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Testo del comunicato

Vedi allegato



PRESS RELEASE

SECO: Q1 2024 results

The Board of Directors has approved the consolidated results as of March 31, 2024

- Net sales at €47.2M in Q1 2024, -14% YoY
- €7.3M generated by the Clea business in Q1 2024 (15% of Net sales), +14% YoY
- Gross margin at €26.4M in Q1 2024 (56% of Net sales), +845 bps YoY
- Adjusted EBITDA at €10.4M in Q1 2024 (22% of Net sales), -13% YoY
- Adjusted Net income at €2.4M in Q1 2024 (5% of Net sales), -47% YoY
- Board of Directors of SECO has also appointed Clarence Nahan as the Head of Corporate Development & Investor Relations

Arezzo, May 13, 2024 – The Board of Directors of SECO S.p.A. ("**SECO**" or the "**Company**"), which met today, has approved the consolidated results for the first three months of 2024.

Massimo Mauri, CEO of SECO, commented: *"In a challenging market context, we posted a quarter of revenue decline, which was largely expected. The good results on margins were achieved thanks to the growth of the software business. This shows how SECO has built a solid and resilient business model".*

SECO's consolidated results in the period

Net sales change from €54.6M as of March 31, 2023 to €47.2M as of March 31, 2024, decreasing by €7.4M (-13.5%). While the first quarter of 2023 had been characterized by strong customer demand aimed at increasing inventories in the face of persistent component shortages, with lead times normalizing, the current scenario is conditioned by the destocking phenomenon that customers are instead completing to reduce inventory levels. This dynamic is therefore linked to the decrease in sales volumes distributed across the various geographic areas served.

In the first three months of the year, the edge computing revenue (€39.9M) decreased by 17% compared to the same period of the previous year, while the Clea business grew by 14% compared to the same period of 2023, generating revenue for €7.3M.



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Gross margin¹ grows from €26.0M (47.5% of revenue) in the first three months of 2023 to €26.4M (56.0% of revenue) as of March 31, 2024, increasing by €0.5M (+1.8%). The indicator shows a significant improvement compared to the previous year, +845 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 changes from €12.0M (22.0% of revenue) as of March 31, 2023 to €10.4M (22.0% of revenue) as of March 31, 2024, decreasing by €1.6M (-13.2%). This evolution is mainly explained by the contraction of the sales volume; the improvement in gross margin observed during the period contributes to the stability of the indicator compared to the same period of the previous year.

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. €0.9M overall in the first three months of 2024².

Gross of the above-mentioned adjustments, the EBITDA changes from €11.4M as of March 31, 2023 to €9.5M as of March 31, 2024, -16.4%.

Adjusted EBIT³ changes from €8.1M (14.8% of revenue) as March 31, 2023 to €5.7M (12.1% of revenue) as of March 31, 2024, with a decrease of 29.3% 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 changes from €6.7M as of March 31, 2023 to €3.8M as of March 31, 2024 (-43.1%).

Adjusted Net income⁴ changes from €4.5M (8.3% of revenue) as of March 31, 2023 to €2.4M (5.1% of revenue) as of March 31, 2024, decreasing by -47.2%.

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 changes from €3.3M as of March 31, 2023 to €0.4M as of March 31, 2024 (-86.6%).

Adjusted net financial debt⁵ changes from a €52.0M as of December 31, 2023 to a net debt of €57.3M as of March 31, 2024.

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 (€1.1M), some non-recurring costs linked to extraordinary transactions carried out by SECO (€0.2M) and foreign exchange income (-€0.3M).

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).

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 March 31, 2024), and the VAT credit (€2.4M as of March 31, 2024), 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 €65.1M as of December 31, 2023 to a net debt of €70.1M as of March 31, 2024.



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Such change is mainly linked to the dynamics of net working capital observed during the period. In the quarter, an increase in trade receivables and inventory of €2.1M and €3.9M respectively is observed, partially offset by an increase in trade payables of €1.5M.

Significant events occurred after the end of the reporting period

In early April, SECO initiated a strategic collaboration with NXP Semiconductors to expand the distribution of the Clea software suite for applications in the industrial and IoT sectors. Clea will be the framework of choice for Yocto and Zephyr environments across a wide range of NXP products, enabling customers to easily activate the platform on-demand. Additionally, SECO and NXP will work together on the development of dedicated tools (reference implementations, documentation, and code examples) to accelerate the adoption of Clea among NXP users in various verticals.

On April 29, 2024, the Shareholders' Meeting called for the renewal of corporate positions appointed members of the Board of Directors and the Board of Statutory Auditors, who will be in charge for three years, until the Shareholders' Meeting convened to approve the financial statements as of December 31, 2026.

SECO outlook on the status of the business

The results of the first three months show the effects of destocking operations carried out by customers, which we expect to be completed during the second quarter. The demand is expected to recover starting from the second half of the year.

With a comprehensive and integrated offer of Edge computing, IoT-data analytics, and AI solutions, we continue to acquire new design wins and customers, strengthening the foundations of our future development. Recent partnerships with technology leaders such as NXP and Google Cloud open up new opportunities, and SECO's strategic positioning will allow us to fully leverage the multiple growth trajectories offered by digitization.

Conference call

The results as of March 31, 2024 will be presented on May 14, 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/tZAud--tqj4vE92dNgiatkAwx_pU0ACG33FA

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The Board of Director of SECO has also appointed Clarence Nahan as Head of Corporate Development & Investor Relations.

With over 15 years of experience in Investment Banking at Nomura, Mediobanca and Berenberg, Clarence brings a wealth of knowledge and expertise in both M&A and Equity Markets to our team. Clarence graduated with a Master in Management from ESCP Business School.



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In this newly created role, Clarence will report directly to CEO Massimo Mauri and will work closely with the rest of the leadership team.

Lorenzo Tosi remains a pivotal member of the team and will continue to bring his invaluable contribution within the new structure.

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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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/>

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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)	31/03/2024	31/12/2023
Property, Plants and Equipments	16.958	16.726
Intangible Assets	104.964	104.019
Right of Use	11.423	11.755
Goodwill	165.394	165.216
Non-current financial assets	13.173	13.201
Deferred tax assets	2.321	2.289
Other non-current assets	1.635	1.623
Total non-current assets	315.867	314.829
Inventories	89.715	85.827
Trade receivables	51.560	49.489
Current tax assets	12.174	9.458
Other receivables	7.304	4.077
Cash and Cash Equivalents	70.840	74.816
Total current assets	231.592	223.668
TOTAL ASSETS	547.459	538.497
Share capital	1.296	1.296
Reserves	232.036	232.037
Translation reserve	58.551	45.425
Net profit / (loss) of the year	93	11.864
Total Group Shareholders' Equity	291.976	290.622
Equity of Non-controlling interests	22.021	19.109
Net profit / (loss) of the year of Non-controlling interest	342	2.766
Minority interests	22.363	21.875
Total Shareholders' Equity	314.339	312.497
Employee Benefits	3.415	3.312
Provisions	1.235	1.235
Deferred tax liabilities	24.058	24.084
Non-current financial liabilities	105.894	106.928
Non-current lease liabilities	8.367	8.603
Other non-current liabilities	8	8
Total non-current liabilities	142.978	144.170
Current financial liabilities	13.463	11.031
Current part of N-C Financial Liabilities	11.303	11.211
Current lease liabilities	1.948	2.126
Trade payables	37.917	36.402
Other payables	10.736	11.728
Current tax liabilities	14.775	9.332
Total current liabilities	90.143	81.830
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	547.459	538.497



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Consolidated Income Statement

(in Euro thousands)	31/03/2024	31/03/2023
Net sales	47.217	54.605
Other revenues and income	1.162	1.115
Total revenues and operating income	48.379	55.720
Costs for services, goods and other operating costs	(29.368)	(35.206)
Personnel costs	(9.855)	(9.187)
Total costs and other operating charges	(39.223)	(44.392)
Amortization and depreciation	(5.364)	(4.657)
Provisions and write-downs	-	-
Operating profit	3.792	6.670
Financial income and charges	(2.017)	(2.004)
Exchange gains/(losses)	336	27
Profit before tax	2.112	4.693
Income taxes	(1.677)	(1.439)
Profit for the period	435	3.254
Non-controlling interests profit	342	690
Group profit	93	2.564
Basic earnings per share	0,00	0,02
Diluted earnings per share	0,00	0,02

Consolidated Statement of Comprehensive Income

(in Euro thousands)	31/03/2024	31/03/2023
Net profit for the year	435	3.254
Other comprehensive income/(expense) which may be subsequently reclassified to the income statement:	339	(543)
Translation differences	339	(543)
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	339	(543)
Non-controlling interests	488	552
Parent company shareholders	285	2.159
Total comprehensive income	774	2.711



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Consolidated Cash Flow Statement

(in Euro thousands)	31/03/2024	31/03/2023
Net profit for the year	435	3.254
Income taxes	1.677	1.439
Amortization & depreciation	5.364	4.657
Change in employee benefits	104	106
Financial income/(charges)	2.017	2.004
Exchange gains/(losses)	(336)	(27)
Costs for share-based payments	1.070	396
Cash flow before working capital changes	10.330	11.829
Change in trade receivables	(1.786)	(6.213)
Change in inventories	(3.887)	(89)
Change in trade payables	1.270	(990)
Other changes in tax receivables and payables	1.051	(245)
Other changes in current receivables and payables	(4.220)	(2.046)
Other changes in non-current receivables and payables	(69)	(575)
Use of provisions for risks, receivables and inventories	-	-
Interest received	65	61
Interest paid	(361)	(588)
Exchange gains/(losses) realized	66	268
Income taxes paid	-	-
Cash flow from operating activities (A)	2.458	1.413
(Investments) /Disposals of property, plant and equipment	(1.367)	(1.039)
(Investments) /Disposals of intangible assets	(4.626)	(3.700)
(Investments) /Disposals of financial assets	193	58
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)	(5.799)	(4.682)
New loan drawdowns	-	-
(Repayment) of bank loans	(942)	(33)
Change in current financial liabilities	710	540
Repayment lease financial liabilities	(629)	(474)
Dividends paid	-	-
Paid-in capital increase	(1)	266
Acquisition of treasury shares	-	-
Acquisition of shares from minorities	-	(140)
Cash flows from financing activities (C)	(860)	159
Increase (decrease) in cash and cash equivalents (A+B+C)	(4.202)	(3.110)
Cash & cash equivalents at beginning of the year	74.816	39.586
Translation differences	226	(427)
Cash & cash equivalents at end of the year	70.840	36.049



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Consolidated Statement of Changes in Equity

(In Euro thousands)	01/01/2024	Share Capital Increase	Allocation of profit	Dividends paid	Other changes	Comprehensive Income/(loss)	31/12/2024
Share Capital	1.297	-	-	-	-	-	1.297
Legal reserve	289	-	-	-	-	-	289
Share premium reserve	232.036	(1)	-	-	-	-	232.035
Other reserves	45.613	-	11.864	-	1.070	-	58.547
Translation reserve	(216)	-	-	-	-	192	(24)
FTA reserve	(371)	-	-	-	-	-	(371)
Discounting of employee benefits	109	-	-	-	-	-	109
Group profit (loss)	11.864	-	(11.864)	-	-	93	93
Group Shareholders' Equity	290.621	(1)	-	-	1.070	285	291.975
Minority interests in shareholders funds	19.107	-	2.766	-	-	147	22.020
Discounting of employee benefits	0	-	-	-	-	-	0
Minority interests in profit (loss)	2.767	-	(2.766)	-	-	342	343
Minority interests	21.875	-	-	-	-	489	22.364
Total Shareholders' Equity	312.496	(1)	-	-	1.070	774	314.339

Fine Comunicato n.2358-29-2024

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