

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

**as at and for the period of six months ended June 30, 2021**

**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 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 2021 - 4.5472 PLN/EUR
- for the first half of 2020 - 4.4413 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 statement, which as at balance sheet date amounted to:

- 4.5208 PLN/EUR as at 30 June 2021
- 4.6148 PLN/EUR as at 31 December 2020

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

Description	Reporting period ended 30 June		Reporting period ended 30 June	
	2021	2020	2021	2020
	In PLN thousands		In EURO thousands	
<i>Separate statement of profit and loss</i>				
Revenues from sale	83 235	152 320	18 305	34 297
Gross profit on sales	7 189	6 306	1 581	1 420
Results from operating activities	3 839	2 931	844	660
Before tax profit	3 339	2 167	734	488
Profit for the period :	2 645	1 729	582	389
Profit/diluted profit (in PLN/EUR) per one ordinary share	0.90	0.59	0.20	0.13
<i>Separate statement of cash flows</i>				
Net cash provided by (used in) operating activities	-2 706	-2 317	-595	-522
Net cash provided by (used in) investing activities	15 420	1 065	3 391	240
Net cash provided by (used in) financing activities	-1 812	-1 748	-398	-394
Total cash flows, net	10 902	-3 000	2 398	-675
	As at		As at	
Description	30 June 2021.	31 December 2020	30 June 2021	31 December 2020
	In PLN thousands		In EURO thousands	
<i>Statement of financial position</i>				
Total assets	137 431	166 831	30 400	36 151
Total non-current assets	45 394	63 020	10 041	13 656
Total current assets	92 037	103 811	20 359	22 495
Total equity	59 135	56 490	13 081	12 241
Total non-current liabilities	19 327	26 243	4 275	5 687
Total current liabilities	58 969	84 098	13 044	18 224
Book value per one ordinary share (in PLN/EUR)	20.15	19.25	4.46	4.31
Weighted average number of shares (in pcs.)	2 935 000	2 935 000	2 935 000	2 935 000

## **Statement of the Management Board**

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

The Management Board of Prochem S.A. declares that interim condensed separate financial statements of Prochem S.A. and 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, 2021 and as of December 31, 2020, and results of its operations and cash flows for the period of 6 months ended June 30, 2021 and June 30, 2020.

Vice President  
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 2021**

**Separate statement of financial position as at 30 June 2021**

(all amounts in PLN thousands if not stated otherwise)

	Note No.	As at 30 June 2021	As at 31 December 2020
<b>A s s e t s</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1	1 281	1 150
Intangible assets		68	40
Right-of-use assets	2	10 474	11 910
Shares	3	5 614	8 478
Shares in equity accounted investees	4	4 502	4 502
Deferred tax assets	5	1 280	1 323
Receivables under retained security deposits		61	883
Other financial assets	6	22 114	34 734
<b>Total non-current assets</b>		<b>45 394</b>	<b>63 020</b>
<b>Current assets</b>			
Inventories	7	53	3 594
Trade and other receivables	8	35 786	61 232
Receivables under current income tax		437	756
Amounts due from recipients under agreements	15	14 602	7 019
Other financial assets	9	8 640	9 669
Other assets	10	763	687
Cash and cash equivalents		31 756	20 854
<b>Total current assets</b>		<b>92 037</b>	<b>103 811</b>
<b>Total assets</b>		<b>137 431</b>	<b>166 831</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	2 935	2 935
Revaluation reserve		-449	-449
Retained earnings	12	56 649	54 004
<b>Total equity</b>		<b>59 135</b>	<b>56 490</b>
<b>Non-current liabilities</b>			
Non-current loans	13	964	950
Provisions for retirement and similar benefits		713	713
Non-current liabilities under retained security deposits	14	9 893	15 359
Liabilities under lease	16	7 757	9 221
<b>Total non-current liabilities</b>		<b>19 327</b>	<b>26 243</b>
<b>Current liabilities</b>			
Trade payables	14	34 706	55 481
Amounts owed to customers under agreements	15	16 184	20 486
Liabilities under lease	16	3 036	2 946
Other liabilities	17	5 043	5 185
<b>Total current liabilities</b>		<b>58 969</b>	<b>84 098</b>
<b>Total liabilities</b>		<b>78 296</b>	<b>110 341</b>
<b>Total equity and liabilities</b>		<b>137 431</b>	<b>166 831</b>

*Interim condensed separate financial statements of PROCHEM S.A. as at and for the period of 6 months ended 30 June 2021*

**Separate statement of profit and loss  
from 1 January 2021 to 30 June 2021**

(all amounts in PLN thousands if not stated otherwise)

	Note No.	Period ended 30 June 2021	Period ended 30 June 2020
Revenues from sale, including :		83 235	152 320
Revenues from sale of services	18	82 650	151 449
Revenues from sale of goods and materials		585	871
Cost of sales, including :		-76 046	-146 014
Cost of services sold	19	-75 517	-145 179
Cost of merchandise and raw materials		-529	-835
<b>Gross profit on sales</b>		<b>7 189</b>	<b>6 306</b>
General and administrative expenses	19	-4 548	-3 865
Other operating income	20	1 198	605
Other operating expenses	21	0	-115
<b>Result from operating activities</b>		<b>3 839</b>	<b>2 931</b>
Financial income	22	245	420
Profit from liquidation of subsidiary		120	-
Finance expenses	23	-865	-1 184
<b>Before tax profit</b>		<b>3 339</b>	<b>2 167</b>
Income tax expense :	24	694	438
- current tax		651	1 208
- deferred tax		43	-770
<b>Profit for the period</b>		<b>2 645</b>	<b>1 729</b>
Weighted average number of ordinary shares (in pcs.)		2 935 000	2 935 000
Profit (loss) per one share (in PLN per one share)		0.90	0.59

**Separate statement of comprehensive income**

	Period ended 30 June 2021	Period ended 30 June 2020
<b>Profit for the period</b>	<b>2 645</b>	<b>1 729</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 or loss:</i>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>2 645</b>	<b>1 729</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)	0.90	0.59

### 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 2021 to 30 June 2021</b>				
As at the beginning of the period	2 935	-449	54 004	56 490
Net profit (loss) of the given period			2 645	2 645
<i>Other comprehensive income (net)</i>		-	-	-
<b>Total comprehensive income</b>	-	-	2 645	2 645
As at the end of the period	2 935	-449	56 649	59 135

	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	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
As at the end of the period	2 935	-390	45 657	48 202

### Separate statement of cash flows for the period from 1 January 2021 to 30 June 2021

(all amounts in PLN thousands if not stated otherwise)

	Period ended 30 June 2021	Period ended 30 June 2020
<b>Cash flows – operating activities</b>		
Before tax profit	3 339	2 167
Total adjustments	-5 712	-3 310
Amortisation and depreciation	1 839	1 718
Interest and profit sharing (dividends)	95	236
(Profit) loss on disposal of property, plant and equipment	-120	-
Change in provisions	235	-120
Change in inventories	3 541	2 389
Change in receivables and other assets	18 609	-1 931
Change in current liabilities, except for loans and borrowings	-30 927	-5 874
Other adjustments (including deferred income)	1 016	272
<b>Cash provided by (used in) operating activities</b>	<b>-2 373</b>	<b>-1 143</b>
Income tax paid	333	1 174
<b>Net cash provided by (used in) operating activities</b>	<b>-2 706</b>	<b>-2 317</b>
<b>Cash flows – investing activities</b>		

*Interim condensed separate financial statements of PROCHEM S.A. as at and for the period of 6 months ended 30 June 2021*

<b>Inflows</b>	<b>16 871</b>	<b>1 160</b>
Proceeds from financial assets	16 871	1 160
- in related entities	16 871	1 160
division of capital in a liquidated subsidiary	4 006	-
Repayment of loans granted along with interest	12 865	1 160
<b>Outflows</b>	<b>-1 451</b>	<b>-95</b>
Acquisition of intangible assets and property, plant and equipment	-429	-95
Expenditure on financial assets	-1 022	-
- in related entities	-1 022	-
Acquisition of shares in subsidiary	-1 022	-
<b>Net cash provided by (used in) investing activities</b>	<b>15 420</b>	<b>1 065</b>
<hr/>		
<b>Cash flows – financing activities</b>		
<b>Inflows</b>	<b>-</b>	<b>5</b>
Other financial inflows	-	5
<b>Outflows</b>	<b>-1 812</b>	<b>-1 753</b>
Payment of liabilities under operating lease IFRS 16	-1 787	-1 648
Interest and commission paid	-25	-105
<b>Net cash provided by (used in) financing activities</b>	<b>-1 812</b>	<b>-1 748</b>
<hr/>		
Total cash flows	10 902	-3 000
Increase/(decrease) in net cash and cash equivalents	10 902	-3 000
<b>Cash and cash equivalents at the beginning of the period</b>	<b>20 854</b>	<b>21 703</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>31 756</b>	<b>18 703</b>
<hr/>		
<b>Including restricted cash</b>	<b>962</b>	<b>908</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 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 hereby of financial statements the Supervisory Board 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

In the first half of 2021, there was a change in the position of the President of the Management Board of the Company.

President of the Management Board, Mr. Jarosław Stępniewski, resigned from membership in the Management Board of the Company as of June 23, 2021. By a resolution of the Supervisory Board on May 26, 2021, was appointed the Management Board for the next term of office, composed of:

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

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 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
- Wiesław Kiepiel
- Jarosław Stępniewski

In the first half of 2021, there was a change in the composition of the Company's Supervisory Board. Mr. Krzysztof Obłój resigned from the position of a member of the Supervisory Board of Prochem S.A. as of June 23, 2021. Ordinary General Meeting of Shareholders of PROCHEM S.A. By Resolution No. 19 of June 24, 2021, elected Mr. Jarosław Stępniewski as a member of the Supervisory Board of the 11th joint term of office.

## **1.2. Employment**

Average employment in the first half of 2021 was 204 FTEs, and in the first half of 2020 203 FTEs. Level of employment in persons as at 30 June 2021 was 208 persons, and as at 31 December 2020 202 persons.

## **2. Adopted accounting principles**

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

Interim condensed financial statements of PROCHEM S.A. for the first half of 2021 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 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 2020.

The presented financial statements of Prochem S.A. presents fairly and clearly the financial and property situation as at June 30, 2021 and the comparative data as at December 31, 2020, as well as the results of this activity for the year ended June 30, 2021 and the comparative data for the year ended June 30, 2020. The condensed separate financial statements for the period from January 1 to June 30, 2021 and as at June 30, 2021 were subject to review by a certified auditor.

Financial statements of Prochem S.A. as at 30 June 2021 were prepared at assuming to continue business operations as a going concern in the foreseeable future.

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.

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, 2021 and during 2021. Amendments to:

*Interim condensed separate financial statements of PROCHEM S.A. as at and for the period of 6 months ended 30 June 2021*

- IFRS 4 "Insurance Contracts" - deferred application - IFRS 9 "Financial Instruments";
- IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - IBOR reform;
- IFRS 16 "Leases" - simplification of changes resulting from contracts of lease in connection with COVID-19.

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 the Group's accounting policy and the consolidated financial statements.

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

- Amendments to IFRS 3 Business Combinations - Update of References to the Conceptual Framework;
- Amendments to IAS 16 "Property, plant and equipment" - revenues from products produced in the period of preparation of property, plant and equipment for the commencement of operation;
- Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" - explanations on costs recognized in the analysis of whether the contract is a contract that is onerous;
- Annual Amendments Program 2018-2020 - the amendments contain clarifications and clarify the guidelines of recognition and measurement standards: IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 9 "Financial Instruments", IAS 41 "Agriculture" and to illustrative examples to IFRS 16 "Leases";
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17;
- Amendments to IAS 1 Presentation of financial statements - classification of liabilities as short-term or long-term;
- Amendments to IAS 1 "Presentation of Financial Statements" and guidelines of the IFRS Board regarding disclosures about accounting policies in practice - the requirement to disclose material information about accounting principles;
- Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" - definition of accounting estimates;
- Amendments to IAS 12 "Income Tax" - deferred tax relating to assets and liabilities resulting from a single transaction

Companies of the Capital Group of 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.

*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 2020.

### ***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).

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

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

## 2. Explanatory Notes to separate financial statements as at and for the period of six months ended 30 June 2021

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

	As at 30 June 2021	As at 31 December 2020
Property, plant and equipment, including:	1 281	1 150
- machinery and equipment	865	672
- other PPE	416	478
<b>Total property, plant and equipment</b>	<b>1 281</b>	<b>1 150</b>
	As at 30 June 2021	As at 31 December 2020
<b>PPE – ownership structure</b>	<b>.</b>	<b>.</b>
a) own	1 281	1 150
<b>Total carrying value of property, plant and equipment</b>	<b>1 281</b>	<b>1 150</b>
	Change in PPE from January 2021 to 30 June 2021	Change in PPE from January 2020 to 31 December 2020
<b>Gross value</b>		
<b>As at opening balance sheet</b>	<b>6 325</b>	<b>5 932</b>
Increase (due to)	384	424
- acquisition of non-current assets	384	424
Decrease (due to)	-99	-31
- liquidation of non-current assets	-99	-31
<b>As at closing balance sheet</b>	<b>6 610</b>	<b>6 325</b>
<b>Depreciation and impairment</b>		
<b>As at opening balance sheet – accumulated depreciation</b>	<b>5 175</b>	<b>4 752</b>
Depreciation for the period (due to)	154	423
- increase (accrued depreciation)	254	452
- decrease under liquidation of non-current assets	-100	-29
<b>As at closing balance sheet- accumulated depreciation</b>	<b>5 329</b>	<b>5 175</b>
<b>Impairment of non-current assets</b>	<b>.</b>	<b>.</b>
<b>PPE net value as at closing balance sheet</b>	<b>1 281</b>	<b>1 150</b>

### *Note 2 – The Right-of-Use Assets*

For the period from 1 January 2021 to 30 June 2021	Buildings and constructions	Machinery and equipment	Vehicles	Total
<b>Gross value</b>				
<b>As at opening balance sheet</b>	<b>13 632</b>	<b>337</b>	<b>3 604</b>	<b>17 573</b>
- increase in gross value - conclusion of new contracts	-	-	61	61
- increase in gross value - updating the value of concluded contracts	-	-	65	65

*Interim condensed separate financial statements of PROCHEM S.A. as at and for the period of 6 months ended 30 June 2021*

- decrease in gross value - end of an agreement	-	-	-	-
<b>As at closing balance sheet</b>	<b>13 632</b>	<b>337</b>	<b>3 730</b>	<b>17 699</b>
<b>Depreciation and impairment</b>				
As at opening balance sheet	4 253	188	1 222	5 663
- depreciation accrued	1 042	47	473	1 562
- decrease - end of an agreement	-	-	-	-
<b>Total accumulated depreciation as at closing balance sheet</b>	<b>5 295</b>	<b>235</b>	<b>1 695</b>	<b>7 225</b>
<b>Book value as at opening balance sheet 01.01.2021</b>	<b>9 379</b>	<b>149</b>	<b>2 382</b>	<b>11 910</b>
<b>Book value net as at closing balance sheet 30.06.2021</b>				
Gross book value	13 632	337	3 730	17 699
Accumulated depreciation	5 295	235	1 695	7 225
Write-downs	-	-	-	-
<b>Total net value as at 30 June 2021</b>	<b>8 337</b>	<b>102</b>	<b>2 035</b>	<b>10 474</b>

*Comparative data*

<b>For the period from 1 January 2020 to 31 December 2020</b>	<b>Buildings and constructions</b>	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Total</b>
<b>Gross value</b>				
<b>As at opening balance sheet</b>	<b>13 632</b>	<b>337</b>	<b>2 635</b>	<b>16 604</b>
Increase in gross value - conclusion of new contracts	-	-	1 039	1 039
Decrease in gross value - end of an agreement	-	-	-70	-70
<b>Total, gross value closing balance sheet</b>	<b>13 632</b>	<b>337</b>	<b>3 604</b>	<b>17 573</b>
<b>Depreciation</b>				
As at opening balance sheet	2 169	94	466	2 729
Accrued depreciation	2 084	94	821	2 999
decrease - end of an agreement	-	-	-65	-65
<b>Total accumulated depreciation closing balance sheet</b>	<b>4 253</b>	<b>188</b>	<b>1 222</b>	<b>5 663</b>
<b>Book value net as at opening balance sheet- 0 1.01.2020</b>	<b>11 463</b>	<b>243</b>	<b>2 169</b>	<b>13 875</b>
<b>Book value net as at closing balance sheet – 31.12.2020</b>				
Gross book value	13 632	337	3 604	17 573
Accumulated depreciation	4 253	188	1 222	5 663
Write-downs	-	-	-	-
<b>Total net value as at 31 December 2020</b>	<b>9 379</b>	<b>149</b>	<b>2 382</b>	<b>11 910</b>

*Note 3 – Shares in Subsidiaries*

<b>Shares in subsidiaries</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
a) in subsidiaries	5 614	8 478
<b>Shares, net value</b>	<b>5 614</b>	<b>8 478</b>
write-downs of financial non-current assets	359	1 523
<b>Shares, gross value</b>	<b>5 973</b>	<b>10 001</b>

*Interim condensed separate financial statements of PROCHEM S.A. as at and for the period of 6 months ended 30 June 2021*

<b>Change in shares in subsidiaries and in other entities</b>	<b>As at 30 June 2021</b>	<b>As at 31 December 2020</b>
a) as at the beginning of the period	8 478	8 478
- shares at cost	8 478	-
b) increase	2 186	-
- acquisition of subsidiary	1 022	-
- resolving of write-downs of shares of subsidiary liquidated	1 164	-
b) decrease	5 050	-
- liquidation of subsidiary	5 050	-
<b>As at the end of the period</b>	<b>5 614</b>	<b>8 478</b>

<b>Change in write-downs of shares in subsidiaries</b>	<b>As at 30 June 2021</b>	<b>As at 31 December 2020</b>
As at the beginning of the period	1 523	1 523
Resolving of write-down of shares- liquidation of subsidiary	-1 164	-
As at the end of the period	359	1 523

As at June 30, 2021 the Company carried out an analysis that did not show any impairment for shares.

On February 4, 2021, on the basis of a share sale agreement, the company Prochem S.A. purchased 20,234 series A registered shares of Elektromontaż Kraków S.A. based in Kraków, with a nominal value of PLN 5 each. The parties agreed purchase price of shares at PLN 50 per share, the total purchase price was PLN 1,021,939. Before the transaction, the company Prochem S.A. had a direct and indirect share in the voting right in the amount of 85.4%, and after the transaction, the share in the voting right is 93.8%.

On April 8, 2021, by the decision of the District Court for Kraków-Śródmieście in Kraków, IX Commercial Division of the National Court Register was liquidated and removed from the National Court Register, indirect subsidiary Elmont Inwestycje sp.z o.o..

**Note 4 – Shares in Jointly-controlled Entities and in Associated Entities**

<b>Shares in jointly-controlled entities and in associated entities</b>	<b>As at 30 June 2021</b>	<b>As at 31 December 2020</b>
- Shares – net value	4 502	4 502
- write-downs of shares	708	708
<b>Shares, gross value</b>	<b>5 210</b>	<b>5 210</b>

<b>Change in shares in jointly-controlled entities and in associated entities</b>	<b>As at 30 June 2021</b>	<b>As at 31 December 2020</b>
a) as at the beginning of the period	4 502	4 502
- shares at cost	4 502	4 502
b) at the end of the period, net	4 502	4 502
c) write-down	708	708
d) as at the end of the period gross	5 210	5 210

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

Changes in provision and deferred tax assets for the first half of 2021 are presented in the table below – deferred tax assets

<b>Deferred tax assets</b>	<b>As at 30 June 2021</b>	<b>As at 31 December 2020</b>
As at the beginning of the period	3 865	5 744
Increase	3 660	3 415
Decrease	-3 320	-5 294
<b>As at the end of the period</b>	<b>4 205</b>	<b>3 865</b>
<b>Provision to deferred income tax</b>	<b>As at 30 June 2021</b>	<b>As at 31 December 2020</b>
As at the beginning of the period	2 542	4 979
Increase	2 654	2 184
Decrease	-2 271	-4 621
<b>As at the end of the period</b>	<b>2 925</b>	<b>2 542</b>
<b>Presentation in statement of financial position</b>	<b>As at 30 June 2021</b>	<b>As at 31 December 2020</b>
Deferred tax assets	4 205	3 865
Provision under deferred income tax	-2 925	-2 542
<b>Deferred tax assets/(Provision)</b>	<b>1 280</b>	<b>1 323</b>

**Note 6 – Other Financial Assets**

<b>Other financial assets</b>	<b>As at 30 June 2021</b>	<b>As at 31 December 2020</b>
b) from subsidiaries indirectly and directly :	5 000	17 651
- loans granted	5 000	17 651
c) from associated entities and jointly-controlled entities:	17 114	17 083
- loans granted	17 114	17 083
<b>Total other non-current financial assets</b>	<b>22 114</b>	<b>34 734</b>

**Loans granted – as at 30 June 2021**

- Loans granted to jointly-controlled company Irydion Sp. z o.o. seated in Warsaw:
  - in the amount of PLN 11 069 thousand, including: amount of the loan PLN 11 000 thousand, accrued interest PLN 69 thousand. The interest is set annually according to WIBOR 6M rate, the repayment date of the loan with interest September 22, 2031;
  - in the amount of PLN 6 045 thousand, including: amount of the loan PLN 6 000 thousand, accrued interest PLN 45 thousand. Interest is set annually at 3% per year, the repayment date of the loan with interest was set on 22 September 2031;
- Loan granted to subsidiary Prochem Inwestycje Sp. z o.o.:
  - in the amount of PLN 5 000 thousand, including: amount of the loans PLN 5 000 thousand. The interest rate is set annually according to WIBOR 6M rate effective at the end of every calendar year, the repayment date of the loan with interest was set on 31 December 2023.

**Increase:**

- Accrued interest on loans granted to the jointly-controlled company Irydion Sp. z o.o. in the amount of PLN 226 thousand,
- Accrued interest on loans granted to subsidiary Prochem Inwestycje Sp. z o.o.– PLN 19 thousand,

**Decrease:**

- repayment of loans incurred by subsidiary Prochem Inwestycje Sp. z o.o. in the amount of PLN 11 500 thousand.
- Repayment of interest on loans by subsidiary Prochem inwestycje Sp. z o.o. in the amount of PLN 1 170 thousand.
- Repayment of interest on loans by joint-controlled company Irydion Sp. z o.o. in the amount of PLN 195 thousand.

**Loans granted - as at 31 December 2020**

- Loans granted to jointly-controlled company Irydion Sp. z o.o. seated in Warsaw:
  - in the amount of PLN 11 083 thousand, including: amount of the loan PLN 11 000 thousand, accrued interest PLN 83 thousand. The interest rate is set annually according to WIBOR 6M rate, the repayment date of the loan with interest was set on 22 September 2031;
  - in the amount of PLN 6 000 thousand, including: amount of the loan PLN 6 000 thousand. Interest is set annually at 3% per year, the repayment date of the loan with interest was set on 22 September 2031;
- Loans granted to subsidiary Prochem Inwestycje Sp. z o.o.:
  - in the amount of PLN 2 501 thousand, including: amount of the loan PLN 2 500 thousand, accrued interest PLN 1 thousand. The interest rate is set annually according to WIBOR 6M rate effective at the end of every calendar year, the repayment date of the loan with interest was set on 31 December 2023;
  - in the amount of PLN 15 150 thousand, including: amount of the loan PLN 14 000 thousand, accrued interest PLN 1 150 thousand. The interest rate is set annually according to WIBOR 6M rate effective at the end of every calendar year, the repayment date of the loan with interest was set on 31 December 2023.

**Note 7– Inventories**

<b>Inventories</b>	<b>As at 30 June 2021</b>	<b>As at 31 December 2020</b>
Materials	53	3 594
<b>Total inventories</b>	<b>53</b>	<b>3 594</b>
Write-downs of inventories	557	557

**Note 8 – Trade and Other Receivables**

<b>Trade and other receivables</b>	<b>As at 30 June 2021</b>	<b>As at 31 December 2020</b>
Trade receivables	38 639	63 040
Write-down of trade receivables	2 859	2 889
<b>Trade receivables net, including</b>	<b>35 780</b>	<b>60 151</b>
- with repayment period up to 12 months	35 778	60 102
- with repayment period over 12 months	2	49
<b>Receivables under taxes, subsidies, custom duties, social and health insurance and other benefits</b>	<b>-</b>	<b>1 067</b>

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Other receivables	6	14
Write-down of other receivables	-	-
<b>Other receivables, net</b>	<b>6</b>	<b>14</b>
<b>Total receivables</b>	<b>35 786</b>	<b>61 232</b>

<b>Trade and other receivables from related entities</b>	<b>As at 30 June 2021</b>	<b>As at 31 December 2020</b>
Trade receivables, including:	55	105
- from subsidiaries	2	29
- from jointly-controlled entities and associated entities	53	76
Trade and other receivables from related entities net, total	<b>55</b>	<b>105</b>
Write-downs of receivables from related entities	-	-
<b>Trade and other receivables from related entities gross, total</b>	<b>55</b>	<b>105</b>

<b>Change in write-downs of trade and other receivables</b>	<b>As at 30 June 2021</b>	<b>As at 31 December 2020</b>
<b>As at the beginning of the period</b>	<b>2 889</b>	<b>3 230</b>
a) increase (under)	-	118
- provision to trade receivables	-	118
b) decrease (due to)	30	459
- payments received	30	220
- use of reserves created in previous periods	-	239
<b>Write-downs of current trade and other receivables at the end of the period</b>	<b>2 859</b>	<b>2 889</b>

As at 30 June 2021 and as at 31 December 2020 trade receivables include current security deposits under statutory warranty granted for construction and assembly works, respectively for the amounts of PLN 8 910 thousand and PLN 15 395 thousand.

**Note 9 – Other Financial Assets**

<b>Other financial assets</b>	<b>As at 30 June 2021</b>	<b>As at 31 December 2020</b>
a) from other assets :	8 640	9 669
- other financial assets – security deposits constituting hedge for a guarantee granted by banks	8 640	9 669
<b>Total other financial assets</b>	<b>8 640</b>	<b>9 669</b>
Write-downs of other financial assets	139	139
<b>Other financial assets gross</b>	<b>8 779</b>	<b>9 808</b>

**Note 10 – Other Assets**

<b>Other assets by type :</b>	<b>As at 30 June 2021</b>	<b>As at 31 December 2020</b>
a) prepayments	763	687
- cost of property and personnel insurance	196	180
- software maintenance costs	358	500
- subscriptions	6	2
- deferred costs	203	5
<b>Total other assets</b>	<b>763</b>	<b>687</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	3 votes per 1 share	580	580	Cash	23-07-1991	01-10-1991
Founding	inscribed	-	6 816	6 816	Cash	23-07-1991	01-10-1991
Founding	bearer	-	1 810 104	1 810 104	Cash	23-07-1991	01-10-1991
B	inscribed	-	750	750	Cash	29-07-1993	01-01-1993
B	bearer	-	681 750	681 750	Cash	29-07-1993	01-01-1993
C	bearer	-	435 000	435 000	Cash	20-04-1994	01-01-1994
<b>Total number of shares</b>			<b>2 935 000</b>				
<b>Total share capital</b>				<b>2 935 000</b>			
<b>Nominal value of 1 share = PLN 1.00</b>							

Total number of votes from all shares is 2 936 160.

Acting pursuant to resolutions No. 20 and 21 of the Ordinary General Meeting of June 24, 2021, the Management Board of Prochem S.A. on August 5, 2021, announced an invitation to submit sales offers for shares in Prochem S.A. The subject of this announcement was the purchase by the Company of no more than 580,000 shares of Prochem S.A. with a nominal value of PLN 1 each, issued by the company, dematerialized and registered by the National Depository for Securities S.A. in Warsaw ("KDPW") at the price of PLN 26 per share. The purchase of the Company's shares was settled on August 25, 2021

As at the date of publication of hereby financial statements, the Parent Company purchased 580,000 own shares for redemption, after the redemption the number of shares remaining in trade will be 2 355 000 pcs.

**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	975 250	975 250	33.21	33.22
2. Otwarty Fundusz Emerytalny PZU „Złota Jesień”.	284 900	284 900	9.70	9.71

Changing the rights from shares of Prochem S.A. in 2021.

On August 27, 2021, the Management Board of PROCHEM S.A. with its seat in Warsaw (hereinafter referred to as the "Issuer", "Company") received information from Mr. Andrzej Karczykowski about the reduction of his share in the share capital of Prochem and in the total number of votes in Prochem, respectively to the level of approx. 3.81% and approx. 3, 80% as a result of a share sale transaction for the redemption of 171,699 shares. As a result, Mr. Andrzej Karczykowski decreased his share in the capital by 5.85% and by 5.85% in the total number of votes. Before the transaction, the share in the capital and voting rights amounted to 9.66%.

On August 31, 2021, the Management Board of PROCHEM S.A. with its seat in Warsaw (hereinafter referred to as the "Issuer", "Company") received information from APUS S.A. based in Warsaw and a

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related entity - Jean-Jacques Alphandery based in Switzerland - about the reduction of his share in the share capital of Prochem and in the total number of votes in Prochem, respectively to the level of approx. 4.97% and approx. 4.97% as a result of sale of shares for redemption in the amount of 224,381 shares. As a result, APUS S.A. decreased its share in the capital by 7.65% and by 7.65% in the total number of votes. Before the transaction, the share in the capital and voting rights amounted to 10.62%.

**Note 12 - Retained earnings**

	As at 30 June 2021	As at 31 December 2020
Spare capital	29 571	19 495
Other reserve capitals	24 433	24 433
Profit for the period	2 645	10 076
<b>Total</b>	<b>56 649</b>	<b>54 004</b>

**Note 13 – Non-current Loans**

Non-current loans	As at 30 June 2021	As at 31 December 2020
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 2021**

- 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 PLN 14 thousand. The interest rate is set annually at rate of 3% annually. Repayment date was set on 31 December 2023.

**Increase:**

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

**Loans received – as at 31 December 2020**

- 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 rate of 3% annually. Repayment date was set on 31 December 2023.

**Note 14- Trade Payables**

	As at 30 June 2021	As at 31 December 2020
a) to subsidiaries	1 294	1 921
- under supplies and services, with maturity period:	1 294	1 921
- up to 12 months	1 294	1 921
b) to associated entities and jointly-controlled entities	-	1
- under supplies and services, with maturity period:	-	1
- up to 12 months	-	1
c) to other entities	33 412	53 559

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- under supplies and services, with maturity period:	33 412	53 559
- up to 12 months	33 412	53 559
<b>Total trade payables</b>	<b>34 706</b>	<b>55 481</b>
<b>Non-current liabilities - under security deposits seized with maturity period above 12 months</b>	<b>9 893</b>	<b>15 359</b>
<b>Total trade payables</b>	<b>44 599</b>	<b>70 840</b>

*Note 15 – Settlements under non-current agreements*

	As at 30 June 2021	As at 31 December 2020
- amounts due from recipients under agreements	14 602	7 019
<b>Amounts due from recipients under non-current agreements</b>	<b>14 602</b>	<b>7 019</b>

	As at 30 June 2021	As at 31 December 2020
Amounts owed to recipients under agreements, including:	16 184	20 486
a) current	16 184	20 486
b) non-current	-	-
<b>Amounts owed to recipients under non-current agreements</b>	<b>16 184</b>	<b>20 486</b>

Description	As at 30 June 2021	As at 31 December 2020
Revenues according to agreements	810 005	759 264
Revenues invoiced	642 780	566 524
Liabilities planned under the implementation of agreements	743 425	694 135
Realized liabilities under contracts	611 606	539 179
Amounts due from recipients	14 602	7 019
Amounts owed to recipients	16 184	20 486

*Note 16 – Liabilities under Lease*

	As at 30 June 2021	As at 31 December 2020
- liabilities under finance lease		
- liabilities under right-of-use	10 793	12 167
<b>Liabilities under lease, total</b>	<b>10 793</b>	<b>12 167</b>
<b>Including current liabilities</b>	<b>3 036</b>	<b>2 946</b>

*Note 17 – Other liabilities*

	As at 30 June 2021	As at 31 December 2020
a) to other entities	1 530	779
- under taxes, duties, insurance and other charges	1 514	729
- other (by type)	16	50
liabilities to employees	11	1
liabilities to shareholders	5	5

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other	-	44
b) other current provisions	3 513	4 406
- provisions for losses on contracts	119	1 660
- provisions for future costs	1 817	1 136
- cost of audit	30	26
- current provision to retirement benefits	104	129
- provision for unused leaves	1 443	1 455
<b>Total other liabilities</b>	<b>5 043</b>	<b>5 185</b>

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

Revenues from sale of services (type of service and type of activity)	Period ended 30 June 2021	Period ended 30 June 2020
- revenues from sale of services, including:	<b>82 650</b>	<b>151 449</b>
- from related entities	1 065	1 374

Revenues from sale of services (territorial structure)	Period ended 30 June 2021	Period ended 30 June 2020
Domestic market	82 650	151 294
- from related entities	1 065	1 374
Exports	-	155

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 2021, is included in note 26 – operating segments.

**Note 19 – Cost of Services Sold**

Cost by type	Period ended 30 June 2021	Period ended 30 June 2020
a) amortization and depreciation	1 839	1 718
b) consumption of materials and energy	454	396
c) outsourcing	62 943	133 233
d) taxes and levies	28	44
e) remuneration	12 542	11 737
f) social security and other benefits	2 618	2 243
g) other costs by type	797	834
- property and personal insurance	283	296
- business trips	38	96
- State Fund for Rehabilitation of Disabled Persons PFRON	161	146
- rental of cars	131	151
- other	184	145
<b>Total costs by type</b>	<b>81 221</b>	<b>150 205</b>
Change in inventories, products and prepayments	-1 156	-1 161
General and administrative expenses (negative value)	-4 548	-3 865

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<b>Cost of services sold</b>	<b>75 517</b>	<b>145 179</b>
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**Note 20 – Other Operating Income**

	<b>Period ended 30 June 2021</b>	<b>Period ended 30 June 2020</b>
a) reversal of impairment allowance (under)	30	73
- for receivables	30	73
b) other, including:	1 168	532
- return of litigation cost	11	4
- paid fines, penalties and compensation	1 151	511
- other	6	17
<b>Total operating income</b>	<b>1 198</b>	<b>605</b>

**Note 21 – Other Operating Expenses**

	<b>Period ended 30 June 2021</b>	<b>Period ended 30 June 2020</b>
b) write-down	-	105
- of receivables	-	105
c) other, including:	-	10
- litigation costs	-	10
<b>Total other operating expenses</b>	<b>-</b>	<b>115</b>

**Note 22 – Financial Income**

	<b>Period ended 30 June 2021</b>	<b>Period ended 30 June 2020</b>
a) interest under loans granted	245	129
- from subsidiaries	19	24
- from jointly-controlled entities	226	105
b) other interest	-	41
- from other entities	-	41
c) other, including:	-	250
- revenues under discounted non-current liabilities	-	147
- other	-	103
<b>Total financial income</b>	<b>245</b>	<b>420</b>

**Note 23 – Finance Costs**

	<b>Period ended 30 June 2021</b>	<b>Period ended 30 June 2020</b>
a) interest on bank loans	15	10
b) interest on borrowings from:	14	14
- for subsidiaries	14	14
c) other interest	286	306
- for other entities	-	23
- under lease	286	283
d) surplus of negative exchange rate differences	172	78

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e) other, under :	378	776
- commission on bank guarantees	353	285
- commission on loans	25	88
- costs under discount of financial assets	-	17
- costs under discounted non-current liabilities	-	386
<b>Total finance costs</b>	<b>865</b>	<b>1 184</b>

**Note 24 – Income Tax**

**Establishment of the effective tax rate**

	<b>Period ended 30 June 2021</b>	<b>Period ended 30 June 2020</b>
(in PLN thousand)		
Profit for the period	2 645	1 729
Income tax	694	438
Before tax profit	3 339	2 167
Income tax at the applicable rate of 19 %	634	412
Revenues not classified as tax revenues	-29	-
Costs not constituting tax deductible expenses	89	26
Other	-	-
<b>Income tax</b>	<b>694</b>	<b>438</b>

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

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):

	<b>In 2021</b>	<b>In 2020</b>
<b>Change in current receivables</b>	<b>18 609</b>	<b>-1 931</b>
Receivables as at 1 January	61 232	61 035
Amounts due from recipients under contracts as at 1 January	7 019	15 997
Other assets as at 1 January	687	718
Receivables under seized security deposits as at 1 January	883	11
<b>Opening balance sheet after adjustments</b>	<b>69 821</b>	<b>77 761</b>
Receivables as at 30 June	35 786	65 143
Amounts due from recipients under contracts as at 30 June	14 602	13 582
Other assets as at 30 June	763	436
Receivables under seized security deposits as at 30 June	61	536
Receivables under settlement of forward	-	-5
<b>Closing balance sheet after adjustments</b>	<b>51 212</b>	<b>79 692</b>

<b>Change in current liabilities except for current loans and special funds</b>	<b>-30 927</b>	<b>-5 874</b>
Trade payables as at 1 January	55 481	61 168
Other liabilities as at 1 January	5 185	5 782
Amounts due to suppliers under contracts as at 1 January	20 486	42 598
Liabilities under seized security deposits as at 1 January	15 359	6 284
Provision for current retirement benefits	-129	-99

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Provision for annual leaves	-1 456	-1 295
Provision for audit	-25	-29
Provision for current other costs	-1 549	-1549
Measurement of financial assets	-	-20
Investment commitments as at 1 January	-55	-
Liabilities to shareholders	-5	-5
<b>Opening balance sheet after adjustments</b>	<b>93 292</b>	<b>112 836</b>
Trade payables as at 30 June	34 706	49 546
Amounts owed to recipients under contracts as at 30 June	16 184	45 340
Other liabilities as at 30 June	5 043	3 616
Liabilities under seized security deposits as at 30 June	9 893	11 316
Provision for current retirement benefits	-104	-56
Provision for annual leaves	-1 443	-1 246
Provision for audit	-30	-
Provision for current other costs	-1 817	-1 549
Investment commitments as at 30 June	-62	-
Liabilities to shareholders	-5	-5
<b>Closing balance sheet after adjustments</b>	<b>62 365</b>	<b>106 962</b>
<b>Change in other adjustments as at balance sheet date</b>	<b>1 016</b>	<b>272</b>
Change in security deposits constituting security for the guarantee provided by the bank	1 028	203
Other	-12	69

**Note 26– Operating Segments**

In the period from January 1, 2021 to June 30, 2021, there were no revenues from activities achieved outside Poland (Exports). In the analogous period of the previous year, revenues amounted to PLN 155 thousand (i.e. 0.02% of sales revenues).

Information on major customers, which share in sales revenue for the first half of 2021 exceeded 10% of total sales revenue:

- A client, who deals in the production of chemical raw materials – sales revenue PLN 54 512 thousand, representing 65.5 % of sales revenue, which was shown in the segment „General contracting” and „Design services and other engineering services”.
- A client who operates in the cultural sector – sales revenue PLN 9 440 thousands „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 covered by the reporting is presented below.

For the period from 01.01.2021 to 30.06.2021	General contracting	Design services, and other engineering services	Rental of construction equipment	Commercial activity	Other	Items not assigned	Total
.-revenues for external clients	67 610	14 292	209	585	539	-	83 235
<b>Total segment revenues</b>	<b>67 610</b>	<b>14 292</b>	<b>209</b>	<b>585</b>	<b>539</b>	<b>-</b>	<b>83 235</b>
<b>Result</b>							
<b>Profit (loss) of the segment</b>	<b>4 483</b>	<b>-1 325</b>	<b>-336</b>	<b>55</b>	<b>-236</b>	<b>-</b>	<b>2 641</b>

Prochem S.A.

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Financial income						365	365
Finance costs						-865	-865
<b>Net financial income</b>						<b>-500</b>	<b>-500</b>
Profit on other operating activities						1 198	1 198
<b>Before tax profit</b>						<b>3 339</b>	<b>3 339</b>
Income tax						694	694
<b>Profit (loss) for the current period</b>						<b>2 645</b>	<b>2 645</b>
Segment assets (related to activity)	47 061	2 649	282	-	301		50 293
Assets unallocated (among others shares and other financial assets)						87 138	87 138
<b>Total assets</b>	<b>47 061</b>	<b>2 649</b>	<b>282</b>	<b>-</b>	<b>301</b>	<b>87 138</b>	<b>137 431</b>
Depreciation of property, plant and equipment	182	764	35		43	792	1 816
Amortization of intangible assets						23	23
Write-down of segment assets (receivables from supplies and services)	-35	-12	-2 794		-18		-2 859

For the period from 01.01.2020 to 30.06.2020	General contracting	Design services and other engineering services	Rental of construction equipment	Commercial activity	Other	Items not assigned	Total
revenues for 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>-</b>	<b>1 725</b>	<b>-</b>	<b>152 320</b>
<b>Result</b>							
<b>Result of the segment</b>	<b>1 387</b>	<b>1 321</b>	<b>-139</b>	<b>-</b>	<b>-128</b>	<b>-</b>	<b>2 441</b>
Financial income	-	-	-	-	-	420	420
Finance costs	-	-	-	-	-	-1 184	-1 184
<b>Net financial income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-764</b>	<b>-764</b>
Profit on other operating activities	-	-	-	-	-	490	490
<b>Before tax profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 167</b>	<b>1 167</b>
Income tax	-	-	-	-	-	438	438
<b>Profit for the current period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 729</b>	<b>1 729</b>
Segment assets (related to activity)	60 210	4 079	281	-	299	-	64 869
Assets unallocated (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>0</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 from supplies and services)	-189	-	-3 050		-18		-3 257

**Information about the geographical areas**

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

	<b>01.01-30.06.2021</b>	<b>01.01-30.06.2020</b>
Poland	83 235	152 165
Japan	-	11
Italy	-	144
<b>Total sales revenue</b>	<b>83 235</b>	<b>152 320</b>

Geographical breakdown of property, plant and equipment and intangible assets.

	<b>30.06.2021</b>	<b>31.12.2020</b>
Poland	1 349	1 190
<b>Total property, plant and equipment and intangible assets</b>	<b>1 349</b>	<b>1 190</b>

**Note 27 – Profit per One Share**

The Issuer's net profit per 1 share remaining in trade as at June 30, 2021 was PLN 0.90, and for the analogous period of 2020 it was PLN 0.59.

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

Pursuant to the Resolution No. 15 of the Ordinary General Meeting of June 24, 2021 net profit of Prochem S.A. for 2020 in the amount of PLN 10,076,753.04 was entirely allocated to the reserve capital.

**Note 29 - Dividends**

The Issuer did not pay dividend for 2020.

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

**30.1 Categories and classes of financial instruments**

**Financial assets**

<b>30 June 2021</b>	<b>Categories of financial instruments</b>		
		<b>Loans, receivables and other</b>	<b>Total</b>
<b>Classes of financial instruments</b>	<b>note</b>		
Receivables from supplies and services	8	35 780	35 780
Amounts due from recipients under contracts	15	14 602	14 602
Cash		31 756	31 756
Security deposits constituting security	9	8 640	8 640
Loans granted	6	22 114	22 114
<b>Total</b>		<b>112 892</b>	<b>112 892</b>

<b>31 December 2020</b>	<b>Categories of financial instruments</b>		
		<b>Loans, receivables and other</b>	<b>Total</b>

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<b>Classes of financial instruments</b>	<b>note</b>		
Receivables from supplies and services	8	61 034	61 034
Amounts due from recipients under contracts	15	7 019	7 019
Cash		20 854	20 854
Security deposits constituting security	9	9 669	9 669
Loans granted	6	37 734	37 734
<b>Total</b>		<b>136 310</b>	<b>136 310</b>

*Financial liabilities*

<b>30 June 2021</b>		<b>Financial liabilities measured at amortized cost</b>	<b>Total</b>
<b>Classes of financial instruments</b>	<b>note</b>		
Loans received	13	964	964
Amounts owed to recipients under contracts	15	16 184	16 184
Liabilities under supplies and services	14	34 706	34 706
<b>Total</b>		<b>51 854</b>	<b>51 854</b>

<b>31 December 2020</b>		<b>Financial liabilities measured at amortized cost</b>	<b>Total</b>
<b>Classes of financial instruments</b>	<b>note</b>		
Loans received	13	950	950
Amounts owed to recipients under contracts	15	20 486	20 486
Liabilities under supplies and services	14	55 481	55 481
<b>Total</b>		<b>76 917</b>	<b>76 917</b>

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

(in PLN thousands)

<b>Classes of financial instruments</b>	<b>31 December 2020</b>	<b>31 December 2020</b>
Receivables from supplies and services	(2 859)	(2 889)
Other receivables	-	-
Other financial assets	(139)	(121)
<b>Total</b>	<b>(2 998)</b>	<b>(3 010)</b>

Impairment allowances of financial assets are presented in note 9.

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

Company Prochem S.A. realized in the first half of 2021 sales revenues in the amount of PLN 82 535 thousand. Customers whose sales revenue exceeded 10% of sales revenue disclosed in the profit and loss account are listed in note 26.

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

	As at 30 June 2021	As at 31 December 2020
<b>Collateral granted</b>		
Bank guarantee of good performance and statutory warranty	51 389	49 619
Tender guarantee	-	-
Guarantee of payment	995	995
Guarantee of return of advance payment	500	583
<b>Total guarantee granted</b>	<b>52 884</b>	<b>51 197</b>
surety agreement for the return of an advance payment from the company from the Capital Group of Prochem S.A.,	7 374	7 374
<b>Total collateral and contingent liabilities</b>	<b>60 258</b>	<b>58 571</b>

	As at 30 June 2021	As at 31 December 2020
<b>Collateral granted</b>		
Bank guarantee of good performance	9 317	16 008
Guarantee by promissory notes for securing contract terms	2 003	450
<b>Total collateral granted</b>	<b>11 320</b>	<b>16 458</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 2021 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 2021 in the Issuer’s enterprise was paid:

- remuneration to the Members of the Management Board in total amount of PLN 1,000.6 thousand,
- remuneration to the Members of the Supervisory Board in total amount of PLN 156 thousand.

Remuneration paid to members of the Management Board in the first half of 2021 for performing functions in the Management Boards and Supervisory Boards of companies belonging to the capital group were received by:

- |                         |                 |
|-------------------------|-----------------|
| 1. Jarosław Stepniewski | PLN 46 thousand |
| 2. Krzysztof Marczak    | PLN 39 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 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.

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**Reporting period**

(in PLN thousand)

**from 1 January to 30 June 2021**

	Sale of services	Purchase of services	Financial income - interest on loans	Financial income – dividends received	Finance costs – interest on loans
subsidiaries	10	1 509)*	19	-	14
Jointly-controlled entities and associated entities	1 055)**	1 663	226	-	-

)\* - including purchased electrical services and supplies of electrical equipment from subsidiary Elektromontaż Kraków S.A. in the amount of PLN 1,285 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 2021**

	Trade receivables	Receivables under loans granted	Other receivables	Trade payables	Liabilities under loans granted
subsidiaries	2	5.000	-	1.294	964
Jointly-controlled entities and associated entities	53	17 114	-	-	-

**Comparative period**

(in PLN thousand)

**from 1 January to 30 June 2020**

	Sale of services	Purchase of services	Financial income – interest on loans	Financial income – interest received	Finance costse – interest on loans
Subsidiaries	6	6.991)*	24	-	14
Jointly-controlled entities and associated entities	1 368)**	1.633	105	-	-

)\* - including purchased electrical equipment and supplies of electrical equipment from 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	Trade payables	Other liabilities	Liabilities under loans granted
Subsidiaries	5	18 355	4.098	-	964
Jointly-controlled entities and associated entities	540	17 859	8	-	-

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

Acting pursuant to resolutions No. 20 and 21 of the Ordinary General Meeting of June 24, 2021, the Management Board of Prochem S.A. on August 5, 2021, announced an invitation to submit sales offers

for shares in Prochem S.A. The subject of this announcement was the purchase by the Company of no more than 580,000 shares of Prochem S.A. with a nominal value of PLN 1 each, issued by the company, dematerialized and registered by the National Depository for Securities S.A. in Warsaw ("KDPW") at the price of PLN 26 per share. The purchase of the Company's shares was settled on August 25, 2021.

***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 – 49,929 pcs.;
  - Andrzej Karczykowski – 111,692 pcs.;
  - Jarosław Stępniewski – 50,206 pcs.;
- The nominal value of 1 share is PLN 1.

The change in the number of shares held by managing and supervising persons results from the sale of shares for redemption at PLN 26 per share.

- Marek Kiersznicki - reducing the number of shares held by 15 147 pcs.;
- Krzysztof Marczak – reducing the number of shares held by 12 118 pcs.;
- Marek Garliński – reducing the number of shares held by 34 067 pcs.;
- Andrzej Karczykowski – reducing the number of shares held by 171 699 pcs.;
- Jarosław Stępniewski – reducing the number of shares held by 18 177 pcs.;

***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 issuer participates in a few of tender procedures, which, if successful, may lead to the signing of several significant orders, and as a result, in the following quarters, improve both revenues from sales of services and results on operations. Completion of the commercialization of the Astrum Business Park project in Warsaw will also have a significant impact on the financial situation of the Issuer and the Capital Group.

***The 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 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, the Company developed action plans to ensure the continuity of operation and the provision of key services provided by Prochem S.A. and the Company has taken a number of preventive measures to reduce the possibility of the virus spreading. The Company analyses the situation on the markets on an ongoing basis and signals from contractors that

***Interim condensed separate financial statements of PROCHEM S.A. as at and for the period of 6 months ended 30 June 2021***

may indicate a deterioration of the financial situation and, if necessary, updates the adopted estimates when drawing up the current financial statements.

In the first half of 2021, the impact of the COVID-19 epidemic on the activity was felt, consisting in rising prices for construction materials and shortages of goods on the market, resulting in a decrease in margins, primarily in the segment of construction and of assembly services. The above-mentioned factors will have an impact on the level of profitability of the business.

***Note 35 – Approval of the Financial Statements***

Interim condensed separate financial statements of the company Prochem S.A. for the period from 1 January 2020 to 30 June 2021 were approved for issue by the Management Board of Prochem S.A. on September 27, 2021.

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

27.09.2021	Marek Kiersznicki	President of the Management Board	..... signature
date	name and surname	position	

27.09.2021	Krzysztof Marczak	Vice President of the Management Board	..... signature
date	name and surname	position	

27.09.2021	Michał Dąbrowski	Vice President of the Management Board	..... signature
date	name and surname	position	

**Signature of person responsible for bookkeeping**

27.09.2021	Barbara Auguścińska-Sawicka	Chief Accountant	..... signature
date	name and surname	position	