

Letter of the President of the Management Board to the Shareholders

Dear Sirs,
Our Shareholders, Clients and Partners

On behalf of the Management Board of PROCHEM Spółka Akcyjna I present to you a summary of the most important achievements of the past year, 2021, as well as the priority tasks that we have assumed to be performed in the near future.

The passing year, unfortunately, did not bring the expected stabilization, both in the area of health and economic security. The consequences of the COVID-19 pandemic directly or indirectly affected the Company's operations. Last year's increase in the prices of materials in construction sector also had an impact on the profitability of construction contracts at PROCHEM.

Despite these difficulties, we achieved good results in both PROCHEM and the Capital Group in 2021. Revenues in PROCHEM amounted to PLN 189.9 million, and in the Capital Group PLN 247.9 million. The net profit is PLN 2.7 million in PROCHEM and PLN 6.3 million in the Capital Group.

Thanks to the improvement of tools and methods of remote work, we maintained the ability to carry out design and implementation tasks. We continued the Company's commitment to important and essential on a national scale investments. We have acquired new contracts, primarily in the area of design and other engineering services, which allows us to be optimistic about 2022. We are pleased with the large number of customers who entrust us with new orders, while appreciating the quality of our services.

In 2021, we continued the implementation of turnkey infrastructure for the new fertilizer complex in ANWIL in Włocławek. We have also completed design work with the use of BIM 3D for nitric acid production and neutralization installations, the general contractor of which is THYSSENKRUPP as part of the ANWIL production capacity expansion program. PROCHEM has also started the turnkey construction of the Hydrogen Hub in Włocławek, in line with the strategy of implementing hydrogen as a transport fuel in the ORLEN Group.

For one of our key clients - BIOAGRA, we have completed the difficult program for the expansion of the bioethanol production complex and we have implemented a new technological investment increasing the production economy of the plant.

In the cubature building sector, we have completed the complex modernization of the seat of National Library in Warsaw, which required extensive engineering experience.

In designing activities, we continued our successful cooperation with HYUNDAI ENGINEERING in the construction of the Polimery Police investment and started engineering services for the same demanding partner for the largest petrochemical investment in Europe - the Olefiny III complex for ORLEN.

It is worth emphasizing the participation of the Company in the key investment for Poland - the expansion of the LNG terminal, where we carry out design works for all stages of the expansion for the general contractor - the PORR / TGE consortium.

In 2021, PROCHEM continued to act as a BIM Manager and to carry out design work for POSCO - the general contractor for the expansion of the Municipal Solid Waste Disposal Plant in Warsaw.

At the end of 2021, we started designing the expansion of the ethoxylation installation in Płock for EXOL. PROCHEM was the author of the design of the existing plant. The investor's trust is all the more pleasing because in 2022 the PCC group also entrusted us with the design of another large investment project - an alkoxylation installation in Brzeg Dolny.

Our development project - the Astrum Business Park office building located in Warsaw - maintained a high, almost 100% level of leased space in 2021, despite the noticeable changes in the office market caused by the pandemic.

In 2022, a preliminary agreement for the sale of Astrum Business Park was signed, providing for satisfactory financial conditions for PROCHEM. The date of signing the final agreement depends on obtaining a tax interpretation confirming the method of taxation of the sale transaction.

The year 2022 brought new threats and challenges, including economic ones. Due to the unpredictable fluctuations in the prices of materials and labor costs in the construction sector, the execution of contracts and the submission of new offers faces significant difficulties. The new economic reality also means new needs and new investments, especially in areas that are our speciality.

This year, PROCHEM celebrates its 75th anniversary. During so many years of history, as an engineering organization, we have always successfully overcome various difficult periods. Even today we remain optimistic, because professionalism, high quality of services and a group of customers who appreciate this quality are the capital on which PROCHEM will build its future.

Warsaw, April 2022