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Grupa Azoty S.A. temporarily shuts down nitrogen fertilizer, caprolactam and polyamide 6 production units in consequence of record gas prices

Due to record prices for natural gas, the main production feedstock used by Grupa Azoty S.A., on August 22nd 2022 the Company decided that as of August 23rd 2022 it will temporarily shut down its nitrogen fertilizer, caprolactam and polyamide 6 production units. As a consequence of Russia's aggression against Ukraine, since February 24th 2022 natural gas prices on the European exchanges have been soaring to extraordinary, historically high levels. Over the past six months, gas prices surged from EUR 72/MWh on February 22nd 2022 to EUR 276/MWh on August 22nd 2022.

The Company continues to produce catalysts, polyamide casings, humic acids, thermoplastic starch and concentrated nitric acid.

During the announced temporary shutdown of production units, investment and repair work will be carried out, including the scheduled overhaul of the Polyamide unit.

It should be emphasised that to date Grupa Azoty S.A. has maintained production at maximum capacity while major European manufacturers significantly curtailed or completely stopped their production activities.

In order to ensure the process safety of production units and fulfil the obligations to supply electricity, heat and drinking water to external customers, the CHP plant, drinking water treatment plant and wastewater treatment plants will continue to operate.

Although there are no problems with the availability of gas, the current situation in the gas market, which determines the profitability of production activities, is extraordinary and completely beyond the Company's control, and could not have been predicted.

The Company constantly monitors the price level of all raw materials and commodities as well as the profitability of production processes, and will make further business decisions based on the results of the monitoring.