



SPAFID
CONNECT

Informazione Regolamentata n. 2358-58-2022	Data/Ora Ricezione 12 Maggio 2022 17:56:51	Euronext Star Milan
--	--	---------------------

Societa' : SECO
Identificativo : 162142
Informazione
Regolamentata
Nome utilizzatore : SECON03 - -
Tipologia : REGEM; 2.2
Data/Ora Ricezione : 12 Maggio 2022 17:56:51
Data/Ora Inizio : 12 Maggio 2022 17:56:52
Diffusione presunta
Oggetto : Q1 2022 results

Testo del comunicato

Vedi allegato.



Endless ways to the future

PRESS RELEASE

SECO Q1 2022 results

Board of Directors has approved the consolidated three-month results as of March 31, 2022

- Net sales equal to €42.8M in the first three months of 2022, +120% vs. Q1 2021; organic growth at +56%, like-for-like growth (including acquisitions results starting from 01.01.2021) at +45% vs. Q1 2021
- Gross margin equal to €20.1M in the first three months of 2022, +€10.3M (+104%) vs. Q1 2021 (47.0% of sales, substantially in line with 2021 FY)
- EBITDA adjusted equal to €8.6M in the first three months of 2022 (20.0% of sales), +€4.0M (+86.1%) compared to the same period of 2021
- Order backlog equal to €164M as of 30.04.2022 vs. €69M on a like-for-like basis as of same period of 2021
- 2022 outlook: full-year guidance of €200M confirmed; for Q2 2022, expected revenue of ca. €51-52M, growing by 128%-133% vs. Q2 2021 (+67%-71% organic; +51%-54% on a like-for-like basis)

Arezzo, May 12, 2022 – The Board of Directors of SECO S.p.A. (“**SECO**”), which met today, has approved the consolidated results for the first three months of 2022.

In this period, SECO’s growth trend has continued at significant pace, with a strong increase in net sales deriving from an expansion across all the main geographical areas served by the Group (€42.8M in the first three months of 2022, +120% compared to the same period of 2021), an Adjusted EBITDA equal to €8.6M and an Adjusted Net income equal to €3.2M, growing by 86.1% and 30.9%, respectively, compared to the same period of the previous year.



PRESS RELEASE

Endless ways to the future

Massimo Mauri, CEO of SECO, commented: *“The most difficult quarter of the year is now behind us and I am very satisfied by the results we achieved so far: in a very challenging market scenario due to the shortage of components, we have further accelerated our growth and our margins held up very well, thanks also to an increasingly higher contribution of SaaS revenue which proves how solid our business model is. Ensuring continuity in deliveries to customers is our main priority and it is proving to be a winning choice, even allowing us to acquire new business opportunities: I am convinced that continuing to invest in our inventory represents, at the moment, the best investment of SECO’s liquidity to successfully navigate this difficult market context. Visibility on the rest of the year is very high, with an order backlog, a pipeline of opportunities and a number of design wins all continuously growing, thanks to which we expect excellent performances in the coming quarters”.*

SECO’s consolidated results in the period

Net sales rise from €19.4M in the first three months of 2021, to €42.8M as of March 31, 2022, growing by €23,3M (+119.9%) compared to the same period of the previous year. Organic growth amounted to 56.3% compared to the first three months of 2021, while like-for-like growth is equal to 45.4%. Such increase derives from a significant growth of the business turnover, mainly concentrated in the EMEA, USA and APAC regions.

In the first three months of the year the edge computing revenue (€39.1M) grew by 106% compared to the same period of 2021, largely thanks to an expansion of custom edge systems sales in the Industrial, Fitness Vending and Medical sectors.

In addition, the spread of the IoT services business, officially launched at the beginning of 2021, also continued in the period just ended: in the first three months of the year, revenue generated amounted to ca. €3.7M.

Gross margin¹ rises from €9.8M (50.6% of the corresponding revenue) in the first three months of 2021 to €20.1M (47.0% of the corresponding revenue) as of March 31, 2022, increasing by €10.3M (+104.3%) compared to the same period of the previous year. This trend is essentially linked to the significant expansion of both the edge computing and SaaS businesses, each of them growing organically and thanks to the contribution of the companies acquired in 2021. The variation in the incidence on net sales is mainly due to the significant and generalized increase in prices observed on the market for the purchase of components used by SECO in its manufacturing processes, partially balanced by some price increase actions applied by SECO to its customers, as well as by the higher incidence of the SaaS business on the total turnover.

Adjusted EBITDA rises from €4.6M as of March 31, 2021 (23.7% of the corresponding revenue) to €8.6M as of March 31, 2022 (20.0% of the corresponding revenue), growing by €4.0M (+86.1%) compared to the same period of 2021. This growth

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.



PRESS RELEASE

Endless ways to the future

is mainly due to the previously illustrated expansion of the business observed in the period and the above mentioned Gross margin trend.

To calculate Adjusted EBITDA, some adjustments have been made to account for the amount of some items, non-recurring or not related to the Group's operating performance: in particular, these items amount to ca. €1.4 overall in Q1 2022, mainly including the actuarial (non-monetary) value of the three-year stock option plan attributed to some employees of the Group (ca. €0.9M) and some non-recurring costs linked to M&A transactions carried out by SECO (ca. €0.3M).

Gross of the above-mentioned adjustments, the EBITDA rises from €4.5M as of March 31, 2021 to €7.2M as of March 31, 2022.

Adjusted EBIT² increases from €2.9M (15.1% of the corresponding revenue) as of March 31, 2021, to €5.4M (12.7% of the corresponding revenue) as of March 31, 2022, increasing by 85.9% compared to the same period of 2021.

In addition to the previously illustrated dynamics, D&A were €1.7M higher vs. Q1 2021, driven also by the PPA (purchase price allocation) of the Garz & Fricke customer list.

Gross of the above-mentioned adjustments, related to non-recurring items and items not related to the Group's operating performance, the EBIT goes from €2.9M as of March 31, 2021 to €4.1M as of March 31, 2022.

Adjusted Net income³ increases from €2.5M (12.6% of the corresponding revenue) in the first three months of 2021 to €3.2M (7.5% of the corresponding revenue) as of March 31, 2022, increasing by 30.9% compared to the same period of the previous year.

In addition to the previously illustrated dynamics, financial expenses were €0.7M higher vs. Q1 2021, largely due to the Garz & Fricke acquisition financing. Finally, taxes were calculated by applying a theoretical rate, taking into account the tax rates applicable in each legal entity's jurisdiction.

Gross of the above-mentioned adjustments, related to non-recurring items and items not related to the Group's operating performance, as well as their estimated tax effect, the Net income goes from €2.2M as of March 31, 2021 to €2.2M as of March 31, 2022.

Adjusted net financial debt changes from a €97.5M net debt as of December 31, 2021 to a net debt of €125.8M as of March 31, 2022. Such change is linked for ca. €15M to the significant increase of the inventory and working capital levels, aimed at sustaining the continued growth of the business and maximizing the quantity of components available for SECO in a context heavily impacted by the shortage of components, thus ensuring the continuity of deliveries to its customers.

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).



PRESS RELEASE

Endless ways to the future

Purchase of treasury shares and M&A costs also contributed to the increase of this item for ca. €5.7M and €7.5M, respectively.

To calculate this indicator, adjustments have been made taking into account current and non-current financial liabilities deriving from leases, accounted for as a result of the application of IFRS 16 (€8.2M as of March 31, 2022), the VAT credit (€4.3M as of March 31, 2022), which is structurally generated by SECO as a regular exporter and can be cashed in through factoring without recourse, and the financial derivative instruments (€0.7M).

Gross of the above-mentioned adjustments, the net financial debt changes from a €109.5M net debt as of December 31, 2021 to a net debt of €139.0M as of March 31, 2022.

SECO outlook on the status of the business

Even in a complex market context due to the shortage of components, SECO continues to record a strong business acceleration, with a significant increase in the demand from new and existing customers which has generated an important growth in the order backlog, equal to €164M as of April 30, 2022 (vs. €69M observed, on a like-for-like basis, at the same period of 2021). Design wins, pipeline and order intake monitored on a monthly basis also suggest how the robust organic growth can be considered structural and lasting.

With reference to the CLEA business, an increase in the number of projects started with customers who decide to adopt the platform continues to be observed: therefore, the negotiations with leads and customers currently ongoing involve a total of over 500,000 devices potentially connectable to CLEA.

For the next quarters of the year, a contribution of approx. €0.5m of SaaS business is also expected from the business unit which will be transferred by Camozzi Digital by virtue of the agreement signed on April 29, 2022, thanks to which SECO intends to significantly expand its SaaS offering for the Industrial IoT with the launch of over 90 apps and two versions of its software platform (CLEA Smart HMI and CLEA Smart Factory) specifically dedicated to the Industrial world.

The process of cost and revenue synergies generation from the integration of the companies acquired in 2021, which now operate as SECO Northern Europe, SECO Mind Srl and SECO Mind USA, also continues.

In conclusion, even considering a complex market scenario, SECO believes it can express growth rates higher than the market, thanks to its competitive positioning and the uniqueness of its offering of edge and AI solutions. The full-year revenue guidance of €200M, already communicated to the market on April 19, 2022, is confirmed. Also, in the second quarter of the year, SECO is expecting a further acceleration in its growth path, with a turnover of ca. €51-52M, corresponding to a growth in the range of 128%-133% (+67%-71% organic; +51%-54% on a like-for-like basis).



Endless ways to the future

PRESS RELEASE

Conference call

The results as of March 31, 2022 will be illustrated on May 13, 2022, 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/tZlpcuChrzMuGdGYia1lyZqv_iwbwXUicU7E

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.

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.



PRESS RELEASE

Endless ways to the future

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/>

Contacts

SECO SpA
Marco Parisi
Head of Investor Relations
Tel. +39 0575 26979
investor.relations@seco.com

COMMUNITY GROUP
Marco Rubino
Tel. +39 3356509552
Marco Tansini
Tel. +39 3351899228
seco@communitygroup.it



PRESS RELEASE

Endless ways to the future

The accounting statements of SECO Group, not subject to independent auditing, are illustrated below.

Consolidated Statement of Financial Position

(in Euro thousands)	31/03/2022	31/12/2021
Property, Plants and Equipments	16.375	16.797
Intangible assets	58.750	56.367
Rights of use	8.390	9.895
Goodwill	148.644	148.484
Non-current financial assets	1.827	1.801
Deferred tax assets	2.234	2.252
Other non-current assets	983	834
Total non-current assets	237.203	236.430
Inventories	73.650	61.685
Trade receivables	41.094	36.696
Tax receivables	8.471	6.373
Other receivables	3.343	3.491
Cash and cash equivalents	36.755	58.825
Total current assets	163.313	167.070
TOTAL ASSETS	400.516	403.500
Share Capital	1.074	1.074
Share premium reserve	118.787	118.981
Reserves	21.187	21.192
Group profit (loss)	1.494	4.149
Total Group Shareholders' Equity	142.542	145.396
Equity of Non-controlling interests	17.661	15.256
Net profit / (loss) of the year of Non-controlling interest	733	2.351
Minority interests	18.394	17.607
Total Shareholders' Equity	160.936	163.003
Employee benefits	3.188	3.065
Provisions	729	729
Deferred tax liabilities	11.884	12.029
Non-current financial liabilities	136.445	138.083
Non-current lease liabilities	6.608	6.964
Other Non-Current Liabilities	635	612
Total non-current liabilities	159.489	161.482
Current financial liabilities	20.960	11.501
Current part of N-C Financial Liabilities	10.195	10.197
Current lease liabilities	1.556	1.552
Trade payables	36.855	39.949
Other payables	8.705	12.294
Current tax liabilities	1.820	3.522
Total current liabilities	80.091	79.015
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	400.516	403.500



PRESS RELEASE

Endless ways to the future

Consolidated Income Statement

(in Euro thousands)	31/03/2022	31/03/2021
Net sales	42.758	19.446
Other revenues and income	972	782
Total revenues and operating income	43.730	20.228
Costs for services, goods and other operating costs	-28.290	-11.573
Personnel costs	-8.167	-4.362
Total costs and other operating charges	-36.456	-15.935
Amortisation and depreciation	-3.183	-1.439
Provisions and write-downs	0	0
Operating profit/(loss)	4.091	2.854
Financial income and charges	-845	-97
Exchange gains/(losses)	-54	237
Profit/(loss) before tax	3.192	2.994
Income taxes	-965	-777
Profit/(loss) for the year	2.227	2.217
Non-controlling interests profit	733	224
Group profit/(loss)	1.494	1.993
Basic earnings per share	0,014	n/a
Diluted earnings per share	0,013	n/a

Consolidated Statement of Comprehensive Income

(in Euro thousands)	31/03/2022	31/03/2021
Net profit for the year	2.227	2.217
Other comprehensive income/(expense) which may be subsequently reclassified to the income statement:	498	332
Translation differences	498	332
Net gain/(loss) on Cash Flow Hedge	0	0
Other comprehensive income/(expense) which may not be subsequently reclassified to the income statement:	0	0
Discounting employee benefits	0	0
Tax effect discounting employee benefits	0	0
Total comprehensive income	498	332
Non-controlling interests	1.026	353
Parent company shareholders	1.698	2.197
Total comprehensive income	2.724	2.550



PRESS RELEASE

Endless ways to the future

Consolidated Cash Flow Statement

(in Euro thousands)	31/03/2022	31/03/2021
Net profit for the year	2.227	2.217
Income taxes	965	777
Amortization and depreciation	3.183	1.439
Provisions for risks, receivables and inventories	0	0
Change in employee benefits	123	70
Financial income/(charges)	845	97
Exchange gains/(losses)	54	-237
Costs for share-based payments	945	215
Cash flow before working capital changes	8.342	4.578
Change in trade receivables	-4.365	-3.206
Change in inventories	-11.965	-3.137
Change in trade payables	-3.029	-152
Other changes in tax receivables and payables	-4.767	4.069
Other changes in current receivables and payables	-3.433	-1.392
Other changes in non-current receivables and payables	-253	-285
Use of provisions for risks, receivables and inventories	0	0
Interest received	8	2
Interest paid	-170	-99
Exchange gains/(losses) realized	-157	336
Income taxes paid	0	0
Cash flow from operating activities (A)	-19.789	713
(Investments) /Disposals of property, plant and equipment	335	-200
(Investments) /Disposals of intangible assets	-4.134	-1.996
(Investments) /Disposals of financial assets	-25	110
Acquisition of business units net of cash and cash equivalents	0	0
Acquisition of subsidiaries net of cash and cash equivalents	0	0
Cash flow from investing activities (B)	-3.824	-2.086
New loan drawdowns	0	0
(Repayment) of bank loans	-1.640	-679
Change in current financial liabilities	8.776	-1.337
Repayment lease financial liabilities	-352	-161
Dividends paid	0	0
Paid-in capital increase	-203	0
Acquisition of treasury shares	-5.311	0
Acquisition of shares from minorities	-230	0
Cash flows from financing activities (C)	1.040	-2.177
Increase (decrease) in cash and cash equivalents (A+B+C)	-22.573	-3.550
Cash & cash equivalents at beginning of the year	58.825	23.678
Translation differences	503	332
Cash & cash equivalents at end of the year	36.755	20.460



PRESS RELEASE

Endless ways to the future

Consolidated Statement of Changes in Equity

(in Euro thousands)	01/01/2022	Share Capital increase	Allocation of profit	Dividendi distribuiti	Other changes	Comprehensive income/(loss)	31/03/2022
Share Capital	1.074	0	0	0	0	0	1.074
Legal reserve	289	0	0	0	0	0	289
Share premium reserve	118.981	0	0	0	-194	0	118.787
Other reserves	20.962	0	4.149	0	-4.357	0	20.754
Translation reserve	457	0	0	0	0	204	661
FTA reserve	-371	0	0	0	0	0	-371
Discounting of employee benefits	-146	0	0	0	0	0	-146
Group profit (loss)	4.149	0	-4.149	0	0	1.494	1.494
Group Shareholders' Equity	145.395	0	0	0	-4.551	1.698	142.542
Minority interests in shareholders funds	15.277	0	2.351	0	-240	294	17.682
Discounting of employee benefits	-21	0	0	0	0	0	-21
Minority interests in profit (loss)	2.351	0	-2.351	0	0	733	733
Minority interests	17.607	0	0	0	-240	1.027	18.394
Total Shareholders' Equity	163.002	0	0	0	-4.791	2.725	160.936

Fine Comunicato n.2358-58

Numero di Pagine: 12