

Continued  
momentum driven  
by underlying  
structural growth

Interim results for the six months  
ended 31 December 2020





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02 COVID-19 Impact Update

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- **Enterprise**
  - **Mobile**
  - **ITAD**
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# Agenda

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## Financial

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- i** Revenue stable at £17.4m (H1 FY20: £17.4m)
- i** Adjusted Operating Profit increased by 16% to £2.9m (H1 FY20: £2.5m)
- i** Adjusted EBITDA increased by 20% to £5.3m (H1 FY20: £4.4m)
- i** Net cash increased to £8.2m (31 Dec 2019: £5.4m)

## Operational

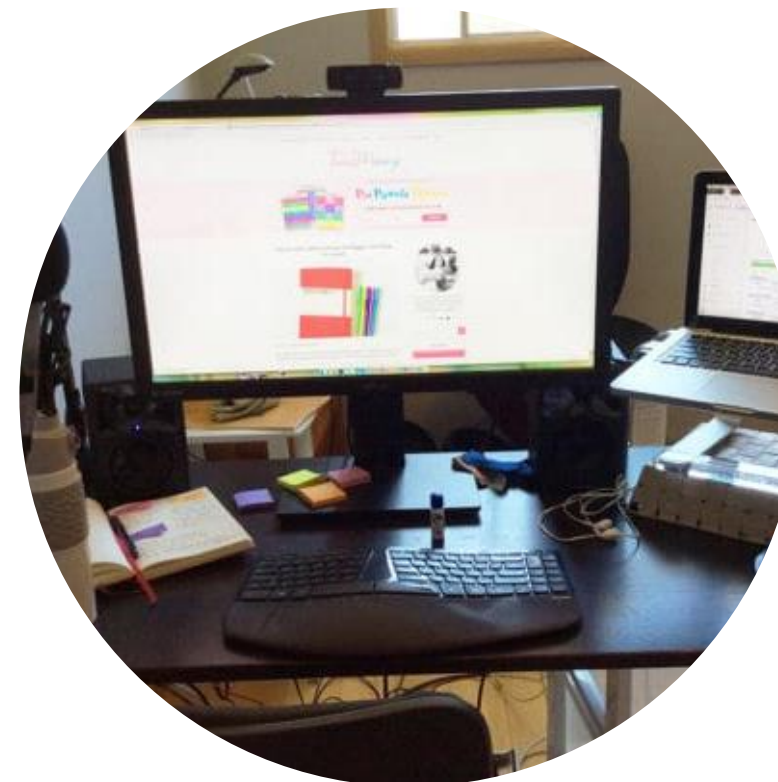
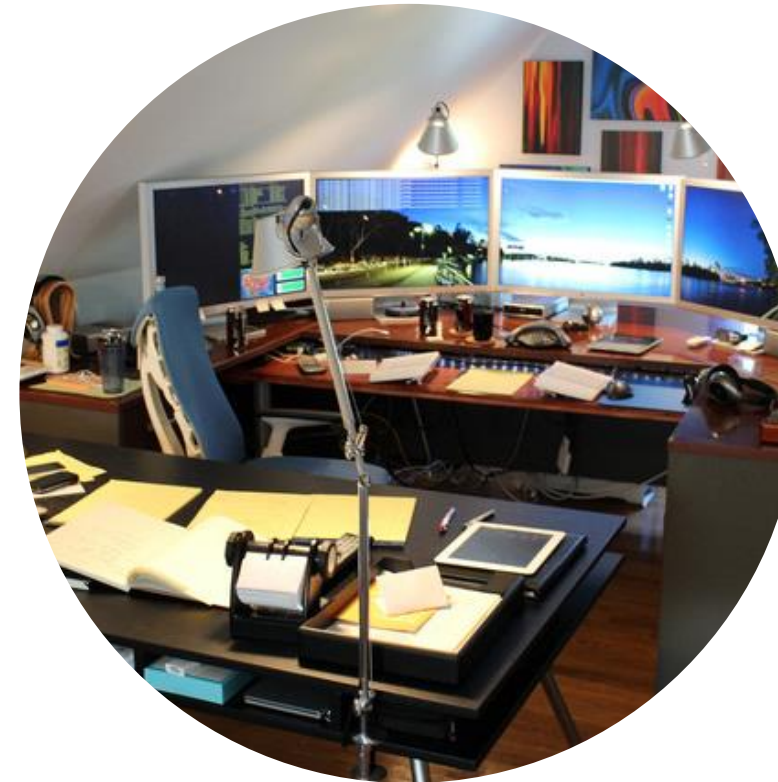
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- i** Further expansion of blue chip channel partnerships in Enterprise;
  - i** MSA with Global Systems Integrator
  - i** Agreement with Deloitte extends further into APAC region
  - i** Agreement with Carahsoft to provide solutions through AWS Marketplace
  - i** First marketing program with AWS to roll out in H2
- i** Channel revenues now represent 47% (H1 FY20: 40%) of Enterprise
- i** Mobile customers experiencing significant increase in handsets being traded

# H1 FY 2021 Highlights

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# The Covid-19 Effect



- i** Fundamental growth drivers of sustainability and governance have continued to gain momentum
- i** Q4 FY20 saw a slowdown in revenues, with growth returning in Q2 FY21 with our largest ever revenue generating quarter
- i** Strong renewal rates across all segments of the market. 100% retention rate of large customers (>£100k). New business made up 23% of revenue in H1 FY21.
- i** WFH driving new use cases, more aggressive Data Life Cycle Management to meet security and compliance needs, ESG awareness is accelerating
- i** Resold mobile handset market has accelerated rapidly following introduction of iPhone 12 and other 5G handsets and introduction of attractive trade in programmes.
- i** ITAD revenues impacted by difficulty in accessing customer sites but expecting a release of pent-up demand arising from the management of redundant equipment post pandemic

## Effect of COVID-19 on Blanco

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**78%** believe COVID-19 caused otherwise unnecessary short-term investment in technology that will **leave the organization at risk** with data now stored on a wide range of devices.

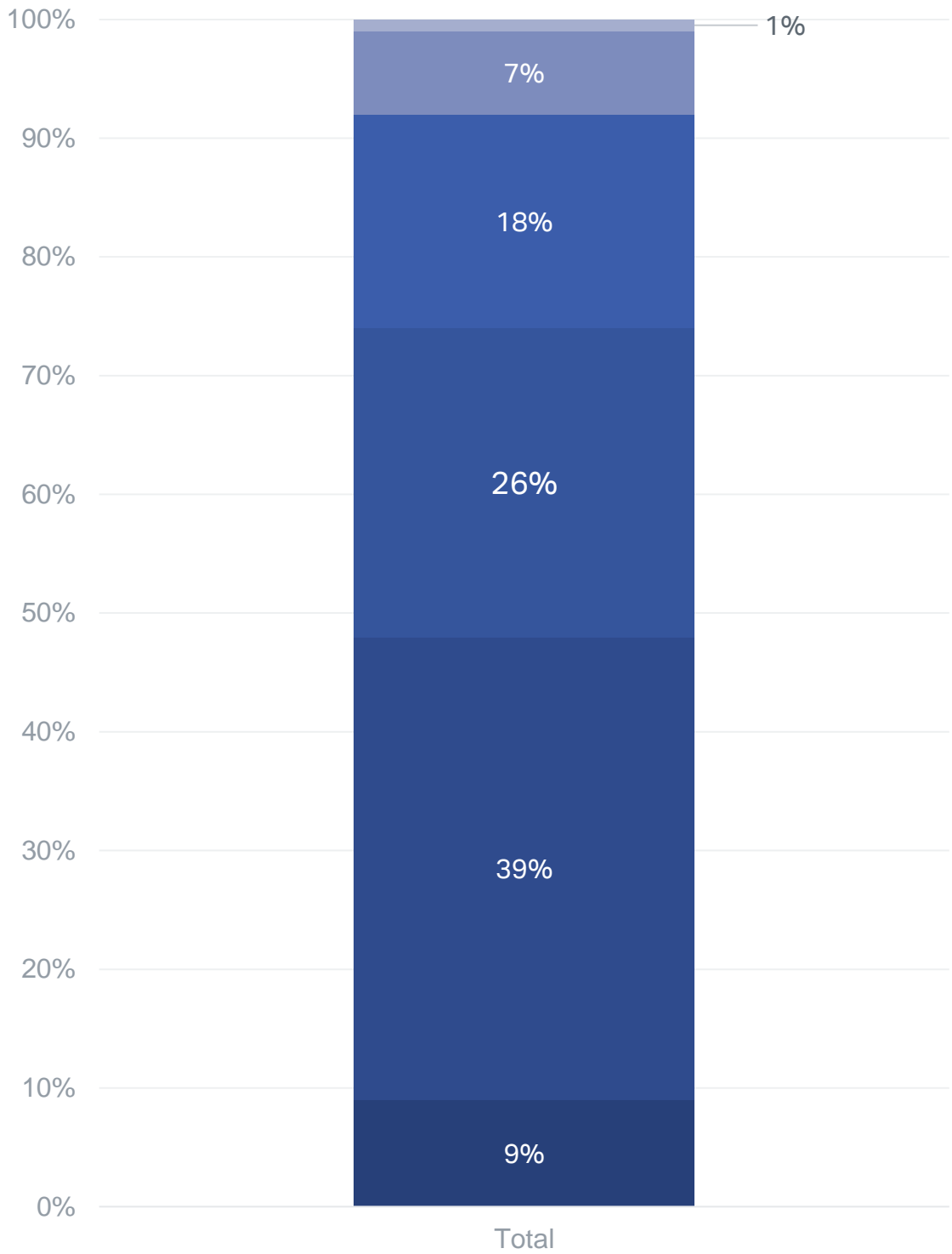
This is a concern for data security, particularly when **56%** will be more likely to sell on used devices to generate income.

Source: Blanco report on Rising Tide of E-waste published November 2020. 600 Enterprise decision makers from companies with more than 5,000 employees in US, UK, Japan, Germany and France

# How soon will you erase your remote working IT equipment once it is no longer required?



- Immediately
- Within 1 week
- Within 2 weeks
- Within 1 month
- Between 1 – 3 months
- Between 3 – 6 months



**91%** risking data breach by not erasing immediately.

# Financial Highlights

## H1 FY 2021

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# Income Statement



£'m	H1 FY21	H1 FY20	Growth	FY20
<b>Revenue</b>	<b>17.4</b>	<b>17.4</b>	<b>-</b>	<b>33.4</b>
Cost of goods sold	(1.2)	(0.9)		(1.8)
<b>Gross profit</b>	<b>16.2</b>	<b>16.5</b>	<b>(2%)</b>	<b>31.6</b>
Admin Expenses	(15.4)	(15.7)		(31.6)
<b>Operating Profit</b>	<b>0.7</b>	<b>0.7</b>	<b>(4%)</b>	<b>0.0</b>
Exceptional and Acquisition costs	-	0.4		(0.3)
Amort. of acquired intangibles	(1.5)	(1.5)		2.9
Share based payments	(0.8)	(0.6)		1.4
Adjusted administrative expenses	(13.3)	(14.0)		(27.6)
<b>Adjusted Operating Profit</b>	<b>2.9</b>	<b>2.5</b>	<b>+16%</b>	<b>4.0</b>
Depreciation	0.6	0.5		1.1
Amort of non acquired intangibles	1.8	1.4		3.0
<b>Adjusted EBITDA</b>	<b>5.3</b>	<b>4.4</b>	<b>+20%</b>	<b>8.1</b>
Adjusted Operating Profit margin	17%	14%		12%
Adjusted EBITDA margin	30%	25%		24%

- Revenue growth of 1% at constant currency.
- Revenue growth slowed by COVID-19 and large mobile contract in comparator period. Revenue growth 9% excluding that contract.
- Much reduced Travel costs contributed to increased profit margins
- Adjusted EBITDA margin increased to 30% from 24% in FY 2020

# Balance Sheet



£'m	H1 FY21	FY20
<b>Non current assets</b>		
	<b>74.9</b>	<b>76.9</b>
<b>Current assets / (liabilities)</b>		
Inventory	0.1	0.1
Debtors	6.3	7.3
Trade & other payables	(7.9)	(8.8)
Contingent consideration	(0.3)	(0.3)
Provisions	(0.2)	(0.2)
Tax asset / (liability)	0.2	0.3
	<b>(1.8)</b>	<b>(1.6)</b>
<b>Net cash</b>		
	<b>8.2</b>	<b>6.7</b>
<b>Non current liabilities</b>		
Provisions	(0.1)	(0.1)
Deferred tax	(3.6)	(3.5)
Other non-current liabilities	(1.2)	(1.0)
	<b>(4.9)</b>	<b>(4.6)</b>
<b>Net assets</b>	<b>76.4</b>	<b>77.4</b>

- Reduced debtors, despite same level of revenue
- Contingent consideration relates to acquisition of Xcaliber in 2016, cleared in January 2021
- Cash increased from £5.4m at 31 December 2019, driven by operations



# Cashflow

£'m	H1 FY21	H1 FY20	FY20
<b>Adjusted Operating Profit</b>	<b>2.9</b>	<b>2.5</b>	<b>4.0</b>
Depreciation on Property, Plant and Equipment	0.6	0.5	1.1
Amortisation of intangible assets	1.8	1.4	3.0
<b>Adjusted EBITDA</b>	<b>5.3</b>	<b>4.4</b>	<b>8.1</b>
Decrease in receivables	0.6	0.1	0.4
Decrease in payables, accruals and provisions	(1.0)	(3.3)	(2.4)
Acquisition costs / share based payments	0.4	0.3	0.3
Exceptional income	-	0.9	0.9
<b>Adjusted Operating Cash Flow (AOCF)</b>	<b>5.3</b>	<b>2.4</b>	<b>7.3</b>
<b>AOCF as % of Adjusted EBITDA</b>	<b>102%</b>	<b>53%</b>	<b>90%</b>

- Net cash of £8.2m vs opening net cash of £6.7m
- Adjusted operating cashflow of £5.3m, representing cash conversion of 102%
- Large mobile carrier contract that ended in December '19 was on net 90 terms. Debtor days reducing.

# Revenue by Segment & Geographical



Revenue	H1 FY21 £'m	H1 FY20 £'m	Growth %	CC Growth %
Enterprise & Data Centre	6.4	6.0	6%	7%
ITAD	5.2	5.6	(7%)	(7%)
Mobile	5.8	5.8	0%	2%
<b>Group total</b>	<b>17.4</b>	<b>17.4</b>	<b>-</b>	<b>1%</b>

Revenue	H1 FY21 £'m	H1 FY20 £'m	Growth %	CC Growth %
Americas	4.9	5.9	(17%)	(14%)
Europe	6.3	6.7	(5%)	(7%)
Asia and ROW	6.2	4.8	27%	28%
<b>Group total</b>	<b>17.4</b>	<b>17.4</b>	<b>-</b>	<b>1%</b>

- Mobile retailer contract contributed £1.4m in H1 of FY20, distorting mobile and Americas growth trend. Zero revenue from the contract in H2 FY20.
- Enterprise revenue growth slowed as focus switched to enabling remote working
- Mobile growth excluding mobile retailer contract would be 32%
- Following 28% growth in APAC in FY20, another strong growth period



# Market Based Use Cases

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## Customer Need:

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- i** Working from home has created difficulties for IT teams in how to manage computer equipment no longer required by employee (i.e., leaving the company, laptop is being replaced).

## Blanco Solution:

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- i** Blanco provided a remote erasure solution that enables device to be completely erased over an internet connection before it can be securely shipped back to the company
- i** Expanding our capabilities to integrate with the software ecosystems that enterprises use to manage their computer equipment

## Video demo:

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- i** <https://www.blanco.com/investors/videos/blanco-remote-erase-demo/>

# Enterprise Customer Use Cases

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## Customer Need:

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- i** Before offering insurance or a trade in value of a mobile handset, the working condition of the handset needs to be established as well as the cosmetic condition

## Blanco Solution:

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- i** Blanco offer a white label solution that enables a series of tests to be run on the mobile device including tests to establish whether there is any damage to the screen

## Video demo:

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- i** <https://www.blanco.com/investors/videos/blanco-mobile-buy-back-trade-in-demo/>
- i** <https://www.blanco.com/resources/vd-beyond-mobile-point-of-sale-how-new-technology-expands-insurance-opportunities/>

# Mobile Customer Use Cases

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## Customer Need:

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- i** ITADs need to be able to identify high value assets as they enter their warehouses so they can quickly move them through the various wiping and refurbishment processes. Not all assets should be treated in the same way.

## Blanco Solution:

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- i** Intelligent Business Routing is Blanco's strategic solution for Business Process Management. This allows our customers to customize and automate their processes, integrate with other solutions, increase efficiency, and reduce human errors.

## Customer Benefits:

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- i** Increased Efficiencies
- i** Increased Consistency
- i** Minimise Disruption

# ITAD Customer Use Cases

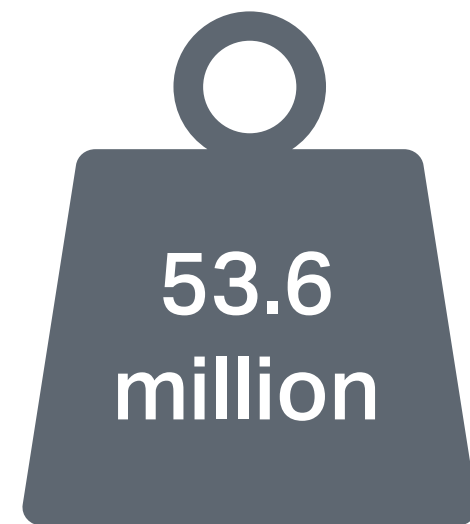
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ESG

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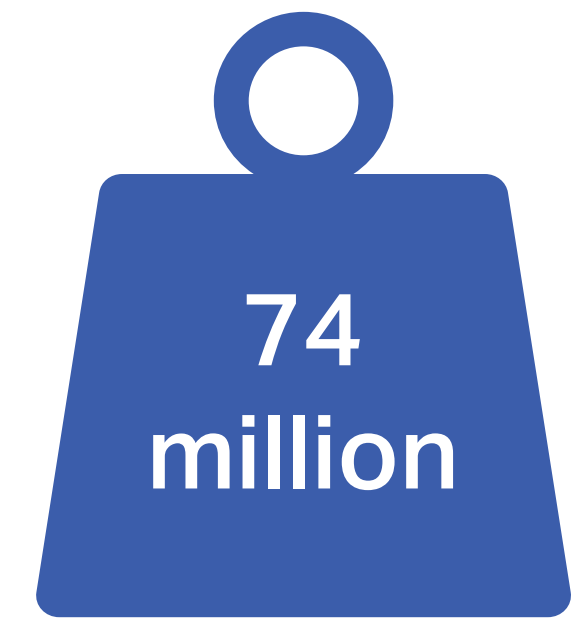
A record **53.6 million metric tonnes** of electronic waste was generated worldwide in 2019 according to the UN's Global E-waste Monitor 2020



**106 x** the weight of the Burj Khalifa, the tallest building in the world



**21%** increase in just five years.



Expected to increase to **74 million metric tonnes** by 2030

Source: [www.globalewaste.org](http://www.globalewaste.org)

## Governments around the world beginning to promote Data Sanitisation as best practice

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- i** UK House of Commons Environmental Audit Committee published report on Electronic Waste and the circular economy on 26 November 2020, response due on 26 January 2021
- i** In France (December 2020), **Commission Nationale de l'Informatique (CNIL)** recommends data erasure as a practice and publish link to Blanco: <https://www.cnil.fr/fr/effacer-ses-donnees-dun-ordinateur-dun-telephone-ou-dune-tablette-avant-de-sen-separer>
- i** In Japan, government breach arising from physical destruction (<https://www.nippon.com/en/news/yjj2019120900986/hdd-theft-suspect-posted-3-900-devices-for-sale.html>) leads to requirement on all government agencies to complete data erasure on devices

## Government Initiatives

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<https://www.dailymail.co.uk/debate/article-9203391/ROBERT-HARDMAN-Thousands-ex-business-laptops-money-bought.html>

## HOW YOU CAN DONATE



**COMPUTERS for Kids** is a Daily Mail campaign for the Mail Force charity, which was set up in 2020 to help healthcare workers and volunteers obtain essential personal protective equipment (PPE). Mail Force is a registered charity established and supported by the Daily Mail and Gen-

eral Trust, which owns the Mail newspaper. The money raised in this campaign will be used to get schoolchildren online so they can do the work set by their teachers. Laptops will be allocated to schools by the Department for Education. If more money is raised than needed, all funds will be applied in support of the work of UK schools in other ways.

### BY TEXT

**TO DONATE £10** TEXT KIDS10 TO 70115  
**TO DONATE £20** TEXT KIDS20 TO 70115

Text donations: Texts cost either £10 or £20 plus standard rate message. 100% of donation goes to charity. For more information, go to [mailforcecharity.co.uk/faqs](https://mailforcecharity.co.uk/faqs)

### BY PHONE

**CALL 0300 1234 577**

**AND FOLLOW THE INSTRUCTIONS TO MAKE YOUR CHOSEN DONATION**

Phone line donations: There will be a small fee deducted by the payment processing platform when you donate via debit or credit card. This fee, along with other small administrative costs, will be more than covered if you opt in to Gift Aid. For more information, go to [mailforcecharity.co.uk/faqs](https://mailforcecharity.co.uk/faqs)

### ONLINE

[mailforcecharity.co.uk/donate](https://mailforcecharity.co.uk/donate)

### BY CHEQUE

**See coupon on Page 68**

### TO COMPANIES

If you have over 50 laptops you would like to donate for refurbishment for schools, please go online for details...

[www.computacenter.com/daily-mail](https://www.computacenter.com/daily-mail)

If your company would prefer to make a financial donation to fund new or refurbished laptops please contact

[donationqueries@dailymail.co.uk](mailto:donationqueries@dailymail.co.uk)

 **blanco**

**Mail** Online

**Erased, rebooted, reborn:**

It's how YOUR money goes furthest...

thousands of ex-business laptops recycled

ROBERT HARDMAN



# Summary & Outlook

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- ✓ Revenue remains resilient through pandemic
- ✓ Increased profitability and margins
- ✓ Continued strong cash generation
- ✓ Significant growth anticipated in H2
- ✓ Expanded relationships with key global players in distribution network to extend our reach into the Enterprise segment
- ✓ Strong growth of resold mobile market to continue through 2021
- ✓ Confidence that security, regulatory and sustainability drivers will enable sustained medium term growth

## Summary & Outlook

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# Appendices

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We have the certifications, approvals and recommendations to prove our solutions meet highest standards



Global Certifications



NYCE



Netherlands National  
Comms.Security Agency



National Cyber Security Centre



Federal Service for  
Technical and Export  
Control



The Polish Internal Security  
Agency



BSI - Federal Office for  
Information Security\*



Certified for Common Criteria  
(ISO15408)



Swedish Armed Forces



Central Information  
Systems Security  
Division

\* update in progress

Global Approvals and Recommendations



Asset Disposal &  
Information Security  
Alliance



Norwegian National  
Security Authority



Defence INFOSEC Product Co-  
Operation Group of the UK\*\*



TÜV Saarland



Finnish  
Communications  
Regulatory Authority



NATO\*

Third-Party Endorsements



# And Supported Standards



## We go above and beyond to achieve compliance

We meet the highest standards for secure data erasure in accordance with privacy and security regulations across the globe. Blanco Data Eraser solutions support 25+ erasure standards, including:

- ✓ Air Force System Security Instruction 5020
- ✓ Aperiodic Random Overwrite
- ✓ Australian Government Information Security Manual (AGISM)
- ✓ Blanco SSD Erasure
- ✓ Bruce Schneier's Algorithm
- ✓ BSI-GS
- ✓ BSI-GSE
- ✓ CESS CPA – Higher Level
- ✓ DoD 5220.22 M
- ✓ DoD 5220.22 MECE
- ✓ NIST 800-88 Clear
- ✓ NIST 800-88 Purge
- ✓ Firmware Based Erasure
- ✓ Extended Firmware Based Erasure
- ✓ HMG Infosec Standard 5, Higher Standard
- ✓ HMG Infosec Standard 5, Lower Standard
- ✓ National Computer Security Center (NCSC-TG-025)
- ✓ Navy Staff Office Publications (NAVSO P-5239-26)
- ✓ NSA 130-1
- ✓ OPNAVINST 5239.1A
- ✓ Peter Gutmann's Algorithm
- ✓ U.S. Army AR380-19
- ✓ Royal Canadian Mounted Police RCMP TSSIT OPS-II
- ✓ BSI-2011-VS
- ✓ Cryptographic Erasure
- ✓ TCG Cryptographic Erasure
- ✓ Random Byte Overwrite (3x)

