

## REPORT FOR THE THIRD QUARTER OF 2020

### Contents:

- Interim condensed consolidated financial statements of the PROCHEM S.A. Capital Group as at and for the period of nine months ended 30 September 2020
- Financial information of PROCHEM S.A.

and

- Selected financial data
- Statements of the Management Board

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

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

## Selected financial data

Revenues from sale and profit expressed in PLN and statement of cash flows were 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 third quarter of 2020 - 4.4420 PLN/EUR
- for the third quarter of 2019 - 4.3086 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 the financial statements, which as at the balance sheet date amounted to:

- 4.5268 PLN/EUR as at 30 September 2020
- 4.2585 PLN/EUR as at 31 December 2019

### Selected financial data of the Prochem S.A. Capital Group

Description	Reporting period ended 30 September		Reporting period ended 30 September	
	2020	2019	2020	2019
	In PLN thousands		In EURO thousands	
<b>Consolidated statement of profit and loss</b>				
Revenues from sale	241 617	223 226	54 393	51 810
Gross profit on sales	15 033	13 140	3 384	3 050
Results from operating activities	5 685	3 645	1 280	846
Before tax profit	5 355	4 823	1 206	1 119
Profit for the period assigned to :	3 897	4 151	877	963
Shareholders of the Parent Entity	3 982	4 110	896	954
Non-controlling interest	-85	41	-19	10
Profit/diluted profit (in PLN/EUR)- assigned to shareholders of the parent entity	1.36	1.40	0.31	0.33
<b>Consolidated statement of cash flows</b>				
Net cash provided by (used in) operating activities	2 397	11 515	540	2 673
Net cash provided by (used in) investing activities	5 383	-72	1 212	-17
Net cash provided by (used in) financing activities	-4 179	-9 107	-941	-2 114
Total cash flows, net	3 601	2 336	811	542
	As at		As at	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
	In PLN thousands		In EURO thousands	
<b>Consolidated statement of financial position</b>				
Total assets	263 022	259 375	58 103	60 908
Total non-current assets	116 313	113 488	25 694	26 650
Total current assets	146 709	142 114	32 409	33 372
Equity assigned to shareholders of the parent entity	95 638	91 816	21 127	21 561
Non-controlling interest	6 698	6 797	1 480	1 596
Total equity	102 336	98 613	22 607	23 157
Total non-current liabilities	40 744	45 517	9 001	10 689
Total current liabilities	119 942	115 245	26 496	27 062
Book value per one ordinary share (in PLN/EUR)- assigned to shareholders of the parent entity	32.59	31.28	7.20	7.35
Weighted average number of shares (units)	2 935 000	2 935 000	2 935 000	2 935 000

*Selected financial data of Prochem S.A.*

Description	Reporting period ended 30 September		Reporting period ended 30 September	
	2020	2019	2020	2019
	In PLN thousands		In EURO thousands	
<i>Separate statement of profit and loss</i>				
Revenues from sale	219 507	187 067	49 416	43 417
Gross profit on sales	10 131	8 160	2 281	1 894
Results from operating activities	4 000	2 712	900	629
Before tax profit	3 076	2 682	692	622
Profit for the period	2 302	2 075	518	482
Profit/diluted profit (in PLN/EUR)per one ordinary share	0.78	0.71	0.18	0.16
<i>Separate statement of cash flows</i>				
Net cash provided by (used in) operating activities	-2 498	6 196	-562	1 438
Net cash provided by (used in) investing activities	2 344	259	528	60
Net cash provided by (used in) financing activities	-2 657	-6 169	-598	-1 432
Total cash flows, net	-2 811	286	-633	66

Description	As at		As at	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
	In PLN thousands		In EURO thousands	
<i>Separate statement of financial position</i>				
Total assets	180 156	177 901	39 798	41 776
Total non-current assets	74 491	74 609	16 456	17 520
Total current assets	105 665	103 292	23 342	24 255
Total equity	48 775	46 473	10 775	10 913
Total non-current liabilities	24 392	30 665	5 388	7 201
Total current liabilities	106 989	100 763	23 635	23 662
Book value per one ordinary share (in PLN/EUR)	16.62	15.83	3.67	3.72
Weighted average number of shares (units)	2 935 000	2 935 000	2 935 000	2 935 000

## **INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF PROCHEM S.A. CAPITAL GROUP**

**As at and for the period of nine months ended  
30 September 2020**

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## Consolidated statement of financial position

(all amounts in PLN thousands if not stated otherwise)

<b>A s s e t s</b>	<b>Note No.</b>	<b>As at 30 September 2020</b>	<b>As at 31 December 2019</b>
<b>Non-current assets</b>			
Property, plant and equipment	1	16 783	17 832
Intangible assets		89	130
Investment property	2	8 310	8 310
Right-of-use assets	3	27 295	26 909
Shares		830	830
Shares in entities valued using the equity method	4	32 507	31 499
Deferred tax assets	5	3 619	1 083
Receivables under retained security deposits		931	11
Other financial assets	6	25 949	26 884
<b>Total non-current assets</b>		<b>116 313</b>	<b>113 488</b>
<b>Current assets</b>			
Inventories	7	2 439	4 158
Trade and other receivables	8	87 089	77 980
Amounts due from recipients under contracts	14	16 762	22 851
Other financial assets		982	1 401
Other assets	9	1 055	943
Cash and cash equivalents	23	38 382	34 781
<b>Total current assets</b>		<b>146 709</b>	<b>142 114</b>
<b>Assets classified as for sale</b>		<b>-</b>	<b>3 773</b>
<b>Total assets</b>		<b>263 022</b>	<b>259 375</b>

## Consolidated statement of financial position

(all amounts in PLN thousands if not stated otherwise)

<b>Equity and liabilities</b>	<b>Note No.</b>	<b>As at 30 September 2020</b>	<b>As at 31 December 2019</b>
<b>Equity</b>			
Share capital	10	2 935	2 935
Revaluation reserve		6 754	6 928
Retained earnings		85 949	81 953
<b>Owner's equity</b>		<b>95 638</b>	<b>91 816</b>
<b>Non-controlling interest</b>		<b>6 698</b>	<b>6 797</b>
<b>Total equity</b>		<b>102 336</b>	<b>98 613</b>
<b>Non-current liabilities</b>			
Provision to deferred income tax	5	2 284	2 333
Provision to retirement and similar benefits		1 862	1 862
Non-current liabilities under retained security deposits		11 983	5 790
Amounts owed to recipients under contracts		-	11 643
Liabilities under lease		24 472	23 750
Other non-current liabilities		143	139
<b>Total non-current liabilities</b>		<b>40 744</b>	<b>45 517</b>
<b>Current liabilities</b>			
Current bank loans	11	1 334	1 786
Trade payables	13	56 306	69 161
Amounts owed to recipients under contracts	14	44 376	30 955
Liabilities under current income tax		1 794	15
Liabilities under lease		4 390	4 466
Other liabilities	15	8 084	8 538
Deferred income	16	3 658	324
<b>Total current liabilities</b>		<b>119 942</b>	<b>115 245</b>
<b>Total liabilities</b>		<b>160 686</b>	<b>160 762</b>
<b>Total equity and liabilities</b>		<b>263 022</b>	<b>259 375</b>
Book value – equity assigned to owners of the Parent Entity		95 638	91 816
Average number of ordinary shares (units)		2 935 000	2 935 000
Book value per one share (in PLN) – assigned to owners of the Parent Entity		32.59	31.28

## Consolidated statement of profit and loss

(all amounts in PLN thousands if not stated otherwise )

	Note No.	Period ended 30 September 2020	Period ended 30 September 2019
Revenues from sale, including :		241 617	223 226
Revenues from sale of services	17	239 156	220 533
Revenues from sale of goods and materials		2 461	2 693
Cost of sales, including :		-226 584	-210 086
Cost of services sold	18	-224 363	-207 730
Cost of merchandise and raw materials		-2 221	-2 356
<b>Gross profit on sales</b>		<b>15 033</b>	<b>13 140</b>
General and administrative expenses	18	-10 921	-9 492
Other operating income	19	1 069	312
Other operating expenses	20	-511	-315
Other operating expenses – result of one-off event		1 015	-
<b>Results from operating activities</b>		<b>5 685</b>	<b>3 645</b>
Financial income	21	502	615
Profit (loss) on liquidation of subsidiaries		60	-
Finance expenses	22	-1 900	-1 266
Profit sharing in associated entities		1 008	1 829
<b>Before tax profit</b>		<b>5 355</b>	<b>4 823</b>
Income tax :		1 458	672
- current tax		4 045	97
- deferred tax		-2 587	575
<b>Profit for the period</b>		<b>3 897</b>	<b>4 151</b>

Profit for the period assigned to :			
Shareholders of the Parent Entity		3 982	4 110
Non-controlling interest		-85	41
Weighted average number of ordinary shares (units)		2 935 000	2 935 000
Profit (loss) per ordinary share (in PLN per one share) assigned to owners of the Parent Entity		1.36	1.40

## Consolidated statement of comprehensive income

	Period ended 30 September 2020	Period ended 30 September 2019
<b>Profit for the period</b>	<b>3 897</b>	<b>4 151</b>
<i>Other comprehensive income that will not be reclassified to profit and loss:</i>		
Updating of non-current assets	-174	-
Income tax on other comprehensive income	14	-
<b>Other comprehensive income net</b>	<b>-174</b>	<b>0</b>
<b>Total comprehensive income</b>	<b>3 723</b>	<b>4 151</b>

Total comprehensive income assigned to :		
Shareholders of the Parent Entity	3 798	4 110
Non-controlling interest	-75	41
Weighted average number of ordinary shares (units)	2 935 000	3 895 000
Total comprehensive income per ordinary share (in PLN per one share) assigned to owners of the Parent Entity	1.29	1.40

Explanatory notes to interim condensed consolidated financial statements constitute integral part thereof.

### Consolidated statement of changes in equity

(all amounts in PLN thousands if not stated otherwise)

	Share capital	Revaluation reserve	Retained earnings	Equity assigned to shareholders of the parent entity	Equity assigned to non-controlling interest	Total equity
<b>Reporting period from 1 January 2020 to 30 September 2020</b>						
<b>As at the beginning of the period</b>	<b>2 935</b>	<b>6 928</b>	<b>81 953</b>	<b>91 816</b>	<b>6 797</b>	<b>98 613</b>
Net profit of the given period	-	-	3 982	3 982	-85	3 897
Sale of real estate in subsidiary Elpro sp. z o.o. use of the capital from updating		-174	14	-160	-14	-174
<i>Other comprehensive income (net)</i>	-	<i>-174</i>	<i>14</i>	<i>-160</i>	<i>-14</i>	<i>-174</i>
<b>Total comprehensive income</b>	-	<b>-174</b>	<b>3 996</b>	<b>3 822</b>	<b>-99</b>	<b>3 723</b>
Other changes	-	-	-	-	-	-
<b>As at the end of the period</b>	<b>2 935</b>	<b>6 754</b>	<b>85 949</b>	<b>95 638</b>	<b>6 698</b>	<b>102 336</b>

	Share capital	Revaluation reserve	Retained earnings	Equity assigned to shareholders of the parent entity	Equity assigned to non-controlling interest	Total equity
<b>Reporting period from 1 January 2019 to 30 September 2019</b>						
<b>As at the beginning of the period</b>	<b>2 935</b>	<b>11 789</b>	<b>69 216</b>	<b>83 940</b>	<b>6 470</b>	<b>90 410</b>
Net profit of the given period	-	-	4 110	4 110	41	4 151
<i>Other comprehensive income (net)</i>	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	<b>4 110</b>	<b>4 110</b>	<b>41</b>	<b>4 151</b>
Other changes	-	-	-	-	-	-
<b>As at the end of the period</b>	<b>2 935</b>	<b>11 789</b>	<b>73 326</b>	<b>88 050</b>	<b>6 511</b>	<b>94 561</b>

Explanatory notes to interim condensed consolidated financial statements constitute integral part thereof.



## Consolidated statement of cash flows

(all amounts in PLN thousands if not stated otherwise)

	Period ended 30 September 2020	Period ended 30 September 2019
<b>Cash flows – operating activities</b>		
Before tax profit	5 355	4 823
Total adjustments	-700	6 868
Share in net profits of associates	-1 008	-1 829
Amortization and depreciation	4 679	4 102
Interest and profit sharing (dividends)	765	446
Gain on disposal of property, plant and equipment	-1 061	4
Gain on disposal of shares	-60	-
Change in provisions	-234	-323
Change in inventories	1 719	1 317
Change in receivables and other assets	-4 052	-54 846
Change in current liabilities, except for loans and borrowings	-5 055	56 968
Other adjustments (including change in deferred income)	3 607	989
Cash provided by (used in) operating activities	4 655	11 651
Income tax paid	2 258	136
<b>Net cash provided by (used in) operating activities</b>	<b>2 397</b>	<b>11 515</b>
<b>Cash flows – investing activities</b>		
<b>Inflows</b>	<b>5 865</b>	<b>591</b>
Disposal of intangible assets and property, plant and equipment	4 636	11
Inflows from financial assets from related entities under:	1 229	580
- repayment of interest on loans	1 229	580
<b>Outflows</b>	<b>-482</b>	<b>-663</b>
Acquisition of intangible assets and property, plant and equipment	-482	-663
<b>Net cash provided by (used in) investing activities</b>	<b>5 383</b>	<b>-72</b>
<b>Cash flows – financing activities</b>		
<b>Inflows</b>	<b>10</b>	<b>2</b>
Bank loan	5	2
Other financial proceeds	5	-
<b>Outflows</b>	<b>-4 189</b>	<b>-9 109</b>
Repayment of bank loans	-450	-5 360
Interest and commission paid	-138	-252
Payment of liabilities under finance lease	-56	-1 320
Payment of liabilities under operating lease IFRS 16	-3 545	-2 177
<b>Net cash provided by (used in) financing activities</b>	<b>-4 179</b>	<b>-9 107</b>
Total cash flows, net	3 601	2 336
Increase/(decrease) net of cash and cash equivalents	3 601	2 336
<b>Cash and cash equivalents as at the beginning of the period</b>	<b>34 781</b>	<b>3 250</b>
<b>Cash and cash equivalents as at the end of the period</b>	<b>38 382</b>	<b>5 586</b>
<b>Including restricted cash ( VAT)</b>	<b>641</b>	<b>960</b>

Explanatory notes to interim condensed consolidated financial statements constitute integral part thereof.

## **Explanatory notes to interim condensed consolidated financial statements**

### **1. Establishment of the Parent Entity and Its Principal Activity**

Company Prochem S.A. (hereinafter called „Prochem”, „Company”, „Issuer” or "Parent Entity") 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.

### **2. Statement of the Management Board**

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

#### **Statement of the Management Board**

#### **Statement of the Management Board on the reliability of the preparation of the interim consolidated 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 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. the Parent Entity in the Capital Group declares, that according to their best knowledge interim condensed consolidated financial statements of PROCHEM S.A. Capital Group and interim condensed separate financial statements of PROCHEM S.A. were prepared according to IAS 34 „Interim Reporting” and the Regulation of the Minister of Finance dated 29 March 2018 on current and interim 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 from 2018, item 757) („Regulation”) and reflects in a true, fair, and clear way financial position of the Prochem S.A. Capital Group and Prochem S.A. as at 30 September 2020 and 31 December 2019 and its performance and cash flows for the period of 9 months ended 30 September 2020 and 30 September 2019.

### **3. The Management Board and Supervisory authorities of the Parent Entity**

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 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
- Wiesław Kiepiel

Based on the resolution of the ordinary general meeting of shareholders of August 25, 2020 on the appointment of the Supervisory Board for the 11th term of office.

#### **4. Employment**

Average employment in the Prochem S.A Capital Group for three quarters of 2020 was 388 FTEs, and in three quarters of 2019 377 FTEs.

Level of employment in persons the Prochem S.A. Capital Group as at 30 September 2020 was 396, and as at 30 September 2019 392.

Average employment in Prochem S.A. for three quarters of 2020 was 202 FTEs, and in three quarters of 2019 196 FTEs.

#### **5. Description of the Capital Group with indication of the consolidated entities**

Prochem S.A. Capital Group (hereinafter referred to as „Capital Group”, „Group”), in addition to the data of the Parent Company comprises the following subsidiaries directly and indirectly:

##### Subsidiaries covered by full consolidation:

- Prochem Inwestycje Sp. z o.o. seated in Warsaw – subsidiary directly (100.0%);
- PRO-INHUT Sp. z o.o. seated in Dąbrowa Górnicza – subsidiary indirectly (93.2%)- subject to arrangement proceedings ;
- PREDOM Sp. z o.o. seated in Wrocław – subsidiary indirectly (81.7% of share in capital and profit, 72.3% of votes );
- Prochem Zachód Sp. z o.o. seated in Warsaw – subsidiary indirectly (80.0%);
- ELPRO Sp. z o.o. in liquidation seated in Krakow – subsidiary indirectly (92.7%, including 85.4% share in 50% share of Elektromontaż Kraków);
- Elmont Inwestycje Sp. z o.o. in liquidation seated in Krakow – subsidiary indirectly (92.7%, including 85.4% share in 50% share of Elektromontaż Kraków);
- Elektromontaż Kraków S.A. seated in Krakow – subsidiary indirectly (85.4%), including 73.0% share in capital and voting right belongs to company Prochem Inwestycje subsidiary in 100%. Elektromontaż Kraków S.A. prepares consolidated financial statements, which contains data of the subsidiary in 100%: ELMONT-POMIARY Sp. z o.o. seated in Krakow and two associated companies ELPRO Sp. z o.o. and Elmont-Inwestycje Sp. z o.o.;
- ATUTOR Integracja Cyfrowa Sp. z o.o. seated in Warsaw – subsidiary indirectly (50.14% of share holds company Prochem Inwestycje Sp. z o.o. subsidiary in 100%);
- Prochem RPI Sp. z o.o. seated in Warsaw – subsidiary in 100% (including 3.3% of share in capital and voting rights belongs to Prochem Inwestycje).

Jointly-controlled entities and associates valued using the equity method:

- ITEL Sp. z o.o. z seated in Gdynia – 42.0% of share (18.7% of share in voting right and capital belongs directly to Prochem S.A., and 23.3% holds Prochem RPI Sp. z o.o. subsidiary in 100%);
- Irydion Sp. z o.o. seated in Warsaw – 50% of share, a jointly-controlled company.

Consolidated entities were included in the consolidated financial statements from the date of including the control until the date of loss of control by the Parent Company, and the jointly-controlled entities and associated entities from the date of exercising of joint control and exertion of significant influence.

Spółka Predom Projektowanie Sp. z o.o. with capital in the amount of PLN 53 thousand was excluded from consolidation. The company has not commenced activity.

Company Pro-Inhut Sp. z o. o. seated in Dąbrowa Górnicza is subject to arrangement proceedings.

By order of the District Court for the City of St. Warsaw in Warsaw, XIII Commercial Division of the National Court Register of March 6th 2020, a 100% indirect subsidiary - IRYD Sp. z o. o. with its registered office in Warsaw was liquidated and removed from the National Court Register.

By the resolution of the Shareholders' Meeting of June 23, 2020, it was decided to dissolve and open liquidation of the subsidiary Elmont Inwestycje Sp. z o. o. seated in Krakow.

By the resolution of the Shareholder's Meeting of June 23, 2020, it was decided to dissolve and open liquidation of the subsidiary Elpro sp. z o.o. seated in Krakow.

## **6. Adopted accounting principles**

### ***Principles of presentation***

Interim condensed consolidated financial statements of PROCHEM S.A. Capital Group for three quarters of 2020 was prepared according to IAS 34 „Interim Reporting”, in the shape endorsed by the European Union and with Regulation of the Minister of Finance of 19 February 2009 on current and periodic information provided by issuers of securities and Regulation 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) („Regulation”). Hereby interim condensed consolidated 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 activities of individual entities within the Group is not limited.

Financial statements of all the subsidiaries were prepared for the same reporting period as financial statements of the Parent Entity, using consistent accounting policies.

The financial year of the Parent Company and companies belonging to the Group is the calendar year.

Operational activity of the Parent Company and of entities from the Capital Group 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 consolidated financial statements of Prochem S.A. Capital Group as at 30 September 2020 were prepared assuming to continue business operations as a going concern in the foreseeable future.

The management boards of companies included in the Capital Group of Prochem S.A. analyzed the circumstances described in item 7 and, in their opinion, they do not affect the ability of individual companies to continue their operations.

Interim condensed consolidated 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 principles and changes to 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 consolidated financial statements hereby, we applied the same accounting principles and the same calculation methods which were applied in the consolidated financial statements of the Prochem S.A. Capital Group for the year ended 31 December 2019.

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

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

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.

The above changes to the standards were approved for use by the European Union by the date of publication of consolidated financial statements hereby.

The Group expects that the above-mentioned standards will not have a significant impact on the consolidated financial statements of the Prochem S.A Group.

#### ***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 the 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).

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

Since the outbreak of the epidemic, Prochem S.A. and companies from the Group have 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 the Group in relation to the COVID-19 pandemic*

The Companies from the Capital Group have taken a number of steps in connection with the COVID-19 pandemic. When the first cases of COVID-19 appeared in the country, the Prochem S.A. Capital Group developed action plans to ensure the continuity of operation and the provision of key services provided by Prochem S.A. Similar procedures were also implemented in other companies from the Group. They are constantly adapted to the changing environmental conditions.

In relation to the contracts in progress, the Group 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 consolidated financial statements, the financial situation of the Group is stable. As a result of the analysis, the Management Board of the Parent Entity of the Prochem S.A. Capital Group sees no need of:

- revaluation of the Group'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 Group's supply chain ,
- make adjustments to credit obligations,
- 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 Group's employees, all salary obligations are fulfilled on an ongoing basis.

The Group 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 Boards of the Prochem S.A. Capital Group monitor the current situation with particular care. Actions were also taken to stabilize the financial and operational stability of the companies from the Group by collecting the necessary financial reserves and using appropriate tools and IT solutions to maintain the project potential (e.g. creating remote work opportunities). Due to the fulfillment of the conditions set out in the relevant act (e.g. due to the decline in economic turnover), two companies from the Group also took advantage of the available support programs and received loans from the State Development Fund for a total amount of PLN 3.7 million.

If necessary, the Management Boards of the Companies are prepared to take successive steps to adapt their potential to the new conditions in order to mitigate any negative effects.

Moreover, the Group 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 the Group's companies;

- 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*

Consolidated financial statements of the Group is presented in Polish Zloty („zł” or ”PLN”), which is the reporting currency of the Group, and the functional currency of the Parent Entity.

## 8. Explanatory Notes

### Note 1 – Property, plant and equipment

	As at 30 September 2020	As at 31 December 2019
Property, plant and equipment, including:	16 748	17 807
- land	2 001	2 020
- buildings, premises and civil engineering objects	12 267	12 883
- machinery and equipment	601	724
- vehicles	1 126	1 334
- other PPE	753	846
Construction under progress	35	25
<b>Total property, plant and equipment</b>	<b>16 783</b>	<b>17 832</b>

	As at 30 September 2020	As at 31 December 2019
<b>Property, plant and equipment – ownership structure</b>		
a) own	6 772	6 450
b) used under rental, lease or other agreement, including :	10 011	11 382
- lease agreement	932	953
- rental and lease	8 412	9 762
- value of the right of perpetual usufruct	667	667
<b>Total balance sheet items of property, plant and equipment</b>	<b>16 783</b>	<b>17 832</b>

The Group, pursuant to an agreement dated 23 July 2004 leases property consisting of 3 buildings with an area of 6 227.5 m<sup>2</sup>, on a plot of 3 311 m<sup>2</sup> located in Warsaw at Emilia Plater 18 and Hoża 76/78. The duration of the contract from the date of its conclusion is 30 years.

Land, buildings and constructions are carried at revalued amount, being its fair value at the date of the revaluation, set by experts, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Pursuant to the Accounting Policy adopted by the Group, fair value is measured with sufficient frequency so that the carrying amount did not significantly differ from fair value, wherein not less frequently than every two years.

Carrying amount as at September 30, 2020 does not significantly differ from fair value. The measurement at fair value as at December 31, 2019 was made by the independent valutors not associated with the Group. The valutors have the right qualifications to carry out valuations of land, buildings and structures, as well as current experience in such valuations in locations where are located assets of the Group. Valuation was carried out by reference to the market transaction prices for similar assets.



	Change in PPE for the period from 01 January 2020 to 30 September 2020	Change in PPE for the period from 01 January 2019 to 31 December 2019
<b>Gross value</b>		
<b>As at opening balance sheet</b>	<b>35 438</b>	<b>40 680</b>
Increase (due to)	466	1 447
- acquisition of PPE	466	1 447
Decrease (due to)	-184	-6 689
- disposal of PPE	-147	-294
- liquidation of PPE	-36	-1 029
- reclassification of PPE to PPE-for-sale		-5 364
- changes	-1	-2
<b>As at closing balance sheet</b>	<b>35 720</b>	<b>35 438</b>
<b>Depreciation and impairment</b>		
<b>As at opening balance sheet – accumulated depreciation</b>	<b>17 606</b>	<b>17 833</b>
Depreciation for the period (due to)	1 331	-227
- increase (depreciation accrued)	1 470	1 945
- decrease due to disposal of PPE	-111	-257
- decrease due to liquidation of PPE	-33	-987
- reclassification of PPE to PPE-for-sale	-	-925
- other changes	5	-3
<b>As at closing balance sheet- accumulated depreciation</b>	<b>18 937</b>	<b>17 606</b>
<b>Impairment of PPE</b>		
<b>PPE net as at closing balance sheet</b>	<b>16 783</b>	<b>17 832</b>

**Note 2 – Investment Property**

	As at 30 September 2020	As at 31 December 2019
Buildings and constructions	6 546	6 546
Land	1 764	1 764
Total investment property	8 310	8 310

Investment property by titles	Change in investment property for the period from 1 January 2020 to 30 September 2020	Change in investment property for the period from 1 January 2019 to 31 December 2019
<b>Investment property - land</b>		
As at opening balance sheet	1 764	4 797
- increase due to reclassification from PPE	-	-3 033
<b>As at closing balance sheet</b>	<b>1 764</b>	<b>1 764</b>
<b>Investment property under construction</b>		
As at opening balance sheet	-	-
<b>As at closing balance sheet</b>	<b>-</b>	<b>-</b>
<b>Investment property - buildings and constructions</b>		
As at opening balance sheet	6 546	7 193
- change due to:		
c) increase under reclassification from PPE		-647
<b>Total change</b>		<b>-647</b>
<b>As at closing balance sheet</b>	<b>6 546</b>	<b>6 546</b>
Write-down of property	-	-
<b>Total investment property</b>	<b>8 310</b>	<b>8 310</b>

Pursuant to the Accounting Policy adopted by the Group, fair value is measured with sufficient frequency so that the carrying amount did not significantly differ from fair value, wherein not less frequently than every two years.

Carrying amount as at September 30, 2020 does not significantly differ from fair value. The measurement at fair value as at December 31, 2019 was made by the independent valutors not associated with the Group. The valutors have the right qualifications to carry out valuations of land, buildings and structures, as well as current experience in such valuations in locations where are located assets of the Group. Valuation was carried out by reference to the market transaction prices for similar assets.

Details concerning investment property and information on the hierarchy of fair values as at 30 September 2020.

	Level 1	Level 2	Level 3	Fair value as at 30 September 2020
	In PLN thousands	In PLN thousands	In PLN thousands	In PLN thousands
Investment property	-	-	8 310	8 310

There were no displacements between the levels 1, 2 and 3 during three quarters.

### **Note 3 – The Right-of-Use Assets**

	As at 30 September 2020	As at 31 December 2019
- buildings and constructions	24 637	24 497
- machinery and equipment	173	243
- vehicles	2 485	2 169
<b>Total assets</b>	<b>27 295</b>	<b>26 909</b>

**Change in right-of-use assets**

Description	Buildings and constructions	Tools, instruments, movables and equipment	Vehicles	Total
<b>As at 01 January 2020</b>				
Gross book value	27 563	337	2 635	30 535
Accumulated depreciation	-3 066	-94	-466	-3 626
Write-downs				0
<b>Book value net as at 01 January 2020</b>	<b>24 497</b>	<b>243</b>	<b>2 169</b>	<b>26 909</b>
<b>Change for the period 01.01.2020-30.09.2020</b>				
<b>Increase (+) decrease (-)</b>				
Depreciation for the period	-2 493	-70	-591	-3 154
Decrease in depreciation under end of the agreement	0	0	-65	-65
Increase in gross value-conclusion of new contracts	2 633	0	911	3 544
Decrease in gross value - end of the agreement	0	0	-69	-69
<b>As at 30 September 2020</b>				
Gross book value	30 196	337	3 477	34 010
Accumulated depreciation	-5 559	-164	-992	-6 715
Write-downs	-	-	-	0
<b>Book value net as at 30 September 2020</b>	<b>24 637</b>	<b>173</b>	<b>2 485</b>	<b>27 295</b>

**Note 4 – Shares Valued Using the Equity Method**

Shares in jointly-controlled entities and associated entities	As at 30 September 2020	As at 31 December 2019
-Shares – gross value	33 518	32 510
- write-downs of shares	1 011	1 011
<b>Shares, net value</b>	<b>32 507</b>	<b>31 499</b>

Change in shares in jointly-controlled and associated entities	As at 30 September 2020	As at 31 December 2019
a) as at the beginning of the period	31 499	28 111
- shares at cost	31 499	28 111
b) increase (due to)	1 008	3 388
- share in the result of current year	1 008	3 388
<b>c) as at the end of the period, net</b>	<b>32 507</b>	<b>31 499</b>
d) write-down	1 011	1 011
<b>e) as at the end of the period gross</b>	<b>33 518</b>	<b>32 410</b>

Change in write-downs of shares in jointly-controlled and associated entities	As at 30 September 2020	As at 31 December 2019
As at the beginning of the period	1 011	1 011
- decrease – use of provision	-	-
<b>As at the end of the period</b>	<b>1 011</b>	<b>1 011</b>

### Note 5 – Deferred Income Tax

Changes in values of provision and deferred tax asset for three quarters of 2020 are shown in the table below.

<b>Deferred tax assets</b>	<b>As at 30 September 2020</b>	<b>As at 31 December 2019</b>
As at the beginning of the period	7 977	7 235
Increase	6 264	5 396
Decrease	-6 487	-4 654
<b>As at the end of the period</b>	<b>7 754</b>	<b>7 977</b>

  

<b>Provision under deferred income tax</b>	<b>As at 30 September 2020</b>	<b>As at 31 December 2019</b>
As at the beginning of the period	9 227	7 236
Increase	2 378	5 190
Decrease	-5 186	-3 199
<b>As at the end of the period</b>	<b>6 419</b>	<b>9 227</b>

  

	<b>As at 30 September 2020</b>	<b>As at 31 December 2019</b>
Deferred tax assets	7 754	7 977
Provision under deferred income tax	-6 419	-9 227
<b>Assets/(Provision) under deferred income tax</b>	<b>1 335</b>	<b>-1 250</b>

<b>Presentation in the statement of financial position</b>	<b>As at 30 September 2020</b>	<b>As at 31 December 2019</b>
Deferred tax assets	3 619	1 083
Provision under deferred income tax	-2 284	-2 333
<b>Assets/(Provision) under deferred income tax</b>	<b>1 335</b>	<b>-1 250</b>

### Note 6 – Other Financial Assets

<b>Other financial assets</b>	<b>As at 30 September 2020</b>	<b>As at 31 December 2019</b>
a) from jointly-controlled entities :	17 347	18 419
- loans granted	17 347	18 419
b) security deposits constituting security for bank guarantee lines	8 602	8 465
<b>Total other non-current financial assets</b>	<b>25 949</b>	<b>26 884</b>

### Loans granted – as at 30 September 2020

- Loans granted to jointly-controlled company Irydion Sp. z o. o. Seated in Warsaw:
  - in the amount of PLN 11 121 thousand, including: amount of the loan PLN 11 000 thousand, interest accrued PLN 121 thousand. The interest rate is set annually according to WIBOR 6M rate, loan repayment date with interest on 22 September 2031;
  - in the amount of PLN 6 226 thousand, including: amount of the loan PLN 6 000 thousand, interest accrued PLN 226 thousand. The interest rate is set annually as a rate of 3% annually, loan repayment date with interest on 22 September 2031;

**Increase:**

- Interest accrued on loans granted in the amount of PLN 156 thousand.

**Decrease:**

- Repaid interest on loans granted in the amount of PLN 1 229 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 11 743 thousand, including: amount of the loan PLN 11 000 thousand, accrued interest PLN 743 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 year, loan repayment date with interest 22 September 2031.

**Note 7 – Inventories**

Inventories	As at 30 September 2020	As at 31 December 2019
Materials	1 723	3 685
Semi-finished products and work-in-process	571	473
Goods	145	0
<b>Inventories, total</b>	<b>2 439</b>	<b>4 158</b>
Write--down of inventories	557	557

**Note 8 – Trade and Other Receivables**

Trade and other receivables	As at 30 September 2020	As at 31 December 2019
Trade receivables	90 639	79 869
Write-down of trade receivables	4 849	5 213
<b>Trade receivables net, including</b>	<b>85 790</b>	<b>74 656</b>
- with repayment period up to 12 months	80 284	70 614
- with repayment period more than 12 months	5 506	4 042
<b>Receivables from taxes, subsidies, custom duties, social and health insurance and other benefits</b>	<b>5</b>	<b>34</b>
Other receivables	1 294	3 296
Write-down of other receivables	-	6
<b>Net other receivables</b>	<b>1 294</b>	<b>3 290</b>
<b>Total receivables</b>	<b>87 089</b>	<b>77 980</b>

Trade and other receivables from related entities	As at 30 September 2020	As at 31 December 2019 .
Trade receivables, including:	553	34
- from jointly controlled entities and associated entities	553	34
Total trade and other receivables from related entities, net	<b>553</b>	<b>34</b>
Write-down of receivables from related entities	-	-
<b>Total trade and other receivables from related entities, gross</b>	<b>553</b>	<b>34</b>

Change in write-downs of trade and other receivables	As at 30 September 2020	As at 31 December 2019
<b>As at the beginning of the period</b>	<b>5 219</b>	<b>4 623</b>
a) increase (due to)	117	677
- provision to receivables	117	677
b) decrease (due to)	487	81
- payments received	89	81
- use of write-downs created in previous periods	393	-
- resolving of write-downs	5	-
<b>Write-downs of current trade and other receivable sat the end of the period</b>	<b>4 849</b>	<b>5 219</b>

In the majority of contracts signed by the Group, time of payment for services was established in the range from 14 to 60 days.

#### *Note 9 – Other assets*

Other assets by type :	As at 30 September 2020	As at 31 December 2019
a) prepayments	1 055	943
- cost of property and personnel insurance	390	290
- software maintenance cost	570	456
- subscriptions	5	11
- deferred costs	88	136
- other	2	50
	<b>1 055</b>	<b>943</b>

#### *Note 10 – Share Capital*

SHARE CAPITAL (STRUCTURE)							
Series / emission	Type of share	Type of shares 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	Casha	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 one share = PLN 1.00</b>							

Total number of votes from all shares 2 936 160.

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

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

Name of the shareholder	Number of shares held (in pcs)	Number of votes held	% of votes in total number of votes	% of share capital
1. Steven Tappan	975 250	975 250	33.22	33.23
2.. APUS S.A.	311 769	311 769	10.62	10.62
3. Otwarty Fundusz Emerytalny PZU „Złota Jesień”.	284 900	284 900	9.70	9.71
4. Andrzej Karczykowski	283 391	283 391	9.66	9.66

From April 24, 2020, i.e. from the publication of the consolidated financial statements for 2019, there has been no change in the number of shares giving shareholders at least 5% of votes at the general meeting of shareholders.

The Management Board of PROCHEM S.A. with its seat in Warsaw (hereinafter referred to as the "Issuer", "Company") informs that on August 18, 2020 the attorney of Steven George Tappan - a shareholder of the Company - announced an increase in his share in the share capital of Prochem and in the total number of votes in Prochem respectively to the level of approx. 33.228% and approx. 33.215% ("Transaction"). As a result, Mr. Steven George Tappan exceeded the threshold of 33% of the total number of votes at the general meeting of Prochem S.A.

Before the settlement of the Transaction, Mr. Steven George Tappan held directly 968,500 shares of Prochem, constituting approx. 32.998% of the share capital of Prochem, entitling to 968,500 votes at the general meeting of Prochem, constituting approx. 32.985% of the total number of votes at the general meeting of Prochem. Currently, after the settlement of the transaction, Mr. Steven George Tappan directly holds 975,250 shares, constituting approx. 33.228 % of the share capital of Prochem, entitling to 975,250 votes at the general meeting of Prochem, constituting approx. 33.215 % of the total number of votes at the general meeting of Prochem.

#### Note 11 –Bank Loans

<b>Bank Loans</b>	<b>As at 30 September 2020</b>	<b>As at 31 December 2019</b>
- current bank loans	<b>1 334</b>	<b>1 786</b>

Information on incurred bank loans

Name of the bank	Registered office	Limit of the loan	Amount engaged	Repayment date	Terms of interest	Collateral
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By Prochem S.A.

mBank SA	Warsaw	8,000 Credit in overdraft	-	29.11.2020	WIBOR for O/N deposits in PLN + margin	Promissory note in blank, judicial lien on shares in company Elektromontaż Kraków S.A.
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By Elektromontaż Kraków S.A.

mBank S.A.	Warsaw	500	-	26.02.2021	WIBOR for 1- month deposits in PLN + margin	Mortgage
ING BANK Śląski	Katowice	2 500	-	19.11.2020	WIBOR for dla 1-month deposits ON in PLN + margin	Mortgage

By Atutor Integracja Cyfrowa sp. z o. o.

Bank Millennium S. A.	Warsaw	150	142	Revolving loan in a bank account from 02 August 2016	WIBOR 1m plus margin	Granting the bank of a power of attorney to collect and repay from the account and block the funds if the loan is not repaid on time
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By Pro-Inhut sp. z o.o.

ING Bank Śląski S. A.	Dąbrowa Górnicza	735	735	17.11.2020	WIBOR for 1- month deposits in PLN + margin	BGK Bank guarantee based on a portfolio agreement. Promisory note in blank.
ING Bank Śląski S. A.	Sosnowiec	400	398	30.07.2021	WIBOR for 1- month deposits in PLN + margin	BGK Bank guarantee based on a portfolio agreement. Promisory note in blank.
ING Bank Śląski S. A.	Sosnowiec	200	51	30.07.2021	WIBOR for 1- month deposits in PLN + margin	BGK Bank guarantee based on a portfolio agreement. Promisory note in blank.

### Note 12 – Liabilities under Lease

Liabilities at the end of the period, including:	As at 30 September 2020	As at 31 December 2019
- liabilities under finance lease	777	947
- liabilities under rights-for-use	28 085	27 269
<b>Total liabilities</b>	<b>28 862</b>	<b>28 216</b>
<b>Including current liabilities</b>	<b>4 390</b>	<b>4 466</b>

### Note 13 – Trade Payables

	As at 30 September 2020	As at 31 December 2019
a) to associated entities and jointly-controlled entities	7	6
- for supplies and services, with maturity period:	7	6
- up to 12 months	7	6
b) to other entities	56 299	69 155
- for supplies and services, with maturity period:	56 299	69 155
- up to 12 months	55 747	68 562



- more than 12 months	552	593
<b>Total trade payables</b>	<b>56 306</b>	<b>69 161</b>
<b>Non-current liabilities under retained security deposits</b>	<b>11 983</b>	<b>5 790</b>
<b>Total trade payables</b>	<b>68 289</b>	<b>74 951</b>

**Note 14 – Amounts Owed to Recipients under Contracts**

	As at 30 September 2020	As at 31 December 2019
Amounts due from recipients under contracts	16 762	22 851
<b>Amounts due from recipients under long-term contracts</b>	<b>16 762</b>	<b>22 851</b>

	As at 30 September 2020	As at 31 December 2019
- amounts owed to recipients under contracts :	44 376	42 598
a ) current	44 376	30 955
b) non-current	-	11 643
<b>Amounts due to recipients under long-term contracts</b>	<b>44 376</b>	<b>42 598</b>

The disclosures in IFRS 15 are presented in the table below

Description	As at 30 September 2020	As at 31 December 2019
Revenues according to contracts	763 222	757 242
Revenues invoiced	492 321	258 278
Liabilities planned under the implementation of contracts	707 399	712 831
Realized contractual liabilities	464 051	269 142
Amounts due from recipients	16 762	22 851
Amounts owed to recipients	44 376	42 598

**Note 15 – Other Liabilities**

	As at 30 September 2020	As at 31 December 2019
a) to other entities	4 726	3 730
- under taxes, duties, insurance and other changes	3 578	2 851
- under remuneration	478	456
- other (by type)	670	423
liabilities to employees	-	6
liabilities to shareholders	16	16
other	654	401
b) other current provisions	3 358	4 808
- provision to costs booked for the previous year related to long-term contracts	1 659	1 883
- provision to costs	-	993
- cost of audit	71	63
- current provision for retirement benefits	341	384
- provision for unused holiday leaves	1 287	1 485
<b>Total other liabilities</b>	<b>8 084</b>	<b>8 538</b>

**Note 16 – Deferred income**

	As at 30 September 2020	As at 31 December 2019
Other	3 658	324
<b>Deferred income as at the end of the period, including:</b>	<b>3 658</b>	<b>324</b>
<b>Non-current liabilities</b>	<b>3 334</b>	<b>-</b>
<b>Current liabilities</b>	<b>324</b>	<b>324</b>

**Note 17 - Revenues from sale of services**

Revenues from sale of services (type of service and type of activity)	Period ended 30 September 2020	Period ended 30 September 2019
- revenues from sale of services, including:	239 156	220 533
- from related entities	2 484	1 416
<b>Revenues from sale of services (territorial division)</b>	<b>Period ended 30 September 2020</b>	<b>Period ended 30 September 2019</b>
Revenues from sale of services, including:	239 156	220 533
Domestic sale	238 429	220 378
- for related entities	2 484	1 416
Exports	727	155

Revenues under contracts for construction services (general contracting) and other services are presented in Note 24.

The gross amount due from ordering parties/ recipients for the work under the contracts was presented in Note 14.

Information on major customers, whose total value of revenues from sales of services exceeds 10% of the total revenue of the entity in the first quarter of 2020 is included in 24.

**Note 18 – Cost of Services Sold**

Costs by type	Period ended 30 September 2020	Period ended 30 September 2019
a) amortization and depreciation	4 679	4 102
b) consumptions of materials and energy	9 551	20 589
c) outsourcing	187 252	159 961
d) taxes and levies	444	382
e) remuneration	27 180	25 045
f) social security and other benefits	5 299	4 966
g) costs by type (under)	2 532	2 923
- property and personal insurance	718	663
- business trips	716	854
- PFRON (State Fund for Rehabilitation of Disabled Persons)	224	192
- car rental	223	427
- other	651	787
<b>Total costs by type</b>	<b>236 937</b>	<b>217 968</b>
Change in inventories, goods and accruals and prepayments	-1 653	-746
General and administrative expenses (negative value)	-10 921	-9 492
<b>Cost of services sold</b>	<b>224 363</b>	<b>207 730</b>

**Note 19- Other Operating Income**

	Period ended 30 September 2020	Period ended 30 September 2019
a) gain on sale of non-financial non-current assets	18	8
b) reversal of write-down (under)	88	38
- receivables	88	38
c) other, including:	963	266
- reimbursement of litigation cost	7	23
- received compensation, fines and penalties	641	141
- write-off of past due liabilities	114	3
- other	201	99
<b>Total other operating income</b>	<b>1 069</b>	<b>312</b>

**Note 20 – Other Operating Expenses**

	Period ended 30 September 2020	Period ended 30 September 2019
a) loss on disposal of non-financial non-current assets	-	4
b) write-down of	117	-
- receivables	117	-
c) other, including:	394	311
- litigation costs	25	33
- penalties, fines and compensation paid	343	219
- other	26	59
<b>Total other operating costs</b>	<b>511</b>	<b>315</b>

**Note 21 – Financial Income**

	Period ended 30 September 2020	Period ended 30 September 2019
a) interest under loans granted	156	282
- from jointly-controlled entities	156	282
b) other interest	70	70
- from other entities	70	70
c) surplus of positive exchange rate differences	26	-
d) other, including:	250	263
- revenues under discounted non-current liabilities	147	-
- other	103	263
<b>Total financial income</b>	<b>502</b>	<b>615</b>

**Note 22 – Finance Costs**

	Period ended 30 September 2020	Period ended 30 September 2019
a) interest on bank loans	25	167
b) other interest	877	718
- for other entities	64	44
- under lease	813	674
c) surplus of negative exchange rate differences	15	51
d) other, under:	984	330
- commission on bank guarantees	414	201

- commission on loans	113	85
- other costs	457	44
<b>Total finance costs</b>	<b>1 901</b>	<b>1 266</b>

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

The Group discloses cash of restricted disposal accumulated on the split payment account in the statement of financial position in item cash and cash equivalents.

Differences between the amounts established directly from the financial statements and those presented in the statement of cash flows resulted from transfer of particular amounts from operating activity to investing activity and financing activity.

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

	2020	2019
<b>Change in current receivables</b>	<b>-4 053</b>	<b>-54 845</b>
Receivables as at 1 January	77 980	41 472
Amounts due from recipients under contracts as at 1 January	22 851	13 691
Other assets as at 1 January	943	1 202
Receivables under retained security deposits as at 1 January	11	63
Receivables from non-current assets sold	-	-11
<b>Opening balance sheet after adjustments</b>	<b>101 785</b>	<b>56 417</b>
Receivables as at 30 September	87 089	90 566
Amounts due from recipients under contracts as at 30 September	16 762	19 252
Other assets as at 30 September	1 055	1 316
Receivables under retained security deposits as at 30 September	931	128
<b>Closing balance sheet after adjustments</b>	<b>105 837</b>	<b>111 262</b>
<b>Change in current liabilities except for current loans and special funds</b>	<b>-5 054</b>	<b>56 968</b>
Trade payables as at 1 January	69 161	31 626
Other liabilities as at 1 January	8 538	8 620
Amounts owed to recipients under contracts as at 1 January	42 598	2 863
Liabilities under retained security deposits as at 1 January	5 790	3 569
Provision to current retirement benefits	-384	-445
Provisions for annual leaves	-1 485	-1 471
Provision for audit	-63	-67
Provision for current other costs	-1 550	-1 549
Liabilities under operating lease	-	-428
Liabilities to shareholders	-17	-17
<b>Opening balance sheet after adjustments</b>	<b>122 568</b>	<b>42 702</b>
Trade payables as at 30 September	56 306	81 017
Amounts owed to recipients under contracts as at 30 September	44 376	1 357
Other liabilities as at 30 September	8 084	14 605
Liabilities under retained security deposits as at 30 September	11 983	5 932
Provision for current retirement benefits	-341	-380
Provision for annual leaves	-1 287	-1 295
Provision for audit	-71	-
Provision for current other costs	-1 549	-1 549
Liabilities under discount of non-current liabilities	30	-
Liabilities to shareholders	-17	-17

<b>Closing balance sheet after adjustment</b>	<b>117 514</b>	<b>99 670</b>
<b>Change in other adjustments as at 30 September</b>	<b>3 608</b>	<b>7</b>
Change in deferred income – advances received	3 334	730
Other	274	237

#### **Note 24- Information on Operating Segments**

Operating segment is a component part of the Group:

- that engages in business activity from which it can obtain income and incur expenses,
- whose operating results are regularly reviewed by the body responsible for making operating decisions of the Group,
- in case of which a separate financial information is available.

Revenues of the segment are revenues from sale to external customers.

Costs of the segment are the expenses composed of costs relating to the sale to external customers.

Segment result is determined on the level of operating income.

The activities of the companies from Capital Group and the Issuer, for the managing purposes were divided into eight basic operational sectors such as: execution (general contracting), design services and other engineering services (supervisions along with the project engineer service), lease of the construction equipment and other other activities, which include among others income from sublease, sale of photocopying services and other.

Segment assets include all assets used by a segment, consisting primarily of receivables, inventories and property, plant and equipment less the value of provisions and impairment losses.

Some assets in the joint use are assigned to the segment based on reasonable weights.

Revenues achieved outside Poland (Exports) from 1 January 2020 to 30 September 2020 amounted to PLN 727 thousand (i.e. 0.3% of sales revenue), and in the period from 1 January 2019 to 30 September 2019 amounted to PLN 155 thousand (i.e. 0.1% of sales revenue)

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

- A client, who deals in the production of chemical raw materials – sales revenue PLN 124 946 thousand, representing 51.7% of sales revenue. Revenues from sale of services for this client were shown in the segment „General contracting” and „Design services and other engineering services”.
- A client involved in the production of artificial fertilizers – sales revenue PLN 64 589 thousand, representing 26.7% of sales revenue. Revenues from sale of services for this client were shown in the segment „General contracting” and „Design services and other engineering services”.

Detailed data on the operations of the companies from the Group in the individual segments are shown in the tables below.

Interim condensed consolidated financial statements of Prochem S.A. Capital Group as at and for the period of nine months ended 30 September 2020

For the period from 01.01.2020 to 30.09.2020	General contracting	Design services, other engineering services	Rental of construction equipment	Assembly of electrical installation	Rental of office space and real estate	Maintenance	Commercial activity	Other IT services	Other	Items not assigned	Total
Revenues to external clients	191 219	26 954	626	15 027	3 595	187	2 461	286	1 262	-	241 617
<b>Total segment revenues</b>	<b>191 219</b>	<b>26 954</b>	<b>626</b>	<b>15 027</b>	<b>3 595</b>	<b>187</b>	<b>2 461</b>	<b>286</b>	<b>1 262</b>	<b>-</b>	<b>241 617</b>
<b>Result</b>											
<b>Profit (loss) of the segment</b>	<b>3 815</b>	<b>79</b>	<b>-342</b>	<b>1 105</b>	<b>328</b>	<b>-7</b>	<b>240</b>	<b>-379</b>	<b>-717</b>	<b>-</b>	<b>4 112</b>
Financial income										562	562
Finance costs										-1 900	-1 900
Net financial income										-1 338	-1 338
Share in the profit of entities valued using the equity method										<b>1 008</b>	1 008
Profit on other operating activities										1 573	1 573
Before tax profit										5 355	<b>5 355</b>
Income tax										-1 458	-1 458
Profit for the current period										3 897	<b>3 897</b>
Profit assigned to non-controlling interest										-85	<b>-85</b>
<b>Profit for the period assigned to shareholders of the parent entity</b>										3 982	<b>3 982</b>
Segment assets (related to activity)	71 986	6 511	802	9 133	23 485	56	-	144	263	139	112 519
Not assigned/unallocated assets (among others shares and other financial assets)	-	-	-	-	-	-	-	-	-	150 503	150 503
<b>Total assets</b>	<b>71 986</b>	<b>6 511</b>	<b>802</b>	<b>9 133</b>	<b>23 485</b>	<b>56</b>	<b>-</b>	<b>144</b>	<b>263</b>	<b>150 642</b>	<b>263 022</b>
Depreciation of property, plant and equipment	292	1111	68	652	1 290	-	-	48	69	1 095	4 625
Amortization of intangible assets	-	1	-	-	-	-	-	-	-	53	54

Interim condensed consolidated financial statements of Prochem S.A. Capital Group as at and for the period of nine months ended 30 September 2020

*Note operating segments - continuation*

For the period from 01.01.2019 . to 30.09.2019	General contracting	Design services, other engineering services	Rental of construction equipment	Assembly of electrical installation	Rental of office space and real estate	Management of real estate	Maintenance	Commercial activity	Other IT services	Other	Items not assigned	Total
Revenues to external clients	157 209	27 201	1 603	28 619	3 693	122	145	2 693	269	1 672	-	223 226
<b>Total segment revenues</b>	<b>157 209</b>	<b>27 201</b>	<b>1 603</b>	<b>28 619</b>	<b>3 693</b>	<b>122</b>	<b>145</b>	<b>2 693</b>	<b>269</b>	<b>1 672</b>	<b>-</b>	<b>223 226</b>
Result of the segment	1 367	721	278	719	984	-	26	337	-388	3 969	-	3 648
Financial income											615	615
Finance costs											-1 266	-1 266
<b>Net financial income/finance costs</b>											<b>-651</b>	<b>-651</b>
Share in profit of associates											1 829	1 829
<b>Profit on other operating activities</b>											<b>-3</b>	<b>-3</b>
<b>Before tax profit</b>											<b>4 823</b>	<b>4 823</b>
Income tax											672	672
<b>Profit for the current period</b>											<b>4 151</b>	<b>4 151</b>
<b>Profit assigned to non-controlling interest</b>											<b>41</b>	<b>41</b>
<b>Profit for the period assigned to shareholders of the parent entity</b>											<b>4 110</b>	<b>4 110</b>
Segment assets (related to activity)	69 030	9 876	426	12 397	28 293	-	-	-	385	136	-	120 543
Not assigned/unallocated assets (among others shares and other financial assets)											108 787	108 787
<b>Total assets</b>	<b>69 030</b>	<b>9 876</b>	<b>426</b>	<b>12 397</b>	<b>28 293</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>385</b>	<b>136</b>	<b>108 787</b>	<b>229 330</b>
Depreciation of property, plant and equipment	29	74	52	471	1 198	-	18	-	38	185	1 970	4 035
Amortization of intangible assets	-	7	-	14	3	-	-	-	3	-	40	67

### *Information about the geographical areas*

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

	1 January-30 September 2020	1 January -30 September 2019
Poland	238 429	220 378
Other countries	727	155
<b>Total sales revenue</b>	<b>239 156</b>	<b>220 533</b>

Geographical breakdown of property, plant and equipment and intangible assets

	30.09.2020	30.09.2019
Poland	25 182	29 717
<b>Total property, plant and equipment and intangible assets</b>	<b>25 182</b>	<b>29 717</b>

### *Note 25 - Collateral Granted and Received and Contingent Liabilities and Contingent Assets*

Collateral granted	As at	
	30.09.2020	31.12.2019
Bank guarantee of good performance and statutory warranty	50 729	51 383
Guarantee of reimbursement of advance payment	1 500	7 869
Payment guarantee	1 050	1 050
<b>Total guarantee granted</b>	<b>53 279</b>	<b>60 302</b>
Surety agreement for the loan to company from the Prochem SA Capital Group	-	36 975
<b>Total collateral granted</b>	<b>53 279</b>	<b>97 277</b>

Collateral received	As at	
	30.09.2020	31.12.2019
Bank guarantee of good performance	21 094	8 738
Guarantee by promissory notes for securing contract terms	450	1 777
<b>Total contingent assets</b>	<b>21 544</b>	<b>10 515</b>

### *Note 26 - Profit Distribution*

The Group's financial result is not subject to distribution.

Pursuant to the Resolution No.14 of the Ordinary General Meeting of 25 August 2020 the Issuer's net profit for 2019 in the amount of PLN 3,697,951.01 was entirely allocated to the reserve capital.

### *Note 27 - Dividends*

Dividend was not paid.



**Note 28- Financial Instruments and Financial Risk Management**

**Financial assets**

**As at 30 September 2020**

(in PLN thousands)	Categories of financial instruments		
	note	Loans, receivables and other	Total
<b>Classes of financial instruments</b>			
Receivables from supplies and services	8	86 721	86 721
Cash		38 382	38 382
Loans granted	6	17 347	17 347
Other financial assets – non-current security deposit	6	9 584	9 584
<b>Total</b>		<b>152 034</b>	<b>152 034</b>

**As at 31 December 2019**

(in PLN thousands)	Categories of financial instruments		
	note	Loans, receivables and other	Total
<b>Classes of financial instruments</b>			
Receivables from supplies and services	8	74 667	74 667
Cash		34 781	32 781
Loans granted	6	18 419	18 419
Other financial assets – non-current security deposit	6	9 848	9 848
<b>Total</b>		<b>137 715</b>	<b>137 715</b>

**Financial liabilities**

**As at 30 September 2020**

(in PLN thousands)	Categories of financial instruments		
	note	Financial liabilities measured at amortized costs	Total
<b>Classes of financial instruments</b>			
Loans	11	1 334	3 334
Amounts due under contracts	14	44 376	44 376
Trade payables	13	68 289	68 289
<b>Total</b>		<b>113 999</b>	<b>113 999</b>

**As at 31 December 2019**

(in PLN thousands)	Categories of financial instruments		
	note	Financial liabilities measured at amortized costs	Total
<b>Classes of financial instruments</b>			
Loans	11	1 786	1 786
Amounts due under contracts	14	42 598	42 598
Trade payables	13	74 951	74 951
<b>Total</b>		<b>119 335</b>	<b>119 335</b>

The fair value of financial instruments – does not differ from book value.

**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 an influence or is a member of key management personnel of the entity or the Parent Entity.

Key managing personnel comprise the Members of the Management Board of the Parent Entity, and the Members of the Supervisory Board of the Parent Entity

In three quarters of 2020 key management personnel and persons related to key management personnel, in addition to remuneration did not conclude other transactions with the companies from the Capital Group of PROCHEM S.A.

### **Remuneration of the Key Management Personnel**

In three quarters of 2020 in the Issuer's enterprise were paid:

1. remuneration to the Members of the Management Board in total amount of PLN 1 232.4 thousand, including remuneration determined from the 2019 profit amounted to PLN 114.6 thousand.
2. Remuneration to the Members of the Supervisory Board in total amount of PLN 252 thousand.

In three quarters of 2020 remuneration for performing functions in the Management Boards and the Supervisory Boards of companies belonging to the Capital Group, paid to members of the Management Board amounted to PLN 118 thousand.

Below are presented transactions with related entities, which include the jointly-controlled entities or associated entities, as well as with ones, on which the Issuer has an influence or is a member of the key management personnel of the entity or the parent Company. All transactions of related entities were concluded on market conditions and they relate to sale and purchase of services, among others - of construction and assembly services, and rental, as well as of loans granted mutually.

Settlements with related entities include trade settlements and under loans.

Guarantees and sureties granted to related entities are presented in Note 23.

### **Reporting period**

(In PLN thousands)

<b>from 1 January to 30 September 2020</b>				
	Sale of services	Purchase of services	Financial income – interest on loans	Financial income – dividends received
Jointly-controlled entities and associated entities	2 484	2 438	156	-

<b>As at 30 September 2020</b>				
	Trade receivables	Receivables under loans granted	Other receivables	Trade payables
Jointly-controlled entities and associated entities	553	17 347	-	7

### **Comparative period**

(in PLN thousands)

<b>from 1 January to 30 September 2019</b>				
	Sale of services	Purchase of services	Financial income – interest on loans	Financial income – dividends received
Jointly-controlled entities and associated entities	1 416	820	282	-

<b>As at 30 September 2019</b>				
	Trade receivables	Receivables under loans granted	Other receivables	Trade payables
Jointly-controlled entities and associated entities	601	18 792	-	5

**Note 30 – Events after the Reporting Date**

They did not occur.

**Note 31 - Other Explanatory Notes to Interim Condensed Consolidated Financial Statements**

**Description of factors which in the issuer's estimation will have an impact on the financial results achieved in the prospects of at least subsequent quarter**

For the operations of the Capital Group of Prochem S.A. by the end of 2020, the macroeconomic environment will have a significant impact, in particular the condition of the Polish economy, which has a significant impact on the decisions of the companies from the Capital Group of Prochem S.A. (industrial companies in particular) on starting new investment plans. The portfolio of orders owned by the companies allows us to assume that the financial results in 2020 will continue to be at a satisfactory level.

Pursuant to the contract for the sale of shares in Atutor Integracja Cyfrowa Sp. z o. o. with its registered office in Warsaw on September 17, 2019, the subsidiary Prochem Inwestycje Sp. z o. o. based in Warsaw by April 30, 2020, is to sell the second block of shares, comprising 178 shares. The ownership of the shares is transferred to the buyer on the date of payment.

Due to the epidemiological situation, the date of sale of the second block of shares was not met.

**Position of the Management Board in relation to the possibility of accomplishment of previously published forecast of results for the given year, in the light of results presented in the quarterly report with respect to the forecasted results**

Company Prochem S.A. did not publish any forecast of financial results neither for the Company nor for the Capital Group of Prochem S.A. for 2020.

**Information on granting by the company or its subsidiary sureties for a credit or loan or granting a guarantee to another entity or a subsidiary of this entity, if the total value of the existing sureties or guarantees is equivalent to at least 10% of equity**

In three quarters of 2020 the companies belonging to the Capital Group did not grant any sureties and guarantees to related entities.

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

As at the date of the financial statements hereby, the following members of the Management Board and Supervisory Board of the company held shares of Prochem S.A.

- Jarosław Stępniewski – 68,383 pcs.;
- Marek Kiersznicki – 59,474 pcs.;
- Krzysztof Marczak – 42,386 pcs.;
- Marek Garliński – 83,996 pcs.;
- Andrzej Karczykowski – 283,391 pcs.

The nominal value of 1 share is PLN 1.

On October 14-16, 2020, the Vice President of the Management Board, Mr. Krzysztof Marczak, purchased 3,450 shares of Prochem S.A. Before the transaction, Mr. Marczak owned 38,936 shares.

## Financial Information of PROCHEM S.A.

### Unconsolidated statement of financial position

(all amounts in PLN thousands if not stated otherwise)

#### Statement of financial position

(all amounts in PLN thousands if not stated otherwise)

	As at 30 September 2020	As at 31 December 2019
<b>A s s e t s</b>		
<b>Non-current assets</b>		
Property, plant and equipment	945	1 180
Intangible assets	50	89
Right-of-use assets	12 558	13 875
Shares	8 478	8 478
Shares in equity-accounted investees	4 502	4 502
Deferred tax assets	3 436	765
Receivables under retained security deposits	931	11
Other financial assets	43 591	45 709
<b>Total non-current assets</b>	<b>74 491</b>	<b>74 609</b>
<b>Current assets</b>		
Inventories	64	2 456
Trade and other receivables	74 891	61 035
Amounts due from recipients under contracts	10 060	15 997
Other financial assets	982	1 383
Other assets	776	718
Cash and cash equivalents	18 892	21 703
<b>Total current assets</b>	<b>105 665</b>	<b>103 292</b>
<b>Total assets</b>	<b>180 156</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	46 230	43 928
<b>Total equity</b>	<b>48 775</b>	<b>46 473</b>
<b>Non-current liabilities</b>		
Non-current loans	971	950
Liabilities under retirement and similar benefits	691	691
Non-current liabilities under retained security deposits	12 909	6 284
Amounts owed to recipients under contracts	-	11 643
Liabilities under lease	9 821	11 097
Other non-current liabilities	-	0
<b>Total non-current liabilities</b>	<b>24 392</b>	<b>30 665</b>
<b>Current liabilities</b>		
Trade payables	52 467	61 168
Amounts owed to recipients under contracts	44 376	30 955
Liabilities under current income tax	1 794	-

**Interim condensed consolidated financial statements of the Prochem S.A. Capital Group as at and for the period of nine months ended 30 September 2020**

Liabilities under lease	2 955	2 858
Other liabilities	5 397	5 782
<b>Total current liabilities</b>	<b>106 989</b>	<b>100 763</b>
<b>Total liabilities</b>	<b>131 381</b>	<b>131 428</b>
<b>Total equity and liabilities</b>	<b>180 156</b>	<b>177 901</b>

Weighted average number of ordinary shares (in pcs.)	2 935 000	2 935 000
Book value per one share (in PLN)	16.62	15.83

**Unconsolidated statement of profit and loss  
for the period from 1 January 2020 to 30 September 2020**  
(all amounts in PLN thousands if not stated otherwise)

	Period ended 30 September 2020	Period ended 30 September 2019
Revenues from sale, including:	219 507	187 067
Revenues from sale of services	217 327	184 582
Revenues from sale of goods and materials	2 180	2 485
Cost of sales, including :	-209 376	-178 907
Cost of services sold	-207 379	-176 622
Cost of merchandise and raw materials	-1 997	-2 285
<b>Gross profit on sales</b>	<b>10 131</b>	<b>8 160</b>
General and administrative expenses	-6 367	-5 427
Other operating income	709	207
Other operating expenses	-473	-228
<b>Result from operating activities</b>	<b>4 000</b>	<b>2 712</b>
Financial income	506	783
Finance expenses	-1 430	-813
<b>Before tax profit</b>	<b>3 076</b>	<b>2 682</b>
Income tax expense :	774	607
- current tax	3 444	-
- deferred tax	-2 670	607
<b>Profit for the period</b>	<b>2 302</b>	<b>2 075</b>

Weighted average number of ordinary shares (in pcs.)	2 935 000	2 935 000
Profit/diluted profit per one ordinary share (in PLN per one share)	0.78	0.71

## Unconsolidated statement of comprehensive income

	Period ended 30 September 2020	Period ended 30 September 2019
<b>Profit for the period</b>	<b>2 302</b>	<b>2 075</b>
<b>Other comprehensive income net</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>2 302</b>	<b>2 075</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)	0.78	0.71

## Unconsolidated 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 September 2020</b>				
<b>As at the beginning of the period</b>	<b>2 935</b>	<b>-390</b>	<b>43 928</b>	<b>46 473</b>
Net profit (loss) of the given period	-	-	2 302	2 302
<i>Other comprehensive income (net)</i>	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>2 302</b>	<b>2 302</b>
Other changes	-	-	-	-
<b>As at the end of the period</b>	<b>2 935</b>	<b>-390</b>	<b>46 230</b>	<b>48 775</b>

	Share capital	Revaluation reserve	Retained earnings	Total equity
<b>Reporting period from 1 January 2019 to 30 September 2019</b>				
<b>As at the beginning of the period</b>	<b>2 935</b>	<b>-343</b>	<b>40 230</b>	<b>42 822</b>
Net profit (loss) of the given period	-	-	2 075	2 075
<i>Other comprehensive income (net)</i>	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>2 075</b>	<b>2 075</b>
Other changes	-	-	-	-
<b>As at the end of the period</b>	<b>2 935</b>	<b>-343</b>	<b>42 305</b>	<b>44 897</b>

**Unconsolidated statement of cash flows**  
**for the period from 1 January 2020 to 30 September 2020**  
(all amounts in PLN thousands if not stated otherwise)

	Period ended 30 September 2020	Period ended 30 September 2020
<b>Cash flows – operating activities</b>		
<b>Before tax profit</b>	<b>3 076</b>	<b>3 076</b>
Total adjustments	-3 924	-3 924
Amortization and depreciation	2 597	2 597
Interest and profit sharing (dividends)	347	347
Change in provisions	-49	-49
Change in inventories	2 392	2 392
Change in receivables and in other assets	-8 897	-8 897
Change in current liabilities, except for borrowings and loans	-614	-614
Other adjustments (including change in deferred income)	300	300
<b>Cash provided by (used in) operating activities</b>	<b>-848</b>	<b>-848</b>
Income tax paid	1 650	1 650
<b>Net cash provided by (used in) operating activities</b>	<b>-2 498</b>	<b>-2 498</b>
<b>Cash flows – investing activities</b>		
<b>Inflows</b>	<b>2 445</b>	<b>2 445</b>
Disposal of intangible assets and property, plant and equipment	-	-
Inflows from financial assets	2 445	2 445
- in related entities	2 445	2 445
repayment of a loan	500	500
Repayment of interest on loans	1 945	1 945
<b>Outflows</b>	<b>-101</b>	<b>-101</b>
Acquisition of intangible assets and property, plant and equipment	-101	-101
<b>Net cash provided by (used in) investing activities</b>	<b>2 344</b>	<b>2 344</b>
<b>Cash flows – financing activities</b>		
<b>Inflows</b>	<b>5</b>	<b>5</b>
Other financial proceeds	5	5
<b>Outflows</b>	<b>-2 662</b>	<b>-2 662</b>
Repayment of bank loans	-	-
Interest and commission paid	-155	-155
Payment of liabilities under finance lease	-2 507	-2 507
<b>Net cash provided by (used in) financing activities</b>	<b>-2 657</b>	<b>-2 657</b>
Total cash flows, net	-2 811	-2 811
Increase/(decrease) in cash and cash equivalents net	-2 811	-2 811
<b>Cash and cash equivalents at the beginning of the period</b>	<b>21 703</b>	<b>21 703</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>18 892</b>	<b>18 892</b>
<b>Including restricted cash</b>	<b>609</b>	<b>609</b>

### ***Approval of the financial statements***

Hereby interim condensed consolidated financial statements of the Capital Group of Prochem S.A. for the period from 1 January 2020 to 30 September 2020, containing the financial information of the company Prochem S.A. were approved for publication by the Management Board of the Parent Entity Prochem S.A. on November 10, 2020.

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

10 November 2020 date	Jarosław Stępniewski First name and surname	President of the Management Board position	..... signature
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10 November 2020 date	Marek Kiersznicki First name and surname	Vice President of the Management Board position	..... signature
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10 November 2020 date	Krzysztof Marczak First name and surname	Vice President of the Management Board position	..... signature
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### **Signature of the person responsible for bookkeeping**

10 November 2020 date	Barbara Auguścińska-Sawicka First name and surname	Chief Accountant position	..... signature
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