SEPARATE FINANCIAL STATEMENTS OF PROCHEM S.A.

As at and for the year ended 31 December 2019

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

www. prochem.com.pl

Table of content to the separate financial statements of the Company Prochem S.A.

Separate statement of financial position as at 31 December 2019

(all amounts in PLN thousands if not stated otherwise)

	Note No.	31 December 2019	31 December 2018
Assets			
Non-current assets			
Property, plant and equipment	1	1 180	923
Intangible assets	2	89	121
Right-of-use assets	3	13 875	-
Shares in subsidiaries	4	8 478	8 478
Shares in equity-accounted investees	5	4 502	4 502
Deferred tax assets	6	765	2 205
Non-current receivables under retained security deposits		11	63
Other assets	7	45 709	38 942
Total non-current assets		**74 609**	**55 234**
Current assets			
Inventories	8	2 456	717
Trade and other receivables	9	61 035	27 172
Amounts due from recipients under contracts	19	15 997	5 799
Other financial assets	10	1 383	-
Other assets	11	718	795
Cash and cash equivalents		21 703	1 336
Total current assets		**103 292**	**35 819**
Total assets		**177 901**	**91 053**
Equity and liabilities			
Equity			
Share capital	12	2 935	2 935
Revaluation reserve	13	-390	-343
Retained earnings	14	43 928	40 230
Total equity		**46 473**	**42 822**
Non-current liabilities			
Provisions for retirement and similar benefits	15	691	612
Non-current loans	16	950	8 450
Long-term liabilities due to retained security deposits		6 284	3 569
Amounts owed to recipients under contracts	19	11 643	
Lease liabilities		11 097	-
Total non-current liabilities		**30 665**	**12 631**
Current liabilities			
Current bank loans	17	-	3 830
Trade payables	18	61 168	22 723
Amounts owed to recipients under contracts	19	30 955	2 863
Lease liabilities		2 858	
Other liabilities	20	5 782	6 107
Deferred income	21	-	77
Total non-current liabilities		**100 763**	**35 600**

Total liabilities	**131 428**	**48 231**
Total equity and liabilities	**177 901**	**91 053**

Weighted average number of ordinary shares (units)	2 935 000	2 935 000
Book value per one share (in PLN)	15.83	14.59

Separate statement of profit and loss from 1 January 2019 to 31 December 2019

(all amounts in PLN thousands if not stated otherwise)

	Note No.	**In 2019**	**In 2018**
Revenues from sale, including :		273 110	98 986
Revenues from sale of services	22	270 122	96 936
Revenues from sale of goods and materials	23	2 988	2 050
Cost of sales, including :		-261 115	-93 051
Cost of services sold	24	-258 436	-91 107
Cost of merchandise and raw materials		-2 679	-1 944
Gross profit on sales		**11 995**	**5 935**
General and administrative expenses	24	-7 361	-7 895
Other operating income	25	255	3 236
Other operating expenses	26	-277	-794
Results from operating activities		**4 612**	**482**
Financial income	27	2 093	2 035
Finance expenses	28	-1 520	-975
Before tax profit		**5 185**	**1 542**
Income tax expense :	29	1 487	453
- current tax		-	2
- deferred tax		1 487	451
Profit for the period		**3 698**	**1 089**
Weighted average number of ordinary shares		2 935 000	2935000
Profit/diluted profit per share (in PLN per one share)		1.26	0.37

Separate statement of comprehensive income

	In 2019	**In 2018**
Profit for the period	**3 698**	**1 089**
Other comprehensive income, net	**-47**	**-157**
Other comprehensive income that will be reclassified to profit and loss under certain conditions:	**0**	**0**
Other comprehensive income that will not be reclassified to profit and loss:	**-47**	**-157**
Actuarial profit (losses) on valuation of provisions for employee benefits	-47	-157
Income tax on other comprehensive income	-	-
Total comprehensive income	**3 651**	**932**

Weighted average number of ordinary shares (units)	2 935 000	2 935 000
Total comprehensive income per ordinary share (in PLN per one share)	1.24	0.32

Separate statement of changes in equity

(all amounts in PLN thousands if not stated otherwise)

	Share capital	Revaluation reserve	Retained earnings	Total equity
Reporting period from 1 January 2019 to 31 December 2019				
As at the beginning of the period	**2 935**	**-343**	**40 230**	**42 822**
Net profit of the given period			3 698	**3 698**
Other comprehensive income (net)		*-47*	-	**-46**
Total comprehensive income	**-**	**-47**	**3 698**	**3 651**
Other changes		-	-	-
As at the end of the period	**2 935**	**-390**	**43 928**	**46 473**

	Share capital	Revaluation reserve	Retained earnings	Total equity
Reporting period from 1 January 2018 to 31 December 2018				
As at the beginning of the period	**3 895**	**107**	**61 974**	**65 976**
Net profit of the given period	-	-	1 089	**1 089**
Repurchase of own shares for redemption	-960		-23 040	**-24 000**
Other comprehensive income (net)	**-**	**-**	*-157*	**-157**
Total comprehensive income	**-960**	**-**	**-22 108**	**-23 068**
Other changes		-450	364	**-86**
As at the end of the period	**2 935**	**-343**	**40 230**	**42 822**

Separate statement of cash flows
from 1 January 2019 to 31December 2019

(all amounts in PLN thousands if not stated otherwise)

	Note No.	In 2019	In 2018
Cash flows – operating activities			
Before tax profit		5 185	1 542
Total adjustments		29 445	-7 051
Amortization and depreciation		3 174	495
Interest and profit sharing (dividends)		155	-1 198
Profit on disposal of property, plant and equipment		-	-83
Loss on investing activity		-	246

Change in provisions	74	1 248
Change in inventories	-1 739	-689
Change in receivables	-43 943	-13 904
Change in current liabilities except for borrowings and loans	80 554	8 271
Other adjustments (including deferred income)	-8 830	-1 437
Cash provided by (used in) operating activities	34 630	-5 510
Income tax paid	-	388
Net cash provided by (used in) operating activities	**34 630**	**-5 122**
Cash flows – investing activities		
Inflows	**1 058**	**1 190**
Disposal of intangible assets and property, plant and equipment	11	4
Inflows from financial assets	1 047	1 186
- in related entities	1 047	1 186
dividend received	-	1 069
repayment of loans granted	-	9
repayment of interest on loans granted	1 047	108
Outflows	**-8 336**	**-398**
Acquisition of intangible assets and property, plant and equipment	-671	-398
- in related entities	-7 665	-
repayment of loan received	-7 500	
repayment of interest on loan received	-165	-
Net cash provided by (used in) investing activities	**-7 278**	**792**
Cash flows – financing activities		
Inflows	**63**	**11 330**
Bank loan	-	3 830
Borrowings received	-	7 500
Other inflows	63	-
Outflows	**-7 048**	**-24 306**
Acquisition of own shares	-	-24 000
Payment of liabilities under operating lease IFRS 16	-2 972	
Repayment of bank loans	-3 830	-
Interest and commission paid (loan)	-218	-130
Interest on loans paid	-28	-176
Net cash provided by (used in) financing activities	**-6 985**	**-12 976**
Total cash flows, net	20 367	17 306
Increase/(decrease) cash and cash equivalents net	20 367	17 306
Cash and cash equivalents at the beginning of the period	**1 336**	**18 642**
Cash and cash equivalents at the end of the period	**21 703**	**1 336**
including restricted cash	**1 018**	**4**

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

1. Establishment of the company and princial activity

Company Prochem S.A. (hereinafter called „Prochem", „Company", „Issuer") seated in Warsaw, 95 Łopuszańska Street. The Company is registered in the National Court Register (KRS) by the District Court for the Capital City Warsaw, XIII Commercial Department of the National Court Register, under KRS number 0000019753. Principal activity according to Polish Business Classification (PKD 2007) determines symbol 7112Z - engineering activities and related technical consulting. According to Warsaw Stock Exchange classification the company belongs to constructor sector. Company Prochem S.A. is a Parent Company of the Capital Group and prepares consolidated financial statements. Prochem S.A. was established through transformation of a state-owned enterprise under the name of Przedsiębiorstwo Projektowania i Realizacji Inwestycji Przemysłu Chemicznego „Prochem". The notarial deed and statutes were signed in 1991. Duration of the Company is unlimited.

1.1. The Management Board and Supervisory authorities of the Issuer

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

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

Composition of the Supervisory Board of Prochem S.A.

As at the date of preparation hereby of financial statements the Supervisory Board comprises of the following persons :

- Marek Garliński Chairman of the Supervisory Board
- Karol Żbikowski Vice Chairman of the Supervisory Board
- Andrzej Karczykowski
- Krzysztof Obłój
- Marcin Pędziński

1.2. Employment

Average employment in 2019 was 200 FTEs, and in 2018 183 FTEs. Level of employment in persons as at 31December 2019 was 206 persons, and as at 31 December 2018, 191 persons.

2. Adopted accounting principles

2.1. Principles of presentation

Separate financial statements was prepared according to International Financial Reporting Standards adopted by European Union.
The separate financial statements consist of the statement of financial position, the statement of profit and loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and explanatory notes.

The financial statements was prepared based on the principle of the historical cost, apart from:
- investment properties measured at fair value.

Prochem S.A. is the Parent Entity in the Capital Group and prepares consolidated financial statements.

The preparation of the financial statements is based on the assumption that the Company will continue its operations as a going concern in the foreseeable future. The circumstances described in note 39 were analyzed and, in the opinion of the Management Board, they do not affect the entity's ability to continue as a going concern.

2.2. Changes in accounting estimates and policies

The preparation of financial statements under of IFRS adopted 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 financial statements of Prochem for the year ended 31 December 2018 except for IFRS *16 Leases.*

Information about the adopted assumptions and uncertainties relating to estimates made are included in the following notes to financial statements.

- Note 15 – Liabilities under retirement benefits: key actuarial assumptions;

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).

2.3. New standards, interpretations and changes in published IFRS and its impact

Applying IFRS 16 for the first time

Prochem retrospectively applied the IFRS 16 standard with effect from January 1, 2018. In accordance with the option allowed by the standard, the Company abandoned the transformation of comparable data. Data as at December 31, 2018 was prepared based on IAS17.

As of January 1, 2019, the Company applied the requirements of the new Standard regarding the recognition, measurement and presentation of lease contracts. IFRS 16 was implemented using a modified retrospective approach, that is why comparative data for 2018 has not been restated.
The company recognized right-of-use assets in the amount of PLN 11,064 thousand based on contracts that were previously classified as "operating leases" in accordance with the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments as at the date of application of IFRS 16. For the purposes of implementing IFRS 16 and disclosures regarding the impact of the implementation of IFRS 16, discounting using the lessee's marginal interest rate as at January 1, 2019 was used.
In order to calculate discount rates for the purposes of IFRS 16, the Company used an marginal interest rate reflecting the cost of financing that would be incurred for the purchase of the leased item. In order to estimate the discount rate, the Company took into account the following contract parameters: type, duration, currency and potential margin that it would have to pay to financial institutions to obtain financing.
The implementation of IFRS 16 required certain estimates and calculations that have an impact on the measurement of lease liabilities":

- determination of contracts covered by IFRS 16,
- determining the remaining applicable lease period in relation to contracts concluded before 1 January

2019,
- determination of the marginal interest rates used to discount future cash flows,
- indications of useful lives and determination of depreciation rates for right-of-use assets recognized as at January 1, 2019.
When applying IFRS 16 for the first time, the Company will apply the following practical simplifications allowed by the standard:

- the using of one discount rate for a portfolio of lease agreements with similar features,

- the application of an assessment whether leases give rise to burdens in accordance with IAS 37 at the moment of implementing the standard, as an alternative to conducting impairment tests of the leased assets,

-agreements under operating lease with the remaining lease period of less than 12 months as at 1 January 2019 will be treated as short-term lease,

- the using of the time perspective (using the knowledge gained after the fact) in determining the lease period, if the agreement includes options for extending or terminating of the lease agreement.

Initial recognition and measurement

At the date of commencement of the lease, the Company recognizes *right-of-use assets* and *lease liabilities.*

The cost of the right-of-use asset includes:
- the value of the initial measurement of the lease liability,
- all lease payments paid on or before the date of the start of the lease, less any incentives received,
- any costs incurred by the lessee, and
- an estimate of the costs to be borne by the lessee, e.g. dismantling, removal of the underlying asset, carrying out the renovation of the asset to the condition required by the terms of the lease.

The lease fees included in the valuation of the lease liability include:
- fixed leasing fees,
- variable lease fees, which depend on the index or the rate,
- the amounts expected to be paid after the end of the lease,
- financial penalties for terminating the lease contract, unless it can be assumed with certainty that the Company will not use the option of termination.
After the commencement date of the lease, the right-of-use asset is measured by:
- an increase in the carrying amount to reflect interest on the lease liability,
- a decrease in the carrying amount to reflect the paid lease payments and
- updating the balance sheet valuation to include any reassessment or change of the lease or to include updated fixed lease payments.

The Company applies simplifications to lease contracts that have the maximum possible duration, including extension options, up to 12 months. Lease fees resulting from these contracts are accounted for as costs:
- on a straight-line basis over the duration of the contract,
- another systematic method if it better reflects the way in which the beneficiary benefits are distributed over time.

The Company does not apply general principles for recognition, valuation and presentation concluded for lease contracts, the subject of which is of low value.

Low-value assets are considered to be those which, when new, have a value of no more than PLN 15,000.

The company assesses whether the contract includes lease and non-lease components. Non-lease components are separated from contracts that include lease and non-lease components, e.g. service of assets that are the subject of the contract.

Reconciliation of future minimum lease payments as at December 31, 2018 with lease liabilities recognized in the statement of financial position as at January 1, 2019

	In PLN thousands
Value of future minimum operating lease payments	11 064
Value of future minimum financial lease payments	0
Contractual liabilities under lease as at 31 December 2018	11 064
Discount	-767
Current value under lease liabilities as at 01 January 2019	10 297
Current value under finance liabilities as at 31 December 2018	0
The value of contractual liabilities under lease - the impact of the implementation of IFRS 16 as at 01 January 2019	10 297

Standards and interpretations endorsed by the EU that have not entered into force for the annual periods ended December 31, 2019

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

- Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies (Policy), Changes in Estimates and Correcting Errors": Definition of Materiality
- Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurement and IFRS 7 - Financial Instruments: Disclosure: Reform of the Reference Interest Rate
- Changes to references to conceptual assumptions included in IFRS, effective for annual periods beginning on or after January 1, 2020 or later

Standards adopted by the International Accounting Standards Board (IASB), awaiting for endorsement by the European Union

- IFRS 17 – Insurance contracts
- Amendments to IFRS 3 – Business combination
- Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in associates and joint ventures: sale or contribution of assets between an investor and its associate or joint venture and subsequent changes
- Amendments to IAS 1 "Presentation of Financial Statements" - Classification of liabilities as current or non-current, effective for annual periods beginning on or after January 1, 2022
- IFRS 14 - deferred balances on regulated activities.

The company expects that the above-mentioned standards will not have a significant impact on the financial statements of Prochem S.A.
The standards announced, but awaiting endorsement by the European Union, the Company intends to

apply all amendments in accordance with the date of their entry into force.
The Company has not decided to apply the following Standards and amendments to standards that have been published and endorsed for use in the EU earlier, but have not yet entered into force and will introduce them on the date of adoption

2.4 Remaining accounting principles applied by the Company

Property, plant and equipment and intangible assets

Property, plant and equipment include fixed assets and expenditures on construction in progress which the entity intends to use in their business operations in a period longer than one year, and which will result in future economic benefits to the entity.

Expenditures on property, plant and equipment include incurred investment expenditures as well as incurred expenses on future supply of machinery, equipment and services relating to production of PPE (transferred advance payments).
PPE are initially stated at cost. Measurement after initial recognition:

- Land, buildings and construction are carried at revalued amount, being its fair value at the date of revaluation, set by experts, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Fair value will be set by experts regularly every two years.
- Other PPE are carried at their cost increased by possible improvement costs, less any accumulated depreciation and any accumulated impairment losses.

Increase in value resulting from the revaluation of land, buildings and constructions is recognized in other comprehensive income and accumulated in total amount in equity - *Revaluation reserve*, as revaluation surplus unless it represents the reversal of a revaluation decrease previously recognized in the statement of profit and loss. A decrease in value arising as a result of a revaluation of land, buildings and constructions is recognized as cost of the period to the extent that it exceeds any amount previously credited to the revaluation surplus relating to the same asset and recognized in other comprehensive income. A decrease resulting from revaluation included in other comprehensive income decreases the amount of total surplus arising from the revaluation recognized in the equity.

Value of PPE designated to liquidation, withdrawn from use as a result of the change of technology or other reasons, is being revalued by write down. Write-down is recognized in other operating costs.

Expenditures on PPE incurred at a later date are recognized at their carrying amount when it is probable that future economic benefits associated with them will flow to the entity, and this cost could be reliably measured. All other repair and maintenance costs of PPE are recognized in the cost of the period, in which they were incurred.

Profit and loss on sale of PPE are set by comparing the revenues from sale with the carrying amount of the given component of non-current assets and recognized in the statement of profit and loss. PPE are subject to depreciation since they are available for use. Depreciation allowances on PPE are provided by systematic, scheduled allocation of the initial value over the established useful life of the component. A straight line depreciation method is applied.

In the financial statements for the current period and comparative periods, for depreciation of PPE the following useful lives are used by the Company:

● Buindings and constructions	10-40 years
● Machinery and equipment	5-12 years
● Vehicles	5 years
● Tools, devices, movables and equipping	5-10 years

The correctness of the applied useful lives, of depreciation methods is verified at the end of each reporting year, and in justified cases is adjusted.

Own land is not subject to depreciation.

PPE in-progress arising for the operating activity, as well as for purposes not yet identified, are presented in the financial statements at their cost less recognized impairment losses. The cost of all items comprises all fees and borrowing costs capitalized in accordance with the applied accounting principles.
PPE are subject to the impairment tests, if premises for impairment exist, while in case of PPE in progress, the possible impairment is determined at least for each balance sheet day. The effects of the impairment are recognized in other operating costs.

The component of intangible assets is measured at cost less any depreciation allowances and any impairment losses.

Intangible assets, except for the goodwill are being amortized. Amortization allowances of intangible assets is made by systematic, planned allocation of the initial value in the established useful life of the component. A straight line of depreciation method is applied.

In the financial statements for the current period and comparative periods the Company applied useful life period of 3-10 years for amortization of intangible assets.

The correctness of the applied useful lives, of depreciation methods is verified at the end of each reporting year, and in justified cases is adjusted in the current and in subsequent periods.

Intangible assets are subject to the impairment tests if premises for impairment exist. The effects of the impairment are recognized in other operating costs.

Leases

The company as the lessee

At the time of concluding a new contract, the Company assesses whether the contract is a lease or whether it contains a lease. The contract is a lease or contains a lease if it provides the right to control the use of the identified asset for a given period in exchange for remuneration. To assess whether the right to exercise control over the use of an asset over a given period is vested under the contract, the Company assesses whether it has the following rights jointly over the entire useful life:
a) the right to obtain substantially all economic benefits from the use of the identified asset, and
b) the right to direct the use of the identified asset.

If the Company has the right to exercise control over the use of an identified asset for only part of the duration of the contract, the contract shall include lease in relation to that part of the period.
Rights arising from lease, rental, and other contracts that meet the definition of lease in accordance with the requirements of IFRS 16 are recognized as rights-of-use assets within the frame of non-current assets and on the other side as liabilities under lease.

Initial recognition and measurement

As at the date of commencement of the lease, the Company recognizes *right-of-use assets*, and *liabilities under lease.*

The cost of right-of-use asset includes:
- the value of the initial measurement of the lease liability,
- all lease paid on or before the date of the start of the lease, less any incentives received,

- any costs incurred by the lessee, and
- an estimate of the costs to be borne by the lessee, e.g. dismantling, removal of the underlying asset, carrying out the renovation of the asset to the condition required by the terms of the lease.

The lease fees included in the valuation of the lease liability include:
- fixed leasing fees,
- variable lease fees, which depend on the index or the rate,
- the amounts expected to be paid after the end of the lease,
- financial penalties for terminating the lease contract, unless it can be assumed with certainty that the Company will not use the option of termination.
After the commencement date of the lease, the right-of-use asset is measured by:
- an increase in the carrying amount to reflect interest on the lease liability,
- a decrease in the carrying amount to reflect the paid lease payments and
- updating the balance sheet valuation to include any reassessment or change of the lease or to include updated fixed lease payments.

Depreciation
Right-of-use assets are depreciated on a straight-line basis over the shorter of the two periods: the lease period or the useful life.
The useful life of right-of-use assets is determined in the same way as for property, plant and equipment.

The company has lease contracts regarding the use of:

a) buildings and constructions, including office space concluded for a specified period of up to 30 years,
b) means of transport, including passenger cars, depreciation period up to 5 years,
c) tools, movable instruments and equipment, depreciation period up to 5 years

The Company applies simplifications to lease contracts that have the maximum possible duration, including extension options, up to 12 months. Lease fees resulting from these contracts are accounted for as costs:
- on a straight-line basis over the duration of the contract,
- another systematic method if it better reflects the way in which the beneficiary benefits are distributed over time.

The Company does not apply general principles for recognition, valuation and presentation concluded for lease contracts, the subject of which is of low value.

Low-value assets are considered to be those which, when new, have a value of no more than PLN 15,000.

The company assesses whether the contract includes lease and non-lease components. Non-lease components are separated from contracts that include leasing and non-lease components, e. g. service of assets that are the subject of the contract.

The company as the lessor

Lease agreements, such as rent agreements according to which the Company retains substantially all the risks and all rewards resulting from having a leased object, are ranked among operating lease agreements. Costs of lease are recognized in current costs while income from the leased object are recognized in revenues of the period.

Borrowing costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except for costs that are directly attributable to the acquisition, construction or production of an asset (PPE, intangible assets).

Capitalization of borrowing costs commences when:

1. borrowing costs are incurred,
2. expenditures are incurred for the asset,
3. the activities necessary to prepare the asset for its intended use or sale are undertaken.

Capitalization of borrowing costs shall be suspended in the case of interruption for extended periods of active investing activity by the entity. Borrowing costs are capitalized until the designation of the asset for use or sale.

Investments in subsidiaries, associates or in joint ventures

The Company measures the value of shares at cost, i.e. at the price of the purchase reduced by any impairment losses.

The fair value of investment on the date when it ceases to be a subsidiary shall be treated as the purchase price at the moment of initial measurement as financial asset.

Inventory – item of Inventory includes - materials, goods, semi-finished products, and work-in-process.

Inventories are measured initially at cost. As at the balance sheet day the measurement of goods and materials is done with the prudence accounting principle, that is the categories are valued at the lower of following - purchase price, the production cost or the net realizable value.

Stocks of slowly-rotating goods and materials are covered among others by the write-downs created according to individual evaluation of the realizable price as at the balance sheet day.

Flows of stocks are done at using the FIFO method - "first-in", "first-out".

Write-downs concerning inventory and their reversals are recognized in the other operating expenses and revenues from operating activities.

Measurement of financial instruments – IFRS 9

IFRS 9 provides for three categories of debt instrument classification:
- at amortized cost,
- at fair value through other comprehensive income,
- at fair value through profit or loss.

The classification of debt instruments in accordance with IFRS 9 is based on the business model used by the entity to manage financial assets and whether the contractual cash flows include only principal and interest payments. An entity's business model means the way in which an entity manages its financial assets to generate cash flows and create value. If a financial instrument is held to generate cash flows, it is classified as measured at amortized cost, provided that it solely includes principal and interest payments.

Impairment of financial instruments

IFRS 9
At the moment of initial recognition, financial assets should be classified into one of three categories:
• financial assets measured at amortized cost;

• financial assets measured at fair value through profit or loss; or
• financial assets measured at fair value through other comprehensive income.

The Company qualifies financial assets to the appropriate category depending on the business model of financial assets management and the characteristics of contractual cash flows for a given financial asset.

Component of financial assets is classified into the category of measured on initial recognition at amortized cost if the following two conditions are met:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- its contractual terms give rinse on specified dates to cash flows which are solely payments of principal and interest on the principal outstanding.

Component of financial assets is classified into the category of measured at fair value through other comprehensive income if:

- the Company's objective is to hold assets in order both to receive cash flows from the contracts as well as their selling,
- its contractual terms give rinse on specified dates to cash flows which are solely payments of principal and interest on the principal outstanding.

Other financial assets are measured at fair value through profit or loss for the current period.

The classification of financial assets is presented below.

Classes of financial instruments	**Classification under IFRS 9**
Financial assets available for sale	Measurede at fair value through profit or loss
Security deposits under contracts for construcyion	Measured at amortized cost
Trade and other receivables	Measured at amortized cost
Loans granted	Measured at amortized cost
Derivative financial instruments not covered by hedge accounting	Measured at fair value through profit or loss

IFRS 9 did not introduce changes to the classification of financial liabilities.

In the scope of hedge accounting, the Company has decided to continue the existing measurement and classification methods.
According to IFRS 9, which introduces an approach to estimating impairment of financial assets based on the impairment model. This model is based on the calculation of expected losses. To estimate the expected credit losses in relation to trade receivables, the Company used a simplified method permitted by IFRS 9. For the purposes of estimating the expected credit loss, the Company uses a provision ratio, which takes into account historical data.
Taking into account the above calculation methodology for expected credit losses, the value of receivables may also be updated individually in case if in the individual assessment of the Management Board the risk of non-recoverability is significant, in particular in relation to:
- receivables from contractors put in liquidation or bankruptcy
- debts questioned by debtors, and such when the debtor is in arrears, and according to the assessment of the debtor's property and financial situation, the repayment of the contractual receivable is fraught with significant risk.

As a result of individual analysis, in case when despite significant overdue of receivables, the Company has a credible declaration of the contractor's payment, the creation of a write-off may be suspended.

Loans granted - arise when the entity is transferring financial means directly to the debtor, and is not intending to enter the receivable into trade. They are classified as current assets, provided the date if their maturity does not exceed 12 months from the balance sheet day. Loans with the maturity date exceeding 12 months starting from the balance sheet day are classified as non-current assets. Loans are initially recognized at their fair value. The measurement of loans at later date is done at amortized cost, using the effective interest rate method, less possible impairment losses.

Receivables - are initially recognized at fair value, and then measured according to IFRS 9.

Cash and cash equivalents include cash in hand and on bank accounts, bank deposits with the original maturity date up to three months and financial assets measured at fair value through profit or loss and meeting the requirements of the definition of the cash equivalent. Cash is measured at nominal value. Cash equivalents classified as financial assets are measured at fair value through profit or loss

Dividend payments to shareholders of the Company is recognized as liability in the financial statements of the Company, at the time when a relevant resolution was passed at the General Meeting of Shareholders of the Company.

Provisions - are established in the justified, credibly assessed value. Provisions are created when obligation (legal or customary) resulted from the past events rests on the company, and when it is probable, that fulfilling of this duty will result in the necessity of the outflow of financial means, and the amount of this liability may be credibly estimated.

Employee benefits - the company pays the contributions to the obligatory retirement benefit plan, depending on the amount of gross wages, which is paid in accordance with the applicable laws. The Company has no other retirement benefit plans.

Pursuant to the Remuneration Regulations, employees of the Company are entitled to receive one-off retirement and pension benefits in the event of termination of employment in connection with retirement or pension. The above-mentioned severance payments are benefits after the period of employment paid when the employee no longer performs work, therefore the expenses related to them are spread over the entire period of employment of the employee by making current allowances for provisions for benefits. The current amounts of provisions and write-downs are determined by an external actuarial office individually for each employee in accordance with the "projected entitlement for person" methodology. The accrued provisions constitute the current expected value of future long-term liabilities of the Company due to severance payments less the current expected values of future write-downs, which will be made until the employee is entitled to benefit from them.

Actuarial assumptions used for calculations are determined based on the Company's historical data, market data and forecasts. They include demographic and financial indicators, including rotation rates, mortality tables, tables of total disability, indicators of postponing the moment of taking advantage of pension rights after their acquisition, rates of increase in benefits bases, interest rate for discounting.

The Company recognizes the following components of the change in provisions for severance pay in the reporting period:
- costs of current employment (current allowance) recognized in profit and loss,
- use of provisions for payment of benefits,
- interest cost reflecting the change in the amount of provisions in connection with the passage of time, recognized in profit and loss,
- actuarial gains/losses arising in connection with the materialization in the reporting period of phenomena reflected by actuarial assumptions adopted at the beginning of the period and as a result of updating of assumptions, done at the end of the period, being recognized in full in Other comprehensive income due to the fact that all relate to post-employment benefits,

- past employment costs occasionally appearing as a positive or negative offsetting of write-offs made in previous periods and the current period, resulting from a change in the conditions of benefits (such as change in retirement age) or introduction/restriction of a benefit plan, recognized in profit or loss for the period.

Equity

Equity is recognized in the accounting books by its type, in accordance with principles pursuant to legal regulations and with the Statutes of the Company. Equity includes:

- Founding capital – shares capital shown in the nominal value of the issued and registered shares.
- Revaluation reserve includes:
  - the revaluation difference between the fair value and the purchase price, less deferred tax among others – of buildings and structures, and land and investment property which are measured at fair value,
  - capital arisen from the foreign exchange differences – from translation of the foreign operations of Representation Office,
  - actuarial gains and losses resulting from the changes in actuarial assumptions (including those due to change in discount rate).
- Retained earnings, which include:
  - Spare capital, which is created from the surpluses of sale of shares above its nominal value, and from annual write-downs of net profits and write-downs of revaluation of property, plant and equipment in the previous years,
  - Reserve capital which arose from the profit allocated to equity,
  - Undistributed profit/loss brought forward and profit (loss) of the current year,
  - Advance payments paid on account of dividends.

Revenues from sales **-** include in particular revenue from execution of contracts of construction services (general contracting) and design and engineering services. From 1 January 2018, the Company applies the principles of IFRS 15 taking into account the assumptions adopted in this model. This model assumes that revenues are recognized when (or to the extent to which) the entity transfers control over the goods or services to the client and in the amount to which the entity expects to be entitled. Depending on the meeting of determined criteria, the revenues:
- are distributed over time in a way that reflects the implementation of the contract by the entity, or to which entity expects to be entitled.
- are recognized once, in such a time when the control over the goods or services is transferred to the customer.
Revenues from the contracts for construction services (general contracting) and the design and engineering services are determined in proportion to the level of the progress of the service. The level of progress of the service is measured by the share of costs incurred from the date of the contract to the date of recognition of income in the total cost of the execution of service.
Correctness of calculations of the level of the progress of service as well as expected the total expenses and revenues from the performing of the service is verified at the end of each quarter.

Revenues from sale of goods and materials are recognized in the profit and loss account when the control over goods has been transferred to the client.

Income tax – tax burdens include the current taxation by corporate income tax, and the change in provisions or deferred tax assets.

Current tax liabilities are established on the basis of current tax regulations and the established taxable income. Current tax liabilities for the current period and previous periods are included as the liability in the amount, in which it wasn't paid.

Provision under deferred income tax is recognized using the liability method, under transitional differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that are actually applicable as at the balance sheet date. Transitional differences relate to different measurement of assets and liabilities for tax purposes and balance sheet purposes.

Income tax assets are recognized when is probable that in future the taxable income will be achieved that will enable the use of transitional differences. Deferred tax assets are recognized separately from tax losses, which could be deductible in the next years.

2.5. Seasonality

Operational activity of the Company does not have seasonal character and is not subject to cyclic trends, except for the segment of the general contracting and rental of construction equipment, which are characterized by a seasonality, which in a large extent depends on weather conditions. Weather conditions have an impact on the volume of the revenues generated in these segments. Lower revenues are achieved during the winter season, when weather conditions do not allow for execution of some construction work.

2.6. 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.

2.7. Functional currency and presentation currency of financial statements

The financial statements is presented in thousands of Polish Zlotys (‘zloty’ or ‘PLN’) which is the functional currency and presentation currency.
The 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.

3. Explanatory notes to separate financial statements as at 31 December 2019 and for the period of twelve months of 2019

Note No. 1 – Property, plant and equipment

	31 December 2019	31 December 2018
Property, plant and equipment, including:	1 180	923
- machinery and equipment	555	332
- other PPE	625	591
Total property, plant and equipment	**1 180**	**923**

Property, plant and equipment – ownership structure	31 December 2019	31 December 2018
a) own	1 180	923
Property, plant and equipment, total	**1 180**	**923**

Changes in property, plant and equipment – in 2019

	Land, including the right of perpetual usufruct of land	Buildings, premises and civil engineering objects	Machinery and equipment	Vehicles	Other PPE	Construction under progress	Total PPE
Gross value							
As at 1 January 2019	**-**	**-**	**3 150**	**68**	**2 926**	**-**	**6 144**
Increase (due to)	-	-	425	-	225	-	650
- acquistion	-	-	425	-	225	-	650
Decrease (due to)	-	-	-233	-	-629	-	-862
- liquidation	-	-	-233	-	-629	-	-862
As at 31 December 2019	**-**	**-**	**3 342**	**68**	**2 522**	**-**	**5 932**
Depreciation and impairment							
As at 1 January 2019 - accumulated depreciation	**-**	**-**	**2 818**	**68**	**2 335**	**-**	**5 221**
Depreciation for the period (under)	-	-	-31	-	-438	-	-469
- increase – depreciation for the period	-	-	204	-	189	-	393
- decrease under liquidation	-	-	-233	-	-629	-	-862
- other decrease	-	-	-2	-	2	-	-
As at 31 December 2019 - accumulated depreciation	**-**	**-**	**2 787**	**68**	**1 897**	**-**	**4 752**
Impairment of PPE	-	-	-	-	-	-	-
Net value of PPE as at 31 December 2019	**-**	**-**	**555**	**-**	**625**	**-**	**1 180**

Changes in property, plant and equipment – in 2018

	Land, including the right of perpetual usufruct of land	Premises and civil engineering objects	Machinery and equipment	Vehicles	Other PPE	Construction under progress	Total PPE
Gross value							
As at 1 January 2018	**-**	**-**	**3 268**	**67**	**3 185**	**-**	**6 520**
Increase (due to)	-	-	309	-	28	-	337
- acquisition	-	-	309	-	28	-	337
Decrease (due to)	-	-	-427	1	-287	-	-713
- disposal	-	-	-165	-		-	-165
- liquidation	-	-	-262	-	-286	-	-548
- other changes	-	-	-	1	-1	-	-
As at 31 December 2018	**-**	**-**	**3 150**	**68**	**2 926**	**-**	**6 144**
Depreciation and impairment							
As at 1 January 2018 – accumulated depreciation	**-**	**-**	**3 061**	**67**	**2 272**	**-**	**5 400**
Depreciation for the period (under)	-	-	-243	1	63	-	-179
- increase – depreciation for the period	-	-	184	-	194	-	378
- decrease under disposal	-	-	-165	-	-	-	-165
- decrease under liquidation	-	-	-262	-	-132	-	-394
- other decrease	-	-	-	1	1	-	2
As at 31 December 2018 - accumulated depreciation	**-**	**-**	**2 818**	**68**	**2 335**	**-**	**5 221**
Impairment of PPE	-	-	-	-	-	-	-
Net value of PPE as at 31 December 2018	**-**	**-**	**332**	**-**	**591**	**-**	**923**

Note No. 2 - Intangible assets

	31 December 2019	31 December 2018
Acquired concessions, patents, licenses and similar assets including computer software	89	121
Total intangible assets	**89**	**121**
Ownership structure		
- own	89	121
Total intangible assets	**89**	**121**

Change in intangible assets – in 2019

	Acquired concessions, patents, licenses and similar assets including computer software	Total intangible assets
Gross value		
As at 1 January 2019	**2 783**	**2 783**
Increase (due to)	21	21
- acquisition	21	21
As at 31 December 2019	**2 804**	**2 804**
Amortization and impairment		
As at 1 January 2019 – accumulated amortization	**2 662**	**2 662**
Amortization for the period (under)	53	53
- increase (accrued amortization)	53	53
As at 31 December 2019 - accumulated amortization	**2 715**	**2 715**
Net value of intangible assets as at 31 December 2019	**89**	**89**

Change in intangible assets – in 2018

	Acquired concessions, patents, licenses and similar assets including computer software	Total intangible assets
Gross value		
As at 1 January 2018	**2 791**	**2 791**
Increase (under)	61	61
- acquisition	61	61
Decrease (under)	-69	-69
- liquidation	-69	-69
As at 31 December 2018	**2 783**	**2 783**
Amortization and impairment		
As at 1 January 2018 - accumulated amortization	**2 614**	**2 614**
Amortization for the period (under)	48	48
- increase (accrued amortization)	117	117
- decrease under liquidation	-69	-69
As at 31 December 2018 - accumulated amortization	**2 662**	**2 662**
Net intangible assets as at 31 December 2018	**121**	**121**

Note No. 3 – Right-of-use assets

	Buildings and constructions	Machinery and equipment	Vehicles	Total
Gross book value	9 688	337	272	**10 297**
Write-downs	0	0	0	**0**
Total	**9 688**	**337**	**272**	**10 297**
Increase (+) /decrease (-)				
Depreciation	-2 169	-94	-466	**-2 729**
Change in contract value, new contracts	3 944	0	2 363	**6 264**
Write-downs	-	-	-	-
Total as at 31 December 2019				
Gross book value	13 632	337	2 635	16 604
Accumulated depreciation	-2 169	-94	-466	**-2 729**
Write-downs	-	-	-	-
Book value net as at 31December 2019	**11 463**	**243**	**2 169**	**13 875**

Note No. 4 – Shares in subsidiaries

Shares in subsidiaries	**31 December 2019**	**31 December 2018**
a) in subsidiaries	8 478	8 478
Shares, net value	8 478	8 478
Write-downs of financial non-current assets	1 523	1 523
Shares, gross value	**10 001**	**10 001**

Change in shares in subsidiaries and in other entities	**31 December 2019**	**31 December 2018**
a) as at the beginning of the period	8 478	8 478
- shares at cost	8 478	8 478
b) decrease (due to)	-	-
- write-down of shares	-	-
As at the end of the period	**8 478**	**8 478**

Chnage in write-downs of shares in subsidiaries	**31 December 2019**	**31 December 2018**
As at the beginning of the period	1 523	1 523
Write-down of shares	-	-
As at the end of the period	1 523	1 523

As at December 31, 2019, the Company carried out an analysis that did not show any impairment for shares.

Note No. 5 – Shares in jointly-controlled entities and in associated entities

Shares in jointly-controlled entities and in associated entities	**31 December 2019**	**31 December 2018**
-Shares – net value	4 502	4 502
- write-downs of shares	708	708
Shares, gross value	**5 210**	**5 210**

Change in shares in jointly-controlled entities and in associated entities	**31 December 2019**	**31 December b 2018**
a) As at the beginning of the period	4 502	4 502
- shares at cost	4 502	4 502
b) at the end of the period, net	4 502	4 502
c) write-down	708	708
d) at the end of the period, gross	5 210	5 210

Fair value of the joint venture as at 31 December 2019 was PLN 179 856 thousand, of which PLN 89 928 thousand falls on the Issuer, and as at 31 December 2018 was PLN 177 911 thousand, of which PLN 88 956 thousand fell on the Issuer.

Shares in subsidiaries as at 31 December 2019

Item No.	a	b	c	d	e	f	g	h	i	j	k
	Name of the company and its legal form	Registered office	Scope of the activity	Type of relationship (subsidiary, jointly-controlled, associated with details of directs and indirect relations)	Consolidation method applied/ valuation using the equity method, or indication that entity is not subject to consolidation/valuation under the equity method	Date of including control/joint control/date of obtaining significant influence	Value of shares at cost	Total revaluation adjustments	Carrying value of shares	Percentage of share capital held directly and indirectly	Share in total number of votes at the General Meeting (directly or indirectly)
1.	PROCHEM INWESTYCJE Sp. z o.o.	Warsaw	Consultancy on business activity and management	subsidiary	full	22 June 1992	2 999	-	2 999	100.0%	100.0%
2.	P.K.I. PREDOM Sp. z o. o.	Wrocław	Construction designing, urban planning, process engineering	subsidiary indirect (Prochem Inwestycje sp. z o. o. holds 75% of capital)	full	19 July 2002	177	-	177	81.7%	72.3%
3.	PROCHEM ZACHÓD Sp. z o. o.	Warsaw	Marketing activity, providing construction works and design services, commercial activity and forwarding	subsidiary	full	18 March 1998	1 061	-	1 061	80.0%	80.0%
4.	Elektromontaż Kraków S.A.	Kraków	Assembly of electrical installations and equipment	subsidiary indirectly (Prochem Inwestycje holds 65.5% of shares)	full	10 December 2001	221	-	221	85.4%	85.4%
5.	PROCHEM RPI Sp. z o. o.	Warsaw	Developer's activity	Subsidiary (Prochem Inwestycje holds 3.33%)	full	8 April 1998	493	359	134	100.0%	100.00%
6.	ELMONT INWESTYCJE Sp. z o.o.	Kraków	Developer's activity	Subsidiary indirectly (Elektromontaż Kraków holds 50% shares)	full	5 April 2007	5 050	-	5 050	92.7%	92.7%

** Participation in the total number of votes at the General Meeting and the percentage share in the capital in the subsidiary Elektromontaż Kraków S.A. were established as at December 31,2019*

Shares in subsidiaries – continuation

Item No.	a	b							c			d			e	f
	Name of the company	equity, including							Company's liabilities and provisions to liabilities, including:			Company's receivables, including:			Total assets of company	Sales revenue
			Share capital	Own shares (negative value)	Revaluation reserve	Retained earnings				Non-current liabilities	Current liabilities		Non-current receivables	Current receivables		
							Profit (loss) put forward	Net profit (loss)								
1.	PROCHEM INWESTYCJE Sp. z o.o.	7369	3000	-	-	4369	-	19	33533	32056	1477	144	-	144	40902	4077
2.	P.K.I. PREDOM Sp. z o.o.	9590	600	-	6181	2809	-	61	3445	2010	1435	1913	-	1913	13035	6916
3.	PROCHEM ZACHOD Sp. z o.o.	1939	1600	-	-	339	-	24	2	-	2	-	-	-	1941	-
4.	ELEKTROMONTAŻ KRAKÓW SA***	24059	1208	-	2657	20194	-	995	12754	1426	11328	17311	-	17311	36813	47964
5.	PROCHEM RPI Sp. z o.o.	125	600	-	-	-475	-470	-5	1	-	1	-	-	-	126	-
6.	ELMONT INWESTYCJE Sp. z o. o.	8037	8000	-	-	37	-104	141	75	-	75	-	-	-	8112	-

***** *Share in the total number of votes at the general meeting and the percentage share in the capital in the subsidiary Elektromontaż Kraków S.A. were established as at December 31, 2019 after the settlement of shares repurchased for redemption by the company Elektromontaż Kraków SA.*
****** *Data from the consolidated financial statements of the Capital Group of Elektromontaż Kraków S.A. as at 31 December 2019*

Shares in jointly-controlled entities and associated entities as at 31 December 2019

Item No.	a	b	c	d	e	f	g	h	i	j	k
	Nme of the company and its legal form	Registered office	Scope of company's activities	Type of relationship (subsidiary, jointly-controlled, associated, details of direct and indirect relations)	Consolidation method applied/ Valuation using the equity method, or indication that entity is not subject to consolidation/valuation under the equity method	Date of gaining control /joint control/ date of obtaining significant influence	Value of shares at cost	Total revaluation adjustments	Carrying value of shares	Percentage of share capital held (directly or indirectly)	Share in total number of votes at the General Meeting (directly or indirectly)
1	ITEL Sp. z o.o.	Gdynia	Other electrical installations	associated	The equity method	13 September 2005	708	708	0	42.0%	42.0%
2	IRYDION Sp. z o. o.	Warsaw	Rental of real estate on its own account	jointly-controlled	The equity method (change in the structure of shareholding from a subsidiary to a jointly-controlled entity as from April 3, 2013)	24 March 2000	4 502	-	4 502	50.0%	50.0%

Shares in jointly-controlled entities and associated companies - continued

<table>
<tr><td>Item No.</td><td>a</td><td colspan="2">b</td><td colspan="3">c</td><td colspan="3">d</td><td>e</td><td>f</td></tr>
<tr><td rowspan="2"></td><td rowspan="2">Name of the company</td><td colspan="2">Company's equity, including:</td><td colspan="3">Company's liabilities and provisions to liabilities, including</td><td colspan="3">Company's receivables, including:</td><td rowspan="2">Total company's assets</td><td rowspan="2">Sales revenue</td></tr>
<tr><td></td><td>Net profit (loss)</td><td></td><td>Non-current liabilities</td><td>Current liabilities</td><td></td><td>Non-current receivables</td><td>Current receivables</td></tr>
<tr><td>1.</td><td>ITEL Sp. z o. o.</td><td>No data</td><td>No data</td><td>No data</td><td>No data</td><td>No data</td><td>No data</td><td>No data</td><td>No data</td><td>No data</td><td>No data</td></tr>
<tr><td>2.</td><td>IRYDION Sp. z o.o.</td><td>62 999</td><td>6 777</td><td>120 841</td><td>117 006</td><td>3 835</td><td>1 204</td><td></td><td>1 204</td><td>183 840</td><td>15 839</td></tr>
</table>

Note No. 6 – settlement of deferred income tax

- deferred tax assets

Change in deferred tax assets	31 December 2019	31 December 2018
1. Deferred tax assets as at the beginning of the period, recognized in financial result (profit or loss)	**4 903**	**3 928**
a) recognized in financial result	**4 859**	**3 884**
- provisions for operating activities	114	391
- write-down of receivables	366	366
- unpaid renumeration under contracts of mandate and specific task contracts	31	24
- provision for retirement benefit	91	72
- provision for holiday benefits	244	228
- tax loss	867	1 972
- write-down of inventories	106	106
- discounted cash flows expenses	39	29
- surplus of costs incurred above margin expected	3 001	607
- other	-	89
b) recognized in equity	**44**	**44**
- provision for retirement benefits	44	44
2. Increase	**4 388**	**3 272**
a) recognized in financial result	**4 388**	**3 272**
- provision for operating activities	244	138
- unpaid remuneration under contracts of mandate and specific task contracts	38	31
- provision for retirement benefits	10	41
- provision for holiday benefits	10	22
- unpaid employee benefits	1	-
- tax loss	241	-
-discounted cash flow expenses	83	39
- surplus of costs incurred above margin expected	3 745	3 001
- other	16	-
3. Decrease	**3 595**	**2 297**
a) recognized in financial result	**3 595**	**2 297**
- use of provision for operating expenses	167	415
- write-down of receivables	340	-
- paid remuneration under contracts of mandate and specific task contracts	31	24
- provision for retirement benefit	13	22
- provision for holiday benefits	8	6
- use of tax loss asset	-	1 105
- discounted cash flow expenses	34	29
- surplus of costs incurred above margin expected	3 002	607
- other, including the settlement of Representation Office	-	89
b) recognized in equity in connection with negative temporary differences (due to)	-	-
- provision for retirement benefit	-	-
4. Total deferred tax assets as at the end of the period, including:	**5744**	**4 903**
a) recognized in financial result	**5 652**	**4 859**

- provision for expenses	191	114
- write-down of receivables	26	366
- unpaid remuneration under contracts of mandate and specific task	38	31
- provision for retirement benefit	88	91
- provision for holiday benefits	246	244
- unpaid tax expenses	1	-
- tax loss	1 108	867
- write-down of inventories	106	106
- discounted cash flow expenses	88	39
- surplus of costs incurred above margin expected	3 744	3 001
- other, including settlement of Representation Office	16	-
b) recognized in equity in connection with negative temporary differences	**92**	**44**
- provision for retirement benefit	92	44

- provision for deferred income tax

Change in provision for deferred income tax	31 December 2019	31 December 2018
1. Provision for deferred income tax as at the beginning of the period, including:	**2 698**	**1 185**
a) recognized in financial result	**2 698**	**1 183**
- interest accrued on loan	706	576
- revaluation of non-current financial assets	136	136
- revenues under discounted liabilities	42	42
- margin on revalued revenues	1 814	429
b) recognized in equity	**-**	**2**
- revaluation of non-current investment at fair value	-	2
2. Increase	**4 316**	**1 944**
a) recognized in financial result of the period under positive temporary differences (due to)	**4 316**	**1 944**
- interest accrued on loan	97	130
- updating non-current financial assets	34	-
- revenues under discounted liabilities	173	-
- measurement of revenues, change as at balance sheet date	4 012	1 814
3. Decrease	**2 035**	**431**
a) recognized in financial result of the period under positive temporary difference (due to)	**2 035**	**429**
- paid interest on loan	219	-
- revenues under discounted liabilities	1	-
- measurement of income, change as at balance sheet date	1 815	429
b) recognized in equity	**-**	**2**
- revaluation of non-current investment at fair value	-	2
4. Total provision for deferred income tax as at the end of the period	**4 979**	**2 698**
a) recognized in financial result	**4 979**	**2 698**
-interest accrued on loan	584	706
- revaluation of non-curent financial assets	170	136
- revenues under discounted liabilities	214	42
-measurement of income, change as of balance sheet date	4 011	1 814

b) recognized in equity	-	-
- revaluation of non-current investment at fair value	-	-

Total amount of temporary differences associated with investments in subsidiaries, to which provisions for tax were established as at 31 December 2019 was PLN 681 thousand and relates to:

- interest on non-current loans granted to subsidiaries – PLN 304 thousand
- interest on non-current loans granted to jointly-controlled entities and associated entities – PLN 377 thousand.

As at 31 December 2018 the total amount of temporary differences associated with investments in subsidiaries for which tax provisions were established is PLN 706 thousand and relates to:

- interest on non-current loans granted to subsidiaries – PLN 309 thousand.
- Interest on non-current loans granted to jointly-controlled entities and associated entities – PLN 397 thousand.

Presentation in the statement of financial position:

	31 December 2019	**31 December 2018**
Deferred tax assets	5 744	4 903
Provision for deferred tax assets	-4 979	-2 698
Deferred tax asets	**765**	**2 205**

Note No. 7 – Other financial assets

Other financial assets	**31 December 2019**	**31 December 2018**
a) from subsidiaries indirectly and directly :	18 824	18 520
- non-current loans granted	18 824	18 520
b) from associated entities and jointly-controlled entities :	18 420	19 090
- non-current loans granted	18 420	18 420
c) other financial assets - security deposits securing the bank guarantee line	8 465	1 332
Total other non-current financial assets	**45 709**	**38 942**

Loans granted - as at 31 December 2019

- Loans granted to jointly-controlled company Irydion Sp. z o. o. seated in Warsaw:
  - in the amount of PLN 11 744 thousand, including: amount of the loan PLN 11 000 thousand, accrued interest PLN 744 thousand. The interest rate is set annually according to WIBOR 6M rate, repayment date of the loan with interest was set on 22 September 2031;
  - in the amount of PLN 6 676 thousand, including: amount of the loan PLN 6 000 thousand, accrued interest PLN 676 thousand. The interest rate is set annually at 3% per year, repayment date of the loan with interest was set on 22 September 2031;
- Loan granted to subsidiary Prochem Inwestycje Sp. z o. o.:
  - in the amount of PLN 3 282 thousand, including: amount of the loan PLN 3 000 thousand, accrued interest PLN 282 thousand. The interest rate is set annually according to WIBOR 6M rate effective at the end of every calendar year, repayment date of the loan with interest was set on 31 December 2023;
  - in the amount of PLN 15 542 thousand, including: amount of the loan PLN 14 000 thousand, accrued interest PLN 1 542 thousand. The interest rate is set annually according to WIBOR 6M rate effective at the end of every calendar year, repayment date of the loan with interest was set

on 31 December 2023.

Increase:

- Accrued interest on loans granted to the jointly-controlled company Irydion Sp. z o. o. in the amount of PLN 377 thousand,
- Accrued interest on loans granted to subsidiary Prochem Inwestycje Sp. z o.o. – PLN 304 thousand,

Decrease:

- repayment of interest on loan by joint-controlled entity Irydion Sp. z o .o. in the amount of PLN 1 047 thousand.

Loans granted – as at 31 December 2018

- Loans granted to jointly-controlled company Irydion Sp. z o. o. seated in Warsaw:
  - in the amount of PLN 12 314 thousand, including: amount of the loan PLN 11 000 thousand, accrued interest PLN 1 314 thousand. The interest rate is set annually according to WIBOR 6M rate, repayment date of the loan with interest was set on 22 September 2031;
  - in the amount of PLN 6 776 thousand, including: amount of the loan PLN 6 000 thousand, accrued interest PLN 776 thousand. The interest rate is set annually at 3% per year, repayment date of the loan with interest was set on 22 September 2031;
- Loan granted to subsidiary Prochem Inwestycje Sp. z o. o.:
  - in the amount of PLN 3 228 thousand, including: amount of the loan PLN 3 000 thousand, accrued interest PLN 228 thousand. The interest rate is set annually according to WIBOR 6M rate effective at the end of every calendar year, repayment date of the loan with interest 31 December 2020;
  - in the amount of PLN 15 292 thousand, including: amount of the loan PLN 14 000 thousand, accrued interest PLN 1 292 thousand. The interest rate is set annually according to WIBOR 6M rate effective at the end of every calendar year, repayment date of the loan with interest 31 December 2020.

Note No. 8– Inventories

Inventories	**31 December 2019**	**31 December 2018**
Materials	2 456	41
Goods	-	676
Total inventories	**2 456**	**717**
Write-down of inventories	575	575

Note No. 9 – Trade and other receivables

Trade and other receivables	**31 December 2019**	**31 December 2018**
Trade receivables	64 200	30 455
Write-down of receivables	-3 230	-3 305
Net trade receivables, including	**60 970**	**27 150**
- with the repayment period up to 12 months	60 879	26 994
- with the repayment period more than 12 months	91	156
Receivables from taxes, subsidies , custom duties, social and health insurance and other benefits	**-**	-
Other receivables	65	22
Write-down of receivables	-	-
Net other receivables	**65**	**22**

Total receivables	**61 035**	**27 172**

Trade and other receivables from related entities	**31 December 2019**	**31 December 2018**
Trade receivables, including:	47	2 541
- from subsidiaries	13	979
- from jointly-controlled entities and associated entities	34	1 562
other, including:	-	-
- from jointly-controlled entities and associated entities	-	-
Total trade and other receivables from related entities, net	**47**	**2 541**
Write-downs of receivables from related entities	-	-
Total trade and other receivables from related entities, gross value	**47**	**2 541**

Change in write-downs of trade and other receivables	**31 December 2019**	**31 December 2018**
As at the beginning of the period	3 305	4 585
a) increase (due to)	6	298
- provision for trade receivables	6	298
b) decrease (due to)	81	1 578
- payments received	81	111
- the use of provisions created in the previous years	-	1 467
Write-downs of non-current trade and other receivables at the end of the period	**3 230**	**3 305**

Trade receivables with the period of repayment remaining since the balance sheet date :	**31 December 2019**	**31 December 2018**
a) up to 1 month	24 359	14 584
b) above 1 month up to 3 months	17 594	6 524
c) above 3 months up to 6 months	-	33
d) above 6 months up to 1 year	14 959	4 508
e) above 1 year	91	156
f) receivables overdue	7 197	4 550
Total trade receivables, total (gross value)	64 200	30 455
g) write-down of trade receivables	-3 230	-3 305
Total trade receivables (net)	**60 970**	**27 150**

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

Age analysis of overdue trade receivables (gross value)	**31 December 2019**	**31 December 2018**
a) up to 1 month	3 399	862
b) more than 1 month up to 3 months	187	54
c) more than 3 months up to 6 months	257	419
d) more than 6 months up to 1 year	124	172
e) more than 1 year	3 230	3 043
Total overdue trade receivables (gross)	7 197	4 550
f) write-downs of trade receivables , overdue	-3 230	-3 305

Total overdue trade receivables (net)	**3 967**	**1 245**

As at 31 December 2019 and as at 31 December 2018 trade receivables include current security deposits under statutory warranty for construction and assembly works respectively in the amounts of PLN 15 197 thousand and PLN 5 270 thousand.

Note No. 10 – Other financial assets

Other financial assets by types :	**31 December 2019**	**31 December 2018**
a) other financial assets - security deposits constituting security for gurantees provided by the bank	1 383	-
Total other financial asets	**1 383**	**-**

Note No. 11 – Other assets

Other assets by type :	**31 December 2019**	**31 December 2018**
a) prepayments	718	795
- cost of property and personal insurance	236	267
- software maintenance costs	396	523
- subscriptions	9	2
- deferred costs	77	3
- other	-	-
Total other assets	**718**	**795**

Note No. 12 – Share capital

SHARE CAPITAL (STRUCTURE)						
Series / emission	Type of share	Type of share preferences	Number of shares	Series / emission w at nominal value	Method of coverage of capital	Registration date
Founding	inscribed	3 votes per 1 share	580	580	Cash	23-07-1991
Founding	inscribed	-	6 816	6 816	Cash	23-07-1991
Founding	bearer	-	1 810 104	1 810 104	Cash	23-07-1991
B	inscribed	-	750	750	Cash	29-07-1993
B	bearer	-	681 750	681 750	Cash	29-07-1993
C	bearer	-	435 000	435 000	Cash	20-04-1994
Total number of shares			**2 935 000**			
Total share capital				**2 935 000**		
Nominal value of one share = PLN 1.00						

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

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 this 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	965 000	965 000	32,87	32,88
2.. APUS S.A.	311 769	311 769	10,62	10,62
3. Otwarty Fundusz Emerytalny PZU „Złota Jesień”.	284 900	284 900	9,70	9,71
4. Andrzej Karczykowski	283 391	283 391	9,66	9,66

On May 9, 2019 the Management Board of PROCHEM S.A. received information from APUS S.A. about purchase of 168,646 Issuer's shares. As a result of the transaction, the threshold for holding shares of PROCHEM S.A. was exceeded by over 10% of the total number of votes.
Before the change APUS S.A., held 143,123 Company's shares, which constituted 4.88 % of share capital and had 143,123 votes from those shares, representing 4.87 % of total number of votes at the General Meeting. After the transaction of purchase APUS S.A. Holds 311,769 Company's shares, representing 10.62 % of Company's share capital. These shares entitle to 311,769 votes at the Company's General Meeting, representing 10.62 % of total number of votes at the General Meeting.

On 9 May, 2019 the Management Board of PROCHEM S.A. received information from ESALIENS Parasol Fundusz Inwestycyjny Otwarty, ESALIENS Senior Fundusz Inwestycyjny Otwarty (hereinafter „Fundusze”) about sale of 168 646 Issuer's shares.
Before transaction on accounts of ESALIENS Parasol Fundusz Inwestycyjny Otwarty, ESALIENS Senior Fundusz Inwestycyjny Otwarty (hereinafter „Fundusze”) were 168,646 Company's shares, which constituted 5.75 % of Company's share capital, entitling to 168,646 votes from these shares, representing 5.74% of total number of votes at Company's General Meeting. Currently, the Funds do not hold any shares of the Company.

On March 12, 2020 the Management Board of PROCHEM S.A. received information from the member of the Issuer's Supervisory Board, Mr. Andrzej Karczykowski about purchase of 81 509 Issuer's shares.
Prior to the change Mr. Andrzej Karczykowski held 201 882 Company's shares, which constituted 6.88 % of share capital and held 201 882 votes from these shares, representing 6.88 % of total number of votes at the General Meeting. After transaction of purchase Mr. Andrzej Karczykowski holds 283 391 Company's shares, representing 9.66 % of Company's share capital. These shares entitle to 283 391 votes at the Company's General Meeting, representing 9.66 % of total number of votes at the General Meeting.

Note No. 13 - Revaluation reserve

	31 December 2019	31 December 2018
As at opening balance sheet	-343	107
Foreign exchange translation differences	-	200
Actuarial losses on valuation of provisions for employee benefits	-47	-157
Disposal of PPE	-	-493
As at closing balance sheet	**-390**	**-343**

Note No. 14 - Retained earnings

	31 December 2019	31 December 2018
Spare capital	15 797	15 797
Other capital reserve	24 433	23 344
Profit for the period	3 698	1 089
Total	**43 928**	**40 230**

Note No. 15 – Provision for retirement and similar benefits

The Company implemented the post-employment benefits program, which include the retirement and disability pension gratuity for employees. Provisions for retirement and disability pension gratuity payments are calculated on an individual basis for every employee. The basis for calculating the provision for employee is the expected amount of the benefit that the Company obliges to pay according to applicable Regulations of remuneration. Retirement and disability pension gratuity is paid once at the moment of the beginning of retirement or disability pension of the person. Current value of these obligations is determined by an independent actuary and revalued. The level of provisions corresponds with the discounted payments that will be made in the future, taking into consideration the staff turnover, and relate to the period until the date ending the reporting year.

The principal actuarial assumptions adopted at the end of the reporting period:

Provisions for retirement and disability pension gratuity as at December 31, 2019 were determined using the individual method and at using PUCM methodology required by IAS 19 and using actuarial techniques. The actuarial assumptions have been updated based on the latest historical data of the Company current market data and taking into account changes in the currency policy of the Company. The calculations were based on individual data on employees as at December 31, 2019.

Below are average values of ratios determined on the basis of detailed actuarial assumptions that were used in the calculation of provisions as at December 31, 2019:

- weighted average rotation ratio: overall 9.44%, including for traineeship > 3 years 4.89%
- weighted average probability of death: 0.002882 (based on tables of the Central Statistical Office GUS PTTŻ 2018 which were reduced to 40%)
- weighted average probability of total disability: 0.001844 (ratios based on ZUS-Social Insurance Office - case law -for the years 2014 – 2018 which were increased up to 150%)
- average annual increase in the basis for benefits: 2.0%
- interest rate used for discounting: 2.57% on the basis of yields on Polish government bonds with maturity corresponding to the time length of liabilities, increased by 0.35 percentage point. (discounting factor: 0.974944)

For comparison, the average values of selected ratios being determined on the basis of actuarial assumptions, which were accepted for the calculation of provisions as t December 31, 2018:

- weighted average ratio of rotation: 8.71%
- average annual increase in the base for calculation of the retirement and pension benefits: 2% (for the years 2019 – 2029)
- interest rate used for discounting 3.25% (discounting factor: 0.968523)

Change in provisions for retirement and disability pension gratuity

Description	In 2019	In 2018
Opening balance sheet for provisions for benefits	**713**	**612**
Benefits paid during the period (-)	-81	-115
Interest cost	22	21
Current employment cost /current write-downs/	42	38
Actuarial losses (gains)	94	157
Cost of past employment	0	0
Effect of the sale / merger of the Companies	0	0
Clasing balance for provisions for benefits	**790**	**713**
Including current provision	99	101
Including non-current provision	691	612

Burdens under retirement and disability pension gratuity recognized in profit and loss:

Description	In 2019	In 2018
Current employment cost /current write-down/	-42	-38
Interest cost	-22	-21
Actuarial gains (losses) under other non-current benefits	0	0
Cost of past employment	0	0
Total gain (loss)	**-64**	**-59**

Recognized in other comprehensive income:

Description	In 2019	In 2018
Actuarial gains (losses) under post-employment benefits	-46	-157

Breakdown of actuarial gains/losses

Description	In 2019
Actuarial gains (losses) 'ex post'	-9
Actuarial gains(losses)from the update of demographic assumptions	-29
Actuarial gains (losses) from the update of financial assumptions	-56
Total actuarial gains (losses)	**-94**

Maturity profile of retirement and disability pension gratuity (amounts in PLN thousand, duration in years)

Period	Flows	Breakdown of provisions
2020	101	99
2021	115	105
2022	53	47
2023	62	48
2024	59	45
≥ 2025	1 772	446
Total	**2 162**	**790**
PV / duration	1 438	14.64

Analysis of the sensitivity of provisions to changes in basic actuarial assumptions

Sensitivity analysis for the interest rate			Sensitivity analysis for employee rotation rates			Sensitivity analysis for increases in the basis of benefits	
Change in w p.p.	Value of provisions		Change in %	Value of provisions		Change in p.p.	Value of provisions
-1.0%	721		-20%	821		-1.0%	867
-0.5%	754		-10%	806		-0.5%	827
0.0%	**790**		**0%**	**790**		**0.0%**	**790**
0.5%	829		10%	775		0.5%	756
1.0%	871		20%	761		1.0%	725

Note No. 16 – Non-current loans

Non-current loans	**31 December 2019**	**31 December 2018**
a) to subsidiaries indirectly and directly	950	8 450
Total current loans	**950**	**8 450**

Loans received – as at December 31, 2019

- Loan received from subsidiary Prochem Zachód Sp. z o.o. In the amount of PLN 950 thousand, including: amount of the loan PLN 950 thousand. The interest rate is set annually according to rate of 3% per year. Repayment date was set on 31 December 202, but not earlier than repayment of a loan in ING Bank.

Increase*:*
- Accrued interest on loan received from subsidiary Elmont Inwestycje Sp. z o. o. in the amount of PLN 165 thousand.
- Accrued interest on loan received from subsidiary Prochem Zachód Sp. z o. o. in the amount of PLN 28 thousand.

Decrease:
- Repayment of the loan received from subsidiary Elmont Inwestycje Sp. z o. o. with interest in the amount of PLN 7 665 thousand. Amount of the loan PLN 7 500 thousand, interest PLN 165 thousand.
- Repayment of interest on the loan received from subsidiary Prochem Zachód Sp. z o. o. in the amount of PLN 28 thousand.

Loans received – as at December 31 2018
- Loan received from subsidiary Elmont Inwestycje Sp. z o. o. in the amount of PLN 7 500 thousand, including: amount of the loan PLN 7 500 thousand. The interest rate is set annually according to WIBOR 3M rate effective at the end of each calendar year + 0,5 p. p. Repayment date was set on December 31, 2021, but not earlier than repayment of a loan in ING Bank.
- Loan received from subsidiary Prochem Zachód Sp. z o. o. in the amount of PLN 950 thousand, including: amount of the loan PLN 950 thousand. The interest rate is set annually according to rate of 3% per year. Repayment date was set on December 31 2023, but not earlier than repayment of a loan in ING Bank.

Nota 17 – Current bank loans

	As at 31 December 2019	**As at 31 December 2018**
Loans	-	3 830

Information on bank loans:

Name of the bank	Registered office	Amount of the loan according to agreement (in PLN thousands)	Amount of a loan for repayment (in PLN thousands)	Terms of interest	Repayment date	Collateral
mBank SA	Warsaw	8,000 Credit in overdraft	-	WIBOR for O/N deposits in PLN + margin	29 November 2020	Promissory note in blank, pledge by court on shares in company Elektromontaż Kraków S.A., establishing a mortgage on real estate being property of company Elpro sp. z o. o. in Krakow.

Note No. 18- Trade payables

	31 December 2019	31 December 2018
a) to subsidiaries	4 344	1 254
- for supplies and services, with maturity:	4 344	1 254
- up to 12 months	4 344	1 254
b) to associated eities and jointly-controlled entities	6	12
- for supplies and services, with maturity:	6	12
- up to 12 months	6	12
c) to other entities	56 818	21 457
- for supplies and services, with maturity:	56 818	21 457
- up to 12 months	56 818	21 457
Total trade payables	**61 168**	**22 723**

Note No. 19 – Settlements under non-current contracts

	As at 31 December 2019	As at 31 December 2018
- amounts due from recipients under contracts	15 997	5 799
Amounts due from recipients under non-current contracts	**15 997**	**5 799**

	As at 31 December 2019	As at 31 December 2018
- amounts owed to recipients under contracts, including:	42 598	2 863
a) current	30 955	
b) non-current	11 643	
Amounts due from recipients under non-current contracts	**42 598**	**2 863**

Description	As at 31 December 2019	As at 31 December 2018
Value of revenues according to contracts	746 150	308 430
Value of revenues invoiced	255 115	200 768
Planned liabilities under contracts implementation	706 847	284 997
Implemented contract obligations	265 280	198 854
Amounts due from recipients	15 997	5 799
Amounts owed to recipients	42 598	2 863

Note No. 20 – Other liabilities

	31 December 2019	31 December 2018
a) to other entities	1 515	2 257
- due to taxes,duties, insurance and other benefits	1 485	2 242
- due to remuneration	-	-
- other (by type)	30	15
liabilities to employees	6	10
to shareholders	5	5
other (liability under forward)	19	-
b) other non-current provisions	4 267	3 850
- provision for loss on contracts	1 883	1 549
- provision for future costs	962	874
- cost of audit	28	40
- current provision for retirement benefits	99	101
- provision for unused annual leaves	1 295	1 286
Total other liabilities	**5 782**	**6 107**

Note No. 21 – Deferred income

	31 December 2019	31 December 2018
Deferred income, including:	-	77
- prepayments and advanced payments received	-	77
Deferred income at the end of the period, including:	**-**	**77**
Current liabilities	**-**	**77**

Note No. 22 – Revenues from sale of services

Revenues from sale of services (type of service and type of activity)	In 2019	In 2018
- revenues from sale of services, including	**270 122**	**96 936**
- from related entities	1 464	13 196

Revenues from sale (territorial structure)	In 2019	In 2018
Domestic market	269 282	96 936
- including from related entities	1 464	13 196
Exports	840	138

Revenues under contracts for construction services (general contracting) and other services are presented in Note No. 32 – Operating segments.
The gross amount due from ordering parties/recipients for works resulting from contracts was presented in Note No. 11.
Information on major customers, whose total value of revenues from sales of services exceeds 10% of total revenues, which were disclosed in the company's statement of profit and loss for 2019, is included in Note No. 31 – Operating segments.

Note No. 23 - Revenues from sale of goods and materials

Ravenues from sale of materials (by type of material and type of activity)	**In 2019**	**In 2018**
- revenue from sale of goods	2 988	2 050

Revenues from sale of goods and materials (territorial structure)	**In 2019**	**In 2018**
Domestic market	2 988	2 050

Note No. 24 – Cost of services

Costs by type	**In 2019**	**In 2018**
a) amortization and depreciation	3 174	495
b) consumption of materials and enrgy	808	753
c) outsourcing	234 068	74 428
d) taxes and levies	43	70
e) remuneration	21 560	19 127
f) social security and other benefits	3 702	3 168
g) other types of costs (by category)	2 012	2 306
- property and personal insurance	611	692
- business trips	296	187
- State Fund for Rehabilitation of Disabled Persons (PFRON)	257	201
- cars rental	500	850
- other costs of the Representation Office	-	23
- other	348	353
Total costs by type	**265 367**	**100 347**
Change in inventories, goods and accruals and prepayments	430	-1 345
General and administrative expenses (negative value)	-7 361	-7 895
Cost of services sold	**258 436**	**91 107**

Note No. 25 – Other operating income

	In 2019	**In 2018**
a) gain on sale of non-financial non-current assets	-	83
b) reversal of impairment allowance (due to)	81	113
- for receivables	81	113
c) other, including:	175	3 040
- reimbursement of litigation costs	23	385
- received compensation, fines and penalties	140	97
- impairment allowance of liabilities past due	3	1 871

- other income, disclosure of assets held for sale	-	676
- other	8	11
Total operating income	**255**	**3 236**

Note No. 26 – Other operating expenses

	In 2019	In 2018
a) write-down (due to)	6	298
- of receivables	6	298
b) other, including:	271	496
- litigation costs	31	98
- damages, penalties and fines paid	233	16
- cost of sale of investment property	-	246
- other operating costs of the Representation Office	-	118
- other	7	18
Total operating expenses	**277**	**794**

Note No. 27 – Financial income

	In 2019	In 2018
a) revenues from dividends and profit sharing	-	1 069
- from subsidiaries	-	1 069
b) interest on loans granted	682	684
- from subsidiaries	304	307
- from jointly-controlled entities	378	377
c) other interest	77	40
- from other entities	77	40
d) surplus of positive exchange rate differences	248	32
e) other, including:	1 086	210
- revenues from discount of non-current liabilities	843	205
- revenues under sale of financial assets	63	
- other	180	5
Total financial income	**2 093**	**2 035**

Note No. 28 – Finance costs

	In 2019	In 2018
a) interest on bank loans	113	43
b) interest on loans received from:	193	176
- subsidiaries	193	176
b) other interest	474	3
- for other entities	474	3
d) other, due to :	740	753
- commission on bank guarantees	368	258
- commission on loans	105	130
- costs due to discount of financial assets	207	206
- cost due to write-downs of financial assets	20	121
- other costs	40	38
Total finance costs	**1 520**	**975**

Note No. 29 – Income tax

Establishment pf the effective tax rate	**In 2019**	**In 2018**
(in PLN thousands)		
Profit for the period	3 698	1 089
Income tax	1 487	451
Before tax profit	5 185	1 542
As at the applicable rate of 19 %	985	293
Revenues, not classified as tax revenues	-16	-203
Costs not constituting tax deductible expenses	156	283
Other	362	78
Income tax	**1 487**	**451**

Note No. 30– Additional disclosures to the statement of cash flows

Differences between the amounts established directly from the financial statements and disclosed in the statement of cash flows, result from a transfer of specified amounts from operating activity to investment activity.

These relate to the following balance sheet items (in PLN thousands):	**In 2019**	**In 2018**
Change in current receivables	**-43 943**	**-13 904**
Trade and other receivables as at 1 January	27 172	16 894
Receivable under retained security deposits as at 1 January	63	726
Other assets as at 1 January	795	690
Amounts due under contracts as at 1 January	5 799	2 260
Receivables for non-current assets sold	-11	-15
Receivables under income tax	-	-641
Opening balance sheet after adjustments	**33 818**	**19 914**
Trade and other receivables as at 31December	61 035	27 172
Receivables under retained security deposits as at December 31	11	63
Other assets as at 31December	718	795
Amounts due under contracts as at December 31	15 997	5 799
Receivables from non-current assets sold		-11
Closing balance sheet after adjustments	**77 761**	**33 818**
Change in current liabilities (except for borrowings, loans and special funds)	**80 554**	**8 271**
Trade payables at at January 1	22 723	14 283
Other liabilities as at January 1	6 107	5 851
Amounts due under contracts	2 863	1 683
Liabilities under retained security deposits	3 569	4 067
Provision to retirement benefits	-101	-141
Provision to unused annual leaves	-1 286	-1 207
Provision to audit of statements	-40	-44
Provision to other costs	-1 549	-477
Liabilities under discount of non-current liabilities	-	-
Repayment of the loan with interest in the way of offsetting with liabilities	-	-
Liabilities to shareholders	-5	-5
Closing balance sheet after adjustments	**32 282**	**24 010**
Trade payables as at December 31	61 168	22 723
Other liabilities as at December 31	5 782	6 107

Amounts due under contracts as at December 31	42 598	2 863
Liabilities under retained security deposits as at December 31	6 284	3 569
Provision to retirement benefits	-99	-101
Provision to unused annual leaves	-1 295	-1 286
Provision to audit of statements	-28	-40
Provision to other costs	-1 549	-1 549
Measurement of financial assets	-20	
Liabilities to shareholders	-5	-5
Closing balance sheet after adjustments	**112 836**	**32 281**
Change in other adjustments as at December 31	**-8 830**	**-1 437**
Change in deferred income – advances payments received	-77	77
Adjustment of non-current financial assets	-8 517	-1 538
Other	-236	23

Note No. 31– Operating segments

Revenues from operations achieved outside of Poland (Exports) in the period from January 1, 2019 to December 31, 2019 amounted to PLN 840 thousand (i.e. 0.3 % of sales revenue), in the analogous period of the previous year revenues amounted to PLN 138 thousand (i.e. 0.1% of sales revenue).

Information on major customers, which share in the sales revenue for 2019 exceeded 10% of total revenues from sale:

- A client, who deals in the production of chemical raw materials – sales revenue PLN 217 536 thousand, representing 79.6% of sales revenue, which was shown in the segment „General contracting" and „Design services and other engineering services".
- A client who operates in the cultural sector – sales revenue PLN 11 864 thousand, representing 4.3 % of sales revenue, which was shown in the segment „ General contracting".

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

For the period from 1 January 2019 to 31 December 2019	General contracting	Design services, other engineering services	Rental of constructio n equipment	Commerci al activity	Other	Items not assigned	Total
Revenues to external clients	231 841	34 461	1 984	2 988	1 836		273 110
Total revenues of the segment	**231 841**	**34 461**	**1 984**	**2 988**	**1 836**	**0**	**273 110**
Result **Profit (loss) of the segment**	**2 457**	**2 277**	**220**	**309**	**-630**		**4 634**
Financial income						2 093	2 093
Finance costs						-1 520	-1 520
Net financial income						**573**	**573**
Profit (loss) on other operating actvities						-22	-22
Before tax profit						**5 185**	**5 185**
Income tax						1 487	1 487
Profit for the current period						**3 698**	**3 698**
Assets of the segment (related to actbvities)	52 747	7 521	556		142		60 966
Assets not assigned /unallocated (among others shares, stocks and other financial assets)						116 935	116 935

Total assets	**52 747**	**7 521**	**556**	**0**	**142**	**116 935**	**177 901**
Liabilities of the segment (related to activities)	66 383	354	715		706	63 264	131 428
Owner's equity						46 473	46 473
Total equity and liabilities	**66 383**	**354**	**715**	**0**	**706**	**109 737**	**177 901**
Depreciation of property, plant and equipment	52	29	68		2 972		3 121
Amortization of intangible assets					53		53
Write-down of segment assets (receivables from supplies and services)	-150	-5	-3 057		-18		-3 230

For the period from January 1, 2018 to December 31, 2018	General contracting	Design services and other engineering services	Rental of construction equipment	Commercial activity	Other	Items not assigned	Total
Revenues to external clients	70 606	22 823	2 130	2 050	1 377	-	98 986
Total revenues of the segment	**70 606**	**22 823**	**2 130**	**2 050**	**1 377**	**-**	**98 986**
Result							
Profit (loss) of the segment	**2 267**	**-4 485**	**243**	**94**	**-79**	**-**	**-1 960**
Financial income	-	-	-	-	-	2 035	2 035
Finance costs	-	-	-	-	-	-975	-975
Net financial income	**-**	**-**	**-**	**-**	**-**	**1 060**	**1 060**
Profit (loss) on other operating activities	-	-	-	-	-	2 442	2 442
Before tax profit	**-**	**-**	**-**	**-**	**-**	**1 542**	**1 542**
Income tax	-	-	-	-	-	453	453
Profit for the current period	**-**	**-**	**-**	**-**	**-**	**1 089**	**1 089**
Assets of the segment (related to activity)	23 624	2 779	570	676	240	-	27 889
Assets not assigned/unallocated (among othersshares, stocks and other fianancial assets)	-	-	-	-	-	62 522	62 522
Total assets	**23 624**	**2 779**	**570**	**676**	**240**	**62 522**	**91 053**
Liabilities of the segment	25 261	105	1 134		968	-	28 068
Liabilities not assigned	-	-	-	-	-	20 163	20 163
Equity	-	-	-	-	-	42 822	42 822
Total equity and liabilities	**25 261**	**105**	**1 134**	**0**	**968**	**62 985**	**91 053**
Depreciaation of property, plant and equipment	27	24	93	-	-	235	379
Amortization of intangible assets	-	-	-	-	-	116	116
Write-downs of segment assets (receivables from supplies and services)		-226	-3 061	-	-18	-	-3 305

Information about the geographical areas

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

	January 1-December 31, 2019	January 1-December 31,2018
Poland	272 492	98 848
Belgium	277	-
France	-	138
Japan	292	-
Italy	271	
Total sales revenue	**273 332**	**98 986**

Geographical breakdown of property, plant and equipment and intangible assets

	December 31, 2019	December 31,2018
Poland	1 269	1 044
Total property, plant and equipment and intanginble assets	**1 269**	**1 044**

Note No. 32 – Profit per one share

Net profit per 1 share remaining in trade as at balance sheet date December 31, 2019 is PLN 1.26; in 2018 profit was PLN 0.37.

Note No. 33 – Profit sharing and loss coverage

Net profit of the Company for 2018 in the amount of PLN 1 088 573.12 according to the Resolution No 17 of the Ordinary General Meeting of June 1, 2019 was entirely allocated to reserve capital.

Proposed distribution of net profit for 2019

The Management Board of Prochem S.A. proposes to allocate the net profit for 2019 in the amount of PLN 3 697 951.01 to supplementary capital.

Note No. 34 - Dividends

The Issuer did not pay dividend for 2018.

Note No. 35 - Financial instruments and financial risk management

35.1 Categories and classes of financial instruments

Financial assets

31 December 2019		**Categories of financial instruments**
		Loans, receivables and other
Classes of financial instruments	**Note no.**	
Receivables from supplies and services	9	61 035
Amounts due from recipients under contracts	19	15 997
Cash		21 703
Security deposits constituting collateral	7 and 10	9 848
Loans granted	7	37 244
Total		**145 827**

31 December 2018		**Categories of financial instruments**	
		Loans, receivables and other	**Total**
Classes of financial instruments	**Note No.**		
Receivables from supplies and services	9	27 150	27 150
Amounts due from recipients under contracts	20	5 799	5 799
Cash		1 336	1 336
Security deposits constituting collateral	7	1 332	1 332
Loans granted	7 and 10	37 610	37 610
Total		**73 227**	**73 227**

Financial liabilities

31 December 2019

		Financial liabilities measured at amortized cost	**Total**
Classes of financial instruments	Note no.		
Loans	18	-	-
Borrowings received	16	950	950
Amounts owed to recipients under contracts	19	42 598	42 598
Liabilities under supplies and services	18	61 168	61 168
Total		**104 716**	**104 716**

31 December 2018

		Financial liabilities measured at amortized cost	**Total**
Classes of financial instruments	Note No.		
Loans	18	3 830	3 830
Borrowings received	16	8 450	8 450
Amounts owed to recipients under contracts	20	2 863	2 863
Liabilities under supplies and services	19	22 723	22 723
Total		**37 866**	**37 866**

Impairment allowances of financial assets by classes of financial instruments
(in PLN thousands)

Classes of financial instruments	**31 December 2019**	**31 December 2018**
Receivables from supplies and services	(3 230)	(3 305)
Other receivables	-	-
Other financial assets	(328)	(328)
Total	**(3 558)**	**(3 633)**

Impairment allowances of financial assets are presented in Notes 9 and 10.

35.2. Financial risk management

the Company's operations are exposed to the following financial risks:

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

Credit risk

The company 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 company 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 Company 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 Company 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 Company.

All entities in which the Company deposits its free monetary resources operate in the financial sector. These include domestic banks and branches of the foreign banks.

Credit risk resulting from loans granted within the Group is considered as low by the Company, due to the fact that the loans are destined for a specific purpose such as the purchase of investment property. In some cases when for a long time the subsidiary is not fulfilling its liabilities under loans incurred, the Issuer creates write-down of the loans and interest accrued. Changes in write-downs of loans granted were presented in Notes Nos. 7 and 10.

In the estimation of the Management Board the risk of impaired financial assets is reflected in the impairment allowances. Information on impairment allowances of financial assets is presented in Note No. 36.1.

Liquidity risk

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

As at December 31, 2019 and as at December 31, 2018 the index of ratio of current assets to current liabilities (current liquidity ratio) was respectively 1.03 and 1.01.

Detailed information regarding loans is disclosed in Note No. 17.

Analysis of maturity of current liabilities is in Notes Nos. 17,18 and 20.

Market risk

1. 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 Company. 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.

Exposure to currency risk as at December 31, 2019

(in PLN thousands)	EUR	USD	NOK	Other in PLN	Total after translation into PLN
Financial assets					
Receivables from supplies and services	1 903	-	-	-	8 244
Cash	241	63	88	3	1 309
Total	**2 144**	**63**	**88**	**3**	**9 554**
Financial liabilities					
Liabilities under supplies and services	1 293	6	-	-	5 529
Total	**1 293**	**6**	**-**	**-**	**5 529**

Exposure to currency risk as at December 31, 2018

(in PLN thousands)	EUR	USD	NOK	BYR	Total after translation into PLN
Financial assets					
Receivables from supplies and services	50	-	-	-	215
Amounts due from recipients underb agreements	2 306	-	-	-	9 916
Cash	230	57	88	6	1 247
Total	**2 586**	**57**	**88**	**6**	**11 378**
Financial liabilities					
Liabilities under supplies and services	1 091	50	-	-	4 879
Total	**1 091**	**50**	**-**	**-**	**4 879**

Analysis of sensitivity to currency risk as at December 31, 2019

(in PLN thousands)	Increase in exchange rate	Total impact on before tax profit	Drop in the exchange rate	Total impact on before tax profit
EUR/PLN	15%	544	15%	-544
USD/PLN	15%	54	15%	-54
NOK/PLN	15%	6	15%	-6
Total impact		**604**		**-604**

Analysis of sensitivity to currency risk as at December 31, 2018

(in PLN thousands)	Increase in exchange rate	Total impact on before tax profit	Drop in the exchange rate	Total impact on before tax profit
EUR/PLN	15%	964	15%	-964
USD/PLN	15%	32	15%	-32
NOK/PLN	15%	6	15%	-6
Total impact		**1 002**		**-1 002**

Exposure to currency risk of revenues and expenses during the reporting period

Analysis of the impact of potential change in value of financial instruments as at December 31, 2019 on the gross financial result in connection with hypothetical change in foreign currency exchange rates in relation to the Polish Zloty/functional currency.

Revenues in foreign currency achieved in the currency in the years 2019 and 2018 were as follows:

currency	revenues		Average exchange rate for sales		expenses		Average exchange rate for purchases
(in PLN thousands)	In 2019	In 2018	In 2019	In 2018	In 2019	In 2018	In 2019
EUR	8 681	360	4,3061	4,2810	12 764	764	4.3087
USD	554	1 805	3,7880	3,7324	1 472	9	3.9068

In the reporting period EURO was the main currency.

Hypothetically assuming that if the Polish Zloty weakened/strengthened by 1 % against EUR, then revenues in 2019 would increase or decrease by PLN 494 thousand and in 2018 by PLN 15 thousand, which would have an impact on before tax profit, while costs would increase in 2019 by PLN 608 thousand, and in 2018 by PLN 56 thousand.
The above deviations were calculated on the basis of historical fluctuation for particular currencies and forecasts.
Sensitivity of financial instruments for currency risk was calculated as the difference between the initial book value of financial instruments and its potential book value at assumed increase/drop in exchange rates.
For other currencies sensitivity of financial instruments is not material.

1. *Interest rate risk*

The Company 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 e WIBOR 1M and WIBOR 6M.

Analysis of financial instruments with floating interest rate

	WIBOR		Fixed rate
	December 31, 2019	December 31, 2018	December 31, 2019
Financial assets			
Loans granted	30 568	30 835	6 676
Financial liabilities			
Loan	-	-	
Borrowings received	-	7 500	950

Analysis of sensitivity of cash flows of financial instruments with floating interest rate on before tax profit

	Assumed fluctuations of WIBOR				impact (in PLN thousands)		
	December 31, 2019		December 31, 2018		December 31, 2019		December 31, 2018
	increase	decline	increase	decline	increase	decline	increase
Financial assets							
Loans granted	+50 base point	-50 base point	+50 base point	-50 base point	153	(153)	188
Financial liabilities							

Loan	+50 base point	-50 base point	+50 base point	-50 base point	-	-	-
Borrowings received	+50 base point	-50 base point	+50 base point	-50 base point	-	-	(42)

Note No. 36 – Related party transactions and transactions with key management staff

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

Key management staff include Members of the Company's Management Board and Members of the Company's Supervisory Board.
In 2019 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 in 2019 in the Issuer's enterprise to the Members of the Management Board:

1. Jarosław Stępniewski	PLN 444 thousand
2. Marek Kiersznicki	PLN 448 thousand
3. Krzysztof Marczak	PLN 401 thousand

Remuneration paid in 2019 in the Issuer's enterprise to the Members of the Supervisory Board:

1. Marek Garliński	PLN 72 thousand,
2. Andrzej Karczykowski	PLN 60 thousand,
3. Krzysztof Obłój	PLN 60 thousand:
4. Marcin Pędziński	PLN 60 thousand.
5. Karol Żbikowski	PLN 60 thousand.

Remuneration paid to the Members of the Supervisory Board in 2019 for performing the functions in the Management Boards and the Supervisory Boards of the companies from the Capital Group:

1. Jarosław Stępniewski	PLN 80 thousand
2. Krzysztof Marczak	PLN 68 thousand

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

Settlements with related entities include receivables, trade payables and financial liabilities. Guarantees and sureties granted to related entities are presented in Note No. 38.

Reporting period
(in PLN thousands)

from 1 January to 31 December 2019

	sale of services	purchase of services	financial income - interest on loans	financial income dividends received	finance costs interest on loans
subsidiaries	19	10846)*	304	-	193
jointly-controlled entities and associated entities	1310)**	3089	377	-	-

)* - including acquired electrical services and supplies of electrical equipment from a subsidiary Elektromontaż Kraków S.A. In the amount of PLN 9 926 thousand
)** - 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 benefit of which is implemented investment project under the name of „Astrum Biznes Park" in Warsaw.

As at 31 December 2019

	trade receivables	receivables under loans granted	other receivables	trade payables	liabilities under loans granted
subsidiaries	13	18 824	-	3 906	950
jointly-controlled entities and associated entities	34	18 420	-	6	-

Comparative period

(in PLN thousands)
from 1 January to 31December 2018

	sale of services	purchase of services	financial income interest on loans	financial income dividends received	finance costs – interest on loans
subsidiaries	133	3 552)*	307	1 069	176
jointly-controlled entities and associated entities	13 067)**	3 404	377	-	-

)* - including acquired electrical services and delivery of electrical equipment from subsidiary Elektromontaż Kraków S.A. In the amount of PLN 3 495 thousand.
)** - sale of services and purchase of services in total relate to revenues from 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 31 December 2018

	trade receivables	receivables under loans granted	trade payables	other liabilities	liabilities under loans granted
subsidiaries	979	18 520	1 242	-	8 450
jointly-controlled entities and associated entities	1 562	19 090	12	-	-

Note No. 38 – Collateral granted and collateral received, and contingent liabilities and contingent assets

	As at 31December 2019	As at 31 December 2018
Collateral granted		
Bank guarantee of good performance and statutory warranty	47 976	9 553
Tender guarantee	-	250
Payment guarantee	1 050	-
Guarantee of reimbursement of advance payment	7 869	11 400
Total collateral granted	**56 895**	**21 203**
Contingent liabilities		
surety for bills of exchange issued by the subsidiary PRO-INHUT Sp. z o. o. with its registered office in Dąbrowa Górnicza for the benefit of the	-	247

investor in order to secure the claims of good performance		
Total collateral granted and contingent liabilities	**56 895**	**21 450**
Collateral received	**As at 31December 2019**	**As at 31 December 2018**
Bank guarantee of good performance	8 738	16 865
Bill of exchange securing terms of contracts	1 777	450
Total collateral received	**10 515**	**17 315**

Note No. 39 - 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 holding managerial responsibilities and supervising responsibilities of the issuer, in accordance with the information held by the Issuer

As at the date of the separate financial statements hereby, according to the statements received, the following members of the Management Board and of the Supervisory Board held shares of PROCHEM SA:
- Jarosław Stępniewski – 68,383 units;
- Marek Kiersznicki – 59,474 units;
- Krzysztof Marczak – 36,908 units;
- Marek Garliński – 83,996 units;
- Andrzej Karczykowski – 283,391 units;

The nominal value of 1share is PLN 1.

Information on granting a surety for a loan or borrowing or guarantees 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.

Factors which in the opinion of the issuer will have an impact on its financial performance in the prospect of at least the subsequent quarter

On the activity of Prochem S.A. in 2020 the macroeconomic environment of the Company will have a significant impact, in particular the condition of the Polish economy will significantly affect the decisions of potential clients of Prochem S.A. (in particular industrial companies) about starting of new investments.
The company's portfolio of orders allows to assume that the financial results in 2020 will continue to improve.
At the end of 2019, news from China about the coronavirus appeared for the first time. In the first months of 2020, the virus spread around the world, and its negative impact gained momentum. The Management Board of Prochem S.A. considers this situation to be an event that does not result in adjustments to the financial statements for 2019, but an event after the balance sheet date. Although this situation is still changing at the time of publication of these financial statements, so far the entity's company has not noticed a noticeable impact on the entity's sales or supply chain, but no future effects can be predicted. In connection with this, the Company's contracts were reviewed. On this basis and on the basis of declarations of customers, the Management Board stated that currently implemented orders are not threatened and are expected to be completed in accordance with the signed contracts.
The Management Board of Prochem S.A. with particular attention monitors the current situation and, if necessary, is prepared to take appropriate actions to adapt its potential to new conditions in order to mitigate any negative effects on the entity.

In reference with the recommendation sent by the Office of the Polish Financial Supervision Authority on March 12, 2020, the Company informs that as at the date of submitting this report it has not completed the qualitative and quantitative analysis of the scope in which SARSCoV-2 /COVID 19. coronavirus may have an impact on future financial position and financial results achieved in future.

Note No. 40 – Approval of the financial statements

Financial statements of Prochem S.A. for the period from January 2019 to December 31 2019 were approved for issue by the Management Board of Prochem S.A. on April 24, 2020.

Signatures of the Members of the Management Board

24 April 2020	Jarosław Stępniewski	President of the Management Board	....
date	first name and surname	position	signature
24 April 2020	Marek Kierssznicki	Vice President of the Management Board	…........................
date	first name and surname	position	signature
24 April 2020	Krzysztof Marczak	Vice President of the Management Board	…........................
date	first name and surname	position	signature

Signature of the person responsible for bookkeeping

24 April 2020	Barbara Auguścińska-Sawicka	Chief Accountant	....
date	first name and surname	position	signature