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Oggetto : 2021 second quarter: SECO Group's  
revenue and profitability growth increases

*Testo del comunicato*

Vedi allegato.



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## PRESS RELEASE

### 2021 second quarter: SECO Group's revenue and profitability growth increases

SECO SpA Board of Directors has approved the consolidated six-month results as of June 30, 2021

- Total revenue and operating income equal to Euro 43.2 million, +13% compared to the first half of 2020
- Gross margin equal to Euro 20.1 million (48.0% of sales), increasing by 8% compared to the first half of 2020
- EBITDA adjusted equal to Euro 9.3 million (22.3% of sales), +25% compared to the first half of 2020
- Q3 2021 outlook: all-time record quarter expected, with Total revenue and operating income at over Euro 25 million, +50% compared to the same period of 2020
- 2021 full-year guidance confirmed

Arezzo, September 10, 2021 – The Board of Directors of SECO S.p.A. (“SECO”), which met today, has approved the consolidated results for the first six months of 2021.

SECO's growth trend has continued at a double-digit rate in this period, driven by a significant revenue increase in the second quarter of 2021 (+16% compared to the same period of 2020). This result has contributed to generating a significant operating leverage effect with positive effects both on the Adjusted EBITDA and the Adjusted Net Income, both increasing by more than 20% compared to the first six months of 2020, as well as on incidence on revenue of such indicators.



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**Massimo Mauri, CEO of the Group**, commented: *“We closed the first half of 2021 with a great result, which sees our growth further accelerating and our profitability increasing more than proportionally. In-house production is revealing as a winning point of our business model, allowing us more flexibility compared to our competitors in facing the components shortage. The roll-out of the IoT-AI platform CLEA is proceeding better than our expectations. For the second half of 2021 we expect a further acceleration of the growth and, therefore, of the profitability. The growth via M&A represents a further significant development area, to which we will continue to work massively during the next semester”.*

### **SECO Group’s results in the period**

**Total revenue and operating income** rise from Euro 38.2 million in the first half of 2020, to Euro 43.2 million as of June 30, 2021, increasing by 13.1% compared to the first half of the previous year. Such increase derives from the growth of revenue mainly in the EMEA and the APAC. In particular, the spread of the CLEA platform, officially launched in the first quarter of 2021, continues in the second quarter. Also, the growth continues in some key relevant market segments served by the Group, in particular the Industrial, the Transportation, the vending and the Fitness, and a general stability in the Medical sector. The increase in other operating income is largely due to the grants received by the Group for its Research and Development activities, as well as for the investments completed in this field.

**Gross margin**<sup>1</sup> rises from Euro 18.5 million (48.4% of the related revenue) in the first half of 2020 to Euro 20.1 million (48.0% of the related revenue) as of June 30, 2021, increasing by 8% compared to the first half of the previous year.

This trend is mainly related to the price increase observed on the market for some components used in the embedded devices manufactured by SECO. In this scenario, the Group has undertaken some temporary price increase actions on some of its products, whose full effects are to be seen in the quarters following the period under analysis.

**Adjusted EBITDA** significantly improves as a result of substantial operating leverage allowing the Group to benefit from the growth of both revenue and gross margin during the first half of the year.

In particular, Adjusted EBITDA rises from Euro 7.5 million as of June 30, 2020 (19.5% of the related revenue) to Euro 9.3 million as of June 30, 2021 (22.3% of the related revenue), a 25% increase when compared to the first half of the previous year.

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<sup>1</sup> *Gross margin*: corresponds to the difference between the revenue from sales and the costs for raw materials, consumables and merchandise, net of the change in the amount of inventory occurred during the period.



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Adjusted EBITDA improves on relative and absolute terms even after considering an increase in personnel costs by ca. Euro 1.6 million, largely due to the actuarial value of the management's stock option plan and to the shares granted to employees.

Gross of the adjustments performed to calculate the Adjusted EBITDA, related to non-recurring items and transactions that the directors consider as not related to the Group's operating performance, the EBITDA rises from Euro 7.4 million as of June 30, 2020 to Euro 8.2 million as of June 30, 2021.

**Adjusted EBIT<sup>2</sup>** increases from Euro 5.4 million (14.2% of the related revenue) as of June 30, 2020, to Euro 6.0 million (14.3% of the related revenue) as of June 30, 2021, increasing by 10% compared to the first half of 2020 and benefitting from revenue growing more than costs in the first six months of 2021.

Gross of the adjustments performed to calculate the Adjusted EBIT, related to non-recurring items and transactions that the directors consider as not related to the Group's operating performance, the EBIT goes from Euro 5.3 million as of June 30, 2020 to Euro 4.9 million as of June 30, 2021.

**Adjusted Net income<sup>3</sup>** increases from Euro 3.8 million (10.0% of the related revenue) in the first half of 2020 to Euro 4.6 million (11.1% of the related revenue) as of June 30, 2021, increasing by 21% compared to the first half of the previous year.

Gross of the adjustments performed to calculate the Adjusted Net Income, related to non-recurring items and transactions that the directors consider as not related to the Group's operating performance, as well as their estimated tax effect, the Net income goes from Euro 3.8 million as of June 30, 2020 to Euro 3.6 million as of June 30, 2021.

**Adjusted net financial debt** changes from a Euro 11.4 million net debt as of December 31, 2020 to a net cash of Euro 74.7 million as of June, 2021. Such improvement is largely due to the cash increase following the Group's IPO completed in the month of May.

Instead, the net financial debt changes from a Euro 17.8 million net debt as of December 31, 2020 to a net cash of Euro 71.1 million as of June, 2021

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<sup>2</sup> *Adjusted EBIT*: corresponds to the result of the period gross of the income taxes, the financial income and expenses, the income or losses from foreign exchange transactions, the effects of non-recurring items and transactions that the directors consider as not related to the Group's operating performance.

<sup>3</sup> *Adjusted Net Income*: corresponds to the result of the period gross of the effects of non-recurring items and transactions that the directors consider as not related to the Group's operating performance, considered taking into account an estimated tax effect based on a 24% tax rate (IRES tax rate).



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### **SECO outlook on the status of the business**

On the basis of the order intake levels observed in the first months of 2021 (order backlog at June 30, 2021 at over Euro 30 million, +65% compared to the same period of 2020), SECO forecasts a third quarter with Total revenue and operating income for over Euro 25 million, growing by approximately 50% compared to the Euro 16,7 million reported in the same period of 2020. SECO full-year guidance already provided is confirmed.

Moreover, the Company is working to use the proceeds of the IPO process (approximately Euro 100 million) in M&A transactions.

### **Conference call**

The results as of June 30, 2021 will be illustrated today, September 10, 2021, at 15.00 (CET), during a conference call with the financial community. The conference call can be attended by using the following links:

Join: <https://zoom.us/j/98213698131?pwd=aWVmSy9ndytNb2pMVW5qdjJRNjBQQT09>

Meeting ID: 98213698131

Password: 010036

### **Alternative performance indicators**

In this press release, use is made of certain “alternative performance indicators” that are not envisaged in IFRS-EU accounting standards, and whose significance and content are illustrated below, in line with the ESMA/2015/1415 recommendations published on October 5, 2015.

*Adjusted EBITDA*: defined as the result of the period gross of the income taxes, the financial income and expenses, the depreciation and amortization, the income or losses from foreign exchange transactions, the effects of non-recurring items and transactions that the directors consider as not related to the Group’s operating performance.

*Adjusted Net financial debt*: represents the algebraic sum between cash and cash equivalents, financial receivables, current and non-current financial debt, adjusted for the VAT credit, the current and non-current financial liabilities deriving from leases recognised as a result of the application of IFRS 16, and any put & call options subscribed.



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***The Manager responsible for preparing the Company's financial reports, Lorenzo Mazzini, declares, pursuant to paragraph 2 of Article 154 bis of the Consolidated Law on Finance (Testo Unico della Finanza), that the accounting information contained in this press release corresponds to the documented results, accounts and bookkeeping records.***



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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 is an investee of Fondo Italiano Tecnologia e Crescita, managed by Fondo Italiano d'Investimento SGR.

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

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The accounting statements of SECO Group, subject to independent auditing, are illustrated below.

### Consolidated Statement of Financial Position

Category	30/06/2021	31/12/2020
Tangible fixed assets	12,956	13,272
Intangible fixed assets	17,395	12,996
Rights of use	2,214	1,912
Goodwill	14,604	7,066
Non-current financial assets	132	246
Deferred tax assets	663	623
Other non-current assets	509	492
<b>Total non-current assets</b>	<b>48,473</b>	<b>36,607</b>
Inventories	35,431	31,417
Trade receivables	19,395	15,029
Tax receivables	4,640	9,080
Other receivables	3,864	2,556
Cash and cash equivalents	110,400	23,678
<b>Total current assets</b>	<b>173,731</b>	<b>81,760</b>
<b>TOTAL ASSETS</b>	<b>222,203</b>	<b>118,367</b>
Share Capital	1,048	776
Share premium reserve	108,472	14,781
Reserves	29,672	24,231
Group profit (loss)	2,910	4,038
<b>Total Group Shareholders' Equity</b>	<b>142,102</b>	<b>43,826</b>
Minority interests in shareholders' funds	10,412	5,700
Minority interests in profit (loss)	667	1,438
<b>Minority interests</b>	<b>11,078</b>	<b>7,138</b>
<b>Total Shareholders' Equity</b>	<b>153,180</b>	<b>50,964</b>
Employee benefits	2,882	2,973
Provisions for risks	89	89
Deferred tax liabilities	43	43
Non-current financial payables	22,991	26,087
Non-current financial liabilities deriving from leases	1,389	1,194
Other non-current payables	649	608
<b>Total non-current liabilities</b>	<b>28,042</b>	<b>30,994</b>
Current financial liabilities	8,538	8,540
Current portion of non-current financial payables	5,881	5,163
Current financial liabilities deriving from leases	546	537
Trade payables	18,258	15,289
Other current payables	6,189	5,393
Tax payables	1,570	1,487
<b>Total current liabilities</b>	<b>40,981</b>	<b>36,409</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>222,203</b>	<b>118,367</b>





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### Consolidated Income Statement

Category	30/06/2021	30/06/2020
Sales revenues	41,794	38,182
Other revenues and income	1,436	54
Costs for raw materials, ancillary materials, consumables and goods	(25,797)	(25,692)
Changes in inventories	4,077	5,996
Costs for services	(3,583)	(2,952)
Personnel costs	(9,205)	(7,636)
Amortisation and depreciation	(2,997)	(2,063)
Write-downs of loans and Provisions for risks	(30)	(40)
Other operating costs	(797)	(513)
<b>Operating profit (loss)</b>	<b>4,897</b>	<b>5,337</b>
Financial income	4	4
Financial charges	(258)	(110)
Exchange gains/(losses)	329	(40)
<b>Profit (loss) before tax</b>	<b>4,972</b>	<b>5,191</b>
Income taxes	(1,395)	(1,402)
<b>Profit/Loss for the year</b>	<b>3,576</b>	<b>3,789</b>
Minority interests in profit (loss)	667	729
<b>Group profit (loss)</b>	<b>2,910</b>	<b>3,060</b>
Basic earnings per share	0.04	4.00
Diluted earnings per share	0.04	4.00

For the income statement data as at June 30 2020, as the Group was not required, at the time, to draw up interim reports, it drafted a management consolidated income statement.

### Consolidated Statement of Comprehensive Income

Category	30/06/2021	30/06/2020
<b>Profit/Loss for the year</b>	<b>3,576</b>	<b>3,789</b>
<b>Other comprehensive income/(loss) that will subsequently be reclassified to the income statement:</b>	<b>304</b>	<b>(83)</b>
Exchange differences from conversion	304	(83)
<b>Other comprehensive income/(loss) that will not subsequently be reclassified to the income statement:</b>	<b>0</b>	<b>0</b>
Discounting of employee benefits	0	0
Taxation of discounting of employee benefits	0	0
<b>Total comprehensive income for the year</b>	<b>3,880</b>	<b>3,706</b>
Minority shareholders	807	694
Shareholders of the Parent Company	3,073	3,012
<b>Total comprehensive income/(loss) for the year</b>	<b>3,880</b>	<b>3,706</b>



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### Consolidated Statement of Cash Flows

Category	30/06/2021	30/06/2020
<b>Profit/Loss for the year</b>	<b>3,576</b>	<b>3,788</b>
Income taxes	1,395	1,402
Amortisation and depreciation	2,997	2,063
Net change in employee benefits	(91)	(37)
Costs for share-based payments	1,127	0
<b>Cash flow before changes in NWC</b>	<b>9,005</b>	<b>7,217</b>
Changes in trade receivables	(4,163)	(1,009)
Changes in inventories	(4,015)	(6,352)
Changes in trade payables	2,969	5,630
Other changes in Net Working Capital	2,514	1,516
Other changes in non-current receivables and payables	(10)	274
Changes in Provisions for Risks	0	0
Income taxes paid	0	0
<b>Cash flows from operating activities (A)</b>	<b>6,301</b>	<b>7,276</b>
(Investments)/Divestments in tangible fixed assets	(889)	(959)
(Investments)/Divestments in intangible fixed assets	(4,580)	(942)
(Investments)/Divestments in financial assets	113	9
Acquisition of business branches net of cash and cash equivalents	(5,806)	0
Acquisition of subsidiaries net of cash and cash equivalents	0	(2,472)
<b>Cash flow from investment activities (B)</b>	<b>(11,162)</b>	<b>(4,364)</b>
Raising/(Repayment) of non-current financial payables	(2,378)	(5,750)
Raising/(Repayment) of current financial liabilities	(2)	4,714
Repayments of financial liabilities deriving from leases	(303)	(93)
Dividends paid	0	0
Net increase in capital against payment	93,963	9
Share capital increases of subsidiaries	0	0
<b>Cash flow deriving from financing activities (C)</b>	<b>91,279</b>	<b>(1,119)</b>
<b>Increase (decrease) in cash and cash equivalents (A+B+C)</b>	<b>86,418</b>	<b>1,792</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>23,678</b>	<b>16,598</b>
Conversion differences	304	(82)
<b>Cash and cash equivalents at the end of the year</b>	<b>110,400</b>	<b>18,309</b>



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### Consolidated Statement of Changes in Equity

Category	01/01/2021	Share Capital increase	Entrance of new minority interests due to business combinations	Allocation of profit	Other changes	Comprehensive income/(loss)	30/06/2021
Share Capital	776	272	0	0	0	0	1,048
Legal reserve	289	0	0	0	0	0	289
Share premium reserve	14,781	99,628	0	0	(5,937)	0	108,472
Other reserves	24,850	0	0	4,038	1,240	0	30,128
Translation reserve	(432)	0	0	0	0	163	(269)
FTA reserve	(371)	0	0	0	0	0	(371)
Discounting of employee benefits	(105)	0	0	0	0	0	(105)
Group profit (loss)	4,038	0	0	(4,038)	0	2,910	2,910
<b>Group Shareholders' Equity</b>	<b>43,826</b>	<b>99,900</b>	<b>0</b>	<b>0</b>	<b>(4,697)</b>	<b>3,073</b>	<b>142,102</b>
Minority interests in shareholders' funds	5,701	0	3,246	1,438	(112)	141	10,413
Discounting of employee benefits	(1)	0	0	0	0	0	(1)
Minority interests in profit (loss)	1,438	0	0	(1,438)	0	667	667
<b>Minority interests</b>	<b>7,138</b>	<b>0</b>	<b>3,246</b>	<b>0</b>	<b>(112)</b>	<b>807</b>	<b>11,078</b>
<b>Total Shareholders' Equity</b>	<b>50,964</b>	<b>99,900</b>	<b>3,246</b>	<b>0</b>	<b>(4,810)</b>	<b>3,880</b>	<b>153,180</b>

Category	01/01/2020	Share Capital increase	Entrance of new minority interests due to business combinations	Allocation of profit	Other changes	Comprehensive income/(loss)	30/06/2020
Share Capital	763	13	0	0	0	0	776
Legal reserve	289	0	0	0	0	0	289
Share premium reserve	14,785	(4)	0	0	0	0	14,781
Other reserves	18,901	0	0	5,246	0	0	24,147
Translation reserve	(82)	0	0	0	0	(48)	(130)
FTA reserve	(371)	0	0	0	0	0	(371)
Discounting of employee benefits	(77)	0	0	0	0	0	(77)
Group profit (loss)	5,246	0	0	(5,246)	0	3,060	3,060
<b>Group Shareholders' Equity</b>	<b>39,454</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,012</b>	<b>42,475</b>
Minority interests in shareholders' funds	4,406	0	0	580	0	(35)	4,951
Discounting of employee benefits	(1)	0	0	0	0	0	(1)
Minority interests in profit (loss)	580	0	0	(580)	0	729	729
<b>Minority interests</b>	<b>4,985</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>694</b>	<b>5,679</b>
<b>Total Shareholders' Equity</b>	<b>44,439</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,706</b>	<b>48,155</b>

Fine Comunicato n.2358-56

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