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CONSOLIDATED REPORT FOR THE THIRD QUARTER OF 2021

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1ST–SEPTEMBER 30TH 2021

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

	Jan 1–Sep 30 2021	Jan 1–Sep 30 2020	Jul 1–Sep 30 2021	Jul 1–Sep 30 2020
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue from sale of finished goods and services	329,822	280,597	111,851	89,346
Revenue from sale of merchandise and materials	5,267	2,179	2,247	658
Revenue	335,089	282,776	114,098	90,004
Cost of finished goods sold and services rendered	-258,111	-218,518	-88,073	-71,731
Cost of merchandise and materials sold	-3,630	-1,192	-1,056	-154
Cost of sales	-261,741	-219,710	-89,130	-71,885
Gross profit	73,348	63,066	24,969	18,119
Other income	1,118	2,034	58	415
Distribution costs	-19,955	-17,375	-6,603	-6,164
Administrative expenses	-36,636	-34,665	-11,607	-10,344
Expected credit losses	408	-702	585	-184
Other expenses	-2,382	-1,289	-930	-358
Operating profit	15,900	11,069	6,471	1,483
Finance income	1,408	3,483	1,253	333
Finance costs	-3,642	-4,497	-1,656	-447
Share of net profit/(loss) of equity-accounted associates	-116	94	-15	96
Profit before tax	13,551	10,149	6,053	1,465
Income tax	-2,408	-3,520	-1,420	-721
Net profit/(loss) from continuing operations	11,143	6,628	4,633	745
Net profit/(loss)	11,143	6,628	4,633	745
Net profit/(loss) attributable to				
Owners of the parent	10,881	6,365	4,471	650
Non-controlling interests	263	265	163	95
OTHER COMPREHENSIVE INCOME:				
Items not to be reclassified to profit/(loss) in subsequent reporting periods				
Actuarial gains/(losses) on a defined benefit pension plan	1,593	-1,585	15	35
Income tax on other comprehensive income				
Items which may be reclassified to profit/(loss) in subsequent reporting periods				
Valuation of cash flow hedging derivatives	-357	-1,706	-1,650	-206
Exchange differences on translating foreign operations	4,862	1,225	3,779	-1,414
Income tax on other comprehensive income	68	324	68	39
Total other comprehensive income, net	6,166	-1,741	6,412	-1,546
Total comprehensive income	17,310	4,888	13,602	-800
Total comprehensive income attributable to				

Owners of the parent	16,960	4,596	16,960	-903
Non-controlling interests	347	292	-9,746	104

EARNINGS PER SHARE:

- basic earnings per share attributable to owners of the parent	1.20	0.64	0.49	0.07
- diluted earnings per share attributable to owners of the parent	1.20	0.63	0.49	0.06

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

	Sep 30 2021 (unaudited)	Dec 31 2020 (audited)
Non-current assets		
Property, plant and equipment	53,268	54,331
Right-of-use assets	21,964	23,649
Investment property	292	310
Goodwill	41,247	38,931
Intangible assets	47,302	45,440
Long-term receivables	1,771	677
Other financial assets	3	3
Deferred tax assets	1,050	978
	166,897	164,320
Current assets		
Inventories	61,576	61,555
Trade receivables	84,261	84,842
Income tax assets	460	481
Other short-term receivables	20,847	13,222
Other financial assets	28	345
Other non-financial assets	4,564	3,181
Contract assets	82,414	70,022
Cash and cash equivalents	41,197	52,558
	295,347	286,205
TOTAL ASSETS	462,244	450,525

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

	Sep 30 2021 (unaudited)	Dec 31 2020 (audited)
Equity		
Share capital	3,616	3,616
Statutory reserve funds	205,479	201,557
Other components of equity	35,808	37,596
Treasury shares	-19,783	-22,338
Hedging reserve	-1,814	-1,524
Translation reserve	25,755	20,978
Retained earnings / accumulated losses	-47,918	-51,524
Equity attributable to owners of the parent	201,144	188,361
Non-controlling interests	1,202	855
	202,346	189,215
Non-current liabilities		
Borrowings	8,218	10,690
Lease liabilities	14,867	16,908
Derivative financial instruments	383	402
Deferred tax liabilities	17,978	16,617
Employee benefit obligations	367	2,173
Contract liabilities	1,529	598
	43,342	47,388
Current liabilities		
Borrowings	25,913	21,321
Lease liabilities	4,691	4,647
Derivative financial instruments	3,446	2,682
Trade payables	58,797	42,961
Other current liabilities	7,218	7,693
Employee benefit obligations	17,229	14,325
Other provisions	9,251	8,056
Contract liabilities	90,011	112,237
	216,556	213,922
TOTAL EQUITY AND LIABILITIES	462,244	450,525

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 (PLN '000)

	Jan 1–Sep 30 2021	Jan 1–Sep 30 2020
	(unaudited)	(unaudited)
OPERATING ACTIVITIES		
Profit/(loss) before tax	13,548	10,149
Total adjustments:	-11,344	10,900
Share of net (profit)/loss of a jointly controlled entity	116	-438
Depreciation and amortisation	9,734	9,845
Foreign exchange gains/(losses)	1,011	302
Interest and profit distributions	432	765
Gain/(loss) on investing activities	464	148
Valuation of derivative instruments	705	833
Other adjustments (including management stock options)	1,894	655
Changes in items of the statement of financial position:		
Change in provisions	2,106	-3,270
Change in inventories	1,666	4,878
Change in receivables	2,524	-5,577
Change in current liabilities other than financial liabilities	11,186	-18,209
Change in grants for development projects	-	-455
Change in contract assets and liabilities	-43,181	21,424
Cash provided by operating activities	2,204	21,049
Income tax paid	-976	-463
Net cash from operating activities	1,229	20,586
INVESTING ACTIVITIES		
Cash provided by financing activities	1,411	4,116
Proceeds from disposal of intangible assets and property, plant and equipment	1,354	4,064
Other proceeds from financial assets	56	53
Cash used in financing activities	8,657	7,244
Investments in intangible assets, property, plant and equipment, and investment property	8,651	7,244
Other cash used in investing activities	5	-
Net cash from investing activities	-7,246	-3,128
FINANCING ACTIVITIES		
Cash provided by financing activities	3,365	11,698
Increase in bank borrowings	2,625	11,011
Grants received	740	686
Cash used in financing activities	8,926	20,891
Dividends and other distributions to owners	4,944	-
Repayment of borrowings	1,757	17,202
Payment of lease liabilities	1,746	2,870
Payment of interest	478	819
Net cash from financing activities	-5,561	-9,194
Total net cash	-11,578	8,264
Net change in cash, including:	-11,345	8,073

- effect of exchange rate fluctuations on cash held	217	-191
Cash at beginning of period	52,558	36,595
Cash at end of period	41,197	44,669

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
Equity as at Jan 1 2021	3,616	201,557	37,596	-22,338	-1,524	20,978	-51,525	188,363	853	189,216
Profit/(loss) for period	-	-	-	-	-	-	10,878	10,878	263	11,142
Other comprehensive income	-	-	-	-	- 289	4,778	1,594	6,082	84	6,166
Total comprehensive income for the year	-	-	-	-	- 289	4,778	12,472	16,960	347	17,307
Allocation of profit to dividend payment	-	-	-	-	-	-	-4,944	-4,944	-	-4,944
Management stock options	-	-	615	-	-	-	-	615	-	615
Transfer of retained earnings to statutory reserve funds	-	3,922	-	-	-	-	-3,922	-	-	-
Carrying amount of treasury shares sold under the incentive scheme	-	-	-2,555	2,555	-	-	-	-	-	-
Sale of treasury shares	-	-	153	-	-	-	-	153	-	153
Equity as at September 30th 2021 (unaudited)	3,616	205,479	35,809	-19,783	-1,814	25,755	-47,919	201,143	1,201	202,347
	Share capital	Statutory reserve funds	Other components of equity	Treasury shares	Hedging reserve	Exchange differences	Retained earnings / accumulated losses	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
Equity as at Jan 1 2020	3,616	205,773	22,918	-9,107	-161	21,541	-55,461	189,119	474	189,593
Profit/(loss) for period	-	-	-	-	-	-	6,365	6,365	265	6,629
Other comprehensive income	-	-	-	-	-1,382	1,198	-1,585	-1,769	28	-1,741
Total comprehensive income for the year	-	-	-	-	-1,382	1,198	4,780	4,596	292	4,888
Management stock options	-	-	699	-	-	-	-	699	-	699
Transfer of retained earnings to statutory reserve funds/ coverage of loss from prior years with statutory reserve funds	-	10,399	-	-	-	-	-10,399	-	-	-
Capital reserve for buyback of shares	-	-15,000	15,000	-	-	-	-	-	-	-
Equity as at September 30th 2020 (unaudited)	3,616	201,172	38,617	-9,107	-1,542	22,738	-61,080	194,414	766	195,180



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

INTERIM CONDENSED SEPARATE STATEMENT OF COMPREHENSIVE INCOME

(PLN '000)

	Jan 1–Sep 30 2021	Jan 1–Sep 30 2020	Jul 1–Sep 30 2021	Jul 1–Sep 30 2020
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue from sale of finished goods and services	190,057	174,428	56,517	52,907
Revenue from sale of merchandise and materials	6	3	2	-
Revenue	190,062	174,431	56,519	52,907
Cost of finished goods sold and services rendered	-154,501	-137,751	-45,637	-43,635
Cost of merchandise and materials sold	-6	-18	-1	-
Cost of sales	-154,507	-137,768	-45,639	-43,635
Gross profit	35,555	36,663	10,880	9,272
Other income	1,557	2,097	443	586
Distribution costs	-10,957	-7,641	-3,043	-2,937
Administrative expenses	-17,520	-15,893	-5,416	-3,989
Expected credit losses	397	-1,428	62	68
Other expenses	-1,840	-973	-672	-314
Operating profit	7,192	12,825	2,253	2,687
Finance income	1,438	3,350	1,366	-80
Finance costs	-3,020	-3,905	-1,929	-295
Profit before tax	5,610	12,270	1,690	2,311
Income tax	-1,246	-2,907	-509	-497
Net profit/(loss)	4,363	9,364	1,181	1,814
OTHER COMPREHENSIVE INCOME:				
Items which may be reclassified to profit/(loss) in subsequent reporting periods				
Valuation of cash flow hedging derivatives	-357	-1,706	-1,657	-206
Income tax on other comprehensive income	68	324	315	39
Other comprehensive income, net	-289	-1,382	-1,342	-167
Total comprehensive income	4,074	7,982	-161	1,647
Earnings/(loss) per share (PLN):				
- basic earnings per share attributable to owners of the parent	0.48	0.94	0.13	0.30
- diluted earnings per share attributable to owners of the parent	0.48	0.92	0.13	0.29

INTERIM CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION
(PLN '000)

	Sep 30 2021 (unaudited)	Dec 31 2020 (audited)
Non-current assets		
Property, plant and equipment	41,844	44,585
Right-of-use assets	10,391	11,255
Investment property	292	310
Intangible assets	46,278	44,664
Long-term receivables	1,341	512
Investments in related entities	58,422	58,422
Other financial assets	3	3
Contract costs	255	-
	158,825	159,751
Current assets		
Inventories	26,200	26,331
Trade receivables	53,861	58,616
Other short-term receivables	22,605	14,493
Derivative financial instruments	28	345
Other financial assets	2,000	2,000
Other non-financial assets	2,080	1,943
Contract costs	2,608	3,882
Contract assets	54,002	48,524
Cash and cash equivalents	9,177	15,940
	172,561	172,073
TOTAL ASSETS	331,386	331,823

INTERIM CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION
(PLN '000)

	Sep 30 2021 (unaudited)	Dec 31 2020 (audited)
Equity		
Share capital	3,616	3,616
Statutory reserve funds	140,288	137,376
Hedging reserve	-1,814	-1,524
Other components of equity	35,808	37,596
Treasury shares	-19,783	-22,338
Retained earnings	25,979	29,472
	184,096	184,198
Non-current liabilities		
Borrowings	8,056	10,472
Lease liabilities	5,949	6,678
Derivative financial instruments	383	402
Deferred tax liabilities	9,038	7,860
Employee benefit obligations	1,335	1,335
Contract liabilities	1,529	598
	26,289	27,344
Current liabilities		
Borrowings	22,683	19,612
Lease liabilities	1,948	2,306
Derivative financial instruments	3,446	2,682
Trade payables	39,081	40,861
Other current liabilities	4,403	5,241
Employee benefit obligations	10,270	8,196
Other provisions	6,327	5,019
Contract liabilities	32,844	36,364
	121,001	120,281
TOTAL EQUITY AND LIABILITIES	331,386	331,823

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

	Jan 1–Sep 30 2021	Jan 1–Sep 30 2020
	(unaudited)	(unaudited)
OPERATING ACTIVITIES		
Profit before tax	5,610	12,270
Total adjustments:	-3,348	8,787
Depreciation and amortisation	5,480	6,181
Foreign exchange gains/(losses)	-217	191
Interest and profit distributions (dividends)	347	568
Gain/(loss) on investing activities	517	511
Other adjustments (including management stock options)	302	611
Changes in items of the statement of financial position:		
Change in provisions	3,382	-2,910
Change in inventories	132	9,536
Change in receivables	-4,187	-1,741
Change in liabilities (other than current financial liabilities)	-2,624	-4,878
Change in grants for development projects	-	-455
Change in contract assets and liabilities	-7,048	-736
Change in accruals and deferrals	-137	1,075
Change in currency forward contracts	705	833
Cash provided by operating activities	2,261	21,057
Income tax paid	-	-
Net cash from operating activities	2,261	21,057
INVESTING ACTIVITIES		
Cash provided by financing activities	1,298	104
Proceeds from disposal of intangible assets and property, plant and equipment	1,253	59
Decrease in loans advanced	45	45
Cash used in financing activities	5,243	5,412
Investments in intangible assets, property, plant and equipment, and investment property	5,243	5,412
Net cash from investing activities	-3,945	-5,307
FINANCING ACTIVITIES		
Cash provided by financing activities	1,393	686
Grants	587	686
Borrowings	654	-
Sale of treasury shares under the incentive scheme	153	-
Cash used in financing activities	6,690	11,191
Repayment of borrowings	-	9,227
Dividend	4,944	-
Payment of finance lease liabilities	1,354	1,351
Payment of interest	392	613
Net cash from financing activities	-5,297	-10,505

Total net cash	-6,980	5,245
Net change in cash, including:	-6,763	5,054
- effect of exchange rate fluctuations on cash held	217	-191
Cash at beginning of period	15,940	23,099
Cash at end of period	9,177	28,152

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

	Share capital	Statutory reserve funds	Hedging reserve	Other components of equity	Treasury shares	Retained earnings / accumulated losses	Total equity
Equity as at Jan 1 2021	3,616	137,376	-1,524	37,595	-22,338	29,472	184,197
Profit for period	-	-	-	-	-	4,363	4,363
Other comprehensive income	-	-	-289	-	-	-	-289
Total comprehensive income for the year	-	-	-289	-	-	4,363	4,074
Transfer of retained earnings to statutory reserve funds	-	2,912	-	-	-	-2,912	-
Dividend	-	-	-	-	-	-4,944	-4,944
Carrying amount of treasury shares sold under the incentive scheme	-	-	-	-2,555	2,555	-	-
Sale of treasury shares under the incentive scheme	-	-	-	153	-	-	153
Management stock options	-	-	-	615	-	-	615
Equity as at September 30th 2021 (unaudited)	3,616	140,288	-1,814	35,808	-19,783	25,979	184,096
	Share capital	Statutory reserve funds	Hedging reserve	Other components of equity	Treasury shares	Retained earnings / accumulated losses	Total equity
Equity as at Jan 1 2020 (audited)	3,616	141,371	-161	22,918	-9,107	32,235	190,872
Profit for period	-	-	-	-	-	9,364	9,364
Other comprehensive income	-	-	-1,382	-	-	-	-1,382
Total comprehensive income for the year	-	-	-1,382	-	-	9,364	7,982
Capital reserve for repurchase of shares	-	-15,000	-	15,000	-	-	-
Transfer of retained earnings to statutory reserve funds	-	10,620	-	-	-	-10,620	-
Management stock options	-	-	-	699	-	-	699
Equity as at September 30th 2020 (unaudited)	3,616	136,991	-1,543	38,617	-9,107	30,980	199,554



**SUPPLEMENTARY INFORMATION TO THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED**

SEPTEMBER 30TH 2021

I. General information

The SECO/WARWICK Group

The Parent of the SECO/WARWICK Group (the “SECO/WARWICK Group”, the “Group”) is SECO/WARWICK Spółka Akcyjna of Świebodzin, Poland (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.

The operations of the SECO/WARWICK Group are divided into five main business segments:

- Vacuum Furnaces,
- Aluminium Heat Treatment Systems (Aluminium Process),
- Atmosphere Furnaces (ATM)*,
- Melting Furnaces,
- Aftersales.

*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.

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.

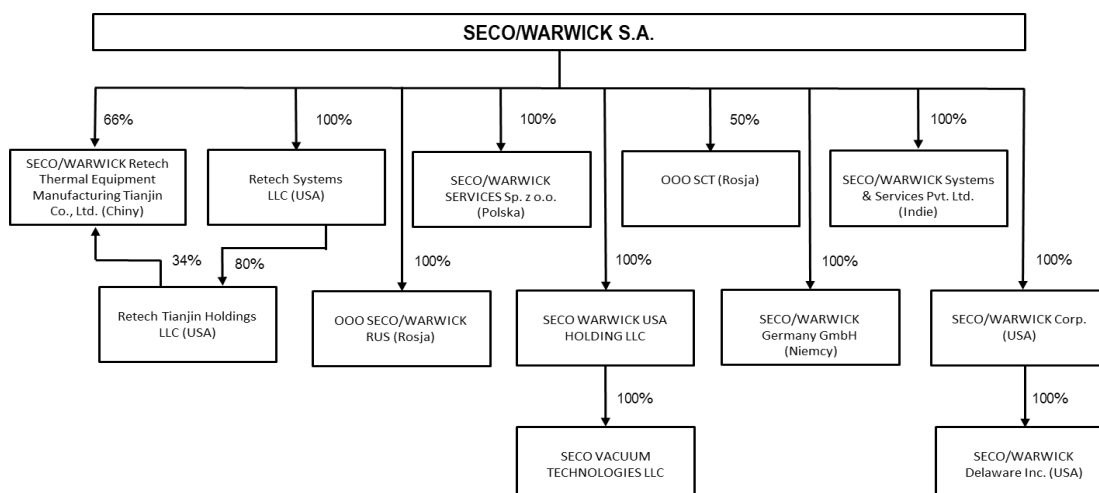
The Group includes a jointly controlled entity:

- 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.

Table: Composition of the SECO/WARWICK Group as at September 30th 2021:

Company	Registered office	Principal business activity	Group's ownership interest
Parent			
SECO/WARWICK S.A.	Świebodzin (Poland)	Holding company of the SECO/WARWICK Group; holding equity interests and providing strategic management services; manufacture of equipment for metal heat treatment	N.A.
Direct and indirect subsidiaries			
SECO/WARWICK Corp.	Meadville (USA)	Sale, repair and maintenance services	100%
SECO/WARWICK of Delaware, Inc	Wilmington (USA)	Holding company; registration of trademarks and patents, and granting licences for use of the trademarks and patents by SECO/WARWICK Corp.	100%
SECO/WARWICK Rus	Moscow (Russia)	Distribution of the Group's products	100%
Retech Systems LLC	Buffalo (USA)	Trade and services; manufacture of metallurgy equipment used for melting and vacuum casting of metals and specialty alloys	100%
SECO/WARWICK Retech Thermal Equipment Manufacturing Tianjin Co., Ltd.	Tianjin (China)	manufacture of equipment for metal heat treatment	93%
Retech Tianjin Holdings LLC	(USA)	Holding company	80%
OOO SCT	Solnechnogorsk (Russia)	Provision of metal heat treatment services in Russia	50%
SECO/WARWICK Germany GmbH	Bedburg-Hau (Germany)	Sale, repair and maintenance services	100%
SECO/WARWICK Services Sp. z o.o.	Świebodzin (Poland)	Repair and maintenance services	100%
SECO WARWICK USA HOLDING LLC	Wilmington (USA)	Holding company	100%
SECO VACUUM TECHNOLOGIES LLC	Wilmington (USA)	Sale and distribution of vacuum furnaces.	100%
SECO/WARWICK Systems and Services India PVT. Ltd.	Mumbai (India)	Sale, repair and maintenance services	100%

Organisation of the Group:



Composition of the SECO/WARWICK Group as at the issue date of this Report

Between September 30th 2021 and the issue date of these financial statements, there were no changes in the composition of the SECO/WARWICK Group.

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

As at the date of issue of these financial statements and as at September 30th 2021, the Management Board of SECO/WARWICK S.A. was composed 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 the date of issue of these financial statements and as at September 30th 2021, the Supervisory Board of SECO/WARWICK S.A. was composed 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 this report, there were no changes in the composition of the Supervisory Board.

II. 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 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.

Material judgements and assumptions

Material judgements made by the Management Board in applying the Company'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.

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
Amendments to IFRS 3 <i>Business Combinations</i> , IAS 16 <i>Property, Plant and Equipment</i> , IAS 37	The package of amendments contains three minor amendments to the standards:	The amendments are not expected to have a material effect on the Group's financial

Standards and interpretations	Type of expected change in accounting policies	Possible effect on the financial statements
<p><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>	<ul style="list-style-type: none"> 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; 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; 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. <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>	statements.

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"> 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), 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. 	The Group 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.</p>	The Group does not expect the Standard to have a material effect on its financial statements as the Group does not operate in the insurance sector.

Standards and interpretations not yet endorsed by the EU	Type of expected change in accounting policies	Possible effect on the financial statements
	Contractual obligations will be recognised at present value rather than historical cost.	
<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.

III. Financial highlights

Average EUR/PLN exchange rates quoted by the National Bank of Poland for the periods covered by these financial statements, including with respect to historical financial data, were as follows:

Financial year	Jan 1–Sep 30 2021	Dec 31 2020	Jan 1-Sep 30 2020
Average exchange rate for the period*	4.5585	-	4.4420
Exchange rate effective for the last day of the period	4.6329	4.6148	-

*) Arithmetic mean of the exchange rates effective for the last day of each month in the period.

Items of assets, equity and liabilities in the interim condensed consolidated statement of financial position have been translated using the EUR/PLN exchange rates quoted by the National Bank of Poland for the last day of the period.

Items of the interim condensed consolidated statement of comprehensive income and statement of cash flows have been translated using the exchange rates calculated as the arithmetic means of the EUR/PLN mid market rates quoted by the National Bank of Poland as effective for the last day of each month in the reporting period.

The table below presents key items of the interim condensed consolidated statement of financial position, statement of comprehensive income and statement of cash flows disclosed in the interim condensed consolidated financial statements and the comparative data, translated into the euro:

Consolidated financial highlights:

Consolidated financial highlights	From Jan 1 to Sep 30			
	2021	2020	2021	2020
	(PLN '000)		(EUR '000)	
Revenue	335,089	282,776	73,509	63,659
Cost of sales	-261,741	-219,710	-57,418	-49,461
Operating profit/(loss)	15,900	11,069	3,488	2,492
Profit/(loss) before tax	13,551	10,149	2,973	2,285
Net profit/(loss) attributable to owners of the parent	10,881	6,365	2,387	1,433
Net cash flows from operating activities	1,229	20,586	270	4,634
Net cash flows from investing activities	-7,246	-3,128	-1,590	-704
Net cash flows from financing activities	-5,561	-9,194	-1,220	-2,070
	Sep 30 2021	Dec 31 2020	Sep 30 2021	Dec 31 2020
Total assets	462,244	450,525	99,774	106,982
Total liabilities	259,898	261,310	56,098	62,460
Including current liabilities	216,556	213,922	46,743	52,326
Equity	202,346	189,215	43,676	44,521
Share capital	3,616	3,616	781	849

The table below presents the key items of the interim condensed separate statement of financial position, statement of comprehensive income and statement of cash flows presented in these financial statements, together with the relevant comparative data, translated into the euro:

Separate financial highlights

Separate financial highlights	From Jan 1 to Sep 30			
	2021	2020	2021	2020
	(PLN '000)		(EUR '000)	
Revenue	190,062	174,431	41,694	39,269
Cost of sales	-154,507	-137,768	-33,894	-31,015
Operating profit/(loss)	7,192	12,825	1,578	2,887
Profit/(loss) before tax	5,610	12,270	1,231	2,762
Net profit/(loss) attributable to owners of the parent	4,363	9,364	957	2,108
Net cash flows from operating activities	2,261	21,057	496	4,740
Net cash flows from investing activities	-3,945	-5,307	-865	-1,195
Net cash flows from financing activities	-5,297	-10,505	-1,162	-2,365
	Sep 30 2021	Dec 31 2020	Sep 30 2021	Dec 31 2020
Total assets	331,386	331,823	71,529	71,904
Total liabilities	147,290	147,626	31,792	31,990
Including current liabilities	121,001	120,281	26,118	26,064
Equity	184,096	184,198	39,737	39,915
Share capital	3,616	3,616	781	784



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS
FOR THE NINE MONTHS ENDED
SEPTEMBER 30TH 2021**

REVENUE

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

Item	Jan 1–Sep 30 2021	Jan 1–Sep 30 2020	Jul 1–Sep 30 2021	Jul 1–Sep 30 2020
Revenue from sale of finished goods and services	329,822	280,597	111,851	89,346
- including revenue recognised over time	254,704	219,381	66,805	67,713
Revenue from sale of merchandise and materials	5,267	2,179	2,247	658
TOTAL revenue	335,089	282,776	114,098	90,004

Revenue by geographical markets:

Item	Jan 1–Sep 30 2021	Jan 1–Sep 30 2020	Jul 1–Sep 30 2021	Jul 1–Sep 30 2020
European Union	78,575	87,437	34,508	28,111
Commonwealth of Independent States	48,686	26,629	12,654	9,282
USA	89,169	88,912	32,541	29,930
Asia	102,913	72,374	31,146	21,367
Other	15,747	7,424	3,248	1,315
TOTAL revenue	335,089	282,776	114,097	90,005

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

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 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–Sep 30 2021	Continuing operations						Unallocated items	Total
	Vacuum Furnaces	Atmosphere Furnaces (Thermal)	Aluminium Process	Melting Furnaces	Aftersales	Total		
Total segment revenue	99,323	1,853	71,516	93,261	69,136	335,089	-	335,089
Sales to customers accounting for 10% or more of revenue	-	-	-	-	-	-	-	-
Total segment expenses	-74,995	-3,869	-56,995	-75,072	-50,667	-261,599	-143	-261,741
Gross profit/(loss)	24,327	-2,016	14,521	18,189	18,469	73,491	-143	73,348

Jul 1–Sep 30 2021	Continuing operations						Unallocated items	Total
	Vacuum Furnaces	Atmosphere Furnaces (Thermal)	Aluminium Process	Melting Furnaces	Aftersales	Total		
Total segment revenue	35,111	150	24,152	28,276	26,427	114,116	-18	114,098
Sales to customers accounting for 10% or more of revenue	-	-	-	-	-	-	-	-
Total segment expenses	-26,001	-378	-20,316	-23,540	-18,926	-89,162	32	-89,130
Gross profit/(loss)	9,110	-228	3,836	4,736	7,501	24,954	14	24,969

Jan 1–Sep 30 2020	Continuing operations						Unallocated items	Total
	Vacuum Furnaces	Atmosphere Furnaces (Thermal)	Aluminium Process	Melting Furnaces	Aftersales	Total		
Total segment revenue	76,231	18,789	36,111	85,110	66,535	282,775	-	282,776
Sales to customers accounting for 10% or more of revenue	-	-	-	-	-	-	-	-
Total segment expenses	-59,410	-16,830	-25,044	-71,387	-45,285	-217,955	-1,754	-219,710
Gross profit/(loss)	16,821	1,959	11,067	13,723	21,250	64,820	-1,754	63,066

Jul 1–Sep 30 2020	Continuing operations						Unallocated items	Total
	Vacuum Furnaces	Atmosphere Furnaces (Thermal)	Aluminium Process	Melting Furnaces	Aftersales	Total		
Total segment revenue	25,238	4,551	10,207	27,971	22,032	89,998	6	90,004
Sales to customers accounting for 10% or more of revenue	-	-	-	-	-	-	-	-
Total segment expenses	-20,731	-4,230	-6,491	-23,907	-16,260	-71,620	-265	-71,885
Gross profit/(loss)	4,506	320	3,715	4,064	5,772	18,378	-259	18,119

OTHER INCOME AND EXPENSES

OTHER INCOME	Jan 1–Sep 30 2021	Jan 1–Sep 30 2020	Jul 1–Sep 30 2021	Jul 1–Sep 30 2020
Gain on disposal of property, plant and equipment	12	326	11	12
Licence revenue	-	241	-	34
Penalties and compensation received	9	83	-	-
Income from lease of property, plant and equipment and investment property	662	715	224	218
Grant for development work	-	512	-	171
Impairment losses on property, plant and equipment	-	3	-8	-
Accounting for lease liabilities in connection with return of cars	312	88	31	18
Other	123	66	-201	-38
Total other income	1,118	2,034	58	415

OTHER EXPENSES	Jan 1–Sep 30 2021	Jan 1–Sep 30 2020	Jul 1–Sep 30 2021	Jul 1–Sep 30 2020
Inventory write-downs	1,126	365	309	7
Loss on disposal of property, plant and equipment	517	-	319	-
Court expenses, compensation/damages, penalties	40	88	39	23
Cost related to income from lease of property, plant and equipment	380	312	92	102
Donations	2	14	-	4
Other	317	509	171	222
Total other expenses	2,382	1,289	930	358

Impairment of receivables and contract assets	Jan 1–Sep 30 2021	Jan 1–Sep 30 2020	Jul 1–Sep 30 2021	Jul 1–Sep 30 2020
Impairment of receivables	-408	702	-494	184
Impairment of contract assets	-	-	-91	-
Impairment of receivables and contract assets	-408	702	-585	184

FINANCE INCOME AND COSTS

FINANCE INCOME	Jan 1–Sep 30 2021	Jan 1–Sep 30 2020	Jul 1–Sep 30 2021	Jul 1–Sep 30 2020
Interest income	203	297	49	138
Net foreign exchange gains	1,205	2,877	1,205	57
Other	-	308	-2	139
Total finance income	1,408	3,483	1,253	333

FINANCE COSTS	Jan 1–Sep 30 2021	Jan 1–Sep 30 2020	Jul 1–Sep 30 2021	Jul 1–Sep 30 2020
Payment of interest	655	867	237	298
Interest on leases	405	497	135	138

Net loss on derivative instruments	2,265	2,990	1,784	-17
Other	318	144	107	28
Total finance costs	3,642	4,497	1,655	447

PROPERTY, PLANT AND EQUIPMENT

In the period January 1st–September 30th 2021, the cost of acquired intangible assets and property, plant and equipment at the SECO/WARWICK Group amounted to PLN 8,651 thousand.

Item	Sep 30 2021	Dec 31 2020
Tangible assets	51,956	50,928
Tangible assets under construction	1,311	3,404
Property, plant and equipment	53,268	54,331

IMPAIRMENT LOSSES ON ASSETS

Impairment losses and write-downs as at	Sep 30 2021	Dec 31 2020
Trade receivables	14,064	14,497
Goodwill	44,946	44,946
Inventories	8,762	8,010
Contract assets	496	341
Property, plant and equipment	4	4

IMPAIRMENT LOSSES ON TRADE RECEIVABLES	Sep 30 2021	Dec 31 2020
At beginning of period	14,497	15,174
Increase	86	503
Reversal (-)	-494	-1,140
Net exchange differences on translating financial statements into presentation currency	-25	-41
At end of period	14,064	14,497

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 for 2020, 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.

CAPITAL COMMITMENTS

As at September 30th 2021, the SECO/WARWICK Group had capital commitments relating to property, plant and equipment in the amount of PLN 12 thousand.

CONSOLIDATED OFF-BALANCE-SHEET ITEMS

Contingent liabilities

As at September 30th 2021, contingent liabilities under performance bonds (bank guarantees) issued amounted to PLN 41,322 thousand (end of 2020: PLN 42,517 thousand).

Consistency of the accounting policies and computation methods applied in the preparation of the interim report for the third quarter of 2021

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 (consolidated text: Dz.U. of 2018, item 757) (the "Regulation").

Seasonality and cyclical nature of SECO/WARWICK S.A.'s and its Group's operations

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

Types and amounts of items affecting the assets, equity and liabilities, capital, net profit/loss or cash flows, which are extraordinary due to their type, size or effect

In the business of SECO/WARWICK S.A. and its Group, there are no material types or amounts of items that would affect assets, equity and liabilities, share capital, net profit/(loss) or cash flows and that would be unusual due to their type, size or effect.

Types and amount of changes in estimates disclosed in previous interim periods of the financial year 2021 or changes in estimates disclosed in previous financial years if they have material bearing on the third quarter of 2021

In the business of SECO/WARWICK S.A. and the SECO/WARWICK Group, there were no changes in estimates disclosed in the preceding financial years that would, due to their type or amount, have material bearing on the Company's or the Group's results for the third quarter of 2021.

Issue, redemption and repayment of debt and equity securities

No such events occurred.

Earnings per share

Item	Jan 1–Sep 30 2021	Jan 1-Sep 30 2020	Jul 1–Sep 30 2021	Jul 1-Sep 30 2020
Net profit/(loss) from continuing operations attributable to owners of the parent	10,878	6,365	4,469	650
Profit/(loss) from discontinued operations attributable to owners of the parent	-	-	-	-
Net profit/(loss) attributable to owners of the parent	10,878	6,365	4,469	650
Interest on redeemable preference shares convertible into ordinary shares	-	-	-	-
Net profit attributable to holders of ordinary shares used to calculate diluted earnings per share	10,878	6,365	4,469	650
Weighted average number of outstanding ordinary shares used to calculate basic earnings per share	9,091,853	9,934,277	9,091,853	9,934,277
Earnings per share	1.20	0.64	0.49	0.07
Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share	9,091,853	10,138,129	9,091,853	10,138,129
Diluted earnings per share	1.20	0.63	0.49	0.06

Material events subsequent to the end of the third quarter of 2021, not disclosed in the financial statements for the third quarter of 2021 but having potentially material bearing on the future financial performance of the SECO/WARWICK Group

No such events occurred.

Other supplementary information to the report for the third quarter of 2021
1. Material achievements and failures of SECO/WARWICK S.A. and the SECO/WARWICK Group in the first three quarters of 2021 and key related events

In the first three quarters of 2021, the Group's sales amounted to PLN 335.1m, up 19% year on year, while the gross margin was down 0.4 pp year on year (21.9% in the reporting period). The increase in sales reflected the Group's order book.

The largest growth in sales (up 98%) was posted by the Aluminium Process Furnaces segment. The Vacuum Furnaces and Melting Furnaces segments reported a 30% and 10% year-on-year increase in sales, respectively.

Sales of the Aftersales segment (spare parts and aftersales services) remained relatively unchanged year on year (up 4%).

In the period from January to September 2021, the Group companies secured a backlog of orders worth a total of PLN 330m, compared with PLN 251m in the same period of the previous year. Almost 43% of the orders were placed in the Vacuum Furnaces segment, 28% in the Aftersales segment, approximately 20% in the Aluminium Process Furnaces segment, and 9% in the Melting Furnaces segment.

As at the end of September 2020, the value of the order book was PLN 344m.

In the first three quarters of 2021, the Group's gross margin was lower (21.9%) than in the same period of 2020 (22.3%). The highest margin (24.5%) was reported by the Vacuum Furnaces segment, 26.7% – by the Aftersales segment, and 20.3% – by the Aluminium Process Furnaces segment.

In the nine months ended September 30th 2021, distribution costs and administrative expenses rose by close to PLN 4.6m (8.7%) year on year, to PLN 56.6m, compared with a reduction of PLN 1.5m in the first three

quarters of 2020, attributable to subsidies received under the governmental 'Anti-Crisis Shield' COVID-19 business support scheme. At PLN 25.6m, the Group's EBITDA was higher than the year before. Net profit attributable to owners of the parent was PLN 10.9m (up 71% year on year).

2. Factors and events, especially non-recurring ones, having material bearing on the financial performance in the third quarter of 2021

In the third quarter of 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. potentially lower number and value of new orders placed by the Group's trading partners;
2. continuation of partial 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.

3. Changes in the Group's structure, including changes resulting from merger, acquisition or loss of control of subsidiaries and long-term investments, demerger, restructuring or discontinued operations

In the third quarter of 2021, there were no changes in the organisational structure of the SECO/WARWICK Group's business that would result from mergers, acquisitions or disposals of Group entities, long-term investments, demergers or restructurings.

4. Management Board's position on the feasibility of meeting any previously published forecasts for 2021 in light of the results presented in the report for third quarter of 2020

The Management Board of SECO/WARWICK S.A. did not publish any forecasts of the Company's or the Group's financial performance in 2021.

5. Shareholders holding, directly or indirectly, 5% or more of the total voting rights at the General Meeting as at the date of issue of this Report, including information on any changes subsequent to the issue of the previous periodic report (report for the first half of 2021)

Table: Shareholders holding – directly or indirectly through subsidiaries – 5% or more of the total voting rights at the General Meeting as at the date of issue of the report for the first half of 2021, that is September 10th 2021

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	600,000	5.83%	600,000	5.83%

Emerytalny				
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.

As at the date of issue of the report for H1 2021, i.e. September 10th 2021, SECO/WARWICK S.A. held 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.

Table: Shareholders holding – directly or indirectly through subsidiaries – 5% or more of the total voting rights at the General Meeting as at the date of issue of the report for the third quarter of 2021, that is November 29th 2021

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%
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.

At the date of issue of this report, SECO/WARWICK S.A. holds 1,802,189 treasury shares, representing 17.50% of the share capital. The Company does not exercise voting rights in respect of the treasury shares.

Changes in major holdings of Company shares from the date of issue of the previous interim report, i.e. the report for H1 2021, to the date of issue of this report:

On October 7th 2021, 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 has been authorised to acquire no more than 850,000 Company shares by the earlier of (i) December 31st 2022 and (ii) exhaustion of the capital reserve allocated for the buyback. 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.

On October 28th 2021, the Company acquired 595,488 shares covered by the invitation to tender Company shares for sale. The shares conferred the right to 5.78% of the total vote at the Company's General Meeting. Pursuant to Art. 364.2 of the Commercial Companies Code, the Company may not exercise the rights attached to treasury shares other than the right to dispose thereof and the right to take actions to preserve those rights.

On October 29th 2021, the Company was notified that shareholder BLEAUHARD HOLDINGS LLC had sold 594,973 Company shares. Prior to the transaction, BLEAUHARD HOLDINGS LLC held 594,973 Company shares, representing 5.78% of the Company's share capital and 5.78% of total voting rights at the General Meeting. Following the settlement of the transaction, BLEAUHARD HOLDINGS LLC does not hold any Company shares. Acting on the basis of a resolution of the Company's Supervisory Board dated April 22nd 2021 and Resolution No. 21 of the Annual General Meeting of June 10th 2021 on verification of the achievement of Annual Targets by Incentive Scheme Beneficiaries in 2020, announced by the Company in Current Report No. 7/2021, in the

settlement of the Incentive Scheme for 2020 the Company entered into agreements for the purchase of a total of 102,203 treasury shares with the persons covered by the Incentive Scheme.

The shares were sold to the beneficiaries of the Incentive Scheme for PLN 1.50 per share.

The shares represented 0.99% of the Company's share capital and conferred the right to 102,203 votes, or 0.99% of total voting rights, at the General Meeting.

6. SECO/WARWICK S.A. shares held by its managing and supervisory personnel as at the date of issue of this Report, including information on any changes in such holdings subsequent to the date of issue of the previous periodic report (i.e. September 10th 2021, the date of issue of the report for first half of 2021)

Table: Members of SECO/WARWICK S.A. Management Board and Supervisory Board holding Company shares as at the date of issue of the report for the first half of 2021, i.e. September 10th 2021, and the date of issue of the report for third quarter of 2021, i.e. November 29th 2021

	Sep 10 2021				Nov 29 2021			
	Number of S/W shares held	Ownership interest	% of total voting rights	Decrease/increase	Number of S/W shares held	Ownership interest	% of total voting rights	Total par value of shares (PLN)
Management Board								
Sławomir Woźniak	56,217	0.55%	0.55%	36,273	92,490	0.90%	0.90%	18,498
Bartosz Klinowski	109,662	1.06%	1.06%	12,091	121,753	1.18%	1.18%	24,351
Earl Good	6,331	0.06%	0.06%	19,894	26,225	0.25%	0.25%	5,245
Piotr Walasek	33,005	0.32%	0.32%	12,091	45,096	0.44%	0.44%	9,019
Supervisory Board								
Andrzej Zawistowski	65,000	0.63%	0.63%	-	65,000	0.63%	0.63%	13,000
Jeffrey Boswell	9,776	0.09%	0.09%	-	9,776	0.09%	0.09%	1,955
Henryk Pilarski	1,060	0.0103%	0.0103%	-	1,060	0.0103%	0.0103%	212
Marcin Murawski	-	-	-	-	-	-	-	-
Jacek Tucharz	-	-	-	-	-	-	-	-
Total	281,051	2.73%	2.73%	80,349	361,400	3.51%	3.51%	72,280

Item	Sep 10 2021	Nov 29 2021
Number of shares	10,298,554	10,298,554
Par value per share	0.20	0.20
Share capital	2,059,710.80	2,059,710.80

On September 27th 2021, the Company received notifications given under Article 19 (1) of MAR by:

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

concerning acquisition of SECO/WARWICK S.A. shares under the 2018–2020 Incentive Scheme. The Company announced the receipt of the notifications in Current Report No. 7/2021.

Members of the Management Board and Supervisory Board of SECO/WARWICK S.A. do not hold any shares in related entities.

7. Material court, arbitration and administrative proceedings

In the third quarter of 2021, neither the Company nor any other SECO/WARWICK Group company was party to any material proceedings.

8. Non-arm's length transaction or series of transactions concluded by the Company with related parties

In the third quarter of 2021, SECO/WARWICK S.A. did not enter into any non-routine or non-arm's length transactions with related parties.

9. Loan sureties or guarantees provided by SECO/WARWICK S.A. or its subsidiaries, jointly to one entity or its subsidiary, where the total outstanding amount of such sureties or guarantees is significant

In the third quarter of 2021, neither SECO/WARWICK S.A. nor any of its subsidiaries provided any loan sureties or guarantees whose value would be significant.

10. Any other information which in the Company's opinion is material for the assessment of its personnel, assets, financial condition and financial performance or changes therein, or for the assessment of the Company's ability to meet its obligations

In the third quarter of 2021, no events occurred in the SECO/WARWICK Group's business which in the Company's opinion would be material for the assessment of its personnel, assets, financial condition and financial result or changes therein, or for the assessment of the Company's ability to meet its obligations.

As at the date of issue of this report, the Company's and the Group's business was stable. The Group and the Company pay all their liabilities when due.

11. Factors which in the Group's opinion will affect its performance in the next quarter or in a longer term**SECO/WARWICK S.A. Incentive Scheme**

On December 12th 2019, by Resolution No. 01/2019 the Supervisory Board defined the individual targets for 2020 for the participants of the Incentive Scheme. Achievement of the individual targets is a condition for the award of rights under the Incentive Scheme to its participants, provided that they remain employed with the Company in the period from January 1st to December 31st 2020. The targets cover financial and operating ratios of the individual subsidiaries, the organisational units related to particular technologies, or the entire Group, depending on the position of a participant. As at December 31st 2020, the maximum number of options that may be granted to the beneficiaries of the Incentive Scheme was 227,200 (December 31st 2019: 361,943; December 31st 2018 494,000).

The cost of option vesting recognised in 2020 was PLN 1,364 thousand.

The cost of option vesting recognised in the nine months ended September 30th 2021 was PLN 615 thousand.

COVID-19 pandemic

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 governments to contain it and protect the public against the effects of the crisis and thus its ultimate impact on the economy. The Management Board will be monitoring the COVID-19 situation and its impact on the economy, and will take appropriate measures depending on how the situation develops.