

SECO

SECO S.p.A.

QUARTERLY FINANCIAL REPORT AT SEPTEMBER 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



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CORPORATE BOARDS

Board of Directors

Office held until the approval of the 2026 annual accounts

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

Board of Statutory Auditors

Office held until the approval of the 2026 annual accounts

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

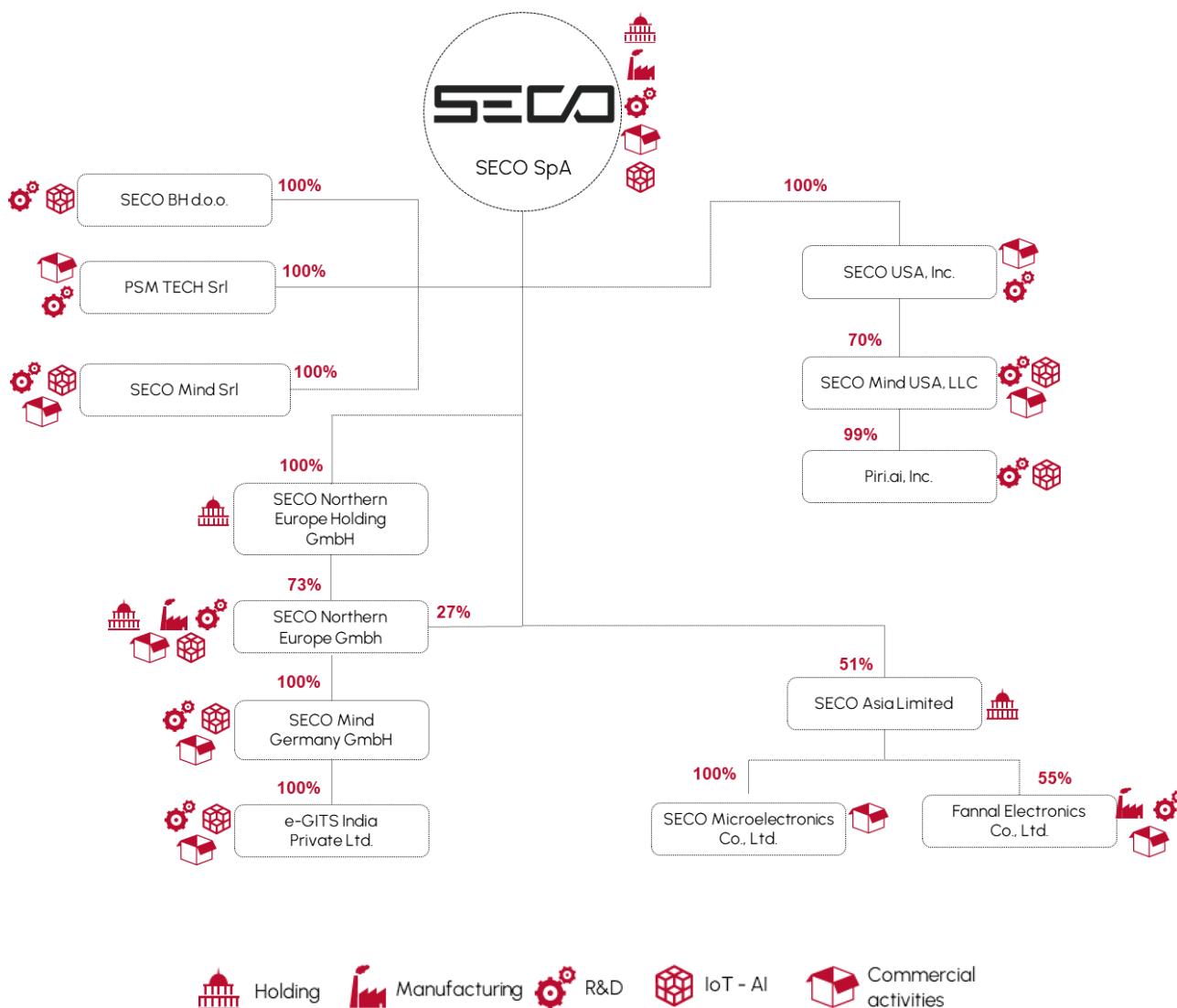
Executive Officer for Financial Reporting Lorenzo Mazzini

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.



Market Overview

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.

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.

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 9M 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 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.

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.

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.

In September, SECO launched Clea OS, an advanced embedded Linux framework designed to simplify the creation and deployment of IoT infrastructure. Clea OS supports a wide range of hardware architectures, including processors from leading global silicon vendors, and offers tools for updates and remote management; with an open-source base, it allows developers to customize deployments according to their needs, fostering flexibility and scalability in IoT projects.



Research and Development and Technological Innovation

Again in the first nine months of 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.

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 September 30, 2024, the SECO S.p.A. (IOT:MI) stock price was Euro 2.11, with a capitalization of Euro 280.6 million.



CONSOLIDATED BALANCE SHEET AND CONSOLIDATED INCOME STATEMENT AT SEPTEMBER 30, 2024

Consolidated Balance Sheet

(in Euro thousands)	Note	30/09/2024	31/12/2023
Property, plants and equipments		18,139	16,726
Intangible assets		105,222	104,019
Right-of-Use		10,141	11,755
Goodwill		165,110	165,216
Non-current financial assets		14,486	13,201
Deferred tax assets		3,189	2,289
Other non-current assets		1,982	1,623
Total non-current assets	(1)	318,269	314,829
Inventories		80,125	85,827
Trade receivables		41,512	49,489
Current tax assets		8,865	9,458
Other receivables		5,537	4,077
Cash and cash equivalents		67,992	74,816
Total current assets	(2)	204,031	223,668
TOTAL ASSETS		522,299	538,497
Share capital		1,296	1,296
Share premium reserve		232,036	232,037
Reserves		61,288	45,425
Group Net Profit		(10,072)	11,864
Total Group Equity	(3)	284,548	290,622
Minority Equity and Reserves		18,968	19,109
Minorities profit for the period		2,510	2,766
Minorities Equity		21,478	21,875
Total Equity		306,026	312,497
Employee benefits		3,653	3,312
Provisions for risks		1,269	1,235
Deferred tax liabilities		23,784	24,084
Non-current financial liabilities		101,720	106,928
Non-current lease liabilities		7,328	8,603
Other non-current payables		8	8
Total Non-Current Liabilities	(4)	137,762	144,170
Current financial liabilities		14,628	11,031
Current part of N-C financial liabilities		10,202	11,211
Current lease liabilities		2,097	2,126
Trade payables		31,832	36,402
Other current payables		10,578	11,728
Current tax liabilities		9,174	9,332
Total current liabilities	(5)	78,511	81,830
TOTAL EQUITY AND LIABILITIES		522,299	538,497



Consolidated Income Statement

(in Euro thousands)	Notes	9M 2024	9M 2023
Net sales		139,392	162,115
Other revenues and income		2,289	2,403
Total revenues and operating income	(6)	141,681	164,518
Costs for services, goods and other operating costs		(97,604)	(100,093)
Personnel costs		(31,390)	(29,041)
Total costs and other operating charges	(7)	(128,994)	(129,134)
Amortization & depreciation	(8)	(16,120)	(14,478)
Provisions and write-downs		(118)	24
Operating Profit/(loss)		(3,551)	20,930
Financial income and charges		(1,650)	(4,816)
Exchange gains/(losses)		(131)	1,091
Profit before tax/(loss)		(5,331)	17,205
Income taxes		(2,230)	(4,715)
Net profit/(loss) for the period		(7,562)	12,490
Non-controlling interests profit		2,510	2,825
Group profit/(loss)		(10,072)	9,665
Basic earnings per share		0.00	0.08
Diluted earnings per share		0.00	0.07



Consolidated Comprehensive Income Statement

(in Euro thousands)	9M 2024	9M 2023
Net profit for the period	(7,562)	12,490
Other comprehensive income/(expense) which may be subsequently reclassified to the income statement:	163	(1,635)
Translation differences	(88)	(1,006)
Gain/(loss) on Cash Flow Hedge	252	(629)
Other comprehensive income/(expense) which may not be subsequently reclassified to the income statement:	-	-
Discounting employee benefits	-	-
Tax effect discounting employee benefits	-	-
Total comprehensive income/(expense)	163	(1,635)
Non-controlling interests	2,464	2,164
Parent company shareholders	(9,862)	8,691
Total comprehensive income/(expense)	(7,398)	10,855



Consolidated Cash Flow Statement

(in Euro thousands)	30/09/2024	30/09/2023
Net profit for the period	(7,562)	12,490
Income taxes	2,230	4,715
Amortization & depreciation	16,120	14,478
Change in employee benefits	342	237
Financial income/(charges)	1,650	4,816
Exchange gains/(losses)	131	(1,091)
Costs for share-based payments	3,753	1,150
Cash flow before working capital changes	16,664	36,794
Change in trade receivables	6,987	(8,292)
Change in inventories	5,702	2,538
Change in trade payables	(4,700)	(10,901)
Other changes in tax receivables and payables	2,729	(715)
Other changes in current receivables and payables	(2,611)	(3,136)
Other changes in non-current receivables and payables	(1,603)	(1,918)
Use of provisions for risks, receivables and inventories	34	-
Interest collected	3,470	1,351
Interest paid	(4,849)	(3,360)
Exchange gains/(losses) realized	(97)	1,027
Income taxes paid	(4,525)	(1,319)
Cash flow from operating activities (A)	17,201	12,069
(Investments) /Disposals of property, plant and equipment	(4,790)	(5,828)
(Investments) /Disposals of intangible assets	(11,750)	(11,026)
(Investments) /Disposals of financial assets	(28)	162
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)	(16,568)	(16,693)
New loan drawdowns	2,000	-
(Repayment) of bank loans	(8,218)	(17,279)
Change in current financial liabilities	3,326	(10,640)
Repayment lease liabilities	(1,520)	1,639
Dividends paid	(2,859)	-
Paid-in capital increase	(1)	64,656
Acquisition of treasury shares	-	-
Acquisition of shares from minorities	-	(173)
Cash flows from financing activities (C)	(7,270)	38,203
Increase (decrease) in cash and cash equivalents (A+B+C)	(6,637)	33,579
Cash and cash equivalents at beginning of the period	74,816	39,586
Conversion differences	(188)	(535)
Cash and cash equivalents at end of the period	67,991	72,630



Consolidated Statement of Changes in Equity

(in Euro thousands)	01/01/2024	Share capital increase	Allocation result	Dividends paid	Other movements	Comprehensive Profit/(Loss)	30/09/2024
Share capital	1,296	-	-	-	-	-	1,296
Legal reserve	289	-	-	-	-	-	289
Share premium reserve	232,037	(1)	-	-	-	-	232,036
Other reserves	45,613	-	11,864	-	3,789	252	61,517
Translation reserve	(215)	-	-	-	-	(42)	(257)
FTA Reserve	(371)	-	-	-	-	-	(371)
Discounting employee benefits	109	-	-	-	-	-	109
Group Net Profit	11,864	-	(11,864)	-	-	(10,072)	(10,072)
Group Equity	290,623	(1)	-	-	3,789	(9,862)	284,547
Minority Equity and Reserves	19,108	-	2,766	(2,859)	-	(47)	18,968
Discounting employee benefits	-	-	-	-	-	-	-
Non-controlling interests profit	2,766	-	(2,766)	-	-	2,510	2,510
Minorities Equity	21,874	-	-	(2,859)	-	2,464	21,479
Total Equity	312,497	(1)	-	(2,859)	3,789	(7,398)	306,026

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Total non-current assets

Non-current assets increased from Euro 314,829 thousand at December 31, 2023 to Euro 318,269 thousand at period-end, increasing Euro 3,440 thousand. This movement mainly followed:

- Increase in Property, Plants and Equipments of Euro 1,413 thousand as a result of the Group's investments in production machinery and equipment and R&D.
- Increase in Intangible assets for Euro 1,203 thousand, following the capitalization of costs for Research and Development projects incurred in the period.
- Increase in Non-current financial assets of Euro 1,284 thousand, mainly due to the subscription of the second tranche of the capital increase in Laserwall S.r.l. for Euro 999 thousand. The capital increase in Laserwall S.r.l. was approved on November 13, 2023 by SECO S.p.A. for a total of Euro 2,003 thousand. As a result of this subscription, SECO S.p.A.'s holding equates to 13.99% of the share capital of Laserwall S.r.l..

(2) Total current assets

Total Current Assets decreased from Euro 223,668 thousand to Euro 204,031 thousand (a decrease of Euro 19,637 thousand). This movement mainly followed:

- Decrease in Inventories for Euro 5,702 thousand, mainly due to the gradual optimization of inventory levels.
- Decrease in Trade Receivables for Euro 7,977 thousand, due to a reduction in sales volumes, as well as in certain cases to a mix of sales to customers with reduced collection times.
- Decrease in cash and cash equivalents for Euro 6,825 thousand. For further details, reference should be made to the cash flow statement.

(3) Total Group Equity

Group Equity of Euro 284,548 thousand at September 30, 2024 decreased Euro 6,074 thousand, due to the combined effect of the increase in Reserves for Euro 15,863 thousand, mainly due to the allocation to the prior year profit reserve, and the decrease in the Group net result, which amounted to Euro -10,072 thousand in 9M 2024, for Euro 21,936 thousand compared to December 31, 2023.

(4) Total non-current liabilities

Total Non-current liabilities decreased from Euro 144,170 thousand at December 31, 2023 to Euro 137,762 thousand at September 30, 2024, a reduction of Euro 6,407 thousand. This decrease mainly stemmed from the reduction of Non-current financial liabilities of Euro 5,208 thousand, principally due to the repayment of loan instalments in the period.

(5) Total current liabilities

Total Current liabilities decreased from Euro 81,830 thousand at December 31, 2023 to Euro 78,511 thousand at September 30, 2024, a decrease of Euro 3,320 thousand - mainly due to:

- Increase in Current financial liabilities of Euro 3,597 thousand. 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 September 30, 2024.
- Decrease in Trade Payables of Euro 4,570 thousand, as a result of the reduction in business volumes and thus to the lower procurement volumes of electronic components.
- Decrease in Other current liabilities of Euro 1,150 thousand, mainly at SECO Northern Europe.

(6) Revenues and operating income

Net sales decreased from Euro 162,115 thousand in 2023 to Euro 139,392 thousand in 2024, a reduction of 14.02% on the same period of the previous year. Reference should be made to the "Sales revenues by region" paragraph for further details.

Other revenues and income totaled Euro 2,289 thousand in 9M 2024, mainly concerning the recognition of income for:

- Pro-rata contribution relating to the participation of the Group in the European EUPEX Tender and the PNRR (National Recover and Resilience Plan) tender for Euro 886 thousand;
- Operating grant tax credit for research and development amounting to Euro 536 thousand of the Italian companies Seco S.p.A., PSM Tech S.r.l. and Seco Mind S.r.l.;
- Operating grant tax credit for the purchase by SECO S.p.A. of capital goods under "Industry 4.0" amounting to Euro 393 thousand.



(7) Costs and other operating charges

Costs for services, goods and other operating costs totaled Euro 97,604 thousand, decreasing Euro 2,489 thousand on the same period of the previous year. This decrease is the result of the combined effect of:

- decrease in the cost of raw materials, ancillaries, consumable and goods, net of the change in inventories of Euro 15,107 thousand, deriving from the reduced purchase volumes due to the decrease in revenues in the period;
- increase in service costs of Euro 8,295 thousand on the same period of the previous year, mainly due to the increase in transport costs, consultancy costs incurred for the management of Group software platforms, outsourcing costs;
- increase in other operating costs for Euro 4,322 thousand on the same period of the previous year, mainly due to the recognition of the cost of the new stock option plans allocated to the directors, in addition to the tax settlements following the audits by the administrative authorities on the tax periods between 2015 and 2022 which concerned direct and indirect taxes and tax credits;

Personnel costs rose Euro 2,349 thousand on the same period of the previous year. The movement in the period mainly concerns the expansion of the Group workforce in view of the new hires necessary to execute the R&D, production and sales development plans, in addition to the recognition of the cost of the stock option plans allocated to the management team and to the employees of the Group companies.

(8) Amortization and depreciation

Amortization and depreciation in the period of Euro 16,120 thousand rose Euro 1,642 thousand on the same period of the previous year, due to new capitalizations which are accrued period-by-period.

9M 2024 OPERATING PERFORMANCE

The current challenging general economic and market environment led to a gradual reduction in inventories from the latter quarters of 2023 by the majority of market players. 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 14.02% on the first nine months of the previous year.



Sales revenues by region

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

	9M 2024	9M 2023	Changes	%
EMEA	115,845	126,363	(10,518)	-8.32%
<i>of which Italy</i>	46,639	57,477	(10,838)	-18.86%
USA	13,095	21,965	(8,870)	-40.38%
APAC	8,639	13,265	(4,626)	-34.87%
Rest of the world	1,813	521	1,292	247.95%
Revenues by region	139,392	162,115	(22,723)	-14.02%

Net sales decreased from Euro 162,115 thousand in 9M 2023 to Euro 139,392 thousand in 9M 2024, a contraction of 14.02% 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 three 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.

Alternative operating performance measures

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)	9M 2024	9M 2023	Change	Change %
Total revenues and operating income	141,681	164,518	(22,837)	-13.88%
Costs for services, goods and other operating costs (*)	(97,853)	(98,978)	1,125	-1.14%
Personnel costs	(31,390)	(29,041)	(2,349)	8.09%
EBITDA	12,438	36,499	(24,061)	-65.92%

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

The decrease between the two periods (Euro 24,061 thousand, -65.92%) is mainly due to the reduction in sales revenues (Euro 22,837 thousand) and increased personnel costs (Euro 2,349 thousand).



Adjusted EBITDA - Adjusted EBITDA is a measure to assess the Group's operating performance. It is calculated as the profit before income taxes, financial charges and income, amortization and depreciation, exchange gains or losses, extraordinary and/or non-recurring revenue items.

The Group considers that the extraordinary and/or non-recurring items subject to adjustment have been identified in a manner that presents the Group's true operating performance.

(in Euro thousands)	9M 2024	9M 2023	Change	Change %
EBITDA	12,438	36,499	(24,061)	-65.92%
Exchange gains/(losses)	131	(1,091)	1,222	-112.01%
Income/charges from non-core business activities	7,867	1,872	5,995	320.25%
Non-recurring income/charges from core business activities	0	21	(21)	-100.00%
Adjusted EBITDA	20,436	37,301	(16,865)	-45.21%

The Group reports 9M 2024 Adjusted EBITDA of Euro 20,436 thousand, decreasing 45.21% on the same period of the previous year.

Income/charges from non-core business activities of Euro 7,867 thousand mainly refer to:

- The allocation of stock options to managers and directors for Euro 3,747 thousand (Euro 1,150 thousand in 9M 2023).
- Tax settlements following the audits by the administrative authorities for Euro 2,975 thousand.

Alternative financial performance measures

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 September 30, 2024 compared with December 31, 2023 is presented below, 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 September 30, 2024, the Group net financial debt was Euro 67,982 thousand, compared to Euro 65,083 thousand at December 31, 2023.

(in Euro thousands)	30/09/2024	31/12/2023	Change	Change %
A. Cash	18	23	(5)	-21.75%
B. Cash equivalents	67,974	74,793	(6,819)	-9.12%
C. Other current financial assets	0	0	0	0.00%
D. Cash and cash equivalents (A) + (B) + (C)	67,992	74,816	(6,825)	-9.12%
E. Current financial debt	(16,725)	(13,157)	(3,568)	27.12%
F. Current portion of the non-current debt	(10,202)	(11,211)	1,009	-9.00%
G. Current financial debt (E)+(F)	(26,927)	(24,368)	(2,558)	10.50%
H. Net current financial debt (G) + (D)	41,065	50,448	(9,383)	-18.60%



I. Non-current financial debt	(109,048)	(115,531)	6,483	-5.61%
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)	(109,048)	(115,531)	6,483	-5.61%
M. Total financial debt (H) + (L)	(67,982)	(65,083)	(2,899)	4.45%

The overall net financial debt increased Euro 2,899 thousand, mainly due to the reduction in cash equivalents and the reduced non-current financial debt.

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.

The Adjusted net financial debt was Euro 56,925 thousand at September 30, 2024, compared to Euro 51,993 thousand at December 31, 2023. The increase is due mainly to the effects analyzed in the previous paragraph and a combined effect of: i) the lower VAT receivable at September 30, 2024 compared to the previous year; ii) the lower current and non-current lease liabilities.

(in Euro thousands)	30/09/2024	31/12/2023	Change	Change %
Net financial debt	(67,982)	(65,083)	(2,899)	4.45%
(+) VAT receivables	1,633	2,362	(728)	-30.84%
(-) Current finance lease liabilities	(2,097)	(2,126)	29	-1.36%
(-) Non-current finance lease liabilities	(7,328)	(8,603)	1,275	-14.82%
(-) Derivative financial instruments	0	0	0	0.00%
Adjusted net financial debt	(56,925)	(51,993)	(4,932)	9.49%

SUBSEQUENT EVENTS

No significant events occurred after the end of the reporting period.

OUTLOOK

SECO is continuing to acquire new design wins and customers, strengthening the foundation for our future development path. Recent partnerships with technology leaders such as NXP, Qualcomm 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 advancement 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.

The Executive Officer for Financial Reporting, Lorenzo Mazzini, declares in accordance with Article 154 bis, paragraph 2, of the Consolidated Finance Act, that the accounting information contained in this document corresponds to the underlying accounting documents, records and accounting entries.

Arezzo, November 13, 2024

For the Board of Directors

The Chief Executive Officer

Massimo Mauri