



***SECO/WARWICK***  
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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1ST–JUNE 30TH 2021

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## I. General information

### 1. Parent

The Parent of the SECO/WARWICK Group (the "Group" or the "SECO/WARWICK Group") is SECO/WARWICK Spółka Akcyjna of Świebodzin (the "Company"). The Company was incorporated on January 2nd 2007 and registered by the District Court for Zielona Góra, 8th Commercial Division of the National Court Register, in the Register of Businesses of the National Court Register under No. KRS 0000271014.

Name:	SECO/WARWICK S.A.
Legal form:	Joint-stock company (spółka akcyjna)
Registered offices:	ul. Sobieskiego 8, 66-200 Świebodzin, Poland
Principal business according to the Polish Classification of Business Activities (PKD):	
	28,21,Z      Manufacture of ovens, furnaces and furnace burners
	25            Manufacture of fabricated metal products, except machinery and equipment
	33            Repair, maintenance, and assembly of machinery and equipment
	46            Wholesale trade, except motor vehicles and motorcycles
	49            Land transport and transport via pipelines
	52            Warehousing and support activities for transportation
	62            Computer programming, consultancy and related activities
	71            Architectural and engineering activities; technical testing and analysis
	72            Scientific research and development
	64,20,Z     Activities of financial holding companies
National Court Register No.	KRS 0000271014
Industry Identification Number (REGON)	970011679

### 2. Duration of the Group

SECO/WARWICK S.A. and other companies of the SECO/WARWICK Group were incorporated to operate for an unlimited period of time, except SECO/WARWICK Retech Thermal Equipment Manufacturing Tianjin Co. Ltd., which was established to operate for 27 years, i.e. until May 5th 2037. The financial statements of all subordinates have been prepared for the same period as the Parent's financial statements, using uniform accounting policies.

### 3. Presented periods

These interim condensed financial statements of the Company cover the three and six months ended June 30th 2021.

Comparative data is presented:

- as at December 31st 2020 – in the case of the consolidated statement of financial position,
- for the period from January 1st to June 30th 2020 and from April 1st to June 30th 2020 – in the case of the interim consolidated statement of comprehensive income,
- for the period from January 1st to June 30th 2020 – in the case of the interim consolidated statement of cash flows,
- for the period from January 1st to June 30th 2020 – in the case of the interim consolidated statement of changes in equity.

### 4. Composition of SECO/WARWICK S.A.'s governing bodies

As at the date of authorisation of these financial statements for issue and as at June 30th 2021, the Management Board of SECO/WARWICK S.A. consisted of:

- Sławomir Woźniak – President of the Management Board
- Bartosz Klinowski – Member of the Management Board
- Earl Good – Member of the Management Board
- Piotr Walasek – Member of the Management Board

As at December 31st 2020, the Management Board of SECO/WARWICK S.A. consisted of:

- Sławomir Woźniak – President of the Management Board
- Jarosław Talerzak – Vice President of the Management Board
- Bartosz Klinowski – Member of the Management Board
- Earl Good – Member of the Management Board
- Piotr Walasek – Member of the Management Board

As at the date of authorisation of these financial statements for issue and as at June 30th 2021 and December 31st 2020, the Supervisory Board of SECO/WARWICK S.A. consisted of:

- Andrzej Zawistowski – Chairman of the Supervisory Board
- Henryk Pilarski – Deputy Chairman of the Supervisory Board
- Jeffrey Boswell – Member of the Supervisory Board
- Marcin Murawski – Member of the Supervisory Board
- Jacek Tucharz – Member of the Supervisory Board

#### Changes in the composition of the Management Board:

On April 27th 2021, the Company received a notice from Mr Jarosław Talerzak, Vice President of the Management Board, of his resignation as Vice President of the Management Board of SECO/WARWICK S.A.

#### Changes in the composition of the Supervisory Board:

In the period from January 1st 2021 to the date of issue of these financial statements, there were no changes in the composition of the Supervisory Board.

### 5. Audit firm

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.  
ul. Inflancka 4A  
00-189 Warsaw, Poland

## 6. Major holdings of shares

Shareholders holding over 5% of total voting rights at the Company's General Meeting as at June 30th 2021 are listed in the table below.

Shareholder	Number of shares	Ownership interest (%)	Number of voting rights	% of total voting rights
SW Holding	3,387,139	32.89%	3,387,139	32.89%
Spruce Holding Limited Liability Company (USA)	1,091,952	10.60%	1,091,952	10.60%
Bleauhard Holdings LLC	594,973	5.78%	594,973	5.78%
Nationale-Nederlanden Otwarty Fundusz Emerytalny	600,000	5.83%	600,000	5.83%
Metlife OFE	577,470	5.61%	577,470	5.61%

The information presented in the table is based on notifications received by the Company from the shareholders under Art. 69 of the Public Offering Act.

From the issue date of the Q1 2021 report, i.e. May 14th 2021, to the issue date of the H1 2021 report, there were no changes in the list of shareholders holding more than 5% of voting rights at the Company's General Meeting.

SECO/WARWICK S.A. holds 1,308,904 treasury shares, representing 12.71% of the share capital. The Company does not exercise voting rights in respect of the treasury shares.

On February 12th 2020, the Extraordinary General Meeting passed Resolution No. 5 to authorise the Company's Management Board to repurchase Company shares listed on the regulated market operated by the Warsaw Stock Exchange. Pursuant to the resolution, the Company will be able to repurchase up to one million shares by December 31st 2021. Shares repurchased by the Company may be cancelled on the basis of a separate resolution of the General Meeting or, upon prior approval by the Company's Supervisory Board, may be held for the purposes of existing or future incentive schemes at the Company or its subsidiaries, for further resale or for any other purpose defined in a resolution of the Company's Management Board.

## 7. Subsidiaries

SECO/WARWICK S.A. is the parent of the following subsidiaries:

- SECO/WARWICK Corporation,
- SECO/WARWICK Rus,
- Retech Systems LLC,
- SECO/WARWICK Retech Thermal Equipment Manufacturing Tianjin Co. Ltd.,
- SECO/WARWICK Germany GmbH,
- SECO/WARWICK Services Sp. z o.o.,
- SECO/WARWICK of Delaware, Inc.,
- Retech Tianjin Holdings LLC,
- SECO WARWICK USA HOLDING LLC,
- SECO VACUUM TECHNOLOGIES LLC,
- SECO/WARWICK Systems and Services India PVT. Ltd.

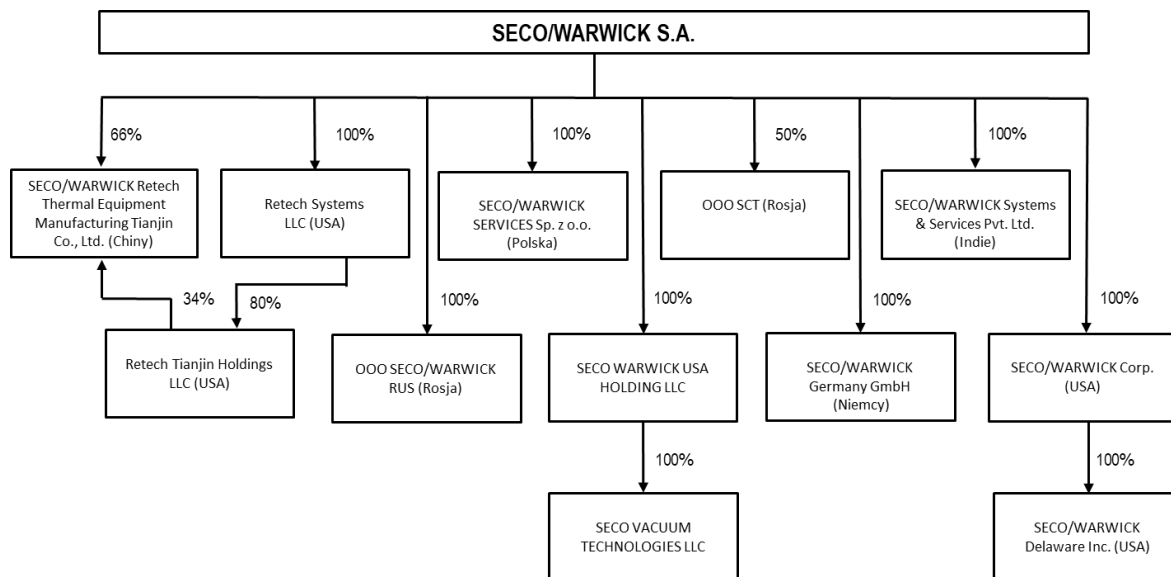
**Changes in the composition of the Group:**

In H1 2021, no other changes took place in the organisational structure of the Group’s business, including changes resulting from merger, acquisition or loss of control of subsidiaries and long-term investments, demerger, restructuring or discontinued operations.

**8. Jointly controlled entities**

OOO SCT (Solnechnogorsk) Russia, in which SECO/WARWICK S.A. holds a 50% interest, conferring the right to 50% of the total voting rights in the company.

**9. Organisation of the Group**



**II. Authorisation of the financial statements**

The Parent's Management Board authorised these interim condensed consolidated financial statements for issue on September 10th 2021.



**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
(PLN '000)

	Note	Jan 1–Jun 30 2021	Jan 1–Jun 30 2020	Apr 1–Jun 30 2021	Apr 1–Jun 30 2019
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue from sale of finished goods and services		217,971	191,250	115,044	91,242
Revenue from sale of merchandise and materials		3,020	1,521	1,605	531
<b>Revenue</b>	1.2	<b>220,991</b>	<b>192,771</b>	<b>116,649</b>	<b>91,773</b>
Cost of finished goods sold and services rendered	3	-170,038	-146,787	-89,133	-67,088
Cost of merchandise and materials sold		-2,574	-1,038	-1,739	-399
<b>Cost of sales</b>	2	<b>-172,612</b>	<b>-147,825</b>	<b>-90,872</b>	<b>-67,486</b>
<b>Gross profit</b>		<b>48,379</b>	<b>44,947</b>	<b>25,776</b>	<b>24,286</b>
Other income	4	1,060	1,618	429	1,254
Distribution costs	3	-13,352	-11,210	-7,219	-5,029
Administrative expenses	3	-25,029	-24,321	-12,660	-12,576
Expected credit losses	4	-177	-518	-205	-518
Other expenses	4	-1,452	-930	-1,102	-194
<b>Operating profit</b>		<b>9,429</b>	<b>9,585</b>	<b>5,019</b>	<b>7,224</b>
Finance income	5	156	3,149	969	236
Finance costs	5	-1,986	-4,050	-2,734	-3,386
Share of net profit/(loss) of equity-accounted jointly controlled entities		-101	-2	-69	31
<b>Profit before tax</b>		<b>7,497</b>	<b>8,683</b>	<b>3,185</b>	<b>4,104</b>
Income tax		-988	-2,799	14	-848
<b>Net profit/(loss)</b>		<b>6,510</b>	<b>5,884</b>	<b>3,199</b>	<b>3,257</b>
<b>Net profit/(loss) attributable to</b>					
Owners of the parent		<b>6,410</b>	<b>5,714</b>	<b>3,201</b>	<b>3,075</b>
Non-controlling interests		100	170	-3	182
<b>OTHER COMPREHENSIVE INCOME:</b>					
<b>Items not to be reclassified to profit/(loss) in subsequent reporting periods</b>					
Actuarial gains/(losses) on a defined benefit pension plan	24	1,578	-1,620	1,578	-1,620
<b>Items which may be reclassified to profit/(loss) in subsequent reporting periods</b>					
Valuation of cash flow hedging derivatives	15	1,293	-1,500	2,642	1,642
Exchange differences on translating foreign operations		1,082	2,639	-2,668	-2,561
Income tax on other comprehensive income		-246	285	-502	-312
<b>Total other comprehensive income, net</b>		<b>3,708</b>	<b>-196</b>	<b>1,050</b>	<b>-2,851</b>
<b>Total comprehensive income</b>		<b>10,218</b>	<b>5,688</b>	<b>4,248</b>	<b>406</b>

**Total comprehensive income attributable to**

Owners of the parent	10,093	5,499	4,280	248
Non-controlling interests	125	188	-32	158

**EARNINGS PER SHARE:**

- basic earnings per share attributable to owners of the parent	0.71	0.57	0.36	0.30
- diluted earnings per share attributable to owners of the parent	0.71	0.56	0.35	0.30

The above information should be read in conjunction with the notes, which form an integral part of these interim condensed consolidated financial statements.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(PLN '000)

	Note	Jun 30 2021 (unaudited)	Dec 31 2020 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	8	53,518	54,331
Right-of-use assets	9	22,327	23,649
Investment property		298	310
Goodwill	13	39,337	38,931
Intangible assets	10	47,069	45,440
Long-term receivables		1,572	677
Derivative financial instruments	15	12	-
Other financial assets		3	3
Deferred tax assets		937	978
		<b>165,073</b>	<b>164,320</b>
<b>Current assets</b>			
Inventories	11	61,822	61,555
Trade receivables	16	58,390	84,842
Income tax assets		899	481
Other short-term receivables	16	12,997	13,222
Derivative financial instruments	15	299	345
Other non-financial assets		2,612	3,181
Contract assets	14	82,955	70,022
Cash and cash equivalents		47,667	52,558
		<b>267,640</b>	<b>286,205</b>
<b>TOTAL ASSETS</b>		<b>432,713</b>	<b>450,525</b>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
(PLN '000)

	Note	Jun 30 2021 (unaudited)	Dec 31 2020 (audited, restated*)
<b>Equity</b>			
Share capital		3,616	3,616
Statutory reserve funds		205,479	201,557
Other components of equity		38,118	37,596
Treasury shares		-22,338	-22,338
Hedging reserve		-477	-1,524
Translation reserve		22,036	20,978
Retained earnings / accumulated losses		-52,402	-51,524
<b>Equity attributable to owners of the parent</b>		<b>194,031</b>	<b>188,361</b>
<b>Non-controlling interests</b>		<b>979</b>	<b>855</b>
		<b>195,011</b>	<b>189,215</b>
<b>Non-current liabilities</b>			
Borrowings	18	9,025	10,690
Lease liabilities		15,290	16,908
Derivative financial instruments	15	10	402
Deferred tax liabilities		17,500	16,617
Employee benefit obligations	24	421	2,173
Contract liabilities	14	1,395	598
		<b>43,640</b>	<b>47,388</b>
<b>Current liabilities</b>			
Borrowings	18	15,847	21,321
Lease liabilities		4,566	4,647
Derivative financial instruments	15	1,658	2,682
Trade payables		54,670	42,961
Other current liabilities	17	12,019	7,693
Employee benefit obligations	24	15,899	14,325
Other provisions	23	9,731	8,056
Contract liabilities	14	79,673	112,237
		<b>194,063</b>	<b>213,922</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>432,713</b>	<b>450,525</b>

\* For details of the presentation change, see Note 19.

The above information should be read in conjunction with the notes, which form an integral part of these interim condensed consolidated financial statements.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

(PLN '000)

	Jan 1–Jun 30 2021	Jan 1–Jun 30 2020
	(unaudited)	(unaudited)
<b>OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	<b>7,497</b>	<b>8,683</b>
<b>Total adjustments:</b>		
Share of net profit/(loss) of jointly controlled entity	101	-2
Depreciation and amortisation	6,321	5,925
Foreign exchange gains/(losses)	154	726
Interest and profit distributions	292	510
Gain/(loss) on investing activities	160	324
Valuation of derivative instruments	-82	1,329
Other adjustments (including management stock options)	1,719	353
<b>Changes in items of the statement of financial position:</b>		
Change in provisions	1,961	2,981
Change in inventories	-138	4,223
Change in receivables	24,124	7,077
Change in current liabilities other than financial liabilities	13,300	-16,056
Change in grants for development projects	-	-362
Change in contract assets and liabilities	-46,345	-15,022
Change in other assets	645	2,312
<b>Cash provided by operating activities</b>	<b>9,708</b>	<b>3,001</b>
<b>Income tax paid</b>	<b>-630</b>	<b>-144</b>
<b>Net cash from operating activities</b>	<b>9,077</b>	<b>2,856</b>
<b>INVESTING ACTIVITIES</b>		
<b>Cash provided by investing activities</b>	<b>1,149</b>	<b>6,780</b>
Proceeds from disposal of intangible assets and property, plant and equipment	1,119	6,742
Other proceeds from financial assets	30	38
<b>Cash used in investing activities</b>	<b>6,578</b>	<b>4,767</b>
Investments in intangible assets and property, plant and equipment	6,578	4,767
<b>Net cash from investing activities</b>	<b>-5,429</b>	<b>2,013</b>
<b>FINANCING ACTIVITIES</b>		
<b>Cash provided by financing activities</b>	<b>793</b>	<b>9,716</b>
Increase in bank borrowings	254	9,397
Grants received	539	319
<b>Cash used in financing activities</b>	<b>9,678</b>	<b>22,162</b>
Repayment of borrowings	7,408	19,725
Payment of lease liabilities	1,903	1,891
Payment of interest	367	546

<b>Net cash from financing activities</b>	<b>-8,885</b>	<b>-12,447</b>
<b>Total cash and cash equivalents, net</b>	<b>-5,237</b>	<b>-7,577</b>
<b>Net change in cash and cash equivalents, including:</b>	<b>-4,875</b>	<b>-7,902</b>
- effect of exchange rate fluctuations on cash held	346	-325
<b>Cash and cash equivalents at beginning of period</b>	<b>52,558</b>	<b>36,595</b>
<b>Cash and cash equivalents at end of period</b>	<b>47,667</b>	<b>28,693</b>

The above information should be read in conjunction with the notes, which form an integral part of these interim condensed consolidated financial statements.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
(PLN '000)

	Share capital	Statutory reserve funds	Other components of equity	Treasury shares	Hedging reserve	Translation reserve	Retained earnings / accumulated losses	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
<i>Note</i>				19						
<b>Equity as at Jan 1 2021</b>	<b>3,616</b>	<b>201,557</b>	<b>37,596</b>	<b>-22,338</b>	<b>-1,524</b>	<b>20,978</b>	<b>-51,525</b>	<b>188,363</b>	<b>853</b>	<b>189,216</b>
Profit for period	-	-	-	-	-	-	6,410	<b>6,410</b>	100	6,510
Other comprehensive income	-	-	-	-	1,047	1,058	1,578	<b>3,683</b>	25	3,708
Total comprehensive income for the year	-	-	-	-	<b>1,047</b>	<b>1,058</b>	<b>7,988</b>	<b>10,093</b>	<b>125</b>	<b>10,218</b>
Management stock options	-	-	522	-	-	-	-	522	-	522
Distribution of profit (dividend)	-	-	-	-	-	-	-4,944	-4,944	-	-4,944
Transfer of retained earnings to statutory reserve funds	-	3,922	-	-	-	-	-3,922	-	-	-
<b>Equity as at Jun 30 2021 (unaudited)</b>	<b>3,616</b>	<b>205,479</b>	<b>38,118</b>	<b>-22,338</b>	<b>-477</b>	<b>22,036</b>	<b>-52,403</b>	<b>194,030</b>	<b>978</b>	<b>195,011</b>
<b>Equity as at Jan 1 2020</b>	<b>3,616</b>	<b>205,773</b>	<b>22,918</b>	<b>-9,107</b>	<b>-161</b>	<b>21,541</b>	<b>-55,462</b>	<b>189,119</b>	<b>475</b>	<b>189,593</b>
Profit for period	-	-	-	-	-	-	5,714	<b>5,714</b>	169	5,884
Other comprehensive income	-	-	-	-	-1,215	2,620	-1,620	<b>-215</b>	19	-196
Total comprehensive income for the year	-	-	-	-	<b>-1,215</b>	<b>2,620</b>	<b>4,094</b>	<b>5,499</b>	<b>188</b>	<b>5,688</b>
Management stock options	-	-	475	-	-	-	-	475	-	475
Transfer of retained earnings to statutory reserve funds	-	10,399	-	-	-	-	-10,399	-	-	-
Capital reserve for repurchase of shares	-	-15,000	15,000	-	-	-	-	-	-	-
<b>Equity as at Jun 30 2020 (unaudited, restated*)</b>	<b>3,616</b>	<b>201,172</b>	<b>38,393</b>	<b>-9,107</b>	<b>-1,375</b>	<b>24,160</b>	<b>-61,767</b>	<b>195,093</b>	<b>663</b>	<b>195,756</b>

\* For details of the presentation change, see Note 19.

The above information should be read in conjunction with the notes, which form an integral part of these interim condensed consolidated financial statements.



**SUPPLEMENTARY INFORMATION TO THE INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED**

**JUNE 30TH 2021**

**BASIS OF ACCOUNTING**

### **I. Basis of accounting**

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, as endorsed by the European Union, and the Regulation of the Minister of Finance on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated March 29th 2018 (the "Regulation").

These interim condensed consolidated financial statements do not include all the information and disclosures required to be included in full-year financial statements prepared in accordance with EU IFRS, and should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31st 2020, authorised for issue on April 22nd 2021.

### **II. Going concern assumption and comparability of accounts**

These interim condensed consolidated financial statements have been prepared on the assumption that the Group companies will continue as going concerns in the foreseeable future comprising a period no shorter than 12 months from the end of the most recent reporting period, i.e. June 30th 2021.

As at June 30th 2021, the Company's Management Board carried out an analysis of the Company's ability to continue as a going concern, taking into account the COVID-19 pandemic as well as other factors, including the current order book, projected cash flow estimates, the amount of working capital, debt and available credit facilities. Based on the analysis, the Management Board did not identify any material uncertainty as to the Company's ability to continue as a going concern for at least 12 months from the reporting date.

### **III. Events which have not but should have been disclosed in the accounting books for the reporting period**

By the date of preparation of these interim condensed consolidated financial statements for H1 2021, no events occurred which have not but should have been disclosed in the accounting records for the reporting period. No material events related to prior years have been disclosed in these financial statements.

### **IV. Basis of consolidation**

In the six months ended June 30th 2021, there were no changes in the Group's composition relative to December 31st 2020 or in the basis of consolidation.

### **V. Applied accounting policies, including methods of measurement of assets, equity and liabilities, income and expenses**

These interim condensed consolidated financial statements have been prepared based on a historical cost approach, except with respect to financial derivatives, which are measured at fair value.

These interim condensed consolidated financial statements are presented in the Polish złoty ("PLN") and, unless specified otherwise, all amounts are given in thousands of PLN. Exchange differences on translating items of the statement of financial position are calculated as differences between the exchange rates applicable to the opening and closing balance.

The accounting policies applied in the preparation of these interim condensed consolidated financial statements are consistent with the policies applied in the preparation of the Group's full-year consolidated financial statements for the year ended December 31st 2020, except for the application of new or amended standards and interpretations effective for annual periods beginning on or after January 1st 2021.

Other new or amended standards and interpretations which have been applied for the first time in 2021 do not have a material effect on the Group's interim condensed consolidated financial statements.



## **VI. Material judgements and assumptions**

Material judgements made by the Management Board in applying the Group's accounting policies and key sources of estimation uncertainty are the same in these interim condensed consolidated financial statements as those presented in Section VIII of the 2020 consolidated financial statements.

## **VII. Changes in accounting policies**

Save for the changes described below and resulting from the introduction of new standards effective for reporting periods beginning on or after January 1st 2021, the same accounting policies as described in the consolidated financial statements prepared as at and for the year ended December 31st 2020 have been applied by the Group in the preparation of these interim condensed consolidated financial statements.

These financial statements have been prepared in accordance with IFRSs as endorsed by the EU, issued and effective for reporting periods beginning on or after January 1st 2021.

### **1. New standards, interpretations and amendments to existing standards effective in 2021**

#### **1.1. Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*, IFRS 4 *Insurance Contracts*, and IFRS 16 *Leases: Interest Rate Benchmark Reform***

The purpose of the amendments is to facilitate the provision of financial statements to users and to assist entities preparing IFRS-compliant financial statements to provide useful information in a case where changes are made to contractual cash flows or hedging relationships as a result of the transition to an alternative benchmark interest rate. The amendments provide for a practical expedient for certain changes in contractual cash flows and exemption from certain hedge accounting requirements.

The amendments had no material effect on the Group's financial statements.

#### **1.2. Amendments to IFRS 4 *Insurance Contracts***

The amendments extend the temporary exemption from applying IFRS 9 *Financial Instruments* by two years, to annual periods beginning on January 1st 2023, to align it with the first-time application of IFRS 17 *Insurance Contracts*, which will replace IFRS 4 *Insurance Contracts*.

The amendments had no effect on the Group's financial statements.

### **2. New standards, interpretations and amendments to existing standards which are not yet effective and have not been adopted early by the Group**

## Standards and interpretations endorsed by the European Union which were not yet effective for annual periods beginning on January 1st 2021

Standards and interpretations	Type of expected change in accounting policies	Possible effect on the financial statements
<p>Amendments to IFRS 3 <i>Business Combinations</i>, IAS 16 <i>Property, Plant and Equipment</i>, IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>, and Annual Improvements to IFRSs 2018–2020 Cycle (effective for annual periods beginning on or after January 1st 2022; early application is permitted)</p>	<p>The package of amendments contains three minor amendments to the standards:</p> <ul style="list-style-type: none"> <li>Amendments to IFRS 3 <i>Business Combinations</i>, which update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations;</li> <li>Amendments to IAS 16 <i>Property, Plant and Equipment</i>, which prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use; instead, the company will recognise such sale proceeds and related cost in profit or loss for the period;</li> <li>Amendments to IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>, which specify which costs a company should include when assessing whether a contract will be loss-making.</li> </ul> <p>The package also contains Annual Improvements to IFRSs 2018–2020 Cycle, which explain the terminology used and correct minor inconsistencies, omissions or contradictions between the requirements of IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i>, IFRS 9 <i>Financial Instruments</i>, IAS 41 <i>Agriculture</i>, and illustrative examples in IFRS 16 <i>Leases</i>.</p>	<p>The amendments are not expected to have a material effect on the Group's financial statements.</p>

## Standards and interpretations not yet endorsed by the EU

Standards and interpretations not yet endorsed by the EU	Type of expected change in accounting policies	Possible effect on the financial statements
<p>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates</i>)</p> <p>(The International Accounting Standards Board has decided to indefinitely postpone endorsement of these amendments)</p>	<p>The amendments clarify that in the case of a transaction with an associate or joint venture, the extent to which the gain or loss related to the transaction should be recognised depends on whether the assets sold or contributed to the associate or joint venture constituted a business:</p> <ul style="list-style-type: none"> <li>the gain or loss is recognised in full where the contributed assets meet the definition of a business (irrespective of whether such business has the form of a subsidiary or not);</li> <li>the partial gain or loss recognition is required when the transaction involves assets that do not constitute a business, even if those assets were part of a subsidiary.</li> </ul>	<p>The Group does not expect the amendments to have a material effect on its financial statements.</p>
<p>IFRS 17 <i>Insurance Contracts</i> (effective for annual periods beginning on or after</p>	<p>IFRS 17 replaces the transitional IFRS 4 <i>Insurance Contracts</i> introduced in 2004. IFRS 4 allowed entities to continue the recognition of insurance contracts in accordance with the</p>	<p>The Group does not expect the Standard to have a material effect on its financial statements as the</p>

Standards and interpretations not yet endorsed by the EU	Type of expected change in accounting policies	Possible effect on the financial statements
<p>January 1st 2023; prospective application, with early application permitted)</p> <p>The standard has not yet been endorsed by the EU</p>	<p>local accounting policies based on national standards, which resulted in the application of many different solutions.</p> <p>IFRS 17 solves the comparability problem created by IFRS 4 by requiring consistent recognition of all insurance contracts, to the benefit of both investors and insurers. Contractual obligations will be recognised at present value rather than historical cost.</p>	<p>Group does not operate in the insurance sector.</p>
<p>Amendments to IAS 1 <i>Presentation of Financial Statements – Classification of Liabilities as Current or Non-current</i> (effective for annual periods beginning on or after January 1st 2023; early application is permitted)</p> <p>The amendments have not yet been endorsed by the EU</p>	<p>The amendments clarify that the classification of liabilities as current or non-current should be based solely on the Group's right that is in existence at the end of the reporting period to defer settlement of a given liability. The right to defer settlement of a liability by at least 12 months from the reporting date does not need to be unconditional, but must have substance. Such classification is not affected by the management's intentions or expectations about whether and when the entity will exercise its right. The amendments also provide clarifications as to events which are deemed settlement of a liability.</p>	<p>The amendments are not expected to have a material effect on the Group's financial statements.</p>
<p>Amendments to IAS 1 <i>Presentation of Financial Statements</i> (effective for annual periods beginning on or after January 1st 2023; early application is permitted)</p> <p>The amendments have not yet been endorsed by the EU</p>	<p>Amendments to IAS 1 require entities to disclose their material accounting policies rather than significant accounting policies.</p>	<p>The amendments are not expected to have a material effect on the Group's financial statements.</p>
<p>Amendments to IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> (effective for annual periods beginning on or after January 1st 2023; early application is permitted)</p> <p>The amendments have not yet been endorsed by the EU</p>	<p>The amendments introduce a definition of accounting estimates and contain other amendments to IAS 8 explaining how to distinguish between a change in accounting policies and a change in accounting estimates. This distinction is very important because changes in accounting policies must be applied, as a rule, retrospectively, while changes in accounting estimates are accounted for in the period when they are made.</p>	<p>The amendments are not expected to have a material effect on the Group's financial statements.</p>

In these consolidated financial statements the Group did not elect to early adopt any of the standards, interpretations or amendments that have been issued but are not yet effective as not yet endorsed by the European Union.

#### Other

No new standards or interpretations were issued by the date of these financial statements in 2021. The amendments to standards and interpretations made in 2021 did not have a material effect on the accounting policies applied by the Group.

The Management Board does not expect any other amendments to the standards and interpretations to have any material bearing on the accounting policies applied by the Company.



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED**  
**JUNE 30TH 2021**

**Note 1. REVENUE**

Revenue from sales and total revenue and income of the Group:

Item	Jan 1–Jun 30 2021	Jan 1–Jun 30 2020	Apr 1–Jun 30 2021	Apr 1–Jun 30 2020
Revenue from sale of finished goods and services	217,971	191,250	115,044	91,241
- including revenue recognised over time	187,898	151,668	95,466	78,471
Revenue from sale of merchandise and materials	3,020	1,521	1,605	530
<b>TOTAL revenue</b>	<b>220,992</b>	<b>192,771</b>	<b>116,648</b>	<b>91,771</b>

Revenue by geographical markets:

Item	Jan 1–Jun 30 2021	Jan 1–Jun 30 2020	Apr 1–Jun 30 2021	Apr 1–Jun 30 2020
European Union	44,067	59,327	21,060	26,713
Commonwealth of Independent States	36,032	17,347	15,600	10,570
USA	56,628	58,982	34,400	27,663
Asia	71,767	51,007	41,186	25,756
Other	12,499	6,108	4,401	1,067
<b>TOTAL revenue</b>	<b>220,992</b>	<b>192,771</b>	<b>116,648</b>	<b>91,771</b>

All revenue is recognised by the Group in accordance with IFRS 15.

## Note 2. OPERATING SEGMENTS

The SECO/WARWICK Group's principal business activity consists in manufacture of four key groups of products: vacuum furnaces, atmosphere furnaces, aluminium heat treatment systems and metallurgy equipment used for melting, and vacuum casting of metals and specialty alloys. In accordance with the Company's management accounts, a separate aftersales segment has also been identified. The Group's operations are divided into five core business segments corresponding to the product groups:

### Vacuum Furnaces (Vacuum)

Vacuum furnaces have multiple applications in a number of industries, including machine tool, aviation, power, electrical engineering, medical equipment, automotive and specialised industries. Vacuum furnaces are used in a wide variety of processes, such as heat treatment of steel and alloys, brazing, sintering, and degassing.

### Melting furnaces

Vacuum melting furnaces are used in the metallurgical industry for consolidation, smelting and refining of specialty metals, including reactive metals (e.g. titanium, zirconium) and heat-resistant metals (e.g. tantalum). Their physical properties require processing in technologically advanced equipment and in high vacuum conditions.

A separate group of melting furnaces are melting and holding furnaces used for the manufacture of precision castings (such as components of jet engines, power turbines and medical implants).

### Atmosphere Furnaces (Thermal)

Atmosphere furnaces are widely used in the process of thermal and thermochemical treatment of steel and metals in protective atmospheres for improved hardness. Atmosphere furnaces designed for thermochemical treatment are used for gas carburising, gas nitriding and in other processes. Such furnaces are used chiefly in the automotive and metal industries, including for the manufacturing of roller bearings, as well as in commercial hardening plants and specialty industries.

On October 1st 2020, following a review of the solutions offered in the ATM segment, a decision was made to wind up the ATM segment and most of the segment's technologies were transferred to other business units.

#### **Aluminium heat treatment systems (Aluminium Process)**

The Aluminium Process solutions offered by the Group are used in the manufacturing of aluminium sheet for the automotive and aviation industries, as well as for the manufacturing of packaging foil for multiple applications. Aluminium Process systems are also used to heat treat aluminium castings. CAB systems are used primarily in the automotive industry for brazing of heat exchangers mounted in passenger cars and heavy goods vehicles (charge air coolers, air conditioning evaporators and condensers, oil coolers, etc.). Outside the automotive industry, CAB processes are used in the manufacture of IC radiators, steam condensers for CHP plants, exhaust gas heat exchangers for power generators, etc.

#### **Aftersales**

The Aftersales segment offers conversion, upgrades, modification and repairs of customer-owned equipment, including equipment manufactured by third parties. This segment also includes sale of spare parts and all aftersale services.

In the case of the business lines (vacuum furnaces, melting furnaces, atmosphere furnaces, aluminium heat treatment lines), contracts with customers provide for the design, manufacture and installation of metal heat treatment equipment, as well as sale of spare parts and maintenance services.

Equipment of this type is often dependent on the customer's infrastructure, such as existing units and foundations. Furthermore, the design process of a unit is highly complex given the need to set up the equipment parameters in line with the customer's expectations.

Therefore, the vast majority of the four segments' revenue is recognised over the term of contract performance. In the case of aftersales, a material portion of revenue is recognised upon service completion or product transfer.

Jan 1–Jun 30 2021	Vacuum Furnaces	Atmosphere Furnaces (Thermal)	Aluminium Process	Melting Furnaces	Aftersales	Total	Other	Total
<b>Total segment revenue</b>	64,211	1,704	47,364	64,985	42,709	220,973	18	220,991
Sales to customers accounting for 10% or more of revenue	-	-	-	-	-	-	-	-
<b>Total segment expenses</b>	-48,994	-3,491	-36,679	-51,532	-31,741	-172,437	-175	-172,612
<b>Gross profit/(loss)</b>	15,217	-1,787	10,685	13,454	10,968	48,536	-157	48,379

Apr 1–Jun 30 2021	Vacuum Furnaces	Atmosphere Furnaces (Thermal)	Aluminium Process	Melting Furnaces	Aftersales	Total	Other	Total
<b>Total segment revenue</b>	37,200	-389	24,532	32,834	22,454	116,631	18	116,649
Sales to customers accounting for 10% or more of revenue	-	-	-	-	-	-	-	-
<b>Total segment expenses</b>	-28,068	-1,249	-19,160	-24,736	-17,589	-90,802	-70	-90,872
<b>Gross profit/(loss)</b>	9,132	-1,638	5,372	8,098	4,865	25,828	-52	25,776

Jan 1–Jun 30 2020	Vacuum Furnaces	Atmosphere Furnaces (Thermal)	Aluminium Process	Melting Furnaces	Aftersales	Total	Other	Total
<b>Total segment revenue</b>	50,993	14,239	25,904	57,139	44,503	192,777	-6	192,771
Sales to customers accounting for 10% or more of revenue	-	-	-	-	-	-	-	-
<b>Total segment expenses</b>	-38,678	-12,600	-18,553	-47,480	-29,025	-146,336	-1,489	-147,825
<b>Gross profit/(loss)</b>	12,315	1,639	7,351	9,659	15,478	46,442	-1,495	44,947

Apr 1–Jun 30 2020	Vacuum Furnaces	Atmosphere Furnaces (Thermal)	Aluminium Process	Melting Furnaces	Aftersales	Total	Other	Total
<b>Total segment revenue</b>	23,275	4,644	7,787	34,789	21,283	91,779	-6	91,773
Sales to customers accounting for 10% or more of revenue	-	-	-	-	-	-	-	-
<b>Total segment expenses</b>	-18,142	-3,785	-5,202	-27,712	-13,049	-67,890	404	-67,486
<b>Gross profit/(loss)</b>	5,133	859	2,585	7,077	8,234	23,888	398	24,286



### Note 3. OPERATING EXPENSES

<b>OPERATING EXPENSES, BY NATURE OF EXPENSE</b>	<b>Jan 1–Jun 30 2021</b>	<b>Jan 1–Jun 30 2020</b>	<b>Apr 1–Jun 30 2021</b>	<b>Apr 1–Jun 30 2020</b>
Depreciation and amortisation	6,321	5,925	3,118	3,185
Raw materials and consumables used	104,417	86,559	58,938	45,404
Services	35,466	25,907	16,809	11,161
Taxes and charges	869	902	446	373
Salaries and wages	40,649	38,616	20,256	16,924
Social security and other benefits	10,280	8,922	5,028	3,459
Other expenses	7,331	7,853	3,113	5
<b>Total operating expenses, including:</b>	<b>205,332</b>	<b>174,683</b>	<b>107,709</b>	<b>80,512</b>
Distribution costs	-13,352	-11,210	-7,219	-5,029
Administrative expenses	-25,029	-24,321	-12,660	-12,576
Change in products	6,767	11,072	3,047	5,855
Cost of work performed by entity and capitalised	-3,681	-3,438	-1,744	-1,674
<b>Cost of products sold and services rendered</b>	<b>170,038</b>	<b>146,787</b>	<b>89,133</b>	<b>67,088</b>

### Note 4. OTHER INCOME AND EXPENSES

<b>OTHER INCOME</b>	<b>Jan 1–Jun 30 2021</b>	<b>Jan 1–Jun 30 2020</b>	<b>Apr 1–Jun 30 2021</b>	<b>Apr 1–Jun 30 2020</b>
Gain on disposal of property, plant and equipment	-	314	-	350
Licence revenue	-	206	-	103
Penalties and compensation received	9	83	25	-
Income from lease of property, plant and equipment and investment property	439	497	241	308
Grant for development work	-	341	-	171
Impairment losses on property, plant and equipment	8	3	8	3
Accounting for lease liabilities in connection with return of cars	281	70	155	70
Other	324	104	-	249
<b>Total other income</b>	<b>1,060</b>	<b>1,618</b>	<b>428</b>	<b>1,254</b>

<b>OTHER EXPENSES</b>	<b>Jan 1–Jun 30 2021</b>	<b>Jan 1–Jun 30 2020</b>	<b>Apr 1–Jun 30 2021</b>	<b>Apr 1–Jun 30 2020</b>
Inventory write-downs	817	357	507	7
Loss on disposal of property, plant and equipment	198	-	198	-
Court expenses, compensation/damages, penalties	2	66	-	28
Cost related to income from lease of property, plant and equipment	289	210	150	105

Donations	2	10	1	10
Other	145	287	246	42
<b>Total other expenses</b>	<b>1,452</b>	<b>930</b>	<b>1,102</b>	<b>194</b>

<b>Expected credit losses</b>	<b>Jan 1–Jun 30 2021</b>	<b>Jan 1–Jun 30 2020</b>	<b>Apr 1–Jun 30 2021</b>	<b>Apr 1–Jun 30 2020</b>
Impairment of receivables	86	518	114	518
Impairment of contract assets	91	-	91	-
<b>Total expected credit losses</b>	<b>177</b>	<b>518</b>	<b>205</b>	<b>518</b>

#### Note 5. FINANCE INCOME AND COSTS

<b>FINANCE INCOME</b>	<b>Jan 1–Jun 30 2021</b>	<b>Jan 1–Jun 30 2020</b>	<b>Apr 1–Jun 30 2021</b>	<b>Apr 1–Jun 30 2020</b>
Interest income	153	159	65	66
Net gain on derivative instruments	-	-	746	-
Net foreign exchange gains	-	2,821	-	-
Other	2	170	158	170
<b>Total finance income</b>	<b>156</b>	<b>3,149</b>	<b>969</b>	<b>236</b>

<b>FINANCE COSTS</b>	<b>Jan 1–Jun 30 2021</b>	<b>Jan 1–Jun 30 2020</b>	<b>Apr 1–Jun 30 2021</b>	<b>Apr 1–Jun 30 2020</b>
Interest paid	418	569	232	225
Interest on leases	270	359	98	186
Net loss on derivative instruments	481	3,007	-	1,268
Net foreign exchange losses	607	-	2,406	1,636
Other	212	115	-	73
<b>Total finance costs</b>	<b>1,986</b>	<b>4,050</b>	<b>2,734</b>	<b>3,386</b>

#### Note 6. INCOME TAX

In the six months ended June 30th 2021, the effective tax rate was 13%, while in the corresponding period ended June 30th 2020 it stood at 32%. The difference is due mainly to the fact that a major part of the subsidiaries reported tax losses on which no deferred tax assets were recognised as the possibility of utilising the losses in the future was viewed as uncertain. In the current year, a major part of the companies reported profits but did not recognise any income tax as they utilised the tax losses.

#### Note 7. IMPAIRMENT LOSSES AND WRITE-DOWNS

<b>Impairment losses and write-downs as at</b>	<b>Jun 30 2021</b>	<b>Dec 31 2020</b>
Trade receivables	14,558	14,497
Goodwill	44,946	44,946
Inventories	8,677	8,010
Contract assets	432	341

Property, plant and equipment	4	4
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<b>IMPAIRMENT LOSSES ON TRADE RECEIVABLES</b>	<b>Jun 30 2021</b>	<b>Dec 31 2020</b>
<b>At beginning of period</b>	<b>14,497</b>	<b>15,174</b>
Increase	86	503
Reversal (-)	-	-1,140
Use (-)	-	-
Net exchange differences on translating financial statements into presentation currency	-25	-41
<b>At end of period</b>	<b>14,558</b>	<b>14,497</b>

#### **Note 8. PROPERTY, PLANT AND EQUIPMENT**

<b>Property, plant and equipment</b>	<b>Jun 30 2021</b>	<b>Dec 31 2020</b>
Land	32	32
Buildings and structures	32,351	28,700
Machinery and equipment	16,541	17,999
Vehicles	871	1,001
Other	3,088	3,196
<b>Total</b>	<b>52,882</b>	<b>50,927</b>
Property, plant and equipment under construction	636	3,404
<b>Total property, plant and equipment</b>	<b>53,518</b>	<b>54,331</b>

The increase in the value of buildings and structures follows from upgrades made by Retech Systems LLC.

#### **Note 9. RIGHT-OF-USE ASSETS**

<b>Right-of-use assets</b>	<b>Jun 30 2021</b>	<b>Dec 31 2020</b>
Land	2,547	2,565
Buildings and structures	11,758	12,478
Machinery and equipment	3,753	3,845
Vehicles	4,269	4,761
<b>Right-of-use assets</b>	<b>22,327</b>	<b>23,650</b>

#### **Note 10. INTANGIBLE ASSETS**

<b>Intangible assets</b>	<b>Jun 30 2021</b>	<b>Dec 31 2020</b>
Patents and licences, software	6,546	6,162
Development expenditure	39,714	38,336

Other intangible assets	809	942
<b>Total intangible assets</b>	<b>47,069</b>	<b>45,440</b>

The increase in intangible assets is mainly attributable to development expenditure incurred by SECO/WARWICK S.A. and Retech System LLC.

#### Note 11. INVENTORIES

Item	Jun 30 2021	Dec 31 2020
Materials	22,774	25,340
Semi-finished products and work in progress	34,265	30,457
Finished goods	3,389	5,151
Merchandise	1,394	606
<b>Total inventories (carrying amount)</b>	<b>61,822</b>	<b>61,555</b>
Inventory write-downs	8,677	8,010
<b>Gross inventories</b>	<b>70,499</b>	<b>69,565</b>

WRITE-DOWNS	Materials	Semi-finished products and work in progress	Finished goods	Merchandise	Total
<b>Jan 1 2021</b>	<b>1,187</b>	<b>6,085</b>	<b>733</b>	<b>5</b>	<b>8,010</b>
<b>Increase, including:</b>	<b>771</b>	<b>363</b>	<b>-</b>	<b>-</b>	<b>1,134</b>
- write-downs recognised in correspondence with other expenses	771	363	-	-	1,134
<b>Decrease, including:</b>	<b>-</b>	<b>150</b>	<b>316</b>	<b>-</b>	<b>466</b>
- use	-	-	316	-	316
Net exchange differences on translating financial statements into presentation currency	-	150	-	-	150
<b>Jun 30 2021</b>	<b>1,957</b>	<b>6,298</b>	<b>417</b>	<b>5</b>	<b>8,677</b>
<b>Jan 1 2020</b>	<b>2,058</b>	<b>5,652</b>	<b>-</b>	<b>5</b>	<b>7,714</b>
<b>Increase, including:</b>	<b>357</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>357</b>
- write-downs recognised in correspondence with other expenses	357	-	-	-	357
<b>Decrease, including:</b>	<b>1,201</b>	<b>31</b>	<b>-</b>	<b>-</b>	<b>1,232</b>
- use	1,201	-	-	-	1,201
Net exchange differences on translating financial statements into presentation currency	-	31	-	-	31
<b>Jun 30 2020</b>	<b>2,415</b>	<b>5,621</b>	<b>-</b>	<b>5</b>	<b>6,839</b>

<b>Jan 1 2020</b>	<b>2,058</b>	<b>5,652</b>	<b>-</b>	<b>5</b>	<b>7,714</b>
<b>Increase, including:</b>	<b>911</b>	<b>450</b>	<b>733</b>	<b>-</b>	<b>2,094</b>
- write-downs recognised in correspondence with other expenses	911	450	733	-	2,094
<b>Decrease, including:</b>	<b>1,783</b>	<b>17</b>	<b>-</b>	<b>-</b>	<b>1,800</b>
- use	1,783	-	-	-	1,783
Net exchange differences on translating financial statements into presentation currency	-	17	-	-	17
<b>Dec 31 2020</b>	<b>1,187</b>	<b>6,085</b>	<b>733</b>	<b>5</b>	<b>8,010</b>

#### **Note 12. DIVIDENDS PROPOSED OR APPROVED BY THE DATE OF AUTHORISATION OF THESE FINANCIAL STATEMENTS**

On April 22nd 2021, the Management Board resolved on its recommendation for the Annual General Meeting as regards net profit appropriation. It recommended that the Company's net profit of PLN 7,856,447.93 (seven million, eight hundred and fifty-six thousand, four hundred and forty-seven zloty, 93/100) should be allocated as follows:

- PLN 4,944,307.50 (four million, nine hundred and forty-four thousand, three hundred and seven zloty, 50/100) of the net profit to be distributed as dividend to the shareholders (PLN 0.55 per share);
- PLN 2,912,140.43 (two million, nine hundred and twelve thousand, one hundred and forty zloty, 43/100) of the net profit to be allocated to the Company's statutory reserve funds.

Furthermore, the Management Board recommended that the dividend record date (Day R) should be July 1st 2021 and that the dividend payment (Day P) should be July 15th 2021.

On the same day, the Supervisory Board approved the Management Board's recommendation.

On June 10th 2021, the Annual General Meeting resolved on the appropriation of the Company's net profit for 2020, including distribution of PLN 4,944,307.50 as dividend to the shareholders. Dividend per share was PLN 0.55.

The dividend record date was set in accordance with the Management Board's recommendation for July 1st 2021. The dividend was paid on July 15th 2021.

#### **Note 13. GOODWILL**

<b>Item</b>	<b>Jun 30 2021</b>	<b>Dec 31 2020</b>
Consolidation goodwill at beginning of period	38,931	39,175
Exchange differences on measurement in presentation currency	406	-243
<b>Total goodwill at end of period</b>	<b>39,337</b>	<b>38,931</b>

#### **Note 14. CONTRACT ASSETS/LIABILITIES**

The Group recognised the following assets and liabilities under contracts with customers:

<b>Recognised in the consolidated financial statements as amounts due:</b>	<b>Jun 30 2021</b>	<b>Dec 31 2020</b>
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From customers under construction contracts	82,955	70,022
To customers under construction contracts	-81,068	-112,835
	1,887	-42,813

#### Contract assets

Contract assets reflect amounts due from customers based on the stage of completion of the performance obligation.

In the Group's opinion, there is no concentration of credit risk related to contract assets as the Group has a large and diversified asset base. The Company's maximum exposure to credit risk at the end of the reporting period corresponds to the carrying amount of these assets.

Changes in contract assets in the six months ended June 30th 2021 were as follows:

	Jan 1–Jun 30 2021	Jan 1–Jun 30 2020
<b>Opening balance</b>	<b>70,022</b>	<b>101,984</b>
Increase	171,200	97,293
Invoiced amounts transferred to trade receivables	-158,643	-96,515
Change in impairment losses, net	91	-
Exchange differences	285	788
<b>Closing balance</b>	<b>82,955</b>	<b>103,551</b>

As at June 30th 2021, the rate of expected credit losses for contract assets was 0.47%.

#### Contract liabilities

Contract liabilities of approximately PLN 82,870 thousand as at January 1st 2021 were recognised as revenue generated in the six months ended June 30th 2021.

As at June 30th 2021, the transaction price allocated to unsatisfied performance obligations under contracts with customers was PLN 81,068 thousand. The following table shows the time periods during which the Company expects to satisfy those performance obligations and recognise related revenue.

	Jun 30 2021	Dec 31 2020
Up to 1 year	79,673	112,237
1–2 years	1,395	598
<b>Total unsatisfied performance obligations</b>	<b>81,068</b>	<b>112,835</b>

**Note 15. DERIVATIVE FINANCIAL INSTRUMENTS**

	Jun 30 2021		Dec 31 2020	
	Assets	Liabilities	Assets	Liabilities
Derivative financial instruments	311	1,667	348	3,084
<b>Total hedging instruments</b>				
- non-current	12	10	3	402
- current	299	1,658	345	2,682

	Jun 30 2021	Dec 31 2020	Change in valuation recognised in other comprehensive income
Gross fair value of instrument recognised in equity (PLN '000)	-589	-1,881	1,293
Deferred income tax	-112	-357	246
Net fair value of instrument recognised in equity (PLN '000)	-477	-1,524	1,047

**Disclosures of derivative financial instruments which qualify for hedge accounting**

In H1 2021, SECO/WARWICK S.A. used currency forwards to hedge on average 59% of its export cash flows denominated in EUR and 71% of its cash flows denominated in USD. The purpose was to hedge the budgeted exchange rates for contracts. Any changes in the amounts of EUR-, USD-, or GBP-denominated cash flows are offset by changes in the fair value of the hedging instrument.

The valuation of derivative instruments as at the reporting date is recognised in equity. If a transaction which has been hedged with a currency forward affects profit or loss, the valuation previously recognised in equity is reclassified to profit or loss. Given that transactions in derivative instruments are entered into to hedge concluded long-term contracts (accounted for based on the stage of completion measured by reference to contract costs incurred), the Group assumed that the transactions affect profit or loss in proportion to the percentage of completion of a given contract. The effectiveness of a transaction is assessed by comparing the maturity dates and notional amounts of the hedged item and the hedging instrument.

The table below presents total values of hedging relationships open as at June 30th 2021.

Jun 30 2021	Notional amount of contract (EUR '000)	Initial notional amount of hedging instrument	Outstanding notional amount of hedging instrument as at Jun 30 2021	Fair value of instrument (PLN '000)	Amount recognised in profit or loss (PLN '000)	Amount recognised in equity (PLN '000)	Date of final settlement of hedging instrument
TOTAL	77,109	33,787	17,175	-859	-579	-287	Jul 31 2021–Apr 13 2023
Jun 30 2021	Notional amount of contract (USD '000)	Initial notional amount of hedging instrument	Outstanding notional amount of hedging instrument as at Jun 30 2021	Fair value of instrument (PLN '000)	Amount recognised in profit or loss (PLN '000)	Amount recognised in equity (PLN '000)	Date of final settlement of hedging instrument
TOTAL	22,680	15,623	7,506	-415	-144	-271	Jul 16–Oct 14 2022
Jun 30 2021	Notional amount of contract (GBP '000)	Initial notional amount of hedging instrument	Outstanding notional amount of hedging instrument as at Jun 30 2021	Fair value of instrument (PLN '000)	Amount recognised in profit or loss (PLN '000)	Amount recognised in equity (PLN '000)	Date of final settlement of hedging instrument
TOTAL	1,275	830	320	-83	-52	-31	Nov 30 2021 – Nov 30 2021
<b>TOTAL</b>				<b>-1,357</b>	<b>-775</b>	<b>-589</b>	

The table below presents total values of hedging relationships open as at December 31st 2020.

Dec 31 2020	Notional amount of contract (EUR '000)	Initial notional amount of hedging instrument	Outstanding notional amount of hedging instrument as at Dec 31 2020	Fair value of instrument (PLN '000)	Amount recognised in profit or loss (PLN '000)	Amount recognised in equity (PLN '000)	Date of final settlement of hedging instrument
TOTAL	48,086	19,524	15,542	-2,808	-1,065	-1,743	Feb 26 2021 – Nov 30 2022
Dec 31 2020	Notional amount of contract (USD '000)	Initial notional amount of hedging instrument	Outstanding notional amount of hedging instrument as at Dec 31 2020	Fair value of instrument (PLN '000)	Amount recognised in profit or loss (PLN '000)	Amount recognised in equity (PLN '000)	Date of final settlement of hedging instrument
TOTAL	11,781	8,980	6,340	115	208	-93	Feb 26 2021 – Jun 30 2021
Dec 31 2020	Notional amount of contract (GBP '000)	Initial notional amount of hedging instrument	Outstanding notional amount of hedging instrument as at Dec 31 2020	Fair value of instrument (PLN '000)	Amount recognised in profit or loss (PLN '000)	Amount recognised in equity (PLN '000)	Date of final settlement of hedging instrument
TOTAL	1,275	830	580	-45	-	-45	Jun 30–Nov 30 2021
<b>TOTAL</b>				<b>-2,738</b>	<b>-857</b>	<b>-1,881</b>	



**Note 16. SHORT-TERM TRADE AND OTHER RECEIVABLES**

Item	Jun 30 2021	Dec 31 2020
<b>Trade receivables</b>	<b>58,390</b>	<b>84,842</b>
receivables under prepayments	4,786	3,879
taxes, customs duties and social security receivable	5,943	4,577
receivables from sale of S/W Brasil shares	922	1,518
other receivables, including bid bond	1,346	3,248
<b>Total other short-term receivables</b>	<b>12,997</b>	<b>13,222</b>
<b>Total receivables</b>	<b>71,386</b>	<b>98,064</b>

The Group assesses its receivables for impairment on an individual and group basis. Receivables are considered individually if there is objective evidence of impairment that may adversely affect future cash flows. Material objective indications include, for example, the initiation of court proceedings against the debtor, serious financial distress of the debtor, or materially past due payments. With respect to short-term trade receivables which are assessed on a group basis and have no significant financing component, the Group applies the simplified approach required under IFRS 9 and measures impairment losses in the amount of credit losses expected over the entire lifetime of a receivable since its initial recognition. The Group applies the provision matrix to calculate impairment losses on trade receivables classified in past due periods. For an analysis of expected credit losses on contract assets, see Note 14. Contract assets/liabilities.

**Note 17. OTHER CURRENT LIABILITIES**

Item	Jun 30 2021	Dec 31 2020
Taxes, customs duties, social security and other charges payable	6,051	5,523
Income tax payable	117	117
Dividend payable to shareholders	4,944	-
Other liabilities	907	2,053
<b>Total current liabilities</b>	<b>12,019</b>	<b>7,693</b>

**Note 18. BORROWINGS**

Borrowings	Jun 30 2021	Dec 31 2020
Overdrafts	12,609	18,190
Investment credit facility	12,083	13,694
Credit card limits	180	127
<b>Total</b>	<b>24,872</b>	<b>32,011</b>

**Borrowings**

<b>As at Jan 1 2021</b>	<b>32,011</b>
<b>Increase, including:</b>	<b>254</b>
– funds borrowed within credit card limit	254
<b>Decrease, including:</b>	<b>7,392</b>
- repayment of overdrafts	5,778
- repayment of investment credit facility	1,611
- repayment of credit card limits	3
<b>As at Jun 30 2021</b>	<b>24,873</b>

**Note 19. PRESENTATION CHANGE**

Having analysed the materiality of the items specified below to its financial statements, in 2021 the Group removed treasury shares from statutory reserve funds to a separate line item under equity and changed the presentation of comparative data as at December 31st 2020.

	before change Dec 31 2020	adjustment	after change Dec 31 2020
<b>Equity</b>			
Share capital	3,616		3,616
Statutory reserve funds	201,557		201,557
Other components of equity	15,258	22,338	37,596
Treasury shares	-	-22,338	-22,338
Hedging reserve	-1,524		-1,524
Translation reserve	20,978		20,978
Retained earnings / accumulated losses	-51,524		-51,524
<b>Equity attributable to owners of the parent</b>	<b>188,361</b>		<b>188,361</b>
<b>Non-controlling interests</b>	<b>855</b>		<b>855</b>
	<b>189,215</b>		<b>189,215</b>

#### Note 20. OFF-BALANCE-SHEET ITEMS

##### Contingent liabilities

As at June 30th 2021, contingent liabilities under performance bonds (bank guarantees) issued amounted to PLN 41,010 thousand (end of 2020: PLN 31,571 thousand).

#### Note 21. SETTLEMENTS RELATED TO COURT CASES

In 2020, no liabilities or receivables of SECO/WARWICK S.A. were disputed in any significant court, arbitration or administrative proceedings with any counterparty or its group.

For detailed information on litigation that the Group is involved in, see Note 34 to the consolidated financial statements for the period ended December 31st 2020. As at the date of authorisation for issue of these financial statements, the Company reassessed the situation and did not identify any need for changes.

#### Note 22. MATERIAL INFORMATION ON RELATED PARTIES

There were no material transactions with non-consolidated related parties.

#### Note 23. OTHER PROVISIONS

Item	Jun 30 2021	Dec 31 2020
Provision for warranty repairs	7,919	7,179
Provision for contractual penalties	-	298
Provision for loss-making contracts	1,013	579
Other	799	-
<b>Other provisions</b>	<b>9,731</b>	<b>8,056</b>



**Note 24. PROVISIONS FOR EMPLOYEE BENEFITS**

<b>Short-term employee benefit obligations</b>	<b>Jun 30 2021</b>	<b>Dec 31 2020</b>
- accrued holiday entitlements	6,488	3,389
- accrued bonuses	4,165	5,577
- accrued retirement bonuses	5,246	5,358
<b>Employee benefit obligations</b>	<b>15,899</b>	<b>14,325</b>

<b>Long-term employee benefit obligations</b>	<b>Jan 1–Jun 30 2021</b>	<b>Jan 1–Dec 31 2020</b>
at beginning of period	<b>2,173</b>	<b>2,503</b>
increase	-	122
recognition	-	122
use	-	31
reversal	-1,753	421
<b>at end of period</b>	<b>420</b>	<b>2,173</b>

**RETIREMENT BENEFIT PLANS (SECO/WARWICK CORP.)**

<b>Item</b>	<b>Jan 1–Jun 30 2021</b>	<b>Jan 1–Dec 31 2020</b>
<b>Change in plan's obligation</b>		
<b>Obligation as at beginning of period</b>	<b>16,226</b>	<b>15,524</b>
Administration costs	-	-
Interest expense	158	445
Actuarial gain/(loss)	-388	1,593
Contributions paid	-548	-1,140
Effect of currency translation on presentation currency	190	-196
<b>Obligation as at end of period</b>	<b>15,638</b>	<b>16,226</b>
<b>Change in plan's assets</b>		
<b>Fair value of plan's assets at beginning of period</b>	<b>16,280</b>	<b>15,006</b>
Interest income/(loss) on plan's assets	316	429
Additional gain/(loss) on plan's assets	1,191	2,198
Benefits paid	-548	-1,140
Effect of currency translation on presentation currency	200	-212
<b>Fair value of plan's assets at end of period</b>	<b>17,439</b>	<b>16,280</b>

**Note 25. FAIR VALUE HIERARCHY**

All derivative instruments are classified by the Group at level 2 of the fair value hierarchy. The method and technique used to measure financial instruments at fair value are the same as those applied as at December 31st 2020. Both in the reporting period and the comparative period, there were no transfers between the levels of fair value hierarchy of financial instruments at the Group, nor was there any change in the classification of instruments as a result of a change in the purpose or use of these instruments.

There are no material differences between the carrying amount and the fair value of any of the financial assets and liabilities.

	Jun 30 2021		
	Level 1	Level 2	Level 3
	PLN'000	PLN'000	PLN'000
<b>Financial assets</b>			
Investments in related entities	-	-	-
Financial assets available for sale (non-current)	-	-	-
Loans advanced (short-term)	-	-	-
Loans advanced (long-term)	-	-	-
Trade and other receivables	-	-	-
Derivative financial instruments	-	311	-
- <i>Currency forwards (short-term)</i>	-	299	-
- <i>Currency forwards (long-term)</i>	-	12	-
Cash and cash equivalents	-	-	-
Sureties issued	-	-	-
		-	
Total	-	311	-
<b>Financial liabilities</b>			
<b>current</b>			
Interest-bearing borrowings, including:	-	-	-
- <i>Overdraft facility</i>	-	-	-
- <i>Short-term borrowings</i>	-	-	-
- <i>Finance lease liabilities (short-term)</i>	-	-	-
Trade and other payables	-	-	-
Currency forwards	-	1,658	-
<b>long-term</b>			
Long-term borrowings bearing interest at variable rates	-	-	-
Currency forwards	-	10	-
Other liabilities (non-current), including:	-	-	-
- <i>Finance lease liabilities</i>	-	-	-
		-	
Total	-	1,668	-

**Note 26. SEASONALITY OR CYCLICALITY OF BUSINESS IN THE REPORTING PERIOD**

The SECO/WARWICK Group's business is not exposed to any significant seasonal or cyclical fluctuations.

**Note 27. EVENTS NON-TYPICAL DUE TO THEIR NATURE, SCALE OR FREQUENCY**

At the end of 2019, the first news was received of the spread of the SARS-CoV-2 virus, causing the COVID-19 disease, in China. In the first months of 2020, the virus spread across the world, and its adverse impacts are being felt in many countries.

In connection with the spread of SARS-CoV-2 in Poland, the Polish government announced a state of epidemic threat as of March 14th 2020, and then a state of epidemic as of March 20th 2020, and introduced far-reaching restrictions aimed at limiting the pace and extent of the epidemic. Similar precautionary measures were implemented in most of the affected countries, including in the world's largest economies. The restrictions have strongly affected business organisations' ability to operate and have a material bearing on the current economic situation.

The Company's Management Board took steps to mitigate the adverse effect of the situation on the Company's and the Group's operations and financial performance, while taking measures to ensure safety of the employees and trading partners.

In H1 2021, based on current observations, the Company identifies the following main areas of possible impact of the COVID-19 pandemic on the Company's and the Group's operations and financial condition:

1. lower number and value of new orders placed by the Group's trading partners;
2. reintroduction of labour and travel restrictions in China, Europe and the United States, which could delay the performance of contracts concluded by the Group companies by hampering selling efforts and the ability to put equipment into operation and perform maintenance services;
3. difficulties in the performance of contracts resulting from the introduction of a remote work system to protect employees' health and life against COVID-19;
4. potential impediments in the Group's cooperation with its key suppliers of raw materials and components.
5. crisis in industries of key importance to the SECO/WARWICK Group, i.e. the automotive, aviation and energy sectors.

As the Company has identified no material change in the timeliness of receivables collection, no material impairment losses on receivables or contract assets were recognised.

Based on its best knowledge, the Company's Management Board does not expect any rise in the number of court disputes, any penalties imposed for delays in contract performance, contract terminations, or insolvencies of the Group's customers. The Management Board regularly monitors and analyses the situation, the value of orders, and the stage of completion of contracts, to take steps aimed at securing the Group's operations, if required.

So far, the Group has not experienced any significant problems with the availability of feedstocks, materials or goods.

The impact of the COVID-19 pandemic on the Company and the Group, their financial condition and results in subsequent periods will depend on a number of factors that are beyond the Company's control. The factors include the duration and intensity of the pandemic and measures taken by the government to contain it and protect the public against the effects of the crisis and thus its ultimate impact on the Polish economy. The Management Board will be monitoring the COVID-19 situation and its impact on the Polish economy, and will take appropriate measures depending on how the situation develops.

**Note 28. MATERIAL EVENTS WHICH OCCURRED AFTER THE END OF THE REPORTING PERIOD AND ARE NOT DISCLOSED IN THESE FINANCIAL STATEMENTS**

No such events occurred.

**Note 29. REMUNERATION OF THE SUPERVISORY BOARD AND MANAGEMENT BOARD**

Remuneration of the Management Board:

Name and surname	Base salary for period	Other benefits, including bonuses, awards	Accrued incentive scheme costs	Total remuneration in the period
Jan 1–Jun 30 2021	(PLN '000)	(PLN '000)	(PLN '000)	(PLN '000)
Sławomir Woźniak	240	350	220	810
Jarosław Talerzak (1)	130	43	46	219
Piotr Walasek	180	235	73	488
Bartosz Klinowski	180	200	73	453
Earl Good	647	-	121	647
<b>Total</b>	<b>1,377</b>	<b>829</b>	<b>533</b>	<b>2,619</b>
<b>Jan 1–Jun 30 2020</b>				
Sławomir Woźniak	216	219	66	500
Jarosław Talerzak	176	71	10	257
Piotr Walasek	162	87	23	271
Bartosz Klinowski	162	68	195	425
Earl Good	558	-	-	558
<b>Total</b>	<b>1,273</b>	<b>444</b>	<b>294</b>	<b>2,011</b>

(1) The remuneration amount relates to the term of office on the Management Board: from January 1st 2021 to April 27th 2021.

Remuneration of the Supervisory Board:

	Jan 1 2021– Jun 30 2021	Jan 1–Jun 30 2020
Andrzej Zawistowski	163	91
- for his service as Chairman of the Supervisory Board	102	62
- under contract for advisory services <sup>(1)</sup>	62	30
Jeffrey Boswell (2)	76	86
Henryk Pilarski	27	24
Marcin Murawski	21	19
Jacek Tucharz	21	19
<b>Total</b>	<b>309</b>	<b>239</b>

(1) Under a service contract between SECO/WARWICK S.A. and Mr Andrzej Zawistowski, who conducts business activities as USŁUGI DORADCZE Andrzej Zawistowski. The contract of July 2nd 2012 is for the provision of technical and product development advisory services.

(2) Under an employment contract between SECO/WARWICK Corp. and Mr Jeffrey Boswell.



**INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1ST–JUNE 30TH 2021**



**INTERIM CONDENSED SEPARATE STATEMENT OF COMPREHENSIVE INCOME**

(PLN '000)

	Note	Jan 1–Jun 30 2021 (unaudited)	Jan 1–Jun 30 2020 (unaudited)	Apr 1–Jun 30 2021 (unaudited)	Apr 1–Jun 30 2020 (unaudited)
Revenue from sale of finished goods and services		133,540	121,521	72,181	57,119
Revenue from sale of merchandise and materials		4	3	1	1
<b>Revenue</b>	1.2	<b>133,544</b>	<b>121,525</b>	<b>72,183</b>	<b>57,119</b>
Cost of finished goods sold and services rendered		-108,864	-94,116	-59,719	-42,694
Cost of merchandise and materials sold	3	-5	-18	-2	-15
<b>Cost of sales</b>	2	<b>-108,869</b>	<b>-94,134</b>	<b>-59,721</b>	<b>-42,710</b>
<b>Gross profit</b>		<b>24,675</b>	<b>27,391</b>	<b>12,461</b>	<b>14,410</b>
Other income	4	1,114	1,511	614	860
Distribution costs	3	-7,914	-4,704	-4,233	-2,429
Administrative expenses	3	-12,104	-11,904	-6,471	-6,073
Expected credit losses	4	336	-1,496	336	-1,496
Other expenses	4	-1,168	-659	-822	-102
<b>Operating profit</b>		<b>4,939</b>	<b>10,139</b>	<b>1,884</b>	<b>5,169</b>
Finance income	5	72	3,430	781	47
Finance costs	5	-1,091	-3,610	-1,171	-3,157
<b>Profit before tax</b>		<b>3,920</b>	<b>9,959</b>	<b>1,494</b>	<b>2,059</b>
Income tax	6	-737	-2,409	-84	-805
<b>Net profit/(loss)</b>		<b>3,182</b>	<b>7,550</b>	<b>1,409</b>	<b>1,254</b>

**OTHER COMPREHENSIVE INCOME:**

**Items which may be reclassified to profit/(loss) in subsequent reporting periods**

Valuation of cash flow hedging derivatives	1,300	-1,500	2,486	1,642
Income tax on other comprehensive income	-247	285	-472	-312
<b>Total other comprehensive income, net</b>	<b>1,053</b>	<b>-1,215</b>	<b>2,014</b>	<b>1,331</b>
<b>Total comprehensive income</b>	<b>4,235</b>	<b>6,335</b>	<b>3,422</b>	<b>2,584</b>

Earnings/(loss) per share (PLN):

- basic earnings per share attributable to owners of the parent	0.35	0.76	0.16	0.13
- diluted earnings per share attributable to owners of the parent	0.35	0.74	0.16	0.12

The above information should be read in conjunction with the notes, which form an integral part of these interim condensed separate financial statements.

**INTERIM CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION**

(PLN '000)

	<b>Note</b>	<b>Jun 30 2021</b> <b>(unaudited)</b>	<b>Dec 31 2020</b> <b>(audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment	7	42,409	44,585
Right-of-use assets	8	10,629	11,255
Investment property		298	310
Intangible assets	9	45,977	44,664
Long-term receivables		1,404	512
Investments in related entities	10	58,422	58,422
Derivative financial instruments	12	12	-
Other financial assets		3	3
		<b>159,153</b>	<b>159,751</b>
<b>Current assets</b>			
Inventories		22,726	26,331
Trade receivables	13	41,149	58,616
Other short-term receivables	13	14,077	14,493
Derivative financial instruments	12	299	345
Other financial assets		2,000	2,000
Other non-financial assets		1,170	1,943
Contract costs		2,197	3,882
Contract assets		56,961	48,524
Cash and cash equivalents		11,727	15,940
		<b>152,306</b>	<b>172,073</b>
<b>TOTAL ASSETS</b>		<b>311,459</b>	<b>331,823</b>

**INTERIM CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION**

(PLN '000)

	Note	Jun 30 2021 (unaudited)	Dec 31 2020 (audited, restated*)
<b>Equity</b>			
Share capital		3,616	3,616
Statutory reserve funds		140,288	137,376
Hedging reserve		-471	-1,524
Other components of equity		38,118	37,596
Treasury shares		-22,338	-22,338
Retained earnings		24,798	29,472
		<b>184,011</b>	<b>184,198</b>
<b>Non-current liabilities</b>			
Borrowings	16	8,861	10,472
Lease liabilities		6,117	6,678
Derivative financial instruments	12	10	402
Deferred tax liabilities		8,844	7,860
Employee benefit obligations		1,335	1,335
Contract liabilities		1,395	598
		<b>26,561</b>	<b>27,344</b>
<b>Current liabilities</b>			
Borrowings	16	14,423	19,612
Lease liabilities		1,971	2,306
Derivative financial instruments	12	1,658	2,682
Trade payables	14	39,615	40,861
Other current liabilities	14	9,273	5,241
Employee benefit obligations	15	9,464	8,196
Other provisions		6,642	5,019
Contract liabilities		17,841	36,364
		<b>100,887</b>	<b>120,281</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>311,459</b>	<b>331,823</b>

\* For details of the presentation change, see Note 17.

The above information should be read in conjunction with the notes, which form an integral part of these interim condensed separate financial statements.

**INTERIM CONDENSED SEPARATE STATEMENT OF CASH FLOWS**  
(PLN '000)

	Jan 1–Jun 30 2021	Jan 1–Jun 30 2020
	(unaudited)	(unaudited)
<b>OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	<b>3,920</b>	<b>9,959</b>
<b>Total adjustments:</b>		
Depreciation and amortisation	3,743	3,890
Foreign exchange gains/(losses)	-346	325
Interest and profit distributions (dividends)	235	395
Gain/(loss) on investing activities	198	529
Other adjustments (including management stock options)	241	405
<b>Changes in items of the statement of financial position:</b>		
Change in provisions	2,890	2,438
Change in inventories	3,606	7,799
Change in receivables	16,990	8,009
Change in current liabilities other than financial liabilities	-2,210	-8,860
Change in grants for development projects	-	-362
Change in contract assets and liabilities	-24,479	-16,433
Change in other assets	773	1,358
Change in currency forward contracts	-82	1,329
<b>Cash provided by operating activities</b>	<b>5,479</b>	<b>10,780</b>
Income tax paid	-	-
<b>Net cash from operating activities</b>	<b>5,479</b>	<b>10,780</b>
<b>INVESTING ACTIVITIES</b>		
<b>Cash provided by investing activities</b>	<b>1,052</b>	<b>66</b>
Proceeds from disposal of intangible assets and property, plant and equipment	1,022	36
Decrease in loans advanced	30	30
<b>Cash used in investing activities</b>	<b>3,623</b>	<b>3,986</b>
Investments in intangible assets, property, plant and equipment, and investment property	3,623	3,986
<b>Net cash from investing activities</b>	<b>-2,572</b>	<b>-3,921</b>
<b>FINANCING ACTIVITIES</b>		
<b>Cash provided by financing activities</b>	<b>539</b>	<b>319</b>
Grants	539	319
<b>Cash used in financing activities</b>	<b>8,005</b>	<b>16,711</b>
Repayment of borrowings	6,800	15,338
Payment of lease liabilities	940	948
Payment of interest	265	425
<b>Net cash from financing activities</b>	<b>-7,466</b>	<b>-16,392</b>
<b>Total cash and cash equivalents, net</b>	<b>-4,559</b>	<b>-9,533</b>
<b>Net change in cash, including:</b>	<b>-4,213</b>	<b>-9,858</b>
- effect of exchange rate fluctuations on cash held	346	-325
<b>Cash at beginning of period</b>	<b>15,940</b>	<b>23,099</b>
<b>Cash at end of period</b>	<b>11,727</b>	<b>13,241</b>

The above information should be read in conjunction with the notes, which form an integral part of these interim condensed separate financial statements.

**INTERIM CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY**  
(PLN '000)

	Share capital	Statutory reserve funds	Other components of equity	Treasury shares	Hedging reserve	Retained earnings / accumulated losses	Total equity
Note				17			
<b>Equity as at Jan 1 2021</b>	<b>3,616</b>	<b>137,376</b>	<b>37,596</b>	<b>-22,338</b>	<b>-1,524</b>	<b>29,472</b>	<b>184,197</b>
Profit for period	-	-	-	-	-	3,182	<b>3,182</b>
Other comprehensive income	-	-	-	-	1,053	-	<b>1,053</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,053</b>	<b>3,182</b>	<b>4,235</b>
Transfer of retained earnings to statutory reserve funds	-	2,912	-	-	-	-2,912	-
Management stock options	-	-	522	-	-	-	<b>522</b>
Dividend	-	-	-	-	-	-4,944	<b>-4,944</b>
<b>Equity as at Jun 30 2021 (unaudited)</b>	<b>3,616</b>	<b>140,288</b>	<b>38,118</b>	<b>-22,338</b>	<b>-471</b>	<b>24,798</b>	<b>184,011</b>

	Share capital	Statutory reserve funds	Other components of equity	Treasury shares	Hedging reserve	Retained earnings / accumulated losses	Total equity
<b>Equity as at Jan 1 2020</b>	<b>3,616</b>	<b>141,371</b>	<b>22,918</b>	<b>-9,107</b>	<b>-161</b>	<b>32,235</b>	<b>190,873</b>
Profit for period	-	-	-	-	-	7,550	<b>7,550</b>
Other comprehensive income	-	-	-	-	-1,215	-	<b>-1,215</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-1,215</b>	<b>7,550</b>	<b>6,335</b>
Transfer of retained earnings to statutory reserve funds	-	10,620	-	-	-	-10,620	-
Management stock options	-	-	475	-	-	-	<b>475</b>
Capital reserve for repurchase of shares	-	-15,000	15,000	-	-	-	-
<b>Equity as at Jun 30 2020 (unaudited, restated*)</b>	<b>3,616</b>	<b>136,991</b>	<b>38,393</b>	<b>-9,107</b>	<b>-1,376</b>	<b>29,165</b>	<b>197,683</b>

\* For details of the presentation change, see Note 17.

The above information should be read in conjunction with the notes, which form an integral part of these interim separate financial statements.



## NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

**JUNE 30TH 2021**

### BASIS OF ACCOUNTING

#### I. Basis of accounting

These interim condensed separate financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, as endorsed by the European Union, and the Regulation of the Minister of Finance on current and periodic information to be published by issuers of securities and conditions for

recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated March 29th 2018 (the "Regulation").

These interim condensed separate financial statements of the Company should be read in conjunction with the interim condensed consolidated financial statements authorised for issue by the Management Board and published on the same day as these interim condensed separate financial statements to obtain full information on the assets and financial position of the SECO/WARWICK Group as at June 30th 2021 and the financial result for the period from January 1st to June 30th 2021 in accordance with the International Financial Reporting Standards approved by the European Union. These interim condensed separate financial statements do not include all the information and disclosures required to be included in full-year financial statements, and should be read in conjunction with the separate financial statements for the year ended December 31st 2020, authorised for issue on April 22nd 2021.

## **II. Going concern assumption and comparability of accounts**

These interim condensed financial statements have been prepared on the assumption that the Company will continue as a going concern for the 12 months after the end of the reporting period, i.e. June 30th 2021.

As at June 30th 2021, the Company's Management Board carried out an analysis of the Company's ability to continue as a going concern, taking into account the COVID-19 pandemic as well as other factors, including the current order book, projected cash flow estimates, the amount of working capital, debt and available credit facilities. Based on the analysis, the Management Board did not identify any material uncertainty as to the Company's ability to continue as a going concern for at least 12 months from the reporting date.

## **III. Events which have not but should have been disclosed in the accounting books for the reporting period**

By the date of preparation of these interim condensed separate financial statements for H1 2021, no events occurred which have not but should have been disclosed in the accounting records for the reporting period. No material events related to prior years have been disclosed in these financial statements.

## **IV. Applied accounting policies, including methods of measurement of assets, equity and liabilities, income and expenses**

These interim condensed separate financial statements are presented in the Polish złoty ("PLN"), and unless specified otherwise, all amounts are given in thousands of PLN.

These interim condensed financial statements of the Company cover the period of six months ended June 30th 2021 and contain comparative data for the six months ended June 30th 2020 and as at December 31st 2020. The statement of comprehensive income and notes to the statement of comprehensive income contain data for the six months ended June 30th 2021 and comparative data for the six months ended June 30th 2020.

In the preparation of these condensed separate financial statements, none of the published but not yet effective standards or standard interpretations have been applied.

## **V. Material judgements and assumptions**

In these interim condensed financial statements, there have been no significant changes in the estimated amounts which were presented in the previous interim periods of the current financial year or changes in the estimates presented in previous financial years that would have a material effect on the current interim period.

## **VI. Changes in accounting policies**



These interim condensed financial statements have been prepared in accordance with the same accounting policies and computation methods as those applied to prepare the most recent full-year financial statements.

These financial statements have been prepared in accordance with IFRSs as endorsed by the EU, issued and effective for reporting periods beginning on or after January 1st 2021.

## 1. New standards, interpretations and amendments to existing standards effective in 2021

### 1.1 Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*, IFRS 4 *Insurance Contracts*, and IFRS 16 *Leases: Interest Rate Benchmark Reform*

The purpose of the amendments is to facilitate the provision of financial statements to users and to assist entities preparing IFRS-compliant financial statements to provide useful information in a case where changes are made to contractual cash flows or hedging relationships as a result of the transition to an alternative benchmark interest rate. The amendments provide for a practical expedient for certain changes in contractual cash flows and exemption from certain hedge accounting requirements.

The amendments had no material effect on the Company's financial statements.

### 1.2 Amendments to IFRS 4 *Insurance Contracts*

The amendments extend the temporary exemption from applying IFRS 9 *Financial Instruments* by two years, to annual periods beginning on January 1st 2023, to align it with the first-time application of IFRS 17 *Insurance Contracts*, which will replace IFRS 4 *Insurance Contracts*.

The amendments had no impact on the Company's financial statements.

## 2 New standards, interpretations and amendments to existing standards which are not yet effective and have not been adopted early by the Company

### Standards and interpretations endorsed by the European Union which were not yet effective for annual periods beginning on January 1st 2021

Standards and interpretations	Type of expected change in accounting policies	Possible effect on the financial statements
Amendments to IFRS 3 <i>Business Combinations</i> , IAS 16 <i>Property, Plant and Equipment</i> , IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> , and Annual Improvements to IFRSs 2018–2020 Cycle (effective for annual periods beginning on or after January 1st 2022; early application is permitted)	<p>The package of amendments contains three minor amendments to the standards:</p> <ul style="list-style-type: none"> <li>Amendments to IFRS 3 <i>Business Combinations</i>, which update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations;</li> <li>Amendments to IAS 16 <i>Property, Plant and Equipment</i>, which prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use; instead, the company will recognise such sale proceeds and related cost in profit or loss for the period;</li> <li>Amendments to IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>, which specify which costs a company should include when assessing whether a contract will be loss-making.</li> </ul>	The amendments are not expected to have a material effect on the Company's financial statements.

Standards and interpretations	Type of expected change in accounting policies	Possible effect on the financial statements
	The package also contains Annual Improvements to IFRSs 2018-2020 Cycle, which explain the terminology used and correct minor inconsistencies, omissions or contradictions between the requirements of IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i> , IFRS 9 <i>Financial Instruments</i> , IAS 41 <i>Agriculture</i> , and illustrative examples in IFRS 16 <i>Leases</i> .	

### Standards and interpretations not yet endorsed by the EU

Standards and interpretations not yet endorsed by the EU	Type of expected change in accounting policies	Possible effect on the financial statements
<p>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates</i>)</p> <p>(The International Accounting Standards Board has decided to indefinitely postpone endorsement of these amendments)</p>	<p>The amendments clarify that in the case of a transaction with an associate or joint venture, the extent to which the gain or loss related to the transaction should be recognised depends on whether the assets sold or contributed to the associate or joint venture constituted a business:</p> <ul style="list-style-type: none"> <li>the gain or loss is recognised in full where the contributed assets meet the definition of a business (irrespective of whether such business has the form of a subsidiary or not),</li> <li>the partial gain or loss recognition is required when the transaction involves assets that do not constitute a business, even if those assets were part of a subsidiary.</li> </ul>	The Company does not expect the amendments to have a material effect on its financial statements.
<p>IFRS 17 <i>Insurance Contracts</i> (effective for annual periods beginning on or after January 1st 2023; prospective application, with early application permitted)</p> <p>The standard has not yet been endorsed by the EU</p>	<p>IFRS 17 replaces the transitional IFRS 4 <i>Insurance Contracts</i> introduced in 2004. IFRS 4 allowed entities to continue the recognition of insurance contracts in accordance with the local accounting policies based on national standards, which resulted in the application of many different solutions.</p> <p>IFRS 17 solves the comparability problem created by IFRS 4 by requiring consistent recognition of all insurance contracts, to the benefit of both investors and insurers. Contractual obligations will be recognised at present value rather than historical cost.</p>	The Company does not expect the Standard to have a material effect on its financial statements as the Company does not operate in the insurance sector.
<p>Amendments to IAS 1 <i>Presentation of Financial Statements</i> – Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after January 1st 2023; early application is permitted)</p> <p>The amendments have not yet been endorsed by the EU</p>	<p>The amendments clarify that the classification of liabilities as current or non-current should be based solely on the Group's right that is in existence at the end of the reporting period to defer settlement of a given liability. The right to defer settlement of a liability by at least 12 months from the reporting date does not need to be unconditional, but must have substance. Such classification is not affected by the management's intentions or expectations about whether and when the entity will exercise its right. The amendments also provide clarifications as to events which are deemed settlement of a liability.</p>	The amendments are not expected to have a material effect on the Company's financial statements.

Standards and interpretations not yet endorsed by the EU	Type of expected change in accounting policies	Possible effect on the financial statements
<p>Amendments to IAS 1 <i>Presentation of Financial Statements</i> (effective for annual periods beginning on or after January 1st 2023; early application is permitted)</p> <p>The amendments have not yet been endorsed by the EU</p>	<p>Amendments to IAS 1 require entities to disclose their material accounting policies rather than significant accounting policies.</p>	<p>The amendments are not expected to have a material effect on the Company's financial statements.</p>
<p>Amendments to IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> (effective for annual periods beginning on or after January 1st 2023; early application is permitted)</p> <p>The amendments have not yet been endorsed by the EU</p>	<p>The amendments introduce a definition of accounting estimates and contain other amendments to IAS 8 explaining how to distinguish between a change in accounting policies and a change in accounting estimates. This distinction is very important because changes in accounting policies must be applied, as a rule, retrospectively, while changes in accounting estimates are accounted for in the period when they are made.</p>	<p>The amendments are not expected to have a material effect on the Company's financial statements.</p>

In these separate financial statements the Company did not elect to early adopt any of the standards, interpretations or amendments that have been issued but are not yet effective as not yet endorsed by the European Union.

#### Other

No new standards or interpretations were issued by the date of these financial statements in 2021. The amendments to standards and interpretations in 2021 did not have a material effect on the accounting policies applied by the Company.

The Management Board does not expect any other amendments to the standards and interpretations to have any material bearing on the accounting policies applied by the Company.

## Note 1. REVENUE

Revenue from sales and total income of the Company:

Item	Jan 1–Jun 30 2021	Jan 1–Jun 30 2020	Apr 1–Jun 30 2021	Apr 1–Jun 30 2020
Revenue from sale of finished goods and services	133,540	121,521	72,181	57,119
- including revenue recognised over time	120,573	105,836	61,881	55,136
Revenue from sale of merchandise and materials	4	3	1	1
<b>TOTAL revenue</b>	<b>133,544</b>	<b>121,525</b>	<b>72,183</b>	<b>57,119</b>

Revenue by geographical markets:

Item	Jan 1–Jun 30 2021	Jan 1–Jun 30 2020	Apr 1–Jun 30 2021	Apr 1–Jun 30 2020
European Union	38,898	50,008	19,364	21,290
Commonwealth of Independent States	32,787	13,138	14,629	8,918
USA	20,966	13,805	12,196	5,752
Asia	34,564	42,058	23,903	20,219
Other	6,328	2,515	2,091	940
<b>TOTAL revenue</b>	<b>133,544</b>	<b>121,525</b>	<b>72,183</b>	<b>57,119</b>

All revenue is recognised by the Company in accordance with IFRS 15.

## Note 2. OPERATING SEGMENTS

The Company's principal business activity consists in manufacture of four key groups of products: vacuum furnaces, atmosphere furnaces, aluminium heat treatment systems and metallurgy equipment used for melting, and vacuum casting of metals and specialty alloys. In accordance with the Company's management accounts, a separate aftersales segment has also been identified. The Company's operations are divided into five core business segments corresponding to the product groups:

### Vacuum furnaces

Vacuum furnaces have multiple applications in a number of industries, including machine tool, aviation, power, electrical engineering, medical equipment, automotive and specialised industries. Vacuum furnaces are used in a wide variety of processes, such as heat treatment of steel and alloys, brazing, sintering, and degassing.

### Melting furnaces

Vacuum melting furnaces are used in the metallurgical industry for consolidation, smelting and refining of specialty metals, including reactive metals (e.g. titanium, zirconium) and heat-resistant metals (e.g. tantalum). Their physical properties require processing in technologically advanced equipment and in high vacuum conditions.

A separate group of melting furnaces are melting and holding furnaces used for the manufacture of precision castings (such as components of jet engines, power turbines and medical implants).

### Atmosphere Furnaces (Thermal)

Atmosphere furnaces are widely used in the process of thermal and thermochemical treatment of steel and metals in protective atmospheres for improved hardness. Atmosphere furnaces designed for thermochemical treatment are used for gas carburising, gas nitriding and in other processes. Such furnaces are used chiefly in the automotive and metal industries, including for the manufacturing of roller bearings, as well as in commercial hardening plants and specialty industries.

On October 1st 2020, following a review of the solutions offered in the ATM segment, a decision was made to wind up the ATM segment and most of the segment's technologies were transferred to other business units.

#### **Aluminium heat treatment systems (Aluminium Process)**

The Aluminium Process solutions offered by the Company are used in the manufacturing of aluminium sheet for the automotive and aviation industries, as well as for the manufacturing of packaging foil for multiple applications. Aluminium Process systems are also used to heat treat aluminium castings. CAB systems are used primarily in the automotive industry for brazing of heat exchangers mounted in passenger cars and heavy goods vehicles (charge air coolers, air conditioning evaporators and condensers, oil coolers, etc.). Outside the automotive industry, CAB processes are used in the manufacture of IC radiators, steam condensers for CHP plants, exhaust gas heat exchangers for power generators, etc.

#### **Aftersales**

The Aftersales segment offers conversion, upgrades, modification and repairs of customer-owned equipment, including equipment manufactured by third parties. This segment also includes sale of spare parts and all aftersale services.

In the case of the business lines (vacuum furnaces, melting furnaces, atmosphere furnaces, aluminium heat treatment lines), contracts with customers provide for the design, manufacture and installation of metal heat treatment equipment, as well as sale of spare parts and maintenance services.

Equipment of this type is often dependent on the customer's infrastructure, such as existing units and foundations. Furthermore, the design process of a unit is highly complex given the need to set up the equipment parameters in line with the customer's expectations.

Therefore, the vast majority of the four segments' revenue is recognised over the term of contract performance. In the case of aftersales, a material portion of revenue is recognised upon service completion or product transfer.

Jan 1–Jun 30 2021	Continuing operations						Other	Total
	<i>Vacuum Furnaces</i>	<i>Atmosphere Furnaces (Thermal)</i>	<i>Aluminium Process</i>	<i>Melting Furnaces</i>	<i>Aftersales</i>	<i>Total</i>		
<b>Total segment revenue</b>	55,448	677	24,306	45,676	7,437	133,544	-	133,544
Sales to customers accounting for 10% or more of revenue	1,349	-	-	29,660	-	31,009	-	31,009
<b>Total segment expenses</b>	-44,599	-2,349	-18,475	-37,961	-5,105	-108,490	-378	-108,869
<b>Gross profit/(loss)</b>	10,848	-1,672	5,831	7,715	2,332	25,054	-378	24,675

Apr 1–Jun 30 2021	Continuing operations						Other	Total
	<i>Vacuum Furnaces</i>	<i>Atmosphere Furnaces (Thermal)</i>	<i>Aluminium Process</i>	<i>Melting Furnaces</i>	<i>Aftersales</i>	<i>Total</i>		
<b>Total segment revenue</b>	32,217	-384	13,665	22,493	4,191	72,183	-	72,183
Sales to customers accounting for 10% or more of revenue	-93	-	-	15,818	-	15,725	-	15,725
<b>Total segment expenses</b>	-26,352	-863	-10,375	-19,010	-2,926	-59,526	-195	-59,721
<b>Gross profit/(loss)</b>	5,865	-1,247	3,290	3,483	1,266	12,656	-195	12,461

Jan 1–Jun 30 2020	Continuing operations						Other	Total
	Vacuum Furnaces	Atmosphere Furnaces (Thermal)	Aluminium Process	Melting Furnaces	Aftersales	Total		
<b>Total segment revenue</b>	49,102	14,104	19,557	31,373	7,389	121,525	-	121,525
Sales to customers accounting for 10% or more of revenue	-	-	-	-	-	-	-	-
<b>Total segment expenses</b>	-37,414	-12,630	-14,313	-25,105	-4,302	-93,765	-369	-94,134
<b>Gross profit/(loss)</b>	11,687	1,473	5,244	6,268	3,087	27,760	-369	27,391

Apr 1–Jun 30 2020	Continuing operations						Other	Total
	Vacuum Furnaces	Atmosphere Furnaces (Thermal)	Aluminium Process	Melting Furnaces	Aftersales	Total		
<b>Total segment revenue</b>	22,295	4,526	4,885	22,443	2,970	57,119	-	57,119
Sales to customers accounting for 10% or more of revenue	-	-	-	-	-	-	-	-
<b>Total segment expenses</b>	-17,485	-3,928	-3,413	-17,288	-1,707	-43,821	1,111	-42,710
<b>Gross profit/(loss)</b>	4,810	598	1,471	5,156	1,264	13,299	1,111	14,410

### Note 3. OPERATING EXPENSES

<b>OPERATING EXPENSES, BY NATURE OF EXPENSE</b>	<b>Jan 1–Jun 30 2021</b>	<b>Jan 1–Jun 30 2020</b>	<b>Apr 1–Jun 30 2021</b>	<b>Apr 1–Jun 30 2020</b>
Depreciation and amortisation	3,731	3,878	1,897	2,112
Raw materials and consumables used	55,882	47,514	30,360	22,619
Services	25,105	20,892	14,888	12,022
Taxes and charges	460	424	223	209
Salaries and wages	28,180	23,218	14,187	8,967
Social security and other benefits	7,351	5,043	3,724	1,915
Other expenses	2,494	3,249	1,357	213
<b>Total operating expenses, including:</b>	<b>123,203</b>	<b>104,218</b>	<b>66,637</b>	<b>48,058</b>
Distribution costs	-7,914	-4,704	-4,233	-2,429
Administrative expenses	-12,104	-11,904	-6,471	-6,073
Change in products	9,359	9,944	5,532	4,813
Cost of work performed by entity and capitalised	-3,681	-3,438	-1,744	-1,674
<b>Cost of products sold and services rendered</b>	<b>108,864</b>	<b>94,116</b>	<b>59,719</b>	<b>42,694</b>

### Note 4. OTHER INCOME AND EXPENSES

<b>OTHER INCOME</b>	<b>Jan 1–Jun 30 2021</b>	<b>Jan 1–Jun 30 2020</b>	<b>Apr 1–Jun 30 2021</b>	<b>Apr 1–Jun 30 2020</b>
Gain on disposal of property, plant and equipment	-	24	-	24
Licence revenue	-	206	-	103
Penalties and compensation received	1	83	19	-
Income from lease of property, plant and equipment and investment property	439	475	241	266
Services provided to subsidiaries	207	197	105	94
Accounting for lease liabilities in connection with return of cars	281	70	155	70
Grant for development work	-	341	-	341
Other	186	116	94	-37
<b>Total other income</b>	<b>1,114</b>	<b>1,511</b>	<b>614</b>	<b>860</b>

<b>OTHER EXPENSES</b>	<b>Jan 1–Jun 30 2021</b>	<b>Jan 1–Jun 30 2020</b>	<b>Apr 1–Jun 30 2021</b>	<b>Apr 1–Jun 30 2020</b>
Loss on disposal of property, plant and equipment	198	-	198	-
Inventory write-downs	598	357	398	7
Court expenses, compensation/damages, penalties	-	48	-	11
Cost related to income from lease of property, plant and equipment	289	210	151	105
Other	84	45	75	-21
<b>Total other expenses</b>	<b>1,168</b>	<b>659</b>	<b>822</b>	<b>102</b>

<b>Expected credit losses</b>	<b>Jan 1–Jun 30 2021</b>	<b>Jan 1–Jun 30 2020</b>	<b>Apr 1–Jun 30 2021</b>	<b>Apr 1–Jun 30 2020</b>
Impairment of receivables	-336	1,496	-336	1,496
Impairment of contract assets	-	-	-	-



<b>Total expected credit losses</b>	<b>-336</b>	<b>1,496</b>	<b>-336</b>	<b>1,496</b>
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#### Note 5. FINANCE INCOME AND COSTS

<b>FINANCE INCOME</b>	<b>Jan 1–Jun 30 2021</b>	<b>Jan 1–Jun 30 2020</b>	<b>Apr 1–Jun 30 2021</b>	<b>Apr 1–Jun 30 2020</b>
Interest income	72	110	35	47
Net gain on derivative instruments	-	-	746	-
Net foreign exchange gains	-	3,320	-	-
<b>Total finance income</b>	<b>72</b>	<b>3,430</b>	<b>781</b>	<b>47</b>

<b>FINANCE COSTS</b>	<b>Jan 1–Jun 30 2021</b>	<b>Jan 1–Jun 30 2020</b>	<b>Apr 1–Jun 30 2021</b>	<b>Apr 1–Jun 30 2020</b>
Interest on bank borrowings	352	394	164	98
Interest on leases	178	182	91	100
Net loss on derivative instruments	481	3,007	-	1,268
Net foreign exchange losses	66	-	909	1,671
Other	14	27	7	19
<b>Total finance costs</b>	<b>1,091</b>	<b>3,610</b>	<b>1,171</b>	<b>3,157</b>

#### Note 6. INCOME TAX

In the six months ended June 30th 2021, the effective tax rate was 19%, while in the corresponding period ended June 30th 2020 it stood at 24%. The difference was mainly due to the fact that in the previous half of the year a material portion of costs was identified on which no deferred tax assets were recognised, including impairment losses on shares and costs of the incentive scheme.

#### Note 7. PROPERTY, PLANT AND EQUIPMENT

<b>Property, plant and equipment</b>	<b>Jun 30 2021</b>	<b>Dec 31 2020</b>
Land	32	32
Buildings and structures	27,851	28,350
Machinery and equipment	11,904	13,638
Vehicles	258	304
Other	1,786	1,858
<b>Total</b>	<b>41,831</b>	<b>44,181</b>
Property, plant and equipment under construction	577	404
<b>Total property, plant and equipment</b>	<b>42,409</b>	<b>44,585</b>

#### Note 8. RIGHT-OF-USE ASSETS

<b>Right-of-use assets</b>	<b>Jun 30 2021</b>	<b>Dec 31 2020</b>
Land	2,547	2,565
Buildings and structures	484	632
Machinery and equipment	3,753	3,845

Vehicles	3,845	4,213
<b>Right-of-use assets</b>	<b>10,629</b>	<b>11,255</b>

**Note 9. INTANGIBLE ASSETS**

<b>Intangible assets</b>	<b>Jun 30 2021</b>	<b>Dec 31 2020</b>
Patents and licences, software	5,175	5,108
Development expenditure	39,714	38,336
Other intangible assets	1,088	1,219
<b>Total intangible assets</b>	<b>45,977</b>	<b>44,664</b>

**Note 10. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES**

<b>As at Jun 30 2021</b>	<b>Gross amount of equity interests</b>	<b>Impairment losses on shares</b>	<b>Carrying amount of equity interests</b>	<b>Ownership interest (%)</b>	<b>% of total voting rights</b>
SECO/WARWICK Corporation	21,806	21,806	-	100%	100%
SECO/WARWICK Rus	172	172	-	100%	100%
Retech Systems LLC	50,863	12,399	38,464	100%	100%
SECO/WARWICK Retech Thermal Equipment Manufacturing Tianjin Co. Ltd.	7,601	-	7,601	93%	93%
OOO SCT Russia	4,228	4,228	-	50%	50%
SECO/WARWICK Germany GmbH	6,035	6,035	-	100%	100%
SECO/WARWICK Systems and Services India PVT Ltd	1,268	-	1,268	100%	100%
SECO/WARWICK Service Sp. z o.o.	3,412	26	3,386	100%	100%
SECO WARWICK USA Holding LLC	7,703	-	7,703	100%	100%
<b>Total</b>	<b>103,088</b>	<b>44,666</b>	<b>58,422</b>		

<b>As at Dec 31 2020</b>	<b>Gross amount of equity interests</b>	<b>Impairment losses on shares</b>	<b>Carrying amount of equity interests</b>	<b>Ownership interest (%)</b>	<b>% of total voting rights</b>
SECO/WARWICK Corporation	21,806	21,806	-	100%	100%
SECO/WARWICK Rus	172	172	-	100%	100%
Retech Systems LLC	50,863	12,399	38,464	100%	100%
SECO/WARWICK Retech Thermal Equipment Manufacturing Tianjin Co. Ltd.	7,601	-	7,601	93%	93%
OOO SCT Russia	4,228	4,228	-	50%	50%
SECO/WARWICK Germany GmbH	6,035	6,035	-	100%	100%
SECO/WARWICK Systems and Services India PVT Ltd	1,268	-	1,268	100%	100%
SECO/WARWICK Service Sp. z o.o.	3,412	26	3,386	100%	100%
SECO WARWICK USA Holding LLC	7,703	-	7,703	100%	100%
<b>Total</b>	<b>103,088</b>	<b>44,666</b>	<b>58,422</b>		

**Note 11. IMPAIRMENT LOSSES AND WRITE-DOWNS**

<b>Impairment losses and write-downs as at</b>	<b>Jun 30 2021</b>	<b>Dec 31 2020</b>
Trade receivables	9,552	9,888
Equity interests in subsidiaries	44,672	44,672
Inventories	6,450	5,852
Loans	1,345	1,331

<b>IMPAIRMENT LOSSES ON TRADE RECEIVABLES</b>	<b>Jan 1–Jun 30 2021</b>	<b>Jun 30 2020</b>
<b>Opening balance</b>	<b>9,888</b>	<b>8,316</b>
<b>Increase, including:</b>	-	<b>1,496</b>
- impairment losses recognised	-	1,496
<b>Decrease, including:</b>	<b>336</b>	<b>8</b>
- impairment losses reversed	336	8
<b>Closing balance</b>	<b>9,552</b>	<b>9,804</b>

<b>IMPAIRMENT LOSSES ON EQUITY INTERESTS</b>	<b>Jan 1–Jun 30 2021</b>	<b>Jan 1–Jun 30 2020</b>
<b>Opening balance</b>	<b>44,672</b>	<b>44,672</b>
<b>Increase, including:</b>	-	-
- impairment losses recognised	-	-
<b>Decrease, including:</b>	-	-
- impairment losses reversed	-	-
<b>Closing balance</b>	<b>44,672</b>	<b>44,672</b>

<b>WRITE-DOWNS ON INVENTORIES</b>	<b>Jan 1–Jun 30 2021</b>	<b>Jan 1–Jun 30 2020</b>
<b>Opening balance</b>	<b>5,852</b>	<b>5,001</b>
<b>Increase, including:</b>	<b>598</b>	<b>357</b>
- write-downs recognised	598	357
<b>Decrease, including:</b>	-	-
- write-downs reversed	-	-
<b>Closing balance</b>	<b>6,450</b>	<b>5,359</b>

<b>IMPAIRMENT LOSSES ON LOANS</b>	<b>Jan 1–Jun 30 2021</b>	<b>Jan 1–Jun 30 2020</b>
<b>Opening balance</b>	<b>1,331</b>	<b>1,302</b>
<b>Increase, including:</b>	<b>14</b>	<b>27</b>
- impairment losses recognised	14	27
<b>Decrease, including:</b>	-	-
- impairment losses reversed	-	-
<b>Closing balance</b>	<b>1,345</b>	<b>1,328</b>

**Note 12. DERIVATIVE FINANCIAL INSTRUMENTS**

	Jun 30 2021		Dec 31 2020	
	Assets	Liabilities	Assets	Liabilities
Derivative financial instruments	311	1,667	348	3,084
<b>Total hedging instruments</b>				
- long-term	12	10	3	402
- short-term	299	1,658	345	2,682

			Change in valuation recognised in other comprehensive income
	Jun 30 2021	Dec 31 2020	
Gross fair value of instrument recognised in equity (PLN '000)	-589	-1,881	1,293
Deferred income tax	-112	-357	246
Net fair value of instrument recognised in equity (PLN '000)	-477	-1,524	1,047

**Disclosures of derivative financial instruments which qualify for hedge accounting**

In H1 2021, SECO/WARWICK S.A. used currency forwards to hedge on average 59% of its export cash flows denominated in EUR and 71% of its cash flows denominated in USD. The purpose was to hedge the budgeted exchange rates for contracts. Any changes in the amounts of EUR-, USD-, or GBP-denominated cash flows are offset by changes in the fair value of the hedging instrument.

The valuation of derivative instruments as at the reporting date is recognised in equity. If a transaction which has been hedged with a currency forward affects profit or loss, the valuation previously recognised in equity is reclassified to profit or loss. Given that transactions in derivative instruments are entered into to hedge concluded long-term contracts (accounted for based on the stage of completion measured by reference to contract costs incurred), the Group assumed that the transactions affect profit or loss in proportion to the percentage of completion of a given contract. The effectiveness of a transaction is assessed by comparing the maturity dates and notional amounts of the hedged item and the hedging instrument.

The table below presents total values of hedging relationships open as at June 30th 2021.

Jun 30 2021	Notional amount of contract (EUR '000)	Initial notional amount of hedging instrument	Outstanding notional amount of hedging instrument as at Jun 30 2021	Fair value of instrument (PLN '000)	Amount recognised in profit or loss (PLN '000)	Amount recognised in equity (PLN '000)	Date of final settlement of hedging instrument
TOTAL	77,109	33,787	17,175	-859	-579	-287	Jul 31 2021–Apr 13 2023
Jun 30 2021	Notional amount of contract (USD '000)	Initial notional amount of hedging instrument	Outstanding notional amount of hedging instrument as at Jun 30 2021	Fair value of instrument (PLN '000)	Amount recognised in profit or loss (PLN '000)	Amount recognised in equity (PLN '000)	Date of final settlement of hedging instrument
TOTAL	22,680	15,623	7,506	-415	-144	-271	Jul 16–Oct 14 2022
Jun 30 2021	Notional amount of contract (GBP '000)	Initial notional amount of hedging instrument	Outstanding notional amount of hedging instrument as at Jun 30 2021	Fair value of instrument (PLN '000)	Amount recognised in profit or loss (PLN '000)	Amount recognised in equity (PLN '000)	Date of final settlement of hedging instrument
TOTAL	1,275	830	320	-83	-52	-31	Nov 30 2021 – Nov 30 2021
<b>TOTAL</b>				<b>-1,357</b>	<b>-775</b>	<b>-589</b>	

The table below presents total values of hedging relationships open as at December 31st 2020.

Dec 31 2020	Notional amount of contract (EUR '000)	Initial notional amount of hedging instrument	Outstanding notional amount of hedging instrument as at Dec 31 2020	Fair value of instrument (PLN '000)	Amount recognised in profit or loss (PLN '000)	Amount recognised in equity (PLN '000)	Date of final settlement of hedging instrument
TOTAL	48,086	19,524	15,542	-2,808	-1,065	-1,743	Feb 26 2021 – Nov 30 2022
Dec 31 2020	Notional amount of contract (USD '000)	Initial notional amount of hedging instrument	Outstanding notional amount of hedging instrument as at Dec 31 2020	Fair value of instrument (PLN '000)	Amount recognised in profit or loss (PLN '000)	Amount recognised in equity (PLN '000)	Date of final settlement of hedging instrument
TOTAL	11,781	8,980	6,340	115	208	-93	Feb 26 2021 – Jun 30 2021
Dec 31 2020	Notional amount of contract (GBP '000)	Initial notional amount of hedging instrument	Outstanding notional amount of hedging instrument as at Dec 31 2020	Fair value of instrument (PLN '000)	Amount recognised in profit or loss (PLN '000)	Amount recognised in equity (PLN '000)	Date of final settlement of hedging instrument
TOTAL	1,275	830	580	-45	-	-45	Jun 30–Nov 30 2021
<b>TOTAL</b>				<b>-2,738</b>	<b>-857</b>	<b>-1,881</b>	

**Note 13. SHORT-TERM TRADE AND OTHER RECEIVABLES****Short-term trade and other receivables**

<b>Item</b>	<b>Jun 30 2021</b>	<b>Dec 31 2020</b>
<b>Trade receivables</b>	<b>41,149</b>	<b>58,616</b>
receivables under prepayments	9,898	8,488
taxes, customs duties and social security receivable	2,845	4,081
receivables from sale of S/W Brasil shares	922	1,518
other receivables, including bid bond	411	406
<b>Total other short-term receivables</b>	<b>14,077</b>	<b>14,493</b>
<b>Total receivables</b>	<b>55,226</b>	<b>73,108</b>

The Company assesses its receivables for impairment on an individual and group basis. Receivables are considered individually if there is objective evidence of impairment that may adversely affect future cash flows. Material objective indications include, for example, the initiation of court proceedings against the debtor, serious financial distress of the debtor, or materially past due payments. With respect to short-term trade receivables which are assessed on a group basis and have no significant financing component, the Company applies the simplified approach required under IFRS 9 and measures impairment losses in the amount of credit losses expected over the entire lifetime of a receivable since its initial recognition. The Company applies the provision matrix to calculate impairment losses on trade receivables classified in past due periods.

**Note 14. TRADE PAYABLES AND OTHER CURRENT LIABILITIES**

<b>TRADE PAYABLES AND OTHER CURRENT LIABILITIES</b>	<b>Jun 30 2021</b>	<b>Dec 31 2020</b>
a) for deliveries and services, payable in up to 12 months	39,615	40,861
b) taxes, duties, social security and other benefits (excluding income tax) payable	4,088	3,699
c) capital commitments	58	5
e) other	5,128	1,537
<b>TOTAL</b>	<b>48,888</b>	<b>46,102</b>

**Note 15. SHORT-TERM PROVISIONS FOR EMPLOYEE BENEFITS**

<b>Short-term employee benefit obligations</b>	<b>Jun 30 2021</b>	<b>Dec 31 2020</b>
- accrued holiday entitlements	2,963	1,596
- accrued bonuses	3,225	3,641
- accrued retirement bonuses	10	10
- current salaries and wages	3,266	2,949
	<b>9,464</b>	<b>8,196</b>





## Note 16. BORROWINGS

<b>Borrowings</b>	<b>Jun 30 2021</b>	<b>Dec 31 2020</b>
Overdrafts	11,132	16,318
Investment credit facility	12,083	13,694
Credit card limits	69	72
<b>Total</b>	<b>23,284</b>	<b>30,085</b>

<b>Borrowings</b>	
<b>As at Jan 1 2021</b>	<b>30,085</b>
<b>Increase, including:</b>	-
- bank loans contracted	-
<b>Decrease, including:</b>	<b>6,800</b>
- repayment of overdrafts	5,186
- repayment of investment credit facility	1,611
- repayment of credit card limits	3
<b>As at Jun 30 2021</b>	<b>23,284</b>

## Note 17. PRESENTATION CHANGE

Having analysed the materiality of the items specified below to its financial statements, in 2021 the Company removed treasury shares from statutory reserve funds to a separate line item under equity and changed the presentation of comparative data as at December 31st 2020.

	<b>before change Dec 31 2020</b>	<b>adjustment</b>	<b>after change Dec 31 2020</b>
<b>Equity</b>			
Share capital	3,616		3,616
Statutory reserve funds	137,376		137,376
Hedging reserve	-1,524		-1,524
Other components of equity	15,258	22,338	37,596
Treasury shares		-22,338	-22,338
Retained earnings	29,472		29,472
	<b>184,198</b>		<b>184,198</b>

## Note 18. DIVIDENDS PROPOSED OR APPROVED BY THE DATE OF AUTHORISATION OF THESE FINANCIAL STATEMENTS

On April 22nd 2021, the Management Board resolved on its recommendation for the Annual General Meeting as regards net profit appropriation. It recommended that the Company's net profit of PLN 7,856,447.93 (seven million, eight hundred and fifty-six thousand, four hundred and forty-seven zloty, 93/100) should be allocated as follows:

- PLN 4,944,307.50 (four million, nine hundred and forty-four thousand, three hundred and seven zloty, 50/100) of the net profit to be distributed as dividend to the shareholders (PLN 0.55 per share);
- PLN 2,912,140.43 (two million, nine hundred and twelve thousand, one hundred and forty zloty, 43/100) of the net profit to be allocated to the Company's statutory reserve funds.

Furthermore, the Management Board recommended that the dividend record date (Day R) should be July 1st 2021 and that the dividend payment (Day P) should be July 15th 2021.

On the same day, the Supervisory Board approved the Management Board's recommendation.

On June 10th 2021, the Annual General Meeting resolved on the appropriation of the Company's net profit for 2020, including distribution of PLN 4,944,307.50 as dividend to the shareholders. Dividend per share was PLN 0.55.

The dividend record date was set in accordance with the Management Board's recommendation for July 1st 2021. The dividend was paid on July 15th 2021.

#### Note 19. RELATED PARTY TRANSACTIONS

Related entity	period	Sales to related entities	Purchases from related entities	Receivables from related entities	Liabilities to related entities
<b>SECO/WARWICK Corporation</b>					
	<i>Jun 30 2021</i>	25	158	2,242	111
	<i>Apr 1–Jun 30 2021</i>	1	111	21	59
	<i>Jun 30 2020</i>	9	395	5,664	129
	<i>Dec 31 2020</i>	37	695	4,769	-
<b>Retech Systems LLC</b>					
	<i>Jun 30 2021</i>	742	6,080	215	424
	<i>Apr 1–Jun 30 2021</i>	73	5,255	- 1,198	- 1,348
	<i>Jun 30 2020</i>	6,400	63	1,754	1,839
	<i>Dec 31 2020</i>	15,677	7,540	663	2,304
<b>SECO/WARWICK Retech Thermal Equipment Manufacturing Tianjin Co. Ltd.</b>					
	<i>Jun 30 2021</i>	525	787	1,730	6,763
	<i>Apr 1–Jun 30 2021</i>	330	494	- 231	- 1,141
	<i>Jun 30 2020</i>	613	2,688	2,553	6,975
	<i>Dec 31 2020</i>	1,061	5,833	2,259	8,201
<b>SECO VACUUM TECHNOLOGIES LLC</b>					
	<i>Jun 30 2021</i>	170	100	1,504	17
	<i>Apr 1–Jun 30 2021</i>	25	17	- 2,704	- 648
	<i>Jun 30 2020</i>	14,289	451	15,620	487
	<i>Dec 31 2020</i>	18,342	539	9,179	547
<b>SECO/WARWICK Germany GmbH</b>					
	<i>Jun 30 2021</i>	73	342	2,943	627
	<i>Apr 1–Jun 30 2021</i>	39	207	- 1,452	- 1,201
	<i>Jun 30 2020</i>	49	127	4,093	1,296
	<i>Dec 31 2020</i>	197	673	4,317	1,675
<b>SECO/WARWICK Services Sp. z o.o.</b>					
	<i>Jun 30 2021</i>	2,369	209	1,188	47

	<i>Apr 1–Jun 30 2021</i>	1,094	187	- 292	38
	<i>Jun 30 2020</i>	1,802	266	1,295	23
	<i>Dec 31 2020</i>	4,089	806	1,308	10
<b>SECO/WARWICK Rus</b>					
	<i>Jun 30 2021</i>	1,886	574	2,522	-
	<i>Apr 1–Jun 30 2021</i>	12	-	- 71	-
	<i>Jun 30 2020</i>	-	393	1,358	11
	<i>Dec 31 2020</i>	11	993	1,415	-
<b>SECO/WARWICK Systems and Services India PVT. Ltd.</b>					
	<i>Jun 30 2021</i>	102	135	132	194
	<i>Apr 1–Jun 30 2021</i>	39	85	- 69	83
	<i>Jun 30 2020</i>	10	286	81	260
	<i>Dec 31 2020</i>	147	492	134	60

## Note 20. FAIR VALUE HIERARCHY

All financial instruments are classified by the Company at level 2 of the fair value hierarchy. The method and technique used to measure financial instruments at fair value are the same as those applied as at December 31st 2020. Both in the reporting period and the comparative period, there were no transfers between the levels of fair value hierarchy of financial instruments at the Company, nor was there any change in the classification of instruments as a result of a change in the purpose or use of these instruments.

There are no material differences between the carrying amount and the fair value of any of the financial assets and liabilities.

	<b>2021</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial assets</b>			
Investments in related entities	-	-	-
Financial assets available for sale (non-current)	-	-	-
Loans advanced (short-term)	-	-	-
Loans advanced (long-term)	-	-	-
Trade and other receivables	-	-	-
Derivative financial instruments	-	311	-
- <i>Currency forwards (short-term)</i>	-	299	-
- <i>Currency forwards (long-term)</i>	-	12	-
Cash and cash equivalents	-	-	-
Sureties issued	-	-	-
<b>Total</b>	-	<b>311</b>	-
<b>Financial liabilities</b>			
<b>current</b>			
Interest-bearing borrowings, including:	-	-	-
- <i>Overdraft facility</i>	-	-	-
- <i>Short-term borrowings</i>	-	-	-
- <i>Finance lease liabilities (short-term)</i>	-	-	-
Trade and other payables	-	-	-
Currency forwards	-	1,658	-
<b>long-term</b>	-	-	-

Long-term borrowings bearing interest at variable rates	-	-	-
Currency forwards	-	10	-
Other liabilities (non-current), including:	-	-	-
- <i>Finance lease liabilities</i>	-	-	-
<b>Total</b>	-	<b>1,668</b>	-

**Note 21. SEASONALITY OR CYCLICALITY OF BUSINESS IN THE REPORTING PERIOD**

SECO/WARWICK S.A.'s business is not exposed to any significant seasonal or cyclical fluctuations.

**Note 22. EVENTS NON-TYPICAL DUE TO THEIR NATURE, SCALE OR FREQUENCY**

At the end of 2019, the first news was received of the spread of the SARS-CoV-2 virus, causing the COVID-19 disease, in China. In the first months of 2020, the virus spread across the world, and its adverse impacts are being felt in many countries.

In connection with the spread of SARS-CoV-2 in Poland, the Polish government announced a state of epidemic threat as of March 14th 2020, and then a state of epidemic as of March 20th 2020, and introduced far-reaching restrictions aimed at limiting the pace and extent of the epidemic. Similar precautionary measures were implemented in most of the affected countries, including in the world's largest economies. The restrictions have strongly affected business organisations' ability to operate and have a material bearing on the current economic situation.

The Company's Management Board took steps to mitigate the adverse effect of the situation on the Company's and the Group's operations and financial performance, while taking measures to ensure safety of the employees and trading partners.

Based on its best knowledge, the Company's Management Board does not expect any rise in the number of court disputes, any penalties imposed for delays in contract performance, contract terminations, or insolvencies of the Group's customers. The Management Board regularly monitors and analyses the situation, the value of orders, and the stage of completion of contracts, to take steps aimed at securing the Group's operations, if required.

In H1 2021, based on current observations, the Company identifies the following main areas of possible impact of the COVID-19 pandemic on the Company's operations and financial condition:

1. lower number and value of new orders placed by the Company's trading partners;
2. reintroduction of labour and travel restrictions in China, Europe and the United States, which could delay the performance of contracts concluded by the Company by hampering selling efforts and the ability to put equipment into operation and perform maintenance services;
3. difficulties in the performance of contracts resulting from the introduction of a remote work system to protect employees' health and life against COVID-19;
4. potential impediments in the Company's cooperation with its key suppliers of raw materials and components;
5. crisis in industries of key importance to the Company, i.e. the automotive, aviation and energy sectors.

**Note 23. ISSUE, REDEMPTION AND REPAYMENT OF DEBT AND EQUITY SECURITIES**

No such events occurred.

**Note 24. OFF-BALANCE-SHEET ITEMS**

**Contingent liabilities**

As at June 30th 2021, contingent liabilities under performance bonds (bank guarantees) issued amounted to PLN 48,374 thousand (end of 2020: PLN 48,485 thousand).



**Note 25. SETTLEMENTS RELATED TO COURT CASES**

In 2020, no liabilities or receivables of SECO/WARWICK S.A. were disputed in any significant court, arbitration or administrative proceedings with any counterparty or its group.

For detailed information on court cases, see Section 24 of the Directors' Report on SECO/WARWICK S.A.'s operations in the year ended December 31st 2020. As at the date of authorisation for issue of these financial statements, the Company reassessed the situation and did not identify any need for changes.

**Note 26. MATERIAL EVENTS WHICH OCCURRED AFTER THE END OF THE REPORTING PERIOD AND ARE NOT DISCLOSED IN THESE FINANCIAL STATEMENTS**

No such events occurred.

**Note 27. REMUNERATION OF THE SUPERVISORY BOARD AND MANAGEMENT BOARD****Remuneration of the Management Board:**

Name and surname	Base salary for period	Other benefits, including bonuses, awards	Accrued incentive scheme costs	Total remuneration in the period
	(PLN '000)	(PLN '000)	(PLN '000)	(PLN '000)
<b>Jan 1–Jun 30 2021</b>				
Sławomir Woźniak	240	350	220	810
Jarosław Talerzak (1)	130	43	46	219
Piotr Walasek	180	235	73	488
Bartosz Klinowski	180	200	73	453
Earl Good	647	-	121	647
<b>Total</b>	<b>1,377</b>	<b>829</b>	<b>533</b>	<b>2,619</b>
<b>Jan 1–Jun 30 2020</b>				
Sławomir Woźniak	216	219	66	500
Jarosław Talerzak	176	71	10	257
Piotr Walasek	162	87	23	271
Bartosz Klinowski	162	68	195	425
Earl Good	558	-	-	558
<b>Total</b>	<b>1,273</b>	<b>444</b>	<b>294</b>	<b>2,011</b>

(1) The remuneration amount relates to the term of office on the Management Board: from January 1st 2021 to April 27th 2021.

**Remuneration of the Supervisory Board:**

	Jan 1–Jun 30 2021	Jan 1–Jun 30 2020
Andrzej Zawistowski	163	91
- for his service as Chairman of the Supervisory Board	102	62
- under contract for advisory services <sup>(1)</sup>	62	30
Jeffrey Boswell (2)	76	86
Henryk Pilarski	27	24
Marcin Murawski	21	19
Jacek Tucharz	21	19

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**Total****309****239**

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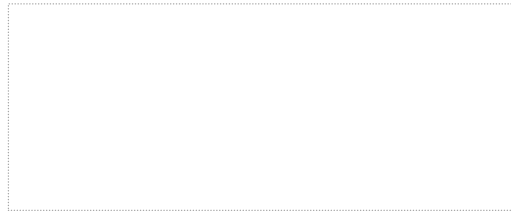
<sup>(1)</sup> Under a service contract between SECO/WARWICK S.A. and Mr Andrzej Zawistowski, who conducts business activities as USŁUGI DORADCZE Andrzej Zawistowski. The contract of July 2nd 2012 is for the provision of technical and product development advisory services.

<sup>(2)</sup> Under an employment contract between SECO/WARWICK Corp. and Mr Jeffrey Boswell.



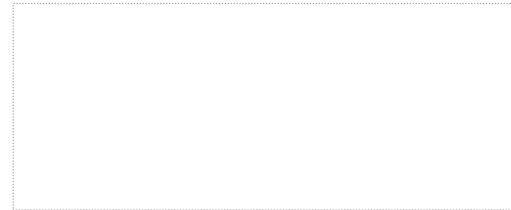
Date: September 10th 2021

President of the Management Board



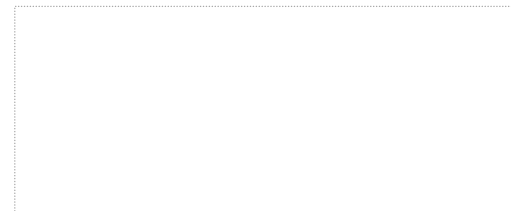
Sławomir Woźniak

Member of the Management Board



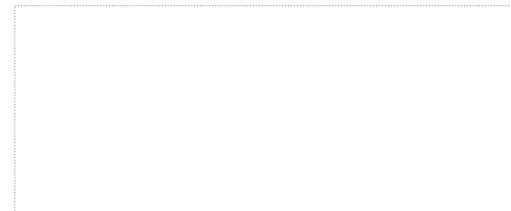
Bartosz Klinowski

Member of the Management Board



Earl Good

Member of the Management Board



Piotr Walasek