ALANTRA
Italian Equity Research

EUROTECH*

Sector: Technology

Eu17.5mn capital increase to fuel 2026-30 "NeXt" plan

HOLD
Unchanged

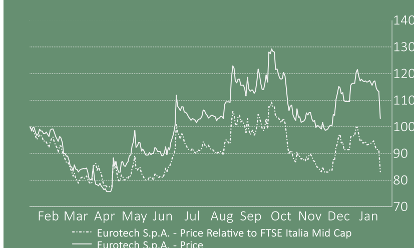
TP 0.9
Unchanged

Target price upside 2%

Change in EPS est.	FY25E	FY26E
	0.0%	nm

Ticker (BBG, Reut)	ETH IM	E5T MI
Share price Ord. (Eu)		0.9
N. of Ord. shares (mn)		38.6
Total N. of shares (mn)		38.6
Market cap (Eu mn)		35
Total Market Cap (EU mn)		35
Free Float Ord. (%)		75%
Free Float Ord. (Eu mn)		26
Daily AVG liquidity Ord. (Eu k)		156

	1M	3M	12M
Absolute Perf.	3.5%	5.2%	12%
Rel.to FTSEMidCap	-0.1%	0.7%	-12%
52 weeks range		0.7	1.1



	FY24A	FY25E	FY26E
Sales	59	56	62
EBITDA adj.	(3.7)	(1.7)	3.4
Net profit adj.	(34.9)	(5.3)	(1.1)
EPS adj.	(0.98)	(0.14)	(0.02)
DPS - Ord.	0.000	0.000	0.000
EV/EBITDA adj.	nm	nm	19.4x
P/E adj.	nm	nm	nm
Dividend yield	0.0%	0.0%	0.0%
FCF yield	nm	-14.9%	-0.6%
Net debt/(Net cash)	20.4	19.7	8.3
Net debt/EBITDA	nm	nm	2.5x

The 2026-30 business plan alongside a Eu17.5mn capital increase, aims at supporting execution and restoring top-line growth and profitability. The rights issue, priced at 11.5% discount to TERP, is backstopped by the main shareholder and materially strengthens the group balance sheet, significantly de-risking BP execution. We view the announcement as a clear inflection point, following the recent CEO's onboarding and supported by early signs of improved delivery in 2H25. While the mgmt. execution remains crucial, the plan represents a strategic reset, centred on higher-value verticals, end-to-end/custom solutions and cybersecurity. We have reflected the capital increase in our model and confirm our estimates, highly consistent with ETH's mid/long-term targets. The projected dilution is entirely offset by the roll-over of our DCF and multiples re-rating. HOLD and TP of Eu0.9/share reiterated.

- **26-30 business plan "NeXt" unveiled.** On Tuesday 27th, ETH announced its 26-30 business plan "NeXt", targeting a strategic shift towards restoring profitability and scalable growth. The plan is entirely organic and focuses on 4 strategic market verticals: 1) Industrial; 2) Transportation & Mobility; 3) Energy & Grids; and 4) Aerospace & Defense. ETH aims to build on its hardware, software and cybersecurity capabilities in ruggedised systems, a more customised, end-to-end offering. The strategy focuses on strengthening the sales team, system-integrator relationships, and R&D efforts, while enhancing operational integration. This positions the group on fewer, higher value-added verticals and increases clients' share of wallet.
- **Targeting positive FY26 EBITDA and Eu80mn sales by 2028.** The plan targets a transition to structural profitability, with positive EBITDA by FY26E, driven by product mix improvement and cost discipline, followed by positive EBIT by FY27E. Growth is expected to accelerate in 2028, with revenues of Eu80mn, scaling to c. Eu100mn by 2030.
- **Eu17.5mn capital increase to sustain the industrial plan.** ETH has announced the issuance of up to 20.99mn new ordinary shares, to be offered to existing shareholders on a 6-for-11 basis at a subscription price of Eu0.833 per share, implying 11.5% discount to TERP. The option period will run from 2 February to 19 February 2026, with rights trading between 2-13 February 2026. Any unexercised rights will be offered on the market. The main shareholder, Emera, has committed to subscribing its pro-rata share (Eu4.3mn) and to backstop any unsubscribed shares, for a maximum total commitment of up to Eu11.4mn, subject to not triggering a mandatory tender offer. Proceeds will be used to support the industrial plan, strengthen shareholders' equity, and rebalance ETH financial structure.
- **Pragmatic steps toward realistic targets.** We view the capital increase and BP as a positive development and a clear inflection point for the equity story, following the onboarding of the new CEO and supported by early signs of improving execution in 2H25 (order intake +25% YoY). We view the BP as an execution-focused reset, underpinned by a sustainable growth (CAGR 25E-28E c.12.3% on the Eu80mn target) and a gradual return to profitability. We like the structural shift in ETH's strategy, including: 1) a focus on fewer, value-added verticals; 2) a more end-to-end offer aimed at increasing share of wallet; and 3) greater emphasis on ETH expertise in ruggedized systems and cybersecurity solutions. The use of proceeds should sustain R&D spending, strengthen the go-to-market team and improve cost efficiencies. All in all, while execution remains crucial, the mid/long-term targets, aligned with our estimates, look prudent.
- **We factor-in the capital increase.** We have updated our model to reflect the Eu17.5mn capital increase (c. Eu6mn are already included in FY25E as a capital contribution in advance of a capital increase). We confirm our estimates as the group's BP development and LT targets are consistent with our projections. We do not rule out that while execution remains key, a potential acceleration in the delivery might offer relevant upside to our numbers.
- **HOLD and TP of Eu0.9/share confirmed.** The dilutive impact of the capital increase is entirely offset by the roll-over of our DCF and multiples re-rating. As such, we confirm our TP of Eu0.9/share and HOLD rating. We believe that consistent near-term delivery should restore investors' confidence and trigger a re-rating of the stock.

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*Alantra CM Italy is acting as financial advisor in connection with the determination of the subscription price and as global coordinator in relation to the offering.

Summary Financials (IFRS)

P&L account (Eu mn)	FY24A	FY25E	FY26E	FY27E
Sales	59.1	56.0	62.2	71.1
Gross margin	30.0	28.1	31.4	36.0
EBITDA reported	(5.0)	(3.0)	3.4	5.3
D&A	(27.3)	(4.6)	(4.3)	(4.2)
EBIT reported	(32.3)	(6.3)	(1.0)	1.1
Net financial charges	(0.4)	(0.4)	(0.4)	(0.4)
Associates	0.0	0.0	0.0	0.0
Extraordinary items	0.0	0.0	0.0	0.0
Pre-tax profit	(32.6)	(6.6)	(1.3)	0.7
Taxes	(3.5)	1.3	0.3	(0.1)
Minorities	0.0	0.0	0.0	0.0
Discontinued activities	0.0	0.0	0.0	0.0
Net profit reported	(36.2)	(5.3)	(1.1)	0.6
EBITDA adjusted	**(3.7)**	**(1.7)**	**3.4**	**5.3**
EBIT adjusted	**(31.0)**	**(6.3)**	**(1.0)**	**1.1**
Net profit adjusted	**(34.9)**	**(5.3)**	**(1.1)**	**0.6**

Margins (%)	FY24A	FY25E	FY26E	FY27E
Gross margin	50.7%	50.2%	50.4%	50.6%
EBITDA margin (adj)	-6.3%	-3.0%	5.4%	7.4%
EBIT margin (adj)	-52.4%	-11.2%	-1.5%	1.5%
Pre-tax margin	-55.2%	-11.9%	-2.1%	1.0%
Net profit margin (adj)	-59.0%	-9.5%	-1.7%	0.8%

Growth rates (%)	FY24A	FY25E	FY26E	FY27E
Sales	-36.9%	-5.3%	11.1%	14.2%
EBITDA	-193.9%	-6.2%	11.5%	56.5%
EBITDA adjusted	-167.1%	nm	nm	56.5%
EBIT	nm	-83.1%	-6.0%	-3.7%
EBIT adjusted	nm	-80.5%	-84.7%	nm
Pre-tax	nm	0.0%	0.0%	0.0%
Net profit	nm	nm	nm	nm
Net profit adjusted	nm	nm	nm	nm

Per share data	FY24A	FY25E	FY26E	FY27E
Shares	35.516	38.629	59.626	59.626
N. of shares AVG	35.516	37.072	49.127	59.626
N. of shares diluted AVG	35.516	37.072	49.127	59.626
EPS	**(1.018)**	**(0.143)**	**(0.021)**	**0.010**
EPS adjusted	**(0.983)**	**(0.143)**	**(0.021)**	**0.010**
DPS - Ord.	**0.000**	**0.000**	**0.000**	**0.000**
DPS - Sav.	0.000	0.000	0.000	0.000
BVPS	1.708	1.493	1.105	0.921

Enterprise value (Eu mn)	FY24A	FY25E	FY26E	FY27E
Share price Ord. (Eu)	1.4	0.9	0.9	0.9
Market cap	49.4	34.6	44.0	53.4
Net debt/(Net cash)	20.4	19.7	8.3	7.9
Adjustments	12.8	12.8	12.8	12.8
Enterprise value	82.6	67.1	65.2	74.1

Cash flow (Eu mn)	FY23A	FY24A	FY25E	FY26E	FY27E
EBITDA adjusted	5.5	(3.7)	(1.7)	3.4	5.3
Net financial charges	0.8	(0.4)	(0.4)	(0.4)	(0.4)
Cash taxes	(1.5)	(3.5)	1.3	0.3	(0.1)
Ch. in Working Capital	(4.0)	8.9	(1.9)	(1.1)	(1.6)
Other operating items	1.1	0.0	0.0	0.0	0.0
Operating cash flow	**1.9**	**1.3**	**(2.6)**	**2.2**	**3.2**
Capex	(3.1)	(3.0)	(2.6)	(2.5)	(2.7)
FCF	**(1.2)**	**(1.7)**	**(5.2)**	**(0.3)**	**0.5**
Disposals/Acquisitions	0.0	0.0	0.0	0.0	0.0
Changes in Equity	0.0	2.5	5.9	11.6	0.0
Others	(5.0)	(0.6)	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0
Ch. in NFP	**(6.2)**	**0.2**	**0.7**	**11.3**	**0.5**

Ratios (%)	FY23A	FY24A	FY25E	FY26E	FY27E
Capex/Sales	**3.3%**	**5.0%**	**4.6%**	**4.0%**	**3.8%**
Capex/D&A	0.4x	0.1x	0.6x	0.6x	0.6x
FCF/EBITDA	nm	nm	nm	-8.5%	9.3%
FCF/Net profit	nm	4.6%	nm	27.0%	82.7%
Dividend pay-out	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**

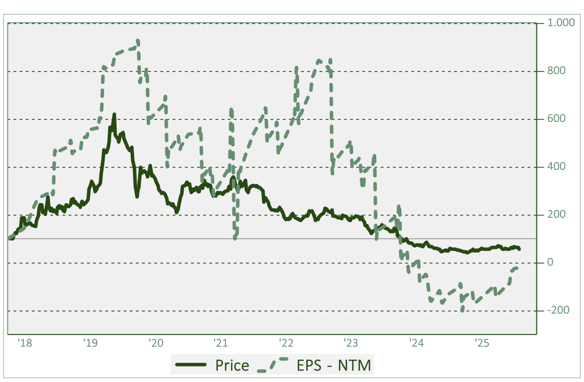
Balance sheet (Eu mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Working capital	24.0	15.1	17.0	18.0	19.6
Fixed assets	98.7	73.1	71.0	69.2	67.7
Provisions & others	(6.8)	(7.1)	(13.0)	(24.6)	(24.6)
Net capital employed	**115.9**	**81.1**	**75.0**	**62.6**	**62.7**
Net debt/(Net cash)	**20.6**	**20.4**	**19.7**	**8.3**	**7.9**
Equity	95.3	60.7	55.4	54.3	54.9
Minority interests	0.0	0.0	0.0	0.0	0.0

Ratios (%)	FY23A	FY24A	FY25E	FY26E	FY27E
Working capital/Sales	**25.6%**	**25.5%**	**30.3%**	**29.0%**	**27.6%**
Net debt/Equity	**21.6%**	**33.6%**	**35.5%**	**15.4%**	**14.3%**
Net debt/EBITDA	**3.7x**	**nm**	**nm**	**2.5x**	**1.5x**

Valuation	FY23A	FY24A	FY25E	FY26E	FY27E
EV/CE	**1.1x**	**0.9x**	**0.8x**	**0.7x**	**0.8x**
P/BV	1.1x	0.8x	0.6x	0.8x	1.0x
EV/Sales	1.4x	1.4x	1.2x	1.0x	1.0x
EV/EBITDA	nm	nm	nm	19.4x	14.1x
EV/EBITDA adjusted	**nm**	**nm**	**nm**	**19.4x**	**14.1x**
EV/EBIT	nm	nm	nm	nm	67.6x
EV/EBIT adjusted	**nm**	**nm**	**nm**	**nm**	**67.6x**
P/E	nm	nm	nm	nm	90.3x
P/E adjusted	**nm**	**nm**	**nm**	**nm**	**90.3x**
ROCE pre-tax	nm	nm	nm	nm	1.3%
ROE	**nm**	**nm**	**nm**	**nm**	**1.1%**
EV/FCF	nm	nm	nm	nm	151.4x
FCF yield	**nm**	**nm**	**-14.9%**	**-0.6%**	**0.9%**
Dividend yield	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**

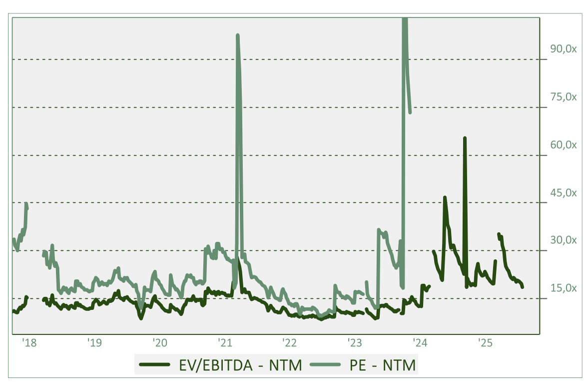
Share price performance

The stock price is at its historical lows



Valuation

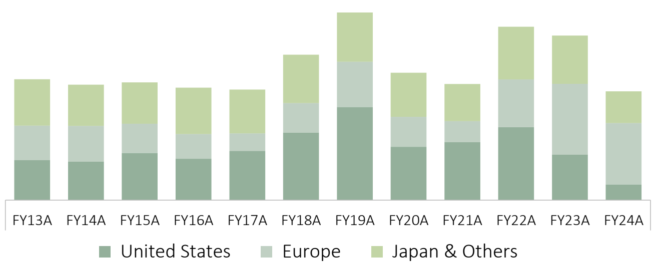
EV/EBITDA NTM multiples are nm



Key Charts

Revenue trend (FY13-FY24A)

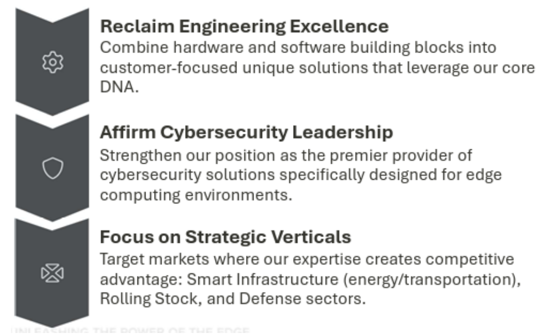
Revenues peaked in 2019 to over Eu100mn



Source: Company data

Mid-term strategic plan

Rethink initiative pivots on core ETH strengths and strategic verticals



Source: Company data

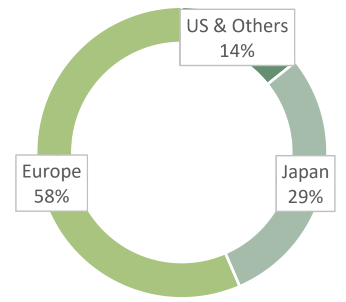
NeXt 2026-30 BP targets

ETH expects to reach positive EBITDA in FY26E and c. Eu80mn in sales by 2028

Source: Company data

Revenue breakdown by Geography (FY24A)

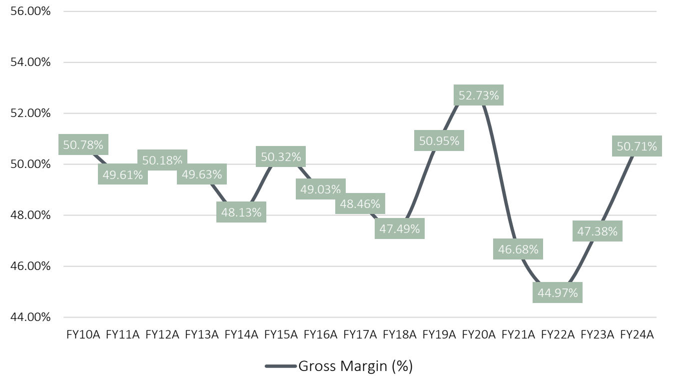
Eurotech boasts a global footprint and a well-diversified geo exposure



Source: Company data

Operating margins (FY10-FY24A)

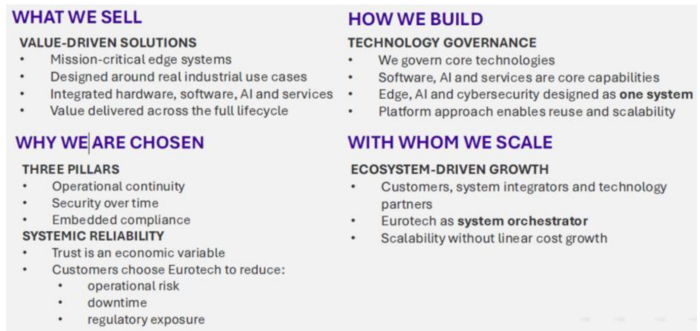
Operating leverage and a shift to Edge AIoT explain the swings in profitability



Source: Company data

ETH NeXt plan: Strategic pillars

An integrated, platform-driven approach to mission-critical applications



Source: Company data

Profile

Background

Eurotech (listed on MTA - STAR since 2005) is a tech company that designs and sells embedded computers for several sectors like industrial manufacturing, transportation, medical, and defense sectors. The Group has expanded its activities in Internet of Things (IoT), developing software platforms to enable the implementation of IoT systems, and in Artificial Intelligence, developing high performance computers (HPEC). The Group employs >320 staff, o/w 30% are dedicated to engineering and R&D.

Embedded computers: since its foundation, Eurotech designs the so-called embedded computers, i.e. miniaturized computers that are implemented as part of a larger device, intelligent system or installation. Along the value chain Eurotech is responsible for the research, development, engineering and marketing of products; production is mostly outsourced to a handful of qualified contract manufacturers as Eurotech has adopted a fabless production model characterized by a near total absence of production facilities.

IoT: Eurotech provides hardware and software IoT solutions under the brand name Everyware IoT. Everyware IoT is an innovative and successful IoT platform, easily scalable, based on an open-source model and that can count on the presence of a large ecosystem of partners. This platform is now bearing significant results and offers Eurotech a great driver for growth, addressing a huge market through a scalable business model.

HPEC: Strong R&D capabilities and continuous innovation allowed the Group to gain solid positioning and outstanding references also in the development of high-performance embedded computers (HPEC). Eurotech HPEC systems are the ideal solution wherever computational activity needs to take place closer to the data gathering points (i.e. Edge Computing). Fully autonomous car is an example of an application of this technology.

Positioning

Eurotech offers, as a specialized player, its embedded computers to business customers that need to deal with a higher level of complexity. The Group's presence is particularly strong in the industrial manufacturing, transportation, medical, and defense sectors. The embedded computer market is a niche and mature market (worth Usd8-10bn), populated by few mid-sized players and several smaller specialized players. The embedded computer market is competitive, particularly in the low-end and entry level, where Taiwanese and Chinese companies (e.g. Advantech, Aaeon, Adlink) offer standardized products at low prices; Eurotech and other European (e.g. Duagon AG) and US (e.g. Abaco Systems) specialized players cover the high-end market.

Design wins with relevant customers (e.g. DB Cargo, Fresenius, Ariston Thermo), excellent positioning as recognized by market research and a strong ecosystem of partners are all good reasons to expect a tremendous speed up of Eurotech's IoT business. The IoT market is very competitive but large enough to contain all the players able to build a successful IoT platform. Eurotech has demonstrated to also have a strong positioning in HPEC.

Growth

Revenues went from Eu91.4mn in FY08 to Eu60.1mn in FY17, posting a negative performance over the period. The decline was due to the weakness of the reference market and the disposal of Parvus in 2013 (a company with a turnover in the region of Eu18mn). A strong demand recovery in embedded computers and the increasing success of IoT and HPEC solutions brought FY18 revenues up to Eu79mn (+32% YoY); growth continued in FY19 with revenues reaching Eu102.0mn (+28.9%). FY20-21 revenues were significantly down due to negative organic trends, also related to Covid. In FY18 EBITDA reached Eu8.1mn/10.3% and jumped in FY19 to Eu20.5mn (20.1%) driven by operating leverage; in FY20 EBITDA fell to Eu6.6mn/9.6%, while bottomed to breakeven level in 2021. In FY22, Eurotech returned to growth with revenues up to Eu94mn, gross margin increased to 45%, and EBITDA was Eu7.2mn (7.6% margin). After a resilient 2023, 2024 was challenging due to the loss of a major US client.

Strategy

Eurotech will increasingly push its R&D and marketing efforts to grow IoT and HPEC businesses, which represent a long-term growth opportunity. The new CEO Massimo Milan, will act as a catalyst to restore market trust, rebuild the equity story, and accelerate execution on strategy. The new 2026-30 BP "NeXt" is a 5-year plan designed to restore competitiveness and support sustainable growth. The roadmap focuses on three main pillars: reclaiming engineering excellence by combining hardware, software and cybersecurity, compliant customer-focused solutions; end-to-end and custom offerings; and focusing resources on fewer strategic verticals where the group holds a competitive advantage (Industrial, Transportation, Energy and Defense).

Strengths	Weaknesses
Leading player in IoT and Artificial Intelligence	Customer concentration
Global footprint	Small size of the company
Significant experience, market reputation and large ecosystem of partners	Still large exposure to mature embedded market

Opportunities	Threats
M&A to accelerate scaling	Slowdown or loss of orders from large customers
Strong upselling opportunities	Unproductive R&D
Penetrating velue-added verticals (e.g. Defense)	Stronger than expected competitive pressures on embedded computers

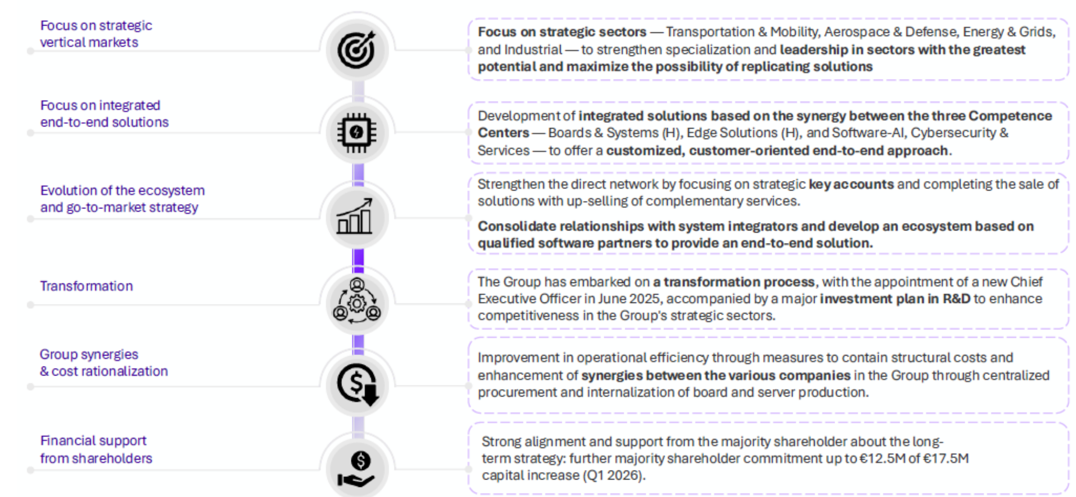
Key shareholders	Management	Next events
Emera - 24.8%	Luca di Giacomo - Chairman	FY25 results: 16/03/26
Free Float - 75.2%	Massimo Milan - CEO	1Q26 results: 14/05/26
	Sandro Barazza - CFO	2Q26 results: 11/09/26
		3Q26 results: 13/11/26

Focus on the new 26-30 business plan "NeXt"

On Tuesday 27th, ETH unveiled its 2026-2030 "NeXt" business plan, outlining a strategic repositioning aimed at returning to profitability while enabling scalable growth. The plan is focused on higher-value vertical markets with scalable, repeatable solutions. The group is sharpening its positioning in Transportation & Mobility, Aerospace & Defense, Energy & Grids and Industrial, while shifting towards integrated end-to-end offerings built on the synergy of its hardware, edge solutions and software, AI and cybersecurity capabilities. Go-to-market efforts are evolving towards key accounts and system integrators, supported by a broader ecosystem of qualified partners. The plan also includes a transformation of the operating model, underpinned by renewed leadership, increased R&D investment, cost rationalization and enhanced group-wide synergies. Execution is further supported by strong shareholder backing, providing funding visibility to deliver the strategy.

An overview of ETH's NeXt strategic plan

Integrated solutions, sharper vertical focus and strengthened financial support to drive scalable growth



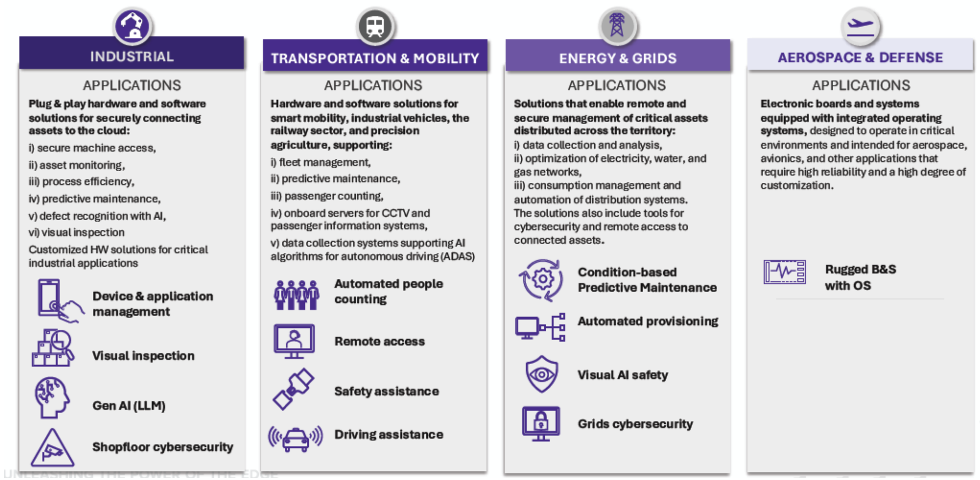
Source: Company presentation

Eurotech is focusing on 4 strategic verticals rather than positioning itself as a generalist, concentrating on sectors where mission-critical applications demand the highest levels of reliability, security, and operational continuity. Across Industrial, Transportation & Mobility, Energy & Grids, and Aerospace & Defense, the company's solutions are designed to operate in harsh and regulated environments, enabling secure connectivity, remote access, predictive maintenance, AI-driven analytics, and real-time monitoring of critical assets.

Eurotech's core strength lies in its ability to deliver ruggedized, cybersecurity-compliant hardware and software platforms that support safety-critical and always-on operations, from industrial shopfloors and smart mobility systems to distributed energy infrastructure and aerospace and defense applications. In these verticals, where downtime, data breaches, or system failures are not acceptable, Eurotech's deep specialization provides a clear competitive advantage.

Four verticals with mission-critical applications

Targeting selected end markets that require secure, ruggedized and highly reliable end-to-end edge solutions



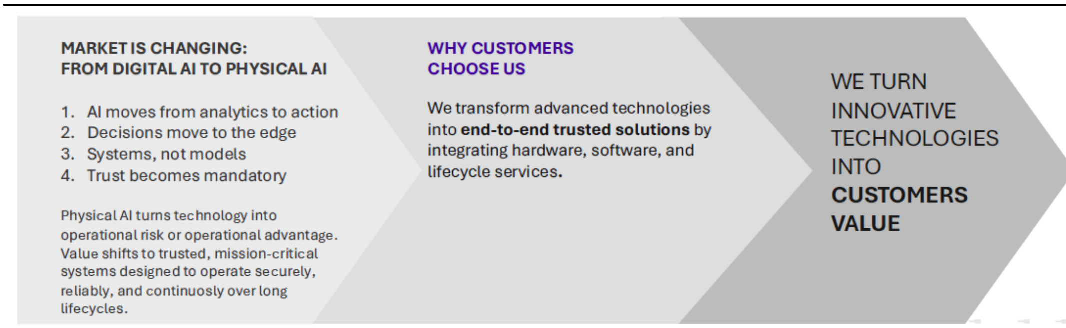
Source: Company presentation

Eurotech positions itself as a system-level partner rather than a component supplier, leveraging the integration of hardware, software, AI and lifecycle services to transform innovation into operational value. The company targets Physical AI deployments where technology directly impacts operational continuity, safety and regulatory exposure, making solution robustness and governance critical purchasing criteria. This positioning supports longer customer relationships, higher switching costs and a shift in value capture from transactional hardware sales to solution-based monetization.

The group is refocusing on its selling proposition, with greater priority to end-to-end solutions and custom approach. This should support strong up-selling potential.

From market to customer

From digital intelligence to trusted, mission-critical execution



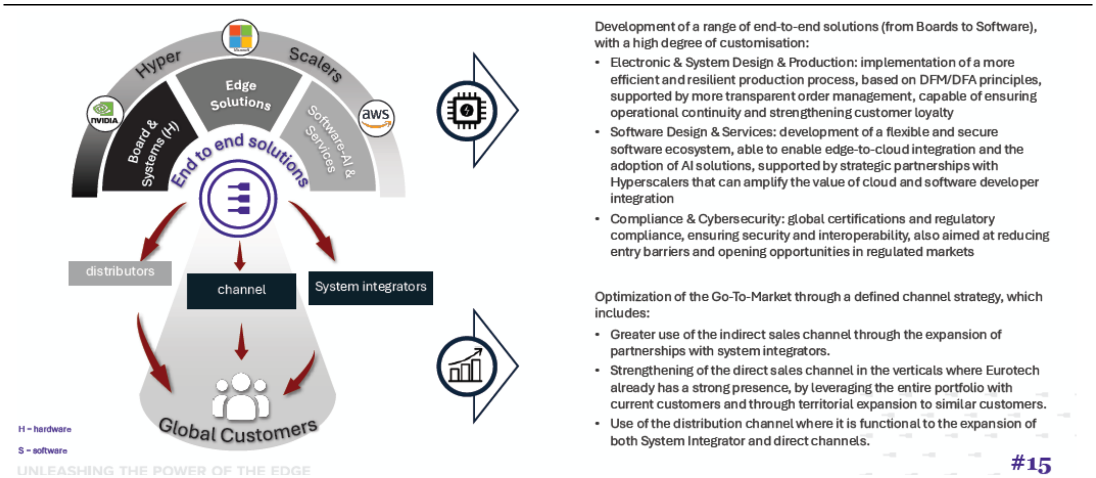
Source: Company presentation

Go-To-Market redefined. The group is evolving its go-to-market model to strengthen direct customer relationships while leveraging partners to scale. Eurotech plans to focus its direct sales efforts on strategic key accounts, enhancing wallet share through up-selling of complementary software and services, while simultaneously consolidating relationships with system integrators. The development of an ecosystem of qualified software and technology partners is intended to reinforce Eurotech's role as system orchestrator, improving scalability without proportional increases in fixed costs.

Operational efficiency and group synergies as key levers for margin recovery. Initiatives include tighter control of structural costs, centralized procurement and greater internalization of board and server production, aimed at improving cost absorption and reducing execution risk.

End-to-end strategy

Integrated hardware, software and services delivered through a scalable, partner-led go-to-market model



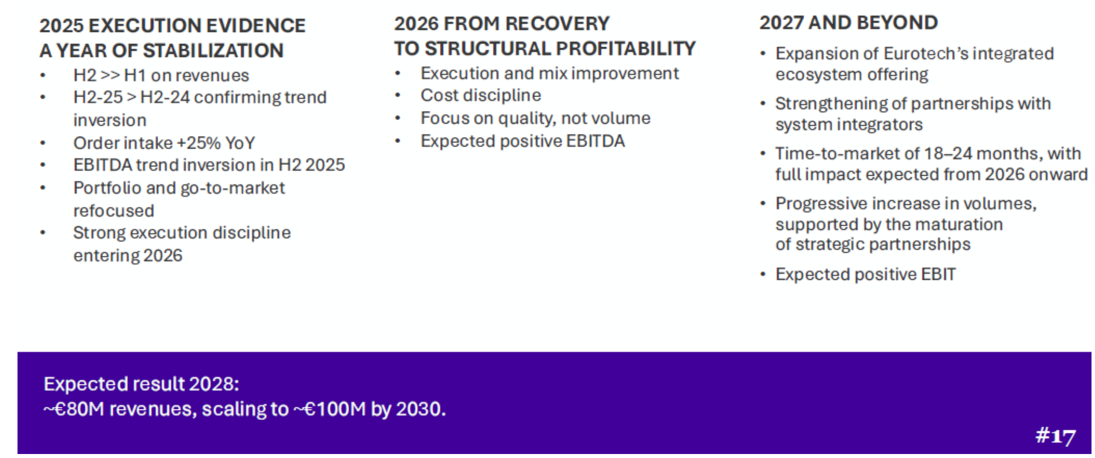
Source: Company presentation

Return to profitability in the short-term, scaling in the long-term

- **Strong improvements already visible in 2H25**. The group guides for 2025 to be a year of stabilisation, with evidence of trend inversion: 2H revenues exceeding 1H, 2H25 outperforming YoY, order intake up c.25% YoY and EBITDA turning positive in 2H. This provides the operational base entering 2026, following portfolio refocusing and tighter execution discipline.
- **EBITDA positive by FY26.** In 2026, the ETH targets a transition from recovery to structural profitability, with positive EBITDA expected for the FY26E. Key drivers include execution improvements, a more favorable revenue mix, strict cost discipline and a strategic focus on quality rather than volume growth.
- **Higher profitability, positive EBIT by FY27E.** From 2027 onwards, management expects a further step-up in operating performance, including a return to positive EBIT, driven by partnership maturity. The ramp-up of integrated end-to-end offerings, stronger collaboration with system integrators and an 18-24 months time-to-market imply that the full financial impact of strategic initiatives initiated in 2025-26 will materialize progressively. This underpins expectations for sustained margin expansion beyond the initial turnaround phase.
- **c. Eu80mn in FY28E revenues; c. Eu100mn in FY30E.** Over the medium term, Eurotech targets revenues of c. Eu80mn in 2028, scaling to around Eu100mn by 2030, marking the entry into a new growth phase. Based on our current estimates, the FY28E target implies a CAGR 25-28E of 12.3%, which we deem a feasible growth trend.

ETH 26-30 financial targets

From 2025 stabilization to structural profitability and scalable growth beyond 2027



Source: Company presentation

Eu17.5mn capital increase to sustain growth

ETH has also announced a capital increase of up to Eu17.5mn to sustain the 2026-30 business plan. The transaction entails the issuance of up to 20.99mn new ordinary shares, to be offered to existing shareholders on a 6-for-11 basis at a subscription price of Eu0.833 per share, implying 11.5% discount to TERP.

The option period will run from 2 February to 19 February 2026, with rights trading between 2 and 13 February 2026; any unexercised rights will be offered on the market in line with Italian regulation.

The main shareholder, Emera, has committed to subscribe its pro-rata share (Eu4.3mn) and to backstop any unsubscribed shares, for a maximum total commitment of up to Eu11.4mn, subject to not triggering a mandatory tender offer.

The proceeds would allow to support the industrial plan by reinforcing the R&D and sales team, strengthening the shareholder's equity and passing through a rebalance of ETH financial structure.

Capital Increase underpinning the industrial plan

Proceeds to support R&D, go-to-market execution and services, while strengthening equity and financial flexibility.

Source: Company presentation

Change in Estimates

We believe that the growth trajectory outlined in the "NeXt" 2026-30 business plan is prudent and broadly aligned with our estimates. As such, we have confirmed our projections and included the capital increase in FY26E (c. Eu6mn out of Eu17.5mn are already included in FY25E as a capital contribution in advance of the capital increase).

New versus Old estimates

We factored in the capital increase. The NeXt 2026-30 growth trajectory appears broadly aligned with our estimates, leading us to confirm our projections.

	NEW Estimates			% Change			OLD Estimates		
(Eu mn)	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenues	56.0	62.2	71.1	0%	0%	0%	56.0	62.2	71.1
EBITDA Adjusted	(1.7)	3.4	5.3	0%	0%	0%	(1.7)	3.4	5.3
EBIT Adjusted	(6.3)	(1.0)	1.1	0%	0%	0%	(6.3)	(1.0)	1.1
Pretax Profit	(6.6)	(1.3)	0.7	0%	0%	0%	(6.6)	(1.3)	0.7
Net profit	(5.3)	(1.1)	0.6	0%	0%	0%	(5.3)	(1.1)	0.6
Net profit restated	(5.3)	(1.1)	0.6	0%	0%	0%	(5.3)	(1.1)	0.6
EPS	(0.1)	(0.0)	0.0	0%	-35%	-35%	(0.1)	(0.0)	0.0
Net financial position	(19.7)	(8.3)	(7.9)	0.90	12.50	12.50	(20.6)	(20.8)	(20.4)

Source: Alantra

Peers

Trading multiples

The stock is trading at discount to peers on EV/Sales

Company	Country	Mkt Cap (Eu mn)	EV/Sales			EV/EBITDA			EV/EBIT			PE		
			FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
EUROTECH	ITALY	39	1.2 x	1.0 x	1.0 x	nm	19.4 x	14.1 x	nm	nm	67.6 x	nm	nm	90.3 x
Premium (discount) to Peers' Average			-67%	-69%	-66%	nm	25%	9%	nm	nm	405%	nm	nm	396%
PEERS	Average		3.7 x	3.4 x	3.1 x	17.8 x	15.5 x	12.9 x	18.5 x	16.0 x	13.4 x	24.6 x	21.1 x	18.2 x
	Median		2.7 x	2.5 x	2.3 x	11.9 x	10.7 x	9.6 x	17.4 x	14.9 x	12.4 x	21.4 x	20.6 x	18.4 x
PTC Inc.	UNITED STATES	16,380	7.4 x	7.1 x	6.5 x	14.5 x	14.3 x	12.9 x	15.6 x	15.5 x	13.9 x	20.3 x	21.0 x	18.6 x
Kontron AG	GERMANY	1,540	1.0 x	0.9 x	0.8 x	6.5 x	6.7 x	5.7 x	9.2 x	9.9 x	8.3 x	13.1 x	11.7 x	9.8 x
Advantech Co., Ltd.	TAIWAN	6,697	3.5 x	3.1 x	2.8 x	19.5 x	17.2 x	13.8 x	21.5 x	18.6 x	15.5 x	26.1 x	23.0 x	19.5 x
Curtiss-Wright Corporation	UNITED STATES	20,368	7.2 x	6.6 x	6.0 x	32.2 x	29.1 x	25.9 x	38.3 x	34.4 x	30.0 x	49.6 x	44.6 x	40.0 x
Mercury Systems, Inc.	UNITED STATES	5,081	6.9 x	6.5 x	5.9 x	52.6 x	42.0 x	31.5 x	nm	nm	nm	nm	nm	nm
Digi International Inc.	UNITED STATES	1,371	na	na	na	na	na	na	na	na	na	21.4 x	18.7 x	17.4 x
PEERS Embedded and IoT	Average		5.2 x	4.8 x	4.4 x	25.1 x	21.9 x	18.0 x	21.1 x	19.6 x	16.9 x	26.1 x	23.8 x	21.0 x
	Median		6.9 x	6.5 x	5.9 x	19.5 x	17.2 x	13.8 x	18.5 x	17.1 x	14.7 x	21.4 x	21.0 x	18.6 x
Interpump Group S.p.A.	ITALY	4,998	2.7 x	2.5 x	2.3 x	11.9 x	10.7 x	9.6 x	16.3 x	14.3 x	12.6 x	23.3 x	20.6 x	18.4 x
Datalogic S.p.A.	ITALY	250	0.6 x	0.5 x	0.5 x	5.5 x	4.6 x	3.9 x	18.4 x	11.5 x	8.7 x	20.5 x	14.3 x	11.0 x
SECO S.p.A.	ITALY	418	2.3 x	2.0 x	1.7 x	11.0 x	9.0 x	7.3 x	20.2 x	16.6 x	12.1 x	34.3 x	26.1 x	19.9 x
B&C Speakers S.p.A.	ITALY	155	1.5 x	1.4 x	1.2 x	6.9 x	6.1 x	5.4 x	8.1 x	7.0 x	6.1 x	12.6 x	10.2 x	9.3 x
PEERS Italian Industrials	Average		1.8 x	1.6 x	1.4 x	8.8 x	7.6 x	6.5 x	15.8 x	12.3 x	9.9 x	22.7 x	17.8 x	14.6 x
	Median		1.9 x	1.7 x	1.5 x	9.0 x	7.5 x	6.3 x	17.4 x	12.9 x	10.4 x	21.9 x	17.5 x	14.7 x

Source: Alantra estimates and Factset

Financials

Stronger sales CAGR 25-27 than peers, starting from a low base

Company	Country	Mkt Cap (Eu mn)	FY25E - FY27E average margins					CAGR FY25E - FY27E			
			EBITDA Margin	EBIT Margin	Net Income Margin	Capex / Sales	Dividend Payout	Sales	EBITDA	EBIT	EPS
EUROTECH	ITALY	39	2.5%	-3.7%	-3.4%	4.1%	0.0%	12.6%	nm	nm	nm
PEERS	Average		22.6%	16.3%	11.5%	3.4%	27.5%	6.5%	12.4%	-29.0%	-17.4%
	Median		22.2%	16.1%	11.3%	2.4%	15.2%	6.3%	11.0%	6.6%	10.9%
PTC Inc.	UNITED STATES	16,380	50.4%	46.8%	34.4%	0.7%	0.0%	4.9%	3.7%	4.1%	4.5%
Kontron AG	GERMANY	1,540	14.1%	9.8%	7.8%	4.0%	41.1%	8.0%	2.1%	1.0%	15.7%
Advantech Co., Ltd.	TAIWAN	6,697	18.7%	17.0%	14.8%	2.0%	72.5%	10.5%	17.1%	16.3%	15.7%
Curtiss-Wright Corporation	UNITED STATES	20,368	22.6%	19.3%	14.8%	2.2%	6.5%	7.5%	9.3%	11.0%	11.4%
Mercury Systems, Inc.	UNITED STATES	5,081	15.7%	1.4%	-1.1%	2.7%	0.0%	6.9%	27.4%	nm	nm
Digi International Inc.	UNITED STATES	1,371	26.3%	15.3%	10.9%	0.8%	na	5.7%	13.0%	23.2%	10.9%
PEERS Embedded and IoT	Average		24.7%	18.3%	13.6%	2.1%	24.0%	7.2%	12.1%	11.1%	11.6%
	Median		20.7%	16.1%	12.8%	2.1%	6.5%	7.2%	11.2%	11.0%	11.4%
Interpump Group S.p.A.	ITALY	4,998	23.1%	17.2%	11.6%	4.5%	15.2%	3.2%	5.7%	6.6%	7.5%
Datalogic S.p.A.	ITALY	250	10.9%	4.2%	2.6%	5.6%	51.0%	2.8%	12.6%	44.0%	32.8%
SECO S.p.A.	ITALY	418	22.1%	12.5%	5.8%	9.9%	0.0%	11.2%	28.2%	-372.9%	-257.1%
B&C Speakers S.p.A.	ITALY	155	22.4%	19.4%	13.7%	1.7%	60.8%	4.0%	5.3%	6.0%	1.6%
PEERS Italian Industrials	Average		19.6%	13.3%	8.4%	5.4%	31.8%	5.3%	12.9%	-79.1%	-53.8%
	Median		22.2%	14.8%	8.7%	5.0%	33.1%	3.6%	9.1%	6.3%	4.6%

Source: Alantra estimates and Factset

Performance

ETH share price underperformed vs peers in the last 12 months

Company	Country	Mkt Cap (Eu mn)	Performance 1M	3M	6M	1YR	3YR	5YR
EUROTECH	ITALY	39	3.5%	5.2%	8.9%	11.9%	-69.1%	-77.9%
PEERS	Average		4.6%	0.1%	13.4%	34.4%	38.3%	80.4%
	Median		1.0%	-7.1%	6.7%	12.6%	13.8%	36.2%
PTC Inc.	UNITED STATES	16,380	-6.8%	-19.0%	-19.5%	-12.7%	21.9%	36.2%
Kontron AG	GERMANY	1,540	2.5%	-6.5%	-17.6%	23.3%	22.8%	3.4%
Advantech Co., Ltd.	TAIWAN	6,697	2.1%	-10.6%	-14.8%	-23.4%	-5.5%	-9.9%
Curtiss-Wright Corporation	UNITED STATES	20,368	16.6%	15.2%	36.1%	93.5%	311.8%	533.0%
Mercury Systems, Inc.	UNITED STATES	5,081	36.1%	28.6%	90.7%	145.8%	99.9%	40.4%
Digi International Inc.	UNITED STATES	1,371	-2.0%	13.8%	30.0%	41.6%	30.0%	124.8%
PEERS Embedded and IoT	Average		8.1%	3.6%	17.5%	44.7%	80.2%	121.3%
	Median		2.3%	3.7%	7.6%	32.4%	26.4%	38.3%
Interpump Group S.p.A.	ITALY	4,998	-0.1%	6.6%	23.0%	2.0%	-5.8%	23.1%
Datalogic S.p.A.	ITALY	250	-5.9%	-7.8%	-9.6%	-9.5%	-55.3%	-71.2%
SECO S.p.A.	ITALY	418	10.4%	-10.9%	30.8%	94.3%	-42.2%	na
B&C Speakers S.p.A.	ITALY	155	-7.3%	-8.8%	-14.8%	-11.4%	5.6%	43.7%
PEERS Italian Industrials	Average		-0.7%	-5.2%	7.3%	18.9%	-24.4%	-1.5%
	Median		-3.0%	-8.3%	6.7%	-3.8%	-24.0%	23.1%

Source: Alantra estimates and Factset

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