

Informazione Regolamentata n. 2358-6-2024	Data/Ora Inizio Diffusione 18 Marzo 2024 11:27:55	Euronext Star Milan
---	--	---------------------

Societa' : SECO

Identificativo Informazione
Regolamentata : 187537

Utenza - Referente : SECON04 - -

Tipologia : 1.1; 2.2

Data/Ora Ricezione : 18 Marzo 2024 11:27:55

Data/Ora Inizio Diffusione : 18 Marzo 2024 11:27:55

Oggetto : Board of Directors has approved the draft of the
annual report and the consolidated annual
report at December 31, 2023

Testo del comunicato

Vedi allegato



PRESS RELEASE

SECO: Board of Directors has approved the draft of the annual report and the consolidated annual report at December 31, 2023

- Net sales at €209.8M in 2023, organic growth at +4% YoY
- €22.5M generated by the Clea business in 2023 (11% of Net sales), +22% YoY
- Significant profitability improvement:
 - Gross margin at €111.1M in 2023 (53.0% of Net sales), +€16.8M (+18%) YoY
 - Adjusted EBITDA at €50.6M in 2023 (24.1% of Net sales), +€6.6M (+15%) YoY
 - Adjusted Net income at €22.9M in 2023 (10.9% of Net sales), +€2.4M (+12%) YoY
- Reduction of Adjusted Net financial debt resulting in €7.7 million cash generation in Q4 2023
- Set the convocation of the Shareholders' Meeting for April 29, 2024, with the agenda including, among other things, the renewal of corporate offices, the renewal of the authorization to the purchase and disposal of treasury shares and, on an extraordinary part, the granting of a mandate to the Board of Directors pursuant to articles 2443 and 2420-ter of the Civil Code

Arezzo, March 18, 2024 – The Board of Directors of SECO S.p.A. ("**SECO**" or the "**Company**"), which met today, has approved the draft of the annual report and the consolidated annual report at December 31, 2023, which will be submitted for approval at the Shareholders' Meeting, that will be called for April 29, 2024, in a single call.

In 2023, SECO's growth trend has continued with an increase in net sales across all the main geographical areas (€209.8M, +4.4% YoY), an Adjusted EBITDA at €50.6M and an Adjusted Net income at €22.9M, growing by 14.9% and 11.8%, respectively, compared to the previous year.

Massimo Mauri, CEO of SECO, commented: "I am satisfied by the 2023 results which demonstrate the soundness of our business, by recording better performance compared to the industry.

Our tech portfolio consisting of Edge computing, IoT-data analytics and AI solutions delivers a tangible added value for our customers and represents a clear competitive advantage for SECO.

The growth of Clea business and cost control have allowed for a significant expansion of the margins.

Looking ahead, SECO solutions will play a central role in the eco-digital revolution. AI at the Edge represents a key technology, and it will enable companies to monetize the data generated from field devices. SECO is perfectly positioned to seize the enormous growth opportunities offered by digitalization".



PRESS RELEASE

SECO's consolidated results in the period

Net sales rise from €200.9M as of December 31, 2022 to €209.8M as of December 31, 2023, growing by €8.9M (+4.4%). Such increase derives from the growth of the sales volumes in the EMEA, USA and APAC regions.

During the year, the edge computing revenue (€187.3M) increased by 3% compared to the previous year, while the Clea business grew by 22% compared to 2022, generating revenue for €22.5M in 2023.

Gross margin¹ grows from €94.3M (46.9% of revenue) for the year 2022 to €111.1M (53.0% of revenue) as of December 31, 2023, increasing by €16.8M (+17.8%). The indicator shows a significant improvement compared to the previous year, +601 basis points. This trend is mainly linked to the expansion of the Clea business, with a higher contribution from software to revenue, a favorable sales mix for Edge computing business, and the progressive reduction in the cost of components and raw materials used by SECO in its manufacturing processes, as a result of a gradual resolution of the supply chain shortage scenario.

Adjusted EBITDA grows from €44.0M as of December 31, 2022 (21.9% of revenue) to €50.6M (24.1% of revenue) as of December 31, 2023, increasing by €6.6M (+14.9%). 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. €5.6M overall in 2023².

Gross of the above-mentioned adjustments, the EBITDA rises from €40.7M as of December 31, 2022 to €45.0M as of December 31, 2023, increasing by 10.7%.

Adjusted EBIT³ changes from €28.0M (13.9% of revenue) as of December 31, 2022 to €34.1M (16.3% of revenue) as of December 31, 2023, with an increase of 21.8% 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 grows from €21.6M as of December 31, 2022 to €24.6M as of December 31, 2023, increasing by 13.6%.

Adjusted Net income⁴ increases from €20.5M (10.2% of revenue) as of December 31, 2022 to €22.9M (10.9% of revenue) as of December 31, 2023, increasing by 11.8%.

In addition to the previously illustrated dynamics, financial expenses were approximately €0.4M higher compared to the previous year, largely due to the increase in market interest rates on short-term credit lines and medium/long-term bank debt.

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.

² These items mainly include the actuarial (non-monetary) value of the stock option plans attributed to some employees and key people of the Group (€2.6M), some non-recurring costs linked to extraordinary transactions carried out by SECO (€3.0M) and foreign exchange income (€0.0M).

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).



PRESS RELEASE

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 €14.6M as of December 31, 2022 to €14.6M as of December 31, 2023, increasing by 0.4%.

Adjusted net financial debt⁵ changes from a €118.8M net debt as of December 31, 2022 to a net debt of €52.0M as of December 31, 2023.

Such change is mainly linked to a capital increase for total €65.0M by 7-Industries B.V., coupled with cash generation by the Group.

SECO outlook on the status of the business

In 2023, we observed a progressive reduction in inventory levels from a significant portion of our clients, across various sectors in which SECO operates. This activity, in some cases, led to the postponement of order delivery dates. SECO's end-to-end hardware-software offering, coupled with its presence in verticals characterized by lower exposure to economic cycles, contributed to achieving positive organic growth in this context.

In the early months of 2024, we recorded a sustained demand from our customers. The market is at the beginning of an eco-digital revolution, where digitalization and the use of Artificial Intelligence algorithms "at the Edge" play a pivotal role in shaping the future technological developments of businesses.

The increasing demand for smart solutions is increasingly focused on implementing Artificial Intelligence directly on the device locally to enable the launch of new high-value-added services, leveraging field data and introducing new business models. SECO's unique, comprehensive, and integrated technological proposition, centered on Edge computing, IoT-data analysis, and Artificial Intelligence, is designed precisely to address these needs and seize digitalization opportunities in every industrial sector.

During the first quarter of 2024, our clients' destocking operations appear to be completed, with inventory levels returning to pre-shortage levels in numerous sectors. Additionally, the positive trend in acquiring new clients continues, further contributing to SECO's organic growth trajectory.

SECO's technological and strategic positioning, along with the size of the order backlog, the trend of orders acquired in the first part of the year, and the volumes of negotiations underway, create confidence in the business growth for 2024.

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 (€10.7M as of December 31, 2023), and the VAT credit (€2.4M as of December 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 65.1M as of December 31, 2023.



PRESS RELEASE

Conference call

The results as of December 31, 2023 will be presented on March 21, 2024, 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://blc-co-uk.zoom.us/meeting/register/tZlvdeyvrDgjHNCpilRyYBO_7-db6dFkIE9W#

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.

Proposal for the allocation of the net profit for the year

The Board of Directors will propose to the Shareholders' Meeting to allocate SECO's net income, equal to Euro 1,034,371, to the extraordinary reserve.

Additional Board of Directors resolutions

The Board of Directors which met today has also approved the following documents:

- Consolidated Non-Financial Declaration for the year 2023;
- Report on the Corporate Governance and Ownership structure pursuant to Article 123-ter of Legislative Decree No. 58/1998;
- Report on the remuneration policy and the remuneration paid pursuant to Article 123-ter, paragraphs 3-bis and 6 of Legislative Decree 58/1998.

In addition, inter alia, some further proposals of resolution to be submitted to the Ordinary and Extraordinary Shareholders' meeting, that will be called for April 29, 2024, in a single call, have been approved. In particular, the Shareholders' meeting, in the Ordinary part, will be asked to resolve, besides the aforementioned Report on the remuneration policy and the remuneration paid, on:



PRESS RELEASE

- the appointment of the Board of Directors and the Board of Statutory Auditors, as well as the determination of their respective remuneration, considering that the mandate of the current Board of Directors and Board of Statutory Auditors will expire at this Shareholders' Meeting. In this regard, it is communicated that the Board of Directors, in accordance with recommendation 7 of the Corporate Governance Code adopted by Borsa Italiana, has defined the quantitative and qualitative criteria for evaluating the significance of commercial, financial, and professional relationships, as well as additional remunerations that may negatively impact the independence of directors (the "**Significance Criteria**"). The policy containing the Significance Criteria, which have also been endorsed by the Board of Statutory Auditors, is available to the public on the Company's website (www.seco.com, "Investors" section > "Corporate Governance" > "Documents and Procedures" > "Procedures").
- the renewal of the authorization to the purchase and disposal of treasury shares, following the withdrawal of the last resolution adopted by the Shareholders' Meeting held on April 27, 2023. With regards to this, it is specified that the proposal aims at providing the Company with a useful strategic investment opportunity, also taking into account the purposes allowed by the existing regulation – including those mentioned in the article 5 of the EU 596/2014 Regulation (Market Abuse Regulation, hereinafter "MAR") and the practices allowed by art. 13 of the MAR where applicable, including but not limited to option programs involving shares or other shares assignments to employees or board members, or the possible use of shares as payment in extraordinary transactions, even involving the exchange of equity investments with other subjects, within the context of operations in the interest of the Company. The authorization to the purchase of treasury shares will be requested for a period of 18 months, effective from the Shareholders' Meeting resolution; the authorization to the disposal of the shares will be requested with no time constraints. All the information regarding the terms and the conditions of the authorization will be made available into the Explanatory Report on the treasury share buyback program that will be made available to the Shareholders according to the terms outlined by the existing regulation.

It is specified that as of today the Company does not hold any treasury shares.

In addition, the Shareholders' Meeting, in the Extraordinary part, will be called upon to deliberate, prior to the revocation for the part not executed of the mandate pursuant to Article 2443 of the Civil Code and pursuant to Article 2420-ter of the Civil Code, granted to the Board of Directors by the Shareholders' Meeting on November 19, 2021, the assignment to the same Board of Directors of a new mandate, similar to the previous one, pursuant to and for the purposes of Article 2443 of the Civil Code and Article 2420-ter of the Civil Code, to be exercised once or multiple times, in relation to a paid and divisible increase in share capital, for a maximum total amount of two hundred million Euros, to be exercised within a period of 5 years from the date of the shareholders' resolution, through the issuance of: (i) ordinary shares with the same characteristics as those in circulation; (ii) convertible bonds (with the option of early conversion also at the initiative of the Board of Directors) and/or convertible into ordinary shares of the Company with the same characteristics as those in circulation and with consequent capital increase for the purpose of conversion.

The proposal aims to provide the Company with a tool that can allow for the swift and efficient acquisition of risk capital and financial resources to be used in potential Merger & Acquisition operations, thereby strengthening the Group's asset base and ensuring its ability to promptly seize growth opportunities offered by the market, considering that the previous mandate has already been partially executed for a total amount of approximately 115 million Euros.



PRESS RELEASE

The 2023 financial report and the notice of call of the Shareholders' Meeting will be made available to the public in accordance with the provisions of law on the Company's website (www.seco.com, section "Investor Relations"), as well as on the authorised storage device "eMarket STORAGE" on the website www.emarketstorage.com.

Within the terms outlined by the applicable laws and regulations, the Directors' Reports regarding the topics to be examined by the Shareholders' meeting and the additional documentation related to such topics will be made available on the Company's website (www.seco.com, section "Investor Relations" > "Corporate Governance"), as well as on the authorised storage device "eMarket STORAGE" on the website www.emarketstorage.com.

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 offerings enable B2B companies to easily introduce edge computing, Internet of Things, data analytics, and artificial intelligence to their businesses. SECO's technology spans across multiple fields of application, serving more than 450 customers across sectors such as medical, industrial automation, fitness, vending, transportation, and many others. Through live monitoring and smart control of in-the-field devices, SECO solutions contribute to low environmental impact business operations via a more efficient use of resources.

For more information: <http://www.seco.com/>

Contacts

SECO S.p.A.

Lorenzo Tosi

Investor Relations

Tel. +39 0575 26979

investor.relations@seco.com



PRESS RELEASE

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

Consolidated Statement of Financial Position

(in Euro thousands)	31/12/2023	31/12/2022
Property, Plants and Equipments	16.726	17.095
Intangible Assets	104.019	102.044
Right of Use	11.755	8.986
Goodwill	165.216	165.508
Non-current financial assets	13.201	17.431
Deferred tax assets	2.289	2.516
Other non-current assets	1.623	1.406
Total non-current assets	314.829	314.985
Inventories	85.827	83.277
Trade receivables	49.489	49.233
Current tax assets	9.458	4.696
Other receivables	4.077	3.450
Cash and Cash Equivalents	74.816	39.586
Total current assets	223.668	180.243
TOTAL ASSETS	538.497	495.228
Share capital	1.296	1.154
Reserves	232.037	168.543
Translation reserve	45.425	35.043
Net profit / (loss) of the year	11.864	11.039
Total Group Shareholders' Equity	290.622	215.779
Equity of Non-controlling interests	19.109	17.244
Net profit / (loss) of the year of Non-controlling interest	2.766	3.530
Minority interests	21.875	20.774
Total Shareholders' Equity	312.497	236.553
Employee Benefits	3.312	2.827
Provisions	1.235	1.402
Deferred tax liabilities	24.084	25.911
Non-current financial liabilities	106.928	129.213
Non-current lease liabilities	8.603	6.077
Other non-current liabilities	8	8
Total non-current liabilities	144.170	165.438
Current financial liabilities	11.031	21.675
Current part of N-C Financial Liabilities	11.211	9.705
Current lease liabilities	2.126	1.719
Trade payables	36.402	44.009
Other payables	11.728	12.257
Current tax liabilities	9.332	3.871
Total current liabilities	81.830	93.236
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	538.497	495.228



PRESS RELEASE

Consolidated Income Statement

(in Euro thousands)	31/12/2023	31/12/2022
Net Sales	209.822	200.906
Other Revenues	2.151	4.371
Consumption Costs	(101.684)	(128.982)
Changes in Inventories	2.970	22.390
Costs for services	(20.010)	(18.360)
Personnel costs	(40.657)	(34.882)
Depreciation and amortization	(20.435)	(18.653)
Accruals and Provisions	(28)	(54)
Other Operating Costs	(7.570)	(5.116)
Operating Profit	24.559	21.620
Financial income	4.433	315
Financial costs	(9.772)	(5.266)
Exchange gains/losses	14	395
Profit / (loss) before tax	19.234	17.064
Income taxes	(4.603)	(2.494)
Profit / (loss) for the year	14.631	14.570
Minorities Profit / (loss) for the year	2.766	3.530
Group Profit / (loss) for the year	11.864	11.039
Earning per Share	0,09	0,10
Diluted Earning per Share	0,09	0,09

Consolidated Statement of Comprehensive Income

(in Euro thousands)	31/12/2023	31/12/2022
Net profit for the year	14.631	14.570
Other comprehensive income/(expense) which may be subsequently reclassified to the income statement:	(5.775)	12.409
Translation differences	(1.785)	(50)
Net gain/(loss) on Cash Flow Hedge	(3.990)	12.458
Other comprehensive income/(expense) which may not be subsequently reclassified to the income statement:	(99)	375
Discounting employee benefits	(131)	522
Tax effect discounting employee benefits	32	(148)
Total comprehensive income	(5.874)	12.783
Non-controlling interests	1.742	3.407
Parent company shareholders	7.015	23.947
Total comprehensive income	8.756	27.353



PRESS RELEASE

Consolidated Cash Flow Statement

(in Euro thousands)	31/12/2023	31/12/2022
Net profit for the year	14.631	14.570
Income taxes	4.603	2.494
Amortization & depreciation	20.435	18.653
Change in employee benefits	385	137
Financial income/(charges)	5.360	4.951
Exchange gains/(losses)	(14)	(395)
Costs for share-based payments	2.673	2.115
Cash flow before working capital changes	48.074	42.525
Change in trade receivables	(1.237)	(12.817)
Change in inventories	(2.551)	(21.592)
Change in trade payables	(8.446)	4.988
Other changes in tax receivables and payables	(1.046)	(354)
Other changes in current receivables and payables	(422)	372
Other changes in non-current receivables and payables	(557)	(2.624)
Use of provisions for risks, receivables and inventories	(167)	673
Interest received	3.699	315
Interest paid	(9.555)	(4.331)
Exchange gains/(losses) realized	757	(280)
Income taxes paid	(2.858)	(113)
Cash flow from operating activities (A)	25.690	6.762
(Investments) /Disposals of property, plant and equipment	(2.959)	(3.976)
(Investments) /Disposals of intangible assets	(16.748)	(14.295)
(Investments) /Disposals of financial assets	(284)	(153)
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)	(19.991)	(18.424)
New loan drawdowns	-	-
(Repayment) of bank loans	(20.779)	(9.362)
Change in current financial liabilities	(10.811)	10.002
Repayment lease financial liabilities	(2.169)	(1.418)
Dividends paid	-	-
Paid-in capital increase	64.666	(745)
Acquisition of treasury shares	-	(5.311)
Acquisition of shares from minorities	(173)	(230)
Cash flows from financing activities (C)	30.735	(7.064)
Increase (decrease) in cash and cash equivalents (A+B+C)	36.434	(18.726)
Cash & cash equivalents at beginning of the year	39.586	58.825
Translation differences	(1.204)	(512)
Cash & cash equivalents at end of the year	74.816	39.587



PRESS RELEASE

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)	31/12/2023
Share Capital	1.154	143	-	0	-	-	1.297
Legal reserve	289	-	-	0	-	-	289
Share premium reserve	168.543	63.252	-	0	241	-	232.036
Other reserves	34.365	-	11.039	0	4.199	(3.990)	45.613
Translation reserve	545	-	-	0	-	(761)	(216)
FTA reserve	(371)	-	-	0	-	-	(371)
Discounting of employee benefits	215	-	-	0	(7)	(99)	109
Group profit (loss)	11.039	-	(11.039)	0	-	11.864	11.864
Group Shareholders' Equity	215.778	63.395	-	0	4.433	7.014	290.621
Minority interests in shareholders funds	17.250	-	3.530	-	(648)	(1.025)	19.107
Discounting of employee benefits	(7)	-	-	-	7	-	-
Minority interests in profit (loss)	3.530	-	(3.530)	-	-	2.766	2.767
Minority interests	20.773	-	-	-	(641)	1.741	21.874
Total Shareholders' Equity	236.552	63.395	-	-	3.792	8.756	312.495

Fine Comunicato n.2358-6-2024

Numero di Pagine: 13