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Oggetto : 2021 nine-months results: SECO Group's
revenue and profitability growth increases

Testo del comunicato

Vedi allegato.



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2021 nine-months results: SECO Group's revenue and profitability growth increases

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

- Net sales equal to €66.9M in the first nine months of 2021, +22.0% compared to the same period of 2020
- Gross margin equal to €31.5M in the first nine months of 2021 (47.1% of sales), increasing by 24.0% compared to the same period of 2020
- EBITDA adjusted equal to €14.1M in the first nine months of 2021 (21.0% of sales), +39,0% compared to the same period of 2020
- Strong acceleration in revenue and profitability in the third quarter of 2021: revenue equal to €25.1M (+50.7% vs. Q3 2020), Adjusted EBITDA equal to €4.8M (+79.2% vs. Q3 2020), Adjusted Net income equal to €2.5M (+100.5% vs. Q3 2020)
- Q4 2021 outlook: all-time record quarter expected, with Total revenue and operating income at over €45M in the period, growing by more than 100% vs. Q4 2020. Growth expected in the period is organic for ca. 75% of the total (€34M in Q4 2021 vs. €22M in Q4 2020), with further €11M from Garz & Fricke consolidation to be added
- Total revenue and operating income: 2021 full-year guidance raised to €114M

Arezzo, November 11, 2021 – The Board of Directors of SECO S.p.A. (“SECO”), which met today, has approved the consolidated results for the first nine months of 2021.



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In this period, SECO's growth trend has continued at significant pace, driven by a strong increase in net sales (€66.9M in the first nine months of 2021, +22.0% compared to the same period of 2020) and a more than proportional increase in Adjusted EBITDA (€14.1M in the first nine months of 2021) and Adjusted Net income (€7.2M in the first nine months of 2021), which grew by 39,0% and 40.9%, respectively, compared to the same period of 2020.

In particular, in the third quarter of 2021 these indicators grew by 50.7% (Net sales), 79.2% (Adjusted EBITDA) and 100.5% (Adjusted Net income) compared to the same period of 2020.

***Massimo Mauri, CEO of the Group,** commented: "The results of this quarter show that our revenue and EBITDA are growing significantly and faster than our sector. Our growth is solid and long-term, thanks to a strongly increasing visibility on the business. We are very enthusiastic on the roll-out of CLEA, of which we are starting to witness the first cases of successful applications from our customers. We are receiving very positive feedbacks from our stakeholders regarding the deal with Garz & Fricke, whose integration process into SECO I am very happy with. We look ahead of us with a lot of confidence: we still have a huge unexpressed potential and we are perfectly positioned to become a global leader"*

SECO Group's results in the period

Total revenue and operating income rise from €57.3M in the first nine months of 2020, to €68.7M as of September 30, 2021, increasing by 19.8% compared to the same period of the previous year. Such increase derives from the growth of revenue mainly in the EMEA and the APAC.

In the third quarter of 2021, Total revenue and operating income amounted to €25.5M, +33.3% compared to the same period of 2020.

In particular, the spread of the CLEA platform, officially launched at the beginning of 2021, also continues in the third quarter: in the first nine months of the year, revenue generated from CLEA amounted to ca. €2.2M, of which ca. €1.3M in the third 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.



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Gross margin¹ rises from €25.4M (46.3% of the corresponding revenue) in the first nine months of 2020 to €31.5M (47.1% of the corresponding revenue) as of September 30, 2021, increasing by 24.0% compared to the same period of 2020.

In the third quarter of the year Gross margin increased by 65.1% compared to the same period of 2020.

Adjusted EBITDA rises from €10.1M as of September 30, 2020 (18,4% of the corresponding revenue) to €14.1M as of September 30, 2021 (21.0% of the corresponding revenue), increasing by 39.0% compared to the same period of 2020.

Adjusted EBITDA improves on relative and absolute terms even after considering an increase in personnel costs by ca. €2.6M, largely due to the change in the consolidation perimeter resulting from the new acquisition deals, as well as the actuarial value of the management's stock option plan 2020 and the shares granted to employees.

In the third quarter of the year, Adjusted EBITDA increased by 79.2% compared to the third quarter of 2020.

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 €8.9M as of September 30, 2020 to €12.1M as of September 30, 2021.

Adjusted EBIT² increases from €7.2M (13.1% of the corresponding revenue) as of September 30, 2020, to €9.1M (13.6% of the corresponding revenue) as of September 30, 2021, increasing by 26.8% compared to the same period of 2020.

In the third quarter of the year, Adjusted EBIT increased by 78.7% compared to the third quarter of 2020.

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 €6.0M as of September 30, 2020 to €7.1M as of September 30, 2021.

Adjusted Net income³ increases from €5.1M (9.3% of the corresponding revenue) in the first nine months of 2020 to €7.2M (10.7% of the corresponding revenue) as of September 30, 2021, increasing by 40.9% compared to the same period of the previous year.

¹ *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.

² *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.

³ *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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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 €4.3M as of September 30, 2020 to €5.3M as of September 30, 2021.

Adjusted net financial debt changes from a €11.4M net debt as of December 31, 2020 to a net cash of €68.7M as of September 30, 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 €17.8M net debt as of December 31, 2020 to a net cash of €65.7M as of September 30, 2021.

SECO outlook on the status of the business

On the basis of the order backlog levels observed at the end of October 2021 (€114.5M, +121% compared to the same date of 2020), SECO forecasts a fourth quarter with Total revenue and operating income for over €45M, growing by ca. 104% compared to the €22M reported in the same period of 2020. In particular, in this period an organic growth component of around €34M is expected, to which additional €11M revenue deriving from the Garz & Fricke consolidation will further contribute. For this reason, the 2021 full-year guidance on Total revenue and operating income is revised upwards to €114M.

Conference call

The results as of September 30, 2021 will be illustrated today, November 11, 2021, at 15.00 (CET), during a conference call with the financial community. The conference call can be attended by registering at the following link:

https://b1c-co-uk.zoom.us/meeting/register/tZYodOigrDsoHdX4XPPpB9t7p7Z_KoTRA1KL

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



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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.

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) develops and manufactures cutting-edge technological solutions, from miniaturized computers to fully customized integrated systems combining hardware and software. SECO also offers Clea, a proprietary end-to-end IoT-AI analytics software suite, made available on a SaaS basis, that allows clients to gather insightful data from their on-field devices in real time. SECO employs almost 800 people worldwide and operates through 5 production plants, 9 R&D hubs and sales offices in 9 countries. SECO serves more than 300 blue-chip customers which are leaders in their respective fields, including Medical, Industrial Automation, Aerospace & Defense, Fitness, Vending and many other sectors. SECO R&D capabilities are further enhanced by long-lasting strategic partnerships with tech giants and collaborations with universities, research centers, and innovative start-ups. Corporate social responsibility is part of the strategy of SECO, that undertakes 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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The accounting statements of SECO Group, subject to independent auditing, are illustrated below.

Consolidated Statement of Financial Position

	30/09/2021	31/12/2020
Property, Plants and Equipments	12,673	13,272
Intangible assets	19,363	12,996
Rights of use	2,526	1,912
Goodwill	14,802	7,066
Non-current financial assets	305	246
Deferred tax assets	671	623
Other non-current assets	574	492
Total non-current assets	50,913	36,607
Inventories	39,033	31,417
Trade receivables	23,376	15,029
Tax receivables	2,353	9,080
Other receivables	3,286	2,556
Cash and cash equivalents	108,952	23,678
Total current assets	177,000	81,760
TOTAL ASSETS	227,914	118,367
Share Capital	1,048	776
Share premium reserve	105,607	14,781
Reserves	30,636	24,231
Group profit (loss)	3,892	4,038
Total Group Shareholders' Equity	141,183	43,826
Equity of Non-controlling interests	10,577	5,700
Net profit / (loss) of the year of Non-controlling interest	1,439	1,438
Minority interests	12,015	7,138
Total Shareholders' Equity	153,198	50,964
Employee benefits	2,983	2,973
Provisions	89	89
Deferred tax liabilities	43	43
Non-current financial liabilities	25,570	26,087
Non-current lease liabilities	1,674	1,194
Other Non-Current Liabilities	609	608
Total non-current liabilities	30,968	30,994
Current financial liabilities	9,039	8,540
Current part of N-C Financial Liabilities	6,356	5,163
Current lease liabilities	582	537
Trade payables	19,344	15,289
Other payables	6,402	5,393
Current tax liabilities	2,025	1,487
Total current liabilities	43,748	36,409
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	227,914	118,367



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Consolidated Income Statement

	30/09/2021	30/09/2020
Net sales	66,916	54,852
Other revenues and income	1,784	2,491
Total revenues and operating income	68,701	57,343
Costs for services, goods and other operating costs	(43,005)	(36,754)
Personnel costs	(14,069)	(11,502)
Total costs and other operating charges	(57,074)	(48,257)
Amortisation and depreciation	(4,509)	(3,068)
Provisions and write-downs	0	(40)
Operating profit/(loss)	7,117	5,979
Financial income and charges	(413)	(111)
Exchange gains/(losses)	429	(150)
Profit/(loss) before tax	7,133	5,718
Income taxes	(1,803)	(1,432)
Profit/(loss) for the year	5,331	4,286
Minorities' profit/(loss)	1,439	1,036
Group profit/(loss)	3,892	3,250
Net profit per share	0.06	5.59
Dividend per share	0.06	5.59

For the income statement data as at September 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

	30/09/2021	30/09/2020
Profit/Loss for the year	5.331	4.286
Other comprehensive income/(loss) that will subsequently be reclassified to the income statement:	863	(328)
Exchange differences from conversion	863	(328)
Other comprehensive income/(loss) that will not subsequently be reclassified to the income statement:	0	0
Discounting of employee benefits	0	0
Taxation of discounting of employee benefits	0	0
Total comprehensive income for the year	6.193	3.957
Minority shareholders	1.796	994
Shareholders of the Parent Company	4.397	2.963
Total comprehensive income/(loss) for the year	6.193	3.957



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Consolidated Cash Flow Statement

	30/09/2021
Profit/Loss for the year	5,331
Income taxes	1,803
Amortisation and depreciation	4,509
Net change in employee benefits	10
Costs for share-based payments	1,833
Cash flow before changes in NWC	13,485
Changes in trade receivables	(8,144)
Changes in inventories	(7,617)
Changes in trade payables	4,055
Other changes in net working capital	5,741
Other changes in non-current receivables and payables	(123)
Changes in Provisions for Risks	0
Income taxes paid	0
Cash flows from operating activities (A)	7,397
(Investments)/Divestments in tangible fixed assets	(1,315)
(Investments)/Divestments in intangible fixed assets	(7,544)
(Investments)/Divestments in financial assets	(59)
Business combination net of cash and cash equivalents	(5,941)
Acquisition of subsidiaries net of cash and cash equivalents	0
Cash flow from investment activities (B)	(14,859)
Raising/(Repayment) of non-current financial payables	676
Raising/(Repayment) of current financial liabilities	500
Raising/(Repayment) of financial liabilities from leases	(401)
Dividends paid	0
Net increase in capital against payment	91,098
Share capital increases of subsidiaries	0
Cash flow deriving from financing activities (C)	91,872
Increase (decrease) in cash and cash equivalents (A+B+C)	84,411
Cash and cash equivalents at the beginning of the year	23,678
Conversion differences	863
Cash and cash equivalents at the end of the year	108,952

Given that, in 2020, the Group was not required to prepare interim financial statements, it is only reported, at a cash flow statement level, the situation as of the current quarter.



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Consolidated Statement of Changes in Equity

	January 1, 2021	Share Capital increase	Allocation of profit	Dividends distributed	Other changes	Comprehensive income/(loss)	June 30, 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	(8,802)	0	105,607
Other reserves	24,850	0	4,038	0	1,862	0	30,750
Translation reserve	(432)	0	0	0	0	505	73
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	(4,038)	0	0	3,892	3,892
Group Shareholders' Equity	43,826	99,900	0	0	(6,940)	4,397	141,183
Minority interests in shareholders' funds	5,701	3,120	1,438	0	(39)	358	10,578
Discounting of employee benefits	(1)	0	0	0	0	0	(1)
Minority interests in profit (loss)	1,438	0	(1,438)	0	0	1,439	1,439
Minority interests	7,138	3,120	0	0	(39)	1,796	12,015
Total Shareholders' Equity	50,964	103,020	0	0	(6,979)	6,193	153,198

Fine Comunicato n.2358-80

Numero di Pagine: 12