

Secop Group Holding GmbH



Interim Report
Q2-2025

MANAGEMENT REPORT

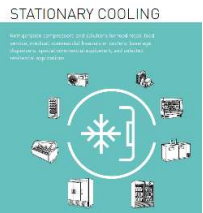
The Secop Group

The Secop Group

Secop is the expert for advanced hermetic compressor technologies and cooling solutions in commercial refrigeration. We develop high performance stationary (light commercial), mobile and medical cooling solutions for leading international commercial refrigeration manufacturers. We are 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.

Secop has a long track record of successful projects to adopt energy efficient and green refrigerants that feature innovative solutions for compressors, electronic controls and cooling units.

Business Segments



Our **Stationary Cooling** business segment (AC-supply compressors for static applications) encompasses compressors for light commercial applications in food retail, food service, merchandisers, and special applications including selected beverage applications. <https://www.secop.com/products/stationary-cooling>



Our **Mobile Cooling** business segment (battery-driven DC-supply for mobile applications) is the global leader in high-performance hermetic DC compressors for electrical vehicles, automotive, trucks, buses, recreation vehicles, portable boxes, solar, and other transport applications. <https://www.secop.com/products/mobile-cooling>



Our **Medical Cooling** business segment with its stationary and mobile solutions, make us a market leader for medical refrigeration of storage and transportation solutions. We support the development of the global ULT (ultra-low temperature) cold-chain optimization with green and efficient solutions, and we are WHO approved with solutions like the solar direct drive. <https://www.secop.com/products/medical-cooling>

Message of the CEO



In the second quarter of 2025, the positive momentum continued, driven by strong revenue growth in the Mobile Cooling and Medical segments. Meanwhile, the Stationary Cooling segment remained generally below expectations, with performance varying across regions.

The Mobile Cooling segment continued its strong performance, particularly in China, where demand was fuelled by robust growth in refrigerators for Electric Vehicles (EVs). This upward trend, already visible in Q1, is supported by a dynamic development pipeline, with several new projects approaching production readiness and others newly added for further business expansion. While European demand for Internal Combustion Engines (ICEs), trucks, and Recreation Vehicles (RVs) remained soft, as in Q1, the segment's innovation and growth opportunities provide a positive outlook.

The Stationary Cooling segment performed below last year's Q2 level overall, but with partial improvements in key markets such as China and steady demand in Europe in both food service and food retail, while demand in the Americas was consistent with last year. The Middle East market was on the other hand much lower than planned, impacted by ongoing political and economic instability, and the overall segment results has been impacted by the trends in this region.

The Medical Cooling segment significantly outperformed last year's Q2 results, driven by new projects in the Americas, consistent demand in Europe, and a solid recovery in China. All initiatives launched in 2024 to develop next-generation medical cold chain cabinets are now in the ramp-up phase and gaining strong market traction.

Regarding innovation and product development, the rollout of the KLF/KLE series proceeded as scheduled, with Q2-2025 orders secured and the phase-out of legacy platforms completed. The new SCE+ product range was successfully sampled to numerous customers, earning excellent market feedback, while sampling for the new NLE+ models is planned to begin shortly. Meanwhile, development of the BDN EV compressor progressed and remains on track for adoption in EV programs soon.

At the China Ref exhibition, Secop showcased its full range of green, energy-efficient solutions for the food service, food retail, and medical sectors, earning the prestigious Innovation Award for its new Solar Direct Drive solution—an advanced, integrated system designed to elevate last-mile vaccine storage in the medical cold chain to a new level.

Key Highlights Q2-2025

Q2-2025

- **Net Sales** reached EUR 64,4m in Q2-2025, on the level of previous year's quarter (Q2-2024: EUR 63,9m); a significantly higher demand in the Mobile Cooling segment compensated lower Net Sales in Stationary Cooling.
- The **Contribution Margin in %** of Net Sales reached a level of 25,1%, which remained on the same level as the 25,0% recorded in Q2-2024.
- The **Internal Adjusted EBITDA** amounted to EUR 5,9m in Q2-2025, also being on the same level as in Q2-2024 (EUR 6,1m), with fixed costs under control and production costs stabilized, but a slightly lower positive effect from inventory valuation.
- The **Bond EBITDA** in Q2-2025 of EUR 5,8m significantly exceeded previous year's same quarter (EUR 4,8m) due to limitation of Adjustments according to the Bond T&C as previous year experienced higher extraordinary ramp-up and consulting costs.
- Following the strong Bond EBITDA, the **EBIT** ended at EUR 2,1m (Q2-2024: EUR 1,4m) with a corresponding EBIT-margin of 3,2% (Q2-2024: 2,3%). Higher depreciation and amortization from finalized R&D projects prevented a further improvement.
- The **Net Income** of EUR -3,8m (Q2-2024: EUR -2,0m) was negatively affected by high deferred tax adjustments (EUR -1,6m) and income tax expenses (EUR -0,7m) in China, following a review of overseas intragroup charges initiated by the Chinese tax authorities related to previous years.

Q1-2025 - Q2-2025

- **Net Sales** of EUR 118,8m remained on the same level as in PY: EUR 117,8m with a significantly stronger performance in the Mobile Cooling and Medical segments, which compensated a lower performance of the Stationary Cooling segment.
- The **Contribution Margin in %** of Net Sales improved to 26,0% (PY: 25,4%) as H1-2024 was affected by extraordinary costs for the ramp-up of the BD Nano production.
- The **Internal Adjusted EBITDA** finished at the same level of EUR 10,5m as in previous year's first six months as realized FX-losses were compensated by the Net Sales and Contribution Margin development.
- The **Bond EBITDA** of EUR 10,4m exceeded PY's level of EUR 9,2m significantly as it was less impacted by extraordinary ramp-up and consulting cost, which could not be adjusted due to a limitation of Adjustments according to the Bond T&C.

Business Development Q2-2025

General

In Q2-2025, Net Sales were overall on the level of previous year's quarter, below previous year in Europe, Middle East and Africa but well above previous year in China.

Regions

Net Sales in the different regions developed as follows:

EUR M	Q2 2025	Q2 2024	Q1-Q2 2025	Q1-Q2 2024	LTM	2024
Europe	17,0	23,4	34,3	40,3	66,1	72,0
China	36,8	27,2	62,9	52,5	124,9	114,5
Americas	4,7	4,9	9,7	9,8	19,0	19,2
Middle East, Africa & South Asia	5,9	8,5	11,8	15,2	31,0	34,4
Net Sales	64,4	63,9	118,8	117,8	241,1	240,1

Europe

In Q2-2025, market activity in Europe declined compared to the same period last year. Net sales from the food service and food retail sectors were soft, while demand from the automotive and recreational vehicle segments also remained below prior-year levels.

China

Net sales in China in Q2-2025 were significantly higher than in the same quarter last year, driven primarily by strong growth in the Mobile Cooling segment, especially within the domestic EV market. The Light Commercial segment recorded Net Sales in line with the previous year's quarter for both the food service and food retail sectors. The Medical Cooling segment delivered a substantial year-over-year increase, supported by the successful launch of new projects.

Americas

In the U.S., Q2-2025 Net Sales were on par with previous year quarter. Sustainable growth came mainly from the Medical Cooling segment, fuelled by the ramp-up of new customers developed in 2023–2024. While demand in the food service and food retail sectors fell short of expectations, Secop secured new business opportunities through recently launched products.

Middle East, Africa, and Southeast Asia

In Q2-2025, Net Sales in the Middle East declined sharply compared to the same quarter last year. The drop was largely due to very conservative ordering patterns among distributors in certain countries, where stagnant demand persisted amid on-going economic and political instability.

Segments

Across the business segments, Net Sales were boosted by Mobile Cooling and Medical Cooling, while the Stationary Cooling segment lagged behind.

	EUR M	Q2 2025	Q2 2024	Q1-Q2 2025	Q1-Q2 2024	LTM	2024
Stationary Cooling		36,5	41,1	70,5	76,8	144,1	150,3
Mobil Cooling		25,2	21,0	43,3	37,6	87,8	82,1
Medical Cooling		2,7	1,8	5,0	3,5	9,2	7,7
Net Sales		64,4	63,9	118,8	117,8	241,1	240,1

Stationary Cooling

Net Sales in Q2-2025 were significantly lower than in the same quarter last year. In China and the Americas, business remained subdued, with only limited growth in both the food service and food retail segments. In Europe, Net Sales also fell short of last year's level due to weak demand across both sectors. The largest negative impact came from the Middle East, where net sales dropped sharply year over year, weighing heavily on the segment's overall performance. The challenging economic and political situation in the Middle East, conservative investment levels in Europe, and pending tariff negotiations with the U.S. government all contributed to the segment's weaker performance in Q2-2025.

Mobile Cooling

In Q2-2025, Net Sales were well above those in Q2-2024, largely driven by the ramp-up of multiple EV projects in China. Order intake for EV applications continued to rise sharply, with several projects launched in 2024 advancing quickly to full production. In contrast, Net Sales from ICE vehicles and trucks in Europe and the U.S. were substantially lower than in the same period of last year. Net Sales in the recreational vehicle segment also declined compared to Q2-2024, reflecting ongoing soft demand in that area throughout 2025.

Medical Cooling

Net Sales in Q2-2025 continued the positive momentum of Q1, posting a strong year-over-year increase. Growth was fuelled by the ramp-up of new projects in the Americas, a solid pipeline of new business opportunities in Europe, and a notable recovery in China compared to 2024 results.

⁽¹⁾ EV: Electrical Vehicles; ⁽²⁾ ICE: Internal Combustion Engines

Profit

Main KPI's developed as follows:

EUR M	Q2 2025	Q2 2024	Q1-Q2 2025	Q1-Q2 2024	LTM	2024
Internal Adjusted EBITDA	5,9	6,1	10,5	10,5	21,7	21,6
Bond EBITDA	5,8	4,8	10,4	9,2	20,4	19,2
Reported EBITDA	6,1	5,0	11,0	9,6	20,7	19,2
Net Income	-3,8	-2,0	-6,2	-3,7	-13,8	-11,3

In Q2-2025, the **Internal Adjusted EBITDA** reached with EUR 5,9m almost the same level as in Q2-2024 (EUR 6,1m). While the production cost were stabilized and fixed cost under control, slightly negative effects were recorded from realized FX-losses, a negative effect from inventory valuation and a lower capitalization of R&D expenses.

The **Bond EBITDA** of EUR 5,8m significantly surpasses previous year's quarter of EUR 4,8m, when higher extraordinary ramp-up and consulting costs could not be normalized due to the limitation of Adjustments according to the Bond Terms & Condition.

The Q2-2025 **Reported EBITDA** followed the development of the Bond EBITDA, significantly exceeded the same period of previous year, and ended at EUR 6,1m.

Despite a very good performance of the Reported EBITDA, Q2-2025, **Net Income** was affected by increased Depreciation & Amortization mainly from finalized investments and R&D development projects, as well as increased income and deferred tax expenses. A review initiated by Chinese tax authorities for prior periods led to additional income taxes of EUR -0,7m and a reduction of deferred tax asset by EUR -1,6m.

Investments

In Q2-2025, total investments amounted to EUR 2,7m (Q2-2024: EUR 3,3m), including EUR 1,7m in R&D capitalization (Q2-2024: EUR 2,1m). Beyond sustaining the planned—but significantly reduced—BD Nano capacity investments, funds in the second quarter kept direction toward quality and efficiency upgrades at our production sites in China and Slovakia, as well as labs enhancement. The lower R&D capitalizations are the consequence of several R&D projects being finalized.

Trade Working Capital

At the end of Q2-2025, Trade Working Capital was EUR 9,1m, significantly reduced by EUR 2,2m from 31 December 2024. Inventory rose by EUR 1,3m to EUR 35,0m, reflecting seasonal requirements and stronger demand in China from the expanding BD Nano volumes. Consequently, with higher sales volumes the Trade Receivables increased by EUR 3,0m to EUR 29,7m. These increases were more than offset by a EUR 6,6m rise in Trade Payables, which reached the level of EUR 55,7m.

Cash & Bank

With EUR 14,4m, the Cash & Bank balance of 30 June 2025 increased by EUR 3,2m vs. the balance as of 31 December 2024. The increase in cash was primarily driven by

operational performance, working capital improvements (self-financed), and short-term financing obtained through Letters of Credit in China.

Equity

The Equity as of 30 June 2025 amounted to EUR 5,2m; its development reflects the Net Income and the Other Comprehensive Income of the period. Including all Shareholder Loans, the equity ratio of the Secop Group amounted to 36,5%.

Net Debt

The Net Debt position acc. to the Bond Terms & Conditions was reduced by EUR 1,5m vs. 31 December 2024, to EUR 37,5m. The book-value of the outstanding Bonds amounted to EUR 50,0m before offsetting capitalized transaction costs. As of 30 June 2025, a financing through Letter of Credit of EUR 1,7m was utilized, no further financing such as senior revolving credit facility (RCF) were used. The company continues to use a EUR 0,3m bank guarantee for business purposes in China.

Employees

At the end of Q2-2025, Secop's workforce totalled 993 full-time equivalents, of which 138 in R&D and 772 in production, down 5 FTEs from 31 December 2024. Staff levels fell across all functions (G&A, Sales & Marketing, and R&D), with a small increase in production due to seasonality.

Bonds

Secop has outstanding Bonds of EUR 50m, which mature on 29 December 2026 and carry a floating coupon of 8,4% above 3-months EURIBOR. The company does not hold any of its own Bonds and is currently not planning to acquire such in the foreseeable future.

Outlook

Business Development

Secop anticipates a healthy overall increase in demand compared to 2024, with growth primarily driven by the Mobile Cooling segment.

In Mobile Cooling, the strong expansion is expected to continue in 2025, fuelled by sustained EV market demand in China. High order volumes for platforms already launched are being reinforced by a dynamic pipeline of new projects nearing market readiness. While demand for ICE vehicles, trucks, and RVs in Europe and the Americas is projected to remain at or below 2024 levels, the segment's innovation pipeline and market momentum provide solid growth potential.

For Stationary Cooling, demand is forecast to remain broadly in line with, or slightly below 2024 levels across most regions, except the Middle East where we do not expect a recovery along 2025. This outlook reflects softer demand in China and Europe, as well as uncertainty in the U.S. linked to tariff negotiations and a generally cautious investment climate in refrigeration. In the Middle East and Africa, the challenging conditions experienced in 2024 are expected to persist, with demand well below last year's level. While regulatory trends continue to support the adoption of green, energy-efficient cabinets in food and beverage refrigeration, the current market environment remains restrained for major investment. To counter this, Secop plans to introduce new products from its development pipeline in second half of 2025 to stimulate fresh projects and capture additional market share in targeted segments and regions.

In Medical Cooling, demand is expected to continue recovering in China and Europe to outperform 2024 results. In the Americas, growth momentum should remain strong, supported by the ramp-up of new projects and the advancement of promising opportunities currently in the pipeline.

Investments

Investment activity eased at the start of 2025, while the strong increase of EV orders is giving the opportunity to investigate an expansion of the BD Nano production capacity. Further funds will be allocated to R&D labs to eliminate bottlenecks, enhance quality, and drive production efficiency via new equipment and product development. Overall, total investments are expected to match 2024 levels.

Profit

Given the expected development of the different markets, Secop expects in 2025 an overall growth of the Net Sales with a different platform-mix development. Contribution Margin and Internal Adjusted EIBTDA are expected to be well above 2024 driven by a better product mix and cost savings initiatives.

FINANCIAL STATEMENTS

Consolidated Income Statement

	EUR M	Q2 2025	Q2 2024	Q1-Q2 2025	Q1-Q2 2024	LTM	2024
Net Sales		64,4	63,9	118,8	117,8	241,1	240,1
Raw Materials & Consumables		-42,9	-42,4	-78,0	-77,6	-159,3	-159,0
Labor Production		-3,5	-3,7	-6,9	-7,0	-13,3	-13,4
Sales Variable Costs (incl. Royalty Fees)		-1,3	-1,1	-2,3	-2,2	-4,5	-4,4
Other Direct Cost		-0,5	-0,8	-0,8	-1,0	-1,8	-2,1
Contribution Margin		16,2	16,0	30,9	29,9	62,2	61,3
<i>As Percent of Net Sales</i>		25,1%	25,0%	26,0%	25,4%	25,8%	25,5%
Fixed Costs		-10,2	-10,8	-20,0	-20,5	-41,6	-42,1
<i>As Percent of Net Sales</i>		-15,9%	-17,0%	-16,9%	-17,4%	-17,2%	-17,5%
Other Income/Expenses		0,1	-0,1	0,2	0,1	0,1	0,0
EBITDA reported		6,1	5,0	11,0	9,6	20,7	19,2
Depreciation & Amortization		-4,1	-3,5	-8,2	-7,0	-16,1	-14,9
EBIT		2,1	1,4	2,8	2,6	4,6	4,4
<i>As Percent of Net Sales</i>		3,2%	2,3%	2,4%	2,2%	1,9%	1,8%
Interest Result		-3,0	-3,1	-5,8	-6,7	-11,6	-12,4
Profit before Tax		-0,9	-1,7	-3,0	-4,1	-7,0	-8,1
Taxes		-2,8	-0,4	-3,2	0,3	-6,8	-3,3
Net Income		-3,8	-2,0	-6,2	-3,7	-13,8	-11,3

Adjusted EBITDA Reconciliation

	EUR M	Q2 2025	Q2 2024	Q1-Q2 2025	Q1-Q2 2024	LTM	2024
EBITDA reported		6,1	5,0	11,0	9,6	20,7	19,2
Leasing Costs acc.t to IFRS 16		-0,4	-0,4	-0,9	-0,9	-1,8	-1,8
Unrealized Currency Effects		-0,4	-0,2	-0,7	-0,3	-0,4	0,0
EBITDA before Adjustment		5,3	4,4	9,4	8,4	18,5	17,5
<u>Adjustments:</u>							
Restructuring Costs		0,1	0,2	0,2	0,2	0,5	0,6
Consulting Fees		0,5	1,0	0,9	1,3	1,9	2,3
Others		0,0	0,5	0,0	0,6	0,7	1,2
Internal Adjusted EBITDA		5,9	6,1	10,5	10,5	21,7	21,6
Adjustment Limitation acc. to Bond T&C		-0,1	-1,3	-0,1	-1,3	-1,3	-2,4
Bond EBITDA		5,8	4,8	10,4	9,2	20,4	19,2

Consolidated Balance Sheet

ASSETS

	EUR M	Q2 2025	Q4 2024	Q2 2024
Intangible Assets		64,4	65,3	65,6
Tangible Assets		89,0	94,8	94,4
Total Fixed Assets		153,3	160,0	160,0
Deferred Tax Assets		0,5	0,5	0,4
Total non-current Assets		153,8	160,6	160,4
Inventories		35,0	33,7	40,8
Trade Receivables		29,7	26,7	33,6
Current Financial Assets		4,4	5,4	4,9
Cash & Bank		14,4	11,2	6,6
Current non-financial Assets		6,0	6,2	8,0
Total current Assets		89,5	83,3	94,0
Total Assets		243,3	243,8	254,4

EQUITY & LIABILITIES

	EUR M	Q2 2025	Q4 2024	Q2 2024
Equity		5,2	14,4	21,4
Pension provisions		3,1	3,2	2,8
Other Provisions		1,6	1,6	2,2
Non-current provisions		4,7	4,8	5,0
Non-current Financial Liabilities		53,8	54,4	54,4
Non-current Payables		83,7	81,4	79,0
Deferred Tax Liabilities		20,1	18,7	16,7
Non-current Liabilities		157,6	154,5	150,2
Current Personnel-related Payables		4,6	4,3	4,3
Other current Payables		5,3	7,1	5,6
Current non-financial Liabilities		9,9	11,4	9,9
Current Financial Liabilities		0,8	0,9	1,0
Bank Liability		1,7	0,0	5,2
Accounts Payables		55,7	49,1	53,8
Current Provisions		7,8	8,7	7,8
Current Liabilities		65,9	58,7	67,9
Total equity and liabilities		243,3	243,8	254,4

Consolidated Cash Flow Statement

	EUR M	Q2 2025	Q2 2024	Q1-Q2 2025	Q1-Q2 2024	LTM	2024
EBIT		2,1	1,4	2,8	2,6	4,6	4,4
<i>Amotization & Depreciation</i>		4,1	3,5	8,2	7,0	16,1	14,9
EBITDA reported		6,1	5,0	11,0	9,6	20,7	19,2
Change in Working Capital		2,5	1,3	2,3	-3,5	12,2	6,4
<i>Δ Inventory</i>		-1,0	-0,5	-2,8	-6,6	4,6	0,9
<i>Δ Trade Receivables</i>		-5,4	-3,1	-4,9	-5,3	2,5	2,1
<i>Δ Trade Payables</i>		9,0	4,9	10,0	8,3	5,0	3,4
Other balance sheet items		-0,2	-0,7	-0,7	0,3	0,8	1,9
Net cash from tax		-1,5	-1,0	-1,9	-2,0	-2,0	-2,1
Operating Cash Flow		7,0	4,7	10,7	4,4	31,7	25,4
CAPEX		-0,9	-0,9	-1,4	-2,2	-5,8	-6,5
Capitalized R&D		-1,7	-2,1	-3,2	-3,8	-6,1	-6,7
Capitalized IFRS 16		0,0	-0,3	-0,2	-0,5	-0,7	-1,0
Cash Flow from Investing Activities		-2,7	-3,3	-4,8	-6,5	-12,5	-14,2
Free Cash Flow		4,2	1,4	5,9	-2,1	19,2	11,2
Change in Deposits/Loans		-0,8	3,7	1,2	4,8	-4,4	-0,8
Interest Result		-1,7	-1,9	-3,4	-4,2	-6,6	-7,5
Cash Flow from Financing Activities		-2,6	1,8	-2,1	0,6	-11,0	-8,2
Net increase / decrease in Cash		1,7	3,2	3,7	-1,5	8,1	3,0
Cash Beginning of Period		13,1	3,4	11,2	8,1	6,6	8,1
Cash Increase/Decrease		1,7	3,2	3,7	-1,5	8,1	3,0
FX-Effects		-0,4	0,0	-0,5	0,0	-0,4	0,2
Cash End of Period		14,4	6,6	14,4	6,6	14,4	11,2

ADDITIONAL INFORMATION

General Information

Secop Group Holding GmbH	<p>Secop Group Holding, HRB 14025, District Court Flensburg, is a limited liability company registered in Germany with its registered office in Flensburg. The address of the head office is Lise-Meitner-Straße 29, 24941 Flensburg, Germany. The operations of the Secop Group Holding GmbH (the “Parent Company”) and its subsidiaries (the “Group”) comprise of development, manufacturing and sale of compressor products and related activities.</p>
Secop Group	<p>Since September 2019, Secop Group has belonged to the ESSVP IV fund, advised by Orlando Management AG, a leading investor in industrial businesses. Since its acquisition, the company re-focused its strategy to the core business: design and manufacturing of hermetic compressors and electronic controls for refrigeration solutions used in light commercial and DC-powered applications.</p> <p>The strategic focus of the Secop Group is reflected in its three segments Stationary Cooling, focussing on light commercial applications, Mobile Cooling, providing battery-driven solutions, and Medical Cooling, serving the medical cold-chain with ultra-low temperature requirements.</p>
Basis of Preparation	<p>The consolidated financial statements of the Secop Group Holding GmbH have been prepared in accordance with the International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and endorsed by the European Union. The consolidated financial statements were prepared in line with the International Financial Reporting Standards in accordance with Section 315e (3) in connection with Section 315e (1) German Commercial Code.</p> <p>The consolidated financial statements have been prepared on a historical cost basis. 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.</p> <p>The Secop Group presents assets and liabilities in the statement of financial position based on a current/non-current classification. Assets and liabilities are current, when they are expected to be realized 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.</p>

This quarterly consolidated financial statement includes Secop Group Holding GmbH and subsidiaries controlled by it.

Unless stated otherwise, all amounts are presented in millions of EUR (EUR m), rounding differences of \pm one digit/unit are possible.

Events after Balance Sheet Date

No material events after the balance sheet date took place.

Audit

This Interim Report has not been audited or reviewed by the Group auditor.

Additional Commentary on the Income Statement

Fixed Costs

Fixed Costs are split as follows:

EUR M	Q2 2025	Q2 2024	Q1-Q2 2025	Q1-Q2 2024	LTM	2024
Fixed Personnel Costs	7,5	8,1	15,1	16,1	29,7	30,7
Other Fixed Costs	2,7	2,8	5,0	4,5	11,9	11,3
Total Fixed Costs	10,2	10,8	20,0	20,5	41,6	42,1

In Q2-2025, Fixed Personnel Costs declined year-on-year as reductions in average headcount more than offset salary increases.

Other Fixed Costs reached almost the same level in Q2-2025 as in the same quarter last year. Lower global costs of EUR 0,4m and reductions in other departments totaling EUR 0,3m were offset by a decrease in R&D capitalizations (EUR 0,4m) due to the completion of several R&D projects, as well as by lower fixed cost capitalization in inventory (EUR 0,2m).

Other Income/ Expenses

In Q2-2025, Other Income/Expenses comprised primarily of positive, mainly unrealized FX-effects, which were higher than in previous year's quarter.

Depreciation & Amortization

Depreciation & Amortization in Q2-2025 exceeded last year's quarter by EUR 0,6m, resulting from the amortization of several finalized R&D development projects (EUR 0,6m), which were finalized mainly in Q3-2024, starting depreciation in Q4-2024.

Interest Result

Interest expenses in Q2-2025 were slightly lower (by EUR 0,1m) year-on-year, thanks to a lower interest rate base of issued Bond. The volume of Bonds outstanding did not change.

Taxes

In Q2-2025, in addition to the regular tax driver — EUR -0,4m in withholding taxes on services provided to the Chinese factory — the company recognized the impact of a tax review initiated by the Chinese tax authorities for services rendered by the group in prior periods. This resulted in additional income tax payments of EUR -0,7m and deferred tax adjustments of EUR -1,6m.

Additional Commentary on the Balance Sheet

Current Financial Assets	The reduction in Current Financial Assets by EUR 1,0m was caused by a lower retention from the factoring program.
Non-current Financial Liabilities	The reduction in Non-current Financial Liabilities by EUR 0,6m naturally reflected lowering leasing liabilities as no new contracts have been initiated.
Non-Current Payables	The main item under the Non-Current Payables is subordinated Shareholder Loans that increased by EUR 2,3m vs. 31 December 2024 from capitalized interests.
Other current Payables	Other current payables dropped by EUR 1,8m from 31 December 2024, driven by reduction of investment-related liabilities, primarily in the Chinese entity of EUR 1,3m. In addition, withholding tax accruals were reduced by EUR 0,4m due to the annual 2024 royalty payments from the Chinese entity which triggered WHT payment.
Bank Liability	At the end of Q2-2025, short term financing through Letter of Credit of EUR 1,7m was utilized in the China factory.
Current Provisions	As of June 30, 2025, current provisions decreased by EUR 0,9m compared to year-end 2024, reflecting the payment of 2024 annual customer bonus commissions and annual employee bonus.

Additional Commentary on the Cash Flow

Other Balance Sheet Items	In Q2-2025, Other Balance Sheet Items were primarily affected by cash outflows from 2024 annual personal bonus, along with lower Capex liabilities of EUR -0,4m, and a EUR -0,2m reduction in other provisions. These impacts were partly offset by a EUR 0,9m increase in customer commission accruals during the second quarter.
Financing Activities	The overall cash-out from financing activities in Q2-2025 resulted mainly from a partial repayment of short-term financing through Letter of Credit of EUR 0,6m, leasing payments of 0,3; as well as payment of Bond-interests of EUR 1,4m.

Definition of Key Indicators

Reported EBITDA	The Reported EBITDA is calculated according to IFRS standards. It reflects the Group Net Income according to IFRS before taking into the account any Income Taxes, Financial Result and Depreciation & Amortization.
Internal Adjusted EBITDA	In line with the Bond Terms & Conditions, the Internal Adjusted EBITDA represents the Reported EBITDA excluding unrealized currency gains/losses and gains/losses from the disposal of assets but including leasing costs acc. to IFRS 16. It also does not include extraordinary or non-recurring items, which are not in line with the ordinary course of the business (so called Adjustments).
Bond EBITDA	The Bond-EBITDA represents the Internal Adjusted EBITDA, however, acc. to the Bond Terms & Conditions the excluded Adjustments are limited to 10% of the EBITDA before Adjustments or to specific costs originating from the period prior to the acquisition of the Group in September 2019.
Trade Working Capital	The Trade Working Capital comprises of Inventory and Trade Receivables minus Accounts Payable.
Net Debt	According to the Bond Terms & Conditions, the Net Debt position comprises interest-bearing Financial Liabilities less the Cash & Bank balance. Subordinated Shareholder Loans are not part of the Net Debt position.

Key Risks and Uncertainties

Demand & Supply	The Group's key risks and uncertainties relate to fluctuations in the demand for its products and the prices and availability of raw material, energy, and electronics as well as other commodity material prices.
Operations	Key operational risks are associated with the proper functioning of property, plant and equipment, the availability of trained staff and the access to raw material and logistics services.
IT	Failures of the IT-infrastructure and applications form a relevant risk for the Group as all relevant business processes rely on a continuing IT-availability. In addition, increasing cybercrime activities form a more present risk for the Group.
Finance	The main financial risks arise from the exposure to exchange rate fluctuations, in particular of USD and RMB, from increasing interest rates and from a possible default of Trade Receivables.
ESG	Main ESG-risks relate to the effect of energy, climate change mitigation on the group's operation, substances of concern, the resources used and our own work-force. However, the company may also benefit from an increasing demand for cooling solutions as a consequence of the climate change adaption.
Market risk	The recently announced changes in tariffs in the US against China and other countries and regions, such as Europe, generate uncertainties for product imports and business development in the US.

For a more detailed description of key risks and uncertainties, please refer to Secop Group's latest Annual Report.

Company Information

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