

illimity
NOVAS Equity
Conference
2022

ELES S.p.A.

Milan | 2022 September 20



Speakers



Antonio Zaffarami
Chairman

- (1972) High School Diploma in Electronics Engineering (Todi – PG)
- (1988) “La dimensione economico-finanziaria nella gestione e nello sviluppo di nuovi business”, 6-month course at SDA Bocconi of Milano
- (1972-1977) Design operator at ESCO Electronics, Todi (PG)
- (1977) Technical & Production Manager at ITELCO, company specialized in production of radio transmission equipment (Orvieto – TR)
- (1978) Founder and CEO of EES Electronic Engineering Services
- (1982) Founder of Advanced Electronics (ADEL)
- (1988 – current) Founder and Chairman of ELES Equipment S.p.A., company specialized in production of Semiconductor reliability test systems



Francesca Zaffarami
CEO

- (1997 – 2003) MSc in Electronics Engineering from Università degli Studi di Perugia
- (2008 – 2009) EMBA at LUISS Business School (Rome)
- (2003 – 2004) Application Engineer at ELES S.p.A.
- (2004 – 2006) Member of the team responsible for “Wafer Level Burn In” R&D project, assisted by Catania Research Lab
- (2005 – 2006) Project Manager deputy to digitalization and research project
- (2006 – 2008) Improvement Project Portfolio Manager at ELES S.p.A.
- (2008 – 2014) Controller and COO Assistant at ELES S.p.A.
- (2016 – current) CEO and Vice Chairman at ELES S.p.A.



Joe Santangelo
Strategic Marketing Manager

- (1995 – 1999) Bachelor of arts with HONs in International Business Management (The Nottingham Trent University – UK)
- (1999 – 2000) Master Certification in Corporate Business Strategy – MIM –Manhattan Institute of Management (US)
- (2019 – 2020) Master in Executive Business Coaching and Consulting (International Life Learning Academy)
- (2000 – 2010) Business Line Director at SIEMENS (Rome – Milan – Munich)
- (2010 – 2012) National Sales Director at ATS-Automation – Rome
- (2012 – 2018) Export Director and Strategic Marketing Director at PETROLTECNICA S.p.A. (Rimini – Istanbul – Doha)
- (2016 – 2019) Vicepresident of Sales at MPT-AS (Istanbul – Ankara)
- (2019 – 2021) International Business Manager at AGESVIN and Lecturer of International Business at ICE and UNITELMA SAPIENZA
- (2022 - current) Strategic Marketing Manager at ELES S.p.A.

Today's Key Themes

1

The semiconductor industry has become **essential** to a large number of industries and geographies and is expected to grow and change in ways that benefit ELES

2

Our portfolio of innovative solutions, powered by RETE (Reliability Embedded Test Engineering) methodology, enables our clients to continuously improve design and production processes in order to achieve **Zero Defects with Zero Scraps** target

3

Launching **new scalable platforms**, All-in-one Reliability Test Systems for Smart Power and High Power Devices

4

Transition from a pure player in the semiconductor sector to an aggregating pole of frontier technology with strong positioning in the Semiconductor and **Aerospace & Defense** sector

5

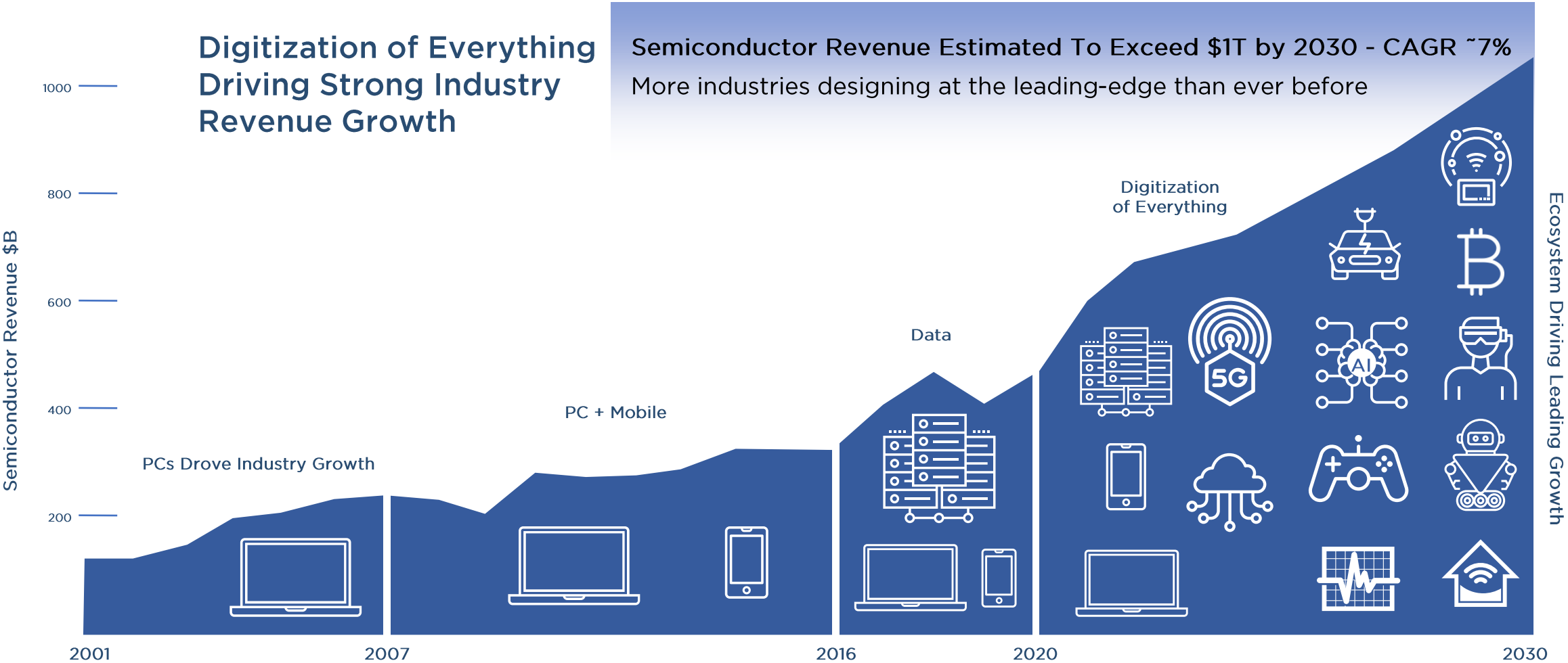
Positioning the company to benefit from **increasing investments** in the Aerospace & Defense sector, adding to the client portfolio significant Tier1 clients

6

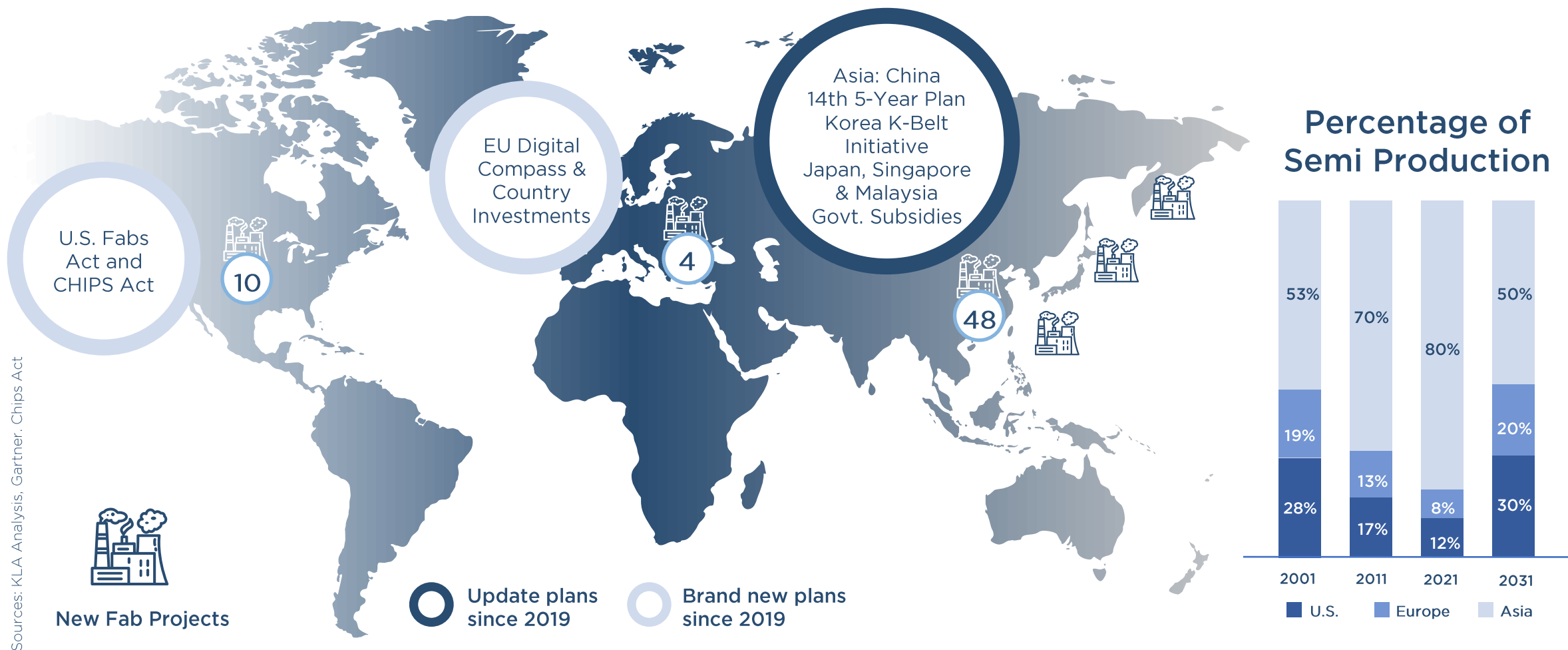
M&A as a new strategic lever for accelerating technological and business growth



Unprecedented demand for SEMI

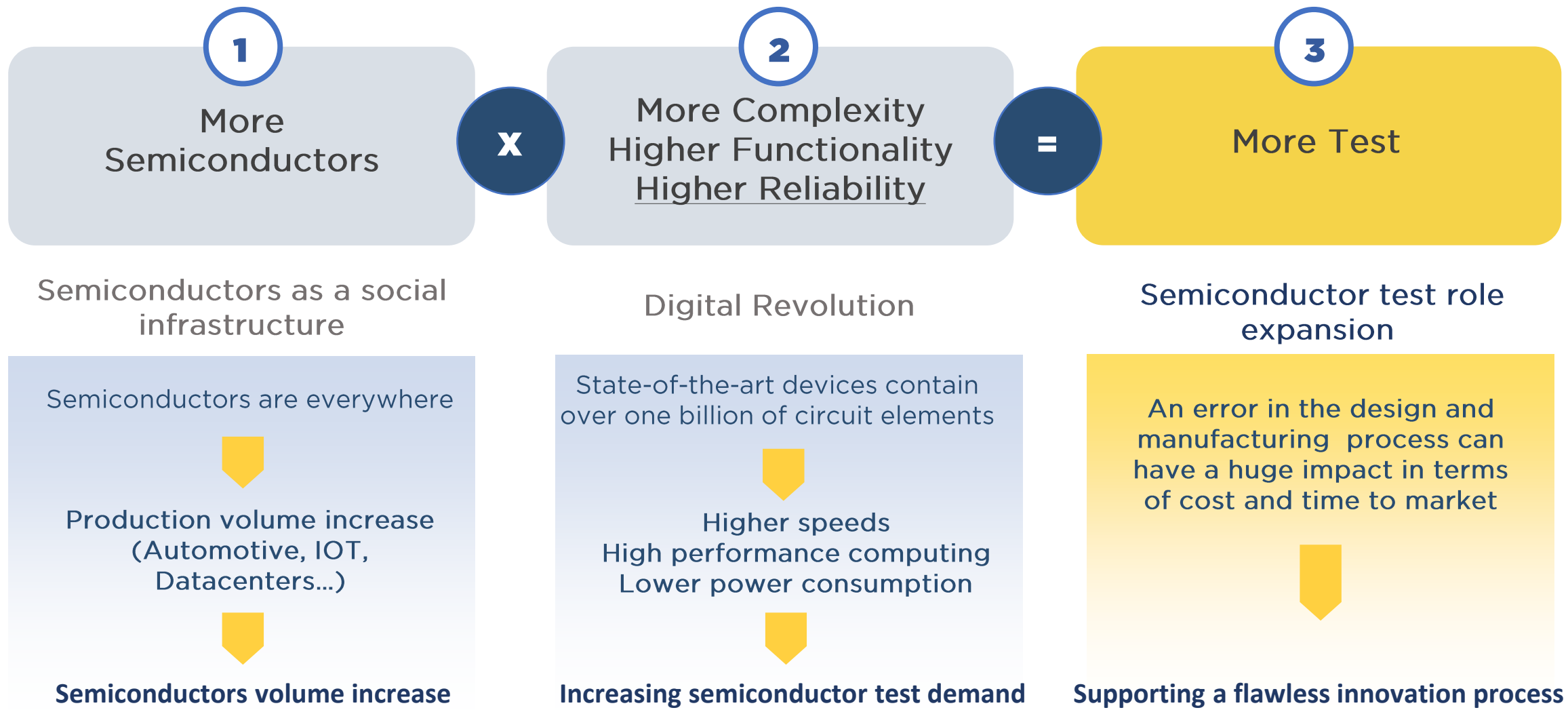


Supply Chain Regionalization – significant investments ahead



Tracking >60 major fab projects announced or broken ground since last investor day

Main drivers of Semiconductor tester demand and their roles



ELES is an Aggregating pole of frontier technology



Founded in
1988



Headquartered in
Todi



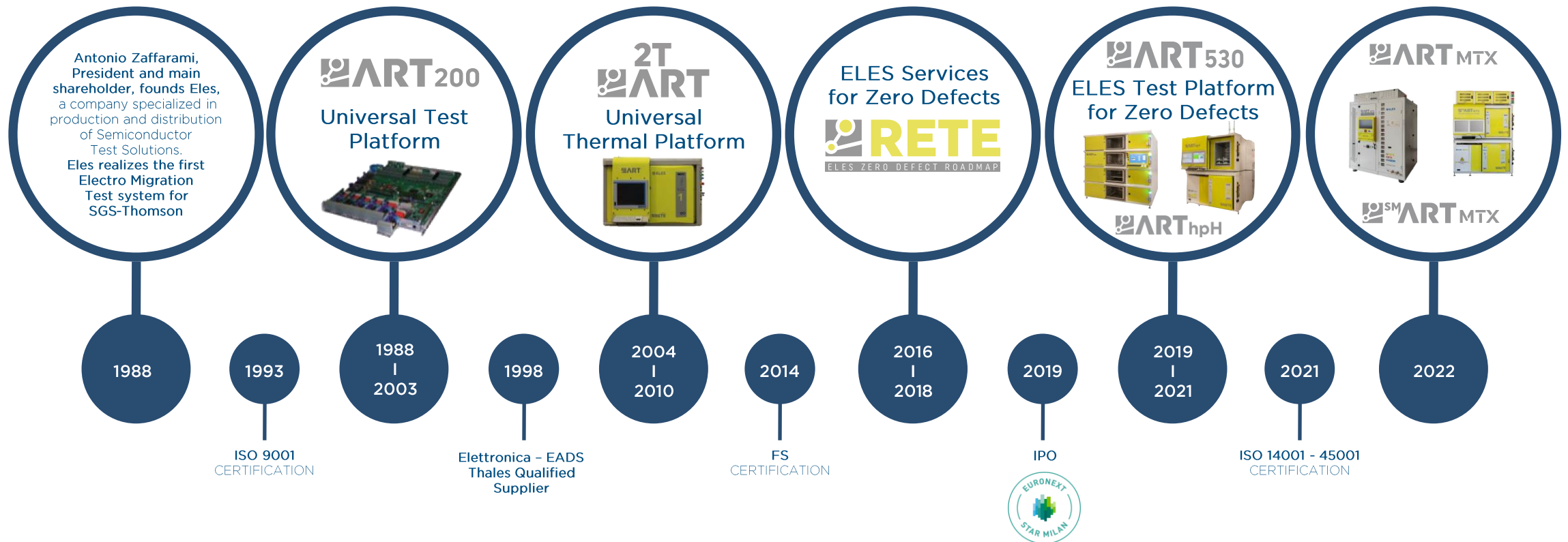
Countries
4

300+
Test Systems in
use worldwide

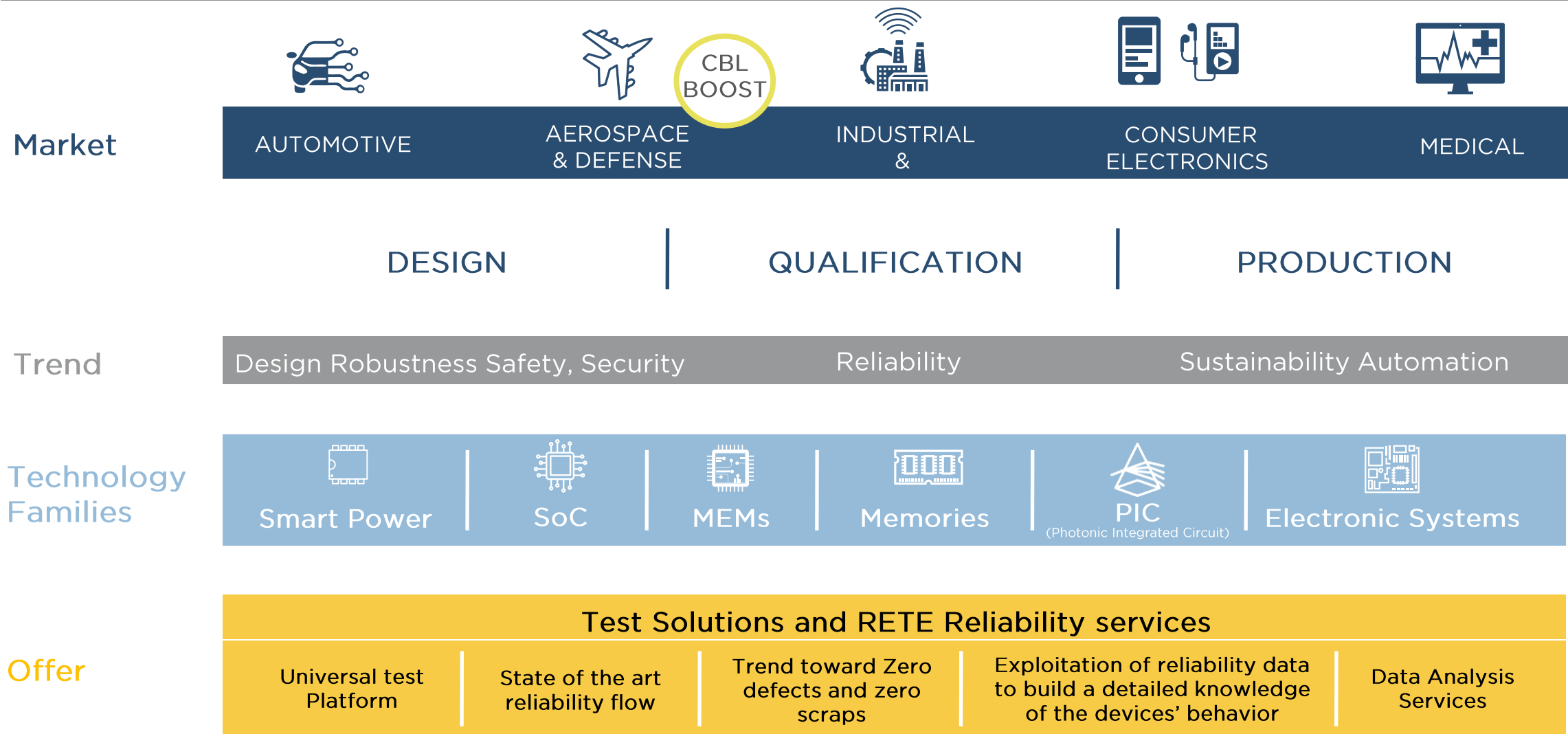
c. 27m
Pro-forma Total
Revenues 2021

c. 3,7m
Pro-forma
EBITDA 2021

A 30 years of continuous innovation

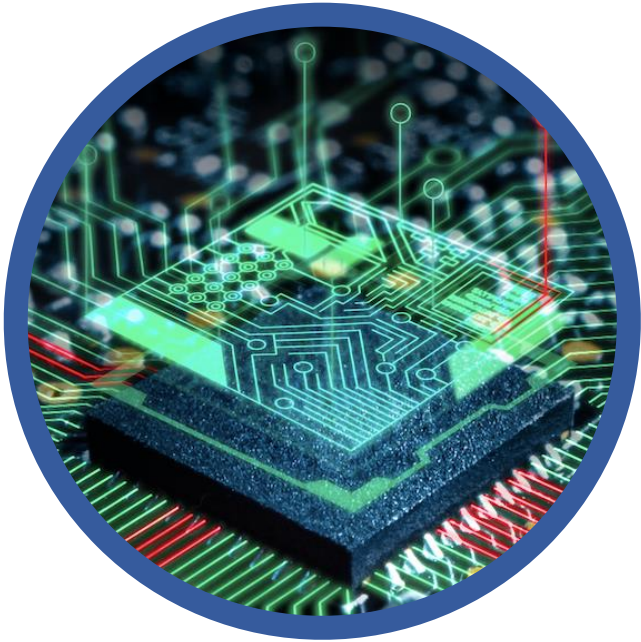


Group Overall Organic Proposition

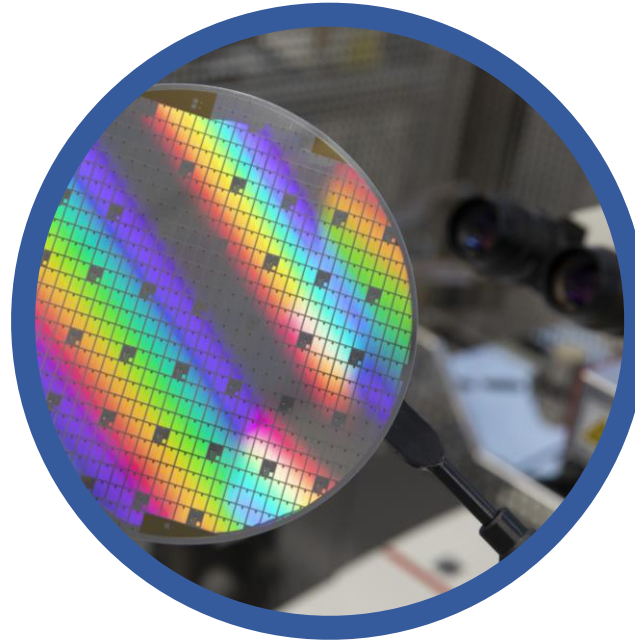


ELES Unique Selling Proposition

ELES offers state-of-the-art test and reliability flow, that ensures:



Early Detection of issues
in the Design Process



Timely and cost-
effective test



Zero defect and zero scraps
Production

Learning from Failures | Approach for Testing



Reliability

Consists of a stress-based failures-mechanism qualification test of electronics and IC



Quality

Aims at preventing defects and at promoting continuous improvement by process standardization, control and development



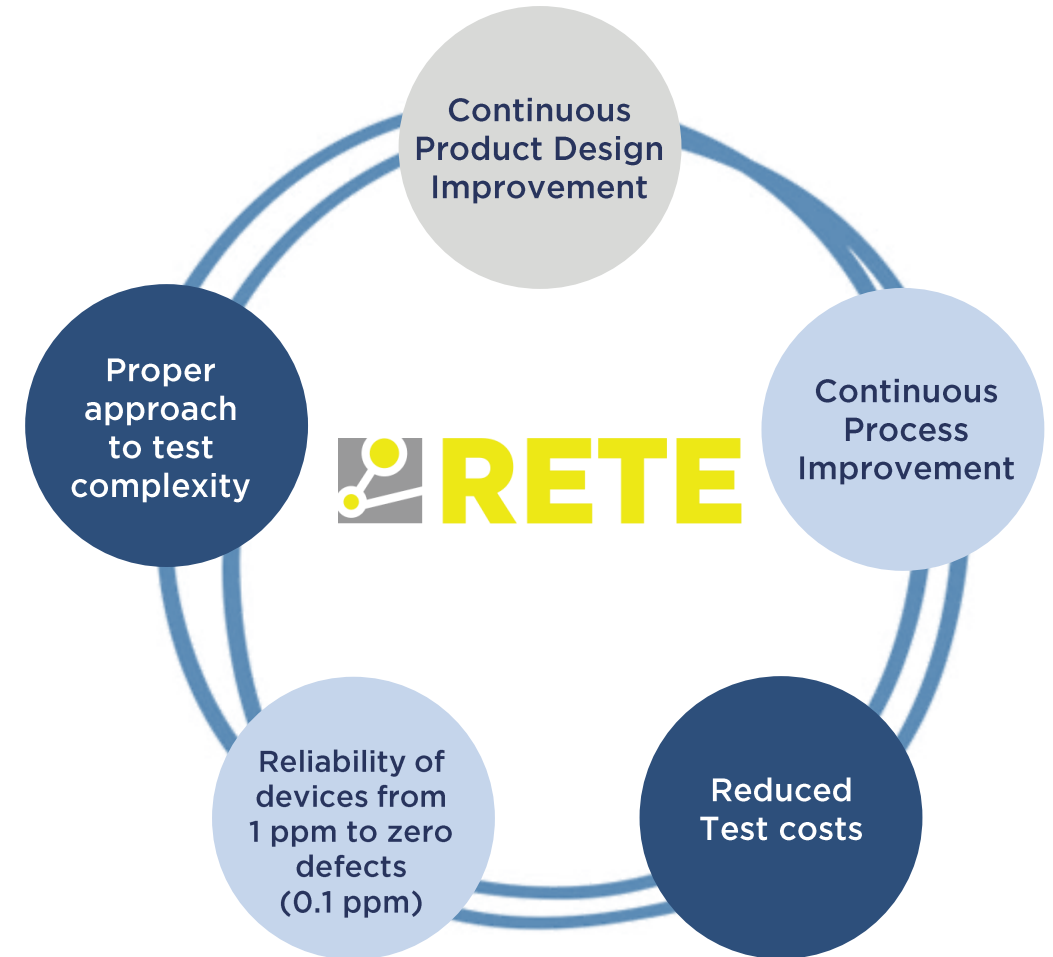
Functional Safety

Automotive applications require to follow stringent requirements as provided by ISO26262 (ASIL from A to D).



Security

Device hardening by extending the DfRT stage to include specialized functionalities to detect suspicious behaviors and by running specialized tests that can highlight vulnerabilities and the presence of HW Trojans



Eles Offer

LIBRARIES

- Great Field Experience
- Knowledge Patrimony
- Entry Barriers
- Business Scalability
- Business Replicability



EQUIPMENT

- Unique Testing Platform
- Configurable by libraries
- Continuous Improvement
- Market Leadership



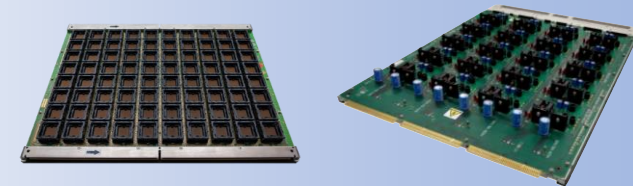
ENGINEERING & SERVICES

- Unique Service Level
- Structured Approach



APPLICATIONS

- High Customer retention
- Business Scalability
- Business Replicability



NEW PLATFORMS: smART MTX & ART MTX

smART MTX



All-in-one Reliability Test System for Smart Power Device, SiC & GaN

HIGHLIGHTS:

- Automotive “Grade 0” Compliant
- High Voltage (up to 6KV) & High Current
 - Modular & Scalable platform
 - Automatic calculation of DUTs Equivalent Lifetime

ART MTX



High Parallelism Test during Burn-in platform for High Power SOC device

HIGHLIGHTS:

- Ready to be integrated in a fully automated manufacturing flow according to Industry 4.0
- Modular & Scalable platform
- System Health & Environment Monitor to maximize Overall Equipment Efficiency

Trasforming ELES

ELES

100% Organic growth

Focus on Reliability Tests for semiconductor

Focus on semiconductors

One testing platform (ART)

One specific business division

Client concentration

ELES Group

Building an aggregating pole on frontier technology (2 M&A in 2022)

Expanding testing offer on semiconductors

Expanding on Aerospace & Defence Sector

Expanding testing platforms & RETE-Methodology Integration

3 synergic business divisions

Diversifying Client base

Building the Aggregating Pole of Frontier Technologies



Acquired on 26 January 2022

Based in Livorno with 10+ years of experience on high performance FPGA design and Digital Signal Processing

Significant proprietary IPs:

- HDL Design FLOW, HDL cores library, Radar library, DSpeed library, Video Processing library, IO & Communication library, HW Drivers library



Agreement reached on 10 May 2022, closing expected in 2H2022

Based in Todi - Started offering functional testing services for the semiconductor sector

Today CBL is considered a reference point for the development and implementation of test applications in the Aerospace & Defence Market

Expanding testing offer on the semiconductor market

Semiconductor Test Flow

ELES

Reliability TEST

Screening of infant mortality, process and project qualification.

Final TEST

Automated Test Equipment (ATE) Verification of operation and compliance with the specifications.

ATE Systems Vendors

Test for Reliability from early stages

Final TEST

TfR (Test for Reliability) and RETE Methodology, to reduce ATE Test use and enable learn from failure to reach Zero Defects target

Test for Reliability from early stages

CBL BOOST

Final TEST

Test Application Services capacity boosted by CBL + Final Test Service supplied by CBL

Test for Reliability + System Level Test

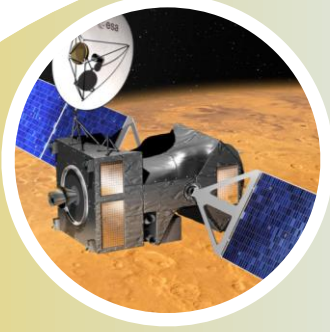
FT

Our VISION is to integrate in ONE platform also SLT to increase test coverage and further reduce ATE use: a step ahead toward 1ppb

ELES Group



Expanding into Aerospace & Defence sector



Strong market trend

- Substantial increase in planned defense spending up to 2% of GDP by European countries
- Satellite launches for broadband internet are expected to grow steadily as funding continues to increase and costs decline
- Space explorations are also expected to expand due to increasing investments and reducing costs
- c. €1,49 billion of incremental Italian investment into the SPACE ECONOMY thanks to PNRR

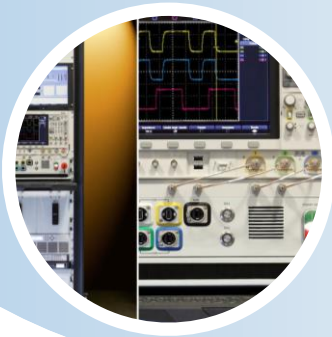
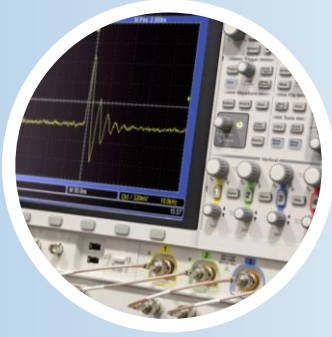
Strong reference

- CBL participated in the development of high impact projects such as Rosetta, Sentinel, Cosmo SG, Exomars and Orion.
- CBL Electronics played a key role in the design and development of PCDU Exomars EGSE, where power distribution and control behaviour have to be verified
- CBL participated in the development of high impact test systems for NH90, EFA, A129 military helicopter program

Expanding testing platforms & RETE-Methodology Integration



CBL



ELES Group

ATOM2 PLATFORM

- Advanced Test On Modular Mainframe : General Purpose ATE which can be used to test all kind of avionic and space complex systems, from prototype to qualification and validation test.
- Thanks to **RETE methodology**, an innovative qualification process of ECU (Electronics Control Unit) for A&D market is initiated, which results in a stronger reliability on the whole.

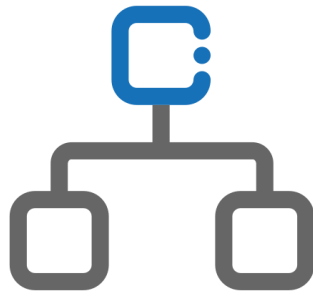
Three Synergic Business Divisions

Business Division

SEMI TEST DIVISION Thirty years global leader in Semiconductor Qualification with the **RETE methodology**

A&D TEST DIVISION Leader for development and supply of test solutions for electronic boards and systems in the mission critical sectors such as Aerospace, Defense

DESIGN & NEW PRODUCT DEVELOPMENT DIVISION Combines the excellent skills, the passion and experience of the designers of Eles, CBL, Campera to develop and produces in series Modules for the A&D Market



Synergies

SEMI TEST DIVISION Test Application Services capacity boosted by CBL + Final Test Services supplied by CBL, providing the Clients with **turnkey solutions** covering Reliability and Final Testing

A&D TEST DIVISION and the **DESIGN & NEW PRODUCT DEVELOPMENT DIVISION** will benefit from the **RETE methodology** (owned by Eles) to be used in Qualification and Testing of developed or third-party products

The above constitutes a strong opportunity for further business development deriving from group synergies



Diversifying Client base

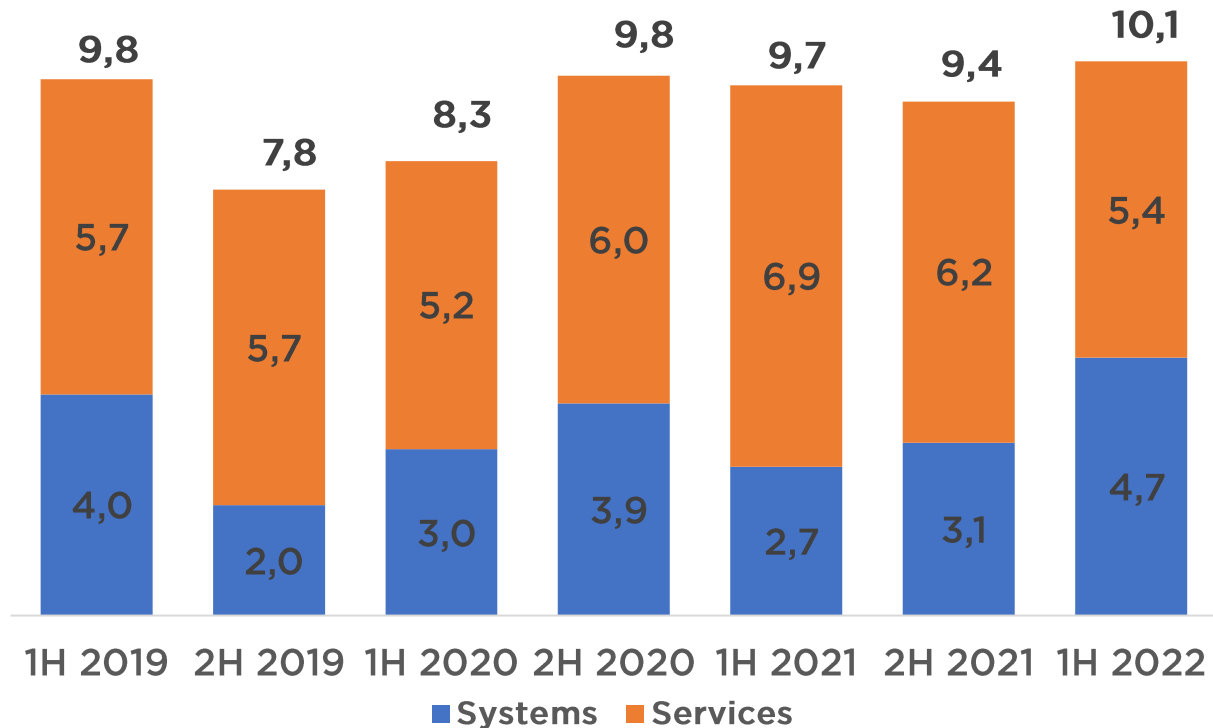
SEMI



A&D



Revenue evolution



1H2022 Consolidate Sales at €10,1m +5%YoY

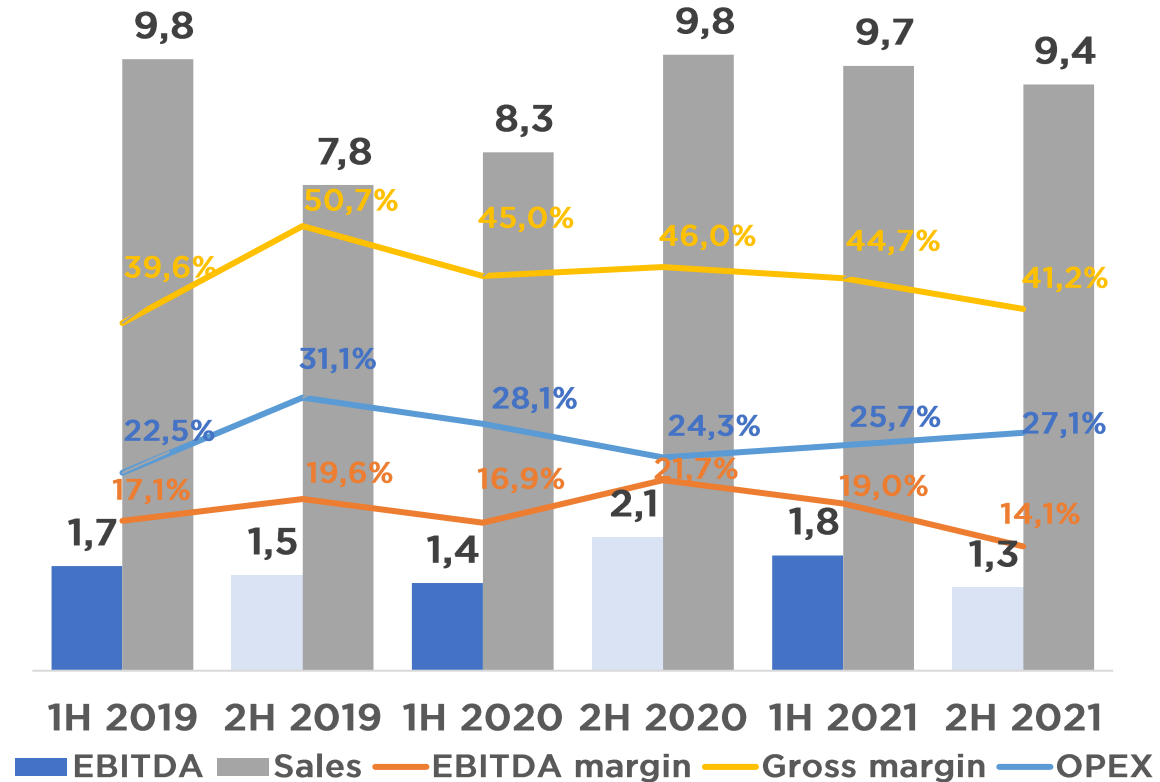
Shortage on semiconductors and electronics components continued to negatively affects 1H2022 results

Delivery times extension from our supplier negatively affected our top-line growth

Systems, the segment mostly impacted by shortage and inflation, Systems incidence on Sales was 47%, record level since 1H2019, this line was mostly impacted by shortage and inflation

21% of Sales were related to the new product line ART-MTX and SMARTMTX

Margin evolution



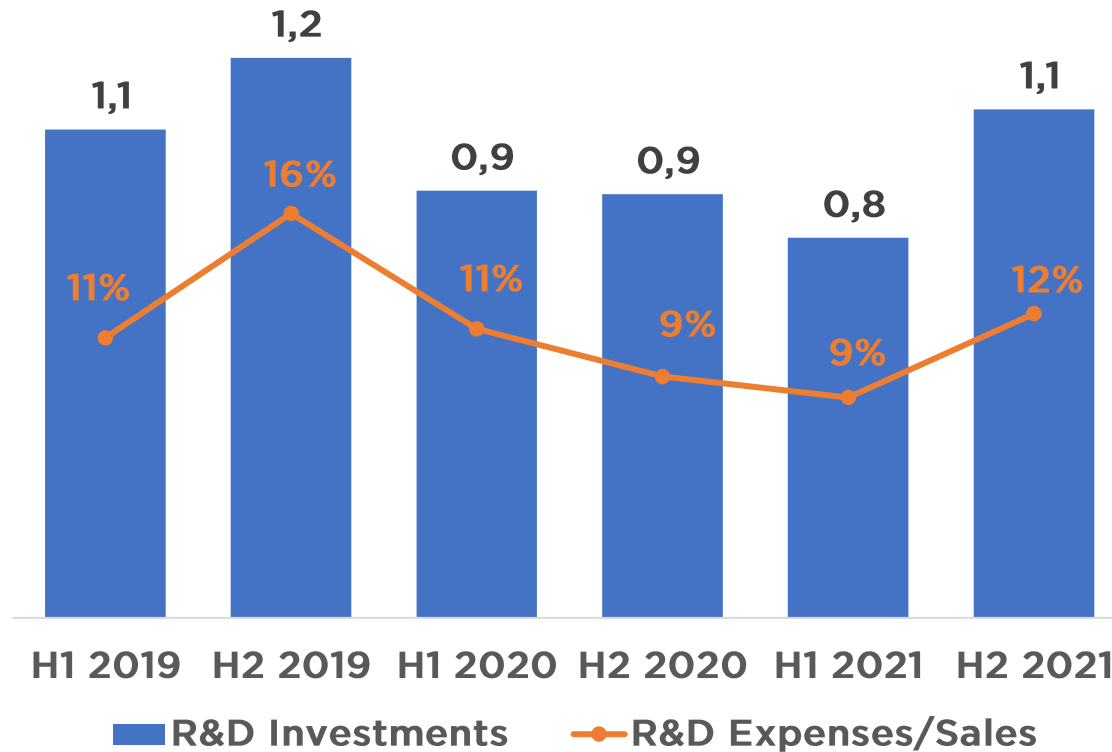
Since 2H2021 EBITDA margin started a **contraction path** mainly due to the semiconductors and microelectronics shortage and inflation

Shortage increased materials costs also due to emergency management and material delivery times, despite the creation of stock and redesign of parts based on more readily available components (Gross margin decreased by 3,5% in 2H21 vs 1H21)

Inflation impacted on logistics, raw materials and services costs

Since the IPO, continuous increase in OPEX due to **significant investment** in technological, business and commercial division in order to support expected future growth

R&D Investment Evolution



Continuous investments on R&D, more than 10% of annual turnover in R&D investments since IPO

Main 2021 R&D projects:

- New algorithm and software development in order to expand test functionality and family of device tested
- New **liquid cooling** test system for massive high power semiconductor testing
- New test architectures for novel High Current Smart Power and High Voltage Smart Power (SiC) applications related to the "electric and electrified car" sector

Key Financials | 2021 FY Results

M&A Pro-Forma 21

Profit & Loss (€/000)	FY2021	FY2020	FY2019
Sales	19.016	18.107	17.517
Other income	709	975	697
Revenues	19.725	19.082	18.214
Operating Costs	(16.563)	(15.553)	(15.029)
EBITDA	3.162	3.529	3.185
Amortization&Depreciation	(2.091)	(1.972)	(1.993)
EBIT	1.070	1.557	1.193
Financial income (expenses)	46	(105)	(182)
EBT	1.116	1.452	1.010
Taxes	(262)	233	(172)
Net Profit	854	1.685	838

Total Revenues

c. € 27m

EBITDA

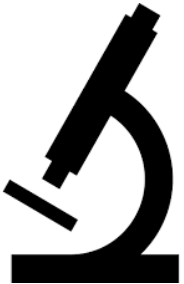
c. € 3,7m

The total revenues deriving from the combined entity are 40% higher than those of Eles stand-alone

Balance Sheet (€/000)	FY2021	FY2020	FY2019
Fixed Assets	9.157	8.511	8.843
Inventories	7.184	4.029	3.770
Trade receivables	5.464	6.234	4.270
Trade payables	(6.531)	(4.722)	(2.674)
Operating Working capital	6.117	5.541	5.366
Other current assets/(liabilities)	1.883	760	1.237
Net Working capital	8.000	6.302	6.604
Funds and other provisions	(860)	(908)	(855)
Net Invested Capital	16.296	13.904	14.592
Shareholders' Equity	19.464	14.431	12.504
Current Debt	2.672	2.534	2.837
Long Term Debt	6.066	8.372	5.602
Liquidity	(11.906)	(11.434)	(6.351)
Net Financial Positions	(3.168)	(527)	2.088
Total Sources	16.296	13.904	14.592

Next Steps | Strategy

Investments in R&D and relevant equipment and tools



Advanced tools to enable Solutions upselling



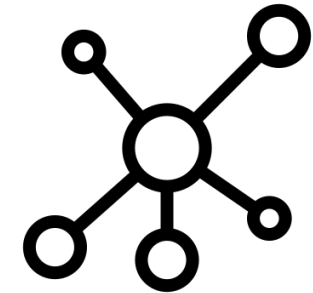
DEMO to accelerate the entry in adjacent market



M&A to accelerate the New Clients Acquisition



M&A to accelerate the enhancement and automation of RETE (RETE services scalability)



Internal Growth

External Growth

Cross: integration process of the new acquired companies, to enhance the synergies

Investment Opportunity

Fast Growing Market

The ATE market is growing, driven by the evolution of semiconductor industry. Today the use of devices including semiconductor plays a fundamental role in everyday life. The growth of Eles is mainly focused on mission critical sectors (i.e. Automotive, Aerospace, Defense, Medical)

High Entry Barriers

Eles' innovation RETE methodology, based on a early co-engineering phase with the customers, ensures a close relationship with them. This cooperation enables Eles to increase its know-how and thus creates entry barriers for their competitors. IPs Libraries represent a technology barrier as well

Disruptive Proprietary Methodology

One pillar of RETE is Learning from Failures, a feedback that speeds up the path towards defects elimination and waste reduction to contribute to environmental sustainability

M&A Boost

The company has already successfully concluded two M&A deals, which allowed it to aggregate skills and enter new mission critical sectors, such as Aerospace & Defense



Thanks for your attention

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Glossary

ADAS: Advanced driver-assistance systems

ATE: Automated Test Equipment

BIST: Built-In Self Test

DfT: Design for Testability

DfR: Design for Reliability

ECU: Electronic Control Unit

ICs: Integrated Circuits

IP: **Intellectual Properties**

MEMS: Micro Electro-Mechanical Systems

PIC: Photonic Integrated Circuit

ppb: parts per billion

ppm: parts per million

RETE: Reliability Embedded Test Engineering

SoC: System on a Chip

TDBI: Test During Burn-In

TfR: Test for Reliability

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