SECO S.p.A.

HALF-YEAR FINANCIAL REPORT

AT JUNE 30, 2023

SECO S.p.A.
Registered office in Arezzo, via A. Grandi 20
Share capital Euro 1,296,333.53
VAT No. 00325250512
Arezzo Companies' Registration No. 4196

CONTENTS

CORPORATE BOARDS

Board of Directors

Office held until the approval of the 2023 annual accounts

Chairperson	Daniele Conti
Chief Executive Officer	Massimo Mauri
Directors	Claudio Catania
	Emanuela Sala
	Luca Tufarelli
	Luciano Lomarini
	Michele Secciani
	Elisa Crotti
	Valentina Montanari[1]
	Diva Tommei
	Tosja Zywietz

Board of Statutory Auditors

Office held until the approval of the 2023 annual accounts

Statutory Auditors	Pierpaolo Guzzo (Chairperson)
	Gino Faralli
	Fabio Rossi
Alternate Auditors	Marco Badiali
	Maurizio Baldassarini

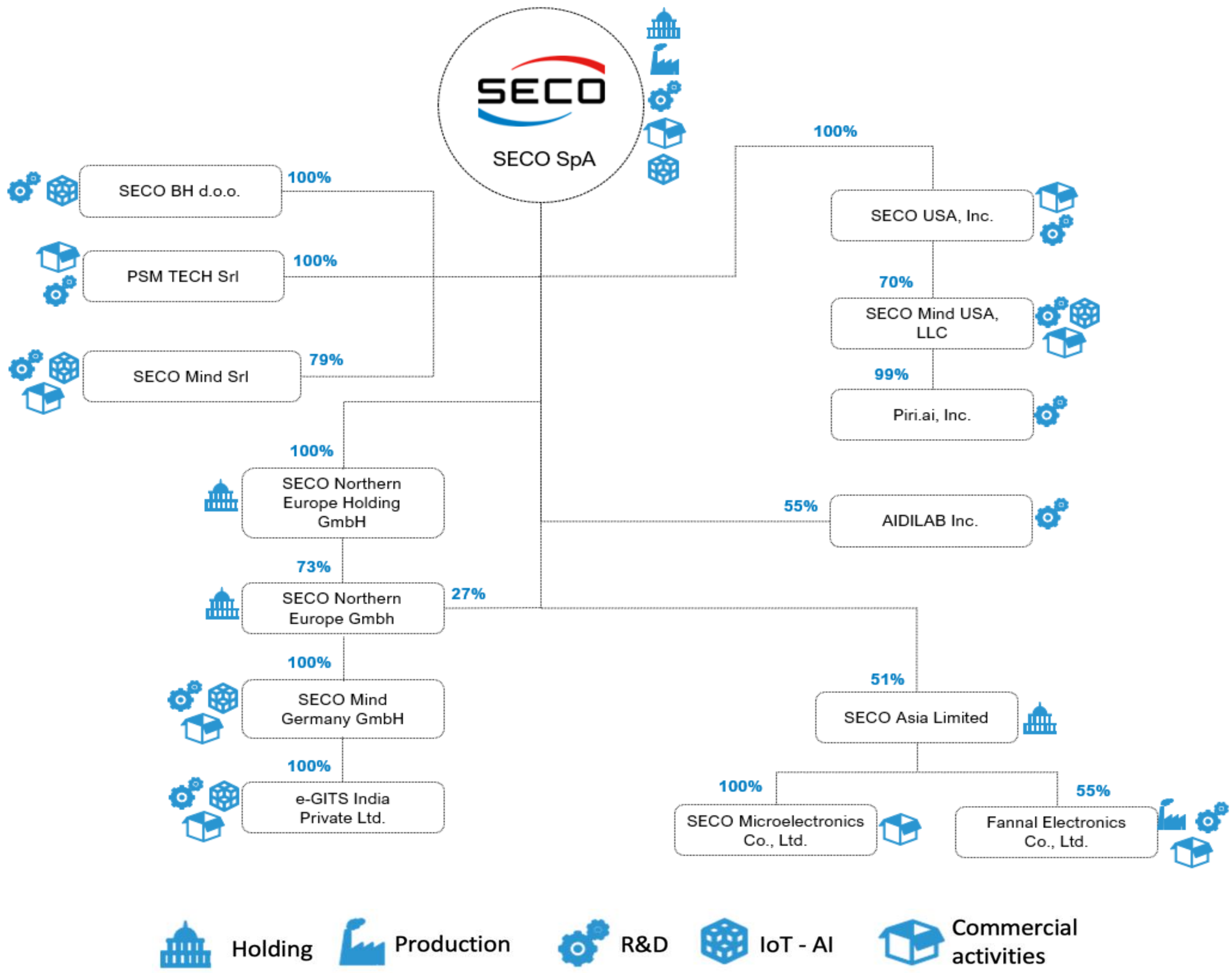
Executive Officer for Financial Reporting	Lorenzo Mazzini
Independent Audit Firm	Deloitte & Touche S.p.A.

[1] Co-opted by the Board of Directors on December 22, 2022, to replace Giovanna Mariani, who passed away on November 4, 2022. This director will remain in office until the next meeting of shareholders called to confirm the appointment until the end of the term of the full board.

Office held until the approval of the 2029 annual accounts

THE GROUP AND ITS OPERATIONS

The SECO Group (hereinafter also referred to as the "Group" or "SECO") consists of the parent company SECO S.p.A., hereinafter also referred to as the "Company" or "Parent Company", and its subsidiaries, as presented below:



The Company's registered office is located in Arezzo (AR), via Achille Grandi 20.

SECO is a high-tech enterprise that develops and delivers cutting-edge solutions for the digitization of industrial products and processes. SECO's hardware and software offerings enable B2B enterprises to introduce edge computing, Internet of Things, data analytics and artificial intelligence into their businesses. Within a quickly and broadly evolving marketplace, SECO's technologies encompass many fields of application, with innovative and customized solutions provided to its more than 450 customers, in sectors such as the Medical, Industrial Automation, Fitness, Vending and Transportation areas, in addition to many others.

It is indicated that the company Aidilab Inc. is inactive.

DIRECTORS' REPORT

Market Overview

As digital technologies become ubiquitous, we are entering an era of interconnected devices, analytics, and artificial intelligence. The increasing number of intelligent devices – which can process data at the source (edge computing) and are connected to the cloud – is opening the door to new business models, creating major development opportunities, and helping to improve people's overall safety and quality of life.

The evolution of technologies such as the Cloud, Big Data and Analytics, Artificial Intelligence and the Internet of Things has accelerated the digital transformation of business processes worldwide, and the way in which companies approach the creation, provision and use of ICT products and services.

In the current environment, speed of execution and time to market are key aspects not only for competitivity, but also for a business's survival. We are witnessing across the globe a strong drive towards digitalization.

In our post-pandemic climate, this trend has significantly accelerated, with digitalization spreading to many sectors and environments of daily life which historically were far removed from this world. This trend has also advanced significantly in the industrial environment, where businesses across all sectors increasingly require more innovation, digitalization and interconnection among their products.

Climate change and issues surrounding raw material and energy supply have combined to make accelerating the digital transition increasingly crucial. Against this backdrop, digitalization will play a key role. Through Artificial Intelligence, it will offer advanced tools to support renewable energy, energy efficiency, and reduced consumption of industrial and personal devices.

The many relaunch and investment incentives programs underway in numerous countries shall contribute to further speeding up these trends, ensuring growth of the connected devices and IoT market comfortably in the double-digits, as indicated by all of the most trusted sector studies.

Operational overview

The Group's solid expansion over recent years was again confirmed in H1 2023. The development of new edge computing products and new CLEA (the proprietary IoT software platform) functionalities continued in the first six months of 2023. CLEA is a key linchpin in the strategy we have undertaken at SECO with the goal of increasing the value created for our customers by offering a growing range of end-to-end, integrated, customizable solutions, thanks to the integration of micro-computing, human-machine interfaces, software platforms and digital services based on Artificial Intelligence models.

Along this strategic line of action, we are committed at SECO to further strengthening our presence and position in the IoT and AI market through a number of major agreements to add weight to our commercial offerings.

In January, SECO was selected by Axelera AI B.V. - a Netherlands-based company specializing in the development of technologies for edge-AI - as the sole developer for Europe of edge AI solutions based on the AI Metis™ AI

Platform, a tool designed to increase the computational capacity of devices, accelerate computational transactions performed on the edge and the deployment of artificial intelligence algorithms from the cloud to field devices. Through preferential access to Axelera AI's technology, SECO is working on the design of a development board and module based on a standard form factor, thus introducing a product dedicated to the innovative computer vision segment into its catalog. In this context, CLEA will also serve as an enabler for deploying existing AI-based models to perform accelerated inference capabilities directly on the edge, as well as to transfer AI-processed data to the cloud for archiving or further processing.

In February, the release of a solution that will integrate CLEA with Google Cloud for the European market was announced. Users of Google Cloud will be able to use CLEA together with the AI services of Google Cloud, which will be integrated natively with CLEA, in order to generate insights based on all of the company's sources of data, including ERP, CRM, MES, and devices in the field. CLEA will be available on the Google Cloud Marketplace, and the two companies are working together to support customers in implementing CLEA in Google Cloud, with a particular emphasis on vertical applications in strategic industry segments.

On April 3, 2023, a paid-in divisible share capital increase for a maximum nominal Euro 65 million, including share premium, was announced, through the issue of a maximum 13,859,276 SECO ordinary shares, equal to approx. 10.45% of the share capital post-dilution, reserved to 7-Industries Holding B.V. ("7-Industries"), with the exclusion of option rights as per Article 2441, fifth paragraph of the Civil Code. Founded in 2007, 7-Industries is Ruthi Wertheimer's family office, specializing in minority investments with a long-term horizon in innovative, high-tech entrepreneurial or family-owned companies, listed on the Italian and European stock markets. The transaction was completed in two tranches, respectively on April 6 and June 13, 2023, with the subscription and payment of Euro 65 million, including share premium, against the issue of 13,859,276 ordinary SECO shares. In addition, 7-Industries purchased 355,366, 355,366 and 355,366 ordinary SECO shares from DSA S.r.l., HSE S.r.l. and HCS S.r.l., respectively. As a result of these transactions, 7-Industries' stake in SECO's share capital is 11.23% at June 30, 2023. Consistent with its long-term investment strategy, 7-Industries has made a commitment to the Company that it will not dispose of the SECO shares, whether subscribed or purchased, during the 24 months following the closing date of the first tranche of the Share Capital Increase and Sale.

As part of the agreement with the new shareholder 7-Industries, SECO's Board of Directors also co-opted Mr. Tosja Zywietz as a Director. Mr. Zywietz has held senior executive positions in several leading German industrial companies with revenues in the multi-billions, operating in the industrial sensors and connectors fields.

Also in April, SECO announced the launch of CLEA Store, a CLEA-based framework developed to accelerate the delivery to end users of value-added data analytics and AI services. Equipped with distribution and billing capabilities, CLEA Store is a technological infrastructure that enables companies to build a marketplace of own-brand services, allowing them to offer applications developed in-house or by third parties and make them available to users of their products. Based on a revenue share mechanism with its user customers, CLEA Store provides an opportunity for them to define new servitized business models with their customers and introduce a source of recurring revenue to their revenue mix.

Research and Development and Technological Innovation

Also in H1 2023, SECO made a strong commitment to ensure high levels of innovation, integration and added value in the solutions built according to the specific needs of customers operating in multiple verticals.

SECO's main objective in fact is to anticipate the needs of its customers, utilizing frontier technologies and supporting them in the digital transition of their business, while adding value to their solutions.

The constant push for innovation by all the players in a given sector can quickly render a competitive advantage obsolete. For this reason, SECO every year dedicates significant resources to Research and Development. With 10 design centers in 8 countries across the world, approx. one-third of SECO personnel are employed in the design of new products and of off-the-shelf solutions to be sold on the market, in addition to the co-development and co-engineering of customized products, working hand-in-hand with the customer. Specifically, about 130 SECO personnel are exclusively focused on developing artificial intelligence-based software solutions.

The SECO Group R&D departments are responsible for developing and designing technological solutions based on integrated systems, standard and custom modules and IoT and AI software solutions for SECO's customers and target markets. Research and development is a key aspect of SECO's business model and is carried out both in-house and through partnerships with world-class technology enterprises and research institutes and university hubs worldwide.

H1 Operating performance

Despite the complex general economic environment, featuring the restrictive economic policies applied by central banks, which have begun to reduce the global demand for goods, the Group returned significant revenue growth compared to the same period of the previous year. Sales revenues were up 18.87% on the first six months of 2022.

Sales revenues by region

As required by IFRS 8, information on the geographical distribution of revenues is provided below. Specifically, four regions have been identified: EMEA, USA, APAC and ROW. The breakdown of revenues by region is provided below:

	H1 2023	H1 2022	Changes	%
EMEA	87,331	73,374	13,957	*19.02%*
of which Italy	*41,519*	*38,353*	*3,166*	*8.25%*
USA	14,111	11,668	2,443	*20.94%*
APAC	9,907	5,817	4,090	*70.31%*
Rest of the world	521	3,249	(2,728)	*-83.96%*
Revenues by region	**111,870**	**94,108**	**17,762**	**18.87%**

Sales revenue increased from Euro 94,108 thousand in H1 2022 to Euro 111,870 thousand in H1 2023, up 18.87% on the same period in the previous year. This increase reflects growth in all the Group's main regions, and was strongest in the EMEA, USA and Asia-Pacific areas.

Specifically, revenue growth was mainly concentrated:

- in EMEA, for an increase of Euro 13,957 thousand (+19.02%), driven by growing sales volumes to long-standing Group customers, principally on the Italian, German and Swiss markets, in which the partnerships established with new customers in the second half of 2022 were consolidated;
- in the United States, with an increase of Euro 2,443 thousand (+20.94%), driven mainly by the growth of sales volumes to long-standing customers;
- in the APAC region, which saw an increase of Euro 4,090 thousand (+70.31%), mainly attributable to the revenue growth from the sale of touch screens and TFTs.

Alternative operating performance measures

The following tables present the operating and financial measures used by the Group to monitor performance, in addition to the measurement methods.

In order to better understand the Group's operating and financial performance, the Directors have identified a number of alternative performance measures ("APM" or "Alternative Performance Measures").

To correctly interpret these APM's, we highlight that they are not covered by IFRS and the definitions of the APM's used by the Group - as they do not derive from the applicable accounting standards - may not be the same as those adopted by other groups and therefore comparable with them.

The following table presents the key alternative performance measures for the operating results and balance sheet:

(in Euro thousands)	2023	2022	Change	Change %
EBITDA	26,128	18,429	7,699	41.78%
Adjusted EBITDA	26,511	20,114	6,396	31.80%
Net financial debt	(69,195)	(128,803)	59,608	-46.28%
Adjusted net financial debt	(60,187)	(118,841)	58,654	-49.36%

EBITDA - This measure is used by the Group as a financial target and is useful for assessing operating performance. EBITDA is calculated as profit or loss for the year before income taxes, financial income and charges, and amortization and depreciation.

(in Euro thousands)	H1 2023	H1 2022	Change	Change %
Total revenues and operating income	113,950	96,259	17,691	18.38%
Costs for services, goods and other operating costs	(68,068)	(61,005)	(7,063)	11.58%
Personnel costs	(19,753)	(16,824)	(2,929)	17.41%
EBITDA	**26,128**	**18,429**	**7,699**	**41.78%**

(*) Costs for services, goods and other operating costs include the following income statement items: costs of raw, ancillary, consumable materials and goods; changes to inventory; service costs; the doubtful debt provision and provisions for risks; other operating costs; exchange gains and losses.

The increase on the previous period (Euro 7,699 thousand, +41.78%) is due to the increase in sales revenue, a reduction in raw material costs and the exploitation of operating leverage on other operating costs and personnel costs.

Adjusted EBITDA - Adjusted EBITDA is a measure to assess the Group's operating performance. Adjusted EBITDA is calculated as the profit before income taxes, financial charges and income, amortization and depreciation, exchange gains or losses, income from non-core business activities and non-recurring income from core business activities.

With regards to Adjusted EBITDA, the Group considers that the adjustment (which defines Adjusted EBITDA) was made to represent the Group's operating performance, net of effects of a number of events and transactions.

(in Euro thousands)	H1 2023	H1 2022	Change	Change %
EBITDA	**26,128**	**18,429**	**7,699**	**41.78%**
Exchange gains/(losses)	(1,000)	(167)	(833)	498.80%
Income/charges from non-core business activities	1,362	1,786	(424)	-23.74%
Non-recurring income/charges from core business activities	21	66	(45)	-68.49%
Adjusted EBITDA	**26,511**	**20,114**	**6,396**	**31.80%**

The Group reports H1 2023 Adjusted EBITDA of Euro 26,511 thousand, increasing 31.80% (Euro 6,396 thousand) on H1 2022.

Income from non-core business activities of Euro 1,362 thousand mainly concerns the allocation of Stock Options to managers and directors for Euro 669 thousand, for Euro 407 thousand the issue of the "Retention Bonus" to personnel of the subsidiary SECO USA Inc., remaining at the company at December 31, 2022 compared to the personnel employed at the company's acquisition date (February 2020).

Alternative financial performance measures

Net financial debt - This measure indicates the Group's financial debt, net of cash and cash equivalents.

A breakdown of the net financial debt at June 30, 2023, compared to December 31, 2022 is presented below, calculated according to Consob Communication DEM/6064293 of July 28, 2006 and subsequent amendments and supplements (Consob Communication No. 0092543 of December 3, 2015, which incorporates the ESMA/2015/1415 guidelines) and in compliance with the ESMA/2021/32/382/1138 recommendations.

At June 30, 2023, the Group net financial debt was Euro 69,195 thousand, compared to Euro 128,803 thousand at December 31, 2022.

(in Euro thousands)	30/06/2023	31/12/2022	Change	Change %
A. Cash	18	15	3	18.37%
B. Cash equivalents	75,812	39,570	36,242	91.59%
C. Other current financial assets	0	0	0	0.00%
D. Cash and cash equivalents (A) + (B) + (C)	**75,830**	**39,586**	**36,244**	**91.56%**
E. Current financial debt	(17,792)	(23,394)	5,602	-23.95%
F. Current portion of the non-current debt	(9,588)	(9,705)	117	-1.21%
G. Current financial debt (E)+(F)	**(27,380)**	**(33,099)**	**5,719**	**-17.28%**
H. Net current financial debt (G) + (D)	**48,450**	**6,487**	**41,963**	**646.87%**
I. Non-current financial debt	(117,645)	(135,290)	17,645	-13.04%
J. Debt instruments	0	0	0	0.00%
K. Trade payables and other non-current payables	0	0	0	0.00%
L. Non-current financial debt (I) + (J) + (K)	**(117,645)**	**(135,290)**	**17,645**	**-13.04%**
M. Total financial debt (H) + (L)	**(69,195)**	**(128,803)**	**59,608**	**-46.28%**

The net financial debt overall decreased by Euro 59,608 thousand, mainly due to the share capital increase by 7-Industries Holding B.V..

The liquidity raised by this transaction allowed for the early repayment of a Euro 12.7 million loan and the setting up of two deposit accounts for a total of Euro 30 million, restricted for 6 and 9 months and considered as cash equivalents as per IAS 7. For further information, reference should be made to paragraph (12) cash and cash equivalents. At June 30, 2023, the Mark to Market of derivatives was a positive Euro 14,838 thousand. These derivatives are classified as non-current financial assets which are not components to be considered when calculating the net financial debt, as per the Consob Communication in accordance with ESMA recommendations 2021/32/382/1138.

Adjusted Net financial debt – The Adjusted net financial debt indicates the Group's capacity to meet its financial obligations.

The Adjusted net financial debt is obtained by adjusting the Net financial debt calculated according to the Consob Communication and in compliance with the ESMA/2021/32/382/1138 recommendations, with the VAT receivable, the current and non-current financial receivables deriving from leases and recognized under IFRS 16 and the effect of the recognition of the MTM of the derivatives where liabilities.

The Adjusted net financial debt at June 30, 2023 was Euro 60,187 thousand, compared to Euro 118,841 thousand at December 31, 2022. The adjustment related to the VAT credit was substantially stable in the period, with both current and non-current finance lease liabilities decreasing.

(in Euro thousands)	30/06/2023	31/12/2022	Change	Change %
Net financial debt	**(69,195)**	**(128,803)**	**59,608**	**-46.28%**
(+) VAT receivables	2,028	2,166	(138)	-6.37%
(-) Current finance lease liabilities	(1,594)	(1,719)	125	-7.26%
(-) Non-current finance lease liabilities	(5,386)	(6,077)	691	-11.37%
(-) Derivative financial instruments (*)	0	0	0	0.00%
Adjusted net financial debt	**(60,187)**	**(118,841)**	**58,654**	**-49.36%**

(*) At June 30, 2023, the Mark to Market of derivatives was a positive Euro 14,838 thousand. These active derivatives are classified as non-current financial assets which are not included in the components to be considered when determining net financial debt, as per Consob Communication in accordance with ESMA recommendations 2021/32/382/1138, and they are therefore not included in the calculation of the Adjusted net financial debt.

SECO on the stock exchange

SECO S.p.A. stock is listed on the Euronext Star Milan market organized and managed by Borsa Italiana S.p.A.

At June 30, 2023, the SECO S.p.A. (IOT:MI) stock price was Euro 5.13, with a capitalization therefore of Euro 681.2 million.

Subsequent events

On July 28, 2023, the Shareholders' Meeting approved a share capital increase for a total maximum amount of Euro 110,000, in service of two stock option plans which stipulate a vesting period between 2025 and 2027. For further information, reference should be made to the press release of July 28, 2023.

Outlook

Despite signs of general economic slowdown, amid the still sustained levels of inflation and high interest rates, SECO's strategic positioning - together with the extent of its backlog, and the new projects entering into mass production and the volumes currently under negotiation - create confidence for the remainder of 2023.

Therefore, it may reasonably be expected that the Group's organic growth shall continue over the coming quarters of the year.

CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS AT JUNE 30, 2023

Consolidated Balance Sheet

(in Euro thousands)	Note	30/06/2023	*of which related parties*	31/12/2022	*of which related parties*
Property, plant and equipments	**1**	16,612	-	17,095	-
Intangible assets	**2**	102,561	-	102,044	-
Right of Use	**3**	8,082	-	8,986	-
Goodwill	**4**	165,353	-	165,508	-
Non-current financial assets	**5**	16,606	*65*	17,431	*65*
Deferred tax assets	**6**	2,604	-	2,516	-
Other non-current assets	**7**	2,582	-	1,406	-
Total non-current assets		**314,400**	**65**	**314,985**	**65**
Inventories	**8**	81,820	-	83,277	-
Trade receivables	**9**	62,980	*6,919*	49,233	*5,793*
Current tax assets	**10**	3,696	-	4,696	-
Other receivables	**11**	3,776	-	3,450	*330*
Cash and cash equivalents	**12**	75,831	-	39,586	-
Total current assets		**228,103**	**6,919**	**180,243**	**6,123**
TOTAL ASSETS		**542,503**	**6,984**	**495,228**	**6,188**
Share capital	**13**	1,296	-	1,154	-
Share premium reserve	**13**	233,835	-	168,543	-
Reserves	**13**	44,910	-	35,043	-
Group Net Profit		8,218	-	11,039	-
Total Group Equity	**13**	**288,259**	**-**	**215,779**	**-**
Minorities Equity and Reserves		19,612	-	17,244	-
Minorities profit for the period		1,832	-	3,530	-
Minorities Equity		**21,444**	**-**	**20,774**	**-**
Total Equity	**13**	**309,703**	**-**	**236,553**	**-**
Employee benefits	**14**	2,908	*342*	2,827	*302*
Provisions for risks	**15**	1,426	-	1,402	-
Deferred tax liabilities	**16**	25,734	-	25,911	-
Non-current financial liabilities	**17**	112,261	-	129,213	-
Non-current lease liabilities	**18**	5,386	-	6,077	-
Other non-current liabilities	**19**	8	-	8	-
Total non-current liabilities		**147,723**	**342**	**165,438**	**302**
Current financial liabilities	**20**	16,198	-	21,675	-
Current part of N-C financial liabilities	**21**	9,588	-	9,705	-
Current lease liabilities	**22**	1,594	-	1,719	-
Trade payables	**23**	42,269	*93*	44,009	*336*
Other payables	**24**	9,557	*183*	12,257	*136*
Current tax liabilities	**25**	5,871	-	3,871	-
Total current liabilities		**85,077**	**276**	**93,236**	**472**
TOTAL EQUITY AND LIABILITIES		**542,503**	**618**	**495,228**	**774**

SECO

Consolidated Income Statement

(in Euro thousands)	Note	H1 2023	*of which related parties*	H1 2022	*of which related parties*
Net sales	**26**	111,870	*2,068*	94,108	-
Other revenues and income	**27**	2,080	*439*	2,151	-
Raw materials, ancillaries, consumables and goods	**28**	(54,936)	-	(71,725)	-
Change in inventories		(1,430)	-	21,661	-
Service costs	**29**	(10,161)	*(149)*	(9,252)	*(77)*
Personnel costs	**30**	(19,753)	-	(16,824)	-
Amortization & depreciation	**31**	(9,504)	-	(6,468)	-
Doubtful debt provision and provision for risks	**32**	-	-	(4)	-
Other operating costs	**33**	(2,541)	*(505)*	(1,852)	*(563)*
Operating Profit		**15,624**	**1,853**	**11,794**	**(640)**
Financial income		1,319	-	17	-
Financial charges	**34**	(4,055)	-	(2,182)	-
Exchange gains/(losses)		1,000	-	167	-
Profit before tax		**13,888**	**1,853**	**9,796**	**(640)**
Income taxes	**35**	(3,838)	-	(3,040)	-
Net profit for the period		**10,050**	**1,853**	**6,756**	**(640)**
Non-controlling interests profit		1,832	-	2,053	-
Group profit		**8,218**	**1,853**	**4,703**	**(640)**
Basic earnings per share		0.07	-	0.02	-
Diluted earnings per share		0.06	-	0.02	-

Consolidated Comprehensive Income Statement

(in Euro thousands)	H1 2023	H1 2022
Net profit for the period	**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**

Consolidated cash flow statement

(in Euro thousands)	30/06/2023	30/06/2022
Net profit for the period	**10,051**	**6,756**
Income taxes	3,838	3,040
Amortization & depreciation	9,504	6,468
Provisions for risks, receivables and inventories	0	0
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	0	0
Interest collected	1,319	17
Interest paid	(2,901)	(1,728)
Exchange gains/(losses) realized	846	154
Income taxes paid	(1,307)	0
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	0	(67)
Acquisition of business units net of cash and cash equivalents	0	0
Acquisition of subsidiaries net of cash and cash equivalents	0	0
Cash flow from investing activities (B)	**(8,580)**	**(8,141)**
New loan drawdowns	0	0
(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	0	0
Paid-in capital increase	64,993	(400)
Acquisition of treasury shares	0	(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 period	39,586	**58,825**
Conversion differences	(1,138)	902
Cash & cash equivalents at end of the period	**75,831**	**35,564**

Consolidated Statement of Changes in Equity

(in Euro thousands)	01/01/2023	Share capital increase	Allocation result	Dividends paid	Other movements	Acquisition/ incorporation of consolidated companies	Comprehensive Profit/ (Loss)	30/06/2023
Share capital	1,154	138	0	0	4	0	0	1,296
Legal reserve	289	-	0	0	0	0	0	289
Share premium reserve	168,543	63,636	0	0	1,655	0	0	233,834
Other reserves	34,365	-	11,039	0	148	0	(629)	44,924
Translation reserve	545	-	0	0	0	0	(691)	(145)
FTA Reserve	(371)	-	0	0	0	0	0	(371)
Discounting employee benefits	215	-	0	0	0	0	0	215
Group Net Profit/(loss)	11,039	-	(11,039)	0	0	0	8,218	8,218
Group Equity	**215,779**	**63,774**	**0**	**0**	**1,809**	**0**	**6,898**	**288,261**
Minorities capital and reserves	17,250	-	3,530	0	(94)	0	(1,068)	19,618
Discounting employee benefits	(7)	-	0	0	0	0	0	(7)
Minorities profit	3,530	-	(3,530)	0	0	0	1,832	1,832
Minorities equity	**20,774**	-	**0**	**0**	**(94)**	**0**	**764**	**21,444**
Total Equity	**236,553**	**63,774**	**0**	**0**	**1,715**	**0**	**7,663**	**309,705**

(in Euro thousands)	01/01/2022	Share capital increase	Allocation result	Dividends paid	Other movements	Acquisition/ incorporation of consolidated companies	Comprehensive Profit/ (Loss)	30/06/2022
Share capital	1,074	0	0	0	2	0	0	1,076
Legal reserve	289	0	0	0	0	0	0	289
Share premium reserve	118,981	0	0	0	22	0	0	119,003
Other reserves	20,962	0	4,149	0	(4,396)	0	8,012	28,728
Translation reserve	457	0	0	0	0	0	631	1,088
FTA Reserve	(371)	0	0	0	0	0	0	(371)
Discounting employee benefits	(146)	0	0	0	0	0	0	(146)
Group Net Profit/(loss)	4,149	0	(4,149)	0	0	0	4,703	4,703
Group Equity	**145,395**	**0**	**0**	**0**	**(4,372)**	**0**	**13,347**	**154,370**
Minorities capital and reserves	15,277	0	2,351	0	(240)	0	685	18,073
Discounting employee benefits	(21)	0	0	0	0	0	0	(21)
Minorities profit	2,351	0	(2,351)	0	0	0	2,053	2,053
Minorities equity	**17,607**	**0**	**0**	**0**	**(240)**	**0**	**2,738**	**20,106**
Total Equity	**163,003**	**0**	**0**	**0**	**(4,612)**	**0**	**16,085**	**174,476**

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS AT JUNE 30, 2023

The publication of the Group's condensed consolidated half-year financial statements at June 30, 2023 was approved by the Board of Directors on September 12, 2023.

Accounting standards and basis of preparation

Content and form of the Financial Statements

The condensed consolidated half-year financial statements at June 30, 2023 have been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB") and approved by the European Union, as well as the provisions issued under Article 9 of Legislative Decree No. 38/2005. IFRS refers to all the revised international accounting standards (IAS) and all of the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") - previously known as the Standing Interpretations Committee ("SIC"). In particular, the Condensed Consolidated Half-Year Financial Statements were prepared in accordance with IAS 34 regarding interim financial reporting. The Condensed Consolidated Half-Year Financial Statements must be read together with the Consolidated Financial Statements at December 31, 2022, prepared in accordance with IFRS.

The accounting policies and principles applied in the preparation of the condensed consolidated interim financial statements at June 30, 2023 are in continuity, with the exception of that indicated in the "IFRS accounting standards, amendments and interpretations applicable from January 1, 2023" paragraph, with those of the previous year, since, for the purpose of preparing its consolidated financial statements, the Company has adopted IFRS as of the year ended December 31, 2020, with a transition date of January 1, 2018.

The condensed consolidated half-year financial statements at June 30, 2023 were prepared on the going concern basis. Taking into account the Group's financial strength and operating profitability, the Directors have assessed that there are no significant uncertainties regarding the ability of the companies included in the consolidation to operate as going concerns in the foreseeable future.

The condensed consolidated half-year financial statements at June 30, 2023 consist of the Consolidated Balance Sheet, the Consolidated Income Statement, the Consolidated Comprehensive Income Statement, the Statement of changes in Equity, the Consolidated Cash Flow Statement and these Explanatory Notes.

These Financial Statements have been prepared in thousands of Euro - the Parent Company's functional and "Reporting" currency - in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates". This could produce rounding differences when individual line items are added together as the individual line items are calculated in Euro (rather than in thousands of Euro).

The condensed consolidated half-year financial statements at June 30, 2023 were audited by Deloitte & Touche S.p.A. (appointed by the Shareholders' Meeting of March 1, 2021).

Consolidation principles and consolidation scope

These half-year financial statements include the statutory financial statements of SECO S.p.A. (Parent Company) and the companies in which the parent company directly and/or indirectly holds a controlling interest. The line-by-line consolidation method has been used for these companies.

The following companies are included in the consolidation scope:

- SECO S.p.A., with registered office in Arezzo 52100, Via Achille Grandi No. 20, Tax/VAT No. 00325250512, share capital Euro 1,296,333.53;
- PSM Tech S.r.l., with registered office in Arezzo 52100, Via Achille Grandi No. 18, Tax/VAT No. 02301580516, share capital Euro 30,000.00;
- Seco Mind S.r.l., with registered office in Arezzo 52100, Via Achille Grandi No. 18, share capital Euro 61,200.00.
- SECO Asia, limited, with registered office in Hong Kong, share capital Euro 6,999,957.05;
- Fannal Electronics Co., Ltd, with registered office at 6F, No. 77, Bowang Street, Yuhang District, Hangzhou, Zheijang (People's Republic of China), share capital RMB 7,365,517.00;
- Seco USA Inc., with registered office in Rockville, Maryland (USA), share capital USD 3,291,786.37;
- Seco Mind USA, LLC, with registered office in San Jose, California, USA, share capital USD 12,857,142.86;
- Piri.ai Inc, with registered office in Ahmedabad (India), share capital INR 100,000.00;
- Seco Microelectronics Co., Ltd., with registered office in Hangzhou (People's Republic of China), share capital RMB 64,763,000.00;
- Seco BH d.o.o, with registered office in Tuzla, Bosnia & Herzegovina, share capital BAM 20.000,00;
- SECO Northern Europe Holding GmbH, with registered office in Hamburg, Federal Republic of Germany, share capital Euro 25,000.00;
- SECO Northern Europe GmbH, with registered office in Hamburg, Federal Republic of Germany, share capital Euro 102,661.00;
- SECO Mind Germany GmbH (Stuttgart), with registered office in Stuttgart, Federal Republic of Germany, share capital Euro 25,000.00;
- E-GITS India Private Ltd. (Chennai, India), with registered office in Chennai, India, share capital INR 640,200.00 Company in liquidation

Any Associated Companies and Minor Companies in which the stake held is below the 20% threshold and which constitute non-current financial assets are measured at equity.

For the consolidation, the statutory financial statements or reporting packages of the individual companies were used, already approved by the respective Boards for approval, reclassified and adjusted in line with the accounting standards and policies adopted by the Group.

As per IFRS 10, the Group exercises control when it is exposed to or has the right to variable income streams, based on the relationship with the investee, and, at the same time, has the capacity to affect such income streams through the exercise of power over the investee.

Generally, there is presumption that the majority of the voting rights results in control. To support this presumption, when the Group holds less than a majority of the voting rights, the Group, in accordance with IFRS 10 standard, considers all relevant facts and circumstances to determine whether it has control of the entity, including any contractual arrangements with other holders of voting rights.

Consolidation is carried out according to the line-by-line method; the assets and liabilities, charges and income of the consolidated companies are fully included in the consolidated financial statements from the moment control is acquired until the date when it ceases. In accordance with IFRS 3, the subsidiaries acquired by the Group are accounted for using the acquisition method, according to which:

- the amount transferred in a business combination is valued at fair value, calculated as the sum of the fair value of the assets acquired and the liabilities assumed by the Group at the acquisition date and any equity instruments issued in exchange for control of the company acquired; accessory charges to the transaction are expensed to the income statement when incurred;
- Goodwill is initially recognized at cost, represented by the excess of all the consideration paid and the amount recorded for minority interests over the net identifiable assets acquired and liabilities assumed by the Group. This goodwill is not amortized but is subject to impairment testing at least annually, and in any case whenever events occur that suggest a reduction in value, in order to verify its recoverability;
- If the fair value of the net assets acquired exceeds the total consideration paid, the Group again verifies if it has correctly identified all the assets acquired and all the liabilities assumed and reviews the procedure utilized to determine the amount to be recorded at the acquisition date. If from the new valuation the fair value of the net assets acquired is still above the consideration, the difference (gain) is recorded in the income statement.

The share of equity and result for the period attributable to non-controlling interests are recorded separately, in the balance sheet, income statement and comprehensive income statement respectively.

The payables and receivables and income and charge relating to transactions between companies in the consolidation scope are eliminated. Profits arising from transactions between these companies and relating to amounts included in equity attributable to the shareholders of the parent company are eliminated. The tax effects of consolidation adjustments are taken to the account “deferred tax liabilities”, where liabilities and to the account “deferred tax assets” where assets;

Foreign currency transactions are recorded at the current exchange rate on the date of the transaction. Monetary assets and liabilities in foreign currency are translated to the operative currency at the exchange rate at the reporting date.

The separate financial statements of each company belonging to the Group are prepared in the primary currency where they operate (operational currency). For the purposes of the consolidated financial statements, the financial statements of each foreign entity are expressed in Euro, which is the operational currency of the Group and the presentation currency of the consolidated financial statements. All of the assets and liabilities of foreign subsidiaries in currencies other than the Euro which are included in the consolidation are translated using the exchange rate at the balance sheet date (current foreign exchange rate method). Income and costs are translated at the average exchange rate for the year. The exchange rate differences resulting from the application of this method, as well as the exchange rate differences resulting from the comparison between the opening equity converted at current exchange rates and the same converted at historical exchange rates, pass through the comprehensive income statement and are accumulated in a specific equity reserve until the investment is sold.

In the preparation of the consolidated cash flow statement the average exchange rates for the year are used to convert the cash flows of foreign subsidiaries.

The exchange rates used for the translation to Euro of the financial statements of the companies included in the consolidation are shown in the table below.

Currency	Exchange rate at 30/06/2023	Average January-June 2023	Exchange rate at 31/12/2022	Average January-June 2022
US Dollar (USD)	1.0866	1.0807	1.0666	1.0934
Chinese Renminbi (CNY)	7.8983	7.4894	7.3582	7.0823
Indian Rupee (INR)	89.2065	88.8443	88.1710	83.3179
Bosnian Mark (BAM)	1.9580	1.9580	1.9580	1.9580

IFRS Accounting Standards, Amendments and Interpretations applied from January 1, 2023

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group from January 1, 2023:

- On May 18, 2017, the IASB published **IFRS 17 - Insurance Contracts** which replaces **IFRS 4 - Insurance Contracts**. This standard is effective as of January 1, 2023. The new standard ensures that an entity provides pertinent information which accurately presents the rights and obligations under insurance contracts. The IASB developed the standard in order to eliminate inconsistencies and weaknesses in the existing accounting policies, providing a single principle-based framework to take account of all types of insurance contracts, including reinsurance contracts held by an insurer.
  The new standard sets out in addition presentation and disclosure requirements to improve comparability between entities belonging to the same sector.
  It measures insurance contracts on the basis of a General Model or a simplified version of such, called the Premium Allocation Approach ("PAA").
  The main features of the General Model are:
    - the estimates and assumptions of future cash flows always refer to the current portion;
    - the measurement reflects the time value of money;
    - the estimates include an extensive use of observable market information;

- a current and clear risk measurement exists;
- the expected profit is deferred and aggregated into groups of insurance contracts on initial recognition; and,
- the expected profit is recognized in the period of contractual coverage, taking account of adjustments from changes in the assumptions on cash flows for each group of contracts.

The PAA approach involves the measuring of the liability for the residual coverage of a group of insurance contracts on the condition that, on initial recognition, the entity expects that this liability reasonably reflects an approximation of the General Model. Contracts with a coverage period of one year or less are automatically considered appropriate for the PAA approach. The simplifications from application of the PAA method do not apply to the valuation of liabilities for existing claims, which are measured with the General Model. However, it is necessary to discount these cash flows where it is expected that the balance will be paid or received within one year from the date on which the claim occurred.

The entity should apply the new standard to insurance contracts issued, including reinsurance contracts issued, reinsurance contracts held and also investment contracts with a discretionary participation feature (DPF).

Furthermore, on December 9, 2021, the IASB published an amendment called "**Amendments to IFRS 17 Insurance contracts**: **Initial Application of IFRS 17 and IFRS 9 – Comparative Information".** The amendment is a transition option related to comparative information on financial assets presented at the date of initial application of IFRS 17. The amendment was effective as of January 1, 2023, along with the application of IFRS 17, to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and thus improve the usefulness of comparative information for financial statement readers.

The adoption of this principle and the related amendment did not have any effects on the Group consolidated financial statements.

- On May 7, 2021, the IASB published an amendment called "**Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction".** The document clarifies how deferred taxes should be accounted for on certain transactions that can generate assets and liabilities of equal amounts, such as leases and decommissioning obligations. The amendments were applied from January 1, 2023.

  The adoption of this amendment does not have effects on the consolidated financial statements of the Group.

- On February 12, 2021, the IASB published two amendments entitled "**Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2" and "Definition of Accounting Estimates—Amendments to IAS 8".** The changes are intended to improve disclosure on accounting policies to provide more useful information to investors and other primary users of financial statements and to help companies distinguish between changes in accounting estimates and changes in accounting policies. The amendments were applied from January 1, 2023. The adoptions of these amendments do not have any effects on the Group consolidated financial statements.

IFRS Standards, Amendments and Interpretations not yet approved by the European Union

At the reporting date, the relevant bodies of the European Union had not yet concluded the process necessary for the implementation of the amendments and standards described below.

- On January 23, 2020, the IASB published an amendment entitled "**Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current**" and on October 31, 2022 published an amendment entitled "**Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants"**. The purpose of the documents is to clarify how to classify payables and other short or long-term liabilities. These amendments shall enter into force on January 1, 2024 and early application is permitted. The Directors do not expect this amendment to have a significant impact on the Group consolidated financial statements.

- On September 22, 2022, the IASB published an amendment entitled "***Amendments to IFRS 16 Leases:* Lease Liability in a Sale and Leaseback".** The document requires the seller-lessee to measure the lease liability arising from a sale & leaseback transaction so as not to recognize income or losses relating to the retained right of use. The amendments will be applicable from January 1, 2024, although advance application is permitted. The Directors do not expect this amendment to have a significant impact on the Group consolidated financial statements.

- On May 23, 2023, the IASB published an amendment called "**Amendments to IAS 12 Income Taxes: *International Tax Reform – Pillar Two Model Rules".*** This introduces a temporary exception to the recognition and disclosure requirements for deferred tax assets and liabilities related to the Pillar Two Model Rules and sets out specific disclosure requirements for entities affected by the related International Tax Reform.
  It provides for the immediate application of the temporary exception, while the disclosure requirements will apply only to financial statements for years beginning on or after January 1, 2023, but not to interim financial statements with a closing date before December 31, 2023. The Directors do not expect this amendment to have a significant impact on the Group consolidated financial statements.

- On May 25, 2023, the IASB published an amendment entitled "***Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments:* Disclosures: *Supplier Finance Arrangements".*** This requires an entity to provide additional information on reverse factoring arrangements to enable users of financial statement to assess how financial arrangements with suppliers may affect the entity's liabilities and cash flows and to understand the effect of such arrangements on the entity's exposure to liquidity risk. The amendments will be applicable from January 1, 2024, although advance application is permitted. The Directors do not expect this amendment to have a significant impact on the Group consolidated financial statements.

- On January 30, 2014, the IASB published **IFRS 14 Regulatory Deferral Accounts** which permits only those adopting IFRS for the first time to continue to recognize amounts concerning Rate Regulation Activities according to the previous accounting standards adopted. As the Company/Group is a first-time adopter, this standard is not applicable.

Amortized cost and measurement of fair value

All financial liabilities are recognized according to the amortized cost method.

Under this approach, the nominal amount of the liability is reduced by the amount of the related issue and/or signing costs plus any costs related to the refinancing of existing liabilities. These costs are amortized using the effective interest rate as the discount rate for future interest expense and repayments of principle at the net carrying amount of the financial liability.

IFRS 13 – Fair Value Measurement defines fair value as the price that would be received for the sale of an asset, or that would be paid to transfer a liability in an arm's length transaction at the measurement date. In the absence of an active and properly functioning market, fair value must be measured using valuation techniques. The standard also establishes a fair value hierarchy:

- level 1 - assets or liabilities subject to valuation listed on an active market;
- level 2 - input based on prices listed at the previous point, which are directly observable (prices) or indirectly (derivatives from the prices) on the market;
- level 3 - input which is not based on observable market data.

Financial Statements

The financial statements of the SECO Group are presented as follows:

- the Balance Sheet reports assets and liabilities analyzed by maturity, separating current and non-current accounts as due within and beyond 12 months;
- the Income Statement, in view of the specific activity carried out, is presented with the individual items analyzed by nature;

- the Comprehensive Income Statement shows the components of net income suspended in equity and is presented as a separate statement and is presented in accordance with the revised version of IAS 1. The items presented in Other Comprehensive Income are grouped based on whether or not they can be reclassified to profit or loss subsequently;
- the Statement of Changes in Equity shows changes in capital, reserves and net profit for the period;
- the Consolidated Cash Flow Statement was prepared reporting financial cash flows according to the "indirect method", as permitted by IAS 7. In order to provide a clearer picture of cash flows, certain changes were made with respect to the format adopted in the previous year, reclassifying for comparative purposes the cash flows relating to the previous year.

The functional and presentation currency of the Company is the Euro. Unless otherwise specified, amounts shown in the Notes to the Financial Statements are expressed in thousands of Euro.

Risk management policies

IFRS 7 requires additional disclosure in the financial statements which permits readers to assess:

- the significance of financial instruments with reference to the Balance Sheet and the Group's earnings;
- the nature and amount of risks deriving from financial instruments to which the Group is exposed during the year and at the reporting date, and the manner in which they are managed.

The requirements of the standard supplement the criteria for the recognition, measurement and presentation of financial assets and liabilities in the financial statements contained in IAS 32 "Financial instruments: presentation and disclosure" and IFRS 9 "Financial instruments: recognition and measurement". The present section therefore provides supplementary disclosures as required by IFRS 7.

Group operations are exposed to a series of financial and operating risks which may impact the balance sheet/financial position, the result and the cash flows, through the relative impact on financial instrument transactions. These risks may be summarized as follows:

a) credit risk;

b) liquidity risk;

c) interest rate risk;

d) exchange rate risk.

Overall responsibility for the creation and supervision of the Group's financial and operating risk management system lies with the Board of Directors. The various organization units functionally responsible for the operational management of each type of risk report to the Board of Directors.

Under guidelines issued by the Board of Director and for each specific risk, these units define the tools and techniques to cover the risks and/or transfer them to third parties (insurance) and evaluate risks neither covered nor insured.

The level of the Group's exposure to the various categories of financial risk identified is commented upon below.

Credit Risk

The Group is exposed to the risk that its customers may be late or not comply with their payment obligations, according to the agreed terms and conditions and that the internal procedures adopted to assess credit standing and the solvency of customers are not sufficient to ensure collection. The occurrence of such risks could have an adverse effect on the Group's financial position, results of operations and cash flows.

To mitigate this risk, considered contained on the approval of the condensed consolidated interim Financial Statements in relation to trade receivables from third parties, the Group controls the credit quality of the counterparty based on internal or external ratings and sets credit limits that are monitored regularly.

Liquidity risk

The Group is exposed to the risk of not being able to obtain new loans or the renewal of existing ones on terms that are not worse than those already in place, or it may be unable to meet its covenant commitments under existing loan agreements. Moreover, breach of the covenants provided for in certain existing loan agreements could, in certain cases (due to cross-default clauses), lead to forfeiture of the benefit of the term with respect to other loan agreements. The occurrence of such risks could have a material adverse effect on the Group's financial position, results of operations and cash flows.

In view of the Group's current net debt and its current ability to generate positive cash flows from operating activities, liquidity risk is assessed as low in the economic climate in which the Group finds itself at the time of approving these condensed consolidated interim Financial Statements. The Group has credit facilities granted by the banking system, which are adequate in relation to its operating needs.

The Group's cash flows, financing requirements and liquidity are carefully monitored and managed by:

- maintaining an appropriate level of available liquidity;
- diversifying the methods used to raise financial resources;
- arranging appropriate credit facilities;
- monitoring prospective liquidity conditions, in relation to the business planning process.

Interest rate risk

The Group is subject to interest rate fluctuation risk related to its debt. Any changes in interest rates (EURIBOR) could affect the increase or decrease in financing costs.

In the event of significant fluctuations in interest rates, borrowing costs arising from loan agreements could also increase significantly. To the best of the Group's knowledge, no material events of the type described above occurred in H1 2023.

The Group regularly assesses its exposure to the risk of changes in interest rates and manages these risks through the use of derivative financial instruments, which are formally designated as hedging relationships. The use of derivative financial instruments is reserved exclusively for the management of exposure to fluctuations in interest rates connected with monetary cash flows.

Exchange rate risk

The Group also carries out its activities outside the Eurozone. Moreover, the financial statements of foreign subsidiaries outside the EU are drawn up in local currency and converted into Euro. Therefore, the Group is exposed to the risk of significant fluctuations in exchange rates: (i) the so-called economic exchange rate risk, i.e. the risk that revenues and costs denominated in currencies other than the euro take on different values compared to the time at which the price conditions were defined; (ii) the so-called translation exchange rate risk, arising from the fact that SECO - although it prepares its financial statements in euros - holds controlling interests in companies that prepare their financial statements in different currencies and, consequently, carries out translation operations on assets and liabilities expressed in currencies other than the euro.

At the date of preparation of these Financial Statements, the Group does not adopt instruments to hedge fluctuations in exchange rates. In order to manage exchange rate risk, the Group carries out purchase and sale transactions in the same local currency through current accounts opened in the individual countries.

Financial assets and liabilities

Financial assets and liabilities by valuation method applied are presented below:

Financial assets at 30/06/2023	Assets at FVPL	Assets at FVTO	Assets at amortized cost	Total
Non-current financial assets	1,505	14,838	264	16,606
Trade receivables	0	0	62,980	62,980
Other receivables	0	0	3,776	3,776
Total financial assets as per IFRS 7	**1,505**	**14,838**	**67,020**	**83,362**

Financial assets at 31/12/2022	Assets at FVPL	Assets at FVTO	Assets at amortized cost	Total
Non-current financial assets	1,609	15,666	155	17,431
Trade receivables	0	0	49,233	49,233
Other receivables	0	0	3,450	3,450
Total financial assets as per IFRS 7	**1,609**	**15,666**	**52,839**	**70,114**

Financial liabilities at 30/06/2023	Assets at FVPL	Assets at FVTO	Assets at amortized cost	Total
Non-current financial lease liabilities	0	0	5,386	5,386
Non-current financial payables	0	0	112,261	112,261
Total non-current financial liabilities	**0**	**0**	**117,647**	**117,647**
Current financial liabilities	0	0	16,198	16,198
Current financial lease liabilities	0	0	1,594	1,594
Current portion of non-current financial payables	0	0	9,588	9,588
Total current financial liabilities	**0**	**0**	**27,380**	**27,380**
Trade payables	0	0	42,269	42,269
Other non-current payables	0	0	8	8
Other current payables	0	0	9,557	9,557
Total financial liabilities as per IFRS 7	**0**	**0**	**196,861**	**196,861**

Financial liabilities at 31/12/2022	Assets at FVPL	Assets at FVTO	Assets at amortized cost	Total
Non-current financial lease liabilities	0	0	6,077	6,077
Non-current financial payables*	0	0	129,213	129,213
Total non-current financial liabilities	**0**	**0**	**135,290**	**135,290**
Current financial liabilities	0	0	21,675	21,675
Current financial lease liabilities	0	0	1,719	1,719
Current portion of non-current financial payables	0	0	9,705	9,705
Total current financial liabilities	**0**	**0**	**33,099**	**33,099**
Trade payables	0	0	44,009	44,009
Other non-current payables	0	0	8	8
Other current payables	0	0	12,257	12,257
Total financial liabilities as per IFRS 7	**0**	**0**	**224,664**	**224,664**

Notes to the Balance Sheet

(1) Property, plant & equipment

Category	30/06/2023	31/12/2022	Change
Land & buildings	4,997	5,068	(71)
Property, plant and equipment	6,587	6,968	(381)
Other tangible assets	4,794	4,860	(66)
Assets in progress	235	199	36
Total property, plant and equipment	**16,612**	**17,095**	**(483)**

The main investments made by the Group in the period totaled Euro 1,369 thousand and mainly concerned the "Plant and Machinery" and "Other tangible assets" categories.

"Plant and machinery" increased by Euro 570 thousand, following the acquisition of new machinery to support the production growth of SECO SpA, Fannal and SECO Northern Europe, while the "Other tangible assets" account increased by Euro 762 thousand as a result of the continual investments made in the equipment necessary for the R&D and Operations functions to support the development of new products and updating to the latest sector technological standards.

The relative movements in the year are reported below:

	Land & buildings	Plant & machinery	Other tangible assets	Assets in progress	Total
Historical cost 31/12/2022	5,882	14,465	8,233	199	28,779
Increases	2	570	762	36	1,369
Decreases	-	-	(146)	-	(146)
Historical cost 30/06/2023	***5,884***	***15,035***	***8,849***	***235***	***30,002***
Accumulated depreciation 31/12/2022	(814)	(7,497)	(3,373)	-	(11,684)
Depreciation	(73)	(951)	(749)	-	(1,773)
Decreases	-	-	67	-	67
Accumulated depreciation 30/06/2023	***(887)***	***(8,448)***	***(4,055)***	***-***	***(13,390)***
Net value 31/12/2022	5,068	6,968	4,860	199	17,094
Net value 30/06/2023	**4,997**	**6,587**	**4,794**	**235**	**16,612**

(2) Intangible assets

Category	30/06/2023	31/12/2022	Change
Development costs	19,710	23,450	(3,739)
Software	36,175	37,007	(831)
Customer List	30,690	31,350	(660)
Other intangible assets	9,714	9,846	(132)
Assets in progress	6,272	392	5,880
Total intangible assets	**102,561**	**102,044**	**517**

The account increased by Euro 7,287 thousand in the period, mainly related to: i) the purchase of new software, chiefly attributable to the companies SECO Spa and SECO Northern Europe for a total of Euro 803 thousand, and ii) the recognition of project in progress development costs for "standard products" with long-term utility incurred during the period for Euro 5,880 thousand. The development costs of “custom” products (developed for a specific customer) are fully expensed in the year.

Movements during the period are shown below:

Category	Net value 31/12/2022	Increases	Decreases	Amortization	Net value 30/06/2023
Development costs	23,450	337	-	(4,076)	19,710
Software	37,007	803	-	(1,634)	36,175
Customer List	31,350	-	-	(660)	30,690
Other intangible assets	9,846	267	-	(399)	9,714
Assets in progress	392	5,880	-	-	6,272
Total intangible assets	**102,044**	**7,287**	**-**	**(6,770)**	**102,561**

Intangible assets were recognized at purchase or internal production costs, including directly attributable accessory costs, and where amortized on a straight-line basis in relation to their residual possibility of use. The value of fixed assets at the end of the period has been compared with the residual cost of such assets to be amortized, in order to record the lower of these values. There are no intangible assets whose duration can be defined as "indefinite". The Directors have made no changes to the amortization criteria and coefficients applied.

Capitalized costs recognized related to the development activities undertaken by the Group, and refer to development projects during the year. These development costs, which are expected to benefit the Group for several years, are posted to the assets of the balance sheet, as the Group has ascertained that they will be useful in the future, there is an objective correlation between them and the related benefits that the Group will enjoy, and the recoverability of such costs can be reasonably estimated. Development costs for the application of research are related to specific, clearly defined products or processes and are identifiable and measurable. The projects for which research is undertaken, are executable and technically feasible for which the Group has the necessary resources. Finally, these projects are considered recoverable, as the Group expects to earn revenues from them in excess of the costs incurred for the research and other development costs.

Assets in progress includes costs incurred in the period, or in previous years, for development activities in progress. The projects relate to clearly defined products or processes, which will be useful in the future; there is an objective correlation with the related future benefits to be enjoyed by the company and their recoverability can be estimated with reasonable certainty. These costs relate to development activities (i.e. the application of research results to other knowledge owned or acquired for the production of materials, devices, processes and systems) aimed at a specific standard product.

(3) Right-of-use

Category	30/06/2023	31/12/2022	Change
Land & buildings	5,288	5,859	(571)
Property & machinery	1,713	1,975	(262)
Depreciation	1,081	1,153	(72)
Right-of-use	**8,082**	**8,986**	**(905)**

Right-of-use includes lease contracts for land and buildings, and leasing of vehicles and machinery.

The increases in the item for Euro 56 thousand concern the signing in 2023 of new lease contracts, mainly for the purchase of an electronic meter used in Seco Spa's production process.

Movements during the period are shown below:

	Land & buildings	Plant & machinery	Other tangible assets	Total
Historical cost 31/12/2022	7,878	3,883	1,447	13,208
Increases	(11)	53	14	56
Decreases	-	-	-	-
Historical cost 30/06/2023	***7,867***	***3,936***	***1,461***	***13,265***
Accumulated depreciation 31/12/2022	(2,020)	(1,908)	(294)	(4,222)
Depreciation	(559)	(315)	(86)	(961)
Decreases	-	-	-	-
Accumulated depreciation 30/06/2023	***(2,579)***	***(2,223)***	***(380)***	***(5,183)***
Net value 31/12/2022	5,859	1,975	1,153	8,987
Net value 30/06/2023	**5,288**	**1,713**	**1,081**	**8,082**

(4) Goodwill

Goodwill, in application of IFRS 3, is initially recognized at cost represented by the excess of the total amount paid and the amount recognized for minority interests in respect of the net identifiable assets acquired and the liabilities assumed by the Group. It represents an intangible asset with indefinite life. For each business combination, the Group decides whether to measure the minority interest at fair value or in proportion to the amount held in the identifiable net assets of the investee. The acquisition costs are expensed in the year and classified under service expenses.

Goodwill is not amortized but subjected annually, or more frequently if certain events or changed circumstances indicate the existence of a permanent loss in value, to impairment tests in accordance with IAS 36. After initial recognition, goodwill is measured at cost net of accumulated impairment. When all or part of a previously acquired company (whose acquisition produced goodwill) is sold, the corresponding residual value of goodwill is considered when calculating the capital gains or loses generated by such sale.

Category	30/06/2023	31/12/2022	Change
Goodwill	165,353	165,508	(155)
Total Goodwill	**165,353**	**165,508**	**(155)**

The value of goodwill at June 30, 2023 increased by Euro 155 thousand on December 31, 2022. This is entirely a result of the exchange rate effect on the value of goodwill of SECO Mind USA LLC compared to its value in Euro at December 31, 2022.

The goodwill was allocated to the cash generating units ("CGU") as follows: i) Seco CGU for Euro 23,600 thousand; ii) Seco Mind US CGU for Euro 8,245 thousand and iii) Seco Northern Europe CGU for Euro 133,509 thousand.

The recoverability of the amounts recorded is verified by comparing the net book value of the cash generating units with the recoverable value (value in use). This recoverable value is represented by the present value of future cash flows that are estimated to derive from the continuous use of the assets referred to the individual cash generating unit and the terminal value attributable to the same. The recoverability of goodwill is tested at least once a year (as of December 31) even in the absence of indicators of impairment.

The Group reports improved results for the first half of 2023 compared to the same period of the previous year. Looking to the individual CGU's, we highlight the strong performances of the Seco and Seco Northern Europe CGU's. The reduction in revenue on the same period of the previous year of the SECO Mind US CGU is mainly due to the ongoing completion of the Artificial intelligence technology solutions. In this regard, the Group has carried out an analysis of the expected results projection and a comparison with the Budget and Plan figures approved at the beginning of 2023 for the various CGU's. The outcome of this analysis did not indicate the need to update the impairment tests of any of the CGU's, also in view of the extent of cover at December 31, 2022.

(5) Non-current financial assets

Category	30/06/2023	31/12/2022	Change
Non-current financial assets	1,769	1,765	4
Assets for derivative financial instruments	14,838	15,666	(828)
Total non-current financial assets	**16,606**	**17,431**	**(824)**

Non-current financial assets decreased from Euro 17,431 thousand at December 31, 2022 to Euro 16,606 thousand at June 30, 2023, mainly due to the Mark to Market value of the interest rate hedges on the medium/long-term loans undertaken by the Group.

(6) Deferred tax assets

Category	30/06/2023	31/12/2022	Change
Deferred tax assets	2,604	2,516	89
Total deferred tax assets	**2,604**	**2,516**	**89**

Deferred tax assets, the recognition of which is subject to the reasonable certainty of their recoverability, corroborated also by the results of the impairment test to which goodwill is subject annually, are determined on the basis of the tax rates in force, corresponding to those that will be applied at the time these differences are reversed. It should be noted that tax assets relating to the actuarial valuations of defined-benefit plans and the effects of consolidation adjustments are charged directly to equity. Total deferred tax assets increased from Euro 2,516 thousand at December 31, 2022 to Euro 2,604 thousand at June 30, 2023.

The Group’s directors assessed the recoverability of the deferred tax assets carried in the financial statements on the basis of the results in the Business Plan.

(7) Other non-current assets

The item totals Euro 2,582 thousand at June 30, 2023 (Euro 1,406 thousand at December 31, 2022) and mainly comprises Other tax receivables beyond one year for Euro 2,220 thousand related to the Tax Credit for the purchase of capital goods under Industry 4.0 and for research and development.

(8) Inventories

Inventories at June 30, 2023 totaled Euro 81,820 thousand, decreasing Euro 1,457 thousand on December 31, 2022. The breakdown of this account is shown in the table below:

Category	30/06/2023	31/12/2022	Change
Raw materials	63,973	66,832	(2,858)
Semi-finished products	12,055	9,827	2,228
Finished products	8,319	7,890	428
Advances to suppliers	1,611	1,367	245
Inventory obsolescence provision	(4,139)	(2,639)	(1,500)
Total inventories	**81,820**	**83,277**	**(1,457)**

Inventory levels were substantially stable on December 31, 2022. The percentage of inventories to business volumes however reduced thanks to the latter’s increase.

(9) Trade receivables

Category	30/06/2023	31/12/2022	Change
Trade receivables	63,696	49,942	13,754
Doubtful debt provision	(716)	(709)	(7)
Total trade receivables	**62,980**	**49,233**	**13,747**

Trade receivables at June 30, 2023 amounted to Euro 62,980 thousand, increasing Euro 13,754 thousand on December 31, 2022. The increase in trade receivables is mainly attributable to the increase in sales, which is a result of both increased volumes from the Group's existing customers and the acquisition of new customers.

(10) Tax receivables

Category	30/06/2023	31/12/2022	Change
VAT	2,444	2,433	11
Income taxes	393	492	(99)
Other	859	1,771	(912)
Total tax receivables	**3,696**	**4,696**	**(1,000)**

Tax receivables at June 30, 2023 amounted to Euro 3,696 thousand, decreasing Euro 1,000 thousand on December 31, 2022. This decrease is mainly attributable to the use of Research and Development and Industry 4.0 Credits as offsets.

(11) Other receivables

Category	30/06/2023	31/12/2022	Change
Advances	153	36	117
Other receivables	2,493	2,476	17
Prepayments and accrued income	1,130	938	192
Total other receivables	**3,776**	**3,450**	**326**

Other receivables at June 30, 2023 amounted to Euro 3,776 thousand and decreased Euro 326 thousand on the previous year. This reduction is due to the combined effect of: (i) the increase in advances at June 30, 2023 compared to December 31, 2022; (ii) the increase in prepayments.

(12) Cash and cash equivalents

This item includes the cash and cash equivalents of the companies included in the consolidation scope.

Category	30/06/2023	31/12/2022	Change
Cash	18	15	3
Cash and cash equivalents	75,813	39,571	36,242
Total cash and cash equivalents	**75,831**	**39,586**	**36,245**

Refer to the consolidated cash flow statement for an analysis of changes in financial resources.

In April 2023, two new restricted deposit accounts were opened for Euro 30 million, with maturities respectively of 6 and 9 months. These deposits were considered as cash equivalents as per IAS 7.

(13) Equity

Movements in and breakdown of equity are shown in the Statement of Changes in Consolidated Equity, to which reference should be made.

SHARE CAPITAL - At June 30, 2023, the authorized share capital totaled Euro 1,344,010.85 and was divided into 132,914,258 shares. The paid-up share capital at June 30, 2023 amounted to Euro 1,296,333.53.

The number of shares issued by Seco Spa at 31.12.2022 was 118,677,417, while in the first half of 2023 an additional 14,236,841 shares were issued, bringing the total number of shares at 30.06.2023 to 132,914,258.

LEGAL RESERVE - The legal reserve, amounting to Euro 289 thousand at June 30, 2023, is unchanged from December 31, 2022.

SHARE PREMIUM RESERVE - The share premium reserve, amounting to Euro 233,835 thousand at June 30, 2023, indicates a net increase of Euro 65,291 thousand, due both to the share capital increase by 7-Industries (Euro 65,000 thousand, of which Euro 139 thousand share capital and the residual Euro 64,861 thousand share premium reserve) and the exercise of the Stock Option Plans by management.

OTHER RESERVES - Other reserves, amounting to Euro 44,924 thousand at June 30, 2023, refer for:

- Euro 37,999 thousand (Euro 27,037 thousand at December 31, 2022) to non-distributable reserves;
- For Euro 4,187 thousand (Euro 3,959 thousand at December 31, 2022) to incentive plans reserves;
- negative Euro 8,330 thousand (negative Euro 8,330 thousand at December 31, 2022) to the treasury share purchase plan reserve. At June 30, 2023 the Company holds 1,053,334 treasury shares.
- Euro 11,068 thousand (Euro 11.697 at December 31, 2022) to the cash flow hedge reserve.

TRANSLATION RESERVE - The translation reserve, negative for Euro 145 thousand at June 30, 2023 (Euro 545 thousand at December 31, 2022), includes exchange differences from the translation of financial statements of foreign subsidiaries.

FTA RESERVE - The First-Time Adoption reserve related to the adoption of international accounting standards, which was negative for Euro 371 thousand at June 30, 2023, is unchanged from December 31, 2022.

RESERVE FOR LOSSES RECORDED IN OCI - The reserve, positive for Euro 215 thousand at June 30, 2023, includes the result of discounting employee benefits.

MINORITIES EQUITY

Minorities equity amounted to Euro 21,444 thousand at June 30, 2023 and consists of minority interests in:

- SECO Asia Limited, which is 49% owned by third parties;
- SECO Microelectronics, 49% owned by third parties;
- Fannal Electronics Co. Ltd, owned 72% by third parties;
- Seco Mind S.r.l., owned 21% by third parties. In the first half of 2023, the Group acquired an additional stake in the subsidiary.
- Seco Mind US, owned 30% by third parties;
- Piri.ai, Inc, owned 31% by third parties.

(14) Employee benefits

Category	30/06/2023	31/12/2022	Change
Post-employment benefit provision employees	(2,566)	(2,524)	(41)
Post-employment benefit provision directors	(342)	(302)	(40)
Total employee benefits	**(2,908)**	**(2,827)**	**(81)**

The account includes the post-employment benefit payable and the Group's post-employment benefit payable matured by the Directors and the employees of the Italian companies at June 30, 2023. The overseas companies do not recognize employee benefits or other components attributable to long-term benefits.

The liability for Director and employee post-employment benefits at June 30, 2023 increased by Euro 81 thousand on December 31, 2022, due to the allocation of the portion in the reporting period.

(15) Provisions for risks

Category	30/06/2023	31/12/2022	Change
Agent's supplementary indemnity provision	(78)	(78)	-
Other	(1,349)	(1,324)	(24)
Total other risks	**(1,426)**	**(1,402)**	**(24)**

The item "Provisions for risks" consists of the provision for supplementary indemnity amounting to Euro 78 thousand and "Other", which is mainly composed of the provision for product warranty of SECO Northern Europe.

(16) Deferred tax liabilities

At June 30, 2023, deferred tax liabilities totaled Euro 25,734 thousand. The item mainly includes the deferred tax liabilities arising from the purchase price allocation on the transaction for the transfer of the business unit from Camozzi Digital S.r.l and the Garz&Fricke customer list. The decrease of Euro 177 thousand compared to December 31, 2022 is mainly due to the release of the deferred tax liabilities for SECO Spa due to the amortization of the intangible assets identified on the above purchase price allocation.

(17) Non-current financial payables

Category	30/06/2023	31/12/2022	Change
Non-current financial payables	(112,261)	(129,213)	16,952
Total non-current financial payables	**(112,261)**	**(129,213)**	**16,952**

This item refers to the medium/long-term portion of outstanding loans. In line with market practice for borrowers of similar credit standing, the main financing agreements call for meeting certain financial covenants, based on which the company is committed to meeting certain financial indicators defined by contract, the most significant of which is the ratio of net debt to EBITDA, measured at the consolidated level as defined in the agreements with the lenders. These covenants had been complied with at December 31, 2022.

(18) Non-current financial lease liabilities

Category	30/06/2023	31/12/2022	Change
Non-current financial lease liabilities	(5,386)	(6,077)	691
Total Non-current financial lease liabilities	**(5,386)**	**(6,077)**	**691**

The account refers to the present value of the medium/long term portion of the financial liabilities assumed by the Group as a result of accounting for lease and rental agreements in accordance with IFRS 16.

The decrease is due mainly to the repayment of debt to leasing companies with which the Group has existing contracts.

(19) Other non-current payables

Category	30/06/2023	31/12/2022	Change
Other non-current payables	(8)	(8)	0
Total other non-current payables	**(8)**	**(8)**	**0**

Other non-current payables at June 30, 2023 were unchanged on December 31, 2022.

(20) Current financial liabilities

Category	30/06/2023	31/12/2022	Change
Current financial liabilities	(16,198)	(21,675)	5,478
Total current financial liabilities	**(16,198)**	**(21,675)**	**5,478**

The account includes credit lines, current account overdrafts, credit card payables, payables for advances on invoices and short-term loans falling due within one year for operational purposes existing at June 30, 2023.

(21) Current portion of non-current financial payables

Category	30/06/2023	31/12/2022	Change
Current portion of non-current financial payables	(9,588)	(9,705)	117
Current portion of non-current financial payables	**(9,588)**	**(9,705)**	**117**

The account includes the instalments on existing loans due in the next 12 months.

(22) Current financial lease liabilities

Category	30/06/2023	31/12/2022	Change
Non-current financial lease liabilities	(1,594)	(1,719)	125
Total Non-current financial lease liabilities	**(1,594)**	**(1,719)**	**125**

The account includes the present value of installments due within the next 12 months in relation to lease and rental agreements entered in accordance with IFRS 16.

(23) Trade payables

Category	30/06/2023	31/12/2022	Change
Trade payables	(42,269)	(44,009)	1,740
Total trade payables	**(42,269)**	**(44,009)**	**1,740**

The account includes accounts payable for production supplies, capital expenditures and services received at June 30, 2023. As previously indicated at Note (8) regarding inventories, the decrease in trade payables is due to the gradual reduction of procurement lead times.

(24) Other current liabilities

The item "Other current payables" decreased by Euro 2,700 thousand on December 31, 2022. The reduction was mainly due to the other payables of Euro 1,139 thousand at June 30, 2023 (Euro 2,739 thousand at December 31, 2022), which includes the settlement of advances from customers.

Category	30/06/2023	31/12/2022	Change
Accrued liabilities	(1,288)	(1,138)	(150)
Payables to social security institutions	(6,603)	(6,943)	340
Other payables	(1,139)	(2,739)	1,600
Advances - contract liabilities	(528)	(1,438)	910
Total other current liabilities	**(9,557)**	**(12,257)**	**2,700**

(25) Tax payables

Category	30/06/2023	31/12/2022	Change
Income tax payables	(3,021)	(1,893)	(1,127)
Amounts due to tax authorities	(2,850)	(1,978)	(872)
Total Tax payables	**(5,871)**	**(3,871)**	**(2,000)**

The account "Income tax payables" includes the tax liabilities recorded in the financial statements of the individual consolidated companies, set aside in relation to the tax charges pertaining to the individual companies on the basis of the applicable national legislation. Amounts due to tax authorities primarily refer to withholding taxes on employee income, severance indemnities and consultants.

Notes to the income statement

(26) Revenues from sales and services

	H1 2023	H1 2022	Changes	%
EMEA	87,331	73,374	13,957	*19.02%*
of which Italy	*41,519*	*38,353*	*3,166*	*8.26%*
USA	14,111	11,668	2,443	*20.94%*
APAC	9,907	5,817	4,090	*70.30%*
Rest of the world	521	3,249	(2,728)	*(83.96%)*
Revenues by region	**111,870**	**94,108**	**17,762**	**18.87%**

Sales revenue increased from Euro 94,108 thousand in H1 2022 to Euro 111,870 thousand in H1 2023, up 18.87% on the same period in the previous year. This increase reflects growth in all the Group's main regions, and was strongest in the EMEA, USA and Asia-Pacific areas.

Specifically, revenue growth was mainly concentrated:

- in EMEA, for an increase of Euro 13,957 thousand (+19.02%), driven by growing sales volumes to long-standing Group customers, principally on the Italian, German and Swiss markets, in which the partnerships established with new customers in the second half of 2022 were consolidated;
- in the United States, with an increase of Euro 2,443 thousand (+20.94%), driven mainly by the growth of sales volumes to long-standing customers;
- in the APAC region, which saw an increase of Euro 4,090 thousand (+70.31%), mainly attributable to the revenue growth from the sale of touch screens and TFTs.

(27) Other income and revenues

Other revenues and income amounted to Euro 2,080 thousand in H1 2023, compared to Euro 2,151 thousand in the same period of the previous year. The breakdown is presented on the following page:

	H1 2023	H1 2022	Change	Change %
Other revenues and income	2,080	2,151	(71)	(3.30%)
Total other revenues and income	**2,080**	**2,151**	**(71)**	**(3.30%)**

The item mainly concerns the recognition of: the operating grant tax credit for research and development for Euro 603 thousand; the capital grant tax credit for the purchase by SECO S.p.A. of capital goods under Industry 4.0 of Euro 347 thousand; other revenues and income of Euro 836 thousand, increasing Euro 87 thousand on the first half of 2022.

(28) Raw materials, ancillary, consumables and goods

Costs of raw materials, ancillary, consumables and goods for resale amounted to Euro 54,936 thousand in H1 2023, compared to Euro 71,725 thousand in H1 2022. The decrease of Euro 16,789 thousand mainly concerns the gradual normalization of prices and component market delivery times; in the preceding period in fact, following the procurement difficulties and extensive lead times, the Group significantly increased its stock of materials in order to ensure the availability of components and to meet the deliveries scheduled for the subsequent quarters.

(29) Service costs

	H1 2023	H1 2022	Change
Transport costs	1,216	1,710	(493)
Commission costs	775	671	104
Rentals and operating leases	1,501	688	812
Maintenance costs	249	152	97
Consultancy costs	1,937	2,661	(724)
Bank charges	62	51	12
Administrative and utility costs	1,702	1,468	233
Other taxes	150	124	26
Outsourcing costs	1,302	853	448
Marketing costs	1,017	591	426
Insurance costs	250	283	(33)
Service costs	**10,161**	**9,252**	**909**

Service costs amounted to Euro 10,161 thousand in H1 2023, compared to Euro 9,252 thousand in H1 2022. The increase of Euro 909 thousand concerns, in addition to the specific cases within the individual cost categories, the significant increase in Group revenues in the period (+18.87%).

(30) Personnel costs

	_H1 2023	H1 2022	Change
Wages and salaries	13,254	11,960	1,295
Social security costs	3,263	2,737	526
Post-employment benefit provision	497	503	(6)
Other personnel costs	2,739	1,624	1,115
Total personnel costs	**19,753**	**16,824**	**2,929**

Personnel costs in H1 2023 totaled Euro 19,753 thousand, increasing Euro 2,929 thousand on the same period of the previous year. The movement in the period mainly concerns the expansion of the Group workforce in view of the new hires necessary to execute the R&D, production and sales development plans.

(31) Amortization and Depreciation

Amortization and depreciation increased from Euro 6,468 thousand at June 30, 2022 to Euro 9,504 thousand at June 30, 2023, increasing Euro 3,036 thousand.

(32) Doubtful debt provision and provisions for risks and charges

During the period, no accruals were made to the doubtful debt provision or to other risks provisions.

(33) Other operating costs

	H1 2023	H1 2022	Change
Directors' fees and related charges	533	685	(152)
Board of Statutory Auditors' fees	40	40	-
Travel and transfer costs	158	116	41
Losses on receivables	2	94	(92)
Other operating costs	1,808	917	891
Total other operating costs	**2,541**	**1,852**	**689**

Other operating costs totaled Euro 2,541 thousand in the first half of 2023, compared to Euro 1,852 thousand in H1 2022. The increase for Euro 689 thousand concerns the significant increase in Group revenues during the period (+18.87%) and the increase in costs for prototypes for R&D projects in progress, and of the commercial costs necessary to support customers following the award of new development projects.

(34) Financial charges

	H1 2023	H1 2022	Change
Interest charges on loans	2,916	1,565	1,351
IFRS 16 interest charges	44	51	(7)
Other financial charges	1,095	567	528
Total financial charges	**4,055**	**2,182**	**1,873**

Total financial charges increased from Euro 2,182 thousand for the first half of 2022 to Euro 4,055 thousand for the first half of 2023, mainly due to the increase in interest rates on short-term credit lines and on the medium/long-term bank debt.

(35) Income taxes

	H1 2023	H1 2022	Change
Current taxes	3,926	1,174	2,753
Deferred tax income/charges	(89)	1,867	(1,956)
Total income taxes	**3,838**	**3,040**	**797**

Income taxes in the period were recognized on the basis of the best estimate of the average weighted annual tax rate expected for the full year.

Related party transactions

In accordance with the provisions of IAS 24, the following entities are considered Related Parties: (a) companies that directly or indirectly through one or more intermediate companies, control, or are controlled or are under common control with the reporting entity; (b) associated companies; (c) natural persons who directly or indirectly have voting power in the reporting entity that gives them a dominant influence over the company and their immediate family members; (d) senior executives, i.e. those who have the power and responsibility for planning, directing and controlling the activities of the reporting entity, including directors and officers of the company and the immediate family members of such persons; (e) companies in which any natural person described under (c) or (d) has, directly or indirectly, significant voting power, or over which such person has such power. Case (e) includes undertakings owned by the directors or major shareholders of the reporting entity and undertakings which have a manager with strategic responsibilities in common with the reporting entity.

A list of related parties is provided below, indicating the type of relationship:

Type	List of Related parties	Type and main nature of relationship
Legal person	Consortium Ubiquitous Technologies S.c.a.r.l (CUBIT)	Company 22.5% owned by the Parent Company
Legal person	SECO Northern Europe Holding GMBH	wholly-owned subsidiary of the Parent Company
Legal person	SECO Northern Europe GMBH	Subsidiary held 27% by the Parent Company and remainder 73% indirect shareholding via the subsidiary SECO Northern Europe Holding GMBH
Legal person	SECO Mind Germany GMBH	Subsidiary of the Parent Company with a 100% indirect shareholding via the subsidiary SECO Northern Europe GMBH
Legal person	e-GITS India Private Ltd. (Chennai, India)	Subsidiary of the Parent Company with a 100% indirect shareholding via the subsidiary SECO Mind Germany GMBH
Legal person	SECO USA, Inc.	wholly-owned subsidiary of the Parent Company
Legal person	SECO Mind USA, LLC	Subsidiary of the Parent Company with a 70% indirect shareholding via the subsidiary SECO USA, Inc.
Legal person	Piri.ai,Inc	Subsidiary of the Parent Company with a 99% indirect shareholding via the subsidiary SECO USA, Inc.
Legal person	SECO Asia Limited	51% subsidiary owned by the Parent Company
Legal person	SECO Microelectronics Co., Ltd.	Subsidiary of the Parent Company with a 100% indirect equity investment through the subsidiary SECO ASIA Limited
Legal person	Fannal Electronics Co., Ltd	Subsidiary of the Parent Company with a 55% indirect equity investment through the subsidiary SECO ASIA Limited

Type	List of Related parties	Type and main nature of relationship
Legal person	SECO Mind Srl	79% subsidiary owned by the Parent Company
Legal person	PSM Tech S.r.l.	wholly-owned subsidiary of the Parent Company
Legal person	SECO BH d.o.o.	wholly-owned subsidiary of the Parent Company
Legal person	7-Industries Holding B.V.	11.23% shareholder of the Parent Company
Legal person	Fondo Italiano d'Investimento SGR S.p.A.	4.47% shareholder of the Parent Company
Legal person	DSA S.r.l.	16.52% shareholder of the Parent Company, 100% controlled by Conti Daniele
Legal person	HSE S.r.l.	16.49% shareholder of the Parent Company, 100% controlled by Secciani Luciano
Legal person	HCS S.r.l.	7.35% shareholder of the Parent Company, 50% controlled by Secciani Luciano and 50% by Conti Daniele
Legal person	Camozzi Group S.p.A.	6.23% shareholder of the Parent Company
Legal person	Olivetti S.p.A.	7.73% shareholder of the Parent Company
Legal person	Laserwall S.r.l.	Company 8.0% owned by HCS S.r.l.
Legal person	LAE S.r.l.	Sole Director Massimo Mauri, Director and CEO of the Parent company
Legal person	Simest S.p.A.	49% shareholder of Seco Asia Limited
Natural person	Daniele Conti	Chairperson of the Board of Directors of the Parent Company, appointed on 01/03/2021
Legal person	Finsystem 2.0 S.r.l.	Company in which a close relative of the Chief Innovation Officer, Gianluca Venere, directly or indirectly holds a stake with voting rights of greater than 20%.
Legal person	Solenica, Inc.	Company in which the independent director Diva Tommei directly or indirectly holds a stake with voting rights of greater than or equal to 20%.
Legal person	Arcdata	Company in which a close relative of the independent director Diva Tommei directly or indirectly holds a stake with voting rights of greater than or equal to 20%.
Legal person	Peter Pan Holding S.r.l.	Company in which the Group's managing director, Massimo Mauri, directly or indirectly holds a stake with voting rights of greater than or equal to 20%.
Legal person	SPEM S.r.l.	Luca Tufarelli, a partner in the law firm, holds a 100% stake in SPEM S.r.l., which in turn holds a 0.74% interest in the Parent Company.
Legal person	Studio Legale Ristuccia Tufarelli & Partners	Luca Tufarelli, a partner in the law firm, holds a 100% stake in SPEM S.r.l., which in turn holds a 0.74% interest in the Parent Company.
Legal person	Lomarini & Lomarini Constultants S.r.l.	Company controlled by the director Luciano Lomarini
Legal person	EQValue	Pierpaolo Guzzo, chairman of the issuer's Board of Statutory Auditors, holds a 37.5% stake in EQValue S.r.l.; Maurizio Baldassarini, an alternate auditor of the

Type	List of Related parties	Type and main nature of relationship
		issuer appointed on March 1, 2021, holds a 32.5% stake in EQValue S.r.l.
Natural person	Massimo Mauri	Chief Executive Officer of the Parent Company, appointed on 1/3/2021
Natural person	Claudio Catania	Director of the BoD of the Parent Company, appointed on 01/03/2021
Natural person	Emanuela Sala	Director of the BoD of the Parent Company, appointed on 27/04/2023
Natural person	Luca Tufarelli	Director of the BoD of the Parent Company, appointed on 01/03/2021
Natural person	Luciano Lomarini	Director of the BoD of the Parent Company, appointed on 01/03/2021
Natural person	Michele Secciani	Director of the BoD of the Parent Company, appointed on 01/03/2021
Natural person	Tosja Zywietz	Director of the BoD of the Parent Company, appointed on 02/04/2023
Natural person	Elisa Crotti	Independent Director of the BoD of the Parent Company, appointed on 5/5/2021
Natural person	Valentina Montanari	Independent Director of the BoD of the Parent Company, appointed on 22/12/2022
Natural person	Diva Tommei	Independent Director of the BoD of the Parent Company, appointed on 5/5/2021
Natural person	Lorenzo Mazzini	Legal representative and Executive Officer for Financial Reporting of the Parent Company
Natural person	Davide Catani	Legal representative and Chief Technology Officer of the Parent Company
Natural person	Vincenzo Difronzo	Legal representative and Chief Sales Officer of the Parent Company
Natural person	Gianluca Venere	Legal representative and Chief Innovation Officer of the Parent Company
Natural person	Pierpaolo Guzzo	Chairperson of the Board of Statutory Auditors of the Parent Company, appointed on 01/03/2021
Natural person	Gino Faralli	Statutory Auditor of the Parent Company, appointed on 01/03/2021
Natural person	Fabio Rossi	Statutory Auditor of the Parent Company, appointed on 01/03/2021
Natural person	Marco Badiali	Alternate Auditor of the Parent Company, appointed on 01/03/2021
Natural person	Maurizio Baldassarini	Alternate Auditor of the Parent Company, appointed on 01/03/2021

Transactions carried out with related parties are part of the ordinary course of business of the companies and have been regulated at market conditions. No atypical or unusual transactions were recorded.

The balance sheet and income statement effects of the transactions have been eliminated in the consolidation process. Details of transactions with related parties are provided on the following page.

Balance Sheet accounts	CUBIT S.c.a.r.l	Board of Directors	Board of Statutory Auditors	SB and Internal Committees	Laserwall	Camozzi	Finsystem 2.0 S.r.l	Studio Legale Ristuccia Tufarelli & Partners	Total	Total book value	% on total account items
Non-current financial assets	65	0	0	0	0	0	0	0	**65**	16,606	0.39%
Trade receivables	87	0	0	0	6,815	17	0	0	**6,919**	62,980	10.99%
Employee benefits	0	342	0	0	0	0	0	0	**342**	2,908	11.78%
Trade payables	93	0	0	0	0	0	0	0	**93**	42,269	0.22%
Other current payables	0	76	29	77	0	0	0	0	**183**	9,557	1.91%

Income Statement accounts	CUBIT S.c.a.r.l	Board of Directors	Board of Statutory Auditors	SB and Internal Committees	Laserwall	Camozzi	Finsystem 2.0 S.r.l	Studio Legale Ristuccia Tufarelli & Partners	Total	Total book value	% on total account items
Revenues from sales	1	0	0	0	1,064	1,002	0	0	**2,068**	111,870	1.85%
Other revenues					426	14	0	0	**439**	2,080	21.11%
Raw materials, ancillaries, consumables and goods	0	0	0	0	0	0	0	0	**0**	54,936	0.00%
Service costs	126	0	0	0	0	0	13	9	**149**	10,161	1.46%
Other operating costs	12	417	40	37	0	0	0	0	**505**	2,541	19.89%

Remuneration of Directors, Statutory Auditors and independent audit firm

The fees in H1 2023 of the Board of Directors of the Parent Company totaled Euro 456 thousand (Euro 400 thousand in H1 2022), while those of the Board of Statutory Auditors totaled Euro 40 thousand (Euro 40 thousand in H1 2022).

Fees paid to the independent audit firm totaled Euro 205 thousand in H1 2023 (Euro 117 thousand in H1 2022). This remuneration included Euro 90 thousand for non-audit services.

Subsequent events

On July 28, 2023, the Shareholders' Meeting approved a share capital increase for a total maximum amount of Euro 110,000, in service of two stock option plans which stipulate a vesting period between 2025 and 2027. For further information, reference should be made to the press release of July 28, 2023.

EMARKET SDIR CERTIFIED

DECLARATION OF THE HALF-YEAR FINANCIAL REPORT PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF MAY 14, 1999 AND SUBSEQUENT AMENDMENTS AND SUPPLEMENTS

1. The undersigned Massimo Mauri, Chief Executive Officer, and Lorenzo Mazzini, Executive Officer for Financial Reporting, of SECO S.p.A. declare, also in consideration of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:
   - the adequacy considering the company's characteristics and
   - the effective application

of the administrative and accounting procedures for the compilation of the condensed consolidated half-year financial statements in 2023.

2. They also declare that the half-year financial report:
   - corresponds to the underlying accounting documents and records;
   - were prepared in accordance with international accounting standards, recognized in the European Union pursuant to EU Regulation No. 1606/2002 of the European Parliament and Council of July 19, 2002;
   - provide a true and fair view of the equity and financial position and of the operating performance of the issuer and of the other companies in the consolidation scope.
3. The Directors' Report includes a reliable analysis on the performance and operating result, in addition to the situation of the Company and of the companies included in the consolidation, together with an outline of the main risks and uncertainties to which they are exposed. It also presents a reliable analysis of the significant transactions with related parties.

Arezzo, September 12, 2023

Chief Executive Officer	Executive Officer for Financial Reporting
Massimo Mauri	Lorenzo Mazzini

Deloitte & Touche S.p.A.
Via Pier Capponi, 24
50132 Firenze
Italia

Tel: +39 055 2671011
Fax: +39 055 282147
www.deloitte.it

REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Seco S.p.A.

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of Seco S.p.A. and its subsidiaries (the "Seco Group"), which comprise the consolidated balance sheet as of June 30, 3023 the consolidated income statement and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow for the six month period then ended, and a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation of the half-yearly condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of the Seco Group as of June 30, 2023 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Neri Bandini
Partner

Florence, Italy
September 13, 2023

This report has been translated into the English language solely for the convenience of international readers.