

## **REPORT FOR THE FIRST HALF OF PROCHEM S. A.**

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

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

## Selected financial data

Sales revenue and profit expressed in PLN and 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 for the last day of each month and amount to:

- for the first half of 2020 - 4.4413 PLN/EURO
- for the first half of 2019 - 4.2880 PLN/EURO

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 statement, which as at balance sheet date amounted to:

- 4.4660 PLN/EURO as at 30 June 2020
- 4.2585 PLN/EURO as at 31 December 2019

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

Description	Reporting period ended 30 June		Reporting period ended 30 June	
	2020	2019	2020	2019
	In PLN thousands		In EURO thousands	
<i>Separate statement of profit and loss</i>				
Revenues from sale	152 320	79 391	34 297	18 515
Gross profit on sales	6 306	4 806	1 420	1 121
Results from operating activities	2 931	1 331	660	310
Before tax profit	2 167	1 152	488	269
Profit for the period	1 729	825	389	192
<i>Profit/diluted profit per one ordinary share (in PLN/EUR)</i>	<i>0.59</i>	<i>0.28</i>	<i>0.13</i>	<i>0.07</i>
<i>Separate statement of cash flows</i>				
Net cash provided by (used in) operating activities	-2 317	3 196	-522	745
Net cash provided by (used in) investing activities	1 065	-302	240	-70
Net cash provided by (used in) financing activities	-1 748	158	-394	37
Total cash flows, net	-3 000	3 052	-675	712
	As at		As at	
Description	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	In PLN thousands		In EURO thousands	
<i>Separate statement of financial position</i>				
Total assets	172 598	177 901	38 647	41 776
Total non-current assets	73 685	74 609	16 499	17 520
Total current assets	98 913	103 292	22 148	24 255
Total equity	48 202	46 473	10 793	10 913
Total non-current liabilities	24 783	30 665	5 549	7 201
Total current liabilities	99 613	100 763	22 305	23 662
Per one ordinary share (in PLN/EURO)	16.42	15.83	3.68	3.72
Weighted average number of shares (in pcs.)	2 935 000	2 935 000	2 935 000	2 935 000

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

**as at and for the period of 6 months ended 30 June 2020**

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

**Separate statement of financial position as at 30 June 2020**

(all amounts in PLN thousands if not stated otherwise)

	Note No.	As at 30 June 2020	As at 31 December 2019
<b>A s s e t s</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1	1 044	1 180
Intangible assets		63	89
Right-of-use assets	2	12 712	13 875
Shares	3	8 478	8 478
Shares in equity accounted investees	4	4 502	4 502
Deferred tax assets	5	1 534	765
Receivables under retained security deposits		536	11
Other financial assets	6	44 816	45 709
<b>Total non-current assets</b>		<b>73 685</b>	<b>74 609</b>
<b>Current assets</b>			
Inventories	7	67	2 456
Trade and other receivables	8	65 143	61 035
Amounts due from recipients under agreements	14	13 582	15 997
Other financial assets		982	1 383
Other assets	9	436	718
Cash and cash equivalents	25	18 703	21 703
<b>Total current assets</b>		<b>98 913</b>	<b>103 292</b>
<b>Total assets</b>		<b>172 598</b>	<b>177 901</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		2 935	2 935
Revaluation reserve		-390	-390
Retained earnings	10	45 657	43 928
<b>Total equity</b>		<b>48 202</b>	<b>46 473</b>
<b>Non-current liabilities</b>			
Non-current loans	11	964	950
Liabilities under retirement and similar benefits		691	691
Non-current liabilities under retained security deposits	12	11 316	6 284
Amounts owed to recipients under contracts	13	1 734	11 643
Liabilities under lease	14	10 078	11 097
<b>Total non-current liabilities</b>		<b>24 783</b>	<b>30 665</b>
<b>Current liabilities</b>			
Trade payables	12	49 546	61 168
Amounts owed to recipients under contracts	13	43 606	30 955
Liabilities under current income tax		35	-
Liabilities under lease	14	2 810	2 858
Other liabilities	15	3 616	5 782
<b>Total current liabilities</b>		<b>99 613</b>	<b>100 763</b>
<b>Total liabilities</b>		<b>124 396</b>	<b>131 428</b>
<b>Total equity and liabilities</b>		<b>172 598</b>	<b>177 901</b>

## Separate statement of profit and loss from 1 January 2019 to 30 June 2020

(all amounts in PLN thousands if not stated otherwise)

	Note No.	Period ended 30 June 2020	Period ended 30 June 2019
Revenues from sale, including :		152 320	79 391
Revenues from sale of services	16	151 449	77 129
Revenues from sale of goods and materials		871	2 262
Cost of sales, including:		-146 014	-74 585
Cost of services sold	17	-145 179	-72 478
Cost of merchandise and raw materials		-835	-2 107
<b>Gross profit on sales</b>		<b>6 306</b>	<b>4 806</b>
General and administrative expenses	17	-3 865	-3 576
Other operating income	18	605	118
Other operating expenses	19	-115	-17
<b>Results from operating activities</b>		<b>2 931</b>	<b>1 331</b>
Financial income	20	420	436
Finance expenses	21	-1 184	-615
<b>Before tax profit</b>		<b>2 167</b>	<b>1 152</b>
Income tax expense :	22	438	327
- current tax		1 208	0
- deferred tax		-770	327
<b>Profit for the period</b>		<b>1 729</b>	<b>825</b>

Weighted average number of ordinary shares (in pcs)	2 935 000	2 895 000
Profit/diluted profit per one ordinary share (in PLN per one share)	0.59	0.28

## Separate statement of comprehensive income

	Period ended 30 June 2020	Period ended 30 June 2019
<b>Profit for the period</b>	<b>1 729</b>	<b>825</b>
<b>Other comprehensive income net</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>1 729</b>	<b>825</b>

  

Weighted average number of ordinary shares (in pcs.)	2 935 000	2 935 000
Total comprehensive income per ordinary share (in PLN per one share)	0.59	0.28

## Separate statement of changes in equity

(all amounts in PLN thousands if not stated otherwise)

	Share capital	Revaluation reserve	Retained earnings	Total equity
<b>Reporting period from 1 January 2020 to 30 June 2020</b>				
As at the beginning of the period (audited)	2 935	-390	43 928	46 473
Net profit (loss) of the given period			1 729	1 729
<i>Other comprehensive income (net)</i>			-	-
<b>Total comprehensive income</b>	-	-	1 729	1 729
Other changes		-		-
As at the end of the period (upon review)	2 935	-390	45 657	48 202

	Share capital	Revaluation reserve	Retained earnings	Total equity
<b>Reporting period from 1 January 2019 to 30 June 2019</b>				
As at the beginning of the period (audited)	2 935	-343	40 230	42 822
Net profit (loss) of the given period			825	825
<i>Other comprehensive income (net)</i>			-	-
<b>Total comprehensive income</b>	-	-	825	825
Other changes		-		-
As at the end of the period (upon review)	2 935	-343	41 055	43 647

## Separate statement of cash flows for the period from 1 January 2020 to 30 June 2020

(all amounts in PLN thousands if not stated otherwise )

	Period ended 30 June 2020	Period ended 30 June 2019
<b>Cash flows – operating activities</b>		
Before tax profit	2 167	1 152
Total adjustments	-3 310	847
Amortization and depreciation	1 718	1 560
Interest and profit sharing (dividends)	236	-112
Change in provisions	-120	-23
Change in inventories	2 389	693
Change liabilities and other assets	-1 931	-17 816
Change in current liabilities, except for loans and borrowings	-5 874	17 644
Other adjustments (including deferred income)	272	-98
<b>Cash provided by (used in) operating activities</b>	<b>-1 143</b>	<b>3 196</b>
Income tax paid	1 174	-
<b>Net cash provided by (used in) operating activities</b>	<b>-2 317</b>	<b>3 196</b>
<b>Cash flows – investing activities</b>		
<b>Inflows</b>	<b>1 160</b>	<b>-</b>
Inflows from financial assets	1 160	-
- in related entities	1 160	-
repayment of interest on loans	1 160	-
<b>Outflows</b>	<b>-95</b>	<b>-302</b>
Acquisition of intangible assets and property, plant and equipment	-95	-302
<b>Net cash provided by (used in) investing activities</b>	<b>1 065</b>	<b>-302</b>
<b>Cash flows – financing activities</b>		
<b>Inflows</b>	<b>5</b>	<b>1 681</b>
Bank loans	-	1 681
Other financial proceeds	5	-
<b>Outflows</b>	<b>-1 753</b>	<b>-1 523</b>
Interest and commission paid	-105	-129
Payments under financial lease	-1 648	-1 394
<b>Net cash provided by (used in) financing activities</b>	<b>-1 748</b>	<b>158</b>
Total cash flows, net	-3 000	3 052
Increase/(decrease) in net cash and cash equivalents	-3 000	3 052
<b>Cash and cash equivalents at the beginning of the period</b>	<b>21 703</b>	<b>1 336</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>18 703</b>	<b>4 388</b>
<b>Including restricted cash</b>	<b>908</b>	<b>1 197</b>

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

### **• 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, XIII Commercial Department of the National Court Register, under KRS number 0000019753. Principal activity 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.

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

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

Jarosław Stępniewski - President of the Management Board  
Marek Kiersznicki - Vice President of the Management Board  
Krzysztof Marczak - Vice President of the Management Board

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

As at the date of preparation hereby of 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
- Andrzej Karczykowski
- Krzysztof Obłój
- Marcin Pędziński

In the first half of 2020, there were no changes in the composition of the Supervisory Board.

### **Statement of the Management Board on the reliability of the preparation of the separate financial statements**

In compliance with the requirements of the regulation of the Minister of Finance dated 29 March 2018 on current and interim information provided by issuers of securities and the conditions for recognition as equivalent an information required by the law of a non-Member state (Official Journal from 2018, item 757) („Regulation”), the Management Board of Prochem S.A. declares, that according to their best knowledge:

- separate condensed financial statements of Prochem S.A. for the first half of 2020 and the comparable data were prepared according to International Financial Reporting Standards adopted by European Union, being issued and effective as at the day of financial statements hereby, and it reflects a property and financial position, and financial performance in a true, fair, and clear way;

## **Employment**

Average employment in the first half of 2020 was 203 FTEs, and in the first half of 2019 196 FTEs. Level of employment in persons as at 30 June 2020 was 203, and as at 31 December 2019 208.

## **Adopted accounting principles**

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

Interim condensed separate financial statements of PROCHEM S.A. for the first half of 2020 was prepared according to IAS 34 „Interim Reporting”, in the shape endorsed 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 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 separate financial statements do not contain the information and disclosures required for complete financial statements and should be read together with separate financial statements for the financial year ended 31 December 2019.

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

The Company's financial year is the calendar year.

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.

Interim condensed separate financial statements of Prochem S.A. as at 30 June 2020 were prepared at assuming to continue business operations as a going concern in the foreseeable future.

The Management Board of Prochem S.A. analyzed the circumstances described in the point of the impact of pandemic and in their opinion they do not affect the ability to continue as a going concern.

Interim condensed separate 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.

### ***Significant accounting policies and changes in IFRS***

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

The preparation of financial statements under of IFRS endorsed by EU requires using certain accounting estimates and adoption of assumptions concerning future events. Items of the financial statements set under the estimation are subject to verification if circumstances being base of estimates are changing or as a result of obtaining new information or of progressing course of events or of acquiring greater experience. When preparing the separate financial statements hereby, we applied the same accounting principles and the same calculation methods which were applied in the separate financial statements of Prochem S.A. for the year ended 31 December 2019.

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

From 1 January 2020, the following changes to the standards are in force:

- Amendments to IAS 1 and IAS 8 concerning the definition of the concept of "material",
- Amendments to IFRS 9, IAS 39 and IFRS 7 concerning the reform of the interest rate benchmark,
- Improvements to IFRS 3 concerning the definition of a business,
- Changes to references to the conceptual framework in IFRS.

Standards announced but awaiting endorsement by the European Union, the Group intends to apply all changes in accordance with the date of their entry into force.

The company has not decided to early apply the Standards and amendments to standards that have been published and endorsed for use in the EU, but have not yet come into force, will implement them on the date of adoption.

### ***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. 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).

### ***Impact of the coronavirus pandemic on the operations of Prochem S. A.***

Since the outbreak of the epidemic, Prochem S.A. has implemented many procedures related to the need to adapt to the constantly changing operating conditions, as well as to prevent the spread of COVID-19 infections.

### ***Actions taken by Prochem S. A. in relation to the COVID-19 pandemic***

Prochem S.A. has taken a number of steps in connection with the COVID-19 pandemic. When the first cases of COVID-19 appeared in the country, Prochem S.A. developed action plans to ensure the continuity of operation and the provision of key services provided by Prochem S.A. They are constantly adapted to the changing conditions.

In relation to the contracts in progress, Prochem S.A. has implemented additional measures to mitigate the risk of potential breaches of the terms of the contracts signed by contractors as a result of changes in the economic situation. In particular, in case of contracts for construction and assembly works and deliveries, additional procedures were implemented in the field of ongoing monitoring of compliance with the terms and dates of contract performance and the contractor's financial situation. The risk of losing financial liquidity by key suppliers is analysed on an ongoing basis and, if necessary, appropriate actions are taken, including shortening payment terms in individual cases.

At the time of preparation of these interim condensed separate financial statements, the financial situation of Prochem S.A. is stable. As a result of the analysis, the Management Board of Prochem S.A. sees no need of:

- revaluation of the Company's assets due to the negative effects of COVID-19,
- making write-downs of receivables due to the insolvency of contractors,
- make changes or adjustments to the Company's supply chain ,
- make adjustments to credit obligations (in the first half of 2020, the company did not use working capital loans),
- make adjustments to liabilities under lease - all lease contracts are carried out according to the schedule,
- introducing changes in the work and remuneration system of the Company's employees, all salary obligations are fulfilled on an ongoing basis.

The Company analyses the situation on the markets on an ongoing basis and signals from contractors that may indicate a deterioration of the financial situation and, if necessary, will update the adopted estimates when preparing the financial statements.

Management Board of the company Prochem S.A. monitors the current situation with particular care. Actions were also taken to stabilize the financial and operational stability of the company by collecting the necessary financial reserves and using appropriate tools and IT solutions to maintain the project potential (e.g. creating remote work opportunities).

The company did not use the available support programs.

If necessary, the Management Board of the Company is prepared to take steps to adapt its potential to the new conditions in order to mitigate any negative effects.

Company Prochem S.A. has taken a number of preventive measures to reduce the possibility of the virus spreading on the premises and protect employees, including.:

- procedures were introduced in the field of personnel and material movement, in particular consisting in minimizing direct contacts - where possible, employees were provided with the possibility of remote work;
- procedures were introduced to ensure the availability of the key personnel of Prochem S.A.;
- it was recommended to limit business trips and participation in business meetings, and instead to use media such as instant messaging and videoconferencing;
- employees were equipped with protective equipment (protective masks, gloves) and disinfectants, and hygienic and sanitary and disinfecting procedures were introduced.

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

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

## Explanatory notes

### Note 1 – Property, plant and equipment

	As at 30 June 2020	As at 31 December 2019
Property, plant and equipment, including:	1 044	1 180
- machinery and equipment	495	555
- other PPE	549	625
<b>Total property, plant and equipment</b>	<b>1 044</b>	<b>1 180</b>
<hr/>		
	As at 30 June 2020	As at 31 December 2019
Property, plant and equipment – ownership structure		
a) own	1 044	1 180
<b>Total balance sheet property, plant and equipment</b>	<b>1 044</b>	<b>1 180</b>
<hr/>		
	Change in PPE from 1 January 2020 to 30 June 2020	Change in PPE from 1 January 2019 to 30 June 2019
<hr/>		
<b>Gross value</b>		
As at opening balance sheet	5 932	6 144
Increase (due to)	95	650
- acquisition	95	650
Decrease (due to)	-19	-862
- disposal	-7	-
- liquidation	-12	-862
<b>Gross value as at closing balance sheet</b>	<b>6 008</b>	<b>5 932</b>
<hr/>		
<b>Depreciation and impairment</b>		
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Accumulated depreciation – as at opening balance sheet	4 752	5 221
Depreciation for the period (due to)	212	-469
- increase – depreciation for the period	231	393
- decrease due to disposal	-6	-
- decrease due to liquidation	-13	-862
<b>Accumulated depreciation – as at closing balance sheet</b>	<b>4 964</b>	<b>4 752</b>
Impairment of PPE	-	-
<hr/>		
<b>PPE net value - as at closing balance sheet</b>	<b>1 044</b>	<b>1 180</b>
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**Note 2– Right-of-Use Assets**

For the period from 1 January 2020 to 30 June 2020	Buildings and constructions	Machinery and equipment	Vehicles	Total
<b>Gross value</b>				
As at opening balance sheet	13 632	337	2 635	16 604
increase in gross value - conclusion of new contracts	-	-	298	298
decrease in gross value - termination of the contract	-	-	-33	-33
<b>Total, gross value closing balance sheet</b>	<b>13 632</b>	<b>337</b>	<b>2 900</b>	<b>16 869</b>
<b>Depreciation</b>				
As at opening balance sheet	2 169	94	466	2 729
Depreciation accrued	1 042	47	372	1 461
decrease - termination of the contract	-	-	-33	-33
<b>Total, accumulated depreciation as at closing balance sheet</b>	<b>3 211</b>	<b>141</b>	<b>805</b>	<b>4 157</b>
<b>Book value net as at closing balance sheet (30 June 2020)</b>				
Book value gross	13 632	337	2 900	16 869
Accumulated depreciation	3 211	141	805	4 157
Write-downs	-	-	-	-
<b>Total net value as at balance sheet net</b>	<b>10 421</b>	<b>196</b>	<b>2 095</b>	<b>12 712</b>

**Comparative data**

For the period from 1 January 2019 to 31 December 2019	Buildings and constructions	Machinery and equipment	Vehicles	Total
Book value gross	9 688	337	272	10 297
Write-downs	-	-	-	-
<b>Total</b>	<b>9 688</b>	<b>337</b>	<b>272</b>	<b>10 297</b>
<b>increase (decrease) net:</b>				
- increase in gross value - conclusion of new contracts	3 944	-	2 363	6 307
- decrease - depreciation accrued	-2 169	-94	-466	-2 729
<b>Total</b>	<b>1 775</b>	<b>-94</b>	<b>1 897</b>	<b>3 578</b>
<b>Book value net as at 31 December 2019</b>				
Book value gross	13 632	337	2 637	16 604
Accumulated depreciation	-2 169	-94	-466	-2 729
Write-downs	-	-	-	-
<b>Total net</b>	<b>11 463</b>	<b>243</b>	<b>2 169</b>	<b>13 875</b>

**Note 3 - Shares**

Shares in subsidiaries	As at 30 June 2020	As at 31 December 2019
a) in subsidiaries	8 478	8 478
Shares, net value	8 478	8 478
Write-down of financial assets	1 523	1 523
<b>Shares, gross value</b>	<b>10 001</b>	<b>10 001</b>

Change in shares in subsidiaries and in other entities	As at 30 June 2020	As at 31 December 2019
a) as at the beginning of the period	8 478	8 478
- shares at cost	8 478	8 478
b) decrease (due to)	-	-
- write-down of shares	-	-
<b>As at the end of the period</b>	<b>8 478</b>	<b>8 478</b>

Change in write-downs of shares in subsidiaries	As at 30 June 2020	As at 31 December 2019
As at beginning of the period	1 523	1 523
Write-down of shares	-	-
As at the end of the period	1 523	1 523

As at June 30, 2020, the Company performed an analysis that did not show any impairment in shares.

**Note 4 – Shares in jointly-controlled entities and in associated entities**

Shares in jointly-controlled entities and in associated entities	As at 30 June 2020	As at 31 December 2019
-Shares – net value	4 502	4 502
- write-down of shares	708	708
<b>Shares, gross value</b>	<b>5 210</b>	<b>5 210</b>

Change in shares in jointly-controlled entities and in associated entities	As at 30 June 2020	As at 31 December 2019
a) as at the beginning of the period	4 502	4 502
- shares at cost	4 502	4 502
b) as at the end of the period net	4 502	4 502
c) write-down	708	708
<b>d) as at the end of the period gross</b>	<b>5 210</b>	<b>5 210</b>

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

Changes in the values of provisions and deferred income tax assets for the first half of 2020 are presented in the table below.

<b>Deferred income tax assets</b>	<b>As at 30 June 2020</b>	<b>As at 31 December 2019</b>
As at the beginning of the period	5 744	4 903
Increase	4 289	4 388
Decrease	-5 167	-3 595
<b>As at the end of the period</b>	<b>4 866</b>	<b>5 744</b>

<b>Provision under deferred income tax</b>	<b>As at 30 June 2020</b>	<b>As at 31 December 2019</b>
As at the beginning of the period	4 979	2 698
Increase	2 702	4 316
Decrease	-4 349	-2 035
<b>As at the end of the period</b>	<b>3 332</b>	<b>4 979</b>

**Presentation in the statement of financial position:**

	<b>As at 30 June 2020</b>	<b>As at 31 December 2019</b>
Deferred tax assets	4 866	5 744
Provision to deferred income tax	-3 332	-4 979
<b>Assets under deferred tax</b>	<b>1 534</b>	<b>765</b>

**Note 6 – Other Financial Assets**

<b>Other financial assets</b>	<b>As at 30 June 2020</b>	<b>As at 31 December 2019</b>
a) from subsidiaries indirectly and directly :	18 355	18 824
- non-current loans granted	18 355	18 824
b) from associated entities and jointly-controlled entities :	17 859	18 420
- non-current loans granted	17 859	18 420
c) security deposits constituting security for bank guarantee lines	8 602	8 465
<b>Total other non-current financial assets</b>	<b>44 816</b>	<b>45 709</b>

**Loans granted – as at 30 June 2020**

- Loans granted to jointly-controlled company Irydion Sp. z o. o. seated in Warsaw:
  - in the amount of PLN 11 318 thousand, including: amount of the loan PLN 11 000 thousand, accrued interest PLN 318 thousand. The interest rate is set annually according to WIBOR 6M rate, loan repayment date with interest 22 September 2031;
  - in the amount of PLN 6 541 thousands, including: amount of the loan PLN 6 000 thousand, accrued interest PLN 541 thousand. The interest rate is set annually at a rate of 3% per annum loan repayment date with interest 22 September 2031;
- Loans granted to subsidiary Prochem Inwestycje Sp. z o. o.:
  - in the amount of PLN 3 221 thousand, including: amount of the loan PLN 3 000 thousand, accrued interest PLN 221 thousand. The interest rate is set annually according to WIBOR 6M rate in force at the end of each calendar year, loan repayment date with interest 31 December 2023;
  - in the amount of PLN 15 134 thousand, including: amount of the loan PLN 14 000 thousand, accrued interest PLN 1 134 thousand. The interest rate is set annually according to WIBOR 6M rate in force at the end of each calendar year, loan repayment date with interest 31 December 2023.

**Increase:**

- Accrued interest on loans granted to jointly-controlled company Irydion Sp. z o. o. in the amount of PLN 105 thousand,
- Accrued interest on loans granted to subsidiary Prochem Inwestycje Sp. z o. o. in the amount of PLN 24 thousand,

**Decrease:**

- Repayment of interest on loans granted to jointly-controlled company Irydion Sp. z o. o. in the amount of PLN 665 thousand,
- Repayment of interest on loans granted to subsidiary Prochem Inwestycje Sp. z o. o. in the amount of 493 thousand,

**Loans granted as at 31 December 2019**

- Loans granted to jointly-controlled company Irydion Sp. z o. o. seated in Warsaw:
  - in the amount of PLN 11 744 thousand, including: amount of the loan PLN 11 000 thousand, accrued interest PLN 744 thousand. The interest rate is set annually according to WIBOR 6M rate, loan repayment date with interest 22 September 2031;
  - in the amount of PLN 6 676 thousand, including: amount of the loan PLN 6 000 thousand, accrued interest PLN 676 thousand. The interest rate is set annually at a rate of 3% per annum, loan repayment date with interest 22 September 2031;
- Loans granted to subsidiary Prochem Inwestycje Sp. z o. o.:
  - in the amount of PLN 3 282 thousand, including: amount of the loan PLN 3 000 thousand, accrued interest PLN 282 thousand. The interest rate is set annually according to WIBOR 6M rate in force at the end of each calendar year, loan repayment date with interest 31 December 2023
  - in the amount of PLN 15 542 thousand, including: amount of the loans PLN 14 000 thousand, accrued interest PLN 1542 thousand. The interest rate is set annually according to WIBOR 6M rate in force at the end of each calendar year, loan repayment date with interest 31 December 2023.

**Note 7– Inventories**

Inventories	As at 30 June 2020	As at 31 December 2019
Materials	67	2 456
<b>Total inventories</b>	<b>67</b>	<b>2 456</b>
Write-down of inventories	557	557

**Note 8 – Trade and Other Receivables**

Trade and other receivables	As at 30 June 2020	As at 31 December 2019
Trade receivables	67 589	64 200
Write-down of trade receivables	-3 257	-3 230
<b>Trade receivables net, including</b>	<b>64 332</b>	<b>60 970</b>
- with repayment period up to 12 months	64 239	60 879
- with repayment period above 12 months	93	91
<b>Receivables from taxes, subsidies, custom duties, social and health insurance and other benefits</b>	<b>769</b>	-
Other receivables	42	65

Write-down of other receivables		-
<b>Other receivables, net</b>	<b>42</b>	<b>65</b>
<b>Total receivables</b>	<b>65 143</b>	<b>61 035</b>

	As at 30 June 2020	As at 31 December 2019
<b>Trade and other receivables from related entities</b>		
Trade receivables, including:	545	47
- from subsidiaries	5	13
- from jointly-controlled entities and associated entities	540	34
other, including:	-	-
- from jointly-controlled entities and associated entities	-	-
Total trade and other receivables from related entities net	<b>545</b>	<b>47</b>
Write-down of receivables from related entities	-	-
<b>Total trade and other receivables from related entities gross</b>	<b>545</b>	<b>47</b>

<b>Change in write-downs of trade and other receivables</b>	As at 30 June 2020	As at 31 December 2019
As at the beginning of the period	3 230	3 305
a) increase (due to)	105	6
- provision to trade receivables	105	6
b) decrease (due to)	78	81
- payments received	73	81
- use of provisions made in previous periods	5	-
<b>Write-downs of current trade and other receivables at the end of the period</b>	<b>3 257</b>	<b>3 230</b>

As at June 30, 2020 and December 31, 2019, trade receivables include current security deposits under statutory warranty for construction and assembly works, respectively for the amount of PLN 22 455 thousand and PLN 15 197 thousand.

#### *Note 9- Other Assets*

<b>Other assets by type :</b>	As at 30 June 2020	As at 31 December 2019
a) prepayments	436	718
- cost of property and personnel insurance	210	236
- software maintenance cost	148	396
- subscriptions	5	9
- deferred costs	73	77
<b>Total other assets</b>	<b>436</b>	<b>718</b>

#### *Note 10 - Retained Earnings*

	As at 30 June 2020	As at 31 December 2019
Spare capital	15 797	15 797
Other reserve capitals	24 433	24 433
Profit brought forward	3 698	-
Profit (loss) of the period	1 729	3 698
<b>Total</b>	<b>45 657</b>	<b>43 928</b>

**Note 11 – Non-current loans**

Non-current loans	As at 30 June 2020	As at 31 December 2019
a) to subsidiaries indirectly and directly	964	950
<b>Total non-current loans</b>	<b>964</b>	<b>950</b>

**Loans received – as at 30 June 2020**

- Loan received from subsidiary Prochem Zachód Sp. z o. o. in the amount of PLN 964 thousand, including: amount of the loan PLN 950 thousand, interest 14 thousand. The interest rate is set annually at a rate of 3% per annum. Loan repayment date was set for 31 December 2023, but not earlier than repayment of a loan in Bank ING.

**Increase:**

- Accrued interest on loan received from subsidiary Prochem Zachód Sp. z o. o. in the amount of PLN 14 thousand.

**Loans received – as at 31 December 2019**

- 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 interest rate is set annually at a rate of 3% per annum. Loan repayment date was set for 31 December 2020, but not earlier than repayment of a loan in Bank ING.

**Note 12- Trade payables**

	As at 30 June 2020	As at 31 December 2019
a) to subsidiaries	3 271	4 344
- from deliveries and services, with maturity period:	3 271	4 344
- up to 12 months	3 271	4 344
b) to associated entities and jointly controlled entities	8	6
- from deliveries and services, with maturity period:	8	6
- up to 12 months	8	6
c) to other entities	46 267	56 818
- from deliveries and services, with maturity period:	46 267	56 818
- up to 12 months	46 267	56 818
<b>Trade payables, current</b>	<b>49 546</b>	<b>61 168</b>
<b>Non-current liabilities under retained security deposits with maturity period above 12 months</b>	<b>11 316</b>	<b>6 284</b>
<b>Trade payables, total</b>	<b>60 862</b>	<b>67 452</b>

**Nota 13 – Settlements under Long-term Contracts**

	As at 30 June 2020	As at 31 December 2019
- amounts due from recipients under contracts	13 582	15 997
<b>Amounts due from recipients under long-term contracts</b>	<b>13 582</b>	<b>15 997</b>

	As at 30 June 2020	As at 31 December 2019
- amounts owed to recipients under contracts, including:	45 340	42 598
a) current	43 606	30 955
b) non-current	1 734	11 643
<b>Amounts due from recipients under long-term contracts</b>	<b>45 340</b>	<b>42 598</b>

Description	30 June 2020	31 December 2019
Revenues according to contracts	710 942	749 150
Revenues invoiced	414 956	255 115
Liabilities planned under execution of contracts	659 049	706 847
Realized liabilities under contracts	402 840	265 280
Amounts due from receivers	13 582	15 997
Amounts owed to receivers	45 340	42 598

**Note 14 – Liabilities under Lease**

	As at 30 June 2020	As at 31 December 2019
- liabilities under right of use	12 888	13 955
<b>Liabilities under lease, total</b>	<b>12 888</b>	<b>13 955</b>
<b>Including current liabilities</b>	<b>2 810</b>	<b>2 858</b>

**Note 15 – Other Liabilities**

	As at 30 June 2020	As at 31 December 2019
a) to other entities	736	1 515
- under taxes, duties, insurance and other charges	724	1 485
- other (by type)	12	30
liabilities to employees	7	6
Liabilities to shareholders	5	5
other	-	19
b) other non-current provisions	2 880	4 267
- provision for losses on contracts	1 578	1 883
- provision for future costs	-	962
- cost of audit	-	28
- current provision for retirement benefit	56	99
- provision for unused holiday leaves	1 246	1 295
<b>Total other liabilities</b>	<b>3 616</b>	<b>5 782</b>

**Note 16 - Revenues from Sale of Services**

Revenues from sale of services (type of service and type of activity)	Period ended 30 June 2020	Period ended 30 June 2019
<b>Total sales revenue, including:</b>	<b>151 449</b>	<b>77 129</b>
- from related entities	1 374	1 411
- subsidiaries	6	7
- jointly-controlled entities	1 368	1 404
<b>Revenues from sale (territorial structure)</b>	<b>Period ended 30 June 2020</b>	<b>Period ended 30 June 2019</b>
Country	151 294	76 974
- including from related entities	1 374	1 411
Exports, including:	155	155
- Japan	11	155
- Italy	144	-

Revenues under contracts for construction services (general contracting) and other services are presented in note 25 – operating segments.

The gross amount due from ordering parties /recipients for the work under the contracts was presented in note 13.

Information on major customers, whose total value of revenues from sale of services exceeds 10% of the total revenues of the entity's profit and loss account for 2020, is included in note 24 – operating segments.

**Note 17 – Cost of Services Sold**

Costs by type	Period ended 30 June 2020	Period ended 30 June 2019
a) amortization and depreciation	1 560	1 560
b) consumption of materials and energy	413	413
c) outsourcing	61 245	61 245
d) taxes and levies	19	19
e) remuneration	10 255	10 255
f) social security and other benefits	1 958	1 958
g) other costs (by type)	1 222	1 222
- property and personal insurance	419	419
- business trips	150	150
- State Fund for Rehabilitation of Disabled Persons PFRON	124	124
- rental of cars	308	308
- other	221	221
<b>Total costs by type</b>	<b>150 205</b>	<b>76 672</b>
Change in inventories, products and prepayments	-1 161	-618
General and administrative expenses (negative value)	-3 865	-3 576
<b>Costs of services sold</b>	<b>145 179</b>	<b>72 478</b>

**Note 18 – Other Operating Income**

	Period ended 30 June 2020	Period ended 30 June 2019
a) reversal of impairment (due to)	73	-
- for receivables	73	-
b) other, including:	532	118
- reimbursement of litigation cost	4	23
- compensation, fines, and penalties received	511	86
- write-down of past due liabilities	-	3
- other	17	6
<b>Total operating income</b>	<b>605</b>	<b>118</b>

**Note 19 – Other Operating Expenses**

	Period ended 30 June 2020	Period ended 30 June 2019
a) write-down	105	-
- of receivables	105	-
b) other, including:	10	17
- litigation cost	10	11
- fines, penalties and compensation paid	-	5
- other	-	1
<b>Total operating expenses</b>	<b>115</b>	<b>17</b>

**Note 20 – Financial Income**

	Period ended 30 June 2020	Period ended 30 June 2019
a) interest under loans granted	129	338
- from subsidiaries	24	151
- from jointly controlled entities	105	187
b) other interest	41	25
- from other entities	41	25
c) surplus of positive exchange rate differences	-	33
d) other, including:	250	40
- income under discounted non-current liabilities	147	-
- other	103	40
<b>Total financial income</b>	<b>420</b>	<b>436</b>

**Note 21 – Finance Costs**

	Period ended 30 June 2020	Period ended 30 June 2019
a) interest on bank loans	10	66
b) interest on loans received for:	14	97
- subsidiaries	14	97
c) other interest	306	-
- under lease	283	-
- for other entities	23	-
d) surplus of negative exchange rate differences:	78	-
d) other, under :	776	452
- commission on bank guarantees	285	140
- commission on loans	88	63

- costs under discount of financial assets	17	76
- revenues under discounted non-current liabilities	386	173
<b>Total finance costs</b>	<b>1 184</b>	<b>615</b>

**Note 22 – Effective Tax Rate**

<i>Establishment of the effective tax rate</i>	from 1 January 2020 to 30 June 2020	from 1 January 2019 to 30 June 2019
(in PLN thousands)		
Profit for the period	1 729	825
Income tax	438	327
Before tax profit	2 167	1 152
Income tax at the applicable rate of 19 %	412	219
Revenues not classified as tax revenues	-	-
Costs not constituting tax deductible expenses	26	108
Other	-	-
<b>Income tax</b>	<b>438</b>	<b>327</b>

**Note 23– Additional Disclosures to the Statement of Cash Flows**

The Company discloses restricted cash accumulated on the split payment account in the statement of financial position within the frame of cash and cash equivalents.

	As at 30 June 2020	As at 31 December 2019	As at 30 June 2019
Cash and cash equivalents, including:	18 703	21 703	4 388
Restricted cash – split payment account	908	1 018	1 197

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

	In 2020	In 2019
<b>Change in current receivables</b>	<b>-1 931</b>	<b>-17 816</b>
Receivables as at January 1	61 035	27 172
Amounts due from recipients under contracts as at January 1	15 997	5 799
Other assets as at January 1	718	795
Receivables under retained security deposits as at January 1	11	63
Receivables from non-current assets sold	-	-11
<b>Opening balance sheet after adjustments</b>	<b>77 761</b>	<b>33 818</b>
Receivables as at June 30	65 143	43 079
Amounts due from recipients under contracts as at June 30	13 582	7 852
Other assets as at June 30	436	567
Receivables under retained security deposits as at June 30	536	147

Receivables from non-current assets sold	-	-11
Receivables under settlement of forward	-5	-
<b>Closing balance sheet after adjustments</b>	<b>79 692</b>	<b>51 634</b>

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<b>Change in current liabilities except for borrowings and loans and special funds</b>	<b>-5 874</b>	<b>17 847</b>
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Trade payables as at January 1	61 168	22 723
Other liabilities as at January 1	5 782	6 107
Amounts owed to suppliers under contracts as at January 1	42 598	2 863
Liabilities under retained security deposits as at January 1	6 284	3 569
Provision for current retirement benefits	-99	-101
Provision for annual leaves	-1 295	-1 286
Provision for audit	-28	-40
Provision for current other costs	-1 549	-1550
Measurement of financial assets	-20	-
Liabilities to shareholders	-5	-5

<b>Opening balance sheet after adjustments</b>	<b>112 836</b>	<b>32 281</b>
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Trade payables as at June 30	49 546	39 214
Amounts owed to recipients under contracts as at June 30	3 616	4 761
Other liabilities as at June 30	11 316	673
Liabilities under retained security deposits as at June 30	10 551	8 243
Provision for current retirement benefits	-56	101
Provision for annual leaves	-1 246	-1 281
Provision for audit		-30
Provision for current other costs	-1 549	-1 549
Liabilities to shareholders	-5	-4

<b>Closing balance sheet after adjustments</b>	<b>106 962</b>	<b>50 128</b>
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<b>Change in other adjustments as at balance sheet date</b>	<b>272</b>	<b>1 099</b>
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Change in deferred income – advances received	-	-77
Change in security deposits hedging bank guarantee for return of advance payment	203	-120
Other	69	97

### **Note 24 – Operating segments**

Revenues from activity achieved outside Poland (Exports) in the period from January 1, 2020 to June 30, 2020 amounted to PLN 155 thousand (i.e. 0.1 % of sales revenue), in analogous period of the previous year revenues amounted to PLN 155 thousand (i.e. 0.2% of sales revenue).

Information on major customers, which share in sales revenue for the first half of 2020 exceeded 10% of total sales revenue:

- A client, who deals in the production of chemical raw materials – sales revenue PLN 97 697 thousand, representing 61 % of sales revenue, which was shown in the segment „General contracting” and „Design services and other engineering services”.
- A client who produces fertilizers – sales revenue PLN 36 613 thousand, constituting 24.0 % of sales revenue, which were shown in the segment „General contracting”.

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 is presented below.

For the period from 01.01.2020 to 30.06.2020	General contracting	Design services, and other engineering services	Rental of construction equipment	Other	Items not assigned	Total
Revenues to external clients	130 600	19 568	427	1 725	-	152 320
<b>Total segment revenues</b>	<b>130 600</b>	<b>19 568</b>	<b>427</b>	<b>1 725</b>	-	<b>152 320</b>
<b>Result of the segment</b>	<b>1 387</b>	<b>1 321</b>	<b>-139</b>	<b>-128</b>	-	<b>2 441</b>
Financial income	-	-	-	-	420	420
Finance costs	-	-	-	-	-1 184	-1 184
Net financial income					-764	-764
Profit on other operating income	-	-	-	-	490	490
Before tax profit	-	-	-	-	2 167	2 167
Income tax	-	-	-	-	438	438
<b>Net profit for the current period</b>	-	-	-	-	<b>1 729</b>	<b>1 729</b>
<b>Assets as at 30.06.2020</b>						
Segment assets (related to activity)	60 210	4 079	281	299	-	64 869
Unallocated/not assigned assets (among others shares and other financial assets)	-	-	-	-	107 729	107 729
<b>Total assets</b>	<b>60 210</b>	<b>4 079</b>	<b>281</b>	<b>299</b>	<b>107 729</b>	<b>172 598</b>
Depreciation of property, plant and equipment	196	679	46	46	725	1 692
Amortization of intangible assets	-	-	-	-	26	26
Write-down of segment assets (receivables under supplies and services)	-189	-	-3 050	-18	-	-3 257
<b>For the period of 01.01.2019 to 30.06.2019</b>						
	General contracting	Design services, and other engineering services	Rental of construction equipment	Other	Items not assigned	Total
Revenues to external clients	59 183	15 639	1 184	3 385	-	79 391
<b>Total segment revenues</b>	<b>59 183</b>	<b>15 639</b>	<b>1 184</b>	<b>3 385</b>	-	<b>79 391</b>
<b>Results of the segment</b>	<b>799</b>	<b>-101</b>	<b>284</b>	<b>248</b>	-	<b>1 230</b>
Financial income	-	-	-	-	436	436
Finance costs	-	-	-	-	-615	-615
Net financial income					-179	-179
Profit on other operating income	-	-	-	-	101	101
Before tax profit	-	-	-	-	1 152	1 152
Income tax	-	-	-	-	327	327
<b>Net profit for the current period</b>	-	-	-	-	<b>825</b>	<b>825</b>
<b>Assets as at 30.06.2018</b>						
Segment assets (related to activity)	36 984	5 388	666	131	-	43 169
Unallocated/not assigned assets (among others shares and other financial assets)	-	-	-	-	78 524	78 524
<b>Total assets</b>	<b>36 984</b>	<b>5 388</b>	<b>666</b>	<b>131</b>	<b>78 524</b>	<b>121 693</b>
Depreciation of property, plant and equipment	19	13	36	1 375	-	1 443
Amortization of intangible assets	-	-	-	-	27	27
Write-down of segment assets (receivables under supplies and services)	-226	-	-3 061	-18	-	-3 305

**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.

	01.01-30.06.2020	01.01.-30.06.2019
Poland	152 165	79 236
Other countries	155	155
<b>Total sales revenue</b>	<b>152 320</b>	<b>79 391</b>

Geographical breakdown of property, plant and equipment and intangible assets

	30.06.2020	31.12.2019
Poland	1 107	1 269
<b>Total property, plant and equipment and intangible assets</b>	<b>1 107</b>	<b>1 269</b>

**Note 25 - Profit Distribution and Loss Coverage**

Net profit of the Parent Entity Prochem S.A. for 2019 in the amount of PLN 3,697,951.01 by Resolution No. 14 of the Ordinary General Meeting of August 25, 2020 was entirely allocated to the supplementary capital

**Note 26 - Dividends**

The issuer did not pay dividends for 2019.

**Note 27- Financial Instruments and Financial Risk Management****Categories and classes of financial instruments****Financial assets**

30 June 2020

Classes of financial instruments	Note No.	Categories of financial instruments	
		Loans, receivables and other	Total
Receivables from supplies and services	8	64 332	64 332
Amounts due from recipients under contracts	14	13 582	13 582
Cash		18 703	18 703
Security deposits constituting security	6	9 584	9 584
Loans granted	6	36 214	36 214
<b>Total</b>		<b>142 415</b>	<b>142 415</b>

31 December 2019

Classes of financial instruments	Note No.	Categories of financial instruments	
		Loans, receivables and other	Total
Receivables from supplies and services	8	60 970	60 970

Amounts due from recipients under contracts	14	15 997	15 997
Cash		21 703	21 703
Security deposits constituting security	6	9 848	9 848
Loans granted	6	37 244	37 244
<b>Total</b>		<b>145 762</b>	<b>145 762</b>

### *Financial liabilities*

30 June 2020

Classes of financial instruments	Note No.	Financial liabilities measured at amortized cost	
			Total
Loans received	12	964	964
Amounts owed to recipients under contract	14	45 340	45 340
Liabilities under lease	15	12 888	12 888
Liabilities under supplies and services	13	60 862	60 862
<b>Total</b>		<b>120 055</b>	<b>120 0585</b>

31 December 2019

Classes of financial instruments	nota	Financial liabilities measured at amortized cost	
			Total
Loans received	12	950	950
Amounts owed to recipients under contract	14	42 598	42 598
Liabilities under lease	15	13 955	13 955
Liabilities under supplies and services	13	67 452	67 452
<b>Total</b>		<b>124 955</b>	<b>124 955</b>

### Impairment losses on financial assets broken down by classes of financial instruments (in PLN thousand)

Classes of financial instruments	30 June 2020	31 December 2019
Receivables from supplies and services	(3 257)	(3 230)
Other financial assets	(328)	(328)
<b>Total</b>	<b>(3 585)</b>	<b>(3 558)</b>

Write-downs of financial assets are presented in note 8.

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

Company Prochem S.A. realized in the first half of 2020 sales revenues in the amount of PLN 152 320 thousand. Clients whose sales revenue exceeded 10% of sales revenues disclosed in the profit and loss account are listed in note 24.

### *Note 28 – Collateral Granted and Received and Contingent Liabilities and Contingent Assets*

Collateral granted	As at	
	30 June 2020	31 December 2019
Bank guarantee of good performance	47 322	47 976
Guarantee of reimbursement of advance payment	1 500	7 869
Guarantee of payment	1 050	1 050
<b>Total guarantee granted</b>	<b>49 872</b>	<b>56 895</b>

Collateral received	As at	
	30 June 2020	31 December 2019
Bank guarantee of good performance	21 094	8 738
bill of exchange guarantees securing the terms of the contract	450	1 777
<b>Total contingent assets</b>	<b>21 544</b>	<b>10 515</b>

### *Note 29 – 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 a significant 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 2020 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 2020 in the Issuer's enterprise was paid:

1. remuneration to the Members of the Management Board in total amount of PLN 615 thousand,
2. remuneration to the Members of the Supervisory Board in total amount of PLN 156 thousand.

Remuneration paid to the Members of the Management Board and the Members of the Supervisory Board in the first half of 2020 on account of serving on the Management Boards and the Supervisory Boards of the companies from the Capital Group was PLN 135 thousand.

Transactions between related entities as below were concluded on market conditions and relate to sale and purchase of services, among others of construction and assembly services, and rental services, as well as loans granted mutually.

Settlements with related entities include receivables, trade payables and financial liabilities.

Guarantees and sureties granted to related entities are presented in note 28.

#### **Reporting period**

(in PLN thousands)

#### **from 1 January to 30 June 2020**

	Sale of services	Purchase of services	Financial income – interest on loans	Financial income – dividends received	Finance costs – interest on loans
subsidiaries	6	6 991*	24	-	14
Jointly-controlled entities and associated entities	1 368**	1 633	105	-	-

\* - including purchased electrical services and supplies of electrical equipment from a subsidiary Elektromontaż Kraków S.A. in the amount of PLN 6 876 thousand.

\*\* - sale of services and purchase of services in its entirety relates 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 2020**

	Trade receivables	Receivables under loans granted	Other receivables	Trade payables	Liabilities under loans granted
subsidiaries	5	18 355	-	4 098	964
Jointly-controlled entities and associated entities	540	17 859	-	8	-

**Comparative period**

(in PLN thousands)

**from 1 January to 30 June 2019**

	Sale of services	Purchase of services	Financial income – interest on loans	Financial income – dividends received	Finance costs – interest on loans
subsidiaries	7	1 415*	151	-	79
Jointly-controlled entities and associated entities	1 404**	1 546	187	-	-

\* - including purchased electrical services and supplies of electrical equipment from subsidiary Elektromontaż Kraków S. A. in the amount of PLN 1 415 thousand.

\*\* - sale of services and purchase of services in its entirety relates 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 2019**

	Trade receivables	Receivables under loans granted	Other receivables	Trade payables	Liabilities under loans granted
subsidiaries	299	18 671	-	2 246	8 547
Jointly-controlled entities and associated entities	596	19 277	-	-	-

**Note 30 - 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:

- Jarosław Stępniewski – 68,383 pcs.;
- Marek Kiersznicki – 59,474 pcs.;
- Krzysztof Marczak – 38,936 pcs.;
- Marek Garliński – 83,996 pcs.;
- Andrzej Karczykowski – 283,391 pcs.

On August 4-5, 2020, the Vice-President of the Management Board, Mr. Krzysztof Marczak, purchased 2,028 shares of Prochem S.A. Before the transaction, Mr. Marczak had 36,908 pcs of shares.

The nominal value of 1 share is PLN 1.

***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***

Not applicable

***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***

The results of the subsequent quarters will mainly depend on the Issuer's possibility to acquire new contracts for the sale of Issuer's services. Big impact on the Issuer's performance will have commercialization of the office center Astrum Biznes Park in Warsaw.

***Note 31 – Approval of the Financial Statements***

Interim condensed separate financial statements hereby of the company Prochem S.A. for the period from 1 January 2020 to 30 June 2020 were approved for issue by the Management Board of Prochem S.A. on September 25, 2020.

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

25.09.2020	Jarosław Stępniewski	President of the Management Board	..... signature
date	name and surname	position	

25.09.2020	Marek Kiersznicki	Vice President of the Management Board	..... signature
date	name and surname	position	

25.09.2020	Krzysztof Marczak	Vice President of the Management Board	..... signature
date	name and surname	position	

**Signature of person responsible for bookkeeping**

25.09.2020	Barbara Auguścińska-Sawicka	Chief Accountant	..... signature
date	name and surname	position	