

**INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS OF  
PROCHEM S.A.**

**As at and for the period of six months ended  
30 June 2023**

**PROCHEM S.A.**  
**Łopuszańska 95 Street**  
**02-457 Warsaw**  
**Poland**

[www.prochem.com.pl](http://www.prochem.com.pl)

## Selected financial data

Sales revenue and profit expressed in PLN and the statement of cash flows are translated into EURO at the exchange rate set as the arithmetic mean of average exchange rates announced by the Chairman of the National Bank of Poland on the last day of each month and amount to:

- For the first half of 2023 - 4.6130 PLN/EURO
- For the first half of 2022 - 4.6427 PLN/EUR

Carrying amounts were translated at the average exchange rate announced by the Chairman of the National Bank of Poland as at the date of financial statements, which as at the balance sheet date amounted to:

- 4.4503 PLN/EUR as at 30 June 2023
- 4.6899 PLN/EUR as at 31 December 2022

### *Selected financial data of Prochem S.A.*

Description	Reporting period ended 30 June		Reporting period ended 30 June	
	2023	2022	2023	2022
	In PLN thousands		In EURO thousands	
<i>Separate statement of profit and loss</i>				
Revenues from sale	151 724	71 428	32 890	15 385
Gross profit on sales	-17 652	2 460	-3 827	530
Results from operating activities	-16 291	-5 016	-3 532	-1 080
Before tax profit	-12 106	24 559	-2 624	5 290
Profit for the period assigned to :	-8 872	23 923	-1 923	5 153
Profit/diluted profit per one ordinary share (in PLN/EURO)	-4.42	10.16	-0.96	2.19
<i>Separate statement of cash flows</i>				
Net cash provided by (used in) operating activities	-10 295	-12 920	-2 232	-2 783
Net cash provided by (used in) investing activities	5 987	47 027	1 298	10 127
Net cash provided by (used in) financing activities	1 490	-2 056	323	-443
Total cash flows, net	-2 818	32 051	-611	6 904
<hr/>				
Description	As at		As at	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	In PLN thousand		In EURO thousand	
<i>Separate statement of financial position</i>				
Total assets	146 521	135 257	32 924	28 840
Total non-current assets	54 278	51 302	12 196	10 939
Total current assets	92 243	83 955	20 727	17 901
Total equity	48 870	57 742	10 981	12 312
Total non-current assets	25 139	24 855	5 649	5 300
Total current assets	72 512	52 660	16 294	11 228
Book value per one ordinary share (in PLN/EUR)	24.37	28.80	5.48	6.14
Weighted average number of shares (in pcs.)	2 005 000	2 005 000	2 005 000	2 005 000

## **Statement of the Management Board**

### **Statement of the Management Board regarding the true and fair preparation of the interim separate financial statements**

The Management Board of Prochem S. A. declares that interim condensed separate financial statements of Prochem S.A. were prepared in compliance with requirements of IAS 34 „Interim financial reporting” and with the Regulation of the Minister of Finance dated March 29, 2018 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Journal of Laws of 2018 item 757) („Regulation”) and it reflects in a true, reliable and clear manner the financial position of Prochem S.A. as of June 30, 2023 and December 31, 2022, and results of its operations and cash flows for the period of 6 months ended June 30, 2023 and June 30, 2022.

Interim condensed financial statements on the activities of Prochem S.A. Capital Group contains a true picture of development, achievements and financial situation of Prochem S.A., including a description of basic risks and threats.

### **Statement regarding the entity authorized to review the true and reliable preparation of the interim condensed separate financial statements**

The Management Board of Prochem S.A. declares that Misters Audytor Adviser Sp. z o. o. with headquarters in Warsaw, Wiśniowa 40 Street, 02-520 Warsaw, the entity authorized to audit and review financial statements entered on the list of auditing companies under number 3704 was selected in accordance with the law and that this entity and the statutory auditors reviewing the financial statements met the conditions for issuing an impartial and independent report on review, in accordance with applicable law.

Member  
of the Management Board  
Michał Dąbrowski

Vice President  
of the Management Board  
Krzysztof Marczak

President of the Management Board  
Marek Kiersznicki

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***Separate financial statements of PROCHEM S.A. as at and for the period of six months ended 30 June 2023***

**Separate statement of financial position as at 30 June 2023**

(all amounts in PLN thousands if not stated otherwise)

<b>A s s e t s</b>	<b>Note No.</b>	<b>As at 30 June 2023</b>	<b>As at 31 December 2022</b>
<b>Non-current assets</b>			
Property, plant and equipment	1	1 228	1 412
Intangible assets		26	38
Right-of-use assets	2	14 988	15 979
Shares	3	21 598	21 141
Deferred tax assets	5	5 208	1 945
Receivables under retained security deposits		2 232	1 877
Other financial assets	6	8 998	8 910
<b>Total non-current assets</b>		<b>54 278</b>	<b>51 302</b>
<b>Current assets</b>			
Inventories	7	-	194
Trade and other receivables	8	42 470	28 527
Receivables under current income tax		373	44
Amounts due from recipients under agreements	15	35 717	37 634
Other financial assets	9	6 712	7 962
Other assets	10	1 218	1 023
Cash and cash equivalents		5 753	8 571
<b>Total current assets</b>		<b>92 243</b>	<b>83 955</b>
<b>Total assets</b>		<b>146 521</b>	<b>135 257</b>
<b>E q u i t y a n d l i a b i l i t i e s</b>			
<b>Equity</b>			
Share capital	11	2 355	2 355
Shares		-350	-350
Revaluation reserve		-486	-486
Retained earnings	12	47 351	56 223
<b>Total equity</b>		<b>48 870</b>	<b>57 742</b>
<b>Non-current liabilities</b>			
Non-current loans	13	4 597	950
Liabilities under retirement and similar benefits		791	792
Non-current liabilities under retained security deposits	14	6 161	8 800
Liabilities under lease	16	13 590	14 313
<b>Total non-current liabilities</b>		<b>25 139</b>	<b>24 855</b>
<b>Current liabilities</b>			
Trade payables	14	55 091	42 981
Amounts owed to customers under agreements	15	1 669	-
Liabilities under lease	16	2 226	2 258
Other liabilities	17	13 526	7 421
<b>Total current liabilities</b>		<b>72 512</b>	<b>52 660</b>
<b>Total liabilities</b>		<b>97 651</b>	<b>77 515</b>
<b>Total equity and liabilities</b>		<b>146 521</b>	<b>135 257</b>

*Interim condensed separate financial statements of PROCHEM S.A. as at and for the period of 6 months ended 30 June 2023*

**Separate statement of profit and loss  
From 1 January 2023 to 30 June 2023**

(all amounts in PLN thousands if not stated otherwise)

	Note No.	Period ended 30 June 2023	Period ended 30 June 2022
Revenues from sale, including :		151 724	71 428
Revenues from sale of services	18	151 542	70 640
Revenues from sale of goods and materials		182	788
Cost of sales, including :		-169 376	-68 968
Cost of services sold	19	-169 206	-68 233
Cost of merchandise and raw materials		-170	-735
<b>Gross profit on sales</b>		<b>-17 652</b>	<b>2 460</b>
General and administrative expenses	19	-4 854	-4 843
Other operating income	20	6 416	763
Other operating expenses	21	-201	-3 396
<b>Result from operating activities</b>		<b>-16 291</b>	<b>-5 016</b>
Financial income	22	6 473	30 517
Gain on sale of subsidiary		90	-
Finance expenses	23	-2 378	-942
<b>Before tax profit</b>		<b>-12 106</b>	<b>24 559</b>
Income tax expense :	24	-3 234	636
- current tax		30	-
- deferred tax		-3 264	636
<b>Profit for the period</b>		<b>-8 872</b>	<b>23 923</b>
Weighted average number of ordinary shares (in pcs.)		2 005 000	2 355 000
Profit (loss) per one ordinary share (in PLN per one share)		-4.42	10.16

**Separate statement of comprehensive income**

	Period ended 30 June 2023.	Period ended 30 June 2022
<b>Profit for the period</b>	<b>-8 872</b>	<b>23 923</b>
<b>Other comprehensive income net</b>	<b>-</b>	<b>-</b>
<i>Other comprehensive income that will be reclassified to profit or loss if certain conditions are met:</i>	<b>-</b>	<b>-</b>
<i>Other comprehensive income that will not be reclassified to profit and loss:</i>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>-8 872</b>	<b>23 923</b>
Weighted average number of ordinary shares (units)	2 005 000	2 355 000
Total comprehensive income per ordinary share (in PLN per one share)	-4.42	10.16

### Separate statement of changes in equity

(all amounts in PLN thousands if not stated otherwise)

	Share capital	Own shares	Revaluation reserve	Retained earnings	Total equity
<b>Reporting period from 1 January 2023 to 30 June 2023</b>					
As at the beginning of the period	2 355	-350	-486	56 223	57 742
Net profit (loss) of the given period	-	-	-	-8 872	-8 872
<i>Other comprehensive income (net)</i>	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-8 872	-8 872
As at the end of the period	2 355	-350	-486	47 351	48 870

	Share capital	Own shares	Revaluation reserve	Retained earnings	Total equity
<b>Reporting period from 1 January 2022 to 30 June 2022</b>					
As at the beginning of the period	2 935	-580	-538	42 217	44 034
Net profit (loss) of the given period	-	-	-	23 923	23 923
<i>Other comprehensive income (net)</i>	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	23 923	23 923
As at the end of the period	2 935	-580	-538	66 140	67 957

### Separate statement of cash flows

**For the period from 1 January 2023 to 30 June 2023**

(all amounts in PLN thousands if not stated otherwise)

	Period ended 30 June 2023	Period ended 30 June 2022
<b>Cash flows – operating activities</b>		
Before tax profit	-12 106	24 559
Total adjustment	2 140	-37 479
Amortization and depreciation	1 767	2 006
Interest and profit sharing (dividends)	-4 896	-29 255
(Profit) loss on disposal of property, plant and equipment	-	-541
(Profit) loss on disposal of shares	-90	-
Change in provisions	-93	29
Change in inventories	194	240
Change in receivables and other assets	-12 576	25 607
Change in current liabilities, except for loans and borrowings	17 356	-36 583
Other adjustments (including deferred income)	478	1 018
<b>Cash provided by (used in) operating activities</b>	<b>-9 966</b>	<b>-12 920</b>
Income tax paid	329	0
<b>Net cash provided by (used in) operating activities</b>	<b>-10 295</b>	<b>-12 920</b>
<b>Cash flows – investing activities</b>		
Disposal of intangible assets and property, plant and equipment	-	613
Loans received – return of loans granted to related entities	3 200	17 500
Interest received on loans granted to related entities	684	573
Dividends received	5 128	29 042
Acquisition of intangible assets and property, plant and equipment	-164	-701
Acquisition of shares in subsidiary	-111	-
Loans granted	-2 750	-
<b>Net cash provided by (used in) investing activity</b>	<b>5 987</b>	<b>47 027</b>
<b>Cash flows – financing activity</b>		
Loan received from related entity	3 592	-
Interest and commission paid	-4	-
Payments under lease	-2 098	-2 056
<b>Net cash provided by (used in) financing activity</b>	<b>1 490</b>	<b>-2 056</b>
Total cash flows net	-2 818	32 051
Increase/(decrease) in net cash and cash equivalents	-2 818	32 051
<b>Cash and cash equivalents as at the beginning of the period</b>	<b>8 571</b>	<b>11 254</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>5 753</b>	<b>43 305</b>
<b>Including restricted cash</b>	<b>835</b>	<b>15</b>



## ***Notes on adopted accounting principles (policy) and other explanatory notes to separate financial statements***

### **1. Establishment of the company and its principal activity**

Company Prochem S. A. (hereinafter called „Prochem”, „Company”, „Issuer” ) seated in Warsaw, 95 Łopuszańska Street. The Company is registered in the National Court Register (KRS) by the District Court for the Capital City Warsaw, XIV Commercial Department of the National Court Register, under KRS number 0000019753. Principal activity of the Company according to Polish Business Classification PKD 2007 determines symbol 7112Z- engineering activities and related technical consulting. According to Warsaw Stock Exchange classification the company belongs to construction sector. Company Prochem S.A. is a Parent Company of the Capital Group and prepares consolidated financial statements. Prochem S.A. was established through transformation of a state-owned enterprise under the name of Przedsiębiorstwo Projektowania i Realizacji Inwestycji Przemysłu Chemicznego „Prochem”. The notarial deed and statutes were signed in 1991. Duration of the Company is unlimited.

#### **1.1. The Management Board and Supervisory authorities of the Issuer**

As at the date of preparation of hereby interim condensed separate financial statements the Management Board of the Parent Entity Prochem S.A. comprises of the following persons:

Marek Kiersznicki - President of the Management Board  
Krzysztof Marczak - Vice President of the Management Board  
Michał Dąbrowski - Member of the Management Board

There were no changes in the composition of the Management Board of Prochem S.A. in the first half of 2023.

The three-year joint term of the company's management board began on June 25, 2021.

#### *Composition of the Supervisory Board of Prochem S.A.*

As at the date of preparation hereby separate financial statements the Supervisory Board comprises of the following persons:

- Marek Garliński Chairman of the Supervisory Board
- Karol Żbikowski Vice Chairman of the Supervisory Board
- Wiesław Kiepiel
- Jarosław Stępniewski
- Paweł Bielski

In the first half of 2023, there was a change in the composition of the Company's Supervisory Board. Ordinary General Meeting of Prochem S.A. dismissed Mr. Andrzej Karczykowski from the position of member of the Supervisory Board. By resolution No. 25 of June 14, 2023, was appointed Mr. Paweł Bielski as a member of the Supervisory Board of the 11th joint term of office.

#### **1.2. Employment**

Average employment in the first half of 2023 was 200.5 FTEs, and in 2022 197 FTEs. Level of employment in persons as at 30 June 2023 was 198, and as at 31 December 2022 209.

## **2. Adopted accounting principles**

### ***2.1. Principles of presentation and statement of compliance***

Interim condensed financial statements of PROCHEM S.A. for the first half of 2023 was prepared according to International Accounting Standards IAS 34 „Interim Reporting”, in the shape approved by the European Union and with Decree of the Minister of Finance of 19 February 2009 on current and periodic information provided by issuers of securities and with Decree of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and conditions for recognition as equivalent an information required by the law of a non-Member State (Official Journal of 2018 item 757) („Decree”). Hereby interim condensed financial statements do not contain the information and disclosures required for complete financial statements and should be read together with financial statements for the financial year ended 31 December 2022.

The presented financial statements of Prochem S.A. presents fairly and clearly the financial and property situation as at June 30, 2023 and the comparative data as at December 31, 2022, as well as the results of this activity for the year ended June 30, 2023 and the comparative data for the year ended June 30, 2022. The condensed separate financial statements for the period from January 1 to June 30, 2023 and as at June 30, 2023 were subject to review by a certified auditor.

Financial statements of Prochem S.A. as at 30 June 2023 were prepared at assuming to continue business operations as a going concern in the foreseeable future.

Financial statements was prepared based on the principle of the historical cost, apart from:

- land, buildings and construction measured at revalued amount,
- investment properties and investment properties-in progress measured at fair value.

Operational activity of the Company does not have seasonal character and is not subject to cyclic trends, except for the segment of the general contracting and rental of construction equipment, which are characterized by a seasonality, which in a large extent depends on weather conditions. Weather conditions have an impact on the volume of the revenues generated in these segments. Lower revenues are achieved during the winter season, when weather conditions do not allow for execution of some construction work.

The duration of the Company's operations is not limited.

The Company's financial year is the calendar year.

### ***2.2. Changes in accounting estimates, and in accounting policies***

#### ***New standards, interpretations and changes in published IFRS, and selected accounting principles***

Approved by the IASB for use after January 1, 2023:

- Amendments to IFRS 17 "Insurance Contracts" and amendments to IFRS 17;
- Amendments to IAS 1 "Presentation of financial statements" Guidelines of the IFRS Board regarding disclosures about accounting policies in practice" – the requirement to disclose material information about accounting policies;
- Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" – definition of accounting estimates;

- Amendments to IAS 12 "Income Taxes" - obligation to recognize deferred tax in connection with assets and liabilities arising as part of a single transaction;
- Amendments to IFRS 17 "Insurance contracts" – first application of IFRS 17 and IFRS 9 - comparative information

The above changes to the standards were approved for use by the European Union by the date of publication of hereby financial statements and did not affect accounting policy and financial statements.

***Standards adopted by the International Accounting Standards Board (IASB), endorsed by the European Union but not yet in force***

- Amendments to IFRS 16 "Lease" - lease liabilities in sale and leaseback transactions;
- Amendments to IAS 1 "Presentation of Financial Statements" - classification of liabilities as current or non-current;

Prochem S.A. have not decided to earlier apply the Standards and amendments to standards that have been published and approved for use in the EU, but have not yet come into force, will implement them on the date of adoption.

### ***2.3. Changes in accounting estimates***

In the applied accounting principles the biggest importance had, apart from accounting estimates, the professional judgment of the management, which influences the amounts disclosed in the financial statements including in additional explanatory notes. Assumptions of these estimates are based on the best knowledge of the Management Board regarding current and future activities and events in particular areas of activity. They relate to the valuation of retirement benefits, the assessment of the degree of realization and profitability of long-term contracts (of gross margin).

The preparation of financial statements under IFRS endorsed by EU requires using certain accounting estimates and adoption of assumptions concerning future events. Items of the financial statements set on the basis of the estimates are subject to verification if circumstances being base of estimates are changing or as a result of obtaining new information, or of the progressive development of events or of acquiring greater experience. In preparing hereby financial statements were applied the same accounting principles and the same calculation methods which were applied in the financial statements of Prochem S.A. for the year ended 31 December 2022.

### ***2.4. Changes in accounting policies***

From January 1, 2023, Prochem S.A. changed the method of accounting for tangible current assets (materials). Materials and goods purchased are written off as expenses on the date of their purchase. As at the end of the financial year, i.e. December 31, the Company is obliged to determine the stock of materials, value them and adjust costs by the value of this stock.

Writing off the value of materials and goods as at the date of their purchase or finished products at the time of their production, combined with determining the status of these assets and its valuation, as well as cost adjustments by the value of this status, no later than as at the balance sheet date.

The impact of the recording method of materials on the financial result in the first half of 2023 amounted to PLN 52,000. PLN - *increase in the costs of materials consumption* - the stock of materials on the Opening Balance included in the costs of the current period.

## **3. Functional currency and presentation currency of financial statements**

Separate financial statements is presented in thousands of Polish Zloty ('Zloty' or "PLN"), which is the reporting currency and the functional currency of the Company.

**4. Explanatory Notes to separate financial statements for the period of six months ended June 30, 2023**

**Note 1 – Property, Plant and Equipment**

	As at 30 June 2023	As at 31 December 2022
Property, plant and equipment, including:	1 228	1 412
- machinery and equipment	1 025	1 174
- other PPE	203	238
<b>Total property, plant and equipment</b>	<b>1 228</b>	<b>1 412</b>
<hr/>		
<b>PPE – ownership structure</b>	<b>As at 30 June 2023</b>	<b>As at 31 December 2022</b>
a) own	1 228	1 412
<b>Total carrying value of property, plant and equipment</b>	<b>1 228</b>	<b>1 412</b>
<hr/>		
	Change in PPE from 01 January 2023 to 30 June 2023	Change in PPE from 01 January 2022 to 31 December 2022
<hr/>		
<b>Gross value</b>		
<b>As at opening balance sheet</b>	<b>6 876</b>	<b>6 662</b>
Increase (due to)	145	1 035
- acquisition of PPE	145	1 035
Decrease (due to)	-387	-821
- disposal of PPE	-5	-787
- liquidation of PPE	-375	-34
- decrease – other changes	-7	-
<b>As at closing balance sheet</b>	<b>6 634</b>	<b>6 876</b>
<hr/>		
<b>Depreciation and impairment</b>		
<b>As at opening balance sheet – accumulated depreciation</b>	<b>5 464</b>	<b>5 573</b>
Depreciation for the period	-58	-109
- increase (accrued depreciation)	326	639
- decrease due to disposal of property, plant and equipment	-29	-715
- decrease due to liquidation of property, plant and equipment	-348	-33
- decrease – other changes	-7	-
<b>As at closing balance sheet - accumulated depreciation</b>	<b>5 406</b>	<b>5 464</b>
<b>Impairment of non-current assets</b>	-	-
<b>Non-current assets net value as at closing balance sheet</b>	<b>1 228</b>	<b>1 412</b>

*Interim condensed separate financial statements of PROCHEM S.A. as at and for the period of 6 months ended 30 June 2023*

**Note 2 – The Right-of-use Assets**

For the period from 1 January 2023 to 30 June 2023	Buildings and constructions	Machinery and equipment	Vehicles	Total
<b>Gross value</b>	<b>23 398</b>	<b>378</b>	<b>3 846</b>	<b>27 622</b>
<b>As at opening balance sheet</b>				
- increase in gross value - conclusion of new contracts		-	175	175
- increase in value updating of the value of contracts	198		69	267
- decrease in gross value - end of the contract	-	-	-163	163
<b>As at closing balance sheet</b>	<b>23 596</b>	<b>378</b>	<b>3 927</b>	<b>27 901</b>
<b>Depreciation and impairment</b>				
As at opening balance sheet	8 615	337	2 691	11 643
- depreciation accrued	998	14	417	1 429
- decrease - end of the contract	-	-	-159	-95
<b>Total accumulated depreciation as at closing balance sheet</b>	<b>9 613</b>	<b>351</b>	<b>2 949</b>	<b>12 913</b>
<b>Book value net as at opening balance 01.01.2023</b>	<b>14 783</b>	<b>41</b>	<b>1 155</b>	<b>15 979</b>
<b>Book value net as at closing balance 30.06.2023</b>				
Book value gross	23 596	378	3 927	27 901
Accumulated depreciation	9 613	351	2 949	12 913
Write-downs	-	-	-	-
<b>Total net value as at 30 June 2023</b>	<b>13 983</b>	<b>27</b>	<b>978</b>	<b>14 988</b>

**Comparative data**

For the period from 1 January 2022 to 31 December 2022	Buildings and constructions	Machinery and equipment	Vehicles	Total
<b>Gross value</b>				
<b>As at opening balance sheet</b>	<b>14 700</b>	<b>378</b>	<b>3 826</b>	<b>18 904</b>
Increase in gross value - conclusion of new contracts	8 698	-	380	9 078
Increase in gross value – updating of contract value	-	-	175	175
Decrease in gross value – end of the contract	-	-	-535	-535
<b>Total gross value closing balance sheet</b>	<b>23 398</b>	<b>378</b>	<b>3 846</b>	<b>27 622</b>
<b>Depreciation</b>				
As at opening balance	6 451	282	2 144	8 877
Depreciation accrued	2 164	55	959	3 178
decrease - end of the contract	-	-	-412	-412
<b>Total accumulated depreciation as at closing balance sheet</b>	<b>8 615</b>	<b>337</b>	<b>2 691</b>	<b>11 643</b>
<b>Book value as at opening balance - 01.01.2022</b>	<b>8 249</b>	<b>96</b>	<b>1 682</b>	<b>10 027</b>
<b>Book value net as at closing balance – 31.12.2022</b>				
Book value gross	23 398	378	3 846	27 622
Accumulated depreciation	8 615	337	2 691	11 643
Write-downs	-	-	-	-
<b>Total net value as at 31 December 2022</b>	<b>14 783</b>	<b>41</b>	<b>1 155</b>	<b>15 979</b>

**Note 3 – Shares in Subsidiaries**

*Interim condensed separate financial statements of PROCHEM S.A. as at and for the period of 6 months ended 30 June 2023*

<b>Shares in subsidiaries</b>	<b>30 June 2023</b>	<b>31 December 2022</b>
a) in subsidiaries	21 598	21 141
<b>Shares, net value</b>	<b>21 598</b>	<b>21 141</b>
Write-downs of financial non-current assets	-	380
<b>Shares, gross value</b>	<b>21 598</b>	<b>21 521</b>

<b>Change in shares in subsidiaries and other entities</b>	<b>As at 30 June 2023</b>	<b>As at 31 December 2022</b>
a) as at beginning of the period	21 141	5 593
- shares at cost	21 141	5 593
b) increase	491	15 548
- acquisition of shares in related entities	111	11 046
- change of status from an associate to a subsidiary	-	4 502
- resolving of write-downs of value of financial non-current assets	380	-
b) decrease	34	-
- disposal of shares for redemption	34	-
<b>As at the end of the period</b>	<b>21 598</b>	<b>21 141</b>

<b>Change in write-downs of shares in subsidiaries</b>	<b>As at 30 June 2023</b>	<b>As at 31 December 2022</b>
As at the beginning of the period	380	380
Write-down of shares	-	-
Resolving of write-downs of shares- liquidation of subsidiary	380	-
<b>As at the end of the period</b>	<b>-</b>	<b>380</b>

As at 30 June 2023, the Company carried out an analysis that did not show any impairment for shares.

**Note 4 –Shares in Equity Accounted Entities (Jointly-controlled and Associated)**

<b>Shares in jointly-controlled entities and associated entities</b>	<b>As at 30 June 2023</b>	<b>As at 31 December 2022</b>
- shares – net value	-	-
- write-downs of shares	708	708
<b>Shares, gross value</b>	<b>708</b>	<b>708</b>

<b>Change in shares in jointly-controlled entities and associated entities</b>	<b>30 June 2023</b>	<b>31 December</b>
a) as at the beginning of the period	-	4 502
- shares at cost	-	4 502
b) decrease (due to)	-	-4 502
change of status from an associate to a subsidiary	-	-4 502
<b>c) as at the end of the period net</b>	<b>-</b>	<b>-</b>
d) write-down	708	708
e) as at the end of the period gross	708	708

**Note 5 – Settlement of Deferred Income Tax**

Changes in provisions, and in deferred income tax for the first half of 2023 are presented in the table below – deferred income tax assets

<b>Deferred tax assets</b>	<b>As at 30 June 2023</b>	<b>As at 31 December 2022</b>
As at the beginning of the period	8 353	3 351
Increase	8 530	8 108
Decrease	-6 708	-3 106
<b>As at the end of the period</b>	<b>10 175</b>	<b>8 353</b>
<b>Provision to deferred income tax</b>	<b>As at 30 June 2023</b>	<b>As at 31 December 2022</b>
As at the beginning of the period	6 408	2 152
Increase	4 596	6 067
Decrease	-6 037	-1 811
<b>As at the end of the period</b>	<b>4 967</b>	<b>6 408</b>
<b>Presentation in the statement of financial position</b>	<b>As at 30 June 2023</b>	<b>As at 31 December 2022</b>
Deferred tax assets	10 175	8 353
Provision under deferred income tax	-4 967	-6 408
<b>Assets/(Provision) under deferred income tax</b>	<b>5 208</b>	<b>1 945</b>

#### **Note 6 – Other Financial Assets**

<b>Other financial assets</b>	<b>As at 30 June 2023</b>	<b>As at 31 December 2022</b>
a) from subsidiaries indirectly and directly:	8 132	8 910
- loans granted	8 132	8 910
b) other financial assets – discounted security deposit securing bank guarantee	866	-
<b>Total other non-current financial assets</b>	<b>8 998</b>	<b>8 910</b>

#### **Loans granted –as at 30 June 2023**

- Loan granted to subsidiary Prochem Inwestycje Sp. z o.o.:
  - in the amount of PLN 2 700 thousand, including: amount of the loan PLN 2 700 thousand. The interest rate is set annually according to WIBOR 3M rate effective at the first day of every calendar quarter, increased by a margin of 2.3%. The repayment date of a loan with interest 31 December 2023.
- Loan granted to subsidiary Prochem RPI Sp. z o.o.:
  - in the amount of PLN 5 432 thousand, including: amount of the loan PLN 5 350 thousands. The interest rate is set annually according to WIBOR 3M rate effective at the first working day of every calendar quarter, increased by a margin of 2.0%. The repayment date of a loan with interest – 30 June 2027.

#### **Increase:**

- Loan granted to Prochem RPI Sp. z o.o. in the amount of PLN 2 750 thousand. The interest rate is set annually according to WIBOR 3M rate effective at the first working day of every calendar quarter, increased by a margin of 2.0%. The repayment date of a loan with interest – 30 June 2027.
- Accrued interest on loans granted to subsidiary Prochem Inwestycje Sp. z o.o.

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in the amount of PLN 174 thousand,

- Accrued interest on loans granted to subsidiary Prochem RPI Sp. z o.o. in the amount of PLN 182 thousand,

**Decrease:**

- Repayment of loans incurred by subsidiary Prochem RPI Sp. z o.o. in the amount of PLN 1 400 thousand.
- Repayment of interest on loans incurred by subsidiary Prochem RPI Sp. z o.o. in the amount of PLN 100 thousand.
- Partial repayment of loan incurred by subsidiary Prochem Inwestycje Sp. z o.o. in the amount of PLN 1 800 thousand.
- Repayment of interest on loan incurred by subsidiary Prochem Inwestycje Sp. z o.o. In the amount of PLN 584 thousand.

**Loans granted -as at 31 December 2022**

Loans granted to the jointly-controlled company Irydion Sp. z o. o. seated in Warsaw have been repaid, the balance as of December 31, 2022 is PLN 0.

- Loan granted to subsidiary Prochem Inwestycje Sp. z o.o.:
  - in the amount of PLN 4 910 thousand, including: amount of the loan PLN 4 500 thousand, interest in the amount of PLN 410 thousand. The interest rate is set annually according to WIBOR 3M rate effective at the first working day of every calendar quarter, increased by a margin of 2.3%. The repayment date of a loan with interest - 31 December 2025.
- Loan granted to subsidiary Prochem RPI Sp. z o.o.:
  - in the amount of PLN 4 000 thousand, including: amount of the loan PLN 4 000 thousand. The interest rate is set annually according to WIBOR 3M rate effective at the first working day of every calendar quarter, increased by a margin of 2.0%. The repayment date of a loan with interest – 30 June 2027.

**Note 7– Inventories**

<b>Inventories</b>	<b>As at 30 June 2023</b>	<b>As at 31 December 2022</b>
Materials	-	194
<b>Total inventories</b>	<b>-</b>	<b>194</b>
Write-downs of inventories	557	557

**Note 8 – Trade and other receivables**



*Interim condensed separate financial statements of PROCHEM S.A. as at and for the period of 6 months ended 30 June 2023*

<b>Trade and other receivables</b>	<b>As at 30 June 2023</b>	<b>As at 31 December 2022</b>
Trade receivables	45 414	31 589
Write-down of receivables	3 128	-3 076
<b>Net trade receivables, including</b>	<b>42 286</b>	<b>28 513</b>
- with repayment period up to 12 months	42 229	28 470
- with repayment period over 12 months	57	43
<b>Receivables under taxes, subsidies, custom duties, social and health insurance and other benefits</b>	<b>-</b>	<b>-</b>
Other receivables	184	14
Write-down of other receivables	-	-
<b>Other receivables net</b>	<b>184</b>	<b>14</b>
<b>Total receivables</b>	<b>42 470</b>	<b>28 527</b>

To estimate the expected credit loss, a reserve matrix was used, which was developed based on observations of historical levels of aging and repayment of receivables. The company performed an impairment test for assets - in the trade receivables item. As a result of the test, expected credit losses were estimated and recognized in other operating expenses. The write-off amounts to PLN 52,000. For other classes of financial assets and liabilities, fair value equals book value.

<b>Trade and other receivables from related entities</b>	<b>As at 30 June 2023</b>	<b>As at 31 December 2022</b>
Trade receivables, including:	166	13
- from subsidiaries	166	6
- from jointly-controlled entities and associated entities	-	7
other, including:	124	-
- from subsidiaries	124	-
<b>Total trade and other receivables from related entities net</b>	<b>290</b>	<b>13</b>
Write-downs of receivables from related entities	-	-
<b>Total trade and other receivables from related entities gross</b>	<b>290</b>	<b>13</b>

<b>Change in write-downs of trade and other receivables</b>	<b>As at 30 June 2023</b>	<b>As at 31 December 2022</b>
<b>As at beginning of the period</b>	<b>3 076</b>	<b>2 812</b>
a) increase (due to)	52	264
- write-down of trade receivables	52	264
<b>Write-downs of current trade and other receivables at the end of the period</b>	<b>3 128</b>	<b>3 076</b>

As at 30 June 2023 and as at 31 December 2022 trade receivables include current security deposits under statutory warranty granted for construction and assembly works, respectively for the amounts of PLN 57 thousand and PLN 43 thousand.

**Note 9 – Other Financial Assets**

*Interim condensed separate financial statements of PROCHEM S.A. as at and for the period of 6 months ended 30 June 2023*

Other financial assets	As at 30 June 2023	As at 31 December 2022
a) from other entities :	6 712	7 962
- other financial assets – security deposits securing bank guarantee	6 712	7 962
<b>Other financial assets</b>	<b>6 712</b>	<b>7 962</b>
Write-downs of other financial assets		-
<b>Other financial assets gross</b>	<b>6 712</b>	<b>7 962</b>

**Note 10 – Other Assets**

Other assets by type :	As at 30 June 2023	As at 31 December 2022
a) prepayments	1 218	1 023
- cost of property and personnel insurance	266	237
- Social benefits fund (ZFS)	205	-
- software maintenance costs	724	753
- subscriptions	13	8
- deferred costs	10	25
<b>Total other assets</b>	<b>1 218</b>	<b>1 023</b>

**Note 11 – Share Capital**

SHARE CAPITAL (STRUCTURE)							
Series / emission	Type of share	Type of share preference	Number of shares	Series / emission at nominal value	Method of coverage of capital	Registration date	Right to dividend (from the date)
Founding	Inscribed, code KDPW PLPRCHM00055	3 votes per 1 share	580	580	Cash	23-07-1991	01-10-1991
Founding	non-preference registered shares KDPW PLPRCHM00022	-	6 067	6 067	Cash	23-07-1991	01-10-1991
Founding a	bearer KDPW PLPRCHM00014	-	1 810 104	1 810 104	Cash	23-07-1991	01-10-1991
B	non-preference registered shares KDPW PLPRCHM00022	-	750	750	Cash	29-07-1993	01-01-1993
B	bearer KDPW PLPRCHM00014	-	187 499	187 499	Cash a	29-07-1993	01-01-1993
<b>Total number of shares</b>			<b>2 005 000</b>				
<b>Total share capital</b>				<b>2 005 000</b>			
<b>Nominal value of one share = PLN 1.00</b>							

On August 1, 2023, an entry was made in the National Court Register based on Resolution No. 17 of the Ordinary General Meeting (AGM) of June 14, 2023 regarding the redemption of shares by reducing the share capital - the AGM redeemed 350,000 shares with a nominal value of PLN 1 each, including: 749 founding shares issued as registered shares and 349,251 series B bearer shares.

**Interim condensed separate financial statements of PROCHEM S.A. as at and for the period of 6 months ended 30 June 2023**

As at the date of publication of hereby financial statements 2 005 000 shares remains in trade, the total number of votes attached to these shares is 2 006 160.

**Changing the rights from the issuer's securities**

In accordance with information/notifications received from shareholders, the Company informs that as at the date of hereby report the following shareholders hold at least 5% votes at the general meeting of shareholders:

Name of the shareholder	Number of shares held (in pcs.)	Number of votes held	% of votes in total number of votes	% of share capital
1. Steven Tappan	1 000 000	1 000 000	49.97	50.00
2. Otwarty Fundusz Emerytalny PZU „Złota Jesień”	284 916	284 916	14.20	14.21

Change of rights from shares of Prochem S.A. in 2023:

1. On August 8, 2023, the Management Board of Prochem S.A. (hereinafter referred to as the "Company") received from Powszechne Towarzystwo Emerytalne PZU S.A. acting on behalf of the Otwarty Fundusz Emerytalny PZU „Złota Jesień” ("OFE PZU"), notification of a change in the share in the total number of votes held so far by OFE PZU at the general meeting of the Company.

The change is a consequence of the reduction of the share capital from PLN 2,355,000 to PLN 2,005,000 through the redemption of 350,000 shares of the Company with a nominal value of PLN 1 each.

Before the change OFE PZU held 284 916 shares of the Company, which constituted 12.10% of the share capital and had 284 916 votes from these shares, which constitutes 12.09% of the total number of votes at the General Meeting.

After the change OFE PZU holds 284 916 shares of the Company, which constitutes 14.21% of the share capital and holds 284 916 votes from these shares, which constitutes 14.20% of the total number of votes at the General Meeting.

2. On August 9, 2023 the Management Board of Prochem S.A. (hereinafter referred to as the "Company") received information from the Company's shareholder, Mr. Steven Tappan, about the change in the share held so far in the total number of votes at the Company's general meeting. The change is the consequence of the reduction of the share capital from PLN 2 355 000 to PLN 2 005 000 through the redemption of 350 000 shares of the Company with a nominal value of PLN 1 each.

Before the change Mr. Steven Tappan held 1 002 450 shares of the Company, which constituted 42.57% of the share capital and had 1 002 450 votes from these shares, which constituted 42.55% of the total number of votes at the General Meeting.

After the change Mr. Steven Tappan holds 1 002 450 shares of the Company, which constituted 50.00% of the share capital and holds 1 002 450 votes from these shares, which constitutes 49.97% of the total number of votes at the General Meeting.

**Note 12 – Retained Earnings**

	As at 30 June 2023	As at 31 December 2022
Spare capital	46 870	20 614
Other reserve capitals	9 353	9 353
Profit for the period	-8 872	26 256
<b>Total</b>	<b>47 351</b>	<b>56 223</b>

**Note 13 – Non-current Loans**

Non-current loans	As at 30 June 2023	As at 31 December 2022
a) from subsidiaries indirectly and directly	4 597	950
<b>Total current loans</b>	<b>4 597</b>	<b>950</b>

**Loans received – as at 30 June 2023**

- Loan received from subsidiary Irydion Sp. z o.o. in the amount of PLN 3,605 thousand, including: amount of the loan PLN 3 593 thousand, which is the equivalent of EUR 800 thousand, the amount of interest is PLN 12 thousand. The loan interest rate will be determined quarterly, every calendar quarter. The annual interest rate in a given quarter will correspond to the EURIBOR 3M interest rate from the first business day of a given calendar quarter, increased by a margin of 2.4%. Loan repayment date - December 31, 2024.
- Loan received from subsidiary Prochem Zachód Sp. z o.o. in the amount of PLN 992 thousand, including: amount of the loan PLN 950 thousand, amount of interest PLN 42 thousand. The annual interest rate will correspond to the WIBOR 3M interest rate from the first business day of a given calendar quarter, increased by a margin of 2.0%. The repayment date was set for December 31, 2024.

**Increase:**

- Accrued interest on loan received from subsidiary Prochem Zachód Sp. z o.o. In the amount of PLN 42 thousand.
- Loan received from subsidiary Irydion Sp. z o.o. in the amount of PLN 3 952 thousand (equivalent of EUR 800 thousand).

**Loans received – as at 31 December 2022**

- Loan received from subsidiary Prochem Zachód Sp. z o.o. in the amount of PLN 950 thousand, including: amount of the loan PLN 950 thousand. The annual interest rate will correspond to the WIBOR 3M interest rate from the first business day of a given calendar quarter, increased by a margin of 2.0%. The repayment date was set for December 31, 2024.

**Increase:**

- Accrued interest on loan received from subsidiary Prochem Zachód Sp. z o.o. in the amount of PLN 71 thousand.

**Decrease:**

- Repayment of interest on loan received from subsidiary Prochem Zachód Sp. z o.o. in the amount of PLN 71 thousand.

**Note 14 – Trade Payables**

*Interim condensed separate financial statements of PROCHEM S.A. as at and for the period of 6 months ended 30 June 2023*

	As at 30 June 2023	As at 31 December 2022
a) to subsidiaries	2 444	1 250
- from supplies and services, with maturity period:	2 444	1 250
- up to 12 months	2 444	1 250
b) to other entities	52 647	41 731
- from supplies and services, with maturity period:	52 647	41 731
- up to 12 months	52 647	41 731
- over 12 months	-	-
<b>Total trade payables</b>	<b>55 091</b>	<b>42 981</b>
<b>Non-current liabilities - under seized security deposits with maturity period over 12 months</b>	<b>6 161</b>	<b>8 800</b>
<b>Total trade payables</b>	<b>61 252</b>	<b>51 781</b>

*Note 15 – Settlements under Long-term Contracts*

	As at 30 June 2023	As at 31 December 2022
- amounts due from recipients under contracts	35 717	37 634
<b>Amounts due from recipients under long-term contracts</b>	<b>35 717</b>	<b>37 634</b>

	As at 30 June 2023	As at 31 December 2022
Amounts owed to recipients under contracts, including:	1 669	-
a) current	1 669	-
<b>Amounts owed to recipients under long-term contracts</b>	<b>1 669</b>	<b>-</b>

Description	As at 30 June 2023	As at 31 December 2022
Revenues according to contracts	665 677	1 556 159
Revenues invoiced	540 939	384 962
Planned liabilities under implementation of contracts	625 123	1 470 703
Fulfilled contractual obligations	527 736	381 947
Amounts due from recipients	35 717	37 634
Amounts due to recipients	1 669	-

*Note 16 – Liabilities under Lease*

	As at 30 June 2023	As at 31 December 2022
- liabilities under financial lease	-	-
- liabilities under right-of-use	15 816	16 571
<b>Total liabilities under lease</b>	<b>15 816</b>	<b>16 571</b>
<b>including:</b>		
<b>current liabilities</b>	<b>2 226</b>	<b>2 258</b>
<b>Non-current liabilities</b>	<b>13 590</b>	<b>14 313</b>

*Liabilities under right-of-use*

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	Future minimum lease payments	Interest	Current value	Future minimum lease payments	Interest	Current value
In PLN thousand	2023	2023	2023	2022	2022	2022
Up to 1 year	2 226	1 439	3 665	2 258	1 439	3 697
1 to 5 years	11 763	3 606	15 369	8 155	3 606	11 762
over 5 years	1 827	631	2 458	6 158	631	6 789
<b>Total</b>	<b>15 816</b>	<b>5 676</b>	<b>21 492</b>	<b>16 571</b>	<b>5 676</b>	<b>22 248</b>

**Note 17 – Other Liabilities**

	As at 30 June 2023	As at 31 December 2022
a) to other entities	1 382	1 932
- under taxes, duties, insurance and other charges	1 229	1 907
- under remuneration	-	3
- other (by type)	153	22
liabilities to employees	3	6
to shareholders	5	5
other	145	11
b) other current provisions	12 145	5 490
- provisions for losses on contracts	9 861	1 376
- provision for future costs	776	2 514
- cost of audit	-	27
- current provision for retirement benefit	33	64
- provision for unused holiday leaves	1 475	1 509
<b>Total other liabilities</b>	<b>13 526</b>	<b>7 422</b>

**Note 18 - Revenues from Sale of Services**

Revenues from sale of services (type of service and type of activity)	Period ended 30 June 2023.	Period ended 30 June 2022
- revenues from sale of services, including:	<b>151 542</b>	<b>70 640</b>
- from related entities	681	2 681

Revenues from sale of services (territorial structure)	Period ended 30 June 2023.	Period ended 30 June 2022
Domestic market	151 542	70 640
- from related entities	681	2 681
Exports	-	-

Revenues under contracts for construction services (general contracting) and other services are presented in note 26 – operating segments.

The gross amount due from ordering parties /recipients for the work under the contracts was presented in note 15.

Information on major customers, whose total value of revenues from sale of services exceeds 10% of the total revenues disclosed in the entity's profit and loss account for the first half of 2023, is included in note 26 – operating segments.

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**Note 19 – Cost of services sold**

Costs by type	Period ended 30 June 2023.	Period ended 30 June 2022
a) amortization and depreciation	1 767	2 006
b) consumption of materials and energy	1 281	651
c) outsourcing	145 346	56 756
d) taxes and levies	27	20
e) remuneration	14 830	12 277
f) social security and other benefits	3 167	2 778
g) other costs by types	1 182	1 540
- property and personal insurance	497	581
- business trips	80	85
- State Fund for Rehabilitation of Disabled Persons (PFRON)	197	170
- rental of cars	176	133
- other	232	571
<b>Total costs by type</b>	<b>167 600</b>	<b>76 028</b>
Change in inventories, products and prepayments	6 459	-2 952
General and administrative expenses (negative value)	-4 853	-4 843
<b>Cost of services sold</b>	<b>169 206</b>	<b>68 233</b>

**Note 20 – Other Operating Income**

	Period ended 30 June 2023.	Period ended 30 June 2022
a) gain on sale of non-financial and non-current assets	-	541
b) other, including:	6 416	222
- return of litigation costs	56	-
- received compensation, fines and penalties	6 322	218
- other	38	4
<b>Total other operating income</b>	<b>6 416</b>	<b>763</b>

**Note 21 – Other Operating Expenses**

	Period ended 30 June 2023.	Period ended 30 June 2022
a) write-downs (under)	52	264
- of receivables	52	264
b) other, including:	149	3 132
- litigation costs	109	30
- fines, penalties and compensation paid	-	102
- provision for future liabilities	40	3 000
<b>Total other operating expenses</b>	<b>201</b>	<b>3 396</b>

In the first half of 2023 Prochem S.A. created provisions for possible future costs related to the execution of contracts.

**Note 22 – Financial Income**

	Period ended 30 June 2023.	Period ended 30 June 2022
<i>Prochem S.A.</i>		
<i>Report for the first half of 2023</i>		23

**Interim condensed separate financial statements of PROCHEM S.A. as at and for the period of 6 months ended 30 June 2023**

a) revenues under dividends and share in profits	5 128	29 042
- from jointly-controlled entities	5 128	29 042
b) interest on loans granted	356	496
- from subsidiaries	356	140
- from jointly-controlled entities	-	356
c) other interest	326	69
- from other entities	326	69
d) surplus of positive exchange rate differences	-	581
e) other, including:	663	329
- gain under discounted non-current liabilities	283	329
- reversal of write-down of financial assets	380	-
<b>Total financial income</b>	<b>6 473</b>	<b>30 517</b>

In the first half of 2023, the company received a dividend from the subsidiary Irydion Sp. z o. o. in the amount of PLN 4,969 thousand and from the subsidiary PKI Predom in the amount of PLN 159 thousand.

**Note 23 – Finance Expenses**

	Period ended 30 June 2023.	Period ended 30 June 2022
a) interest on bank loans	-	-
b) interest on loans received from:	54	14
- for subsidiaries	54	14
c) other interest	921	269
- under lease	910	269
- other	11	-
d) surplus of negative exchange rate differences	734	-
e) other, under :	669	659
- commission on bank guarantees	595	385
- commission on loans	4	-
- costs under discount of financial assets	70	262
- other expenses	-	12
<b>Total finance expenses</b>	<b>2 378</b>	<b>942</b>

**Note 24 – Income Tax**

	Period ended 30 June 2023.	Period ended 30 June 2022
<b>Deferred income tax disclosed in the profit and loss account</b>		
- decrease (increase) due to the arising and reversal of temporary differences	-3 264	636
<b>Total deferred income tax</b>	<b>-3 264</b>	<b>636</b>

**Note 25– Additional Disclosures to the Statement of Cash Flows**

Differences between the amounts established directly from financial statements and those presented in



*Interim condensed separate financial statements of PROCHEM S.A. as at and for the period of 6 months ended 30 June 2023*

statement of cash flows resulted from a transfer of particular amounts from operating activity to investing activity and financing activity.

They relate to the following balance sheet items (in PLN thousand):

	<b>2023</b>	<b>2022</b>
<b>Change in current receivables</b>	<b>-12 576</b>	<b>25 607</b>
Receivables as at 1 January	28 527	63 990
Amounts due from recipients under contracts as at 1 January	37 634	8 636
Other assets as at 1 January	1 023	809
Receivables under seized security deposits as at 1 January	1 877	61
<b>Opening balance after adjustments</b>	<b>69 061</b>	<b>73 496</b>
Receivables as at 30 June	42 470	32 629
Amounts due from recipients under contracts as at 30 June	35 717	14 168
Other assets as at 30 June	1 218	985
Receivables under seized security deposits as at 30 June	2 232	107
<b>Closing balance after adjustments</b>	<b>81 637</b>	<b>47 889</b>
<b>Change in current liabilities except for current liabilities except for current loans and special funds</b>	<b>17 356</b>	<b>- 36 583</b>
Trade payables as at 1 January	42 981	57 634
Other liabilities as at 1 January	7 421	10 140
Amounts owed to suppliers under contracts as at 1 January	-	5 803
Liabilities under seized security deposits as at 1 January	8 800	9 266
Provision for current retirement benefits	-64	-53
Provisions for annual leaves	-1 509	-1 496
Provision for audit	-27	-24
Provision for current other costs	-	-
Investment liabilities as at 1 January	-84	-8
Liabilities to shareholders	-5	-5
<b>Opening balance after adjustments</b>	<b>57 513</b>	<b>81 257</b>
Trade payables as at 30 June	55 091	26 985
Amounts due to recipients under contracts as at 30 June	1 669	2 482
Other liabilities as at 30 June	13 526	8 209
Liabilities under seized security deposits as at 30 June	6 161	8 605
Provision for current retirement benefits	-33	-40
Provisions for annual leaves	-1 475	-1 486
Provision for audit	-	-76
Investment liabilities as at 30 June	-65	-
Liabilities to shareholders	-5	-5
<b>Closing balance after adjustment</b>	<b>74 869</b>	<b>44 674</b>
Change in other adjustments as at balance sheet date	384	1 018
Change in security deposits securing bank guarantee	384	908
Other	-	110

**Note 26– Operating Segments**

*Interim condensed separate financial statements of PROCHEM S.A. as at and for the period of 6 months ended 30 June 2023*

In the period from 1 January 2023 to 30 June 2023 there were no revenues from activities achieved outside Poland (Exports). In the same period of the previous year, there were also no revenues from activities outside Poland.

Information on major customers, which share in sales revenue for the first half of 2023 exceeded 10% of total sales revenue:

- The Client, who deals in the production of raw materials - sales revenue PLN 52 975 thousand, representing 35.0% of sales revenue, which was shown in the segment „General contracting” and „Design services and other engineering services”.
- The Client, who deals in production of artificial fertilizers - sales revenue 30 070 thousand, representing 19.8% of sales revenue, which was shown in the segment „General contracting”.
- The Client, who deals in the production of other inorganic chemicals – sales revenue PLN 56 424 thousand, representing 37.2% of sales revenue, which was shown in the segment „General contracting” and „Design services and other engineering services”.

Detailed data on the activities of Prochem S.A. in particular segments are presented in the following tables. The analysis of the Company's revenues and results in individual reporting segments covered by the reporting is presented below.

For the period from 01.01.2023 to 30.06.2023.	General contracting	Design services, other engineering services	Rental of construction equipment	Commercial activity	Other	Items not assigned	Total
Revenues to customers	128 092	23 343	116	182	-	-	151 724
<b>Total segment revenues</b>	<b>128 092</b>	<b>23 343</b>	<b>116</b>	<b>182</b>	-	-	<b>151 724</b>
<b>Result</b>							
<b>Profit (loss) of the segment</b>	<b>-24 252</b>	<b>1 763</b>	<b>-29</b>	<b>12</b>	-	-	<b>-22 506</b>
Financial income						6 563	6 563
Finance costs						-2 378	-2 378
<b>Net financial income</b>						<b>4 185</b>	<b>4 185</b>
Profit on operating activities						6 215	6 215
<b>Before tax profit</b>						<b>-12 106</b>	<b>-12 106</b>
Income tax						-3 234	-3 234
<b>Profit for the currnt period</b>						<b>-8 872</b>	<b>-8 872</b>
Segment assets (related to activity)	41 206	3 166	13	-	317	-	44 702
Assets unallocated (among others shares and other financial assets)						101 819	101 819
<b>Total assets</b>	<b>41 206</b>	<b>3 166</b>	<b>13</b>	-	<b>317</b>	<b>101 819</b>	<b>146 521</b>
Segment liabilities (related to activity)	43 999	359	32	-	1	-	44 391
Equity						102 130	102 130
<b>Liabilities and capitals total</b>	<b>43 999</b>	<b>359</b>	<b>32</b>	-	<b>1</b>	<b>102 130</b>	<b>146 521</b>
Depreciation of property, plant and equipment	173	681	10	-	57	835	1 756
Amortization of intangible assets	-	-	-	-	12	-	12
Write down of segmernt assets (receivables from supplies and services)	-263		-2 843		-21		-3 127

For the period from 01.01.2022 to 30.06.2022.	General contracting	Design services, other engineering services	Rental of construction equipment	Commercial activity	Other	Items not assigned	Total
Revenues to customers	47 898	20 612	218	788	1 912	-	71 427

*Interim condensed separate financial statements of PROCHEM S.A. as at and for the period of 6 months ended 30 June 2023*

<b>Total segment revenues</b>	<b>47 898</b>	<b>20 612</b>	<b>218</b>	<b>788</b>	<b>1 912</b>	<b>-</b>	<b>71 427</b>
<b>Result</b>							
<b>Profit (loss) of the segment</b>	<b>-5 570</b>	<b>2 184</b>	<b>-184</b>	<b>53</b>	<b>787</b>	<b>-</b>	<b>-2 383</b>
Financial income						30 517	30 517
Finance costs						-942	-942
<b>Net financial income</b>						<b>29 575</b>	<b>29 575</b>
Profit on operating activities						-2 633	-2 633
<b>Before tax profit</b>						<b>24 559</b>	<b>24 559</b>
Income tax						636	636
<b>Profit for the current period</b>						<b>23 923</b>	<b>23 923</b>
Segment assets (related to activity)	19 746	10 343	237	-	2 336		32 662
Assets unallocated (among others shares and other financial assets)						100 761	100 761
<b>Total assets</b>	<b>19 746</b>	<b>10 343</b>	<b>237</b>	<b>-</b>	<b>2 336</b>	<b>100 761</b>	<b>133 423</b>
Segment liabilities (related to activity)	13 512	590	111	-	-	37 222	51 435
Equity						81 988	81 988
<b>Liabilities and capitals total</b>	<b>13 512</b>	<b>590</b>	<b>111</b>	<b>-</b>	<b>-</b>	<b>119 210</b>	<b>133 423</b>
Depreciation of property, plant and equipment	208	801	29	-	29	927	1 994
Amortization of intangible assets	-	-	-	-	-	12	12
Write down of segment assets (receivables from supplies and services)	-264	-	-2 794	-	-18	-	-3 076

**Information about the geographical areas**

Geographical breakdown of sales revenue revealed in statement of profit and loss was presented in accordance with country of the seat of the ordering party.

	<b>01.01-30.06.2023</b>	<b>01.01-30.06.2022</b>
Poland	151 724	71 428
<b>Total sales revenue</b>	<b>151 724</b>	<b>71 428</b>

Geographical breakdown of property, plant and equipment and intangible assets

	<b>30.06.2023</b>	<b>30.06.2022</b>
Poland	1 254	1 441
<b>Total property, plant and equipment and intangible assets</b>	<b>1 254</b>	<b>1 441</b>

**Note 27 - Profit per One Share**

The Issuer's net loss per 1 share remaining in trade as at 30 June 2023 was PLN 4.42, and for the analogous period of 2022 net profit per 1 share remaining in trade was PLN 10.16.

**Note 28 – Profit Distribution and Loss Coverage**

Pursuant to the Resolution No. 14 of the Ordinary General Meeting of June 14, 2023 net profit of Prochem S.A. for 2022 in the amount of PLN 26,255,776.50 was entirely allocated to the reserve capital.

**Note 29 - Dividends**

In 2023 the Issuer did not pay dividend for 2022.

**Note 30 - Financial Instruments and Financial Risk Management**

**30.1 Categories and Classes of Financial Instruments**

**Financial assets**

30 June 2023	Categories of financial instruments		
		Loans, receivables and other	Total
<b>Classes of financial instruments</b>	<b>note</b>		
Receivables from supplies and services	8	42 286	42 286
Amounts due from recipients under contracts	15	35 717	37 517
Cash		5 753	38 770
Security deposits constituting security	6 i 9	7 578	7 578
Loans granted	6	8 132	8 132
<b>Total</b>		<b>99 466</b>	<b>99 466</b>

31 December 2022	Categories of financial instruments		
		Loans, receivables and other	Total
<b>Classes of financial instruments</b>	<b>nota</b>		
Receivables from supplies and services	8	28 527	28 527
Amounts due from recipients under contracts	15	37 634	37 634
Cash		8 571	8 571
Security deposits constituting security	9	7 962	7 962
Loans granted	6	8 910	8 910
<b>Total</b>		<b>91 604</b>	<b>91 604</b>

**Financial liabilities**

30 June 2023	Financial liabilities measured at amortized cost		
			Total
<b>Classes of financial instruments</b>	<b>nota</b>		
Loans received	13	4 597	4 597
Amounts owed to recipients under contracts	15	1 669	1 669
Liabilities under supplies and services	14	61 252	61 252
<b>Total</b>		<b>67 518</b>	<b>67 518</b>

31 December 2022	Financial liabilities measured at amortized cost		
			Total
<b>Classes of financial instruments</b>	<b>nota</b>		
Loans received	13	950	950
Amounts owed to recipients under contracts	15	-	-
Liabilities under supplies and services	14	51 781	51 781
<b>Total</b>		<b>52 731</b>	<b>52 731</b>

**30.2 Impairment allowances of financial assets by classes of financial instruments**

(in PLN thousands)

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<b>Classes of financial instruments</b>	<b>30 June 2023</b>	<b>31 December 2022</b>
Receivables under supplies and services	(3 110)	(3 076)
Other financial assets	(18)	(121)
<b>Total</b>	<b>(3 128)</b>	<b>(3 197)</b>

Impairment allowances of financial assets are presented in note 8.

### **30.3 Liquidity risk related to the concentration of sales revenues**

Prochem S.A. realized In the first half of 2023 sales revenue in the amount of PLN 154 776 thousand. Customers whose sales revenue exceeded 10% of sales revenue disclosed in the statement of profit and loss are listed in note 26.

### **Note 31– Collateral Granted and Received and Contingent Liabilities and Contingent Assets**

	<b>As at 30 June 2023</b>	<b>As at 31 December 2022</b>
<b>Collateral granted</b>		
Bank guarantee of good performance and statutory warranty	57 930	64 191
Guarantee of payment	1 163	1 163
Guarantee of return of advance payment	-	69
<b>Total guarantee granted</b>	<b>59 093</b>	<b>65 423</b>
<b>Total collateral granted and contingent liabilities</b>	<b>59 093</b>	<b>65 423</b>

<b>Collateral received</b>	<b>As at 30 June 2023</b>	<b>As at 31 December 2022</b>
Bank guarantee of good performance	16 938	16 326
Guarantee by promissory notes for securing contract terms	618	450
<b>Total collateral received</b>	<b>17 556</b>	<b>16 776</b>

### **Note 32 - Related Party Transactions and Transactions with Key Management Staff**

Related entities include entities controlled and jointly-controlled entities, as well as those on which the Issuer has an influence, or is a member of key managing staff of the Issuer.

Key management personnel include Members of the Company's Management Board and Members of the Company's Supervisory Board.

In the first half of 2023 key management personnel and persons related to key management personnel, in addition to remuneration did not conclude other transactions with the Issuer and the companies from the Capital Group.

In the first half of 2023 in the Issuer's enterprise were paid:

- remuneration to the Members of the Management Board in total amount of PLN 1 492.6 thousand,
- remuneration to the Members of the Supervisory Board in total amount of PLN 216.1 thousand.

Remuneration paid to members of the Management Board and of Supervisory Board in the first half of 2023 for performing functions in the Management Boards and Supervisory Boards of companies belonging to the capital group was PLN 155.9 thousand.

The transactions between related entities presented below were concluded on market conditions and relate to the sale and purchase of services, among others construction, assembly and rental, as well as

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loans mutually granted.

Settlements with related entities include receivables, trade payables and financial liabilities Guarantees and sureties granted to related entities are presented in note 31.

**Reporting period**

(in PLN thousands)

**from 1 January to 30 June 2023**

	Sale of services	Purchase of services	Financial income – interest on loans	Financial income – dividends received	Finance costs – interest on loans
subsidiaries	681	4 831)*	356	5 218	54

)\* - including purchased electrical services and supplies of electrical equipment from subsidiary Elektromontaż Kraków S.A. in the amount of PLN 4 779 thousand.

**from 1 January to 30 June 2023**

	Trade receivables	Receivables under loans granted	Other receivables	Trade payables	Liabilities under loans granted
subsidiaries	166	8 132	124	2 444	4 597

**Comparative period**

**from 1 January to 30 June 2022**

	Sale of services	Purchase of services	Financial income – interest on loans	Financial income – dividends received	Finance costs – interest on loans
subsidiaries	10	10 864)*	140	-	14
Jointly-controlled entities and associated entities	2 671)**	1 941	356	29 042	-

)\* - including purchased electrical services and supplies of electrical equipment from subsidiary Elektromontaż Kraków S.A. in the amount of PLN 9 964 thousand.

)\*\* - sale of services and purchase of services in its entirety relate to revenues from the jointly controlled company Irydion Sp. z o.o. in Warsaw, for the benefit of which is implemented investment task under the name of „Astrum Biznes Park” in Warsaw.

**As at 30 June 2022**

	Trade receivables	Receivables under loans granted	Other receivables	Trade payables	Liabilities under loans granted
subsidiaries	2	5 050	-	4 444	964
Jointly-controlled entities and associated entities	2 278	-	-	7	-

**Note 33– Events after the Balance Sheet Date**

On August 17, 2023, the Issuer signed with its subsidiary Irydion Sp. z o. o. annex to the loan agreement. Pursuant to the annex, Irydion granted Prochem S.A. loan in the amount of PLN 700,000 EUR, which is the equivalent of PLN 3.1 million. The interest rate and repayment terms have not changed.

On August 22, 2023, the Issuer signed an overdraft agreement for the amount of PLN 4.0 million. The loan can be used until August 29, 2024. The loan interest rate will be equal to the WIBOR ON PLN base rate plus a margin. Interest is charged annually on the amount of the loan used.

#### ***Note 34 - Other Explanatory Notes to Separate Financial Statements***

##### ***Statement of changes in the ownership of the issuer's shares or rights to them (options) by persons managing and supervising the issuer, in accordance with the information held by the issuer***

As at the date of separate financial statements hereby and according to the declaration received, the following members of the Management Board and the Supervisory Board held shares of PROCHEM SA :

- Marek Kiersznicki – 44,327 pcs.;
- Krzysztof Marczak – 30,268 pcs.;
- Marek Garliński – 27,977 pcs.;
- Andrzej Karczykowski – 27,952 pcs.;
- Jarosław Stępniewski – 50,206 pcs.;

The nominal value of 1 share is PLN 1.

Since the date of publication of the interim condensed consolidated financial statements for the first quarter of 2023, i.e. May 15, 2023, there have been no changes in the number of shares held by managing and supervising persons.

##### ***Information on granting a surety for loan or borrowing or guarantee by the issuer or by its subsidiary - jointly to one entity or to its subsidiary, if the total value of existing surety or guarantee is equivalent to at least 10 % of the issuer's equity***

No such events occurred.

##### ***Indication of factors which, in the issuer's opinion will have an impact on the results achieved by the issuer in the perspective of at least the subsequent quarter***

For the activities of Prochem S.A. in the subsequent quarters of 2023, the macroeconomic environment will have a significant impact, in particular the course of the war in Ukraine, the possibility of obtaining EU funds for the National Reconstruction Plan, interest rates on loans, the level of inflation and the related prices of energy and construction materials and services. All these factors significantly influence the decisions made by potential customers of Prochem S.A. (in particular industrial companies) to start new investment plans. The effects of ongoing negotiations regarding the indexation of implementation contracts concluded before February 2022 will also be of great importance for future financial results.

#### ***Note 35 - The Impact of the Military Conflict in Ukraine on the Company's Operations***

The Management Board monitors the impact of the political and economic situation in Ukraine on the Company's operations on an ongoing basis. As at the date of hereby financial statements, the Company noticed a noticeable impact on sales and the supply chain. First of all, there has been noticed a sharp increase in the prices of goods and services, delivery times for equipment and materials have been

**Interim condensed separate financial statements of PROCHEM S.A. as at and for the period of 6 months ended 30 June 2023**

extended and the availability of some goods has been limited. Therefore, certain problems may occur when conducting implementation contracts.

The Management Board of Prochem S.A. monitors the current situation with particular attention and, if necessary, is prepared to take appropriate action to adapt its potential to the new conditions in order to mitigate any negative effects on the entity.

**Note 36 - Approval of the Financial Statements**

Interim condensed separate financial statements of Prochem S.A. for the period from 1 January 2023 to 30 June 2023 were approved for issue by the Management Board of Prochem S.A. on September 29, 2023.

**Signatures of the Members of the Management Board**

29.09.2023	Marek Kiersznicki	President of the Management Board	.....
date	name and surname	position	signature

29.09.2023	Krzysztof Marczak	Vice President of the Management Board	.....
date	name and surname	position	signature

29.09.2023	Michał Dąbrowski	Member of the Management Board	.....
date	name and surname	position	signature

**Signature of the person entrusted with keeping the accounting books**

29.09.2023 r.	Barbara Auguścińska-Sawicka	Chief Accountant	.....
date	name and surname	position	signature