SECO S.p.A.

HALF-YEAR FINANCIAL REPORT

AT JUNE 30, 2024

SECO S.p.A.
Registered office in Arezzo, via A. Grandi 20
Share capital Euro 1,296,944.48
VAT No. 00325250512
Arezzo Companies' Registration No. 4196

CONTENT

CORPORATE BOARDS

Board of Directors

Office held until the approval of the 2026 annual accounts

Chairperson	Daniele Conti
Chief Executive Officer	Massimo Mauri
Directors	Michele Secciani
	Claudio Catania
	Luciano Lomarini
	Kurt Tosja Zywietz
	Valentina Montanari
	Anna Zattoni
	Valentina Beatrice Manfredi
	Paolo Lavatelli

Board of Statutory Auditors

Office held until the approval of the 2026 annual accounts

Statutory Auditors	Cesare Beolchi (Chairperson)
	Pierpaolo Guzzo
	Micaela Badiali
Alternate Auditors	Prospero Accogli
	Edda Delon

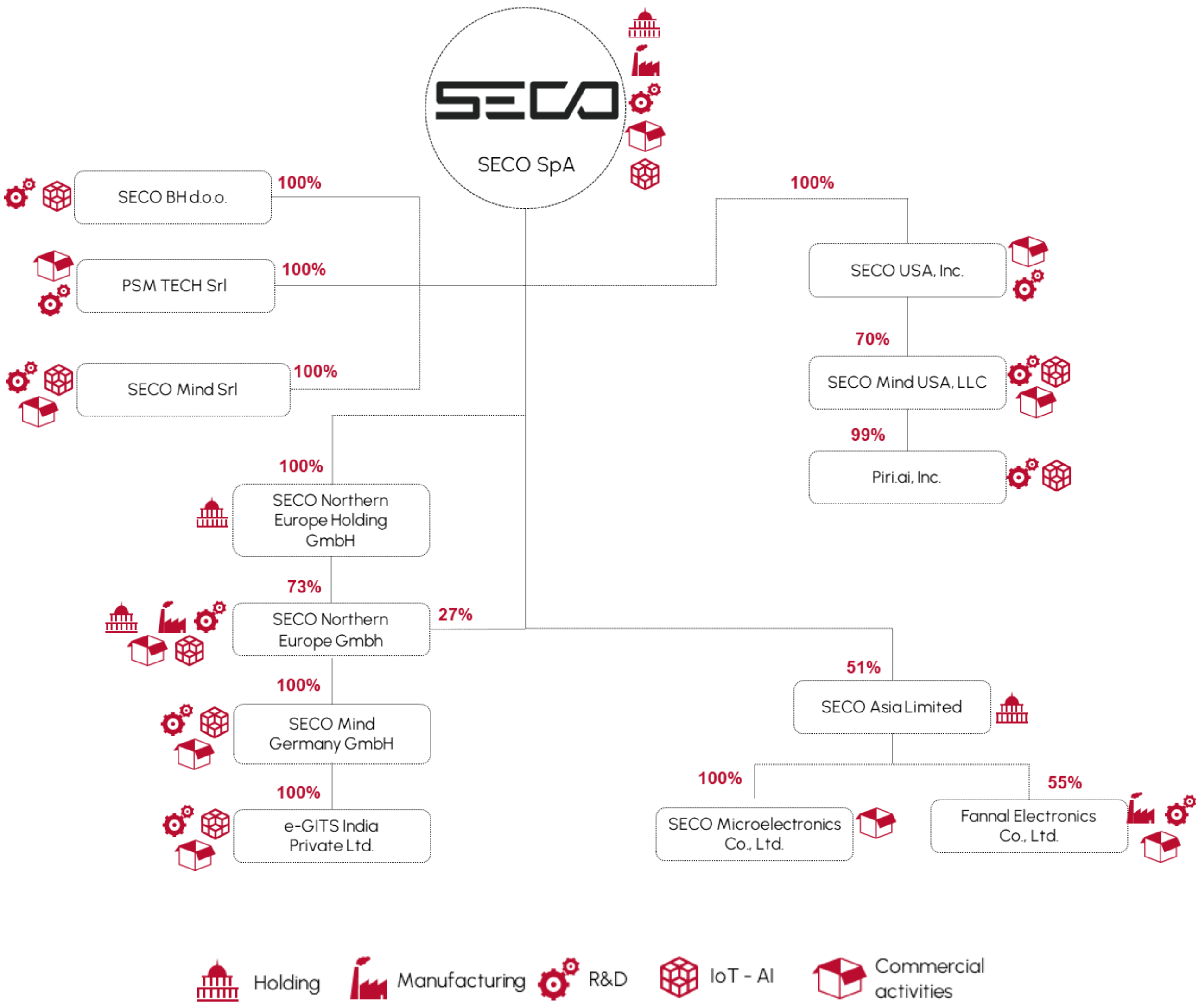
Executive Officer for Financial Reporting Lorenzo Mazzini

Independent Audit Firm Deloitte & Touche S.p.A.

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 Group 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.

DIRECTORS' REPORT

Market Overview

Recent months have continued to see a temporary slowdown in demand in the Edge computing sector. This is a downturn that has had significant repercussions for every major market player and is mainly the result of reduced investments and more careful inventory management by customers.

Despite this downturn, digitalization remains among organizations' top priorities across the world. Technological innovation can make significant contributions to increasing productivity and industrial efficiency, which are essential elements not only for companies' competitiveness, but also their very survival.

Business process digital transformation is enabled by adopting smart solutions that integrate hardware and software components, facilitating the establishment of new business models and creating room for further development opportunities. Combining Edge computing devices with IoT-data analytics and Artificial Intelligence solutions has accelerated the launch of new high value-added services and an evolution in the way that businesses deal with the creation, delivery and use of ICT products and services.

In today's world we are faced with the increasingly quick and widespread distribution of digital technologies, which affects even more traditionally analogue sectors. With this in mind, many companies are investing to improve the user experience and functionality of their products, adapting them to an increasingly interconnected and cutting-edge environment.

Climate change and issues surrounding raw material and energy supply have combined to make accelerating the energy transition increasingly crucial. Digitalization will play a key role in the new eco-digital revolution. Specifically, by enabling the local execution of increasingly complex computational models, through Edge AI, increasingly advanced tools will be available to support renewable energy, energy efficiency, and the reduced consumption of industrial and personal devices.

Against this backdrop, the market for connected devices and IoT-AI remains strong. As the most authoritative observers in the field note, growth forecasts well in excess of double digits suggest that the trend for digitalization is only just beginning.

Operational overview

In H1 2024, the market in which SECO operates continued to see customers reduce their stock, with the main customers focusing on containing and streamlining inventory levels. This trend was seen across geographic areas and industry sectors and affected all the major industry players, leading to a significant reduction in sales volumes. The downturn in demand in the edge computing market was exacerbated by a reduction in companies' investment capacity, which in turn was influenced by restrictive monetary policies adopted by central banks and an uncertain geopolitical environment. While SECO demonstrated greater resilience than the rest of the industry, this difficult situation reduced turnover development in the reporting period.

The development of new Edge computing products and new features of the Clea software suite continued in the period. Clea represents a further development of SECO's strategy to leverage over 40 years of Edge computing know-how, with the goal of increasing value for customers, through the offer of end-to-end, integrated, customizable solutions based on micro-computing, human-machine interfaces and software platforms.

Also through long-term partnerships with the major silicon vendors, SECO has always committed to innovating its hardware proposal (e.g. with the launch of new dedicated Edge AI and Computer vision products), while continuing to work closely with its customers, supporting them through the digital evolution of their devices.

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

In March, Clea's Astarte module was made available on Google Cloud Marketplace, offering Google Cloud users simplified access to an advanced framework for performing IoT data-driven transactions. Astarte allows IoT data to be orchestrated in the field and the management of device-cloud communication on Google Cloud. This operation allows Google Cloud users to easily launch and scale their IoT applications, leveraging Google's cloud infrastructure and benefiting from Astarte's native integration.

At the beginning of April, SECO launched a strategic collaboration with NXP Semiconductors to expand the distribution of the Clea software suite for applications in the industrial and IoT sectors. Clea will be the framework of choice for Yocto and Zephyr environments on a wide range of NXP products, enabling customers to easily activate the platform on demand. In addition, SECO and NXP will work together to develop dedicated tools (reference implementations, documentations and code examples) to accelerate Clea adoption among NXP users in various vertical sectors.

On April 29, 2024, the Shareholders' Meeting called to renew the corporate boards appointed the Board of Directors and the Board of Statutory Auditors, who shall remain in office for three financial years and therefore until the Shareholders' Meeting called to approve the financial statements at December 31, 2026.

Research and Development and Technological Innovation

In H1 2024, SECO remained strongly committed to ensuring 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 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 9 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.

The SECO Group R&D departments are responsible for developing and designing technological solutions based on integrated systems, standard and custom modules and IoT-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 2024 saw development costs of Euro 7,590 thousand capitalized (Euro 6,559 thousand in H1 2023), of which Euro 5,347 thousand related to personnel costs (Euro 4,459 thousand in H1 2023), while Euro 4,338 thousand was expensed in the income statement.

Expanded production capacity

For SECO, having ample, in-house production capacity at 5 production facilities around the world (i.e. 2 in Italy, 2 in Germany and 1 in China) gives us the flexibility and reliability we need to ensure high standards of process and product quality and has, in a landscape of component shortages as we have seen over recent years, enabled us to maintain continuity in deliveries to our customers.

The Group also has a number of select, certified outsourcers for certain aspects of the production of electronic boards. This was undertaken to maintain high levels of efficiency and flexibility, optimizing in-house production flows and mix, while continuing to directly control all phases of production with greater value for the end customer.

System integration and the production of electronic boards are conducted at our facilities in Arezzo and Tregozzano, Italy, and in Hamburg and Wuppertal, Germany. The production and assembly of touch displays is done by Fannal, a subsidiary of the Group based in Hangzhou, China. Operations are structured so as to ensure the highest levels of innovation and energy efficiency, applying lean production principles, continuous improvement actions, and industrial machinery and industrial equipment (e.g. 3D printers, three-dimensional X-ray inspection machines, clean room, and anechoic chamber). This set of practices and tools help to automate processes, cut average production times, and raise product quality and the level of service offered to customers.

H1 Operating performance

The difficult macroeconomic and geopolitical environment continues to reflect a general contraction in investment, as impacted by the ongoing Russia-Ukraine war, the recent rekindling of tensions in the Middle East, but above all the continued levels of high inflation that do not yet allow for an interest rate correction by the central banks. This combination of factors has influenced the consequent dynamics of destocking, as the majority of market players seek to contain inventory levels and improve efficiency. This was apparent across all areas and sectors in which the Group operates, and is reflected in the contraction in revenues in the period. Sales revenues decreased 14.79% on H1 2023.

Alternative 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").

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

(in Euro thousands)	2024	2023	Change	Change %
EBITDA	10,117	26,129	(16,012)	-61.28%
Adjusted EBITDA	15,812	26,512	(10,700)	-40.36%
Net financial debt	(72,049)	(65,083)	(6,966)	10.70%
Adjusted net financial debt	(60,961)	(51,993)	(8,968)	17.25%

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 2024	H1 2023	Change	Change %
Total revenues and operating income	97,050	113,950	(16,900)	-14.83%
Costs for services, goods and other costs*	(66,559)	(68,068)	1,509	-2.22%
Personnel costs	(20,374)	(19,753)	(621)	3.14%
EBITDA	**10,117**	**26,129**	**(16,012)**	**-61.28%**

(*) 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 and charges; other operating costs; exchange gains and losses.

The decrease between the comparative periods (Euro 16,012 thousand, -61.28%) is mainly due to the reduction in sales revenues (Euro 16,900 thousand, -14.83%), partially offset by a reduction in services, goods and other costs (Euro 1,509 thousand, -2.22%).

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, extraordinary/non-recurring expenses.

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 2024	H1 2023	Change	Change %
EBITDA	**10,117**	**26,129**	**(16,012)**	**-61.28%**
Exchange gains/(losses)	(615)	(1,000)	385	-38.50%
Income/charges from non-core business activities	6,310	1,362	4,948	363.29%
Non-recurring income/charges from core business activities	0	21	(21)	-100.00%
Adjusted EBITDA	**15,812**	**26,512**	**(10,700)**	**-40.36%**

The Group reports H1 2024 Adjusted EBITDA of Euro 15,812 thousand, decreasing 40.36% on H1 2023.

Income/charges from non-core business activities of Euro 6,310 thousand mainly refer:

- To the allocation of stock options to managers and directors in the amount of Euro 2,450 thousand (Euro 669 thousand in H1 2023).
- To tax settlements following the audits by the administrative authorities for Euro 2,275 thousand. In relation to this latter item, in the period between December 2023 and June 2024 the company was subject to a tax audit by the Tax Agency for the 2015-2022 tax periods, which covered direct and indirect taxes and tax credits. The audit concluded with a settlement agreement regarding income taxes or a portion of tax grants/incentives.
- To severance payments to two employees with managerial roles in the amount of Euro 191 thousand.
- To consultancy costs related to possible, unrealized corporate transactions for Euro 307 thousand.
- To higher transport costs incurred for some strategic supplies that were blocked in the Suez Canal and which necessitated air transport and an expense of Euro 387 thousand.

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

The breakdown of the net financial debt at June 30, 2024 compared with December 31, 2023 is presented on the following page, determined in accordance with "Reminder No. 5/21" dated April 29, 2021 issued by Consob, which refers to ESMA Guideline 32-382-1138 dated March 4, 2021.

At June 30, 2024, the Group net financial debt was Euro 72,049 thousand, compared to Euro 65,083 thousand at December 31, 2023.

(in Euro thousands)	30/06/2024	31/12/2023	Change	Change %
A. Cash	21	23	(3)	-10.93%
B. Cash equivalents	65,531	74,793	(9,262)	-12.38%
C. Other current financial assets	0	0	0	0.00%
D. Cash and cash equivalents (A) + (B) + (C)	**65,552**	**74,816**	**(9,265)**	**-12.38%**
E. Current financial debt	(18,194)	(13,157)	(5,037)	38.28%
F. Current portion of the non-current debt	(10,625)	(11,211)	586	-5.22%
G. Current financial debt (E)+(F)	**(28,819)**	**(24,368)**	**(4,451)**	**18.27%**
H. Net current financial debt (G) + (D)	**36,733**	**50,448**	**(13,715)**	**-27.19%**
I. Non-current financial debt	(108,782)	(115,531)	6,750	-5.84%
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)	**(108,782)**	**(115,531)**	**6,750**	**-5.84%**
M. Total financial debt (H) + (L)	**(72,049)**	**(65,083)**	**(6,966)**	**10.70%**

The net financial debt increased overall by Euro 6,966 thousand compared to December 31, 2023. This increase is mainly due to the combination of several factors mainly including the tax audit by the administrative authorities for the 2015-2022 tax periods, concluded with a settlement agreement regarding income taxes / tax benefits for Euro 2,275 thousand. There was also an extraordinary distribution of dividends to minority shareholders of the subsidiary Fannal in the amount of Euro 1,806 thousand.

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 "Reminder No. 5/21" dated April 29, 2021 issued by Consob, which refers to ESMA Guideline 32-382-1138 dated March 4, 2021, 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.

(in Euro thousands)	30/06/2024	31/12/2023	Change	Change %
Net financial debt	**(72,049)**	**(65,083)**	**(6,966)**	**10.70%**
(+) VAT receivables	1,388	2,362	(974)	-41.23%
(-) Current lease liabilities	(2,157)	(2,126)	(31)	1.48%
(-) Non-current finance lease liabilities	(7,543)	(8,603)	1,060	-12.32%
(-) Derivative financial instruments	0	0	0	0.00%
Adjusted net financial debt	**(60,961)**	**(51,993)**	**(8,968)**	**17.25%**

(*) at June 30, 2024, the Mark to Market of derivatives was a positive Euro 10,618 thousand, compared to a positive Euro 10,287 thousand at December 31, 2023. 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 2022/32/382/1138, and they are therefore not included in the calculation of Adjusted net financial debt.

The Adjusted net financial debt was Euro 60,961 thousand at June 30, 2023, compared to Euro 51,993 thousand at December 31, 2024. The increase is due, in addition to the effects analyzed in the preceding paragraph, to the reduced non-current finance lease liabilities at June 30, 2024 compared to the previous year and to the reduced VAT receivable.

The Group in the first half of 2024 incurred an extraordinary absorption totaling Euro 2,275 thousand as a result of the audits by the administrative authorities.

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, 2024, the SECO S.p.A. (IOT:MI) stock price was Euro 3.01, with a capitalization therefore of Euro 400.3 million.

Outlook

Seco is continuing to acquire new design wins and customers, strengthening the foundation for our future development. Recent partnerships with technology leaders such as NXP and Google Cloud open up new opportunities, and SECO's strategic positioning will enable it to take full advantage of the multiple growth trajectories offered by digitization.

The market is at the beginning of an eco-digital revolution, where digitization and the use of Artificial Intelligence algorithms "at the Edge" assume a key role for the future technological development of enterprises. The growing demand for smart solutions increasingly concerns the introduction of Artificial Intelligence, directly on the device locally, to enable the launch of new high value-added services, leveraging field data and introducing new business models. SECO's unique, comprehensive and integrated technology proposition focused on Edge computing and IoT-data analytics, is designed to meet these needs and enable customers to tap into the digitization opportunities emerging across all sectors.

In this volatile general economic environment, SECO will continue to work as always in meeting commitments and targets, maintaining a consistent focus on the efficient management of its financial structure to respond in an agile and prompt manner to the challenges and uncertainties of 2024.

CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS AT JUNE 30, 2024

Consolidated Balance Sheet

(in Euro thousands)	Note	30/06/2024	*of which Related Parties*	31/12/2023	*of which Related Parties*
Property, plants and equipments	**1**	16,879	-	16,726	-
Intangible assets	**2**	105,334	-	104,019	-
Right-of-Use	**3**	10,806	-	11,755	-
Goodwill	**4**	165,477	-	165,216	-
Non-current financial assets	**5**	13,489	*1,069*	13,201	*1,069*
Deferred tax assets	**6**	1,943	-	2,289	-
Other non-current assets	**7**	1,819	-	1,623	-
Total non-current assets		**315,747**	**1,069**	**314,829**	**1,069**
Inventories	**8**	84,534	-	85,827	-
Trade receivables	**9**	51,934	*5,573*	49,489	*5,044*
Current tax assets	**10**	2,761	-	9,458	-
Other receivables	**11**	6,021	*510*	4,077	*260*
Cash and cash equivalents	**12**	65,552	-	74,816	-
Total current assets		**210,802**	**6,083**	**223,668**	**5,304**
TOTAL ASSETS		**526,549**	**7,152**	**538,497**	**6,372**
Share capital	**13**	1,296	-	1,296	-
Share premium reserve	**13**	232,036	-	232,037	-
Reserves	**13**	60,311	-	45,425	-
Group Net Profit		(5,157)	-	11,864	-
Total Group Equity	**13**	**288,486**	**-**	**290,622**	**-**
Minorities Equity and Reserves		19,251	-	19,109	-
Minorities profit for the period		2,149	-	2,766	-
Minorities Equity		**21,400**	**-**	**21,875**	**-**
Total Equity	**13**	**309,886**	**-**	**312,497**	**-**
Employee benefits	**14**	3,503	*430*	3,312	*390*
Provisions for risks	**15**	1,264	-	1,235	-
Deferred tax liabilities	**16**	24,262	-	24,084	-
Non-current financial liabilities	**17**	102,212	-	106,928	-
Non-current lease liabilities	**18**	7,543	-	8,603	-
Other non-current liabilities	**19**	8	-	8	-
Total non-current liabilities		**138,793**	**430**	**144,170**	**390**
Current financial liabilities	**20**	15,063	-	11,031	-
Current part of N-C financial liabilities	**21**	10,625	-	11,211	-
Current lease liabilities	**22**	2,157	-	2,126	-
Trade payables	**23**	37,375	*177*	36,402	*221*
Other payables	**24**	9,925	*79*	11,728	*715*
Current tax liabilities	**25**	2,724	-	9,332	-
Total current liabilities		**77,869**	**256**	**81,830**	**936**
TOTAL EQUITY AND LIABILITIES		**526,549**	**686**	**538,497**	**1,326**

Consolidated Income Statement

(in Euro thousands)	Note	H1 2024	*of which Related Parties*	H1 2023	*of which Related Parties*
Net sales	**26**	95,330	1,135	111,870	2,068
Other revenues and income	**27**	1,720	-	2,080	439
Raw materials, ancillaries, consumables and goods	**28**	(43,881)	-	(54,936)	-
Change in inventories		(1,178)	-	(1,430)	-
Service costs	**29**	(15,449)	(112)	(10,161)	(149)
Personnel costs	**30**	(20,374)	-	(19,753)	-
Amortization and depreciation	**31**	(10,790)	-	(9,504)	-
Doubtful debt provision and provisions for risks and charges	**32**	(113)	-	-	-
Other operating costs	**33**	(6,553)	(758)	(2,541)	(505)
Operating Profit		**(1,288)**	**265**	**15,624**	**1,853**
Financial income	**34**	3,513	-	1,319	-
Financial charges	**34**	(4,171)	-	(4,055)	-
Exchange gains/(losses)		615	-	1,000	-
Profit before tax		**(1,330)**	**265**	**13,888**	**1,853**
Income taxes	**35**	(1,678)	-	(3,838)	-
Net profit for the period		**(3,008)**	**265**	**10,050**	**1,853**
Non-controlling interests profit		2,149	-	1,832	-
Group profit		**(5,157)**	**265**	**8,218**	**1,853**
Basic earnings per share		0.00	0.00	0.07	0.00
Diluted earnings per share		0.00	0.00	0.06	0.00

Consolidated Comprehensive Income Statement

(in Euro thousands)	Note	H1 2024	H1 2023
Net profit for the period		**(3,008)**	**10,050**
Other comprehensive income/(expense) which may be subsequently reclassified to the income statement:		**812**	**(2,388)**
Translation differences		560	(1,759)
Gain/(loss) on Cash Flow Hedge		331	828
Tax effect profit / (loss) on cash flow hedge		(79)	(199)
Other comprehensive income/(expense) which may not be subsequently reclassified to the income statement:		**0**	**0**
Discounting employee benefits		0	0
Tax effect discounting employee benefits		0	0
Total comprehensive income		**812**	**(2,388)**
Non-controlling interests		2,413	764
Parent company shareholders		(4,609)	6,898
Total comprehensive income		**(2,196)**	**7,663**

Consolidated Cash Flow Statement

(in Euro thousands)		30/06/2024	30/06/2023
Net profit for the period		**(3,008)**	**10,051**
Income taxes	35	1,678	3,838
Amortization and depreciation	31	10,790	9,504
Change in employee benefits		192	81
Financial income/(charges)	34	658	2,736
Exchange gains/(losses)		(615)	(1,000)
Costs for share-based payments		2,450	669
Cash flow before working capital changes		**12,144**	**25,879**
Change in trade receivables	9	(2,034)	(13,491)
Change in inventories	8	1,294	1,457
Change in trade payables	23	657	(2,362)
Other changes in tax receivables and payables		1,092	469
Other changes in current receivables and payables		(3,748)	(3,001)
Other changes in non-current receivables and payables		272	(1,244)
Use of provisions for risks, receivables and inventories		29	-
Interest collected		3,513	1,319
Interest paid		(4,353)	(2,901)
Exchange gains/(losses) realized		60	846
Income taxes paid	35	(2,679)	(1,307)
Cash flow from operating activities (A)		**6,245**	**5,665**
(Investments) /Disposals of property, plant and equipment	1	(1,845)	(1,288)
(Investments) /Disposals of intangible assets	2	(9,248)	(7,293)
(Investments) /Disposals of financial assets	5	281	0
Acquisition of business units net of cash and cash equivalents		-	-
Acquisition of subsidiaries net of cash and cash equivalents		-	-
Cash flow from investing activities (B)		**(10,812)**	**(8,580)**
New loan drawdowns		2,000	-
(Repayment) of bank loans		(7,302)	(17,070)
Change in current financial liabilities	20	1,326	(6,583)
Repayment lease liabilities	22	(1,244)	(869)
Dividends paid		-	-
Paid-in capital increase		(1)	64,993
Acquisition of treasury shares		-	-
Acquisition of shares from minorities		-	(173)
Cash flows from financing activities (C)		**(5,219)**	**40,299**
Increase (decrease) in cash and cash equivalents (A+B+C)		**(9,786)**	**37,383**
Cash and cash equivalents at beginning of the period		**74,816**	**39,586**
Conversion differences		522	(1,138)
Cash and cash equivalents at end of the year	12	**65,552**	**75,831**

Consolidated Statement of Changes in Equity

(in Euro thousands)	01/01/2024	Share capital increase	Allocation result	Dividends paid	Other movements	Comprehensive Profit/(Loss)	30/06/2024
Share capital	1,296	0	0	0	0	0	1,296
Legal reserve	289	0	0	0	0	0	289
Share premium reserve	232,037	(1)	0	0	0	0	232,036
Other reserves	45,613	0	11,864	0	2,474	252	60,203
Translation reserve	(215)	0	0	0	0	296	81
FTA Reserve	(371)	0	0	0	0	0	(371)
Discounting employee benefits	109	0	0	0	0	0	109
Group Net Profit	11,864	0	(11,864)	0	0	(5,157)	(5,157)
Group Equity	**290,623**	**(1)**	**0**	**0**	**2,474**	**(4,609)**	**288,486**
Minorities Equity and Reserves	19,108	0	2,766	(2,887)	0	264	19,251
Discounting employee benefits	0	0	0	0	0	0	0
Non-controlling interests profit	2,766	0	(2,766)	0	0	2,149	2,149
Minorities Equity	**21,874**	**0**	**0**	**(2,887)**	**0**	**2,413**	**21,401**
Total Equity	**312,497**	**(1)**	**0**	**(2,887)**	**2,474**	**(2,196)**	**309,887**

The main items affecting changes in consolidated equity were: the allocation of stock options to managers and Directors; the distribution of dividends by the subsidiary Fannal. The dividends have been approved, although not yet paid. For further information, reference should be made to the section on "Equity" (13).

(in Euro thousands)	01/01/2023	Share capital increase	Allocation result	Dividends paid	Other movements	Comprehensive Profit/(Loss)	30/06/2023
Share capital	1,154	138	0	0	4	0	1,296
Legal reserve	289	0	0	0	0	0	289
Share premium reserve	168,543	63,636	0	0	1,655	0	233,834
Other reserves	34,365	0	11,039	0	148	(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	11,039	0	(11,039)	0	0	8,218	8,218
Group Equity	**215,779**	**63,774**	**0**	**0**	**1,809**	**6,898**	**288,261**
Minorities Equity and Reserves	17,250	0	3,530	0	(94)	(1,068)	19,618
Discounting of employee benefits (non-cont. interests)	(7)	0	0	0	0	0	(7)
Non-controlling interests profit	3,530	0	(3,530)	0	0	1,832	1,832
Minorities Equity	**20,774**	**0**	**0**	**0**	**(94)**	**764**	**21,444**
Total Equity	**236,553**	**63,774**	**0**	**0**	**1,715**	**7,663**	**309,705**

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS AT JUNE 30, 2024

The publication of the Group's consolidated half-year financial statements at June 30, 2024 was approved by the Board of Directors on September 12, 2024.

Accounting standards and basis of preparation

Content and form of the Financial Statements

The consolidated financial statements at June 30, 2024 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").

The accounting policies and principles applied in the preparation of the H1 2024 consolidated financial statements are in continuity 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 consolidated financial statements at June 30, 2024 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 consolidated financial statements at June 30, 2024 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 consolidated financial statements at June 30, 2024 were subject to the limited audit of Deloitte & Touche S.p.A. (appointed by the Shareholders' Meeting of March 1, 2021).

Consolidation principles and consolidation scope

The consolidated 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 1,296,944.48;
- 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

Any associated undertakings and minor companies in which the interest held is less than 20% and which constitute non-current financial assets are valued on the basis described in the paragraph entitled "Recognition, classification and valuation criteria".

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 fair value of 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 30/06/2024	Average January-June 2024	Exchange rate at 31/12/2023	Average January-June 2023
US Dollar (USD)	1.07050	1.08130	1.10500	1.08070
Chinese Renminbi (CNY)	7.77480	7.80110	7.85090	7.48940
Indian Rupee (INR)	89.24950	89.98620	91.90450	88.84430
Convertible mark	1.95583	1.95583	1.95583	1.95583

IFRS STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED FROM JANUARY 1, 2024

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group from January 1, 2024:

- 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 amendments is to clarify how to classify payables and other short or long-term liabilities. In addition, the amendments also improve the information that an entity must provide when its right to defer settlement of a liability for at least 12 months is subject to meeting certain parameters (i.e. covenants). The adoptions of these amendments do not have any effects 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 adoption of these amendments does not have any effect 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 adoptions of these amendments do not have any effects on the Group consolidated financial statements.

IFRS STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED 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 May 30, 2024, the IASB published the document **"Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7"**. This clarifies a number of problematic issues emerging from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary upon achievement of ESG objectives (i.e., green bonds). Specifically, the changes aim to:
  - Clarify the classification of financial assets with variable returns and linked to environmental, social and corporate governance (ESG) objectives and the criteria to be used for the SPPI test assessment;
  - determine that the date of settlement of liabilities through electronic payment systems is the date on which the liability is settled. However, an entity is permitted to adopt an accounting policy to allow a financial liability to be derecognized before transferring liquidity on the settlement date under certain specific conditions.

With these amendments, the IASB has also introduced additional disclosure requirements with respect to investments in equity instruments designated to FVOCI in particular.
The amendments will be applicable to financial statements for periods beginning January 1, 2026. The Directors do not expect this amendment to have a significant impact on the Group consolidated financial statements.

- On May 9, 2024, the IASB published a new standard - **IFRS 19 Subsidiaries without Public Accountability: Disclosures.** The new standard introduces some simplifications in the disclosures required by other IAS-IFRS standards. This standard can be applied by an entity that meets the following main criteria:
    - It is a subsidiary company;
    - It has not issued equity or debt instruments listed on a market and is not in the process of issuing them;
    - It has its own parent company that prepares consolidated financial statements in accordance with IFRS.

  The standard will be effective from January 1, 2027, although advance application is permitted. The Directors do not expect this amendment to have a significant impact on the Group consolidated financial statements.

- On April 9, 2024, the IASB published a new standard - **IFRS 18 Presentation and Disclosure in Financial Statements** - which will replace IAS 1 Presentation of Financial Statements. The new standard seeks to improve the presentation of key financial statement formats and introduces important changes to the income statement format. Specifically, the new standard requires that:
    - Revenues and expenses are classified into three new categories (operating section, investment section, and financial section), in addition to the tax and discontinued operations categories already in the income statement;
    - Two new sub-totals are presented: operating income and earnings before interest and taxes (i.e., EBIT).

  The new standard also:
    - Requires more information on the performance indicators defined by management;
    - Introduces new criteria for aggregation and disaggregation of information; and,
    - introduces a number of changes to the format of the cash flow statement, including a requirement that operating income is used as the starting point for the presentation of the cash flow statement prepared using the indirect method and that certain classification options are eliminated for some existing items (such as interest paid, interest received, dividends paid and dividends received).

The standard will be effective from January 1, 2027, although advance application is permitted. The Directors are currently assessing the possible effects of introduction of this new standard on the Group's consolidated financial statements.

- On August 15, 2023, the IASB published an amendment entitled **"Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability."** The document requires an entity to apply a consistent methodology in order to ascertain whether one currency can be converted into another and, when this is not possible, how to determine the exchange rate to be used and the disclosure to be made in the notes to the financial statements. The amendment will be applicable from January 1, 2025, 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 Group is not a first-time adopter, this standard is not applicable.

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 Group is the Euro. Unless otherwise specified, amounts shown in the Notes to the Financial Statements are expressed in thousands of Euro.

Accounting policies

The main accounting policies adopted in the preparation of the consolidated financial statements at June 30, 2024 are disclosed below.

Property, plant & equipment

The Group applies the provisions of IAS 16 "Property, Plant & Equipment".

Property, plant and equipment is recorded at cost, including directly allocated accessory costs and those necessary for the asset being in the condition for which it was acquired, and increased, in the presence of current obligations, by the current value of the estimated cost for the disposal of the asset. If major components of such tangible fixed assets have different useful lives, such components are accounted for separately. Land, both constructible and relating to civil and industrial buildings, is not depreciated as it has an unlimited useful life.

Property, plant & equipment are presented net of accumulated depreciation and any losses in value, calculated as described below. Depreciation is calculated on a straight-line basis according to the estimated useful life of the asset; useful life is reviewed annually and any changes, where necessary, are made on the basis of the new estimate. The main economic-technical rates used are those derived from the individual useful lives:

Category	Rates
Buildings	3%
Light constructions	10%
General plant	10%
Specific plant	15%
Machinery	25%
Equipment	15%
Furniture & fittings	12%
Motor vehicles	25%
Trade fairs stands	10%
Molds	25%
Other assets	20%

The depreciation criteria as well as useful lives and residual values are reassessed and re-defined at least at the end of each year in order to take any significant changes into account.

A tangible fixed asset is eliminated from the financial statements when the asset is sold or when no expected economic benefits exist from its use or disposal. Gains and losses on disposal are determined by comparing the consideration with the net book value. The amount so determined is recorded in the income statement on an accruals basis.

Borrowing costs that are directly attributable to the acquisition, construction or production of a tangible fixed asset which requires a lengthy period before availability for use shall be capitalized as part of the cost of that asset. All other financial charges are recognized as a charge in the period in which they are incurred. Financial charges consist of interest and other costs that a Group entity incurs in connection with obtaining financing.

Intangible assets

Intangible assets purchased or constructed internally are recorded when it is probable that the use of the asset will generate future economic benefits and when its cost can be reliably calculated. Intangible assets acquired separately are initially recognized at cost, while those acquired through business combinations are recognized at fair value on the acquisition date. After initial recognition, the intangible assets are recorded at cost less accumulated amortization and any loss in value. Intangible assets internally generated, with the exception of development costs, are not capitalized and are expensed to the income statement in the year they are incurred.

An intangible asset purchased or produced internally is recognized, in accordance with IAS 38 – Intangible Assets, only if identifiable, controllable, where future economic benefits are expected and its costs can be reliably calculated.

Development costs are recognized as assets only if all of the following conditions are met: the Group is able to demonstrate:

- the technical feasibility to complete the intangible asset, so as to be available for use or sale;
- the intention to complete the asset and its capacity and intention to utilize or sell the asset;
- the means by which the asset will generate future economic benefits;
- the availability of resources to complete the asset;
- the capacity to reliably value the cost attributable to the asset during development.

Capitalized costs include only those costs that are directly attributable to development. The development costs capitalized are amortized on a straight-line basis, commencing from the beginning of the production over the estimated life of the product. During the development period the asset is subject to an annual impairment test.

Costs that are not related to development or that do not meet the requirements identified above are recognized in the income statement when incurred.

The useful life of the intangible assets is measured as finite or indefinite. The finite intangible assets are amortized over the useful life of the asset and verified for any indications of a possible impairment. The amortization period and method applied is reviewed at the end of each year or more frequently if necessary. Changes in the expected useful life or of the manner in which the future economic benefits related to the intangible assets are received by the Group are recorded amending the period and method of amortization, and treated as changes in the accounting estimates. The amortization of finite intangible assets is recorded in the income statement under the category of costs relating to intangible assets.

Category	Rates
Software, licenses and others	20%
Development costs	20%
Other intangible assets	20%

For some specific intangible assets as a result of purchase price allocation process, a lower amortization rate was defined than those shown in the table above. Specifically for the customer list business of SECO Northern Europe, the amortization rate defined in purchase price allocation is 4%, while for the intangible assets subject to the business unit transfer by Camozzi Digital S.r.l. the amortization rates defined in the purchase price allocation are 5.9% (17 years) and 8.3% (12 years).

Intangible assets with indefinite useful lives (Goodwill) are tested annually for impairment at the cash-generating unit level. These assets are not amortized. Gains or losses from the disposal of an intangible asset are measured as the difference between the net disposal consideration and the carrying amount of the intangible asset and are recognized in the income statement when the asset is disposed.

Impairment of non-financial assets

Assets with an indefinite useful life are not subject to amortization but are subject to an impairment test at least once a year, aimed at verifying whether their book value has reduced.

At each reporting date, the Group reviews the carrying value of its tangible, intangible and right-of-use assets to determine if there are indications that these assets have incurred a loss in value (impairment test).

Amortized assets are subjected to an impairment test if there are events or circumstances such that the carrying amount cannot be recovered (trigger event). In both cases, any impairment is recorded at the amount of the book value that exceeds the recoverable value. This latter is the higher between the fair value of the asset less costs to sell and its value in use. If it is not possible to determine the value in use of an asset individually, it is necessary to determine the recoverable value of the CGU (Cash Generating Unit) that includes the asset. The CGU is the smallest group of assets that comprises the asset being tested for impairment and generates cash inflows that are largely independent of the cash inflows from the other assets or groups of assets. The directors have identified three CGU's within the Group.

In the determination of the value in use of each CGU, the estimated future cash flows are discounted by the Group at a post-tax rate that reflects the market assessment of the present value of money and the risks specific to the asset. In the determination of the fair value net of selling costs, account is taken of recent market transactions. Where it is not possible to identify these transactions, an adequate valuation model is utilized. These calculations are made utilizing appropriate valuation multipliers, listed equity prices for publicly traded securities and other fair value indicators available.

The Group bases its impairment test on recent budgets and forecasts, approved by the Board of Directors. These budgets and forecasts generally cover a period of three years. A constant long-term growth rate is calculated to project future cash flows beyond the third year.

The losses in value of operating assets are recorded in the income statement in the category of costs relating to those assets.

The value of an asset previously written down may be restated only if there have been changes in the assumptions used to determine the recoverable value, after the last recording of a loss in value. The recovery of value cannot exceed the carrying amount which would have been calculated, net of depreciation or amortization, where no such loss in value was recorded in previous years. This recovery value is recognized in the income statement.

Right-of-use

Lease agreements entered into as a lessee result in the recognition of an asset representing the right to use the leased asset and the financial liability for the obligation to make payments under the agreement. The assessment as to whether a contract contains a lease is made on the date of inception. In particular, the lease liability is initially recorded at the present value of future payments to be made, adopting a discount rate equal to the implicit interest rate of the contract or, if this cannot be easily determined, using the lessee's incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost using the incremental interest rate and is restated following renegotiation of contracts, changes in rates, changes in the valuation of any contractual options. The Right-of-use is initially recognized at cost and is subsequently adjusted to take account of the amortization recognized, any impairment losses and the effects of any restatement of lease liabilities.

If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the asset consisting of the right-of-use reflects the fact that the lessee will reasonably exercise the option to purchase, the lessee shall depreciate the asset consisting of the right-of-use from the commencement date to the end of the useful life of the underlying asset.

The Group determines the lease term as the non-cancellable period of the lease to which the periods covered by the lease extension option should be added, if there is a reasonable certainty of exercising such option.

The Group uses its judgement in assessing whether it is reasonably certain that the option will be renewed. However the Group considers all relevant factors that may result in an economic incentive to exercise renewal options or to terminate the contract. After inception, the Group reassesses the lease term where there is a significant event or significant change of circumstance within its control that may affect its ability to exercise (or not to exercise) the option to renew (for example, investments in leasehold improvements or significant specific changes on the leasehold).

The Group decided to adopt a number of simplifications, as provided for by the standard, excluding from the above treatment contracts with a duration of 12 months or less and that do not contain a purchase option (so-called "short-term", calculated on the residual duration at the time of first-time adoption or, in the event of stipulation after January 1, 2018, on the contractual duration), those with a value of less than Euro 30 thousand (so-called "low-value") and those relating to intangible assets. The Group has its own production facilities even in countries where ownership rights are not allowed. Advance rentals, paid to obtain the availability of the land on which their production facilities are located, are recorded under right-of-use. Rentals related to contracts that do not contain a lease, and those related to short-term leases and low-value assets are recognized as expenses on a straight-line basis over the term of the contract.

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 fair value 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 fair value of 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.

Business combinations

Business combinations are recognized using the acquisition method. The acquisition cost is calculated as the total of the fair value at the date of acquisition and the value of any minority equity holding in the acquisition measured at fair value. For every business combination, the buyer must measure any minority holding, which remains subsequently in the fair value of the business combination, at fair value or in proportion to the amount held in the fair value of the identifiable net assets of the acquisition. The acquisition costs are expensed and classified under administration expenses. When the Group acquires a business, i.e., a business consisting of inputs and substantial processes applied to those inputs that are capable of contributing to the creation of output, it must classify or designate the assets acquired or liabilities assumed in accordance with the contractual terms, economic conditions and other relevant terms in place at the date of acquisition. Every potential payment is recorded by the acquirer at fair value at the acquisition date. The change in the fair value of the potential payment classified as an asset or liability will be recorded in accordance with IFRS 9, in the income statement. If the contingent consideration is classified as equity, its value does not need to be recalculated and its settlement will be accounted for against equity.

Business Combinations by the Group

The Group has not undertaken any Business Combinations.

Financial assets

IFRS 9 provides for a single approach for the analysis and classification of all financial assets, including those contained in embedded derivatives. The classification and the relative measurement is made considering both the management model of the financial assets and the contractual characteristics of the cash flows from the asset. Depending on the characteristics of the instrument and the business model adopted for its management, a distinction is made between the following three categories: (i) financial assets valued at amortized cost; (ii) financial assets valued at fair value with recognition of the effects to other comprehensive income (also, OCI); (iii) financial assets valued at fair value with recognition of the effects to the income statement. Financial assets are valued using the amortized cost method when both of the following conditions are met: - the management model of the financial asset consists of holding it for the sole purpose of collecting the related cash flows; and - the financial asset generates, at contractually predetermined dates, cash flows that exclusively represent the return on the financial asset. Using the amortized cost method, the initial carrying amount is subsequently adjusted to take account of capital repayments, any write-downs and the amortization of the difference between the repayment value and the initial carrying amount. Amortization is carried out on the basis of the effective internal interest rate which represents the rate that makes the present value of expected cash flows and the expected initial carrying amount at the time of initial recognition. Receivables and other financial assets measured at amortized cost are shown net of the related doubtful debt provision. Financial assets represented by debt instruments whose business model provides both the possibility of collecting contractual cash flows and the possibility of realizing capital gains on disposal (so-called business model hold to collect and sell), are measured at fair value with the effects recognized to OCI. In this case, changes in the fair value of the instrument are recognized in equity, among other components of comprehensive income. The cumulative amount of changes in fair value, recognized in the equity reserve that includes the other components of comprehensive income, is reversed to the statement of profit and loss when the instrument is derecognized. Interest income calculated using the effective interest rate, exchange rate differences and write-downs are recorded in the income statement. A financial asset representative of a debt instrument which is not valued at amortized cost or at FVTOCI, is valued at fair value with recognition of the effects to the income statement.

Receivables

In accordance with the above criteria, trade and other receivables are financial assets initially recognized at fair value and subsequently measured based on the amortized cost method, net of the doubtful debt provision. IFRS 9 defines an impairment/write-down model of these assets, with the objective to provide useful information to the readers of financial statements in relation to expected losses. According to this model, the Group assesses receivables using an expected loss approach. For trade receivables the Group adopts a simplified approach to valuation which does not require the recording of periodic changes in credit risk, but rather the estimation of an Expected Credit Loss ("ECL") calculated over the entire life of the receivable (so-called lifetime ECL). In particular, the policy implemented by the Group provides for the stratification of trade receivables into categories on the basis of days past due, defining the allocation based on historical experience of losses on receivables, adjusted to take account of specific forecast factors relating to creditors and the economic environment. Trade receivables are fully written down if there is no reasonable expectation of recovery, i.e. in the presence of inactive trade counterparties. The carrying amount of the asset is reduced through the use of an allowance for impairment and the amount of the loss is recognized in the income statement. When collection of the consideration is deferred beyond the normal commercial terms practiced to customers, the receivable is discounted.

In the case of factoring and, in particular, to non-recourse assignments of trade receivables, which provide for the almost total and unconditional transfer to the assignee of the risks and benefits relating to the assigned receivables, the receivables themselves are removed from the financial statements.

In the case of assignments in which risks and benefits are not transferred, the related receivables are retained in the financial statements until the assigned debtor is paid. In this case, any advances collected by the factor are recorded under payables to other lenders.

Inventories

Inventories are recorded at the lower of purchase or production cost, determined by attributing to the products the costs directly incurred plus the portion of indirect costs reasonably attributed to production under conditions of normal use of production capacity, and realizable value at the balance sheet date, represented by the amount that the company expects to obtain from their sale in the normal course of operations. The cost of raw materials and finished goods is determined by applying the weighted average purchase cost per movement, including ancillary purchase charges. The production costs of finished and semi-finished products include the direct cost of the materials and the labor, in addition to general production expenses based on the normal production capacity, but not considering financial charges.

Obsolete, slow-moving inventories and/or those in excess of normal requirements are written down through a specific provision, in relation to their possibility of use or future realization. Write-downs are restored in future years should the reason for the write-down no longer exist.

Public grants

Public grants are recognized when there is reasonable certainty that they will be received and that the conditions will be satisfied for their attainment.

1) Operating grants

Operating grants consist of government grants and subsidies received and intended to supplement revenues. The Group accounts for these contributions on an accruals basis in accordance with IAS 20.

2) Capital grants

In the event that the grant is linked to an investment, the investment and the grant are recorded at their nominal value and the release to the income statement takes place progressively over the expected useful life of the relevant investment on a straight-line basis, reducing the initial deferred income.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and bank and postal deposits on demand and other uses of treasury with original maturity of no more than three months or otherwise readily liquid without significant costs or losses.

Equity

Share capital

This represents the subscribed and paid-up capital of the Parent Company.

Costs related to the issuance of new shares or options are classified, if any, in equity as a decrease in the amounts arising from the issuance of such instruments.

Reserves

These comprise:

- legal reserve
- specific allocation reserve
- IAS/IFRS transition reserve, net of the tax effect
- share premium reserve
- retained earnings

Treasury shares

As of June 30, 2024, 522,898 treasury shares are held in escrow in connection with SECO MIND's "minority purchase agreement". These shares are recognized as a reduction of equity. The original cost of the treasury shares and the revenues deriving from any subsequent sale are recognized as equity movements.

Employee benefits

The liability relating to the benefits paid to employees and directors on or after termination of employment under defined-benefit plans is determined, separately for each plan, on the basis of actuarial assumptions, estimating the amount of future benefits that employees have accrued at the reference date (the so-called "projected unit credit method"). The liability, recorded on the balance sheet net of any plan assets, is recognized on an accrual basis over the vesting period. The liability is calculated by independent actuaries. The components of defined benefit cost are recognized as follows: - service costs are recognized in the income statement as part of personnel costs; - net finance costs on the defined benefit liability or asset are recognized in the income statement as Financial income/(expense), and are determined by multiplying the value of the net liability/(asset) by the rate used to discount the obligations, taking into account contribution and benefit payments that occurred during the period; - the remeasurement components of the net liability, which include actuarial gains and losses, return on assets (excluding interest income recognized in the income statement) and any change in the asset limit, are recognized immediately in Other comprehensive income (loss). These components should not be reclassified to the Income Statement in a subsequent period.

Termination benefits are recognized on the earliest of the following dates: i) when the Company can no longer withdraw its offer of such benefits, and ii) when the Company recognizes the costs of a restructuring.

Incentive plans

In line with the provisions of IFRS 2, the Group classifies medium/long-term incentive plans as "share-based payments" and requires, for those falling into the "equity-settled" category, which requires the physical delivery of the shares, the determination at the grant date of the fair value of the option rights issued and its recognition as a cost recognized on a straight-line basis over the vesting period, with a counter-entry in a specific equity reserve. This allocation is made on the basis of an estimate of the rights that will actually accrue in favor of the staff entitled to them, taking into account the conditions of use of the same not based on the market value of the rights.

At the end of the fiscal year, the equity reserve is reclassified to available reserves.

Provisions for risks and charges

Where the Group has a legal or implicit obligation as a result of a past event and it is probable that it will incur a loss of economic benefits in order to meet that obligation, a provision is recorded. If the time factor of the expected loss of benefits is significant, the amount of future cash outflows is discounted at a pre-tax interest rate that takes into account market interest rates and the specific risk of the liability to which it relates.

No provision is made for any future operating losses. Provisions are measured at the current value of management's best estimate of expenditures to meet the current obligation as of the reporting date.

In the case of lawsuits, the amount of provisions has been determined on the basis of estimates made by the Group, together with its legal advisors, in order to determine the probability, timing and amounts involved and the probable outflow of resources. The provision made will be adjusted as the case develops. At the conclusion of the dispute, the amount that may differ from the provision set aside in the financial statements will be charged to the income statement.

The risk and charges provisions mainly comprise the Seco Northen Europe Product warranty provision and the Supplementary Agents Indemnity Fund (FISC), which is allocated in relation to the termination of agency contracts at the initiative of the principal for reasons not attributable to the agent or representative. In fact, the agent or representative will be paid a supplementary agents indemnity, to be calculated on the overall amount of the commissions for which the right to payment arose in favor of the agent for the entire duration of the relationship (from the date of stipulation of the contract to the date of termination) even if the same sums have not been paid in full at the time of termination of the relationship.

Deferred tax assets and liabilities

Deferred taxes are calculated using the liability method on temporary differences at the reporting date between the fiscal values of the assets and liabilities and the corresponding values in the financial statements. Deferred tax liabilities are recorded on all temporary assessable differences, with the following exceptions:

- when the deferred tax liabilities derive from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, has no effects on the result in the financial statements or on the fiscal result;
- the reversal of the temporary differences, related to investments in subsidiaries, associates and joint ventures, can be controlled and it is probable that such will not occur in the foreseeable future.

Deferred tax assets are recognized on all temporary deductible differences, credits and unused fiscal losses carried forward, to the extent of the probable existence of adequate future tax profits, that can justify the use of the temporary deductible differences, credits and fiscal loses carried forward, with the following exceptions:

- when the deferred tax assets related to the temporary deductible differences derives from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, has no effects on the result in the financial statements or on the fiscal result;
- in the case of temporary differences related to investments in subsidiaries, associates and joint ventures, the deferred tax assets are only recognized to the probable extent that the temporary differences will reverse in the foreseeable future and there are sufficient assessable amounts to utilize such temporary differences.

The carrying value of deferred tax assets is revised at the end of the year and reduced to the extent that it is no longer likely that there will be sufficient taxable income against which to recover all or part of the assets. Deferred taxes are determined based on the tax rates that are expected to apply in the period in which such deferrals will be realized, considering the rates in effect and those already enacted, or substantially in effect, at the date of the financial statements. Deferred taxes are recognized directly to the income statement, with the exception of those relating to accounts directly recognized to the comprehensive income statement, in which case the deferred taxes are also recognized to the comprehensive income statement.

Financial liabilities

Financial liabilities include borrowings, current financial liabilities and financial liabilities arising from leases. Pursuant to IFRS 9, they also include trade and other payables. Financial liabilities are recorded at fair value net of transaction costs. After initial recognition, loans are recognized on the basis of amortized cost, calculated by applying the effective interest rate. A financial liability is derecognized when the underlying obligation of the liability is settled, cancelled or fulfilled. If an existing financial liability is replaced by another by the same lender but under substantially different conditions, or if the conditions of an existing financial liability are substantially changed, such a swap or change is treated as an elimination of the original liability and the opening of a new liability, with any differences in accounting values recorded in the income statement. With the introduction of IFRS 9, in the event of renegotiation of a financial liability that does not qualify as an "settlement of the original debt", the difference between i) the carrying amount of the liability prior to modification and ii) the present value of the cash flows of the modified debt, discounted at the original rate (IRR), is recognized in the income statement.

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.

Derivative instruments and hedge accounting

The derivative instruments entered into by the Group are designed to cover exposure to the interest rate risk associated primarily with loan agreements. On the date the contract is entered into, derivative instruments are initially recognized at fair value and, if the derivative instruments are not formally designated as hedging instruments, changes in fair value recognized subsequent to initial recognition are treated as a financial component of net income for the year. If, on the other hand, the derivatives meet the requirements to be classified as hedging instruments and are formally designated as such, the subsequent changes in fair value are accounted for by following the specific criteria set out in IFRS 9 below. For each derivative financial instrument identified as a hedging instrument, its relationship to the hedged item is documented, including risk management objectives, hedging strategy, and assessment of hedge effectiveness. The effectiveness of each hedge is tested both at the time of inception of each derivative instrument and during its life. Generally, a hedge is considered to be highly "effective" if, both at its inception and during its life, changes in the fair value in the case of a fair value hedge or in the expected future cash flows in the case of a cash flow hedge of the hedged item are substantially offset by changes in the fair value of the hedging instrument. When the hedge concerns changes in the fair value of assets or liabilities recorded in the financial statements (fair value hedge), both the changes in the fair value of the hedging instrument and the changes in the hedged item are recorded in the Income Statement. In the case of a hedge aimed at neutralizing the risk of changes in future cash flows deriving from the future execution of transactions that are expected to be highly probable at the reporting date (cash flow hedge), the changes in the fair value of the derivative instrument posted subsequent to initial recognition are accounted for, limited only to the effective portion, among the components of Comprehensive Income and Loss. When the economic effects arising from the hedged item become apparent, the reserve is reversed to the Income Statement among the operating components. If the hedge is not perfectly effective, the change in fair value of the hedging instrument, referring to the ineffective portion of the hedge, is immediately recorded in the income statement. If, during the life of a derivative instrument, the expected transaction for which the hedge was activated is no longer expected to take place, the part of the "reserves" item relating to this instrument is immediately reversed to the Income Statement for the year. On the other hand, if the derivative instrument is sold or no longer qualifies as an effective hedging instrument, the part of the "reserves" item representing the changes in fair value of the instrument, recorded up to that moment, is maintained as a component of Comprehensive Income and is reversed to the Income Statement in accordance with the classification criterion described above, at the same time as the economic effects of the transaction originally covered by the hedge occur. Financial assets are derecognized from the balance sheet when the right to receive the cash flows from the instrument ceases and the Company has transferred all the risks and rewards relating to the instrument and the relative control.

Revenues from sales and services

On the basis of the five-stage model introduced by IFRS 15, the Group recognizes revenue after identifying the contracts with its customers and the related services to be provided (transfer of goods and/or services), determining the consideration to which it believes it is entitled in exchange for the provision of each of these services, and assessing the way in which these services will be provided (provision at a specific time versus provision over time). In particular, the Group recognizes revenues only if the following requirements are met (so-called identification requirements of the "contract" with the customer):

a) the parties have approved the contract (in writing, orally or in compliance with other normal commercial practices) and have committed to fulfill the respective obligations; an agreement therefore exists between the parties which creates the applicable rights and obligations irrespective of the form with which this agreement takes;
b) the Group may identify the rights of each of the parties with respect to the goods or services to be transferred;
c) the Group can identify the payment conditions for the goods or services to be transferred;
d) the contract has commercial substance;
e) it is likely that the Group will receive the consideration to which it is entitled in exchange for the goods or services that will be transferred to the client.

If the above requirements are not met, the related revenue is recognized when: (i) the Group has already transferred control of the goods and/or provided services to the customer and all, or almost all, of the consideration promised by the customer has been received and is non-refundable; or (ii) the contract has been terminated and the consideration the Group has received from the customer is non-refundable. If the above requirements are met, the Group applies the recognition rules described below. Revenues from sales are recorded when control of the asset subject to the transaction is transferred to the purchaser, or when the customer acquires full capacity to decide on the use of the asset as well as to derive substantially all the benefits, on the basis of the terms defined with the customer. Revenues from services are recognized when they are rendered with reference to the stage of completion. The Group uses an input-based method to measure the progress of services because there is a direct relationship between labor hours expended and the transfer of services to the customer.

Revenues are represented net of discounts, including, but not limited to, sales incentive programs and customer bonuses, as well as taxes directly related to the sale of goods.

Costs

Costs are recognized net of returns, discounts and allowances in accordance with the accrual basis of accounting.

Costs for the purchase of goods are recorded when all risks and rewards have been transferred, which normally coincides with the shipment of the goods. Costs for services are recorded on an accrual basis based on when the services are received.

Financial income

Financial income is recognized on an accrual basis. This includes interest income on funds invested, foreign currency gains and income deriving from financial instruments, when not offset by hedging operations. Interest income is recorded in the income statement at the moment of maturity, considering the effective yield.

Financial charges

Financial charges are recognized on an accrual basis. They include interest expense on borrowings calculated using the effective interest method, foreign currency losses and losses on derivative financial instruments. The interest expense portion of finance lease payments is charged to the income statement using the effective interest method.

Income taxes

Income taxes represent the sum of current and deferred taxation. Taxes allocated in the financial statements of the individual companies included in the consolidation scope are recorded in the consolidated financial statements, based on an estimate of the taxable income determined in accordance with the national legislation in force on the reporting date of the financial statements, taking into account any applicable exemptions. Income taxes are recognized in the income statement, except for those related to items directly charged or credited to the statement of comprehensive income. These are shown under "Tax payables" net of advances and withholding taxes.

Earnings per share

1) Basic

Basic earnings per share is calculated by dividing the overall result for the period attributable to holders of ordinary shares of the Parent Company by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares.

2) Diluted

Diluted earnings per share is calculated by dividing the total earnings per share for the period attributable to holders of the Parent Company's ordinary shares, excluding treasury shares, by the weighted average number of shares outstanding, adjusted to take account of the effects of all dilutive potential ordinary shares. In order to calculate the diluted earnings, the average weighted number of shares outstanding is adjusted in respect of the dilution potential of ordinary shares, while the profit or loss of the company is adjusted to take into account the effects, net of income taxes, of the conversion.

Use of estimates

The preparation of the financial statements and notes in application of IFRS requires the Directors to apply accounting principles and methods that may be based on historical experience and assumptions that depend on the circumstances in which the valuations are made.

Estimates are used to value assets subject to impairment testing, as well as to recognize the doubtful debt provision, the inventory obsolescence provision, provisions for risks and charges and employee benefits. The estimates and assumptions are reviewed periodically and the effects of all variations are immediately recognized to the income statement. It should be noted that in the current general economic and geopolitical environment, given its impacts on the global financial situation, the assumptions regarding future performance feature a particular degree of uncertainty. Therefore it cannot be excluded in the next year results differ from those estimated which could require adjustments, even significant, today obviously not foreseeable nor expected.

The principal measurement processes and key assumptions used by the Group in applying IFRS and which may have significant effects on the values recorded in the financial statements or give rise to significant adjustments to the accounting values of assets and liabilities in the year subsequent to the reporting date are summarized below.

<u>Recoverable value of non-current assets</u>

Non-current assets include Property, plant and equipment and intangible assets, Goodwill, Non-current financial assets and Other non-current assets. The Group periodically reviews the carrying value of the non-current assets held and utilized and of assets to be disposed of, when events and circumstances require such. For Goodwill, this analysis is carried out at least annually and wherever required by circumstances. The analysis of the recoverability of the book value of Goodwill is carried out using estimates of the cash flows expected from the use or sale of the assets and adequate discount rates to calculate the present value. The recoverable amount is measured by determining the value in use, which is based on a discounted cash flow model. Cash flows are derived from the 3-year budget and do not include restructuring activities to which the Group has not yet committed or significant future investments that will increase the results of the business included in the cash generating unit being evaluated. More specifically, the impairment testing procedure for goodwill and intangible and tangible assets described under the accounting policies "Impairment of Non-Financial Assets" entails, when estimating value in use, the use of assumptions regarding: i) the expected cash flows of the cash-generating units (CGUs) identified, in reference to the 2024-2026 business plan approved by the Board of Directors on January 25, 2024; ii) the determination of an appropriate discount rate (WACC); and iii) the determination of a long-term growth rate (g).

The Group has also implemented an analysis and assessment of risks and of short, medium and long-term opportunities related to climate change and the reduction of polluting emissions. In this regard, it should be noted that the Group considered the impact on investments, on costs, and on cash flows when conducting these accounting estimates.

The recoverable amount depends significantly on the discount rate used in the discounted cash flow model, in addition to the expected future cash flows and the growth rate used for the extrapolation.

When the carrying amount of a non-current asset is impaired, the Company recognizes a write-down for the excess between the carrying amount of the asset and its recoverable amount through use or sale, with reference to the cash flows from the most recent business plans.

Provisions for risks

The Group accrues a liability against disputes and lawsuits in progress when it considers it probable that there will be a financial payable and when the amount of the losses arising can be reasonably estimated. In the case in which a payment is considered possible, but is not yet determinable, such is reported in the financial statements. Estimates and assumptions were made in determining the value of the provisions for contingencies, due to the uncertainty associated with these valuations, and it is possible that the estimates may need to be revised in subsequent periods.

Employee benefits

Employee benefit provisions and net financial charges are valued according to an actuarial method which requires the use of estimates and assumptions for the calculation of the net value of the obligation. The actuarial method considers parameters of a financial nature such as, for example, the rate of inflation and the growth rates of salaries, and considers the probability of occurrence of potential future events through the use of parameters of a demographic nature, such as, for example, rates relating to mortality and employee resignation or retirement. Due to the complexity of the valuation and its long-term nature, these estimates are extremely sensitive to changes in assumptions. All assumptions are reviewed on an annual basis.

Doubtful debt provision

The allowance for losses reflects management's estimate of expected losses associated with the customer portfolio. The company applies the simplified approach of IFRS 9 and recognizes the expected losses on all trade receivables based on the residual duration, defining the provision based on the historical experience of the losses on receivables, adjusted to take into account specific forecast factors relating to the creditors and the economic environment (Expected Credit Loss – ECL concept). Further details on the valuation of the doubtful debt provision can be found in paragraph (9) Trade receivables. The amount of ECL's is sensitive to changes in circumstances and expected economic conditions. The Group's historical credit loss experience and forecast economic conditions might also fail to be representative of actual defaults by customers in the future.

Inventory obsolescence provision

The provision for inventory obsolescence reflects management's estimate of the Group's expected losses, determined based on past experience. Abnormal trends in market prices could be reflected in future inventory write-downs.

Fair value estimates

IFRS 13 defines a precise hierarchy of fair value organized on three levels, which take into account the degree of observability of the inputs used for the estimate. They determine, in fact, different levels of fair value reliability.

Inputs represent the assumptions that market participants would make in determining the relative price of the asset or liability, including assumptions about risk.

In general terms, IFRS 13 requires that valuation techniques use the highest and most reliable level of information.

Level 1 inputs are listed prices in active markets for identical assets or liabilities that the Group can access at the measurement date. A market is active if transactions take place frequently enough and in sufficient volume to provide continuous, up-to-date price information.

Level 2 inputs consist of listed prices for similar assets or liabilities in active markets, listed prices for identical or similar assets or liabilities in inactive markets, inputs other than observable listed prices for assets or liabilities (e.g., interest rates, spreads, etc...), inputs corroborated by the market through correlation processing or other means.

Level 3 inputs are those that are unobservable, for which market data are not available, and that reflect the assumptions a market participant would make in trying to assign a price to an asset or liability.

Climate change

Within a regulatory context in which the European Union has developed a strategy focused on more sustainable economic models in order to achieve the goal of climate neutrality by 2050, the Group has launched a process to identify and analyze the risks and opportunities arising from climate change, which could affect the application of the relevant accounting standards, as well as estimating potential impacts on financial statement valuations.

Sector disclosure

As required by IFRS8, information on the geographical distribution of revenues is also provided below. Specifically, 4 regions have been identified: EMEA, USA, APAC and ROW. The breakdown of revenues by region are provided below:

Category	30/06/2024	30/06/2023	Change	Change %
EMEA	81,467	87,331	(5,864)	*-6.71%*
of which Italy	*32,297*	*41,519*	*(9,222)*	*-22.21%*
USA	8,403	14,111	(5,708)	*-40.45%*
APAC	5,443	9,907	(4,464)	*-45.06%*
Rest of the world	17	521	(504)	*-96.81%*
Revenues by region	**95,330**	**111,870**	**(16,540)**	**-14.79%**

Net sales decreased from Euro 111,870 thousand in H1 2023 to Euro 95,330 thousand in H1 2024, a contraction of 14.79% on the same period of the previous year.

This follows the decline across all regions in which the Group operates compared to the previous year at like-for-like consolidation scope. This contraction was particularly stark in view of the fact that the comparative period was within a diametrically opposing marketplace. While the first two quarters of the previous year saw heightened demand among market players as a result of post-pandemic developments and shortages, this phenomenon resulted in overstocking and led to the current drop in demand. The resulting dynamics of the destocking of inventories initiated by customers has also been influenced by the macroeconomic market environment of high interest rates, which has led companies to pay more attention to investments and the containment of inventory levels.

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 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.

The Group considers its exposure to credit risk to be as follows:

Category	30/06/2024	31/12/2023
Trade receivables	51,934	49,489
Current tax assets	2,761	9,458
Other receivables	6,021	4,077
Total	**60,716**	**63,024**

To mitigate this risk, considered contained 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.

Cash flows relating to the Group's financial liabilities by maturity are presented below:

Category	30/06/2024	Total	Less than 1 year	Between 1 and 5 years	Beyond 5 years
Non-current financial liabilities	102,212	102,212	0	102,212	0
Non-current financial lease liabilities	7,543	7,543	0	7,543	0
Total non-current financial liabilities	**109,755**	**109,755**	**0**	**109,755**	**0**
Current financial liabilities	15,063	15,063	15,063	0	0
Current part of N-C financial liabilities	10,625	10,625	10,625	0	0
Current financial lease liabilities	2,157	2,157	2,157	0	0
Total current financial liabilities	**27,846**	**27,846**	**27,846**	**0**	**0**
Total financial liabilities	**137,601**	**137,601**	**27,846**	**109,755**	**0**

All the amounts in the table above refer to the nominal amounts not discounted, stated with regards to the residual contractual maturities, both in terms of the capital and interest portions.

In view of the Group's current net debt and its current ability to generate positive cash flows from operating activities, the liquidity risk is assessed as low. 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.

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.

The Group does not adopt instruments to hedge exchange rate fluctuations. 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.

Risk associated with ICT Systems

With reference to the category under consideration, the main risk factors that could compromise the availability of the Group's ICT systems include cyber attacks, which may result in the possible interruption of production and sales support activities or compromise the confidentiality, integrity and availability of the personal data managed by the Group. In order to mitigate the occurrence of such risks, Seco has introduced a centralized control system to improve the Group's IT security.

SECO

Financial assets and liabilities

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

Financial assets at 30/06/2024	Assets at FVPL	Assets at FVTO	Assets at amortized cost	Total
Non-current financial assets	1,537	10,618	1,334	13,489
Trade receivables	0	0	51,934	51,934
Other receivables	0	0	6,021	6,021
Total financial assets as per IFRS 7	**1,537**	**10,618**	**59,290**	**71,445**

Financial assets at 31/12/2023	Assets at FVPL	Assets at FVTO	Assets at amortized cost	Total
Non-current financial assets	1,524	10,287	1,391	13,201
Trade receivables	0	0	49,489	49,489
Other receivables	0	0	4,077	4,077
Total financial assets as per IFRS 7	**1,524**	**10,287**	**54,957**	**66,767**

Financial liabilities at 30/06/2024	Assets at FVPL	Assets at FVTO	Assets at amortized cost	Total
Non-current financial lease liabilities	0	0	7,543	7,543
Non-current financial payables	0	0	102,212	102,212
Total non-current financial liabilities	**0**	**0**	**109,755**	**109,755**
Current financial liabilities	0	0	15,063	15,063
Current financial lease liabilities	0	0	2,157	2,157
Current portion of non-current financial payables	0	0	10,625	10,625
Total current financial liabilities	**0**	**0**	**27,846**	**27,846**
Trade payables	0	0	37,375	37,375
Other non-current payables	0	0	8	8
Other payables	0	0	9,925	9,925
Total financial liabilities as per IFRS 7	**0**	**0**	**184,908**	**184,908**

Financial liabilities at 31/12/2022	Assets at FVPL	Assets at FVTO	Assets at amortized cost	Total
Non-current financial lease liabilities	0	0	8,603	8,603
Non-current financial payables	0	0	106,928	106,928
Total non-current financial liabilities	**0**	**0**	**115,531**	**115,531**
Current financial liabilities	0	0	11,031	11,031
Current financial lease liabilities	0	0	2,126	2,126
Current portion of non-current financial payables	0	0	11,211	11,211
Total current financial liabilities	**0**	**0**	**24,368**	**24,368**
Trade payables	0	0	36,402	36,402
Other non-current payables	0	0	8	8
Other payables	0	0	11,728	11,728
Total financial liabilities as per IFRS 7	**0**	**0**	**188,037**	**188,037**

Guarantees provided and other contractual commitments

At June 30, 2024, the Group has not undertaken guarantees or contractual commitments beyond those reflected in the balance sheet.

Notes to the Balance Sheet

(1) Property, plant & equipment

Category	30/06/2024	31/12/2023	Change
Land & buildings	5,137	4,921	216
Plant & machinery	6,494	6,535	(41)
Other tangible assets	4,538	4,645	(107)
Assets in progress	709	626	83
Total property, plant and equipment	**16,878**	**16,727**	**151**

The main investments made by the Group in the period totaled Euro 1,953 thousand and mainly concerned the "Plant and machinery" and "Other tangible assets" categories.

"Plant and machinery" increased by Euro 822 thousand, following the acquisition of new machinery to support the production growth of SECO S.p.A., Seco Northern Europe and Fannal, while the "Other tangible assets" account increased by Euro 678 thousand as a result of the continual investments made in the equipment necessary for R&D 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 31/12/2023	5,884	15,081	9,101	626	30,692
Increases	300	822	678	153	1,953
Decreases	(14)	0	(25)	(69)	(108)
Historical cost 30/06/2024	***6,170***	***15,903***	***9,754***	***709***	***32,537***
Accumulated depreciation 31/12/2023	(964)	(8,546)	(4,455)	0	(13,966)
Increases	(69)	(863)	(785)	0	(1,717)
Decreases	0	0	25	0	25
Accumulated depreciation 30/06/2024	***(1,033)***	***(9,409)***	***(5,216)***	***0***	***(15,659)***
Net value 31/12/2023	4,920	6,534	4,645	626	16,725
Net value 30/06/2024	**5,137**	**6,494**	**4,538**	**709**	**16,878**

(2) Intangible assets

Category	30/06/2024	31/12/2023	Change
Development costs	22,964	24,917	(1,953)
Software	36,704	35,913	791
Customer List	29,370	30,030	(660)
Other intangible assets	8,011	10,770	(2,759)
Assets in progress	8,285	2,389	5,896
Total intangible assets	**105,333**	**104,018**	**1,315**

The account increased by Euro 10,633 thousand in the period, mainly related to: i) the purchase and introduction of new software, chiefly attributable to the companies SECO S.p.A. and SECO Northern Europe for a total of Euro 2,661 thousand, and ii) the recognition of project development costs for "standard products" with long-term utility incurred during the period for Euro 8,951 thousand (development costs and assets in progress). 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 31/12/2023	Increases	Decreases	Amortization	Net value 30/06/2024
Development costs	25,256	2,496	0	(4,788)	22,964
Software	35,972	2,661	0	(1,928)	36,704
Customer List	30,030	0	0	(660)	29,370
Other intangible assets	10,634	(979)	(1,160)	(484)	8,011
Assets in progress	2,128	6,455	(298)	0	8,285
Total intangible assets	**104,019**	**10,633**	**(1,458)**	**(7,860)**	**105,333**

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 present year, 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 Group 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	30/06/2024	31/12/2023	Change
Land & buildings	7,944	8,777	(833)
Plant & machinery	2,854	2,950	(97)
Depreciation	7	27	(19)
Right-of-use	**10,806**	**11,754**	**(949)**

The Right-of-use includes lease contracts for land and buildings, motor rental and machinery.

The increase in this account of Euro 215 thousand mainly refers to the new leasing contracts for the acquisition of two production machines by SECO S.p.A.

Changes in the right-of-use in the period are presented below:

	Land & buildings	Plant & machinery	Other tangible assets	Total
Historical cost 31/12/2023	11,791	5,492	355	17,639
Increases	0	215	0	215
Decreases	0	0	0	0
Reclassifications	48	0	0	48
Historical cost 30/06/2024	***11,840***	***5,707***	***355***	***17,902***
Accumulated depreciation 31/12/2023	(3,014)	(2,541)	(329)	(5,884)
Depreciation	(881)	(312)	(19)	(1,213)
Decreases	0	0	0	0
Reclassifications	0	0	0	0
Accumulated depreciation 30/06/2024	***(3,895)***	***(2,854)***	***(348)***	***(7,097)***
Net value 31/12/2023	8,777	2,950	27	11,754
Net value 30/06/2024	**7,944**	**2,854**	**7**	**10,806**

(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	30/06/2024	31/12/2023	Change
Goodwill	165,477	165,216	261
Total Goodwill	**165,477**	**165,216**	**261**

The balance at June 30, 2024 increased Euro 261 thousand compared to the end of the previous year. 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, 2023.

The Directors, although always considering as valid the plan approved on January 25, 2024 and the conclusions of the impairment test carried out for the preparation of the 2023 financial statements, on the basis of developments in H1 2024 prepared a stress test on the recoverability of Goodwill. The sensitivity analysis was drawn up by applying in a consistent manner to the plan cash flows (July 2024 - December 2026) the differences in the H1 EBITDA, considering in addition only a number of savings already acquired on the SECO MIND USA CGU, and maintaining the WACC discount rate differentiated by CGU and the "g" growth rate utilized at December 31, 2023 unchanged, as still consistent with the current available market information. These analyses did not reveal any impairment, also considering the extent of existing cover as of December 31, 2023. In particular, no impairments on any of these CGU's emerged and in all cases the value of use of the Group was in excess of the net book value subject to the test.

As highlighted in the financial statements at December 31, 2023, the recoverable amount was determined based on estimates, the Directors cannot assure, with greater regard to SECO MIND US which is in the start-up phase, that there will be no impairment of goodwill in future periods. Given the current economic environment, the various factors used in drawing up the estimates could be revised; the Group will constantly monitor these factors and the existence of impairments.

(5) Non-current financial assets

Category	30/06/2024	31/12/2023	Change
Non-current financial assets	2,872	2,915	(43)
Assets for derivative financial instruments	10,618	10,287	331
Total non-current financial assets	**13,489**	**13,201**	**288**

Non-current financial assets increased from Euro 13,201 thousand to Euro 13,489 thousand, mainly due to the Mark to Market value of the interest rate hedges on the medium/long-term loans undertaken by the Group.

Non-current financial assets for Euro 1,000 thousand concern the 8.51% investment in Laserwall S.r.l.. In this regard, as described in the 2023 financial statements, a second share capital increase tranche is provided for, amounting to Euro 1,003 thousand, which shall be made in the coming half-year. As a result of this subscription, SECO S.p.A.'s holding will rise to 13.99% of the share capital of Laserwall S.r.l.

(6) Deferred tax assets

Category	30/06/2024	31/12/2023	Change
Deferred tax assets	1,943	2,289	(345)
Total deferred tax assets	**1,943**	**2,289**	**(345)**

Deferred tax assets, the recognition of which is subject to the reasonable certainty of their recoverability, as assessed by the Directors on the basis of the expected results of Group companies reflected in the business plans, are determined on the basis of the tax rates in force, corresponding to those that will apply when these differences will reverse. 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 decreased from Euro 2,289 thousand at December 31, 2023 to Euro 1,943 thousand at June 30, 2024.

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 total of Euro 1,819 thousand at June 30, 2024 (Euro 1,623 thousand at December 31, 2023) mainly includes the tax receivable due beyond one year for Industry 4.0 capital goods and for research and development.

(8) Inventories

Inventories at June 30, 2024 totaled Euro 84,534 thousand, decreasing Euro 1,294 thousand on the previous year. The breakdown of this account is shown in the table below:

Category	30/06/2024	31/12/2023	Change
Raw materials	62,371	65,045	(2,675)
Semi-finished products	19,877	16,826	3,050
Finished products	6,667	7,593	(925)
Advances to suppliers	1,004	1,148	(144)
Inventory obsolescence provision	(5,385)	(4,785)	(600)
Total inventories	**84,534**	**85,827**	**(1,294)**

The decrease in the period is principally due to the raw materials item, as a result of the progressive optimization of stock levels.

The inventory obsolescence provision is calculated to align the value of inventory with its estimated realizable value, recognizing where necessary its obsolescence and slow turnover.

The amount of the provision increased by Euro 600 thousand compared to December 31, 2023, and its percentage on the gross value of inventories increased from 3.8% at December 31, 2023, to 6.0% at June 30, 2024.

(9) Trade receivables

Category	30/06/2024	31/12/2023	Change
Trade receivables	52,765	50,141	2,624
Doubtful debt provision	(830)	(652)	(179)
Total trade receivables	**51,934**	**49,489**	**2,445**

Trade receivables at June 30, 2024 amounted to Euro 51,934 thousand, increasing Euro 2,445 thousand compared to the end of the previous year.

The doubtful debt provision increased by Euro 179 thousand compared to the previous year.

(10) Tax receivables

Category	30/06/2024	31/12/2023	Change
VAT	1,414	5,526	(4,112)
Income taxes	1,078	2,448	(1,370)
Other	268	1,484	(1,216)
Total tax receivables	**2,761**	**9,458**	**(6,698)**

Tax receivables at June 30, 2024 amounted to Euro 2,761 thousand, decreasing Euro 6,698 thousand compared to the end of the previous year. This decrease is mainly due to the reduced VAT receivable.

(11) Other receivables

Category	30/06/2024	31/12/2023	Change
Advances	188	187	1
Other receivables	3,233	2,078	1,155
Prepayments and accrued income	2,600	1,812	788
Total other receivables	**6,021**	**4,077**	**1,944**

Other receivables at June 30, 2024 amounted to Euro 6,021 thousand and increased Euro 1,944 thousand. This increase is mainly due to the increase in Other receivables, principally due to the increased receivables for contributions to the research and development projects, such as the EUPEX Tender and the National Recovery and Resilience Plan (PNRR) funds Tender.

(12) Cash and cash equivalents

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

Category	30/06/2024	31/12/2023	Change
Cash	21	23	(3)
Current accounts	45,531	48,793	(3,262)
Other liquidity	20,000	26,000	(6,000)
Total cash and cash equivalents	**65,552**	**74,816**	**(9,265)**

Other liquidity concerns the two restricted current accounts that can be divested rapidly.
Refer to the consolidated cash flow statement for an analysis of changes in financial resources.

For further details, please refer to the "Liquidity Risk" paragraph above.

(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, 2024, the authorized share capital totaled Euro 1,296,944.48 and was divided into 132,976,117 shares. The paid-up share capital at June 30, 2024 amounted to Euro 1,296,944.48.

LEGAL RESERVE - The legal reserve, amounting to Euro 289 thousand at June 30, 2024, is unchanged from December 31, 2023.

SHARE PREMIUM RESERVE - The share premium reserve, amounting to Euro 232,036 thousand at June 30, 2024, remained unchanged on December 31, 2023.

OTHER RESERVES - Other reserves, amounting to Euro 60,203 thousand at June 30, 2024, refer for:

- Euro 49,653 thousand (Euro 37,765 thousand at December 31, 2023) to non-distributable reserves;
- Euro 6,726 thousand (Euro 4,276 thousand at December 31, 2023) to the accounting of the incentive plans granted to employees subject to the retention of the employment relationship at the end of the vesting period.
- negative Euro 4,135 thousand (negative Euro 4,135 thousand at December 31, 2023) to the treasury share purchase plan reserve. The number of treasury shares held by the Company at December 31, 2023 was 522,898 shares, which were tied to the purchase of the shares of the minority shareholders in SECO Mind S.r.l..
- Positive Euro 7,959 thousand (Euro 7,707 at December 31, 2023) to the cash flow hedge reserve.

TRANSLATION RESERVE - The translation reserve, amounting to Euro 81 thousand at June 30, 2024, 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, 2024, is unchanged from December 31, 2023.

RESERVE FOR LOSSES RECORDED IN OCI - The reserve, positive for Euro 109 thousand at June 30, 2024, includes the result of discounting employee benefits.

DIVIDENDS - During the first half of 2024, dividends were distributed by the company Fannal for Euro 4,013 thousand, of which 45% (Euro 1,806 thousand) distributed to the minorities of Fannal, with the remainder of Euro 2,207 thousand distributed within the Group to the company Seco Asia, of which the parent company Seco S.p.A. holds 51%.

Minorities Equity

Minorities equity amounted to Euro 21,400 thousand at June 30, 2024 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 US, owned 30% by third parties;
- Piri.ai, Inc, owned 31% by third parties.

Reconciliation Parent Company and Consolidated equity and result

Category	Share capital and reserves	Net Profit	Equity
Equity SECO SpA	**(281,155)**	**7,317**	**(273,838)**
Net result and equity of the consolidated companies	(65,305)	(5,692)	(70,997)
Elimination carrying amount of equity investments	143,768	0	143,768
PPA Fannal Electronics	(2,971)	0	(2,971)
PPA InHand Electronics	(1,656)	0	(1,656)
PPA SECO Mind	(2,269)	0	(2,269)
PPA Garz&Fricke Group	(102,405)	462	(101,943)
PPA Seco BH DOO	(36)	0	(36)
Elimination effects of inter-company transactions	260	(205)	55
Dividends distribution	(1,126)	1,126	0
Reserves and profit on non-controlling interests	19,250	2,149	21,399
Group Equity	**(293,645)**	**5,157**	**(288,488)**
Total Equity attributable to non-controlling interests	(19,250)	(2,149)	(21,399)
Total Equity	**(312,895)**	**3,008**	**(309,887)**

(14) Employee benefits

Category	30/06/2024	31/12/2023	Change
Post-employment benefit provision employees	(3,073)	(2,921)	(152)
Post-employment benefit provision directors	(430)	(390)	(40)
Total employee benefits	**(3,503)**	**(3,312)**	**(192)**

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, 2024. The overseas companies do not recognize employee benefits or other components attributable to long-term benefits.

The director's and employee post-employment benefit payables increased by Euro 192 thousand at June 30, 2024 compared to the same period of the previous year.

(15) Provisions for risks

Category	30/06/2024	31/12/2023	Change
Agent's supplementary indemnity provision	(102)	(102)	0
Other	(1,162)	(1,133)	(29)
Total other risks	**(1,264)**	**(1,235)**	**(29)**

The total consists of the provision for supplementary indemnity amounting to Euro 102 thousand and "Other", which is mainly composed of the provision for product warranty relating to SECO Northern Europe.

(16) Deferred tax liabilities

At June 30, 2024, deferred tax liabilities totaled Euro 24,262 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. Compared to December 31, 2023, the account increased Euro 179 thousand.

(17) Non-current financial payables

Category	30/06/2024	31/12/2023	Change
Non-current financial payables	(102,212)	(106,928)	4,716
Total non-current financial payables	**(102,212)**	**(106,928)**	**4,716**

This item refers to the medium/long-term portion of outstanding loans.

It should also be noted that: the current and non-current loans payable, contracted by the Company for the acquisition of the Garz & Fricke Group (now renamed SECO Northern Europe), granted by a bank syndicate (Unicredit S.p.A., Intesa San Paolo S.p.A., Banco BPM S.p.A. and Banca Nazionale del Lavoro S.p.A.) for a total value at June 30, 2024 of Euro 105,312 thousand are counter-guaranteed by the shares of the acquired company; the loan (current and non-current) granted by the bank Monte dei Paschi di Siena S.p.A. for a total value as of June 30, 2024 of Euro 2,752 thousand is secured by a mortgage on the building for production use located in Arezzo.

For the contracts with the credit institutions, the covenants are calculated annually.

(18) Non-current financial lease liabilities

Category	30/06/2024	31/12/2023	Change
Non-current financial lease liabilities	(7,543)	(8,603)	1,060
Total Non-current financial lease liabilities	**(7,543)**	**(8,603)**	**1,060**

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.

Two new leasing contracts were signed by the parent company for an amount of Euro 215 thousand, regarding the acquisition of the capital goods under Industry 4.0.

(19) Other non-current payables

Category	30/06/2024	31/12/2023	Change
Other non-current payables	(8)	(8)	0
Total other non-current payables	**(8)**	**(8)**	**0**

Other non-current payables at June 30, 2024 mainly include security deposits and is unchanged on December 31, 2023.

(20) Current financial liabilities

Category	30/06/2024	31/12/2023	Change
Current financial liabilities	(15,063)	(11,031)	(4,032)
Total current financial liabilities	**(15,063)**	**(11,031)**	**(4,032)**

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, 2024.

(21) Current portion of non-current financial payables

Category	30/06/2024	31/12/2023	Change
Current portion of non-current financial payables	(10,625)	(11,211)	586
Total current portion of non-current financial payables	**(10,625)**	**(11,211)**	**586**

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

(22) Current financial lease liabilities

Category	30/06/2024	31/12/2023	Change
Current financial lease liabilities	(2,157)	(2,126)	(31)
Total current financial lease liabilities	**(2,157)**	**(2,126)**	**(31)**

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	30/06/2024	31/12/2023	Change
Trade payables	(37,375)	(36,402)	(973)
Total trade payables	**(37,375)**	**(36,402)**	**(973)**

The account includes accounts payable for production supplies, capital expenditures and services received at June 30, 2024. The account slightly increased by Euro 973 thousand compared to December 31, 2023.

(24) Other current liabilities

Category	30/06/2024	31/12/2023	Change
Accrued liabilities	(1,372)	(1,067)	(305)
Payables to social security institutions and personnel	(6,372)	(7,879)	1,507
Other payables	(858)	(1,271)	412
Advances - contract liabilities	(1,322)	(1,512)	190
Total other current liabilities	**(9,925)**	**(11,728)**	**1,804**

The account decreased by Euro 1,804 thousand compared to December 31, 2023, mainly regarding the "Payables to social security institutions and personnel" account (Euro 1,507 thousand compared to December 31, 2023).

(25) Tax payables

Category	30/06/2024	31/12/2023	Change
Income tax payables	(1,511)	(5,724)	4,213
Amounts due to tax authorities	(1,213)	(3,608)	2,395
Total Tax payables	**(2,724)**	**(9,332)**	**6,608**

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) Sales revenues

Category	H1 2024	H1 2023	Change	Change %
EMEA	81,467	87,331	(5,864)	-6.71%
of which Italy	*32,297*	*41,519*	*(9,222)*	*-22.21%*
USA	8,403	14,111	(5,708)	-40.45%
APAC	5,443	9,907	(4,464)	-45.06%
Rest of the world	17	521	(504)	-96.81%
Revenues by region	**95,330**	**111,870**	**(16,540)**	**-14.79%**

Net sales decreased from Euro 111,870 thousand in H1 2023 to Euro 95,330 thousand in H1 2024, a contraction of 14.79% on the same period of the previous year.

This follows the decline across all regions in which the Group operates compared to the same period of the previous year at like-for-like consolidation scope. This contraction was particularly stark in view of the fact that the comparative period was within a diametrically opposing marketplace. While the first two quarters of the previous year saw heightened demand among market players as a result of post-pandemic developments and shortages, this phenomenon resulted in overstocking and led to the current drop in demand. The resulting dynamics of the destocking of inventories initiated by customers has also been influenced by the macroeconomic market environment of high interest rates, which has led companies to pay more attention to investments and the containment of inventory levels.

(27) Other income and revenues

Other revenues and income amounted to Euro 1,720 thousand in H1 2024, compared to Euro 2,080 thousand in the same period of the previous year.

Category	H1 2024	H1 2023	Change	Change %
Operating grant tax credit R&D	369	603	(234)	-38.88%
Capital grant tax credit Industry 4.0	394	347	47	13.55%
Other operating grants	682	294	388	132.08%
Other revenues and income	275	836	(560)	-67.05%
Total other revenues and income	**1,720**	**2,080**	**(360)**	**-17.29%**

This account mainly includes:

- the operating grant tax credit for research and development amounting to Euro 369 thousand;
- to the portion for the period of the capital grant tax credit for the purchase by SECO S.p.A. of capital goods under "Industry 4.0" amounting to Euro 394 thousand;
- the pro-rata contribution related to the Group's participation in the tenders for the "Eupex" project for Euro 216 thousand and for the "SAAM SECO AI Apps Market" project for Euro 449 thousand.

(28) Raw materials, ancillary, consumables and goods

Costs of raw materials, ancillary, consumables and goods for resale amounted to Euro 43,881 thousand in H1 2024, compared to Euro 54,936 thousand in the same period of the previous year, a decrease of Euro 11,056 thousand. These costs, net of the change in inventories, accounted for 49.1% of revenues in H1 2023 and 46.0% in H1 2024. The effect of this decrease is mainly due to the gradual normalization of prices and electronic component market delivery times.

(29) Service costs

Category	H1 2024	H1 2023	Change
Transport costs	2,457	1,216	1,241
Commission costs	550	775	(224)
Rentals and operating leases	1,659	1,501	158
Maintenance costs	224	249	(25)
Consultancy costs	4,340	1,937	2,403
Bank charges	81	62	18
Administrative and utility costs	1,565	1,702	(136)
Other taxes	184	150	33
Outsourcing costs	3,151	1,302	1,849
Marketing costs	941	1,017	(76)
Insurance costs	298	250	48
Service costs	**15,449**	**10,161**	**5,289**

Service costs amounted to Euro 15,449 thousand in H1 2024, compared to Euro 10,161 thousand in H1 2023.

Specifically, the increase in Service costs in the year can be attributed to:

- increase in transport costs to Euro 2,457 thousand in H1 2024, rising Euro 1,241 thousand compared to the same period of the previous year, on the basis of the increased volumes of the North European group company;
- increase in consultancy costs to Euro 4,340 thousand in H1 2024, mainly as a result of the increased costs incurred to manage the Group's software platforms;
- increase in outsourcing costs of Euro 1,849 thousand on the same period of the previous year, mainly due to an increase at SECO S.p.A. and SECO Northern Europe Gmbh;

(30) Personnel costs

Category	H1 2024	H1 2023	Change
Wages and salaries	13,223	13,254	(31)
Social security expenses	3,504	3,263	241
Post-employment benefit provision	556	497	59
Other personnel costs	3,090	2,739	351
Total personnel costs	**20,374**	**19,753**	**621**

Personnel costs in H1 2024 totaled Euro 20,374 thousand, increasing Euro 621 thousand on the same period of the previous year. The increase is mainly attributable to: i) costs related to the expanded Group level workforce, due to the new hires of key figures in the period to support the development plans in terms of R&D, production and sales; ii) recognition of the cost of stock option plans allocated to the management team and employees of the Group companies; iii) introduction of meal vouchers to the employees of the Group's Italian companies; iv) higher cost incurred for employee travel and transfers related to the integration of the parent company and SECO Northern Europe Gmbh and of the increased use of temporary workers.

(31) Amortization and Depreciation

Amortization and depreciation increased from Euro 9,504 thousand in H1 2023 to Euro 10,790 thousand in H1 2024, an increase of Euro 1,286 thousand, mainly as a result of the increased amortization of development costs and due to the leased assets as per IFRS 16.

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

The account totaled Euro 113 thousand in H1 2024 (Euro 0 in H1 2023) and include, mainly, the accrual for the period to the doubtful debt provision.

(33) Other operating costs

Category	H1 2024	H1 2023	Change
Directors' fees and related charges	2,473	533	1,940
Board of Statutory Auditors' fees	60	40	20
Travel and transfer costs	132	158	(25)
Losses on receivables	16	2	14
Other operating costs	3,872	1,808	2,064
Total other operating costs	**6,553**	**2,541**	**4,012**

Other operating costs totaled Euro 6,553 thousand in H1 2024, an increase of Euro 4,012 thousand on the same period of the previous year. The increase is mainly due to the "Directors" fees and relative charges" item, with an increase of Euro 1,940 thousand on the previous year, mainly due to the recognition of the cost of the new stock option plans allocated to the directors and the increase in other operating costs for Euro 2,064 thousand, mainly as a result of the tax settlements following the audits by the administrative authorities for Euro 2,275 thousand. In relation to this latter item, in the period between December 2023 and June 2024 the company was subject to a tax audit by the Tax Agency for the 2015-2022 tax periods, which covered direct and indirect taxes and tax credits. The audit concluded with a settlement agreement regarding income taxes and tax benefits with a Tax Assessment Notice dated May 30, 2024.

(34) Financial income and charges

Category	H1 2024	H1 2023	Change
Financial income	**(3,513)**	**(1,319)**	**(2,194)**

Financial income amounted to Euro 3,513 thousand in H1 2024, increasing Euro 2,194 thousand on the first half of the previous year, as a result of the interest income on derivative contracts.

Category	H1 2024	H1 2023	Change
Interest charges on loans	3,691	2,916	775
IFRS 16 interest charges	77	44	33
Other financial charges	403	1,095	(692)
Total financial charges	**4,171**	**4,055**	**116**

Total financial charges increased from Euro 4,055 thousand in H1 2023 to Euro 4,171 thousand in H1 2024. This increase was mainly due to interest charges on short-term credit lines and on the medium/long-term bank debt.

(35) Income taxes

Category	H1 2024	H1 2023	Change
IRES	210	1,523	(1,313)
IRAP	134	653	(519)
Foreign taxes	895	2,381	(1,486)
Taxes from previous years	(250)	(125)	(125)
Deferred tax income/charges	688	(595)	1,283
Other taxes for the period	0	0	0
Total income taxes	**1,678**	**3,838**	**(2,160)**

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
Legal person	SECO Mind Srl	wholly-owned subsidiary of 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	Fondo Italiano d'Investimento SGR S.p.A.	4.47% shareholder of the Parent Company
Legal person	7-Industries	11.22% shareholder of the Parent Company, 100% controlled by Conti Daniele
Legal person	DSA S.r.l.	16.51% shareholder of the Parent Company, 100% controlled by Conti Daniele
Legal person	HSE S.r.l.	16.48% 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.	6.22% 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 8.94% owned by HCS S.r.l. and 8.51% owned by Seco S.p.A.
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
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 Consultants 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 issuer appointed on March 1, 2021, holds a 32.5% stake in EQValue S.r.l.
Natural person	Daniele Conti	Chairperson of the Board of Directors of the Parent Company, appointed on 29/04/2024
Natural person	Massimo Mauri	Chief Executive Officer of the Parent Company, appointed on 29/04/2024

Natural person	Claudio Catania	Director of the BoD of the Parent Company, appointed on 29/04/2024
Natural person	Luciano Lomarini	Director of the BoD of the Parent Company, appointed on 29/04/2024
Natural person	Michele Secciani	Director of the BoD of the Parent Company, appointed on 29/04/2024
Natural person	Kurt Tosja Zywietz	Director of the BoD of the Parent Company, appointed on 29/04/2024
Natural person	Valentina Montanari	Independent Director of the BoD of the Parent Company, appointed on 29/04/2024
Natural person	Anna Zattoni	Independent Director of the BoD of the Parent Company, appointed on 29/04/2024
Natural person	Valentina Beatrice Manfredi	Independent Director of the BoD of the Parent Company, appointed on 29/04/2024
Natural person	Paolo Lavatelli	Independent Director of the BoD of the Parent Company, appointed on 29/04/2024
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	Cesare Beolchi	Chairperson of the Board of Statutory Auditors of the Parent Company, appointed on 29/04/2024
Natural person	Pierpaolo Guzzo	Statutory Auditor of the Parent Company, appointed on 29/04/2024
Natural person	Micaela Badiali	Statutory Auditor of the Parent Company, appointed on 29/04/2024
Natural person	Prospero Accogli	Alternate Auditor of the Parent Company, appointed on 29/04/2024
Natural person	Edda Delon	Alternate Auditor of the Parent Company, appointed on 29/04/2024
Natural person	Emanuela Sala	Director of the BoD of the Parent Company, appointed on 27/04/2023 and remaining in office until 29/04/2024
Natural person	Luca Tufarelli	Director of the BoD of the Parent Company, appointed on 01/03/2021 and remaining in office until 29/04/2024
Natural person	Elisa Crotti	Independent Director of the BoD of the Parent Company, appointed on 05/05/2021 and remaining in office until 29/04/2024
Natural person	Diva Tommei	Independent Director of the BoD of the Parent Company, appointed on 05/05/2021 and remaining in office until 29/04/2024
Natural person	Gino Faralli	Statutory Auditor of the Parent Company, appointed on 01/03/2021 and remaining in office until 29/04/2024
Natural person	Fabio Rossi	Statutory Auditor of the Parent Company, appointed on 01/03/2021 and remaining in office until 29/04/2024

Natural person	Marco Badiali	Alternate Auditor of the Parent Company, appointed on 01/03/2021 and remaining in office until 29/04/2024
Natural person	Maurizio Baldassarini	Alternate Auditor of the Parent Company, appointed on 01/03/2021 and remaining in office until 29/04/2024

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	1,004	0	0	0	**1,069**	13,489	7.92%
Trade receivables	87	0	0	0	5,486	0	0	0	**5,573**	51,934	10.73%
Other receivables	0	510	0	0	0	0	0	0	**510**	6,021	8.47%
Employee benefits	0	430	0	0	0	0	0	0	**430**	3,503	12.28%
Trade payables	103	0	40	34	0	0	0	0	**177**	37,375	0.47%
Other current payables	0	79	0	0	0	0	0	0	**79**	9,925	0.80%

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
Net sales	0	0	0	0	435	700	0	0	**1,135**	95,330	1.19%
Other revenues and income	0	0	0	0	-	0	0	0	**-**	1,720	0.00%
Raw materials, ancillaries, consumables and goods	0	0	0	0	0	0	0	0	**-**	43,881	0.00%
Service costs	85	0	0	0	0	0	14	13	**112**	15,449	0.73%
Other operating costs	0	670	54	34	0	0	0	0	**758**	6,553	11.57%

Remuneration of Directors, Statutory Auditors and independent audit firm

The fees in H1 2024 of the Board of Directors of the Parent Company totaled Euro 430 thousand (Euro 456 thousand in H1 2023), while those of the Board of Statutory Auditors totaled Euro 40 thousand (Euro 40 thousand in H1 2023). The company also recognized a charge of Euro 2,450 in relation to incentive plans.

Fees paid to the independent audit firm for the audit of the statutory and consolidated financial statements totaled Euro 31 thousand in H1 2024 (Euro 205 thousand in H1 2023).

Subsequent events

It should be noted, in accordance with IAS 10(9), that no events have occurred from June 30, 2024, to the date of approval of this financial report that could have a significant impact on the financial performance or standing as presented herein.

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 of the administrative and accounting procedures for the compilation of the condensed consolidated half-year financial statements in 2024.
2. They also declare that the half-year financial report:
    - correspond 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, 2024

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

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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, 2024 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, 2024 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, 2024

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.