

**INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
OF PROCHEM S.A.**

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

**PROCHEM S.A.
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Poland**

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

Selected financial data

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

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

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 statements, which as at the 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.

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	
<i>Separate statement of profit and loss</i>				
Revenues from sale	40 285	151 724	9 345	32 890
Gross profit on sales	-1 742	-17 652	-404	-3 827
Results from operating activities	-7 027	-16 291	-1 630	-3 532
Before tax profit	-8 430	-12 106	-1 956	-2 624
Profit for the period	-9 955	-8 872	-2 309	-1 923
Profit/diluted profit per one ordinary share (in PLN/EURO)	-4.97	-4.42	-1.15	-0.96
<i>Separate statement of cash flows</i>				
Net cash provided by (used in) operating activities	6 913	-10 295	1 604	-2 232
Net cash provided by (used in) investing activities	-809	5 987	-188	1 298
Net cash provided by (used in) financing activities	-1 735	1 490	-402	323
Total cash flows, net	4 369	-2 818	1 013	-611
Description	As at		As at	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	In PLN thousands		In EURO thousands	
<i>Separate statement of financial position</i>				
Total assets	92 311	114 654	21 403	26 369
Total non-current assets	55 275	58 828	12 816	13 530
Total current assets	37 036	55 826	8 587	12 839
Total equity	28 239	38 194	6 547	8 784
Total non-current liabilities	34 910	35 101	8 094	8 073
Total current liabilities	29 162	41 359	6 761	9 512
Book value per one ordinary share (in PLN/EURO)	14.08	19.05	3.27	4.38
Weighted average number of shares (in pcs.)	2 005 000	2 005 000	2 005 000	2 005 000

Contents

Table of contents for the interim condensed separate financial statements of the Company Prochem S.A.

Separate financial statements of the Company Prochem S.A.

1. Separate statement of financial position
2. Separate statement of profit and loss
3. Separate statement of comprehensive income
4. Separate statement of changes in equity
1. Separate statement of cash flows

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

1. Establishment of the Company and its principal activity
2. The Management Board and Supervisory authorities of the Issuer
3. Employment
4. Adopted accounting principles
5. Explanatory Notes to financial statements as at and for the period of six months ended 30 June 2024
6. Approval of the interim condensed financial statements

Separate financial statements of PROCHEM S.A. as at and for the period of six months ended 30 June 2024 roku

Separate statement of financial position as at 30 June 2024

(all amounts in PLN thousands if not stated otherwise)

A s s e t s	Note No.	As at 30 June 2024.	As at 31 December 2023
Non-current assets			
Property, plant and equipment	1	651	926
Intangible assets		23	14
Right-of-use assets	2	13 507	14 038
Shares	3	21 801	21 598
Deferred tax assets	5	6 537	8 063
Receivables under retained security deposits		38	979
Other financial assets	6	12 718	13 210
Total non-current assets		55 275	58 828
Current assets			
Inventories	7	0	44
Trade and other receivables	8	3 730	20 261
Amounts due from recipients under agreements	15	20 200	28 978
Other financial assets	9	2 224	596
Other assets	10	1 746	1 180
Cash and cash equivalents		9 136	4 767
Total current assets		37 036	55 826
Aktywa razem		92 311	114 654
E q u i t y a n d l i a b i l i t i e s			
Equity			
Share capital	11	2 005	2 005
Revaluation reserve		-443	-443
Retained earnings	12	26 677	36 632
Total equity		28 239	38 194
Non-current liabilities			
Non-current loans	13	16 494	16 629
Liabilities under retirement and similar benefits		796	796
Non-current liabilities under retained security deposits	14	5 190	4 769
Liabilities under lease	16	12 430	12 907
Total non-current liabilities		34 910	35 101
Current liabilities			
Trade payables	14	21 032	24 180
Amounts owed to customers under agreements	15	1 178	5 815
Liabilities under lease	16	2 554	2 228
Other liabilities	17	4 398	9 136
Total current liabilities		29 162	41 359
Total liabilities		64 072	76 460
Total equity and liabilities		92 311	114 654

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

**Separate 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:		40 285	151 724
Revenues from sale of services	18	40 224	151 542
Revenues from sale of goods and materials		61	182
Cost of sales, including:		-42 027	-169 376
Cost of services sold	19	-41 969	-169 206
Cost of merchandise and raw materials		-58	-170
Gross profit on sales		-1 742	-17 652
General and administrative expenses	19	-5 317	-4 854
Other operating income	20	40	6 416
Other operating expenses	21	-8	-201
Result from operating activities		-7 027	-16 291
Financial income	22	910	6 473
Gain on sale of subsidiary		-	90
Finance expenses	23	-2 313	-2 378
Before tax profit		-8 430	-12 106
Income tax expense :	24	1 525	-3 234
- current tax		-	30
- deferred tax		1 525	-3 264
Profit for the period		-9 955	-8 872
Weighted average number of ordinary shares (in pcs.)		2 005 000	2 005 000
Profit (loss) per one ordinary share (in PLN per one share)		-4.97	-4.42

Separate statement of comprehensive income

	Period ended 30 June 2024	Period ended 30 June 2023
Profit for the period	-9 955	-8 872
Other comprehensive income net	-	-
<i>Other comprehensive income that will be reclassified to profit or loss if certain conditions are met:</i>	<i>-</i>	<i>-</i>
<i>Other comprehensive income that will not be reclassified to profit and loss:</i>	<i>-</i>	<i>-</i>
Total comprehensive income	-9 955	-8 872
Weighted average number of ordinary shares (units)	2 005 000	2 005 000
Total comprehensive income per ordinary share (in PLN per one share)	-4.97	-4.42

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

Separate statement of changes in equity

(all amounts in PLN thousands if not stated otherwise)

	Share capital	Own shares	Revaluation reserve	Retained earnings	Total equity
Reporting period from 1 January 2024 to 30 June 2024					
As at the beginning of the period	2 005	-	-443	36 632	38 194
Net profit (loss) of the given period	-	-	-	-9 955	-9 955
<i>Other comprehensive income (net)</i>	-	-	-	-	-
Total comprehensive income	-	-	-	-9 955	-9 955
As at the end of the period	2 005	-	-443	26 677	28 239

	Share capital	Own shares	Revaluation reserve	Retained earnings	Total equity
Reporting period from 1 January 2023 to 30 June 2023					
As at the beginning of the period	2 355	-350	-486	56 223	57 742
Net profit (loss) of the given period	-	-	-	-8 872	-8 872
<i>Other comprehensive income (net)</i>	-	-	-	-	-
Total comprehensive income	-	-	-	-8 872	-8 872
As at the end of the period	2 355	-350	-486	47 351	48 870

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

Separate 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
Cash flows – operating activities		
Before tax profit	-8 430	-12 106
Total adjustment	15 343	2 140
Amortization and depreciation	1 700	1 767
Interest and profit sharing (dividends)	784	-4 896
(Profit) loss on disposal of property, plant and equipment	-10	-
(Profit) loss on disposal of shares	-	-90
Change in provisions	1 778	-93
Change in inventories	44	194
Change in receivables and other assets	25 684	-12 576
Change in current liabilities, except for loans and borrowings	-13 912	17 356
Other adjustments (including deferred income)	-725	478
Cash provided by (used in) operating activities	6 913	-9 966
Income tax paid	-	329
Net cash provided by (used in) operating activities	6 913	-10 295
Cash flows – investing activities		
Disposal of intangible assets and property, plant and equipment	6	-
Loans received – return of loans granted to related entities	400	3 200
Interest received on loans granted to related entities	276	684
Dividends received	-	5 128
Acquisition of intangible assets and property, plant and equipment	-15	-164
Acquisition of shares in subsidiary	-203	-111
Loans granted	-1 273	-2 750
Net cash provided by (used in) investing activity	-809	5 987
Cash flows – financing activity		
Loan received from related entity	-	3 592
Dividends received	352	-
Interest and commission paid	-59	-4
Payments under lease	-2 028	-2 098
Net cash provided by (used in) financing activity	-1 735	1 490
Total cash flows net	4 369	-2 818
Increase/(decrease) in net cash and cash equivalents	4 369	-2 818
Cash and cash equivalents as at the beginning of the period	4 767	8 571
Cash and cash equivalents at the end of the period	9 136	5 753
Including restricted cash	1 223	835

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

1. Establishment of the company and its principal activity

Company Prochem S. A. (hereinafter called „Prochem”, „Company”, „Issuer”) seated in Warsaw, 95 Łopuszańska Street. The Company is registered in the National Court Register (KRS) by the District Court for the Capital City Warsaw, XIV Commercial Department of the National Court Register, under KRS number 0000019753. Principal activity of the Company 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

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

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

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

Composition of the Supervisory Board of Prochem S.A.

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

- 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.

1.2. Employment

Average employment in the first half of 2024 was 186.4 FTEs, and in 2023 200.5 FTEs. Level of employment in persons as at 30 June 2024 was 189, and as at 31 December 2023 198.

2. Adopted accounting principles

2.1. Principles of presentation and statement of compliance

Interim condensed 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 with financial statements for the financial year ended 31 December 2023.

The presented financial statements of Prochem S.A. presents fairly and clearly the financial and property situation as at June 30, 2024 and the comparative data as at December 31, 2022, 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. The condensed separate financial statements for the period from January 1 to June 30, 2024 and as at June 30, 2023 were subject to review by a certified auditor.

The condensed financial statements were prepared at assuming to continue business operations as a going concern business activities in an unchanged form and scope for a period of at least 12 months from the day ending the reporting period, and no premises exist indicating to any intended or forced cessation or significant limitation of its current activities. As at the date of signing the condensed financial statements, the Management Board of Prochem S.A. does not identify any facts or circumstances 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.

The Company's financial year is the calendar year.

2.2. Changes in accounting estimates, and in accounting policies

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

Approved by the IASB for use after 1 January 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 on arrangements of supplier financing , with an effective date of 1 January 2024 or later.

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

In the Company's opinion, the amendments to IAS will not have an impact on hereby financial statements.

2.3. Changes in accounting estimates

In the applied accounting principles the biggest importance had, apart from accounting estimates, the professional judgment of the management, which influences the amounts disclosed in the financial statements including in 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).

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.

2.4. Changes in accounting policies

During the reporting period, the Company did not introduce any changes to its accounting policy.

3. Functional currency and presentation currency of financial statements

Separate financial statements is presented in thousands of Polish Zloty ('Zloty' or "PLN"), which is the reporting currency and the functional currency of the Company.

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

Note 1 - Property, Plant and Equipment

	As at 30 June 2024	As at 31 December 2023
Property, plant and equipment, including:	651	926
- machinery and equipment	499	759
- other PPE	152	167
Total property, plant and equipment	651	926

PPE – ownership structure	As at 30 June 2024	As at 31 December 2023
a) own	651	926
Total carrying value of property, plant and equipment	651	926

	Change in PPE from 01 January 2024 to 30 June 2024	Change in PPE from 01 January 2023 to 30 June 2023
Gross value		
As at opening balance sheet	6 640	6 876
Increase (due to)	33	170
- acquisition of PPE	33	170
Decrease (due to)	-162	-406
- disposal of PPE	-50	-18
- liquidation of PPE	-112	-381
- decrease – other changes	-	-7
As at closing balance sheet	6 511	6 640
Depreciation and impairment		
As at opening balance sheet – accumulated depreciation	5 714	5 464
Depreciation for the period (due to)	146	250
- increase (accrued depreciation)	308	652
- decrease due to disposal of property, plant and equipment	-50	-42
- decrease due to liquidation of property, plant and equipment	-112	-353
- decrease – other changes	-	-7
As at closing balance sheet - accumulated depreciation	5 860	5 714
Impairment of non-current assets	-	-
Non-current assets net value as at closing balance sheet	651	926

Note 2 – The Right-of-use Assets

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

For the period from 1 January 2024 to 30 June 2024	Buildings and constructions	Machinery and equipment	Vehicles	Total
Gross value	23 596	333	3 891	27 820
As at opening balance sheet				
- increase in gross value - conclusion of new contracts	-	-	1 010	1 010
- increase in gross value updating of the value of contracts	-	-	86	86
- decrease in gross value - end of the contract	-224	-	-1 098	-1 322
- lease settlement - estimates adjustment	-	-16	-	-16
As at closing balance sheet	23 372	317	3 889	27 578
Depreciation and impairment				
As at opening balance sheet	10 610	48	3 124	13 782
- depreciation accrued	985	33	369	1 387
- decrease - end of the contract	-	-	-1 098	-1 098
Total accumulated depreciation as at closing balance sheet	11 595	81	2 395	14 071
Net book value as at opening balance sheet 01.01.2024	12 986	285	767	14 038
Net book value as at closing balance sheet 30.06.2024				
Gross book value	23 372	317	3 889	27 578
Accumulated depreciation	11 595	81	2 395	14 071
Write-downs	-	-	-	-
Total net value as at 30 June 2024	11 777	236	1 494	13 507

Comparative data

For the period from 1 January 2023 to 30 June 2023.	Buildings and constructions	Machinery and equipment	Vehicles	Total
Gross value				
As at opening balance sheet	23 398	378	3 846	27 622
increase in gross value - conclusion of new contracts	-	-	363	363
increase in gross value updating of the value of contracts	198	293	-	491
decrease in gross value - end of the contract	-	-338	-318	-656
Total gross value as at closing balance sheet	23 596	333	3 891	27 820
Depreciation and impairment				
As at opening balance sheet	8 615	337	2 691	11 643
depreciation accrued	1 995	48	738	2 781
decrease - end of the contract	-	-337	-305	-642
Total accumulated depreciation as at closing balance sheet	10 610	48	3 124	13 782
Net book value as at opening balance sheet - 01.01.2023	14 783	41	1 155	15 979
Net book value as at closing balance sheet - 31.12.2023				
Gross book value	23 596	333	3 891	27 820
Accumulated depreciation	10 610	48	3 124	13 782
Write-downs	-	-	-	-
Total net value as at 31 December 2023	12 986	285	767	14 038

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

Note 3 - Shares in Subsidiaries

Shares in subsidiaries	30 June 2024	31 December 2023
a) in subsidiaries	21 801	21 598
Shares, net value	21 801	21 598
Write-downs of financial non-current assets	-	-
Shares, gross value	21 801	21 598

Change in shares in subsidiaries and other entities	As at 30 June 2024	As at 31 December 2023
a) as at beginning of the period	21 598	21 141
- shares at cost	21 598	21 141
b) increase	203	491
- acquisition of shares in related entities	203	111
- resolving of write-downs of value of financial non-current assets	-	380
c) decrease	-	-34
- disposal of shares for redemption	-	-34
As at the end of the period	21 801	21 598

Change in write-downs of shares in subsidiaries	As at 30 June 2024	As at 31 December 2023
As at the beginning of the period	-	380
Write-down of shares	-	-
Resolving of write-downs of shares- liquidation of subsidiary	-	-380
As at the end of the period	-	-

As at 30 June 2024, the Company carried out an analysis that did not show any impairment for shares.

Note 4 - Shares in Equity Accounted Entities (Jointly-controlled and Associated)

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

Change in shares in jointly-controlled entities and associated entities	30 June 2024	31 December 2023
a) as at the beginning of the period	-	-
- shares at cost	-	-
b) decrease (due to)	-	-
change of status from an associate to a subsidiary	-	-
c) as at the end of the period net	-	-
d) write-down	708	708
e) as at the end of the period gross	708	708

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

Note 5 - Settlement of Deferred Income Tax

Changes in provisions, and in deferred income tax for the first half of 2024 are presented in the table below – deferred income tax assets.

Deferred tax assets	As at 30 June 2024	As at 31 December 2023
As at the beginning of the period	12 297	8 353
Increase	3 747	11 014
Decrease	-5 331	-7 070
As at the end of the period	10 713	12 297
Provision to deferred income tax	As at 30 June 2024	As at 31 December 2023
As at the beginning of the period	4 234	6 408
Increase	4 068	4 166
Decrease	-4 126	-6 340
As at the end of the period	4 176	4 234
Presentation in the statement of financial position	As at 30 June 2024	As at 31 December 2023
Deferred tax assets	10 713	12 297
Provision under deferred income tax	-4 176	-4 234
Assets/(Provision) under deferred income tax	6 537	8 063

Note 6 - Other Financial Assets

Other financial assets	As at 30 June 2024	As at 31 December 2023
a) from subsidiaries indirectly and directly:	8 649	8 242
- loans granted	8 649	8 242
b) other financial assets – discounted security deposit securing bank guarantee	4 069	4 968
Total other non-current financial assets	12 718	13 210

Loans granted – as at 30 June 2024

- Loan granted to subsidiary Prochem Inwestycje Sp. z o.o.:
 - in the amount of PLN 2 301 thousand, including: amount of the loan PLN 2 300 thousand, interest in the amount of PLN 1 thousand. The interest rate is set annually according to WIBOR 3M rate effective at the first working day of every calendar quarter, increased by a margin of 2.3%. The repayment date of a loan with interest 31 December 2025.
- Loan granted to subsidiary Prochem RPI Sp. z o.o.:
 - in the amount of PLN 6 348 thousand, including: amount of the loan PLN 6 100 thousand, interest in the amount of PLN 248 thousand. The interest rate is set annually according to WIBOR 3M rate effective at the first working day of every calendar quarter, increased by a margin of 2.0%. The repayment date of a loan with interest – 30 June 2027.

Increase:

- Accrued interest on loans granted to subsidiary Prochem Inwestycje Sp. z o.o. in the amount of PLN 110 thousand,
- Loan granted to subsidiary Prochem RPI Sp. z o.o. in the amount of PLN 750 thousand,
- Accrued interest on loans granted to subsidiary Prochem RPI Sp. z o.o. in the amount of PLN 224 thousand,

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

Decrease:

- Partial repayment of loan incurred by subsidiary Prochem Inwestycje Sp. z o.o. in the amount of PLN 400 thousand,
- Repayment of interest on loans incurred by subsidiary Prochem Inwestycje Sp. z o.o. in the amount of PLN 226 thousand,
- Repayment of interest on loans incurred by subsidiary Prochem RPI Sp. z o.o. in the amount of PLN 50 thousand,

Loans granted –as at 31 December 2023

- Loan granted to subsidiary Prochem Inwestycje Sp. z o.o.:
 - in the amount of PLN 2 817 thousand, including: amount of the loan PLN 2 700 thousand, interest in the amount of PLN 117 thousand. The interest rate is set annually according to WIBOR 3M rate effective at the first working day of every calendar quarter, increased by a margin of 2.3%. The repayment date of a loan with interest - 31 December 2025.
- Loan granted to subsidiary Prochem RPI Sp. z o.o.:
 - in the amount of PLN 5 424 thousand, including: amount of the loan PLN 5 350 thousand, interest in the amount of PLN 74 thousand. The interest rate is set annually according to WIBOR 3M rate effective at the first working day of every calendar quarter, increased by a margin of 2.0%. The repayment date of a loan with interest – 30 June 2027.

Increase:

- Accrued interest on loans granted to subsidiary Prochem Inwestycje Sp. z o.o. in the amount of PLN 291 thousand,
- Loan granted to subsidiary Prochem RPI Sp. z o.o. in the amount of PLN 2 750 thousand,
- Accrued interest on loans granted to subsidiary Prochem RPI Sp. z o.o. in the amount of PLN 406 thousand,

Decrease:

- Partial repayment of loan incurred by subsidiary Prochem Inwestycje Sp. z o.o. in the amount of PLN 1 800 thousand,
- Repayment of interest on loans incurred by subsidiary Prochem Inwestycje Sp. z o.o. in the amount of PLN 584 thousand,
- Partial repayment of loan incurred by subsidiary Prochem RPI Sp. z o.o. in the amount of PLN 1 400 tys. zł,
- Repayment of interest on loans incurred by subsidiary Prochem RPI Sp. z o.o. in the amount of PLN 332 thousand,

Note 7– Inventories

Inventories	As at 30 June 2024	As at 31 December 2023
Materials	-	44
Total inventories	-	44
Write-downs of inventories	557	557

Note 8 - Trade and other receivables

Trade and other receivables	As at 30 June 2024	As at 31 December 2023
Trade receivables	5 863	23 227
Write-down of receivables	3 124	3 124
Net trade receivables, including	2 739	20 103
- with repayment period up to 12 months	2 685	20 049

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

- with repayment period over 12 months	54	54
Receivables under taxes, subsidies, custom duties, social and health insurance and other benefits	714	-
Other receivables	328	209
Write-down of other receivables	51	51
Other receivables net	277	158
Total receivables	3 730	20 261

To estimate the expected credit loss in the first half of 2024, a reserve matrix was used by Company, which was developed based on observations of historical levels of aging and repayment of receivables. The company performed an impairment test for assets - in the trade receivables item. As a result of the test, no expected credit losses were estimated.

For other classes of financial assets and liabilities, fair value equals book value.

Trade and other receivables from related entities	As at 30 June 2024	As at 31 December 2023
Trade receivables, including:	4	799
- from subsidiaries	4	799
other, including:	124	124
- from subsidiaries	124	124
Total trade and other receivables from related entities net	128	923
Write-downs of receivables from related entities	-	-
Total trade and other receivables from related entities gross	128	923

Change in write-downs of trade and other receivables handlowych i pozostałych	30 June 2024	31 December 2023
As at beginning of the period	3 175	3 076
a) increase (due to)	-	102
- provision for trade receivables	-	102
b) decrease (due to)	-	3
- payments received	-	3
Write-downs of current trade and other receivables at the end of the period	3 175	3 175

As at 30 June 2024 and as at 31 December 2023 trade receivables include current security deposits under statutory warranty granted for construction and assembly works, respectively for the amounts of PLN 766 thousand and PLN 511 thousand.

Note 9 - Other Financial Assets

Other financial assets	As at 30 June 2024	As at 31 December 2023
a) from other entities:	2 224	596
- other financial assets – security deposits securing bank guarantee	2 224	596
Total other financial assets	2 224	596
Write-down of other financial assets	-	-
Other financial assets gross	2 224	596

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

Note 10 - Other Assets

Other assets by type:	As at 30 June 2024	As at 31 December 2023
a) prepayments	1 746	1 180
- cost of property and personnel insurance	522	277
- software maintenance costs	1 207	894
- subscriptions	11	9
- deferred costs	6	-
Total other assets	1 746	1 180

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
Total number of shares		2 005 000	2 005 000
Total share capital			2 005 000
Nominal value of one share = PLN 1.00			

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

Note 12 - Retained Earnings

	As at 30 June 2024	As at 31 December 2023
Spare capital	27 279	46 870
Other reserve capitals	9 353	9 353
Profit for the period	-9 955	-19 591
Total	26 677	36 632

Change of rights attached to shares of Prochem S.A. – since the date of publication of the consolidated financial statements of the Prochem S.A. Capital Group for 2023, there has been no change in the number of shares entitling shareholders to at least 5% of votes at the general meeting of shareholders.

Note 13 - Non-current Loans

Non-current loans	As at 30 June 2024	As at 31 December 2023
a) from subsidiaries indirectly and directly including:	16 494	16 629

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

- liability under loan	16 457	16 342
- liability under interest accrued on loan	37	287
Total non-current loans	16 494	16 629

Loans received –as at 30 June 2024

- Loan received from subsidiary Prochem Zachód Sp. z o.o. in the amount of PLN 987 thousand, including: amount of the loan PLN 950 thousand, interest in the amount of PLN 37 thousand. The annual interest will correspond to the WIBOR 3M interest rate from the first business day of a given calendar quarter, increased by a margin of 2.0%. The repayment date was set for 31 December 2027.
- Loan received from subsidiary Irydion sp. z o.o. in the amount of EUR 3 595 thousand, at the exchange rate of 28.06.2024 the amount is PLN 15 507 thousand, including:
Amount of the loan EUR 3 540 thousand, at the exchange rate of 28.06.2024 the amount is PLN 15 268 thousand,
Interest EUR 55 thousand, at the exchange rate of 28.06.2024 the amount of interest is PLN 239 thousand.
Annual interest will correspond to the EURIBOR 3M interest rate from the first business day of a given calendar quarter, increased by a margin of 2.4%. The repayment date was set for 31 December 2027.

Increase:

- Accrued interest on loan from subsidiary Prochem Zachód Sp. z o.o. in the amount of PLN 37 thousand.
- Accrued interest on loan from subsidiary Irydion Sp. z o.o. in the amount of EUR 111 thousand (equivalent of PLN 478 thousand)

Decrease:

- Repayment of interest on a loan received from a subsidiary Irydion Sp. z o.o. in the amount of EUR 122 thousand (equivalent of PLN 524 thousand)

Loans received –as at 31 December 2023

- 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. Annual interest will correspond to the to the WIBOR 3M interest rate from the first business day of a given calendar quarter, from the first business day of a given calendar quarter increased by a margin of 2.0%. The repayment date was set for 31 December 2027.
- Loan received from subsidiary Irydion sp. z o.o. in the amount of EUR 3 606 thousand, at the exchange rate of 29.12.2023 the amount is PLN 15 679 thousand, including:
amount of the loan EUR 3 540 thousand, at the exchange rate of 29.12.2023 the amount is PLN 15 392 thousand.
interest EUR 66 thousand, at the exchange rate of 29.12.2023 the amount of interest is PLN 287 thousand. Annual interest will correspond to the to the EURIBOR 3M interest rate from the first business day of a given calendar quarter, from the first business day of a given calendar quarter increased by a margin of 2.4%. The repayment date was set for 31 December 2027.

Information on bank loans incurred

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

Bank name	Seat	Credit limit in PLN thousand	Amount engaged in PLN thousand	Repayment date	Term of interest	Collateral
mBANK S.A.	Warsaw	4 000	0	29.08.2024	WIBOR ON PLN plus margin Interest is accrued annually on the amount of loan used	Promissory note in blank

Note 14 - Trade Payables

	As at 30 June 2024	As at 31 December 2023
a) to subsidiaries	251	543
- from supplies and services, with maturity period:	251	543
- up to 12 months	251	543
b) to other entities	20 781	23 637
- from supplies and services, with maturity period:	20 781	23 637
- up to 12 months	20 781	23 637
- above 12 months	-	-
Total trade payables	21 032	24 180
Non-current liabilities - under seized security deposits with maturity period over 12 months	5 190	4 769
Total trade payables	26 222	28 949

Note 15 – Settlements under Long-term Contracts

	As at 30 June 2024	As at 31 December 2023
- amounts due from recipients under contracts	20 200	28 978
kwoty należne od odbiorców z tytułu umów długoterminowych	20 200	28 978

	As at 30 June 2024	As at 31 December 2023
Amounts owed to recipients under contracts, including	1 178	5 815
a) current	1 178	5 815
Amounts owed to recipients under long-term contracts	1 178	5 815

Description	As at 30 June 2024	As at 31 December 2023
Revenues according to contracts	525 180	522 021
Revenues invoiced	490 926	461 179
Planned liabilities under implementation of contracts	524 270	512 815
Fulfilled contractual obligations	509 411	468 417
Amounts due from recipients	20 200	28 978
Amounts due to recipients	1 178	5 815

Note 16 - Liabilities under Lease

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

	As at 30 June 2024	As at 31 December 2023
- liabilities under right-of-use	14 984	15 135
Total liabilities under lease	14 984	15 135
Including:		
current liabilities	2 554	2 228
non-current liabilities	12 430	12 907

Liabilities under right-of-use

In PLN thousand	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 1 year	2 554	1 358	3 912	2 228	1 569	3 797
1 to 5 years	9 646	3 162	12 808	11 392	3 895	15 287
over 5 years	2 784	207	2 991	1 515	45	1 560
Total	14 984	4 727	19 711	15 135	5 509	20 644

Note 17 – Other Liabilities

	As at 30 June 2024	As at 31 December 2023
a) to other entities	1 291	1 154
- under taxes, duties, insurance and other charges	968	1 134
- under remuneration	1	1
- other (by type)	322	19
liabilities to employees	4	13
to shareholders	5	5
other	313	1
b) other current provisions	3 107	7 982
- provisions for losses on contracts	1 698	5 800
- provision for future costs	-	717
- cost of audit	48	91
- current provision for retirement benefit	57	57
- provision for unused holiday leaves	1 304	1 317
Total other liabilities	4 398	9 136

Note 18 - Revenues from Sale of Services

Revenues from sale of services (type of service and type of activity)	Period ended 30 June 2024	Period ended 30 June 2023
- revenues from sale of services, including:	40 224	151 542
- from related entities	206	681
Revenues from sale of services (territorial structure)	Period ended 30 June 2024	Period ended 30 June 2023
Domestic market	40 224	151 542
- from related entities	206	681
Exports	-	-

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

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 /recipients for the work under the contracts was presented in note 15.

Information on major customers, whose total value of revenues from sale of services exceeds 10% of the total revenues disclosed in the entity’s profit and loss account for the first half of 2024, is included in note 26 – operating segments.

Note 19 – Cost of services sold

Costs by type	Period ended 30 June 2024	Period ended 30 June 2023
a) amortization and depreciation	1 700	1 767
b) consumption of materials and power	790	1 281
c) outsourcing	28 518	145 346
d) taxes and levies	48	27
e) remuneration	12 038	14 830
f) social security and other benefits	2 659	3 167
g) other costs by types	1 628	1 182
- property and personal insurance	783	497
- business trips	230	80
- State Fund for Rehabilitation of Disabled Persons (PFRON)	205	197
- rental of cars	130	176
- other	280	232
Total costs by type	47 381	167 600
Change in inventories, products and prepayments	-95	6 459
General and administrative expenses (negative value)	-5 317	-4 853
Cost of services sold	41 969	169 206

Note 20 - Other Operating Income

	Period ended 30 June 2024	Period ended 30 June 2023.
a) gain on sale of non-financial and non-current assets	10	-
b) other, including:	30	6 416
- return of litigation costs	1	56
- received compensation, fines and penalties	17	6 322
- other	12	38
Total other operating income	40	6 416

Note 21 - Other Operating Expenses

	Period ended 30 June 2024	Period ended 30 June 2023
a) write-downs (under)	-	52
- of receivables	-	52
b) other, including:	8	149
- litigation costs	8	109
- fines, penalties and compensation paid	-	-
- provision for future liabilities	-	40
Total other operating expenses	8	201

Note 22 - Financial Income

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

	Period ended 30 June 2024	Period ended 30 June 2023
a) revenues under dividends and share in profits	352	5 128
- from jointly-controlled entities	352	5 128
b) interest on loans granted	334	356
- from subsidiaries	334	356
c) other interest	42	326
- from other entities	42	326
d) surplus of positive exchange rate differences	95	-
e) other, including:	87	663
- gain under discounted non-current liabilities	-	283
- gain under discounted cash	87	-
- reversal of write-down of financial assets	-	380
Total financial income	910	6 473

Note 23 - Finance Expenses

	Period ended 30 June 2024	Period ended 30 June 2023
a) interest on bank loans	58	-
b) interest on loans received from:	515	54
- subsidiaries	515	54
c) other interest	1 024	921
- under lease	1 024	910
- other	-	11
d) surplus of negative exchange rate differences	-	734
e) other, including:	716	669
- commission on bank guarantees	418	595
- commission on loans	1	4
- cost under discount of financial assets	-	70
- costs under discounted non-current liabilities	297	-
Total finance expenses	2 313	2 378

Note 24 - Income Tax

	Period ended 30 June 2024	Period ended 30 June 2023
Deferred income tax disclosed in the profit and loss account		
- decrease (increase) due to the arising and reversal of temporary differences	1 525	-3 264
Total deferred income tax	1 525	-3 264

Note 25- Additional Disclosures to the Statement of Cash Flows

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

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

:

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

	In 2024	In 2023
Change in current receivables	25 684	-12 576
Receivables as at 1 January	20 261	28 527
Amounts due from recipients under contracts as at 1 January	28 978	37 634
Other assets as at 1 January	1 180	1 023
Receivables under seized security deposits as at 1 January	979	1 877
Opening balance after adjustments	51 398	69 061
Receivables as at 30 June	3 730	42 470
Amounts due from recipients under contracts as at 30 June	20 200	35 717
Other assets as at 30 June	1 746	1 218
Receivables under seized security deposits as at 30 June	38	2 232
Closing balance after adjustments	25 714	81 637
Change in current liabilities except for current liabilities except for current loans and special funds	-13 912	17 356
Trade payables as at 1 January	24 180	42 981
Other liabilities as at 1 January	9 136	7 421
Amounts owed to suppliers under contracts as at 1 January	5 815	-
Liabilities under seized security deposits as at 1 January	4 769	8 800
Provision for current retirement benefits	-57	-64
Provisions for annual leaves	-1 317	-1 509
Provision for audit	-91	-27
Investment liabilities as at 1 January	-3	-84
Liabilities to shareholders	-5	-5
Opening balance after adjustments	42 427	57 513
Trade payables as at 30 June	21 032	55 091
Amounts due to recipients under contracts as at 30 June	1 178	1 669
Other liabilities as at 30 June	4 398	13 526
Liabilities under seized security deposits as at 30 June	5 190	6 161
Provision for current retirement benefits	-57	-33
Provisions for annual leaves	-1 304	-1 475
Provision for audit	-48	-
Provision for current other costs as at 30 June	-1 834	-
Investment liabilities as at 30 June	-35	-65
Liabilities to shareholders	-5	-5
Closing balance after adjustment	28 515	74 869
Change in other adjustments as at balance sheet date	-729	384
Change in security deposits securing bank guarantee	-729	384

Note 26 – Operating Segments

In the period from 1 January 2024 to 30 June 2024 there were no revenues from activities achieved outside Poland (Exports). In the same period of the previous year, there were also no revenues from activities outside Poland.

Information on major customers, which share in sales revenue for the first half of 2024 exceeded 10% of total sales revenue:

- The Client, who deals in production of artificial fertilizers - sales revenue PLN 20 920 thousand, representing 52.01% of sales revenue, which was shown in the segment „General contracting”.

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

Detailed data on the activities of Prochem S.A. in particular segments are presented in the following tables. The analysis of the Company's revenues and results in individual reporting segments covered by the reporting is presented below.

For the period from 01.01.2024 to 30.06.2024.	General contracting	Design services, other engineering services	Rental of construction equipment	Commercial activity	Other	Items not assigned	Total
Revenues to customers	22 135	16 269	66	61	1 754	-	40 285
Total segment revenues	22 135	16 269	66	61	1 754	-	40 285
Result							
Profit (loss) of the segment	-5 506	-3 296	11	4	1 728	-	-7 059
Financial income						910	910
Finance costs						-2 313	-2 313
Net financial income						-1 403	-1 403
Profit on operating activities						32	32
Before tax profit						-8 430	-8 430
Income tax						1 525	1 525
Profit for the currnt period						-9 955	-9 955
Segment assets (related to activity)	1 262	1 493	-	-	290	9	3 054
Assets unallocated (among others shares and other financial assets)						89 257	89 257
Total assets	1 262	1 493	-	-	290	89 266	92 311
Segment liabilities (related to activity)	17 297	375	12	18	-	46 370	64 072
Equity						28 239	28 239
Liabilities and capitals total	17 297	375	12	18	-	74 609	92 311
Depreciation of property, plant and equipment	146	665	1	-	39	843	1 694
Amortization of intangible assets	-	-	-	-	6	-	6
Write down of segmernt assets (receivables from supplies and services)	-263		-2 843		-69		-3 175

For the period from 01.01.2023 to 30.06.2023.	General contracting	Design services, other engineering services	Rental of construction equipment	Commercial activity	Other	Items not assigned	Total
Revenues to customers	128 092	23 343	116	182	-	-	151 724
Total segment revenues	128 092	23 343	116	182	-	-	151 724
Result							
Profit (loss) of the segment	-24 252	1 763	-29	12	-	-	-22 506
Financial income						6 563	6 563
Finance costs						-2 378	-2 378
Net financial income						4 185	4 185
Profit on operating activities						6 215	6 215
Before tax profit						-12 106	-12 106
Income tax						-3 234	-3 234
Profit for the currnt period						-8 872	-8 872
Segment assets (related to activity)	41 206	3 166	13	-	317	-	44 702
Assets unallocated (among others shares and other financial assets)						101 819	101 819
Total assets	41 206	3 166	13	-	317	101 819	146 521
Segment liabilities (related to activity)	43 999	359	32	-	1	-	44 391

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

Equity						102 130	102 130
Liabilities and capitals total	43 999	359	32	-	1	102 130	146 521
Depreciation of property, plant and equipment	173	681	10	-	57	835	1 756
Amortization of intangible assets	-	-	-	-	12	-	12
Write down of segment assets (receivables from supplies and services)	-263		-2 843		-21		-3 127

Information about the geographical areas

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

	01.01-30.06.2024	01.01-30.06.2023
Poland	40 285	151 724
Total sales revenue	40 285	151 724

Geographical breakdown of property, plant and equipment and intangible assets

	30.06.2024	30.06.2023
Poland	674	1 254
Total property, plant and equipment and intangible assets	674	1 254

Note 27 – Profit/(Loss) Per Share

The Issuer's net loss per 1 share remaining in trade as at 30 June 2024 was PLN 4.97, and for the analogous period of 2023 net loss per 1 share remaining in trade was PLN 4.42.

Note 28 – Profit Distribution and Loss Coverage

The loss of Prochem S.A. for 2023 in the amount of PLN 19,590,790.39 was covered from the reserve capital by Resolution No. 15 of the Ordinary General Meeting of 24 June 2024.

Note 29 - Dividends

In 2024 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

30 June 2024

Classes of financial instruments	note	Categories of financial instruments	
		Loans, receivables and other	Total
Receivables from supplies and services	8	2 739	2 739
Amounts due from recipients under contracts	15	20 200	20 200
Cash		9 136	9 136
Other financial assets	9	6 293	6 293
Loans granted	6	8 649	8 649
Total		47 017	47 017

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

31 December 2023

Classes of financial instruments	note	Categories of financial instruments	
		Loans, receivables and other	Total
Receivables from supplies and services	8	20 261	20 261
Amounts due from recipients under contracts	15	28 978	28 978
Cash		4 767	4 767
Other financial assets	9	5 564	5 564
Loans granted	6	8 242	8 242
Total		67 812	67 812

Financial liabilities

30 June 2024

Classes of financial instruments	note	Financial liabilities measured at amortized cost	Total
Loans received	13	16 494	16 494
Amounts owed to recipients under contracts	15	1 178	1 178
Non-current liabilities under seized statutory deposits	14	5 190	5 190
Other liabilities	17	4 398	4 398
Liabilities under supplies and services	14	21 032	21 032
Total		48 292	48 292

31 December 2023

Classes of financial instruments	note	Financial liabilities measured at amortized cost	Total
Loans received	13	16 629	16 629
Amounts owed to recipients under contracts	15	5 815	5 815
Non-current liabilities under seized statutory deposits	14	4 769	4 769
Other liabilities	17	9 136	9 136
Liabilities under supplies and services	14	24 180	24 180
Total		60 529	60 529

30.2 Impairment allowances of financial assets by classes of financial instruments

(in PLN thousand)

Classes of financial instruments	30 June 2024	31 December 2023
Liabilities under supplies and services	(3 124)	(3 124)
Other financial instruments	-	-
Other receivables	(51)	(51)
Total	(3 175)	(3 175)

Impairment allowances of financial assets are presented in note 8.

30.3 Liquidity risk related to the concentration of sales revenues

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

Prochem S.A. realized In the first half of 2024 sales revenue in the amount of PLN 40 285 thousand. Customers whose sales revenue exceeded 10% of sales revenue disclosed in the statement of profit and loss are listed in note 26.

30.4 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 with first class current credibility.

The credit risk resulting from the intra-group loans granted is considered low by the Company, due to the fact that the loans are intended for a specific purpose, such as the purchase of investment properties. In some cases, in which a subsidiary fails to meet its obligations under the loans taken out over a long period of time, the Issuer makes a write-off of the value of the loans granted and the accrued interest on the loan.

In the opinion of the Management Board, the risk of threatened financial assets is reflected by impairment made.

Liquidity risk

The Company is exposed to liquidity risk resulting from the ratio of current assets to non-current liabilities.

The ratio of current assets to non-current liabilities (current liquidity ratio) amounted to 1.27 and 1.35, respectively.

Market Risks

1. Currency Exchange Rate Risk

Part of contracts of sale of services is concluded with foreign companies in foreign currencies (EUR, USD). In the case of a significant strengthening of the domestic currency it may adversely affect the performance of the 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.

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

2. 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 WIBOR 3M and EURIBOR 3M.

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

	As at 30 June 2024	As at 31 December 2023
Collateral granted		
Bank guarantee of good performance and statutory warranty	42 189	42 027
Tender guarantee	360	2 500
Guarantee of payment	1 375	1 375
Total guarantee granted	43 924	45 902
Total collateral granted and contingent liabilities	43 924	42 902
Collateral received		
Bank guarantee of good performance	8 804	11 590
bill of exchange securing the terms of the contract	-	167
Guarantee of return of advance payment	-	386
Total collateral received	8 804	12 143

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 were paid:

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

Remuneration paid to members of the Management Board and of Supervisory Board in the first half of 2024 for performing functions in the Management Boards and Supervisory Boards of companies belonging to the capital group was 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.

Reporting period

(in PLN thousands)

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

from 1 January to 30 June 2024

	Sale of services	Purchase of services	Financial income – interest on loans	Financial income – dividends received	Finance costs – interest on loans
subsidiaries	206	21	334	352	515

from 1 January to 30 June 2024

	Trade receivables	Receivables under loans granted	Other receivables	Trade payables	Liabilities under loans granted
subsidiaries	4	8 649	124	251	16 494

Comparative period

from 1 January to 30 June 2023

	Sale of services	Purchase of services	Financial income – interest on loans	Financial income – dividends received	Finance costs – interest on loans
subsidiaries	681	4 831)*	356	5 218	54

)* - including purchased electrical services and supplies of electrical equipment from subsidiary Elektromontaż Kraków S.A. in the amount of PLN 4 779 thousand.

from 1 January to 30 June 2023

	Trade receivables	Receivables under loans granted	Other receivables	Trade payables	Liabilities under loans granted
subsidiaries	166	8 132	124	2 444	4 597

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 security for an insurance guarantees agreement.

Note 34 - Other Explanatory Notes to Separate Financial Statements

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

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

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

The nominal value of 1 share is PLN 1.

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

Since the date of publication of the interim condensed consolidated financial statements for the first quarter of 2024, i.e. May 15, 2024, there have been 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

In the first half of 2024, the Issuer did not grant any sureties or guarantees equivalent to at least 10% of its equity.

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

In the opinion of the Management Board of Prochem for the activities of Prochem S.A. 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. Currently, most of the orders held by the Issuer concern services for investments in the field of new technologies, electromobility, diversification of energy sources (cogeneration, hydrogen production installations), which, in the Issuer's opinion, may mitigate the negative effects of the macroeconomic situation on the operations of Prochem S.A.

The company is participating in tender procedures which, if successful, may lead to the signing of several significant orders and, as a result, in subsequent quarters, lead to an improvement in both revenues from the sale of services and operating results.

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 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 entity.

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 separate financial statements of 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

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

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	