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Oro Networks

Testo del comunicato

Vedi allegato.



Endless ways to the future

PRESS RELEASE

SECO invests in the Artificial Intelligence of Oro Networks

SECO has signed an agreement for the acquisition of Oro Networks, a US company based in the Silicon Valley

A strategic transaction creating value for SECO's shareholders and giving rise to SECO Mind US. The acquisition of a highly growing and profitable business will allow SECO to sell its IoT-AI CLEA suite on the US market

The deal contributes to the implementation of one of the main pillars of the SECO's strategy, aimed at adding more and more value to the products and the solutions for its clients

Arezzo, June 3, 2021 – SECO S.p.A. (“**SECO**”), reference player in the field of technological innovation and Internet of Things solutions, today announced the signing of a binding agreement for the acquisition of the assets of Oro Networks LLC and its subsidiaries (“**Oro**”).

Founded in 2018 by Ajay Malik, previously serving as executive manager in companies like Google, Cisco and author of several publications on the AI, Oro designs and develops Artificial Intelligence solutions which are made available on a Software-as-a-Service basis. Oro's solutions allow to rapidly connect and cloud manage any hardware for smart control, monitoring and display of actionable insights using machine learning, deep learning, predictive analytics and data mining. Thanks to Oro's real-time edge AI solution, any device can be turned into a cloud managed intelligent endpoint, and customized AI pipelines can be easily deployed on the data generated on the edge. A set of ready-made and personalized apps is also available for clients to monitor their key performance indicators in real time.

The acquisition of Oro represents a strategic transaction for SECO, allowing it to add an important building block to its Artificial Intelligence portfolio and strongly increasing the software's weight on the Group's offering: thanks to a wide capability to integrate high value-added services, Oro will enhance SECO's capacity to target software-first clients, with a particular reference to the US market. In this way, SECO also internalizes further competences to customize its Artificial Intelligence algorithms, while ensuring proximity to the US-based clients with a presence in the heart of the Silicon Valley.



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In 2020, Oro generated a total of USD 2.6 million in revenue, with a growth rate close to 100% compared to 2019. In the first quarter of 2021, aggregate revenue amounted to USD 1.0 million (+55% compared to the same period in 2020), with an adjusted EBITDA margin above 40% and a net cash balance of USD 0.8 million. Oro employs approximately 100 people between the US, India and Brazil.

The transaction will be completed through SECO's subsidiary SECO USA, Inc., which will hold 70% of a newly-incorporated company ("**SECO Mind US**" or the "**Newco**") holding the assets of Oro: the remaining 30% of the Newco will be held by Ajay Malik and the key people of Oro, with the intent to ensure their full involvement in the management of SECO Mind US.

SECO Group will pay USD 7 million for the purchase of the assets of Oro, and will inject additional USD 2 million in SECO Mind US. The transaction will be financed through the use of SECO's own available funds and bank loans. Based on Oro 2020 financials, the transaction was made on the basis of EV/EBITDA and EV/EBIT equal to 7.8x and 8.2x, respectively.

"This transaction allows to further accelerate the adoption of CLEA on the US market. We are delighted to welcome Ajay Malik and his high profile team of managers and outstanding developers on board. Thanks to them, we acquire top-level capabilities to customize the last mile of CLEA with the Artificial Intelligence module. The integration with dynamic, cutting edge and complementary companies with respect to our business will be an accelerator of our development process that will be accompanied by a solid organic growth.", **Massimo Mauri, SECO CEO, said.**

"Global AI market is predicted to snowball in the next few years, reaching more than \$190 billion market value in 2025. With CLEA and ORO AI Suite, we will be able to do rapid enablement of AI in EDGE or CLOUD 25x to 100x times faster than alternative approaches!", **said Ajay Malik, who will take the role of CEO of SECO Mind US after the closing.**

The closing of the transaction is expected by the end of June 2021.



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Description of SECO

SECO (IOT.MI), listed on Borsa Italiana's Mercato Telematico Azionario (STAR segment), is a center of excellence in the field of technological innovation and integration. The company has been operating in the high-tech market for over 40 years, designing, developing and manufacturing cutting-edge proprietary technological solutions for industrial clients. SECO products range from miniaturized computers to standard or customized hardware, high-tech finished products and hardware-software integrated systems for highly diversified end-markets, including medical, industrial automation, aerospace and defense, wellness and vending systems. In addition, the company has further improved its product range by scaling the value chain with the launch of CLEA, a proprietary Platform as A Service (i.e. PaaS), providing services and solutions for applications within the Internet of Things ("IoT") allowing clients to manage their IoT Endpoints in an efficient, effective and simple manner. With over 450 employees and a turnover of €76.1 million as of December 31, 2020, SECO operates on a global scale with offices in Europe, North America, and Asia, as well as production facilities in Italy and China, serving more than 200 blue-chip customers which are leaders in their respective fields. SECO R&D capabilities are further enhanced by long-lasting strategic partnerships with tech giants and collaboration with universities, research centers, and innovative start-ups. SECO constantly focuses on corporate social responsibility, undertaking several actions to reduce its environmental footprint and increase its impact on its people and local communities.

For more information: <http://www.seco.com/>

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