



2021 ANNUAL REPORT





COVER: "Sunset Arteché" (Arteché Products) | Pedro Ajuriaguerra | ArtPhoto VII



"Night Express" (Life and Electricity) | Evgeny Ivanov | ArtPhoto VII



Winner picture: Arteché Products

Winner picture: Life and Electricity



MOVING TOGETHER



1

Arteche

ALEXANDER ARTETXE

4

2

Excellence

LUIS MARÍA PÉREZ

6

FIGURES

8

MILESTONES

12

75 YEARS

18

3

Innovation

ÓSCAR FERNÁNDEZ DE RETANA

20

FIGURES

22

MILESTONES

24

SOLUTIONS

28

4

Customers

TOMÁS SOLÍS

30

FIGURES

32

MILESTONES

34

PLANTS AND OFFICES

40

5

People

SONIA GARAI

42

FIGURES

44

MILESTONES

48

TEAM

50

1 ARTECHE



“Zorionak”, which means “congratulations” in basque.

This is one of the words that we will repeat the most in Arteche during this year 2022, our 75th anniversary and the beginning of a new stage that started on June 11, 2021, incorporating our investors and their illusion in the project that we share.

In addition to taking care of our results, which is a prerequisite for any company, with the jump to BME Growth, we assume that, as an organization, we must show transparency, good governance, a consolidated project with a medium- and long-term strategy, and a brand positioning that generates trust among our teams, customers, suppliers, shareholders... Looking back, none of this is new.

We have been building this positioning day by day for 75 years. Digitalization has allowed us to stay connected and improve the productivity of our processes while strengthening our customers’ trust. Our commitment to maintain the same level of quality as always, and to meet our customers’ expectations, generates trust that we share with our suppliers.

Now more than ever, and as always, we want to continue working to strengthen the trust that characterizes us, with an experience that has been the anchor which has kept us firm for 75 years, and with a look to the future that will serve as a beacon to achieve our goals.

We hope to be able to transmit to you the same emotion we feel at Arteche when we do our work and have the opportunity to share it through these pages.

We are celebrating 75 years and looking to the future with full energy.

ALEXANDER ARTETXE
 CHAIRMAN AND CHIEF EXECUTIVE OFFICER
 OF ARTECHE GROUP

2 EXCELLENCE



The electricity sector is currently undergoing an energy transition scenario driven by three interrelated factors:

- Decarbonization
- Decentralization
- Digitalization

Regardless of the socio-political ups and downs, or the pandemics that strike us, the increase in the demand for electricity derived from these factors will lead to an upward growth in the demand for substations as a result of a new energy model. A new model with a trend towards greater generation, especially of renewable energies, and an increasingly decentralized and automated electricity grid.

The energy sector is a sector of the future, in which we foresee a greater consumption of environmentally friendly energies. A future we are building together.

Our goal is to continue growing to become stronger, more solid, more sustainable and also more international. But always remembering where we come from, what our roots have been for 75 years.

We are committed to being a benchmark, adding value to the electricity sector and contributing to its transformation, now and in the future. This is a fundamental sector in the energy transition for the sustainability of our planet.

LUIS M^a PÉREZ
GENERAL MANAGER

2.1 FIGURES



Orders

€285.9m

(+3,7% vs 20)



Revenues

€282.0m

(+6,6% vs 20)



EBITDA

€26.1m

(9.3% EBITDA margin)



Net profit

€8.5m

(+730% vs 20)



Earnings per share (EPS)

€0.16



Net debt / EBITDA

1.95x

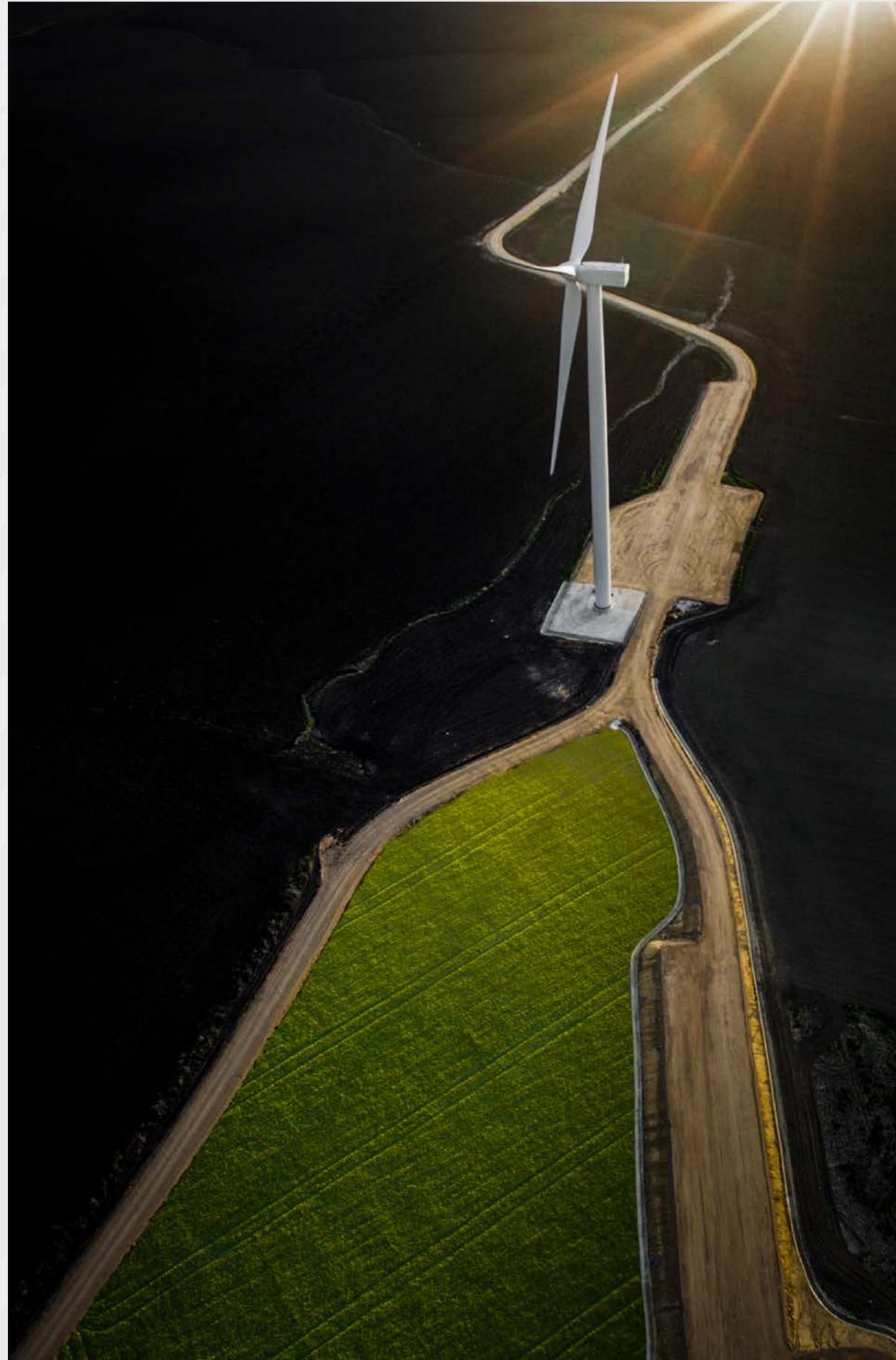
(-23.3% NFD reduction vs FY20)



Dividend per share (DPS)

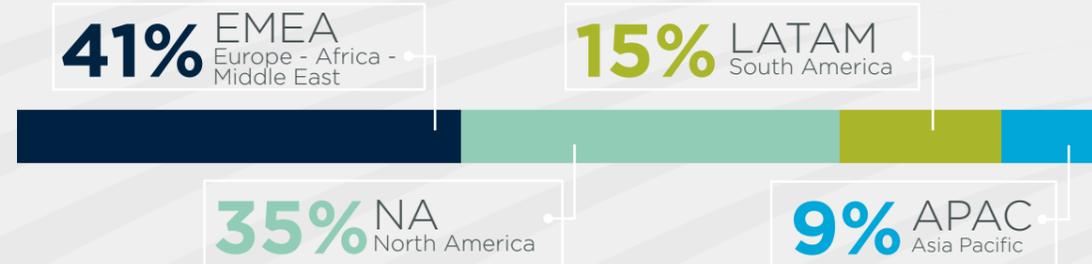
€0.045

(30% pay-out against FY21 net profit)





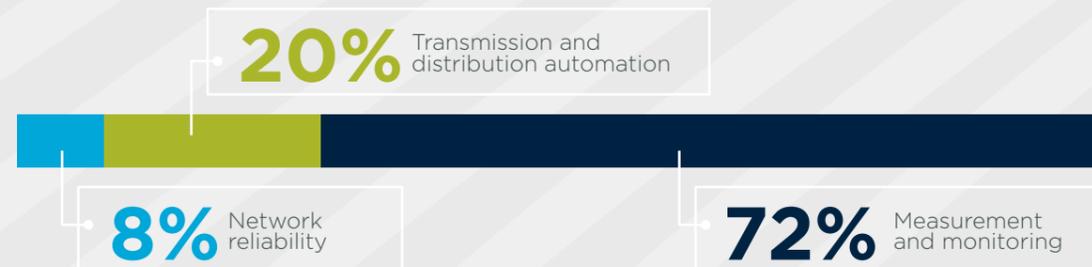
International



-44%
hazardous waste generation



At the forefront



5 ESG policies
Risks, Communication with Shareholders, Sustainability, People and Market Abuse



Sustainable



Almost **1,000 people** trained on compliance



Innovators



>40 M
equipment sold in the last 10 years



2.2 MILESTONES



New corporate purpose

Energy moves the world. The world of individuals and society. And, **since our beginnings**, it continues to move our world.

During these 75 years, in Arteché **we have grown, changed and evolved**. Now, more than ever, we put all our energy to keep moving and be more competitive, innovative and committed.

We have reflected on what we are and what we want to be, living a present of **sustainable growth with a commitment to a better future** and relying on the greatest source of energy in the universe: people.

Because together we provide more energy to move into the future.

Our new corporate purpose was born from this reflection: To continue to respond to energy challenges with agility and responsibility, true to our commitment to people, society and the planet. Always staying together.

In order to develop our purpose, mission and values, we have synthesized our corporate values.

“Arteché Laboratory” (Electric framework) | Pedro Ajuriaguerra | ArtPhoto VII



Seguir dando respuesta a los retos energéticos con agilidad y responsabilidad, fieles a nuestro compromiso con las personas, la sociedad y el planeta. Y siempre juntos.



People

Professionalism and shared project

- Commitment to the company's project
- Commitment to the people
- Sharing knowledge
- Joint effort to achieve shared goals
- Taking on challenges
- Solving problems when they occur

Customers

Proximity and commitment

- Proximity
- Customer presence
- Fulfilling commitments
- Rapid response
- Searching for solutions
- Listening, learning and contributing to the customer



Excellence

Continuous improvement and development

- Getting it right the first time
- Ambition to exceed the highest quality and efficiency standards
- Continuous improvement
- Pursuit of a high corporate reputation

Innovation

Ambition, transformation and new challenges

- Innovative ambition
- Systematic search for opportunities
- Not settling for what has been established or what has been achieved
- Collaborating with others to transform knowledge





Premiere at BME

For **75 years**, Arteche has been **combining energies** to move towards the future, focusing our activity on the design, manufacture and marketing of electrical equipment and solutions for the measurement, protection, automation and control of the power grid.

And the year of our 75th anniversary has also been the year of our **premiere at BME Growth**, with the purpose of **continuing to boost our growth and improving our market positioning**, in line with our mission to be an international benchmark in the electricity sector, with a vocation to help our customers provide maximum value in order to grow together in the development of the electricity grid of the future.



Arteche Hitachi Energy Instrument Transformers is born

We are joining forces with Hitachi Energy through a Joint Venture so as to work together in the **sustainable gas insulated transformer** market. This transaction enables Arteche Hitachi Energy Instrument Transformers, the successor to Arteche Gas Insulated Transformer, to enhance its global business position by bringing together the expertise of two companies with a proven track record of technological innovation and excellence in the marketing and manufacturing of instrument transformers.

Arteche retains 51% ownership in the new Joint Venture, while Hitachi Energy acquires the remaining 49%. Governance of the joint venture will be carried out within the framework of a new independent board of directors on which both companies will be equally represented.

«From an environmental point of view, the move is in line with Arteche's sustainability policies, as the company aims to innovate in the green sustainable gas insulated transformer market. This operation allows us to improve our commercial position at a global level and represents a new step in Arteche's growth, as part of the 2023 Strategic Plan».

Alexander Artetxe

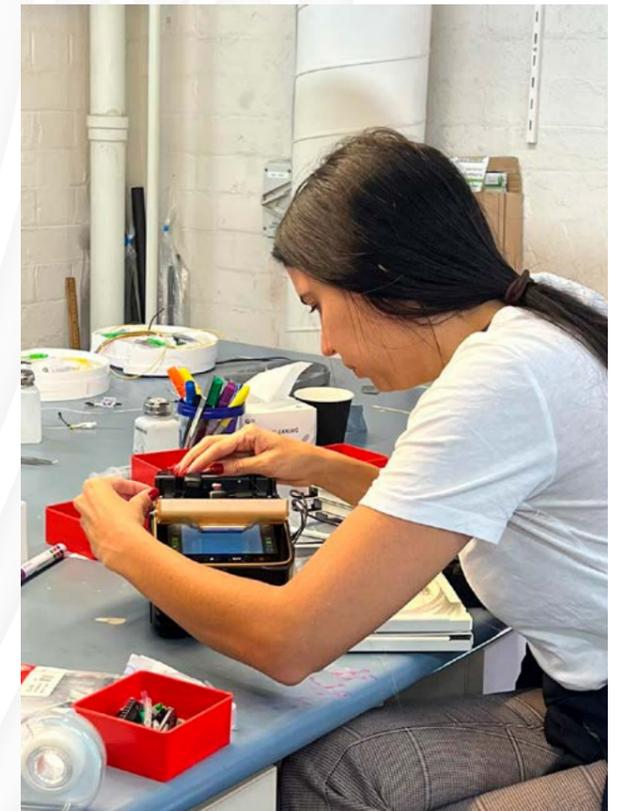


SDO acquisition

We have completed the acquisition of SDO, the Australian company in which we had already held 57.6% for more than a decade. SDO is a leading factory in the field of **fiber optic current sensors for the electric power industry**. It is one of the first companies to incorporate and patent this type of optical technology in energy measurement and control systems.

This type of technology facilitates the digitalization of substations, creating safer working environments and reducing construction, operation and maintenance costs. It also optimizes HVDC (high voltage direct current) transmission, which is used for long-distance power interconnection, such as between islands, offshore wind farms or oil platforms. The conventional technologies cannot be used for DC measurement. Our solution allows to digitalize this technology, optimizing the size of the converter stations.

In addition, it has its application in the detection of HV (high voltage) hybrid lines, a solution patented by Arteche and installed in a large number of countries.



Acquisition of Esitaş



The acquisition of Esitaş is part of our current and ambitious strategy of growth and territorial expansion, projected in our Strategic Plan. The acquisition of Esitaş means integrating within Arteche a company with a solid industrial base that is widely recognized in its instrument transformers market. This company has innovative technology and will contribute to the growth of the company and strengthen the positioning of our brand in the sector.

For Arteche, this purchase is the first step on a path of growth whose approach in this first step is to gain presence in the Asian region and expand our portfolio of both products and customers thanks to the synergies that a company with a history as Esitaş, of more than 35 years of experience in the industry and in the measurement and monitoring market, can provide.





New robotic raw material warehouse in China and other automations

In order to save and improve the utilization of storage space in our China High Voltage factory, as well as to simplify warehouse management, robotic equipment for location control and material movement has been developed and installed.

We are also implementing MES (Manufacturing Execution System) for the digital management of our production processes, in order to supervise, monitor, control and document our production processes, in every factory around the world.



We opened a new factory in Brazil, 50% larger than the previous one to increase our capacity

Our Operations Department works in all plants according to the following guidelines:

With this opening we are able to increase our manufacturing capacities for both reclosers and Protection, Automation and Control.

With this movement, we will reach better other markets, offering better response times to our commercial network to reach new customers tanto al mercado de brasil como de otras áreas geográficas.



New Physico-chemical Laboratory in Mexico

In order to offer more and better evidence of the rigorosity of the test results of the oil and raw materials that make up our transformers, we have inaugurated a new physicochemical laboratory at the Mexico plant.

It is a building five times larger than the previous physicochemical laboratory, with sanitary finishes that prevent any contamination of the samples and with a controlled environment in terms of temperature and humidity, which will allow testing of moisture in oil, dielectric rigidity, power factor, TIF interfacial tension, DGA (Dissolved Gas Analysis), compatibility of materials in oil, and analysis of joints.



Our expertise presentation on "Harmonic measurement in capacitive voltage transformers" wins the Best Presentation Award.

The presentation of the article "Harmonic Measurements in a Capacitive Voltage Transformer: Improvement Considering the Transformer's Design Parameters", which took place at the 4th IEEE SEST (International Conference on Smart Energy Systems and Technologies), has been recognized as the best of the conference.

The article was presented during the "Power System Dynamics, Control & Power Quality" session.

Capacitive Voltage Transformers, are voltage transformers that, additionally, offer the possibility of transmitting high frequency signals through high voltage lines; they also act as a filter for high frequencies, altering the harmonic distortion measurements made at the connection point.



We certified our first complementary simulations for photovoltaic plants in Spain (PV 7)

After being part of the working group for the definition of the Technical Standard for Grid Code Compliance in Spain, we have started to deliver the first reports of complementary simulations for photovoltaic plants.

This report is part of the requirements for the certification of any plant, which is mandatory for its energization. With these simulations, the wind farm developer can achieve certification for up to five of the technical requirements of the Generator Grid Code.

In addition, with these analyses, other considerations can be made such as: how many capacitor banks to install, how to size a hybrid solution of STATCOM and capacitor banks, how many photovoltaic or wind inverters are needed and how many can be saved.

2.3 75 years

A leading, global, diverse, innovative and sustainable company for the past 75 years



1946

Arteche Foundation, first instrument transformers



1961

Our first Auxiliary Relays



1968

First in-house R&D technology center



1975

First export of an Arteche product



1979

First international implementation, in LATAM



1990

Electronic instrument transformers



1993

First implementation in North America



2004

First implementation in Asia



2010

Optical Transformers



2011

Gas Insulated Transformers for GIS



2013

Ultra High Voltage Laboratory



2021

Exit to BME Growth Acquisition of Esitas
Joint Venture with Hitachi Energy
Takeover of 100% of SDO



Historical Image of the Santa Barbara celebration. The 60's.

3 INNOVATION



Our priorities are oriented towards the development of products and solutions for the energy sector that guarantee an efficient, reliable and sustainable energy transmission and distribution network that can support the new realities associated with the energy transition (integration of renewable energies, electrical interconnections, electric vehicles, energy storage, etc.).

In line with our aim to continue responding to energy challenges, we have a whole series of **sustainable, technological and social challenges when it comes to focusing on Innovation:**

- **Electrification**, offering solutions for the efficient mobility and reliable interconnection of renewable energy generation.
- **Decarbonization** as an essential part of the Circular Economy and the use of sustainable designs and materials in our equipment and solutions.
- **Digitalization** of the Electricity Grid, monitored, automated, predictive, secure and intelligent which requires us to develop, master and incorporate the enabling technologies of the digital world (artificial and experiential intelligence, IoT, Big Data, Cybersecurity, etc.).
- **Decentralization**, supported by Industry 4.0, in order to provide remote tools and predictive systems that support decision making to the teams and infrastructures operating in the network.
- **Democratization** of knowledge to acquire, manage and develop the talent necessary to offer innovative solutions to our customers.

The capacity to innovate, to incorporate new technologies and to develop new products is, for Arteche, a strategic aspect of our activity, a source of competitive advantages and, above all, a reflexion of our strong commitment to meet our customers' needs.

ÓSCAR FERNÁNDEZ DE RETANA
CHIEF TECHNOLOGY OFFICER CTO



3.1 FIGURES

 **R+D investment:
€9.5 M**

To expand to new geographies
.....
Attract new clients
.....
Deploy new functionalities
.....
Improve the quality and reliability
of our products

>100
R+D
projects



>25
external
collaborations



>150
R+D
profiles

80 %
of the contracting volume
thanks to updated products
in the last 3 years



>180,000
hours dedicated
to R+D



65 %
of effort in products with a
life of less than 10 years



6
development
centers

3 %
of business volume
dedicated to R+D



3.2 MILESTONES



We obtained the ISO 27001 certificate of Information Security

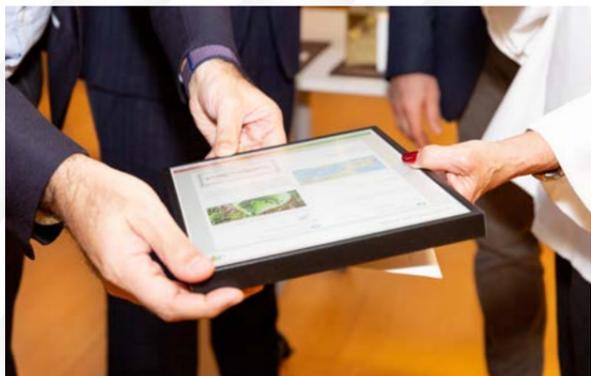
We have obtained ISO/IEC 27001:2013 certification (Information Security System), an international standard that ensures the confidentiality and integrity of data and information, as well as the systems that process it. Thus, we affirm our **commitment to cybersecurity**.

Certifying our Information Management System (SGSI) in accordance with the requirements of this standard provides us with the highest standards of protection against any cybersecurity threat.

To respond to the cybersecurity needs of our customers through our products and solutions, and **collaborate to ensure a cybersecure power grid**.

This standard implemented in the SGSI allows us to evaluate the risks and apply the necessary controls to mitigate and eliminate them in the following processes:

- Design, manufacture and marketing of **Instrument Transformers**.
- Design, manufacture and marketing of products and solutions for the automation of distribution, power quality, control, protection, measurement and communications.
- Project, design, manufacture, installation, commissioning and maintenance of **products, systems and solutions for automation, control, protection, measurement and communications, information, electronic and electrical systems, robotization systems, communications and security**.
- Corporate Management of our locations in Spain (Mungia, Madrid and Vitoria), implementing the standard within our Integrated Management System for the entire Group.

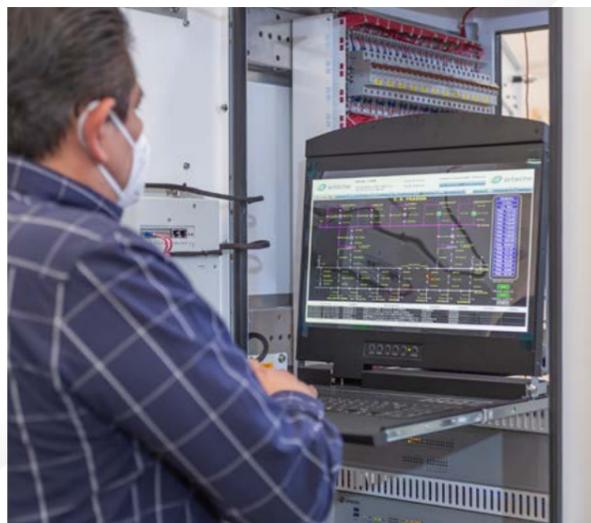


We open our Cybersecurity Lab to develop the equipment necessary to ensure the power grid resilience

The importance of cybersecurity in the power grid is growing, especially in its electronic equipment, the so-called IEDs (Intelligent Electronic Devices), whose characteristics and remote communication capabilities make them critical points in Smart Grids.

As a **manufacturer of substation control and automation equipment designed under the IEC 61850 philosophy**, it is developing the equipment and technologies necessary to ensure the safety and resilience of the power grid in accordance with the IEC 62443 standard.

To help ensure a safer power grid, Arteché has created the **Arteché Cybersecurity Lab** at its facilities in Madrid, an isolated space both physically and digitally, with all the security measures according to its criticality, where cybersecurity tests and pentesting (simulated attacks to detect vulnerabilities) are performed to our products, in addition to trainings, tool trainings, ethical hacking tactics and techniques, vulnerability analysis, and other related activities.



We supply with auxiliary power the world's biggest wind turbine, able to provide electricity to 16,000 homes

We have developed a PVT - Power Voltage Transformer or SSVT - Station Service Voltage Transformer to be incorporated into the GIS armored substation installed in the lower section of the world's largest offshore wind turbine, Haliade-X.

This is UG3-72, which provides power to the turbine during periods without wind, as they are a highly reliable power source within the substation.

This new turbine, the most powerful on the market with a rated capacity of 12MW and a 220m rotor, capable of generating enough clean electricity for 16,000 homes, has already gone into mass production.



Transformer installed to supply power to the turbine during periods without wind inside Haliade-x, the world's largest wind turbine.



The first 145 kV electronics voltage transformers, ready for installation

The evolution of technology allows new approaches for measurement in high voltage networks. Non-conventional instrument transformers (NCIT) offer interesting features compared to conventional instrument transformers..

In this sense, and after a great of R&D effort, our first 145 kV electronic voltage transformers (EUC-145) are ready to be installed in two different projects, in Colombia and Norway, joining our optical current transformers (ECO-145) as digital transformers.





Our optical measurement solutions, installed in large High Voltage Direct Current HVDC projects

France-England HVDC interconnection (±270 kV DC)

The France-England Interconnection (IFA) is a 1,000 MW, 240 km HVDC interconnection between the British Isles and France developed by National Grid and RTE. This project, which allows the flow of renewable electricity between the two countries, has relied on our optical transformers to provide the measurement of DC.

National Grid estimates that this interconnection will make it possible to import renewable energy from France to the islands, which will prevent the emission of 1.2 million tons of CO₂, equivalent to planting 50 million trees.

Sofia wind farm HVDC link (±320 kV DC)

The Sofia wind farm, in addition to being one of the largest offshore wind farms in the world, will also be one of the furthest from the coast, some 200 km. With an installed capacity of 1.4 GW, the farm is able to provide clean electricity to 1.2 million British homes.

The AC/DC converter stations, located at sea, and DC/AC converter stations, located on land, rely on our optical transformers to provide DC measurement through sample values at 96,000 samples per second.



Substation at the French end of the Channel for the France-England interconnection

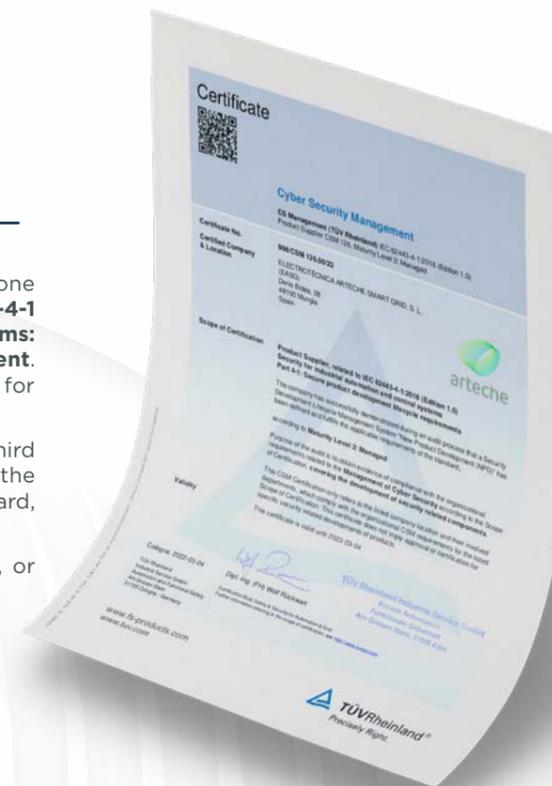


We certify the secure development lifecycle of our products according to IEC 62443-4-1

We have adapted the lifecycle of our products to one of the reference standards in the industry, **IEC 62443-4-1 - Safety for industrial automation and control systems: life cycle requirements for safe product development.** This standard establishes the process requirements for developing and maintaining cybersecure products.

Aware of the importance of a review by a trusted third party, we have certified our processes with one of the laboratories with the greatest maturity in this standard, TÜV Rheinland.

We have reached a certified maturity level of ML2, or managed process.



Our new controller for the automation of the overhead distribution provides a complete view of the network with control functions

The new adaTECH CMDO is an overhead distribution automation controller designed to control and monitor LBS on-load switches.

These controllers are field terminal units (field RTUs) that provide a complete view of the network and control functions that enable the deployment of distribution automation services such as fault isolation, outage restoration and management, load balancing and Volt/VAR optimization.

Arteche's new adaTECH CMDO **overhead distribution automation controller**, in combination with low-power instrument transformers, offers an engineered solution for operating and managing motorized on-load switches (LBS), providing real-time network and equipment status data from the field to distribution and asset management services at the utility level.



3.3 SOLUTIONS



Measurement and Monitoring Systems

High voltage instrument transformers

Medium voltage instrument transformers

Digital instrument transformers

Medium Voltage Sensors



Distribution and Transmission Automation

Substation automation systems

Distribution automation controllers

Reclosers



Renewables and Grid connection

Power quality for renewable energy grid connection

Capacitor banks and harmonic filters



Network reliability

Trip, supervisory and auxiliary relays

Railway relays

Secondary injection test blocks

Reclosers





4 CUSTOMERS



At Arteche, we value our local service capacity as a competitive advantage that we reinforce by adding new remote monitoring and predictive data analysis technologies, which allow us not only to provide a local service but also to identify possible defects before they occur.

From customer service to customer focus.

Together with the local service teams, located in 17 different countries together with our main customers, we have added the existence of a first-rate technical engineering team.

Innovation and high value proposals make it possible for us to be part of the transformation of the electricity transmission and distribution network sector, being pioneers in the development of optical measurement solutions, allowing our customers to improve the continuity and quality of their service.

At Arteche, we are proud of being part of the transformation of the electric sector, of being close to our customers, of adding value to them and being next to them in the development of the electric networks in over 175 countries, always distinguishing ourselves for our vocation for service and closeness.

Together we are building the power grid of the future. That is why we always work with our focus on the Customer. Proximity and quality service are qualities that have characterized us during our 75 years of history, and we work every day to provide the best solutions to each of your needs.

TOMÁS SOLÍS

CHIEF SALES & MARKETING OFFICER

4.1 FIGURES



**Growth over
3%**

175

countries with Arteche
equipment and solutions



>45

framework agreements with
utilities around the world



>90 %

of the world's utilities rely
on Arteche

17

countries with direct
commercial presence



>30

years of average relationship
with our main customers



65%

of effort in products with a
life of less than 10 years



>55%

recurring
customers

>50

webinars with

>4,200

participants



4.2 MILESTONES



We have installed the first protection of mixed overhead-underground lines system of Indonesia

Indonesia's electric company, PLN, has installed its first overhead-underground mixed line protection system, the Artech CFD system that offers a highly reliable and fully passive solution.

High voltage lines that combine overhead sections with underground cable segments require careful design of protection schemes to ensure the safety of the installation, while maximizing supply KPIs such as SAIDI.

Due to the differences between faults occurring in overhead sections and those occurring in underground sections, it is important to implement a protection scheme capable of discriminating with 100% certainty where the fault is located.

Therefore, PLN and its contractor Guna Elektro have installed our CFD system between the 150kV substations of Pasar Kemis Lama and Gajah Tunggal.



We help modernize the Mexican power grid with our Substation Automation Systems base on IEC 61850

The Smart Grid Project (REI) of CFE, the Mexican electricity operator, seeks to modernize the country's electricity grid by leveraging digital information and smart technologies to increase the efficiency of the Electric Power Systems. To this end, it must include modern equipment that allows for flexible, safe, efficient and sustainable operation.

The SCADA REI Project aims to modernize the 115 kV Substation Automation Systems based on the IEC 61850 Standard. For this purpose, CFE has relied on our Measurement, Protection and Control Cabinets for the largest substations at 115 kV voltage levels in Mexico

These systems that integrate our IEC 61850 control and automation equipment provide CFE with the latest in automation technologies.

The use of these technologies enables the improvement of the reliability, stability, safety and efficiency of the National Transmission Network (RNT) and the General Distribution Networks (RGD), the dynamic optimization of their operation and resources, and the development and integration of distributed generation projects, thus promoting the generation of renewable energies on a large scale.



The 120 MW Girasol Solar Park, which increases the photovoltaic generation of Dominican Republic by 50%, already in operation

The commissioning of the Girasol solar power plant has increased photovoltaic generation in the Dominican Republic by 50%. This plant, of 120 MW, is equipped with our Control and Protection System, our Power Quality equipment and services, and our High Voltage Instrument Transformers and Power Voltage Transformers.

The plant consists of 268,000 solar panels, which have a system of trackers unique in the country that allows them to rotate following the path of the sun to increase their energy production. In order to inject the energy produced into the National Interconnected Electric System, a 150 MVA power substation and a 10 kilometer long 138 kV transmission line have also been installed.

- Estimated annual generation of 240,000 MWh
- Equivalent to the consumption of more than 100,000 homes
- It will prevent the emission of 150,000 tons of CO₂ into the atmosphere
- It will avoid importing 400,000 barrels of oil



Our Power Voltage Transformers, installed in the 550 kV Colectora substation which connects 10% of Colombian power

Our Power Voltage Transformers (PVT) or Station Service Voltage Transformers (SSVT), from the UG Series, UG-550, are part of the Colectora Project, a new 500 kV substation that will connect 7 wind farms to the Colombian power grid (the National Interconnected System, or SIN). These wind farms, currently being developed in Guajira, will have a capacity of 1,050 MW, constituting about 10% of the country's energy needs.

The PVTs will each supply up to 100 kVA directly from the high voltage transmission line to feed the substation's ancillary services, such as its control and protection equipment or its security systems. These units are a highly reliable power supply inside the substation itself, combining the benefits of a power transformer with a distribution transformer's applications.



The new 1,800 km transmission infrastructure supplying power to the remote communities or northern Canada counts with our full High Voltage Measurement and Monitoring systems

Through the Watay Project (Wataynikaneyap Transmission Project), several remote First Nations communities, the Canadian indigenous peoples, located in northwest Ontario, will be connected to the power grid.

The project, which consists of the construction of a new 1,800-kilometer transmission line and 22 new substations between 25 kV and 230 kV, will ensure that 24 of these isolated communities, some 15,000 people who currently have only diesel generation, have a reliable clean energy supply. It will also prevent the emission of 6.6 million tons of CO2 over the next four decades, which is equivalent to taking out 35,000 cars.

We provide for this project different types of equipment, with different technologies according to the application needs:

- Inductive voltage transformers, current transformers and combined 25 kV and 44 kV dry isolation transformers,
- 115 kV and 230 kV oil-paper capacitive current transformers and voltage transformers, and
- 115 kV and 230 kV gas-insulated voltage transformers for auxiliary services (PVTs or SSVTs).

 **22 new substations**

 **1,800 km new transmission lines**

 **15,000 people**



Our harmonic filters compensate the reactive power of one of biggest Mexican projects

One of the flagship projects of the current Mexican government is the construction and start-up of the Dos Bocas Refinery for Petróleos Mexicanos (PEMEX), in the municipality of Paraíso, Tabasco.

This refinery will have 22 units of Artech's Metal Enclosed Multipass harmonic filters, smART VAR ME, and their spare parts, as well as assembly supervision services, SAT tests, training courses and commissioning of 9 plants in the complex.

These harmonic filters are rated NEMA 3R for outdoor service, to operate at voltages of 4.16 kV and 13.8 kV. The design can be of 2 or 3 physical steps and by the combination of these to obtain 3 to 5 electrical steps. Cabinet dimensions can range from 7.63 m to 10.66 m in length, keeping the height and width of the cabinets at 2.34 m and 2.3 m respectively. The weight of the 2-step harmonic filters is 6550 kg and for the 3-step ones it reaches 8650 kg.

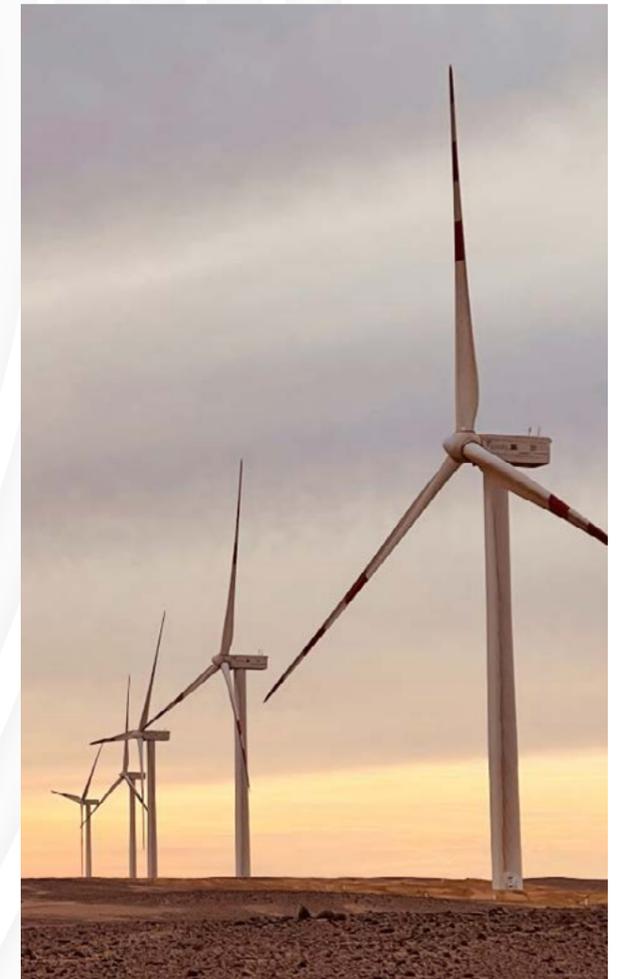


Our capacitor banks at the Lekela West Bakr Wind Farm, which increases by 18% the Egyptian eolic capacity

The Lekela West Bakr wind farm, located in the Gulf of Suez, produces 252 MW of clean energy reliably, increasing Egypt's wind capacity by 18%.

In this plant, the reactive power support is provided by our smART VAR IC range of containerized capacitor banks. In total, there will be 60 MVAR in 6 sea containers of 10 MVAR each.

Of course, we also provide services such as pre-studies, start-up supervision or training courses for operating technicians.



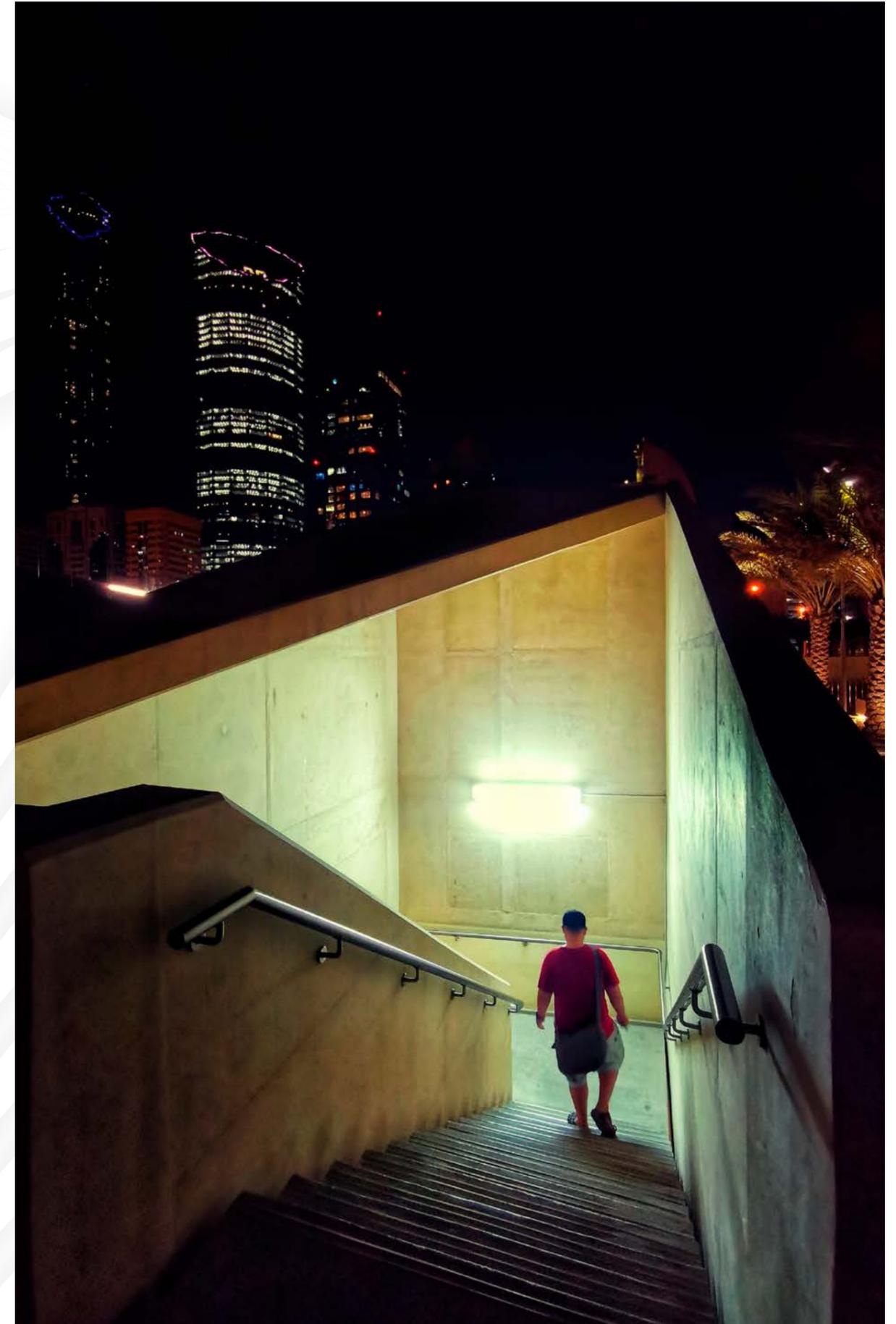


Our relays for the railroad sector obtain the compulsory Chinese CCC certificate

Our railway relays have obtained the China Compulsory Certification (CCC). To obtain this certificate, analogous to the European CE marking, the two most important elements are the product test and the factory audit.

Arteche has 60 years of experience in manufacturing relays that meet the highest international standards and have extremely high MTTF values. Thus, the relays for on-board and signaling applications have passed a product test carried out by an official accredited test laboratory in China, which has confirmed their high reliability and durability.

Thus, thanks to this certification, our relays will continue to help prevent unexpected train failures, thereby increasing train availability and reducing maintenance costs.



4.3 PLANTS AND OFFICES





5 PEOPLE



It is not something new for those of us who work with people that we have to improve constantly if we want to have a chance competing to attract talent.

The youngest professionals choose the projects they want to work on not only based on the consistency of the companies, but because of their value propositions, values and vision. Meanwhile, the more experienced profiles in growing sectors like ours, are increasingly in demand and, therefore, our efforts must be balanced to have an attractive employer brand and an internal experience representing an added value.

This equation, in a company like Artech with office in four continents, can only have good results if we build on solid foundations. For this reason, the essence of a family owned company, with international vocation, help us to have strong roots for our corporate culture, fertile ground on which to develop and enhance the talent of our people.

Generating a suitable work environment in which diversity, equality, teamwork and professional and personal well-being, are a reality, can only be achieved with the commitment of each and every person who is part of the Company. That is why on 2021 we have taken a further step:

We have formalized the Artech's commitment to its people by approving the People Policy, approved by the Board of Directors, whose basic principles are:

- Acting in diversity, inclusion and equality.
- Performance in selection and talent.
- Action in performance evaluation and talent management.
- Performance in training and talent development.
- Performance in terms of compensation and benefits.
- Ethics at word.

Those of us who are part of Artech are fundamental actor in this shared journey. Our commitment is to move forward, #MovingTogether

Another of the main challenges that we have addressed in 2021 has been to keep advancing in our digitalization. Thanks to it, we have achieved more capacity to provide added value support to our teams by focusing our function on the talent development, real accompaniment in personal and professional careers through coaching processes, and the great progress we have made in our leadership model with the "From managers to leaders" program, a global program in which the emotional intelligence, active listening and the ability to inspire by leading are developed.

Of course, many challenges remain to be faced, but thanks to these initiatives and others such as the program of value ambassadors, team leaders in production plants, and the incorporation of increasingly diverse profiles related to our philosophy, we are not alone facing these challenges, we count with our corporate culture.

SONIA GARAI
CHIEF HUMAN RESOURCES OFFICER

5.1 FIGURES



A team of almost
2,500 people

+40%
training
hours



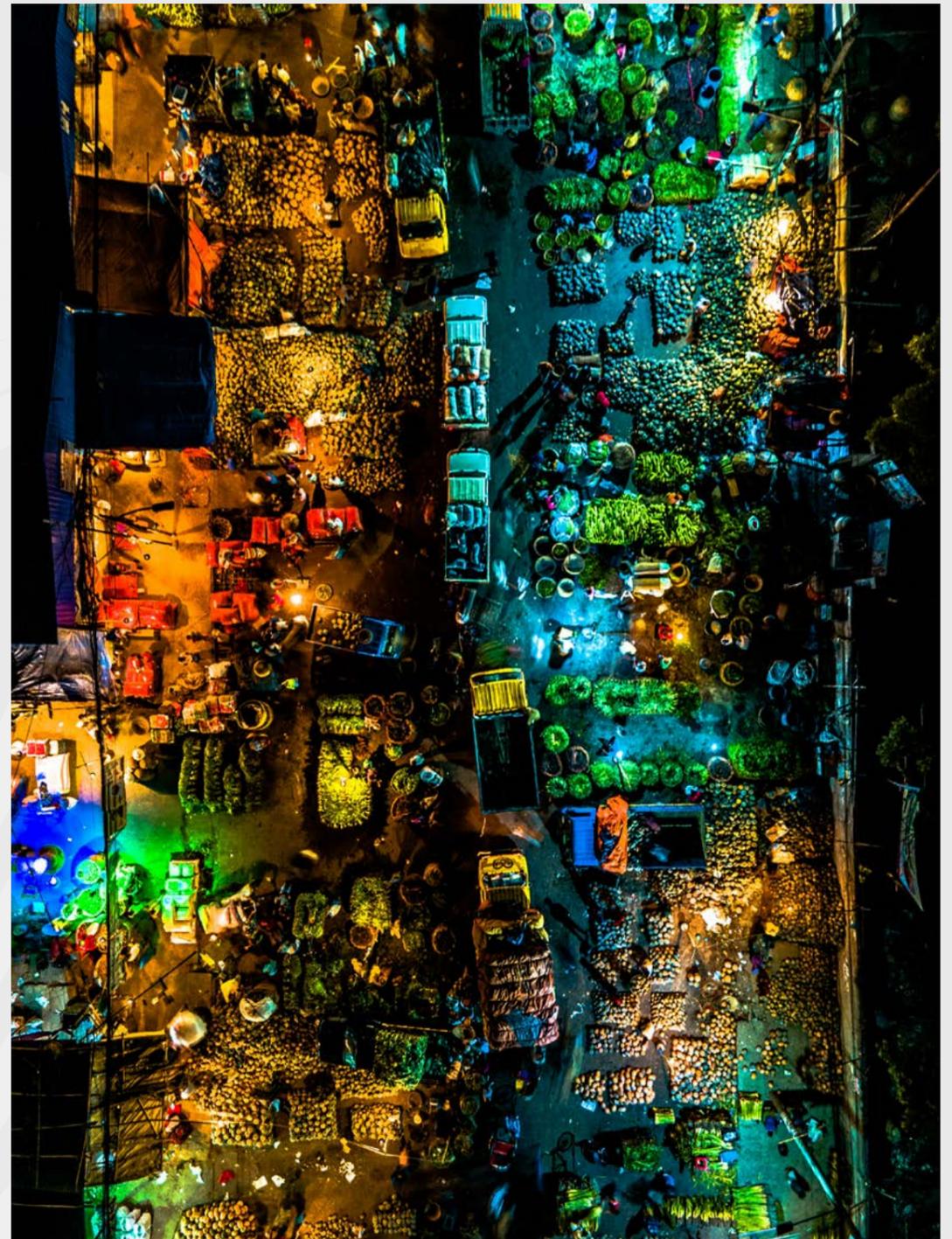
86%
personnel with
indefinite-term contracts

25%
women on staff



16
collaboration agreements
with training entities

49,000
training hours



5.2 MILESTONES

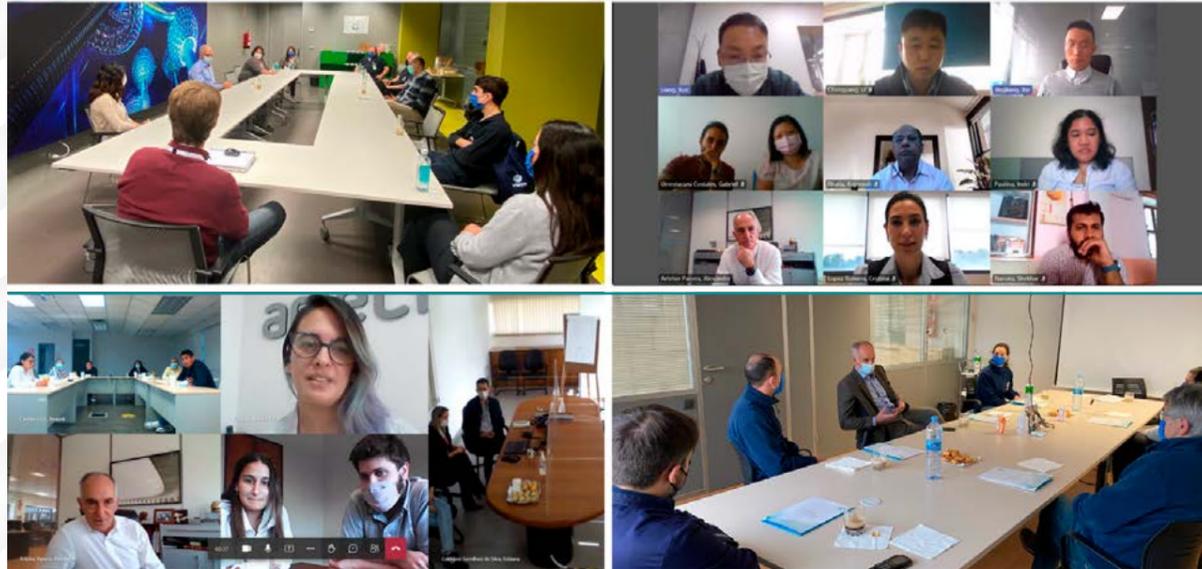


We digitize people management processes

In Arteché, we consider that digitalizing our processes is a key element of competitiveness, the lever of change in the organization towards a standard, efficient and continuous improvement model. Also in the area of people.

Implementing a new digital, multi-device and globally focused people management tool allows us to simplify, make more flexible, integrate and digitize our Human Resources processes, and to do so in an efficient way and with guarantees.

Thus, we have been able to improve processes from a functional and integration point of view, laying the groundwork for future developments in other areas and relations in general throughout the company, focusing on improving the employee experience, also providing facilities such as accessibility through an app or simplifying day-to-day management.



We have signed an agreement with Ecoaliados (Ecoallies) in Argentina

In Argentina, we have signed an agreement called Ecoaliados (Ecoallies) with the Municipality of Córdoba. The purpose of this agreement is to promote the creation, development, dissemination and strengthening of recycling as a fundamental source of environmental protection.

We consider the model of reduce, reuse and recycle in a continuous circle, thus reducing waste and recovering raw material for different production processes in our community. The idea is to transform them from waste into resources.

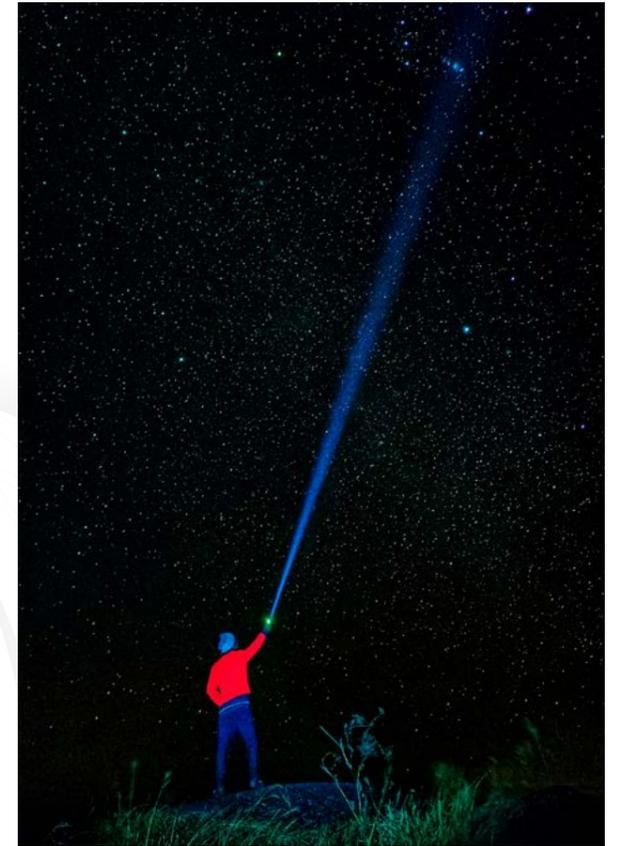


We demonstrate our commitment with environmental transparency

As part of our development and improvement with respect to sustainability management and, in this case, focused on the environmental part, this year 2021 we have carried out the first disclosure of our environmental management (at a global level "Arteché Group"), related to carbon footprint and climate change, with the international rating CDP (Carbon Disclosure Project).

CDP is a non-profit organization that leads the global disclosure system for investors, companies, cities, states and regions to manage their impact on the environment. Over the past 15 years, they have developed a system that has generated unprecedented intervention in environmental issues worldwide.

With this milestone, we are one of more than 13,000 companies that have made such disclosures this year and, according to CDP, this means that "Arteché Group has demonstrated a strong commitment to environmental transparency. Its customers value this investment of their time and resources."



Celebrating ADYH's 15th anniversary

This year, we are not only celebrating Arteché's 75th anniversary as a global company. Also the 15th anniversary of ADYH, our company in China.

To celebrate the event, the Autumn Carnival was held in a warm and happy environment by the sea, where all ADYH people gathered to celebrate awesome moments together and enjoy a beautiful day.

Two activities were held during the day. First, the "Strongest Team" competition, in which 20 teams were created and did their best to complete the task in the spirit of "one team, one mission". Then, in the "Carnival on the Beach" activity, everyone volunteered to participate in a game.



ADYH 15周年纪念



More than 800 photographs have participated in the VII artPhoto

More than 800 photographs participated in the VII artPhoto, the photography contest organized by Arteché.

The photographs sent from all around the world have perfectly captured the daily use and social impact of electricity in our lives by taking the following four categories into consideration:

- **Life and electricity:** Night Express, by Evgeny Ivanov, from Russia.
- **Electrical infrastructure and equipment:** New Energy, by Jacek Cislo, from Poland.
- **Arteché products:** Sunset Arteché, by Pedro Ajuriaguerra, from Spain.
- **Electrical work:** En el Aire, by José Venegas, from Spain.



Nearly 200 people participate in the “From Managers to Leaders” training programs and pills

One of the main lines of Arteché’s Strategic Plan in recent years has been the Leadership Model, placing people at the center of our corporate culture.

It is therefore essential to provide our people with the necessary tools to be leaders, understanding that we can all be leaders individually, but focusing especially on people managers, who, in addition to the responsibilities of their job, must inspire, develop and motivate each of the people in their teams to create an ecosystem in which we can give the best of each of us.

Thus, we have provided more than 40 people with training and a series of training pills entitled From Managers to Leaders, whose objective is to advance certain notions of leadership and team management that serve as management tools for the new leadership model:

- The power of change lies in the people who exercise leadership.
- The best way to inspire is through small, daily, observable behaviors.
- The 8 personality traits that impact our leadership and how to develop them.



External recognition of our ESG (Environmental, Social and Governance) criteria

We have been awarded with the **Sustainable Competitiveness Award** in the Transparency and Good Governance category due to applying transparency and good governance criteria, highlighting the alliances and collaboration networks to achieve the SDGs.

Moreover, thanks to its commitment, responsibility, work and results in **sustainability in the energy sector**, Arteché has been recognized in the first edition of the **Forbes-Credit Suisse Sustainability Awards** as the most sustainable family business in the energy sector.



Reconocimientos externos a nuestro ESG

5.3 TEAM



Corporate governance, risk management and compliance

- Council Secretariat
- Internal Audit
- Regulatory Compliance
- Legal



Long-term strategy

- Talent development
- Corporate development
- Business Development
- R+D Research & Development



Organic growth

- Purchases
- Operations
- Marketing & Sales
- R+D Product Engineering



Support Area

- Finance
- Information Technology
- Excellence
- Human Resources
- Corporate Communication



COMMUNICATION CHANNELS

Any questions related to this report can be made through the following channels:

- On the Group's website www.arteche.com
- In the e-mail info@arteche.com
- In the location of the head office and registered office:
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