

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 the Joint Stock Company PROCHEM I am pleased to present a summary of the major achievements of the past 2000 year, as well as to provide you with an insight into the priority tasks we have set to accomplish in nearest time.

Unfortunately, the past year has brought everyone a new, unexpected reality related to the COVID-19 pandemic. The effects of a pandemic are felt by everyone, if it comes to both anxiety related to safety and health concerns and emerging economic problems. In this extremely difficult year, in changing conditions, we tried to meet the new requirements. It was possible thanks to the efficient adaptation of our tools and methods of work, especially in design, to remote work. The continuity of operation and the provision of design and construction services has been maintained.

Despite these difficulties, we achieved very satisfactory results in both PROCHEM and the Capital Group in 2020. Revenues in PROCHEM amounted to PLN 322 million, and in the Capital Group PLN 357 million. At the same time, the net profit is PLN 10 million in PROCHEM and PLN 13.8 million in the Capital Group.

We have been involved in important and material national investments, and the new contracts concluded in recent months allow us to be optimistic about 2021.

Summing up the year 2020, the expansion of the bioethanol production plant in Goświnowice should be highlighted, which is continued by PROCHEM, including the cogeneration installation. We welcome the fact of achievement of assumed technological parameters and efficient integration of new parts of the plant with existing plant without production interruptions. We hope that further investment plans of Bioagra will appear soon, and that our cooperation will continue.

In 2020, also gained momentum very important turnkey topic, the construction of infrastructure for a new nitrogen complex in Anwil, Włocławek, which involves a large part of our design and execution resources. The topic is not easy, it requires coordination with other contractors of technological installations. One of them is Thyssenkrupp, for which we carry out technical designs of nitric acid installations and neutralization. In cooperation with Thyssenkrupp, of particular importance is the ability of PROCHEM to 3D modeling, and connecting the PDMS environment with the REVIT environment in all design industries.

The Korean concern Foosung has set a serious task for PROCHEM. We design a plant that produces gels for lithium-ion batteries. Preparations are underway to start construction works in Kędzierzyn-Koźle as soon as in 2021.

In the cubature building sector, we are continuing the modernization of the headquarters of the National Library in Warsaw.

Cooperation with Hyundai Engineering is developing in the field of design related to the Polimery project in Police and the olefin installation at PKN Orlen.

In terms of design activities, the increasing involvement of PROCHEM in the design of one of the most strategic investments in the country, the expansion of the LNG Terminal in Świnoujście, deserves special attention.

As it comes to PROCHEM's development activity - the process of selling the Astrum Business Park office building located in Warsaw is in progress. The building is leased in over 99% to reliable tenants. The functionality of the building and technical solutions do not raise any objections. The COVID-19 pandemic is prolonging the sales process.

I can assure you that in 2021 we will continue our efforts so that our design and execution work are uninterrupted, while adhering to prudential procedures and preventive actions, so as to achieve so good results as in 2020.

Warsaw, April 2021