ALANTRA
Italian Equity Research

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EUROTECH

Sector: Technology

2Q confirms turnaround progress amid cost headwinds

BUY
Unchanged

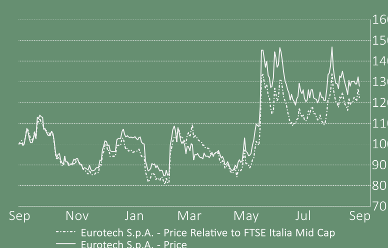
TP 1.50
From 1.25

Target price upside 19%

Change in EPS est.	FY26E	FY27E
	nm	nm

Ticker (BBG, Reut)	ETH IM	E5T MI
Share price Ord. (Eu)		1.3
N. of Ord. shares (mn)		59.6
Total N. of shares (mn)		59.6
Market cap (Eu mn)		75
Total Market Cap (EU mn)		75
Free Float Ord. (%)		67%
Free Float Ord. (Eu mn)		50
Daily AVG liquidity Ord. (Eu k)		351

	1M	3M	12M
Absolute Perf.	-3.8%	3.7%	31%
Rel.to FTSEMidCap	1.4%	10.0%	26%
52 weeks range		0.8	1.4



	FY25A	FY26E	FY27E
Sales	55	58	69
EBITDA adj.	(1.3)	0.7	4.3
Net profit adj.	(7.4)	(3.2)	(0.2)
EPS adj.	(0.20)	(0.06)	(0.00)
DPS - Ord.	0.000	0.000	0.000
EV/EBITDA adj.	nm	nm	21.1x
P/E adj.	nm	nm	nm
Dividend yield	0.0%	0.0%	0.0%
FCF yield	nm	-5.5%	0.3%
Net debt/(Net cash)	16.8	10.2	10.0
Net debt/EBITDA	nm	14.8x	2.3x

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ETH reported a solid 2Q26, providing further evidence that the turnaround is progressing, with revenues at Eu14.4mn (+9% YoY) and 1H26 sales reaching Eu25.2mn (+17.1%; +23.3% at constant FX). Profitability continued to recover, with 2Q adj. EBITDA turning positive at Eu0.2mn vs Eu-0.4mn in 2Q25, supported by higher volumes and cost efficiencies, despite GM declining to 46.9% on higher memory/SSD costs. Net debt improved sequentially to Eu7.2mn from Eu10.0mn in 1Q26, supported by WC normalisation, although the decline vs YE25 largely reflects the Eu10.7mn equity injection. Mgmt. reiterated its positive EBITDA guidance for FY26, with 2H sales expected above 1H and more weighted towards 4Q, supported by a solid backlog and healthy order intake, while persistent memory/SSD inflation remains the key near-term headwind to margins. We lower our FY26E EBITDA estimate, cutting our GM assumption by 220bps to 47.3%. BUY reiterated; TP raised to Eu1.50/s (from Eu1.25), mainly reflecting peer re-rating in our equally weighted DCF/relative valuation.

- **2Q sales growth and positive adj. EBITDA support the turnaround.** Revenues reached Eu14.4mn in 2Q26, up c.9% YoY, bringing 1H26 sales to Eu25.2mn (+17.1%; +23.3% at constant FX). 2Q gross profit increased by 4% to Eu6.8mn, although the gross margin declined to 46.9% from 49.1% in 2Q25 and 1Q26, mainly due to higher memory-component costs, which are being passed through to customers but with some time lag, while the underlying product mix remained broadly stable. Despite this headwind, adj. EBITDA turned positive in the quarter at Eu0.2mn, versus negative Eu0.4mn in 2Q25, supported by higher volumes and cost efficiencies. Adj. EBIT improved to Eu-1.0mn from Eu-1.6mn, while the restated net loss was broadly unchanged at Eu1.4mn. 1H26 adj. EBITDA improved to Eu-1.4mn from Eu-4.0mn, while the restated net loss narrowed to Eu4.0mn from Eu6.3mn, highlighting progress in profitability.

- **Net debt improves sequentially, thanks to WC normalisation.** Net debt declined to Eu7.2mn from Eu10.0mn in 1Q26. Net working capital decreased to Eu8.2mn from Eu11.4mn in 1Q26, reversing the first-quarter build-up. 1H26 receivables declined by Eu4.9mn, more than offsetting a Eu3.5mn increase in inventories as the group secured critical components ahead of anticipated price increases. The improvement in WC conversion is encouraging, although the Eu9.6mn net debt reduction vs YE25 mainly reflects the Eu10.7mn equity injection.

- **FY26 EBITDA guidance reiterated; momentum expected to strengthen into 4Q.** Management confirmed its target of positive EBITDA in FY26, supported by a solid backlog and healthy order trend, with June intake up c.20% YoY despite a demanding comparison base. 2H revenues are expected to improve vs 1H and remain more weighted towards 4Q, while memory/SSD costs should continue to pressure GM in the coming quarters and prolonged order conversion as price adjustments require customer renegotiation. To mitigate this, the group is expected to continue to build inventories where possible to secure lock in supply and input costs, while prioritising absolute gross profit over margin percentage. Management also highlighted further cost-efficiency opportunities amid encouraging design wins in defence and rail businesses, with a more meaningful contribution expected from 2027, alongside opportunities to increase share of wallet with existing customers.

- **We cut FY26E EBITDA after lowering our GM expectation.** We lower our FY26E EBITDA estimate, mainly reflecting a more cautious GM assumption as memory/SSD cost inflation is expected to persist through 2H. We now forecast FY26 GM at 47.3%, versus 49.5% previously, while still expecting positive EBITDA, in line with ETH guidance. We leave our FY27-28E sales estimates unchanged, implying a 16.2% CAGR over FY26-28E. While demanding, we believe this remains feasible as the recent momentum in design wins and order intake should convert into revenue. We also leave our medium-term assumptions broadly unchanged, with positive EBIT expected by 2027 and leverage ratio declining to 1.3x by 2028.

- **BUY reaffirmed with TP raised to Eu1.50/s (from Eu1.25).** Our updated valuation, based on an equal weighting of DCF and relative valuation, supports an increase in TP to Eu1.50/share, mainly driven by peer re-rating, partially offset by our estimate revisions. BUY reiterated.

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Summary Financials (IFRS)

P&L account (Eu mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Sales	59.1	55.4	58.1	69.5	78.5
Gross margin	30.0	27.1	27.5	33.4	37.8
EBITDA reported	(5.0)	(3.1)	(0.3)	4.3	6.6
D&A	(27.3)	(5.5)	(4.3)	(4.2)	(3.6)
EBIT reported	(32.3)	(8.5)	(3.6)	0.1	3.0
Net financial charges	(0.4)	(0.6)	(0.4)	(0.4)	(0.4)
Associates	0.0	0.0	0.0	0.0	0.0
Extraordinary items	0.0	0.0	0.0	0.0	0.0
Pre-tax profit	(32.6)	(9.1)	(3.9)	(0.2)	2.7
Taxes	(3.5)	(0.0)	0.8	0.0	(0.5)
Minorities	0.0	0.0	0.0	0.0	0.0
Discontinued activities	0.0	0.0	0.0	0.0	0.0
Net profit reported	(36.2)	(9.3)	(3.2)	(0.2)	2.1
EBITDA adjusted	**(3.7)**	**(1.3)**	**0.7**	**4.3**	**6.6**
EBIT adjusted	**(31.0)**	**(6.8)**	**(3.6)**	**0.1**	**3.0**
Net profit adjusted	**(34.9)**	**(7.4)**	**(3.2)**	**(0.2)**	**2.1**

Margins (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	50.7%	48.9%	47.3%	48.0%	48.2%
EBITDA margin (adj)	-6.3%	-2.3%	1.2%	6.2%	8.4%
EBIT margin (adj)	-52.4%	-12.3%	-6.2%	0.2%	3.9%
Pre-tax margin	-55.2%	-16.5%	-6.8%	-0.3%	3.4%
Net profit margin (adj)	-59.0%	-13.4%	-5.4%	-0.2%	2.7%

Growth rates (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Sales	-37.3%	-6.4%	5.0%	19.5%	13.0%
EBITDA	-179.2%	-38.3%	1.5%	21.3%	53.2%
EBITDA adjusted	-151.8%	-65.0%	nm	nm	53.2%
EBIT	nm	nm	-22.2%	-2.9%	-14.4%
EBIT adjusted	nm	nm	-57.8%	-104.1%	nm
Pre-tax	nm	nm	-44.2%	0.0%	0.0%
Net profit	nm	nm	nm	nm	nm
Net profit adjusted	nm	nm	nm	nm	nm

Per share data	FY24A	FY25A	FY26E	FY27E	FY28E
Shares	35.516	38.629	59.626	59.626	59.626
N. of shares AVG	35.516	37.072	49.127	59.626	59.626
N. of shares diluted AVG	35.516	37.072	49.127	59.626	59.626
EPS	**(1.018)**	**(0.251)**	**(0.064)**	**(0.003)**	**0.036**
EPS adjusted	**(0.983)**	**(0.201)**	**(0.064)**	**(0.003)**	**0.036**
DPS - Ord.	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
DPS - Sav.	0.000	0.000	0.000	0.000	0.000
BVPS	1.708	1.422	1.227	1.008	1.044

Enterprise value (Eu mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Share price Ord. (Eu)	1.4	0.9	1.3	1.3	1.3
Market cap	48.6	33.8	75.1	75.1	75.1
Net debt/(Net cash)	20.4	16.8	10.2	10.0	8.7
Adjustments	6.8	7.1	5.8	5.8	5.8
Enterprise value	75.8	57.7	91.1	90.9	89.6

Cash flow (Eu mn)	FY24A	FY25A	FY26E	FY27E	FY28E
EBITDA adjusted	(3.7)	(1.3)	0.7	4.3	6.6
Net financial charges	(0.4)	(0.6)	(0.4)	(0.4)	(0.4)
Cash taxes	(3.5)	(0.0)	0.8	0.0	(0.5)
Ch. in Working Capital	8.5	5.0	(2.9)	(1.2)	(1.8)
Other operating items	3.4	(2.9)	0.0	0.0	0.0
Operating cash flow	**4.3**	**0.2**	**(1.8)**	**2.8**	**3.9**
Capex	(5.0)	(2.2)	(2.3)	(2.5)	(2.7)
FCF	**(0.7)**	**(2.0)**	**(4.1)**	**0.3**	**1.2**
Disposals/Acquisitions	0.0	0.0	0.0	0.0	0.0
Changes in Equity	2.5	6.9	10.7	0.0	0.0
Others	(1.6)	(1.3)	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0
Ch. in NFP	**0.2**	**3.6**	**6.6**	**0.3**	**1.2**

Ratios (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Capex/Sales	**8.4%**	**4.0%**	**4.0%**	**3.6%**	**3.4%**
Capex/D&A	0.2x	0.4x	0.5x	0.6x	0.8x
FCF/EBITDA	nm	nm	nm	6.0%	18.6%
FCF/Net profit	nm	21.5%	nm	-153.4%	57.4%
Dividend pay-out	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**

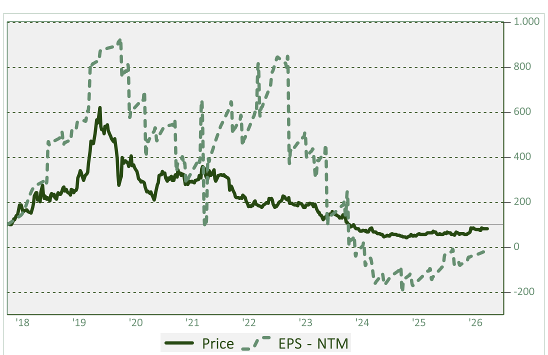
Balance sheet (Eu mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Working capital	15.1	9.9	12.8	14.1	15.9
Fixed assets	73.1	65.4	63.4	61.8	60.9
Provisions & others	(7.1)	(5.8)	(5.8)	(5.8)	(5.8)
Net capital employed	**81.1**	**69.5**	**70.5**	**70.0**	**71.0**
Net debt/(Net cash)	**20.4**	**16.8**	**10.2**	**10.0**	**8.7**
Equity	60.7	52.7	60.3	60.1	62.2
Minority interests	0.0	0.0	0.0	0.0	0.0

Ratios (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Working capital/Sales	**25.5%**	**17.9%**	**22.1%**	**20.3%**	**20.2%**
Net debt/Equity	**33.6%**	**31.9%**	**16.9%**	**16.6%**	**14.0%**
Net debt/EBITDA	**nm**	**nm**	**14.8x**	**2.3x**	**1.3x**

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
EV/CE	**0.9x**	**0.8x**	**1.2x**	**1.2x**	**1.2x**
P/BV	0.8x	0.6x	1.2x	1.3x	1.2x
EV/Sales	1.3x	1.0x	1.6x	1.3x	1.1x
EV/EBITDA	nm	nm	nm	21.1x	13.6x
EV/EBITDA adjusted	**nm**	**nm**	**nm**	**21.1x**	**13.6x**
EV/EBIT	nm	nm	nm	nm	29.6x
EV/EBIT adjusted	**nm**	**nm**	**nm**	**nm**	**29.6x**
P/E	nm	nm	nm	nm	35.1x
P/E adjusted	**nm**	**nm**	**nm**	**nm**	**35.1x**
ROCE pre-tax	nm	nm	nm	nm	4.0%
ROE	**nm**	**nm**	**nm**	**nm**	**3.4%**
EV/FCF	nm	nm	nm	nm	73.0x
FCF yield	**nm**	**nm**	**-5.5%**	**0.3%**	**1.6%**
Dividend yield	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**

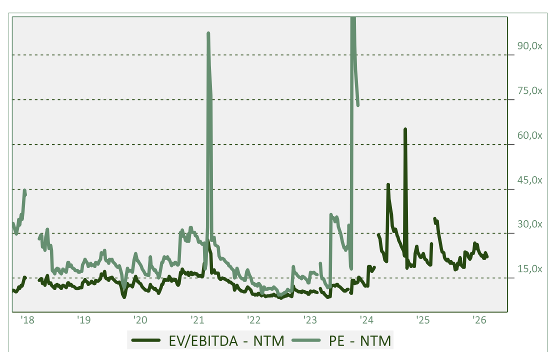
Share price performance

The stock price is close to its historical lows



Valuation

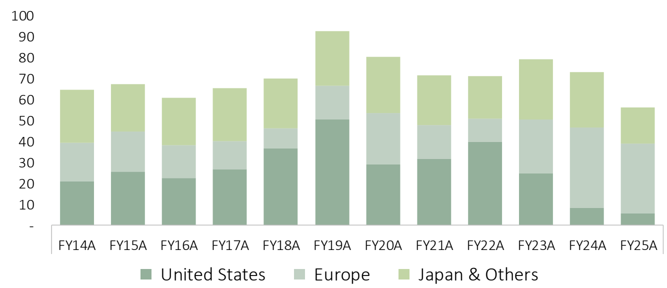
EV/EBITDA NTM multiples are nm



Key Charts

Revenue trend (FY14-FY25A)

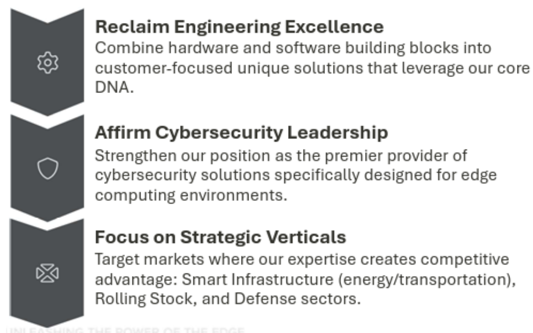
Revenues peaked in 2019 to over Eu100mn



Source: Company data

Mid-term strategic plan

The group pivots on core ETH strengths and strategic verticals



Source: Company data

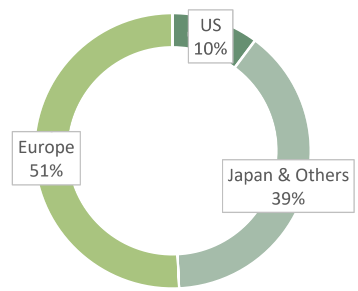
NeXt 2026-30 BP targets

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

Source: Company data

Revenue breakdown by Geography (FY25A)

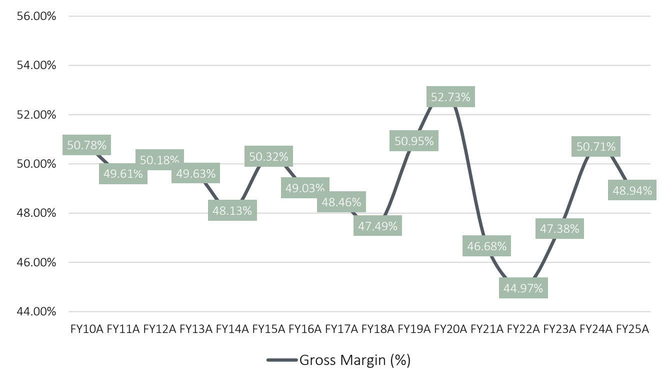
Eurotech is primarily exposed to Europe and Japan



Source: Company data

Operating margins (FY10-FY25A)

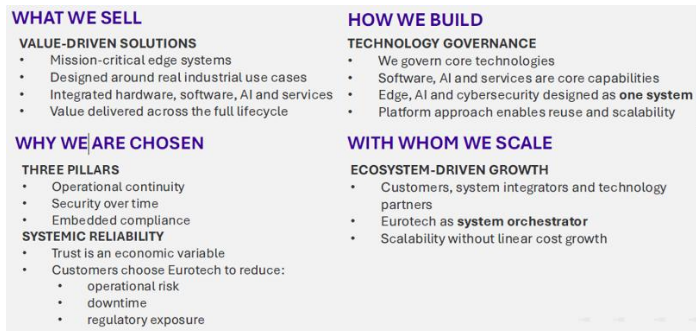
Operating leverage and a shift to Edge AIoT explain the swings in profitability



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

FY20-21 marked a sharp contraction from the FY19 peak, as Covid-related disruption and weak organic trends weighed on revenues and profitability, with EBITDA falling to Eu6.6mn/9.6% in FY20 and broadly breakeven in FY21. Eurotech returned to growth in FY22, with revenues reaching Eu94.3mn and EBITDA Eu7.2mn/7.6%, while FY23 remained broadly resilient at Eu93.8mn sales, with GM improving to 47.4% and adj. EBITDA at Eu5.5mn. FY24 represented a major setback, with revenues falling 37.3% to Eu59.1mn, mainly reflecting the phase-out of the largest US embedded customer and weakness across industrial automation, automotive and Japan, while adj. EBITDA turned negative at Eu-3.7mn. FY25 remained transitional, with revenues declining a further 6.4% to Eu55.4mn, although profitability improved, with adj. EBITDA narrowing to Eu-1.3mn and 4Q returning to positive territory. Looking ahead, we expect growth to resume from FY26E, with sales reaching Eu58.1mn and accelerating to Eu69.5mn/Eu78.5mn in FY27E/FY28E.

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 - 32.8%	Luca di Giacomo - Chairman	3Q26 results: 13/11/26
Free Float - 67.2%	Massimo Milan - CEO	
	Sandro Barazza - CFO	

2Q/1H26 Results

Revenues increased 9% YoY to Eu14.4mn in 2Q26, bringing 1H26 sales to Eu25.2mn (+17.1% YoY). Gross profit rose 4% YoY to Eu6.8mn, although GM declined to 46.9% from 49.1% in 2Q25, with 1H26 GM at 47.8% vs 49.3% in 1H25. Despite the lower GM, adj. EBITDA turned positive at Eu0.2mn from Eu-0.4mn in 2Q25, supported by higher volumes and a structurally leaner cost base following the restructuring actions implemented over the past year. The company presentation highlights a Eu2.9mn YoY reduction in 1H26 operating costs, with payroll and service costs both materially lower. Adj. EBIT also improved to Eu-1.0mn in 2Q26 and Eu-3.8mn in 1H26. The restated net loss was broadly stable YoY in 2Q at Eu1.4mn, but narrowed to Eu4.0mn in 1H26 from Eu6.3mn. Net debt improved sharply to Eu7.2mn from Eu18.7mn in 1H25. Against our old FY26E estimates, 1H26 represents 41% of full-year revenues, while the positive EBITDA inflection in 2Q supports the expected recovery in 2H, although the declining GM warrants a more cautious FY26E profitability assumption.

2Q/1H26 Results

2Q sales growth and positive adj. EBITDA support the turnaround path

Eu mn	2Q25A	2Q26A	*YoY %*	1H25A	1H26A	YoY %	FY25A	OLD FY26E	*YoY %*
Revenues	13.2	14.4	*9%*	21.5	25.2	*17.1%*	55.4	60.9	*10.0%*
Gross Margin	6.5	6.8	*4%*	10.6	12.0	*13.7%*	27.1	30.2	*11.3%*
on sales %	*49.1%*	*46.9%*		*49.3%*	*47.8%*		*48.9%*	*49.5%*	
EBITDA Adjusted	(0.4)	0.2	*nm*	(4.0)	(1.4)	*nm*	(1.3)	2.8	*nm*
Ebitda Margin %	*neg*	*1.2%*		*neg*	*neg*		*neg*	*4.6%*	
EBIT Adjusted	(1.6)	(1.0)	*nm*	(6.4)	(3.8)	*nm*	(6.8)	(1.5)	*nm*
Ebit Margin %	*neg*	*neg*		*neg*	*neg*		*neg*	*neg*	
Restated Net Profit	(1.3)	(1.4)	*nm*	(6.3)	(4.0)	*nm*	(7.4)	(1.5)	*nm*
Net Profit Margin %	*neg*	*neg*		*neg*	*neg*		*neg*	*neg*	
NFP at year end	(18.7)	(7.2)		(18.7)	(7.2)		(16.8)	(8.5)	

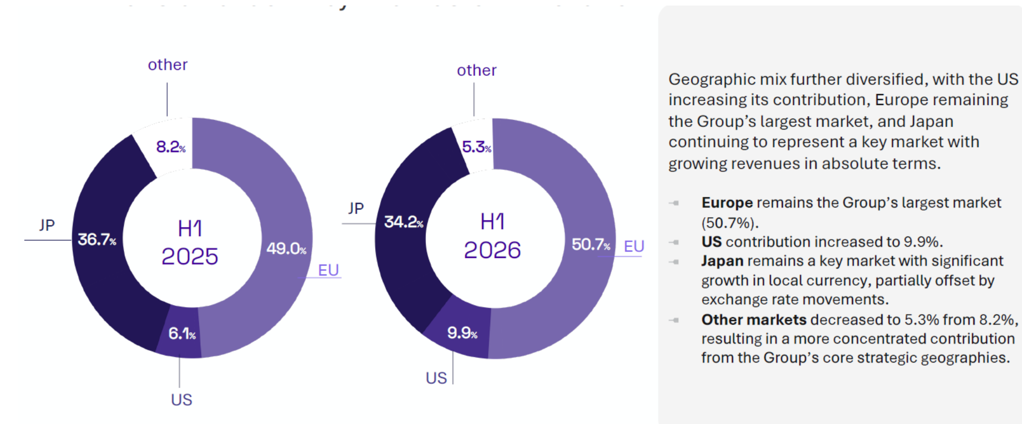
Source: Alantra

Geographic mix remains centred on core markets

Europe remained Eurotech’s largest market in 1H26, accounting for 50.7% of revenues, while the US contribution increased to 9.9%, reflecting a more diversified geographic mix. Japan continued to represent a key market, with revenue growth in local currency partly offset by FX movements, while other markets declined to 5.3% from 8.2%. Overall, the mix points to a greater concentration of sales across the group’s core strategic geographies.

1H26 sales: breakdown by geography

Geographic mix becomes more diversified, with a higher US contribution and Japan remaining strategic



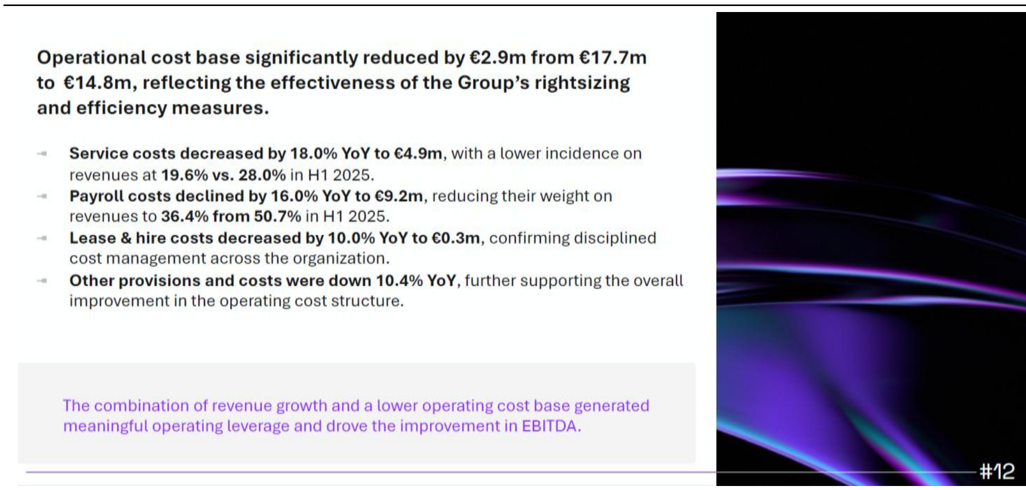
Source: Company presentation

Restructuring actions are translating into a structurally leaner cost base

Operating costs declined by Eu2.9mn YoY to Eu14.8mn in 1H26, reflecting the benefits of the group's rightsizing and efficiency initiatives. Service costs fell by 18% to Eu4.9mn, reducing their incidence on revenues to 19.6% from 28.0%, while payroll costs declined by 16% to Eu9.2mn, with their weight on sales falling to 36.4% from 50.7%. Lease and hire costs also declined by 10%, while other provisions and costs were down 10.4%. The combination of higher revenues and the lower cost base generated meaningful operating leverage and was the key driver behind the improvement in EBITDA.

Structurally leaner operating cost base

Rightsizing and efficiency measures support operating leverage and EBITDA recovery



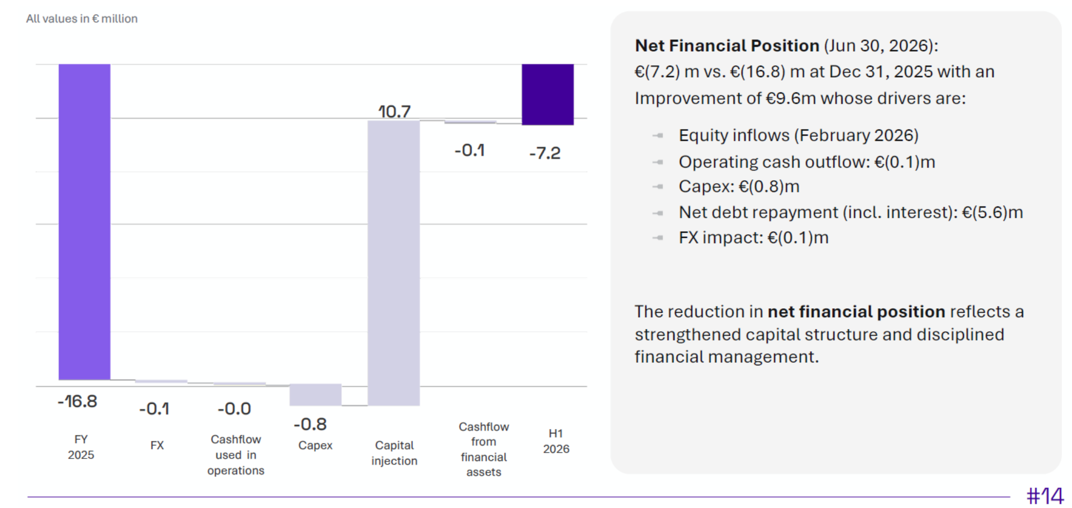
Source: Company presentation

Capital increase and improved WC drive balance sheet strengthening

Net debt declined to Eu7.2mn in June 2026 from Eu16.8mn at YE25, with the Eu9.6mn improvement primarily driven by the Eu10.7mn February capital injection, partly offset by Eu0.8mn capex and a modest operating cash outflow. Net working capital also improved to Eu8.2mn from Eu9.7mn at YE25, mainly reflecting better collections, with trade receivables declining by Eu4.9mn. This more than offset a Eu3.5mn inventory increase, as the group built stocks of critical components, particularly memory, ahead of expected cost inflation. Overall, the balance sheet is materially stronger, although the improvement in NFP remains largely equity-funded rather than driven by underlying FCF generation.

Net debt evolution (FY25-1H26; Eumn)

Capital injection and better receivables collection drive a marked improvement in net debt



Source: Company presentation

Change in Estimates

New versus Old estimates

We cut our FY26E EBITDA estimate after lowering our GM assumption for the year to reflect higher memory/SSD component costs.

(Eu mn)	NEW Estimates FY26E	FY27E	FY28E	% Change FY26E	FY27E	FY28E	OLD Estimates FY26E	FY27E	FY28E
Revenues	58.1	69.5	78.5	-5%	0%	0%	60.9	69.6	78.6
EBITDA Adjusted	0.7	4.3	6.6	-75%	-10%	-6%	2.8	4.8	7.0
EBIT Adjusted	(3.6)	0.1	3.0	nm	nm	nm	(1.5)	0.7	3.5
Pretax Profit	(3.9)	(0.2)	2.7	nm	nm	nm	(1.9)	0.4	3.1
Net profit	(3.2)	(0.2)	2.1	nm	nm	nm	(1.5)	0.3	2.5
Net profit restated	(3.2)	(0.2)	2.1	nm	nm	nm	(1.5)	0.3	2.5
EPS	(0.1)	(0.0)	0.0	nm	nm	nm	(0.0)	0.0	0.0
Net financial position	(10.2)	(10.0)	(8.7)	-1.75	-0.43	-0.58	(8.5)	(9.5)	(8.1)

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		
			FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
EUROTECH	ITALY	78	1.6 x	1.3 x	1.1 x	nm	21.1 x	13.6 x	nm	nm	29.6 x	nm	nm	35.1 x
Premium (discount) to Peers' Average			-57%	-59%	-60%	nm	53%	17%	nm	nm	139%	nm	nm	101%
PEERS	Average		3.6 x	3.2 x	2.9 x	16.7 x	13.8 x	11.6 x	18.2 x	14.5 x	12.4 x	24.1 x	19.6 x	17.5 x
	Median		4.0 x	3.5 x	3.0 x	12.6 x	10.4 x	9.1 x	12.7 x	11.4 x	10.4 x	20.8 x	18.3 x	16.7 x
PTC Inc.	UNITED STATES	12,851	6.0 x	5.4 x	5.0 x	11.9 x	10.9 x	9.9 x	12.7 x	11.4 x	10.4 x	16.8 x	15.5 x	13.8 x
Kontron AG	GERMANY	1,352	0.9 x	0.8 x	0.7 x	6.7 x	5.8 x	4.9 x	12.2 x	8.5 x	7.1 x	12.2 x	9.7 x	9.0 x
Advantech Co., Ltd.	TAIWAN	15,888	5.7 x	4.8 x	4.1 x	27.3 x	22.4 x	18.8 x	29.4 x	23.7 x	20.3 x	33.8 x	28.7 x	25.4 x
Curtiss-Wright Corporation	UNITED STATES	17,646	5.5 x	4.9 x	4.5 x	24.5 x	21.6 x	19.1 x	28.5 x	24.9 x	21.8 x	36.5 x	32.6 x	28.9 x
Mercury Systems, Inc.	UNITED STATES	4,223	5.3 x	4.7 x	4.2 x	34.7 x	26.4 x	20.5 x	nm	nm	nm	nm	nm	nm
Digi International Inc.	UNITED STATES	2,192	na	na	na	na	na	na	na	na	na	24.8 x	21.1 x	19.6 x
PEERS Embedded and IoT	Average		4.7 x	4.1 x	3.7 x	21.0 x	17.4 x	14.6 x	20.7 x	17.1 x	14.9 x	24.8 x	21.5 x	19.3 x
	Median		5.5 x	4.8 x	4.2 x	24.5 x	21.6 x	18.8 x	20.6 x	17.5 x	15.3 x	24.8 x	21.1 x	19.6 x
Interpump Group S.p.A.	ITALY	3,693	1.8 x	1.7 x	1.5 x	8.4 x	7.3 x	6.5 x	11.4 x	9.8 x	8.5 x	15.9 x	14.1 x	12.9 x
SECO S.p.A.	ITALY	562	2.7 x	2.2 x	1.9 x	13.3 x	10.0 x	8.3 x	24.6 x	16.2 x	12.6 x	41.3 x	25.5 x	21.2 x
B&C Speakers S.p.A.	ITALY	123	1.3 x	1.2 x	1.1 x	6.9 x	5.8 x	5.0 x	8.3 x	6.8 x	5.9 x	11.5 x	10.0 x	9.0 x
PEERS Italian Industrials	Average		2.0 x	1.7 x	1.5 x	9.5 x	7.7 x	6.6 x	14.8 x	10.9 x	9.0 x	22.9 x	16.5 x	14.4 x
	Median		1.8 x	1.7 x	1.5 x	8.4 x	7.3 x	6.5 x	11.4 x	9.8 x	8.5 x	15.9 x	14.1 x	12.9 x

Source: Alantra estimates and Factset

Financials

Stronger sales CAGR 26-28 than peers, starting from a low base

Company	Country	Mkt Cap (Eu mn)	FY26E - FY28E average margins					CAGR FY26E - FY28E			
			EBITDA Margin	EBIT Margin	Net Income Margin	Capex / Sales	Dividend Payout	Sales	EBITDA	EBIT	EPS
EUROTECH	ITALY	78	4.7%	-0.7%	-1.0%	3.7%	0.0%	16.2%	nm	nm	nm
PEERS	Average		24.4%	18.4%	13.2%	3.3%	24.0%	8.1%	12.8%	16.1%	16.0%
	Median		21.9%	17.2%	12.5%	2.5%	10.9%	7.8%	10.8%	15.3%	12.4%
PTC Inc.	UNITED STATES	12,851	49.8%	47.2%	34.9%	0.6%	0.0%	7.0%	6.8%	8.0%	10.4%
Kontron AG	GERMANY	1,352	13.7%	8.8%	6.9%	4.4%	37.6%	7.8%	10.4%	22.9%	16.5%
Advantech Co., Ltd.	TAIWAN	15,888	21.4%	20.0%	17.1%	2.1%	68.1%	16.0%	19.1%	18.9%	15.3%
Curtiss-Wright Corporation	UNITED STATES	17,646	22.9%	19.9%	15.5%	2.5%	6.2%	8.2%	10.8%	11.6%	12.4%
Mercury Systems, Inc.	UNITED STATES	4,223	17.9%	4.5%	1.5%	3.2%	0.0%	10.3%	27.9%	nm	nm
Digi International Inc.	UNITED STATES	2,192	29.1%	18.0%	13.3%	0.6%	na	4.4%	11.8%	25.8%	12.3%
PEERS Embedded and IoT	Average		25.8%	19.7%	14.8%	2.3%	22.4%	8.9%	14.5%	17.4%	13.4%
	Median		22.1%	18.9%	14.4%	2.3%	6.2%	8.0%	11.3%	18.9%	12.4%
Interpump Group S.p.A.	ITALY	3,693	22.6%	16.9%	11.5%	4.4%	15.7%	4.3%	5.5%	6.9%	11.1%
SECO S.p.A.	ITALY	562	21.9%	13.4%	6.0%	10.0%	0.0%	13.8%	19.1%	30.6%	39.4%
B&C Speakers S.p.A.	ITALY	123	20.4%	17.2%	12.5%	2.0%	64.2%	1.4%	3.7%	4.0%	10.8%
PEERS Italian Industrials	Average		21.7%	15.8%	10.0%	5.5%	26.6%	6.5%	9.4%	13.8%	20.4%
	Median		21.9%	16.9%	11.5%	4.4%	15.7%	4.3%	5.5%	6.9%	11.1%

Source: Alantra estimates and Factset

Performance

ETH share price outperformed peers in the last 12 months

Company	Country	Mkt Cap (Eu mn)	Performance 1M	3M	6M	1YR	3YR	5YR
EUROTECH	ITALY	78	-3.8%	3.7%	34.0%	31.4%	-51.5%	-76.4%
PEERS	Average		-8.5%	3.1%	16.5%	14.9%	48.9%	78.1%
	Median		-7.9%	-3.0%	3.7%	8.3%	12.0%	11.6%
PTC Inc.	UNITED STATES	12,851	-8.7%	20.2%	-12.3%	-33.4%	-2.9%	11.6%
Kontron AG	GERMANY	1,352	-7.9%	-13.2%	-6.2%	-19.4%	12.0%	-10.7%
Advantech Co., Ltd.	TAIWAN	15,888	-1.9%	41.6%	95.6%	94.8%	90.1%	98.1%
Curtiss-Wright Corporation	UNITED STATES	17,646	-21.2%	-27.3%	-16.0%	8.3%	172.6%	381.9%
Mercury Systems, Inc.	UNITED STATES	4,223	-27.1%	-32.6%	3.7%	12.2%	113.3%	77.3%
Digi International Inc.	UNITED STATES	2,192	-21.7%	-3.0%	35.7%	86.6%	110.4%	211.3%
PEERS Embedded and IoT	Average		-14.8%	-2.4%	16.7%	24.8%	82.6%	128.2%
	Median		-15.0%	-8.1%	-1.3%	10.2%	100.2%	87.7%
Interpump Group S.p.A.	ITALY	3,693	-7.9%	-3.1%	3.7%	-17.3%	-24.6%	-43.6%
SECO S.p.A.	ITALY	562	23.7%	45.4%	60.0%	41.1%	-2.8%	-20.0%
B&C Speakers S.p.A.	ITALY	123	-3.4%	-0.4%	-15.5%	-38.5%	-27.7%	-3.4%
PEERS Italian Industrials	Average		4.1%	14.0%	16.1%	-4.9%	-18.4%	-22.3%
	Median		-3.4%	-0.4%	3.7%	-17.3%	-24.6%	-20.0%

Source: Alantra estimates and Factset

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