



Endless ways to the future

---

# SECO: FY 2022 Results and Business update presentation

---

March 22, 2023

# Disclaimer

---

This document has been prepared by SECO S.p.A. (“SECO” or the “Company”), for information purposes only, exclusively with the aim of assisting you to understand and assess the activities of SECO. The information contained in this presentation does not purport to be comprehensive and may not have been independently verified by any independent third party.

Statements contained in this presentation, particularly regarding any possible or assumed future performance of the SECO Group, are or may be forward-looking statements based on SECO’s current expectations and projections about future events.

Such forward-looking statements are subject to risks and uncertainties, the non-occurrence or occurrence of which could cause the actual results, including the financial condition and profitability of SECO to differ materially from, or be more negative than, those expressed or implied by such forward-looking statements, due to any number of several factors, many of which are beyond the ability of SECO to control or estimate precisely. Consequently, SECO and its management can give no assurance regarding the future accuracy of the estimates of future performance set forth in this document or the actual occurrence of the predicted developments.

The data and information contained in this document are subject to variations and integrations. Although SECO reserves the right to make such variations and integrations when it deems necessary or appropriate, SECO assumes no affirmative disclosure obligation to make such variations and integration, except to the extent required by law.

SECO does not undertake any obligation to publicly release any updates or revisions to any forward-looking statements to reflect events or circumstances after the date of this presentation.

Any reference to past performance of the SECO Group shall not be taken as an indication of future performance.

In addition, this presentation includes or may include certain “Adjusted” financial and operating indicators and other measures, which have been adjusted to reflect extraordinary events, non-recurring transactions and activities which are not directly related to the Group’s ordinary business.

Such “Adjusted” information has been included to allow a better comparison of financial information across the periods; however, it should be noted that such information is not recognized as measures of financial performance or liquidity under IFRS and/or do not constitute an indication of the historical performance of the Company or the Group. Therefore, investors should not place undue reliance on such data and information.

This presentation does not constitute a recommendation regarding the securities of the Company.

This document does not constitute or form part of any offer or invitation to purchase or subscribe any shares issued by the Company and no part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever.

By reading this presentation, you agree to be bound by the terms set out.

# Here today

---



**Massimo Mauri**  
*CEO*



**Lorenzo Mazzini**  
*CFO*

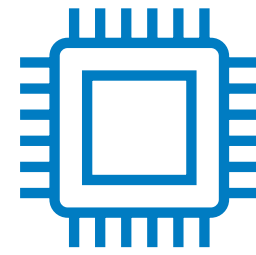
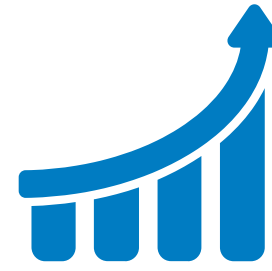


**Marco Parisi**  
*Head of Investor Relations*

# Key takeaways from 2022

1.

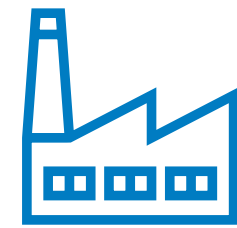
*Delivering execution  
in a complex  
scenario*



- **FY 2022:** Net sales at **€201m**, **+79%** vs. FY 2021 (**+43%** organic growth)
- Adj. EBITDA at **€44.0m** (**22%** of sales), **+74%** vs. FY 2021
- **Growth distributed** across **geographical areas** and **verticals**
- **Critical components stocking:** €22m invested during the year, a strategic decision to secure customer deliveries
- **€7m cash generation** in Q2-Q4 2022; **+0.4x improvement** in Adj. Net Debt / Adj. EBITDA ratio vs. FY 2021
- **Inventory level decreased** by **€6.7m** in Q4 2022

2.

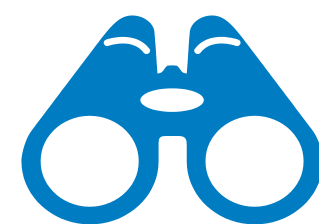
*Solid and resilient  
business model*



- **GPM** incidence stable in FY 2022 vs. FY 2021, at **47%**, despite negative effect of PPV
- CLEA business at **€18.5m** in FY 2022 (**9%** of sales), **+317%** vs. FY 2021

3.

*Strong visibility on  
2023-24*



- **Order backlog at €170m** at 28.02.23
- 2023-25 hardware **weighted pipeline at >€500m** as of February 2023
- Components' market is **gradually back to normal:** average lead times currently at around 27 weeks, seen further improving



# FY 2022 financial highlights

**FY21** → **FY22**

## Net sales

€112.3m → €200.9m

- **+79% growth**, **+43%** organic growth in FY 2022 vs. FY 2021
- Edge computing business growing at **69%** in FY 2022 vs. FY 2021
- CLEA revenue at **€18.5m** in FY 2022 (vs. €4.4m in FY 2021)

## Gross margin

€53.1m → €94.3m  
47.3% → 46.9%

- Price increase actions adopted in previous quarters and positive impact from CLEA revenue have helped maintain gross profit stable vs. FY 2021 despite temporary effects of PPV

## Adj. EBITDA

€25.3m → €44.0m  
22.5% → 21.9%

- **+74% growth** in FY 2022 vs. FY 2021
- OPEX at **29%** of FY 2022 Net sales, vs. **34%** in FY 2021

## Adj. Net Income

€11.5m → €20.5m  
10.3% → 10.2%

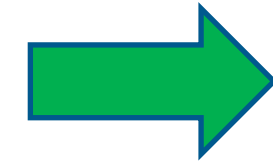
- **+77% growth** in FY 2022 vs. FY 2021
- D&A: +€9.5m higher vs. FY 2021
- Financial expenses: +€3.9M higher vs. FY 2021, largely due to G&F acquisition financing

...% = % of Net sales

# Net sales

**€200.9m**  
FY 2022 Net sales

**+€88.6m**  
FY 2022 vs. FY 2021



## FY 2022 vs. FY 2021 growth

**1.7x**  
Edge computing growth  
(**1.3x** on a like-for-like basis)

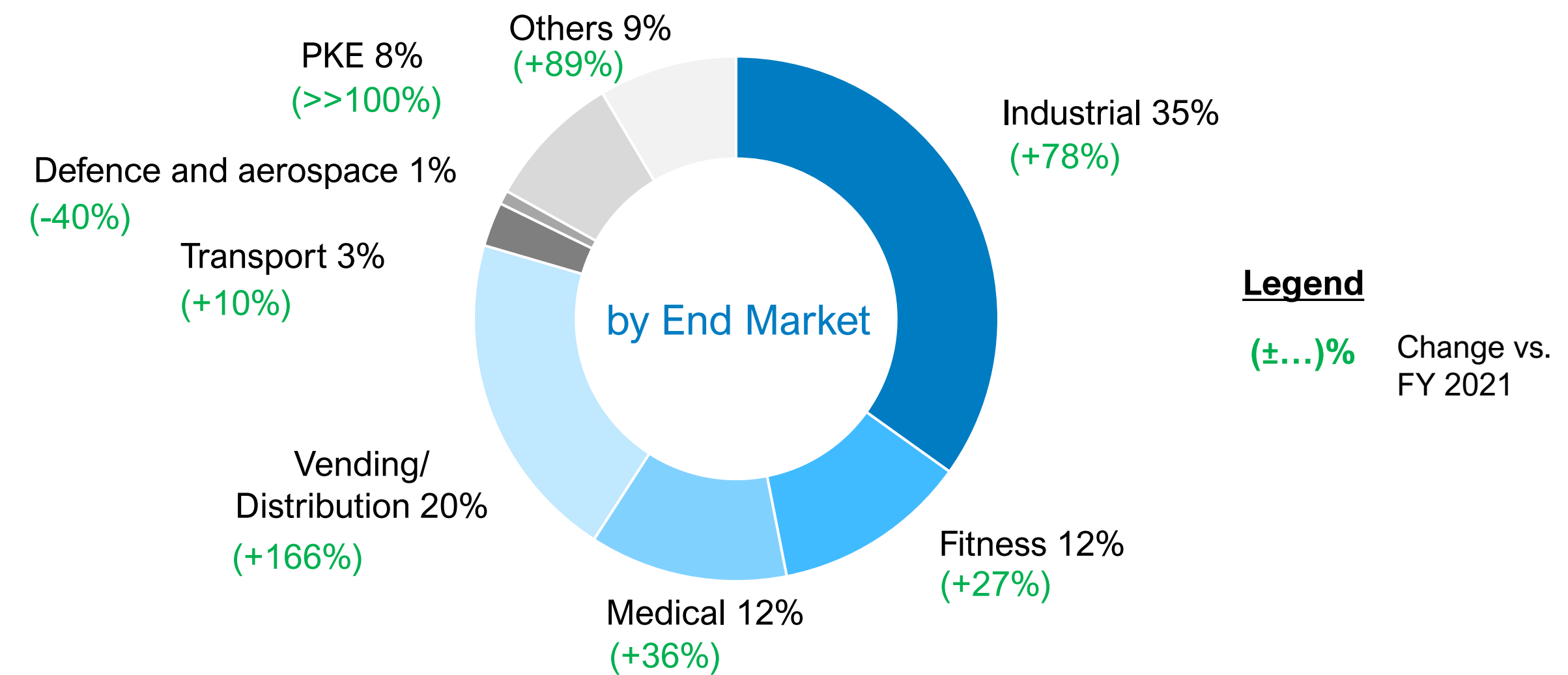
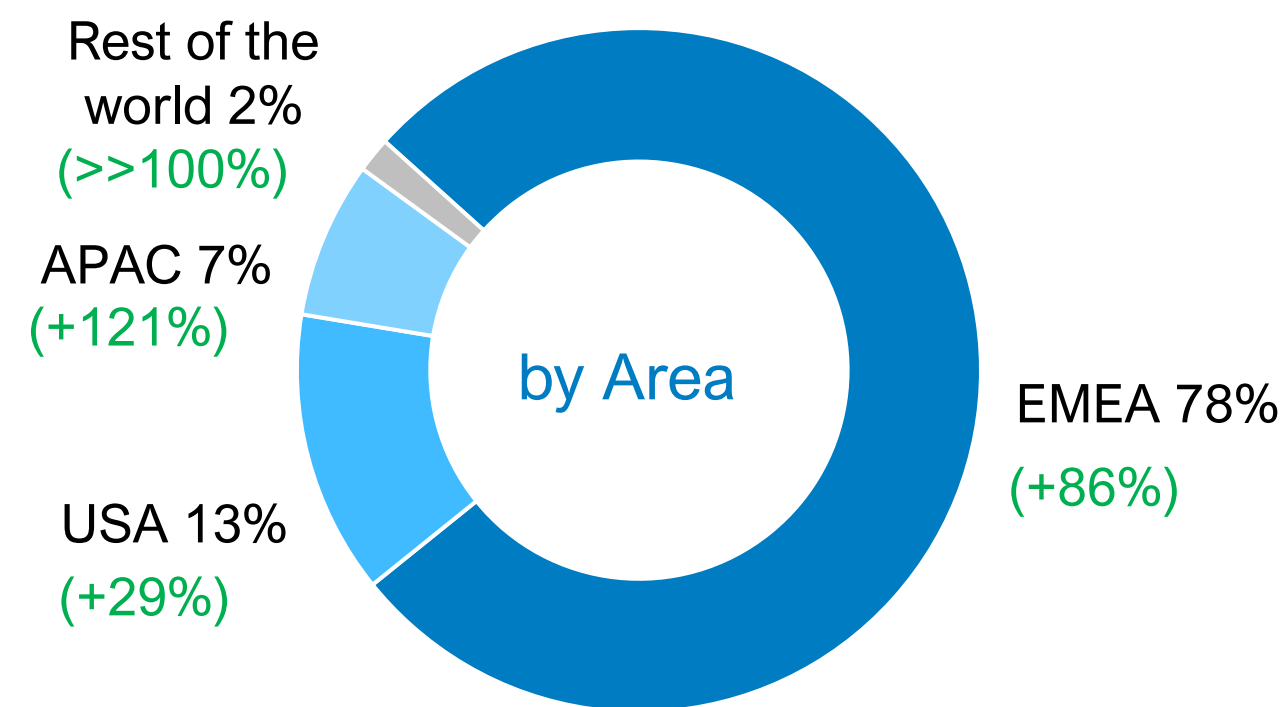
**4.2x**  
CLEA growth

9% of  
Net sales



**€18.5m**  
FY 2022 CLEA  
revenue

## Net sales breakdown (FY 2022)



**Legend**  
(±...)% Change vs. FY 2021

- FY 2022 Net sales growing by **+79%** vs. FY 2021 (**+43%** organic, **+37%** on a like-for-like basis)
- Edge computing business at **+69%** in FY 2022, largely thanks to a growth in the Industrial, Fitness, Medical, Vending industries

- CLEA business continuing its expansion trend, hitting **€18.5m** revenue in FY 2022 (**+317%** vs. FY 2021)
- EMEA, APAC, USA markets all showing growth trends

Note: percentages may not sum to 100% due to rounding; all numbers in €m are rounded to the closest first decimal place, so there may be deltas for up to ±€0.1m when variation figures are displayed

# Adjusted EBITDA

€44.0m

FY 2022 Adj. EBITDA

+€18.7m

FY 2022 vs. FY 2021

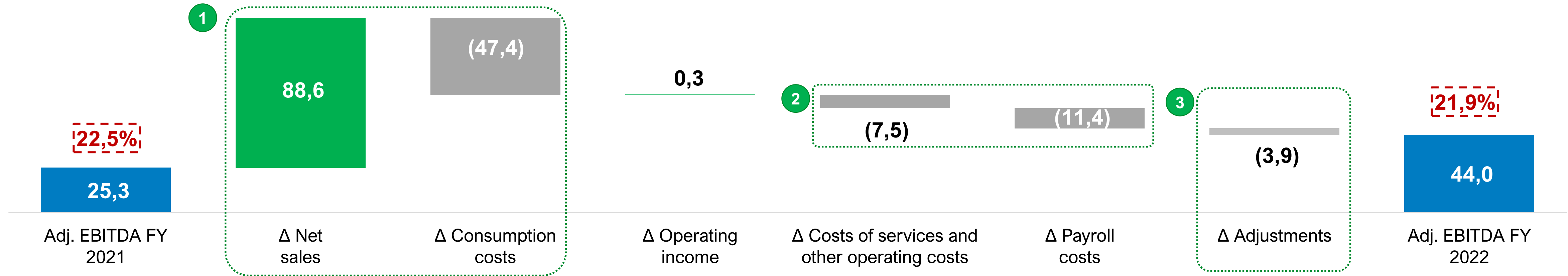
+74%

% growth vs. FY 2021

22%

of Net sales

## Adjusted EBITDA bridge (€m)

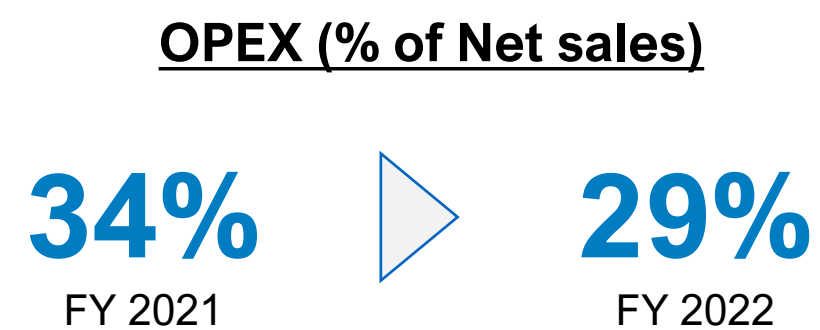


### 1 Gross margin effect

- +74% growth vs. FY 2021 mainly explained by **business expansion** in Edge computing and CLEA segments and **price increase** actions taken in past months becoming effective

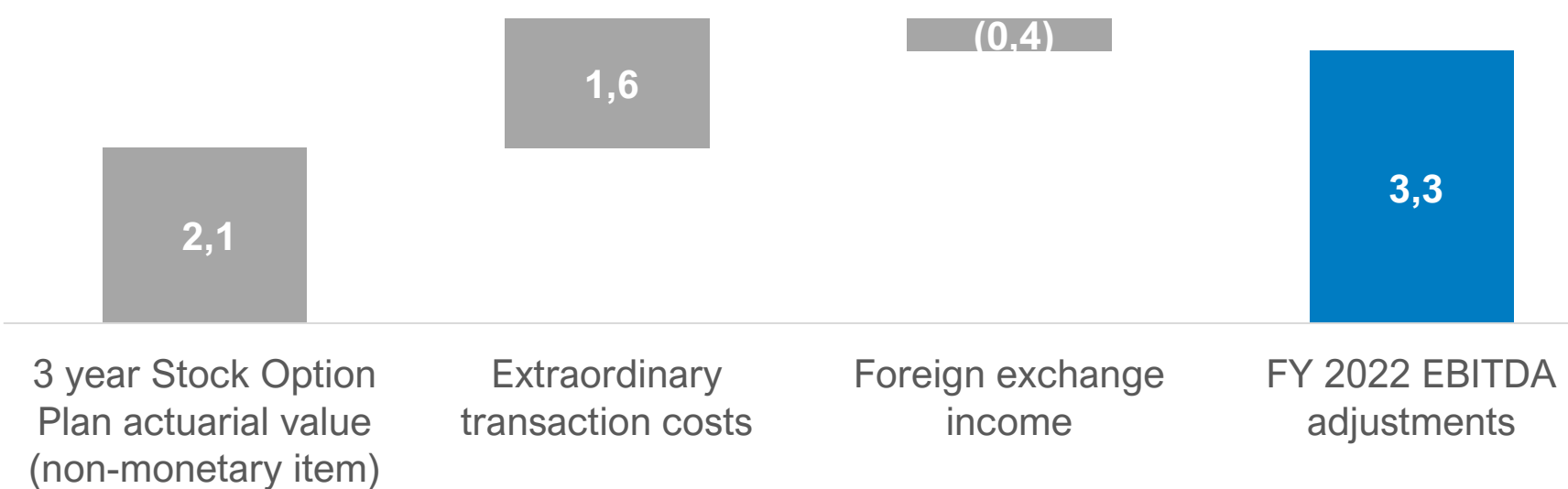
### 2 OPEX

- Business growth allowing for good **OPEX absorption**



### 3 Adjustments

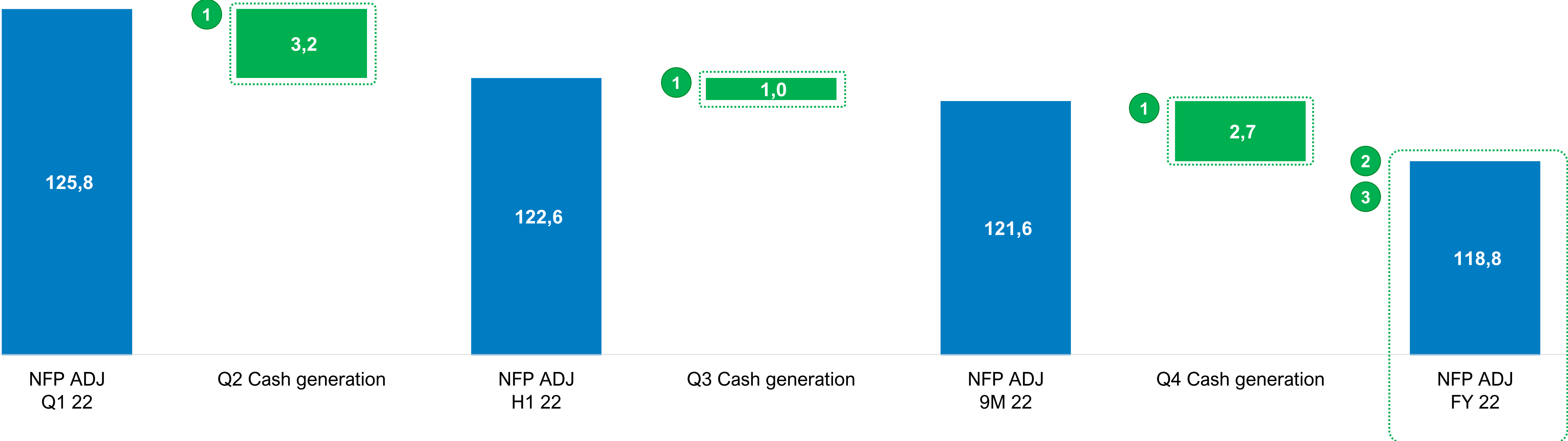
- FY 2022 EBITDA Adjustments



Note: all numbers in €m are rounded to the closest first decimal place, so there may be deltas for up to ±€0.1m when variation figures are displayed

# Adjusted Net financial position

## Adjusted Net debt bridge (€m)



### 1 Cash generation

**€7m**  
Cash generation in the last three quarters thanks to business expansion

### 2 Net debt Adjustments

VAT receivables €2,2m  
  
 Lease liabilities ex-IFRS 16 €7,8m  
**€10.0m** in FY 2022

### 3 Leverage

**3.1x** FY 2021 → **2.7x** FY 2022



Endless ways to the future

Note: all numbers in €m are rounded to the closest first decimal place, so there may be deltas for up to ±€0.1m when variation figures are displayed



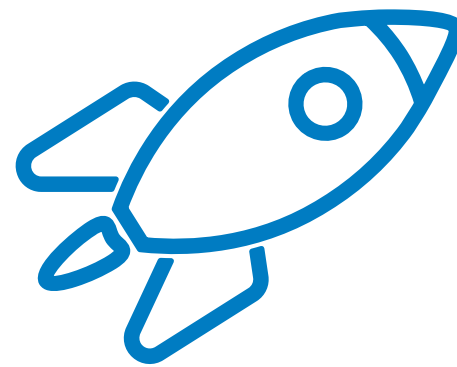


Endless ways to the future

# Business update

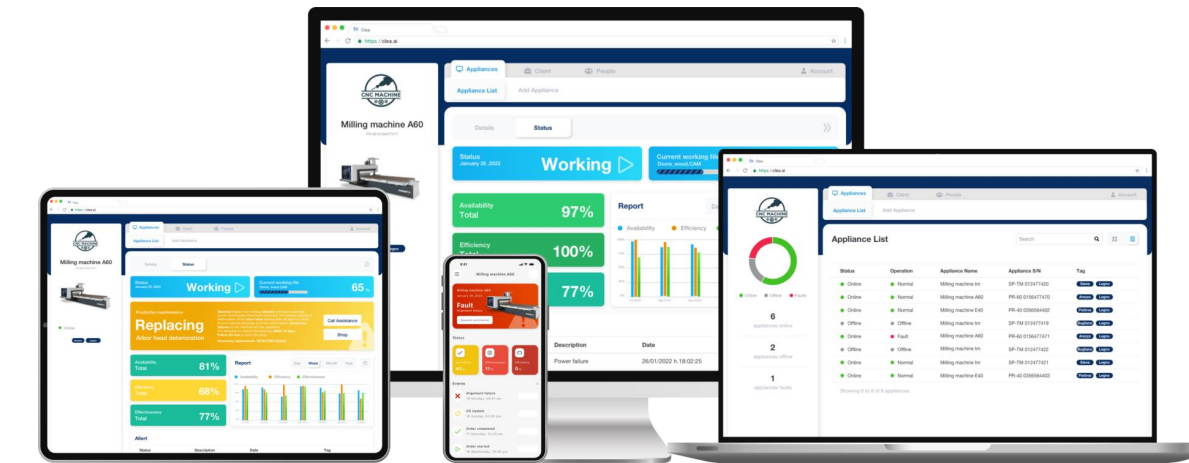
# Business update

## Growth path set to continue



- **+30% Net sales growth** expected in Q1 2023 vs. Q1 2022
- **Edge computing** solutions facing robust demand with several design wins already secured (mass production expected to start in 2023-25)
- **CLEA** expected to increase contribution on SECO Net sales, with recurring portion gaining share on total CLEA revenue


## Business model evolution



- **Axelera** and **Google Cloud** partnerships further enriching SECO ecosystem
- **CLEA as an OS**: leverage on partners and system integrators to seize **pure platform** business opportunities
  - ➡ Reduced customization efforts, higher platform scalability
- **CLEA App Store** to be launched in April 2023



# Bringing intelligence into our customers' devices

 Full system R&D and design

 In-house production

## A SECO system at work...



 System integration

 Natively compatible with 



Smart fitness machines



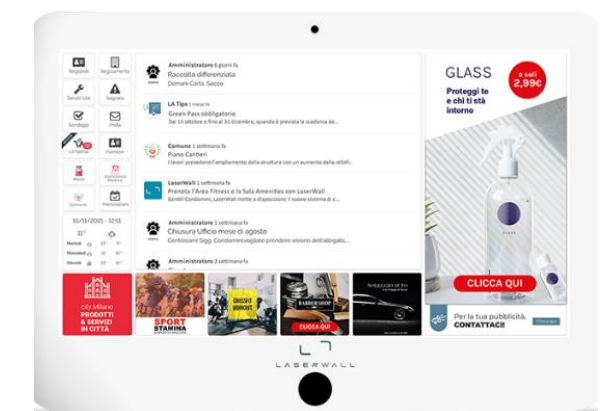
Industrial equipment



Medical devices



On-board passenger information systems



Digital billboards



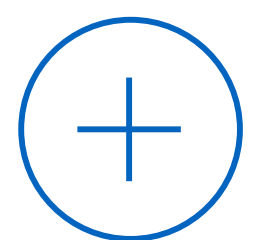
Coffee & Vending machines



Bowling scoring equipment



Voting machines



...and many more...

**SECO**

Endless ways to the future



# Axelera partnership

▶▶ High performance AI inference capabilities

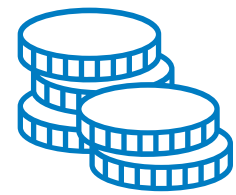


## Accelerating computer vision at the edge

*Development of a new SECO module based on Axelera's chip with high computation capabilities*



**Low latency** enabling real-time **edge AI** processing



**Cost effectiveness, reduced consumption** vs. architectures based on cloud processing



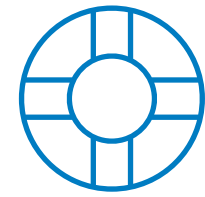
**CLEA** enabling deployment of **AI-based models** from the cloud to the edge



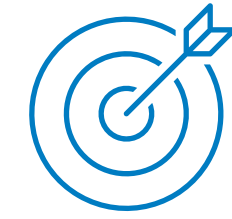
Endless ways to the future



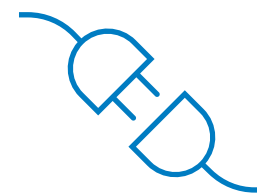
# Google Cloud partnership



Business continuity ensured to **Google Cloud IoT Core users** following its dismissal announcement



**CLEA + Google cloud services:** standardized framework for developers to **accelerate time-to-market** of their products and services based on IoT-AI



**Native integration** between CLEA and Google Cloud AI services following

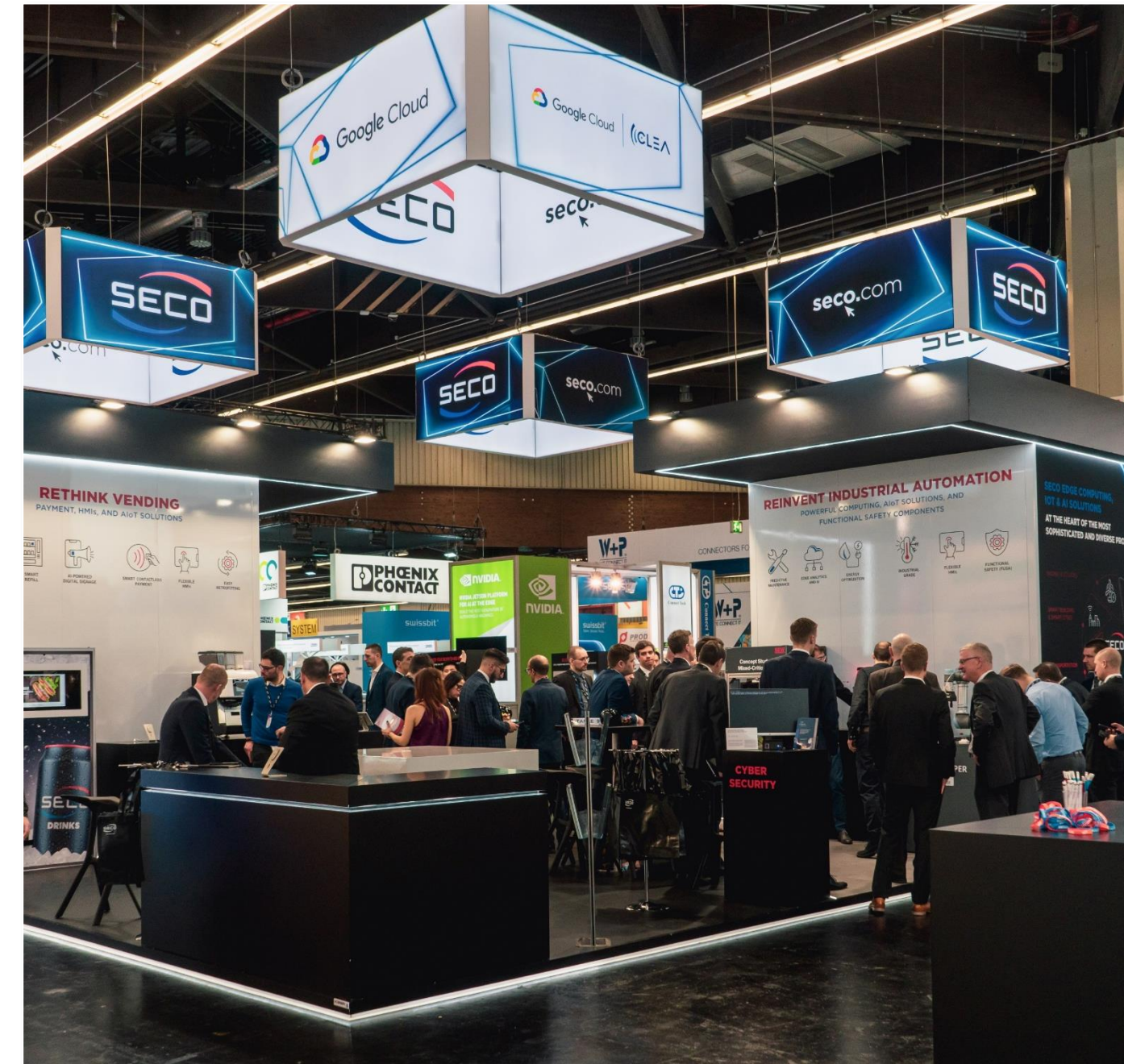


Co-operation between SECO and **Google Cloud's ecosystem** of partners



**Enhancing digital transformation in the Industrial world**

*Enabling end users to launch value added services by integrating information from all their data sources*



SECO booth at Embedded World 2023



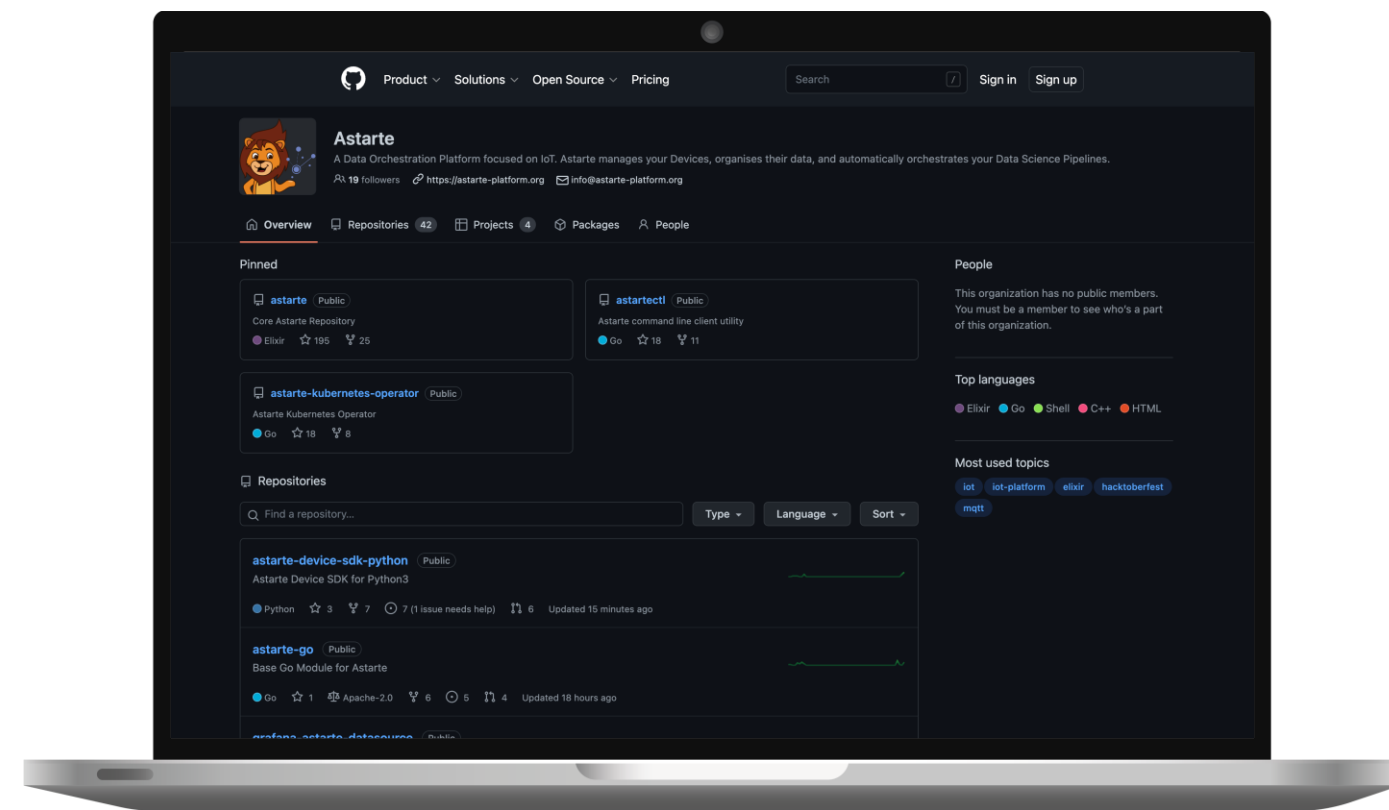
Endless ways to the future



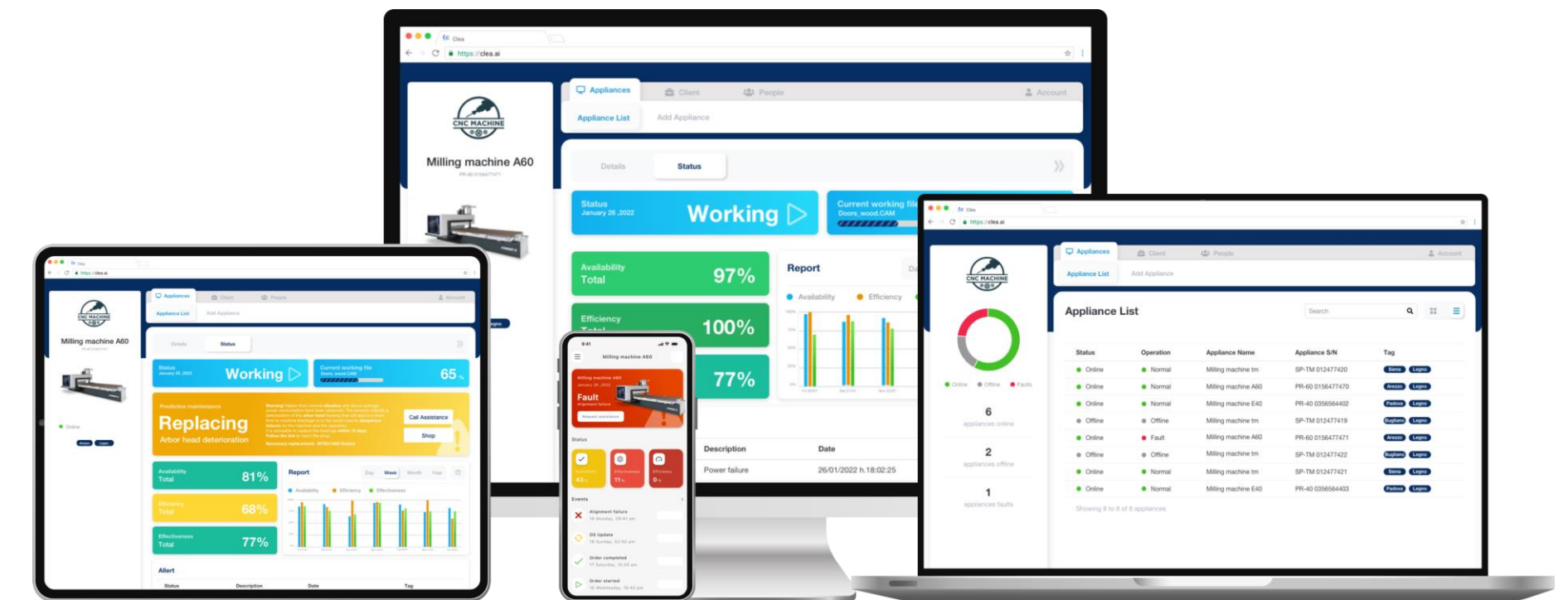
# How CLEA business model is transforming

Enhancing platform's scalability and recurring revenue generation

CLEA is an **Open Ecosystem** that allows customers to build and sell their own apps



Customers can also **let one of our System Integrator partners build it for them**



Or ask **SECO** to provide them with a **complete solution**

From the CLEA SDKs...

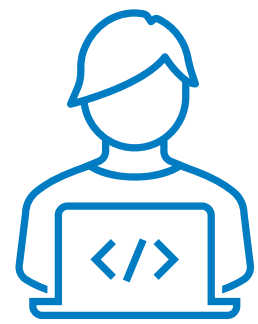
...to value added apps



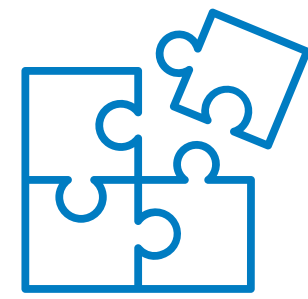
Endless ways to the future

# CLEA App Store

Enabling the servitization of our customers' business models



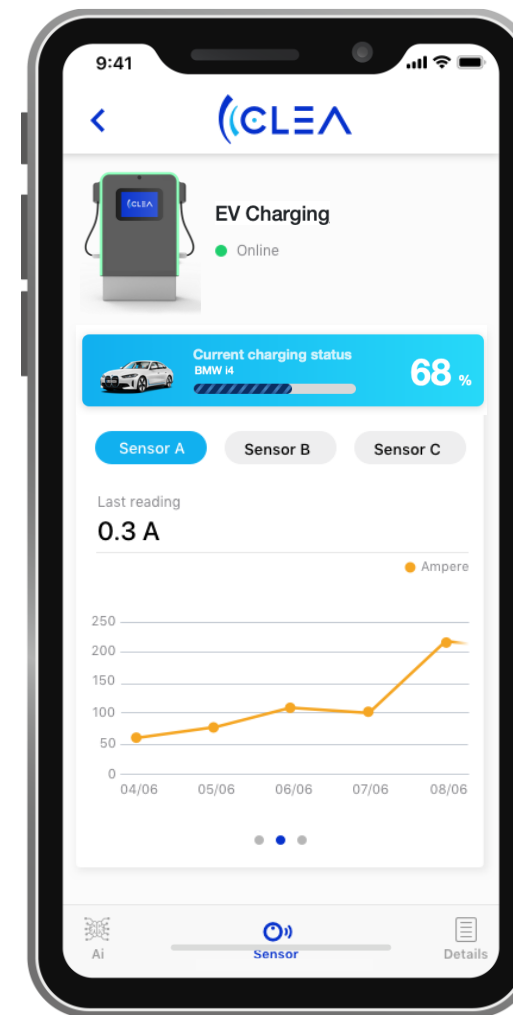
Customers to develop their own AI models to launch new **value-added services**



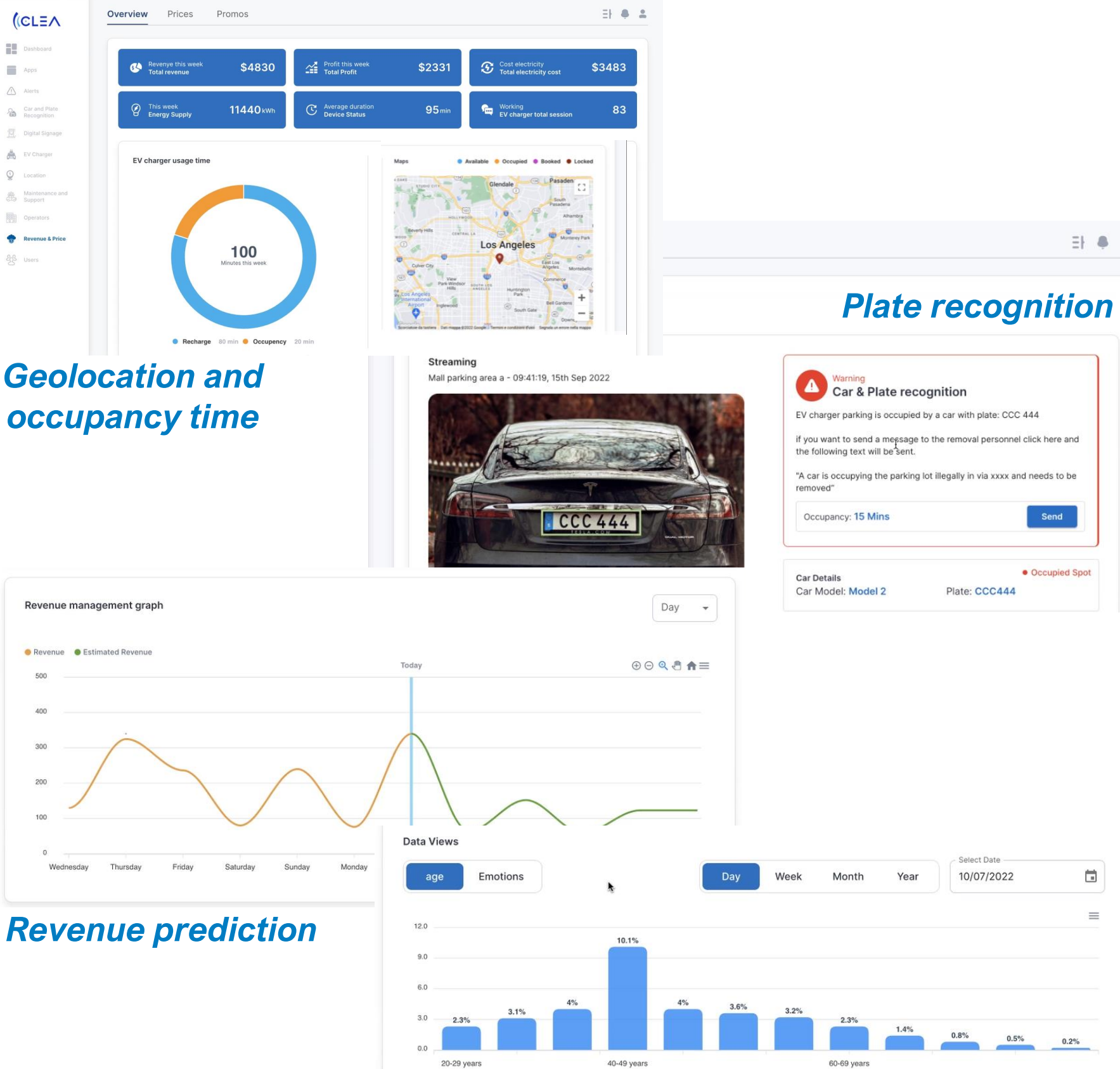
CLEA as the **technical infrastructure** to build **customers' private App Store**



Customers can **monetize their apps** and start **offering them as digital services** to their own customers



 The power of AI at your fingertips



**Overview** Prices Promos

Revenue this week	\$4830	Profit this week	\$2331	Cost electricity	\$3483
This week Energy Supply	11440 kWh	Average Duration	95 min	Working EV charger total session	83

**EV charger usage time**  
100 Minutes this week

**Geolocation and occupancy time**  
Map showing Los Angeles area with status: Available, Occupied, Sealed, Locked.

**Revenue management graph**  
Line graph showing Revenue and Estimated Revenue over time.

**Targeted advertising services**  
Bar chart showing age distribution: 20-29 years (2.3%), 30-39 years (3.1%), 40-49 years (10.1%), 50-59 years (4%), 60-69 years (3.6%), 70-79 years (3.2%), 80-89 years (2.3%), 90-99 years (1.4%), 100+ years (0.8%), 0.5%, 0.2%.

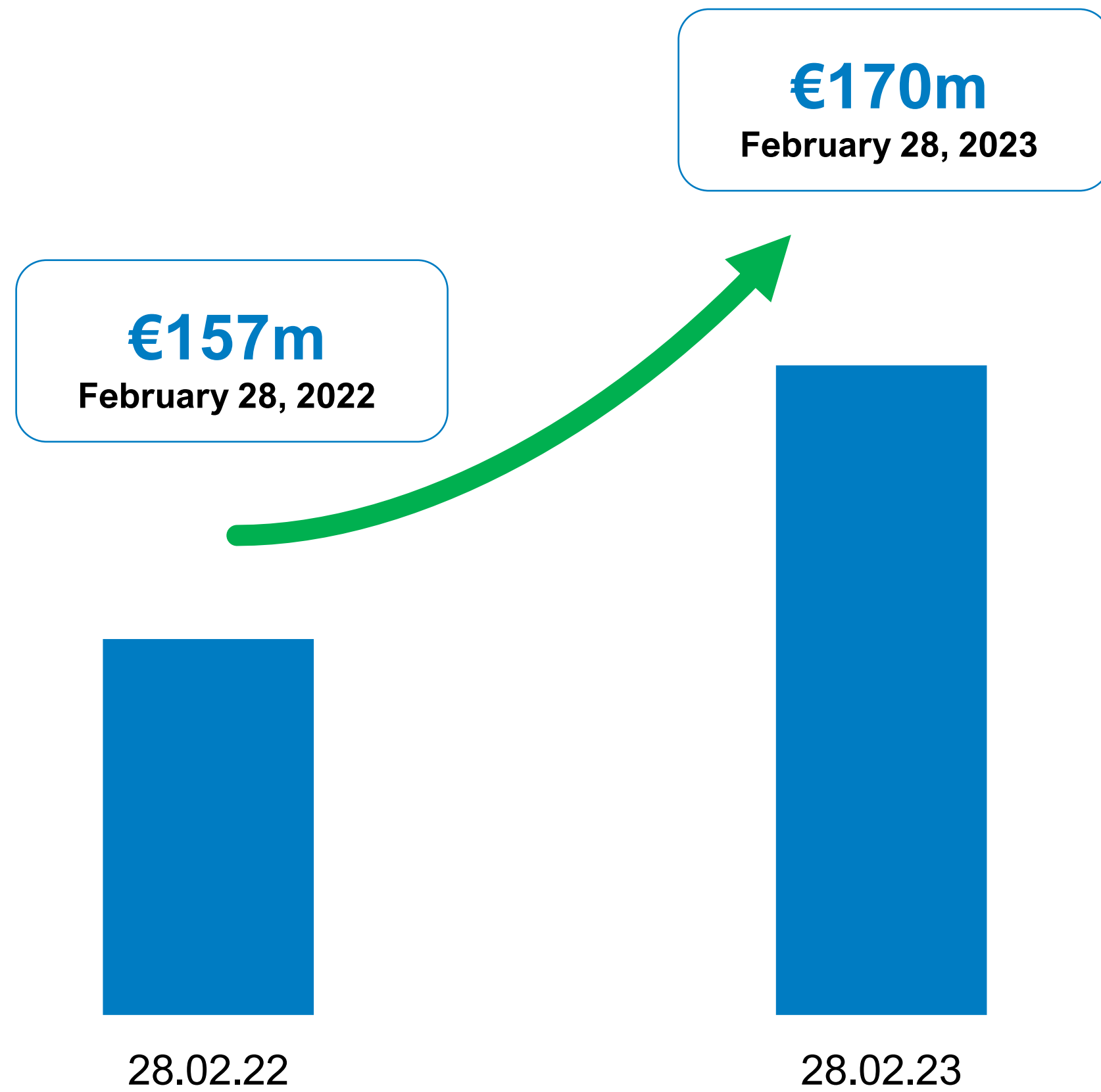
**Plate recognition**

**Warning Car & Plate recognition**  
EV charger parking is occupied by a car with plate: CCC 444  
If you want to send a message to the removal personnel click here and the following text will be sent.  
"A car is occupying the parking lot illegally in via xxxx and needs to be removed"  
Occupancy: 15 Mins

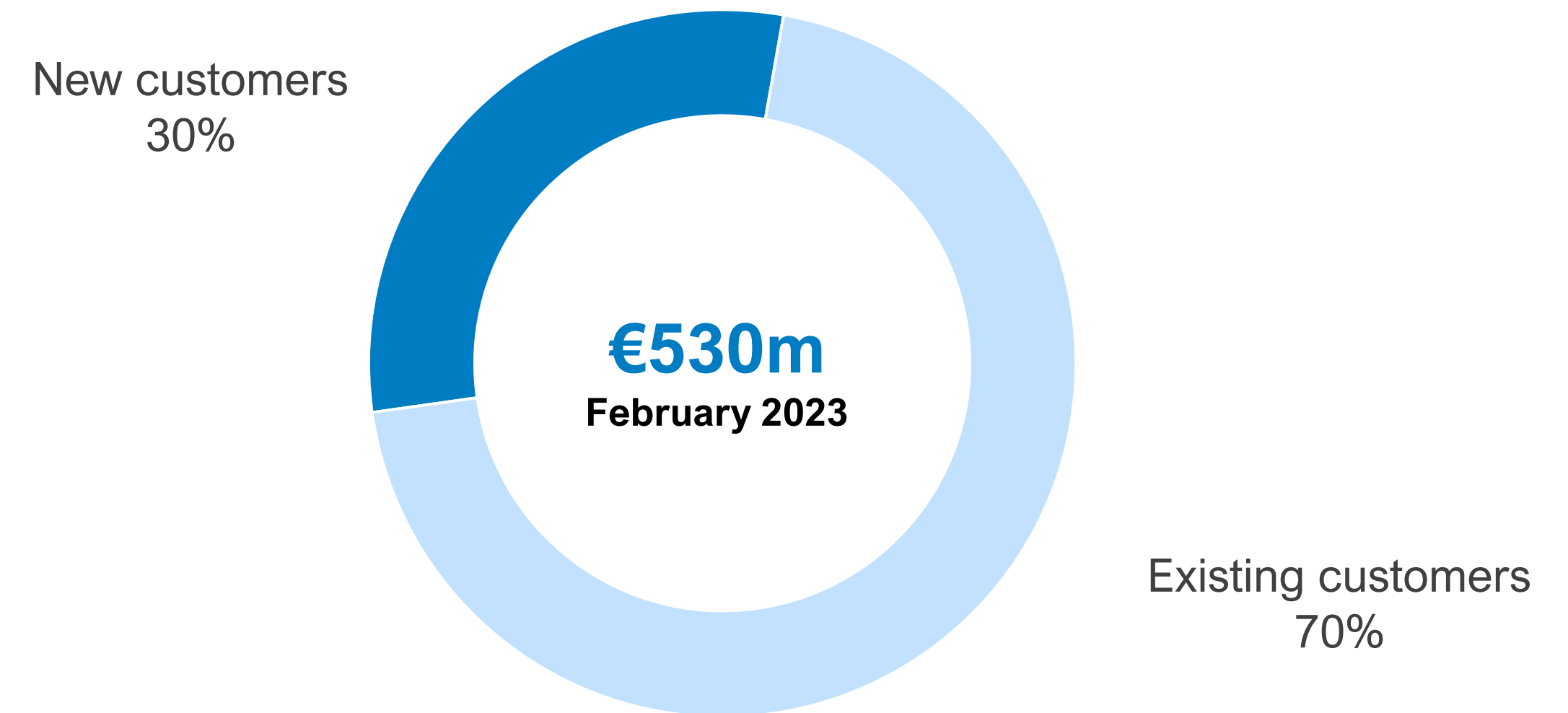
Car Details  
Car Model: Model 2 Plate: CCC444 Occupied Spot

# February '23 backlog and pipeline

Total Order backlog (€m)



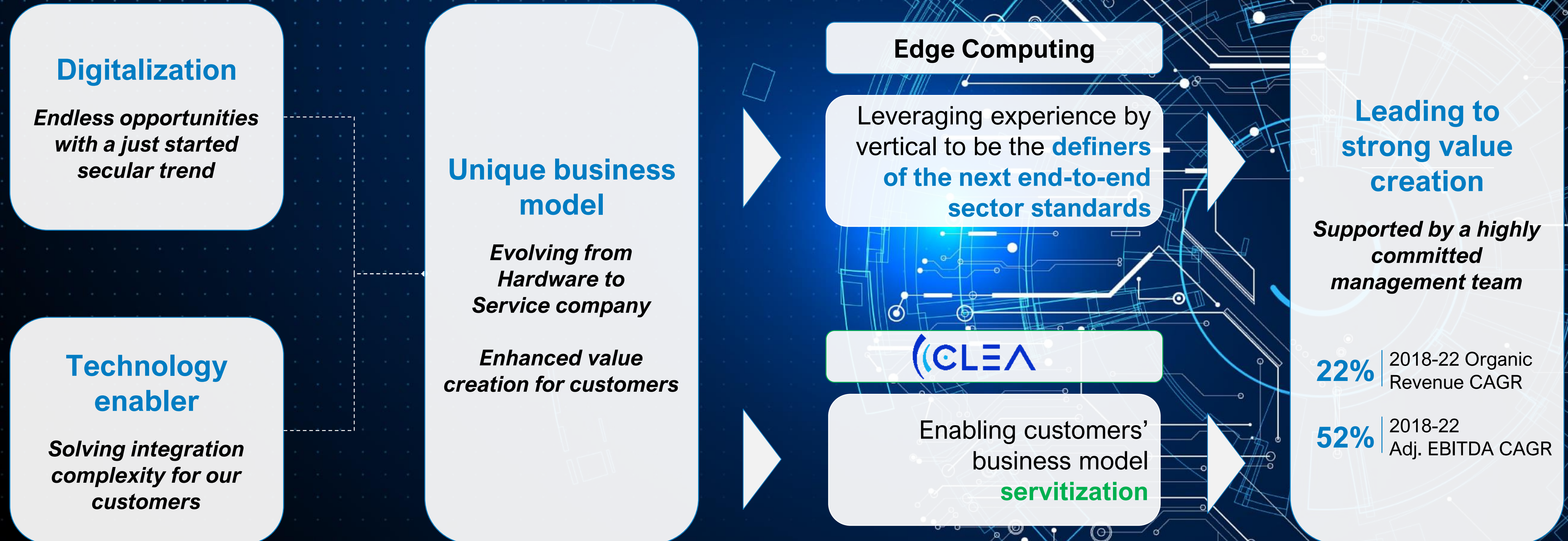
2023-25 weighted pipeline





# Why invest in SECO?

Innovatively evolving our solutions to create a global leader in a new market







Endless ways to the future

# Q&A





Endless ways to the future

**ANNEX**

# SECO at a glance

A worldwide spread center of excellence, with top-tier capabilities



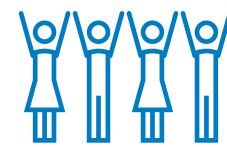
**€201M**

2022 FY revenue

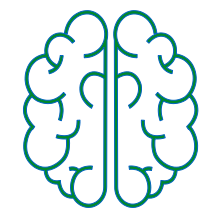


**>900k devices**

manufactured every year



**~ 900 people**



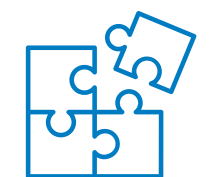
**~ 300 R&D people**

of which ~180 in AI and software development



**~ 8-10%**

of revenue invested in R&D every year

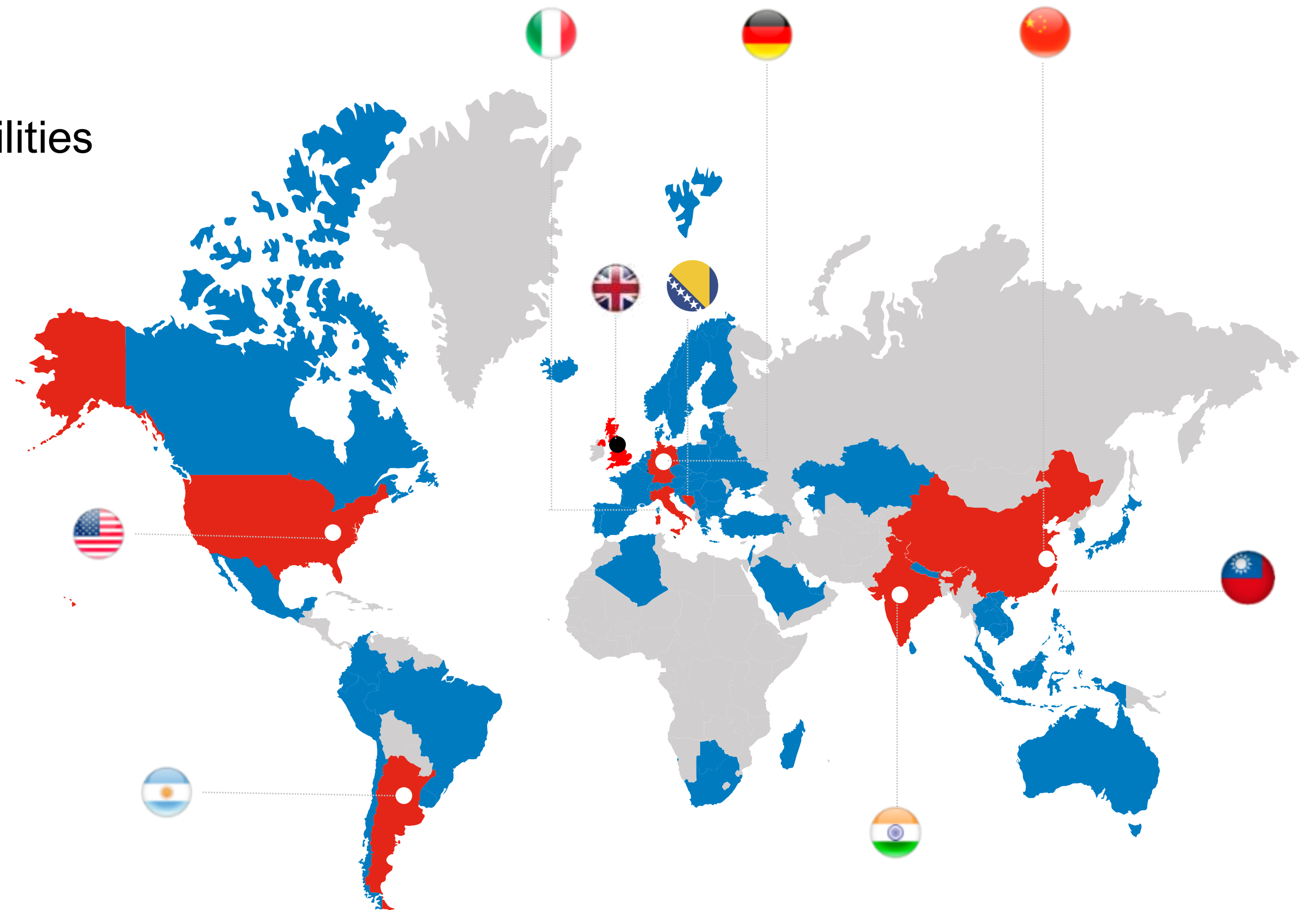


**10** R&D centers

**5** production plants



**9** countries



**Commercial Presence**

**Direct Presence**

**Our production plants**

*Arezzo*



*Hamburg*



*Hangzhou*



*Tregozzano*



*Wuppertal*



# Financials overview

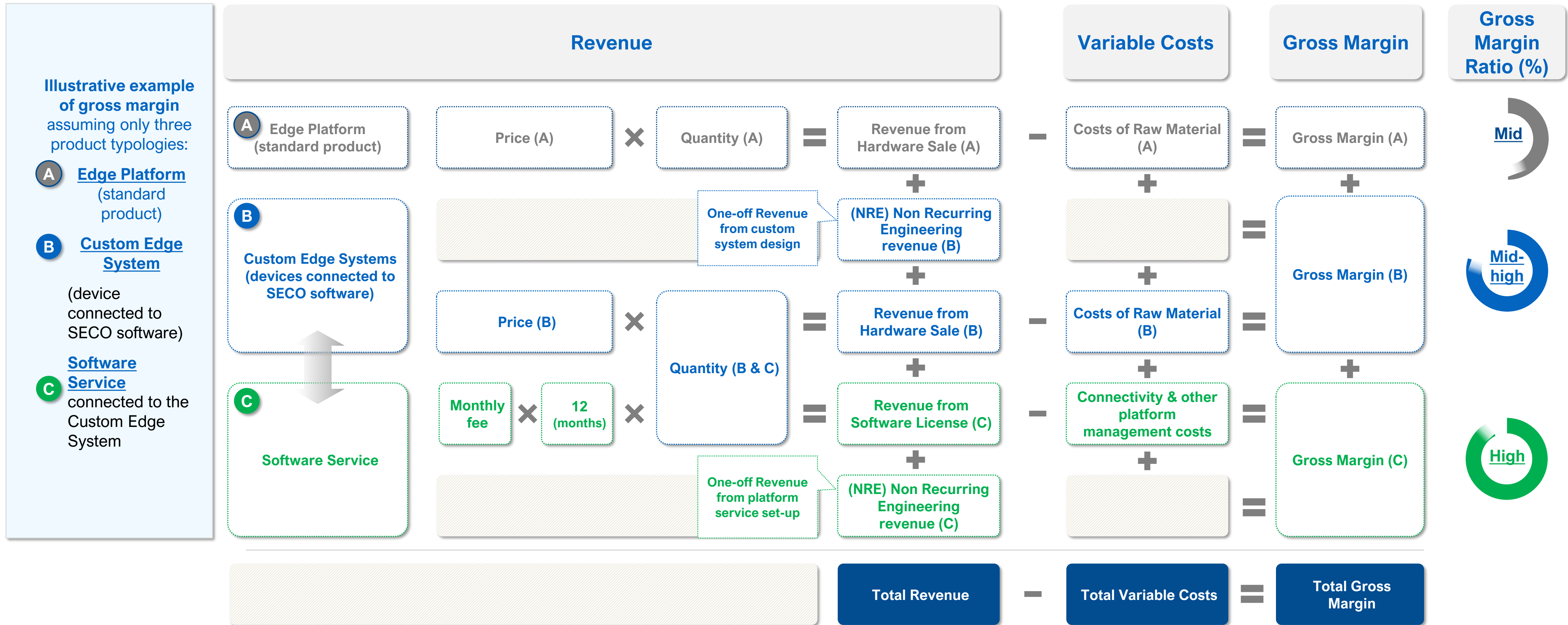
## Income Statement

€mln	FY 2021	FY 2022
<b>Net Sales</b>	<b>112,3</b>	<b>200,9</b>
Consumption Costs	(59,2)	(106,6)
<b>Gross Margin</b>	<b>53,1</b>	<b>94,3</b>
<i>% on Net Sales</i>	<i>47,3%</i>	<i>46,9%</i>
Other revenues	4,0	4,4
Personnel costs	(23,5)	(34,9)
Other Opex	(15,0)	(23,5)
Exchange gains/losses	(0,6)	0,4
<b>EBITDA</b>	<b>18,1</b>	<b>40,7</b>
<i>% on Net Sales</i>	<i>16,1%</i>	<i>20,2%</i>
<b>EBITDA ADJ</b>	<b>25,3</b>	<b>44,0</b>
<i>% on Net Sales</i>	<i>22,5%</i>	<i>21,9%</i>
Depreciation	(9,2)	(18,7)
<b>EBIT</b>	<b>9,5</b>	<b>21,6</b>
<i>% on Net Sales</i>	<i>8,5%</i>	<i>10,8%</i>
Financial expenses	(1,3)	(5,0)
Tax	(1,1)	(2,5)
<b>Net Income</b>	<b>6,5</b>	<b>14,6</b>
<i>% on Net Sales</i>	<i>5,8%</i>	<i>7,3%</i>

## Balance Sheet

€mln	FY 2021	FY 2022
Net Working Capital	52,5	80,5
Total Fixed Assets	233,3	311,1
Other non-current assets	3,1	3,9
Provisions and other non-current liabilities	(16,4)	(30,1)
<b>Net Invested Capital</b>	<b>272,5</b>	<b>365,4</b>
Net Financial Position	109,5	128,8
<b>Net Financial Position ADJ.</b>	<b>97,5</b>	<b>118,8</b>
Total Equity	163,0	236,6
<b>Total Funds</b>	<b>272,5</b>	<b>365,4</b>

# Revenue and cost model



# Adjusted Net Income

## Adjusted Net income (€m)



### 1 Adj. Net income

- D&A: +€9.5m higher vs. FY 2021
- Financial expenses: +€3.9M higher vs. FY 2021, largely due to G&F acquisition financing

### 2 Minority interests

- Minority stakes attributed to key people of some subsidiaries for incentivization purposes
  - In FY 2022, most of minority interests concentrated into Fannal, in which SECO SpA holds a 28% share (= 51% \* 55%) as illustrated below:
- ```

    graph LR
      SECO_SpA[SECO SpA] -- 51% --> SECO_Asia[SECO Asia]
      SECO_Asia -- 55% --> Fannal[FANNAL ELECTRONICS]
    
```
- Put/Call option systems in place for SECO to rise to 100% of all companies at single-digit EBITDA multiples

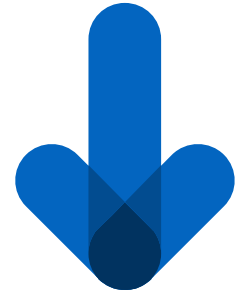
### 3 Effect of rising to 100% of SECO Asia

- Remaining 49% of SECO Asia, owned by Simest SpA, can be bought by SECO at the Simest SpA entry valuation (€3.4m)
- €1.4m positive effect on post-minorities Net income after acquisition of SECO Asia minority share



# Business model

High revenue visibility



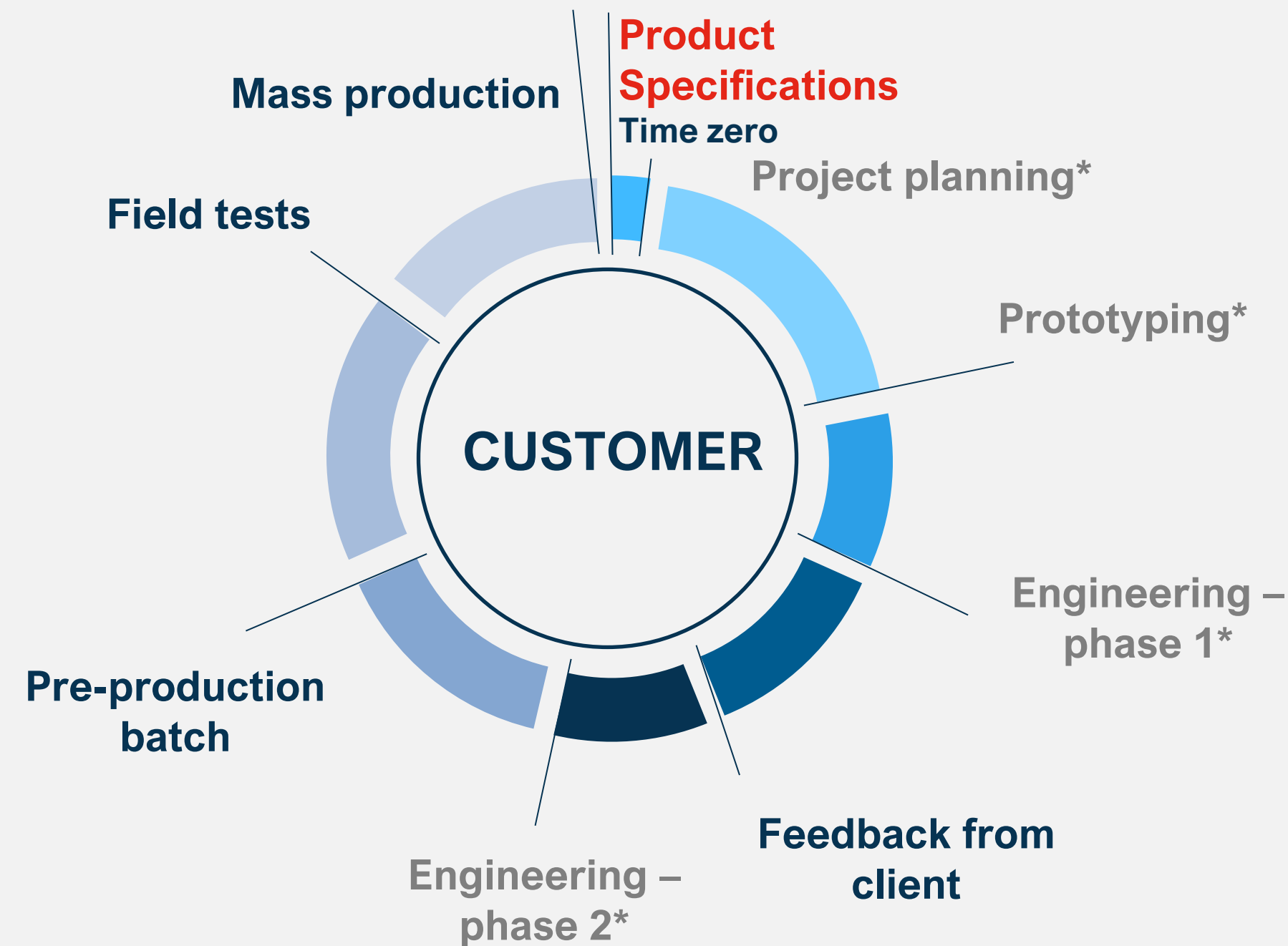
Multi-year product life cycle (3-5, up to 10+ years)

Order backlog coverage 6-7 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

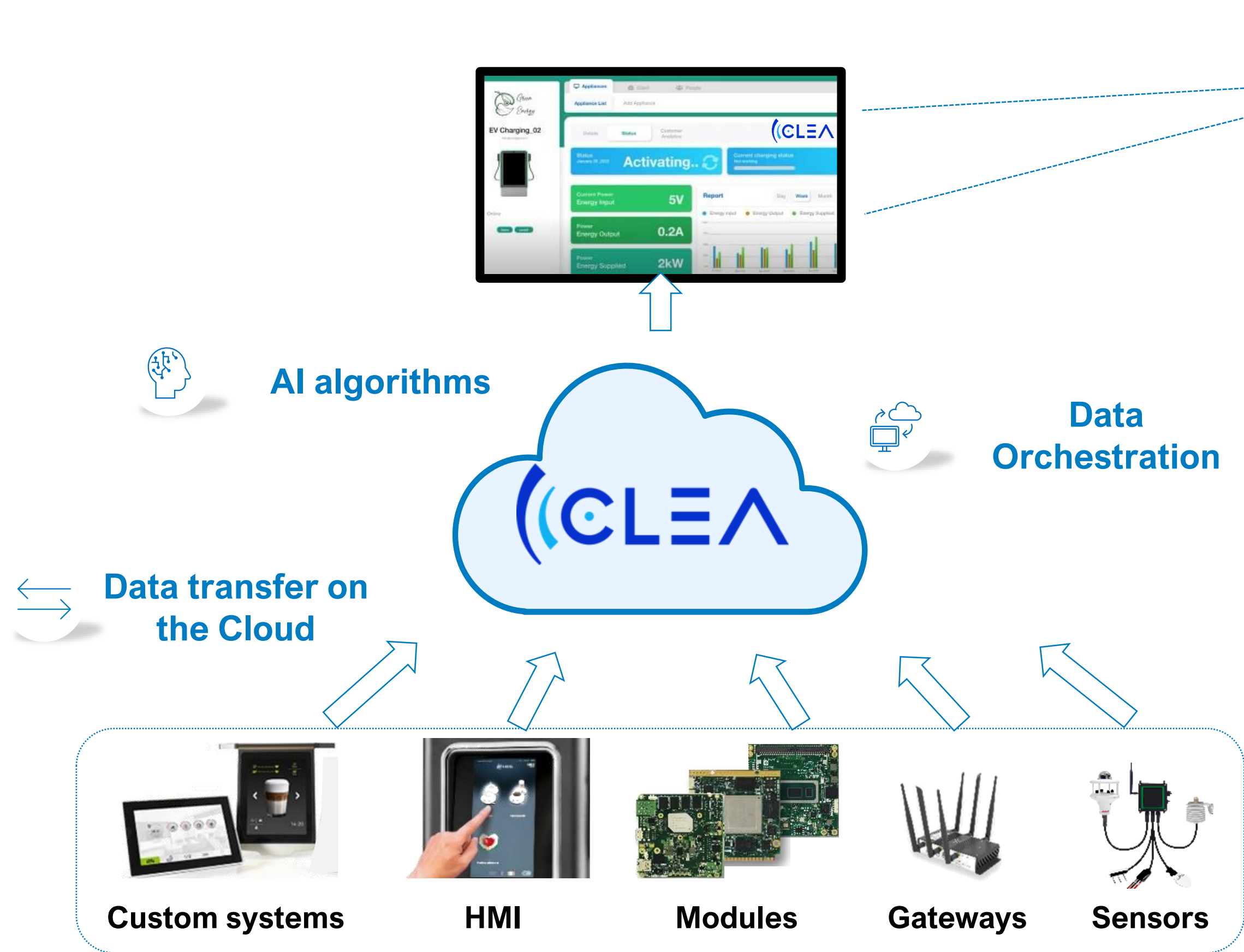
\*Those production steps only refer to custom products



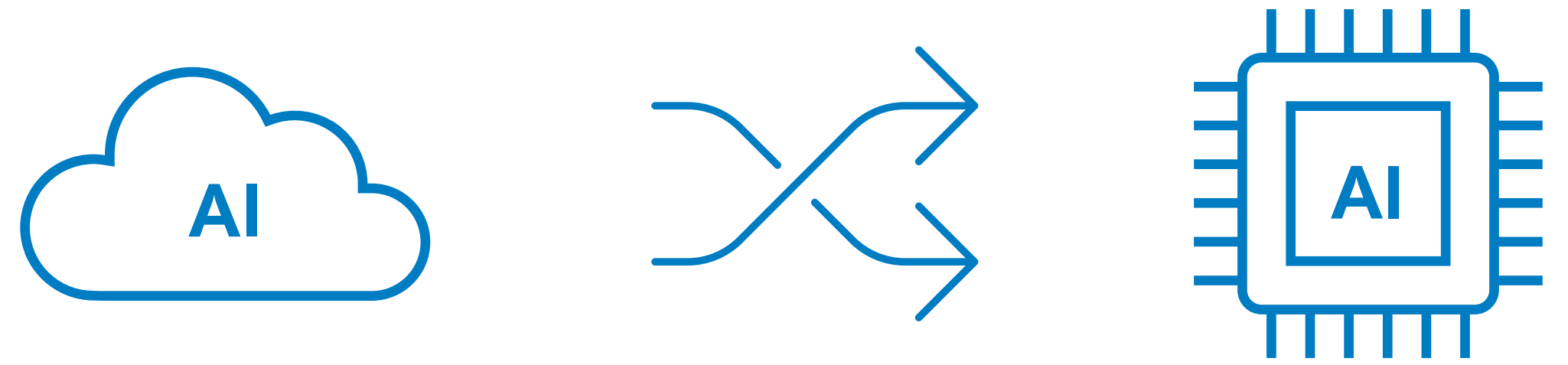
- **High success developing custom products** along with clients thanks to a rigorous planning of activities
- **Continuous interaction with clients** from design to manufacturing
- **Dedicated software services tailored on clients' needs** fully entrenched within product development and production process

# The value of an end-to-end offering

All customers need to get the most out of their data



CLEA can orchestrate Data Science workloads and apps in the cloud or at the edge



As Edge AI is taking over, **processing data where it matters** means **saving energy, bandwidth and storage**, while **getting the most out of** customers' physical infrastructure



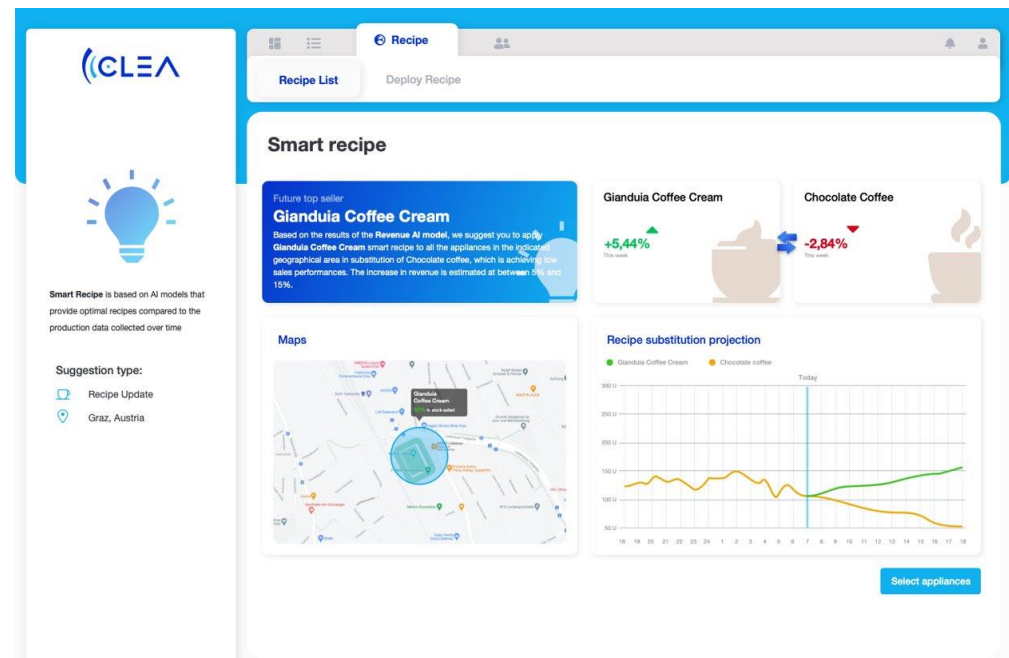
Endless ways to the future



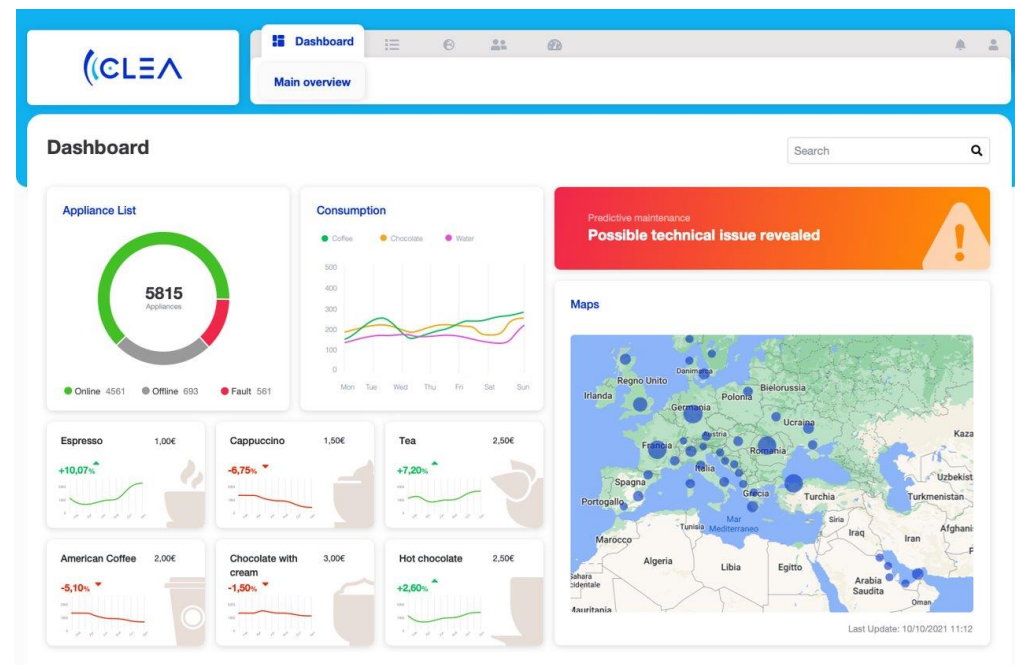
# Vertical Applications of CLEA

How customers can generate higher margins, recurring revenues, better differentiation

## CLEA Vending Machine Apps



[Recipe Sales Trends Analysis App](#)

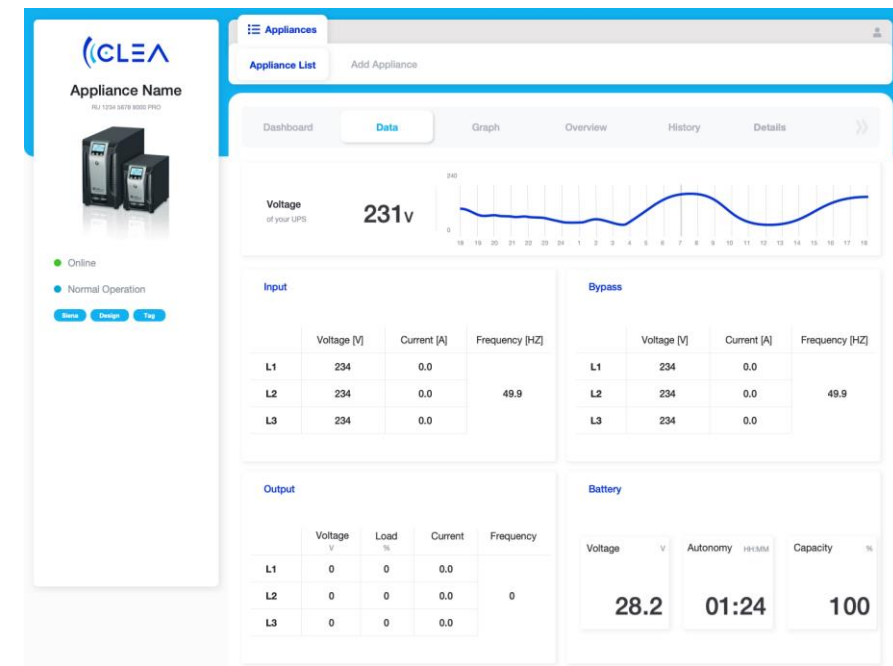


[Fault Detection & Machine Downtime Reduction](#)

[AI Smart Refill](#)

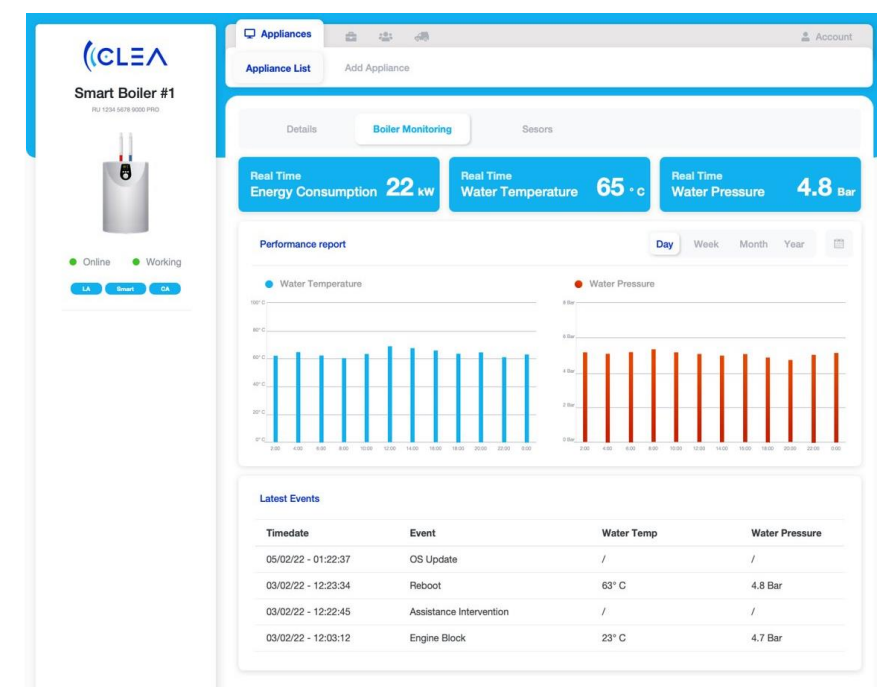
[Landing Page](#)

## CLEA UPS App



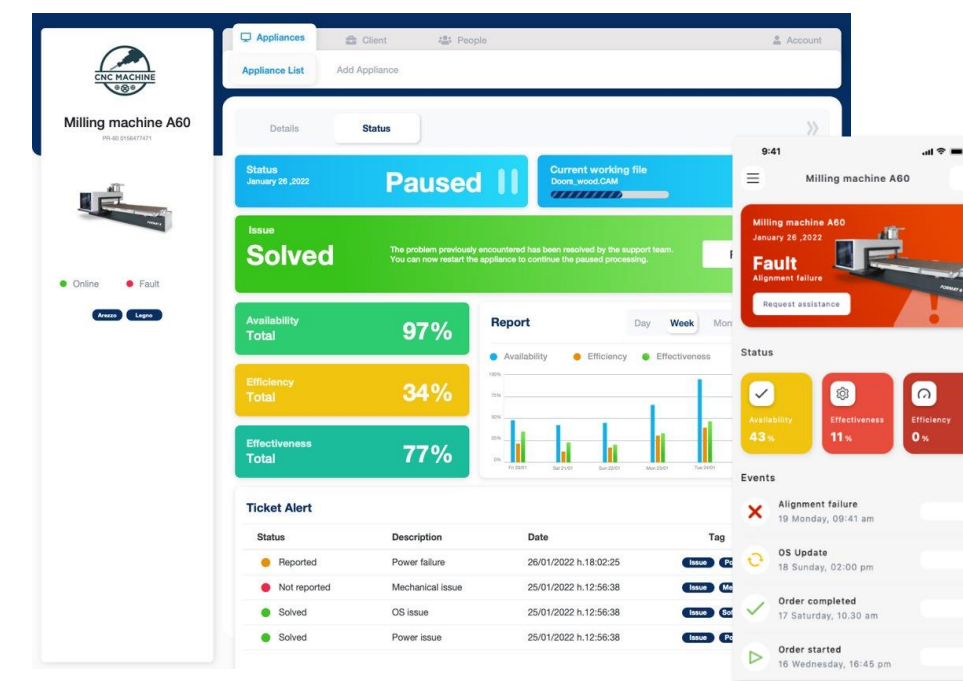
[UPS Management](#)

## CLEA Boiler App

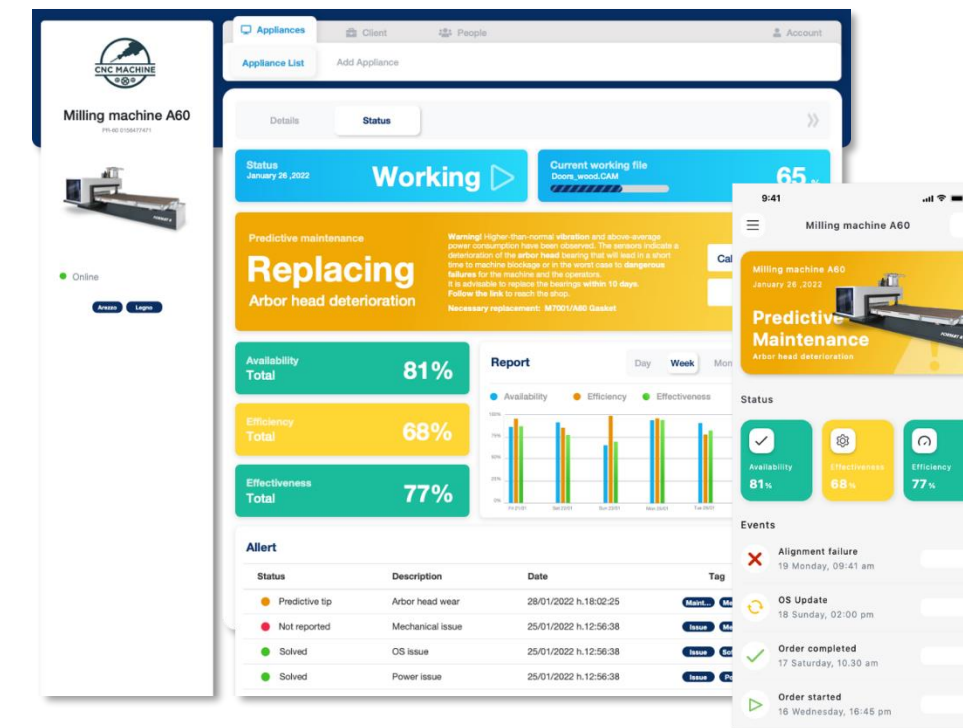


[Boiler Predictive Maintenance](#)

## CLEA for Industrial Apps

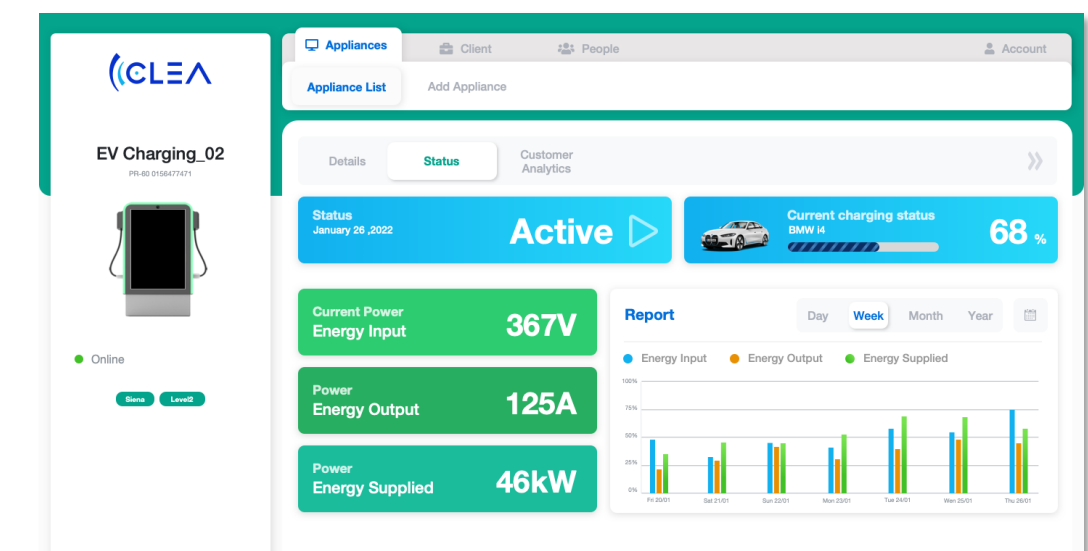


[AI Remote Assistant](#)



[Predictive Maintenance](#)

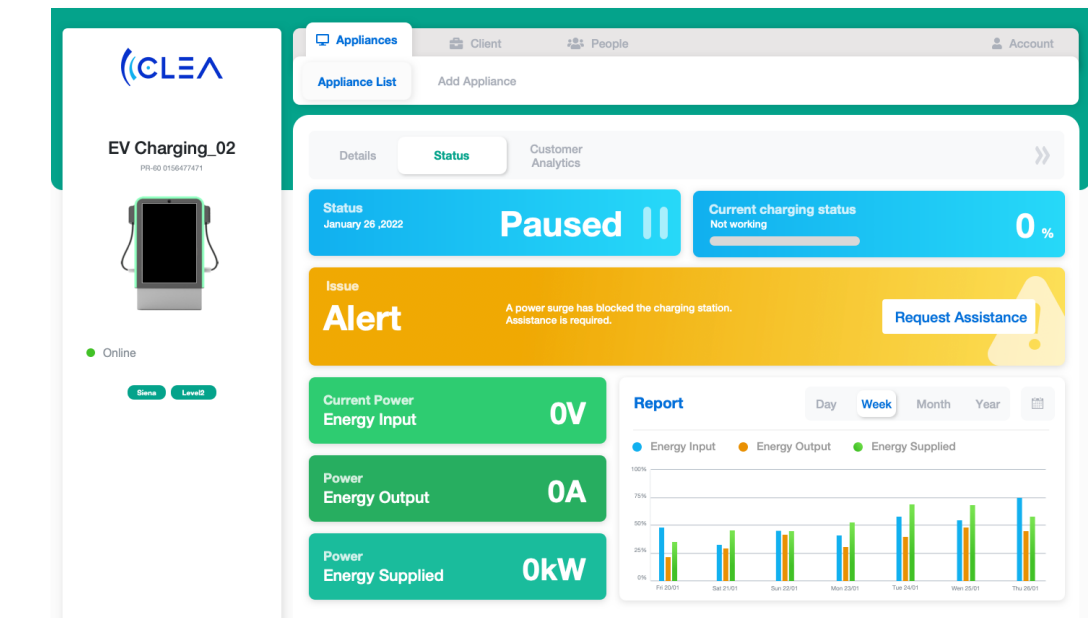
## CLEA AI EV Charging Station App



[Plate Recognition And Fleet Management](#)

[Digital Signage](#)

[Landing Page](#)



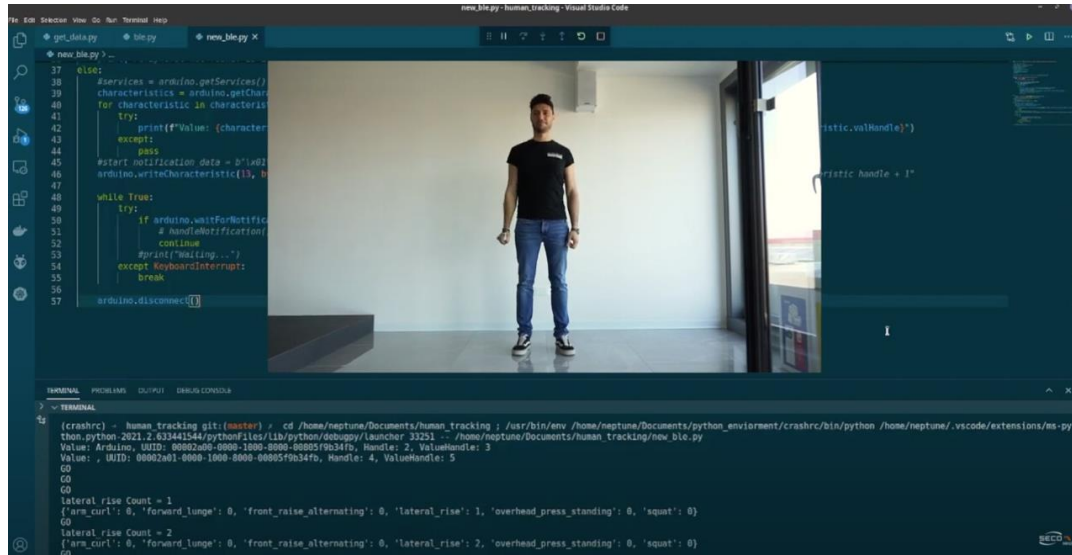
Endless ways to the future



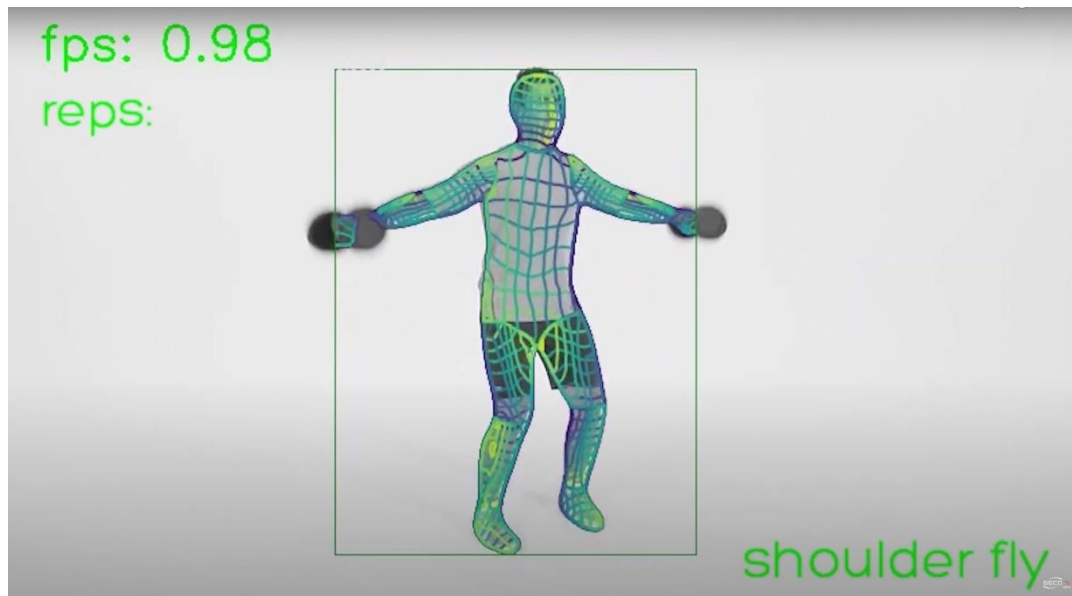
# Vertical Applications of CLEA

How customers can generate higher margins, recurring revenues, better differentiation

## CLEA Fitness App

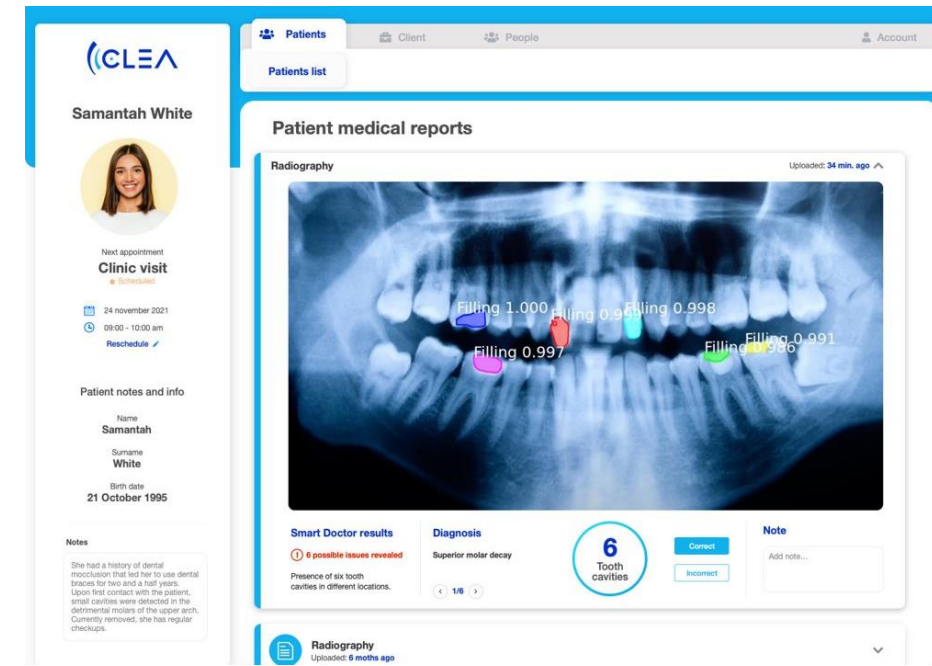


Smart Dumbbell



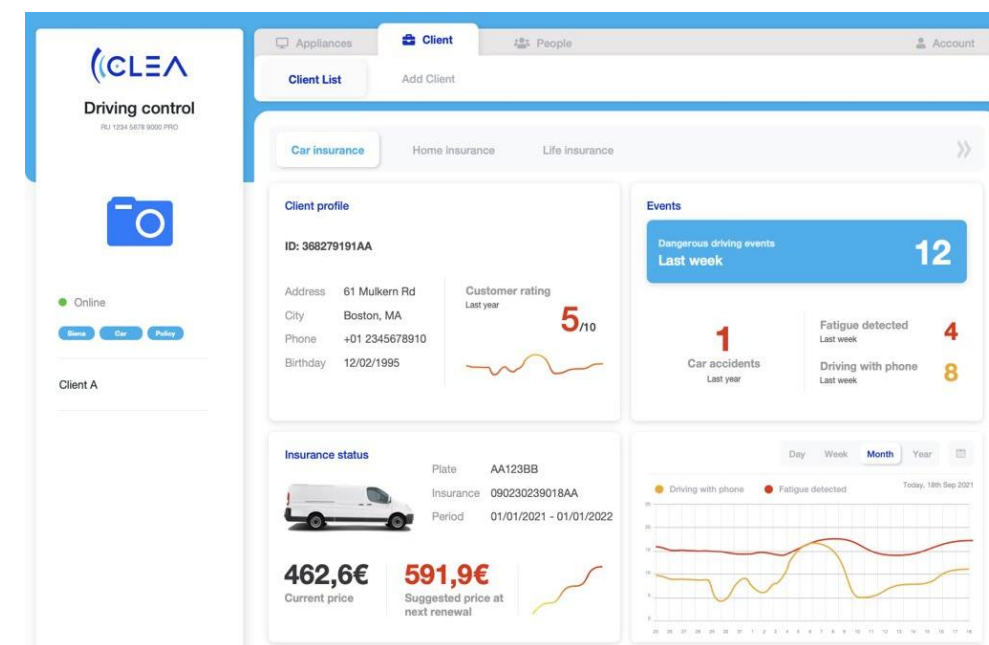
Exercise Recognition & AI Personal Trainer

## CLEA Healthcare App



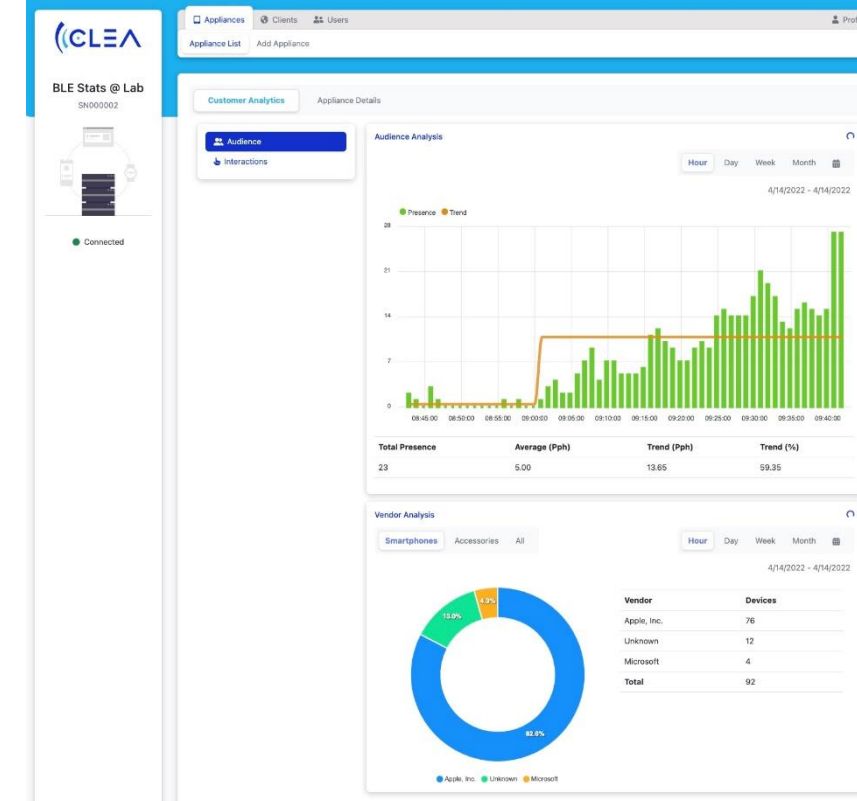
AI Tooth Cavity Detection App

## CLEA Automotive App

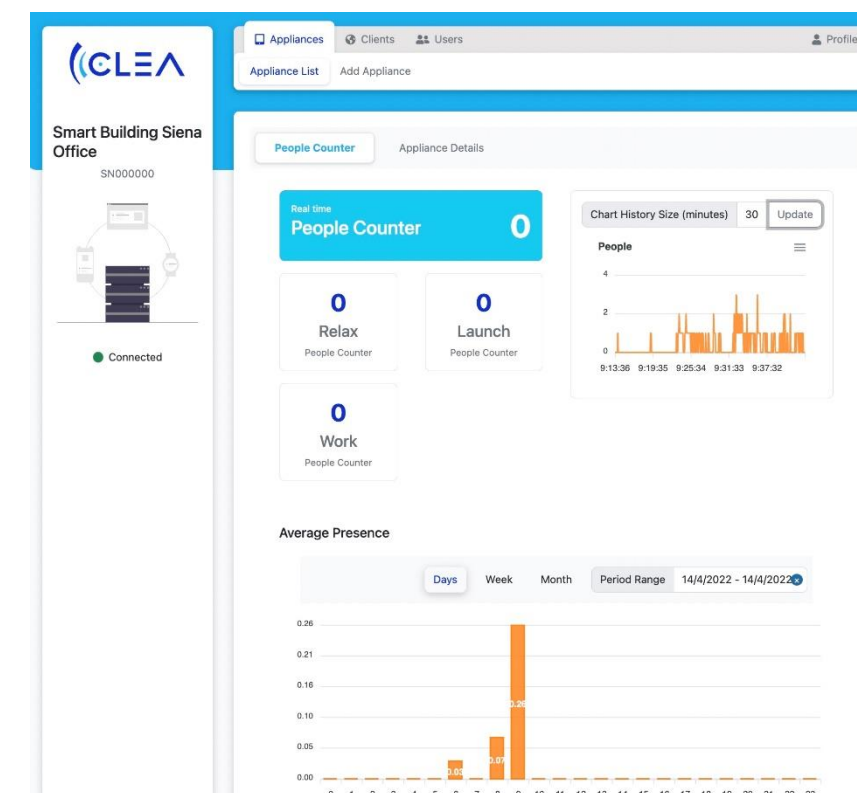


AI Driver concentration App

## CLEA for Smart Cities

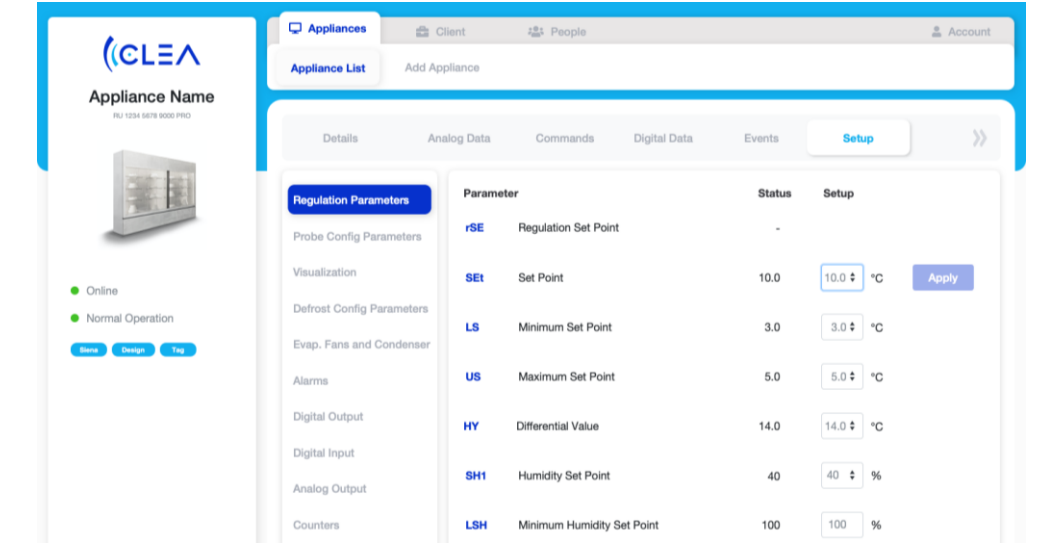


BLE Audience Analysis



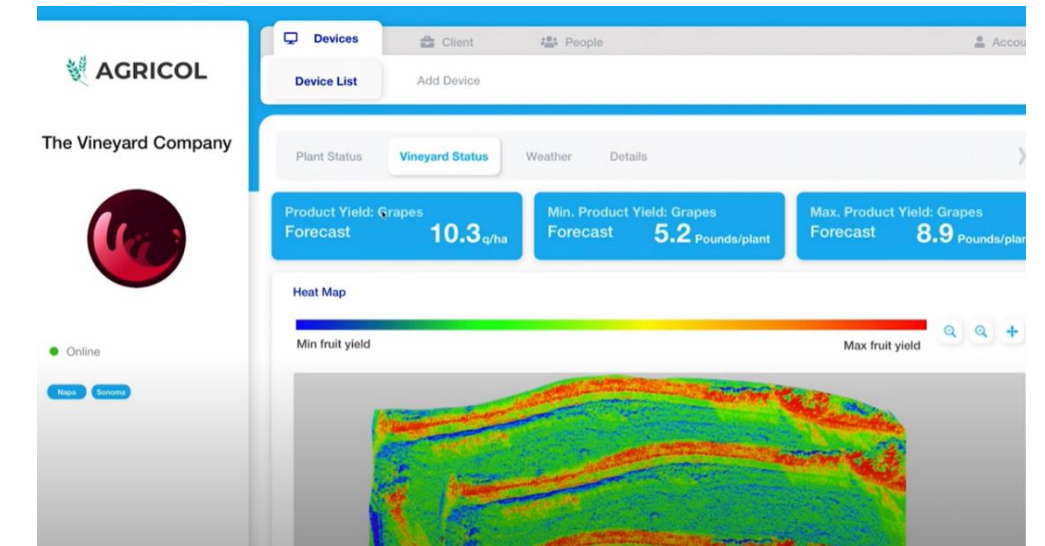
People Counter and Tracking

## CLEA Refrigeration App



Remote Setup and Management

## CLEA for Agriculture



Harvest Forecasting



Endless ways to the future



# A highly committed management team



40+ years

**Daniele Conti**

*President & Co-Founder*

Co-founder of SECO. He has been serving as president of the company for over 40 years. Under his leadership, the Group has grown in terms of technological expertise, human resources and financial performances.



5+ years

**Massimo Mauri**

*CEO*

20+ years experience as executive in several Tech companies. Strong experience in IPO and M&A transactions.



15+ years

**Davide Catani**

*CTO*

Joined SECO in 2006. CTO since 2020, after serving as Hardware developer and ARM-based platforms R&D manager.



5+ years

**Vincenzo Difronzo**

*CSO*

15+ years sales experience in worldwide leading hardware and software companies. Joined SECO in 2015.



15+ years

**Carlos Valeiras**

*CEO SECO USA*

20+ years experience as executive in several Tech companies. Former CFO of SECO USA from 2020.



17+ years

**Angelo Pelsoni**

*COO*

20+ years experience in Operations & Supply chain management. Joined SECO in 2003.



3 years

**Michael Duhamel**

*Vice President of Sales SECO USA*

20+ years of experience in sales and marketing for the largest industrial, embedded and automation solution providers. Previously in Eurotech USA.



3 years

**Lesen Ding**

*CEO Fannal Electronics*

Founder and General Manager of Fannal Electronics (2011 – present).



2+ years

**Lorenzo Mazzini**

*CFO*

Served as CFO in several public and private companies. Strong experience in IPO and M&A transactions.



1 year

**Angela Lepore**

*Group HR Director*

15+ years of experience in HR management in multinational and international companies.



< 1 year

**Dirk Finstel**

*CEO SECO Northern Europe*

30+ years experience in running global business units in several Tech companies. Former executive in Kontron, Adlink, Advantech.



12+ years

**Simona Agostinelli**

*Chief Marketing Officer*

20+ years experience in Marketing, Communication consulting and management. In SECO since 2010.



15+ years

**Gianluca Venere**

*CIO*

10+ years experience in business development, sales, innovation and internationalization for SECO Group.



2+ years

**Alessandro Guido**

*Group Corporate and Legal Affairs Director*

10+ years experience in legal advisory, with particular focus on Corporate law. In SECO since 2020.



2+ years

**Dario Freddi**

*CEO SECO Mind*

Previously founder and CEO of Ispirata Srl. Strong data orchestration background in primary worldwide leading companies.



4 years

**Maurizio Caporali**

*Chief Product Officer*

Previously co-Founder and CEO of AidiLab. Joined SECO in 2018 as IoT BU Product Manager and R&D Project Manager.



5+ years

**Marco Parisi**

*Head of IR*

Business Manager of SECO from September 2019. Financial advisor of SECO from September 2016 to September 2019.



1+ year

**Ajay Malik**

*CEO SECO Mind US*

30+ years experience in high-tech, IoT and AI. Former executive in Google, Cisco, Qualcomm, Motorola.

# years in SECO



Endless ways to the future





Endless ways to the future

---

**Thank you**

---