



CONSOLIDATED REPORT FOR THE THIRD QUARTER OF 2020

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1ST–SEPTEMBER 30TH 2020

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

	Jan 1–Sep 31 2020 (unaudited)	Jan 1–Sep 31 2019 (unaudited)	Jul 1–Sep 30 2020 (unaudited)	Jul 1–Sep 30 2019 (unaudited)
Revenue from sale of finished goods and services	280,597	330,125	89,346	104,239
Revenue from sale of merchandise and materials	2,179	7,199	658	1,701
Revenue	282,776	337,324	90,004	105,939
Cost of finished goods sold and services rendered	-218,518	-251,558	-71,731	-79,010
Cost of merchandise and materials sold	-1,192	-6,278	-154	-1,452
Cost of sales	-219,710	-257,836	-71,885	-80,463
Gross profit/(loss)	63,066	79,488	18,119	25,477
Other income	2,034	2,440	415	434
Distribution costs	-17,375	-24,431	-6,164	-7,208
Administrative expenses	-34,665	-38,267	-10,344	-12,403
Impairment of receivables and contract assets	-702	-1,177	-184	222
Other expenses	-1,289	-1,501	-358	-675
Operating profit/(loss)	11,069	16,552	1,483	5,846
Finance income	3,483	2,624	333	2,228
Finance costs	-4,497	-3,521	-447	-1,751
Share of net profit/(loss) of equity-accounted jointly controlled entities	94	-96	96	-8
Profit/(loss) before tax	10,149	15,559	1,465	6,316
Income tax	-3,520	-3,422	-721	-1,893
Net profit/(loss) from continuing operations	6,628	12,137	745	4,423
Net profit/(loss)	6,628	12,137	745	4,423
Net profit/(loss) attributable to				
Owners of the parent	6,365	11,706	650	4,303
Non-controlling interests	265	432	95	119
OTHER COMPREHENSIVE INCOME:				
Items not to be reclassified to profit/(loss) in subsequent reporting periods				
Actuarial gains/(losses) on a defined benefit pension plan	-1,585	-	35	-8
Income tax on other comprehensive income				
Items which may be reclassified to profit/(loss) in subsequent reporting periods				
Valuation of cash flow hedging derivatives	-1,706	123	-206	-597
Exchange differences on translating foreign operations	1,225	3,250	-1,414	3,546
Income tax on other comprehensive income	324	-23	39	114
Total other comprehensive income, net	-1,741	3,350	-1,546	3,054
Total comprehensive income	4,888	15,487	-800	7,476
Total comprehensive income attributable to				
Owners of the parent	4,596	14,943	-903	7,343
Non-controlling interests	292	544	104	134

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EARNINGS PER SHARE:

- basic earnings/(loss) per share attributable to owners of the parent	0.64	1.19	0.07	0.44
- diluted earnings/(loss) per share from continuing operations attributable to owners of the parent	0.63	1.18	0.06	0.43

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

	Sep 30 2020 (unaudited)	Dec 31 2019 (audited)
Non-current assets		
Property, plant and equipment	57,170	65,823
Right-of-use assets	21,108	13,508
Investment property	316	334
Goodwill	39,954	39,174
Intangible assets	52,860	55,984
Long-term receivables	1,010	2,104
Derivative financial instruments	-	151
Other financial assets	3	3
Deferred tax assets	609	95
	173,030	177,176
Current assets		
Inventories	60,853	64,401
Trade receivables	61,384	56,687
Income tax assets	533	386
Other short-term receivables	15,373	12,776
Cash and cash equivalents	44,669	36,595
Derivative financial instruments	64	695
Other non-financial assets	3,367	4,880
Contract assets	86,928	101,984
	273,171	278,404
TOTAL ASSETS	446,201	455,581

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

	Sep 30 2020 (unaudited)	Dec 31 2019 (audited)
Equity		
Share capital	3,616	3,616
Statutory reserve funds	201,172	205,773
Other components of equity	29,510	13,811
Hedging reserve	-1,543	-161
Translation reserve	22,738	21,541
Retained earnings	-61,080	-55,461
Equity attributable to owners of the parent	194,413	189,118
Non-controlling interests	767	475
	195,180	189,593
Non-current liabilities		
Borrowings	234	155
Lease liabilities	14,739	7,638
Derivative financial instruments	242	287
Deferred tax liabilities	17,555	14,689
Employee benefit obligations	4,149	2,503
Grants for development projects	11,289	15,698
Contract liabilities	1,631	2,186
	49,839	43,156
Current liabilities		
Borrowings	26,554	32,858
Lease liabilities	4,172	3,577
Derivative financial instruments	2,564	719
Other financial liabilities	148	419
Trade payables	30,003	47,647
Other current liabilities	12,310	12,007
Income tax payable	118	41
Employee benefit obligations	7,078	9,140
Other provisions	10,007	10,940
Grants for development projects	690	760
Contract liabilities	107,538	104,724
	201,182	222,831
TOTAL EQUITY AND LIABILITIES	446,201	455,581

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

	Jan 1–Sep 31 2020 (unaudited)	Jan 1–Sep 30 2019 (unaudited)
OPERATING ACTIVITIES		
Profit/(loss) before tax	10,149	15,559
Total adjustments:	10,901	-28,607
Share of net profit of associates	-438	192
Depreciation and amortisation	9,845	7,081
Foreign exchange gains/(losses)	302	404
Interest and profit distributions (dividends)	765	1,454
Gain/(loss) on investing activities	148	-119
Change in provisions	-3,270	-2,455
Change in inventories	4,878	3,760
Change in receivables	-5,577	5,894
Change in current liabilities (other than financial liabilities)	-18,209	-4,685
Change in grants for development projects	-455	-534
Change in contract assets and liabilities	21,424	-42,819
Change in currency forward contracts	833	1,514
Other adjustments (including management stock options)	655	1,704
Income tax (paid)/refunded	-463	-133
Net cash from operating activities	20,586	-13,181
INVESTING ACTIVITIES		
Cash provided by investing activities	4,116	1,410
Proceeds from disposal of intangible assets and property, plant and equipment	4,064	1,342
Other proceeds from financial assets	53	68
Cash used in investing activities	7,243	8,716
Investments in intangible assets, property, plant and equipment, and investment property	7,244	8,716
Net cash from investing activities	-3,128	-7,306
FINANCING ACTIVITIES		
Cash provided by financing activities	11,698	7,273
Borrowings	11,011	6,662
Grants	686	610
Cash used in financing activities	20,891	16,931
Dividends and other distributions to owners	-	4,019
Repayment of borrowings	17,202	9,223
Payment of lease liabilities	2,870	2,315
Interest paid	819	1,374
Net cash from financing activities	-9,194	-9,659
Total net cash	8,264	-30,145
Net change in cash, including:	8,073	-29,959
- effect of exchange rate fluctuations on cash held	-191	187
Cash at beginning of period	36,595	53,602
Cash at end of period	44,669	23,644

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

	Share capital	Statutory reserve funds	Hedging reserve	Other components of equity	Translation reserve	Retained earnings / accumulated losses	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
Equity as at Jan 1 2020	3,616	205,773	-161	13,811	21,541	-55,461	189,119	474	189,593
Profit/(loss) for period	-	-	-	-	-	6,365	6,365	265	6,629
Other comprehensive income	-	-	-1,382	-	1,198	-1,585	-1,769	28	-1,741
Total comprehensive income for the year	-	-	-1,382	-	1,198	4,780	4,596	292	4,888
Allocation of profit to dividend payment									
Management stock options	-	-	-	699	-	-	699	-	699
Transfer of retained earnings to statutory reserve funds	-	10,399	-	-	-	-10,399	-	-	-
Capital reserve for buyback of shares	-	-15,000	-	15,000	-	-	-	-	-
Equity as at September 30th 2020 (unaudited)	3,616	201,172	-1,542	29,510	22,738	-61,080	194,414	766	195,180

	Share capital	Statutory reserve funds	Hedging reserve	Other components of equity	Exchange differences	Retained earnings / accumulated losses	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
Equity as at Jan 1 2019	3,616	193,449	-586	12,067	21,182	-55,358	174,372	-54	174,317
Profit/(loss) for period	-	-	-	-	-	11,706	11,706	432	12,137
Other comprehensive income	-	-	99	-	3,138	-	3,237	112	3,350
Total comprehensive income for the year	-	-	99	-	3,138	11,706	14,943	544	15,487
Allocation of profit to dividend payment	-	-	-	-	-	-4,019	-4,019	-	-4,019
Management stock options	-	-	-	1,548	-	-	1,548	-	1,548
Transfer of retained earnings to statutory reserve funds	-	12,323	-	-	-	-12,323	-	-	-
Equity as at September 30th 2019 (unaudited)	3,616	205,773	-486	13,615	24,320	-59,994	186,844	490	187,333

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INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1ST–SEPTEMBER 30TH 2020

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

	Jan 1–Sep 30 2020	Jan 1–Sep 30 2019	Jul 1–Sep 30 2020	Jul 1–Sep 30 2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue from sale of finished goods and services	174,428	191,614	52,907	60,657
Revenue from sale of merchandise and materials	3	9	-	1
Revenue	174,431	191,623	52,907	60,657
Cost of finished goods sold and services rendered	-137,751	-150,394	-43,635	-46,393
Cost of merchandise and materials sold	-18	-8	-	-1
Cost of sales	-137,768	-150,402	-43,635	-46,393
Gross profit/(loss)	36,663	41,221	9,272	14,264
Other income	2,097	2,376	586	950
Distribution costs	-7,641	-10,490	-2,937	-2,742
Administrative expenses	-15,893	-18,170	-3,989	-7,250
Impairment of receivables and contract assets	-1,428	-137	68	52
Other expenses	-973	-1,191	-314	-350
Operating profit/(loss)	12,825	13,609	2,687	4,924
Finance income	3,350	2,148	-80	1,736
Finance costs	-3,905	-2,757	-295	-1,438
Profit/(loss) before tax	12,270	13,000	2,311	5,222
Income tax	-2,907	-2,536	-497	-1,012
Net profit/(loss) from continuing operations	9,364	10,464	1,814	4,210
Net profit/(loss)	9,364	10,464	1,814	4,210
DISCONTINUED OPERATIONS				
Net profit/(loss) from discontinued operations	-	-	-	-
Net profit/(loss) for the year	9,364	10,464	1,814	4,210
OTHER COMPREHENSIVE INCOME:				
Items which may be reclassified to profit/(loss) in subsequent reporting periods				
Valuation of cash flow hedging derivatives	-1,706	123	-206	-598
Income tax on other comprehensive income	324	-23	39	114
Other comprehensive income, net	-1,382	99	-167	-485
Total comprehensive income	7,982	10,563	1,647	3,725
Earnings/(loss) per share (PLN):				
- basic earnings/(loss) per share attributable to owners of the parent	0.94	1.07	0.18	0.43
- diluted earnings/(loss) per share attributable to owners of the parent	0.92	1.06	0.18	0.43

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

	Sep 30 2020 (unaudited)	Dec 31 2019 (audited)
Non-current assets		
Property, plant and equipment	50,474	52,745
Right-of-use assets	10,374	11,174
Investment property	316	334
Intangible assets	51,993	55,072
Long-term receivables	841	2,072
Investments in related entities	58,422	58,422
Derivative financial instruments	-	151
Other financial assets	3	3
Contract costs	225	2,981
	172,648	182,954
Current assets		
Inventories	22,403	31,939
Trade receivables	59,974	58,571
Other short-term receivables	9,886	8,278
Derivative financial instruments	64	695
Other financial assets	2,000	2,000
Other non-financial assets	1,665	2,740
Contract costs	4,885	3,255
Contract assets	55,898	73,295
Cash and cash equivalents	28,152	23,099
	184,927	203,871
Assets held for sale	-	-
TOTAL ASSETS	357,575	386,824

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

	Sep 30 2020 (unaudited)	Dec 31 2019 (audited)
Equity		
Share capital	3,616	3,616
Statutory reserve funds	136,991	141,372
Hedging reserve	-1,543	-161
Other components of equity	29,510	13,811
Retained earnings / accumulated losses	30,979	32,235
	199,554	190,873
Non-current liabilities		
Lease liabilities	5,812	6,331
Derivative financial instruments	242	287
Deferred tax liabilities	8,845	6,307
Provision for retirement and similar benefits	1,243	1,243
Grants for development projects	11,289	15,698
Contract liabilities	1,631	1,777
	29,062	31,644
Current liabilities		
Borrowings	18,192	27,418
Lease liabilities	2,337	2,591
Derivative financial instruments	2,564	719
Trade payables	38,095	42,781
Other current liabilities	7,388	8,363
Provision for retirement and similar benefits	3,833	5,976
Other provisions	6,829	7,596
Grants for development projects	690	718
Contract liabilities	49,032	68,145
	128,959	164,308
TOTAL EQUITY AND LIABILITIES	357,575	386,824

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

	Jan 1–Sep 31 2020	Jan 1–Sep 31 2019
	(unaudited)	(unaudited)
OPERATING ACTIVITIES		
Profit/(loss) before tax	12,270	13,000
Total adjustments:	8,787	-26,801
Depreciation and amortisation	6,181	4,639
Foreign exchange gains/(losses)	191	-184
Interest and profit distributions (dividends)	568	1,248
Gain/(loss) on investing activities	511	76
Change in provisions	-2,910	2
Change in inventories	9,536	-2,819
Change in receivables	-1,741	-12,901
Change in liabilities (other than current financial liabilities)	-4,878	-6,942
Change in grants for development projects	-455	-534
Change in contract assets and liabilities	-736	-12,500
Change in accruals and deferrals	1,075	53
Change in currency forward contracts	833	1,514
Other adjustments (including management stock options)	611	1,548
Income tax (paid)/refunded	-	-
Net cash from operating activities	21,057	-13,801
INVESTING ACTIVITIES		
Cash provided by investing activities	104	274
Proceeds from disposal of intangible assets and property, plant and equipment	59	229
Decrease in loans advanced	45	45
Cash used in investing activities	5,412	9,413
Investments in intangible assets, property, plant and equipment, and investment property	5,412	7,675
Share capital increase at subsidiaries	-	737
Other cash used in investing activities	-	1,000
Net cash from investing activities	-5,307	-9,138
FINANCING ACTIVITIES		
Cash provided by financing activities	686	610
Grants	686	610
Cash used in financing activities	11,191	10,035
Repayment of borrowings	9,227	3,464
Dividend	-	4,019
Payment of finance lease liabilities	1,351	1,298
Interest paid	613	1,253
Net cash from financing activities	-10,505	-9,424
Total net cash	5,245	-32,364

Net change in cash, including:	5,054	-32,177
- effect of exchange rate fluctuations on cash held	-191	187
Cash at beginning of period	23,099	39,770
Cash at end of period	28,152	7,594

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

	Share capital	Statutory reserve funds	Revaluation capital reserve	Other components of equity	Retained earnings / accumulated losses	Total equity
Equity as at Jan 1 2020	3,616	141,371	-161	13,811	32,235	190,872
Profit/(loss) for period	-	-	-	-	9,364	9,364
Other comprehensive income	-	-	-1,382	-	-	-1,382
Total comprehensive income for the year	-	-	-1,382	-	9,364	7,982
Capital reserve for repurchase of shares	-	- 15,000	-	15,000	-	-
Transfer of retained earnings to statutory reserve funds	-	10,620	-	-	-10,620	-
Management stock options	-	-	-	699	-	699
Equity as at September 30th 2020 (unaudited)	3,616	136,991	-1,543	29,510	30,980	199,554

	Share capital	Statutory reserve funds	Revaluation capital reserve	Other components of equity	Retained earnings / accumulated losses	Total equity
Equity as at Jan 1 2019 (audited)	3,616	130,960	-586	12,067	36,046	182,103
Profit/(loss) for period	-	-	-	-	10,464	10,464
Other comprehensive income	-	-	99	-	-	99
Total comprehensive income for the year	-	-	99	-	10,464	10,563
Allocation of profit to dividend payment	-	-	-	-	-4,019	-4,019
Transfer of retained earnings to statutory reserve funds	-	10,412	-	-	-10,412	-
Management stock options	-	-	-	1,548	-	1,548
Equity as at September 30th 2019 (unaudited)	3,616	141,372	-486	13,615	32,079	190,197

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**SUPPLEMENTARY INFORMATION TO THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
SEPTEMBER 30TH 2020**

I. General information

The SECO/WARWICK Group

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

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

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

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

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

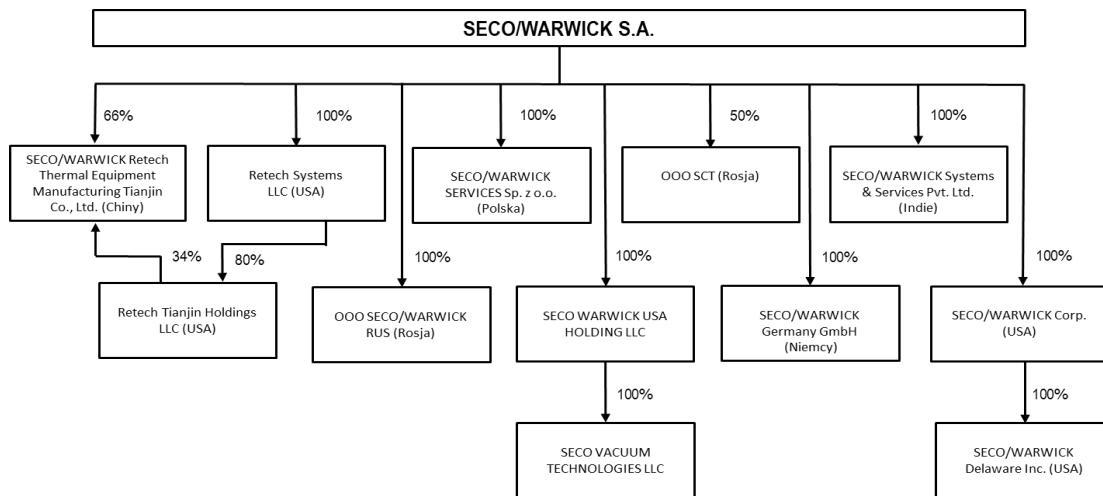
The Group includes a jointly controlled entity:

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

Table: Composition of the SECO/WARWICK Group as at September 30th 2020:

Company	Registered office	Principal business activity	Group's ownership interest
Parent			
SECO/WARWICK S.A.	Świebodzin (Poland)	Holding company of the SECO/WARWICK Group; holding equity interests and providing strategic management services; manufacture of equipment for metal heat treatment.	N.A.
Direct and indirect subsidiaries			
SECO/WARWICK Corp.	Meadville (USA)	Manufacture of equipment for metal heat treatment	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	Ukiah (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)	Provision of metal heat treatment services in Germany	100%
SECO/WARWICK Services Sp. z o.o.	Świebodzin (Poland)	Repair and maintenance services	100%
SECO WARWICK USA HOLDING LLC	Wilmington (USA)	Holding company	100%
SECO VACUUM TECHNOLOGIES LLC	Wilmington (USA)	Sale and distribution of vacuum furnaces.	100%
SECO/WARWICK Systems and Services India PVT. Ltd.	Mumbai (India)	Sale, repair and maintenance services	100%

Organisation of the Group:



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

There were no changes in the composition of the SECO/WARWICK Group between September 30th 2020 and the date of issue of this Report.

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

As at the date of issue of these financial statements and as at September 30th 2020, the Management Board of SECO/WARWICK S.A. was composed of:

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

As at the date of issue of these financial statements and as at September 30th 2020, the Supervisory Board of SECO/WARWICK S.A. was composed of:

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

II. Applied accounting policies, including methods of measurement of assets, equity and liabilities, income and expenses

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

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

The accounting policies applied in the preparation of these interim condensed consolidated financial statements are consistent with the policies applied in the preparation of the Group's full-year consolidated financial statements for the year ended December 31st 2019, except for the application of new or amended standards and interpretations effective for annual periods beginning on or after January 1st 2020.

Other new or amended standards and interpretations which have been applied for the first time in 2020 do not have a material effect on the Group's interim condensed consolidated financial statements..

Material judgements and assumptions

Material judgements made by the Management Board in applying the Company's accounting policies and key sources of estimation uncertainty are the same in these interim condensed consolidated financial statements as those presented in Section VII of the 2019 Consolidated Financial Statements.

Changes in accounting policies

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

Other

No new standards or interpretations were issued by the date of these financial statements in 2020. The amendments to standards and interpretations in 2020 did not have a material effect on the accounting policies applied by the Group.

The Company is currently analysing the effect of amendments to IAS 37 which clarify what costs should be considered in the measurement of provisions for onerous contracts. The amendments introduce an approach based on costs that relate directly to the contract. Costs that relate directly to a contract can either be incremental costs of fulfilling a contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling the contract (an example would be the allocation of the depreciation charge for a machinery used in fulfilling the contract or the costs of project management or supervision). General and administrative expenses are not considered direct costs and are excluded from the calculation, unless the contract expressly provides that they are borne by the customer.

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

III. Financial highlights

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

Financial year	Sep 30 2020	Dec 31 2019	Sep 30 2019
Average exchange rate for the period*	4.4420	-	4.3086
Exchange rate effective for the last day of the period	4.5268	4.2585	-

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

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

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

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

Consolidated financial highlights:

Consolidated financial highlights	Q3 YTD from Jan 1 to Sep 30			
	2020	2019	2020	2019
	(PLN '000)		(EUR '000)	
Revenue	282,776	337,324	63,659	78,291
Cost of sales	-219,710	-257,836	-49,461	-59,842
Operating profit/(loss)	11,069	16,552	2,492	3,842
Profit/(loss) before tax	10,149	15,559	2,285	3,611
Net profit/(loss) attributable to owners of the parent	6,365	11,706	1,433	2,717
Net cash flows from operating activities	20,586	-13,181	4,634	-3,059
Net cash flows from investing activities	-3,128	-7,306	-704	-1,696
Net cash flows from financing activities	-9,194	-9,659	-2,070	-2,242
	Sep 30 2020	Dec 31 2019	Sep 30 2020	Dec 31 2019
Total assets	446,201	455,581	98,569	106,982
Total liabilities	251,021	265,988	55,452	62,460
Including current liabilities	201,182	222,831	44,442	52,326
Equity	195,180	189,593	43,117	44,521
Share capital	3,616	3,616	799	849

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

Separate financial highlights

Separate financial highlights	Q3 YTD from Jan 1 to Sep 30			
	2020	2019	2020	2019
	(PLN '000)		(EUR '000)	
Revenue	174,431	191,623	39,268	44,475
Cost of sales	-137,768	-150,402	-31,015	-34,908
Operating profit/(loss)	12,825	13,609	2,887	3,159
Profit/(loss) before tax	12,270	13,000	2,762	3,017
Net profit/(loss) attributable to owners of the parent	9,364	10,464	2,108	2,429
Net cash flows from operating activities	21,057	-13,801	4,740	-3,203
Net cash flows from investing activities	-5,307	-9,138	-1,195	-2,121
Net cash flows from financing activities	-10,505	-9,424	-2,365	-2,187
	Sep 30 2020	Dec 31 2019	Sep 30 2020	Dec 31 2019
Total assets	357,575	386,824	78,991	90,836
Total liabilities	158,021	195,951	34,908	46,014
Including current liabilities	128,959	164,308	28,488	38,583
Equity	199,554	190,873	44,083	44,822
Share capital	3,616	3,616	799	849



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
SEPTEMBER 30TH 2020**

REVENUE

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

Item	Jan 1–Sep 30 2020	Jan 1–Sep 30 2019	Jul 1–Sep 30 2020	Jul 1–Sep 30 2019
Revenue from sale of finished goods and services	280,597	330,125	89,346	104,239
- including revenue recognised over time	227,923	255,536	76,255	75,210
Revenue from sale of merchandise and materials	2,179	7,199	658	1,701
TOTAL revenue	282,776	337,324	90,004	105,939

Revenue by geographical markets:

Item	Jan 1–Sep 30 2020	Jan 1–Sep 30 2019	Jul 1–Sep 30 2020	Jul 1–Sep 30 2019
European Union	87,437	122,881	28,111	43,502
Commonwealth of Independent States	26,629	7,615	9,282	4,400
USA	88,912	113,986	29,930	29,945
Asia	72,374	72,974	21,367	20,283
Other	7,424	19,868	1,315	7,810
TOTAL revenue	282,776	337,324	90,005	105,939

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

OPERATING SEGMENTS

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

Vacuum furnaces

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

Melting furnaces

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

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

Atmosphere Furnaces (Thermal)

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

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

Aluminium heat treatment systems (Aluminium Process + Controlled Atmosphere Brazing)

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

Aftersales

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

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

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

Therefore, the vast majority of the segments' revenue is recognised throughout contract performance. In the case of aftersales, revenue is recognised upon service completion or product transfer.

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

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

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Jan 1–Sep 30 2019	Continuing operations						Unallocated items	Total
	Vacuum Furnaces	Atmosphere Furnaces (Thermal)	Aluminium Process	Melting Furnaces	Aftersales	Total		
Total segment revenue	88,219	44,720	63,827	73,995	66,326	337,086	238	337,324
Sales to customers accounting for 10% or more of revenue	-	-	-	-	-	-	-	-
Total segment expenses	-65,771	-38,647	-41,029	-66,848	-42,665	-254,961	-2,875	-257,836
Gross profit/(loss)	22,448	6,073	22,797	7,146	23,660	82,125	-2,637	79,488

Jul 1–Sep 30 2019	Continuing operations						Unallocated items	Total
	Vacuum Furnaces	Atmosphere Furnaces (Thermal)	Aluminium Process	Melting Furnaces	Aftersales	Total		
Total segment revenue	22,961	15,795	26,253	13,412	27,368	105,790	149	105,939
Sales to customers accounting for 10% or more of revenue	-	-	-	-	-	-	-	-
Total segment expenses	-16,868	-12,970	-16,560	-14,491	-18,158	-79,047	-1,415	-80,463
Gross profit/(loss)	6,093	2,824	9,693	-1,078	9,210	26,743	-1,266	25,477

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OTHER INCOME AND EXPENSES

OTHER INCOME	Jan 1–Sep 30 2020	Jan 1–Sep 30 2019	Jul 1–Sep 30 2020	Jul 1–Sep 30 2019
Reversal of provisions	-	377	-	-175
Gain on disposal of property, plant and equipment	326	459	12	122
Licence revenue	241	310	34	103
Penalties and compensation received	83	72	-	72
Income from lease of property, plant and equipment and investment property	715	689	218	223
Grant for development work	512	512	171	171
Impairment losses on property, plant and equipment	3	-	-	-
Accounting for lease liabilities in connection with return of cars	88	-	18	-
Other	66	22	-38	-82
Total other income	2,034	2,440	415	434

OTHER EXPENSES	Jan 1–Sep 30 2020	Jan 1–Sep 30 2019	Jul 1–Sep 30 2020	Jul 1–Sep 30 2019
Inventory write-downs	365	-	7	-
Loss on disposal of property, plant and equipment	-	316	-	288
Court expenses, compensation/damages, penalties	88	539	23	113
Cost related to income from lease of property, plant and equipment	312	254	102	99
Donations	14	6	4	-
Other	509	385	222	176
Total other expenses	1,289	1,501	358	675

Impairment of receivables and contract assets	Jan 1–Sep 30 2020	Jan 1–Sep 30 2019	Jul 1–Sep 30 2020	Jul 1–Sep 30 2019
Impairment of receivables	702	1,177	184	-222
Impairment of contract assets	-	-	-	-
Impairment of receivables and contract assets	702	1,177	184	-222

FINANCE INCOME AND COSTS

FINANCE INCOME	Jan 1–Sep 30 2020	Jan 1–Sep 30 2019	Jul 1–Sep 30 2020	Jul 1–Sep 30 2019
Interest income	297	240	138	76
Net gain/(loss) on derivative instruments	-	-	-	-232
Net foreign exchange gains	2,877	2,384	57	2,384
Other	308	-	139	-
Total finance income	3,483	2,624	333	2,228

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FINANCE COSTS	Jan 1–Sep 30 2020	Jan 1–Sep 30 2019	Jul 1–Sep 30 2020	Jul 1–Sep 30 2019
Interest paid	867	1,904	298	714
Interest on leases	497	-	138	-
Impairment losses on shares in OOO SCT	-	145	-	71
Net gain/(loss) on derivative instruments	2,990	1,293	-17	1,293
Net foreign exchange losses	-	-	-	-397
Other	144	178	28	69
Total finance costs	4,497	3,521	447	1,751

PROPERTY, PLANT AND EQUIPMENT

In the period January 1st–September 30th 2020, the cost of acquired intangible assets and property, plant and equipment at the SECO/WARWICK Group amounted to PLN 7,244 thousand.

Item	Sep 30 2020	Dec 31 2019
Tangible assets	56,210	64,799
Tangible assets under construction	960	1,026
Property, plant and equipment	57,170	65,823

IMPAIRMENT LOSSES ON ASSETS

Impairment losses as at	Sep 30 2020	Dec 31 2019
Trade receivables	15,659	15,174
Goodwill	44,946	44,946
Inventories	6,804	7,714
Contract assets	577	577
Tangible assets	-	866

IMPAIRMENT LOSSES ON TRADE RECEIVABLES	Sep 30 2020	Dec 31 2019
As at beginning of period	15,174	12,376
Increase	702	3,141
Use (-)	-	-85
Net exchange differences on translating financial statements into presentation currency	-217	-258
As at end of period	15,659	15,174

DIVIDENDS PROPOSED OR APPROVED BY THE DATE OF AUTHORISATION OF THESE FINANCIAL STATEMENTS

In the first three quarters of 2020, the Company did not propose or pass a resolution to pay any dividend. On April 22nd 2020, the Supervisory Board gave a positive assessment of the Management Board's proposal to allocate SECO/WARWICK S.A.'s total net profit for 2019, of PLN 10,619,707.32 (ten million, six hundred and nineteen thousand, seven hundred and seven zloty, 32/100), to the Company's statutory reserve funds.

On June 5th 2020, the Annual General Meeting decided to retain the Company's net profit for 2019 and allocate it in full to the Company's statutory reserve funds.

CAPITAL COMMITMENTS

As at September 30th 2020, the SECO/WARWICK Group had capital commitments relating to property, plant and equipment in the amount of PLN 47 thousand.

CONSOLIDATED OFF-BALANCE-SHEET ITEMS

Contingent liabilities

As at September 30th 2020, contingent liabilities under performance bonds (bank guarantees) issued amounted to PLN 42,517 thousand (end of 2019: PLN 44,563 thousand).

SETTLEMENTS RELATED TO COURT CASES

For detailed information on litigation that the Group is involved in, see Note 34 to the consolidated financial statements for the period ended December 31st 2019. By the date of issue of these financial statements, the Company had not received any additional information in this respect.

Consistency of the accounting policies and computation methods applied in the preparation of the interim report for the third quarter of 2020

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, as endorsed by the European Union, and the Regulation of the Minister of Finance on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated March 29th 2018 (consolidated text: Dz.U. of 2018, item 757) (the "Regulation").

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

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

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

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

Types and amount of changes in estimates disclosed in previous interim periods of the financial year 2020 or changes in estimates disclosed in previous financial years if they have material bearing on the third quarter of 2020

In the business of SECO/WARWICK S.A. and the SECO/WARWICK Group, there were no changes in estimates disclosed in the preceding financial years that would, due to their type or amount, have material bearing on the Company's or the Group's results for the third quarter of 2020.

Issue, redemption and repayment of debt and equity securities

No such events occurred.

Earnings per share

Item	Jan 1-Sep 30 2020	Jan 1-Sep 30 2019	Jul 1-Sep 30 2020	Jul 1-Sep 30 2019
Net profit/(loss) from continuing operations attributable to owners of the parent	6,365	11,706	650	4,303
Profit/(loss) from discontinued operations attributable to owners of the parent	-	-	-	-
Net profit/(loss) attributable to owners of the parent	6,365	11,706	650	4,303
Interest on redeemable preference shares convertible into ordinary shares	-	-	-	-
Net profit attributable to holders of ordinary shares used to calculate diluted earnings per share	6,365	11,706	650	4,303
Weighted average number of outstanding ordinary shares used to calculate basic earnings per share	9,934,277	9,802,220	9,934,277	9,802,620
Earnings per share	0.64	1.19	0.07	0.44
Dilutive effect:				
Number of potential shares to be issued under the Incentive Scheme	203,877	102,389	203,877	102,389
Number of potential shares to be issued at market price	-23,323	-10,936	-23,323	-10,936
Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share	10,161,477	9,915,545	10,161,477	9,915,945
Diluted earnings per share	0.63	1.18	0.06	0.43

Material events subsequent to the end of the third quarter of 2020, not disclosed in the financial statements for the third quarter of 2020 but having potentially material bearing on the future financial performance of the SECO/WARWICK Group

No such events occurred.

Other supplementary information to the report for the third quarter of 2020
1. Material achievements and failures of SECO/WARWICK S.A. and the SECO/WARWICK Group in the first three quarters of 2020 and key related events

In the first three quarters of 2020, the Group's sales amounted to PLN 282.8m, down 16% year on year, while the gross margin was down 1.3 pp year on year (22.3% in the reporting period). The lower sales reflected a reduction in the Group's order book, but also difficulties in execution caused by the constraints brought by the ongoing pandemic.

The Melting Furnaces segment's sales grew 15.0%, while in the Aftersales segment (spare parts and aftersales services) sales remained stable year on year. Decreases of 58.0%, 43.4% and 13.6% were recorded respectively in the Atmospheric Furnace, Aluminium Process Furnace, and Vacuum Furnace segments.

In the period from January to September 2020, the Group companies secured a backlog of orders worth a total of PLN 251m, compared with PLN 299m in the same period of the previous year. Almost 33% of the orders were placed in the Melting Furnaces segment, 25% in the Aftersales segment, and approximately 24% in the Vacuum Furnaces segment.

As at the end of September 2020, the value of the order book was PLN 361m.

In the first three quarters of 2020, the Group's gross margin was lower (22.3%) than in the same period of 2019 (23.6%). The highest margin (31.9%) was reported by the Aftersales segment, 30.6% – by the Aluminium Process Furnace segment, and 22.1% – by the Vacuum Furnace segment.

Distribution costs and administrative expenses decreased year on year by nearly PLN 10.7m (17.0%) and in the first three quarters of 2020 amounted to PLN 52.0m. The Group's EBITDA was PLN 20.9m, down year on year, due to lower gross profit (effect of lower sales and lower margin). Net profit attributable to owners of the parent was PLN 6.4m (down 45.6% year on year).

In the third quarter of 2020, the Group's performance was not affected by the governmental financial support package (the "anti-crisis shield").

2. Factors and events, especially non-recurring ones, having material bearing on the financial performance in the third quarter of 2020

On February 12th 2020, the Extraordinary General Meeting passed Resolution No. 5 to authorise the Company's Management Board to repurchase the Company's shares listed on the regulated market operated by the Warsaw Stock Exchange.

On February 27th 2020, an annex to the overdraft facility agreement with Santander Bank Polska Spółka Akcyjna was signed, extending the facility repayment deadline until February 28th 2021.

In early March 2020, in Current Report No. 7/2020, the Company's Management Board announced the adoption of the 'SECO/WARWICK Strategy for 2020-2022', which had received a positive assessment from the Supervisory Board. The document defines the Group's mission and vision and sets out key assumptions for the four main dimensions of its business, i.e. finance, customer relations, processes and human resources. In view of the ongoing SARS-CoV-2 virus pandemic, the Management Board has been reviewing and updating the strategic assumptions and is also prepared to change certain strategic objectives if required.

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

In connection with the spread of SARS-CoV-2 in Poland, the Polish government announced a state of epidemic threat as of March 14th 2020, and then a state of epidemic as of March 20th 2020, and introduced far-reaching restrictions aimed at limiting the pace and extent of the epidemic. Similar precautionary measures were implemented in most of the affected countries, including in the world's largest economies. The restrictions have strongly affected business organisations' ability to operate and have a material bearing on the current economic situation. It should also be pointed out that the epidemic threat is driving a strong volatility on stock exchange and currency markets, unavailability of certain goods and services, as well as the risk of disruption to global supply chains of key importance to specialised industrial production activities.

The Company has identified the following as the main risks that may affect the Group's operations and financial performance in the coming periods:

- (i) the risk of reduced order volumes (including a marked decline in major contracts, postponement of deliveries, and partial or complete cancellation of certain orders) and, as a result, of reduced or considerably deferred sales;
- (ii) discontinuation of capital expenditures by the Group's key customers;
- (iii) reintroduction of labour and travel restrictions in China, Europe and the United States, which could delay the performance of contracts concluded by the Group companies by hampering selling efforts and the ability to put equipment into operation and perform maintenance services;
- (iv) aggravation of the crisis in the automotive and aviation sectors,
- (v) difficulties in the performance of contracts resulting from the introduction of a remote work system to protect employees' health and life against COVID-19;
- (vi) potential impediments in the Group's cooperation with its key suppliers of raw materials and components.

With respect to the Company and other Group companies, the negative impact of the epidemic to date has involved primarily a reduction in the number and value of new orders placed by the Company's trading

partners. The Company's Management Board is closely monitoring the global business environment to identify trends that may potentially lead to suspension of delivery (i.e. deferral of income) or, in extreme cases, partial or complete cancellation of certain orders in the backlog as at the reporting date. This may result in a significant deferral or loss of all or some revenue from contracts (partly offset by liquidated damages, if any, paid to Group companies) and in lower cash flows than expected.

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

On April 1st 2020, in consultation with trade unions, the Company reduced employees' working hours to 80%, with pro rata cuts of the pay amounts. The Company's employees confirmed their readiness to work reduced hours and to accept the proportionate pay reductions. Full working time was reinstated on August 1st 2020. A Covid19 team has been established to mitigate the effects and risks of the epidemic. Procedures and policies have been put in place, including a rotational work system with a home office option for most of the Company's employees, to minimise the risk of infection among staff. In the case of the departments in which remote work is not possible, an equivalent working time has been introduced.

The Company also decided to apply for aid under various financial assistance and business support programmes as introduced on some of the Group's markets. In the first half of 2020, SECO/WARWICK S.A. and SECO/WARWICK Services received three tranches of employee compensation subsidies totalling PLN 3.4m as part of the anti-crisis shield package in connection with reduced working hours. SWR in China received tax credits of PLN 1.1m and the Group companies based in the US received almost USD 1.6m under the PayCheck Protection Program for small and medium-sized companies. Loans granted under the PayCheck Protection Program may qualify for full or partial forgiveness subject to certain terms and conditions. In the fourth quarter of 2020, one of the US companies received a confirmation of a USD 1.0m loan forgiveness, while the other two companies are awaiting acceptance of submitted requests.

Based on its best knowledge, the Company's Management Board does not expect any rise in the number of court disputes, any penalties imposed for contract performance delays, contract terminations, or insolvencies of the Company's customers. The Management Board monitors and analyses on an ongoing basis the situation, the value of orders, and the stage of completion of contracts, to undertake activities to secure the Company's operations if necessary.

So far, the Group has not experienced any significant problems with the availability of feedstocks, materials or goods. The Company's Management Board will continue to monitor the potential impact of the epidemic and take all reasonable steps to mitigate its negative effects on the Company and other Group companies.

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

In the third quarter of 2020, there were no changes in the organisational structure of the SECO/WARWICK Group's business that would result from mergers, acquisitions or disposals of Group entities, long-term investments, demergers or restructurings.

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

The Management Board of SECO/WARWICK S.A. did not publish any forecasts of the Company's or the Group's financial performance in 2020.

5. Shareholders holding, directly or indirectly, 5% or more of the total voting rights at the General Meeting as at the date of issue of this Report, including information on any changes subsequent to the issue of the previous periodic report (report for the first half of 2020)

Table: Shareholders holding – directly or indirectly through subsidiaries – 5% or more of the total voting rights at the General Meeting as at the date of issue of the report for the first half of 2020, that is September 11th 2020

Shareholder	Number of shares	Ownership interest (%)	Number of voting rights	% of total voting rights
SW Holding	3,387,139	32.89%	3,387,139	32.89%
Spruce Holding Limited Liability Company (USA)	1,123,337	10.91%	1,123,337	10.91%
Aviva Otwarty Fundusz Emerytalny Aviva Santander	1,046,573	10.16%	1,046,573	10.16%
Bleauhard Holdings LLC	637,028	6.19%	637,028	6.19%
Nationale-Nederlanden Otwarty Fundusz Emerytalny	600,000	5.83%	600,000	5.83%
Metlife OFE	577,470	5.61%	577,470	5.61%

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

Table: Shareholders holding – directly or indirectly through subsidiaries – 5% or more of the total voting rights at the General Meeting as at the date of issue of the report for the third quarter of 2020, that is November 30th 2020

Shareholder	Number of shares	Ownership interest (%)	Number of voting rights	% of total voting rights
SW Holding	3,387,139	32.89%	3,387,139	32.89%
Spruce Holding Limited Liability Company (USA)	1,091,952	10.60%	1,091,952	10.91%
Bleauhard Holdings LLC	594,973	5.78%	594,973	6.19%
Nationale-Nederlanden Otwarty Fundusz Emerytalny	600,000	5.83%	600,000	5.83%
Metlife OFE	577,470	5.61%	577,470	5.61%

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

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

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

On October 29th 2020, the Company acquired 1,000,000 shares covered by the invitation to tender Company shares for sale. The shares conferred the right to 9.71% of the total vote at the Company's General Meeting. Pursuant to Art. 364.2 of the Commercial Companies Code, the Company will not exercise any shareholder

rights attached to Treasury Shares, except for the right to dispose of Treasury Shares or perform any activities aimed at preserving this right.

On November 3rd 2020, the Company was notified by shareholder Aviva Otwarty Fundusz Emerytalny Aviva Santander of the sale of 656,919 shares in the Company. Prior to the transaction, AVIVA OFE held 1,046,573 Company shares, representing 10.16% of the Company's share capital and 10.16% of the total vote at the General Meeting. After the settlement, AVIVA OFE holds 389,654 Company shares, representing 3.78% of the share capital and 3.78% of the total vote at the General Meeting.

Acting on the basis of a resolution of the Company's Supervisory Board dated April 22nd 2020 and Resolution No. 23 of the Annual General Meeting of June 5th 2020 on verification of the achievement of Annual Targets by Incentive Scheme Beneficiaries in 2019, announced by the Company in Current Report No. 13/2020, in the settlement of the Incentive Scheme for 2019 the Company entered into agreements for the purchase of a total of 55,373 treasury shares with the persons covered by the Incentive Scheme.

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

The sold shares represented 0.54% of the Company's share capital and conferred the right to 55,373 votes, or 0.54% of the total vote, at the General Meeting.

6. SECO/WARWICK S.A. shares held by its managing and supervisory personnel as at the date of issue of this Report, including information on any changes in such holdings subsequent to the date of issue of the previous periodic report (i.e. September 11th 2020, the date of issue of the report for first half of 2020)

Table: Members of SECO/WARWICK S.A. Management Board and Supervisory Board holding Company shares as at the date of issue of the report for the first half of 2020, i.e. September 11th 2020, and the date of issue of the report for third quarter of 2020, i.e. November 30th 2020.

	Sep 11 2020				Nov 30 2020			
	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	44,306	0.43%	0.43%	11,911	56,217	0.55%	0.55%	11,243
Jarosław Talerzak	31,141	0.30%	0.30%	-	31,141	0.30%	0.30%	6,228
Bartosz Klinowski	97,751	0.95%	0.95%	11,911	109,662	1.06%	1.06%	21,932
Earl Good	6,331	0.06%	0.06%	-	6,331	0.06%	0.06%	1,266
Piotr Walasek	29,035	0.28%	0.28%	3,970	33,005	0.32%	0.32%	6,601
Supervisory Board								
Andrzej Zawistowski	65,000	0.63%	0.63%	-	65,000	0.63%	0.63%	13,000
Jeffrey Boswell	9,776	0.09%	0.09%	-	9,776	0.09%	0.09%	1,955
Henryk Pilarski	1060	0.0103%	0.0103%	-	1,060	0.0103%	0.0103%	212
Marcin Murawski	-	-	-	-	-	-	-	-
Jacek Tucharz	-	-	-	-	-	-	-	-
Total	284,400	2.76%	2.76%	27,792	312,192	3.03%	3.03%	62,438

Item	Sep 11 2020	Nov 30 2020
Number of shares	10,298,554	10,298,554
Par value per share	0.20	0.20
Share capital	2,059,710.80	2,059,710.80

On November 2nd 2020, the Company received notifications given under Article 19 (1) of MAR by:

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

concerning acquisition of SECO/WARWICK S.A. shares as part of the 2018–2020 Incentive Scheme. The event was announced in Current Report No. 20/2020.

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

7. Material court, arbitration and administrative proceedings

In the third quarter of 2020, neither the Company nor any other SECO/WARWICK Group company was party to any material proceedings.

7a. Other material proceedings

For detailed information on other material proceedings, see Note 34 to the consolidated financial statements for the period ended December 31st 2019. By the date of issue of these financial statements, the Company had not received any additional information in this respect.

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

In the third quarter of 2020, SECO/WARWICK S.A. did not enter into any non-routine or non-arm's length transactions with related parties.

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

In the third quarter of 2020, neither SECO/WARWICK S.A. nor any of its subsidiaries provided any loan sureties or guarantees whose value would be significant.

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

In the third quarter of 2020, no events occurred in the SECO/WARWICK Group's business which in the Company's opinion would be material for the assessment of its personnel, assets, financial condition and financial result or changes therein, or for the assessment of the Company's ability to meet its obligations.

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

11. Factors which in the Group's opinion will affect its performance in the next quarter or in a longer term

SECO/WARWICK S.A. Incentive Scheme

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On April 11th 2018, an Extraordinary General Meeting of SECO/WARWICK S.A. passed Resolution No. 20 to approve the 2018–2020 Incentive Scheme, approve the Rules of the Incentive Scheme, and allocate the Company's treasury shares for the purposes of the Incentive Scheme. The Meeting also passed Resolution No. 21 approving the list of participants of the 2018–2020 Incentive Scheme. The Incentive Scheme beneficiaries are the Group's senior management staff. The Incentive Scheme includes a total of 494,000 shares. The annual equity volumes for the years 2018, 2019, 2020, and the assessment parameter, which is determined by the Company's Supervisory Board and approved by the General Meeting, have been established for each beneficiary. The assessment parameter is closely linked to the net profit of the SECO/WARWICK Group, the separate net profit, or operating profit of an operating segment. After the end of each financial year, the Company's Supervisory Board and General Meeting determine and approve the achievement of individual targets by the beneficiaries. On June 5th 2019, the Supervisory Board passed Resolution No. 01/2019 approving the results of the review of the annual targets for the 2018 Incentive Scheme, and indicating the proposed number of shares to be acquired by each of the beneficiaries, subject to the condition that they remain employed with the Company in the period from January 1st 2019 to December 31st 2019. On the same day, the Annual General Meeting approved the resolution passed by the Supervisory Board and decided to extend the list of positions eligible for participation in the Incentive Scheme and to amend the Rules of the Incentive Scheme as previously proposed by the Supervisory Board. On October 2nd 2019, as part of the settlement of the 2018 Incentive Scheme, the Company entered into agreements with its participants for the acquisition of a total of 132,057 shares in the Company. The shares were sold to the beneficiaries of the Incentive Scheme for PLN 1.50 (one zloty, fifty grosz) per share. The sold shares represent 1.28% of the Company's share capital and confer the right to 132,057 votes, or 1.28% of total voting rights, at the General Meeting. Acting on the basis of a resolution of the Supervisory Board dated April 22nd 2020 and Resolution No. 23 of the Annual General Meeting of June 5th 2020 on verification of the achievement of Annual Targets by Incentive Scheme Beneficiaries in 2019, announced by the Company in Current Report No. 13/2020, on October 30th 2020, in the settlement of the Incentive Scheme for 2019 the Company entered into agreements for the purchase of a total of 55,373 treasury shares with the persons covered by the Incentive Scheme. The shares were sold to the beneficiaries of the Incentive Scheme for PLN 1.50 per share. The sold shares represented 0.54% of the Company's share capital and conferred the right to 55,373 votes, or 0.54% of the total vote, at the General Meeting. SECO/WARWICK S.A. currently holds 1,308,904 treasury shares, representing 12.71% of the share capital. The Company does not exercise voting rights in respect of the treasury shares.

On December 12th 2019, by Resolution No. 01/2019 the Supervisory Board defined the individual 2020 targets for the participants of the 2018–2020 Incentive Scheme. Achievement of the individual targets is a condition for the award of rights under the Incentive Scheme to its participants, provided that they remain employed with the Company in the period from January 1st to December 31st 2020. The targets cover financial and operating ratios of the individual subsidiaries, the organisational units related to particular technologies, or the entire Group, depending on the position of a participant. As at December 31st 2019, the maximum number of options that may be granted to the beneficiaries of the 2018–2020 Incentive Scheme was 361,943 (December 31st 2018: 494,000). The cost of option vesting recognised in first three quarter of 2020 was PLN 736 thousand.