

Arteche increases its sales by 20.3% compared to the first half of the previous fiscal year, reaching 188 million euros in the first six months of the year

- *All product lines contributed to the sales growth, with the network reliability business—which is closely linked to the development and interconnection of renewable energies—growing by 78% in the first half of the year.*
- *EBITDA reached 17.4 million euros, growing by 32.9% compared to the previous year. In addition, the EBITDA margin increased to 9.3%, an improvement of one percentage point since last year.*
- *In absolute terms, the direct margin grew by 46.3% to 66.2 million euros, the highest level reached in the last three years.*
- *Net income increased by 41% year-on-year, reaching 4.3 million euros.*
- *Net financial debt at June 2023 amounted to EUR 60.5 million, improving the leverage ratio to 1.76 times last year's EBITDA.*
- *Contracting has grown by 28.7% so far in 2023, reaching 247.3 million euros, well above the overall market growth.*

Mungia (Bizkaia), September 7, 2023. Subject to limited review, Arteche has presented their results for the first half of the year. These results confirm the growth trend of recent years as well as the qualitative vision for the year 2023, as set forth during the last General Shareholders' Meeting.

This growth is favored by the good investment momentum in the electricity sector and by the growth strategy determined by the company, thus demonstrating the soundness of the business in a context with important challenges such as the energy transition.

Very positive financial results

At the end of June 2023, Arteche reported a net profit of 4.3 million euros, 41% higher than the previous year. Meanwhile, sales grew by 20.3% compared to a year ago, reaching 188 million euros. All product lines have contributed positively to this growth in sales, including the power grid reliability business, which the group has paid special attention to and which grew by 78% in the first half of the year.

EBITDA reached 17.4 million euros, accounting for a growth of 32.9% and an improvement of one percentage point in the EBITDA margin compared to a year ago. Net financial debt, meanwhile, amounted to EUR 60.5 million as of June 2023, representing an improvement in the leverage ratio of up to 1.76 times the EBITDA for the last 12 months, compared to 1.90 times the EBITDA at June 30, 2022.

The direct margin in absolute terms grew by 46.3%, to 66.2 million euros, driven by growth in sales volumes and prices, as well as internal efficiencies achieved. It is worth noting that, in the second quarter of 2023, the direct margin reached its highest level in the last three years.

Following approval at the last General Shareholders' Meeting and in line with the commitment undertaken by Arteche in 2021, total shareholder remuneration for the first half of 2023, charged to 2022 results, was of 0.040 euros per share (final dividend paid on June 5, 2023). This dividend is equivalent to the distribution of 30% of the Group's net income for the 2022 fiscal year.

A business that continues to grow

During the first half of the year, Arteche's contracting grew by 28.7%, reaching 247.3 million euros, which is above market growth. All locations and business segments contributed to the growth in contracting.

These are some of the first half of the year highlights by business line:

In measurement and monitoring:

- International growth in countries such as the United States, Spain, Mexico and Brazil is noteworthy.
- In June, Arteche inaugurated its new Turkish plant in Dilovasi: 19.000 square meters powered by 100% renewable energy, which have doubled its production capacity to 222,000 transformers per year and which help sustain this growth.
- Arteche is working towards a more sustainable power grid. Alongside Tekniker, it has worked on the BIOAT project to replace conventional mineral dielectric fluids with biodegradable options. Together with Elewit, it has developed ZEPAS (Zero Emission Portable Auxiliary Source), a portable and emission-free alternative energy source for supplying auxiliary services to REE substations. In addition, it has successfully completed the approval testing for eco-efficient voltage transformers without sulfur hexafluoride (SF6) for shielded substations (GIS), thus contributing to the reduction of the carbon footprint.
- High-voltage direct current (HVDC) projects have been launched in Europe using Arteche's optical technology, which is also used in cutting-edge nuclear fusion research projects.
- In addition, new equipment has been developed, such as a 145 kV inductive voltage transformer, which will allow for a 15% carbon footprint reduction, or a new 52 kV voltage sensor.

In transmission and distribution network automation:

- 72 countries have relied on Arteche's auxiliary relays for their projects during the first half of the year.
- Commissioning of a new electronic platform: An Arteche P51 Protection and Control IED (Intelligent Electronic Device), a single device for multiple applications in medium voltage recloser systems.
- New state-of-the-art 61850 hybrid process bus architectures for substation automation solutions.
- In addition, Mexico's railway network has opted for Arteche's protection and control systems for the substations that feed its new high-speed lines (Maya train and Toluca train).

In the network reliability area:

- Arteche achieves 25% growth in service orders during the first half of 2023.
- The commitment to renewable energies in the context of the energy transition offers great opportunities for Arteche in North America and Australia, where strong momentum has been gained with 25 power quality projects since 2022.
- Supply of 12 harmonic filters for a 1 GW wind power project.
- Commissioning of the new PQSwitch product (external pre-insertion resistor circuit breaker).
- New recloser awards for Arteche in Latin American countries (Peru, Argentina and Guatemala).

With ESG strategy at its core

The ESG (*Environment, Social and Corporate Governance*) criteria, together with Arteche's values, are an intrinsic part of the company's identity and way of doing business. These criteria underpin Arteche's roadmap to 2030 and each of them focuses on a clear main objective:

- Criterion **E** (*Environment*): Reduction of the carbon footprint and commitment to using renewable energies.
- Criterion **S** (*Social*): Promoting equal opportunities within the company.
- Criterion **G** (*corporate governance*): Fostering a corporate culture based on ethics and transparency.

A further step taken towards honoring this commitment has been the recent appointment of Cristina Ordóñez Jara as the new Compliance and Sustainability Director. The new management is integrated into Arteche's management organization chart, carrying weight within both the strategic and executive areas.

On the road to achieving these main objectives, Arteche has reduced its carbon footprint by 38% in the first half of the year, and is already sourcing 32% of its energy consumption from renewable sources.

What is more, Arteche continues to collaborate closely with local educational and technological institutions in the locations where it is present, making a clear commitment to incorporate the necessary talent to address the challenges that arise and enhance STEM vocations among young people, with a special emphasis on women.

In terms of good governance, 100% of the operations carried out by people belonging to the company have followed strict control protocols. In addition, in 2022, the company began the multi-year project to implement the SCIIF (Internal Control over Financial Reporting System) of the National Securities Market Commission, which is making good progress, in accordance with the objectives set.

All trends point to the energy sector as fundamental in tackling challenges such as energy transition and process decarbonization. In this context, Arteche will continue to promote renewable energies and the digitalization of the grid to achieve a more sustainable future and to continue being a strong and sound international company.

For more information:

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About Arteche Group

Founded in 1946, the Arteche Group operates in the electrical sector, from generation to distribution, specializing in the electrical equipment, components, and solutions industry. Within this framework, the Arteche Group is among the TOP 3 world leaders in the instrument transformer market, number 1 in the auxiliary relay market, and maintains a regional leadership position in the rest of the products, especially those aimed at highly demanding and value-added markets, such as renewable generation and the railway sector.

The Arteche Group's business is focused on enabling the transmission and distribution of electric power from any generation plant to the end user with efficiency, quality, and reliability. This is why the company invests recurrently in R&D&I, with the intention of improving the quality and efficiency of its products, innovating in the development of new products, and offering the customer a differential added value. Arteche is currently available in more than 175 countries with commercial distribution capabilities; it has 13 factories in Europe, America, Asia and Oceania, including 6 research centers; and employs more than 2,700 people worldwide.