



2022 Annual General Meeting

11 May 2022

The information contained in this presentation of results has been prepared by Arteche Lantegi Elkartea, S.A. (hereinafter the Company or Arteche Group) and includes financial information drawn from the annual consolidated accounts of the Company and its Group as of December 31, 2021, both audited by Ernst & Young S.L, as well as declarations concerning future forecasts.

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Arteche overview



**Main figures and milestones
FY2021**



Expected trends in FY2022

Activity

We are an **international reference**: we design, manufacture, integrate and provide electrical equipment...

... and solutions for the **measuring, protection, automation, control** and **communication** ...



Global reach



175 countries



Production and R&D plants



15 countries

Underlying Sectors

...mainly across the electricity sector: **generation, transmission and distribution**...



Experienced team



> 2.500 people



... with a special focus **on integrating renewables** and **smart grids**.



Utilities, main customer

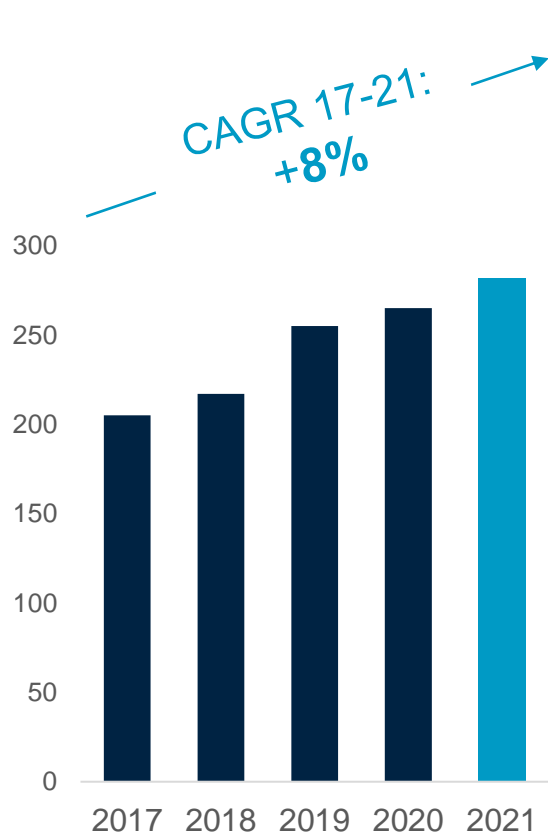


> 1.500 utilities around the world

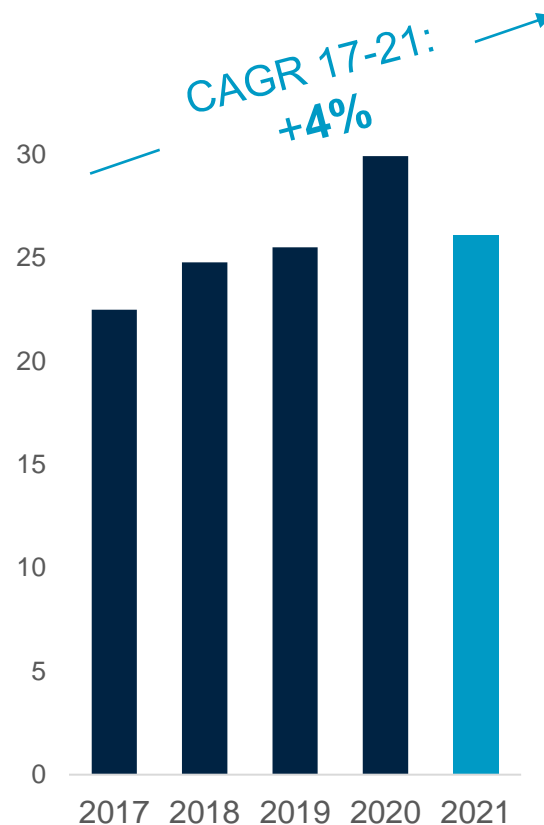


Historical figures: **solid** business model

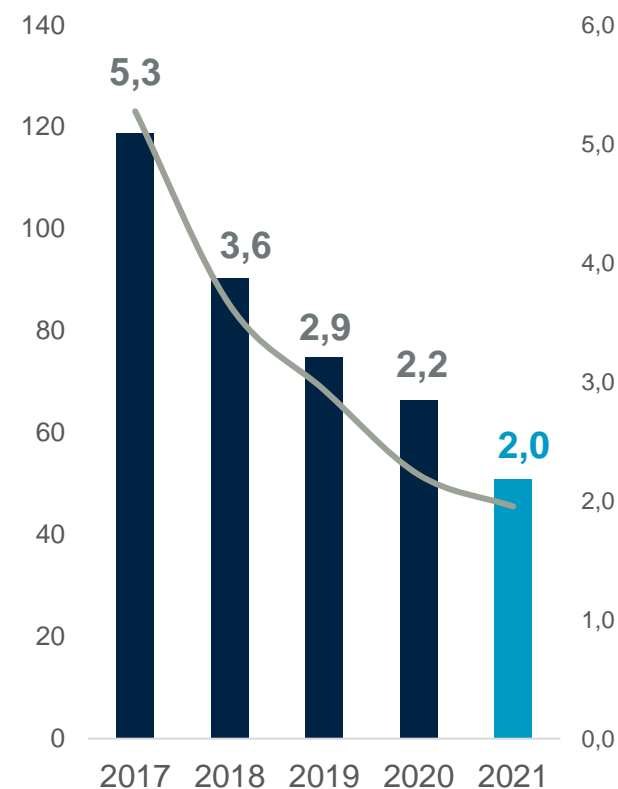
Revenues (€m)



EBITDA (€m)



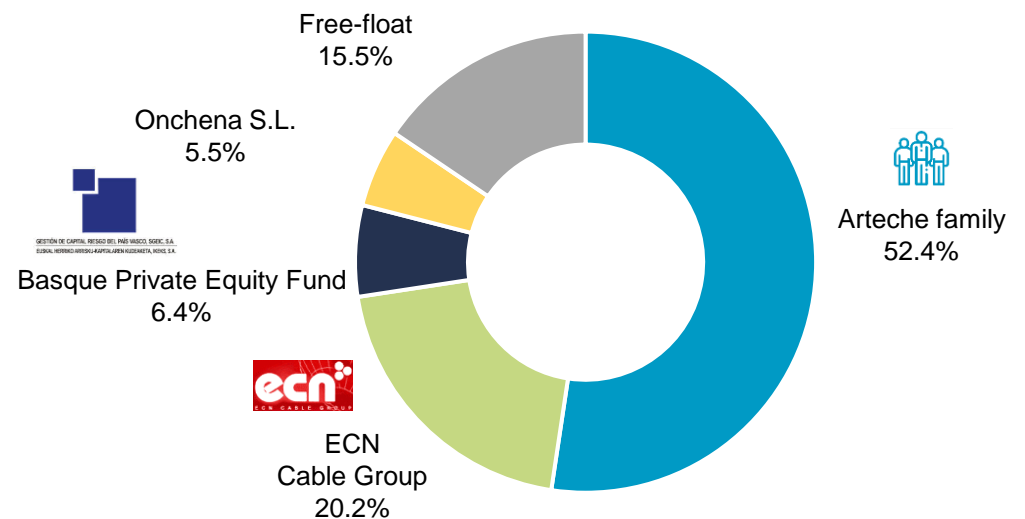
Net debt (€m, xEBITDA)



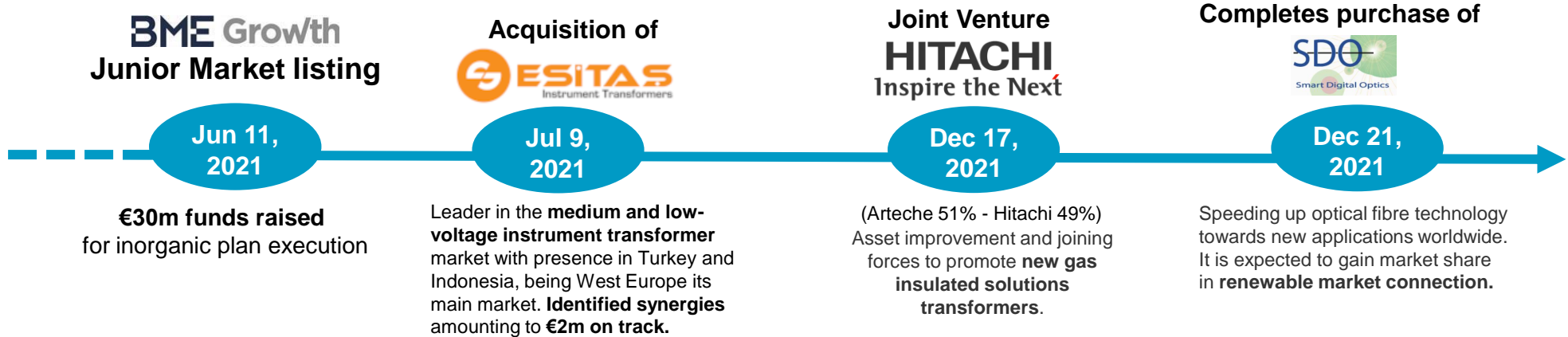


- ✓ **€225 million** of enterprise value
- ✓ **€30 million** allocated to:
 - ✓ Expand our international presence.
 - ✓ Strengthen our balance sheet position
- ✓ IPO oversubscribed
- ✓ **2 acquisitions already executed** in 2021

Current Shareholder Structure



FY 2021: Broadening our edges

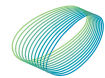


These 3 operations are part of the **inorganic growth strategy** as defined in our **2023 Strategic Plan**.



Artech has a **stronger position** across its target markets, adding **3 strategic assets and product portfolio**, ready to be delivered to their customers





arteche

ESG always at the centre of Arteche's core activities

Sustainability Strategic Goals 2030

5 strategic lines

- 1 Net-zero carbon
- 2 100% use of Renewable Electric Energy
- 3 Zero impact of our products and packaging
- 4 Excellence in Corporate Governance
- 5 Diverse but equal



Safety and Health



Quality Management



Information Security Management



Environmental Management



Signatories



Strategic objectives

- ✓ Implementation of **ecodesign** in all our products and packaging.
- ✓ **Digitalization** of all processes.
- ✓ **Reuse/recycle** 100% of waste generated.
- ✓ **100% renewable energy** consumption.
- ✓ **Reduce** our **carbon footprint** by more than 50%.
- ✓ **Same development opportunities** for all
- ✓ **0 days lost** due to work-place injury.
- ✓ Recognized for **Best Practices** in Continuous Market **Corporate Governance**.

Achievements

€3m

Loan from Cofides with a variable component related to the reduction of CO2 emissions

-44%

Hazardous waste generated

-5%

Electricity consumption & Scope 1 greenhouse gas emissions

+40%

Training hours

80%

Local providers

0

Environmental incidents

Our Sustainability Strategic Plan 2030, Our Ambition Journey

External recognitions to our ESG performance in 2021

Sustainable Competitiveness Award in the category of Transparency and Good Governance

- ✓ We work to maintain the highest standards of ESG criteria...
- ✓ ... for our performance in social development and...
- ✓ ...in the generation of value in the communities where we are present.



Award in the category of most sustainable family business in the energy sector

- ✓ For integrating ESG criteria into our management and operational strategy...
- ✓ ... reflected in our Sustainability Policy and our Strategic Sustainability Plan 2022-2030

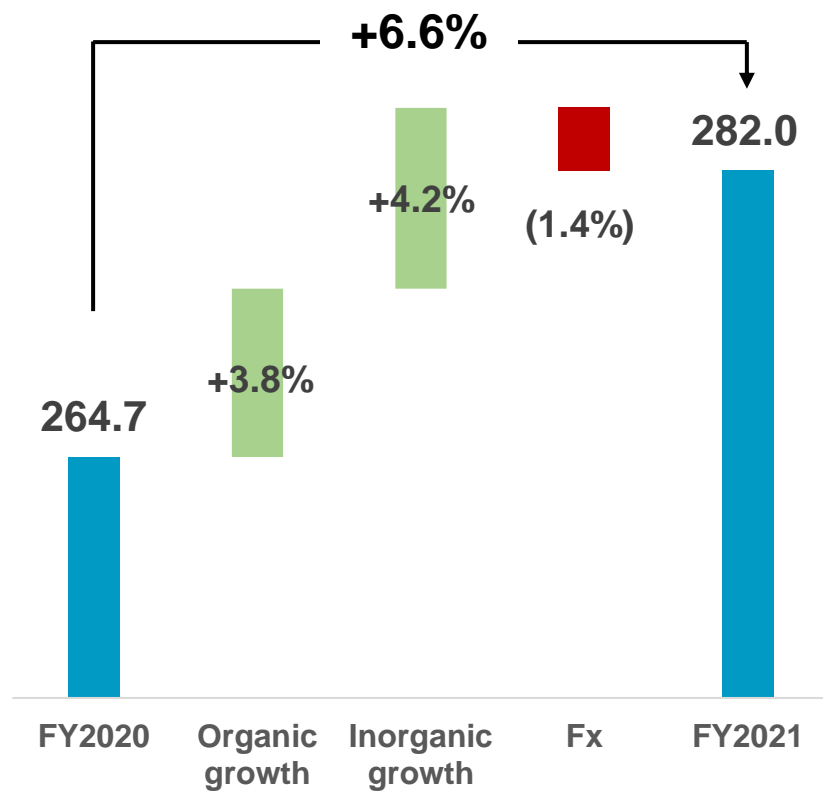


FY 2021 Financial highlights

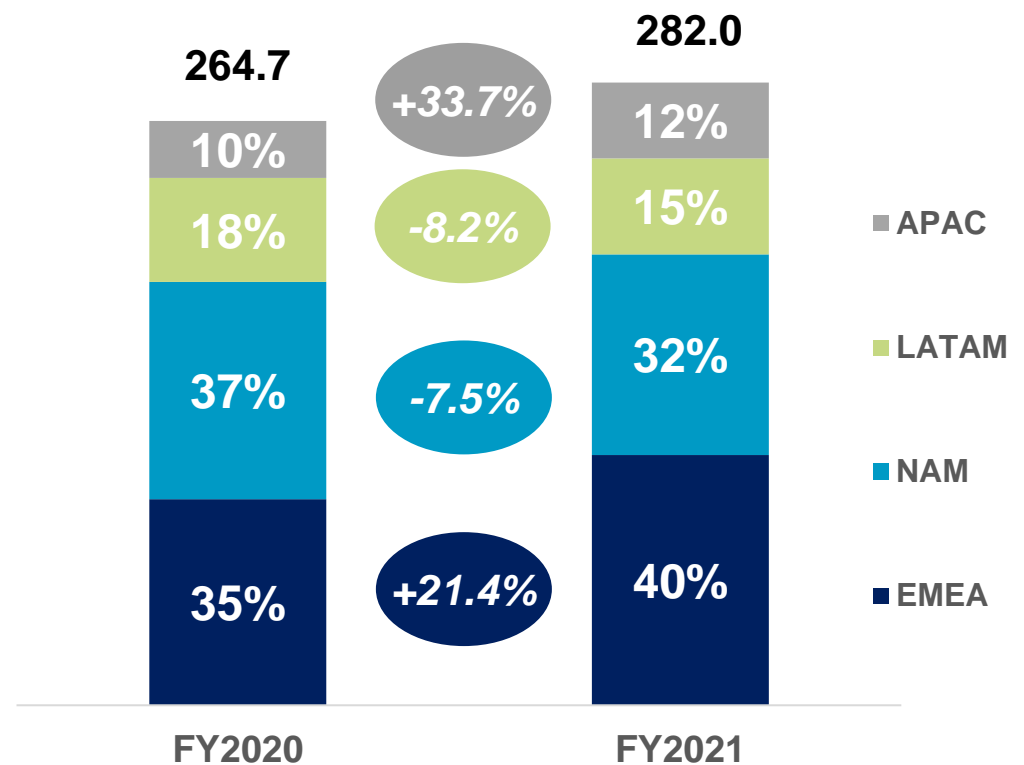


Orders	Revenues	EBITDA	Net profit	NFD/EBITDA
€285.9m	€282.0m	€26.1m	€8.5m	1.95x
+3.7%	+6.6%	9.3%	+730%	-23.3%
yoy	yoy	EBITDA margin over revenues	yoy	NFD reduction yoy

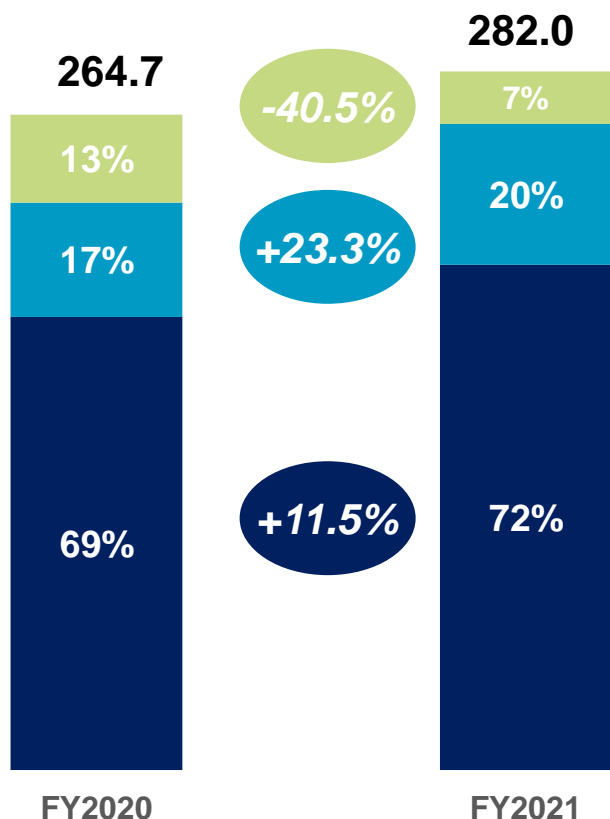
Revenues evolution (€m,%)



Evolution by region (€m,%)



Evolution by business line (€m,%)



FY2020

FY2021

- Network Reliability
- T&D Grid Automation
- Measurement & monitoring systems



Measurement and monitoring

We strengthen our leadership position

- ✓ We grow above expectations of our strategic plan despite supply chain headwinds.
- ✓ Our pricing and cost management strategy will allow **margin recovery**.
- ✓ **New capacities** in North America and China.
- ✓ **Inorganic transactions** executed in FY21 reinforce our position of **international leadership**.



T&D Grid Automation

We grow at double digit taking advantage of the opportunity of digitalization of the sector

- ✓ We grow above expectations of our strategic plan.
- ✓ **Successful price recovery** strategy.
- ✓ **New markets** opening.
- ✓ We are advancing in a **new protection and control platform**.



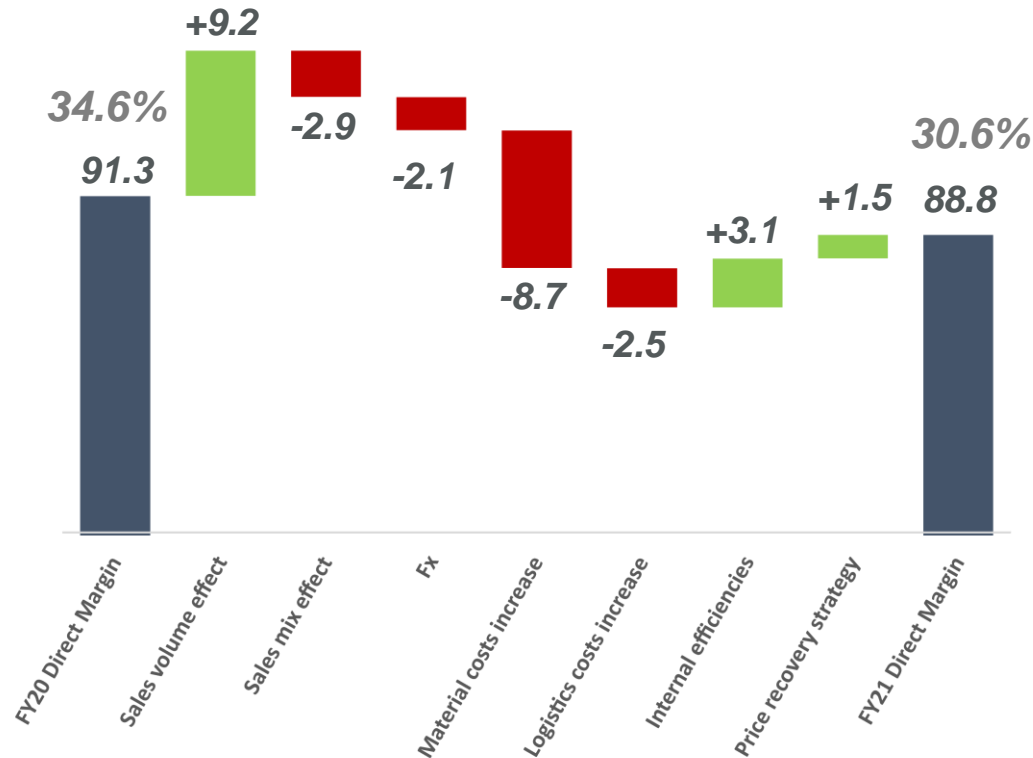
Network Reliability

The drivers of growth and the boost of renewable energies are maintained

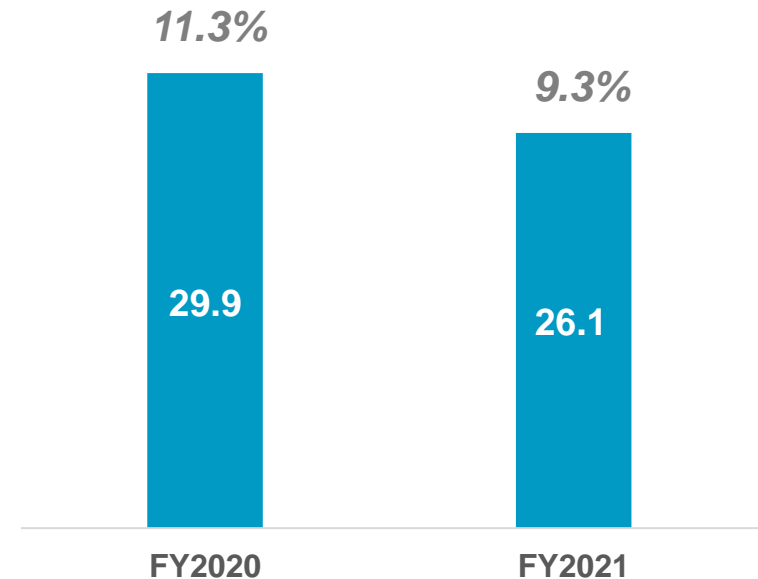
- ✓ **Conjunctural impact** in Latam in FY21 not affecting our growth fundamentals.
- ✓ **New markets** opening and **new homologations**.
- ✓ **New reclosers range** in the final stages of development.
- ✓ **New plant in Brazil** more efficient and more lean.

FY 2021 Direct margin and EBITDA margin

Direct margin⁽¹⁾ evolution (€m,% of income⁽²⁾)

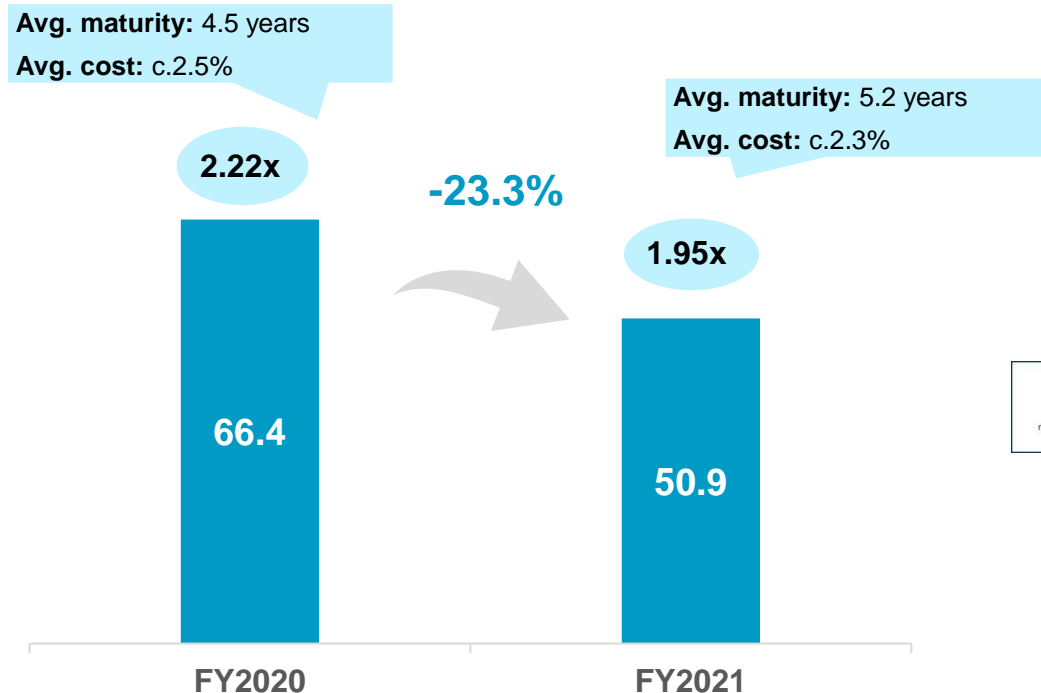


EBITDA margin⁽³⁾ evolution (€m,% of revenues)



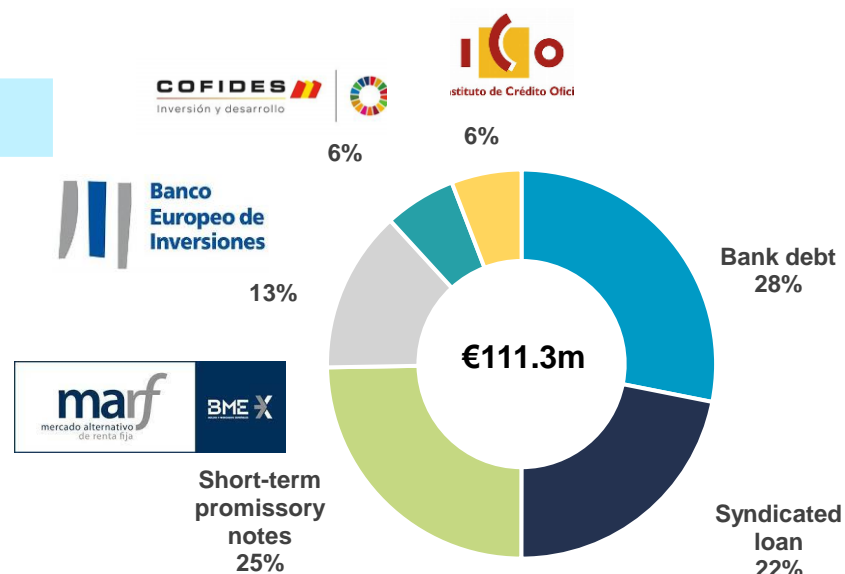
- **FY2021 EBITDA** was impacted by **raw material and logistic headwinds** as well as by **one-off effects** (i.e. €0.6m of advisory costs for ESITAS acquisition).
- **Arteche managed to reduce structure costs**, down to 24.2% of revenues in FY21 from 24.6% in FY20.

Net financial debt (NFD), NFD/EBITDA evolution (€m, xEBITDA)



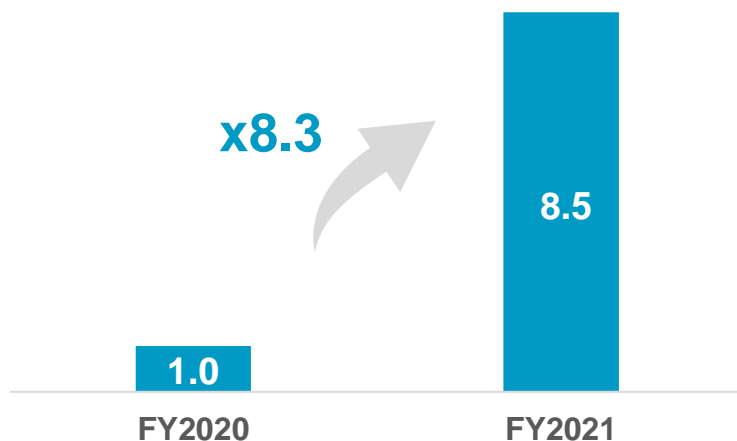
Our liquidity reserves increased during 2021 thanks to the funds raised after IPO of the company at BME Growth last June 2021 as well as new financing coming from diversified sources: EIB, ICO, MARF,...

2021 Gross financial debt breakdown by source (%)

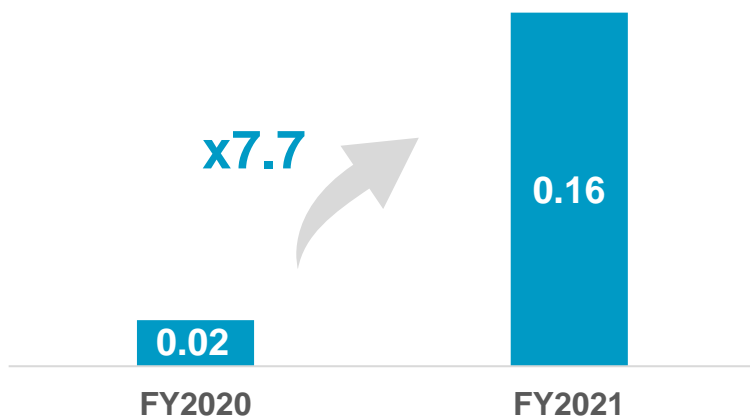


62% of total long-term loans are **hedged** against the risk of interest rate variation

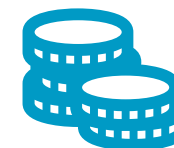
Net profit evolution (€m)



Earnings per share (EPS) evolution (€/share)

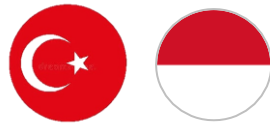


Shareholder remuneration



The Board of Directors is proposing today to the Shareholders General Meeting the distribution of a dividend of **0.045 euros/share** (**30% pay-out** against *FY2021 results*)

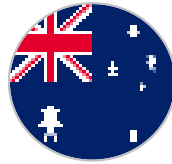
ESITAS acquisition – 9 July 2021



- ✓ Founded in 1984, ESITAS is **leading player** in the local market of **medium and low-voltage instrument transformers**.
- ✓ **2 operating facilities:** Turkey and Indonesia.
- ✓ **Synergies** worth **2 million euros**, higher than expected, **already materializing**.
- ✓ We **strengthen** our industrial positioning in **Asia** and **reinforce our leadership** in the Measurement and Monitoring business.



We complete the purchase of SDO – 17 December 2021



- ✓ Founded as a spin-off company of the University of Sydney. Currently it is a **sustainable technology, reference** in the field of **optical fibre current sensors** for the electric power sector.
- ✓ Back in **2010**, we acquired **57.6% of the share capital** forming a strategic alliance looking to enhancing the innovative capabilities of the Australian company **With this transaction**, we acquire the remaining **42.4% of the shares**.
- ✓ **We expand** our presence in the **Smart Grid business** and gain weight in the **renewable energy connection**.
- ✓ **Double digit growth** in this business line in **2021** and also expected in **2022**.



National Innovation Centre in Sydney, where SDO headquarters are located.

Joint Venture with Hitachi Energy – 21 December 2021



- ✓ We strengthen the capabilities of our Vitoria plant with the entrance of Hitachi Energy into 49% of the shareholding. Transaction closing signed last May 2, 2022.
- ✓ The strategic plan of this joint venture contemplates becoming leaders in the gas insulated instruments transformers market.
- ✓ We improve our sustainability, aiming at innovating the market of sustainable gas insulated transformers of an ecological nature.





Expected trends in 2022



- ✓ Prevailing **strong and dynamic market demand** worldwide
- ✓ Arteche **footprint** is **well positioned**
 - ✓ **Geographic markets / product portfolio** (reinforced by 2021 M&A)
 - ✓ **Market share / good order intake** (Q1 2022)
- ✓ Arteche **‘Business Model’** proved to be **resilient**
 - ✓ **Price recovery** strategy on track
 - ✓ **Cost saving** programs speeding up (from design to delivery)
- ✓ **Supply chain disruptions** (energy, raw material, logistic costs) increase pressure on input costs

How do we face the future?



1

Arteche has a leadership position in a specialized market



2

Well aligned with growth trends of electrification, energy transition and digitalization



3

Transforming our portfolio to deliver higher growth and better margins



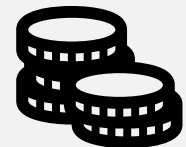
4

Ongoing commitment to ESG that's creating value for all stakeholders



5

Shareholder-oriented capital allocation demonstrated through disciplined M&A and dividend distribution





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Moving together

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