



Endless ways to the future

SECO: H1 2023 Results and Strategy update presentation

September 13, 2023

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Massimo Mauri

CEO



Lorenzo Mazzini

CFO



Lorenzo Tosi

Investor Relations

Key takeaways from 2023 YTD

Sustained organic growth path continuing



- **H1 2023:** Net sales at **€111.9m**, **+19%** organically vs. H1 2022
- CLEA business at **€10.8m** in H1 2023 (**10%** of sales), **+12%** vs. H1 2022
- **Growth distributed** across **geographical areas** and **verticals**

Gross margin improvement



- Components' market **back to normal**, with margins progressively improving to pre-shortage levels
- CLEA's portion of recurring revenue increasing with many projects under deployment, reducing the weight of NRE
- **GPM** incidence at **49.6%** in H1 2023, improving vs. H1 and FY 2022

Increased profitability



- Adj. EBITDA at **€26.5m** in H1 2023
- **23.7%** of sales, **+32%** vs. H1 2022
- Adj. Net Income at **€12.6m**, **+46%** vs. H1 2022

2023-24 outlook



- Despite the effects of a global economic slowdown, the **organic growth trend**, coupled with robust **profitability**, is expected **to continue** thanks to the visibility provided by order portfolio, design wins and ongoing negotiations

H1 2023 financial highlights

H1 22



H1 23

Net sales

€94.1m



€111.9m

Gross margin

€44.0m



€55.5m

46.8%

49.6%

Adj. EBITDA

€20.1m



€26.5m

21.4%

23.7%

Adj. Net Income

€8.6m



€12.6m

9.2%

11.3%

- Edge computing business growing at **20%** in H1 2023 vs. H1 2022
- CLEA revenue at **€10.8m** in H1 2023 (vs. €9.6m in H1 2022)

- **+26% growth** in H1 2023 vs. H1 2022
- Progressively improving components' market and positive CLEA revenue contribution driven a significant margin expansion

- **+32% growth** in H1 2023 vs. H1 2022
- More than proportional increase vs. revenue growth, thanks to OPEX control

- **+46% growth** in H1 2023 vs. H1 2022
- D&A: +€3.0m higher vs. H1 2022
- Financial expenses: +€0.6M higher vs. H1 2022, largely due to the increase in market interest rates
- Taxes calculated with theoretical tax rate

Q2 2023 vs. Q2 2022: focus on margins

Net Sales

Growth (€m and %)

+€5.9m (+12%)

Gross margin

+€5.6m (+23%)

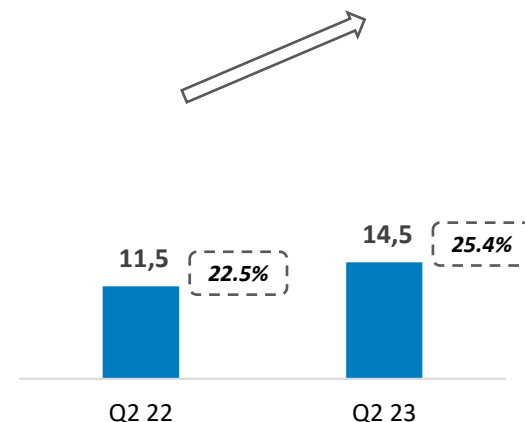
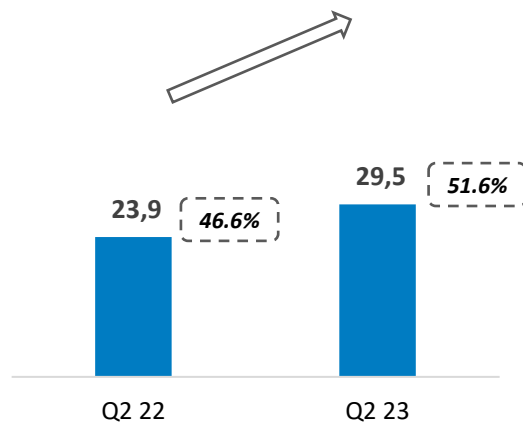
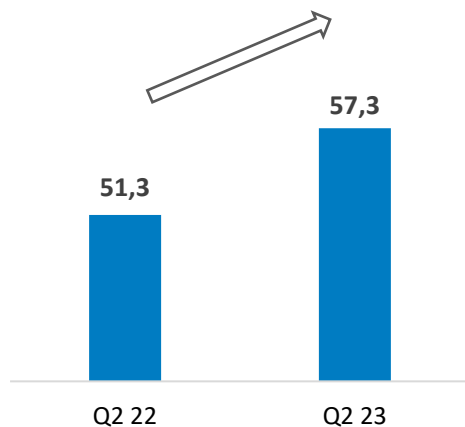
Adj. EBITDA

+€3.0m (+26%)

% of Net Sales (Δbps)

+498bps

+287bps



Net sales

€111.9m

H1 2023 Net sales

+€17.8m

H1 2023 vs. H1 2022

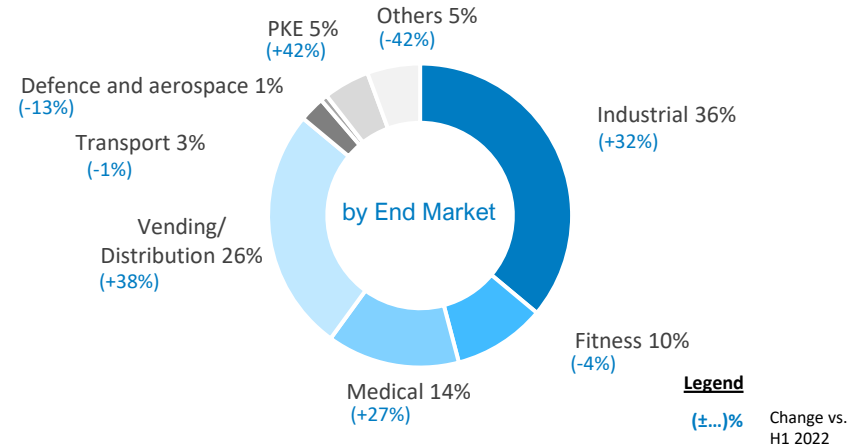
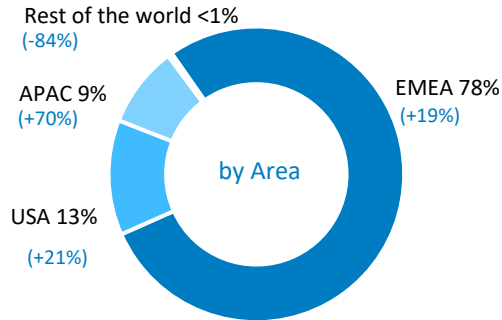
10% of
Net sales



€10.8m

H1 2023 CLEA
revenue

Net sales breakdown (H1 2023)



- H1 2023 Net sales growing organically by **+19%** vs. H1 2022
- Edge computing business at **+20%** in H1 2023, largely thanks to a growth in the Industrial, Vending, Medical, PKE industries

- CLEA business continuing its expansion trend, hitting **€10.8m** revenue in H1 2023 (**10%** of Net sales)
- Proportion of CLEA recurring revenue increasing to **40%** of total
- EMEA, APAC, USA markets all showing growth trends

Adjusted EBITDA

€26.5m

H1 2023 Adj. EBITDA

+€6.4m

H1 2023 vs. H1 2022

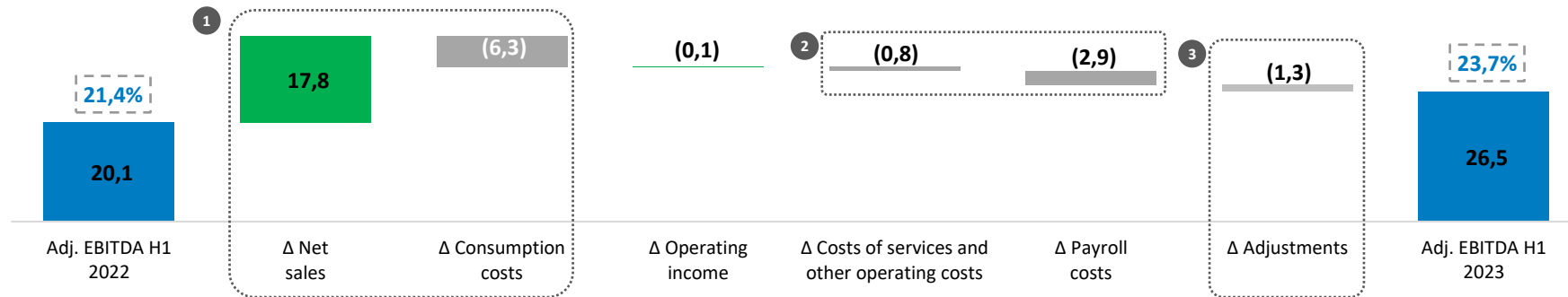
+32%

% growth vs. H1 2022

23.7%

of Net sales

Adjusted EBITDA bridge (€m)



1 Gross margin effect

- Gross margin at **+26%** vs. H1 2022, mainly thanks to **business expansion** (in Edge computing and CLEA segments) and **decrease in components' price** following market stabilization

2 OPEX

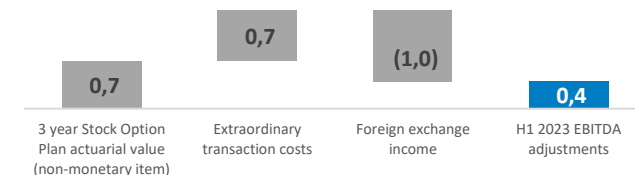
- Business growth allowing for **OPEX control**

OPEX (% of Net sales)

30% H1 2022 → **29%** H1 2023

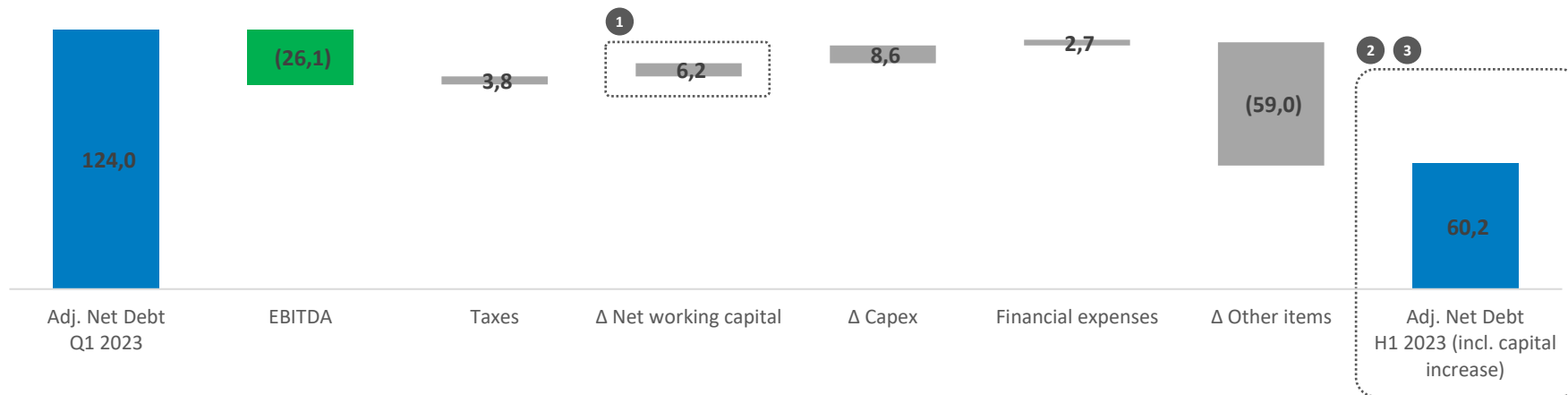
3 Adjustments

- H1 2023 EBITDA Adjustments (€m)



Adjusted Net financial position

Adjusted Net debt bridge (€m)

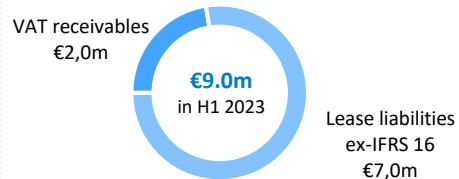


1 Δ Net working capital

- Change mainly due to increase in trade receivables to sustain business growth



2 Net debt Adjustments



3 7-Industries capital increase

- €65M capital increase completed in Q2 2023
- Significantly lowered leverage and increased financial flexibility to support SECO's expansion plans

Leverage

(Adj. Net Debt / Adj. EBITDA)



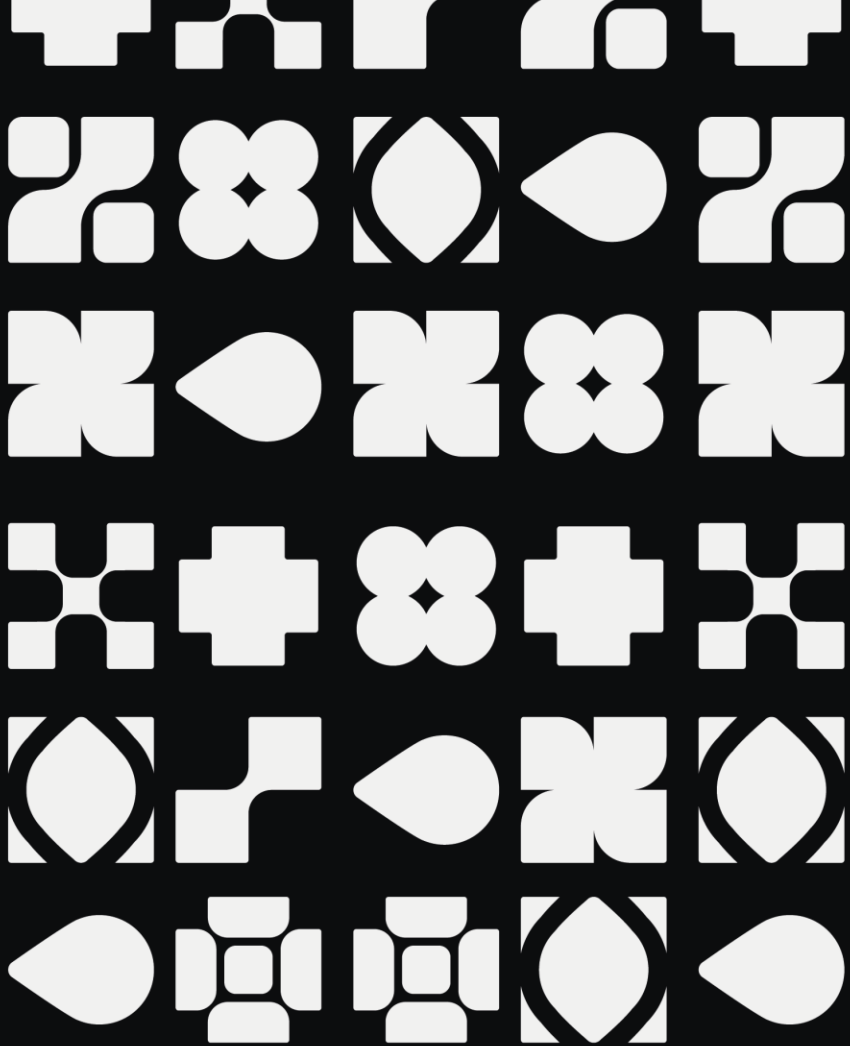


Endless ways to the future

Strategy update

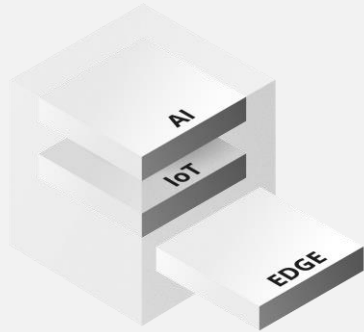
Get ready for the unveiling of our new brand identity

September 27, 2023 –
Launch of the new website



Our end-to-end approach

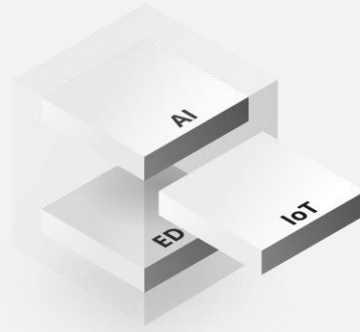
SECO technologies to fully enable **AI at the edge**



Edge

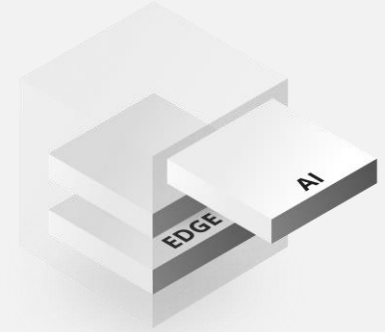
Unleashing performance at the edge

AI accelerators powered by AXELERA



IoT

Streamlined connectivity for thriving ecosystems



AI

Reshaping industries with impactful AI solutions

Upcoming: a new AI solution

Redefining the Industrial world thanks to AI



Data analytics



UX design



See some use cases



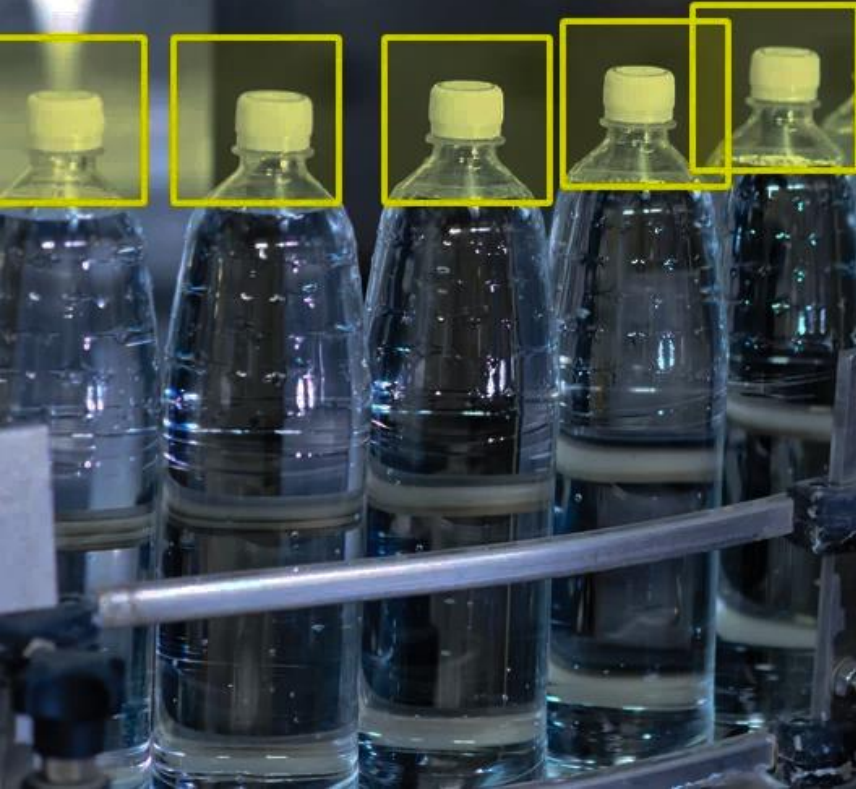
Maintenance & support

Industrial Automation



Real-Time quality inspection

Industrial and Manufacturing



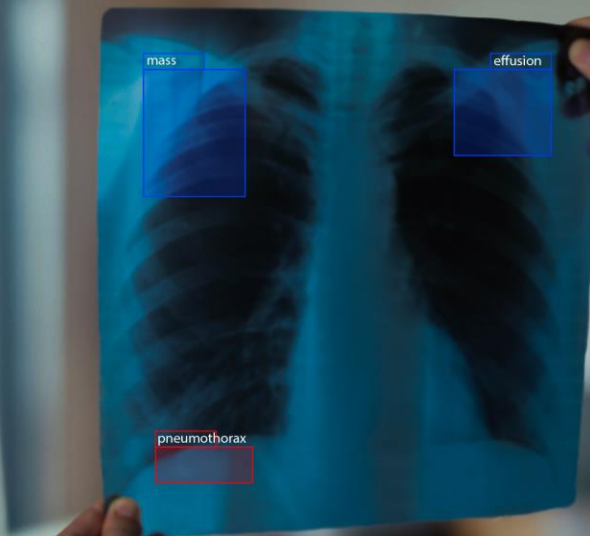
Autonomous robotics

Logistics



Image processing & analysis

Medical



Automated checkout & real-time food recognition

Smart Retail

sponges 98.92%



pineapple 99.86%

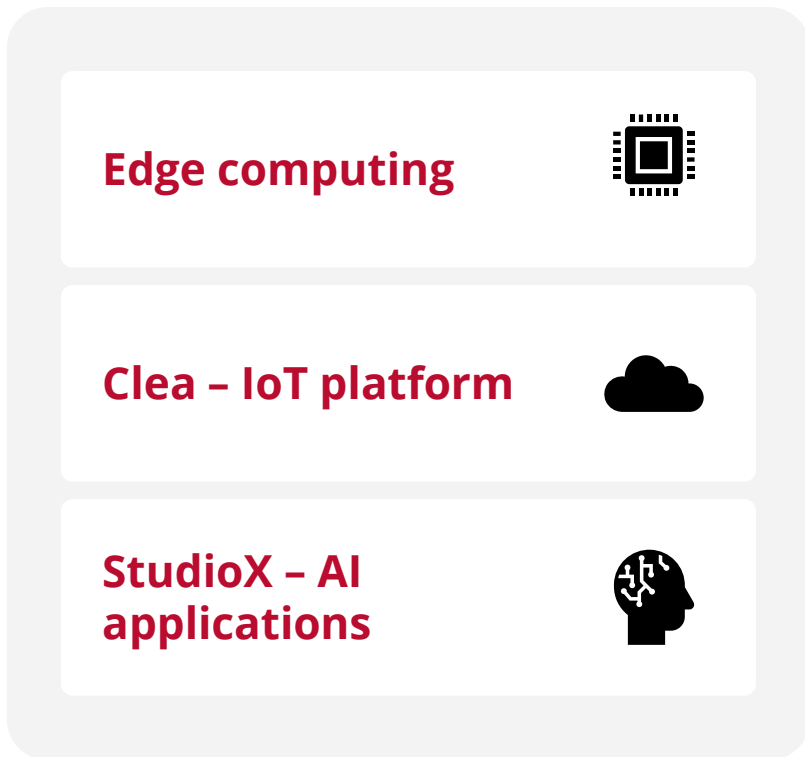


apples 98.22%



A modular offering for a complete proposition

Combinable as building blocks: there's a solution for any customer need



**End-to-end
solution**



Endless ways to the future

Q&A



Endless ways to the future

Annex

SECO in a snapshot

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



€201M
2022 FY revenue



Listed on
Borsa Italiana's Euronext STAR Milan



>1M devices
manufactured every year



~ 900 people



~ 300 R&D people
of which ~180 in AI and software development



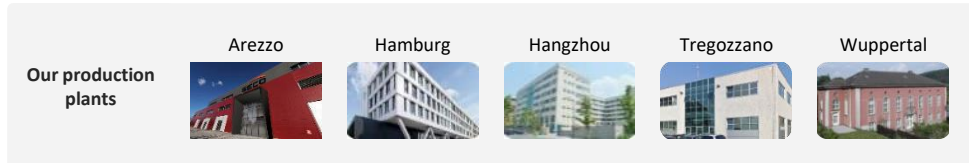
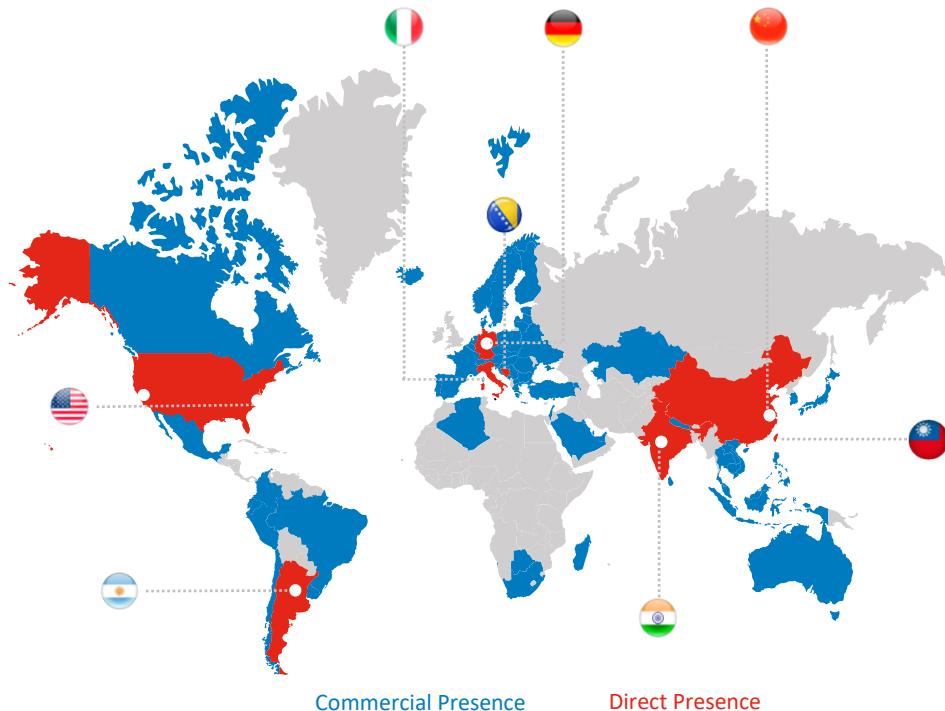
~ 8-10%
of revenue invested in R&D every year



10 R&D centers
5 production plants



8 countries



Financials overview

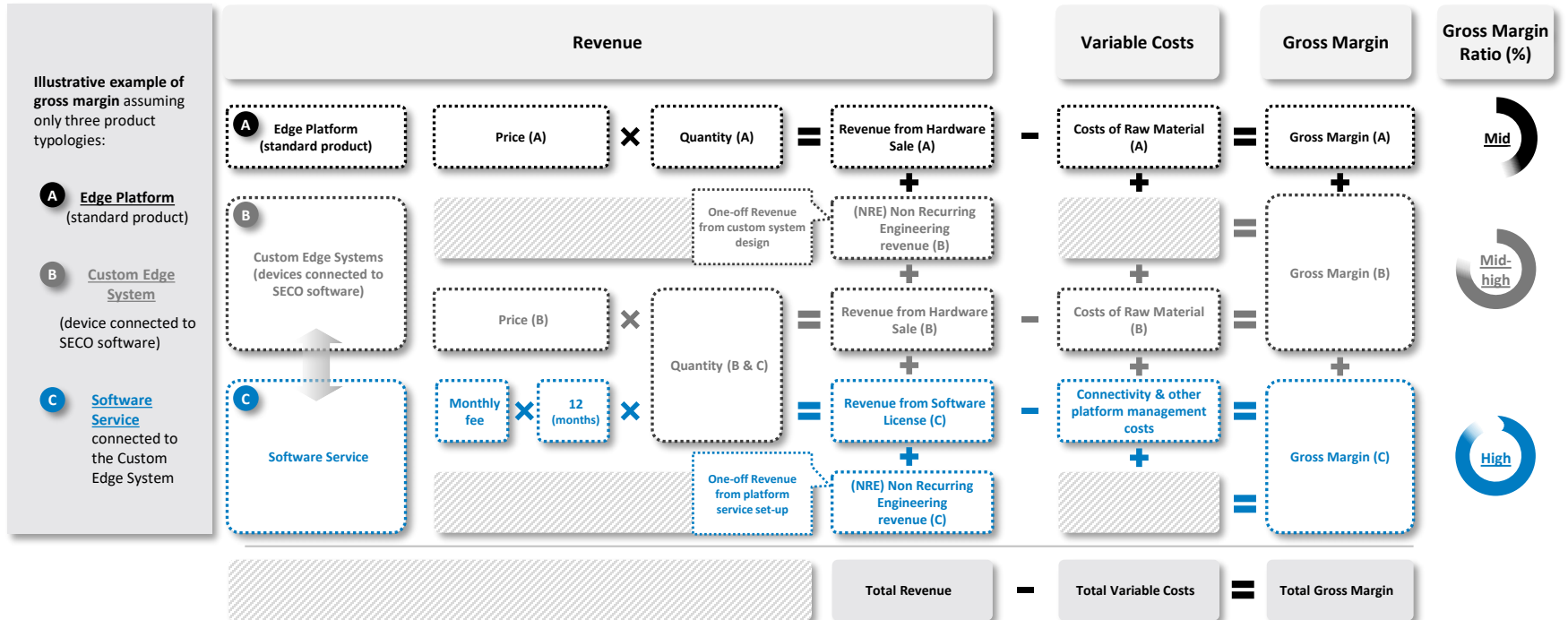
Income Statement

| €mln | H1 2022 | H1 2023 |
|-----------------------|--------------|--------------|
| Net Sales | 94,1 | 111,9 |
| Consumption Costs | (50,1) | (56,4) |
| Gross Margin | 44,0 | 55,5 |
| <i>% on Net Sales</i> | <i>46,8%</i> | <i>49,6%</i> |
| Other revenues | 2,2 | 2,1 |
| Personnel costs | (16,8) | (19,8) |
| Other Opex | (11,1) | (12,7) |
| Exchange gains/losses | 0,2 | 1,0 |
| EBITDA | 18,4 | 26,1 |
| <i>% on Net Sales</i> | <i>19,6%</i> | <i>23,4%</i> |
| EBITDA ADJ | 20,1 | 26,5 |
| <i>% on Net Sales</i> | <i>21,4%</i> | <i>23,7%</i> |
| Depreciation | (6,5) | (9,5) |
| EBIT | 11,8 | 15,6 |
| <i>% on Net Sales</i> | <i>12,5%</i> | <i>14,0%</i> |
| Financial expenses | (2,2) | (2,7) |
| Tax | (3,0) | (3,8) |
| Net Income | 6,8 | 10,1 |
| <i>% on Net Sales</i> | <i>7,2%</i> | <i>9,0%</i> |

Balance Sheet

| €mln | FY 2022 | H1 2023 |
|--|--------------|--------------|
| Net Working Capital | 80,5 | 94,6 |
| Total Fixed Assets | 311,1 | 309,2 |
| Other non-current assets | 3,9 | 5,2 |
| Provisions and other non-current liabilities | (30,1) | (30,1) |
| Net Invested Capital | 365,4 | 378,9 |
| Net Financial Position | 128,8 | 69,2 |
| Net Financial Position ADJ. | 118,8 | 60,2 |
| Total Equity | 236,6 | 309,7 |
| Total Funds | 365,4 | 378,9 |

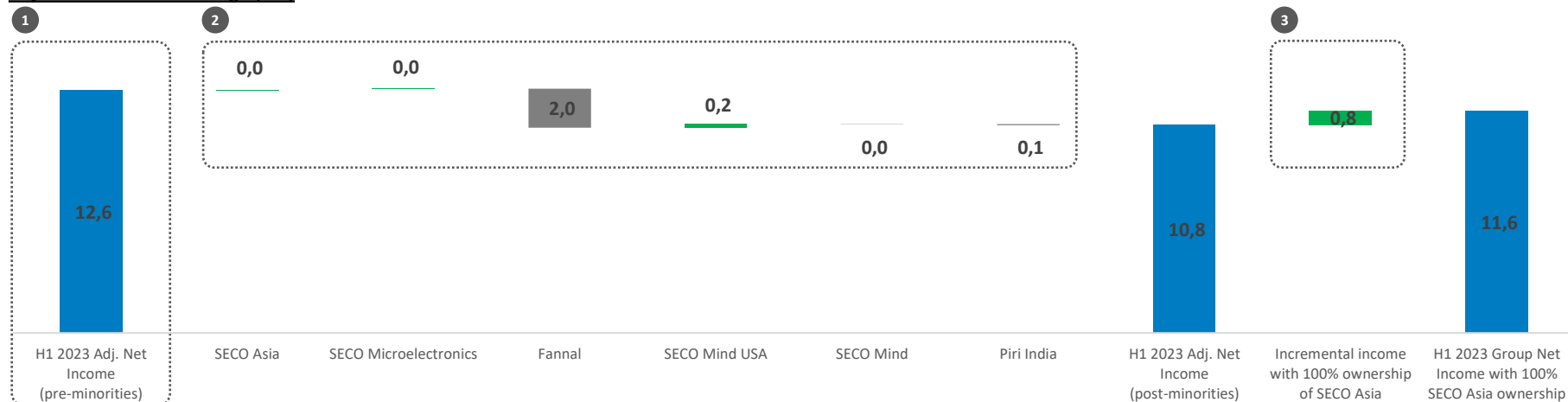
Revenue and cost model



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

Adjusted Net Income

Adjusted Net income bridge (€m)



1 Adj. Net income

- D&A: +€3.0m higher vs. H1 2022
- Financial expenses: + €0.6m higher vs. H1 2022, largely due to the increase in market interest rates

2 Minority interests

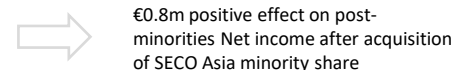
- Minority stakes attributed to key people of some subsidiaries for incentivization purposes
- In H1 2023, most of minority interests concentrated into Fannal, in which SECO S.p.A. holds a 28% share (= 51% * 55%) as illustrated below:



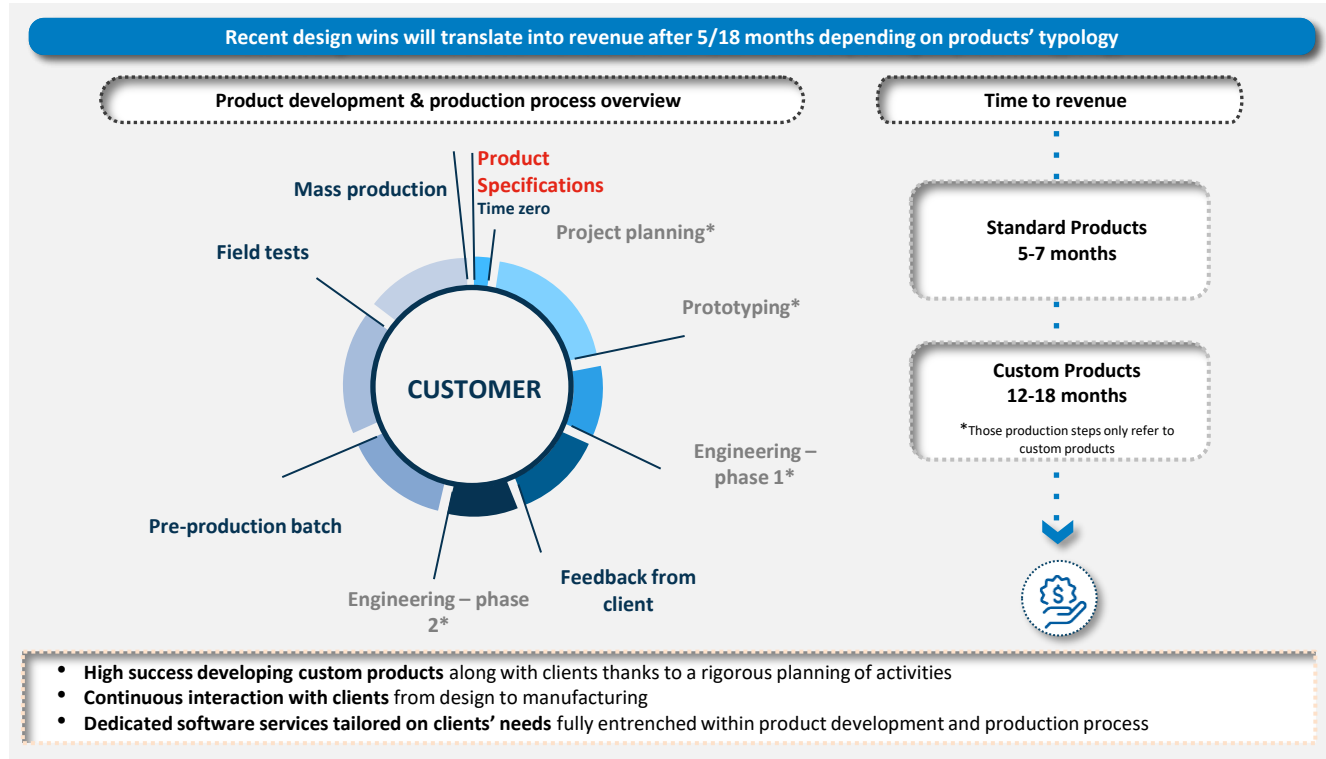
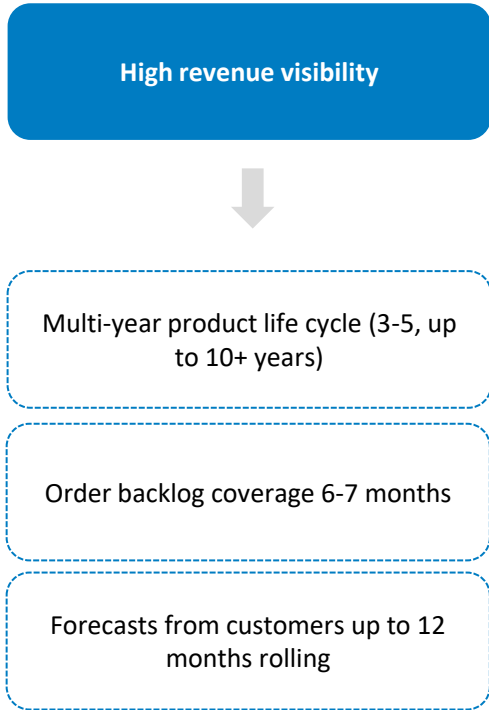
- Put/Call option systems in place for SECO to rise to 100% of all companies at single-digit EBITDA multiples

3 Effect of rising to 100% of SECO Asia

- Remaining 49% of SECO Asia, owned by Simest S.p.A., can be bought by SECO at the Simest S.p.A. entry valuation (€3.4m)



Business model





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Thank you

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