

A large, three-dimensional sign spelling out the word "arteche" in a bold, white, rounded font. The letters have a slight blue gradient and are set against a dark background. The sign is positioned on a blue surface with a diagonal shadow.

Presentation of results
1st semester 2021

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Letter from the Chairman and CEO

On June 11th, Arteche made its debut in BME Growth with a view to further extend its financing options. This leap, aligned with our Strategic Plan by 2023, aims at organically and inorganically growing at a year-on-year rate of 8%, as well as strengthening our leadership in the international power market.

In a context of economic recovery associated with the pace of vaccination, we have closed the first half of 2021 with satisfactory results.

It is now a good time for our sector in terms of global investment, as is shown by the number of orders received, with an activity that is higher than in the first semester of 2020, while it is worth highlighting growth in the market of Europe and Middle East (+11%) as well as in the United States (+4%). In terms of business activities, we have increased by 32% in Automation, backed by the sector's growth (digitisation, automation, renewables) and the growth in market share in segments such as railway (+38%). In the Measurement business, we have also grown compared with 2020 (+9%) and once the effect of Mexico's contracts, which were concluded in July, is linearised, growth should accelerate in the second half of the year. Our challenge for the second semester will consist in recovering growth in the business of network reliability where, although we have closed major framework agreements, mobility restrictions affect our customer's installation capacity.

All this has allowed us to close the first semester of the year with a 8% increase compared with the same period in 2020, improving EBITDA by 8% and with a positive net result which exceeds by 5 points over sales the result in 2020.

Regarding stock listing, the launching has been positive and has strengthened our investors' confidence in the Arteche project, which has allowed us to boost the inorganic growth plan, completing the process for the purchase of the Turkish company ESITAS, which was carried out in July.

The purchase of ESITAS is part of our strategy to increase and strengthen our position in Asia. The factories of Arteche's new company in Turkey and Indonesia position us in two very important markets with a great development potential for our business.

ESITAS' integration process into Arteche is already under way and allows us to already accelerate our growth pace as of the second semester of this year and, in 2022 and 2023, the whole growth potential in new markets will become visible and the major synergies identified will materialise.

The main challenges we have ahead consist in the increase in raw material costs and logistic costs as well as their impact on the supply chain.

Over these past months, we have strengthened the supply chain and successfully minimised the impact that the shortage in some materials may have on our production.

Likewise, we have launched price adjustment and cost reduction measures in order to offset cost increases, but the rise in raw materials and logistics is stronger than what we expected and the price increases might not be sufficient in some activities and markets.



Alex Artetxe

As long as these cost conditions are maintained, we will keep such action lines going in order to control and minimise their impact and thus further advance in parallel towards a sustainable future, not only from a business perspective.

In this sense, we continue promoting various actions, not only through Arteche's Sustainability Committee, but also from a perspective which implies a transversal commitment that goes from our Board of Directors to each member of Arteche.

On this basis, we are facing the second part of the year with enthusiasm and intend to comply with the objectives set in our Strategic Plan by 2023.

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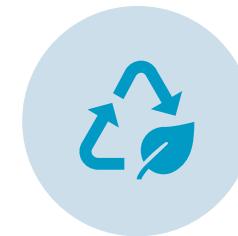
Evolution per business line

4



Inorganic growth

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ESG

Major milestones

Growth

Inorganic:

- **Purchase** of Esitaş, a Medium Voltage manufacturer with plants in Turkey and Indonesia

Organic:

- **Presence expansion in Mexico** with the building of a new **state-of-the-art** laboratory
- Opening of a **commercial office** in **Colombia**
- **32% growth in Network Automation**

Customers

Measurement and Monitoring:

- **Offshore wind** agreement with **General Electric**
- CFE (**Federal Electricity Commission of Mexico**) annual award

- **New customers:** Wemag Germany and Ende Bolivia
- **Installation of optical Transformers** for Elvia Noruega

Network automation

- **Increase** in the sale of relays in the **railway sector**
- **Protection and control** systems in Furnas and Electronorte Brazil
- Multiannual framework agreement in **Naturgy (electronic appliances)**

Network reliability

- Framework agreement with **Neoenergia (reclosers)**

Operations

Industry 4.0:

- New automated cell for the manufacturing of **electronic products**
- **Robotization** of our **warehouse** in China
- **Digitization of information panels** in our production plants

Increase in our production capacity:

- **Capacity increase in capacitive devices** in our Chinese plant so as to meet growing demand

Financing

Financing sources diversification strategy:

- **Capitalization** after IPO for **M€30**
- Alternative bond market: at the end of June **M€32.7 (>M€18.7)** compared with December). Improvement in cost and dealine.
- Provision from the **ICO** (Official Credit Institute): **M€5**

Main financial indicators

Thousands of euros	30/06/2020	30/06/2021
Turnover	119.506	129.006
Direct Margin	45,682	41,199
Direct Margin (% / sale price revenue)	35.9%	31.1%
EBITDA	9,881	10,651
EBITDA/Turnover (%)	8.3%	8.3%
EBIT	4,439	4,481
EBIT/Turnover (%)	3.7%	3.5%
Net Profit	-4,442	1,712
Net Profit/Turnover (%)	-3.7%	1.3%

- Our turnover increases by 8% compared with the year before, driven by the network's Measurement and Automation business activities
- The direct margin evolution is determined by the change in product mix, the evolution of currencies and, to a lesser extent, the increase in transport and material costs
- In this global context, the EBITDA increases in the same proportion as the turnover, so that profitability is maintained
- The positive net profit at the end of the semester clearly exceeds the previous year thanks to the incremental volume, the strong reduction in financial costs and a proper handling of currencies



We are further growing...

Balance

Balance sheet (thousands of euros)	31/12/2020	30/06/2021
Non-current asset	84,942	82,676
Current asset	141,355	176,709
Stocks	49,976	54,494
Commercial debtors and other accounts receivable	53,093	58,387
Cash and other equivalents + short-term financial investments	37,488	63,229
Others	798	599
TOTAL ASSETS	226,297	259,385

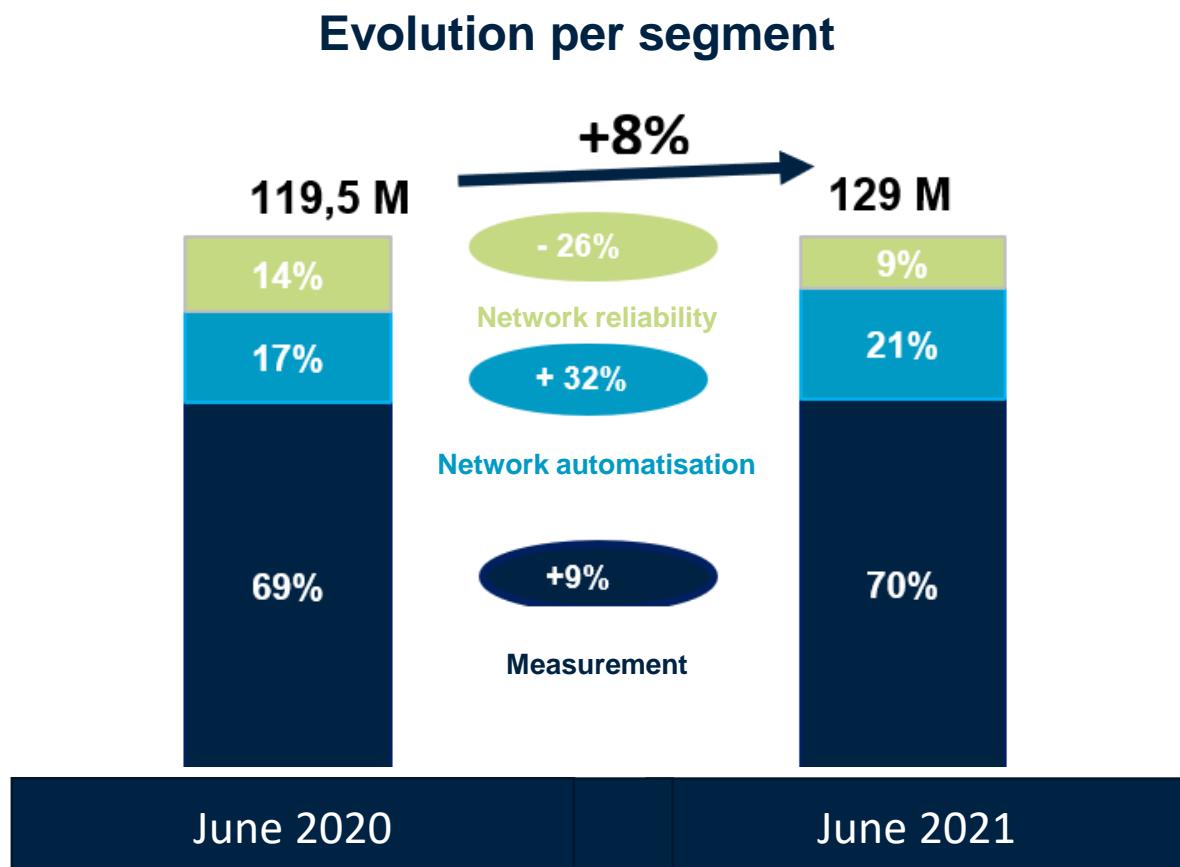
Balance sheet (thousands of euros)	31/12/2020	30/06/2021
Net equity	26,059	56,322
Non-current liability	70,837	76,968
Long-term debts	64,972	71,681
Other long-term debts	5,865	5,287
Current liability	129,401	126,095
Commercial credits and other accounts payable	84,504	84,573
Short-term debts	42,150	39,895
Other short-term debts	2,747	1,627
TOTAL NET EQUITY AND LIABILITY	226,297	259,385

INDICATOR	30/06/2020	30/06/2021
Net Financial Debt	82,097	46,446
NFD / EBITDA	2.8	1.5
NFD / Adjusted equity	1.5	0.5
Cash generation	-7,338	19,929

Strengthening our ratios: Balance and equity item.

- Increase in net equity thanks to the capitalization linked to initial public offering
- The cash and equivalents item is strengthened thanks to our recent participation in BME Growth. The activity increase in this period has induced an increase in operating working capital
- The provision of long-term lines and the cancellation of short-term lines which significantly reduce the Group's financing costs stand out

Evolution per segment



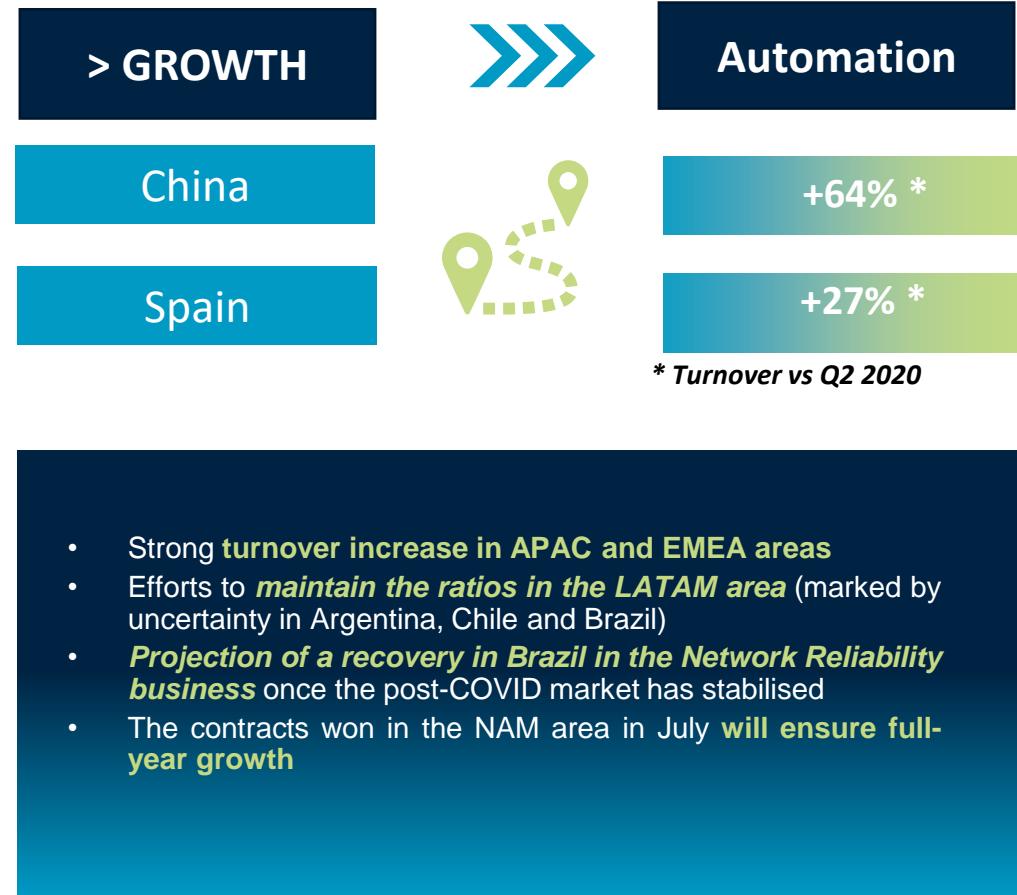
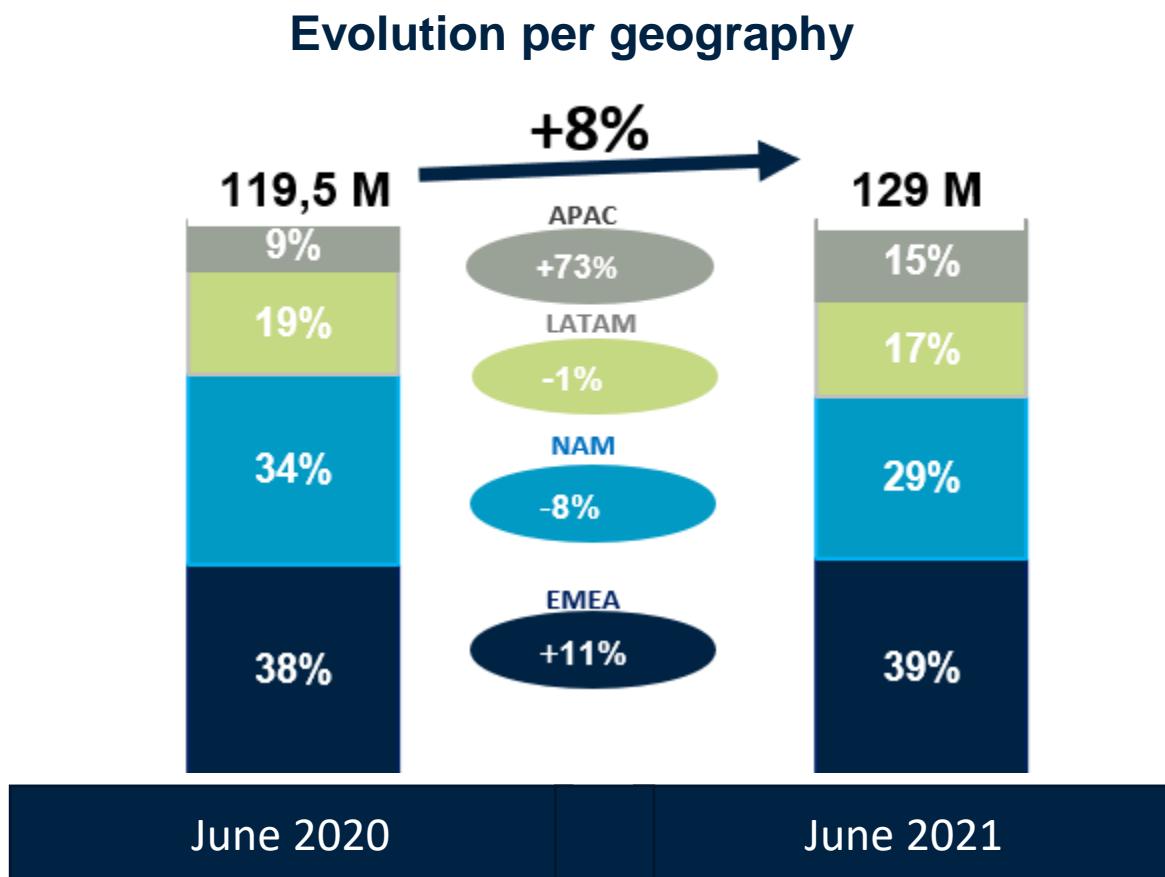
Relays & Electronic Appliances

Sector	Revenue Change
Energy	+17% *
Railway	+36% *

* Contracts vs Q2 2020

- Strong increase in the **Network Automation** segment both in the **relays** and **substation automation** business. It is worth highlighting the consolidation of our growth in relays in **the railway sector**. We comply with the objectives set in our Strategic Plan
- Award of the FEC tender (Federal Energy Commission) in Mexico, which will imply **growth in the Measurement business by the end of the year**
- The **purchase of ESITAS** strengthens growth in the **Measurement** segment
- Network reliability:** delay in the framework agreements of the main utilities

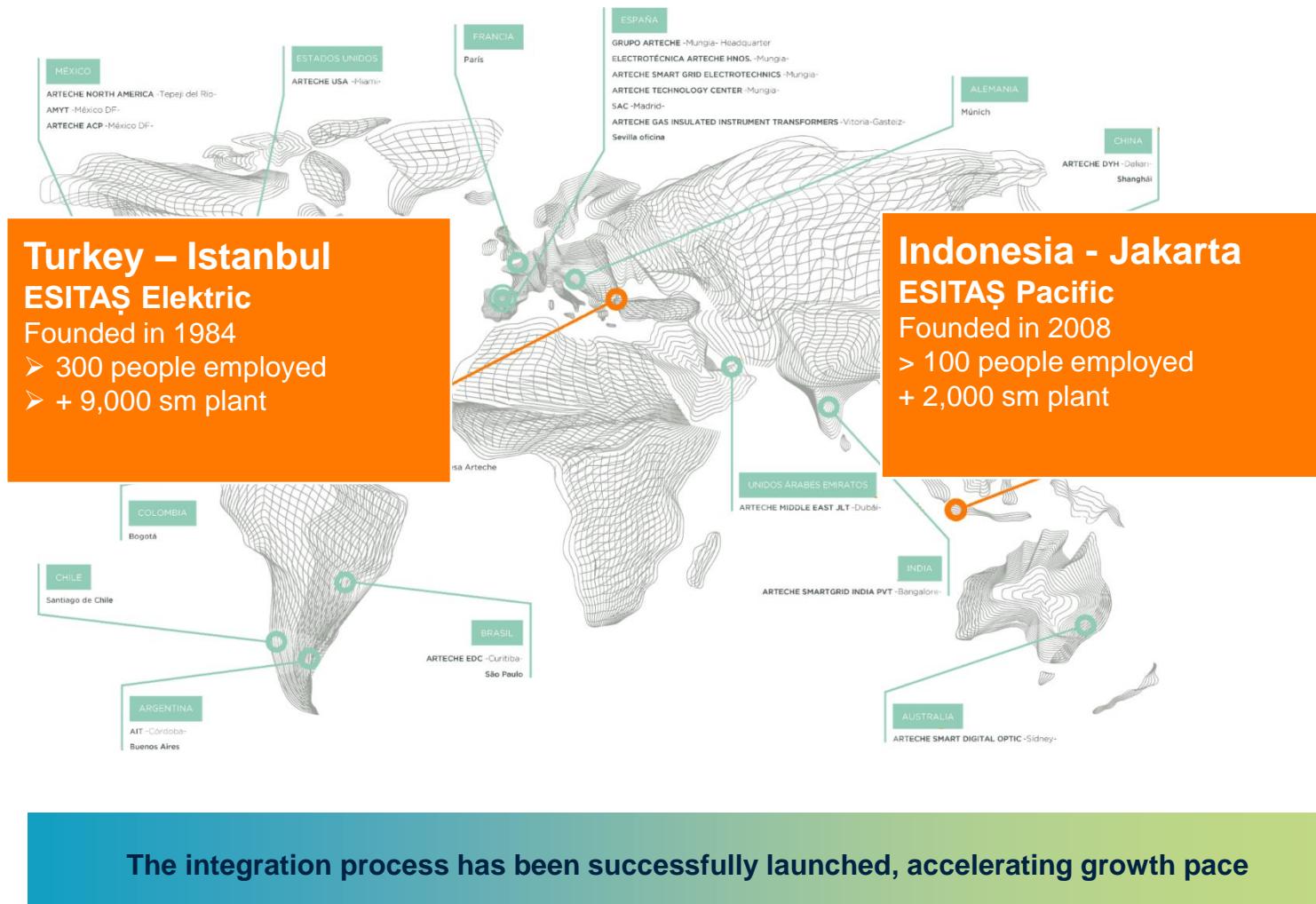
Geographic evolution



Inorganic growth



In July 2021, Esitas was purchased



This operation is part of the **inorganic growth strategy** of Arteche defined in its Strategic Plan by 2023

With the purchase of Esitas, Arteche enhances its **industrial position in Asia** and strengthens its leadership in the **Measurement and Monitoring business**

Esitas, a company which has plants in Turkey and Indonesia, manufactures medium and low voltage instrument transformers and is one of the main leading labels in its geographic market

In **2022 and 2023**, we will be able to see the whole **growth potential in new markets and the significant synergies identified** will materialise

ESG:

104 actions identified by Arteche's Sustainability Committee

30.7% have been fully carried out*

0

Environmental incidents

-9,4%*

Water consumption reduction

* Vs Q2 2020

74%

Local suppliers

>2.400

Direct jobs



- ✓ Implementation of **energy efficiency** measures in our plants:
 - ✓ Efficiency studies
 - ✓ Solar panel project
 - ✓ Installation of LEDs
- ✓ Chargers for electric vehicles
- ✓ **34.52 compensated tonnes** of CO₂ thanks to the reforestation of **>200** trees

- ✓ **We multiply our training:** in the first semester, we match the number of hours given in 2020 as a whole.
- ✓ Commitment to **women's professional development :**
 - ✓ The number of women executives increases to **29%**
 - ✓ The increase in women doubles the number of men (pace **>67%**)
 - ✓ **44%** of structural hirings are women

- ✓ Renewed **Audit and Compliance Committee** and **Appointments and Remuneration Committee**
- ✓ Implementation of a **Risk Management System**
- ✓ **Certification in 27001**



Commitment towards the **2030 Agenda for Sustainable Development**



ANNEX: ALTERNATIVE PERFORMANCE MEASURES

The alternative performance measures used by Arteche, as well as their base of calculation, are identified below.

Alternative Performance Measures	Definition
Gross Operating Profit (EBITDA)	✓ Operating income + amortisation and depreciation + impairment of trade operations + impairment of goods + impairment of finished products and products in process
Direct Margin	✓ Sale price revenue – direct costs
Sale price revenue	✓ Turnover net amount +/- variation of stocks at sale price
Direct costs	✓ Supplies (without depreciations or extraordinary costs) + direct staff costs + other direct operating costs
Net Operating Income (EBIT)	✓ Operating income
Gross financial debt (GFD)	✓ Amounts owed to credit institutions + other financial liabilities + financial lease creditors + debentures and other marketable securities – financing without costs
Net financial debt (NFD)	✓ GFD – temporary financial investments – credits to companies (no group) – cash and other equivalent liquid assets – deposits in other long-term financial assets
Cash generation	✓ Difference between the NFD of a period compared with the one of another previous period
Adjusted equity	✓ Equity of the consolidated balance sheet excluding the “Treasury shares and equity investments” heading and including the “External partners” heading.

A silhouette of three wind turbines against a dark, star-filled background. The background features a vibrant, colorful gradient at the bottom, transitioning from purple to orange and yellow, suggesting a sunset or sunrise. The text is overlaid on the right side of the image.

ADDING ENERGIES
#MovingTogether