



Endless ways to the future

FY and Q4 2021 Results

March 21, 2022



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HERE TODAY



Massimo Mauri
CEO

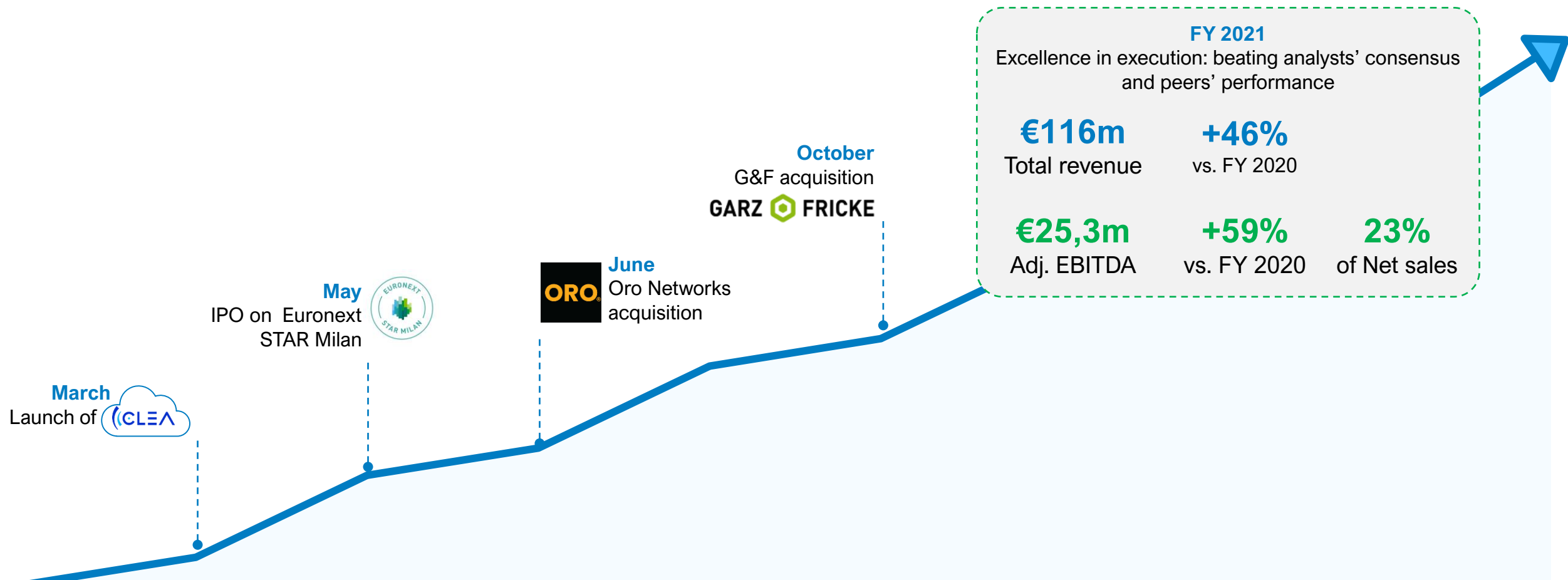


Lorenzo Mazzini
CFO



Marco Parisi
Head of Investor Relations

SECO: 2021 IN A SNAPSHOT



KEY TAKEAWAYS FROM 2021 FY AND 2022 YTD

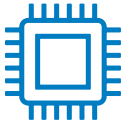


FY 2021: Net sales **+47%**, Adj. EBITDA **+59%** vs. FY2020

Q4 2021: Net sales **+113,1%**, **Adj. EBITDA at ~25%** of Net sales, **+93%** vs. Q4 2020



Above-guidance, peers' and analysts' consensus performance in the year, thanks to a quarter-by-quarter organic growth acceleration and profitability improvement, despite ~€4m overdue backlog as of 31.12.2021



GPM incidence stable vs. 2020, at **47%** despite components' shortage on the market



CLEA business at €2.2m in Q4 2021 (~60% growth vs. Q3 2021)

Software pro-forma revenue at **~€7.4m** in 2021¹



2 M&As completed and integrated in the year

¹ Including also Oro Networks' and G&F's IoT software revenue before their acquisition by SECO

KEY TAKEAWAYS FROM 2021 FY AND 2022 YTD (cont'd)



Visibility increased on 2022-2023

Q1 2022 Net sales: official guidance at **€41-42m**, **+~110-115%** vs. Q1 2021 (of which **~53-58% organic**)



Order backlog at **€157m** at 28.02.22, **>2x higher** vs. February 2021 on a like-for-like basis



Strong boost from **CLEA pipeline**, now at **500k+ devices**



March 2022: **strategic partnership** with Exein in the **cybersecurity** field

¹ Including also Oro Networks revenue before the acquisition by SECO

Q4 AND FY 2021 FINANCIAL HIGHLIGHTS

Solid growth trend continuing in Q4 2021, making SECO an **industry best performer** despite components shortage affecting global markets

+46%

Total Revenues¹ growth

€116.3m in FY 2021 (vs. €79.5m in FY 2020)

- Strong net sales acceleration in Q4 2021 (**+113%** vs. Q4 2020, **+28%** organic growth FY 2021 vs. FY 2020)
- CLEA generating **~€2.2m** software revenue in Q4 2021 (**~60% growth** vs. Q3 2021)
- Growth distributed across EMEA, APAC and USA

+48%

Gross margin growth

€53.1m in FY 2021 (vs. €36.0m in FY 2020)

- **47.3% of net sales in FY 2021, vs. 47.2% in FY 2020**
- Stable profitability vs. FY 2020, despite components shortage affecting all the market
- Temporary price increase actions adopted have helped maintain stability in the gross margin incidence
- Positive impact from CLEA revenue

¹ Revenue from sales and other operating income

Q4 AND FY 2021 FINANCIAL HIGHLIGHTS (cont'd)

Strong operating leverage driven by continued business growth and OPEX control

+59%

Adj. EBITDA growth

€25.3m in FY 2021 (vs. €15.9m in FY 2020)

- 23% of net sales in FY 2021 vs. 21% in FY 2020

+47%

Adj. Net Income growth

€11.5m in FY 2021 (vs. €7.9m in FY 2020)

- 10% of net sales in FY 2021 vs. 10% in FY 2020

TOTAL REVENUES STRONG TOP-LINE GROWTH, ACCELERATING IN Q3 AND Q4 2021

€116.3m

FY 2021 Total revenue¹

+€36.8m

FY 2021 vs. FY 2020

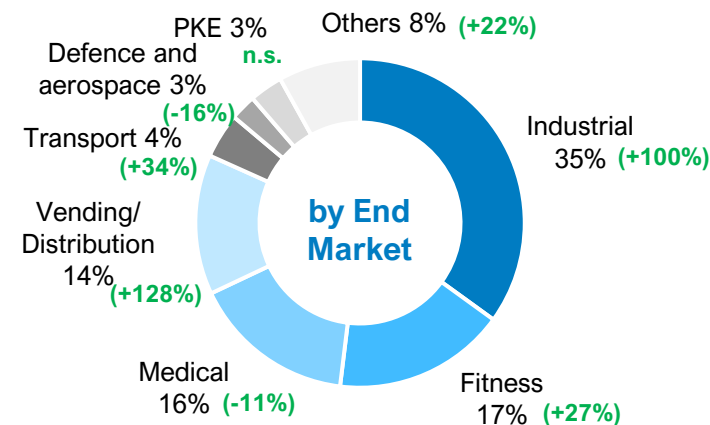
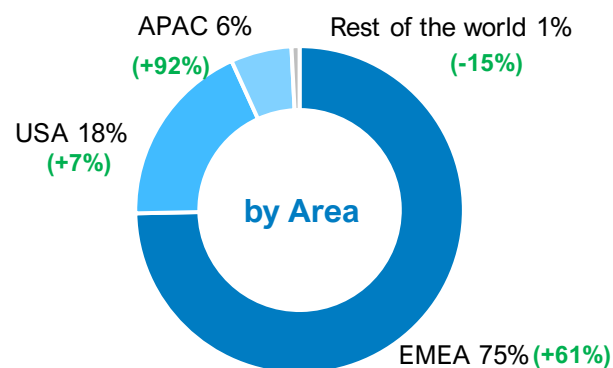
~€2.2m
generated by CLEA in Q4 2021



+63%
vs. Q3 2021



Revenue from sales breakdown (FY 2021)



Legend
(±XX%) Change vs. FY 2020

- **FY 2021 Net sales growing by +47% vs. FY 2020**, further accelerated by a **strong performance in Q3 and Q4 2021 (+51% and +113% vs. 2020, respectively)**
- Net sales reaching **all-time record at €45m+ in Q4 2021**
- CLEA continuing its positive growth trend, hitting **~€2.2m revenue in Q4 2021 (63% growth vs. Q3 2021)**
- **CLEA pro-forma revenue at €7.4m in FY 2021²**
- **Business diversification** allows to benefit from the recovery observed in **Industrial, Fitness, Transportation, Vending** industries
- **EMEA, APAC, USA** markets all showing growth trends

¹ Revenue from sales and other operating income

² Including also Oro Networks' and G&F's IoT software revenue before their acquisition by SECO

ADJUSTED EBITDA EVOLUTION

€25.3m

FY 2021

Adjusted EBITDA (€m)

+€9.4m

FY 2021 vs. FY 2020

+59%

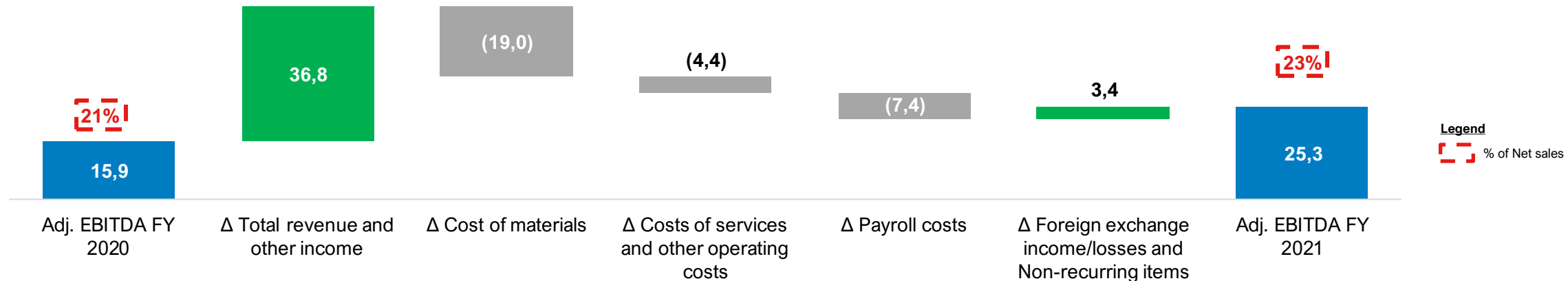
% growth vs. FY 2020

23%

of Net sales

+~ 160bps

Δ incidence on Net sales
vs. FY 2020



- **Operating leverage** driven by **continued business growth** and **OPEX control** leading to ~160bps EBITDA margin improvement
- 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

€97.5m

FY 2021 Adjusted net debt

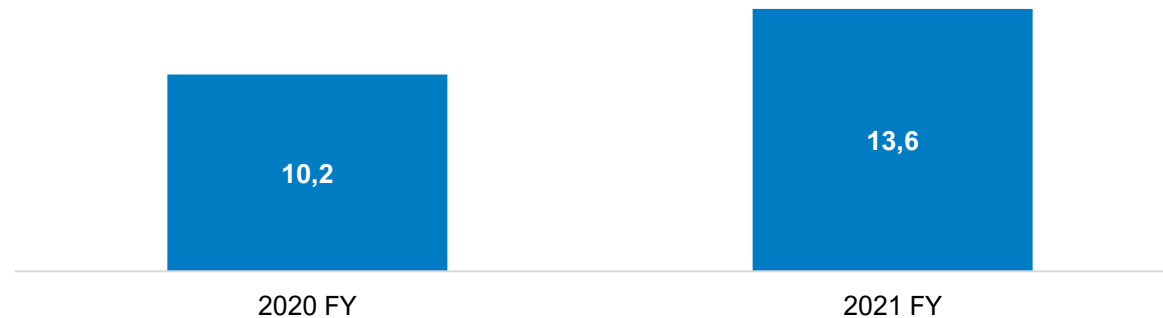
€13.6m

FY 2021 cash flow from operations

+33%

growth vs. FY 2020

Cash flow from operations (€m)



- Strong cash generation from operations in FY 2021
- Adjusted Net debt increasing in Q4 mainly due to the ~€100m acquisition of Garz & Fricke (including transaction costs), funded with a ~€120m medium-long term acquisition financing

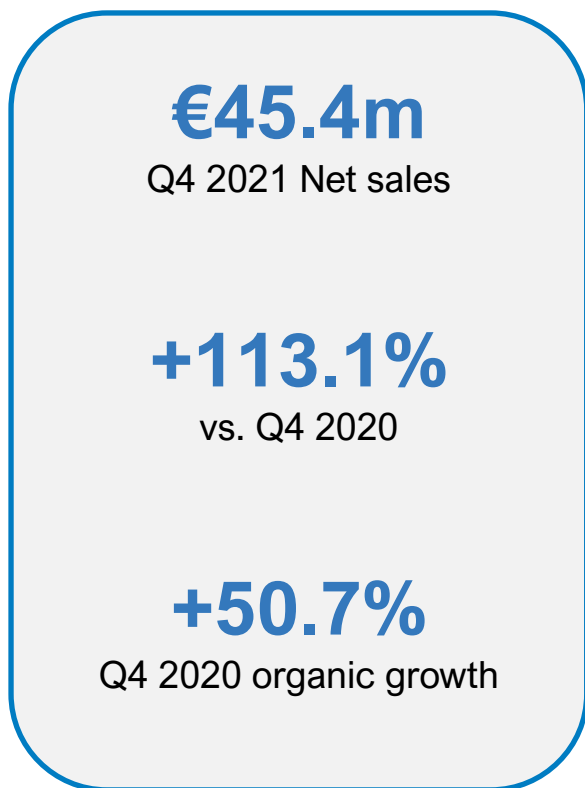


Endless ways to the future

Business update



Q4 2021: STRONG GROWTH ACCELERATION IN REVENUE AND PROFITABILITY



FEBRUARY '22 BACKLOG

ORGANIC GROWTH AND M&A CONTRIBUTION
PROVIDING STRONG VISIBILITY ON 2022

...on the back of a **strong order backlog increase**

Total Order backlog (€m)

€63m
February 28, 2021¹

→

€157m
February 28, 2022



~€4m ↑

Overdue backlog in Q4 2021
(delivered in Q1 2022)

Growth rates (Feb22 vs. Feb21)

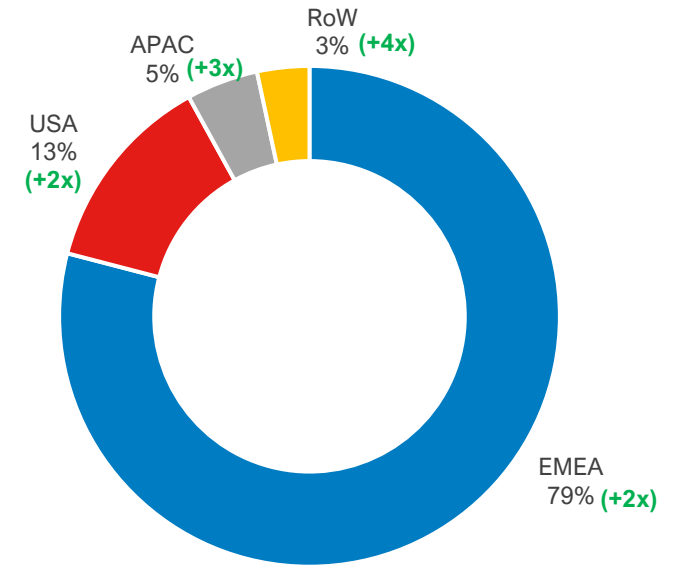
>2x ↑

Like-for-like¹ order backlog
increase

>3x ↑

Order backlog increase without
G&F contribution

Feb22 Order backlog by area

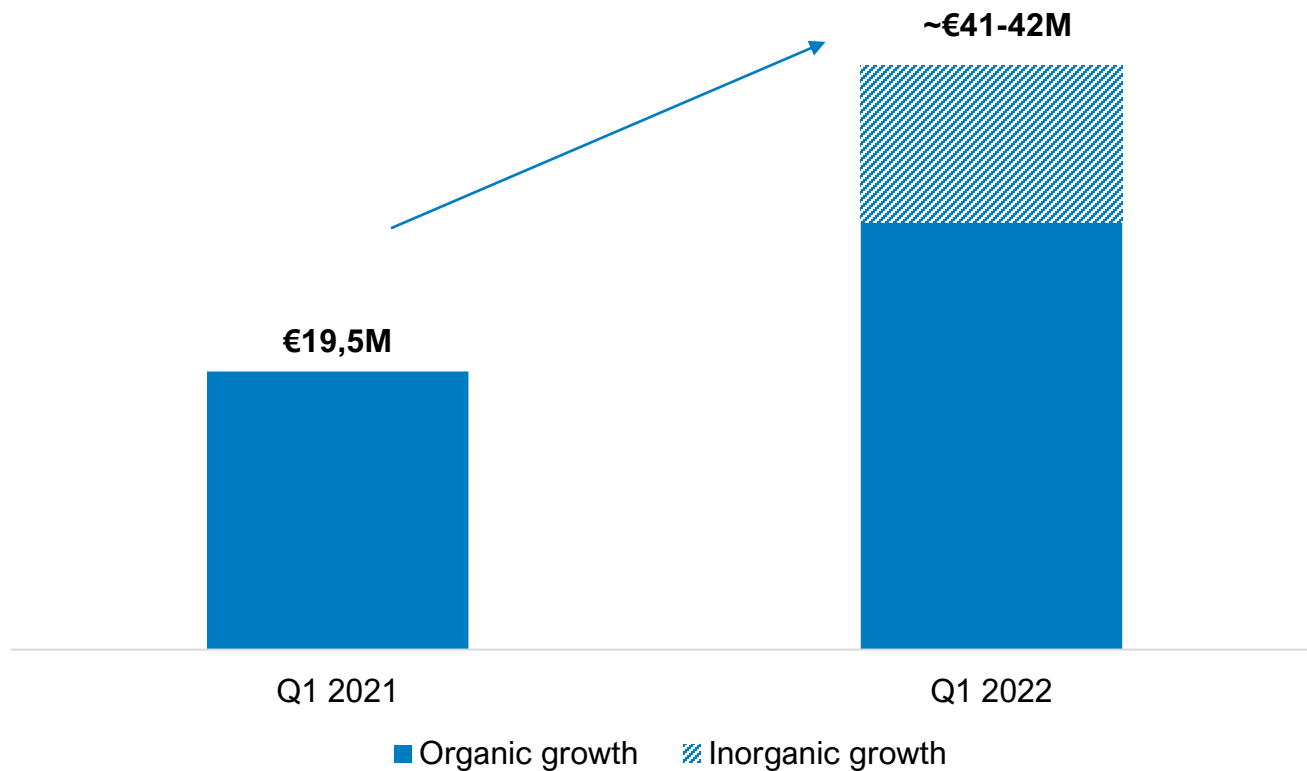


Legend
(±...)x Change vs. Feb. 2021

¹ Considering also G&F figures as of 28.02.2021
Note: percentages may not sum to 100% due to rounding

Q1 2022 OFFICIAL GUIDANCE

Strong organic growth expected already from Q1 2022, thanks to high business visibility...



€41-42M

Q1 2022 Net sales official guidance

~110-115%

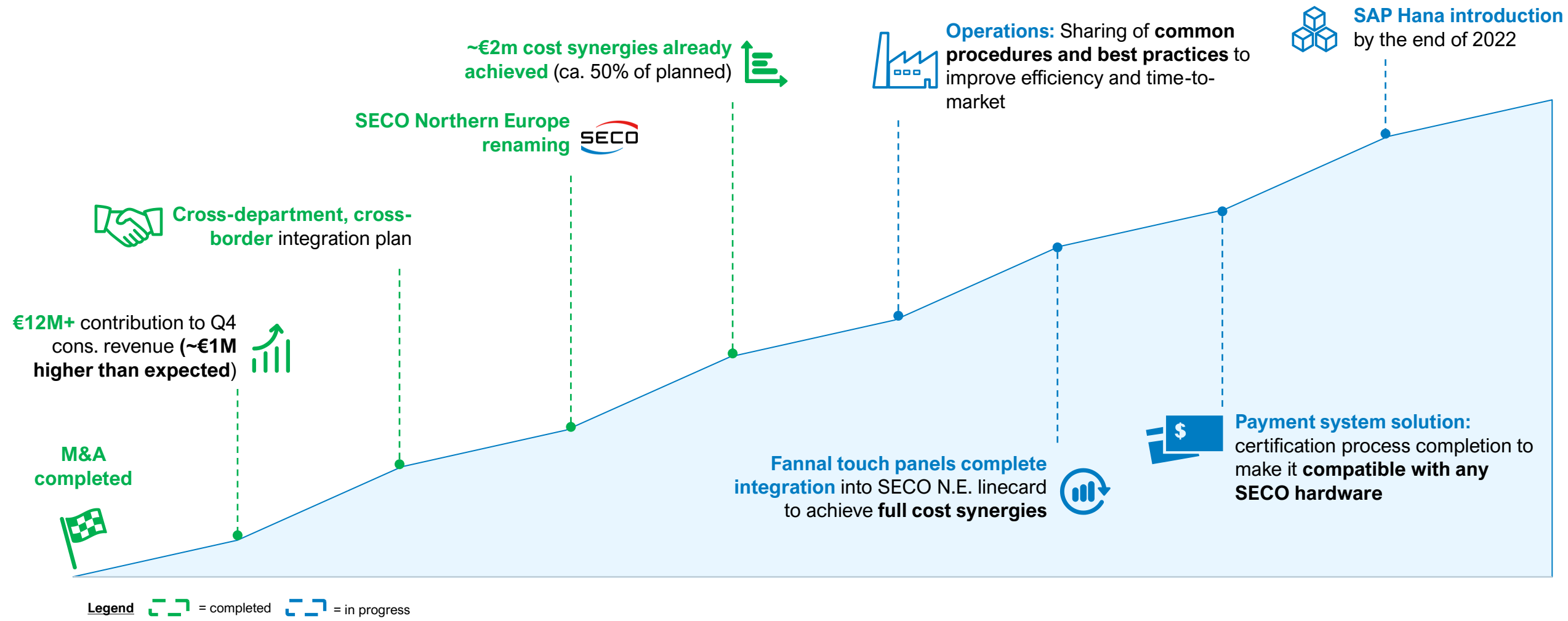
Total growth vs. Q1 2021

~53-58%

Organic growth vs. Q1 2021

M&A UPDATE

SECO NORTHERN EUROPE INTEGRATION PROCEEDING AHEAD OF SCHEDULE





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What's next?

Strategy and closing remarks



AN INNOVATIVE STRATEGY FOR A LONG-TERM GROWTH PATH...

OUR STRATEGIC PLANS FOR 2022-25

Scaling up the value chain



Edge-to-AI
integration



SaaS business
as a **game changer** for SECO
and its customers



Strong acceleration of organic growth path



FY 2022 guidance update in April 2022



Strong acceleration in CLEA business in many
verticals: smart cities, vending, coffee, fitness,
industrial, medical



Update on 2023 CLEA targets in June 2022

2022 pillars



2025 Goals

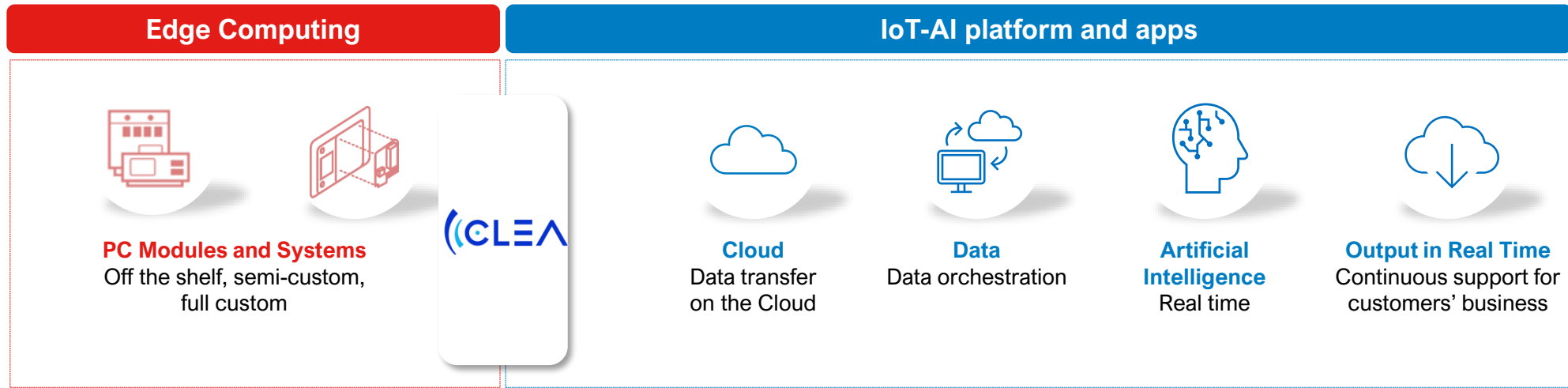


Market leader
in the IoT-AI space



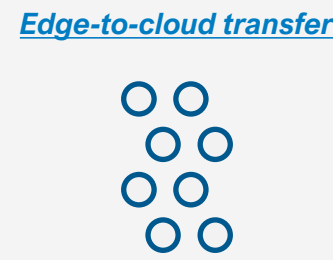
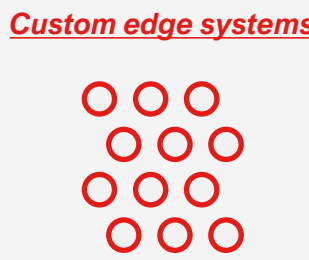
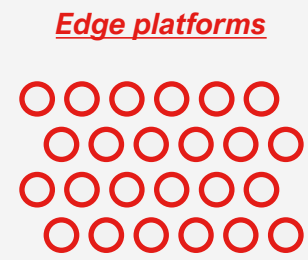
€400m+ Revenue
mixing strong organic growth
with accretive-strategic M&A

...THANKS TO A UNIQUE EDGE-TO-AI OFFERING



- ▶ **Fast Time-To-Market**
- ▶ **Clear-cut Costs**
- ▶ **Reduced Operational Risk**
- ▶ **Flexible & Open Source System**
- ▶ **Data Monetisation**

competitors by channel



CYBERSECURITY INTO SECO OFFERING

INDUSTRIAL PARTNERSHIP
WITH EXEIN

AN ADDITIONAL STEP TO SECO SaaS BUSINESS MODEL EVOLUTION



*An ever-increasing number
of connected devices...*

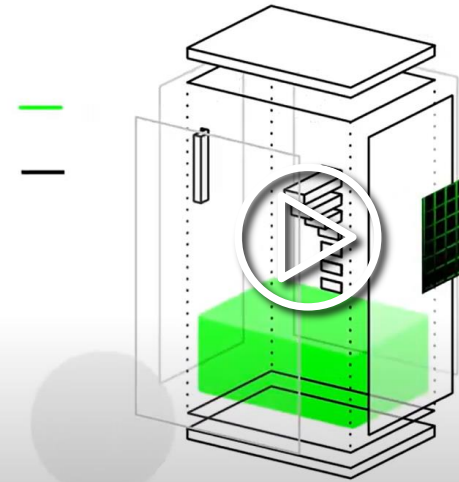


*...creates the need for companies to increase
the level of protection of their data...*



*Together for our customers'
cybersecurity*

*Learn more
about Exein*



MORE TO COME...



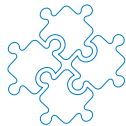
M&A focus on AI in the short term



Continuing the business model evolution, adding value for our customers



Strong organic growth thanks to revenue increase with existing customers/new customers



Value partnerships as a channel for further growth



Full deployment of **Olivetti industrial partnership**



Targeting **NRRP 2023-26 opportunities**



Endless ways to the future

Q&A





Endless ways to the future

Annex



FINANCIALS OVERVIEW

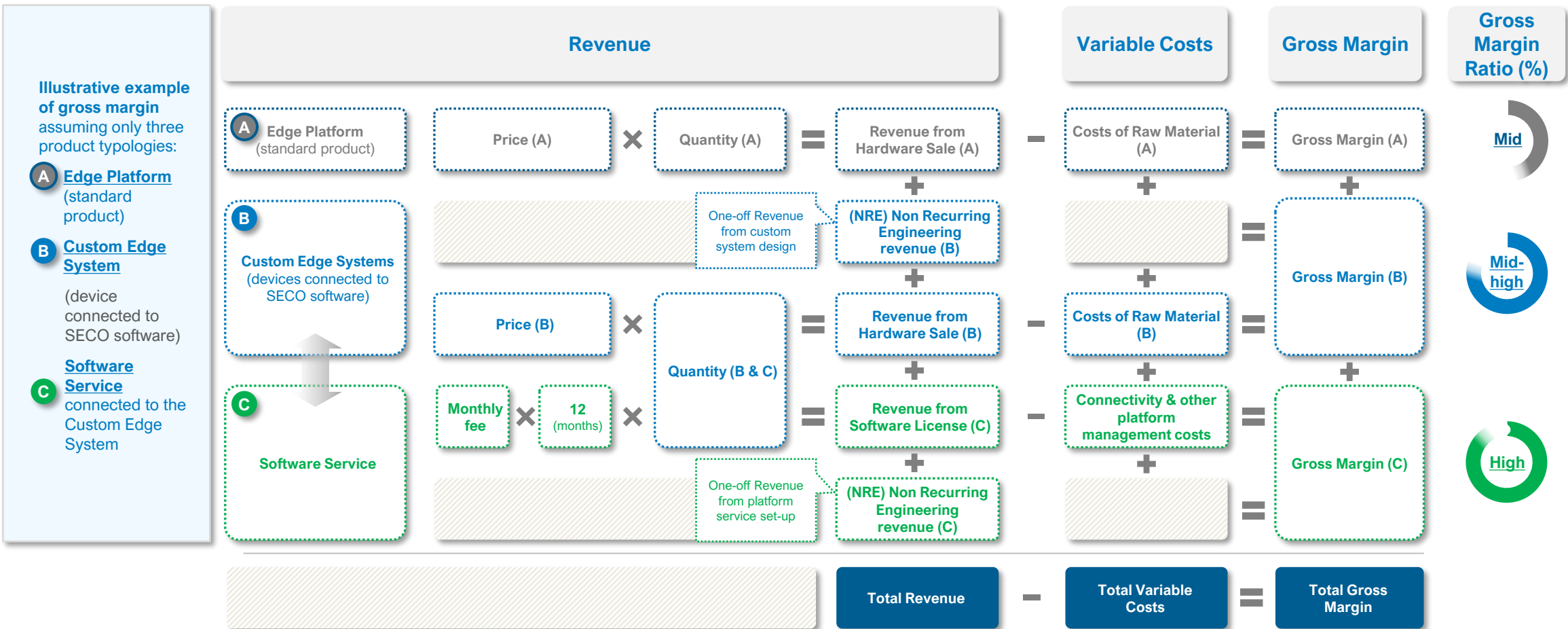
Income Statement

€mln	FY 2020	FY 2021
Net Sales	76,1	112,3
Consumption Costs	(40,2)	(59,2)
Gross Margin	36,0	53,1
<i>% on Net Sales</i>	47,2%	47,3%
Other revenues	3,4	4,0
Personnel costs	(16,1)	(23,5)
Other Opex	(10,5)	(15,0)
Exchange gains/losses	(0,7)	(0,6)
EBITDA	12,1	18,1
<i>% on Net Sales</i>	15,9%	16,1%
EBITDA ADJ	15,9	25,3
<i>% on Net Sales</i>	20,9%	22,5%
Depreciation	(5,5)	(9,2)
EBIT	7,3	9,5
<i>% on Net Sales</i>	9,6%	8,5%
Financial expenses	(0,5)	(1,3)
Tax	(0,6)	(1,1)
Net Income	5,5	6,5
<i>% on Net Sales</i>	7,2%	5,8%

Balance Sheet

€mln	FY 2020	FY 2021
Net Working Capital	35,9	52,5
Total Fixed Assets	35,5	233,3
Other non-current assets	1,1	3,1
Provisions and other non-current liabilities	(3,7)	(16,4)
Net Invested Capital	68,8	272,5
Net Financial Position	17,8	109,5
Net Financial Position ADJ.	11,4	97,5
Total Equity	51,0	163,0
Total Funds	68,8	272,5

REVENUE AND COST MODEL



BUSINESS MODEL

High revenue visibility



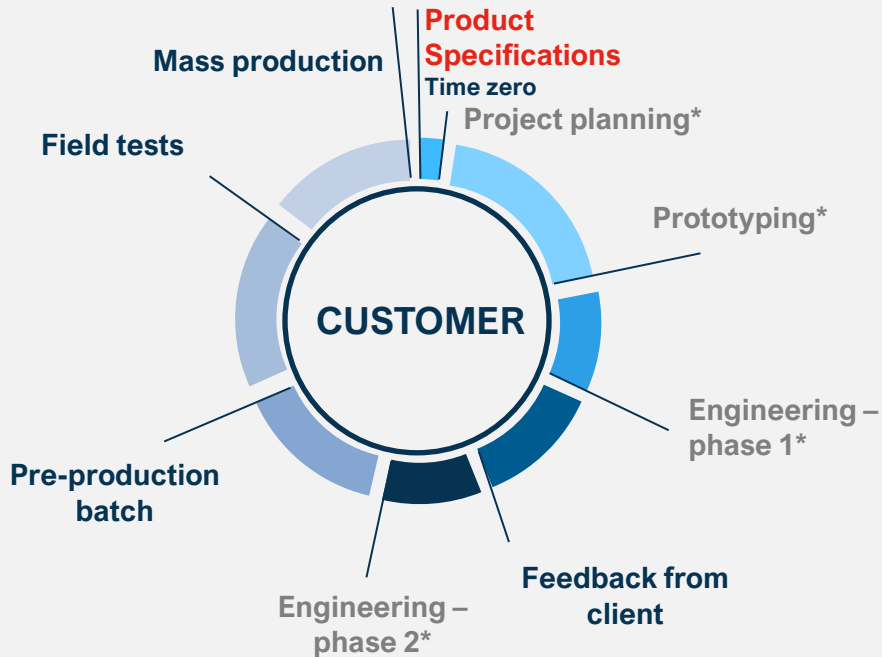
Multi-year product life cycle (3-5, up to 10+ years)

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

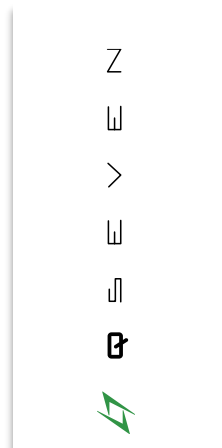
- Implementation of customized embedded systems
- Internationalization
- Further expansion in multiple verticals

SECO 3.0

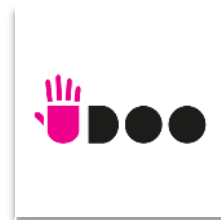
- Leader in custom Edge Computing & IoT products & solutions
- Flexible and scalable business model
- Strengthen Management and M&A campaign



1979
Foundation
of SECO



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
€ 10mln



2020
Acquisition
InHand
Electronics,
Ispirata and
Hopenly



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

WORLDWIDE SPREAD CENTER OF EXCELLENCE, WITH TOP-TIER R&D CAPABILITY



>700k devices
manufactured every year



>800 people



250+ R&D people
of which ~150 in AI
algorithms development



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



9 R&D centers
5 production plants



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

WHAT WE DO TODAY IN EDGE COMPUTING

Off-the-shelf Products

Single Board Computers & Modules



Boxed solutions, HMIs & Gateways



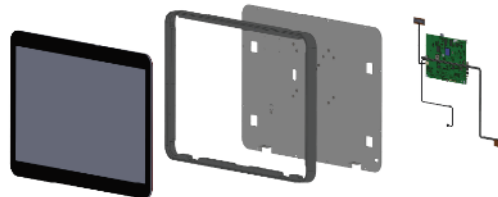
Full offering of single board computers, modules, devices and gateways with design compliant to the most widely used standards

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

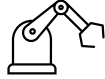
- Assisted model training within the platform
- Integrated AIOps within data flows from the fields

KEY COMPETENCES IN MULTIPLE APPLICATION DOMAINS



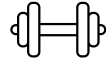
Medical

- Growing adoption of smart medical devices
- High resiliency (anti-cyclical market)
- Long & expensive certification processes
- High tech lock-in over product life-cycle



Industrial Automation

- Growing market due to adoption of smart factory and industry 4.0
- Integration sensors and telemetry to predict maintenance services, consumable spare parts, etc.



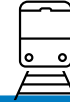
Fitness

- Highly growing market due to the increasing adoption of wearable connected devices
- Increasing “home fitness” model



Vending & Retail

- Rising adoption of connected vending machines, improving customer experience
- Introduction of new “not traditional” payment and interacting system, (mobile phone, voice, face recognition)



Transportation

- Long & expensive certification processes
- Tender business model usually. Once acquired takes 3-5y roll-out installation and business continuity



Aerospace & Defence

- High resiliency (anti-cyclical market)
- Long & expensive certification processes
- High tech lock-in over product life-cycle



Infotainment Entertainment

- Large volume business
- Expected fast growing after the pandemic



Other

- Power/Utilities
- Digital Signage
- Telco
- Security & Surveillance
- Test & Measurement

Key value drivers

HOW WE DO IT

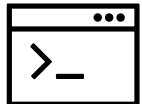
ENABLING OUR CUSTOMERS TO CUT DEVELOPMENT COSTS AND TIME TO MARKET



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

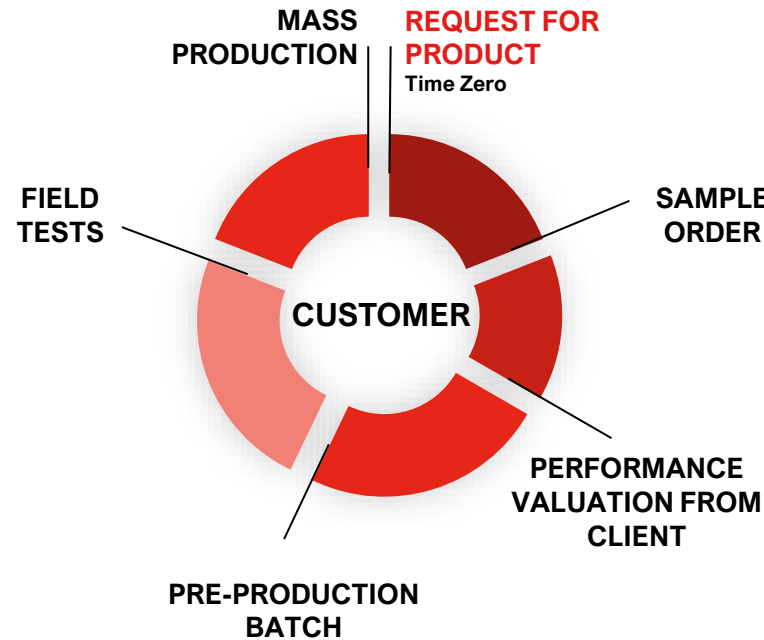


Continuous interaction with customers from design to manufacturing

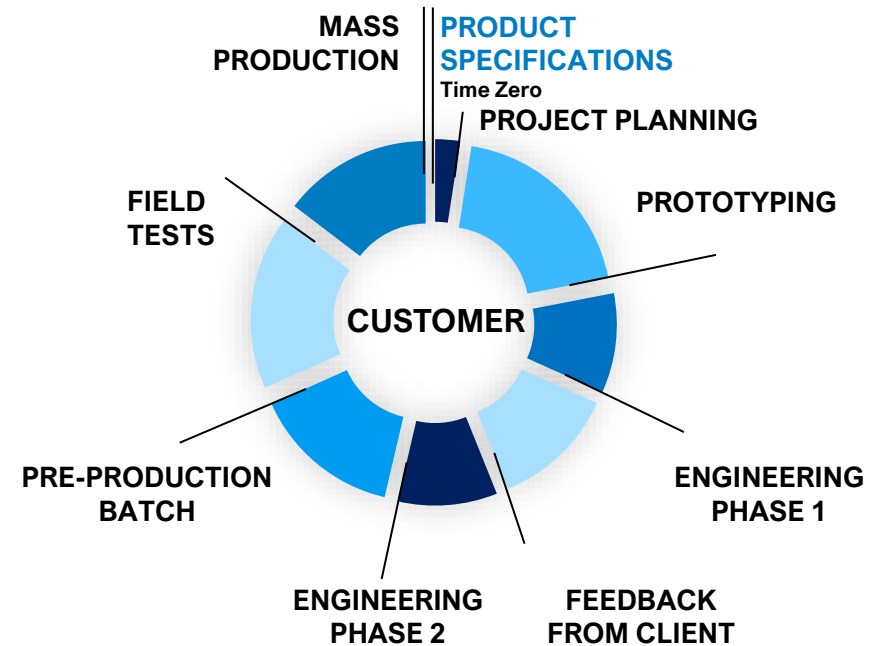


Dedicated software services tailored on customers' needs fully entrenched within product development and production process

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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