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<i>Testo del comunicato</i>

Vedi allegato.



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SECO Q1 2023 results

Board of Directors has approved the consolidated results as of March 31, 2023

- Net sales at €54.6M in the first three months of 2023, organic growth at +28% compared to the same period of 2022
- Gross margin at €26.0M in the first three months of 2023 (47.5% of Net sales, vs. 47.0% as of 31.03.22), +€5.9M (+29%) compared to the same period of 2022
- EBITDA adjusted at €12.0M in the first three months of 2023 (22.0% of Net sales, vs. 20.0% as of 31.03.22), +€3.4M (+40%) compared to the same period of 2022
- Adjusted Net income at €4.5M in the first three months of 2023 (8.3% of Net sales, vs. 8.1% as of 31.03.22), +€1.1M (+31%) compared to the same period of 2022
- €6.4M generated by the CLEA business (12% of Net sales) in the first three months of 2023

Arezzo, May 11, 2023 – The Board of Directors of SECO S.p.A. (“SECO”), which met today, has approved the consolidated results for the first three months of 2023.

In this period, SECO’s growth trend has continued at a significant pace, with a strong increase in net sales across all the main geographical areas (€54.6M in the first three months of 2023, +27.7% compared to the same period of 2022), an Adjusted EBITDA at €12.0M and an Adjusted Net income at €4.5M, growing by 39.9% and 30.6%, respectively, compared to the same period of the previous year.



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Massimo Mauri, CEO of SECO, commented: *“The three-month results show a robust organic growth and a progressive profitability expansion. More and more companies recognize digitalization as an area in which to invest to increase their competitive advantage, introducing services and functionalities based on edge computing, IoT and data analytics into their business model. SECO is perfectly positioned to provide innovative solutions to these customers”.*

SECO's consolidated results in the period

Net sales rise from €42.8M in the first three months of 2022 to €54.6M as of March 31, 2023, growing by €11.8M (+27.7%). Such increase derives from a significant growth of the sales volumes in the EMEA, USA and APAC regions.

In the first three months of the year the edge computing revenue (€48.2M) grew by 23% compared to the same period of 2022, thanks to an expansion of edge systems sales in several sectors, including Industrial, Transportation, Vending and Medical.

The growth of the CLEA business also continued: in the first three months of the year, revenue generated amounted to €6.4M, growing by 75% compared to the same period of 2022.

Gross margin¹ grows from €20.1M (47.0% of the corresponding revenue) in the first three months of 2022 to €26.0M (47.5% of the corresponding revenue) as of March 31, 2023, increasing by €5.9M (+29.1%). This trend is essentially linked to the significant expansion of both the edge computing and CLEA businesses, each of them showing significant organic growth. The incidence on revenue shows an improvement compared to the same period of 2022: the price increase actions taken by SECO during the last quarters, as well as the higher incidence of the CLEA business on the total turnover, have contributed to balance the effects of the increase in prices observed on the market for the purchase of components used by SECO in its manufacturing processes.

Adjusted EBITDA grows from €8.6M as of March 31, 2022 (20.0% of the corresponding revenue) to €12.0M (22.0% of the corresponding revenue) as of March 31, 2023, increasing by €3.4M (+39.9%). This evolution is mainly due to the expansion of the business observed in the period, which led to generating an operating leverage effect and a higher OPEX absorption; the incidence of OPEX on revenue changed from 32% as of March 31, 2022 to 29% in the first three months of 2023.

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. €0.6M overall in the first three months of 2023, mainly including the actuarial (non-monetary) value of the three-year stock option plan attributed to some employees of the Group (ca. €0.4M) and some non-recurring costs linked to extraordinary transactions carried out by SECO (ca. €0.3M).

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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Gross of the above-mentioned adjustments, the EBITDA rises from €7.2M as of March 31, 2022 to €11.4M as of March 31, 2023, increasing by 57.3%.

Adjusted EBIT² changes from €5.7M (13.3% of the corresponding revenue) as of March 31, 2022 to €8.1M (14.8% of the corresponding revenue) as of March 31, 2023, with an increase of 41.8% 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 €4.1M as of March 31, 2022 to €6.7M as of March 31, 2023, increasing by 63.0%.

Adjusted Net income³ increases from €3.5M (8.1% of the corresponding revenue) in the first three months of 2022 to €4.5M (8.3% of the corresponding revenue) as of March 31, 2023, increasing by 30.6%.

In addition to the previously illustrated dynamics, financial expenses were ca. €1.2M higher compared to the same period of 2022, largely due to the increase in market interest rates on short-term credit lines and medium/long-term bank debt.

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, 2022 to €3.3M as of March 31, 2023, increasing by 46.1%.

Adjusted net financial debt changes from a €118.8M net debt as of as of December 31, 2022 to a net debt of €124.0M as of March 31, 2023.

Such change is mainly linked to higher financial expenses due to the increase in market interest rates, as well as to the growth of trade receivables deriving from the business expansion.

In addition, on April 2, 2023 a capital increase for total €65,0M reserved to 7-Industries B.V. was resolved by the Board of Directors⁴. Considering this cash injection, the adjusted net financial debt as of March 31, 2023 would have been equal to €59,0M.

To calculate this indicator, adjustments have been made considering current and non-current financial liabilities deriving from leases, accounted for as a result of the application of IFRS 16 (€7.3M as of March 31, 2023), and the VAT credit (€2.5M

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, and the amortization deriving from the Purchase Price Allocation related to the acquisition of the Garz & Fricke Group and the contribution in kind by Camozzi Digital S.r.l..

³ *Adjusted Net Income*: corresponds to the result of the period gross of the effects of non-recurring items, transactions that the directors consider as not related to the Group's operating performance, and the amortization deriving from the Purchase Price Allocation related to the acquisition of the Garz & Fricke Group and the contribution in kind by Camozzi Digital S.r.l., considered taking into account an estimated tax effect based on a 24% tax rate (IRES tax rate).

⁴ On April 6, 2023, at the closing of the first tranche of the transaction, €56.3M was paid. The closing of the second tranche (€8.7M) is subject to the obtainment of the required authorizations.



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as of March 31, 2023), which is structurally generated by SECO as a regular exporter and can be cashed in through factoring without recourse.

Gross of the above-mentioned adjustments, the net financial position changes from a net debt of €128.8M as of December 31, 2022 to a net debt of €133.8M as of March 31, 2023.

Significant events occurred after the end of the reporting period

On April 2, 2023 the Board of Directors has resolved a capital increase for total €65.0M reserved to 7-Industries B.V., through the issue of 13,859,276 new ordinary shares. The transaction allowed the investment by a high-profile shareholder with a long-term investment horizon and significant experience in the industrial and technological fields. In addition, this deal enables SECO to increase its financial flexibility and resources to undertake further investments to support its expansion.

Following the completion of the closing, 7-Industries will hold 11.25% of SECO's share capital, including also the purchase of further 1,066,098 shares from the shareholders DSA S.r.l., HSE S.r.l. and HCE S.r.l.. On April 6, 2023, at the closing of the first tranche of the transaction, the first €56.3M of the capital increase was paid. The closing of the second tranche (€8.7M) is subject to the obtainment of the required authorizations.

SECO outlook on the status of the business

Even considering a macroeconomic environment characterized by expectations of a global slowdown, SECO believes it can continue to express, thanks to its competitive positioning and the uniqueness of its offering, growth rates higher than the market in light of a robust demand of edge computing, IoT and AI solutions.

Conference call

The results as of March 31, 2023 will be illustrated on May 15, 2023, 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/tZUlf-mgqTsoE9I-jS-sah694VmZ3btNz7Mx>



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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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About 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 8 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: <https://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)	31/03/2023	31/12/2022
Property, Plants and Equipments	17.040	17.095
Intangible Assets	102.630	102.044
Right of Use	8.537	8.986
Goodwill	165.346	165.508
Non-current financial assets	17.373	17.431
Deferred tax assets	2.545	2.516
Other non-current assets	2.284	1.406
Total non-current assets	315.756	314.985
Inventories	83.366	83.277
Trade receivables	55.570	49.233
Current tax assets	4.445	4.696
Other receivables	4.448	3.450
Cash and Cash Equivalents	36.049	39.586
Total current assets	183.878	180.243
TOTAL ASSETS	499.633	495.228
Share capital	1.155	1.154
Reserves	168.937	168.543
Translation reserve	46.023	35.043
Net profit / (loss) of the year	2.564	11.039
Total Group Shareholders' Equity	218.679	215.779
Equity of Non-controlling interests	20.418	17.244
Net profit / (loss) of the year of Non-controlling interest	690	3.530
Minority interests	21.107	20.774
Total Shareholders' Equity	239.786	236.553
Employee Benefits	2.933	2.827
Provisions	1.343	1.402
Deferred tax liabilities	26.244	25.911
Non-current financial liabilities	128.538	129.213
Non-current lease liabilities	5.712	6.077
Other non-current liabilities	8	8
Total non-current liabilities	164.778	165.438
Current financial liabilities	23.644	21.675
Current part of N-C Financial Liabilities	10.348	9.705
Current lease liabilities	1.610	1.719
Trade payables	43.388	44.009
Other payables	11.267	12.257
Current tax liabilities	4.814	3.871
Total current liabilities	95.070	93.236
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	499.633	495.228



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Consolidated Income Statement

(in Euro thousands)	31/03/2023	31/03/2022
Net sales	54.605	42.758
Other revenues and income	1.115	972
Total revenues and operating income	55.720	43.730
Costs for services, goods and other operating costs	(35.206)	(28.290)
Personnel costs	(9.187)	(8.167)
Total costs and other operating charges	(44.392)	(36.456)
Amortization and depreciation	(4.657)	(3.183)
Provisions and write-downs	-	-
Operating profit	6.670	4.091
Financial income and charges	(2.004)	(845)
Exchange gains/(losses)	27	(54)
Profit before tax	4.693	3.192
Income taxes	(1.439)	(965)
Profit for the period	3.254	2.227
Non-controlling interests profit	690	733
Group profit	2.564	1.494
Basic earnings per share	0,02	0,01
Diluted earnings per share	0,02	0,01

Consolidated Statement of Comprehensive Income

(in Euro thousands)	31/03/2023	31/03/2022
Net profit for the year	3.254	2.227
Other comprehensive income/(expense) which may be subsequently reclassified to the income statement:	(543)	498
Translation differences	(543)	498
Net gain/(loss) on Cash Flow Hedge	-	-
Other comprehensive income/(expense) which may not be subsequently reclassified to the income statement:	-	-
Discounting employee benefits	-	-
Tax effect discounting employee benefits	-	-
Total comprehensive income	(543)	498
Non-controlling interests	552	1.027
Parent company shareholders	2.159	1.698
Total comprehensive income	2.711	2.725



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Consolidated Cash Flow Statement

(in Euro thousands)	31/03/2023	31/03/2022
Net profit for the year	3.254	2.227
Income taxes	1.439	965
Amortization & depreciation	4.657	3.183
Provisions for risks, receivables and inventories	-	-
Change in employee benefits	106	123
Financial income/(charges)	2.004	845
Exchange gains/(losses)	(27)	54
Costs for share-based payments	396	945
Cash flow before working capital changes	11.829	8.342
Change in trade receivables	(6.213)	(4.365)
Change in inventories	(89)	(11.965)
Change in trade payables	(990)	(3.029)
Other changes in tax receivables and payables	(245)	(4.767)
Other changes in current receivables and payables	(2.046)	(3.433)
Other changes in non-current receivables and payables	(575)	(253)
Use of provisions for risks, receivables and inventories	-	-
Interest received	61	8
Interest paid	(588)	(170)
Exchange gains/(losses) realized	268	(157)
Income taxes paid	-	-
Cash flow from operating activities (A)	1.412	(19.789)
(Investments) /Disposals of property, plant and equipment	(1.039)	335
(Investments) /Disposals of intangible assets	(3.700)	(4.134)
(Investments) /Disposals of financial assets	58	(25)
Acquisition of business units net of cash and cash equivalents	-	-
Acquisition of subsidiaries net of cash and cash equivalents	-	-
Cash flow from investing activities (B)	(4.681)	(3.824)
New loan drawdowns	-	-
(Repayment) of bank loans	(33)	(1.640)
Change in current financial liabilities	540	8.776
Repayment lease financial liabilities	(474)	(352)
Dividends paid	-	-
Paid-in capital increase	266	(203)
Acquisition of treasury shares	-	(5.311)
Acquisition of shares from minorities	(140)	(230)
Cash flows from financing activities (C)	159	1.040
Increase (decrease) in cash and cash equivalents (A+B+C)	(3.110)	(22.573)
Cash & cash equivalents at beginning of the year	39.586	58.825
Translation differences	(427)	503
Cash & cash equivalents at end of the year	36.049	36.755



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Consolidated Statement of Changes in Equity

(in Euro thousands)	01/01/2023	Share Capital increase	Allocation of profit	Dividends paid	Other changes	Comprehensive income/(loss)	31/03/2023
Share Capital	1.154	1	-	-	-	-	1.155
Legal reserve	289	-	-	-	-	-	289
Share premium reserve	168.543	-	-	-	394	-	168.937
Other reserves	34.365	-	11.039	-	345	-	45.749
Translation reserve	545	-	-	-	-	(405)	140
FTA reserve	(371)	-	-	-	-	-	(371)
Discounting of employee benefits	215	-	-	-	-	-	215
Group profit (loss)	11.039	-	(11.039)	-	-	2.564	2.564
Group Shareholders' Equity	215.779	1	-	-	739	2.159	218.678
Minority interests in shareholders funds	17.250	-	3.530	-	(219)	(138)	20.423
Discounting of employee benefits	(7)	-	-	-	-	-	(7)
Minority interests in profit (loss)	3.530	-	(3.530)	-	-	690	690
Minority interests	20.774	-	-	-	(219)	552	21.107
Total Shareholders' Equity	236.553	1	-	-	520	2.711	239.785

Fine Comunicato n.2358-64

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