

NEWAYS ELECTRONICS

Half-Year Figures 2021

Investors Meeting

25 August 2021



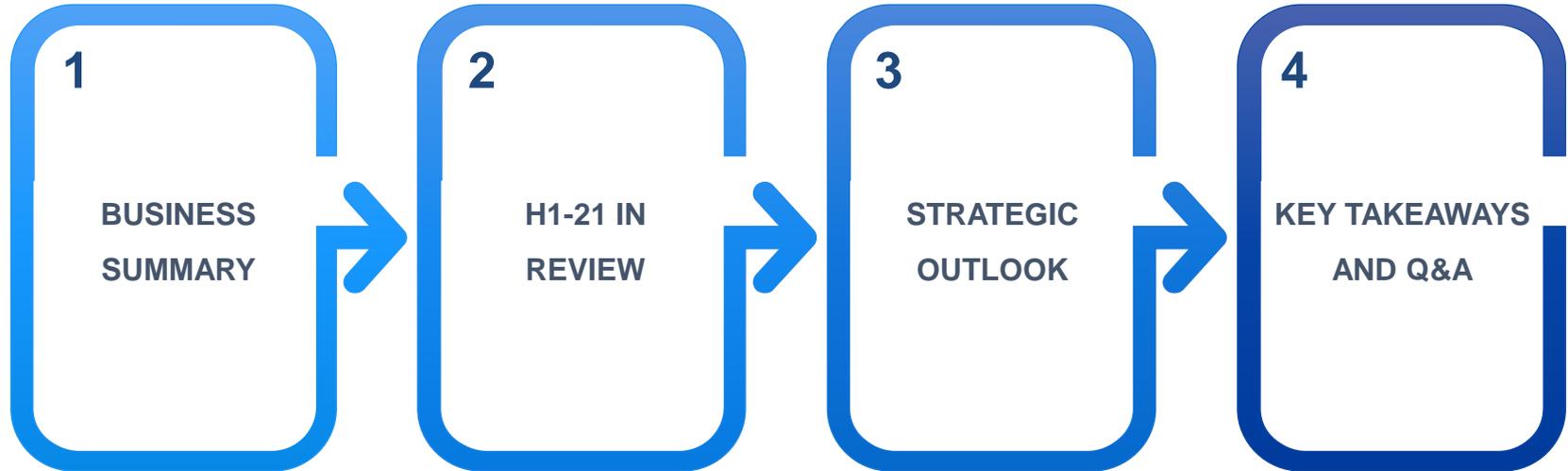
Your EMS Lifecycle Partner & System Innovator

Safe Harbour Statement

This presentation may include forward-looking statements. Other than reported financial results and historical information, all statements included in this press release, including, without limitation, those regarding our financial position, business strategy and management plans and objectives for future operations, are forward-looking statements. These forward-looking statements are based on our current expectations and projections about future events and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements.

Many of these risks and uncertainties relate to factors that are beyond Neways' ability to control or estimate precisely, such as future market conditions, the behaviour of other market participants and the actions of governmental regulators. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation and are subject to change without notice. Other than as required by applicable law or the applicable rules of any exchange on which our securities may be traded, we have no intention or obligation to update forward-looking statements.

Agenda



A large, glowing blue and white graphic of a circuit board or network diagram, positioned on the left side of the slide and pointing towards the center.

BUSINESS SUMMARY

Well on course in deploying strategy for System Innovatorship and OneNeways

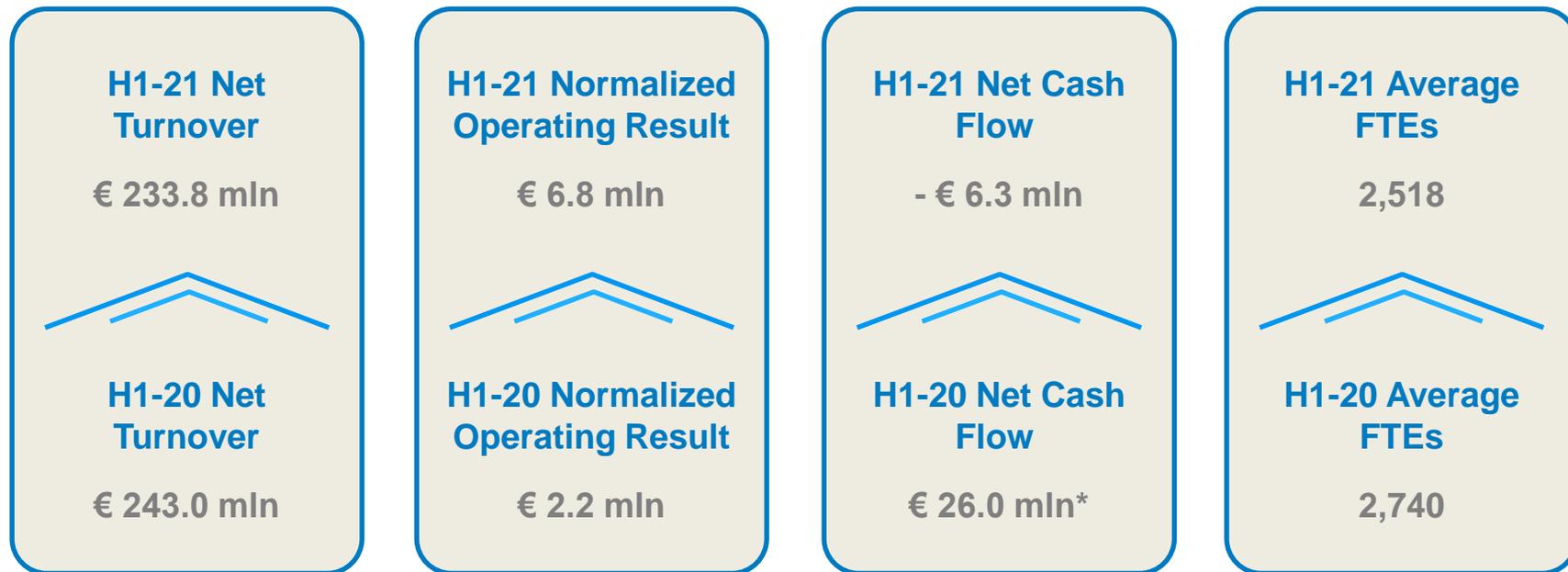
- Winning sizeable new profitable business, in particular as System Innovator
 - Orderintake and orderbook with current and new customers significantly increasing
 - Focus on industry segments and technology application developments starting to pay off

- OneNeways transformation, harmonizing our way of working, is progressing well
 - Five cross-functional improvement work-streams led by the board are fully deployed
 - Additional measures incorporated in setting the conditions to better deal with challenging situation in material shortages and/or capacity constraints in future

Economic recovery continues to fuel growth in the electronics market, but with yet unknown implications from continued spread of COVID-19 variants

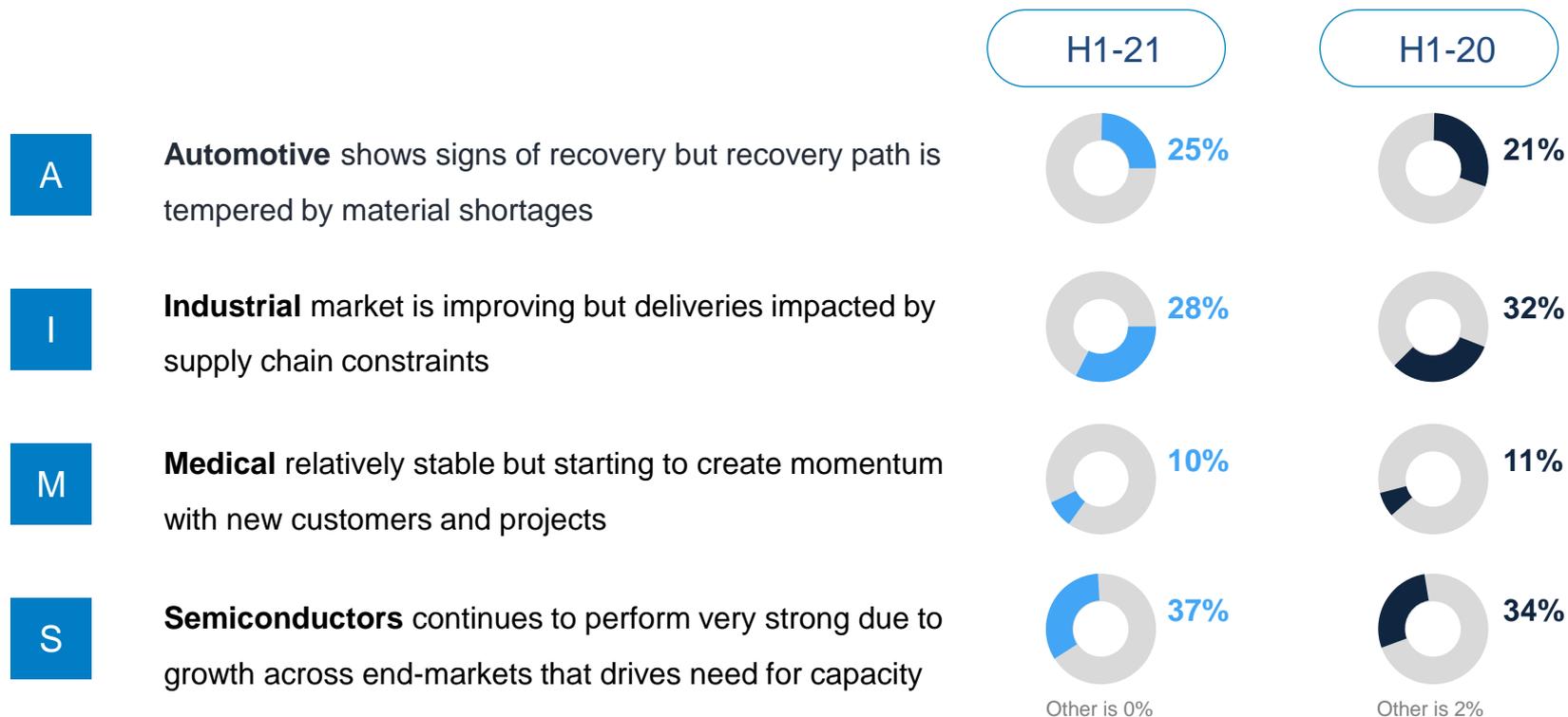
- 1 Economic rebound visible and expected to continue
- 2 Implications from the spread of COVID-19 variants remain uncertain
- 3 Continued growth fueled by growing need for advanced electronic applications across industry sectors
- 4 Challenging supply chain allocations are expected to continue until 2022

Summary financial highlights H1-21



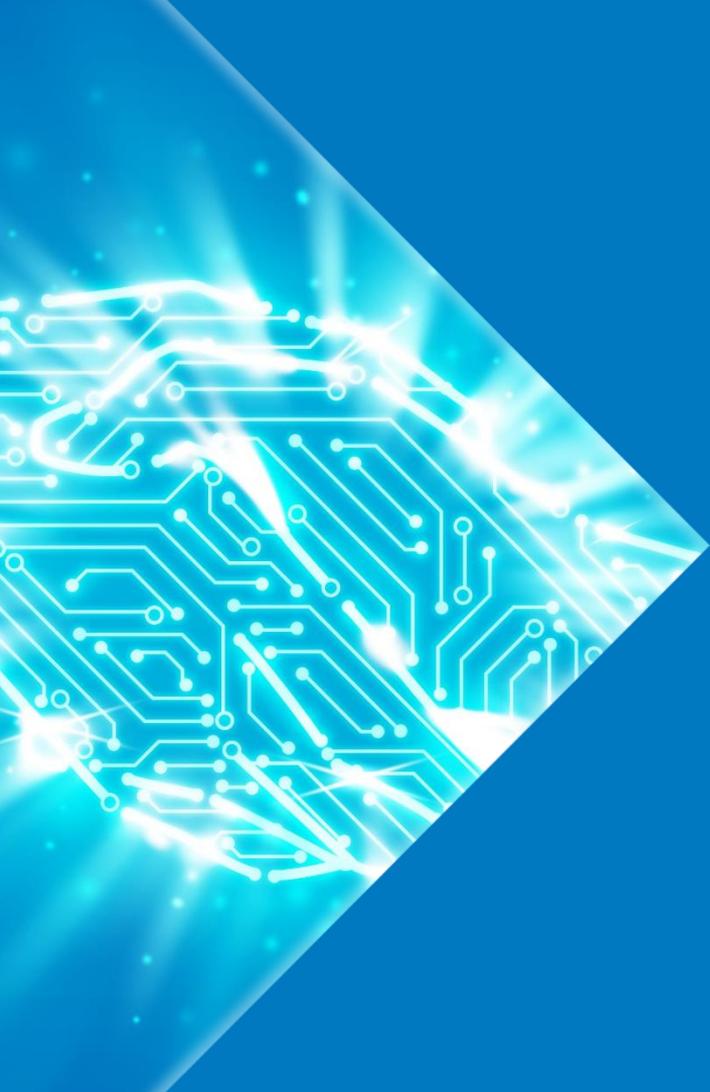
* Last year's cashflow was positively affected by postponed taxes and received salary compensation as per COVID-19 government rulings

Balanced growth across our four AIMS market segments in development



With the support of Infestos as a majority shareholder, Neways is confident it can accelerate its strategy in the market as a leading system innovator

- Infestos Sustainability B.V. has announced it will publish a public offer for all the shares of Neways for the price of € 14.55 in cash per share (cum dividend)
- The Board of Management and the Supervisory Board of Neways support this offer and unanimously recommend this offer to its shareholders
- Infestos is expected to publish the Offer Memorandum in September 2021, conditional to the normal conditions of the offering including acquiring the minimum of 60% (under conditions 50.01%) of the outstanding shares in Neways
- The acquisition of a majority in the outstanding shares in Neways in H2 2021, may have implications for:
 - The tax deductible losses in Germany (€ 6.9 mln per 30 June 2021)
 - Repayment outstanding credit facility (€15.5 mln per 30 June 2021), with expectation that credit facility will be continued
- Infestos and Neways expect settlement (closing) in H2 2021
- Infestos supports the strategy of Neways and is well-positioned to support and accelerate Neways' position in the market as a leading system innovator

A large, glowing blue and white graphic of a circuit board or network diagram, positioned on the left side of the slide and pointing towards the center.

H1-21 IN REVIEW

Financial highlights H1-21 – Turnover, Gross and Operating Margins

01 Net turnover € 233.8 mln, almost in line with last year (€ 243.0 mln)

- Further demand recovery in Automotive and continued strong demand in other market sectors
 - Especially Automotive businesses encountering increasing difficulties with continued component shortages to deliver higher sales
 - Growing activities in all businesses particularly driven by high growth in Semiconductors
- As part of last years' restructuring we discontinued several low-margin tail end customers

02 Gross margin € 91.7 mln (39.2%) 3.0% above last year € 89.0 mln (36.6%)

- Volume and mix effects, positively affected gross margins
- All businesses were able to sustain or improve their relative margins compared to last year
- Upward trend in supply chain costs, compensated by internal cost reductions & improving added value

03 Normalized operating result (EBIT) € 6.8 mln* improved versus last year (€2.2 mln)

- Ratio between employee cost and gross margin improved to 71.5% from 75.0% same period last year
- Pressure on headcount and cost in several businesses to ramp-up capacity, manage supply chain allocations and deliver output; continued cost control to balance growth and effectiveness
- Average headcount end of June was 2,518 FTE, compared to 2,705 FTE YE-2020, a further increase of effectiveness

* Excluding incidental advisory costs (€ 1.1 mln) related to Infestos/VDL activity

Financial highlights H1-21 – Order intake, Orderbook and Net cashflow

01 Order intake YTD increased by 169% to € 345 mln, compared to € 204 mln last year

- Intake of new orders mainly in the Semiconductors and Automotive sector, indicating a continued growth in Semicon and a recovery from last years' downturn in Automotive
- Length of orderbook increased across all segments to manage increasing lead times in supply chain

02 Orderbook end of June amounted to € 334 mln, compared to € 252 mln end of June last year

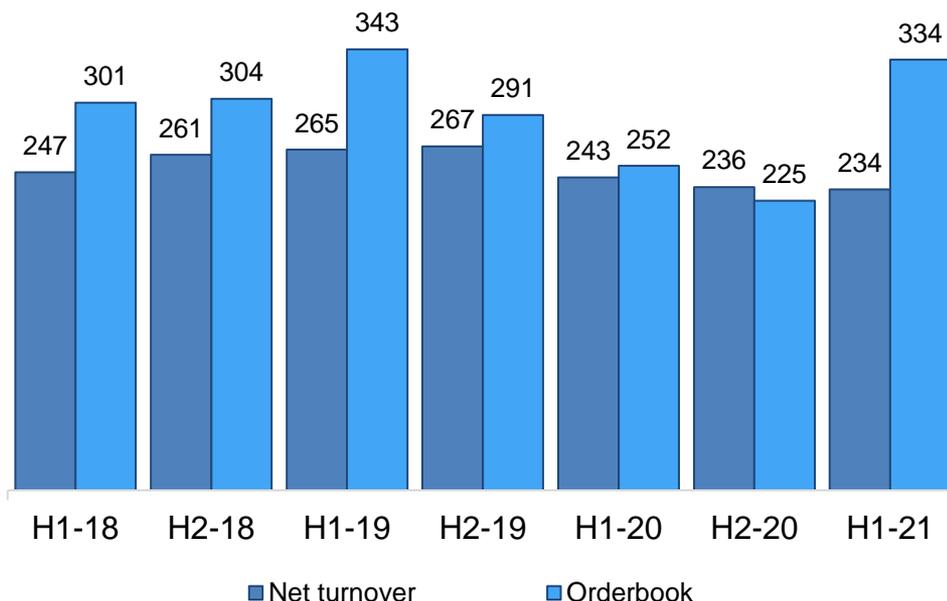
- Orderbook showed an increase of 48% compared to € 225 mln end of last year, and 33% compared to € 252 mln end of June last year
- Orderbook continues to increase for all businesses, both on short and long term
- Increase is driven by strengthening markets and by increased lead times due to allocations
- Book to bill (BTB) ratio YTD is 1.47, compared to 0.84 YTD June 2020

03 Net cashflow negative € 6.3 mln

- Negative net cashflow of € 6.3 mln is mainly due to movement in working capital, caused by an increase in inventories, effecting severance payments and release of pay back government loans

2021 Turnover and orderbook

(€ mln)



Net turnover – HY-21 vs HY-20

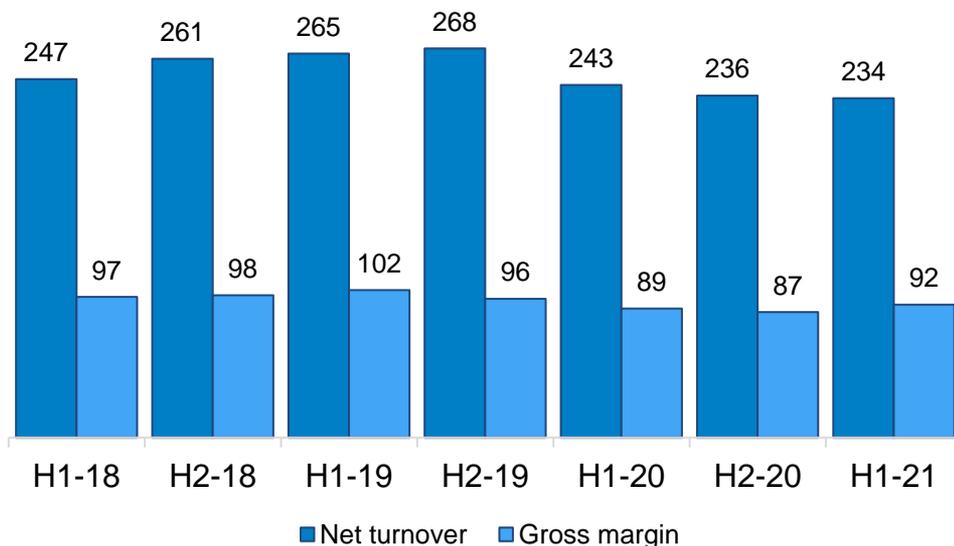
- Y-o-Y organic net sales decline of 3.8%
- Recovery Automotive of 13.7% from weak 1H 2020; continued to be impacted by material shortages
- Especially Industrial and Automotive impacted by material shortages in supply chain
- Semiconductors continued strong (+5.2%)
- Medical relatively stable, but positive signs of gaining momentum by new customers and projects
- Volatility and predictability affected by material shortages
- Good spread and positioning within segments

Order book – HY-21 vs HY-20

- Order book +/+32.6% y-o-y, primarily driven by recovery Automotive and continued strong demand other sectors
- Order book also reflects material shortages supply chain
- Book-to-bill 1.47 vs 0.84 last year

2021 Net turnover and gross margin trends

(€ mln)

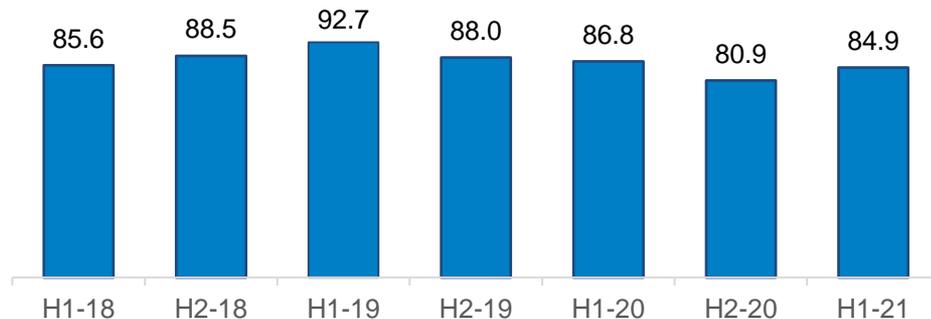


HY-21 vs HY-20

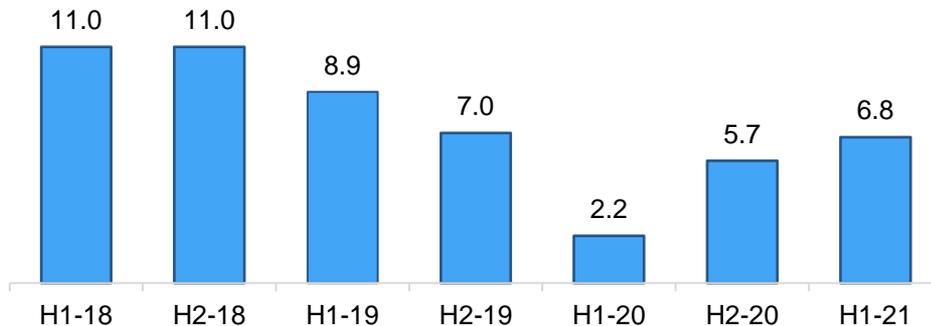
- Gross margin increased by 3.0% despite lower sales
- Improved relative margin at 39.2% vs 36.6% following positive mix-effects
- Margin impacted by following trends:
 - Increasing material content as consequence of more complex Box-build systems and automotive sales
 - Price pressure suppliers, following scarcity in market, not fully offset in customer pricing
 - Partly offset by effects supplier improvement program, material efficiency programs and higher added value products

2021 Opex and operating result trends

Opex (€ mln)



Normalized EBIT (€ mln)



Opex HY-21 vs HY-20

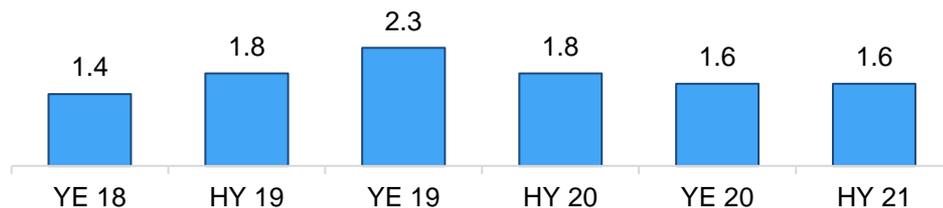
- Costs decreased with 2.2%, relative increase from 35.7% to 36.3% of turnover
- Reorganization largely completed and approximately 150 FTE reduced
- Salary costs reduced by € 1,2 mln following reorganization; actions to improve effectiveness continue
- Pressure on organisation to increase capacity to meet customer demand
- Productivity clearly improved despite continued volatility following material shortage and demand increase

Normalized EBIT HY-21 vs HY-20

- EBIT ended at € 6.8 mln, driven by improved margins and continued cost control

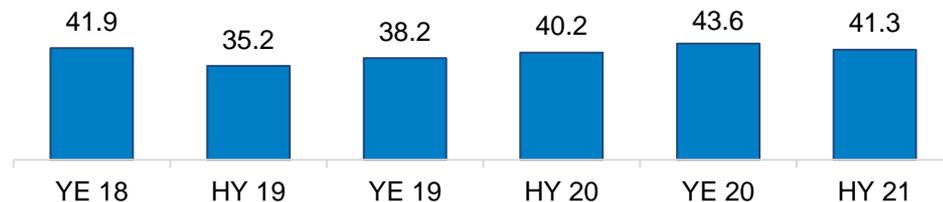
2021 Financial condition

Net debt / EBITDA (ratio)



With effect from 2016 Net debt excluding guaranteed capital
Excl IFRS 16 effect YE 19: 1.,3

Solvency % (Guaranteed)



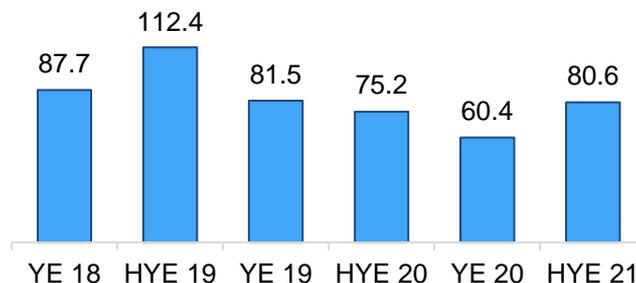
* Excl IFRS 16 effect YE 19: 43.7%

HYE-21 vs HYE-20

- Increased balance sheet total of € 254 mln vs € 234 mln end 2020, largely related to increased working capital.
- Equity increased by 2.9% to € 104.9 mln vs € 102.0 mln.
- Net debt / EBITDA incl IFRS 16 slightly improving from 1.8 to 1.6. Excl IFRS 16 stable at 0.6
- LtM EBITDA € 20.1 mln vs € 16.5 mln end of 2020 and € 17.8 mln end of June 2020
- Incl IFRS 16 effect LTM EBITDA ended at € 26.0 mln vs € 23.8 ultimo June 2020
- Solvency ended at 41.3% vs 43.6% end of 2020 related to higher balance sheet total

2021 Net working capital

(€ mln)



HYE-21 vs HYE-20

- € 5.4 mln increase working capital largely related to:
 - DIO and absolute inventories further increased compared to YE20 related to material shortages in the market.
 - Strict credit control keeping debtors at 35 days
 - Increased trade payables following increasing activity level and inventories

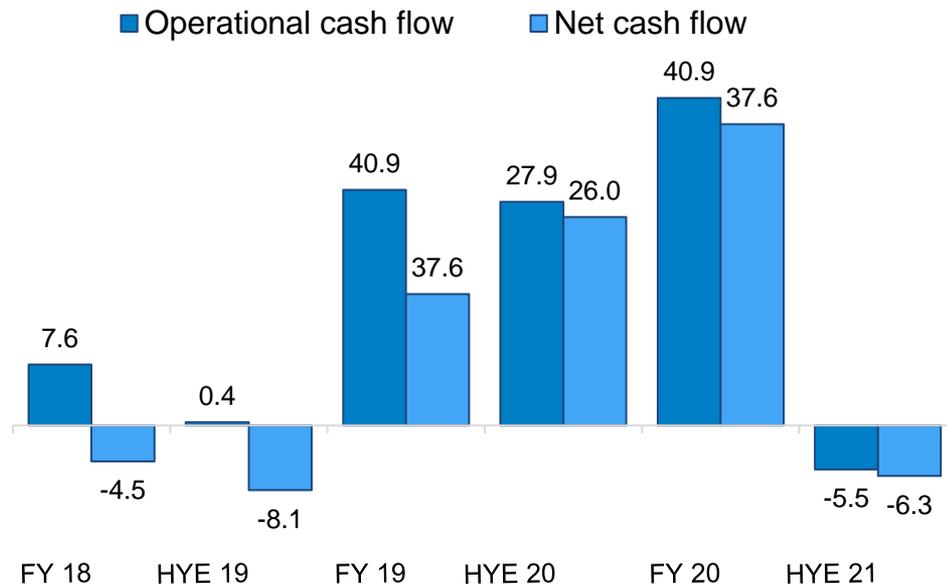
	YE18	HYE19	YE19	HYE20	YE20	HYE21
Inventories**	115.2	114.0	100.6	98.8	82.3	99.5
Inventory days*	85	82	72	92	69	83
Debtors (trade)	59.7	67.8	66.8	59.7	51.3	60.4
Debtor days	36	39	38	35	35	36
Creditors (trade)	65.8	58.0	62.3	53.1	43.0	57.7
Creditor days	64	49	56	48	50	49

*) based on realized turnover, excl. IFRS 15 adjustment

**) incl IFRS 15 adjustment

2021 Cash flow and capex trends

Operating and net cash flow (€ mln)



Operations HY-21 vs HY-20

- Operating cash flow affected by increased working capital.
- Payment income tax € 3.9 mln and repayment NOW COVID-19 government ruling € 2.6 mln.

Investments HY-21 vs HY-20

- Capex further limited € 1.9 mln to € 0.8 mln following last year action in response to lower activities

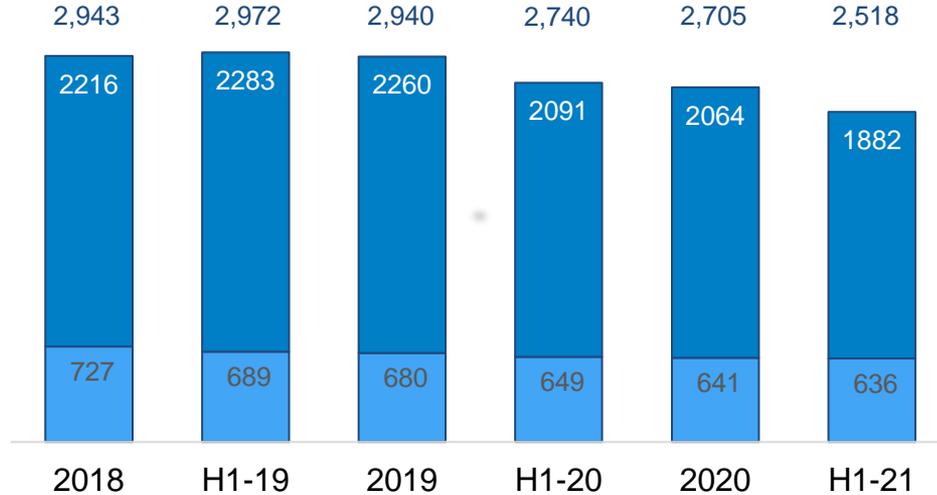
Financing HY-21 vs HY-20

- On balance net debt, excl IFRS 16 impact, largely in line, € 11.9 mln vs HYE 20 € 10.5 mln.

2021 Headcount trends

Average FTE unless stated otherwise

■ Western Europe ■ Eastern Europe, China & USA



Headcount (FTE) HY-21 vs HY-20

- Knowledge component in human resource mix increasingly important also following our strategy to become System Innovator
- No. of engineers approx. 9% of total number of employees
- Headcount compared to H1 2020 reduced by 222 FTE (on average)
- Reorganization completed resulted in a reduction of approximately 150 FTE (fixed contracts) largely in first months of 2021
- After reorganisation we are hiring to raise capacity in selective fields to meet customer demand
- Recruiting (technically) talented employees challenging, requiring more effort and creativity

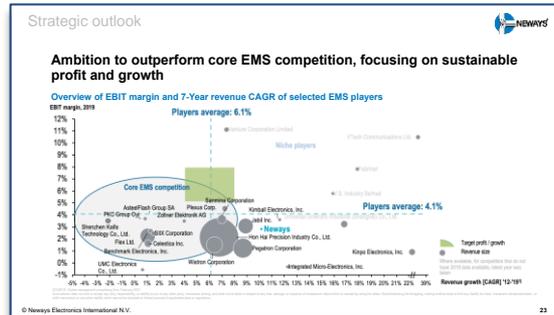
Flex pool % 15% 13% 13% 8% 8% 9%

A large, glowing blue and white graphic of a circuit board or network diagram, positioned on the left side of the slide and pointing towards the center. The lines are bright and have a soft glow, set against a darker blue background.

STRATEGIC OUTLOOK

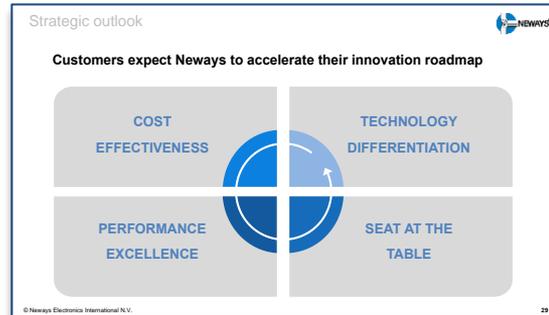
Neways sharpened strategic direction to become a recognized System Innovator

1 Clear ambition for top-quartile performance



Performance

2 Customers expect acceleration of system innovation



Customers

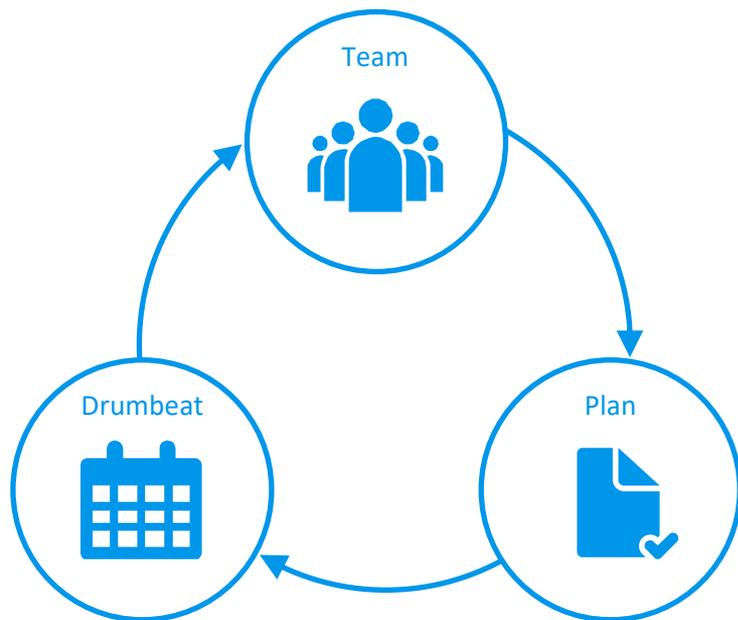
3 Strategic ambition for recognised System Innovator



Strategy

Committed to diligent transformation programme to deliver top-quartile performance in 3 years

Installed team, laser focused priorities, and drumbeat



Five dedicated work streams to deliver transformation

- 01** Strategic objectives and strategy deployment process (accelerate)
- 02** Change communications & Culture program
- 03** Control model and performance management
- 04** Operational & Support Excellence (Key E2E processes)
- 05** Commercial & technology Excellence (System Innovator)

OneNeways enables us to take forceful action in achieving our goals and win as one!

Organising for success

Organise for effectivity and impact alongside horizontal lines and with effective support organisation (global functions)

Global standards, local execution

Deploy global standards in our core & support processes. Have effective governance to guide local execution.

One face to the customer

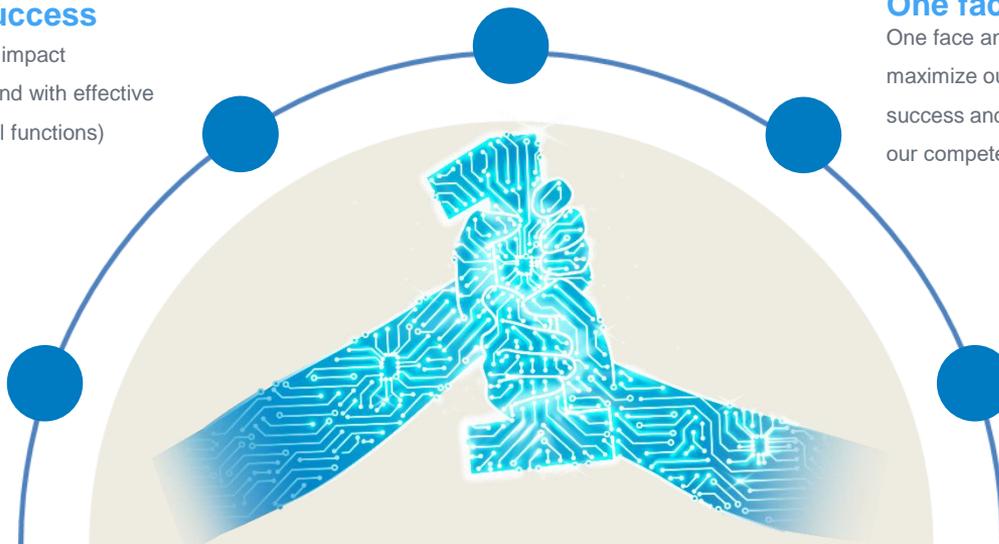
One face and one voice to our customers to maximize our impact for building lasting success and ensure ST and LT loading in our competence centers ('handshakes')

One purpose & direction

Joint purpose and sense of direction is what should unite & excite us to make a difference, to excel in what we do every day and where we can be proud of

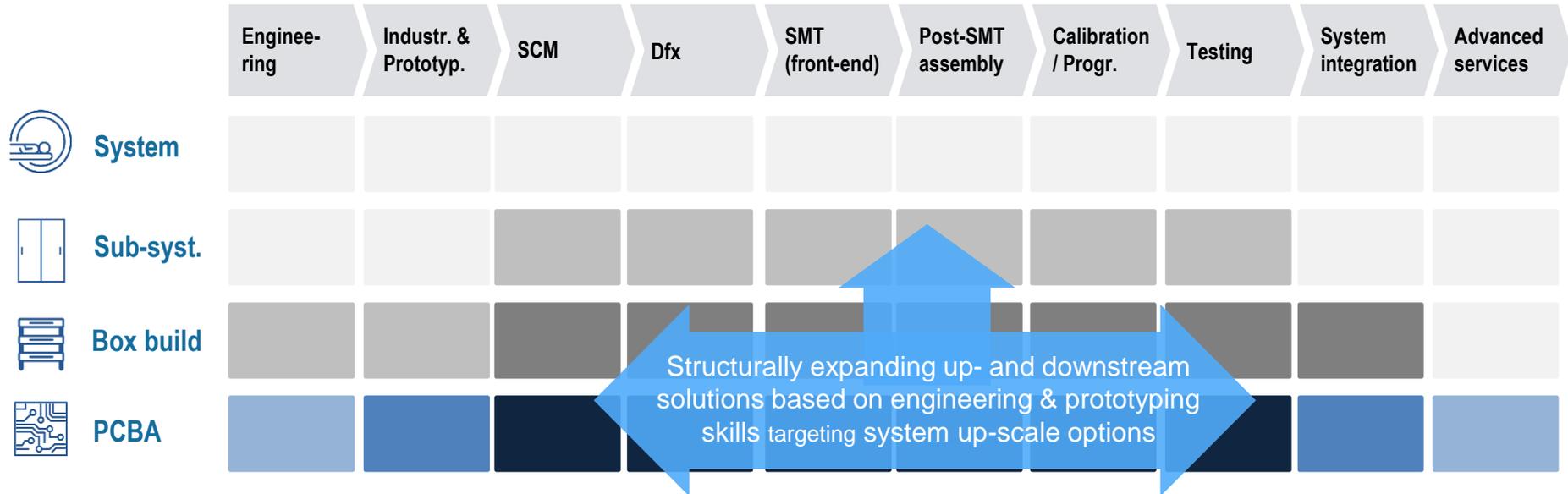
Work & perform together

Change in our behaviours in how we operate and work together. Take down boundaries, increase clockspeed and improve performance management



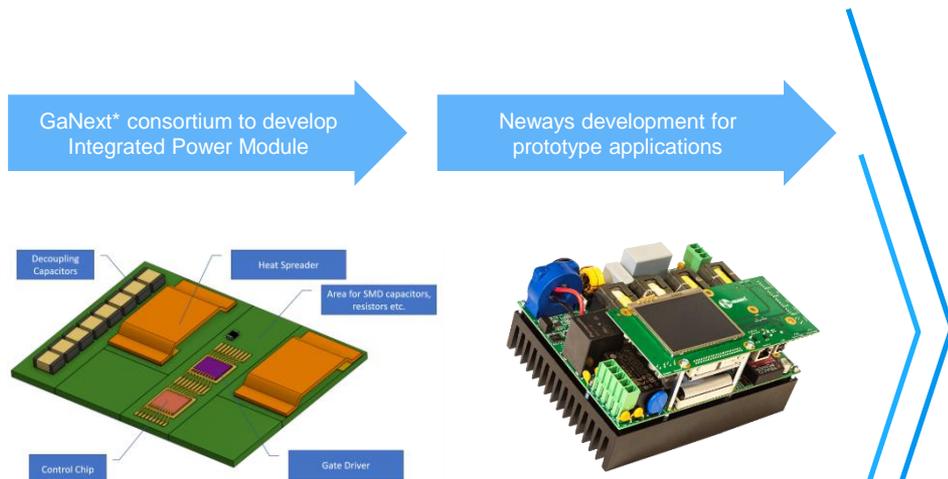
Well on track executing System Innovatorship and OneNeways strategy, structurally expanding technology solutions with our customers

System Innovator roles mapped along product life cycle and value chain



Differentiated technologies to help us advance our customers' product offerings

Example on technology roadmap for power systems



Key application areas



* GaNext is the "Next Generation GaN Power Module Project", a research consortium of technology institutes & industrial partners. GaN stands for Gallium Nitride, a material to replace silicon in power electronics applications

System innovator sales underpinning increase in order intake and orderbook with both current and new customers



Order intake increased by 69% on top of regular growth



High hit rate on top sales leads



13 new contract wins with total project size of €50 mln



22 projects for new customers in the sales pipeline with potential value of €120 mln

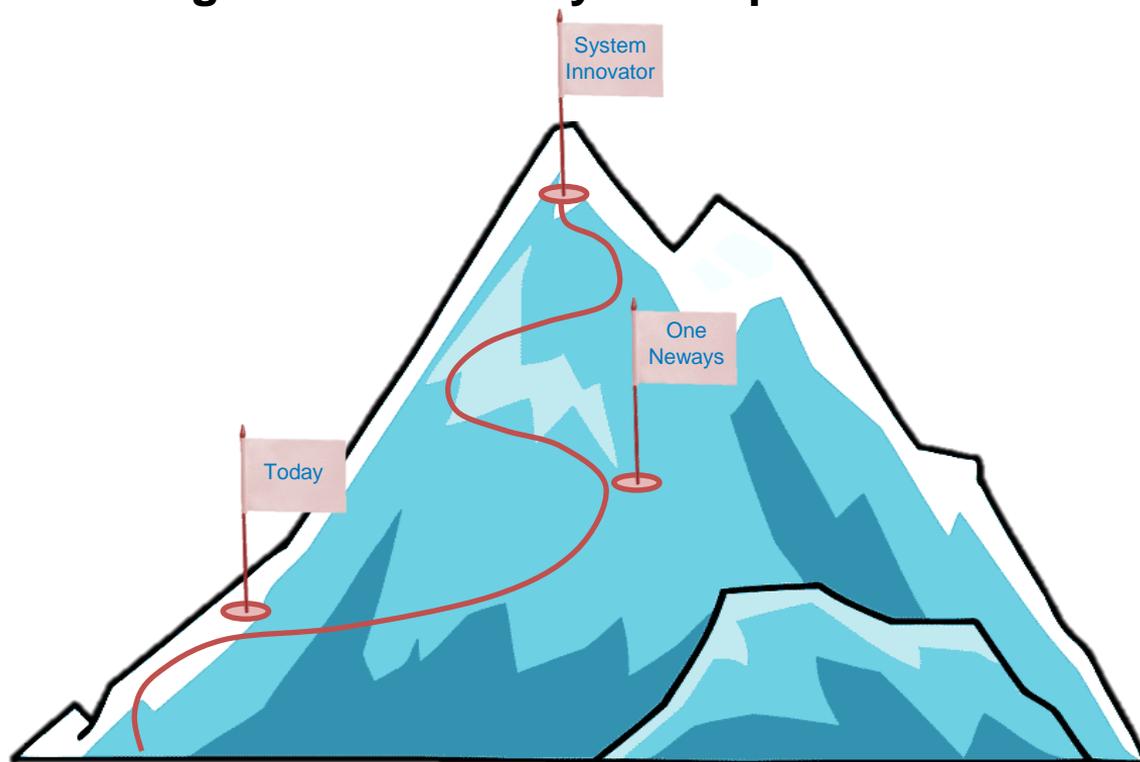


Growing share of system innovator sales cases



Enhanced market focus through dedicated sector teams progressing well

Neways continues diligent execution to accelerate strategic path and strengthen One Neways to expand on current successes



2025

Recognised position as global System Innovator

- Accelerate global growth, incl M&A
- Sustainable top quartile performance → >5%
- Being the bench mark as system innovator

2023

Embedded One Neways way of working

- Above €500 Mln in size
- Target performance at 5%
- Act and work as one / hunting in packs

2021

Reposition and accelerate Neways

- Pockets of best practises
- Improve financial performance
- Fundament of promising technologies

A large, glowing blue and white graphic of a circuit board or network diagram, positioned on the left side of the slide and pointing towards the center.

KEY TAKE AWAYS

Outlook

- We expect for 2021 continued strong demand in our markets
 - Orderbook expected to support solid growth ambition with current and new customers
 - Material shortages and price increases in supply chain, also impacting utilization of our organization, remain biggest risk

- Solid growth expected for 2022, in line with our strategic ambitions
 - Anticipate to see recovery from Covid-19 and lowered allocation impact during 2022

- Continue to take proactive measures in keeping our people safe and securing continuity of our operations for our customers

- Combined with successfully completed reorganization and ongoing transformation program this will allow us to structurally raise our growth and profitability during coming years

Outlook reflects a balanced view on sales and margin growth



Downward sensitivities

01 Market recovery

- Uncertainty remains on economic recovery and implications across sectors, incl. acceleration of System Innovator sales

02 Allocation issue

- Shortage of certain components in the supply chain with unknown implications on lead times, prices, and revenues

03 Ambitious transformation process

- Ensure (human) capacity and pace to drive transformation in accelerating OneNeways



Upward sensitivities

04 Ramp up in demand

- Further ramp up in customer demand, i.e. in semiconductors and automotive sectors

05 Healthy pipeline of SI opportunities

- Strong sales funnel of new business opportunities, i.e. for system innovator cases, already show attractive sales prospects

06 Optimise footprint utilisation

- Strict demand management (growth), and right sizing of footprint can further benefit utilisation, ie. with deployment and standardisation of Neways' Production System

Focus on 2021: Management Agenda to create a foundation for success



Solidifying base and first successes visible with a healthy long term strategic outlook



THANK YOU

www.newayselectronics.com



Your EMS Lifecycle Partner & System Innovator