft the Consolidated Financial Statements at 31 December 2024 are shown below.

Intangible assets

Intangible assets acquired separately are initially capitalised at cost, while assets acquired through business combinations are booked at fair value at the acquisition date. After initial recognition, intangible assets are booked net of accumulated amortisation and accumulated value losses. Intangible assets produced in-house, except for development costs, are not capitalised and are reported in the income statement in the year in which they are incurred. The useful life of intangible assets is valued as definite or indefinite.
Intangible assets with a definite useful life are amortised throughout their useful life and submitted to congruence tests whenever there are indications of possible impairment. The period and method of amortisation to be applied are re-examined at the end of each financial year or more frequently as necessary. Changes in the expected useful life and the methods with which future economic benefits related to intangible assets are

achieved by the Group, are posted by modifying the period or method of amortisation and treated as modifications of the accounting estimates. Amortisation allowances of intangible assets with definite useful life are reported in the income statement in the cost category matching the function of the intangible asset.
Intangible assets with indefinite useful life are submitted at least annually to any impairment testing on an individual or cash-generating unit (hereinafter also "CGU") basis. No amortisation is reported for these assets.

Profits or losses arising from the sale of an intangible asset are measured as the difference between the net proceeds of the sale and the book value of the intangible asset and are recognised in the income statement when the asset is derecognised.

Business combinations and goodwill

Business combinations from 1 January 2010

Business combinations are booked using the purchase method. The purchase cost is measured as the sum of the payment made at fair value at acquisition date and the amount of any minority interest in the acquiree measured at fair value. For every business combination, the acquirer must value any minority interest in the acquiree at fair value or in proportion to the share of the minority interest in the identifiable net assets of the acquiree. Acquisition costs are paid and classified in administrative expenses.
When the Group acquires a business, it classifies or designates the financial assets acquired or liabilities assumed in accordance with the contractual terms and financial conditions and other pertinent conditions existing at acquisition date. This includes establishing whether an embedded derivative must be separated from the primary contract.
If the business combination is carried out in more than one step, the acquirer recalculates the fair value of the equity interest previously held and valued using the equity method, and recognises any resulting profit or loss in the income statement.
Any potential payment is recognised by the acquirer at fair value at acquisition date. Changes in the fair value of the potential payment classified as an asset or liability is recognised, pursuant to IFRS 9, in the income statement or as other components of comprehensive income. If the potential payment is classified in shareholders' equity, its value must not be recalculated until its extinction is booked against shareholders' equity.
Goodwill is initially valued at cost, calculated as the excess between the sum of the payment made and the amount recognised for minority interests, and the identifiable assets acquired and liabilities assumed by the Group. If the payment is less than the fair value of the net assets of the acquired subsidiary, the difference is posted to the income statement.
After initial recognition, goodwill is valued at the reduced cost of the accumulated impairment losses. For the purposes of the impairment test, goodwill recognised in a business combination is allocated, at acquisition date, to every CGU expected to benefit from the combination, aside from the fact that the other assets or liabilities of the acquired entity are assigned to these units.
If goodwill is allocated to a CGU and the entity sells part of the assets of this unit, the goodwill associated with the asset sold must be included in the book value of the asset when calculating the gain or loss deriving from the disposal. The goodwill associated with the asset sold is calculated on the basis of the relative values of the asset sold and the portion retained by the CGU.

Business combinations before 1 January 2010

Differences by comparison with the above policies are set out below.
Business combinations were booked using the purchase method. Transaction costs directly attributable to the combination were regarded as part of the purchase cost. Minority interests were calculated according to the portion of the identifiable net assets of the acquiree pertaining to minorities.
Business combinations carried out in stages were booked at separate times. Each new acquisition of shares did not affect the goodwill previously recognised.

The potential payment was recognised if, and only if, the Group had a current obligation, and cash outflows were probable and the estimate could be reliably calculated. Subsequent changes to the potential payment were booked as part of goodwill.

On first-time adoption of IFRS, the Group decided to not apply IFRS 3 – Business Combinations retroactively to acquisitions made before 1 January 2004; as a result, goodwill generated on acquisitions prior to the date of transition to IFRS was maintained at the previous value, determined according to Italian accounting standards, subject to testing and adjustment for impairment.

Research and development costs

Research costs are recognised in the income statement at the time they are incurred.

Development costs incurred with reference to a specific project are only recognised as assets when the Group can demonstrate (a) that it is technically practicable to complete the intangible asset so as to make it available for use or for sale; (b) that it intends to complete said asset for use or for sale; (c) the way in which it will probably generate future benefits; (d) the availability of technical, financial and all other resources needed to complete the asset; and (e) its ability to reliably determine the costs attributed to the asset throughout its development.
Capitalised development costs are amortised over the period in which all future expected revenues will occur.
During the development period, the asset is re-examined annually to verify potential impairment. After the initial recognition, development costs are assessed at cost, minus any other amortisation or accumulated losses. Amortisation of the asset begins as soon as development is completed and the asset becomes available for use. If future economic benefits are no longer available, they will be written down in the year in which this occurs.
All other development costs are reported in the income statement in the period they are incurred.

Patents and trademarks

Patents have been granted by the competent body for a minimum of ten years with renewal option by the Group if the patent continues to produce utility over time.
Trademarks acquired separately are initially recognised at cost inclusive of ancillary charges. Trademarks acquired through business combinations are recognised at their fair value measured at the acquisition date.
Following initial recognition, trademarks are recorded at cost, net of accumulated amortisation and any accumulated impairment losses.
Trademarks with a definite useful life recognised in the statement of financial position are amortised over a period of between 8 and 12 years and subject to impairment testing whenever a loss of value is indicated. Its useful life is reviewed on an annual basis.
Trademarks with an indefinite useful life are not amortised but are subject to impairment testing at least annually.

Registration costs in other countries of trademarks and patents developed internally are recorded in the income statement when they are incurred.

Other intangible assets

The other intangible assets acquired or produced internally are recognised as assets in accordance with the provisions of IAS 38 – *Intangible assets*.
Intangible assets with a definite useful life recognised within a business combination, such as customer relationships and order portfolios, are initially recognised at fair value at the date of acquisition, separately from goodwill, if this value can be reliably determined. After initial recognition, they are recognised net of related

accumulated amortisation and of any impairment determined in the same way as for property, plant and equipment.
Useful life is re-assessed annually, and any changes are applied prospectively as necessary.

Gains or losses arising from the sale of an intangible asset are measured as the difference between the net revenues from the sale and the book value of the intangible asset and they are recognised in the income statement when the asset is derecognised.

Property, plant and equipment

The value of property, plant and equipment is stated at purchase cost, including any direct ancillary charges for making the asset suitable for the use for which it was intended, increased, where relevant and in the case of current obligations, by the current value of the estimated cost for disposal or removal of the asset. If significant portions of these property, plant and equipment have different useful lives, these components are booked separately. Land, whether the site of buildings or free from construction, is not depreciated since it is considered to have an unlimited life.

The value of a building, subject to revaluation in periods prior to 1 January 2004 (the date of transition to IFRSs), is recognised according to fair value at the transition date as this value has long been regarded as a cost replacement starting from that date (deemed cost).

Property, plant and equipment are listed net of respective accumulated depreciation and any impairment determined according to the methods described below. Depreciation is calculated on a straight-line basis, according to the estimated life of the asset for the company, which is re-examined annually and adjusted for changes on a case-by-case basis. The main technical depreciation rates used are based on the useful life of each individual item:

Buildings	33 years
Plant and machinery	from 7 to 10 years
Industrial and commercial equipment	from 4 to 6 years
Production equipment	from 4 to 6 years
Furniture and fixtures	from 7 to 10 years
Electronic office equipment	from 3 to 5 years
Automobiles and motor vehicles	from 4 to 5 years

The book value of property, plant and equipment is tested for impairment if events or situational changes indicate that the carrying value cannot be recovered. If there is such an indication and if the carrying value exceeds the estimated realisable value, the assets are written down to reflect their realisable value. The realisable value of property, plant and equipment is the higher of its net selling price and value in use.

In determining value in use, estimated future cash flows are discounted to their current value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. For assets that do not generate cash flows independently, the realisable value is determined in relation to the cash-generating unit to which the asset belongs. Impairment is booked in the income statement under amortisation, depreciation and write-downs. The initial value is reinstated if the causes of impairment in previous financial years are no longer valid.

At the time of the sale or when future economic benefits no longer exist on the use of an asset, it is derecognised from the statement of financial position and related losses or gains (calculated as the differences between the sale price and the carrying value) are reported in the income statement in the year of its derecognition.

The residual value of the asset, useful life and methods applied are reviewed annually and adjusted if necessary at the end of every financial year.

Financial charges incurred for investments in assets for which there is generally a certain period of time to make the asset ready for use or sale (qualifying assets, pursuant to IAS 23 – *Borrowing Costs*) are capitalised and depreciated throughout the useful life of the class of assets to which they refer. All other financial charges are recognised in the income statement as they are incurred.

Equity investments in affiliates

Equity investments in affiliates, in which the Eurotech Group has significant influence, even if not as a controlling interest, are valued using the equity method. The income statement reflects the Group share of the results of the associate. Equity investments in an associate are booked in the income statement at cost, increased by subsequent changes pursuant to acquisition of the Group share in the net assets of the associate, according to the equity method. Goodwill relating to the associate is included in the book value of the equity investment and is not subject to amortisation.

The Group share of the profits of the associate is recognised in the income statement. This share represents the profits of the associate attributable to shareholders, and therefore profits net of tax and the portions payable to the other shareholders of the associate.

If an associate enters adjustments directly in shareholders' equity, the Group recognises its share and posts it, where applicable, in its statement of changes in shareholders' equity. Gains and losses arising from transactions between the Group and the associate are derecognised in proportion to the investment in the associate.

If the Group share of losses exceeds the carrying value of the equity investment, the latter is derecognised and the surplus is recorded in a special reserve in the amount in which the Group has legal or implicit obligations toward the subsidiary to cover its losses or, in any event, to make payments on its behalf.

After applying the equity method, the Group assesses whether it is necessary to recognise a further impairment of its equity investment in the associate. The Group makes this assessment at every reporting date if there is evidence of impairment of the equity investment in the associate. If this is the case, the Group calculates the impairment as the difference between the recoverable value of the associate and the carrying value of the associate in its statement of financial position, recognising this difference in the income statement and classifying it under "Group share of the results of affiliates".

When significant influence over the associate has been lost, the Group calculates and recognises any residual equity investment at fair value. Any difference between the carrying value of the equity investment at the date of loss of significant influence and the fair value of the residual investment and of the payments received must be posted to the income statement.

Affiliates end their financial year on the same date as the Group; when the accounting policies used do not comply with those used by the Group, they are adjusted at year-end to make them the same as those used by Group for transactions and events of the same nature and occurring in similar circumstances.

Equity investments in other companies

Financial assets constituting equity investments in companies that are not affiliates or joint ventures (generally with a percentage ownership of less than 20%) are called investments in other companies and form part of the category of financial assets measured at fair value, that normally corresponds, upon first recognition, to the consideration paid for the transaction, including the directly attributable transaction costs.

Changes after measurement at fair value are recognised in the income statement (FVPL) or if an option provided for by the standard is exercised, in the statement of comprehensive income (FVOCI) under "Reserve instruments at FVOCI". For equity investments measured at FVOCI, impairment is never recognised in the income statement, or the accumulated profits or losses if the equity investments are sold; the dividends distributed by the investee are recognised in the income statement only when:

- the Group obtains the right to receive the dividend payment;
- it is probable that the financial benefits resulting from the dividend will accrue to the Group;
- the amount of the dividend can be accurately measured.

Other non-current assets

Receivables and other long-term financial assets held until expiration date are booked at cost, represented by the fair value of the initial amount given in exchange, increased by applicable transaction costs. The initial carrying value is subsequently adjusted to take account of capital refunds and any write-downs or amortisation of the difference between the repayment value and the initial posted value. Amortisation is charged according to the effective internal interest rate, which is the rate that equalises, at the time of their initial recognition, the current value of expected cash flows and the initial posted value (amortised cost method).

Inventories

Inventories, except for contracts in progress, are stated at the lower of the purchase or production cost and the estimated realisable value represented by the amount that the company expects to obtain from their sale in the course of normal operations or from their use in production.

The cost of raw materials and finished products is calculated by applying the average weighted purchase cost for each transaction, including all ancillary purchase charges.

The production cost of finished and semi-finished products comprises the direct cost of raw materials and labour plus a portion of general production expenses calculated according to standard production capacity, excluding any financial charges.

Obsolete and/or slow-moving inventories are written down, through the registration of a specific fund, based on their current potential use or on future realisation. The write-down is reversed in subsequent periods if the reason for maintaining it no longer exists.

Financial assets

The Group classifies financial assets on the basis of the categories identified by IFRS 9:

- financial assets measured at amortised cost;
- assets measured at fair value through other comprehensive income (FVOCI);
- assets measured at fair value through profit or loss (FVTPL).

Financial assets measured at amortised cost
The financial assets that meet the following requirements are classified in this category: (i) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. It mainly involves trade receivables and loans. With the exception of trade receivables that do not contain a significant financial component, the other receivables and loans are initially recognised at their fair value in the financial statements. On the other hand, trade receivables that do not contain a significant financial component are recognised at the price defined for the relative transaction (determined in accordance with the provisions of the IFRS 15 "Revenue from Contracts with Customers"). When the assets are subsequently measured, those belonging to that category are measured at amortised cost, using the effective

interest rate. Any doubtful debt provision is determined with the forward looking approach through a three-stage model: 1) recognition of the expected losses in the first 12 months from initial recognition of the credit assuming that the credit risk has not increased; 2) recognition of the lifetime expected credit losses if the credit risk increases significantly from the initial recognition of the credit; interest is calculated on the gross carrying amount; 3) recognition of any other lifetime expected credit losses when the loss occurs; the interest is recognised on a net basis (the amortised cost is revised since the Internal Rate of Return changes as there is a change in the cash flows due to the occurrence of the trigger event).

Financial assets measured at fair value through other comprehensive income (FVOCI)
The financial assets that meet the following requirements are classified in this category: (i) the asset is held within a business model whose objective is achieved by collecting the contractual cash flows that come from sale of the asset itself; and (ii) the contractual terms of the asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Capital instruments are also classified in this category (equity investments in which the Group does not have either control or significant influence) for which the Group applies the option given from the principle of measuring those instruments at fair value with an impact on the comprehensive income.
These assets are initially recognised in the financial statements at their fair value; upon subsequent measurement, the measurement made upon recognition is updated, and any variations in fair value are recognised under the Other comprehensive income. Any write-downs for impairment, interest income or profits or loss for exchange rate differences are recognised in the Income statement.

Financial assets measured at fair value through profit and loss (FVTPL)
All financial assets that do not meet the requirements, in terms of business model or cash flow characteristics, are classified in this category, for measurement at amortised cost or at fair value with an effect on the Statement of comprehensive income. They mainly include derivative instruments; this category also includes listed and non-listed capital instruments that the Group has not irrevocably decided to classify as FVOCI upon initial recognition or during transition. The assets that belong to this category are classified as current or non-current assets in accordance with their maturity date, and recognised at fair value upon initial recognition. Upon subsequent measurement, the profit and loss resulting from changes in fair value are accounted for in the consolidated income statement in the period in which they are recognised.

Impairment
The measurement of impairment of the financial assets measured at amortised cost is carried out on the basis of a model based on the expected losses on the receivables. According to that model, the financial assets are classified at stage 1, stage 2 or stage 3 according to their credit quality compared to initial disbursement. More specifically:
Stage 1: includes (i) the newly acquired credit exposures; (ii) the exposures that have not undergone significant impairment of the credit risk compared to the date of initial recognition and (iii) the exposures with low credit risk;
Stage 2: includes the credit exposures that have undergone significant impairment of the credit risk compared to the date of initial recognition, even though they are not impaired;
Stage 3: includes the impaired credit exposures.
For exposures that belong to stage 1, the overall impairment equals the expected loss calculated on a time period of up to one year. For exposures that belong to stages 2 or 3, the overall impairment equals the expected loss calculated on a time period equal to the entire duration of the relative exposure.
The criteria to determine the write-downs to make to the receivables is based on discounting the expected principal and interest flows to present values. In order to determine the current value of the flows, the basic elements are the identification of the estimated collections, the date of collection and the discount rate to apply. More specifically, the loss amount is obtained as the difference between the carrying amount and the current value of the estimated cash flows, discounted at the original interest rate of the financial asset.
These assets are classified as current assets apart from those with a maturity of more than 12 months, which are included under non-current assets.

Derivatives

Derivative instruments entered into by the Group aim at managing the exposure to interest rate risk mainly relating to loan contracts.

On the date of entering into the contract, the derivative instruments are initially accounted for at fair value, and if the derivative instruments are not accounted for as hedging instruments, the changes in fair value recognised after first recognition are treated as operating components or financial components of the profit/loss for the year in relation to the nature of the instrument. On the other hand, if the derivative instruments meet the requirements to be classified as hedging instruments, the subsequent changes in fair value are accounted for by following the specific criteria provided by IFRS 9 indicated below. For each derivative financial instrument identified as a hedging instrument, its relationship with the hedged position is recorded, including the risk management objectives, the hedging strategy and the assessment of the effectiveness of the hedge. The effectiveness of each hedge will be checked both when taking out each derivative instrument and during its life. Hedging is generally considered to be "effective" if, both at the beginning and during its life, the changes in the fair value for fair value hedges or the expected future cash flows for cash flow hedges of the hedged element are substantially offset by the changes in fair value of the hedging instrument.

When the hedge relates to changes in fair value of assets or liabilities recorded on the financial statements (fair value hedge), both the changes in fair value of the hedging instrument and the changes in the hedged position are charged to the Income statement.

If the hedging aims to neutralise the risk of changes in future cash flows originating from the future execution of transactions considered to be highly probable at the date of the financial statements (cash flow hedge), the changes in fair value of the derivative instrument recorded after the first recognition are accounted for as components of the comprehensive profit or loss, to the extent of the effective amount only. When the financial effects caused by the hedged positions become manifest, the reserve is reversed back to the Income statement among the operational components. If the hedge is not perfectly effective, the change in fair value of the hedging instrument, with respect to the ineffective potion, will be immediately recorded on the Income statement. If, during the life of a derivative instrument, there is no longer an expectation that the transaction the hedge was set up for will occur, the portion of "reserves" relating to that instrument will be immediately reversed back to that year's Income statement. On the other hand, if the derivative instrument is sold or can no longer be classified as an effective hedging instrument, the portion of "reserves" representing the changes in fair value of the instrument, which had been recognised up to that point, is maintained as a component of the comprehensive profit or loss and reversed back to the Income Statement following the above-mentioned classification criteria, at the same time as occurrence of the economic effects of the transaction originally hedged. The fair value of listed instruments in public markets is determined by referring to the closing prices for the period. The fair value of unlisted instruments is measured by referring to financial measurement techniques: the fair value of interest rate swaps is measured by discounting back the expected cash flows, while the fair value of the forward exchange rates is calculated on the basis of the market exchange rates on the applicable date and the expected rate differentials between the currencies involved.

The financial assets and liabilities measured at fair value are classified in the three hierarchical levels described below, on the basis of the relevance of the (input) information used to calculate their fair value. More specifically:

Level 1: financial assets and liabilities whose fair value is calculated on the basis of listed prices (not amended) on active markets for identical assets and liabilities;

Level 2: financial assets and liabilities whose fair value was calculated on the basis of other input besides the listed prices mentioned in Level 1, but that can be directly or indirectly observed (mainly: market exchange rates on the applicable date, the expected rate differentials between the currencies involved and volatility of the applicable markets, interest rates and the price of commodities);

Level 3: financial assets and liabilities whose fair value is calculated on the basis of input data that is not based on observable market data.

Financial assets are removed from the statement of financial position when the right to receive the cash flows from the instrument has come to an end, and the company has essentially transferred all the risks and benefits relating to the instrument and the relative control.

Treasury shares

Treasury shares purchased are deducted from shareholders' equity according to the relative purchase cost. The purchase, sale, issue or cancellation of the company's own equity instruments does not entail recognition of any gain or loss in the income statement.

Cash and cash equivalents

Cash and cash equivalents include ready cash, i.e., values that are either available on demand or which can be quickly liquidated, will give good results and do not have collection costs. For the purposes of the consolidated cash flow statement, cash was represented gross of bank overdrafts at the reporting date.

Financial liabilities

Financial liabilities, including financial payables, trade payables, other payables and other liabilities besides the derivative instruments, are initially recognised at fair value, and afterwards measured at the amortised cost not including the repayments of principal already made.
The payables and other liabilities are classified as current liabilities unless the Group has the contractual right to discharge its obligations at least twelve months following the date of the financial statements. Financial liabilities are eliminated when they are discharged or when the specific obligation in the contract has been fulfilled, cancelled or expired.
Certain Group loans require compliance with clauses set on contractually identified financial metrics, which are normally measured at the end of the financial year. When the clause of a long-term loan agreement is violated either at the end of or before the end of the financial year, resulting in the liability becoming payable on demand, the Group does not have the unconditional right to defer its settlement for at least 12 months from that date, and classifies that liability as current. This is true even if the lender has agreed, after the end of the financial year and before the authorisation to publish the financial statements, not to demand payment as a result of the violation.

Reverse factoring transactions
In order to guarantee facilitated access to credit for its suppliers, the Parent Company has implemented factoring agreements, generally in the form of reverse factoring agreements. On the basis of the contractual structures in place, the supplier can assign, at its own discretion, the receivables owed from the Parent Company to a financial institution and collect the amount before it falls due; the supplier can also grant further extensions, agreed between the supplier and the Parent Company, to the payment terms provided for in the invoice. The extensions granted can be interest-bearing or non-interest bearing. Since the primary obligation is with the supplier, the relations between the parties stay the same and are therefore still classified under trade liabilities.

Derecognition of financial assets and liabilities

Financial assets
A financial asset (or where applicable, part of a financial asset or part of a group of similar assets) is derecognised from the financial statements when:

- rights to receive the cash flows from the asset are extinguished;
- the Group holds the right to receive cash flows from the asset, but has undertaken a contractual obligation to pay for them in full and immediately to a third party;
- the Group has transferred the right to receive cash flows from the asset and (a) has essentially transferred all the risks and benefits of ownership of the financial asset or (b) has not transferred nor retained the risks and benefits of the asset, but has transferred its control.

If the Group has transferred the rights to receive cash flows from an asset and has neither transferred nor held all the risks and benefits or has not lost control of them, the asset is recognised in the Group financial statements to the extent of its residual involvement in the asset. Residual involvement, which takes the form of a guarantee on the transferred asset, is valued at the lesser of the initial book value of the asset and the maximum value of the amount that the Group could be required to pay.
If the residual involvement takes the form of an option issued and/or acquired on the transferred asset (including the options regulated by cash or similar), the amount of Group involvement corresponds to the amount of the transferred asset that the Group can re-acquire; however, in the case of a put option issued on an asset measured at fair value (including options regulated in cash or with similar dispositions), the measure of residual involvement of the Group is limited to the lesser between the fair value of the transferred asset and the strike price of the option.

Financial liabilities
A financial liability is derecognised from the financial statements when the obligation underlying the liability is extinguished, voided or completed.
If an existing financial liability is replaced by another by the same lender, at substantially different conditions, or the conditions of an existing liability are essentially changed, this exchange or change is treated like an accounting elimination of the original liability and a new liability is recorded, posting to the income statement any differences between the book values.

Employee benefits

Benefits guaranteed to employees, paid concurrent to or subsequent to the cessation of the employment relationship through defined-benefit plans or other long-term benefits (withdrawal indemnity) are recognised in the period when this right vests.

The Group implemented defined-benefit and/or defined-contribution pension plans, based on conditions and local practices in the countries where the Group operates.

Liabilities related to defined-benefit plans, net of any activities to service the plan, are determined based on actuarial assumptions and are recognised on an accrual basis consistent with the employment services necessary to obtain the benefits. The liabilities are valued by actuarial staff. Gains and losses arising from the actuarial calculation relating to the defined-benefit plan are fully recognised in the statement of comprehensive income in the period in which they occur. These actuarial gains and losses are immediately classified as retained earnings and are not reclassified in the income statement in the following reporting periods.

Pursuant to amendments to employee severance indemnities under Italian Law No. 296 of 27 December 2006 (2007 Budget Law) and following decrees and regulations, the employee severance indemnities of Italian companies accrued as of 1 January 2007 or the date employees choose the option they will exercise are included in the defined-benefit plan category, both in the event of option for supplementary pension and option for allocation to the treasury fund at INPS. The accounting treatment of employee severance indemnities is now similar to that used for other types of pension scheme contributions.

Provisions for risks and charges

Provisions for risks and charges are allocated to cover losses or liabilities of a stated nature or of a certain or probable existence, the amount or date of which was not identified at year-end. Provisions are recognised when there is a current obligation (legal or implicit) arising from a past event that necessitates an amount of resources to meet the obligation and a reliable estimate can be made of the amount of the obligation. When the Group believes that a provision to the reserve for risks and charges is partly or totally repaid, e.g. in the case of risks covered by insurance policies, the indemnity is only recognised as a separate item in the assets if, and only if, it

is virtually certain. In this case, the cost of the provision in the income statement is stated net of the amount recognised for indemnity.
Provisions are booked at the representative value of the best estimate of the amount that the company would pay to extinguish the obligation, or to transfer it to third parties at the reporting date. If the effect of time-discounting the value of the cash is significant, provisions are determined by time-discounting expected future cash flows at a pre-tax discount rate that reflects the current market evaluation of the cost of money in relation to the time. When time-discounting is performed, the increase in the provision due as time passes is recognised as a financial charge.

Liabilities for decommissioning
An accrual for decommissioning expenses was made against costs that some foreign operations will incur in future periods for the decommissioning, demolition, dismantling and removal of some fixed assets at the end of their useful life. A credit to the plant and machinery entry was stated as a contra entry.
Decommissioning costs are carried at the present value of expected costs needed to settle the obligation, by using estimated cash flows and a pre-tax discount rate that reflects the specific risks related to the liabilities for decommissioning.
The unwinding of the discount is recognised in the income statement as it occurs. Estimated cash flows are revised annually and adjusted as appropriate. Any change in cost estimates or in the discount rate applied is used to reduce the costs of the asset.

Grants

Grants made by public bodies are recognised at fair value when it is reasonably certain that they will be received and the conditions provided for obtaining them are met.
If grants relate to cost components, they are recognised as other revenues but are consistently spread out over the periods so that they refer to the costs they are intended to offset. If the grant is related to any activity or development activity whose value is recognised as a fixed asset, it directly reduces the value of the fixed assets.

Operating grants (granted in order to provide immediate self-financing to the business or as compensation for expenses and losses incurred in a prior financial year) are fully recognised in the income statement at the time when the conditions for posting are met.

Leases

A contract, or part thereof, is classified as a lease if, in exchange for a consideration, it confers the right to control the use of a specified asset for a period of time, therefore, if along the entire period of use of the asset, the following rights can be exercised:
a) the right to obtain substantially all the economic benefits deriving from the use of the asset; and
b) the right to decide on the use of the asset.

In the event of a change in the terms and conditions of the contract, a new assessment is carried out to determine whether the contract is or contains a lease.
The Group does not apply these rules to:
- leases of intangible assets;
- short-term leases (duration of less than or equal to 12 months);
- leases in which the underlying asset is of modest value (assets with a unit value of less than or equal to €5 thousand).

Once it has been verified whether a contract is a lease, the asset consisting of the right of use and the liability of the lease are recognised at the effective date of the contract.
The initial measurement of the right-of-use asset is at cost, which includes:
a) the amount of the initial measurement of the lease liability;
b) the payments made for the lease on or before the effective date, net of any lease incentives received; and
c) the initial direct costs incurred by the lessee.

The initial measurement of the lease liability takes place at the current value of the payments due for the lease and not yet paid at that date. The payments due for the lease are discounted using the implicit rate resulting from the contract if easily identifiable, otherwise the marginal loan rate, or the interest rate that should be paid, in a similar cost-effective context and for a loan with a duration and with similar guarantees, to obtain an asset of similar value to the leased asset.
The lease term is determined as the non-cancellable period of the lease, to which both the following periods must be added:

a) periods covered by a lease extension option, if there is a reasonable certainty that the option will be exercised; and
b) periods covered by the lease termination option, if there is a reasonable certainty that the option will not be exercised.

The duration of the lease is redetermined in the event of a change in the non-cancellable period of the lease.
After the initial recognition date, the asset is valued by applying the appropriate cost model. Assets consisting of the right of use are amortised from the effective date until the end of the lease term.
After the effective date, the lease liability is measured:

a) by increasing the book value to take into account interest on the lease liability;
b) by decreasing the book value to take into account the payments made for the lease;
c) by restating the book value to take into account any new valuations or amendments to the lease or a revision of payments due for the lease.

Interest on the lease liability and the variable payments due for the lease, not included in the measurement of the lease liability, are recognised in the income statement of the year in which the event or circumstance that triggers the payments occurs.
In the financial statements, right-of-use assets are shown under property, plant and equipment, lease liabilities under financial liabilities, the interest expense on lease liabilities is recognised as financial expense and separately from the amortisation portion of the asset consisting of the right of use.
With reference to the commitments corresponding to leases of less than 12 months and excluded from accounting pursuant to IFRS 16, these are of negligible amount.

Assignment of stock grants to employees

The Group granted incentive plans based on instruments representing capital, on the basis of which the Group receives services from its employees, consultants or directors with delegation of authority in exchange for stock grants (units). The fair value of the services received is recognised as a labour cost. The total amount of the cost is determined based on the fair value of the granted units and a shareholders' equity reserve is its contra entry.
The total cost is recognised throughout the vesting period, which is the period during which all service conditions established for accrual of the rights must be met. The Group reviews the estimates based on the number of options expected to accrue on the basis of the accrual, and not the market, conditions on every reporting date. The effect of any changes from the original estimates is recognised in the consolidated income statement with contra entry in shareholders' equity.

Revenues and costs

Recognition of revenues

Revenues from contracts with customers are recognised on the basis of the temporary transfer of control of the goods and/or services to the customer. If the transfer of control is made while the item is being built or when the services are being provided, the revenues are recognised “over time”, i.e. as the activity gradually progresses (as in the case of orders of significant value contracted with specific customers for limited production and customised according to predefined milestones); on the other hand, if control is not transferred while the item is being built or the services are being given, the revenues are recognised “at a point in time”, i.e. at the time of final delivery of the item or upon completion of provision of the services (as with most of the Eurotech Group's

revenues from the sale of goods and services). In order to assess progress of the contracts "over time", the Group has chosen the progress percentage criteria measured with the cost-to-cost method. When it is probable that the total costs of the contract for its entire life exceed the total revenues corresponding to the total life, the potential loss is recognised immediately in the Income statement.
The portion of fees held back by the principal, or in any case subject to repetition in accordance with the contractual clauses since they are subject to fulfilling obligations after delivery are not acquired.

Interest

Interest income and expenses are recognised according to interest accrued on the net value of related assets and liabilities using the effective interest rate (the rate that discounts all future cash flows based on the expected useful life of the financial instrument to equal the net book value of the financial asset).

Dividends

Dividends are reported when the shareholders' right to receive payment is established.

Income taxes

Current tax assets and liabilities for the period and for all prior periods are carried at the amount expected to be recovered or to be paid to the tax authorities pursuant to tax legislation in force. Tax rates and fiscal provisions used to calculate the amount are as issued or substantially issued at the reporting date of 31 December 2024.
Current taxes relating to elements recognised directly in shareholders' equity are recognised directly in shareholders' equity and not in the income statement.

Deferred tax liabilities are calculated using the liability method on temporary differences at the reporting date between tax amounts related to assets and liabilities and the amounts recognised in the financial statements.
Deferred tax liabilities are recognised with regard to all taxable temporary differences, except for:

- when deferred tax assets arise from initial posting of goodwill or an asset and liability in a transaction, which is not a business combination and which, at the time of the transaction, does not have an effect on income in the financial year calculated for the financial statements, nor on the income or loss calculated for tax purposes;
- with reference to taxable temporary differences associated with equity investments in subsidiaries, affiliates and joint ventures, in the event that recharging temporary differences can be controlled and it is likely that it will not take place in the foreseeable future.

Deferred tax assets are recognised against deductible temporary differences and tax losses carried forward to the extent that the company is likely to earn taxable income in the future, which can make applicable the use of deductible temporary differences and tax losses carried forward, unless:

- the deferred tax asset related to temporary deductible differences arises from the initial recognition of an asset or liability in a transaction that is a business combination and which, at the time of the transaction, does not influence the profit for the year calculated for the financial statements or income or loss calculated for tax purposes;
- in the case of taxable temporary differences associated with equity investments in subsidiaries, affiliates and joint ventures, tax assets are recognised in the amount that temporary differences might be used in the immediate future and that there is adequate taxable income against which the temporary differences can be used.

The recoverability of deferred tax assets is reviewed at each reporting date; they are recognised to the extent that it is more likely than not that sufficient income will be earned in the foreseeable future to allow all or part of this credit to be used.

Since certain Group companies reported losses carried forward in previous years, the Group recognises a deferred tax asset resulting from tax losses or unused tax credits only to the extent that the temporary taxable differences are sufficient or there is also convincing documentary evidence of sufficient future taxable income.

Deferred tax assets and liabilities are recognised based on the tax rates expected to be applied during the year when these activities are realised or these liabilities extinguished, taking into account the rates in force and those issued or allocated at year-end.
Deferred tax assets and liabilities related to items posted to shareholders' equity are directly recognised in shareholders' equity and not in the income statement.
Deferred tax assets and deferred tax liabilities are offset if there is a legal right to offset current tax assets and liabilities and deferred income taxes referring to the same taxable object and the same tax authorities.

G – Segment reporting

For management purposes, the Group considers only one business sector as relevant: the “Modules and Platforms” sector. Thus, the disclosure is provided for the sole identified sector, broken down on a geographical basis. The geographical areas are produced in relation to the various group entities and based on the criteria with which they are currently monitored by top management.
The Group’s geographical areas are defined according to the localisation of Group assets and operations. They are: Europe, North America and Asia.
Management monitors the gross profit margin of the individual business units separately for the purposes of resources allocation and performance assessment.

(€' 000)	North America		Europe		Asia		Correction, reversal and elimination		Total		
	FY 2024	FY 2023	FY 2024	FY 2023	FY 2024	FY 2023	FY 2024	FY 2023	FY 2024	FY 2023	% YoY Change
Third party Sales	8,472	24,842	33,401	42,445	17,260	26,469	0	0	59,133	93,756	
Infra-sector Sales	173	751	5,677	4,145	12	607	(5,862)	(5,503)	0	0	
Total Sales revenues	8,645	25,593	39,078	46,590	17,272	27,076	(5,862)	(5,503)	59,133	93,756	-36.9%
Gross profit	3,668	11,386	18,393	21,274	9,543	13,673	(1,615)	(1,910)	29,989	44,423	-32.5%
Gross profit margin - %	42.4%	44.5%	47.1%	45.7%	55.3%	50.5%			50.7%	47.4%	
EBITDA									(4,958)	5,280	-193.9%
EBITDA margin - %									-8.4%	5.6%	
EBIT									(32,259)	(2,449)	n.s.
EBIT margin - %									-54.6%	-2.6%	

The sales performance by region set out in the table above shows a decrease smaller than the total in Europe and higher than North America.
The table below shows assets and investments in the Group’s individual business areas at 31 December 2024 and 31 December 2023.

(€'000)	North America		Europe		Asia		Correction, reversal and elimination		Total	
	FY 2024	FY 2023	FY 2024	FY 2023	FY 2024	FY 2023	FY 2024	FY 2023	FY 2024	FY 2023
Assets and liabilites										
Segment assets	5,660	34,728	75,080	82,186	60,429	67,677	-29,958	-29,622	111,211	154,969
Investments in subsidiaries non consolidated, associate & other companies	126	117	30	431	0	0	0	0	156	548
Total assets	**5,786**	**34,845**	**75,110**	**82,617**	**60,429**	**67,677**	**-29,958**	**-29,622**	**111,367**	**155,517**
Segment liabilities	1,734	27,806	39,804	44,310	14,706	17,779	-5,541	-29,697	50,703	60,198
Total liabilities	**1,734**	**27,806**	**39,804**	**44,310**	**14,706**	**17,779**	**-5,541**	**-29,697**	**50,703**	**60,198**
Other segment information										
Investments in tangible assets	6	8	393	893	2,633	871	0	0	3,032	1,772
Investments in intangible assets	0	159	3,110	2,493	107	101	0	0	3,217	2,753
Depreciation & amortisation	321	1,265	2,995	5,168	1,051	1,098	22,934	198	27,301	7,729

H – Breakdown of key entries of the statement of financial position

1 – Intangible assets

The following table shows the changes in the historical cost and accumulated amortisation of intangible assets in the previous and in the reporting period:

(€ '000)	DEVELOPMENT COSTS	GOODWILL	SOFTWARE TRADEMARKS PATENTS	ASSETS UNDER CONSTRUCTION & ADVANCES	OTHER INTANGIBLE ASSETS	TOTAL INTANGIBLE ASSETS
Purchase or production cost	21,495	81,407	26,221	2,843	27,814	159,780
Previous years' impairment	(778)	(8,528)	(8,065)	(56)	-	(17,427)
Previous years' amortisation	(14,458)	-	(7,204)	-	(26,118)	(47,780)
OPENING BALANCE 2022	**6,259**	**72,879**	**10,952**	**2,787**	**1,696**	**94,573**
Purchases / Additions	53		79	2,512	109	2,753
Disposals	(1,302)		(16)			(1,318)
Other changes	(474)	(4,907)	(1,093)	(5)	(2,390)	(8,869)
Impairment in period	(666)	(1,389)		(25)		(2,080)
Transfers	1,795			(1,864)	69	-
Amortisation in period	(2,962)		(619)		(150)	(3,731)
Reversal of cumulative amortisation	1,302		16			1,318
Other changes in cumulative impairment	11	238	69			318
Other changes in cumulative amortisation	295		178		2,390	2,863
TOTAL CHANGES 2023	**(1,948)**	**(6,058)**	**(1,386)**	**618**	**28**	**(8,746)**
Purchase or production costs	21,567	76,500	25,191	3,486	25,602	152,346
Impairment	(1,433)	(9,679)	(7,996)	(81)	-	(19,189)
Cumulative amortisation	(15,823)	-	(7,629)	-	(23,878)	(47,330)
CLOSING BALANCE 2023	**4,311**	**66,821**	**9,566**	**3,405**	**1,724**	**85,827**

(€ '000)	DEVELOPMENT COSTS	GOODWILL	SOFTWARE TRADEMARKS PATENTS	ASSETS UNDER CONSTRUCTION & ADVANCES	OTHER INTANGIBLE ASSETS	TOTAL INTANGIBLE ASSETS
Purchase or production cost	21,567	76,500	25,191	3,486	25,602	152,346
Previous years' impairment	(1,433)	(9,679)	(7,996)	(81)	-	(19,189)
Previous years' amortisation	(15,823)	-	(7,629)	-	(23,878)	(47,330)
OPENING BALANCE 2024	**4,311**	**66,821**	**9,566**	**3,405**	**1,724**	**85,827**
Purchases / Additions	-	-	23	3,194	-	3,217
Disposals / Divestitures	(1,320)	-	(3)	(4)	-	(1,327)
Other changes	140	597	192	5	(718)	216
Impairment in period	(71)	(22,693)	-	(91)	-	(22,855)
Transfers	1,575	-	-	(1,575)	-	-
Amortisation in period	(1,981)	-	(530)	-	(152)	(2,663)
Reversal of cumulative amortisation	1,320	-	3	-	-	1,323
Other changes in cumulative impairment	(10)	(1,402)	(447)	1	-	(1,858)
Other changes in cumulative amortisation	(132)	-	(47)	-	724	545
TOTAL CHANGES 2024	**(479)**	**(23,498)**	**(809)**	**1,530**	**(146)**	**(23,402)**
Purchase or production costs	21,962	77,097	25,403	5,106	24,884	154,452
Impairment	(1,514)	(33,774)	(8,443)	(171)	-	(43,902)
Cumulative amortisation	(16,616)	-	(8,203)	-	(23,306)	(48,125)
CLOSING BALANCE 2024	**3,832**	**43,323**	**8,757**	**4,935**	**1,578**	**62,425**

The decrease in intangible assets is the cumulative effect of investments, which for the year amounted to €3,162 thousand, amortisation amounting to €2,663 thousand, write-downs amounting to €22,855 thousand, and the change in exchange rates (shown in the item related to other changes) which decreased intangible assets by a net amount of €1,046 thousand.

Investments made refer primarily to recognition of development costs by the Group companies and to costs incurred for improvements to right-of-use assets.
The other changes refer to the exchange differences accrued on the values expressed in foreign currency (and in particular for goodwill and trademarks that include the value defined when allocating the price of the related acquisitions), in addition to the reversal of intangible assets entirely amortised during the previous year.

The Trademarks item includes the valuation of the "InoNet" trademark following the acquisition of the company of the same name and subject to amortisation, and the "Advanet" trademark, which was recognised at the time of the acquisition of the Group of the same name and continues to be defined by the Directors as an asset with an indefinite life, as its use for commercial and production purposes is deemed to have no defined time limits, taking into account its characteristics and positioning in the Japanese market. As a result, this value is not subject to amortisation but is subject at least annually to an impairment test.

Goodwill refers to the higher value recognised on the whole when fully-consolidated subsidiaries were acquired, in excess of the fair value of the assets and liabilities acquired from time to time. Goodwill is not subject to amortisation but is tested for impairment at least annually.

At the end of 2024, following the impairment test outcome, it was deemed necessary to write down the goodwill related to the American subsidiary E-tech USA Inc. by €22,693 thousand. It should be noted that the amount of the write-down of the goodwill allocated to the Eurotech Inc CGU in the income statement differs from the effect on the balance sheet due to the different exchange rates applied. In 2023, again as a result of the impairment test, the goodwill related to the English subsidiary Eurotech Ltd was still written down.

The increase in development costs relative to internal activities carried out by the Group during the year is capitalised net of any contributions received. These fixed assets with a definite useful life are amortised on a straight-line basis based on the life cycle of the products developed, which is estimated at three to five years, beginning from the date of completion of the relevant development project. This asset is subject to impairment tests whenever loss of value is indicated. The Directors, on the basis of existing and prospective opportunities, consider the recognised values to be reasonably recoverable. During the year, as a result of the analyses performed, write-downs of €162 thousand were recorded.

The “software, trademarks, patents and licences” item mainly includes the costs incurred to implement what became the Group’s new single information system. Software is amortised on a straight-line basis over three financial years. The increase during the year is mainly due to costs incurred for the purchase of several additional software licenses.

The “assets in progress” item of €3.971 thousand is entirely made up of development costs (internal payroll costs, materials and services) related to new products in the Internet of Things, and to the NanoPC modules and systems, which were still in the project stage at year-end or for which production had not yet been launched.

Carrying value of goodwill and the trademarks allocated to each of the cash-generating units:

In order to carry out the annual impairment test, the posted individual goodwill and trademarks with an indefinite useful life acquired through business combinations were allocated to their respective cash-generating units, corresponding to the legal entity or Group of companies to which they refer to test for impairment.

(€ '000)	**at December 31, 2024**		**at December 31, 2023**	
Cash generating units	**Goodwill**	**Trademark with an indefinite useful life**	**Goodwill**	**Trademark with an indefinite useful life**
Advanet Inc.	34,200	6,494	35,673	6,774
InoNet Computer GmbH	5,221	-	5,221	-
Eurotech Inc. (ex Applied Data Systems e ex Arcom Inc.)	-	-	22,201	-
Eurotech Ltd. (ex Arcom Ltd.)	3,812	-	3,636	-
Other	90	-	90	-
TOTAL	**43,323**	**6,494**	**66,821**	**6,774**

The recoverable values of the individual CGUs were calculated according to the higher of their value in use, determined using the discounted cash flow (DCF) method and their respective fair value. The projected discounted cash flows set out in the 2025-2029 operating and financial plan, approved by Parent Company directors by resolution of 12 March 2025 (hereinafter the "Plan"), were used to calculate the relative value, while the cash flows beyond the specified time horizon as set out in the Plan, and for the purposes of calculating terminal value were extrapolated using the perpetual annuity method, based on normalised flows of the fifth year of the approved plan. The plans were prepared in the respective functional currencies, and the consequent recoverable values were uniformly compared with the carrying values in foreign currency allocated to the various cash-generating units.

The growth rate “g” used to calculate terminal value was between 1.2% and 2.0%, depending on the expected long-term average inflation rate in the different markets (in 2023, it was considered to be between 1.2% and 2.4%). The discount rate (WACC – Weighted Average Cost of Capital) applied to prospective cash flows is different depending on the different percentages of the main business lines in the Plan in the various years, so it was weighted. The WACC therefore varies within a range of 5.77% to 11.87% calculated according to the country where the individual companies operate, and to the debt structure over the various years of each company, and it was determined net of tax effects.
The key parameters used for impairment tests are as follows:

	JAP	GER	UK
Risk free	0,99%	2,28%	4,16%
Total Market Premium	5,50%	5,60%	5,70%
Beta unlevered	da 0,90 a 1,08	1.10	da 0,90 a 1,10
WACC	5,81%	9,90%	11,43%
g rate	1,20%	2,00%	1,90%

With reference to the test on the CGUs of the Group's consolidated financial statements, for the Advanet Inc, Eurotech Ltd. and Inonet Computer GmbH CGUs, the impairment test was carried out considering the comparison between the Carrying Amount, corresponding to the net invested capital allocated to the CGU (including goodwill and intangibles) as of December 31, 2024, and the recoverable value of the CGU, calculated in the value in use configuration, calculated by applying the Unlevered Discounted Cash Flow (“UDCF”) method. With reference to the Eurotech Inc. CGU, consistently with the significant reduction in the business, and the consequent significant reduction in future cash flows, the recoverable amount was considered to be at least equal to the carrying amount of the CGU's net assets, which mainly refer to net working capital items for which the accounting representation provides for the adoption of the lower of the carrying amount and the estimated realizable value, while the goodwill of the Eurotech Inc. CGU was completely written off.

The discounting rates for the calculation of the value in use were estimated in the reference currency of the CGU (and of the plan), and in particular:
the rates of return of government bonds with a 10-year maturity of the relevant countries (Japan, UK and Germany) in the six-month time period prior to 31 December 2024, were used as risk-free benchmarks;
the market risk premium was identified for each CGU in consideration of the value of the reference country, based on the data provided by the analyses and related findings presented by Fernandez in the report 2024 "Survey: Market Risk Premium and Risk-Free Rate used for 96 countries in 2024";

- which risk-free benchmarks were used: the rates of return on 10-year government bonds of the reference countries (Japan, UK and Germany), in the time horizon of the six months preceding December 31, 2024;
- the market risk premium was identified for each CGU in consideration of the value of the reference country, based on the data provided by the analyses and related findings presented by Fernandez in the 2024 report “Survey: Market Risk Premium and Risk-Free Rate used for 96 countries in 2024”;
- the unlevered beta used, which is specific for the Board&Systems and IoT business lines, corresponds for all CGUs considered to the average value observed for the listed companies operating in the various main business lines (including the same Eurotech), from source S&P Capital IQ. For calculation of the WACC for the CGUs, this beta factor was considered in the re-levered version, taking into consideration the leverage effect resulting from the average ratio of debt to market capitalisation of the sector, and the tax rate of the CGU's country of reference;

- with regard to the values related to the IoT business line, on all CGUs and in line with what was done last year, an additional Risk Premium of between 3.0 and 3.5% was included in the WACC calculation to reflect the generic riskiness of a business that is not yet in a mature stage;
- the financial market structure, determined on the basis of the average of the financial structures observed for the reference listed companies.

The WACC used for each CGU was calculated in consideration of the specific weighting between the Board&Systems business line and the IoT business line, based on their contribution to the Gross Profit of the CGU in the plan's reference horizon.
Compared to 31 December 2023, the WACCs thus calculated showed a decrease of 0.61% for the UK and 0.12% for Germany, differences mainly attributable to the performance of risk free rates and unlevered beta, while the WACC relating to the Japan CGU is substantially in line compared with 31 December 2023.
The application of long-term growth assumptions remained constant compared to the previous year, using a value between 1.2% and 2.0% depending on the country of reference, to better reflect the expectations of long-term inflation.
Taking account of the assumptions underlying the 2025-2029 operating and financial plans and the use of the main parameters identified for the single markets of reference, the values in use coming from the impairment tests performed showed no need to reduce the value of goodwill (Advanet Inc., Eurotech Ltd. and InoNet Computer GmbH CGUs) and trademarks with indefinite life (Advanet Inc. and InoNet Computer GmbH CGUs) in addition to what has already been indicated for the start-up of the CGU Eurotech Inc..
The recoverability of the values of intangible assets related to the acquisition of the various CGUs and in line with what was done last year, appears to be conditional upon on the occurrence of possible changes in the key assumptions used to estimate them. The higher book values compared to the recoverable values is reflected differently for each CGU.
In this regard, some sensitivity analyses were prepared in order to assess the volatility of the results obtained as a result of the change in some parameters considered in the valuation exercise, such as WACC and g-rate, WACC and EBITDA reduction over the Plan horizon. The sensitivity analyses carried out showed potential losses in value in the event of a deterioration of the above parameters.
In particular, other conditions being equal, the WACC that would bring about an impairment should be equal to or higher than 6.27% for Advanet Inc., 12.83% for Eurotech Ltd and 21.16% for InoNet Computer GmbH.

Acknowledging that, on the basis of the phase of expansion in which the individual CGUs are, the terminal values are significant (even more than 90% of the “value in use”), some assumptions of a significant reduction in EBITDA values were also analysed versus other items of the statement of financial position. The sensitivity analyses identified potential impairments for the Advanet Inc. and Eurotech Ltd CGUs in the event that, with the other test conditions being equal, the EBITDA over the plan horizon was subject to a reduction of up to 10%, combined for the Eurotech Ltd CGU to an increase in WACC of 0.5%; on the contrary, a reduction of the same metrics would not produce a reduction in value for the InoNet Computer GmbH CGU.

No further sensitivity analyses were carried out for the Eurotech Inc. CGU, whose goodwill write-down has already reduced the book value to the recoverable value at 31 December 2024 with reference to other assets and liabilities, subject to recoverability pursuant to other accounting standards.

In the preparation of the 2nd level test with reference to the Group as a whole, the WACC approach for the reference CGUs is confirmed, in line with the consideration of the Group’s reference countries as a whole: the risk-free rate was determined as a weighted average (in consideration of 2024 revenues) of the yields of the six months prior to 31 December 2024 of 10-year Government Bonds of the countries in which the Group operates. For countries for which the Government Bonds were not liquid, a nominal risk-free rate was used, calculated as the sum of the 10-year Government Bond yield of countries with a AAA rating (US) re-expressed to consider the inflation differential between the reference country and the US, and the risk premium of the specific country, determined by the spread between the Credit Default Swaps (CDSs) of the reference country and the US CDSs (AAA rating), a methodology supported by an external consulting firm and consistent with that adopted last year.
Generally, the Directors also assumed in their assessments that despite the current external indicators (particularly Eurotech's stock market performance and market capitalisation) that on the reporting date there

were no further risks of impairment of the net assets compared to what already considered in the execution of the impairment test, both with reference to the assumptions adopted in the preparation of future cash flows and in the identification of the appropriate discount rates.
In evaluating the recoverability of the book values upon testing for impairment, there was no additional impairment found since the total recoverable value was higher than the book value of the asset. The value of the existing orders, orders included in the portfolio, ongoing opportunities, stakeholder relations and products currently in the portfolio, as well as products developed, particularly in recent years for the IoT market, are regarded by the Directors as important factors to justify the current amounts considered, also represented by the external indicators and therefore not changing the amounts posted. In addition, among the qualitative elements that are considered in the identification of impairment indicators, the Directors evaluated the evolution of the Group's strategic choices for each of the CGUs identified, also with reference to the expected development of the IoT business line, which in some geographical areas is expected to have a predominant value with respect to the Board&Systems business line, for which the plans do not envisage further development in the American market.
A further analysis made by management, also in relation to recent market and economic conditions, determined that it would not be necessary to further reduce the amounts recorded.

2 – Property, plant and equipment

The following table shows the development of historical cost and accumulated depreciation and the valuation of property, plant and equipment in the previous period and in the period under review:

(€ '000)	LAND AND BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL & COMMERCIAL EQUIPMENT	OTHER ASSETS	ASSETS UNDER CONSTRUCTION & ADVANCES	RIGHT OF USE ASSETS	TOTAL PROPERTY, PLANT & EQUIPMENT
Purchase of production cost	2,173	4,977	5,719	5,750	-	9,544	28,163
Previous year's depreciation	(538)	(4,615)	(5,446)	(5,267)	-	(4,872)	(20,738)
OPENING BALANCE 2023	**1,635**	**362**	**273**	**483**	**-**	**4,672**	**7,425**
Purchases / Additions	9	36	140	208	2	1,377	1,772
Disposals	-	(93)	(32)	(37)	-	(2,149)	(2,311)
Other changes	(4)	(305)	(219)	(155)	-	(375)	(1,058)
Depreciation in period	(59)	(74)	(140)	(221)	-	(1,424)	(1,918)
Reversal of cumulative depreciation	-	93	32	37	-	2,152	2,314
Other changes in cumulative amortisation		284	207	139	-	331	961
TOTAL CHANGES 2023	**(54)**	**(59)**	**(12)**	**(29)**	**2**	**(88)**	**(240)**
Purchase or production cost	2,178	4,615	5,608	5,766	2	8,397	26,566
Cumulative depreciation	(597)	(4,312)	(5,347)	(5,312)	-	(3,813)	(19,381)
CLOSING BALANCE 2023	**1,581**	**303**	**261**	**454**	**2**	**4,584**	**7,185**

(€ '000)	LAND AND BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL & COMMERCIAL EQUIPMENT	OTHER ASSETS	ASSETS UNDER CONSTRUCTION & ADVANCES	RIGHT OF USE ASSETS	TOTAL PROPERTY, PLANT & EQUIPMENT
Purchase of production cost	2,178	4,615	5,608	5,766	2	8,397	26,566
Previous year's depreciation	(597)	(4,312)	(5,347)	(5,312)	-	(3,813)	(19,381)
OPENING BALANCE 2024	**1,581**	**303**	**261**	**454**	**2**	**4,584**	**7,185**
Purchases / Additions	-	292	283	155	1,507	795	3,032
Disposals / Divestitures	-	(719)	(1,126)	(1,617)	-	(3,535)	(6,997)
Other changes	(1)	(107)	(1)	61	-	14	(34)
Transfers	-	-	-	(5)	-	5	-
Depreciation in period	(59)	(83)	(145)	(251)	-	(1,245)	(1,783)
Reversal of cumulative depreciation	-	719	1,126	1,617	-	3,505	6,967
Transfers amortisation	-	-	-	6	-	(6)	-
Other changes in cumulative amortisation	-	99	(5)	(67)	-	(30)	(3)
TOTAL CHANGES 2024	**(60)**	**201**	**132**	**(101)**	**1,507**	**(497)**	**1,182**
Purchase or production cost	2,177	4,081	4,764	4,360	1,509	5,676	22,567
Cumulative depreciation	(656)	(3,577)	(4,371)	(4,007)	-	(1,589)	(14,200)
CLOSING BALANCE 2024	**1,521**	**504**	**393**	**353**	**1,509**	**4,087**	**8,367**

The "Land and buildings" item amounting to €1.521 thousand includes the value of the building (located in Amaro — UD, inclusive of land and improvement costs) in which the Parent Company's production site is located and the value of the Parent Company's property in Amaro (UD) inclusive of land (used as offices).
The increases of €292 thousand in plant and machinery, €283 thousand in industrial and commercial equipment and €155 thousand in other assets refer mainly to equipment replacement and new assets required to make the operations of the individual Group companies more efficient and effective. Assets under construction for €1,509 thousand relate mainly to the new production line purchased in Japan for the production of electronic boards which became operational at the beginning of January 2025.
Right-of-use assets includes mainly leases, in accordance with IFRS 16. Leases refer to the rents of industrial and commercial buildings as well as office areas and leases of office machines. During the year, some contracts were extended, new ones were signed, some were closed and others were replaced with a new contact. These assets, concerning the "Right of use", are depreciated on a straight line basis for the duration of the contract, taking account of the renewal/termination options. Depreciation recognised with reference to the “Rights of use” assets during the year amounted to a total of €1,245 thousand.

The “other changes” item refers to exchange differences accrued on the opening balances of the values at cost and cumulative depreciation.

3 – Equity investments in affiliates and other companies

The table below shows changes in equity investments in affiliates and other companies in the reporting period:

	at December 31, 2024					
(€'000)	INITIAL VALUE	INCREASES	DECREASES	WRITE-UPS /WRITE-DOWN	EOP VALUE	% OWNERSHIP
Investments in associate companies (valuation using the equity method):						
Insulab S.r.l.	4		-	-	4	40.00%
Rotowi Technologies S.r.l. in liquidazione (ex U.T.R.I. S.p.A.)	-	-	-	-	-	21.32%
TOTAL INVESTMENTS IN ASSOCIATE COMPANIES	**4**	**-**	**-**	**-**	**4**	
Investments in other companies (valuation at fair value on the Profit&Loss):						
Consorzio Ecor' IT	2	-	-	-	2	
Consorzio Aeneas	5	-	-	-	5	
Consorzio Ditedi	19	-	-	-	19	7.69%
Interlogica S.r.l.	400	-	-	-	400	10.00%
Kairos Autonomi	117	-	-	-	121	19.00%
Others	1	-	-	-	1	
TOTAL INVESTMENTS IN OTHER COMPANIES	**544**	**-**	**-**	**-**	**548**	

Equity investmentsAt 31 December 2024, the Eurotech Group held a 40% interest in connection with the company Insulab S.r.l. and 21.32% in Rotowi Technologies S.p.A. (formerly UTRI S.p.A.), following subsequent purchases of shares in 2007 and 2008. In 2010, this affiliate had submitted a debt restructuring plan pursuant to Art. 182-bis of the Italian Financial Law, which had already resulted in an assessment of the non-recoverability of the value recorded as the only long-term interest in relation to the associate.
In July 2024, the withdrawal from the affiliate Interlogica S.r.l. was exercised, obtaining the repayment of the value recorded at the time of acquisition of the equity investment, that is €400 thousand.

The closing dates of the financial statements and the financial years of the affiliate coincide with those of the Parent Company.

The table below shows the values of the assets, liabilities, revenues and annual results of equity investments in affiliates at 31 December 2023, as operating and financial information for year-end 2024 is not yet available.

(€'000)	At December 31, 2024 Rotowi Tech.	 Insulab S.r.l.	 TOTAL	At December Rotowi Tech.	 TOTAL
Share of the Associate's balance sheet:	(*)			(*)	
Current assets	172	160	332	172	172
Non current assets	0	5	5	0	0
Current liabilities	(554)	(156)	(710)	(554)	(554)
Non current liabilities	(245)	(1)	(246)	(245)	(245)
Net assets	**(627)**	**8**	**(619)**	**(627)**	**(627)**
Revenue	0	190	190	0	0
Profit (Loss)	(3)	(2)	(5)	(3)	(3)
Carrying amount of the investment	**-**	**4**	**4**	**-**	**0**
Reserve for losses on equity interests in affiliates	**-**	**-**	**-**	**-**	**0**

(*) FY2020

4 – Other non-current assets

The table below shows the breakdown of other non-current assets at 31 December 2024 and 31 December 2023:

(€'000)	at December 31, 2024	at December 31, 2023
Other non-current receivables	480	502
TOTAL OTHER NON CURRENT ASSETS	**480**	**502**

Other non-current receivables mainly comprise security deposits that do not accumulate interest; they are in line with the previous year. The decrease is essentially due to an exchange rate effect on the values expressed in JPY.

5 – Inventories

The table below shows the breakdown of inventories at 31 December 2024 and 31 December 2023:

(€'000)	at December 31, 2024	at December 31, 2023
Raw & auxiliary materials and consumables - gross	13,873	16,076
Inventory write-down provision	(2,524)	(2,410)
Raw & auxiliary materials and consumables - net	**11,349**	**13,666**
Work in process and semi-finished goods - gross	366	740
Inventory write-down provision	(101)	(256)
Work in process and semi-finished goods	**265**	**484**
Finished poducts and goods for resale - gross	8,298	9,349
Inventory write-down provision	(2,783)	(2,318)
Finished products and goods for resale - net	**5,515**	**7,031**
Advances	**12**	**706**
TOTAL INVENTORIES	**17,141**	**21,887**

Inventories at 31 December 2024 amounted to €17,141 thousand (€21,887 thousand at 31 December 2023), net of inventory write-down provisions totalling €5,408 thousand. The provision increased by €424 thousand due to the effect of the provisions made to adjust the value of the components and products held by the Group to the risk of technological obsolescence and slow movement, and net of uses following specific scrapping.

The following table shows the changes in inventory write-down provision in the periods under review:

(€'000)	at December 31, 2024	at December 31, 2023
OPENING BALANCE	**4,984**	**5,679**
Provisions	1,275	1,099
Other changes	82	(209)
Utilisation	(933)	(1,585)
CLOSING BALANCE	**5,408**	**4,984**

The "other changes" item refers to changes in the write-down provisions due to foreign exchange differences.
The raw materials inventory write-down provision of €2,524 thousand refers to obsolete or slow moving materials, whose full posted value some Group companies do not expect to recover. The net increase for the year amounted to €114 thousand.
The semi-finished products write-down provision of €101 thousand, which covers the risk of slow movement of work in progress and semi-finished products, decreased by €155 thousand.
The finished products write-down provision of €2,783 thousand, which covers the risk of slow turnover in certain standard and custom finished products, increased by €465 thousand.

6 – Trade receivables

The table below shows the breakdown of trade receivables and the respective doubtful debt provision at 31 December 2024 and 31 December 2023:

(€'000)	at December 31, 2024	at December 31, 2023
Trade receivables - customers	13,091	20,530
Trade receivables - realted paties	3	1
Doubtful debt provision	(689)	(648)
TOTAL TRADE RECEIVABLES	**12,405**	**19,883**

Trade receivables falling due within 12 months are normally non-interest bearing and generally have an average maturity of 90/120 days.
Net trade receivables decreased by €7,478 thousand compared to 31 December 2023. The value of bank receipts presented subject to collection amounted to €1,067 thousand. Many of the receivables in place at 31 December 2024 were collected at the date of preparation of this note.

Receivables are shown net of a doubtful debt provision of €689 thousand. Changes in doubtful debt provision in the years under review were as follows:

(€'000)	at December 31, 2024	at December 31, 2023
OPENING BALANCE	**648**	**663**
Provisioning	119	68
Other changes	5	(1)
Utilisation	(83)	(82)
CLOSING BALANCE	**689**	**648**

Provisions of €119 thousand made during the year was necessary to adjust the value of receivables on the basis of their expected losses.
Utilisation of the doubtful debt provision is the result of uncollectable receivables partially or totally covered by the relevant provision and the cancellation of the provision as no longer necessary.
Group policy is to specifically identify the specific receivables to be written down, and the allocations made therefore reflect a specific write-down. The "other changes" item includes the effect of translating financial statements in foreign currency.

At 31 December 2024, trade receivables were as follows:

€ '000	Total	Not overdue	< 30 days	30 - 60 days	60 - 90 days	90 - 180 days	Over 180 days
2024	13,094	10,483	2,045	203	15	36	313
2023	20,531	17,763	1,587	301	119	243	518

Receivables over 180 days, based on the original deadline, represented 2.54% of trade receivables at 31 December 2024, in line with 2023. The Directors believe that though contained, the amount is still recoverable notwithstanding the extension of collection granted.
There are no unexpired receivables, which provide for a deferred payment of more than 12 months.

7 – Tax receivables and payables

Tax receivables represent receivables from individual governments for direct taxation (IRES and income taxes in various countries), which should be recovered within the next year, as well as receivables for withholdings made by the US companies following payment of interest charges on intragroup loans and dividends distributed to the Parent Company by Advanet Inc. Compared to 31 December 2023, the value decreased by €272 thousand, from €1,206 thousand in 2023 to €934 thousand in 2024.

Tax payables are made up of current taxes relating to the year still to liquidate and represent the amounts that the companies must pay to the tax authorities of the respective countries. These payables are calculated according to the tax rates currently in force in each country. Foreign tax payables amounted to €451 thousand (2023: €1,579 thousand), while there were no Italian tax payables (2023: €200 thousand).

Tax payables and receivables are offset if there is a legal right to do so.

8 – Other current assets

The table below shows the breakdown of other current assets at 31 December 2024 and 31 December 2023:

(€'000)	**at December 31, 2024**	**at December 31, 2023**
Advance payments to suppliers	186	441
Tax receivables	397	391
Other receivables	45	70
Accrued income and prepaid expenses	870	1,249
TOTAL OTHER CURRENT ASSETS	**1,498**	**2,151**

Tax receivables comprise mainly receivables for indirect tax (VAT). VAT receivables do not bear interest and are generally settled with the competent tax authority on a monthly basis.

Prepaid expenses relate to costs borne in advance for bank charges, maintenance fees, utilities, services and insurance.

9 – Cash and cash equivalents

The table below shows the breakdown of cash and cash equivalents at 31 December 2024 and 31 December 2023:

(€'000)	at December 31, 2024	at December 31, 2023
Bank and post office deposits	6,162	11,425
Cash and valuables in hand	8	3
TOTAL CASH & CASH EQUIVALENTS	**6,170**	**11,428**

Bank deposits are mainly on demand and remuneration is limited. The fair value of cash and cash equivalents was €6,170 thousand (€11,428 thousand at 31 December 2023). The item shows a decrease compared to 31 December 2023 of €5,258 thousand, attributable to the use for the management of operations and for the repayment of loans.

10 – Other financial assets

The recorded amount of €115 thousand (2023: €143 thousand) refers for €84 thousand to a three-year insurance policy and for €31 thousand to an investment of liquidity in low-risk funds.

11 – Net financial position

The table below shows the Group's net financial position at 31 December 2024 and 31 December 2023:

(€'000)		at December 31, 2024	at December 31, 2023
Cash	A	6,170	11,428
Cash equivalents	B	-	-
Other current financial assets	C	144	245
Cash equivalent	**D=A+B+C**	**6,314**	**11,673**
Current financial debt	E	6,808	4,547
Current portion of non-current financial debt	F	2,240	13,474
Other current financial liabilities	G	115	-
Short-term financial position	**H=E+F+G**	**9,163**	**18,021**
Short-term net financial position	**I=H-D**	**2,849**	**6,348**
Non current financial debt	J	17,551	13,481
Debt instrument	K	-	-
Medium-/long-term net financial position	**L=J+K**	**17,551**	**14,221**
(NET FINANCIAL POSITION) NET DEBT ESMA	**M=I+L**	**20,400**	**20,569**

The consolidated net financial position at 31 December 2024 amounted to a net debt of €20.40 million, compared to €20.57 million at 31 December 2023. The adoption of the IFRS 16 accounting standard meant the recognition by Group companies of financial liabilities for rights of use at 31 December 2024 equal to €4.26 million (€4.69 million at 31 December 2023).

Between June and September, he parent company undertook a financial optimisation with almost all of its banks, which resulted in a moratorium on the principal amounts to be repaid for the period from June 2024 to December 2025 and an extension of the original 24-month duration of the loans. This financial optimisation concluded with the extension of the guarantees given by the entities that had originally granted them and the subscription of the amending addenda to the loan agreements also made it possible to restructure the financial debt in the accounts, allowing Eurotech to reduce the disbursements for the loans instalments of €3.6 million in 2024 and €4.1 million in 2025.
Following the extension of the deadlines by 24 months, some loans have a duration until 2030. In addition, at the end of August 2024, the waiver was obtained on the covenants not respected at the end of 2023 on a medium/long-term loan, making it possible to classify the debt that at the end of 2023 had been classified under current financial liabilities based on the new defined plan. On the basis of the new waiver metrics, the parent company complied with the metrics at the end of 2024. These new covenants define targets that must not be exceeded with reference to the ratio between EBITDA and financial expenses, net financial position and EBITDA, and finally net financial position and shareholders' equity.

The following table shows the reconciliation between the statement of financial position for liabilities arising from financing activities and the cash flow statement (IAS 7).

(€'000)	at January 1, 2024	Cash flows	Fair value changes	Exchange differences	Other non monetary transactions	at December 31, 2024
Short and Medium-/long-term borrowing	31,502	(4,767)	-	(136)	-	26,599
Medium/long term borrowing allowed to affiliates companies and other Group companies	-	-	-	-	-	-
Other current financial assets	(143)	28		-	-	(115)
Derivative instruments	(102)	-	73	-	-	(29)
Total Liabilities arising from financing activities	**31,257**	**(4,739)**	**73**	**(136)**	**-**	**26,455**

(€'000)	at January 1, 2023	Cash flows	Fair value changes	Exchange differences	Other non monetary transactions	at December 31, 2023
Short and Medium-/long-term borrowing	32,041	184	-	(723)	-	31,502
Medium/long term borrowing allowed to affiliates companies and other Group companies	(66)	67	-	(1)	-	-
Other current financial assets	(139)	-	(4)	-	-	(143)
Derivative instruments	(205)	-	103	-	-	(102)
Total Liabilities arising from financing activities	**31,631**	**251**	**99**	**(724)**	**-**	**31,257**

12 – Shareholders' equity

The table below shows the breakdown of shareholders' equity at 31 December 2024 and 31 December 2023:

(€'000)	at December 31, 2024	at December 31, 2023
Share capital	8,879	8,879
Share premium reserve	136,400	136,400
Other reserves	(84,615)	(49,960)
Group shareholders' equity	**60,664**	**95,319**
Equity attributable to minority interest	**-**	**-**
Total shareholders' equity	**60,664**	**95,319**

The share capital at 31 December 2024 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 December 2024 was €1,776 thousand.

The share premium reserve, which relates entirely to the Parent Company, is recorded for a total amount of €136,400 thousand.

The "Other Reserves" item, which at 31 December 2024 was a negative -€84,615 thousand, includes different types of reserves as indicated in the statement of changes of the shareholders' equity in addition to the result for the year. The various reserves that make up the aggregate item are commented below.

The negative translation reserve of €2187 thousand is generated by inclusion in the consolidated financial statements of the statement of financial positions and income statements of US subsidiaries Eurotech Inc. and E-Tech USA Inc., as well and of UK subsidiary Eurotech Ltd. and Japanese subsidiary Advanet Inc.

The "Other reserves" item was negative by €51,514 thousand and consisted of the Parent Company's surplus reserve, formed by losses carried forward, allocations of retained earnings from prior years as well as other reserves of different origin. The change for the year is attributable to the allocation of the 2023 result, the recognition of the performance share plans as described in the Explanatory Note 16 and the payments for future capital increase for €2.5 million, paid in August by the majority shareholder Emera S.r.l.

The cash flow hedge reserve, which includes cash flow hedge transactions pursuant to IFRS 9, was positive for €29 thousand and decreased by €73 thousand.
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 foreign operations are recognised, was positive by €4,611 thousand. This reserve was increased by €1,231 thousand during the year.

The Parent Company Eurotech S.p.A. held 240,606 treasury shares at the end of the year (240,606 at the end of 2023).

	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 2024	**240,606**	**60**	**0.68%**	**662**	**2.75**
Purchases	-	-	0.00%	-	
Sales	-	-	0.00%	-	
Assignment-Performance share Plan	-	-	0.00%	-	
Status as at 31 December 2024	**240,606**	**60**	**0.68%**	**662**	**2.75**

At the date of this document and for all comparative periods shown, there are no minority interests in the Group.

On 15 October,.2024, the shareholders' meeting of Eurotech S.p.A. resolved to grant the board of directors a mandate to increase the share capital by a maximum amount of €20 million (including any share premium), to be carried out in one or more tranches, for the period of the following two years, as an option for shareholders or even with the exclusion of the option right pursuant to Article 2441, paragraphs 4 and/or 5, of the Italian Civil Code. The authorization is aimed at supporting the growth and development of the Eurotech Group and therefore at finding the financial resources necessary to achieve the strategic objectives of the Company's industrial plan, including possible acquisitions, with priority given to the United States.

13 – Basic and diluted earnings (losses) per share

Basic earnings (losses) per share are calculated by dividing the income of the year pertaining to ordinary shareholders of the Parent Company by the average weighted number of ordinary shares in circulation during the year, net of treasury shares.

No equity transactions were reported in the financial years 2023 and 2024 that diluted earnings per share.

The table below shows earnings for the period and information on the shares used to calculate basic and diluted earnings per share.

	at December 31, 2024	at December 31, 2023
Net income (loss) attributable to parent company shareholders	(36,155,000)	(3,118,000)
Weighted average number of ordinary shares including own shares	35,515,784	35,515,784
Own shares	(240,606)	(251,209)
Weighted average number of ordinary shares except own shares	35,275,178	35,264,575
Weighted average number of ordinary shares except own shares for share diluted	35,275,178	35,264,575
Net income (loss):		
- per share	**(1.025)**	**(0.088)**
- per share diluted	**(1.025)**	**(0.088)**

14 – Borrowings

The table below shows the breakdown of medium- to long-term financial payables at 31 December 2024:

TYPE (€'000)	COMPANY	BALANCE ON 31.12.2023	BALANCE ON 31.12.2024	SHORT TERM within 12 months	Total Medium and long-term	Mid term Over 12 months	Long term Over 5 years
CURRENT OUTSTANDINGS - (a)		**4,547**	**6,767**	**6,767**	**-**	**-**	**-**
Lease liabilities		4,689	4,261	976	3,285	1,936	1,349
TOTAL OTHER FINANCINGS - (b)		**4,689**	**4,261**	**976**	**3,285**	**1,936**	**1,349**
Unsecured loans	Eurotech S.p.A.	15,454	11,990	35	11,955	11,431	523
Unsecured loans	Advanet Inc.	5,964	2,791	1,211	1,580	1,580	-
Mortgage loan	Eurotech S.p.A.	848	790	59	731	234	497
TOTAL BANK DEBT - (c)		**22,266**	**15,571**	**1,305**	**14,266**	**13,245**	**1,020**
TOTAL OTHER FINANCING AND BANK DEBT - [(b) + (c)]		**26,955**	**19,832**	**2,281**	**17,551**	**15,181**	**2,369**
TOTAL DEBT - [(a) + (b) + (c)]		**31,502**	**26,599**	**9,048**	**17,551**	**15,181**	**2,369**

Bank overdrafts

Bank overdrafts are not backed by unsecured or secured warranties and include uses with the technical form of "subject to collection" and non-recourse liquidations. The amount, which includes financial payables in the reverse factor technical form, is €6,767 thousand (€4,547 thousand in 2023).

Other loans

Other loans refer to:

- a residual payable of €4,261 thousand (of which €4,689 thousand was medium-term) for leases accounted for in accordance with IRS 16. The amount related to the payable over five years amounted to €1,349 thousand.

Bank loans

Bank loans refer mainly to:
- some loans granted between 2020 and 2024 to Advanet Inc. by three local banks for a total remaining amount of €2,791 thousand, fully payable within 12 months for €1,211 thousand, to boost the Japanese company's working capital;
- some loans granted to the Parent Company by various banks in recent years for a total residual amount of €1,016 thousand (of which €1,016 thousand medium- to long-term) mainly to support the Group R&D investments or to boost the working capital of the Parent Company;
- some loans granted to the Parent Company by various banks in 2020, against the so-called "Cura Italia" loans for a total residual amount of €6,254 thousand (of which €6,254 thousand medium- to long-term) guaranteed by the Government or by SACE to support the investments and to boost the working capital of the Parent Company;

- two loans granted to the Parent Company by two banks in 2022, against the "Sostegno Italia" loans for a total residual amount of €2,989 thousand (of which €2,989 thousand medium- to long-term) guaranteed by the Government or by SACE to boost the working capital of the Parent Company;
- a FRIE loan granted to the Parent Company in 2022 for a residual amount of €789 thousand (of which €731 thousand is classified as medium/long-term and which includes the amount of €497
- thousands over five years) to support the liquidity used for the purchase of the building housing the registered office;
- a loan granted to the Parent Company by a bank at the end of 2023 covering "internationalisation" for a total residual amount of €1,685 thousand (of which €1,685 thousand medium- to long-term) guaranteed by the Government or SACE to support investments aimed at sustaining the Parent Company's internalisation.

In order to manage interest rate risk, unsecured loans taken out prior to 2023 were entered into on a fixed-rate basis or were fully or partially covered by IRSs. Those taken out in 2023 are at floating rate and subject to the market.
With reference to a loan agreement whose envisaged covenants, at 31 December 2023, the Group had not complied with and which therefore entailed the reclassification of the relative medium/long-term portion as a current financial liability, for an amount of €1.50 million, during the year the waiver was received and new covenants were negotiated, which at 31 December 2024 were fully respected.
At 31 December 2024 all bank loans out are denominated in euro apart from the loans granted to the Japanese subsidiary, which are in Japanese yen.

15 – Employee benefits

The table below shows the breakdown of employee benefits at 31 December 2024 and 31 December 2023:

(€'000)	at December 31, 2024	at December 31, 2023
Employees' leaving indemnity	343	330
Foreing Employees' leaving indemnity	1,988	2,052
TOTAL EMPLOYEES' BENEFITS	**2,331**	**2,382**

Defined-benefit plans

The Group has defined-benefit pension plans both in Italy and Japan, and these require contributions to a separately managed fund.
As a result, the expected return of the assets servicing the defined-benefit plan was not booked to the income statement. The interest on the net liabilities of the defined-benefit plan (not including the plan assets) was, however, booked to the income statement. Interest is calculated using the discount rate used to measure the net assets or liabilities of the pension plan.
In addition, the past service cost (not vested) can no longer be deferred to the future vesting period. All past service costs are instead recognised in the income statement at the date of the plan's amendment, or at the date of recognition of the related restructuring costs, or cessation of the employment relationship, whichever is earlier.

The table below shows the breakdown of defined-benefit plans at 31 December 2024 and 31 December 2023:

	Italy		Japan	
(€ '000)	**at December 31, 2024**	**31.12.2023**	**at December 31, 2024**	**31.12.2023**
Projected benefit obligation at the beginning of the period	**330**	**321**	**2,052**	**2,183**
Current Service cost	20	6	169	192
Interest cost	5	9	25	24
Other changes	-	-	(93)	(130)
Pensions paid	(20)	(4)	(113)	(121)
Recognized actuarial gains or losses	8	(2)	(52)	(96)
Projected benefit obligation at the end of the period	**343**	**330**	**1,988**	**2,052**

The defined-benefits plans in force in Italy refer exclusively to the employee severance indemnity accrued prior to 1 January 2007 and retained in the company; the related liabilities is valued on the basis of actuarial techniques. Pension plans in Japan are also considered as such and consequently the company valued the relative liability pursuant to IAS 19.

Pursuant to the Italian "2007 Budget Law", employee severance indemnity accrued as of 1 January 2007 or as of the option date to exercise by the employees are included in the category of defined-benefit plans, both in the event of option for supplementary retirement and option for allocation to the treasury fund at INPS. The accounting treatment of employee severance indemnities is now similar to that used for other types of pension scheme contributions.

The key assumptions used in determining the current value of defined-benefit plans are described below:

	Italy		Japan	
	at December 31, 2024	**at December 31, 2023**	**at December 31, 2024**	**at December 31, 2023**
Discount Rate	3.41%	4.00%	1.00%	1.00%
Expected rates of future wages and salary increases	2.00%	2.00%	1.00%	1.00%
Expected rates of staff turnover	3.63%	1.81%	1.00%	1.00%
Duration	15	17	19	19

The following table summarises the change in the present value of the defined-benefit plans at the end of the period.

	Italy		Japan	
(€ '000)	**at December 31, 2024**	**31.12.2023**	**at December 31, 2024**	**31.12.2023**
Projected benefit obligation at the beginning of the period	**330**	**321**	**2,052**	**2,183**
Current Service cost	20	6	169	192
Interest cost	5	9	25	24
Other changes	-	-	(93)	(130)
Pensions paid	(20)	(4)	(113)	(121)
Recognized actuarial gains or losses	8	(2)	(52)	(96)
Projected benefit obligation at the end of the period	**343**	**330**	**1,988**	**2,052**

The following is the reconciliation of the current value of the obligation and the liability booked and the summary of the cost components recorded in the income statement.

	Italy		Japan	
(€ '000)	at December 31, 2024	31.12.2023	at December 31, 2024	31.12.2023
Projected benefit obligation	**343**	**330**	**1,988**	**2,052**
Provisions for pensions charged to balance sheet	**343**	**330**	**1,988**	**2,052**
Current Service cost	20	6	169	192
Interest cost	5	9	25	24
Recognized actuarial gains or losses	8	(2)	(52)	(96)
Costs charged to income statement	**33**	**13**	**142**	**120**

During 2024, the Group also allocated a share of no less than 0.07% of the annual turnover of Eurotech S.p.A., equal to 0.03% of the Group's turnover, to an employee welfare plafond for an amount of no less than €19 thousand.

16 – Share-based payments

"EUROTECH S.p.A. Performance Share Plan 2021-2023" (hereinafter "PSP 2021")
On 11 June 2021, the Shareholders' Meeting of the Company approved adoption of an incentive plan solely for individuals who have a directorship position and/or an employment contract and/or a freelance collaboration or consultancy agreement with Eurotech S.p.A. or one of its subsidiaries and who have key functions in the Group organisation chart; the plan is called "EUROTECH S.p.A. Performance Share Plan 2021-2023".
The PSP 2021 provides that the beneficiaries identified by the Company's Board of Directors be assigned the right (known as Unit) to receive Eurotech S.p.A. shares free of charge (up to a maximum of 500,000 ordinary shares) provided that the Performance Objectives have been achieved on the respective Assignment Date and that the Relationship with the Company or with one of the Subsidiaries has been constant. The Objectives defined annually by the Board of Directors must be:

a) up to two objectives must be linked to the economic-financial performance of the Group in the medium-long term;
b) an objective must be linked to the trend of the market price of the Shares in the medium-long term (Total Shareholder Return).

The assigned Units are subject to a Vesting period of 3 (three) years during which the assigned Units may not vest, except in the case of termination in the event of Good Leaver (for example: dismissed by the company not for just cause, death, the Beneficiary's retirement and loss of the condition of Subsidiary by the employer company of the Beneficiary). Subsequently, a portion equal to 20% of the vested shares will be subject to a lock-up period of 2 (two) years.

With reference to the first cycle of the plan, which concerned the years 2021-2023, the 2021 allocation of 440,142 units was cancelled due to the non-achievement of the targets, as already highlighted in the Financial Statements at 31 December 2023.

With reference to the second cycle of the plan in which 454,612 units were allocated in 2022, the time period considered concerns the years 2022-2024 and the objectives identified (with target levels other than minimum and maximum) independent from each other are:

i the sum of the Group's consolidated EBITDA over the 3 years;
ii the consolidated turnover of the Group at the end of the 2024 financial year;
iii the performance of the Total Shareholder Return of the Eurotech Shares compared to the Total Shareholder Return of the shares of the companies belonging to the FTSE Italia STAR index.

The first two objectives are "non-market based" components (with a weight of 60% of the total rights assigned) while the third objective is a "market base" component (with a weight of 40% of the total rights assigned) linked the measurement of Eurotech performance in terms of TST with reference to the FTSE Italia STAR index.

With reference to the third cycle of the plan in which 500,000 units were allocated in 2023, the time period considered concerns the years 2023-2025 and the objectives identified (with target levels other than minimum and maximum) independent from each other are:
i the sum of the Group's consolidated EBITDA over the 3 years;
ii the consolidated turnover of the Group at the end of the 2025 financial year;
iii the performance of the Total Shareholder Return of the Eurotech Shares compared to the Total Shareholder Return of the shares of the companies belonging to the FTSE Italia STAR index.

The first two objectives are "non-market based" components (with a weight of 60% of the total rights assigned) while the third objective is a "market base" component (with a weight of 40% of the total rights assigned) linked the measurement of Eurotech performance in terms of TST with reference to the FTSE Italia STAR index.

During 2024, 454,612 units relating to the second cycle were assigned due to the non-achievement of the pre-established objectives.

	Year 2024			Year 2023		
	No. Units granted	Value of the assign units (€'000)	Value of the units for the period (€'000)	No. Units granted	Value of the assign units (€'000)	Value of the units for the period (€'000)
Performance Share Plan 2021						
Nr. Unit at the begining of the period	954,612	2,577	157	882,540	3,449	197
Nr. Unit Granted during period	-	-	-	500,000	1,136	-
Nr. Unit Cancelled during period	(454,612)	(1,441)	(393)	(427,928)	(2,008)	(182)
Nr. Unit assigned during period	-	-	-	-	-	-
Nr. Unit Outstanding at the end of the period	500,000	1,136	(236)	954,612	2,577	15

The total amount recorded in the income statement is €157 thousand.

"EUROTECH S.p.A. 2022 Incentive Plan" (hereinafter referred to as "PSP 2022")
On 28 April 2022, the Shareholders' Meeting of the Company approved adoption of an incentive plan solely for individuals who have a directorship and/or an employment relationship with Eurotech S.p.A. or one of its Subsidiaries; the plan is called "EUROTECH S.p.A. 2022 Incentive Plan".
The PSP 2022 provides that the beneficiaries identified by the Company's Board of Directors be assigned the right (known as Unit) to receive Eurotech S.p.A. shares free of charge provided that on the Assignment Date they maintain a relationship with the Company or one of its Subsidiaries. The Units assigned are subject to a retention period lasting 3 (three) years starting from the respective Assignment Date; during the Retention Period, the assigned Units cannot accrue unless the contract is terminated as a good leaver (for example: dismissed by the company not for just cause, death, the Beneficiary's retirement and loss of the condition of Subsidiary by the employer company of the Beneficiary). Subsequently, a portion equal to 20% of the vested shares will be subject to a lock-up period of 1 (one) year.

During 2024, an additional 58,000 units were assigned with respect to the 233,000 units already assigned in 2023. In addition, the conditions occurred for the early cancellation of 15,000 units. At the reporting date the company had recorded a cost of €237 thousand in the income statement, whose contra entry was recognised in shareholders' equity.

	Year 2024			Year 2023		
	No. Units granted	Value of the assign units (€'000)	Value of the units for the period (€'000)	No. Units granted	Value of the assign units (€'000)	Value of the units for the period (€'000)
Perfornance Share Plan 2022						
Nr. Unit at the begining of the period	218,000	684	195	57,000	173	57
Nr. Unit Granted during period	58,000	131	42	176,000	559	196
Nr. Unit Cancelled during period	(15,000)	(48)	-	-	-	-
Nr. Unit assigned during period	-	-	-	(15,000)	(48)	-
Nr. Unit Outstanding at the end of the period	261,000	767	237	218,000	684	253

"EUROTECH S.p.A. 2025-2027 Retention Plan" (hereinafter "PRE 2025-2027")
On 29 April 2024, the Shareholders' Meeting of the Company approved adoption of an incentive plan solely for individuals who have a directorship and/or a permanent employment relationship with Eurotech S.p.A. or its Subsidiaries; the plan is called "EUROTECH S.p.A. 2025-2027 Retention Plan".
The PRE 2025-2027 provides that the beneficiaries identified by the Company's Board of Directors be assigned the right (known as Unit) to receive Eurotech S.p.A. shares free of charge provided that on the Assignment Date they maintain a relationship with the Company or one of its Subsidiaries. The Units assigned are subject to a retention period lasting 3 (three) years starting from the respective Assignment Date; during the Retention Period, the assigned Units cannot accrue unless the contract is terminated as a good leaver (for example: dismissed by the company not for just cause, death, the Beneficiary's retirement and loss of the condition of Subsidiary by the employer company of the Beneficiary). Subsequently, a portion equal to 20% of the vested shares will be subject to a lock-up period of 1 (one) year.
With reference to the Plan, there was no allocation of units during the year.

"EUROTECH S.p.A. 2024-2026 Performance Share Plan" (hereinafter "PSP 2024")
On 29 April 2024, the Shareholders' Meeting of the Company approved adoption of an incentive plan solely for individuals who have a directorship and/or a permanent employment relationship with Eurotech S.p.A. or its Subsidiaries; the plan is called "EUROTECH S.p.A. 2024-2026 Performance Share Plan".
The PSP 2024 provides that the beneficiaries identified by the Company's Board of Directors be assigned the right (known as Unit) to receive Eurotech S.p.A. shares free of charge (up to a maximum of 500,000 ordinary shares for each of the three Plan cycles) provided that the Performance Objectives have been achieved on the respective Assignment Date and that the Relationship with the Company or with one of the Subsidiaries has been constant. The Objectives defined annually by the Board of Directors:

a) up to two objectives must be linked to the economic-financial performance of the Group in the medium-long term;
b) an objective must be linked to the trend of the market price of the Shares in the medium-long term (Total Shareholder Return).

The assigned Units are subject to a Vesting period of 3 (three) years during which the assigned Units may not vest, except in the case of termination in the event of Good Leaver (for example: dismissed by the company not for just cause, death, the Beneficiary's retirement and loss of the condition of Subsidiary by the employer company of the Beneficiary). Subsequently, a portion equal to 20% of the vested shares will be subject to a lock-up period of 2 (two) years.
With reference to the Plan, the Board of Directors did not assign any units during the year.

17 – Provisions for risks and charges

The table below shows the breakdown of the provisions for risks and charges at 31 December 2024 and 31 December 2023:

(€'000)	at December 31, 2024	at December 31, 2023
Selling agents' commission fund	30	27
Guarantee reserve	478	508
Busting depreciable asset	356	364
Risk reserves	336	-
TOTAL FUNDS FOR COSTS AND FUTURE RISKS	**1,200**	**899**

Selling agents' commission fund

The “selling agents' commission fund” is allocated based on the amounts envisaged by legislation and collective economic agreements regarding situations of interruption in the mandate given to agents. The effect of discounting the share of liabilities that will be liquidated beyond the next year is not expected to be significant.

Guarantee reserve

The "Guarantee reserve" is allocated based on the expectations of the charges to be incurred for the fulfilment of the contractual warranty on products sold at year-end.

Asset disposal reserve

The "asset disposal reserve" was allocated in response to an obligation for future costs that the Japanese, German and English companies of the Group will incur in future years for the disposal, demolition, disassembly, and removal of a number of assets, and improvements to leased property, at the end of their useful lives or of the lease contract.

Other risks reserve

The "other risks reserve" is allocated on the basis of expected costs to be incurred for risks related to tax issues or legal disputes not yet settled or to costs to be incurred but whose amount has not yet been defined at the end of the period. During the year, the provision increased by a total of €336 thousand, of which €148 thousand related to a legal case settled in 2025 and €188 thousand to cover the costs that are expected to be incurred for a specific customer order.

The table below shows the changes in the reserve for risks and charges in the years under review:

SELLING AGENTS' COMMISSION FUND

(€'000)	at December 31, 2024	at December 31, 2023
JANUARY 1,	27	27
Provision	3	-
Utilization	-	-
RESERVE AT THE END OF THE PERIOD	30	27

GUARANTEE RESERVE

(€'000)	at December 31, 2024	at December 31, 2023
JANUARY 1,	508	388
Provision	166	88
Other	7	(9)
Utilization	(203)	41
RESERVE AT THE END OF THE PERIOD	478	508

BUSTING DEPRECIABLE ASSET

(€'000)	at December 31, 2024	at December 31, 2023
JANUARY 1,	364	504
Provision	-	57
Other	(8)	(25)
Utilization	-	(172)
RESERVE AT THE END OF THE PERIOD	356	364

With reference to 2024, the item other changes includes the reduction of the provision for exchange rates adjustments of €8 thousand (2023: €25 thousand).

GENERIC RISK

(€'000)	at December 31, 2024	at December 31, 2023
JANUARY 1,	-	80
Provision	336	-
Other	-	(9)
Utilization	-	(71)
RESERVE AT THE END OF THE PERIOD	336	0

18 – Trade payables

The table below shows the composition of trade payables at 31 December 2024 and 31 December 2023:

(€'000)	at December 31, 2024	at December 31, 2023
Third parties	9,040	11,648
Related companies	399	147
TOTAL TRADE PAYABLES	**9,439**	**11,795**

Trade payables at 31 December 2024 came to €9,439 thousand, decreasing by €2,356 thousand compared with 31 December 2023. Trade payables are non-interest bearing and, on average, are settled 90-120 days after invoice date.

19 – Other current liabilities

The table below shows the breakdown of other current liabilities at 31 December 2024 and 31 December 2023:

(€'000)	at December 31, 2024	at December 31, 2023
Social contributions	741	864
Other	4,834	4,031
Advances from customers	789	780
Grants advances	-	374
Other tax liabilities	53	495
Accrued expanses	485	1,157
TOTAL OTHER CURRENT LIABILITIES	**6,902**	**7,701**

Social security payables

Social security payables refer to amounts due for social security contributions accrued and pertaining to the year.

Advances for contributions

Advances for contributions refer to prepayments made upon requests for contributions that were already accounted for and to be accounted for.

Other payables

The table below shows the breakdown of other payables at 31 December 2024 and 31 December 2023:

(€'000)	at December 31, 2024	at December 31, 2023
Employees	661	1,942
Vacation pay	1,018	1,063
Directors	558	497
Statutory auditors	78	56
Other	2,519	473
TOTAL OTHER PAYABLES	**4,834**	**4,031**

Payables to employees refer to wages for the month of December 2024, payable in the following month. The difference compared to last year is mainly due to the limited or partial recognition of bonuses and variable remuneration to Group employees. Liabilities for holidays and leaves of absence refer to holidays and leaves accrued and not used by employees at the reporting dates. These recent payables include related contributions.

Accrued expenses and deferred income

The "accrued expenses and deferred income" item refers to the suspension of revenues that will have an economic recognition in future years. In particular, some revenues from services relating to the IoT business line will be recognised in 2025.

20 – Warranties

The Eurotech Group has contingent liabilities at 31 December 2024 deriving from sureties of €6 thousand granted by a number of credit institutions to Group companies.

I – Breakdown of key income statement items

21 – Sales and service revenues

The breakdown of revenues by type that, also in application of IFRS 15, provides information on disaggregated revenues, shows a decrease in both industrial (with a decrease of 41.0% compared to 2023) and service revenues (a reduction of 5.3% compared to 2023).

(€' 000) SALES BY TYPE	FY 2024	FY 2023
Industrial revenues	48,913	82,962
Services revenues	10,220	10,794
TOTALE SALES AND SERVICE REVENUES	**59,133**	**93,756**

The breakdown of revenues by customer geographical area is shown below:

(€' 000) BREAKDOWN BY GEOGRAPHIC AREA	FY 2024	FY 2023
European Union	29,280	38,593
United States	7,984	23,657
Japan	17,235	26,430
Other	4,634	5,076
TOTAL SALES AND SERVICE REVENUES	**59,133**	**93,756**

Based on the turnover breakdown by customer geographical area, the European area remains the most significant with 49.5% of the total, despite a decrease in the absolute value of 24.1%.
Japan remains the second most important area, with a year-on-year decrease of 34.8% and a consolidated turnover share of 29.1%, up slightly from 28.2% in 2023.
The US remains the Group's third largest area due to the reduction in revenues. The USA area accounted for 13.5% of total annual turnover in 2024 compared to 25.2% in 2023.
With reference to the other geographical areas, the absolute value of contraction was 8.7%, accounting for 7.8%, up from 5.4% in the previous year.

22 – Costs of raw & auxiliary materials and consumables

(€'000)	FY 2024	FY 2023
Purchases of raw materials, semi-finished and finished products	25,709	46,922
Changes in inventories of raw materials	1,890	340
Change in inventories of semi-finished and finished products	1,545	2,071
TOTAL COST OF MATERIALS	**29,144**	**49,333**

The costs of raw and auxiliary materials and consumables show a decrease that is more than proportional to the reduction in turnover. This is due to the activities carried out to improve the efficiency of the supply chain as well as the different mix of products sold. The write-downs made on inventory also affected the value of the item.

23 – Other operating costs

(€'000)	FY 2024	FY 2023
Service costs	12,921	14,653
- of which non recurrent costs	*659*	-
Rent and leases	894	747
Payroll	23,784	26,384
- of which non recurrent costs	*437*	*251*
Accruals and other costs	985	900
- of which non recurrent costs	*154*	-
Cost adjustments for in-house generation of non-current assets	(3,202)	(2,658)
Operating costs net of cost adjustments	**35,382**	**40,026**

In 2024, the Group allocated no less than 0.07% of the annual turnover of Eurotech S.p.A., equal to 0.03% of the Group's turnover, for activities in support of the national and international community amounting to no less than €19 thousand.

24 – Service costs

(€'000)	FY 2024	FY 2023
Industrial services	4,587	5,712
Commercial services	2,015	2,473
General and administrative costs	6,319	6,468
Total costs of services	**12,921**	**14,653**

In the periods considered, costs for services recorded a decrease of €1,732 thousand.
If compared at constant exchange rates, the decrease is €1,541 thousand and if, on the other hand, non-recurring administrative costs are excluded, which include €659 thousand due to costs not relating to ordinary operations, the decrease becomes €2,200 thousand.
The reduction was transversal across all types of services and all geographical areas.

25 – Payroll costs

(€'000)	FY 2024	FY 2023
Wages, salaries and Social Security contributions	22,712	25,431
Costs of defined benefit plans	556	382
Other costs	516	571
Total personnel expenses	**23,784**	**26,384**

Payroll costs decreased by €2,600 thousand in the period under review.
At constant exchange rates, the decrease would have been €2,206 thousand. Net of non-recurring costs and at constant exchange rates, the reduction was €2,392 thousand.
The "Wages and salaries" item includes €659 thousand of non-recurring costs related to the reorganisation continuing at Group level in 2024 (€251 non-recurring costs related to the reorganisation that began in 2023 in the United States).

The impact of accounting for the pro-rata temporis portion of the relative cost of the Performance Share Plans commented on in Explanatory Note 16 was €394 thousand compared to €268 thousand in 2023.

As shown in the table below, the exact number of Group employees decreased at the end of the periods under review, from 393 in 2023 to 366 in 2024.

EMPLOYEES	Average 2024	at December 31, 2024	Average 2023	at December 31, 2023
Management	5.0	5	4.3	5
Clerical workers	266.4	260	280.9	282
Line workers	101.0	96	106.8	106
TOTAL	**372.4**	**361**	**392.0**	**393**

26 – Other provisions and costs

(€'000)	FY 2024	FY 2023
Doubful debt provision	119	68
Other Provisions	171	88
Other costs	695	744
Total accruals and other costs	**985**	**900**

The amounts in the "doubtful debt provision" item refer to provisions made to the respective reserve to represent receivables at their realisable value.
No losses on receivables were recorded in 2024, while they amounted to €1 thousand last year.

27 – Other revenues

(€'000)	FY 2024	FY 2023
Government grants	1	393
Sundry revenues	434	490
Total other revenues	**435**	**883**

Sundry revenues mainly refer to insurance reimbursements, contingent assets and use of provisions for risks.
The contributions accounted for in 2023 refer to research and development activities for products not subject to capitalization and to contributions disbursed to support the hiring of new employees.

28 – Cost adjustments for internally generated non-current assets

At 31 December 2024, cost adjustments for internally generated non-current assets (equal to €3,202 thousand) is related to the cost incurred internally for the development of new circuit boards for a high-performance, low-consumption processor (€459 thousand); the cost incurred by the Parent Company and subsidiary Eurotech Inc. for new Cloud platform products (€2,353 thousand); the costs pertaining to other new development projects (€390 thousand).
Total adjustments for internally generated non-current assets comprise payroll costs for €971 thousand (2023: €1,373 thousand), service costs for €2,094 thousand (2023: €1,123 thousand) and material costs for €136 thousand (2023: €163 thousand).

29 – Depreciation, amortisation and write-downs

(€'000)	FY 2024	FY 2023
Amortisation of intangile assets	2,663	3,731
Amortisation of property, plant and equipment	1,783	1,918
Write-down of fixed assets	22,855	2,080
Total amortisation and depreciation	**27,301**	**7,729**

Amortisation of intangible assets relates mainly to development costs and, to a lesser extent, the software licenses.
Depreciation of property, plant and equipment amounts to €1,783 thousand (€1,918 thousand in 2023), of which €1,161 thousand refers to the depreciation of the right of use of some capital goods (€1,424 thousand in 2023).

Write-downs relate to €162 thousand from write-downs of development costs and products deemed no longer recoverable and €22,693 thousand from the write-down of goodwill of CGU Eurotech Ltd. following impairment tests.

30 – Financial income and charges

€'000	FY 2024	FY 2023
Exchange-rate losses	1,239	1,482
Interest expenses	1,012	951
Interest expenses on lease liabilities	95	109
Other finance expenses	251	91
Financial charges	**2,597**	**2,633**
Exchange-rate gains	1,512	3,150
Interest income	19	8
Gain on derivatives	86	100
Other finance income	624	162
Financial incomes	**2,241**	**3,420**

The trend of financial management is affected by the trend in exchange rates and their management. In the 2024 financial year, the exchange rate difference is positive and equal to €273 thousand (2023: positive effect of €1,668 thousand). Exchange rate performance is influenced by the booking of realised and unrealised gains and losses on the main foreign currents in which the Group operates (USD, GBP and JPY).
Financial income mainly refers to income from derivative instruments and the adjustment of the debt for business combinations for €624 thousand. The liability for business combinations or earn-outs has been recalculated due to the performance of the foreign subsidiary, or rather in relation to the fluctuation of the market value of Eurotech shares, as the amount is payable in shares of the parent company (2023: €160 thousand).

31 – Income taxes for the year

Income taxes were negative for €3,540 thousand in 2024, while they were also negative for €1,456 thousand in 2023.

(€'000)	FY 2024	FY 2023
Pre-tax result	(32,615)	(1,662)
Income taxes	(3,540)	(1,456)

The table below shows the breakdown in income taxes, distinguishing current taxes from deferred tax assets and liabilities and taxes related to Italian legislation from foreign taxes of Group companies:

(€'000)	FY 2024	FY 2023
IRES (Italian corporate income tax)	-	-
IRAP (Italian Regional business tax)	-	-
Foreign current income taxes	114	1,667
Total current income tax	**114**	**1,667**
Net (prepaid) deferred taxes: Italy	1,549	90
Net (prepaid) deferred taxes: Non-italian	1,277	(301)
Net (prepaid) deferred taxes	**2,826**	**(211)**
Previous years taxes	600	-
Previous years taxes	**600**	**-**
TOTAL INCOME TAXES	**3,540**	**1,456**

Taxes at 31 December 2024 amounted to a total of €3,540 thousand (of which €114 thousand for current taxes, €2,826 thousand for net deferred tax assets and €600 thousand for the write-down of receivable from foreign affiliates), compared to total taxes of €1,456 thousand at 31 December 2023 (of which €1,667 thousand for current taxes and €211 thousand for net deferred tax assets), recording a change of €2,084 thousand.
In 2024, part of the deferred tax assets on tax losses was reversed to the income statement based on the results of the most updated business plan. Consequently, no new deferred tax assets on tax losses were recognized in 2024.

The Group incurred tax losses and ACE benefits in the past years, and for some companies in 2024 – arising from the Parent Company and the subsidiaries EthLab S.r.l., I.P.S. Sistemi Programmabili S.r.l., Eurotech France SA and Eurotech Ltd. – against which no deferred tax assets, for a total of €51.2 million (2023: €48.7 million) were recognised, to be reported within the deadlines applicable in each country to offset future taxable profits of the related companies. No deferred tax assets have been recognised in respect of these losses as the conditions do not exist at this time for them to be used to offset taxable profits in a reasonably foreseeable period of time.

At 31 December 2024, there were no deferred tax liabilities, posted or unposted, for taxes on the undistributed earnings of some subsidiaries or affiliates because there are no assumptions regarding distribution.
The reconciliation of income taxes applicable to the Group's pre-tax profit, using the rate in force, with the effective rate for the year ended 31 December 2024, is as follows:

(€/000)		FY 2024		FY 2023
Pre-tax result		**(32.615)**		**(1.662)**
Theoretical income tax rate	**24%**		**24%**	
Theoretical corporate income tax		**(7.828)**		**(399)**
Effect of foreign rates		172		99
Impact of taxes relating to prior periods		600		-
Non-taxed income and non-deductible expenses		7.004		636
Interest deductible in future periods		-		-
Impact of tax losses		-		(21)
Impact of permanent differences and unrecognized temporary differences		1.077		272
Impact of temporary differences not recognized in previous years		-		-
Effect of change in tax rates		-		-
DTA not recognises		2.536		820
Allowance for Corporate Equity		(59)		-
R&D credit		-		-
Other current taxes		-		-
Local taxes trough profit or loss		38		49
Total income taxes through profit or loss		**3.540**		**1.456**
Current taxes		114		1.667
Total defferred taxes		2.830		(211)
		600		-

Deferred tax assets at 31 December 2024 amounted to €1,647 thousand (€4,655 thousand at 31 December 2023), while deferred tax liabilities amounted to €3,164 thousand (€3,400 thousand at 31 December 2023) and can be detailed as follows:

(€/000)	Sundry impairment losses	Product warranty	Employees' leaving indemnity	Carry forward tax losses	R&D credit	Other tempory differences	Transfer of taxes	Total
31.12.2022	**515**	**55**	**688**	**2,780**	**787**	**1,934**	**(1,458)**	**5,301**
Changes in 2023								
- Through profit or loss	147	(1)	89	(350)	(285)	(88)	-	(488)
- Other changes	-	-	-	-	-	-	(61)	(61)
-Exchange rate differences	-	-	(69)	-	(28)	-	-	(97)
31.12.2023	**662**	**54**	**708**	**2,430**	**474**	**1,846**	**(1,519)**	**4,655**
Changes in 2024								
- Through profit or loss	(662)	(43)	(3)	(1,732)	(444)	(1,402)	-	(4,286)
- Other changes	-	-	-	-	-	-	1,362	1,362
-Exchange rate differences	-	-	(29)	-	(30)	(25)	-	(84)
31.12.2024	**-**	**11**	**676**	**698**	**-**	**419**	**(157)**	**1,647**

(€/000)	Business combination	R&D costs	Unrealised foreign exchange gains or	Other temporary differences	Transfer of taxes	Total
31.12.2022	**(3,606)**	**(289)**	**(1,433)**	**(108)**	**1,458**	**(3,978)**
Changes in 2023						
- Through profit or loss	79	230	(61)	19	-	267
- Other changes		-	-		61	61
- Exchange rate differences	258	(8)	-	-	-	250
31.12.2023	**(3,269)**	**(67)**	**(1,494)**	**(89)**	**1,519**	**(3,400)**
Changes in 2024						
- Through profit or loss	177	23	1,494	(100)	-	1,594
- Other changes		-	-		(1,362)	(1,362)
- Exchange rate differences		4	-	-	-	4
31.12.2024	**(3,092)**	**(40)**	**-**	**(189)**	**157**	**(3,164)**

J – Other information

32 – Related-party transactions

Name	Location	Currency	% of ownership 31.12.2024	% of ownership 31.12.2023
Subsidiaries				
Aurora S.r.l. (3)	Italy	Euro	-	100.00%
I.P.S. Sistemi Programmabili S.r.l. (2)	Italy	Euro	100.00%	100.00%
ETH Lab S.r.l.	Italy	Euro	100.00%	100.00%
Eurotech France S.A.S.	France	Euro	100.00%	100.00%
Eurotech Ltd.	UK	GBP	100.00%	100.00%
E-Tech Inc.	United States	USD	100.00%	100.00%
Eurotech Inc.	United States	USD	100.00%	100.00%
InoNet Computer GmbH	Germany	Euro	100.00%	100.00%
Advanet Inc.	Japan	Yen	90.00% (1)	90.00% (1)
Affiliated companies				
Insulab S.r.l.	Italy		40.00%	40.00%
Rotowi Technologies S.p.A. in liquidation (ex U.T.R.I. S.p.A.) (2)	Italy		21.32%	21.32%

(1) The percentage of formal possession is 90%, but due to the possession by Advanet of 10% of the share capital in the form of treasury shares, it is fully consolidated

(2) Company in liquidation
(3) Company liquidated

The following schedule shows related-party transactions (in the period in which they were related), not derecognised on consolidation.

RELATED PARTIES	Revenues to related parties	Interest to related parties	Purchases from related parties		Financial receivables to related parties	Receivables from related parties	Payables from related parties
Other related parties							
Bluenergy Assistance srl	3	-	-	-	-	-	-
Interlogica srl	-	-	154	-	-	-	
Insulab S.r.l.	-	-	719	-	-	-	399
Total	**3**	**-**	**873**	**-**	**-**	**-**	**399**
Total with related parties	**3**	**-**	**873**	**-**	**-**	**-**	**399**
% impact on line item	**0.0%**	**0.0%**	**4.0%**	**0.0%**	**0.0%**	**0.0%**	**3.3%**

The following is information on equity investments held in the company and its subsidiaries by members of the management and supervisory bodies, general managers and managers with strategic responsibilities, as well as by their spouses not legally separated and their minor children, directly or via companies controlled, trustee companies or via an interposed third party, as shown by the shareholder register, notifications received and other information acquired from the members of the management and supervisory bodies, general managers, and strategically accountable managers in compliance with the requirements of Art. 79 of CONSOB Issuers' Regulation No. 11971/99 as subsequently amended and Annex 3C of the same regulation.

				at December 31, 2024				
Name	**Nomination**	**Company**	**Possessory title**	**Share at January 1 or appointmen t**	**Share acquired in the period**	**Share disposed in the period**	**Share at the end of the period**	**of which shares at the end of the period indirectly**
di Giacomo Luca	President	Eurotech	-	-	-	-	-	-
Fumagalli Aldo *	Director and Vice President	Eurotech	-	-	-	-	-	-
Carando Davide Albino *	Director from 08.04.2024	Eurotech	-	-	-	-	-	-
Chawla Paul	Director	Eurotech	Ownership	126,150	-	-	126,150	-
Costaguta Marco	Director up to 06.04.2024	Eurotech	-	-	-	-	-	-
Curti Susanna *	Director up to 12.23.2024	Eurotech	-	-	-	-	-	-
Costa Michela	Director	Eurotech	-	-	-	-	-	-
Gervasio Alberta	Director up to 12.04.2024	Eurotech	-	-	-	-	-	-
Pesce Simona	Director	Eurotech	-	-	-	-	-	-
Russo Massimo	Director	Eurotech	-	-	-	-	-	-
Monti Fabio	President of Board of Statutory Auditors	Eurotech	-	-	-	-	-	-
Savi Daniela	Statutory Auditor	Eurotech	-	-	-	-	-	-
Briganti Laura	Statutory Auditor	Eurotech	-	-	-	-	-	-
	Strategic Managers	Eurotech	Ownership	41,000	-	-	41,000	-

(*)As previously indicated, Emera S.r.l. is the Eurotech's reference shareholder with a shareholding of 18.12%, and it is linked to the directors Fumagalli and Carando. As communicated during the financial year, the ownership of Emera S.r.l. was also partly attributable to the director Curti, who nevertheless sold his interests by the end of the 2024 financial year.

The remuneration accrued by executives with strategic responsibilities in 2024 is as follows:

Type	at December 31, 2024			
	Fix Salary	Variable companesation not equity	Non-monetary benefit	Fair value of equity compensation
Strategic Managers	476	107	20	88

The above amounts are included in the Income Statement for the year ended 31 December 2024.

33 – Financial risk management: objectives and criteria

The Group's financial instruments, other than derivative contracts, include bank loans in the various technical forms, financial leases, short-term and at-sight bank deposits. These instruments are intended to finance Group operations. The Group has several other receivable and payable financial instruments at its disposal, such as trade receivables and payables arising from operations and liquidity. The Group had also transactions in derivatives, mainly swap or collar transactions on interest rates. The objective is to manage interest rate risks caused by Group transactions and by its sources of finance.

In accordance with Group policies, no speculative derivatives have been entered into.

The main risks generated by Group financial instruments are interest rate risks, exchange risks, liquidity risks and credit risks. The Board of Directors has reviewed and agreed to the policies for managing these risks, as summarised below.

Interest rate risk
The Group's exposure to the risk of interest rate fluctuations mainly involves medium-term obligations taken on by the Group, featuring variable interest rates linked to various indices. In previous years, the Group signed interest rate swap contracts providing for recognition of a variable rate against payment of a fixed rate. The contracts are designated to hedge changes in the interest rates in place on some loans. Group policy is to maintain between 30% and 60% of its loans at a fixed rate. At 31 December 2024, approximately 10.8% of the Group's loans were at fixed rates (in 2023, the percentage was around 21.0%). As for the loan in place at the Japanese company, it was taken up at fixed rate since it is more advantageous than those at variable rate.

Exchange rate risk
In view of the significant investment transactions in the US, Japan and the UK, with substantial foreign currency cash flows from business and financial operations, the Group's financial statements could be significantly affected by changes in the USD/EUR, JP¥/EUR and GBP/EUR exchange rates. During the year, no foreign exchange hedges were executed because of the uneven USD, GBP and JP¥ flows, particularly taking into account that the individual subsidiaries tend to operate in their respective functional currencies in their respective core markets.

About 48.4% of sales of goods and services (2023: 61%) and 37.3% (2023: 60.3%) of the cost of goods purchases and the operating costs of the Group are denominated in a different currency from the functional currency used by the Parent Company to draw up these Consolidated Financial Statements.

Product and component price risk
Group exposure to price risk is not significant.

Credit risk

The Group trades only with known and reliable customers. The Group’s policy is to check the creditworthiness grade of customers that request extended payment arrangements. In addition, the balance of receivables is monitored during the year so that the amount of non-performing positions is not significant. The maximum exposure to risk is shown in Explanatory Note 6. Only some receivables of the main customers are insured.

Financial assets, recorded by trading date, are recognised in the financial statements net of write-downs calculated according to the risk of counterparty default, taking into account the information available on the customer's level of solvency and historical data.

With regard to the significant concentration of credit risk in the Group, there have been situations in the last 4 years where the largest customer generated more than 15% of the Group's revenues. In 2024, no Group customer issued invoices for more than 10% of the Group total.

Credit risk concerning other Group financial assets, which include cash and cash equivalents and financial instruments, presents a maximum risk equal to the book value of these assets in the event of insolvency of the counterparty.

Liquidity risk

Liquidity risk is related to the difficulty of obtaining financial resources at acceptable economic conditions, necessary for current operations and therefore to meet commitments. The considerations already expressed in the paragraph relating to the assessments regarding the adoption of the going concern assumption are also referred to.

The cash flows, loan requirements and liquidity of the Group companies, albeit monitored at Group level, are managed locally.

The challenging economic and financial backdrop of the markets requires special focus on liquidity risk management, and in this sense particular attention is paid to actions aimed at generating financial resources through operations and maintaining an adequate level of available liquidity in order to have an effective financial balance. The Group therefore plans to respond to the requirements of financial payables falling due and planned investments through cash flows from business operations, available cash and the use of overdrafts, the renewal or refinancing of bank loans, and the raising of own funds on the market.

The credit lines are adequate and are used on average between 70% and 80% of the total.

Group policy states that no more than 40% of loans must fall due within 12 months.

At 31 December 2024, 11.6% of Group financial payables will accrue within one year (2023: 44.4%), based on the balances of the original plans.

The risk that the Group will have difficulty meeting its legal commitments for financial liabilities is related to the trend in turnover and any timely corrective actions, taking into account the current net financial position and working capital structure, can be considered moderate. The Group systematically controls liquidity risk by analysing a specific reporting system and the economic environment; the uncertainties that are a periodic feature of the financial markets require a particular focus on liquidity risk management. With this in mind, initiatives have been taken to generate financial resources with business operations and to maintain an adequate level of available liquidity, to ensure a normal level of operations and to respond to the strategic decisions of the next few years. The Group therefore plans to respond to the requirements of payables falling due and planned investments via flows from business operations, available liquidity, raising of own funds on the market and the possible use of bank loans, rescheduling or refinancing of existing ones and other forms of funding.

Reference is made to the information provided in the paragraph “Significant events after the end of the financial year”, which highlights that at the end of January 2025, Emera S.r. l., as the majority shareholder, has signed a commitment to make one or more payments towards a future capital increase in favor of Eurotech S.p.A., up to a maximum amount of €6 million for the 2025 financial year. This commitment allows the Group to find new financial resources necessary to meet short-medium term liquidity needs, without increasing its exposure to credit institutions and at the same time strengthening the Group's capital structure.

Below is a table detailing gross debt with an indication of the related maturity terms:

€ '000	Less 12 months	over 1 and within 3 years	over 3 and within 5 years	> 5 years	Total
Borrowings	8,072	9,668	3,578	1,020	22,338
Trade payables and other liabilities	15,942	-	-	-	15,942
Contratti per beni in leasing	976	1,192	744	1,349	4,261
Business combination liabilities	115	-	-	-	115
Total as of December 31, 2023	**25,105**	**10,860**	**4,322**	**2,369**	**42,656**

Capital management

The aim of Group capital management is to ensure that adequate levels of the capital indicators are maintained in order to sustain the business and achieve maximum value for shareholders.

The Group manages the capital structure and modifies it according to changes in economic conditions. Group policy does not currently include the distribution of dividends. To maintain or upgrade the capital structure, the Group may reimburse capital or issue new securities.

No change was made to the objectives, policies, or procedures during the years 2023 and 2024.

The Group will periodically verify its capital using a debt/capital ratio, i.e. the ratio of net debt to total equity plus net debt. Currently, given the decidedly unstable global financial situation, it is not easy to obtain financing from lending institutions, although the parameters set by management policy remain valid.

Group policies should aim to maintain the debt/capital ratio at between 20% and 40%. Group net debt includes interest-bearing loans and payables for equity investments, net of cash and cash equivalents. Capital includes the capital attributable to Parent Company shareholders, net of undistributed net profits. Furthermore, as indicated above, on October 15, 2024, the shareholders' meeting approved a capital increase of up to €20 million to support the Group's strategic plans.

(€'000)	at December 31, 2024	at December 31, 2023
Other current and non current financial assets	(115)	(143)
Derivative instruments	(29)	(102)
Borrowing	26,599	31,502
Cash & cash equivalents	(6,170)	(11,428)
Net financial position	**20,285**	**19,829**
Group Equity	60,664	95,319
Group Equity	**60,664**	**95,319**
EQUITY AND NET FINANCIAL POSITION	**80,949**	**115,148**
Net financial position on Equity	**33.4%**	**20.8%**

34 – Financial Instruments

Measurement of fair value and relative hierarchical valuation levels

All financial instruments recognised at fair value are classified within the following three categories:

Level 1: market price

Level 2: valuation techniques (based on observable market data)

Level 3: valuation techniques (not based on observable market data).

The fair value of derivatives and of loans obtained has been calculated by discounting expected cash flows to present value applying prevailing interest rates. The fair value of the other financial assets was calculated by using market interest rates. As IFRS 13 requires, for each of the financial assets and liabilities the company analysed the effect of their measurement at fair value. The measurement process refers to Level 3 of the fair value hierarchy, except for trading in derivatives as described in greater detail hereunder, and revealed no considerable differences compared to the book values at 31 December 2024 and on the respective comparison figures.

At 31 December 2024, the Group held the following financial instruments measured at fair value:

(€'000)	Notional value at December 31, 2024	Fair value at December 31, 2024 (debit)	Fair value at December 31, 2024 (credit)	Notional value at December 31, 2023	Fair value at December 31, 2023 (debit)	Fair value at December 31, 2023 (credit)
Cash flow hedge						
Contracts Interest Rate Swap (IRS)	1,380	29	0	2,548	102	0

It should be noted that all assets and liabilities that are measured at fair value at 31 December 2024 are classified in hierarchical level 2 of fair value measurement. In addition, during 2024 there were no transfers from Level 1 to Level 2 or Level 3, or vice versa.

Financial instruments by category

As required by IFRS 7, the financial instruments are listed by category below:

At 31 December 2024

(€'000)	Financial assets at fair value through profit or loss	Financial assets at fair value through equity	Financial assets and receivables carried at amortized cost	Total
Asstes as per balance sheet				
Derivative financial instruments		29		**29**
Trade and other receivables exluding pre-payments	-	-	12,405	**12,405**
Investments in other companies	156	-	7,819	**7,975**
Other current financial assets	31	-	80	**111**
Cash & cash equivalents	-	-	6,170	**6,170**
Total	**187**	**29**	**26,474**	**26,690**

(€'000)	Financial liabilities at fair value through profit or loss	Financial liabilities at fair value through equity	financial liabilities carried at amortized cost	Total
Liabilities as per balance sheet				
Borrowings (excluding finance lease liabilities	-	-	22,338	**22,338**
Finance lease liabilities	-	-	4,261	**4,261**
Derivative financial instruments		-	-	**-**
Trade and other payables exluding non-financial liabilities	-	-	9,439	**9,439**
Total	**-**	**-**	**36,038**	**36,038**

At 31 December 2023

(€'000)	Financial assets at fair value through profit or loss	Financial assets at fair value through equity	Financial assets and receivables carried at amortized cost	Total
Asstes as per balance sheet				
Derivative financial instruments		102		**102**
Trade and other receivables exluding pre-payments	-	-	19,883	**19,883**
Investments in other companies	548	-	6,637	**7,185**
Other current financial assets	35	-	108	**143**
Cash & cash equivalents	-	-	11,428	**11,428**
Total	**583**	**102**	**38,056**	**38,741**

(€'000)	Financial liabilities at fair value through profit or loss	Financial liabilities at fair value through equity	financial liabilities carried at amortized cost	Total
Liabilities as per balance sheet				
Borrowings (excluding finance lease liabilities	-	-	26,813	**26,813**
Finance lease liabilities	-	-	4,689	**4,689**
Derivative financial instruments		-	-	**-**
Trade and other payables exluding non-financial liabilities	-	-	11,795	**11,795**
Total	**-**	**-**	**43,297**	**43,297**

The fair value of the financial assets and liabilities does not significantly differ from the book values.

Interest rate risk

Interest on financial instruments classified as variable-rate instruments is recalculated periodically during the financial year. Interest on financial instruments classified as fixed-rate instruments is kept constant until the maturity date of the instruments concerned.

Hedging

Cash flow hedges

At 31 December 2024, the Group held two IRS contracts (of a notional contractual value of €1.4 million); both contracts are designated as interest rate risk hedging instruments (simple hedging relation).

	Due date	Fixed rate	Floating rate	Market value (€'000) *(€'000)*
Interest rate swap contracts				
Euro 505.068,12	31 July 2025	-0.20%	Euribor 3 months	8
Euro 875.000,00	30 September 2026	-0.14%	Euribor 3 months	21
TOTAL				**29**

The accounting treatment of these financial instruments entailed a decrease in shareholders' equity of €73 thousand such that the cash flow hedge reserve amounted to a positive value of €29 thousand.

35 – Non-recurring costs and revenues

In 2024, several Group companies incurred costs that they considered to be non-recurring, compared to ordinary operations. The amount is €1.25 million and relates to payroll costs of €0.43 million incurred with reference to the reorganisation of the workforce in the various geographical areas impacted, for €0.15 million from provisions made for extraordinary legal disputes, €66 thousand for costs for services related to legal expenses for a lawsuit settled in 2025, costs incurred for reorganization purposes and costs related to the financial optimization completed in September 2024.
The US subsidiary incurred payroll costs in 2023 that it considered to be non-recurring, compared to ordinary operations. The amount is €0.25 million and is related to the costs incurred and to be incurred with reference to the reorganisation of the local workforce.
For both years, these non-recurring costs were shown separately in the financial statements as well as in the note specifically referring to the income statement item to which they refer.

(€'000)	FY 2024	FY 2023
Service costs	659	-
Payroll	437	251
Accruals and other costs	154	-
Write-down of fixed assets	-	-
Non-recurrent costs	**1,250**	**251**

36 – Contingent liabilities

There are no significant contingent liabilities to report except for what is stated in Explanatory Note 20.

37 – Information requested on the basis of Italian law no. 124/2017

With reference to the requirements under Italian law no. 124/2017, Art. 125, the grants received by the companies governed by Italian law only that belong to the Group are presented on the basis of the "cash method":

		31.12.2024	
COMPANY	**LENDING INSTITUTION**	**PROJECT DESCRIPTION**	**RECEIVED AMOUNT**
InoNet:			
	Others residual		2
GRANTS RECEIVED			**2**

38 – Events after the reporting period

With the aim of supporting the achievement of the Eurotech Group's next objectives, without increasing exposure to credit institutions and at the same time strengthening the Company's capital structure, at the end of January 2025, the relative majority shareholder, Emera S.r. L., has signed a commitment to make one or more payments towards a future capital increase, up to a maximum amount of €6 million for the 2025 financial year. The company accepted this commitment at the beginning of February 2025. At the date of preparation of this report, the relative majority shareholder Emera S.r.l. made payments for a total of €2.5 million for future capital increases.

It should also be noted that the contraction of the market and of performance seen in 2024 led the group to adopt further measures to rationalize operating costs and, with particular reference to personnel costs, to introduce measures to reduce working hours, especially in Italy and Germany, with recourse to government subsidies.

No further significant have been identified after the closing of the Consolidated Financial Statements at 31 December 2024.

Amaro, 14 March 2025

On behalf of the Board of Directors
The Chief Executive Officer
Mr. Paul Chawla

Annex I – Information provided pursuant to Art. 149-duodecies of the CONSOB Issuers' Regulation

The table below has been prepared in accordance with Art. 149-*duodecies* of the CONSOB Issuers' Regulation and shows the amounts paid in 2024 for the auditing services.
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(€)	Service provider	Eurotech Group entity	2024 fees
Audit			
	EY S.p.A.	Parent company - Eurotech S.p.A.	144.000
	EY S.p.A.	Subsidiaries	71.000
	Network EY	Subsidiaries	71.500
TOTAL			**286.500**

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Certification of the Consolidated Financial Statements pursuant to Art. 154-bis of Italian Legislative Decree of 24 February 1998, No. 58

Amaro (Italy), 14 March 2025

1. We the undersigned, Paul Chawla, in the capacity as Chief Executive Officer, and Sandro Barazza, in the capacity as Financial Reporting Manager of Eurotech S.p.A., hereby attest, pursuant to Art. 154-bis, paragraphs 3 and 4 of Italian Legislative Decree No. 58 of 24 February 1998, to:
   - the adequacy in relation to the characteristics of the company and
   - the actual implementation of administrative and accounting procedures for the drafting of the financial statements during the financial year 2024.

2. The assessment of the adequacy of the administrative and accounting procedures for the drafting of the Consolidated Financial Statements at 31 December 2024 is based on a model defined by Eurotech in line with the CoSO framework (document in the CoSO Report) and also takes into account the document "*Internal Control over Financial Reporting – Guidance for Smaller Public Companies*", both prepared by the Committee of Sponsoring Organizations of the Treadway Commission that represent a generally accepted reference framework on the international level.

3. We furthermore attest that:

   3.1 the Consolidated Financial Statements at 31 December 2024:
   - were prepared in compliance with the international accounting standards recognised in the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council, dated 19 July 2002;
   - correspond to the results in the corporate books and accounting records;
   - provide a fair and true representation of the assets, liabilities, financial position and profit or loss of the Issuer and of all its consolidated companies.

   3.2 The management report includes a fair review of the development and performance of the business and the situation of Eurotech as the Issuer and of all its consolidated companies, together with a description of the principal risks and uncertainties that they face.

Chief Executive Officer
Paul Chawla

Financial Reporting Manager
Sandro Barazza

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
Eurotech S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Eurotech Group (the Group), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated cash flows statement for the year then ended, and the explanatory notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS accounting standards issued by International Accounting Standard Board as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Eurotech S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters:

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Key Audit Matter	Audit Response
Assessment of the recoverability of intangible assets with an indefinite useful life	
The consolidated financial statements include, within Intangible assets, goodwill of euro 43,323 thousand, allocated to the Group's various cash generating units (CGU), and brand asset with an indefinite useful life of euro 6,494 thousand. The processes and methods for assessing and determining the recoverable value of each CGU, in terms of value in use, sometimes are based on complex assumptions which, by their nature, involve recourse to the judgement of the directors, in particular with reference to the forecast of future cash flows included in the 2025-2029 plans drawn up for each of the CGU, the determination of the normalized cash flows at the basis of the terminal value's estimation, the determination of long-run growth rates and discount rates applied to future cash flows. Considering the required judgment and the complexity of the assumptions used in estimating the recoverable amount of goodwill, we considered that this issue represents a key audit matter. Disclosure in the consolidated financial statements relating to the valuation of goodwill is reported in Note "H-1 Intangible assets", which describes the process for determining the recoverable amount of each CGU, as well as the valuation assumptions used and the sensitivity analyses to changes in the main assumptions adopted, as well as in paragraph "C - Discretionary evaluations and relevant accounting estimates" and in paragraph "E - Accounting standards and policies".	Our audit procedures related to the key audit matter included, among others: • the analysis of the process and key controls put in place by the Group in connection to the valuation of the recoverable amount of goodwill and brand asset; • the assessment of the adequacy of the CGU identification, the allocation of the carrying amounts of the assets and liabilities to the individual CGU and the comparison with the value in use arising from the impairment test; • the analysis of the reasonableness of the main assumptions adopted for future cash flow forecasts, by obtaining information from Management and by comparing historical forecasts with actual data; • verification of the mathematical accuracy of the model adopted to determine the value in use of the CGU, including the methodology used to estimate terminal value; • verification of the determination of long-term growth rates and discount rates. Our procedures were performed with the support of our experts in valuation techniques, who performed an independent recalculation and carried out sensitivity analyses on key assumptions to determine changes in assumptions that could significantly impact the valuation of the recoverable amount. Lastly, we assessed the adequacy of the information provided in the explanatory notes to the consolidated financial statements in relation to intangible assets.

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Key Audit Matter	Audit Response
Assessment of the conditions for the recognition and measurement of development costs Development costs recognized under intangible assets as of December 31, 2024, amounted to a total of euro 3,832 thousand. The assumptions for the initial recognition of these assets and the recoverability assessments are based on complex assumptions that by their nature involve recourse to the judgment of the directors as they are influenced by multiple factors, including the time horizon of the product business plans and the ability to predict the commercial success of the technologies. Considering the required judgment and the complexity of the assumptions used, we consider that this issue represents a key audit matter. The financial statements relating to the assumptions and estimates applied for the recognition and measurement of development costs are reported in paragraphs " C - Discretionary evaluations and relevant accounting estimates" and "E - Accounting standards and policies", as well as in Note "H-1 - Intangible assets".	Our audit procedures related to the key audit matter included, among others: • the understanding of the process applied to recognize development costs and the process of assessing their recoverability; • for a sample of development projects, we have carried out: I. validity procedures aimed at verifying internal and external costs recognized during the year; II. analysis of the reasonableness of the main assumptions at the basis of the product sales forecasts; III. analysis of the documentation supporting the technical feasibility and marketability of the products related to the development activity, in line with the sales forecasts that can be deduced from the economic-financial plan for the period 2025-2029 as well as the orders already acquired; IV. analysis of amortization criteria and estimated useful life of development assets. Lastly, we assessed the information provided in the explanatory notes to the financial statements with reference to the key audit matter.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS accounting standards issued by International Accounting Standard Board as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Eurotech S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The Shareholders of Eurotech S.p.A., in the general meeting held on April 27, 2023, engaged us to perform the audits of the consolidated financial statements for each of the years ending December 31, 2023 to December 31, 2031.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Group in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

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Report on compliance with other legal and regulatory requirements

Opinion on the compliance with Delegated Regulation (EU) 2019/815

The Directors of Eurotech S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulations (EU) 2019/815 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF – European Single Electronic Format) (the "Delegated Regulation") to the consolidated financial statements as of December 31, 2024, to be included in the annual financial report.

We have performed the procedures under the auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the consolidated financial statements as at December 31, 2024 with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at December 31, 2024 have been prepared in the XHTML format and have been marked-up, in all material aspects, in compliance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information included in the notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML.

Opinion and statement pursuant to article 14, paragraph 2, subparagraph e), e-*bis*) and e-*ter*) of Legislative Decree n. 39 dated 27 January 2010 and pursuant to article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Eurotech S.p.A. are responsible for the preparation of the Management Report and of the Report on Corporate Governance and Ownership Structure of Eurotech Group as at December 31, 2024, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to:

- express an opinion on the consistency of the Management Report and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the [consolidated] financial statements;
- express an opinion of the compliance with the laws and regulations of the Management Report and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998;
- issue a statement on any material misstatement in the Management Report and in certain specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998.

In our opinion, the Management Report and the specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of

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Legislative Decree n. 58, dated 24 February 1998 are consistent with the consolidated financial statements of Eurotech Group as at December 31, 2024.

Furthermore, in our opinion, the Management Report and the specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e-ter), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Treviso, March 31, 2025

EY S.p.A.
Signed by: Maurizio Rubinato, Auditor

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