



Endless ways to the future

9M and Q3 2021 Results

November 11, 2021



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HERE TODAY



Massimo Mauri
CEO



Lorenzo Mazzini
CFO

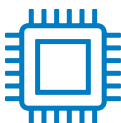


Marco Parisi
Head of Investor Relations

KEY TAKEAWAYS FROM 2021 YTD



Above-market performance in Q3 2021, thanks to an accelerating organic growth and profitability improvement vs. Q3 2020



Gross profit margin incidence growing despite components' shortage on the market



9M 2021: Net sales **+22%**, Adj. EBITDA **+39%** vs. 9M 2020

Q3 2021: Net sales **+51%**, Adj. EBITDA **+79%** vs. Q3 2020



CLEA business at €1.3m in Q3 2021 (>+240% growth vs. Q2 2021)



Garz & Fricke acquisition completed in October 2021, integration continuing at full pace



Strong order backlog growth (+121% Oct21 vs. Oct20), significantly increased visibility on Q4 2021 and beyond

Q3 AND 9M 2021 FINANCIAL HIGHLIGHTS

- Solid growth trend continuing in Q3 2021, making SECO an **industry best performer** despite components shortage affecting global markets
- 2021 FY guidance raised to Euro 114 million in light of **record order intake levels**

+20%

Total Revenues¹ growth

€68.7m in 9M 2021 (vs. €57.3m in 9M 2020)

- Strong net sales acceleration in Q3 2021 (+51% vs. Q3 2020, +22% in 9M 2021 vs. 9M 2020)
- CLEA generating ~€1.3m software revenue in Q3 2021 (>+240% growth vs. Q2 2021)
- Growth mainly distributed across EMEA and APAC, with USA substantially stable

+24%


Gross margin growth

€31.5m in 9M 2021 (vs. €25.4m in 9M 2020)

- 47.1% of net sales in 9M 2021, vs. 46.3% in 9M 2020
- Strongly improved profitability vs. 9M 2020, despite components shortage affecting all the market
- Temporary price increase actions adopted and expected to display full effect from Q4 on

FY 2021
outlook

€114m
(+43% vs. FY 2020)
FY 2021 Total revenues guidance

€114.5m 
Order backlog
as of October 31, 2021

+121% 
Order backlog growth rate
(October 2021 vs October 2020)

¹ Revenue from sales and other operating income

Q3 AND 9M 2021 FINANCIAL HIGHLIGHTS

- Strong operating leverage driven by continued business growth and OPEX control
- Adj. EBITDA and Adj. Net Income growing at ~40%+ in 9M 2021 vs. 9M 2020

+39%

Adj. EBITDA growth

€14.1m in 9M 2021 (vs. €10.1m in 9M 2020)

- 21.0% of net sales in 9M 2021 vs. 18.4% in 9M 2020

+41%

Adj. Net Income growth

€7.2m in 9M 2021 (vs. €5.1m in 9M 2020)

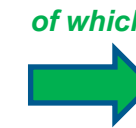
- 10.7% of net sales in 9M 2021 vs. 9.3% in 9M 2020

TOTAL REVENUES FURTHER GROWTH ACCELERATION IN Q3 2021

€68.7m
9M 2021

+€11.4m
9M 2021 vs. 9M 2020

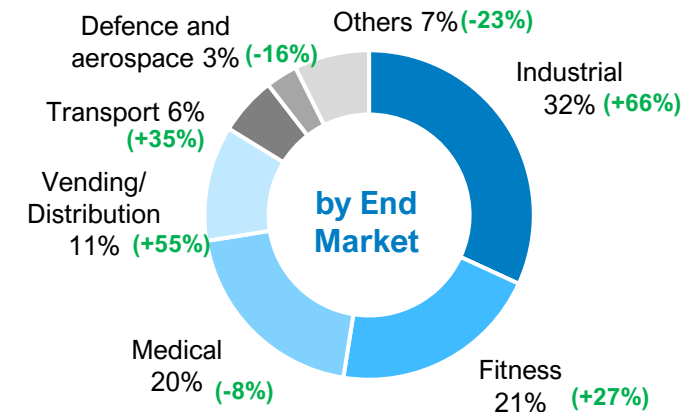
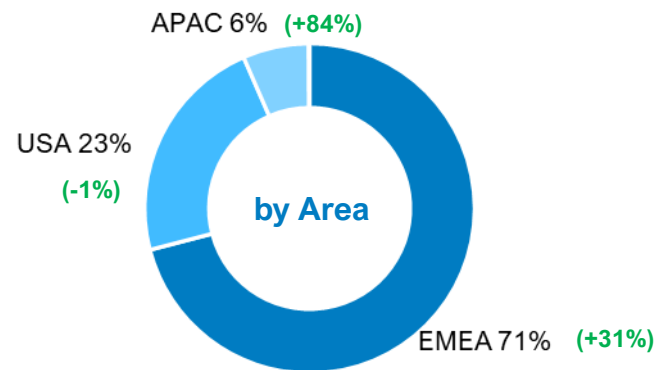
~€2.2m
generated by CLEA in 9M 2021



~€1.3m
CLEA revenue
in Q3 2021



Revenue from sales breakdown (9M 2021)



Legenda
(±XX%) Change vs. 9M 2020

- **9M 2021 Net sales growing by +22% vs. 9M 2020**, further accelerated by a **strong performance in Q3 2021 (+51% vs. Q3 2020)**
- 9M sales 2021 not including Oro Networks figures for the first six months of the year (~€1.6M)
- Net sales hitting **all-time record at €25.1m in Q3 2021**
- CLEA continuing its positive growth trend, hitting **~€1.3m revenue in Q3 2021 (>+240% growth vs. Q2 2021)**
- **Business diversification** allows to benefit from the recovery observed in **Industrial, Fitness, Transportation, Vending** industries
- **EMEA, APAC** markets showing strong growth rates, with the USA substantially stable

ADJUSTED EBITDA EVOLUTION

€14.1m

9M 2021

+€3.9m

9M 2021 vs. 9M 2020

+39%

% growth vs. 9M 2020

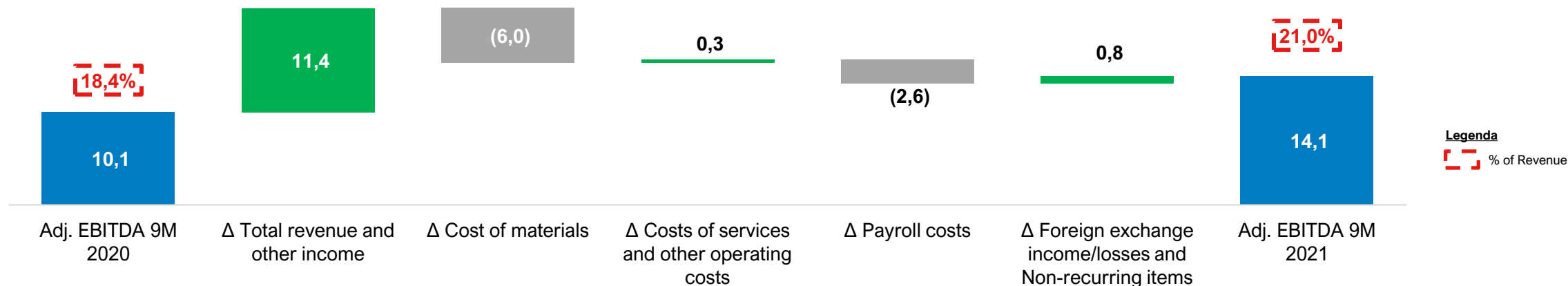
21.0%

of Revenue

+~ 260bps

Δ incidence on revenue
vs. 9M 2020

Adjusted EBITDA (€m)



- **Good operating leverage** driven by **continued business growth** and **OPEX control**
- Payroll cost (accounting for ~65% of total OPEX) increasing mainly due to: i) the inclusion of companies now merged into SECO Mind and SECO Mind US in the consolidation perimeter and ii) the actuarial value of management's stock option plan and shares granted to employees
- Non-recurring items 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

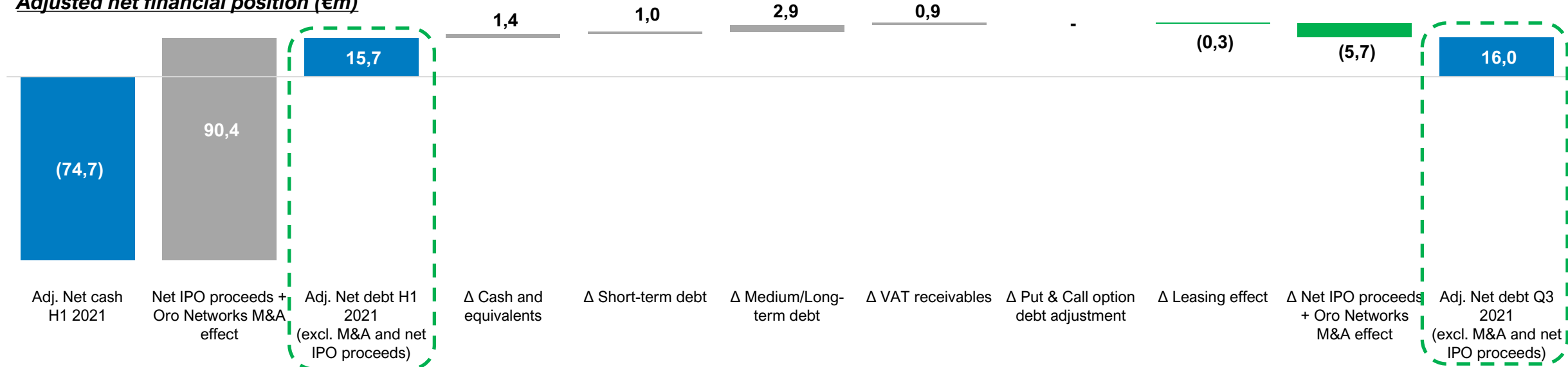
0.8x

Adj. NFP / LTM Adj. EBITDA¹ in
Q3 2021 (excl. Net IPO proceeds)

-0.1x

vs. June 2021

Adjusted net financial position (€m)



- Strong cash position thanks to ~€90m net IPO proceeds
- Net debt and Leverage excluding IPO proceeds substantially unchanged vs. H1 2021

¹ Q1 2021 Net Debt/ EBITDA ratio computed taking into consideration reported last 12 months ending 30 September 2021



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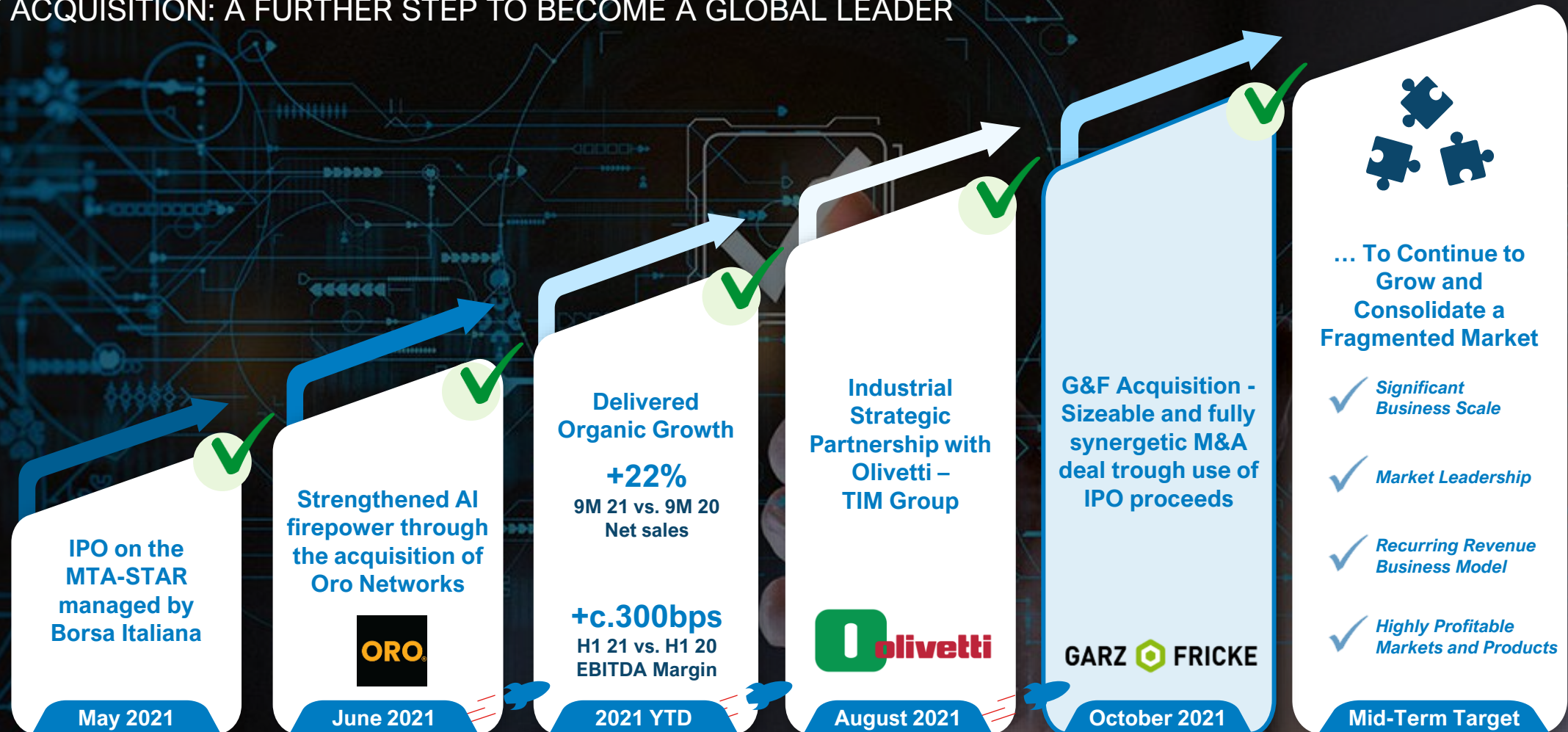
What's next?

Business update and
closing remarks

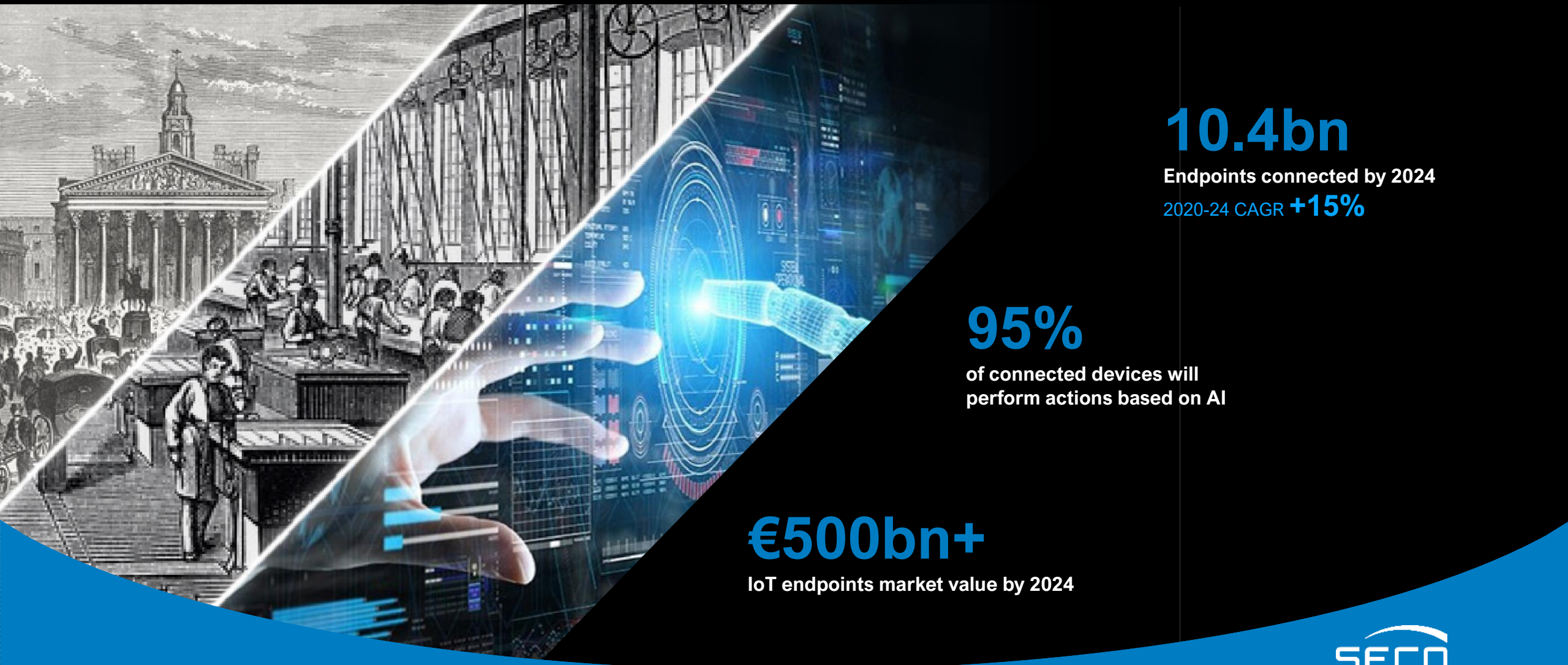


STRONG DELIVERY OF OUR IPO STRATEGIC PRIORITIES

G&F ACQUISITION: A FURTHER STEP TO BECOME A GLOBAL LEADER



WE ARE LIVING THE AGE OF A DIGITAL REVOLUTION...



10.4bn

Endpoints connected by 2024

2020-24 CAGR **+15%**

95%

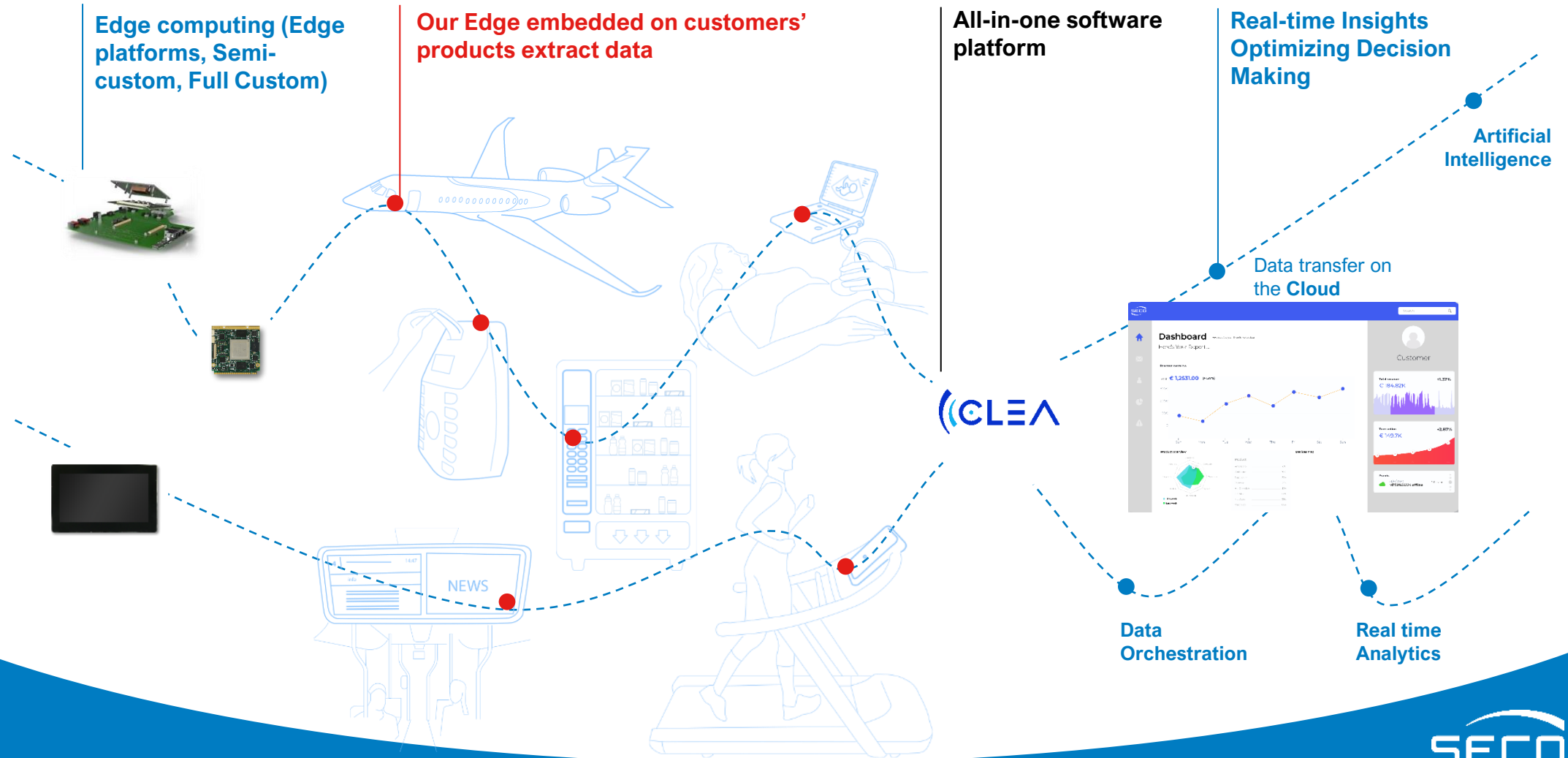
of connected devices will
perform actions based on AI

€500bn+

IoT endpoints market value by 2024



...WHERE IoT AND AI WILL PERVADE EVERY ASPECT OF OUR LIVES



OCTOBER '21 BACKLOG

ORGANIC GROWTH AND G&F CONTRIBUTION
PROVIDING STRONG VISIBILITY ON 2021 Q4 AND 2022

Total Order backlog (€m)

€51.7m → **€114.5m**
October 31, 2020 October 31, 2021

Growth rate (Oct21 vs. Oct20)

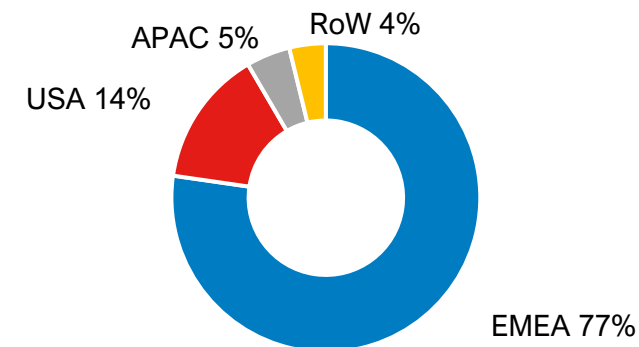
+121% ↑

Total order backlog
increase

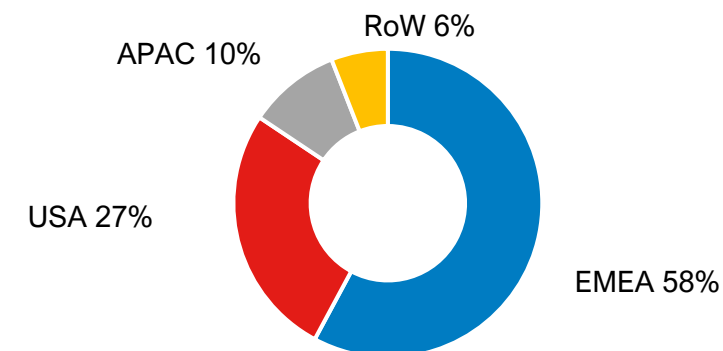
+184% ↑

Order backlog increase
without G&F contribution

Order backlog (31.10.21) - Total

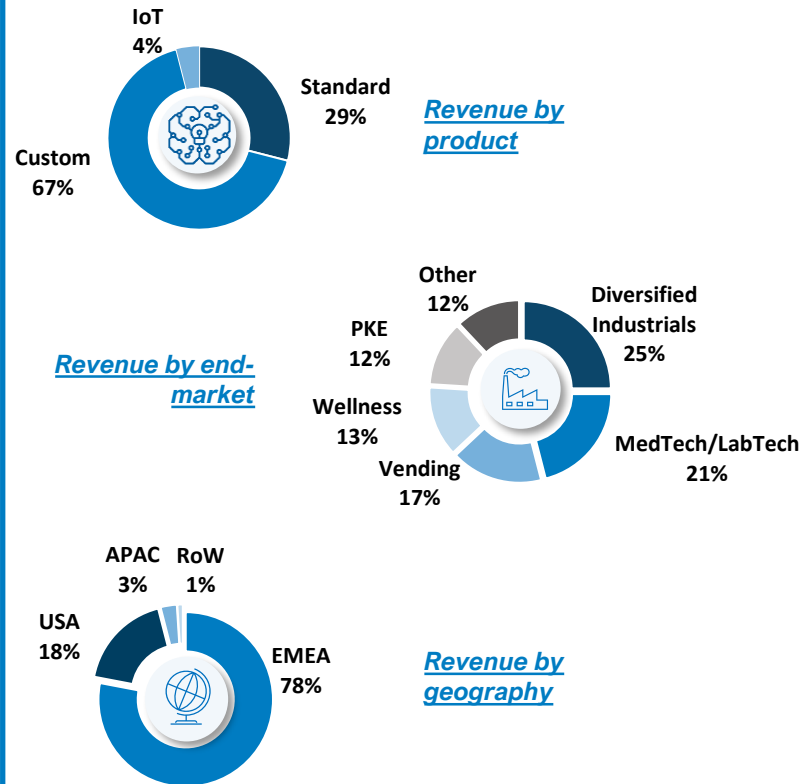


Order backlog (31.10.21) - excl. Garz & Fricke

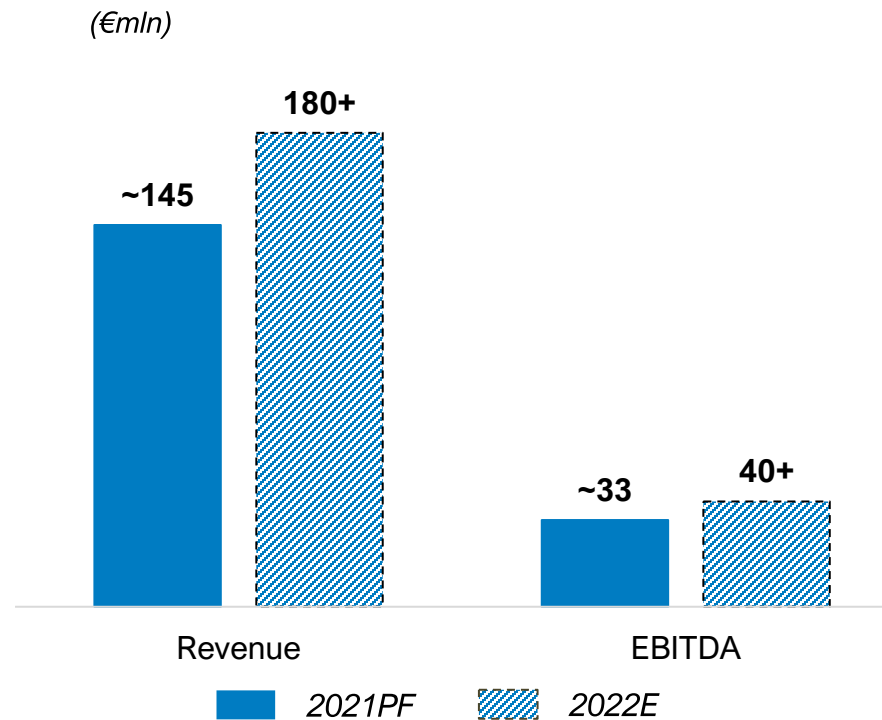


SECO TODAY: BEST-IN-CLASS PLAYER BY GROWTH AND PROFITABILITY, READY FOR FURTHER ACCELERATION

A strongly diversified business¹...



...ready for further growth...



...building a global leader

Top 3
Worldwide IoT-AI player

>20%
Revenue organic growth

~35%
2018A-2022E
Revenue CAGR

¹ 2020 pro-forma revenue breakdown also including Garz & Fricke on a pro-forma basis
Notes: A = Actual, PF = Pro-forma including full-year G&F figures, E = Expected

CLOSING REMARKS

Strong visibility on 2021 Q4 and 2022 thanks to a **highly increasing order intake**

G&F acquisition enthusiastically received from customers, with **integration roadmap** running at full pace

Successful transition to SaaS business model -
Fast-growing CLEA adoption and pipeline

Keep looking at **quality M&A** targets to continue buy-and-build strategy



Strong basis to continue our growth path in revenue and profitability terms



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Annex



FINANCIALS OVERVIEW

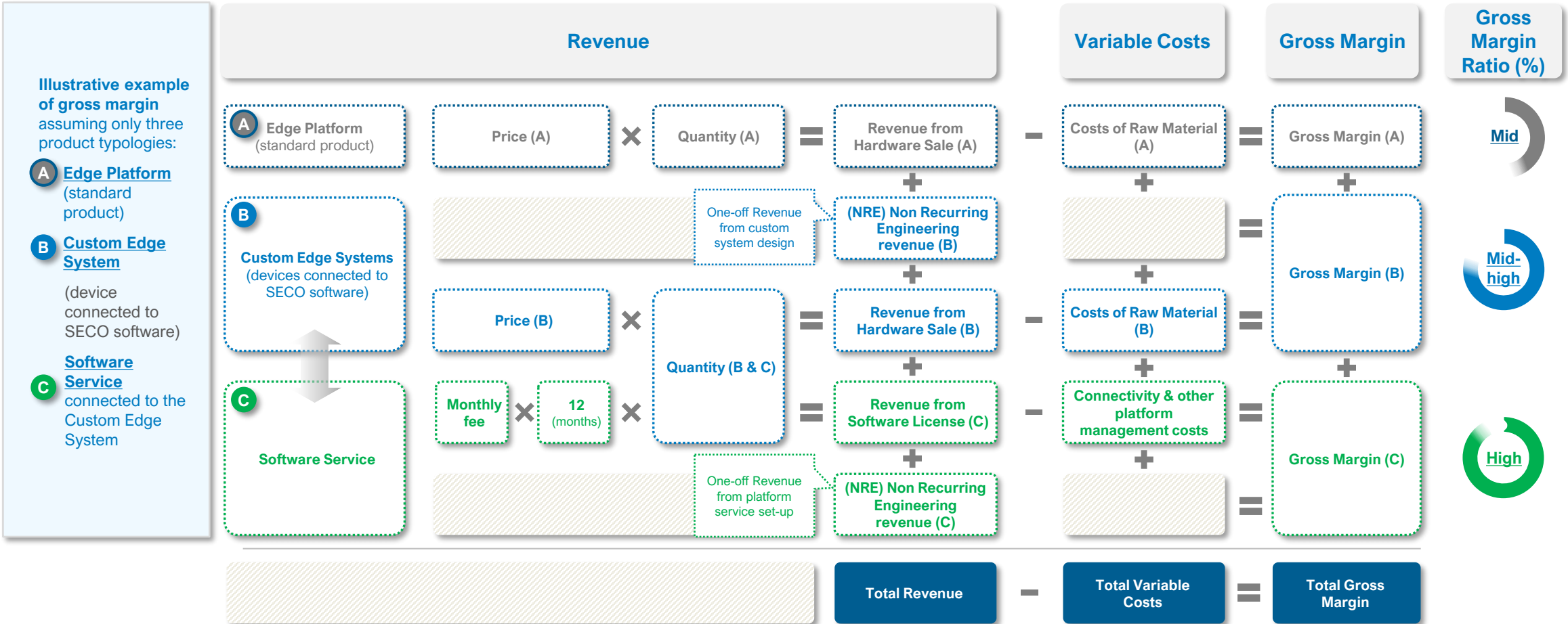
Income Statement

€mln	9M 2020	9M 2021
Net Sales	54,9	66,9
Consumption Costs	(29,4)	(35,4)
Gross Margin	25,4	31,5
% on Net Sales	46,3%	47,1%
Other revenues	2,5	1,8
Personnel costs	(11,5)	(14,1)
Other Opex	(7,4)	(7,6)
Exchange gains/losses	(0,1)	0,4
EBITDA	8,9	12,1
% on Net Sales	16,2%	18,0%
EBITDA ADJ	10,1	14,1
% on Net Sales	18,4%	21,0%
Depreciation	(3,1)	(4,5)
EBIT	6,0	7,1
% on Net Sales	10,9%	10,6%
Financial expenses	(0,1)	(0,4)
Tax	(1,4)	(1,8)
Net Income	4,3	5,3
% on Net Sales	7,8%	8,0%

Balance Sheet

€mln	Q4 2020	9M 2021
Net Working Capital	35,9	40,3
Total Fixed Assets	35,5	49,7
Other non-current assets	1,1	1,2
Provisions and other non-current liabilities	(3,7)	(3,7)
Net Invested Capital	68,8	87,5
Net Financial Position	17,8	(65,7)
Net Financial Position ADJ.	11,4	(68,7)
Total Equity	51,0	153,2
Total Funds	68,8	87,5

REVENUE AND COST MODEL



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



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BUSINESS MODEL

High revenue visibility



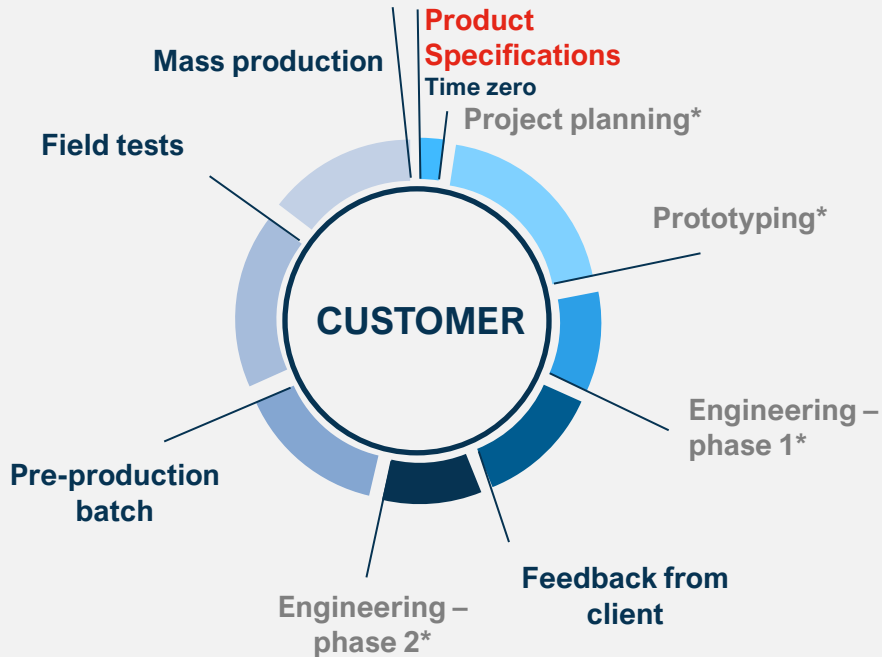
Multi-year product life cycle (3-5, up to 10+ years)

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



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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



1979
Foundation
of SECO

Z

W

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B

Q

2008

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

DEVELOPMENT

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



2013 – 18
UDOO Maker
Boards
launched on
Kickstarter



2019
Acquisition
of Fannal
Electronics



2018

New HQ
in Arezzo
& FITEC
Capital Increase
€ 10mln



2020
Acquisition
InHand
Electronics,
Ispirata and
Hopenly



SECO 3.0

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



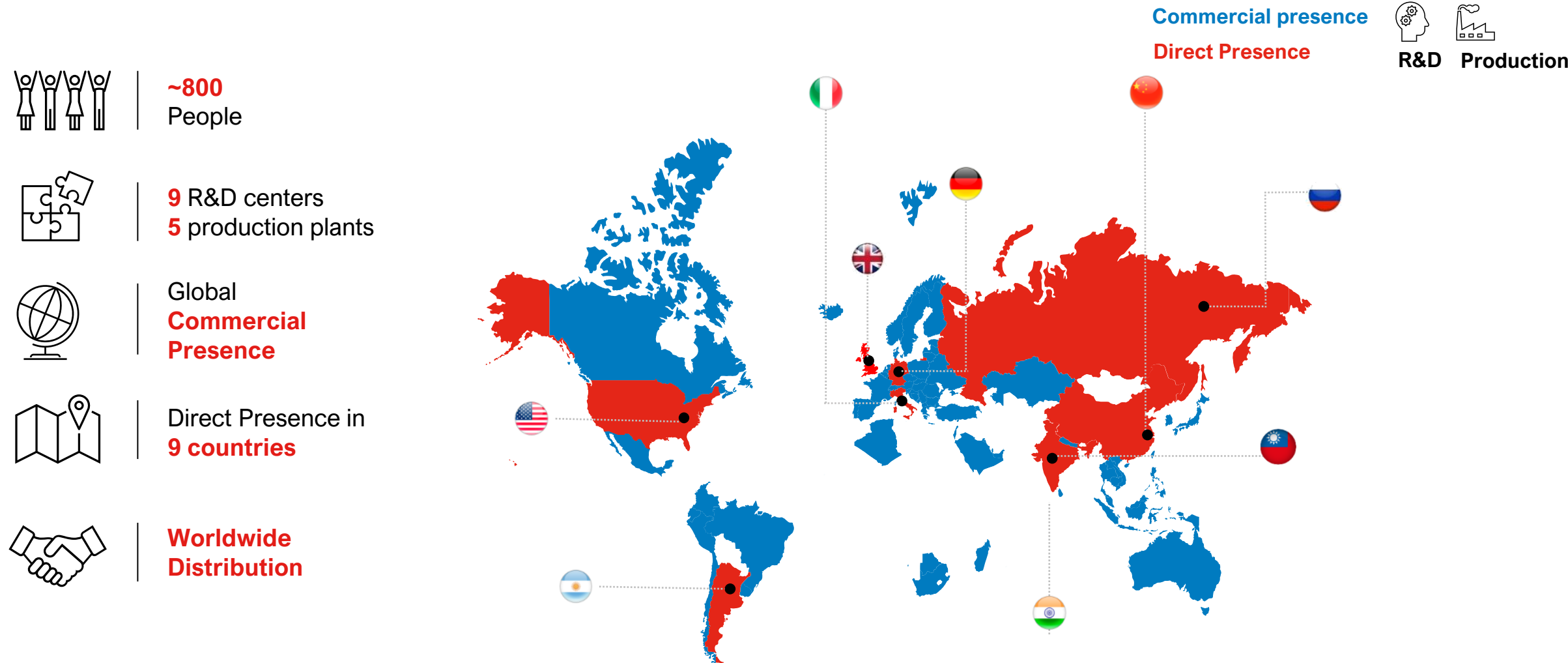
2021

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

IPO in Borsa
Italiana's MTA-
STAR

Oro Networks and
Garz&Fricke
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



Edge Computing



PC Modules and Systems

Off the shelf, semi-custom, full custom



Full Intelligence of Things Architecture



Cloud

Data transfer on the Cloud



Data

Data orchestration



Artificial Intelligence

Real time



Output in Real Time

Continuous support for customers' business

Fast Time-To-Market

Clear-cut Costs

Reduced Operational Risk

Flexible & Open Source System

Data Monetisation

Back in 2015, SECO generated revenue from Edge Platform only...

...while Custom Edge Systems now account for ~80% of revenue...

...with an additional growth engine being represented by PaaS



Embedded Hardware



Software Platform



Applications

Value for Clients and their Customer Base



WHAT WE DO TODAY IN EDGE COMPUTING

Off-the-shelf Products

Single Board Computers & Modules



Boxed solutions, HMIs & Gateways



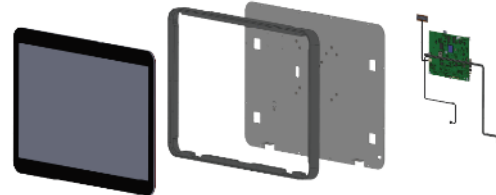
Full offering of single board computers, modules, devices and gateways with design compliant to the most widely used standards

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

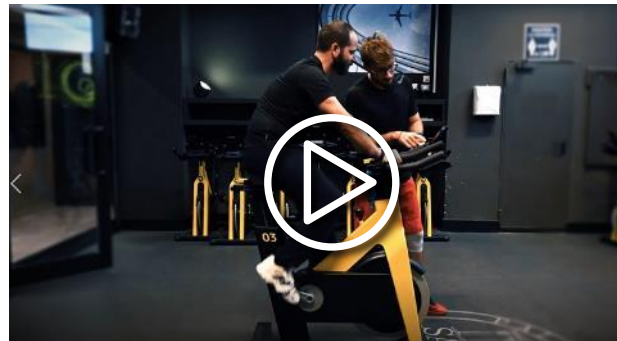
Clea is a one-stop shop for all the AI and IoT needs of your company. Relying on Clea and SECO as your main supplier means not only reducing project costs and risks but also one single, dedicated, support infrastructure



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



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.



Edge Device Management

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



Data Management from the Field

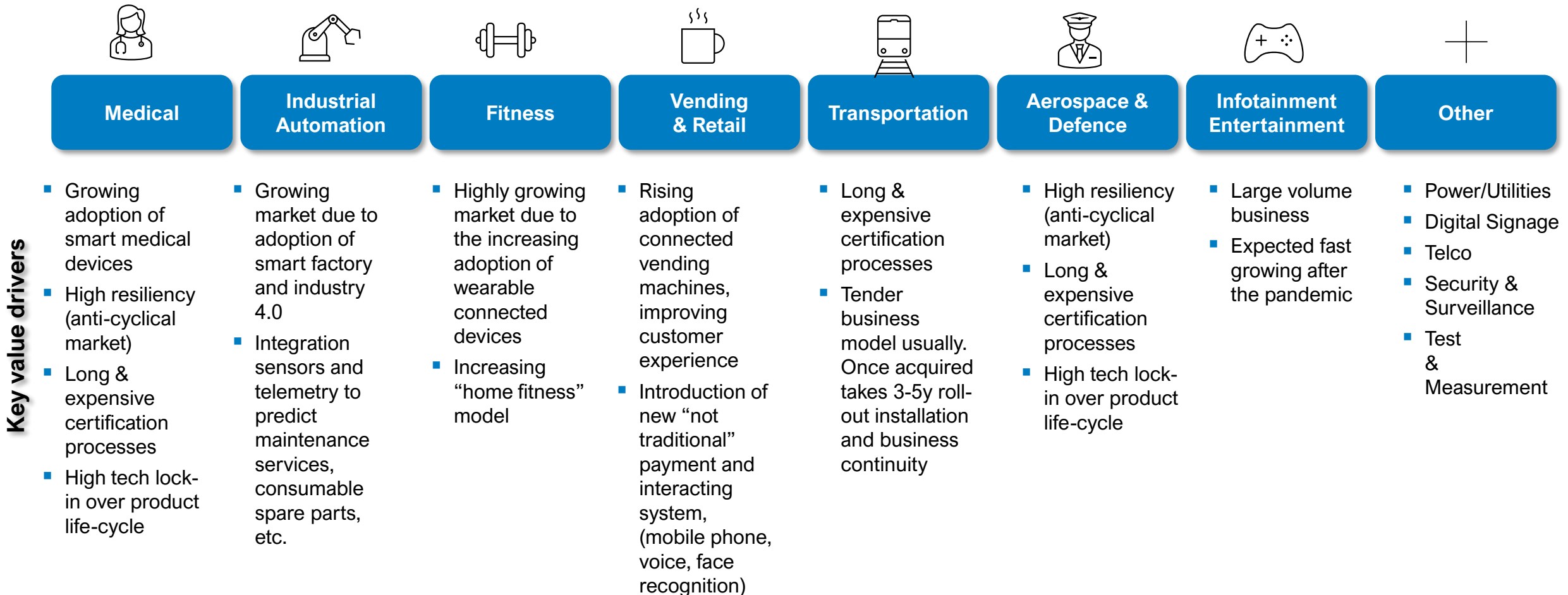
- First-tier data analytics at the edge
- Automated data modelling in the cloud



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



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 & Fitness 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

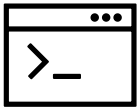
ENABLING OUR CUSTOMERS TO CUT
DEVELOPMENT COSTS AND TIME TO MARKET



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

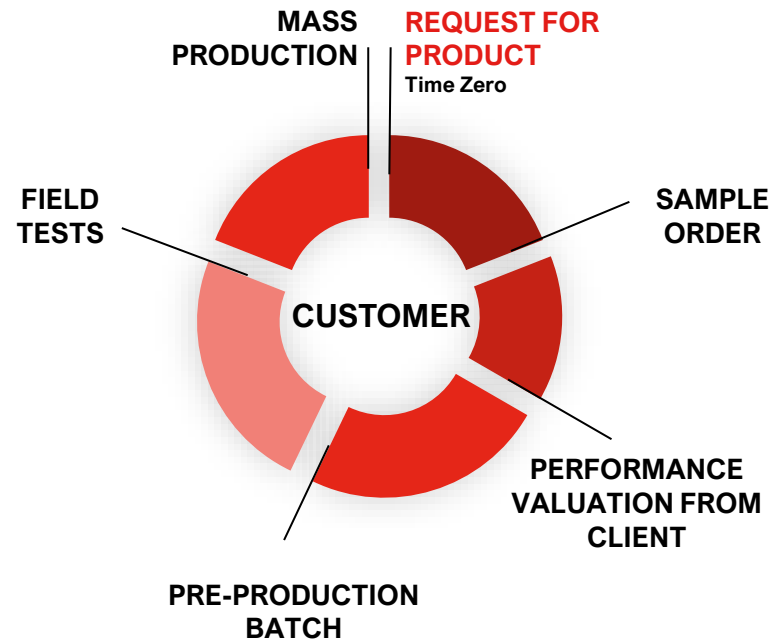


Continuous interaction
with customers from design to manufacturing

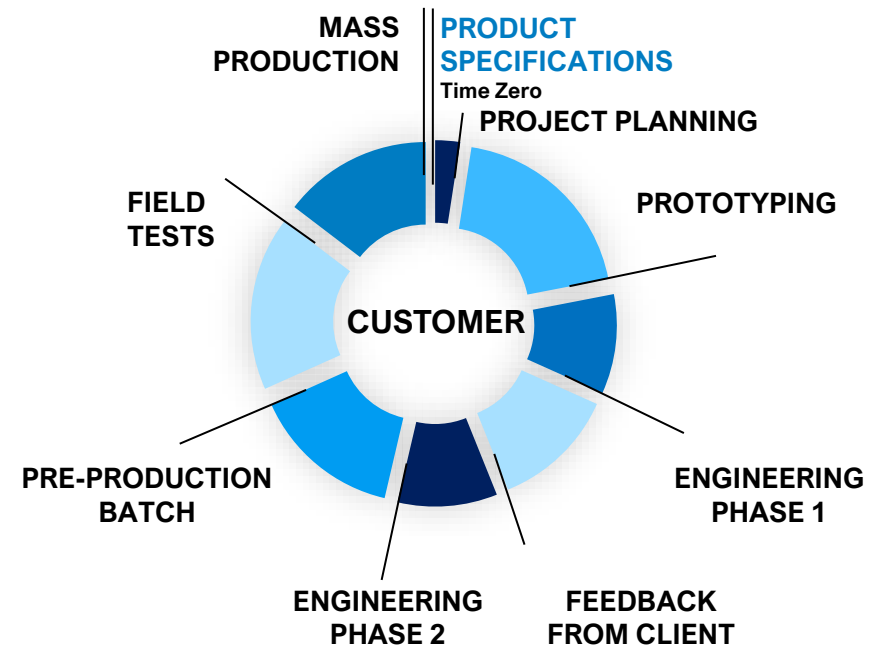


Dedicated software services tailored on customers' needs fully entrenched within product development and production process

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



Products based on
custom solutions
~ 12-18 months





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Thank you
www.seco.com

