



9M 2024 Results & Business update presentation

November 13, 2024



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Presenting today



Massimo Mauri

Chief Executive Officer



Lorenzo Mazzini

Chief Financial Officer



Clarence Nahan

Head of Corp. Dev. & IR

Key takeaways from the first 9 months of 2024

Continued resilience in a complex market

- **9M24:** Net sales at **€139.4m**, **down 14.0%** vs. 9M23
- **Solid and diversified client base** in the Edge computing business
- Clea revenues at **€17.0m** in 9M24 (**12.2%** of sales), **up 214 bps** vs. 9M23

Best in class Gross Profit Margins

- **GPM** incidence at **52.1%** in 9M24, **up 261 bps** vs. 9M23
- Improving YoY and QoQ thanks to a **unique business model, offering** and **Clea contribution**
- 3Q24 GPM favored by a slightly better **client / product mix**

Focus on production costs optimization

- Adj. EBITDA at **€20.4m** in 9M24 (**14.7%** of sales), **down 45.2%** vs. 9M23
- **Better operating leverage** in 3Q24 thanks to **control on Opex**, despite softness in Sales
- Adj. Net Income at **€1.6m** in 9M24

Significant Net Working Capital improvement

- **Positive Cash generation in 3Q24 (€4.0M)**, thanks to effective **NWC management**
- **Stable Net Debt level**, supporting SECO's future expansion plans

9M 2024 financial highlights

9M 23 ⇒ 9M 24

Net sales

€162.1m ⇒ €139.4m

- Continuing destocking trend by key customers led to decreased sales volumes
- Clea revenue at **€17.0m** in 9M24 vs. €16.3m in 9M23 **(+4%)**

Gross margin

€80.3m ⇒ €72.7m
 { 49.5% } { 52.1% }

- **+261 bps** 9M24 vs. 9M23 margin increase driven by a better Edge product mix, coupled with more favorable conditions in the components market
- Gross margin reduction due to contraction in business volume

Adj. EBITDA

€37.3m ⇒ €20.4m
 { 23.0% } { 14.7% }

- Better operating leverage, mainly thanks to control of production costs, offset by the impact of Sales contraction
- **-45%** in 9M24 vs. 9M23

Adj. Net Income

€16.2m ⇒ €1.6m
 { 10.0% } { 1.1% }

- D&A: +€1.6m vs. 9M23
- Financial expenses under control: -€3.2m vs. 9M23
- **-90%** in 9M24 vs. 9M23
- Taxes calculated with theoretical tax rate

{ ...% } = % of Net sales

Net sales

€139.4m

9M 2024 Net Sales

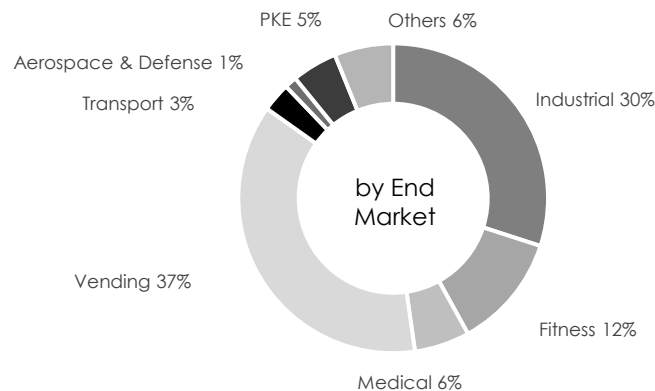
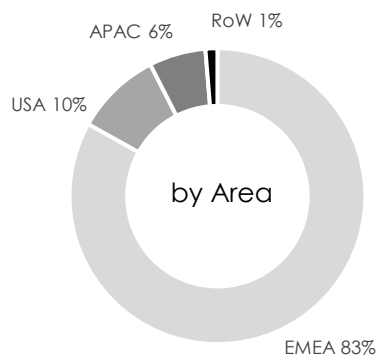


12% of
Net sales

€17.0m

9M 2024 Clea revenue

Net sales breakdown (9M 2024)

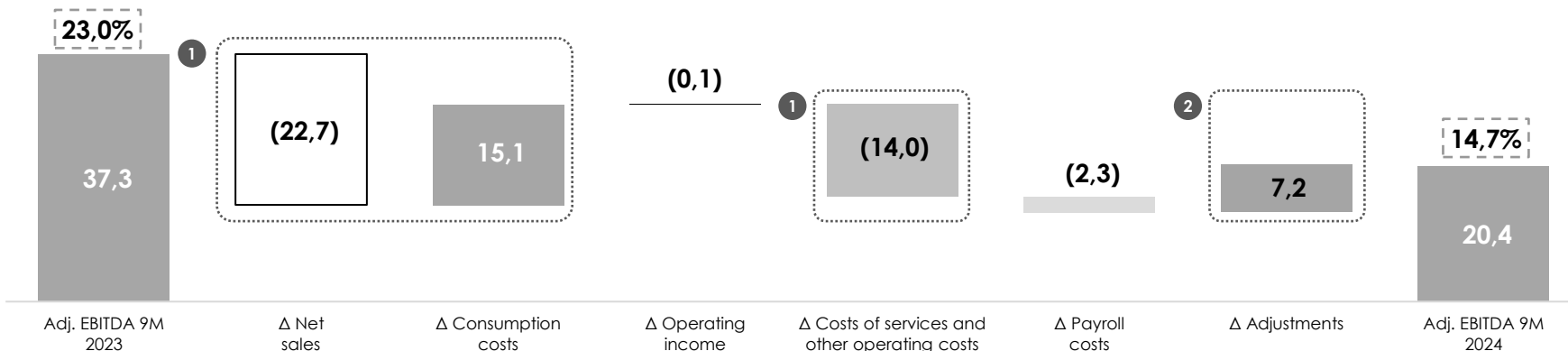


- 9M24 Net sales decreasing by **14.0%** vs. 9M23
- Sales volume contraction distributed across geographical areas and verticals due to customers' final stages of destocking
- Positive signals from Vending, Defense & Aerospace and Fitness

- Clea business at **12%** of revenue in 9M24, **+214 bps** vs. 9M23
- **+4.3%** vs. 9M23
- Software business continues to deliver **positive YoY growth**

Adjusted EBITDA

Adj. EBITDA bridge (€m)

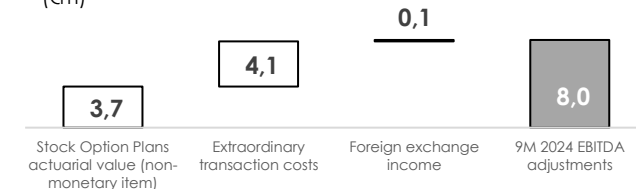


1 Gross margin effect and operating costs

- Gross margin at **52.1% of sales** (up by +261 bps vs. 9M23), mainly thanks to a **better Edge product mix**, as well as to a **decrease in components' price** following market stabilization
- Improved operating leverage** thanks to control actions on production costs, offset by reduced sales volume

2 Adjustments

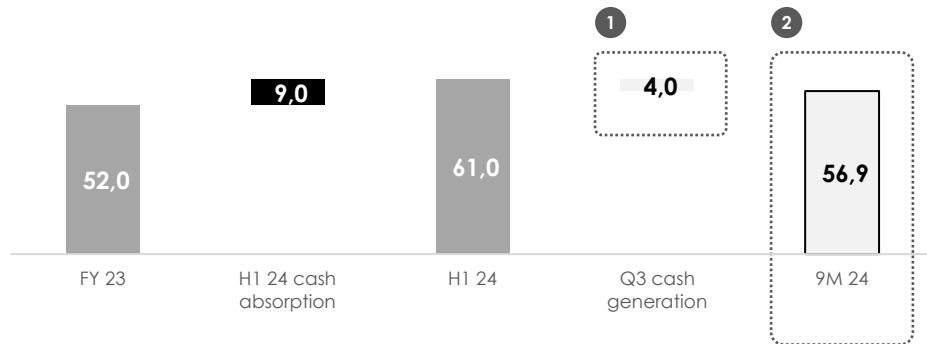
- 9M 2024 EBITDA Adjustments (€m)



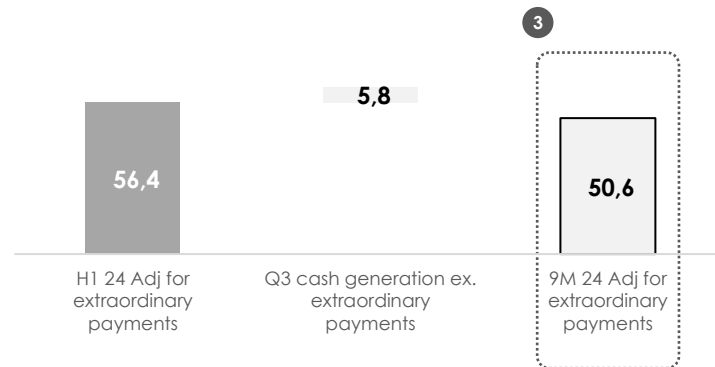
Note: percentages may not sum to 100% due to rounding; all numbers in €m are rounded to the closest first decimal place, so there may be deltas for up to ±€0.1m when variation figures are displayed

Adjusted Net financial position

Adj. Net debt evolution (€m)

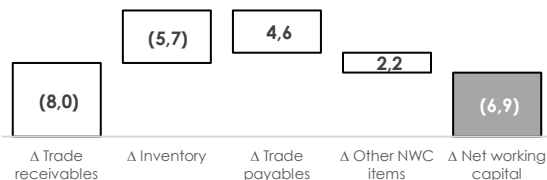


Net Debt Adj. for extr. payments evolution (€m)

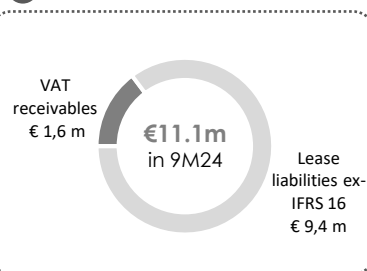


1 9M 2024

- Cash generation for €4.0M in 3Q24**, mainly thanks to inventory optimization actions



2 Net debt Adjustments



3 Extraordinary payments

- Repayment agreement** following a **tax reassessment audit (€2.3M)**
- Dividend payment** to the shareholders of **Fannal (€1.8M)** to minority shareholders)
- Down payment for new **Arezzo plant (€2.2M)**

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Business update



Leading player in one of the fastest-growing end-market in tech

Key trends driving demand accelerations

40% of OEMs to rely more on tech partners
for **sophisticated tech solutions**

Shift towards embedded systems

Extract **value** from
device-generated data

Enhance **UX** and
human-machine interaction

Rapid growth in connected devices
fueled by **data volume**



Companies to adopt **data-centric strategies** for real-time management

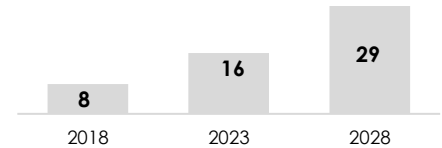
Demand for digital solutions
following **customer needs**



Embedded systems adoption will be key
for **enhanced functionalities**

TAM Value (\$'bn)

>12% CAGR
23-28



Increase technological partnerships

Rising request for **smart, connected** and
innovative products

OEMs to rely on ODMs
for **quality embedded systems**



Focus on
innovation, quality and **cost reduction**

End-to-end stack to deliver customer value

We have built a unique value proposition to fully benefit from the IoT implementation trend and edge AI development



To address every industrial **Needs**

Providing extensive sets of **Data**

Relevant to all **Stakeholders**

Compute

Monetizable

Business

Connect

Actionable

IT

Collect

Raw

Operations

Clea is increasingly relevant to all key Silicon Vendors



Geopolitical & secular trends are affecting core business lines



Pressure into **pivoting towards other markets** (industrial) and **new business lines** (software)



SVs face a **bigger challenge than SECO on SW**: from positioning to end users/developers' access



Despite having a significant market footprint, SVs require a **different value chain to exploit** their **SW business**



Designed to support hardware-specific add-ons and to **integrate with SVs SW natively**



Mature software suite, not just a component, **integrating SVs SW into a complete solution**



Already built value chain for delivery (System Integrators, Cloud Vendors, ...)

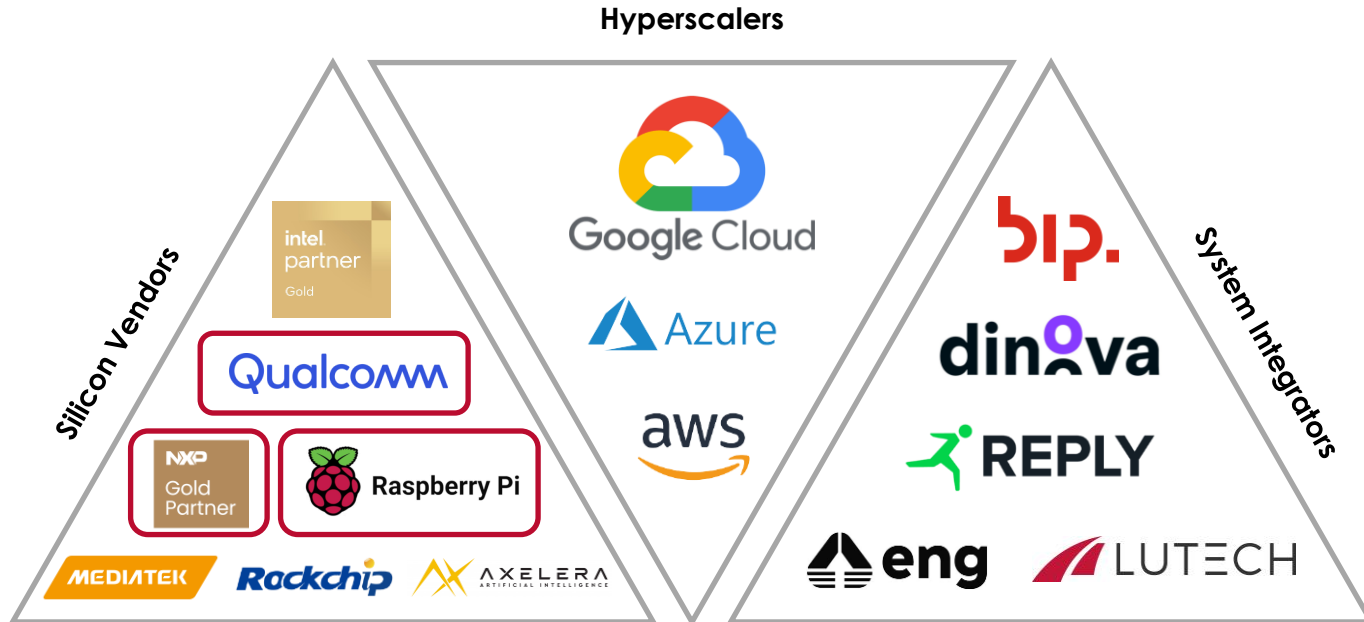


SECO can act as a reseller for SVs SW for an active incentive for joint go-to-market



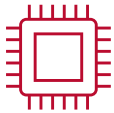
Continuously expanding our Clea Ecosystem

Strengthening our group of industry-leading partners with a clear strategy to fuel creativity & boost growth amongst 3rd party users through joint go-to-market strategies



New strategic partnership to make Clea available across all NXP silicon

Hardware



- **Jointly** bring to market a **unified hardware + software**
- Focus on integrating **NXP silicon, Clea and EdgeLock 2GO**

Software



- Make  **Clea** IoT platform **available to all NXP silicon users**
- **Integration with NXP's EdgeLock 2GO security services**, for an optimized development environment for AI-driven apps

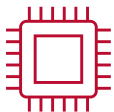
Go-to-Market



- SECO & NXP to **enlarge the value proposition to their customers**
- **Combined expertise** to accelerate **innovation**, and expedite **product development** and **market entry** for customers

New strategic partnership to expand our industrial IoT offerings


Hardware



- SECO to design **10.1" HMI based on Raspberry Pi's new 5th-gen Compute Module (CM5)**
- **Raspberry Pi OS supported** for a powerful industrial solution
- **Joint hardware development** for tailored solutions to industrial clients

Software



-  **Clea** IoT platform **natively integrated into all Raspberry Pi products**
- **Raspberry Pi Connect integrated with SECO's software stack**
- Boost **device management, data orchestration, and AI/ML apps**

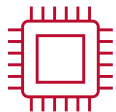
Go-to-Market



- Leverage shared expertise to **jointly address business opportunities in strategic vertical industries**
- Explore future opportunities in **image recognition, Edge AI and microcontrollers**

Together to accelerate the development of new IIoT solutions for OEM customers


Hardware



- SECO as **Qualcomm's IIoT design center partner** for developing edge computing solutions
- Recently announced a **development kit** for software testing of **IoT and edge AI applications**

Software



- Users can **quickly connect**  **Clea** to their devices for **improved performance and insights**
- **Demo** from Embedded World North America: **LLMs running at the edge** on the Qualcomm processor

Go-to-Market



- Explore **business opportunities from Qualcomm's network**, leveraging SECO's R&D expertise
- **Jointly** participate in **exhibitions**, develop **demos** and **expand the off-the-shelf product catalog**

Clea roadmap overview

2024

2025



Clea
Portal

Clea platform

Unified interface for all Clea products



Clea
Astarte

Price list

Single price list for all the Clea Products available (consumption or device based)



Clea
Edgehog

Vertical use cases

List of potential use cases for adopting Clea across the most relevant vertical industries for SECO



Clea
OS

Availability

SOM-SMARC-Genio700 C72 Amstom/Alder QEMU
Raspberry Pi



Clea
AI Studio

Clea AI Studio

No code environment to transform use case into apps



Clea
Marketplace

Clea AI Marketplace

One-stop shop to download reusable components, Apps, LLMs, and features for Clea Portal, Clea AI Studio and Clea OS

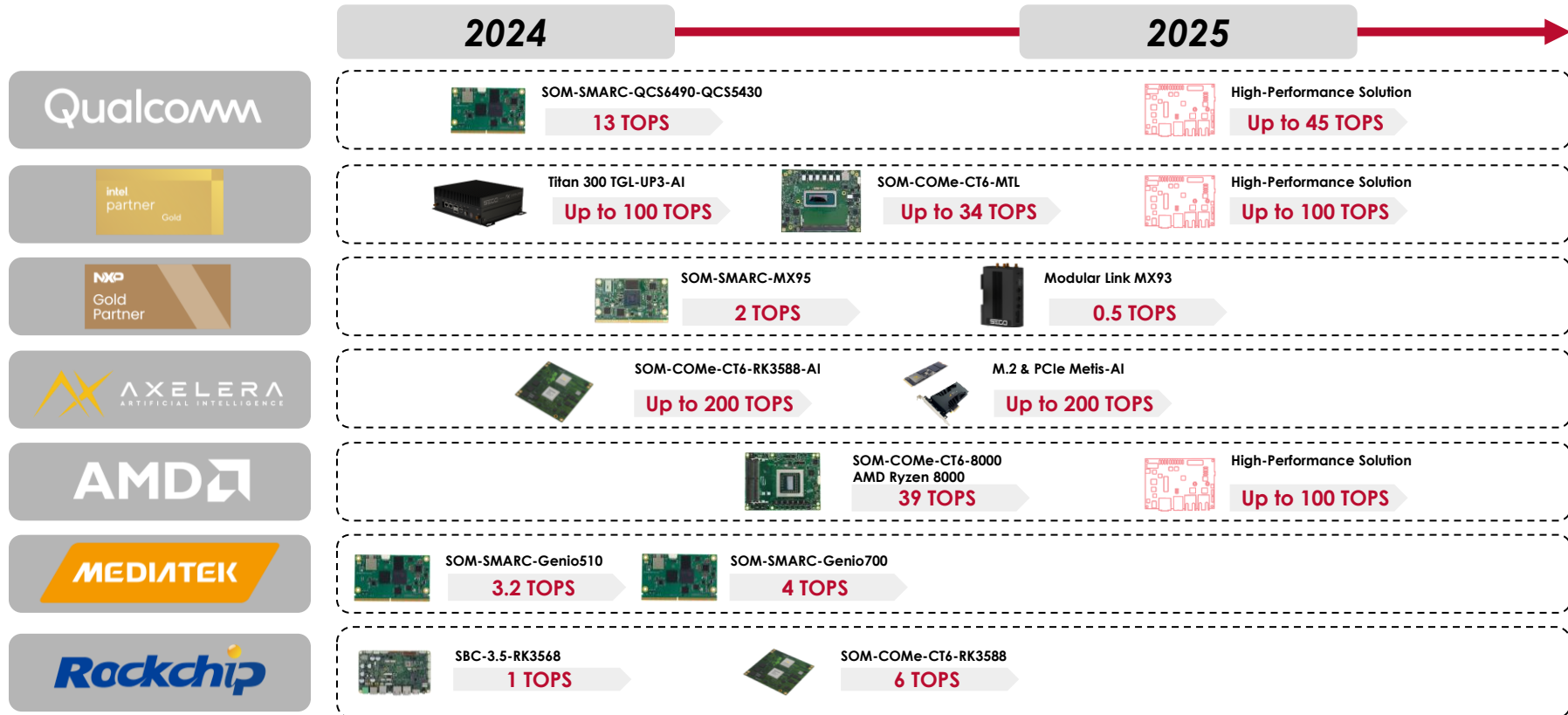
Clea OS on Edgehog

Clea OS will be available for deployment directly from Edgehog

Clea AI Studio apps on Clea OS

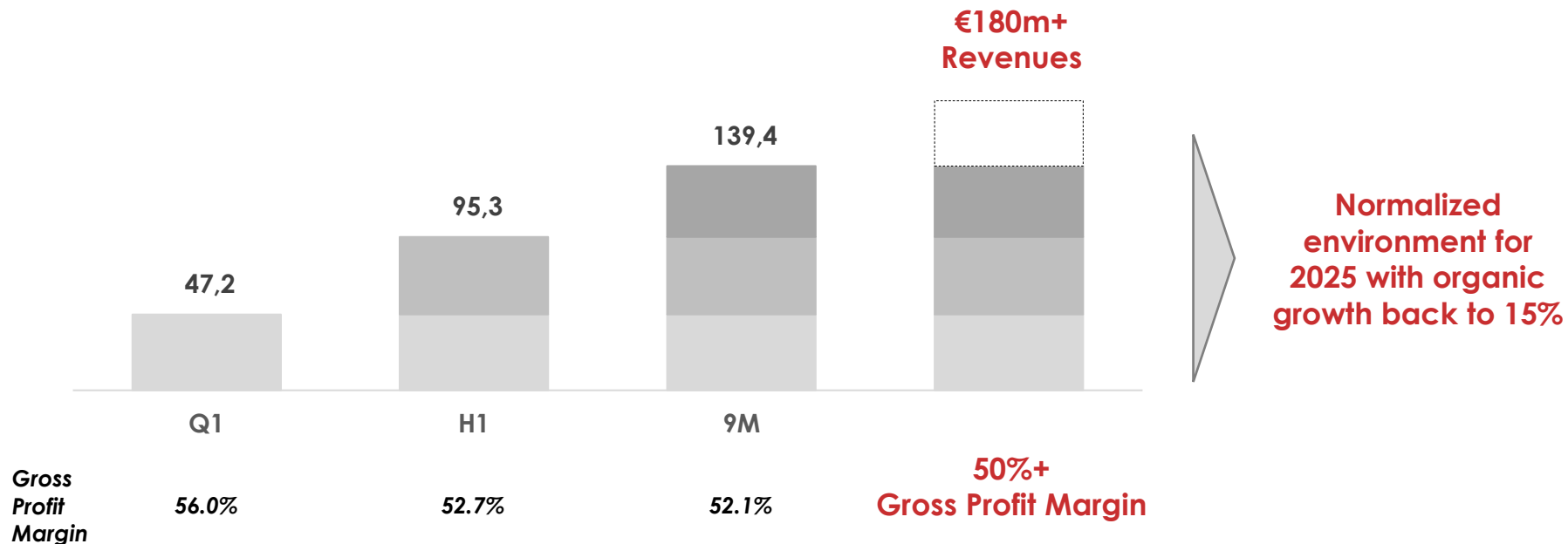
Deploy AI applications built on Clea Studio on Clea OS

Edge AI roadmap: from entry-level to high-performance



On track to meet Full-Year guidance provided to the market

With business fundamentals gradually bottoming out, we expect revenue growth to be back to positive in the first half of 2025



Why invest in SECO ?



- 1 **Top 5 player globally** in one of the fastest growing end-market in technology
- 2 **Profitable business model** focused on high margin custom solutions
- 3 **End-to-end technological partner** with unrivalled R&D excellence
- 4 **Fully integrated IoT offering**, from edge computing to software stack
- 5 **Uniquely positioned product range** to fully benefit from Edge AI tailwind
- 6 **Highly diversified client base**, consistently growing through new project wins
- 7 **Strong balance sheet** allowing for pro-active M&A strategy
- 8 **Experienced management team** with a clear roadmap to deliver long term growth



Q&A

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Thank you

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