

PROCHEM S.A. CAPITAL GROUP

**CONSOLIDATED QUARTERLY REPORT
FOR THE THIRD QUARTER OF 2024**

PROCHEM S.A.
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Poland

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Selected financial data

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

- For the third quarter of 2024 - 4.3022 PLN/EURO
- For the third quarter of 2023 - 4.5773 PLN/EURO

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

- 4.2791 PLN/EUR as at 30 September 2024
- 4.3480 PLN/EUR as at 31 December 2023

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

Description	Reporting period ended 30 September		Reporting period ended 30 September	
	2024	2023	2024	2023
	In PLN thousands		In EURO thousands	
Consolidated statement of profit and loss				
Revenues from sale	121 574	247 836	28 259	54 145
Gross profit on sales	6 089	-7 278	1 415	-1 590
Results from operating activities	-8 140	-13 288	-1 892	-2 903
Before tax profit	-11 148	-17 224	-2 591	-3 763
Profit for the period, assigned to:	-13 493	-14 176	-3 136	-3 097
Shareholders of the Parent Entity	-13 593	-14 243	-3 160	-3 112
Non-controlling interest	100	67	23	15
Profit/diluted profit (in PLN/EURO) per one ordinary share – assigned to shareholders of parent entity	-6.78	-7.10	-1.58	-1.55
Consolidated statement of cash flows				
Net cash provided by (used in) operating activities	-2 075	-13 433	-482	-2 935
Net cash provided by (used in) investing activities	-294	-1 495	-68	-327
Net cash provided by (used in) financing activities	-2 887	-2 036	-671	-445
Net cash flows, total	-5 256	-16 964	-1 222	-3 706
Consolidated statement of financial position				
Description	As at		As at	
	30 September 2024	31 December 2023	30 September 2024	31 December 2023
Consolidated statement of financial position				
Total assets	137 186	159 780	32 059	36 748
Total non-current assets	59 312	68 911	13 861	15 849
Total current assets	77 874	90 869	18 199	20 899
Equity attributable to shareholders of the parent entity	51 505	64 879	12 036	14 921
Non-controlling interest	1 702	2 106	398	484
Total equity	53 207	66 985	12 434	15 406
Total non-current liabilities	32 589	33 117	7 616	7 617
Total current liabilities	51 390	59 678	12 010	13 725
Book value per one ordinary share (in PLN/EURO) – assigned to shareholders of the parent entity	25.69	32.36	6.00	7.44
Weighted average number of shares (in pcs.)	2 005 000	2 005 000	2 005 000	2 005 000

Selected financial data

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Selected financial data of Prochem S.A.

Description	Reporting period ended 30 September		Reporting period ended 30 September	
	2024	2023	2024	2023
	In PLN thousands		In EURO thousands	
Separate statement of profit and loss				
Revenues from sale	59 855	202 957	13 913	44 340
Gross profit on sales	-2 524	-14 104	-587	-3 081
Results from operating activities	-11 124	-15 412	-2 586	-3 367
Before tax profit	-13 101	-12 243	-3 045	-2 675
Profit for the period	-14 743	-8 851	-3 427	-1 934
Profit/diluted profit (in PLN/EUR) per one ordinary share	-7.35	-4.41	-1.71	-0.96
Separate statement of cash flows				
Net cash provided by (used in) operating activities	-4 966	-20 812	-1 154	-4 547
Net cash provided by (used in) investing activities	-410	5 978	-95	1 306
Net cash provided by (used in) financing activities	965	8 991	224	1 964
Total cash flows, net	-4 411	-5 843	-1 025	-1 277
	As at		As at	
	30 September 2024	31 December 2023	30 September 2024	31 December 2023
	In PLN thousands		In EURO thousands	
Separate statement of financial position				
Total assets	99 265	114 654	23 198	26 369
Total non-current assets	50 906	58 828	11 896	13 530
Total current assets	48 359	55 826	11 301	12 839
Total equity	23 451	38 194	5 480	8 784
Total non-current liabilities	35 187	35 101	8 223	8 073
Total current liabilities	40 627	41 359	9 494	9 512
Book value per one ordinary share (in PLN/EURO)	11.70	19.05	2.73	4.38
Weighted average number of shares (in pcs.)	2 005 000	2 005 000	2 005 000	2 005 000

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Prochem S.A. Financial information

Interim condensed consolidated financial statements of the PROCHEM S.A. Capital Group prepared in accordance with International Financial Reporting Standards endorsed by EU as at and for the period ended September 30, 2024

Consolidated statement of financial position

(all amounts in PLN thousands if not stated otherwise)

	Note No.	30 September 2024	31 December 2023
A s s e t s			
Non-current assets			
Property, plant and equipment	1	14 970	15 353
Intangible assets		38	38
Investment property	2	12 075	12 219
Right-of-use assets	3	23 984	25 693
Shares	4	830	830
Shares in equity-accounted investees	5	-	-
Deferred tax assets	6	6 974	8 624
Receivables under seized security deposits		441	1 185
Other financial assets	7	-	4 969
Total non-current assets		59 312	68 911
Current assets			
Inventories	8	965	2 762
Trade and other receivables	9	29 944	37 672
Receivables under current income tax		5	202
Amounts due from recipients under contracts	16	29 395	34 126
Other financial assets	10	6 516	596
Other assets	11	2 132	1 338
Cash and cash equivalents		8 917	14 173
Total current assets		77 874	90 869
Total assets		137 186	159 780

Consolidated statement of financial position

(all amounts in PLN thousands if not stated otherwise)

Equity and liabilities	Note No.	30 September 2024	31 December 2023
Equity			
Share capital	12	2 005	2 005
Own shares		-	-
Revaluation reserve		3 384	3 384
Retained earnings	13	46 116	59 490
Owners' equity		51 505	64 879
Non-controlling interest		1 702	2 106
Total equity		53 207	66 985
Non-current liabilities			
Provision to deferred income tax	6	1 277	1 446
Liability under retirement and similar benefits		2 241	2 257
Non-current liabilities under seized security deposits		4 789	4 486
Non-current liabilities under lease	17	24 229	24 871
Other non-current liabilities		53	57
Total non-current liabilities		32 589	33 117
Current liabilities			
Current bank loans	14	4 762	2 552
Trade payables	15	35 754	34 123
Amounts owed to recipients under contracts	16	478	7 066
Liabilities under current income tax		117	334
Current liabilities under lease	17	3 962	3 823
Other liabilities	17	6 317	11 490
Deferred income	18	-	290
Total current liabilities		51 390	59 678
Total liabilities		83 979	92 795
Total equity and liabilities		137 186	159 780
Book value – equity assigned to owners of the Parent Entity		51 505	64 879
Average number of ordinary shares (in pcs.)		2 005 000	2 005 000
Book value per one share (in PLN) – assigned to owners' of Parent Entity		25.69	32.36

Consolidated statement of profit and loss

(all amounts in PLN thousands if not stated otherwise)

	Note No.	Period ended 30 September 2024	Period ended 30 September 2023
Revenues from sale, including:		121 574	247 836
Revenues from sale of services	19	121 022	246 803
Revenues from sale of goods and materials	20	552	1 033
Cost of sales, including:		-115 485	-255 114
Cost of services sold	21	-115 024	-254 246

Cost of merchandise and raw materials		-461	-868
Gross profit on sales		6 089	-7 278
General and administrative expenses	21	-13 998	-11 963
Other operating income	22	121	6 808
Other operating expenses	23	-352	-855
Results from operating activities		-8 140	-13 288
Financial income	24	488	843
Profit on sale of all or part of shares in subsidiary		-	-
Finance expenses	25	-3 496	-4 779
Profit sharing in associated entities		-	-
Before tax profit		-11 148	-17 224
Income tax expense:	26	2 345	-3 048
- current tax		864	482
- deferred tax		1 481	-3 530
Profit for the period		-13 493	-14 176

Profit for the period assigned to:

Shareholders of the Parent Entity	-13 593	-14 243
Non-controlling interest	100	67
Weighted average number of ordinary shares (in pcs.)	2 005 000	2 005 000
Profit (loss) per one ordinary share (in PLN per share) assigned to owners of the Parent Entity	-6.78	-7.10

Consolidated statement of comprehensive income

	Period ended 30 September 2024	Period ended 30 September 2023
Profit for the period	-13 493	-14 176
Other comprehensive income net	-	-
Total comprehensive income	-13 493	-14 176

Total comprehensive income assigned to:

Shareholders of the Parent Entity	-13 593	-14 243
Non-controlling interest	100	67
Weighted average number of ordinary shares (in pcs.)	2 005 000	2 005 000
Total comprehensive income per one ordinary share (in PLN per one share) assigned to owners of the Parent Entity	-6.78	-7.10

Consolidated statements of changes in equity

(all amounts in PLN thousands if not stated otherwise)

	Share capital	Own shares	Revaluation reserve	Retained earnings	Equity assigned to shareholders of the parent entity	Equity assigned to non-controlling interest	Total equity
Reporting period from 1 January 2024 to 30 September 2024							
As at the beginning of the period upon making the data comparable	2 005	-	3 384	59 490	64 879	2 106	66 985

Net profit of the given period	-	-	-	-13 593	-13 593	100	-13 493
<i>Other comprehensive income (net)</i>	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-13 593	-13 593	100	-13 493
Dividend paid to non-controlling interest	-	-	-	-	-	-82	-82
Other changes – acquisition of shares in subsidiary redemption of shares in subsidiary	-	-	-	219	219	-422	-203
As at the end of the period	2 005	-	3 384	46 116	51 505	1 702	53 207

	Share capital	Own shares	Revaluation reserve	Retained earnings	Equity assigned to shareholders of the parent entity	Equity assigned to non-controlling interest	Total equity
Reporting period from 1 January 2023 to 30 September 2023							
As at the beginning of the period upon making the data comparable	2 355	-350	3 365	84 691	90 060	2 334	92 394
Net profit of the given period	-	-	-	-14 243	-14 243	67	-14 176
<i>Other comprehensive income (net)</i>	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-14 243	-14 243	67	-14 176
Dividend paid to non-controlling interest	-	-	-	-	-	-231	-231
Other changes – redemption of own shares	-350	350	-	-	-	-	-
Other changes – disposal of subsidiary redemption of shares in subsidiary	-	-	-	-738	-738	-130	-868
As at the end of the period	2 005	-	3 364	69 710	75 079	2 040	77 119

Consolidated statements of changes in equity

(all amounts in PLN thousands if not stated otherwise)

	Period ended 30 September 2024	Period ended 30 September 2023
Cash flows - operating activities		
Before tax profit	-11 148	-17 224
Total adjustments	10 131	4 519
Amortization and depreciation	4 940	5 133
Interest and profit sharing (dividends)	1 914	1 922
(Profit) loss on disposal of property, plant and equipment	-29	-37
Change in provision	-395	-463
Change in inventories	1 797	-115
Change in receivables and in other assets	12 584	5 958

Change in current liabilities except for borrowings and loans	-9 459	-6 051
Other adjustments (including change in deferred income)	-1 221	-1 828
Cash provided by (used in) operating activities	-1 017	-12 705
Income tax paid	1 058	728
Net cash provided by (used in) operating activities	-2 075	-13 433
Cash flows – investing activities		
Disposal of intangible assets and property, plant and equipment	174	73
Inflow from sale of shares	168	84
Acquisition of intangible assets and property, plant and equipment	-433	-1 541
Acquisition of shares in subsidiary	-203	-111
Net cash provided by (used in) investing activity	-294	-1 495
Cash flows – financing activity		
Bank loan	3 771	3 542
Other than payments to owners, outflows under profit distribution	-72	-261
Acquisition of own shares	-	-59
Repayment of bank loans	-1 561	-
Interest and commission paid	-157	-185
Payment of liabilities under lease	-4 868	-5 073
Net cash provided by (used in) financing activity	-2 887	-2 036
Total cash flows, net	-5 256	-16 964
Increase/(decrease) in cash and cash equivalents net	-5 256	-16 964
Cash and cash equivalents at the beginning of the period	14 173	36 880
Cash and cash equivalents at the end of the period	8 917	19 916
Including restricted cash	394	1 171

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

1. Establishment of the Parent Entity and Its Principal Activity

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

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

Country of registration: Poland

Name change: was not

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

2. The Supervisory Board and Supervisory Authorities of the Issuer

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

Marek Kiersznicki - President of the Management Board

Krzysztof Marczak - Vice President of the Management Board

Michał Dąbrowski - Member of the Management Board

In the period from January 1, 2024 to September 30, 2024, there were no changes in the composition of the Management Board of Prochem S.A.

Composition of the Supervisory Board of Prochem S.A.

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

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

In the period from January 1, 2024 to September 30, 2024, there was a change in the composition of the Company's Supervisory Board due to the expiry of the mandates of the members of the Supervisory Board of the 11th term of office. The Ordinary General Meeting of Prochem S.A. by resolution No. 21 of 24 June 2024 appointed the Supervisory Board of the 12th term of office in the composition given above.

3. Employment

Average employment for three quarters of 2024 was 316.8 FTEs and in 2023 343 FTEs. Level of employment in persons as at September 30, 2024 was 311 and as at 30 September 2023 350.

4. Description of the organization of the capital group, indicating the entities subject to consolidation

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

Subsidiaries covered by full consolidation:

- Prochem Inwestycje Sp. z o.o. seated in Warsaw – subsidiary directly (100 .0%);
- PKI PREDOM Sp. z o.o. seated in Wrocław – subsidiary indirectly (91.4% of share in capital and profit, 91.4% of votes), including 85.7% share in capital and voting rights holds Prochem Inwestycje subsidiary in 100%;
- Prochem Zachód Sp. z o.o. seated in Warsaw – subsidiary directly (100%);
- Elektromontaż Kraków S.A. seated in Kraków – subsidiary indirectly (91.8%), including 57.49% share in capital and voting rights holds Prochem Inwestycje subsidiary in 100%.;
- Prochem RPI Sp. z o.o. seated in Warsaw – subsidiary in 100% (including 3.3% share in capital and voting rights holds Prochem Inwestycje);
- Irydion Sp. z o.o. seated in Warsaw – subsidiary directly (100%).

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

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

In the reporting period, the Prochem S.A. Capital Group used the write down of the associated company ITEL - the company does not conduct any business activity.

5. Adopted Accounting Principles and Statement of Compliance

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

Interim condensed consolidated financial statements of the PROCHEM S.A. for the current period from January 1 to September 30, 2024, the comparable period from January 1 to September 30, 2023, together with selected explanatory notes, were not subject to review by a statutory auditor.

Interim condensed consolidated financial statements of PROCHEM S.A. for the third quarter of 2024 were prepared according to IAS 34 „Interim Reporting”, in the shape endorsed by the European Union and with Regulation of the Minister of Finance of February 19, 2009 on current and periodic information

provided by issuers of securities and Regulation of the Minister of Finance of March 29, 2018 on current and periodic information provided by issuers of securities and conditions for recognition as equivalent an information required by the law of a non-Member State (Official Journal of 2018 item 757) („Regulation”). Hereby interim condensed consolidated financial statements do not contain the information and disclosures required for complete financial statements and should be read together with consolidated financial statements for the financial year ended 31 December 2023.

The presented financial statements of the Capital Group of Prochem S.A. presents fairly and clearly the financial and property situation as at September 30, 2024 and the comparative data as at December 31, 2023, as well as the results of this activity for the year ended September 30, 2024 and comparative data for the year ended September 30, 2023.

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

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

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

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

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

The duration of operation of individual entities of the Capital Group is not limited.

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

Significant accounting principles and changes to IFRS

Changes in accounting estimates and in accounting policies

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

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

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

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

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

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

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

6. Functional currency and presentation currency of financial statements

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

7. Transactions in foreign currencies

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

8. Explanatory notes to interim condensed consolidated financial statements as at and for the period of 9 months ended 30 September 2024

Note 1 – Property, Plant and Equipment

	As at 30 September 2024	As at 31 December 2023
Property, plant and equipment, including:	14 970	13 365
- land	1 856	1 881
- buildings, premises and civil engineering objects	9 435	9 278
- machinery and equipment	1 836	843
- vehicles	1 574	1 027
- other PPE	269	336
Construction under progress	-	1 988
Total property, plant and equipment	14 970	15 353

	As at 30 September 2024	As at 31 December 2023
Property, plant and equipment - ownership structure		
a) own	4 275	4 823
b) use under rental, lease or other agreement , including, including:	10 695	10 530
- lease	1 261	9 530
- rental	8 459	-
- value of the right of perpetual usufruct	975	1 000
Balance sheet items of property, plant and equipment, total	14 970	15 353

The Group, pursuant to an agreement dated 23 July 2004 leases property consisting of 3 buildings on a plot of 3 311 m² located in Warsaw at Emilia Plater 18 and Hoża 76/78. The duration of the contract from the date of its conclusion is 30 years.

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

	Change in property, plant and equipment for the period from January 1, 2024 to September 30, 2024	Change in property, plant and equipment for the period from January 1, 2023 to December 31, 2023
Gross value		
As at opening balance sheet	37 235	35 889
Increase (due to)	1 296	2 838
- acquisition of non-current assets	1 296	2 838
Decrease (due to)	-823	-1 492
- disposal of non-current assets	-664	-384
- liquidation of non-current assets	-249	-389
- updating of non-current assets	-	12
- changes – sale of subsidiary	-	-742
- other changes	90	11
As at closing balance sheet	37 708	37 235
Depreciation and impairment		
As at opening balance sheet – accumulated depreciation	21 882	21 120

Depreciation for the period (under)	856	762
- increase (accumulated depreciation)	1 516	1 966
- decrease under disposal of non-current assets	-519	-377
- decrease under liquidation of non-current assets	-249	-359
- changes – sale of subsidiary	-	-491
- other changes	108	-7
As at closing balance sheet - accumulated depreciation	22 738	21 882
Impairment of non-current assets	-	-
Net value of non-current assets as at the end of balance period	14 970	15 353

Note 2 – Investment property

	As at 30 September 2024	As at 31 December 2023
Construction under progress	100	-
Buildings and constructions	7 569	7 813
Land	4 406	4 406
Total investment property	12 075	12 219

Investment property by titles	Changes in investment property for the period For the period from 1 January 2024 to 30 September 2024	Changes in investment property for the period for the period from 1 January 2023 to 31 December 2023
Investment property – land		
As at opening balance sheet:	4 406	4 406
- increase due to measurement at fair value	-	-
As at closing balance sheet	4 406	4 406
Investment property - buildings and constructions		
As at opening balance sheet:	7 813	8 152
a) increase – acquisition	143	41
b) decrease depreciation accrued	-287	-380
Total change	-144	-339
As at closing balance sheet	7 669	7 813
Write-down of investment property	-	-
Total investment property	12 075	12 219

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

Fair value as at September 30, 2024 does not significantly differ from fair value. The measurement at fair value as at December 31, 2023 was made by the independent valutors not associated with the Group. The valutors have the right qualifications to carry out valuations of land, buildings and constructions, as well as current experience in such valuations in locations where are located assets of the Group.

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

	Level 1	Level 2	Level 3	Fair value as at 30.09.2024
	In PLN thousands	In PLN thousands	In PLN thousands	In PLN thousands
Investment property	-	-	12 075	12 075

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

Note 3 – Right-of-use Assets

	As at 30 September 2024	As at 31 December 2023
- buildings and constructions	21 922	24 641
- machinery and equipment	220	285
- vehicles	1 842	767
Assets, total	23 984	25 693

Description	Changes in right-of-use assets for the period from 1 January 2024. to 30 September 2024	Changes in right-of-use assets for the period from 1 January 2022 to 31 December 2022
Gross book value	45 748	45 550
Increase in value – new contracts concluded	1 512	363
Increase in gross value– updating of the value of contracts concluded	142	488
Decrease in value – ending of a contract	-2 334	-653
Impairment	-16	-
Total, gross book value	45 052	45 748
Increase (+) /decrease (-)		
Depreciation – as at opening balance sheet	-20 055	-16 547
Depreciation accrued	-3 116	-4 150
Decrease – ending of a contract	2 103	642
Total, accumulated depreciation	21 068	-20 055
Total as at closing balance sheet		
Gross book value	45 052	45 748
Accumulated depreciation	-21 068	-20 055
Net book value as at closing balance sheet	23 984	25 693

Note 4 - Shares

Shares in other entities	As at 30 September 2024	As at 31 December 2023
In other entities	830	830
Shares, net value	830	830
Write-down of shares	6	6
Shares, gross value	836	836

Changes in shares	As at 30 September 2024	As at 31 December 2023
a) as at beginning of the period	830	830
b) as at the end of the period	830	830

Shares in other entities as at September 30, 2024

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

Note 5 – Shares in Entities Valued Using the Equity Method

Shares in jointly-controlled entities and in associated entities	As at 30 September 2024	As at 31 December 2023
- Shares – net value	-	-
- Write-down of shares	-	1 011
Shares, gross value	-	1 011

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

Change in write-downs of shares in jointly-controlled entities and associated entities	As at 30 September 2024	As at 31 December 2023
As at the beginning of the period	1 011	1 011
As at the end of the period	-	1 011

Note 6 – Settlement of Deferred Income Tax

Changes in the values of provision and deferred income tax for three quarters of 2024 are shown in the table below.

Deferred tax assets	As at 30 September 2024	As at 31 December 2023
As at the beginning of the period	14 823	10 495
Increase	6 232	12 856
Decrease	-6 815	-8 528
As at the end of the period	14 240	14 823

Provision under deferred income tax	As at 30 September 2024	As at 31 December 2023
As at the beginning of the period	7 645	10 338
Increase	5 718	5 322
Decrease	-4 820	-8 015
As at the end of the period	8 543	7 645

	As at 30 September 2024	As at 31 December 2023
Deferred tax assets	14 240	14 823
Provision under deferred income tax	-8 543	-7 645
Assets/(Provision) under deferred income tax	5 697	7 178

Presentation in the statement of financial position	As at 30 September 2024	As at 31 December 2023
Deferred tax assets	6 974	8 624
Provision under deferred income tax	-1 277	-1 446
Assets/(Provision) under deferred income tax	5 697	7 178

Note 7 – Other Non-current Financial Assets

Other financial assets	As at 30 September 2024	As at 31 December 2023
a) discounted security deposits securing bank guarantee lines	-	4 969
Total other non-current financial assets	-	4 969

Note 8 – Inventories

Inventories	As at 30 September 2024	As at 31 December 2023
Materials	965	2 762
Total inventories	965	2 762
Write-down of inventories	557	557

Note 9 – Trade and Other Receivables

Trade and other receivables	As at 30 September 2024	As at 31 December 2023
Trade receivables	33 541	41 140
Write-down of trade receivables	5 279	5 372
Trade receivables net, including	28 262	35 768
- with repayment period up to 12 months	23 230	31 953
- with repayment period above 12 months	5 032	3 725
Receivables from taxes, subsidies, custom duties, social and health insurance and other benefits	213	243
Other receivables	1 520	1 712
Write-down of other receivables	51	51
Other receivables net	1 469	1 661
Total receivables	29 944	37 672

To estimate the expected credit loss, the Group used a reserve matrix, which was developed based on observations of historical levels of aging and repayment of receivables. The Group performed an impairment test for assets - in the trade receivables item. As a result of the test, expected credit losses were estimated and included in other operating expenses. As a result of the test, no expected credit losses were estimated.

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

Trade receivables with the remaining repayment period from the balance sheet date:	As at 30 September 2024	As at 31 December 2023
a) up to 1 month	18 261	18 253
b)) above 1 month up to 3 months	5 136	12 072
c) above 3 months up to 6 months	8	650
d) above 6 months up to 1 year	24	55
e) above 1 year	4 838	4 043
f) receivables overdue	5 274	6 067
Total trade receivables (gross)	33 541	41 140
g) write-downs of trade receivables	5 279	5 372
Total trade receivables (net)	28 262	35 768

Age analysis of trade receivables overdue (gross)	As at 30 September 2024	As at 31 December 2023
a) up to 1 month	84	34
b) above 1 month up to 3 months	184	1 545
c) above 3 months up to 6 months	124	38
d) above 6 months up to 1 year	88	-
e) above 1 year	4 794	4 959
Total trade receivables (gross)	5 274	6 576
f) write-downs of trade receivables overdue	4 749	5 372
Total trade receivables overdue (net)	525	1 204

Change in write-downs of trade and other receivables	As at 30 September 2024	As at 31 December 2023
As at the beginning of the period	5 423	4 728
a) increase (under)	21	740
- provision to receivables	21	612
- other	-	128
b) decrease (under)	114	45
- use of write-offs created in previous periods	114	10
- release of provision to receivables	-	35
Write-downs of current trade and other receivables at the end of the period	5 330	5 423

In most contracts signed by the Group, payment terms for services are set in the range of 14 to 60 days. As at September 30, 2024 and as at December 31, 2023 receivables include security deposits under statutory warranty for construction and assembly works, respectively in the amounts of PLN 5 032 thousand and 4 910 thousand.

Note 10 – Other Financial Assets

Other financial assets by type:	As at 30 September 2024	As at 31 December 2023
a other financial assets - security deposits securing bank guarantees	6 516	596
Total other financial assets	6 516	596

Note 11 – Other Assets

Other assets by type:	As at	As at
	30 September 2024	31 December 2023
a) prepayments	2 129	1 338
- cost of property and personal insurance	620	366
- software maintenance cost	1 277	925
- subscriptions	10	9
- deferred costs	123	27
- land use fee	22	11
- other	3	-
- write-off for the Social Fund	74	-
b) accruals	3	-
Other assets	2 132	1 338

Note 12 – Share Capital

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

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

Changing the rights from the issuer's securities

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

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

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

Note 12 – Retained Earnings

	As at	As at
	30 September 2024	31 December 2023
Spare capital	50 088	74 372
Other reserve capitals	9 621	9 621
Profit for the previous period	-	-20
Profit for the period	-13 593	-24 483
Total	46 116	59 490

Note 13 – Current Bank Loans

	As at 30 September 2024	As at 31 December 2023
- loans	4 762	2 552

Information on bank loans incurred

Name of the bank	Registered office	Loan limit	Amount engaged	Repayment Date	Terms of interest	Collateral
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By Prochem S.A.

mBank S.A.	Warsaw	4 000	3 771	30.11.2024	The interest rate on the loan will be equal to the Base Rate WIBOR ON PLN plus a margin. Interest is calculated on an annual basis on the amount of the loan used.	The security for repayment of the Bank's receivables is a promissory note in blank issued by the Borrower together with a promissory note declaration.
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By Elektromontaż Kraków S.A.

mBank S.A.	Warsaw	1 500	120	28.02.2025	WIBOR ON plus margin	Mortgage + promissory note
ING Bank Śląski	Katowice	3 000	871	19.11.2024	WIBOR 1M plus margin	Mortgage + promissory note

Note 14 – Trade Payables

	As at 30 September 2024	As at 31 December 2023
a) to other entities	35 754	34 123
- from supplies and services, with maturity period:	35 754	34 123
- up to 12 months	35 754	34 123
- over 12 months	-	-
Total trade payables	35 754	34 123
Non-current liabilities under seized security deposits	4 789	4 486
Total trade payables	40 543	38 609

Note 16 – Amounts Owed to Recipients under Long-term Agreements

	As at 30 September 2024	As at 31 December 2023
- amounts due from recipients under contracts	29 395	34 126
Amounts due from recipients under long-term agreements	29 395	34 126

Amounts owed to recipients under long-term agreements

	As at 30 September 2024	As at 31 December 2023
- amounts owed to recipients under agreements	478	7 066
Amounts owed to recipients under long-term agreements	478	7 066

Description	As at	As at
	30 September 2024	31 December 2023
The value of revenues according to agreements	245 425	566 941
The value of revenues invoiced	171 271	481 831
Planned liabilities under execution of agreements	242 173	539 485
Fulfilled obligations under agreements	209 342	486 243
Amounts due from recipients	29 395	34 126
Amounts owed to recipients	478	7 066

Note 17 – Other Liabilities

	As at	As at
	30 September 2024	31 December 2023
a) to other entities	3 402	2 907
- under taxes, duties, insurance and other benefits	2 566	2 400
- under remuneration	454	408
- other (by type)	382	99
liabilities to employees	10	13
liabilities to shareholders	20	10
other	352	76
b) other non-current provisions	2 915	8 583
- provision for costs accrued to long-term contracts	1 239	5 800
- provision for costs	1	736
- cost of audit	-	140
- current provision for retirement benefit	317	329
- provision for unused annual leaves	1 358	1 578
Total other liabilities	6 317	11 490

Liabilities under lease

In PLN thousands	Future minimum lease payments	Interest	Current value	Future minimum lease payments	Interest	Current value
	2024	2024	2024	2023	2023	2023
Up to one year	458	67	525	274	26	300
1 to 5 years	803	40	843	332	22	354
Total	1 261	107	1 368	606	48	654

Liabilities under right-of-use

In PLN thousands	Future minimum lease payments	Interest	Current value	Future minimum lease payments	Interest	Current value
	2024	2024	2024	2023	2023	2023
Up to one year	3 504	1 771	5 275	3 549	1 995	5 544
1 to 5 years	16 148	4 098	20 246	16 354	5 111	21 465
Above 5 years	7 278	491	7 769	8 185	664	8 849
Total	26 930	6 360	33 290	28 088	7 770	35 858

Note 18 – Deferred Income

	As at 30 September 2024	As at 31 December 2023
- advances received	-	290
Deferred income at the end of the period, including:	-	290
Non-current liabilities	-	-
Current liabilities	-	290

Note 19 - Revenues from Sale of Services

Revenue from sale of services (type of service and type of activity)	Period ended 30 September 2024	Period ended 30 September 2023
- revenues from sale of service , including:	121 022	246 803
- from related entities	-	-
Revenues from sale (territorial structure)	Period ended 30 September 2024	Period ended 30 September 2023
Domestic market	121 022	246 803
- including from related entities	-	-

Revenues under contracts for construction services (general contracting) and other services are presented in Note 28. The gross amount due from ordering parties/buyers for the work under the contracts was presented in Note 16.

Information on major customers, whose total value of revenues from sales of services exceeds 10% of the total revenues of the Group for 2024 is included in Note 28 – Operating segments.

Note 20 - Revenues from Sale of Goods and Materials

Revenues from sale of goods and materials (type of goods and materials and type of activity)	Period ended 30 September 2024	Period ended 30 September 2023
Goods and materials	552	1 033
Revenues from sale of goods and materials (territorial structure)	Period ended 30 September 2024	Period ended 30 September 2023
Home market	552	1 033

Note 21 – Cost of Services

Costs by type	Period ended 30 September 2024	Period ended 30 September 2023
a) amortization and depreciation	4 940	5 133
b) consumption of materials and energy	24 530	17 624
c) outsourcing	51 934	199 390
d) taxes and levies	241	246
e) remuneration	27 702	32 335
f) social security and other benefits	6 098	6 818
g) other costs by type (by category)	4 368	3 913
- property and personal insurance	1 197	877
- business trips	842	1 243
- State Fund for Rehabilitation of Disabled Persons (PFRON)	422	414
- cars rental	215	238
- other	1 692	1 141

Total costs by type	119 813	265 459
Change in inventories, goods and prepayments	9 209	750
General and administrative expenses (negative value)	-13 998	-11 963
Cost of services	115 024	254 246

Note 22 – Other Operating Income

	Period ended 30 September 2024	Period ended 30 September 2023
a) gain on disposal of non-financial non-current assets	29	38
b) reversal of impairment allowance (under)	-	34
- receivables	-	34
c) other, including:	92	6 736
- reimbursement of litigation costs	1	57
- received compensation , fines and penalties	17	6 474
- release of provision	28	38
- other	46	167
Total other operating income	121	6 808

Nota 23 – Other Operating Expenses

	Period ended 30 September 2024	Period ended 30 September 2023
a) impairment allowance (under)	21	193
- receivables	21	193
b) other, including:	331	662
- litigation costs	16	145
- actuarial valuation of employee benefits	1	2
- damages, penalties and fines paid	197	348
- other	117	167
Total other operating expenses	352	855

Note 24 – Financial Income

	Period ended 30 September 2024	Period ended 30 September 2023
a) other interest	81	546
- from other entities	81	546
b) surplus of positive exchange rate differences	201	-
c) other, including:	206	297
- income under discounted non-current liabilities	205	283
- other	1	14
Total financial income	488	843

Note 25 – Finance Costs

	Period ended 30 September 2024	Period ended 30 September 2023
a) interest on bank loans	156	174
b) other interest:	1 753	1 780
- for other entities	40	43

- under lease	1 713	1 737
c) surplus of negative exchange rate differences	402	848
d) other, under:	1 185	1 977
- commission on bank guarantees	621	915
- commission on loans	1	11
- costs under discounted of financial assets	-	249
- costs under discounted non-current liabilities	435	696
- other costs	128	106
Total finance costs	3 496	4 779

Note 26 – Income Tax

Deferred income tax disclosed in the profit and loss account	Period ended 30 September 2024	Period ended 30 September 2023
- decrease (increase) due to arising and reversal of temporary differences	1 481	-3 530
Total deferred income tax	1 481	-3 530

Note 27 – Additional Disclosures to the Statement of Cash Flows

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

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

	Period ended 30 September 2024	Period ended 30 September 2023
Change in current receivables	12 559	5 958
Receivables as at 1 January	37 847	51 511
Amounts due from recipients under agreements as at January 1	34 126	41 194
Other assets as at 1 January	1 338	4 784
Receivables under seized security deposits as at January 1	1 185	2 431
Receivables under disposal of financial assets	-168	-
Adjustment under sale of subsidiary in 2022	-	-280
Adjustment under sale of subsidiary in 2023	-	-3 937
Opening balance sheet after adjustments	74 328	95 703
Receivables as at September 30	29 944	39 554
Amounts due from recipients under agreements as at September 30	29 395	47 568
Other assets as at September 30	2 132	1 608
Receivables under seized security deposits as at September 30	441	1 211
Receivables under non-current assets sold	-	-196
Receivables under disposal of financial assets	-143	-
Closing balance sheet after adjustments	61 769	89 745
Change in current liabilities except for current borrowings and special funds	-9 459	-6 052
Trade payables as at January 1	34 123	55 802
Other liabilities as at January 1	11 490	10 071
Amounts owed to suppliers under agreements as at 1 January	7 066	538
Liabilities under seized security deposits as at 1 January	4 486	8 761

Other non-current liabilities as at 1 January	57	153
Provision for current retirement benefits	-329	-301
Provisions for annual leaves	-1 578	-1 797
Provision for audit	-140	-69
Provision for current other costs	-7	-9
Investment commitments as at January 1	-3	-84
Liabilities to shareholders	-10	-16
Adjustment of Opening Balance Sheet under sale of subsidiary in 2023	-	-2 072
Opening Balance Sheet after adjustments	55 155	70 977
Trade payable as at September 30	35 754	47 990
Amounts owed to recipients under agreements as at September 30	478	2 275
Other liabilities as at September 30	6 317	9 674
Liabilities under seized security deposits as at September 30	4 789	6 625
Other non-current liabilities as at September 30	53	110
Provision for current retirement benefits	-317	-246
Provisions for annual leaves	-1 358	-1 493
Liabilities to shareholders	-20	-10
Closing balance sheet after adjustment	45 696	64 925
Change in other adjustments as at balance sheet day	-1 221	-1 828
Change in deferred income - advances received	-290	-
Other , adjustment of non-current financial assets (security deposits securing bank guarantees)	-931	-1 828

Note 28 – Operating Segments

In the period from January 1, 2024 to September 30, 2024, there were no revenues from operating activity achieved outside Poland (Exports) in the analogous period of the previous year, the Group also did not achieve revenues from Exports.

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

- A Client involved in the production of artificial fertilizers – sales revenue PLN 25 433 thousand, representing 21.2% of sales revenue, which were shown in the segment „General contracting”
- A Client providing consulting services, planning and engineering in the field of construction, construction services by third parties with the profile of a Project Management or General Contractor – sales revenue PLN 19 319 thousand, representing 15.96% of sales revenue, which were disclosed in the segment „Assembly of electrical installations”
- A customer involved in the production of tires, prefabricated parts for tire production – sales revenue PLN 13 707 thousand, representing 11.33% of sales revenue, which were disclosed in the segment „Assembly of electrical installations”

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

Information about the geographical areas

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

	Note	For the period from 1.01.2024 to 30.09.2024.	For the period from 1.01.2023 to 30.09.2023
Poland		121 574	247 836
Other countries		-	-
	19	121 574	247 936

Current data

For the period from 01.01.2024 to 30.09.2024	General contracting	Design services, other engineering services	Rental of construction equipment	Assembly of electrical installations	Rental of office space	Commercial activity	Other	Items not assigned	Total
Revenues to external clients	33 239	27 935	-	53 081	4 894	552	1 873	-	121 574
Total revenues of the segment	33 239	27 935	-	53 081	4 894	552	1 873	-	121 574
Result									
Result of the segment	-9 060	-3 805	-	2 393	765	90	1 708	-	-7 909
Financial income								488	488
Finance costs								-3 496	-3 496
Financial revenues net								-3 008	-3 008
Profit sharing in entities valued using the equity method								-	-
Profit on other operating activities								-231	-231
Before tax profit								-11 148	-11 148
Income tax								2 345	2 345
Profit for the current period								-13 493	-13 493
Loss assigned to non-controlling interest								100	100
Profit for the period assigned to shareholders of the parent entity								-13 593	-13 593
Segment assets (related to activity)	7 418	10 615	-	16 521	29 655	-	124	-	64 333
Assets not assigned/unallocated (among others shares and other financial assets)								72 853	72 853
Total assets	7 418	10 615	-	16 521	29 655	-	124	72 853	137 186
Depreciation of property, plant and equipment	219	1 017	-	761	1 616	-	64	1 247	4 924
Amortization of intangible assets	-	-	-	8	-	-	-	8	16

Comparative data

For the period from 01.01.2023 . to 30.09.2023	General contracting	Design services, other engineering services	Rental of construction equipment	Assembly of electrical installations	Rental of office space	Commercial activity	Other	Items not assigned	Total
Revenues to external clients	165 701	40 165	116	36 555	4 027	1 033	239	-	247 836
Revenues to external clients	165 701	40 165	116	36 555	4 027	1 033	239	-	247 836
Revenues to external clients									
Result of the segment	-27 748	5 950	-20	1 600	895	165	-83	-	-19 241
Financial income								843	843
Finance costs								-4 779	-4 779
Financial revenues net								-3 936	-3 936
Profit sharing in entities valued using the equity method								-	-
Profit on other operating activities								5 953	5 953
Before tax profit								-17 224	-17 224
Income tax								-3 048	-3 048
Profit for the current period								-14 176	-14 176
Loss assigned to non-controlling interest								67	67
Profit for the period assigned to shareholders of the parent entity								-14 243	-14 243
Segment assets (related to activity)	22 751	10 022	-	15 300	29 757	258	-	-	78 088
Assets not assigned/unallocated (among others shares and other financial assets)								103 390	103 390
Total assets	22 751	10 022	-	15 300	29 757	258	-	103 390	181 478
Depreciation of property, plant and equipment	252	1 221	10	711	1 566	-	84	1 251	5 095
Amortization of intangible assets	-	-	-	20	-	-	-	18	38

Note 29 – Profit per One Share

Net loss per 1 share of the Parent Entity remaining in trade as at September 30, 2024 was PLN (6.78), and for the analogous period of 202 loss was PLN (7.10).

Note 30 – Profit Sharing and Loss Coverage

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

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

Note 31 - Dividends

The Issuer did not pay dividend for 2023.

Note 32- Financial Instruments and Financial Risk Management

32.1 Categories and classes of financial instruments

Financial assets

(in PLN thousands)		Categories of financial instruments	
		Loans, receivables and other	
Classes of financial instruments	Note	30.09.2024	31.12.2023
Receivables from supplies and services	9	28 262	35 768
Cash		8 917	14 173
Amounts due from recipients under contracts	16	29 395	34 126
Receivables under seized guarantee deposits		441	1 185
Other financial assets –security deposits securing bank guarantees	7 i 10	6 516	5 565
Total		73 531	90 817

Financial liabilities

30 September 2024

(in PLN thousands)		Categories of financial instruments	
		Financial liabilities measured at amortized cost	Total
Classes of financial instruments	note		
Loans	14	4 762	4 762
Amounts owed to recipients under agreements	16	478	478
Non-current liabilities under seized guarantee deposits	15	4 789	4 789
Other liabilities	17	6 317	6 317
Liabilities under supplies and services	15	35 754	35 754
Total		52 100	52 100

Categories of financial instruments

(in PLN thousands)	Financial liabilities measured at amortized cost		Total
Classes of financial instruments	e		
Loans	14	2 552	2 552
Amounts owed to recipients under agreements	16	7 066	7 066
Non-current liabilities under seized guarantee deposits	15	4 486	4 486
Other liabilities	17	11 490	11 490
Liabilities under supplies and services	15	34 123	34 123
Total		59 717	59 717

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

(in PLN thousands)	As at	
	30 September 2024	31 December 2023
Receivables from supplies and services	5 279	5 372
Total	5 279	5 372

Write downs of financial assets are presented in note 9.

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

32.2. Financial Risk Management

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

Credit risk

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

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

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

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

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

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

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

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

Risk of threatened financial assets is reflected by impairment.

Liquidity risk related to the concentration of sales revenue

Prochem S.A. Capital Group in the period from 01.01.2024 to 30.09.2024 realized sales revenues in the amount of PLN 121 574 thousand. Clients whose sales revenue exceeded 10% of sales revenue disclosed in the statement of profit and loss are listed in note 28.

Currency exchange rate risk

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

Interest Rate Risk

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

Capital risk

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

Liquidity risk

The Companies from Capital Group are exposed to the liquidity risk resulting from the relation of current assets to current liabilities. The index ratio of current assets to current liabilities of Capital Group (current liquidity ratio) was respectively 1.52 and 1.52.

Note 33 – Related Party Transactions

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

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

From January 1, to September 30, 2024 key management personnel and persons related to key management personnel, in addition to remuneration did not conclude other transactions with the Issuer and the Companies from the Capital Group.

Remuneration paid from January 1, 2024 to September 30, 2024 in the Issuer's enterprise:

- to the Members of the Management Board of the Parent Entity in total amount of PLN 1 321 thousand,
- to the Members of the Supervisory Board in total amount of PLN 463.77 thousand.

Remuneration paid to the Members of the Management Board and the Supervisory Board for three quarters of 2024 for serving in the Management Boards and in the Supervisory Boards of companies belonging to the Capital Group was PLN258.14 thousand.

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

Guarantees and sureties granted to related entities are presented in Note 34.

Note 34 – Collateral Granted and Received and Contingent Liabilities and Contingent Assets

Contingent liabilities

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

	As at 30 September 2024	As at 31 December 2023
Collateral granted		
Bank guarantee of good performance and statutory warranty	44 872	44 532
Guarantee of payment	1 375	1 375
Tender bank guarantee	3 050	2 500
Insurance guarantee for a good performance and for statutory warranty	419	19
Total collateral granted	49 716	48 426
Total collateral granted and contingent liabilities	49 716	48 426

The Issuer guaranteed bills of exchange issued by the subsidiary PKI Predom Sp. z o.o. as security for an insurance guarantee agreement up to the amount of PLN 800 thousand.

Contingent assets

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

	As at 30 September 2024	As at 31 December 2023
Collateral received		
Guarantee of return of advance payment	-	386
Bank guarantee of good performance	8 355	11 590
Bill of exchange guarantees for securing the terms of the contract	-	167
Total collateral received	8 355	12 143

Note 35 - Information on Significant Proceedings Pending Before the Court

Any proceedings did not occur

Note 36 – Events after Balance Sheet Date

Pursuant to Annex No. 7 dated October 15, 2024 and Annex No. 8 dated October 25, 2024 to the loan agreement, Prochem S.A. received a loan in the amount of EUR 495,000 from its subsidiary Irydion Sp. z o. o.. The value of the loan after conversion into PLN is PLN 2,137,572.00.

Note 37 - Other Explanatory Notes to Financial Statements

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

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

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

The nominal value of 1 share is PLN 1.

Since the date of publication of the interim condensed consolidated financial statements for the first half of 2024, i.e. September 27, 2024, no change in the number of shares held by management and supervisory persons has been recorded.

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

Not applicable.

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

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

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

Note 38 – The Impact of the Military Conflict in Ukraine on the Company's Operations

The Issuer monitors the impact of the political and economic situation in Ukraine on the Company's operations on an ongoing basis. As at the date of hereby financial statements, the Group noticed a noticeable impact on sales and the supply chain. First of all, there has been noticed a sharp increase in the prices of goods and services, delivery times for equipment and materials have been extended and the availability of some goods has been limited.

Financial information of PROCHEM S.A.

Separate statement of financial position

(all amounts in PLN thousands if not stated otherwise)

	As at 30 September 2024	As at 31 December 2023
A s s e t s		
Non-current assets		
Property, plant and equipment	603	926
Intangible assets	20	14
Right-of-use assets	13 349	14 038
Shares	21 801	21 598
Deferred tax assets	6 420	8 063
Receivables under seized security deposits	397	979
Other financial assets	8 316	13 210
Total non-current assets	50 906	58 828
Current assets		
Inventories	-	44
Trade and other receivables	12 674	20 261
Receivables under current income tax	-	-
Amounts due from recipients under contracts	27 040	28 978
Other financial assets	6 516	596
Other assets	1 773	1 180
Cash and cash equivalents	356	4 767
Total current assets	48 359	55 826
Total assets	99 265	114 654
E q u i t y a n d l i a b i l i t i e s		
Equity		
Share capital	2 005	2 005
Revaluation reserve	-443	-443
Retained earnings	21 889	36 632
Total equity	23 451	38 194
Non-current liabilities		
Liabilities under retirement and similar benefits	796	796
Non-current loans	16 623	16 629
Non-current liabilities under seized security deposits	5 072	4 769
Liabilities under lease	12 696	12 907
Total non-current liabilities	35 187	35 101
Current liabilities		
Current bank loans	3 771	-
Trade payables	30 279	24 180
Amounts owed to recipients under contracts	245	5 815
Liabilities under lease	2 161	2 228
Other liabilities	4 171	9 136
Total current liabilities	40 627	41 359
Total liabilities	75 814	76 460
Total equity and liabilities	99 265	114 654

Separate statement of profit and loss
From 1 January 2024 to 30 September 2024
(all amounts in PLN thousands if not stated otherwise)

	Period ended 30 September 2024	Period ended 30 September 2023
Revenues from sale, including:	59 855	202 957
Revenues from sale of services	59 730	202 422
Revenues from sale of goods and materials	125	535
Cost of sales, including :	-62 379	-217 061
Cost of services sold	-62 262	-216 563
Cost of merchandise and raw materials	-117	-498
Gross profit on sales	-2 524	-14 104
General and administrative expenses	-8 637	-7 537
Other operating income	53	6 546
Other operating expenses	-16	-317
Results from operating activities	-11 124	-15 412
Financial income	1 322	6 781
Profit on liquidation of subsidiary	-	90
Finance expenses	-3 299	-3 702
Before tax profit	-13 101	-12 243
Income tax expense :	1 642	-3 392
- current tax	-	30
- deferred tax	1 642	-3 422
Profit for the period	-14 743	-8 851
Weighted average number of ordinary shares (in pcs.)	2 005 000	2 005 000
Profit (loss per one ordinary share (in PLN per one share))	-7.35	-4.41

Separate statement of comprehensive income

	Period ended 30 September 2024	Period ended 30 September 2023
Profit for the period	-14 743	-8 851
Other comprehensive income net	-	-
Total comprehensive income	-14 743	-8 851
Weighted average number of ordinary shares (in pcs.)	2 005 000	2 005 000
Total comprehensive income per ordinary shares (in PLN per one share)	-7.35	-4.41

Separate statement of changes in equity
(all amounts in PLN thousands if not stated otherwise)

	Share capital	Own shares	Revaluation reserve	Retained earnings	Total equity
Reporting period from 1 January 2024 to 30 September 2024					
As at the beginning of the period	2 005	-	-443	36 632	38 194
Net profit of the given period	-	-	-	-14 743	-14 743
<i>Other comprehensive income (net)</i>	-	-	-	-	-
Total comprehensive income	-	-	-	-14 743	-14 743
As at the end of the period	2 005	-	-443	21 889	23 451

	Share capital	Own shares	Revaluation reserve	Retained earnings	Total equity
Reporting period from 1 January 2023 to 30 September 2023					
As at the beginning of the period	2 355	-350	-486	56 223	57 742
Net profit of the given period	-	-	-	-8 851	-8 851
<i>Other comprehensive income (net)</i>	-	-	-	-	-
Total comprehensive income	-	-	-	-8 851	-8 851
Other changes, redemption of own shares	-350	350	-	-	-
As at the end of the period	2 005	-	-486	47 372	48 891

Separate statement of cash flows

(all amounts in PLN thousands if not stated otherwise)

	Period ended 30 September 2024	Period ended 30 September 2023
Cash flows – operating activities		
Before tax profit	-13 101	-12 243
Total adjustments	8 135	-8 583
Amortization and depreciation	2 533	2 634
Interest and profit sharing (dividends)	1 141	-4 245
(Profit) loss on disposal of property, plant and equipment	-14	-1
(Profit) loss on disposal of shares	-	-90
Change in provisions	-114	-157
Change in inventories	44	194
Change in receivables and other assets	9 514	-1 305
Change in current liabilities, except for borrowings and loans	-4 016	-3 716
Other adjustments (including deferred income)	-953	-1 897
Cash provided by (used in) operating activities	-4 966	-20 826
Income tax paid	-	-14
Net cash provided by (used in) operating activities	-4 966	-20 812
Cash flows – investing activities		
Disposal of intangible assets and property, plant and equipment	14	4
Dividends received	-	5 098
Inflow from repayment of a loan	900	3 200
Inflows from interest on loans granted	276	766
Acquisition of intangible assets and property, plant and equipment	-124	-229
Outflows on financial assets in subsidiaries	-203	-111
Loans granted	-1 273	-2 750
Net cash provided by (used in) investing activities	-410	5 978
Cash flows – financing activities		
Bank loan incurred	3 771	3 084
Borrowing received from related entity	-	9 019
Dividends received	352	-
Payment of liabilities under lease	-3 077	-3 094
Interest and commission paid	-81	-18
Net cash provided by (used in) financing activities	965	8 991
Total cash flows, net	-4 411	-5 843
Increase/(decrease) in cash and cash equivalents net	-4 411	-5 843
Cash and cash equivalents at the beginning of the period	4 767	8 571
Cash and cash equivalents at the end of the period	356	2 728
Including restricted cash	1	490

Signatures of the Members of the Management Board

14.11.2024	Marek Kiersznicki	President
date	First name and surname	of the Management Board position	signature

14.11.2024	Krzysztof Marczak	Vice President
date	First name and surname	of the Management Board position	signature

14.11.2024	Michał Dąbrowski	Member
date	First name and surname	of the Management Board position	signature

Signature of the person entrusted with keeping the accounting books

14.11.2024	Barbara Auguścińska-Sawicka	Chief Accountant
date	First name and surname	position	signature