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Oggetto : SECO: 2023 nine-months results

<i>Testo del comunicato</i>
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Vedi allegato.

## SECO: 2023 nine-months results

Board of Directors has approved the consolidated results as of September 30, 2023

- Net sales at €162.1M in the first nine months of 2023, organic growth at +12% compared to the same period of 2022
- €16.3M generated by the Clea business (10% of Net sales) in the first nine months of 2023, +€1.7M (+12%) compared to the same period of 2022
- Gross margin at €80.3M in the first nine months of 2023 (49.5% of Net sales), +€12.2M (+18%) compared to the same period of 2022
- Adjusted EBITDA at €37.3M in the first nine months of 2023 (23.0% of Net sales), +€5.2M (+16%) compared to the same period of 2022
- Adjusted Net income at €16.2M in the first nine months of 2023 (10.0% of Net sales), +€1.2M (+8%) compared to the same period of 2022
- Q4 2023 outlook: a good revenue trend and a continued strengthening of the Clea business is expected (seen at ~€7M in the period)

Arezzo, November 13, 2023 – The Board of Directors of SECO S.p.A. ("**SECO**"), which met today, has approved the consolidated results for the first nine months of 2023.

In this period, SECO's growth trend has continued with an increase in net sales across all the main geographical areas (€162.1M in the first nine months of 2023, +12.0% compared to the same period of 2022), an Adjusted EBITDA at €37.3M and an Adjusted Net income at €16.2M, growing by 16.4% and 8.1%, respectively, compared to the same period of the previous year.

**Massimo Mauri, CEO of SECO**, commented: *"The nine-month results prove the ability of SECO to grow even in complex market scenarios. The evolution of our business model towards an integrated hardware and software offering is continuously developing, with the goal of anticipating customer needs in fields such as Edge computing, IoT and data analytics, providing them with an end-to-end technological solution, able to differentiate the product and deliver a clear added value".*



### **SECO's consolidated results in the period**

**Net sales** rise from €144.8M in the first nine months of 2022 to €162.1M as of September 30, 2023, growing by €17.4M (+12.0%). Such increase derives from the growth of the sales volumes in the EMEA, USA and APAC regions.

In the first nine months of the year the edge computing revenue (€145.8M) grew by 12% 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 nine months of the year, revenue generated amounted to €16.3M, growing by 12% compared to the same period of 2022.

**Gross margin**<sup>1</sup> grows from €68.1M (47.1% of the corresponding revenue) in the first nine months of 2022 to €80.3M (49.5% of the corresponding revenue) as of September 30, 2023, increasing by €12.2M (+17.9%). This trend is linked to the significant expansion of both the edge computing and Clea businesses, both of which grew on an organic basis. This indicator shows an important improvement compared to the same period of 2022 in terms of incidence on sales (+248 basis points), as a result of the growth of the Clea 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 €32.1M as of September 30, 2022 (22.1% of the corresponding revenue) to €37.3M (23.0% of the corresponding revenue) as of September 30, 2023, increasing by €5.2M (+16.4%). This evolution is mainly due to the expansion of the business and gross margin improvement observed in the period.

To calculate Adjusted EBITDA, some adjustments have been made to account for some items that are non-recurring or not related to the Group's operating performance: in particular, these items amount to ca. €0.8M overall in the first nine months of 2023<sup>2</sup>.

Gross of the above-mentioned adjustments, the EBITDA rises from €29.9M as of September 30, 2022 to €36.5M as of September 30, 2023, increasing by 22.0%.

**Adjusted EBIT**<sup>3</sup> changes from €22.7M (15.7% of the corresponding revenue) as of September 30, 2022 to €24.7M (15.3% of the corresponding revenue) as of September 30, 2023, with an increase of 9.0% 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 grows from €19.6M as of September 30, 2022 to €20.9M as of September 30, 2023, increasing by 6.9%.

**Adjusted Net income**<sup>4</sup> increases from €15.0M (10.4% of the corresponding revenue) in the first nine months of 2022 to €16.2M (10.0% of the corresponding revenue) as of September 30, 2023, increasing by 8.1%.

<sup>1</sup> *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.

<sup>2</sup> These items mainly include the actuarial (non-monetary) value of the three-year stock option plan attributed to some employees of the Group (€1.2M), some non-recurring costs linked to extraordinary transactions carried out by SECO (€0.7M) and foreign exchange income (€1.1M).

<sup>3</sup> *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..

<sup>4</sup> *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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In addition to the previously illustrated dynamics, financial expenses were ca. €1.7M 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 grows from €12.0M as of September 30, 2022 to €12.5M as of September 30, 2023, increasing by 3.9%.

**Adjusted net financial debt<sup>5</sup>** changes from a €118.8M net debt as of December 31, 2022 to a net debt of €59.7M as of September 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 a situation of a general economic slowdown, in an environment characterized by high interest rates and geopolitical tensions, SECO's strategic positioning and the uniqueness of its offering allow us to continue seizing the enormous opportunities offered by digitalization in the Industrial sectors, significantly outperforming the market.

Based on the order backlog and production plans, SECO expects to record a good quarter in terms of revenue in Q4 2023. During the same period, the Clea business is also expected to further expand, to approximately €7M.

### **Conference call**

The results as of September 30, 2023 will be illustrated on November 15, 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://blc-co-uk.zoom.us/meeting/register/tZctd-2tjqoqH9JuzTMOPHloTeNua9K5eATO>

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<sup>5</sup> 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 (€9.5M as of September 30, 2023), and the VAT credit (€3.1M as of September 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 72.3M as of September 30, 2023.

**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.***



## PRESS RELEASE

### 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 like 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: <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)	30/09/2023	31/12/2022
Property, Plants and Equipments	16.675	17.095
Intangible assets	103.368	102.044
Rights of use	10.512	8.986
Goodwill	165.565	165.508
Non-current financial assets	16.514	17.431
Deferred tax assets	2.602	2.516
Other non-current assets	2.831	1.406
<b>Total non-current assets</b>	<b>318.067</b>	<b>314.985</b>
Inventories	80.739	83.277
Trade receivables	58.017	49.233
Tax receivables	5.008	4.696
Other receivables	4.314	3.450
Cash and cash equivalents	72.630	39.586
<b>Total current assets</b>	<b>220.708</b>	<b>180.243</b>
<b>TOTAL ASSETS</b>	<b>538.775</b>	<b>495.228</b>
Share Capital	1.296	1.154
Share premium reserve	230.330	168.543
Reserves	49.454	35.043
Group profit (loss)	9.665	11.039
<b>Total Group Shareholders' Equity</b>	<b>290.745</b>	<b>215.779</b>
Equity of Non-controlling interests	19.472	17.244
Net profit / (loss) of the year of Non-controlling interest	2.825	3.530
<b>Minority interests</b>	<b>22.297</b>	<b>20.774</b>
<b>Total Shareholders' Equity</b>	<b>313.042</b>	<b>236.553</b>
Employee benefits	3.064	2.827
Provisions	1.484	1.402
Deferred tax liabilities	25.306	25.911
Non-current financial liabilities	110.981	129.213
Non-current lease liabilities	7.664	6.077
Other Non-Current Liabilities	8	8
<b>Total non-current liabilities</b>	<b>148.507</b>	<b>165.438</b>
Current financial liabilities	13.793	21.675
Current part of N-C Financial Liabilities	10.658	9.705
Current lease liabilities	1.824	1.719
Trade payables	34.186	44.009
Other payables	9.902	12.257
Current tax liabilities	6.863	3.871
<b>Total current liabilities</b>	<b>77.226</b>	<b>93.236</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>538.775</b>	<b>495.228</b>



## Consolidated Income Statement

(in Euro thousands)	30/09/2023	30/09/2022
Net Sales	162.115	144.759
Other Revenues	2.403	3.470
Consumption Costs	(79.433)	(105.058)
Changes in Inventories	(2.377)	28.414
Costs for services	(14.097)	(13.629)
Personnel costs	(29.041)	(25.928)
Depreciation and amortization	(14.478)	(9.861)
Accruals and Provisions	24	-
Other Operating Costs	(4.186)	(2.592)
<b>Operating Profit</b>	<b>20.930</b>	<b>19.574</b>
Financial income	1.351	15
Financial costs	(6.167)	(3.113)
Exchange gains/losses	1.091	489
<b>Profit / (loss) before tax</b>	<b>17.205</b>	<b>16.966</b>
Income taxes	(4.715)	(4.945)
<b>Profit / (loss) for the year</b>	<b>12.490</b>	<b>12.022</b>
Minorities Profit / (loss) for the year	2.825	3.122
<b>Group Profit / (loss) for the year</b>	<b>9.665</b>	<b>8.899</b>
Earning per Share	0,08	0,08
Diluted Earning per Share	0,07	0,08

## Consolidated Statement of Comprehensive Income

(in Euro thousands)	30/09/2023	30/09/2022
<b>Net profit for the year</b>	<b>12.490</b>	<b>12.022</b>
<b>Other comprehensive income/(expense) which may be subsequently reclassified to the income statement:</b>	<b>(1.635)</b>	<b>10.127</b>
Translation differences	(1.006)	2.116
Net gain/(loss) on Cash Flow Hedge	(629)	8.012
<b>Other comprehensive income/(expense) which may not be subsequently reclassified to the income statement:</b>	<b>-</b>	<b>-</b>
Discounting employee benefits	-	-
Tax effect discounting employee benefits	-	-
<b>Total comprehensive income</b>	<b>(1.635)</b>	<b>10.127</b>
Non-controlling interests	2.164	4.100
Parent company shareholders	8.691	18.049
<b>Total comprehensive income</b>	<b>10.855</b>	<b>22.149</b>





### Consolidated Cash Flow Statement

(in Euro thousands)	30/09/2023	30/09/2022
<b>Net profit for the year</b>	<b>12.490</b>	<b>12.022</b>
Income taxes	4.715	4.945
Amortization & depreciation	14.478	9.861
Provisions for risks, receivables and inventories	-	-
Change in employee benefits	237	337
Financial income/(charges)	4.816	3.098
Exchange gains/(losses)	(1.091)	(489)
Costs for share-based payments	1.150	1.722
<b>Cash flow before working capital changes</b>	<b>36.795</b>	<b>31.495</b>
Change in trade receivables	(8.292)	(7.549)
Change in inventories	2.538	(28.275)
Change in trade payables	(10.901)	7.068
Other changes in tax receivables and payables	(715)	(854)
Other changes in current receivables and payables	(3.136)	(2.164)
Other changes in non-current receivables and payables	(1.918)	(1.250)
Use of provisions for risks, receivables and inventories	-	(0)
Interest received	1.351	15
Interest paid	(3.360)	(1.975)
Exchange gains/(losses) realized	1.027	388
Income taxes paid	(1.319)	-
<b>Cash flow from operating activities (A)</b>	<b>12.069</b>	<b>(3.100)</b>
(Investments) /Disposals of property, plant and equipment	(5.828)	(1.694)
(Investments) /Disposals of intangible assets	(11.026)	(9.935)
(Investments) /Disposals of financial assets	162	(599)
Acquisition of business units net of cash and cash equivalents	-	-
Acquisition of subsidiaries net of cash and cash equivalents	-	-
<b>Cash flow from investing activities (B)</b>	<b>(16.693)</b>	<b>(12.229)</b>
New loan drawdowns	-	-
(Repayment) of bank loans	(17.279)	(5.911)
Change in current financial liabilities	(10.640)	6.477
Repayment lease financial liabilities	1.639	(1.285)
Dividends paid	-	-
Paid-in capital increase	64.656	(684)
Acquisition of treasury shares	-	(5.311)
Acquisition of shares from minorities	(173)	(230)
<b>Cash flows from financing activities (C)</b>	<b>38.203</b>	<b>(6.944)</b>
<b>Increase (decrease) in cash and cash equivalents (A+B+C)</b>	<b>33.579</b>	<b>(22.273)</b>
<b>Cash &amp; cash equivalents at beginning of the year</b>	<b>39.586</b>	<b>58.825</b>
Translation differences	(535)	978
<b>Cash &amp; cash equivalents at end of the year</b>	<b>72.630</b>	<b>37.530</b>



## Consolidated Statement of Changes in Equity

(in Euro thousands)	01/01/2023	Share Capital increase	Allocation of profit	Dividendi distribuiti	Other changes	Comprehensive income/(loss)	30/09/2023
Share Capital	1,154	143	-	-	-	-	1,296
Legal reserve	289	-	-	-	-	-	289
Share premium reserve	168,543	63,295	-	-	(1,508)	-	230,330
Other reserves	34,364	-	11,039	-	4,352	(629)	49,126
Translation reserve	545	-	-	-	-	(345)	201
FTA reserve	(371)	-	-	-	-	-	(371)
Discounting of employee benefits	215	-	-	-	(7)	-	209
Group profit (loss)	11,039	-	(11,039)	-	-	9,665	9,665
<b>Group Shareholders' Equity</b>	<b>215,779</b>	<b>63,438</b>	<b>-</b>	<b>-</b>	<b>2,837</b>	<b>8,691</b>	<b>290,745</b>
Minority interests in shareholders funds	17,250	-	3,530	-	(648)	(661)	19,472
Discounting of employee benefits	(7)	-	-	-	7	-	-
Minority interests in profit (loss)	3,530	-	(3,530)	-	-	2,825	2,825
<b>Minority interests</b>	<b>20,774</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(642)</b>	<b>2,164</b>	<b>22,297</b>
<b>Total Shareholders' Equity</b>	<b>236,553</b>	<b>63,438</b>	<b>-</b>	<b>-</b>	<b>2,196</b>	<b>10,855</b>	<b>313,042</b>

Fine Comunicato n.2358-103

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