

# Secop Group Holding GmbH



Interim Report  
Q4-2024

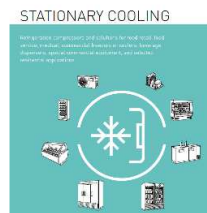
# MANAGEMENT REPORT

## 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 and mobile cooling solutions for leading international commercial refrigeration manufacturers and 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 both compressors and control electronics.

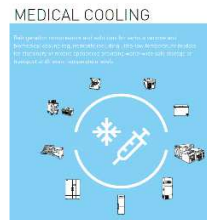
### Business Segments



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 residential 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 automotive, trucks, recreation vehicles, portable boxes, solar, and other mobile applications. <https://www.secop.com/products/mobile-cooling>



Our **Medical Cooling** business segment with its stationary and mobile solutions make us a reliable partner for leading companies supporting the development of a global ULT (ultra-low temperature) supply chain and medical cold-chain optimization with green and efficient solutions. <https://www.secop.com/products/medical-cooling>

## Message of the CEO



In the final quarter of 2024, the positive trends observed in the previous quarter continued. Net Sales and the Internal Adjusted EBITDA exceeded the same period in 2023 significantly.

In China, Q4-2024 Net Sales were significantly higher than in the same quarter in 2023, driven by the ramp-up of EV-projects. In the Americas, demand in Q4-2024 surpassed Q4-2023, confirming positive market trends and the growth of new projects in the food service and medical market. In Europe, Q4-2024 demand exceeded the previous year's quarter, thanks to a steady recovery of investments in food retail and food service, while the automotive and truck industries continued to experience low demand. In the Middle East, Africa, and Southeast Asia, Q4-2024 Net Sales were notably higher than in Q4-2023 despite ongoing economic and political uncertainties.

In the last quarter of 2024, the Mobile Cooling segment continued with a significant surpass compared to Q4-2023, driven by the substantial growth in EV projects in China with the adoption of fridges in numerous EV models. There was also a significant demand increase in Europe compared to the same quarter in 2023.

The similar trend was visible in the Stationary Cooling segment as the demand in Q4-2024 significantly exceeded last year's fourth quarter, driven by improved trends in food service and food retail in China and despite softer demand in Europe and the Americas. The Middle East, Africa, and Southeast Asia kept a strong demand, too.

In the Medical Cooling segment, Q4-2024 demand for Secop was significantly higher than in the previous year, fuelled by the ramp-up of new products and new customers in the USA. This growth helped offsetting weaker-than-expected demand in China and Europe, where investments in the medical cold chain were limited.

During the final quarter of 2024, we continued the sampling and approval process for various projects in our development pipeline. These projects, which were showcased at exhibitions and directly introduced to customers throughout the year, are key to supporting our business development plan for 2025. Notable projects include the KLE range, SCE+ extended range, NLE+ R290 range, BDN LITE for automotive, and ECU BASIC for NLV.

## Key Highlights Q4-2024

### Q4-2024

- **Net Sales** reached EUR 57,7m in Q4-2024 and thereby significantly exceeded the level of previous year's quarter (Q4-2023: EUR 52,2m) as a result of strong demand in the Mobile Cooling segment as well as in Stationary Cooling.
- The **Contribution Margin in %** of Net Sales improved to 26,6% up from the preceding quarter and exceeded the 25,6% recorded in Q4-2023. Improvements in production and stable material prices supported the higher contribution margin.
- Due to the higher Net Sales and Contribution Margin and a positive evolution of realized FX-effects, which offset higher fixed costs particularly from R&D activities, the **Internal Adjusted EBITDA** reached EUR 5,7m, significantly surpassing Q4-2023 (EUR 4,3m).
- The **Bond EBITDA** in Q4 2024 remained on the same level as the Internal Adjusted EBITDA as no limitation of Adjustments according to the Bond T&C were applied. It stood at EUR 5,7m (Q4-2023: EUR 2,0m).
- The **EBIT** ended positive at EUR 1,4m (Q4-2023: EUR -1,2m) with a corresponding EBIT-margin of 2,4% (Q4-2023: -2,3%). Higher depreciation and amortization prevented a further improvement.
- Following the EBIT development, the **Net Income** reached EUR -3,0m (Q4-2023: EUR -9,5m).

### Q1-2024 - Q4-2024

- **Net Sales** reached EUR 240,1m compared to EUR 235,5m in 2023. A significant increase in Mobile Cooling Sales, driven by a strong growth in the EV business, more than offset the slightly lower demand in Stationary Cooling.
- The **Contribution Margin in %** of Net Sales improved to 25,5% (PY: 23,8%), primarily reflecting an improved product mix, lower production costs and stabilized raw material and energy prices.
- With EUR 21,6m, the **Internal Adjusted EBITDA** exceeded previous year's level by 17,4% (PY: EUR 18,4m) following the higher Contribution Margin, which compensated lower R&D-grants and -capitalizations and the missing release of personnel related provisions from Q1-2023.
- The **Bond EBITDA** followed the Internal Adjusted EBITDA and finished with EUR 19,2m significantly higher than last year (PY: EUR 15,5m), but was still affected by some limitation of Adjustments according to the Bond T&C.
- **EBIT** reached EUR 4,4m (PY: EUR 5,9m) with a corresponding EBIT-margin of 1,8% (PY: 2,5%). The EBIT was impacted by higher depreciation and amortization, caused by finalized investments and R&D development projects.
- In addition to the EBIT trend, the **Net Income** of EUR -11,3m (PY: EUR -10,9m) was influenced by higher interest expenses for the new Bonds, while tax expenses - mainly for Deferred Taxes - recorded significantly lower than in 2023.

## Business Development Q4-2024

### General

In Q4-2024, Net Sales were significantly above the level of previous year's quarter, particularly in the Mobile Cooling segment with good results in all regions.

### Regions

Net Sales in the different regions developed as follows:

EUR M	Q4 2024	Q4 2023	2024	2023
Europe	15.7	14.2	73.4	79.7
China	29.2	26.5	112.8	102.7
Americas	5.6	5.1	20.9	19.1
Middle East, Africa & South Asia	7.1	6.4	33.0	34.0
<b>Net Sales</b>	<b>57.7</b>	<b>52.2</b>	<b>240.1</b>	<b>235.5</b>

**Europe:** The development in Europe in Q4-2024 showed significant improvements compared to the same period of previous year, as a consequence of a strong demand from food service and food retail and a restart of the demand from automotive manufacturers in the last quarter. Overall, 2024 in Europe closed below the level of previous year, with a recovery in the food service and food retail business impacted by a softer demand in the automotive-truck industry, recreation vehicles applications and medical applications.

**China:** Q4-2024 experienced a demand significantly above the previous year's quarter, mainly driven by the Mobile Cooling segment with an increased demand from the domestic EV market. Meanwhile the Light Commercial segment was in line with previous year for food service and food retail and the medical segment remained below expectations due to limited investment in 2024. Overall, China region closed 2024 significantly above 2023.

**Americas:** The US market demand in Q4-2024 surpassed Net Sales of the same period of 2023 significantly, specifically driven by the Medical Cooling demand due to the ramp-up of new projects and despite a slowdown in the demand for light commercial applications. Overall, the year 2024 in the America closed well above 2023.

**Middle East, Africa, Southeast Asia:** The demand in the region showed a significant increase during Q4-2024 versus previous year's quarter, driven by customers in Egypt, and distributors in Africa placing stock orders. Due to the fluctuations along the year, caused by economic-political uncertainties in the region, the overall 2024 Net Sales in this region finished almost on the level of previous year.

## Segments

Within the Business Segments, Net Sales developed as follows:

EUR M	Q4 2024	Q4 2023	2024	2023
Stationary Cooling	34.8	32.8	150.3	154.6
Mobil Cooling	20.5	17.6	82.1	74.4
Medical Cooling	2.3	1.8	7.7	6.5
<b>Net Sales</b>	<b>57.7</b>	<b>52.2</b>	<b>240.1</b>	<b>235.5</b>

**Stationary Cooling:** Net Sales in Q4-2024 were well above the level of previous year's quarter. The demand in China remained consistent with Q4-2023, while it was well higher in North Africa and Southeast Asia. In contrast, the demand in Europe and America remained soft during Q4-2024. Overall 2024 Net Sales were slightly below the level of 2023, showing a demand at the same level of previous year for food service and food retail in Europe, Americas and China, and various fluctuations in the rest of the world.

**Mobile Cooling:** In Q4-2024, the demand increased significantly due to the ramp-up of various projects for EV in China. Also Europe's and America's demand was significantly above the same period of the previous year. Overall 2024 Net Sales for Mobile Cooling were significantly above the 2023 achievements, mainly driven by the dynamic ramp-up of the EV business in China, that compensated a soft demand from the standard automotive and truck industry.

**Medical Cooling:** Net Sales in Q4-2024 for the Medical Cooling segment were significantly above Q4-2023, mainly driven by the ramp-up of new business in the Americas, while the demand in Europe and China from medical cold chain was still below expectations. Overall 2024 closed with a significant increase versus 2023 for Medical Cooling, with the Americas leading the growth.

## Profit

Main KPI's developed as follows:

	EUR M	Q4 2024	Q4 2023	2024	2023
Internal Adjusted EBITDA		5.7	4.3	21.6	18.4
Bond EBITDA		5.7	2.0	19.2	15.5
Reported EBITDA		5.9	1.7	19.2	17.7
Net Income		-3.0	-9.5	-11.3	-10.9

In Q4-2024, the significantly higher **Internal Adjusted EBITDA** was reached mainly as a result of a significantly higher performance in Net Sales and Contribution Margin compared to previous year's period. Higher fixed costs in R&D and a lower capitalization of R&D expenses following the finalization of major development projects were partly offset by a better realized FX-effect compared to Q4 2023.

Unlike in previous quarters, the **Bond EBITDA** of the last quarter 2024 was not negatively affected by the limitation of Adjustments for extraordinary or non-recurring items according to the Bond Terms & Conditions, thus ending on the same level as the Internal Adjusted EBITDA.

The Q4-2024 **Reported EBITDA** followed the development of the Bond EBITDA; unlike in the previous year it was not negatively affected by an impairment of receivables from customers in emerging markets.

Beyond the impacts on the Reported EBITDA, the Q4-2024 **Net Income** was affected by increased depreciation and amortization from finalized investments and R&D development projects, but lower interest and tax expenses.

## Supply Chain

Overall, raw material prices were rather stable with no major changes compared to the previous quarter.

## Investments

In total, Q4-2024 registered investments of EUR 4,9m (Q4-2023: EUR 8m), including R&D capitalization of EUR 1,4m (Q4-2023: EUR 1,9m). During the fourth quarter, significant investments were directed toward ramping-up the BD Nano production capacity (EUR 0,65m) to meet anticipated demand increases, as well as toward maintaining the efficiency of the production facilities in China and Slovakia.

## Trade Working Capital

The Trade Working Capital amounted to EUR 11,3m at the end of the last quarter 2024, which represented a reduction of EUR 5,7m vs. 31 December 2023. The total Inventory value went down by EUR 0,3m to EUR 33,7m as a result of continuous optimizations and despite additional business needs, especially from the growing BD Nano platform. Trade Receivables were reduced by EUR 1,4m to EUR 26,7m following better collection efforts. The good development in Inventory and Trade

Receivables was additionally supported by higher Trade Payables of EUR +3,9m (at level EUR 49,1m) vs. Q4-2023.

<b>Cash &amp; Bank</b>	With EUR 11,2m, the Cash & Bank balance of 31 December 2024 increase by EUR 3,2m vs. the balance as of 31 December 2023. The higher level of cash was mainly coming from an improvement of the Trade Working Capital, the receipt of indirect taxes and higher provisions, partly offset by other Balance Sheet-movements.
<b>Equity</b>	The Equity as of 31 December 2024 amounted to EUR 14,4m; 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 39%.
<b>Net Debt</b>	The Net Debt position acc. to the Bond Terms & Conditions reduced by EUR 3,1m vs. 31 December 2023, to EUR 39,0m. The book-value of the Bonds amounted to EUR 50,0m before offsetting capitalized transaction costs. As of 31 December 2024, neither Letter of Credits, nor the super senior revolving credit facility (RCF) were used. The company continues to use a EUR 0,3m bank guarantee for business purposes in China.
<b>Employees</b>	As of 31 December 2024, Secop employed 997 employees based on full-time equivalents (FTE), of which 142 employees dedicated to R&D and 762 employees working in production. This is a slight increase of 7 employees (FTE) compared to 31 December 2023. The required increase of the capacity in the China plant for the ramp up of the BD Nano production was mostly offset by reductions in European entities either in production or in other departments.
<b>Bonds</b>	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

For 2025, Secop expects a positive demand compared to 2024, with varying projections across the different segments and regions.

In the **Stationary Cooling** segment, we anticipate the demand to remain at 2024 levels in China, Europe, and the Americas. There is a positive outlook for investments in food retail and food service, driven by regulations pushing for the adoption of green and energy-efficient cabinets. In the Middle East, Africa, and Southeast Asia, we expect positive growth, however with fluctuations due to economic and political uncertainties. A positive impact is expected from the evolution of the product mix, including the ramp-up of new platforms launched last year and the release of new products planned for 2025.

In the **Mobile Cooling** segment, we expect a solid growth in 2025, primarily driven by the EV market in China, where order volumes will significantly increase as a result of the projects initiated in 2024 and several other development projects in the pipeline to be launched into the market in 2025. Other segments, such as automotive, trucks, and recreation vehicles in Europe and the Americas, are not expected to surpass 2024 demand.

For the **Medical Cooling** segment, we anticipate a recovery in demand from customers in China and Europe, while business growth in the Americas will continue the positive trend that began in 2024. The launch of new platforms developed in 2024 will support further business development throughout the year 2025.

### Investments

Compared to the activities in 2024, which were driven primarily by the BN Nano ramp-up, the year 2025 will focus on further investments into the BD Nano capacity, R&D labs to reduce bottlenecks and improve quality, production efficiency increases with new equipment, new product developments and further quality improvement measures. Overall, investments are expected to remain on the level of 2024.

### 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	Q4 2024	Q4 2023	2024	2023
<b>Net Sales</b>		<b>57.7</b>	<b>52.2</b>	<b>240.1</b>	<b>235.5</b>
Raw Materials & Consumables		-38.0	-34.6	-159.0	-161.4
Labor Production		-2.9	-3.2	-13.4	-12.9
Sales Variable Costs (incl. Royalty Fees)		-1.0	-0.9	-4.4	-4.3
Other Direct Cost		-0.5	-0.1	-2.1	-0.7
<b>Contribution Margin</b>		<b>15.3</b>	<b>13.4</b>	<b>61.3</b>	<b>56.1</b>
<i>As Percent of Net Sales</i>		26.6%	25.6%	25.5%	23.8%
Fixed Costs		-9.9	-8.7	-42.1	-36.5
<i>As Percent of Net Sales</i>		-17.2%	-16.7%	-17.5%	-15.5%
Other Income/Expenses		0.4	-2.9	0.0	-2.0
<b>EBITDA reported</b>		<b>5.9</b>	<b>1.7</b>	<b>19.2</b>	<b>17.7</b>
Depreciation & Amortization		-4.5	-2.9	-14.9	-11.7
<b>EBIT</b>		<b>1.4</b>	<b>-1.2</b>	<b>4.4</b>	<b>5.9</b>
<i>As Percent of Net Sales</i>		2.4%	-2.3%	1.8%	2.5%
Interest Result		-2.7	-3.1	-12.4	-11.3
<b>Profit before Tax</b>		<b>-1.3</b>	<b>-4.3</b>	<b>-8.1</b>	<b>-5.4</b>
Taxes		-1.7	-5.2	-3.3	-5.5
<b>Net Income</b>		<b>-3.0</b>	<b>-9.5</b>	<b>-11.3</b>	<b>-10.9</b>

### Adjusted EBITDA Reconciliation

	EUR M	Q4 2024	Q4 2023	2024	2023
<b>EBITDA reported</b>		<b>5.9</b>	<b>1.7</b>	<b>19.2</b>	<b>17.7</b>
Leasing Costs acc.t to IFRS 16		-0.5	-0.4	-1.8	-1.8
Unrealized Currency Effects		0.0	0.5	0.0	-1.8
<b>EBITDA before Adjustment</b>		<b>5.4</b>	<b>1.8</b>	<b>17.5</b>	<b>14.1</b>
Adjustments:					
Restructuring Costs		0.3	0.1	0.6	1.2
Consulting Fees		0.0	0.2	2.3	0.9
Others		0.1	2.2	1.2	2.2
<b>Internal Adjusted EBITDA</b>		<b>5.7</b>	<b>4.3</b>	<b>21.6</b>	<b>18.4</b>
Adjustment Limitation acc. to Bond T&C		0.0	-2.3	-2.4	-2.9
<b>Bond EBITDA</b>		<b>5.7</b>	<b>2.0</b>	<b>19.2</b>	<b>15.5</b>

## Consolidated Balance Sheet

### Assets

	EUR M	Q4 2024	Q4 2023
Intangible Assets		65.3	64.4
Tangible Assets		94.8	95.8
<b>Total Fixed Assets</b>		<b>160.0</b>	<b>160.2</b>
Deferred Tax Assets		0.5	1.2
<b>Total non-current Assets</b>		<b>160.6</b>	<b>161.4</b>
Inventories		33.7	34.1
Trade Receivables		26.7	28.1
Current Financial Assets		5.4	4.8
Cash & Bank		11.2	8.1
Current non-financial Assets		6.2	7.5
<b>Total current Assets</b>		<b>83.3</b>	<b>82.5</b>
<b>Total Assets</b>		<b>243.8</b>	<b>243.8</b>

### EQUITY & LIABILITIES

	EUR M	Q4 2024	Q4 2023
<b>Equity</b>		<b>14.4</b>	<b>25.0</b>
Pension provisions		3.2	2.9
Other Provisions		1.6	1.7
<b>Non-current provisions</b>		<b>4.8</b>	<b>4.6</b>
Non-current Financial Liabilities		54.4	54.6
Non-current Payables		81.4	76.7
Deferred Tax Liabilities		18.7	18.8
<b>Non-current Liabilities</b>		<b>154.5</b>	<b>150.2</b>
Current Personnel-related Payables		4.3	3.0
Other current Payables		7.1	7.1
<b>Current non-financial Liabilities</b>		<b>11.4</b>	<b>10.1</b>
Current Financial Liabilities		0.9	1.0
Accounts Payables		49.1	45.2
Current Provisions		8.7	7.6
Other Current Liabilities		0.0	0.1
<b>Current Liabilities</b>		<b>58.7</b>	<b>53.9</b>
<b>Total equity and liabilities</b>		<b>243.8</b>	<b>243.8</b>

## Consolidated Cash Flow Statement

	EUR M	Q4 2024	Q4 2023	2024	2023
<b>EBIT</b>		1.3	-1.2	4.4	5.9
<i>Amotization &amp; Depreciation</i>		4.5	2.9	14.9	11.7
<b>EBITDA reported</b>		<b>5.8</b>	<b>1.7</b>	<b>19.2</b>	<b>17.7</b>
Change in Working Capital		4.0	5.4	6.4	11.1
<i>Δ Inventory</i>		2.6	2.2	0.9	1.8
<i>Δ Trade Receivables</i>		5.0	8.3	2.1	10.0
<i>Δ Trade Payables</i>		-3.6	-5.1	3.4	-0.7
Other balance sheet items		-1.0	0.3	1.9	-1.5
Net cash from tax		0.0	-1.4	-2.1	-1.6
<b>Operating Cash Flow</b>		<b>8.9</b>	<b>6.0</b>	<b>25.4</b>	<b>25.6</b>
CAPEX		-3.1	-5.9	-6.3	-10.4
Capitalized R&D		-1.4	-1.9	-6.7	-8.1
Capitalized IFRS 16		-0.3	-0.2	-1.2	-1.2
<b>Cash Flow from Investing Activities</b>		<b>-4.9</b>	<b>-8.0</b>	<b>-14.2</b>	<b>-19.7</b>
<b>Free Cash Flow</b>		<b>4.1</b>	<b>-2.1</b>	<b>11.2</b>	<b>5.9</b>
Change in Deposites/Loans		-3.0	0.1	-0.8	-6.9
Interest Result		-1.4	-1.8	-7.5	-6.8
Other Financing		0.0	0.0	0.0	-1.2
<b>Cash Flow from Financing Activities</b>		<b>-4.4</b>	<b>-1.8</b>	<b>-8.2</b>	<b>-14.9</b>
<b>Net increase / decrease in Cash</b>		<b>-0.3</b>	<b>-3.9</b>	<b>3.0</b>	<b>-9.0</b>
<b>Cash Beginning of Period</b>		<b>11.3</b>	<b>12.0</b>	<b>8.1</b>	<b>17.2</b>
Cash Increase/Decrease		-0.3	-3.9	3.0	-9.0
FX-Effects		0.2	-0.1	0.2	-0.2
<b>Cash End of Period</b>		<b>11.2</b>	<b>8.1</b>	<b>11.2</b>	<b>8.1</b>

## ADDITIONAL INFORMATION

### General Information

**Secop Group Holding GmbH** 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.

**Secop Group** 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.

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.

**Basis of Preparation** 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.

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.

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.

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	Q4 2024	Q4 2023	2024	2023
Fixed Personnel Costs	6.8	6.8	30.7	29.1
Other Fixed Costs	3.1	1.9	11.3	7.4
<b>Total Fixed Costs</b>	<b>9.9</b>	<b>8.7</b>	<b>42.1</b>	<b>36.5</b>

The Fixed Personnel Costs remained at the same the level as in Q4-2023, as remuneration increases were compensated by the reduction of employees on average.

In Q4-2024, Other Fixed Costs exceeded previous year's level mainly due to increased R&D costs, lower R&D grants in Austria and reduced R&D capitalizations resulting from the finalization of several R&D-development projects.

### Other Income/ Expenses

In Q4-2024, Other Income/Expenses comprised primarily of positive FX-effects, while the negative impact in Q4-2023 was driven by a fair value adjustment of receivables from customers in emerging markets and negative FX-effects.

### Depreciation & Amortization

Depreciation & Amortization in Q4-2024 exceeded last year's quarter by EUR 1,6m, resulting from the first-time amortization of several finalized R&D development projects (EUR +0,6m), increased depreciation from completed investments for the BD Nano production capacity (EUR +0,2m) and specific impairments of machinery in the Slovakian factory (EUR +0,4m).

### Interest Result

Interest expenses in Q4-2024 were on the same level as in Q4-2023, however, the risk of incurring interest charges from a tax audit diminished, leading to the reversal of a provision considered in Q1-2024 of EUR 0,5m. The volume of Bonds outstanding did not change.

### Taxes

In Q4 2024, taxes were primarily driven by withholding taxes on services rendered to the Chinese factory and a dividend resolution from the Chinese entity, amounting to EUR 1,3m. In contrast, the corresponding quarter of the previous year was significantly affected by a reassessment of both withholding tax liabilities and Deferred Tax liabilities.

## Additional Commentary on the Balance Sheet

<b>Deferred Tax Assets/Liabilities</b>	The Deferred Tax Asset decreased by EUR 0.7m after being partly reclassified as a liability within the Chinese entity's net position. This offset an increase of the Deferred Tax Liability in the Slovakian entity due to lower tax balances on fixed assets following a tax audit result.
<b>Current Financial Assets</b>	The increase in Current Financial Assets of EUR +0,6m was mainly caused by a higher retention from the factoring program.
<b>Current non-financial Assets</b>	The current non-financial Assets include mainly prepayments, VAT receivables and other assets. The significant reduction vs. 31 December 2023 by EUR 1,2m was primarily driven by the receipt of VAT-refunds.
<b>Non-Current Payables</b>	The main item under the Non-Current Payables is subordinated Shareholder Loans that increased by EUR 4,7m vs. 31 December 2023 from capitalized interests.
<b>Current Personnel-related Payables</b>	Current Personnel-related Payables mainly comprise of liabilities towards employees and related social security contributions and other taxes. The level of liability increased mainly due to the utilization of accrued claims towards employees in Slovakia, which were previously offset against the liabilities.
<b>Other current Payables</b>	Other current payables remained at the same level as on 31 December 2023, however, a reduction of investment-related liabilities, primarily in the Chinese entity, offset the increase of withholding tax payables.
<b>Current Provisions</b>	The increase of Current Provision refers to higher customer bonus provisions driven by the higher EV business.

## Additional Commentary on the Cash Flow

<b>Other Balance Sheet Items</b>	The Other Balance Sheet Items in Q4-2024 were negatively affected by reduced claims towards employees of EUR 0,7m, including holidays utilization.
<b>Financing Activities</b>	The cash-out from financing activities in Q4-2024 related mainly to the repayment of Letter of Credit facilities in China of EUR 2,8m and the payment of Bond-interests.

## Definition of Key Indicators

<b>Reported EBITDA</b>	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.
<b>Internal Adjusted EBITDA</b>	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).
<b>Bond EBITDA</b>	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.
<b>Trade Working Capital</b>	The Trade Working Capital comprises of Inventory and Trade Receivables minus Accounts Payable.
<b>Net Debt</b>	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

<b>Demand &amp; Supply</b>	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.
<b>Operations</b>	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.
<b>IT</b>	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.
<b>Finance</b>	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.
<b>ESG</b>	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 workforce. However, the company may also benefit from an increasing demand for cooling solutions as a consequence of the climate change adaption.

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

## Company Information

<b>Name</b>	Secop Group Holding GmbH
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<b>Registration</b>	HRB 14025
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