

Secop Group Holding
GmbH, Flensburg

*Consolidated financial
statements as of
31 December 2024*

Consolidated statement of profit and loss from 1. January 2024 to 31. December 2024

	Note	2024 T€	2023 T€
Revenue	<u>4.1</u>	240,095	235,475
Cost of sales		-185,654	-186,169
Gross profit		54,441	49,306
Other income	<u>7.1</u>	10,266	17,544
Sales and distribution expenses	<u>7.2</u>	-20,146	-18,151
Administrative expenses	<u>7.3</u>	-19,264	-17,431
Other expenses	<u>7.4</u>	-20,915	-25,357
Operating profit		4,383	5,910
Financial expenses	<u>7.6</u>	-12,476	-12,040
Financial income	<u>7.7</u>	30	758
Net financial income		-12,446	-11,282
Profit before tax		-8,064	-5,373
Income tax	<u>8.</u>	-3,258	-5,489
Consolidated accounting profit/loss		-11,321	-10,861
Thereof attributable to shareholders of the parent company		-11,321	-10,861

Consolidated statement of comprehensive income from 1. January 2024 to 31. December 2024

	Note	2024 T€	2023 T€
Consolidated accounting profit/loss		-11,321	-10,861
Currency translation	<u>16.</u>	1,083	-2,143
<i>Net other comprehensive income/loss that may be reclassified to profit or loss in subsequent periods</i>		1,083	-2,143
Revaluation of defined benefit plans	<u>16., 21.</u>	-532	195
<i>Net other comprehensive income/loss that will not be reclassified to profit or loss in subsequent periods</i>		-532	195
Other comprehensive income/loss	<u>16.</u>	551	-1,948
Total comprehensive income		-10,770	-12,810
Thereof attributable to shareholders of the parent company		-10,770	-12,810

¹ Taxes of €-249 thousand (previous year: €251 thousand) were reclassified from "Other comprehensive income that can be reclassified to the income statement in subsequent periods" to the item "Revaluation of defined benefit pension plans"

Consolidated statement of financial position as of 31. December 2024

	Notes	31.12.2024 T€	31.12.2023 T€
Assets			
Non-current assets			
Property, plant and equipment	<u>9.</u>	89,083	89,414
Intangible assets	<u>10.</u>	65,254	64,394
Right-of-use assets	<u>11.</u>	5,712	6,346
Deferred tax assets	<u>8.</u>	505	1,219
		160,554	161,373
Current assets			
Inventories	<u>13.</u>	33,732	34,062
Trade receivables	<u>14.</u>	26,696	28,097
Other financial assets	<u>12.1</u>	5,418	4,784
Other non-financial assets	<u>22.1</u>	6,232	7,459
Cash and bank balances	<u>15.</u>	11,214	8,060
		83,293	82,462
Total assets		243,847	243,835
Equity and liabilities			
Equity			
Subscribed capital	<u>16.</u>	25	25
Capital reserves	<u>16.</u>	1,975	1,975
Retained earnings	<u>16.</u>	10,059	21,234
Other reserves	<u>16.</u>	2,326	1,775
Total equity		14,385	25,009
Non-current liabilities			
Interest-bearing liabilities	<u>20.</u>	130,699	125,708
Other financial liabilities	<u>19.</u>	5,075	5,661
Provisions	<u>17.</u>	1,638	1,716
Net employee defined benefit liabilities	<u>21.</u>	3,169	2,892
Deferred tax liabilities	<u>8.</u>	18,722	18,815
		159,304	154,792
Current liabilities			
Trade payables	<u>18.</u>	49,135	45,179
Other financial liabilities	<u>19.</u>	931	983
Other non-financial liabilities	<u>22.2</u>	11,427	10,090
Provisions	<u>17.</u>	8,664	7,646
Deferred Income	<u>23.</u>	0	136
		70,158	64,034
Total liabilities		229,462	218,826
Total equity and liabilities		243,847	243,835

Consolidated statement of changes in equity from 1. January 2024 to 31. December 2024

	Subscribed capital	Capital reserves	Retained earnings	Revaluation of defined benefit plans	Equity difference from currency translation	Total equity
	T€	T€	T€	T€	T€	T€
As at 1 January 2024	25	1,975	21,234	1,463	312	25,009
Accounting profit/loss	0	0	-11,321	0	0	-11,321
Other comprehensive income/loss	0	0	0	-532	1,083	551
Other adjustments	0	0	146	0	0	146
As at 31 December 2024	25	1,975	10,059	931	1,395	14,385

	Subscribed capital	Capital reserves	Retained earnings	Revaluation of defined benefit plans	Equity difference from currency translation	Total equity
	T€	T€	T€	T€	T€	T€
As at 1 January 2023	25	1,975	32,267	1,268	2,455	37,990
Accounting profit/loss	0	0	-10,861	0	0	-10,861
Other comprehensive income/loss	0	0	0	195	-2,143	-1,948
Other adjustments	0	0	-172	0	0	-172
As at 31 December 2023	25	1,975	21,234	1,463	312	25,009

Consolidated statement of cash flows from 1. January 2024 to 31. December 2024

	Note	2024 T€	2023 T€
Operating activities			
<i>EBIT</i>		4,383	5,910
+ Depreciation and impairment/- write-up of property, plant and equipment, intangible assets and right-of-use assets		14,865	11,747
+ Decrease/- increase in inventories	<u>13.</u>	903	1,809
- Decrease/+ increase in trade receivables and short term assets	<u>14.</u>	2,124	9,998
- Decrease/+ increase in trade payables, other liabilities and short term provisions	<u>18.</u>	3,384	-723
+ Decrease/- increase in provisions	<u>17.</u>	-122	-2,706
Non-cash items from the consolidation		226	-1,190
+/- Changes in other statement of financial position items		1,755	2,370
Income tax paid	<u>8.</u>	-2,104	-1,623
Net cash flows from operating activities		25,414	25,591
Investing activities			
+ Payments for investments for property, plant and equipment	<u>9.</u>	-6,658	-10,420
+ Payments in investments for intangible assets	<u>10.</u>	-6,689	-8,105
+ Decrease/- increase in right-of-use assets as per IFRS 16	<u>11.</u>	-975	-1,296
+ Payment from sale of property, plant and equipment, intangible assets and right-of-use assets		126	111
Net cash flows used in investing activities		-14,196	-19,710
Financing activities			
+ Increase/- decrease in interest-bearing liabilities	<u>20.</u>	-41	-6,581
- Payment of principal portion of lease liabilities		-752	-272
Interest and fees paid	<u>8.</u>	-7,456	-6,823
Other financing	<u>20.</u>	0	-1,205
Net cash flows from financing activities		-8,248	-14,880
Increase/decrease in cash and cash equivalents		2,969	-8,998
Cash and cash equivalents at 1 January		8,060	17,245
Decrease/increase in cash and cash equivalents		2,969	-8,998
Foreign exchange differences		184	-186
Cash and cash equivalents at 31 December		11,214	8,060

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Notes to the consolidated financial statements

1. Corporate information

The Secop Group Holding GmbH (the "Company" or the "Parent") is a company with limited liability founded in Germany on 16 January 2019. The registered office is located at Lise-Meitner-Str. 29, 24941 Flensburg. The Company is registered in the commercial register under HRB 14025 FL. The Secop Group comprises the parent company and the subsidiaries it has controlled since 7 September 2019.

The Secop Group is the expert for advanced hermetic compressor technologies and cooling solutions in commercial refrigeration; it develops high performance stationary and mobile cooling solutions for leading international commercial refrigeration manufacturers and is the first choice when it comes to leading hermetic compressors and electronic controls for refrigeration solutions for AC-powered stationary light commercial, DC-powered, and medical cold-chain applications

In pursuing this business, the Secop Group uses raw and input materials, such as steel, copper, aluminium and electrical components that are essential for the compressor control systems. The raw materials are used to manufacture compressors for stationary, mobile and medical appliances in the Secop Group production facilities. The marketing and sales organisations are responsible for the global sale of the goods. The Application Engineering division provides customer service and technical marketing activities with engineering expertise for Secop Group customers.

2. Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Secop Group Holding GmbH have been prepared in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and endorsed by the European Union and the applicable German regulations. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards in accordance with Section 315e (3) in connection with Section 315e (1) German Commercial Code.

The consolidated financial statements have been prepared on a historical cost basis. The consolidated financial statements are presented in Euros and all values are rounded to the nearest thousand Euro (T€). Rounding difference of $\pm$ one unit may arise.

The financial year of the Secop Group Holding GmbH and its subsidiaries included in the consolidated financial statements corresponds to the calendar year.

The consolidated statement of comprehensive income was prepared using the function of expense method.

The Secop Group presents assets and liabilities in the statement of financial position based on current/non-current classification. Assets and liabilities are current, when they are expected to be realised within twelve months after the reporting period. Net employee defined benefit liabilities and deferred tax assets and liabilities are classified as non-current assets and liabilities.

The 2024 consolidated financial statements include Secop Group Holding GmbH and subsidiaries controlled by it.

Control is achieved when the Secop Group Holding GmbH is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those

returns through its power over the investee. In particular, Secop Group Holding GmbH controls an investee if, and only if, the Secop Group has:

- " Power over the investee i.e. existing rights that give Secop Group Holding GmbH the ability to direct those activities of the investee that have a significant impact on its returns);
- " Exposure, or rights, to variable returns from its involvement with the investee;
- " The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Secop Group Holding GmbH has less than a majority of the voting or similar rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- " The contractual arrangements with the other vote holders of the investee
- " Rights arising from other contractual arrangements
- " The Secop Group's voting rights and potential voting rights.

If facts and circumstances indicate that there are changes to one or more of the three elements of control, the Secop Group Holding GmbH reassesses whether or not it controls an investee.

Consolidation of a subsidiary begins on the day the Secop Group Holding GmbH obtains control over the subsidiary. It ceases when the Secop Group Holding GmbH loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date Secop Group Holding GmbH gains control until the date Secop Group Holding GmbH ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those of the parent company.

All intragroup assets and liabilities, equity, intragroup profits/losses, income, expenses and cash flows relating to transactions between group companies are eliminated in full on consolidation. As part of the consolidation any deferred tax effects will be recognised accordingly.

2.2 Summary of significant accounting policies

a) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- " In the principal market for the asset or liability
- " or, in the absence of a principal market, in the most advantageous market for the asset or liability.

The Secop Group must have access to the principal or the most advantageous market.

The fair value of an asset or a liability is measured using the assumptions that market participants would use to determine the price of the asset or liability. It is assumed that the market participants act in their best economic interests.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Secop Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- " Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- " Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- " Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Secop Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. Trade receivables that exist on the reporting date and meet the requirements for a sale in the context of real factoring are assigned to the category measured at fair value through profit or loss and assigned to level 3 in the fair value hierarchy shown above.

b) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Secop Group expects to be entitled in exchange for those goods or services. The Secop Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Disclosures related to revenue from contracts with customers are provided in note [4.1 Disaggregated revenue information](#).

Sale of refrigeration compressors

Revenue from sale of refrigeration compressors is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery of the refrigeration compressors at the customer's location or, if the customer collects the goods themselves, upon provision of the goods on the customer's lorry or the carrier commissioned by the customer. The Secop Group checks the specific time of transfer of control in each case. The normal credit term is 30 to 90 days from the date of delivery.

The Secop Group considers whether there are other commitments included in the contract that constitute separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of refrigeration compressors, the Secop Group considers the effects of variable consideration, existence of a significant financing component, noncash considerations, and considerations payable to the customer (if any).

If a contract contains several separable goods or services, the transaction price is allocated to the performance obligations based on the relative stand-alone selling prices. The Secop Group does not use contracts that contain a significant financing component. Contracts with variable considerations are of minor importance for the Secop Group and have no material impact on the transaction prices. Contract or contract fulfilment costs are not capitalized.

Sale of licenses

If the Secop Group grants a third party the right to intellectual property and the right to participate in changes to property (dynamic license), revenue is recognized over time. If, on the other hand, third parties are only granted the right to use intellectual property in the current version as part of a license agreement (static license), revenue is recognized at the beginning of the license period. These provisions are applied depending on the specific facts and circumstances in the contract with the third party and are subject to professional judgement. Income from the sale of licenses is recorded in other operating income, as the associated research and development costs are recorded in other operating expenses. There were no sales of so-called dynamic licenses.

Warranty obligations

As standard practice, the Secop Group offers the legally prescribed warranties for general repairs of defects that existed at the time of sale. These assurance-type warranties are accounted for as warranty provisions in accordance with IAS 37 and are not obligations for the purposes of IFRS 17.

c) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and the Company complies with all conditions. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

d) Taxes

Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The amounts are calculated based on the tax rates and tax laws enacted or substantively enacted at the reporting date in the countries where the Secop Group operates and generates taxable income.

Current tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss.

Deferred taxes

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- " When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and

- " In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit or taxable deferred taxes will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- " When the deferred tax asset relating to the deductible temporary difference arises 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, affects neither the accounting profit nor taxable profit or loss
- " When the deferred tax asset relating to the deductible temporary difference arises in relation to investments in subsidiaries, associates and shares in common agreements, if it is probable that the temporary differences will not reverse in the foreseeable future or that insufficient taxable profit will be available to allow the temporary differences to be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Secop Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Disclosures related to taxes are provided in note 8 Income taxes.

e) Currency translation

The Secop Group's consolidated financial statements are presented in Euros, which is also the parent company's functional and reporting currency. For each entity, the Secop Group determines the functional currency. The Secop Group uses Euro, RMB and USD as

functional currencies. The functional currencies of the foreign units of the Secop Group are converted into the functional currency of the Secop Group using the following exchange rates:

Exchange rates	31.12.2024	31.12.2023
	RMB/€	RMB/€
Year-end rate	0.13187	0.12737
Average rate	0.13106	0.12842

	31.12.2024	31.12.2023
	USD/€	USD/€
Year-end rate	0.96256	0.90498
Average rate	0.95434	0.91717

f) Property, plant and equipment

Construction in progress is stated at cost, net of accumulated impairment losses, if any. Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses plus write-ups. The costs include the acquisition price, the incidental acquisition costs and subsequent acquisition costs less any reductions in acquisition costs. Such costs include the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Secop Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

“Buildings 22 to 50 years

“Plant, machinery and equipment 7 to 18 years

“Other equipment (operational and business) 5 to 15 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at the end of each financial year end and adjusted prospectively, if appropriate.

In general, borrowing costs are recognized as expenses in the period in which the borrowing expense is incurred. Borrowing costs that can be directly allocated to the construction, acquisition or production of a qualified asset are capitalized as part of the acquisition costs in accordance with IAS 23.

g) Leases

The Secop Group assesses at contract inception whether a contract is, or contains, a lease. That is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Secop Group as a lessee

The Secop Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Secop Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Secop Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The costs to be paid in connection with entering a leasing contract that would not have been incurred without this contract are capitalized as contract costs to the acquisition costs of the right of use. Costs for dismantling and removing as well as restoring the contractually stipulated condition of the leased asset are taken into account as value addition at the time of the initial valuation of the right of use. The obligations that arise in connection with these costs are recognized as provisions in accordance with IAS 37.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- " Buildings 5 to 15 years
- " Plant, machinery and equipment 5 to 10 years
- " Other equipment (operational and business) 3 to 5 years

If ownership of the leased asset transfers to the Secop Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

ii) Lease liabilities

At the commencement date of the lease, the Secop Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Secop Group and payments of penalties for terminating the lease, if the lease term reflects the Secop Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Secop Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease

liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Secop Group's current and non-current lease liabilities are included in other financial liabilities in note 12.2 Interest bearing liabilities and other financial liabilities.

iii) Short-term leases and leases of low-value assets

The Secop Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option) of machinery and equipment. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value (below T€ 5). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

h) Intangible assets

Intangible assets that are not acquired in a business combination are measured on initial recognition at cost.

The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Following initial recognition, intangible assets are recognised at cost less any accumulated amortisation and accumulated impairment losses plus write-ups.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised on a straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are tested for impairment annually, either individually or at the cash-generating unit level.

These intangible assets are not amortised on a straight line basis. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Secop Group can demonstrate the following requirements of IAS 38:

- " The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- " Its intention to complete and its ability and intention to use or sell the asset
- " How the asset will generate future economic benefits
- " The availability of resources to complete the asset
- " The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is recognised at cost less any accumulated amortisation and accumulated impairment losses plus write-ups. Amortisation of the asset begins when development is completed and the asset is available for use. It is amortised over the period of expected future benefit. On every reporting date, the carrying amounts of the own developments of the Group are tested to identify any evidence of impairment. If evidence of impairment is identified, the recoverable amount of the asset is estimated in order to determine the extent of any impairment expense.

Brand and customer relationships

In the course of the acquisition of the Secop Group in September 2019, the Secop Group evaluated its brands and customer relationships. The Secop brand is intended to be used indefinitely and is therefore assessed as having an indefinite useful life. The customer relationships can be expected to be used for a limited period of eight years.

A summary of the policies applied to the Secop Group's intangible assets is, as follows:

	Brand	Customer relationships (customer base)	Development costs
Useful lives	Indefinite	Finite (8 years)	Finite (6-8 years for product developments; 15 years for platform development)
Amortisation methods used	No amortisation: Impairment Only	Amortised on a straight-line basis over the period of the customer relationships	Amortised on a straight-line basis over the period of expected future sales from the related project
Internally generated or acquired	Part of a business acquisition	Part of a business acquisition	Internally generated

Secop performs periodically impairment test of its assets of long-term usage in last quarter of each financial period. The recoverable amount of the Secop CGU is determined based on a value in use calculation using cash flow projections from budgets approved by management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 9.19% in 2024. Cash flows beyond the five-year period are extrapolated using a 1.0% growth rate that is half the expected long-term inflation rate of 2%. The cash flows are subject to the assumption that future cash surpluses will not be significantly impacted by negative economic and political developments, particularly in the USA and China

The recoverable amount significantly overpassed the carrying value, thus considering potential worsening external factors e.g. interest rates increase by 1% and reduction in growth by half there is no risk of impairment.

i) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Secop Group's business model for managing them. With the exception of those trade receivables that do not contain a significant financing component, the Secop Group initially measures a financial asset at its fair value and, in the case of a financial asset not measured at fair value through profit or loss, plus transaction costs. Those trade receivables that do not contain a significant financing component are measured at the specified transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Secop Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows. Financial assets classified and measured at fair value through OCI or profit and loss are not held by the Secop Group.

The Secop Group's financial assets are disclosed in note 12 Financial assets and liabilities.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Secop Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- " Financial assets at amortised cost
- " Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- " Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
- " Financial liabilities at fair value through profit or loss

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Secop Group's financial assets at amortised cost mainly include trade receivables. Please see note 6 Financial instruments.

Impairment

The Secop Group recognizes an allowance for expected credit losses (ECL) for all financial assets that are not measured at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows to be paid under the contract and the sum of the cash flows that the Secop Group expects to receive, discounted using an approximate value of the original effective interest rate. The expected cash flows include the cash flows from the sale of the collateral held or other credit collateral which are an integral part of the contractual conditions.

Expected credit losses are recorded in two steps. If the default risk of a financial instrument has not increased significantly since the initial recognition, risk provisions are recognized in the amount of the expected credit losses based on a default event within the next twelve months (12-month ECL). For financial instruments, the default risk of which has increased significantly since they were initially recognized, risk provisioning is recognized in the amount of the credit losses expected over the remaining term, regardless of when the default event occurs (total maturity ECL).

For trade receivables, the Secop Group uses a simplified method to calculate the expected credit losses. It tracks changes to the credit risk immediately where possible, but it records risk provisioning no later than on each reporting date on the basis of the total maturity ECL.

The Secop Group assumes default on a financial asset and the deterioration of the financial standing, if contractual payments are 90 days overdue. The depreciation requirement is then assessed on a case-by-case basis. In addition, in certain cases the Secop Group may assume a financial asset will default if internal or external information suggests that it is unlikely that the Group will receive the outstanding contractual amounts in full before all of the credit protection it holds is taken into account. A financial asset is written off in full if there is no reasonable expectation that the contractual cash flows will be realized. This is the case, for example, if the debtor is subject to liquidation or bankruptcy proceedings. Financial assets that have already been written off can still be the subject of foreclosure measures by the Secop Group. Any returns received are recognized in profit or loss when they occur.

A financial asset is derecognized if there is no longer a contractual right to receive a payment or if this right has been transferred to a third party and the relevant risks have therefore been passed to the purchaser of this right.

In the 2024 financial year, there were no changes to the estimation methods or key assumptions with regard to the valuation allowance.

Factoring

The Secop Group partly sells short-term trade receivables to a third party as part of a so-called real factoring. All significant opportunities and risks are transferred to the buyer so that the receivables sold are fully derecognized and no sustained commitment is taken into account in the statement of financial position. Receivables that qualify for factoring but have not been sold to the factor are measured at fair value through profit or loss.

ii) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, interest-bearing liabilities (loans and borrowings), payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of interest-bearing liabilities (loans and borrowings) and payables, net of directly attributable transaction costs. According to IFRS 9.A, the transaction costs may be deducted for the bond.

The Secop Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and floating rate bonds and other financial liabilities (see note 6 Financial instruments).

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- " Financial liabilities at fair value through profit or loss
- " Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise those financial liabilities that are held for trading as well as other financial liabilities that are classified initially as measured at fair value through profit or loss.

Financial liabilities are classified as held for trading if they were entered into for the purposes of repurchase in the near future. This category also includes derivative financial instruments entered into by the Group, which are not designated as hedging instruments in hedging relationships in line with IFRS 9. Separately reported embedded derivatives are also classified as held for trading, with the exception of derivatives designated as hedging instruments and are effective as such.

Profits or losses from financial liabilities held for trading are recognised in profit or loss.

Financial liabilities are classified as measured at fair value through profit and loss at the time of initial recognition, provided that the criteria as defined in IFRS 9 are satisfied. The Group did not recognise any financial liabilities as measured at fair value through profit and loss.

Financial liabilities (interest-bearing liabilities) at amortised cost

After initial recognition, interest-bearing liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing liabilities and the floating rate bond (presented within interest bearing liabilities).

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

The Secop Group's financial liabilities are disclosed in note 12 Financial assets and liabilities.

j) Impairment of property, plant and equipment, intangible assets and right-of-use assets

The Secop Group assesses, at each reporting date, whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Secop Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount through unscheduled depreciation.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. This model is based on valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Secop Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Secop Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Secop Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment

loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

Intangible assets with indefinite useful lives are tested for impairment annually at the cash-generating unit level and when circumstances indicate that the carrying value may be impaired.

The Secop Group's impairment of non-financial assets are disclosed in note 7.5 Depreciation.

k) Cash and bank balances

Cash and bank balances in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

l) Inventories

Inventories are valued at the lower of cost and net realisable value.

The production costs of semi-finished and finished products are valued at standard costs including price and quantity variances as well as production overheads. They contain directly attributable individual and overhead costs. Raw materials and supplies and goods are valued at standard costs including price and quantity variances. The net realizable value is the estimated sales proceeds that can be achieved in the normal course of business less the estimated costs up to completion and the estimated sales costs.

m) Provisions

General

Provisions are recognised when the Secop Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provision

Warranties for general repairs of defects that existed at the time of sale are required by law to cover a period of 2 years. Provisions related to these assurance-type warranties are recognised when the product is sold, or the service is provided to the customer. Initial recognition is based on historical experience. The estimate of warranty-related costs is revised annually and disclosed in note 17 Provisions. As only statutory warranties are granted in connection with the product, IFRS 17 does not apply.

Restructuring provision

Restructuring provisions are recorded, when the Secop Group has a present obligation; this is the case, if (i) a formal restructuring plan is in place, that specifies the business or part of the business concerned, the principal location and the appropriate number of employees affected, a detailed estimate of the associated expenditures and a time schedule and if (ii) the main features of the plan have been announced to the employees affected by it.

Anniversary provision

The Secop Group grants anniversary benefits. The amount of the resulting anniversary provisions is valued in accordance with IAS 19 using the projected unit credit method (method of ongoing single premiums, so-called projected unit credit method).

n) Pensions and other post-employment benefits

The Secop Group operates a defined benefit pension plan in Germany. These benefits are not financed through an external fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements comprising actuarial gains and losses are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

The Secop Group recognises the following changes in the net defined benefit obligation in the consolidated statement of profit or loss:

- " Service costs comprising current service costs, past-service costs, gains and losses from plan adjustments
- " Net interest expense and income

o) Climate change

As regards the effects of climate change, the Group is of the view that climate change is an implicit element in the application of the methods and models as well as the estimates for measuring certain accounting items. Moreover, the Group has also taken account of the effects of climate change in the material management estimates. The key items in this respect are: property, plant and equipment, inventories and provisions. Management makes estimates and judgements concerning the potential impairment of property, plant and equipment, inventories and provisions in compliance with the IFRS rules. For further details on these items, refer to 9 Property, plant and equipment, 13 Inventories and 17 Provisions.

2.3 Changes in accounting policies and disclosures

New and amended standards and interpretations

The Group applied or reviewed the effects of the first-time standards and amendments, which are effective for current annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Covenants

The amendments to IAS 1 only concern the presentation of liabilities as current or non-current in the statement of financial position and not the amount or time of recognition of assets, liabilities, income or expenses, or the information to be disclosed about these items.

The amendments published in January 2020 clarify that liabilities are classified as either current or non-current, depending on the substantive rights to defer settlement for at least twelve months that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise its right to defer settlement. If this right is linked to compliance with certain conditions, the existence of such a right is assumed only if these conditions were in fact complied with as at the reporting date. The amendments also clarify

the "Settlement" criterion, which is defined as the transfer of cash, equity instruments as well as other economic resources services to the counterparty.

Additional amendments to IAS 1 were published in October 2022. These amendments clarify that the classification of liabilities as current or non-current is only influenced by covenants that an entity is required to satisfy on or before the reporting date. However, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

The amendments are effective for current reporting periods beginning on or after 1 January 2024.

With respect to the above mentioned there is in place short-term revolving credit facility in Slovakia, which participate in group covenants conditions under bond. At the end of both financial years this credit facility was not utilized. The Secop Group evaluate covenants conditions on quarterly bases ad it complies with the covenant's conditions. For further information please refer to the section 6 Financial instruments.

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback

The amendments include subsequent measurement requirements for leases as part of a sale and leaseback (SLB) for a seller-lessee.

During the subsequent measurement of lease liabilities as part of a SLB, the payments expected at the start of the term are to be determined in a way that it does not recognise any amount of the gain that relates to the right of use it retains. In every period, the lease liability is reduced by the underlying expected payments and the difference to the actual payments is recognised through profit or loss.

The amendments are effective for financial years commencing on or after 1 January 2024.

The amendments were reviewed and did not have an impact on the consolidated financial statements as the company does not enter into sale and leaseback arrangements with variable lease payments.

Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements

The amendments supplement the IAS 7 statement of cash flows with an additional disclosure requirement, which requires an entity to disclose information about its supplier finance arrangements, which allows users of financial statements to assess the effects of such arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 - Financial Instruments: Disclosures was amended to include finance arrangements with suppliers as an example within an entity's liquidity risk disclosure requirements.

The term "supplier finance arrangements" is not defined. Rather, the characteristics of such arrangements are described.

To satisfy the disclosure requirement, an entity is required to disclosure the following aggregated information for its supplier finance arrangement:

- " the terms and conditions,
- " the amount of the liabilities that are part of the arrangements, the carrying amount and the balance sheet items in which they are recognised,
- " the carrying amount and balance sheet items of the liabilities for which the suppliers have already received payment from the finance providers,

- " ranges of payment due dates for financial liabilities that are part of these arrangements as well as for similar liabilities from deliveries and
- " payments that are not part of such arrangements,
- " liquidity risk information.

The amendments, which contain specific transition relief for initial application, must initially be applied for financial years starting on or after 1 January 2024.

The Secop Group has in place Supplier Credit Facility in China, which was neither as on 31 December 2024, not on 31 December 2023 utilized, thus no impact on balance sheet items, such as suppliers or cash flow impact has being disclosed.

3. Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Secop Group's accounting policies, management has made the following judgements, which have a significant effect on the amounts recognised in the consolidated financial statements:

Purchase price allocation

As part of the acquisition of the Secop Group, the Company valued the acquired assets and liabilities at market prices. The market prices were determined partly by means of expert opinions and partly by means of the Company's estimates and expectations regarding future business development and development of the industry in which the Secop Group operates.

Determination of the lease term of contracts with renewal and termination options – the Secop Group as lessee

The Secop Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

In the case of lease contracts that include extension and termination options, the Secop Group assesses whether it is reasonably certain that the option to renew or terminate the lease will or will not be exercised. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Secop Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements or significant customisation to the leased asset).

Determination of the term of shareholder loans without fixed repayment dates

The Secop Group is mainly financed through liabilities from indirect shareholders. There are loans with a maximum term, but at the same time allow early repayments.

Concerning the dates of repayment of loans, the Secop Group takes decisions that are based on professional judgement. This means that the Secop Group takes into account all relevant factors that represent an economic incentive for it to make early repayments of the intermediate shareholder loans.

With regard to the other long-term shareholder loans, no early short-term repayments are planned, therefore the loans are shown under non-current liabilities (non-current interest-bearing liabilities item).

Determination of the term of the supplier financing programme in China

The current interest-bearing liabilities include a supplier financing programme of the Chinese company, which is being used as a short-term financing facility. The line of finance is revolving and has a maximum term of 120 days from the submitted supplier invoices.

Determination of the term of a letter of credit programme in China

A bill of exchange programme for China is also reported under current liabilities to banks. The Company pays the trade payables with a bill of exchange, which can be redeemed by the supplier within 120 days.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Secop Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Secop Group. Such changes are reflected in the assumptions when they occur.

Impairment of property, plant and equipment, intangible assets and right-of-use assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset.

The value in use calculation is based on a DCF (discounted cash flow) model. The free cash flows are derived from the budget for the next five years and do not include restructuring activities that the Secop Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to intangibles with indefinite useful lives recognised by the Secop Group. Further explanations are provided in note 2.2a) Fair value measurement.

Provision for expected credit losses of trade receivables

To avoid significant credit losses on trade receivables, the Secop Group concludes receivables insurances. The credit insurer generally insures the net claims for 90% and receives a premium. Fees for conducting any audit are charged separately.

For the uninsured part of the trade receivables, the Secop Group recognizes value adjustments for expected credit losses at the point in time when there are specific indications of a deterioration in the customer's creditworthiness. This is particularly the case if due

receivables are not settled despite reminders or payment defaults for reasons such as bankruptcies are probable.

Further explanations are provided in note 12.3 Financial instrument risk management objectives and policies).

In some cases, trade receivables are sold to a factor in the Secop Group. As far as these trade receivables have been sold, there is no longer any credit risk for the Secop Group (real factoring).

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Secop Group has tax losses carried forward. These losses relate to subsidiaries that have a history of losses. Depending on the subsidiary, these tax losses carried forward may expire. Tax losses carried forward of a subsidiary cannot be offset against the taxable income of other group companies. If subsidiaries have sufficient taxable temporary differences and corresponding tax structuring options, deferred taxes are recognized on tax loss carried forward that cannot be forfeited. For the carrying amount of the deferred tax assets on tax losses carried forward, additional explanations can be found in note 8 Income tax.

Defined benefit plans (pension benefits)

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally recognised rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country. Those mortality tables tend to change only at intervals in response to demographic changes.

Future salary increases and pension increases are based on expected future inflation rates for the respective country. Possible financial effects of deviations in the key factors are determined using sensitivities. Details on sensitivity analyses and the basis for estimates in the area of pension provisions can be found in note 21 Pensions and other post-employment benefits.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) method. The inputs to these models are taken from observable markets where possible,

but where this is not feasible, a significant amount of management judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Development costs

The Secop Group capitalises costs for product development projects. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

Warranties

Provisions are recognized for warranty obligations from products sold. The assessment is made on the basis of empirical values for repairs and complaints in the past. It is to be expected that these costs will arise within the coming financial years. The underlying assumptions for the calculation of the warranty provision are based on the current sales level and the currently available information on complaints for all products sold within the warranty period.

Leases - Estimating the incremental borrowing rate

The Secop Group cannot readily determine the interest rate implicit in the lease. Therefore, it uses its incremental borrowing rate to evaluate lease liabilities. The IBR is the rate of interest that the Secop Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The IBR therefore reflects what the Secop Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Secop Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating). The balance sheet positions affected are lease liabilities and the capitalized right-of-use assets. With regard to the carrying amounts, please see note 11 Right-of-use assets.

Property, plant and equipment

When accounting for property, plant and equipment, judgements and estimates are required when determining economic useful lives consistently across the Secop Group, which are based on management estimates.

Inventories

When valuing inventories, the standard costs for manufacturing the products are estimated on the basis of operational experience and the expected price development of the main raw materials. In addition, judgements and estimates are made when determining overhead surcharges.

4. Revenue and trade receivables

4.1 Disaggregated revenue information

The following table shows the disaggregation of the Secop Group's revenue from contracts with customers:

	2024 T€	2023 T€
Type of goods or services		
Compressors for commercial equipment	150,321	154,568
Compressors for mobile devices	82,094	74,400
Compressors for medical devices	7,680	6,508
Total revenue	240,095	235,475

The disclosure of sales by type of goods and services is consistent with the sales figures that are specified for each reportable segment in accordance with IFRS 8 Business Segments.

Goods and services were transferred at a specific point in time.

4.2 Trade receivables

	31.12.2024 T€	31.12.2023 T€
Trade receivables	26,696	28,097

The decrease in trade receivables on the reporting date was driven by stronger collection efforts and a mix of customers with shorter payment terms in the second half of year 2024.

The Secop Group partly sells current trade receivables to a third party known as non-recourse factoring. All significant opportunities and risks are transferred to the buyer so that the receivables sold are fully derecognized and no sustained commitment is taken into account in the statement of financial position.

The carrying amount of the trade receivables transferred in connection with the factoring as of 31 December 2024 was T€ 8,917 (previous year: T€ 11,008). In total, the Secop Group had factoring lines in the amount of T€ 20,000 (previous year: T€ 20,000) available. As of 31 December 2024, trade receivables in the amount of T€ 66 (previous year: T€ 74) qualifying under factoring program exist, which are classified as financial assets at fair value through profit or loss (level 3) in the amount of T€ 35 (previous year: T€ 60).

4.3 Performance obligations

Information about the Secop Group's performance obligations is summarised below:

The performance obligation is satisfied upon delivery of the compressors. The credit term is usually between 30 and 90 days from the date of delivery.

The statutory warranty period is 2 years, for which corresponding provisions are made. In individual cases, contracts are signed with customers in which discounts are granted for a fixed number of product failures. However, these failures are capped with an amount, if the amount is exceeded, additional compensation is paid for the additional amount.

5. Group information

Fully consolidated subsidiaries

The following subsidiaries are included in the consolidated financial statements of Secop Group Holding GmbH. 2 new entities were established in 2024: Secop Stationary GmbH and Secop Services s.r.o.:

Name	Country of incorporation	% equity interest
Secop Inc.	Roswell, USA	100
Secop Compressors (Tianjin) Co. Ltd.	Tianjin, China	100
Secop s.r.o.	Zlaté Moravce, Slovakia	100
Secop Holding GmbH	Flensburg, Germany	100
Secop GmbH	Flensburg, Germany	100
Secop Italia S.r.l.	Milan, Italy	100
Secop Austria GmbH	Gleisdorf, Austria	100
Motor Competence Center Holding Flensburg GmbH	Flensburg, Germany	100
Secop Stationary GmbH	Flensburg, Germany	100
Secop Services s.r.o.	Spišská Nová Ves, Slovakia	100

Ownership structure of the Secop Group

The ultimate holding company of Secop Group Holding GmbH is Dilasso Bath S.à r.l. based in Luxembourg, which holds all shares in Secop Group Holding GmbH through Dilasso Bath Invest S.à r.l., Luxembourg. Dilasso Bath S.à r.l., based in Luxembourg, prepares the consolidated financial statements for the largest and smallest group of companies. These are electronically published in the Trade and Companies Register in Luxembourg. Secop Group Holding GmbH, based in Flensburg, Germany, also compiles separate consolidated financial statements. These are electronically submitted in German to the body that administers the business register, which publishes these statements electronically in the business register.

6. Financial instruments

According to IFRS 7, financial assets and financial liabilities are to be grouped in such a way that a distinction can be made between financial instruments that are measured at fair value and those that are measured at amortized cost.

The following table shows the carrying amounts of the individual financial assets and liabilities for each individual category of financial instruments.

31 December 2024	Measurement category according to IFRS 9	Carrying amount	Fair value
		TC	TC
Financial assets			
Cash and bank balances	At amortized cost	11,214	11,214
Other financial assets	At amortized cost	5,418	5,418
Trade receivables	At amortized cost	26,630	26,630
Trade receivables	At fair value through profit or loss	66	35
Financial liabilities			
Interest-bearing liabilities (non-current)	At amortized cost	130,699	130,699
Other financial liabilities	At amortized cost	5,075	5,075
Trade payables	At amortized cost	49,135	49,135
Other financial liabilities (current)	At amortized cost	931	931
31 December 2023	Measurement category according to IFRS 9	Carrying amount	Fair value
		TC	TC
Financial assets			
Cash and bank balances	At amortized cost	8,060	8,060
Other financial assets	At amortized cost	4,784	4,784
Trade receivables	At amortized cost	28,022	28,022
Trade receivables	At fair value through profit or loss	74	60
Financial liabilities			
Interest-bearing liabilities (non-current)	At amortized cost	125,708	125,708
Other financial liabilities	At amortized cost	5,661	5,661
Trade payables	At amortized cost	45,179	45,179
Other financial liabilities (current)	At amortized cost	983	983

Management assessed that the fair values of cash and bank balances, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the current maturities of these instruments. Management makes specific valuation allowances as necessary.

The carrying amount of the financial assets corresponds to the maximum default risk. If default risks exist for these financial assets, these risks are recorded through value adjustments.

Management also states that fair values of non-current fixed-rate shareholder loans (recorded under interest-bearing liabilities) also approximate the carrying amounts, since the agreed interest and loan conditions with the appropriate reconciliation (surcharges for unsecured and subordination) are comparable to interest rate conditions observable on the market on the reporting date for secured and non-subordinated SME bonds.

As no hedging relationships to hedge cash flows exist, these do not impact the income statement or OCI.

Net gains and losses on financial instruments are shown as follows:

	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
	TC	TC	TC
2024			
Interest income	30	0	30
Interest expenses	0	-12,476	-12,476
Impairments/ write-ups	156	0	156
Net result	186	-12,476	-12,291

	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
	TC	TC	TC
2023			
Interest income	758	0	758
Interest expenses	0	-12,040	-12,040
Impairments/ write-ups	-2,223	-57	-2,280
Net result	-1,465	-12,097	-13,562

Security rights granted

The following securities were granted for the bond, which was recorded under interest-bearing liabilities:

- Pledging of shares in Secop GmbH, Secop s.r.o. and Secop Compressors (Tianjin) Co. Ltd.
- Pledging of trade receivables from Secop GmbH that are not subject to factoring
- Pledging of IP rights of Secop GmbH and Secop Holding GmbH
- Pledging of tangible assets (immovable tangible assets) of the Slovak subsidiary.
- Pledging of the land of the Slovak subsidiary.

The collateral was provided for the maximum term of the bond, i.e. until 29 December 2026.

Furthermore, within the scope of real factoring of Secop GmbH, the cession of trade receivables (purchased and not purchased receivables) of the Secop GmbH is granted as security.

7. Additional notes to the consolidated statement of comprehensive income

7.1 Other income

	2024	2023
	T€	T€
Foreign exchange differences (income)	3,916	8,912
Other income	6,350	8,632
Total other income	10,266	17,544

For the exchange differences, see also note [7.4 Other expenses](#). The net exchange difference amounts to net income of T€ 89 (2023: T€ 1,378).

The other income in 2024 mainly includes income from the capitalisation of the research and development services of T€ 6,010 (2023: T€ 8,320). The remaining income refers in both years mainly to the reversal of value adjustments relating to trade receivables of T€ 221 (2023: T€ 173).

Please refer to the additional disclosures in note [7.4 Other expenses](#).

7.2 Sales and distribution expenses

	2024	2023
	T€	T€
Freight charges	4,404	4,166
Other sales and distribution expenses	15,741	13,985
Total sales and distribution expenses	20,146	18,151

The other sales and distribution expenses essentially comprise personnel costs in the amount of T€ 7,342 (previous year: T€ 7,232); depreciation amounting to T€ 2,924 (previous year: T€ 2,880) and warranty costs T€ 1,218 (previous year: T€ 514). Such as insurance costs, sales support commissions and travelling costs arisen as well within other sales and distribution expenses.

7.3 Administrative expenses

	2024	2023
	T€	T€
Administrative expenses	19,264	17,431
Total administrative expenses	19,264	17,431

Administrative expenses include administrative staff costs (T€ 9,369 , previous year: T€ 8,069) as well as depreciation and amortization allocated to administration (T€ 1,469 , previous year T€ 1,489). In addition, the expenses for the financial year include consulting costs (T€ 4,008), IT costs (T€ 1,523) and insurance costs (T€ 1,081).

Research and development costs of T€ 4,134 (previous year: T€ 3,710) were incurred within Administrative expenses (including staff costs).

7.4 Other expenses

	2024 T€	2023 T€
Purchasing and logistics	473	714
Research and development costs	7,387	8,585
Foreign exchange differences (expenses)	3,827	7,534
Restructuring	596	1,144
Other expenses	8,632	7,380
Total other expenses	20,915	25,357

Research and development costs of T€ 7,387 (previous year: T€ 8,585) were incurred within Other expenses.

For foreign exchange differences, also refer to the additional disclosures in note 7.1 Other income.

The restructuring expenses in the last 2 years include expenses associated with the restructuring of the production site in Slovakia and are exclusively due to personnel adjustments as a result of the reduced order situation in Slovakia, which started to stabilize in the second half of 2024.

The other expenses item contains the amortisation of capitalised development costs of T€ 3,471 (previous year: T€ 1,836). The increase almost offset the write-downs of trade receivables from emerging markets for political reasons of T€ 2,147 in 2023. Moreover higher personal costs within other expenses in current financial year exceeded previous year by T€ 490 (in 2024 recognized T€ 2,862).

7.5 Depreciation

	2024 T€	2023 T€
Included in cost of sales:	6,567	5,167
Included in other expenses:	8,298	6,580
Sales and distribution expenses	2,924	2,880
Administrative expenses	1,469	1,489
Other expenses	3,905	2,211

The depreciation includes scheduled and unscheduled depreciation. Increase in depreciation within costs of sales refers to completed investments in Chinese factory for BD Nano compressors production capacity and specific impairment of machinery in Slovakian factory. Furthermore, there was an increase of amortization from capitalized development expenses within Other expenses.

7.6 Financial expenses

	2024 T€	2023 T€
Interest on loans and borrowings	12,285	11,832
Interest on lease liabilities	191	208
Other interest	0	0
Total financial expenses	12,476	12,040

7.7 Financial income

	2024 T€	2023 T€
Interest income on bank balances/bond	30	758
Other interest income	0	0
Total financial income	30	758

7.8 Cost of inventories

	2024 T€	2023 T€
Included in cost of sales:	154,143	157,228
Included in other expenses:	254	265
Sales and distribution expenses	84	146
Administrative expenses	98	63
Other expenses	72	57

7.9 Personnel expenses

	2024 T€	2023 T€
Included in cost of sales:	17,177	17,115
Included in sales and distribution expenses:	7,342	7,232
Included in administrative expenses:	9,369	8,069
Included in other expenses:	7,941	8,697
Total employee benefit expenses	41,830	41,113

Thereof defined contribution plan expenses 709 677

Average number of employees 1,028 1,054

Personnel expenses for 2024 include the costs for social security benefits of T€ 6,075 (previous year: T€ 6,550) and costs for retirement of T€ 523 (previous year: T€ 474).

Average number of employees included in personnel expenses on the basis of full-time equivalents (FTE):

	2024	2023
Production	788	807
General and administration	59	61
Research & development	147	150
Sales and marketing	34	36
Total	1,028	1,054

8. Income tax

The major components of income tax for the financial year from 1 January 2024 to 31 December 2024 are:

	2024 T€	2023 T€
Current taxes	-2,980	-3,351
Deferred taxes	-277	-2,138
Total income tax	-3,258	-5,489

In 2024 the current taxes were primarily driven by withholding taxes for services rendered to the Chinese factory, a tax audit regarding a capital reduction at the Chinese factory in 2020, and a dividend resolution from the Chinese entity. In contrast, previous year taxes

were significantly affected by reassessment of both withholding tax liabilities as well as deferred tax liabilities in connection with local fair value rules for property, plant and equipment in the Chinese company.

For tax losses of T€ 22,896 (previous year: T€ 36,790) no deferred tax assets are recognized as they are not to be offset against the taxable profit of other companies in the Group and there will be no tax structuring options or other offset or usage options in the near future. These losses carried forward do not expire according to the current legal situation arisen from German entities.

Reconciliation of income tax expense and the accounting profit multiplied by applicable corporate tax rate for the financial year from 1 January 2024 to 31 December 2024 is as follows:

	2024	2023
	T€	T€
Accounting profit/loss before tax	-8,064	-5,373
Expected tax income/(tax expense) based on a corporate tax rate of 25%	2,016	1,343
Tax rate differences	136	0
Trade tax effects	-338	-348
Non-deductible expenses	-5,869	-5,005
Permanent differences	-460	-886
Tax-free income	955	2,349
Tax rate changes	-219	1,267
Capitalization of previously unrecognised tax losses	3,091	1,423
Value adjustments/non recognition of tax losses	0	367
Effects of the tax group	2	-2,745
Non-periodic current and deferred taxes	31	-296
Non-deductible/allowable withholding tax	-2,608	-2,892
Other differences	7	-66
Actual income tax expense	-3,258	-5,489

Deferred tax liabilities were not recognized for temporary differences of T€ 2,996 (previous year: T€ 3,132) in connection with shares in subsidiaries, as the parent company is able to control the timing of the reversal of the temporary differences and it is likely that the temporary difference will not be reversed in the foreseeable future.

Deferred tax assets

Intangible assets
Property, plant and equipment
Inventories
Trade receivables
Other assets
Net employee defined benefit liabilities
Provisions
Other non-financial liabilities
Loss carried forward
Total
Set-off

31.12.2024	31.12.2023
T€	T€
145	655
1,040	291
717	490
865	672
22	82
12	277
445	415
1,612	2,308
22,230	18,376
27,088	23,566
-26,583	-22,347
505	1,219

Deferred tax liabilities

Intangible assets
Property, plant and equipment
Trade receivables
Other financial liabilities
Interest-bearing loans and borrowings
Net employee defined benefit liabilities
Total
Set-off

31.12.2024	31.12.2023
T€	T€
19,647	18,130
9,975	7,661
5	-146
486	323
15,192	15,191
0	2
45,305	41,161
26,583	22,347
-18,722	-18,814

The deferred tax assets and liabilities for property, plant and equipment as at 31 December 2024 increased the net liability position as a result of a lower tax balance on fixed assets in the Slovakian factory following a tax audit result. Deferred tax assets from losses carried forward increased due to Chinese incentives from capital investments recognized. Further deferred tax assets from other non-financial liabilities declined in current financial year mainly from old liability payments within the group in Slovakian factory.

On the reporting date, the Secop Group has losses carried forward totalling T€ 180,504 (previous year: T€ 152,319).

9. Property, plant and equipment

	Land, land rights and buildings, including buildings on third- party land T€	Office properties T€	Assets under construc- tion T€	Plant, machinery and equipment T€	Operating and business equipment T€	Total T€
Cost or revaluation						
As at 1 January 2024	4,956	21,436	2,101	176,470	4,901	209,864
Exchange differences	-	6	70	1,660	38	1,774
Additions	-	29	1,716	4,969	269	6,982
Reclassifications	-	288	3,375	(3,842)	179	-
Disposals	-	-	(809)	(563)	(252)	(1,623)
As at 31 December 2024	4,956	21,759	6,453	178,693	5,136	216,997
Depreciation and im- pairments						
As at 1 January 2024	-	(3,324)	(217)	(113,565)	(3,344)	(120,450)
Exchange differences	-	(3)	-	(856)	(24)	(882)
Depreciation in the fi- nancial year	-	(506)	11	(6,322)	(465)	(7,282)
Write-ups	-	-	-	-	-	-
Disposals	-	-	111	387	202	700
Reclassifications	-	-	-	-	-	-
As at 31 December 2024	-	(3,833)	(95)	(120,356)	(3,630)	(127,914)
Net carrying amount						
As at 1 January 2024	4,956	18,112	1,884	62,904	1,558	89,414
As at 31 December 2024	4,956	17,926	6,358	58,337	1,506	89,083

	Land, land rights and buildings, including buildings on third- party land T€	Office properties T€	Assets under construc- tion T€	Plant, machinery and equipment T€	Operating and business equipment T€	Total T€
Cost or revaluation						
As at 1 January 2023	4,956	21,313	3,314	191,930	4,561	226,074
Exchange differences	-	(9)	(177)	(2,701)	(56)	(2,943)
Additions	-	6	6,307	4,043	64	10,420
Reclassifications	-	76	(6,129)	5,592	460	(2)
Disposals	-	52	(1,213)	(22,395)	(128)	(23,685)
As at 31 December 2023	4,956	21,436	2,101	176,470	4,901	209,864
Depreciation and im- pairments						
As at 1 January 2023	-	(2,844)	(1,275)	(132,566)	(3,049)	(139,734)
Exchange differences	-	3	-	1,447	38	1,488
Depreciation in the fi- nancial year	-	(431)	(115)	(4,831)	(461)	(5,838)
Write-ups	-	-	-	-	-	-
Disposals	-	(52)	1,173	22,384	128	23,634
Reclassifications	-	-	-	-	-	-
As at 31 December 2023	-	(3,324)	(217)	(113,565)	(3,344)	(120,450)
Net carrying amount						
As at 1 January 2023	4,956	18,468	2,039	59,365	1,512	86,339
As at 31 December 2023	4,956	18,112	1,884	62,904	1,558	89,414

As at 31 December 2024, the carrying amount of property, plant and equipment totals T€ 89,083 (previous year: T€ 89,414). As in the previous year, no borrowing costs were capitalized in the 2024 financial year.

With regard to the contractual obligations from the purchase of property, plant and equipment existing on the reporting date, reference is made to the explanations in note 24 Contingent liabilities and other financial obligations.

The property, plant and equipment owned by the subsidiary Secop s.r.o. (immovable tangible assets amounting T€ 20,140 as at 31 December 2024) were pledged to secure the bond issued in 2023, which is included under interest-bearing liabilities. Please refer to the disclosures in note 6 Financial instruments (security rights granted).

With regard to climate change, the company has examined possible effects on the production facilities in Slovakia, as the site contained contaminants due to the historical use. This contamination was remediated by external expert companies managed by Slovak Environment Ministry. The remediation actions were successful, post remediation examinations confirmed the positive impacts, and the site is classified as renovated location based on decision on 5th February 2025. The Group has also taken additional measures (such as waste management) to prevent any further possible contamination entirely.

10. Intangible assets

	Develop- ment costs	SW, cus- tomer base, patents, li- cences with lim- ited useful lives	Licences with indefinite useful lives	Total
	T€	T€	T€	T€
Cost or revaluation				
As at 1 January 2024	52,187	21,992	8,867	83,045
Exchange differences	180	24	-	204
Additions	6,683	6	-	6,689
Reclassifications	(56)	56	-	-
Disposals	-	(172)	-	(172)
As at 31 December 2024	58,993	21,906	8,867	89,767
Depreciation and impairments				
As at 1 January 2024	(7,317)	(11,334)	-	(18,651)
Exchange differences	(4)	(23)	-	(27)
Depreciation in the financial year	(3,286)	(2,720)	-	(6,006)
Write-ups	-	-	-	-
Disposals	-	172	-	172
Reclassifications	-	-	-	-
As at 31 December 2024	(10,607)	(13,906)	-	(24,513)
Net carrying amount				
As at 1 January 2024	44,870	10,657	8,867	64,394
As at 31 December 2024	48,387	8,000	8,867	65,254

	Develop- ment costs	SW, cus- tomer base, patents, li- cences with lim- ited useful lives	Licences with indefinite useful lives	Total
	T€	T€	T€	T€
Cost or revaluation				
As at 1 January 2023	44,396	21,990	8,867	75,253
Exchange differences	(269)	(45)	-	(315)
Additions	8,105	-	-	8,105
Reclassifications	(45)	47	-	2
Disposals	-	-	-	-
As at 31 December 2023	52,187	21,992	8,867	83,045

Depreciation and impairments

As at 1 January 2023	(5,668)	(8,660)	-	(14,329)
Exchange differences		44	-	44
Depreciation in the financial year	(1,648)	(2,718)	-	(4,367)
Write-ups	-	-	-	-
Disposals	-	-	-	-
Reclassifications	-	-	-	-
As at 31 December 2023	(7,317)	(11,334)	-	(18,651)

Net carrying amount

As at 1 January 2023	38,727	13,330	8,867	60,924
As at 31 December 2023	44,870	10,657	8,867	64,394

The IP rights ("development costs") of the subsidiaries Secop Holding GmbH and Secop GmbH were pledged to secure the bond issued in 2023, which is included in interest-bearing liabilities. Please refer to the disclosures in note 6 Financial instruments (security rights granted).

At 31 December 2024, the carrying amount of capitalised development costs was T€ 47,047 (previous year: T€ 43,201), the rest of T€ 1,339 (previous year: T€ 1,669) related to purchase price allocation at acquisition date.

Within the capitalised development costs the projects still in the development phase amounted at the current financial closing date of T€ 15,225 (previous year: T€ 31,879).

With regard to the contractual obligations from the acquisition of intangible assets, refer to the disclosures in note 24 Contingent liabilities and other financial obligations.

Intangible assets with indefinite useful lives

For impairment testing, the assets acquired within the business combination with an indefinite useful life are allocated to the Secop cash-generating unit, which comprises the entire Secop Group.

Carrying amount of brands allocated to the CGU:

	31.12.2024	31.12.2023
	T€	T€
Brands	8,867	8,867

The Secop Group performed its annual impairment test of the brand in the fourth quarter of 2024.

Secop cash generating unit

The recoverable amount of the Secop CGU is determined based on a value in use calculation using cash flow projections from budgets approved by management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 9.19%. Cash flows beyond the five-year period are extrapolated using a 1.0% growth rate that is half the expected long-term inflation rate of 2%, refer to the 2.2 *Summary of significant accounting policies*.

The value in use of the brands amounting to T€ 8,867 equals the value determined in the course of the acquisition of the Secop Group.

11. Right-of-use assets

Secop Group as a lessee

The Secop Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Secop Group is restricted from assigning and subleasing the leased assets.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Office prop- erties in the eurozone	Office prop- erties USA and CN	Plant, ma- chinery and equipment	Operating and busi- ness equip- ment	Total
	T€	T€	T€	T€	T€
Cost or revaluation					
As at 1 January 2024	4,409	4,152	815	1,031	10,407
Exchange differences	-	184	-	6	191
Additions	44	214	469	248	975
Reclassifications	-	-	-	-	-
Disposals	-	(225)	(263)	(241)	(729)
As at 31 December 2024	4,453	4,325	1,021	1,044	10,844
Depreciation and impairments					
As at 1 January 2024	(2,002)	(1,217)	(275)	(567)	(4,061)
Exchange differences	-	(82)	-	(4)	(86)
Depreciation in the financial year	(573)	(538)	(250)	(215)	(1,576)
Write-ups	-	-	-	-	-
Disposals	-	112	263	216	591
Reclassifications	-	-	-	-	-
As at 31 December 2024	(2,575)	(1,724)	(262)	(570)	(5,132)
Net carrying amount					
As at 1 January 2024	2,407	2,935	540	464	6,346
As at 31 December 2024	1,879	2,600	759	474	5,712

	Office properties in the eu-rozone T€	Office properties USA and CN T€	Plant, machinery and equipment T€	Operating and business equipment T€	Total T€
Cost or revaluation					-
As at 1 January 2023	4,390	4,203	772	847	10,212
Exchange differences	-	(291)	-	(9)	(300)
Additions	19	462	508	307	1,296
Reclassifications	-	-	-	-	-
Disposals	-	(222)	(465)	(115)	(802)
As at 31 December 2023	4,409	4,152	815	1,031	10,407

Depreciation and impairments

As at 1 January 2023	(1,446)	(930)	(506)	(487)	(3,368)
Exchange differences	-	103	-	6	109
Depreciation in the financial year	(556)	(537)	(249)	(200)	(1,542)
Write-ups	-	-	-	-	-
Disposals	-	148	479	115	741
Reclassifications	-	-	-	-	-
As at 31 December 2023	(2,002)	(1,217)	(275)	(567)	(4,061)

Net carrying amount

As at 1 January 2023	2,944	3,274	267	360	6,844
As at 31 December 2023	2,407	2,935	540	464	6,346

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	2024 T€	2023 T€
As at 1 January	6,643	7,121
Additions	975	1,296
Disposals	-138	-61
Accretion of interest	191	208
Payments	-1,665	-1,921
As at 31 December	6,007	6,643
Thereof current	931	983
Thereof non-current	5,075	5,661

In the financial year, expenses for the short-term leasing of low-value assets amounting to T€ 27 were incurred.

12. Financial assets and liabilities

12.1 Financial assets

	31.12.2024 T€	31.12.2023 T€
Trade receivables	26,696	28,097
Other financial assets	5,418	4,784
Total financial assets	32,114	32,881
Total current	32,114	32,881
Total non-current	0	0
Total	32,114	32,881

The other financial assets as at 31 December 2024 include a rental deposit of T€ 590 (previous year: T€ 840), the repayments of which will be made gradually within four years from the start (2021) of the second rental year as well as current receivables from the factor from the agreed risk retention, which was settled in the beginning of 2025, in the amount T€ 2,735 (previous year T€ 1,376). Receivables from Nidec of T€ 1,355 (previous year: T€ 1,495) are also recorded. In addition, the item includes the receivable for the government research grant of T€ 353 (previous year T€ 675). No uncertainty is associated with this receivable, as all projects have been approved by the BSFZ certifying authority for research grants.

12.2 Interest-bearing liabilities and other financial liabilities

	%	Maturity	31.12.2024 T€	31.12.2023 T€
Current				
Lease liabilities	f 2.0	2025	931	983
Total current interest-bearing loans and borrowings			931	983
Non-current				
Lease liabilities	f 2.0	2030	5,075	5,661
Bond T€ 50,000	v 11.47	2026	49,301	48,981
Shareholder loan T€ 221	f 4.0	2026	268	259
Shareholder loan T€ 40,000	f 8.0	2029	14,077	13,278
Shareholder loan T€ 51,379	f 8.0	2029	63,599	59,988
Shareholder loan T€ 4,000	f 8.25	2028	3,453	3,201
Total non-current interest-bearing loans and borrowings			135,774	131,369
Total interest-bearing loans and borrowings			136,706	132,352

Interest rate: v for variable; f for fix

In 2023, the 2020 bond was completely repaid by the reissue of a new bond in the amount of T€ 50,000. The new bond matures on 29 December 2026. The new coupon rate is 8.4% plus the 3-month EURIBOR. The company capitalised transaction costs of T€ 1,204, which are subject to scheduled depreciation over the term using the EIR method.

12.3 Financial instruments and risk management system

Secop's risk management system supports the early identification and mitigation of potential risks could have a material influence on net assets, financial position and results of operations and/or the going concern of the company itself. The system enables risks to be quickly identified, assessed and adequate countermeasures to be taken.

The Secop Group's principal financial liabilities comprise interest-bearing liabilities and other financial liabilities as well as trade payables. The main purpose of these financial liabilities is to finance the Secop Group's operations.

The Secop Group's principal financial assets include trade receivables as well as cash and bank balances that derive directly from its operations.

The Secop Group is exposed to several business risk, that could materialize into quantitative impacts on the net assets, financial position and results of operations of the Group. Those risks are described below as market risk, credit and liquidity risk. Secop Group management oversees the management of these risks together with other risks, aspects and uncertainties, which may exist within Risk Management System.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risks, such as commodity price risk (Procurement risk). Financial instruments affected by market risk primarily include cash and bank balances, variable-interest liabilities and other financial liabilities.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Secop Group controls its interest rate risk by agreeing fixed-rate loan conditions and issuing a variable-rate bond, whereby early repayment options are ensured for long-term loans and bonds. This makes it possible to react flexibly through early repayments in case interest rates decrease. The conditions for bond liabilities also stipulate that special repayments are possible within a defined framework, as well as the targeted purchase of bond coupons on the market. On the other hand, the Secop Group can sell bond tranches back to the market in order to increase liquidity or issue new bonds within the framework of the current bonds.

The bond issued in 2023 obliges the Secop Group to adhere to certain financial covenants and other contractual obligations. The contractual obligations do not contain any covenants that are influenced by high interest rates, as they are exclusively based on the leverage between the net debt and profit (EBITDA). High inflation rates theoretically have an indirect influence on profit (EBITDA), but price rises are passed on to customers with a delay so management considers the risk to be low.

Interest rate sensitivity analysis

The following table shows the sensitivity to a reasonably possible change in variable interest rates for the affected non-current bond. If all other variables remain unchanged, the Group's pre-tax profit will be influenced as follows due to the effects on the variable-interest bond:

	Increase/decrease in basis points T€	Effect on profit before income taxes T€
2024		
EUR	100	-500
EUR	-100	500
2023		
EUR	100	-500
EUR	-100	500

Foreign currency risk

Foreign currency risk is the risk that the fair value of assets and liabilities or future cash flows will fluctuate because of changes in foreign exchange rates. The Secop Group's exposure to the risk of changes in foreign exchange rates relates to the Secop Group's operating activities (when revenue and/or expense is denominated in a foreign currency) and the Secop Group's net investments in foreign subsidiaries, especially with regard to the USD and RMB. Through the targeted management of Group purchasing, Secop endeavours to close out open currency positions to the extent possible and so achieve a "natural hedge". In addition, Secop constantly monitors price developments in order to employ hedging instruments as needed on the basis of corporate planning. Exchange rate fluctuations can also have a negative impact on the demand side, if currency prices allow competitors from other countries to offer cheaper products. Secop management currently considers the currency risk as moderate.

Commodity price risk (Procurement risk)

The prices and availability of certain commodities can have an impact on the Secop Group. It is exposed to market-related price fluctuations for some commodities, e.g. copper, steel and aluminium. In addition, some commodities are exclusively traded in foreign currencies, so exchange rates have an influence on commodity prices. Moreover, risks related to the timely delivery of input materials exist, particularly for materials for which only one supplier is available (single sourcing). Changes to procurement prices are passed on to customers wherever possible. Furthermore, long-term agreements on procurement prices are reached where possible. Dependence on individual suppliers is countered by qualifying several sources where possible. Overall, Secop management considers this risk as moderate.

Credit default risk

Credit default risk is the risk that a business partner does not meet its obligations under a financial instrument or customer agreement leading to a financial loss. In the course of its business operations, the Secop Group is exposed to credit default risks (in particular with regard to trade receivables) as well as risks in connection with financing activities, including those from cash and bank balances.

Credit default risk with regard to cash and bank balances is monitored by the controlling department. The Secop Group counters the risk of bank failure through a diversified portfolio of banks, the selection of banks according to their offer, benefit and reliability for the Secop Group, but also according to the rating of the respective banks. In addition, the amount of foreign and domestic bank balances is regularly monitored in order to limit the amount of possible defaults, if necessary.

Trade receivables

The Secop Group uses a multi-stage process to counter the risk of customer defaults. First, various mechanisms (credit insurance and rating agencies) are used to review the solvency of customers. Moreover, overdue customer receivables are discussed with the sales

directors in a weekly meeting and, where applicable, actions are taken ranging from the adjustment of the terms of payment through to the legal enforcement of the receivables. In addition, trade receivables are partly sold through real factoring, thus passing the credit risk on to the factor. Management therefore considers the default risk for trade receivables to be a moderate risk.

The Secop Group recognizes impairments for expected credit losses on trade receivables when there are specific indications of a deterioration in the customer's creditworthiness. This is particularly the case if payable claims are not settled despite reminders or payment defaults are likely for other reasons such as bankruptcies. The Secop Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in various countries and industries and operate in largely independent markets.

The credit lines for business partners are reviewed annually by management and may be updated during the year. They are set in order to minimize the risk concentration and to keep financial losses due to potential default of a business partner as low as possible.

Liquidity risk

Liquidity risk is the risk that the cash and cash equivalents required to settle due payment obligations cannot be procured or only at high refinancing costs. This also includes the risk of the early repayment of financial liabilities, which would be highly relevant for the liquidity of the Secop Group.

The bond issued in 2023 obliges the Secop Group to adhere to certain financial covenants and other contractual obligations. If there were a breach of the financial covenants and other contractual obligations and if this breach could not be remedied or alternative sources of finance could not be found in the short term, this would have an impact on the Secop Group's ability to continue as a going concern. The Company counters the risk through regular reporting and a preventive regular review of the contractual financial covenants and other contractual obligations to be observed.

The Secop Group monitors this risk through active liquidity management, which offers the following options:

- Active management of working capital and future investments,
- Flexible use of a "revolving credit facility" in Slovakia and/or a "supply chain and inventory facility" in China, and
- Expansion of the non-recourse factoring lines as well as
- Targeted purchase and re-sale of the issued bond or issuing new bonds under the current bond conditions.

Management considers the contractual hurdles in the context of bond financing to be relatively moderate. The liquidity risk is therefore classified as low.

The Secop Group also monitors the risk of any liquidity shortage using a liquidity planning tool. This has a planning period of 13 weeks and shows all liquidity-relevant processes of all Secop units worldwide on a weekly basis. A summary and any recommendations for action are reported to management.

In the following maturity analyses, the contractually agreed undiscounted interest and principal payments of financial liabilities as at the reporting date are shown. Planned figures for new liabilities in the future were not taken into account. Variable interest payments were included based on interest rates valid on the respective reporting date. With regard to the interest and repayment conditions of interest-bearing liabilities and other financial

liabilities, please refer to the disclosures in note 12.2 Interest-bearing liabilities and other financial liabilities.

2024	Carrying amount T€	Due within 1 year T€	Due between 1 and 5 years T€	Due over 5 years T€
Trade payables	49,135	49,135	0	0
Non-current interest-bearing liabilities	81,398	0	81,398	0
<i>thereof repayment</i>		0	76,727	0
<i>thereof interest</i>		0	4,671	0
Bond liabilities	49,301	31	49,270	0
<i>thereof repayment</i>		0	49,270	0
<i>thereof interest</i>		31	0	0
Lease liabilities	6,007	931	5,075	-0
	185,841	50,098	135,743	-0
<i>thereof repayment</i>		50,067	131,072	-0
<i>thereof interest</i>		31	4,671	0
2023	Carrying amount T€	Due within 1 year T€	Due between 1 and 5 years T€	Due over 5 years T€
Trade payables	45,179	45,179	0	0
Non-current interest-bearing liabilities	76,727	0	5,350	71,377
<i>thereof repayment</i>		0	5,036	67,083
<i>thereof interest</i>		0	315	4,294
Bond liabilities	48,981	34	48,947	0
<i>thereof repayment</i>		0	48,947	0
<i>thereof interest</i>		34	0	0
Lease liabilities	6,643	983	5,661	0
	177,530	46,195	59,958	71,377
<i>thereof repayment</i>		46,161	59,643	67,083
<i>thereof interest</i>		34	315	4,294

The goal of the Secop Group is to maintain a balance between continuously covering financial resource requirements and ensuring flexibility through the use of overdrafts, bank loans, shareholder loans, factoring, bond liabilities and lease contracts. Any obligations arising from compliance with financial covenants are continuously monitored by management.

Excessive risk concentration

Concentrations of risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of risk indicate the relative sensitivity of the Secop Group's performance to developments affecting a particular industry.

12.4 Changes in liabilities arising from financing activities

	1.1.2024	Cash effective changes	Other	31.12.2024
	T€	T€	T€	T€
Current lease liabilities	983	-1,474	1,423	931
Non-current interest-bearing liabilities (excluding items listed below)	125,708	0	4,991	130,699
Non-current lease liabilities	5,661	0	-586	5,075
Total liabilities from financing activities	132,352	-1,474	5,828	136,706

	1.1.2023	Cash effective changes	Other	31.12.2023
	T€	T€	T€	T€
Current interest-bearing liabilities (excluding items listed below)	10,060	-10,060	0	0
Current lease liabilities	571	-1,713	2,124	983
Non-current interest-bearing liabilities (excluding items listed below)	106,739	14,635	4,334	125,708
Non-current lease liabilities	6,549	0	-889	5,661
Total liabilities from financing activities	123,919	2,862	5,570	132,352

The "Other" column shows the non-cash effects from the reclassification, as a result of the passage of time, of the non-current portion of the interest-bearing liabilities, including leasing liabilities, to current liabilities and the effects of accrued interest on interest-bearing liabilities not paid yet as well as exchange rate differences and the effective interest rate. Additionally leasing liabilities in column "Other" include new leasing contracts and impacts of finalized or terminated contracts.

13. Inventories

	31.12.2024	31.12.2023
	T€	T€
Raw materials	14,227	16,112
Work in progress	2,864	2,433
Finished goods	16,642	15,517
Total inventories	33,732	34,062

The costs of inventories incurred in connection with continuing operations were recognized as expenses during the financial year in the amount of T€ 154,143 .

The total amount of the acquisition and production costs of the inventories recognized as expenses includes value adjustments on the net realizable value in the amount of T€ 931 (previous year: T€ 305) related to raw materials, components or goods to be sold at lower than acquisition value; and write-ups in the amount of T€ 484 (previous year: T€ 2,135). The value adjustments in 2023 was primarily due to the measurement of inventories in connection with the former Household business. Corresponding provisions were utilised in this respect.

The company's compressors are operated with natural refrigerants as well as synthetic refrigerants, which could have an influence on climate change. The company sells the compressors to customer without refrigerant and most platforms operate with synthetic as well

as natural refrigerants meaning that the inventories do not contain any climate-related risks.

14. Trade receivables

	31.12.2024	31.12.2023
	T€	T€
Receivables from third-party customers	32,387	33,944
Allowance for expected credit losses	-5,691	-5,847
	26,696	28,097

Trade receivables are non-interest bearing and generally have a term of 30 to 90 days.

The write-downs of trade receivables, which are valued at amortized cost, developed as follows in the financial year and as seen no significant movement from previous year:

1.1.2024	Utilisation	Reversal	Addition	31.12.2024
T€	T€	T€	T€	T€
5,847	0	-160	4	5,691

Customer receivables of the German and American Secop companies are partially secured by trade credit insurance. Customer receivables of the other foreign Secop companies are not subject to any trade credit insurance but are partly secured by letters of credit or comparable instruments.

Trade receivables from contracts with customers correspond to the balance of trade receivables item.

In all other respects, please refer to the disclosures in note [4.2 Trade receivables](#).

15. Cash and bank balances

	31.12.2024	31.12.2023
	T€	T€
Cash at banks	11,213	8,058
Cash at hand	2	2
	11,214	8,060

Cash at banks earns interest at variable rates based on daily bank deposit rates.

16. Subscribed capital and reserves

Subscribed capital	31.12.2024	31.12.2023
	T€	T€
Paid-in capital	25	25

The nominal value of each share (capital contribution) corresponds to € 1.00. Rights associated with the share are property and administrative rights as per the GmbHG. This includes the right to participate in profits and the right to vote.

Capital reserves	2024	2023
	T€	T€
As at 1 January	1,975	1,975
Changes in the reporting period	0	0
As at 31 December	1,975	1,975

On 5 September 2019, shareholders made a contribution to the capital reserves of the Company in line with §272 (2) No.4 HGB.

Retained earnings
As at 1 January

Changes in the reporting period

As at 31 December

2024 T€	2023 T€
21,234	32,267
-11,175	-11,033
10,059	21,234

The retained earnings consist of the badwill from the acquisition of the Secop Group in 2019 and the current result.

Other reserves
As at 1 January

Changes in the reporting period

As at 31 December

2024 T€	2023 T€
1,775	3,723
551	-1,948
2,326	1,775

The change in other reserves results from the foreign currency translation of the subsidiaries in China and the USA as well as the valuation of the pension provision and corresponding deferred taxes.

17. Provisions

	Warranty T€	Restruc- turing T€	Commis- sions T€	Personnel expenses T€	Others T€	Total T€
As at 1 January 2024	1,662	189	2,884	373	4,255	9,363
Additions	1,428	280	4,069	19	3,805	9,601
Utilisation	(1,275)	(189)	(2,547)	(11)	(2,758)	(6,781)
Reversal	(206)	-	(337)	(21)	(1,497)	(2,060)
Exchange differences	24	-	142	-	14	180
As at 31 December 2024	1,633	280	4,210	360	3,820	10,303
Thereof current	880	280	4,210	1	3,292	8,664
Thereof non-current	752	-	-	359	527	1,638

	Warranty T€	Restruc- turing T€	Commis- sions T€	Personnel expenses T€	Others T€	Total T€
As at 1 January 2023	2,967	-	2,200	369	6,339	11,875
Additions	934	189	2,938	20	1,078	5,159
Utilisation	(1,822)	-	(2,130)	(8)	(2,100)	(6,059)
Reversal	(377)	-	(14)	(8)	(1,046)	(1,445)
Exchange differences	(41)	-	(110)	-	(16)	(167)
As at 31 December 2023	1,662	189	2,884	373	4,255	9,363
Thereof current	914	189	2,884	8	3,650	7,646
Thereof non-current	747	-	-	364	604	1,716

The expected future cash outflows from long-term provisions are all due in 2 to 5 years. The material long-term provisions (paid-out after 5 years) are the pension provisions, refer to note 21 Pensions and other post-employment benefits.

Secop has re-assessed the Other long-term provision and due to earlier expected cash-outs part of Other long-term provisions were reclassified into Other current provision in both financial years.

Warranties

The warranty provisions declined slightly year-on-year mainly due to claims for older warranty cases. The carrying amount of the provisions for warranties on the reporting date was T€ 1,633 (previous year: T€ 1,662).

Restructuring

The restructuring provision principally relates to the discontinuation of certain sub-functions in Germany.

Commissions

A provision for commissions and customer bonuses was recognised because the Secop Group is contractually obliged to pay commissions or bonuses for sales made towards customers depending on contractual agreements.

Personnel expenses

The provisions for personnel expenses relate to anniversary bonuses, leave entitlements as well as entitlements from partial retirement.

Other provisions

Other provisions contain the tax provisions as well as provisions for outstanding purchase invoices, in both categories the reduction was recognized in current year.

Environment

In relation to the effect of climate change, the company has taken account of the risks and burdens for the production facilities as a result of climate change, such as storms/flooding/heat, and not made any provisions as the production facilities are not contaminated and/or can be used in a different manner. In addition, no recultivation obligations exist.

18. Trade payables

	31.12.2024	31.12.2023
	T€	T€
Trade payables	49,135	45,179
	49,135	45,179

Trade payables, which do not incur interest and typically mature in 60 to 90 days, increased due to a shift in the supplier mix, driven by substantial growth in China's mobile cooling EV-business segment.

19. Other financial liabilities

The other financial liabilities consist of current financial liabilities (T€ 931 , previous year: T€ 983) and non-current financial liabilities (T€ 5,075 , previous year: T€ 5,661). Both related to payable from leasing of mainly buildings, facilities, cars, forklifts.

Non-current financial liabilities from leasing reduced as a result of shorter remaining liability period mainly for buildings.

Please refer to the additional disclosures in note 12.2 Interest-bearing liabilities and other financial liabilities.

20. Interest-bearing liabilities

	31.12.2024 T€	31.12.2023 T€
Current		
Bank loans, credit facilities	0	0
Total current interest-bearing liabilities	0	0
Non-current		
Bond of T€ 50,000	49,301	48,981
Shareholder loan T€ 221	268	259
Shareholder loan T€ 40,000	14,077	13,278
Shareholder loan T€ 51,379	63,599	59,988
Shareholder loan T€ 3,000	3,453	3,201
Total non-current interest-bearing liabilities	130,699	125,708

Please refer to the additional disclosures in note 12.2 Interest-bearing liabilities and other financial liabilities.

The company did not utilize any of its available short-term financing facilities, neither the Revolving Credit facility installed in Slovakia, nor the Letter of Credit facility towards suppliers in China or the Supplier Credit facility installed with Chinese bank. Individual tranches of this programme in China had a maximum term of 120 days.

21. Pensions and other post-employment benefits

Net employee defined benefit liabilities

	31.12.2024 T€	31.12.2023 T€
Pension plan Secop GmbH in Germany	3,099	2,828
Other pension plans	70	64
Total	3,169	2,892

Secop GmbH in Germany did set up a defined benefit pension plan (not funded). The defined benefit pension plan provides for the payment of lifelong retirement benefits as well as widows' and widowers' benefits. The basic amount of retirement allowance is € 72.53 per month and increases by € 1.28 per month for each additional year of service. The widows' and widowers' benefit is 60% of the retirement benefit. From 01/01/1998, the company's pension scheme was closed to new entrants. In this respect, the Secop Group is only exposed to risks from the development of pensions and from demographic changes due to the commitments already in place.

The following tables summarise the components of net benefit expense recognised in the statement of comprehensive income and the amounts recognised in the statement of financial position for the respective plans:

Pension plan Secop GmbH in Germany

	2024 T€	2023 T€
Current service expense	2	2
Interest expense for the benefit obligation	110	113
Net benefit expense	113	115

Changes in the present value of the defined benefit obligations

Defined benefit obligation as of 1 January 2024	2,828
Interest expense	110
Ongoing service expense	2
Actuarial result	278
Benefits paid	-119
Defined benefit obligation as of 31 December 2024	3,099

Defined benefit obligation as of 1 January 2023	2,769
Interest expense	113
Ongoing service expense	2
Actuarial result	54
Benefits paid	-110
Defined benefit obligation as of 31 December 2023	2,828

The principal assumptions used in determining pension and post-employment benefit obligations are shown below:

	2024	2023
	%	%
Discount rate:	3.29	3.99
Future salary increases	0	0
Future pension cost increases	1.5	1.5

A quantitative sensitivity analysis for significant assumptions as of 31 December is shown below:

	Effects on defined benefit obligations	
	31.12.2024	31.12.2023
Assumptions for the pension plan in Germany:	TC	TC
Future pension cost increases		
0.5% increase	180	154
0.5% decrease	-165	-143
Discount rate:		
1.0% increase	-364	-322
1.0% decrease	435	392
Future salary increases:		
0.5% increase	0	0
0.5% decrease	0	0
Life expectancy of pensioners:		
Increase by 1 year	91	74
Decrease by 1 year	-92	-76

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions as at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

The average duration of the performance-based benefit plan obligation at the end of the reporting period is 13 years.

For the following financial year, payments in the amount of T€ 119 (previous year: T€ 110) are expected.

The revaluation of defined benefit pension plans, as presented in the consolidated statement of comprehensive income, resulted in a tax expense of T€ 249 (previous year: tax income of T€ 251).

22. Other non-financial assets and liabilities

22.1 Other non-financial assets

	31.12.2024	31.12.2023
	T€	T€
Non-financial claims	221	353
Non-financial assets	3,470	3,300
VAT receivables	1,103	2,458
Others	1,438	1,347
	6,232	7,459
Thereof current	6,232	7,459

The non-financial claims mainly relate to receivables from grants applied for research work, advance rent payments and deposits. For receivables from grants applied for research work, all conditions are met; there are no major uncertainties regarding the receipt of these grants.

The non-financial assets mainly relate to materials that are required for ongoing repairs and maintenance (so-called "MRO - maintenance, repair and operations materials") of machinery park in production facilities in order to keep production running smooth.

The others refer to prepayments to suppliers and tax authorities and deferred expenses.

22.2 Other non-financial liabilities

	31.12.2024	31.12.2023
	T€	T€
Income tax liabilities	2,460	1,737
Other staff liabilities	3,449	2,159
Social security liabilities	867	835
Debtors with credit balances	956	724
Other liabilities	3,695	4,636
	11,427	10,090
Thereof current	11,427	10,090
Thereof non-current	0	0

The other liabilities contain other charges payables to authorities (T€ 577 , previous year: T€ 505) as well as the payables from investments mainly in the factory of China (T€ 1,816 , previous year: T€ 2,832), which dropped down.

23. Deferred revenue

	31.12.2024	31.12.2023
	T€	T€
Project-related revenue	0	136
	0	136
Thereof current	0	136
Thereof non-current	0	0

The deferred revenue relates to projects with customers. The project was completed in the first half of 2024.

24. Contingent liabilities and other financial obligations

As at 31 December 2024, there are obligations from IT maintenance contracts in the amount of € 1,906 thousand and rental obligations in the amount of € 6,003 thousand.

Purchase commitments for property, plant and equipment still outstanding as at the reporting date totaled € 771 thousand. There were no purchase commitments for the acquisition of intangible assets as at the reporting date. As at the balance sheet date, there were contractual obligations to purchase materials and components for production totaling € 9,856 thousand, a significant portion of which relates to a delivery period of three to six months, as well as further purchase obligations for indirect production materials totaling € 852 thousand to maintain a smooth production process.

25. Related party disclosures

The Secop Group is mainly financed through loans granted by indirect shareholders.

Shareholder loans received

Dilasso Bath Invest S.à r.l., Luxembourg, as the parent company of Secop Group Holding GmbH, granted a loan of T€ 221 in 2019 with repayment by 13 September 2029 and a fixed interest rate of 4% per year. The company also received an additional loan of T€ 3,000 on 6 March 2023 with repayment by 12 March 2028 and an interest rate of 8.25%.

ESSVP IV LP, Channel Islands, ESSVP IV (Structured) LP, Channel Islands, as well as Silenos GmbH & Co. KG, Germany, as indirect main shareholder of Secop Group Holding GmbH and Crown Co-Investment Opportunities II, Ireland, Crown Premium Private Equity VII Masters SCS, Luxembourg, and Crown Europe Small Buyouts V SCS, Luxembourg, as indirect minority shareholders of Secop Group Holding GmbH, granted a non-current loan in the amount of T€ 51,379 in 2019 with repayment by 4 September 2029 and an fixed interest rate of 8% per year.

ESSVP IV LP, Channel Islands, ESSVP IV (Structured) LP, Channel Islands, as well as Silenos GmbH & Co. KG, Germany, as indirect main shareholder of Secop Group Holding GmbH and Crown Co-Investment Opportunities II, Ireland, Crown Premium Private Equity VII Masters SCS, Luxembourg, and Crown Europe Small Buyouts V SCS, Luxembourg, as indirect minority shareholders of Secop Group Holding GmbH, granted a current loan of T€ 40,000 with repayment by 19 August 2020 at an interest rate of 8% per year. A nominal partial repayment of T€ 30,173 was made on 28 July 2020. With the Amendment Agreement of 25 August 2020/27 August 2020, a new term of 2 September 2029 was agreed. On 27 October 2020, the Loan Purchase and Transfer Agreement concluded between these parties regulates the transfer of part of the loan (T€ 6,625) to Dilasso Bath S.à r.l.

The shareholder loans received are unsecured and, with the exception of T€ 268, have qualified subordination agreements. As of 31 December 2024, the loans are reported under non-current interest-bearing loans. Please refer to the additional disclosures in note 20 Interest-bearing liabilities.

Regarding shareholder loans mentioned above, interest expenses of T€ 4,671 (previous year: T€ 4,609) were incurred in the financial year.

Transactions of key management personnel of the Secop Group

Compensation of key management personnel of the Secop Group in the financial year

Management in key positions is limited to the management of the Parent.

The Management Board consisted of Dr Jan Ehlers and Mr Michael Engelen.

For carrying out their tasks in the Parent and subsidiaries, total remuneration of T€ 625 (previous year: T€ 568) (current employee benefits) was paid to the Management Board in the financial year.

The total remuneration includes fixed and variable remuneration as well as non-cash benefits (company apartment, company vehicles or rental cars) and severance payments.

26. Capital management

The Group manages its capital with the goal to ensure that all group companies can operate on a going concern basis and are able in future to cover their financing requirements for investments and debt settlement. The Group's capital structure consists of net debt and the Group's equity (refer to the disclosures in note 16 Subscribed capital and reserves).

The management of the Secop Group considers the total of equity and shareholder loans totalling T€ 95,783 (previous year: T€ 101,736) (for the terms of the shareholder loans, please refer to note 12.2 Interest-bearing liabilities and other financial liabilities and 25 Related party disclosures) in relation to the total assets as the relevant ratio. As of 31 December 2024 this is 39 % (previous year: 42 %).

The bond issued in 2023 requires the Secop Group to comply with certain financial covenants (net debt and net debt ratio, i.e. the ratio of net debt to operating profit (EBITDA)) and other contractual obligations. In addition to the legal requirements, the Secop Group therefore primarily monitors the Group's operative interest-bearing net debt (i.e. the liabilities from the bond, any debts from bank loans granted less cash and bank balances). One of the goals is to continuously optimize the operative interest-bearing net debt, e.g. through the targeted repurchase of bond papers from the market or the repayment of bank debts.

The contractual regulations on the bond also contain restrictions on the equity of Secop Group Holding GmbH during the term of the bond. Essentially, no dividends shall be paid out to the shareholders, the share capital and other components of the equity of Secop Group Holding GmbH shall not be repaid to the shareholders, no interest payments shall be made on loans granted by the shareholders and no further assets shall be transferred to the shareholders. Secop Group Holding GmbH fulfilled these obligations in the financial year.

27. Auditor's fee

The total fee charged by the auditor of the consolidated financial statements for the financial year relates exclusively to auditing services and amounts T€ 192 (previous year: T€ 141).

28. Cash flow statement

The cash flow statement has been prepared in accordance with the requirements of IAS 7. It shows the origin and use of cash flows. In the cash flow statement, the cash flows are divided into cash flow from operating activities, cash flow from investing activities and cash flow from financing activities.

Cash and cash equivalents contain the cash and bank balances shown in the statement of financial position. Cash and cash equivalents that are subject to access restrictions were reported in the amount of T€ 590 (previous year: T€ 840) under other current financial assets.

The Supplier Credit facility, the Letter of Credit facility towards suppliers and Revolving Credit facility are recognised under the change in interest-bearing liabilities, which were not drawn at the end of both financial years.

With regard to the presentation of the changes in liabilities arising from financing activities, please refer to the disclosures in note 12.4 Changes in liabilities arising from financing activities.

29. Segment information

Revenue by region

	2024 T€	2023 T€
Europe	73,402	79,683
China	112,783	102,691
America	20,910	19,141
Middle East, Africa & South Asia	33,001	33,960
Total	240,095	235,475

The allocation of revenue to external customers by region was based on the customer's registered office.

Non-current assets by region

The table below shows the breakdown of non-current assets by region. The allocation of assets according to regions is based on the entity's registered office:

2024	Property, plant and equipment T€	Intangible assets T€	Right-of-use assets T€
Germany	1,356	59,342	1,850
EU	60,719	558	1,156
China and USA	27,008	5,354	2,706
Total	89,083	65,254	5,712

2023	Property, plant and equipment T€	Intangible assets T€	Right-of-use assets T€
Germany	888	59,213	1,915
EU	62,990	656	1,433
China and USA	25,535	4,526	2,998
Total	89,414	64,394	6,346

Segment data and reconciliation

Segment	Stationary Cooling T€	Mobile Cooling T€	Medical Cooling T€	Total 2024 T€
Revenue	150,321	82,094	7,680	240,095
Cost of sales	-120,583	-59,234	-5,837	-185,654
Gross profit	29,738	22,860	1,842	54,441
Other operating income				10,266
Sales and distribution expenses				-20,146
Administrative expenses				-19,264
Other expenses				-20,915
Operating profit				4,383
Financial expenses				-12,476
Financial income				30
Profit before tax				-8,064

Segment	Stationary Cooling T€	Mobile Cooling T€	Medical Cooling T€	Total 2023 T€
Revenue	154,568	74,400	6,508	235,475
Cost of sales	-126,542	-55,426	-4,201	-186,169
Gross profit	28,026	18,974	2,306	49,306
Other operating income				17,544
Sales and distribution expenses				-18,151
Administrative expenses				-17,431
Other expenses				-25,357
Operating profit				5,910
Financial expenses				-12,040
Financial income				758
Profit before tax				-5,373

The business segments to be reported in accordance with IFRS 8 were determined on the basis of the business areas that have been monitored within the framework of internal reporting since 2020 and whose performance data are the basis for management decisions.

Explanations on the Stationary Cooling segment

In the Stationary Cooling segment, Secop sells compressors for light commercial cooling applications mainly in food retail, food service, merchandiser, and special applications including selected residential applications.

Explanations on the Mobile Cooling segment

In the Mobile Cooling segment, Secop sells compressors for mobile applications, which primarily include automotive, trucks, recreation vehicles, portable boxes, solar, and other mobile applications.

Explanations on the Medical Cooling segment

In the Medical Cooling segment with its stationary and mobile solutions, Secop is a reliable partner to leading companies that support the development of a global ULT (ultra-low temperature) supply chain and optimise the medical cooling chain with green and efficient solutions.

30. Standards issued but not yet in effect

The new and amended standards and interpretations that are issued, but not yet in effect, up to the date of publication of the consolidated financial statements are disclosed below. The Secop Group intends to adopt these new and amended standards and interpretations when they come into effect.

Amendments to IAS 21 - Lack of Exchangeability

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for financial years commencing on or after 1 January 2025.

The Management Board does not anticipate that the application of the amendments will have a material effect on the consolidated financial statements, as no transactions are typically executed in currencies that cannot be exchanged.

Amendments to IFRS 9 and IFRS 7 Amendments to the classification and measurement of financial instruments

The amendments relate to the following areas:

- Classification of financial assets
 - " Interest components in the context of an elementary loan agreement
 - " Contractual terms that change the timing or amount of the contractual cash flows
 - " Non-recourse financial assets
 - " Contractually linked instruments
- Derecognition of a financial liability settled by electronic funds transfer
- Disclosure of financial assets and financial liabilities with terms and conditions that modify the timing or amount of the contractual cash flows
- Disclosure of equity instruments measured at fair value through other comprehensive income

The first-time application of the amendments is mandatory for financial years beginning on or after January 1, 2026.

The Group does not expect the application of the amendments to have a material impact on the consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required

to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Management Board will work on identifying all impacts the amendments will have on the primary financial statements, cash flow and notes to the financial statements with no intention yet to apply earlier.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As the Secop Group financial results are publicly disclosed, there will not be election to apply IFRS 19.

31. Events after the reporting period

No material transactions occurred after the reporting date for the reporting period. Further explanations can be found in the risk report of the Group management report.

32. Approval of the financial statements

The consolidated financial statements were approved by the Management Board of Secop Group Holding GmbH and released for publication on 24 March 2025.

Flensburg, 25 March 2025

Jan Ehlers
Managing Director

Michael Engelen
Managing Director

Secop Group Holding GmbH, Flensburg
Management Report 2024

Preliminary remarks:

Secop Group Holding GmbH ("Secop Group" or "Secop" or the "Group"), with its registered office in Flensburg, Germany, is required to prepare consolidated financial statements, which it prepares as defined in Section 315e(3) HGB (German Commercial Code) in conjunction with Section 315e(1) HGB in accordance with the international accounting standards as they apply in the EU and the supplementary German statutory provisions. All amounts stated in the Group management report relate to the consolidated financial statements prepared on the basis of the international accounting standards (IFRS).

1. Fundamental information about the Group

1.1 *The Group's business model*

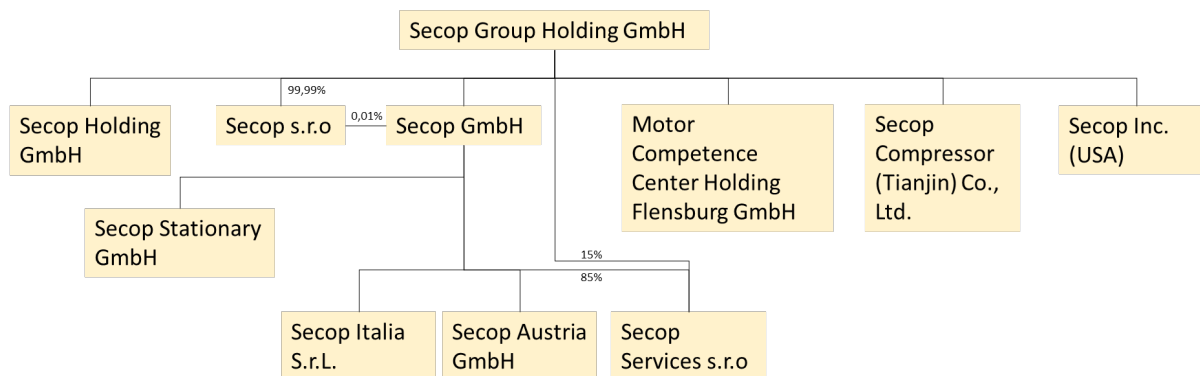
The Secop Group develops, produces and sells hermetic compressors for cooling applications worldwide. In pursuing this business, it uses raw and input materials, such as steel, copper, aluminium and electrical components that are essential for the compressor control systems. The raw materials are used to manufacture compressors mainly for light commercial appliances and mobile appliances in the Group production facilities. The marketing and sales organisations are responsible for the global sale of the goods. The Application Engineering division provides customer service and technical marketing activities with engineering expertise for Group customers.

In the **Stationary Cooling** segment, the Group sells compressors for light commercial cooling applications mainly in food retail, food service, merchandisers, and special applications including selected residential applications. In the **Mobile Cooling** segment, the Group sells compressors for mobile applications, which primarily include automotive, trucks, recreation vehicles, portable boxes, solar, and other mobile applications. In the **Medical Cooling** segment with its stationary and mobile solutions, Secop is a reliable partner to leading companies that support the development of a global ULT (ultra-low temperature) supply chain and optimise the medical cooling chain with green and efficient solutions.

Secop Group Holding GmbH is the Group's parent company for directly and indirectly held wholly-owned subsidiaries, including Secop GmbH (Flensburg/Germany) as the administrative site and distribution centre, Secop Holding GmbH (Flensburg/Germany), Secop Stationary GmbH (Flensburg/Germany), Secop Services s.r.o. (Zlaté Moravce/Slovakia), Motor Competence Center Holding GmbH (Flensburg/Germany), as the R&D competence centre, Secop s.r.o. (Zlaté Moravce and Nitra/Slovakia) as a production and R&D site, Secop Compressors (Tianjin) Co., Ltd. (Tianjin/China) as a production and R&D site and Secop Austria GmbH (Gleisdorf/Austria). This is joined by Secop Inc. (Roswell/USA) a sales and service company and Secop Italia S.r.l. (Milan/Italy) a sales and marketing support unit. Both Secop GmbH and Secop Inc. and to some extent the production sites sell compressors to third parties. The development expertise primarily resides at the Motor Competence Center GmbH in Flensburg (Germany).

The sales activities at the European sites are coordinated by the German company Secop GmbH. Secop Compressors (Tianjin) Co., Ltd. operates as production facilities and also has its own sales organisation for the Chinese market. Secop Inc. acts as sales organisation and operates a separate warehouse for products that are imported from the Secop Group's own plants in Slovakia and China.

In summary, the Group structure is as follows:



The core business is focussed on the global segments of Stationary Cooling and Mobile Cooling as well as the Medical Cooling segment currently under development. In the coming years, Secop's resources, investment funds and general focus will target these three segments.

1.2 Control system

The uniform information and controlling system established in the Secop Group is implemented in all Group companies and consolidated in Secop Group Holding GmbH. It supplies critical information on the cost and earnings situation to enable necessary countermeasures to be introduced where necessary. A weekly liquidity report and a monthly variance analysis from the annual budget and the intra-year forecasts are used for this purpose. The managing directors of the individual companies use these management tools to provide a monthly update to Group management on the current situation and the developments in the Group companies to support management decisions.

The key planning and management figures for internal management of the Group and Group companies (key financial performance indicators) are Revenue and Internal Adjusted EBITDA. All key figures are recorded and monitored in the uniform Group reporting system. For the calculation of Internal adjusted EBITDA, please refer to section 2.2 Business development and situation. Moreover, management receives regular updates on the turnover, the "adapted" cost of sales (cost of sales not including the costs for depreciation and overheads) and the gross profit (revenue less "adapted" cost of sales) for each segment. These figures are additional financial performance indicators but are not considered key performance indicators.

The non-financial Group statement in line with Section 315b HGB is published as a separate report on the Company's website.

1.3 Research and Development

At Secop, product development process is focussed on delivering innovative solutions that utilise natural, eco-friendly refrigerants to ensure compliance with new regulations in various regions worldwide. Furthermore, the latest products address the critical need to enhance energy efficiency with variable speed technology and minimise the consumption of raw materials by decreasing the size of compressors while keeping the same performance and thereby reduce the global carbon footprint.

In 2024, the **Mobile Cooling** segment development leveraged on BD Nano's new state-of-the-art compressor technology, designed to meet the highest standards of the fast-growing electric vehicle market. Direct drive technology optimized electronic controls, reduced noise and vibration with compact size. Additionally, the high cooling capacity is

suitable to equip several different models of electric car fridges from single to multiple storage compartments.

The **Stationary Cooling** segment development was in 2024 supported by launching the extended cooling capacity versions of NLE and SCE platforms reaching up to 25 cc displacement. New NLE 15 model helped to bridge NLE and SCE platform displacements allowing to utilize a more compact size compressor to reach similar performance. The market's energy efficiency requirements were met with the introduction of variable speed models of NLV 15 and SLV 18 which complemented the existing lineup of compressors in the Secop portfolio. Together with new generation of ECU (electronic control units) the compressors enabled Secop to strengthen the position in the Stationary Cooling segment.

During 2024, Secop developed a new family of dedicated compressor and ECU models for the highly demanding **Medical Cooling** segment where special focus on reliability, product safety and robustness is a key success factor. Special versions of the NL and SC models—with redesigned, more robust mechanical components and optimized suction and discharge lines for heavy-duty appliances—are now available. These compressors can operate with all major refrigerants used in medical cooling systems including those for ultra-low temperature (ULT) applications.

In addition, Secop focussed on the electronic controls' portfolio optimization for all segments. Along 2024 basic models with optimized functionality, suitable for markets where the variable speed technology is gaining its space, were introduced. For high end solutions such as medical cabinets and ULT freezers Secop released the new generation of light commercial ECU with enhanced functionalities enabling better integration with appliance controls and ready for preventive maintenance and IoT interfaces.

In 2025, Secop will focus of further displacement extension of Stationary Cooling platforms, including variable speed models. The Group will keep focus on special versions of the BD Nano compressors to attend various market segments besides EV cars. There is a plan of new generation of electronic control units with improved connectivity including new series, which will address the market trend of integrated cooling solutions in the automotive sector.

In 2024, the Group's R&D expense amounted to € 11.5 million (previous year: € 12.3 million). A total of 52 % (previous year: 68 %) was capitalised in the financial year. An average of around 148 employees worked in the area of R&D. The Group may register patents to safeguard the research and development results.

2. Economic report

2.1 *Macroeconomic and sector-specific conditions*

The global economy showed a mixed picture in 2024, with growth driven by the ongoing boom in the US, which compensated for the sluggish recovery of other world economies such as Europe and China. In China, too, growth fell short of expectations, growing by less than 5%. But there are also positive signals, as the expansion of the world economy has picked up again since the third quarter of 2024, once again driven by developments in the US, although the euro area and China are also showing a positive trend.¹

The **German** economy is currently going through a phase of economic weakness, which is accompanied by a far-reaching structural change. The manufacturing industry in particular is suffering from a persistent lack of orders, increasing international competition and

¹ DIW Weekly Report Nr. 50/2024 p. 799ff.

growing protectionism. These problems have now also spread to industry-related services, putting noticeable pressure on the labor market – short-time work and layoffs are on the rise, even though many industries are looking for skilled workers.

The economic situation remains tense: although gross domestic product rose slightly in the third quarter, this merely reflects a small recovery after a sharper decline in economic output. In fact, leading indicators suggest that the fourth quarter will be negative again. Overall, 2024 is therefore likely to show a decline of 0.2%,² which would be the second consecutive year of decline. The industrial sector remains particularly vulnerable due to geopolitical uncertainties, the threat of tariff measures and unclear economic policy guidelines in Germany. In addition, fears about job security are dampening private consumption, although real wages are rising.³ A significant improvement is not expected until mid-2025, but the growth forecast for 2025 has already been revised downwards to 0.2%. For 2026, a stronger growth of 1.2% is expected, but a considerable part of this is due to special effects.⁴

Europe's overall economic development in 2024 is characterized by a modest recovery. Economic growth in the eurozone is expected to be 0.7%, after being weighed down in the previous year by high inflation, tight monetary policy and weak industrial activity. Particularly affected are countries that rely heavily on exports, including Germany and Italy, but also countries with strong domestic demand, such as France. By contrast, southern countries such as Spain and Portugal are benefiting from a robust service sector and tourism. The eurozone inflation rate is estimated at 2.4% in 2024, down from a significantly higher rate in 2023. Energy prices in particular have stabilized, which is helping to calm consumer prices. However, food prices and wages remain an inflationary factor, with wages rising by 5.4% in the eurozone and the real wage losses of previous years largely recovered. Overall, however, the inflation rate has fallen significantly, which is why the European Central Bank (ECB) could change its monetary policy from restrictive to normal. The normalization of European monetary policy could lead to further interest rate cuts by summer 2025. The unemployment rate remains at a relatively low level, with an average of 6.4%, which is surprising, but economic uncertainty is curbing new hires. In many countries, companies are coming under increasing pressure to pay higher wages, which in turn could have a negative impact on inflation but a positive one on private demand. In France and Italy in particular, structural problems in the labor market are a key issue.⁵

Analysts expect a moderate recovery of the European economy with a growth rate of 1.1% in 2025. This recovery depends heavily on the monetary policy of the ECB, which is expected to initiate further cautious interest rate cuts from mid-2025. In addition, falling energy prices and a recovery of the global economy could stimulate exports. US trade policy, with high tariffs on Chinese products, could also support European foreign trade, as European products become cheaper compared to Chinese products. Nevertheless, risks remain: geopolitical tensions, possible new trade conflicts and uncertainties in the fiscal policy of EU states could slow down the economic recovery. In particular, the high national debt in southern European countries remains a challenge for sustainable economic stability.⁶

The **US** economy remains stable in 2024 and continue to be driven by private consumption, albeit with declining momentum due to rising import prices. Gross domestic product (GDP)

² Schlaglichter der Wirtschaftspolitik, p. 3.

³ DIW Weekly Report Nr. 50/2024 p. 798.

⁴ DIW Weekly Report Nr. 50/2024 p. 797.

⁵ DIW Weekly Report Nr. 50/2024 p. 806ff.

⁶ DIW Weekly Report Nr. 50/2024 p. 806ff.

is expected to grow by 2.7%, driven by robust consumer demand, government investment and continued solid labor market performance. Despite global uncertainties, the US economy is proving resilient, thanks in particular to high corporate investment in technology, artificial intelligence and renewable energies. The inflation rate is estimated to be 2.8%, having been even higher in 2023. The monetary policy measures taken by the US Federal Reserve (Fed) are having an effect, but core inflation remains above the 2% target due to rising wages and persistently high housing costs. Still, there were in total 1% interest rate cuts in the last quarter 2024. The labor market remains robust with a low unemployment rate of 4.0%. Despite high interest rates, companies are keen to invest, particularly in the high-tech and energy sectors. However, some sectors, including real estate and financial services, are beginning to show signs of a slowdown as high borrowing rates are dampening investment activity.⁷

For 2025, a GDP growth of 2.7% is forecasted, as the effects of restrictive monetary policy gradually become more pronounced. Inflation is expected to fall further to 2.2%, opening up scope for the first interest rate cuts in the course of 2025. This could boost consumption and investment again. However, the Trump administration's new trade and migration policies pose significant inflation risks that could even lead to interest rate hikes by the Fed. The change in migration policy could cause wages to rise faster due to the tightening of the labor supply. Geopolitical tensions, particularly in the trade conflict with China, could impact the economic recovery. In summary, a slight deceleration in growth is expected for 2025, accompanied by a gradual normalization of inflation and a possible easing of monetary policy.⁸

Despite global challenges, the economy in **China** remains robust in 2024, even if growth has slowed compared to previous decades. Gross domestic product (GDP) is expected to rise by 4.7 %. This weak growth is being counteracted primarily by the largest government economic stimulus package since the pandemic. However, the domestic economy remains weaker than expected, as the real estate sector remains under pressure and consumer demand is only picking up modestly. In addition, growth was also driven by the bringing forward of US exports due to the new tariffs.⁹

The inflation rate remains low at 0.4%, as food and consumer goods prices are stabilizing. The Chinese central bank is pursuing an expansionary monetary policy to support growth. Despite low interest rates, demand for credit remains subdued, particularly in the real estate sector, where many companies are struggling with high debt. The government is trying to stabilize the sector with targeted economic measures, but a rapid recovery is not in sight. The labor market remains stable overall, but there are structural challenges. While high-tech sectors such as artificial intelligence, e-mobility and renewable energies are growing strongly, traditional industries and young graduates face high unemployment rates. The government is increasingly focusing on innovation and domestic production to create new jobs and reduce dependence on Western technologies.¹⁰

Further moderate growth of 4.5% is expected for 2025. The Chinese economy remains heavily dependent on global developments, particularly on demand for Chinese export goods. If the global economy recovers, this could support China's exports. At the same time, the focus is on strengthening the domestic market in order to be less dependent on international markets. Nevertheless, risks remain: the real estate sector remains an

⁷ DIW Weekly Report Nr. 50/2024 p. 810.

⁸ DIW Weekly Report Nr. 50/2024 p. 810.

⁹ DIW Weekly Report Nr. 50/2024 p. 812.

¹⁰ DIW Weekly Report Nr. 50/2024 p. 812.

Achilles' heel of the Chinese economy, and a possible intensification of trade conflicts with the US and Europe could slow growth. In addition, the high debt levels of companies and local governments remain a long-term problem that could weigh on economic growth. In summary, a further slight weakening is expected in 2025 due to new US trade policies. Economic stability will depend heavily on government measures and global demand, while structural challenges, particularly in the real estate and financial sectors, will continue to play a major role.¹¹

In 2025, the **global economy** is set to recover moderately, but remains subject to uncertainties, particularly with regard to the future trade policies of the major industrialized nations, the US, EU and China. While markets are stabilizing, geopolitical tensions, high debt and structural challenges are having a dampening effect. Technological innovations and government investments are driving growth, but demand remains volatile. A sustainable recovery depends on stable financial markets, global trade and a forward-looking monetary policy.

2024 showed a recovery for global compressor market demand versus the 2023 demand. Investments for industrial activities in Europe and United States restarted, especially investments for a cold chain with improved energy efficiency for food retail and food service. In parallel the automotive demand in China for Electrical Vehicles increased substantially, with the adoption of the fridge on board for various new models of EV launched to market. Various segments are adopting a new generation of advanced compressor technologies to enhance system performances, improve efficiency and reduce noise. Sustainability and digitalization are becoming central trends, with green refrigerants, energy efficiency and smart monitoring systems gaining momentum. Regional differences exist in technology adoption and market regulation.

2.2 Business development and situation

In 2024, the overall **Revenue** increased slightly to € 240.1 million (previous year: € 235.5 million) mainly due to strong developments in the Mobile Cooling and Medical Cooling segments. By this, Secop realized a shift toward more profitable products, leading to a further increase in margin levels, and new business development activities proceeded as planned.

In the **Stationary Cooling** segment, Revenue reached € 150.3 million thus almost hitting previous year's levels (previous year: € 154.6 million). While Revenue in China remained on the same level as in 2023, Europe and Americas declined slightly. However, this was partly offset by a recovery in the Middle East, where business activities rebounded.

In China, the demand in the food service and food retail sectors remained stable, with no major fluctuations. This was due to a slower national economic growth and limited export levels. In contrast, Europe and the USA saw an increased demand in the food retail sector, driven by more dynamic investments, but experienced a lower demand in the food service sector—including hotels, restaurants, and catering. The beverage segment also underperformed across all regions, while the demand from the distribution network remained stable.

Despite the relatively static market demand, Secop successfully continued its strategy of phasing out legacy products and introducing new ones. The transition from the legacy DLE platform to the new KLF platform achieved the objective of improved profitability with a new-generation product optimized for cost efficiency production. Additionally, several

¹¹ DIW Weekly Report Nr. 50/2024 p. 812.

customers continued replacing their legacy platforms with green and more energy-efficient solutions. This shift helped them expand their product offerings with environmentally friendly cooling solutions that comply with new regulations for Global Warming Potential (GWP) reduction and energy labelling.

In 2024, the **Mobile Cooling** segment increased its Revenue significantly to € 82.1 million, which is 10.3 % above previous year's level (previous year: € 74.4 million). However, it showed a mixed development across different regions.

- In China, the booming electric vehicle (EV) market led to a strong demand for mobile cooling solutions. Secop's EV projects, developed in partnership with key industry players, entered the volume production phase. The ramp-up of orders throughout the year drove significant growth in demand for mobile cooling platforms.
- In Europe and America, however, the automotive and recreational vehicle market underperformed due to a downturn in new vehicle demand, which affected the entire automotive industry. As a result, demand for compressors used in cars, trucks, and camper-caravans declined compared to the previous year.

A major factor in the positive development in China was the production scale-up of the BD Nano platform, launched in the previous year. This platform became a critical product for integrating refrigerators into new EV-concepts. The surge in demand from China's EV sector was strong enough to offset the decline in automotive and recreational vehicles in Europe and the USA.

Despite the weak demand in Western markets, efforts to transition applications to the new BD Nano platform continued. The goal was to introduce a new generation of refrigerators, positioning Secop for future growth when the automotive sector recovers, and EV adoption increases in Europe and America.

In 2024, the Revenue of the **Medical Cooling** segment exceeded the previous year by 18.0 % and reached € 7.7 million (previous year: € 6.5 million). This growth was primarily driven by business development efforts, rather than actual market demand, which remained below expectations. Investments in the medical cold chain was not improving compared to previous year, especially in China. This cautious spending by OEMs in both Europe and China reflected the ongoing adjustments following the COVID-19 pandemic. Governments reduced financial support for cold chain infrastructure compared to the levels seen in 2021 and 2022.

Despite the weak market demand, Secop continued to expand its business in this segment, introducing a new generation of products. These new products started ramping up in 2024, particularly with customers in America. As a result, despite limited overall demand, Secop successfully increased its market share.

The **Gross Margin** (Revenue less Cost of Sales) achieved in 2024 improved in comparison to 2023 due to a higher Revenue, a better product mix, lower production costs and stabilized raw material and energy prices. The Gross Margin in relation to Revenue increased to 23.0% and thereby exceeded previous year by 2.0 %-points (previous year: 21.0 %).

The central financial key performance indicator (KPI) **Internal Adjusted EBITDA** improved significantly by 17.4 % to € 21.6 million following the better Gross Margin and overall lower operating expenses. At the same time, the Reported EBITDA according to IFRS reached € 19.2 million and is above the value reported in the previous year (previous year: € 17.7 million). However, especially higher Depreciation & Amortization, caused by

the first time-use of previously capitalized R&D expenses, resulted in an operating Profit and Net Income falling short of the respective previous year's figures.

In summary, the targeted Revenue and the planned result could not be achieved in 2024 due to a range of external factors (-7% Revenue reached). A slower than expected ramp-up of the EV-business and a delay of the recovery in several markets prevented a further improvement. Still, given the development in the different markets and the strong improvement of the Adjusted EBITDA, the Management Board is satisfied with the company's economic performance.

	2024 T€	2023 T€
Revenue	240,095	235,475
Cost of sales	-185,654	-186,169
Gross profit	54,441	49,306
Other income	10,266	17,544
Sales and distribution expenses	-20,146	-18,151
Administrative expenses	-19,264	-17,431
Other expenses	-20,915	-25,357
Operating profit	4,383	5,910
plus depreciation contained therein	14,865	11,747
EBITDA	19,247	17,657
Leasing costs acc. to IFRS 16	-1,768	-1,750
Unrealised currency gains/losses	5	-1,785
Gains/losses from the sale of assets	-8	-16
Unadjusted EBITDA	17,477	14,106
<u>Adjustments:</u>		
Arbitration	0	59
Restructuring	592	1,230
Consulting expenses	2,303	860
Other	1,243	2,159
Internal Adjusted EBITDA	21,615	18,414

2.2.1 Results of operations

	2024 T€	2023 T€	Difference T€
Revenue	240,095	235,475	4,620
Cost of sales	-185,654	-186,169	515
Gross profit	54,441	49,306	5,135
Other income	10,266	17,544	-7,277
Sales and distribution expenses	-20,146	-18,151	-1,994
Administrative expenses	-19,264	-17,431	-1,833
Other expenses	-20,915	-25,357	4,443
Operating profit	4,383	5,910	-1,527
Financial expenses	-12,476	-12,040	-436
Financial income	30	758	-728
Net financial income	-12,446	-11,282	-1,164
Profit before tax	-8,064	-5,373	-2,691
Income tax	-3,258	-5,489	2,231
Consolidated accounting profit/loss	-11,321	-10,861	-460

The Revenue of € 240.1 million in 2024 increased by 2 % year-on-year. The Personnel expenses contained in the Cost of Sales, Sales and Distribution expenses, Administration

expenses and Other expenses in 2024 of € 41.8 million increased only slightly (previous year: € 41.1 million). As a percentage of Revenue, they were with 17.4% on the same level as previous year. The rise in Personnel expenses was driven by salary increases and partly offset by a reduction of personnel. Other Income dropped due to primarily lack of foreign exchange rate gains of € 5 million in 2024 (compensated in Other expenses by drop of exchange rate losses of € 3.7 million) and additionally lower R&D capitalization in 2024 as some projects were completed.

The Depreciation & Amortization contained in the Cost of Sales, Sales and Distribution expenses, Administration expenses and Other expenses in the 2024 financial year totalled € 14.9 million (previous year: € 11.7 million). The increase in the 2024 financial year was primarily caused by the finalization of several R&D projects and their respective first-time amortization and by finalized investment activities in the BD Nano production capacity. Measured as a percentage of Revenue, the Depreciation & Amortization rate increased from 5% in the previous year to 6% in 2024.

The development in the Group segments diverged during the 2024 financial year, as the Revenue in the Stationary Cooling segment dropped by 2,7% compared to 2023, while the Mobile Cooling and the Medical Cooling segments significantly exceeded previous year (+10,3% and +18% respectively).

In the Stationary Cooling segment, the demand was on the same level as in previous year for food service and food retail in Europe, Americas and China, but showed various fluctuations in the rest of the world. The decline in the Cost of sales ratio from 82% to 80% was successfully reached due to a better product mix, overall improvements in production and stabilized raw materials costs and energy costs.

In the Mobile Cooling segment, the increased Revenue was primarily driven by the dynamic ramp-up of the EV business in China, that compensated a softer demand from the standard automotive and truck industry. The Cost of sales ratio has improved also in this segment to the level of 72% (75% in 2023), with focus on production efficiency.

The Revenue in the Medical Cooling segment significantly surpasses previous year thanks to the rump-up of new projects in Americas. The Cost of sales ratio increased from 65% in 2023 to 76% in 2024 because of a product mix effect.

Segment	2024			2023		
	Stationary Cooling	Mobile Cooling	Medical Cooling	Stationary Cooling	Mobile Cooling	Medical Cooling
	T€	T€	T€	T€	T€	T€
Revenue	150,321	82,094	7,680	154,568	74,400	6,508
Cost of sales	-120,583	-59,234	-5,837	-126,542	-55,426	-4,201
Gross profit	29,738	22,860	1,842	28,026	18,974	2,306

Overall, 63% of Revenue is generated by the Stationary Cooling segment, 34% by the Mobile Cooling segment and 3% by the Medical Cooling segment.

The gross profit in % of Revenue used for internal segment management rose by 2.0 % points and reflected an improved product mix, lower production costs and stabilized raw material and energy prices.

The financial result (financial expenses less financial income) increased year-on-year to € -12.4 million (previous year: € -11.3 million) This is mainly due to interest expenses, which recorded an overall higher level of € 0.4 million, influenced by a higher spread of

the new bonds (+1.65%) from July 2023, slightly offset by a lower level of the 3-month EURIBOR (-1.1 %) comparing to year 2023. On top in 2023 there was interest income from own bonds held by the company (amounting € 12.8 million), which is no longer the case since the placement of the new bonds in July 2023.

In the 2024 financial year, the income tax expense mainly consists of Chinese withholding taxes for services rendered to the factory in China and dividends distribution from Chinese entity and by deferred tax. Overall tax expenses declined by € 2.2 million compared to 2023, which was driven by a reassessment of deferred tax liabilities in the Chinese subsidiary in 2023.

2.2.2 Financial position

The Group's principal financial liabilities comprise interest-bearing loans and borrowing and other financial liabilities as well as trade payables. The main purpose of these financial liabilities is to finance the Group's business activities in the short- and long-term. While the long-term liquidity requirements are covered by shareholder loans and the bond issued in 2023, the operating cash flow, trade payables and current liabilities to banks from the supply chain financing and the revolving credit facility cover the short-term liquidity requirements. During the year 2024, the short-term financing facilities were regularly utilized in the first half of the year, and reduced in the second half of the year with no usage at year end.

On 29 June 2023, Secop Group Holding GmbH issued a senior secured floating rate bond with a variable interest rate of 8.40% above the 3-month EURIBOR with an initial volume of € 50.0 million and a term until 29 December 2026, which was subsequently registered for trade on the stock exchange in Stockholm (Sweden). The conditions for bond liabilities stipulate that special repayments are possible within a defined framework as well as the purchase of own bonds. On the other hand, the Group can sell bond tranches back to the market in order to increase liquidity. In addition, the Group is obliged to adhere to financial covenants and other contractual obligations. Failure to comply with these contractual obligations and financial covenants could trigger the premature repayment of the outstanding bond liabilities. On 31 December 2024, nominal bond liabilities totalled € 50.0 million (excluding accrued interest and capitalized issuing costs). The Management Board monitors covenant compliance on a quarterly basis, and all obligations are met.

	2024 T€	2023 T€
Operating activities		
<i>EBIT</i>	4,383	5,910
+ Depreciation and impairment/- write-up of property, plant and equipment, intangible assets and right-of-use assets	14,865	11,747
+ Decrease/- increase in inventories	903	1,809
- Decrease/+ increase in trade receivables and short term assets	2,124	9,998
- Decrease/+ increase in trade payables, other liabilities and short term provisions	3,384	-723
+ Decrease/- increase in provisions	-122	-2,706
Non-cash items from the consolidation	226	-1,190
+/- Changes in other statement of financial position items	1,755	2,370
Income tax paid	-2,104	-1,623
Net cash flows from operating activities	25,414	25,591
Investing activities		
Payments in investments in property, plant and equipment	-6,658	-10,420
Payments in investments in intangible assets	-6,689	-8,105
+ Decrease/- increase in right-of-use assets as per IFRS 16	-975	-1,296
+ Payment from sale of property, plant and equipment, intangible assets and right-of-use assets	126	111
Net cash flows used in investing activities	-14,196	-19,710
Financing activities		
+ Increase/- decrease in interest-bearing liabilities	-41	-6,581
- Payment of principal portion of lease liabilities	-752	-272
Interest and fees paid	-7,456	-6,823
Other financing	0	-1,205
Net cash flows from financing activities	-8,248	-14,880
Increase/decrease in cash and cash equivalents	2,969	-8,998
Cash and cash equivalents at 1 January	8,060	17,245
Decrease/increase in cash and cash equivalents	2,969	-8,998
Foreign exchange differences	184	-186
Cash and cash equivalents at 31 December	11,214	8,061

The cash flow from operating activities in the 2024 financial year amounted to € 25.4 million and was almost on the same level as in previous year. Further improved collection efforts in combination with higher payables towards suppliers mainly in China, as well as good business performance supported the operating cashflow in the current financial year. In the previous year the strong cash flow was particularly influenced by a significant reduction of Trade receivables.

Investment spendings were reduced in 2024 comparing to previous year by € 5.5 million as previous year's significant investments, for instance into the new BD Nano production line, were mostly finalized. Investments in intangible assets remained at a lower level of € 6.7 million in 2024 due to the completion of some major R&D projects in 2023 and 2024, such as the BD Nano project, causing a reduction of the respective R&D capitalization in accordance with IAS 38. The decrease of investments in right-of-use assets in line with IFRS 16 in 2024 is due to the renewal of office leases in the US and forklifts in Slovakia in 2023.

The cash flow from financing activities of € -8.2 million in 2024 mainly reflects interest paid on the new bonds, which increased vs. previous year due to a higher coupon and the lack of own bonds held by the company since the new bonds were issued in 2023. 2023 was

impacted by the repayment of all short-term loans as part of the refinancing process and by the issuing cost in connection with the new bonds.

In summary, the Group's cash and cash equivalents increased by € 3.2 million from 31 December 2023 to 31 December 2024, totalling € 11.2 million on the reporting date.

The Group was able to meet its payment obligations at all times in 2024.

2.2.3 Net assets

	31.12.2024 T€	31.12.2023 T€
Assets		
Non-current assets		
Property, plant and equipment	89,083	89,414
Intangible assets	65,254	64,394
Right-of-use assets	5,712	6,346
Deferred tax assets	505	1,219
	160,554	161,373
Current assets		
Inventories	33,732	34,062
Trade receivables	26,696	28,097
Other financial assets	5,418	4,784
Other non-financial assets	6,232	7,459
Cash and bank balances	11,214	8,060
	83,293	82,462
Total assets	243,847	243,835
Equity and liabilities		
Equity		
Subscribed capital	25	25
Capital reserves	1,975	1,975
Retained earnings	10,059	21,234
Other reserves	2,326	1,775
Total equity	14,385	25,009
Non-current liabilities		
Interest-bearing liabilities	130,699	125,708
Other financial liabilities	5,075	5,661
Provisions	1,638	1,716
Net employee defined benefit liabilities	3,169	2,892
Deferred tax liabilities	18,722	18,815
	159,304	154,792
Current liabilities		
Trade payables	49,135	45,179
Other financial liabilities	931	983
Other non-financial liabilities	11,427	10,090
Provisions	8,664	7,646
Deferred Income	0	136
	70,158	64,034
Total liabilities	229,462	218,826
Total equity and liabilities	243,847	243,835

Non-current assets

The non-current assets are on the same level year-on-year. Smaller movements were recognized by further capitalisation of R&D expenses in line with IAS 38, while right of use assets had been slightly reduced and deferred tax assets of the factory in China reclassified to liabilities. Investments into machinery to increase production efficiency or capacity were reduced to a sustainable level reflecting a stable level of property, plant and equipment.

Current assets

The 1.0% decline of inventories was driven by continuous optimizations despite additional business needs, such as the growing BD Nano platform, thus the achievements in 2024 can be considered successful. Trade receivables fell by 5.0 % year-on-year due to a better and effective cash collection management. The increase in Current Other Financial Assets of € 0.6 million was primarily caused by higher retention from the factoring program, while the decrease in other non-financial assets was caused by lower VAT claims (€ 1.2 million).

Non-current liabilities

The increase in non-current interest-bearing liabilities by € 5.0 million is primarily due to the capitalized interest on non-current shareholder loans. Consequently the percentage of current and non-current interest-bearing liabilities rose from 52 % in the previous year to 54 % in 2024. The other financial liabilities representing leasing liabilities naturally declined by € 0.6 million in line with existing contracts and not being offset with any new significant leases. The net employee defined benefit liabilities increased to € 3.2 million affected by a lower market interest rate in 2024.

Current liabilities

Within current liabilities the increase in the other non-financial liabilities of € 1.3 million was partially caused by a higher withholding taxes on dividends from the Chinese entity not yet paid and by higher payables to employees due to the utilization of accrued claims towards employees in Slovakia,. The increase of current provisions by € 1.0 million resulted mainly from a higher customer bonus provision primarily caused by the higher business volume in 2024. Also Trade payables to suppliers increased (+€ 4.0 million) as a result of suppliers mix and agreements mainly coming from the factory in China.

Overall Assets and the Equity & Liabilities are at the same level as in previous year. Due to the decline in Equity, the "simple" equity ratio decreased to 6 % (previous year: 10 %). However, management considers the sum of Equity and Shareholder loans of € 95.8 million in total (previous year: € 101.7 million) in relation to the total assets to be the relevant ratio ("soft" equity ratio). As at 31 December 2024 this ratio is 39 %, representing a slight decrease from previous year of 42 %.

2.2.4 Summary statement

In summary, management considers the company to be in a solid economic position. With the results of operations increased in 2024 compared to 2023, a strong "soft" equity ratio and sufficient liquidity available, the company finished 2024 successfully and is excellently positioned to continue its future growth plans.

3. Outlook

Secop foresees a positive overall demand in 2025, comparing favorably to the levels observed in 2024. The outlook varies by segment and region, indicating a complex market environment that requires ongoing attention to local conditions and customer needs. In the Stationary Cooling segment, demand in China, Europe, and the Americas is expected

to remain stable, showing no significant deviation from 2024 levels. Nevertheless, there is a promising scenario for investments in food retail and food service across these regions. This positive trend is driven by increasing regulatory pressures that encourage the adoption of greener, more energy-efficient cooling solutions. In the Middle East, Africa, and South-east Asia, growth is expected to surpass 2024 levels, even though it may be influenced by a series of economic and political uncertainties.

A key factor supporting **Stationary Cooling** demand is the evolving product mix. This includes the continued ramp-up of platforms introduced in 2024 and the rollout of new product lines scheduled for 2025. These developments promise to enhance efficiency, sustainability, and reliability in various applications. Secop remains committed to providing innovative cooling solutions that align with global sustainability trends. The company also plans to remain agile, adjusting production and distribution efforts to accommodate fluctuating demand in emerging markets.

In the **Mobile Cooling** segment, Secop anticipates robust growth in 2025, primarily propelled by the evolving electric vehicle (EV) market in China. The order volumes are predicted to rise significantly, thanks to projects launched in 2024 and additional development initiatives in the pipeline. These efforts highlight the importance of high-performance, efficient cooling systems in EV applications, particularly as consumer demand and environmental regulations converge. Outside China, other market segments such as automotive, trucks, and recreation vehicles in Europe and the Americas are not expected to exceed 2024 demand levels. However, Secop remains optimistic about potential long-term opportunities that may materialize through technological innovations and targeted product enhancements.

The **Medical Cooling** segment is projected to experience a steady upturn in 2025. Demand in China and Europe, which faced certain headwinds in previous periods, is now set to recover. Meanwhile, the Americas are on track to continue the growth trajectory established in 2024. Recent platform launches, initiated in 2024, will begin to yield further commercial benefits during 2025. These new solutions are designed to meet stringent quality standards and performance requirements, ensuring reliable temperature control for medical and pharmaceutical applications.

Compared to 2024, when most activities were centered around the BN Nano ramp-up, the **Investments** focus will shift to several strategic areas in 2025. These include increased BD Nano capacity, the expansion and modernization of R&D laboratories, and the implementation of new equipment to enhance production efficiency. Additional resources will also be devoted to developing new products and implementing measures that improve quality even further. Overall investments are expected to remain at the same level as in 2024, underlining Secop's commitment to fostering continuous innovation. Through these efforts, the company aims to reinforce its market position, address evolving customer needs, and uphold strong standards of environmental responsibility.

Given the expected development of the different markets, Secop expects in 2025 an overall growth of the **Revenue** well above 2024 with a different platform-mix development. Contribution Margin and **Internal Adjusted EBITDA** are expected to be well above 2024 either driven by a better product mix and cost savings initiatives. Accordingly, higher EBITDA, EBIT and profit before tax in accordance with the IFRS are also expected. However, the forecasted growth in Revenue and result will depend heavily on the general economic and political development, particularly in the US and China. As for US Secop has limited business with the US and therefore the Secop management considers this risk to be moderate.

4. Opportunities report

The Secop Group focuses its activities on the Stationary Cooling, Mobile Cooling, and Medical Cooling segments, operating with two modern production plants in Slovakia and China. With a strong commitment to innovation, Secop follows an ambitious roadmap for introducing new products to support business development across its various segments. The company works closely with customers to develop innovative cooling solutions that align with market trends toward sustainability and efficiency in food, beverage, and medical product storage and transport.

Secop's core expertise in system design, combined with direct collaboration with its skilled application team, enables the company to precisely define customer requirements. This approach ensures readiness for the upcoming transformations in application design. As a result, Secop continues to develop new platforms while enhancing and integrating existing ones, leading to increasingly efficient cooling solutions.

Opportunities in the Stationary Cooling Segment

Key developments in the Stationary Cooling segment focus on applications in the food retail, food service, and beverage sectors. Market trends in these industries show a growing shift toward environmentally friendly refrigerants and energy-efficient solutions.

Regulations in Europe and America are already restricting the use of high global warming potential (GWP) refrigerants, accelerating the transition to low-GWP alternatives. Secop has been a pioneer in this transition, developing a comprehensive range of products optimized for hydrocarbon refrigerants to reduce greenhouse gas emissions.

The new KLF series, introduced to the market, features a patented solution that minimizes risks associated with flammable refrigerants—making it a special offering in the industry. Additionally, Secop is developing new NL and SC platform models, optimized for hydrocarbon refrigerants with enhanced performance capabilities. These innovations will help OEMs design larger, more efficient refrigerators that comply with new environmental regulations.

Another major trend in food retail and food service is to reduce energy consumption in refrigeration systems. In some regions, this shift is reinforced by energy labelling regulations, which push manufacturers to improve efficiency.

Secop is responding by developing electronically controlled compressors that optimize energy consumption while maintaining premium cooling performance. This effort has led to the introduction of a new modular electronic control unit for the N platform, offering flexible features for food service and food retail applications.

Additionally, Secop's roadmap includes the development of new NLV compressor models, designed to combine environmentally friendly refrigerants with advanced energy-efficient cooling solutions.

Opportunities in the Mobile Cooling Segment

The Mobile Cooling Segment is undergoing significant market changes, driven by evolving consumer preferences. End users increasingly seek cooling solutions for food and beverages in various mobility scenarios. During the Covid-19 pandemic, the demand for mobile cooling units surged, particularly in the leisure and automotive sectors, as consumer habits shifted. This trend has continued post-pandemic, confirming a long-term change in lifestyle and sustained demand for portable cooling solutions.

Additionally, the rapid growth of the electric vehicle (EV) market has created a new segment for mobility refrigeration. With large EV batteries, vehicles can now support high-

performance refrigerators, enabling food and beverage cooling while charging, in transit, or when parked.

To meet these evolving demands and capitalize on market trends, Secop has developed and launched the BD Nano platform, specifically designed for next-generation vehicles. This platform offers:

- Higher performance capacity
- Premium energy efficiency
- Compact size (optimizing space without compromising cooling power or efficiency)

With EV demand booming, integrating efficient cooling solutions for food and beverages into these vehicles has become a compelling trend. Compressor technology offers superior advantages over other cooling solutions, and Secop is a leader in mobile battery-operated compressors for automotive applications. The BD Nano platform is perfectly suited to the needs of this emerging market.

Another significant shift in the mobile cooling industry is the transition from trivalent refrigeration technology to more powerful and reliable compressor solutions in recreational vehicles (RVs). This transition has boosted demand for compressors, particularly those using eco-friendly hydrocarbon refrigerants.

Once again, the BD Nano platform provides an ideal solution, with new versions specifically designed to meet the needs of RVs and boats. Looking ahead, upcoming BD Nano developments—to be manufactured in a new production line in China—will further strengthen Secop's position as a leading supplier of next-generation cooling systems. These battery-powered solutions will support the rising demand for mobile refrigeration across various transportation modes.

Opportunities in the Medical Cooling Segment

The Medical Cooling Segment is dedicated to developing advanced solutions for the medical cold chain, focusing on environmentally friendly refrigerants, energy-efficient technologies and superior system performance and control for the storage and transport of medical products.

The Covid-19 pandemic highlighted critical gaps in the medical cold chain, particularly for vaccines requiring ultra-low temperature storage at -80°C. In response, Secop collaborated with industry leaders to develop innovative cooling solutions, optimizing performance, reliability, energy efficiency, and system monitoring. Secop's advanced cooling systems now support ultra-low temperature (ULT) storage with electronically controlled, eco-friendly, and energy-efficient compressors. Given the clear market trend toward energy optimization and maximum reliability, Secop's roadmap includes next-generation compressors and cooling solutions integrated with advanced electronic control units that enable data collection and predictive maintenance.

A key innovation is Secop's ULT cooling solution for vaccine transport boxes, which addresses a critical gap in the supply chain by ensuring reliable and controlled vaccine transport, even under harsh ambient conditions. With mRNA therapies showing promise for treating diseases beyond Covid-19, such as cancer, Secop is actively developing mobile cooling solutions to enhance the efficiency and reliability of the medical cold chain.

Secop has also completed the development of a new Solar Direct Drive (SDD) solution to support the last mile of vaccine distribution in remote areas with unstable or no electricity access. Leveraging its expertise in SDD solutions, Secop aims to optimize these systems

with the latest compressor technology, ensuring efficient and reliable vaccine storage. The next-generation SDD solutions will also feature data logging functions, enhancing monitoring capabilities and improving reliability in medical applications. Secop's expertise in medical system design allows it to provide tailored solutions for the medical cold chain, using the latest compressor and control technologies to optimize efficiency and reliability in medical refrigeration.

In summary the opportunity situation is considered good.

5. Risk Report

Risk management system

Secop's risk management system supports the early identification and mitigation of potential risks that threaten the achievement of the planned objectives and/or the going concern of the company itself. The system enables risks to be quickly identified, assessed and adequate countermeasures to be taken.

Due to its complex processes, external factors and an intensely competitive market environment, the company is exposed to several business risks.

The early detection and assessment of opportunities and risks is an integral part of the planning, controlling and reporting processes. The identified risks are analysed and necessary countermeasures are initiated depending on the probability of occurrence.

Cash management in particular is very important in the Group. The cash flows within the Group are optimized based on weekly, rolling liquidity planning as well as a quarterly company forecast together with a stringent controlling. This ensures that the Group always has adequate liquidity.

The occurrence of one or more of the risks described below can, individually or together, significantly impair the Group's business activities and have material adverse effects on the net assets, financial position and results of operations of the Group. The following risks may also retrospectively prove to be non-exhaustive. Other risks, aspects and uncertainties may exist, of which the Group is currently unaware or which it does not consider material.

Market- and competition-related risks

- The new US trade policy against China, Europe and other countries, like Mexico or Canada, may have an impact on the Group's business by increasing the price of goods shipped to the US. On the other hand, the tariff competition between the US and China or other countries, could lead to higher prices for products of our competitors on the US market, which the Group could benefit from with higher sales from Europe to the US. Currently, Secop has limited business with the US and therefore the Secop management considers this risk to be moderate.
- The Ukraine-Russia conflict or the Israel-Gaza conflict may have a greater negative impact on the European and global economy and hence the Group's business activities. While the direct effects of the conflicts on the Group have been limited to date, a protracted conflict or a deterioration in the situation may also indirectly have greater consequences for the Group, e.g. with further rises in commodity, energy and transport prices, a general weakening in demand or the like. Secop management considers this risk as moderate.
- The technology competition between the USA and China in the field of semiconductors could pose a risk for the procurement of these assemblies. The increasing isolation of China in the area of semiconductor innovations could lead to a shortage of available

semiconductors as well as higher prices for available semiconductors. Secop is currently not reliant on high-tech semiconductors and, as such, the Secop management considers this risk as low.

- The market for hermetic compressors is characterised by high competitive pressure with, in some cases, highly variable raw material costs, which could lead to a situation in which Secop is not able to sell its products at prices above production costs. This risk primarily exists for less technologically advanced products. Irrespective of this, Secop always aims to pass rising raw material costs on to its customers. Secop management considers this risk as low.
- In the sale of its products, the Group relies on, among other things, key customers and their purchasing behaviour as well as the market success of the products of its customers. It has different customer groups in each of its business areas, all of which are exposed to different economic developments. The Stationary Cooling segment services manufacturers (OEMs) of cooling appliances for commercial applications. The establishment of new Asian competitors in their market may also place pressure on their sales markets. This could have an impact on Secop. Secop management considers this risk as moderate.
- The progressive concentration in the market for cooling applications could lead to the loss of customers, reduce the market share of existing customers or give other customers greater market power in relation to the Group, leading to additional price pressure. Secop management considers this risk as low.
- An unexpected, widespread recurrence of new, more aggressive and resistant viruses or their mutations and resulting government lockdown measures poses a continued risk of an unforeseen decline in revenue. Possible delivery shortages of intermediate products due to the temporary closure of supplier production facilities may affect the production and thus the sales of Secop compressors. Investment projects and new product launches at major customers could be suspended or delayed, as there may be a degree of uncertainty about future economic developments. Secop management considers this risk as low.

Operational risks

Production risk

- The Group uses a wide range of machines, tools and consumables for production. A sudden failure of these plants or a lack of availability of consumables could influence the production of compressors. The Group therefore carries out preventive maintenance of the machines and has a system-supported procurement policy for tools and consumables to ensure constant availability. Secop management considers this risk as low.

Quality risk

- The quality of the goods produced is extremely important for the Group. Any deviation from the supplied quality has an influence on the product properties, which could in turn lead to failures during customer operation. The Group therefore constantly monitors the quality of the products through internal testing. In addition, the Company has introduced quality management systems that are certified by external auditors at regular intervals. The Group is certified in accordance with ISO 9001, 14001 and 45001 as well as IATF 16949. Secop management considers this risk as low.

Procurement risk

- The prices and availability of certain raw materials can have an impact on the Group. It is exposed to market-related price fluctuations for some commodities, e.g. copper, steel

and aluminium. In addition, some commodities are exclusively traded in foreign currencies, so exchange rates have an influence on commodity prices. Moreover, risks related to the timely delivery of input materials exist, particularly for materials for which only one supplier is available (single sourcing). Changes to procurement prices are passed on to customers wherever possible. Furthermore, long-term agreements on procurement prices are reached where possible. Dependence on individual suppliers is countered by qualifying several sources where possible. Overall, Secop management considers this risk as low.

Personnel risk

- Employees are essential to the success of the Group. The loss of employees, e.g. in the R&D department, could lead to a loss of capacity for innovation that could influence the Company. The production sites are also heavily reliant on the quality of the personnel, meaning that any shortage could have an impact on business operations. The Group therefore maintains training and development measures, among others, in order to minimise the personnel risk. Secop management considers this risk as moderate.

Environmental risk

- The Group recognises the effects of climate change and takes responsibility towards citizens and future generations by initiating measures to reduce greenhouse gas emissions and to support the responsible use of resources. The group faces risks because it is exposed to climate change with increasing temperatures, possible lack of natural resources and adverse environmental effects within its own operation and supply chain. The Group does not foresee any risks in relation to the impairment of its production facilities due to climate change in relation to flooding and storms. In addition, there are risks of the impact that the Group itself has on climate change. Energy efficiency is therefore critical for the Group, both in its own production activities to minimise the required energy input and in the manufactured compressors, which should consume as little energy as possible during operation. To achieve this goal while maintaining cooling performance, the Group is constantly furthering the development of its compressors.

Another environmental aspect is the use of synthetic refrigerants, which could also have a negative impact on the climate and creates sales risks. As a result, the Group is targeting the use of more natural materials (e.g. natural "green" refrigerants) in order to replace the synthetic materials and protect the climate. Overall, Secop management considers the environmental risk as low.

Corporate risks

- The Group is exposed to risks due to high research and development costs. These activities are critical for Secop's future development and are therefore essential for future economic success. However, Secop cannot rule out that past or future research and development costs cannot be (fully) recovered by the subsequent sale of the developed products, e.g. because a product cannot be successfully launched on the market. To counter this, market analyses and studies are carried out in parallel to the research and development process in order to avoid mis-investments. Secop management considers this risk as low.
- Disruptions to and failures of the IT system could negatively impact the regular course of business. The Group uses IT systems that are necessary for a proper production and administration as well as reporting, controlling and stock management. To do so, the Group procures IT services and uses IT systems supplied by external providers. The data centres and IT infrastructure are outsourced to third parties. The Group counters the risk of a disruption to the proper operation of the IT systems by third parties by concluding

appropriate service level agreements (SLAs) in the contracts that cover availability, response and processing times. Secop management considers this risk as low.

- Existing compliance control and monitoring systems could potentially prove insufficient to detect compliance breaches. To address this risk, the Company published an Ethics Guide for all employees to reinforce the applicable compliance principles, and raising awareness of past industry misconduct such as price fixing. It also introduced a mandatory Ethics Manual for all employees and a whistle-blower system to detect violations early. Secop has committed to adhere to minimum global supply chain standards based on UN guidelines. Additionally, the Group has established an internal compliance policy and a compliance committee to mitigate potential compliance incidents. Secop management considers the overall legal and compliance risk as low.
- Tax risks could arise if, for example, tax rules are not monitored, or the tax authorities interpret alternatives or certain structural options differently to Secop. This could result in a higher tax expense as a result of tax audits. The Company counters this risk by consulting external specialists in tax matters. Secop management considers this risk as low.

Risk reporting in relation to the use of financial instruments

The Group's principal financial liabilities comprise interest-bearing loans and borrowings, including the issued bonds, and other financial liabilities as well as trade payables. The main purpose of these financial liabilities is to finance the Group's operations.

The Group's principal financial assets include trade receivables as well as cash and bank balances that derive directly from its operations.

The Group is exposed to a number of financial risks in the course of its business operations, including market risk, credit and liquidity risk. Group management oversees the management of these risks. Derivative financial instruments are currently not in use.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risks, such as commodity price risk (see "Procurement risk"). Financial instruments affected by market risk primarily include cash and bank balances, variable-interest loans and other financial liabilities.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group manages its interest rate risk by agreeing fixed-rate loan conditions (where possible) and by arranging early repayment options, especially for variable-rate medium- and long-term loans. Interest rate swaps and comparable instruments are reviewed as necessary. The conditions for the variable-rate bond stipulate that special repayments are possible within a defined framework, as well as the targeted purchase of bond coupons on the market or issue new bonds within the framework of the current bonds. On the other hand, the Group can sell bond tranches back to the market or issue new bonds within the framework of the current bonds. Management considers this risk as moderate.

Foreign currency risk

Foreign currency risk is the risk that the fair value of assets and liabilities or future cash flows will fluctuate because of changes in foreign exchange rates. The Group's exposure to

the risk of changes in foreign exchange rates relates to the Secop Group's operating activities (when revenue and/or expense is denominated in a foreign currency) and the Secop Group's net investments in foreign subsidiaries, especially with regard to the USD and RMB. Through the targeted management of Group purchasing, Secop endeavours to close out open currency positions to the extent possible and so achieve a "natural hedge". In addition, Secop constantly monitors price developments in order to employ hedging instruments as needed on the basis of corporate planning. Exchange rate fluctuations can also have a negative impact on the demand side, if currency prices allow competitors from other countries to offer cheaper products. Secop management currently considers the currency risk as moderate.

Credit Default risk

The Group uses a multi-stage process to counter the risk of customer defaults. First, various mechanisms (credit insurance and rating agencies) are used to review the solvency of customers. Moreover, overdue customer receivables are discussed with the sales directors in a weekly meeting and, where applicable, actions are taken ranging from the adjustment of the terms of payment through to the legal enforcement of the receivables. Secop management considers the risk of default of customer receivables as moderate.

The Group counters the risk of bank failure through a diversified portfolio of banks, the selection of banks according to their offer, benefit and reliability for the Group, but also according to the rating of the respective banks. In addition, the amount of foreign and domestic bank balances is regularly monitored in order to limit the amount of possible defaults, if necessary. Secop management considers this risk as low.

Liquidity risk

Liquidity risk is the risk that the cash and cash equivalents required to settle due payments obligations cannot be procured or only at high refinancing costs. This also includes the risk of the early repayment of financial liabilities, which would be highly relevant for the liquidity of the Group.

The bond issued in 2023 obliges the Group to adhere to certain financial covenants and other contractual obligations. If there were a breach in the financial covenants and other contractual obligations and if this breach could not be remedied or alternative sources of finance could not be found in the short term, this would have an impact on the Group's ability to continue as a going concern. The Company counters the risk through regular reporting and a preventive regular review of the contractual financial covenants and other contractual obligations to be observed.

The Group therefore monitors the liquidity risk through active liquidity management, which offers the following options:

- Active management of working capital and future investments,
- Flexible use of a "revolving credit facility" in Slovakia and/or a "supply chain facility" in China,
- Use and expansion of non-recourse factoring lines,
- Targeted purchase and re-sale of the issued bond or issuing new bonds under the current bond conditions.

Management considers the contractual hurdles in the context of bond financing to be relatively moderate. The liquidity risk is therefore classified as low.

Summary presentation of the risk position

Management believes that the risks to the Group described above are manageable and that any threat to the continued existence of the Company is unlikely, even with respect to risk aggregation. Risks that are not currently considered relevant are monitored by management in order to identify any adverse effect, which cannot be fundamentally precluded, in good time and to allow appropriate countermeasures to be promptly initiated.

Flensburg, 25 March 2025

Dr. Jan Ehlers
Managing Director

Michael Engelen
Managing Director

INDEPENDENT AUDITOR'S REPORT

To Secop Group Holding GmbH, Flensburg

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

AUDIT OPINIONS

We have audited the consolidated financial statements of Secop Group Holding GmbH, Flensburg, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from January 1, 2024 to December 31, 2024, and the notes to the consolidated financial statements, including significant accounting policies.

In addition, we have audited the group management report of Secop Group Holding GmbH for the fiscal year from January 1, 2024 to December 31, 2024. In accordance with the German legal requirements, we have not audited the content of those components of the group management report listed under "OTHER INFORMATION".

In our opinion, based on the findings of our audit

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS accounting standards issued by the International Accounting Standards Board (IASB), as adopted by the EU, and the additional requirements of German law pursuant to Section 315e (1) 1 HGB and, in compliance with these requirements, give a true and fair view of the net assets and financial position of the Group as at December 31, 2024, as well as its results of operations for the fiscal year from January 1, 2024 to December 31, 2024, and
- the attached group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of the "OTHER INFORMATION" parts of the group management report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under these rules and policies are described in the section "AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT" of our audit opinion.

We are independent of the group companies in accordance with European and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements.

In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particularly important audit matters are those matters that, in our professional judgment, were most significant in our audit of the consolidated financial statements for the fiscal year from January 1, 2024 to December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

We have determined the following matter to be a key audit matter to be communicated in our auditor's report:

Recoverability of intangible assets

Matter

As of December 31, 2024, the company reports "intangible assets" of EUR 65 million (27% of total assets) in its consolidated financial statements. Of this amount, EUR 48 million is attributable to capitalized development costs. The carrying amounts of the group's own developments are reviewed at each reporting date for indications of impairment. If there are indications of impairment, the recoverable amount of the asset is estimated in order to determine the amount of any impairment loss.

Intangible assets with an indefinite useful life are tested for impairment annually. The impairment test is performed at the level of the cash-generating unit. A review is also carried out if circumstances indicate that the value could be impaired.

The assessment of recoverability requires a large number of discretionary decisions by the legal representatives. The assessment of the recoverability of this item is based on the future cash flows resulting from the planning calculations prepared by the legal representatives and the determined capitalization rates. The planning calculations are based in particular on expectations regarding future revenue increases. Due to the uncertainties associated with discretionary decisions and estimates and the amount of the balance sheet item, the recoverability of intangible assets was a key audit matter for us in the context of our audit.

Secop Group Holding GmbH's disclosures on intangible assets are contained in sections 2.2, 3 and 10 of the notes to the consolidated financial statements.

Auditor's response

We have reviewed the assessment of the legal representatives regarding the recoverability of intangible assets. First, we assessed the appropriateness of the valuation techniques used for the impairment tests. We then critically analyzed and verified the underlying assumptions of the planning. To do this, we incorporated the planning process, assessed the adherence to planning and checked the available planning for consistency, taking into account the economic market environment. Furthermore, we checked the appropriateness of the capitalization rate used.

OTHER INFORMATION

The legal representatives are responsible for the other information. The other information includes:

- the separate non-financial group report published on the parent company's website, which is referred to in section 1.2 of the group management report

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The legal representatives are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB and for ensuring that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. Furthermore, management is responsible for such internal control as they, in accordance with German legal requirements, have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e. accounting manipulation and asset misappropriation) or error.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They are also responsible for disclosing matters related to the continuation of business activities, if relevant. In addition, they are responsible for accounting for the continuation of business activities on the basis of the accounting principles, unless there is an intention to liquidate the group or to discontinue business operations or there is no realistic alternative.

In addition, the legal representatives are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) that they have deemed necessary to enable the preparation of a group management report in accordance with the applicable German legal provisions and to provide sufficient suitable evidence for the statements in the group management report.

The Audit Committee is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the Group management report.

AUDITORS' RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides a suitable view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and suitably presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU-APrVO and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. In addition,

- we identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- We gain an understanding of the internal controls relevant to the audit of the consolidated financial statements and the precautions and measures relevant to the audit of the Group management report in order to plan audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls or these precautions and measures.
- We assess the appropriateness of the accounting policies used by the legal representatives and the reasonableness of the estimated values and related disclosures presented by the legal representatives.
- We draw conclusions about the appropriateness of the going concern accounting principle applied by the legal representatives and, based on the audit evidence obtained, whether there is material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we come to the conclusion that a material uncertainty exists, we are obliged to draw attention to the related disclosures in the consolidated financial statements and in the group management report in the auditor's report or, if these disclosures are inappropriate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may

- However, future events or conditions may cause the Group to cease to continue as a going concern. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) 1 HGB give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements.
- We plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to provide a basis for our audit opinions on the consolidated financial statements and on the group management report. We are responsible for directing, supervising and reviewing the audit activities performed for the purposes of the group audit. We bear sole responsibility for our audit opinions.
- We assess the consistency of the group management report with the consolidated financial statements, its legal compliance and the view it conveys of the Group's position.
- We perform audit procedures on the forward-looking statements presented by the legal representatives in the group management report. On the basis of sufficient suitable audit evidence, we particularly retrace the significant assumptions underlying the future-oriented statements made by the legal representatives and assess the proper derivation of the future-oriented statements from these assumptions. We do not provide an independent opinion on the future-oriented statements or the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

We discuss with those responsible for monitoring, among other things, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and discuss with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards and protective measures taken.

Of the matters discussed with those responsible for monitoring, we determine those matters that were most significant in the audit of the consolidated financial statements for the current reporting period and are therefore the particularly important audit matters. We describe these matters in the auditor's report, unless laws or other legal provisions preclude public disclosure of the matter.

OTHER DISCLOSURES PURSUANT TO ARTICLE 10 EU-APRVO

We were elected as auditor by the shareholders' meeting on July 7, 2024. We were engaged by the management on July 24, 2024. We have been the group auditor of Secop Group Holding GmbH without interruption since fiscal year 2021.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

RESPONSIBLE AUDITOR

The German Public Auditor responsible for the engagement is Dr. Ralf Wißmann. Kiel,
March 25, 2025

BDO AG

Auditing Company

Heesch

German Public Auditor

Dr. Wißmann

German Public Auditor