blancco
technology group

Structural tailwinds driving continued growth

Interim results for the six months ended
31 December 2021

Agenda

- H1 FY22 Highlights
- Company Overview
- Growth Drivers
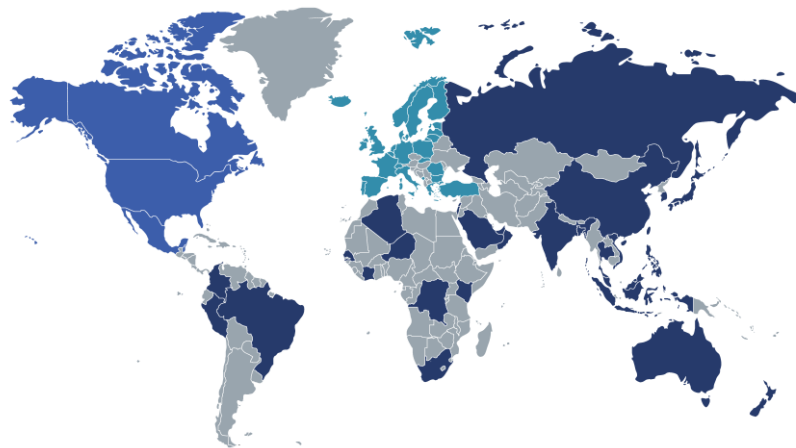- Financial Review

- Market Updates:
  - Enterprise
  - Mobile
  - ITAD
- Summary and Outlook

H1 FY22 Highlights

☑ Adjusted Operating Profit grew by **36%** to **£4.0m** (H1 FY21: £2.9m)

☑ **Currency adjusted growth** in all 3 trading geographies and all 3 markets

☑ Revenue grew by **13%** (CC: 20%) to **£19.7m** (H1 FY21: £17.4m)

☑ Adjusted EBITDA grew by **21%** to **£6.4m** (H1 FY21: £5.3m)

☑ Net cash on 31 December 2021 of **£10.2m** (31/12/20: £8.2m)

☑ Channel revenue grew by 33% to £4.0m (H1 FY21: £3.0m)

☑ Sustainability and governance continues to drive growth

Company Overview
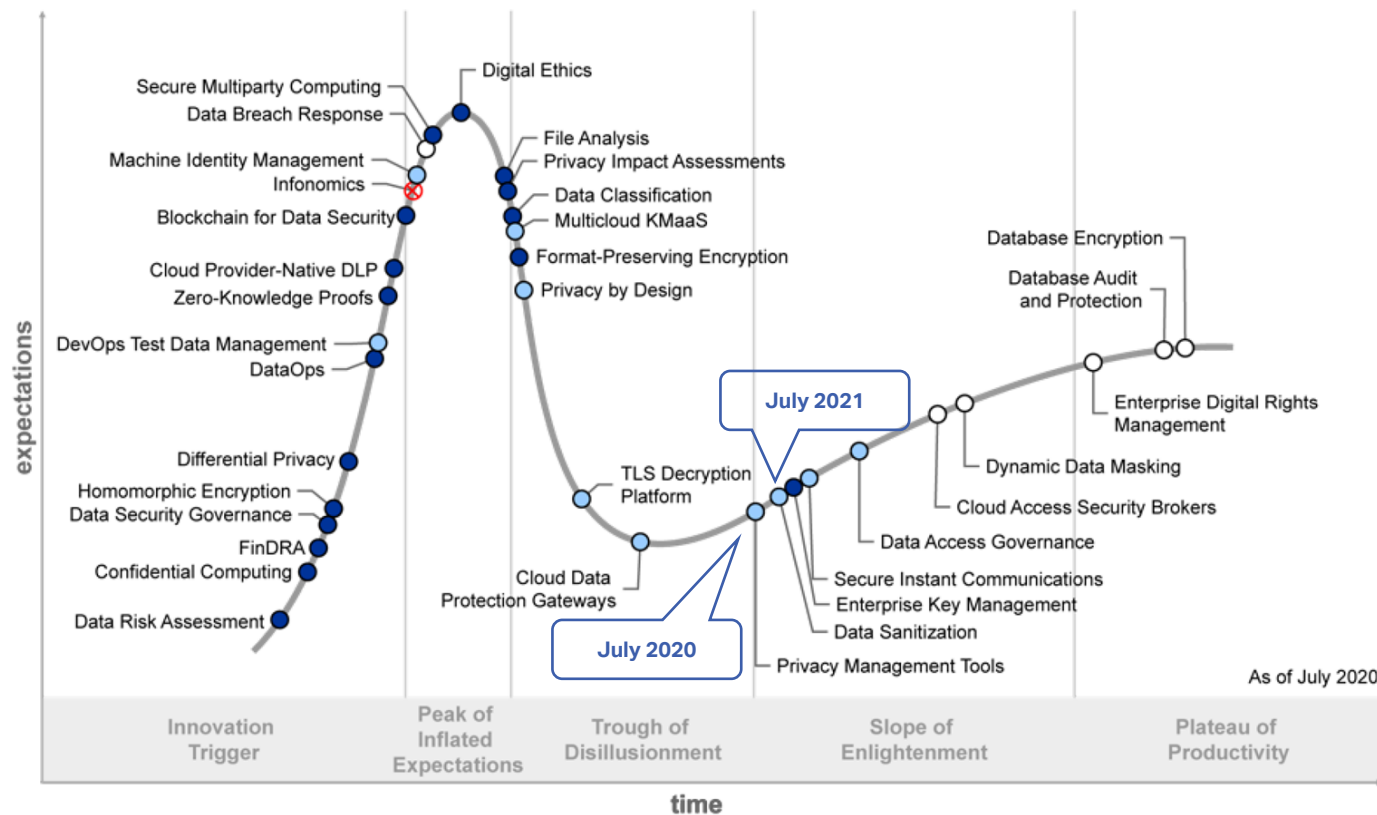
☑ **13+** security approvals

☑ Over **2000** customers

☑ **25+** erasure standards

☑ **38** patents granted or filed

☑ **54.5m** devices erased in FY21

☑ FY21 revenue generated in over **70** countries

NORTH AMERICA

Canada
Mexico
United States

EUROPE

Austria	Ireland	Slovakia
Belgium	Italy	Slovenia
Croatia	Latvia	Spain
Cyprus	Liechtenstein	Sweden
Czech Republic	Lithuania	Switzerland
Denmark	Luxembourg	Turkey
Estonia	Monaco	United Kingdom
Finland	Montenegro	
France	Netherlands	
Germany	Norway	
Greece	Poland	
Hungary	Romania	
Iceland	Serbia	

ASIA AND REST OF THE WORLD

Australia	Israel	Russian
Bangladesh	Ivory Coast	Federation
Botswana	Japan	Saudi Arabia
Brazil	Kenya	Senegal
Brunei	Kuwait	Singapore
China	Malaysia	South Africa
Colombia	Mauritius	South Korea
DR Congo	Morocco	Taiwan
Ghana	New Zealand	Thailand
Guadeloupe	Oman	Tunisia
Hong Kong	Philippines	United Arab
India	Qatar	Emirates
Indonesia		Vietnam

MSCI ESG RATINGS — A

CCC	B	BB	BBB	A	AA	AAA

GREEN ECONOMY · LONDON STOCK EXCHANGE

Data Sanitization in Hype Cycles

Hype Cycle for Privacy 2021

Markets we operate in:

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Enterprise

- ☑ Customers are typically very large organisations with IT teams managing IT assets in-house
- ☑ Revenue increasingly being driven through channel partnerships
- ☑ Erasure solutions can be applied to all data storage assets
- ☑ Limited competition
- ☑ Revenue model typically SaaS

Mobile

- ☑ Customers typically companies refurbishing traded mobile phones for resale
- ☑ Revenue driven by direct sales
- ☑ Solution involves both erasure and diagnostics
- ☑ Most competitive market
- ☑ Revenue primarily pay as you go

ITAD

- ☑ ITAD customers manage the disposal of end of life assets for SME companies
- ☑ Revenue driven by direct sales
- ☑ Blancco own vast majority of data erasure market with ITADs
- ☑ Revenue model is primarily on a volume basis

Growth Drivers

How is Data Privacy and compliance supporting our sales?

☐ By year-end 2023, **75%** of the world's population will have its personal data covered under modern privacy regulations, up from 25% today.

☐ Before year-end 2023, more than **80%** of companies worldwide will be facing at least one privacy-focused data protection regulation.

☐ Through 2024, privacy-driven spending on data protection and compliance technology will break through to more than **$15 billion worldwide**.

Gartner®

Governance Growth Drivers

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Companies must ingrain Data Lifecycle Management into all parts of their business

"Data lifecycle management technology innovations represent an existential threat to organisations that don't embrace them, but also an unparalleled opportunity for those that do" **Gartner Planning Guide of Data Management**
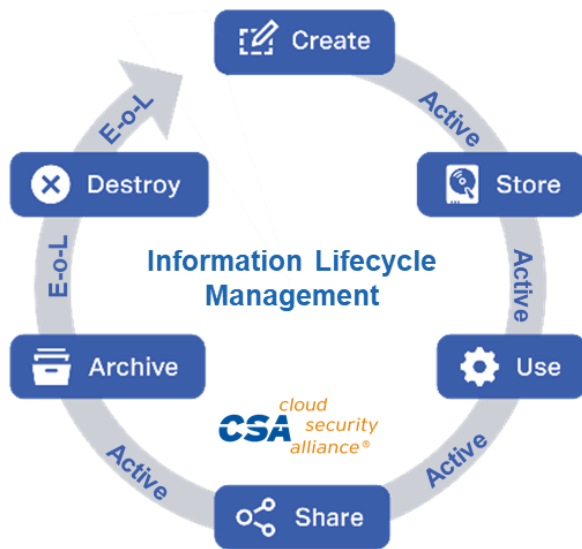
IDC 2018 Forecast on volume of data to be stored by organisations globally (CAGR 61%)

The Growing E-Waste problem

⚠️ **An estimated 57.4 million metric tonnes** of electronic waste was generated worldwide in 2021

⚠️ Europe is estimated to recycle 42.5% of e-waste while Asia only recycle 11.7% and the **Americas 9.4%**

⚠️ E-waste is predicted to reach **74 million metric tonnes** in 2030, double the 2014 figure

⚠️ **500 pounds of fossil fuel**, 50 pounds of chemicals and 1.5 tonnes of water are required to manufacture one laptop and one monitor (American Association for the Advancement of Science

⚠️ Up to **10.72** million tonnes of e-waste is estimated to be shipped to developing countries on an annual basis

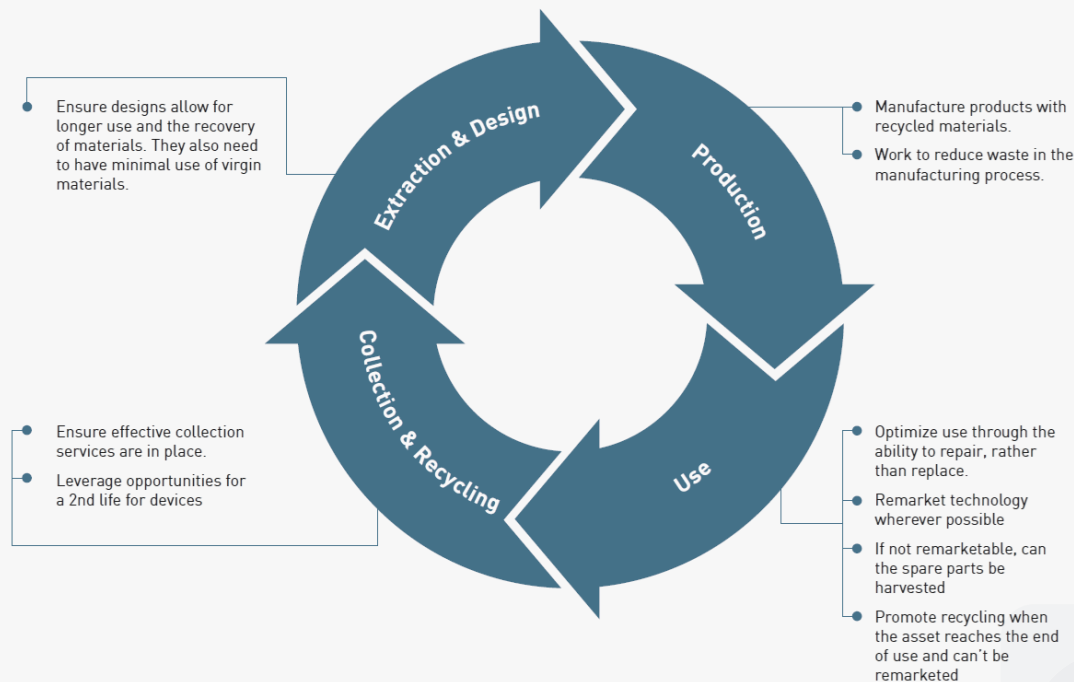⚠️ Statistics came from the fourth International E-waste day on 14th October 2021

E-waste statistics

Carbon Impact of Physical Destruction

- ☑ The average age of the installed base computer has reduced from 4.13 years in 2017 to 2,94 years in 2021

- ☑ It is estimated that 50 tonnes of mercury originating from e-waste is dumped each year

- ☑ Approximately 50% of e-waste is made up from laptops, smartphones and tablets

- ☑ 1 tonne of new laptops = 10 tonnes of carbon dioxide

Source: Tes-Amm – Creating a circular economy in ICT

Extraction & Design
- Ensure designs allow for longer use and the recovery of materials. They also need to have minimal use of virgin materials.

Production
- Manufacture products with recycled materials.
- Work to reduce waste in the manufacturing process.

Use
- Optimize use through the ability to repair, rather than replace.
- Remarket technology wherever possible
- If not remarketable, can the spare parts be harvested
- Promote recycling when the asset reaches the end of use and can't be remarketed

Collection & Recycling
- Ensure effective collection services are in place.
- Leverage opportunities for a 2nd life for devices

Supporting Charitable Initiatives

☑ Received SEAL (Sustainability, Environmental Achievement and Leadership) Award for Sustainable Service recognising innovative services that set a new standard for innovation

☑ Donated licenses to Laptop for Kids project, nominated for a Better Society Award

☑ Donating licenses to the Turing Trust to enable computer equipment to be redistributed to African schools

☑ Donating licenses to the Dariu foundation who supply donated computer equipment to underprivileged children in Vietnam

☑ Supporting Ethan Indigenous project to supply 80,000 laptops to indigenous children in Australia

Social Impact

H1 FY22
Financial
Review

Income Statement

£'m	H1 FY22	H1 FY21	Growth	FY21
Revenue	**19.7**	**17.4**	**13%**	**36.5**
Cost of goods sold	(0.6)	(1.2)		(2.8)
Gross profit	**19.1**	**16.2**	**18%**	**33.7**
Admin Expenses	(17.2)	(15.4)		(31.9)
Operating Profit	**1.9**	**0.7**	**168%**	**1.8**
Exceptional income	-	-		(0.8)
Amort. of acquired intangibles	1.4	1.5		2.9
Share based payments	0.7	0.8		1.5
Adjusted Operating Profit	**4.0**	**2.9**	**36%**	**5.3**
Depreciation	0.6	0.6		1.1
Amort of non acquired intangibles	1.8	1.8		3.8
Adjusted EBITDA	**6.4**	**5.3**	**21%**	**10.2**
Adjusted Operating Profit margin	20%	17%		15%
Adjusted EBITDA margin	33%	30%		28%

- Revenue growth of **20%** at constant currency

- Gross margin increased to 97% (H1 FY21: 93%) due to internal R&D

- Operating & EBITDA margins increased significantly

Balance Sheet

£'m	H1 FY22	FY21
Non current assets		
	68.0	69.9
Current assets / (liabilities)		
Inventory	0.2	0.1
Debtors	7.8	6.2
Trade & other payables	(7.9)	(7.8)
Tax asset	0.2	0.1
	0.3	**(1.4)**
Net cash		
	10.2	10.1
Non current liabilities		
Deferred tax	(2.8)	(2.7)
Other non-current liabilities	(1.2)	(1.1)
	(4.0)	(3.8)
Net assets	74.5	74.9

Net Cash 31 Dec 17 - 31 Dec 21 £million
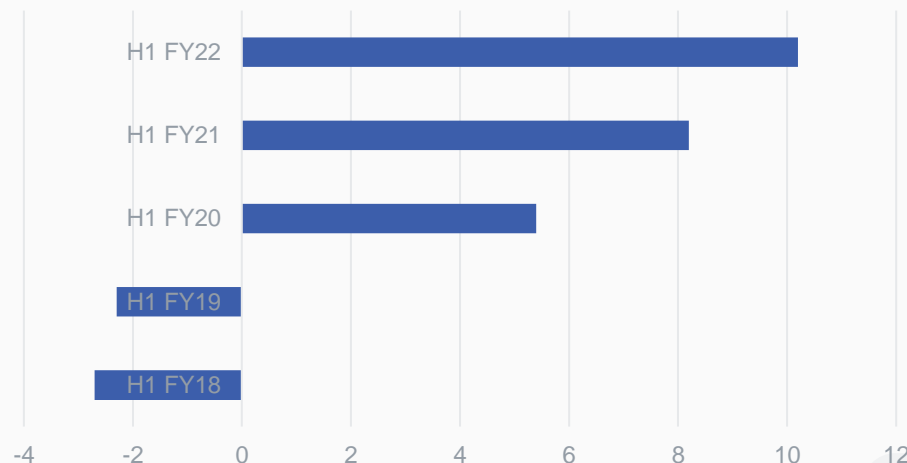
Revenue by Market

Revenue	H1 FY22 £'m	H1 FY21 £'m	Growth %	CC Growth %
Enterprise	7.1	6.4	11%	17%
ITAD	6.9	5.2	33%	40%
Mobile	5.7	5.8	(2%)	7%
Group total	**19.7**	**17.4**	**13%**	**20%**

ⓘ Sustainability & Governance continue to drive strong growth in Enterprise & ITAD

ⓘ Channel revenue increase by 33% to £4.0m (H1 FY21: £3.0m), now representing 57% (H1 FY21: 47%) of Enterprise revenue

ⓘ Supply shortages of new handsets led to slowing of resold mobile handset

ⓘ Headwind of FX movements seen in period

Revenue by Geography

Revenue	H1 FY22 £'m	H1 FY21 £'m	Growth %	CC Growth %
Americas	5.8	4.9	19%	25%
Europe	7.7	6.3	22%	28%
Asia and ROW	6.2	6.2	-	9%
Group total	**19.7**	**17.4**	**13%**	**20%**

Enterprise

Enterprise- Increasing Government Opportunity

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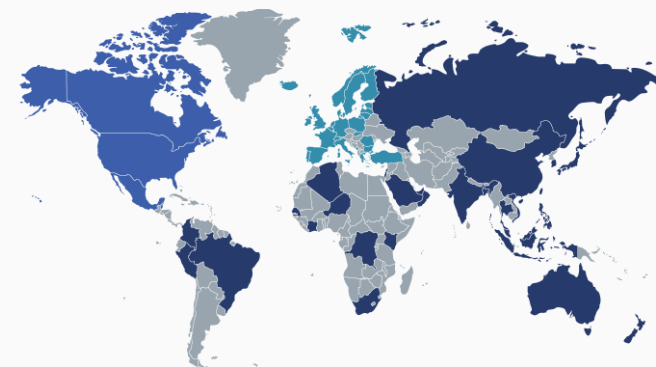
Research report published in end of February titled:
"The Price of Destruction: Exploring the Financial & Environmental Costs of Public Sector Device Sanitization"

- ⓘ This report aims to explore policies surrounding SSDs and current methods of SSD sanitization employed by government and public sector organizations around the world. It will examine the relationship between maintaining a robust and resilient security posture and minimizing the environmental impact caused by the destruction of SSDs.

- ⓘ The study will also highlight opportunities to revise, update, or inform SSD policy reform

- ☑ This will support our push into the government opportunities around the world. Current sales to government entities makes up approximately 20% of our Enterprise business

Case Study—Singapore Government

- ☑ Use Case: **Erase 100K PCs that will be replaced over the next 2-3 years**

- ☑ Buying Drivers

  - ☑ Singapore government initiatives to reuse/recycle govt IT Assets

  - ☑ Ability to wipe SSD drives to NIST standards

  - ☑ Mandatory onsite eraser to avoid any chain of custody issues

Sustainability Dashboard

Enables companies to monitor the positive environmental impact of using Blancco and sending IT equipment back into the circular economy
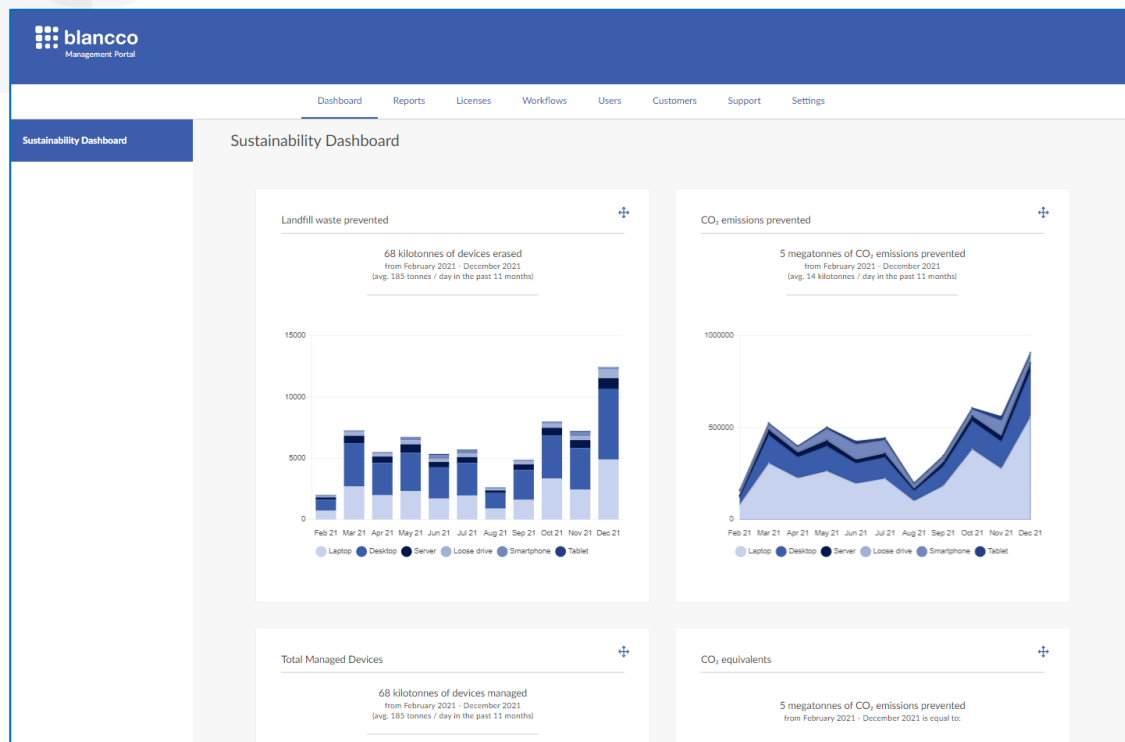
Dashboard in development to be added to existing management portal

- ☑ Landfill waste prevented by device type
- ☑ Pre-use CO_2 emissions prevented
- ☑ Devices erased by device type
- ☑ CO_2 equivalents

Phased release starting Feb 2022

Mobile

Blancco Xcelerate

New Product released in February 2022

Purpose-built mobile processing solution for small/medium customers and wholesalers who require a hardware and software solution to process any volume of devices quickly before they enter the second-hand market.

- ☑ Blancco supplied hardware and software

- ☑ Plug and play convenience

- ☑ Monthly subscription pricing

- ☑ Full Blancco Mobile Diagnostics and Erasure, including patented workflow technology
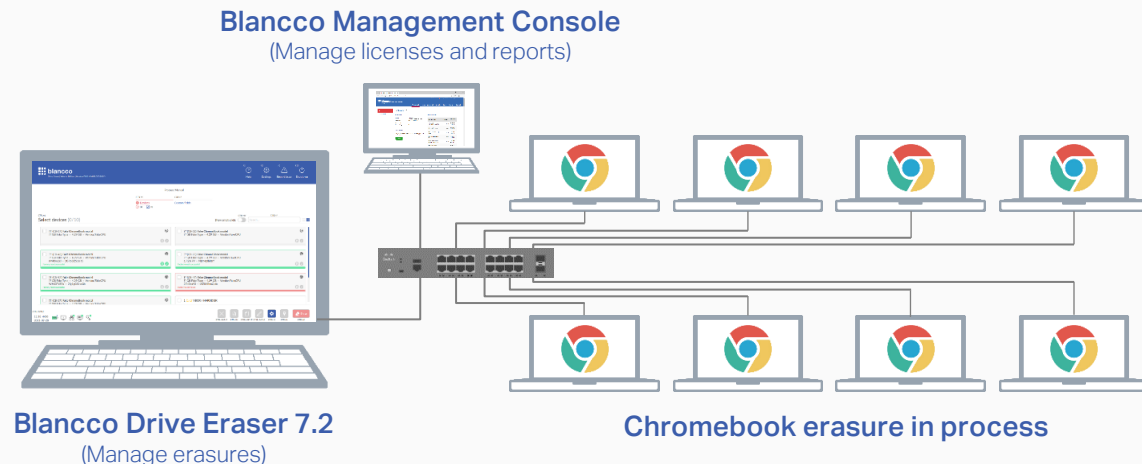
ITAD

ITAD Chromebook Processing

- ☑ New asset type for existing ITAD customers

- ☑ Uses existing erasure license for ease of adoption

- ☑ Chromebook market up 13.5% in calendar year 2021, even with a Y/Y decline in shipments in Q4 2021 (source: IDC)

Blancco Management Console
(Manage licenses and reports)

Blancco Drive Eraser 7.2
(Manage erasures)

Chromebook erasure in process

Summary

Summary And Outlook

- Further revenue, profit and cash growth over three and a half year period

- Sales and pipeline continue to grow into early months of 2022

- ITAD customers seeing a release of pent up demand on top of underlying growth as economies reopen

- Enterprise expected to continue to be strongest growth market

- Continued focus on developing channel partner network

- Confidence that governance and sustainability drivers will support sustained medium term growth

- Product innovation to drive growth across all three markets