SEPARATE FINANCIAL STATEMENTS OF PROCHEM S.A.

As at and for the period ended 31 December 2023

PROCHEM S.A.
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Separate statement of financial position as at 31 December 2023

(all amounts in PLN thousands if not stated otherwise)

	Note No.	As at 31 December 2023	As at 31 December 2022
A s s e t s			
Non-current assets			
Property, plant and equipment	1	926	1 412
Intangible assets	2	14	38
Right-of-use assets	3	14 038	15 979
Shares	4	21 598	21 141
Deferred tax assets	6	8 063	1 945
Receivables under retained security deposits		979	1 877
Other financial assets	7	13 210	8 910
Total non-current assets		**58 828**	**51 302**
Current assets			
Inventories	8	44	194
Trade and other receivables	9	20 261	28 527
Receivables due to current income tax		-	44
Amounts due from recipients under contracts	18	28 978	37 634
Other financial assets	10	596	7 962
Other assets	11	1 180	1 023
Cash and cash equivalents		4 767	8 571
Total current assets		**55 826**	**83 955**
Total assets		**114 654**	**135 257**
E q u i t y a n d l i a b i l i t i e s			
Equity			
Share capital	12	2 005	2 355
Own shares		-	-350
Revaluation reserve	13	-443	-486
Retained earnings	14	36 632	56 223
Total equity		**38 194**	**57 742**
Non-current liabilities			
Provisions for retirement and similar benefits	15	796	792
Non-current loans	16	16 629	950
Non-current liabilities under retained security deposits		4 769	8 800
Lease liabilities	19	12 907	14 313
Total non-current liabilities		**35 101**	**24 855**
Current liabilities			
Trade payables	17	24 180	42 981
Amounts owed to recipients under contracts	18	5 815	-
Liabilities under current income tax		-	-
Lease liabilities	19	2 228	2 258
Other liabilities	20	9 136	7 421
Total current liabilities		**41 359**	**52 660**
Total liabilities		**76 460**	**77 515**
Total equity and liabilities		**114 654**	**135 257**

Separate statement of profit and loss
from 1 January 2023 to 31 December 2023

(all amounts in PLN thousands if not stated otherwise)

	Note No.	Period ended 31 December 2023	Period ended 31 December 2022
Revenues from sale, including:		218 734	151 927
Revenues from sale of services	21	218 149	149 279
Revenues from sale of goods and materials	22	585	2 648
Cost of sales, including:		-244 436	-147 324
Cost of services sold	23	-243 891	-144 751
Cost of merchandise and raw materials		-545	-2 573
Gross profit on sales		**-25 702**	**4 603**
General and administrative expense	23	-10 315	-10 961
Other operating income	24	7 153	864
Other operating expenses	25	-386	-434
Results from operating activities		**-29 250**	**-5 928**
Financial income	26	7 585	33 925
Profit from liquidation of subsidiary		90	-
Finance expenses	27	-4 114	-2 466
Before tax profit		**-25 689**	**25 531**
Income tax expense :	28	-6 098	-725
- current tax		30	35
- deferred tax		-6 128	-760
Profit for the period		**-19 591**	**26 256**
Weighted average number of ordinary shares (in pcs.)		2 005 000	2 005 000
Profit (loss) per one share (in PLN per share) assigned to owners of the Parent Entity		-9.77	13.10

Separate statement of comprehensive income

	In 2023	In 2022
Profit for the period	**-19 591**	**26 256**
Other comprehensive income net	**43**	**52**
Other comprehensive income, that will be reclassified to profit and loss under certain condition:	**-**	**-**
Other comprehensive income, that will not be reclassified to profit and loss (before tax):	**43**	**52**
Actuarial profit (loss) on valuation of provisions for employee benefits	53	64
Income tax on other comprehensive income	-10	-12
Total comprehensive income	**-19 548**	**26 308**
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)	-9.75	13.12

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 2023 to 31 December 2023					
As at the beginning of the period	**2 355**	**-350**	**-486**	**56 223**	**57 742**
Net profit of the given period	-	-	-	-19 591	**-19 591**
Other comprehensive income (net)	-	-	*43*	-	43
Total comprehensive income	**-**	**-**	43	-19 591	-19 548
Other changes	-350	350	-	-	-
As at the end of the period	**2 005**	**-**	**-443**	**36 632**	**38 194**

	Share capital	Own shares	Revaluation reserve	Retained earnings	Total equity
Reporting period from 1 January 2022 to 31 December 2022					
As at the beginning of the period	**2 935**	**-580**	**-538**	**42 217**	**44 034**
Net profit of the given period	-	-	-	26 256	**26 256**
Other comprehensive income (net)	-	-	*52*	-	52
Total comprehensive income	**-**	**-**	**52**	**26 256**	**26 307**
Buy-back of own shares	-580	580	-	-	-
Other changes	-	-350	-	-12 250	-12 600
As at the end of the period	**2 355**	**-350**	**-486**	**56 223**	**57 742**

Separate statement of cash flows
from 1 January 2023 to 31 December 2023

(all amounts in PLN thousands if not stated otherwise)

	Period ended 31 December 2023	**Period ended 31 December 2022**
Cash flows – operating activities		
Before tax profit	-25 689	25 531
Total adjustments	4 060	-46 229
Amortization and depreciation	3 459	3 840
Interest and profit sharing (dividends)	-4 097	-31 207
((Profit) loss on disposal of property, plant and equipment	-1	-541
(Profit) loss on disposal of shares	-470	-
Change in provisions	-78	-1 557
Change in inventories	150	105
Change in receivables and other assets	17 787	4 435
Change in current liabilities except for borrowings and loans	-15 086	-22 195
Other adjustments (including deferred income)	2 396	891
Cash provided by (used in) operating activities	**-21 629**	**-20 698**
Income tax paid	-44	-59
Net cash provided by (used in) operating activities	**-21 585**	**-20 639**
Cash flows – investing activities		
Inflows	**9 218**	**50 689**
Acquisition of intangible assets and property, plant and equipment	4	613
Inflows from financial assets	9 214	50 076
- in related entities	9 214	50 076
dividends received	5 098	31 562
repayment of a loan	3 200	17 500
repayment of interest on loans granted	916	1 014
Outflows	**-3 112**	**-16 016**
Acquisition of intangible assets and property, plant and equipment	-251	-970
Outlays on financial assets	-111	-11 046
- in related entities	-111	-11 046
acquisition of shares in associated company	-	-11 046
loans granted	-2 750	-4 000
Net cash provided by (used in) investing activity	**6 106**	**34 673**
Cash flows – financing activities		
Inflows	**15 900**	**-**
Loan received from related entity	15 900	-
Outflows	**-4 225**	**-16 717**
Acquisition of own shares	-	-12 600
Payment of liabilities under operating lease IFRS 16	-4 097	-4 046
Interest and commission paid	-46	-
Interest on loans paid	-82	-71
Net cash provided by (used in) financing activity	**11 675**	**-16 717**
Total cash flows, net	-3 804	-2 683
Increase/(decrease)in cash and cash equivalents net	-3 804	-2 683
Cash and cash equivalents at the beginning of the period	**8 571**	**11 254**
Cash and cash equivalents at the end of the period	**4 767**	**8 571**
including restricted funds (VAT accounts)	**175**	**4**

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

1. Establishment of the Company and principal activity

Company Prochem S.A. (hereinafter called „Prochem", „Company", „Issuer", "Entity") 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

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

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

In the period from January 1st, 2023 to December 31st 2023 there was no change in the composition of the Management Board of the Company Prochem S.A.

Composition of the Supervisory Board of Prochem S.A.

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

- Marek Garliński - Chairman of the Supervisory Board
- Karol Żbikowski - Vice Chairman of the Supervisory Board
- Wiesław Kiepiel
- Jarosław Stępniewski
- Paweł Bielski

In the period from January 1, 2023 to December 31, 2023, there was a change in the composition of the Company's Supervisory Board. Ordinary General Meeting of Prochem S.A. by Resolution No. 24 of June 14, 2023, dismissed Mr. Andrzej Karczykowski from the position of member of the Supervisory Board. By resolution No. 25 of June 14, 2023, Mr. Paweł Bielski was appointed as a member of the Supervisory Board of the XIth joint term of office.

1.2. Employment

Average employment in 2023 was 197 FTEs, and in 2022 was 203 FTEs. Level of employment in persons as at 31 December 2023 was 192, and as at 31 December 2022 was 209.

2. Adopted accounting principles

2.1. Principles of presentation

Financial statements of Prochem S.A. for the period from 1 January to 31 December 2023 and analogous period of the comparable year was prepared according to International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) endorsed by European Union (EU) and were in force as at 31 December 2023. The scope of the financial statements is consistent with the Regulation of the Minister of Finance of March 29, 2018 on current and periodic information provided by issuers of securities and the conditions for recognizing as equivalent information required by the law of a non-member state (Journal of Laws, item 757).

The presented financial statements of Prochem S.A. presents reliably and clearly the Company's financial and property position as at December 31, 2023 and comparative data as at December 31, 2022, as well as the results of this activity for the year ended December 31, 2023 and comparative data for the year ended December 31, 2022.

Financial statements of Prochem S.A. as at 31 December 2023 has been prepared with the assumption that business will continue as a going concern in the foreseeable future. The circumstances described in note 38 and 39 were analysed and in the opinion of the Management Board they do not affect the entity's ability to continue as a going concern.

Operational activity of the Company does not have seasonal character and is not subject to cyclic trends, except for the segment of the general contracting and rental of construction equipment, which are characterized by a seasonality, which in 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.

2.2. Changes in accounting estimates and in accounting policies

The preparation of financial statements under of IFRS endorsed by EU requires using certain accounting estimates and adoption of assumptions concerning future events. Items of the financial statements set under the estimation are subject to verification if circumstances being base of estimates are changing or as a result of obtaining new information or of progressing course of events or of acquiring greater experience. When preparing separate financial statements hereby, we applied the same accounting principles and the same calculation methods which were applied in the separate financial statements of f Prochem S.A. for the year ended 31 December 2022.

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 separated financial statements. Assumptions of these estimates are based on the best knowledge of the Issuer's 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).

From January 1, 2023, Prochem S.A. changed the method of accounting for tangible current assets (materials). Materials and goods purchased are written off as expenses on the date of their purchase. As at the end of the financial year, i.e. December 31, the Company is obliged to determine the stock of materials, value them and adjust costs by the value of this stock.
Writing off the value of materials and goods as at the date of their purchase or finished products at the time of their production, combined with determining the status of these assets and its valuation, as well as cost adjustments by the value of this status, no later than as at the balance sheet date.
The impact of the material recording method on the financial result in the period from January 1 to December 31, 2023 amounted to PLN 8,000 - *increase in material consumption costs by PLN 52,000 -*

the stock of materials at Opening Balance Sheet included in the current period's costs and *a reduction in material consumption costs by PLN 44,000.*

1.3. Significant accounting policies and amendments to IFRS

When preparing hereby separate financial statements, the same accounting principles and the same calculation methods were applied as in the financial statements for the year ended December 31, 2022.

New standards, interpretations and amendments to published IFRS and their impact

Approved by the IASB for use from 1 January 2023:

- IFRS 17 "Insurance Contracts" and amendments to IFRS 17;
- Amendments to IAS 1 "Presentation of Financial Statements" - and IFRS Board Guidance on disclosures regarding accounting policies in practice - the issue of materiality in relation to accounting policies;
- Amendment to IAS 8 "Accounting principles (policies), changes in accounting estimates and corrections of errors" - definition of accounting estimates;
- Amendment to IAS 12 "Income Tax" - obligation to recognize deferred income tax in connection with assets and liabilities arising in a single transaction;
- Amendments to IFRS 17 "Insurance contracts" - first application of IFRS 17 and IFRS 9 - Comparative information.

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

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

Approved by the IASB for use from 1 January 2023:

- IFRS 17 "Insurance Contracts" and amendments to IFRS 17.
- Amendments to IFRS 17 "Insurance contracts" - first application of IFRS 17 and IFRS 9 - Comparative information.
- Amendments to IAS 1 "Presentation of Financial Statements" - and IFRS Board Guidance on disclosures regarding accounting policies in practice - the issue of materiality in relation to policies.
- Amendment to IAS 8 "Principles (accounting policies, changes in accounting estimates and corrections of errors" - definition of accounting estimates.
- Amendment to IAS 12 "Income Tax" - obligation to recognize deferred income tax in connection with assets and liabilities within a single transaction.
- Amendment to IAS 12 ”Income Tax” – global minimum income tax (Pillar Two)

Approved by the IASB for use from 1 January 2024:

- IFRS 16 "Leases" lease liabilities in sale and leaseback transactions.
- Amendments to IAS 1 "Presentation of financial statements" - classification of liabilities as current or non-current.
- Amendments to IAS 7 "Cash Flow Statement" and IFRS 7 "Financial Instruments - Disclosures" - agreements for financing liabilities to suppliers.

Approved by the IASB for use from 1 January 2025:

- Amendments to IAS 21 "The effects of changes in foreign exchange rates"

The Company expects that the above-mentioned standards will not have a significant impact on the financial statements of Prochem S.A.

In hereby financial statements, the Company did not decide on early application of published standards, interpretations or amendments to existing standards before their effective date.

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

1.4. Accounting principles applied by the Company

Property, plant and equipment and intangible assets

Property, plant and equipment include non-current assets and expenditures on construction in-progress which the entity intends to use in their business operations in a period longer than one year, and which will result in future economic benefits to the entity.
Expenditures on property, plant and equipment include incurred investment expenditures as well as incurred expenses on future supply of machinery, equipment and services relating to production of PPE (transferred advance payments).
PPE are initially stated at cost. Measurement after initial recognition:

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

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

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

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

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

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

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

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

Own land is not subject to depreciation.

PPE in-progress arising for the operating activity, as well as for purposes not yet identified, are presented in the financial statements at their cost less recognized impairment losses. The cost of all items comprises all fees and borrowing costs capitalized in accordance with the applied accounting principles.

PPE are subject to the impairment tests, if premises for impairment exist, while in case of PPE in progress, the possible impairment is determined at least for each balance sheet day. The effects of the impairment are recognized in other operating costs.

The component of intangible assets is measured at cost less any depreciation allowances and any impairment losses.
Intangible assets, except for the goodwill are being amortized. Amortization allowances of intangible assets is made by systematic, planned allocation of the initial value in the established useful life of the component. A straight line of amortization method is applied.

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

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

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

Leases

The company as the lessee

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

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

Initial recognition and measurement

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

The cost of right-of-use asset includes:
- the value of the initial measurement of the lease liability,

- all lease paid on or before the date of the start of the lease, less any incentives received,
- any costs incurred by the lessee, and
- an estimate of the costs to be borne by the lessee, e.g. dismantling, removal of the underlying asset, carrying out the renovation of the asset to the condition required by the terms of the lease.

The lease fees included in the valuation of the lease liability include:
- fixed leasing fees,
- variable lease fees, which depend on the index or the rate,
- the amounts expected to be paid after the end of the lease,
- financial penalties for terminating the lease contract, unless it can be assumed with certainty that the Company will not use the option of termination.

After the commencement of the lease, the valuation of the right-of-use asset is made through:
- an increase in the carrying amount to reflect the interest on the lease liability,
- reduction of the carrying amount to reflect the lease payments paid, and
- updating the balance sheet valuation to reflect any reassessment or lease change or to reflect updated fixed lease payments.

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

The company has lease contracts regarding the use of:
a) buildings and constructions, including office space concluded for a specified period of up to 10 years,
b) means of transport, including passenger cars, depreciation period up to 5 years,
c) tools, movable instruments and equipment, depreciation period up to 5 years.

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

The Company does not apply general principles for recognition, valuation and presentation concluded for lease contracts, the subject of which is of low value.
Low-value assets are considered to be those which, when new, have a value of no more than PLN 15,000.

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

The company as the lessor

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

Borrowing costs

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

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

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

Investments in subsidiaries, associates or in joint ventures

The Company measures the value of shares at cost, i.e. at the price of the purchase reduced by any impairment losses.
The fair value of investment on the date when it ceases to be a subsidiary shall be treated as the purchase price at the moment of initial measurement as financial asset.

Inventory – item of Inventory includes - materials, goods, semi-finished products, and work-in-process. Purchased materials are expensed on the day of their purchase. As at the balance sheet day the measurement of goods and materials is done with the prudence accounting principle, that is the categories are valued at the lower of following - purchase price, the production cost or the net realizable value.
Stocks of slowly-rotating goods and materials are covered among others by the write-downs created according to individual evaluation of the realizable price as at the balance sheet day.
Flows of stocks are done at using the FIFO method - "first-in", "first-out".
Write-downs concerning inventory and their reversals are recognized in the other operating expenses and revenues from operating activities.
Purchased materials are expensed on the day of their purchase. As at the end of the financial year, i.e. December 31, the Company is obliged to determine the stock of materials, value them and adjust costs by the value of this stock. Inventories are valued at purchase price.
Writing off the value of materials and goods as at the date of their purchase or finished products at the time of their production, combined with determining the status of these assets and its valuation, as well as cost adjustments by the value of this status, no later than as at the balance sheet date.

Loans granted

arise when an entity issues cash directly to a debtor without intending to trade its receivables. They are classified as current assets, provided that their maturity does not exceed 12 months from the balance sheet date. Loans with a maturity period exceeding 12 months from the balance sheet date are classified as non-current assets. Loans are initially recognized at fair value. Subsequently, loans are measured at amortized cost using the effective interest rate method, less impairment losses, if any.

Receivables

are initially recognized at fair value, with the fair value of trade receivables as at the moment of initial recognition being the nominal value resulting from the issued sales invoices, and then they are measured at amortized cost using the effective interest rate, taking into account impairment losses. An impairment loss on receivables is created when there is objective evidence that the entity will not receive all amounts due under the original terms of receivables and it is recognized under other operating expenses. The amount of impairment loss is determined according to IFRS 9 Financial Instruments.

Cash and cash equivalents

include cash in hand and in bank accounts, bank deposits with an original maturity of up to three months and financial assets at fair value through profit or loss that meet the definition of a cash equivalent. Cash is valued at nominal value.

Non-current assets held for sale

Non-current assets held for sale are assets that simultaneously meet the following criteria:
- by the Management is committed to a plan to sell,
- an active program to locate a buyer is initiated,
- an asset is available for immediate sale,
- the sale is highly probable and can be settled within 12 months from classification as held for sale,
- the selling price is rational in relation to the current fair value,
- it is unlikely that the sales plan will be changed.

Change in classification is reflected in the reporting period in which the criteria are met.

Immediately prior to reclassification to the group held-for-sale or the disposal, these assets are re-measured according to applicable accounting principles. Non-current assets held-for-sale (excluding financial assets and investment properties) are recognized in the financial statement in lower of two values: the carrying amount or the fair value less costs to sell.

In case of increase of value, at a later date, of fair value less costs to sell the income is recognized, however, at the value not higher than previously recognized impairment allowance. Upon allocating the given component of assets as held-for-sale, the calculation of depreciation allowances is stopped.

Measurement of assets and financial liabilities

At initial recognition the entity shall measure component of assets or financial liabilities at fair value, increased in case of component of assets or financial liabilities not classified as measured at fair value through profit or loss, by transaction costs, which could be directly attributable to the purchase or to the issue of the component of financial assets such as: fees and commissions paid to advisers , agents, levies imposed by regulatory agencies and the stock exchange and taxes. Transaction costs do not include premium or discount from debt instruments, or financing costs, neither internal administrative costs nor costs of holding of the instruments.

Measurement of financial instruments –IFRS 9

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

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

Impairment of financial assets

IFRS 9
At the moment of initial recognition, financial assets should be classified into one of three categories:
• financial assets measured at amortized cost;
• financial assets measured at fair value through profit or loss; or
• financial assets measured at fair value through other comprehensive income.

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

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

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

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

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

Other financial assets are valued at fair value through the financial result of the current period.

The classification of financial assets is presented below.

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

In the scope of hedge accounting, the Company has decided to continue the existing measurement and classification methods.
According to IFRS 9, which introduces an approach to estimating the impairment of financial assets based on the impairment model. This model is based on the calculation of expected losses. To estimate expected credit losses in relation to trade receivables, the Company applied the simplified method permitted by IFRS 9. For the purpose of estimating the expected credit loss, the Company uses the reserve ratio, which takes into account historical data.
Taking into account the above methodology of calculating expected credit losses, the value of receivables may also be updated individually if, according to the Management Board's individual assessment, the risk that they will not be collected is significant, in particular with regard to:
- receivables from contractors in liquidation or bankruptcy
- receivables questioned by the debtors and the payment of which the debtor is in arrears, and according to the assessment of the debtor's property and financial situation, the repayment of the contractual receivable is fraught with significant risk.

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

Measurement of financial assets at fair value

The Company measures financial assets measured at fair value through the profit and loss, including derivatives being assets and available-for-sale financial assets, without reduction by the transaction costs which can be incurred in relations to the sale or using other way of the disposal of assets.
Fair value of financial assets is measured as follows:

- for instruments quoted on the active market based on the last quotations available at the end of the reporting period,
- for debt instruments unquoted on the active market based on the discounted cash flows analysis,
- for futures derivatives (forward) and swap contracts based on discounted cash flows analysis.

Investments in equity instruments (shares), that do not have quoted market price on active market and which fair value cannot be measured credibly, are valued at cost by the Company, i.e. at purchase price less possible impairment losses.
Financial assets designated as hedged items are valued in accordance with principles of hedge accounting.
Profit or loss arising from measurement of the financial asset classified as measured at fair value through profit or loss are recognized in profit or loss.

Profit or loss arising from measurement of the financial asset classified as available-for-sale is recognized in other comprehensive income, except for impairment losses and exchange differences which are recognized in financial result. For debt financial instruments, interest calculated using the effective interest rate method is recognized in financial result.

Measurement of financial assets at amortized cost

The Company measures loans and other receivables, including trade receivables and held-to-maturity investments according to amortized cost and using the effective interest rate method.

Measurement of financial assets at fair value

The Company measures financial assets measured at fair value through the profit and loss, including derivatives being assets and available-for-sale financial assets, without reduction by the transaction costs which can be incurred in relations to the sale or using other way of the disposal of assets.
Fair value of financial assets is measured as follows:

- for instruments quoted on the active market based on the last quotations available at the end of the reporting period,
- for debt instruments unquoted on the active market based on the discounted cash flows analysis,
- for futures derivatives (forward) and swap contracts based on discounted cash flows analysis.

Investments in equity instruments (shares), that do not have quoted market price on active market and which fair value cannot be measured credibly, are valued at cost by the Company, i.e. at purchase price less possible impairment losses.
Financial assets designated as hedged items are valued in accordance with principles of hedge accounting.
Profit or loss arising from measurement of the financial asset classified as measured at fair value through profit or loss are recognized in profit or loss.

Profit or loss arising from measurement of the financial asset classified as available-for-sale is recognized in other comprehensive income, except for impairment losses and exchange differences which are recognized in financial result. For debt financial instruments, interest calculated using the effective interest rate method is recognized in financial result.

Measurement of financial liabilities at fair value

The Company measures financial liabilities classified as measured at fair value through profit or loss (in particular including derivatives which are not hedging instruments), as at the last day of the reporting period or any time after the initial recognition at fair value. Irrespective of the nature and purpose of the acquisition, the Company, at the initial recognition, classifies selected financial liabilities as measured at fair value through financial result if it leads to obtaining more useful information. Fair value of the contracted liability is determined based on the current sale price for instruments quoted on an active market.
In the absence of an active market, fair value of financial liabilities is determined by:

- the use of recent market transactions conducted directly between the well informed, willing parties, or
- reference to the current fair value of another instrument that is almost the same, or
- discounted cash flows analysis.

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

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

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

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

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

Reserve capital which arose from the profit allocated to equity previous periods and the current period, resulting from a change in the conditions of benefits (such as change in retirement age) or introduction/restriction of a benefit plan, recognized in profit or loss for the period.

Equity

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

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

Revenues from sales – include in particular revenue from execution of contracts of construction services (general contracting) and design and engineering services. From 1 January 2018, the Company applies the principles of IFRS 15 taking into account the assumptions adopted in this model. This model assumes that revenues are recognized when (or to the extent to which) the entity transfers control over the goods or services to the client and in the amount to which the entity expects to be entitled.
Depending on the meeting of determined criteria, the revenues
- are distributed over time in a way that reflects the implementation of the contract by the entity, or to which entity expects to be entitled.
- are recognized once, in such a time when the control over the goods or services is transferred to the customer.

Revenues from the contracts for construction services (general contracting) and the design and engineering services are determined in proportion to the level of the progress of the service. The level of progress of the service is measured by the share of costs incurred from the date of the contract to the date of recognition of income in the total cost of the execution of service.
Correctness of calculations of the level of the progress of service as well as expected the total expenses and revenues from the performing of the service is verified at the end of each quarter.
Revenues from sale of goods and materials are recognized in the profit and loss account when the control over goods has been transferred to the client.

Income tax – tax burdens include the current taxation by corporate income tax, and the change in provisions or deferred tax assets.
Current tax liabilities are established on the basis of current tax regulations and the established taxable income. Current tax liabilities for the current period and previous periods are included as the liability in the amount, in which it wasn't paid.
Provision under deferred income tax is recognized using the liability method, under transitional differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that are actually applicable as at the balance sheet date. Transitional differences relate to different measurement of assets and liabilities for tax purposes and balance sheet purposes.

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

1.5. Transactions in foreign currencies

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

1.6. Functional currency and presentation currency of financial statements

The financial statements is presented in thousands of Polish Zlotys ('zloty' or 'PLN') which is the functional currency and presentation currency.
The financial result and financial position of the Representation Office are translated using the following procedures:

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

2. Explanatory notes to separate financial statements as at 31 December 2023 and for the period of twelve months of 2023

Note 1 – Property, Plant and Equipment

	31 December 2023	31 December 2022
Property, plant and equipment, including:	926	1 412
- machinery and equipment	759	1 174
- other PPE	167	238
Total property, plant and equipment	**926**	**1 412**

Property, plant and equipment - ownership structure	31 December 2023	31 December 2022
a) own	926	1 412
Total balance sheet property, plant and equipment	**926**	**1 412**

Changes in property, plant and equipment – in 2023

	Machinery and equipment	Vehicles	Other PPE	PPE in-progress	Total PPE
Gross value					
As at 1 January 2023	**5 053**	**-**	**1 823**	**-**	**6 876**
Increase (due to)	147	-	23	-	170
- acquisition	147	-	23	-	170
Decrease (due to)	-361	-	-45	-	-406

- disposal	-10	-	-8	-	-18
- liquidation	-351	-	-30	-	-381
- changes	-	-	-7	-	-7
As at 31 December	**4 839**	**-**	**1 801**	**-**	**6 640**
Depreciation and impairment					
As at 1 January 2023 - accumulated depreciation	**3 879**	**-**	**1 585**	**-**	**5 464**
Depreciation for the period (under)	201	-	49	-	250
- increase – depreciation for the period	558	-	94	-	652
- decrease under disposal	-10	-	-32	-	-42
- decrease under liquidation	-347	-	-6	-	-353
- changes	-	-	-7	-	-7
As at 31 December 2023 - accumulated depreciation	**4 080**	**-**	**1 634**	**-**	**5 714**
Impairment of PPE	-	-	-	-	-
Net value of PPE as at 31 December 2023	**759**	**-**	**167**	**-**	**926**

Change in property, plant and equipment – in 2022

	Machinery and equipment	**Vehicles**	**Other PPE**	**PPE in-progress**	**Total PPE**
Gross value					
As at 1 January 2022	**4 083**	**68**	**2 511**	**-**	**6 662**
Increase (under)	970	-	65	-	1 035
- acquisition	970	-	65	-	1 035
Decrease (due to)	-	-68	-753	-	-821
- disposal	-	-68	-719	-	-787
- liquidation	-	-	-34	-	-34
As at 31 December 2022	**5 053**	**-**	**1 823**	**-**	**6 876**
Depreciation and impairment					
As at 1 January 2022 – accumulated depreciation	**3 353**	**68**	**2 152**	**-**	**5 573**
Depreciation for the period (under)	526	-68	-567	-	-109
- increase – depreciation for the period	526	-	113	-	639
- decrease under disposal	-	-68	-647	-	-715
- decrease under liquidation	-	-	-33	-	-33
As at 31 December 2022 - accumulated depreciation	**3 879**	**-**	**1 585**	**-**	**5 464**
Impairment of PPE	-	-	-	-	-
Net property, plant and equipment as at 31 December 2022	**1 174**	**-**	**238**	**-**	**1 412**

Note 2 – Intangible Assets

	31 December 2023	**31 December 2022**

Acquired concessions, patents, licenses and similar assets including computer software	14	38
Total intangible assets	**14**	**38**

Ownership structure		
- own	14	38
Total intangible assets	**14**	**38**

Change in intangible assets – in 2023

	Acquired concessions, patents, licenses and similar assets including computer software	**Total intangible assets**
Gross value		
As at 1 January 2023	**2 176**	**2 176**
Increase/decrease:	-14	-14
liquidation	-14	-14
As at 31 December 2023	**2 162**	**2 162**
Amortization and impairment		
As at 1 January 2023 - accumulated amortization	**2 138**	**2 138**
Amortization for the period (under):	10	10
- increase (amortization accrued)	24	24
- decrease under liquidation	-14	-14
As at 31 December 2023 - accumulated amortization	**2 148**	**2 148**
Net intangible assets as at 31 December 2023	**14**	**14**

Change in intangible assets – in 2022

	Acquired concessions, patents, licenses and similar assets including computer software	**Total intangible assets**
Gross value		
As at 1 January 2022	**2 610**	**2 610**
Increase/decrease:	-434	-434
acquisition	11	11
liquidation	-445	-445
As at 31 December 2022	**2 176**	**2 176**
Amortization and impairment		
As at 1 January 2022 - accumulated amortization	**2 560**	**2 560**
Amortization for the period (under):	-422	-422
- increase (amortization accrued)	23	23
- decrease under liquidation	-445	-445
As at 31 December 2022 - accumulated amortization	**2 138**	**2 138**
Net intangible assets as at 31 December 2022	**38**	**38**

Note 3 – Right-of-use assets

	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 - new contracts concluded	-	-	363	363
Increase in gross value – updating of values of contracts	198	293	-	491
Decrease in gross value - ending of the contract	-	-338	-318	-656
Total gross value closing balance sheet	23 596	333	3 891	27 820
Depreciation				
As at opening balance sheet	8 615	337	2 691	11 643
Depreciation accrued	1 995	48	738	2 781
Decrease - ending 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	13782
Write-downs	-	-	-	-
Total net value as at 31 December 2023	**12 986**	**285**	**767**	**14 038**

Note 4 – Shares in Subsidiaries

Shares in subsidiaries	31 December 2023	31 December 2022
a) in subsidiaries	21 598	21 141
Shares, net value	**21 598**	**21 141**
Write-downs of financial non-current assets	-	380
Shares, gross value	**21 598**	**21 521**

Change in shares in subsidiaries and in other entities	As at 31 December 2023	As at 31 December 2022
a) as at the beginning of the period	21 141	5 593
- shares at cost	21 141	5 593
b) increase	491	15 548
- acquisition of shares in related entity	-	11 046
- change of status from an associate to a subsidiary	111	4 502
- dissolution of the write-off of subsidiary	380	-
b) decrease	-34	-
- disposal of shares for redemption	-34	-
As at the end of the period	**21 598**	**21 141**

Change in write-downs of shares in subsidiaries	31 December 2023	31 December 2022
As at the beginning of the period	380	380
dissolution of the write-off of shares in a liquidated subsidiary	-380	-
As at the end of the period	**0**	**380**

Note 5 – Shares in Jointly-controlled Entities and in Associated Entities

Shares in jointly-controlled entities and in associated entities	31 December 2023	31 December 2022
- shares – net value	-	-
- write-down of shares	708	708
Shares, gross value	**708**	**708**

Change in shares in jointly-controlled entities and associated entities	31 December 2023	31 December 2022
a) as at the beginning of the period	-	4 502
- shares at cost	-	4 502
b) decrease (under)	-	-4 502
change of status from an associate to a subsidiary	-	-4 502
c) at the end of the period net	**-**	**-**
d) write-down	708	708
e) at the end of the period gross	**708**	**708**

Shares in subsidiaries as at 31December 2023

Item No.	a	b	c	d	e	f	g	h	i	j	k
	Name of the company and its legal form	Registered Office	Scope of the company's activity	Types of relations (subsidiary, associated entity, with specification of indirect or direct relations)	Consolidation method applied / valuation using the equity method, or indication that entity is not subject to consolidation / valuation using equity method	Date of gaining control / joint control / obtaining significant influence	Value of shares / at cost	Total revaluation adjustments	Carrying value of shares	Percentage of share capital held directly and indirectly	Share in total number of votes at the General Meeting (directly or indirectly)
1	PROCHEM INWESTYCJE Sp. z o. o.	Warsaw	Consultancy on business activity and management	subsidiary	full	22.06.1992	2 999	-	2 999	100.0%	100.0%
2	PKI.PREDOM Sp. z o.o.	Wrocław	Construction designing, urban planning, process engineering	Subsidiary indirectly (Prochem Inwestycje sp. z o.o. holds 85.7% of capital)	full	19.07.2002	143	-	143	91.4%	91.4%
3	PROCHEM ZACHÓD Sp. z o.o.	Warsaw	Marketing activity, providing construction works and design services, commercial activity and forwarding	subsidiary	full	18.03.1998	1 061	-	1 061	80.0%	80.0%
4	ELEKTROMONTAŻ KRAKÓW S.A.	Kraków	Assembly of electrical installations and equipment	Subsidiary indirectly (Prochem Inwestycje holds 57.49% of shares)	full	10.12.2001	1 243	-	1 243	92.0%	92.0%
5	PROCHEM RPI Sp. z o.o.	Warsaw	Developer's activity	subsidiary (Prochem Inwestycje holds 3.33%)	full	08.04.1998	493	-	493	100.0%	100.0%
6	IRYDION Sp. z o.o.	Warsaw	Rental of real estate on its own account	subsidiary	full (change of the shareholding structure in the company from a	24.03.2000	15 659		15 659	100.0%	100.0%

					jointly controlled company to a subsidiary as of December 20, 2022.)						

Shares in subsidiaries continuation

Item No.	a	b								c			d			e	f
	Name of the company	Entity's equity, including:	Share capital	Own shares (negative value)	Revaluation reserve)	Retained earnings including:	profit (loss) brought forward	Net profit (loss)	Net profit write-off during the financial year	liabilities and provisions for liabilities of the entity, including:	Non-current liabilities	Current liabilities	Entity's receivables, including:	Non-current receivables	Current receivables	Total entity's assets	Sales revenue
1	PROCHEM INWESTYCJE Sp. z o. o.	11 323	3 000	-	-	8 323	-20	3 437		16 141	14 140	2 001	1 135	-	1 135	27 464	4 613
2	PKI.PREDOM Sp. z o.o.	926	600	-268	-	594	-	-249		5 524	1 714	3 810	1 406	44	1 362	6 450	6 290
3	PROCHEM ZACHÓD Sp. z o.o.	2 113	1 600	-	-	513	-	74		7	-	7	1	-	1	2 120	-
4	ELEKTROMONTAŻ KRAKÓW S.A.	19 979	728	-	4 161	15 090	-	1 761		17 738	2 670	15 068	18 100	-	18 100	37 717	58 374
5	PROCHEM RPI Sp. z o.o.	3 642	600	-	-	3 042	-	-71		7 271	6 257	1 014	217	-	217	10 913	1 261
6	IRYDION Sp. z o.o.	19 080	9 000	-	-	10 080	-	-1 114		24	-	24	449	445	4	19 104	-

Note 6 – Settlement of Deferred Income Tax

- deferred tax assets

Change in deferred income tax	31 December 2023	31 December 2022
1. Deferred tax assets as at the beginning of the period, recognized in financial result (profit or loss)	**8 353**	**3 351**
a) recognized in financial result	**8 239**	**3 225**
- provisions to operating expenses	700	941
- unpaid remuneration under contracts of mandate and specific task contracts	44	29
- provision for retirement benefit	88	80
- provisions for holiday benefits	287	287
- unpaid employee benefits	2	5
- discount on the security deposit in the bank	9	-
- tax loss	1 056	-
- surplus of costs incurred above margin expected	6 053	1 883
b) recognized in equity	**114**	**126**
- provision for retirement benefits	114	126
2. Increase	**11 014**	**8 108**
a) recognized in financial result	**11 014**	**8 108**
- provision for operating expenses	1 560	880
- unpaid remuneration under contracts of mandate and specific task contracts	44	44
- provision for retirement benefit	23	18
- provisions for holiday benefits	-	6
- unpaid employee benefits	2	2
- discount on the security deposit in the bank	47	49
- tax loss	5 345	1 056
- discount of statutory warranty	107	-
- surplus of costs incurred above margin expected	3 886	6 053
b) recognized in equity	**-**	**-**
- provision for retirement benefits	-	-
3. Decrease	**7 070**	**3 106**
a) recognized in financial result	**7 060**	**3 094**
- use of provision for operating expenses	893	1 121
- paid remuneration under contract of mandate and specific task contract	44	29
- provision for retirement benefit	14	10
- provisions for holiday benefits	36	6
- unpaid employee benefits	2	5
- discount on the security deposit in the bank	18	40
- surplus of costs incurred above margin expected	6 053	1 883
b) recognized in equity in connection with negative temporary differences (due to)	**10**	**12**
- provision for retirement benefit	10	12

4. Total deferred tax assets at the end of the period, including:	**12 297**	**8 353**
a) recognized in financial result	**12 193**	**8 239**
- provision for costs	1 367	700
- unpaid remuneration under contract of mandate and specific task contract	44	44
- provision for retirement benefit	97	88
- provisions for holiday benefits	251	287
- unpaid employee benefits	2	2
- discount on the security deposit in the bank	38	9
- tax loss	6 401	1 056
- discount of statutory warranty	107	-
- surplus of costs incurred above margin expected	3 886	6 053
b) recognized in equity in connection with negative temporary differences (due to)	**104**	**114**
- provision for retirement benefit	104	114

- provision for deferred income tax

Change in provision for deferred income tax	31 December 2023	31 December 2022
1. Provision for deferred income tax as at beginning of the period, including:	**6 408**	**2 152**
a) recognized in financial result	**6 408**	**2 152**
- interest accrued on loan	78	119
- revaluation of non-current financial assets	136	136
- revenues under discounted liabilities	247	244
- discounted flows costs (security deposits)	40	-
- margin on revalued revenues	5 907	1 653
b) recognized in equity	**-**	**-**
2. Increase	**4 166**	**6 067**
a) recognized in financial result of the period under positive temporary differences (due to)	**4 166**	**6 067**
- interest accrued on loan	132	56
- revenues under discounted liabilities	-	64
- revenues from the sale of Predom shares	24	-
- discounted cash flows expenses (security deposits)	-	40
- discount of statutory warranty deposit	69	-
- measurement of revenues, change as at the balance sheet date	3 941	5 907
3. Decrease	**6 340**	**1 811**
a) recognized in financial result of the period under positive temporary differences (due to)	**6 340**	**1 811**
- paid interest on loan	146	97
- revenues under discounted liabilities	247	61
- discounted cash flows expenses (security deposits)	40	-
- measurement of revenues, change as at the balance sheet date	5 907	1 653
b) recognized in equity	**-**	**-**
4. Total provision for deferred income tax as at the end of the period	**4 234**	**6 408**
a) recognized in financial result	**4 234**	**6 408**
- interest accrued on loan	64	78

- revaluation of non-current financial assets	136	136
- revenues under discounted liabilities	-	247
- revenues from disposal of non-current financial assets	24	-
- discounted cash flows expenses (security deposits)	-	40
- discount of statutory warranty deposit	69	-
- measurement of revenue, change as of the balance sheet date	3 941	5 907
b) recognized in equity	**-**	**-**

Presentation in the statement of financial position

	31 December 2023	31 December 2022
Deferred tax assets	12 297	8 353
Provision for deferred income tax	-4 234	-6 408
Deferred tax assets	**8 063**	**1 945**

Note 7 – Other Non-current Financial Assets

Other financial assets	31 December 2023	31 December 2022
a) from subsidiaries indirectly and directly:	8 242	8 910
- non-current loans granted	8 242	8 910
b) other financial assets – discounted security deposit securing bank guarantee	-	-
	4 968	-
Total other non-current financial assets	**13 210**	**8 910**

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 applicable on the first working day of each calendar quarter, increased by a margin of 2.3%. The repayment date of the 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 applicable on the first working day of each calendar quarter, increased by a margin of 2.0%. The repayment date of the loan with interest – 30 June 2027.

Increase:

- Accrued interest on loans granted to jointly-controlled entity 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 a loan by subsidiary Prochem Inwestycje Sp. z o .o. in the amount of PLN 1 800 thousand,
- Repayment of interest on loan by subsidiary Prochem Inwestycje Sp. z o. o. in the amount of PLN 584 thousand,
- Partial repayment of a loan by subsidiary Prochem RPI Sp. z o.o. in the amount of PLN 1 400 thousand,
- Repayment of interest on loan by subsidiary RPI Sp. z o. o. in the amount of PLN 332 thousand,

Loans granted - as at 31 December 2022

- Loans granted to jointly-controlled company Irydion Sp. z o .o. with its seat in Warsaw have been repaid,
  the balance as at 31.12.2022 is PLN 0.

- Loan granted to subsidiary Prochem Inwestycje Sp. z o.o.:
- \- in the amount of PLN 4 910 thousand, including: amount of the loan PLN 4 500 thousand, interest in the amount of PLN 410 thousand. The interest rate is set annually according to WIBOR 3M rate applicable on the first working day of each calendar quarter, increased by a margin of 2.3%. The repayment date of the loan with interest - 31 December 2025
- Loan granted to subsidiary Prochem RPI Sp. z o. o.:
- \- in the amount of PLN 4 000 thousand, including: amount of the loan PLN 4 000 thousand. The interest rate is set annually according to WIBOR 3M rate applicable on the first working day of each calendar quarter, increased by a margin of 2.0%. The repayment date of the loan with interest – 30 June 2027

Increase:

- Accrued interest on loans granted to jointly-controlled entity Irydion Sp. z o. o. in the amount of PLN 356 thousand
- Accrued interest on loans granted to jointly-controlled entity Prochem Inwestycje Sp. z o. o. in the amount of PLN 354 thousand
- Accrued interest on loans granted to subsidiary Prochem RPI Sp. z o. o. in the amount of PLN 87 thousand,

Decrease:

- Repayment of loans by jointly-controlled company Irydion Sp. z o. o. in the amount of PLN 17 000 thousand,
- Repayment of interest on loans by jointly-controlled company Irydion Sp. z o. o. in the amount PLN 356 thousand,
- Partial repayment of a loan by subsidiary Prochem Inwestycje Sp. z o .o. in the amount of PLN 500 thousand,
- Repayment of interest on loan by subsidiary Prochem Inwestycje Sp. z o. o. in the amount of PLN 572 thousand,
- Repayment of interest on loan by subsidiary RPI Sp. z o. o. in the amount of PLN 87 thousand.

Note 8– Inventories

Inventories	**31 December 2023**	**31 December 2022**
Materials	44	194
Goods	-	-
Total inventories	**44**	**194**
Write-downs of inventories	557	557

Note 9 – Trade and Other Receivables

Trade and other receivables	**31 December 2023**	**31 December 2022**
Trade receivables	23 227	31 589
Write-downs of trade receivables	3 124	-3 076
Trade receivables net, including	**20 103**	**28 513**
- with the repayment period up to 12 months	20 049	28 470
- with repayment period more than 12 months	54	43
Receivables from taxes, subsidies, custom duties, social and health insurance and other benefit		**-**
Other receivables	209	14
Write-down of other receivables	51	-
Net other receivables	**158**	**14**
Total receivables	**20 261**	**28 527**

For the purpose of estimating the expected credit loss, was used a provision matrix, which was developed based on observations of historical levels of aging and repayment of receivables. The Company conducted an impairment test of assets - in the trade receivables item. As a result of the test, the expected credit losses were estimated and it was determined that they do not have a significant impact on the presented value of receivables.
For other classes of financial assets and liabilities, fair value equals book value.

Trade and other receivables from related entities	**31 December 2023**	**31 December 2022**
Trade receivables, including:	799	13
- from subsidiaries	799	6
- from jointly-controlled entities and associated entities	-	7
other, including:	124	-
- from subsidiaries	124	-
Total trade and other receivables from related entities, net	**923**	**13**
Write-down of receivables from related entities	-	-
Total trade and other receivables from related entities gross	**923**	**13**

Change in write-downs of trade and other receivables	**31 December 2023**	**31 December 2022**
As at the beginning of the period	3 076	2 812
a) increase (due to)	102	264
- provision for trade receivables	102	264
b) decrease (due to)	3	-
- payments received	3	-
- the use of provisions created in the previous periods	-	-
Write-downs of current trade and other receivables at the end of the period	**3 175**	**3 076**

Trade receivables with a period of repayment from the balance sheet date:	**31 December 2023**	**31 December 2022**

a) up to 1 month	7 044	14 240
b) more than 1 month up to 3 months	11 166	12 567
c) more than 3 months up to 6 months	640	1 488
d) more than 6 months up to 1year	11	17
e) more than 1 year	54	43
f) receivables overdue	4 312	3 234
Total trade receivables (gross)	**23 227**	**31 589**
g) write-downs of trade receivables	-3 124	-3 076
Total trade receivables (net)	**20 103**	**28 513**

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

Age analysis of overdue trade receivables (gross)	**31 December 2023**	**31 December 2022**
a) up to 1 month	29	15
b) more than 1 month up to 3 months	1 025	5
c) more than 3 months up to 6 months	38	12
d) more than 6 months up to 1year	-	62
e) more than 1 year	3 220	3 140
Total overdue trade receivables (gross)	**4 312**	3 234
f) write-downs of trade receivables, overdue	-3 124	-3 076
Total overdue trade receivables (net)	**1 188**	**158**

As at 31 December 2023 and as at 31 December 2022 trade receivables include current security deposits under statutory warranty for construction and assembly works, respectively in the amount of PLN 1 511 thousand and PLN 749 thousand.

Note 10 – Other Financial Assets

Other financial assets by types:	**31 December 2023**	**31 December 2022**
a) Other financial assets - security deposits securing the guarantees provided by the bank	596	7 962
Total other financial assets	**596**	**7 962**
Write-downs of other financial assets	-	
Other financial assets, gross	**596**	**7 962**

Note 11 – Other Assets

Other assets by types:	**31 December 2023**	**31 December 2022**
a) prepayments	1 180	1 023
- cost of property and personal insurance	277	237
- software maintenance costs	894	753
- subscriptions	9	8
- other deferred costs	-	25
Total other assets	**1 180**	**1 023**

Note 12 – Share Capital

SHARE CAPITAL (THE STRUCTURE)							
Series / emission	Type of share	Type of share preferences	Number of shares	Series / emission at nominal value	Method of coverage of capital	Registration date	Right to dividend (from the date)
Founding	registered	3 głosy na 1 akcję	580	580	cash	23-07-1991	01-10-1991
Founding	registered	-	6 067	6 067	cash	23-07-1991	01-10-1991
Founding	bearer	-	1 810 104	1 810 104	cash	23-07-1991	01-10-1991
B	registered	-	750	750	cash	29-07-1993	01-01-1993
B	bearer	-	187 499	187 499	cash	29-07-1993	01-01-1993
Total number of shares			**2 005 000**				
Total share capital				**2 005 000**			
Nominal value of 1 share = PLN 1.00							

On August 1, 2023, an entry was made in the National Court Register pursuant to Resolution No. 17 of the Ordinary General Meeting (OGM) of June 14, 2023 regarding the redemption of shares by reducing the share capital - the OGM redeemed 350,000 shares with a nominal value of PLN 1 each, including: 749,000 founding shares issued as registered shares and 349,251 series B bearer shares.

As at the date of publication of hereby financial statements, 2,005,000 shares are in trade, the total number of votes attached to these shares is 2,006,160.

Changing the rights from the isssuer'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% of votes at the general meeting of shareholders:

Name of the shareholder	Number of shares held (in pcs.)	Number of votes held	% of votes in total number of votes	% of share capital
1. Steven Tappan	1 002 450	1 002 450	49.97	50.00
2. Otwarty Fundusz Emerytalny PZU „Złota Jesień”	284 916	284 916	14.20	14.21

Change of rights from shares of Prochem S.A. in 2023:

1. On August 8, 2023, the Management Board of Prochem S.A. (hereinafter referred to as the Company) received information from Powszechne Towarzystwo Emerytalne PZU S.A. acting on behalf of Otwarty Fundusz Emerytalny PZU "Złota Jesień" ("OFE PZU") about a change in the hitherto held share in the total number of votes at the general meeting of the Company. The change results from the reduction of the share capital from PLN 2,355,000 to PLN 2 005,000 by way of redemption of 350,000 shares of the Company with a nominal value of PLN 1 each.
Before the change, OFE PZU held 284,916 shares in the Company, which constituted 12.10% of the share capital and held 284,916 votes from these shares, which constituted 12.09% of the total number of votes at the General Meeting.
After the change, OFE PZU holds 284,916 shares in the Company, which constitutes 14.21% of the share capital and holds 284,916 votes from these shares, which constitutes 14.20% of the total number of votes at the General Meeting.

2. On August 9, 2023, the Management Board of Prochem S.A. (hereinafter referred to as the Company) received information from the shareholder of the Company, Mr. Steven Tappan, about a change in the share held so far in the total number of votes at the general meeting of the Company. The change results from the reduction of the share capital from PLN 2,355,000 to PLN 2,005,000 by way of redemption of 350,000 shares of the Company with a nominal value of PLN 1 each.

Before the change, Mr. Steven Tappan held 1,002,450 shares in the Company, which constituted 42.57% of the share capital and held 1,002,450 votes from these shares, which constituted 42.55% of the total number of votes at the General Meeting.
After the change, Mr. Steven Tappan holds 1,002,450 shares of the Company, which constitutes 50.00% of the share capital and holds 1,002,450 votes from these shares, which constitutes 49.97% of the total number of votes at the General Meeting.

Note 13 - Revaluation Reserve

	31 December 2023	31 December 2022
As at opening balance sheet	-486	-538
Actuarial losses on valuation of provisions for employee benefits	43	52
As at closing balance sheet	**-443**	**-486**

Note 14 - Retained Earnings

	31 December 2023	31 December 2022
Spare capital	46 870	20 614
Other capital reserve	9 353	9 353
Profit for the period	-19 591	26 256
Total	**36 632**	**56 223**

Note 15 – Provision for Retirement and Similar Benefits

The Company pays compulsory pension program contributions depending on the amount of gross remuneration paid, in accordance with applicable law.
In accordance with the Remuneration Regulations, employees of the Company are entitled to one-time retirement and disability benefits in the event of termination of employment due to retirement or disability pension. These severance payments are post-employment benefits paid when the employee no longer performs work, therefore the related expenses are spread over the entire period of employment of the employee by making current write-offs towards provisions for benefits. The current amounts of provisions and write-offs are determined by an external actuarial office individually for each employee in accordance with the methodology of "projected unit entitlements". Accrued provisions constitute the present, expected value of the Company's future long-term liabilities due to severance payments, less the current expected values of future write-offs that will be made until the employee acquires the entitlement to benefits.
The actuarial assumptions used for calculations are determined based on the Company's historical data, market data and forecasts. Includes demographic and financial indicators, including turnover rates, mortality tables, total disability tables, post-acquisition postponement rates, benefit base increases, discounting interest rates, and other.

According to the Labor Code, in the event of the death of an employee, his heirs are entitled to posthumous benefits depending on the number of heirs and the length of service of the employee at the time of death. The company does not create provisions for death benefits, costs are recognized when the benefit becomes due.

The current burdens of the Company for the aforementioned long-term benefits include the following items:
- cost of current employment (current write-off) recognized in profit and loss as operating cost (salaries),
- interest expense reflecting the change in the value of provisions with the passage of time, recognized in profit and loss as finance cost,
- actuarial gains / losses arising from the materialization in the reporting period of phenomena reflected by actuarial assumptions adopted at the beginning of the period and as a result of revaluation of assumptions made at the end of the period, are recognized entirely in other comprehensive income as they all relate to post-employment benefits,

- past service cost occasionally appearing as a positive or negative offsetting for write-downs made in previous periods and the current period, resulting from a change in benefit conditions or the introduction / restriction of a benefit plan, recognized in profit or loss for the period as operating (salary) cost,
- matured in the posthumous severance payments period as other costs by type.

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

Post-employment benefits for which provisions are made include retirement and disability benefits paid upon termination of employment due to the employee's retirement or disability pension. The amount of the severance pay depends on the length of service and is a multiple of the average salary in the Entity for the previous quarter, but not more than three times the employee's monthly salary and not less than one monthly salary in accordance with the Labor Code.
Provisions for severance payments as at December 31, 2023 were determined using an individual method, using the PUCM methodology required by IAS 19 and using actuarial techniques. The actuarial assumptions have been updated based on the most recent historical data of the Company, current market data and taking into account changes in the current policy of the Company. The calculations were made on the basis of individual data about employees as of December 31, 2023.

Below are the average values of the basic ratios determined on the basis of detailed actuarial assumptions that were used to calculate the provisions as at December 31, 2023:

- weighted average rotation rate: overall 7.59%, including for traineeship > 3 years 6.08%
- weighted average probability of death: 0.002823 (based on the tables of the Central Statistical Office GUS PTTŻ 2022 which were reduced to 30%)
- weighted average probability of total disability: 0.002325 (ratio based on ZUS/Social Insurance Office case law for the years 2016 – 2020 which were increased up to 200%)
- annual increase in the basis for benefits: 7% ≤ 2025, 6.5% in 2026 - 2029, 6.0% ≥ 2030
- interest rate used for discounting: 5.78% based on an extrapolated profitability curve determined based on the profitability of 2-year, 5-year and 10-year Polish treasury bonds as of December 31, 2023 (discounting factor: 0.94536)

For comparison, the average values of selected ratios determined on the basis of actuarial assumptions that were adopted for the calculation of provisions as at December 31, 2022:

- weighted average rotation ratio: overall 6.86%%, including for traineeship > 3 years 5.06%
- weighted average probability of death: 0,003660
- weighted average probability of total disability: 0.002196
- average annual increase in the basis for benefits: 10% ≤ 2024, 6.5% in 2025 - 2028, 6.0% ≥ 2029
- interest rate used for discounting: 6.89% (discounting factor: 0.93554)

Change in the balance of provisions for retirement and disability benefits(in PLN thousands)

Description	In 2023	In 2022
Opening balance sheet for provisions for benefits	**856**	**881**
Benefits paid during the period (-)	-72	-55
Interest cost	56	30
Current employment cost /current write-down/	66	64
Actuarial losses(gains)	-53	-64
Cost of past employment	0	0
Effect of the sale / merger of the Companies	0	0
Closing balance for provisions for benefits	**853**	**856**
Including current provision	*57*	*64*
Including non-current provisions	*796*	*792*

Breakdown of actuarial gains/losses (in PLN thousands)

Description	In 2023	In2022
Actuarial gains (losses) 'ex post'	37	-81
Actuarial gains (losses)from the update of demographic assumptions	49	-52
Actuarial gains (losses) from update of financial assumptions	-33	197
Total actuarial gains (losses)	**53**	**64**

Total income from retirement and disability benefits recognized in profit and loss:

Description	In 2023	In 2022
Current employment cost /current write-down/	-66	-64
Interest cost	-56	-30
Actuarial gains (losses) under other non-current benefits	0	0
Cost of past employment	0	0
Total gain (loss)	**-122**	**-94**

Recognized in other comprehensive income:

Description	In 2023	In 2022
Actuarial gains (losses) under post-employment benefits	53	64

Maturity profile of retirement and disability pension gratuity

Period	Flows	Breakdown of provisions
2023	60	57
2024	66	53
2025	79	60
2026	71	51
2027	79	51
≥ 2028	3 707	581
Razem	**4 062**	**853**
PV / duration	1 581	14.34 years

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

Sensitivity analysis for the interest rate			Sensitivity analysis for employee rotation rates			Sensitivity analysis for increases in the basis for benefits	
Change in p.p.	Provisions after change		Change in %	Change in p.p.		Change in p.p.	Provisions after change
-0.50%	896		-20%	907		-0.50%	812
-0.25%	874		-10%	879		-0.25%	832
0.0%	**853**		**0%**	**853**		**0.0%**	**853**
0.25%	833		10%	829		0.25%	875
0.50%	814		20%	807		0.50%	898

Note 16 – Non-current Loans

Non-current loans	31 December 2023	31 December 2022
a) to subsidiaries indirectly and directly	16 629	950
Total non-current loans	**16 629**	**950**

Loans received - as at 31December 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. The annual interest rate will correspond to the WIBOR 3M interest rate on the first business day of a given calendar quarter, increased by a margin of 2.0%. The repayment date was set on 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 December 29, 2023 in the amount of PLN 15 679 thousand, including: amount of the loan EUR 3 540 thousand, at the exchange rate of December 29, 2023 in the amount of PLN 15 392 thousand interest EUR 66 thousand, at the exchange rate of December 29, 2023 interest PLN 287 thousand. The annual interest rate will correspond to the EURIBOR 3M interest rate from the first business day of a given quarter, increased by a margin of 2.4%. The repayment date was set on 31 December 2027.

Increase:

- Accrued interest on loan received from subsidiary Prochem Zachód Sp. z o.o. in the amount of PLN 82 thousand.
- Accrued interest on loan received from subsidiary Irydion Sp. z o.o. in the amount of EUR 66 thousand. (equivalent to PLN 287 thousand)

Decrease:

- Repayment of interest on loan received from subsidiary Prochem Zachód Sp. z o.o. in the amount of PLN 82 thousand.

Loans received - as at 31December 2022

- Loan received from subsidiary Prochem Zachód Sp. z o. o. in the amount of PLN 950 thousand, including: amount of the loan PLN 950 thousand. The annual interest rate will correspond to the WIBOR 3M interest rate on the first business day of a given calendar quarter, increased by a margin of 2.0%. The repayment date was set on 31 December 2024.

Information about bank loans incurred

Name of the bank	Registered office	Loan limit in PLN thousands	Amount engaged in PLN thousands	Repayment date	Terms of interest	Collateral
mBANK S.A.	Warsaw	4 000	0	29.08.2024	WIBOR ON in PLN plus margin. Interest is accrued annually on the amount of the loan used	promissory note in blank

Note 17- Trade Payables

	31 December 2023	31 December 2022
a) to subsidiaries	543	1 250

- for supplies and services, with maturity:	543	1 250
- up to 12 months	543	1 250
b) to other entities	23 637	41 731
- for supplies and services, with maturity:	23 637	41 731
- up to 12 months	23 637	41 731
Total trade payables	**24 180**	**42 981**
Non-current liabilities – under seized security deposits with maturity more than 12 months	**4 769**	**8 800**
Total trade payables	**28 949**	**51 781**

Note 18 – Settlements under Long-term Agreements

	31 December 2023	31 December 2022
amounts due from recipients under agreements	28 978	37 634
a) current	28 978	
Amounts due from recipients under non-current agreements	**28 978**	**37 634**

	31 December 2023	31 December 2022
amounts owed to recipients under agreements, :	5 815	-
a) current	5 815	-
Amounts owed to recipients under non-current agreements	**5 815**	**-**

Description	31 December 2023	31 December 2022
The value of revenues according to agreement	522 021	1 556 159
The value of revenues invoiced	461 179	384 962
Planned liabilities under the implementation of agreements	512 815	1 470 703
Realized contractual liabilities	468 417	381 947
Amounts due from recipients	**28 978**	**37 634**
Amounts owed to recipients	**5 815**	**-**

Note 19 – Liabilities under Lease

	31 December 2023	31 December 2022
- right-of-use liability	15 135	16 571
Total liabilities under lease	**15 135**	**16 571**
Including current liabilities	**2 228**	**2 258**

Liabilities under Lease

	In PLN thousands			In PLN thousands		
	Future minimum lease payments	Interest	Current value	Future minimum lease payments	Interest	Current value
In PLN thousands	In 2023	In 2023	In 2023	In 2022	In 2022	In 2022
Up to 1 year	2 228	1 569	3 797	2 258	1 439	3 697
From 1 to 5 years	11 392	3 895	15 287	8 155	3 606	11 762

More than 5 years	1 515	45	1 560	6 158	631	6 789
total	**15 135**	**5 509**	**20 644**	**16 571**	**5 676**	**22 248**

Note 20 –Other Liabilities

	31 December 2023	31 December 2022
a) to other entities	1 154	1 932
- under taxes, duties, insurance and other benefits	1 134	1 907
- under remuneration	1	3
- other (by type)	19	22
liabilities to employees	13	6
to shareholders	5	5
other	1	11
b) other current provisions	7 982	5 490
- provision for loss on contracts	5800	1 376
- provision for future costs	717	2 514
- cost of audit	91	27
- current provision for retirement benefit	57	64
- provision for unused annual leaves	1 317	1 509
Total other liabilities	**9 136**	**7 422**

Note 21 - Revenues from Sale of Services

Revenues from sale of services (type of service and type of activity)	In 2023	In 2022
- revenues from sale of services, including:	218 149	149 279
- from related entities	2 026	2 695

Revenues from sale (territorial structure)	In 2023	In 2022
Domestic market	218 149	149 279
- including from related entities	2 026	2 695
Exports, including:	-	-

Revenues under contracts for construction services (general contracting) and other services are presented in Note 30 – Operating Segments.

The gross amount due from ordering parties/buyers for the work under contracts was presented in Note 9.

Amounts due from customers under non-current contracts are presented in note 18.

Information on major customers, whose total value of revenues from sale of services exceeds 10% of total revenues, which were disclosed in the entity's statement of profit and loss for 2023, is included in Note 30 – Operating Segments.

Note 22 - Revenues from Sale of Goods and Materials

Revenues from sale of materials (type of material and type of activity)	In 2023	In 2022
- revenues from sale of goods	585	2 648

Revenues from sale of goods and materials (territorial structure)	In 2023	In 2022
Domestic market	585	2 648

Note 23 – Cost of Services

Costs by type	In 2023	In 2022
a amortization and depreciation	3 459	3 840
b) consumption of materials and energy	1 856	1 389
c) outsourcing	210 638	118 191
d) taxes and levies	87	37
e) remuneration	27 646	25 406
f) social security and other benefits	5 385	5 385
g) other costs by type (by category)	2 744	2 821
- property and personal insurance	1 006	1 118
- business trips	264	164
- State Fund for Rehabilitation of Disabled Persons (PFRON)	396	351
- cars rental	284	299
- other	794	889
Total costs by type	**251 815**	**157 069**
Change in inventories, goods and prepayments	2 391	-1 357
General and administrative expenses (negative value)	-10 315	-10 961
Cost of services	**243 891**	**144 751**

Note 24 - Other Operating Income

	In 2023	In 2022
a) gain on sale non-financial non-current assets	1	541
b) reversal of impairment allowance (due to)	4	-
- for receivables	4	-
c) other, including:	7 148	323
- reimbursement of litigation cost	56	47
- received compensation, fines and penalties	6 617	260
- funding received	159	-
- writing down overdue liabilities	212	-
- other	104	16
Total operating income	**7 153**	**864**

Note 25 – Other Operating Expenses

	In 2023	In 2022
a) write-down (due to)	102	264
- of receivables	102	264
b) other, including:	284	170
- litigation costs	113	36
- paid damages, penalties and fines	126	129
- other	44	5
Total operating expenses	**386**	**434**

Note 26 – Financial Income

	In 2023	In 2022
a) income from dividends and profit sharing	5 128	31 562
b) interest on loans granted	697	797
- from subsidiaries	697	441
- from jointly-controlled entities	-	356
c) other interest	488	379
- from other entities	488	379
d) surplus of positive exchange rate differences	529	858
e) other, including:	743	329
- income from discount of non-current liabilities	363	329
- other	380	-
Total financial income	**7 585**	**33 925**

Note 27 – Finance Costs

	In 2023	In 2022
a) interest on bank loans	35	-
b) interest on loans received from:	374	71
- subsidiaries	374	71
b) other interest	1 833	1 164
- to other entities	1 833	1 164
d) other, due to:	1 872	1 231
- commission on bank guarantees	1 144	861
- commission on loans	11	-
- costs due to discount of financial assets	155	50
- costs due to discounted non-current liabilities	562	320
Total finance costs	**4 114**	**2 466**

Note 28 – Income Tax

Establishment of the effective tax rate	In 2023	In 2022
(in PLN thousands)		
Profit for the period	-19 591	26 256
Income tax	-6 098	-725
Before tax profit	-25 389	25 531
Income tax at the applicable rate 19 %	-4 881	4 851
Revenues , not classified as tax revenue	-1 017	-5 997
Costs not constituting tax deductible costs	224	346
Other	-424	35
Income tax	**-6 098**	**-725**

Note 29 – Additional Disclosures to the Statement of Cash Flows

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

These relate to the following balance sheet items (in PLN thousands):	In 2023	In 2022
Change in current receivables	**17 663**	**4 435**
Trade and other receivables as at 1 January	28 527	63 990
Receivables under seized security deposits as at 1 January	1 877	61
Other assets as at 1 January	1 023	809
Amounts due under agreements as at 1 January	37 634	8 636
Opening balance sheet after adjustments	**69 061**	**73 496**
Trade and other receivables as at 31December	20 261	28 527
Receivables under seized security deposits as at 31 December	979	1 877
Other assets as at 31December	1 180	1 023
Amounts due under agreements as at 31 December	28 978	37 634
Closing balance sheet after adjustments	**51 398**	**69 061**
Change in current liabilities (except for borrowings, loans and special funds)	**-15 086**	**-22 195**
Trade payables as at 1 January	42 981	57 634
Other liabilities as at 1 January	7 421	10 140
Amounts owed under agreements 1 January	-	5 803
Liabilities under seized security deposits 1 January	8 800	9 266
Provision to retirement benefit obligations 1 January	-64	-53
Provision to unused annual leaves 1 January	-1 509	-1 456
Provision to audit of statements 1 January	-27	-24
Provision to other costs 1 January	-	-1 549
Investment commitments 1 January	-84	-8
Liabilities to shareholders 1 January	-5	-5
Opening balance sheet after adjustments	**57 513**	**79 708**
Trade payables as at 31 December	24 180	42 981
Other liabilities as at 31 December	9 136	7 421
Amounts due under agreements as at 31 December	5 815	-
Liabilities under seized security deposits as at 31 December	4 769	8 800
Provision to retirement benefit obligations 31 December	-57	-64
Provision to unused annual leaves 31 December	-1 317	-1 509
Provision to audit of statements 31 December	-91	-27
Investment commitments 31 December	-3	-84
Liabilities to shareholders 31 December	-5	-5
Closing balance sheet after adjustments	**42 427**	**57 513**
Change in other adjustments as at 31 December	**2 398**	**696**
Change in security deposits constituting collateral for bank guarantee	2 398	696

Note 30–Operating Segments

In the period from January 1, 2023 to December 31, 2023, there were no revenues from activities outside Poland (Exports), in the analogous period of the previous year, there were no revenues outside Poland either.

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

- A customer involved in the production of chemical raw materials – sales revenue PLN 61 286 thousand, representing 28.09% of sales revenue, which was shown in the segments „General contracting" and „Design services and other engineering services".
- A customer involved in the production of fertilizers – sales revenue PLN 43 894 thousand, representing 20.12% of sales revenue, which was shown in the segment „General contracting".
- A customer involved in the manufacture of other basic inorganic chemicals – sales revenue PLN 65 274 thousand, representing 29.92% of sales revenue, which was shown in the segment „ Design services and other engineering services"
- The client involved in the production and processing of refined petroleum products, operating on the biofuels, gas, electricity and heat markets - sales revenue PLN 25 004 thousand, representing 11.46% of sales revenue, which was shown in the segments „General contracting" and „Design services and other engineering services".

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

For the period from 01.01.2023 to 31.12.2023	**General contracting**	**Design services, other engineering services**	**Rental of construction equipment**	**Commercial activity**	**Other**	**Items not assigned**	**Total**
Revenues for external clients	174 511	43 332	116	585	190	-	218 734
Total revenues of the segment	**174 511**	**43 332**	**116**	**585**	**190**	**-**	**218 734**
Result **Profit (loss)of the segment**	**-35 618**	**-57**	**-20**	**40**	**-362**	**-**	**-36 017**
Financial income						7 675	7 675
Finance costs						-4 114	-4 114
Net financial income						**3 561**	**3 561**
Profit (loss) on other operating activity						6 767	6 767
Before tax profit						**-25 689**	**-25 689**
Income tax						-6 098	-6 098
Profit for the current period						**-19 591**	**-19 591**
Assets of the segment (related to activity)	32 081	17 217	-	-	231	25	49 554
Assets not assigned/unallocated (among others shares, stocks and other financial assets)						65 100	65 100
Total assets	**32 081**	**17 217**	**-**	**-**	**231**	**65 125**	**114 654**
Liabilities of the segment (related to activity)	35 330	4 672	14	48	-	36 396	76 460
Equity						38 194	38 194
Total liability and equity	**35 330**	**4 672**	**14**	**48**	**-**	**74 590**	**116 776**
Depreciation of property, plant and equipment	289	1 352	10		106	1 678	3 435
Amortization of intangible assets						24	24
Write-down of segment assets (receivables from supplies and services)	263	-	2 843	-	69	-	3 175

For the period from 01.01.2022 to 31.12.2022	**General contracting**	**Design services, other engineering services**	**Rental of construction equipment**	**Commercial activity**	**Other**	**Items not assigned**	**Total**

.- Revenues for external clients	105 063	41 535	398	2 648	2 283	-	151 927
Total revenues of the segment	**105 063**	**41 535**	**398**	**2 648**	**2 283**	**-**	**151 927**
Result							
Profit (loss)of the segment	**-8 494**	**2 042**	**-204**	**75**	**223**	**-**	**-6 358**
Financial income						33 925	33 925
Finance costs						-2 466	-2 466
Net financial income						**31 459**	**31 459**
Profit (loss) on other operating activity						430	430
Before tax profit						**25 531**	**25 531**
Income tax						-725	-725
Profit for the current period						**26 256**	**26 256**
Assets of the segment (related to activity)	23 593	6 650	126	-	22	-	30 391
Assets not assigned/unallocated (among others shares, stocks and other financial assets)						104 866	104 866
Total assets	**23 593**	**6 650**	**126**	**-**	**22**	**104 866**	**135 257**
Liabilities of the segment (related to activity)	29 121	681	60	-	2	50 853	80 717
Equity						54 540	54 540
Total liability and equity	**29 121**	**681**	**60**	**-**	**2**	**105 393**	**135 257**
Depreciation of property, plant and equipment	393	1 489	43		119	1 774	3 818
Amortization of intangible assets						23	23
Write-down of segment assets (receivables from supplies and services)	264	-	2 794	-	18	3 076	

Information about the geographical areas

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

	01.01-31.12.2023	01.01-31.12.2022
Poland	218 734	151 927
Total sales revenue	**218 734**	**151 927**

Geographical breakdown of property, plant and equipment and intangible assets

	31.12.2023	31.12.2022
Poland	940	1 449
Germany	-	1
Total property, plant and equipment and intangible assets	**940**	**1 450**

Note 31 – Profit per One Share

Net loss per 1 share remaining in trading as at balance sheet date 31 December 2023 is PLN -9.77; in 2022 net profit amounted to PLN 13.10.

Note 32 – Profit Sharing and Loss Coverage

Company's net profit for 2022 in the amount of PLN 26,255,776.50 according to Resolution No of the Ordinary General Meeting of June 14, 2023 was fully allocated to spare capital.

Proposed division of the financial result for 2023
The Management Board of Prochem S.A. proposes to cover a loss of PLN 19,590,790.39 from spare capital.

Note 33 - Dividends

The Issuer did not pay a dividend for 2022.

Note 34 - Financial Instruments and Financial Risk Management

34.1 Categories and classes of financial instruments

Financial assets

31 December 2023		**Categories of financial instruments**	
		Loans, receivables and other	**Total**
Classes of financial instruments	**note**		
Receivables from supplies and services	9	20 261	20 261
Amounts due from recipients under agreements	18	28 978	28 978
Cash		4 767	4 767
Security deposits	10	596	596
Loans granted	7	8 242	8 242
Total		**62 844**	**62 844**

31 December 2022		**Categories of financial instruments**	
		Loans, receivables and other	**Total**
Classes of financial instruments	**note**		
Receivables from supplies and services	9	28 527	28 527
Amounts due from recipients under agreements	18	37 634	37 634
Cash		8 571	8 571
Security deposits	10	7 962	7 962
Loans granted	7	8 910	8 910
Total		**91 604**	**91 604**

Financial liabilities

31 December 2023

		Financial liabilities measured at amortized cost	**Total**
Classes of financial instruments	**note**		
Loans received	16	16 629	16 629
Amounts owed to recipients under agreements	18	5 815	5 815
Non-current liabilities under seized security deposits	17	4 769	4 769
Other liabilities	26	9 136	9 136
Liabilities under supplies and services	17	24 180	24 180
Total		**60 529**	**60 529**

31 December 2022

Classes of financial instruments	note	Financial liabilities measured at amortized cost	Total
Loans received	16	950	950
Amounts owed to recipients under agreements	18	-	-
Non-current liabilities under seized security deposits	17	8 800	8 800
Liabilities under supplies and services	17	42 981	42 981
Total		**52 731**	**52 731**

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

Classes of financial instruments	31 December 2023	31 December 2022
Receivables from supplies and services	(3 124)	(3 076)
Other financial assets	-	(121)
Other receivables	(51)	-
Total	**(3 175)**	**(3 197)**

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

34.2. Financial Risk Management

The Company's operations are exposed to the following financial risks:
- credit risk;
- liquidity risk;
- market risk (including currency risk, interest rate risk).

Credit risk

The company conducting business activities sells services to business entities with deferred payment, as a result of which there may be a risk of not receiving a payment from contractors for the services provided. In order to minimize the credit risk. The Company manages the risk through the obligatory procedure of obtaining collateral.
The assumed repayment period 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 within guarantee lines launched with this purpose.

Credit risk associated with monetary resources and with bank deposits is considered as low by the Company.
All entities in which the Company deposits its free monetary resources operate in the financial sector. These include domestic banks and branches of the foreign banks.
Credit risk resulting from loans granted within the Group is considered as low by the Company, due to the fact that the loans are destined for a specific purpose such as the purchase of investment property. In some cases when for a long time the subsidiary is not fulfilling its liabilities under loans incurred, the Issuer creates write-down of the loans and interest accrued. Changes in write-downs of loans granted were presented in Notes 8 and 10.
In the estimation of the Management Board the risk of impaired financial assets is reflected in the impairment allowances.

Liquidity Risk

The Company is exposed to the liquidity risk resulting from the relation of current liabilities to current assets.
As at 31 December 2023 and as at 31 December 2022 the index of ratio of current assets to current liabilities (current liquidity ratio) was respectively 1.35 and 1.22.
Analysis of maturity of current liabilities is in Notes 16, 17 and 19.

Market risk

1. Exchange rate risk

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

Exposure to currency risk as at 31 December 2023

(in PLN thousands)	**EUR**	**USD**	**Total after translation into PLN**
Financial assets			
Receivables from supplies and services	675	-	2 935
Cash	472	5	2 073
Total	**1 147**	**5**	**5 008**
Financial liabilities			
Liabilities under supplies and services	257	-	1 117
Loans received	3 606	-	15 679
Total	**3 863**	**-**	**16 796**

Exposure to currency risk as at 31 December 2022

(in PLN thousands)	**EUR**	**USD**	**NOK**	**Other in PLN**	**Total after translation into PLN**
Financial assets					
Receivables from supplies and services	392	-	-	-	1 838
Cash	1 443	192	88	7	7 661
Total	**1 835**	**192**	**88**	**7**	**9 500**
Financial liabilities					
Liabilities under supplies and services	626	157	-	-	3 628

Total	**626**	**157**	**-**	**-**	**3 628**

Analysis of sensitivity to currency risk as at 31 December 2023

(in PLN thousands)	Increase in exchange rate	Total impact on before tax profit	Drop in the exchange rate	Total impact on before tax profit
EUR/PLN	15%	-718	15%	718
USD/PLN	15%	3	15%	-3
Total impact		**-715**		**715**

Analysis of sensitivity to currency risk as at 31 December 2022

(in PLN thousands)	Increase in exchange rate	Total impact on before tax profit	Drop in the exchange rate	Total impact on before tax profit
EUR/PLN	15%	-259	15%	259
USD/PLN	15%	28	15%	-28
NOK/PLN	15%	6	15%	-6
Total impact		**-225**		**225**

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

Analysis of the impact of potential change in value of financial instruments as at December 31, 2023 on the gross financial result in connection with hypothetical change in foreign currency exchange rates in relation to the Polish Zloty/functional currency.

Revenues in foreign currency achieved in the currency in the years 2023 and 2022 were as follows:

currency	**revenues**		**Average exchange rate for sales**		**expenses**		**Average exchange rate for purchases**	
(in PLN thousands)	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
EUR	7 709	2 411	4.8627	4.6651	10 367	3 178	4.5422	4.6848
USD	2 247	153	4.2662	4.6926	2 134	272	4.3904	4.6742
CHF	-	-	-	-	-	2	-	4.4326
GBP	-	-	-	-	3	-	5.1953	-

In the reporting period EURO and USD were the main currency.
Hypothetically assuming that if the Polish Zloty weakened/strengthened by 1% against EUR, then revenues in 2023 would increase or decrease by PLN 375 thousand and in 2022 would increase or decrease by PLN 113 thousand, which would have an impact on before tax profit, while costs would increase in 2023 by PLN 471 thousand, and in 2022 by PLN 149 thousand.

If Polish Zloty weakened/strengthened by 1% against USD, then revenues in 2023 would increase or decrease by PLN 435 thousand, which would have an impact on before tax profit, while costs would increase in by PLN 94 thousand.
The above deviations were calculated on the basis of historical fluctuation for particular currencies and forecasts.
Sensitivity of financial instruments for currency risk was calculated as the difference between the initial book value of financial instruments and its potential book value at assumed increase/drop in exchange rate.
For other currencies, the sensitivity of financial instruments is insignificant.

1. Interest rate risk

The Company is exposed to the risk of variability of cash flows under interest rate resulting from bank loans based on floating interest rate WIBOR ON (overnight) and loans granted based on floating rate WIBOR 3M and EURIBOR 3M.

Analysis of financial instruments with floating interest rates

	WIBOR		EURIBOR	
(in PLN thousands)	**31.12.2023**	**31.12.2022**	**31.12.2023**	**31.12.2022**
Financial assets				
Loans granted	8 050	8 500	0	0
Financial liabilities				
Borrowings received	950	950	15 392	0

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

	Assumed fluctuations of WIBOR and EURIBOR				impact (in PLN thousands)			
	31.12.2023		**31.12.2022**		**31.12.2023**		**31.12.2022**	
	increase	**drop**	**increase**	**drop**	**increase**	**drop**	**increase**	**drop**
Financial assets								
Loans granted	+50 base point	-50 base point.	+50 base point	-50 base point.	43	(43)	41	(41)
Financial liabilities								
Borrowings received	+50 base point	-50 base point	+50 base point	-50 base point	(82)	82	(5)	5

Note 35 - Related Party Transactions and Transactions with Key Management Staff

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

Key management staff include Members of the Company's Management Board and Members of the Company's Supervisory Board.
In 2023 key management personnel and persons related to key management personnel, in addition to remuneration did not conclude other transactions with the Issuer and the Companies from the Capital Group.
Remuneration paid in 2023 in the Issuer's enterprise to the Members of the Management Board:

1. Marek Kierznicki PLN 928.0 thousand
2. Krzysztof Marczak PLN 787.9 thousand
3. Michał Dąbrowski PLN 657.5 thousand

Remuneration paid in 2023 in the Issuer's enterprise to the Members of the Supervisory Board:

1. Marek Garliński PLN 117.0 thousand
2. Karol Żbikowski PLN 78.0 thousand

3. Wiesław Kiepiel PLN 78.0 thousand
4. Jarosław Stępniewski PLN 174.0 thousand
5. Paweł Bielecki PLN 50.8 thousand
6. Andrzej Karczykowski PLN 27.3 thousand

Remuneration paid to the Members of the Supervisory Board and Members of the Management Board in 2023 for serving in the Management Boards and Supervisory Boards in the Companies from the Capital Group:

1. Krzysztof Marczak PLN 96,0 thousand
2. Marek Garliński PLN 97.5 thousand
3. Jarosław Stępniewski PLN 115.3 thousand

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

Settlements with related entities include receivables, trade payables and financial liabilities. Guarantees and sureties granted to related entities are presented in Note 36.

Reporting period
(in PLN thousands)

from 1 January to 31 December 2023

	Sale of services	Purchase of services	Financial income - interest on loans	Financial income - dividends received	Finance costs - interest on loans
subsidiaries	2 026	6 271	697	5 218	374

As at 31 December 2023

	Trade receivables	Receivables under loans granted	Other receivable	Trade payables	Liabilities under loans granted
subsidiaries	799	8 242	124	543	16 629

Comparative period
(in PLN thousands)

from 1 January to 31 December 2022

	Sale of services	Purchase of services	Financial income - interest on loans	Financial income - dividends received	Finance costs - interest on loans
subsidiaries	20	14 774	441	-	71
Jointly-controlled entities and associated entities	2 675	1 947	356	31 562	-

As at 31 December 2022

	Trade receivables	Receivables under loans granted	Other receivable	Trade payables	Liabilities under loans granted
subsidiaries	6	8 910	-	1 250	950
Jointly-controlled entities and associated entities	7	-	-	-	-

Note 36 – Collateral Granted and Received and Contingent Liabilities and Contingent Assets

Collateral granted	**As at 31December 2023**	**As at 31December 2022**
Bank guarantee of good performance and statutory warranty	42 027	64 191
Tender guarantee	2 500	-
Guarantee of payment	1 375	1 163
Guarantee of return of advance payment	-	69
Total collateral granted	**45 902**	**65 423**
Total collateral granted and contingent liabilities	**42 902**	**65 423**

Collateral received	**As at 31December 2023**	**As at 31December 2022**
Bank guarantee of good performance and statutory warranty	11 590	16 326
Bill of Exchange guarantee securing the terms of the contract	167	450
Guarantee of return of advance payment	386	-
Total collateral received	**12 143**	**16 776**

Note 37 – Events after the Balance Sheet Date

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 201 thousand. As a result of the transaction, Prochem S.A. became the only shareholder of Prochem Zachód Sp. z o. o.

Note 38 - Other Explanatory Notes to Separate Financial Statements

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

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

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

The nominal value of one share is PLN 1.

In the period from January 1, 2023 to December 31, 2023, there were no changes in the number of shares held by managing and supervising persons.

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

For the activities of the Prochem S.A. Capital Group in the subsequent periods, the Company's macroeconomic environment will have a significant impact, in particular the course of the war in Ukraine, the possibility of obtaining funds from the EU for the National Reconstruction Plan, interest rates on loans, the level of inflation and the related prices of energy, materials and construction services. All these factors significantly influence the decisions made by potential customers of Prochem S.A. (in particular industrial companies) to start new investment projects. The effects of ongoing negotiations regarding the indexation of implementation contracts concluded before February 2022 will also be of great importance for future financial results.

Nota 39 - The Impact of the War Conflict in Ukraine on the Company's operations

The Company's Management Board monitors the impact of the political and economic situation in Ukraine on the Company's operations on an ongoing basis. As at the date of hereby financial statements, the Company had observed a noticeable impact on sales and the supply chain. First of all, there has been a sharp increase in the prices of goods and services, delivery times for equipment and materials have been extended and the availability of some goods has been limited. Therefore, certain problems may occur when conducting implementation contracts. However, due to the fact that the vast majority of orders held by the Issuer concern design services, no significant impact of this situation on the Company's operations is expected.
The Management Board of Prochem S.A. monitors the current situation with particular attention and, if necessary, are prepared to take appropriate actions to adapt its potential to the new conditions in order to mitigate any negative effects on the entity.

Nota 40 - Information on the agreement with the entity authorized to audit the Issuer's financial statements, approval of the financial statements

On the basis of the resolution of the Supervisory Board of Prochem S.A. of May 20, 2020 on the selection of an auditor on June 9, 2020, an agreement was concluded with the entity authorized to audit financial statements, Misters Audytor Adviser sp. z o. o. for the audit and review of the separate and consolidated financial statements of Prochem S.A. The agreement was concluded for the audit of the financial statements for 2020, 2021 and 2022. The total amount of remuneration for Misters Audytor Adviser sp. z o. o. resulting from the agreement is PLN 18,300 net for the review of financial statements for 2022 and PLN 58,400 for the audit of financial statements for 2022.
Additionally, in connection with the assessment of the remuneration report for 2022, Misters Audytor Adviser sp. z o. o. received a remuneration of PLN 7,800. net.
In connection with the audit and review of financial statements for 2021, Misters Audytor Adviser sp. z o. o. received remuneration of PLN 70,700 net.
Additionally, in connection with the assessment of the remuneration report for 2021, Misters Audytor Adviser sp. z o.o. received a remuneration of PLN 7,800 net.
In 2023 on the basis of the resolution of the Supervisory Board of Prochem S.A. of May 24, 2023 on the selection of an auditor on September 6, 2023, an agreement was concluded with the entity authorized to audit financial statements, Misters Audytor Adviser sp. z o. o. for the audit and review of the separate and consolidated financial statements of Prochem S.A. The agreement was concluded for the audit of the financial statements for 2023, 2024 and 2025. The total amount of remuneration for Misters Audytor Adviser sp. z o. o. resulting from the agreement is PLN 48,300 net for the review of financial statements for 2023 and PLN 81,700 for the audit of financial statements for 2023.
Additionally, in connection with the assessment of the remuneration report for 2023 Misters Audytor Adviser sp. z o.o. will receive remuneration of PLN 9,000 net.

Note 41 - Approval of the Financial Statements

Financial Statements of the Company Prochem S.A. for period from 1 January 2023 to 31 December 2023 were approved for issue by the Management Board of Prochem S.A. on April 26, 2024.

Signatures of the Members of the Management Board

26 April 2024	Marek Kierszniki	President of the Management Board	……………………..
date	First name and surname	position	signature
26 April 2024	Krzysztof Marczak	Vice President of the Management Board	……………………..
date	First name and surname	position	date
26 April 2024	Michał Dąbrowski	Member of the Management Board	……………………..
date	First name and surname	position	date

Signature of the person responsible for bookkeeping

26 April 2024	Barbara Auguścińska-Sawicka	Chief Accountant	……………………..
date	First name and surname	position	date