



**Communication of  
Financial Information  
January-December 2023  
Arteche Lantegi Elkarte, S.A.**

**19 March 2024**

**OTHER RELEVANT INFORMATION**

Arteche Lantegi Elkarte, S.A. (hereinafter, "Arteche", or the "Company"), in compliance with the provisions of Article 17 of Regulation (EU) No. 596/2014 on market abuse and Article 227 of Law 6/2023, of 17 March, on the Securities Market and Investment Services and concordant provisions, as well as Circular 3/2020 of the BME Growth segment of BME MTF Equity, hereby publishes the following:

**I. FY 2023 Earnings Release.**

In compliance with Circular 3/2020 of BME MTF Equity, it is expressly stated that the information provided herein has been prepared under the sole responsibility of the Company and its directors.

Sincerely,

Arteche Lantegi Elkarte, S.A.  
Mr. Alexander Artetxe  
Chairman of the Board of Directors



# FY 2023 Earnings Release

March 19, 2024

# Disclaimer



*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 the full year consolidated accounts of the Company and its Group as of December 31, 2023, audited by Ernst & Young S.L, as well as declarations concerning future forecasts.*

*The information and declarations concerning future forecasts about Arteche Group are not historical facts, as they are based on numerous assumptions, subject to risks and uncertainties, many of which are difficult to predict and, generally, beyond the control of Arteche Group. Shareholders and investors are hereby informed that these risks could lead to real results and developments significantly differing from those expressed, implied or projected in the information and future forecasts. With the exception of the aforementioned information, the information, opinions and statements contained in this document have not been verified by independent third parties and, for this reason, no warranty of any kind, either express or implied, is given regarding the impartiality, accuracy, completeness or correctness of the information, opinions and statements expressed therein.*

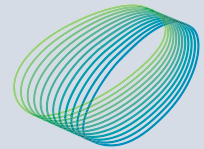
*This document does not constitute an offer or invitation to purchase or suscribe shares, in accordance with the provisions of the Spanish Royal Legislative Decree 4/2015 of 23 October, approving the consolidated text of the Securities Market Act, and its draft legislation. Likewise, this document does not constitute an offer of purchase, sale or exchange, nor a request of an offer of purchase, sale or exchange of securities, nor a request for any vote or approval in any other jurisdiction.*

# FY 2023 Key highlights



✓ **Orders grew** in the year by **+16.4%** to €474.1 million, well above market growth. All geographic regions and business lines grew significantly.

✓ **Revenue** increased by **+16.0%** to €401.3 million and **grew** by **double digit** both in **H1 and H2**.



✓ **Direct margin** reached **32.1% in FY23** vs 29.7% in FY22.

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✓ **EBITDA** reached €40.7 million, growing by **+35.1%** year on year.

✓ **Deleveraging continued** to **1.0x NFD/EBITDA** at 31 December 2023 **vs 1.6x** at 31 December 2022.

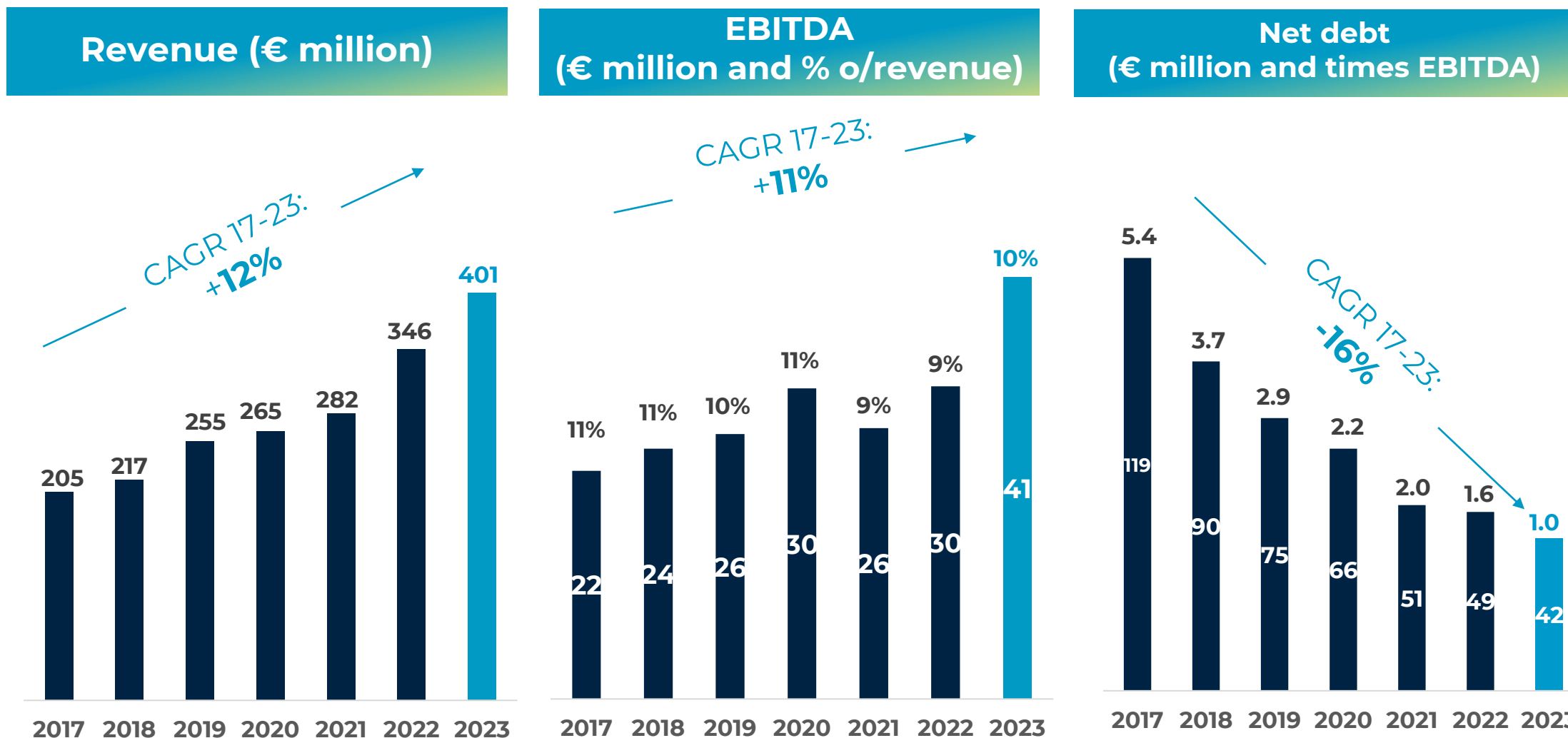
✓ **Net profit** grew by **+56.9%** compared to the previous year, to **€12.1 million**.

# FY2023 Guidance Met



	Guidance FY2023	Reported FY 2023	Achievement
<b>Revenue</b> ( <i>€ million</i> )	<b>385.0 – 405.0</b>	<b>401.3</b>	
<b>EBITDA</b> ( <i>€ million</i> )	<b>36.5 – 40.5</b>	<b>40.7</b>	
<b>EBITDA Margin</b> (% over revenue)	<b>9.5% - 10.0%</b>	<b>10.1%</b>	

# Historical figures: solid business model



# FY 2023 Financial highlights



Order intake	Revenue	Direct Margin <sup>(1)</sup>	EBITDA	Net profit	NFD / EBITDA
€474.1m	€401.3m	€133.6m	€40.7m	€12.1m	1.0x
<b>+16.4%</b> y/y	<b>+16.0%</b> y/y (+23.3% at constant currency <sup>(2)</sup> )	<b>+29.7%</b> y/y (+39.7% at constant currency)	<b>+35.1%</b> y/y (+41.3% at constant currency)	<b>+56.9%</b> y/y	vs 1.6x at 31 December 2022

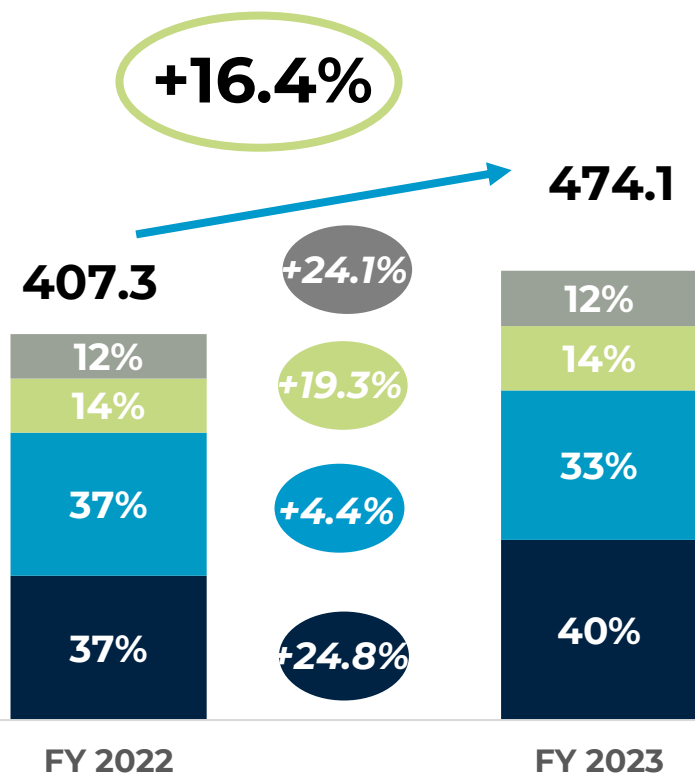
(1) Direct margin = Income at selling price – procurement – direct labor – direct operating expenses

(2) FY2023 figures using FY2022 average exchange rates.

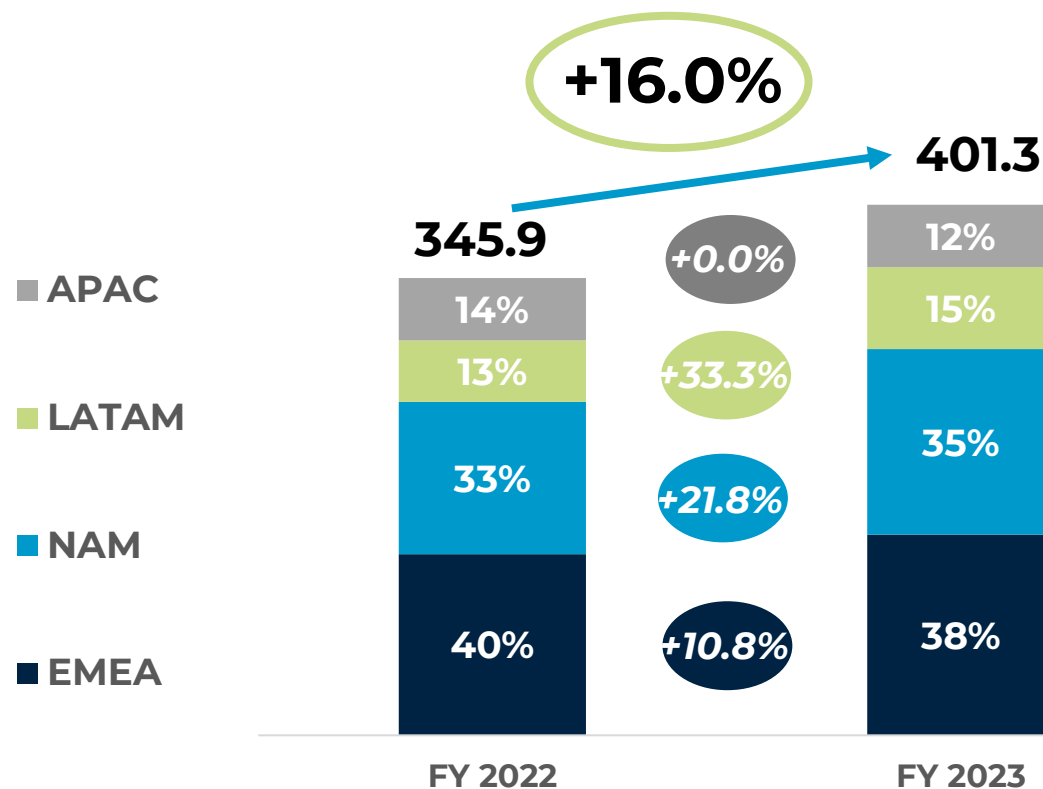
# Revenue continued in FY23 its trend of double-digit growth



## Order intake (€m,%)



## Revenue by geographical region<sup>(1)</sup> (€m,%)



**Book - to - Bill: 1.18x**  
**Backlog: €227.5m**

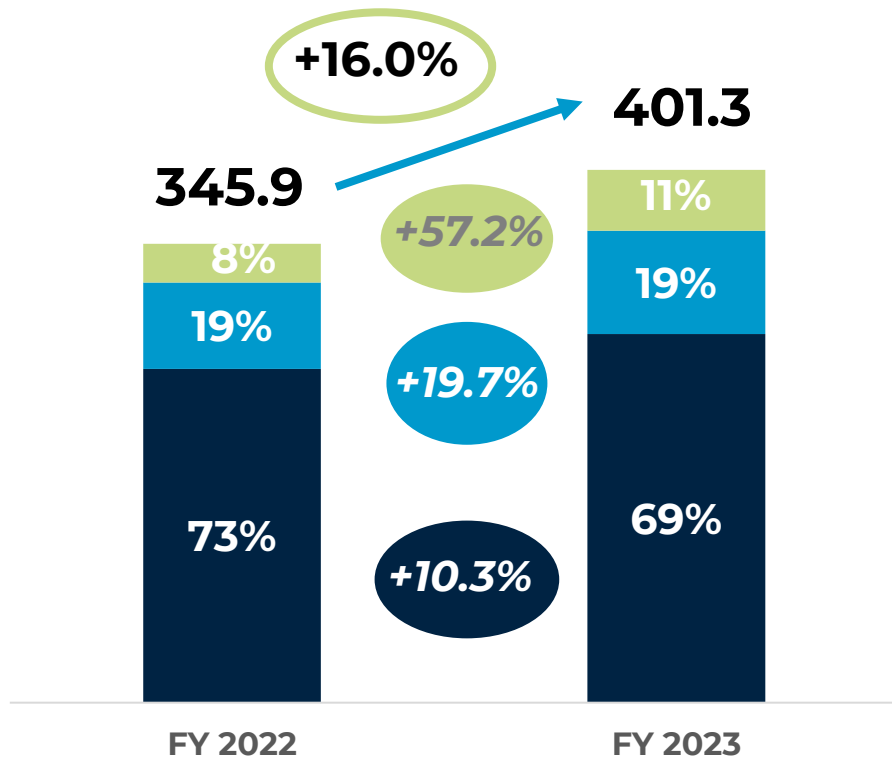
(1) Revenue by destination: EMEA (Europe, Middle East and Africa), NAM (Mexico, USA and Canada), APAC (Asia Pacific and Turkey), LATAM (South and Central America).



# Positive contribution from all businesses



## Revenue by business line (€m,%)



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



### Measurement and Monitoring Systems

Reaching #2 in High Voltage and Top 3 in Medium Voltage in regional markets

- ✓ **Record production** in all HV & MV plants.
- ✓ **Top four markets (same as in 2022):** US, Spain, Mexico and Brazil.
- ✓ **ZEPAS** (Zero Emission Portable Auxiliary Services Solution) now available.
- ✓ Arteche is the preferred **optical** current instrument transformer supplier for major HVDC players.



### T&D Grid Automation

World's supplier of choice for auxiliary relays

- ✓ New 61850 station & process bus architectures solutions: distributed and soon concentrated.
- ✓ **Relay orders** coming from **80 different countries** exceeding 465,000 pieces.
- ✓ Protection & Control projects deliveries for **high speed train** projects in **Mexico**.
- ✓ **E-commerce channel for relays & test blocks** reached €15 million in orders.



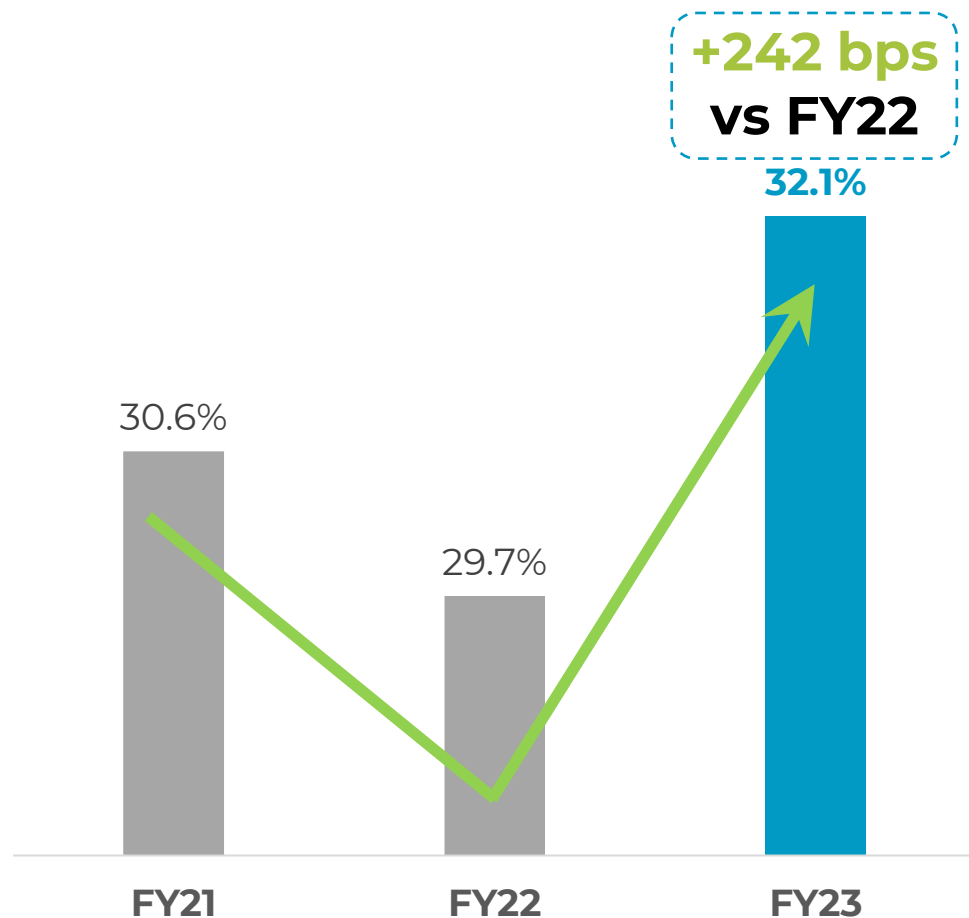
### Network Reliability

Increasing grid complexity (automation + distributed renewables) fueling our growth

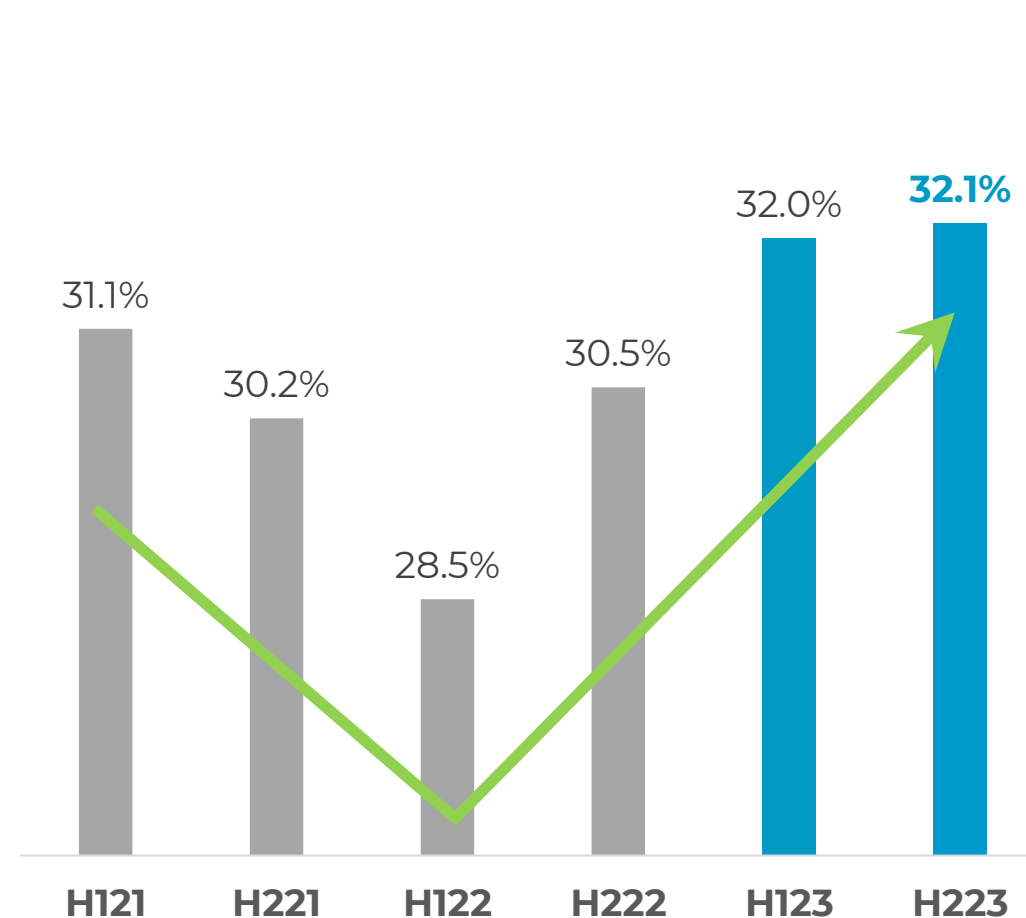
- ✓ First installation in operation for **PQ Switch** (external pre-insertion resistor circuit breaker).
- ✓ **Record bookings** for harmonic filters & capacitor banks in **Australia, US & Canada**.
- ✓ **New 15kV recloser** offering **12% carbon footprint reduction**.
- ✓ Increasing **services portfolio**: Grid code compliance, shortcircuit studies, field services.

# Direct margin improvement in FY23

Direct margin<sup>(1)</sup> evolution by year  
(% of income at selling price<sup>(2)</sup>)



Direct margin<sup>(1)</sup> evolution by half  
(% of income at selling price<sup>(2)</sup>)



(1) Direct margin = Income at selling price – procurement – direct labor – direct operating expenses.

(2) Income at selling price = Revenue +/- change in inventories at selling price.

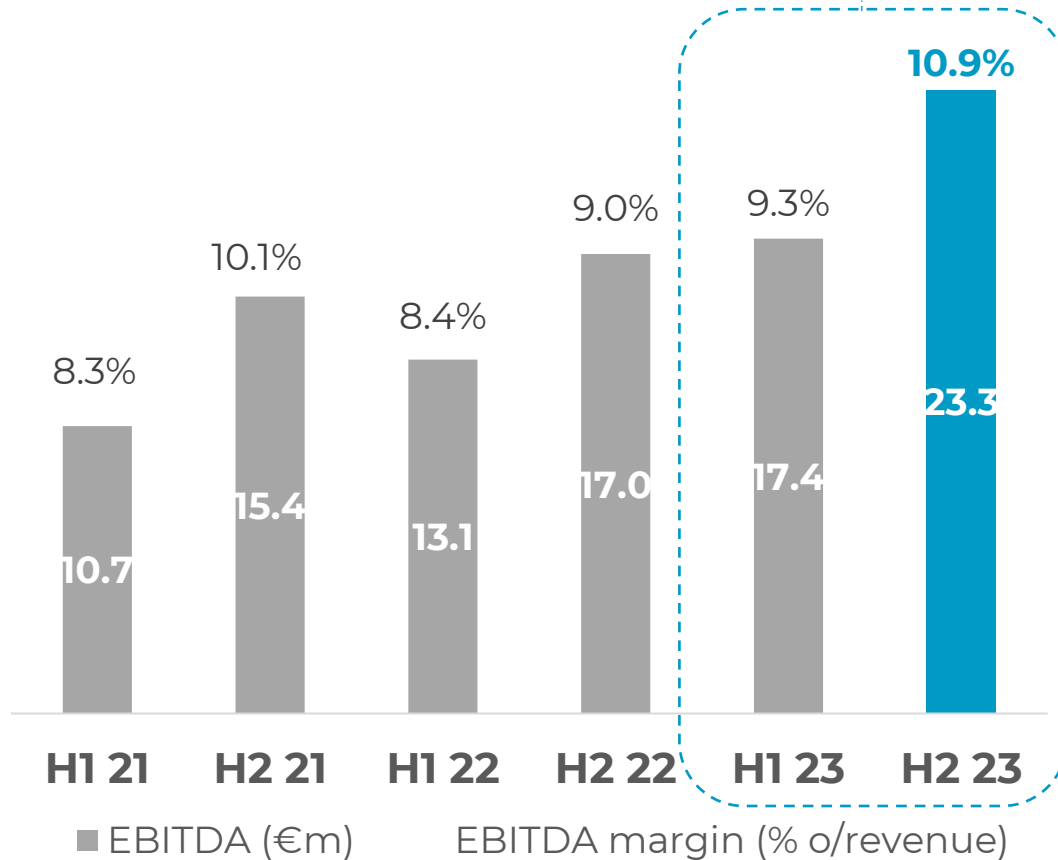
# EBITDA FY 2023

Record growth of +35% in the year



EBITDA evolution by half  
(€ million, % of revenue)

**EBITDA FY23: €40.7m**  
**(10.1% o/revenue)**  
**(+143 bps vs FY 22)**



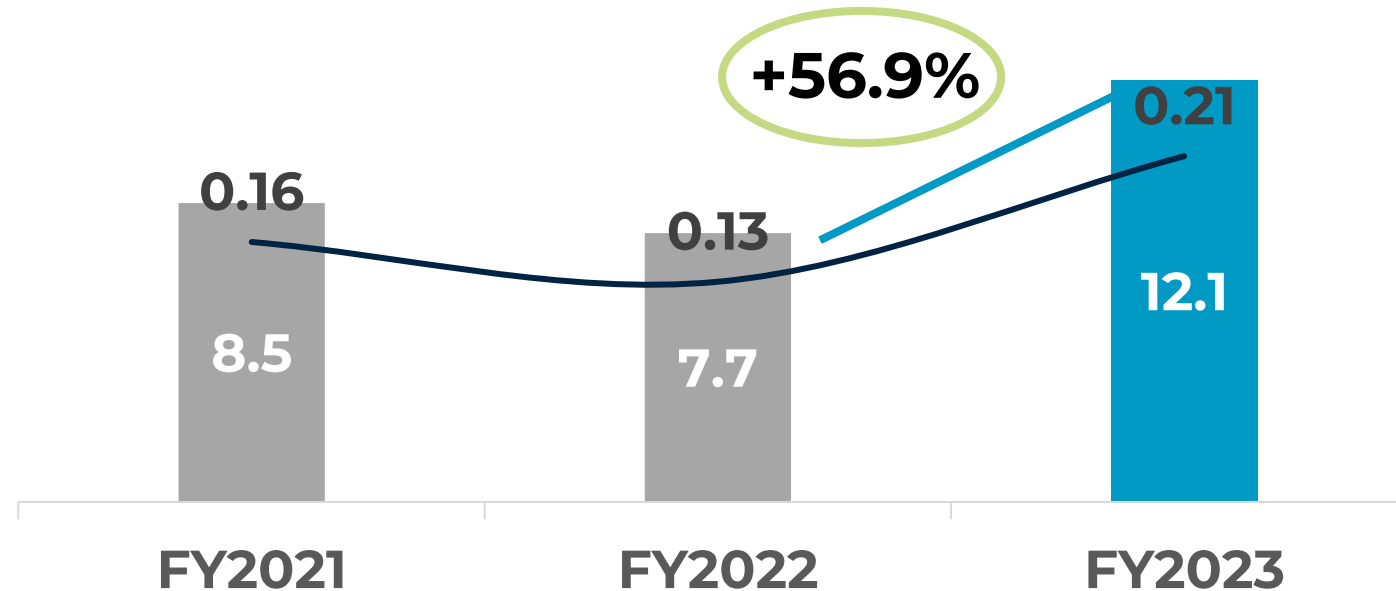
- **EBITDA increased** in the year as a result of **record sales volume, updated sales prices and operational productivity improvements.**
- The company's **structural costs improved by 100pbs to 23.1% of revenue** vs 24.1% a year ago, despite the **inflationary environment.**

# Net profit FY 2023

Record growth of +57% in the year



Net profit (€m) and EPS (€/share)



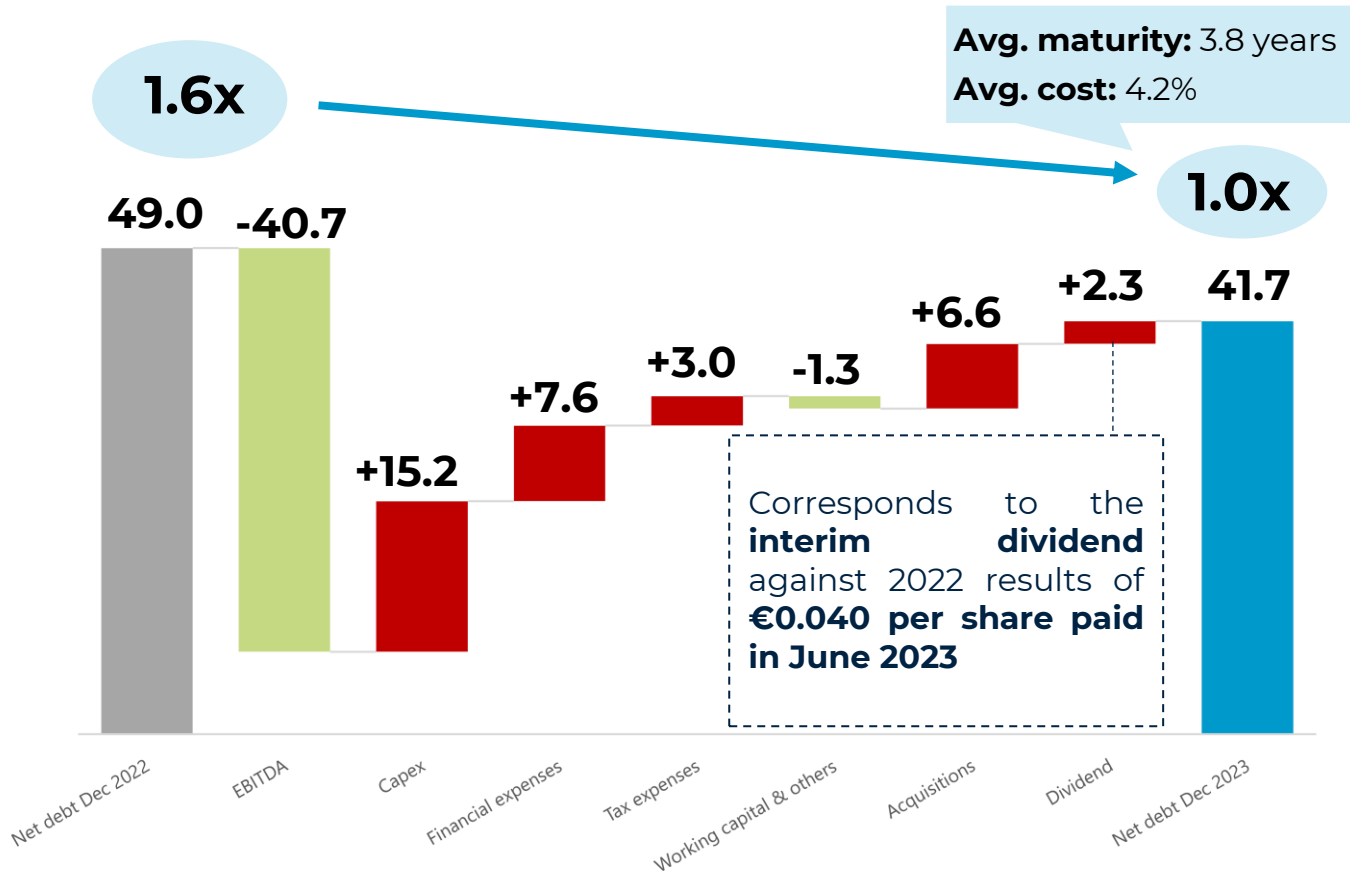
**Shareholder remuneration:** The Board of Directors **proposes the distribution of a dividend against FY 2023 results** amounting to **€6.0 million**, equivalent to a **pay-out of 50%**.

# Net financial debt at December 31, 2023



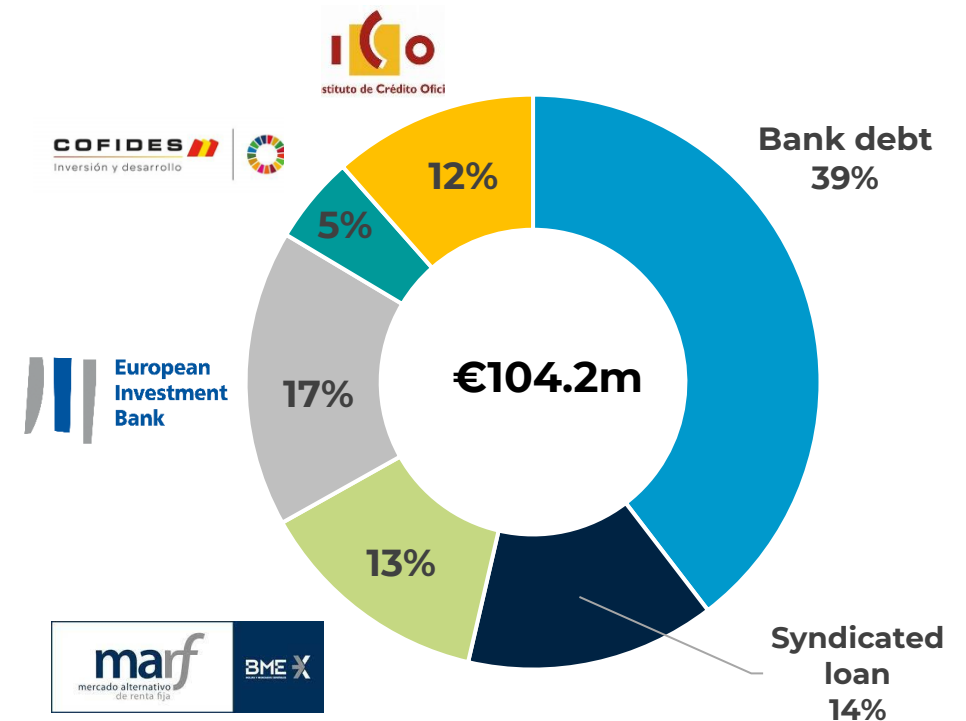
Leverage ratio improvement in the year

Net financial debt (NFD) / EBITDA evolution (€ million, times EBITDA)



**Immediately available long-term resources: €38.8 M**  
(improving avg. maturity to c.5 years)

FY 2023 Gross financial debt breakdown by source (%)



**52% of total long-term loans are hedged** against the risk of interest rate variation

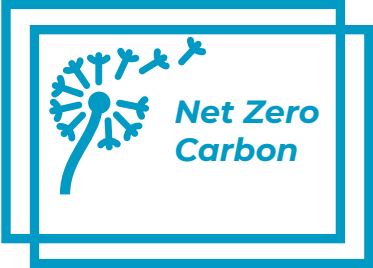
# Our ESG Commitment

Moving forward with our 2030 ESG strategy



## Environment

Target	Indicator	FY23	2030
Reused or recycled waste	Total D+ND waste (reused + recycled) / Total D+ND waste generated (%)	58%	100%
Reduce carbon footprint	Scope 1+2 emission reduction vs2021	39%	>50%
Renewable electricity consumption	Total renewable electricity consumption / Total electric energy consumption (%)	34%	100%



## Social

Equal opportunities for development	Women in the "front line management" category / Total employees in the "front line" category (%)	28%	40%
Accident frequency rate	Number of accidents with sick leave * 1.000.000 / number of hours worked	12	0

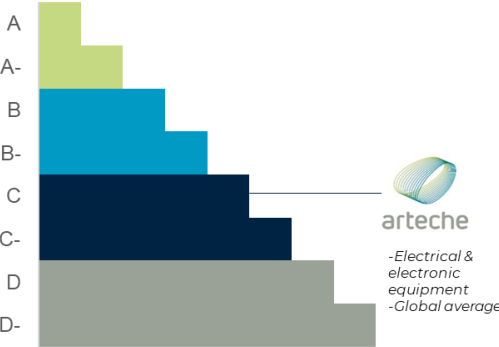


## Governance

Internal Control Financial Information System (SCIIF)	Assessment and certification	In process of implementation	Audited by a third-party
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CDP SCORE REPORT – CLIMATE CHANGE 2023



# Outlook for FY 2024



	FY2023	Outlook FY2024	Change
<b>Revenue</b> ( <i>€ million</i> )	<b>401.3</b>	<b>440.0 – 460.0</b>	<b>+10% / +15%</b>
<b>EBITDA</b> ( <i>€ million</i> )	<b>40.7</b>	<b>45.8 – 50.6</b>	<b>+13% / +24%</b>
<b>EBITDA Margin</b> ( <i>% over revenue</i> )	<b>10.1%</b>	<b>10.4% - 11.0%</b>	<b>+30bps / +90bps</b>

# Conclusions

1

**Outstanding growth in orders (+16.4% y/y) and revenue (+16.0% y/y) in a context marked by strong demand in all regions and commercial discipline**



2

**Strength in revenue together with a tight cost management support direct margin strong recovery (+242 bps y/y)**



3

**Transforming our portfolio through new products and markets development to deliver higher growth and better margins**



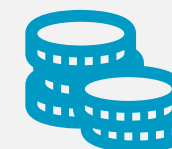
4

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

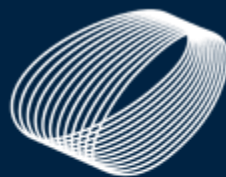


5

**Focus on cash flow generation (special focus on inventory management) to reinforce our balance sheet in order to face future growth**







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Moving together

# Q&A

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# Annex | Alternative Performance Measures (APM) arteche

APM	Unit	Definition	FY 2023	30 June 2023	FY 2022
<b>Income at selling price</b>	€m	Revenue +/- Change in stocks at sale price	<b>€416.6m</b> = 401.3 + 15.3	<b>€206.8m</b> = 188.0 + 18.8	<b>€347.5m</b> = 345.9 + 1.6
<b>Direct costs</b>	€m	Supplies (without depreciations or extraordinary costs) + direct staff costs + other direct operating costs	<b>€283.0m</b> = 226.9 + 34.7 + 21.3	<b>€140.6m</b> = 113.6 + 17.1 + 10.0	<b>€244.5m</b> = 197.3 + 28.5 + 18.7
<b>Direct margin</b>	€m	Income at selling price – direct costs	<b>€133.6m</b> = 416.6 – 283.0	<b>€66.2m</b> = 206.8 – 140.6	<b>€103.0m</b> = 347.5 – 244.5
<b>% Direct margin</b>	%	Direct margin / Income at selling price	<b>32.1%</b> = 133.6 / 416.6	<b>32.0%</b> = 66.2 / 206.8	<b>29.7%</b> = 103.0 / 347.5
<b>Gross operating profit (EBITDA)</b>	€m	Operating income + amortization and depreciation + impairment of trade operations + impairment of goods + impairment of finished products and products in process + impairment and loss of fixed assets	<b>€40.7m</b> = 24.2 + 14.6 - 0.05 + 0.5 + 1.1 + 0.2	<b>€17.4m</b> = 9.3 + 7.4 + 0.2 + 0.5 - 0.0	<b>€30.1m</b> = 14.3 + 14.7 + 0.04 + 0.3 + 0.8
<b>% EBITDA</b>	%	EBITDA / Revenues	<b>10.1%</b> = 40.7 / 401.3	<b>9.3%</b> = 17.4 / 188.0	<b>8.7%</b> = 30.1 / 345.9
<b>Gross Financial Debt (GFD)</b>	€m	Amounts owed to credit institutions + other financial liabilities + financial lease creditors + debentures and other marketable securities – financing without cost +/- Interest and accrued commissions	<b>€104.2m</b> = 55.2 + 41.0 + 0.2 + 13.8 - 6.2 + 0.1	<b>€120.0m</b> = 56.7 + 42.6 + 0.1 + 23.6 - 3.4 + 0.3	<b>€107.5m</b> = 38.7 + 53.9 + 0.2 + 26.0 - 11.7 + 0.5
<b>Net Financial Debt (NFD)</b>	€m	GFD – temporary financial investments – credits to companies (no group) – cash and other equivalent liquid assets	<b>€41.7m</b> = 104.2 – 1.6 - 0.1 - 60.8	<b>€60.5m</b> = 120.0 – 1.5 - 0.1 - 57.9	<b>€49.0m</b> = 107.5 – 2.1 - 0.2 - 56.2
<b>Net Financial Debt/ EBITDA</b>	times (x)	NFD / EBITDA	<b>1.02x</b> = 41.7 / 40.7	<b>1.76x</b> = 60.5 / 34.4	<b>1.63x</b> = 49.0 / 30.1
<b>Earnings per share (basic and diluted)</b>	€/share	Profit for the year attributable to equity holders of the Parent / (weighted average number of ordinary shares outstanding - weighted average number of own shares)	<b>0,21 €</b> = 12.1 / (57.1 – 0.14)	<b>0,08 €</b> = 4.3 / (57.1 – 0.14)	<b>0,13 €</b> = 7.7 / (57.1 – 0.14)

# Annex | Key Financial Figures



## Key Financial Figures

€m

	31.12.2023	31.12.2022	% change
<b>Revenue</b>	<b>401.3</b>	<b>345.9</b>	<b>+16.0%</b>
<b>Direct margin</b>	<b>133.6</b>	<b>103.0</b>	<b>+29.7%</b>
<i>Direct margin (% over income*)</i>	32.1%	29.7%	+242.0bps
<b>EBITDA</b>	<b>40.7</b>	<b>30.1</b>	<b>+35.1%</b>
<i>EBITDA margin (% over revenue)</i>	10.1%	8.7%	+143.2bps
<b>EBIT</b>	<b>24.2</b>	<b>14.3</b>	<b>+69.2%</b>
<i>EBIT margin (% over revenue)</i>	6.0%	4.1%	+182.5bps
<b>Net profit</b>	<b>12.1</b>	<b>7.7</b>	<b>+56.9%</b>
<i>Net profit margin (% over revenue)</i>	3.0%	2.2%	+78.4bps
<b>EPS (€/share)</b>	<b>0.21</b>	<b>0.13</b>	<b>+56.9%</b>

\* Income = Revenue +/- Change in stocks at selling price

# Annex | Consolidated Balance Sheet



Consolidated Balance Sheet		
€m	31.12.2023	31.12.2022
<b>Non-current Assets</b>	<b>106.7</b>	<b>108.7</b>
<b>Current Assets</b>	<b>221.1</b>	<b>210.7</b>
Inventories	82.9	72.2
Trade and other receivables	72.6	78.4
Short-term financial investments	4.1	3.3
Cash and cash equivalents	60.8	56.2
Others	0.7	0.6
<b>TOTAL ASSETS</b>	<b>327.8</b>	<b>319.4</b>
<b>Total Shareholders' Equity</b>	<b>73.9</b>	<b>69.0</b>
<b>Non-current Liabilities</b>	<b>73.3</b>	<b>68.4</b>
Long term debt	66.9	62.3
Other non-current liabilities	6.4	6.1
<b>Current Liabilities</b>	<b>180.6</b>	<b>182.0</b>
Short term debt	43.7	57.5
Trade and other payables	136.3	123.6
Other short-term debt	0.6	0.9
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>327.8</b>	<b>319.4</b>