

EUROTECH: CONSOLIDATED INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2024 APPROVED BY THE BOD

Revenues down from last year. First margin up year-on-year, above 48% benchmark level. Adjusted EBITDA close to break-even in the third quarter, but not in the nine months. Operating expenses, net of non-recurring costs, down 2.9M€ YoY at constant exchange rates.

Amaro (Italy), 14 November 2024

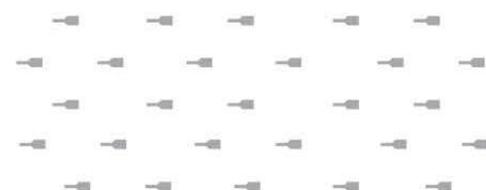
- Consolidated revenues of € 43.0 million (€ 70.0 million as at 30.09.2023, -37.2% at constant exchange rates)
- Consolidated gross profit of € 22.3 million and 51.8% of revenues (€ 33.1 million and 47.3% of revenues as at 30.09.2023)
- Consolidated EBITDA of € -4.3 million (€ 3.8 million as at 30.09.2023)
- Consolidated EBITDA adjusted of € -3.3 million (€ 3.8 million as at 30.09.2023)
- Consolidated EBIT of € -7.7 million (€ -0.5 million as at 30.09.2023)
- Group net income of € -7.9 million (€ -1.2 million as at 30.09.2023)
- Net debt of € 21.0 million (€ 20.6 million as at 31.12.2023)

The Board of Directors of Eurotech S.p.A. today reviewed and approved the results for the first nine months of 2024.

Trend of the period

There were three major phenomena in the sectors in which Eurotech's customers operate: the first phenomenon is the freezing of capex in Industrial Automation in anticipation of a reduction in interest rates, which has led the entire sector to record YoY declines between 20% and 25% rather evenly worldwide; the second phenomenon is the delay in the construction of new plants for chip production, which has led to a sharp drop in business for all semiconductor machine manufacturers, which account for an important part of the business of the Japanese subsidiary Advanet; the third phenomenon is the crisis in the automotive sector, with strong repercussions particularly in Germany where the manufacturing PMI index plummeted in the third quarter to the value of 40.6 recorded in September.

As described in previous quarters, Eurotech's sales revenues were adversely affected - in addition to the market situation described above - by the phase-out of its main customer in the legacy embedded business in the United States.



The nine months of 2024 showed revenues down 37.2% at constant exchange rates compared to the same period last year, a figure in line with the trend recorded in the first half of the year. The Edge AIoT business proved much more resilient than the legacy Embedded business, and in the first nine months it accounted for 59.8% of total revenues.

The procurement improvement actions introduced in the past years continue to yield the expected results on the first margin. Thanks in part to price increases to customers and a shift in sales mix towards higher-margin products, the first margin reached 51.8% in the first nine months, an improvement of 450 bps over the same period in 2023.

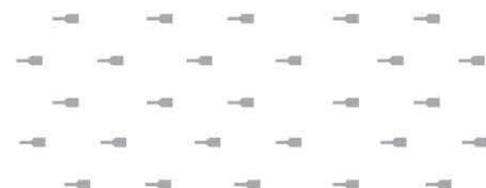
In terms of adjusted EBITDA, the third quarter almost reached the break-even point, as had already been seen in the second quarter: this result was made possible in particular by the decrease in operating costs, which benefited from the effects of the actions to rationalize the operating structure that began in the U.S. at the end of 2023 and were extended to the entire Group in May 2024.

Operating costs decreased – at constant exchange rates – by €1.89M compared to the first nine months of 2023, a value that becomes €2.88M net of non-recurring costs related to the Group's reorganization activities, especially one-time personnel costs linked to the reduction of the workforce and some service costs incurred to facilitate and speed up the reorganization of the operating structure in all geographic areas. On an annual basis, the total expected benefit for 2024 is about €4.0 million compared to the twelve months of 2023, which is an estimate that has been updated upward by about €0.5M compared to what was announced in the September 13 half-year report.

Economic performance of the Eurotech Group

Revenues for the first nine months of 2024 stood at €43.00 million compared to €70.01 million for the nine months of 2023. The decrease at constant exchange rates would amount to 37.2%, while at historical exchange rates the decrease is 38.6%.

Looking at the **breakdown of revenues by location** of the Group's activities, Europe is the main area, contributing 60.6% to the Group's revenues (in the nine months of 2023 it was 42.8%); second place is the Japanese area, contributing 24.7% to total revenues (in the nine months of 2023 it was 25.6%); in third place is the American area, accounting for 14.6% of total revenues (in the nine months of 2023 it was 31.6%).



The **first margin** for the period amounted to €22.27 million, accounting for 51.8% of total sales, up sharply from a margin of 47.3% in the first nine months of 2023. The improvement in the first margin is the result of several factors: the normalization of component prices, activities carried out on both the purchase and sales sides to increase product margins, and the mix of products sold, which particularly in the third quarter benefited from the invoicing of a high-margin order.

Operating costs, before adjustments made and net of non-recurring costs (by the way, only accounted for in 2024), amounted to €28.50 million in the first nine months of 2024, compared to €31.95 million in the first nine months of 2023. At historical exchange rates, this shows a total decrease of 10.8%, while at constant exchange rates the figure is 9.2%.

Non-recurring costs recognized only in 2024 amounted to €0.99 million, and related to the Group's reorganization activities, especially one-time personnel costs related to the reduction of the workforce, some service costs incurred to facilitate and speed up such reorganization as well as financial optimization costs completed in September.

Adjusted EBITDA in the first nine months amounted to € -3.26 million (-7.6% of revenues), compared to € 3.80 million in 2023 (5.4% of revenues).

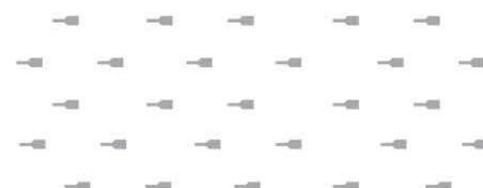
EBITDA for the first nine months of 2024 amounts to € -4.25 million (-9.9% of revenues); however, there is no change with reference to the nine months of 2023, as there are no non-recurring costs.

EBIT for the first nine months, that is, operating income, was € -7.68 million (-17.9% of revenues), while it was € -0.51 million in the nine months of 2023.

Group's **net income** was € -7.90 million (-18.4% of revenues), while it was € -1.23 million in the same period in 2023

Balance sheet and financial situation of the Eurotech Group

The Group's **cash and cash equivalents** amounted to €7.2 million as of September 30, 2024, while they were €11.4 million at the end of 2023. €3.7 million was used for the partial repayment of loans with banks according to their due dates, compared with €0.5 million as new loans subscribed and €2.5 million received from the relative majority shareholder Emera on account of future capital increase.



As of September 30, 2024, the Group had **net financial debt** of €21.0 million, compared to an amount of €20.6 million as of December 31, 2023. In addition to the payment of Emera, the change in the net financial position was mainly due to an operating cash generation of €0.7 million and cash utilization of €3.7 million for investments and repayment of interest related to loans payable.

Net working capital decreased by €4.9 million from €23.9 million as of December 31, 2023 to €19.0 million as of September 30, 2024. The decrease at constant exchange rates would be lower and would amount to €3.28 million. This decrease is mainly influenced by the reduction in current assets and the actual different pattern of collection and payment flows as generally occurs during the quarters. Net working capital as a percentage of sales for the last 12 rolling months stood at 28.4%.

Group shareholders' equity amounts to €88.5 million (€95.3 million as of December 31, 2023).

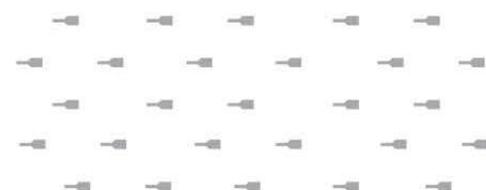
Foreseeable evolution of operations

A low visibility situation persists, characterized by the release of orders from customers for the bare minimum in the short term. However, after a particularly muted first half of the year on order intake, there has been a gradual increase in customer interest in discussing new business opportunities and bid requests, with the phenomenon accelerating over the past two months. This dynamic should translate into an increase in the order book in the months ahead, preparatory to a resumption of growth during 2025.

Sales in the fourth quarter will be higher than in the third quarter, but will nevertheless still be impacted by the macro factors that have characterized business performance in previous quarters as well: the contraction of the industrial sector worldwide, the wait-and-see attitude of customers in Europe, destocking in Japan, and the recession in Germany.

The procurement cost control processes in place and visibility on the mix of products sold suggest that in the last quarter of the year the first percentage margin will maintain values close to those recorded in the first nine months as well.

The actions to rationalize the operating structure announced in May have been implemented and the goal of lowering the Group's run-rate by €4 million in 2025 compared to 2023 has been achieved.



The Manager in charge of drawing up the corporate accounting documents, Sandro Barazza, hereby certifies, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the documented results, books and accounting records of the company.

Eurotech

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

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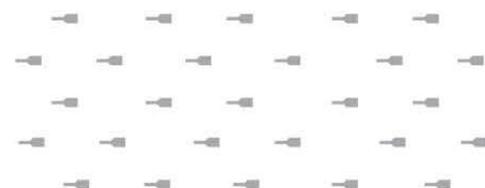
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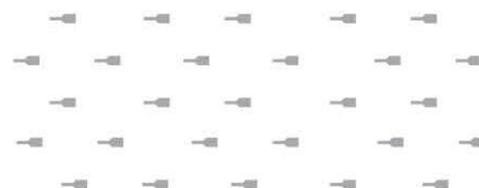
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ANNEXES - ACCOUNTING SCHEDULES

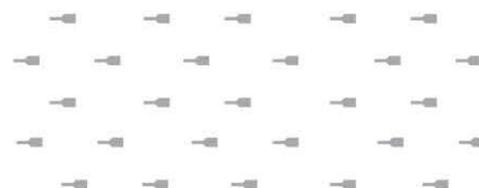
CONSOLIDATED PROFIT AND LOSS ACCOUNT

CONSOLIDATED INCOME STATEMENT									
(€ '000)	9M 2024 (b)	of which non recurrent	of which related parties	%	9M 2023 (a)	of which related parties	%	change (b-a)	
								amount	%
Sales revenue	42,995		3	100.0%	70,007	5	100.0%	(27,012)	-38.6%
Cost of material	(20,724)			-48.2%	(36,922)		-52.7%	(16,198)	-43.9%
Gross profit	22,271			51.8%	33,085		47.3%	(10,814)	-32.7%
Services costs	(10,037)	(548)	(576)	-23.3%	(11,009)	(465)	-15.7%	(972)	-8.8%
Lease & hire costs	(684)			-1.6%	(599)		-0.9%	85	14.2%
Payroll costs	(18,005)	(395)		-41.9%	(19,461)		-27.8%	(1,456)	-7.5%
Other provisions and costs	(768)	(47)		-1.8%	(880)		-1.3%	(112)	-12.7%
Other revenues	2,969			6.9%	2,663		3.8%	306	11.5%
- of which non recurrent					0				
EBITDA	(4,254)	(990)		-9.9%	3,799		5.4%	(8,053)	212.0%
Depreciation & Amortization	(3,321)			-7.7%	(4,307)		-6.2%	(986)	-22.9%
Asset impairment	(104)			-0.2%	0		0.0%	104	n/a
EBIT	(7,679)	(990)		-17.9%	(508)		-0.7%	(7,171)	n.s.
Finance expense	(2,043)			-4.8%	(2,145)		-3.1%	(102)	-4.8%
Finance income	1,917			4.5%	2,490		3.6%	(573)	-23.0%
Profit before tax	(7,805)	(990)		-18.2%	(163)		-0.2%	(7,642)	n.s.
Income tax	(98)			-0.2%	(1,068)		-1.5%	(970)	-90.8%
Net profit (loss) of continuing operations before minority interest	(7,903)	(990)		-18.4%	(1,231)		-1.8%	(6,672)	n.s.
Minority interest	-			0.0%	-		0.0%	-	n/a
Group net profit (loss) for period	(7,903)	(990)		-18.4%	(1,231)		-1.8%	(6,672)	n.s.
Base earnings per share	(0.224)				(0.035)				
Diluted earnings per share	(0.224)				(0.035)				



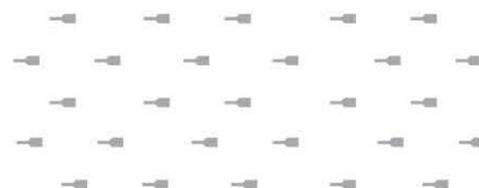
CONSOLIDATED INCOME STATEMENT

(€ '000)	3rd Qtr 2024	<i>of which non recurrent</i>	% 3rd Qtr 2023	<i>of which non recurrent</i>	%
Sales revenue	13,734		100%	22,112	100%
Cost of material	(6,003)		-43.7%	(11,325)	-51.2%
Gross profit	7,731		56.3%	10,787	48.8%
Services costs	(3,113)	(432)	-22.7%	(3,602)	-16.3%
Lease & hire costs	(210)		-1.5%	(213)	-1.0%
Payroll costs	(5,739)	(213)	-41.8%	(6,409)	-29.0%
Other provisions and costs	(169)	64	-1.2%	(349)	-1.6%
Other revenues	885		6.4%	887	4.0%
- of which non recurrent			0.0%		0.0%
EBITDA	(615)		-4.5%	1,101	5.0%
Depreciation & Amortization	(1,058)		-7.7%	(1,622)	-7.3%
Asset impairment	(19)		-0.1%	0	0.0%
EBIT	(1,692)		-12.3%	(521)	-2.4%
Finance expense	(640)		-4.7%	(735)	-3.3%
Finance income	249		1.8%	1,281	5.8%
Profit before tax	(2,083)		-15.2%	25	0.1%
Income tax	(160)		-1.2%	(317)	-1.4%
Net profit (loss) of continuing operations before minority interest	(2,243)		-16.3%	(292)	-1.3%
Minority interest	0		0.0%	0	0.0%
Group net profit (loss) for period	(2,392)		-17.4%	(292)	-1.3%



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€'000)	at September 30, 2024	of which related parties	at December 31, 2023	of which related parties
ASSETS				
Intangible assets	85,235		85,827	
Property, Plant and equipment	6,640		7,185	
Investments in affiliate companies	4		4	
Investments in other companies	143		544	
Deferred tax assets	4,528		4,655	
Other non-current assets	486		502	
Total non-current assets	97,036		98,717	
Inventories	20,568		21,887	
Trade receivables	11,007	-	19,883	1
Income tax receivables	1,480		1,206	
Other current assets	1,436		2,151	
Other current financial assets	115		143	
Derivative instruments	44		102	
Cash & cash equivalents	7,155		11,428	
Total current assets	41,805		56,800	
Total assets	138,841		155,517	
LIABILITIES AND EQUITY				
Share capital	8,879		8,879	
Share premium reserve	136,400		136,400	
Other reserves	(56,770)		(49,960)	
Group shareholders' equity	88,509		95,319	
Equity attributable to minority interest	-		-	
Total shareholders' equity	88,509		95,319	
Medium-/long-term borrowing	17,699		13,481	
Employee benefit obligations	2,401		2,382	
Deferred tax liabilities	3,173		3,400	
Other non-current liabilities	913		899	
Business combination liabilities	-		740	
Total non-current liabilities	24,186		20,902	
Trade payables	8,408	331	11,668	137
Short-term borrowing	10,406		18,021	
Income tax liabilities	594		1,779	
Other current liabilities	6,534		7,701	
Business combination liabilities	204		-	
Total current liabilities	26,146		39,296	
Total liabilities	50,332		60,198	
Total liabilities and equity	138,841		155,517	

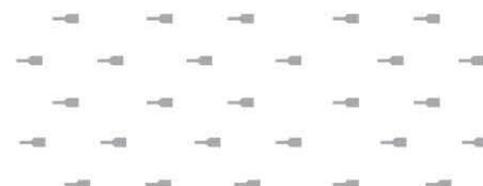


STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(€'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 shareholders 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 September 30, 2024	-	-	-	-	-	-	-	-	-	(7,903)	(7,903)	-	(7,903)
<i>Comprehensive other profit (loss):</i>													
- Hedge transactions	-	-	-	-	-	(58)	-	-	-	-	(58)	-	(58)
- Actuarial gains/(losses) on defined benefit plans for employees	-	-	-	-	-	-	-	-	-	-	-	-	-
- Foreign balance sheets conversion difference	-	-	-	(1,040)	-	-	-	-	-	-	(1,040)	-	(1,040)
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	-	(500)	-	-	(500)	-	(500)
Total Comprehensive result	-	-	-	(1,040)	-	(58)	-	(500)	-	(7,903)	(9,501)	-	(9,501)
- Performance Share Plan	-	-	-	-	191	-	-	-	-	-	191	-	191
- Future capital increase payment	-	-	-	-	2,500	-	-	-	-	-	2,500	-	2,500
Balance as at September 30, 2024	8,879	1,776	136,400	(665)	(51,697)	44	(543)	2,880	(662)	(7,903)	88,509	-	88,509

CONDENSED CASH FLOW STATEMENT

(€'000)		at September 30, 2024	at September 30, 2023	at December 31, 2023
Cash flow generated (used) in operations	A	683	1,463	981
Cash flow generated (used) in investment activities	B	(2,910)	(4,357)	(3,112)
Cash flow generated (absorbed) by financial assets	C	(1,617)	(3,464)	(2,186)
Net foreign exchange difference	D	(429)	664	(2,365)
Increases (decreases) in cash & cash equivalents	E=A+B+C+D	(4,273)	(5,694)	(6,682)
Opening amount in cash & cash equivalents		11,428	18,110	18,110
Cash & cash equivalents at end of period		7,155	12,416	11,428



NET FINANCIAL POSITION

(€'000)		at September 30, 2024	at December 31, 2023	at September 30, 2023
Cash	A	7,155	11,428	12,416
Cash equivalents	B	-	-	-
Other current financial assets	C	159	245	291
Cash equivalent	D=A+B+C	7,314	11,673	12,707
Current financial debt	E	8,035	4,547	2,241
Current portion of non-current financial debt	F	2,371	13,474	12,483
Other current financial liabilities	G	204	-	-
Short-term financial position	H=E+F+G	10,610	18,021	14,724
Short-term net financial position	I=H-D	3,296	6,348	2,017
Non current financial debt	J	17,699	13,481	15,110
Debt instrument	K	-	-	-
Medium-/long-term net financial position	L=J+K	17,699	14,221	16,010
(NET FINANCIAL POSITION) NET DEBT ESMA	M=I+L	20,995	20,569	18,027

NET WORKING CAPITAL

(€'000)	September (b)	31, 2023 (a)	September	Changes (b-a)
Inventories	20,568	21,887	26,447	(1,319)
Trade receivables	11,007	19,883	13,315	(8,876)
Income tax receivables	1,480	1,206	1,976	274
Other current assets	1,436	2,151	4,830	(715)
Current assets	34,491	45,127	49,074	(10,636)
Trade payables	(8,408)	(11,668)	(14,974)	3,260
Trade payables from affiliates companies	0	(127)	(82)	127
Income tax liabilities	(594)	(1,779)	(1,591)	1,185
Other current liabilities	(6,534)	(7,701)	(9,938)	1,167
Current liabilities	(15,536)	(21,275)	(26,585)	5,739
Net working capital	18,955	23,852	22,489	(4,897)

