

## **Letter of the President to Shareholders**

Dear Sirs,  
Our Shareholders, Clients and Partners

On behalf of the Management Board of PROCHEM Joint Stock Company, I have pleasure to present to you a summary of the past year, 2024.

In 2024, the macroeconomic environment, including the ongoing conflict in Ukraine, had an unfavourable impact on the construction industry – it influenced the decisions made by potential Clients to start new investments, as well as the process of implementing ongoing projects.

We struggled with problems resulting from the political and economic situation in terms of rising energy prices, prices of goods and services, timely deliveries of equipment and materials and their availability

For PROCHEM, 2024 was full of challenges and difficulties. While completing the implementation of already concluded contracts, we were looking for areas of the economy in which new investments corresponding to the potential of our company could be expected.

Changes in the directions of economic development slowed down the implementation of some projects in which the Company was involved or suspended them completely.

As a result, in 2024, PROCHEM S.A. achieved revenues of PLN 63.9 million – significantly lower than in 2023, both in general contracting and the sale of engineering services. The Capital Group's revenues for 2024 amount to PLN 137.9 million. Last year we recorded a loss of PLN 28.5 million in PROCHEM S.A. and PLN 25.7 million in the Capital Group. In addition to the lower revenue level, the losses incurred on two lump sum contracts concluded in 2021 concerning the Hydrogen Hub in Włocławek had a decisive impact on the financial result. In implementing these contracts, PROCHEM was forced to absorb to a large extent the consequences of cost increases and supply chain disruptions caused by the outbreak of the war in Ukraine. While implementing these contracts, PROCHEM was forced to absorb to a large extent the consequences of cost increases and supply chain disruptions caused by the outbreak of the war in Ukraine.

In 2024, we also completed the construction of a pyrolytic processing plant for used tires for CONTEC.

We continued our cooperation with HYUNDAI ENGINEERING in the implementation of the Olefyny III chemical complex for ORLEN and our cooperation with POSCO as BIM Manager in the modernization of the Warsaw Municipal Solid Waste Disposal Plant.

We designed subsequent scopes of process investments for the PCC Group in Płock and in Brzeg Dolny. We performed design work for the BZK group. We provided engineering services for our clients in the electromobility sector - FOOSUNG and EMP.

We have commenced the construction of an electroplating plant for Pratt and Whitney, a new production investment for StaOil from the BZK group and the modernization of facilities for the Warsaw University of Life Sciences (SGGW).

PROCHEM will continue its strong commitment to designing and implementing complex and modern investments in the areas of new technologies, circular economy, energy production and storage, hydrogen economy, electromobility and arms production.

We have built the experience and references necessary to offer services for new directions of planned investments. This allows us to actively participate in many tender procedures, the decisions of which should have a positive impact on the Company's operations and results in the subsequent months.

Warsaw, April 2025