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<i>Testo del comunicato</i>

Vedi allegato.



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SECO H1 2023 results

Board of Directors has approved the consolidated six-month results as of June 30, 2023

Profitability rises in Q2 2023: Gross margin at 51.6% of Net sales and EBITDA adjusted at 25.4% of Net sales in the quarter

- **Net sales at €111.9M in the first six months of 2023, organic growth at +19% compared to the same period of 2022**
- **€10.8M generated by the CLEA business (10% of Net sales) in the first six months of 2023, +€1.2M (+12%) compared to the same period of 2022**
- **Gross margin at €55.5M in the first six months of 2023 (49.6% of Net sales), +€11.5M (+26%) compared to the same period of 2022**
- **EBITDA adjusted at €26.5M in the first six months of 2023 (23.7% of Net sales), +€6.4M (+32%) compared to the same period of 2022**
- **Adjusted Net income at €12.6M in the first six months of 2023 (11.3% of Net sales), +€4.0M (+46%) compared to the same period of 2022**
- **Increased financial flexibility to support SECO's expansion plans, after the closing of the capital increase by 7-Industries**
- **The Board of Directors of SECO has also appointed Lorenzo Tosi to manage the Investor Relations activities**



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Arezzo, September 12, 2023 – The Board of Directors of SECO S.p.A. (“**SECO**”), which met today, has approved the consolidated results for the first six months of 2023.

In this period, SECO’s growth trend has continued with a strong increase in net sales across all the main geographical areas (€111.9M in the first six months of 2023, +18.9% compared to the same period of 2022), an Adjusted EBITDA at €26.5M and an Adjusted Net income at €12.6M, growing by 31.8% and 46.4%, respectively, compared to the same period of the previous year.

Massimo Mauri, CEO of SECO, commented: “The six-month results represent a signal of the soundness of our strategy: despite a complex macroeconomic context, our business continues to grow, thanks to the robust demand for digitalization coming from companies. The components’ shortage situation is improving, with a normalization of the prices on the market which has contributed to the positive expansion of our profitability. Thanks to the closing of the deal with 7-Industries, our financial leverage has significantly reduced, providing us with new flexibility to accelerate SECO’s growth, also through acquisitions. The digital revolution is only just starting, and we are perfectly positioned to support our customers to evolve their business model, harnessing edge computing, IoT and data analytics services and functionalities.”

SECO’s consolidated results in the period

Net sales rise from €94.1M in the first six months of 2022 to €111.9M as of June 30, 2023, growing by €17.8M (+18.9%). 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 (€101.1M) grew by 20% compared to the same period of 2022, thanks to an expansion of edge systems sales in several vertical sectors served by the Group.

The growth of the CLEA business also continued: in the first six months of the year, revenue generated amounted to €10.8M, growing by 12% compared to the same period of 2022.

Gross margin¹ grows from €44.0M (46.8% of the corresponding revenue) in the first six months of 2022 to €55.5M (49.6% of the corresponding revenue) as of June 30, 2023, increasing by €11.5M (+26.0%). This trend is essentially linked to the significant expansion of both the edge computing and CLEA businesses, each of them showing significant organic growth. This indicator shows an important improvement compared to the same period of 2022 as a result of the growth of the CLEA

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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business relative to the total turnover and the gradual stabilization of the market for raw materials and components used by SECO in its manufacturing processes.

Adjusted EBITDA grows from €20.1M as of June 30, 2022 (21.4% of the corresponding revenue) to €26.5M (23.7% of the corresponding revenue) as of June 30, 2023, increasing by €6.4M (+31.8%). This evolution is mainly due to the expansion of the business observed in the period.

To calculate Adjusted EBITDA, some adjustments have been made to account for the amount of some items that are non-recurring or not related to the Group's operating performance: in particular, these items amount to ca. €0.4M overall in the first six months of 2023².

Gross of the above-mentioned adjustments, the EBITDA rises from €18.4M as of June 30, 2022 to €26.1M as of June 30, 2023, increasing by 41.8%.

Adjusted EBIT³ changes from €13.9M (14.8% of the corresponding revenue) as of June 30, 2022 to €18.0M (16.1% of the corresponding revenue) as of June 30, 2023, with an increase of 29.2% 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 €11.8M as of June 30, 2022 to €15.6M as of June 30, 2023, increasing by 32.5%.

Adjusted Net income⁴ increases from €8.6M (9.2% of the corresponding revenue) in the first six months of 2022 to €12.6M (11.3% of the corresponding revenue) as of June 30, 2023, increasing by 46.4%.

In addition to the previously illustrated dynamics, financial expenses were ca. €0.6M 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 €6.8M as of June 30, 2022 to €10.1M as of June 30, 2023, increasing by 48.8%.

² These items mainly include the actuarial (non-monetary) value of the three-year stock option plan attributed to some employees of the Group (€0.7M), some non-recurring costs linked to extraordinary transactions carried out by SECO (€0.7M) and foreign exchange income (€1.0M).

³ *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..

⁴ *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).



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Adjusted net financial debt⁵ changes from a €118.8M net debt as of as of December 31, 2022 to a net debt of €60.2M as of June 30, 2023.

Such change is mainly linked to a capital increase for total €65.0M by 7-Industries B.V..

SECO outlook on the status of the business

Despite the expectations of a general economic slowdown, in an environment characterized by still elevated inflation levels and high interest rates, SECO's strategic positioning and the uniqueness of its offering, combined with its order portfolio, new projects entering mass production, and the volume of ongoing negotiations, inspire confidence in the outlook for full year 2023.

Therefore, SECO expects a continuation, in the coming quarters of the year, of the significant organic growth trend and a robust profitability, also thanks to a capital structure with recovered flexibility.

Conference call

The results as of June 30, 2023 will be illustrated on September 13, 2023, at 15.30 (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/tZEtf-mrrzkoEtOtOFqtTMf-GOxR4s4gFOaO>

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The Board of Directors of SECO has also appointed Lorenzo Tosi to manage the Investor Relations activities. Lorenzo Tosi takes on this role after two years within the Investor Relations team at SECO. Previously, Tosi gained experience in auditing at PricewaterhouseCoopers, and holds a master's degree in Finance and Quantitative Methods for Economics from the University of Perugia and the Plekhanov Russian University of Economics in Moscow.

Tosi takes the role from Marco Parisi, who was appointed during the IPO process and will continue his professional career in the SECO's Finance team with the role of foreign subsidiaries controlling manager. The CEO Massimo Mauri, on behalf

⁵ 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 (€7.0M as of June 30, 2023), and the VAT credit (€2.0M as of June 30, 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 €69.2M as of June 30, 2023.



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of the Board of Directors of SECO, would like to thank Mr. Parisi for his professional contribution and for proficiently helping, from the IPO to date, make SECO known to the financial community and to manage relations with stakeholders.

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 recognized 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) is a high-tech company that develops and manufactures cutting-edge solutions for the digitalization of industrial products and processes. SECO's hardware and software offering enables B2B companies to introduce edge computing, Internet of Things, data analytics and artificial intelligence in their businesses. SECO's technology spans across multiple fields of application: serving more than 450 customers, operating in sectors such as Medical, Industrial Automation, Fitness, Vending, Transportation and many others. Enabling to accurately monitor the functioning of on-field devices, SECO solutions contribute to creating low environmental impact business models thanks to a more efficient use of resources.

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)	30/06/2023	31/12/2022
Property, Plants and Equipment	16.612	17.095
Intangible assets	102.561	102.044
Rights of use	8.082	8.986
Goodwill	165.353	165.508
Non-current financial assets	16.606	17.431
Deferred tax assets	2.604	2.516
Other non-current assets	2.582	1.406
Total non-current assets	314.400	314.985
Inventories	81.820	83.277
Trade receivables	62.980	49.233
Tax receivables	3.696	4.696
Other receivables	3.776	3.450
Cash and cash equivalents	75.831	39.586
Total current assets	228.103	180.243
TOTAL ASSETS	542.503	495.228
Share Capital	1.296	1.154
Share premium reserve	233.835	168.543
Reserves	44.910	35.043
Group profit (loss)	8.218	11.039
Total Group Shareholders' Equity	288.259	215.779
Equity of Non-controlling interests	19.612	17.244
Net profit / (loss) of the year of Non-controlling interest	1.832	3.530
Minority interests	21.444	20.774
Total Shareholders' Equity	309.703	236.553
Employee benefits	2.908	2.827
Provisions	1.426	1.402
Deferred tax liabilities	25.734	25.911
Non-current financial liabilities	112.261	129.213
Non-current lease liabilities	5.386	6.077
Other Non-Current Liabilities	8	8
Total non-current liabilities	147.723	165.438
Current financial liabilities	16.198	21.675
Current part of N-C Financial Liabilities	9.588	9.705
Current lease liabilities	1.594	1.719
Trade payables	42.269	44.009
Other payables	9.557	12.257
Current tax liabilities	5.871	3.871
Total current liabilities	85.077	93.236
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	542.503	495.228



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Consolidated Income Statement

(in Euro thousands)	30/06/2023	30/06/2022
Net Sales	111.870	94.108
Other Revenues	2.080	2.151
Consumption Costs	(54.936)	(71.725)
Changes in Inventories	(1.430)	21.661
Costs for services	(10.161)	(9.252)
Personnel costs	(19.753)	(16.824)
Depreciation and amortization	(9.504)	(6.468)
Accruals and Provisions	-	(4)
Other Operating Costs	(2.541)	(1.852)
Operating Profit	15.624	11.794
Financial income	1.319	17
Financial costs	(4.055)	(2.182)
Exchange gains/losses	1.000	167
Profit / (loss) before tax	13.888	9.796
Income taxes	(3.838)	(3.040)
Profit / (loss) for the year	10.050	6.756
Minorities Profit / (loss) for the year	1.832	2.053
Group Profit / (loss) for the year	8.218	4.703
Earning per Share	0,07	0,02
Diluted Earning per Share	0,06	0,02

Consolidated Statement of Comprehensive Income

(in Euro thousands)	30/06/2023	30/06/2022
Net profit for the year	10.050	6.756
Other comprehensive income/(expense) which may be subsequently reclassified to the income statement:	(2.388)	9.329
Translation differences	(1.759)	1.317
Net gain/(loss) on Cash Flow Hedge	(629)	8.012
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	(2.388)	9.329
Non-controlling interests	764	2.739
Parent company shareholders	6.898	13.345
Total comprehensive income	7.663	16.084



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Consolidated Cash Flow Statement

(in Euro thousands)	30/06/2023	30/06/2022
Net profit for the year	10.051	6.756
Income taxes	3.838	3.040
Amortization & depreciation	9.504	6.468
Provisions for risks, receivables and inventories	-	-
Change in employee benefits	81	218
Financial income/(charges)	2.736	2.165
Exchange gains/(losses)	(1.000)	(167)
Costs for share-based payments	669	1.330
Cash flow before working capital changes	25.879	19.810
Change in trade receivables	(13.491)	(11.866)
Change in inventories	1.457	(22.190)
Change in trade payables	(2.362)	9.281
Other changes in tax receivables and payables	469	(1.537)
Other changes in current receivables and payables	(3.001)	(1.191)
Other changes in non-current receivables and payables	(1.244)	(337)
Use of provisions for risks, receivables and inventories	-	-
Interest received	1.319	17
Interest paid	(2.901)	(1.728)
Exchange gains/(losses) realized	846	154
Income taxes paid	(1.307)	-
Cash flow from operating activities (A)	5.665	(9.587)
(Investments) /Disposals of property, plant and equipment	(1.288)	(1.163)
(Investments) /Disposals of intangible assets	(7.293)	(6.911)
(Investments) /Disposals of financial assets	-	-
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)	(8.580)	(8.141)
New loan drawdowns	-	-
(Repayment) of bank loans	(17.070)	(4.970)
Change in current financial liabilities	(6.583)	5.279
Repayment lease financial liabilities	(869)	(803)
Dividends paid	-	-
Paid-in capital increase	64.993	(400)
Acquisition of treasury shares	-	(5.311)
Acquisition of shares from minorities	(173)	(230)
Cash flows from financing activities (C)	40.299	(6.434)
Increase (decrease) in cash and cash equivalents (A+B+C)	37.383	(24.162)
Cash & cash equivalents at beginning of the year	39.586	58.825
Translation differences	(1.138)	902
Cash & cash equivalents at end of the year	75.831	35.564



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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	Acquisition/ incorporation of consolidated companies	Comprehensive income/(loss)	30/06/2023
Share Capital	1.154	138	-	-	4	-	-	1.296
Legal reserve	289	-	-	-	-	-	-	289
Share premium reserve	168.543	63.636	-	-	1.655	-	-	233.834
Other reserves	34.365	-	11.039	-	148	-	(629)	44.924
Translation reserve	545	-	-	-	-	-	(691)	(145)
FTA reserve	(371)	-	-	-	-	-	-	(371)
Discounting of employee benefits	215	-	-	-	-	-	-	215
Group profit (loss)	11.039	-	(11.039)	-	-	-	8.218	8.218
Group Shareholders' Equity	215.779	63.774	-	-	1.807	-	6.898	288.260
Minority interests in shareholders funds	17.250	-	3.530	-	(94)	-	(1.068)	19.618
Discounting of employee benefits	(7)	-	-	-	-	-	-	(7)
Minority interests in profit (loss)	3.530	-	(3.530)	-	-	-	1.832	1.832
Minority interests	20.773	-	-	-	(94)	-	764	21.443
Total Shareholders' Equity	236.552	63.774	-	-	1.713	-	7.662	309.703

Fine Comunicato n.2358-92

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