Innovative Edge-IoT & AI Solution

SECO

Amidst the eco-digital revolution…

Key takeaways from Capgemini's "The Eco-Digital Era"

$33tn
Eco-Digital market value by 2028

CO_2 decrease

By 2028, emissions **reduction via digital tech** to surpass emissions from its usage

Cost efficiency

Boosted by **Edge computing** and **data analysis**, **AI-services integration** with connected and smart devices

Industry 5.0: accelerating a Digital and Green transition

NRRP incentives promote **energy-efficient machines**, aligning with EU Commission objectives

AI-powered, **data-driven processes** minimize waste and maximizes energy savings, promoting sustainability

Next-gen industrial automation: **sensors**, **machine learning** & **AI** enable **human-machine interactions** and **safe collaboration**, enhancing **efficiency**

Edge AI: computational capacity where it matters

AI at the Edge vs. Cloud processing

Real-time data analysis with ~**0 latency**

Cost reduction by 5-6x without cloud renting

Enhanced privacy through local data processing

Low power consumption for energy efficiency

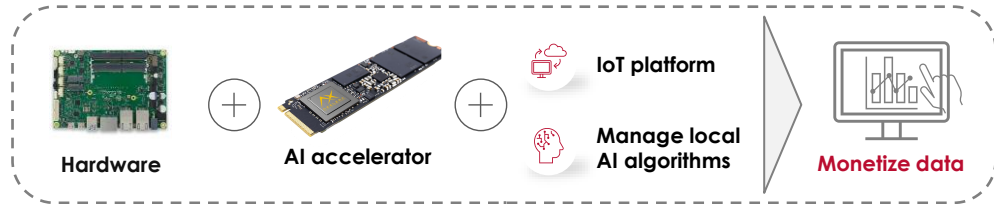**Clea** — **Collect** and **manage data at the edge** with our **IoT platform**

Hardware + AI accelerator + IoT platform / Manage local AI algorithms → **Monetize data**

Benefits for the customers

New revenue streams | *Cut management costs*

Launch innovative services for increased value-added | Optimizing settings and device maintenance

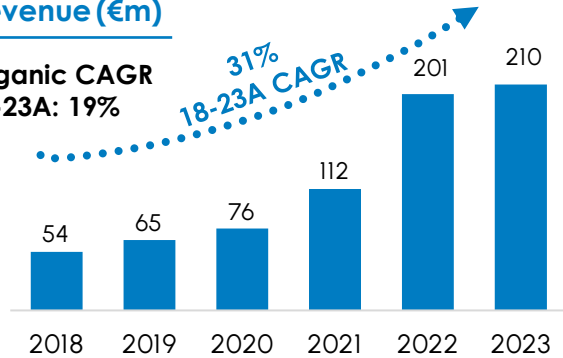**Real-Time quality inspection** | **Image processing & analysis** | **Autonomous robotics** | **Real-time object recognition**

Real use cases

New SECO products in H2 '24

Based on **AI accelerators**
Qualcomm

Dedicated to **Computer vision**
AXELERA ARTIFICIAL INTELLIGENCE

High-growth, profitable story at the heart of a disruptive sector
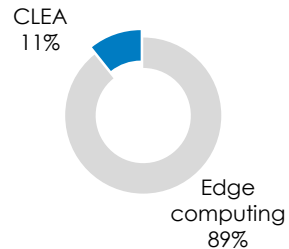
Revenue (€m)

Organic CAGR 18-23A: 19%

31%
18-23A CAGR

2018	2019	2020	2021	2022	2023
54	65	76	112	201	210

Adjusted EBITDA (€m) and Margin

%

15%	18%	21%	23%	22%	24%

44%
18-23A CAGR

2018	2019	2020	2021	2022	2023
8	12	16	25	44	51

Net sales breakdown (FY 2023)

Revenue by product

CLEA 11%

Edge computing 89%

Revenue by End Market

PKE 4%
Others 6%
Defence and aerospace 1%
Industrial 34%
Transport 3%
Vending/ Distribution 28%
Medical 13%
Fitness 11%

Revenue by Area

APAC 8%
RoW <1%
USA 13%
EMEA 79%
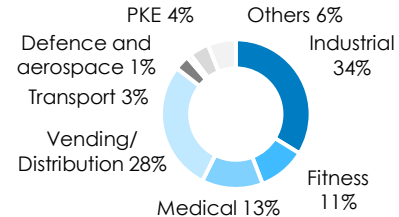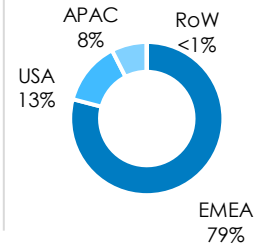
8 Strategic Deals to expand capabilities and geographical presence

AIDLAB | FANNAL ELECTRONICS | inhand electronics | ispirata | HOPENLY | ORO | GARZ & FRICKE | DIGITAL

2018	2019	2020	2021	2022

SECO in a snapshot

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

€210M
2023 FY revenue

Listed on
Borsa Italiana's Euronext STAR Milan

>1M devices
manufactured every year

~ 900 people

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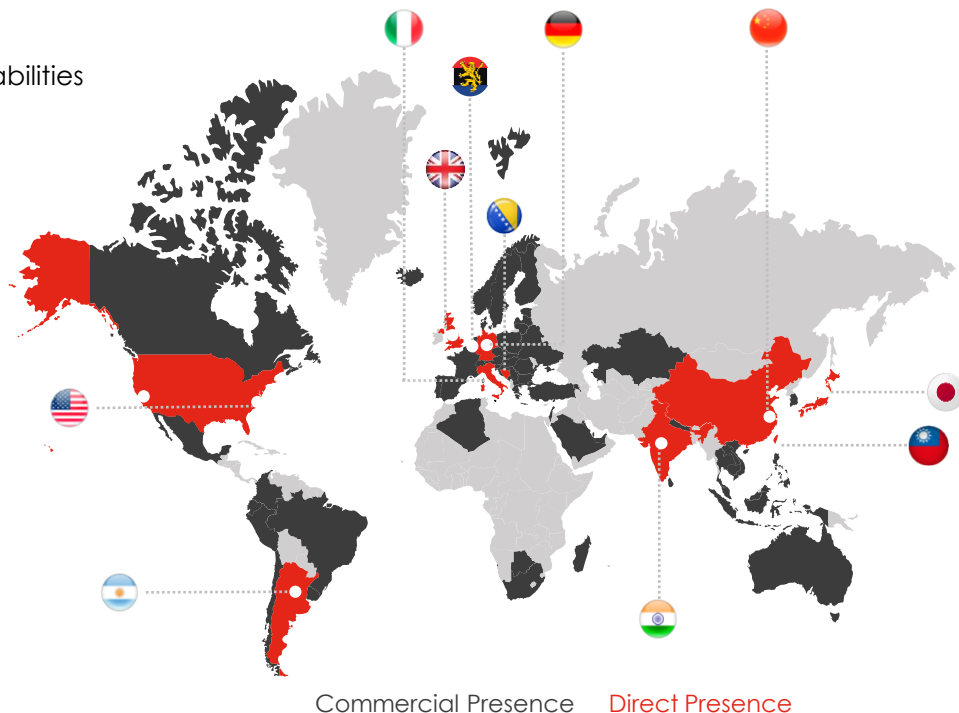of which ~180 in AI and software development

~ 7-10%
of revenue invested in R&D every year

10 R&D centers
5 production plants

11 countries

Commercial Presence   Direct Presence

Our production plants	Arezzo	Hamburg	Hangzhou	Tregozzano	Wuppertal

How does the business model work?

Edge computing business

Modules	Systems
€70-250	€250-1000
30-45%	45-65%

~5 years product life cycle

IoT & AI services businesses

Software platforms

Fees **per device** and by **consumption**

~80%

5+5 years contracts
Recurring and incremental business

Price per unit

GPM

Visibility

Price per unit

GPM

Visibility

Edge computing: building technology to shape a better world

There's a high chance you've interacted with a SECO device, even if you didn't know

Full system R&D and design

In-house production

A SECO system at work…

System integration

Natively compatible with Clea

Smart fitness machines

Industrial equipment

Medical devices

On-board passenger information systems

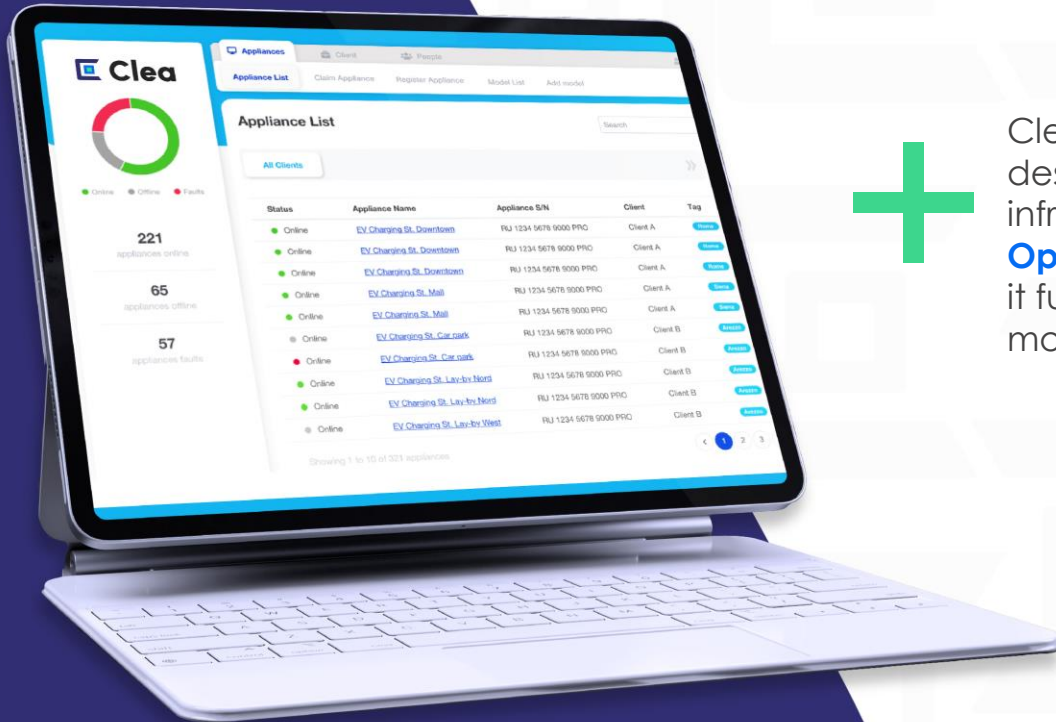Coffee & Vending machines

Bowling scoring equipment

Voting machines

Digital billboards

…and many more…

IoT

Clea Software Suite

SECO

Clea is SECO's comprehensive software suite for building **IoT solutions** that harness field data.

Clea is a **modular software stack** designed for developing robust IoT infrastructures.
Open source and **production-ready**, it fulfills the requirements of even the most demanding IoT installations.
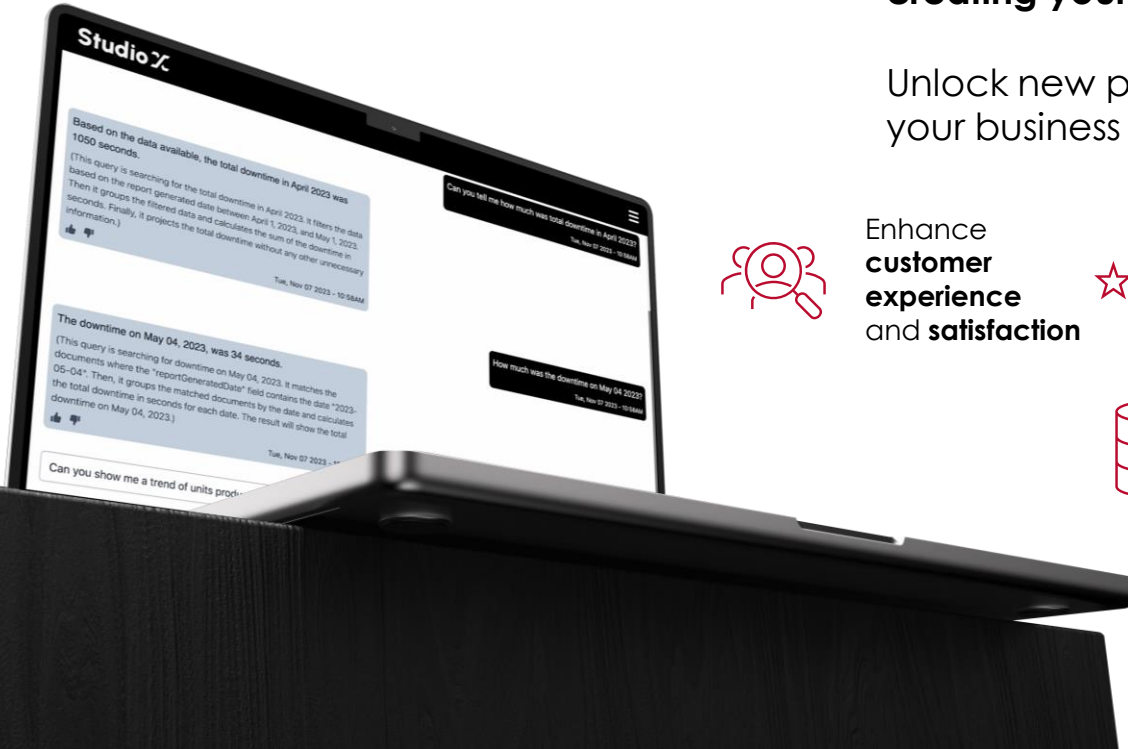
Clea provides a highly **scalable** and **cost-effective** solution for harnessing field data, managing devices, and for facilitating development of value-added services, advanced **AI applications**, and more.

SECO AI Services

StudioX

A customizable, easy to use platform for creating your own AI-powered support services

Unlock new possibilities with **StudioX** and elevate your business with AI-powered solutions

Enhance **customer experience** and **satisfaction**

Elevate **product quality**

Optimize **operational productivity**

Access **AI-generated knowledge** in real-time

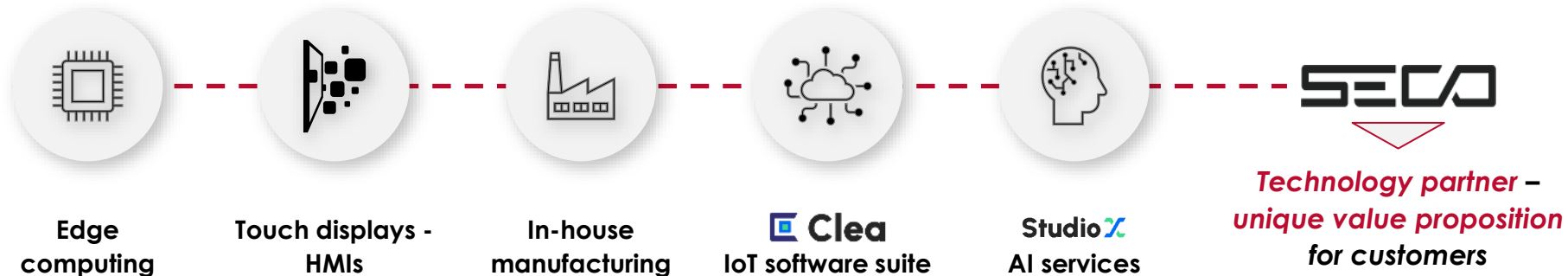**Ingest** structured or unstructured **data** directly **from machinery**

Add **innovative features** to your **products**

Redefining our reference market paradigms

SECO

An unparalleled positioning

Edge computing	Touch displays - HMIs	In-house manufacturing	**Clea** IoT software suite	Studio X AI services	SECO

Technology partner – unique value proposition for customers

FY 2023 Key financials

FY 23 highlights

€187.3m (+3% YoY)
FY 23 Edge computing revenue

€22.5m (+22% YoY)
FY 23 CLEA revenue

89% of Net Sales

11% of Net Sales

€111.1m
Gross Margin FY 2023
(53.0% of Net sales)

▽

+601bp
Gross margin
YoY growth

€50.6m
Adj. EBITDA FY 2023
(24.1% of Net sales)

▽

+219bp
Adj. EBITDA
YoY growth

€22.9m
Adj. Net Income FY 2023
(10.9% of Net sales)

▽

+72bp
Adj. Net Income
YoY growth

FY 23 Net Sales (€m)

+4% Y.o.Y

200,9 — FY 2022
209,8 — FY 2023

FY 23 Adj. EBITDA (€m)

+15% Y.o.Y

44,0 — 21.9% — FY 2022
50,6 — 24.1% — FY 2023

FY 23 Adj. Net Income (€m)

+12% Y.o.Y

20,5 — 10.2% — FY 2022
22,9 — 10.9% — FY 2023

⌐...%⌐ = % of Net sales

11
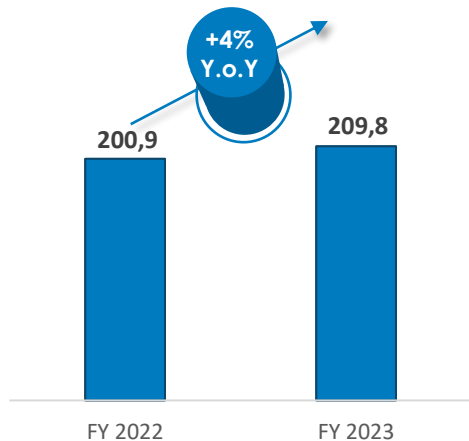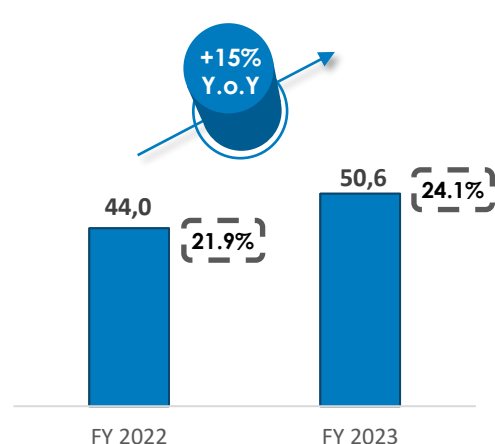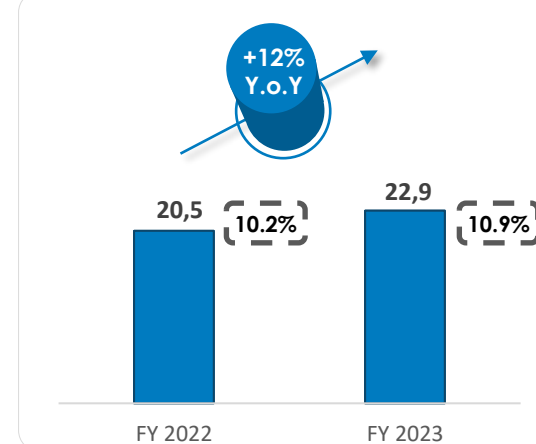
FY 2023 Key financials (cont'd)

Adjusted Net debt evolution (€m)

Q1 23	7-Industries capital increase	Q1 cash absorption	H1 23	Q3 cash generation	9M 23	Q4 cash generation	FY 23
124,0	① 65,0	3,3	62,2	② 2,5	59,7	② 7,7	③④ 52,0

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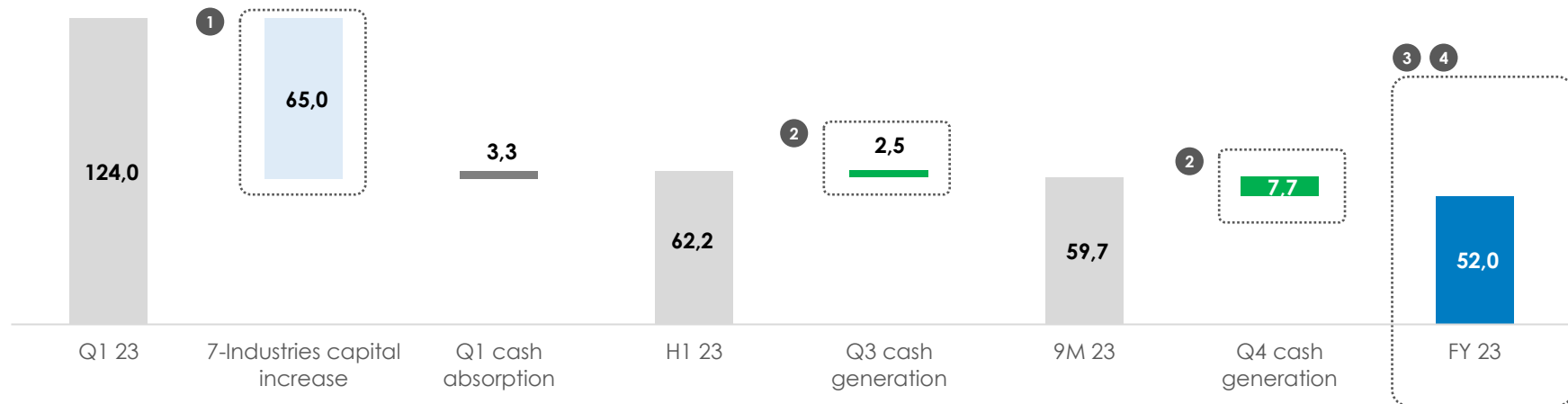
① Capital increase

- **€65M capital increase** reserved to 7-Industries Holding B.V. completed in Q2 2023

② Cash generation

€10.2m

Cash generation in the last two quarters

③ Net debt Adjustments

VAT receivables € 2,4 m

€13.1m in FY 2023
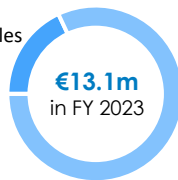
Lease liabilities ex-IFRS 16 € 10,7 m

④ Leverage

- Significantly lowered leverage and **increased financial flexibility** to support SECO's expansion plans

Leverage
(Adj. Net Debt / Adj. EBITDA)

2.7x FY 2022 ▶ **1.0x** FY 2023

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

Our main growth drivers

Strong business visibility, laying the foundations for a multi-year organic growth

Rock-solid base of existing customers

3.5% | 3-year customer churn rate

<40% | Top 10 customers concentration

68,7% 67,3% 54,6% 48,8% 39,3% 39,6%

2018 2019 2020 2021 2022 2023
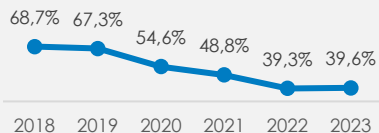
New projects and customers incoming every quarter

>€100M | New design wins value

Growing pipeline on both CLEA and Edge computing

€300m | Probability-weighted pipeline

58% | Opportunities from new customers

Total Addressable Market: IoT sector at the beginning of a strong expansion

>€200B | Global Enterprise IoT market size

20% | 2023-27 CAGR

Source: company elaborations, IoT Analytics

Strengthening valuable collaborations to boost our growth

Creating an ecosystem of partners to complement our offering and accelerate time-to-market

▷ **Key drivers** *to further develop our business*

Customers

Suppliers

Tech partners

▷ *Expanding* **top-tier tech partnerships** *to accelerate high-value creation for customers*

Gold partner

intel   NXP

Already on board

Qualcomm | SECO *selected for the* **IoT Accelerator Program**

Google Cloud

Now live on Google Cloud Marketplace

Microsoft

AXELERA
ARTIFICIAL INTELLIGENCE

Experienced management team driving excellence in execution

Daniele Conti
President & Co-Founder

40+ years

Co-founder of SECO. He has been serving as president of the company for over 40 years

Under his leadership, the Group has grown in terms of technological expertise, human resources and financial performances

Davide Catani
Chief Technology & Innovation Officer

15+ years

Joined SECO in 2006

CTO since 2020, after serving as Hardware developer and ARM-based platforms R&D manager

Maren Wessels
Chief Marketing Officer

1 year

A passionate enthusiast of marketing analysis and strong B2B background

Successfully established an PR and online marketing sector within a machine manufacturing company in her former position

Vincenzo Difronzo
CSO

5+ years

15+ years sales experience in worldwide leading hardware and software companies

Joined SECO in 2015

Carlos Valeiras
USA Managing Director

15+ years

20+ years experience as executive in several Tech companies

Former CFO of SECO USA from 2020

Angelo Peloni
Chief Operations & Quality Office

20+ years

20+ years experience in Operations & Supply chain management

Joined SECO in 2003

Michael Duhamel
Sales Head USA

3+ years

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

Previously in Eurotech USA

Lorenzo Mazzini
CFO

3+ years

Served as CFO in several public and private companies

Strong experience in IPO and M&A transactions

Massimo Mauri
CEO

5+ years

20+ years experience as executive in several Tech companies

Strong experience in IPO and M&A transactions

Gunter Heuer
Sales Head EMEA

2+ years

20+ years experience in sales for several Tech companies in DACH area

Previously in Texas Instruments

Angela Lepore
Group HR Director

2+ years

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

Alessandro Guido
Group Corporate and Legal Affairs Director

3+ years

10+ years experience in legal advisory, with particular focus on Corporate law

In SECO since 2020

Dario Freddi
Chief IoT & Strategy Officer

3+ years

Previously founder and CEO of Ispirata S.r.l.

Strong data orchestration background in primary worldwide leading companies

Lesen Ding
CEO Fannal Electronics

5+ years

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

Maurizio Caporali
Chief Product Officer

5+ years

Previously co-Founder and CEO of AidiLab

Joined SECO in 2018 as IoT BU Product Manager and R&D Project Manager

Alessandro Hong
Sales Head APAC

3+ years

Serving also as CFO of Fannal Electronics

Strong corporate finance and M&A background

Ajay Malik
Chief AI Service Officer

2+ years

30+ years experience in high-tech, IoT and AI

Former executive in Google, Cisco, Qualcomm, Motorola

*years in SECO*

SECO

Sustained commitment to Corporate Social Responsibility

Making business processes more automated, efficient, safer thanks to AI

Our technologies at the service of **sustainable business** enable the **automation** of processes, increasing the **efficiency** of production processes, reducing product waste, and optimizing resource and energy consumption

In 2022, we laid the groundwork for a viable, long-term strategy for each of the **Environment**, **Social** and **Governance** areas, to further integrate **sustainability** into SECO's strategy and our everyday operations

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Annex

Why invest in SECO?

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

Digitalization

Endless opportunities with a just started secular trend

Technology enabler

Solving integration complexity for our customers

Unique business model

Evolving from Hardware to Service company

Enhanced value creation for customers

Edge Computing

Leveraging experience by vertical to be the definers of the next end-to-end sector standards

Clea **Studio.X**

Harness field data, empowering customers to monetize services

Leading to strong value creation

Supported by a highly committed management team

19% 2018-23 Organic Revenue CAGR

44% 2018-23 Adj. EBITDA CAGR

Revenue and cost model

Illustrative example of gross margin assuming only three product typologies:

A **Edge Platform** (standard product)

B **Custom Edge System** (device connected to SECO software)

C **Software Service** (connected to the Custom Edge System)

Revenue	Variable Costs	Gross Margin	Gross Margin Ratio (%)

A Edge Platform (standard product)

Price (A) × Quantity (A) = Revenue from Hardware Sale (A) − Costs of Raw Material (A) = Gross Margin (A) — Mid

B Custom Edge Systems (devices connected to SECO software)

One-off Revenue from custom system design → (NRE) Non Recurring Engineering revenue (B)

Price (B) × Quantity (B & C) = Revenue from Hardware Sale (B) − Costs of Raw Material (B) = Gross Margin (B) — Mid-high

C Software Service

Monthly fee × 12 (months) × Quantity (B & C) = Revenue from Software License (C) − Connectivity & other platform management costs = Gross Margin (C) — High

One-off Revenue from platform service set-up → (NRE) Non Recurring Engineering revenue (C)

Total Revenue − Total Variable Costs = Total Gross Margin

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

Business model
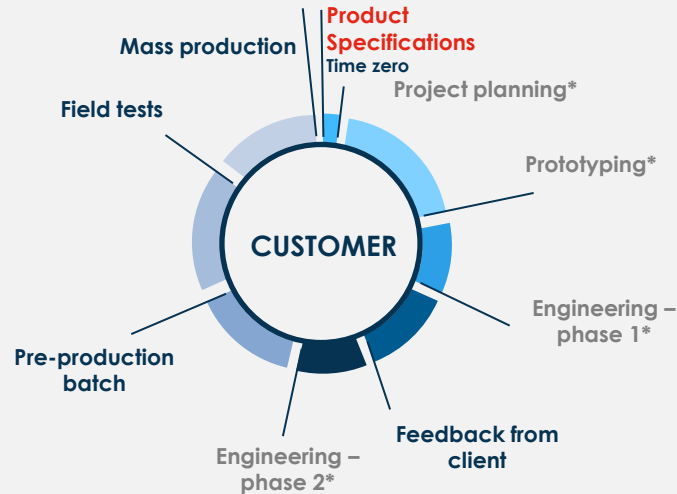
High revenue visibility

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

Order backlog coverage 6-7 months

Forecasts from customers up to 12 months rolling

Recent design wins will translate into revenue after 5/18 months depending on products' typology

Product development & production process overview

Time to revenue

Mass production

Product Specifications
Time zero

Field tests

Project planning*

Prototyping*

CUSTOMER

Pre-production batch

Engineering – phase 1*

Engineering – phase 2*

Feedback from client

**Standard Products
5-7 months**

**Custom Products
12-18 months**

*Those production steps only refer to custom products

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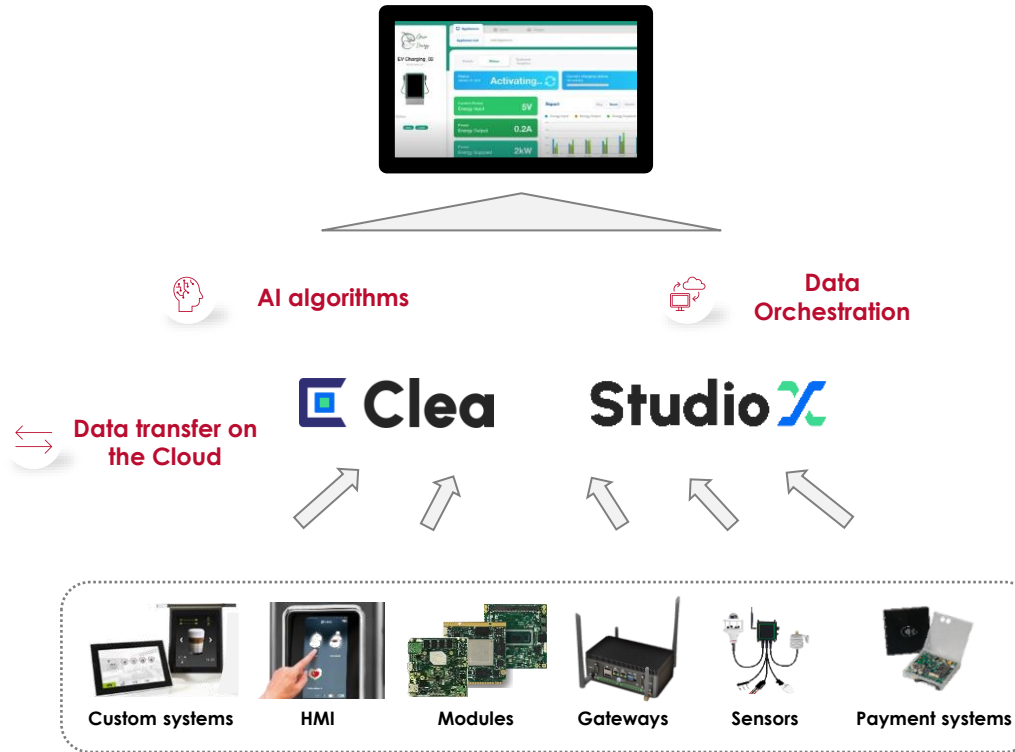
Vision

Physical **Devices** will have to be more **connected** and become the **enabler** of **digital** experiences in the **real world** through the **IoT**.

Interactions between **humans** and **machines** will radically **change**, fueled and powered by **artificial intelligence**.

The next **innovation** and technology **challenge** is to entirely **compensate** our **impact** on the **environment**: **sustainable** manufacturing and environmentally friendly edge **devices**.

A digital, sustainable, Intelligent future.

The value of an end-to-end offering

AI algorithms

Data Orchestration

Clea

StudioX

Data transfer on the Cloud

Custom systems · HMI · Modules · Gateways · Sensors · Payment systems

What benefits for the customers?

One-stop shop for digitalization

Customization capabilities across several verticals

Strong relationships with leading players in Edge computing & AI

Solving technology complexity

By-design hardware-software integration

Reduced time-to-market

Optimized cost structure

Our R&D skills and organization

30
New products launched in 2023

40
Projects currently in execution

6
Ongoing Early Access Programs

Co-operating with global silicon vendors

intel AMD MEDIATEK
NXP Rockchip NVIDIA

SECO
Qualcomm **IIoT design center partner**

High-end approach to development, verification and certification
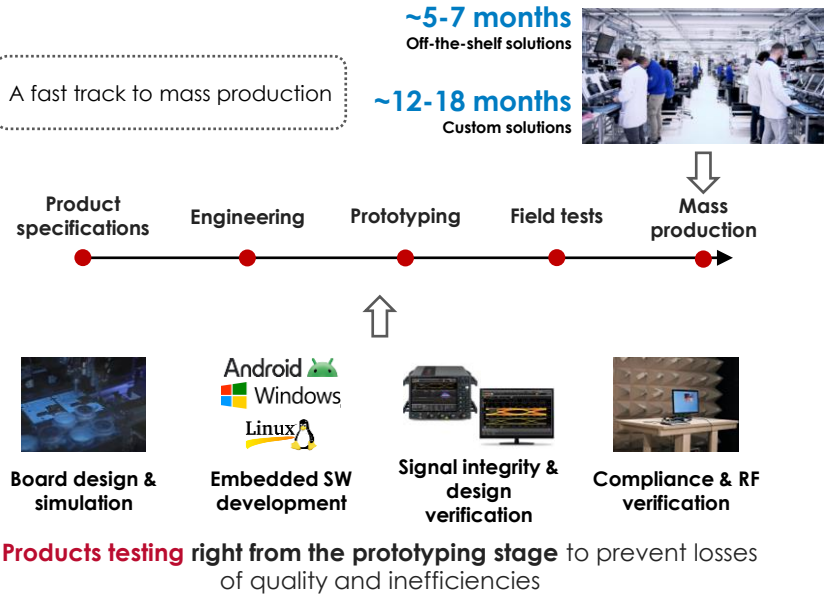
Co-development
Partnering with your R&D

Interoperability

Capability to integrate several, very different technologies

HMI
Board
Sensors
Connectivity
Camera
Payment systems
Microphone
Speakers

A fast track to mass production

~5-7 months
Off-the-shelf solutions

~12-18 months
Custom solutions

Product specifications — Engineering — Prototyping — Field tests — **Mass production**

Board design & simulation

Android
Windows
Linux
Embedded SW development

Signal integrity & design verification

Compliance & RF verification

Products testing right from the prototyping stage to prevent losses of quality and inefficiencies

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Building **plug-and-play solutions**, ready to pass any vertical-specific certification step

Accelerating computer vision at the edge

Axelera partnership

SECO

AXELERA
ARTIFICIAL INTELLIGENCE

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

Solution dedicated to **real-time AI processing** on the edge, enabling high performance inference capabilities

Small dimension design providing **low power consumption and low cost**

Add-on for SECO customers

Further **revenue** stream from H2 2024

~0 latency, cost 5-6x lower vs. architectures based on cloud processing

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

Operations & Supply chain overview

Resilient, flexible and scalable business model

5 Industrial plants	🇮🇹 **Arezzo** ~6.000 SQM	🇮🇹 **Tregozzano** ~2.000 SQM	🇩🇪 **Hamburg** ~4.500 SQM	🇩🇪 **Wuppertal** ~200 SQM	🇨🇳 **Hangzhou** ~10.000 SQM

> 1M Devices manufactured every year	**~ 70%** Production capacity utilization rate	**6** Certified contract manufacturers worldwide	**~5min** average Takt time	**~15min** average Cycle time
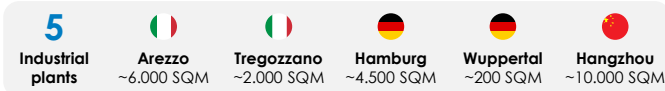
In-house, customer-centric Operations model based on lean manufacturing principles

Procurement	➤	Printing	➤	Pick And Place	➤	Welding	➤	Automated Optical Inspection	➤	System Integration	➤	Quality Control	➤	Shipping
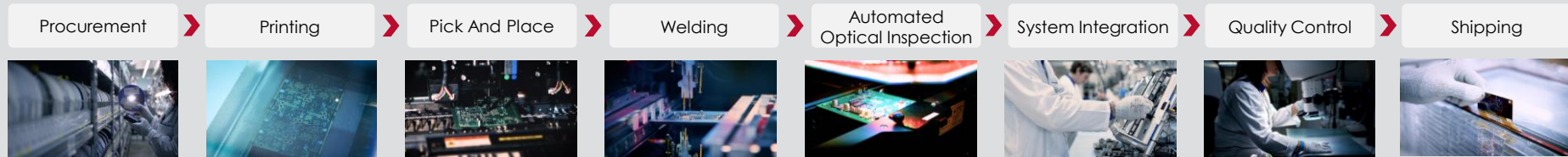
Managing the complexity of a fast-growing business

Efficiency and flexibility through a modular production model

In-house manufacturing **+** Outsourcing

Full control on supply chain and BOM	Internal supervision of **quality standards**	**Eliminate bottlenecks** from production peaks

Cross-functional core team involved in the product industrialization

Manufacturing   Purchasing   R&D

Integrated approach to design and planning	**Cut procurement and production times**	Faster **time-to-market**

Sales & Operations Planning process on a monthly basis
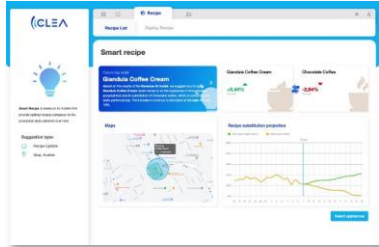
Sales   Production Planning   Finance

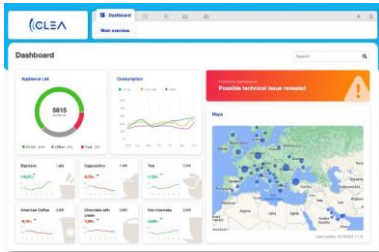| Multi-department process to ensure **alignment of actions** and **on-time delivery**	Procurement and production planned **in advance** based on rolling forecasts from **Top 20 customers**

Vertical applications of CLEA

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

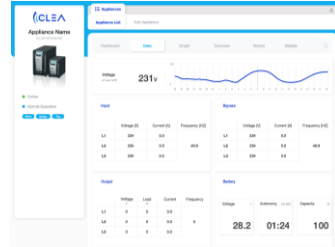## CLEA Vending Machine Apps

Recipe Sales Trends Analysis App

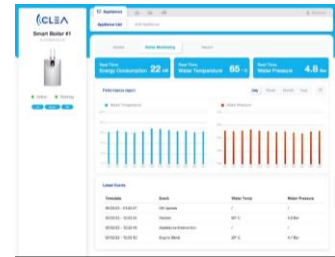**Fault Detection & Machine Downtime Reduction**

AI Smart Refill

Landing Page

CLEA UPS App

UPS Management

CLEA Boiler App

Boiler Predictive Maintenance

CLEA for Industrial Apps

AI Remote Assistant
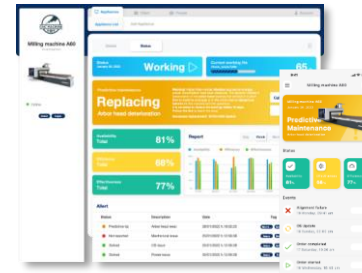
Predictive Maintenance

CLEA AI EV Charging Station Apps

Plate Recognition And Fleet Management

Digital Signage
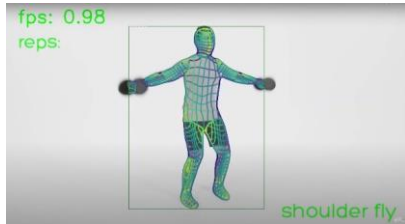
Landing Page

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How customers can generate higher margins, recurring revenues, better differentiation
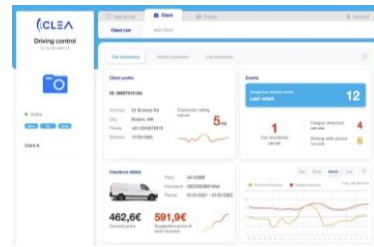
CLEA Fitness App

Smart Dumbell

Exercise Recognition & AI Personal Trainer

CLEA Healthcare App

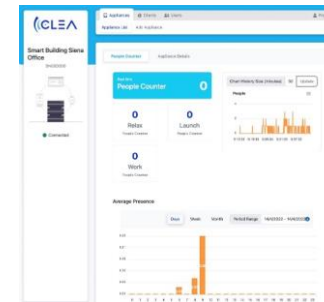

AI Tooth Cavity Detection App

CLEA Automotive App

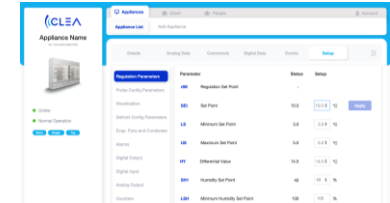

AI Driver concentration App

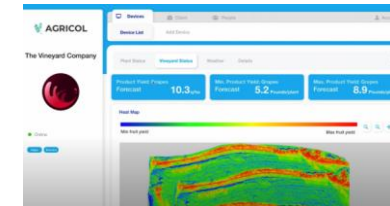## CLEA for Smart Cities

BLE Audience Analysis

People Counter and Tracking

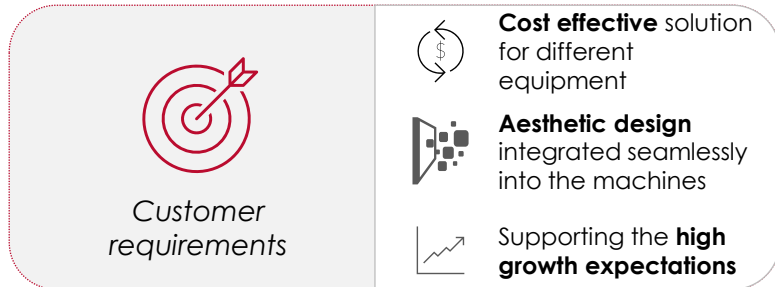## CLEA Refrigeration App

Remote Setup and Management

CLEA for Agriculture

Harvest Forecasting

How we create value for our customers

Leading European coffee machine maker: from modules to Systems

2010

2018

2023

Beginning of the relationship, **upgrading** a third-party, technically inadequate **HMI**

High-tech, HMI-based systems introduced in the client's machines

Full technology support
- SECO's products on **5 lines**, developed over the last 4 years
- **IoT transition**: Clea and StudioX platforms under evaluation
- High quality **mechanics-plastics integration**

Customer requirements

Cost effective solution for different equipment

Aesthetic design integrated seamlessly into the machines
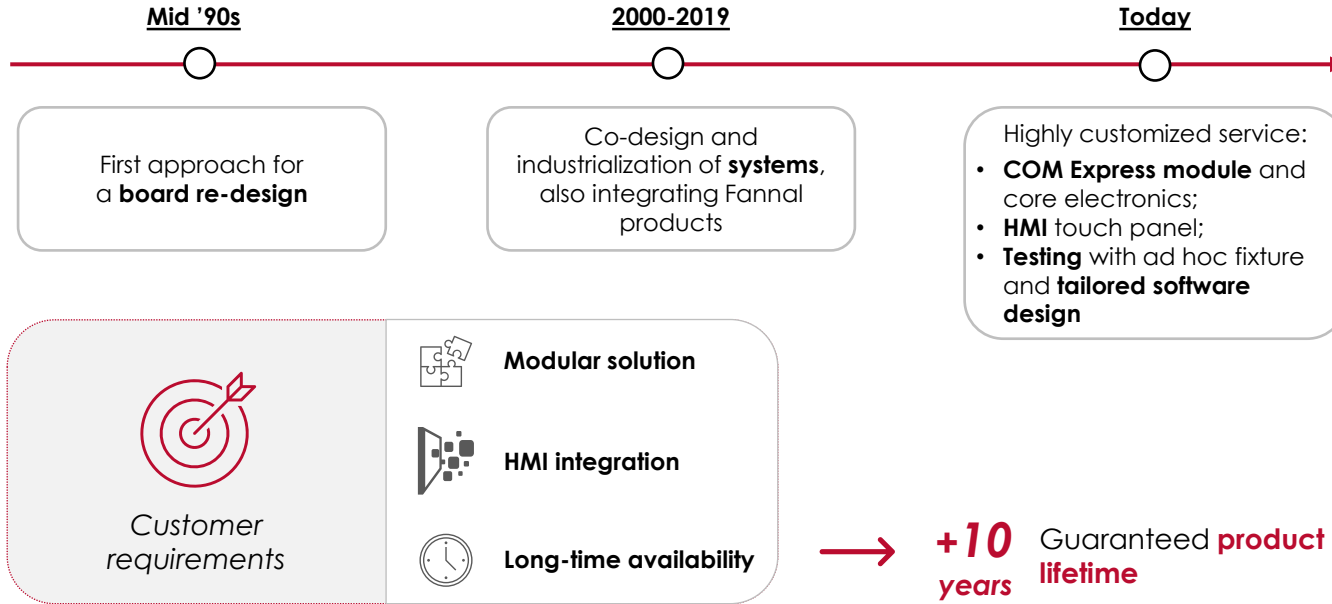
Supporting the **high growth expectations**

How we create value for our customers

Leading European vending machines provider: from modules to Systems, to CLEA adoption

Clea
Recently adopted

2015 — **2016-2018** — **Today**

| **Supply of a board for a single line** of vending machines | **Integration of high-tech HMI systems** |

One-stop-shop supplier:
- Supply of the **whole, ready-to-use system**;
- **SECO's technology on 12** smart vending machines **lines**;
- **CLEA adoption**: next step toward an **end-to-end offering**, from edge to AI

Customer requirements

- **Broad connectivity**
- **Flexibility for multiple applications**
- **Cost effective solution for different equipment**

Horizontal approach
Design of a **single concept with different configurations**, cutting certification/production **costs** and **time-to-market**

How we create value for our customers

From modules to Systems: customers switching to higher value-added solutions from our offering

SECO won
Excellent Supplier award

Mid '90s — First approach for a **board re-design**

2000-2019 — Co-design and industrialization of **systems**, also integrating Fannal products

Today — Highly customized service:
- **COM Express module** and core electronics;
- **HMI** touch panel;
- **Testing** with ad hoc fixture and **tailored software design**

Customer requirements

- **Modular solution**
- **HMI integration**
- **Long-time availability**

+10 years Guaranteed **product lifetime**

From strategy to execution: how we integrated

	FANNAL ELECTRONICS	inhand electronics *Now SECO USA*	GARZ FRICKE *Now SECO Northern Europe*
Year	2019	2020	2021
Country	🇨🇳	🇺🇸	🇩🇪
Revenue @ closing (€m)	2.5	12.1*	47.0
2023 revenue (€m)	19.3	25.9	80.7
CAGR% *(from closing to 2023)*	51%	16%	31%

* Overall Group business volume in the US market, including both inhand electronics and existing SECO customers

Thank you

www.seco.com

SECO