

REPORT FOR THE THIRD QUARTER OF 2021

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 2021
- Financial information of the Parent Entity PROCHEM S.A.

and

- Selected financial data
- Statement of the Management Board

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

Selected financial data

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

- for the third quarter of 2021 - 4.5585 PLN/EUR
- for the third quarter of 2020 - 4.4420 PLN/EUR

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

- 4.6329 PLN/EUR as at 30 September 2021
- 4.6148 PLN/EUR as at 31 December 2020

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

Description	Reporting period ended 30 September		Reporting period ended 30 September	
	2021	2020	2021	2020
	In PLN thousands		In EUR thousands	
Consolidated statement of profit and loss				
Revenues from sale	165 232	241 617	36 247	54 394
Gross profit on sales	13 751	15 033	3 017	3 384
Results from operating activities	4 076	5 685	894	1 280
Before tax profit	4 692	5 355	1 029	1 206
Profit for the period assigned to :	3 369	3 897	739	877
Shareholders of the Parent Entity	3 590	3 982	788	896
Non-controlling interest	-221	-85	-48	-19
Profit/diluted profit (in PLN/EUR)per one ordinary share – assigned to shareholders of the Parent Entity	1.52	1.36	0.33	0.31
Consolidated statement of cash flows				
Net cash provided by (used in) operating activities	-6 769	2 397	-1 485	540
Net cash provided by (used in) investing activities	-1 626	5 383	-357	1 212
Net cash provided by (used in) financing activities	-15 820	-4 179	-3 470	-941
Total cash flows, net	-24 215	3 601	-5 312	811
As at				
Description	As at		As at	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
	In PLN thousands		In EUR thousands	
Consolidated statement of financial position				
Total assets	210 334	251 465	45 400	54 491
Total non-current assets	106 399	107 632	22 966	23 323
Total current assets	103 935	143 833	22 434	31 168
Equity attributable to shareholders of the parent entity	97 298	105 623	21 002	22 888
Non-controlling interest	3 413	6 942	737	1 504
Total equity	100 711	112 565	21 738	24 392
Total non-current liabilities	36 232	42 521	7 821	9 214
Total current liabilities	73 391	96 379	15 841	20 885
Book value per one ordinary share (in PLN/EUR)- assigned to shareholders of the parent entity	41.32	35.99	8.92	7.80
Weighted average number of shares (in pcs.)	2 355 000	2 935 000	2 355 000	2 935 000

Interim condensed consolidated financial statements of the Prochem S. A. Capital Group as at and for the period of nine months ended 30 September 2021

Selected financial data of Prochem S. A.

Description	Reporting period ended 30 September		Reporting period ended 30 September	
	2021	2020	2021	2020
	In PLN thousands		In EUR thousands	
<i>Separate statement of profit and loss</i>				
Revenues from sale	123 368	219 507	27 063	34 297
Gross profit on sales	9 239	10 131	2 027	2 281
Results from operating activities	3 707	4 000	813	900
Before tax profit	3 299	3 076	724	692
Profit for the period	2 762	2 302	606	518
Profit/diluted profit per one ordinary share (in PLN/EUR)	1.17	0.78	0.26	0.18
<i>Separate statement of cash flows</i>				
Net cash provided by (used in) operating activities	-5 901	-2 498	-1 294	-562
Net cash provided by (used in) investing activities	15 589	2 344	3 420	528
Net cash provide by (used in) financing activities	-17 830	-2 657	-3 911	-598
Total cash flows, net	-8 142	-2 811	-1 786	-633

Description	As at		As at	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
	In PLN thousands		In EUR thousands	
<i>Separate statement of financial position</i>				
Total assets	113 983	166 831	24 603	36 151
Total non-current assets	45 104	63 020	9 736	13 656
Total current assets	68 879	103 811	14 867	22 495
Total equity	44 172	56 490	9 534	12 241
Total non-current liabilities	19 138	26 243	4 131	5 687
Total current liabilities	50 673	84 098	10 938	18 224
Book value per one ordinary share (in PLN/EUR)	18.76	19.25	4.05	4.25
Weighted average number of shares (in pcs.)	2 355 000	2 935 000	2 355 000	2 935 000

Statement of the Management Board

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

The Management Board of Prochem S.A. declares that interim condensed consolidated financial statements of the Capital Group of Prochem S.A. and interim 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 the Capital Group of Prochem S.A. and Prochem S.A. as of September 30, 2021 and as of December 31, 2020, and results of its operations and cash flows for the period of 9 months ended September 30, 2021 and September 30, 2020.

Member
of the Management Board
Michał Dąbrowski

Vice President
of the Management Board
Krzysztof Marczak

President of the Management Board
Marek Kiersznicki

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

**as at and for the period of nine months ended
30 September 2021**

Contents

Interim condensed consolidated financial statements of the Prochem S.A. Capital Group

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

Consolidated statement of financial position as at 30 September 2021

(all amounts in PLN thousands if not stated otherwise)

	Note No.	As at 30 September 2021	As at 31 December 2020
A s s e t s			
Non-current assets			
Property, plant and equipment	1	16 579	17 190
Intangible assets		100	76
Investment property	2	9 861	9 861
Right-of-use assets	3	24 235	26 318
Shares		830	830
Shares in equity-accounted investees	4	36 580	33 907
Deferred tax assets	5	988	1 484
Receivables under retained security deposits		226	883
Other financial assets	6	17 000	17 083
Total non-current assets		106 399	107 632
Current assets			
Inventories	7	3 108	5 339
Trade and other receivables	8	55 662	75 099
Receivables under current income tax		1 016	756
Amounts due from recipients under contracts	14	19 568	13 163
Other financial assets	9	8 640	9 669
Other assets	10	1 228	879
Cash and cash equivalents		14 713	38 928
Total current assets		103 935	143 833
Total assets		210 334	251 465

Consolidated statement of financial position as at 30 September 2021

(all amounts in PLN thousands if not stated otherwise)

	Note No.	As at 30 September 2021	As at 31 December 2020
Equity and liabilities			
Equity			
Share capital	11	2 935	2 935
Own shares		-580	-
Revaluation reserve		7 224	7 043
Retained earnings		87 719	95 645
Owners' equity		97 298	105 623
Non-controlling interest		3 413	6 942
Total equity		100 711	112 565
Non-current liabilities			
Provision to deferred income tax	5	2 738	2 459
Provision to retirement and similar benefits		2 053	2 066
Non-current liabilities under retained security deposits	14	10 144	14 291
Non-current liabilities under lease	15	21 154	23 562
Other non-current liabilities		143	143
Total non-current liabilities		36 232	42 521
Current liabilities			
Current bank loans	12	4 856	1 334
Trade payables	13	45 841	60 951
Amounts owed to recipients under contracts	14	10 921	20 486
Liabilities under current income tax		135	159
Current liabilities under lease	15	4 926	4 576
Other liabilities	16	6 388	8 501
Deferred income	26	324	372
Total current liabilities		73 391	96 379
Total liabilities		109 623	138 900
Total equity and liabilities		210 334	251 465
Book value – equity assigned to owners of the Parent Entity		97 298	105 623
Average number of ordinary shares (in pcs.)		2 355 000	2 935 000
Book value per one share (in PLN) – assigned to owners' of the Parent Entity		41.32	35.99

**Consolidated statement of profit and loss
from 1 January 2021 to 30 September 2021**

(all amounts in PLN thousands if not stated otherwise)

	Note no.	Period ended 30 September 2021	Period ended 30 September 2020
Revenues from sale, including :		165 232	241 617
Revenues from sale of services	16	163 686	239 156
Revenues from sale of goods and materials		1 546	2 461
Cost of sales, including :		-151 481	-226 584
Cost of services sold	17	-150 001	-224 363
Cost of merchandise and raw materials		-1 480	-2 221
Gross profit on sales		13 751	15 033
General and administrative expenses	17	-10 774	-10 921
Other operating income	18	1 458	1 069
Other operating expenses	19	-359	-511
Other operating expenses – result of one-off event		0	1 015
Results from operating activities		4 076	5 685
Financial income	20	353	502
Profit (loss) on sale/liquidation of all or part of shares in subsidiary		-1 044	60
Finance expenses	21	-1 366	-1 900
Profit sharing in associated entities		2 673	1 008
Before tax profit		4 692	5 355
Income tax expense :		1 323	1 458
- current tax		549	4 045
- deferred tax		774	-2 587
Profit for the period		3 369	3 897

Profit for the period assigned to :			
Shareholders of the Parent Entity		3 590	3 982
Non-controlling interest		-221	-85
Weighted average number of ordinary shares (in pcs.)		2 355 000	2 935 000
Profit (loss) per one ordinary share (in PLN per share) assigned to owners of the Parent Entity		1.52	1.36

Consolidated statement of comprehensive income

	Period ended 30 September 2021	Period ended 30 September 2021 0
Profit for the period	3 369	3 897
Other comprehensive income net	-	-174
<i>Other comprehensive income that will be reclassified to profit and loss under certain condition:</i>	<i>-</i>	<i>-</i>
<i>Other comprehensive income that will not be reclassified to profit and loss:</i>	<i>-</i>	<i>-174</i>
Updating of property, plant and equipment	-	-188
Income tax on other comprehensive income	-	14
Total comprehensive income	3 369	3 723
Total comprehensive income assigned to :		
Shareholders of the Parent Entity	3 590	3 808

Interim condensed consolidated financial statements of the Prochem S. A. Capital Group as at and for the period of nine months ended 30 September 2021

Non-controlling interest	-221	-85
Weighted average number of ordinary shares (in pcs.)	2 355 000	2 935 000
Total comprehensive income per one ordinary share (in PLN per one share) assigned to owners of the Parent Entity	1.52	1.30

Consolidated statement of changes in equity

(all amounts in PLN thousands if not stated otherwise)

	Share capital	Own shares	Revaluation reserve	Retained earnings	Equity assigned to shareholders of the parent entity	Equity assigned to non-controlling interest	Total equity
Reporting period from 1 January 2021 to 30 September 2021							
As at the beginning of the period	2 935	-	7 043	95 645	105 623	6 942	112 565
Net profit of the given period	-	-	-	3 590	3 590	-221	3 369
<i>Other comprehensive income (net)</i>	-	-	-	-	-	-	-
Repurchase of own shares of Prochem S.A.	-	-580	-	-14 500	-15 080	-	-15 080
Total comprehensive income	-	-580	-	-10 910	-11 490	-221	-11 711
Other changes			181	2 984	3 165	-3 308	-143
As at the end of the period	2 935	-580	7 224	87 719	97 298	3 413	100 711

Comparative period

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

**Consolidated statement of cash flows
for the period from 1 January 2021 to 30 September 2021**

(all amounts in PLN thousands if not stated otherwise)

	Period ended 30 September 2021	Period ended 30 September 2020
Cash flows – operating activities		
Before tax profit	4 692	5 355
Total adjustments	-10 628	-700
Share in net profit of associated entities	-2 673	-1 008
Amortization and depreciation	4 979	4 679
Interest and profit sharing (dividends)	441	765
(Profit) loss on disposal of property, plant and equipment	-26	-1 061
(Profit) loss on investment	1 044	-60
Change in provisions	-1 864	-234
Change in inventories	2 231	1 719
Change in receivables and other assets	13 522	-4 052
Change in current liabilities except for borrowings and loans	-29 053	-5 055
Other adjustments (including change in deferred income)	771	3 607
Cash provided by (used in) operating activities	-5 936	4 655
Income tax paid	833	2 258
Net cash provided by (used in) operating activities	-6 769	2 397
Cash flows – investing activities		
Inflows	424	5 865
Disposal of intangible assets and property, plant and equipment	-	4 636
Inflows from financial assets of related entities, under :	424	1 229
Repayment of loan with interest	424	1 229
Outflows	-2 050	-482
Acquisition of intangible assets and property, plant and equipment	-980	-482
Outflow on acquisition of financial assets in related entities, under:	-1 022	-
Acquisition of shares of subsidiary	-1 022	-
Other outflows	-48	-
Net cash provided by (used in) investing activity	-1 626	5 383
Cash flows – financing activity		
Inflows	3 539	10
Bank loan	3 539	5
Other financial assets	-	5
Outflows	-19 359	-4 189
Other than payments to owners, outflows under profit distribution	-103	-
Acquisition of own shares for redemption	-15 080	-
Repayment of bank loans	-18	-450
Interest and commission paid	-65	-138
Payment of liabilities under finance lease	-50	-56
Payment of liabilities under operating lease IFRS 16	-4 043	-3 545
Net cash provided by (used in) financing activity	-15 820	-4 179
Total cash flows, net	-24 215	3 601
Increase/(decrease) cash and cash equivalents net	-24 215	3 601
Cash and cash equivalents at the beginning of the period	38 928	34 781
Cash and cash equivalents at the end of the period	14 713	38 382
Including restricted cash (VAT)	1 520	641

Notes on adopted accounting principles (policy) and other explanatory notes to consolidated 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.

Information for esef

Place of business: Warszawa (02-457), ul. Łopuszańska 95

Country of registration : Poland

Name change: was not

1.1. The Management Board and Supervisory authorities of the Issuer

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

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

In the period from January 1st, 2021 to September 30th, 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 period from 1 January 2021 to 30 September 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 XIth joint term of office.

2. Employment

Average employment in the Prochem S.A. Capital Group for three quarters of 2021 was 388 FTEs, and for three quarters of 2020 388 FTEs.

Level of employment in persons the Prochem S.A. Capital Group as at 30 September 2021 was 394 and as at 30 September 2020 396.

Average employment in Prochem S.A. for three quarters of 2021 was 206 FTEs, and in three quarters of 2020 202 FTEs.

3. 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%);
- 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%);
- Elektromontaż Kraków S.A. seated in Krakow – subsidiary indirectly (91.07%), including 56.59% of share in capital and votes holds company Prochem Inwestycje subsidiary in 100%. Company Elektromontaż Kraków S.A. prepares consolidated financial statements, which contains data of subsidiary in 100%: ELMONT-POMIARY Sp. z o.o. seated in Krakow.;
- 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% share in capital and voting rights holds company Prochem Inwestycje).

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

- Irydion Sp. z o. o. seated in Warsaw – 50% of share 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.

ITEL Sp. z o.o. seated in Gdynia – 42.0% share (18.7% share in voting rights and capitals holds directly Prochem S.A., and 23.3% holds Prochem RPI Sp. z o.o. subsidiary in 100%) covered by impairment allowance – company is not conducting activity.

Interim condensed consolidated financial statements of the Prochem S.A. Capital Group as at and for the period of nine months ended 30 September 2021

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 to 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%

AGM of Elektromontaż Kraków S.A. on June 15, 2021, agreed to buy back its own shares for redemption. The maximum number of shares purchased for this purpose by the company is 96,000 at the price of PLN 105 per share. The total nominal value of the purchased shares is PLN 480,000. Before the transaction of purchase of shares for their redemption, the Capital Group had a direct and indirect share in the voting right in the amount of 91.07%

On June 16, 2021, on the basis of an agreement of sale of shares for redemption, Prochem Inwestycje Sp. z o.o. sold 94,000 series A registered shares of Elektromontaż Kraków S.A. based in Kraków, with a nominal value of PLN 5 each. The share purchase price was set at PLN 105 per share, the total sale price was PLN 9,870,000.

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..

On June 28, 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 Elpro sp. z o.o..

4. Adopted Accounting Principles

Principle of presentation and statement of compliance

Interim condensed consolidated financial statements of PROCHEM S.A. for the current period from January 1 to September 30, 2021 and the comparable period from January 1 to September 30, 2020, together with selected explanatory notes, were not subject to review by a statutory auditor.

Interim condensed consolidated financial statements of PROCHEM S.A. Capital Group ("interim consolidated financial statements", "interim financial statements", "consolidated financial statements", "financial statements") for three quarters of 2021 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 consolidated financial statements for the financial year ended 31 December 2020.

The presented financial statements of the Capital Group of Prochem S.A. presents fairly and clearly the financial and property situation as at September 30, 2021 and the comparative data as at December 31, 2020, as well as the results of this activity for the year ended September 30, 2021 and comparative data for the year ended September 30, 2020.

Interim condensed financial statements of Prochem S.A. Capital Group as at 30 September 2021 were prepared at assuming to continue business operations as a going concern in the foreseeable future.

Interim condensed consolidated financial statements of the Prochem S. A. Capital Group as at and for the period of nine months ended 30 September 2021

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 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.

The duration of the activities of individual entities within the Capital Group is not limited.

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

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 2020.

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:

- 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 "Lease" - simplification of changes resulting from leases contracts 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 these financial statements and did not affect the accounting policy of the Group and the consolidated financial statements.

Standards adopted by the International Accounting Standards (IASB), endorsed by the European Union but which are 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 preparing property, plant and equipment for the commencement of operation;
- Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" - Clarifications on the costs recognized in the analysis of whether the contract is an onerous contract;
- Annual Amendments Program 2018-2020 - the amendments explain and clarify the guidelines for 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 current or non current;
- Amendments to IAS 1 "Presentation of Financial Statements" and guidelines of the IFRS Board on disclosure of accounting principles (policy) in practice - the requirement to disclose material information about accounting principles;
- Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Correction of 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 Prochem S.A. have not decided to early 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 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)

5. Functional currency and presentation currency of financial statements

The consolidated financial statements are presented in thousands of Polish zlotys ("zloty" or "PLN"), which are the reporting and functional currency of the companies of the Capital Group S.A.

6. 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.

In the period from January to September 2021, the impact on the activity of the COVID-19 epidemic was noticeable, consisting in rising prices for building materials and shortages of goods on the market, resulting in a decrease in margins, primarily in the segment of construction and assembly services. The above-mentioned factors will have an impact on the level of profitability of the business. It is monitored on an ongoing basis so as to take appropriate steps regarding the organization of work and fulfil

obligations on time, if necessary. The execution of orders proceeded without downtime, in a manner not deviating from the norm.

As at the date of hereby interim condensed consolidated financial statements, the Group's financial position is stable. As a result of the analysis, the Management Board of the Parent Entity of the Capital Group Prochem S.A. sees no need to:

- revaluation of the Group's assets due to the negative effects of COVID-19,
- write-downs of receivables due to the insolvency of contractors,
- changing or correcting the Group's supply chain,
- correction of credit obligations,
- adjustments to lease liabilities - all lease contracts are carried out according to the schedule,
- introducing changes in the work and remuneration system of the Group's employees, all payroll obligations are fulfilled on an ongoing basis.

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).

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,
- 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.

7. Explanatory notes to consolidated financial statements for the period of nine months ended 30 September 2021

Note 1 – Property, Plant and Equipment

	As at 30 September 2021	As at 31 December 2020
Property, plant and equipment, including:	16 554	17 165
- land	2 126	2 148
- buildings, premises and civil engineering objects	11 704	12 168
- machinery and equipment	943	872
- vehicles	1 189	1 219
- other PPE	592	758
Construction under progress	25	25
Total property, plant and equipment	16 579	17 190

Property, plant and equipment – ownership structure	As at 30 September 2021	As at 31 December 2020
a) own	6 605	5 808
b) used under rental, lease or other agreement, including :	9 974	11 382
- lease agreement	81	953
- rental and lease	8 523	9 762
- value of the right of perpetual usufruct	1 370	667
Total balance sheet items of property, plant and equipment	16 579	17 190

The Group, pursuant to an agreement dated 23 July 2004 leases property consisting of 3 buildings with an area of 6 227.5 m², on a plot of 3 311 m² 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. The fair value as at December 31, 2020 was determined on the basis of a valuation prepared by independent experts not related to the Group. The appraisers are qualified to carry out valuations of land, buildings and structures, as well as current experience in such valuations made in locations where the Group's assets are located.

	Change in property, plant and equipment for the period from 1 January 2021 to 30 September 2021	Change in property, plant and equipment for the period from 1 January 2020 to 31 December 2020
Gross value		
As at opening balance sheet	36 353	35 438
Increase (due to)	882	1 977
- acquisition of non-current assets	882	1 110
- reclassification of non-current assets	-	867
Decrease (due to)	-270	-1 062
- disposal of non-current assets	-185	-296
- liquidation of non-current assets	-142	-59
- reversal of the elimination of unpaid non-current assets in a subsidiary	57	-706
- changes	-	-1

Interim condensed consolidated financial statements of the Prochem S. A. Capital Group as at and for the period of nine months ended 30 September 2021

As at closing balance sheet	36 965	36 353
Depreciation and impairment		
As at opening balance sheet – accumulated depreciation	19 163	17 606
Depreciation for the period (under)	1 223	1 557
- increase (accrued depreciation)	1 545	1 964
- decrease under disposal of non-current assets	-180	-260
- decrease due to liquidation of non-current assets	-141	-53
- reclassification of non-current assets to non-current assets held for sale	-	-100
- other changes	-1	6
As at closing balance sheet- accumulated depreciation	20 386	19 163
Impairment of non-current assets	-	-
Net value of non-current assets as at the end of balance period	16 579	17 190

Note 2 – Investment Property

	As at 30 September 2021	As at 31 December 2020
Buildings and constructions	7 672	7 672
Land	2 189	2 189
Total investment property	9 861	9 861

Investment property by titles	Change in investment property for the period from 1 January 2021. to 30 September 2021 r.	Change in investment property for the period from 1 January 2020 . to 31 December 2020
Investment property - land		
As at opening balance sheet	2 189	1 764
- increase under reclassification from property, plant and equipment	-	176
- increase under measurement at fair value	-	249
As at closing balance sheet	2 189	2 189
Investment property - buildings and constructions		
As at opening balance sheet	7 672	6 546
- change due to:		
b) increase under measurement at fair value	-	598
c) increase under reclassification from property, plant and equipment	-	528
Total change	-	1 127
As at closing balance sheet	7 672	7 672
Write down of investment property	-	-
Total investment property	9 861	9 861

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, 2021 does not significantly differ from fair value. The measurement at fair value as at December 31, 2020 was made by the independent valuers not associated with the Group. The valuers have the right qualifications to carry out valuations of land,

Interim condensed consolidated financial statements of the Prochem S. A. Capital Group as at and for the period of nine months ended 30 September 2021

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 2021.

	Level 1	Level 2	Level 3	Fair value as at 30.06.2020
	In PLN thousands	In PLN thousands	In PLN thousands	In PLN thousands
Investment property	-	-	9 861	9 861

There were no displacements between the levels 1, 2 and 3 during the first half of 2021

Note 3 – Right-of-use Assets

	As at 30 September 2021	As at 31 December 2020
- buildings and constructions	22 255	23 787
- machinery and equipment	118	149
- vehicles	1 862	2 382
Total assets	24 235	26 318

For the period from 1 January 2021 to 30 September 2021	Buildings and constructions	Tools, instruments, movables and equipment	Vehicles	Total
Gross book value	30 196	337	3 604	34 137
Increase in gross value- new contracts concluded	-	41	132	173
Increase in gross value-updating of the value of the new contracts concluded	1 068	-	65	1 133
Write-downs	-	-	-	-
Total	31 264	378	3 801	35 443
Depreciation				
As at opening balance sheet	6 409	188	1 222	7 819
- depreciation accrued	2 601	71	717	3 389
- decrease - ending of a contract	-	-	-	-
Total	9 010	259	1 939	11 208
Book value net as at 30.09.2021				
Book value gross	31 264	378	3 801	35 443
Accumulated depreciation	-9 010	-259	-1 939	-11 208
Write-downs	-	-	-	-
Total net	22 254	119	1 862	24 235

Comparative data

For the period from 1 January 2020 to 31 December 2020	Buildings and constructions	Tools, instruments, movables and equipment	Vehicles	Total
Gross book value	27 563	337	2 635	30 535
Increase in gross value-new contracts concluded	2633	-	1039	3 672
Decrease in gross value – ending of a contract	-	-	-70	-70

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Write-downs	-	-	-	-
Total	30 196	337	3 604	34 137
Depreciation				
As at opening balance sheet	3 066	94	466	3 626
- depreciation accrued	3 343	94	821	4 258
- decrease - ending of a contract	-	-	-65	-65
Total	6 409	188	1 222	7 819
Book value net as at 31.12.2020				
Gross book value	30 196	337	3 604	34 137
Accumulated depreciation	-6 409	-188	-1 222	-7 819
Write-downs	-	-	-	-
Total net	23 787	149	2 382	26 318

Note 4 - Shares in Entities Valued Using the Equity Method

Shares in jointly-controlled entities and associated entities	As at 30 September 2021	As at 31 December 2020
-Shares – net value	36 580	33 907
- write-downs of shares	1 011	1 011
Shares, gross value	37 591	34 918

Change in shares in jointly-controlled entities and associated entities	As at 30 September 2021	As at 31 December 2020
a) as at the beginning of the period	33 907	31 499
- shares at cost	33 907	31 499
b) increase (under)	2 673	2 408
- share in the result of current year	2 673	2 408
c) at the end of the period, net	36 580	33 907
d) write-down	1 011	1 011
e) at the end of the period gross	37 591	34 918

Note 5 – Settlement of Deferred Income Tax

Changes in values of provision and deferred tax asset for three quarters of 2021 are shown in the table below.

Deferred Tax Assets	As at 30 September 2021	As at 31 December 2020
As at the beginning of the period	5 896	7 977
Increase	4 091	4 682
Decrease	-4 768	-6 763
As at the end of the period	5 219	5 896

Provision under deferred income tax	As at 30 September 2021	As at 31 December 2020
As at the beginning of the period	6 871	9 227
Increase	3 073	3 466
Decrease	-2 975	-5 822
At the end of the period	6 969	6 871

Interim condensed consolidated financial statements of the Prochem S. A. Capital Group as at and for the period of nine months ended 30 September 2021

	As at 30 September 2021	As at 31 December 2020
Deferred tax assets	5 219	5 896
Provision under deferred income tax	-6 969	-6 871
Assets/(Provision) under deferred income tax	- 1 750	-975

Presentation in the statement of financial position	As at 30 September 2021	As at 31 December 2020
Deferred tax assets	988	1 484
Provision under deferred income tax	-2 738	-2 459
Assets/(Provision) under deferred income tax	-1 750	-975

Note 6 – Other Financial Assets

Other financial assets	As at 30 September 2021	As at 31 December 2020
a) from jointly-controlled entities:	17 000	17 083
- loans granted	17 000	17 083
Total other non-current financial assets	17 000	17 083

Loans granted – as at 30 September 2021

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

Increase:

- Accrued interest on loans granted to jointly-controlled company Irydion Sp. z o.o. in the amount of PLN 341 thousand,

Decrease:

- repayment of interest on loans by jointly-controlled entity Irydion Sp. z o.o. in the amount of PLN 424 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. Interest is set annually according to WIBOR 6M rate, the repayment date of the loan with interest 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% rate annually, the repayment date of the loan with interest was set on 22 September 2031;
- Loans granted to subsidiary Prochem Inwestycje Sp. z o.o.:

Interim condensed consolidated financial statements of the Prochem S. A. Capital Group as at and for the period of nine months ended 30 September 2021

Note 7– Inventories

Inventories	As at 30 September 2021	As at 31 December 2020
Materials	2 532	4 315
Semi-finished products and work-in-process	311	743
Goods	265	281
Total inventories	3 108	5 339
Write-downs of inventories	557	557

Note 8 – Trade and Other Receivables

Trade and other receivables	As at 30 September 2021	As at 31 December 2020
Trade receivables	58 421	76 938
Write-down of trade receivables	4 284	4 319
Trade receivables net, including	54 137	72 619
- with repayment period up to 12 months	50 734	66 681
- with repayment period above 12 months	3 403	5 938
Receivables from taxes, subsidies, custom duties, social and health insurance and other benefits	248	1 132
Other receivables	1 277	1 348
Write-downs of other receivables	0	0
Other receivables net	1 277	1 348
Total receivables	55 662	75 099

Trade and other receivables from related entities	As at 30 September 2021	As at 31 December 2020
Trade receivables, including:	25	76
- from jointly-controlled entities and associated entities	25	76
Trade and other receivables from related entities net, total	25	76
Write-downs of receivables from related entities	-	-
Trade and other receivables from related entities gross, total	25	76

Change in write-downs of trade and other receivables	As at 30 September 2021	As at 31 December 2020
As at the beginning of the period	4 319	5 219
a) increase (under)	0	156
- provision to receivables		156
b) decrease (under)	35	1 056
- payment received	35	495
- use of write-downs created in previous periods		561
Write-downs of current trade and other receivables at the end of period	4 284	4 319

Interim condensed consolidated financial statements of the Prochem S. A. Capital Group as at and for the period of nine months ended 30 September 2021

As at 30 September 2021 and as at 31 December 2020 trade receivables include current security deposits under statutory warranty for construction and assembly works respectively in the amounts of PLN 4 862 thousand and PLN 15 395 thousand.

Note 9 – Other financial assets

Other financial assets	As at 30 September 2021	As at 31 December 2020
a) from other entities :	8 640	9 669
- other financial assets – security deposits constituting security for guarantee provided by the bank	8 640	9 669
Total other financial assets	8 640	9 669
Write-downs of other financial assets	18	18
Other financial assets gross	8 658	9 687

Note 10 – Other Assets

Other assets by type :	As at 30 September 2021	As at 31 December 2020
a) prepayments	1 228	879
- cost of property and personal insurance	295	232
- software maintenance cost	729	556
- subscriptions	3	2
- deferred costs	125	5
- other	76	84
Total other assets	1 228	879

Note 11 – Share Capital

SHARE CAPITAL (THE STRUCTURE)							
Series / emission	Type of share	Type of share preferences	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
Total number of shares			2 935 000				
Total share capital				2 935 000			
Nominal value of 1 share = PLN 1.00							

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. The Company purchased 580,000 own shares for redemption.

Interim condensed consolidated financial statements of the Prochem S. A. Capital Group as at and for the period of nine months ended 30 September 2021

After the settlement of the purchase of shares, 2,355,000 shares are in trade, the total number of votes from these shares is 2 356 160.

Change of rights from the issuer's securities

In accordance with information/notification received from shareholders, the Company informs that as at the date of hereby statement the following shareholders hold at least 5% of 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	33.21
2. Otwarty Fundusz Emerytalny PZU „Złota Jesień”.	284 900	284 900	9.70	9.71

Change of rights from shares in 2021.

On August 27, 2021, the Management Board of PRCHEM 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, as well as in the total number of votes in Prochem respectively to the level of 3.81% and of 3.80% as a result of the sale of shares for the purpose of redemption in the number of 171,699 shares. As a result, Mr. Andrzej Karczykowski decreased his share in the capital by 5.85% and 5.85% in the total number of votes. Before the transaction, the share in the capital and the right of votes was 9.66%

On August 31, 2021, the Management Board of PRCHEM S.A. with its registered office in Warsaw (hereinafter referred to as the "Issuer", "Company") received information from company APUS S.A. based in Warsaw and a related entity - Jean-Jacques Alphandery based in Switzerland - about decrease of his share in the share capital of Prochem and in the total number of votes in Prochem to the level of 4.97% and of 4.97% respectively, as a result of the sale of shares in for redemption in the number 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 was 10.62%.

Note 12 – Current Bank Loans

	As at 30 September 2021	As at 31 December 2020
- loans	4 856	1 334

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 Elektromontaż Kraków S.A.

mBank S.A.	Warsaw	1 500	1 410	19.11.2021	WIBOR for 1-month deposit in PLN + margin	Mortgage
ING BANK Śląski	Katowice	2 500	2 129	22.02.2022	WIBOR for 1-months deposits ON in PLN + margin	Mortgage

By Atutor Integracja Cyfrowa sp. z o.o.

Bank Millennium S.A.	Warsaw	150	133	Revolving loan in a bank account from 02 August 2016	WIBOR 1m plus margin	Granting the bank a power of attorney for collection and for the repayment from the accounts, and for
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Interim condensed consolidated financial statements of the Prochem S. A. Capital Group as at and for the period of nine months ended 30 September 2021

						blocking the funds in the case when loan is not repaid in time
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By Pro-Inhut sp. z o.o. (company subject to arrangement proceedings)

ING Bank Śląski S.A.	Dąbrowa Górnicza	734	735	17.05.2022	WIBOR for 1-month deposits in PLN + margin	BGK Bank guarantee based on a portfolio agreement. Promissory note in blank..
ING Bank Śląski S.A.	Sosnowiec	400	398	30.07.2022	WIBOR for 1-month deposits in PLN + margin	BGK Bank guarantee based on a portfolio agreement. Promissory note in blank.
ING Bank Śląski S.A.	Sosnowiec	200	51	30.07.2022	WIBOR for 1-month deposits in PLN + margin	BGK Bank guarantee based on a portfolio agreement. Promissory note in blank.

Note 13- Trade payables

	As at 30 September 2021	As at 31 December 2020
a) to associated entities and jointly-controlled entities	-	1
- for supplies and services, with maturity:	-	1
- up to 12 months	-	1
b) to other entities	45 841	60 950
- for supplies and services, with maturity:	45 841	60 950
- up to 12 months	45 841	60 447
- above 12 months	-	503
Trade payables, total	45 841	60 951
Non-current liabilities under seized security deposits with maturity more than 12 months	10 144	14 291
Total trade payables	55 985	75 242

Note 14 – Settlements under Long-time Agreements

	As at 30 September 2021	As at 31 December 2020
- amounts due from recipients under long-term agreements	19 568	13 163
Amounts due from recipients under long-time agreements	19 568	13 163

	As at 30 September 2021	As at 31 December 2020
- amounts owed to recipients under long-time agreements:	10 921	20 486
a) current	10 921	20 486
Amounts owed to recipients under long-time agreements	10 921	20 486

Description	As at 30 September 2021	As at 31 December 2020
The value of revenues according to agreements	908 284	767 845
The value of revenues invoiced	646 266	570 103
Planned liabilities under execution of agreements	835 352	698 768
Fulfilled obligations under agreements	627 324	543 668
Amounts due from recipients	19 568	13 163
Amounts owed to recipients	10 921	20 486

Interim condensed consolidated financial statements of the Prochem S. A. Capital Group as at and for the period of nine months ended 30 September 2021

Note 15 -Liabilities under Lease

Liabilities at the end of the period, including:	As at 30 June 2021	As at 31 December 2020
- liabilities under finance lease	856	898
- liabilities under right-of-use	25 224	27 240
Total non-current liabilities	26 080	28 138
Including current liabilities	4 926	5 062

Note 16 – Other Liabilities

	As at 30 September 2021	As at 31 December 2020
a) to other entities	3 818	3 352
- under taxes, duties, insurance and other benefits	3 111	2 212
- under remuneration	464	10
- other (by type)	243	1 130
liabilities to employees	21	438
Liabilities to shareholders	29	16
other	193	676
b) other non-current provisions	2 570	5 149
- provision for costs accrued to the previous year, relating to long-term contracts	715	1 675
- provision for costs	30	1 333
- cost of audit	-	62
- current provision for retirement benefit	333	359
- provision for unused annual leaves	1 492	1 720
Total other liabilities	6 388	8 501

Note 17 – Deferred Income

	As at 30 September 2021	As at 31 December 2020
PFR funding received	-	48
Other	324	324
Deferred income at the end of the period, including:	324	372
Non-current liabilities	-	-
Current liabilities	324	372

Note 18 - Revenues from Sale of Services

Revenue from sale of services (type of service and type of activity)	Period ended 30 September 2021	Period ended 30 September 2020
- revenues from sale of services, including:	163 686	239 156
- from related entities	3 373	2 484
Revenues from sale of services (type of service and type of activity)	163 686	238 429
- revenues from sale of services, including:	163 686	238 429
- from related entities	3 373	2 484
Exports	-	727

Interim condensed consolidated financial statements of the Prochem S. A. Capital Group as at and for the period of nine months ended 30 September 2021

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

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

Information on major customers, whose total value of revenues from sales of services exceeds 10% of the total revenue which were disclosed in the entity’s statement of profit and loss for three quarters of, is included in Note 25 – Operating segments.

Note 19 – Cost of Services

Costs by type	Period ended 30 September 2021	Period ended 30 September 2020
a) amortization and depreciation	4 979	4 679
b) consumption of materials and energy	18 921	9 551
c) outsourcing	101 457	187 252
d) taxes and levies	188	444
e) remuneration	27 727	27 180
f) social security and other benefits	5 801	5 299
g) other costs by type (by category)	2 737	2 532
- property and personal insurance	772	718
- business trips	786	716
- State Fund for Rehabilitation of Disabled Persons (PFRON)	361	224
- cars rental	219	223
- other	599	651
Total costs by type	161 810	236 937
Change in inventories, goods, and prepayments	-1 035	-1 653
General and administrative expenses (negative value)	-10 774	-10 921
Cost of services sold	150 001	224 363

Note 20 – Other Operating Income

	Period ended 30 September 2021	Period ended 30 September 2020
a) gain on disposal of non-financial non-current assets	26	18
b) reversal of impairment allowance (under)	35	88
- receivables	35	88
c) other, including:	1 397	963
- reimbursement of litigation costs	139	7
- received compensation, fines and penalties	1 227	641
- impairment allowance for receivables past due	-	114
- other	31	201
Total other operating income	1 458	1 069

Note 21 – Other Operating Expenses

	Period ended 30 September 2021	Period ended 30 September 2020
b) impairment allowance (under)	-	117
- for receivables	-	117
c) other, including:	359	394

Interim condensed consolidated financial statements of the Prochem S. A. Capital Group as at and for the period of nine months ended 30 September 2021

- litigation cost	1	25
- paid damages, penalties and fines	321	343
- actuarial valuation of employee benefits	5	-
- other	32	26
Total other operating expenses	359	511

Note 22 – Financial Income

	Period ended 30 September 2021	Period ended 30 September 2020
a) interest under loans granted	341	156
- from jointly-controlled entities	341	156
b) other interest	-	70
- from other entities	-	70
c) surplus of positive exchange rate differences	6	26
d) other, including:	6	250
- income under discounted non-current liabilities	-	147
- other	6	103
Total financial income	353	502

Note 23 – Finance Costs

	Period ended 30 September 2021	Period ended 30 September 2020
a) interest on bank loans	25	25
b) other interest	733	877
- for other entities	16	64
- under lease	717	813
c) surplus of negative exchange rate differences	2	15
d) other, under:	606	983
- commission on bank guarantees	537	414
- commission on loans	40	113
- other costs	29	456
Total finance costs	1 366	1 900

Note 24– Additional Disclosures to the Statement of Cash Flows

Differences between the amounts established directly from the financial statements and presented in the statement of cash flows results from a transfer of specified amounts from operating activity to investing activity and financing activity.

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

	30 September	
	2021	2020
Change in current receivables	13 522	-4 052
Receivables as at 1 January	75 099	77 980
Amounts due from recipients under agreements as at 1 January	13 163	22 851
Other assets as at 1 January	879	943
Receivables under seized security deposits as at 1 January	883	11
Opening balance sheet after adjustments	90 024	101 785
Receivables as at 30 September	55 662	87 089

Interim condensed consolidated financial statements of the Prochem S. A. Capital Group as at and for the period of nine months ended 30 September 2021

Amounts due from recipients under agreements as at 30 September	19 568	16 762
Other assets as at 30 September	1 228	1 055
Receivables under seized security deposits as at 30 September	226	931
Receivables under sale of non-current assets	-182	-
Closing balance sheet after adjustments	76 502	105 837
<hr/>		
Change in current liabilities except for current borrowings and special funds	-29 053	-5 055
<hr/>		
Trade payables as at 1 January	60 951	69 161
Other liabilities as at 1 January	8 501	8 538
Amounts owed to suppliers under agreements as at 1 January	20 486	42 598
Liabilities under seized security deposits as at 1 January	14 291	5 790
Provision to current retirement benefit obligations	-359	-384
Provisions to annual leaves	-1 720	-1 485
Provision to audit	-62	-63
Provision to current other costs	-1 565	-1 550
Investment commitments	-55	-
Liabilities under discount of non-current liabilities	-	-20
Liabilities to shareholders	-16	-16
Opening balance sheet after adjustments	100 452	122 569
<hr/>		
Trade payables as at 30 September	45 841	56 306
Amounts owed to recipients under agreements as at 30 September	10 921	44 376
Other liabilities as at 30 September	6 388	8 084
Liabilities under seized security deposits as at 30 September	10 144	11 983
Provision to current retirement benefits	-333	-341
Provision to annual leaves	-1 492	-1 287
Provision to audit	0	-71
Provision to current other costs	-30	-1 549
Investment commitments	-30	-
Liabilities under discount of non-current liabilities	0	30
Liabilities to shareholders	-10	-17
Closing balance sheet after adjustment	71 399	117 514
<hr/>		
Change in other adjustments as at 30 September	771	3 622
<hr/>		
Change in deferred income – advances received	-48	3 286
Other	819	336

Note 25– Operating Segments

In the period from January 1, 2021 to September 30, 2021, there were no revenues from operating activity achieved outside Poland (Exports). In the analogous period of the previous year, revenues amounted to PLN 727 thousand (i.e. 0.03% of sales revenues).

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

- A client, who deals in the production of chemical raw materials – sales revenue PLN 81.743 thousand, representing 49.47% of sales revenue, which were shown in the segment „General contracting”.

Detailed data on the operations of Prochem S.A. in the individual segments are shown in the tables below. Analysis of the revenues and results of the Company in individual segments covered by reporting is presented below.

Interim condensed consolidated financial statements of the PROCHEM S. A. Capital Group as at and for the period of 9 months ended 30 September 2021

For the period from 01.01.2021 to 30.09.2021	General contracting	Design services, other engineering services	Rental of construction equipment	Assembly of electrical installations	Rental of office space and real estate	Property management	Commercial activity	Other IT services	Other	Items not assigned	Total
Revenues for external clients	101 305	21 841	428	34 171	3 432	47	1 546	1 692	770	-	165 232
Total revenues of the segment	101 305	21 841	428	34 171	3 432	47	1 546	1 692	770	-	165 232
Result of the segment	3 895	-1 309	-431	554	727	-	66	-90	-435	-	2 977
Financial income										353	353
Finance costs										-2 410	-2 410
Net financial income										-2 057	-2 057
Share in the profit of entities valued using the equity method										2 673	2 673
Profit on other operating activities										1 099	1 099
Before tax profit										4 692	4 692
Income tax										1 323	1 323
Profit for the current period										3 369	3 369
Loss assigned to non-controlling interest										-221	-221
Profit for the period assigned to shareholders of the parent entity										3 590	3 590
Segment assets (related to activity)	38 911	7 545	226	21 821	10 294	-	-	-	35	-	78 852
Assets not assigned/unallocated (among others shares and other financial assets)										131 482	131 482
Total assets	38 911	7 545	226	21 821	10 294	-	-	0	35	131 482	210 334
Depreciation of property, plant and equipment	281	1 241	53	755	1 271	-	-	42	57	1 231	4 831
Amortisation of intangible assets	-	4	-	13	-	-	-	-	-	31	48

Interim condensed consolidated financial statements of the PROCHEM S. A. Capital Group as at and for the period of 9 months ended 30 September 2021

Note - operating segments - continuation

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
Total revenues of the segment	191 219	26 954	626	15 027	3 595	187	2 461	286	1 262	-	241 617
Result of the segment	3 815	79	-342	1 105	328	-7	240	-379	-717	-	4 112
Financial income										562	562
Finance costs										-1 900	-1 900
Financial revenues/costs net										-1 338	-1 338
Share in profit of associated entities										1 008	1 008
Profit on other operating activities										1 573	1 573
Before tax profit										5 355	5 355
Income tax										-1 458	-1 458
Profit for the current period										3 897	3 897
Profit assigned to non-controlling interest										-85	-85
Profit for the period assigned to shareholders of the parent entity										3 982	3 982
Assets as at 30.09.2020											
Segment assets (related to activity)	71 986	6 511	802	9 133	23 485	56	-	144	263	139	112 519
Assets not assigned/unallocated (among others shares and other financial assets)	-	-	-	-	-	-	-	-	-	150 503	150 503
Total assets	71 986	6 511	802	9 133	23 485	56	-	144	263	150 642	263 022
Depreciation of property, plant and equipment	292	1 111	68	652	1 290	-	-	48	69	1 095	4 625
Amortization of intangible assets	-	1	-	-	-	-	-	-	-	53	54

Interim condensed consolidated financial statements of the Prochem S. A. Capital Group as at and for the period of nine months ended 30 September 2021

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.

	01.01-30.09.2021	01.01-30.09.2020
Poland	163 686	238 429
Other countries	-	727
Total sales revenue	163 686	239 156

Geographical breakdown of property, plant and equipment and intangible assets

	30.09.2021	31.12.2020
Poland	16 679	17 266
Total property, plant and equipment	16 679	17 266

Note 26 – Profit per One Share

Net profit per 1 share assigned to owners of the Parent Entity as at 30 September 2021 was PLN 1.52, and for the analogous period of 2020 was 0.95.

Note 27 - Profit Sharing and Loss Coverage

Net profit of the Prochem S.A. Capital Group is not subject to distribution.

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

Note 28 - Dividends

The Issuer did not pay dividend for 2020.

Note 29 - Financial Instruments and Financial Risk Management

29.1 Categories and classes of financial instruments

Financial assets

30 September 2021	Categories of financial instruments		
		Loans, receivables and other	Total
Classes of financial instruments	note		
Receivables from supplies and services	8	54 137	54 137
Amounts due from recipients under agreements	14	19 568	19 568
Cash		14 713	14 713
Security deposits constituting collateral	9	8 640	8 640
Loans granted	6	17 000	17 000
Total		114 058	114 058

Interim condensed consolidated financial statements of the Prochem S. A. Capital Group as at and for the period of nine months ended 30 September 2021

31 December 2020	Categories of financial instruments		
		Loans, receivables and other	Total
Classes of financial instruments	note		
Receivables from supplies and services	8	72 619	72 619
Amounts due from recipients under agreements	14	13 163	13 163
Cash		38 928	38 928
Security deposits constituting collateral	9	9 669	9 669
Loans granted	6	17 083	17 083
Total		151 462	151 462

Financial liabilities

30 September 2021		Financial liabilities measured at amortized cost	Total
Classes of financial instruments	nota		
Amounts owed to recipients under agreements	14	10 921	10 921
Liabilities under supplies and services	13	45 841	45 841
Loans	12	4 856	4 856
Total		61 618	61 618

31 December 2020		Financial liabilities measured at amortized cost	Total
Classes of financial instruments	nota		
Amounts owed to recipients under agreements	14	20 486	20 486
Liabilities under supplies and services	13	60 951	61 951
Loans	12	1 334	1 334
Total		82 771	82 771

29.2 . Impairment losses on financial assets broken down into classes of financial instruments
(in PLN thousands)

Classes of financial instruments	31 December 2020	31 December 2020
Receivables under supplies and services	(4 284)	(4 319)
Other receivables	-	-
Other financial assets	(18)	(18)
Total	(4 302)	(4 337)

Impairment losses on financial assets are presented in Note 8.

29.3 Liquidity risk related to the concentration of sales revenues

Company Prochem S.A. realized sales revenues in the amount of PLN 165,232 thousand in the three quarters of 2021. Clients whose sales revenue exceeded 10% of sales revenues disclosed in the profit and loss account are listed in note 25.

Note 30 – Collateral Granted and Received and Contingent Liabilities and Contingent Assets

	As at 30 September 2021	As at 31 December 2020
Collateral granted		
Bank guarantee of good performance and statutory warranty	52 563	50 729
Tender guarantee	500	-
Guarantee of payment	995	995
Guarantee of return of advance payment	2 798	1 500
Total collateral granted	56 856	53 224
Surety agreement for the return of an advance payment from the company from the Prochem S.A. Capital Group	7 374	7 374
Total collateral granted and contingent liabilities	64 230	60 598

	As at 30 September 2021	As at 31 December 2020
Collateral received		
Bank guarantee of good performance	15 882	21 094
promissory note guarantees securing the terms of the contract	2 198	450
Total collateral received	18 080	21 544

Note 31 - 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 2021 key management personnel and persons related to key management personnel, in addition to remuneration did not conclude other transactions with the Issuer and with the companies from the Capital Group of PROCHEM S.A.

In three quarters of 2021 in the Issuer's enterprise were paid :

- remuneration to the Members of the Management Board in total amount of PLN 1,762.4 thousand,
- remuneration to the Members of the Supervisory Board in total amount of PLN 276 thousand.

Remuneration in three quarters of 2021 for performing functions in the Management Boards and the Supervisory Boards of companies belonging to the Capital Group, was paid to members of the Management Board:

- | | |
|-------------------------|-----------------|
| 1. Jarosław Stepniewski | PLN 46 thousand |
| 2. Krzysztof Marczak | PLN 58 thousand |

Transactions presented below with 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 and financial receivables and liabilities. Guarantees and sureties granted to related entities are presented in Note 35.

Interim condensed consolidated financial statements of the Prochem S. A. Capital Group as at and for the period of nine months ended 30 September 2021

Reporting period

(in PLN thousands)

from 1 January to 30 September 2021

	Sale of services	Purchase of services	Financial income – interest on loans	Financial income – dividends received	Finance costs – interest on loans
Jointly-controlled entities and associated entities	3 373)*	2 519	341	-	-

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

As at 30 September 2021

	Trade receivables	Receivables under loans granted	Other receivables	Trade payables	Liabilities under loans granted
Jointly-controlled entities and associated entities	25	17 000	-	-	-

Comparative period

(in PLN thousands)

from 1 January to 30 September 2020

	Sale of services	Purchase of services	Financial income – interest on loans	Financial income – dividends received	Finance costs – interest on loans
Jointly-controlled entities and associated entities	2 484)*	2 438	156	-	-

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

As at 30 September 2020

	Trade receivables	Receivables under loans granted	Trade payables	Other liabilities	Liabilities under loans granted
Jointly-controlled entities and associated entities	553	17 347	7	-	-

Note 32 – Events after Balance Sheet Date

There were no such events.

Note 33 - Other Explanatory Notes to Separate Financial Statements

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 separate financial statements hereby, the following members of the Management Board and Supervisory Board of the company held shares of Prochem S. A.:

- Marek Kiersznicki – 44,327 pcs.;

Interim condensed consolidated financial statements of the Prochem S. A. Capital Group as at and for the period of nine months ended 30 September 2021

- 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 the price of PLN 26 per share.

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

Information on granting by the issuer or its subsidiary sureties for a credit or loan or granting a guarantee- jointly to one entity or a subsidiary of this entity, if the total value of the existing sureties or guarantees 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 next quarter

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

Financial Information of the Parent Entity PROCHEM S.A. for the period of 9 months ended 30 September 2021

Separate statement of financial position

(all amounts in PLN thousands if not stated otherwise)

	As at 30 September 2021	As at 31 December 2020
A s s e t s		
Non-current assets		
Property, plant and equipment	1 169	1 150
Intangible assets	60	40
Right-of-use assets	10 819	11 910
Shares	5 614	8 478
Shares in equity-accounted investees	4 502	4 502
Deferred tax assets	875	1 323
Receivables under retained security deposits	61	883
Other financial assets	22 004	34 734
Total non-current assets	45 104	63 020
Current assets		
Inventories	50	3 594
Trade and other receivables	32 702	61 232
Receivables under current income tax	999	756
Amounts due from recipients under agreements	12 740	7 019
Other financial assets	8 640	9 669
Other assets	1 036	687
Cash and cash equivalents	12 712	20 854
Total current assets	68 879	103 811
Total assets	113 983	166 831

Interim condensed consolidated financial statements of the Prochem S. A. Capital Group as at and for the period of nine months ended 30 September 2021

Separate statement of financial position

(all amounts in PLN thousands if not stated otherwise)

	As at 30 September 2021	As at 31 December 2020
Equity and liabilities		
Equity		
Share capital	2 935	2 935
Shares	-580	
Revaluation reserve	-449	-449
Retained earnings	42 266	54 004
Total equity	44 172	56 490
Non-current liabilities		
Non-current loans	971	950
Liabilities under retirement and similar benefits	699	713
Non-current liabilities under seized security deposits	9 748	15 359
Liabilities under lease	7 720	9 221
Total non-current liabilities	19 138	26 243
Current liabilities		
Trade payables	32 463	55 481
Amounts owed to recipients under agreements	10 921	20 486
Liabilities under lease	3 340	2 946
Other liabilities	3 949	5 185
Total current liabilities	50 673	84 098
Total liabilities	69 811	110 341
Total equity and liabilities	113 983	166 831
Book value - equity	44 172	56 490
Average number of ordinary share (in pcs.)	2 355 000	2 935 000
Book value per one share (in PLN)	18.76	19.25

Interim condensed consolidated financial statements of the Prochem S. A. Capital Group as at and for the period of nine months ended 30 September 2021

**Separate statement of profit and loss
for the period from 1 January 2021 to 30 September 2021**

(all amounts in PLN thousands if not stated otherwise)

	Period ended 30 September 2021	Period ended 30 September 2020
Revenues from sale, including :	123 368	219 507
Revenues from sale of services	122 170	217 327
Revenues from sale of goods and materials	1 198	2 180
Cost of sales, including:	-114 129	-209 376
Cost of services sold	-112 995	-207 379
Cost of merchandise and raw materials	-1 134	-1 997
Gross profit on sales	9 239	10 131
General and administrative expenses	-6 701	-6 367
Other operating income	1 170	709
Other operating expenses	-1	-473
Results from operating activities	3 707	4 000
Financial income	367	506
Profit on liquidation of subsidiary	120	
Finance expenses	-895	-1 430
Before tax profit	3 299	3 076
Income tax expense :	537	774
- current tax	89	3 444
- deferred tax	448	-2 670
Profit for the period	2 762	2 302
Weighted average number of ordinary shares (in pcs.)	2 355 000	2 935 000
Profit (loss) per one ordinary share (in PLN per one share)	1.17	0.78

Separate statement of comprehensive income

	Period ended 30 September 2021	Period ended 30 September 2020
Profit for the period	2 762	2 302
Other comprehensive income net	-	-
Total comprehensive income	2 762	2 302
Weighted average number of ordinary shares (in pcs.)	2 355 000	2 935 000
Total comprehensive income per ordinary share (in PLN per one share)	1.17	0.78

Interim condensed consolidated financial statements of the Prochem S. A. Capital Group as at and for the period of nine months ended 30 September 2021

Separate statement of changes in equity

(all amounts in PLN thousands if not stated otherwise)

	Share capital	Own shares	Revaluation reserve	Retained earnings	Total equity
Reporting period from 1 January 2021 to 30 September 2021					
As at the beginning of the period	2 935	-	-449	54 004	56 490
Net profit of the given period	-	-	-	2 762	2 762
<i>Other comprehensive income (net)</i>	-	-	-	-	-
Total comprehensive income	-	-	-	2 762	2 762
Purchase of own shares for redemption	-	-580	-	-14 500	-15 080
At the end of the period	2 935	-580	-449	42 266	44 172

	Share capital	Revaluation reserve	Retained earnings	Total equity
Reporting period from 1 January 2020 to 30 September 2020				
As at the beginning of the period	2 935	-390	43 928	46 473
Net profit of the given period	-	-	2 302	2 302
<i>Other comprehensive income (net)</i>	-	-	-	-
Total comprehensive income	-	-	2 302	2 302
As at the end of the period	2 935	-390	46 230	48 775

Separate statement of cash flows

for the period from 1 January 2021 to 30 September 2021

(all amounts in PLN thousands if not stated otherwise)

	Period ended 30 September 2021	Period ended 30 September 2020
Cash flows – operating activities		
Before tax profit	3 299	3 076
Total adjustments	-8 868	-3 924
Amortization and depreciation	2 817	2 597
Interest and profit sharing (dividends)	-6	347
(Profit) loss on disposal of shares	-120	-
Change in provisions	-1 651	-49
Change in inventories	3 544	2 392
Change in receivables and in other assets	23 285	-8 897
Change in current liabilities, except for borrowings and loans	-37 768	-614
Other adjustments (including deferred income)	1 033	300
Cash provided by (used in) operating activities	-5 569	-848
Income tax paid	332	1 650
Net cash provided by (used in) operating activities	-5 901	-2 498

Interim condensed consolidated financial statements of the Prochem S. A. Capital Group as at and for the period of nine months ended 30 September 2021

Cash flows – investing activities		
Inflows	17 100	2 445
Inflows from financial assets	17 100	2 445
- in related entities	17 100	2 445
capital sharing in liquidated subsidiary	4 006	-
Repayment of loans granted with interest	13 094	2 445
Outflows	-1 511	-101
Acquisition of intangible assets and property, plant and equipment	-489	-101
Outflows on financial assets	-1 022	-
- in related entities	-1 022	-
Acquisition of shares in subsidiary	-1 022	-
Net cash provided by (used in) investing activity	15 589	2 344
Cash flows – financing activities		
Inflows	-	5
Other financial proceeds	-	5
Outflows	-17 830	-2 662
Acquisition of own shares for redemption	-15 080	-
Payment of liabilities under operating lease IFRS 16	-2 710	-2 507
Interest and commission paid	-40	-155
Net cash provided by (used in) financing activity	-17 830	-2 657
Total cash flows, net	-8 142	-2 811
Increase/(decrease) in cash and cash equivalents net	-8 142	-2 811
Cash and cash equivalents at the beginning of the period	20 854	21 703
Cash and cash equivalents at the end of the period	12 712	18 892
Including restricted cash	42	609

Note 34 – Approval of the consolidated financial statements

Consolidated financial statements of the Prochem S.A. Capital Group for the period from 1 January 2021 to 30 September 2021 were approved for issue by the Management Board of Prochem S.A. on 15 November 2021.

Signatures of the Members of the Management Board

15.11.2021	Marek Kiersznicki	President of the Management Board
date	first name and surname	position	signature

15.11.2021	Krzysztof Marczak	Vice President of the Management Board
date	first name and surname	position	signature

15.11.2021	Michał Dąbrowski	Member of the Management Board
date	first name and surname	position	signature

Signature of the person responsible for bookkeeping

15.11.2021	Barbara Auguścińska-Sawicka	Chief Accountant
date	first name and surname	position	signature