

SECO

Sector: Technology



From Reset to Rerating: Why SECO Deserves a New Look

SECO is a global tech group delivering AIoT solutions via advanced edge systems and its proprietary Clea platform. Backed by strong R&D and targeted M&A, it ranks among the top 5 in embedded edge computing.

From IPO Euphoria to Stock Market Disappointment

The evolution of SECO stock market price after May 2021 IPO has been quite peculiar. Initially booming (up to December 2021), the stock price has later on heavily decreased, more than halving vs. the IPO price as a result of macro/sector dynamics negatively impacting SECO's economic and financial performance.

Solid Industrial Foundations Built in the Meantime

Despite all the above, in the latest years SECO has kept pushing hard on industrial and commercial development, achieving:

1. Hardware modules/systems continuous product extension coupled with the finalization of Clea field data management platform;
2. Strengthening of global footprint thanks to M&A and industrial partnerships;
3. Fine tuning of the business model, structured around multi-phase, customer-centric engagements, combining tailored hardware design with long lifecycle support and optional software monetization via Clea;
4. Diversification of exposure on a resilient client base of >450 high-profile customers spread across multiple end-markets.

Inflection Point Has Been Reached

The IoT market is currently in a much better stance thanks to: (i) end of destocking cycle; (ii) short term interest rates decrease; (iii) improved geographic visibility; (iv) exemption from US "reciprocal" tariff hike. On the back of such a more constructive market scenario, SECO is progressively improving its economic and financial performance, with 2Q25 marking the 2nd consecutive quarter of accelerating growth both y/y and q/q, and the 3rd consecutive quarter of guidance outperformance on both revenue and GPM.

Time To Look Back at IOT Stock: Fair Value at €3.85 p/s

We initiate coverage on SECO with a €3.85 p/s fair equity value, based on a rolling sum of the parts methodology that reflects the Group's dual business structure (hardware plus software) and frames valuation as a milestone-driven rerating process that could lead, in our view, up to €4.70 fair value in the next 12-16 months if Edge Computing EBITDA goes back to all-time high and Clea contribution to Group EBITDA exceeds 30% level.

Filippo Mazzoleni

filippo.mazzoleni@value-track.com

Tommaso Martinacci

tommaso.martinacci@value-track.com

Fair Value (€) **3.85**
Market Price (€) **2.92**
Market Cap. (€m) **387.6**

KEY FINANCIALS (€mn)	2024A	2025E	2026E
NET SALES	183.5	200.5	224.5
EBITDA ADJ.	28.2	39.3	47.8
EBIT ADJ.	6.8	18.4	24.5
NET PROFIT ADJ.	-2.0	8.3	11.4
EQUITY	291.7	296.4	309.8
NET DEBT ADJ.	41.3	45.1	40.5
EPS ADJ. (€)	-0.01	0.06	0.09
DPS (€)	0.00	0.00	0.00

Source: SECO (historical figures)
Value Track (2025E-26E estimates)

KEY RATIOS	2024A	2025E	2026E
EBITDA ADJ. MARGIN (%)	15.4	19.6	21.3
EBIT ADJ. MARGIN (%)	3.7	9.2	10.9
ND ADJ. / EBITDA ADJ. (x)	1.5	1.1	0.8
NET DEBT ADJ. / EQUITY (x)	0.1	0.2	0.1
EV/SALES (x)	1.5	2.3	2.1
EV/EBITDA ADJ. (x)	10.0	11.8	9.6
EV/EBIT ADJ. (x)	41.4	25.3	18.8
P/E ADJ. (x)	nm	46.8	34.0

Source: SECO (historical figures)
Value Track (2025E-26E estimates)

STOCK DATA	
MARKET PRICE (€)	2.92
SHS. OUT. (m)	133.0
MARKET CAP. (€m)	387.6
ENTERPRISE VALUE (€m)	464.9
FREE FLOAT (%)	27.8
AVG. -20D VOL. ('000)	176,872
RIC / BBG	IOT.MI / IOT IM
52 WK RANGE	€1.46 – €2.99

Source: Stock Market Data



Business Description

SECO is a global technology group specializing in integrated edge-to-cloud solutions for the AI Internet of Things (AIoT). With over 800 professionals, 5 production sites, and 9 R&D centers, it serves 450+ clients across key verticals such as vending, industrial automation, fitness, and medical. Its offering combines customized, value-added edge systems with Clea, a proprietary AI-powered platform that transforms field data into actionable insights and recurring revenues. Backed by robust in-house R&D and a track record of 8 M&A deals since 2018, SECO is recognized among the world's top 5 players in embedded edge computing.

Key Financials

€mn	FY24A	FY25E	FY26E	FY27E
Net Sales	183.5	200.5	224.5	247.8
y/y (%)	-12.5%	9.2%	12.0%	10.4%
EBITDA Adj.	28.2	39.3	47.8	55.5
EBITDA Adj. Margin (%)	15.4%	19.6%	21.3%	22.4%
EBIT Adj.	6.8	18.4	24.5	32.3
EBIT Adj. Margin (%)	3.7%	9.2%	10.9%	13.0%
Net Profit	-2.0	8.3	11.4	16.4
y/y (%)	nm	nm	37.7%	44.1%
Net Profit Adj.	0.2	9.0	15.9	21.4
y/y (%)	-98.8%	nm	76.9%	34.6%
Net Fin. Position Adj.	-41.3	-45.1	-40.5	-24.5
Net Fin. Pos. Adj. / EBITDA Adj. (x)	1.5	1.1	0.8	0.4
Capex	-20.5	-24.0	-26.0	-22.0
OpFCF Adj. b.t.	25.7	9.9	15.7	27.4
OpFCF Adj. b.t. as % of EBITDA Adj.	91.1%	25.3%	32.9%	49.3%

Source: SECO (historical figures), Value Track (estimates)

Investment case

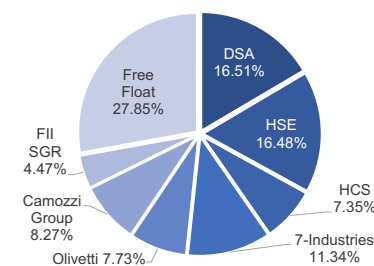
Strengths / Opportunities

- ◆ Fully integrated IoT offering, from edge computing to software stack;
- ◆ Exposure to secular growth drivers (e.g., digital transformation and AI);
- ◆ Diversified and loyal customer base with long-term relationships;
- ◆ Highly fragmented market enables selective M&A.

Weaknesses / Risks

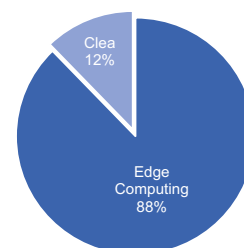
- ◆ Smaller scale vs. global competitors;
- ◆ Sensitive to macroeconomic swings and industrial capex cycles;
- ◆ Dependence on electronic components shortages and price volatility.

Shareholders Structure



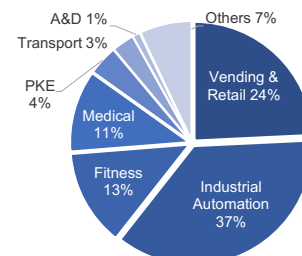
Source: SECO

Net Sales by Solution



Source: SECO, 1H25

Net Sales by Vertical



Source: SECO, 1H25

Stock multiples @ €3.85 Fair Value

	FY25E	FY26E
EV / SALES (x)	2.9	2.6
EV / EBITDA ADJ. (x)	15.0	12.2
EV / EBIT ADJ. (x)	32.0	23.9
EV / CAP.EMP. (x)	1.7	1.7
OpFCF Yield (%)	1.7	2.7
P / E ADJ. (x)	>50	44.9
P / BV (x)	1.9	1.8
Div. Yield. (%)	0.0	0.0

Source: Value Track

Table of Contents

Executive Summary	4
Valuation	7
What's the Market (NOT) Pricing Today?	8
Value Track Valuation	11
Challenging History as Listed Company...	17
Deteriorated Macro and Sector Dynamics	18
SECO-Specific Hurdles to Delivery	19
...But Solid Foundations Have Been Built...	27
Turning IPO Strategy Into Structure	27
Unique Positioning Among HW and SW Specialists	36
...And Inflection Point Reached	37
Macro Drivers Back in Play	37
SECO's Momentum Re-Emerging	38
Appendix	49
Corporate Profile	49
Peers' Analysis	55

Executive Summary

SECO at a Glance

SECO (or the “Company”, “Group”) is an Italian high-tech group that delivers **end-to-end technological solutions** for the **AI-enabled Internet of Things (AIoT)**, combining embedded and **edge systems** with its proprietary software platform, **Clea**, reflecting a fully integrated stack that places the Group among the top five global players in embedded edge computing.

Industrial wise SECO leverages: (i) steady investment in **R&D** (7%-10% of sales); (ii) strong **in-house production capabilities** enabling the delivery of more than 1mn devices annually to a **diversified** base of 450+ **clients**; (iii) **world-wide footprint** across EMEA (74%), US (15%), and APAC (9%).

SECO: SWOT Analysis

STRENGTHS	WEAKNESSES
1. Fully integrated IoT offering, from edge computing to software stack 2. Exposure to secular growth drivers: digital transformation, AI, and industrial automation 3. Technological excellence with strong R&D capabilities 4. Scalable business focused on high-margin custom solutions 5. Diversified and loyal customer base with long-term relationships	1. Smaller scale vs. global competitors 2. Sensitive to macroeconomic swings and industrial capex cycles 3. Dependence on electronic components: exposed to shortages and price volatility 4. Historically weak cash flow generation
OPPORTUNITIES	THREATS
1. AI accelerating Clea adoption across industrial clients 2. Highly fragmented market enables selective M&A 3. International expansion in underpenetrated regions (e.g. France, Spain, US) 4. Large contracts could rapidly scale revenue and visibility 5. Potential recovery in DACH region	1. Slower-than-expected demand recovery 2. Clea adoption ramp-up below expectations 3. Risk of falling behind in R&D innovation 4. Talent scarcity in key technical roles 5. Dependence on key clients may impact revenue stability

Source: Value Track Analysis

From 2021 IPO Euphoria to 2023-24 Stock Market Disappointment

SECO got listed back as of May 2021 and its IPO was extremely successful with the company priced at 20.0x-16.2x EV/Adj. EBITDA FY0-FY1, at only ~10% discount to the median of its listed period peers.

Indeed, SECO IPO coincided with the height of Industrial IoT optimism, then viewed as one of the most attractive secular tech themes.

However, the evolution of SECO stock market price after the IPO has been quite peculiar. Initially booming (up to December 2021), the stock price has later on heavily decreased, more than halving vs. the IPO price.

SECO's post-IPO derating is the result of both macro/sector dynamics and company-specific factors. Going into details:

1. **Macro & sector dynamics**: the industrial IoT market growth proved slower to materialize than projected, mainly due to:
 - Post-pandemic rebalancing with consequent destocking shockwave;
 - Rising interest rates and technological break-troughs driving a “wait-and-see” posture from enterprise buyers thus delaying corporate investment;

- Geopolitical frictions (e.g. US–China tensions and Russia–Ukraine conflict) generating macroeconomic shocks that further strained corporates operating budgets.
- 2. **Company-specific factors:** as a result of the macro backdrop, the investments of SECO for the development of Clea and for the widening of its offer portfolio (investments most of which were finalized via expensive M&A moves) gained a much slower traction than initially expected, thus driving financial results below consensus, and negatively impacting stock multiples.

Solid Industrial Foundations Have Been Built In The Meantime

Despite stock market disappointment and weakening financial results, in the latest years SECO has kept pushing hard on industrial and commercial development with the aim to capitalize on digitalization trends, accelerate software monetization, and unlock the operating leverage embedded in its scalable platform once the macro environment normalizes.

Key milestones achieved in 2021-24 include:

1. **Hardware modules / systems continuous product extension** (~88% of FY24 Group Net Sales) coupled with the **finalization of Clea field data management platform** (~12% of FY24 Group Net Sales, with FY24 revenues nearly 5x higher than in FY21, supported by an installed base of >300,000 connected devices) in order to become a fully integrated end-to-end AIoT provider. Recent add-on such as Application Hub (vertical AI/IoT app store), Developer Center (centralized portal for developers) complete Clea offering;
2. **Strengthening of global footprint** thanks to M&A and industrial partnerships;
3. **Fine tuning of the business model**, structured around multi-phase, customer-centric engagements, combining tailored hardware design with long lifecycle support and optional software monetization via Clea;
4. **Diversification of exposure** on a resilient client base of >450 high-profile customers spread across multiple end-markets.

Collectively, these pillars reinforce SECO's differentiated positioning as one of the very few full-stack players in Europe.

...And Inflection Point Has Been Reached

A series of macro and sector-specific signals have definitively improved in recent quarters driving an acceleration of the IoT market:

- ◆ **End of destocking cycle:** inventory data across the value chain indicates the correction phase is largely complete;
- ◆ **Short term interest rates decrease:** the ECB began its easing cycle in June and is expected to remain dovish as eurozone inflation hovers around target.
In the US, the Fed held in July but opened the door to rate cuts starting in September, with market consensus pointing to two or more reductions by year-end;
- ◆ **Improved geographic visibility:** regional dynamics now present distinct but generally constructive paths. Among SECO's main reference markets, only Germany remains stagnating;
- ◆ **Exemption from US "reciprocal" tariff hike:** Under a specific notice from U.S. Customs and Border Protection (CBP), it was confirmed that automatic data processing machines, and other related components like semiconductor devices, embedded computers and their components are excluded from US "reciprocal" tariff hike;

On the back of such a more constructive market scenario, SECO is progressively improving its economic and financial performance.

Indeed, on September 8th, SECO reported its 2Q25 results, marking the **second consecutive quarter of accelerating growth** both year-over-year and sequentially, and the **third consecutive quarter of guidance outperformance** on both revenue and GPM.

As a result of the improving momentum, we project SECO to slightly outperform management guidance for FY25E Net Sales of €200mn (at constant FX) and to maintain double-digit revenue growth throughout FY27E, while regaining peak operating margins and starting to generate significant free cash flow. By FY27E, we forecast:

- ◆ **Net Sales** reaching **€247.8mn**, with an organic CAGR_{FY24-FY27E} of +11%;
- ◆ **Adj. EBITDA** doubling to **€55.5mn**, with a 700bps margin expansion vs. FY24;
- ◆ **Adj. Net Debt** falling to **€24.5mn**, with leverage declining from 1.5x to 0.4x Adj. EBITDA.

SECO: Key Financials FY24-FY27E

Key Financials (IAS, €mn)	FY24	FY25E	FY26E	FY27E	CAGR
Net Sales	183.5	200.5	224.5	247.8	11%
Adj. EBITDA	28.2	39.3	47.8	55.5	25%
Adj. EBITDA Margin (%)	15.4%	19.6%	21.3%	22.4%	700bps
Adj. Net Debt	41.3	45.1	40.5	24.5	nm

Source: SECO, Value Track Analysis

Time To Look Back At SECO Stock: Fair Equity Value at €3.85 p/s

We initiate coverage on SECO with a **fair equity value of €3.85 p/s**, based on a rolling sum of the parts methodology that reflects the Group's dual business structure (hardware plus software) and frames valuation as a milestone-driven rerating process that could lead up to **€4.70 fair value in the next 12-16 months**.

Indeed, we note that as a result of SECO 2024 weak economic momentum the discount vs. peers currently stands at ca. 50% compared to the ca. 10% discount that SECO boasted at IPO, and that investors are currently valuing SECO at a steep “distrust discount”, simultaneously underestimating both its hardware (Edge Computing) and software (Clea) businesses.

We believe that as long as the company consistently delivers on growth and profitability KPIs, investor confidence can be progressively rebuilt, paving the way for a gradual narrowing of the current valuation discount vs. peers. In our view, such rerating hinges on:

- 1. Structural levers already in place** - including Clea's accelerating penetration, SECO's exposure to high-growth industrial end-markets, and positive operating leverage;
- 2. Progressive financial derisking**, as improving OpFCF generation and declining Net Debt levels create strategic flexibility and strengthen equity value support.
- 3. A clear roadmap of industrial-economic milestones to be achieved** within the next 18-24 months.

Specifically, we see multiple expansion and discount narrowing materializing upon delivery of:

- ◆ **Milestone # 1 – Inflection Point in y/y growth:** This milestone has been already achieved and deserve, in our view, a 10x EV/EBITDA FY1 fair valuation;
- ◆ **Milestone # 2 – Steady Double-Digit Growth:** three consecutive quarters of double-digit growth might, in our view, allow the stock to grow back at least to its IPO price (€3.70);
- ◆ **Milestone # 3 – “All-time high” EBITDA Level / Mix:** structural mix improvement (Edge Computing Adj. EBITDA back to all-time high and Clea contribution to Group Adj. EBITDA above 30%), supporting recovery of 7 Industries' capital increase price (€4.69);
- ◆ **Milestone # 4 – M&A / Other:** medium-term catalysts (debt-free balance sheet, M&A, large contracts, defense, Germany) supporting additional fair value expansion.

Valuation

SECO has entered an inflection phase that could mark the start of a valuation rerating. Our €3.85 p/s fair value reflects a progressive narrowing of the current ~50% discount to peers, tied to the delivery of specific operational milestones. We see the IPO price (€3.70) as a realistic threshold by end-2025, followed by the €4.69 level of the 7 Industries capital increase by end-2026. Medium-term catalysts, including M&A, provide further upside optionality beyond our base case.

SECO Fair Equity Value at €3.85 p/s

We initiate coverage on SECO with a **fair equity value of €3.85 p/s**, based on a rolling sum of the parts methodology that reflects the Group's dual business structure and frames valuation as a milestone-driven rerating process. In our view, investor confidence can be progressively rebuilt as SECO delivers on a clear sequence of operational KPIs, allowing a gradual narrowing of the current valuation discount vs. peers.

This potential rerating is in our view justified by:

- 1. A clear roadmap of fundamental milestones** - from the end of estimate downgrades, to steady double-digit growth, to EBITDA mix normalization - that we believe are both measurable and achievable within the next 18-24 months;
- 2. Structural levers already in place** - including Clea's accelerating penetration, SECO's exposure to high-growth industrial end-markets, and positive operating leverage - which support sustainable growth and margin expansion;
- 3. Progressive financial derisking**, as improving OpFCF generation and declining Net Debt levels create strategic flexibility and strengthen equity value support.

At the same time, we see today as an attractive entry point for investors, based on:

- ◆ **Deep valuation discount:** SECO currently trades at a steep discount (45%-50%) to peers, despite improving fundamentals and the end of estimate downgrades;
- ◆ **Stronger industrial profile vs IPO:** the Company is now more than twice the size it was in 2021, with a broader client base, global production footprint, and a fully operational software platform.

On top of this, our valuation does not yet factor in **optional medium-term catalysts** (as accretive M&A, large multi-year contracts, monetization of underpenetrated geographies, increased exposure to structurally growing verticals) which could unlock additional upside beyond our base case.

SECO: Multiples Sensitivity at Various Stock Price Levels

Fair Equity Value p/s (€)	EV/EBITDA Adj. (x)			EV/EBIT Adj. (x)			P/E Adj. (x)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
3.10	12.5	10.2	8.4	26.6	19.8	14.5	>50	36.1	25.1
3.35	13.3	10.8	9.0	28.4	21.2	15.5	>50	39.1	27.1
3.60	14.2	11.5	9.6	30.2	22.5	16.6	>50	42.0	29.1
3.85	15.0	12.2	10.2	32.0	23.9	17.6	>50	44.9	31.1
4.10	15.9	12.9	10.8	33.8	25.3	18.6	>50	47.8	33.2
4.35	16.7	13.6	11.4	35.7	26.6	19.7	>50	>50	35.2
4.60	17.6	14.3	12.0	37.5	28.0	20.7	>50	>50	37.2

Source: Value Track Analysis

What's the Market (NOT) Pricing Today?

Based on our calculations, investors are currently valuing SECO at a steep “distrust discount”, simultaneously underestimating both its hardware (Edge Computing) and software (Clea) businesses. Current trading levels suggest that either hardware is assumed to lack any rebound potential or that software is worth close to zero, or both.

This mispricing persists despite SECO having **already passed an inflection point**: estimate downgrades have stopped, growth is resuming, and reference market catalysts are in place.

Historical Group Valuation

Back as of May 2021, SECO was **listed at 16.2x EV/EBITDA Adj. FY1**, implying only a **10% discount** to the median of its listed peers.

While its smaller size would normally have warranted a deeper discount, this was compensated by (i) expectations of sustained double-digit growth and (ii) the scarcity of listed European companies exposed to industrial IoT.

Since the IPO, SECO stock traded up to over 27x EV/EBITDA Adj. NTM (December 2021), but from summer 2022 onwards the picture has deteriorated markedly, with the discount vs peers widening to an average 37%, and reaching peaks of nearly 70%. **At present, the market is pricing a discount of ca. 50%.**

In our view, this widening reflects a combination of macroeconomic headwinds and company-specific dynamics (to be detailed in the following chapters) that undermined investor trust and stripped away the rationale for the “double-digit growth premium” granted at IPO.

More recently, the valuation gap versus peers has started to narrow, supported by a friendlier market setting (lower rates, early signs of a capex cycle restart, regulatory drivers, and rising AI adoption in industrial automation) as well as by tangible company-level improvements, including the halt to estimate downgrades, the return to growth, and a more mature Clea go-to-market.

Finally, technical signals, such as partial short-covering, reinforce the sense that the stock has reached an inflection point, with scope for further re-rating as milestones are progressively delivered.

SECO: EV/EBITDA Adj. NTM and Premium / Discount vs. Peers Median



Source: FactSet, Value Track Analysis

Historical Reverse Sum of the Parts

To test what the market is currently pricing, we reconstructed SECO's valuation history by splitting the Edge Computing and Clea businesses and deriving their implicit valuations using the stock multiples and discounts vs peers recorded at IPO. Our analysis shows that **at least one of the two businesses (if not both) is now trading at an excessive discount relative to peers**. The market is indeed pricing SECO as if both hardware and software were structurally impaired, despite evidence that fundamentals and consensus expectations support a recovery.

In our view, this disconnect creates a very attractive entry point provided that SECO successfully achieves some business milestone that we'll pinpoint later on.

Edge Computing Implied Valuation based on Fair Clea EV/Sales

Starting from SECO's IPO valuation, we reconstructed the implied value of the Edge Computing business by applying a "fair" discount to Clea relative to PTC, the listed peer reference for IoT platforms. At IPO, assuming a fair 10% discount to PTC's EV/Sales multiple, Clea was implicitly valued at ~€20mn. This left Edge Computing valued at nearly €300mn, or 16.0x EV/EBITDA Adj. FY1, broadly in line with "hardware peers" (ca. 4% discount).

SECO: Edge Computing Implied Enterprise Value and Discount @ IPO based on Clea Fair EV/Sales NTM

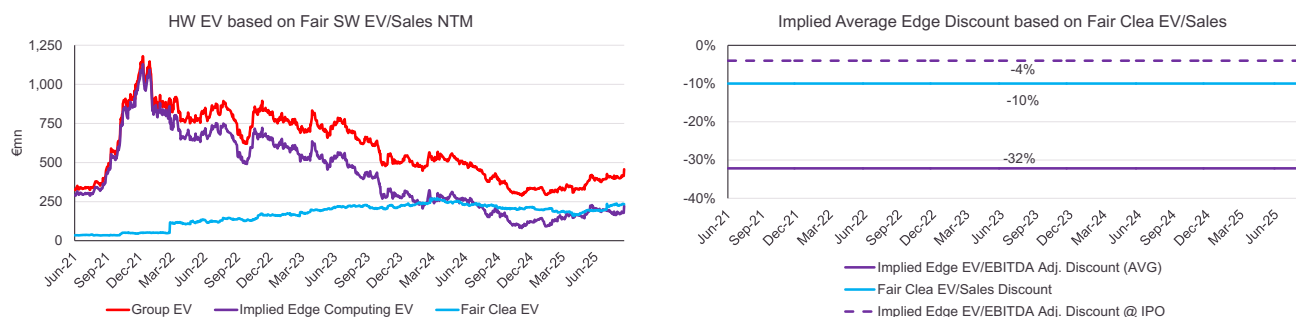
Valuation @ IPO	SECO Group	Clea	Edge Computing
EV/EBITDA Adj. @ IPO (x)	16.2		
Implied Premium / Discount vs. Peers Median	-10%		
Fair Clea Premium / Discount vs. Peers @ IPO		-10%	
Implied Clea EV/Sales @ IPO (x)		9.2	
Implied Edge Computing EV/EBITDA Adj. @ IPO (x)			16.0
Implied Edge Computing Premium / Discount vs. Peers @ IPO			-4%
Implied Enterprise Value Breakdown (€mn)	318.2 (a)	21.2 (b)	297.1 (c) = (a)-(b)

Source: Various, Value Track Analysis

Assuming a constant 10% discount to PTC's EV/Sales multiple from IPO to today, the implied value of Edge Computing has eroded substantially and, in our view, excessively over time:

- ◆ Based on the most recent datapoints, such an assumption would imply that Edge Computing accounts for only around 50% of the Group's total enterprise value;
- ◆ Moreover, the implied discount on the hardware business EV/EBITDA Adj. multiple has averaged more than 30% since IPO, versus just 4% at the time of listing.

SECO: Edge Computing Implied Enterprise Value and Discount based on Clea Fair EV/Sales NTM



Source: FactSet, Value Track Analysis

Clea Implied Valuation based on Fair Edge Computing EV/EBITDA Adj.

The same reverse SOTP exercise can be performed starting from fair Edge Computing multiples, to derive the implied valuation of Clea at IPO and in the subsequent period.

According to our calculations, at the time of listing, applying a fair 5% discount on EV/EBITDA Adj. versus SECO's historical hardware peers (Advantech, Adlink Technology, Mercury Systems, Kontron, Eurotech) implied a valuation for Clea of nearly €25mn, corresponding to 10.2x EV/Sales FY1, perfectly in line with PTC.

SECO: Clea Implied Enterprise Value and Discount @ IPO based on Edge Computing Fair EV/EBITDA Adj. NTM

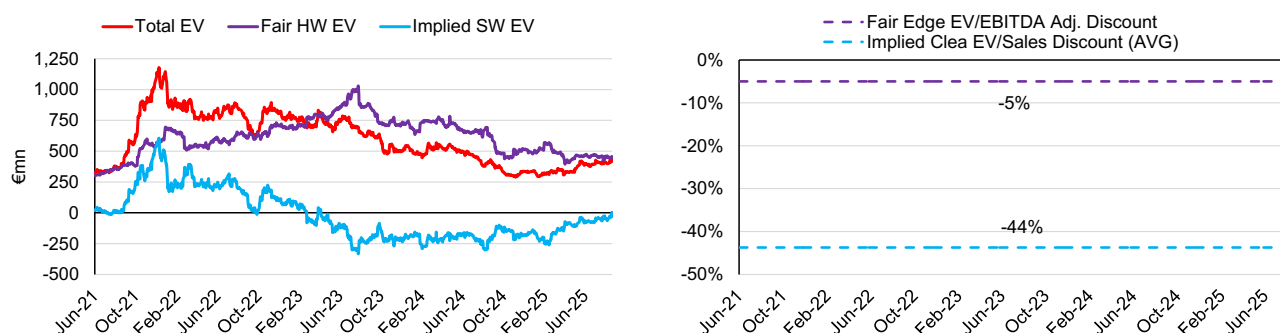
Valuation @ IPO	SECO Group	Edge Computing	Clea
EV/EBITDA Adj. @ IPO (x)	16.2		
Implied Premium / Discount vs. Peers Median	-10%		
Fair Edge Computing Premium / Discount vs. Peers @ IPO		-5%	
Implied Edge Computing EV/EBITDA Adj. @ IPO (x)		15.9	
Implied Clea EV/Sales @ IPO (x)			10.2
Implied Clea Premium / Discount vs. Peers @ IPO			0%
Implied Enterprise Value Breakdown (€mn)	318.2 (a)	294.7 (b)	23.5 (c) = (a)-(b)

Source: Various, Value Track Analysis

Maintaining the same 5% discount on hardware EV/EBITDA Adj. multiples throughout the entire period from IPO to today produces an even starker picture than the previous reverse SOTP:

- ◆ Clea's implied valuation has only in recent weeks moved back above €0, after years of negative implied values. This can be interpreted as a first positive rebound signal, with the trajectory now pointing upward;
- ◆ The implied discount on the software EV/Sales multiple has averaged over 44% since IPO, compared to 0% at the time of listing.

SECO: Clea Implied Enterprise Value and Discount based on Edge Computing Fair EV/EBITDA Adj. NTM



Source: FactSet, Value Track Analysis

Plenty of Room for Rerating

The conclusion from both analyses is clear: SECO is undervalued on both hardware and software:

- ◆ **Edge Computing:** the rebound of the hardware business is still not adequately priced despite benefiting from both structural tailwinds (end of destocking phase, capex cycle normalization) and company-specific strengths (end-to-end product portfolio; technological excellence thanks to strong R&D capabilities, value-added custom solutions);
- ◆ **Clea:** the market implicitly values Clea at close to zero, despite being a technically complete platform positioned at the IoT/AI convergence point. Its financial contribution is improving, and adoption barriers are now easing thanks to AI-driven demand triggers and mandatory cybersecurity regulation compliance (CRA, RED);
- ◆ **SECO Group:** the collapse in implied valuations is excessive vs. IPO. SECO was priced at ~16x EV/EBITDA Adj. when it was a smaller, less global company with a less developed software offering. Today it is >2x larger, has fully digested acquisitions, operates 5 global plants, and owns a complete software platform, making it the only true full-stack industrial IoT provider in Europe.

In other words: **compared to the IPO, SECO is a stronger company today, yet trades at far less demanding multiples.** We believe that as long as the company consistently delivers on growth and profitability KPIs, investor confidence can be progressively rebuilt, paving the way for a sustained rerating of the equity story.

Value Track Valuation

Building on the evidence of our reverse SOTP analysis, our approach focuses on how SECO's current mispricing can progressively unwind. We see meaningful room for reconstruction, provided that investor confidence is gradually restored.

To capture this dynamic, we frame SECO's valuation through a milestone-driven process: as measurable KPIs are delivered, discounts versus peers progressively narrow step by step.

This methodology translates operational progress into incremental fair value recognition: a **"block-by-block rerating path"** that could take the stock back to IPO and latest capital increases reference price levels.

Rolling Sum of the Parts Approach

Our valuation is based on a **rolling sum of the parts** ("SOTP") framework, designed to reflect both the dual-business nature of SECO and the milestone-driven rerating trajectory:

- ◆ **Sum of the parts methodology:** Edge Computing and Clea are valued separately at peer multiples (EV/EBITDA Adj. for hardware, EV/Sales for software), applying fair starting discounts and adjusting over time. Hardware peers include Advantech, Adlink Technology, Mercury Systems, Kontron, Digi International, and Lantronix, while PTC is taken as unique comparable for IoT software. More details on peers' selection and benchmarking can be found in the appendix;
- ◆ **Rolling consistency:** for visibility purposes we apply FY1 multiples for both hardware and software, but assume that starting from the last quarter of each fiscal year, investors begin to price in the following year's estimates. This rolling mechanism ensures continuity and avoids distortions in fair value calculation. We also assume roughly one milestone per year, which provides a natural cadence to the narrowing of discounts and the progression of fair value;
- ◆ **Conditional discounts vs. peers:** discounts shrink as milestones are delivered and KPIs are met. For example, in our view, three consecutive quarters of double-digit growth, a group EBITDA >€50m with Clea >30% contribution, or net debt reduction to zero each justify partial closure of the valuation gap. The resulting fair values in our base case consistently map to an

implied group multiple of around 12x EV/EBITDA Adj. FY1, which we view as the base case reference level;

- ◆ **Scenario analysis:** our base case assumes both a financial rebound and a gradual multiple rerating as discounts close versus comparables. However, a bear case scenario exists in which the rebound occurs without a full rerating, due to slower-than-expected growth rates or delays in achieving milestones. Conversely, a bull case could see multiples expand materially above 12x, supported by accelerated execution. The fact that SECO traded at >27x EV/EBITDA Adj. NTM in late 2021 illustrates how much headroom exists between the base case and levels that investors have historically been willing to pay.

Milestones and Fair Value

We believe SECO's rerating potential should be framed as a milestone-driven trajectory, where each achievement unlocks a progressive closing of the "distrust discount." Below we outline our **roadmap to rerating**, i.e. four key consecutive milestones, each associated with operational KPIs and corresponding minimum fair value levels:

1. **Milestone # 1 – Inflection Point in y/y growth:** this milestone has been achieved and deserve, in our view, a 10x EV/EBITDA FY1 fair valuation;
2. **Milestone # 2 – Steady Double-Digit Growth:** three consecutive quarters of double-digit growth might, in our view, allow the stock to grow back at least to its IPO price (€3.70);
3. **Milestone # 3 – “All-time high” EBITDA Level / Mix:** structural mix improvement (Edge Computing Adj. EBITDA back to all-time high and Clea contribution to Group Adj. EBITDA above 30%), supporting recovery of 7 Industries' capital increase price (€4.69).
4. **Milestone # 4 – M&A / Other:** medium-term catalysts (debt-free balance sheet, M&A, large contracts, defense, Germany) supporting additional fair value expansion.

Milestone # 1 - Inflection Point in y/y growth

Milestones # 1 represents a **defensive achievement** that has been recently achieved thanks to the end of consensus estimates downward revisions. As an effect, the stock has recently crossed back above 10x EV/EBITDA Adj. NTM (for the first time since August 2023), while Clea's implied valuation has turned positive (for the first time since February 2023, according to our reverse SOTP assumptions). The combined discount vs peers remains wide (~50%), but a first line of defense has been reclaimed. To fully restore investor confidence, SECO must now demonstrate the ability to **beat consensus estimates across all four quarters of FY25**, thereby reaching January 2026 with an **intact investment case**. If this were to happen, we would expect SECO to remain above the 10x EV/EBITDA Adj. level. Should the discount vs. peers narrow from the current ~50% to ~40% (ca. 12x EV/EBITDA Adj.), this would translate into a fair value of **€3.05 p/s**. In our view, this represents a minimum level, already justified by the milestone achievement to date.

SECO: Sum of the Parts Valuation on 2025E Milestones

Fair Equity Value (€mn)	Edge Computing	Clea	SECO Group
Fair EV/Sales 2025E (x)		5.9	
Premium / Discount vs. Software Peers (%)		-43%	
Fair EV/EBITDA Adj. 2025E (x)	12.2		
Premium / Discount vs. Hardware Peers (%)	-28%		
Fair Enterprise Value	336.5	145.9	482.4
<i>As a % of Total</i>	<i>70%</i>	<i>30%</i>	<i>100%</i>
Implied EV/EBITDA Adj. 2025E (x)			12.3
Net Debt 2025E			45.1
EV Adjustments 2025E			32.2
Fair Equity Value			405.1
NOSH (mn)			133.0
Fair Equity Value p/s (€)			3.05

Source: FactSet, Value Track Analysis

Milestone # 2 - Steady Double-Digit Growth

Milestone # 2 in our view means achieving **three consecutive quarters of double-digit top-line growth**. At that point, the market can reasonably ascribe a reduced discount to the hardware segment (~20%), while keeping conservative assumptions on software (~30% discount). This would justify a first rerating to €3.70 p/s, equivalent to the **IPO price** (May 2021), and potentially **€3.85 p/s** (~12x Group EV/EBITDA Adj. 2026E).

Based on our current estimates, this milestone could be justified already by the end of 4Q25, when there should be sufficient visibility to expect double-digit growth also in 1Q26 (the third consecutive quarter). Achieving this milestone would therefore be the first “obligatory target” on SECO’s rerating path, marking not only the symbolic recovery of IPO value but also providing investors with **tangible evidence of operational execution**.

SECO: Sum of the Parts Valuation on 2026E Milestones

Fair Equity Value (€mn)	Edge Computing	Clea	SECO Group
Fair EV/Sales 2026E (x)		6.3	
Premium / Discount vs. Software Peers (%)		-33%	
Fair EV/EBITDA Adj. 2026E (x)	11.8		
Premium / Discount vs. Hardware Peers (%)	-22%		
Fair Enterprise Value	390.3	194.1	584.5
<i>As a % of Total</i>	<i>67%</i>	<i>33%</i>	<i>100%</i>
Implied EV/EBITDA Adj. 2026E (x)			12.2
Net Debt 2026E			40.5
EV Adjustments 2026E			32.2
Fair Equity Value			511.7
NOSH (mn)			133.0
Fair Equity Value p/s (€)			3.85

Source: FactSet, Value Track Analysis

Milestone # 3 – “All-time high” EBITDA Level / Mix

Milestone # 3 reflects a structural inflection in profitability and business mix. By FY27E, **Edge Computing Adj. EBITDA** should return to **historic peak levels** (~€40mn), while **Clea** should contribute over **30% of Group Adj. EBITDA**, lifting **consolidated Adj. EBITDA >€50mn**.

Even more importantly, in FY27E we expect **Adj. Cash EBITDA** (Adj. EBITDA net of capitalized R&D costs, good proxy to capture SECO's underlying cash-generating potential from operations) to **exceed FY23 historical peak (€37.5mn)**

If visibility on these figures is strong enough, the valuation framework (12x Group EV/EBITDA Adj.) naturally shifts to FY27E multiples by late 2026.

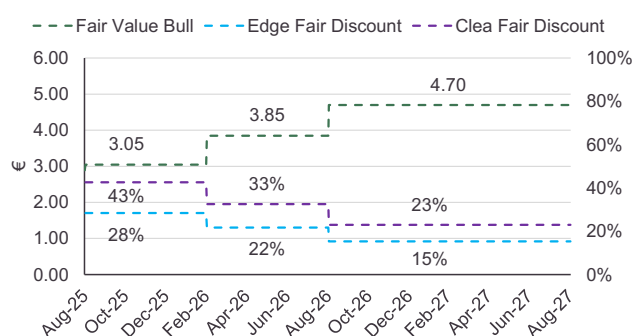
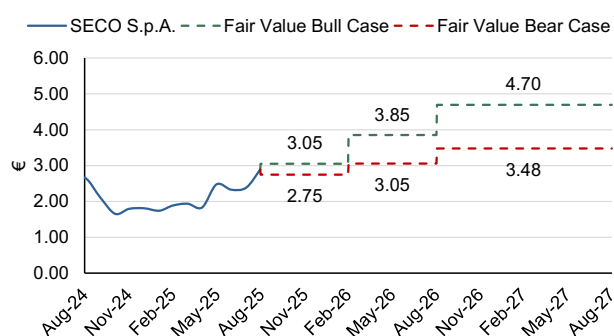
This would justify a rerating to ca. **€4.70 p/s**, equivalent to the reference price of the 7 Industries reserved capital increase (April-June 2023).

SECO: Sum of the Parts Valuation on 2027E Milestones

Fair Equity Value (€mn)	Edge Computing	Clea	SECO Group
Fair EV/Sales 2027E (x)		6.5	
Premium / Discount vs. Software Peers (%)		-23%	
Fair EV/EBITDA Adj. 2027E (x)	11.7		
Premium / Discount vs. Hardware Peers (%)	-15%		
Fair Enterprise Value	444.9	236.9	681.7
As a % of Total	65%	35%	100%
Implied EV/EBITDA Adj. 2027E (x)			12.3
Net Debt 2027E			24.5
EV Adjustments 2027E			32.
Fair Equity Value			625.0
NOSH (mn)			133.0
Fair Equity Value p/s (€)			4.70

Source: FactSet, Value Track Analysis

SECO: Fair Value and Discounts Evolution



Source: Value Track Analysis

Milestone # 4 – M&A / Other

Milestone # 4 extends the rerating horizon into 2028 and beyond, adding medium-to-long term catalysts that are not included in our base case estimates. These drivers represent **additional upside “on top” of our valuation**, effectively free optionality, as they are difficult to quantify today but could materially reshape SECO’s profile once realized.

Key medium-term catalysts include:

- ◆ **M&A:** with Net Debt expected to approach zero by FY28E, SECO would regain financial capacity to pursue external growth. However, M&A should only be undertaken if plain vanilla, strategically disciplined (targeting underpenetrated geographies or adjacent verticals) and strictly anti-dilutive (i.e. issuing equity only at >10x EV/EBITDA Adj.). This discipline is essential to preserve credibility with investors;
- ◆ **Large Contracts:** the potential signing of multi-year agreements worth tens of millions would immediately scale SECO’s visibility and transform its competitive profile;
- ◆ **Germany and Defense:** Germany accounted for ~30% of SECO’s FY24 revenues, making it the Group’s 2nd most relevant geography. The recently launched “Made for Germany” €631bn investment program (2024-28), aimed at industrial modernization, digitalization and defense, could act as a major catalyst. A rebound in German capex would surely benefit SECO’s IoT offering, while defense-related spending opens the door to sticky, long-cycle contracts.

At this stage, the market can ascribe higher multiples, supported by a debt-free balance sheet, increasing software mix, and visible scalability. This would justify additional fair value expansion, with all the above catalysts providing upside not currently embedded in our numbers.

Step 3 is therefore the point where SECO can credibly aspire to become the **European champion** in full-stack industrial IoT, leveraging both financial strength and strategic tailwinds.

Cross-Check: Discounted Cash Flow

While useful as a sanity check, the DCF plays a secondary role in our valuation framework. In our view, SECO’s rerating is likely to unfold progressively through the achievement of clear operational milestones, whereas the DCF outcome remains highly sensitive to long-term assumptions, particularly on growth, profitability, and discount rates, which are difficult to anchor at this strategic inflection point. That said, our DCF model yields a fair equity value of €4.82 p/s, based on current outstanding shares, a target capital structure at 20%, and a WACC of 8.3%. A summary of our WACC assumptions (primarily based on Damodaran datasets) is provided below.

SECO: WACC at Target Capital Structure

WACC Assumptions	Target Capital Structure
Risk-Free Rate (%)	2.0
Capital Structure (D/D+E) (%)	20%
Unlevered Beta (x)	1.15
Levered Beta (x)	1.37
Equity Risk Premium (%)	5.5%
Credit Spread (%)	2.5%
Tax Rate (%)	24.0%
Cost of Equity (%)	9.5%
Cost of Debt (%)	3.4%
WACC (%)	8.3%

Source: Damodaran, Value Track Analysis

The model includes explicit free cash flows from FY26E to FY35E, with the terminal value calculated using a 3.0% perpetual growth rate.

SECO: DCF Valuation

DCF Valuation	
Discounted Free Cash Flows FY26E-FY35E	206.0
Discounted Terminal Value @ FY35E with g=3.0%	512.7
Fair Enterprise Value	718.7
Net Debt FY25E	45.1
EV Adjustments FY25E	32.2
Fair Equity Value	641.4
NOSH (mn)	133.0
Fair Equity Value p/s (€)	4.82

Source: Value Track Analysis

SECO: DCF Sensitivity Analysis

Fair Equity Value p/s (€)		Perpetuity Growth Rate (%)				
		2.0%	2.5%	3.0%	3.5%	4.0%
WACC (%)	7.3%	5.25	5.71	6.27	6.99	7.92
	7.8%	4.67	5.03	5.47	6.01	6.70
	8.3%	4.18	4.47	4.82	5.24	5.76
	8.8%	3.77	4.01	4.29	4.62	5.03
	9.3%	3.41	3.61	3.84	4.11	4.43

Source: Value Track Analysis

Challenging History as Listed Company...

The evolution of SECO stock market price since the IPO back in May 2021 is not (at least not yet) a successful one, as SECO's main industrial development moves (M&A, partnerships, investments in Clea) had an unlucky timing. Indeed, when SECO went public, market projections were pointing to explosive IoT adoption - market CAGR at ~15% with software at ~30% through 2024. Unfortunately starting as of 2022 a number of negative macro factors such as rising interest rates, geopolitical crises, post-Covid-19 pull-forward, and destocking, eroded market near-term potential and drove a series of downward revision of consensus estimates.

From IPO Euphoria to Disappointment

Valuation wise, SECO's May 2021 IPO was extremely successful with the company priced at 20.0x-16.2x EV/Adj. EBITDA FY0-FY1, at only ~10% discount to the median of its listed period peers.

Indeed, SECO IPO coincided with the height of Industrial IoT optimism, then viewed as one of the most attractive secular tech themes. At that time *Gartner* was projecting the entire **IoT Market** to expand at ~15% CAGR_{20-24E} at the end of the period, with **IoT Platforms** expected to increase at 33% CAGR_{20-24E}, underpinned by expectations that connected devices would have nearly doubled up to >10bn.

In this scenario, SECO's integrated model - proprietary embedded hardware and Clea, a nascent but scalable AIoT platform - offered exposure to both volume-driven hardware and software-led margin expansion.

SECO: Valuation at IPO

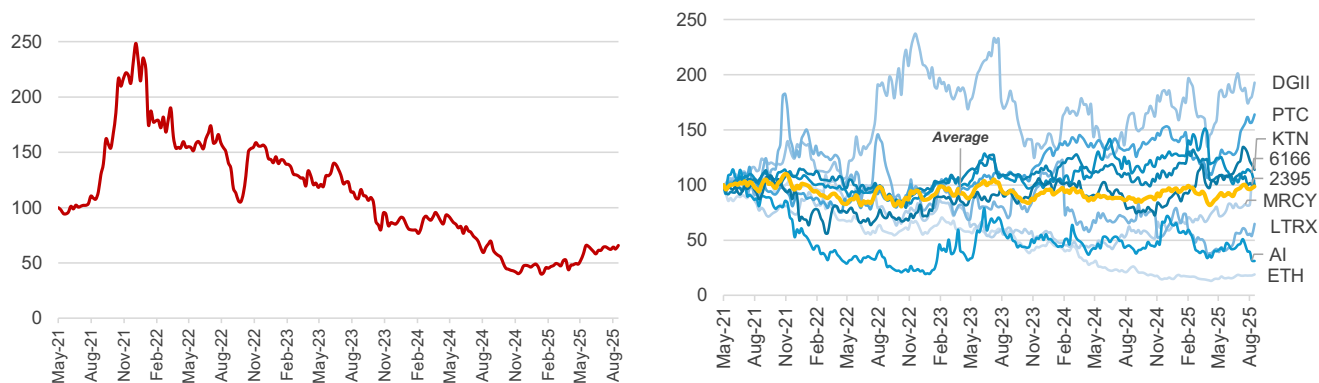
Peers	EV/EBITDA (x)		P/E Adj. (x)	
	FY0	FY1	FY0	FY1
PTC Inc.	32.8	31.5	56.9	46.0
Advantech Co., Ltd.	25.9	23.0	38.3	32.1
Mercury Systems, Inc.	25.3	19.1	34.5	34.5
Kontron AG	11.9	9.4	28.1	22.2
Adlink Technology Inc.	17.2	16.0	59.4	nm
Eurotech S.p.A.	26.6	16.7	nm	37.8
Total Average	23.3	19.3	43.4	34.5
Total Median	25.6	17.9	38.3	34.5
SECO	20.0	16.2	54.2	30.4
<i>Discount vs. Total Median (%)</i>	-22%	-10%	+41%	-12%

Source: SECO Admission Document, Value Track Analysis

However, the evolution of SECO stock market price after the IPO has been quite peculiar. Initially booming (up to December 2021), the stock price has later on heavily decreased, more than halving vs. the IPO price.

Worthy to note, such pattern has affected (even if on a lesser extent) also SECO comparable as all **listed industrial IoT players struggled to reconcile optimistic adoption curves set in 2021 with a more gradual reality.**

SECO: Stock Market Price Evolution vs. Peers Since IPO (100 = SECO IPO date)



Source: FactSet, Value Track Analysis

Indeed, SECO's post-IPO derating is the result of both macro/sector dynamics that compressed multiples across the IoT equity universe, and company-specific factors that widened the gap between initial expectations and subsequent delivery. Going into details:

- ◆ **Macro & sector dynamics:** the industrial IoT cycle proved slower to materialize than projected, with adoption curves flattening and capital markets reassessing growth narratives, limiting the ability to translate IPO expectations into financial delivery;
- ◆ **Company-specific factors:** as a result of that macro stance, the investments of SECO for the development of Clea and for the widening of its offer portfolio (investments most of which were finalized via expensive M&A moves) gained a much slower traction than initially expected, thus driving financial results below consensus, and negatively impacting stock multiples.

Deteriorated Macro and Sector Dynamics

Starting in 2022, the macro backdrop became a significant drag on the industrial IoT and embedded systems value chain. What had initially been priced as a high-velocity adoption cycle evolved into a selective, phased roll-out, shaped by a combination of top-down headwinds. Particularly, we flag:

1. **Post-pandemic rebalancing:** the Covid-19 crisis pulled forward several years of digital and automation spending, as enterprises rushed to virtualize infrastructure and scale IoT pilots under operational pressure. Once stimulus faded, organizations pivoted to cost control and ROI extraction, triggering a broad deceleration in digital capex, especially in asset-heavy sectors such as manufacturing, transport and healthcare;
2. **Destocking shockwave:** following the component supply shortages of 2020-2021, many OEMs and Tier-1 suppliers accumulated excessive inventories to secure component availability. As supply chains normalized, these players drastically reduced new hardware orders, triggering a prolonged destocking cycle that lasted through late 2024. The slowdown was most acute in embedded systems, where procurement was decoupled from underlying demand;
3. **Rising rates reshaped investment priorities:** the surge in interest rates redefined corporate investment thresholds, especially for capex-heavy, integration-intensive solutions. As hurdle rates rose, enterprises grew more selective, postponing or downsizing IoT and automation projects unless they delivered faster payback and clearly measurable ROI;

4. **“Wait-and-see” posture from enterprise buyers:** even as technologies like edge AI, 5G, and IoT platforms reached greater maturity, enterprise adoption became more cautious. Instead of full-scale deployments, companies gravitated toward pilots and proof-of-value projects, limited by integration complexity, legacy constraints, regulatory ambiguity, and scarce in-house tech capabilities. This created a gap between technological readiness and commercial uptake;
5. **Geopolitical frictions:** US–China tensions disrupted supply chains and component pricing, while the Russia–Ukraine conflict triggered an energy shock that further strained operating budgets. For many industrial clients, this double hit contributed to deferrals in IoT-related investments and strategic technology upgrades.

Almost all SECO comparables were impacted: Eurotech and Adlink Technology saw sharp revenue declines, Advantech reported sequential weakness in Europe and North America, and Mercury Systems failed to convert defense backlog into revenue, with EBITDA well below consensus. Digi International contracted mid-single-digit in FY24, while Lantronix only regained growth after a weak 2023.

Resilience proved selective. Kontron benefited from a >€2bn backlog and a book-to-bill consistently above 1.2x in FY23-FY24, though even here 2Q24 undershot expectations. On the software side, PTC maintained steady ARR growth, unaffected by inventory cycles, while C3.ai repeatedly missed relative to its AI narrative as enterprise caution, high rates and a pricing transition capped subscription momentum.

Below we provide a table that quantifies this gap, comparing consensus expectations at the start of each fiscal year with the actual results subsequently reported, highlighting percentage variances on Sales and EBITDA as well as absolute deviations in Net Debt.

Consensus vs Actuals: FY21–FY24 Variance Analysis

Company	Sales Act. vs Est. (%)				EBITDA Act. vs Est. (%)				Net Debt Act. vs Est. (€mn)			
	FY21	FY22	FY23	FY24	FY21	FY22	FY23	FY24	FY21	FY22	FY23	FY24
Advantech	3.3	4.9	-13.3	-14.3	-2.5	9.6	-5.2	-17.4	-50.9	17.2	-17.5	-50.7
Adlink Technology	-4.9	na	-12.7	na	-33.9	7.9	-FY24.3	na	na	na	na	na
Others (*)	-2.9	-2.8	-3.3	-3.8	-34.6	-45.9	-41.5	-FY24.2	151.2	154.5	204.8	122.0
Average	-2.4	-1.8	-5.5	-5.1	-29.9	-32.2	-34.8	-22.8	117.5	131.6	167.8	93.2

Source: Factset, Value Track Analysis, (*) It includes Kontron, Eurotech, Mercury Systems, Digi, Lantronix, PTC and C3.ai

SECO-Specific Hurdles to Delivery

In a more and more gloomy market scenario, SECO's main industrial development moves (M&A, partnerships, investments in Clea) have gained a much lower traction than initially expected, and this has resulted in financial results lower than consensus.

1# M&A Ambition and Integration Stretch

SECO concentrated the bulk of its ~€250mn M&A investments in 2022 (€180mn for the Garz & Fricke deal), capitalized on strong market sentiment consistent with the prevailing optimism in the IoT sector.

Several transactions were struck at demanding multiples, consistent with the environment at the time, yet subsequent performance of the acquired businesses has not matched initial assumptions. Integration has proven more complex than anticipated and financial returns have lagged expectations, with revenue conversion slower than forecast and the shortfall most visible on the software side.

SECO: M&A Recap

Target	Date	Stake	Value (€mn)	EV/EBITDA (x) (*)
Pre-IPO				
Aidilab S.r.l.	28/06/2018	70.20%	0.2	na
Fannal Electronics	31/03/2019	28.05%	3.4	na
InHand Electr. Inc.	24/02/2020	100.00%	2.7	na
Ispirata S.r.l.	01/07/2020	56.67%	2.1	25.7
Hopenly S.r.l.	01/11/2020	52.00%	0.5	na
Post-IPO				
Oro Networks LLC	23/06/2021	64.5%	7.0	7.8
Garz & Fricke Holding GmbH	13/10/2021	100.00%	180.0	15.0
Camozzi Digital Assets	05/07/2022	100.00%	50.0	na
Total	//	//	245.9	19.2

Source: SECO, Value Track Analysis, (*) Last actual pre-acquisitions, except for G&F (FY2 excl. synergies)

2# Clea's gradual ramp up vs. early hopes

Part of SECO's M&A strategy was designed to accelerate Clea's deployment by integrating enabling technologies and strengthening vertical positioning. Yet, platform adoption has unfolded more slowly than anticipated (in line with the broader IoT PaaS market), as **industrial clients have shown a measured pace in transitioning to full IoT integration**. That said, recent partnerships and commercial agreements (detailed in the next sections) could mark the beginning of a more decisive rollout phase.

3# Financial results evolution lower than predictions

While SECO's fundamentals expanded considerably in absolute terms between FY18 and FY24, financial performance ultimately fell short of the expectations, as shown by successive consensus downgrades since IPO. Growth was driven by structural industry tailwinds and bold strategic choices (product diversification, Clea development, M&A), but was also curbed by external shocks and slower-than-anticipated revenue conversion.

SECO: Consensus vs Actuals (FY21–FY24 Variance Analysis) (*)

Year	Sales Act. vs Est. (€mn)			EBITDA Act. vs Est. (€mn)			Net Debt Act. vs Est. (€mn)		
	Act.	Est.	%	Act.	Est.	%	Act.	Est.	Δ
FY21	112.3	114.2	-2%	16.3	21.8	-25%	109.5	57.4	52.1
FY22	200.9	191.7	5%	39.7	44.3	-11%	128.8	57.7	71.1
FY23	209.8	251.0	-16%	48.6	58.7	-17%	65.1	102.8	-37.7
FY24	183.5	240.3	-FY24%	21.4	57.5	-63%	52.5	34.6	17.9

Source: Factset, Value Track Analysis, (*) Each year refers to consensus estimates as of end-March of the previous year, except for FY21 which refers to end-May

In a nutshell, key consolidated figures over the FY18-FY24 period highlight an all-time high stance back in FY23 followed by a sudden deterioration in FY24. In more details:

- ◆ **Net Sales** grew at 22% CAGR, reaching **€183.5mn** in FY24 (vs. peak €209.8mn in FY23);
- ◆ **Adj. EBITDA** stood at **€28.2mn** in FY24, with margin at 15.4% (peak at 24.1% in FY23);
- ◆ **Adj. Net Debt** as of 2024YE stood at **€41.3mn**, with leverage at ~1.5x Adj. EBITDA.

In our view, this performance was shaped by three key structural dynamics:

1. **IoT megatrend** fueling top line growth, but not immune to external volatility;
2. **High operating leverage** amplifying margin swings;
3. **Cash absorption** from inventory requirements, R&D investments, and M&A.

SECO: Key Financials FY18-FY24

Key Financials (IAS, €mn)	FY18	FY19	FY20	FY21	FY22	FY23	FY24	y/y	CAGR
Net Sales	54.4	65.4	76.1	112.3	200.9	209.8	183.5	-13%	22%
Adj. EBITDA	8.3	11.8	15.9	25.3	44.0	50.6	28.2	-44%	23%
Adj. EBITDA Margin (%)	15.3%	18.0%	20.9%	22.5%	21.9%	24.1%	15.4%	-870bps	10bps
Adj. Net Debt	-0.2	7.3	11.4	97.5	118.8	52.0	41.3	nm	nm

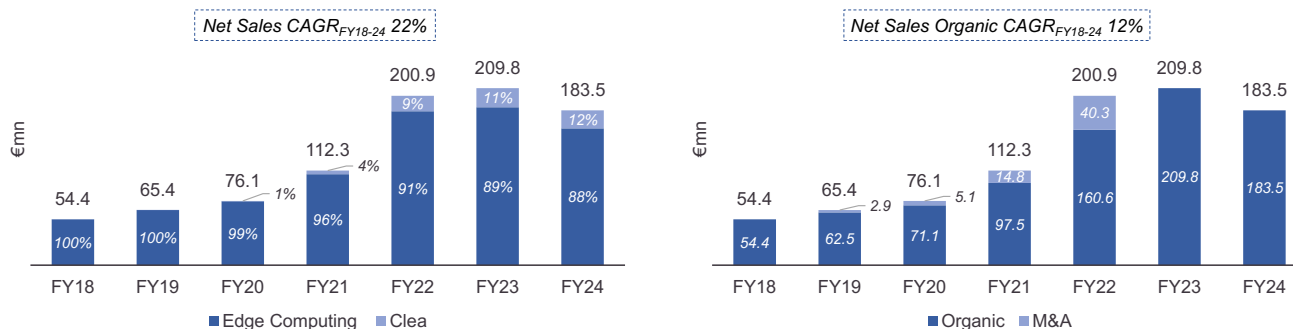
Source: SECO, Value Track Analysis

1. IoT megatrend fueling top line growth, but not immune to external volatility

Leveraging on favorable digitalization trends and a differentiated offering in embedded systems, SECO has more than tripled its top line since FY18, reaching **Net Sales** of **€183.5mn** in FY24, but the pace of adoption slowed from the explosive growth originally forecast at IPO. Main dynamics include:

- ◆ **Macro headwinds:** growth was periodically constrained by the above mentioned external shocks beyond SECO's control. These factors temporarily slowed customer decision-making and impaired business visibility;
- ◆ **Edge vs. Clea:** while Edge Computing (FY24: €162.2mn, ~88% of revenues) grew at a 20% CAGR over the period (evolving from modules to semi-/fully-customized systems) Clea software reached €21.3mn (~12% of sales), up nearly 5x since FY21. Notably, recurring revenues (~36% of FY24 Clea sales) are gaining share over initial NRE ("Non-Recurring Engineering") revenue;
- ◆ **Organic vs. M&A:** despite 8 acquisitions since 2018, SECO delivered a solid organic CAGR_{FY18-FY24} of 12%. The sharp y/y increase in FY22 (+79% y/y) was primarily driven by the consolidation of Garz & Fricke, reflecting the contribution of external growth to the Group's scaling trajectory;

SECO: Net Sales by Solution and Consolidation Perimeter



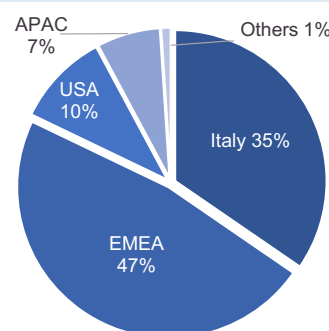
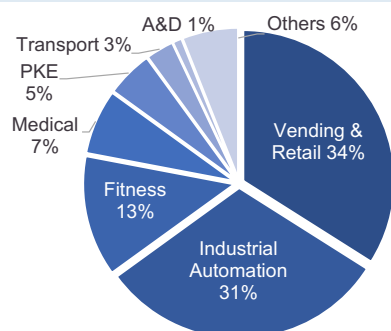
Source: SECO, Value Track Analysis

SECO: Net Sales by Solution FY18-FY24

Net Sales (IAS, €mn)	FY18	FY19	FY20	FY21	FY22	FY23	FY24	CAGR
Edge Computing	54.4	65.4	75.7	107.9	182.4	187.3	162.2	20%
y/y	nm	20%	16%	43%	69%	3%	-13%	-
Clea	0.0	0.0	0.4	4.4	18.5	22.5	21.3	nm
y/y	nm	38%	>100%	>100%	>100%	22%	-5%	-
Net Sales	54.4	65.4	76.1	112.3	200.9	209.8	183.5	22%
y/y	nm	20%	16%	47%	79%	4%	-13%	-
y/y Organic	nm	15%	9%	28%	43%	4%	-13%	-

Source: SECO, Value Track Analysis

- ◆ **End-market diversification:** the Group operates across several verticals, with leading positions in vending, industrial automation, and fitness. M&A expanded the customer base, unlocked new use cases, and granted specific licenses required to operate in selected verticals (medical, aerospace & defense) enhancing resilience to sectoral cycles;
- ◆ **Global exposure:** geographic diversification accelerated post-IPO, with non-Italian revenue rising from ~34% in FY18 to ~67% in FY24. EMEA (especially Germany via G&F) and APAC contributed most to growth, while the US remains a strategic priority going forward.

SECO: Net Sales by Vertical and Geography FY24

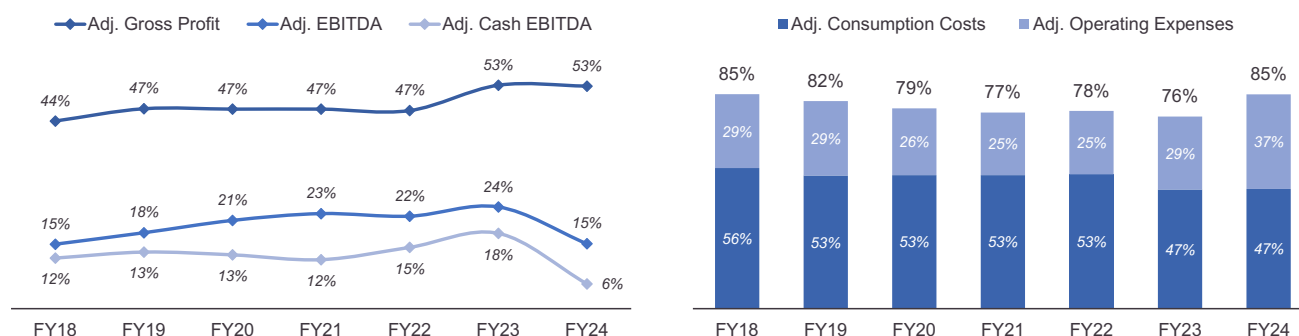
Source: SECO, Value Track Analysis

2. High operating leverage amplifying margin swings

FY24 marked a reversal in the Group's historical margin expansion due to lower volumes and a cost structure highly skewed towards fixed components. In details:

- ◆ **Gross Profit** rose steadily through FY23, reflecting mix improvement from modules (30–45% GPM) to systems (45%–65%) and software (~80%). In FY24, Gross Profit fell 13% y/y to **€96.8mn** (adjusted for the Biorespira write-down), but GPM held at ~53%;
- ◆ **Reported EBITDA** dropped to **€15.6mn** in FY24 (-65% y/y), impacted by lower Gross Profit and €12.6mn in one-offs (e.g., inventory write-downs, stock options, tax settlements);
- ◆ **Adj. EBITDA** declined to **€28.2mn** (-44% y/y), down from the FY23 peak of €50.6mn (24.1% margin), reached after a 43% CAGR_{FY18-FY23};
- ◆ **Adj. Cash EBITDA** fell to **€10.8mn** (-71% y/y), down from a €37.5mn peak in FY23. This proxy (calculated by Value Track) reflects EBITDA net of extraordinary items and net of capitalized R&D, and is meant to capture SECO's underlying cash-generating potential from operations.

SECO: Profit Margins and Costs Structure



Source: SECO, Value Track Analysis

In terms of cost structure, Consumption Costs have the higher incidence on Net Sales, followed by Personnel Costs and Costs of Services. More in details, we note:

- ◆ **Consumption Costs** decreased as a percentage of Net Sales despite raw material (electronic components) inflation, thanks to improved product mix towards a higher value-added offering focused on customization and recurring software sales;
- ◆ **Personnel Costs** increased from 17% to 23% of Net Sales (FY18-FY24) reflecting sustained investment in high-skilled human capital (particularly R&D staff). Indeed, headcount rose from 225 in FY18 to 850 in FY24. Additionally, the actuarial cost of stock options weighed on personnel expenses (€5.0mn in FY24);
- ◆ **Costs for Services** historically accounted for ~10% of sales but rose to 16% in FY24 due to extraordinary consulting expenses. The main components include transport (~2%), consulting (~2%), rentals (~1%), and commissions (~1%);
- ◆ **Other Revenue / Costs** mainly include R&D grants and director fees.

SECO: EBITDA Adjustments FY18-FY24

EBITDA Adjustments (IAS, €mn)	FY18	FY19	FY20	FY21	FY22	FY23	FY24	y/y
EBITDA	8.2	11.5	12.1	18.1	40.7	45.0	15.6	-65%
EBITDA Margin (%)	15.1%	17.5%	15.9%	16.1%	20.2%	21.5%	8.5%	-1300bps
Exchange Gains / Losses	0.0	0.0	0.7	0.6	-0.4	0.0	-1.2	nm
Income / Charges from Non-Core Activities	0.0	0.0	2.8	5.9	3.7	5.6	13.8	>100%
Non-Recurring Income / Charges from Core Activities	0.1	0.3	0.3	0.7	0.1	0.0	0.0	nm
Adj. EBITDA	8.3	11.8	15.9	25.3	44.0	50.6	28.2	-44%
Adj. EBITDA Margin (%)	15.3%	18.0%	20.9%	22.5%	21.9%	24.1%	15.4%	-870bps
Capitalized Development Costs	-1.8	-3.0	-6.2	-12.3	-14.8	-13.1	-15.1	16%
Cash Adjustments	0.0	0.0	0.0	0.0	0.0	0.0	-2.3	nm
Adj. Cash EBITDA	6.5	8.8	9.7	13.0	29.2	37.5	10.8	-71%
Adj. Cash EBITDA Margin (%)	12.0%	13.4%	12.8%	11.6%	14.5%	17.9%	5.9%	-1200bps

Source: SECO, Value Track Analysis

Below the EBITDA line, we believe worth to highlight:

- ◆ **D&A** rose to €30.0mn in FY24 (vs. €20.4mn in FY23), driven by R&D, maintenance capex, and €8.1mn goodwill impairment on SECO Mind USA;
- ◆ **Net Financial Charges** fell to €1.0mn (vs. €5.3mn in FY23), helped by FX gains, hedging instruments, and €1.8mn dividends from Fannal Electronics;
- ◆ **Taxes** decreased to €1.1mn (vs. €4.6mn), with variability reflecting international tax exposure;
- ◆ **Minorities** of €3.4mn mainly reflect Fannal, after the buy-out of SECO Mind Srl and SECO Mind USA LLC in FY22-FY24.

As a result of the above, Seco's **Adj. EBIT** FY24 dropped 80% y/y down to **€6.8mn**, while **Adj. Net Profit** registered a loss of **-€2.0mn** (profit of €20.1mn in FY23).

SECO: Profit & Loss FY18-FY24

P&L (IAS, €mn)	FY18	FY19	FY20	FY21	FY22	FY23	FY24	y/y
Net Sales	54.4	65.4	76.1	112.3	200.9	209.8	183.5	-13%
Consumption Costs (incl. Δ Inventory)	-30.3	-34.4	-40.2	-59.2	-106.6	-98.7	-90.9	-8%
Adjustments	0.0	0.0	0.0	0.0	0.0	0.0	4.2	nm
Adj. Gross Profit	24.2	31.0	36.0	53.1	94.3	111.1	96.8	-13%
<i>Adj. Gross Profit Margin (%)</i>	<i>44.5%</i>	<i>47.4%</i>	<i>47.3%</i>	<i>47.3%</i>	<i>46.9%</i>	<i>52.9%</i>	<i>52.7%</i>	<i>-20bps</i>
Costs for Services	-6.0	-6.5	-6.6	-12.8	-18.4	-20.0	-28.8	44%
Personnel Costs	-9.3	-11.7	-16.1	-23.5	-34.9	-40.7	-42.2	4%
Other Revenue / Costs / Adjustments	-0.5	-1.1	2.6	8.4	3.0	0.1	2.5	nm
Adj. EBITDA	8.3	11.8	15.9	25.3	44.0	50.6	28.2	-44%
<i>Adj. EBITDA Margin (%)</i>	<i>15.3%</i>	<i>18.0%</i>	<i>20.9%</i>	<i>22.5%</i>	<i>21.9%</i>	<i>24.1%</i>	<i>15.4%</i>	<i>-870bps</i>
D&A	-1.6	-3.1	-5.5	-9.2	-18.7	-20.4	-30.0	47%
Others / Adjustments	0.2	-0.2	0.7	0.7	2.6	4.0	8.6	>100%
Adj. EBIT	6.9	8.5	11.1	16.8	28.0	34.1	6.8	-80%
<i>Adj. EBIT Margin (%)</i>	<i>12.7%</i>	<i>13.0%</i>	<i>14.6%</i>	<i>15.0%</i>	<i>13.9%</i>	<i>16.3%</i>	<i>3.7%</i>	<i>-1260bps</i>
Net Financial Charges (incl. FX)	-0.7	-0.5	-1.2	-2.0	-4.6	-5.3	-1.0	-82%
Taxes	-1.6	-2.1	-0.6	-1.1	-2.5	-4.6	-1.1	-76%
Minorities	0.0	-0.6	-1.4	-2.4	-3.5	-2.8	-3.4	22%
Adjustments	0.1	-0.1	-1.4	-2.3	-0.5	-1.3	-3.3	>100%
Adj. Net Profit	4.6	5.2	6.5	9.1	17.0	20.1	-2.0	nm

Source: SECO, Value Track Analysis

3. Cash absorption from inventory requirements, R&D investments, and M&A

SECO's business model has structurally been capital-intensive, with cash absorption driven by the investment needs required to stay at the forefront of technological innovation, maintain high inventory levels to ensure delivery reliability, and pursue inorganic growth as a fundamental lever of its long-term strategy.

As a consequence, **Adj. Net Debt** peaked at €125.8mn in 1Q22, before decreasing to **€41.3mn** in FY24 following a sizeable capital increase and some degrees of NWC optimization. Including lease liabilities, VAT receivables, and derivatives, total Net Debt stood at €52.5mn in FY24 (vs. a peak of €139.0mn in 1Q22). Key cash flow drivers include:

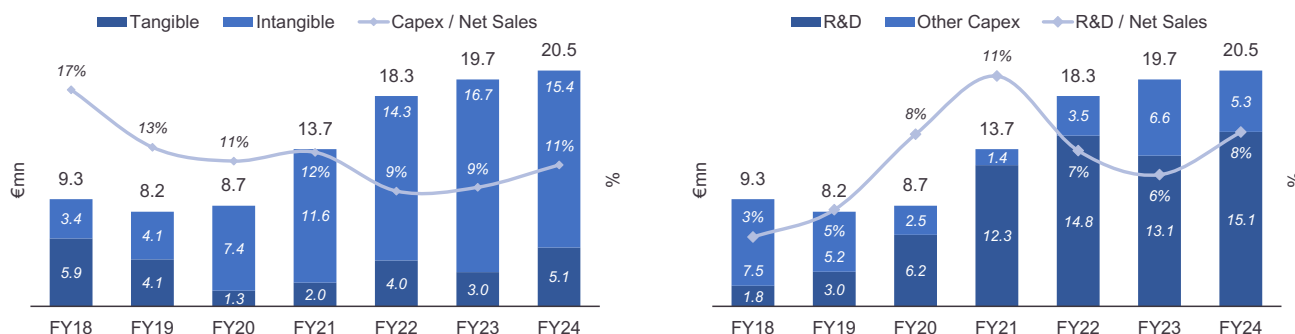
- ◆ **Capex**: SECO consistently reinvests in innovation, with capitalized R&D typically accounting for 70–80% of total R&D spend. Over FY18–FY24, capitalized R&D represented ~7% of Net Sales. In

FY24, total R&D investment amounted to ~€15mn (vs. €13mn in FY23), supplemented by ~€3mn in recurring maintenance capex;

- ◆ **Net Working Capital** absorption has historically constrained cash flow generation. Inventory remains the key driver, as SECO maintains high stock levels to mitigate supply chain disruptions. Trade receivables and payables have typically offset each other, while other payables (notably tax liabilities) tend to exceed other current assets;
- ◆ **M&A**: as we said before, since 2018 SECO has invested over €250mn across 8 strategic acquisitions (including the €50mn asset deal with Camozzi Digital) aimed at expanding its customer base, entering new geographies, diversifying into attractive verticals, enhancing software capabilities, and achieving a step-change in operational and financial scale;
- ◆ **Group Net Equity**: the Group has executed multiple capital increases to fund growth:
 - IPO (FY21): €99.9mn raised through a primary offering of 27mn shares at €3.70 p/s, primarily used to finance the G&F acquisition;
 - Garz & Fricke Holding GmbH (FY21): €15mn reserved capital increase via 2.56mn shares at €5.86 p/s as part of the €180mn total package for 100% of the company;
 - Camozzi Digital S.r.l. (FY22): €50mn reserved capital increase via 7.97mn shares at €6.2722 p/s, in exchange for personnel and IP assets;
 - 7 Industries B.V. (FY23): ~€65mn raised through two tranches (13.86mn shares total) at €4.69 p/s.

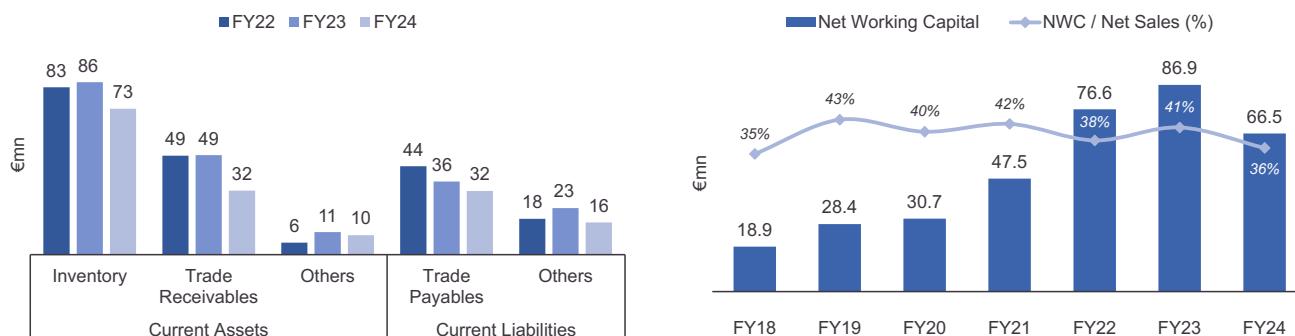
As a result, as of FY24, Adj. Net Debt / Adj. EBITDA stood at 1.5x, well under control.

SECO: Capex Breakdown and R&D Intensity



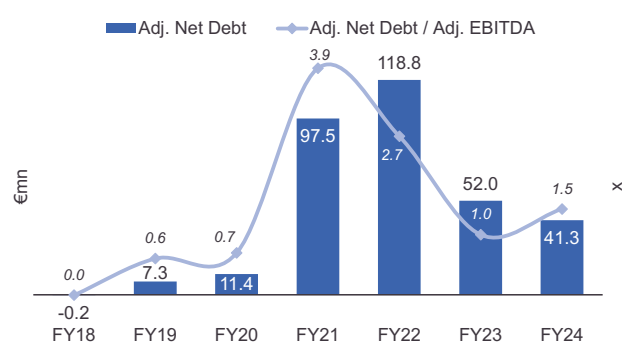
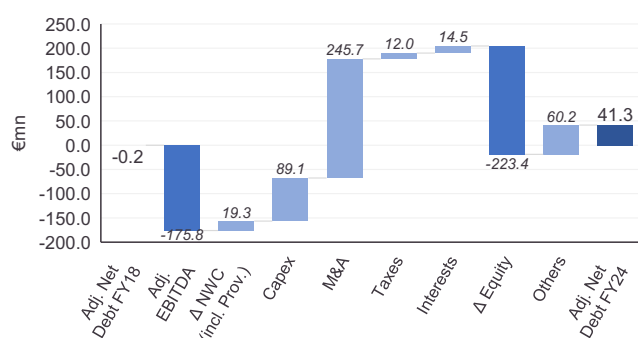
Source: SECO, Value Track Analysis

SECO: Net Working Capital Breakdown and Incidence on Net Sales



Source: SECO, Value Track Analysis

SECO: Cumulative Cash Flow and Net Debt Evolution



Source: SECO, Value Track Analysis

SECO: Balance Sheet FY18-FY24

Balance Sheet (IAS, €mn)	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Net Fixed Assets	17.9	26.6	35.5	233.3	311.1	310.9	297.4
Net Working Capital	18.9	28.4	30.7	47.5	76.6	86.9	66.5
Provisions	2.6	3.2	3.8	20.3	32.3	33.3	30.9
Total Capital Employed	34.2	51.8	62.4	260.5	355.4	364.5	333.0
Group Net Equity	34.4	44.4	51.0	163.0	236.6	312.5	291.7
Adj. Net Financial Position	0.2	-7.3	-11.4	-97.5	-118.8	-52.0	-41.3

Source: SECO, Value Track Analysis

SECO: Cash Flow Statement FY19-FY24

Cash Flow (IAS, €mn)	FY19	FY20	FY21	FY22	FY23	FY24
Adj. EBITDA	11.8	15.9	25.3	44.0	50.6	28.2
Δ Net Working Capital (incl. Prov.)	-8.8	-1.8	-0.3	-17.1	-9.2	18.0
Capex (excl. Fin. Investments)	-8.2	-8.7	-13.7	-18.3	-19.7	-20.5
Adj. OpFCF (b.t.)	-5.3	5.4	11.4	8.6	21.6	25.7
As a % of Adj. EBITDA	<0	34%	45%	20%	43%	91%
Financial Investments	-3.4	-5.3	-187.0	-50.0	-0.3	0.3
Cash Taxes	-2.1	-0.6	-1.1	-2.5	-4.6	-1.1
Net Financial Charges	-0.5	-1.2	-2.0	-4.6	-5.3	-1.0
Δ Equity	3.4	0.0	114.9	43.7	64.5	-3.1
Others	0.3	-2.5	-22.3	-16.6	-9.1	-10.1
Δ Adj. Net Financial Position	-7.5	-4.1	-86.1	-21.3	66.8	10.7

Source: SECO, Value Track Analysis

...But Solid Foundations Have Been Built...

Notwithstanding a more complex-than-expected post-IPO journey, SECO has built a robust industrial platform anchored in five strategic pillars: (i) a full-stack model from hardware to Clea; (ii) sustained R&D intensity with global scale and early silicon access; (iii) accelerated scale-up via targeted M&A and deep industrial alliances; (iv) a high-visibility, customer-centric business model; and (v) a resilient, diversified client base. Taken together, these foundations cement SECO's differentiated positioning as one of the few fully integrated global AIoT player.

Turning IPO Strategy into Structure

Since its market debut, built a robust industrial platform designed to reignite sustainable double-digit growth as end-markets recover. Key strategic achievements include:

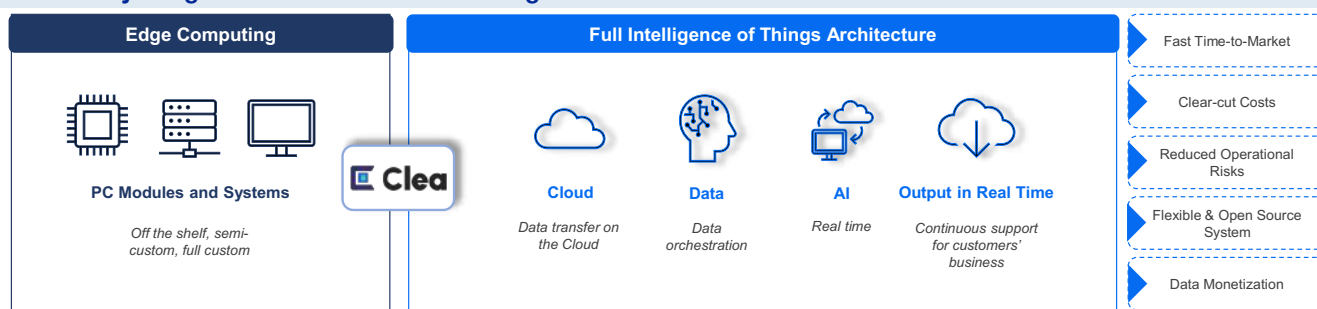
1. **Fully integrated end-to-end offering: from modules to Clea**
2. **Innovation engine anchored in R&D;**
3. **Scalable and global footprint enabled by M&A and partnerships;**
4. **Flexible, high-visibility business model;**
5. **Diversified exposure and resilient client base.**

Collectively, these pillars reinforce SECO's differentiated positioning as one of the very few full-stack players in Europe. As the macro environment normalizes, SECO is strategically placed to capitalize on digitalization trends, accelerate software monetization, and unlock the operating leverage embedded in its scalable platform.

1. Fully Integrated End-to-End Offering: from Modules to Clea

Originally rooted in embedded computing, SECO has evolved into a **full-stack AIoT provider**, offering an integrated hardware-software platform. Its model builds on a virtuous loop: hardware shipments expand the installed base, while Clea enables edge device management, data orchestration, and AI services, transforming deployed units into a stream of recurring revenues.

SECO: Fully Integrated End-to-End IoT Offering



Source: SECO, Value Track Analysis

Edge Computing: Modules & Systems as Revenue Foundation

Representing ~88% of FY24 Group Net Sales, SECO's hardware segment remains the backbone of the business and the primary entry point for client relationships. It is structured around two complementary product clusters:

- ◆ **Modules** (Computer On Modules, Systems On Modules): the historical core of SECO's offering, i.e. "off-the-shelf" standardized or semi-customized components (e.g., COM Express, SMARC, Qseven) that provide compute and connectivity capabilities for OEMs. With average selling prices ranging €70-€250 and GPMs between 30%-45%, modules benefit from scale economics and multi-year relevance across industrial cycles;
- ◆ **Systems** (Single Board Computers, Embedded PCs, Human Machine Interfaces, Payment Systems): highly customized and integrated platforms combining processing units, memory, enclosures, touchscreen displays, and payment features. With average selling prices in the €250-€1,000+ range, these products deliver 45%-65% GPMs, representing the higher-value tier of SECO's hardware stack.

Importantly, hardware not only supports revenue scale and customer acquisition but also anchors Clea deployment, as each device in the field is a potential activation point for the platform.

SECO: Edge Computing

	Modules	SBCs	Embedded PCs	HMI	Payment
Solutions					
Description	Standardized compute modules for rapid prototyping and scalable production	Single-board platforms that cut design effort and speed time-to-market	Rugged, fanless edge systems built for industrial IoT environments	Cashless-payment modules with native telemetry for fleet monitoring	High-brightness touch displays with integrated boards for turnkey solutions

Source: SECO, Value Track Analysis

Clea: Converting Installed Base into Recurring Revenue

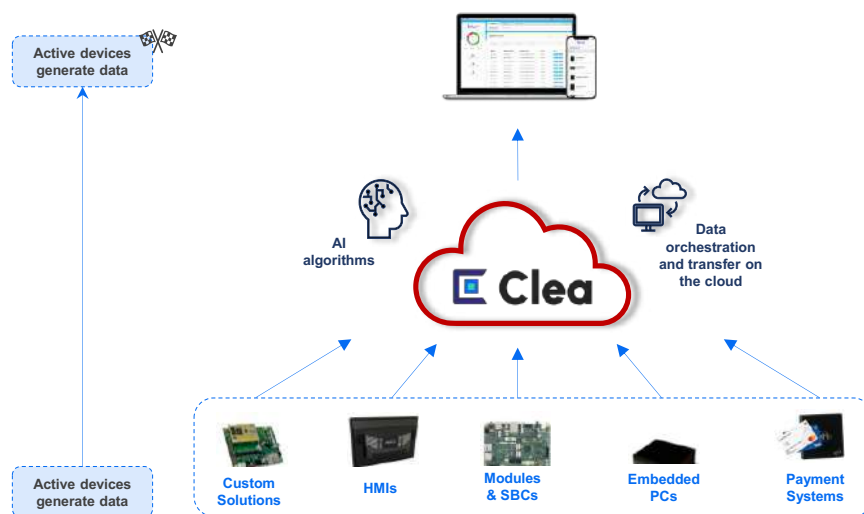
Launched in early 2021 and now accounting for ~12% of Group Net Sales, Clea is SECO's proprietary AIoT platform designed to **turn connected devices into recurring revenue streams by extracting actionable insights from field data**. Developed over five years with +€100mn invested through internal R&D and targeted M&A, Clea is delivered as a modular edge-to-cloud stack supporting three core functionalities:

1. **Edge device management:** allowing remote application deployment and bi-directional communication between device and cloud;
2. **Data orchestration:** managing data ingestion and analytics at the edge and in the cloud with full security and compliance;
3. **Data intelligence:** allowing assisted machine learning workflows and integrated AIOps (AI for IT Operations) to be executed directly on live data streams at the device level.

What sets Clea apart is its **end-to-end scope**: unlike most platforms that cover only one layer of the IoT stack, Clea offers unified lifecycle management, orchestration, analytics, and monetization. While natively embedded in SECO hardware, it is **fully hardware- and cloud-agnostic**, allowing seamless deployment on third-party systems and legacy fleets.

Built on open-source principles, Clea enables clients to reduce downtime, optimize maintenance, enhance user experience, and scale AI-enabled services, unlocking recurring revenue opportunities across **diverse industrial use cases**.

SECO: Clea



Source: SECO

Until recently, Clea was structured around four core software modules, each addressing a distinct layer of the AIoT stack:

- ◆ **Clea Portal:** user front-end for fleet management, remote monitoring, app deployment, and monetization;
- ◆ **Clea Astarte:** the orchestration engine managing ingestion, digital twins, and data routing between edge and cloud;
- ◆ **Clea Edgehog:** fleet management layer enabling AI deployments and full device control;
- ◆ **Clea OS:** a Yocto-based embedded operating system supporting secure device provisioning, telemetry, and updates.

The platform has recently evolved to support greater scalability and partner integration, with new modules launched in 2025:

- ◆ **Application Hub** (Jul-9, 2025): a vertical AI/IoT app marketplace operating on a 70/30 revenue-sharing model. At launch, over 150 apps were available across processor architectures (Intel, AMD, Qualcomm, NXP, MediaTek), supporting broad developer access and ecosystem expansion;
- ◆ **Clea OS 2.0** (Aug-27, 2025): an upgraded OS with quarterly LTS (Long-Term Support) releases, Software Bill of Materials (SBOM), and built-in vulnerability management for CRA/RED cybersecurity compliance in the EU. The release also standardizes orchestration processes to accelerate deployment;
- ◆ **Developer Center** (Sep-2, 2025): a centralized portal for developers offering technical documentation, integration kits, and access to the full Clea stack. It facilitates onboarding, testing, and app deployment through linked resources across the Application Hub;
- ◆ **AI Studio** (coming in 2H25): a visual programming environment designed to automate industrial AI workflows. It will allow engineers to build multi-LLM-powered service flows and deploy AI-enhanced functions directly to edge devices.

Clea's commercial momentum is increasingly evident: revenues in FY24 were nearly 5x higher than in FY21, supported by an installed base of >300,000 connected devices. Its monetization model includes:

- ◆ **NRE** (Non-Recurring Engineering) fees, charged upfront for development and integration;
- ◆ **Monthly subscription fees**, calculated per device or per service activated;
- ◆ **Commission-based revenues** from third-party apps on the Application Hub.

2. Innovation Engine Anchored in R&D

Leveraging +40 years of embedded systems expertise, SECO operates a **structurally R&D-intensive** model, investing ~**8–10% of annual revenues** into innovation. Its global network spans **9 R&D centers** across Italy, Germany, China, India, and the US, with **+300 engineers** (~30% of total workforce), including 180+ **AI specialists** in software, algorithms, and data modeling.

Beyond scale, SECO's R&D stands out for its **vertical know-how**, **system integration capabilities**, and growing **focus on IoT–AI convergence**. These strengths support a **co-development model**, where clients are engaged from the design phase to build custom solutions deeply embedded in end-product architecture. This “design-to-certification” approach (especially in regulated industries like medical, defense, aerospace) drives client stickiness and raises switching barriers. SECO's innovation engine is further reinforced by:

- ◆ **Early silicon access:** through its participation in semiconductor Early Access Programs (EAPs) with strategic partners such as Qualcomm and NXP, SECO gains privileged visibility into next-generation chipsets, allowing the company to rapidly prototype, co-engineer and commercialize solutions based on the latest processors, AI accelerators, and connectivity standards;
- ◆ **University and research collaborations:** SECO maintains long-standing partnerships with leading Italian and international universities and research institutes, serving a dual purpose: (i) supporting joint research projects, technology transfer programs, and the incubation of startups and spin-offs in embedded systems, AI/ML, and cybersecurity; (ii) providing a strategic talent pipeline, essential to secure access to high-skill engineering profiles in a structurally tight labor markets.

Taken together, SECO's R&D strategy enables faster development cycles, lower execution risk, and sustained delivery of differentiated, high-reliability platforms, positioning the Group as a long-term innovation partner for industrial clients seeking both product and platform-level advantage.

SECO: Research and Universities Collaborations



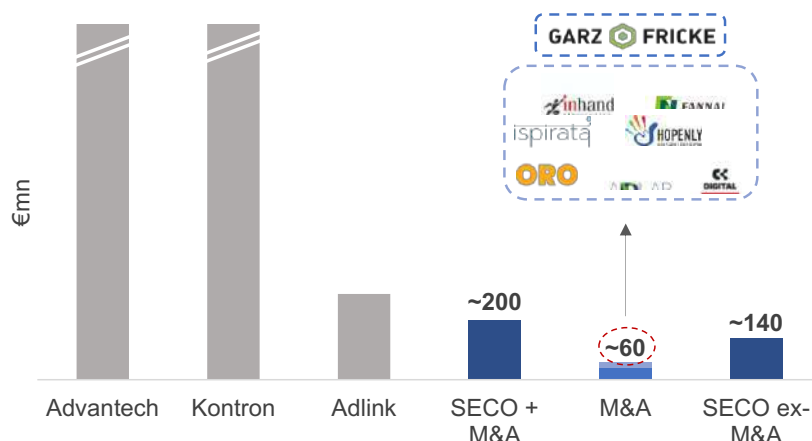
Source: SECO, Value Track Analysis

3. Scalable and Global Footprint Enabled by M&A and Partnerships

In a highly fragmented IoT landscape, achieving scale is essential to gain relevance, influence technology roadmaps, and avoid marginalization as industry consolidation accelerates.

Since the 2021 IPO, SECO has nearly doubled its revenue base, largely through targeted M&A, advancing toward the scale of established mid-sized players. While still smaller than peers like Advantech and Kontron, SECO has emerged as a **credible consolidator** and a **relevant counterpart** for global customers and technology partners.

SECO: Evolution of Competitive Landscape



Source: FactSet, Value Track Analysis

Significant M&A Track Record

The 2021–2022 period, marked by abundant liquidity, elevated digital capex, and component shortages, created ideal conditions for inorganic growth. SECO seized the window, investing ~€250mn across strategic acquisitions and partnerships (e.g. Camozzi, Olivetti) to strengthen its technology stack, expand geographic reach, and accelerate software monetization.

As market conditions turned in late 2022, the timeline for returns lengthened, delaying the operating leverage initially embedded in the thesis. Still, these moves have structurally reshaped SECO's position along the AIoT value chain, in line with its long-term ambition to build a vertically integrated platform at the intersection of embedded computing and industrial AI.

Going into details, the acquisitions can be segmented into two phases:

- ◆ **Pre-IPO**, largely focused on building a foundational technology stack and international footprint:
 1. Aidilab S.r.l. (Italy, 2018)– spin-off of University of Siena focused on wearable sensors and IoT prototyping, added early-stage R&D and academic talent;
 2. Fannal Electronics (China, 2019) – supplier of touchscreen and HMI display solutions, strengthened product portfolio in Asia and exposure to smart retail/industrial control;
 3. InHand Electronics Inc. (USA, 2020) – provider of rugged embedded computers and systems-on-modules for medical, transport and energy, broadened geographic footprint and rugged offering;
 4. Ispirata S.r.l. (Italy, 2020) – software firm specialized in Linux embedded systems and containerization, enhanced Clea middleware and orchestration capabilities;
 5. Hopenly S.r.l. (Italy, 2020) – boutique AI/data science company with expertise in machine learning and predictive analytics, reinforced Clea software stack.
- ◆ **Post-IPO**, executed during 2021–2022, represented a deliberate effort to consolidate SECO's position across the AIoT value chain and to accelerate the deployment of its proprietary platform:
 1. Oro Networks Inc. (USA, 2021): selective acquisition of personnel and IP in AI/IoT orchestration, foundation of SECO Mind USA and reinforcement of North American presence;
 2. Garz & Fricke Group (Germany, 2021, €180mn, ~15x EV/EBITDA): provider of embedded boards, HMI systems and vending solutions, expanded scale in DACH and diversified customer base;

3. Camozzi Digital BU (Italy, 2022, €50mn): transfer of business unit with AI/ML algorithms, edge applications and engineers, integrated into Clea with long-term industrial partnership through Camozzi Group.

SECO: M&A Strategy for Edge Systems and Clea Acceleration



Source: SECO, Value Track Analysis

Synergic Ecosystem of Partnerships

SECO's partnership ecosystem has been structured around three strategic pillars, securing early silicon access, embedding CLEA across the device/OS layer, and scaling commercial reach:

- ◆ **Top-Tier Tech Partners:** NXP, Qualcomm, Intel, Raspberry Pi, MediaTek, Rockchip, Axelera AI, and Nayax - enabling joint reference designs, early silicon visibility, and native CLEA integration via BSPs (Board Support Packages) and OS-level support;
- ◆ **Hyperscalers:** Google Cloud, Microsoft Azure, AWS - supporting cloud data orchestration, AI model deployment, and distribution via IoT marketplaces;
- ◆ **System Integrators:** BIP, Dinova, Reply, ENG, KPMG, Lutech - providing verticalization, regulatory packaging, and joint go-to-market for industrial clients.

Additionally, SECO has strengthened its full-stack strategy through selective industrial alliances aimed at deepening vertical expertise and expanding application reach:

- ◆ **Historical Partnerships:**
 - Olivetti (TIM Group): multi-year industrial agreement to co-develop and commercialize solutions under the "Olivetti powered by SECO" brand;
 - Camozzi Digital: hybrid structure blending M&A and partnership logic (addressed in M&A section for consistency);
- ◆ **Recent Partnerships:**
 - BDTA: 11-year collaboration to connect and manage over 200,000 smart vending machines (telemetry, remote maintenance, cashless payments, age verification), expected to generate ~€8mn in ARR.;
 - Hitachi Energy: 10-year agreement to deploy SECO's platform in energy-sector applications, including retrofitting; expected to generate ~€1mn ARR contribution;
 - Nayax: long-term partnership focused on telematics and smart screens with integrated payments for OEM clients in automated point-of-sale environments; multi-million annual potential linked to client adoption;
 - Exein: strategic collaboration to enhance cybersecurity for deployed industrial assets, reinforcing Clea's value proposition across SECO's installed base.

SECO: Partners Ecosystem



Source: SECO

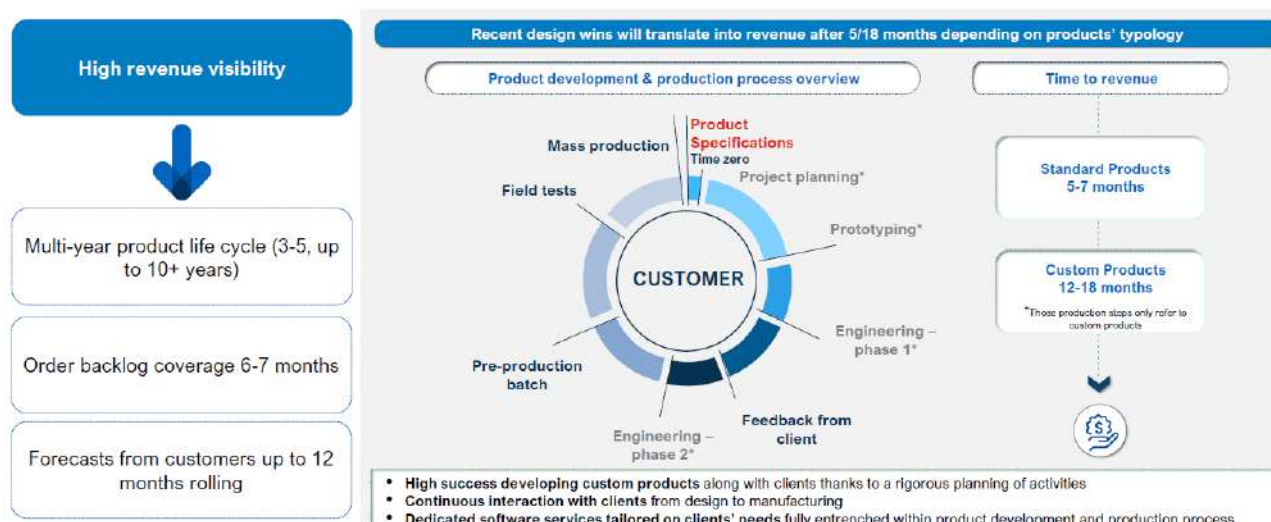
4. Flexible, High-Visibility Business Model

SECO's business model is built around multi-phase, **customer-centric engagements** that combine **customized hardware design** with **long lifecycle support** and **optional software monetization** via Clea. This architecture ensures strong revenue visibility and a high degree of operational flexibility:

- 1. Specification & design win:** each project begins with a technical brief and co-design phase, where SECO works closely with the customer to define system specifications, performance targets, compliance requirements, materials, and UI/UX features. A design win secures the order and initiates engineering. These wins typically span the entire OEM product lifecycle, which ranges from 5 years to over 10 years in regulated sectors like medical, transportation, and aerospace & defense;
- 2. Engineering & customization:** SECO's R&D teams manage feasibility, hardware–software integration (including Clea enablement), and mechanical customization. Deep technical involvement at this stage results in highly tailored solutions that are difficult to replace, raising client stickiness and long-term retention;
- 3. Industrialization and manufacturing:** once finalized, the design moves to in-house production. SECO controls the full value chain (sourcing, assembly, quality control, and regulatory testing) across 5 global plants. Time-to-revenue varies by complexity: ~5–7 months for standard modules and 12–18 months for bespoke designs;
- 4. Delivery, lifecycle, and support:** after deployment, SECO provides long-term lifecycle support including updates, component obsolescence management, and post-sale engineering assistance. In verticals with longer product lives, clients require technical specifications to remain stable over time, which increases the value of SECO's extended support services and contributes to structurally higher margins.

Overall, the model blends high visibility and resilience: long design cycles, multi-year product lifetimes, embedded backlog, and predictable reorder patterns provide stability and revenue durability. While recent macro headwinds have temporarily elongated sales cycles, SECO's installed base and order book remain solid, positioning the Group for recovery as demand conditions normalize.

SECO: Customer-Centric Business Model



Source: SECO

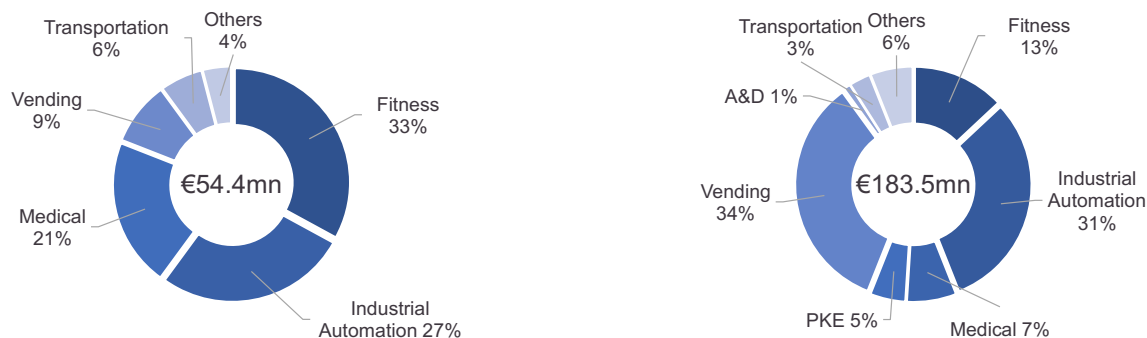
5. Diversified Exposure and Resilient Client Base

SECO has built a highly diversified customer portfolio of **+450 high-profile clients** (primarily OEMs, but also Tier 1 and Tier 2 suppliers) across multiple industrial verticals, with minimal concentration risk and long-standing commercial relationships (including **>20 years with its top three accounts**). This broad footprint reflects both SECO's customer-centric model and its strategic use of M&A to expand into regulated, high-margin verticals. Indeed, acquisitions (e.g., Garz & Fricke, InHand Electronics) reinforced SECO's positioning across high-value sectors including vending, professional kitchen equipment, industrial, transportation, medical, defense. These latter two verticals are often protected by certification requirements, homologation processes, or strict regulatory approvals, representing barriers to entry that shield incumbents and support higher margins.

As of FY24, the vertical breakdown included:

- ◆ **Vending:** long-standing leadership with global OEMs such as Evoca, La Cimbali, La Marzocco, Rancilio, Schaerer, Bota, Scheidt & Bachmann, Tobaccoland, integrating SECO's modules and HMIs with Clea-enabled telemetry and payment solutions;
- ◆ **Industrial Automation:** embedded systems for factory automation, robotics, and control systems for clients like Hitachi Energy, Carel, Sacmi, Camozzi, Salvagnini, Coesia, Haas, Leica, Daikin, Grundfos;
- ◆ **Fitness:** anchored by Technogym, using SECO's HMIs and embedded PCs in connected fitness equipment and digital platforms;
- ◆ **Medical:** trusted by global leaders such as Thermo Fisher, Zeiss, Steris, Werfen, Esaote, Barco, Videomed; characterized by long validation cycles and strict regulatory frameworks;
- ◆ **Professional Kitchen Equipment:** smart embedded systems in cooking and food-service appliances for brands including MIWE, WMF, MKN, Metos;
- ◆ **Transportation:** solutions for passenger information, infotainment, and fleet systems with Boeing, Teleste, Solari Udine, Annax;
- ◆ **Aerospace & Defense:** engagements with clients like Leonardo and Lockheed Martin, reflecting SECO's credibility in mission-critical applications;
- ◆ **Others:** diverse exposures across smart energy, entertainment, and IoT devices with clients such as QubicaAMF, Snam, Airtame, Grupo MSA.

SECO: Net Sales by Vertical in FY18 vs. FY24

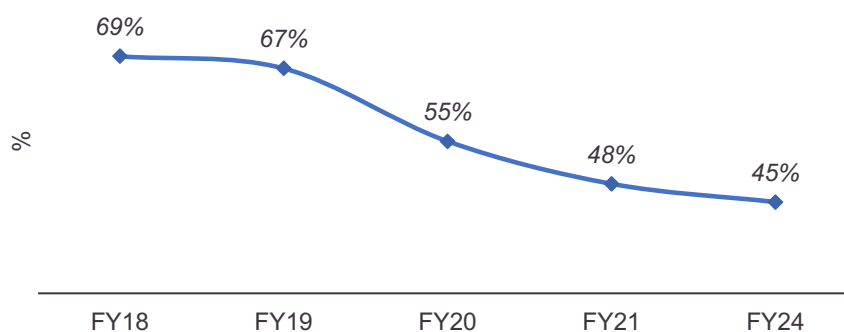


Source: SECO, Value Track Analysis

The breadth of this customer portfolio reduces dependency on any single vertical or client, while the mix balances defensive sectors (medical, industrial automation) with volume-growth verticals (fitness, vending, professional kitchen equipment). Importantly, multi-year design wins and integration of Clea create high switching costs, supporting customer stickiness.

In addition, concentration risk of its **top 10 customers** has progressively diminished over time, going from ca. 70% of revenues in FY18 to **~45% in FY24**, with **churn consistently below 3%**.

SECO: Top 10 Customers Net Sales Concentration



Source: SECO, Value Track Analysis

Unique Positioning Among HW and SW Specialists

All the elements outlined so far converge to shape SECO's distinctive positioning within the embedded and industrial IoT space. In a market often segmented between hardware vendors and cloud-native software providers, SECO stands out for its full-stack model and its **IoT one-stop-shop** value proposition. Indeed, unlike peers that remain specialized on either hardware (modules, systems, endpoints) or software (Platform as a Service models), SECO controls the entire AIoT chain.

This integrated model translates into four core competitive advantages:

- 1. Integrated proprietary stack:** in-house hardware platforms natively integrated with a modular edge-to-cloud software suite: ability to design, customize, and deliver turnkey solutions;
- 2. Customization and vertical alignment:** strong ability to co-design and tailor turnkey solutions to sector-specific requirements;
- 3. Recurring monetization:** fee-based Cloud services generating scalable ARR streams (subscriptions, usage-based fees);
- 4. Single counterpart for the client:** reduced complexity, lower integration risks, and full accountability across the solution stack.

For competitive mapping, it is useful to distinguish between hardware-focused players and those centered on IoT software platforms:

- ◆ On the hardware side, SECO competes with Advantech and Adlink (Taiwan), Kontron (Austria) and Congatec (Germany), and Eurotech (Italy);
- ◆ On the PaaS/software layer, relevant peers include US-based providers such as PTC and C3.ai.

SECO: Competitive Positioning

Players	IoT Endpoints				IoT Platform				
	In-house HW Production	Hardware Integration	Board & Modules	System	In-House End-to-End Suite	Team Machine Learning	Customiz.	Pay-per-use Revenue Model	Open Source Strategy
	✓	✓	✓	✓	✓	✓	✓	✓	✓
	✓	✓	✓	✓	✓		✓		✓
					✓	✓	✓	✓	
	✓	✓	✓	✓	✓		✓		
		✓	✓	✓	✓				
	✓	✓	✓	✓	✓		✓		✓
		✓	✓	✓	✓		✓	✓	✓
					✓	✓	✓	✓	

Source: Value Track Analysis, Various

...And Inflection Point Reached

Signs of reacceleration are now tangible. A combination of macro normalization and company-specific momentum sets the stage for SECO's next growth phase. The 1H25 rebound confirms that recovery is underway, while a sharpened strategic focus is paving the way for more profitable growth through software and services. Building on this setup, our forecasts anticipate renewed topline momentum, sustained margin expansion, and improving cash conversion. Four growth vectors will shape this transition: AI-enabled Edge Systems, modular vertical solutions, manufacturing scale-up, and, in the medium term, selective M&A.

Tailwinds Aligning for Reacceleration

With the worst likely behind, SECO appears poised to enter a new phase of recovery, underpinned by solid foundations and an improving external backdrop. We see two reinforcing vectors at play: (i) **market-driven drivers**, including easing inventory pressure, monetary policy normalization, and renewed momentum in industrial IoT investment; and (ii) **company-specific catalysts** such as SECO's strong 1H25 rebound, clearer strategic focus, and improving market sentiment. Together, these trends suggest a more supportive setup heading into FY26.

Macro Drivers Back in Play

A series of macro and sector-specific signals have turned more constructive in recent quarters. While some uncertainty persists, the overall context appears increasingly supportive:

- ◆ **IoT market acceleration:** Gartner's mid-2024 outlook positions 2025E–2028E as the critical phase for IoT takeoff, underpinned by broad 5G deployment, industrial automation, and AI-native applications. The total market is expected to reach nearly US\$1tn by 2028E, with the fastest growth in software (CAGR +28%) and IT services (+21%). While hardware remains dominant in value terms (~80%), analytics, CRM, SCM and ERP software linked to IoT are set to outpace. Notable milestones include:
 1. By 2025: >95% of new industrial IoT deployments to embed AI/analytics (vs <30% in 2022);
 2. By 2026: >80% of independent software vendors to embed GenAI features (vs <5% in 2022).
- ◆ **End of destocking cycle:** inventory data across the value chain indicates the correction phase is largely complete. In the US, ISM Customer Inventories dipped further in August, below the "about right" threshold, typically preceding restocking cycles, while S&P Global notes companies rebuilding safety stocks at the fastest pace in over a year. Global shipments of cellular IoT modules rose ~16% y/y in 1Q25, while upstream suppliers report leaner inventories and healthier sell-through. By contrast, Europe is showing early signs of stabilization, though inventory levels are still being adjusted downward, suggesting a more gradual and staggered restocking phase rather than a sharp rebound in 2H25;
- ◆ **No tariff impact:** After Trump's administration executive order introducing a 15% US tariff on select EU imports, SECO confirmed that its exported products are exempt under applicable HTS codes. This removes a key overhang for US-bound sales, preserving price integrity and margin continuity. While future policy shifts remain a residual risk, the exemption removes a near-term headwind, protects visibility and supports commercial execution;
- ◆ **Rates turning supportive:** the ECB began its easing cycle in June and is expected to remain dovish as eurozone inflation hovers around target. In the US, the Fed held in July but opened the door to rate cuts starting in September, with market consensus pointing to two or more reductions by year-end. This shift lowers discount rates and supports larger-scale IoT rollouts and investment agendas across both infrastructure and AI;

- ◆ **Improving geographic visibility:** regional dynamics now present distinct but generally constructive paths. North America leads in execution, with a focus on high-ROI deployments and secure industrial networking. Asia-Pacific is scaling rapidly, supported by public investment in smart infrastructure and local supply-chain incentives. Europe is more compliance-driven, prioritizing cybersecurity, data sovereignty, and sustainability-linked use cases. Middle East & Africa, while less mature, is accelerating through leapfrog models in sectors like agriculture and energy, enabled by off-grid and low-power technologies.

SECO's Momentum Re-Emerging

On the company side, SECO is showing tangible momentum, supported by a solid rebound in 1H25 financials, a clear strategic focus across hardware, software and services expansion, and improving market sentiment, as captured by our forecasts for FY25E–27E.

Solid Rebound in 1H25 Financial Results

On September 8th, SECO reported its 2Q25 results, marking the third consecutive quarter of guidance outperformance on both revenue and GPM. The quarter delivered:

- ◆ **Net Sales** of **€51.2mn**, up +6% y/y and +9% q/q;
- ◆ **Gross Profit** of **€27.4mn**, with a margin of 53.5%, up +400bps y/y;
- ◆ **Adj. EBITDA** at **€10.7mn**, and Adj. EBITDA Margin above 20% for the 2nd consecutive quarter;
- ◆ **Adj. Net Debt** at **€50.3mn**, with leverage at ca. 1.5x (based on LTM 1H25 Adj. EBITDA).

SECO: Key Financials 1H24-1H25

Key Financials (IAS, €mn)	2Q24	2Q25	y/y	1H24	1H25	y/y
Net Sales	48.1	51.2	7%	95.3	98.4	3%
Gross Profit	23.8	27.4	15%	50.3	52.5	4%
Gross Margin (%)	49.5%	53.5%	400bps	52.7%	53.4%	70bps
Adj. EBITDA	5.4	10.7	97%	15.8	20.1	27%
Adj. EBITDA Margin (%)	11.2%	20.8%	960bps	16.6%	20.4%	380bps
Adj. Net Debt	41.3 (*)	50.3	nm	41.3 (*)	50.3	nm

Source: SECO, Value Track Analysis, (*) FY24

Key takeaways from the management conference call:

- ◆ **Sales recovery fully underway**, with revenues exceeding €50mn in a quarter for the first time since 3Q23 (pre-destocking cycle). This marked the second consecutive quarter of accelerating growth both year-over-year and sequentially. Growth was broad-based across business lines, with Edge Computing +5% y/y, Clea +14% y/y, and software recurring revenue at ~36% in 2Q25. Sector trends confirmed the rebound, with notable performances in industrial (+40% y/y), medical (+96% y/y), and transport (+60% y/y). All geographic markets contributed positively, with the exception of the DACH region, where demand remains subdued due to lingering weakness in industrial automation investments;
- ◆ **Margin expansion** at Adj. EBITDA level confirms SECO's strong operating leverage, now benefitting from increasing sales volumes, a GPM above 50% for the fourth quarter in a row, and higher control over production costs (lower outsourcing vs. 2Q24);

- ◆ **Cash Generation** was impacted by Net Working Capital dynamics, with increase in trade receivables of €13.6mn, only partially offset by trade payables (+€4.5mn). Inventories level remained flat vs. FY24;
- ◆ **Outlook:** management expressed a cautiously optimistic stance for the coming quarters, confident in the Group's ability to deliver on what is within its control, while maintaining a prudent view on broader market dynamics. Order intake remains solid, with book-to-bill at or above 1x YTD and backlog fueled by a number of significant new design wins with both historical and new customers;
- ◆ **Guidance:** the Company outlined FY25E Net Sales guidance of €200mn (at constant FX) and Gross Profit Margin to be maintained above 50%, expecting a second semester at least as strong as the first one, if not stronger.

SECO: Backlog / Book-to-Bill Evolution and Design Wins

KPIs continue to confirm a rebound in clients' demand

Confirmed uptick in both backlog and order intake over the past 18 months
Book-to-bill consistently at or above 1 over the first half



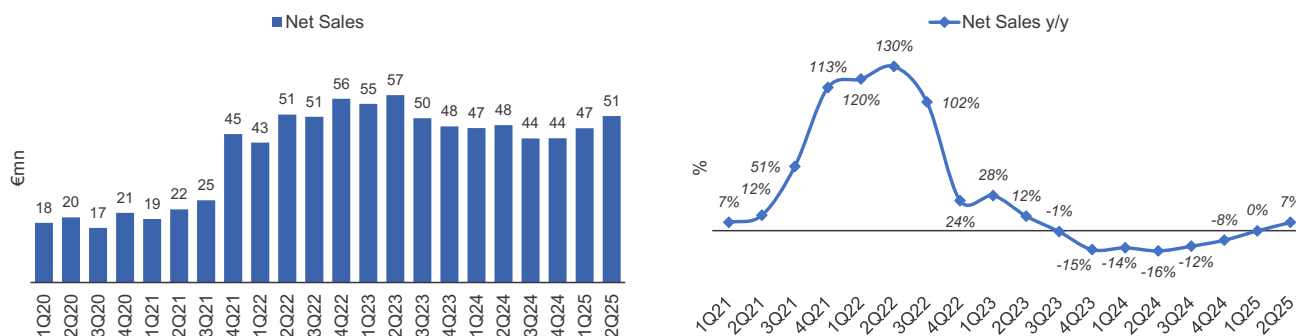
Source: SECO, Value Track Analysis

We are building a strong revenue growth for 2026

Already secured design wins from new customers and new projects with existing clients, across key verticals and geographies



SECO: Net Sales by Quarters



Source: SECO, Value Track Analysis

SECO: Net Sales by Solution 1H24-1H25

Key Financials (IAS, €mn)	2Q24	2Q25	y/y	1H24	1H25	y/y
Edge Computing	42.8	45.1	6%	82.7	86.4	4%
As a % of Total	89%	88%	-100bps	87%	88%	100bps
Clea	5.3	6.1	14%	12.6	12.0	-5%
As a % of Total	11%	12%	100bps	13%	12%	-100bps
Net Sales	48.1	51.2	7%	95.3	98.4	3%

Source: SECO, Value Track Analysis

SECO: Net Sales by Vertical and by Geography 1H25

Source: SECO, Value Track Analysis

SECO: EBITDA Adjustments 1H20-1H25

EBITDA Adjustments (IAS, €mn)	1H20	1H21	1H22	1H23	1H24	1H25	y/y
EBITDA	7.4	8.2	18.4	26.1	10.1	15.9	57%
<i>EBITDA Margin (%)</i>	<i>19.3%</i>	<i>19.7%</i>	<i>19.6%</i>	<i>23.4%</i>	<i>10.6%</i>	<i>16.2%</i>	<i>560bps</i>
Exchange Gains / Losses	0.0	-0.3	-0.2	-1.0	-0.6	0.9	<i>nm</i>
Income / Charges from Non-Core Activities	0.1	1.4	1.8	1.4	6.3	3.2	<i>-49%</i>
Non-Recurring Income / Charges from Core Activities	0.0	0.0	0.1	0.0	0.0	0.0	<i>nm</i>
Adj. EBITDA	7.5	9.3	20.1	26.5	15.8	20.1	27%
Adj. EBITDA Margin (%)	19.5%	22.3%	21.4%	23.7%	16.6%	20.4%	380bps

Source: SECO, Value Track Analysis

SECO: Profit & Loss 1H20-1H25

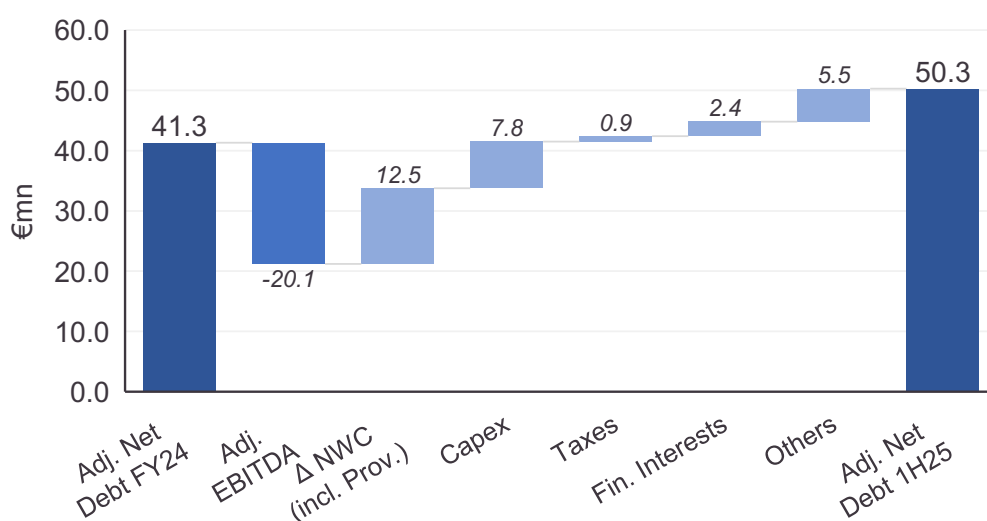
P&L (IAS, €mn)	1H20	1H21	1H22	1H23	1H24	1H25	y/y
Net Sales	38.2	41.8	94.1	111.9	95.3	98.4	3%
Consumption Costs (incl. Δ Inventory)	-19.7	-21.7	-50.1	-56.4	-45.1	-45.9	<i>2%</i>
Adjustments	0.0	0.0	0.0	0.0	0.0	0.0	<i>nm</i>
Adj. Gross Profit	18.5	20.1	44.0	55.5	50.3	52.5	4%
<i>Adj. Gross Profit Margin (%)</i>	<i>48.5%</i>	<i>48.1%</i>	<i>46.8%</i>	<i>49.6%</i>	<i>52.8%</i>	<i>53.4%</i>	<i>60bps</i>
Costs for Services	-3.0	-3.6	-9.3	-10.2	-15.4	-12.5	<i>-19%</i>
Personnel Costs	-7.6	-9.2	-16.8	-19.8	-20.4	-21.8	<i>7%</i>
Other Revenue / Costs / Adjustments	-0.5	2.0	2.2	0.9	1.3	1.8	<i>37%</i>
Adj. EBITDA	7.5	9.3	20.1	26.5	15.8	20.1	27%
<i>Adj. EBITDA Margin (%)</i>	<i>19.5%</i>	<i>22.3%</i>	<i>21.4%</i>	<i>23.7%</i>	<i>16.6%</i>	<i>20.4%</i>	<i>380bps</i>
D&A	-2.1	-3.0	-6.5	-9.5	-10.8	-11.1	<i>3%</i>
Others / Adjustments	0.0	-0.3	0.3	1.0	1.4	2.0	<i>47%</i>
Adj. EBIT	5.4	6.0	13.9	18.0	6.4	11.0	72%
<i>Adj. EBIT Margin (%)</i>	<i>14.1%</i>	<i>14.4%</i>	<i>14.8%</i>	<i>16.1%</i>	<i>6.7%</i>	<i>11.2%</i>	<i>450bps</i>
Net Financial Charges (incl. FX)	-0.1	0.1	-2.0	-1.7	0.0	-2.4	<i>nm</i>
Taxes	-1.4	-1.4	-3.0	-3.8	-1.7	-0.9	<i>-48%</i>
Minorities	-0.7	-0.7	-2.1	-1.8	-2.1	-2.1	<i>-1%</i>
Adjustments	-0.1	-0.1	-0.3	0.2	-0.8	-0.4	<i>-45%</i>
Adj. Net Profit	3.1	3.9	6.5	10.8	1.8	5.2	>100%

Source: SECO, Value Track Analysis

SECO: Balance Sheet 1H21-1H25

Balance Sheet (IAS, €mn)	1H21	1H22	1H23	1H24	FY24	1H25
Net Fixed Assets	47.3	245.7	309.2	312.0	297.4	296.1
Net Working Capital	34.3	72.7	91.0	91.7	66.5	77.4
Provisions	3.0	21.3	30.3	32.8	30.9	29.3
Total Capital Employed	78.5	297.1	369.9	370.8	333.0	344.3
Group Net Equity	153.2	174.5	309.7	309.9	291.7	294.0
Adj. Net Financial Position	74.7	-122.6	-60.2	-61.0	-41.3	-50.3

Source: SECO, Value Track Analysis

SECO: Cash Flow 1H25

Source: SECO, Value Track Analysis

Strategic Vectors Driving Next Growth Cycle

With market conditions stabilizing and a differentiated full-stack positioning in place, SECO is entering a new strategic phase focused on scaling high-margin, software-integrated solutions. Its growth roadmap pivots around four tightly connected vectors:

- 1. Technological leadership across Edge Systems and the IoT suite;**
- 2. Vertical expansion through modular, value-added solutions;**
- 3. Manufacturing scale-up to support product complexity;**
- 4. Strategic M&A targeting clients, capacity, and geography.**

1. Technological Leadership Across Edge Systems and the IoT Suite

SECO has anticipated the rise of AI at the Edge, investing ahead of peers in R&D and ecosystem partnerships (Axelera AI, Google Cloud, Qualcomm). As adoption accelerates, running inference directly on devices brings clear benefits for customers: real-time response, lower cloud costs, and new revenue opportunities. With AI-native compute becoming standard, SECO's integrated stack is positioned as a key enabler:

- ◆ **Edge Systems.** SECO's edge pipeline hit record levels in 1H25, supported by growing demand from both new and existing clients. Management sees a structural shift: every industrial device will soon require embedded AI, and processing it locally is way more cost-effective than offloading to the cloud. Today, ~80-90% of SECO's hardware pipeline is AI-ready, with edge accelerators embedded in processors to enable low-latency, real-time inference and reduce bandwidth. The newly launched Modular Vision platform (an advanced HMI with integrated compute and AI) exemplifies this shift and serves as a natural gateway for Clea deployment;

SECO: Edge Systems Business Development

Selected 2026 Design wins

Vertical	Customer	Region	Application	'26 Business size	Mass Production
	New	APAC	Digital cockpit for electric motorcycles (BMS only)	€4.0m	2Q26
	New	EMEA	Smart power grids management	€3.7m	1Q26
	New	EMEA	Water pump controller for industrial & wastewater management	€3.3m	1Q26
	Existing	Italy	System for a new automatic coffee vending machine line	€2.0m	4Q25
	Existing	EMEA	Real-time methanol leak detection system (with Clea)	€1.8m	2Q26
	New	EMEA	Coin dispenser and recycler	€1.3m	1Q26
	Existing	EMEA	System for ceramic screen printing machines	€1.2m	1Q26

Source: SECO

SECO

Modular Vision – setting a new HMI standard for edge inference

SECO



- ◆ **IoT Suite.** Clea's adoption, though slower than expected, is gaining momentum as customers recognize two converging factors: (i) edge AI hardware needs a platform for orchestration, lifecycle management, and secure deployment; (ii) EU cybersecurity regulations (CRA, RED) now mandate embedded software compliance. SECO has completed the core stack (Clea OS 2.0, Application Hub, Developer Center; AI Studio) and secured strategic design wins with Hitachi, BDTA, and Nayax (with volume ramping from 2026). The combination of regulatory tailwinds and hardware bundling is now unlocking the software layer's commercial potential.

2. Vertical Expansion Through Modular, Value-Added Solutions

To complement its hardware and software foundation, SECO is now layering **modular, value-added services** that target specific verticals and deepen customer engagement. These solutions are co-developed with strategic partners and integrated natively into Clea, enhancing both monetization and scalability. Key recent examples include **Nayax** for telemetry and embedded payments in automated retail, and **Exein** for on-device cybersecurity aligned with EU compliance requirements (e.g., CRA, RED).

Each module brings high-value functionality delivered as part of a revenue-sharing model that supplements SECO's traditional hardware/software margins.

By layering these components into its existing platform, SECO aims to progressively enrich its portfolio with modular, high-value components that can be quickly tailored to new markets and integrated into existing deployments with minimal frictions. This should expand SECO's offering into a truly full-stack architecture, combining hardware, AI capabilities, and now verticalized software in turnkey, scalable solutions.

SECO: Clea Business Development and Vertical Services Enhancing the End-to-End Platform

An integrated offering aimed at enabling faster AI adoption

SECO

Simplify the deployment and management of digital services



Clear monetization strategy

SECO

Fully integrated IoT offering, from edge computing to software & services suite, allowing multiple recurring revenue opportunities



Source: SECO

3. Manufacturing Scale-Up to Support Product Complexity

Operating at ~80% utilization (a level that ensures flexibility for volume spikes and production shifts), SECO is targeting a **2x increase in in-house capacity by 2028E** to accommodate rising demand and growing product complexity. To this end, the Group has launched the expansion of its **Arezzo board facility**, with a dedicated multi-year capex plan (we estimate ca. €10mn between 2H25-1H26). This program will focus on new production lines, advanced testing infrastructure, and full-process traceability.

The new site (expected to be fully operational by mid-2026) will be highly automated and digitally integrated. Featuring collaborative robotics and smart warehousing, it is designed to boost throughput, reduce lead times, and enhance quality control, thus supporting SECO's industrial scale-up with greater efficiency and operational agility.

4. Strategic M&A Targeting Clients, Capacity, and Geography

While organic initiatives remain the core engine of growth, SECO sees selective **M&A as a strategic enabler to accelerate its roadmap**.

With shareholder approval for capital increases of up to €200mn, the Company is evaluating opportunities aligned with three criteria: (i) **geographic expansion** (notably the US and underpenetrated EU markets like France and Spain), (ii) **scalable capacity** (in manufacturing and engineering), and (iii) **customer portfolios** with strong platform pull-through potential.

Strategically, the goal is not vertical specialization but scale consolidation in a highly fragmented Edge computing market, where ~15 players exceed €75mn in revenues, alongside a long tail of subscale competitors between €20-€75mn. **Achieving size** is increasingly necessary to compete for large industrial accounts and maintain relevance in a consolidating ecosystem.

As SECO already owns its full software stack, future deals are expected to strengthen the **hardware footprint** and extend Clea's addressable base through seamless integration. Each transaction must be **accretive from day one**, with clear cost and revenue synergies, and tight execution timelines.

Forecasts FY25E-FY27E

We project SECO to slightly outperform management guidance for FY25E Net Sales of €200mn (at constant FX) and to maintain double-digit revenue growth throughout FY27E, while regaining peak operating margins and starting to generate significant free cash flow. By FY27E, we forecast:

- ◆ **Net Sales** reaching **€247.8mn**, with an organic CAGR_{FY24-FY27E} of +11%;
- ◆ **Adj. EBITDA** doubling to **€55.5mn**, with a 700bps margin expansion vs. FY24;
- ◆ **Adj. Net Debt** falling to **€24.5mn**, with leverage declining from 1.5x to 0.4x Adj. EBITDA.

SECO: Key Financials FY24-FY27E

Key Financials (IAS, €mn)	FY24	FY25E	FY26E	FY27E	CAGR
Net Sales	183.5	200.5	224.5	247.8	11%
Adj. EBITDA	28.2	39.3	47.8	55.5	25%
Adj. EBITDA Margin (%)	15.4%	19.6%	21.3%	22.4%	700bps
Adj. Net Debt	41.3	45.1	40.5	24.5	nm

Source: SECO, Value Track Analysis

We see this financial trajectory supported by:

1. **Favorable new market outlook and competitive product positioning;**
2. **More profitable revenue mix and improving operating leverage;**
3. **Stronger EBITDA-to-Operating Free Cash Flow conversion.**

1. Favorable new market outlook and competitive product positioning

We forecast SECO's **Net Sales** to reach **€247.8mn** in FY27E, reflecting an 11% CAGR_{FY24-FY27E} (at variable FX rates) driven by the combined effect of:

1. **Rebound in global IoT demand** thanks to (i) a more accommodative macro environment with interest rate normalization, (ii) early signals of renewed corporate capex cycle, (iii) improved geopolitical visibility in core markets, and (iv) accelerating adoption of edge computing systems;
2. **End-to-end offering well-positioned** to capture this renewed momentum:
 - **Edge:** volume growth underpinned by a record-high product pipeline, new design wins with new global clients, upselling opportunities on existing customers, and strong exposure to high growth verticals. We forecast Edge sales reaching €211.3mn by FY27E, at a 9% Net Sales CAGR_{FY24-FY27E};
 - **Clea:** faster-than-historical adoption among OEM clients driven by AI-enabled data-analysis and value-added services, cybersecurity regulations, recent partnerships with industry leaders, and the launch of the Application Hub. We expect Clea to grow at a 20% Net Sales CAGR_{FY24-FY27E}, reaching **€36.5mn** by FY27E.

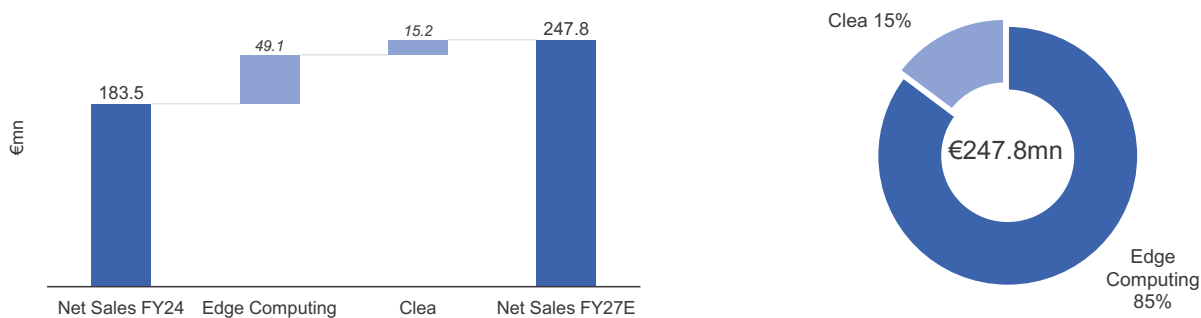
Of the expected €64mn top-line increase between FY24 and FY27E, Edge Computing should remain the main growth engine in absolute terms (+ ca. €40mn), while Clea should drive the shift in revenue mix (+ ca. €15mn), increasing its contribution to Group Net Sales by 3 percentage points.

SECO: Net Sales by Solution FY24-FY27E

Net Sales (IAS, €mn)	FY24	FY25E	FY26E	FY27E	CAGR
Edge Computing	162.2	175.8	193.6	211.3	9%
y/y	-13%	8%	10%	9%	-
y/y ex-fx	-	10%	12%	9%	-
As a % of Total	88%	88%	86%	85%	-
Clea	21.3	24.6	30.8	36.5	20%
y/y	-5%	15%	25%	18%	-
y/y ex-fx	-	17%	27%	18%	-
As a % of Total	12%	12%	14%	15%	-
Net Sales	183.5	200.5	224.5	247.8	11%
y/y	-13%	9%	12%	10%	-
y/y ex-fx	-	11%	14%	10%	-

Source: SECO, Value Track Analysis

SECO: Net Sales Evolution and Breakdown in FY27E



Source: SECO, Value Track Analysis

2. More profitable revenue mix and improving operating leverage

We expect SECO to gradually recover its peak profitability levels, driven by:

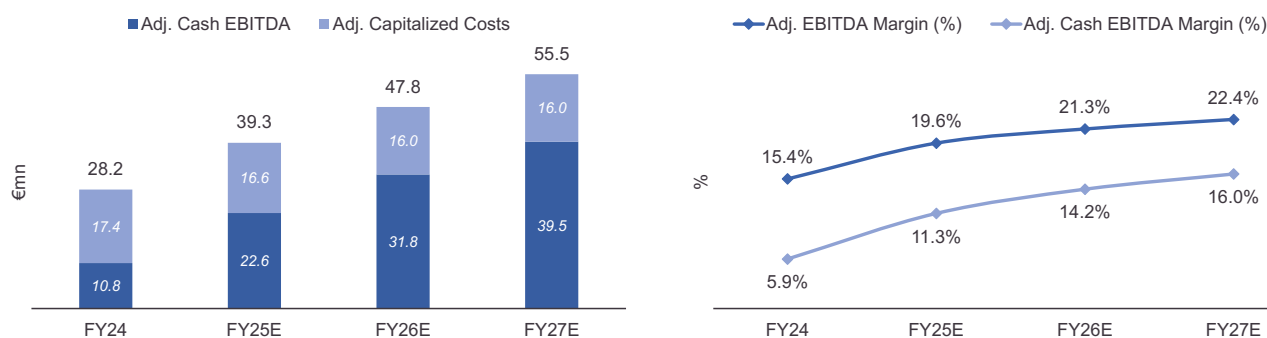
- 1. Revenue mix enhancement:** Clea's structurally higher margins vs. Edge Computing will support Group GPM expansion. The transition toward recurring revenue (vs. NRE) within Clea should further improve visibility and profitability. As a result, we forecast **Gross Profit** to reach **€134.5mn** in FY27E, with a margin of 54.3% (+160bps vs. FY24 Adj. GPM);
- 2. Operating leverage and cost discipline:** with rising volumes, SECO should benefit from economies of scale and improved absorption of fixed costs. We also expect moderate cost rationalization in services and overhead. We forecast **Adj. EBITDA** to reach **€55.5mn** in FY27E (25% CAGR_{FY24-FY27E}), ~€5mn above the FY23 peak, with a 22.4% margin (vs. 15.4% in FY24). One-off expenses are also expected to fade from €12.6mn in FY24 to just €0.5mn in FY27E, mostly due to the expiry of stock option plans. Consequently, the gap between Reported and Adj. EBITDA should narrow significantly, with Reported EBITDA reaching €55.0mn by FY27E;
- 3. Stable capitalized R&D costs:** we assume a steady level of capitalized R&D (sufficient to maintain innovation leadership) translating into stronger cash profitability. **Adj. Cash EBITDA** should increase to **€39.5mn** by FY27E (54% CAGR_{FY24-FY27E}), surpassing its FY23 peak by €2.0mn. The margin is expected to expand by 10 percentage points vs. FY24, reaching 16.0%.

SECO: EBITDA Adjustments FY24-FY27E

EBITDA Adjustments (IAS, €mn)	FY24	FY25E	FY26E	FY27E	CAGR
EBITDA	15.6	32.4	45.3	55.0	52%
EBITDA Margin (%)	8.5%	16.1%	20.2%	22.2%	1370bps
Adjustments	12.6	6.9	2.5	0.5	-66%!
Adj. EBITDA	28.2	39.3	47.8	55.5	25%
Adj. EBITDA Margin (%)	15.4%	19.6%	21.3%	22.4%	700bps
Capitalized Development Costs	-15.1	-16.6	-16.0	-16.0	2%
Cash Adjustments	-2.3	0.0	0.0	0.0	nm
Adj. Cash EBITDA	10.8	22.6	31.8	39.5	54%
Adj. Cash EBITDA Margin (%)	5.9%	11.3%	14.2%	16.0%	1010bps

Source: SECO, Value Track Analysis

SECO: Adj. EBITDA vs. Adj. Cash EBITDA



Source: Value Track Analysis

Below EBITDA, slower growth in D&A and financial charges should support bottom-line expansion. Specifically, we project:

- ◆ **Adj. EBIT** at **€32.3mn** by FY27E, nearing the all-time high of FY23 (€34.1mn), and ~4x FY24 levels thanks to normalized D&A after the FY24 SECO Mind USA impairment;
- ◆ **Adj. Net Profit** at **€16.4mn** (vs. FY24 Adj. Net Loss of €2.0mn), with Adj. Net Margin at 6.6%.

3. Stronger EBITDA-to-Operating Free Cash Flow conversion

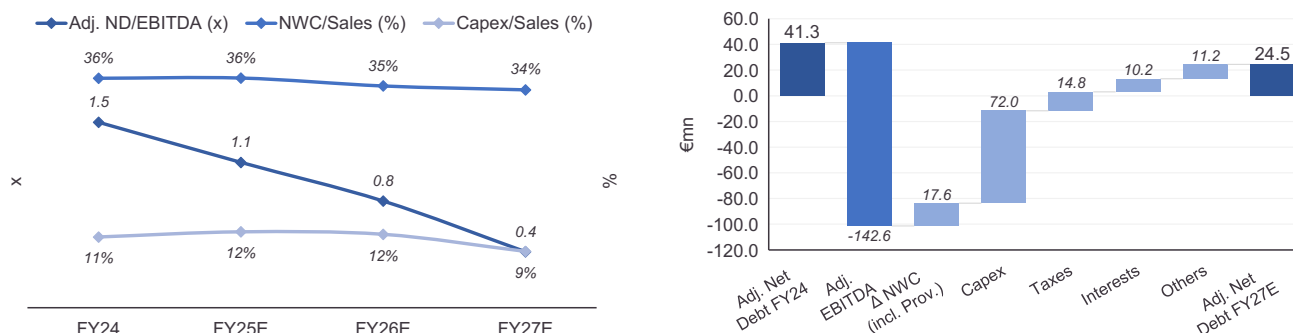
While SECO has historically demonstrated solid top line and profitability growth, cash conversion has lagged. We expect this to change over the forecast horizon, with improved EBITDA-to-OpFCF conversion bringing **Adj. Net Debt** down to **€24.5mn** by FY27E (vs. €50.3mn in 1H25).

Key drivers of deleveraging include:

- ◆ **Capex** discipline: we assume recurring intangible capex of €15mn-€16mn per year (mainly for R&D), and maintenance capex of ~2%-2.5% of Net Sales. Additionally, ~€10mn is expected to be allocated between 2H25 and 1H26 for the upgrade of the Arezzo plant to boost capacity. Importantly, stable R&D capitalization improves EBITDA-to-cash conversion, especially in the context of double-digit EBITDA growth;
- ◆ **Net Working Capital** efficiency: we expect gradual improvement in NWC intensity, reducing its weight on sales to 34% by FY27E. This should be supported by the increasing share of software/services in the revenue mix and inventory optimization measures.

With Adj. Net Debt / Adj. EBITDA falling below 1.0x from FY26E, SECO should regain flexibility to consider new M&A opportunities, provided they are immediately accretive and aligned with the Group's strategic priorities.

SECO: Key Cash Flow Metrics and Cumulative Cash Flow Statement FY24-FY27E



Source: SECO, Value Track Analysis

Financial Statements FY24-FY27E

SECO: Profit & Loss FY24-FY27E

P&L (IAS, €mn)	FY24	FY25E	FY26E	FY27E	CAGR
Net Sales	183.5	200.5	224.5	247.8	11%
Consumption Costs (incl. Δ Inventory)	-90.9	-95.4	-104.5	-113.3	8%
Adjustments	4.2	0.0	0.0	0.0	-100%
Adj. Gross Profit	96.8	105.0	120.0	134.5	12%
Adj. Gross Profit Margin (%)	52.7%	52.4%	53.5%	54.3%	160bps
Costs for Services	-28.8	-25.2	-26.1	-26.8	-2%
Personnel Costs	-42.2	-44.3	-46.5	-49.4	5%
Other Revenue / Costs / Adjustments	2.5	3.8	0.4	-2.7	nm
Adj. EBITDA	28.2	39.3	47.8	55.5	25%
Adj. EBITDA Margin (%)	15.4%	19.6%	21.3%	22.4%	700bps
D&A	-30.0	-22.9	-23.3	-23.2	-8%
Others / Adjustments	8.6	2.0	0.0	0.0	-100%
Adj. EBIT	6.8	18.4	24.5	32.3	68%
Adj. EBIT Margin (%)	3.7%	8.6%	10.9%	13.0%	930bps
Net Financial Charges (incl. FX)	-1.0	-4.0	-3.4	-2.8	42%
Taxes	-1.1	-1.5	-5.2	-8.1	95%
Minorities	-3.4	-4.2	-4.5	-5.0	14%
Adjustments	-3.3	-0.4	0.0	0.0	-100%
Adj. Net Profit	-2.0	8.3	11.4	16.4	nm

Source: SECO, Value Track Analysis

SECO: Balance Sheet FY24-FY27E

Balance Sheet (IAS, €mn)	FY24	FY25E	FY26E	FY27E
Net Fixed Assets	297.4	300.6	303.3	302.0
Net Working Capital	66.5	71.0	77.3	83.6
Provisions	30.9	30.0	30.2	30.4
Total Capital Employed	333.0	341.6	350.3	355.2
Group Net Equity	291.7	296.4	309.8	330.7
Adj. Net Financial Position	-41.3	-45.1	-40.5	-24.5

Source: SECO, Value Track Analysis

SECO: Cash Flow Statement FY24-FY27E

Cash Flow (IAS, €mn)	FY24	FY25E	FY26E	FY27E
Adj. EBITDA	28.2	39.3	47.8	55.5
Δ Net Working Capital (incl. Prov.)	18.0	-5.4	-6.1	-6.2
Capex (excl. Fin. Investments)	-20.5	-24.0	-26.0	-22.0
Adj. OpFCF (b.t.)	25.7	9.9	15.7	27.4
As a % of Adj. EBITDA	91%	25%	33%	49%
Cash Taxes	-1.1	-1.5	-5.2	-8.1
Net Financial Charges	-1.0	-4.0	-3.4	-2.8
Others	-12.9	-8.2	-2.5	-0.5
Δ Adj. Net Financial Position	10.7	-3.8	4.6	16.0

Source: Value Track Analysis

Value Track vs. Consensus**SECO: Value Track Estimates vs. Consensus**

Key Financials (IAS, €mn)	FY25E			FY26E		
	Consensus	VT	Δ	Consensus	VT	Δ
Net Sales	203.8	200.5	-2%	229.9	224.5	-2%
y/y (%)	11%	9%	-200bps	13%	12%	-100bps
Adj. EBITDA	40.4	39.3	-3%	49.4	47.8	-3%
Adj. EBITDA Margin (%)	20%	20%	0bps	21%	21%	0bps
Adj. EBIT	19.4	18.4	-5%	27.9	24.5	-12%
Adj. EBIT Margin (%)	10%	9%	-100bps	12%	11%	-100bps
Adj. Net Profit	9.8	8.3	-15%	16.0	11.4	-29%
Adj. Net Debt	-39.3	-45.1	-5.8	-28.7	-40.5	-11.8

Source: Value Track Analysis

Appendix

Corporate Profile

SECO at a Glance

SECO is an Italian high-tech group that delivers **end-to-end technological solutions** for the **AI-enabled Internet of Things (AIoT)**, covering the full stack from edge computing to cloud integration.

Its vertically integrated offering includes hardware such as single board computers (SBCs), human-machine interfaces (HMIs), fan less embedded computers, custom modules, telemetry units, and smart payment systems, all combined with **Clea**, a modular proprietary software platform based on open-source technologies (~12% of Group Net Sales in FY24 vs. ~4% in FY21), enabling device management, data orchestration, and AI deployment at the edge.

Recognized **among the top five global players in embedded edge computing**, SECO serves clients operating across a broad range of verticals, including retail & vending (34% of FY24 revenues), industrial automation (31%), fitness (13%) medical (7%), transportation (3%) and adjacent domains (i.e., security & surveillance, smart devices, digital signage, smart cities, energy & utilities).

SECO leverages: (i) **steady investment in R&D** (7–10% of revenue) and **co-development programs to support customers** in embedding connectivity, AI, and HMI into their products; (ii) **in-house production capabilities** ensuring full control over quality and certification standards; (iii) **world-wide footprint** across EMEA (74%), the US (15%), and APAC (9%), enabling proximity to clients and accelerating time-to-market; (iv) **scalable business model**, supported by a more and more varied customer base (top 10 clients concentration at ca. 45% vs. <70% in FY18) and a solid balance sheet enabling proactive M&A execution (#8 acquisitions since 2018).

SECO: Edge Computing Systems and Clea Solutions

HARDWARE

Custom Solutions



HMIs



Modules & SBC



Fanless Embedded PCs



Paym. System & IoT Telemetry



SOFTWARE

Clea



Products

1. Portal
2. Astarte
3. Edgehog
4. OS 2.0
5. AI Studio
6. Application Hub
7. Developer Center

Source: SECO, Value Track Analysis

Historical Milestones

SECO's history began in **1979**, when it was founded in **Arezzo** (Italy) as an electronics laboratory by **Luciano Secciani** and **Daniele Conti** - the origin of the name "SECO". From that point onward, its upswing has been driven by a sequence of eight targeted acquisitions, capital transactions, and organizational developments aimed at expanding technological capabilities and global scale.

Going more in details, selected milestones include:

- ◆ **2018:** (i) acquisition of 70% of **Aidilab** (later absorbed), active in IoT design and rapid prototyping; (ii) capital increase of €10mn by **Fondo Italiano di Investimento**, reaching a 20.1% stake (now at 4.5%);
- ◆ **2019–2020:** (i) inauguration of SECO's new headquarters and production facility in Arezzo; (ii) acquisition of **55% of Fannal** (effective 28% via SECO Asia), a Chinese supplier of high-end human-machine interface (HMI) displays; (iii) acquisition of 100% of **Inhand Electronics**, a US-based embedded systems company; (iv) acquisition of 70% of **Ispirata** (edge orchestration software) and **Hopenly** (AI and data science);
- ◆ **2021:** (i) **IPO on Borsa Italiana's STAR segment**, raising €99.9mn (gross proceeds, primary market; total offer: €140mn) and achieving a market cap. post-money of €396.6mn (as of May 5th, 2021); (ii) acquisition of **Oro Networks**, a US-based AI software company; (iii) creation of **SECO Mind**, consolidating software, AI, and cloud operations into a single entity; (iv) signing of commercial agreements with **Olivetti** (entered at IPO with a 7% stake, now holding 7.7%), Rhea Vendors, Laserwall, Airtame, and Riello for the early deployment of Clea; (v) acquisition of 100% of **Garz & Fricke** (Germany), a leading provider of edge HMI solutions with integrated IoT, software, and payment technologies, strengthening SECO's position in the DACH region;
- ◆ **2022:** (i) partnership with **Camozzi Digital** for the transfer of a business unit - Camozzi received 6.73% SECO's stake (now increased at 8.27%) - including IP and AI specialists, enabling the integration into Clea of 90+ AI applications for autonomous manufacturing; (ii) multiple partnerships with: 1) Exein (embedded cybersecurity); 2) Pizzarotti (smart city infrastructure and urban sustainability); 3) Libelium (IoT for smart cities and connected infrastructure); 4) Itema (HMI and SaaS solutions for smart textile machines); 5) HNA.Live (AI and 3D cloud platform for smart manufacturing based on Clea);
- ◆ **2023:** (i) **7-Industries B.V.** in SECO's capital with two reserved increases totaling ~€65mn; (ii) Clea App Store launched to streamline deployment of AI/ML applications across edge devices; (iii) integration with Google Cloud enables native cloud-to-edge orchestration for scalable industrial AI;
- ◆ **2024-2025:** (i) launch of **Clea Smart HMI**, a new family of AI-powered interfaces for industrial automation, energy, and smart mobility; (ii) strategic agreement with **Nayax** to integrate smart payment solutions and connected services into SECO edge devices via Clea; (iii) phased roll-out of the Clea platform through: a) **Application Hub** (AI/IoT app marketplace; Jul 9, 2025), b) **Clea OS 2.0** (CRA/RED-ready OS with SBOM & vulnerability management; Aug 27, 2025), c) **Developer Center** (one-stop docs/SDKs portal; Sep 2, 2025); d) **AI Studio** (visual, LLM-powered edge workflow builder; 2H25).

SECO: Key Historical Milestones



Source: SECO, Value Track Analysis

Group Structure

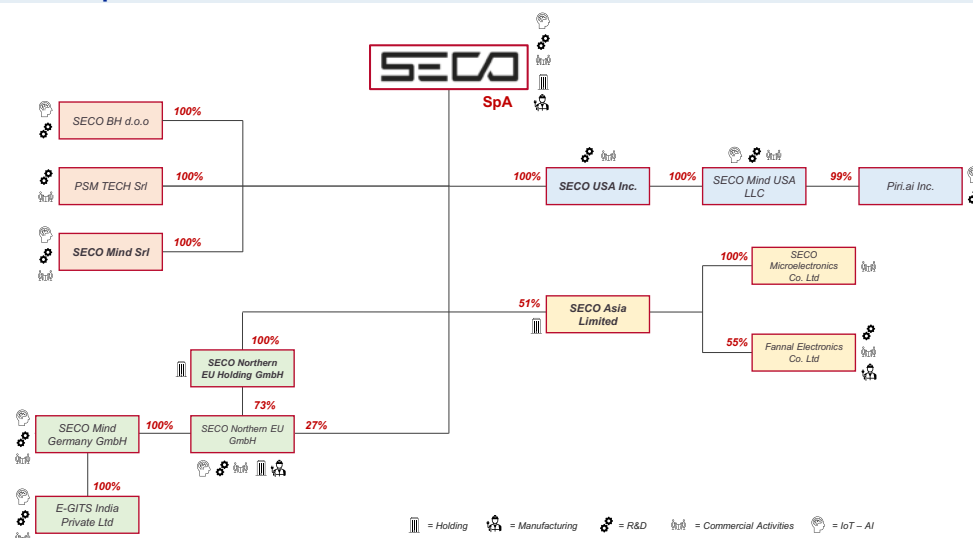
SECO is a structured technology group with global operations and an **international footprint** across **Europe**, **North America**, and **Asia**, built through a process of targeted acquisitions and industrial integration. Its current structure results from four distinct operational areas, each managed by a dedicated entity to allocate competencies and define targeted strategies across core markets and technologies:

- ◆ **SECO Mind Srl** (100%-owned): the Group's competence center for embedded AI, software development and data orchestration. It was created through the integration of three entities: (i) **Aidilab**, a former spin-off of the University of Siena, specialized in interaction design and IoT prototyping for industrial and smart city use cases (no longer active); (ii) **Ispirata**, a provider of open-source middleware and data orchestration tools tailored for embedded, real-time, and Industry 4.0 environments; (iii) **Hopenly**, focused on statistical modelling, machine learning architectures and open-source frameworks for predictive analytics in edge computing applications.
- In addition, SECO Mind incorporates **assets from Camozzi Digital**, transferred as part of an industrial partnership. The transaction included selected personnel and a portfolio of 90+ ready-to-use applications, AI algorithms, and smart connectors for autonomous manufacturing, which were integrated into Clea to accelerate vertical deployment in industrial environments;
- ◆ **SECO USA Inc.** (100%): the Group's North American hub for edge intelligence and cloud-native AI integration. It includes: (i) **InHand Electronics** (100%-owned), based in Maryland, specialized in rugged edge computing systems, embedded wireless platforms and industrial tablets for transportation, healthcare and automation; (ii) **SECO Mind USA** (100%-owned, formerly called "Oro Networks"), fully acquired by SECO in December 2024 (remaining 30% stake bought from Oro Networks Inc. shareholders after integrated development into Clea); (iii) **Piri.ai Inc.** (99%-owned), based in Ahmedabad, focused on R&D in AI-enabled edge services and predictive diagnostics. The technologies developed by both entities have been fully integrated into SECO's platform stack;

- ◆ **SECO Northern Europe Holding GmbH** (100%): responsible for embedded computing, modular HMI systems and IIoT edge platforms. It includes: (i) **Garz & Fricke** (100%-owned), headquartered in Hamburg, a long-standing developer of board-level embedded solutions, ARM-based computing modules and industrial touchscreen interfaces; (ii) **SECO Mind Germany** (100%-owned), based in Stuttgart, overseeing high-level R&D programs, AI-based software components and coordination of distributed engineering teams in Europe and Asia;
- ◆ **SECO Asia Limited** (51%): the Group's industrial base in the Asia-Pacific region, overseeing procurement, production and HMI innovation. Through SECO Asia, the Group controls: (i) **SECO Microelectronics** (100%-owned via SECO Asia), based in Hangzhou, focused on local manufacturing and embedded component supply; (ii) **Fannal Electronics** (55%-owned, fully consolidated), an established developer of capacitive touchscreens, optical bonding and high-performance HMI components (owing to a 28% indirect stake).

Additionally, SECO fully owns **SECO BH d.o.o.** in Tuzla, Bosnia and Herzegovina (R&D in AI-IoT), **PSM Tech S.r.l.** in Arezzo (applied research and commercial support), and **E-GITS India Pvt. Ltd.** in Chennai, southern India (software engineering and AI solution delivery).

SECO: Group Structure

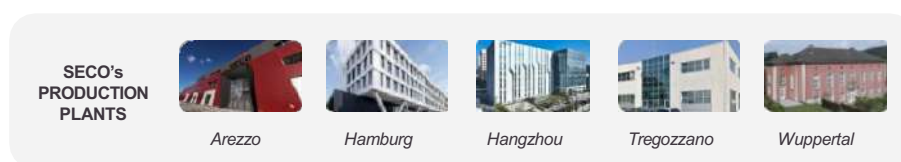


Source: SECO

Production Plants and R&D Facilities

SECO's global operations currently rely on a scalable industrial backbone of **5 production plants** - located in **Arezzo and Tregozzano (Italy)**, **Wuppertal and Hamburg (Germany)**, and **Hangzhou (China)** - and **9 R&D centers** across **9 countries**, supported by **800+ professionals**, more than 30% of whom are focused on R&D, AI algorithms, and software development. Fully integrated across design, manufacturing, and system integration, this "infrastructure" enables the delivery of **more than 1mn devices annually to a diversified base of 450+ B2B clients**.

DIRECT PRESENCE



SECO's production sites are each focused on specific product categories, enabling efficient and specialized manufacturing across its hardware portfolio.

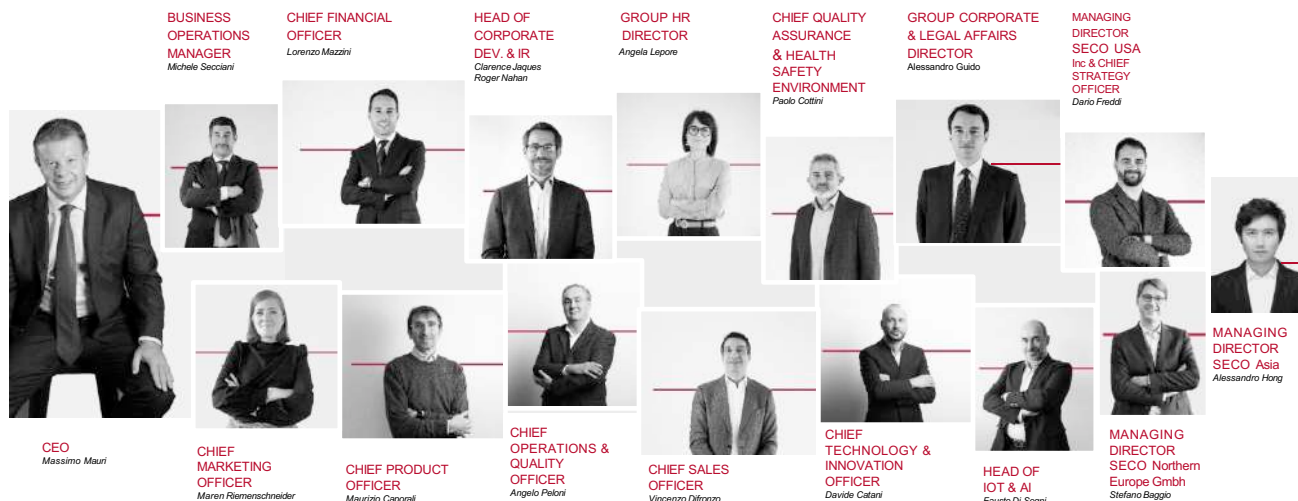
1. **Arezzo (HQ):** core SBCs, fanless embedded PCs, custom modules, and full system integration. SECO has recently started an expansion of its Arezzo board facility, expected to increase production capacity and enhance automation and digital integration;
2. **Hamburg:** HMI units, payment systems, and IoT telemetry - hardware and software integrated;
3. **Hangzhou:** large-scale manufacturing of display modules, SBCs, and IoT telemetry, serving the APAC supply chain;
4. **Trezzano:** advanced PCB assembly for modules and embedded components;
5. **Wuppertal:** system-on-modules and small-series embedded systems, with R&D support.

SECO features a **strongly managerial structure**, led by executives who combine technical depth and strategic competence, actively involved in the execution of key initiatives, operational programs and product development across the Group. Below is an overview of SECO's key managers:

- ◆ **Massimo Mauri - CEO:** joined SECO in 2018 as Executive Board Member, appointed CEO in late-2019. Previously Executive Vice President at Eurotech (2001–2008), where he led M&A and international expansion, growing revenues from €4mn to €100mn. Later served as Managing Director at LAE Srl (2011–2019) and Ebooks&Kids (2013–2019), advising tech companies on growth strategy, IPO readiness, and business development;
- ◆ **Lorenzo Mazzini - CFO:** appointed CFO of SECO in mid-2020, following senior roles across industrial and listed companies. Former CFO at B.F. S.p.A. (2018–2020), Maschio Gaspardo Group (2016-2018) and MV Agusta (2014–2016). Held prior positions at Vitale & Associati (2013–2014), and Mediobanca (2008–2013), focusing on M&A, ECM, and financial planning. Graduate in Economics from Bocconi University;

- ◆ **Clarence Nahan - Corporate Development & IR:** joined SECO in mid-2024 after 15+ years in investment banking. Previously Head of Investment Banking – France, Italy & Iberia at Berenberg (2020–2024), Director in ECM & Syndicate at Mediobanca (2016–2020), and Vice President in ECM at Nomura (2009–2016). Holds a Master in Management from ESCP Business School, where he is also Affiliate Professor (since 2016).

SECO: Management Team

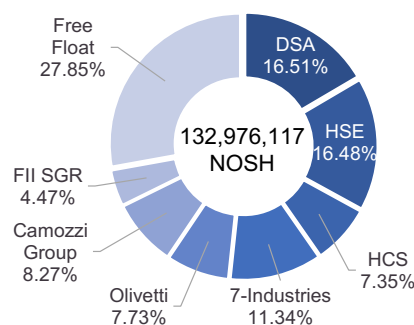


Source: SECO

Ownership Structure

SECO has a share capital of #**132,976,117 shares**. Specifically, the **two co-founders**, Daniele Conti and Luciano Secciani, retain a **combined 40.3% stake** through DSA S.r.l. (fully owned by Conti), HSE S.r.l. (fully owned by Secciani), and HCS S.r.l. (jointly owned 50/50). The shareholder base also includes 7-Industries Holding B.V. (11.3%), Olivetti (7.7%), Camozzi Group (8.3%), and Fondo Italiano di Investimento SGR (4.5%), with a **27.9% free-float** base.

SECO: Board of Directors and Ownership Structure



Source: SECO, Value Track Analysis; NED stands for Non-Executive Director

Note that under the increased voting rights regime, control remains concentrated, with the two founders holding 52.9% of total voting rights, followed by Olivetti (10.1%), Fondo Italiano (5.9%), and a 18.3% free float.

Peers Analysis

Our sum of the parts valuation relies on a selection of listed peers operating within the AIoT space, with business models weighted either toward hardware or software. This peer group serves as a reference benchmark for SECO, allowing us to contextualize its strategic positioning and frame valuation through the milestone-driven rerating pathway detailed before.

Peers Selection

As discussed in the competitive positioning section, the IoT landscape remains highly fragmented and polarized. With most players that tend to specialize in either hardware or software, with relatively few offering an integrated stack comparable to SECO's. Among international players active in embedded and AIoT solutions, we have selected a group of companies that share similar exposure to end-markets, business dynamics, and growth drivers. To better reflect SECO's dual nature, we have divided the peer group into two main clusters:

- ◆ **Hardware-centric:** this subgroup includes companies primarily engaged in the development and manufacturing of edge computing modules, embedded systems, and industrial IoT hardware. These peers operate in the same structural growth context as SECO, with similar R&D intensity and innovation focus. Specifically, we include:
 - **Advantech** and **Adlink Technology**, two Taiwanese incumbents widely considered leaders in embedded edge computing, and historically used as direct benchmarks for SECO;
 - **Kontron** (Austria), active in embedded computers, IoT/Industry 4.0 systems, and software, particularly strong in the DACH region;
 - **Mercury Systems** (USA), a provider of secure embedded computing platforms for aerospace and defense. Less directly comparable, but relevant for its edge computing focus in mission-critical verticals;
 - **Digi International** and **Lantronix** (USA), both combining IoT hardware and software, with business models structurally similar to SECO's in terms of revenue mix.
- ◆ **Software-centric:** this cluster only includes **PTC** (USA), a global leader in industrial IoT platforms. While not directly comparable in terms of hardware exposure, PTC provides a useful reference point in terms of platform strategy, monetization model, and recurring revenue generation through AI/ML-enabled services for connected devices.

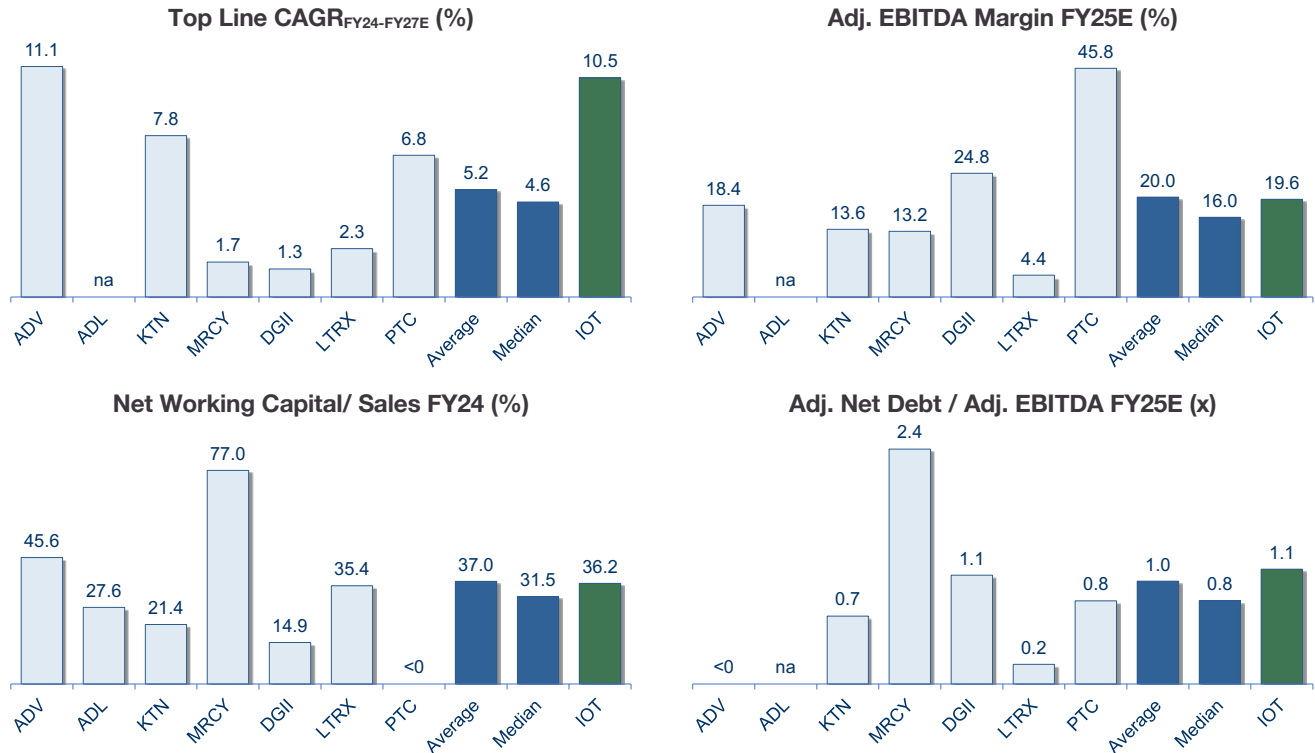
Operating Benchmark

Based on consensus estimates for the selected peers, SECO screens above peers on growth while broadly in line on profitability, working-capital intensity, and leverage:

- ◆ **Growth.** SECO is expected to outpace peers with an ~11% revenue CAGR_{FY24-FY27E}, underpinned by Clea (~20% est. CAGR). Larger players (Advantech, Kontron, PTC) also grow ahead of the sector, but SECO remains top-quartile on pace;
- ◆ **Profitability.** Ex-PTC (software-only), SECO's FY25E Adj. EBITDA margin is in line to slightly above the peer median, supported by a strong position in customized edge systems and an improving mix as Clea scales;
- ◆ **Capital efficiency.** Inventory intensity characterizes the group: peers' FY24 Net Working Capital averages ~37% of sales vs. SECO at ~36%. PTC's subscription model yields negative NWC and is a directional benchmark for Clea. As software/recurring increases, SECO should unlock structural NWC optimization;

- ◆ **Financial Leverage.** SECO's FY25E Adj. Net Debt / Adj. EBITDA of ~1.1x is broadly in line with peers (~1.0x), despite a deliberately higher capex profile over the next three years; leverage remains comfortable.

SECO: Operating Benchmark vs. Peers



Source: FactSet, Value Track Analysis

Stock Market Multiples Benchmark

Peers trades at a median **EV/EBITDA** of **21.1x-18.5x FY25E-FY26E**, reflecting:

- ◆ **Demanding valuations.** Elevated multiples are supported by durable growth, resilient margins, and exposure to secular digitization/AI trends;
- ◆ **Scale effects:** The group spans from Lantronix (€170m mkt cap) to PTC (€21.9bn); larger scale tends to command revenue-quality and liquidity premium, contributing to multiple dispersion;
- ◆ **Metric focus.** EV/EBITDA shows the cleanest linkage to fundamentals across the cluster. EV/Sales is in our view the best metric to assess Clea's fair value based on PTC, as this is usually the best and most common approach when dealing with businesses with high growth potential but still limited visibility on profit margins. Other metrics show higher dispersion and limited correlation with efficiency ratios;
- ◆ **Strong premium vs. SECO,** which is currently trading at 11.8x-9.6x FY25E-FY26E based on our forecasts. The implied 45%-50% discount with respect to the peers' median is in our view justified, as deeply assessed in the report.

SECO: Peers Trading Multiples

Peers	Market Cap (€mn)	EV/Sales (x)			EV/EBITDA Adj. (x)			EV/EBIT Adj. (x)			P/E Adj. (x)		
		FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Advantech Co., Ltd.	8,206.6	3.9	3.5	3.2	21.1	18.5	15.6	23.1	20.2	17.0	29.1	24.8	21.3
Adlink Technology Inc.	381.4	na	na	na	na	na	na	na	na	na	>50	na	na
Kontron AG	1,646.5	1.0	0.9	0.8	7.5	6.8	5.9	10.8	10.1	8.5	12.9	12.4	10.9
Mercury Systems, Inc.	3,650.8	5.0	4.7	4.3	>30	>30	23.7	<0	>40	>40	<0	<0	>50
Digi International Inc.	1,152.8	3.2	3.0	2.9	13.0	11.6	10.6	22.9	19.8	15.4	31.9	26.3	20.9
Lantronix, Inc.	170.1	1.2	1.2	1.1	28.2	18.9	13.8	30.9	21.1	13.1	<0	<0	<0
PTC Inc.	21,958.8	10.3	9.3	8.4	22.5	20.2	17.8	23.5	21.2	19.0	31.6	29.0	26.5
Average	5,309.6	4.1	3.8	3.4	18.5	15.2	14.6	22.2	18.4	14.6	26.4	23.1	19.9
Median	1,646.5	3.6	3.3	3.0	21.1	18.5	14.7	23.1	20.2	15.4	30.4	25.5	21.1
SECO	387.6	2.3	2.1	1.8	11.8	9.6	8.0	25.3	18.8	13.8	46.8	34.0	23.6
Discount vs. Total Median (%)	-77%	-35%	-37%	-41%	-44%	-48%	-46%	9%	-7%	-11%	55%	34%	12%

Source: FactSet, Value Track Analysis

SECO: Peers Description

Advantech (2395) – Global leader in IoT intelligent systems and embedded platforms, focusing on edge intelligence, Industry 4.0, and smart infrastructure through sector-driven solutions. (Market Cap €8.2bn) .

Adlink Technology (6166) – Prominent Industrial IoT provider, designing and manufacturing edge computing modules, motherboards, and infrastructure for fog, cloud, and smart automation systems (Market Cap €381mn)

Kontron (KTN) – Specializes in embedded computing solutions for IoT and Industry 4.0 applications, offering hardware, software, and services for verticals like automation, transport, and medical (Market Cap €1.6bn).

Mercury Systems (MRCY) – Delivers secure, mission-critical embedded computing and software platforms tailored for aerospace and defense applications, prioritizing open architectures and security (Market Cap €3.6bn).

Digi International (DGII) – Leading IoT connectivity provider offering embedded modules and wireless devices for industrial applications, and IoT services that enable device communication in demanding environments (Market Cap €1.1bn).

Lantronix (LTRX) – Small-cap specialist in secure IoT compute and connectivity solutions, including gateways and device-management platforms designed for edge AI deployments (Market Cap €170mn)

PTC (PTC) – U.S. enterprise software leader offering IoT, AR, CAD, and product lifecycle management platforms, enabling industrial-scale digital transformation (Market Cap €21.9bn)

DISCLAIMER

THIS DOCUMENT IS PREPARED BY VALUE TRACK S.R.L. THIS DOCUMENT IS BEING FURNISHED TO YOU SOLELY FOR YOUR INFORMATION ON A CONFIDENTIAL BASIS AND MAY NOT BE REPRODUCED, REDISTRIBUTED OR PASSED ON, IN WHOLE OR IN PART, TO ANY OTHER PERSON. IN PARTICULAR, NEITHER THIS DOCUMENT NOR ANY COPY THEREOF MAY BE TAKEN OR TRANSMITTED OR DISTRIBUTED, DIRECTLY OR INDIRECTLY, INTO CANADA OR JAPAN OR AUSTRALIA TO ANY RESIDENT THEREOF OR INTO THE UNITED STATES, ITS TERRITORIES OR POSSESSIONS. THE DISTRIBUTION OF THIS DOCUMENT IN OTHER JURISDICTIONS MAY BE RESTRICTED BY LAW AND PERSONS INTO WHOSE POSSESSION THIS DOCUMENT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTION. ANY FAILURE TO COMPLY WITH THESE RESTRICTIONS MAY CONSTITUTE A VIOLATION OF THE LAWS OF ANY SUCH OTHER JURISDICTION. THIS DOCUMENT DOES NOT CONSTITUTE OR FORM PART OF, AND SHOULD NOT BE CONSTRUED AS, AN OFFER, INVITATION OR INDUCEMENT TO SUBSCRIBE FOR OR PURCHASE ANY SECURITIES, AND NEITHER THIS DOCUMENT NOR ANYTHING CONTAINED HEREIN SHALL FORM THE BASIS OF OR BE RELIED ON IN CONNECTION WITH OR ACT AS AN INVITATION OR INDUCEMENT TO ENTER INTO ANY CONTRACT OR COMMITMENT WHATSOEVER. THIS DOCUMENT HAS NOT BEEN PUBLISHED GENERALLY AND HAS ONLY BEEN MADE AVAILABLE TO INSTITUTIONAL INVESTORS. IN MAKING AN INVESTMENT DECISION, POTENTIAL INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND ITS GROUP INCLUDING THE MERITS AND RISKS INVOLVED. THIS DOCUMENT IS FOR DISTRIBUTION IN OR FROM THE UNITED KINGDOM ONLY TO PERSONS WHO: (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (AS AMENDED, THE “**FINANCIAL PROMOTION ORDER**”), (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) (“HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS ETC.”) OF THE FINANCIAL PROMOTION ORDER, (III) ARE OUTSIDE THE UNITED KINGDOM, OR (IV) ARE PERSONS TO WHOM AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000) IN CONNECTION WITH THE ISSUE OR SALE OF ANY SECURITIES MAY OTHERWISE LAWFULLY BE COMMUNICATED OR CAUSED TO BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “**RELEVANT PERSONS**”). THIS DOCUMENT IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS DOCUMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. IN ITALY THIS DOCUMENT IS BEING DISTRIBUTED ONLY TO, AND IS DIRECTED AT QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 100 OF LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998, AS AMENDED, AND ARTICLE 34-TER, PARAGRAPH 1, LETTER B), OF CONSOB REGULATION ON ISSUERS NO. 11971 OF MAY 14, 1999, AS SUBSEQUENTLY AMENDED (THE “**ISSUERS’ REGULATION**”) PROVIDED THAT SUCH QUALIFIED INVESTORS WILL ACT IN THEIR CAPACITY AND NOT AS DEPOSITARIES OR NOMINEES FOR OTHER SHAREHOLDERS, SUCH AS PERSONS AUTHORISED AND REGULATED TO OPERATE IN FINANCIAL MARKETS, BOTH ITALIAN AND FOREIGN, I.E.: A) BANKS; B) INVESTMENT FIRMS; C) OTHER AUTHORISED AND REGULATED FINANCIAL INSTITUTIONS; D) INSURANCE COMPANIES; E) COLLECTIVE INVESTMENT UNDERTAKINGS AND MANAGEMENT COMPANIES FOR SUCH UNDERTAKINGS; F) PENSION FUNDS AND MANAGEMENT COMPANIES FOR SUCH FUNDS; G) DEALERS ACTING ON THEIR OWN ACCOUNT ON COMMODITIES AND COMMODITY-BASED DERIVATIVES; H) PERSONS DEALING EXCLUSIVELY ON THEIR OWN ACCOUNT ON FINANCIAL INSTRUMENTS MARKETS WITH INDIRECT MEMBERSHIP OF CLEARING AND SETTLEMENT SERVICES AND THE LOCAL COMPENSATORY AND GUARANTEE SYSTEM; I) OTHER INSTITUTIONAL INVESTORS; L) STOCKBROKERS; (2) LARGE COMPANIES WHICH AT INDIVIDUAL COMPANY LEVEL MEET AT LEAST TWO OF THE FOLLOWING REQUIREMENTS: – BALANCE SHEET TOTAL: 20,000,000 EURO, – NET REVENUES: 40,000,000 EURO, – OWN FUNDS: 2,000,000 EURO; (3) INSTITUTIONAL INVESTORS WHOSE MAIN ACTIVITY IS INVESTMENT IN FINANCIAL INSTRUMENTS, INCLUDING COMPANIES DEDICATED TO THE SECURITISATION OF ASSETS AND OTHER FINANCIAL TRANSACTIONS (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “**RELEVANT PERSONS**”). ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS DOCUMENT OR ANY OF ITS CONTENTS. THIS DOCUMENT IS NOT ADDRESSED TO ANY MEMBER OF THE GENERAL PUBLIC IN ITALY. UNDER NO CIRCUMSTANCES SHOULD THIS DOCUMENT CIRCULATE AMONG, OR BE DISTRIBUTED IN ITALY TO (I) A MEMBER OF THE GENERAL PUBLIC, (II) INDIVIDUALS OR ENTITIES FALLING OUTSIDE THE DEFINITION OF “QUALIFIED INVESTORS” AS SPECIFIED ABOVE OR (III) DISTRIBUTION CHANNELS THROUGH WHICH INFORMATION IS OR IS LIKELY TO BECOME AVAILABLE TO A LARGE NUMBER OF PERSONS. THIS DOCUMENT IS BEING DISTRIBUTED TO AND IS DIRECTED ONLY AT PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA (“**EEA**”) WHO ARE “QUALIFIED INVESTORS” WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE PROSPECTUS DIRECTIVE (DIRECTIVE 2003/71/EC), (“**QUALIFIED INVESTORS**”). ANY PERSON IN THE EEA WHO RECEIVES THIS DOCUMENT WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT IT IS A QUALIFIED INVESTOR. ANY SUCH RECIPIENT WILL ALSO BE DEEMED TO HAVE REPRESENTED AND AGREED THAT IT HAS NOT RECEIVED THIS DOCUMENT ON BEHALF OF PERSONS IN THE EEA OTHER THAN QUALIFIED INVESTORS OR PERSONS IN THE UK, ITALY AND OTHER MEMBER STATES (WHERE EQUIVALENT LEGISLATION EXISTS) FOR WHOM THE INVESTOR HAS AUTHORITY TO MAKE DECISIONS ON A WHOLLY DISCRETIONARY BASIS. THE COMPANY, VALUE TRACK S.R.L. AND THEIR AFFILIATES, AND OTHERS WILL RELY UPON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATIONS AND AGREEMENTS. ANY PERSON IN THE EEA WHO IS NOT A QUALIFIED INVESTOR SHOULD NOT ACT OR RELY ON THIS DOCUMENT OR ANY OF ITS CONTENTS. THE EXPRESSION “PROSPECTUS DIRECTIVE” MEANS DIRECTIVE 2003/71/EC (AND AMENDMENTS THERETO, INCLUDING THE 2010 PD AMENDING DIRECTIVE, TO THE EXTENT IMPLEMENTED IN THE RELEVANT MEMBER STATE), AND INCLUDES ANY RELEVANT IMPLEMENTING MEASURE IN THE RELEVANT MEMBER STATE AND THE EXPRESSION “2010 PD AMENDING DIRECTIVE” MEANS DIRECTIVE 2010/73/EU. ANY FORECASTS, OPINIONS AND EXPECTATIONS CONTAINED HEREIN ARE ENTIRELY THOSE OF VALUE TRACK S.R.L. AND ARE GIVEN AS PART OF ITS NORMAL RESEARCH ACTIVITY AND SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORISED OR APPROVED BY ANY OTHER PERSON. VALUE TRACK S.R.L. HAS NO AUTHORITY WHATSOEVER TO MAKE ANY REPRESENTATION OR WARRANTY ON BEHALF OF THE COMPANY, ITS SHAREHOLDERS, ANY OF ITS ADVISORS, OR ANY OTHER PERSON IN CONNECTION THEREWITH. WHILE ALL REASONABLE CARE HAS BEEN TAKEN TO ENSURE THAT THE FACTS STATED HEREIN ARE ACCURATE AND THAT THE FORECASTS, OPINIONS AND EXPECTATIONS CONTAINED HEREIN ARE FAIR AND REASONABLE, VALUE TRACK S.R.L. HAS NOT VERIFIED THE CONTENTS HEREOF AND ACCORDINGLY NONE OF VALUE TRACK S.R.L., THE COMPANY, ITS SHAREHOLDERS, ANY ADVISORS TO THE COMPANY OR ITS SHAREHOLDERS OR ANY OTHER PERSON IN CONNECTION THEREWITH NOR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS OR EMPLOYEES, SHALL BE IN ANY WAY RESPONSIBLE FOR THE CONTENTS HEREOF AND NO RELIANCE SHOULD BE PLACED ON THE ACCURACY, FAIRNESS, OR COMPLETENESS OF THE INFORMATION CONTAINED IN THIS DOCUMENT. NO PERSON ACCEPTS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM THE USE OF THIS DOCUMENT OR OF ITS CONTENTS OR OTHERWISE ARISING IN CONNECTION THEREWITH. TO THE EXTENT PERMITTED BY LAW AND BY REGULATIONS, VALUE TRACK S.R.L. (OR ITS OFFICERS, DIRECTORS OR EMPLOYEES) MAY HAVE A POSITION IN THE SECURITIES OF (OR OPTIONS, WARRANTS OR RIGHTS WITH RESPECT TO, OR INTEREST IN THE SHARES OR OTHER SECURITIES OF) THE COMPANY AND MAY MAKE A MARKET OR ACT AS A PRINCIPAL IN ANY TRANSACTIONS IN SUCH SECURITIES.