

REPORT OF THE MANAGEMENT BOARD

ON THE ACTIVITIES OF

THE COMPANY PROCHEM S.A. IN 2025

Warsaw, April 29, 2026

1. Principles of presentation of financial statements.

Principles of preparation of the separate financial statements of Prochem S.A. for 2025 have been included in Explanatory Notes to the financial statements.

2. Overview of the basic economic and financial volumes disclosed in the annual financial statements and presentation of the development prospects of the Issuer in 2026

In 2025 the Company achieved revenues from sale of basic activities i.e. engineering services and construction services in the amount of PLN 64.2 million. They are PLN 0.5 million higher than those achieved in 2024. There was a decline in the general contracting services segment, while sales in the design and engineering services segment increased by over 17% compared to 2024. However, the total sales volume was too small for the Company to achieve profitability of its operations. The reason for the insufficient number of orders is the lack of industrial investment, especially in the chemical industry. Companies in this industry in Europe are struggling with high production costs – primarily energy and gas, which is why they are losing competition to companies from other regions of the world.

As a result, the Company's operating activities resulted in a loss of PLN 14.7 million.

In terms of operational activities, taking into account the existing order portfolio and submitted offers, the Management Board believes that the company should regain profitability in 2026. This position is also confirmed by the observed changes in the economic and political environment. Recently, significant investments have been made in the areas of nuclear and gas energy, renewable energy sources and increasing energy efficiency. The arm industry is also developing. In all these areas, Prochem S.A. has both the experience and the necessary competencies that can be utilized during both the design and implementation stages of these investments. Currently, the company is already involved in several tender procedures in this area.

3. Description of significant risk factors and threats to the activity of the Issuer

Company Prochem S.A. is exposed to the following types of risks and threats in its activities:

3.1 Economic fluctuations in the investment market

The company provides services in the investment market, which is characterized by large-scale fluctuations in demand strongly linked to the overall macroeconomic situation of the country, which is currently strongly influenced by high inflation and the situation related to the effects of the war in Ukraine and the Middle East. The methods used by the Company to limit the negative impact of these factors on financial results (accumulation of financial reserves, diversification of services provided, use of appropriate IT tools and solutions) may not fully neutralize this risk.

3.2 Possibility of threats occurrence during the performance of contracts

Types of activity conducted by PROCHEM S.A., in particular, the preparation and management of technically complex investment projects, often implemented on the basis of contracts concluded under conditions of a strong price competition, cause that there is a constant risk of the technical and financial problems occurrence in this scope.

3.3 Dependence on the staff

Improving the quality of services provided, undertaking the implementation of complex technological projects, using modern IT systems and working for renowned clients requires the highest professional qualifications from employees. Recruiting such people, especially in the situation of liberalization of the European labour market, may be difficult. The company tries to minimize this threat by improving the qualifications of its staff and using motivational programs that bind employees to the company.

3.4 Exchange rate risk

Part of contracts for the sale of services is concluded with foreign companies in foreign currencies (EUR, US\$). In the event of a significant strengthening of the domestic currency, this may have a material effect on the Company's results. This risk is partially mitigated in a natural way i. e. through the purchase of equipment and services necessary for the execution of these contracts abroad as well as by purchasing appropriate financial instruments.

3.5 Risk of dependence on significant service buyers

The execution of contracts for implementation with a significant value by the Company requires significant expenditures to be incurred on the purchase of services and equipment, which are then sold to the customer in the form of a ready facility. Lack of proper correlation between the expenditure incurred and proceeds from the execution of a contract with a customer may trigger necessity of the use of external financing by the Company, and in special circumstances, may cause even temporary loss of a financial liquidity by the Issuer. Such risk is largely secured by appropriate provisions in the contract with the client, under which the client is obliged to successively return the expenses incurred during the execution of the order.

4. Statement of application of principles of corporate governance in the Company Prochem S.A. in 2025

By Resolution No. 13/1834/2021 of the Stock Exchange Council of March 29, 2021, new corporate governance principles for companies listed on the WSE Main Market were adopted. This is subsequent version of the set of corporate governance principles applicable to companies listed on the WSE Main Market. The new principles entered into force on July 1, 2021. In connection with the above, from July

1, 2021, the Company applies the principles contained in the document "Best Practices of Companies Listed on the Warsaw Stock Exchange 2021" ("DPSN 2021"), except for the principles: 1.3.1., 1.3.2., 1.4., 1.4.1., 1.4.2., 2.1., 2.2., 2.11.6., 4.1., 4.3., 6.2., 6.3.:

In its business strategy, the company also takes into account the subject of ESG, in particular including:

1.3.1. environmental issues, including measures and risks related to climate change and sustainable development issues;

The principle is not applied.

Company comment:

In the course of its operations, the company takes into account modern technological solutions, also paying attention to environmental aspects. However, the Company's business strategy is not a formalized document and is not communicated to the public, therefore it is not possible to include the ESG subject in the manner indicated in the above principle.

1.3.2. social and employee matters, concerning e.g. actions taken and planned to ensure gender equality, proper working conditions, respect for employee rights, dialogue with local communities, customer relations

The principle is not applied.

Company comment:

The issues indicated in the above principle are important for the Company and are implemented in its current operations. The company takes care to ensure gender equality, proper working conditions, respect for employees' rights, as well as proper relations with contractors. However, the Company's business strategy is not a formalized document and is not communicated to the public, therefore it is not possible to include the ESG subject in the manner indicated in the above principle.

1.4. In order to ensure proper communication with stakeholders, within the scope of the adopted business strategy, the company publishes on its website information on the assumptions of its strategy, measurable goals, including in particular long-term goals, planned activities and progress in its implementation, determined by means of measures, financial and non-financial. Information on the strategy in the ESG area should, among others:

1.4.1. explain how the decision-making processes in the company and its group entities take into account issues related to climate change, pointing to the resulting risks;

1.4.2. present the value of the equal pay index paid to its employees, calculated as a percentage difference between the average monthly remuneration (including bonuses, awards and other allowances) of women and men for the last year, and provide information on actions taken to eliminate possible inequalities in this regard, together with the presentation of the related risks and the time horizon in which it is planned to achieve equality.

The principle is not applied.

Company comment:

The principles cannot be applied by the company due to the lack of public communication of a formalized business strategy.

2.1. The company should have a diversity policy towards the management board and the supervisory board, adopted by the supervisory board or the general meeting, respectively. The diversity policy defines the goals and criteria of diversity, e.g. in such areas as gender, field of education, specialist knowledge, age and professional experience, and also indicates the date and method of monitoring the implementation of these goals. In terms of diversity in terms of gender, the condition for ensuring the diversity of the company's governing bodies is the minority share in a given governing body at a level not lower than 30%.

The principle is not applied.

Company comment:

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

2.2. Persons making decisions on the selection of members of the company's management board or supervisory board should ensure the versatility of these bodies by selecting persons to ensure diversity, enabling, among others, achieving the target ratio of the minimum share of minorities set at a level not lower than 30%, in accordance with the objectives set out in the adopted diversity policy referred to in principle 2.1.

The principle is not applied.

Company comment:

The company does not have a formalized diversity policy in place. Persons making decisions on the selection of members of the Company's governing bodies are guided by the candidates' competences, their education and professional experience as well as knowledge, while recognizing the principle of non-discrimination of candidates for any non-substantive reasons.

2.11.6. information on the degree of implementation of the diversity policy in relation to the management board and the supervisory board, including the implementation of the objectives referred to in principle 2.1.

The principle is not applied.

Company comment:

The Company has not adopted a formalized diversity policy towards the management board and the supervisory board, therefore the information indicated in the above principle cannot be included in the report of the Supervisory Board

4.1. The company should enable shareholders to participate in the general meeting using electronic means of communication (e-general meeting), if it is justified due to the expectations of shareholders reported to the company, provided that it is able to provide the technical infrastructure necessary to conduct such a general meeting

The principle is not applied..

Company comment:

The Company's shareholding structure does not justify the introduction of the solutions referred to in the above principle, taking into account the proportionality and adequacy of the adopted solutions and the Company's individual needs.

4.3. The company provides publicly available transmission of general meetings in real time

The principle is not applied.

Company comment:

The Company's shareholding structure does not justify the introduction of the solutions referred to in the above principle, taking into account the proportionality and adequacy of the adopted solutions and the Company's individual needs.

6.2. Incentive programs should be structured in such a way that, among other things, they make the level of remuneration of members of the company's management board and its key managers dependent on the actual, long-term situation of the company in terms of financial and non-financial results and long-term increase in value for shareholders and sustainable development, as well as the stability of the company's operations

The principle is not applied.

Company comment:

The Company's "Remuneration Policy for Members of the Management Board and Supervisory

Board" in force in the Company does not provide for the functioning of incentive programs in the Company. The principles for remunerating Management Board Members are set out in contracts prepared by the Supervisory Board, based on the applicable Remuneration Policy. The remuneration of key managers is determined in a way aimed at attracting, retaining and motivating these people to properly perform their duties, adequately to the tasks performed and the responsibility incurred.

6.3. If one of the incentive programs in the company is a managerial option programme, then the implementation of the option program should be conditional upon the eligible persons meeting, within at least 3 years, financial and non-financial and sustainable development goals set in advance, realistic and appropriate for the company, and the purchase price of the shares by the entitled persons or the settlement of the options may not differ from the value of the shares from the period when the program was adopted

The principle is not applied.

Company comment:

The Company does not use an incentive scheme based on the managerial option scheme.

The full text of the set of corporate governance principles to which the Company is subject, along with a list of principles that the Company currently does not apply and a commentary in this regard, is available on the website of Prochem S.A.. – www.prochem.com.pl.

5. Description of the internal control system of the Issuer

Internal control is one of the functions of the ongoing management of the Company. It is exercised directly by the Management Board, directors, proxies and other employees and other employees employed in managerial positions or entrusted with such a function.

PROCHEM S.A. has a comprehensive system of internal control, with the aim of to ensure timely and accurate disclosure of facts concerning all material elements of the company's operations. That contributes to obtain a complete knowledge of the financial position, results of operations, the Company's property and management efficiency. The scope of control includes above all:

- business activities of the company, basic and auxiliary,
- financial reporting and accounting settlements,
- compliance with the company's activity with the applicable laws, and with internal regulations,
- employment and wages.

Institutional internal control analyses the accomplished undertakings and documentation related to it. The main task of it is to carry out comprehensive checks in respect of the most important issues for the Company and collecting and elaboration of the information on the activities of the organizational units of the Company, selected economic problems and other issues that in the given period were regarded

as the most relevant by the Management Board of the Company. Apart from the institutional internal control, there is also the so-called functional control in the Company which is exercised by managers of various ranks. Managers perform the supervision over the employees subject to them, consisting in the checking of the state of accomplishment of tasks set.

Institutional internal control in PROCHEM S.A is exercised mainly by services from financial and accounting departments, and also by the employees of the legal and organizational department. Part of the tasks of the internal control is carried out by teams and commissions appointed for this purpose.

Control activities are carried out in all phases of activity in the form of the preliminary control, current and next. Financial and accounting documents are subject to substantive, formal and accounting control. Information on formal and substantive correctness and calculation correctness bears signature in an identifiable manner (full name and surname), or bears the personal stamp of the authorized person and the date of approval of the document.

The internal control system which is functioning in PROCHEM S.A. ensures completeness of the recognizing of the economic operations, and the proper qualification of source documents as well the correct valuation of the resources had at disposal at particular stages of the registration, and thus ensures the correctness of preparation of the financial statements and enables the Management Board to carry out the Company's activities based on a verified and complete information.

6. Description of the risk management system in the Issuer's enterprise

In the activities of PROCHEM S.A. the following risks occur:

- risk of economic fluctuations in the investment market ,
- risk of threats occurring during contract execution
- risk of losing key employees,
- currency risk,
- risk of dependence on significant buyers of services,
- risk of payment unreliability,

Risk management in particular areas consists in:

- monitoring of the phenomena generating the risk,
- undertaking the activities aiming at the reducing the level of a risk.

In terms of individual risks, the following actions are taken to mitigate their potentially negative effects:

The risk of economic fluctuations in the investment market:

- monitoring of the macroeconomic situation and in the selected industries
- scope diversification (development of the activities being alike to engineering services - developer's activity)
- territorial diversification (export development)
- accumulation of the financial reserves

Risk of threats occurring during contract execution

- realistic price calculation when concluding contracts,
- monitoring the progress in execution of contracts, and disclosure of threats on the basis of the “Control of Service Costs” procedure introduced by Cost Control Team,
- selection of reliable subcontractors,
- contract clauses restricting the maximum amount of contractual penalties

The risk of loss of key employees

- monitoring of the level of employment, remuneration and staff fluctuation
- monitoring of the labor market and of the level of the remuneration in the market
- maintaining the training system and raising qualifications
- incentive programs for key employees
- active recruitment system – cooperation within the environment and maintaining of relations with Universities

The foreign currency risk:

- monitoring and forecasting of currency exchange rates
- forward type currency transactions
- purchase of equipment and services in the currency of the contract
- maintaining a high level of domestic sales

The risk of dependence on significant buyers of services

- monitoring of the execution of contracts with the significant buyers of services
- contractual provisions containing the cushioning elements
- maintaining of the partner relations with recurring customers

The risk of payment unreliability

- monitoring the financial standing of key clients before and during the execution of contracts
- application of specialized debt collection procedures

Note 34.2 of the Separate Financial Statements for 2025 includes a description of financial instruments in the scope of :

- risk: price changes, credit risk, significant disruptions in cash flows and loss of financial liquidity to which the entity is exposed;
- the financial risk management objectives and methods adopted by the entity, including methods of securing significant types of planned transactions for which hedge accounting is used.

7. Information on shareholders holding large blocks of Issuer's shares

According to the information available to the Company as of 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	14.02	14.21

Company's share capital amounts to PLN 2,005,000 and is divided into 2,005,000 shares with a nominal value of PLN 1.

There are no securities that would give special control rights in relation to the Issuer.

There are no restrictions on the transfer of ownership of the Issuer's securities.

8. Description of the principles regarding the appointment and dismissal of managing persons and their powers

Persons serving in the Issuer's Management Board are appointed by its Supervisory Board. The term of office of the Issuer's Management Board lasts two years. Powers of the managing persons are defined by the Statute of Prochem S.A. and they do not go beyond the framework set by the Commercial Companies Code. In particular, the right to decide on the issue or redemption of shares has only a General Meeting of Shareholders.

9. Description of the principles for amending the statute or articles of association of the Issuer

The principles of amendment the statute or the articles of association of the Issuer are determined in accordance with the provisions of the Code of Commercial Companies.

10. Procedure of the General Meeting of Shareholders of Prochem S.A

Procedure of the General Meeting of Shareholders of Prochem S.A. and its basic powers, and descriptions of the rights of shareholders and the way of their exercising are contained in the Statutes of Prochem S.A. and in the Bylaw of the General Meeting of Prochem S.A. Above mentioned documents are available on the website of Prochem S.A. www.prochem.com.pl.

11. The composition and the changes that occurred during the last financial year, and description of the activities of the Management Board, Supervisory Board or administrative authorities of the Issuer and of their committees

In the period from January 1, 2025 to December 31, 2025, there were no changes in the composition of the Company's Management Board.

As at the date of preparation hereby separate financial statements, the Management Board comprises of the following persons:

Marek Kiersznicki - President of the Management Board

Krzysztof Marczak - Vice President of the Management Board

Michał Dąbrowski - Vice President of the Management Board

The two-year joint term of office of the company's management board began on June 27, 2025.

As at the date of preparation hereby separate financial statements, the Supervisory Board comprises of the following persons:

Marek Garliński

Wiesław Kiepiel

Jarosław Stępniewski – Chairman of the Supervisory Board

Steven Tappan

Karol Żbikowski

In the period from 1 January 2025 to 31 December 2025 there were no changes in the composition of the Company's Supervisory Board. The Ordinary General Meeting of Prochem S.A., by resolution No. 21 of June 24, 2024, appointed the Supervisory Board of the 12th term of office in the composition specified above.

Description of the operation of the Management Board is contained in the Bylaw of the Management Board, and description of the operation of the Supervisory Board in the Bylaw of the Supervisory Board. These documents are available on the website of the Issuer www.prochem.com.pl.

The Issuer's Supervisory Board appointed an Audit Committee composed of:

Karol Żbikowski - Chairman of the Audit Committee

Jarosław Stępniewski - Member of the Audit Committee

Wiesław Kiepiel - Member of the Audit Committee

Mr. Karol Żbikowski and Mr. Wiesław Kiepiel meet the statutory independence criteria and, due to their education and professional experience, have the necessary knowledge and skills in accounting.

Mr. Jarosław Stępniewski due to his education and professional experience (performed the function of the President of the Management Board of Prochem S.A. for 13 years) has the necessary knowledge and skills in the industry in which the Issuer operates.

Company Misters Audytor Adviser sp. z o.o. in addition to auditing financial statements also provides evaluation service on the report on remuneration.

Main assumptions of the audit company's selection policy for the audit and audit policy of the audit company conducting the audit, by entities related to this audit company and by a member of the network of audit firms of permitted non-audit services:

1. According to § 22 section 2 item 9 of the Statutes of the Company, the audit company is selected to audit financial statements by the Supervisory Board
2. The Supervisory Board, when setting the policy of selecting an audit company, is primarily aimed at the high quality of financial information, which is addressed to the Company's stakeholders. While accomplishing above objective, the Supervisory Board and the Audit Committee which was selected from its composition perform the tasks of supervising the accounting system, internal control and risk management as well as selecting an audit company and monitoring the financial

audit process.

3. The audit company is selected for a period not shorter than 2 years and not longer than 5 years. The decision on such the period selected is taken by the Supervisory Board.

4. When submitting the offer, the auditing companies are bound to meet the following formal requirements:

- a. Documentary evidence for an entry in the list of audit companies kept by the National Council of Statutory Auditors as well as in the list of audit companies carrying out statutory audits in the public interest entities in the previous year together with the information referred to in Article 16 section 3 letter a of Regulation No 537/2014
- b. Documentary evidence of having a third party liability insurance.
- c. Submission of a statement on having an internal quality control system with the commitment to develop and made available by the Offering side of a policy of quality control of the order execution in case of selecting a company to audit financial statements of Prochem S.A.
- d. Submission of a statement of no obstacles in carrying out the audit of financial statements of Prochem S.A. which were marked in Art. 69 sections 7 and 9 of the Act of May 11, 2017 on statutory auditors, audit companies and public supervision (hereinafter: the Act), in the event when this company is selected.
- e. Submission of the Offering side independence statement, under pain of criminal responsibility for a false statement.
- f. Submission of the statement whether the Offering side was punished for violation of the provisions of the Act or Regulation No. 537/2014

5. The evaluation of offers submitted by audit companies is based on the following criteria:

- a. The amount of remuneration for auditing financial statements of the Company PROCHEM SA and its subsidiaries.
- b. The number of statutory auditors employed by the audit company and their professional qualifications, and in particular, is the qualifications of statutory auditor who will perform the function of a key statutory auditor.
- c. Experience in auditing financial statements of companies listed on the regulated market of the Warsaw Stock Exchange S.A..
- d. Industry specialization.
- e. The description of the audit methodology presented by the company,
- f. The schedule of audits carried out by the auditing company

6. The Audit Committee may set additional selection criteria.

The recommendation to select an audit company to conduct the audit has met the applicable conditions and was prepared following the selection procedure organized by the Issuer that met

the applicable criteria.

In 2025 the Audit Committee held four meetings.

12. Proceedings pending before the court, competent authority for arbitration or public administration body

PROCHEM S.A. is a party to the following court proceedings:

1. The Company's claim against SEEN Technologie Sp. z o. o. in Warsaw („Seen”).

On December 12, 2025, the Company sued Seen for payment of PLN **8,402,115** for non-performance or improper performance of obligations arising from the construction works contract, including damage suffered by Prochem S.A. The case is being conducted by the District Court in Warsaw, 20th Commercial Division, under file reference GC 1404/25.

2. Claim of TAWI sp. z o.o. against the Company

Demand by TAWI sp. z o.o. for remuneration in the amount of PLN 1,750,185 for work allegedly performed for Prochem S.A. during the implementation of the investment regarding the construction of an auxiliary boiler room as part of the construction of Unit C of the Ostrołęka Power Plant. Prochem S.A. claims that TAWI sp. z o. o. was not a subcontractor of Prochem S.A. and performed the work for the benefit of other entities involved in the implementation of the investment. The case is being conducted by the District Court in Warsaw, 20th Commercial Division, under file reference XX GC 1158/22.

3. Claim of TAWI sp. z o.o. against the Company

Demand by TAWI sp. z o.o. for the return of the retained security deposit in the amount of PLN 413,250, which was included by Prochem S.A. towards contractual penalties. The case is being conducted by the District Court in Warsaw, 20th Commercial Division, under file reference XX GC 442/25.

4. Claim of Centrum Badawczo Wdrożeniowe (the Research and Implementation Centre) „UNITEX” sp. z o.o. against the Company

Demand by UNITEX sp. z o.o. for remuneration in the amount of PLN 867, 847,41 for work allegedly performed for Prochem S.A. during the implementation of the investment regarding the construction of an auxiliary boiler room as part of the construction of Unit C of the Ostrołęka Power Plant. The case is being conducted by the District Court in Warsaw, 20th Commercial Division, under file reference XX GC 509/22.

13. Information on basic products and services of the Issuer

PROCHEM S.A. is an engineering company, which activity includes: designing, general contracting, project management and technical consulting. The company specializes mainly in customer service in the following segments: industrial building, environmental protection facilities, public facilities buildings and infrastructure projects. Revenues from sale of these services in 2025 constituted 83.8% of total Company's revenues, and their value is by 0.7% higher than those achieved in the previous year.

Breakdown of revenues by separate types of activity and their structure is shown below

Description	Revenues in PLN thousand		% + increase - decrease	Revenue structure %	
	2025	2024		2025	2024
1. Sale of services	64.206	63.745	+ 0.7%	83.8	97.0
2. Sale of goods	88	137	- 35.8%	0.1	0.2
3. Revenues from other operating activity	2.815	306	+ 819.9%	3,7	0.5
4. Revenues from financial activity	9.516	1.518	+ 526,9,2%	12.4	2.3
TOTAL	76.625	65.706	+ 16,6,7%	100.0	100.0

As can be seen from the table below, in 2025 revenues from design and engineering services increased by PLN 4.4 million, while in the general contracting segment the decrease in revenues amounted to PLN 2.7 million.

Description	Total revenues from sale of services		% + increase - decrease 2025/2024
	2025	2024	
1. Design and engineering services	29.730	25.358	+ 17.2%
2. Contracting services	33.818	36.497	- 7.3%
3. Other services	658	1.890	- 65.2%
TOTAL	64.206	63.745	+ 0.7%

14. Division into sales markets for the sale of services in 2025

The share of exports in the sale of services amounted to 0% in 2025.

The recipients of the Company's services whose share in sales revenues in 2025 exceeded 10% were:

Pratt & Whitney Kalisz Sp. z o.o. – 30% share in revenues from the sale of services;
JS Energy Europe Sp. z o.o. - 17% share in revenues from the sale of services;
PCC BD Sp. z o.o. - 13% share in revenues from the sale of services;
Warsaw University of Life Sciences - 12% share in revenues from the sale of services;
There are no other formal links with these entities apart from trade agreements.

15. Information on concluded agreements significant for the Issuer's business

As of today, the main revenues of the Issuer expected in 2026 will be obtained as a result of the implementation of contracts for the provision of design and implementation services for Staoil Sp. z o.o., Bioagra S.A., Pratt and Whitney Kalisz Sp. z o.o., and design services for Energoprojekt-Katowice S.A., JS Energy Sp. z o.o., BHI Sp. z o.o., Adamed Pharma S.A. and Bechtel Polska.

The Company is not aware of any agreements concluded between the shareholders of Prochem S.A. that would be significant for its business activities.

16. Information on the Issuer's organizational or capital connections and its main investments

Prochem S.A. is the parent company of the Capital Group. It has no branches or plants. The Prochem S.A. Capital Group consists of companies:

- Prochem Inwestycje Sp. z o.o. seated in Warsaw – subsidiary directly (100.0%);
- Przedsiębiorstwo Konsultingowo-Inżynieryjne PREDOM Sp. z o.o. seated in Wrocław – subsidiary indirectly (91.4%);
- Prochem Zachód Sp. z o.o. seated in Słubice - subsidiary directly (100,0%);
- Elektromontaż Kraków S.A. seated in Kraków – subsidiary indirectly (92%);
- IRYDION Sp. z o.o. seated in Warszawie – subsidiary directly (100%);
- Prochem RPI Sp. z o.o. seated in Warszawie - subsidiary indirectly (100%);

17. Description of transactions with related entities

In 2025, no significant transactions were concluded between companies from the Issuer's Capital Group on terms other than market terms.

18. Information about loans and credits incurred

The Issuer has a credit limit in its current account with mBank S.A. in the amount of PLN 4 million. As of December 31, 2025, the debt under this account amounted to PLN 1,434 thousand.

Loans received - as of December 31, 2025

- Loan received from subsidiary Prochem Zachód sp. z o.o. in the amount of PLN 572 thousand, including: amount of the loan PLN 536 thousand, interest PLN 36 thousand. The interest rate is

determined annually at the WIBOR 3M rate applicable on the first business day of each calendar quarter, increased by a margin of 2.0%. Loan repayment date was set for 31 December 2027.

- Loan received from subsidiary Irydion sp. z o.o.

In the amount of EUR 4 630 thousand, at the exchange rate of 31/12/2025 the amount is PLN 19 568 thousand including: amount of the loan EUR 4 265 thousand, at the exchange rate of 31/12/2025 the amount is PLN 18 027 thousand, interest EUR 365 thousand, at the exchange rate of 31/12/2025 the amount of interest is PLN 1 541 thousand. The interest rate is determined annually at the WIBOR 3M rate applicable on the first business day of each calendar quarter, increased by a margin of 2.4%. Loan repayment date was set for 31 December 2027.

19. Information about loans granted

- Loan granted to subsidiary Prochem Inwestycje Sp. z o.o.:
 - in the amount of PLN 372 thousand, including: amount of the loan PLN 354 thousand, interest in the amount of PLN 18 thousand. The interest rate is determined annually at the WIBOR 3M rate applicable on the first business day of each calendar quarter, increased by a margin. Loan repayment date with interest - 31 December 2026.
- Loan granted to subsidiary Prochem RPI Sp. z o.o.:
 - in the amount of PLN 5 719 thousand, including: amount of the loan PLN 5 719 thousand. The interest rate is determined annually at the WIBOR 3M rate applicable on the first business day of each calendar quarter, increased by a margin. Loan repayment date with interest – 30 June 2027.

20. Information on sureties and guarantees granted and received

The value of sureties and guarantees granted in connection with the Issuer's operating activities amounts to PLN 37,351 thousand, of which:

- a) bank guarantees for good performance of services – PLN 34 645 thousand;
- b) return of advance payment guarantee – PLN 1,353 thousand;
- c) rent payment guarantee – PLN 1,353 thousand;

The total amount of contingent receivables arising from guarantees received as at 31 December 2025 is PLN 7,510 thousand.

In 2025, the Issuer did not grant any sureties or guarantees to related entities.

21. Description of the use of proceeds from the issue

In 2025, the Company did not issue any securities.

22. Explanation of differences between achieved financial results and forecasts

The company did not publish a financial results forecast for 2025.

23. Assessment of financial resource management

Throughout 2025, Prochem S.A. demonstrated its ability to meet its obligations. Both its financial resources and its available credit line allow it to meet its obligations.

24. Assessment of the feasibility of implementing investment plans.

Due to the operating losses incurred over the past two years, the company is focusing on regaining profitability and rebuilding its financial resources. Therefore, aside from necessary investments in computer hardware and design software, the company has no immediate plans for further investments.

25. Assessment of factors and unusual events affecting the achieved financial results

The financial results in 2025 were impacted by an insufficient number of orders for the company's services resulting from a lack of industrial investment, particularly in the chemical industry. Companies in this sector in Europe struggle with high production costs – primarily energy and gas – and lose competition compared to companies in other regions of the world. It should also be noted that in 2025, due to the uncertainty regarding global economic development directions (e.g. electromobility), the execution of some of the orders held in the company's portfolio was suspended or postponed by investors for further period.

26. Characteristics of external and internal factors significant for the development of the Issuer's enterprise in 2026

The macroeconomic environment will have a significant impact on the operations of Prochem S.A. 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 Prochem S.A. (in particular industrial companies) to start new investment projects. The company 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, projects of CCGT units at the Kozienice power plant and the CHP plant in Warsaw, 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. The Management Board of Prochem S.A. is closely monitoring the current situation and taking appropriate actions to adapt its

potential and the scope of services provided to the new conditions.

27. Changes in the basic principles of management of the Issuer and its Capital Group.

In 2025, there were no significant changes affecting the management principles of the Issuer and its Capital Group.

28. Description of agreements concluded between the Issuer and management staff providing for compensation

Employment contracts concluded by the Issuer with management staff provide for compensation in the amount of remuneration for a period of six months in the event of dismissal from the position of a management board member, except when the dismissal results from reasons that are obvious the fault of the management staff member.

29. The value of remuneration of the Issuer's management and supervisory personnel

The remuneration paid in 2025 in the Issuer's enterprise to members of the Management Board and Supervisory Board is presented in the explanatory notes to the separate financial statements for 2025.

30. Determination of the total number of shares and stocks of the Issuer and related entities held by the Issuer's management and supervisory personnel

As at the date of preparation of the financial report, the following members of the Management Board and Supervisory Board of the company held shares in 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 – 1,002,500 pcs.

The nominal value of 1 share is PLN 1.

In related companies, management and supervisory personnel do not hold any shares or stocks.

31. Information on agreements that may result in changes in the proportions of shares held by existing shareholders

The Company is not aware of any agreements that may result in changes in the proportions of shares held by existing shareholders.

32. Information about the employee share program control system

The company does not have any employee share program.

33. Information on the agreement with the entity authorized to audit the Issuer's financial statements

In 2023 on the basis of the resolution of the Supervisory Board of Prochem S.A. of May 24, 2023 on the selection of an auditor on September 6, 2023, an agreement was concluded with the entity authorized to audit financial statements, Misters Audytor Adviser sp. z o. o. for the audit and review of the separate and consolidated financial statements of Prochem S.A. The agreement was concluded for the audit of the financial statements for 2023, 2024 and 2025. The remuneration of Misters Audytor Adviser sp. z o. o. resulting from the contract is PLN 55,742 net for the review of financial statements for 2025 and PLN 87,688 for the audit of financial statements for 2025.

Additionally, for assessing the remuneration report for 2025, Misters Audytor Adviser sp. z o. o. will receive remuneration in the amount of PLN 9,324 net.

Michał Dąbrowski

Krzysztof Marczak

Marek Kiersznicki

Vice President

Vice President

President

of the Management Board

of the Management Board

of the Management Board