CONSOLIDATED FINANCIAL STATEMENTS
OF THE PROCHEM S.A. CAPITAL GROUP

As at and for the year ended December 31, 2025

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(all amounts in PLN thousand if not stated otherwise)

	Note No.	31 December 2025	31 December 2024 (comparative data after restatement)	01 January 2024 (comparative data after restatement)
A s s e t s				
Non-current assets				
Property, plant and equipment	1	13 374	14 381	14 906
Intangible assets	2	72	33	38
Investment property	3	12 550	12 963	12 219
Right-of-use assets	4	22 094	24 933	26 140
Shares	5	825	830	830
Deferred tax assets	6	7 277	7 961	8 624
Receivables under seized security deposits		1 452	5 015	6 042
Other financial assets		-	-	4 969
Total non-current assets		**57 644**	**66 116**	**73 768**
Current assets				
Inventories	7	1 710	989	2 762
Trade and other receivables	8	28 729	15 877	32 154
Current income tax receivables		5	156	358
Amounts due from customers under contracts	18	22 690	23 536	34 126
Other financial assets	9	4 139	6 516	596
Other assets	10	1 941	1 901	1 586
Cash and cash equivalents		4 588	7 834	14 173
Total current assets		**63 802**	**56 809**	**85 755**
Total assets		**121 446**	**122 925**	**159 523**

Consolidated statements of financial position
(all amounts in PLN thousand if not stated otherwise)

E q u i t y a n d l i a b i l i t i e s	**Note No.**	**31 December 2025**	**31 December 2024** (comparative data after restatement)	**01 January 2024** (comparative data after restatement)
Equity				
Share capital	11	2 005	2 005	2 005
Shares		-	-	-
Revaluation reserve	12	4 297	4 273	3 384
Retained earnings	13	19 049	33 727	59 254
Parent entity owners' equity		**25 351**	**40 005**	**64 643**
Non-controlling interest		**1 430**	**1 801**	**2 085**
Total equity		**26 781**	**41 806**	**66 728**
Non-current liabilities				
Provision to deferred income tax	6	1 342	1 438	1 446
Liabilities under retirement and similar benefits	14	1 901	2 015	2 257
Non-current liabilities under seized security deposits	17	3 738	4 777	4 486
Non-current liabilities under lease	19	20 396	24 159	24 871
Other non-current liabilities	15	52	52	57
Total non-current liabilities		**27 429**	**32 441**	**33 117**
Current liabilities				
Non-current bank loans	16	5 234	648	2 552
Trade payables	17	38 063	31 175	34 123
Amounts owed to recipients under contracts	18	7 944	4 274	7 066
Liabilities under current income tax		365	149	334
Current liabilities under lease	19	5 309	3 683	3 823
Other liabilities	19	9 986	8 434	11 490
Deferred income	20	335	315	290
Total current liabilities		**67 236**	**48 678**	**59 678**
Total liabilities		**94 665**	**81 119**	**92 795**
Total equity and liabilities		**121 446**	**122 925**	**159 523**
Book value – equity assigned to the Parent Entity owners		**25 351**	**40 005**	**64 643**
Average number of ordinary shares (in pcs.)		**2 005 000**	**2 005 000**	**2 005 000**
Book value per one share (in PLN) – assigned to owners of the Parent Entity		**12.64**	**19.95**	**32.24**

Consolidated statement of profit and loss

(all amounts in PLN thousand if not stated otherwise)

	Note No.	In 2025	In 2024 (comparative data after restatement))
Revenues from sale, including:		133 351	139 721
Revenues from sale of services	21	132 684	139 031
Revenues from sale of goods and materials	22	667	690
Cost of sale, including:		-126 493	-131 964
Cost of services sold	23	-125 994	-131 409
Cost of merchandise and materials		-499	-555
Gross profit on sales		**6 858**	**7 757**
General and administrative expenses	23	-17 987	-18 583
Other operating income	24	2 952	1 338
Other operating expenses	25	-1 444	-10 678
Result from operating activities		**-9 621**	**-20 166**
Financial income	26	172	537
Finance expenses	27	-3 776	-4 505
Before tax profit		**-13 225**	**-24 134**
Income tax:	28	1 273	1 459
- current tax		691	1 027
- deferred tax		582	432
Profit for the period		**-14 498**	**- 25 593**

Profit for the period assigned to:		
Shareholders of Parent Entity	-14 657	-25 746
Non-controlling interest	159	153
Weighted average number of ordinary shares (in pcs.)	2 005 000	2 005 000
Profit (loss) per ordinary share (in PLN per one share) assigned to owners of the Parent Entity	-7.31	-12.84

Consolidated statement of comprehensive income

	In 2025	In 2024 (comparative data after restatement)
Profit for the period	**-14 498**	**-25 593**
Other comprehensive income net	**24**	**956**
Other comprehensive income that will be reclassified to profit and loss under certain conditions:	**-**	**-**
Other comprehensive income that will not be reclassified to profit and loss (before tax):	**24**	**956**
Non-current assets update	-	1 028
Actuarial profit (losses) on valuation of provisions for employee benefits	29	152
Income tax on other comprehensive income	-5	-224
Total comprehensive income	**-14 474**	**-24 637**

	In 2025	In 2024 (comparative data after restatement)
Total comprehensive income assigned to:		
Shareholders of the Parent Entity	-14 633	-24 857
Non-controlling interest	159	220
Weighted average number of ordinary shares (in pcs.)	2 005 000	2 005 000
Total comprehensive income per ordinary share (in PLN per one share) assigned to owners of the Parent Entity	-7.30	-12.40

Consolidated statement of changes in equity

(all amounts in PLN thousand if not stated otherwise)

	Share capital	Own shares	Revaluation reserve	Retained earnings	Equity assigned to shareholders of parent entity	Equity assigned to non-controlling interest	Total equity
In 2025							
Balance at the beginning of the period after making the data comparable – after restatement	**2 005**	**-**	**4 273**	**33 727**	**40 005**	**1 801**	**41 806**
Net profit of the given period	-	-	-	**-14 657**	**-14 657**	**159**	**-14 498**
Other comprehensive income (net)	-	-	*24*	-	*24*	-	24
Total comprehensive income	**-**	**-**	**24**	**-14 657**	**-14 633**	**159**	**-14 474**
Dividend paid to non-controlling interest	-	-	-	-	-	*-550*	-550
Other changes – redemption of own shares	-	-	-	*-20*	-20	*20*	-
As at the end of the period	**2 005**	**-**	**4 297**	**19 049**	**25 351**	**1 430**	**26 781**

	Share capital	Own shares	Revaluation reserve	Retained earnings	Equity assigned to shareholders of parent entity	Equity assigned to non-controlling interest	
In 2024 – comparative data after restatement							
As at the beginning of the period after making the data comparable	**2 005**	**-**	**3 384**	**59 254**	**64 643**	**2 085**	**66 728**
Net profit of the given period	-	-	-	**-25 746**	**-25 746**	**153**	**-25 593**
Other comprehensive income (net)	-	-	*889*	-	*889*	*67*	956
Total comprehensive income	**-**	**-**	**889**	**-25 746**	**-24 857**	**220**	**-24 637**
Dividend paid to non-controlling interest	-	-	-	-	-	*-82*	-82
Other changes – acquisition of shares in a subsidiary	-	-	-	*219*	219	*-422*	-203
As at the end of the period – after restatement	**2 005**	**-**	**4 273**	**33 727**	**40 005**	**1 801**	**41 806**

Consolidated statement of cash flows

(all amounts in PLN thousand if not stated otherwise)

	In 2025	In 2024 (comparative data after restatement)
Cash flows – operating activity		
Before tax profit	-13 225	-24 134
Total adjustments	13 053	28 076
Amortization and depreciation	6 923	6 612
Interest and profit sharing (dividends)	1 906	2 084
Gain on disposal of property, plant and equipment	1	-63
(Profit) loss on investment	-20	-366
Change in provisions	169	-202
Change in inventories	-722	1 774
Change in receivables and other assets	-8 327	27 586
Change in current liabilities except for borrowings and loans	10 650	-8 405
Other adjustments (including change in deferred income)	2 473	-944
Cash flows provided by (used in) operating activities	-172	3 942
Income tax paid	-468	-1 184
Net cash provided by (used in) operating activities	**-640**	**2 758**
Cash flows – investing activity		
Disposal of intangible assets and property, plant and equipment	-	294
Proceeds from the sale of shares in a related entity	-	168
Acquisition of intangible assets and property, plant and equipment	-636	-451
Acquisition of shares in subsidiary	-	-203
Other investment income	23	-
Cash flows provided by (used in) investing activity	**-613**	**-192**
Cash flows – financing activity		
Bank loan incurred	4 586	-
Other financial inflows	46	-
Payments to owners, expenses related to profit distribution	-444	-72
Repayment of bank loans	-	-1 904
Interest and commission paid	-460	-258
Payment of liabilities under lease	-5 721	-6 671
Cash flows provided by (used in) financing activity	**-1 993**	**-8 905**
Total cash flows, net	-3 246	-6 339
Net increase/(decrease) in cash and cash equivalents	-3 246	-6 339
Cash and cash equivalents as at the beginning of the period	**7 834**	**14 173**
Cash and cash equivalents at the end of the period	**4 588**	**7 834**
Including restricted cash (VAT account)	**1 042**	**1 861**

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

1. Establishment of the Parent Entity and Principal Activity

Company Prochem S.A. (hereinafter called „Prochem", „Company", „Issuer" or "Parent Entity") 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.

Information for esef
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 Management Board and Supervisory Authorities of the Issuer

As of the date of preparation of hereby financial statements, the Management Board of Prochem S.A. consists of the following persons:

- Marek Kierysznicki - President of the Management Board
- Krzysztof Marczak - Vice President of the Management Board
- Michał Dąbrowski - Member of the Supervisory Board

In the period from 1 January 2025 to 31 December 2025 there were no changes in the composition of the entity's Management Board, however, in the case of Michał Dąbrowski, on 27 June 2025, there was a change in his position - from Member of the Management Board to Vice President of the Management Board.

Composition of the Supervisory Board of Prochem S.A

As at the date of preparation hereby separate financial statements, comprises 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 1st, 2025 to December 31st 2025 there was no change in the composition of the Supervisory Board.

3. Employment

Average employment in 2025 was 291.42 FTEs and in 2024 311.7 FTEs. Level of employment in persons as at 31 December 31, 2025 was 299 and as at 31 December 2024 was 305.

4. Description of the organization of the Capital Group with indication of entities subject to consolidation

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

<u>Subsidiaries covered by full consolidation:</u>

- Prochem Inwestycje Sp. z o.o. seated in Warsaw – subsidiary directly (100.0%);
- PKI PREDOM Sp. z o.o. seated in Wrocław – subsidiary indirectly, 89.6% of share in capital and voting rights belongs to company Prochem Inwestycje subsidiary in 100%;
- Prochem Zachód Sp. z o.o. seated in Warsaw - subsidiary directly (100.0%);
- Elektromontaż Kraków S.A. seated in Kraków – subsidiary indirectly (91.8%), including 57.49% share in capital and voting rights belongs to company Prochem Inwestycje subsidiary in 100%.;
- Prochem RPI Sp. z o.o. seated in Warsaw - subsidiary directly in 100% (including 3.3% of share in capital and voting rights belongs to company 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.
In March 2025, company IRYDION, pursuant to the Resolution of the Extraordinary Meeting of Shareholders of March 25, 2025, which consented to the acquisition of no more than 8,800 own shares with a total nominal value of PLN 8,800,000.00 for the purpose of their redemption, for a remuneration of PLN 2,140.00 per share, i.e. for a total remuneration of PLN 18,832,000.00, concluded a share purchase agreement for the purpose of their redemption. The consideration for the purchased shares will be paid within 21 days from the date of entry of the redemption of the purchased shares and the reduction of the share capital in the National Court Register, but no later than March 15, 2026. Prochem S.A. sold 8,800 shares for PLN 18,832,000.
On March 20, 2026, the District Court for the Capital City Warsaw registered a reduction of the share capital in the National Court Register in the amount of PLN 8,800,000. The amount of the share capital after the reduction is PLN 200,000.

5. Adopted accounting principles

Principles of presentation

Consolidated financial statements of the Prochem S.A. Capital Group for the period from 1 January to 31 December 2025 and analogous period of the comparable year was prepared according to International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) endorsed by European Union (EU) and were in force as at 31 December 2025. The scope of the financial statements is consistent with the Regulation of the Minister of Finance of June 6, 2025 on current and periodic information provided by issuers of securities and the conditions for recognizing as equivalent information required by the law of a non-member state (Journal of Laws 2025, item 755).
The presented consolidated financial statements of the Capital Group presents reliably and clearly the Group's financial and property position as at December 31, 2025 and comparative data as at December

31, 2024, as well as the results of this activity for the year ended December 31, 2025 and comparative data for the year ended December 31, 2024.

Consolidated financial statements of the Prochem S.A. Capital Group as at 31 December 2025 has been prepared with the assumption that business will continue as a going concern in the foreseeable future. Management boards of companies belonging to the Prochem S.A. Capital Group analyzed the circumstances described in note 39, 41, and 42 and in their opinion they do not affect the ability of individual companies to continue as a going concern.

Consolidated financial statements was prepared based on the principle of the historical cost, apart from:
- land, buildings and construction measured at revalued amount,
- investment properties and investment properties-in progress measured at fair value.

Operational activity of the Parent Entity and 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 and rental of construction equipment, which are characterized by a seasonality, which in large extent depends on weather conditions. Weather conditions influence the volume of the revenues generated in these segments. Lower revenues are achieved during the winter season, when weather conditions do not allow for execution of some construction work.

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 consolidated financial statements hereby, we applied the same accounting principles and the same calculation methods which were applied in the consolidated financial statements of the Capital Group of Prochem S.A. for the year ended 31 December 2024.

Accounting estimates made
Information about the adopted assumptions and uncertainties relating to estimates made are included in the following notes:
- Note 1 – Property, plant and equipment: the key assumptions used in the prognosis of discounted cash flows;
- Note 3 – Investment properties; the key assumptions used in the prognosis of discounted cash flows;
- Note 16 – Liabilities under retirement benefits: key actuarial assumptions;

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 consolidated 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).

Comparative data

The Group has restated the comparative data for 2023 and 2024 due to the reclassification of leased property, plant and equipment to right-of-use assets and due to the reclassification of the long-term security deposits from trade receivables to a separate item, as well as due to the correction of an incorrect entry through profits (losses) from previous years. The restatements of comparative data are presented in the statement of financial position. Detailed adjustments are presented in the tables below.

Reclassification of leases from Property, plant and equipment to right-of-use assets - presentation in the financial statements retrospectively for the years 2023 - 2024.

	Financial Statement position before the change	**Difference**	**Financial Statement position after the change**
	As at 31 December 2024	**Difference**	**As at 31 December 2024 (restated data)**
Property, plant and equipment	15 910	-1 529	14 381
Vehicles	1 689	-1 529	160
Right-of-use assets	23 404	1 529	24 933
	As at 01 January 2024		**As at 01 January 2024 (restated data)**
Property, plant and equipment	15 353	-447	14 906
Vehicles	1 027	-447	580
Right-of-use assets	25 693	447	26 140

Reclassification of the presentation of long-term security deposits and trade and other receivables - presentation in the financial statements retrospectively for the years 2023 - 2024

	Financial Statement position before the change	**Difference**	**Financial Statement position after the change**
	As at 31 December 2024	**Difference**	**As at 31 December 2024 (restated data)**
Non-current receivables from seized security deposits	158	4 857	5 015
Total non-current assets	**61 259**	**4 857**	**66 116**
Trade and other receivables, including:	21 395	-5 518	15 877
Trade receivables, including:	19 446	-5 518	13 928
- with repayment up to 12 months	14 558	-661	13 897
- with repayment above 12 months	4 888	-4 857	31
Receivables under current income tax	0	156	156
Other assets	1 338	248	1 586
Total current assets	**61 923**	**-5 114**	**56 809**
Total assets	**123 182**	**-257**	**122 925**

	As at 01 January 2024	Difference	As at 01 January 2024 (restated data)
Non-current receivables from seized security deposits	1 185	4 857	6 042
Total non-current assets	**68 911**	**4 857**	**73 768**
Trade and other receivables, including:	37 672	-5 518	32 154
Trade receivables, including:	35 768	-5 518	30 250
- with repayment up to 12 months	31 953	-1 847	30 106
- with repayment above 12 months	3 725	-3 671	54
Receivables under current income tax	202	156	358
Other assets	1 653	248	1 901
Total current assets	**90 869**	**-5 114**	**85 755**
Total assets	**159 780**	**-257**	**159 523**

Adjustment of the incorrectly transferred opening balance of the Social Benefits Fund - correction through profits (losses) from previous years

	Financial Statement position before the change	Difference	Financial Statement position after the change
	As at 01 January 2024	**Difference**	**As at 01 January 2024 (restated data)**
Spare capital	74 372	0	74 372
Other reserve capitals	9 621	0	9 621
Profit (loss) brought forward	-20	-236	-256
Profit for the period	-24 483	0	-24 483
Total retained earnings	59 490	-236	59 254
Owner's equity	**64 879**	**-236**	**64 643**
Non-controlling interest	2 106	-21	2 085
Total equity	**66 985**	**-257**	**66 728**
Total equity and liabilities	**123 182**	**-257**	**122 925**

	As at 31 December 2024	Difference	As at 31 December 2024 (restated data)
Spare capital	50 088	0	50 088
Other reserve capitals	9 621	0	9 621
Profit (loss) brought forward	-	-236	-236
Profit for the period	-25 746	0	-25 746
Total retained earnings	33 963	-236	33 727
Owner's equity	**40 241**	**-236**	**40 005**
Non-controlling interest	1 822	-21	1 801
Total equity	**42 063**	**-257**	**41 806**
Total equity and liabilities	**159 780**	**-257**	**159 523**

New standards, interpretations and amendments to published IFRS and their impact

Approved by the IASB for use from 1 January 2025:

- Amendments to IAS 21 "The effects of changes in foreign exchange rates" - exchange not possible

Approved by the IASB for use from 1 January 2026:

- Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments - Disclosures" - changes in the classification and valuation of financial instruments.

Approved by the IASB for application after 1 January 2027:

- IFRS 18 "Presentation and Disclosure in Financial Statements"

Standards and interpretations awaiting approval by the European Union (for application after 1 January 2027):

- IFRS 19 "Subsidiaries without public accountability disclosure".

The Group expects that the above-mentioned standards will not have a material impact on the financial statements of the Capital Group. apart from the amendment to IFRS 18.
The introduction of IFRS 18 will have an impact on the Group's consolidated separate financial statements, in particular through the introduction of a new structure of the statement of profit or loss, i.e. the division of revenues and expenses into categories and the presentation of specific subtotals. Within the scope of the introduced categories, some of the items currently presented under other operating costs/income will be transferred to the investment category, which currently does not appear in the statement of profit or loss.
Another significant area of change in IFRS 18 concerns disclosure of information on management performance measures. IFRS 18 requires disclosure of performance measures in a separate note and introduces new provisions for management-defined performance measures, defining them as appropriately aggregated items of income and expenses that meet all of the following criteria:

- are used in public communications outside of financial statements, such as management commentaries, press releases and investor presentations,
- are used to convey to investors management's opinion on certain aspects of the financial performance of the entity as a whole,
- are not listed in IFRS 18 (e.g. as subtotals) or are not explicitly required by other IFRSs .

The Group did not decide on early application of standards and changes to standards, interpretations or amendments to existing standards before their effective date.

Standards announced but pending approval by the European Union, the Group intends to apply in accordance with their effective date.

The adopted accounting principles applied by the Capital Group are presented below

The principles of consolidation

1. When preparing the consolidated financial statements of the Prochem Capital Group, the following procedures were applied:
   - consisting in combining the financial statements of the parent company and its subsidiaries by adding together like items of assets, liabilities, equity, revenues and expenses,
   - Shares in associated entities and jointly-controlled entities are measured in the consolidated financial statements using the equity method, and at initial recognition are recognized at cost. The purchase price include transaction costs.

Assessment whether the Parent Company controls the company requires determining whether it has the right to manage the significant activity of the company. Determination of the company's significant activity, and who of the investors controls it, requires judgment. In assessing the situation and determining the nature of ties, the following factors are taken into account: i.e. voting rights, relatively owned share, distribution of voting rights held by other investors, scope of these investors' participation in appointing of key managerial staff or members of a Supervisory Board.

2. The subsidiaries are entities controlled by the Parent Entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date of obtaining the control until the date when it expires.
3. Accounting principles applied by subsidiaries have ben unified with the principles adopted by the Group.
4. Goodwill of subsidiaries represents the surplus of the purchase price of components of assets acquired by the parent company over the fair value of the net assets of the subsidiary, in proportion to the acquired share in the entity's equity. Negative goodwill of subsidiaries is the surplus of the fair value of the net assets of the subsidiary above the purchase price of components of assets borne by the parent company, in proportion to the acquired share in the equity of this entity. As at the date of acquisition of subsidiary and associated company (obtaining control), assets, equity and liabilities and contingent liabilities of a subsidiary are measured at fair value.
5. At the moment of loss of control (e.g. in the event of sale), the Group ceases to recognize assets and liabilities of the subsidiary, non-controlling interest and remaining components of the capitals related to the subsidiary. Possibly surplus or deficit arising from the loss of control is recognized in profit or loss of the current period. If the Group retains any interests in the former subsidiary, they are subsequently measured at fair value as at the date of the loss of the control.
6. Shares of non-controlling interest are disclosed at assigned value, even if it results in arising of a negative balance of non-controlling interests.
7. The Group of Prochem SA treats the transactions with the non-controlling interests as transactions with external entities.
8. Gains or losses arising from the sale of shares to non-controlling interests are recognized in equity.
9. As associated entities are considered such entities in which the parent entity has between 20% and 50% of the total number of votes in the decisive bodies or otherwise may exercise substantial influence over their financial and operating policies. As the jointly-controlled entities are considered such the entities in which the parent entity holds 50% of the total voting rights in the decisive bodies.
10. Investments in associated and jointly-controlled entities are accounted for using the equity method and are initially recognized at cost. Share in profit or loss of the associate or jointly-controlled is recognized in profit and loss account. If the share in losses of an associate or jointly-controlled equals or exceeds interest of the Prochem's Group in this entity, the Group does not recognize further losses, unless it is obliged. Unrealized gains between the Group and the associate are eliminated to the level of the Group's interest in such entity.
11. The purchase price of shares in associated companies and in jointly-controlled entities is subject to adjustments by any changes in the fair value of the net assets, which are attributable to the value of the share held, from the moment of purchase until the date of the financial statements, as well as effects of a stated impairment.
12. At preparing the consolidated financial statements shall be done the following adjustments and exemptions:
    - In the scope of exemptions:
        1. Shares with the equity held by the parent company, at the moment of obtaining control of subsidiaries,
        2. Mutual receivables and liabilities and other settlements of a similar nature of consolidated entities,
        3. Income and expenses from mutual buying and selling operations in the capital group
        4. Dividends accrued or paid by the subsidiaries to the parent company, and to other consolidated entities.
    - In the scope of adjustments:
        1. Gains or losses arising as a result of economic transactions between consolidated entities.

The items of the financial statements are divided into short-term and long-term (current and non-current) according to IAS 1.

Property, plant and equipment and intangible assets
Property, plant and equipment include non-current assets and expenditures on construction in progress which the Group intends to use in their business operations in a period longer than one year, and which will result in future economic benefits to the entity.
Expenditures on property, plant and equipment include incurred investment expenditures as well as incurred expenses on future supply of machinery, equipment and services relating to production of PPE (transferred advance payments).
PPE are initially stated at cost. Measurement after initial recognition:

- Land, buildings and construction are carried at revalued amount, being its fair value at the date of revaluation, set by experts, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Fair value will be set by experts regularly every two years.
- Other PPE are carried at their cost increased by possible improvement costs, less any accumulated depreciation and any accumulated impairment losses.

Increase in value resulting from the revaluation of land, buildings and constructions is recognized in other comprehensive income and accumulated in total amount in equity - *Revaluation reserve*, as revaluation surplus unless it represents the reversal of a revaluation decrease previously recognized in the statement of profit and loss. A decrease in value arising as a result of a revaluation of land, buildings and constructions is recognized as cost of the period to the extent that it exceeds any amount previously credited to the revaluation surplus relating to the same asset and recognized in other comprehensive income. A decrease resulting from revaluation included in other comprehensive income decreases the amount of total surplus arising from the revaluation recognized in the equity. Value of PPE designated to liquidation, withdrawn from use as a result of the change of technology or other reasons, is being revalued by write down. Write-down is recognized in other operating costs.

Expenditures on PPE incurred at a later date are recognized at their carrying amount when it is probable that future economic benefits associated with them will flow to the entity, and this cost could be reliably measured. All other repair and maintenance costs of PPE are recognized in the cost of the period, in which they were incurred.

Profit and loss on sale of PPE are set by comparing the revenues from sale with the carrying amount of the given component of non-current assets and recognized in the statement of profit and loss. PPE are subject to depreciation since they are available for use. Depreciation allowances on PPE are provided by systematic, scheduled allocation of the initial value over the established useful life of the component. A straight line depreciation method is applied.

In the consolidated financial statements for the current period and comparative periods, for depreciation of PPE the following useful lives are used by the Group:

• Buildings and constructions	10-40 years
• Machinery and equipment	5-12 years
• Vehicles	5 years
• Tools, devices, movables and equipping	5-10 years

The useful lives and depreciation method applied are verified at the end of each reporting year and are adjusted in justified cases.
Land is not subject to depreciation

PPE in-progress arising for the operating activity, as well as for purposes not yet identified, are presented in the financial statements at their cost less recognized impairment losses. The cost comprises all fees and borrowing costs capitalized in accordance with the applied accounting principles.

PPE are subject to the impairment tests, if premises for impairment exist, while in case of PPE in progress, the possible impairment is determined at least for each balance sheet day. The effects of the impairment are recognized in other operating costs.

The component of intangible assets is measured at cost less any depreciation allowances and any impairment losses.

Intangible assets, except for the goodwill are being amortized. Amortization allowances of intangible assets is made by systematic, planned allocation of the initial value in the established useful life of the component. A straight line of amortization method is applied.

In the consolidated financial statements for the current period and comparative periods the Group applied useful life period of 3-10 years for amortization of intangible assets.

The applied useful lives and amortization methods are verified at the end of each reporting year and adjusted in subsequent periods in justified cases.

Intangible assets are subject to the impairment tests if premises for impairment exist. The value is tested for impairment at the end of the financial year. The effects of the impairment are recognized in other operating costs.

Investment property

Investment property is a property (land or a building or part of a building, or both), which the Company treats as a source of rental income or maintains due to the increase in value, or in order to benefit from both of them, and the investment property:

- is not used in operating activities,
- is not offered for sale in the ordinary course of investment activity.

Investment properties are also real estates under construction or their adaptation, which are to be used in the future as investment properties. Gains or losses arising from the sale/liquidation of the investment property shall be determined as the difference between proceeds from sale and the carrying amount of these assets and are recognized in the statement of profit and loss.

Investment properties are initially measured at its cost, including transaction costs. After initial recognition, investment properties are measured at fair value as defined in the fair value model and in IFRS 13 *Fair Value Measurement*. The method of valuation is obligatory to all investment properties unless some investment properties cannot be measured by this method – then, the cost approach is used until the property is sold.

Profit or loss from changes in the fair value of the property is recognized in the result for the period in which the change occurred.

With regard to investment properties, depreciation rates and the depreciation method are applied as for property, plant and equipment. Investment property is derecognised from the statement of financial position when it is sold or permanently withdrawn from use. Any gain or loss resulting from the derecognition of an investment property from the statement of financial position is recognized in the statement of profit or loss in the period in which such derecognition was made.

Change in classification, i. e. transfers to, or from, the investment property are only made when there is a change in use, e. g.:

- commencement of owner-occupation – transfer from investment property to property, plant and equipment,

- end of owner-occupation – transfer from property, plant and equipment to investment property,
- commencement of adjustments with a view to sale – transfer from investment property to inventories,
- transfer the property to a third party for operational leasing - in the case of transfer from inventory to investment property.

The cost of an investment property transferred to property, plant and equipment or to inventories is its fair value as at the date of change in the method of use.

The difference between the fair value and the carrying amount, which arose at the time of transfer to investment properties measured at fair value:

- PPE - is accounted for as a revaluation in accordance with IAS 16,
- inventories -is recognized as profit or as loss for the period,
- completion of construction or development of investment on own account – as the profit or loss for the period.

The fair value in accordance with IFRS 13 is such a price, which would be received from the sale of an asset, or which could be paid for the transfer of a liability in transaction made on usual conditions between market participants at the measurement date. Measurement of fair value refers to a specific asset. Therefore, at measurement at fair value should be taken into account the features of the asset, if market participants would consider such features when determining the price of the asset at the measurement date. Such features include, for example:
- condition and location,
- any restrictions on the sale or use of the asset.
The impact of individual features is to differ in depending on how these features will be taken into account by the market participants.

Fair value measurement is based on the assumption that the transaction on disposal of assets is held:
- on the principal market for the asset,
- in case of the absence of a principal market, the most advantageous market for the asset. The most advantageous market means market that maximises the amount that would be received to sell the asset by the seller of the asset, after taking into account transaction costs and transport costs.

The standard requires the classification of fair value measurements depending on the information obtained for the purposes of valuation in accordance with the following hierarchy:

- Level 1: quoted exchange prices for identical assets or for liabilities in the active markets that are available at the measurement date.
- Level 2: initial data not constituting prices of Level 1, but are observable either directly or indirectly.
- Level 3: unobservable data.

IFRS 13 requires disclosures in financial statements. The scope of required disclosures depends on the category of fair value measurement (i. e. whether it is included in the financial statements or in the notes only) and on the level of the fair value hierarchy within which the fair value measurements are categorised.

Disclosures resulting from IFRS 13 concerning fair value model relate to:

- Reconciliation of fair value at the beginning of the period and its value at the end of the period
- A level from the three levels of fair value hierarchy. For investment properties, it will be a level 2 or 3 for which it is required:
  - disclosure of the amount of transfer between levels (the reasons for those transfers and the policy applied by the Group for determining whether such a change in levels has occurred),
  - description of applied valuation techniques and inputs,
  - in case of the change in the valuation techniques used in the fair value measurement, disclosure of such a change and the reasons for making such a change.

- If the highest and best use of a non-financial asset differs from its current use, should be disclosed the reason for different use of this asset.
- Information enabling reconciliation of classes of assets and liabilities, which were disclosed at the separate levels of the fair value hierarchy with items presented in the statement of financial position.

Measurement of fair value of the investment property is carried out by an independent expert, who has qualifications relevant to carrying out valuations of real estate, as well as current experience in such valuations in locations where assets of the Group are located. Property valuation is carried out at least once every two years, and in justified cases, investment properties whose value changes by at least 10%, are valued each year.

Leases

The Group as the lessee
At the time of concluding a new contract, the Group assesses whether the contract is a lease or whether it contains a lease if it provides the right to control the use of the identified asset for a given period in exchange for remuneration. To assess whether the right to exercise control over the use of an asset over a given period is vested under the contract, the Group assesses whether it has the following rights jointly over the entire useful life:
a) the right to obtain substantially all economic benefits from the use of the identified asset, and
b) the right to direct the use of the identified asset.

If the Group has the right to exercise control over the use of an identified asset for only part of the duration of the contract, the contract shall include lease in relation to that part of the period.
Rights arising from lease, rental, and other contracts that meet the definition of lease in accordance with the requirements of IFRS 16 are recognized as rights-of-use assets within the frame of non-current assets and on the other side as liabilities under lease.

Initial recognition and measurement
As at the date of commencement of the lease, the Group recognizes *right-of-use assets*, and *liabilities under lease.*

The cost of right-of-use asset includes:
- the value of the initial measurement of the lease liability,
- all lease paid on or before the date of the start of the lease, less any incentives received,
- any costs incurred by the lessee, and
- an estimate of the costs to be borne by the lessee, e.g. dismantling, removal of the underlying asset, carrying out the renovation of the asset to the condition required by the terms of the lease.

The lease fees included in the valuation of the lease liability include:
- fixed leasing fees,
- variable lease fees, which depend on the index or the rate,
- the amounts expected to be paid after the end of the lease,
- financial penalties for terminating the lease contract, unless it can be assumed with certainty that the Group will not use the option of termination.

After the commencement date of the lease, the right-of-use asset is measured by:
- an increase in the carrying amount to reflect interest on the lease liability,
- a decrease in the carrying amount to reflect the paid lease payments and
- updating the balance sheet valuation to include any reassessment or change of the lease or to include updated fixed lease payments.

Depreciation
Right-of-use assets are depreciated on a straight-line basis over the shorter of the two periods: the lease period or the useful life.

The useful life of right-of-use assets is determined in the same way as for property, plant and equipment.

The Group has lease contracts regarding the use of:

a) buildings and constructions, including office space concluded for a specified period of up to 30 years
b) means of transport, including passenger cars, depreciation period up to 5 years,
c) tools, movables, instruments and equipment, depreciation period up to 5 years.

The Group applies simplifications to lease contracts that have the maximum possible duration, including extension options, up to 12 months. Lease fees resulting from these contracts are accounted for as costs:

- on a straight-line basis over the duration of the contract,
- another systematic method if it better reflects the way in which the beneficiary benefits are distributed over time.

The Group does not apply general principles for recognition, valuation and presentation concluded for lease contracts, the subject of which is of low value.

Low-value assets are considered to be those which, when new, have a value of no more than PLN 15,000.

The Group assesses whether the contract includes lease and non-lease components. Non-lease components are separated from contracts that include leasing and non-lease components, e. g. service of assets that are the subject of the contract.

The Group as the lessor

Lease agreements, such as rent agreements according to which the Group retains substantially all the risks and all rewards resulting from having a leased object, are ranked among operating lease agreements. Costs of lease are recognized in current costs while income from the leased object are recognized in revenues of the period.

Borrowing costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except for costs that are directly attributable to the acquisition, construction or production of an asset (PPE, intangible assets).

Capitalization of borrowing costs commences when:

1. borrowing costs are incurred,
2. expenditures are incurred for the asset,
3. the activities necessary to prepare the asset for its intended use or sale are undertaken.

Capitalization of borrowing costs shall be suspended in the case of interruption for extended periods of active investing activity by the entity. Borrowing costs are capitalized until the designation of the asset for use or sale.

Current assets

Inventory

item of Inventory includes - materials, goods, semi-finished products, and work-in-process.
Inventories are measured initially at cost. As at the balance sheet day the measurement of goods and materials is done with the prudence accounting principle, that is the categories are valued at the lower of following - purchase price, the production cost or the net realizable value.
Stocks of slowly-rotating goods and materials are covered among others by the write-downs created according to individual evaluation of the realizable price as at the balance sheet day.
Flows of stocks are done at using the FIFO method - "first-in", "first-out".
Write-downs concerning inventory and their reversals are recognized in the other operating expenses and revenues from operating activities.

Loans granted
arise when the entity is transferring financial means directly to the debtor, and is not intending to enter the receivable into trade. They are classified as current assets, provided the date if their maturity does not exceed 12 months from the balance sheet day. Loans with the maturity date exceeding 12 months starting from the balance sheet day are classified as non-current assets. Loans are initially recognized at their fair value. The measurement of loans at later date is done at amortized cost, using the effective interest rate method, less possible impairment losses.

Receivables
are initially recognized at fair value, with the fair value of trade receivables as at the moment of initial recognition being the nominal value resulting from the issued sales invoices, and then they are measured at amortized cost, using the effective interest rate, taking into account impairment losses. Impairment allowance of receivables is identified when there is objective evidence that the entity will not receive all amounts due according to the original terms of receivables and it is recognized in other operating expenses. Impairment allowance of receivables is identified when there is objective evidence that the entity will not receive all amounts due according to the original terms of receivables and it is recognized in other operating expenses. Impairment allowance is established according to IFRS 9 Financial instruments.

Cash and cash equivalents
include cash in hand and on bank accounts, bank deposits with the original maturity date up to three months and financial assets measured at fair value through profit or loss and meeting the requirements of the definition of the cash equivalent. Cash is measured at nominal value.

Non-current assets held-for sale
Non-current assets held-for-sale are assets meeting at the same time the following criteria:
- by the Management is committed to a plan to sell,
- an active program to locate a buyer is initiated,
- an asset is available for immediate sale,
- the sale is highly probable and can be settled within 12 months from classification as held for sale,
- the selling price is rational in relation to the current fair value,
- it is unlikely that the sales plan will be significantly changed.

Change of classification is reflected in the reporting period in which the criteria are met.

Immediately prior to reclassification to the group held-for-sale or the disposal, these assets are re-measured according to accounting principles. Non-current assets held-for-sale (excluding financial assets and investment properties) are recognized in the financial statements in lower of two values: the carrying amount or the fair value less costs to sell.

In case of increase of value, at a later date, of fair value less costs to sell, the income is recognized, however, at the value not higher than previously recognized impairment allowance. Upon allocating the given component of assets as held-for-sale, the calculation of depreciation allowances is stopped.

Measurement of assets and financial liabilities
At initial recognition the Group shall measure component of assets or liabilities at fair value, increased in case of the component of assets or financial liabilities not classified as measured at fair value through profit or loss by transaction costs, which could be directly attributable to the purchase or to the issue of the component of financial asset such as: fees and commissions paid to advisers or agents, levies imposed by regulatory agencies and the stock exchange and taxes. Transaction costs do not include premium or discount from debt instruments, or financing costs, neither administrative costs nor costs of holding of the instruments.

IFRS 9 provides for three categories of debt instrument classification:
- at amortized cost,

- at fair value through other comprehensive income,
- at fair value through profit or loss.

The classification of debt instruments in accordance with IFRS 9 is based on the business model used by the entity to manage financial assets and whether the contractual cash flows include only principal and interest payments. An entity's business model means the way in which an entity manages its financial assets to generate cash flows and create value. If a financial instrument is held to generate cash flows, it is classified as measured at amortized cost, provided that it solely includes principal and interest payments.

Impairment of financial assets

IFRS 9

Upon initial recognition, financial assets are classified into one of three categories:
• financial assets measured at amortized cost;
• financial assets at fair value through profit or loss; or
• financial assets measured at fair value through other comprehensive income.

The Group qualifies financial assets to the appropriate category depending on the business model of financial assets management and the characteristics of contractual cash flows for a given financial asset.

Component of financial assets is classified into the category of measured on initial recognition at amortized cost if the following two conditions are met:
- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- its contractual terms give rinse on specified dates to cash flows which are solely payments of principal and interest on the principal outstanding.

Component of financial assets is classified into the category of measured at fair value through other comprehensive income if:
- the objective is to hold assets in order both to collect contractual cash flows as well as their selling,
- contractual terms relating to the financial asset give rinse on specified dates to cash flows which are solely payments of principal and interest on the principal outstanding.

Other financial assets are measured at fair value through profit or loss for the current period.

The classification of financial assets is presented below.

Classes of financial instruments	**Classification under IFRS 9**
Financial assets available for sale	Measured at fair value through profit or loss
Security deposits under contracts for construction	Measured at amortized cost
Trade and other receivables	Measured at amortized cost
Trade and other receivables	Measured at amortized cost
Derivative financial instruments not covered by hedge accounting	Measured at fair value through profit or loss

IFRS 9 did not introduce any changes in the classification of financial liabilities.

According to IFRS 9, which introduces an approach to estimating the impairment of financial assets based on the impairment model. This model is based on the calculation of expected losses. To estimate expected credit losses in relation to trade receivables, the Group applied the simplified method permitted by IFRS 9. For the purpose of estimating the expected credit loss, the Group uses the reserve ratio, which takes into account historical data.

Taking into account the above methodology of calculating expected credit losses, the value of receivables may also be updated individually if, according to the Management Board's individual assessment, the risk that they will not be collected is significant, in particular with regard to:

- receivables from contractors in liquidation or bankruptcy
- receivables questioned by the debtors and the payment of which the debtor is in arrears, and according to the assessment of the debtor's property and financial situation, the repayment of the contractual receivable is fraught with significant risk.

As a result of individual analysis, in case when despite significant overdue of receivables, the Group has a credible declaration of the contractor's payment, the creation of a write-off may be suspended.

Measurement of financial assets at fair value
The Group measures financial assets measured at fair value through the profit and loss, including derivatives being assets and available-for-sale financial assets, without reduction by the transaction costs which can be incurred in relations to the sale or using other way of the disposal of assets
Fair value of financial assets is measured as follows:

- for instruments quoted on the active market based on the last quotations available at the end of the reporting period,
- for debt instruments unquoted on the active market based on discounted cash flows analysis,
- for futures derivatives (forward) and swap contracts based on discounted cash flows analysis.

Investments in equity instruments (shares), that do not have quoted market price on active market and which fair value cannot be measured credibly, are valued at cost by the Group, i.e. at purchase price less possible impairment losses.
The Group does not apply hedge accounting.
Profit or loss arising from measurement of the financial asset classified as measured at fair value through profit or loss are recognized in profit or loss.

Profit or loss arising from measurement of the financial asset classified as available-for-sale is recognized in financial result. For debt financial instruments, interest calculated using the effective interest rate method is recognized in financial result. For debt financial instruments, interest calculated using the effective interest rate method is recognized in financial result.

Measurement of financial assets at amortized cost
The Group measures loans and other receivables, including trade receivables and held-to-maturity investments according to amortized cost and using the effective interest rate.

Measurement of financial liabilities at fair value
The Group measures financial liabilities classified as measured at fair value through profit or loss (in particular including derivatives which are not hedging instruments), as at the last day of the reporting period or any time after the initial recognition at fair value. Irrespective of the nature and purpose of the acquisition, the Group, at the initial recognition, classifies selected financial liabilities as measured at fair value through financial result if it leads to obtaining more useful information. Fair value of the contracted liability is determined based on the current sale price for instruments quoted on an active market.
In the absence of an active market, fair value of financial liabilities is determined by:

- the use of recent market transactions conducted directly between the well informed, willing parties, or
- reference to the current fair value of another instrument that is almost the same, or
- discounted cash flows analysis.

Measurement of other financial liabilities at amortized cost
The Group measures other financial liabilities at amortized cost using the effective interest rate method. Other financial liabilities include trade liabilities, lease liabilities, accruals, investment liabilities and other financial liabilities.

Financial guarantee agreements, i.e. agreements obliging the Group (issuer) to make specified payments to compensate the holder for the loss it will incur due to failure by a specified debtor to make payments on the due date in accordance with the original or changed terms of a debt instrument, not classified as liabilities measured at fair value through profit or loss, are measured at the higher value:

- the amount of the allowance for expected credit losses,
- the initial value less, where applicable, the cumulative amount of income recognized in accordance with IFRS 15.

Dividend payments
to shareholders of the Company is recognized as liability in the financial statements of the Company at the time when a relevant resolution was passed at the General Meeting of Shareholders of the Company.

Provisions
are established in the justified, credibly assessed value. Provisions are created when obligation (legal or customary) resulted from the past events rests on the Group, and when it is probable, that fulfilling of this duty will result in the necessity of the outflow of financial means, and the amount of this liability may be credibly estimated.

Employee benefits
the Group pays the contributions to the obligatory retirement benefit plan, depending on the amount of gross wages, which is paid in accordance with the applicable laws. The Group has no other retirement benefit plans.
Pursuant to the Remuneration Regulations applicable in the Companies from the Capital Group, employees are entitled to receive one-off retirement and pension benefits in the event of termination of employment in connection with retirement or pension. The above-mentioned severance payments are benefits after the period of employment paid when the employee no longer performs work, therefore the expenses related to them are spread over the entire period of employment of the employee by making current allowances for provisions for benefits. In some companies of the Group, there are jubilee bonuses paid at five-year intervals after the employees have reached the required length of service. The aforementioned gratifications are other long-term benefits and the related expenses are also spread over time from the moment of employment until the required number of years of service is reached. The current amounts of provisions and write-downs are determined by an external actuarial office individually for each employee in accordance with the "projected entitlement for person" methodology. The accrued provisions constitute the current expected value of future long-term liabilities of the Company due to severance payments less the current expected values of future write-downs, which will be made until the employee is entitled to benefit from them.
Actuarial assumptions used for calculations are determined based on the Group's historical data, market data and forecasts. They include demographic and financial indicators, including rotation rates, mortality tables, tables of total disability, indicators of postponing the moment of taking advantage of pension rights after their acquisition, rates of increase in benefits bases, interest rate for discounting.

The Group recognizes the following components of the change in provisions for severance pay in the reporting period:
- costs of current employment (current allowance) recognized in profit and loss,
- use of provisions for payment of benefits,
- interest cost reflecting the change in the amount of provisions in connection with the passage of time, recognized in profit and loss,

- actuarial gains/losses arising from the materialization in the reporting period of phenomena reflected in the actuarial assumptions adopted at the beginning of the period and as a result of updating the

assumptions made at the end of the period, recognized in other comprehensive income, if they relate to post-employment benefits (severance pay) and in profits and losses, if they relate to other long-term benefits (jubilee awards),
- past employment costs occasionally appearing as a positive or negative offsetting of write-offs made in previous periods and in the current period, resulting from a change in the conditions of benefits (such as change in retirement age) or introduction/restriction of a benefit plan, recognized in profit or loss for the period.

Equity
Equity is recognized in the accounting books by its type, in accordance with principles pursuant to legal regulations and with the Statutes of the Company. Equity includes:

- Founding capital – shares capital shown in the nominal value of the issued and registered shares.
- Revaluation reserve includes:
  - the revaluation difference between the fair value and the purchase price, less deferred tax among others on buildings, constructions, and land measured at fair value,
  - capital arisen from the foreign exchange differences – from translation of the foreign operations of Representation Office,
  - actuarial profits and losses resulting from changes in actuarial assumptions (including due to changes in the discount rate).
- Retained earnings, which include:
  - Spare capital, which is created from the surpluses of sale of shares above its nominal value, and from annual write-downs of net profits and write-downs of revaluation of property, plant and equipment in the previous years.
  - Reserve capital which arose from the profit allocated to equity.
  - Undistributed profit/loss brought forward and profit (loss) of the current year.
  - Advance payments paid on account of dividends.

Revenues from sales
include in particular revenue from execution of contracts of construction services (general contracting), assembly of electrical installations, design and engineering services and rental of office space and procurement. From 1 January 2018, the Company applies the principles of IFRS 15 taking into account the assumptions adopted in this model. This model assumes that revenues are recognized when (or to the extent to which) the entity transfers control over the goods or services to the client and in the amount to which the entity expects to be entitled. Depending on the meeting of determined criteria, the revenues:
- are distributed over time in a way that reflects the implementation of the contract by the entity, or to which entity expects to be entitled.
- are recognized once, in such a time when the control over the goods or services is transferred to the customer.
Revenues from the contracts for construction services (general contracting) and the design and engineering services are determined in proportion to the level of the progress of the service. The level of progress of the service is measured by the share of costs incurred from the date of the contract to the date of recognition of income in the total cost of the execution of service.
Correctness of calculations of the level of the progress of service as well as expected the total expenses and revenues from the performing of the service is verified at the end of each quarter.
Revenues from sale of goods and materials are recognized in the profit and loss account when the control over goods has been transferred to the client.

Costs
are recognized in the profit and loss account when a liability arises or a reduction in economic benefits associated with specific revenues (the matching principle) is incurred, or when incurred. Costs that arise unevenly throughout the financial year are accounted for over time.

Income tax
tax burdens include the current taxation by corporate income tax, and the change in provisions or in deferred tax assets.

Current tax liabilities are established on the basis of current tax regulations and the established taxable income. Current tax liabilities for the current period and previous periods are included as the liability in the amount, in which it wasn't paid.
Provision under deferred income tax is recognized using the liability method, under transitional differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that are actually applicable as at the balance sheet date. Transitional differences relate to different measurement of assets and liabilities for tax purposes and balance sheet purposes.
Income tax assets are recognized when is probable that in future the taxable income will be achieved that will enable the use of transitional differences. Deferred tax assets are recognized separately from tax losses, which could be deductible in the next years.

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.

Functional currency and presentation currency of financial statements
The consolidated financial statements is presented in thousands of Polish Zlotys (‘zloty’ or ‘PLN’) which is the functional currency of the Parent Entity and presentation currency.
Any differences in the amount of PLN 1,000 when adding up the items presented in the explanatory notes result from the adopted rounding.

6. Explanatory Notes to consolidated financial statements as at and for the year ended December 31, 2025

Note 1 – Property, Plant and Equipment

	31 December 2025	**31 December 2024** (comparative data after restatement)
Property, plant and equipment, including:	13 354	14 381
- land	2 451	2 494
- buildings, premises and civil engineering objects	8 810	9 598
- machinery and equipment	1 775	1 868
- vehicles	114	160
- other PPE	204	261
Construction under progress	20	-
Total property, plant and equipment	**13 374**	**14 381**

Property, plant and equipment – ownership structure	**31 December 2025**	**31 December 2024** (comparative data after restatement)
a) own	3 282	2 369
b) used under rental, lease or other agreement, including:	10 092	12 012
- lease	8 766	10 643
- value of the right of perpetual usufruct	1 326	1 369
Total balance sheet property, plant and equipment	**13 374**	**14 381**

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 31 December 2024 was set based on valuation made by the independent valuators not associated with the Group. The valuators have the right qualifications to carry out valuations of land, buildings and structures, as well as the current experience in such valuations, which are carried out in locations where there are assets of the Group.

Methods of valuation and key unobservable data are presented in the table below.

Method of valuation	Key unobservable input data	Relation between key unobservable input data and fair value
The comparative approach using the method of the adjusted average price: The model is based on determining of the average transaction price for 1 m^2 of the area on the basis of the representative sample of the transaction concluded. The average price was corrected for weights of the market features: the attractiveness of the location and the neighbourhood, area and shape of the plot, destiny, legal status of a land, access to the plot..	• The average transaction price per 1 m^2 • Attractiveness of the location and neighbourhood • Area and shape of the plot . • Designation. • Legal status. • Access to the plot.	The estimated fair value of real estate would be increased (or would be reduced) if : • the average transaction price per m^2 was higher (lower)
Discounted cash flows: The model of measurement is based on the presented value of future net cash flows that will be generated from the real estate taking into account: the level of leased space. The expected net cash flows are discounted with discount rates taking into account the risk. Other factors considered in the adopted average rent per square meter are: attractiveness of the location, technical condition of building, the standard and the functionality of the building, the possibilities of the access, and parking spaces.	• Level of space lease: reflecting the status of the currently leased space. • Adjusted for the risk of discount rate: 8.13% .	The estimated fair value of real estate would be increased (or would be reduced) if : • Level of leased space was higher (was lower); • Risk-adjusted discount rates were lower (higher).

There has been no change in the valuation techniques during the year.

Details concerning land, buildings and constructions, as well as information about the hierarchy of fair values as at 31 December 2025.

Group	Fair value as at December 31, 2025 (in PLN thousand)	Fair value as at December 31, 2024 (in PLN thousand) (comparative data after restatement)
	Level 3	Level 3
Land, including the right of perpetual usufruct	2 451	2 494
Buildings and constructions	8 810	9 598
Total	**11 261**	**12 092**

Property, plant and equipment covered by the mortgage hedging the repayment of loans, was described in Note 16.

Change in PPE – in 2025

	land, including the right of perpetual usufruct of land	buildings, premises and civil engineering objects	machinery and equipment	vehicles	other PPE	construction under progress	Total PPE
Gross value							
As at January 1, 2025 – after restatement	**3 042**	**22 495**	**7 086**	**1 468**	**2 408**	**-**	**36 499**
Increase (due to)	**-**	**27**	**542**	**98**	**95**	**20**	**782**
- acquisition of non-current assets	-	27	542	98	75	20	762
- przemieszczenia	-	-	-	-	20	-	20
Decrease (due to)	**-**	**-**	**-22**	**-**	**-13**	**-**	**-35**
- disposal of non-current assets	-	-	-1	-	-6	-	-7
- liquidation of non-current assets	-	-	-21	-	-7	-	-28
As at December 31, 2025	**3 042**	**22 522**	**7 606**	**1 566**	**2 490**	**20**	**37 246**
Depreciation and impairment							
As at January 1, 2025 - accumulated depreciation	**548**	**12 897**	**5 218**	**1 308**	**2 147**	**-**	**22 118**
Depreciation for the period (under)	**43**	**815**	**612**	**144**	**139**	**-**	**1 754**
- increase (depreciation accrued)	43	869	581	502	132	-	2 127
- decrease under disposal of non-current assets	-	-	-1	-	-6	-	-7
- decrease under liquidation of non-current assets	-	-	-21	-	-7	-	-28
- changes	-	-54	54	-	20	-	20
- reclassification (change of presentation in accordance with IFRS 16)	-	-	-	-358	-	-	-358
As at December 31, 2025 - accumulated depreciation	**591**	**13 712**	**5 831**	**1 452**	**2 286**	**-**	**23 872**
Impairment of PPE							
Net value of PPE as at 31 December 2025	**2 451**	**8 810**	**1 775**	**114**	**204**	**20**	**13 374**

Comparative data after restatement

Change in PPE – in 2024

	land, including the right of perpetual usufruct of land	buildings, premises and civil engineering objects	machinery and equipment	vehicles	other PPE	construction under progress	Total PPE
Gross value							
As at January 1, 2024 – after restatement	**2 395**	**21 260**	**5 778**	**2 435**	**2 873**	**1 988**	**36 729**
Increase (due to)	**647**	**1 235**	**1 553**	**1 357**	**59**	**122**	**4 973**
- acquisition of non-current assets	-	56	240	1 357	59	122	1 834
- revaluation of non-current assets	647	382	-	-	-	-	1 029
- changes	-	797	1 313	-	-	-	2 110
Decrease (due to)	**-**	**-**	**-245**	**-2 324**	**-524**	**-2 110**	**-5 203**
- disposal of non-current assets	-	-	-	-805	-232	-	-1 037
- liquidation of non-current assets	-	-	-245	-	-292	-	-537
- changes	-	-	-	-214	-	-2 110	-2 324
- reclassification (change of presentation in accordance with IFRS 16)	-	-	-	-1 305	-	-	-1 305
As at December 31, 2024	**3 042**	**22 495**	**7 086**	**1 468**	**2 408**	**-**	**36 499**
Depreciation and impairment							
As at January 1, 2024 - accumulated depreciation - after restatement	**496**	**12 000**	**4 935**	**1 855**	**2 537**	**-**	**21 882**
Depreciation for the period (under)	**52**	**897**	**283**	**-547**	**-390**	**-**	**295**
- increase (depreciation accrued)	34	897	528	464	132	-	2 055
- decrease under disposal of non-current assets	-	-	-	-574	-230	-	-804
- decrease under liquidation of non-current assets	-	-	-245	-	-292	-	-537
- changes	18	-	-	-214	-	-	-196
- reclassification (change of presentation in accordance with IFRS 16)	-	-	-	-223	-	-	-223
As at December 31, 2024 - accumulated depreciation	**548**	**12 897**	**5 218**	**1 308**	**2 147**	**-**	**22 118**
Impairment of PPE							
Net value of PPE as at 31 December 2024– after restatement	**2 494**	**9 598**	**1 868**	**160**	**261**	**-**	**14 381**

Note 2 - Intangible assets

	31 December 2025	31 December 2024 (comparative data after restatement)
Acquired concessions, patents, licenses and similar assets including computer software	72	33
Total intangible assets	**72**	**33**
Intangible assets – ownership structure		
own	72	33
Total intangible assets	**72**	**33**

Changes in intangible assets – in 2025

	Acquired concessions, patents, licenses and similar assets including computer software	Total intangible assets
Gross value		
As at 1 January 2025 – after restatement	**2 763**	**2 763**
Increase (due to)	**62**	**62**
- acquisition of non-current assets	62	62
Decrease (under)	**-1 263**	**-1 263**
- liquidation	-1 263	-1 263
As at 31 December 2025	**1 562**	**1 562**
Amortization and impairment		
As at 1 January 2025 – amortization accumulated	**2 730**	**2 730**
Amortization for the period (under)	**- 1 240**	**-1 240**
- increase (amortization accrued)	23	23
- decrease due to liquidation	-1 263	-1 263
As at 1 January 2025 – amortization accumulated	**1 490**	**1 490**
Net intangible assets as at 31 December 2025	**72**	**72**

Comparative data after restatement

	Acquired concessions, patents, licenses and similar assets including computer software	Total intangible assets
Gross value		
As at 1 January 2024 after restatement	**2 774**	**2 774**
Increase (due to)	**15**	**15**
- acquisition of non-current assets	15	15
Decrease (under)	**-26**	**-26**
- liquidation	-26	-26
As at 31 December 2024- after restatement	**2 763**	**2 763**
Amortization and impairment		
As at 1 January 2024 – amortization accumulated	**2 736**	**2 736**
Amortization for the period (under)	**-6**	**-6**
- increase (amortization accrued)	20	20
- decrease due to liquidation	-26	-26
As at 31 December 2024 - accumulated amortization	**2 730**	**2 730**
Net intangible assets as at 31 December 2024 – after restatement	**33**	**33**

Note 3 – Investment Property

	31 December 2025	31 December 2024 (comparative data after restatement)
Buildings and construction	7 918	8 331
Value of the land	4 632	4 632
Buildings and construction	**12 550**	**12 963**
Value of the land		

Investment property by titles	**Change in investment property for the period from 1January 2025 to 31December 2025 .**	**Change in investment property for the period from 1January 2024 to 31December 2024.** (comparative data after restatement)
Investment property - land		
As at opening balance sheet:	4 632	4 406
- increase under valuation at fair value	-	226
As at closing balance sheet	**4 632**	**4 632**
Investment property - buildings and constructions		
Initial value - the state on the opening balance sheet:	9 117	8 215
- increase under acquisition	-	220
- increase under valuation at fair value	-	682
Total	**9 117**	**9 117**
As at opening balance sheet – accumulated depreciation	786	402
Depreciation for the period, under:	413	384
- increase - accrued depreciation	413	384
As at closing balance sheet – accumulated depreciation	**1 199**	**786**
As at closing balance sheet	**7 918**	**8 331**
Write-down of investment property		-
Total investment property	**12 550**	**12 963**

In accordance with the adopted accounting policy, the fair value as at 31 December 2025 was determined based on the valuation of 24 December 2024, which was determined on the basis of a valuation prepared by independent appraisers not affiliated with the Group. The appraisers have qualifications appropriate to carry out valuations of land, buildings and structures, as well as current experience in such valuations carried out in locations where the Group's assets are located. As at 31 December 2025 this value was confirmed by independent appraisers.

Methods of measurement and key unobservable data are presented in the table below:

Method of measurement	**Key, unobservable inputs for the properties being compared**	**Relation between key unobservable input data and fair value**
The comparative approach using the method of the adjusted average price: The model is based on determining of the average transaction price for 1 m^2 of the area on the basis of the representative sample of the transactions concluded. The average price was corrected for weights of the market features: the attractiveness of the location and the neighbourhood, area and shape of the plot, destiny, legal status of a land, access to the plot.	• The average transaction price per 1 m^2 for the properties being compared • Attractiveness of the location and neighbourhood. • Area and shape of the plot. • Standard and functionality of rooms. • Technical condition of the building. • Legal status. • Access do the plot.	The estimated fair value of real estate would be increased (or would be reduced) if: • the average transaction price per m^2 for the compared properties was higher (lower).
Discounted cash flows: The model of measurement is based on the presented value of future net cash flows that will be generated from the real estate taking into account: the level of leased space and rent-free periods. The expected net cash flows are discounted with discount rates taking into account the risk. Other factors considered in the adopted average rent per square meter are: attractiveness of the location, technical condition of building, the standard and the functionality of the building, the possibilities of the access, and parking spaces.	• Level of space lease : reflecting the status of the currently leased space • Adjusted for the risk of discount rate: 8.13 % and 6.88%	The estimated fair value of real estate would be increased (or would be reduced) if: • Level of leased space was higher (was lower); • Discount rates adjusted for the risk were lower (were higher);

There has been no change in the valuation techniques during the year.

Details concerning investment property and information about the hierarchy of fair values as at 31 December 2025.

	Fair value (in PLN thousand)	
	31 December 2025	**31 December 2024** (comparative data after restatement)
	Level 3	Level 3
Land, including the right of perpetual usufruct	4 632	4 632
Buildings and constructions	7 918	8 331
Total	**12 550**	**12 963**

There were no changes between levels 1, 2 and 3 during the year.

Note 4 – Right-of-use Assets

Data for 2025

Description	Buildings and constructions	Machinery and equipment	Vehicles	Total
Gross book value – after restatement	**41 300**	**317**	**5 703**	**47 320**
Increase in value - concluding new contracts	**-**	-	1 193	**1 193**
Increase in gross value – updating of the value of contracts concluded	686	-	39	**725**
Decrease in value – ending of contract	-	-	-1 254	**-1 254**
Total	**41 986**	**317**	**5 681**	**47 984**
Increase (+) / decrease (-)				
Depreciation – as at opening balance sheet	**-20 209**	**-113**	**-2 065**	**-22 105**
Depreciation accrued	-3 439	-62	-1 221	**-4 722**
Decrease – ending of contract	-	-	1 219	**1 219**
Total	**-23 648**	**-175**	**-2 067**	**-25 890**
Total as at 31.12.2025				
Depreciation accrued	41 986	317	5 681	**47 984**
Accumulated depreciation	-23 648	-175	-2 067	**-25 890**
Book value net as at 31.12.2025	**18 338**	**142**	**3 614**	**22 094**

Comparative data for 2024 - after restatement

Description	Buildings and constructions	Machinery and equipment	Vehicles	Total
Gross book value – after restatement	**41 524**	**333**	**4 397**	**46 254**
Increase in value - concluding new contracts	**-**	-	3 257	**3 257**
Increase in gross value – updating of the value of contracts concluded	-	-	159	**159**
Decrease in value – ending of contract	-224	-	-2 110	**-2 334**
Impairment	-	-16	-	**-16**
Total	**41 300**	**317**	**5 703**	**47 320**
Increase (+) / decrease (-)				
Depreciation – as at opening balance sheet	**-16 883**	**-48**	**-3 183**	**-20 114**
Depreciation accrued	-3 326	-65	-985	**-4 376**
Decrease – ending of contract	-	-	2 103	**2 103**
Total	**-20 209**	**-113**	**-2 065**	**-22 387**
Total as at 31.12.2024				
Gross book value	41 300	317	5 703	**47 320**
Accumulated depreciation	-20 209	-113	-2 065	**-22 387**
Book value net as at 31.12.2024 – after restatement	**21 091**	**204**	**3 638**	**24 933**

Note 5 - Shares in Other Entities

Shares	**31 December 2025**	**31 December 2024** (comparative data after restatement)
In other entities	825	830
Shares, net value	825	830
Write-downs of shares	6	6
Shares, gross value	**831**	**836**

Change in shares	**31 December 2025**	**31 December 2024** (comparative data after restatement)
a) as at the beginning of the period	830	830
- sale of shares in subsidiaries	5	-
b) as at the end of the period	825	830

Shares in other entities as at 31.12.2025

Description	**Number of shares**	**Share in capital (%)**	**Carrying value of shares held (in PLN thousand)**
Kostrzyńsko Słubicka Specjalna Strefa Ekonomiczna	8 250	3.04	825

Shares in subsidiaries covered by full consolidation - as at 31 December 2025

Item No	a	b	c	d	e	f	g	h	i	j	k
	Name of the company and its legal form	Registered office	Scope of company's activities	Type of relationship (subsidiary, jointly-controlled, associated, details of direct and indirect relationship)	Consolidation method applied/valuation using the equity method, or an indication that the entity is not subject to consolidation/ valuation using the equity method	Date of obtaining control / jointly / a significant influence	Value of shares at cost	Total revaluation adjustments	Carrying value of shares	Percentage of share capital held (directly and indirectly)	Participation in the total number of votes at the general meeting (directly and indirectly)
1	PROCHEM INWESTYCJE Sp. z o. o.	Warsaw	Consultancy on business and management	Subsidiary	full	22.06.1992	2 999	-	2 999	100.0%	100.0%
2	PKI.PREDOM Sp. z o.o.	Wrocław	Construction designing, urban planning, process engineering	Indirect subsidiary (company Prochem Inwestycje sp. z o. o. holds 89.6% of capital)	full	19.07.2002	599	-	599	89.6%	89.6%
3	PROCHEM ZACHÓD Sp. z o.o.	Warsaw	Marketing activities, construction work and design services, commercial activity and forwarding	Subsidiary	full	18.03.1998	1 264	-	1 264	100.0%	100.0%
4	ELEKTROMONTAŻ KRAKÓW S.A.	Kraków	Assembly of electrical installations and equipment	Indirect subsidiary (company Prochem Inwestycje sp. z o. o. holds 57.49% of shares)	full	10.12.2001	1 243	-	1 243	91.8%	91.8%
5	PROCHEM RPI S.A.	Warsaw	Developer's activity	subsidiary (company Prochem Inwestycje Sp. z o.o. holds 3.33% of shares)	full	08.04.1998	493	-	493	100.0%	100.0%
6	IRYDION sp. z o.o.	Warsaw	Real estate rental on own account	Subsidiary	full (change of the shareholding structure in the company from a jointly controlled company to a subsidiary as of 21.12.2022.)	21.12.2022	348	-	348	100.0%	100.0%

Shares in subsidiaries – continuation

	a	b								c			d			e	f
		Name of the company:								Entity’s liabilities and provisions to liabilities, including :			Entity’s trade and other receivables, including:				
Item No	Name of the company		Share capital	Own shares (negative value)	revaluation reserve	Retained earnings, including:	profit (loss) brought forward	Net profit (loss)	Net profit write-off during the financial year		Non-current	Current		Non-current	Current	Total entity’s assets	Total sales revenue
1	PROCHEM INWESTYCJE Sp .z o.o.	11 436	3 000	-	-	8 436	-	4 925		11 600	9 153	2 447	679	500	179	23 036	5 342
2	PKI.PREDOM Sp. z o.o.	1 294	332	-	-	962	-	202		3 883	1 893	1 990	409	32	377	5 177	7 090
3	PROCHEM ZACHÓD Sp. z o.o.	1 730	1 600	-	-	130	-	44		4	2	2	1	-	1	1 734	-
4	ELEKTROMONTAŻ KRAKÓW S.A.	16 137	728	-	4 990	10 418	-	1 724		13 087	1 614	11 473	14 215	860	13 355	29 224	55 864
5	PROCHEM RPI Sp. z o.o.	3 980	600	-	-	3 380	-	321		6 724	6 655	69	17	-	17	10 704	1 802
6	IRYDION Sp. z o.o.	890	9 000	- 8 800	-	690	-	436		18 843	-	18 843	2	-	2	19 733	-

Note 6 - Settlement of Deferred Income Tax

- deferred tax assets

Change in deferred tax assets	31 December 2025	31 December 2024 (comparative data after restatement)
1. Deferred tax assets as at the beginning of the period, recognized in financial result	**14 602**	**14 823**
a) recognized in financial result	**14 529**	**14 715**
- provisions for costs	405	1 295
- write-down of receivables	99	100
- unpaid remuneration under contracts of mandate and specific task contracts	44	44
- deferred income	2 236	2 610
- interest on loan	83	45
- provision for retirement benefit	389	410
- provision for holiday benefits	293	303
- unpaid employee benefits	-81	-51
- discount of cash security deposit in the bank	21	38
- discount on the deposit for statutory warranty	83	107
- tax loss	6 660	6 682
- difference between balance sheet depreciation and tax depreciation	40	18
- surplus of costs incurred above margin	3 884	2 781
- other, including exchange differences	373	333
b) recognized in equity	**73**	**108**
- provision for retirement benefit	73	108
2. Increase	**5 048**	**6 789**
a) recognized in financial result	**5 048**	**6 789**
- provision to costs	645	684
- unpaid remuneration under contracts of mandate and specific task contracts	51	44
- deferred income	1 639	1 864
- interest on loan	4	90
- provision for retirement benefits	18	23
- provision for holiday benefits	79	45
- discount on the deposit for statutory warranty	-	83
- unpaid employee benefits	5	2
- difference between balance sheet depreciation and tax depreciation	17	22
- surplus of costs incurred above margin	2 500	3 884
- other, including exchange differences	90	48
b) recognized in equity due to negative temporary differences (under)	**-**	**-**
- provision for retirement benefits	-	-

3. Decrease	**5 655**	**7 010**
a) recognized in financial result	**5 649**	**6 975**
- provision to costs	491	1 574
- write-down of receivables	-	1
- paid remuneration under contracts of mandate and specific task contracts	44	44
- deferred income	797	2 238
- interest on loan	83	52
- provision for retirement benefits	13	44
- provision for holiday benefits	54	55
- unpaid employee benefits	1	32
- difference between balance sheet depreciation and tax depreciation	23	-
- tax loss	145	22
- discount of cash security deposit in the bank	21	17
- discount on the deposit for statutory warranty	83	107
- surplus of costs incurred above margin	3 884	2 781
- other, including exchange differences	10	8
b) recognized in equity due to negative temporary differences (under)	**6**	**35**
- provision for retirement benefits	6	35
4. Total deferred tax assets at the end of period, including:	**13 995**	**14 602**
a) recognized in financial result	**13 928**	**14 529**
- provision to costs	559	405
- write-down of receivables	99	99
- unpaid remuneration under contracts of mandate and specific task contracts	51	44
- deferred income	3 078	2 236
- interest on loans	4	83
- provision for retirement benefits	394	389
- provision for holiday benefits	318	293
- discount on the deposit for statutory warranty	-	83
- unpaid employee benefits	-77	-81
- tax loss	6 515	6 660
- discount of cash security deposit in the bank	-	21
- difference between balance sheet depreciation and tax depreciation	34	40
- surplus of costs incurred above margin	2 500	3 884
- other, including exchange differences	453	373
b) recognized in equity due to negative temporary differences (under)	**67**	**73**
- provision for retirement benefits	67	73

- provision under deferred income tax

Change in provision for deferred income tax	31 December 2025	31 December 2024 (comparative data after restatement)
1. Provisions for deferred income tax as at the beginning of the period, including:	**8 079**	**7 645**
a) recognized in financial result	**7 969**	**7 535**
- interest accrued on loan	219	122
- updating of current financial assets	-	-
- updating of non-current financial assets	136	136
- discounted cash flow expenses (cash deposits)	39	-
- discount of statutory warranty deposit	152	69
- accrued income from uncompleted service	3 266	3 469
- updating of non-financial investments	3 865	3 371
- surplus of the balance sheet depreciation over tax depreciation	743	860
- revenues from the sale of shares	95	-
- margin on re-estimated revenues	17	47
- other	-563	-539
b) recognized in equity	**110**	**110**
- re-measurement of PPE at fair value	110	110
2. Increase	**6 357**	**5 465**
a) recognized in financial result of the period under positive temporary differences	**6 349**	**5 465**
- interest accrued on loan	254	303
- discounted cash flow expenses (cash deposits)	-	39
- discount of statutory warranty deposit	64	83
- accrued income from uncompleted service	1 364	4 451
- updating of non-financial investments	-	494
- revenues from the sale of shares	669	95
- margin on re-estimated revenues	3 423	-
- other	575	-
b) recognized in equity	**8**	**-**
- re-measurement of PPE at fair value	8	-
3. Decrease	**6 376**	**5 031**
a) recognized in financial result of the period under positive temporary differences	**6 376**	**5 031**
- interest on loan paid	240	206
- updating of current financial assets	-	-
- discounted cash flow expenses (cash deposits)	39	-
- discount of statutory warranty deposit	152	-
- accrued income from uncompleted service	5 228	4 654
- the difference between the operating lease installment and the depreciation of leased non-current assets recognized as costs	-	-
- use of revaluation of non-financial investments	583	-
- surplus of the balance sheet depreciation over tax depreciation	117	117
- revenues from discounted liabilities	-	
- margin on re-estimated revenues	17	30
- other	-	24
b) recognized in equity	**-**	**-**

- re-measurement of PPE at fair value	-	-
4. Total deferred tax liability at the end of the period	**8 060**	**8 079**
a) recognized in financial result	**7 942**	**7 969**
- interest accrued on loan	233	219
- updating of current financial assets	-	-
- updating of non-current financial assets	136	136
- discounted cash flow expenses (cash deposits)	-	39
- discount of statutory warranty deposit	64	152
- accrued income from uncompleted service	-598	3 266
- updating of non-financial investments	3 282	3 865
- surplus of the balance sheet depreciation over tax depreciation	626	743
- revenues from the sale of shares	764	95
- margin on re-estimated revenues	3 423	17
- other	12	-563
b) recognized in equity	**118**	**110**
- re-measurement of PPE at fair value	118	110

	31 December 2025	31 December 2024 (comparative data after restatement)
Deferred tax assets	13 995	14 602
Provision under deferred tax assets	-8 060	-8 079
Assets/(Provisions) to deferred income tax	**5 935**	**6 523**

Presentation in the statement of financial position:

	31 December 2025	31 December 2024 (comparative data after restatement)
Deferred tax assets	7 277	7 961
Provision under deferred tax assets	-1 342	-1 438
Assets/(Provisions) to deferred income tax	**5 935**	**6 523**

Note 7– Inventories

Inventories	31 December 2025	31 December 2024 (comparative data after restatement)
Materials	1 710	989
Total inventories	**1 710**	**989**
Write-down of inventories	557	557

Note 8 - Trade and Other Receivables

Trade and other receivables	31 December 2025	31 December 2024 (comparative data after restatement))
Trade receivables	30 731	17 047
Write-down of trade receivables	2 303	2 458
Trade receivables net, including	**28 428**	**14 589**
- with repayment period up to 12 months	28 388	14 558
- with repayment period more than 12 months	40	31
Receivables from taxes, subsidies, custom duties, social and health insurance and other benefits	**78**	**49**
Other receivables	274	1 290
Write-down of other receivables	51	51
Other receivables net	**223**	**1 288**
Total receivables	**28 729**	**15 877**

For the purpose of estimating the expected credit loss, a provision matrix was used, which was developed based on observations of historical aging and repayment levels. The Company conducted an impairment test of assets - in the trade receivables item. As a result of the test, the expected credit losses were estimated and it was found that they do not have a significant impact on the presented value of receivables.
For other classes of financial assets and liabilities, the fair value equals the book value and as at balance sheet date 31.12.2025 amounts to PLN 28 729 thousand, in the comparative period after restatement PLN 15 877 thousand.

Change in write-down of trade and other receivables	31 December 2025	31 December 2024 (comparative data after restatement)
As at the beginning of the period	**2 509**	**5 423**
a) increase (under)	132	20
- provision to receivables	132	20
b) decrease (under)	287	2 934
- resolving of write-down of receivables	282	-
- resolving of write-down of receivables created in the previous periods	5	140
- the use of write-downs created in the previous periods	-	2 794
Stan odpisów aktualizujących wartość należności krótkoterminowych handlowych oraz pozostałych na koniec okresu	**2 354**	**2 509**

In the majority of contracts signed by the Group, time of payment for services was determined in the range from 14 to 60 days. As at 31 December 2025 and as at 31 December 2024 trade receivables include the security deposits under statutory warranty for construction and assembly works respectively in the amount of PLN 1 492 thousand and PLN 5 046 thousand.

Trade receivables with time of repayment remaining from the balance sheet date:	31 December 2025	31 December 2024 (comparative data after restatement)
a) up to 1 month	23 384	10 240
b) above 1 month to 3 months	2 516	3 519
c) above 3 months to 6 months	1 174	27
d) above 6 month to 1 year	1 790	427
e) above 1 year	39	31
f) receivables overdue	1 828	2 803
Total receivables from supplies and services (gross)	**30 731**	**17 047**
g) write-downs of receivables from supplies and services	2 303	2 458
Total receivables from supplies and services (net)	**28 428**	**14 589**

Age analysis of past due trade receivables (gross)	31 December 2025	31 December 2024 (comparative data after restatement)
a) up to 1 month	28	181
b) above 1 month to 3 months	6	424
c) above 3 months to 6 months	-	22
d) above 6 month to 1 year	-	236
e) above 1 year	1 794	1 940
Total receivables from supplies and services (gross)	**1 828**	**2 803**
f) write-downs of receivables from supplies and services, overdue	1 794	2 123
Total receivables from supplies and services, overdue (net)	**34**	**680**

Note 9 - Other Financial Assets

Other financial assets by type:	31 December 2025	31 December 2024 (comparative data after restatement)
a other financial assets - security deposits constituting security for guarantees provided by the bank	4 139	6 516
Total other financial assets	**4 139**	**6 516**

Note 10 – Other Assets

Other assets by type:	31 December 2025	31 December 2024 (comparative data after restatement)
a) prepayments	1 941	1 901
- cost of property and personal insurance	324	458
- software maintenance costs	1 155	1 073
- subscription	22	7
- deferred costs	104	102
- land use fee	11	11
- Company Social Benefits Fund write down	324	248
- other	1	2
Total other assets	**1 941**	**1 901**

Note 11 - 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 are in trade, the total number of votes attached to these shares is 2,005,000.

Changing the rights from the isssuer'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% of 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 Prochem S.A. shares in 2025.

Note 12 – Revaluation Reserve

	31 December 2025	31 December 2024 (comparative data after restatement)
As at opening balance sheet	4 273	3 384
Actuarial gains/ losses on valuation of provisions for employee	24	123
Updating of non-current assets	-	766
As at closing balance sheet	**4 297**	**4 273**

Note 13 – Retained earnings

	31 December 2025	31 December 2024 (comparative data after restatement)
Spare capital	33 444	50 088
Other capital reserve	262	9 621
Profit for the previous period	-	-236
Profit for the period	-14 657	-25 746
Total	**19 049**	**33 727**

Note 16 – Provision for Retirement and Similar Benefits

The Group pays compulsory pension program contributions depending on the amount of gross remuneration paid, in accordance with applicable law. The Group does not have any other pension programs.

In accordance with the Remuneration Regulations applicable in the Companies from the Group, employees are entitled to one-time retirement and disability benefits in the event of termination of employment due to retirement or disability pension. These severance payments are post-employment benefits paid when the employee no longer performs work, therefore the related expenses are spread over the entire period of employment of the employee by making current write-offs towards provisions for benefits. In some of the Group's companies there are jubilee bonuses paid every five years after the employees have achieved the required length of service. These gratuities are other long-term benefits and the related expenses are also spread over time from the moment of employment until the required number of years of service is reached. The current amounts of provisions and related write-offs are determined by an external actuarial office individually for each employee and each individual benefit in accordance with the "projected unit entitlement" methodology.

Accrued provisions constitute the present, expected value of the Company's future long-term liabilities due to severance payments, less the current expected values of future write-offs that will be made until the employee acquires the entitlement to benefits.

The actuarial assumptions used for calculations are determined based on the historical data of the Companies, market data and forecasts. Includes demographic and financial indicators, including turnover rates, mortality tables, total disability tables, post-acquisition postponement rates, benefit base increases, discounting interest rates.

Pursuant to the Labor Code, in the event of an employee's death, his or her heirs are entitled to death benefits depending on the number of heirs and the employee's length of service and remuneration at the time of death. The companies of the Prochem Group do not create provisions for death benefits, costs are recognized when the benefit becomes due.

The current burdens of the Group for the aforementioned long-term benefits include the following items:

- cost of current employment (current write-off) recognized in profit and loss as operating cost (salaries),
- interest expense reflecting the change in the value of provisions with the passage of time, recognized in profit and loss as finance cost,
- actuarial gains/losses arising from the materialization in the reporting period of phenomena reflected by actuarial assumptions adopted at the beginning of the period and as a result of revaluation of assumptions made at the end of the period, are recognized in other comprehensive income as they all relate to post-employment benefits (severance pay) and in profit and loss as other operating income / costs, if they relate to other long-term benefits (jubilee awards),
- past service cost occasionally appearing as a positive or negative offsetting for write-downs made in previous periods and in the current period, resulting from a change in benefit conditions or the introduction / restriction of a benefit plan, recognized in profit or loss for the period as operating cost (of salary),
- matured in the posthumous severance payments period as other costs by type.

Long-term employee benefits for which provisions are created include retirement and disability benefits paid upon termination of employment in connection with the employee's retirement or disability pension, and jubilee bonuses paid every 5 years when the employee reaches the required number of years of service. The rules for granting severance pay and awards depend on the individual Remuneration Regulations in force in individual Group companies

Provisions for severance payments as at December 31, 2025 were determined using an individual method, using the PUCM methodology required by IAS 19 and using actuarial techniques. The actuarial assumptions have been updated based on the most recent historical data of the Capital Group, current market data and taking into account changes in the current policy of the Companies from Capital Group. The calculations were made based on individual employee data as of December 31, 2025.

The average values of basic indicators determined on the basis of detailed actuarial assumptions that were used to calculate reserves as at December 31, 2025 are given below:

- the probability of death qx for a person aged x was determined on the basis of the Central Statistical Office PTTŻ 2024 tables published by the Central Statistical Office
- the probability of receiving a disability pension was assumed at 0.2%
- annual increase in benefits base: 5% and 2% ≤ 2027, 5% and 2% in 2027 - 2029, 5% and 2% ≥ 2030
- interest rate used for discounting: 5.1% and 5.2% based on the extrapolated yield curve determined based on the yields on 2-year, 5-year and 10-year Polish Treasury bonds as of December 31, 2025
- the probability of resigning from employment was made based on the analysis of data for previous years and additionally information on the labour market in Poland was analysed, the values for the basic data are presented in the table below.

employees employed	**gender**	**age**					
		20	**30**	**40**	**50**	**60**	**65**
for a fixed period	**female**	10.1% and 7.6%	10.1% and 7.6%	10.1% and 7.6%	6.4% and 3.8%	0.0% and 0.0%	0.0%
	male	10.1% and 7.6%	10.1% and 7.6%	10.1% and 7.6%	7.3% and 4.7%	1.2% and 0.8%	0.0%
for an indefinite period	**female**	10.1% and 7.6%	10.1% and 7.6%	10.1% and 7.6%	6.4% and 3.8%	0.0% and 0.0%	0.0%
	male	10.1% and 7.6%	10.1% and 7.6%	10.1% and 7.6%	7.3% and 4.7%	1.2% and 0.8%	0.0%

The average values of basic indicators determined on the basis of detailed actuarial assumptions that were adopted for the calculation of reserves (depending on the Company) as at December 31,2024 are given below:

- the probability of death qx for a person at age x was determined on the basis of the Central Statistical Office PTTŻ 2023 tables published by the Central Statistical Office.
- the probability of receiving a disability pension was assumed to be 0.2%
- annual increase in benefit bases: 6.5% ≤ 2026, 6.5% in 2026 - 2028, 6.0% ≥ 2029
- interest rate used for discounting: 5.80% based on the extrapolated yield curve determined based on the yields on 2-year, 5-year and 10-year Polish Treasury bonds as of December 31, 2024
- the probability of resigning from employment was based on the analysis of data for previous years and additionally information on the labour market in Poland was analysed, the values for the basic data are presented in the table below

employees employed	**gender**	**age**					
		20	**30**	**40**	**50**	**60**	**65**
for a fixed period	**female**	7.4 % and 9.4%	7.4 % and 9.4%	7.4 % and 9.4%	3.7 and 5.9%	0.0%	0.0%
	male	7.4 % and 9.4%	7.4 % and 9.4%	7.4 % and 9.4%	4.4% and 6.7%	0.8% and 1.1%	0.0%
for an indefinite period	**female**	7.4 % and 9.4%	7.4 % and 9.4%	7.4 % and 9.4%	3.7 and 5.9%	0.0%	0.0%
	male	7.4 % and 9.4%	7.4 % and 9.4%	7.4 % and 9.4%	4.5% and 6.7%	1.1%	0.0%

Change in provisions for retirement and disability benefits and jubilee awards

Description	In 2025				In 2024 (comparative data after restatement)
	Benefits	Awards	Total		Total
Opening balance sheet for provisions for benefit	**1 039**	**1 308**	**2 347**		**2 586**
Benefits paid (-)	-79	-175	-254		-330
Interest cost	51	71	122		133
Current employment cost /current write-down /	68	68	136		155
Actuarial losses(gains)	-30	33	3		-197
Past employment costs	0	0	0		0
Effects of sale / purchase / merger of Companies	0	0	0		0
Closing balance for provisions for benefits	**1 049**	**1 305**	**2 354**		**2 347**
Including current provision	*454*	*288*	*742*		*332*
Including non-current provision	*595*	*1 017*	*1 612*		*2 015*

Breakdown of actuarial gains/losses

Description	In 2025				In 2024 (comparative data after restatement)
	Benefits	Awards	Total		Total
Actuarial gains (losses) 'ex post'	22	82	104		39
Actuarial gains (losses)from the update of demographic assumptions	-16	-10	-26		110
Actuarial gains (losses) from update of financial assumptions	-36	-39	-75		-147
Total actuarial gains (losses)	**-30**	**33**	**3**		**2**

Total income for the period from retirement and disability benefits and jubilee awards recognized in profit and loss:

Description	In 2025				In 2024 (comparative data after restatement)
	Benefits	Awards	Total		Total
Current employment cost /current write-down/	68	68	136		-155
Past employment cost	0	0	0		0
Interest cost	51	71	122		-133
Actuarial gains (losses) under other non-current benefits	0	0	0		0
Total gain (loss)	**119**	**139**	**258**		**-288**

- Recognized in other comprehensive income:

Description	In 2025		In 2024 (comparative data after restatement)
Actuarial gains (losses) under post-employment /benefits/	3		197

Actuarial duration – the table shows the weighted average time of payment for a given employee benefit

name of the benefit	actuarial duration 2025	actuarial duration 2024
Retirement gratuity	10.91and 9.53	10.03 and 11.39
Disability pension gratuity	7.54 and 8.11	8.09 and 8.58
Jubilee bonuses	11.46	10.99
Total	**10.78 and 11.22**	**11.31**

Sensitivity analysis of employee benefit provisions as at December 31,2025

Parameter / benefit	retirement gratuity	disability pension gratuity	Jubilee bonuses	Total
initial reserve amounts	1 016	33	1 305	2 354
rotation ratio -1.00%	1 040	34	1 366	2 440
rotation ratio +1.00%	993	32	1 251	2 276
technical discount rate -0.50%	1 050	34	1 352	2 436
technical discount rate +0.50%	983	32	1 262	2 277
increase in base				
salary in the Company -1.00%	945	31	1218	2 194
salary in the Company +1.00%	1 096	35	1 404	2 535

Sensitivity analysis of employee benefit provisions as at December 31, 2024 (comparative data after restatement)

Parameter / benefit	retirement gratuity	disability pension gratuity	Jubilee bonuses	Total
initial reserve amounts	1 010	29	1 308	2 347
rotation ratio -1.00%	1 038	30	1 364	2 432
rotation ratio +1.00%	984	27	1 259	2 270
technical discount rate -0.50%	1 049	29	1 352	2 430
technical discount rate +0.50%	974	28	1 267	2 269
increase in base				
salary in the Company -1.00%	940	27	1 227	2 194
salary in the Company +1.00%	1 089	30	1 401	2 520

Note 15 - *Other Non-current Liabilities*

Other non-current liabilities	**31 December 2025**	**31 December 2024** (comparative data after restatement)
- security deposits retained	52	52
Total non-current liabilities	**52**	**52**

Note 16 - Current Bank Loans

	31 December 2025	31 December 2024 (comparative data after restatement)
- loans	5 234	648

Information on bank loans incurred

Name of the bank	Registered office	Credit limit	Amount of engagement	Repayment date	Terms of interest	Security
By Prochem S.A.						
mBank S.A.	Warsaw	4 000	1 434	31.12.2026	WIBOR ON in PLN plus margin. Interest is accrued annually on the amount of the loan used	A blank promissory note with a promissory note declaration, a guarantee and a declaration of submission to enforcement by companies : Elektromontaż Kraków S.A. seated in Kraków, Prochem RPI Sp. z o .o. seated in Warsaw and Prochem Inwestycje sp. z o.o. seated in Warsaw. Financial pledge on the rights to cash from the bank account.

All loans granted to Prochem S.A. by Irydion Sp. z o. o. were subordinated to the repayment of the loan in favour of the Bank.

By Elektromontaż Kraków S.A.

mBank S.A.	Warsaw	1 500	944	28.02.2026	WIBOR ON + margin	Contractual mortgage on the developed real estate in Dębica and on the residential premises in Krakow + promissory note
ING Bank Śląski	Katowice	3 000	1 160	19.11.2026	WIBOR for 1-month deposits in PLN + margin	Contractual mortgage on a developed property in Zakopane + promissory note
Pekao S.A.	Warszawa	3 000	1 696	20.12.2026	WIBOR for 1-month deposits in PLN + margin	BGK guarantee + promissory note

Note 17 - Trade Payables

	31 December 2025	31 December 2024 (comparative data after restatement)
a) to other entities	38 063	31 175
- from supplies and services, with maturity period:	38 063	31 175
- up to 12 months	38 063	31 175
- above 12 months	-	-
Total trade payables	**38 063**	**31 175**
Non-current liabilities under seized security deposits	3 738	4 777
Total trade payables	**41 801**	**35 952**

Note 18 - Amounts due from Customers and Owed to Customers under Non-current Agreements

	31 December 2025	31 December 2024 (comparative data after restatement)
- amounts due from recipients under agreements	22 690	23 536
Amounts due from recipients under non-current agreements	**22 690**	**23 536**

	31 December 2025	31 December 2024 (comparative data after restatement)
- amounts owed to recipients under agreements	7 944	4 274
Amounts owed to recipients under non-current agreements	**7 944**	**4 274**

Description	**As at 31 December 2025**	**31 December 2024** (comparative data after restatement)
Revenues according to non-current contracts valued as at	469 799	307 447
Revenues invoiced as at	204 574	183 296
Liabilities planned under execution of contracts until	496 393	318 474
Fulfilled contractual obligations until	255 044	221 102
Amounts due from recipients as at	22 690	23 536
Amounts owed to recipients as at	7 944	4 274

Note 19 - Other Liabilities

	31 December 2025.	31 December 2024 (comparative data after restatement)
a) to other entities	4 261	3 810
- under taxes, duties, insurance and other benefits	3 545	3 135
- under remuneration	459	516
- other (by type)	257	159
liabilities to employees	27	4
wobec akcjonariuszy	126	20
other	105	135
b) other current provisions	5 724	4 624
- provisions for costs accrued to the previous year related to long-term contracts	3 008	1 771
- provision to costs	521	911
- cost of audit	93	126
- current provision to retirement benefits	453	332
- provision for unused holiday leaves	1 649	1 484
Total other liabilities	**9 985**	**8 434**

Liabilities under lease

	Future minimum payments under lease	Interest	Current value	Future minimum payments under lease	Interest	Current value
In PLN thousand	**In 2025**	**In 2025**	**In 2025**	**In 2024**	**In 2024**	**In 2024**
Up to one year	424	57	481	553	74	627
1 to 5 years	451	38	489	887	40	927
Total	**875**	**95**	**970**	**1 440**	**114**	**1 554**

Liabilities under the right of use

	Future minimum payments under lease	Interest	Current value	Future minimum payments under lease	Interest	Current value
In PLN thousand	**In 2025**	**In 2025**	**In 2025**	**In 2024**	**In 2024**	**In 2024**
Up to one year	4 885	1 495	6 380	3 130	1 805	4 935
1 to 5 years	16 659	2 761	19 420	15 256	4 080	19 336
above 5 years	3 286	185	3 471	8 016	395	8 411
Total	**24 830**	**4 441**	**29 271**	**26 402**	**6 280**	**32 682**

Liabilities under lease	31 December 2025	31 December 2024 (comparative data after restatement)
- non-current liabilities	20 396	24 159
- current liabilities	5 309	3 683
Total liabilities under lease	**25 705**	**27 842**

Note 20 - Deferred Income

	31 December 2025	31 December 2024 (comparative data after restatement)
- advanced payments received	335	315
Deferred income at the end of the period, including:	**335**	**315**
Non-current liabilities	**-**	**-**
Current liabilities	**335**	**315**

Note 21 - Revenues from Sale of Services

Revenues from sale of services (type of service and type of activity)	In 2025	In 2024 (comparative data after restatement)
- revenues from sale of services, including:	132 684	139 031
- from related entities	-	

Revenues from sales (territorial structure)	In 2025	In 2024 (comparative data after restatement)

Domestic market	129 496	138 024
- from related entities	-	-
Exports, including:	3 188	1 007
Morocco	784	-
Romania	581	457
India	616	447
Czech Republic	602	-
Colombia	600	-
Netherlands	103	-

Revenues under contracts for construction services (general contracting) and other services are presented in Note 30. The gross amount due from ordering parties/buyers for the work under contracts was presented in Note 18.
Information on major customers, whose total value of revenues from sales of services exceeds 10% of total revenues of the Group for 2025 is included in Note 30.

Note 22 - Revenues from Sale of Goods and Materials

Revenues from sale of goods and materials (type of goods and materials and type of activity)	In 2025	In 2024 (comparative data after restatement)
Goods and materials	667	690

Revenues from sale of goods and materials (territorial structure)	In 2025	In 2024 (comparative data after restatement)
Domestic market	123	431
Exports, including:	544	259
- Morocco	424	
- Romania	102	259
- India	18	

Note 23 – Cost of services sold

Costs by type	In 2025	In 2024 (comparative data after restatement)
a) amortization and depreciation	6 923	6 612
b) amortization and depreciation	24 051	28 710
c) outsourcing	60 203	63 070
d) taxes and levies	390	337
e) remuneration	38 295	36 911
f) social security and other benefits	8 317	7 915
g) other costs by type (under)	4 240	5 142
- property and personal insurance	1 032	1 343
- business trips	1 015	1 028
- PFRON (State Fund for Rehabilitation of Disabled Persons)	405	572
- cars rental	368	311
- other	1 420	1 888
Total costs by type	**142 419**	**148 697**
Change in inventories, goods and prepayments	1 562	1 295
General and administrative expenses (negative value)	-17 987	-18 583
Cost of services sold	**125 994**	**131 409**

Note 24 - Other Operating Income

	In 2025	In 2024 (comparative data after restatement)
a) gain on sale of non-financial non-current assets	-	90
b) subsidies	18	-
c) other, including:	2 934	1 248
- reimbursement of litigation costs	31	2
- received compensation, fines and penalties	1 512	53
- release of provision	-	31
- writing- off of expired liabilities	340	151
- revaluation income	-	366
- other	1 051	645
Total other operating income	**2 952**	**1 338**

Note 25 - Other Operating Expenses

	In 2025	In 2024 (comparative data after restatement)
a) loss on disposal of non- -current assets	1	27
b) impairment allowance (under)	133	20
- receivables	133	20
c) other, including:	1 310	10 631
- litigation costs	174	22
- actuarial valuation of employee benefits	-	1
- paid damages, penalties and fines	833	10 441
- provision for future liabilities	-	3
- other	303	164
Total other operating expenses	**1 444**	**10 678**

Note 26 - Financial Income

	In 2025	In 2024 (comparative data after restatement)
a) other interest	142	110
- from other entities	142	110
b) surplus of positive exchange rates	5	221
c) other, including:	25	206
- revenues under discounted cash	-	205
- revenues under sale of financial assets	20	-
- other	5	1
Total financial income	**172**	**537**

Note 27 - Finance Expenses

	In 2025	In 2024 (comparative data after restatement)
a) interest on bank loans	460	231
b) other interest	1 796	2 250
- for other entities	367	63
- under lease	1 429	2 187

c) surplus of negative exchange rates	263	569
d) other, including:	1 257	1 455
- commissions on bank guarantees	808	815
- commissions on bank guarantees	-	27
- costs under discounted non-current liabilities	326	435
- other expenses	123	178
Total finance expenses	**3 776**	**4 505**

Note 28 - Income Tax

Deferred income tax disclosed in the statement of profit and loss	**In 2025**	**In 2024** (comparative data after restatement)
- decrease (increase) from arising and reversal of temporary differences	582	432
Total deferred income tax	**582**	**432**

Note 29 – Additional Disclosures to the Statement of Cash Flows

Operating activities include basic activity and turnover from other operating activity.
Investment activity include turnovers in the scope of investment in PPE, intangible assets, capital investments and securities held for trading. Dividends received are disclosed in cash flows from investing activities. Loans granted and repaid together with accrued interest are disclosed in cash flows – investing activities.
Paid interest and commission under loans, borrowings, and leases are recognized in cash flows - financial activity. Financial activity include also bank loans and borrowings granted and repaid.
Differences between the amounts established directly from the financial statements and disclosed in the statement of cash flows, are resulting from a transfer of individual amounts from operating activity to investing activity and financing activity.
Differences between the amounts established directly from the financial statements and disclosed in the statement of cash flows, are resulting from a transfer of individual amounts from operating activity to investing activity and financing activity.
These relate to the following balance sheet items (in PLN thousand):

	In 202 5	**In 2024** (comparative data after restatement)
Change in current receivables	**-7 927**	**27 729**
Receivables as at 1 January	21 395	37 847
Amounts due from recipients under contracts as at 1 January	23 536	34 126
Other assets as at 1 January	1 653	1 338
Receivables under retained security deposits as at 1 January	158	1 185
Receivables under disposal of financial assets	-	-168
Opening balance sheet after adjustments	**46 742**	**74 328**
Receivables as at 31 December	28 729	21 395
Amounts due from recipients under agreements as at 31December	22 690	23 536
Other assets as at 31 December	1 941	1 653
Receivables under retained security deposits as at 31December	1 452	158
Receivables under disposal of financial assets	-143	-143
Closing balance sheet after adjustments	**54 669**	**46 599**

Change in current liabilities except for current borrowings and special funds	**10 651**	**-8 405**

Trade payables as at 1 January	31 175	34 123
Other liabilities as at 1January	8 434	11 490
Amounts owed to suppliers under contracts as at 1 January	4 274	7 066
Liabilities under retained security deposits as at 1 January	4 777	4 486
Other non-current liabilities as at 1 January	52	57
Provision for current retirement benefits as at 1 January	-332	-329
Provisions for annual leaves as at 1 January	-1 484	-1 578
Provision for audit na dzień as at 1 January	-126	-140
Provision for current other costs as at 1 January	-	-7
Investment commitments as at 1 January	-	-3
Liabilities to shareholders as at 1 January	-20	-10
Opening balance sheet after adjustments	**46 750**	**55 155**
Trade payables as at 31 December	38 063	31 175
Amounts owed to recipients under contracts as at 31 December	7 944	4 274
Other liabilities as at 31 December	9 986	8 434
Liabilities under retained security deposits as at 31 December	3 738	4 777
Other non-current liabilities as at 31December	52	52
Provision to current retirement benefits as at 31 December	-453	-332
Provision to annual leaves as at 31 December	-1 649	-1 484
Provision to audit as at 31 December	-93	-126
Investment commitments as at 31 December	-60	-
Liabilities to shareholders as at 31 December	-126	-20
Closing balance sheet after adjustments	**57 402**	**46 750**
Change in other adjustments as at balance sheet date	**2 473**	**-943**
Change in deferred income – advances received	20	25
Other	2 453	-968

Note 30 – Operating Segments

Operating segment is a component part of the Group :

- that engages in business activity from which it can obtain income and incur expenses,
- whose operating results are regularly reviewed by the body responsible for making operating decisions of the Group,
- in case of which a separate financial information is available.

Revenues of the segment are revenues from sale to external customers.

Costs of the segment are the expenses composed of costs relating to the sale to external customers.

Segment result is determined on the level of operating income.

In 2025, the activities of the Capital Group companies and the Issuer for management purposes were divided into six basic operating departments, such as: implementation (general contracting), design services and other engineering services (supervision together with the service of a project engineer), assembly of electrical installations, rental of office space, commercial activities and other activities.
Segment assets include all assets used by a segment, consisting primarily of receivables, inventories and property, plant and equipment diminished by the value of provisions and impairment losses. Some assets in the joint use are assigned to the segment based on reasonable weights.
In 2025, the company ceased operations in the construction equipment rental segment.

There were no revenues from operations generated outside the European Union (Exports) in the period from 1 January 2025 to 31 December 2025 and in the same period of the previous year.

Information on major customers of the Group, which share in the sales revenue recognized in consolidated profit and loss account for 2025 exceeded 10% of total revenues from sale:

- A client involved in the production of components and parts for aircraft engines - sales revenues PLN 19 441 thousand, representing 14.7 % of sales revenue, which was shown in the segment „General contracting”.

Detailed data on the activities of the companies from the Group in the individual segments are shown in the tables below.

Information about the geographical areas

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

	In 2025	**In 2024** (comparative data after restatement)
Poland	129 496	138 024
Exports, including:	3 188	1 007
- Morocco	*784*	
- Romania	*581*	*457*
- India	*616*	*447*
- Czech Republic	*602*	
- Colombia	*600*	
- Netherlands		*103*
- China	*5*	
Total	**132 684**	**139 031**

Current data

For the period from 01.01.2025 to 31.12.2025	General contracting	Design services, other engineering services	Assembly of electrical installations	Rental of office space	Commercial activity	Other	Items not assigned	Total
Revenues to external customers	35 214	34 807	54 732	7 215	667	716	-	133 351
Total segment revenues	**35 214**	**34 807**	**54 732**	**7 215**	**667**	**716**	**-**	**133 351**
Result								
Profit (loss)of the segment	**-6 356**	**-9 648**	**2 781**	**1 939**	**168**	**-13**	**-**	**-11 129**
Financial income							172	172
Finance costs							-3 776	-3 776
Net financial revenues							-3 604	-3 604
Profit sharing in entities valued under the equity method							-	-
Profit (loss) on other operating activities							1 508	1 508
Before tax profit							-13 225	**-13 225**
Income tax							1 273	1 273
Profit for the current period							-14 498	**-14 498**
Loss assigned to non-controlling interest							159	**159**
Profit for the period assigned to shareholders of parent entity							-14 657	**-14 657**
Segment assets (related to activity)	11 641	9 281	15 203	26 616	-	21	-	62 762
Assets unallocated (among others shares and other financial assets)							58 684	58 684
Total assets	**11 641**	**9 281**	**15 203**	**26 616**	**-**	**21**	**58 684**	**121 446**
Liabilities of the segment (related to activity)	22 185	4 070	13 086	10 224	-	-	45 100	94 665
Equity of the owners of the parent entity							25 351	25 351
Non-controlling interest							1 430	1 430
Total liabilities and equity	**22 185**	**4 070**	**13 086**	**10 224**	**-**	**-**	**71 881**	**121 446**
Depreciation of property, plant and equipment	371	1 440	1 064	2 310	-	-	1 710	6 901
Amortization of intangible assets	-	-	10	-	-	-	12	22
Write-down of segment assets (receivables from supplies and services)	-	-509	-1 604	-15	-	-226	-	-2 354

Comparative data after restatement

For the period from 01.01.2024 to 31.12.2024	General contracting	Design services, other engineering services	Assembly of electrical installations	Rental of office space	Commercial activity	Other	Items not assigned	Total
Revenues to external customers	36 290	30 814	63 220	6 765	690	1 942	-	139 721
Total segment revenues	**36 290**	**30 814**	**63 220**	**6 765**	**690**	**1 942**	**-**	**139 721**
Result								
Profit (loss)of the segment	**-4 374**	**-12 398**	**2 905**	**1 291**	**135**	**1 615**	**-**	**-10 826**
Financial income							537	537
Finance costs							-4 505	-4 505
Net financial revenues							-3 968	-3 968
Profit sharing in entities valued under the equity method							-	-
Profit (loss) on other operating activities							-9 340	-9 340
Before tax profit							-24 134	**-24 134**
Income tax							1 459	1 459
Profit for the current period							-25 593	**-25 593**
Loss assigned to non-controlling interest							153	**153**
Profit for the period assigned to shareholders of parent entity							-25 746	**-25 746**
Segment assets (related to activity)	1 612	9 247	13 784	28 917	-	40	-	53 600
Assets unallocated (among others shares and other financial assets)							69 325	69 325
Total assets	**1 612**	**9 247**	**13 784**	**28 917**	**-**	**40**	**69 325**	**122 925**
Liabilities of the segment (related to activity)	14 576	4 867	10 467	10 534	-	-	40 675	81 119
Equity of the owners of the parent entity							40 005	40 005
Non-controlling interest							1 801	1 801
Total liabilities and equity	**14 576**	**4 867**	**10 467**	**10 534**	**-**	**-**	**82 481**	**122 925**
Depreciation of property, plant and equipment	289	1 360	1 023	2 191	-	86	1 641	6 590
Amortization of intangible assets	-	-	10	-	-	-	11	21
Write-down of segment assets (receivables from supplies and services)	-263	-509	-1 599	-20	-	-118	-	-2 509

Note 31 - Profit per One Share

Net loss per 1 share remaining in trade as at balance sheet date 31 December 2025 amounts to PLN -7.31 and in 2024 net loss per one share was PLN - 12.84.

Note 32 - Profit Sharing and Loss Coverage

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

Loss of Prochem S.A. for 2024, in the amount of PLN 28 454 490.04 by Resolution No. 15 of the Ordinary General Meeting of June 27, 2025 was covered from the reserve capital in the amount of PLN 9,352,677.49 and from the spare capital in the amount of PLN 19 101 812.55.

Proposed distribution of result of the Parent Entity for 2025

The Management Board of Prochem S.A. proposes to cover the loss in the amount of PLN 5 850 614.54 from the spare capital.

Note 33 – Dividends

The Issuer did not pay dividend for 2024.

Note 34 - Financial Instruments and Financial Risk Management

34.1 Categories and Classes of Financial Instruments

Financial assets

		Categories of financial instruments	
(in PLN thousand)		**Loans, receivables and other**	
Classes of financial instruments	**Note**	**31.12.2025**	**In 2024** (comparative data after restatement)
Trade receivables	8	28 428	14 589
Amounts due from recipients under contracts	18	22 690	23 536
Cash		4 588	7 834
Other financial assets – security deposits securing bank guarantee granted	9	4 139	6 516
Total		**59 845**	**52 475**

Financial liabilities

31 December 2025

		Categories of financial instruments	
(in PLN thousand)		**Financial liabilities measured at amortized cost**	**Total**
Classes of financial instruments	**note**		
Loans	16	5 234	5 234
Amounts owed to recipients under agreements	18	7 944	7 944
Other liabilities	19	9 985	9 985

Trade payables	17	38 063	38 063
Total		**61 226**	**61 226**

31 December 2024
(comparative data after restatement)

(in PLN thousand)		Categories of financial instruments Financial liabilities measured at amortized cost	Total
Classes of financial instruments	**note**		
Loans	16	648	648
Amounts owed to recipients under agreements	18	4 274	4 274
Other liabilities	19	8 434	8 434
Trade payables	17	31 175	31 175
Total		**44 531**	**44 531**

Impairment allowances of financial assets by classes of financial instruments

(in PLN thousand)

	As at 31 December 2025	As at 31 December 2024 (comparative data after restatement)
Trade receivables	2 303	2 458
Total	**2 303**	**2 458**

Impairment allowances of financial assets are presented in Note 8.

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

34.2. Financial Risk Management

The Group's operations are exposed to the following risks:
- credit risk;
- liquidity risk;
- market risk (including currency risk, interest rate risk);
- risk of lack of tenants;
- risk of price changes on the real estate market;
- capital risk.

Credit risk
The Group while 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 8.
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.

Liquidity risk
The Group is exposed to the liquidity risk resulting from the relation of current liabilities to current assets.
As at December 31, 2025 and as at December 31, 2024 the index ratio of current assets to current liabilities (current liquidity ratio) was respectively 0.95 and 1.27 and in the comparative period after restatement it amounted to 1.17.
Detailed information regarding loans is disclosed in Note 16.
Analysis of maturity of liabilities is in Notes from 15 to 19.

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, as well as through the purchase of relevant financial instruments.

Risk of lack of tenants
Attracting good tenants, especially anchor tenants, is crucial to commercial success. Anchor tenants play a key role in generating customer traffic and establishing a building as a desirable location for other businesses. The Group cannot guarantee that the property will be fully leased. The Group may encounter difficulties in attracting tenants, as it competes with other properties.

The risk of price changes in the real estate market

The Group's Management Board anticipates that the current office space rental market situation will not impact rental revenues in the coming years. A significant portion of the office space is leased for an indefinite period or for a five-year lease.

Exposure to currency risk as at 31 December 2025

(in PLN thousand)	**EUR**	**USD**	**Total after translation into PLN**
Financial assets			
Receivables from supplies and services	745	127	3 606
Cash	247	546	3 007
Total	**992**	**673**	**6 613**
Financial liabilities			
Trade payables	394	-	1 665
Total	**394**	**-**	**1 665**

Exposure to currency risk as at 31 December 2024

(in PLN thousand)	**EUR**	**USD**	**Total after translation into PLN** (comparative data after restatement)
Financial assets			
Receivables from supplies and services	89	13	434
Cash	161	371	2 210
Total	**250**	**384**	**2 644**
Financial liabilities			
Trade payables	209	-	893
Total	**209**	**-**	**893**

Currency risk sensitivity analysis as at 31 December 2025

(in PLN thousand)	**Increase in exchange rate**	**Total impact on before tax profit**	**Drop in the exchange rate**	**Total impact on before tax profit**
EUR/PLN	15%	379	15%	-379
USD/PLN	15%	363	15%	-363
Total impact		**742**		**-742**

Currency risk sensitivity analysis as at 31 December 2024 (comparative data after restatement)

(in PLN thousand)	**Increase in exchange rate**	**Total impact on before tax profit**	**Drop in the exchange rate**	**Total impact on before tax profit**
EUR/PLN	15%	26	15%	-26
USD/PLN	15%	236	15%	-236
Total impact		**262**		**-262**

Exposure to currency risk of revenues and expenses during the reporting period

Revenues in foreign currency achieved in the currency in the years 2025 and 2024 were as follows:

currency	**revenues**		**average exchange rate for sales**		**expenses**		**Average exchange rate for purchases**	
(in PLN thousand)	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
EUR	3 378	1 046	4.2322	4.2977	991	3 114	4.2325	4.3408
USD	325	119	3.7140	4.0354	14	1	3.8828	5.0867
GBP	-	-	-	-	1	-	4.9055	-

Analysis of the impact of potential change in values of financial instruments as at December 31, 2025 on the gross financial result in connection with hypothetical change in foreign currency exchange rates in relation to the Polish Zloty/functional currency.

The above fluctuations were calculated based on historical volatility of particular currencies and forecasts.

The main foreign currencies in the reporting period were EUR and USD.

Hypothetically assuming that if the Polish Zloty weakened/strengthened by 1 % against EUR, then revenues in 2025 would increase or decrease by PLN 143 thousand, and in 2024 by PLN 42 thousand, which would have an impact on before tax profit.

If the Polish Zloty weakened/strengthened by 1 % against USD, then revenues in 2025 would increase or decrease by PLN 12 thousand, which would have an impact on before tax profit,
The above deviations were calculated on the basis of historical fluctuation for particular currencies and forecasts.
Sensitivity of financial instruments for currency risk was calculated as the difference between the initial book value of financial instruments and its potential book value at assumed increase/drop in exchange rates.

For other currencies sensitivity of financial instruments is not material.

Interest rate risk
The Group is exposed to the risk of volatility of cash flows under interest rate resulting from bank loans based on floating interest rate WIBOR ON (overnight) and loans granted based on floating rate WIBOR 1M and bill of exchange rediscount rate. The Group did not take into account the decline in interest rates in its analysis.

Analysis of financial instruments with floating interest rate

	WIBOR		**Fixed rate of interest**	
(in PLN thousand)	**31.12.2025**	**31.12.2024** (comparative data after restatement)	**31.12.2025**	**31.12.2024** (comparative data after restatement)
Financial liabilities				
Loan	5 234	648	-	-

Analysis of sensitivity of cash flows of financial instruments with floating interest rate on before tax profit

	assumed WIBOR fluctuations		**impact on the financial result (in PLN thousand)**	
(in PLN thousand)	**31.12.2025**	**31.12.2024** (comparative data after restatement)	**31.12.2025**	**31.12.2024** (comparative data after restatement)
Financial liabilities				
Loan	+50 base point.	+50 base point.	(26)	(4)

Capital risk

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

Note 35 – Transactions with Related Entities

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.
In 2025 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 in 2025 in the Issuer's enterprise to the Members of the Management Board:

1. Marek Kiersznicki PLN 686.9 thousand
2. Krzysztof Marczak PLN 564.5 thousand
3. Michał Dąbrowski PLN 546.8 thousand

Remuneration paid in 2025 in the Issuer's enterprise to the Members of the Supervisory Board:

1. Marek Garliński PLN 120.0 thousand
2. Karol Żbikowski PLN 96.0 thousand
3. Wiesław Kiepiel PLN 96.0 thousand
4. Jarosław Stępniewski PLN 210.0 thousand
5. Steven Tappan PLN 96.0 thousand

Remuneration paid to the Members of the Supervisory Board and the Members of the Management Board and in 2025 for performing the functions in the Management Boards and in the Supervisory Boards of the companies from the Capital Group:

1. Krzysztof Marczak PLN 117.2 thousand
2. Marek Garliński PLN 117.2 thousand
3. Jarosław Stępniewski PLN 138.5 thousand
4.

Note 36 - Contingent Liabilities and Contingent Assets and Other Collateral

Contingent liabilities

Contingent liabilities - include bank guarantee of a good performance, guarantee of return of advance payment, guarantee of payment, tender guarantee, and promissory note securing good performance of a contract, which as at the balance sheet date are amounting to:

	31.12.2025	31.12.2024
Collateral granted		
Bank guarantee of the good performance	41 429	47 836
Advance payment return guarantee	1 353	615
Guarantee of payment	1 353	1 310
Tender guarantee	-	600
Total collateral granted	**44 135**	**50 361**
Contingent liabilities		
Surety for the return of advance payment in the Group	-	-
Total collateral granted and contingent liabilities	**44 135**	**50 361**

The Group issued promissory notes (PKI Predom Sp. z o.o.) as security for an insurance guarantee agreement up to the amount of PLN 800 thousand.

Contingent assets

Contingent assets of the Group are bank guarantees of the good performance, which as at balance-sheet day amount to:

Collateral received

	31 December 2025	31 December 2024
Bank guarantee of the good performance	7 510	8 027
Total contingent assets	**7 510**	**8 027**

Note 37 - Events after Reporting Date

On February 23, 2026, the Group (the parent company) submitted a promissory note (in blank) together with a promissory note declaration to secure the repayment of an advance payment in the amount of EUR 1,160,260.54 granted under the agreement concluded on February 23, 2026 for the provision of subcontracting services.

On March 11, 2026, the Group (the parent company) signed the final protocol for the acceptance of investment project No. AI/10269 entitled "Construction of a hydrogen hub in Anwil”.

On March 20, 2026, an annex was signed to the Agreement of Sale of Share for the purpose of redemption of IRYDION Sp. z o.o. dated March 26, 2025, which changed the remuneration payment date to December 31, 2026.

Other Explanatory Information to the Financial Statements

Nota 38 - Statement of changes in the shareholding of the issuer’s shares or rights to them (options) by the Management Board and the Supervisory Board, in accordance with the issuer’s knowledge

As at the date of preparation of the hereby financial statements, the following members of the Management Board and Supervisory Board hold shares of Prochem S.A.

- Marek Kiersznicki – 44,327 pcs.;
- Krzysztof Marczak –30,268 pcs.;
- Marek Garliński – 27,977 pcs.;
- Jarosław Stępniewski – 50,206 pcs.;
- Steven Tappan – 1,002,00 pcs.

The nominal value of 1 share is PLN 1.

In the period from January 1, 2025 to December 31, 2025, there were no changes in the number of shares held by managing and supervising persons.

Nota 39 - The impact of the war conflict in Ukraine and in the Middle East on the company's operations

The Group monitors the impact of the political and economic situation in Ukraine and in the Middle East on the Company's operations on an ongoing basis. As at the date of hereby financial statements, the Group had observed a noticeable impact on sales and the supply chain. First of all, there has been 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. The Management Boards of companies from the Capital Group of Prochem S.A. monitor the current situation with particular attention and, if necessary, are prepared to take appropriate actions to adapt its potential to the new conditions in order to mitigate any negative effects on the Group.

The factors listed above may affect the level of profitability of the business. It is monitored on an ongoing basis so that, if necessary, appropriate steps can be taken to organise work and fulfil obligations on time. However, the Group is unable to predict neither the further development of the armed conflict in Ukraine and in the Middle East, nor its further negative effects on the Group's operations.

As at the date of hereby consolidated report, the Group of Prochem S.A. sees no threat to continue operations as a going concern for the Group.

Note 40 - Information on the remuneration of the entity auditing the financial statements of the Issuer and its related entities

Remuneration of the entity auditing the financial statements and related entities

Remuneration of the auditing entity Misters Audytor Adviser Sp. z o .o. under contracts for the review and audit of financial statements and contracts for assurance services	**from 01.01.2025 to 31.12.2025**	**from 01.01.2024 to 31.12.2024**
- audit of annual financial statements	163	158
- review of financial statements	56	54

- other assurance services	9	9

Note 41 - indication of factors which, in the issuer's opinion, will have an impact on the Group's results in the perspective of at least the subsequent quarter

The macroeconomic environment will have a significant impact on the operations of the Group. in the subsequent quarters of 2026, in particular the course of the war in Ukraine and the Middle East, loan interest rates, inflation levels and the related prices of energy, construction materials and services. All these factors significantly influence the decisions made by potential clients of the Group. (in particular industrial companies) to start new investment projects. The Group has several large, long-term design and implementation contracts (expansion of the Oilseed Processing Plant, construction of a liquefied CO2 production facility, cooperation on a nuclear power plant project, project of a battery components factory), which in the near future will allow for an increase in revenues and margins on operations and will significantly improve operating results.

Note 42– uncertainty regarding continue as going concern

Due to the decrease in the equity of the parent company Prochem S.A., the Management Board of the parent company Prochem S.A. decided to analyse the possibility of continuing the entity's operations for a period of not less than one year from the balance sheet date.
The Management Board of the parent company states that the losses incurred had an impact on the decrease in equity. The losses incurred were generated on two contracts concluded by the parent entity with companies from the Orlen S.A. capital group concerning the design and construction of the Hydrogen Hub at the Anwil S.A. plants in Włocławek. The contract was signed in 2021, before the outbreak of the war in Ukraine. As a result, there was a significant change in the economic environment, involving the disruption of logistics chains and a sharp increase in the prices of energy, materials and construction services. In addition, the supplier of key equipment for the installation under construction noted a significant delay, which resulted in Prochem failing to meet the deadline for completing the installation. The company's attempts to renegotiate the concluded contract in terms of increasing the contractual remuneration and extending the completion deadline were not accepted by the client.
It should also be noted that due to uncertainty regarding global directions of economic development (e.g. electromobility), the execution of some of the orders in the company's portfolio was suspended or postponed in time by investors.
After assessing the impact of the described events on the entity's further operations, the Management Board concludes that the described events were of a one-off nature. The losses incurred as a result were covered from own funds of the parent company. The assets held by the Prochem S.A. capital group are able to fully secure the financial position of the company. In terms of operational activities, taking into account the order portfolio and submitted offers, in the opinion of the Management Board the parent company, the company Prochem S.A. should regain profitability. This position is also confirmed by the observed changes in the economic and political environment. Significant investments are currently underway in the areas of nuclear and gas energy, renewable energy sources and increasing energy efficiency. There is also rapid development of the arms industry. In all these areas, Prochem S.A. has both experience and the necessary competences that can be used both at the design and implementation stages of these investments. Currently, the company is already involved in several tender procedures in this regard.
Taking the above into account, the Management Board of the parent entity (Prochem S.A). states that the adoption of the principle of the entity's ability to continue as a going concern for a period of no less than one year from the balance sheet date is correct and there are no significant uncertainties in this respect.

Note 43 – Approval of the Financial Statements

Consolidated Financial Statements of the Prochem S.A. Capital Group for 2025 were approved for issue by the Management Board of Parent Entity on April 29, 2026.

Signatures of the Members of the Management Board

29 April 2026	Marek Kiersznicki	President of the Management Board	……………………..
date	First name and surname	position	signature
29 April 2026	Krzysztof Marczak	Vice President of the Management Board	……………………..
date	First name and surname	position	signature
29 April 2026	Michał Dąbrowski	Vice President of the Management Board	……………………..
date	First name and surname	position	signature

Signature of the person responsible for bookkeeping

29.April 2026 .	Barbara Auguścińska-Sawicka	Chief Accountant	……………………..
date	First name and surname	position	signature