

DIRECTORS' REPORT ON THE OPERATIONS OF SECO/WARWICK S.A. FOR THE YEAR ENDED 31 DECEMBER 2024

The Management Board of SECO/WARWICK S.A. (the "Company") presents the Directors' Report on the Company's operations in the period 1 January–31 December 2024, prepared in accordance with

the Minister of Finance's Regulation 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 29 March 2018 (Dz.U. of 2018, item 757) (the "Regulation").

The financial statements of SECO/WARWICK S.A. were prepared in accordance with the International Financial Reporting Standards (IFRS) endorsed by the EU, and their scope is compliant with the Regulation. The financial statements cover the period 1 January–31 December 2024 and the comparative period 1 January–31 December 2023.

1. Introduction

SECO/WARWICK S.A. (the "Company" or the "Parent") was entered in the Business Register of the National Court Register on 2 January 2007, by virtue of a decision issued by the District Court of Zielona Góra, 8th Commercial Division of the National Court Register, under No. KRS 0000271014.

The operations of the SECO/WARWICK Group are divided into four main product groups:

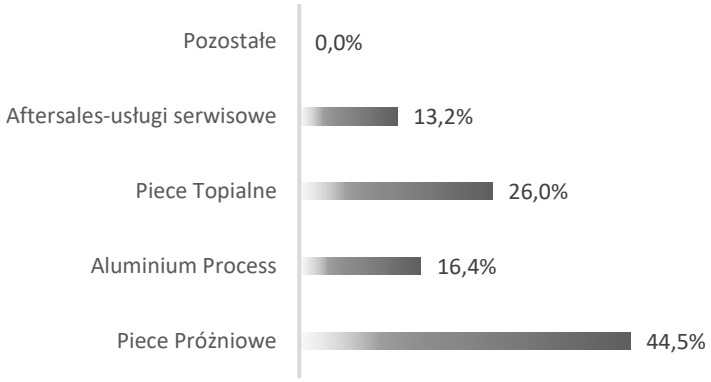
- Vacuum Furnaces,
- Aluminium heat treatment systems (Aluminium Process + Controlled Atmosphere Brazing),
- Melting Furnaces,
- Aftersales services.

Information on each operating segment is presented in the consolidated financial statements of the SECO/WARWICK Group (Note 2 to the consolidated financial statements for the 12 months ended 31 December 2024).

Table: Revenue (PLN '000)

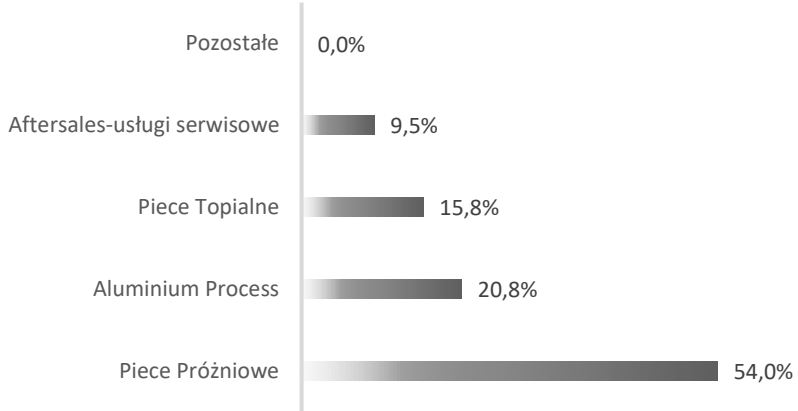
	MAIN PRODUCTS 1 JAN–31 DEC 2024					**Total**
	Vacuum Furnaces	***Aluminium Process***	***Melting Furnaces***	***Aftersales services***	***Other***	
1 Jan–31 Dec 2024	127,187	46,768	74,243	37,758	-	**285,956**
	MAIN PRODUCTS 1 JAN–31 DEC 2023					
1 Jan–31 Dec 2023	155,912	60,024	45,665	27,313	29	**288,942**

MAIN PRODUCTS 2024



GŁÓWNE PRODUKTY 2024	MAIN PRODUCTS 2024
Pozostałe	Other
Aftersales – usługi serwisowe	Aftersales services
Piece Topialne	Melting Furnaces
Aluminium Process	Aluminium Process
Piece Próżniowe	Vacuum Furnaces

MAIN PRODUCTS 2023



GŁÓWNE PRODUKTY 2023	MAIN PRODUCTS 2023
Pozostałe	Other
Aftersales – usługi serwisowe	Aftersales services
Piece Topialne	Melting Furnaces

Aluminium Process	Aluminium Process
Piece Próżniowe	Vacuum Furnaces

2. Organisational and equity links between SECO/WARWICK S.A. and other entities; information on the Company's key domestic and foreign equity investments, including equity investments outside of its group of related entities; financing of the investments

Table: Composition of the SECO/WARWICK Group as at 31 December 2024 is presented below:

Company	Registered office	Principal business activity	Seco/Warwick'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%**

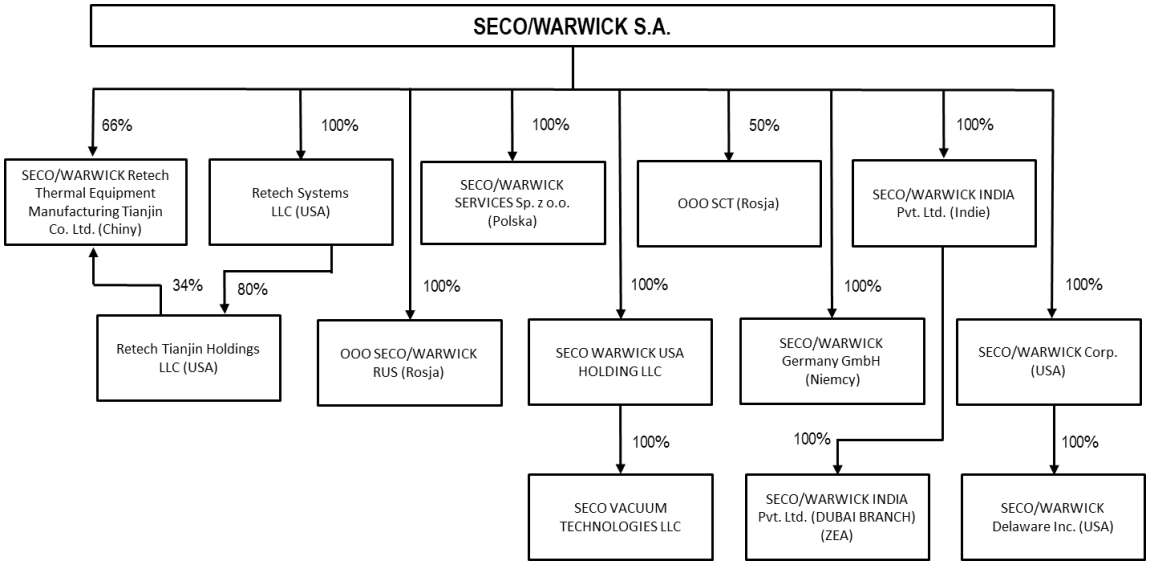
SECO WARWICK USA HOLDING LLC	Wilmington (USA)	Holding company	**100%**
SECO VACUUM TECHNOLOGIES LLC	Wilmington (USA)	Sale and distribution of vacuum furnaces	**100%**
SECO/WARWICK INDIA PVT. Ltd.	Mumbai (India)	Sale, repair and maintenance, and manufacture of equipment for metal heat treatment	**100%**
SECO/WARWICK INDIA Pvt. Ltd. (DUBAI BRANCH)	DUBAI (UAE)	Distribution of the Group's products	**100%**

With the exception of OOO SCT, all Group entities are fully consolidated.

Changes in the composition of the SECO/WARWICK Group in the reporting period

In 2024, the composition of the Group changed with the establishment of SECO/WARWICK INDIA Pvt. Ltd. (DUBAI BRANCH) (UAE). SECO/WARWICK Systems and Services India PVT. Ltd. changed its name to SECO/WARWICK INDIA PVT. Ltd. SECO/WARWICK Technical Services (Tianjin) Co. Ltd. was liquidated.

Structure of the Group as at 31 December 2024



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

There were no changes in the composition of the SECO/WARWICK Group between 31 December 2024 and the issue date of this Report.

For information on key domestic and foreign investments (financial instruments, intangible assets and property), see the Notes to the full-year separate financial statements of SECO/WARWICK S.A. No equity investments outside the group of related entities were made.

3. Changes in significant management policies at SECO/WARWICK S.A. and its Group

In the reporting period, there were no changes in significant management policies at SECO/WARWICK S.A. or its Group.

4. Amount of remuneration, bonuses and benefits, benefits under share-based incentive and bonus schemes, including schemes based on bonds with pre-emptive rights, convertible bonds or subscription warrants, paid, payable or potentially payable

MANAGEMENT BOARD

Members of the Management Board receive remuneration based on employment contracts and resolutions of the Supervisory Board. Severance or compensation payments are governed by the Labour Code. The amount of remuneration of the Management Board members for 2024 is defined in the resolutions passed by the Company's Supervisory Board of 21 April 2022.

Table: Remuneration of SECO/WARWICK S.A. Management Board members for 2024 (PLN '000)

Name	Base salary for period	Other benefits, including bonuses, awards	Accrued incentive scheme costs	Total remuneration in the period
31 Dec 2024	**(PLN '000)**	**(PLN '000)**	**(PLN '000)**	**(PLN '000)**
Sławomir Woźniak	570	967	313	1,850
Piotr Walasek	396	473	157	1,026
Earl Good (1)	1,154	401	499	2,054
Bartosz Klinowski	396	474	157	1,027
Total	**2,516**	**2,315**	**1,126**	**5,957**

(1) Under an employment contract between Retech and Earl Good.

No Management Board member receives remuneration for serving on the governing bodies of subsidiaries.

SUPERVISORY BOARD

Members of the Supervisory Board are entitled to monthly remuneration in the amount determined by the General Meeting, paid by the fifteenth day of the month following the month for which the remuneration is due. The remuneration covers all expenses related to the performance of duties of a member of the Supervisory Board. Supervisory Board members are not entitled to severance pay.

Table: Remuneration of SECO/WARWICK S.A. Supervisory Board members for 2024 (PLN '000)

Name	Remuneration (PLN '000)
Andrzej Zawistowski, including:	346
- for his service as Chair of the Supervisory Board	226
- under contract for advisory services (1)	120
Jeffrey Boswell, including:	173
- under employment contract (2)	173
Marcin Murawski	50
Robert Jasiński	49
Maciej Karnicki	69
Total	**686**

(1) Under a service contract between SECO/WARWICK S.A. and Andrzej Zawistowski, who conducts business activities as USŁUGI DORADCZE Andrzej Zawistowski. The contract of 2 January 2020 is for the provision of technical and product development advisory services.

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

No Supervisory Board member receives remuneration for serving on the governing bodies of subsidiaries.

On 5 June 2020, the Company's Annual General Meeting adopted the Remuneration Policy for members of the Management Board and Supervisory Board of Seco/Warwick S.A. (the "Remuneration Policy"). The Remuneration Policy defines the organisational framework for remunerating Management Board and Supervisory Board members and establishes a coherent remuneration system. The Company pays remuneration to members of the Governing Bodies only in accordance with the Remuneration Policy. On 10 June 2021, by Resolution No. 20, the Annual General Meeting adopted amendments to the Remuneration Policy. On 25 May 2022, by Resolution No. 28, the Annual General Meeting adopted amendments to the Remuneration Policy for members of the Management Board and Supervisory Board of Seco/Warwick S.A. On 13 June 2024, by Resolution No. 23, the Annual General Meeting adopted amendments to the Remuneration Policy for members of the Supervisory Board.

5. Agreements between SECO/WARWICK S.A. and its management staff, providing for compensation in the event of resignation or removal from office without a good reason or following acquisition of SECO/WARWICK S.A. by another company

Employment contracts concluded between the Company and its management staff do not provide for compensation in the event of their resignation or dismissal. Any severance or compensation payments are governed by the Labour Code, and the employment contracts do not contain any other specific provisions in this respect. Similarly, the contracts do not provide for severance payments in the event of removal from office or termination of contract due to acquisition of SECO/WARWICK S.A. by another company.

6. Liabilities arising from pensions or similar benefits to former members of management, supervisory or administrative bodies, and liabilities incurred in connection with such pensions, with a specification of the total amount for each body

The Company does not have any pension or similar benefit obligations with respect to former members of its management, supervisory or administrative bodies.

7. Par value and number of SECO/WARWICK shares and shares in related entities held by the management and supervisory staff

As at 31 Dec 2024:

	1 Jan 2024				31 Dec 2024			
	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	137,490	1.37%	1.37%	45,000	182,490	1.82%	1.82%	36,498
Bartosz Klinowski	144,253	1.44%	1.44%	22,500	166,753	1.67%	1.67%	33,351
Earl Good	26,225	0.26%	0.26%		26,225	0.26%	0.26%	5,245
Piotr Walasek	67,596	0.68%	0.68%	22,500	90,096	0.90%	0.90%	18,019
Supervisory Board								
Andrzej Zawistowski	65,000	0.65%	0.65%	-	65,000	0.65%	0.65%	13,000
Jeffrey Boswell	9,776	0.10%	0.10%	-	9,776	0.10%	0.10%	1,955
Marcin Murawski	-	-	-	-	-	-	-	-
Robert Jasiński	-	-	-	-	-	-	-	-
Maciej Karnicki	-	-	-	-	-	-	-	-
Total	**450,340**	**4.50%**	**4.50%**	**90,000**	**540,340**	**5.40%**	**5.40%**	**108,068**

As at the date of this Report, the number of SECO/WARWICK S.A. shares held by the management and supervisory personnel did not change.
Members of the SECO/WARWICK S.A. Management Board and Supervisory Board do not hold any shares in related entities.

Item	31 Dec 2024	31 Dec 2023
Number of shares	10,000,000	10,000,000
Par value per share	0.20	0.20
Share capital	2,000,000.00	2,000,000.00

8. Agreements (including agreements executed after the end of the reporting period) known to SECO/WARWICK S.A., which may result in changes in the proportions of shares held by the current shareholders and bondholders

SECO/WARWICK S.A. Incentive Scheme

On 15 December 2022, by Resolution No. 2/2022 the Supervisory Board defined the individual targets for 2023 for the participants of the Incentive Scheme, as announced by the Company in Current Report No. 11/2022 of 15 December 2022. Achievement of the individual targets is a condition for the award of rights under the Incentive Scheme to its participants, provided they remain employed with the Company in the period from 1 January 2023 to 31 December 2023. The targets were approved by the General Meeting's Resolution No. 23 of 7 June 2023.

On 14 December 2023, by Resolution No. 1/2023, the Supervisory Board defined the individual targets for 2024 for the participants of the Incentive Scheme, as announced by the Company in Current Report No. 19/2023 of 14 December 2023. Achievement of the individual targets is a condition for the award of rights under the Incentive Scheme to its participants, provided they remain employed with the Company in the period from 1 January 2024 to 31 December 2024. The targets were approved by the General Meeting's Resolution No. 21 of 13 June 2024.

In the case of the Incentive Scheme for 2023 and 2024, 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 Scheme participant.

Achievement of the targets for 2023 was approved by the Annual General Meeting's Resolution No. 22 of 13 June 2024.

Costs incurred in 2023 in connection with the 2022–2024 Incentive Scheme amounted to PLN 1,726 thousand.

Costs incurred in 2024 in connection with the 2022–2024 Incentive Scheme amounted to PLN 1,342 thousand.

9. Control systems for employee stock option plans

The 2022–2024 Incentive Scheme, adopted by the Extraordinary General Meeting by Resolution No. 7 of 7 October 2021, is overseen by the Supervisory Board and Management Board of SECO/WARWICK S.A.

10. Share buybacks

On 24 September 2024, the Management Board of SECO/WARWICK S.A., acting pursuant to a Supervisory Board resolution of 24 April 2024 and Resolution No. 22 of the Annual General Meeting of 13 June 2024 concerning the verification of achievement of Annual Targets by Incentive Scheme Beneficiaries in 2023 (as announced by the Company in Current Report No. 7/2023), announced that a total of 118,542 treasury shares of the Company were effectively transferred to persons covered by the Incentive Scheme following registration of the shares in securities accounts held by them.

The shares were sold to the Incentive Scheme beneficiaries for PLN 0.20 (twenty grosz) per share.

The sold shares represent 1.19% of the Company's share capital and confer 118,542 voting rights, or 1.19% of total voting rights, at the General Meeting. Following the sale, the Company held 1,265,093 treasury shares, representing 12.65% of its share capital and 12.65% of total voting rights at its General Meeting.

As at the issue date of this Report, SECO/WARWICK S.A. held 1,265,093 treasury shares, representing 12.65% of the share capital. The Company does not exercise voting rights attached to treasury shares.

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 of the shares and the right to take steps to preserve those rights.

In accordance with the decision of the Extraordinary General Meeting, own 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.

11. Discussion of key financial and economic data contained in the full-year financial statements and of factors and events, including non-recurring ones, with a material effect on the Company's operations and financial statements, including profits earned or losses incurred in the financial year

STATEMENT OF COMPREHENSIVE INCOME

The main source of the Company's revenue is the production and sale of technologies and industrial equipment for metal heat treatment. In 2024, the Company's revenue fell by 1.0% year on year, to PLN 286.0 million (2023: PLN 288.9 million).

2024 saw an increase in the Company's operating profit, to PLN 11.3 million, from PLN 10.2 million in 2023. Net profit for 2024 came in at PLN 20.9 million, up by PLN 8.4 million on 2023, when it reached PLN 12.5 million.

The Company's gross margin figure was affected by strong instability of the PLN exchange rate against the Company's key contract currencies (EUR and USD) in 2024. However, net margin rose to 7.3% in 2024, up by 3.0% year on year (2023: 4.3%), which confirms the Company's competitive edge.

STATEMENT OF FINANCIAL POSITION

As at the end of 2024, the Company's total assets amounted to PLN 403.9 million, having increased by PLN 4.02% year on year. Non-current assets included mainly investments in related entities as well as property, plant and equipment, accounting for 20.9% and 12.6% of total assets, respectively. The largest items of current assets were contract assets and current trade and other receivables, representing 13.0% and 13.5% of total assets, respectively. The main items of equity and liabilities were equity and current liabilities: at 52.6% and 43.8% of the total, respectively.

As at the end of 2024, the Company's non-current to current assets ratio was 0.9, having risen slightly compared with the end of 2023 (0.8). The ratio level should be considered normal. The Company's non-current assets include property, plant and equipment as well as equity interests in other Group companies.

In 2024, short-term trade and other receivables decreased by PLN 12.8 million (19.0%), inventories fell by PLN 10.2 million (18.6%), and contract assets declined by PLN 14.1 million (21.1%), while cash and cash equivalents grew by PLN 33.4 million (190.2%). The differences in the shares of other asset categories in total assets as at the end of 2024 compared with the end of 2023 were insignificant and did not exceed +/- 3.0%. As a result, the ratio of non-current assets to total assets as at the end of 2024 was 0.5, having risen slightly relative to the end of 2023 (0.4).

The equity to liabilities ratio was 1.1, the same level as that recorded in 2023. The Company's debt increased by PLN 14.0 million (32.4%). The share of borrowings in total equity and liabilities went up to 14.2%, from 11.1% in 2023.

The ratio of non-current assets to equity was 1.1 in 2024, having decreased slightly from the end of 2023 (1.2).

As at the end of 2024, the cash ratio was 1.2 and the quick ratio was 0.9, slightly above the normally expected level. The current ratio came in at 0.3 at the end of 2024 also was close to the benchmark value. The ratios changed slightly relative to 2023.

The Company's debt ratios declined in 2024. The total debt ratio (total liabilities to total assets) was 47% in 2024, compared with 48% in 2023. The ratio of total liabilities to equity as at the end of 2024 fell to 90%, from 94% in 2023. The long-term debt ratio (non-current liabilities to equity) as at the end of 2024 was 7% (2023: 9%).

Presented below are the Company's selected efficiency indicators:

- the average collection period lengthened in 2024 to 85 days, from 84 days in 2023. This level deviates slightly from the benchmark values (20 to 50 days), but is typical of the Company.

- the average payment period as at the end of 2024 was 62 days, compared with 71 days in 2023.

The asset turnover ratio and the current asset turnover ratio at the end of 2024 reached, respectively, 0.8 and 1.3, having remained unchanged relative to 2023.

12. Assessment of factors and non-recurring events with bearing on the Group's results for the financial year; the extent to which such factors or non-recurring events affected the results

As at the date of this report, the armed conflict in Ukraine did not have any material adverse effect on the Company's operations. However, based on current observations, the Company identifies the following main areas of possible impact of the war in Ukraine on the Company's and the Group's operations and financial condition:

- increased volatility of exchange rate movements,
- global economic downturn coupled with growing inflation (stagflation),
- increased geopolitical risk, resulting in a risk of lower investment activity in the industries of the Group's customers,
- further supply chain disruptions – shortages of some components, feedstocks and materials, such as steel, and significant price hikes,
- growing costs of energy (electricity, fuels and natural gas),
- rising interest rates resulting in higher finance costs,
- IT risks.

13. Information on the Company's markets, broken down into domestic and foreign markets, on the Company's supply sources for production materials, goods and services, including information on dependence, if any, on any single customer or supplier, or a group of customers or suppliers, and where the share of a single customer or supplier in total revenue equals or exceeds 10% – the company name of such customer or supplier, its share in total sales or purchases, and its formal links with SECO/WARWICK S.A.

Geographical areas are based on the Group's markets. The Group has identified the following areas:

- the EU market,
- the US market,
- the Asian market,
- other countries, including Ukraine and Belarus.

The Group purchases the majority of materials used in the production of heat treatment equipment on three main markets.

Poland is the largest market supplying production materials for the SECO/WARWICK Group. It is followed by the EU (with Germany as the largest supplier). The US market is the third largest supply market for the Group in terms of both importance and volume. In addition to these three main supply markets, the Group also procures production materials in India, China and Japan.

With a broad supplier base and access to numerous markets, the Group does not depend on any single supplier (there is no single supplier whose sales to the Group would account for more than 10% of the Group's total revenue) and is able to ensure uninterrupted production of heat treatment equipment.

Customers buying the Group's products operate in the automotive, aviation, power, machine-tool, medical equipment, electrical engineering and machine-building industries. The economic situation on those markets affects the situation of many other associated markets. The Group supplies its products both to manufacturers from the abovementioned industries and to their suppliers. The Group's customers include both automotive and aircraft manufacturers as well as producers of components and spare parts. The machine-building industry, understood as a group of customers purchasing the Group's products, encompasses a wide variety of business activities driven by GDP growth. There is no dependence on a single customer (no single customer accounts for more than 10% of total revenue).

14. Agreements significant to the Company's business, including shareholder agreements known to the Group, insurance, partnership or cooperation agreements

No agreements significant to the Company's business, including shareholder agreements known to the Group, insurance, partnership or cooperation agreements, were concluded in 2024.

15. Related-party transactions concluded by the SECO/WARWICK Group other than arm's length transactions

In 2024, SECO/WARWICK S.A. and its subsidiaries did not enter into any transactions with related entities other than transactions executed on an arms' length basis.

16. Information on loan agreements executed or terminated in the financial year, including at least information on the types, amounts and interest rates, as well as currencies and repayment dates

Table: SECO/WARWICK S.A.'s outstanding borrowings as at 31 December 2024

Lender	Amount		Repayment date	Security	Interest rate	Type
	(PLN '000)	in foreign currency ('000)				
mBank S.A.	806	-	31 Mar 2025	mortgage, financial pledge over securities	1M WIBOR + 1.35% p.a.	Investment facility
mBank S.A.	2,418	-	30 Sep 2026	mortgage, financial pledge over securities	1M WIBOR + 1.35% p.a.	Investment facility
mBank S.A.	18,584	-	3 Sep 2026	notarised consent to enforcement under Art. 777.1 of the Code of Civil Procedure	ON WIBOR + 1.05% p.a.	Overdraft facility
mBank – credit card limit	87	-	None	promissory note	-	Credit card limit
mBank – credit card limit	28	USD 6.8	None	promissory note	-	Credit card limit
mBank – credit card limit	91	EUR 21.4	None	promissory note	-	Credit card limit
SANTANDER S.A. – overdraft facility	9,801	-	28 Feb 2025	notarised consent to enforcement under Art. 777.1 of the Code of Civil Procedure	1M WIBOR + 0.9% p.a.	Overdraft facility
BNP Paribas S.A. – overdraft facility	25,417	-	8 Dec 2025	notarised consent to enforcement under Art. 777.1 of the Code of Civil Procedure	1M WIBOR + 0.9% p.a.	Overdraft facility
PEKAO – overdraft facility	-	-	31 Aug 2025	notarised consent to enforcement under Art. 777.1 of the Code of Civil Procedure	1M WIBOR + 1.25% p.a.	Overdraft facility

Total:	**57,231**	**x**

For more detailed information on SECO/WARWICK S.A.'s liabilities under credit facilities, see Note 20 to the Separate Financial Statements of SECO/WARWICK S.A. for 2024. On 13 February 2024, SECO/WARWICK S.A. received a loan of PLN 4.5 million from its subsidiary SECO/WARWICK Services Sp. z o.o. The loan was repaid on 11 June 2024. No loan or credit facility agreements were terminated in 2024.

17. Sureties and guarantees issued and received in the financial year, including in particular sureties and guaranties issued to related entities

Contingent liabilities under guarantees and sureties issued were PLN 107,615 thousand as at the end of 2024, and PLN 99,617 thousand as at the end of 2023. The following guarantees were issued:

Item	31 Dec 2024	31 Dec 2023
performance bond	504	1,161
stand-by letter of credit	8,109	5,116
bid bond	866	717
Total	**9,479**	**6,994**

Table: Sureties issued by SECO/WARWICK S.A. (PLN '000)

Company	Bank	Surety in respect of	Currency	31 Dec 2024	(PLN '000)
S/W Retech (1)	HSBC BANK USA	Guarantee and credit facility	USD	8,030	32,933
S/W Retech (2)	Industrial Bank of China	Guarantee and credit facility	CNY	3,000	1,686
Retech Systems LLC (3)	FEZ represented by PFR TFI	Guarantee and credit facility	USD	15,000	61,518
SECO/WARWICK SERVICES	SANTANDER	Revolving loan	PLN	2,000	2,000
TOTAL					**98,137**

(1) As at 31 December 2024, SECO/WARWICK Retech used USD 658 thousand of the guarantee and credit facilities in respect of which the surety was issued.

(2) As at 31 December 2024, SECO/WARWICK Retech did not use any of the guarantee and credit facilities in respect of which the surety was issued.

(3) As at 31 December 2024, Retech Systems LLC used USD 6,500 thousand of the guarantee and credit facilities in respect of which the surety was issued.

18. Information on loans advanced in the financial year, in particular loans to the Company's related entities, including at least information on the types, amounts and interest rates, as well as the currencies and repayment dates

In 2024, SECO/WARWICK S.A. did not grant any loans to related entities.

No loans were advanced by SECO/WARWICK S.A. to members of the Management or the Supervisory Board, or any non-related parties in 2024.

19. Assessment (and grounds for the assessment) of financial resources management, including in particular an assessment of the Group's ability to repay its liabilities, as well as an identification of threats, if any, and measures used or intended to be used by the Group to mitigate such threats. Feasibility of planned investments, including equity investments, in view of the funds available to the Group; possible changes in the financing of the investments

In 2024, the Company repaid its liabilities under the credit facilities contracted to finance operating and investing activities in a timely manner.

As at 31 December 2024, debt outstanding under investment and overdraft facilities amounted to PLN 3,223 thousand and PLN 53,802 thousand, respectively.

As at 31 December 2023, debt outstanding under investment and overdraft facilities amounted to PLN 7,827 thousand and PLN 35,146 thousand, respectively.

The current and quick ratios were at 1.2 and 0.9, respectively, at the end of 2024, while the cash ratio (cash to current liabilities) was 0.3. All these figures are close to the model value.

The funds and credit facilities available to the Company were sufficient to finance investments and capital expenditure planned for and executed in 2024.

In the Management Board's opinion, as at the end of the reporting period there was no threat of the Company's failure to meet its liabilities.

The table below presents the liquidity ratios of SECO/WARWICK S.A.

LIQUIDITY RATIOS

	31 Dec 2024	31 Dec 2023
Current ratio	0.3	0.1
Quick ratio	0.9	0.9
Cash ratio	1.2	1.3

20. Issue of securities and use of issue proceeds by SECO/WARWICK S.A.

No such events occurred in 2024.

21. Explanation of discrepancies between the financial results disclosed in the full-year report and the previously released forecasts for the year, if any

The SECO/WARWICK Management Board did not publish any forecasts of the Company's or the Group's financial results in 2024.

22. Description of material risk factors and threats, including information on the degree of the Company's exposure to such risks or threats

The fast-changing environment and growth of the SECO/WARWICK Group require seeking continuous improvement and ensuring highly active risk management. The SECO/WARWICK Group focuses mainly on financial risks (liquidity, credit, market, currency), operational risks (mainly related to quality, timeliness and project costs) and compliance risks (legal, regulatory).

Detailed overview of the Company's key risks

Small risk 	**Moderate risk** 	**Significant risk** 
Stable risk 	**Upward risk** 	**Downward risk** 

CATEGORY		RISK OVERVIEW	RISK MITIGATION / HANDLING	POTENTIAL ADVERSE IMPACT	RISK LEVEL	TREND
FINANCIAL RISKS						
1.	**War in Ukraine**	Russia's military aggression against Ukraine	• cooperation with reputable law firms on export control and sanctions	• the risk of sanctions breach		

	Macroeconomic and geopolitical situation	Inflation pressure, supply chain disruptions	• SW Group strategy	• inflation pressure on salaries and wages • significant rise in material and energy costs • risk of potential US – China conflict over Taiwan • increase in transport costs • tariff war between US and Europe/China		
2.	**Liquidity and financing risk**	Inadequate working capital management	• analysis and forecasting of the Group's cash flows and liquidity • diversification of financing sources • securing additional credit facilities	• lower efficiency of sales activities • suspension or delay in the implementation of investment activities		
3.	**Market risk**	Changes in prices of materials, foreign exchange rates and interest rates	• following the adopted material price management policy and currency risk management policy	• deterioration of financial performance • deterioration of liquidity		
4.	**Credit risk**	Insolvent trading partners	• monitoring of partners' ratings and financial position • the use of diverse financial tools to hedge risk	• deterioration of financial performance • deterioration of liquidity		

OPERATIONAL RISKS						
5.	**IT system risk**	External or internal interference with IT systems (cyber-attack)	• IT security audits • in-house procedures for IT security management • security tests for IT systems • raising employees' awareness of cyber security issues (training, information, tests)	• loss of data confidentiality • revenue reduction and financial loss • penalties, loss of data		
6.	**Employee risk**	Difficulties with talent recruitment and retention of competent and experienced staff	• close cooperation with secondary schools and higher education facilities (vocational classes under the Group's patronage, student apprenticeship and internships, competitions for pupils to develop their vocational skills, participation in open days, job fairs, etc.) • employer branding through presence in social and traditional media • building career paths and opportunities for employees • development of leadership skills • building an engaging work environment • creation of space for innovation within the organisation • system of periodic employee assessment • satisfaction surveys and follow-up based on survey results • employee benefits	• scaling down of operations and financial performance • pressure on salaries and wages		

COMPLIANCE RISKS						
7.	**Legal risk – asbestos lawsuit against SWC**	Possible payment of damages for asbestos claims	• cooperation with a specialised law firm • use of existing insurance policies	• deterioration of financial performance • deterioration of liquidity		

23. Statement of compliance with corporate governance principles by the SECO/WARWICK Group in 2024

a. Identification of the set of corporate governance principles followed by the Parent of the SECO/WARWICK Group and place where the text of the rules is publicly available

Since 1 July 2021, SECO/WARWICK S.A. has been subject to Best Practice for WSE-Listed Companies 2021 adopted by Resolution No. 13/1834/2021 passed by the Supervisory Board of the Warsaw Stock Exchange on 29 March 2021.

Best Practice for WSE-Listed Companies 2021 is available at www.corp-gov.gpw.pl and www.secowarwick.com.

The Company did not observe any corporate governance principles going beyond the requirements stipulated by Polish law.

b. Scope of non-compliance with the set of corporate governance rules referred to above, specification of the rules not complied with, and explanation of why they were not complied with and how the Company intends to eliminate the effects (if any) of non-compliance with a given rule or measures it intends to take to reduce the risk of non-compliance with a given rule in the future

In 2021, acting under Section 29.3 of the WSE Rules, the Company submitted a report on its compliance with the principles laid down in Best Practice for WSE-Listed Companies 2021. The report is available at www.secowarwick.com.

According to the report, SECO/WARWICK S.A. did not comply with the following principles:

- **1.3.** Companies integrate ESG factors in their business strategy, including in particular:
  1.3.1. environmental factors, including measures and risks relating to climate change and sustainable development.

  The Company's commentary: In its operations, the Group follows the principles of sustainable development and protects the environment by complying with the standards applicable in the countries where the Group companies are present. Given the international nature of the Company's and its Group's operations, the current business strategy does not address any environmental considerations or related risks. The Group takes into account the requirements of its internal and external stakeholders, striving to keep its environmental footprint at a minimum considering the nature of its business.

  1.3.2. social and employee factors, including among others actions taken and planned to ensure equal treatment of women and men, decent working conditions, respect for employees' rights, dialogue with local communities, customer relations.

  The Company's commentary: The current business strategy does not fully address this topic. The Company follows the principles of gender equality, fair working conditions and respect for employee rights, and the working conditions are appropriate to the type and scale of the Company's business.

- **1.4.** To ensure quality communications with stakeholders, as a part of the business strategy, companies publish on their website information concerning the framework of the strategy, measurable goals, including in particular long-term goals, planned activities and their status, defined by measures, both financial and non-financial. ESG information concerning the strategy should among others:

The Company's commentary: As she Company's business strategy does not integrate ESG factors, the Company does not currently have any relevant communication policy in place.

1.4.1. explain how the decision-making processes of the company and its group members integrate climate change, including the resulting risks;

The Company's commentary: As explained in Sections 1.3.1 and 1.4, the Company does not currently have any mechanisms in place to integrate climate change considerations in its decision-making processes.

1.4.2. present the equal pay index for employees, defined as the percentage difference between the average monthly pay (including bonuses, awards and other benefits) of women and men in the last year, and present information about actions taken to eliminate any pay gaps, including a presentation of related risks and the time horizon of the equality target.

The Company's commentary: As explained in Sections 1.3.2 and 1.4, the Company does not currently keep such statistics. In terms of remuneration equality, the Company applies the principles of non-discrimination on the grounds of gender, and the employees' performance is assessed solely on the basis of their contribution to the development of the Company's business.

- **2.1.** Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%.

  The Company's commentary: The Company does not have any diversity policy in place addressing this matter. The Company ensures equal access to professional development and promotion opportunities for its employees (and members of its corporate bodies), irrespective of the colour of their skin, religion, gender, age, nationality, citizenship, membership of a minority, marital status, political beliefs, disability or any other legally protected status. The composition of the Supervisory Board is the result of decisions made by the General Meeting, while the composition of the Management Board is defined by the Supervisory Board. When selecting candidates, the governing bodies appointing members of the Management Board and the Supervisory Board are guided by the Company's current and long-term needs in terms of the candidates' professional experience, competencies and education.

- **2.2.** Decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1.

  The Company's commentary: The composition of the Supervisory Board is the result of decisions made by the General Meeting, while the composition of the Management Board is defined by the Supervisory Board. When selecting candidates, the governing bodies appointing members of the Management Board and the Supervisory Board are guided by the Company's current and long-term needs, particularly in terms of the candidates' professional experience, competencies and education. As already mentioned in the commentary to Section 2.1, factors such as colour of skin, religion, gender, age, nationality, citizenship, membership

of a minority, marital status, political beliefs, or disability are not taken into consideration in the selection of members of the Management Board and Supervisory Board.

- **2.11.** In addition to its responsibilities laid down in the legislation, the supervisory board prepares and presents an annual report to the annual general meeting once per year. Such report includes at least the following:
  2.11.6. information regarding the degree of implementation of the diversity policy applicable to the management board and the supervisory board, including the achievement of goals referred to in principle 2.1.
  The Company's commentary: As there is no diversity policy in place relating to the Management Board and Supervisory Board, the principle is not applied.

- **3.6.** The head of internal audit reports organisationally to the president of the management board and functionally to the chair of the audit committee or the chair of the supervisory board if the supervisory board performs the functions of the audit committee.
  The Company's commentary: Due to the organisational structure of the Company and the scale of the Group's business, the head of internal audit reports organisationally to the relevant Management Board member and functionally to the Chair of the Audit Committee.

- **4.1.** Companies should enable their shareholders to participate in a general meeting by means of electronic communication (e-meeting) if justified by the expectations of shareholders notified to the company, provided that the company is in a position to provide the technical infrastructure necessary for such general meeting to proceed.
  The Company's commentary: The Company's General Meetings are not held by means of electronic communication (e-meeting). No expectations in this respect have been voiced so far by a wider group of the Shareholders, which the Company believes could be due to its shareholding structure. In view of the foregoing, the holding of General Meetings by means of electronic communication is not justified due to the considerable costs involved. However, the Company declares that it will make an effort to comply with the principle if a wider group of the Shareholders so request.

- **6.4.** As the supervisory board performs its responsibilities on a continuous basis, the remuneration of supervisory board members cannot depend on the number of meetings held. The remuneration of members of committees, in particular the audit committee, should take into account additional workload on the committee.
  The Company's commentary: This principle is not fully applied by the Company. The rules governing remuneration for Supervisory Board members are set forth in the Company's remuneration policy adopted by the General Meeting. Members of the Supervisory Board, irrespective of their membership of Supervisory Board committees, receive fixed remuneration irrespective of the number of meetings held. Members of the Supervisory Board who are members of committees do not receive any additional remuneration.

c. Main features of SECO/WARWICK S.A.'s systems of internal control and risk management with respect to preparation of financial statements and consolidated financial statements

The Management Board of the Parent is responsible for the Group's internal control system and its effectiveness in the process of preparation of periodic reports and financial statements prepared and published in accordance with the Regulation of the Minister of Finance on current and periodic information to be published by issuers of securities dated 29 March 2018.

The main objective of the Group's internal control system applied to financial reporting is to ensure adequacy, reliability, and accuracy of financial information presented in periodic reports and financial statements. The Group's internal control and risk management system applied to financial reporting was developed based on:

- **Clear division of responsibilities and organisation of work in the financial reporting process**

Responsibility for the preparation of the Group's financial statements, current management reports, and periodic financial reports lies with the Parent's Financial Department, headed by the Chief Financial Officer.

Financial statements of the SECO/WARWICK Group are prepared by the staff of the Parent's Financial Department, based on financial data contained in the financial and accounting system, as approved by the Chief Financial Officer, and on other additional data provided by designated employees from other departments in the Group. Prior to being handed over to an external auditor, complete financial statements are reviewed by the Head of the Accounting Department and then by the Chief Financial Officer.

Periodic reports of the Group are prepared by the staff of the Financial Department, based on financial data contained in the financial and accounting system, as approved by the Chief Financial Officer, and on other additional data provided by designated employees. Prior to being handed over to an external auditor, complete periodic reports are reviewed by the Head of the Accounting Department and then by the Chief Financial Officer.

- **Precise definition of the scope of the Group's financial reporting**

The Group reviews its strategy and business plans annually, in cooperation with its senior and middle management. Based on the outcome of the review, the Group carries out a budgeting process covering all areas of its operations. During the year, the Parent's Management Board analyses current financial performance and compares it against the adopted budget in accordance with the management reporting system adopted by the Group and based on the Group's accounting policies (International Financial Reporting Standards), taking into account the format and level of detail of the financial data presented in periodic financial statements of the SECO/WARWICK Group.

The accounting policies applied to statutory reporting are included in the budgeting process and in the Group's management reporting system.

The Group makes every effort to ensure that the financial statements, periodic reports, and other reports presented to investors are based on consistently applied accounting policies.

- **Regular reviews of the Group's performance, based on the financial reporting system used by the Group**

Financial data used to prepare financial statements and periodic reports is sourced from the financial and operational reports prepared by the SECO/WARWICK Group. Relevant performance data is supplied by the Group subsidiaries on a monthly basis. The data is analysed by the management board of the holding company and then discussed during conference calls with the subsidiaries' management boards.

Any errors revealed during the analysis are corrected immediately in accordance with the adopted accounting policies.

The work on financial statements and periodic reports starts only after the results recorded in a closed month (reporting period) have been approved by the Chief Financial Officer.

- **Requirement to submit financial statements for approval prior to their publication**

Periodic reports and financial statements, once reviewed or audited by the auditor, are submitted to the members of the Company's Supervisory Board.

All members of the Supervisory Board are offered the opportunity to get acquainted with the financial statements or auditor's report. All queries can be discussed with the Chief Financial Officer, who is available for this purpose to the members of the Supervisory Board.

- **Audit/review of financial statements by an external auditor**

In accordance with the applicable legal regulations, the SECO/WARWICK Group submits its financial statements for a review or audit, as appropriate, by a qualified external auditor.

d. Shareholders holding, directly or indirectly, major holdings of shares

Table: Shareholders holding – directly or indirectly through subsidiaries – 5% or more of the total voting rights at the General Meeting as at 31 December 2024 and the issue date of this Report

Shareholder	Number of shares	Ownership interest (%)	Number of voting rights	% of total voting rights
SW Holding	3,387,139	33.87%	3,387,139	33.87%
Spruce Holding Limited Liability Company (USA)	1,091,952	10.92%	1,091,952	10.92%
Nationale-Nederlanden Otwarty Fundusz Emerytalny	600,000	6.00%	600,000	6.00%
Generali Otwarty Fundusz Emerytalny*	640,798	6.41%	640,798	6.41%
PKO BP Bankowy Otwarty Fundusz Emerytalny	506,504	5.07%	506,504	5.07%

*formerly: NNLife Otwarty Fundusz Emerytalny

The information presented in the table is based on notifications received by the Company from the shareholders under Art. 69 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies.

As at 31 December 2024 and as at the issue date of this report, SECO/WARWICK S.A. holds 1,265,093 treasury shares, representing 12.65% of the share capital. The Company does not exercise voting rights attached to treasury shares.

e. Holders of any securities that confer special control powers, and description of such powers

SECO/WARWICK S.A. has not issued any securities conferring special control powers with respect to SECO/WARWICK S.A.

f. Restrictions on the exercise of voting rights such as restrictions on the exercise of voting rights by holders of a certain portion or number of votes, time limits for exercising voting rights, and provisions under which, with the Company's cooperation, the financial rights attaching to securities are separated from the holding of the securities

There are no restrictions on the exercise of voting rights such as restrictions on the exercise of voting rights by holders of a certain portion or number of votes, time limits for exercising voting rights, or provisions under which, with the Company's cooperation, the financial rights attaching to securities are separated from the holding of the securities.

g. Restrictions on transferability of the Company securities

To the best of the Company's knowledge, there are no restrictions on transferability of its securities.

h. Rules governing the appointment and removal from office of the management staff, and of their powers, including in particular the power to decide on an issue or buyback of shares

The Management Board consists of 2 (two) to 7 (seven) members and is appointed and removed from office by the Supervisory Board, which has the power to appoint any number of Vice Presidents. Members of the Management Board are appointed for a joint three-year term of office. The Management Board comprises the President of the Management Board, Vice Presidents and members. When appointing the members of the Management Board, the Supervisory Board decides who will be appointed to the positions of the President and Vice Presidents of the Management Board. The mandate of a Management Board member expires on the date of the General Meeting approving the Directors' Report, the statement of financial position and the statement of comprehensive income for the last year in which the member held the office. Members of the Management Board may be re-appointed for another term of office. The Management Board may appoint one or more commercial proxies.

The Management Board has all powers to manage the Company's affairs other than those which fall within the exclusive scope of competence of the other governing bodies of the Company. The Management Board defines the overall organisation structure of the Company and the principles of its operation. For this purpose it may issue relevant rules and other internal regulations. Every member of the Management Board may, without a prior resolution of the Management Board, manage any affairs of the Company falling within the scope of day-to-day management, except where, before the matter is settled, at least one member objects to it. Each Management Board member may individually incur a liability or dispose of a right for an amount of up to PLN 200,000 (two hundred thousand). Assuming an obligation or disposing of a right in excess of PLN 200,000 (two hundred thousand złoty) requires two Management Board members acting jointly or a Management Board member acting jointly with a commercial proxy authorised to act individually, or a Management Board member acting jointly with a commercial proxy holding joint powers of proxy. Any issues which fall beyond the scope of the day-to-day management of the Company's affairs require a resolution of the Management Board.

The Company shares may be cancelled upon the shareholder's consent through the acquisition of the shares by the Company ("voluntary cancellation") or without the shareholder's consent ("compulsory cancellation"), in compliance with the provisions of the Commercial Companies Code. Shares may be cancelled without the shareholder's consent on the basis of a resolution of the General Meeting if: the shareholder is declared bankrupt; an enforcement procedure has been instituted with respect to the shares; a court of general jurisdiction has declared in civil proceedings that the shareholder acted to the detriment of the Company; a final ruling has been issued convicting the shareholder of a crime connected with acting to the detriment of the Company.

Compulsory cancellation is effected against compensation, which may not be lower than the value of net assets attributable to the shares, as disclosed in the financial statements for the previous financial year, less the amount allocated for distribution among the shareholders. The General Meeting may cancel all or part of a shareholder's shares at the shareholder's written request. In such a case, the value of the cancelled shares is determined by a resolution of the Company's General Meeting, with a proviso that the resolution is valid only if the shareholder requesting the cancellation of the shares votes in favour of the resolution. The Company may acquire its own shares for the purpose of retiring them or for other purposes set forth in Art. 362.1 of the Commercial Companies Code. The General

Meeting may authorise the Management Board to acquire the Company shares from the shareholders with a view to cancelling them. The Management Board is not authorised to make decisions on share issue.

i. Rules governing amendments to the Company's Articles of Association

In accordance with Art. 430.1 of the Commercial Companies Code, any amendment to SECO/WARWICK S.A.'s Articles of Association requires a resolution by the General Meeting and must be entered in the relevant court register. Amendments to the Articles of Associations are submitted to the registry court by the Management Board of SECO/WARWICK S.A. The General Meeting of the Company may authorise the Supervisory Board to prepare a consolidated text of the amended Articles of Association or to make other editorial changes specified in the General Meeting's resolution.

j. Manner of operation of the General Meeting, its basic powers and description of the shareholder rights, along with the procedure for their exercise, including in particular rules provided for in the Rules of Procedure for the General Meeting, if any, unless such information follows directly from the provisions of law

The General Meeting operates according to the Rules of Procedure for the General Meeting of SECO/WARWICK S.A., adopted by virtue of Resolution No. 32 of the SECO/WARWICK S.A. General Meeting of 24 June 2016. The General Meeting may only be attended by persons who are the Company's shareholders sixteen days prior to the date of the General Meeting. The record date for participation in the General Meeting is the same for the holders of rights under bearer and under registered shares. (Art. 406 [1] of the Commercial Companies Code) Pledgees and usufructuaries holding voting rights may attend the General Meeting of a public company provided that the establishment of limited property rights for their benefit is registered in the securities account as at the record date. The General Meeting may be attended by persons whose presence is considered indispensable by the Supervisory Board or Management Board (Par. 4 of the Rules of Procedure for the General Meeting).

After presentation of each item on the agenda, the Chairman of the General Meeting opens the discussion and gives floor in the order in which the participants requested to speak. While taking the floor, the shareholder may speak only on the matters included in the agenda and discussed at a given moment. With respect to each agenda item being discussed, a shareholder is entitled to give one speech and one reply (Section 14 of the Rules of Procedure for the General Meeting).

Depending on their subject matter, resolutions of the General Meeting are adopted by the majority of votes required by the Company's Articles of Association, the Commercial Companies Code, or other generally applicable laws (Section 18 of the Rules of Procedure for the General Meeting).

Resolutions of the General Meeting are adopted in an open ballot, subject to the provisions of Section 17.2 on voting by secret ballot in the following cases: elections; proposals to remove a member of the Company's governing body or its liquidator; proposals to bring a member of the Company's governing body or its liquidator to account; proposals concerning personnel matters, at the request of at least one shareholder present or represented at the General Meeting; in any other cases provided for in generally applicable laws (Section 16 of the Rules of Procedure for the General Meeting).

The Chair of the General Meeting presents the agenda of the Meeting and submits it for approval by the General Meeting. If no objections are raised, the agenda is deemed approved by the General Meeting (Section 9 of the Rules of Procedure for the General Meeting). After the Chair of the General Meeting closes the list of speakers, no speakers may be added to the list, and after the discussion is declared closed, no speakers may take the floor and no proposals referred to in Section 15 of Rules and Procedure for the General Meeting may be submitted

In 2024, one formally convened General Meeting of SECO/WARWICK S.A. was held, on 13 June 2024. No requests to convene a General Meeting were submitted by the Company's Shareholders in 2024.

The General Meeting was held in accordance with the Commercial Companies Code, the Rules of Procedure for the General Meeting of SECO/WARWICK S.A. and Best Practice for WSE-Listed Companies 2021. The shareholders were afforded the opportunity to read the draft resolutions for the General Meeting as these were published on the Company's website and in Current Report No. 5/2024 of 16 May 2024, at least 26 days prior to the General Meeting. The Company approved the documents submitted by the shareholders and their proxies, and recognised the validity of the powers of proxy, right to represent and participate in the General Meeting.

In 2024, in the exercise of its powers, the Annual General Meeting adopted resolutions essential for proper operation of the Company, including a resolution on the approval of the Directors' Report on the Company's operations and the financial statements for the financial year 2023, allocation of profit for the financial year 2023, approval of the Directors' Report on the Group's operations and the consolidated financial statements of the SECO/WARWICK Group for the financial year 2023, and granting discharge in respect of performance of duties to members of the Company's governing bodies. A resolution was also passed to provide an opinion on the Supervisory Board's remuneration report, a resolution to approve the report of the Supervisory Board of SECO/WARWICK Spółka Akcyjna, to approve a Resolution setting out the Annual Targets for 2024 passed by the Supervisory Board in connection with the 2022-2024 Incentive Scheme, to approve the Verification Resolution passed by the Supervisory Board in connection with the 2022-2024 Incentive Scheme, and to change the remuneration of members of the Supervisory Board. On 13 June 2024, the Supervisory Board re-appointed the existing Management Board for a new joint term of office.

The Chair of the General Meeting ensured procedural efficiency and respect for the rights and interests of all shareholders. The General Meeting was not adjourned or interrupted. Members of the Management Board and Supervisory Board were available to the shareholders and proxies, ready to provide explanations to the extent permitted by their knowledge and required by the provisions of law. None of the resolutions adopted at the General Meeting was challenged in court proceedings.

All the resolutions adopted in 2024 by the General Meeting are aimed at serving the interest of the Company, with due consideration given to other stakeholders' rights. The resolutions adopted by the General Meeting were published on the Company's website at: www.secowarwick.com.

k. Composition and changes in the composition of the Company's management, supervisory and administrative bodies and their committees, which took place in the last financial year; description of their activities

Management Board

Composition of the Management Board

As at the date of issue of this Report and as at 31 December 2024 and 31 December 2023, 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

Changes in the composition of the Management Board:

In the period from 1 January 2024 to the issue date of this Report, there were no changes in the composition of the Management Board of SECO/WARWICK S.A.

Operation of the Management Board

The Management Board operated under the regulations of the Commercial Companies Code, the Rules of Procedure for the Management Board, approved by the resolution of the Supervisory Board and available to the public, and in accordance with Best Practice for WSE-Listed Companies. The Rules of Procedure for the Management Board stipulate the division of responsibilities, tasks and authority among the members.

The Management Board is the executive body of the Company, managing its current operations and representing it in relations with third parties. The powers of the Management Board include all matters which do not fall within the exclusive scope of competence of the General Meeting or the Supervisory Board. A decision to acquire or dispose of property, perpetual usufruct right to or an interest in property, rests exclusively with the Management Board and requires approval by the General Meeting.

The Management Board is composed of 2 (two) to 7 (seven) members appointed by the Supervisory Board, including President, Vice President and members of the Management Board. The Supervisory Board may appoint any number of Vice Presidents. The Management Board members are appointed by the Supervisory Board for a joint three-year term of office. Each Management Board member may individually incur a liability or dispose of a right for up to the equivalent of PLN 200,000 (two hundred thousand). Assuming an obligation or disposing of a right in excess of PLN 200,000 (two hundred thousand złoty) requires two Management Board members acting jointly or a Management Board member acting jointly with a commercial proxy authorised to act individually, or a Management Board member acting jointly with a commercial proxy holding joint powers of proxy. The Management Board shall act in accordance with the Rules of Procedure approved by the Supervisory Board at the request of the Management Board.

When formulating strategic objectives and setting current tasks, the Management Board was primarily guided by the Company's best interest and the provisions of law, While also protecting the interests of shareholders, employees and creditors.

In order to ensure the clarity and efficiency of the management system, the Management Board observed the rules of professional conduct within the limits of reasonable economic risk, using a wide range of information, opinions and analyses available.

The Supervisory Board decides on the remuneration of the members of the Management Board based on clearly defined procedures. The remuneration for serving as members of the Management Board was granted taking into account the economic results achieved on the basis of competence and responsibility of the individual members of the Board The amount of remuneration for Management Board members is determined in accordance with the Remuneration Policy for members of the Management Board and Supervisory Board of Seco/Warwick S.A., and is governed by resolutions of the Company's Supervisory Board of 21 April 2022. The remuneration paid to the members of the Management Board did not differ from the level of remuneration paid to members of management boards at electromechanical industry companies of comparable size.

Supervisory Board

Composition of the Supervisory Board

As at the issue date of this Report and as at 31 December 2024 and 31 December 2023, the Supervisory Board of SECO/WARWICK S.A. consisted of:

- Andrzej Zawistowski – Chair of the Supervisory Board
- Maciej Karnicki – Deputy Chair of the Supervisory Board
- Jeffrey Boswell – Member of the Supervisory Board
- Marcin Murawski – Member of the Supervisory Board
- Robert Jasiński – Member of the Supervisory Board

Changes in the composition of the Supervisory Board:

In the period from 1 January 2024 to the issue date of this Report, there were no changes in the composition of the Supervisory Board of SECO/WARWICK S.A.

Operation of the Supervisory Board

The Supervisory Board of SECO/WARWICK S.A. operates under the regulations of the Commercial Companies Code, the Rules of Procedure for the Supervisory Board (approved by the General Meeting and available to the public), and in accordance with Best Practice for WSE-Listed Companies. The Rules of Procedure for the Supervisory Board stipulate the division of responsibilities, tasks and authority among the members.

The Supervisory Board of SECO/WARWICK S.A. adopts resolutions and provides opinions on matters falling within its exclusive scope of competence under the Articles of Association, and in a manner provided for in the Articles of Association and applicable laws.

The Supervisory Board complied with the requirement of having at least two independent members, meeting the independence criteria specified in the Company's Articles of Association.

In 2024, the Supervisory Board meetings were held on a regular basis, and were attended by members of the Management Board, who provided the Supervisory Board with reliable and complete information on material issues relating to the operation of the Company. The Supervisory Board held five meetings, at which resolutions were adopted with respect to the matters included in the meeting agendas. The resolutions were sent to the members of the Supervisory Board in the notices of the meetings.
Provision of any benefits by the Company or related parties to members of the Management Board was approved by virtue of a resolution adopted by a majority of members of the Supervisory Board.

Remuneration of Supervisory Board members is determined based on the Remuneration Policy for members of the Management Board and Supervisory Board of Seco/Warwick S.A. The remuneration for serving as members of the Supervisory Board was granted taking into account the economic results achieved on the basis of competence and responsibility of the individual members of the Supervisory Board. Remuneration paid to the members of the Supervisory Board did not vary from the level of remuneration paid to members of supervisory boards at electromechanical industry companies of comparable size. Throughout 2024, members of the Supervisory Board informed the Company's Management Board of their trades in SECO/WARWICK S.A. shares.

In 2024, the Supervisory Board focused primarily on the matters significant to the Company's operations.

Within its powers to define the development strategy for the Company, the Supervisory Board made a number of analyses of the directions for long-term growth of the SECO/WARWICK Group in the context of the changes taking place in the market of manufacturers of heat treatment furnaces, including technological changes and growing competition.

The Supervisory Board, within its powers to supervise the Company's and the Group's operations, conducted an analysis and carried out periodic assessments of the financial statements of SECO/WARWICK S.A. and the Group, as well as of the Directors' Reports on the Company's operations.

The Supervisory Board will provide the Annual General Meeting with an assessment of the Company's situation, including an assessment of the system for internal control and management of risk material to the Company, assessment of the Company's fulfilment of disclosure requirements, assessment of the reasonableness of the Company's policy for sponsorship and charitable activities, as assessment of the operation of the Supervisory Board, for 2024, prepared in accordance with Best Practice for WSE-Listed Companies 2024, along with a report on the activities of the Supervisory Board in 2022, prepared in accordance with Art. 382.3(1) of the Commercial Companies Code.

Committee of the Supervisory Board

In 2024, an Audit Committee operated within the Supervisory Board, performing analytical and control functions under the Rules of Procedure for the Supervisory Board, the guidelines set out in the Act on Statutory Auditors, Audit Firms, and Public Oversight of 11 May 2017 (the "Act"), and in Best Practice for WSE-Listed Companies 2021.

In 2024, the Audit Committee held four meetings. The Audit Committee performed analytical and control functions in line with the Rules of Procedure for the Supervisory Board, the Rules of Procedure for the Audit Committee, and the guidelines set out in Best Practice for WSE-Listed Companies. The Committee's activities included in particular:

a) regular monitoring of the Company's and Group's financial reporting process and informing the Supervisory Board about the results of the process,
b) monitoring of internal control systems and risk management systems used to control the main risks to which the Company was exposed,
c) monitoring of the Company's relations with related parties and business risks of the companies operating abroad,
d) monitoring of the performance of financial audit tasks, in particular the audit of the Company's and Group's financial statements performed by an audit firm,
e) monitoring of the performance by the Company and other Group companies of the activities requested by the auditor,
f) monitoring of periodic reports intended for publication and supervision of the Company's and the Group's financial reporting process,
g) monitoring of the adopted best practices, i.e. the recommendation that an effective internal control, risk management and compliance system be maintained,
h) monitoring of internal audit and internal control activities, in particular regarding compliance of the operations of the Company and the Group companies with applicable laws,
i) monitoring of the auditor's independence,
j) supervising the assessment of the work of the Auditor and recommendations of the selection process for subsequent years,
k) the Audit Committee adopted the presented annual work plan for the Audit Committee for 2025.

All matters discussed at Audit Committee meetings have been recorded in the minutes.

Regular reporting by the Audit Committee of the results of its supervisory and monitoring activities to the Supervisory Board helped deepen the understanding of these areas, improved communication between the management and supervisory bodies, and, as a consequence, enhanced the quality of the monitored processes.

As at 31 December 2024 and the issue date of this Report, the Audit Committee was composed of:

1. Marcin Murawski – Chair
2. Robert Jasiński – Secretary
3. Maciej Karnicki – Member

The statutory criteria of independence and of having the experience in and knowledge of accounting and financial reporting on the Supervisory Board and Audit Committee were met by Marcin Murawski and Robert Jasiński.

Maciej Karnicki has extensive skills and knowledge of the industry in which the Company operates. He gained the industry knowledge at the Technical University of Dresden and during his long-standing professional career, especially while working for SECO/WARWICK S.A.

Audit firm selection policy

1. In the procedure for appointing an audit firm, the Supervisory Board takes the following into consideration:
   a) the experience of the audit team in the audit of financial statements of public interest entities (in particular joint stock companies whose securities are admitted to trading on a regulated market);
   b) the general competence of the audit team;
   c) financial criteria;
   d) audits of financial statements of companies with business profiles similar to the Company's profile (including in terms of industry and geographical structure) previously conducted by the audit firm and the audit team.
2. The Supervisory Board selects the audit firm with due regard to the principle of independence of the audit firm, and after analysing the work performed by the audit firm in the Company which went beyond the scope of audit of financial statements.
3. The Audit Committee may discuss with the audit firm the threats to the audit firm's independence and the safeguards used to mitigate those risks.
4. Prior to performing the audit, each year the audit firm and members of the audit team submit a declaration of meeting the independence criteria set out in Art. 69–73 of the Act.
5. The audit firm will be selected and the audit will be performed pursuant to applicable laws, in particular the Act and the Accounting Act of 29 September 1994 (consolidated text: Dz.U. of 2023: items 120, 295, 1598; Dz. U. of 2024: items 619, 1685, 1863). The audit will be conducted in accordance with the International Financial Reporting Standards as well as the requirements and rules applicable to the Company, in particular the principles of Best Practice for WSE-Listed Companies applied by the Company.

6. Introducing any contractual clauses that would require the Supervisory Board to select the qualified auditor from a specific category or list of qualified auditors is prohibited.

I. Spending on sponsorship, charitable or similar activities (principle 1.5 of Best Practice 2021)

In the financial year 2024, SECO/WARWICK S.A. engaged in various sponsorship and charitable initiatives, incurring associated expenses such as:
- BIKE&RUN Association, sponsorship during the Race Across India 2024 event – PLN 20,000
- e-Collection Box for the Great Orchestra of Christmas Charity (WOŚP) – PLN 12,055.59
- Children's Home in Świebodzin – PLN 847
- Noble Gift campaign – PLN 2,819
- The MADA Foundation for Individuals with Autism – PLN 2,000
- RAI 2024 sponsorship campaign – PLN 4,800
- LUBUSKIE CYCLIST ASSOCIATION ŚWIEBODZIN – PLN 5,000

The expenditures related to sponsorship and charitable activities totalled PLN 53,045.59.

m. Diversity policy

The Company has not formally drawn up any diversity policy relating to the Management Board and Supervisory Board, but makes every effort to ensure that its governing bodies and management are diverse in terms of gender, age, education, and professional experience.

The aim of diversity management at SECO/WARWICK S.A. is to create a workplace where each employee feels respected and valued and where they can fully realise their potential, contributing to the Company's success.

The Company ensures equal access to professional development and promotion opportunities for its employees, irrespective of the colour of their skin, religion, gender, age, nationality, citizenship, marital and children status, political beliefs, disability or any other legally protected status.

Decisions on hiring new staff and appointing members of the Management and Supervisory Boards are made based on objective criteria. SECO/WARWICK S.A. strives to ensure versatility and diversity in the Company's governing bodies, especially with respect to gender, educational background, age and professional experience. Candidates for particular positions are selected based on their qualifications, professionalism and competence.

The measures undertaken by the Company aim to prevent discrimination at work and to build a corporate culture open for staff diversity, which helps build market position and competitive advantage.
Pursuant to Best Practice for WSE-Listed Companies 2021, the Company hereby discloses that in the last three years (2023–2024), the participation of men and women in the Company's Management Board and Supervisory Board was as follows: men - 100%, women - 0%.

24. Material court, arbitration and administrative proceedings

In 2024, no liabilities or receivables of SECO/WARWICK S.A. were disputed in any significant court, arbitration or administrative proceedings with any trading partner or its group.

25. External and internal drivers of the Company's growth

External factors:

- The Group's financial performance will be driven to a large extent by the macroeconomic conditions prevailing on the markets where the Group companies operate or which they plan to enter. The Group's growth will depend on key economic indicators reported for the markets where the Group is present, such as the demand for capital goods, GDP growth rate, inflation rate, unemployment rate, and capital expenditure.
- The achievement of the SECO/WARWICK Group's strategic objectives may be hindered by competition. If competitive pressures intensify, especially in Asian markets, they may adversely affect the Group's ability to meet its planned financial results.
- Foreign exchange rates, particularly the EUR/PLN rate, are a significant factor for the development of the Group's business. However, the Group actively mitigates currency risk by changing the reference rates used to calculate the price of the equipment it manufactures, executing hedging transactions on the futures market, and making purchases in the euro and US dollars.
- War in Ukraine – see Section 12 of this Report.

Internal factors:

- The achievement of the financial targets set by the SECO/WARWICK Group depends on its ability to retain highly-skilled professionals in managerial and specialist positions at the Group. In the sector where the Parent operates, as in many other sectors of the Polish economy, remuneration of highly qualified staff is lower compared with other EU countries, which may encourage employees to seek employment abroad. The Parent is actively trying to mitigate this risk by implementing such measures as a share-based incentive scheme or a financial assistance programme designed to help finance the costs of university and specialist courses. Retention of the highly-qualified staff in the mid- and long-term perspective may result in an increase in employment costs, which in turn may reduce the profitability of the Group's business.

26. Information on the Company's and Group's growth strategy and measures taken as part of its implementation in the reporting period, including information on the Company's growth prospects in at least the next financial year

In Current Report No. 17/2023, the Management Board of Seco/Warwick S.A. (the "Company") announced that on 26 September 2023 it passed a resolution to adopt the SECO/WARWICK Group's Growth Strategy for 2023–2026 (the "Strategy"), following its approval and endorsement on the same day by the Supervisory Board.

The Strategy for the SECO/WARWICK Group (the "Group") outlines a vision for orderly and targeted development of the Group in the context of the fast changing market, especially opportunities and challenges offered by the external environment and the Group's internal resources, its strong capabilities and leading position on the global heat treatment and metallurgy markets.

The Group's Vision and Mission statement, as articulated in the Strategy, are as follows:

– Mission of SECO/WARWICK:

"Thanks to the experience and expertise of our employees as well as cooperation with our business partners, we create innovative products that provide customers with reliable, safe, and environmentally friendly solutions for heat treatment and metallurgy and ensure economic viability of their businesses."

– Vision of SECO/WARWICK:

"We aspire to be the preferred provider of heat treatment and metallurgy solutions.

Our commitment to innovation and reliability is evident in our approach to thinking and creating across the globe."

The implementation of the Strategy is underpinned by the following key growth directions, signifying priority:

1. Business agility – defined as the organisation's ability to adapt to a changing environment for the achievement of its business goals.

2. Industry 4.0 – which emphasises the ability to effectively leverage Industry 4.0 solutions for process enhancement and product development within the Group, encompassing further strides in automation, robotisation, and solutions driven by artificial intelligence.

3. Attractive workplace – involves the creation of a working environment grounded in mutual trust, partnership and responsibility, fostering professional and personal advancement, bridging generational needs, and including measures taken to enhance employee satisfaction, commitment and productivity, and to maintain a stable employee turnover rate.

4. Operational excellence – understood as the continuous process of the organisation's self-improvement to optimise quality, efficiency and productivity, for enhanced project execution and reduced cost of complaints.

5. Local autonomy within global architecture – a vision that local market companies retain operational independence while upholding the established Group standards, which involves strengthening international cooperation within the Group, leveraging local advantages and capabilities to develop competitive products, and adapting to both local and global requirements amidst changing market conditions.

6. Business growth – focuses on enhancing sales and product margins within current business segments across existing and new markets, which includes preparing companies for self-sufficiency, cultivating flexible production profiles to cater to local and global markets, and enhancing sales and product margins within current business segments across existing and new markets.

7. New business opportunities – involves the exploration and/or creation of new business prospects beyond the Group's existing operations, including a growing proportion of sales from new business areas relative to total sales.

Within the ambit of each development direction, the Group's Strategy sets out objectives and metrics to assess performance against these objectives, specifying concrete strategic projects to be implemented over the coming years. The strategic projects have been grouped into five initiatives, dedicated to the key Group entities, and to key markets, technologies or functions within its organisational framework.

These initiatives involve the following main strategic activities:

- continued market share expansion of local companies in key markets across Europe and beyond (US, China and India)

- reinforced positioning of the Group's technologies (vacuum / aluminium process and controlled atmosphere brazing / melting furnaces) in local markets and globally

- functions strengthening and operational self-sufficiency of local companies in key non-European markets

- leveraging local advantages in terms of costs and capabilities for competitive manufacturing of components and equipment for the entire Group

- technology and market diversification

- global harmonisation of the Group's processes and organisational culture for the achievement of business goals.

The Management Board expects that the delivery of these strategic intentions will translate into the achievement of the following financial targets by 2026:

- consolidated revenue of approximately PLN 980 million (2022-2026 CAGR: +12.1%)

– consolidated EBITDA* of approximately PLN 92 million (2022-2026 CAGR: +12.7%).

*The targets for 2026 outlined above are based on the assumption of a USD/PLN exchange rate of 4.2. It is important to consider that given its international operations the Group is exposed to a risk of exchange rate fluctuations and applies hedge accounting. Depending on exchange rate movements, this may lead to substantial positive or negative exchange differences and gains or losses on valuation of hedging instruments at maturity. These items are accounted for in the statement of profit or loss below EBITDA. However, given their nature, if they reach significant amounts, they should be analysed in conjunction with EBITDA. In 2024, the Group reported a net gain of PLN 4.8 million arising from the valuation or settlement of hedging instruments.

The Management Board estimates total capital expenditure to be incurred in 2023-2026 at around PLN 110 million, of which about 55% will be allocated to strategic projects (development of new technologies and product lines, purchase of additional equipment to support manufacturing and assembly processes, and capacity expansion), while 45% will represent replacement CAPEX. At the same time, the anticipated consolidated net debt to consolidated EBITDA ratio on an annual basis is capped at 1.5x.

The Management Board's intention is for SECO/WARWICK to remain a profit-sharing entity, making distributions to its Shareholders throughout the period covered by the Strategy. Dividend recommendations will be made annually, factoring in the Group's growth prospects, the prevailing business environment, investment plans, financing capacities, as well as the Group's actual and anticipated liabilities and financial condition.

The strategy will be regularly reviewed and revised by the Management Board, particularly in response to the dynamics of the macroeconomic environment. The financial figures presented in this Report represent the objectives pursued by the Company's Management Board in connection with the implementation of the Strategy and are not forecasts. The Strategy's objectives do not include specific figures for certain initiatives related to potential new product lines, which are at the pre-commercial stage.

27. Major R&D achievements

In 2024, the Research and Development division of the SECO/WARWICK Group worked on the following projects:

In 2024, the following development projects were successfully completed:
- Construction of the new Vortex 2.0 nozzle system as part of the SeCoil project
- New low-pressure carburising algorithm with a constant flow of carburising gas
- Manufacture and testing of a resistive susceptor for the JetCaster furnace
- Thermal simulation program for the PIT furnace

In 2024, patent applications were filed with the Patent Office of the Republic of Poland (UPRP) for the following inventions:
- Application No. P.448051, titled 'Vacuum furnace with water cooling'
- Application No. P.449230, titled 'Method for diffusion treatment of corrosion-resistant steel'

28. Environmental protection

In 2024, SECO/WARWICK S.A. used natural resources in the course of its production and trading activities in accordance with the applicable laws and was charged with no penalties.

For the purposes of its operations, the Company has secured two required permits: for waste generation and release of gas and dust into the air.

1. In the case of the waste generation permit, the Company holds a renewed permit of 16 June 2017, valid until 16 June 2027. The Company maintains a register of all generated waste. The Company has executed agreements with specialist companies which handle waste disposal, recycling and treatment (the companies hold relevant licences). In accordance with the applicable regulations, the Company is registered in the database on products and packaging and on waste management (BDO) under No. 00025175.
2. In the case of the permit for gas and particulate matter emissions into the atmosphere, the Company holds a renewed permit of 21 March 2017, valid until 21 March 2027. Measurements of dust and gas emissions into the air are carried out regularly once a year by a specialist external company in order to monitor the levels of emissions of pollutants.

29. Workforce

For more information on the workforce of SECO/WARWICK S.A., see Note 29 to the separate financial statements of SECO/WARWICK S.A. for 2024.

30. Events with a material bearing on the Company's business which occurred in the financial year or in the period from the end of the financial year to the date of authorisation of the financial statements

Events with a material bearing on the Company's business which occurred in the financial year are discussed in detail in Section 11 of this Report. Events that occurred after the reporting date are described in detail in Note 32 to the separate financial statements of SECO/WARWICK S.A. for 2024.

Details on the events occurring after the end of the reporting period are provided in current reports, available from the corporate website at:

www.secowarwick.com

31. Information on:

a) **Date of the agreement concluded by the Company with an audit firm for the audit or review of financial statements or consolidated financial statements, and the term of such agreement,**
b) **Whether the Company has used the services of the selected audit firm before and, if so, when the services were provided and what type of services they were,**
c) **The body which selected the audit firm,**
d) **The remuneration of the audit firm, paid or payable for the current and previous financial year, separately for:**
   - **audit of the full-year financial statements,**
   - **other assurance services, including review of financial statements,**
   - **tax advisory services,**
   - **other services.**

The agreement with the statutory auditor was executed for a term of three years. KPMG Audyt Sp. z o.o. Sp. K. of Warsaw, ul. Inflancka 4a, Warsaw, Poland, is entered in the list of statutory auditors of financial statements maintained by the National Council of Statutory Auditors under Reg. No. 3546.

In 2024, the Company used selected audit firm services, such as audit of the full-year separate financial statements of SECO/WARWICK S.A. and the consolidated financial statements of the SECO/WARWICK Group, review of the half-year separate and consolidated financial statements, and assessment of the report on remuneration of Supervisory Board and Management Board members.

On 7 March 2024, the Supervisory Board, acting under Art. 29.1.6 of the Articles of Association, which authorises it to appoint the Company's auditor, passed Resolution No. 2/2024 under which KPMG Audyt Sp. z o.o. Sp. K. of Warsaw, ul. Inflancka 4a, Warsaw, Poland, audited the full-year separate financial statements of SECO/WARWICK S.A. and the consolidated financial statements of the SECO/WARWICK Group and reviewed the half-year separate and consolidated financial statements for 2024.

The table below presents total auditors' fees for 2024 and 2023.

Table: Total auditors' fees for 2024 and 2023

Service	Fees for 2024 (PLN '000)	Fees for 2023 (PLN '000)
Audit of full-year financial statements	275	182
Other assurance services, including review of financial statements	279	231
Other services	27	23
Total	**581**	**436**

32. Sustainability Statement for 2024

SECO/WARWICK S.A., as the Parent of the SECO/WARWICK Group, prepares a Directors' Report on the operations of the SECO/WARWICK Group including a sustainability statement, in accordance with the applicable sustainability reporting regulations.

Therefore, this Directors' Report on the operations of SECO/WARWICK S.A. does not contain a separate sustainability statement. For information required by the applicable regulations, see the Directors' Report on the operations of the SECO/WARWICK Group for the year ended 31 December 2024.

Date: 23 April 2025

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