

**REPORT OF THE SUPERVISORY BOARD OF PROCHEM S.A.  
ON THE SUPERVISION OF THE COMPANY'S ACTIVITIES FOR THE FINANCIAL  
YEAR 2024**

On June 24, 2024, by resolution of the General Meeting of Shareholders of PROCHEM S.A., the Supervisory Board of the **12th** term of office was appointed for a new 2-year term of office, which worked in the period from June 24, 2024 to December 31, 2024 in the following composition:

- |                         |   |  |
|-------------------------|---|--|
| 1. Jarosław Stępniewski | - | Chairman of the Supervisory Board      |
| 2. Karol Żbikowski      | - | Vice Chairman of the Supervisory Board |
| 3. Marek Garliński      |   |  |
| 4. Wiesław Kiepiel      |   |  |
| 5. Steven Tappan        |   |  |

From January 1, 2024 to June 24, 2024 the Supervisory Board of PROCHEM S.A. of the **11th** term of office worked in the following composition:

- |                         |   |  |
|-------------------------|---|--|
| 1. Marek Garliński      | - | Chairman of the Supervisory Board      |
| 2. Karol Żbikowski      | - | Vice Chairman of the Supervisory Board |
| 3. Paweł Bielski        |   |  |
| 4. Wiesław Kiepiel      |   |  |
| 5. Jarosław Stępniewski |   |  |

Independent members of the Supervisory Board of PROCHEM S.A. are Karol Żbikowski and Wiesław Kiepiel.

On May 26, 2021, the Supervisory Board appointed the Company's Management Board for a joint 3-year term of office, starting on June 25, 2021, composed of:

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|----------------------|---|--|
| 1. Marek Kiersznicki | - | President of Management Board          |
| 2. Krzysztof Marczak | - | Vice President of the Management Board |
| 3. Michał Dąbrowski  | - | Member of the Management Board         |

In 2024, the Company's Management Board operated in an unchanged composition.

The Supervisory Board exercised supervision over the Company's activities in all areas of the company's activity in accordance with Art. 382 of the Code of Commercial Companies, with the Statutes of PROCHEM S.A. and with the Bylaws of the Supervisory Board.

In 2024, the Supervisory Board held 6 meetings. At the meetings of the Supervisory Board, mainly economic and financial matters as well as strategic matters for PROCHEM S.A. and the PROCHEM S.A. Capital Group were discussed, the current and expected status of contracting, as well as other matters important for the functioning of the Company.

The Supervisory Board of the **12th** term of office, at its first meeting on June 24, 2024, appointed an Audit Committee composed of :

1. Karol Żbikowski - Chairman of the Committee
2. Wiesław Kiepiel
3. Jarosław Stępniewski

In the period from January 1, 2024 to June 24, 2024, the Audit Committee appointed by the Supervisory Board of the **11th** term of office on August 25, 2020 operated with the following composition:

1. Karol Żbikowski - Chairman of the Committee
2. Marek Garliński
3. Wiesław Kiepiel

Independent members of the Audit Committee S.A. are Karol Żbikowski and Wiesław Kiepiel.

**In the scope of economic and financial issues:**

- the financial position of the Company and the PROCHEM S.A. Capital Group was assessed on an ongoing basis,

- the economic results of the Company's and the Capital Group's operations in the subsequent quarters of 2024 were analyzed in detail,
- based on detailed materials prepared by the Company's Management Board, were systematically examined the Company's profit and loss account and balance sheet, the Company's receivables and liabilities, financial flow analysis, ratio analysis (profitability, financial liquidity, solvency and capital ratios), cost of sales analysis, and also situation was analyzed in terms of the state of contracting and the degree of implementation of the plan,
- the assumptions for the financial and economic plan for the financial year 2025 were discussed,
- the effectiveness of the companies belonging to the PROCHEM S.A. Capital Group was analyzed,
- the changing market conditions related to inflation and the rising cost of money were discussed, assessing their impact on the Company's situation,
- an annual report on the remuneration of members of the management board and supervisory board was prepared and subject to assurance by a certified auditor,
- in accordance with the adopted procedure, a periodic assessment of significant transactions carried out by the Company with related entities on market conditions as part of ordinary business was performed,
- opinions were given on the draft resolutions proposed by the Management Board for the General Meeting of Shareholders of PROCHEM S.A..

In the scope of the implementation of major projects implemented by the Company:

- an analysis and assessment of the dynamics of risks related to the activities of Prochem SA and the companies of the Capital Group was carried out.

### **The Audit Committee**

On May 24, 2023, the Supervisory Board selected an audit firm to audit the financial statements and the Management Board's report on the Company's activities for 2023, 2024 and 2025 and the consolidated financial statements and the report on the

activities of the Capital Group for 2023, 2024 and 2025, in accordance with the applicable company's policy and procedure for selecting an audit firm to conduct the audit. The Supervisory Board, based on the recommendation of the Audit Committee, entrusted the above-mentioned audit for the next three years to the current auditor - Misters Audytor Adviser sp. z o. o.

The report on the activities of the Audit Committee in 2024 is an annex to the Report of the Supervisory Board.

**Additional assessments of the Supervisory Board in accordance with the requirements of Article 382 § 3[1] of the Commercial Companies Code**

- The assessment of the company's situation, taking into account the adequacy and effectiveness of the applied internal control systems, risk management, ensuring compliance of operations with standards or applicable practices and internal audit is included in a separate document adopted by the Supervisory Board;
- Assessment of the Management Board's performance of the obligations referred to in Article 380[1] of the Commercial Companies Code – the Supervisory Board finds that the Management Board has fulfilled its information obligations towards the Supervisory Board specified in Article 380[1] of the Commercial Companies Code in accordance with the applicable provisions;
- Assessment of the manner of preparing or submitting to the Supervisory Board by the Management Board information, documents, reports or explanations requested in the manner specified in Article 382 § 4 of the Commercial Companies Code – the Supervisory Board positively assesses the cooperation in this respect and has no comments;
- Information on the total remuneration due from the company for all audits commissioned by the Supervisory Board during the financial year in accordance with the procedure specified in Article 382[1] – the Supervisory Board did not commission any additional audits in 2024.

## **Conclusion**

Acting on the basis of the provisions of Article 382 § 3 of the Commercial Companies Code and the Company's Statutes, the Supervisory Board analyzed and assessed the documents listed below in terms of their compliance with the books and documents, as well as with the facts:

- separate financial statements of PROCHEM S.A. for the financial year 2024 together with the opinion and report of an independent statutory auditor,
- consolidated financial statements of the PROCHEM S.A. Capital Group for the financial year 2024 together with the opinion and report of the independent statutory auditor,
- report of the Management Board on the business activity of PROCHEM S.A. and the PROCHEM S.A. Capital Group for the financial year 2024,
- the Management Board's motion to cover the loss for 2024.
- report of the Audit Committee.

Above mentioned financial statements for 2024 were subject to audit by Misters Audytor Adviser Sp. z o. o. seated in Warsaw. Reports from these audits and opinions of experts being their synthesis, constituted the basic analytical material and were subject to assessment by the Supervisory Board.

Therefore, taking into account the findings and assessments contained in the above-mentioned source materials as competent and comprehensive, the Supervisory Board found that the financial statements for 2024 were prepared in all material respects in accordance with the applicable legal regulations, accounting principles and standards, as well as in accordance with the facts disclosed in the books. The Supervisory Board recommends that the General Meeting of Shareholders approve the financial statements of PROCHEM S.A. for the financial year 2024 and the consolidated financial statements of the PROCHEM S.A. Capital Group for the same period.

The Supervisory Board also put into analyse the Management Board's report on the business activities conducted in 2024. The Board found that the report reliably presents the business activities undertaken and allows for the assessment of the financial and asset condition of the Company.

At the same time, the Supervisory Board recommends that the General Meeting approve the resolution regarding coverage of the company's loss for 2024 from the reserve capital.

The Supervisory Board recommends granting discharge to all members of the Management Board for the performance of their duties in 2024.

### **Information required by the Code of Good Practice for WSE Listed Companies 2021, effective from July 2021**

From July 1, 2021, the Warsaw Stock Exchange introduced the DPSN2021 (Good Practice for WSE Listed Companies 2021). On July 30, 2021, the company provided information on the state of application by the company of the principles contained in the Code of Good Practice for Companies Listed on the Warsaw Stock Exchange 2021. On August 31, 2021, the above information was discussed by the Management Board at the meeting of the Supervisory Board and the members of the Supervisory Board accepted it without comments.

### **Assessment of meeting the independence criteria by the Supervisory Board Members (2.11.1)**

Members of the Supervisory Board of the 12th term: Karol Żbikowski and Wiesław Kiepiel submitted declarations on meeting the independence criteria set out in the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Supervision, and that they have no actual and significant connections with a shareholder holding at least 5% of the total number of votes in the company, in accordance with item 2.3 of the Code of Good Practice for WSE Listed Companies 2021. Members of the Supervisory Board Marek Garliński, Jarosław Stępniewski and Steven Tappan declared that they did not meet the independence criteria. After analyzing the statements and the circumstances indicated therein, the Supervisory Board assumed that Members of the Supervisory Board Karol Żbikowski and Wiesław Kiepiel meet the criteria of independence in relation to Prochem S.A., which meets item 2.3 of the Code of Good Practice of Companies Listed on the Warsaw Stock Exchange 2021. The Supervisory Board actively fulfilled its duties and monitored the situation of the Company on an ongoing basis, taking appropriate actions.

#### Summary of activities of the Supervisory Board and its committees (2.11.2)

A summary of the activities of the Supervisory Board and the Audit Committee is presented in the first part of the Report of the Supervisory Board.

#### Assessment of the Company's situation in 2024, taking into account the assessment of the internal control system and the risk management system (2.11.3.)

Assessment of the situation of PROCHEM S.A. in 2024, taking into account the assessment of the internal control and risk management system, is presented in a separate document of the Supervisory Board.

#### Evaluation of the Company's compliance with the disclosure obligations regarding the application of the corporate governance rules set out in the Stock Exchange Regulations and the regulations on current and periodic information provided by issuers of securities (2.11.4)

The Supervisory Board accepted the information presented by the Management Board of the Company regarding the application of the Good Practice of Companies Listed on the Warsaw Stock Exchange 2021 by the Company in 2024, with particular emphasis on explanations regarding recommendations and rules that the Company does not apply and which do not apply to the Company.

The Company correctly and in accordance with applicable regulations provides current and periodic information. The Supervisory Board assesses that the Company properly fulfilled its disclosure obligations.

#### Assessment of the legitimacy of expenses for sponsorship, charity or other activities of a similar nature referred to in item 1.5 (2.11.5)

Pursuant to the rule 2.11.5 of the Code of Good Practice for WSE Listed Companies 2021, the Supervisory Board informs that the Company does not have a policy regarding sponsoring, charity or other activities of a similar nature, and in 2024 the Company did not incur any expenses in this respect.

Information on the degree of implementation of the diversity policy in relation to the Management Board and the Supervisory Board (2.11.6)

The Company does not have a formalized diversity policy. The basic criterion when making decisions on the selection of persons to the Management Board and the Supervisory Board are the competences of the candidates, while recognizing the principle of non-discrimination of candidates for any non-substantive reasons.

Signatures of Members of the Supervisory Board:

- |    |                      |       |
|----|----------------------|-------|
| 1. | Jarosław Stępniewski | _____ |
| 2. | Karol Żbikowski      | _____ |
| 3. | Marek Garliński      | _____ |
| 4. | Wiesław Kiepiel      | _____ |
| 5. | Steven Tappan        | _____ |