

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

**As at and for the period of six months ended  
30 June 2024**

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

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

## Selected financial data

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

- For the first half of 2024 - 4.3109 PLN/EUR
- For the first half of 2023 - 4.6130 PLN/EUR

Carrying amounts were translated at the average exchange rate announced by the Chairman of the National Bank of Poland as at the date of financial statement, which as at balance sheet date amounted to:

- 4.3130 PLN/EUR as at 30 June 2024
- 4.3480 PLN/EUR as at 31 December 2023

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

Description	Reporting period ended 30 June		Reporting period ended 30 June	
	In 2024	In 2023	In 2024	In 2023
	In PLN thousands		In EURO thousands	
<b><i>Consolidated statement of profit and loss</i></b>				
Revenues from sale	85 301	180 994	19 787	39 235
Gross profit on sale	3 605	-12 801	836	-2 775
Results from operating activities	-5 218	-14 626	-1 210	-3 171
Before tax profit	-7 376	-17 627	-1 711	-3 821
Profit for the period assigned to:	-9 392	-14 615	-2 179	-3 168
Shareholders of the Parent Entity	-9 453	-14 670	-2 193	-3 180
Non-controlling interest	61	55	14	12
Profit/diluted profit (in PLN/EUR) per one ordinary share – assigned to shareholders of the parent entity	-4.71	-7.32	-1.09	-1.59
<b><i>Consolidated statement of cash flows</i></b>				
Net cash provided by (used in) operating activities	7 035	-8 068	1 632	-1 749
Net cash provided by (used in) investing activities	-268	-925	-62	-201
Net cash provided by (used in) financing activities	-4 627	-302	-1 073	-65
Total cash flows, net	2 140	-9 296	496	-2 015
Description	As at		As at	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	In PLN thousands		In EURO thousands	
<b><i>Consolidated statement of financial position</i></b>				
Total assets	138 471	159 780	32 105	36 748
Total non-current assets	64 208	68 911	14 887	15 849
Total current assets	74 263	90 869	17 218	20 899
Equity assigned to shareholders of the parent entity	55 645	64 879	12 902	14 921
Non-controlling interest	1 663	2 106	386	484
Total equity	57 308	66 985	13 287	15 406
Total non-current liabilities	32 353	33 117	7 501	7 617
Total current liabilities, razem	48 810	59 678	11 317	13 725
Book value per one ordinary share (in PLN/EUR)- assigned to shareholders of the parent entity	27.75	32.36	6.43	7.44
Weighted average number of shares (in pcs.)	2 005 000	2 005 000	2 005 000	2 005 000

## **Statement of the Management Board of the Parent Entity**

### **Statement of the Management Board on the reliability of the preparation of the condensed consolidated and separate financial statements**

In accordance with the requirements of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and the conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws of 2018, item 757) (the "Regulation"), the Management Board of Prochem S.A. (the Parent Company of the Prochem S.A. Capital Group) declares that, to the best of their knowledge:

- the condensed consolidated financial statements of the Prochem S.A. Capital Group for the first half of 2024 and comparable data have been prepared in accordance with the requirements of IAS 34 "Interim Financial Reporting", and in accordance with the relevant accounting standards applicable to interim financial reporting adopted by the European Union, published and applicable at the time of preparation of hereby consolidated financial statements and reflect in a true, fair and clear manner the assets and financial position and the financial result of the Prochem S.A. Capital Group as at 30 June 2024 and 31 December 2023, and cash flows for the 6-month period ended 30 June 2024 and 30 June 2023;
- the condensed separate financial statements of Prochem S.A. for the first half of 2024 and comparable data have been prepared in accordance with the requirements of IAS 34 "Interim Financial Reporting", and in accordance with the relevant accounting standards applicable to interim financial reporting adopted by the European Union, published and applicable at the time of preparation of hereby consolidated financial statements and reflect in a true, fair and clear manner the assets and financial position and the financial result of the Prochem S.A. Capital Group as at 30 June 2024 and 31 December 2023, and cash flows for the 6-month period ended 30 June 2024 and 30 June 2023;
- the report on the activities of the Prochem S.A. Capital Group for the first half of 2024 provides a true picture of the development, achievements and financial situation of the Group, including a description of the basic risks and threats.

Member of the Management Board Michał Dąbrowski	Vice President of the Management Board Krzysztof Marczak	President of the Management Board Marek Kiersznicki
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### **Regarding the entity authorized to review the reliability of the preparation of the interim condensed consolidated financial statements**

The Management Board of Prochem S.A. the Parent Entity of the Prochem S.A. Capital Group declares that Misters Audytor Adviser Sp. z o. o. with headquarters in Warsaw, ul. Bukowińska 22B, 02-703 Warsaw, the entity authorized to audit and review financial statements entered on the list of auditing companies under number 3704 was selected in accordance with the law and that this entity and the statutory auditors reviewing the financial statements met the conditions for issuing an impartial and independent report on review, in accordance with applicable law.

Member of the Management Board Michał Dąbrowski	Vice President of the Management Board Krzysztof Marczak	President of the Management Board Marek Kiersznicki
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***Consolidated condensed financial statements of PROCHEM S.A. Capital Group***

***As at and for the period of six months ended 30 June 2024***

**Consolidated statement of financial position as at 30 June 2024**

(all amounts in PLN thousands if not stated otherwise)

	Note No.	As at 30 June 2024	As at 31 December 2023
<b>A s s e t s</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1	15 078	15 353
Intangible assets		43	38
Investment property	2	12 072	12 219
Right-of-use assets	3	24 482	25 693
Shares		830	830
Shares in equity accounted investees	4	-	-
Deferred tax assets	5	7 107	8 624
Receivables under retained security deposits		527	1 185
Other financial assets	6	4 069	4 969
<b>Total non-current assets</b>		<b>64 208</b>	<b>68 911</b>
<b>Current assets</b>			
Inventories	7	1 362	2 762
Trade and other receivables	8	28 828	37 672
Receivables under current income tax		5	202
Amounts due from recipients under contracts	15	23 315	34 126
Other financial assets	9	2 224	596
Other assets	10	2 216	1 338
Cash and cash equivalents		16 313	14 173
<b>Total current assets</b>		<b>74 263</b>	<b>90 869</b>
<b>Total assets</b>		<b>138 471</b>	<b>159 780</b>

## **Consolidated statement of financial position as at 30 June 2024**

(all amounts in PLN thousands if not stated otherwise)

	Note No.	As at 30 June 2024	As at 31 December 2023 r
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	11	2 005	2 005
Own shares		-	-
Revaluation reserve		3 384	3 384
Retained earnings	12	50 256	59 490
<b>Owners' equity</b>		<b>55 645</b>	<b>64 879</b>
<b>Non-controlling interest</b>		<b>1 663</b>	<b>2 106</b>
<b>Total equity</b>		<b>57 308</b>	<b>66 985</b>
<b>Non-current liabilities</b>			
Provision to deferred income tax	5	1 352	1 446
Provision to retirement and similar benefits		2 241	2 257
Non-current liabilities under seized security deposits	14	4 907	4 486
Non-current liabilities under lease	16	23 800	24 871
Other non-current liabilities		53	57
<b>Total non-current liabilities</b>		<b>32 353</b>	<b>33 117</b>
<b>Current liabilities</b>			
Current bank loans	13	1 344	2 552
Trade payables	14	35 264	34 123
Amounts owed to recipients due to contracts	15	1 322	7 066
Liabilities under current income tax		14	334
Current liabilities under lease	16	4 440	3 823
Other liabilities	17	6 426	11 490
Deferred income		-	290
<b>Total current liabilities</b>		<b>48 810</b>	<b>59 678</b>
<b>Total liabilities</b>		<b>81 163</b>	<b>92 795</b>
<b>Total equity and liabilities</b>		<b>138 471</b>	<b>159 780</b>
<b>Book value – equity assigned to owners of the Parent Entity</b>		<b>55 645</b>	<b>64 879</b>
<b>Average number of ordinary shares (in pcs.)</b>		<b>2 005 000</b>	<b>2 005 000</b>
<b>Book value per one share (in PLN) – assigned to owners of the Parent Entity</b>		<b>27.75</b>	<b>32.36</b>

*Interim condensed consolidated financial statements of PROCHEM S.A. Capital Group as at and for the period of 6 months ended 30 June 2024*

**Condensed consolidated statement of profit and loss  
from 1 January 2024 to 30 June 2024**

(all amounts in PLN thousands if not stated otherwise)

	Note No.	Period ended 30 June 2024	Period ended 30 June 2023
Revenues from sale, including:		85 301	180 994
Revenues from sale of services	18	84 815	180 334
Revenues from sale of goods and materials	19	486	660
Cost of sales, including:		-81 696	-193 795
Cost of services sold	20	-81 296	-193 277
Cost of merchandise and raw materials		-400	-518
<b>Gross profit on sales</b>		<b>3 605</b>	<b>-12 801</b>
General and administrative expenses	20	-8 699	-7 886
Other operating income	21	140	6 543
Other operating expenses	22	-264	-482
Other operating expenses – the result of a one-off event		-	-
<b>Result from operating activities</b>		<b>-5 218</b>	<b>-14 626</b>
Financial income	23	237	683
Gain (loss) on sale/liquidation of all or part of the shares of a subsidiary		-	-
Finance expenses	24	-2 395	-3 684
Profit sharing in associated entities		-	-
<b>Before tax profit</b>		<b>-7 376</b>	<b>-17 627</b>
Income tax:		2 016	-3 012
- current tax		593	464
- deferred tax		1 423	-3 476
<b>Profit for the period</b>		<b>-9 392</b>	<b>-14 615</b>

Profit for the period assigned to:			
Shareholders of the Parent Entity		-9 453	-14 670
Non-controlling interest		61	55
Weighted average number of ordinary shares (in pcs.)		2 005 000	2 005 000
Profit (loss) per ordinary share (in PLN per one share assigned to owners of the Parent Entity)		-4.71	-7.32

**Consolidated statement of comprehensive income**

	Period ended 30 June 2024	Period ended 30 June 2023
<b>Profit for the period</b>	<b>-9 392</b>	<b>-14 615</b>
<b>Other comprehensive income net</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>-9 392</b>	<b>-14 615</b>

Total comprehensive income assigned to:			
Shareholders of Parent Entity		-9 453	-14 670
Non-controlling interest		61	55
Weighted average number of ordinary shares (in pcs.)		2 005 000	2 005 000
Total comprehensive income per ordinary share (in PLN per one share) assigned to owners of the Parent Entity		-4.71	-7.32

*Interim condensed consolidated financial statements of PROCHEM S.A. Capital Group as at and for the period of 6 months ended 30 June 2024*

**Consolidated statement of changes in equity**

(all amounts in PLN thousands if not stated otherwise)

	Share capital	Own shares	Revaluation reserve	Retained earnings	Equity assigned to shareholders of the parent entity	Equity assigned to non-controlling interest	Total equity
<b>Reporting period from 1 January 2024 to 30 June 2024</b>							
As at the beginning of the period	2 005	-	3 384	59 490	64 879	2 106	66 985
As at the beginning of the period upon making the data comparable	2 005	-	3 384	59 490	64 879	2 106	66 985
Net profit of the given period	-	-	-	-9 453	-9 453	61	-9 392
<i>Other comprehensive income (net)</i>	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-9 453	-9 453	61	-9 392
Other changes – acquisition of shares in subsidiary	-	-	-	219	219	-422	-203
Dividend paid to non-controlling interest	-	-	-	-	-	-82	-82
As at the end of the period	2 005	-	3 384	50 256	55 645	1 663	57 308

*Comparative period*

	Share capital	Own shares	Revaluation reserve	Retained earnings	Equity assigned to shareholders of the Parent Entity	Equity assigned to non-controlling interest	Total equity
<b>Reporting period from 1 January 2023 to 30 June 2023</b>							
As at the beginning of the period	2 355	-350	3 364	84 691	90 060	2 334	92 394
As at the beginning of the period upon making the data comparable	2 355	-350	3 364	84 691	90 060	2 334	92 394
Net profit of the given period	-	-	-	-14 670	-14 670	55	-14 615
<i>Other comprehensive income (net)</i>	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-14 670	-14 670	55	-14 615
Other changes – sale of subsidiary	-	-	-	53	53	-52	1
Dividend paid to non-controlling interest	-	-	-	-	-	-231	-231
As at the end of the period	2 355	-350	3 364	70 074	75 443	2 106	77 549



*Interim condensed consolidated financial statements of PROCHEM S.A. Capital Group as at and for the period of 6 months ended 30 June 2024*

**Consolidated statement of cash flows**  
**For the period from 1 January 2024 to 30 June 2024**  
(all amounts in PLN thousands if not stated otherwise)

	Period ended 30 June 2024	Period ended 30 June 2023
<b>Cash flows – operating activities</b>		
Before tax profit	-7 376	-17 627
Total adjustments	15 301	10 331
Amortization and depreciation	3 259	3 324
Interest and profit sharing (dividends)	1 423	1 279
Gain on disposal of property, plant and equipment	-77	-23
Change in provisions	1 555	-286
Change in inventories	1 400	-1 289
Change in receivables and other assets	19 585	-14 498
Change in current liabilities, except for loans and borrowings	-10 917	21 282
Other adjustments (including change in deferred income)	-927	543
Cash provided by (used in) operating activities	7 925	-7 296
Income tax paid	890	772
<b>Net cash provided by (used in) operating activities</b>	<b>7 035</b>	<b>-8 069</b>
<b>Cash flows – investing activities</b>		
Disposal of intangible assets and property, plant and equipment	73	56
Inflows from sale of shares in subsidiary	25	-
Acquisition of intangible assets and property, plant and equipment	-163	-926
Acquisition of shares in subsidiary	-203	-111
Other investment inflows	-	56
<b>Net cash provided by (used in) investing activities</b>	<b>-268</b>	<b>-925</b>
<b>Cash flows – financing activities</b>		
Bank loan incurred	-	3 552
Payments to owners, expenses related to profit distribution	-72	-231
Acquisition of shares for redemption	-	-59
Repayment of bank loans	-1 208	-
Interest and commission paid	-124	-124
Payment of liabilities under lease	-3 223	-3 440
<b>Net cash provided by (used in) financing activities</b>	<b>-4 627</b>	<b>-302</b>
Total cash flows, net	2 140	-9 296
Increase/(decrease)in net cash and cash equivalents	2 140	-9 296
<b>Cash and cash equivalents as at the beginning of the period</b>	<b>14 173</b>	<b>36 880</b>
<b>Cash and cash equivalents as at the end of the period</b>	<b>16 313</b>	<b>27 584</b>
Including restricted cash ( VAT account)	1 377	1 116

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

**1. Establishment of the company and its principal activity**

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

**1.1. The Management Board and Supervisory authorities of the Issuer**

The Management Board of the parent company of Prochem S.A. as at the date of preparation of hereby interim condensed consolidated financial statements, includes the following persons:

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

In the first half of 2024, there were no changes in the composition of the Management Board of Prochem S.A.

*Composition of the Supervisory Board of Prochem S.A*

As at the date of preparation of hereby interim consolidated financial statements, the following persons are included:

- Jarosław Stępniewski - Chairman of the Supervisory Board
- Karol Żbikowski - Vice Chairman of the Supervisory Board
- Marek Garliński
- Wiesław Kiepiel
- Steven Tappan

In the first half of 2024, there was a change in the composition of the Company's Supervisory Board due to the expiry of the mandates of the members of the Supervisory Board of the 11th term of office. The Ordinary General Meeting of Prochem S.A. by resolution No. 21 of 24 June 2024 appointed the Supervisory Board of the 12th term of office in the composition given above.

**2. Employment**

Average employment in the Capital Group in the first half of 2024 was 319.8 FTEs, and in the first half of 2023 was 346 FTEs. Level of employment in persons as at 30 June 2024 was 327 persons, and as at 30 June 2023 352 persons.

### **3. Description of the organization of the capital group, with an indication of the entities subject to consolidation**

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

#### Subsidiaries covered by full consolidation:

- Prochem Inwestycje Sp. z o.o. seated in Warsaw – subsidiary directly (100.0%);
- PKI PREDOM Sp. z o.o. seated in Wrocław – subsidiary indirectly (91.4% share in capital and profit, 91.4% of votes), including 85.7% share in capital and voting rights belongs to Prochem Inwestycje subsidiary in 100%;
- Prochem Zachód Sp. z o.o. seated in Warsaw – subsidiary directly (100%);
- Elektromontaż Kraków S.A. seated in Krakow – subsidiary indirectly (91.8%), including 57.49% share in capital and voting rights belongs to Prochem Inwestycje subsidiary in 100%;
- Prochem RPI Sp. z o.o. seated in Warsaw – subsidiary in 100% (including 3.3% share in capital and voting rights belongs to Prochem Inwestycje);
- Irydion Sp. z o.o. seated in Warsaw - subsidiary directly (100%).

#### Jointly-controlled entities and associated entities valued using the equity method:

- ITEL Sp. z o.o. seated in Gdynia – 42.0% of share (18.7% share in voting rights and capitals belongs directly to Prochem S.A., and 23.3% belongs to Prochem RPI Sp. z o.o. subsidiary in 100%) – value covered by a write-down - the company does not conduct business.

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

On January 10, 2024, Prochem S.A. acquired 32 shares of Prochem Zachód Sp. z o. o. based in Warsaw from the bankruptcy trustee of Przedsiębiorstwo-Usługowe Interbud West spółka z o. o. seated in Gorzów Wielkopolski. The value of the transaction amounted to PLN 203 thousand. As a result of the transaction, Prochem S.A. became the only shareholder of Prochem Zachód Sp. z o. o.

### **4. Adopted accounting principles**

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

Interim condensed consolidated financial statements of Prochem S.A. for the current period from January 1 to June 30, 2024, the comparable period from January 1 to June 30, 2023, together with selected explanatory notes, was reviewed by the statutory auditor.

Interim condensed consolidated financial statements of PROCHEM S.A. for the first half of 2024 was prepared according to International Accounting Standards IAS 34 „Interim Reporting”, in the shape approved by the European Union and with Decree of the Minister of Finance of 19 February 2009 on current and periodic information provided by issuers of securities and with Decree of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and conditions for recognition as equivalent an information required by the law of a non-Member State (Official Journal of 2018 item 757) („Decree”). Hereby interim condensed financial statements do not contain the information and disclosures required for complete financial statements and should be read together. Hereby interim condensed consolidated financial statements do not contain the information

***Interim condensed consolidated financial statements of PROCHEM S.A. Capital Group as at and for the period of 6 months ended 30 June 2024***

and disclosures required for complete financial statements and should be read together with consolidated financial statements for the financial year ended 31 December 2023.

The presented financial statements of the Prochem S.A. Capital Group present fairly and clearly the financial and property position as at June 30, 2024 and the comparative data as at December 31, 2023, as well as the results of this activity for the year ended June 30, 2024 and the comparative data for the year ended June 30, 2023. Condensed consolidated financial statements for the period from 1 January to 30 June 2024 and as at 30 June 2023 was subject to review by certified auditor.

Hereby interim condensed consolidated financial statements of the Prochem S.A. Capital Group have been prepared at assuming to continue business operations as a going concern by the Group in an unchanged form and scope for a period of at least 12 months from the end of the reporting period and there are no indications of any intended or forced cessation or significant limitation of its current activities. The Management Board of Prochem S.A., the parent company of the Prochem S.A. Capital Group, does not identify any facts or circumstances as at the date of signing the condensed consolidated financial statements that would indicate a threat to the going concern in the foreseeable future.

In preparing hereby financial statements, the same accounting principles and calculation methods were applied as those used in the financial statements of Prochem S.A. for the year ended December 31, 2023.

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

- land, buildings and construction measured at revalued amount,
- investment properties and investment properties-in progress measured at fair value.

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

The duration of the operations of the individual Capital Group companies is not limited.

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

***Significant accounting principles and changes in IFRS***

The preparation of financial statements under IFRS endorsed by EU requires using certain accounting estimates and adoption of assumptions concerning future events. Items of the financial statements set on the basis of the estimates are subject to verification if circumstances being base of estimates are changing or as a result of obtaining new information, or of the progressive development of events or of acquiring greater experience. In preparing hereby financial statements were applied the same accounting principles and the same calculation methods which were applied in the consolidated financial statements of the Prochem S.A. Capital group for the year ended 31 December 2023.

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

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

Approved by the IASB for use after January 1, 2024:

- Amendments to IFRS 16 "Lease" - lease liabilities in sale and leaseback transactions.
- Amendments to IAS 1 "Presentation of Financial Statements" - classification of liabilities as current or non-current, including amendments regarding deferral of the effective date, with an effective date of 1 January 2024 or later.
- Amendments to IAS 1 "Presentation of Financial Statements" - concerning non-current liabilities linked to covenants, with an effective date of 1 January 2024 or later.
- Amendments to IAS 7 and IFRS 7 regarding disclosure of information about supplier financing arrangements, with an effective date of 1 January 2024 or later.

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

The Group has not decided to apply the Standards and amendments to standards that have been published and approved for use in the EU but have not yet entered into force; it will implement them on the date of adoption.

**5. Functional currency and presentation currency of financial statements**

Consolidated financial statements are presented in thousands of Polish Zloty ('zloty' or "PLN"), which is the reporting currency and the functional currency of the Companies from the Capital Group S.A.

## 6. Explanatory notes to interim condensed consolidated financial statements prepared for the six-month period ended June 30, 2024

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

	As at 30 June 2024	As at 31 December 2023
Property, plant and equipment, including:	15 078	13 365
- land	1 864	1 881
- buildings, premises, civil engineering facilities	9 654	9 278
- machinery and equipment	1 902	843
- vehicles	1 356	1 027
- other PPE	302	336
Construction under progress	-	1 988
<b>Total property, plant and equipment</b>	<b>15 078</b>	<b>15 353</b>

Property, plant and equipment – ownership structure	As at 30 June 2024	As at 31 December 2023
a) own	4 530	4 823
b) used under a rental, lease or other agreement, including:	10 548	10 530
- lease	875	9 530
- rental	8 690	-
- value of the right of perpetual usufruct	983	1 000
<b>Total carrying value of property, plant and equipment</b>	<b>15 078</b>	<b>15 353</b>

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

Land, buildings and constructions are carried at revalued amount, being its fair value at the date of the revaluation, set by experts, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Fair value as at June 30, 2024 does not differ significantly from fair value. Fair value was set based on measurement as at December 31, 2023 made by the independent valuers not associated with the Group. The valuers have the right qualifications to carry out valuations of land, buildings and structures, as well as current experience in such valuations in locations where are located assets of the Group.

	Change in PPE from 1 January 2024 to 30 June 2024	Change in PPE from 1 January 2023 to 30 June 2023
<b>Gross value</b>		
<b>As at opening balance sheet</b>	<b>37 235</b>	<b>35 889</b>
Increase (due to)	734	2 838
- acquisition of non-current assets	734	2 838
Decrease (due to)	-430	-1 492
- disposal of non-current assets	-294	-384
- liquidation of non-current assets	-118	-389
- updating of non-current assets	-	12
- change – sale of subsidiary	-	-742
- changes	-18	11
<b>As at closing balance sheet</b>	<b>37 539</b>	<b>37 235</b>

*Interim condensed consolidated financial statements of PROCHEM S.A. Capital Group as at and for the period of 6 months ended 30 June 2024*

<b>Depreciation and impairment</b>		
<b>As at opening balance sheet – accumulated depreciation</b>	<b>21 882</b>	<b>21 120</b>
Depreciation for the period (due to)	579	762
- increase (accrued depreciation)	991	1 966
- decrease under disposal of non-current assets	-294	-377
- decrease under liquidation of non-current assets	-118	-359
- changes – disposal of subsidiary	-	-491
- other changes	-	-7
<b>As at closing balance sheet - accumulated depreciation</b>	<b>22 461</b>	<b>21 882</b>
<b>Depreciation and impairment</b>	<b>-</b>	<b>-</b>
<b>PPE net value as at closing balance sheet</b>	<b>15 078</b>	<b>15 353</b>

**Note 2 – Investment Property**

	As at 30 June 2024	As at 31 December 2023
Buildings and constructions	7 666	7 813
Land	4 406	4 406
<b>Total investment property</b>	<b>12 072</b>	<b>12 219</b>

<b>Investment property according to category</b>	Change in investment property for the period from 1 January 2024 to 30 June 2024	Change in investment property for the period from 1 January 2023 to 31 December 2023
<b>Investment property – land</b>		
As at opening balance sheet:	4 406	4 406
increase due to measurement at fair value	-	-
<b>As at closing balance sheet</b>	<b>4 406</b>	<b>4 406</b>
<b>Investment property - buildings and constructions</b>		
As at opening balance sheet:	7 813	8 152
- change due to:		
a) increase – acquisition	43	41
b) decrease – depreciation accrued	-190	-380
<b>Total changes</b>	<b>-147</b>	<b>-339</b>
<b>As at closing balance sheet</b>	<b>7 666</b>	<b>7 813</b>
Write-down of investment property	-	-
<b>Total investment property</b>	<b>12 072</b>	<b>12 219</b>

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

Carrying value of the investment property as at 30 June 2024 does not significantly differ from fair value. Measurement at fair value as at 31 December 2023 was made by the independent valuers not associated with the Group. Valuers have the right qualifications to carry out valuations of investment property as well as current experience in such valuations in locations where are located assets of the Group. Valuation was carried out by reference to the market transaction prices for similar assets.

Details concerning investment property and information on the hierarchy of fair values as at 30 June 2024.



*Interim condensed consolidated financial statements of PROCHEM S.A. Capital Group as at and for the period of 6 months ended 30 June 2024*

	Level 1	Level 2	Level 3	Fair value as at 30.06.2024
	In PLN thousands	In PLN thousands	In PLN thousands	In PLN thousands
Investment property	-	-	12 072	12 072

There were no displacements between the levels 1, 2 and 3 in the first half of 2024.

**Note 3 – The Right-of-Use Assets**

	As at 30 June 2024	As at 31 December 2023
- machinery and equipment	22 752	24 641
- vehicles	236	285
<b>Total assets</b>	<b>1 494</b>	<b>767</b>
- machinery and equipment	<b>24 482</b>	<b>25 693</b>

For the period from 1 January 2024 to 30 June 2024	Buildings and constructions	Tools, instruments, movables and equipment	Vehicles	Total
<b>Gross book value</b>	<b>41 524</b>	<b>333</b>	<b>3 891</b>	<b>45 748</b>
Increase in gross value-conclusion of new contracts	-	-	1 010	1 010
Increase in gross value-updating the value of contracts concluded	-	-	86	86
Decrease in gross value – ending of contract	-224	-	-1 098	-1 322
Write-down	-	-16	-	-16
<b>Total</b>	<b>41 300</b>	<b>317</b>	<b>3 889</b>	<b>45 506</b>
<b>Increase (+) /decrease (-)</b>				
Depreciation - as at opening balance	16 883	48	3 124	20 055
Depreciation accrued	1 665	33	369	2 067
Decrease - ending of contract	-	-	-1 098	-1 098
<b>Total as at 30.06.2024</b>	<b>18 548</b>	<b>81</b>	<b>2 395</b>	<b>21 024</b>
Gross book value	41 300	317	3 889	45 506
Accumulated depreciation	-18 548	-81	-2 395	-21 024
<b>Book value net as at 30.06.2024</b>	<b>22 752</b>	<b>236</b>	<b>1 494</b>	<b>24 482</b>

**Comparative data**

Description	Buildings and constructions	Machinery and equipment	Vehicles	Total
Book value gross	41 326	378	3 846	45 550
Increase in value – conclusion of new contracts	-	-	363	363
Increase in gross value– updating the value of concluded contracts	198	293	-3	488
Decrease in value – ending of contract	-	-338	-315	-653
<b>Total</b>	<b>41 524</b>	<b>333</b>	<b>3 891</b>	<b>45 748</b>
<b>Increase (+) /decrease (-)</b>				
Depreciation – as at opening balance sheet	-13 519	-337	-2 691	-16 547
Book value gross	-3 364	-48	-738	-4 150
Decrease - ending of contract	-	337	305	642



*Interim condensed consolidated financial statements of PROCHEM S.A. Capital Group as at and for the period of 6 months ended 30 June 2024*

<b>Total</b>	<b>-16 883</b>	<b>-48</b>	<b>-3 124</b>	<b>-20 055</b>
<b>Total as at 31.12.2023</b>				
Book value gross	41 524	333	3 891	<b>45 748</b>
Accumulated depreciation	-16 883	-48	-3 124	<b>-20 055</b>
<b>Book value net as at 31.12.2023</b>	<b>24 641</b>	<b>285</b>	<b>767</b>	<b>25 693</b>

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

Shares in jointly-controlled entities and in associated entities	As at 30 June 2024	As at 31 December 2023
- shares – net value	-	-
- write-downs of shares	708	1 011
<b>Shares, gross value</b>	<b>708</b>	<b>1 011</b>

Change in shares in jointly-controlled entities and in associated entities	As at 30 June 2024	As at 31 December 2023
a) as at the beginning of the period	-	-
- shares at cost	-	-
b) as at the end of the period net	-	-
c) write-down	708	1 011
<b>d) as at the end of the period gross</b>	<b>708</b>	<b>1 011</b>

*Note 5 – Settlement of Deferred Income Tax*

Changes in provision and deferred tax assets for the first half of 2024 are presented in the table below

Deferred tax assets	As at 30 June 2024	As at 31 December 2023
As at the beginning of the period	14 823	10 495
Increase	4 863	12 856
Decrease	-6 696	-8 528
<b>As at the end of the period</b>	<b>12 990</b>	<b>14 823</b>

Provision under deferred income tax	As at 30 June 2024	As at 31 December 2023
As at the beginning of the period	7 645	10 338
Increase	4 294	5 322
Decrease	-4 704	-8 015
<b>As at the end of the period</b>	<b>7 235</b>	<b>7 645</b>

	As at 30 June 2024	As at 31 December 2023
Deferred tax assets	12 990	14 823
Provision under deferred income tax	-7 235	-7 645
<b>Assets/(Provision) under deferred income tax</b>	<b>5 755</b>	<b>7 178</b>

*Interim condensed consolidated financial statements of PROCHEM S.A. Capital Group as at and for the period of 6 months ended 30 June 2024*

<b>Presentation in the statement of financial position</b>	<b>As at 30 June 2024</b>	<b>As at 31 December 2023</b>
Deferred tax assets	7 107	8 624
Provision under deferred income tax	-1 352	-1 446
<b>Assets/(Provision) under deferred income tax</b>	<b>5 755</b>	<b>7 178</b>

*Note 6 – Other Financial Assets*

<b>Other financial assets</b>	<b>As at 30 June 2024</b>	<b>As at 31 December 2023</b>
a) discounted security deposits securing bank guarantee lines	4 069	4 969
<b>Total other non-current financial assets</b>	<b>4 069</b>	<b>4 969</b>

*Note 7 - Inventories*

<b>Inventories</b>	<b>As at 30 June 2024</b>	<b>As at 31 December 2023</b>
Materials	1 362	2 762
<b>Total inventories</b>	<b>1 362</b>	<b>2 762</b>
Including write-down of inventories	557	557

*Note 8 – Trade and Other Receivables*

<b>Trade and other receivables</b>	<b>As at 30 June 2024</b>	<b>As at 31 December 2023</b>
Trade receivables	31 558	41 140
Write-down of trade receivables	5 279	5 372
<b>Trade receivables net, including</b>	<b>26 279</b>	<b>35 768</b>
- with repayment period up to 12 months	22 015	31 953
- with repayment period more than 12 months	4 264	3 725
<b>Receivables from taxes, subsidies, custom duties, social and health insurance and other benefits</b>	<b>932</b>	<b>243</b>
Other receivables	1 668	1 712
Write-down of other receivables	51	51
<b>Other receivables net</b>	<b>1 617</b>	<b>1 661</b>
<b>Total receivables</b>	<b>28 828</b>	<b>37 672</b>

To estimate the expected credit loss, the Group used a reserve matrix, which was developed based on observations of historical levels of aging and repayment of receivables. The Group performed an impairment test for assets - in the trade receivables item. As a result of the test, expected credit losses were not estimated. For other classes of financial assets and liabilities, fair value equals book value.

<b>Trade receivables with the remaining repayment period from the balance sheet date</b>	<b>As at 30 June 2024</b>	<b>As at 31 December 2023</b>
a) up to 1 month	18 697	18 253
b) above 1 month up to 3 months	3 316	12 072
c) above 3 months up to 6 months	562	650
d) above 6 month up to 1 year	183	55
e) above 1 year	4 161	4 043
f) receivables overdue	4 761	6 067

*Interim condensed consolidated financial statements of PROCHEM S.A. Capital Group as at and for the period of 6 months ended 30 June 2024*

<b>Total trade receivables (gross)</b>	<b>31 680</b>	<b>41 140</b>
g) write-downs of trade receivables	5 401	5 372
<b>Total trade receivables (net)</b>	<b>26 279</b>	<b>35 768</b>
<b>Age analysis of overdue trade receivables (gross)</b>	<b>As at 30 June 2024</b>	<b>As at 31 December 2023</b>
a) up to 1 month	5	34
b) above 1 month up to 3 months	3	1 545
c) above 3 months up to 6 months	4	38
d) above 6 month up to 1 year	-	-
e) above 1 year	4 749	4 959
<b>Total overdue trade receivables (gross)</b>	<b>4 761</b>	<b>6 576</b>
f) write-downs of overdue trade receivables	4 749	5 372
<b>Total overdue trade receivables (net)</b>	<b>12</b>	<b>1 204</b>

<b>Change in write-downs of trade and other receivables</b>	<b>As at 30 June 2024</b>	<b>As at 31 December 2023</b>
<b>As at the beginning of the period</b>	<b>5 424</b>	<b>4 856</b>
a) increase (due to)	21	612
- provision to receivables	21	612
b) decrease (due to)	114	44
- use of write-downs created in previous periods	114	10
- release of provision to receivables	-	34
- other	-	-
<b>Write-downs of current trade and other receivables as at the end of the period</b>	<b>5 331</b>	<b>5 424</b>

As at 30 June 2024 and 31 December 2023 trade receivables include current security deposits under statutory warranty granted for construction and assembly work, respectively for the amounts of PLN 4 264 thousand and 4 910 thousand.

**Note 9 – Other Financial Assets**

<b>Other financial assets</b>	<b>As at 30 June 2024</b>	<b>As at 31 December 2023</b>
a) from other entities:	2 224	596
- other financial assets – statutory warranty securing bank guarantee	2 224	596
<b>Total other financial assets</b>	<b>2 224</b>	<b>596</b>
Write-downs of other financial assets	-	-
<b>Other financial assets gross</b>	<b>2 224</b>	<b>596</b>

**Note 10 – Other Assets**

<b>Other assets by type:</b>	<b>As at 30 June 2024</b>	<b>As at 31 December 2023</b>
a) prepayments	2 212	1 338
- cost of property and personnel insurance	661	366
- software maintenance costs	1 215	925
- subscriptions	11	9
- deferred costs	99	27
- land use fee	32	11

*Interim condensed consolidated financial statements of PROCHEM S.A. Capital Group as at and for the period of 6 months ended 30 June 2024*

- other	6	-
- write-off for the Social Fund	188	-
b) other prepayments and accruals	4	-
<b>Other assets</b>	<b>2 216</b>	<b>1 338</b>

*Note 11 – Share Capital*

SHARE CAPITAL (STRUCTURE)		Number of shares	Number of votes
Total number of registered non-preferred shares		7 397	7 397
Total bearer shares		1 997 603	1 997 603
<b>Total number of shares</b>		<b>2 005 000</b>	
<b>Share capital, total</b>			<b>2 005 000</b>
<b>Nominal value of one share = PLN 1.00</b>			

As at the date of publication of hereby financial statements 2 005 000 shares remains in trade, the total number of votes attached to these shares is 2 005 000.

**Changing the rights from the issuer’s securities**

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

Name of the shareholder	Number of shares held (in pcs.)	Number of votes held	% of votes in total number of votes	% of share capital
1. Steven Tappan	1 002 500	1 002 500	50.00	50.00
2. Otwarty Fundusz Emerytalny PZU „Złota Jesień”	284 916	284 916	14.21	14.21

There was no change in the rights attached to the shares of Prochem S.A. in 2024.

*Note 12 – Retained Earnings*

	As at 30 June 2024	As at 31 December 2023
Spare capital	50 088	74 372
Other reserve capitals	9 621	9 621
Profit for the previous period	-	-20
Profit for the period	-9 453	-24 483
<b>Total</b>	<b>50 256</b>	<b>59 490</b>

*Interim condensed consolidated financial statements of PROCHEM S.A. Capital Group as at and for the period of 6 months ended 30 June 2024*

**Note 13 – Current Bank Loans**

	As at 30 June 2024	As at 31 December 2023
- loans	1 344	2 552

Information on bank loans incurred

Name of the bank	Registered office	Loan limit	Amount engaged	Repayment Date	Terms of interest	Collateral
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mBank S.A.	Warsaw	4 000	0	29.08.2024	WIBOR ON PLN plus margin. Interest is charged annually on the amount of credit used	promissory note in blank
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By Elektromontaż Kraków S.A.

ING BANK Śląski	Katowice	3 000	83	19.11.2024	WIBOR for 1-month deposits ON in PLN + margin	Mortgage + bill of exchange
mBank S.A.	Warsaw	1 500	1 261	28.02.2025	WIBOR ON + margin	Mortgage + bill of exchange

**Note 14 – Trade Payables**

	As at 30 June 2024	As at 31 December 2023
a) to other entities	35 264	34 123
- from supplies and services, with maturity period:	35 264	34 123
- up to 12 months	35 264	34 123
- over 12 months	-	-
<b>Total current trade payables</b>	<b>35 264</b>	<b>34 123</b>
Non-current liabilities under security deposits seized with maturity period above 12 months	4 907	4 486
<b>Total trade payables</b>	<b>40 171</b>	<b>38 609</b>

**Note 15 - Settlements under Non-current Agreements**

	As at 30 June 2024	As at 31 December 2023
- amounts due from recipients under non-current contracts	23 315	34 126
<b>amounts due from recipients under non-current contracts</b>	<b>23 315</b>	<b>34 126</b>

	As at 30 June 2024	As at 31 December 2023
- amounts owed to recipients under non-current contracts:	1 322	7 066
a) current	1 322	7 066
<b>Amounts owed to recipients under non-current contracts</b>	<b>1 322</b>	<b>7 066</b>

*Interim condensed consolidated financial statements of PROCHEM S.A. Capital Group as at and for the period of 6 months ended 30 June 2024*

Description	As at 30 June 2024	As at 31 December 2023
Revenues according to contracts	545 869	566 941
Revenues invoiced	502 572	481 831
Liabilities planned under execution of contracts	533 479	539 485
Fulfilled liabilities under contracts	519 072	486 243
Amounts due from recipients	23 315	34 126
Amounts owed to recipients	1 322	7 066

**Note 16 - Liabilities under Lease**

Liabilities at the end of the period, including:	As at 30 June 2024	As at 31 December 2023
- liabilities under finance lease	877	606
- liabilities under right-of-use	27 363	28 088
<b>Total liabilities under lease</b>	<b>28 240</b>	<b>28 694</b>
<b>Including current</b>	<b>4 440</b>	<b>3 823</b>

**Liabilities under finance lease**

In PLN thousands	Future minimum lease payments	Interest	Current value	Future minimum lease payments	Interest	Current value
	In 2024	In 2024	In 2024	In 2023	In 2023	In 2023
Up to one year	323	44	367	274	26	300
1 to 5 years	554	25	579	332	22	354
<b>Total</b>	<b>877</b>	<b>69</b>	<b>946</b>	<b>606</b>	<b>48</b>	<b>654</b>

**Liabilities under right-of-use**

In PLN thousands	Future minimum lease payments	Interest	Current value	Future minimum lease payments	Interest	Current value
	In 2024	In 2024	In 2024	In 2023	In 2023	In 2023
Up to one year	4 117	1 753	5 870	3 549	1 995	5 544
1 to 5 years	14 567	4 221	18 788	16 354	5 111	21 465
above 5 years	8 679	601	9 280	8 185	664	8 849
<b>Total</b>	<b>27 363</b>	<b>6 575</b>	<b>33 938</b>	<b>28 088</b>	<b>7 770</b>	<b>35 858</b>

**Note 17 – Other Liabilities**

	As at 30 June 2024	As at 31 December 2023
a) to other entities	2 787	2 907
- under taxes, duties, insurance and other charges	1 920	2 400
- under remuneration	410	408
- other (by type)	457	99
liabilities to employees	4	13
liabilities to shareholders	20	10
other	433	76

*Interim condensed consolidated financial statements of PROCHEM S.A. Capital Group as at and for the period of 6 months ended 30 June 2024*

b) other current provisions	3 639	8 583
- provision for costs accrued to the previous year, concerning long –term contracts	1 698	5 800
- provision to costs	150	736
- cost of audit	48	140
- current provision for retirement benefit	317	329
- provision for unused holiday leaves	1 426	1 578
<b>Total other liabilities</b>	<b>6 426</b>	<b>11 490</b>

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

Revenues from the sale of goods and materials (material structure and types of activities)	Period ended 30 June 2024	Period ended 30 June 2023
- revenues from sale of goods , including:	<b>84 815</b>	<b>180 334</b>
- from related entities	-	-
<b>Revenues from sale of services (territorial structure)</b>	<b>Period ended 30 June 2024</b>	<b>Period ended 30 June 2023</b>
Domestic	<b>84 815</b>	<b>180 334</b>

Revenues under contracts for construction services (general contracting) and other services are presented in Note 26 – operating segments.

The gross amount due from ordering parties/buyers for the work under the contracts was presented in Note 15.

Information on major customers, whose total value of revenues from sales of services exceeds 10% of the total revenues disclosed in statement of profit and loss of the entity for the first half of 2023 is included in Note 26 – operating segments.

**Note 19 - Revenues from Sale of Goods and Materials**

Revenues from the sale of goods and materials (material structure and types of activities)	Period ended 30 June 2024	Period ended 30 June 2023
- revenues from sale of goods	<b>486</b>	<b>660</b>
<b>Revenues from sale of goods and materials (territorial structure)</b>	<b>Period ended 30 June 2024</b>	<b>Period ended 30 June 2023</b>
Domestic	<b>486</b>	<b>660</b>

**Note 20 – Cost of Services Sold**

Costs by type	Period ended 30 June 2024	Period ended 30 June 2023
a) amortization and depreciation	3 259	3 324
b) consumption of materials and energy	19 521	12 284
c) outsourcing	41 935	149 521
d) taxes and levies	189	177
e) remuneration	18 667	22 154
f) social security and other benefits	4 253	4 829
g) other costs by type	2 762	2 714
- property and personal insurance	923	611

*Interim condensed consolidated financial statements of PROCHEM S.A. Capital Group as at and for the period of 6 months ended 30 June 2024*

- business trips	615	1 031
- State Fund for Rehabilitation of Disabled Persons PFRON	267	272
- rental of cars	130	176
- other	827	624
<b>Total costs by type</b>	<b>90 586</b>	<b>195 003</b>
Change in inventories, products and prepayments	-591	6 159
General and administrative expenses (negative value)	-8 699	-7 885
<b>Costs of services sold</b>	<b>81 296</b>	<b>193 277</b>

**Note 21 - Other Operating Income**

	Period ended 30 June 2024	Period ended 30 June 2023
a) gain on sale of non-financial non-current assets	77	24
b) reversal of impairment allowance (due to)	-	14
- for receivables	-	14
c) other, including::	63	6 505
- return of litigation cost	1	57
- compensation, fines and penalties received	17	6 364
- release of provision	28	24
- other	17	60
<b>Total other operating income</b>	<b>140</b>	<b>6 543</b>

**Note 22 - Other Operating Expenses**

	Period ended 30 June 2024	Period ended 30 June 2023
a) impairment allowance	21	52
- for receivables	21	52
b) other, including:	243	430
- litigation costs	8	141
- fines, penalties and compensation paid	189	162
- actuarial valuation of employee benefits	1	1
- other	45	126
<b>Total other operating expenses</b>	<b>264</b>	<b>482</b>

**Note 23 - Financial Income**

	Period ended 30 June 2024	Period ended 30 June 2023
a) interest under loans granted	-	-
- from jointly-controlled entities	-	-
b) other interest	54	386
- from other entities	54	386
c) surplus of positive exchange rate differences	95	-
d) other, including:	88	297
- revenues under discounted non-current liabilities	-	283
- revenues under discounted financial assets	87	-
- other	1	14
<b>Total financial income</b>	<b>237</b>	<b>683</b>



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**Note 24 – Finance Costs**

	Period ended 30 June 2024	Period ended 30 June 2023
a) interest on bank loans	123	120
b) other interest	1 262	1 183
- for other entities	23	28
- under lease	1 239	1 155
c) surplus of negative exchange rate differences	214	1 637
d) other, under:	796	744
- commission on bank guarantees	418	595
- commission on loans	1	4
- costs under discount of financial assets	-	70
- costs under discounted non-current liabilities	297	-
- other costs	80	75
<b>Total finance costs</b>	<b>2 395</b>	<b>3 684</b>

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

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

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

	30 June	
	In 2024	In 2023
<b>Change in current receivables</b>	<b>19 585</b>	<b>-15 290</b>
Receivables as at 1 January	37 847	51 511
Amounts due from recipients under contracts as at 1 January	34 126	41 194
Other assets as at 1 January	1 338	4 784
Receivables under seized security deposits as at 1 January	1 185	2 431
Receivables under disposal of financial assets	-168	-
Adjustment under disposal of subsidiary in 2022	-	-280
Adjustment under disposal of subsidiary in 2023	-	-3 937
<b>Opening balance sheet after adjustments</b>	<b>74 328</b>	<b>95 703</b>
Receivables as at 30 June	28 828	67 130
Amounts due from recipients under contracts as at 30 June	23 315	40 064
Other assets as at 30 June	2 216	1 533
Receivables under seized security deposits as at 30 June	527	2 490
Receivables under non-current assets sold	-	-224
Receivables under disposal of financial assets	-143	-
<b>Closing balance sheet after adjustments</b>	<b>54 743</b>	<b>110 993</b>
<b>Change in current liabilities except for current loans and special funds</b>	<b>-10 917</b>	<b>21 282</b>
Trade payables as at 1 January	34 123	55 802
Other liabilities as at 1 January	11 490	10 071
Amounts owed to suppliers under contracts as at 1 January	7 066	538
Liabilities under seized security deposits as at 1 January	4 486	8 761
Other non-current liabilities as at 1 January	57	153
Provision for current retirement benefits	-329	-301
Provisions for annual leaves	-1 578	-1 797
Provision for audit	-140	-69

***Interim condensed consolidated financial statements of PROCHEM S.A. Capital Group as at and for the period of 6 months ended 30 June 2024***

Provision for current other costs	-7	-9
Investment commitments	-3	-84
Liabilities to shareholders	-10	-16
Adjustment of Opening Balance Sheet under sale of subsidiary in 2023	-	-2 072
<b>Opening Balance after adjustments</b>	<b>55 155</b>	<b>70 977</b>
Trade payables as at 30 June	35 264	70 046
Amounts owed to recipients under contracts as at 30 June	1 322	2 603
Other liabilities as at 30 June	6 426	15 516
Liabilities under seized security deposits as at 30 June	4 907	5 911
Other non-current liabilities as at 30 June	53	160
Provision for current retirement benefits	-317	-266
Provisions for annual leaves	-1 426	-1 636
Provision for audit	-48	-
Provision for current other costs	-1 834	-
Investment commitments	-89	-65
Liabilities to shareholders	-20	-10
<b>Closing balance after adjustment</b>	<b>44 238</b>	<b>92 259</b>
<b>Change in other adjustments as at 30 June</b>	<b>-927</b>	<b>542</b>
Change in deferred income – advances received	-290	7
Other	-637	535

***Note 26– Operating Segments***

In the period from January 1, 2024 to June 30, 2024, there were no revenues from operations generated outside Poland (Exports) in the analogous period of the previous year, and the Group did not also generate revenues from Exports.

Information on major customers, which share in sales revenue for the first half of 2023 exceeded 10% of the total sales revenue:

- A Client dealing in the production of artificial fertilizers – sales revenue PLN 20 920 thousand, representing 24.67% of sales revenue, which were disclosed in the segment „General contracting”.
- A client providing consulting services, planning and engineering in the field of construction, construction services by third parties with the profile of a Project Management or General Contractor – sales revenue PLN 15 685 thousand, representing 18.49% of sales revenue, which were disclosed in the segment „Assembly of electrical installations”
- A customer involved in the production of tires, prefabricated parts for tire production – sales revenue PLN 11 389 thousand, representing 13.43% of sales revenue, which were disclosed in the segment „Assembly of electrical installations”

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

*Interim condensed consolidated financial statements of PROCHEM S.A. Capital Group as at and for the period of 6 months ended 30 June 2024*

*Note operating segments*

For the period from 01.01.2024 to 30.06.2024	General contracting o	Design services, and other engineering services	Rental of construction equipment	Assembly of electrical installation	Rental of office space and real estate	Management of real estates	Commercial activity	Other IT services	Other	Items not assigned	Total
Revenues to external clients	21 936	18 318	66	39 478	3 074	156	486	-	1 787	-	85 301
<b>Total segment revenues</b>	<b>21 936</b>	<b>18 318</b>	<b>66</b>	<b>39 478</b>	<b>3 074</b>	<b>156</b>	<b>486</b>	<b>-</b>	<b>1 787</b>	<b>-</b>	<b>85 301</b>
<b>Result of the segment</b>	<b>-5 506</b>	<b>-3 265</b>	<b>11</b>	<b>1 447</b>	<b>456</b>	<b>-</b>	<b>87</b>	<b>-</b>	<b>1 676</b>	<b>-</b>	<b>-5 094</b>
Financial income										237	237
Finance costs										-2 395	-2 395
Net financial income										-2 158	-2 158
Profit on operating activities										-124	-124
Before tax profit										-7 376	<b>-7 376</b>
Income tax										2 016	2 016
Profit for the current period										-9 392	<b>-9 392</b>
Loss assigned to non-controlling interest										61	<b>61</b>
<b>Profit for the period assigned to shareholders of the parent entity</b>										<b>-9 453</b>	<b>-9 453</b>
Segment assets (related to activity)	1 258	6 904	-	24 673	28 530	-	-	-	290	-	61 655
Unallocated /not assigned assets (among others shares and other financial assets)										76 816	76 816
<b>Total assets</b>	<b>1 258</b>	<b>6 904</b>	<b>-</b>	<b>24 673</b>	<b>28 530</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>290</b>	<b>76 816</b>	<b>138 471</b>
Segment liabilities (related to activity)	16 763	375	4 780	19 375	11 413	-	-	18	-	28 439	81 163
Owner's equity	-	-	-	-	-	-	-	-	-	55 645	55 645
Non-controlling interest	-	-	-	-	-	-	-	-	-	1 663	1 663
<b>Liabilities and equity, total</b>	<b>16 763</b>	<b>375</b>	<b>4 780</b>	<b>19 375</b>	<b>11 413</b>	<b>-</b>	<b>-</b>	<b>18</b>	<b>-</b>	<b>85 747</b>	<b>138 471</b>
Depreciation of property, plant and equipment	146	681	1	497	1 041	-	-	-	39	843	3 248
Amortization of intangible assets	-	-	-	5	-	-	-	-	-	6	11

*Interim condensed consolidated financial statements of PROCHEM S.A. Capital Group as at and for the period of 6 months ended 30 June 2024*

*Note operating segments continuation*

For the period from 01.01.2023 to 30.06.2023	General contracting	Design services, and other engineering services	Rental of construction equipment	Assembly of electrical installation	Rental of office space and real estate	Management of real estates	Commercial activity	Other IT services	Other	Items not assigned	Total
Revenues to external clients	127 421	26 582	116	23 384	2 694	104	660	-	33	-	180 994
<b>Total segment revenues</b>	<b>127 421</b>	<b>26 582</b>	<b>116</b>	<b>23 384</b>	<b>2 694</b>	<b>104</b>	<b>660</b>	-	<b>33</b>	-	<b>180 994</b>
<b>Result of the segment</b>	<b>-24 252</b>	<b>1 747</b>	<b>-29</b>	<b>1 211</b>	<b>551</b>	-	<b>142</b>	-	<b>-57</b>	-	<b>-20 687</b>
Financial income										683	683
Finance costs										-3 684	-3 684
Net financial income										-3 001	-3 001
Profit on operating activities										6 061	6 061
Before tax profit										-17 627	<b>-17 627</b>
Income tax										-3 012	-3 012
Profit for the current period										-14 615	<b>-14 615</b>
Loss assigned to non-controlling interest										55	<b>55</b>
<b>Profit for the period assigned to shareholders of the parent entity</b>										-14 670	<b>-14 670</b>
Segment assets (related to activity)	41 041	10 011	13	21 326	18 916	-	-	-	-	-	91 307
Unallocated /not assigned assets (among others shares and other financial assets)										118 913	118 913
<b>Total assets</b>	<b>41 041</b>	<b>10 11</b>	<b>13</b>	<b>21 326</b>	<b>18 916</b>	-	-	-	-	<b>118 913</b>	<b>210 220</b>
Segment liabilities (related to activity)	41 305	5 100	32	25 486	12 972	-	-	-	-	47 776	132 671
Owner's equity	-	-	-	-	-	-	-	-	-	75 443	75 443
Non-controlling interest	-	-	-	-	-	-	-	-	-	2 106	2 106
<b>Liabilities and equity, total</b>	<b>41 305</b>	<b>5 100</b>	<b>32</b>	<b>25 486</b>	<b>12 972</b>	-	-	-	-	<b>125 325</b>	<b>210 220</b>
Depreciation of property, plant and equipment	173	717	10	463	1 045	-	-	-	56	835	3 299
Amortization of intangible assets	-	-	-	13	-	-	-	-	-	12	25

***Information on the geographical areas***

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

	<b>01.01-30.06.2024</b>	<b>01.01-30.06.2023</b>
Poland	85 301	180 994
<b>Total sales revenue</b>	<b>85 301</b>	<b>180 994</b>

Geographical breakdown of property, plant and equipment and intangible assets

	<b>30.06.2024</b>	<b>30.06.2023</b>
Poland	15 121	15 088
<b>Total property, plant and equipment and intangible assets</b>	<b>15 121</b>	<b>15 088</b>

***Note 27 - Profit per One Share***

Net loss per 1 share of the Parent Entity remaining in trade as at 30 June 2024 was PLN (4.71), and for the analogous period of 2023 net loss was PLN (7.32).

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

Profit for the period of the Prochem S.A. Capital Group is not subject to distribution.

Pursuant to the Resolution No. 15 of the Ordinary General Meeting of June 24, 2024 the Issuer's net loss for 2023 in the amount of PLN 19,590,790.39 was covered from spare capita.

***Note 29 - Dividends***

The Issuer did not pay dividend for 2023.

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

***30.1. Categories and classes of financial instruments***

***Financial assets***

<b>30 June 2024</b>	<b>Categories of financial instruments</b>		
		<b>Loans, receivables and other</b>	<b>Total</b>
<b>Classes of financial instruments</b>	<b>note</b>		
Receivables from supplies and services	8	26 279	26 279
Amounts due from recipients under contracts	15	23 315	23 315
Cash		16 313	16 313
Other financial assets -security deposits constituting collateral for bank guarantees granted	6 i 9	6 293	6 293
<b>Total</b>		<b>72 200</b>	<b>72 200</b>

*Interim condensed consolidated financial statements of PROCHEM S.A. Capital Group as at and for the period of 6 months ended 30 June 2024*

31 December 2023	Categories of financial instruments		
		Loans, receivables and other	Total
Classes of financial instruments	note		
Receivables from supplies and services	8	35 768	35 768
Amounts due from recipients under contracts	15	34 126	34 126
Cash		14 173	14 173
Other financial assets -security deposits constituting collateral for bank guarantees granted	6 i 9	5 565	5 565
<b>Total</b>		<b>89 632</b>	<b>89 632</b>

**Financial liabilities**

30 June 2024		Financial liabilities measured at amortized cost	Total
Classes of financial instruments	note		
Amounts owed to recipients under contracts	15	1 322	1 322
Other liabilities	17	6 426	6 426
Trade payables	14	40 171	40 171
Loans	13	1 344	1 344
<b>Total</b>		<b>49 263</b>	<b>49 263</b>

31 December 2023		Financial liabilities measured at amortized cost	Total
Classes of financial instruments	note		
Amounts owed to recipients under contracts	15	7 066	7 066
Other liabilities	17	11 490	11 490
Trade payables	14	38 609	38 609
Loans	13	2 552	2 552
<b>Total</b>		<b>59 717</b>	<b>59 717</b>

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

Classes of financial instruments	30 June 2024	31 December 2023
Receivables from supplies and services	5 331	5 424
<b>Total</b>	<b>5 331</b>	<b>5 424</b>

Impairment allowances of financial assets are presented in note 8.

**30.3. Liquidity risk related to the concentration of sales revenue**

Prochem S.A. Capital group realized in the first half of 2024 sales revenue in the amount of PLN 84 815 thousand. Clients whose sales revenue exceeded 10% of sales revenue disclosed in the profit and loss account are listed in note 26.

**30.4. Credit Risk**

The Group conducting business activities sells services to business entities with deferred payment, as a result of which there may be a risk of not receiving a payment from contractors for the services provided.

In order to minimize the credit risk, the Group manages the risk through the obligatory procedure of obtaining collateral.

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

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

The age analysis of trade receivables, which are overdue on the end of the reporting period, but in case of which no impairment occurred, is presented in Note 8.

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

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

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

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

Risk of threatened financial assets is reflected by impairment allowances.

### ***30.5. Currency exchange rate risk***

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

### ***30.6. Interest rate change risk***

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

### ***30.7. Capital risk***

The aim of capital risk management is to protect the Group's ability to continue its operations so that it is possible to generate returns for shareholders and maintain an optimal capital structure in order to reduce its cost.

### ***30.8 .Liquidity risk***

The Capital Group companies are exposed to liquidity risk resulting from the ratio of current assets to non-current liabilities. The ratio of current assets to non-current liabilities of the Capital Group (current liquidity ratio) amounted to 1.52 and 1.52, respectively.

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

	As at 30 June 2024	As at 31December 2023
<b>Collateral granted</b>		
Bank guarantee of good performance and statutory warranty	44 967	44 551
Guarantee of payment	1 375	1 375
Tender guarantee	360	2 500
<b>Total guarantee granted</b>	<b>46 702</b>	<b>48 426</b>
<b>Total collateral granted and contingent liabilities</b>	<b>46 702</b>	<b>48 426</b>

	As at 30 June 2024	As at 31December 2023
<b>Collateral received</b>		
Bank guarantee of good performance	8 804	11 590
Guarantee of return of advance payment	-	386
Promissory notes guarantees securing the terms of the contract	-	167
<b>Total collateral received</b>	<b>8 804</b>	<b>12 143</b>

**Note 32 - Related Party Transactions and Transactions with Key Management Staff**

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

Key management personnel include Members of the Company’s Management Board and Members of the Company’s Supervisory Board.

In the first half of 2024 key management personnel and persons related to key management personnel, in addition to remuneration did not conclude other transactions with the Issuer and the companies from the Capital Group.

In the first half of 2024 in the Issuer’s enterprise was paid remuneration:

- to the Members of the Management Board in total amount of PLN 880.6 thousand,
- to the Members of the Supervisory Board in total amount of PLN 309.3 thousand.

Remuneration paid to Members of the Supervisory Board and Management Board in the first half of 2024 for performing functions in Management Boards and Supervisory Boards of companies included in the capital group amounted to PLN 172.7 thousand.

The transactions between related entities presented below were concluded on market conditions and relate to the sale and purchase of services, among others construction, assembly and rental, as well as loans mutually granted.

Settlements with related entities include receivables, trade payables and financial liabilities. Guarantees and sureties granted to related entities are presented in note 31.



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

On August 20, 2024, the Issuer guaranteed a bill of exchange issued by the subsidiary PKI Predom Sp. z o.o., as collateral for an insurance guarantee agreement.

**Note 34- Other Explanatory Notes to Interim Condensed Consolidated Financial Statements**

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

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

- Marek Kiersznicki – 44,327 pcs.;
- Krzysztof Marczak – 30,268 pcs.;
- Marek Garliński – 27,977 pcs.;
- Jarosław Stepniowski – 50,206 pcs.;
- Stecen Tappan – 1,002,500 pcs.

The nominal value of 1 share is PLN 1.

In the first half of 2024, there were no changes in the number of shares held by managing and supervising persons.

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

Not applicable.

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

For the activities of Prochem S.A. Capital Group in the subsequent quarters of 2024, the macroeconomic environment will have a significant impact, in particular the course of the war in Ukraine, the possibility of obtaining EU funds for the National Reconstruction Plan, interest rates on loans, the level of inflation and the related prices of energy and construction materials and services. All these factors significantly influence the decisions made by potential customers of Prochem S.A. (in particular industrial companies) to start new investment plans. The Capital Group companies have several large, long-term design and implementation contracts (cooperation on a nuclear power plant project, an electric car factory project, design and implementation of a factory producing components for electric car batteries), which are in the initial implementation phase and will enable them to increase revenues and achieve a margin on their operations in the near future.

The Capital Group companies also participate in tender procedures and in the preparation of projects submitted for financing from the National Reconstruction Plan in the area of improving energy efficiency, electromobility, renewable energy sources and the closed-loop economy. The launch of financing for these projects will significantly improve the results of the operations of the Prochem S.A. Capital Group companies.

**Note 35 – The Impact of the Military Conflict in Ukraine on the Company's Operations**

The Issuer monitors the impact of the political and economic situation in Ukraine on the Company's operations on an ongoing basis. As at the date of hereby financial statements, the Company noticed a

***Interim condensed consolidated financial statements of PROCHEM S.A. Capital Group as at and for the period of 6 months ended 30 June 2024***

noticeable impact on sales and the supply chain. First of all, there has been noticed a sharp increase in the prices of goods and services, delivery times for equipment and materials have been extended and the availability of some goods has been limited.

The Management Board of Prochem S.A. monitors the current situation with particular attention and, if necessary, is prepared to take appropriate action to adapt its potential to the new conditions in order to mitigate any negative effects on the Group.

The factors listed may affect the level of profitability of the business. It is monitored on an ongoing basis so that, if necessary, appropriate steps can be taken regarding work organization and obligations can be fulfilled on time.

***Note 36 - Approval of the Financial Statements***

Interim condensed consolidated financial statements of the Capital Group and Prochem S.A. as at and for the period of 1 January 2024 to 30 June 2024 were approved for issue by the Management Board of Prochem S.A. on September 27, 2024.

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

27.09.2024	Marek Kiersznicki	President of the Management Board	..... signature
date	name and surname	position	

27.09.2024	Krzysztof Marczak	Vice President of the Management Board	..... signature
date	name and surname	position	

27.09.2024	Michał Dąbrowski	Member of the Management Board	..... signature
date	name and surname	position	

**Signature of the person entrusted with keeping the accounting books**

27.09.2024	Barbara Auguścińska-Sawicka	Chief Accountant	..... signature
date	name and surname	position	