

PROCHEM S.A. CAPITAL GROUP

**CONSOLIDATED QUARTERLY REPORT
FOR THE THIRD QUARTER OF 2022**

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

www.prochem.com.pl

Selected financial data

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

- For the third quarter of 2022 - 4.6880 PLN/EUR
- For the third quarter of 2021 - 4.5585 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 settlements, which as at balance sheet date amount to:

- 4.8698 PLN/EUR as at 30 September 2022
- 4.5994 PLN/EUR as at 31 December 2021

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

Description	Reporting period ended		Reporting period ended	
	30 September		30 September	
	2022	2021	2022	2021
	In PLN thousands		In EURO thousands	
Consolidated statement of profit and loss				
Revenues from sale	150 758	165 232	32 158	36 247
Gross profit on sales	8 990	13 751	1 918	3 017
Results from operating activities	-4 945	4 076	-1 055	894
Before tax profit	1 386	4 692	296	1 029
Profit for the period assigned to:	704	3 369	150	739
Shareholders of the Parent Entity	280	3 590	60	788
Non-controlling interest	424	-221	90	-48
Profit/diluted profit (in PLN/EUR) per ordinary share – assigned to shareholders of the Parent Entity	0.12	1.52	0.03	0.33
Consolidated statement of cash flows				
Net cash provided by (used in) operating activities	-11 377	-6 769	-2 427	-1 485
Net cash provided by (used in) investing activities	47 423	-1 626	10 116	-357
Net cash provided by (used in) financing activities	-4 390	-15 820	-936	-3 470
Total cash flows, net	31 656	-24 215	6 753	-5 312

Description	As at		As at	
	30 September 2022.	31 December 2021	30 September 2022	31 December 2021
	In PLN thousands		In EURO thousands	
Consolidated statement of financial position				
Total assets	202 417	244 577	41 566	53 176
Total non-current assets	70 616	109 428	14 501	23 792
Total current assets	131 801	135 149	27 065	29 384
Equity attributable to shareholders of the parent entity	99 211	99 138	20 373	21 555
Non-controlling interest	2 630	3 636	540	791
Total equity	101 841	102 774	20 913	22 345
Total non-current liabilities	41 223	36 272	8 465	7 886
Total current liabilities	59 353	105 531	12 188	22 945
Book value per one ordinary share (in PLN/EUR) – assigned to shareholders of the parent entity	42.13	42.10	8.65	9.15
Weighted average number of shares (in pcs.)	2 355 000	2 355 000	2 355 000	2 355 000

Selected financial data

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Selecte4d financial data of Prochem S.A.

Description	Reporting period ended 30 September		Reporting period ended 30 September	
	2022	2021	2022	2021
	In PLN thousands		In EURO thousands	
<i>Separate statement of profit and loss</i>				
Revenues from sale	100 709	123 368	21 482	27 063
Gross profit on sales	3 449	9 239	736	2 027
Results from operating activities	-6 434	3 707	-1 372	813
Before tax profit	26 944	3 299	5 747	724
Profit for the period	26 351	2 762	5 621	606
Profit/diluted profit (in PLN/EUR) per one ordinary share	11.19	1.17	2.39	0.26
<i>Separate statement of cash flows</i>				
Net cash provided by (used in) operating activities	-11 728	-5 901	-2 502	-1 294
Net cash provided by (used in) investing activities	47 991	15 589	10 237	3 420
Net cash provided by (used in) financing activities	-3 040	-17 830	-648	-3 911
Total cash flows, net	33 223	-8 142	7 087	-1 786

Description	As at		As at	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
	In PLN thousands		In EURO thousands	
<i>Separate statement of financial position</i>				
Total assets	134 220	138 933	27 562	30 207
Total non-current assets	35 351	45 149	7 259	9 816
Total current assets	98 869	93 784	20 302	20 390
Total equity	70 385	44 034	14 453	9 574
Total non-current liabilities	24 906	17 980	5 114	3 909
Total current liabilities	38 929	76 919	7 994	16 724
Book value per one ordinary share (in PLN/EUR)	29.89	18.70	6.14	4.07
Weighted average number of shares (in pcs.)	2 355 000	2 355 000	2 355 000	2 355 000

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Interim condensed consolidated financial statements of the PROCHEM S.A. Capital Group prepared in accordance with International Financial Reporting Standards endorsed by EU as at and for the period ended September 30, 2022

Consolidated statement of financial position

(all amounts in PLN thousands if not stated otherwise)

	Note No.	30 September 2022	31 December 2021
A s s e t s			
Non-current assets			
Property, plant and equipment	1	15 225	15 757
Intangible assets		80	89
Investment property	2	10 598	10 598
Right-of-use assets	3	29 923	24 422
Shares	4	830	830
Shares in equity-accounted investees	5	12 948	39 139
Deferred tax assets	6	776	1 362
Receivables under seized security deposits		236	231
Other financial assets	7	0	17 000
Total non-current assets		70 616	109 428
Current assets			
Inventories	8	2 485	8 379
Trade and other receivables	9	51 459	87 288
Receivables under current income tax		137	436
Amounts due from recipients under contracts	17	17 768	14 996
Other financial assets	10	7 750	8 658
Other assets	11	6 152	998
Cash and cash equivalents		46 050	14 394
Total current assets		131 801	135 149
Total assets		202 417	244 577

Consolidated statement of financial position

(all amounts in PLN thousands if not stated otherwise)

Equity and Liabilities	Note No.	30 September 2022	31 December 2021
Equity			
Share capital	12	2 355	2 935
Own shares		0	-580
Revaluation reserve		7 006	6 513
Retained earnings	13	89 850	90 270
Parent entity's equity		99 211	99 138
Non-controlling interest		2 630	3 636
Total equity		101 841	102 774
Non-current liabilities			
Non-current borrowings	15	0	300
Provision to deferred income tax	6	2 732	2 759
Provision to retirement and similar benefits		2 273	2 313
Non-current liabilities under seized security deposits		7 766	9 020
Non-current liabilities under lease	18	28 305	21 737
Other non-current liabilities		147	143
Total non-current liabilities		41 223	36 272
Current liabilities			
Current bank loans	14	4 847	3 704
Current borrowings	15	0	400
Trade payables	16	38 745	77 461
Amounts owed to recipients under contracts	17	652	5 803
Liabilities under current income tax		35	16
Current liabilities under lease	18	3 826	4 923
Other liabilities	18	10 924	12 405
Deferred income	19	324	819
Total current liabilities		59 353	105 531
Total liabilities		100 576	141 803
Total equity and liabilities		202 417	244 577
Book value - equity assigned to owners of the Parent Entity		99 211	99 138
Average number of ordinary shares (in pcs.)		2 355 000	2 355 000
Book value per one share (in PLN) – assigned to owners of the Parent Entity		42.13	42.10

Consolidated statement of profit and loss

(all amounts in PLN thousands if not stated otherwise)

	Note no	Period ended 30 September 2022	Period ended 30 September 2021
Revenues from sale, including:		150 758	165 232
Revenues from sale of services	20	147 905	163 686
Revenues from sale of goods and materials	21	2 853	1 546
Cost of sales, including :		-141 768	-151 481
Cost of services sold	22	-139 024	-150 001
Cost of merchandise and materials		-2 744	-1 480
Gross profit on sales		8 990	13 751
General and administrative expenses	22	-11 345	-10 774
Other operating income	23	870	1 458
Other operating expenses	24	-3 460	-359
Results from operating activities		-4 945	4 076
Financial income	25	3 289	353
Profit on sale of all or part of shares in subsidiary		34	-1 044
Finance expenses	26	-2 363	-1 366
Profit sharing in associated entities		5 371	2 673
Before tax profit		1 386	4 692
Income tax expense :	27	682	1 323
- current tax		124	549
- deferred tax		558	774
Profit for the period		704	3 369

Profit for the period assigned to:

Shareholders of the Parent Entity	280	3 590
Non-controlling interest	424	-221
Weighted average number of ordinary shares (in pcs.)	2 355 000	2 355 000
Profit (loss) per one ordinary share (in PLN per one share) assigned to owners of the Parent Entity	0.12	1.52

Consolidated statement of comprehensive income

	Period ended 30 September 2022	Period ended 30 September 2021
Profit for the period	704	3 369
Other comprehensive income net	-	-
Total comprehensive income	704	3 369

Total comprehensive income assigned to:

Shareholders of the Parent Entity	280	3 590
Non-controlling interest	424	-221
Weighted average number of ordinary shares (in pcs.)	2 355 000	2 355 000
Profit per one ordinary share (in PLN per one share) assigned to owners of the Parent Entity	0.12	1.52

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 2022 to 30 September 2022							
As at the beginning of the period upon making the data comparable	2 935	-580	6 513	90 270	99 138	3 636	102 774
Net profit of the given period	-	-	-	280	280	424	704
<i>Other comprehensive income (net)</i>	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	280	280	424	704
Other changes, redemption of own shares	-580	580	-	-	-	-	-
Other changes	-	-	493	-700	-207	-1 430	-1 637
As at the end of the period	2 355	-	7 006	89 850	99 211	2 630	101 841

	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 upon making the data comparable	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>	-	-	-	-	-	-	-
Total comprehensive income	-	-580	-	3 590	3 590	-221	-115 934
Other changes, repurchase of own shares	-	-580	-	-14 500	-15 080	-	-15 080
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

Consolidated statement of cash flows

(all amounts in PLN thousands if not stated otherwise)

	Period ended 30 September 2022	Period ended 30 September 2021
Cash flows- operating activities		
Before tax profit	1 386	4 692
Total adjustments	-13 029	-10 628
Share in net profit of associated entities	-5 371	-2 673
Amortization and depreciation	5 073	4 979
Interest and profit sharing (dividends)	926	441
(Profit) loss on disposal of property, plant and equipment	-	-26
(Profit) loss on investment	-170	1 044
Change in provisions	-328	-1 864
Change in inventories	5 894	2 231
Change in receivables and other assets	27 898	13 522
Change in current liabilities, except for borrowings and loans	-46 363	-29 053
Other adjustments (including change in deferred income)	-588	771
Cash provided by (used in) operating activities	-11 643	-5 936
Income tax paid	266	833
Net cash provided by (used in) operating activities	-11 377	-6 769
Cash flows – investing activities		
Disposal of intangible assets and property, plant and equipment	2	-
Inflows under repayment of a loan	17 000	-
Interest received from loans granted to related entities	356	424
Dividend received from jointly-controlled entities	31 562	-
Inflows from disposal of shares	210	-
Acquisition of intangible assets and property, plant and equipment	-1 104	-980
Acquisition of shares in subsidiary	-603	-1 022
Other outflows	-	-48
Net cash provided by (used in) investing activity	47 423	-1 626
Cash flows – financing activity		
Bank loan	1 143	3 539
Other than payments to owners , outflows under profit distribution	-	-103
Purchase of own shares	-	-15 080
Repayment of bank loans	-700	-18
Interest and commission paid	-191	-65
Payment of liabilities under lease	-4 642	-4 093
Net cash provided by (used in) financing activity	-4 390	-15 820
Total cash flows, net	31 656	-24 215
Increase/(decrease in cash and cash equivalents net	31 656	-24 215
Cash and cash equivalents as at the beginning of the period	14 394	38 928
Cash and cash equivalents as at the end of the period	46 050	14 713
Including restricted cash	851	1 520

Notes on adopted accounting principles (policy) and other explanatory notes to interim consolidated financial statements

1. Establishment of the Parent Entity 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.

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

Country of registration: Poland

Name change: was not

Business address: Warszawa (02-457), ul. Łopuszańska 95

2. The Management Board and Supervisory authorities of the Issuer

As at the date of preparation of hereby 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 1, 2022 to September 30, 2022, there were no changes in the composition of the Management Board of Prochem S.A.

Composition of the Supervisory Board of Prochem S.A.

As at the date of preparation hereby consolidated 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 January 1, 2022 to September 30, 2022, there were no changes in the composition of the Supervisory Board of the Company.

3. Employment

Average employment for three quarters of 2022 was 354 FTEs and in 2021 was 388 FTEs. Level of employment in persons as at 30 September 2022 was 365 and as at 30 September 2021 was 394.

4. Description of the Capital Group with indication of the consolidated entities

The Prochem S.A. Capital Group (referred to as the "Capital Group", "Group"), in addition to the data of the Parent Entity, includes 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 (91.41% of share in capital and profit, 91.41% of votes), including 85.6% of capital and voting rights belongs to Prochem Inwestycje subsidiary in 100% of Prochem S.A.;
- Prochem Zachód Sp. z o.o. seated in Warsaw – subsidiary directly (80.0%);
- Elektromontaż Kraków S.A. seated in Krakow – subsidiary indirectly (91.97%), including 57.49% share in capital and voting rights belongs to Prochem Inwestycje subsidiary in 100% of Prochem S.A. Spółka Elektromontaż Kraków S.A. prepares consolidated financial statements, which contains data of subsidiary in 100%: ELMONT-POMIARY Sp. z o.o. seated in Krakow.;
- Prochem RPI Sp. z o.o. seated in Warsaw – subsidiary in 100% (including 3.3% share in capital and voting rights belongs to Prochem Inwestycje).

Jointly-controlled entities and associated entities 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% belongs to Prochem RPI Sp. z o.o. subsidiary in 100%) covered by impairment allowance – company is not conducting activity.

On June 23, 2022, on the basis of an agreement of sale of shares, Prochem Inwestycje Sp. z o.o. purchased 1,300 shares of Elektromontaż Kraków S.A. at PLN 5 each. The parties set the purchase price of the shares at PLN 105 per share, the total purchase price was PLN 136,500.

As a result of the acquisition of shares in Elektromontaż Kraków S.A. and a decrease in the share capital on February 2, 2022 in the National Court Register, Prochem S.A. holds direct and indirect shares in the share capital of the company in the amount of 91.97%, and in voting rights in the amount of 91.97%.

On June 29, 2022, Prochem Inwestycje Sp. z o.o. sold 178 shares it held in Atutor Integracja Cyfrowa Sp. z o.o. with its registered office in Warsaw, with a nominal value of PLN 1,000 for the total price of PLN 210,000.

On August 9, 2022, on the basis of an agreement of sale of shares, Prochem Inwestycje Sp. z o.o. purchased 1,145 shares of Przedsiębiorstwo Konsultingowo-Inżynieryjne Predom Spółka z o.o. with a nominal value of PLN 50 each. The parties set the purchase price of the shares at PLN 400 per share, the total purchase price was PLN 458,000. Before the transaction, Prochem S.A. held a direct and indirect share in the share capital of the company in the amount of 81.7%, and in the voting rights in the

amount of 72.3%, after the transaction, the share in the capital is 91.41%, and in the voting rights is 91.41%.

5. Adopted Accounting Principles and Statement of compliance

Principles of presentation and Statement on the compliance and reliability of the prepared report

Interim condensed consolidated financial statements of the PROCHEM S.A. Capital Group for the current period from January 1, 2022 to September 30, 2022, the comparable period from January 1, 2022 to September 30, 2022, together with selected explanatory notes, were not subject to review by a statutory auditor.

Interim condensed consolidated financial statements of the PROCHEM S.A. Capital Group for three quarters of 2022 and interim condensed financial statements of PROCHEM S.A. for three quarters of 2022 were prepared according to IAS 34 „Interim Reporting”, in the shape endorsed by the European Union and with Regulation of the Minister of Finance of February 19, 2009 on current and periodic information provided by issuers of securities and Regulation of the Minister of Finance of March 29, 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 2021.

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, 2022 and the comparative data as at December 31, 2021, as well as the results of this activity for 9 months ended September 30, 2022 and comparative data for 9 months ended September 30, 2021 and cash flows for 9 months ended September 30, 2022 and September 30, 2021.

Interim condensed financial statements of the Prochem S.A. Capital Group as at September 30, 2022 were prepared at assuming to continue business operations as a going concern in the foreseeable future. As at the date of approval of hereby interim condensed consolidated financial statements is stated that no evidence exist indicating a threat to the Group's ability to continue as a going concern. Duration of the Parent Company and entities belonging to the Prochem S.A. Group is not limited. Hereby interim condensed consolidated financial statements, except for the consolidated cash flow statement, have been prepared on the accrual basis.

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

- land, buildings and constructions 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, being 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 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 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 2021.

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

New Standards, interpretations and changes in published IFRS and their impact

Approved by the Board of IFRS for use after January 1, 2022 and during 2022 amendments to:

- IFRS 34 „Business Combinations" - updated references to the Conceptual Framework;
- IAS 16 "Property, plant and equipment" - revenues from products produced in the period of preparation of property, plant and equipment for the commencement of operation;
- IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" - explanations on costs recognized in the analysis of whether the contract is a contract that is onerous;
- Annual Amendments Program 2018-2020 - the amendments contain clarifications and clarify the guidelines of recognition and measurement standards: IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 9 "Financial Instruments", IAS 41 "Agriculture" and to illustrative examples to IFRS 16 "Leases"

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

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

- Amendments to IFRS 17 "Insurance Contracts" ;
- 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 regarding disclosures about accounting policies in practice - the requirement to disclose material information about accounting principles;
- Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" - definition of accounting estimates;
- Amendments to IAS 12 "Income Tax" - obligation to recognize deferred tax on transactions, i.e. lease;
- Amendments to IFRS 17 "Insurance contracts" - first application of IFRS 17 and IFRS 9 - comparative information

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

In these financial statements, the Group did not decide to early apply published standards, interpretations or amendments to existing standards before their effective date.

Standards announced but pending approval by the European Union, the Group intends to apply all changes in accordance with their effective date.

6. Functional currency and presentation currency of financial statements

Consolidated financial statements are presented in Polish Zloty ('zloty' or "PLN"), which is the functional currency of the Parent Entity and presentation currency.

Financial result and financial position of the Representation Office are translated using the following procedures:

- Assets and liabilities shall be translated at the closing rate as at the date of statement of financial position,
- Revenues and expenses shall be translated at the exchange rate on the transaction date, and
- Arisen exchange differences shall be recognized in statement of profit and loss.

7. Transactions in foreign currencies

Transactions in foreign currencies are initially recognized at the exchange rate of the NBP effective as at the transaction date. Balance sheet items of assets and liabilities expressed in foreign currencies are measured at the average NBP exchange rate in force at the balance sheet date. Gains and losses arising from the settlement of such transactions and carrying value of assets and liabilities expressed in foreign currencies are recognized in the statement of profit and loss.

8. 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

Companies from the Prochem S.A. 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. 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 the remaining companies of the Group. They are currently adapted to the changing conditions in the environment.

As at the time of preparation of hereby interim condensed consolidated financial statements, the Group's financial situation is stable. As a result of the analysis, the Management Board of the Parent Company of the Prochem S.A. Capital Group sees no need:

- revaluation of the Group's assets due to the negative effects of COVID-19,
- making write-downs of receivables due to insolvency of contractors,
- making changes or adjustments to the Group's supply chain,
- making adjustments to credit liabilities,
- making adjustments to lease liabilities - all lease contracts are performed in accordance with schedule,
- introducing changes in the system of work and remuneration of the Group's employees, all payroll 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 companies from the Capital Group of Prochem S.A. monitor the current situation with particular care. Actions were also taken to stabilize the financial and operational stability of the Group's companies 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 further actions 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.

9. The Impact of the Military Conflict in Ukraine on the Company's Operations

The Management Board monitors the impact of the political and economic situation in Ukraine on the Company's operations on an ongoing basis.

As at the date of hereby financial statements, the Group noticed a noticeable impact on sales and the supply chain. First of all, there has been noticed a sharp increase in the prices of goods and services, delivery times for equipment and materials have been extended and the availability of some goods has been limited. Therefore, there may be some problems with the contracts for execution. However, due to the fact that the Group has taken steps to limit the impact of the existing economic processes on the Group's operations by implementing additional control procedures aimed at limiting the risk of potential violation of the terms of contracts signed by contractors as a result of a change in the economic situation. In particular, in the area of contracts for construction and assembly works and supplies, additional procedures have been implemented in the field of ongoing monitoring of compliance with the terms and deadlines of contract performance and the contractor's financial standing. The risk of losing financial liquidity by key suppliers is analyzed on an ongoing basis and, if necessary, appropriate actions are taken, including shortening of payment deadlines in individual cases.

The Management Boards of Companies from the Prochem S.A. Capital Group monitor the current situation with particular attention and, if necessary, is prepared to take appropriate action to adapt Company's potential to the new conditions in order to mitigate any negative effects on the Group.

As at the date of this consolidated report, the Prochem S.A. Group sees no threat to the continuation of the activities of the companies belonging to the Prochem S.A. Capital Group.

10. Explanatory notes to interim consolidated financial statements as at and for the period of 9 months ended 30 September 2022

<i>Note 1 – Property, Plant and Equipment</i>	30 September 2022	31 December 2021
Property, plant and equipment, including:	15 171	15 757
- land	1 902	1 924
- buildings, premise sand civil engineering objects	10 359	10 966
- machinery and equipment	1 341	866
- vehicles	1 039	1 413
- other PPE	530	588
Construction under progress	54	0
Total property, plant and equipment	15 225	15 757

Property, plant and equipment – ownership structure	30 September 2022	31 December 2021
a) own	5 448	4 981
b) used under rental, lease or other agreement, including :	9 77	10 776
- lease	8 508	9 484
- value of the right of perpetual usufruct	1 269	1 292
Total balance sheet items of property, plant and equipment	15 225	15 757

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 September 30, 2022 does not significantly differ from fair value. The measurement at fair value as at December 31, 2021 was made by independent valutors 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 made in locations where the Group's assets are located.

	Change in property, plant and equipment for the period from January 1, 2022 to September 30, 2022	Change in property, plant and equipment for the period from January 1, 2021 to December 31, 2021
Gross value		
As at opening balance sheet	36 435	36 353
Increase (due to)	1 184	1 400
- acquisition of non-current assets	1 184	1 400
Decrease (due to)	-1 570	-1 318
- disposal of non-current assets	-807	-485
- liquidation of non-current assets	-27	-153
- reversal of the elimination of unpaid non-current assets in a subsidiary	-	57
- change – sale of subsidiary	-739	-
- other changes	3	-737
As at closing balance sheet	36 049	36 435

Depreciation and impairment

As at opening balance sheet – accumulated depreciation	20 678	19 163
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Depreciation for the period (under)	146	1 515
- increase (accrued depreciation)	1 549	2 068
- decrease under disposal of non-current assets	-733	-402
- decrease due to liquidation of non-current assets	-24	-153
- changes – sale of a subsidiary	-646	-
- other changes	-	2
As at closing balance sheet- accumulated depreciation	20 824	20 678
Impairment of non-current assets	-	-
Net value of non-current assets as at the end of balance period	15 225	15 757

Note 2 – Investment Property

	30 September 2022	31 December 2021
Buildings and constructions	8 216	8 216
Land	2 382	2 382
Total investment property	10 598	10 598

Investment property by titles	Change in investment property for the period from January 1, 2022 to September 30, 2022	Change in investment property for the period from January 1, 2021 to December 31, 2021
Investment property - land		
As at opening balance sheet:	2 382	2 189
- decrease due to reclassification – assets-held-for-sale	-	193
As at closing balance sheet	2 382	2 382
Investment property - buildings and constructions		
As at opening balance sheet:	8 216	7 672
a) increase due to reclassification – assets-held-for-sale	-	544
Total changes	-	544
As at closing balance sheet	8 216	8 216
Write-down of investment property	-	-
Total investment property	10 598	10 598

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.

Fair value as at September 30, 2022 does not significantly differ from fair value. The measurement at fair value as at December 31, 2021 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.

Details concerning investment property and information on the hierarchy of fair values as at 30 September 2022.

	Level 1	Level 2	Level 3	Fair value as at 30.06.2022
	In PLN thousands	In PLN thousands	In PLN thousands	In PLN thousands
Investment property	-	-	10 598	10 598

There were no displacements between the levels 1, 2 and 3 in the third quarter of 2022.

Note 3 – Right-of-use Assets

	30 September 2022	31 December 2021
- buildings and constructions	28 643	22 644
- machinery and equipment	50	96
- vehicles	1 230	1 682
Total assets	29 923	24 422

Description	Changes in right-of-use assets for the period from 1 January 2022 to 30 September 2022	Changes in right-of-use assets for the period from 1 January 2021 to 31 December 2021.
Book value, gross	36 832	34 137
Increase in value – new contracts concluded	380	260
Increase in gross value– updating the value of concluded contracts	8 698	2 497
Decrease in value – the contract completed	-434	-62
Total, book value gross	45 476	36 832
Increase (+) /decrease (-)		
Depreciation – as at opening balance sheet	12 410	7 819
Depreciation accrued	3 468	4 627
Decrease – the contract completed	-325	-36
Total, accumulated depreciation	15 553	12 410
Total as at closing balance sheet		
Book value, gross	45 476	36 832
Accumulated depreciation	-15 553	-12 410
Book value, net as at closing balance sheet	29 923	24 422

Note 4 - Shares

Shares in other entities	30 September 2022	31 December 2021
In other entities	830	830
Shares, net value	830	830
Write-downs of shares	6	6
Shares, gross value	836	836

Change in shares	30 September 2022	31 December 2021
a) as at the beginning of the period	830	830
b) as at the end of the period	830	830

Shares in other entities as at 30.09.2022

Description	Number of shares	Share in capital (%)	Carrying value of shares held (in PLN thousands)
Kostrzyńsko Słubicka Specjalna Strefa Ekonomiczna	8 250	3.04	825
CeMat 70 S.A.	39	0.04	5

Note 5 – Shares in Entities Valued Using the Equity Method

Shares in jointly-controlled entities and associated entities	30 September 2022	31 December 2021
- Shares – net value	12 948	39 139
- write-down of shares	1 011	1 011
Shares, gross value	13 959	40 150

Change in jointly-controlled entities and in associated entities	30 September 2022	31 December 2021
a) as at the beginning of the period	39 139	33 907
- shares at cost	39 139	33 907
b) increase (under)	5 371	5 232
- share in the result of current year	5 371	5 232
c) decrease (under)	31 562	5 232
- dividend paid	31 562	5 232
d) as at the end of the period, net	12 948	39 139
e) write-down	1 011	1 011
f) as at the end of the period, gross	13 959	40 150

Change in write-downs of shares in jointly-controlled entities and associated entities	30 September 2022	31 December 2021
As at the beginning of the period	1 011	1 011
As at the end of the period	1 011	1 011

Irydion Sp. z o.o. is the only joint arrangement (jointly controlled entity) in which the Group participates. It is a company whose goal was to build an office building under the name "Astrum Biznes Park" in Warsaw, and then sell it. The sale of the property took place on June 8, 2022.

After the transaction of sale was settled, Irydion paid a dividend, the parent company of the Prochem S.A. Capital Group received a dividend of PLN 31,562 thousand.

Irydion is not listed on the Stock Exchange. The Group classified its shares in Irydion as a joint venture. The Group exercises joint control together with the shareholder LFI 1 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych with its registered office in Wrocław, 50% each of the shareholders. Each of the partners has two representatives on the Supervisory Board.

Note 6 – Settlement of Deferred Income Tax

Changes in provisions and deferred income tax for three quarters of 2022 are shown in the table below.

Deferred tax assets	30 September 2022	31 December 2021
As at the beginning of the period	5 193	5 896
Increase	5 265	4 236
Decrease	-4 297	-4 939
As at the end of the period	6 161	5 193

Provision under deferred income tax	30 September 2022	31 December 2021
As at the beginning of the period	6 590	6 871
Increase	3 578	3 160
Decrease	-2 051	-3 441
As at the end of the period	8 117	6 590

	30 September 2022	31 December 2021
Deferred tax assets	6 161	5 193
Provision under deferred income tax	-8 117	-6 590
Assets/(Provision) under deferred income tax	-1 956	-1 397

Presentation in the statement of financial position	30 September 2022	31 December 2021
Deferred tax assets	776	1 362
Provision under deferred income tax	-2 732	-2 759
Assets/(Provision) under deferred income tax	-1 956	-1 397

Note 7 – Other Non-current Financial Assets

Other financial assets	30 September 2022	31 December 2021
a) from jointly-controlled entities:	-	17 000
- loans granted	-	17 000
Total other non-current financial assets	-	17 000

Loans granted –as at September 30, 2022

- Loans granted to jointly-controlled company Irydion Sp. z o.o. seated in Warsaw have been repaid, the balance as at September 30, 2022 is PLN 0.

Increase:

- Accrued interest on loans granted to jointly-controlled entity Irydion Sp. z o.o. In the amount of PLN 356 thousand,

Decrease:

- Repayment of the interest on loans by jointly-controlled company Irydion Sp. z o.o. in the amount of 17 000 thousand.
- Repayment of interest on loans by jointly-controlled company Irydion Sp. z o.o. in the amount of PLN 356 thousand.

Loans granted - as at 31December 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 the loan PLN 11 000 thousand. Interest is set annually according to WIBOR 3M rate plus margin of 2.3%. 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, the repayment date of the loan with interest 22 September 2031.

Note 8 – Inventories

Inventories	30 September 2022	31 December 2021
Materials	1 915	7 578
Semi-finished products and work-in-process	570	443
Goods	-	358
Total inventories	2 485	8 379

Note 9 – Trade and Other Receivables

Trade and other receivables	30 September 2022	31 December 2021
Trade receivables	54 164	89 994
Write-down of trade receivables	4 496	4 261
Trade receivables net, including	49 668	85 733
- with repayment period up to 12 months	43 897	81 093
- with repayment period above 12 months	5 771	4 640
Receivables from taxes, subsidies, custom duties, social and health insurance and other benefits	326	105
Other receivables	1 465	1 450
Write-down of other receivables	-	-
Other receivables net	1 465	1 450
Total receivables	51 459	87 288

Trade and other receivables from related entities	30 September 2022	31 December 2021
Trade receivables, including:	84	6
- from jointly-controlled entities and associated entities	84	6
Trade and other receivables from related entities net, total	84	6
Write-downs of receivables from related entities	-	-
Trade and other receivables from related entities gross, total	84	6

Change in write-downs of trade and other receivables	30 September 2022	31 December 2021
As at the beginning of the period	4 261	4 319
a) increase (under)	264	23
- provision to receivables	264	23
b) decrease (under)	29	81
- payments received	-	65
- use of write-downs created in previous periods	29	16
Write-downs of current trade and other receivables at the end of the period	4 496	4 261

In most contracts signed by the Group, payment terms for services are set in the range of 14 to 60 days. As at September 30, 2022 and as at December 31, 2021 receivables include security deposits under statutory warranty for construction and assembly works, respectively in the amounts of PLN 6 007 and PLN 5 977 thousand.

Note 10 – Other Financial Assets

Other financial assets by type :	30 September 2022	31 December 2021
a) other financial assets - security deposits securing bank guarantees	7 750	8 658
b) other	-	-
Total other financial assets	7 750	8 658

Note 11 – Other Assets

Other assets by type :	30 September 2022	31 December 2021
a) prepayments	6 152	998
- cost of property and personal insurance	400	232
- software maintenance cost	866	653
- subscriptions	12	4
- deferred costs	95	17
- write-off to the Social Fund	153	-
- other	4 626	92
Total other assets	6 152	998

Note 12 – 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	-	536 750	536 750	Cash	29-07-1993	01-01-1993
Total number of shares			2 355 000				
Total share capital				2 355 000			
Nominal value of one share = PLN 1.00							

On August 9, 2022, an entry was made in the National Court Register pursuant to Resolution No. 19 of the Ordinary General Meeting (OGM) of June 27, 2022 - the OGM redeemed 580,000 shares with a nominal value of PLN 1 each, including: 145,000 shares series B bearer shares and 435,000 series C bearer shares.

As at the date of publication of hereby financial statements, the share capital was reduced by PLN 580,000, and the number of shares remaining in trade is 2,355,000, the total number of votes attached to these shares is 2,356,160.

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 shareholders	Number of shares held (in pcs.)	Number of votes held	% of votes in total number of votes	% of share capital
1. Steven Tappan	1 000 000	1 000 000	42.44	42.46
2. Otwarty Fundusz Emerytalny PZU „Złota Jesień”	284 916	284 916	12.09	12.10
3. APUS S.A.	145 965	145 965	6.20	6.20

Change of rights from shares in Prochem S.A. in 2022:

1. On August 16, 2022, the Management Board of Prochem S.A. (hereinafter referred to as the Company) obtained information about from Powszechne Towarzystwo Emerytalne PZU S.A. acting on behalf of the Otwarty Fundusz Emerytalny PZU "Złota Jesień" ("OFE PZU") on the change of the share held so far in the total number of votes at the general meeting of the Company. The change is a consequence of reducing the share capital from PLN 2,935,000 to PLN 2,355,000 by redeeming 580,000 shares of the Company with a nominal value of PLN 1 each.

Before the change, OFE PZU owned 284,916 shares of the Company, which constituted 9.708% of the share capital and had 284,916 votes from these shares, which constituted 9.704% of the total number of votes at the General Meeting.

After the change, OFE PZU holds 284,916 shares of the Company, which constitutes 12.10% of the share capital and has 284,916 votes from these shares, which constitutes 12.09% of the total number of votes at the General Meeting.

2. On August 19, 2022, the Management Board of Prochem S.A. (hereinafter referred to as the Company) received information from the Company's shareholder, Mr. Steven Tappan, about a change in the share held so far in the total number of votes at General Meeting of the Company. The change is a consequence of reducing the share capital from PLN 2,935,000 to PLN 2,355,000 by redeeming 580,000 shares of the Company with a nominal value of PLN 1 each.

Before the change, Mr. Steven Tappan owned 1,000,000 shares of the Company, which constituted 34.07% of the share capital and held 1,000,000 votes from these shares, which constituted 33.1% of the total number of votes at the General Meeting.

After the change, Mr. Steven Tappan holds 1,000,000 shares of the Company, which constitutes 42.46% of the share capital and has 1,000,000 votes from these shares, which constitutes 42.4% of the total number of votes at the General Meeting

3. On August 19, 2022, the Management Board of Prochem S.A. (hereinafter referred to as the Company) received information from the shareholder of the Company, Mr. Jean Jaques Alphantera and APUS S.A. on the change of the share held so far in the total number of votes at the general meeting of the Company. The change is a consequence of reducing the share capital from PLN 2,935,000 to PLN 2,355,000 by redeeming 580,000 shares of the Company with a nominal value of PLN 1 each.

Before the change, Mr. Jean Jaques Alphantera and APUS S.A. owned 145 965 shares of the Company, which constituted 4.97% of the share capital and held 145 965 votes from these shares, which constitutes 4.97% of the total number of votes at the General Meeting .

After the change, Mr. Jean Jaques Alphantera and APUS S.A. hold 145 965 shares of the Company, which constitutes 6.20% of the share capital and have 145 965 votes from these shares, which constitutes 6.20% of the total number of votes at the General Meeting.

On September 24, 2022, the XLIV Extraordinary General Meeting (EGM) of Prochem S.A. was held, at which a resolution was adopted on consent to the acquisition by Prochem S.A. of own shares for redemption. Pursuant to resolution no. 4, the Extraordinary General Meeting of Prochem S.A. authorizes and obliges the Management Board of Prochem S.A. to purchase own shares in the total number not exceeding 350,000 shares, with the total nominal value not exceeding PLN 350,000. The purchase price of own shares was set at PLN 36, the total purchase price of own shares will not exceed PLN 12,600,000.00. The deadline for the purchase of own shares was set from September 24, 2022 to November 30, 2022.

In a communication of November 7, 2022, the Management Board of PROCHEM S.A. of the parent company of the Capital Group, informed about the commencement of the buyback of own shares in accordance with Resolution No. 4 of the Extraordinary General Meeting of the Company of September 24, 2022 on authorizing the Management Board of the Company to purchase own shares for redemption.

The offered purchase price of the Acquired Shares is PLN 36.00 per share.

The share buyback will be carried out according to the following schedule:

- Date of announcement publication: November 7, 2022
- Start date for accepting Sale Offers: November 9, 2022.
- Closing date for accepting Sale Offers: November 23, 2022
- Expected date of settlement of the acquisition of Shares: November 28, 2022.

The intermediary in conducting and settling the purchase of Shares under the Offer is mBank S.A. with its registered office in Warsaw, ul. Prosta 18, conducting brokerage activities as part of a separate organizational unit under the name Dom Maklerski mBanku.

<i>Note 13 - Retained Earnings</i>	30 September 2022	31 December 2021
Spare capital	80 693	54 590
Other reserve capitals	9 569	30 310
Profit for the previous period	-692	-773
Profit for the period	280	6 143
Total	89 850	90 270

<i>Note 14 – Current Bank Loans</i>	30 September 2022	31 December 2021
- loans	4 847	3 704

Information on 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.

BNP Paribas	Warsaw	2 000	-	September 30, 2022	WIBOR 1M + margin	Promissory note in blank
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By Elektromontaż Kraków S.A.

mBank S.A.	Warsaw	1 500	1 310	March 01, 2023	WIBOR ON + margin	Mortgage + promissory note
ING BANK Śląski	Katowice	3 000	2 353	19 November 11, 2022	WIBOR for 1-month deposits in PLN + margin	Mortgage + promissory note

By Atutor Integracja Cyfrowa sp. z o.o.

Bank Millennium S.A.	Warsaw	150	-	Revolving loan in a bank account from 02 August 2016	WIBOR 1m + margin	Granting the bank a power of attorney for collection and for the repayment from the account, and for blocking the funds in the case when loan is not repaid in time
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By Pro-Inhut sp. z o.o.

ING Bank Śląski S.A.	Dąbrowa Górnicza	734	735	May 17, 2021	WIBOR for 1 month deposits in PLN + margin	Guarantee by BGK Bank based on a portfolio agreement, Promissory note in blank.
ING Bank Śląski S.A.	Sosnowiec	400	398	July 30, 2021	WIBOR for 1 month deposits in PLN + margin	Guarantee by BGK Bank based on a portfolio agreement, Promissory note in blank.
ING Bank Śląski S.A.	Sosnowiec	200	51	July 30, 2021	WIBOR for 1 month deposits in PLN + margin	Guarantee by BGK Bank based on a portfolio agreement, Promissory note in blank.

Note 15 – Liabilities under Loans Received

Liabilities under non-current loans received	30 September 2022	31 December 2021
- non-current loans	-	300
- current part of non-current loans	-	400
Total loans received	-	700

Note 16 – Trade Payables

	30 September 2022	31 December 2021
a) to associated entities and jointly-controlled entities	-	6
- for supplies and services, with maturity:	-	6
- up to 12 months	-	6
b) to other entities	38 745	77 455
- for supplies and services, with maturity:	38 745	77 455
- up to 12 months	38 745	77 455
- above 12 months	-	-
Total trade payables	38 745	77 461
Non-current liabilities under seized security deposits	7 766	9 020
Total trade payables	46 511	86 481

Note 17 – Amounts Owed to Recipients under Long-Term Agreements

	30 September 2022	31 December 2021
- amounts due from recipients under agreements	17 768	14 996
Amounts due from recipients under long-term agreements	17 768	14 996

Amounts owed to recipients under long-term agreements

	30 September 2022	31 December 2021
- amounts owed to recipients under agreements	652	5 803
Amounts owed to recipients under long-term agreements	652	5 803

Description	As at	As at
	30 September 2022	31 December 2021
Revenues according to agreements	1 611 567	917 129
Revenues invoiced	412 068	726 216
Liabilities planned under execution of agreements	1 510 678	853 158
Fulfilled obligations under agreements	377 686	690 397
Amounts due from recipients	17 768	14 996
Amounts owed to recipients	652	5 803

Note 18 – Other Liabilities

	30 September 2022	31 December 2021
a) to other entities	4 012	5 679
- under taxes, duties, insurance and other benefits	3 134	4 961
- under remuneration	593	452
- other (by type)	285	266
liabilities to employees	6	24
liabilities to shareholders	16	16
liabilities under lease	-	28
other	263	198
b) other current provisions	6 912	6 726
- provision to costs accrued to the previous year, related to long-term contracts	1 156	3 716
- provision to costs	3 970	968
- cost of audit	76	48
- current provision for retirement benefit	174	227
- provision to unused annual leaves	1 536	1 767
Total other liabilities	10 924	12 405

Liabilities under lease

In PLN thousands	Future minimum lease payments	Interest	Current value	Future minimum lease payments	Interest	Current value
	In 2022	In 2022	In 2022	In 2021	In 2021	In 2021
Up to one year	308	0	308	468	33	501
1 to 5 years	372	0	372	649	23	672
Total	680	0	680	1 117	56	1 173

Liabilities under right-of-use

In PLN thousands	Future minimum lease payments	Interest	Current value	Future minimum lease payments	Interest	Current value
	In 2022	In 2022	In 2022	In 2021	In 2021	In 2021
Up to one year	3 826	668	4 494	4 455	701	5 156
1 to 5 years	20 267	1 678	21 945	12 440	1 703	14 143

Above 5 years	8 038	1 205	9 243	8 648	1 130	9 778
Total	32 131	3 551	35 682	25 543	3 534	29 077

Note 19 –Deferred Income

	30 September 2022	31 December 2021
- advance payments received	-	495
- other	324	324
Deferred income at the end of the period, including:	324	819
Non-current liabilities	-	-
Current liabilities	324	819

Note 20 - Revenues from Sale of Services

Revenues from sale of services (type of service and type of activity)	Period ended 30 September 2022	Period ended 30 September 2021
- revenues from sale of services, including:	147 905	163 686
- from related entities	2 673	3 373
Revenues from sale (territorial structure)	Period ended 30 September 2022	Period ended 30 September 2021
Domestic market	147 905	163 686
- including from related entities	2 673	3 373

Revenues under contracts for construction services (general contracting) and other services are presented in Note 29. The gross amount due from ordering parties/buyers for the work under the contracts was presented in Note 17.

Information on major customers, whose total value of revenues from sales of services exceeds 10% of the total revenues of the Group for 2022 is included in Note 29 – Operating segments.

Note 21 - Revenues from Sale of Goods and Materials

Revenues from sale of goods and materials (type of good and material and type of activity)	Period ended 30 September 2022	Period ended 30 September 2021
Goods and materials	2 853	1 546
Revenues from sale of goods and materials (territorial structure)	Period ended 30 September 2022	Period ended 30 September 2021
Domestic market	2 853	1 546

Note 22 – Cost of Services

Costs by type	Period ended 30 September 2022	Period ended 30 September 2021
a) amortization and depreciation	5 073	4 979
b) consumption of materials and energy	28 760	18 921
c) outsourcing	81 601	101 457

d) taxes and levies	196	188
e) remuneration	28 632	27 727
f) social security and other benefits	6 591	5 801
g) other costs by type (by category)	3 289	2 737
- property and personal insurance	1 000	772
- business trip	690	786
- State Fund for Rehabilitation of Disabled Persons PFRON	369	361
- cars rental	236	219
- other	994	599
Total cost by type	154 142	161 810
Change in inventories, goods and prepayments	-3 773	-1 035
General and administrative expenses (negative value)	-11 345	-10 774
Cost of services sold	139 024	150 001

Note 23 – Other Operating Income

	Period ended 30 September 2022	Period ended 30 September 2021
a) gain on disposal of non-financial non-current assets	543	26
b) reversal of impairment allowances (under)	-	35
- receivables	-	35
c) other, including:	327	1 397
- reimbursement of litigation costs	-	139
- received compensation, fines and penalties	221	1 227
- release of provision	75	-
- other	31	31
Total other operating income	870	1 458

Note 24 – Other Operating Expenses

	Period ended 30 September 2022	Period ended 30 September 2021
a) Loss on disposal of non-financial non-current assets	-	-
b) impairment allowance (under)	264	-
- receivables	264	-
c) other, including:	3 196	359
- litigation costs	32	1
- actuarial valuation of employee benefits	-	5
- paid damages, penalties and fines	114	321
- donations	1	-
- provision to future liabilities	3 000	-
- other	49	32
Total other operating expenses	3 460	359

Note 25 – Financial Income

	Period ended 30 September 2022	Period ended 30 September 2021
a) interest under loans granted	356	341
- from jointly-controlled entities	356	341

b) other interest	262	-
- from other entities	262	-
c) surplus of positive exchange rate differences	2 327	6
d) other, including:	344	6
- revenues under discounted non-current liabilities	329	-
- other	15	6
Total financial income	3 289	353

Note 26 – Finance Expenses

	Period ended 30 September 2022	Period ended 30 September 2021
a) interest on bank loans	188	25
b) interest on borrowings	3	-
b) other interest	1 195	733
- for other entities	104	16
- under lease	1 091	717
c) surplus of negative exchange rate differences	23	2
d) other, under :	954	606
- commission on bank guarantees	642	537
- commission loans	-	40
- costs under discount of financial assets	262	-
- other costs	50	29
Total finance expenses	2 363	1 366

Note 27 – Income Tax

Deferred income tax indicated in the statement of profit and loss	Period ended 30 September 2022	Period ended 30 September 2021
- decrease (increase) due to arising and reversal of temporary differences	558	774
Total deferred income tax	558	774

Note 28 – Additional Disclosures to the Statement of Cash Flows

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

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

	Period ended 30 September 2022	Period ended 30 September 2021
Change in current receivables	27 898	13 522
Receivables as at January 1	87 288	75 099
Amounts due from recipients under agreements as at January 1	14 996	13 163
Other assets as at January 1	998	879
Receivables under seized security deposits as at January 1	231	883
Opening balance sheet after adjustments	103 513	90 024
Receivables as at September 30	51 459	55 662
Amounts due from recipients under agreements as at September 30	17 768	19 568
Other assets as at September 30	6 152	1 228

Receivables under seized security deposits as at September 30	236	226
Receivables under disposal of non-current assets	-	-182
Closing balance sheet after adjustments	75 615	76 502
Change in current liabilities except for current borrowings and special funds	-46 363	- 29 053
Trade payables as at January 1,	77 461	60 951
Other liabilities as at January 1	12 405	8 501
Amounts owed to suppliers as at January 1	5 803	20 486
Liabilities under seized security deposits as at January 1	9 020	14 291
Other non-current liabilities as at January 1	143	-
Provision to current retirement benefits	-228	-359
Provision to annual leaves	-1 767	-1 720
Provision to audit	-48	-62
Provision to current other costs	-1 579	-1 565
Adjustment of other non-current liabilities	-77	-
Investment commitments as at January 1	-8	-55
Liabilities to shareholders	-15	-16
Opening balance sheet after adjustments	102 659	100 452
Trade payables as at September 30	38 745	45 841
Amounts owed to recipients under contracts as at September 30	652	10 921
Other liabilities as at September 30	10 924	6 388
Liabilities under seized security deposits as at September 30	7 766	10 144
Other non-current liabilities as at September 30	147	-
Provision to current retirement benefits	-174	-333
Provisions to annual leaves	-1 536	-1 492
Provision to audit	-76	-
Provision to current other costs	-	-30
Investment commitments as at September 30	-136	-30
Liabilities to shareholders	-16	-10
Closing balance sheet after adjustment	56 296	71 399
Change in other adjustments as at balance sheet date	-589	771
Change in deferred income – advances received	-495	-48
Other	-94	819

Note 29 – Operating Segments

In the period from January 1, 2022 to September 30, 2022, there were no revenues from operating activity achieved outside Poland (Exports) in the analogous period of the previous year, the Group also did not achieve revenues from Exports.

Information on major customers, which share in the sales revenue for three quarters of 2022 exceeded 10% of the total sales revenue:

- A Client, who deals in the production of chemical raw materials – sales revenue PLN 20 039 thousand, representing 20.4% of sales revenue, which were shown in the segment „General contracting” and „Design services and other engineering services”.
- A Client who deals in the production of artificial fertilizers – sales revenue PLN 34 815 thousand, representing 35.4% of sales revenue, which were shown in the segment „General contracting”.

Detailed data on the operations of Prochem S.A. Group in the individual segments are shown in the following tables. The analysis and results of the Group in the individual reporting segments covered by the reporting is presented below.

Information about the geographical areas

Geographical breakdown of sales revenue was presented in accordance with country of the seat of the ordering party.

	Note No.	For the period from 1.01.2022 to 30.09.2022	For the period from 1.01.2021 to 30.09.2021
Poland		150 758	165 232
Other countries		-	-
	20	150 758	165 232

Current data

For the period from 01.01.2022 to 30.09.2022	General contracting	Design services, other engineering services	Rental of construction equipment	Assembly of electrical installations	Rental of office space	Commercial activity	Other IT services	Other	Items not assigned	Total
Revenues to external clients	65 371	32 375	287	42 505	3 763	2 853	1 375	2 229	-	150 758
Total revenues of the segment	65 371	32 375	287	42 505	3 763	2 853	1 375	2 229	-	150 758
Result										
Result of the segment	-8 075	3 408	-194	282	862	109	991	270	-8	-2 355
Financial income									3 323	3 323
Finance costs									-2 363	-2 363
Financial revenues net									960	960
Profit sharing in entities valued using the equity method									5 371	5 371
Profit on other operating activities									-2 590	-2 590
Before tax profit									1 386	1 386
Income tax									682	682
Profit for the current period									704	704
Loss assigned to non-controlling interest									-424	-424
Profit for the period assigned to shareholders of the parent entity									280	280
Segment assets (related to activity)	22 480	9 154	95	18 937	20 715	-	149	47	-	71 577
Assets not assigned/unallocated (among others shares and other financial assets)									131 306	131 306
Total assets	22 480	9 154	95	18 937	20 715	-	149	47	131 306	202 883
Depreciation of property, plant and equipment	329	1 203	36	747	1 301	-	26	39	1 362	5 043
Amortization of intangible assets	-	-	-	13	-	-	-	-	17	30

Comparative data

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 installation	Rental of office space and real estate	Management of real estates	Commercial activity	Other IT services	Other	Items not assigned	Total
Revenues to 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
Financial revenue net										-2 057	-2 057
Profit sharing in 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
Amortization of intangible assets	-	4	-	13	-	-	-	-	-	31	48

Note 30 – Profit per One Share

Net profit per 1 share of the Parent Entity remaining in trade as at September 30, 2022 was PLN 0.12, and for the analogous period of 2021 was PLN 1.52.

Note 31 – Profit Sharing and Loss Coverage

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

Pursuant to the Resolution No. 16 of the Ordinary General Meeting of June 27, 2022 the Issuer's net profit for 2021 in the amount of PLN 2,712,506.66 was entirely allocated to the reserve capital.

Note 32 - Dividends

The Issuer did not pay dividend for 2021.

Note 33- Financial Instruments and Financial Risk Management

33.1 Categories and classes of financial instruments

Financial assets

(in PLN thousands)	Note	Categories of financial instruments	
		Loans, receivables and other	
Classes of financial instruments		30.09.2022	31.12.2021
Receivables from supplies and services	9	49 668	85 733
Cash		46 050	14 394
Loans granted	7	-	17 000
Other financial assets – security deposits securing bank guarantees	10	7 750	8 658
Total		103 468	125 785

Financial liabilities

September 30, 2022

(in PLN thousands)	note	Categories of financial instruments	
		Financial liabilities measured at amortized cost	Total
Classes of financial instruments			
Loans	14	4 847	4 847
Borrowings received	15	-	-
Amounts owed to recipients under contracts	17	652	652
Liabilities under supplies and services	16	46 511	46 511
Total		52 010	52 010

December 31, 2021

Categories of financial instruments

(in PLN thousands)		Financial liabilities measured at amortized cost	Total
Classes of financial instruments	note		
Loans	14	3 704	3 704
Borrowings received	15	700	700
Amounts owed to recipients under contracts	17	5 803	5 803
Liabilities under supplies and services	16	86 481	86 481
Total		96 688	96 688

Impairment losses on financial assets broken down into classes of financial instruments

(in PLN thousands)	As at	
	September 30, 2022	December 31, 2021
Receivables from supplies and services	4 496	4 261
Total	4 496	4 261

Impairment losses on financial assets are presented in Note 9.

The fair value of financial instruments approximates to the carrying amount due to their short-term nature and the floating interest rate.

33.2. Financial Risk Management

The Group's operations are exposed to the following financial risks:

- credit risk;
- liquidity risk;
- market risk (including currency risk, interest rate risk).

Credit risk

The Group conducting business activities sells services to business entities with deferred payment, as a result of which there may be a risk of not receiving a payment from contractors for the services provided. In order to minimize the credit risk, the Group manages the risk through the obligatory procedure of obtaining collateral.

The assumed period of receivables repayment related to the normal course of sales is 14-60 days.

Amounts due from contracting parties are regularly monitored by the financial services. In case of overdue amounts the procedures of vindication are started.

The age analysis of trade receivables, which are overdue on the end of the reporting period, but in case of which no impairment occurred, is presented in Note No. 9.

In order to reduce the risk of not recovering the receivables from deliveries and services, the Group accepts a collateral from its customers in the form of, among other: bank and insurance guarantees, mortgages, promissory notes, as well as security deposits.

For the improvement of the current liquidity, in order release the receivables, which have been retained by investors for a proper security for the contracts implemented and statutory warranty for the construction and assembly works, the Group provides bank guarantee and insurance guarantee as a part of guarantee lines, which were launched with this purpose.

Credit risk associated with monetary resources and with bank deposits is considered as low by the Group.

All entities in which the Group deposits its free monetary resources operate in the financial sector. These include domestic banks and branches of the foreign banks with first class current credibility.

Risk of threatened financial assets is reflected by impairment allowances.

Liquidity risk

The Group is exposed to the liquidity risk resulting from the relation of current liabilities to current assets.

As at September 30, 2022 and December 31, 2021 the index ratio of current assets to current liabilities (current liquidity ratio) was respectively 2.22 and 1.28.

Detailed information regarding loans is disclosed in Note 14.

Analysis of maturity of liabilities is in Notes Nos. 16,17 and 18.

Currency exchange rate risk

Part of contracts of sale of services is concluded with foreign companies in foreign currencies (EUR, USD). In the case of a significant strengthening of the domestic currency it may adversely affect the performance of the Group. Partially, this risk is mitigated in the natural way through the purchase of equipment and services for the accomplishment of these contracts abroad, as well as through the purchase of relevant financial instruments.

Interest Rate Risk

The Group is exposed to the risk of variability of cash flows under interest rate resulting from bank loans based on floating interest rate WIBOR ON (overnight) and loans granted based on floating rate WIBOR 3M and bill of exchange rediscount rate. The Group did not take into account the decline in interest rates in its analysis.

Note 34 – Related Party Transactions

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

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

From January 1, to September 30, 2022 key management personnel and persons related to key management personnel, in addition to remuneration did not conclude other transactions with the Issuer and the Companies from the Capital Group.

Remuneration paid from January 1, 2022 to September 30, 2022 in 2021 in the Issuer's enterprise:

- to the Members of the Parent Entity in total amount of PLN 1 217.6 thousand,
- to the Members of the Supervisory Board in total amount of PLN 338.9 thousand.

Remuneration paid to the Members of the Management Board and the Supervisory Board for three quarters of 2022 for performing functions in the Management Boards and the Supervisory Boards of companies belonging to the Capital Group was PLN 208.7 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.

Guarantees and sureties granted to related entities are presented in Note 35.

Reporting period

(in PLN thousands)

From January 1, 2022 to September 30, 2022

	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	2 673	1 947	356	31 562	-

Sale of services and purchase of services in total relate to revenues from the jointly-controlled entity Irydion Sp. z o.o. in Warsaw, being owner of real estate located in Warsaw at Łopuszańska 95 Street in Warsaw. Office and service complex Astrum Biznes Park was sold by the company Irydion on June 8, 2022.

As at September 30, 2022

(in PLN thousands)

	Trade and other receivables	Receivables under loans granted	Trade payables
Jointly-controlled entities and associated entities	84	-	-

Comparative period

(in PLN thousands)

from January 1, 2021 to September 30, 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	-	-

As at September 30, 2021

(in PLN thousands)

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

Note 35 – Collateral Granted and Received and Contingent Liabilities and Contingent Assets

Contingent liabilities - i.e. bank guarantees of good performance, of return of advance payment, of payment and of tender bonds, and bill of exchange sureties for good performance of the contract, which as at the balance sheet date amount to:

	<u>30.09.2022</u>	<u>31.12.2021</u>
Collateral granted		
Bank guarantee of good performance	67 220	31 143
Guarantee of return of advance payment	136	3 363
Guarantee of payment	1 058	1 058
Tender bonds	-	25
Total collateral granted	68 414	35 589
Contingent liabilities		
surety of return of advance payment in the Group	-	-
Total collateral granted and contingent liabilities	68 414	35 589

Contingent assets

The Group's contingent assets are bank guarantees of good performance, which as at the balance sheet date amount to:

Collateral received	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Bank guarantee of good performance	14 413	20 519
bill of exchange guarantees securing the terms of the contract	450	450
Total contingent assets	14 863	20 969

Note 36 - Information on Significant Proceedings Pending Before the Court

Any proceedings did not occur.

Note 37 - Events after the Balance Sheet Date

On October 14, 2022, Prochem RPI Sp. z o. o. with its registered office in Warsaw (100% direct and indirect subsidiary of Prochem S.A.) purchased from PKI Predom sp. z o. o. with its registered office in Wrocław, a share in the right of perpetual usufruct of a plot of land located in Wrocław, together with a share in the co-ownership of buildings constituting separate ownership from the land. PKI Predom Sp. z o.o. is directly and indirectly subsidiary of Prochem S.A. in 91.41% (85.6% share in the capital and voting rights is held by Prochem Inwestycje Sp. z o.o. with its registered office in Warsaw). The total gross purchase price of the share in the right of perpetual usufruct of land and the share in the co-ownership of the buildings erected on this plot, constituting a property separate from the land, amounted to PLN 7,687,500.00, the net value of the transaction amounted to PLN 6,250,000.00.

With the announcement of November 7, 2022, the Management Board of Prochem S.A. of the parent company of the Capital Group, informed about the commencement of the buyback of own shares on November 9, 2022 - details are described in note 12 - share capital.

Note 38 - Other Explanatory Notes to Separate Financial Statements

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

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

- Marek Kiersznicki – 44,327 pcs.;
- Krzysztof Marczak – 30,268 pcs.;

- Marek Garliński – 49,929 pcs.;
- Andrzej Karczykowski – 111,692 pcs.;
- Jarosław Stępniewski – 50,206 pcs.;

The nominal value of 1 share is PLN 1.

In the period from January 1, 2022 to September 30, 2022, there were no changes in the number of shares held by managing and supervising persons.

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

Not applicable.

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

The Group participates in a few of tender procedures, which, if successful, may lead to the signing of several significant orders, and as a result, in the following quarters, improve both revenues from sales of services and results on operations.

Factors that may affect the future financial results of Prochem S.A. Capital Group:

- significant increase in inflation and market interest rates;
- the risk of recession occurrence in the economy;
- increase in operating and financial costs related to inflation and increase in energy prices;
- the impact of the war in Ukraine;
- the impact of the Covid-19/coronavirus pandemic.

11. Statement of the Management Board of the Parent Entity regarding the true and fair preparation of the interim financial statements

The Management Board of Prochem S.A. the Parent Entity of the Prochem S.A. Capital Group declares that interim condensed consolidated financial statements of the Prochem S.A. Capital Group 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 Prochem S.A. Capital Group as of September 30, 2022 and December 31, 2021, and results of its operations and cash flows for the period of 9 months ended September 30, 2022 and September 30, 2021.

12. Approval of financial statements for publication by the Management Board of the Parent Company Prochem S.A.

Interim condensed consolidated financial statements of the Prochem S.A. Capital Group for the period from January 1, 2022 to September 30, 2022 along with financial information of Prochem S.A. were approved for issue by the Management Board of the Parent Entity on November 9, 2022.

Financial information of PROCHEM S.A.

Separate statement of financial position

(all amounts in PLN thousands if not stated otherwise)

	As at 30 September 2022	As at 31 December 2021
A s s e t s		
Non-current assets		
Property, plant and equipment	1 496	1 089
Intangible assets	33	50
Right-of-use assets	16 556	10 027
Shares	5 593	5 593
Shares in equity-accounted investees	4 502	4 502
Deferred tax assets	639	1 199
Receivables under retained security deposits	66	61
Other financial assets	6 466	22 628
Total non-current assets	35 351	45 149
Current assets		
Inventories	55	299
Trade and other receivables	30 172	63 990
Receivables under current income tax	-	138
Amounts due from recipients under agreements	15 162	8 636
Other financial assets	7 750	8 658
Other assets	1 253	809
Cash and cash equivalents	44 477	11 254
Total current assets	98 869	93 784
Total assets	134 220	138 933
E q u i t y a n d l i a b i l i t i e s		
Equity		
Share capital	2 355	2 935
Shares	-	-580
Revaluation reserve	-538	-538
Retained earnings	68 568	42 217
Total equity	70 385	44 034
Non-current liabilities		
Liabilities under retirement and similar benefits	827	827
Non-current loans	999	950
Non-current liabilities under retained security deposits	8 338	9 266
Liabilities under lease	14 742	6 937
Total non-current liabilities	24 906	17 980
Current liabilities		
Trade payables	27 758	57 634
Amounts owed to recipients under agreements	652	5 803
Liabilities under current income tax	35	-
Liabilities under lease	2 252	3 342

Other liabilities	8 232	10 140
Total current liabilities	38 929	76 919
Total liabilities	63 835	94 899
Total equity and liabilities	134 220	138 933

Separate statement of profit and loss from 1 January 2022 to 30 September 2022

(all amounts in PLN thousands if not stated otherwise)

	Period ended 30 September 2022	Period ended 30 September 2021
Revenues from sale, including :	100 709	123 368
Revenues from sale of services	98 256	122 170
Revenues from sale of goods and materials	2 453	1 198
Cost of sales, including :	-97 260	-114 129
Cost of services sold	-94 882	-112 995
Cost of merchandise and raw materials	-2 378	-1 134
Gross profit on sales	3 449	9 239
General and administrative expenses	-7 258	-6 701
Other operating income	771	1 170
Other operating expenses	-3 396	-1
Results from operating activities	-6 434	3 707
Financial income	35 081	367
Profit on liquidation of subsidiary	-	120
Finance expenses	-1 703	-895
Before tax profit	26 944	3 299
Income tax expense :	593	537
- current tax	35	89
- deferred tax	558	448
Profit for the period	26 351	2 762
Weighted average number of ordinary shares (in pcs.)	2 355 000	2 355 000
Profit (loss) per one ordinary share (in PLN per one share)	11.19	1.17

Separate statement of comprehensive income

	Period ended 30 September 2022	Period ended 30 September 2021
Profit for the period	26 351	2 762
Other comprehensive income net	-	-
Total comprehensive income	26 351	2 762
Weighted average number of ordinary shares (in pcs.)	2 355 000	2 355 000
Total comprehensive income per ordinary share (in PLN per one share)	11.19	1.17

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 2022 to 30 September 2022					
As at the beginning of the period	2 935	-580	-538	42 217	44 034
Net profit of the given period	-	-	-	26 351	26 351
<i>Other comprehensive income net</i>	-	-	-	-	-
Total comprehensive income	-	-	-	26 351	26 351
Other changes, redemption of own shares	-580	-580	-	-	-
As at the end of the period	2 355	-	-538	68 568	70 385

	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
Other changes, redemption of own shares	-	-580	-	-14 500	-15 080
As at the end of the period	2 935	-580	-449	42 266	44 172

Separate statement of cash flows

(all amounts in PLN thousands if not stated otherwise)

	Period ended 30 September 2022	Period ended 30 September 2021
Cash flows – operating activities		
Before tax profit	26 944	3 299
Total adjustments	-38 810	-8 868
Amortization and depreciation	2 927	2 817
Interest and profit sharing (dividends)	-31 443	-6
(Profit) loss on disposal of property, plant and equipment	-541	-1
(Profit) loss on disposal of shares	-	-120
Change in provisions	-1 551	-1 651
Change in inventories	244	3 544
Change in receivables and in other assets	26 843	23 285
Change in current liabilities, except for loans and borrowings	-36 304	-37 768
Other adjustments (including change in deferred income)	1 015	1 033
Cash provided by (used in) operating activities	-11 866	-5 569
Income tax paid	-138	332
Net cash provided by (used in) operating activities	-11 728	-5 901
Cash flows – investing activities		
Proceeds from the division of capital in a liquidated subsidiary	-	4 006
Disposal of intangible assets and property, plant and equipment	613	-
Dividends received	31 562	-
Proceeds under repayment of a loan	17 500	11 500
Proceeds under interest on loans granted	573	1 594
Acquisition of intangible assets and property, plant and equipment	-957	-489
Outflows on financial assets in subsidiaries	-	-1 022
Loan granted	-1 300	-
Net cash provided by (used in) investing activity	47 991	15 589
Cash flows – financing activities		
Payment of liabilities under lease	-3 040	-2 710
Interest and commission on loan paid	-	-40
Acquisition of own shares for redemption	-	-15 080
Net cash provided by (used in) financing activities	-3 040	-17 830
Total cash flows, net		
Increase /(decrease)in cash and cash equivalents	33 223	-8 142
Cash and cash equivalents at the beginning of the period	11 254	20 854
Cash and cash equivalents at the end of the period	44 477	12 712
Including restricted cash	48	42

Signatures of the Members of the Management Board

09.11.2022	Marek Kiersznicki	President of the Management Board
date	First name and surname	position	signature

09.11.2022	Krzysztof Marczak	Vice President of the Management Board
date	First name and surname	position	signature

09.11.2022	Michał Dąbrowski	Member of the Management Board
date	First name and surname	position	signature

Signature of the person responsible for bookkeeping

09.11.2022	Barbara Auguścińska-Sawicka	Chief Accountant
date	First name and surname	position	signature