



Annual Financial Report
at December 31, 2025

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1. LETTER TO THE SHAREHOLDERS

Dear Shareholders,

2025 was a crucial year for SECO. We have emerged from a complex destocking environment with a new drive, ability to execute and a clear strategic vision. The company has resumed its path of sustainable growth, while continuing its transformation into a complete solution company for Edge AI, a particularly advantageous position in an industry going through comprehensive technological transformation.

The construction of a European sample in Edge AI solutions is a lynchpin of our approach and resonates strongly with our customers. With supply chain control becoming increasingly central to purchasing decisions in Europe and globally, SECO's roots, our manufacturing presence and the engineering skills developed on the European continent are a key competitive advantage. Large enterprises and Tier 1 OEMs are actively seeking reliable regional partners to reduce geopolitical risk.

The global Edge AI market is expected to grow at double-digit annual rates for the next decade, supported by the progressive digitization of industrial processes, the increasing prevalence of IoT devices, and the growing demand for real-time intelligent processing capabilities directly on devices, with high levels of privacy protection. The manufacturing sector is seeing the fastest growth, with significant reductions in downtime as companies adopt Edge AI.

In 2025, SECO further strengthened its technological advantage. We have consolidated our partnerships with Qualcomm, Intel, NXP, MediaTek, Axelera AI, and Raspberry Pi. Clea OS 2.0, our industrial-grade operating system based on Yocto, accelerates the time-to-market for customers and ensures seamless integration with the cloud. Our Application Hub - which aims to surpass 150 validated AI applications later this year - democratizes solution adoption, enabling advanced applications to be deployed in a matter of weeks rather than months. This ecosystem-based approach helps to create switching costs and strengthen customer loyalty. Furthermore, the emergence of new regulatory standards, such as the Cyber Resilience Act, represents an additional structural factor that promotes the adoption of our solutions by customers.

Operationally, we have demonstrated strategic vision by tapping into opportunities in several areas, including industrial automation, medical devices, smart buildings and intelligent transportation. The new production plant in Arezzo will generate a significant increase in production capacity by the second half of 2026, eliminating potential supply constraints. We have also expanded our capabilities at the Hangzhou plant, and built a state-of-the-art anechoic chamber at our Hamburg site.

SECO stands out today for the clarity of our strategy. We are no longer just a hardware company: we are a solutions-focused enterprise, powered by software, simplifying the adoption by customers of artificial intelligence at an industrial level, accelerating time-to-market and reducing technological risk. Our ecosystem - edge computing, Clea OS and Application Hub - creates a level of differentiation that our competitors do not have at their disposal.

Our new hardware platforms, including the Modular Vision HMI product line, position us with a unique advantage in several key industries such as defense, medical, industrial automation, robotics and drones. At the same time, integrating artificial intelligence into internal processes - through partnerships with companies such as Google and other technology players - will help improve efficiency in engineering, quality, marketing and sales activities. Our CLEA framework is becoming increasingly relevant for customers every day, while the infrastructure investments made in 2025 place us among the most technologically advanced operators in our market.

We are truly at a turning point today. The convergence between the exponential growth of Edge AI, the spread of increasingly accessible software platforms, the strengthening of the SECO ecosystem, and

our positioning as a leading European player has created a major value creation opportunity. We are confident in our ability to tap into this opportunity while maintaining disciplined financial management and a constant commitment to innovation and the success of our customers.

We would like to express our sincere gratitude to the customers, partners, and employees whose daily commitment contributes to our success. The trust you place in SECO strengthens our determination to bring our vision to life and create lasting value for our shareholders.

Thank you for your continued trust in SECO.

Daniele Conti and Massimo Mauri
(Chairperson & Chief Executive Officer)

Corporate Boards

Board of Directors

Office held until the approval of the 2026 annual accounts

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

Board of Statutory Auditors

Office held until the approval of the 2026 Annual Accounts

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

Executive Officer for

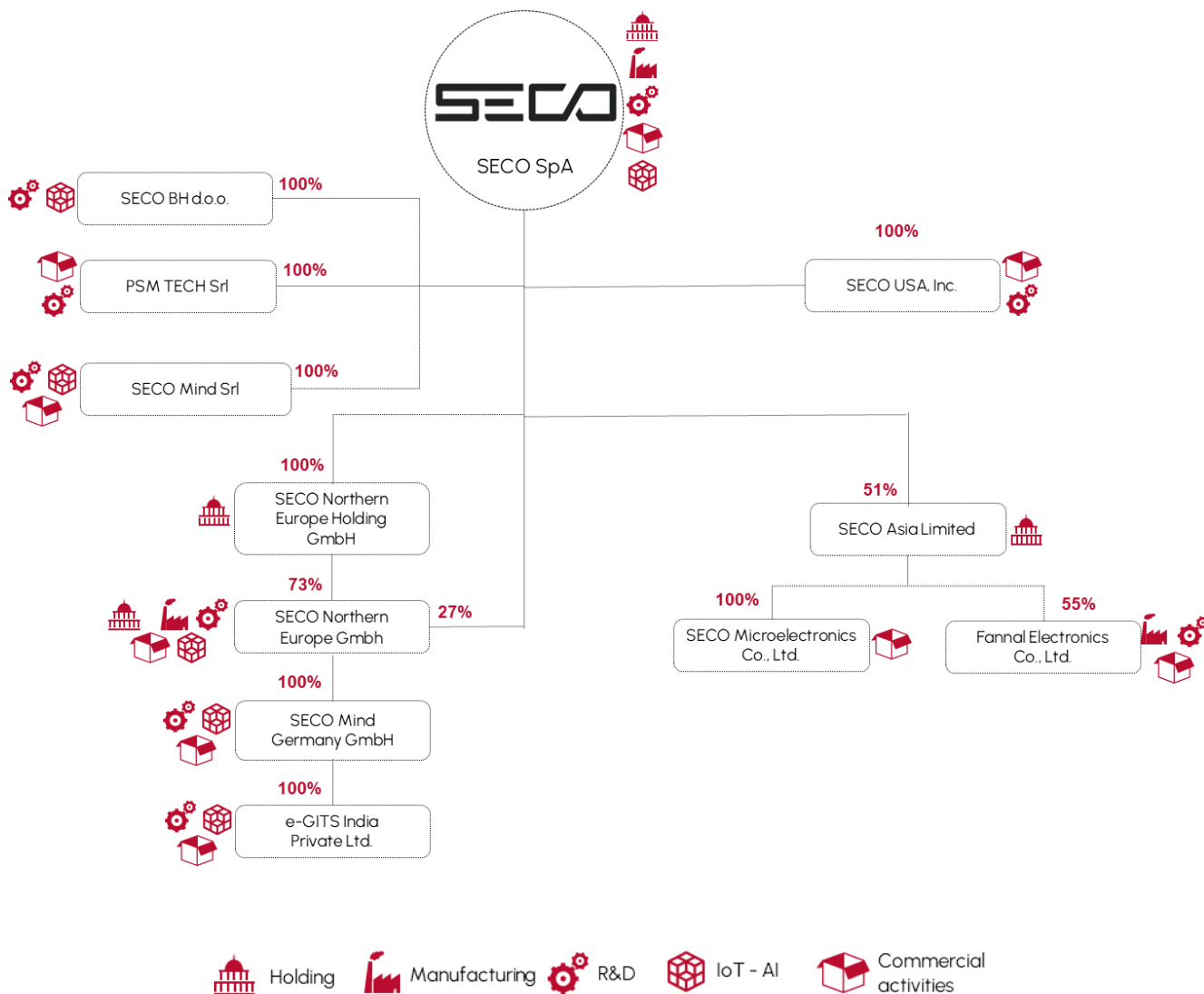
Financial Reporting Lorenzo Mazzini

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

Office held until the approval of the 2029 Annual Accounts

2. THE GROUP AND ITS OPERATIONS

The SECO Group (hereinafter also referred to as the "Group" or "SECO") consists of the parent company SECO S.p.A., hereinafter also referred to as the "Company" or "Parent Company", and its subsidiaries, as presented below:



The Company's registered office is located in Arezzo (AR), via Achille Grandi 20.

SECO is a high-tech Group that develops and delivers cutting-edge solutions for the digitization of industrial products and processes. SECO's hardware and software offerings enable B2B enterprises to introduce edge computing, Internet of Things, data analytics and artificial intelligence into their businesses. Within a quickly and broadly evolving marketplace, SECO's technologies encompass many fields of application, with innovative and customized solutions provided to its more than 450 customers, in sectors such as the Medical, Industrial Automation, Fitness, Vending and Transportation areas, in addition to many others.

3. DIRECTORS' REPORT

FIRST SECTION

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Market overview

Global monetary policy in 2025 was more expansionary than in the previous year, with the main central banks cutting rates to stimulate a general economic recovery. Normalizing inflation, particularly in Europe, has enabled Europe's central banks to gradually ease their restrictive monetary policies, spurring a return of investment and particularly benefitting the industrial component.

The global economic environment in the period was in addition impacted by the geopolitical and the global trade tensions, particularly in terms of possible short to medium-term effects. Tensions within the business and geopolitical environment however have eased over recent months, resulting in a reduced impact from the restrictive trade measures on the demand for edge computing solutions.

On the currency market, the U.S Dollar began to weaken from the second quarter of 2025. This did not translate into reduced demand for edge computing solutions on the U.S. market, which, on the contrary, contributed significantly to the Group's growth during the period. The weakening of the Dollar however negatively impacted the revenues recognized, reducing the value of income and revenues reported in the financial statements of the companies exposed to the U.S. currency.

Geopolitical tensions and fluctuations in commodity prices affect the supply of certain component categories. Delivery timings have generally settled at the improved levels emerging over recent quarters, although a number of critical components have been impacted by certain variable factors. In the electronic components market, the prices of memories used in B2C and B2B applications have generally risen: this mainly owes to the sustained increase in global demand for memories for the building of data centers for artificial intelligence applications. With regard to the other categories of electronic components, a general stabilization has emerged, with prices mostly declining for passive components such as resistors and capacitors.

Within this environment, the Edge Computing segment continues to constitute a key element for technological innovation: the digitalization of devices and processes in fact may significantly contribute to boosting productivity and industrial efficiency, which are essential elements not only for companies' competitiveness, but also their very survival.

Business process digital transformation is enabled by adopting smart solutions that integrate hardware and software components, facilitating the establishment of new business models and the creation of further development opportunities. The increasingly widespread adoption of digital technologies is extending also to traditionally more analogue segments: many companies are investing to improve the user experience and functionality of their products, adapting them to an increasingly interconnected and cutting-edge environment.

Against this backdrop, the main sector growth trends center on factors such as: the development of increasingly innovative technologies for Edge computing and embedded AI, linked to the integration of energy-efficient microcontrollers capable of supporting AI features, the growing interest in hardware and firmware security, against increasing cyber threats, through the development guidelines for embedded cybersecurity technologies, the expansion of IoT technologies, through the spread of real-time operative open source systems and the direct connection of intelligent devices in the industrial area. The integration of IoT-data analytics and artificial intelligence solutions within edge computing devices is also likely to accelerate the launch of new high value-added services and an evolution in the way that businesses deal with the creation, delivery and use of ICT products and services.

In addition, digitization can play a key role within a landscape in which climate change and raw material and energy supply issues make it increasingly necessary to adopt solutions that can accelerate the energy transition. In particular, by enabling the local execution of increasingly complex

computational models, tools can be developed through Edge AI that can increasingly monitor and optimize the power consumption of industrial and home-use devices.

Operational overview

In terms of market dynamics, the growth emerging in Q4 2024 of edge computing and IoT solutions among operators within the various verticals in which the Group operates gradually expanded in the period. This reflects gradually normalizing inflation, particularly in Europe, which has enabled the central banks to adopt a moderately expansive monetary policy, benefitting (although not immediately) enterprise investment appetite, the related rebuilding of stocks and therefore the demand for SEC's products.

New Edge computing product development continues, particularly on modular Human Machine Interface (HMI) and System on Module (SOM) systems, alongside the new features in the Clea software suite. Clea represents a further development of SECO's strategy to leverage over 40 years of Edge computing know-how, with the goal of increasing value for customers, through the offer of end-to-end, integrated, customizable solutions based on micro-computing, human-machine interfaces and software platforms.

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

Globally, as a result of growing demand from OEMs and developers, the adoption of smart and connected edge computing solutions has accelerated in high-potential sectors such as medicine, e-mobility, smart retail and energy infrastructure, with the integration of distributed computing capabilities, secure connectivity and artificial intelligence at the edge level supporting significant boosts in operational efficiency and real-time analytics capabilities.

Against this backdrop, Group sales generally recovered during the period, driven particularly by the U.S. and APAC areas. The EMEA market on the other hand has been impacted, mainly due to the weakness of the German economy, while the Italian market has recovered.

Research and Development and Technological Innovation

Again in 2025, SECO remained strongly committed to ensuring high levels of innovation, integration and added value in the solutions built according to the specific needs of customers operating in multiple verticals.

SECO's main objective is to anticipate the needs of its customers, utilizing frontier technologies and supporting them in the digital transition of their business, while adding value to their solutions.

The constant push for innovation by all the players in a given sector can quickly render a competitive advantage obsolete. As such, every year SECO dedicates significant resources to Research and Development, which concerned the development of new products and of off-the-shelf solutions to be sold on the market, in addition to the co-development and co-engineering of customized products, working hand-in-hand with the customer.

The SECO Group R&D departments are responsible for developing and designing technological solutions based on integrated systems, standard and custom solution modules and IoT and AI software solutions for SECO's customers and target markets. Research and development is a key aspect of SECO's

business model and is carried out both in-house and through partnerships with world-class technology enterprises and research institutes and university hubs worldwide.

The technological development in which SECO has invested in recent years has positioned the Group as a leading player in the combined provision of both hardware and software. The technological challenge that the Group is taking on is that of developing high-performance hardware, with a particular emphasis on strengthening edge computing capacity by creating new products able to run inference models locally, taking advantage of edge processing capacity directly and creating an optimal integration of hardware and the CLEA software platform.

Our strong partnerships with the primary technology leaders in the electronics industry enable the Group to implement our technology strategy by gaining early access to some of the most cutting-edge technologies being developed. The product research and development activities, central and strategic to the group's business model, are focused on making the adoption of the most advanced hardware and software technologies more accessible and secure for users and the actors of SECO's industrial ecosystem.

Major hardware developments during 2025 included the expansion of the modular human machine interface (HMI) product lines, with new products released in both ARM and x86 segments and scalable proposals from 7" to 15" for rapid adoption in multiple segments of industrial automation and process control. During the year, new generations of System on Module in COM Express and SMARC form factors were developed introducing the latest technologies in edge computing and AI performed on field (edge) devices.

From a software development perspective, the launch of the new operating system Clea OS 2.0 follows a similar path, intended to become the standard platform for all SECO products based on ARM and x86 architectures. This solution contains cybersecurity capabilities, also enabling the remote update and deployment of artificial intelligence algorithms in field devices.

2025 saw development costs of Euro 16,595 thousand capitalized (Euro 15,148 thousand in 2024), of which Euro 12,094 thousand related to personnel costs (Euro 11,206 thousand in 2024), while Euro 3,191 thousand was expensed to the income statement.

Operating Performance

December 31, 2025 vs December 31, 2024

Revenues rose from Euro 183,512 thousand in 2024 to Euro 197,581 thousand in 2025, driven particularly by the USA and APAC regions.

Other revenues and income decreased from Euro 3,068 thousand in 2024 to Euro 3,010 thousand in 2025, a decrease of Euro 59 thousand (-1.91%). The item mainly concerns the recognition of the portion of the tax credit accruing in the year for the research and development and innovation activities of the Italian Group companies for Euro 793 thousand, and the capital grant tax credit for the purchase by SECO S.p.A. of capital goods under Industry 4.0 of Euro 364 thousand (portion accruing in the year); and the portion related to the Group's participation in calls for tenders in the amount of Euro 449 thousand.

Service costs decreased by Euro 4,497 thousand (-15.59%) - from Euro 28,843 thousand in 2024 to Euro 24,346 thousand in 2025, due mainly to a reduction of Euro 2,075 thousand in outsourcing costs, Euro 928 thousand in transport costs, and Euro 933 thousand in consulting services.

Personnel costs increased from Euro 42,247 thousand in 2024 to Euro 44,067 thousand in 2025, an increase of Euro 1,821 thousand (+4.31%), mainly due to: (i) the costs related to the expanded Group workforce, for the hire of key figures in 2025 to support the R&D, production and sales development plans; (ii) the recognition of the higher cost for the stock option plans awarded to the management team and employees of the companies of the Group.

Depreciation, amortization and impairments decreased from Euro 30,018 thousand in 2024 to Euro 24,347 thousand in 2025, a decrease of Euro 5,671 thousand (-18.89%). The effect of ordinary depreciation and amortization remains substantially stable, the overall reduction in the item is therefore attributable to the absence of extraordinary write-downs in the period under review, which had affected the previous year.

The doubtful debt provision and the provision for risks and charges decreased from Euro 142 thousand in 2024 to Euro 63 thousand in 2025. The account principally concerns the doubtful debt provision, in addition to the agent supplementary indemnity provision.

Other operating costs decreased from Euro 10,025 thousand in 2024 to Euro 5,842 thousand in 2025, an overall decrease of Euro 4,183 thousand (-41.73%). This movement is mainly attributable to: (i) "Other operating costs", decreasing by Euro 3,502 thousand, which in 2024 included the repayment arising from the tax audit by the Tax Agency on the tax period from 2015 to 2022, which in total related to direct taxes, indirect taxes and tax credits; (ii) the item "Directors' fees and related charges", decreasing Euro 358 thousand compared to the previous year, mainly related to the recognition of the cost of the stock option plans allocated to Directors; (iii) recognition of lower losses on receivables totaling Euro 54 thousand, a decrease of Euro 156 thousand from the previous year.

Financial management, including the effect of financial income, financial charges and exchange gains/(losses), reports a net charge of Euro 8,286 thousand for 2025, a decrease of Euro 7,308 thousand compared to 2024, due mainly to the following: (i) a reduction of Euro 2,937 thousand in financial income compared to the previous year, mainly as a result of the recognition of lower interest income on hedging derivatives; (ii) higher financial expenses of Euro 1,644 thousand mainly due to the offsetting effect of the write-down of the investee Laserwall S.r.l., for Euro 4,003 thousand, net of the reduction of Euro 2,188 thousand in interest rates on short-term credit lines and medium- to long-term bank debt.

Income taxes increased from Euro 1,103 thousand in 2024 to Euro 1,426 thousand in 2025, an increase of Euro 323 thousand.

As a result of the above, the result improved from a net loss of Euro 17,663 thousand in 2024 to a net profit of Euro 496 thousand in 2025.

Balance Sheet Overview

Reference should be made to the balance sheet in this regard. The main changes at December 31, 2025 were as follows.

December 31, 2025 vs December 31, 2024

Total non-current assets decreased from Euro 302,020 at December 31, 2024 to Euro 300,967 thousand at December 31, 2025, a reduction of Euro 1,053 thousand, mainly due to: (i) the increase in "Property, plants and equipment" for Euro 5,323 thousand, mainly due to the investments made by the Group, net of depreciation in the year; (ii) the reduction in "Non-current financial assets" for Euro 3,996 thousand, following the write-down of the investments in the company Laserwall S.r.l. for Euro 4,003 thousand, and the change in the value of the Mark to Market of the interest rate hedging derivatives on the medium/long-term loans undertaken by the Group.

Current assets decreased from Euro 188,908 thousand at December 31, 2024 to Euro 185,116 thousand at December 31, 2025, decreasing Euro 3,792 thousand. The main changes concerned: (i) "Inventories", which decreased by Euro 8,029 thousand from 2024 mainly due to the ongoing improvement in the management of inventories; (ii) "Trade receivables", which increased by Euro 8,513 thousand from the previous year, mainly due to higher Group turnover; (iii) the recognition of "Current financial assets" for Euro 2,030 thousand; and (iv) the decrease in "Cash and cash equivalents" for Euro 5,929 thousand.

Total non-current liabilities decreased from Euro 133,218 thousand at December 31, 2024 to Euro 127,002 thousand at December 31, 2025, a decrease of Euro 6,216 thousand. The main changes concerned: (i) the Euro 5,227 thousand decrease in non-current financial liabilities as a result of repayments of financing; and (ii) the Euro 717 thousand decrease in non-current financial lease payables.

Total current liabilities decreased from Euro 65,978 thousand at December 31, 2024 to Euro 64,616 thousand at December 31, 2025, a reduction of Euro 1,362 thousand, mainly due to: (i) the reduction in current financial liabilities for Euro 3,327 thousand, which includes bank payables regarding the credit lines in place, current account overdrafts, credit card payables, payables for invoice advances and short-term loans due within one year for operating needs at December 31, 2025; (ii) the increase in trade payables for Euro 3,170 thousand; (iii) the reduction in tax payables and other current payables for Euro 539 thousand and Euro 740 thousand respectively.

Financial Information

The Group's cash flow statement is illustrated below:

	31/12/2025	31/12/2024
Cash and cash equivalents at the start of the year	72,586	74,816
Cash flow from operating activities (A)	34,792	34,889
Net cash (used in)/from investing activities (B)	(26,017)	(20,197)
Cash flow from financing activities (C)	(12,861)	(18,132)
Net change in cash and cash equivalents (A + B + C)	(4,087)	(3,440)
Conversion differences	(1,841)	1,210
Cash and cash equivalents at the end of the year	66,657	72,586

December 31, 2025 vs December 31, 2024

At December 31, 2025, operating activities generated cash of Euro 34,792 thousand, decreasing by Euro 98 thousand from the previous year. This decrease is mainly due to the combined effect of the following factors: (i) an increase in cash flows before net working capital changes for Euro 21,320 thousand compared to the previous year, (ii) the increased absorption of cash deriving from trade receivables of Euro 28,111 thousand compared to the previous year (iii) a reduction in liquidity with regards to the decrease in inventories for Euro 5,152 thousand, (iv) a lesser absorption of liquidity deriving from the increase in trade payables, for Euro 8,387 thousand compared to the change in the previous year, (v) a lesser absorption of cash for the payment of taxes of Euro 4,955 thousand.

The investment activities absorbed cash of Euro 26,017 thousand, increasing from the previous year by Euro 5,820 thousand. These movements are mainly due to the increase in investments in property, plants and equipments.

Financing activities absorbed cash totaling Euro 12,861 thousand, with a reduced absorption of cash compared to the previous year for Euro 5,271 thousand, mainly due to: (i) the increased drawdown of loans of Euro 3,230 thousand compared to the previous year; (ii) a reduction in the settlement of bank loans of Euro 1,829 thousand compared to the previous year, (iii) the dividends issued to the minority shareholders of the subsidiary Fannal Electronics Co., Ltd. in 2024 for Euro 2,899 thousand.

As a result of that outlined above, cash and cash equivalents at December 31, 2025 decreased by Euro 5,928 thousand compared to December 31, 2024, respectively decreasing from Euro 72,586 thousand to Euro 66,658 thousand.

Alternative performance measures

The following tables present the operating and financial measures used by the Group to monitor performance, in addition to the measurement methods.

In order to better understand the Group's operating and financial performance, the Directors have identified a number of alternative performance measures ("APM" or "Alternative Performance Measures").

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

(in Euro thousands)	2025	2024	Change	Change %
EBITDA	33,023	15,630	17,393	111.28%
Adjusted EBITDA	40,203	28,209	11,994	42.52%
Net financial debt	(47,250)	(52,494)	5,244	-9.99%
Adjusted net financial debt	(37,599)	(41,309)	3,710	-8.98%

EBITDA - This measure is used by the Group as a financial target and is useful for assessing operating performance. EBITDA is calculated as profit or loss for the year before income taxes, financial income and charges (including exchange rate gains and losses), and amortization and depreciation.

(in Euro thousands)	31/12/2025	31/12/2024	Change	Change %
Total revenues and operating income	200,591	186,580	14,011	7.51%
Costs for services, goods and other operating costs	(123,501)	(128,703)	5,202	-4.04%
Personnel costs	(44,067)	(42,247)	(1,820)	4.31%
EBITDA	33,023	15,630	17,393	111.28%

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

The increase between the two years (Euro 17,393 thousand, +111.28%) is mainly attributable to the increase in sales revenues, which allowed for an operational leverage effect.

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

With regards to Adjusted EBITDA, the Group considers that the adjustment (which defines Adjusted EBITDA) was made to represent the Group's operating performance, net of effects of a number of events and transactions.

(in Euro thousands)	31/12/2025	31/12/2024	Change	Change %
EBITDA	33,023	15,630	17,393	111.28%
Exchange gains/(losses)	1,533	(1,194)	2,727	-228.39%
Income/charges from non-core business activities	5,561	13,773	(8,212)	-59.62%
Non-recurring income/charges from core business activities	86	-	86	0.00%
Adjusted EBITDA	40,203	28,209	11,994	42.52%

The Group reports 2025 Adjusted EBITDA of Euro 40,203 thousand, increasing 42.52% on 2024.

Income/charges from non-core business activities of Euro 5,561 thousand mainly refer to:

- The allocation of stock options to managers and directors for Euro 5,296 thousand (Euro 5,026 thousand in 2024).
- To severance payments to two employees with managerial roles in the amount of Euro 183 thousand (Euro 252 thousand in 2024).

Income considered to fall within the core business activities that are non-recurring, amounting to Euro 86 thousand, mainly refer to agent termination indemnities for Euro 78 thousand.

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

The breakdown of the net financial debt at December 31, 2025 compared with December 31, 2024 is presented on the following page, determined in accordance with "Reminder No. 5/21" dated April 29, 2021 issued by Consob, which refers to ESMA Guideline 32-382-1138 dated March 4, 2021.

At December 31, 2025, the Group net financial debt was Euro 47,250 thousand, compared to Euro 52,494 thousand at December 31, 2024.

(in Euro thousands)	31/12/2025	31/12/2024	Change	Change %
A. Cash	14	14	(1)	-4.07%
B. Cash equivalents	66,643	72,571	(5,928)	-8.17%
C. Other current financial assets	2,030	-	2,030	100.00%
D. Cash and cash equivalents (A) + (B) + (C)	68,687	72,586	(3,899)	-5.37%
E. Current financial debt	(7,089)	(10,381)	3,292	-31.71%
F. Current portion of the non-current debt	(10,305)	(10,212)	(93)	0.91%
G. Current financial debt (E)+(F)	(17,394)	(20,593)	3,199	-15.54%
H. Net current financial debt (G) + (D)	51,293	51,992	(699)	-1.34%
I. Non-current financial debt	(98,543)	(104,486)	5,944	-5.69%
J. Debt instruments	-	-	-	0.00%
K. Trade payables and other non-current payables	-	-	-	0.00%
L. Non-current financial debt (I) + (J) + (K)	(98,543)	(104,486)	5,944	-5.69%
M. Total financial debt (H) + (L)	(47,250)	(52,494)	5,244	-10%

The net financial debt decreased overall by Euro 5,244 thousand compared to December 31, 2024.

Adjusted Net financial debt – The Adjusted net financial debt indicates the Group's capacity to meet its financial obligations.

The Adjusted net financial debt is determined by the Group by adjusting the Net financial debt calculated according to the "Reminder No. 5/21" dated April 29, 2021 issued by Consob, which refers to ESMA Guideline 32-382-1138 dated March 4, 2021, with the VAT receivable, the current and non-current financial receivables deriving from leases and recognized under IFRS 16 and the effect of the recognition of the MTM of the derivatives where liabilities.

(in Euro thousands)	31/12/2025	31/12/2024	Change	Change %
Net financial position/(debt)	(47,250)	(52,494)	5,244	-9.99%
(+) VAT receivables	1,222	2,075	(853)	-41.10%
(-) Current finance lease liabilities	(2,393)	(2,358)	(35)	1.49%
(-) Non-current finance lease liabilities	(6,035)	(6,752)	717	-10.61%
(-) Derivative financial instruments	-	-	-	0.00%
Adjusted net financial debt	(37,599)	(41,309)	3,710	-8.98%

(*) at December 31, 2025, the Mark to Market of derivatives was a positive Euro 5,035 thousand, compared to a positive Euro 6,914 thousand at December 31, 2024. These active derivatives are classified as non-current financial assets which are not included in the components to be considered when determining net financial debt, as per Consob Communication in accordance with ESMA recommendations 2022/32/382/1 138, and they are therefore not included in the calculation of Adjusted net financial debt.

The Adjusted net financial debt was Euro 37,599 thousand at December 31, 2025, compared to Euro 41,309 thousand at December 31, 2024.

Risks and uncertainties

The main risk factors are examined in the Risk Management Policies section of the Explanatory Notes, to which reference should be made for further details. This section outlines the risk related to the general economic environment.

The SECO Group is exposed to risks arising from the characteristics and evolving dynamics of the economic cycle and the domestic and international political context. Furthermore, although the Group serves a wide range of sectors and customers, we currently have several loyal customers who account for over 5% of revenue and whose potential loss or downsizing could negatively impact the Group's business and our financial performance and standing.

The production activity of the Group depends on the availability of electronic components and semiconductors supplied by global operators. Any tensions in the supply chains, delays in deliveries, or shortages of critical components could affect the continuity of production processes and delivery times to customers. The Group constantly monitors the evolution of the supply chain and adopts, where possible, supplier diversification policies and procurement planning.

The SECO Group operates on international markets exposed to geopolitical and regulatory risks. Trade tensions between economic areas, the introduction of tariffs or restrictions on the export of sensitive technologies, in addition to the possible introduction of economic sanctions or regulatory restrictions, could limit access to certain markets or influence global supply chains. In addition, some technology products and components may be subject to export control and technology security regulations.

The current geopolitical scenario is characterized by a high fragmentation of conflicts, with some high-intensity wars and numerous regional conflicts or civil wars. This environment generates risks of economic instability, disruptions in supply chains and volatility in international markets.

The prolongation of the conflict between Russia and Ukraine, which began in 2022, has had significant global consequences due to economic effects on the world's markets, especially in terms of increased transportation costs, raw material prices, and energy costs. The resulting geopolitical instability had significant general economic repercussions, mainly concerning – but not limited to – the European continent.

The increased geopolitical tensions in the Middle East, which began in October 2023, have affected the flow of trade. In particular, potential attacks on vessels transiting the Red Sea have led to a drastic reduction in traffic through the Suez Canal and a diversion of trade routes, resulting in increased costs and longer time frames related to the transportation of supplies and distribution of products. Added to this are the recent tensions over the Strait of Hormuz as a result of the conflict between the U.S., Israel and Iran, which is leading to a reduced sourcing of oil, and helium - which is highly used in the production of semiconductors and cooling of data centers - with possible significant impacts on the price of energy, transportation and many categories of goods for industrial and retail use.

Against this background, there are also growing geopolitical and trade tensions between major economic powers, particularly between the United States and China, which are leading to the introduction of industrial policies and trade restrictions in strategic technology sectors, including semiconductors and advanced technologies.

Overall, the current geopolitical environment entails an increase in global macroeconomic uncertainty and may affect energy costs, availability of technology components, international trade, and stability of supply chains, with possible effects on the operations and strategic planning of companies operating on an international scale.

The development of these issues globally is outside of the Group's control and the impacts on the financial markets and economic activity may not be forecast on a worldwide basis.

The first part of the year was characterized by an escalation of geopolitical tensions and an inflationary scenario that did not allow central banks to make corrections to interest rates.

SECO on the stock exchange

SECO S.p.A. shares are traded on the Milan Euronext Star market organized and managed by Borsa Italiana S.p.A. At December 31, 2025, the SECO S.p.A. (IOT:MI) stock price was Euro 2.93, with a capitalization therefore of Euro 390.8 million.

Outlook

SECO is continuing to acquire new design wins and customers, strengthening the foundation for our future development.

The gradual normalization of inflation, particularly in Europe, which has enabled central banks here to gradually loosen monetary policy over the second half of 2024, had a positive impact on the investment appetite of businesses in 2025. Within this landscape, albeit in light of the previously highlighted geopolitical dynamics, we are seeing a gradual rebuilding of inventories and a consequent recovery in the demand for hardware. As of the date of this report, the general market environment, that of the various geographies and of the Group target segments are likely to support business growth over the coming months.

As of early 2026, there are tensions on memory prices and supply, mainly due to the sustained increase in global demand for memory to build data centers for artificial intelligence applications. The impacts of such tensions represent an additional challenge and uncertainty for the Group, as the effects are currently unquantifiable in terms of both scope and duration.

A digital revolution is underway in the market, where digitization and the use of Artificial Intelligence algorithms "at the Edge" assume a key role for the future technological development of enterprises. The growing demand for smart solutions increasingly concerns the introduction of Artificial Intelligence, directly on the device locally, to enable the launch of new high value-added services, leveraging field data and introducing new business models. SECO's comprehensive and integrated technology proposition focused on Edge computing and IoT-data analytics is designed to meet these needs and enable customers to tap into the digitization opportunities emerging across all sectors. In this context, SECO has evolved its offerings over time, building the value proposition to meet the evolving needs of customers within the increasingly broad range of verticals served. AI, the competitive positioning of the Company has also gradually shifted, as it positions itself today as a solution company focused on generating value for the customer through integrated hardware, HMI and software-AI solutions.

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

SECOND SECTION - CONSOLIDATED SUSTAINABILITY STATEMENT

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General disclosures

ESRS 2 General Disclosures

BP-1 – General basis for preparation of sustainability statements

This document is the Consolidated Sustainability Statement (hereinafter also the “Sustainability Statement”) of the SECO Group (hereinafter also “SECO” or the “Group”). The Statement is prepared annually in compliance with Legislative Decree No. 125/2024, issued to implement Directive 2022/2464/EU (the “Corporate Sustainability Reporting Directive”) and the requirements of Article 8 of Regulation (EU) 2020/852 of the European Parliament. [BP1, 5-a]

Reporting scope [BP1-5- b i]

The reporting scope corresponds to that of the 2025 Consolidated Financial Statements. The scope has changed since the previous financial year due to the dissolution and subsequent deregistration of SECO Mind USA LLC.

The qualitative information and quantitative data contained in the sections of this Consolidated Sustainability Statement are reported in aggregate form at Group level and, where deemed necessary, specific details have been provided for the following geographical areas in which the Group operates:

- Italy: includes the parent company SECO S.p.A. and the companies PSM Tech S.r.l. and SECO Mind S.r.l.;
- Germany: includes the companies SECO Northern Europe GmbH and SECO Mind Germany GmbH
- USA: Includes SECO USA, Inc.
- APAC: includes SECO Asia Limited, Fannal Electronics Co., Ltd. and SECO Microelectronics Co., Ltd.
- Other: includes the company SECO BH d.o.o.

The Company e-GITS India Private Ltd carried out no operations and employed no staff during the reporting period; as such, no environmental or social data are reported.

Within the Group's scope, the parent company SECO S.p.A. is solely responsible for preparing the Sustainability Statement. [BP1, 5-b ii]

In the “Technical Details” paragraph, data are presented both by geographical area and at Group level.

SECO has not made use of the option to omit specific information related to intellectual property, know-how or innovation outcomes, nor of the exemption from disclosing impending developments or matters in the course of negotiation – pursuant to Article 19-bis, paragraph 3 and Article 29-bis, paragraph 3 of Directive 2013/34/EU – as it is not applicable. [BP-1, 5d, 5e]

Value chain [BP-1, 5c]

The upstream and downstream value chain was taken into account when mapping impacts, risks and opportunities. This activity informed the definition of the contents presented in this statement. For further details on the reporting scope, reference should be made to the value chain mapping set out in the dedicated section (*ref. IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities*), which was developed according to the specific features of the

business model and includes a mapping of the Group's relationships with value chain actors up to the third tier.

In addition, with regard to value chain coverage, the policies currently adopted by SECO, which also extend upstream, mainly concern Conflict Minerals management and the procurement policy. Specifically, the Conflict Minerals policy requires suppliers to declare and guarantee that they do not source raw materials from conflict-affected areas (Tier 2), thereby strengthening oversight along the supply chain. Similarly, the procurement policy establishes the criteria for selecting and monitoring business partners, incorporating specific expectations related to compliance and responsibility.

The metrics reported in this document do not include quantitative data related to the upstream or downstream value chain, except for the information used to calculate Scope 3 emissions. The upstream and downstream value chain was also considered when mapping climate-related impacts (greenhouse gas emissions), as part of the carbon footprint analysis, with a specific focus on Scope 3 indirect emissions (*ref. E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions*).

BP-2 – Disclosures in relation to specific circumstances

Time horizons

When identifying the short-, medium- and long-term time horizons contained in this Sustainability Statement, SECO adopted those set out in ESRS 1 – 6.4, Definition of short-, medium- and long-term for reporting purposes, which establishes the following time horizons starting from the end of the reporting period:

- Short term the period adopted by the undertaking as the reporting period in its financial statements, i.e., to December 31, 2026;
- Medium term: The period ending five years from the end of the reporting period, i.e., December 31, 2031;
- Long term: The period beyond the five-year medium-term horizon, i.e., beyond December 31, 2031.

The only exception to the above applies to time horizons defined when analyzing climate scenarios. Due to the nature of climate-related risks – particularly physical risks – and in light of the European policies adopted in recent years – specifically those concerning transition risks – the long-term horizon has been extended to 2050. For more information, see chapter E1.

In addition, with regard to climate-related topics, SECO began a structured process in 2025 to define and progressively adopt a decarbonization plan. The plan includes Near-Term targets aligned with the 1.5°C scenario, i.e., emission reduction targets over a 5-10 year horizon. [BP-2, 9]

Value chain estimation

When preparing this Sustainability Statement, SECO used estimates relating to value chain data and information to calculate Scope 3 emissions, as detailed in the section “E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions.”

To improve the accuracy and reliability of value chain metrics, the Group intends to strengthen its data collection and management processes, particularly with respect to customers and suppliers, progressively updating methodologies and tools in line with the evolution of relevant principles and standards. [BP-2, 10]

Sources of estimation and outcome uncertainty

As a general rule, when estimates are used to quantify data, the adopted methodology is indicated in the relevant section, to which reference should be made. Overall, the estimates used in this Sustainability Statement do not present a high level of uncertainty. The following section outlines specific cases where limited levels of uncertainty were identified, along with the reasons for uncertainty and the assumptions and estimates used in the calculations. [BP-2, 11]

ESRS Topic	Metric	Reasons for the uncertainty	Method for addressing uncertainty – Estimates, assumptions and approximations
E1	Energy consumption	Unavailability or partial availability of certain information relating to the energy consumption of SECO Microelectronics Co., SECO Mind Germany GmbH, and SECO BH d.o.o.	SECO Microelectronics Co. - estimated by proportionally reallocating the energy consumption of SECO Mind Srl, which is comparable in terms of activities, size and/or business model. SECO Mind Germany GmbH - estimated through allocation to the relevant months based on a proportional approach that reflects the actual days of supply included in each billing period SECO BH d.o.o. - estimated based on the total electricity cost incurred in 2025, relative to the unit price of energy.
E1	GHG Emissions - Scope 3	Limited availability and relative accuracy of the data used to define information about both quantitative and qualitative Scope 3 emissions, related to the value chain, in addition to the large number of part numbers and the complexity of the bill of materials (ref. E1-6 - Gross Scopes 1, 2, 3 and Total GHG emissions.)	Segmentation of the product portfolio into representative clusters (boards and systems with and without touch interfaces) and the use of calculations based on the monetary value of purchases, applying conversion factors for specific emission categories (ref. E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions).
E5	Volume of input materials for the production of products and services	High number of part numbers and the complex composition of bills of materials (ref. E5-4 – Resource inflows)	All product part numbers were grouped into representative clusters (boards and systems with or without touch interfaces of various sizes). For each cluster, the components of a representative bill of materials were individually analyzed. The total weight, adjusted accordingly, is considered equal to the total input materials used to produce goods and services, as the amount of waste generated during production processes is not material (ref. E5-4 – Resource inflows).

ESRS Topic	Metric	Reasons for the uncertainty	Method for addressing uncertainty – Estimates, assumptions and approximations
S1	Global percentage of employees covered by workers' representatives	Absence of precise data on the percentage of employees of Germany-based companies covered by workers' representatives	Assumption that workers' representatives cover 100% of employees, including those not covered by collective bargaining agreements, as they operate in the interest of all workers.
S1	Hours worked	Lack of precise data on the actual hours worked by employees of the Group's companies (excluding SECO S.p.A.)	For SECO S.p.A., PSM Tech srl and SECO Mind srl, the actual hours worked by employees were considered, while for employees of the other Group companies and for non-employee workers across the entire Group, hours worked were instead estimated based on theoretical annual contractual hours. The estimate is calculated by multiplying the standard annual hours of a full-time employee (2,080 hours, equal to 40 hours/week × 52 weeks) by the number of workers and by the part-time percentage. The estimate does not consider the effect of absences, overtime, or any local specificities related to working calendars and schedules.

Changes in preparation or presentation of sustainability information

E1 - Climate change

- SECO Mind Germany GmbH - Data for 2024 on electricity consumption from fossil sources was obtained. This information was not available in the previous year due to the technical limitations of the Company's data collection process
- SECO Northern Europe GmbH – Methodology to collect data on electricity self-generation and self-consumption from photovoltaic sources, was refined. This information was not included in the 2024 version
- SECO Northern Europe GmbH – Methodology to collect actual consumption data for the month of December 2024 was refined
- Fannal Electronic Ltd - Additional fuel consumption data was obtained for 2024; this was not obtained in the previous year, following a refinement in methodology
- SECO Group - the 2024 Carbon Footprint calculation related to Scope 2 was updated in light of the integration of electricity consumption data as described above
- SECO Group - the calculation of the 2024 Carbon Footprint related to Scope 3.11 was updated in light of a refinement of the average load factor figure. This parameter is determined based on an analysis that considers the power consumed by certain categories of circuit boards and systems under different operating conditions. In 2025, the model was improved to more accurately reflect ordinary use profiles, giving greater weight to typical operating conditions and reducing the incidence of high load conditions that are not

representative of normal use. This methodological refinement also led to the update of the comparative figure for the corresponding 2024 emissions.

E5 - Circular economy

- SECO Northern Europe - Following the receipt from the supplier of updated information on the actual destination of certain waste types previously classified as non-recyclable, the Group revised the comparative data for 2024 through reclassification
- SECO BHd.o.o., Microelectronics, SECO Mind Germany GmbH and SECO Mind Srl – Values relating to total waste and waste classification were revised, as these data were not available in 2024
- SECO Group - A breakdown including the percentage of non-recycled waste was added. Only non-recovered waste was reported in the previous year
- SECO Group - The methodology for classifying waste destination categories was refined: a more precise reading was made of treatment codes and their subcategories, in order to more accurately distinguish recovery and disposal transactions consistent with the categories provided by the ESRS; comparative 2024 data have been restated accordingly

[BP-2, 13]

Reporting errors in prior periods

E1 - Climate change

- Fannal Electronic Ltd - 2024 fuel consumption data were restated, with the amounts previously attributed to diesel reclassified as gasoline consumption.
- SECO Mind S.r.l. - 2024 electricity consumption data were restated, with the quantities previously attributed to fossil sources reclassified as energy from renewable sources.
- SECO S.p.A. - Some 2024 fuel consumption data were restated following correction of an error in the previous information set
- SECO Group - Due to the above adjustments, the calculation of Carbon Footprint 2024 was updated with reference to Scope 1 and Scope 3.3.

[BP-2, 14]

Disclosures stemming from other legislation or generally accepted sustainability reporting standards and frameworks

The Group does not include information derived from other regulations requiring the disclosure of sustainability-related information in its Sustainability Statement, nor does it include information from other generally accepted sustainability reporting standards and frameworks, with the exception of the information required pursuant to Article 8 of Regulation (EU) 2020/852 of the European Parliament.

[BP-2, 15]

Use of transitional provisions in accordance with Appendix C of ESRS 1

The Group makes use of the transitional provision, under which it is not required to report comparative information when preparing the Consolidated Sustainability Statement for the first time. The adoption of the European Sustainability Reporting Standards (ESRS) introduced new reporting methods, both in terms of the consolidation scope and the metrics adopted, which do not allow comparison with the qualitative/quantitative information published in the previous reporting periods in compliance with the disclosure requirements applicable at that time. [BP-2, 17]

The Group applied the phase-in provisions in accordance with Appendix C of ESRS 1 for the following data points.

ESRS	Data requirement	Paragraphs
2 General disclosures	SBM-1 Strategy, business model and value chain	40b, 40c
	SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	41, 48e
E1 - Climate change	E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	All
E2 – Pollution	E2-6 Potential financial effects from pollution-related impacts, risks and opportunities	All
E4 - Biodiversity ¹	All	All
E5 - Resource use and circular economy	E5-6 Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	43a, 43b, 43c, AR 35
S1 – Own workforce	S1-11 Social protection	All
	S1-12 Persons with disabilities	All
	S1-13 Training and skills development metrics	84, 85
	S1-14 Health and safety metrics	89
	S1-15 Work-life balance metrics	All

Governance

GOV-1 – The role of the administrative, management and supervisory bodies

Composition and diversity of the administrative, management and supervisory bodies

The Board of Directors is the highest administrative, management, and supervisory body of the Parent Company.

The composition of the Board of Directors is presented below, highlighting the distinction between executive and non-executive members, gender representation, and the degree of independence. [GOV-1, 20a] [GOV-1, 21a, d, e]

Executive members of the Board of Directors	Number	%
Executive members	2	20%
Non-Executive members	8	80%
Total	10	100%

Gender representation on the Board	Number	%
Male members	7	70%

¹ In addition, in line with the provisions of the "quick-fix" Delegated Regulation of the European Sustainability Reporting Standards of July 11, 2025, the Group is applying the option to exclude the entire disclosure requirement E4 - Biodiversity and Ecosystems from its sustainability reporting for 2025, previously allowed to companies with less than 750 employees. This choice was made despite the fact that the topic emerged as material in the double materiality assessment under the transitional provisions introduced by the aforementioned Delegated Regulation. Additional information can be found in the Group's policies description.

Female members	3	30%
Total	10	100%
<i>Average ratio of male to female Board members</i>	2.33	

Independent Board members	Number	%
Independent members	4	40%
Non-independent members	6	60%
Total	10	100%

Within the Board of Directors, there are no members elected to represent employees or other workers, nor are there members appointed specifically on the basis of experience gained in specific geographic areas relevant to SECO. Overall, however, the professional experience of the Directors covers the main sectors, products, and markets in which the Group operates, in addition to the main geographic areas where the Group is present, ensuring an adequate understanding of the relevant competitive landscape. [GOV-1 21b, c]

Role and responsibilities of the administrative, management, and supervisory bodies

SECO adopts the Corporate Governance Code of Borsa Italiana, ensuring that its corporate governance structure is aligned with the related principles and recommendations. Against this backdrop, the activities of the Board of Directors are guided by the pursuit of sustainable success, which involves creating long-term value for shareholders while also considering the interests of other stakeholders relevant to the Group.

The Board of Directors is responsible for defining organizational and strategic guidelines, overseeing the control systems required to monitor the performance of the Parent Company and its subsidiaries, and ensuring the overall oversight of risks associated with the Group's activities in the medium to long term.

The Board of Directors shall have the widest powers of Company administration and may carry out any and all acts deemed appropriate in satisfying corporate purposes, with the sole exclusion of those attributed by law or the By-Laws to the Shareholders' Meeting. Pursuant to Article 19 of the By-Laws, the Board of Directors also has the power, subject to compliance with Article 2436 of the Civil Code, to resolve on: mergers and spin-offs, in cases provided for by law; the establishment or closure of secondary offices; the designation of Directors to represent the Company; the reduction of the share capital in the event of withdrawal of one or more shareholders; the adaptation of the By-Laws to regulatory provisions; the transfer of the registered office to another premises in Italy. The allocation of these powers to the Board of Directors does not exclude the concurrent competence of the Shareholders' Meeting on such matters.

In addition, in accordance with the Corporate Governance Code, the Board of Directors also carries out the following activities:

- defines strategic guidelines, examines and approves Company and Group multi-year business plans, including based on analysis related to long-term value creation;
- periodically monitors implementation of the business plan, and assesses general operating performance, periodically comparing the results achieved with those planned;

- defines the nature and level of risk compatible with the strategic objectives of the Company, including in its assessments every element considered significant with regard to the sustainability success of the Company;
- defines the Company's corporate governance system and Group structure, by evaluating the adequacy of the Company's organizational, administration and accounting system and that of its strategically significant subsidiaries, with particular reference to the Internal Control and Risk Management System;
- resolves on transactions carried out by the Company and its subsidiaries when these have a significant impact on the Company's strategy, profitability, assets, liabilities or financial position. The Board of Directors has not established any general criteria for identifying transactions that have a significant impact on the Company's strategy, profitability, assets, liabilities or financial position, as it deems it more appropriate to assess the significance of the transactions carried out on a case-by-case basis;
- upon proposal by the Chairperson in conjunction with the Chief Executive Officer, adopts a procedure for internal management and external communication of documents and information relating to the Company, with particular regard to inside information.

The Board also represents the body responsible for the Internal Control and Risk Management System, understood as the set of rules, procedures, organizational structures and processes aimed at monitoring the efficiency of business operations, the reliability of information provided to corporate bodies and the market, compliance with laws and regulations, and the safeguarding of corporate assets, as better described in the paragraph [GOV-1, 20b].

The Board defines, also with the support of its internal Board committee (the Control and Risk Committee), the guidelines for the Internal Control and Risk Management System, ensuring that the main risks for the Company and Group – including those that may be material in terms of sustainability over the medium to long term – are identified, measured and monitored. In view of this, the Board approves the Enterprise Risk Management (ERM) model on an annual basis, which forms part of the Internal Control and Risk Management System.

Within this framework, material sustainability impacts, risks, and opportunities (IROs) are incorporated into the Enterprise Risk Management (ERM) model, with specific mitigation safeguards and operational responsibilities.

As the responsible body, the Board of Directors oversees the process of identifying, monitoring, and managing sustainability-related impacts, risks, and opportunities (IROs). These responsibilities are outlined in the ESG Reporting Policy and in the related procedure for sustainability reporting. [GOV-1, 22a, b]

When defining strategic, business and financial plans, the Board of Directors determines the nature and level of risk compatible with the strategic objectives, including in their assessments those risks considered significant with regard to sustainability for the Parent Company and the Group's subsidiaries.

Against this backdrop, the ESG Lead, reporting to the Chief of Quality and the Health & Safety Officer, submits a proposal to the Board of Directors, which approves the objectives and targets related to material impacts, risks, and opportunities. Some of these targets concern the climate, environment, social matters, and governance. The Board also periodically monitors progress toward achieving these targets by analyzing relevant key performance indicators (KPIs) and reviewing related reporting, requesting corrective measures where necessary. [GOV-1, 22d] From this perspective, during 2025, SECO launched a structured process to define its first Strategic Sustainability Plan, intended to identify action areas and targets consistent with the Group's corporate strategy and with the results of the analyses conducted during the period.

The oversight and operational management of ESG topics are entrusted to the ESG Lead, who coordinates the processes of identifying, evaluating, and managing sustainability impacts, risks, and opportunities across the value chain. The ESG Lead ensures coordination with the Quality, Environment, Health & Safety, R&D, HR, Operations, Finance and Legal functions and prepares periodic reports to be submitted to the Control and Risk Committee and the Board of Directors, including the Group's annual Sustainability Statement. [GOV-1, 22c].

Expertise and experience of the Board of Directors

The members of the Board of Directors possess varied expertise aligned with SECO's business model in the following specific areas: Technology and digital, financial and international markets and M&A transactions, legal, tax, regulatory, and compliance matters, accounting and audit, and ESG topics. [GOV-1, 21c]

The following table summarizes each Director's main areas of expertise.

		Technology and digital	Financial and international markets, M&A	Legal, tax, regulatory and compliance expertise	Accounting and audit	ESG
Daniele Conti	Chairperson	x				
Massimo Mauri	Chief Executive Officer	x	x			
Michele Secciani	Non-Executive Director	x				
Claudio Catania	Non-Executive Director	x	x			
Tosja Zywitz	Non-Executive Director	x	x			
Luciano Lomarini	Non-Executive Director			x	x	
Valentina Montanari	Lead Independent Director			x	x	x
Anna Zattoni	Independent Director					x
Valentina Manfredi	Independent Director	x				x
Paolo Lavatelli	Independent Director			x	x	

For the purposes of this classification, professional experience of at least three years in senior or executive roles (such as Chairperson, Chief Executive Officer, General Manager, Board Member, Executive, or Partner) within companies operating in the aforementioned sectors was taken into consideration. With reference to ESG expertise, relevant experience includes holding senior or executive roles in organizations where ESG topics represent the core business or play an essential role in the Company's long-term strategy. The composition of the Board of Directors and its skills mix were defined to ensure appropriate oversight of the main impacts, risks, and opportunities relevant to the Group, as identified by the double materiality assessment.

Against this backdrop, the Board of Directors recognizes the strategic relevance of sustainability topics for SECO's business model and for long-term value creation. A specific board induction program was therefore organized for members of the Board of Directors to provide a clear and up-

to-date overview of the global context and the European regulatory context on ESG topics and sustainability reporting. The program will contextualize the implications for SECO and for the electronics/high-tech sector and examine trends, risks, and opportunities related to the integration of sustainability into the corporate strategy and the value chain (including the main focus areas of decarbonization, the circular economy, the supply chain, and people). This activity will be carried out in 2026, following the publication of this document, to facilitate the reporting process for the coming year and strengthen ESG culture within the organization.

In addition, the Board may also make use, where necessary, of further refresher and in-depth sessions, as well as the support of the relevant internal functions and external experts. [GOV-1, 23a, b]

GOV 2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

The Control and Risk Committee receives an update at least once a year on the activities concerning the Group's double materiality assessment, in order to review the methodology used and to share the mapped impacts, risks and opportunities, along with the outcomes of the analysis conducted.

In addition, the results of the analysis are also presented by the same methods to the Board of Directors, which is the body responsible for their approval.

The results of the analysis are among the key elements adopted by the BoD as a basis for its strategic assessments regarding sustainability-related matters and business decisions.

The results of the double materiality assessment conducted for 2025 were shared with the Directors and analyzed to define the Group's strategic guidelines with regard to ESG topics, which will guide the definition of the Group's Strategic Sustainability Plan. [GOV-2, 23a, b]

Below are the impacts, risks and opportunities identified in the most recent update of the materiality analysis (*ref. IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities*) [GOV-2, 26]:

Material impacts

ID	ESG Impact (Inside-Out)	P(+) N(-)	A / P	VC	Human rights	Time horizon	Topic	Sub-topic	Sub-sub-topic
12	Contribution to climate change mitigation, through the use of renewable energy sources and energy efficiency solutions	P	A	Own operations	No	Medium term (1-5 years)	Climate change	Climate change mitigation	--
15	Significant reduction of pollutant emissions in SECO's industrial processes, thanks to the use of additional localized extraction technologies	P	A	Own operations	No	Short term (<1 year)	Pollution	Pollution of air	--
111	Climate change mitigation and the consequent preservation of natural ecosystems, through the reduction of climate-altering emissions by using renewable energy sources and improving the energy efficiency of SECO's products and services	P	A	Own operations	No	Medium term (1-5 years)	Biodiversity and ecosystems	Direct impact drivers of biodiversity loss	Climate change

ID	ESG Impact (Inside-Out)	P(+) N(-)	A / P	VC	Human rights	Time horizon	Topic	Sub-topic	Sub-sub-topic
117	Contribution to increasing recyclability and reducing the impact of packaging waste by using packaging made of 100% FSC-certified paper	P	A	Own operations	No	Short term (<1 year)	Circular economy	Resource outflows related to products and services	--
119	Contribution to the sector's circular economy by delivering electronic waste to authorized facilities for the treatment and recovery of precious metals	P	P	Own operations	No	Medium term (1-5 years)	Circular economy	Waste	--
120	Economic and employment stability of employees through the promotion of permanent contracting	P	A	Own operations	No	Long term (>5 years)	Own workforce	Working conditions	Secure employment
122	Promoting employees' psychological and physical well-being and reducing the risk of work-related stress through structured management of working time, featuring regular hours and defined and accessible breaks.	P	A	Own operations	No	Long term (>5 years)	Own workforce	Working conditions	Working time
124	Greater protection for employees, ensured by SECO through the presence of trade union representation, guaranteeing full freedom in their establishment, activities, and functioning, without any interference	P	A	Own operations	Yes	Long term (>5 years)	Own workforce	Working conditions	Social dialogue
125	Improvement of employees' physical and mental well-being, supported by initiatives to promote work-life balance, such as remote working, parental support, and physical and mental well-being programs	P	A	Own operations	No	Long term (>5 years)	Own workforce	Working conditions	Work-life balance
126	Protection of health, supported by SECO through the adoption of appropriate prevention systems	P	A	Own operations	No	Long term (>5 years)	Own workforce	Working conditions	Health and safety

ID	ESG Impact (Inside-Out)	P(+) N(-)	A / P	VC	Human rights	Time horizon	Topic	Sub-topic	Sub-sub-topic
128	Professional and personal development of employees by strengthening their skills, with a specific focus on the development of digital skills	P	A	Own operations	No	Long term (>5 years)	Own workforce	Equal treatment and opportunities for all	Training and skills development
129	Protection of employee diversity by providing employment opportunities for people with disabilities	P	A	Own operations	Yes	Long term (>5 years)	Own workforce	Equal treatment and opportunities for all	Employment and inclusion of persons with disabilities
131	Greater perception of personal protection among employees by creating an official Company channel for reporting inappropriate behavior, introduced to respond to the need for safety and protection in the workplace	P	A	Own operations	No	Long term (>5 years)	Own workforce	Equal treatment and opportunities for all	Measures against violence and harassment in the workplace
133	Reduction of the risk of unauthorized access and improper user of sensitive data within the Company's information systems by creating an effective data breach protection framework, adopted to address the need for greater cybersecurity and regulatory compliance	P	A	Own operations	Yes	Medium term (1-5 years)	Own workforce	Other work-related rights	Privacy
136	Contribution to the potential reduction of the physical and mental well-being of workers along the supply chain, due to excessive working hours among suppliers and a lack of effective monitoring and control mechanisms to ensure compliance with working time limits along the value chain	N	P	Upstream	Yes	Medium term (1-5 years)	Workers in the value chain	Working conditions	Working time

ID	ESG Impact (Inside-Out)	P(+) N(-)	A / P	VC	Human rights	Time horizon	Topic	Sub-topic	Sub-sub-topic
I38	Contribution to workers' freedom of expression along the value chain, supported by the selection of suppliers that guarantee full freedom of association for their workers	P	P	Upstream	Yes	Medium term (1-5 years)	Workers in the value chain	Working conditions	Social dialogue
I40	Ensuring non-discrimination for workers in the value chain by including specific obligations in supply contracts related to pay non-discrimination and the conduct of social audits at high-risk suppliers	P	P	Upstream	Yes	Medium term (1-5 years)	Workers in the value chain	Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value
I41	Contribution to reducing technological barriers and increasing workers' participation and autonomy by using technological tools to facilitate work processes, including AI	P	A	Upstream	Yes	Medium term (1-5 years)	Workers in the value chain	Equal treatment and opportunities for all	The employment and inclusion of persons with disabilities
I46	Development of digital and technological skills among young people in the local area, in particular through support for local schools in STEM education, promoted by SECO through educational partnerships, the sponsorship of a local ITS technical institute, and initiatives to disseminate knowledge and build connections between business, education, and the community	P	A	Downstream	No	Medium term (1-5 years)	Affected communities	Communities' economic, social and cultural rights	Land-related impacts

ID	ESG Impact (Inside-Out)	P(+) N(-)	A / P	VC	Huma n rights	Time horizon	Topic	Sub-topic	Sub-sub-topic
147	Contribution to avoiding the appropriation of agricultural or community land by ensuring production facilities are located in developed areas	P	A	Downstream	No	Medium term (1-5 years)	Affected communities	Communities' economic, social and cultural rights	Land-related impacts
149	Protection of SECO customers' personal data and privacy by adopting strategies and tools for managing and preventing privacy and cybersecurity attacks	P	A	Own operations / Downstream	Yes	Short term (<1 year)	Consumers and end-users	Information-related impacts for consumers and/or end-users	Privacy
150	Greater clarity, security, and autonomy in decision-making for SECO's customers, supported by the availability of transparent, comprehensive, and easily accessible information provided by the Company, enabling them to better understand the features of products and services, thereby reducing uncertainty and risk in purchasing decisions	P	A	Own operations / Downstream	No	Short term (<1 year)	Consumers and end-users	Information-related impacts for consumers and/or end-users	Access to (quality) information
151	Improvement in the quality of customer service, achieved through the use of AI as a tool for direct and structured interaction with customers, significantly reducing response times and improving operational efficiency when resolving reported issues through access to reliable and timely information	P	A	Own operations / Downstream	No	Short term (<1 year)	Consumers and end-users	Information-related impacts for consumers and/or end-users	Access to (quality) information
152	Ensuring the safety of products sold by SECO, supported by the Company's commitment to complying with	P	A	Own operations /	No	Medium term (1-5 years)	Consumers and	Personal safety of consumers and/or end-users	Health and safety

ID	ESG Impact (Inside-Out)	P(+) N(-)	A / P	VC	Human rights	Time horizon	Topic	Sub-topic	Sub-sub-topic
	stringent quality, safety, and regulatory standards			Downstream				end-users	
I53	Enhancing usability of SECO products by end-users through greater focus on creating simple and accessible interfaces that reduce technological barriers, with a consequent increase in satisfaction and a lower degree of discrimination against customers with limited knowledge in the digital/IT field.	P	A	Own operations / Downstream	No	Medium term (1-5 years)	Consumers and end-users	Social inclusion of consumers and/or end-users	Non-discrimination
I54	Positive impacts generated for people, stakeholders, and the environment thanks to a corporate culture based on the principles of integrity and fair competition	P	A	Own operations / Downstream	No	Medium term (1-5 years)	Business conduct	Corporate culture	--
I55	Protection of whistleblowers, ensured through the presence of a whistleblowing channel, and protection of whistleblowers' personal data through a system for managing reports anonymously	P	A	Own operations / Downstream	Yes	Short term (<1 year)	Business conduct	Protection of whistleblowers	--
I56	Greater financial stability and more reliable business relationships for SECO's suppliers, supported by the Company's adoption of timely and transparent payment practices, which strengthen trust and collaboration across the value chain	P	A	Own operations / Downstream	No	Medium term (1-5 years)	Business conduct	Management of relationships with suppliers including payment practices	--
I57	Reduction of corruption and bribery thanks to the adoption of internal control and monitoring systems aimed at preventing corrupt practices, thereby increasing transparency and	P	A	Own operations	No	Short term (<1 year)	Business conduct	Corruption and bribery	Prevention and detection including training

ID	ESG Impact (Inside-Out)	P(+) N(-)	A / P	VC	Huma n rights	Time horizon	Topic	Sub-topic	Sub-sub-topic
	accountability for SECO in relation to area governance.								
158	Promoting employees' awareness and understanding of ethical challenges related to AI within SECO and across the value chain.	P	A	Own operations / Downstream	No	Medium term (1-5 years)	Entity-specific	Artificial intelligence and technology	Artificial intelligence and technology
159	Negative social impacts due to uncontrolled use of AI, such as replacement of human job, misinformation, and privacy violations	N	P	Own operations	Yes	Medium term (1-5 years)	Entity-specific	Artificial intelligence and technology	Artificial intelligence and technology

Risks and opportunities

ID	Risk / Opportunity	Time horizon	Impact ID	Topic	Sub-topic	Sub-sub-topic
O3	Strengthening competitiveness and access to new markets by developing electronic solutions compliant with eco-design and circularity requirements, which promote more efficient and traceable use of critical raw materials along the value chain.	Medium term (1-5 years)	/	Circular economy	Resources inflows, including resource use	--
O4	Improvement in productivity, retention, and SECO's attractiveness as an employer, supported by increased employee satisfaction and well-being resulting from workplace flexibility and work-life balance initiatives	Short term (<1 year)	I22	Own workforce	Working conditions	Working time
R11	Reputational damage, reduced productivity, and increased recruiting and training costs, with negative impacts on corporate performance, due to the lack of opportunities for career and skills development	Medium term (1-5 years)	I23 (not material)	Own workforce	Working conditions	Adequate wages
R12	Increase in costs related to penalties in the event of non-compliance with occupational health and safety regulations, and risk of operational disruptions should significant workplace injuries occur	Short term (<1 year)	I26	Own workforce	Working conditions	Health and safety
O5	Increase in operational efficiency and production continuity, in addition to improvement in corporate reputation, resulting from the reduced risk of work-related injuries thanks to the adoption of effective prevention systems	Medium term (1-5 years)	I26	Own workforce	Working conditions	Health and safety
R13	Risk of reputational damage, legal disputes, penalties, and reduced attractiveness to talent and	Medium term (1-5 years)	/	Own workforce	Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value

ID	Risk / Opportunity	Time horizon	Impact ID	Topic	Sub-topic	Sub-sub-topic
	stakeholders in the event of discriminatory practices or non-compliance with European regulations on equal pay and opportunities within the workforce					
O6	Increase in competitiveness and corporate innovation, driven by the professional development of employees, supported through skills development, particularly digital skills, which improve adaptability to technological and organizational changes	Long term (>5 years)	I28	Own workforce	Equal treatment and opportunities for all	Training and skills development
R14	Legal disputes, regulatory penalties, increased turnover, and reputational damage, resulting from the absence of corporate policies that protect employees from physical and verbal harassment	Short term (<1 year)	I30 (not material)	Own workforce	Equal treatment and opportunities for all	Measures against violence and harassment in the workplace
R15	Legal disputes, regulatory sanctions, increased turnover, difficulties in attracting talent, and reputational damage, resulting from discrimination and unfair treatment of individuals in the absence of effective corporate measures for prevention, inclusion, and diversity protection	Long term (>5 years)	I32 (not material)	Own workforce	Equal treatment and opportunities for all	Diversity
R16	Increase in costs related to legal and regulatory sanctions, loss of trust from customers and stakeholders, and reputational damage, resulting from unauthorized access and improper use of sensitive workforce data, in the absence of adequate safeguards and specific training provided by the Company	Short term (<1 year)	I34 (not material)	Own workforce	Other work-related rights	Privacy

ID	Risk / Opportunity	Time horizon	Impact ID	Topic	Sub-topic	Sub-sub-topic
O7	Improvement in the trust of customers, partners, and stakeholders, supported by greater security of sensitive data and regulatory compliance, which could translate into a competitive advantage and new business opportunities	Medium term (1-5 years)	I33	Own workforce	Other work-related rights	Privacy
R20	Indirect involvement in serious human rights violations, resulting in reputational damage, loss of stakeholder trust, and trade restrictions, arising from the absence of effective due diligence and monitoring systems in the supply chain for minerals/metals sourced from conflict-affected areas, and from the lack of binding minimum standards in supply contracts	Short term (<1 year)	I44 (not material)	Workers in the value chain	Other work-related rights	Child labor
R21	Legal liabilities, penalties, and loss of the company's license to operate, resulting from the accidental contamination of water resources caused by the Company's activities	Short term (<1 year)	I45 (not material)	Affected communities	Communities' economic, social and cultural rights	Water and sanitation
O10	Increase in revenues driven by the expansion of SECO's future workforce, thanks to a greater commitment to local awareness and training initiatives focused on STEM education	Long term (>5 years)	I46	Affected communities	Communities' economic, social and cultural rights	Land-related impacts
R22	Violation of European regulations on the control of exports and dual-use products, resulting in legal penalties, reputational damage, and restrictions on commercial activities, arising from the sale of products to foreign intermediaries without adequate verification of end-users and intended uses, with the risk that these products	Short term (<1 year)	I48 (not material)	Affected communities	Communities' economic, social and cultural rights	Security-related impacts

ID	Risk / Opportunity	Time horizon	Impact ID	Topic	Sub-topic	Sub-sub-topic
	may be used in contexts with an elevated risk of violating the rights of local communities and compromising their security, human rights, and civil liberties.					
O11	Strengthening the Company's competitiveness and reputation by proactively protecting customers' personal data, which reinforces market trust and facilitates access to regulated or cybersecurity-sensitive sectors	Medium term (1-5 years)	I49	Consumers and end-users	Information-related impacts for consumers and/or end-users	Privacy
O12	Strengthening customer satisfaction and loyalty, with a potential increase in competitiveness and market share, thanks to the use of artificial intelligence to improve service quality, reduce response times, and optimize operational efficiency when managing customer requests	Short term (<1 year)	I51	Consumers and end-users	Information-related impacts for consumers and/or end-users	Access to (quality) information
O13	Ensuring business continuity, supported by the safety of SECO's products, which do not generate negative impacts for the end customer	Medium term (1-5 years)	I52	Consumers and end-users	Personal safety of consumers and/or end-users	Health and safety
O14	Expansion of the customer base and improvement of digital inclusivity, supported by the development of simple and accessible interfaces that increase the usability of products for users with limited digital skills, thereby fostering greater satisfaction and loyalty among end consumers	Medium term (1-5 years)	I53	Consumers and end-users	Social inclusion of consumers and/or end-users	Non-discrimination
O16	Strengthening the corporate culture based on ethics, trust, and transparency, resulting in enhanced	Medium term (1-5 years)	I55	Business conduct	Protection of whistleblowers	--

ID	Risk / Opportunity	Time horizon	Impact ID	Topic	Sub-topic	Sub-sub-topic
	reputation, greater employee engagement, and the improved ability to prevent or promptly detect unlawful conduct, thanks to the adoption of a secure and anonymous whistleblowing channel that protects whistleblowers					
O17	Consolidation of a reliable and resilient supplier network, supporting operational continuity, greater supply chain efficiency, and more favorable commercial conditions over the long term, thanks to the adoption of timely and transparent payment practices that improve suppliers' financial stability and strengthen trust and collaboration along the value chain	Long term (>5 years)	I56	Business conduct	Management of relationships with suppliers including payment practices	--
O18	Strengthening SECO's reputation and credibility among public and private stakeholders, with greater opportunities to access partnerships, financing, and public tenders, supported by a corporate image based on transparency, integrity, regulatory compliance, and the fight against corruption	Medium term (1-5 years)	I57	Business conduct	Corruption and bribery	Prevention and detection including training

GOV-3 – Integration of sustainability-related performance in incentive schemes

SECO publishes an annual report on its Remuneration Policy - approved by the Company's Board of Directors on March 17, 2025, following a proposal by the Appointments and Remuneration Committee - in compliance with regulations applicable to listed companies, in accordance with the recommendations set out in the Corporate Governance Code. The Policy is available in the Corporate Governance section on corporate.seco.com.

The remuneration of Non-Executive Directors and Independent Directors is appropriate to the competence, professionalism and commitment required by the tasks assigned to them within the Board and Board Committees. These Directors do not receive variable remuneration and are not beneficiaries of remuneration plans based on financial instruments.

With regard to Executive Directors, the remuneration structure comprises a fixed component and a variable component: the latter is primarily linked to annual quantitative targets, mainly based on profitability and financial performance metrics, and to qualitative aspects, which also include certain ESG-related criteria. However, since these are qualitative elements, it is not possible to indicate the percentage of remuneration that depends on sustainability-related objectives and/or impacts.

A portion of the variable component is also linked to the multi-year targets related to the Company's long-term performance in terms of enhancing the value of the Company and achieving the targets of the business plan.

The short-term component of variable remuneration may not exceed 55% of the Executive Directors' total remuneration, except in the case of overperformance where the short-term variable component may not exceed 65% of total remuneration.

For details regarding the variable remuneration portion of individual Directors, please refer to the Remuneration Policy, available in the Investor Relations section of the corporate website.

The KPIs and conditions related to incentive systems are defined and approved by the Board of Directors, based on proposals and opinions from the Appointments and Remuneration Committee. [GOV-3,29]

GOV-4 - Statement on due diligence

The Company takes actions to identify, analyze and manage both the potential negative impacts on people and the environment, in addition to related risks, considering not only its own operations but also those across the entire value chain.

The following table outlines the disclosure requirements mandated by sustainability reporting, which reflect the core principles of our approach to due diligence [GOV-4, 30, 32].

CORE COMPONENTS OF DUE DILIGENCE	Paragraphs in the Sustainability Statement
Integrating due diligence into the governance, strategy and business model	GOV - 1 The role of the administrative, management and supervisory bodies GOV - 2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

**CORE COMPONENTS OF
DUE DILIGENCE**

Paragraphs in the Sustainability Statement

GOV - 3 Integration of sustainability-related performance in incentive schemes

SBM - 3 Material impacts, risks and opportunities and their interaction with strategy and business model

Engaging stakeholders in all key phases of due diligence

SBM-2 - Interests and views of stakeholders

IRO - 1 Description of the processes to identify and assess material impacts, risks and opportunities

Identifying and assessing actual and potential negative impacts

IRO - 1 Description of the processes to identify and assess material impacts, risks and opportunities

SBM - 3 Material impacts, risks and opportunities and their interaction with strategy and business model

Taking action to address negative impacts

MDR-P Policies adopted to manage material sustainability matters

E1-2 Policies related to climate change mitigation and adaptation

E5-1 Policies related to resource use and circular economy

S1-1 Policies related to own workforce

S2-1 Policies related to value chain workers

S3-1 Policies related to affected communities

S4-1 Policies related to consumers and end-users

G1-1 Corporate culture and business conduct policies

G1-2 Management of relationships with suppliers

G1-3 Prevention and detection of corruption and bribery

Tracking the effectiveness of actions and reporting

E1-6 - Gross Scopes 1, 2, 3 and Total GHG emissions

E5-4 - Resource inflows

E5-5 - Resource outflows

S1-9 - Diversity metrics

S1-10 - Adequate wages

S1-12 - Persons with disabilities

S1-13 - Training and skills development metrics

S1-14 – Health and safety metrics

S1-15 - Work-life balance

S1-16 - Compensation metrics

S1-17 - Incidents, complaints and severe human rights impacts

G1-4 Confirmed incidents of corruption or bribery

GOV-5 – Risk management and internal controls over sustainability reporting

Internal Control and Risk Management System

The Internal Control and Risk Management System is an integrated system of rules, procedures and organizational structures aimed at identifying, measuring, managing and monitoring the main corporate risks, in which a number of corporate bodies and organizational units take part, and whose components are coordinated and interdependent and characterized by complementarity in terms of the aims pursued, the characteristics of the system and the operating rules.

In defining the guidelines of the risk management and internal control system, the Board has adopted a framework that complies with the indications of the Corporate Governance Code and is aligned with the reference best practices, and is defined in line with the "Internal Controls – Integrated Framework" and "Enterprise Risk Management – Integrated Framework" models issued by the Committee of Sponsoring Organizations of the Treadway Commission (so-called CoSo Report).

Specifically, the parties involved in the Internal Control and Risk Management System are:

- the Board of Directors;
- the Control and Risk Committee;
- the Chief Executive Officer as the Director in charge of the Internal Control and Risk Management System;
- the Board of Statutory Auditors;
- the independent audit firm;
- the Supervisory Board;
- the Executive Officer for Financial Reporting;
- the Internal Audit Manager.

As described in section GOV-1, the Board of Directors has ultimate responsibility for the Internal Control and Risk Management System. In this area, the Board assigned to the Chief Executive Officer the responsibility for establishing and maintaining the Internal Control and Risk Management System.

Within the scope of this mandate, the Chief Executive Officer:

- identifies the main business risks, taking into account the characteristics of the activities undertaken by the Company and by its subsidiaries, and periodically presenting them for examination to the Board of Directors;
- enacts the guidelines defined by the Board, supervising the planning, realization and management of the Internal Control and Risk Management System, constantly verifying its adequacy and efficiency, and adapting it to changes in operating conditions and legal and regulatory frameworks.

In addition, the Chief Executive Officer entrusted the Internal Audit Function with verifying specific operational areas and with compliance of internal procedures and rules in the execution of business

operations, simultaneously communicating such to the Chairperson of the Board of Directors, the Chairperson of the Control and Risk Committee and to the Chairperson of the Board of Statutory Auditors. We note that during the reporting period, the Chief Executive Officer did not exercise this authority.

The meetings of the Control and Risk Committee were attended by the members of the Board of Statutory Auditors, as well as the Chief Executive Officer pursuant to the Corporate Governance Code, the heads of the Legal and Corporate Affairs, Finance and Control, and Internal Audit Departments, and the independent audit firm, at the invitation of the Committee's Chairperson and informing the Chief Executive Officer.

The following responsibilities in the area of control and risk management are assigned to the aforementioned Committee, among others:

- defining the guidelines for the Internal Control and Risk Management System in line with the Company's strategy and assessing, at least annually, the adequacy of the system considering the particular characteristics of the Company, the risk profile assumed, and its efficacy;
- appointing and dismissing the Internal Audit Manager, defining his or her remuneration in line with corporate policies, ensuring that s/he is provided with adequate resources to carry out his or her tasks. Should the Internal Audit Function, as a whole or in segments, be entrusted to an entity external to the Company, this external entity must meet the appropriate requirements of professionalism, independence and organization and adequate justification for this choice must be provided in the Corporate Governance Report;
- approving, at least annually, the work plan drawn up by the Internal Audit Manager, after consultation with the control board and the Chief Executive Officer;
- assessing the appropriateness of adopting measures to ensure the effectiveness and impartiality of judgement of the other corporate functions involved in the internal audits, verifying that they possess adequate levels of professionalism and resources;
- performing the supervisory functions pursuant to Article 6, paragraph 1, letter b) of Legislative Decree No. 231/2001;
- following consultation with the control body, assessing the conclusions set out by the legal auditor in any letter of recommendations and in the additional report addressed to the control body;
- describing, in the Corporate Governance Report, the main features of the Internal Control and Risk Management System and the methods of coordination between the parties involved in it, indicating the models and national and international reference best practices, expressing its overall assessment of the adequacy of the system and outlining the choices made in relation to the composition of the Supervisory Board as per point (v) above.

The internal audit role has been entrusted to PricewaterhouseCoopers Business Services S.r.l.

In addition to the control bodies, the management team is also involved in the risk assessment and analysis process: The designated representatives from the various functions (risk-owners) are engaged in risk mapping, assessment and monitoring activities, in addition to the audit phases. The Group Chief Quality Officer is responsible for coordinating these activities.

Risk assessment is based on an analysis of the context in which the Group operates, taking into account various topics including compliance, strategy, business operations and information reporting, which may involve different internal stakeholders and corporate processes. For each of these an in-depth analysis is carried out to identify its main contents in relation to the Group's information and data, the internal and external stakeholders involved in the scope of the context, their expectations and, finally, the risks and opportunities.



Each risk is assigned an inherent risk coefficient, based on a rating reflecting both the phenomenon's likelihood of occurrence and the severity of potential impact (measured in terms of financial loss and/or time). Management controls and actions already in place or that could be introduced to mitigate the impact are then identified and the residual risk level is verified.

Risk management and internal controls over sustainability reporting

SECO ensures the reliability of its sustainability reporting through an integrated Enterprise Risk Management (ERM) and internal control system, applied consistently throughout the entire information cycle: from defining the reporting scope and methodologies, to data collection, quality checks, consolidation, and preparation of disclosures, up to the review and approval phase. The model is based on clearly assigned roles and responsibilities along the data chain, the use of standardized templates and operational instructions for data collection (including units of measure, reporting boundaries, calculation rules, and estimation criteria), in addition to the traceability of supporting evidence and the version control of working files, with checks focused on the completeness, consistency, and plausibility of both data and narrative information. [GOV-5, 36a]

In line with the ERM approach adopted by the Group, risks associated with the reporting process are assessed by distinguishing between inherent risk and residual risk, and are prioritized using a risk-based approach, taking into account the relevance of disclosures with respect to ESRS requirements, the complexity of data (measurements versus estimates, number of inputs, variety of sources), and the potential exposure to misalignment between companies and processes or across different reporting periods. [GOV-5, 36b]

In line with this analysis, the main risk areas monitored include the correct definition of the reporting scope and alignment with corporate disclosures, compliance with the reporting cycle timelines, the robustness of the double materiality process (methodology, traceability of sources, and stakeholder engagement), data quality (completeness, accuracy, consistency, and timelines), and coverage of the ESRS data points. They also include internal consistency between KPIs, methodological notes, and narrative content, in addition to alignment with the issuer's other official documents. To mitigate these risks, the Group adopts organizational and procedural safeguards that include the planning and monitoring of the reporting process, multi-level controls along the data chain, structured management of supporting evidence and rationales underpinning estimates or variations, in addition to overall consistency reviews and approval workflows for disclosures. Based on the assessment of risk areas and the related mitigation measures, the residual risk level associated with the sustainability reporting process is considered to be limited overall. [GOV-5, 36c]

During the reporting period, SECO also carried out a structured reconciliation activity between the ERM Risk Register and the results of the double materiality assessment. The process included the identification and classification of ERM risks attributable to ESG factors, their association with risks/opportunities identified by the DMA, and their connection to the relevant ESRS standards/topics,

in support of integrated prioritization and alignment between sustainability priorities and managed risks. To support the governance of the reporting process, SECO has defined and adopted a set of interconnected procedures regulating the processes for defining, collecting, processing, and approving sustainability disclosures subject to reporting (including the phases related to double materiality and the EU Taxonomy). These actions ensure data quality in terms of integrity, traceability, and compliance with applicable standards. SECO also ensures the reliability, traceability, and availability of sustainability information through an organizational and digital framework that incorporates procedures, data collection tools, and dedicated workflows. This framework enables coordinated management of the entire process, from the definition of data collection models to the retention of documentary evidence, facilitating checks and reconciliations throughout the various phases. Against this backdrop, reference documentation (procedures, operational instructions, and models) and working files used for data collection are stored in controlled digital environments, ensuring the availability of evidence and compliance with the requirements set out by the ESRS standards. [GOV-5, 36d]

The results of control activities and risk assessments applied to sustainability reporting (progress status, main critical issues, corrective actions, and relevant methodological aspects, including the outcomes of the ERM-DMA reconciliation) feed internal information flows, supporting the review and approval phases carried out by the competent bodies.

The data collection and validation process involves three levels of control: the first level is performed by data owners and operational contacts; the second level is carried out by the Finance Team and those responsible for the sustainability reporting process; the third level is performed by administrative and control bodies during the approval process for the Statement and the double materiality assessment. [GOV-5, 36e]

Strategy

SBM-1 Strategy, business model and value chain

Group Strategy

SECO is a technology company that designs and develops solutions and technologies to enable a new generation of intelligent digital devices in the fields of Edge Computing, the Internet of Things (IoT), and Artificial Intelligence (AI). The Group operates in a global market, with five production facilities and nine research & development centers across Europe, North America, and Asia, employing over 800 people².

SECO primarily operates in the business-to-business segment, mainly serving industrial OEMs and system integrators. Its customers operate across a wide range of vertical markets, including vending and coffee, industrial automation, medical, transportation, infotainment, smart cities, aerospace and defense, fitness, energy management, access control, and security. Off-the-shelf solutions, based on the most widely adopted global industrial computer design standards, can be sold as they are or customized to meet specific verticals and customer needs. The commercial model is based on long-term relationships with key customers. [SBM – 1, 40a.ii]

Against this backdrop, the Groups is further evolving its market positioning: From an embedded hardware manufacturer to a full-stack Edge AI solution provider. The objective is to offer customers a single partner able to combine modular and scalable hardware, the Clea software framework, and a catalog of AI algorithms and applications distributed through the SECO Application Hub, the marketplace for AI-ready industrial applications. Through this approach, SECO seeks to reduce the complexity that is currently slowing the adoption of AI in industrial environments – such as hardware fragmentation, integration difficulties with legacy systems, and the presence of multiple technology stakeholders – by simplifying customers' pathways towards next-generation machines and enabling data-driven business models and recurring digital services.

Among the key developments in 2024-2025, noteworthy initiatives include the announcement and launch of the Application Hub and AI Studio as central components of the Edge AI strategy, and the launch of new “AI-ready” HMI platforms (such as Modular Vision and Pi Vision), which natively integrate Clea and AI functionalities [SBM-1, 40a.i]

ESG principles are integrated into all of the Group's activities, which is committed to satisfying the needs of its stakeholders on a daily basis by placing SECO's workforce at the center and focusing on the key objective of satisfying customers looking for a partner to maximize the potential of their products and leverage emerging technological opportunities. All of this is done without ever losing sight of the environmental aspect, striving, wherever possible, to minimize its impact on the territory and the ecosystem within which SECO operates. [SBM-1 40e, f, g]

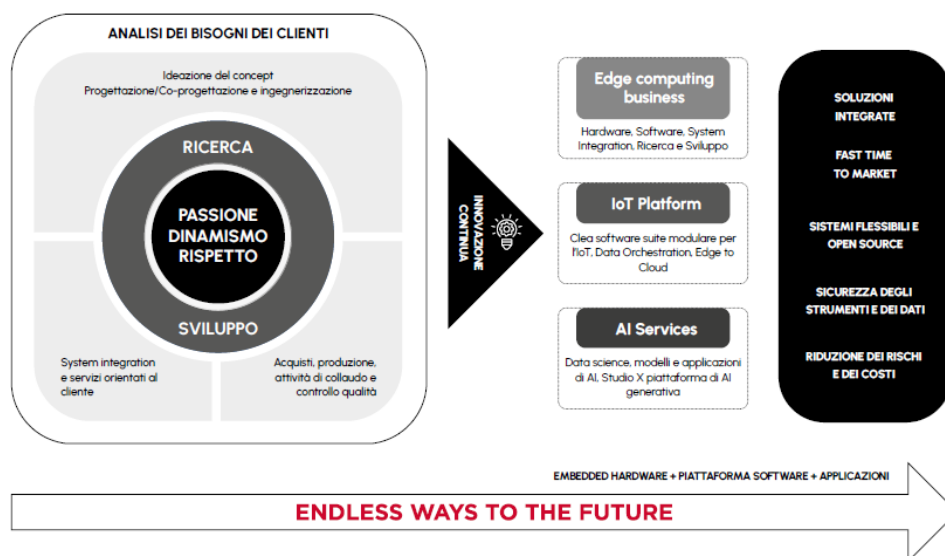
Business Model

SECO's business model consists of two closely integrated components. On the one hand, the business model comprises Edge computing hardware, which represents the predominant share of revenues and includes embedded modules and systems, single board computers, box PCs, HMI panels intended for industrial OEMs. On the other hand, it includes Clea, the proprietary IoT-AI software

² Information on the distribution of employees by geographical areas is provided in section SI-6 “Characteristics of the undertaking's employees.” [SBM – 1 40 (a.iii)]

framework, which enables connectivity, device fleet management, data orchestration, and the deployment of artificial intelligence algorithms on devices in the field. [SBM - 1 40, a.i]

The infographic below illustrates the Group's business model.



Specifically, SECO's business model and internal value chain are structured into three main phases.

The first phase comprises the design or co-design of solutions based on hardware (edge computing) or software (IoT/AI) technologies. Once we have agreed on the preliminary specifications with our customers (design win), we move on to the engineering phase, which comes after product design and before manufacturing. In this phase, SECO oversees the industrialization of the product, developing a workable and customizable solution based on customer requirements.

Once this phase is complete, the Group directly oversees the operations cycle and supply chain management phases, from the purchase of raw materials and components to product manufacture, which comprises the integral phrases of testing and quality control. The Group is committed to complying with high internal quality standards, legal regulations, and all applicable certification standards.

The final phase involves system integration and customer assistance activities, which we perform through services designed to meet customer needs. SECO offers plug-and-play hardware solutions featuring HMI touch interfaces and connectivity, ready to integrate with its proprietary CLEA platform. This allows for rapid and efficient integration into customer solutions, minimizing implementation effort. SECO also develops the IoT-AI infrastructure required for software solutions, which is implemented according to the specifications defined during the design phase. [SBM-1, 42a]

Value chain

SECO's value chain features a multi-faceted ecosystem of actors, within which the Group occupies an intermediate position as a B2B technology provider of hardware and software solutions for industrial OEMs and system integrators. Upstream, SECO primarily sources from global manufacturers and distributors of semiconductors, electronic components, and mechanical parts. At the center of the value chain, the Group oversees the design, industrialization, production, and testing of solutions, in addition to the development and management of digital platforms and related services. Downstream, its solutions are integrated into the products and systems of customers, who distribute

them across various application sectors. The Group does not interact significantly with the end consumer, except for a residual product line that is not material in terms of revenue. [SBM-1, 42c]

For the purposes of this statement, no quantitative elements related to the value chain have been included. However, a detailed analysis of its composition was carried out in order to identify material impacts, risks and opportunities beyond the Company's organizational scope (*ref. IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities*).

This analysis led to the identification of the main actors in SECO's value chain, their characteristics and the nature of their interactions with the Group, which were consistent with those mapped out in the 2024 Sustainability Statement, as illustrated below.

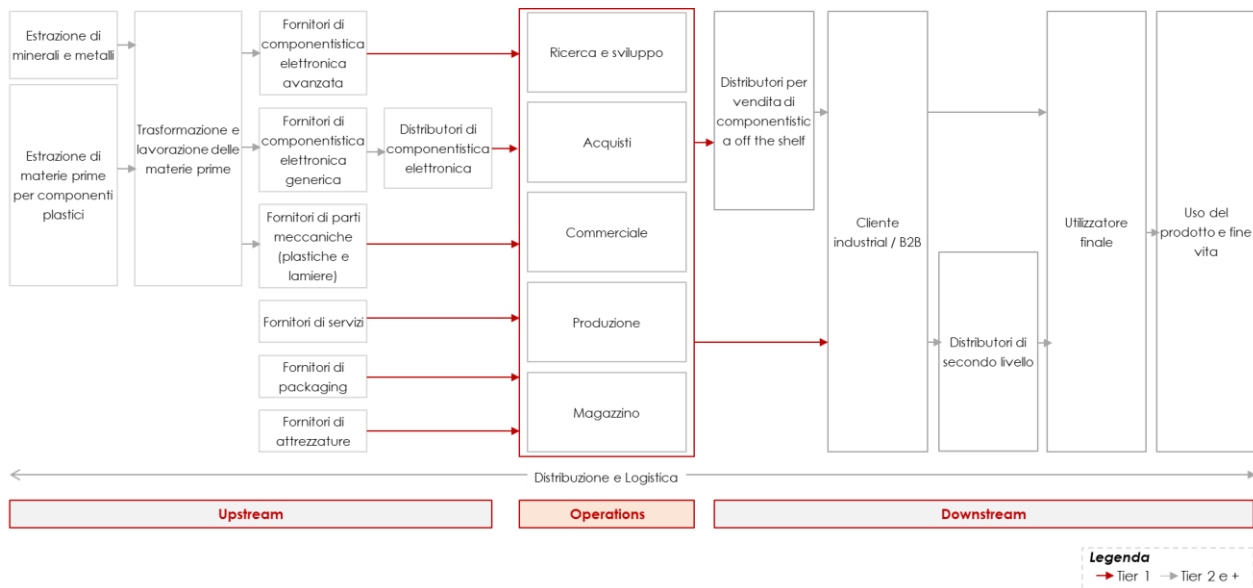
Additionally, the analysis enabled the identification of certain advantages that SECO's customers and, indirectly, other value chain stakeholders, may derive from SECO's products and services:

- In-house production, which enables SECO to directly oversee manufacturing processes, thereby ensuring compliance with quality standards required by customers or regulatory or certification requirements;
- Geographic proximity of Operations and R&D to customers, supported by SECO's international presence across EMEA, the USA and APAC;
- Co-development of customer-enabling solutions, through in-house R&D and testing activities carried out on behalf of customers, allowing them to integrate electronics, human-machine interfaces and connectivity into their own devices while reducing development costs and time-to-market.

The model's evolution toward end-to-end Edge AI solutions further strengthens these advantages: The combination of co-design, in-house production, and digital services enables customers to deploy connected devices capable of generating useful data that improve process efficiency, reduce unplanned downtime, and allow machine functionalities to be updated.

For those investing in the Group, this pathway translates into a more balanced development model, where the growth of hardware volumes is accompanied by an increasing share of revenues linked to platforms and recurring services. The greater stability of customer relationships, built on integrated and long-term solutions, allows SECO to plan investment in innovation and digitalization with greater visibility, thereby strengthening the contribution of its activities to value creation in the medium to long term.

This same model also supports the growth of people and the ecosystems in which SECO operates. The expansion of Edge AI solutions requires new skills, driving new hires and professional development within the Group and in the areas where its production facilities and research & development centers are located. At the same time, collaborations with technology partners and customers contribute to strengthening industrial networks that could facilitate the sector's digital transition over time. [SBM-1, 42b]



The SECO Group's value chain operates through a structured ecosystem of actors, divided between upstream partners, who supply the technological and material resources necessary for production, and downstream actors, who distribute SECO's solutions to end customers.

The upstream value chain includes:

- Suppliers of advanced electronic components, primarily global silicon vendors that provide technological solutions such as chips and memory devices. These vendors are industry leaders in electronics; SECO collaborates with many of them through both commercial relationships and technology partnerships. This includes direct agreements that provide early access to the latest semiconductor innovations (early access programs), allowing SECO to test cutting-edge technologies before they are put on the market and integrate them into SECO products, such as processors and microcontrollers. These relationships also involve direct price negotiations, technical support during the design phase and continuous updates on technological developments.
- Suppliers and distributors of general and electronic components: mainly comprising distributors with widespread international market presence. They ensure a reliable and flexible supply chain, which the Group leverages through direct commercial relationships to access widely used materials, managing procurement according to production needs and market availability;
- Other suppliers: including suppliers of mechanical parts (plastic and metal), suppliers of various production equipment and suppliers of services, with whom SECO maintains direct supply relationships.

The downstream value chain includes:

- B2B customers, who purchase either off-the-shelf or customized SECO products to integrate into their own devices; SECO interacts with these customers directly, jointly defining the features of the final product and the terms of order management;
- Distributors, who primarily purchase off-the-shelf solutions from SECO. Thanks to their extensive geographic presence, SECO is able to indirectly reach customers, often those requiring less customization and smaller volumes.

With the exception of a small residual product line for developers, which is not significant in terms of turnover and is sold via SECO's online shop, the Group does not engage directly with end-users.

SBM-2 Interests and views of stakeholders

The first phases of the stakeholder engagement process that began in 2021 involved an update to the Group stakeholder map following a targeted survey, which was sent to the Group's senior management team in order to:

- map out and identify the main Group stakeholders;
- analyze their respective communication and relationship styles;
- define the functions involved in managing relationships with the various stakeholder categories;
- identify the tools and communication channels used to engage with each stakeholder category;
- assess the degree of materiality for the Group so that an outline could be created for the stakeholder engagement plan.

The results of said analysis are shown in the infographic below. The size of the bubble indicates the materiality assigned by panel participants to each stakeholder category. [SBM-2, 45a i]



The table below outlines the dialogue tools and channels used, the frequency of interaction, and the ways in which SECO engages with the various categories of Stakeholders. [SBM-2, 45a ii, iii]

Stakeholders	Tools and channels for dialogue and frequency of interaction	Communication channels
Employees	<ul style="list-style-type: none"> IT portal (as needed) Team meetings (weekly/monthly) Stakeholder satisfaction surveys (yearly) Annual performance review (yearly) Internal communication activities (newsletter) Training (as per training plans) Ethics Code (as needed) 	Listening, informing, collaborating, monitoring, and engaging
Shareholders and investors	<ul style="list-style-type: none"> Economic-financial and governance reports (once every quarter, six months, or year) Company website and press releases (as needed) Meetings held periodically (once every quarter, six months, or year) or following a special company event such as a corporate transaction, strategic partnership presentation, etc. One-to-one, one-to-few, and one-to-many meetings Company visit 	Listening, informing, collaborating, monitoring, and engaging
Suppliers and partners	<ul style="list-style-type: none"> Ethics Code (at the beginning of the employment relationship) Qualification survey (at the beginning of the employment relationship and then once a year) Supplier regulatory compliance (at the beginning of the business relationship) Frequently Asked Questions (FAQs) section on the Company's website 	Listening, informing, collaborating, monitoring, and engaging
Customers	<ul style="list-style-type: none"> Surveys and calls with third-party consultants to gather feedback (yearly) Customer service (as needed) Frequently Asked Questions (FAQs) section on the Company's website 	Listening, informing, collaborating, monitoring, and engaging
The community and local area	<ul style="list-style-type: none"> Sponsorship of sports and cultural activities, and social community projects (yearly) 	Listening, collaboration, and involvement
Schools and universities	<ul style="list-style-type: none"> Roundtables, partnerships, and project development (yearly) 	Collaboration and involvement
Trade institutions and associations	<ul style="list-style-type: none"> Roundtables, regular meetings 	Listening, collaboration, and involvement
Union representatives	<ul style="list-style-type: none"> Roundtables, regular meetings 	Listening, collaboration, and involvement
Media	<ul style="list-style-type: none"> Website (as needed) Press conferences (as needed) 	Listening, collaboration, and involvement
Scientific community	<ul style="list-style-type: none"> Roundtables, partnerships, and project development (yearly) 	Collaboration and involvement

In 2024, SECO also carried out a stakeholder mapping analysis to define the stakeholder categories to be involved in the double materiality process, in line with CSRD requirements. This analysis made it

possible to systematically identify the entities most exposed to the impacts generated by the Group's activities or capable of significantly influencing its development in the medium to long term.

In 2025, this work was further developed by updating the value chain analysis carried out in 2024 and integrating it with a structured assessment of the main sustainability impacts, risks, and opportunities associated with the different phases of the value chain (upstream, operations, downstream). The information on the value chain was therefore linked to the stakeholder mapping and the results of the double materiality assessment, strengthening the connection between the business model, value chain, and the Group's material topics. [SBM-2, 45a iv, v]

The analysis focused on three main aspects:

- This vertical expertise of each Stakeholder, in terms of their ability to assess the impacts, risks and opportunities identified by the Group;
- the need to cover all mapped impact areas, i.e., the ESG topics as defined by the ESRS;
- SECO's ability to reach the stakeholder and obtain an objective assessment of the IROs.

The results of this activity are presented below, along with the methods used to assess IROs within the double materiality process and the approach to questionnaire distribution (*ref. IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities*). [SMB-2, 45b]

With regard to the assessment of sustainability-related impacts of the company, the administrative, management and supervisory bodies are informed at least once a year, during the double materiality update, about the opinions and interests expressed by the stakeholders involved.

There is currently no specific reporting method for stakeholder interests emerging from traditional dialogue channels. However, their views are analyzed by management and taken into account when defining strategic priorities and providing updates to the Board of Directors. [SBM-2, 45d]

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

SECO has conducted a qualitative assessment of the resilience of its strategy and business model, focusing on their ability to address material impacts and risks, and to capitalize on material opportunities, over the short- to medium-term horizon. For details of the IROs identified and included in the analysis, please refer to section GOV-2 *Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies*. [SBM-3, 48a]

The process began with a presentation of the preliminary outcomes of the double materiality assessment to the Control and Risk Committee and the Board of Directors. This facilitated the collection of useful feedback for the analysis and helped strengthen awareness of material ESG topics – impacts, risks, and opportunities (IROs) – to be considered in strategic decisions.

Following this, the interconnections between each IRO and the corporate strategy were assessed, and SECO identified actions already taken to mitigate negative impacts and risks, and to leverage the generation of positive impacts and opportunities, thereby evaluating the level of resilience of SECO's strategy. This tool will form the basis for updating the actions to mitigate ESG risks within SECO's strategy.

Impact analysis

For both positive and negative impacts, SECO identified the strategic levels at which the most significant interconnections occur, evaluating – in connection with the analysis conducted in 2024 – the organization's capacity to mitigate or capitalize on these impacts in relation to:

- **Human capital:** Employee skills, the presence of dedicated roles, governance mechanisms and organizational structures supporting impact management;
- **Technological capital:** Technology infrastructure and tools – digital or otherwise – capable of supporting monitoring and mitigation processes;
- **Economic capital:** Financial resources allocated to manage a specific topic;
- **Relational capital:** Stakeholder collaborations and relationships (including suppliers) that facilitate the process of impact management.

From this assessment, it emerged that most of the material impacts identified are positive, while the only negative impacts detected relate to the value chain and the ethical use of AI, which are nevertheless adequately managed through the processes and infrastructure put in place by SECO. With regard to the first point, SECO has adopted appropriate safeguards in terms of dedicated resources and technological tools for managing these impacts, while continuing along an improvement pathway that will lead to the definition of an ESG assessment questionnaire for its suppliers. With respect to the second point, one of the objectives for 2026 will be to roll out an information and awareness program for employees to promote and strengthen organizational culture regarding the ethical use of AI.

As for the positive impacts generated by SECO, possible improvements are noted regarding environmental issues, although the majority of positive impacts fall within the social sphere, particularly concerning its own workforce, the workforce along the value chain, and the impacts on the Group's customers.

This refers specifically to contributions to improving the working conditions within the Company and across its suppliers, supported by a framework based on quality and respect for human rights, which SECO is also committed to promoting among its business partners. At the same time, the Group has embarked on a path with a strong focus on environmental compliance and reducing its environmental impact through technological processes and specific initiatives. Overall, this has led to the conclusion that the Group is able to manage the external impacts deriving from its business activities thanks to the safeguards currently in place.

[SBM-3, 48b, 48c, 48f]

Analysis of Risks and Opportunities

With regard to material risks and opportunities for SECO, the Company mapped the specific repercussions for its strategy and business model. In doing so, the Group assessed the relevance of its strategy by mapping processes, actions and objectives associated with each risk and calculating the corresponding residual risk.

The main risks to which the Group is exposed concern strategic, operational, legal, social, and reputational areas. From a human resources perspective, the lack of opportunities for professional development and career growth could result in reputational damage, reduced productivity, and increased recruiting and training costs. Issues related to occupational health and safety, discrimination, harassment, inclusion, and equal pay represent potential sources of legal disputes, regulatory penalties, higher turnover, and reduced attractiveness to talent and stakeholders.

The protection of sensitive data pertaining to the workforce constitutes another critical factor, as unauthorized access or improper use could lead to reputational damage, loss of trust, or sanctions. At the supply chain and procurement level, the absence of due diligence systems could expose the Company to the risk of indirect involvement in human rights violations, with consequent reputational impacts and potential trade restrictions.

Other significant risks stem from environmental and regulatory compliance. Accidental contamination, violations of environmental or occupational safety rules could lead to legal liabilities, sanctions, and loss of the company's license to operate. In addition, the sale of dual-use products without adequate verification of end-users could expose the Company to violations of European export control regulations, resulting in reputational damage and restrictions on commercial activities.

Overall, the risks identified highlight the need for integrated management approaches that safeguard people, the environment, regulatory compliance, sensitive data, and corporate reputation, while ensuring operational continuity and stakeholder trust. The safeguards adopted by the Group ensure the appropriate management of these risks, minimizing residual risks and confirming an effective governance approach, while still leaving room for further improvement in some areas (due diligence, planning...).

At the same time, several opportunities were identified that could act as strategic levers to strengthen the Group's competitiveness and reputation, generating benefits across multiple areas of the business. From an environmental perspective, the development of electronic solutions aligned with eco-design and circularity principles supports more efficient and traceable use of critical raw materials, opening access to new markets and regulated sectors. From a social perspective, work-life balance and employee well-being initiatives contribute to improved productivity, retention, and attractiveness as an employer, while skills development, specifically digital skills, enhances innovation and adaptability to technological and organizational changes.

From an operational and safety perspective, the adoption of effective injury prevention and business continuity management systems strengthens corporate reputation and customer trust, while also improving operational efficiency and production resilience. In terms of governance and data, the proactive protection of customers' sensitive information and regulatory compliance create competitive advantages, fostering customer loyalty, access to new market segments, and consolidating SECO's reputation as a reliable partner.

Further strategic opportunities arise from the use of innovative technologies, such as artificial intelligence and accessible digital interfaces, which improve service efficiency, customer satisfaction and loyalty. Finally, building a resilient supplier network, promoting a corporate culture based on ethics, transparency, and integrity, and supporting educational and STEM projects contribute to strengthening the Group's credibility, enabling access to partnerships, financing, and new business opportunities along the entire value chain.

[SBM-3, 48b, 48f]

The assessment also highlighted the absence of current financial effects for the organization. [SBM-3, 48d]

Management of impacts, risks and opportunities

IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities

During the year, SECO took a structured approach to identifying material impacts, risks and opportunities in aligning itself with the double materiality requirements of the CSRD.

The structure of the process is unchanged from the previous reporting period. A further update is planned during 2026, in light of the publication of the Group's next Sustainability Statement. [IRO-1, 53h]

IRO context and mapping analysis³

[IRO-1, 53a; 53b i, ii, iii; 53c i; 53g]

Firstly, an in-depth analysis of the context was conducted, considering peers and competitors, sector standards and reports, the media, assessment bodies, and relevant financial entities, in order to identify the main impact areas for the organization.

Subsequently, SECO analyzed its value chain, in continuity with the work carried out in 2024, mapping the categories of actors involved and their relations with the Group, in order to identify specific impact areas of each actor in relation to the topics of the CSRD (*ref. SBM-1 Strategy, business model and value chain*). Compared to previous analyses, this analysis provided greater detail on Tier 2 and Tier 3 actors, improving on last year's mapping.

In addition to the tools already highlighted, SECO made use of external support to analyze climate scenarios and the resilience of its climate strategy, and to identify short-term risk areas in the mapping of climate IROs (*ref. SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model (E1)*). In addition, to complement the work carried out in the first year of reporting, the Group integrated this analysis with an environmental scenario analysis, which considered all Group locations and identified the related risks associated with each site.

Subsequently, the inside-out impacts generated by external activities were analyzed and classified in relation to the identified context analysis topics and CSRD topics, sub-topics, and sub-sub-topics. At the same time, outside-in financial risks and opportunities were identified in mapped impacts, organizational dependencies, and the external context. Finally, meetings were organized with management to validate a longlist of ESG impacts, risks and opportunities, to be submitted for assessment by both external and internal stakeholders. The mapping phase carried out in 2025, supported by the inclusion of environmental scenario analysis and a higher level of detail in the value chain analysis, resulted in an increase in the number of IROs mapped and the coverage of a larger number of topics, sub-topics, and sub-sub-topics.

Despite this, and in line with CSRD requirements, the Group's approach continued to prioritize the identification and analysis of aspects that are material to the Company's context. Consequently, not all CSRD sustainability topics were found to be directly applicable to the SECO Group, considering the relevant sector, operational context, business model, and value chain. The mapping covered 62 sub-sub-topics in total (compared with 39 in the previous year), although all topics were considered.

In particular, this occurred when the sustainability sub-sub-topic concerned areas not influenced by corporate activities, thus not revealing evidence of present or future risks, or opportunities that the organization could seize.

Materiality assessment of impacts, risks and opportunities

[IRO-1, 53b iv; 53c ii, iii; 53d]

³ As noted in the Governance section (*ref. GOV-1 - The role of the administrative, management and supervisory bodies*), SECO proceeded with a preliminary process of integrating corporate ERM into the Double Materiality Assessment, making the metrics used uniform, and including the top ESG risks from the ERM in the mapping. The other 8 mapped ESG risks were not taken fully into consideration, given that they did not reach the minimum materiality threshold, and were not considered sufficiently specific for inclusion in the analysis. These risks were, however, considered as a starting point to detail new, more specific risks. The goal for the future is to completely align the two processes, to ensure that the ESG risks reported in the two tools are the same.

For the assessment of business IROs, the Company first identified a panel of internal managers, selected based on the full list of impacts and the functions involved in the previous year's assessment. Individuals responsible for the areas most affected by the various material topics were involved, both with regard to the analysis of the Company's impacts on the external environment (inside-out) and the financial analysis (outside-in). Furthermore, for the analysis of specific impacts, risks and opportunities, multiple managerial figures were involved to develop a deeper and wider analysis.

SECO then updated the mapping of its external stakeholders according to specific individual competences, in order to maximize the quality of feedback received, and, considering the large number of impacts, avoid a massive and indiscriminate engagement of stakeholders.

The complete stakeholder mapping, carried out over the last few years of reporting, created a starting point for activities in the reporting year (*ref. SBM-2 - Interests and views of stakeholders*), aimed at identifying parties who, by virtue of specific vertical skills or significant sector experience, could contribute to a more precise assessment of the IROs identified. The survey was then shared with the parties in each stakeholder category with more knowledge on the specific topics concerned. The results showed a level of engagement across categories consistent with 2024, but with a greater number of stakeholders involved.

The assessment process used metrics based on the stakeholders' assessments of the scale, scope, remediability and likelihood of impacts. IROs were then assigned to the various internal functions and external stakeholders, and individual questionnaires were prepared to collect structured inputs from management and external stakeholders through the completion of specific online forms.

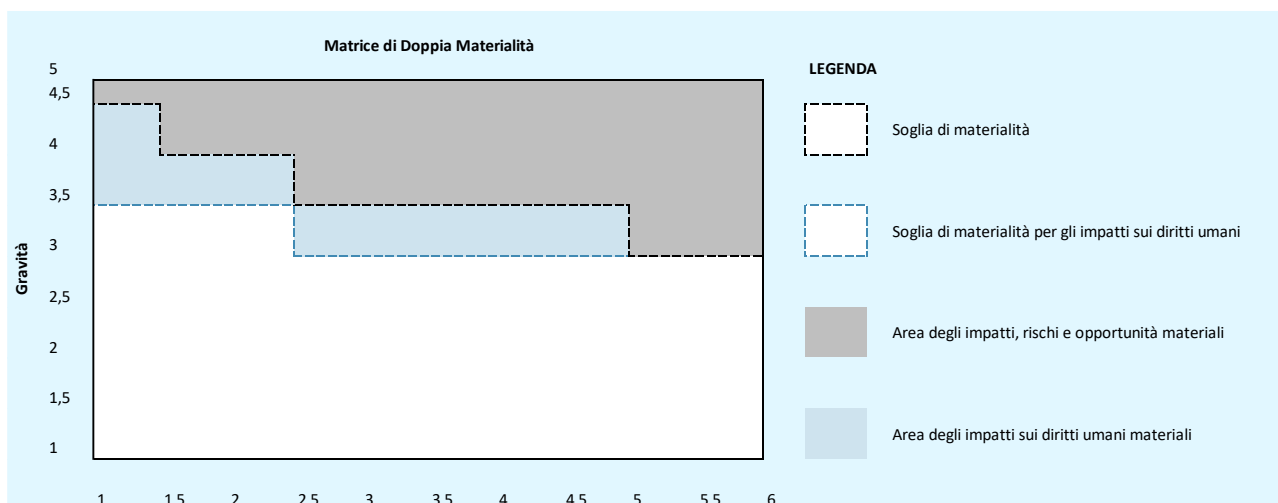
The assessment of identified positive and negative, actual and potential impacts was made by multiplying the value assigned to the magnitude of the impact (scored from 1 to 5) and its likelihood (scored from 1 to 5). For actual impacts, the assigned likelihood was equal to 6. Each impact was therefore assessed on a scale of 1 to 30.

The assessment of identified risks and opportunities, meanwhile, was obtained by multiplying the value assigned to the severity/benefit of the risk/opportunity (scored from 1 to 5) and its likelihood (scored from 1 to 5). Each risk or opportunity was therefore assessed on a scale of 1 to 25.

Each stakeholder and function was assigned the same weight and the final assessment for each individual IRO was obtained as the simple average of the assessments of stakeholders and those SECO management.

Definition of material topics [IRO-1, 53b iv; 53c ii]

Finally, the Group processed the feedback received, and made a final assessment, identifying the material ESRS topics, sub-topics and sub-sub-topics for reporting, with a matrix considering different thresholds of scale and likelihood, as illustrated in the following image.



In line with the principles of the CSRD, the approach taken aimed to produce adequate reporting of the materiality of the identified topics.

Therefore, material topics, sub-topics, and sub-sub-topics were included which, in the initial mapping, concerned at least one material impact, risk or opportunity, following the assessment process.

With this approach, all the material IROs were used to identify datapoints related to the reference topic (ref. GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies).

IRO-2 Disclosure Requirements in ESRS covered by the undertaking's sustainability statement

ESRS reporting requirements content index [IRO-2, 56]

ESRS Standard	DR	Description of DR	Page
ESRS 2	BP-1	General basis for preparation of sustainability statements	29
	BP-2	Disclosures in relation to specific circumstances	30
	GOV-1	The role of the administrative, management and supervisory bodies	34
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	E1-3	Actions and resources in relation to climate change policies	89
	E1-4	Targets related to climate change mitigation and adaptation	90
	E1-5	Energy consumption and mix	90
	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	91
E2	IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	96

	E2-1	Policies related to pollution	97
	E2-2	Actions and resources related to pollution	97
	E2-3	Targets related to pollution	98
	E2-4	Pollution of air, water and soil	98
E5	IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	99
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	E5-3	Targets related to resource use and circular economy	101
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Datapoints in cross-cutting and topical standards that derive from other EU legislation

Disclosure requirement and related datapoint	SFDR ⁴	Pillar 3 reference ⁵	Benchmark Regulation reference ⁶	EU Climate Law reference ⁷	Material / Not material	Page
ESRS 2 GOV-1 Board's gender diversity, paragraph 21(d)	✓		✓		Material;	34
ESRS 2 GOV-1 Percentage of board members who are independent, paragraph 21(e)			✓		Material;	35
ESRS 2 GOV-4 Statement on due diligence, paragraph 30	✓				Material;	51-52
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities, paragraph 40(d)(i)	✓	✓	✓		Not material	/
ESRS 2 SBM-1 Involvement in activities related to chemical production, paragraph 40(d)(ii) (d)(ii)	✓		✓		Not material	/
ESRS 2 SBM-1 Involvement in activities related to controversial weapons, paragraph 40(d)(iii) (d)(iii)	✓		✓		Not material	/
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco, paragraph 40(d)(iv)			✓		Not material	/
ESRS E1-1 Transition plan to reach climate neutrality by 2050, paragraph 14				✓	Material;	87
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16(g)		✓	✓		Not material	/
ESRS E1-4 GHG emission reduction targets, paragraph 34	✓	✓	✓		Material;	90

⁴ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (SFDR) (OG L 317, 9.12.2019, p. 1).

⁵ Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 (Capital Requirements Regulation "CRR") (OJ L 176, 27.6.2013, p. 1).

⁶ Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

⁷ Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).

Disclosure requirement and related datapoint	SFDR ⁴	Pillar 3 reference ⁵	Benchmark Regulation reference ⁶	EU Climate Law reference ⁷	Material / Not material	Page
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors), paragraph 38	✓				Material;	90
ESRS E1-5 Energy consumption and mix, paragraph 37	✓				Material;	90-91
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors, paragraphs 40 to 43	✓				Material;	91
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions, paragraph 44	✓	✓	✓		Material;	92-93
ESRS E1-6 Gross GHG emissions intensity, paragraphs 53 to 55	✓	✓	✓		Material;	95
ESRS E1-7 GHG removals and carbon credits, paragraph 56				✓	Not material	/
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks, paragraph 66			✓		Not material	/
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk, paragraph 66(a)		✓			Not material	/
ESRS E1-9 Location of significant assets at material physical risk, paragraph 66(c)						
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes, paragraph 67(c)		✓			Not material	/
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities, paragraph 69			✓		Not material	/
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	✓				Not material	/
ESRS E3-1 Water and marine resources, paragraph 9	✓				Not material	/
ESRS E3-1 Dedicated policy, paragraph 13	✓				Not material	/

Disclosure requirement and related datapoint	SFDR ⁴	Pillar 3 reference ⁵	Benchmark Regulation reference ⁶	EU Climate Law reference ⁷	Material / Not material	Page
ESRS E3-1 Sustainable oceans and seas paragraph 14	✓				Not material	/
ESRS E3-4 Total water recycled and reused, paragraph 28(c)	✓				Not material	/
ESRS E3-4 Total water consumption in m ³ per net revenue on own operations, paragraph 29	✓				Not material	/
ESRS 2 IRO-1 - E4 paragraph 16 a) i	✓				Not material	/
ESRS 2 IRO-1 - E4 paragraph 16(b)	✓				Not material	/
ESRS 2 IRO-1 - E4 paragraph 16 c)	✓				Not material	/
ESRS E4-2 Sustainable land/agriculture practices or policies, paragraph 24(b)	✓				Not material	/
ESRS E4-2 Sustainable oceans/seas practices or policies, paragraph 24(c)	✓				Not material	/
ESRS E4-2 Policies to address deforestation, paragraph 24(d)	✓				Not material	/
ESRS E5-5 Non-recycled waste, paragraph 37(d)	✓				Material;	103-104
ESRS E5-5 Hazardous waste and radioactive waste, paragraph 39	✓				Material;	104
ESRS 2 - SBM3 - S1 Risk of incidents of forced labor, paragraph 14(f)	✓				Not material	/
ESRS 2 - SBM3 - S1 Risk of incidents of child labor, paragraph 14(g)	✓				Not material	/
ESRS S1-1 Human rights policy commitments, paragraph 20	✓				Material;	79, 117-119
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8, paragraph 21			✓		Not material	/
ESRS S1-1 Processes and measures for preventing trafficking in human beings, paragraph 22	✓				Not material	/
ESRS S1-1 Workplace accident prevention policy or management system, paragraph 23	✓				Material;	79, 117

Disclosure requirement and related datapoint	SFDR ⁴	Pillar 3 reference ⁵	Benchmark Regulation reference ⁶	EU Climate Law reference ⁷	Material / Not material	Page
ESRS S1-3 Grievance/complaints handling mechanisms, paragraph 32(c)	✓				Material;	120
ESRS S1-14 Number of fatalities and number and rate of work-related accidents, paragraph 88, (b) and (c)	✓				Material;	125
ESRS S1-14 Number of days lost due to injuries, accidents, fatalities or illness, paragraph 88(e)	✓		✓		Not material	
ESRS S1-16 Unadjusted gender pay gap, paragraph 97(a)	✓				Material;	126
ESRS S1-16 Excessive CEO pay ratio, paragraph 97(b)	✓				Material;	127
ESRS S1-17 Incidents of discrimination, paragraph 103(a)	✓				Material;	127
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD, paragraph 104(a)	✓		✓		Material;	127
ESRS 2 SBM-3 - S2 Significant risk of child labor or forced labor in the value chain, paragraph 11(b)	✓				Material;	131
ESRS S2-1 Human rights policy commitments, paragraph 17	✓				Material;	134-136
ESRS S2-1 Policies related to value chain workers, paragraph 18	✓				Material;	134-136
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines, paragraph 19	✓		✓		Material;	134-136
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8, paragraph 19	✓		✓		Material;	134-136
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain, paragraph 36	✓				Not material	/
ESRS S3-1 Human rights policy commitments, paragraph 16	✓				Material;	142

Disclosure requirement and related datapoint	SFDR ⁴	Pillar 3 reference ⁵	Benchmark Regulation reference ⁶	EU Climate Law reference ⁷	Material / Not material	Page
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines, paragraph 17	✓		✓		Material;	142
ESRS S3-4 Human rights issues and incidents, paragraph 36	✓				Not material	/
ESRS S4-1 Policies related to consumers and end-users, paragraph 16	✓				Material;	146-147
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines, paragraph 17	✓		✓		Material;	146-147
ESRS S4-4 Human Rights Issues and Incidents, paragraph 35	✓				Not material	/
ESRS G1-1 United Nations Convention against corruption, paragraph 10(b)	✓				Not material	/
ESRS G1-1 Protection of whistleblowers, paragraph 10(d)	✓				Material;	151
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24(a)	✓		✓		Material;	155
ESRS G1-4 Standards of anti-corruption and anti-bribery, paragraph 24(b)	✓				Material;	155

MDR-P Policies adopted to manage material sustainability matters

As highlighted in the section relating to strategy (ref. SBM-1 Strategy, business model and value chain), SECO has not yet fully developed a medium to long-term sustainability strategy, and, therefore, has not yet adopted a common policy with specific sustainability targets in connection with the Double Materiality Assessment. In 2025, however, the Group embarked on a process to develop its first Strategic Sustainability Plan, aimed at defining the targets and actions required to adopt its sustainability strategy.

Nonetheless, over the last few years, several specific policies have been adopted in relation to ESG topics and the Group's internal Management Systems, as reported below and detailed in the discussion of the various specific topics:

Policy	Related sub-sub-topics	Scope of application	Individual accountable for implementation [MDR-P 65c]	Internationally recognized regulatory tools [MDR-P 65d]
Ethics Code	Applicable to all sub-sub-topics	SECO Group	Board of Directors	/
	<p>The SECO Group's Ethics Code outlines the principles and rules of conduct applicable to all Group companies and to a broad range of beneficiaries: Members of corporate bodies, Executives and employees (in any capacity), in addition to partners, suppliers, consultants, and anyone acting in the name of or behalf of the Group. It regulates conduct principles, the management of relationships with stakeholders, mechanisms for reporting violations, and the disciplinary system, thereby serving as a central governance tool.</p> <p>Ultimate responsibility for the Code lies with the Board of Directors of the Parent Company SECO S.p.A., which approves its contents and updates. Subsidiaries formally adopt the Code, making any necessary adjustments to local regulations.</p> <p>Based on the values of respect, responsibility, knowledge, and passion, the Code governs key areas such as management transparency, protection of human and labor rights, health and safety, inclusion, data protection, integrity, anti-corruption, management of conflicts of interest, anti-money laundering, fair competition, environmental protection, and the ethical use of artificial intelligence. Its main objectives are to ensure regulatory compliance, prevent unlawful conduct, strengthen the internal control system, and integrate environmental and social sustainability into activities and the supply chain.</p> <p>The Code applies globally and across the entire value chain, without explicit exclusions, and requires suppliers to comply with ethical standards, traceability requirements, and respect for fundamental rights. It also calls for compliance with national and international regulations relating to human rights, anti-corruption, antitrust, privacy, safety, and the environment.</p> <p>The policy is published on the corporate website and supported by internal training and a structured whistleblowing system, which guarantees confidentiality and protection against retaliation, in line with best corporate governance practices.</p>			
ESG Reporting Policy	Applicable to all sub-sub-topics	SECO Group	Chief Quality Officer	/
	<p>The ESG Reporting Policy applies to all SECO Group companies and governs the entire system for the collection, management, control, validation, and communication of ESG (Environmental, Social, Governance) data. It is strategic in nature and forms part of the internal control system supporting sustainability reporting, complemented by operational procedures that define roles, responsibilities, methods, and timelines. The scope is both subjective (all companies and functions involved) and objective (ESG, KPIs, consolidation processes, controls, and public disclosures).</p> <p>Ultimate responsibility lies with the Board of Directors of the Parent Company SECO S.p.A., which approves the Sustainability Statement and oversees its integration with the Enterprise Risk Management system. The governance model is multi-level, involving the Control Risk Committee,</p>			

Policy	Related sub-sub-topics	Scope of application	Individual accountable for implementation [MDR-P 65c]	Internationally recognized regulatory tools [MDR-P 65d]
		<p>the Executive Officer for Financial Reporting, the Chief Quality Officer, the ESG Lead, local ESG contacts, and the external independent audit firm, within a framework of clear accountability and segregation of duties.</p> <p>The Policy governs the organizational ESG structure, the data collection and consolidation process, the definition of KPIs in line with regulatory and materiality requirements, calculation methodologies, traceability, the semi-annual frequency of information flows (as a minimum), in addition to internal auditing and corrective actions (CAPAs)</p> <p>The goal is to ensure the reliability, accuracy, completeness, and verifiability of information, ensuring compliance with the Corporate Sustainability Reporting Directive, the European Sustainability Reporting Standards, and the EU Taxonomy Regulation.</p> <p>The Policy does not regulate the operational management of ESG topics, but governs their reporting aspects, ensuring transparency toward investors, authorities, and the market, including through independent external assurance, in line with European sustainable finance framework.</p>		
HSE Policy	<ul style="list-style-type: none"> ▪ E1 - Climate change mitigation ▪ E1 - Energy ▪ E2 - Air pollution ▪ E5 - Resources inflows, including resource use ▪ E5 - Resource outflows related to products and services ▪ E5 - Waste ▪ S1 - Health and safety 	SECO Group	Chief Quality Officer	ISO 14001:2015 ISO 45001:2018
	<p>The SECO Group's HSE Policy outlines guidelines for the integrated management of health, safety, and environmental protection in order to combine environmental protection with the safeguarding of people. It applies to all Group sites and companies, covering both direct and indirect activities along the value chain, and aligns with local and international regulations, including Legislative Decree No. 152/06, Legislative Decree No. 81/08, and the ISO 1400:2015 and ISO 45001:2018 standards.</p> <p>From an environmental perspective, the policy promotes the reduction of the impacts of business activities, the protection of biodiversity and ecosystems, the efficient use of resources, and the continuous improvement of environmental performance along the entire value chain. With regard to occupational health and safety, the HSE system identifies, assesses, and manages risks and opportunities, adopting prevention and protection measures to ensure a safe environment, prevent work-related injuries and ill health, and promote a culture of safety.</p> <p>The policy is based on three strategic pillars: Minimizing environmental impact, workplace safety, and regulatory compliance with continuous improvement. The main stakeholders, including employees, suppliers, customers, authorities, and local communities, are involved in the double materiality assessment process, contributing to the strengthening of HSE tools and safeguards.</p> <p>Adoption of the policy is continuously monitored through regulatory controls, internal and third-party audits, period management reviews, and corrective actions (CAPAs). ESG data are systematically collected in accordance with the "ESG Data Collection Management" procedure, with responsibilities distributed among Data Owners, Operational Contacts, and the ESG Lead, under the supervision of the Chief Quality Officer.</p>			

Policy	Related sub-sub-topics	Scope of application	Individual accountable for implementation [MDR-P 65c]	Internationally recognized regulatory tools [MDR-P 65d]
	The Risk Control Committee receives periodic updates, while the Sustainability Statement is approved by the Board of Directors and verified by the independent audit firm, ensuring the transparency, reliability, and robustness of the Group's HSE management system and environmental performance.			
"End of Life" Policy	<ul style="list-style-type: none"> ▪ E5 – Resource outflows ▪ E5 - Waste 	SECO Group	Chief Quality Officer	J-STD-048
	<p>The End of Life Management Policy applies to all SECO Group companies and sites and provides a structured framework for managing the End-of-Life (EOL) phase of products. It involves both central and local functions, including the COO, CTO, CQO, Quality functions (PPQA, CQE), local organizations, and QMS contacts, and is integrated into the Group's Quality Management System (QMS).</p> <p>Its scope includes end-of-life product communications, Last Time Buy (LTB), obsolescence management, technical and commercial customer support, risk mitigation strategies (buffer stock), and coordination with suppliers. Operational responsibility lies with the Quality and Operations functions, while supervision and auditing are assigned to the Chief Quality Officer (CQO), who may also carry out inspections without prior notice, with potential corrective actions (CAPA).</p> <p>The Policy provides for EOL notifications in accordance with the J-STD-048 standard, including key dates (EOL Announcement, Last Time Buy, Obsolescence), replacement products, and technical references. Customers are guaranteed the opportunity for LTB, support in migrating to subsequent solutions, and a minimum two-year period of repair and maintenance services following the end of product assembly.</p> <p>Risk mitigation measures are also included, such as monitoring component life cycles, supplier agreements, and buffer stock strategies, to ensure operational continuity.</p> <p>The Policy covers the entire product discontinuation phase, without explicit exclusions, but does not govern product development or market introduction. Its strategic objective is to ensure transparency, predictability, and continuity across the value chain, safeguarding customers and the Company's reputation through a global and standardized approach oriented toward business continuity.</p>			
Material Compliance Policy	<ul style="list-style-type: none"> ▪ E5 – Resource inflows 	SECO Group	Chief Quality Officer	/
	<p>The Material Compliance Policy applies to all SECO Group sites and companies worldwide and governs compliance with international legal and regulatory requirements related to material compliance. Its scope includes the control, monitoring, and declaration of compliance of materials used in products placed on the market, with particular attention to the related ESG risks.</p> <p>Responsibility for the Policy is assigned to the Chief Quality Officer (CQO), who designs, maintains, and oversees the material compliance assessment system. The CQO operates in coordination with management and relevant corporate functions, ensuring that regulatory requirements are integrated into key processes and into the internal control system.</p> <p>The main goal is to ensure that the Group's products comply with the main international regulations, including the RoHS Directive, REACH Regulation, and the SCIP Database, in addition to other provisions such as Prop 65, China RoHS, and UKCA. The Policy also includes gap analysis activities to identify new regulatory requirements, manage emerging risks, and define any necessary mitigation or phase-out strategies.</p> <p>A strategic objective is to transform material compliance from a mere regulatory obligation into a competitive lever, by leveraging technical expertise, continuous monitoring capabilities, and reliability on the market.</p>			

Policy	Related sub-sub-topics	Scope of application	Individual accountable for implementation [MDR-P 65c]	Internationally recognized regulatory tools [MDR-P 65d]
Conflict Minerals Policy	<ul style="list-style-type: none"> ▪ S2 – Child labor ▪ S2 - Forced labor 	SECO Group	ESG Department	/
	<p>SECO's Conflict Minerals Policy applies to all company activities and to the global supply chain, with particular reference to electronic components that may contain tin, tantalum, tungsten, and gold (3TG). Its objective is to ensure responsible sourcing and prevent the direct or indirect financing of armed conflicts or human rights violations.</p> <p>Responsibility for managing and monitoring the Policy lies with the ESG team, which coordinates due diligence activities and verifies compliance throughout the supply chain. The Company is committed to not procuring components containing minerals sourced from conflict-affected or high-risk areas, unless they are certified as "conflict-free," and requires suppliers to conduct structured investigations into the origin of materials, along with appropriate corrective actions in the event of critical issues.</p> <p>The Policy applies to suppliers of electronic components, but does not cover direct mining activities. Instead, it focuses on downstream traceability and transparency, in line with the OECD Due Diligence Guidance for Responsible Supply Chains.</p> <p>The regulatory framework includes Section 1502(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Regulation (EU) 2017/821. Although not always subject to direct reporting obligations under these regulations, SECO voluntarily adopts standards aligned with them.</p> <p>Stakeholders, including employees, suppliers, partners, and the market, are protected through transparency, annual supplier declarations, and the inclusion of results in non-financial disclosures. A channel dedicated to the ESG team is also available for the confidential reporting of potential violations, in line with personal data protection regulations.</p>			
Supply Chain Management Policy	<ul style="list-style-type: none"> ▪ S2 – Working conditions ▪ G1 - Management of relationships with suppliers including payment practices 	SECO Group	Chief Quality Officer	/
	<p>The Supply Chain Quality Policy applies to all SECO Group sites and companies worldwide, with the objective of ensuring the standardized and integrated management of quality throughout the entire procurement cycle. The scope covers all stages of the process, from supplier qualification and assessment to non-conformity management and the adoption of structured continuous improvement methods.</p> <p>Responsibility for the Policy is assigned to the Chief Quality Officer (CQO), who ensures the adoption, monitoring, and updating of the supply chain quality management system. The CQO operates in coordination with the Chief Operations Officer (COO) to define global guidelines, methods, and procedures aligned with the Quality Management System (QMS).</p> <p>The main goal is to reduce risks arising from non-compliant supplies, ensuring high quality standards, operational continuity, and market competitiveness, with a "zero defect" approach in terms of both quality and cost. Suppliers, particularly custom suppliers producing components based on specific requirements, are subject to qualification processes based on shared metrics, performance monitoring, and escalation mechanisms to ensure the timely management of critical issues.</p>			

Policy	Related sub-sub-topics	Scope of application	Individual accountable for implementation [MDR-P 65c]	Internationally recognized regulatory tools [MDR-P 65d]
	<p>The Policy also requires compliance with the main international regulations applicable to materials and products, including the RoHS Directive, REACH Regulation, UL standards, and requirements related to conflict minerals, with suppliers required to provide appropriate documentation of compliance.</p> <p>Stakeholder protection, particularly for customers and partners, is ensured through control systems, periodic performance reviews, and structured problem-solving tools, such as the 8D methodology and "5 Whys" analysis, supporting business continuity and continuous improvement.</p>			
Supplier Code of Conduct	<ul style="list-style-type: none"> ▪ S2 – Working conditions ▪ G1 - Management of relationships with suppliers including payment practices 	SECO Group	Procurement and Quality Supplier Development Department	/
	<p>The SECO Group's Supplier Code of Conduct defines the principles and standards of conduct required of all suppliers that manufacture, market, or provide goods and services within its supply chain, regardless of their geographic region of operation. Adherence to the Code is a fundamental requirement for establishing and maintaining business relationships with the Group.</p> <p>Responsibility for implementation is shared: SECO promotes a collaborative approach and continuous improvement, while suppliers are required to ensure concrete compliance with the established principles, including within their own sub-supply chains, particularly in higher-risk areas.</p> <p>The Code is based on three main pillars: Protection of human rights and working conditions (prohibition of child and forced labor, promotion of diversity, equity and inclusion, and safeguarding of workers' safety and well-being), environmental protection (responsible resource management, emissions reduction, and circular economy), an integrity and regulatory compliance (data protection, safeguarding of intellectual property, fair competition, and transparency). A monitoring system is in place that includes audits, self-assessments, and improvement plans.</p> <p>The policy covers the entire supply chain and is aligned with international regulations and frameworks such as REACH, RoHS, WEEE, the Conflict Minerals Regulation and the Critical Raw Materials Act, in addition to compliance standards such as UL and the main international principles relating to human rights and the environment.</p> <p>The interests of employees, customers, local communities, and other stakeholders are safeguarded through the promotion of responsible and sustainable practices. The Code is made available to suppliers, periodically updated, and supported by verification activities and ongoing collaboration, in order to strengthen an ethical, resilient, and internationally compliant supply chain.</p>			
Quality Management System Policy	<ul style="list-style-type: none"> ▪ S4 – Access to (quality) information ▪ S4 – Access to products and services 	SECO Group	Chief Quality Officer	ISO 9001
	<p>The Quality Management System (QMS) Policy applies to all SECO Group sites and companies worldwide and governs the management, monitoring, and continuous improvement of business processes that significantly affect business continuity. The scope includes design, production, the supply chain, change management, and all activities with a direct or indirect impact on operational performance.</p> <p>Responsibility for the Policy is assigned to the Chief Quality Officer (CQO), who is responsible for designing, maintaining, and supervising the QMS. The CQO coordinates with management and</p>			

Policy	Related sub-sub-topics	Scope of application	Individual accountable for implementation [MDR-P 65c]	Internationally recognized regulatory tools [MDR-P 65d]
		<p>the HR Department to ensure that the quality management system covers the Group's key business processes and is aligned with its strategic objectives.</p> <p>The Policy seeks to implement a standardized and integrated global approach, based on a structured documentation system and shared procedures. Its main objectives include: the formalization and maintenance of a documented QMS for all relevant processes, the adoption of an internal auditing system, the management of non-conformities using the CAPA (Corrective and Preventive Action) methodology, and the definition of an integrated certification roadmap for local organizations.</p> <p>The system is aligned with international quality management standards, such as ISO 9001, and includes gap analysis activities to ensure regulatory compliance and continuous improvement.</p> <p>Protection of stakeholders - including customers, employees, and suppliers - is ensured through process oversight, performance monitoring, and periodic reviews of the effectiveness of the QMS. Local quality contacts implement the system in line with the global policy and periodically report to the CQO on progress and any corrective actions undertaken.</p>		
New Product Development Policy	<ul style="list-style-type: none"> ▪ S4 – Health and safety ▪ S4 – Personal safety 	SECO Group	Chief Technology Officer and Technical Department	/
RMA Policy	<ul style="list-style-type: none"> ▪ S4 – Access to products and services 	SECO Group	RMA Department	/

Policy	Related sub-sub-topics	Scope of application	Individual accountable for implementation [MDR-P 65c]	Internationally recognized regulatory tools [MDR-P 65d]
		<p>Department, supported by local managers and the service team, who ensure compliance with timelines and procedures.</p> <p>The main goal is to ensure an efficient, professional, and transparent RMA service, with rapid response times and continuous customer support. The policy governs: warranty terms and repair conditions for SECO and third-party products, RMA authorization procedures, repair timelines, warranty exclusions, and product transport and return methods.</p> <p>The scope covers all SECO products, including third-party components integrated into products, and relates to the management of returns, repairs, and replacements. Goods damaged due to improper use, tampering with seals, natural disasters, or consumable products such as batteries and fuses are excluded from warranties. The policy follows industry best practices and international after-sales service standards, though it is not subject to specific regulatory requirements.</p> <p>The interests of key stakeholders, particularly customers and suppliers, are protected through transparent procedures, clear information on costs and timelines, and continuous monitoring of the RMA request status.</p> <p>The Policy is made available to customers on the official SECO website, where RMA requests can be submitted by following the operational instructions, providing details on the product defect, and obtaining an RMA number for monitoring purposes. The entire process is managed through the return of the repaired product, ensuring operational continuity, transparency, and service quality.</p>		
Problem Solving Policy	<ul style="list-style-type: none"> ▪ S4 – Access to (quality) information ▪ S4 – Access to products and services 	SECO Group	Chief Quality Officer	/
		<p>The SECO Group's Problem Solving Policy applies to all Group sites and companies involved in the management and resolution of problems that could threaten business continuity. Its purpose is to promptly identify issues, prioritize them, and instruct dedicated teams to mitigate or resolve critical issues using the resources available.</p> <p>The Chief Quality Officer (CQO) is responsible for the design, maintenance, monitoring, and reporting of the problem-solving process, working in collaboration with the CTO and COO to ensure the effectiveness and efficiency of corrective actions while maintaining communication with internal stakeholders and customers.</p> <p>The policy establishes a structured system to promptly detect threats, prioritize issues, and adopt corrective or preventive actions (CAPAs). Established methodologies such as 8D, Ishikawa, and 5 Whys are used to ensure the effectiveness of solutions. The main goals include minimizing the impact of problems on operational continuity, adopting preventive solutions, and ensuring a standardized approach to problem solving.</p> <p>The scope covers all business processes that could affect business continuity, from production to logistics, without evident exclusions, focusing particularly on critical issues. The policy aligns with international quality standards such as ISO and adopts globally recognized best practices, although it is not subject to specific regulatory requirements.</p> <p>The interests of stakeholders, including customers, employees, and partners, are protected through rapid and transparent problem management, ensuring that solutions are effective and don't compromise business relationships.</p> <p>The policy is made available through local quality managers, who implement the process at individual sites and organize periodic monitoring meetings. Formal reports on open issues are shared with the CQO to ensure the traceability, transparency, and continuous improvement of the problem-solving system.</p>		

Policy	Related sub-sub-topics	Scope of application	Individual accountable for implementation [MDR-P 65c]	Internationally recognized regulatory tools [MDR-P 65d]
Cybersecurity Policy	<ul style="list-style-type: none"> ▪ S4 – Privacy ▪ Entity-specific 	SECO Group	ICT Department	/
	<p>The SECO Group's Cybersecurity Policy applies to all Group sites and companies and covers the management of cybersecurity, data protection, cyber threat defense, and the protection of IT infrastructure at the global level.</p> <p>Primary responsibility lies with the ICT department of each company, which is tasked with adopting and enforcing operational procedures and instructions related to cybersecurity. The ICT department collaborates with local teams to ensure the adequate protection of systems, networks, and data across all company operations.</p> <p>The policy outlines guidelines for maintaining, monitoring, and continuously improving IT security, with key objectives including: protection of data and infrastructure from external attacks and internal threats, secure management of removable devices, monitoring of user access and safeguarding of the internal network, incident management, and continuous monitoring. Particular emphasis is placed on employee training and awareness, including when remote working, to minimize risks arising from human error.</p> <p>The scope covers all Group IT activities and infrastructures, without specific exclusions, and with a focus on malware, access management, and protecting the company network. The policy aligns with industry best practices and approaches consistent with international cybersecurity and data protection standards.</p> <p>The interests of key stakeholders, including employees, customers, and partners, are safeguarded through data protection measures and the assurance of secure and compliant operations.</p> <p>The policy is made available internally through company procedures, training sessions, and periodic audits. The ICT department continuously monitors the adoption of safety measures, ensuring the compliance and continuous improvement of the cybersecurity system, in line with company standards and the best international practices.</p>			

Environmental information

E1 Climate Change

Governance

ESRS 2 GOV-3 Integration of sustainability-related performance in incentive schemes

Currently, the Group includes several ESG criteria of a qualitative nature in the variable component of the remuneration of Executive Directors. However, given the qualitative nature of these criteria, it is not possible to indicate the percentage of remuneration that depends on sustainability-related targets and/or impacts. [ESRS 2 GOV-3, 13]

For more information on remuneration, see the relevant part of the General Disclosures section (*ref. GOV-3 - Integration of sustainability-related performance in incentive schemes*).

Strategy

E1-1 Transition plan for climate change mitigation

In 2025, the Group began a structured process to define and progressively adopt a decarbonization plan, which will be incorporated into the corporate strategy and planning and management processes.

The initiative is based on the results of the carbon footprint analysis carried out in 2024, the first assessment conducted at the Group level. This analysis provides the knowledge base needed to identify the main emission sources and to establish concrete and measurable climate targets, in line with leading international standards and guidelines.

The plan, which is currently under development, provides for the definition during 2026 of Near-Term targets aligned with the 1.5°C scenario, i.e., emission-reduction targets over a 5–10 year horizon, focused on actions that can be adopted in the short to medium term. Starting from the next reporting cycle, the Group intends to present a consolidated version of the plan, formally integrated into its business strategy. [E1-1, 17]

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

SECO conducted a resilience analysis between the end of 2024 and the beginning of 2025 to assess the robustness of its operating model from a forward-looking perspective, and the continuity of its business in relation to potential transition and physical climate risks. [ESRS 2 SBM-3, 19a].

The scenario-based analysis estimated the potential economic and financial impacts on SECO's financial statements, in addition to the potential effects on the Group's main production facilities. The Transition Risk Engine (TRE) and Physical Risk Engine (PRE) models were used.

The simulation was carried out using information from the 2021, 2022, and 2023 consolidated financial statements and was structured across three time horizons: short term (2025), medium term (2030), and long term (2050).

Specifically, the analysis is based on the NGFS macroeconomic and climate scenarios⁸ and takes into account two trajectories from NGFS version 5.0: Net Zero 2050, belonging to the Orderly Transition family, which limits global warming to +1.5°C through stringent climate policies and innovation, and Current Policies, belonging to the Hot House World family, which assumes the continuation of existing

⁸ Network for Greening the Financial System

policies with no increase in climate ambition. These scenarios enable a comparative assessment between a scenario with a higher transition risk and lower physical risk, and a scenario with a higher physical risk and lower transition risk [ESRS 2 SBM-3, 19 b].

For **physical risk**, the analysis assessed the impact of the Hot House World scenario on production value and assets, considering acute hazards such as wildfires, windstorms/tornadoes, floods, landslides, heatwaves, cold snaps, and droughts. The impact on production value, associated with potential operational disruptions caused by significant physical events affecting the Group's facilities, shows an increasing trend over time, equal to -0.28% in the short term, -1.28% in the medium term, -6.16% and in the long term. Similarly, the impact on assets, i.e., potential damage to production facilities resulting from climate events, also increases over time: -0.18% in the short term, -0.80% in the medium term, and -5.10% in the long term. This dynamic reflects both a general increase in the likelihood and intensity of these phenomena over time, and the cumulative effect resulting from the accumulation of individual hazards [ESRS 2 SBM-3, 19c; ESRS 2 IRO-1, 20b.i, b.ii, AR11].

With regard to **transition risk**, the analysis estimated the varying impact between the NGFS scenarios considered, in order to quantify the additional costs associated with (i) the carbon tax under the Net Zero 2050 scenario and (ii) the transition investments required to comply with emissions constraints. Additional costs related to the carbon tax, aggregated across different time horizons and expressed as a percentage of EBITDA, remain limited, with a maximum impact of 0.08% in the short term, 0.58% in the medium term, and 0.43% in the long term. Transition investments, as a proportion of total tangible and intangible assets, show essentially no effect in the short term, and very little effect in the other time horizons, equal to 0.02% in the medium term and 0.01% in the long term. These results should be interpreted in light of the assumptions and parameters adopted in the scenario analysis [ESRS 2 SBM-3, 19c; ESRS 2 IRO-1, 20 c.i, c.ii, AR12].

Overall, the analysis indicates that the Group has limited sensitivity to transition risk, while physical risk under the Hot House World scenario shows potentially increasing impacts over the long term, particularly in terms of operational continuity at the Group's facilities and the protection of assets [ESRS 2 SBM-3, 19c].

Management of impacts, risks and opportunities

ESRS 2 IRO-1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities

For information regarding the process of identifying and assessing climate-related material impacts, risks, and opportunities, please refer to the Chapter "General Disclosures" (*ref. IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities*).

The table below shows the positive impact identified in relation to E1 "Climate change," which was identified and assessed as material as part of the Group's double materiality assessment process [ESRS 2 IRO-1, 20].

Impacts, risks and opportunities (IROs)

Material impacts	Category	ID	Sub-topic or Sub-sub-topic
Contribution to climate change mitigation, through the use of renewable energy sources and energy efficiency solutions	Positive impact	I2	Climate change mitigation

Furthermore, in terms of the identification and assessment of transition, physical, and **climate risks**, climate scenario analysis was carried out and used as an input tool (ref. *SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model*).

In light of the results of the analysis performed, the physical risk identified – “*Reduced operating margins, damage to Group assets and increased operating costs due to extreme weather events, such as floods, heatwaves, and wildfires, and structural changes in environmental conditions caused by climate change*” – was incorporated into the mapping of potential IROs as part of the double materiality assessment [ESRS 2 IRO-1, 21].

The results of the assessment of potential IROs, within the context of the double materiality assessment, did not identify any material climate-related risks or opportunities.

E1-2 Policies related to climate change mitigation and adaptation

The management of topics related to climate change forms part of SECO's internal policy and oversight framework, which is based on two complementary levels: A values-based level, represented by the Group's Ethics Code, and an operational level, governed by the HSE Policy (ref. *MDR-P Policies adopted to manage material sustainability matters*).

The Ethics Code defines the environmental responsibility principles that guide the Group's actions and formalizes its commitment to operate in an environmentally responsible manner by preventing and reducing its negative impacts and contributing to mitigating the effects of climate change.

In line with these principles, the HSE Policy governs the operational adoption of environmental safeguards, including areas relevant to mitigation, such as energy sourcing from renewable sources and self-generation, where possible, management of energy consumption, and management of greenhouse gas emissions. [E1-2, 25].

Within this framework, the management of environmental aspects is based on a structured approach comprising operational procedures and monitoring controls, in line with the environmental management systems adopted by SECO in accordance with ISO 14001:2015.

E1-3 Actions and resources in relation to climate change policies

Although SECO has not yet integrated into its policies a structured set of specific actions to address material impacts, manage risks, and pursue opportunities related to climate change (Ref. ESRS 2, IRO-2, par. 62), the Group recognizes the importance of the topic and is working toward the progressive formalization of these measures. Against this backdrop, the Group started developing a decarbonization plan in 2025, which will support the more seamless integration of actions, responsibilities, and resources into the Company's policies and processes.

Building on initiatives already adopted in previous years and still in place, SECO continues to implement climate mitigation measures, including the purchase of certified energy from renewable sources to power the Arezzo and Tregozzano offices, and the progressive renewal of the corporate vehicle fleet with full-hybrid and electric vehicles.

Metrics and targets

E1-4 Targets related to climate change mitigation and adaptation

The Group has not yet set specific targets for climate change mitigation and adaptation (Ref. ESRS 2, dp 72).

As described in section E1-1 of this document, in 2025, SECO began a process to define a decarbonization plan, which will include the establishment of Near-Term targets aligned with the 1.5°C scenario.

Timelines for adopting measurable, results-oriented targets will be aligned with those of the decarbonization plan.

With regard to the progressive replacement of the Company's vehicle fleet with full-hybrid and electric vehicles, the Group set a target to reach 15% full-hybrid and electric vehicles as a share of the total fleet by 2024.

This target was fully achieved, and as at December 31, 2025, the share of full-hybrid and electric vehicles has reached 25% of the total corporate fleet.

E1-5 Energy consumption and mix

Energy consumption related to Group plants is shown in the table below.

Compared with 2024, the Group's total energy consumption fell by 5% in 2025.

The Arezzo plant was designed to ensure high standards of energy efficiency and is equipped with a photovoltaic system with 232 panels, capable of generating a maximum power output of 69.6 kW. Since April 2022, a photovoltaic system has also been in operation at the Tregozzano plant. The system consists of 144 panels and has a maximum power output of 50.4 kW.

In addition, in 2020, the Group's Italian subsidiaries (SECO S.p.A, SECO PSM Tech and SECO Mind S.r.l.) signed an agreement with their electricity supplier to supply energy exclusively from renewable sources for all Italian production sites.

The Group's activities are related to NACE codes 26.12 (Manufacturing of assembled electronic boards) and 62.09 (Other information technology service activities), the former of which is classified as a high climate impact sector⁹. Data on the Group's energy consumption are therefore shown in the following tables.

[E1-5, 37, 38, 39, 40, 41, 42, 43]

Energy consumption	Unit	2025	2024¹⁰
Fuel consumption from coal and coal products	MWh	0.00	0.00
Fuel consumption from crude oil and petroleum products	MWh	1,018.38	1,011.24
Fuel consumption from natural gas	MWh	353.62	534.35
Fuel consumption from other non-renewable sources	MWh	0.00	0.00

⁹ Regulation (EC) 1893/2006 of the European Parliament and the Council

¹⁰ During 2025, energy consumption data relating to the 2024 financial year were updated following improvements to the data collection and validation processes, which enabled an increase in the quality, completeness, and accuracy of data. As a result, the figures have been restated to provide a more accurate and consistent representation of the Group's energy performance.

Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources	MWh	2,722.05	2,993.75
Total energy consumption from fossil sources	MWh	4,094.05	4,539.33
Share of fossil sources in total energy consumption (%)	%	68%	71%
Consumption from nuclear sources	MWh	0.00	0.00
Share of consumption from nuclear sources in total energy consumption (%)	%	0	0
Fuel consumption from renewable sources including biomass	MWh	6.55	12.52
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	MWh	1,652.57	1,573.88
The consumption of self-generated non-fuel renewable energy	MWh	312.03	280.55
Total renewable energy consumption	MWh	1,971.15	1,866.95
Share of renewable sources in total energy consumption (%)	%	32%	29%
Total energy consumption	MWh	6,065.19	6,406.28

Energy production	Unit	2025	2024
Non-renewable energy production	MWh	0.00	0.00
Renewable energy production	MWh	322.23	280.55

Energy intensity	Unit	2025	2024
Energy intensity	MWh/Euro	0.00003	0.00003
Total energy consumption from activities in high climate impact sectors	MWh	5,998.74	6,347.12
Net revenue from such activities	Euro/000	197,322	182,220

E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions

The calculation was made in accordance with the guidelines set forth in the GHG Protocol and using the same corporate scope used in the preparation of the consolidated financial statements for direct GHG emissions in Scope 1, indirect GHG emissions in Scope 2, and other relevant indirect GHG emissions in Scope 3 [E1-6, RA39a].

The following categories of Scope 3 GHG emissions have not been calculated as they are not material to the Group's business model or activities [E1-6, RA46j]:

Categories of non-material Scope 3 GHG emissions	Reason for exclusion
8. Upstream leased assets	Included in category 2 - Capital goods
10. Processing of sold products	Not applicable as no automated post processing is carried out on products sold by the Group.
13. Downstream leased assets	Not applicable as the Group does not own any assets that it leases to third parties
14. Franchises	Not applicable as the Group does not own franchises
15. Investments	Not applicable as the Group's investments are managed with subsidiaries

The following table shows the results of the Group's carbon footprint calculation.
[E1-6, 44, RA41; E1-6, 48, 49, 51, 52]

GHG Emissions	2025	2024 ¹¹
Scope 1 GHG Emissions		
Gross Scope 1 GHG Emissions (tCO₂eq)	365	504
Percentage of Scope 1	0	0
GHG emissions from regulated emission trading schemes (%)		
Scope 2 GHG Emissions		
Gross Location-Based Scope 2 GHG Emissions (tCO₂eq)	2,261	1,334
Gross Market-Based Scope 2 GHG Emissions (tCO₂eq)	2,149	1,184
Material Scope 3 GHG Emissions		
Total Gross Indirect GHG Emissions (Scope 3) (tCO₂eq)	188,218	155,534
Upstream Emissions (tCO₂eq)	96,098	68,633
1. Purchased goods and services	89,551	61,685
2. Capital goods	2,964	5,079
3. Fuel and energy-related activities (not included in Scope 1 or 2)	84	129
4. Upstream transportation and distribution	203	168
5. Waste generated in operations	50	92
6. Business travelling	151	324
7. Employee commuting	3,097	1,155
Downstream Emissions (tCO₂eq)	92,119	86,901
9. Downstream transportation	167	188
11. Use of sold products	90,355	85,524
12. End-of-life treatment of sold products	1,597	1,188
Total GHG emissions		
Total Location-Based GHG Emissions (tCO₂eq)	190,844	157,372

¹¹ During 2025, energy consumption data relating to certain Carbon Footprint categories in the 2024 financial year were updated following improvements to the data collection and validation processes, which enabled an increase in the quality, completeness, and accuracy of data. As a result, the figures have been restated to provide a more accurate and consistent representation of the Group's energy performance.

GHG Emissions	2025	2024 ¹¹
Total GHG emissions market-based (tCO₂eq)	190,731	157,222

Scope 1 Emissions and calculation methodologies

The Group's Scope 1 GHG emissions come from fuels used for company cars and gas used for heating offices and plants.

We also note that biogenic CO₂ emissions from biomass combustion, not counted in the Scope 1 calculation, total 18.79 tCO₂eq.

The emission factors provided by DEFRA 2025 "UK Government - GHG Conversion Factors for Company Reporting," related to fuels and natural gas were used to calculate the Scope 1 GHG Emissions [E1-6, RA39b, RA43].

Scope 2 emissions and main calculation methodologies

The Group's Scope 2 GHG Emissions come from power generation purchased and produced outside the corporate scope and consumed by the Group, including:

- Electricity from fossil sources;
- Electricity from renewable sources;

Scope 2 emission factors related to electricity consumption are provided by the most recent documentation from the following sources:

- *Istituto Superiore per la Protezione e la Ricerca Ambientale (ISPRA) Annual Report No. 418/2025;*
- US Environmental protection agency (EPA), eGRID2023 summary data;
- Association of Issuing Bodies (AIB), Residual Mixes and European Attribute Mix of 2024;
- Ecoinvent database version 3.11.

[E1-6, RA39b, RA45]

Scope 3 Emissions and calculation methodologies

The following are the methodologies used to calculate each of the Group's material Scope 3 categories [E1-6, RA39b, RA46].

Category 1 - Purchased goods and services: includes emissions related to the purchase of raw materials and services for the conduct of business activities. Given the high number and complexity of SECO's product base, for the components used in the construction of boards and systems, it was deemed appropriate to identify a few clusters of products that are representative in terms of complexity, customization, and level of integration of board, mechanical parts, and presence or absence of a touch display. For each cluster, a representative bill of materials (BOM) was identified, whose components were analytically weighed and traced to identify their origin and the most appropriate emission factor. Each code produced by the Group during the reporting period was classified within one of the above clusters. For services, a spend-based approach was used by associating appropriate emission factors. Calculation tools used: Simapro with Ecoinvent 3.11

Category 2 - Capital goods: this category includes capital goods that were purchased during the reporting year, appropriately categorized (equipment, machinery and plant, electronic office equipment, furniture and furnishings, IT equipment, development, buildings, and other assets). Since capital goods are associated with a monetary expenditure, Exiobase was the database used for the corresponding emission factors. Calculation tools used: Simapro with Exiobase v 3.3.16b1.

Category 3 - Fuel and energy-related activities: includes "well-to-tank" (WTT) emissions associated with the early life cycle stages of fuels such as natural gas, gasoline and diesel. Specifically, this category takes into consideration the processes of extracting raw materials, transporting them, refining or processing them into usable fuel, and finally transporting and storing them up to point-of-use storage. For each fuel category, the quantities consumed were multiplied by the relevant WTT emission factors published by DEFRA. Calculation tools used: Simapro with Ecoinvent 3.11.

Category 4 - Upstream transportation and distribution: refers to emissions from the transportation of raw materials entering Group plants. The components of the BOMs taken as reference for each cluster were associated with the relevant supplier, for which the distance to the Arezzo headquarters and the relevant means of transportation were identified. In the case of multiple suppliers per component, the distance between suppliers was averaged. This made it possible to calculate the tons*kilometer (t*km) value for each component, to which the corresponding emission factor was applied. Calculation tools used: Simapro with Ecoinvent 3.11.

Category 5 - Waste generated in operations: includes emissions from the management of waste produced by Group companies, such as disposal, recycling, or treatment of waste materials. These waste categories mainly include mixed packaging, plastic, wood packaging, electronic equipment and components, paper and cardboard packaging, glass, and non-recyclable waste. For each category of waste generated during the reporting period, the volume in kilograms was multiplied by an appropriate emission factor that took into account the type of waste, whether it was hazardous, how it was disposed of or recycled, and the distance to the waste disposal plant. Calculation tools used: Simapro with Ecoinvent 3.11 and Eurostat database.

Category 6 - Business travelling: includes emissions generated by employee travel for business purposes, using means of transportation not owned or controlled by the company, such as airline flights, trains, or rental cars. Detailed information on employees' business travel (origin, destination, and means of transportation) during the reporting period was used. The total distance traveled using each means of transportation was then calculated and multiplied by the corresponding emission factors, which vary based on the type of transport used. Calculation tools used: Simapro with Exiobase v 3.3.16b1.

Category 7 - Employee commuting: includes emissions associated with employees' daily travel between their residence or domicile and the workplace, carried out using private vehicles, public transportation, or other means. In 2024, a questionnaire was sent out to employees of SECO S.p.A., PSM Tech, and SECO Northern Europe to collect information on the mode of transport typically used and the distance traveled. In 2025, in the absence of a new direct survey of travel distances, commuting distances were estimated based on the one-way distance between the employee's residence or domicile and workplace. This distance was then multiplied by two daily trips and by the number of working days and weeks per year, excluding vacation periods. Since the 2025 dataset used to estimate distances did not include details on the mode of transport, the modal split reported in 2024 was adopted as an estimate to calculate emissions and used as a proxy for 2025. This percentage distribution was applied to the total estimated kilometers, and emissions were then calculated using the corresponding emission factors for each mode of transport. Calculation tools used: Simapro with Ecoinvent 3.11.

Category 9 - Downstream transportation: includes emissions from the transportation and distribution of finished products to customers, carried out by means of transport not owned or controlled by the company. The calculations were made based on shipments from the various plants to the various customers, and on shipment weights to calculate t*km. Specifically, the calculation used the geographic location of the customer resulting from the management systems, and the weight of the material shipped according to the clustered breakdown methods previously explained. As with category 4, it was assumed that extra-EU transport would be carried out via cargo ship, while transport on European soil would be by truck. For materials sold by Fannal to third-party customers, a flat rate of 1,000 km transportation by truck was considered. The emission factors used take into account the relevant means of transportation. Calculation tools used: Simapro with Ecoinvent 3.11.

Category 11 - Use of sold products: includes the estimated emissions associated with the use of the products during their life cycle. These emissions may be influenced by multiple factors, such as product design, energy efficiency, energy source used, mode of use, life cycle length, frequency of use, and field of application. For the purpose of this calculation, the number of kWh consumed daily by a device was estimated for each cluster, assuming an average Reference Service Life of five years. By multiplying these values by the production volumes attributed to each cluster, the total consumption was obtained: these were then multiplied by appropriate emission factors that took into account the energy mixes of some of the Group's most served countries. Calculation tools used: Simapro with Ecoinvent 3.11.

Category 12 - End-of-life treatment of sold products: includes emissions produced during disposal, recycling, incineration or composting of products at the end of their use. The emissions associated with this category were calculated by multiplying the production volumes for the reporting period by an emission factor that takes into account the emissions generated by the treatment (collection, transport, sorting and recycling) and disposal of e-waste globally. Calculation tools used: Simapro with Ecoinvent 3.11.

The portion of Scope 3 GHG Emissions measured using inputs from specific activities along the upstream and downstream value chain is 188,202 tCO₂eq.

We also note that biogenic CO₂ emissions from biomass combustion, not counted in the Scope 3 calculation, total 4,071 tCO₂eq.

The following table shows the Group's GHG emission intensity values.

GHG intensity per net revenue	2025	2024
Total GHG emissions (location-based) per net revenue (tCO ₂ eq/monetary unit)	0.0010	0.0012
Total GHG emissions (market-based) per net revenue (tCO ₂ eq/monetary unit)	0.0010	0.0012
Net revenue (thousands of Euro) ¹²	197,582	183,512

[E1-6, 53, 55]

¹² "Revenues from sales," as per the consolidated income statement

Calculation methodologies and exclusions (MDR-M)

E1-5

The data shown for the Group's energy consumption includes activities related to NACE codes 26.12 and 62.09.

The figure shown for energy intensity was calculated using energy consumption and net revenues for activities related to NACE code 26.12 (high climate impact sector).

In addition, due to the unavailability or partial availability of certain information relating to the energy consumption of SECO Microelectronics Co., SECO Mind Germany GmbH, and SECO BH d.o.o, it was necessary to use estimates, the details of which are provided below.

With regard to SECO Microelectronics Co., energy consumption was estimated by proportionally reallocating the energy consumption of SECO Mind Srl, which is comparable in terms of activities, size and/or business model, based on the number of employees as at December 31.

For SECO Mind Germany GmbH, energy consumption was estimated by allocating it to the relevant months using a proportional approach that reflects the actual days of supply included in each billing period. For each time interval covered by an invoice, the total consumption (kWh) was divided by the number of days between the start and end dates of the reporting period. The resulting average daily consumption was then multiplied by the number of days falling within each month.

Finally, for SECO BH d.o.o., monthly energy consumption was estimated based on the total electricity cost incurred in 2025. The amount was divided by the unit price of energy (cost per kWh), to calculate the total annual consumption. The total annual consumption was then broken down on a monthly basis.

E2 Pollution

Management of impacts, risks and opportunities

ESRS 2 IRO-1 Description of the processes to identify and assess material pollution-related impacts, risks and opportunities

For information regarding the process of identifying and assessing pollution-related material impacts, risks, and opportunities, please refer to the Chapter "General Disclosures," (ref. IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities).

The table below shows the impacts and opportunity identified related to the E2 topic "Pollution," which were identified and assessed as material as part of the Group's double materiality analysis process.

Impacts, risks and opportunities (IROs)

Material impacts	Category	ID	Sub-topic or Sub-sub-topic
Significant reduction of pollutant emissions in SECO's industrial processes, thanks to the use of additional localized extraction technologies	Positive impact	15	Air pollution

E2-1 Policies related to pollution

The management of pollution-related topics is based on an internal regulatory framework comprising two complementary levels: a values-based level, represented by the Group's Ethics Code, and an operational level, governed by the HSE Policy (*ref. MDR-P Policies adopted to manage material sustainability matters*).

Within this framework, the management of environmental aspects is based on a structured approach comprising operational procedures and monitoring controls, in line with the environmental management systems adopted by SECO in accordance with ISO 14001:2015. [E2-1, 15a]

With regard to hazardous substances¹³, activities related to their handling, storage, transportation, and disposal are carried out in a manner that prevents harm to people, animals, plants, soil, water, air, cultural assets, and other material assets. These activities are entrusted exclusively to qualified personnel who receive adequate training on how to use these substances safely, paying particular attention to the prevention of explosions, fires, or other sudden and potentially dangerous events.

Hazardous substances are stored in sealed containers and kept separate from one another to prevent dangerous reactions and contamination. Tanks used for storing hazardous liquids undergo routine inspections to check for potential leaks and ensure their overall integrity. Where substances or processes could generate toxic gases, the Company provides employees with appropriate personal protective equipment.

Hazardous substances are disposed of in full compliance with applicable local and international regulations, with particular attention paid to preventing incompatible mixtures that could lead to dangerous reactions. The adoption of safe and responsible disposal practices is considered essential to minimize environmental impacts and risks to public health. [E2-1, 15b]

Given the nature of the Group's activities, which generate limited direct environmental impacts, the targets set by the European Union's action plan "Towards Zero Pollution for Air, Water and Soil" primarily represent a general policy-based and regulatory point of reference. SECO continuously monitors developments in European environmental legislation, assessing the relevance to its operations.

In line with its HSE Policy, the Group contributes to European pollution prevention and control targets by complying with applicable regulations, maintaining certified management systems, monitoring environmental performance, and adopting operational procedures to prevent and control environmental impacts, paying particular attention to emergency management and strengthening organizational and control mechanisms.

E2-2 Actions and resources related to pollution

Despite not having defined a structured action plan that specifically addresses the material topic of air pollution, SECO relies on an integrated system of actions and controls to prevent, reduce, and monitor pollution associated with its production activities.

This approach is defined at the Group level through shared guidelines and requirements. At facilities equipped with an Environmental Management System compliant with UNI EN ISO 14001:2015, these measures fall within the scope of the certified system. The set of technical and managerial controls and verification activities is intended to ensure compliance with applicable regulatory requirements and to support the continuous improvement of environmental performance.

¹³ *I.e., substances, mixtures, and products with hazardous properties that could be harmful to human health, flammable, explosive, or harmful to the environment. Hazardous substances also include materials such as uranium, asbestos, and welding fumes.*

Over time, SECO has established operational and technical measures designed to minimize impacts associated with its day-to-day activities and the main material environmental categories. Emissions potentially generated by certain processes are managed through localized extraction and ventilation systems, which undergo scheduled maintenance and periodic inspections. The effectiveness of these measures is verified through environmental monitoring activities conducted by qualified personnel, focusing on the relevant parameters and discharge points, in order to confirm compliance with applicable limits and assess the adequacy of the controls adopted over time. As a precautionary measure, monitoring extends beyond minimum regulatory requirements, where deemed necessary. The results of these monitoring campaigns have not yet identified any points where the relevant limits have been exceeded and provide a useful means to identify potential further improvement actions.

Waste management is organized to prevent risks of soil and water contamination, through the use of dedicated temporary storage areas, the separation of waste streams, appropriate containment systems, and correct labeling of containers.

Finally, specific procedures are in place to manage abnormal or accidental events, in order to promptly limit any potential releases and restore safe conditions. The system is supported by incident reporting, root cause analysis, and the adoption of corrective and preventive actions, in addition to periodic updates to operational procedures to ensure the safeguards adopted remain effective over time [E2-2, 19a, b, c].

Metrics and targets

E2-3 Targets related to pollution

With regard to the material impact identified, SECO has not yet set specific targets related to pollution.

The Group is currently developing a Strategic Sustainability Plan, which will outline a series of actions and targets with a focus on the sustainability matters deemed material for the Group.

Although SECO has not set measurable targets, it actively monitors the effectiveness of its HSE Policy. Monitoring involves periodically collecting Group data on key environmental metrics, as also defined in the HSE Policy (*ref. MDR-P Policies adopted to manage material sustainability matters*).

E2-4 Pollution of air, water and soil

With regard to the pollution of air, water and soil, SECO's activities do not fall within the scope of Regulation (EC) No, 166/2006 (E-PRTR), given the nature of the activities carried out and the size of its facilities. As a result, SECO is not subject to reporting obligations regarding pollutant quantities outlined by Annex II of the aforementioned Regulation.

The Company's activities are also not subject to the Single Environmental Authorization (AUA). Nevertheless, despite the absence of specific authorization and reporting obligations related to pollutant emissions, SECO has chosen to adopt a voluntary approach to pollution prevention and control.

In view of this, periodic atmospheric emission monitoring campaigns are carried out and entrusted to qualified laboratories. These verifications cover several emission points associated with the main business processes that could have an impact and include the analysis of total particulate matter and specific pollutants, including metals. At present, there is no monitoring system in place to quantify the overall annual stock of emissions. However, SECO conducts periodic checks on a voluntary basis, even though it is not subject to specific regulatory requirements in this area.

The results of the monitoring activities confirm that emissions comply with the applicable reference limits, contributing to the oversight of environmental risks and the prevention of pollution. No significant releases into water or soil attributable to SECO's activities have been reported.

Over time, the results of these voluntary campaigns are used to assess emission trends and support the maintenance of regulatory compliance, with a view to continuous improvement. Monitoring activities are carried out at set intervals and, in some cases, are voluntarily extended beyond the minimum requirements established by law.

Emissions are measured through precise analysis performed by qualified entities, using the applicable technical methodologies at the identified emission points. The data collection and management processes are based on technical documentation and test reports produced by the appointed laboratories, which represent the primary sources of information used by SECO S.p.A. for control, verification, and internal reporting activities.

E5 Resource use and circular economy

Management of impacts, risks and opportunities

ESRS 2 IRO-1 Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

For information regarding the process of identifying and assessing material impacts, risks, and opportunities related to resource use and circular economy, please refer to the Chapter "General Disclosures", (ref. IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities).

The table below shows the impacts and opportunity identified related to the E5 topic "Resource use and circular economy", which were identified and assessed as material as part of the Group's double materiality analysis process.

Impacts, risks and opportunities (IROs)

Material impacts	Category	ID	Sub-topic or Sub-sub-topic
Contribution to increasing recyclability and reducing the impact of packaging waste by using packaging made of 100% FSC-certified paper	Positive impact	117	Resource outflows related to products and services
Contribution to the sector's circular economy by delivering electronic waste to authorized facilities for the treatment and recovery of precious metals	Positive impact	119	Waste

Material R/Os	Category	ID	Sub-topic or Sub-sub-topic
Strengthening competitiveness and access to new markets by developing electronic solutions compliant with eco-design and circularity requirements, which promote more efficient and traceable use of critical raw materials along the value chain.	Opportunity	O3	Resource inflows, including resource use

E5-1 Policies related to resource use and circular economy

The management of resource use at SECO is based on an internal regulatory framework comprising two complementary levels: A values-based level, represented by the Group's Ethics Code, and an operational level, governed by the HSE Policy (ref. *MDR-P Policies adopted to manage material sustainability matters*).

Within this framework, the management of environmental aspects is based on a structured approach comprising operational procedures and monitoring controls, in line with the environmental management systems adopted by SECO in accordance with ISO 14001:2015.

The Ethics Code outlines the Group's commitment to promoting sustainable industrial development, safeguarding natural resources, and reducing the use of raw materials, in addition to the direct and indirect impacts of its activities on ecosystems, including through the integration of sustainability and circularity practices into its production processes. In line with these principles, the HSE Policy governs the management of environmental aspects related to the Group's operations, including waste management in line with criteria focused on reduction at source, proper separation, recovery, and disposal in compliance with applicable regulations [E5-1, 15]

E5-2 Actions and resources related to resource use and circular economy

While it has not yet integrated specific actions to address positive impacts and pursue relevant opportunities related to resource use and circular economy into its policies (Ref. ESRS 2, IRO-2, dp 62), SECO recognizes the importance of this issue and intends to adopt such actions in the near future.

With regard to resource inflows, the Group continues its raw material monitoring activities, strengthening them within the framework of ordinary material compliance and procurement processes, in addition to the ongoing oversight of supplier declarations. The use of solder paste containing at least 90% recycled tin, introduced in 2024 for board manufacturing processes, was also confirmed.

Regarding resource outflows associated with packaging, in 2024, SECO S.p.A. conducted a review of the packaging used for specific product lines, in order to improve their recyclability and reduce their environmental impact. The new configuration included the removal of plastic components such as foam, sponges, and adhesive tapes, the predominant use of uncoated natural cardboard, the reduction of potentially polluting colors and inks, and the exclusive use of FSC-certified cardboard. In 2025, the Company continued to consolidate actions previously incorporated into its operational processes.

At the same time, waste management continues to be organized in compliance with applicable regulations, and in line with the new requirements introduced by the National Electronic Waste Traceability Register (RENTRI). Meanwhile, the consolidation of the ERP system helped improve data quality and traceability, thereby strengthening the monitoring of raw materials.

In line with the disclosure requirements of ESRS E2, the Group also launched initiatives to strengthen the traceability and monitoring of chemical substances, including the introduction of dedicated coding systems, mapping with information systems, and the standardization of purchasing requests. In addition, the Company is currently evaluating alternatives with a lower environmental impact than the substances currently used, wherever compatible with technical, quality, and safety requirements.

In 2026, SECO plans to conduct a structured analysis to assess how well eco-design and circularity principles are integrated into its products and processes. The initiative will seek to assess the current state of design solutions, materials management, and traceability systems, in order to identify potential areas for improvement in terms of durability, reparability, modularity, and resource

efficiency, and to evaluate the organization's degree of readiness, including its information systems, in relation to emerging circular economy requirements.

Metrics and targets

E5-3 Targets related to resource use and circular economy

With regard to the material impacts and opportunities identified, SECO has not yet set specific targets in relation to resource use and the circular economy.

A targeted strategy in relation to resource use and the circular economy has not yet been developed. Therefore, the Group has not yet established a structured set of actions and objectives, with specific reference to the material impacts and opportunities identified in the double materiality assessment and related to the topic in question. [ESRS 2, DP 72]

The topic in question is currently being addressed through operational initiatives and monitoring tools, which form the basis for the future definition of structured and measurable targets. The progressive strengthening of the Group's approach to circularity, including through the consolidation of information flows and traceability systems, represents an essential first step toward the introduction of targets in the coming years, aligned with the level of organizational maturity achieved.

SECO monitors the effectiveness of its resource use and waste management initiatives through a structured system for the collection, analysis, and consolidation of data relating to incoming material flows and through the traceability of waste generated and the corresponding treatment methods. Monitoring also includes the ongoing verification of compliance with applicable regulatory requirements.

This oversight is supported by integrated management systems and operational procedures within the Environmental Management System, which ensure the consistency, reliability, and updating of information.

Although no formally binding quantitative targets with a set timeframe have been established, the Company evaluates the effectiveness of its actions using indicators relating to volumes of waste generated and their relative treatment destinations. It also monitors the evolution of traceability processes for critical raw materials and systematically verifies compliance with applicable regulations.

E5-4 Resource inflows

Resource inflows include a variety of components and materials needed for the production and assembly of electronic boards that the Group manufactures and sells to third parties.

These streams mainly include electronic components, such as printed circuit boards, memories, CPUs, wiring harnesses, mechanical parts, and other electronic small parts. Sheet metal, plastic components, and glass are also purchased. The electronic components include valuable and critical materials such as gold, silver, tin, tungsten, tantalum, and copper, which are essential for ensuring the functionality and quality of electronic boards.

Secondary materials, on the other hand, include mainly cardboard, foam, wood and plastic packaging. [E5-4, 30; 31a, b, c]

Resource inflows	Unit	2025	2024
Overall total weight of products and technical and biological materials used during the reporting period	kg	1,459,655	1,080,071

<i>of which technical materials</i>	kg	1,332,853	913,163
<i>of which technical products</i>	kg	102,759	157,472
<i>of which biological materials</i>	kg	0	0
<i>of which biological products</i>	kg	24,043	9,436
Biological materials (and biofuels used for non-energy purposes) used by the company to manufacture products and offer services (including packaging) that come from a sustainable supply chain	kg	0	0
Biological materials (and biofuels used for non-energy purposes) used by the company to manufacture products and offer services (including packaging) that come from a sustainable supply chain	%	0	0
Reused or recycled secondary components	kg	0	0
Reused or recycled secondary components	%	0	0
Secondary intermediary products and secondary materials	kg	146,338	191,223
Secondary intermediary products and secondary materials	%	10	18

E5-5 Resource outflows

The tables below provide detailed information on resource outflows, including waste, related to their material impacts, risks and opportunities.

The Group does not produce finished products directly for the end consumer. On the other hand, SECO's modules and systems are integrated into products that its customers - generally Original Equipment Manufacturers (OEMs) - manufacture for various industry and B2B applications. [E5-5, 35]

Since such products are generally integrated into other devices made by SECO's customers, and may be sold to multiple intermediaries (distributors, system integrators, users) along the value chain before their actual use, the possibility of implementing generalized end-of-life component take-back programs depends mainly on the still limited activities carried out by SECO's direct stakeholders (OEMs or distributors). For this reason, while the Group has evaluated the feasibility of such initiatives, it does not currently consider it effective to introduce take-back programs targeting end-users of devices incorporating SECO products.

However, SECO has introduced some initiatives for the recovery and reuse of materials, including those from e-waste generated by its production activities. This waste is sent to companies specializing in the recovery of precious metals such as gold and copper, which can be reused through this process. In addition, SECO is constantly looking for technological and process innovations to extend the lifecycle of its products, with the goal of increasing their lifespan and, when possible, reusing components or parts of devices that have reached the end of their life in new products.

Resource outflows

The company is currently unable to calculate data on resource outflows and therefore cannot provide the requested information regarding the rate of recyclable content in products and packaging for the year 2025. [E5-5, 36]

Waste

The Group is committed to the efficient use of resources, aiming to prevent and minimize the generation of waste. To achieve this, SECO has adopted careful resource management designed to minimize waste generation at every stage of the value chain.

Waste management and monitoring, and its proper disposal, take place in accordance with current regulations and, in particular, with the guidelines established in the ISO:14001-certified Environmental Management System.

In the case of finished products, however, SECO is not responsible for their disposal. This remains the responsibility of the customer, to be carried out in line with the applicable WEEE (Waste from Electrical and Electronic Equipment) regulations, indicated in the appropriate product sheets. [E5-5, AR 28]

The main sources of waste generation for SECO come from the production process. Among other things, the process generates chemicals, Waste from Electrical and Electronic Equipment (WEEE), hazardous waste, and waste that needs special disposal processes. Similar categories of waste are generated along the value chain, by the supply chain for the production of components, such as printed circuit boards, silicones, wiring harnesses and batteries, and by end-users for the disposal of end-of-life products. [E5-5, 38a, b]

Total amount of waste generated by own operations

[E5-5, 37a, b, c, d]

	Unit	2025	2024 ¹⁴
Total amount of waste generated	kg	251,042	197,727
Hazardous waste diverted from disposal	kg	11,884	8,865
<i>preparation for reuse</i>	kg	0	0
<i>recycling</i>	kg	0	0
<i>other recovery operations</i>	kg	11,884	8,865
Non-hazardous waste diverted from disposal	kg	204,637	104,231
<i>preparation for reuse</i>	kg	0	0
<i>recycling</i>	kg	51,790	59,294
<i>other recovery operations</i>	kg	152,847	44,937
Hazardous waste directed to disposal	kg	4,006	4,889
<i>incineration</i>	kg	0	0
<i>landfill</i>	kg	0	0
<i>other disposal operations</i>	kg	4,006	4,889
Non-hazardous waste directed to disposal	kg	30,516	79,742
<i>incineration</i>	kg	0	0
<i>landfill</i>	kg	2,935	2,839
<i>other disposal operations</i>	kg	27,580	76,903
Total amount of non-recovered waste	kg	34,522	84,631
Percentage of non-recovered waste	%	14	43

¹⁴ In 2025, data relating to waste generated in 2024 were updated following a review of the EWC codes and the associated treatment operations. This review enabled an improvement in the quality, completeness, and accuracy of the information. Consequently, the figures have been restated to ensure a more accurate and consistent representation of the Group's waste management methods.

Total amount of non-recycled waste	Kg	199,252	138,433
Percentage of non-recycled waste	%	79	70

Total amount of hazardous waste and radioactive waste¹⁵ generated

[E5-5, 39]

	Unit	2025	2024
Total amount of hazardous waste	kg	15,890	13,754
Total amount of radioactive waste	kg	0	0

Calculation methodologies and exclusions (MDR-M)

E5-4

In order to calculate the data shown, a methodology was adopted, in line with carbon footprint measurement activities, to identify clusters of representative products, selected on the basis of technical complexity, level of integration between electronic board and touch, and size. A Bill of Material (BOM) of a representative product was selected for each cluster, identifying the weight of each component. Each component was then classified as "Material" or "Product" and as "Technical" or "Biological." The total weights of each of these categories were calculated by multiplying the unit weights by the total production volumes attributed to each cluster.

With the exception of some specific categories of components, the company is currently unable to certify the provenance from recycling or reuse of materials or products used in its production processes.

E5-5

The data shown were aggregated from waste loading and unloading records and, where this was unavailable, summary documents received from waste collection and disposal service providers. Due to the complexity in obtaining data, estimates were used for some waste generated by the production activities of Fannal Electronics Co. Ltd, based on the volumes of materials used in production processes.

In addition, due to the unavailability or partial availability of certain information concerning some group companies, the waste generated by SECO Microelectronics Co., SECO Mind Germany GmbH, and SECO BH d.o.o., none of which carries out manufacturing activities, has been estimated by reallocating the waste generated by SECO USA, Inc., which is comparable in terms of activities, size and/or business model, based on the number of employees at December 31.

¹⁵ For the definition of radioactive waste, see Article 3(7) of Council Directive 2011/70/Euratom

Information according to Article 8 of Regulation 2020/852 (EU Taxonomy Regulation)

With Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020, made effective on July 12, 2020, the European Commission introduced a classification system ("Taxonomy"). The Taxonomy allows for an unambiguous definition of economic activities and investments that may be considered environmentally sustainable because of their ability to actively contribute to the following environmental and climate objectives:

1. Climate change mitigation (CCM);
2. Climate change adaptation (CCA);
3. Sustainable use and protection of water and marine resources (WTR);
4. Transition to a circular economy (CE);
5. Pollution prevention and control (PPC);
6. Protection and restoration of biodiversity and ecosystems (BIO);

To be defined as "aligned" under the Taxonomy, an economic activity must meet the following requirements:

- must contribute substantially to the achievement of one or more of the aforementioned objectives set out in the Taxonomy;
- must meet certain substantial contribution criteria defined for each activity;
- in contributing to one or more of the environmental objectives, must not cause significant harm to the objectives (the "Do No Significant Harm" principle);
- must be carried out in compliance with minimum safeguards, i.e. carried out in line with the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights, the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the eight core ILO Conventions and the International Bill of Human Rights.

Pursuant to Regulation (EU) 2020/852 and Legislative Decree No. 152/2024, which implemented the CSRD, the percentages of turnover, capital expenditure (CapEx) and operating expenditure (OpEx) that qualify as aligned against the six aforementioned objectives are reported below.

Considering the Delegated Regulation (EU) 2026/73, published in the Official Journal of the European Union on January 8, 2026, which amends Delegated Regulation (EU) 2021/2178 regarding the simplification of the content and presentation methods of information related to environmentally sustainable activities, as well as Delegated Regulations (EU) 2021/2139 and (EU) 2023/2486, concerning the simplification of certain technical screening criteria, the amendments of which are applicable to sustainability reports published after January 1, 2026, the company has decided to maintain, as permitted by the aforementioned Regulation, the reporting approach previously in place and apply the new measures starting from the 2026 reporting.

Identifying eligible activities

The first step was to assess whether the activities carried out by the Group could qualify as one or more of those identified as potentially contributing to the aforementioned climate objectives by EU Regulation 2020/852, Delegated Regulation (EU) 2021/2139 - as subsequently amended by Delegated Regulation (EU) 2023/2485 - and Delegated Regulation (EU) 2023/2486.

The selected activities were:

- For the production of edge computing solutions carried out by SECO and its subsidiaries, activity number CE 1.2 called *Manufacture of electrical and electronic equipment* (NACE code: C26);

- For the development of IoT and data analytics software solutions carried out by SECO and its subsidiaries, activity number CE 4.1 called *Provision of IT/OT data-driven solutions* (NACE code: J62).

Using the "Taxonomy Compass" tool provided by the European Commission, it was found that both activities identified are included among those that can contribute to the "Transition to a Circular Economy" objective. Therefore, SECO's activities (and the related revenue, OpEx and CapEx amounts attributable to them) were analyzed for eligibility and, at a later stage, possible alignment with the taxonomy.

Group consolidated turnover was attributed to each activity on the basis of the NACE code assigned to each company included in the scope or, where this was not available, on the basis of the activity carried out by each of them.

Of the scope being reported, 100% of the turnover, amounting to Euro 197,582 thousand, was eligible for taxonomy purposes. This amount was used as the KPI denominator on turnover pursuant to EU Regulation 2021/2178, Annex 1, Article 1, paragraph 1.1.1.

With reference to the indicator related to OpEx (i.e., operating expenditures), an analysis was performed of the consolidated costs incurred during the year. The amounts identified as eligible were selected on the basis of their nature, referring to the ability to ascribe them to one of the following categories, identified in accordance with Article 1, paragraph 1.1.3.1 of EU Regulation 2021/2178, Annex 1:

- Direct non-capitalized costs related to research and development activities;
- Building renovation measures, short-term leases;
- Costs associated with maintenance and repair measures as well as any other direct expenses related to the day-to-day maintenance of property, plant and equipment, either by the undertaking or by third parties to whom such tasks are outsourced, necessary to ensure the continuous and effective operation of such assets.

Within the reporting scope, 4.2% of the OpEx examined, amounting to Euro 6,888 thousand out of a total of Euro 165,360 thousand under analysis, was eligible for taxonomy purposes. This amount was used as the OpEx KPI denominator pursuant to EU Regulation 2021/2178, Annex 1, Article 1, paragraph 1.1.3. We note that due to their nature, the following items in the Consolidated Income Statement were not considered as "OpEx" to be assessed for eligibility: Finance Costs/(Revenues), Taxes, Duties and Fines, Depreciation and Amortization, Accruals and Provisions, Financial income, Financial costs, Exchange gains/losses, and Income taxes.

With reference to the CapEx (i.e., capital expenditures) indicator, consolidated investments made in tangible assets (land and buildings, plant and machinery, fixed assets under construction, and other tangible assets) and right-of-use of real estate and capital assets were analyzed.

Within the reporting scope, 37.8% of the CapEx examined, amounting to Euro 11,494 thousand out of a total of Euro 30,436 thousand being analyzed, was eligible for taxonomy purposes. This amount was used as the CapEx KPI denominator pursuant to EU Regulation 2021/2178, Annex 1, Article 1, paragraph 1.1.2.1. CapEx classified as unaligned, amounting to Euro 18,942 thousand, relate to investments in intangible assets.

Analysis and identification of aligned activities

With reference to possible alignment, a precise analysis of the substantial contribution of activities classified as eligible to the achievement of the "Transition to a Circular Economy" goal was carried out.

The activities of producing edge computing hardware systems and developing IoT and data analytics solutions were analyzed according to the technical screening criteria applicable to each.

With reference to the first of the two areas of activity, these activities are not considered to be aligned with respect to some of the criteria identified in Sections 2.4 (Design for dismantling) and 2.5 (Design for recyclability) of the Substantial Contribution Criteria identified in Commission Delegated Regulation (EU) 2023/2486. This can be attributed mainly to reasons related to the state of the art of technologies currently used in the manufacturing processes of industrial edge computing devices and in the production of related components.

On the other hand, in terms of data-driven solution development activities, the features of the CLEA software platform marketed by SECO were examined. This platform is an enabler for SECO's customers in integrating data-driven solutions, decisions and services into their business models, leveraging the connectivity of their devices and using data analytics capabilities. Should CLEA find application in vertical solutions or activities - owned by Group customers - that meet the appropriate criteria for substantial contribution, these could potentially be aligned with the Taxonomy. However, CLEA is not currently designed and marketed as a ready-to-use product for specific applications in certain verticals; on the contrary, it is a horizontal solution that requires integration with the customer's infrastructure. For these reasons, SECO's data-driven solution development activities are not considered to be aligned with the Taxonomy.

As the substantial contribution criteria were not met for any of SECO's activities, the additional criteria to verify alignment (DNSH, minimum safeguards) were not examined.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities

Economic activities	Code(s)	Absolute Turnover k€	Proportion of turnover %	Substantial contribution criteria						DNSH criteria						Minimum safeguards Y/N	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year N-1	Category (enabling/transitional activity) E/T
				Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N			
A. TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1. Environmentally sustainable activities (Taxonomy-aligned)																		
<i>Turnover of environmental sustainable activities (Taxonomy-aligned activities) (A.1)</i>																		
	/	-	-														-	
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
Manufacture of electrical and electronic equipment	CE 1.2	197.322	99.9%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								99.3%	
Provision of IT/OT data-driven solutions	CE 4.1	260	0.1%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								0.7%	
<i>Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</i>		197.582	100,0%														100,0%	
Total (A.1+A.2)		197.582	100,0%														100,0%	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
Turnover of Taxonomy-non-eligible activities (B)		-	-														-	
Total (A+B)		197.582	100,0%														100,0%	

Proportion of capital expenditure (CapEx) from products or services associated with Taxonomy-aligned economic activities - 2025

Economic activities	Code(s)	Absolute CapEx k€	Proportion of CapEx %	Substantial contribution criteria						DNSH criteria					Minimum safeguards Y/N	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, year N-1	Category (enabling/transitional activity) E/T
				Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N			
A. TAXONOMY-ELIGIBLE ACTIVITIES																	
A.1. Environmentally sustainable activities (Taxonomy-aligned)																	
<i>CapEx of environmentally sustainable activities (Taxonomy-aligned activities) (A.1)</i>		-	0,0%													-	
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																	
Manufacture of electrical and electronic equipment	CE 1.2	10.659	35,0%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								21,0%
Provision of IT/OT data-driven solutions	CE 4.1	835	2,7%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								0,3%
<i>CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</i>		11.494	37,8%													21,3%	
Total (A.1+A.2)		11.494	37,8%													21,3%	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																	
CapEx of Taxonomy-non-eligible activities (B)		18.942	62,2%													78,7%	
Total (A+B)		30.436	100,0%													100,0%	

Proportion of operating expenditure (OpEx) from products or services associated with Taxonomy-aligned economic activities - 2025

Economic activities	Code(s)	Absolute OpEx k€	Proportion of OpEx %	Substantial contribution criteria						DNSH criteria					Minimum safeguards Y/N	Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, year N-1	Category (enabling/transitional activity) E/T
				Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N			
A. TAXONOMY-ELIGIBLE ACTIVITIES																	
A.1. Environmentally sustainable activities (Taxonomy-aligned)																	
<i>OpEx of environmentally sustainable activities (Taxonomy-aligned activities) (A.1)</i>																	
	/	-	0,0%														0,0%
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																	
Manufacture of electrical and electronic equipment	CE 1.2	6.755	4,1%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								2,6%
Provision of IT/OT data-driven solutions	CE 4.1	132	0,1%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								0,3%
<i>OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</i>																	
		6.888	4,2%													2,9%	
Total (A.1+A.2)		6.888	4,2%													2,9%	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																	
<i>OpEx of Taxonomy-non-eligible activities (B)</i>																	
		158.473	95,8%													97,1%	
Total (A+B)		165.360	100,0%													100,0%	

In addition, disclosure is provided below regarding the economic activities listed below, in accordance with Delegated Regulation (EU) 2022/1214.

Nuclear energy related activities		
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activities		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Social information

S1 Own workforce

Strategy

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

This section presents the material impacts, risks and opportunities related to issues pertaining to own workforce, identified as part of the double materiality analysis process. For further information see the "General disclosures" chapter (*ref. IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities*).

Material impacts	Category	ID	Sub-topic or Sub-sub-topic
Economic and employment stability of employees through the promotion of permanent contracting	Positive impact	I20	Secure employment
Promoting employees' psychological and physical well-being and reducing the risk of work-related stress through structured management of working time, featuring regular hours and defined and accessible breaks.	Positive impact	I22	Working time Work-life balance
Greater protection for employees, ensured by SECO through the presence of trade union representation, guaranteeing full freedom in their establishment, activities, and functioning, without any interference	Positive impact	I24	Social dialogue Freedom of association, the existence of works councils and the information, consultation and participation rights of workers Collective bargaining, including the percentage of workers covered by collective agreements
Improvement of employees' physical and mental well-being, supported by initiatives to promote work-life balance, such as remote working, parental support, and physical and mental well-being programs	Positive impact	I25	Work-life balance
Protection of health, supported by SECO through the adoption of appropriate prevention systems	Positive impact	I26	Health and safety
Professional and personal development of employees by strengthening their skills, with a specific focus on the development of digital skills	Positive impact	I28	Training and skills development
Protection of employee diversity by providing employment opportunities for people with disabilities	Positive impact	I29	Employment and inclusion of persons with disabilities

Material impacts	Category	ID	Sub-topic or Sub-sub-topic
Greater perception of personal protection among employees by creating an official company channel for reporting inappropriate behavior, introduced to respond to the need for safety and protection in the workplace	Positive impact	I31	Measures against violence and harassment in the workplace
Reduction of the risk of unauthorized access and improper user of sensitive data within the Company's information systems by creating an effective data breach protection framework, adopted to address the need for greater cybersecurity and regulatory compliance	Positive impact	I33	Privacy

Material risks and opportunities	Category	ID	Sub-topic or Sub-sub-topic
Improvement in productivity, retention, and SECO's attractiveness as an employer, supported by increased employee satisfaction and well-being resulting from workplace flexibility and work-life balance initiatives	Opportunity	O4	Working time Work-life balance
Increase in operational efficiency and production continuity, in addition to improvement in corporate reputation, resulting from the reduced risk of work-related injuries thanks to the adoption of effective prevention systems	Opportunity	O5	Health and safety
Increase in competitiveness and corporate innovation, driven by the professional development of employees, supported through skills development, particularly digital skills, which improve adaptability to technological and organizational changes	Opportunity	O6	Training and skills development
Improvement in the trust of customers, partners, and stakeholders, supported by greater security of sensitive data and regulatory compliance, which could translate into a competitive advantage and new business opportunities	Opportunity	O7	Privacy
Reputational damage, reduced productivity, and increased recruiting and training costs, with negative impacts on corporate performance, due to the lack of opportunities for career and skills development	Risk	R11	Adequate wages Training and skills development
Increase in costs related to penalties in the event of non-compliance with occupational health and safety regulations, and risk of operational disruptions should significant workplace injuries occur	Risk	R12	Health and safety

Material risks and opportunities	Category	ID	Sub-topic or Sub-sub-topic
Risk of reputational damage, legal disputes, penalties, and reduced attractiveness to talent and stakeholders in the event of discriminatory practices or non-compliance with European regulations on equal pay and opportunities within the workforce	Risk	R13	Gender equality and equal pay for work of equal value
Legal disputes, regulatory penalties, increased turnover, and reputational damage, resulting from the absence of corporate policies that protect employees from physical and verbal harassment	Risk	R14	Measures against violence and harassment in the workplace
Legal disputes, regulatory sanctions, increased turnover, difficulties in attracting talent, and reputational damage, resulting from discrimination and unfair treatment of individuals in the absence of effective corporate measures for prevention, inclusion, and diversity protection	Risk	R15	Diversity
Increase in costs related to legal and regulatory sanctions, loss of trust from customers and stakeholders, and reputational damage, resulting from unauthorized access and improper use of sensitive workforce data, in the absence of adequate safeguards and specific training provided by the Company	Risk	R16	Privacy

The different categories of workers included in the Group's own workforce reporting are Executives, white-collar workers and blue-collar workers. Non-employee workers include people who perform duties at Group offices under contracts other than an employment relationship, such as temporary workers, self-employed workers, and trainees. [SBM – 3, 14a]

In 2025, SECO reported no major negative impacts on its own workforce [SBM – 3, 14b]. Significant positive impacts were identified (ref. ESRS 2, IRO-1), which occur in all Group companies and uniformly affect all employees, without distinction of risk groups, as each is covered by local labor agreements.

As regards the material positive impacts identified, SECO promotes a human resource management model geared toward employment stability, the protection of fundamental rights, and the overall well-being of individuals. A first key factor concerns the decision to favor permanent contracts wherever possible (I20). Although this decision entails structural costs, it promotes greater job security and opportunities for professional growth in the medium to long term, while helping to retain internal know-how, strengthening the resilience of the organizational model in complex or highly competitive market environments, and developing employees' skills, professional relationships and the sense of belonging to the organization.

SECO's focus on fundamental workers' rights (I24) translates into respect for freedom of association and union representation, in accordance with the applicable laws in the various regions where it operates. The Company ensures that any representative initiatives can take place without interference,

supporting the dissemination of information through internal communication tools and company information systems, while respecting confidentiality and personal data protection.

For Italian companies (I25), where the activities carried out permit it, a smart working agreement is in place to promote flexibility in working methods, and a welfare plan has also been introduced that offers a wide range of services. These services include healthcare, reimbursement of schooling expenses (such as registration and tuition for kindergartens, schools, purchase of school books, etc.), care for family members, public transportation subscriptions, supplementary welfare, vouchers for the purchase of goods in kind (such as supermarket shopping vouchers, e-commerce vouchers, fuel vouchers, etc.), leisure-related services (cinema admissions, theaters, subscriptions, etc.), sports (gyms, sporting events, etc.) and travel (travel packages, vacations, hotels, etc.).

SECO also contributes (I29) to the protection of diversity by fostering the inclusion and retention of people with disabilities, ensuring equal opportunities for access, development, and career advancement, in line with the applicable regulations and its specific organizational characteristics. SECO adopts accessible technology solutions and digital tools, computer aids, and workstation adaptations, ensuring appropriate and inclusive operating conditions. Finally, the Group strengthens the perception of worker protection (I31) by adopting tools and procedures for handling reports of inappropriate behavior. This is integrated into the corporate governance model and seeks to prevent violence and harassment and protect human rights in the long term. Staff are informed of the existence of the reporting channel and trained on how to use it and how they are protected, helping to build trust in the organization and a sense of individual protection.

[SBM – 3, 14c]

SECO has found material opportunities, each of which is linked to material impacts, acknowledging the importance of the topic. Specifically, (I22, O4) strengthening organizational flexibility and work-life balance policies contributes to workforce stability, maintaining critical skills and reducing the risk of unplanned staff turnover. Amid high competition for STEM profiles and skilled technicians in this market, initiatives of this kind are an enabling factor for attracting and retaining talent, and supporting business continuity and the growth objectives within the business plan. Adopting advanced information security and data protection measures (I33, O7) ensures greater protection of information and higher regulatory compliance, in addition to reliability in dealing with customers and partners. Protecting data confidentiality, integrity and availability is also a central element in managing business risks in the medium to long term. Regarding health and safety issues, SECO adopts a (I26, O5) management system in accordance with the ISO:45001 certification scheme, which includes health and safety training, periodic and biannual medical examinations related to the specific job or type of risk, periodic presence in the company of the company doctor for regular and targeted medical examinations. A structured approach to prevention contributes to reducing the likelihood and severity of injuries, limits operational disruptions and indirect costs, and helps strengthen the company's reputation with customers, workers, and institutional stakeholders. Finally, continuing education initiatives (I28, O6) constitute a strategic investment to support product portfolio development and the integration of advanced technologies. The availability and development of specialized in-house expertise fosters greater project autonomy, reduces dependence on external resources for critical activities, and enables alignment between technology roadmap and execution capability. SECO is committed to developing and promoting the professionalism and expertise of each employee, offering training courses to develop both soft and specialized skills. Given the centrality of research, development, and innovation in the organization, the Group invests in upskilling and reskilling programs with a focus on digital skills, ensuring that teams have access to the most advanced technologies. Among these programs is the people development program for members of the R&D team, launched in 2022, which provided structured growth paths in both technical and managerial areas.

In terms of risks, SECO considered several risks related to human capital management as material. These could affect business continuity, innovation capacity, and business model resilience in the medium to long term. Specifically, the lack of opportunities for professional advancement and skill development (R11) could limit the implementation of long-term strategies based on innovation and valuing human capital, in addition to increasing recruitment and training costs and reducing the resources available for strategic investments. To mitigate these risks, the Group promotes structured career paths, performance appraisal systems, incentive mechanisms (MBOs for members of the international management team, performance bonuses for all workers in the Italian offices, and a Total Compensation Package for sales roles), and ongoing training programs. Additional risks relate to occupational health and safety (R12), failure to ensure the structured supervision of equal pay and opportunities (R13), prevention of harassment and inappropriate behavior (R14), promotion of a fair and inclusive environment (R15), and data and information security (R16). Any shortcomings in these areas could generate operational disruptions, disputes, penalties, or impacts on reputation, affecting stakeholder trust and the Group's competitive positioning. The Group safeguards against these risks by adopting a health and safety management system that complies with ISO 45001 and current regulations, the principles of integrity, respect and non-discrimination defined in the Ethics Code, a whistleblowing channel to protect whistleblowers, and organizational and technological cybersecurity measures designed to protect the confidentiality, integrity and availability of information. Taken together, these instruments help contain exposure to material social risks and support organizational stability and the ability to execute industrial strategy over time. [SBM - 3, 14d]

There have been no major impacts on the Group's own workforce resulting from transition plans or actions to reduce carbon emissions. [SBM-3, 14e]

The Group has not identified any operations at serious risk of incidents of forced, compulsory or child labor [SBM-3, 14f-g].

The company has taken into account the characteristics of its workforce, paying particular attention to the differences between administrative office employees and those working in operational offices, and any geographical differences. However, no specific material aspects emerged. [SBM-3, 15]

All of the above material impacts, risks and opportunities affect the Group's entire workforce. [SBM-3, 16]

Management of impacts, risks and opportunities

S1-1 Policies related to own workforce

SECO recognizes the importance of respecting diversity, protecting inclusion and promoting equal opportunities.

As regards its own workforce, the Group has adopted a policy, formalized in its Ethics Code, which is designed to manage material impacts, risks, and opportunities related to the workforce, in line with the provisions of ESRS 2 MDR-P.

The Ethics Code¹⁶, approved by the Board of Directors on September 8, 2025, includes, *inter alia*, the principles of conduct and behavior criteria applicable to Group employees, promoting respect for human and labor rights, protection of health and safety, equal treatment, inclusion and people empowerment, and the creation of a safe, dignified and respectful working environment. The policy applies to the Group's entire own workforce and does not refer to specific groups of workers, subject to

¹⁶ The Ethics Code is available on SECO's website.

any operational variations in line with local regulations and the organizational characteristics of individual Group companies.

With regard to its own workforce, SECO promotes respect for human rights through the principles and rules of conduct defined in the Ethics Code, which is the benchmark for the behavior of all people working for the Group [S1-1,20]. The Code establishes respect for the dignity of the individual and for human and labor rights, requiring all activities to be carried out in full compliance with the laws and regulations in force in the countries where SECO operates and promoting fair and safe working conditions, equal treatment, and preventing any form of discrimination, abuse, violence, harassment, or exploitation. These principles guide the management of employment relationships and the creation of a professional environment that is respectful, inclusive, and attentive to employee health and safety [S1-1, 20a]. All employees are required to be familiar with and abide by the contents of the Ethics Code, while the corporate bodies, management and heads of department play an active role in promoting behavior consistent with the Group's ethical principles, using communication and training activities [S1-1, 20b]. Any non-compliant behavior may be reported through the specific dedicated channels, which guarantee whistleblower confidentiality and that the reports are handled according to criteria of fairness, impartiality, and protection of the persons involved, providing, where applicable, for the adoption of proportionate disciplinary measures [S1-1, 20c].

With reference to internationally recognized human rights instruments, the Group has not adopted a formally distinct human rights policy or established explicit support for the United Nations Guiding Principles on Business and Human Rights. However, the policies related to its own workforce, as expressed in the Ethics Code, are consistent in their general principles with the main international standards for the protection of human rights and labor rights, as they promote respect for human dignity, equal treatment, fair and safe working conditions, and the prevention of any form of discrimination, abuse or exploitation [S1-1, 21].

Regarding the sub-sub-topics considered material under the double materiality assessment (ref. ESRS 2, IRO-1), the Group addresses **occupational health and safety** issues through the principles defined in the Ethics Code, which establishes the Group's commitment to ensure healthy and safe work environments and protect the physical integrity and health of workers in all the companies and locations where it operates. With reference to SECO S.p.A.'s Italian offices and the headquarters of the Chinese company Fannal Electronics Ltd., these principles are put into effect through a certified occupational health and safety management system that complies with ISO 45001:2018, which provides a structured approach to regulating the prevention of work-related ill health and injuries. As part of this system, a specific HSE policy has been adopted. This establishes roles, responsibilities, minimum requirements and processes for identifying and assessing risks, the adoption of preventive and protective measures, worker training, performance monitoring, and continuous improvement regarding health and safety. [S1-1, 23]

This policy is the framework for managing sustainability impacts, risks and opportunities related to Occupational Health and Safety (ref. ESRS-2, IRO-1). [S1-1, 19]

In its Ethics Code, SECO refers to the principles of protection of human rights and respect for human dignity, including the prohibition of forced or compulsory labor, child labor, and any form of exploitation or human trafficking. During the year, no situations emerged that presented risks of regulatory violations in these areas [S1-1, 22].

The SECO Group does not have an autonomous and formally distinct policy designed to eliminate discrimination, including harassment, and promote equal opportunities and diversity.

These issues are explicitly addressed in the Ethics Code, which establishes the principle of equal dignity and equal treatment for all, prohibiting any form of discrimination, abuse, harassment, or conduct detrimental to individual dignity with regard to employment [S1-1, 24a]. The Ethics Code covers a broad set of grounds for discrimination, including, among others, nationality, citizenship, language, ethnicity, color, gender, gender identity, sexual orientation, age, religion, political opinions, personal or trade union beliefs, physical fitness or disability, health status, marital and family status, pregnancy and maternity, and social and cultural background. Employment decisions are based solely on professional requirements, skills, personal attitudes, and job performance [S1-1, 24b].

At the reporting date, the SECO Group had not undertaken any specific political commitments or formalized specific positive actions seeking to promote the inclusion of individuals within its own workforce who may belong to particularly vulnerable groups. The approach adopted is based on a principle of generalized inclusion and equal opportunities, applicable to all workers throughout the employment period [S1-1, 24c]. These principles are adopted through the application of the Ethics Code in all Group companies and their own workforce, giving corporate bodies, management, and heads of department an active role in setting an example and promoting behavior consistent with the principles. The Code provides specific mechanisms for reporting violations, allowing incidents to be reported involving discrimination or harassment, guaranteeing whistleblower confidentiality and that reports are handled with an approach that ensures fairness, impartiality and the protection of those involved [S1-1, 24d].

S1-2 Processes for engaging with own workers and workers' representatives about impacts

SECO takes into account the requests and perspectives of its workforce in business decisions by employing an approach that involves discussion and engagement. This is implemented by means of annual engagement surveys, periodic team meetings, and six-monthly performance evaluations, fostering the exchange of feedback within and between different working groups [S1-2, 27a, b]. Responsibility for ensuring effective employee engagement rests with the front-line management and the Global HR Director, who are responsible for collecting, analyzing, and integrating employee feedback into strategic and operational decisions (*ref. SBM-2 Interests and views of stakeholders*) [S1-2, 27c].

Specifically, in Italy, the engagement of its own workforce in health and safety, as identified in the double materiality assessment (*ref. ESRS 2, IRO-1*), takes place through the employee health and safety representatives (RLS), in accordance with Legislative Decree No. 81/2008, providing for participation in risk assessments, the definition of prevention and protection measures, training activity planning, and periodic safety meetings. In the area of industrial relations, the General Workers' Representative Body (RSU) constitutes a formal partner in relation to economic and organizational issues, including performance bonus monitoring, in line with existing company agreements.

At the German sites, the involvement of the company's own workforce takes place through the Works Council (Betriebsrat), elected by the employees in accordance with local regulations. This serves as a structured and continuous channel for communication with management and participates in decision-making processes regarding work organization, employment conditions, and health and safety.

In the Chinese office, where there are no formally recognized union representatives or employee representative bodies, feedback is received from employees by means of direct methods of informing and consulting them, including listening surveys, direct consultations with management and line managers, and dissemination of draft company policies and rules in internal information spaces before they are finalized. These tools enable structured feedback to be collected and incorporated into business decisions, ensuring that even in the absence of official forms of representation, workforce perspectives are understood and taken into consideration.

In all locations, engagement processes are designed to guide the Group's activities in managing material, actual and potential impacts on its own workforce, ensuring transparency, continuity and respect for workers' rights, and allowing for regular assessment of how effective communications are, establishing corrective measures and local or global agreements where applicable [S1-2, 27a, b].

SECO, through its regular engagement activities, is able to identify and respond to the needs of any vulnerable or marginalized groups, with the goal of ensuring equal opportunities and appropriate support for all categories of employees [S1-2, 28].

S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns

SECO is committed to promoting a culture of open and safe communication. The Group has a Whistleblowing system: an independent and autonomous channel through which employees can report concerns or potential violations [S1-3, 32a, b]. For a more detailed description, refer to Section G1 business conduct [S1-3, 32c, d, e, 33, 34].

S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

With respect to its own workforce, SECO adopts organizational safeguards, operational measures and initiatives designed to prevent or mitigate potential negative impacts and promote safe, inclusive, and well-being-oriented working conditions for its employees. These measures are implemented on an ongoing basis with the involvement of the Health & Safety, Human Resources, compliance and information security departments, and corporate management, depending on the issues in question.

As regards occupational health and safety, the Group adopts a management system that complies with the applicable regulatory requirements in the countries where it operates. In addition, Italy and China have ISO 45001-certified management systems. SECO conducts mandatory training on the subject and maintains an active H&S ticketing system for the structured management of requests and reports related to personal protective equipment, H&S assessments for staff induction, risk updates in the event of changes to processes, equipment, layouts, infrastructure or facilities, and injuries, near misses and potentially dangerous situations, among other matters. These tools are the main safeguards adopted to prevent and mitigate negative impacts on its own workforce related to health and safety conditions [S1-4, 38a].

During the reporting period, there were no actual material negative impacts on the Group's own workforce that required specific remedial measures under this disclosure requirement. In addition, no reports were received through the whistleblowing channel related to significant impacts on the Group's own workforce. In any case, corporate reporting channels and internal safeguards for handling any critical issues remain in place [S1-4, 38b].

Alongside prevention and mitigation safeguards, the Group promotes initiatives with mainly positive purposes for its own workforce, geared toward people's well-being, work-life balance, engagement, and strengthening a sense of belonging. As part of this, individual smart working agreements of up to a maximum of two days per week are in place in Italy for compatible roles; there is also an active corporate welfare plan designed for employees of Italian companies covered by national collective bargaining agreements, in addition to the provision of meal vouchers for in-person work days. Positive impact initiatives also include listening, communication and engagement events promoted by the Group, including "Breakfast with the CEO", and internal communication and employer branding initiatives such as #SECOPeople, #SECOSTories and #SECOTalk. The internal event "ESG for Non-ESG" was also held in the reporting period for SECO S.p.A. employees for outreach and training on ESG principles and the Group's approach to sustainability [S1-4, 38c].

The effectiveness of actions and initiatives for the Group's own workforce is monitored through active management and organizational oversight in the various topical areas. Specifically, with regard to health and safety, monitoring is done through the H&S management system, mandatory training activities, collection and management of reports through ticketing, and analysis of injuries, near misses, and potentially dangerous situations. In terms of welfare, well-being and engagement initiatives, monitoring takes place by observing the use of the tools made available and through discussion with the relevant functions and company management [S1-4, 38d].

The actions deemed necessary and appropriate in response to relevant issues relating to the Group's own workforce are identified within the Group's organizational and managerial controls, considering the outcomes of the double materiality assessment, evidence gathered through HR, H&S, compliance and information security processes, and internal information flows. For health and safety aspects, measures are defined on the basis of risk assessments, updates related to processes, equipment and work environments, outcomes of training activities and reports collected. For issues related to well-being, professional development, personal protection, diversity, and data protection, the Group considers organizational needs, people management tools, and active reporting and control mechanisms [S1-4, 39].

With regard to material risks and opportunities related to its own workforce, the Group monitors them through the same tools and processes described above. These contribute to the prevention of potential negative effects on business continuity, ability to attract and retain personnel, and to reputational positioning, and also to taking advantage of opportunities related to well-being, skills development, productivity, innovation, and stakeholder trust [S1-4, 40a, b].

In light of the outcome of the double materiality assessment, no material negative impacts on the Group's own workforce were identified. However, the Group maintains active organizational and managerial safeguards designed to prevent any negative effects resulting from its practices. These safeguards include health and safety measures, reporting management processes, people management tools, and controls related to data protection and information security [S1-4, 41].

The actions described are defined and implemented considering the nature of the material topics identified for the Group's own workforce and their potential impact on organizational stability, business continuity, the ability to attract, develop and retain key competencies, and, more generally, the resilience of the Group's business model in the medium to long term [S1-4, 42].

The management of material issues related to the company's own workforce is supported by dedicated internal organizational resources, involving, depending on the issues, the Human Resources, Health & Safety, compliance and information security departments, and corporate management. These departments oversee the application of the measures adopted, monitoring of the initiatives in operational terms, the management of any reports, and updates to the relevant controls and processes, using operational tools and dedicated platforms [S1-4, 43].

Metrics and targets

S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

SECO cannot disclose information about targets (Ref. ESRs 2, MDR-A, dp 72) on topical ESRs found to be material because, despite recognizing the importance of these issues and intending to adopt them in the near future, it has not set targets on specific sustainability matters.

The next sections present quantitative details related to the Group's own workforce.

S1-6 Characteristics of the undertaking's employees

As of December 31, 2025, the Group has 887 employees, about half of whom are based in Italy. Of the total number of employees, 33% are female and the remaining 67% are male.

Below are the tables relating to the main characteristics of the employees who make up the Group's own workforce. The information is reported as the number of employees at the end of the reporting period

DP 50f - specify that it is associated with personnel costs in the budget

Gender	Unit	2025	2024
		Number of employees	Number of employees
Male	no.	598	563
Female	no.	289	276
Total employees	no.	887	839

Country	Unit	2025	2024
		Number of employees	Number of employees
Italy	no.	453	418
Germany	no.	233	216
PRC	no.	154	155
Others	no.	47	50
Total employees	no.	887	839

	Unit	2025		2024	
		Female	Male	Female	Male
Number of employees	no.	289	598	276	563
Number of permanent employees	no.	191	541	178	501
Number of temporary employees	no.	98	57	98	62
Number of non-guaranteed hours employees	no.	-	-	-	-
Number of full-time employees	no.	258	572	244	540
Number of part-time employees	no.	31	26	32	23

In the reporting year, 73 people left the SECO Group, constituting a turnover rate of 9%, a decrease compared to the previous year (17%).

[S1-6, 50, 51, 52]

S1-7 Characteristics of non-employee workers in the undertaking's own workforce

The SECO Group is also supported by a number of non-employee workers, which increased by 35% to a total of 107 workers in 2025. Of these, 10 are self-employed workers, 94 are workers provided by companies engaged in recruitment, selection and provision of personnel (temporary workers), and 3 are trainees [S1-7, 55, 56].

S1-8 Collective bargaining coverage and social dialogue

In managing employment relationships, SECO focuses on respect for workers' fundamental rights, including freedom of association and union representation, in accordance with the applicable legislation in the various regions where it operates. It also ensures that any initiatives regarding these matters can take place without interference, in compliance with local regulations and applicable agreements.

The entire workforce employed at the Italian offices is covered by applicable national collective bargaining agreements. In the other countries where the Group operates, employment relationships are governed mainly by individual contracts, in compliance with applicable local regulations and any applicable minimum wages [S1-8, 60a, 61, 62].

In addition, the entire workforce employed at the Italian and German offices are covered by employee representatives who protect and represent them in the company [S1-8, 63a].

The collective bargaining coverage and social dialogue information is reported below [S1-8, RA70].

Coverage rate	2025			2024		
	Collective bargaining coverage	Social dialogue	Social dialogue	Collective bargaining coverage	Social dialogue	Social dialogue
	Employees – EEA (for countries with >50 empl. representing >10% total empl.)	Employees – Non-EEA (estimate for regions with >50 empl. representing >10% total empl.)	Workplace representation (EEA only) (for countries with >50 empl. representing >10% total empl.)	Employees – EEA (for countries with >50 empl. representing >10% total empl.)	Employees – Non-EEA (estimate for regions with >50 empl. representing >10% total empl.)	Workplace representation (EEA only) (for countries with >50 empl. representing >10% total empl.)
0-19 %	China, Germany	USA, Bosnia and Herzegovina	China	China, Germany	USA, Bosnia and Herzegovina	China
20-39 %						
40-59 %						
60-79 %						
80-100 %	Italy		Italy, Germany	Italy		Italy, Germany

S1-9 Diversity metrics

The distribution of executives between women and men is shown in the table below.

Executives	2025			2024		
	Female	Male	Total	Female	Male	Total
Total	8	34	42	5	28	33
%	19%	81%	100%	15%	85%	100%

Executives include eight women, or 19% of the total category, and 34 men, or 81% of the total [S1-9, 66a].

The distribution of Group employees by age group [S1-9, 66b] is shown below.

Employees	2025	2024
< 30	214	205
30 < x < 50	520	502
> 50	153	132
Total	887	839

S1-10 Adequate wages

SECO is committed to ensuring that employee wage levels are aligned with the market in the relevant country. Each employee's specific remuneration is determined through an individual agreement, based on the nature of the position, market wage dynamics, skills, experience, performance, and geographic area of the employee, with an aim to ensure equal pay for equal work.

S1-13 Training and skills development metrics

With a view to developing and promoting the professionalism and competence of employees, while also encouraging their professional growth through training and refresher programs, a total of 8,027 hours of training were provided during 2025, a decrease of approximately 35% on the previous year. The table below shows the hours delivered by employee category [S1-13, 83b].

Average training hours by employee category	2025		2024	
	Female	Male	Female	Male
Executives	8	34	5	28
Total training hours by gender	111	691	80	350
Average training hours by gender	13.9	20.3	16.0	12.5
White-collar workers	137	362	130	333
Total training hours by gender	967	2,006	1,440	3,457
Average training hours	7.1	5.5	11.1	10.4
Blue-collar workers	144	202	141	202
Total training hours by gender	2,714	1,540	2,799	4,201
Average training hours	18.8	7.6	19.9	20.8
Total number of employees by gender	289	598	276	563
Total training hours by gender	3,792	4,236	4,319	8,008
Average training hours by gender	13.1	7.1	15.6	14.2

Regarding periodic performance and career development reviews, the percentage of performance reviews conducted, by employee category, is shown below [S1-13, 83a].

Employee category	Unit	2025		2024	
		Female	Male	Female	Male
Executives	%	38%	32%	40%	64%
White-collar workers	%	30%	20%	60%	64%
Blue-collar workers	%	44%	7%	3%	6%

S1-14 Health and safety metrics

The SECO Group oversees occupational health and safety at each location by ensuring compliance with the legislative and regulatory requirements applicable in the countries in which it operates. On this basis, the Group adopts a structured approach within which it performs risk assessments, adopts prevention and protection measures, defines roles and responsibilities, monitors activities, manages findings and corrective actions, and provides periodic training.

To strengthen this system, the Group uses management systems in line with the principles of the ISO 45001 standard, focusing on continuous improvement in health and safety performance. The ISO 45001 certifications are separate and cover SECO S.p.A. and Fannal Electronic Ltd.

The Group's entire workforce, both employees and non-employees, are covered by a health and safety management system (ISO 45001 certified where applicable or structured according to equivalent safeguards in accordance with local requirements) and are subject to periodic monitoring [S1-14, 88a].

In 2025, there were no incidents of work-related deaths or ill health among employees or non-employees. There were six injuries among employees (injury rate of 3.73%, severity rate of 0.004) and no injuries among non-employees [S1-14, 88b, c, d, e].

S1-16 Remuneration metrics (pay gap and total remuneration)

Provided below are data on the wage gap by gender, measured as the ratio of (i) the difference in average wage levels paid to female and male workers, and (ii) the average wage level of male workers. The breakdown is presented by country, both for base salary and total salary [S1-16, 97a, c].

2025	Unit	Italy	Germany	PRC	USA	Bosnia and Herzegovina
Executives						
Gross hourly wage (base salary)	%	11%	8%	2%	n/a	n/a
Total remuneration (Gross Annual Salary + bonus, and extras on an annual basis)	%	31%	7%	29%	n/a	n/a
White-collar - sales						
Gross hourly wage (base salary)	%	27%	35%	5%	n/a	n/a
Total remuneration (Gross Annual Salary + bonus, and extras on an annual basis)	%	27%	35%	-54%	n/a	n/a
White-collar workers						
Gross hourly wage (base salary)	%	19%	24%	26%	33%	n/a
Total remuneration (Gross Annual Salary + bonus, and extras on an annual basis)	%	21%	25%	36%	31%	n/a
Blue-collar workers						
Gross hourly wage (base salary)	%	2%	14%	16%	n/a	11%
Total remuneration (Gross Annual Salary + bonus, and extras on an annual basis)	%	2%	14%	12%	n/a	11%

2024	Unit	Italy	Germany	PRC	USA	Bosnia and Herzegovina
Executives						
Gross hourly wage (base salary)	%	10%	12%	n/a	n/a	n/a
Total remuneration (Gross Annual Salary + bonus, and extras on an annual basis)	%	30%	19%	n/a	n/a	n/a
White-collar - sales						
Gross hourly wage (base salary)	%	34%	34%	43%	n/a	n/a
Total remuneration (Gross Annual Salary + bonus, and extras on an annual basis)	%	34%	44%	-34%	n/a	n/a
White-collar workers						
Gross hourly wage (base salary)	%	22%	29%	14%	29%	n/a
Total remuneration (Gross Annual Salary + bonus, and extras on an annual basis)	%	25%	30%	9%	28%	n/a
Blue-collar workers						
Gross hourly wage (base salary)	%	3%	12%	-4%	n/a	9%
Total remuneration (Gross Annual Salary + bonus, and extras on an annual basis)	%	3%	12%	-4%	n/a	6%

In addition, the ratio of total annual remuneration of the highest wage earner to the median total annual remuneration of all employees is 105.5. The numerator of this indicator, which amounts to Euro 3,247 thousand Euro, includes Euro 1,889 thousand relating to the 2025 portion of the actuarial value of the 2024-27 stock option plan assigned to the Chief Executive Officer [S1-16, 97b, c].

S1-17 Incidents, complaints and severe human rights impacts

Incidents of discrimination or any complaints filed through the Group's formal channels are handled through the Whistleblowing channel and procedure (ref. G1-1: Corporate culture and business conduct policies) [S1-17, 103].

There were no reported cases of discrimination, including any harassment, during the reporting period, so there were no fines or penalties related to the topic. Furthermore, there were no serious incidents related to human rights in our workforce and no resulting sanctions, fines or compensation in this regard [S1-17, 104].

Recruitment and Methodologies

S1-6

Number of employees

The values presented in the table - broken down by employee characteristics, including age, gender, country of employment, and contract type - are compiled based on management systems and precise information received from Group companies. Employees can identify themselves as male and female; they also have the option of not declaring their gender if they prefer.

The total number of employees is reported at December 31 of the reporting year.

Italy, Germany and China are the countries with 50 or more employees, individually accounting for at least 10% of the Group's total own workforce. The countries that fall into the "Other" category are Bosnia and Herzegovina and the USA.

Number of full-time equivalent employees

The values for the number of full-time equivalent employees are compiled based on management systems and precise information received from Group companies. For the classification of permanent and temporary, non-guaranteed-hours, full-time and part-time employees, the Group has used the definitions provided by the national law of the countries in which the employees of each company work.

Departures and turnover

Departure and turnover data are compiled based on management systems and precise information received from Group companies, and refer to all Group employees. Departures refer to employment terminations during the reporting period, whether voluntary or involuntary.

The turnover rate is provided by the ratio between the number of employees who left the company to December 31 of the reporting year and the number of employees at January 1 of the reporting year.

S1-7

The number of non-employee workers refers to the total number of workers who are not directly employed by the Group, i.e., self-employed and temporary workers, as the latter are not employed by

Group companies but by third-party staffing companies. The value is calculated based on extractions from management systems and precise information received from Group companies, considering the number of workers at December 31 of the reporting year.

S1-8

The number of employees covered by collective bargaining agreements are the people to whom the enterprise is obliged to apply the collective agreement.

For each country, the percentage of employees covered by collective bargaining agreements is calculated according to the following formula: Number of employees covered by collective bargaining agreements/number of employees*100

The number of employees working in facilities with workers' representatives are the employees represented by workers' representation in any location where the enterprise carries on a non-transitory economic activity with human resources and assets.

The percentage of employees working in facilities with workers' representatives is calculated for each country according to the following formula: number of employees working in establishments with workers' representatives / number of employees *100

S1-9

Executives included those persons classified as Executives under Italian law, together with the CEOs of foreign subsidiaries and those reporting directly to them.

Distribution percentages by category are calculated by dividing the number of Executives falling into that category by the total number of Group Executives on the workforce at December 31 of the reporting year.

The age distribution value was calculated based on extractions from management systems and precise information received from Group companies.

S1-10

Adequate wages

In order to verify that SECO Group employees receive adequate wages, an analysis was conducted for each country within the scope, differentiating between countries in the EEA and those outside it. Specifically, it was checked whether or not each country's legislation provided for a minimum wage, and the value of it. The benchmarks of the Wage Indicator Foundation methodology were used for the purpose of the analysis.

For Italy, the salary of a worker with the lowest classification (D1-seventh level) in the national collective bargaining agreements of the metalworking industry was taken as the reference for identifying the appropriate wage. This national contract applies to workers at the Italian sites.

For Germany, Bosnia and Herzegovina and Hong Kong, the minimum wages in each country were taken as a reference.

For the People's Republic of China, because the minimum wage varies significantly between different provinces and cities, the minimum wage in the Hangzhou area was taken as the reference. We also note that the People's Republic of China provides a monthly minimum wage for full-time workers and an hourly minimum wage for part-time workers.

For the U.S., the minimum wage of a worker employed by a company located in Montgomery County, Maryland, and ranging in size from 11 to 50 employees was selected.

Finally, for Euro conversion rates, the average exchange rates calculated between January 1 and December 31 of the reporting period were used. These rates can be found on the Bank of Italy's Exchange Rates portal.

S1-13

Percentage of employees that participated in regular performance and career development reviews

The percentage of employees who completed performance appraisal cycles was calculated by dividing the number of employees who had completed performance appraisals as at December 31 by the total number of employees on the payroll at that date. Values were compiled based on management systems and precise information received from Group companies.

Training hours

The average number of training hours by category is calculated as the ratio of the total training hours provided to employees in that category to the total number of employees on the payroll at December 31 of the reporting period. The values were compiled based on management systems and precise information received from Group companies.

S1-14

Number of fatalities as a result of work-related injuries and work-related ill health

The number of fatalities as a result of work-related injuries and ill health and the number of injuries to employees and non-employees are compiled from management systems and precise information received from Group companies.

The work-related injury rate was calculated as the ratio of the number of work-related injuries to the total number of hours worked during the reporting year, multiplied by the normalization factor 1,000,000.

Where the actual number of hours worked has not been tracked, reference is made to the number of daily, weekly or monthly hours stipulated in each country's regulations, assuming full-time employment.

S1-16

The figure for the gender pay gap was calculated as the ratio, on a percentage basis, of the difference between

- the difference between the average hourly wages paid to male and female workers in a given category, and
- the average hourly wage paid to male workers in that category.

These indicators were calculated considering both base and total remuneration, including any additional monetary bonuses and benefits. The figure is also broken down by country to ensure a better representation of information and a more accurate interpretation of the data.

The pay ratio, on the other hand, was calculated by dividing the total pay of the highest paid person by the median of the total annual pay of all other Group employees.

The values were compiled based on management systems and precise information received from Group companies.

S1-17

Incidents, complaints and severe human rights impacts

The number of incidents of discrimination - including harassment - is recorded by the number of reports received through the Group's Whistleblowing platform to December 31 of the reporting year.

S2 Workers in the value chain

Strategy

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

This chapter presents the material impacts, risks and opportunities related to the topic Workers in the value chain, identified as part of the double materiality analysis process. For further information see the "General disclosures" chapter (*ref. IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities*).

Material impacts	Category	ID	Sub-topic or Sub-sub-topic
Contribution to the potential reduction of the physical and mental well-being of workers along the supply chain, due to excessive working hours among suppliers and a lack of effective monitoring and control mechanisms to ensure compliance with working time limits along the value chain	Negative impact	I36	Working time
Contribution to workers' freedom of expression along the value chain, supported by the selection of suppliers that guarantee full freedom of association for their workers	Positive impact	I38	Social dialogue Freedom of association, including the existence of company committees Collective bargaining
Ensuring non-discrimination for workers in the value chain by including specific obligations in supply contracts related to pay non-discrimination and the conduct of social audits at high-risk suppliers	Positive impact	I40	Gender equality and equal pay for work of equal value Diversity
Contribution to reducing technological barriers and increasing workers' participation and autonomy by using technological tools to facilitate work processes, including AI	Positive impact	I41	Employment and inclusion of persons with disabilities

Material R/Os	Category	ID	Sub-topic or Sub-sub-topic
Indirect involvement in serious human rights violations, resulting in reputational damage, loss of stakeholder trust, and trade restrictions, arising from the absence of effective due diligence and monitoring systems in the supply chain for minerals/metals sourced from conflict-affected areas, and from the lack of binding minimum standards in supply contracts	Risk	R20	Child labor Forced or compulsory labor Adequate housing Water and sanitation

The SECO Group's value chain is presented in the section "SBM-1 - Strategy, business model and value chain" of ESRS 2. Within the assessment, the Group did not identify any material categories of workers who work at its sites without being part of its own workforce, and who are therefore within the scope of ESRS S2. The information therefore focuses on workers employed by upstream and downstream value chain entities [SBM-3, 11, 11a].

In view of the multilevel structure of the supply chain, which is partly mediated by intermediaries such as distributors, the information primarily focuses on upstream suppliers with whom the Group has direct (Tier 1) relationships and for whom SECO has greater visibility and ability to influence. Subsequent tier suppliers (Tier 2 and above) are considered as far as visibility is reasonably available. In such cases, monitoring is based on information from existing supply channels and responsible sourcing safeguards.

Downstream, the scope includes workers employed in activities for which the Group maintains a direct relationship or level of influence, such as logistics services for product distribution. Workers employed by end-users and other downstream stakeholders not directly related to the Group are excluded.

In 2025, the Group strengthened its oversight of the supply chain by establishing a **Supplier Code of Conduct** and contractual requirements that will be progressively integrated into new contracts and renewals from 2026, with a view to increasing monitoring, traceability, and influence capabilities along the value chain over time.

Workers in the upstream value chain

This category includes:

- workers employed by direct suppliers (Tier 1) with whom the Group has direct contractual and commercial relationships, including suppliers of components, parts, equipment, external processing, and technical or professional services supporting the development and production of the Group's technology solutions;
- workers employed by commercial intermediaries, such as distributors, through which the Group procures components and materials. Relationships with these organizations may be direct at commercial level but offer less visibility into operating conditions along the levels further upstream;
- workers employed by indirect suppliers (Tier 2 and subsequent levels), particularly along multilevel supply chains of components and materials contained in products, considered within the limits of reasonable visibility;
- workers potentially involved in the further upstream stages of the materials and metals supply chain, those used in components (e.g., mining, refining and processing activities), where these supply chains present risk profiles in terms of human rights and working conditions.

With regard to the latter stages, the Group considers the information available through screening activities and gathering statements on conflict minerals and other sensitive materials, although it does not have direct visibility into workers employed in the upstream levels of the supply chain.

Workers in the downstream value chain

This category includes:

- workers employed by logistics and transportation service providers used for inbound handling and distribution of finished goods, limited to activities managed through direct Group relationships;
- workers employed by commercial distributors used for the sale of standard products in specific regions or market channels with which the Group has direct relations;
- workers employed by industrial/B2B customers who buy directly from the Group and integrate its solutions into their own products or processes, particularly in cases where the business relationship involves direct technical and operational interaction.

Subsequent downstream levels (such as customer distributors or end-users) are generally outside the Group's direct relationships and have more limited information traceability; therefore, these parties do not fall within the priority scope of reporting.

Within the categories described above, certain types of workers may be more exposed to potential negative impacts depending on:

- the multilevel structure of the supply chain, which leads to a gradual reduction in transparency and the ability to exert influence beyond first-tier suppliers;
- the region or sector in which supply chain counterparts operate, where employment rights may be less established, or where there is greater exposure to the risk of fundamental rights violations;
- the upstream stages of the materials and metals supply chain, if the chain includes activities or areas considered at risk;
- the possible presence within suppliers' operating environments of typically vulnerable groups such as migrant workers, young workers, women, or other groups that may be at greater risk of exploitation or discrimination under certain circumstances.

In addition, in line with the double materiality assessment, the Group recognizes that the risk of incidents of child labor, forced labor, or other serious human rights violations may be more significant:

- along supply chains with less transparency and traceability beyond the first level;
- in regions or sectors exposed to less established regulatory standards and enforcement systems;
- in the more upstream stages of the supply chain of materials and metals used in components, where the supply chain includes high-risk activities or areas.

These contexts are considered when identifying material risks and defining measures to safeguard and monitor the supply chain, within the limits of reasonably available information [SBM-3, 11b].

The negative impact that emerged as material (I36) may occur across the value chain, especially in countries or sectors where the Group operates that are exposed to less protection of workers' rights, thus taking the form of a potentially widespread impact rather than being attributable to a single incident or isolated business relationship. Although not directly related to child or forced labor activities, the identified impact may still constitute a material impact for the protection of the human rights of supply chain workers, as it may compromise essential conditions of health, well-being and safety [SBM-3, 11c, 12].

In terms of material positive impacts on workers in the value chain, for SECO (I38), respect for the fundamental rights of workers along the value chain is a guiding principle of its strategy. Similarly, (I40) the prevention of discriminatory practices, including the promotion of equal treatment and pay non-discrimination, is a central element of responsible supplier management. These principles are formalized in the Group's Ethics Code and, as of the reporting year, 2025, have been further strengthened with the establishment of the Supplier Code of Conduct, which progressively guides the evolution of supplier management and assessment processes, in line with current regulations and the degree of influence SECO can exert. In addition, the Group (I41) promotes the reduction of technological barriers and work process simplification as a cross-cutting element of its approach to developing technology solutions. SECO recognizes that intuitive digital interfaces, automation solutions, and AI-based capabilities can indirectly contribute to improving the accessibility and inclusiveness of customer and partner workplaces along the value chain [SBM-3, 11d, 12].

SECO considered as material a potential negative impact risk (R20) that was not found to be material (I44) related to inadequate housing conditions and insufficient access to water and sanitation for workers upstream in the value chain. The impact did not meet the materiality threshold, as SECO does not have direct relationships with suppliers operating in the most upstream stages of the value chain, nor does it have significant influence on the conditions of the workers involved. However, the existence of complex global supply chains still makes indirect involvement in human rights violations possible, particularly in the supply chains of minerals and/or metals from conflict areas. For this reason, the risk was considered as material, as any involvement, even indirect, could generate reputational damage, loss of stakeholder trust, and business restrictions, with material impacts on the Group. Against this backdrop, and in order to oversee issues on this front, since December 2022, the Group has adopted a Conflict Minerals Policy and developed a process for collecting and managing information on materials, seeking to increase supply chain visibility and support the identification of raw material origin and related risk profiles. This oversight was further strengthened in 2025 through the establishment of the Supplier Code of Conduct, which refers to principles on human rights and working conditions along the value chain and is a benchmark for the progressive evolution of relations with suppliers, within the limits of the Group's influence. The Group has also introduced an ESG self-assessment questionnaire tool as a first level of information screening designed to improve knowledge of potential risks along the supply chain and support increasingly structured management of risk profiles along the value chain [SBM-3, 11e, 13].

Management of impacts, risks and opportunities

S2-1 Policies related to value chain workers

The SECO Group establishes its human rights and employment rights commitments, which also apply to workers in the value chain, through a framework consisting of the Group Ethics Code and the Supplier Code of Conduct, established in 2025 and intended to be progressively integrated into new contracts and renewals of existing contracts starting in 2026.

Among its safeguards, the Group also adopts a Material Compliance policy (ref. ESRS 2, MDR-P), designed to ensure that products and raw materials comply with international standards and applicable legal and regulatory requirements in the relevant markets. Although this policy primarily focuses on product compliance and business continuity, it also indirectly contributes to the protection of workers in the value chain, as it involves risk assessments, regulatory gap analysis, and audit and monitoring mechanisms involving suppliers and production partners, encouraging alignment with applicable regulatory standards and market ESG expectations.

Lastly, the Group has adopted a Quality Supply Chain Management policy (ref. ESRS 2, MDR-P), designed to ensure the procurement of goods and services that meet expected quality standards and are consistent with market requirements. While the policy primarily focuses on quality and business continuity, it also indirectly contributes to the protection of workers in the value chain, as it introduces structured supplier assessment, qualification, and monitoring safeguards, audit mechanisms, and escalation processes that facilitate the identification and mitigation of risks, including potential risks, related to production partners' operating methods and compliance with applicable regulatory and contractual requirements.

The Ethics Code establishes the Group's principles of conduct, which are also applicable to partners and suppliers, and reflects the commitment to observe, protect and promote human and employment rights along the supply chain. In this regard, the Group requires respect for safe and decent working conditions, freely chosen employment, wages and hours that comply with applicable regulations,

freedom of association and collective bargaining, non-discrimination, and the prohibition of child labor, forced or compulsory labor, human trafficking, or any form of exploitation, violence or harassment.

The Supplier Code of Conduct breaks these principles down into specific requirements for suppliers, including expectations regarding human rights and working conditions, health and safety, health and hygiene requirements, prohibition of coercion, trafficking, and the use of child labor, and also provides for the gradual extension of these principles to relevant subcontractors.

These commitments are monitored and overseen along the supply chain based on a progressive, risk-based approach, which includes the collection of information and documentation, self-assessment activities, and the option to conduct checks and audits, directly or through third parties, based on internal or risk-based criteria. In the event of non-compliance, corrective actions must be established and monitored. These tools are progressively being integrated into supplier relationships in line with the Supplier Code of Conduct implementation path.

As part of responsible sourcing, the Group also conducts screening and collection of statements and traceability information on relevant materials in order to increase visibility of the upstream portions of the supply chain [S2-1, 17, 18].

The Supplier Code of Conduct also includes an expectation that suppliers ensure the availability of accessible and confidential channels for the receipt and handling of reports from workers and stakeholders, prohibiting retaliation and committing to the timely handling of substantiated issues. At Group level, the Ethics Code regulates reporting channels (ref. G1-1: Corporate culture and business conduct policies and related confidentiality and protection measures).

The Ethics Code and Supplier Code of Conduct are in line with the principles contained in the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work.

No specific consolidated information related to non-compliance cases concerning workers in the value chain is available for the reporting period, either upstream or downstream. The Group plans to gradually strengthen its ability to gather and track information along the value chain as part of the implementation of the Supplier Code of Conduct and related monitoring tools [S2-1, 19].

In addition, in 2022, SECO adopted a Conflict Minerals Policy with the goal of preventing negative human rights impacts along the supply chain, particularly in the upstream stages of tin, tantalum, tungsten, and gold (3TG) mining and processing from conflict-affected or high-risk areas (CAHRAs), according to OECD Guidelines. While not subject to specific regulatory requirements, the Company promotes responsible sourcing by requiring due diligence activities, declarations of mineral origin and greater traceability along the supply chain from suppliers. In the case of sourcing from conflict-affected areas, source substitution or the identification of alternative solutions is required; any violations or failure to cooperate may result in corrective action up to and including termination of the business relationship. The Policy also provides for a dedicated reporting channel and annual reporting of monitoring activities, thus helping to manage the risks of forced labor, child labor, and other human rights violations along the value chain.

S2-2 Processes for engaging with value chain workers about impacts

During the reporting period, the Group did not have a structured process for direct engagement of workers in the value chain. Their views are mainly considered indirectly, through information gathered in the management of relationships with suppliers and risk analysis activities along the supply chain.

A Supplier Code of Conduct was established in 2025, the gradual implementation of which, starting in 2026, will help strengthen dialogue with and expectations from suppliers, and will include matters relating to working conditions. Meanwhile, information gathering tools and responsible sourcing safeguards were introduced to support the procurement of electronic components, in line with the Conflict Minerals policy.

Operational responsibility for the development of these processes is assigned to the Procurement and Quality departments, with support from the ESG and Legal functions [S2-2, 22].

S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns

In striving to promote a culture of open and safe communication, SECO has a Whistleblowing system, an independent and autonomous channel through which workers in the value chain can report concerns or potential violations. For a more detailed description, refer to Section G1 Business conduct.

In addition, with the establishment of the Supplier Code of Conduct in 2025, the Group introduced the expectation that suppliers have accessible and confidential reporting channels to handle any issues. These mechanisms, established and managed directly by providers, will be increasingly considered and valued as part of contractual relationships and qualification processes starting in 2026 [S2-3, 27].

S2-4 - Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

Although SECO has not yet defined specific actions and initiatives to address any material positive impacts and pursue material opportunities in relation to affected communities (Ref. ESRS 2, IRO-2, dp 62), it recognizes the importance of the issue and has started strengthening oversight along the value chain, particularly through the establishment of the Supplier Code of Conduct as described above.

Metrics and targets

S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

SECO cannot disclose information about targets (Ref. ESRS 2, MDR-A, dp 72) on material ESRS topics, as it did not adopt targets on specific sustainability matters.

S3 Affected communities

Strategy

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

This chapter presents the material impacts, risks and opportunities related to the topic Affected communities, identified as part of the double materiality analysis process. For further information see the "General disclosures" chapter (*ref. IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities*).

Material impacts	Category	ID	Sub-topic or Sub-sub-topic
Development of digital and technological skills among young people in the local area, in particular through support for local schools in STEM education, promoted by SECO through educational partnerships, the sponsorship of a local ITS technical institute, and initiatives to disseminate knowledge and build connections between business, education, and the community	Positive impact	I46	Land-related impacts
Contribution to avoiding the appropriation of agricultural or community land by ensuring production facilities are located in developed areas	Positive impact	I47	Land-related impacts

Material R/Os	Category	ID	Sub-topic or Sub-sub-topic
Increase in revenues driven by the expansion of SECO's future workforce, thanks to a greater commitment to local awareness and training initiatives focused on STEM education	Opportunity	O10	Land-related impacts
Legal liabilities, penalties, and loss of the Company's license to operate, resulting from the accidental contamination of water resources caused by the Company's activities	Risk	R21	Water and sanitation
Violation of European regulations on the control of exports and dual-use products, resulting in legal penalties, reputational damage, and restrictions on commercial activities, arising from the sale of products to foreign intermediaries without adequate verification of end-users and intended uses, with the risk that these products may be used in contexts with an elevated risk of violating the rights of local communities and compromising their security, human rights, and civil liberties.	Risk	R22	Security-related impacts Freedom of expression

In 2025, SECO reported no major negative impacts on the affected communities [SBM-3, 9b]. Meanwhile, some significant positive impacts were identified (ref. ESRS 2, IRO-1), which affect the communities living in the area in which SECO operates, with a focus on the Arezzo headquarters area, Tuscany, the R&D Centers, and the Production plants [SBM-3, 9c].

The activities with positive impacts (I46) that have been deemed material include the close relations that SECO has forged with the academic community. The Group periodically participates in career days organized by universities nationwide and collaborates with technical institutes in the Arezzo and Tuscany area, helping to organize events dedicated to technology and electronics. Since November 2020, SECO S.p.A. has promoted the Polo Universitario Aretino, as part of a project to boost interactions between the academic world and businesses and offering new opportunities for growth and employment to young people in the area. The partnership aims to bring educational and academic training courses closer to the actual needs of companies, encouraging the development of new professional figures with technical and technological skills in electronics, digitalization and mechanical engineering. In addition, SECO S.p.A. is one of the founding members of the ITS Academy Energia Ambiente e Sostenibilità [technical institute specializing in energy environment and sustainability], which offers two-year vocational training courses focused on business sustainability and innovation, giving students the opportunity to engage with industry experts and explore the sustainable principles and practices adopted by the company, including a guided plant tour, a valuable educational experience.

During the reporting period, SECO S.p.A. completed two innovation projects that were approved in 2024 within the IFAB ecosystem. These were developed in collaboration with industrial partners and universities, in order to translate Generative AI, Edge AI and Artificial Intelligence technologies into concrete and transferable solutions in real-world settings.

In the first project, carried out in collaboration with CNH Industrial S.p.A., Coldiretti, IFAB, University of Naples Federico II and the University of Salerno, the focus was on developing a framework based on Generative Adversarial Networks (GAN) for the generation of synthetic data in AgriTech. The main objective was to expand and enrich datasets related to agricultural scenarios in order to improve the robustness of AI models for precision agriculture, reducing dependence on extensive field data collection campaigns. The project involved training GANs on high-performance computing (HPC) infrastructure, provided by the National Center, to ensure the synthetic data generated were of high quality. In parallel, the challenge of optimizing Machine Vision model inference performance on embedded systems was addressed through Approximate Learning techniques and computational efficiency strategies. This approach allowed accuracy to be balanced with resource consumption, enabling the execution of algorithms in real-time on Edge devices installed onboard farm vehicles, in line with the power, latency, and energy efficiency constraints typical of field operating environments. SECO's contribution came in the form of an onboard Edge device designed to run Machine Vision algorithms directly in the field and transform the images collected into operational insights. These insights focus on supporting more informed agronomic decisions, helping to maximize yield, minimize fertilizer and pesticide use, reduce water use, and anticipate potential effects of adverse weather events on crops.

The second project, developed in collaboration with Bonfiglioli S.p.A., Tampieri S.p.A., IFAB and the University of Bologna, focused on the development and deployment of an Edge AI system for monitoring and predicting anomalies in critical industrial processing, with particular reference to a case study related to an oil extraction plant operating in an ATEX Zone 1 classified environment, with high safety and operational continuity requirements. The initiative involved developing a system capable of monitoring the status of the machinery and analyzing the data collected in real time to promptly detect any anomalies or signs of malfunction, enabling a predictive approach to maintenance. Against this backdrop, SECO's contribution focused on enabling Edge-level data collection and management and supporting optimization and reduction of Machine Learning models to make them executable on

microcontrollers and resource-limited embedded systems. The system also provides for real-time notifications and alerts to be sent to managerial personnel to facilitate immediate preventive or corrective measures, to reduce staff safety risks and contribute to a safer working environment, while avoiding disruptions and inefficiencies related to sudden breakdowns.

In addition to the projects completed within IFAB, further innovation initiatives were also completed, funded under the National Recovery and Resilience Plan (NRRP) by the European Union through the Next Generation EU program and created with the BI-REX Competence Center and with the collaboration of the University of Bologna. These projects focused on making distributed industrial application development and management simpler and more reliable across plant, Edge, and cloud, and improving the technical knowledge to support the services.

Of these, the PowOps project, which was designed to contribute to the digital transformation of the manufacturing sector, seeks to implement cloud-native solutions for agile and efficient development of industrial software applications. Through an open platform for the industrial cloud continuum (OT-to-Cloud), PowOps enables the development, distribution, management, and scalability of applications in Edge and Cloud environments, fostering greater integration between IT and OT systems. Against this backdrop, SECO contributed to the development of a Kubernetes-based cloud orchestration system for managing Edge Containers, with the goal of improving operations coordination, reliability, and resilience in complex OT environments.

SECO also participated in the iLuMinAS project, which sought to develop a demonstrator using machine learning models and LLMs to make existing technical knowledge in manuals, documentation, and action sheets more usable by integrating it with knowledge management, document management, and ticketing tools. In environments featuring complex automated systems and short production runs, the ability to ensure comprehensive and valuable after-sales service is often limited by the lack of availability of qualified personnel and the fragmentation of technical information. Within this framework, SECO's contribution is to apply Proof of Concept to one or more products, providing its Industrial Edge Gateway architectures as the technological basis of the use case and steering the development to two categories of users: internal technical support and the customer. The demonstrator seeks to support the operator in troubleshooting and decision-making processes, and foster the generation of appropriate technical documentation to power knowledge management more effectively.

Finally, in 2025, SECO continued working on the European EUPEX project, which brings together 17 organizations including European technology vendors, universities, research centers and computing centers. Funded by the European Union, the project strives to strengthen the European HPC ecosystem and contribute to digital sovereignty, paving the way for future Exascale-scale systems. The purpose of EUPEX is to co-design a modular, "Exascale-ready" European pilot system through the development of an integrated hardware and software platform based on European technologies along the entire computational stack, following the Modular Supercomputing Architecture (MSA) paradigm. The goal is to demonstrate its maturity and scalability and to prepare applications and users for future European supercomputers.

[SBM-3, 9a, c].

SECO locates its production plants in existing industrial areas, basing its choices on operational, logistical, and economic criteria, such as the availability of adequate infrastructure and connections (I47). Although this strategy does not specifically target soil protection, indirectly it prevents agricultural or community land being taken away and reduces potential impacts on local land and communities. Adopting modern technologies and efficient plant solutions makes it possible to integrate production activities into the urbanized environment, limiting the need for new land occupation. In addition, locating establishments in areas that are already developed optimizes the use of available infrastructure, reduces costs and risks associated with new settlements, and fosters balanced relationships with local communities [SBM-3, 9a, c].

The SECO Group considers potentially affected communities along the value chain in cases where certain commercial channels, intermediaries or markets may pose risks of non-compliance regarding export control and dual use. In these circumstances, any exposure of communities is indirect in nature and depends on the operational context and end use of the products.

Communities located in more remote geographic areas are also considered if the areas are material for the purposes of the assessment of non-compliant uses risks and of the possible implications for the fundamental rights and safety of the affected populations [SBM-3, 9a].

SECO identified an opportunity that emerged as material (O10) stemming from a positive impact (I46) also identified as material, confirming the centrality of the topic of STEM education to business environment, as described above. The structured development of young talent from technical and scientific backgrounds is an enabling factor for strengthening specialized skills and evolving organizational structure, helping to increase its resilience against the risks of staff turnover and professional obsolescence [SBM-3, 9d].

SECO identified (ref. ESRS 2, IRO-1) a material risk (R21) related to local communities, stemming from a potential negative impact (I45) that could occur in the event of accidental contamination of water resources linked to operational activities. Considering the impact potential, SECO has attributed greater significance to the risk associated with such events, considering water as a shared resource for communities in the area. Should this risk materialize, there could be disruptions to business continuity and a reduction in the ability to pursue long-term goals. To mitigate this risk, SECO's production plants operate under an ISO 14001-certified Environmental Management System, which provides structured procedures for operational control, monitoring, and management of relevant environmental aspects, including those related to the protection of water resources. The system includes procedures for the prevention and management of environmental incidents, operational controls designed to reduce the risk of accidental contamination, and periodic verification activities and regulatory compliance audits. These safeguards allow for early detection of any critical issues and activation of corrective measures, helping to limit the likelihood and severity of potential impacts on water resources and local communities. Lastly, the material risk (R22) stems from a mapped potential negative impact (I48) related to the indirect contribution to tensions or human rights violations if SECO products were used for unauthorized military applications. SECO has attributed greater significance to the risk because it does not make products directly for end consumers and any contribution to military purposes could occur indirectly. At the same time, it recognizes that legal sanctions and significant consequences for the Company could arise if such a situation occurs. Violation of the EU dual-use export control regulation could affect the resilience of the Group's business strategy, limiting access to markets and leading to increased compliance costs, also requiring strengthened end-user governance and due diligence safeguards. In order to mitigate this exposure, SECO has adopted structured export control processes, designed to ensure compliance with the EU dual-use export control regulation. These processes include the evaluation of product characteristics for dual-use classification purposes, the analysis of destination countries, customers and intermediaries involved in commercial transactions, and the adoption of documentary and contractual safeguards to support proper export management. Export control activities are overseen by the relevant departments, specifically, the Legal, Compliance and Commercial departments, coordinating with the technical functions. The Group also monitors the evolution of the regulatory and geopolitical framework on an ongoing basis to assess whether to strengthen end-user and intended use due diligence processes [SBM-3, 9d].

The impacts from which material risks and opportunities arise (ref. ESRS 2, IRO-1) impact the local communities living near SECO's headquarters and production sites and, albeit potentially, broader communities that may be indirectly affected through indirect product use. These include students,

young people and local educational communities, communities close to operational sites and in specific high-risk regions/sectors [SBM-3, 11].

Management of impacts, risks and opportunities

S3-1 Policies related to affected communities

Although there is no policy on this issue (Ref. ESRS 2, IRO-2, dp 62), over the years, SECO has undertaken to support and sponsor various local and national initiatives of a cultural, social, economic nature, in order to enhance the area in which it operates and the communities there.

The Group's approach is part of a broader system of principles and safeguards of conduct applicable to all stakeholders, including local communities and those potentially affected indirectly by the company's activities and business relationships. The Ethics Code plays a central role, establishing the principles of integrity, fairness, and compliance for all those acting on behalf of SECO, and guiding internal and external relations. These principles place special emphasis on respecting human rights, protecting health and safety, protecting the environment, and responsibly managing relations within its social environment.

To support this framework, the Group adopts cross-cutting safeguards in line with the IROs found to be material in the double materiality assessment. These include HSE safeguards designed to prevent and manage environmental risks with potential impacts on local communities living close to operational sites; reporting channels, which allow behavior to be reported that does not comply with company principles and policies; and specific compliance safeguards relating to markets and business relationships, managed according to an integrated approach and also evaluated with the support of a specialized external company. During the reporting period, SECO also embarked on a process of progressive formalization and standardization of these safeguards at Group level, in order to make the verification processes and related decisions more consistent.

S3-2 Processes for engaging with affected communities about impacts

SECO takes on board the perspectives of the communities living in the areas in which it operates through an approach of constant feedback, which translates into annual support for local sporting cultural and social initiatives. This engagement constitutes a tool for dialogue with the local communities and for strengthening the relationship with the local ecosystem.

In the reporting period, community engagement was also included in the broader stakeholder engagement process to support the double materiality assessment. Specifically, with reference to the local educational ecosystem, representatives of local universities and technical high schools [ITS] were involved.

No events or situations arose during 2025 that required the activation of extraordinary consultation procedures or dedicated management of specific impacts on communities. However, the Group maintains corporate safeguards and channels accessible to external stakeholders to allow it to gather reports and requests, as tools to support responsible management of potentially significant issues.

Responsibility for ensuring effective engagement rests with frontline management and the HR & Communication team, coordinating with the relevant departments in relation to the material profiles identified (e.g., HSE, Legal) [S3-2, 21].

S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns

In striving to promote a culture of open and safe communication, SECO has a Whistleblowing system, an independent and autonomous channel through which employees can report concerns or potential violations. For a more detailed description, refer to Section G1 Business conduct.

S3-4 Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions

Although SECO has not yet defined specific actions and initiatives to address any material positive impacts and pursue material opportunities in relation to affected communities (Ref. ESRS 2, IRO-2, dp 62), it recognizes the importance of the issue, participating in outreach and training initiatives on STEM education, and collaborating with high schools and technical institutes [ITS] at local level.

Metrics and targets

S3-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

SECO cannot disclose information about targets (Ref. ESRS 2, MDR-A, dp 72) on material ESRS topics, as it did not adopt targets on specific sustainability matters.

S4 Consumers and end-users

Strategy

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

This section presents the material impacts, risks and opportunities related to issues related to consumers and end-users, identified as part of the double materiality analysis process. For further information see the "General disclosures" chapter (*ref. IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities*).

Material impacts	Category	ID	Sub-topic or Sub-sub-topic
Protection of SECO customers' personal data and privacy by adopting strategies and tools for managing and preventing privacy and cybersecurity attacks	Positive impact	I49	Privacy
Greater clarity, security, and autonomy in decision-making for SECO's customers, supported by the availability of transparent, comprehensive, and easily accessible information provided by the Company, enabling them to better understand the features of products and services, thereby reducing uncertainty and risk in purchasing decisions	Positive impact	I50	Access to (quality) information
Improvement in the quality of customer service, achieved through the use of AI as a tool for direct and structured interaction with customers, significantly reducing response times and improving operational efficiency when resolving reported issues through access to reliable and timely information	Positive impact	I51	Access to (quality) information
Ensuring the safety of products sold by SECO, supported by the Company's commitment to complying with stringent quality, safety, and regulatory standards	Positive impact	I52	Health and safety
Enhancing usability of SECO products by end-users through greater focus on creating simple and accessible interfaces that reduce technological barriers, with a consequent increase in satisfaction and a lower degree of discrimination against customers with limited knowledge in the digital/IT field.	Positive impact	I53	Non-discrimination Responsible marketing practices

Material R/Os	Category	ID	Sub-topic or Sub-sub-topic
Strengthening the Company's competitiveness and reputation by proactively protecting customers' personal data, which reinforces market trust and facilitates access to regulated or cybersecurity-sensitive sectors	Opportunity	O11	Privacy
Strengthening customer satisfaction and loyalty, with a potential increase in competitiveness	Opportunity	O12	Access to (quality) information

and market share, thanks to the use of artificial intelligence to improve service quality, reduce response times, and optimize operational efficiency when managing customer requests			
Ensuring business continuity, supported by the safety of SECO's products, which do not generate negative impacts for the end customer	Opportunity	O13	Health and safety
Expansion of the customer base and improvement of digital inclusivity, supported by the development of simple and accessible interfaces that increase the usability of products for users with limited digital skills, thereby fostering greater satisfaction and loyalty among end consumers	Opportunity	O14	Non-discrimination Access to products and services

SECO does not make products that can be directly used by end-users. SECO's modules and systems are integrated into products that its customers - generally Original Equipment Manufacturers (OEMs) - manufacture for various industry and B2B applications. On a residual basis, a limited proportion of products are distributed through indirect channels. Impacts on consumers and/or end-users therefore primarily arise downstream in the value chain, through the integration of solutions into customer systems and, to a more limited extent, through the use of Group digital services and support channels.

The Group does not operate in industries in which inherently harmful products are produced or marketed. Rather, the relevant health and safety profiles relate to the compliance and safety of the systems in which the solutions are integrated, overseen by a quality management system and structured verification and validation processes.

In view of the increasing digitalization and connectivity of solutions, cybersecurity and data protection issues become significant. SECO has established a framework of cybersecurity and incident management policies and safeguards, based on a continuous improvement approach, designed to protect information and the resilience of digital services, predominantly for industrial application.

Structured product compliance processes provide accurate and accessible technical information, such as manuals, technical documentation, and declarations of conformity, to foster the proper use of solutions and reduce the risks arising from inappropriate configurations or misuse.

Given the predominantly B2B nature of the business model and the absence of business strategies targeting particularly vulnerable groups, no vulnerable groups directly targeted by Group activities were identified [SBM-3, 10a].

In 2025, the Group did not report any major negative impacts on consumers and end-users [SBM-3, 10a, 11].

In terms of material positive impacts identified (ref. ESRS 2, IRO-1), the Group (I49) integrates data privacy and security from the design phase of its digital solutions, particularly in IoT, Edge AI, and cloud technologies. The adoption of Edge AI enables local data processing, reducing data transfers and strengthening confidentiality. At the same time (I50), the availability of clear, complete, and easily accessible information about products and services is a key element of the Group's business and product approach, supporting customers in their decisions and fostering strong and lasting business relationships. In line with this principle, access to reliable and timely data (I51) underpins SECO's strategy to enhance the quality of digital services: the CLEA platform, SECO's IoT software suite, enables industrial data collection and processing and advanced applications such as predictive maintenance, remote

monitoring, and optimization of operations, strengthening operational reliability and ensuring continuity in customer and partner systems. Another structural element for SECO (I52) is the guaranteed safety and compliance of its products. Safety is ensured through structured design, testing and validation processes in compliance with regulations, industry standards and customer specifications. Integrating quality, safety, and regulatory compliance requirements into product design, development, and validation processes enables the Group to support its customers in reducing risk throughout the entire solution cycle. Finally, (I53) the focus on interface usability and simplicity is part of SECO's approach to developing technology solutions designed for operational effectiveness and user experience. Intuitive interfaces and human-machine interface (HMI) touch solutions facilitate interaction between users and machines, reducing barriers to use and fostering inclusiveness. Digital payment systems and IoT dashboards enable real-time data management and make information easily actionable, improving the overall customer experience [SBM-3, 10c].

SECO identified (ref. ESRS 2, IRO-1) a material opportunity (O11) arising from a significant positive impact (I49), confirming the centrality of the issue of data protection and privacy to the business environment. The Group strengthens internal processes and the reliability of the solutions it offers through structured data security management and continuous alignment with regulations. Regarding customer satisfaction and loyalty, the identified opportunity (O12) stems from the material positive impact (I51) and relates to improving customer service quality, also made possible through the use of AI as a tool for direct and structured dialogue. The ability to design and integrate custom IoT solutions based on the CLEA platform is a structural safeguard in terms of quality, reliability, and data enhancement. These capabilities ensure consistency, traceability and continuous updating of operational information, in line with the digitalization needs of the relevant industrial sectors. In terms of business continuity, the opportunity (O13), linked to the positive impact (I52), is related to product safety and compliance. These aspects are integrated from the design stages within an ISO 9001-certified quality management system, supported by structured processes for managing non-conformities, complaints, and performance monitoring. Lastly, the opportunity (O14) stems from the material positive impact (I53) and is based on the development of solutions co-designed with customers, integrating digital components, human-machine interfaces, and data-driven functionalities. This approach fosters a progressive improvement in user experience and contributes to the evolution of industrial customers' business models [SBM-3, 10d, 12].

Management of impacts, risks and opportunities

S4-1 Policies related to consumers and end-users

Due to the nature of its products, which are intended almost exclusively for use by B2B customers to be integrated into the solutions they implement, there is little or no interaction between SECO and consumers or end-users. However, the Group recognizes the importance of responsible management of product-related impacts for its customers, particularly with regard to quality, safety, and respect for recognized fundamental rights. These aspects are overseen through a set of Group policies integrated into management systems and development, supply and service processes, in line with the principles of the Ethics Code. The approach focuses specifically on safeguarding confidentiality and protecting data and information that may relate to customers and other stakeholders; preventing behavior that is inconsistent with the principles of inclusiveness and non-discrimination; and the responsible use of artificial intelligence, focusing on compliance with applicable standards and the prevention of uses that may be discriminatory or violate human rights.

Due to its business model, the Group does not directly involve consumers or end-users, nor their legitimate representatives; interactions occur mainly through B2B customers, who define solution requirements and specifications and report any needs or critical issues that arise in use cases. The Group

provides channels for reporting conduct or situations that are inconsistent with the Ethics Code, guaranteeing the confidentiality and protection of reporters.

For reports and complaints related to quality, solution reliability, and data protection, SECO has structured management and follow-up remedies that are integrated into management systems and support services, targeting continuous improvement and protection of customer relationships.

In addition, the Group has a set of key policies (ref. ESRS 2, MDR-P) in several areas, such as: (i) cybersecurity and information security, to protect confidentiality, integrity, and data availability in use cases and digital services; (ii) quality management, with governance safeguards, continuous improvement in terms of reliability, and compliance of solutions; (iii) product development, change management, and configuration control, to support consistency of specifications, traceability, and accuracy of technical information; (iv) structured management of critical issues, complaints and after-sales support, with problem solving safeguards and service levels; (v) compliance and control safeguards related to materials and the supply chain, for aspects linked to product compliance and customer requirements [S4-1 15, 16].

S4-2 Processes for engaging with consumers and end-users about impacts

Due to the nature of its products, which are intended almost exclusively for use by B2B customers to be integrated into the solutions they implement, there is little or no interaction between SECO and consumers or end-users.

With its customers, the Group takes a proactive approach to listening and engaging with customers, promoting an ongoing dialogue throughout the entire relationship. Dialogue starts at the pre-sales stage through requirement gathering and the definition of project specifications, including requirements for information quality, security, and protection. This continues in the development, integration, and delivery stages through ongoing technical coordination and use case validation activities. Even at the after-sales stage, communication remains structured, through the organized handling of inquiries, reports, and complaints, to ensure effective and timely support. Customer satisfaction is also monitored periodically, such as through vendor rating systems or dedicated surveys, where applicable. The frequency of interactions varies according to the nature of the relationship: it is continuous in projects and support activities, whereas it is periodic in customer satisfaction evaluation activities.

Responsibility for ensuring effective engagement and translating customer feedback into action lies with frontline functions and senior management, who oversee customer relations and service delivery, coordinating with relevant functions in product quality and compliance, information security, and after-sales support.

The effectiveness of customer engagement is evaluated by considering the results of monitoring customer satisfaction and quality trends, analysis of reports and complaints received, and follow-up on improvement actions undertaken, in addition to the responsiveness of the support channels. The data collected and evidence obtained is used to guide priorities and establish the most effective measures to support service quality and customer relations. [S4-2. 20]

S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

The gathering and monitoring of customer feedback, with the aim of assessing their level of satisfaction and responding effectively to their needs, takes place both in the course of daily activities and in a structured manner.

If the customer has its own vendor rating system, targets are defined to establish performance goals, monitoring methods and plans for continuous improvement of products and services. These aspects are supervised with periodic reviews. In other cases, SECO makes use of dedicated surveys carried out by the sales team: this tool allows for the collection of feedback on various aspects, including service quality, delivery timelines, management of repairs and any complaints.

Through these channels, customers have the opportunity to return feedback and express any needs or concerns. The information collected is a useful tool for identifying possible areas for improvement and identifying corrective actions.

SECO has developed a problem-solving procedure to ensure adequate monitoring of reports and provide for actions to continuously improve the quality offered. This procedure defines the responsibilities and interactions between different business functions and, based on a case-by-case assessment, classifies the reports received into categories of nonconformity, for each of which a specific set of resolution actions is provided. These actions are defined by specific operating instructions contained within the procedure itself. [S4-3. 25]

Finally, SECO provides specific customer support channels, awareness of which is ensured through the usual points of contact. At the same time, it promotes a culture of open and safe communication, supported by a Whistleblowing system, an independent and autonomous channel through which customers can report concerns or potential violations. For a more detailed description, refer to Section G1 Business conduct. [S4-3. 26]

S4-4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

Due to the nature of its products, which are intended almost exclusively for use by B2B customers to be integrated into the solutions they implement, there is little or no interaction between SECO and consumers or end-users.

For this reason, SECO has not defined specific actions and initiatives to address any material positive impacts, manage material risks and pursue material opportunities in relation to consumers and end-users (Ref. ESRS 2, IRO-2, dp 62).

Metrics and targets

S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Due to the nature of its products, which are intended almost exclusively for use by B2B customers to be integrated into the solutions they implement, there is little or no interaction between SECO and consumers or end-users.

For this reason SECO has not identified targets (Ref. ESRS 2, MDR-A, dp 72) on material ESRS topics, nor has it adopted targets on specific sustainability matters.

Governance information

G1 Business conduct

Governance

GOV-1 The role of the administrative, management and supervisory bodies

The Group's corporate governance system is based on the applicable recommendations of the Self-Governance Code for Listed Companies issued by Borsa Italiana S.p.A., with which the Company complies. Corporate governance consists of the following bodies:

Shareholders' Meeting;

- BoD;
- Board of Statutory Auditors;
- Auditor;
- Added to these is the Supervisory Board under Legislative Decree No. 231/2001 (SB).
- The BoD consists of 10 members: the Chairperson, the Chief Executive Officer (CEO), and eight Directors, four of whom are non-executive and four of whom are independent.

The appointment of the Board of Directors takes place on the basis of slates, in compliance with the applicable regulations in force concerning gender balance and the need for Directors to meet independence requirements. Directors must meet the eligibility requirements of professionalism and good standing, are appointed for a period of three financial years and may be re-elected.

If the Shareholders' Meeting has not so provided, the Board of Directors shall elect a Chairperson from among its members, who in turn may elect a Vice-Chairperson to replace him/her in the event of absence or impediment. The Chairperson exercises the functions provided for under the applicable laws, regulations and By-Laws. On the proposal of the Chairperson, the Board of Directors also appoints a Secretary, who need not be an employee of the Company.

The Board of Directors - and in particular the CEO - develop, approve and update strategic guidelines regarding the management of ESG issues.

The Board of Statutory Auditors has three standing members, including a Chairperson and two Statutory Auditors, plus two Alternate Auditors, who may be re-elected and who are appointed and operate in accordance with the law. The members of the Board of Statutory Auditors shall remain in office for three

years until the date of the Shareholders' Meeting called to approve the financial statements for the third year following their appointment [GOV-1, 5a, b].

Management of impacts, risks and opportunities

ESRS 2 IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities

This section presents the material impacts, risks and opportunities related to business conduct, identified as part of the double materiality analysis process. For further information see the "General disclosures" chapter (ref. IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities).

Material impacts	Category	ID	Sub-topic or Sub-sub-topic
Positive impacts generated for people, stakeholders, and the environment thanks to a corporate culture based on the principles of integrity and fair competition Protection of whistleblowers, ensured through the presence of a whistleblowing channel, and protection of whistleblowers' personal data through a system for managing reports anonymously	Positive impact	I54	Corporate culture
Greater financial stability and more reliable business relationships for SECO's suppliers, supported by the Company's adoption of timely and transparent payment practices, which strengthen trust and collaboration across the value chain	Positive impact	I55	Protection of whistleblowers
Reduction of corruption and bribery thanks to the adoption of internal control and monitoring systems aimed at preventing corrupt practices, thereby increasing transparency and accountability for SECO in relation to area governance.	Positive impact	I56	Management of relationships with suppliers, including payment practices
Positive impacts generated for people, stakeholders, and the environment thanks to a corporate culture based on the principles of integrity and fair competition	Positive impact	I57	Prevention and detection including training Incidents

Material R/Os	Category	ID	Sub-topic or Sub-sub-topic
Strengthening the corporate culture based on ethics, trust, and transparency, resulting in enhanced reputation, greater employee engagement, and the improved ability to prevent or promptly detect unlawful conduct, thanks to the adoption of a secure and anonymous whistleblowing channel that protects whistleblowers	Opportunity	O16	Protection of whistleblowers
Consolidation of a reliable and resilient supplier network, supporting operational continuity,	Opportunity	O17	Management of relationships with

greater supply chain efficiency, and more favorable commercial conditions over the long term, thanks to the adoption of timely and transparent payment practices that improve suppliers' financial stability and strengthen trust and collaboration along the value chain			suppliers, including payment practices
Strengthening SECO's reputation and credibility among public and private stakeholders, with greater opportunities to access partnerships, financing, and public tenders, supported by a corporate image based on transparency, integrity, regulatory compliance, and the fight against corruption	Opportunity	O18	Prevention and detection including training Incidents

G1-1 Corporate culture and business conduct policies

SECO's corporate culture is inspired by respect for and adherence to ethical principles of fairness, transparency and good faith, while ensuring compliance with antitrust laws, regulations and rules. Aware of the need for continuous improvement of internal and external safeguards and to ensure business integrity, the Group has equipped itself with the following tools [G1-1, 9]:

The organization and management model, pursuant to Legislative Decree No. 231/2001, in the most recent version approved by the SECO S.p.A. Board of Directors on February 5, 2025, was adopted to prevent the commission of offenses under the Decree and, consequently, any administrative liability for the Company. The Model contains a "General Section" which describes the contents of the Decree, the objectives and functioning of the Model and the tasks of the Supervisory Board, and indicates the measures put in place to protect the Model. Conversely, the "Special Section" identifies the processes that are sensitive to the risk of offences being committed and defines the preventive protocols for mitigating the relative level of risk, divided according to the type of offence.

Consistent with the methodology and mapping of sensitive processes described in the Special Part, the corporate functions primarily involved in the crime prevention safeguards (including corruption and bribery risks) include: Administration Finance and Control, Human Resources, Legal and Corporate Affairs, Sales, Marketing, R&D, Procurement [G1-1, 10h].

The Supervisory Board (SB) is appointed by the Board of Directors, which also defines its remuneration. The Supervisory Board must be guaranteed hierarchical-functional independence from top management in order to ensure its maximum effectiveness and impartiality of judgement, is entrusted with the task of supervising the operation, implementation, effectiveness and compliance of the Organizational Model pursuant to Legislative Decree No. 231/2001.

The Supervisory Board must be informed by the recipients of the Model of any circumstance relating to the implementation of and/or compliance with the Model or, at any rate, with regard to any and all events that could, even potentially, render SECO liable under the Decree. Therefore, and in order to facilitate the flow of information between the recipients and the Supervisory Board, special dedicated lines of communication have been set up through which recipients can send information, data, documents and reports, including in anonymous form (including the dedicated mailbox odv@seco.com).

The SECO Group has adopted an Ethics Code, approved by the Board of Directors on September 8, 2025. The Code is an integral and substantial part of the system of values and rules covered in the Model; it defines principles and rules of conduct regarding integrity and prevention of corruption and bribery.

Specifically, the Code prohibits any form of bribery, extortion, payments to obtain favors or other undue advantages, and the direct or indirect offer or receipt of money, gifts or benefits that are likely to compromise the integrity and impartiality of the recipients [G1-1, 10b].

To combat corruption in all its forms, the Company has adopted additional measures such as publishing its Ethics Code on the company website and providing anti-corruption training [G1-1, 10g].

With reference to the parent company SECO S.p.A., training on the Organizational Model and the anti-corruption policies and procedures adopted by the Group is conducted through a corporate e-learning platform.

In accordance with the provisions of Legislative Decree No. 24 of March 15, 2023, which transposes Directive 2019/1937, SECO has a Whistleblowing Procedure regarding the protection of people who report violations of national or European Union regulatory provisions. This decree extends protections in the event of whistleblowing, expanding the subjective and objective scope, and adds to the procedures to preserve whistleblowers from possible retaliation. Entities covered by the scope of the new regulations are required to set up not only internal channels for conveying information, but, more importantly, must ensure that these provide adequate security standards to protect the identity of reporters.

The procedure as updated applies to the parent company SECO S.p.A., the affiliated Italian companies (PSM Tech S.r.l. and SECO Mind S.r.l.) and SECO Northern Europe GmbH, with the aim of regulating the process for handling reports in compliance with privacy regulations and the protections provided by law, in particular the aforementioned Decree-Law.

The Group's foreign subsidiaries are also guaranteed the possibility of making reports with the highest level of confidentiality, both in written (via e-mail) and oral form, in accordance with the Ethics Code.

The procedure identifies those persons who may make a report and the cases that may be the subject of the report, with particular reference to:

- administrative, accounting, civil or criminal offenses;
- illegal conduct pursuant to Legislative Decree No. 231 of June 28, 2001, or violations of the organization and management models adopted by each Group company;
- offenses committed in violation of the EU regulations set out in Annex 1 of the Decree and all national provisions that implement them;
- acts or omission or fraud that damage the financial interests of the European Union;
- acts or omissions regarding the single market;
- acts or conduct that impinge on the object or purpose of the provisions set out in EU Acts.

Pursuant to the procedure, reports can be made using a guided completion procedure on a special platform of the SECO Group accessible at the link <https://secogroup.whistletech.online/>. An oral channel is also provided, as governed by the Whistleblowing Policy. The methods for reporting using an external channel (ANAC) or through public dissemination (print, electronic media or means of dissemination capable of reaching a large number of people) are also governed.

Report management is the responsibility of:

- for the parent company SECO S.p.A., an internal collegiate committee comprising the directors of the Legal Affairs and Human Resources functions, along with the Chairperson of the Supervisory Board;
- for the subsidiary companies PSM TECH S.r.l. and SECO Mind S.r.l., the Supervisory Board;

- for SECO Northern Europe GmbH, the Head of Human Resources or, alternatively, the Managing Director;
- for foreign subsidiaries, the Head of the Administration, Finance and Control Function of each Group Company (with conflict management safeguards and escalation to the Board of Directors, where applicable).

At every stage following the report, the reporter's identity and the elements of the report made shall be confidential.

[G1-1, 10a, c, e]

G1-2 Management of relationships with suppliers

The procurement process is managed by the Purchasing area in accordance with a set of global rules and requirements that are applicable to SECO Group organizations. Supplier initial selection, qualification, assessment and product evaluation methods and criteria are governed by the integrated Quality Management System and the Procurement Procedure. In addition, suppliers with whom the Group collaborates are required to read SECO's Ethics Code.

With a view to business continuity and the strategic importance of the supply chain, the Group has progressively strengthened a vendor rating system for new and existing suppliers. Using such technologies allows the identification, analysis, and monitoring of supplier performance, in addition to the resolution of any major supply chain issues encountered. The vendor rating present within the organization also makes evaluations obtained on an aggregate of HSE issues, the result of surveys for the areas of health, safety and environment taking into account the parameters defined by ISO 14001 and ISO 45001 certifications [G1-2, 15a].

The first step in the selection and evaluation process involves a compliance screening. Aspects considered include, among others, verification of possible involvement in corruption, possible legal and financial penalties and the adoption of adequate ESG safeguards (regarding knowledge and/or level of implementation of the requirements of ISO 14001, ISO 45001 and SA 8000 certifications). Suppliers are also evaluated on the basis of elements such as business organization, project management, the presence of processes and procedures implemented at different stages of the work and measures to guarantee the security of the IT systems used. Environmental, social and governance sustainability principles and practices are also examined, some of which are presented in the infographic below [G1-2, 15b].



The answers are subject to an internal audit carried out by SECO through the acquisition of documentary evidence. Following the analysis, an Assessment Report is prepared, identifying any

critical issues and corrective actions. Corrective and Preventive Actions (CAPAs) depend on the type of measure, supplier, context and risk assessment, and are agreed between the parties on a case by case basis. Where requested corrective actions are not taken, SECO reserves the right to then terminate the commercial relationship.

The Group monitors deadlines and takes operational measures to manage any late payments: while it does not have a structured policy to prevent them, it does have a more general policy related to supply chain management (ref. MDR-P - Policies adopted to manage material sustainability matters).

The goal of the policy is to optimize the management of the Global Supply Chain, ensuring the procurement of high-quality goods and services on competitive terms, so as to strengthen SECO's advantage in the market. In addition, the process is structured to ensure defect-free supplies, contributing to high standards of efficiency and reliability. This policy is the framework for managing all sustainability impacts, risks and opportunities related to the supply chain [G1-2, 14].

As described above (ref. *ESRS S2 Workers in the Value Chain*), the SECO Group defined a Supplier Code of Conduct (to be phased in from 2026) in 2025. This is designed to strengthen the integration of sustainability and responsibility principles throughout the entire supply chain. The Code applies to all suppliers and subcontractors who produce or provide goods and services for the Group, regardless of their geographical location. The document defines SECO's expectations on responsible conduct, regulatory compliance, respect for people, environmental protection and business integrity, in line with the company's mission and vision of a smart, digital, sustainable future. The Group promotes a collaborative and progressive approach that is geared towards continuous improvement. Suppliers are asked to progressively align themselves with the principles of the Code, prioritizing the most relevant risks and working with the company to strengthen its safeguards. They must also make a commitment to extend these principles to the most significant subcontractors, particularly in higher-risk settings.

From a social perspective, through the Supplier Code of Conduct, SECO requires all suppliers to respect the basic principles of human rights, including freedom of association and collective bargaining, non-discrimination, fairness, inclusion, prohibition of child labor and forced labor, compliance with minimum wages, working hours, and occupational health and safety. In terms of the environment, suppliers must comply with applicable regulations, manage their environmental impacts responsibly, and, where possible, adopt structured environmental management policies and systems (e.g., ISO 14001/EMAS) on issues such as climate change, emissions, water management, waste management, hazardous substances, energy efficiency, and the circular economy. On transparency and data management, SECO requires traceability, proper information management and regulatory compliance. Finally, as regards ethics and business conduct, suppliers must operate with integrity, comply with laws, prevent corruption, illegal practices, anti-competition offense and the use of illicit funds, and responsibly manage minerals and raw materials along the supply chain.

Minimum regulatory compliance requirements form an integral part of the contractual relationship with SECO, ensuring safety, sustainability and traceability of the materials and products supplied [G1-2, 13].

G1-3 Prevention and detection of corruption and bribery

The system for preventing, detecting and handling allegations or cases of corruption and bribery is regulated in the Whistleblowing procedure, whose reporting mechanism and/or more information is detailed in paragraph G1-1. The SECO Group promotes awareness of the Whistleblowing Procedure through publication on the Company's corporate website and, on the occasion of the launch of the new Whistleblowing platform, held an information seminar on October 30, 2024 for the benefit of all employees of Italian companies.

[G1-3, 18a, b, c; 20]

In 2024, relevant training activities involved all seven functions identified by the Group as most exposed to the relevant risk profiles, ensuring comprehensive coverage. In 2025, SECO also shared an internal briefing on updates to the Ethics Code and 231 Model with the entire company population, as part of its efforts to strengthen compliance safeguards. In line with this approach, specific training initiatives will be planned during 2026. [G1-3, 21].

Metrics and targets

G1-4 Confirmed incidents of corruption or bribery

The Group operates nationally and internationally, ensuring full compliance with both local and EU antitrust and tax regulations. The controls carried out did not reveal any cases of non-compliance related to corruption and taxation in 2025.

In addition, there were no reported convictions for legal violations during the year, nor were any incidents of corruption or bribery identified.

[G1-4, 24a, b]

G1-6 Payment practices

For the purposes of this analysis, invoices received from suppliers of materials and components were considered, as well as suppliers of different categories of services including, e.g., technical, tax and administrative consulting, logistics services, marketing activities, maintenance, rental of tangible and intangible assets, and non-employee staffing.

The analysis was performed by selecting a representative sample of the entire population of supplier documents, covering nearly 90% of the consolidated value of Accounts Payable at December 31, 2025 [G1-6, 33d]. In the sample examined, the average number of days taken to pay an invoice during the reporting period (98 days) did not differ significantly from the number of days calculated from the consolidated data, which stood at 110¹⁷ [G1-6, 33a]. The difference is primarily attributable to an investment, in 2025, in constructing a new production Italian plant in Monte San Savino, Arezzo.

Invoice payment terms are agreed upon taking into account several criteria such as the nature of the product or service offered, geographic location and the size of the supplier. Payments made during the reporting period were mainly to suppliers of materials and capital goods, accounting for a total of 64% of the invoices paid in terms of monetary value. The average time for payment for this category of suppliers was 118 days: 74% of invoices (accounting for 68% of the monetary value for this category) were paid according to the payment terms, while an additional 25% of invoices (accounting for 29% of the monetary value for this category) were paid within 60 days of the due date. Other types of suppliers chiefly include suppliers of consulting and services of a commercial, administrative and logistical nature, maintenance, personnel administration, rent and lease of premises and equipment, water, electricity and energy utilities. The average time for payment for this category of suppliers was 62 days: 52% of invoices (accounting for 59% of the monetary value for this category) were paid according to the payment terms, while an additional 46% of invoices (accounting for 40% of the monetary value for this category) were paid within 60 days of the due date [G1-6, 33b].

It is also specified that, as of the end of the reporting period, there are no significant legal proceedings pending due to late payments [G1-6, 33c].

¹⁷ The latter indicator was calculated as follows: $\frac{\text{Trade payables}}{(\text{Costs for raw materials, ancillaries, consumables and goods} + \text{Costs for services} + \text{Other operating costs})} \times 360$

Entity-specific information

Management of technological innovation and Artificial Intelligence

Governance

In the past, SECO took a highly customized approach based on customer needs in developing Artificial Intelligence (AI) solutions. This method, although tailored, limited the possibility of reuse and scalability of the developed solutions. In addition, models developed in this way may require ongoing training, and delivery activities may need maintenance that is likely to extend the time initially planned.

To address these challenges, in recent years, SECO has structured a governance process with three main steps:

- Qualification Review: initial assessment of projects to ensure alignment with strategic goals and overall feasibility.
- Delivery Review: in-depth analysis of the technical feasibility of proposed solutions.
- Deal Review: final review of the contractual terms and conditions of the deal.

This process considers the entire life cycle of AI projects, recognizing the need to continuously train models to prevent unexpected results. During the development of the project, continuous reviews of the activities performed are carried out, aimed at verifying that the project is proceeding in line with the set objectives, meeting the parameters established regarding time, cost and quality. As customer expectations may evolve over time, acceptance milestones are also established where interim results are evaluated and approved in order to monitor project progress.

Meanwhile, the Group has adopted a **Cybersecurity policy** (ref. MDR-P Policies adopted to manage material sustainability matters), whose guidelines seek to ensure a global organization that is capable of maintaining, monitoring and improving an appropriate level of cybersecurity management. Specifically, the policy is geared toward ensuring a robust and resilient information infrastructure while ensuring high standards of data security and protection. Maintaining high levels of trust in relation to information security and data protection constitutes a key element in being recognized by the market and customers as a reliable partner.

In light of recent regulatory developments in the European Union regarding the responsible and ethical use of Artificial Intelligence, the Group also plans to launch specific initiatives in 2026 to strengthen internal awareness on these issues. Specifically, training and awareness-raising activities are planned for employees, with the goal of promoting AI use that aligns with the principles of transparency, safety, accountability and protection of fundamental rights.

Management of impacts, risks and opportunities

This section presents the material impacts, risks and opportunities related to issues related to artificial intelligence and technology, identified as part of the double materiality analysis process. For further information see the "General disclosures" chapter (ref. IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities).

Material impacts	Category	ID	Topic
Promoting employees' awareness and understanding of ethical challenges related to AI within SECO and across the value chain.	Positive impact	I58	Management of technological innovation and Artificial Intelligence

Negative social impacts due to uncontrolled use of AI, such as replacement of human job, misinformation, and privacy violations.	Negative impact	159	Management of technological innovation and Artificial Intelligence
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Strategy

SECO understands that a highly customized approach to providing artificial intelligence services may carry the risk of non-replicable solutions that are difficult to scale, thus limiting opportunities for business expansion.

For this reason, the CLEA platform, initially focused on IoT, was enhanced with the integration of artificial intelligence technologies, both in edge and cloud environments.

The adoption of Edge AI offers numerous benefits in relation to end customers, such as the ability to process data directly in the field which allows for greater privacy and security of information, and a reduction in traffic to the cloud, minimizing transmission costs and improving operational efficiency.

This new strategy can also allow artificial intelligence algorithms to be deployed directly on the edge, creating common libraries that can be used by multiple customers or system integrators. This approach allows both customers to independently develop AI components of interest to them and SECO to open up to new business opportunities and sectors. By doing so, instead of devoting numerous resources to individual custom developments, the Group creates several libraries that customers can draw on independently for their own developments and is also able to offer more standardized solutions, characterized by greater scalability of the solutions offered.

The technological evolution promoted by the Group requires highly specialized internal skills, particularly in terms of STEM expertise for positions involved in research and development activities and in the development of technologies based on data and artificial intelligence. The IoT software suite enables OEM machine users to enhance the value of the data generated, supporting real-time business decisions or optimizing production processes. This encourages the creation of specialized roles in data analysis, information management and the development of AI algorithms that are compatible with the platform.

Against this backdrop, the solutions developed by the Group are not geared toward replacing human labor, but rather seek to enhance skills and introduce new professionals in the areas of IT and data science. In fact, SECO makes significant annual investments in research and development activities to support technological innovation and maintain high levels of competitiveness. These investments target the development of advanced technologies, including artificial intelligence algorithms and secure edge computing modules, in compliance with the highest standards on cybersecurity.

Actions

In 2024, new modules were developed and integrated within the CLEA platform, introducing functionality to enable no-code, user-driven development of applications to enable the adoption of solutions based on data analytics and artificial intelligence.

In 2025, this path continued through initiatives to strengthen SECO's technology ecosystem to support the development and deployment of edge computing, Industrial IoT and artificial intelligence solutions. Specifically, SECO has announced the launch of the SECO Application Hub, a platform that seeks to simplify the research, validation and deployment of AI applications on edge devices. By doing so, it expands the tools available to customers, partners and developers and accelerates the adoption of data-driven solutions.

Also in 2025, SECO strengthened the interoperability and scalability of the CLEA software suite, facilitating its adoption in Industrial IoT contexts. This move included the release of a new reference HMI solution developed to support the transition from prototyping to deployment in industrial, retail, and self-service application areas, integrating hardware components, connectivity, and software functionality.

These developments also contributed indirectly to safeguarding certain profiles related to the material impacts identified, particularly as regards the security of connected devices, data protection, remote solution lifecycle management, and the strengthening of cybersecurity protection.

At the reporting date, these developments constitute measures to strengthen the Group's technology offering, consistent with its strategic direction on technological innovation and artificial intelligence. By contrast, no specific stand-alone action plans related to sustainability targets dedicated to this issue have been defined (Ref. ESRS 2, IRO-2, dp 62).

Targets

SECO cannot disclose information about targets (Ref. ESRS 2, MDR-A, dp 72) on material ESRS topics, as it, while assessing the preparation of a broader sustainability plan, did not adopt targets on specific sustainability matters.

4. CONSOLIDATED BALANCE SHEET AND CONSOLIDATED INCOME STATEMENT AT DECEMBER 31, 2025

CONSOLIDATED BALANCE SHEET

(in Euro thousands)	Note	31/12/2025	of which Related Parties	31/12/2024	of which Related Parties
Property, plants and equipment	1	22,593	-	17,271	-
Intangible assets	2	101,297	-	102,392	-
Right-of-Use	3	8,952	-	9,833	-
Goodwill	4	157,108	-	157,108	-
Non-current financial assets	5	6,842	65	10,839	2,068
Deferred tax assets	6	2,506	-	3,051	-
Other non-current assets	7	1,669	-	1,525	-
Total non-current assets		300,967	65	302,020	2,068
Inventories	8	64,618	-	72,647	-
Trade receivables	9	40,399	4,720	31,886	5,105
Current tax assets	10	6,020	-	6,974	-
Current financial assets	11	2,030	-	-	-
Other receivables	12	5,393	510	4,816	510
Cash and cash equivalents	13	66,657	-	72,586	-
Total current assets		185,116	5,232	188,908	5,613
TOTAL ASSETS		486,083	5,297	490,928	7,681
Share capital	14	1,296	-	1,296	-
Share premium reserve	14	232,036	-	232,036	-
Reserves	14	42,084	-	59,609	-
Group Net Profit/(loss)		(2,694)	-	(21,034)	-
Total Group Equity	14	272,722	-	271,907	-
Minority Equity and Reserves		18,553	-	16,453	-
Minorities Profit for the year		3,190	-	3,371	-
Minorities Equity		21,743	-	19,824	-
Total equity	14	294,465	-	291,731	-
Employee benefits	15	3,470	104	3,728	471
Provisions	16	1,209	-	1,279	-
Deferred tax liabilities	17	23,772	-	23,717	-
Non-current financial liabilities	18	92,507	-	97,734	-
Non-current lease liabilities	19	6,035	-	6,752	-
Other non-current liabilities	20	8	-	8	-
Total non-current liabilities		127,002	104	133,218	471
Current financial liabilities	21	4,695	-	8,023	-
Current portion of non-current financial liabilities	22	10,305	-	10,212	-
Current lease liabilities	23	2,393	-	2,358	-
Trade payables	24	34,883	121	31,713	399
Other current payables	25	10,105	121	10,845	119
Tax payables	26	2,234	-	2,827	-
Total current liabilities		64,616	243	65,978	518
TOTAL EQUITY AND LIABILITIES		486,083	347	490,928	989

CONSOLIDATED INCOME STATEMENT

(in Euro thousands)	Note	31/12/2025	of which Related Parties	31/12/2024	of which Related Parties
Net sales	27	197,582	2,626	183,512	1,569
Other revenues and income	28	3,010	31	3,068	-
Raw materials, ancillaries, consumables and goods	29	(84,129)	-	(78,429)	(13)
Change in inventories	8	(7,589)	-	(12,459)	-
Service costs	30	(24,346)	(59)	(28,843)	(318)
Personnel costs	31	(44,067)	-	(42,247)	-
Depreciation, amortization & impairments	32	(24,347)	-	(30,018)	-
Write-downs of receivables and Allocations to provisions for risks and charges	33	(63)	-	(142)	-
Other operating costs	34	(5,842)	(3,376)	(10,025)	(3,419)
Operating Profit		10,209	(774)	(15,582)	(2,181)
Financial income	35	3,375	-	6,312	-
Financial costs	35	(10,129)	-	(8,485)	-
Exchange gains/(losses)		(1,533)	-	1,194	-
Profit before taxes		1,923	(774)	(16,560)	(2,181)
Income taxes	36	(1,426)	-	(1,103)	-
Profit/(loss) for the year		496	(774)	(17,663)	(2,181)
Non-controlling interests profit		3,190	-	3,371	-
Group profit		(2,694)	(774)	(21,034)	(2,181)
Basic earnings per share	37	0.00	0.00	0.00	0.00
Diluted earnings per share	38	0.00	0.00	0.00	0.00

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(in Euro thousands)	Note	31/12/2025	31/12/2024
Profit/(loss) for the year		496	(17,663)
Other comprehensive income/(expense) which may be subsequently reclassified to the income statement:		(3,229)	(1,281)
Translation differences		(1,841)	1,210
Profit / (loss) on Cash Flow Hedge		(1,827)	(3,278)
Tax effect profit / (loss) on cash flow hedge		438	787
Other comprehensive income/(expense) which may not be subsequently reclassified to the income statement:		109	81
Discounting employee benefits		146	97
Tax effect discounting employee benefits		(37)	(16)
Total comprehensive income	39	(3,120)	(1,201)
Non-controlling interests		1,922	3,984
Parent company shareholders		(4,546)	(22,847)
Total comprehensive income		(2,624)	(18,863)

CONSOLIDATED STATEMENT OF CASH FLOWS

(in Euro thousands)		31/12/2025	31/12/2024
Profit/(loss) for the year		496	(17,663)
Income taxes	36	1,426	1,103
Amortization & Depreciation	32	24,347	30,018
Change in employee benefits		(149)	497
Financial income/(charges)	35	6,754	2,172
Exchange gains/(losses)		1,533	(1,194)
Costs for share-based payments		5,298	5,029
Other non-monetary revenues and income		122	(1,456)
Cash flow before working capital changes		39,827	18,505
Change in trade receivables	9	(11,017)	17,094
Change in inventories	8	8,029	13,181
Change in trade payables	24	3,322	(5,065)
Other changes in tax receivables and payables		(1,057)	(160)
Other changes in current receivables and payables		(1,339)	(1,320)
Other changes in non-current receivables and payables		895	(150)
Use of provisions for risks, receivables and inventories		(70)	44
Interest collected		3,398	6,010
Interests paid		(6,033)	(8,877)
Exchange gains/(losses) realized		(1,155)	589
Income taxes paid	36	(8)	(4,963)
Cash flow from operating activities (A)		34,792	34,888
(Investments) /Disposals of property, plant and equipment	1	(9,060)	(5,107)
(Investments) /Disposals of intangible assets	2	(17,098)	(15,370)
(Investments) /Disposals of financial assets	5	141	280
Acquisition of business units net of cash and cash equivalents		-	-
Acquisition of subsidiaries net of cash and cash equivalents		-	-
Cash flow from investing activities (B)		(26,017)	(20,197)
New loan drawdowns		4,800	1,570
(Repayment) of bank loans		(9,934)	(11,763)
Change in current financial liabilities	21	(3,421)	(2,616)
Repayment lease liabilities	22	(2,215)	(2,363)
Change in current financial assets		(2,030)	-
Dividends paid		(61)	(2,960)
Paid-in capital increase		-	(1)
Acquisition of treasury shares		-	-
Acquisition of shares from minorities		-	-
Cash flows from financing activities (C)		(12,861)	(18,132)
Increase (decrease) in cash and cash equivalents (A+B+C)		(4,087)	(3,441)
Cash & cash equivalents at beginning of year		72,586	74,816
Conversion differences		(1,841)	1,210
Cash & cash equivalents at end of year	13	66,657	72,585

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in Euro thousands)	01/01/2025	Share capital increase	Allocation result	Dividends paid	Other movements	Comprehensive Profit/(Loss)	31/12/2025
Share capital	1,297	0	0	0	0	0	1,297
Legal Reserve	289	0	0	0	0	0	289
Share premium reserve	232,035	0	0	0	0	0	232,035
Other reserves	59,119	0	(21,034)	0	5,362	(1,388)	42,059
Translation reserve	382	0	0	0	0	(573)	(191)
FTA Reserve	(371)	0	0	0	0	0	(371)
Discounting employee benefits	189	0	0	0	0	109	298
Group Net Profit/(loss)	(21,034)	0	21,034	0	0	(2,694)	(2,694)
Group equity	271,908	0	0	0	5,362	(4,546)	272,722
Non-controlling interests capital and reserves	16,452	0	3,371	0	(3)	(1,268)	18,552
Discounting employee benefits	0	0	0	0	0	0	0
Non-controlling interests profit	3,372	0	(3,371)	0	0	3,190	3,191
Minorities Equity	19,824	0	0	0	(3)	1,922	21,743
Total Equity	291,732	0	0	0	5,358	(2,624)	294,465

The main item that affected the movement of consolidated equity was the allocation of Stock Options to managers and directors. For further information, reference should be made to the section on "Equity" (13).

(in Euro thousands)	01/01/2024	Share capital increase	Allocation result	Dividends paid	Other movements	Comprehensive Profit/(Loss)	31/12/2024
Share capital	1,297	0	0	0	0	0	1,297
Legal Reserve	289	0	0	0	0	0	289
Share premium reserve	232,036	(1)	0	0	0	0	232,035
Other reserves	45,613	0	11,864	0	4,133	(2,491)	59,119
Translation reserve	(216)	0	0	0	0	598	382
FTA Reserve	(371)	0	0	0	0	0	(371)
Discounting employee benefits	109	0	0	0	0	80	189
Group Net Profit/(loss)	11,864	0	(11,864)	0	0	(21,034)	(21,034)
Group equity	290,621	(1)	0	0	4,133	(22,847)	271,908
Non-controlling interests capital and reserves	19,107	0	2,766	(2,960)	(3,074)	613	16,452
Discounting of employee benefits (non-cont. interests)	0	0	0	0	0	0	0
Non-controlling interests profit	2,767	0	(2,766)	0	0	3,371	3,372
Minorities Equity	21,875	0	0	(2,960)	(3,074)	3,984	19,824
Total Equity	312,496	(1)	0	(2,960)	1,059	(18,863)	291,732

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2025

The publication of the consolidated financial statements as at December 31, 2025 was approved by the Board of Directors on March 23, 2026.

ACCOUNTING PRINCIPLES AND POLICIES

Content and form of the Financial Statements

The consolidated financial statements for the year ended December 31, 2025 have been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB") and approved by the European Union, as well as the provisions issued under Article 9 of Legislative Decree No. 38/2005. IFRS refers to all the revised international accounting standards (IAS) and all of the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") - previously known as the Standing Interpretations Committee ("SIC").

The accounting policies and principles applied in the preparation of the 2025 consolidated financial statements are in continuity with those of the previous year, since, for the purpose of preparing its consolidated financial statements, the Company has adopted IFRS as of the year ended December 31, 2020, with a transition date of January 1, 2018.

The consolidated financial statements at December 31, 2025 were prepared on the going concern basis. Taking into account the Group's financial strength and operating profitability, the Directors have assessed that there are no significant uncertainties regarding the ability of the companies included in the consolidation to operate as going concerns in the foreseeable future.

The consolidated financial statements at December 31, 2025 consist of the Consolidated Balance Sheet, the Consolidated Income Statement, the Consolidated Comprehensive Income Statement, the Statement of changes in Equity, the Consolidated Cash Flow Statement and these Explanatory Notes.

These Financial Statements have been prepared in thousands of Euro - the Parent Company's functional and "Reporting" currency - in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates". This could produce rounding differences when individual line items are added together as the individual line items are calculated in Euro (rather than in thousands of Euro).

The consolidated financial statements at December 31, 2025 were audited by Deloitte & Touche S.p.A. (appointed by the Shareholders' Meeting of March 1, 2022).

Consolidation principles and consolidation scope

The consolidated financial statements include the statutory financial statements of SECO S.p.A. (Parent Company) and the companies in which the parent company directly and/or indirectly holds a controlling interest. The line-by-line consolidation method has been used for these companies.

The following companies are included in the consolidation scope:

- SECO S.p.A., with registered office in Arezzo 52100, Via Achille Grandi No. 20, Tax/VAT No. 00325250512, share capital Euro 1,296,944.48;
- PSM Tech S.r.l., with registered office in Arezzo 52100, Via Achille Grandi No. 18, Tax/VAT No. 02301580516, share capital Euro 30,000.00;
- Seco Mind S.r.l., with registered office in Arezzo 52100, Via Achille Grandi No. 18, share capital Euro 61,200.00.
- SECO Asia, limited, with registered office in Hong Kong, share capital Euro 6,999,957.05;
- Fannal Electronics Co., Ltd, with registered office at 6F, No. 77, Bowang Street, Yuhang District, Hangzhou, Zhejiang (People's Republic of China), share capital RMB 7,365,517.00;

- Seco USA Inc., with registered office in Rockville, Maryland (USA), share capital USD 3,291,786.37;
- Seco Microelectronics Co., Ltd., with registered office in Hangzhou (People's Republic of China), share capital RMB 64,763,000.00;
- Seco BH d.o.o, with registered office in Tuzla, Bosnia & Herzegovina, share capital BAM 20,000.00;
- SECO Northern Europe Holding GmbH, with registered office in Hamburg, Federal Republic of Germany, share capital Euro 25,000.00;
- SECO Northern Europe GmbH, with registered office in Hamburg, Federal Republic of Germany, share capital Euro 102,661.00;
- SECO Mind Germany GmbH (Stuttgart), with registered office in Stuttgart, Federal Republic of Germany, share capital Euro 25,000.00;
- E-GITS India Private Ltd. (Chennai, India), with registered office in Chennai, India, share capital INR 640,200.00

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

For the consolidation, the statutory financial statements or reporting packages of the individual companies were used, already approved by the respective Boards for approval, reclassified and adjusted in line with the accounting standards and policies adopted by the Group.

As per IFRS 10, the Group exercises control when it is exposed to or has the right to variable income streams, based on the relationship with the investee, and, at the same time, has the capacity to affect such income streams through the exercise of power over the investee.

Generally, there is presumption that the majority of the voting rights results in control. To support this presumption, when the Group holds less than a majority of the voting rights, the Group, in accordance with IFRS 10 standard, considers all relevant facts and circumstances to determine whether it has control of the entity, including any contractual arrangements with other holders of voting rights.

Consolidation is carried out according to the line-by-line method; the assets and liabilities, charges and income of the consolidated companies are fully included in the consolidated financial statements from the moment control is acquired until the date when it ceases. In accordance with IFRS 3, the subsidiaries acquired by the Group are accounted for using the acquisition method, according to which:

- the amount transferred in a business combination is valued at fair value, calculated as the sum of the fair value of the assets acquired and the liabilities assumed by the Group at the acquisition date and any equity instruments issued in exchange for control of the company acquired; accessory charges to the transaction are expensed to the income statement when incurred;
- Goodwill is initially recognized at cost, represented by the excess of all the consideration paid and the amount recorded for minority interests over the fair value of the net identifiable assets acquired and liabilities assumed by the Group. This goodwill is not amortized but is subject to impairment testing at least annually, and in any case whenever events occur that suggest a reduction in value, in order to verify its recoverability;
- If the fair value of the net assets acquired exceeds the total consideration paid, the Group again verifies if it has correctly identified all the assets acquired and all the liabilities assumed and reviews the procedure utilized to determine the amount to be recorded at the acquisition date. If from the new valuation the fair value of the net assets acquired is still above the consideration, the difference (gain) is recorded in the income statement.

The share of equity and result for the period attributable to non-controlling interests are recorded separately, in the balance sheet, income statement and comprehensive income statement respectively.

The payables and receivables and income and charge relating to transactions between companies in the consolidation scope are eliminated. Profits arising from transactions between these companies and relating to amounts included in equity attributable to the shareholders of the parent company are eliminated. The tax effects of consolidation adjustments are taken to the account "deferred tax liabilities", where liabilities and to the account "deferred tax assets" where assets;

Foreign currency transactions are recorded at the current exchange rate on the date of the transaction. Monetary assets and liabilities in foreign currency are translated to the operative currency at the exchange rate at the reporting date.

The separate financial statements of each company belonging to the Group are prepared in the primary currency where they operate (operational currency). For the purposes of the consolidated financial statements, the financial statements of each foreign entity are expressed in Euro, which is the operational currency of the Group and the presentation currency of the consolidated financial statements. All of the assets and liabilities of foreign subsidiaries in currencies other than the Euro which are included in the consolidation are translated using the exchange rate at the balance sheet date (current foreign exchange rate method). Income and costs are translated at the average exchange rate for the year. The exchange rate differences resulting from the application of this method, as well as the exchange rate differences resulting from the comparison between the opening equity converted at current exchange rates and the same converted at historical exchange rates, pass through the comprehensive income statement and are accumulated in a specific equity reserve until the investment is sold.

In the preparation of the consolidated cash flow statement the average exchange rates for the year are used to convert the cash flows of foreign subsidiaries.

The exchange rates used for the translation to Euro of the financial statements of the companies included in the consolidation are shown in the table below.

Currency	Exchange rate at 31/12/2025	Average January-December 2025	Exchange rate at 31/12/2024	Average January-December 2024
US Dollar (USD)	1.17500	1.13000	1.03890	1.08240
Chinese Renminbi (CNY)	8.22620	8.11850	7.58330	7.78750
Indian Rupee (INR)	-	-	88.93350	90.55630
Convertible mark	1.95583	1.95583	1.95583	1.95583

IFRS STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED FROM JANUARY 1, 2025

The following IFRS Accounting Standards, amendments and interpretations were applied for the first time by the Group from January 1, 2025:

- On August 15, 2023, the IASB published an amendment entitled "Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability". The document requires an entity to identify a consistent methodology in order to ascertain whether one currency can be converted into another and, when this is not possible, how to determine the exchange rate to be used and the disclosure to be made in the notes to the financial statements. The adoption of this amendment does not have effects on the consolidated financial statements of the Group.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPROVED BY THE EU, NOT YET MANDATORY AND NOT ADOPTED IN ADVANCE BY THE GROUP AT DECEMBER 31, 2025

At the reporting date, the relevant bodies of the European Union have concluded the process necessary for the implementation of the amendments and standards described below, although these standards are not mandatory and were not adopted in advance by the Group at December 31, 2025:

- On May 30, 2024, the IASB published the document "Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7". This clarifies a number of problematic issues emerging from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary upon achievement of ESG objectives (i.e., green bonds). Specifically, the changes aim to:
 - Clarify the classification of financial assets with variable returns and linked to environmental, social and corporate governance (ESG) objectives and the criteria to be used for the SPPI test assessment;
 - determine that the date of settlement of liabilities through electronic payment systems is the date on which the liability is settled. However, an entity is permitted to adopt an accounting policy to allow a financial liability to be derecognized before transferring liquidity on the settlement date under certain specific conditions.

With these amendments, the IASB has also introduced additional disclosure requirements with respect to investments in equity instruments designated to FVOCI in particular.

The amendments will be applicable to financial statements for periods beginning January 1, 2026, although early application is permitted. The directors do not expect this amendment to have a significant impact on the Group consolidated financial statements.

- On December 18, 2024, the IASB published an amendment entitled "Contracts Referencing Nature-dependent Electricity - Amendment to IFRS 9 and IFRS 7". The document seeks to support entities in reporting the financial effects of renewable electricity purchase agreements (often structured as Power Purchase Agreements). Based on these contracts, the amount of electricity generated and purchased can vary based on uncontrollable factors such as weather conditions. The IASB has made targeted amendments to IFRS 9 and IFRS 7. The amendments include:
 - a clarification regarding the application of "own use" requirements to this type of contract;
 - the criteria for allowing such contracts to be accounted for as hedging instruments; and,
 - the new disclosure requirements to enable financial statement users to understand the effect of these contracts on an entity's financial performance and cash flows.

The amendment will be applicable from January 1, 2026, although advance application is permitted. The directors do not expect this amendment to have a significant impact on the Group consolidated financial statements.

- On July 18, 2024, the IASB published a document called "Annual Improvements Volume 11". The document includes clarifications, simplifications, corrections and changes to improve the consistency of several IFRS Accounting Standards. The modified standards are:
 - IFRS 1 First-time Adoption of International Financial Reporting Standards;
 - IFRS 7 Financial Instruments: Disclosures and related guidance on the implementation of IFRS 7;
 - IFRS 9 Financial Instruments;
 - IFRS 10 Consolidated Financial Statements; and

- IAS 7 Statement of Cash Flows.

The amendments will be applicable to financial statements for periods beginning January 1, 2026. The directors do not expect this amendment to have a significant impact on the Group consolidated financial statements.

IFRS STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION

At the reporting date, the relevant bodies of the European Union had not yet concluded the process necessary for the implementation of the amendments and standards described below.

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

The new standard also:

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

The standard will be effective from January 1, 2027, although advance application is permitted. This standard is not applicable to the consolidated financial statements of the Group.

- On May 9, 2024, the IASB published a new standard - IFRS 19 Subsidiaries without Public Accountability: Disclosures (together with the Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures published on August 21, 2025). The new standard introduces a number of simplifications with reference to the disclosure required by IFRS Accounting Standards in the financial statements of a subsidiary that meets the following requirements:
 - it has not issued equity or debt instruments listed on a regulated market and is not in the process of issuing them;
 - it has its own parent company that prepares consolidated financial statements in accordance with IFRS.

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

- On November 13, 2025, the IASB published a document called "Translation to a Hyperinflationary Presentation Currency - Amendment to IAS 21" that clarifies conversion procedures for an entity whose presentation currency is that of a hyperinflationary economy. The entity applies the amendments where:

- its functional currency is that of a non-hyperinflationary economy and is converting its operating results and statement of financial position to the currency of a hyperinflationary economy; or,
- is converting the operating results and statement of financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy into the currency of a hyperinflationary economy.

The amendments will be applicable to financial statements for periods beginning 1 January 2027. [The directors do not expect this amendment to have an impact on the Group consolidated financial statements.

- On January 30, 2014 the IASB published IFRS 14 Regulatory Deferral Accounts which permits only those adopting IFRS for the first time to continue to recognize amounts concerning Rate Regulation Activities according to the previous accounting standards adopted. As the Company/Group is a first-time adopter, this standard is not applicable.

Financial Statements

The financial statements of the SECO Group are presented as follows:

- the Balance Sheet reports assets and liabilities analyzed by maturity, separating current and non-current accounts as due within and beyond 12 months;
- the Income Statement is reported by the nature of income and expense items;
- the Comprehensive Income Statement shows the components of net income suspended in equity and is presented as a separate statement and is presented in accordance with the revised version of IAS 1. The items presented in Other Comprehensive Income are grouped based on whether or not they can be reclassified to profit or loss subsequently;
- the Statement of Changes in Equity shows changes in capital, reserves and net profit for the period;
- the Consolidated Cash Flow Statement was prepared reporting financial cash flows according to the "indirect method", as permitted by IAS 7. In order to provide a clearer picture of cash flows, certain changes were made with respect to the format adopted in the previous year, reclassifying for comparative purposes the cash flows relating to the previous year.

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

Accounting policies

The main accounting policies adopted in the preparation of the consolidated financial statements at December 31, 2025 are disclosed below.

Property, plant & equipment

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

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

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

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

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

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

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

Intangible assets

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

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

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

- the technical feasibility to complete the intangible asset, so as to be available for use or sale;
- the intention to complete the asset and its capacity and intention to utilize or sell the asset;

- the means by which the asset will generate future economic benefits;
- the availability of resources to complete the asset;
- the capacity to reliably value the cost attributable to the asset during development.

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

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

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

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

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

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

Impairment of non-financial assets

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

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

Amortized assets are subjected to an impairment test if there are events or circumstances such that the carrying amount cannot be recovered (trigger event). In both cases, any impairment is recorded at the amount of the book value that exceeds the recoverable value. This latter is the higher between the fair value of the asset less costs to sell and its value in use. If it is not possible to determine the value in use of an asset individually, it is necessary to determine the recoverable value of the CGU (Cash Generating Unit) that includes the asset. The CGU is the smallest group of assets that comprises the asset being

tested for impairment and generates cash inflows that are largely independent of the cash inflows from the other assets or groups of assets. The directors have identified three CGU's within the Group.

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

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

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

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

Right-of-use

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

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

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

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

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

Goodwill

Goodwill, in application of IFRS 3, is initially recognized at cost represented by the excess of the total amount paid and the amount recognized for minority interests in respect of the fair value of the net identifiable assets acquired and the liabilities assumed by the Group. It represents an intangible asset with indefinite life. For each business combination, the Group decides whether to measure the minority interest at fair value or in proportion to the amount held in the fair value of the identifiable net assets of the investee. The acquisition costs are expensed in the year and classified under service expenses.

Goodwill is not amortized but subjected annually, or more frequently if certain events or changed circumstances indicate the existence of a permanent loss in value, to impairment tests in accordance with IAS 36. After initial recognition, goodwill is measured at cost net of accumulated impairment. When all or part of a previously acquired company (whose acquisition produced goodwill) is sold, the corresponding residual value of goodwill is considered when calculating the capital gains or losses generated by such sale.

Business combinations

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

Business Combinations by the Group

The Group did not undertake any business combinations in FY2025

Financial assets

IFRS 9 provides for a single approach for the analysis and classification of all financial assets, including those contained in embedded derivatives. The classification and the relative measurement is made

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

Receivables

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

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

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

Inventories

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

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

Government grants

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

1) Operating grants

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

2) Capital grants

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

Cash and cash equivalents

Cash and cash equivalents include cash on hand and bank and post office deposits.

Equity

Share capital

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

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

Reserves

These comprise:

- legal reserve
- specific allocation reserve
- IAS/IFRS transition reserve, net of the tax effect

- share premium reserve
- retained earnings

Treasury shares

As of December 31, 2025, 522,898 treasury shares are held in escrow in connection with SECO MIND's "minority purchase agreement". These shares are recognized as a reduction of equity. The original cost of the treasury shares and the revenues deriving from any subsequent sale are recognized as equity movements.

Employee benefits

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

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

Incentive plans

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

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

Provisions for risks and charges

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

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

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

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

Deferred tax assets and liabilities

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

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

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

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

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

Financial liabilities

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

Amortized cost and measurement of fair value

All financial liabilities are recognized according to the amortized cost method.

Under this approach, the nominal amount of the liability is reduced by the amount of the related issue and/or signing costs plus any costs related to the refinancing of existing liabilities. These costs are amortized using the effective interest rate as the discount rate for future interest expense and repayments of principle at the net carrying amount of the financial liability.

IFRS 13 – Fair Value Measurement defines fair value as the price that would be received for the sale of an asset, or that would be paid to transfer a liability in an arm's length transaction at the measurement date. In the absence of an active and properly functioning market, fair value must be measured using valuation techniques. The standard also establishes a fair value hierarchy:

- level 1 - assets or liabilities subject to valuation listed on an active market;
- level 2 - input based on prices listed at the previous point, which are directly observable (prices) or indirectly (derivatives from the prices) on the market;
- level 3 - input which is not based on observable market data.

Derivative instruments and hedge accounting

The derivative instruments entered into by the Group are designed to cover exposure to the interest rate risk associated primarily with loan agreements. On the date the contract is entered into, derivative instruments are initially recognized at fair value and, if the derivative instruments are not formally designated as hedging instruments, changes in fair value recognized subsequent to initial recognition are treated as a financial component of net income for the year. If, on the other hand, the derivatives meet the requirements to be classified as hedging instruments and are formally designated as such, the subsequent changes in fair value are accounted for by following the specific criteria set out in IFRS 9 below. For each derivative financial instrument identified as a hedging instrument, its relationship to the hedged item is documented, including risk management objectives, hedging strategy, and assessment of hedge effectiveness. The effectiveness of each hedge is tested both at the time of inception of each derivative instrument and during its life. Generally, a hedge is considered to be highly "effective" if, both at its inception and during its life, changes in the fair value in the case of a fair value hedge or in the expected future cash flows in the case of a cash flow hedge of the hedged item are substantially offset by changes in the fair value of the hedging instrument. When the hedge concerns changes in the fair

value of assets or liabilities recorded in the financial statements (fair value hedge), both the changes in the fair value of the hedging instrument and the changes in the hedged item are recorded in the Income Statement. In the case of a hedge aimed at neutralizing the risk of changes in future cash flows deriving from the future execution of transactions that are expected to be highly probable at the reporting date (cash flow hedge), the changes in the fair value of the derivative instrument posted subsequent to initial recognition are accounted for, limited only to the effective portion, among the components of Comprehensive Income and Loss. When the economic effects arising from the hedged item become apparent, the reserve is reversed to the Income Statement among the operating components. If the hedge is not perfectly effective, the change in fair value of the hedging instrument, referring to the ineffective portion of the hedge, is immediately recorded in the income statement. If, during the life of a derivative instrument, the expected transaction for which the hedge was activated is no longer expected to take place, the part of the "reserves" item relating to this instrument is immediately reversed to the Income Statement for the year. On the other hand, if the derivative instrument is sold or no longer qualifies as an effective hedging instrument, the part of the "reserves" item representing the changes in fair value of the instrument, recorded up to that moment, is maintained as a component of Comprehensive Income and is reversed to the Income Statement in accordance with the classification criterion described above, at the same time as the economic effects of the transaction originally covered by the hedge occur. Financial assets are derecognized from the balance sheet when the right to receive the cash flows from the instrument ceases and the Company has transferred all the risks and rewards relating to the instrument and the relative control.

Revenues from sales and services

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

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

If the above requirements are not met, the related revenue is recognized when: (i) the Group has already transferred control of the goods and/or provided services to the customer and all, or almost all, of the consideration promised by the customer has been received and is non-refundable; or (ii) the contract has been terminated and the consideration the Group has received from the customer is non-refundable. If the above requirements are met, the Group applies the recognition rules described below. Revenues from sales are recorded when control of the asset subject to the transaction is transferred to the purchaser, or when the customer acquires full capacity to decide on the use of the

asset as well as to derive substantially all the benefits, on the basis of the terms defined with the customer. Revenues from services are recognized when they are rendered with reference to the stage of completion. The Group uses an input-based method to measure the progress of services because there is a direct relationship between labor hours expended and the transfer of services to the customer.

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

Costs

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

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

Financial income

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

Financial charges

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

Income taxes

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

Earnings per share

1) Basic

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

2) Diluted

Diluted earnings per share is calculated by dividing the total earnings per share for the period attributable to holders of the Parent Company's ordinary shares, excluding treasury shares, by the weighted average number of shares outstanding, adjusted to take account of the effects of all dilutive potential ordinary shares. In order to calculate the diluted earnings, the average weighted number of

shares outstanding is adjusted in respect of the dilution potential of ordinary shares, while the profit or loss of the company is adjusted to take into account the effects, net of income taxes, of the conversion.

Use of estimates

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

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

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

Recoverable value of non-current assets

Non-current assets include Property, plant and equipment and intangible assets, Goodwill, Non-current financial assets and Other non-current assets. The Group periodically reviews the carrying value of the non-current assets held and utilized and of assets to be disposed of, when events and circumstances require such. For Goodwill, this analysis is carried out at least annually and wherever required by circumstances. The analysis of the recoverability of the book value of Goodwill is carried out using estimates of the cash flows expected from the use or sale of the assets and adequate discount rates to calculate the present value. The recoverable amount is measured by determining the value in use, which is based on a discounted cash flow model. Cash flows are derived from the five-year budget and do not include the effects of restructuring activities to which the Group has not yet committed or significant future investments that will increase the results of the business included in the cash generating unit being evaluated. More specifically, the impairment testing procedure for goodwill and intangible and tangible assets described under the accounting policies "Impairment of Non-Financial Assets" entails, when estimating value in use, the use of assumptions regarding: i) the expected cash flows of the cash-generating units (CGUs) identified, in reference to the 2026-2030 business plan approved by the Board of Directors on February 5, 2026; ii) the determination of an appropriate discount rate (WACC); and iii) determination of a long-term growth rate (g).

These assumptions reflect the potential impact of the macroeconomic landscape, particularly with regard to the increase in market costs for raw materials, transport, and energy.

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

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

The key assumptions used to determine the recoverable value for the CGU, including a sensitivity analysis, are described in detail in Note (4) Goodwill.

Provisions for risks

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

Employee benefits

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

The assumptions used for the valuation are detailed in paragraph (14) Employee benefits.

Doubtful debt provision

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

Inventory obsolescence provision

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

Fair value estimates

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

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

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

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

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

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

Climate change

Within a regulatory context in which the European Union has developed a strategy focused on more sustainable economic models in order to achieve the goal of climate neutrality by 2050, the Group has launched a process to identify and analyze the risks and opportunities arising from climate change, which could affect measurement and recognition. For more information, see the Sustainability Statement included herein.

In particular, the Group monitors regulatory and market developments related to the transition to a low-carbon economy, assessing the potential effects arising from both physical risks associated with climate events and transition risks related to the evolution of the regulatory, technological, and competitive landscape.

As of the date of preparation of this financial statement, no significant impacts have been identified on estimates and accounting valuations. However, SECO will continue to carefully monitor the evolution of the regulatory and market context in order to promptly assess any effects on its operational processes, investments, and financial statements

Segment disclosure

Management has identified two operating segments, consistent with the management and control model used. In particular, the structure of the information corresponds to the structure of the reports periodically analyzed by the Board of Directors for the purposes of business management.

(in Euro thousands)	Seco	SECO NE	Eliminations	Financial Statements
Revenues from sales	147,500	60,980	(10,899)	197,582
Other revenues and income	3,279	1,465	(1,734)	3,010
Costs for services, goods and other operating costs	(96,669)	(37,811)	12,574	(121,906)
Personnel costs	(29,031)	(15,092)	56	(44,067)
Depreciation, amortization & impairments	(19,308)	(5,039)	-	(24,347)
Provisions and write-downs	(43)	(20)	-	(63)
EBIT	5,728	4,483	(2)	10,209
Financial income	5,081	22	(1,727)	3,375
Financial charges	(10,362)	(2,070)	2,303	(10,129)
Exchange gains/(losses)	(1,540)	2	6	(1,533)
Profit/(loss) before taxes	(1,093)	2,436	580	1,923
Income taxes	(1,367)	(319)	259	(1,426)
Profit/(loss) for the year	(2,460)	2,118	839	496

(in Euro thousands)	Seco	SECO NE	Eliminations	Financial Statements
Total non-current assets	285,749	181,733	(166,514)	300,967
Total current assets	164,243	43,076	(22,204)	185,116
Total non-current liabilities	(110,202)	(73,362)	56,563	(127,002)
Total current liabilities	(59,123)	(27,700)	22,207	(64,616)

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

Category	31/12/2025	31/12/2024	Change	Change %
EMEA	146,034	150,746	(4,712)	-3.13%
-of which Italy	72,158	63,501	8,657	13.63%
- of which Germany	47,021	49,553	(2,531)	-5.11%
USA	32,482	18,425	14,057	76.29%
APAC	14,655	12,446	2,209	17.75%
Rest of the world	4,412	1,895	2,517	132.80%
Revenues by region	197,582	183,512	14,070	7.67%

Sales revenue increased from Euro 183,512 thousand in 2024 to Euro 197,582 thousand in 2025, up 7.67% on the previous year.

The sales in the period consolidate the gradual recovery in demand compared to the final two quarters of the previous year.

The movement on the previous year is due to a differing growth mix in the various regions in which the Group operates. In particular: in the USA revenues increased from Euro 18,425 thousand in 2024 to Euro 32,482 thousand in 2025, with the increase stemming from higher sales volumes to existing Group customers operating in the Medical and Industrial Automation sectors. In the APAC area, revenues rose

from Euro 12,446 thousand in 2024 to Euro 14,655 thousand in 2025 as a result of better performances, particularly related to Industrial Automation and Transport sector customers. In the Rest of the World, 2025 revenues amount to Euro 4,412 thousand, increasing on the previous year as a result in particular of the orders from Latin-American customers. Revenues in EMEA in 2025 totaled Euro 146,034 thousand, compared to Euro 150,746 thousand in the previous year, despite the contraction due to the decrease in volumes to customers, particularly within the Vending Segment. Growth was reported in Italy as a result of increased sales volumes to existing customers within the Fitness and Industrial Automation sectors.

Risk management policies

IFRS 7 requires additional disclosure in the financial statements which permits readers to assess:

- the significance of financial instruments with reference to the Balance Sheet and the Group's earnings;
- the nature and amount of risks deriving from financial instruments to which the Group is exposed during the year and at the reporting date, and the manner in which they are managed.

The requirements of the standard supplement the criteria for the recognition, measurement and presentation of financial assets and liabilities in the financial statements contained in IAS 32 "Financial instruments: presentation and disclosure" and IFRS 9 "Financial instruments: recognition and measurement". The present section therefore provides supplementary disclosures as required by IFRS 7.

Group operations are exposed to a series of financial risks which may impact the balance sheet/financial position, the result and the cash flows, through the relative impact on financial instrument transactions. These risks may be summarized as follows:

- a) credit risk;
- b) liquidity risk;
- c) interest rate risk;
- d) exchange rate risk.

Overall responsibility for the creation and supervision of the Group's financial and operating risk management system lies with the Board of Directors. The various organization units functionally responsible for the operational management of each type of risk report to the Board of Directors.

Under guidelines issued by the Board of Director and for each specific risk, these units define the tools and techniques to cover the risks and/or transfer them to third parties (insurance) and evaluate risks neither covered nor insured.

The level of the Group's exposure to the various categories of financial risk identified is commented upon below.

Credit Risk

The Group is exposed to the risk that its customers may be late or not comply with their payment obligations, according to the agreed terms and conditions and that the internal procedures adopted to assess credit standing and the solvency of customers are not sufficient to ensure collection. The occurrence of such risks could have an adverse effect on the Group's financial position, results of operations and cash flows.

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

Category	31/12/2025	31/12/2024
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Trade receivables	39,998	31,886
Current tax assets	10,853	6,974
Other receivables	5,399	4,816
Total	56,250	43,676

To mitigate this risk, considered contained on the approval of the Consolidated Financial Statements in relation to trade receivables from third parties, the Group controls the credit quality of the counterparty based on internal or external ratings and sets credit limits that are monitored regularly.

Liquidity risk

The Group is exposed to the risk of not being able to obtain new loans or the renewal of existing ones on terms that are not worse than those already in place, or it may be unable to meet its covenant commitments under existing loan agreements. Moreover, breach of the covenants provided for in certain existing loan agreements could, in certain cases (due to cross-default clauses), lead to forfeiture of the benefit of the term with respect to other loan agreements. The occurrence of such risks could have a material adverse effect on the Group's financial position, results of operations and cash flows.

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

Category	31/12/2025	Total cash flows	Less than 1 year	Between 1 and 5 years	Beyond 5 years
Non-current financial payables	92,507	92,507	0	90,332	2,175
Non-current financial lease liabilities	6,035	6,035	0	5,960	76
Total non-current financial liabilities	98,543	98,543	0	96,292	2,251
Current financial liabilities	4,695	4,695	4,695	0	0
Current portion of non-current financial liabilities	10,305	10,305	10,305	0	0
Current finance lease liabilities	2,393	2,393	2,393	0	0
Total current financial liabilities	17,394	17,394	17,394	0	0
Total financial liabilities	115,937	115,937	17,394	96,292	2,251

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

In view of the Group's current net debt and its current ability to generate positive cash flows from operating activities, liquidity risk is assessed as low in the economic climate in which the Group finds itself at the time of approving these Consolidated Financial Statements. The Group has credit facilities granted by the banking system, which are adequate in relation to its operating needs.

The Group's cash flows, financing requirements and liquidity are carefully monitored and managed by:

- maintaining an appropriate level of available liquidity;
- diversifying the methods used to raise financial resources;
- arranging appropriate credit facilities;
- monitoring prospective liquidity conditions, in relation to the business planning process.

Interest rate risk

The Group is subject to interest rate fluctuation risk related to its debt. Any changes in interest rates (EURIBOR) could affect the increase or decrease in financing costs.

In the event of significant fluctuations in interest rates, borrowing costs arising from loan agreements could also increase significantly.

The Group regularly assesses its exposure to the risk of changes in interest rates and manages these risks through the use of derivative financial instruments, which are formally designated as hedging relationships. The use of derivative financial instruments is reserved exclusively for the management of exposure to fluctuations in interest rates connected with monetary cash flows.

At December 31, 2025, the following hedging derivatives are outstanding:

Type	ID	Notional contract	Notional at the reporting date	Variable rate	Fixed rate	Maturity	Fair value at December 31, 2025
CAP	MMX_29068750	24,000,000	24,000,000	Euribor 6M	0.20%	11/10/2028	1,455,931.07
CAP	MMX_29068675	16,000,000	16,000,000	Euribor 6M	0.06%	11/10/2027	224,229.26
CAP	43432008	16,000,000	16,000,000	Euribor 6M	0.06%	11/10/2027	224,038.00
CAP	43423339	24,000,000	24,000,000	Euribor 6M	0.20%	11/10/2028	1,453,743.00
CAP	26630416	8,000,000	8,000,000	Euribor 6M	0.06%	11/10/2027	111,870.56
CAP	26630417	12,000,000	12,000,000	Euribor 6M	0.20%	11/10/2028	725,126.60
CAP	134247400000	12,000,000	12,000,000	Euribor 6M	0.20%	11/10/2028	728,460.00
CAP	134246600000	8,000,000	8,000,000	Euribor 6M	0.06%	11/10/2027	112,013.82
Total		124,472,289					5,035,412

Exchange rate risk

The Group also carries out its activities outside the Eurozone. Moreover, the financial statements of foreign subsidiaries outside the EU are drawn up in local currency and converted into Euro. Therefore, the Group is exposed to the risk of significant fluctuations in exchange rates: (i) the so-called economic exchange rate risk, i.e. the risk that revenues and costs denominated in currencies other than the euro take on different values compared to the time at which the price conditions were defined; (ii) the so-called translation exchange rate risk, arising from the fact that SECO - although it prepares its financial statements in euros - holds controlling interests in companies that prepare their financial statements in different currencies and, consequently, carries out translation operations on assets and liabilities expressed in currencies other than the euro.

At the date of preparation of these Financial Statements, the Group does not adopt instruments to hedge fluctuations in exchange rates. In order to manage exchange rate risk, the Group carries out purchase and sale transactions in the same local currency through current accounts opened in the individual countries.

Risk associated with ICT Systems

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

Financial assets and liabilities

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

Financial assets at 31/12/2025	Assets at FVPL	Assets at FVTO	Assets at amortized cost	Total
Non-current financial assets	92	5,035	1,715	6,842
Trade receivables	0	0	40,399	40,399
Other receivables	0	0	5,393	5,393
Total financial assets as per IFRS 7	92	5,035	47,507	52,634

Financial assets at 31/12/2024	Assets at FVPL	Assets at FVTO	Assets at amortized cost	Total
Non-current financial assets	2,095	6,914	1,830	10,839
Trade receivables	0	0	31,886	31,886
Other receivables	0	0	4,816	4,816
Total financial assets as per IFRS 7	2,095	6,914	38,532	47,541

Financial liabilities at 31/12/2024	Assets at FVPL	Assets at FVTO	Assets at amortized cost	Total
Non-current financial lease liabilities	0	0	6,035	6,035
Non-current financial payables	0	0	92,507	92,507
Total non-current financial liabilities	0	0	98,543	98,543
Current financial liabilities	0	0	4,695	4,695
Current finance lease liabilities	0	0	2,393	2,393
Current portion of non-current financial payables	0	0	10,305	10,305
Total current financial liabilities	0	0	17,394	17,394
Trade payables	0	0	34,877	34,877
Other non-current liabilities	0	0	8	8
Other current payables	0	0	9,716	9,716
Total financial liabilities as per IFRS 7	0	0	160,537	160,537

Financial liabilities at 31/12/2024	Assets at FVPL	Assets at FVTO	Assets at amortized cost	Total
Non-current financial lease liabilities	0	0	6,752	6,752
Non-current financial payables	0	0	97,734	97,734
Total non-current financial liabilities	0	0	104,486	104,486
Current financial liabilities	0	0	8,023	8,023
Current finance lease liabilities	0	0	2,358	2,358
Current portion of non-current financial payables	0	0	10,212	10,212
Total current financial liabilities	0	0	20,593	20,593
Trade payables	0	0	31,713	31,713
Other non-current liabilities	0	0	8	8
Other current payables	0	0	10,437	10,437
Total financial liabilities as per IFRS 7	0	0	167,236	167,236

Guarantees provided and other contractual commitments

At December 31, 2025, the Group has not undertaken guarantees or contractual commitments beyond those reflected in the balance sheet.

Disclosure as per Article 1, paragraph 125 of Law No. 124 of August 4, 2017

In relation to the provisions of Article 1, paragraph 125 of Law 124/2017, the following table shows the sums of money received during the financial year by way of grants, contributions, paid assignments and in any case economic benefits of any kind from the public administrations and the entities referred to in paragraph 125 of the same article. They are shown below according to the cash principle.

Company	Grantor	Description	Amount received 2025	Reporting period
SECO S.P.A.	SUSTAINABLE GROWTH FUND	Project grant on the "SECO Edge IoT Services" project	163,026.93	05/2020 - 12/2022
SECO S.P.A.	EUROPEAN UNION	Contribution to "EUPEX" research project	62,197.15	2022-2024
SECO S.P.A.	EUROPEAN UNION	Research grant on "ATTRACT" project	33,187.50	2022-2024
SECO S.P.A.	BIG DATA INNOVATION & RESEARCH EXCELLENCE	Contribution to "ILUMINAS" project	74,869.34	2024-2025
SECO S.P.A.	BIG DATA INNOVATION & RESEARCH EXCELLENCE	Contribution to "POWOPS" project	53,772.58	2024-2025
SECO S.P.A.	FONDO IMPRESA	Training contribution	26,020.00	2025

NOTES TO THE BALANCE SHEET

(1) Property, plants & equipment

Category	31/12/2025	31/12/2024	Change
Land & buildings	5,996	6,134	(138)
Plant & machinery	4,618	5,555	(937)
Other tangible assets	4,038	4,429	(391)
Assets in progress	7,941	1,152	6,789
Total property, plants and equipment	22,593	17,271	5,323

Group Capex in the year totaled Euro 9,161 thousand and mainly concerned "Assets in progress", "Plant and machinery", and "Other tangible assets".

"Assets in progress" increased by Euro 6,841 thousand mainly attributable to the purchase and installation by SECO S.p.A. of a new industrial facility, located in Monte San Savino (AR) and new production lines; "Plant and machinery" and "Other tangible assets", with an increase of Euro 2,320 thousand as a result of the continual R&D investments to support the development of new projects and updating to the latest sector technological standards.

The relative movements in the year are reported below:

	Land and buildings	Plant and machinery	Other tangible assets	Assets in progress	Total
Historical cost 31/12/2024	7,254	15,579	10,439	1,152	34,424
Increases	0	1,346	974	6,841	9,161
Decreases	0	(580)	(37)	(53)	(669)
Historical cost 31/12/2025	7,254	16,345	11,376	7,941	42,916
Accumulated depreciation 31/12/2024	(1,120)	(10,024)	(6,010)	0	(17,153)
Depreciation	(138)	(1,922)	(1,360)	0	(3,420)
Decreases	0	219	31	0	249
Accumulated depreciation 31/12/2025	(1,258)	(11,727)	(7,339)	0	(20,324)
Net value 31/12/2024	6,134	5,555	4,429	1,152	17,270
Net value 31/12/2025	5,996	4,618	4,038	7,941	22,592

(2) Intangible assets

Category	31/12/2025	31/12/2024	Change
Development costs	32,115	29,172	2,943
Software	31,111	33,890	(2,779)
Customer list	27,390	28,710	(1,320)
Other intangible assets	7,987	8,976	(989)
Assets in progress	2,694	1,645	1,049
Total intangible assets	101,297	102,392	(1,096)

The account increased by Euro 18,942 thousand in the year, mainly related to: i) the purchase and introduction of new software, chiefly attributable to the companies SECO S.p.A. and Fannai for a total of Euro 906 thousand, and ii) the recognition under development costs and assets in progress of the costs of projects for "standard products" (catalog products) with long-term utility incurred during the year for Euro 17,908 thousand. The development costs of "custom" products (developed for a specific customer) are fully expensed in the year.

Movements during the period are shown below:

Category	Net value 31/12/2024	Increases	Decreases	Amortization	Net value 31/12/2025
Development costs	29,172	16,671	(1,726)	(12,002)	32,115
Software	33,890	906	0	(3,685)	31,111
Customer list	28,710	0	0	(1,320)	27,390
Other intangible assets	8,976	93	(186)	(896)	7,987
Assets in progress	1,645	1,272	0	(223)	2,694
Total intangible assets	102,392	18,942	(1,912)	(18,126)	101,297

Intangible assets were recognized at purchase or internal production costs, including directly attributable accessory costs, and where amortized on a straight-line basis in relation to their residual possibility of use. The value of fixed assets at the end of the year has been compared with the residual cost of such assets to be amortized, in order to record the lower of these values. There are no intangible assets whose duration can be defined as "indefinite". The Directors have made no changes to the amortization criteria and coefficients applied.

Capitalized costs recognized related to the development activities undertaken by the Group, and refer to development projects during the year. These development costs, which are expected to benefit the Group for several years, are posted to the assets of the balance sheet, as the Group has ascertained that they will be useful in the future, there is an objective correlation between them and the related benefits that the Group will enjoy, and the recoverability of such costs can be reasonably estimated. Development costs for the application of research are related to specific, clearly defined products or processes and are identifiable and measurable. The projects for which research is undertaken, are executable and technically feasible for which the Group has the necessary resources. Finally, these projects are considered recoverable, as the Group expects to earn revenues from them in excess of the costs incurred for the research and other development costs.

Assets in progress includes costs incurred in the present year, or in previous years, for development activities in progress. The projects relate to clearly defined products or processes, which will be useful in the future; there is an objective correlation with the related future benefits to be enjoyed by the company and their recoverability can be estimated with reasonable certainty. These costs relate to development activities (i.e. the application of research results to other knowledge owned or acquired for the production of materials, devices, processes and systems) aimed at a specific standard product.

(3) Right-of-use

Category	31/12/2025	31/12/2024	Change
Land & buildings	7,000	7,372	(372)
Plant & machinery	1,952	2,472	(520)
Depreciation	(0)	(12)	12
Right-of-Use	8,952	9,832	(881)

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

The increases in this account of Euro 2,332 thousand mainly refer to the signing of three new leasing contracts for the acquisition of production machines by SECO S.p.A. and the renewal of the lease agreements for the offices of the subsidiary SECO Mind S.r.l. and the Wuppertal facility of SECO Northern Europe.

Changes in right-of-use in 2025 are presented below:

	Land and buildings	Plant and machinery	Other tangible assets	Total
Historical cost 31/12/2024	12,126	5,901	355	18,383
Increases	1,954	378	0	2,332
Decreases	(414)	0	0	(414)
Reclassifications	(156)	(18)	12	(163)
Historical cost 31/12/2025	13,510	6,261	367	20,138
Accumulated depreciation 31/12/2024	(4,754)	(3,429)	(367)	(8,550)
Depreciation	(1,933)	(880)	0	(2,814)
Decreases	178	0	0	178
Reclassifications	0	0	0	0
Accumulated depreciation 31/12/2025	(6,510)	(4,310)	(367)	(11,186)
Net value 31/12/2024	7,372	2,472	(12)	9,832
Net value 31/12/2025	7,000	1,952	(0)	8,952

(4) Goodwill

Goodwill, in application of IFRS 3, is initially recognized at cost represented by the excess of the total amount paid and the amount recognized for minority interests in respect of the net identifiable assets acquired and the liabilities assumed by the Group. It represents an intangible asset with indefinite life. For each business combination, the Group decides whether to measure the minority interest at fair value or in proportion to the amount held in the identifiable net assets of the investee. The acquisition costs are expensed in the year and classified under service expenses.

Goodwill is not amortized but subjected annually, or more frequently if certain events or changed circumstances indicate the existence of a permanent loss in value, to impairment tests in accordance with IAS 36. After initial recognition, goodwill is measured at cost net of accumulated impairment. When all or part of a previously acquired company (whose acquisition produced goodwill) is sold, the corresponding residual value of goodwill is considered when calculating the capital gains or losses generated by such sale.

Category	31/12/2025	31/12/2024	Change
Goodwill	157,108	157,108	-
Total Goodwill	157,108	157,108	-

The balance at December 31, 2025 remains unchanged compared to the end of the previous year.

The Directors of the Group chose to measure the recoverable value of the Group's assets by way of the discounted cash flow method described below.

The goodwill was allocated to the cash generating units ("CGU") as follows: i) Seco CGU for Euro 23,600 thousand; ii) Seco Northern Europe CGU for Euro 133,509 thousand.

The recoverability of the amounts recorded is verified by comparing the net book value of the cash generating units with the recoverable value (value in use). This recoverable value is represented by the present value of future cash flows that are estimated to derive from the continuous use of the assets referred to the individual cash generating unit and the terminal value attributable to the same. The recoverability of goodwill is tested at least once a year (as of December 31) even in the absence of indicators of impairment.

The main assumptions used by the Group to determine future cash flows, relating to a time horizon of 5 years, and the consequent recoverable value (value in use) refer to:

- the future cash flows expected from the 2026-2030 Business Plans, approved by the Board of Directors on February 5, 2026, using an explicit five-year period to which the estimated terminal value is added;
- the WACC discount rate;
- in addition to the explicit period, a growth rate (g) was estimated.

With regard to revenues and consequent cash flows used by the Group over the explicit forecast period, i.e. 2026-2030, the Group has prepared a bottom-up, not top-down, business plan for the purpose of applying the discounting model. This means that the Group did not start with an analysis of the market, of expected market growth, and of the market share that the Group could achieve in the future because, firstly, there is no clearly defined market for the Group with publicly available data, given that we operate in a highly fragmented niche and in dissimilar segments. The Group develops revenues for the business plan by individual customer based on forecasts of the account manager for each specific customer relationship, and this same process is replicated for all consolidated companies. As such, the calculation of revenues is the result of detailed work by the Group's commercial department, which also includes specific interviews with the customers, and is an approach that we believe to be more accurate than turning to market research, which is not available for our industry segment and too general in nature. In this way, the Group is able to monitor sales performance in detail throughout the plan's timeline.

Revenue development over the 2026-2030 horizon with the above bottom-up approach leads to an expected growth of the CGUs that can be summarized as follows:

CGU #1 SECO:

- Revenue development in all geographical areas of Group operations through penetration of existing customers and the acquisition of new customers; along these lines, the 2026-30 plan calls for a net sales CAGR against the latest financial year (2025) of 9.1%;
- In terms of profitability, the plan execution calls for an EBITDA margin of 17.2% in 2025, rising to 25.4% in the final year of the plan, i.e., 2030. The primary reason for this margin increase can be attributed a different sales mix, with a higher incidence of the higher profitability CLEA software, as well as to leveraging operational efficiency on fixed/semi-variable costs. The Group has, in fact, invested heavily in recent years, and the existing structure is capable of achieving increasing revenue levels with a less than proportional increase in operating costs.

CGU#2 SECO Northern Europe

- Progressive recovery, during the plan period, of revenue levels to pre-2025 which, in line with forecasts, had been affected by the downturn of the German economy and the short/medium-term reduction of expectations from the main customer of this CGU; along these lines, the 2026-30 plan calls for a net sales CAGR against the latest financial year (2025) of 8.9%;
- Increase in revenues from high-margin software/Clea sales and consequent improvement in EBITDA margin from 15.6% achieved in 2025 to 28.4% in 2030; in addition to the sales mix, the increase in profitability is attributable to leveraging the operational efficiency effect on fixed/semi-variable costs of the CGU.

For the discounting of cash flows, the Group adopted a discount rate (WACC) that varies from one CGU to another, reflecting current market valuations of the cost of money and taking account of the specific

risks of the activity and geographical area in which the CGU operates, as well as the execution of the Plan objectives. It should also be noted that, for the purpose of estimating the risk-free rate used to determine the WACC, for all tests of the CGUs defined, the Group has used the average yield on ten-year notes in the region covered by the given CGU over the 6 months prior to the testing date, in continuity with the methods adopted for the 2024 Reporting. The WACC was identified in its post-tax configuration. The latter is equal to the weighted average of the cost of equity, calculated on the basis of the Capital Asset Pricing Model ("CAPM") and the cost of debt capital. As required by IAS 36, the WACC was determined with reference to the sector operating risk and the financial structure of a sample of listed companies comparable in terms of risk profile and business sector. Furthermore, in order to reflect the specific risk of the CGUs subject to testing and their underlying plans, an adjustment factor representing the additional risk was considered in the calculation of the WACC for both CGUs. The decrease in risk-free interest rates has led to a decrease in WACCs for all CGUs under analysis compared to 2024. A comparison of WACC 2025 with 2024 is shown below.

WACC	2025	2024
Seco CGU	9.45%	10.31%
Seco Northern Europe CGU	7.80% / 8.50%	7.40% / 8.20%

In the discounted future cash flow model, a terminal value is included at the end of the cash flow projection period to reflect the residual value that each CGU is expected to generate. The terminal value represents the present value, at the last year of the projection, of all subsequent cash flows calculated as a perpetual annuity, and has been determined using a growth rate (g rate) differentiated by CGU to reflect the different growth potential of each CGU. In order to appropriately take into account the nominal growth expectations for the various CGUs, the g rate was 2.0% for the SECO CGU, while for SECO Northern Europe a g-rate of 2.2% was considered, +0.2 percentage points from the previous year based on the most recent estimates regarding expected medium-term inflation for Germany published, inter alia, by Bundesbank and the International Monetary Fund.

Based on the assumptions described above, the analyses performed show a recoverable amount at December 31, 2025 that is greater than the carrying amount for the SECO and SECO Northern Europe CGUs, as per the following table:

	Carrying amount	Recoverable value	Cover/(Impairment)
Seco CGU	147,515	295,220	147,705
Seco Northern Europe CGU	187,560	192,771	5,212

However, although the Directors consider that the assumptions used are reasonable, there is a possibility that significant changes will occur in any of the key assumptions described above, depending on the nature of the forecasts. Factors that could lead to a reduction include:

- a significant deterioration in actual performance compared to forecasts;
- a deterioration in the operating and financial environment and in the markets in which the Group operates.

To support their assessments Management, with the support of an independent expert in terms of the Seco NE CGU, carried out sensitivity analyses on the results of the test with respect to changes in the basic assumptions (growth rate in the processing of the terminal value and discount rate) that condition the value in use of the CGUs. Specifically, the sensitivity analyses developed were carried out, for each CGU, for values +/- 1% on WACC and +/- 0.5% on g rate. For the SECO CGU, a combined worsening of the WACC by one point and of the G rate by half a point compared to the base scenario would not

result in values below the carrying amount. For the CGU SECO Northern Europe, on the other hand, given the limited cover of the base scenario, any worsening in WACC and growth would result in values below the carrying amount.

Additionally, a sensitivity analysis was carried out on the results of the impairment test by varying the assumptions used with respect to cash flows. This analysis highlights a break-even point relative to the carrying amounts with a reduction of approximately -50.9% and -2.7% respectively for the SECO and SECO NE CGUs, in the forecasted cash flows for each year of the explicit forecast and in the Terminal Value, assuming all other assumptions remain constant.

Based on this analysis, the Directors believe that it is reasonable that the recoverable amount of the CGUs, net of the values already recognized, will not fall below their carrying amount.

Given that, as mentioned above, the recoverable amount was determined based on growth estimates, both in terms of net sales and profitability, the Directors cannot assure, with greater regard to SECO Northern Europe, that there will be no impairment of goodwill in future periods. Given the current economic environment, the various factors used in drawing up the estimates could be revised; the Group will constantly monitor these factors and the existence of impairments.

(5) Non-current financial assets

Category	31/12/2025	31/12/2024	Change
Non-current financial assets	1,807	3,925	(2,118)
Assets for derivative financial instruments	5,035	6,914	(1,878)
Total non-current financial assets	6,842	10,839	(3,996)

Non-current financial assets decreased from Euro 10,839 thousand to Euro 6,842 thousand, mainly due to the impairment of the investment in Laserwall S.r.l. and the Mark to Market value of the interest rate hedges on the medium/long-term loans undertaken by the Group.

The investment held in the company Laserwall S.r.l. (16.87%), operating in the smart cities sector, recognized to the financial statements of SECO S.p.A. at December 31, 2024 for Euro 2,003 thousand and increasing in 2025 for Euro 2,000 thousand as a result of the waiver of receivables, was written down as the company is still in the start-up phase and thus over the short-term shall not generate profits or positive cash flow. Therefore, the Directors decided to fully write down the investment for the purpose of preparing the draft financial statement as of December 31, 2025.

(6) Deferred tax assets

Category	31/12/2025	31/12/2024	Change
Deferred tax assets	2,506	3,051	(545)
Total deferred tax assets	2,506	3,051	(545)

Deferred tax assets, the recognition of which is subject to the reasonable certainty of their recoverability, as assessed by the Directors on the basis of the expected results of Group companies reflected in the business plans, are determined on the basis of the tax rates in force, corresponding to those that will apply when these differences will reverse. It should be noted that tax assets relating to the actuarial valuations of defined-benefit plans and the effects of consolidation adjustments are charged directly to equity. Total deferred tax assets decreased from Euro 3,051 thousand at December 31, 2024 to Euro 2,506 thousand at December 31, 2025, are mainly related to temporary differences on the inventory obsolescence provision.

(7) Other non-current assets

The total of Euro 1,669 thousand at December 31, 2025 (Euro 1,525 thousand at December 31, 2024) mainly includes the tax receivable due beyond one year for Industry 4.0 capital goods and for research and development.

(8) Inventories

Inventories at December 31, 2025 totaled Euro 64,618 thousand, decreasing Euro 8,029 thousand on the previous year. The breakdown of this account is shown in the table below:

Category	31/12/2025	31/12/2024	Change
Raw materials	44,457	55,656	(11,199)
Semi-finished products	14,682	16,063	(1,381)
Finished products	9,451	9,352	99
Advances to suppliers	1,154	1,092	62
Inventory obsolescence provision	(5,126)	(9,515)	4,390
Total Inventories	64,618	72,647	(8,029)

The decrease in the year is principally due to raw materials, as a result of the progressive optimization of stock levels and the scrapping of obsolete materials.

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

The provision decreased by Euro 4,390 thousand compared to December 31, 2024 mainly due to the afore-mentioned utilization related to the aforementioned scrapping of the inventory, mainly related to the Biorespira lung ventilator (for Euro 4,103 thousands), net of the yearly allocation of Euro 115 thousand. The percentage on the gross value of inventories decreased from 11.6% at December 31, 2024, to 7.3% at December 31, 2025.

(9) Trade receivables

Category	31/12/2025	31/12/2024	Change
Trade receivables	41,245	32,538	8,708
Doubtful debt provision	(846)	(652)	(194)
Total trade receivables	40,399	31,886	8,513

Trade receivables at December 31, 2025 amounted to Euro 40,399 thousand, up Euro 8,513 thousand compared to the end of the previous year. This item includes the receivable from the related party Laserwall for €4,633 thousand (€5,015 thousand as of December 31, 2024), subject to a repayment plan providing for monthly installments. Although Laserwall has accumulated some delays in monthly payments during 2025, these were made with continuity, and therefore, at present, there are no elements suggesting that the receivable recorded in the financial statements is not recoverable.

The doubtful debt provision increased by Euro 194 thousand due to the provision for the year.

It is noted that there is one customer whose turnover accounts for more than 10% of total revenue.

(10) Tax receivables

Category	31/12/2025	31/12/2024	Change
VAT	1,605	2,514	(910)
Income taxes	3,964	3,498	466
Others	450	961	(510)

Total tax receivables	6,020	6,974	(954)
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Tax receivables at December 31, 2025 amounted to Euro 6,020 thousand, down Euro 954 thousand compared to the end of the previous year. This decrease is mainly attributable to "VAT" and "Other tax receivables".

(11) Current financial assets

Category	31/12/2025	31/12/2024	Change
Current financial assets	2,030	-	2,030
Total current financial assets	2,030	-	2,030

Current financial assets at December 31, 2025 amount to Euro 2,030 thousand. Current financial assets include short-term and readily liquid financial investments.

(12) Other receivables

Category	31/12/2025	31/12/2024	Change
Advances to suppliers	147	456	(309)
Other receivables	3,842	3,036	806
Prepayments and accrued income	1,403	1,323	80
Total other receivables	5,393	4,816	577

Other receivables at December 31, 2025 amounted to Euro 5,393 thousand and increased Euro 577 thousand on the previous year.

(13) Cash and cash equivalents

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

Category	31/12/2025	31/12/2024	Change
Cash	14	14	(1)
Cash and cash equivalents	61,643	62,571	1,102
Other liquidity	5,000	10,000	(5,000)
Total cash and cash equivalents	66,657	72,586	(3,899)

Refer to the consolidated cash flow statement for an analysis of changes in financial resources.

Other liquidity concerns the two restricted current accounts that can be divested rapidly.

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

(14) Equity

Movements in and breakdown of equity are shown in the Statement of Changes in Consolidated Equity, to which reference should be made.

SHARE CAPITAL - At December 31, 2025, the authorized share capital totaled Euro 1,296,944.48 and was divided into 133,021,117 shares. The paid-up share capital at December 31, 2025 amounted to Euro 1,296,944.48.

LEGAL RESERVE - The legal reserve, amounting to Euro 289 thousand at December 31, 2025 is unchanged compared to December 31, 2024.

SHARE PREMIUM RESERVE - The share premium reserve, amounting to Euro 232,036 thousand at December 31, 2025, remained unchanged from the previous year.

OTHER RESERVES - Other reserves, amounting to Euro 42,059 thousand at December 31, 2025, refer to:

- Euro 27,763 thousand (Euro 48,733 thousand at December 31, 2024) to non-distributable reserves;
- Euro 14,063 thousand (Euro 9,305 thousand at December 31, 2024) to the accounting of the incentive plans granted to employees subject to the retention of the employment relationship at the end of the vesting period (see the paragraph "Incentive plans" for more information);
- negative Euro 4,135 thousand (negative Euro 4,135 thousand at December 31, 2024) to the treasury share purchase plan reserve. The number of treasury shares held by the Company at December 31, 2025 was 522,898 shares, which were tied to the purchase of the shares of the minority shareholders in SECO Mind S.r.l..
- Positive Euro 3,828 thousand (Euro 5,216 thousand at December 31, 2024) to the cash flow hedge reserve.

TRANSLATION RESERVE - The translation reserve, a negative Euro 190 thousand at December 31, 2025, includes exchange differences from the translation of financial statements of foreign subsidiaries.

FTA RESERVE - The First-Time Adoption reserve related to the adoption of international accounting standards, which was negative for Euro 371 at December 31, 2025, is unchanged from December 31, 2024.

RESERVE FOR LOSSES RECORDED IN OCI - The reserve, positive for Euro 299 thousand at December 31, 2025, includes the result of discounting employee benefits.

Description	Amount	Origin/Nature	Possible uses	Quota available	Uses in the three previous years
Share capital	1,296		A	0	
Share premium	232,036		A, B	232,036	
Legal Reserve	289	Profits	B	289	
Extraordinary Reserve	27,763	Profits	A,B,C	27,763	
Cah flow hedge reserve	3,828		E	0	
IAS reserve	14,901	Assessment		14,901	
FTA Reserve	(371)	Assessment		(371)	
Translation reserve	(190)		A,B,C	(190)	
Residual amount distributable	0			0	
Shares in Portfolio	(4,135)			(4,135)	
Total	275,417		-	270,293	0

Key: A: for share capital increase B: for coverage of losses C: for distribution to shareholders D: for other statutory restrictions E: other

Incentive plans

At December 31, 2025, incentive plans have been granted, the main features of which are shown below. These plans provide for the granting of rights for the vesting of shares with regular dividend entitlement, subject to the retention of the employment/management relationship at the end of the

vesting period, in addition to the achievement of any performance objectives. All of the plans fall into the category of equity-settled plans, i.e., involve equity awards.

The main features of the incentive plans can be summarized as follows:

	Management Performance Shares	Management plan 24-27	CEO Plan 24-27 Part A	CEO Plan 24-27 Part B	Management team 24-27
Grant date	30/11/2020	31/08/2023	28/07/2023	28/07/2023	31/08/2024
Vesting period	30/11/2020 - 30/06/2024	31/08/2023 - 31/5/2027	28/07/2023 - 30/04/27	28/07/2023 - 30/04/27	31/08/2024 - 31/07/2027
Period of exercise/allocation	From June 2024	From May 2025, in stages	From April 25, in stages	From April 27	From August 2024, in stages
No. rights	1,000	1,980,000	3,000,000	1,000,000	3,300,000
Fair value	189,054	2,449,588	2,406,130	380,281	4,082,760
Translation reserve	Minimum 1:2.800 Maximum 1:3.200	1:1	1:1	1:1	1:1

Incentive plans are recorded in the financial statements at their fair value in accordance with IFRS 2.

The following is a summary of changes in incentive plans:

	Management 20 Shares	Management Performance Shares	IPO Management Plan	Management plan 24-27	CEO Plan 24-27 Part A	CEO Plan 24-27 Part B	Management team 24-27
Rights in circulation at 01/01/2025	2,500	1,000	4,033,950	1,980,000	3,000,000	1,000,000	3,300,000
Allocated during the year	0	0	0	0	0	0	
Exercised during the year	2,500	0	0	0	0	0	
Expired during the year	0	0	4,033,950	0	0	0	
Rights in circulation at 31/12/2025	0	1,000	0	1,980,000	3,000,000	1,000,000	3,300,000

Non-controlling interest equity

Non-controlling interest equity amounted to Euro 21,743 thousand at December 31, 2025 and consists of minority interests in:

- SECO Asia Limited, which is 49% owned by third parties;
- SECO Microelectronics, 49% owned by third parties;
- Fannal Electronics Co. Ltd, owned 72% by third parties;

Reconciliation Parent Company and Consolidated equity and result

Category	Share capital and reserves	Net Profit	Equity
Equity SECO SpA	(270,932)	6,637	(264,295)
Net result and equity of the consolidated companies	(52,448)	(5,810)	(58,258)
Further consolidation adjustments	0	0	0
Elimination carrying amount of equity investments	137,577	(2,023)	135,554
PPA Fannal Electronics	(2,971)	0	(2,971)
PPA InHand Electronics	(1,656)	0	(1,656)
PPA SECO Mind	(2,269)	0	(2,269)
PPA Garz&Fricke Group	(101,481)	924	(100,557)
PPA Seco BH DOO	(36)	0	(36)
Elimination effects of inter-company transactions	185	(163)	21
Dividends distributed	61	(61)	0
Reserves and profit on non-controlling interests	18,553	3,190	21,743
Group Equity	(275,417)	2,694	(272,723)
Equity attributable to Non-Controlling Interests	(18,553)	(3,190)	(21,743)
Total Equity	(293,969)	(496)	(294,466)

(15) Employee benefits

Category	31/12/2025	31/12/2024	Change
Post-employment benefit provision employees	(3,366)	(3,258)	(109)
Post-employment benefit provision directors	(104)	(471)	367
Total employee benefits	(3,470)	(3,728)	258

The account includes the post-employment benefit payable and the Group's post-employment benefit payable matured by the directors and the employees of the Italian companies at December 31, 2025. The overseas companies do not recognize employee benefits or other components attributable to long-term benefits. The Group is assisted by an expert in actuarial valuation who, with regard to determining the discount rate, made reference to the iBoxx Eurozone Corporates AA 10+ at the valuation date. For the choice of the annual inflation rate, reference was made to the DEF 2025 published on October 2, 2025, which reports a consumption deflator for the years 2026, 2027 and 2028 of 2.0%, 1.8% and 1.8%, respectively. Based on that indicated and the current inflationary trends, it was considered appropriate to utilize a constant inflation rate of 2.0%. The actuarial valuation of post-employment benefits was done on a closed-group basis, i.e. not taking account of new hires over the given time horizon.

During the year, the post-employment benefits for directors related to the mandates up to the previous three-year period (2021-2023) were settled.

(16) Provisions for risks

Category	31/12/2025	31/12/2024	Change
Agent's supplementary indemnity provision	(17)	(107)	90
Others	(1,192)	(1,172)	(20)
Total other risks	(1,209)	(1,279)	70

The total consists of the provision for supplementary indemnity amounting to Euro 17 thousand and "Other", which is mainly composed of the provision for product warranty relating to SECO Northern Europe.

(17) Deferred tax liabilities

At December 31, 2025, deferred tax liabilities totaled Euro 23,772 thousand. The item mainly includes the deferred tax liabilities arising from the purchase price allocation on the transaction for the transfer of the business unit from Camozzi Digital S.r.l and the Garz&Fricke customer list.

(18) Non-current financial payables

Category	31/12/2025	31/12/2024	Change
Non-current financial payables	(92,507)	(97,734)	5,227
Total non-current financial payables	(92,507)	(97,734)	5,227

This item refers to the medium/long-term portion of outstanding loans. In line with market practice for borrowers of similar credit standing, the main financing agreements call for meeting certain financial covenants, based on which the company is committed to meeting certain financial indicators defined by contract, the most significant of which is the ratio of net debt to EBITDA, measured at the consolidated level as defined in the agreements with the lenders. These covenants had been complied with at December 31, 2025.

It should also be noted that: the current and non-current loans payable, contracted by the Company for the acquisition of the Garz & Fricke Group (now renamed SECO Northern Europe), granted by a bank syndicate (Unicredit S.p.A., Intesa San Paolo S.p.A., Banco BPM S.p.A. and Banca Nazionale del Lavoro S.p.A.) for a total value at December 31, 2025 of Euro 94,656 thousand are counter-guaranteed by the shares of the acquired company; the loan (current and non-current) granted by the bank Monte dei Paschi di Siena S.p.A. for a total value as of December 31, 2025 of Euro 1,720 thousand is secured by a mortgage on the building located in Arezzo; the loans (current and non-current) taken out by the Company for the construction of the new production plant at Monte San Savino (AR), granted by Unicredit S.p.A. and Intesa San Paolo S.p.A for a total value at December 31, 2025 of Euro 4,800 thousand, are not counter-guaranteed by secured guarantees.

(19) Non-current financial lease liabilities

Category	31/12/2025	31/12/2024	Change
Non-current financial lease liabilities	(6,035)	(6,752)	717
Total Non-current financial lease liabilities	(6,035)	(6,752)	717

The account refers to the present value of the medium/long term portion of the financial liabilities assumed by the Group as a result of accounting for lease and rental agreements in accordance with IFRS 16.

In 2025, the Group entered into new leasing contracts primarily related to the purchase of production machinery at SECO S.p.A. and the renewal of rental contracts for the offices of the subsidiary Seco Mind S.r.l. and the Wuppertal facility of Seco Northern Europe.

(20) Other non-current payables

Category	31/12/2025	31/12/2024	Change
Other non-current payables	(8)	(8)	0
Total other non-current payables	(8)	(8)	0

Other non-current payables at December 31, 2025 mainly include security deposits and is unchanged on the previous year.

(21) Current financial liabilities

Category	31/12/2025	31/12/2024	Change
Current financial liabilities	(4,695)	(8,023)	3,327
Total current financial liabilities	(4,695)	(8,023)	3,327

The account includes credit lines, current account overdrafts, credit card payables, payables for advances on invoices and short-term loans falling due within one year for operational purposes existing at December 31, 2025.

(22) Current portion of non-current financial payables

Category	31/12/2025	31/12/2024	Change
Current portion of non-current financial payables	(10,305)	(10,212)	(93)
Total current portion of non-current financial payables	(10,305)	(10,212)	(93)

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

(23) Current finance lease liabilities

Category	31/12/2025	31/12/2024	Change
Non-current financial lease liabilities	(2,393)	(2,358)	(35)
Total Non-current financial lease liabilities	(2,393)	(2,358)	(35)

The account includes the present value of installments due within the next 12 months in relation to lease and rental agreements entered in accordance with IFRS 16.

(24) Trade payables

Category	31/12/2025	31/12/2024	Change
Trade payables	(34,883)	(31,713)	(3,170)
Total trade payables	(34,883)	(31,713)	(3,170)

The account includes accounts payable for production supplies, capital expenditures and services received at December 31, 2025. The increase of Euro 3,170 thousand is due to the higher costs incurred to support the sales volumes in the year.

(25) Other current liabilities

Category	31/12/2025	31/12/2024	Change
Accrued liabilities	(869)	(1,381)	511
Payables to social security institutions and personnel	(6,699)	(5,866)	(833)
Other liabilities	(1,170)	(939)	(230)
Advances - contract liabilities	(1,367)	(2,659)	1,292
Total other current liabilities	(10,105)	(10,845)	740

The item decreased by a total of Euro 740 thousand. The decrease is mainly due to the item "Advances - contract liabilities."

(26) Tax payables

Category	31/12/2025	31/12/2024	Change
Income tax payables	(1,591)	(648)	(942)
Tax payables	(643)	(2,179)	1,535
Total Tax payables	(2,234)	(2,827)	593

The account "Income tax payables" includes the tax liabilities recorded in the financial statements of the individual consolidated companies, set aside in relation to the tax charges pertaining to the individual companies on the basis of the applicable national legislation. Amounts due to tax authorities primarily refer to withholding taxes on employee income, severance indemnities and consultants.

NOTES TO THE INCOME STATEMENT

(27) Revenues from sales and services

Category	2025	2024	Change	Change %
EMEA	146,034	150,746	(4,712)	-3.13%
of which Italy	72,158	63,501	8,657	13.63%
- of which Germany	47,021	49,553	(2,531)	-5.11%
USA	32,482	18,425	14,057	76.29%
APAC	14,655	12,446	2,209	17.75%
Rest of the world	4,412	1,895	2,517	132.80%
Revenues by region	197,582	183,512	14,070	7.67%

Sales revenue increased from Euro 183,512 thousand in 2024 to Euro 197,582 thousand in 2025, up 7.67% on the previous year.

The sales in the period consolidate the gradual recovery in demand compared to the final two quarters of the previous year.

The movement on the previous year is due to a differing growth mix in the various regions in which the Group operates. In particular: in the USA revenues increased from Euro 18,425 thousand in 2024 to Euro 32,482 thousand in 2025, with the increase stemming from higher sales volumes to existing Group customers operating in the Medical and Industrial Automation sectors. In the APAC area, revenues rose from Euro 12,446 thousand in 2024 to Euro 14,655 thousand in 2025 as a result of better performances, particularly related to Industrial Automation and Transport sector customers. In the Rest of the World, 2025 revenues amount to Euro 4,412 thousand, increasing on the previous year as a result in particular of the orders from Latin-American customers. Revenues in EMEA in 2025 totaled Euro 146,034 thousand, compared to Euro 150,746 thousand in the previous year, despite the contraction due to the decrease in volumes to customers, particularly within the Vending Segment. Growth was reported in Italy as a result of increased sales volumes to existing customers within the Fitness and Industrial Automation sectors.

(28) Other revenue and income

Other revenues and income amounted to Euro 3,010 thousand in 2025, compared to Euro 3,068 thousand in 2024.

Category	2025	2024	Change	Change %
Operating grant tax credit R&D	793	659	134	20.31%
Capital grant tax credit Industry 4.0	364	394	(30)	-7.57%
Other operating grants	632	1,124	(492)	-43.76%
Other revenues and income	1,221	891	329	36.94%
Total other revenues and income	3,010	3,068	(59)	-1.91%

This account mainly includes:

- the operating grant tax credit for research and development and innovation amounting to Euro 793 thousand;
- the capital grant tax credit for the purchase by SECO S.p.A. of capital goods under "Industry 4.0" amounting to Euro 364 thousand;
- the pro-rata contribution related to the Group's participation in the tenders for the "SAAM SECO AI Apps Market" project for Euro 449 thousand; for the "POWOPS" and "ILUMINAS" projects

carried out with the "BIG DATA INNOVATION & RESEARCH EXCELLENCE" institute for Euro 129 thousand; for the "Attract" project for Euro 33 thousand.

(29) Raw materials, ancillary, consumables and goods

Costs for raw materials, ancillary, consumables and goods amounted to Euro 84,129 thousand in 2025, compared to Euro 78,429 thousand in 2024, increasing by Euro 5,700 thousand. This increase can be attributed to the higher sales volumes compared to the previous year. The level of costs for raw materials, consumables and goods on revenues, net of changes in inventories and non-recurring items, was 46.4% in 2025 compared to 47.3% in 2024. The electronic components market, while having experienced a general stabilization of prices and lead times during the 2025 fiscal year, is subject to possible volatility in certain goods segments.

(30) Service costs

Category	2025	2024	Change
Transport costs	3,433	4,361	(928)
Commission costs	1,051	1,083	(32)
Rentals and operating leases	3,229	3,508	(279)
Maintenance costs	563	423	140
Consultancy costs	7,539	8,472	(933)
Bank charges	103	146	(43)
Administrative and utility costs	2,771	3,116	(346)
Other taxes	510	428	81
Outsourcing costs	2,872	4,947	(2,075)
Marketing costs	1,584	1,771	(187)
Insurance costs	693	588	105
Service costs	24,346	28,843	(4,497)

Service costs amounted to Euro 24,346 thousand in 2025, compared to Euro 28,843 thousand in 2024.

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

- decrease in transport costs to Euro 3,433 thousand in 2025, down Euro 928 thousand compared to the previous year. This decrease is mainly attributable to the North European subsidiary and the parent company;
- decrease in consultancy costs, amounting to Euro 7,539 thousand in 2025; this decrease is mainly attributable to the transaction to cease operations of SECO Mind USA Llc. which took place between Q4 2024 and Q1 2025, in addition to the reduced reliance on external consultancy by the American subsidiary;
- decrease in administrative and utility costs, amounting to Euro 2,771 thousand for the year, down by Euro 346 thousand;
- decrease in outsourcing costs by Euro 2,075 thousand compared to the previous year. This decrease is mainly attributable to a reduction in sales volumes of the North European subsidiary and the streamlining of production cycles in the parent company;

(31) Personnel costs

Category	2025	2024	Change
Salaries and wages	29,677	28,233	1,444
Social security costs	7,605	7,033	572
Post-employment benefit provision	949	1,165	(216)
Other personnel costs	5,836	5,815	21

Total personnel costs	44,067	42,247	1,821
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Personnel costs in 2025 totaled Euro 44,067 thousand, increasing Euro 1,821 thousand compared to the previous year. The increase is mainly due to: (i) the costs related to the expanded Group workforce, for the hire of key figures in 2024 to support the R&D, production and sales development plans; (ii) the recognition of a higher cost for the stock option plans awarded to the management team and employees of the companies of the group.

The average number of employees broken down by category is shown below:

Category	2025	2024
Executives (*)	42	32
White-collar	482	478
Blue-collar	333	340
Average headcount	857	850

(*) The category includes the number of Executives as defined by Italian regulations and the Executives/Managers categories of the overseas companies included in the consolidation scope.

(32) Depreciation, amortization and impairments

Depreciation and amortization at December 31, 2024 decreased from Euro 30,018 thousand in 2024 to Euro 24,347 thousand in 2025, a decrease of Euro 5,671 thousand. The effect of ordinary depreciation and amortization remains substantially stable, the overall reduction in the item is therefore attributable to the absence of extraordinary write-downs in the period under review, which had affected the previous year.

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

The item, amounting to Euro 63 thousand, mainly includes the allowance for losses on trade receivables, in addition to the agent supplementary severance indemnities.

(34) Other operating costs

Category	2025	2024	Change
Directors' fees and related charges	3,390	3,747	(358)
Board of Statutory Auditors' fees	123	112	11
Travel and transfer costs	158	337	(179)
Losses on receivables	54	210	(156)
Other operating costs	2,117	5,619	(3,502)
Total other operating costs	5,842	10,025	(4,183)

Other operating costs totaled Euro 5,842 thousand in 2025, a decrease of Euro 4,183 thousand on 2024. This movement is mainly attributable to: (i) "Other operating costs", which in 2024 included the repayment arising from the tax audit by the Tax Agency on the tax period from 2015 to 2022, which in total related to direct taxes, indirect taxes and tax credits; (ii) "Directors' fees and related charges", which decreased on the previous year for Euro 358 thousand, mainly concerning the recognition of the cost of the stock option plans allocated to directors; (iii) recognition of lower losses on receivables totaling Euro 54 thousand, a decrease of Euro 156 thousand from the previous year.

(35) Financial income and charges

	2025	2024	Change
Financial income	(3,375)	(6,312)	2,937

Total financial income of Euro 3,375 thousand in 2025 decreased Euro 2,937 thousand on the previous year, mainly due to the recognition of lower interest income on hedging derivative contracts. Seco Mind USA LLC. and Piri India Inc. were deconsolidated as they were liquidated in the first half of 2025. This deconsolidation resulted in income of Euro 231 thousand, which was recognized under financial income.

	2025	2024	Change
Interest charges on loans	4,910	7,098	(2,188)
IFRS 16 interest charges	164	168	(5)
Other financial charges	1,053	1,219	(165)
Other financial assets depreciation	4,003	0	4,003
Total financial charges	10,129	8,485	1,644

Total financial charges increased from Euro 8,485 thousand in 2024 to Euro 10,129 thousand in 2025. The increase is mainly due to: the reduction in interest rates on short-term credit lines and medium to long-term bank debt; and the recognition among other financial charges of financial losses related to the full write-down, on a prudential basis, of the investment held in Laserwall S.r.l., a company operating in the smart cities sector, for Euro 4,003 thousand.

(36) Income taxes

Category	2025	2024	Change
IRES	0	0	0
IRAP	141	0	141
Foreign taxes	1,274	2,517	(1,243)
Prior year taxes	(271)	(859)	588
Deferred tax charges	283	(554)	837
Other taxes for the year	0	0	0
Total income taxes	1,426	1,103	323

Current income taxes are determined on the basis of a prudent forecast of such charges, in application of current tax regulations. Income taxes for the year are not calculated on taxable income but on pre-tax profit, net of permanent or long-term tax changes, such as provisions to reserves in suspense for tax purposes permitted by law. The difference between taxes calculated in this way and those on taxable income constitutes, depending on the case, either taxes deferred to future years, as a result of a tax relief regulation and therefore posted to the Provision for taxes, or taxes paid in advance with respect to the year in which they accrue, in accordance with specific tax provisions.

The recognition of deferred taxes is omitted if it can be demonstrated that their payment is unlikely or not due. Deferred tax assets are only recognized where there is reasonable certainty of their recovery. All the above valuations have been determined with a view to the company's continued operation.

The reconciliation to the theoretical rate is shown in the table on the next page:

Category	31/12/2025			31/12/2024		
	Taxable	Rate %	Tax	Taxable	Rate %	Tax
Profit/(loss) before taxes	1,923			(16,560)		
Profit before tax foreign companies	9,242			1,831		
Assessable and theoretical IRES tax	(7,319)	24%	0	(18,391)	24%	0
Temporary differences	5,255			5,255		
Permanent differences	199			199		

Deductible losses	0		0			
ACE deduction	0		0			
Effects of consolidation entries or transition to IAS/IFRS	285		285			
Assessable and actual IRES tax	(1,580)	24%	0	(12,651)	24%	0
<i>Effective tax charge</i>		0.0%			0.0%	
Other tax items						
Actual taxes of foreign Group companies			(1,445)			(3,553)
IRAP taxes	(3,140)	3.9%	0	(3,140)	3.9%	0
Income taxes for the year IRES - IRAP			(1,445)			(3,553)

(37) Basic earnings per share

Category	2025	2024
Group net profit [A]	(2,694)	(21,034)
Number of shares at the beginning of the year	132,976	132,453
Number of shares at the end of the year	133,021	132,976
Weighted average number of shares for basic EPS [B]	132,987	132,976
Basic earnings per share (Euros) [C]=[A]/[B]	0.00	0.00

(38) Diluted earnings per share

Category	2025	2024
Group net profit [A]	(2,694)	(21,034)
Number of shares at the beginning of the year	148,562	137,039
Number of shares at the end of the year including dilutive effect	148,607	148,562
Weighted average number of shares for diluted EPS [B]	148,573	145,812
Diluted earnings per share (Euro) [C]=[A]/[B]	0.00	0.00

As reported in the basis of preparation, diluted earnings per share were calculated by dividing the total earnings per share for the period attributable to holders of the Company's ordinary shares, excluding treasury shares, by the weighted average number of shares outstanding, adjusted to take account of the effects of all dilutive potential ordinary shares.

(39) Consolidated Comprehensive Income Statement

The tax effect relating to other components of the Consolidated Comprehensive Income Statement breaks down as follows:

Category	31/12/2025			31/12/2024		
	Gross value	Tax (Charge)/Benefit	Net value	Gross value	Tax (Charge)/Benefit	Net value
Translation differences	(1,841)	0	(1,841)	1,210	0	1,210
Net gain/(loss) on Cash Flow Hedge	(1,827)	438	(1,388)	(3,278)	787	(2,491)
Discounting employee benefits	146	(37)	109	97	(16)	81
Total comprehensive income	(3,522)	402	(3,120)	(1,971)	771	(1,201)

RELATED PARTY TRANSACTIONS

In accordance with the provisions of IAS 24, the following entities are considered Related Parties: (a) companies that directly or indirectly through one or more intermediate companies, control, or are controlled or are under common control with the reporting entity; (b) associated companies; (c) natural persons who directly or indirectly have voting power in the reporting entity that gives them a dominant influence over the company and their immediate family members; (d) senior executives, i.e. those who have the power and responsibility for planning, directing and controlling the activities of the reporting entity, including directors and officers of the company and the immediate family members of such persons; (e) companies in which any natural person described under (c) or (d) has, directly or indirectly, significant voting power, or over which such person has such power. Case (e) includes undertakings owned by the directors or major shareholders of the reporting entity and undertakings which have a manager with strategic responsibilities in common with the reporting entity.

A list of related parties is provided below, indicating the type of relationship:

Type	List of Related parties	Type and main nature of relationship
Legal person	Consortium Ubiquitous Technologies S.c.a.r.l (CUBIT)	Company 22.5% owned by the Parent Company
Legal person	SECO Northern Europe Holding GMBH	Wholly-owned subsidiary of the Parent Company
Legal person	SECO Northern Europe GMBH	Subsidiary held 27% by the Parent Company and remainder 73% indirect shareholding via the subsidiary SECO Northern Europe Holding GMBH
Legal person	SECO Mind Germany GMBH	Subsidiary of the Parent Company with a 100% indirect shareholding via the subsidiary SECO Northern Europe GMBH
Legal person	e-GITS India Private Ltd. (Chennai, India)	Subsidiary of the Parent Company with a 100% indirect shareholding via the subsidiary SECO Mind Germany GMBH
Legal person	SECO USA, Inc.	Wholly-owned subsidiary of the Parent Company
Legal person	SECO Asia Limited	51% subsidiary owned by the Parent Company
Legal person	SECO Microelectronics Co., Ltd.	Subsidiary of the Parent Company with a 100% indirect equity investment through the subsidiary SECO ASIA Limited
Legal person	Fannal Electronics Co., Ltd	Subsidiary of the Parent Company with a 55% indirect equity investment through the subsidiary SECO ASIA Limited
Legal person	SECO Mind Srl	Wholly-owned subsidiary of the Parent Company
Legal person	PSM Tech S.r.l.	Wholly-owned subsidiary of the Parent Company
Legal person	SECO BH d.o.o.	Wholly-owned subsidiary of the Parent Company
Legal person	Fondo Italiano d'Investimento SGR S.p.A.	4.47% shareholder of the Parent Company
Legal person	7-Industries	11.33% shareholder of the Parent Company
Legal person	DSA S.r.l.	16.51% shareholder of the Parent Company, 100% controlled by Conti Daniele
Legal person	HSE S.r.l.	16.48% shareholder of the Parent Company, 100% controlled by Secciani Luciano
Legal person	HCS S.r.l.	7.34% shareholder of the Parent Company, 50% controlled by Secciani Luciano and 50% by Conti Daniele
Legal person	Camozzi Group S.p.A.	8.27% shareholder of the Parent Company
Legal person	Olivetti S.p.A.	7.73% shareholder of the Parent Company

Legal person	Laserwall S.r.l.	Company 16.87% owned by SECO S.p.A.
Legal person	LAE S.r.l.	Sole Director Massimo Mauri, Director and CEO of the Parent company
Legal person	Simest S.p.A.	49% shareholder of Seco Asia Limited
Legal person	Peter Pan Holding S.r.l.	Company in which the Group's managing director, Massimo Mauri, directly or indirectly holds a stake with voting rights of greater than or equal to 20%.
Legal person	Lomarini & Lomarini Consultants S.r.l.	Company controlled by the director Luciano Lomarini
Legal person	EQValue	Guzzo Pierpaolo, a 37.5% shareholder of the company EQValue S.r.l. and Standing Auditor of the Board of Statutory Auditors of the Issuer;
Legal person	Big Partners S.r.l.	Company in which the Statutory Auditor, Pierpaolo Guzzo, holds a stake with voting rights of greater than or equal to 20%.
Legal person	BC S.a.s.	Company in which the Statutory Auditor, Micaela Badiali, holds a stake with voting rights of greater than or equal to 20%.
Legal person	Badiali & Partners Studio Associato	Company in which the Statutory Auditor, Micaela Badiali, holds a stake with voting rights of greater than or equal to 20%.
Legal person	Cantina La Cava Az. Agr.	Company controlled by the director Kurt Tosja Zywiets
Legal person	Primomarzo S.r.l.	Company controlled by the Company's Independent Director Anna Zattoni
Legal person	Jointly il welfare condiviso S.r.l.	Company controlled by the Company's Independent Director Anna Zattoni
Natural person	Daniele Conti	Chairperson of the Board of Directors of the Parent Company, appointed on 29/04/2024
Natural person	Massimo Mauri	Chief Executive Officer of the Parent Company, appointed on 29/04/2024
Natural person	Claudio Catania	Director of the BoD of the Parent Company, appointed on 29/04/2024
Natural person	Luciano Lomarini	Director of the BoD of the Parent Company, appointed on 29/04/2024
Natural person	Michele Secciani	Director of the BoD of the Parent Company, appointed on 29/04/2024
Natural person	Kurt Tosja Zywiets	Director of the BoD of the Parent Company, appointed on 29/04/2024
Natural person	Valentina Montanari	Independent Director of the BoD of the Parent Company, appointed on 29/04/2024

Natural person	Anna Zattoni	Independent Director of the BoD of the Parent Company, appointed on 29/04/2024
Natural person	Valentina Beatrice Manfredi	Independent Director of the BoD of the Parent Company, appointed on 29/04/2024
Natural person	Paolo Lavatelli	Independent Director of the BoD of the Parent Company, appointed on 29/04/2024
Natural person	Lorenzo Mazzini	Legal representative and Executive Officer for Financial Reporting of the Parent Company
Natural person	Davide Catani	Legal representative and Chief Technology Officer of the Parent Company
Natural person	Vincenzo Difronzo	Legal representative and Chief Sales Officer of the Parent Company
Natural person	Cesare Beolchi	Chairperson of the Board of Statutory Auditors of the Parent Company, appointed on 29/04/2024
Natural person	Pierpaolo Guzzo	Statutory Auditor of the Parent Company, appointed on 29/04/2024
Natural person	Micaela Badiali	Statutory Auditor of the Parent Company, appointed on 29/04/2024
Natural person	Prospero Accogli	Alternate Auditor of the Parent Company, appointed on 29/04/2024
Natural person	Edda Delon	Alternate Auditor of the Parent Company, appointed on 29/04/2024

Transactions carried out with related parties are part of the ordinary course of business of the companies and have been regulated at market conditions. No atypical or unusual transactions were recorded.

The balance sheet and income statement effects of the transactions have been eliminated in the consolidation process. Details of transactions with related parties are provided on the following page.

Balance Sheet accounts	CUBIT S.c.a.r.l	Board of Directors	Board of Statutory Auditors	SB and Internal Committees	Laserwall	Camozzi	Total	Total book value	% on total account items
Non-current financial assets	65	0	0	0	0	0	65	6,842	0.95%
Trade receivables	87	0	0	0	4,633	0	4,720	40,399	11.68%
Other receivables	0	510	0	0	0	0	510	5,393	9.46%
Employee benefits	0	104	0	0	0	0	104	3,470	2.99%
Trade payables	34	0	25	62	0	0	121	34,883	0.35%
Other current payables	0	121	0	0	0	0	121	10,105	1.20%

Income Statement accounts	CUBIT S.c.a.r.l	Board of Directors	Board of Statutory Auditors	SB and Internal Committees	Laserwall	Camozzi	Total	Total book value	% on total account items
Revenues from sales	0	0	0	0	1,926	700	2,626	197,582	1.33%
Other revenues and income	0	0	0	0	27	4	31	3,010	1.03%
Raw materials, ancillaries, consumables and goods	0	0	0	0	0	0	-	84,129	0.00%
Service costs	56	0	0	0	0	0	56	24,346	0.23%
Other operating costs	0	3,192	112	71	0	0	3,376	5,842	57.78%

REMUNERATION OF DIRECTORS, STATUTORY AUDITORS AND INDEPENDENT AUDIT FIRM

The fees in 2025 of the Board of Directors of the parent company totaled Euro 1,280 thousand (Euro 860 thousand in 2024), while those of the Board of Statutory of Auditors totaled Euro 110 thousand (Euro 80 thousand in 2024). The company also recognized a charge of Euro 1,889 thousand in relation to incentive plans.

The fees of the independent audit firm for the audit of the separate financial statements and the consolidated financial statements and for other activities requested of the audit firm totaled Euro 277 thousand in 2025 (Euro 281 thousand in 2024).

DISCLOSURE PURSUANT TO ARTICLE 149 OF THE CONSOB ISSUER'S REGULATION

The following table, prepared pursuant to Article 149-duodecies of the Consob Issuers Regulations, shows the payments made in 2023 for audit and other services provided by the independent auditors and entities associated with them.

Type of service	Service provider	Company	2025 Fees
Audit	Deloitte & Touche S.p.A.	Parent Company	163
	Deloitte Germany	Subsidiaries	90
	Deloitte China	Subsidiaries	16
Certification work	Deloitte & Touche S.p.A.	Parent Company	6
	Deloitte & Touche S.p.A.	Subsidiaries	3
Total			277

SUBSEQUENT EVENTS

It should be noted, in accordance with IAS 10(9), that no events have occurred from December 31, 2025, to the date of approval of this financial report that could have a significant impact on the financial performance or standing as presented herein.

With reference to the events that have affected the Middle Eastern area since the end of February due to the conflict between the USA, Israel, and Iran, please refer to the comments made in the Management Report in the section "Risks and uncertainties".

6. DECLARATION OF THE ANNUAL
FINANCIAL REPORT PURSUANT TO
ARTICLE 81-TER OF CONSOB REGULATION
NO. 11971 OF MAY 14, 1999 AND
SUBSEQUENT AMENDMENTS AND
SUPPLEMENTS

1. The undersigned Massimo Mauri, Chief Executive Officer, and Lorenzo Mazzini, Executive Officer for Financial Reporting, of SECO S.p.A. declare, also in consideration of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:
 - the adequacy considering the company's characteristics and
 - the effective applicationof the administrative and accounting procedures for the drafting of the consolidated annual financial statements for 2025.
2. They also declare that the annual financial report:
 - corresponds to the underlying accounting documents and records;
 - were prepared in accordance with international accounting standards, recognized in the European Union pursuant to EU Regulation No. 1606/2002 of the European Parliament and Council of July 19, 2002;
 - provide a true and fair view of the equity and financial position and of the operating performance of the issuer and of the other companies in the consolidation scope.
3. The Directors' Report includes a reliable analysis on the performance and operating result, in addition to the situation of the Company and of the companies included in the consolidation, together with an outline of the main risks and uncertainties to which they are exposed. The Directors' Report also contains a reliable analysis of the significant transactions with related parties.
4. It is also certified, pursuant to Article 154-bis, paragraph 5-ter, of Legislative Decree No. 58 of February 24, 1998, that the sustainability statement included in the Directors' Report has been prepared:
 - a) in accordance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council of June 26, 2013, and Legislative Decree No. 125 of September 6, 2024;
 - b) with the specifications adopted under Article 8(4) of Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020.

Arezzo, March 23, 2026

Chief Executive
Officer

Executive Officer for Financial
Reporting

Massimo Mauri

Lorenzo Mazzini

SECO

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

**INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014**

**To the Shareholders of
Seco S.p.A.**

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Seco S.p.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Seco S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of the goodwill**Description of the key audit matter**

In the consolidated financial statements as of December 31, 2025, the Group shows goodwill relating to the CGU SECO, for Euro 23,600 thousand, and SECO Northern Europe, for Euro 133,509 thousand.

This Goodwill, in compliance with “IAS36 Impairment of assets”, is not amortized, but is subject to an *impairment test*, at least annually, by comparing the recoverable value of the CGU - determined according to the value in use method - and the book value, which takes into account both goodwill and other tangible and intangible assets allocated to the CGUs.

The impairment test process, prepared by the Management, is complex and it is based on assumptions related to, among other things, the CGU cash flow forecast, and the determination of an appropriate discount rate (WACC) and growth rate (g-rate). The impairment test’s underlying assumptions are, moreover, by their nature, influenced by future expectations about the external market conditions, including those connected to the business, and they depend on factors that may vary over time, this leads to uncertainty in the estimates.

Considering the significance of the carrying amount of the goodwill, the subjectivity and uncertainty of the estimates related to the forecasting of the cash generating unit’s cash flows and the key parameters of the impairment test and the multiplicity and unpredictability of factors that may influence the performance of the markets in which the Group operates, we considered the impairment test a key matter in the audit of the consolidated financial statements.

The illustrative notes of the consolidated financial in the paragraph “Impairment of non-financial assets” and “Use of estimates” describe the management's assessment process. Note (4) “Goodwill” discloses the methods and parameters used by Management for the impairment test, the main assumptions applied in performing the tests, the sensitivity analysis that shows the effects on the result of the test changing the main key factors. In this note, the Directors highlight the percentage reductions in cash flows, for each year of explicit prediction and in terminal value, which would bring the tests to break-even.

Audit procedures performed

We have carried out the following procedures, with the involvement of our experts too:

- Observing and understanding the procedures and relevant controls carried out by the Management for the preparation and approval of the impairment test;
- Obtaining an understanding of the method used by the Management, also with the support of the independent expert for the CGU Seco

Northern Europe, for the determination of the value in use of the cash-generating unit (CGU), analyzing the methods and assumptions used by Management for the preparation of the impairment test;

- analysis of the reasonableness of the main assumptions made in estimating the cash flow forecast and the parameters used by the Management for the impairment test. For this purpose, we examined industry studies and sector analyses and reperformed the methods used by Management to calculate WACC and g-rate;
- Analysis of the actual results compared to the expectations, in order to investigate the nature of the variations and evaluate the reliability of the planning process;
- analysis of the report prepared by the independent expert appointed by Management for the CGU Seco Northern Europe, also evaluating its skills and independence;
- verification of the correct determination of the carrying amount of the assets and liabilities allocated to the CGU;
- verification of the clerical accuracy of the model used to determine the value in use of the CGU;
- verification of the sensitivity analysis carried out by the Management both in terms of increase and decrease of g-rate and WACC and reduction of future cash flows;

Furthermore, we examined the adequacy of the disclosures provided by the Group in the consolidated financial statements as of December 31, 2025 on the impairment test and its compliance with IAS 36.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are 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 to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can 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.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, 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 opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. 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 represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Seco S.p.A. has appointed us on March 1, 2021 as auditors of the Company for the years from December 31, 2021 to December 31, 2029.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Seco S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the “Delegated Regulation”) to the consolidated financial statements as at December 31, 2025, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at December 31, 2025 have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information contained in the explanatory notes to the consolidated financial statements, when extracted from XHTML format in an XBRL instance, may not be reproduced in the same way as the corresponding information displayed in the consolidated financial statements in XHTML format.

Opinions and statement pursuant to art. 14 paragraph 2, sub-paragraphs e), e-bis) and e-ter) of Legislative Decree 39/10 and pursuant to art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Seco S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Seco Group as at December 31, 2025, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to:

- express an opinion on the consistency of the report on operations and of some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the consolidated financial statements;
- express an opinion on compliance with the law of the report on operations, excluding the section related to the consolidated corporate sustainability reporting, and of some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98;
- make a statement about any material misstatement in the report on operations and in some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98.

In our opinion, the report on operations and the specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Seco Group as at December 31, 2025.

In addition, in our opinion, the report on operations and the specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2, sub-paragraph e-ter), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Our opinion on the compliance with the law does not extend to the section related to the consolidated corporate sustainability reporting. The conclusions on the compliance of that section with the law governing criteria of preparation and with the disclosure requirements outlined in art. 8 of the EU Regulation 2020/852 are expressed by another auditor in the assurance report pursuant to art. 14-bis of Legislative Decree 39/10.

DELOITTE & TOUCHE S.p.A.

Signed by
Neri Bandini
Partner

Florence, Italy
March 26, 2026

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

SECO S.p.A.

Independent auditors' limited assurance
report on the consolidated sustainability
statement pursuant to article 14-bis of
Legislative Decree no. 39 of 27 January 2010

Consolidated sustainability
statement at 31 December 2025

This independent auditors' limited assurance report has been translated into English language from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.

Independent auditors' limited assurance report on the consolidated sustainability statement pursuant to article 14-bis of Legislative Decree no. 39 of 27 January 2010

To the shareholders of
SECO S.p.A.

Conclusion

Pursuant to articles 8 and 18, paragraph 1, of Legislative Decree no. 125 of 6 September 2024 (the "Decree"), we have been engaged to perform a limited assurance engagement on the 2025 consolidated sustainability statement of the SECO Group (the "Group") prepared in accordance with article 4 of the Decree, presented in the specific section of the report on operations.

Based on the procedures performed, nothing has come to our attention that causes us to believe that:

- the Group's 2025 consolidated sustainability statement has not been prepared, in all material respects, in accordance with the reporting standards endorsed by the European Commission pursuant to Directive 2013/34/EU (the European Sustainability Reporting Standards, "ESRS");
- the information presented in the "Information according to Article 8 of Regulation 2020/852 (EU Taxonomy Regulation)" section required by article 8 of Regulation (EU) 2020/852 of 18 June 2020 (the "taxonomy regulation") of the consolidated sustainability statement has not been prepared, in all material respects, in accordance with article 8 of the taxonomy regulation.

Basis for conclusion

We have performed the limited assurance engagement in accordance with the Standard on Sustainability Assurance Engagements - SSAE (Italia). The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement.

Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our responsibilities under that standard are further described in the "*Auditors' responsibilities for the limited assurance engagement on the consolidated sustainability statement*" section of our report.

We are independent in accordance with the ethics and independence rules and standards applicable in Italy to sustainability assurance engagements.

Our firm applies International Standard on Quality Management (ISQM Italia) 1 and, accordingly, is required to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have acquired is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of the directors and the board of statutory auditors of SECO S.p.A. for the consolidated sustainability statement

The directors are responsible for designing and implementing the procedures to identify the information included in the consolidated sustainability statement in accordance with the ESRS (the "materiality assessment process") and for the description of these procedures in the "Management of impacts, risks and opportunities - ESRS 2 IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities" section of the consolidated sustainability statement.

The directors are also responsible for the preparation of a consolidated sustainability statement in accordance with article 4 of the Decree, which contains the information identified through the materiality assessment process, including:

- compliance with the ESRS;
- compliance of the information presented in the “Information according to Article 8 of Regulation 2020/852 (EU Taxonomy Regulation)” section with article 8 of the Taxonomy Regulation.

Moreover, the directors are responsible, within the terms established by the Italian law, for designing, implementing and maintaining such internal controls as they determine is necessary to enable the preparation of a consolidated sustainability statement in accordance with article 4 of the Decree that is free from material misstatement, whether due to fraud or error. They are also responsible for selecting and applying appropriate methods to produce disclosures and formulating assumptions and estimates about specific information on sustainability matters that are reasonable in the circumstances.

The board of statutory auditors is responsible for overseeing, within the terms established by the Italian law, compliance with the Decree’s provisions.

Inherent limitations in preparing the consolidated sustainability statement

For the purpose of disclosing forward-looking information in accordance with the ESRS, the Directors are required to prepare such information based on assumptions, described in the consolidated sustainability report, regarding future events and the group’s actions that are not necessarily expected to occur. Actual results are likely to be different from the forecast sustainability information since anticipated events frequently do not occur as expected and the variation could be material.

The information disclosures by the Group about greenhouse gas Scope 3 emissions are subject to more inherent limitations than those on Scope 1 and Scope 2 emissions, given the lack of availability and relative precision of information used for determining both qualitative and quantitative Scope 3 information from value chain.

The information disclosures by the Group about energy consumption are subject to more inherent limitations than other metrics due to the assumptions and estimation methodologies applied.

The information disclosures by the Group about materials used in the production of products are subject to more inherent limitations than other metrics due to the assumptions and estimation methodologies applied.

The information disclosures by the Group about global percentage of employees covered by workers’ representatives are subject to more inherent limitations than other metrics due to the assumptions underlying the estimate.

The information disclosures by the Group about hours worked are subject to more inherent limitations than other metrics due to the assumptions and estimation methodologies applied.

Auditors’ responsibilities for the limited assurance engagement on the consolidated sustainability statement

Our objectives are to plan and perform procedures in order to obtain limited assurance about whether the consolidated sustainability statement is free from material misstatement, whether due to fraud or error, and to issue an assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of intended users taken on the basis of the consolidated sustainability statement.

As part of a limited assurance engagement in accordance with SSAE (Italia), we exercise professional judgement and maintain professional skepticism throughout the engagement.

Our responsibilities include:

- considering risks to identify disclosures where a material misstatement is likely to occur, whether due to fraud or error;

- designing and performing procedures to address disclosures where a material misstatement is likely to occur. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- directing, supervising and performing the limited assurance engagement on the consolidated sustainability statement and assuming full responsibility for the conclusion on the consolidated sustainability statement.

Summary of the work performed

A limited assurance engagement involves carrying out procedures to obtain evidence as a basis for our conclusion.

The procedures performed are based on our professional judgement and include inquiries, primarily of the SECO S.p.A.'s personnel responsible for the preparation of the information presented in the consolidated sustainability statement, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

We have performed the following main procedures:

- we gained an understanding of the Group's business model, strategies and operating environment with regard to sustainability matters;
- we gained an understanding of the processes underlying the generation, recording and management of the qualitative and quantitative information disclosed in the consolidated sustainability statement;
- we gained an understanding of the process adopted by the Group to identify and assess material sustainability-related impacts, risks and opportunities, based on the double materiality principle;
- we identified disclosures where a material misstatement was likely to occur, whether due to fraud or error;
- we designed and performed procedures, based on our professional judgement, to respond to identified risks of material misstatement;
- we gained an understanding of the process adopted by the Group to determine taxonomy-eligible activities and whether they were aligned under the taxonomy regulation and checked the related disclosures presented in the consolidated sustainability statement;
- we checked the consistency of the disclosures contained in the consolidated sustainability statement with those included in the consolidated financial statements pursuant to the applicable financial reporting framework, the underlying accounting records or the accounting management figures;
- we checked the structure and presentation of disclosures included in consolidated sustainability statement in accordance with the ESRS;
- pursuant to article 9-bis, paragraph 8-ter, of Legislative Decree no. 39 of 27 January 2010, exchange with the external auditor in charge of the audit of the Group's consolidated financial statement of any information pertaining to the verification of the elements of connection of the consolidated sustainability statement with the financial statements, necessary for the performance of our engagement;
- we obtained the representation letter.

Bologna, 26 March 2026

BDO Audit Services S.r.l.
Signed in the original by
Annarosa Disarlo
Partner