



Endless ways to the future

# H1 2021 Results

September 10, 2021



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# HERE TODAY

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**Massimo Mauri**  
*CEO*



**Lorenzo Mazzini**  
*CFO*



**Marco Parisi**  
*Head of Investor Relations*

# KEY TAKEAWAYS FROM 2021 YTD



Organic growth and profitability rates well **above peers' performances and analysts' consensus**



Strong financial performance in H1 2021 with Total **Revenue, EBITDA and Net Income growing at double-digit rates** vs. H1 2020



**Over-performing competitors** in capturing end markets' organic growth



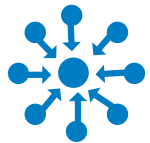
Growth trend backed up by **record order intake (€20mln new orders in July 2021)** and **above-peers**



**SECO best in class player** in reacting to a competitive scenario still tested by Covid pandemic and components supply shortage



**In-house manufacturing** business model: a winning choice allowing to **acquire new clients** in a shaky scenario



**Transition to SaaS-driven business model** continues



**Increased adoption of CLEA** and integration of **Oro Networks** (now SECO Mind US)

# KEY TAKEAWAYS FROM 2021 YTD



**Olivetti-SECO partnership** to represent an important value-creation catalyst for years to come



> **€50m** additional revenue expected in 2022-24



**M&A execution on track** with plans



**1st deal completed** in June 2021 (< 1 month after IPO); focus on **high-quality transformational deal**



**Strongly positive outlook** on 2021 H2 and years to come



Growth driven by **digitalization macro-trend**, further boosted by national and international recovery programs (e.g. Italy's **NRRP**)

Total revenues expected at more than **€25m in Q3 (+50%** vs. Q3 2020), in line with FY guidance

# Q2 AND H1 2021 FINANCIAL HIGHLIGHTS

- Solid growth trend continuing in Q2 2021, making SECO an **industry best performer** despite systemic component price increases
- 2021 FY guidance confirmed in light of **record order intake levels**

## +13%

Total Revenues<sup>1</sup> growth

€43.2m in H1 2021 (vs. €38.2m in H1 2020)

- Strong revenue acceleration in Q2 2021 (+10% vs. Q1 2021, +16% vs. Q2 2020)
- CLEA already generating ~€1.0m software revenue
- EMEA and APAC growing in at double-digit rates, strong contribution from US market

## +8%

Gross margin growth


€20.1m in H1 2021 (vs. €18.5m in H1 2020)

- 48.0% in H1 2021, vs. 48.4% in H1 2020
- Components shortage effect partially counterbalanced by temporary price increase actions adopted by the Group in Q2 and expected to display full effect by Q3

Q3 2021  
guidance

€25mIn (+50% vs. Q3 20)  
Q3 2021 Total revenues

€20mIn   
Order intake in July 2021  
(SECO all-time record)

+65%   
Order backlog increase  
(June 2021 vs June 2020)

<sup>1</sup> Revenue from sales and other operating income

# Q2 AND H1 2021 FINANCIAL HIGHLIGHTS

- Strong operating leverage driven by continued business growth and OPEX control
- Both Adj. EBITDA and Adj. Net Income growing at 20%+ in H1 2021 vs. H1 2020

**+25%**

Adj. EBITDA growth

€9.3m in H1 2021 (vs. €7.5m in H1 2020)

- 22.3% of revenue in H1 2021 vs. 19.5% in H1 2020

**+21%**

Adj. Net Income growth

€4.6m in H1 2021 (vs. €3.8m in H1 2020)

- 11.1% of revenue in H1 2021 vs. 10.0% in H1 2020

# TOTAL REVENUES FURTHER GROWTH ACCELERATION IN Q2 2021

€43.2m

H1 2021

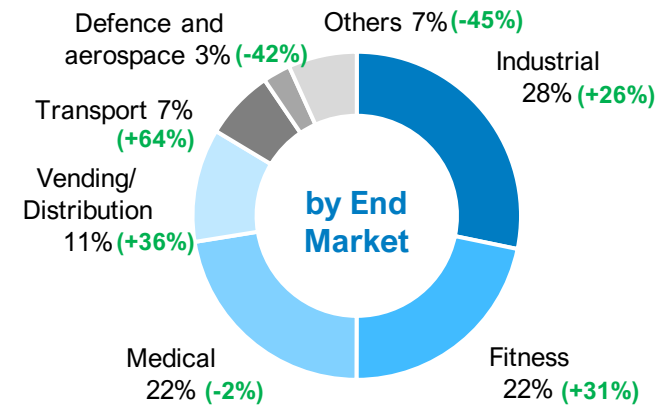
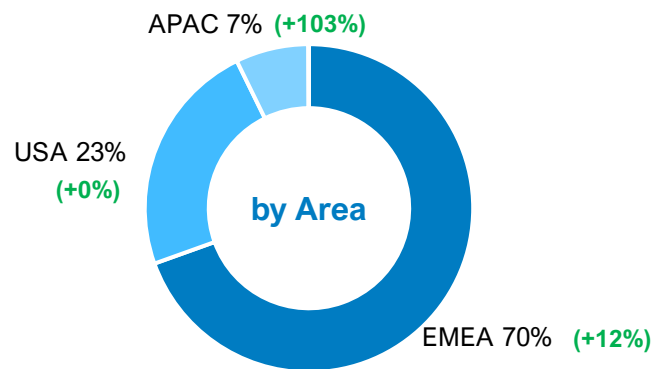
+€5.0m

H1 2021 vs. H1 2020

~€1.0m

generated by CLEA in H1 2021

## Revenue from sales breakdown (H1 2021)

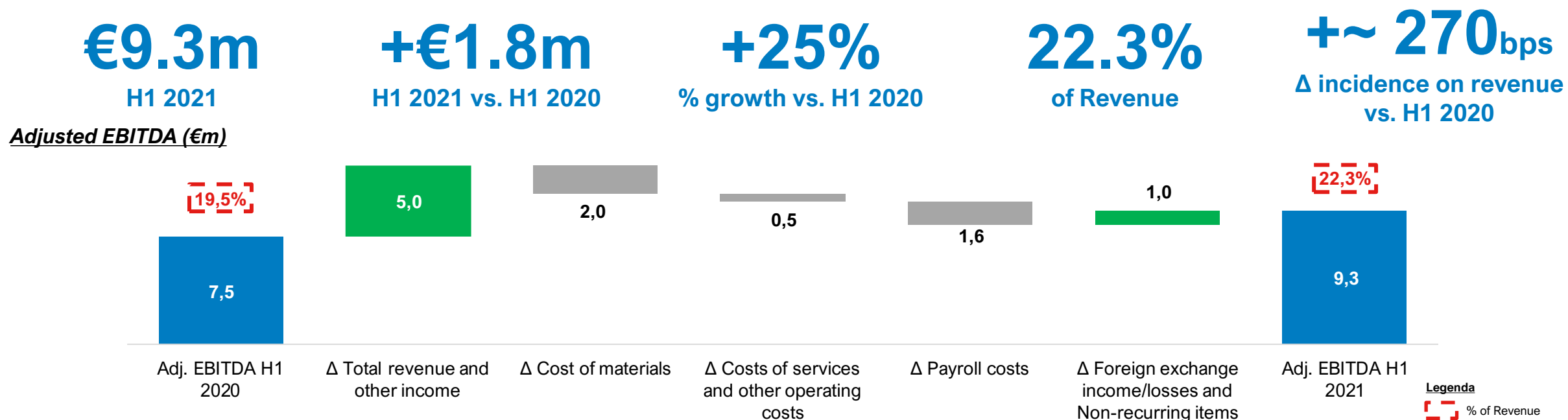


**Legend**  
(±XX%) Change vs. H1 2020

- **H1 2021 double-digit growth (+13% vs. H1 2020)** further accelerated by a **strong performance in Q2 2021 (+16% vs. Q2 2020)**
- CLEA continuing its positive growth trend, hitting **~€1m revenue in H1 2021**
- **Business diversification** allows to benefit both from the recovery observed in **Industrial, Fitness, Transportation, Vending** industries, and from a durably positive performance in the **Medical** sector
- EMEA and APAC markets **all showing double-digit growth rates**
- ~€1.4m Other operating income largely driven by tax incentives over **R&D efforts** (R&D and industrial CAPEX tax credits ~€0.9m)



# ADJUSTED EBITDA EVOLUTION



- **Good operating leverage** driven by **continued business growth** and **OPEX control**
- Payroll cost (accounting for ~70% of total OPEX) increasing mainly due to €1.1m of actuarial value of management's stock option plan and to shares granted to employees
- Adjustments mainly related to: **i)** the value of shares attributed to employees at the IPO, **ii)** the present value of the stock option plan 2020 assigned to some managers and **iii)** non-recurring M&A transaction costs

# NET DEBT POSITION

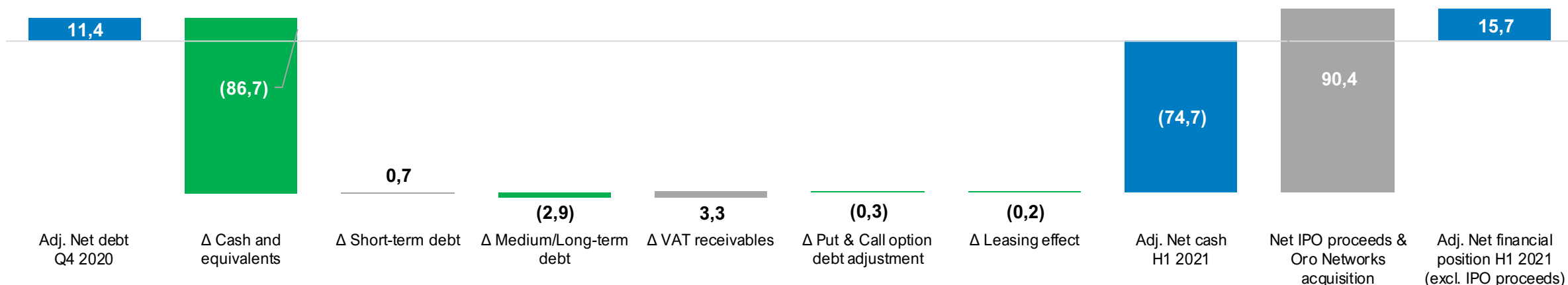
**0.9x**

Adj. NFP / LTM Adj. EBITDA<sup>1</sup> in  
H1 2021 (excl. Net IPO proceeds)

**+0.2x**

vs. Q4 2020

## Adjusted net financial position (€m)



- Strong cash position, €74.6m, thanks to ~€90m net IPO proceeds
- Leverage excluding IPO proceeds substantially unchanged vs. Q4 2020
- VAT receivables can be cashed in the days following the end of each quarter

<sup>1</sup> Q1 2021 Net Debt/ EBITDA ratio computed taking into consideration reported last 12 months ending 30 June 2021

# STRONG BACKLOG GROWTH

BUSINESS GROWTH SUSTAINED BY A  
RECORD ORDER INTAKE

€18.5m

June 2020



€30.6m

June 2021

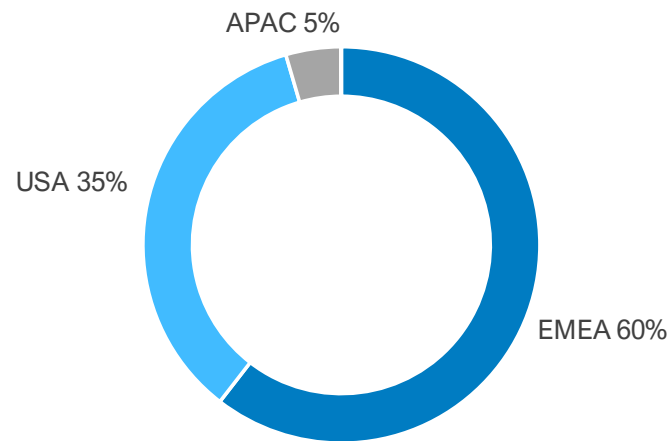
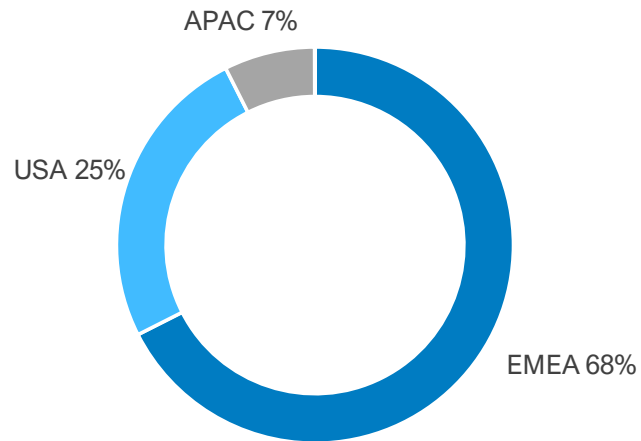
+65%



Order backlog increase

€20mIn

Order intake in July  
(SECO all-time record)



June '21 vs. June '20 % growth

EMEA

+84%

USA

+18%

APAC

+171%





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# SECO- Olivetti Partnership



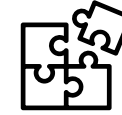
# SECO-OLIVETTI PARTNERSHIP

## KEY PILLARS

Industrial impact:  
macro-areas of  
collaboration



Italian SMEs digitalization: co-development of IoT Innovative Solutions interconnected with Olivetti's / SECO Mind multi-services software platform



Leverage SECO and Olivetti R&D expertise and customer base across large Enterprise and SME and Public Administration



New hardware + software solutions co-developed under the brand Olivetti powered by SECO



Strong combination to enter a number of highly attractive sectors whose growth is enhanced by NRRP

Strengthened  
relationship between  
Olivetti and SECO

SECO as **technology partner** and **preferred supplier of IoT solutions** for Olivetti

TIM Group-Olivetti become **reference industrial partner** for SECO



Olivetti stake in SECO increased to **9.6% of share Capital**

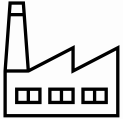


# SECO-OLIVETTI PARTNERSHIP

## INDUSTRIAL ADVANTAGES

*Co-development of hardware + software solutions branded “Olivetti powered by SECO” for several possible verticals*

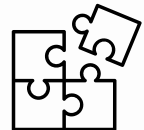
### Partnership strengths



Full control of production process and quality standards thanks to SECO's in-house manufacturing



Effective supply chain management and tight relationships with Tier 1 silicon vendors



Value proposition aimed at innovation and design combined with technology leveraging IoT, AI and Big Data



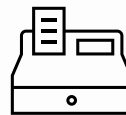
Strong R&D, Customization and System Integration expertise



Additional capabilities to minimize time-to-market of new products (testing, validation and verification labs, internal certification compliance department)



TIM Group sales force and customer base



Experience in digitalizing products as cash registers and POS to enable a new era of digital payments

### Mutual Benefits



**Shortened Time-to-Market**



**Customizations for large accounts/projects**



**Rationalized supply chain**



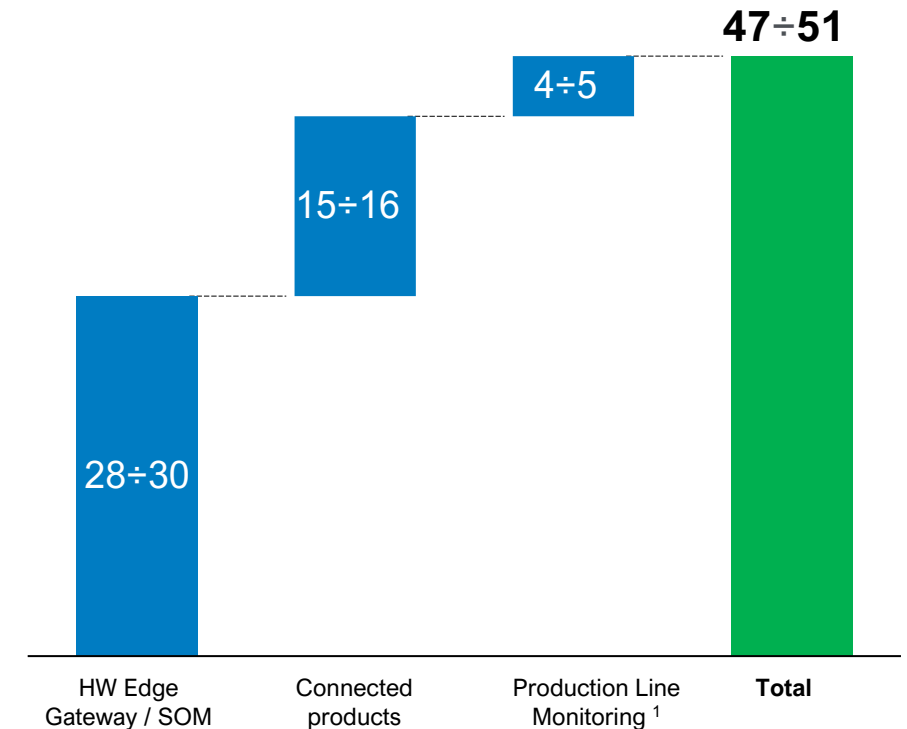
**Dedicated IoT/AI-based solutions for SMEs**

# SECO-OLIVETTI PARTNERSHIP

## TOTAL ADDRESSABLE MARKET AND POTENTIAL ECONOMIC IMPACT

	Merchant Services	IoT Smart Services
	Electronic cash register and POS, <b>business management software</b> and <b>digital payments</b>	<b>Industrial IoT:</b> IoT services and sensor for prioritized verticals <b>Urban IoT:</b> city control platforms
ADDRESSABLE MARKET <sup>1</sup>	~5 bn€ in 2024 4-5% CAGR	~4.5 bn€ in 2024 10% CAGR
OLIVETTI MARKET SHARE AMBITION 2024 <sup>1</sup>	5%	5%

Mln€, cumulated revenues 2022-2024<sup>2</sup>



<sup>1</sup> Source: TIM Group 2021 Q2 results presentation

<sup>2</sup> Source: Olivetti-SECO estimations



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# Closing Remarks





# CLOSING REMARKS

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**Strong and solid organic growth**  
sustained by a **record order intake**

**Successful transition to SaaS business model** thanks to ongoing CLEA roll-out

**Olivetti-TIM Group partnership**  
to strongly contribute to SECO's long-term growth starting from 2022

**Quality M&A strategy:**  
focus on a **transformational deal**



**We expect a solid growth path to continue in 2021, both in revenue and profitability terms**



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Annex



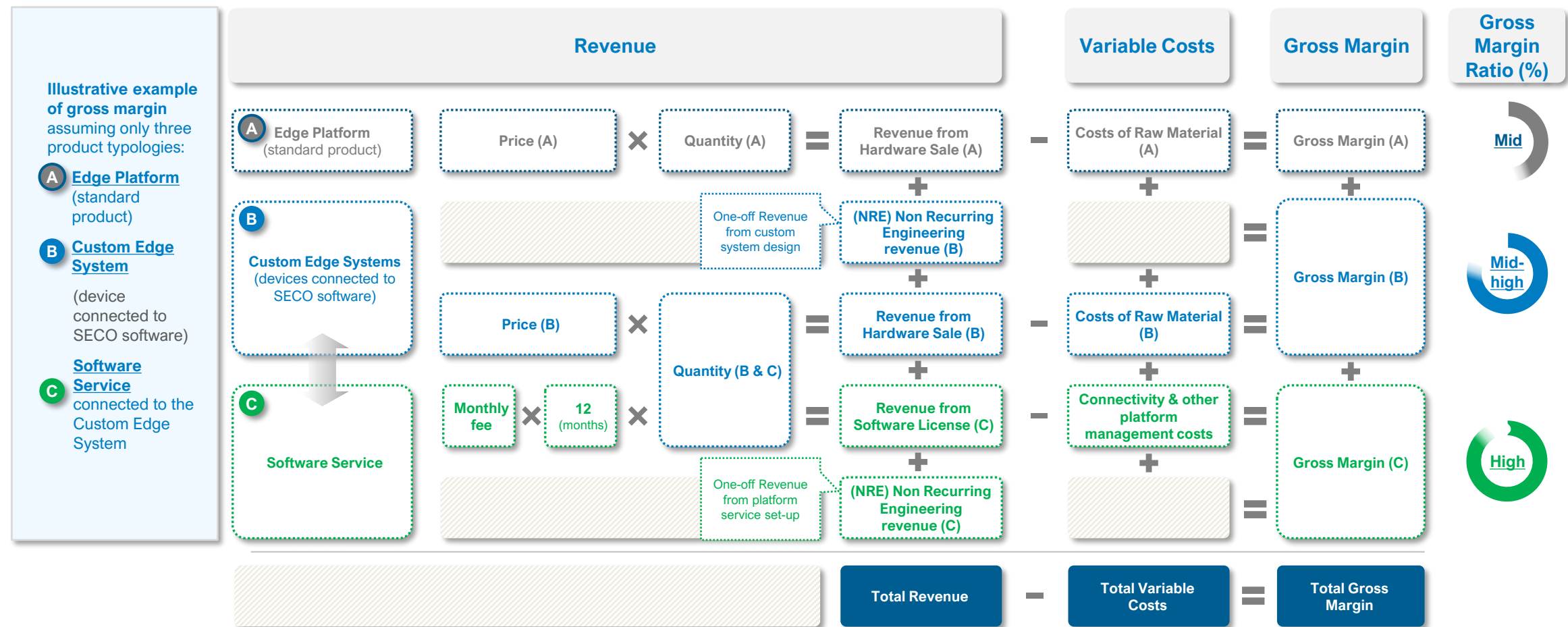


# FINANCIALS OVERVIEW

€mln	H1 2020	H1 2021
<b>Net Sales</b>	<b>38,2</b>	<b>41,8</b>
Consumption Costs	(19,7)	(21,7)
<b>Gross Margin</b>	<b>18,5</b>	<b>20,1</b>
% on Net Sales	48,4%	48,0%
Other revenues	0,1	1,4
Personnel costs	(7,6)	(9,2)
Other Opex	(3,5)	(4,4)
Exchange gains/losses	(0,0)	0,3
<b>EBITDA</b>	<b>7,4</b>	<b>8,2</b>
% on Net Sales	19,3%	19,7%
<b>EBITDA ADJ</b>	<b>7,5</b>	<b>9,3</b>
% on Net Sales	19,5%	22,3%
Depreciation	(2,1)	(3,0)
<b>EBIT</b>	<b>5,3</b>	<b>4,9</b>
% on Net Sales	14,0%	11,7%
Financial expenses	(0,1)	(0,3)
Tax	(1,4)	(1,4)
<b>Net Income</b>	<b>3,8</b>	<b>3,6</b>
% on Net Sales	9,9%	8,6%

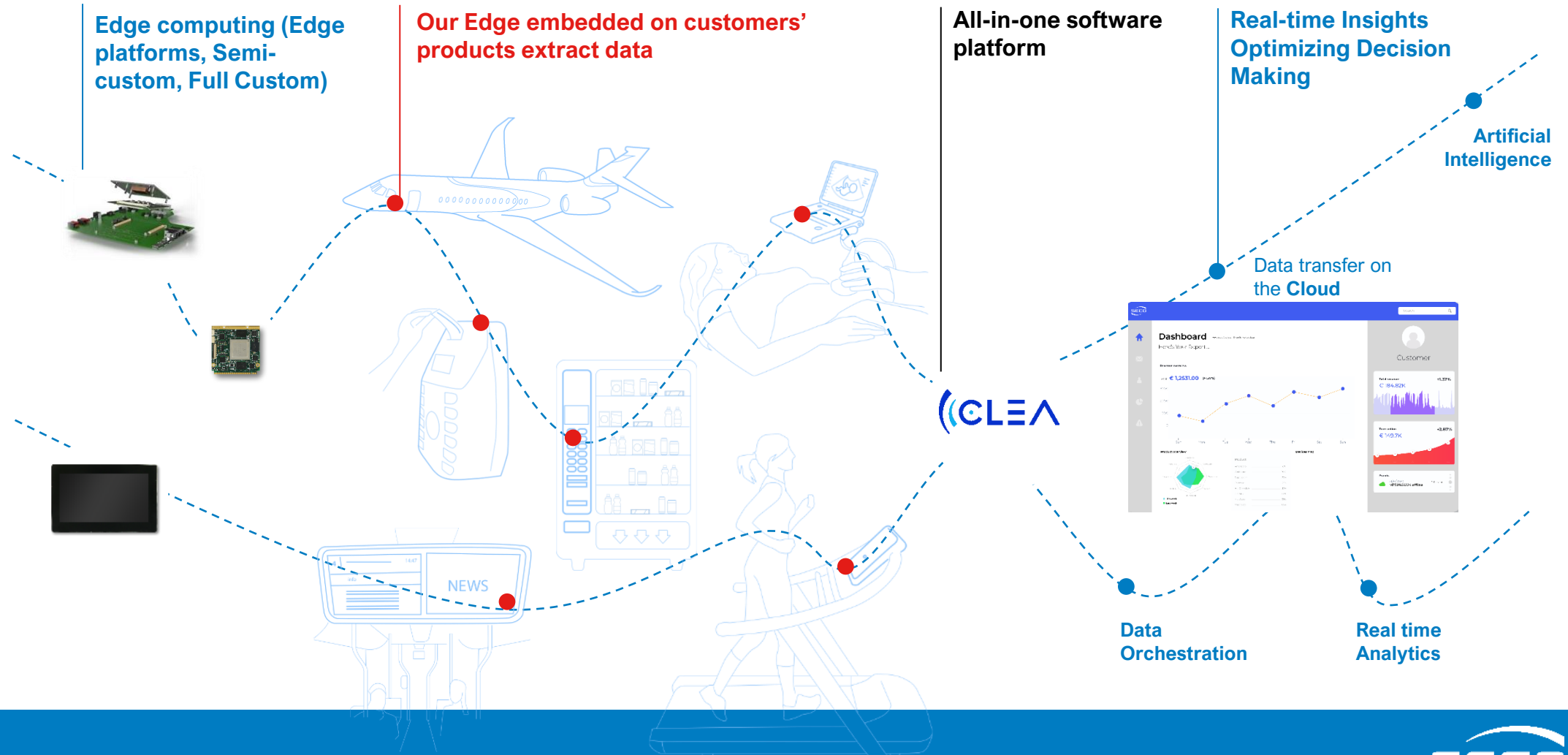
Balance Sheet		
€mln	Q4 2020	H1 2021
Net Working Capital	35,9	37,3
Total Fixed Assets	35,5	47,3
Other non-current assets	1,1	1,2
Provisions and other non-current liabilities	(3,7)	(3,7)
<b>Net Invested Capital</b>	<b>68,8</b>	<b>82,1</b>
Net Financial Position	17,8	(71,1)
<b>Net Financial Position ADJ.</b>	<b>11,1</b>	<b>(74,6)</b>
Total Equity	51,0	153,2
<b>Total Funds</b>	<b>68,8</b>	<b>82,1</b>

# REVENUE AND COST MODEL



Note: all other costs (service, personnel, other) are mostly fixed costs

# ENABLING CLIENTS TO GENERATE VALUE FROM THEIR DATA



# BUSINESS MODEL

High revenue visibility



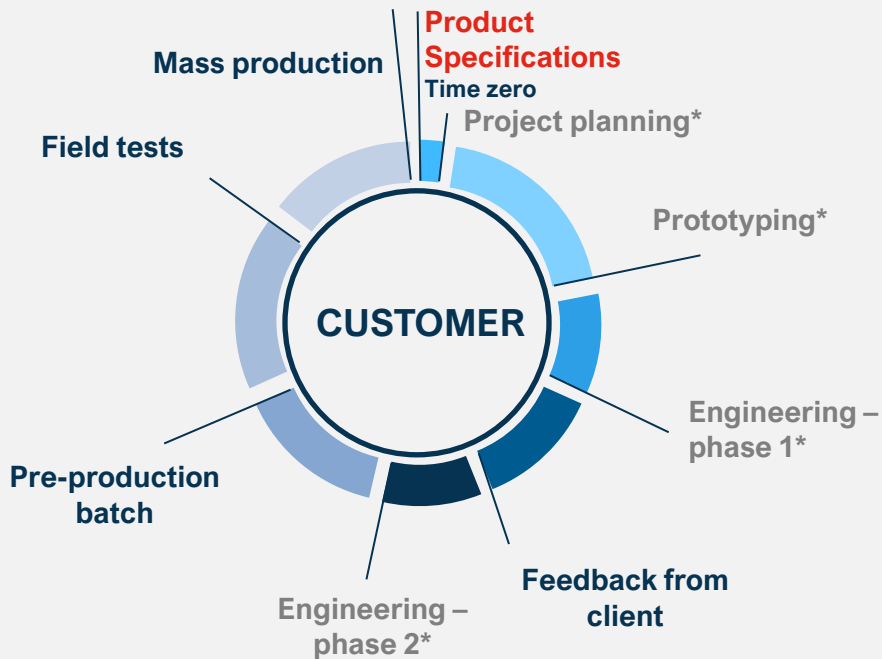
Multi-year product life cycle (3-5, up to 10+ years)

Order backlog coverage ~3-4 months

Forecasts from customers up to 12 months rolling

Recent design wins will translate into revenue after 5/18 months depending on products' typology

Product development & production process overview



Time to revenue

Standard Products  
5-7 months

Custom Products  
12-18 months

\*Those production steps only refer to custom products



- **High success developing custom products** along with clients thanks to a rigorous planning of activities
- **Continuous interaction with clients** from design to manufacturing
- **Dedicated software services tailored on clients' needs** fully entrenched within product development and production process





Endless ways to the future

# About SECO







# Endless ways to the future

## Mission

We bring together technologies and skills to answer new needs and opportunities

## Vision

We exist to open up the world to innovation

## Values

Passion  
Dynamism  
Respect

# HISTORICAL MILESTONES

## ESTABLISHMENT

- Leader in embedded products
- First mover & cutting-edge technology adopter
- Scale-up of manufacturing capabilities

## DEVELOPMENT

- Implementation of customized embedded systems
- Internationalization
- Further expansion in multiple verticals

## SECO 3.0

- Leader in custom Edge Computing & IoT products & solutions
- Flexible and scalable business model
- Strengthen Management and M&A campaign



**1979**

Foundation of SECO

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**2008**

SECO is one of the founders of the new standard for the embedded domain: Qseven®



**2013 – 18**

UDOO Maker Boards launched on Kickstarter



**2019**

Acquisition of Fannal Electronics



**2018**

New HQ in Arezzo & FITEC Capital Increase € 10.000.000



**2020**

Acquisition InHand Electronics, Ispirata and Hopely



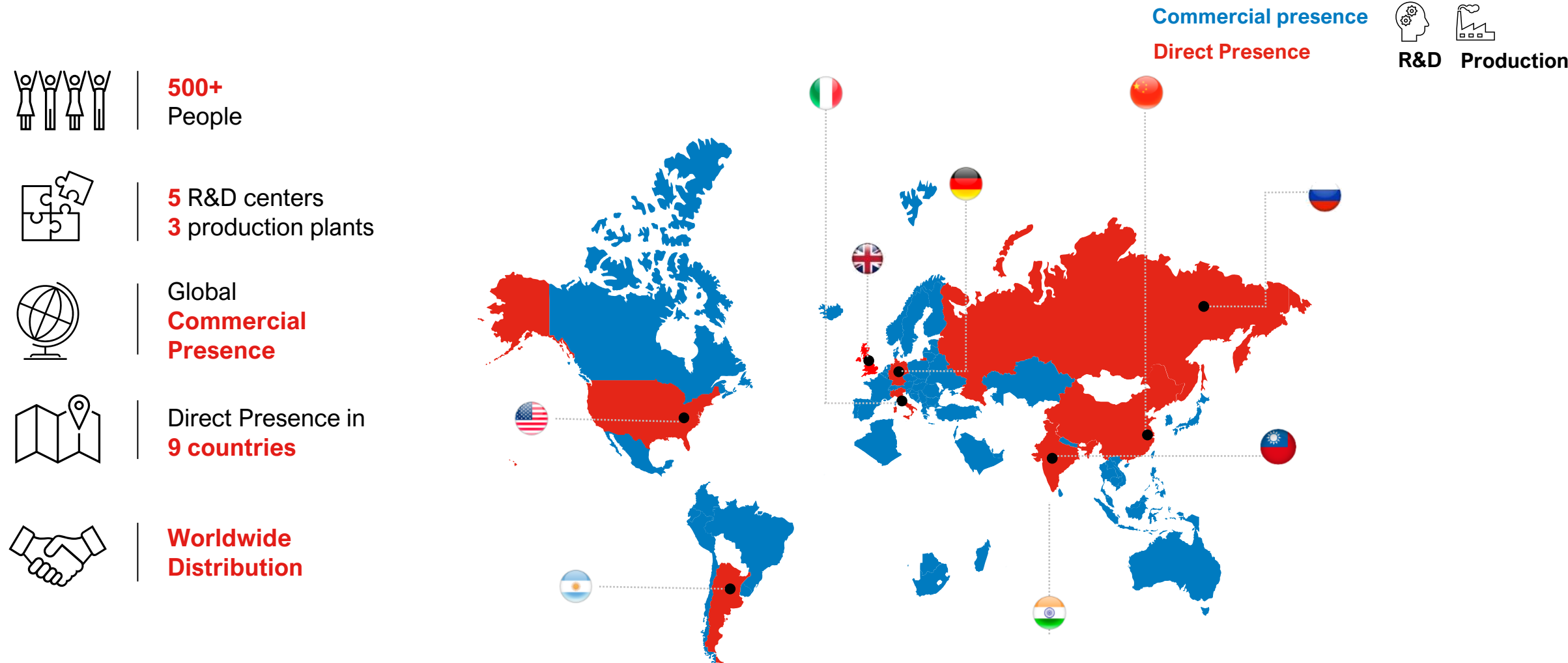
**2021**

SECO Mind division brings together the group's expertise in AI, IoT & data orchestration

IPO in MTA-STAR of Borsa Italiana

Oro Networks acquisition

# OPTIMIZED SCALE FOR A GLOBAL CUSTOMER BASE



# WHAT WE DO

## R&D COMPETENCES

### Experience in developing products leveraging the most innovative platforms from leading Technology Providers

SECO cooperates in a co-design approach with the most important technology players, adopting new technologies for edge computing



### Effective Cooperation with Leading Chip Makers to Obtain Early Access to New Technologies

#### EARLY ACCESS PROGRAMS



Chip vendor uncovers new technology to selected Partners, calling for product proposals

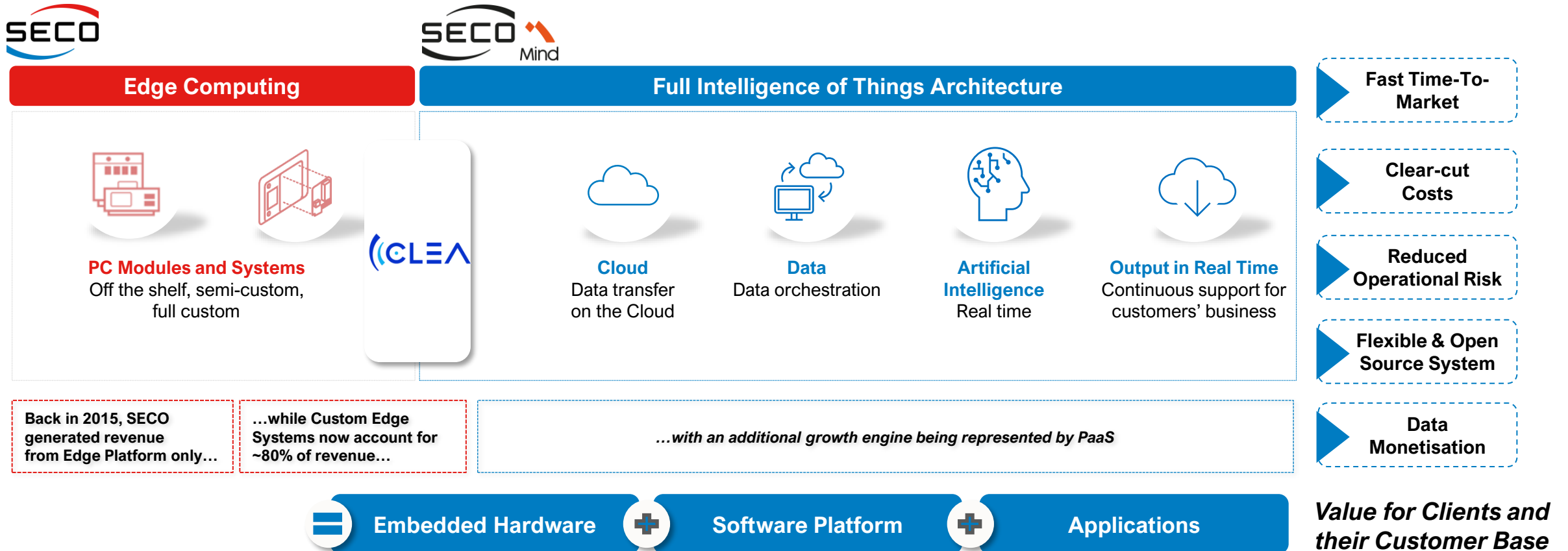


Partners are selected for EAP based on capability to manage state of the art technology



Solutions from partners are the primary go to market strategy being available at mass market launch

# FROM EDGE TO AI





# WHAT WE DO TODAY IN EDGE COMPUTING

## Off-the-shelf Products

### Single Board Computers & Modules



### Boxed solutions, HMIs & Gateways



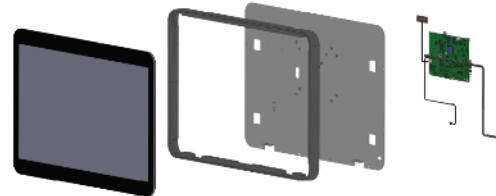
Full offering of single board computers, modules, devices and gateways with design compliant to the most widely used standards

## Semi-custom Edge Systems

### Custom carrier boards + modular solutions



### Modular HMIs



Semi-custom products are based on a combination of standard embedded products and tailored accessories or electronics developed for the specific application

## Full Custom Edge Systems

### Integrated Software

### Custom Touch screen

### Remote control system



From the design (with intellectual property) to the engineering and manufacturing of the whole system based on customer's needs

# CLEA

## KEY STRENGTH POINTS



### Flexible & Open-Source System

Clea is part of a larger Open-Source ecosystem and does not force its users into any kind of technological lock-ins. It is also deployable and exploitable on non-SECO hardware, and entirely based on Open Standards.



### Fast Time-To-Market, Lower Costs and Reduced Operational Risk

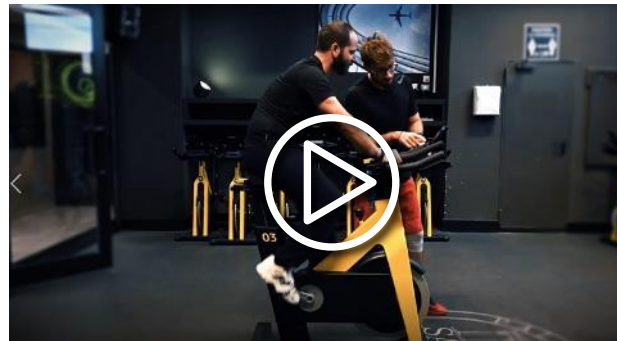
Clea is a one-stop shop for all the AI and IoT needs of your company. Relying on Clea and SECO as your main supplier means not only reducing project costs and risks but also one single, dedicated, support infrastructure



### Highest security and Privacy Standards

Clea is highly focused on privacy and security. It guarantees data integrity and protection and privacy, allowing customers to retain full data ownership

### VENDING



**FITNESS** Applications

### COFFEE



**MEDICAL** Applications

# CLEA FROM EDGE TO AI COMBINING HARDWARE AND AI SUITE

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Clea is a full-fledged AI/IoT platform designed to turn field data into actionable and measurable insights. It is provided as a single, one-stop solution that comes natively integrated with all SECO hardware.



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## Edge Device Management

- On-demand application deployment
- Bi-directional interaction between devices and the cloud



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## Data Management from the Field

- First-tier data analytics at the edge
- Automated data modelling in the cloud


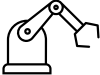
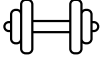

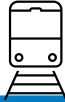





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## Data Intelligence in the Cloud

- Assisted model training within the platform
- Integrated AIOps within data flows from the fields

# KEY COMPETENCES IN MULTIPLE APPLICATION DOMAINS

								
	Medical	Industrial Automation	Fitness	Vending & Retail	Transportation	Aerospace & Defence	Infotainment Entertainment	Other
Key value drivers	<ul style="list-style-type: none"> <li>▪ Growing adoption of smart medical devices</li> <li>▪ High resiliency (anti-cyclical market)</li> <li>▪ Long &amp; expensive certification processes</li> <li>▪ High tech lock-in over product life-cycle</li> </ul>	<ul style="list-style-type: none"> <li>▪ Growing market due to adoption of smart factory and industry 4.0</li> <li>▪ Integration sensors and telemetry to predict maintenance services, consumable spare parts, etc.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Highly growing market due to the increasing adoption of wearable connected devices</li> <li>▪ Increasing “home fitness” model</li> </ul>	<ul style="list-style-type: none"> <li>▪ Rising adoption of connected vending machines, improving customer experience</li> <li>▪ Introduction of new “not traditional” payment and interacting system, (mobile phone, voice, face recognition)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Long &amp; expensive certification processes</li> <li>▪ Tender business model usually. Once acquired takes 3-5y roll-out installation and business continuity</li> </ul>	<ul style="list-style-type: none"> <li>▪ High resiliency (anti-cyclical market)</li> <li>▪ Long &amp; expensive certification processes</li> <li>▪ High tech lock-in over product life-cycle</li> </ul>	<ul style="list-style-type: none"> <li>▪ Large volume business</li> <li>▪ Expected fast growing after the pandemic</li> </ul>	<ul style="list-style-type: none"> <li>▪ Power/Utilities</li> <li>▪ Digital Signage</li> <li>▪ Telco</li> <li>▪ Security &amp; Surveillance</li> <li>▪ Test &amp; Measurement</li> </ul>

# SUSTAINED COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY

Environment ISO 14001:2015	Quality mgmt. ISO 9001:2015	Medical ISO 13485:2016	Inform. security ISO27001:2015	Aerospace & Defense
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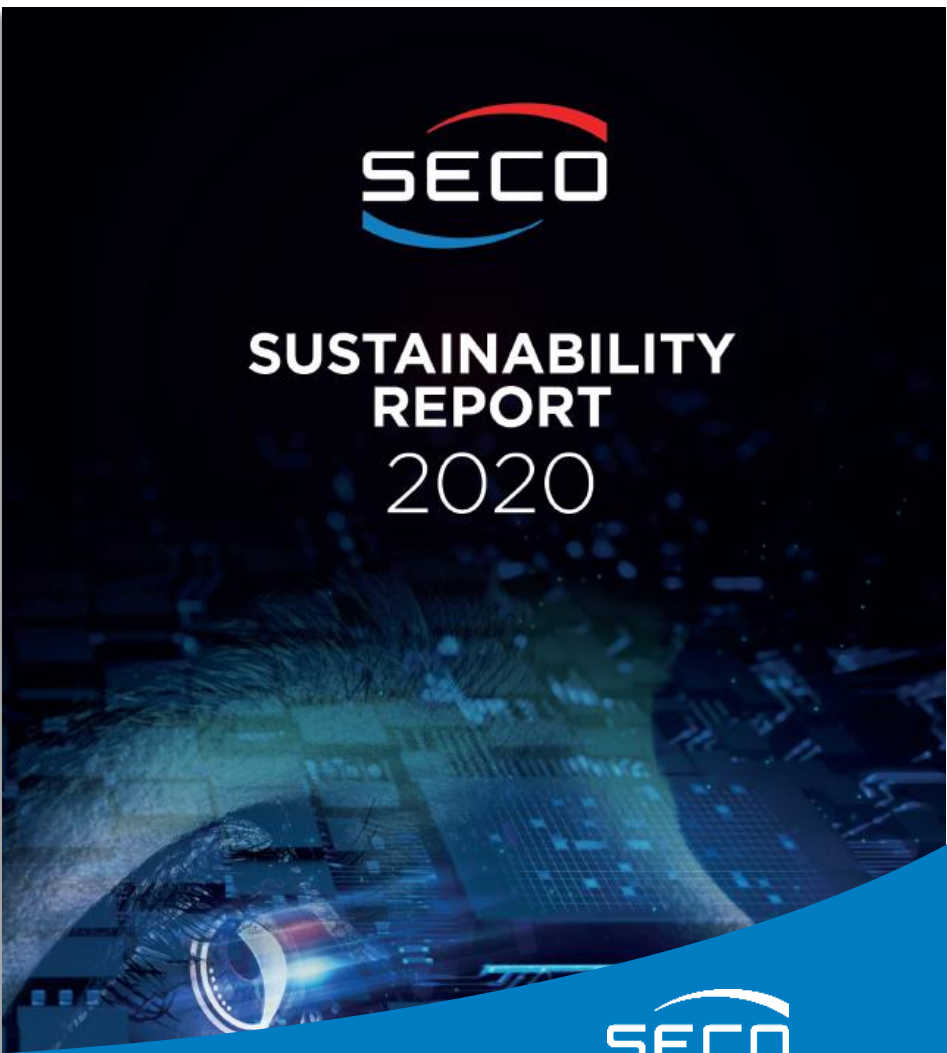


**100%** Share of electricity from renewable sources for Arezzo & Tregozzano plants

**5** New products for Biomedical & Wellness applications: 20+ new products overall in 2020

**300+** Aluminum bottles distributed to employees to minimize the use of plastic

**13** Suppliers certified according to ESG criteria: certification process started in 2020





# HOW WE DO IT

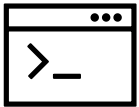
ENABLING OUR CUSTOMERS TO CUT  
DEVELOPMENT COSTS AND TIME TO MARKET



High success  
**developing custom products** along with customers thanks to a rigorous planning of activities

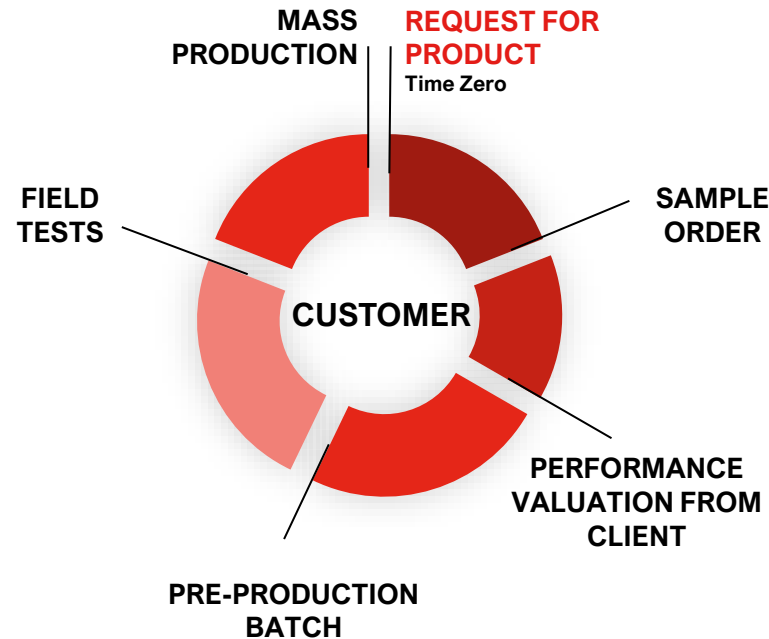


**Continuous interaction**  
with customers from design to manufacturing

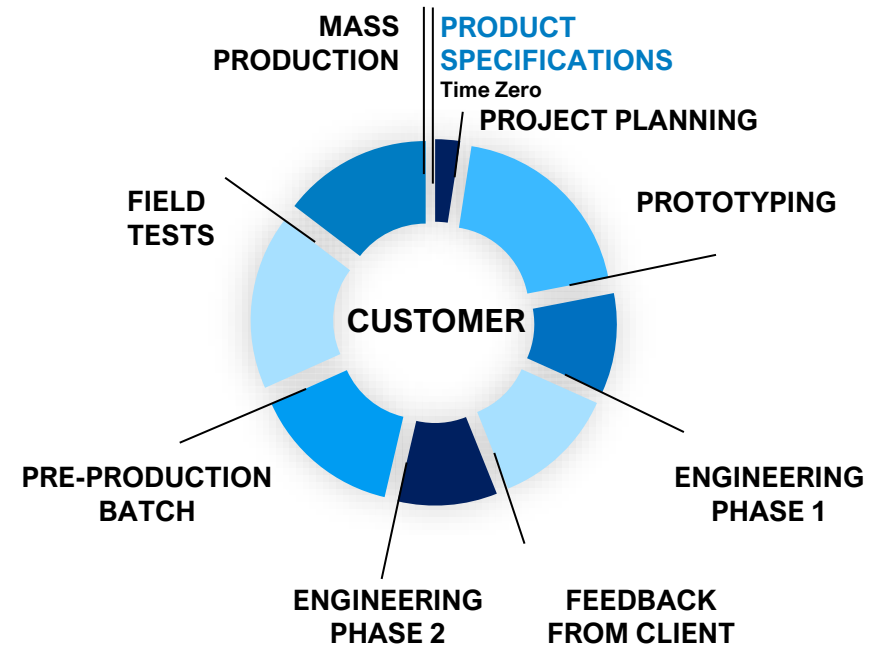


**Dedicated software services** tailored on customers' needs fully entrenched within product development and production process

Products based on  
**off-the-shelf solutions**  
**~ 5-7 months**



Products based on  
**custom solutions**  
**~ 12-18 months**





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Thank you  
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