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Testo del comunicato

Vedi allegato.



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SECO H1 2022 results

Board of Directors has approved the consolidated six-month results as of June 30, 2022

- Net sales at €94.1M in the first six months of 2022, +125% vs. H1 2021; organic growth at +61%, like-for-like growth (including acquisitions' results starting from 01.01.2021) at +49%
- Gross margin at €44.0M in the first six months of 2022, +€24.0M (+119%) vs. H1 2021 (46.8% of sales, substantially in line with 2021 FY)
- EBITDA adjusted at €20.1M in the first six months of 2022 (21.4% of sales), +€10.8M (+116%) vs. H1 2021
- €9.6M generated by the CLEA business (ca. 10% of sales), of which €5.9M in Q2 2022
- Order backlog at €174M as of 31.08.2022 vs. €101M on a like-for-like basis as of same period of 2021
- Cash generation for €3.2M in Q2 2022
- Energy costs at ca. €0.2M in H1 2022
- 2022 outlook: full-year revenue guidance confirmed at €200M

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

In this period, SECO’s growth trend has continued at significant pace, with a strong increase in net sales across all the main geographical areas (€94.1M in the first six months of 2022, +125.2% compared to the same period of 2021), an Adjusted EBITDA at €20.1M and an Adjusted Net income at €8.6M, growing by 116.3% and 85.7%, respectively, compared to the same period of the previous year.



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Massimo Mauri, CEO of SECO, commented: *"I am satisfied by the half-year results that, despite the persisting components' shortage and the complex macroeconomic scenario, show a strong growth in revenue and margins. The expansion of the CLEA business proves the effectiveness of our evolution strategy. The increase in the number of connected devices and customers interested in the functionalities of our IoT-AI software platform, together with the growth of the order backlog and the pipeline of new opportunities, allows us to confidently look at the remaining part of the year and 2023"*.

SECO's consolidated results in the period

Net sales rise from €41.8M in the first six months of 2021 to €94.1M as of June 30, 2022, growing by €52.3M (+125.2%). Organic growth amounted to 60.6%, while like-for-like growth is equal to 48.9%. Such increase derives from a significant growth of the sales volumes in the EMEA, USA and APAC regions.

In the first six months of the year the edge computing revenue (€84.5M) grew by 107% compared to the same period of 2021, thanks to an expansion of edge systems sales in the Industrial, Fitness, Vending and Medical sectors.

The spread of the CLEA business also continued in the first half of the year: revenue generated amounted to ca. €9.6M, growing by 965% compared to the same period of 2021.

Gross margin¹ rises from €20.1M (48.0% of the corresponding revenue) in the first six months of 2021 to €44.0M (46.8% of the corresponding revenue) as of June 30, 2022, increasing by €24.0M (+119.4%). This trend is essentially linked to the significant expansion of both the edge computing and CLEA 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 persistence of 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, as well as by the higher incidence of the CLEA business on the total turnover.

Adjusted EBITDA rises from €9.3M as of June 30, 2021 (22.3% of the corresponding revenue) to €20.1M as of June 30, 2022 (21.4% of the corresponding revenue), growing by €10.8M (+116.3%). This evolution is mainly due to the previously illustrated expansion of the business observed in the period, which led to generating an operating leverage effect. Incidence of energy costs, equal to €0.2M in the first half of the year, is not material.

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. €1.7M overall in H1 2022,

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.



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mainly including the actuarial (non-monetary) value of the three-year stock option plan attributed to some employees of the Group (ca. €1.5M) 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 €8.2M as of June 30, 2021 to €18.4M as of June 30, 2022, increasing by 124.1%.

Adjusted EBIT² changes from €6.0M (14.3% of the corresponding revenue) as of June 30, 2021 to €13.9M (14.8% of the corresponding revenue) as of June 30, 2022, with an increase of 133.4% as a result of the previously illustrated dynamics.

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 €4.9M as of June 30, 2021 to €11.8M as of June 30, 2022, increasing by 140.8%.

Adjusted Net income³ increases from €4.6M (11.1% of the corresponding revenue) in the first six months of 2021 to €8.6M (9.2% of the corresponding revenue) as of June 30, 2022, increasing by 85.7%.

In addition to the previously illustrated dynamics, financial expenses were €1.9M higher vs. H1 2021, largely due to the acquisition financing of Garz & Fricke (now SECO Northern Europe).

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 €3.6M as of June 30, 2021 to €6.8M as of June 30, 2022, increasing by 88.9%.

Adjusted net financial debt changes from a €125.8M net debt as of March 31, 2022 to a net debt of €122.6M as of June 30, 2022, with an improvement of €3.2M as a result of the business profitability and the positive net working capital management.

Compared to the value observed as of December 31, 2021, equal to €97.5M, this indicator shows an increase of €25.1M. Such change is linked for ca. €22M to the significant increase of the inventory, aimed at sustaining the continued growth of the business and maximizing the quantity of components available for SECO in a context still heavily impacted by the shortage, thus ensuring the continuity of deliveries to its customers.

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 (€8.1M as of June 30, 2022), and the VAT credit (€1.6M as of June 30, 2022), which is structurally generated by SECO as a regular exporter and can be cashed in through factoring without recourse.

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 above-mentioned adjustments, the net financial debt changes from a €139.0M net debt as of March 31, 2022 to a net debt of €132.4M as of June 30, 2022, improving by ca. €6.6M.

SECO outlook on the status of the business

Although the market scenario, still impacted by the persistence of the shortage of components, is complicated by a difficult macroeconomic context, SECO continues to record a strong business acceleration: in fact, the positive trend in the acquisition of new customers and business opportunities also continued in the first half of 2022 which contributed to generate a high organic growth.

The significant increase, compared to 2021, in order intake levels (with €31M new orders collected in May, the highest monthly order intake value since SECO's establishment) and order backlog, the design wins with new and existing customers that will enter mass production, as well as the important technological and product developments that SECO will continue to introduce during 2022 are expected to make the important organic growth trend generated by the Group in the first six months of the year, continue also in the remaining quarters.

It is observed, in fact, a considerable growth in demand from new and existing customers, which has generated an important increase in the order backlog, equal to €174M as of August 31, 2022 (vs. €101M observed, on a like-for-like basis, in 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, we continue to observe an increase in the number of devices connected to the IoT-AI platform, as well as the number of existing or potential customers that are currently testing its functionalities. Also, by virtue of the recently signed partnerships, the portfolio of applications offered through CLEA is constantly being enriched, with a range of new solutions and functionalities that will be available on the market starting from the second half of the year.

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

Finally, even considering a market environment heavily impacted by the trend of the key macroeconomic indicators and the persisting difficulties along the supply chain, SECO believes it can express growth rates higher than the market, thanks to its competitive positioning and the uniqueness of its edge and AI solutions offering.

The full-year revenue guidance at €200M, already communicated to the market on April 19, 2022, is therefore confirmed.



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Conference call

The results as of June 30, 2022 will be illustrated on September 12, 2022, at 16.00 (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/tZMvciuvqDMvGt1490K5cGm0LeHEv95L2IEE>

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.



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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, that allows clients to gather insightful data from their on-field devices in real time. SECO employs almost 900 people worldwide and operates through 5 production plants, 10 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, not subject to independent auditing, are illustrated below.

Consolidated Statement of Financial Position

(in Euro thousands)	30/06/2022	31/12/2021
Property, Plants and Equipments	16.290	16.797
Intangible assets	59.401	56.367
Rights of use	9.405	9.895
Goodwill	149.199	148.484
Non-current financial assets	11.407	1.801
Deferred tax assets	2.255	2.252
Other non-current assets	738	834
Total non-current assets	248.695	236.430
Inventories	83.875	61.685
Trade receivables	48.907	36.696
Tax receivables	5.284	6.373
Other receivables	2.945	3.491
Cash and cash equivalents	35.564	58.825
Total current assets	176.575	167.070
TOTAL ASSETS	425.270	403.500
Share Capital	1.076	1.074
Share premium reserve	119.003	118.981
Reserves	29.588	21.192
Group profit (loss)	4.703	4.149
Total Group Shareholders' Equity	154.370	145.395
Equity of Non-controlling interests	18.053	15.256
Net profit / (loss) of the year of Non-controlling interest	2.053	2.351
Minority interests	20.106	17.607
Total Shareholders' Equity	174.476	163.003
Employee benefits	3.283	3.065
Provisions	730	729
Deferred tax liabilities	13.893	12.029
Non-current financial liabilities	131.580	138.083
Non-current lease liabilities	6.404	6.964
Other Non-Current Liabilities	8	612
Total non-current liabilities	155.897	161.482
Current financial liabilities	16.473	11.501
Current part of N-C Financial Liabilities	11.730	10.197
Current lease liabilities	1.741	1.552
Trade payables	49.861	39.949
Other payables	11.157	12.294
Current tax liabilities	3.935	3.521
Total current liabilities	94.897	79.015
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	425.270	403.500



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Consolidated Income Statement

(in Euro thousands)	30/06/2022	30/06/2021
Net Sales	94.108	41.794
Other Revenues	2.151	1.436
Consumption Costs	(71.725)	(25.797)
Changes in Inventories	21.661	4.077
Costs for services	(9.252)	(3.583)
Personnel costs	(16.824)	(9.205)
Depreciation and amortization	(6.468)	(2.997)
Accruals and Provisions	(4)	(30)
Other Operating Costs	(1.852)	(797)
Operating Profit	11.794	4.897
Financial income	17	4
Financial costs	(2.182)	(258)
Exchange gains/losses	167	329
Profit / (loss) before tax	9.796	4.972
Income taxes	(3.040)	(1.395)
Profit / (loss) for the year	6.756	3.576
Minorities Profit / (loss) for the year	2.053	667
Group Profit / (loss) for the year	4.703	2.910
Earning per Share	0,02	0,04
Diluted Earning per Share	0,02	0,04

Consolidated Statement of Comprehensive Income

(in Euro thousands)	30/06/2022	30/06/2021
Net profit for the year	6.756	3.576
Other comprehensive income/(expense) which may be subsequently reclassified to the income statement:	9.329	304
Translation differences	1.317	304
Net gain/(loss) on Cash Flow Hedge	8.012	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	9.329	304
Non-controlling interests	2.739	807
Parent company shareholders	13.345	3.073
Total comprehensive income	16.084	3.880



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Consolidated Cash Flow Statement

(in Euro thousands)	30/06/2022	30/06/2021
Net profit for the year	6.756	3.576
Income taxes	3.040	1.395
Amortization & depreciation	6.468	2.997
Provisions for risks, receivables and inventories	0	0
Change in employee benefits	218	-91
Financial income/(charges)	2.165	255
Exchange gains/(losses)	-167	-329
Costs for share-based payments	1.330	1.127
Cash flow before working capital changes	19.810	8.931
Change in trade receivables	-11.866	-4.146
Change in inventories	-22.190	-4.015
Change in trade payables	9.281	2.898
Other changes in tax receivables and payables	-1.537	3.127
Other changes in current receivables and payables	-1.191	-613
Other changes in non-current receivables and payables	-337	-10
Use of provisions for risks, receivables and inventories	0	0
Interest received	17	4
Interest paid	-1.728	-258
Exchange gains/(losses) realized	154	383
Income taxes paid	0	0
Cash flow from operating activities (A)	-9.587	6.301
(Investments) /Disposals of property, plant and equipment	-1.163	-889
(Investments) /Disposals of intangible assets	-6.911	-4.580
(Investments) /Disposals of financial assets	-67	113
Acquisition of business units net of cash and cash equivalents	0	-5.806
Acquisition of subsidiaries net of cash and cash equivalents	0	0
Cash flow from investing activities (B)	-8.141	-11.162
New loan drawdowns	0	0
(Repayment) of bank loans	-4.970	-2.378
Change in current financial liabilities	5.279	-2
Repayment lease financial liabilities	-803	-303
Dividends paid	0	0
Paid-in capital increase	-400	93.963
Acquisition of treasury shares	-5.311	0
Acquisition of shares from minorities	-230	0
Cash flows from financing activities (C)	-6.434	91.279
Increase (decrease) in cash and cash equivalents (A+B+C)	-24.162	86.418
Cash & cash equivalents at beginning of the year	58.825	23.678
Translation differences	902	304
Cash & cash equivalents at end of the year	35.564	110.400



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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)	30/06/2022
Share Capital	1.074	0	0	0	2	0	1.076
Legal reserve	289	0	0	0	0	0	289
Share premium reserve	118.981	0	0	0	22	0	119.003
Other reserves	20.962	0	4.149	0	-4.396	8.012	28.728
Translation reserve	457	0	0	0	0	631	1.088
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	4.703	4.703
Group Shareholders' Equity	145.395	0	0	0	-4.372	13.347	154.370
Minority interests in shareholders funds	15.277	0	2.351	0	-240	685	18.073
Discounting of employee benefits	-21	0	0	0	0	0	-21
Minority interests in profit (loss)	2.351	0	-2.351	0	0	2.053	2.053
Minority interests	17.607	0	0	0	-240	2.738	20.106
Total Shareholders' Equity	163.003	0	0	0	-4.612	16.085	174.476

Fine Comunicato n.2358-88

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