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## Grupa Azoty Announces Q1 Financial Results

**In Q1 2024, Grupa Azoty reported consolidated sales revenues of PLN 3,399 million and an EBITDA of minus PLN 50 million, with an EBITDA margin of minus 1.5%. These results align with the estimated financial results published on May 21, 2024.**

*"Since the end of March, we have been implementing measures to ensure financial liquidity, optimize production, and complete the Polimery Police investment. We are engaging with our business partners to find solutions that stabilize the Group's situation and address the challenges facing the European chemical industry,"* said Andrzej Skolmowski, Vice President of the Management Board of Grupa Azoty S.A.

In Q1, demand for Grupa Azoty's products remained insufficient to restore operational profitability, especially amid continued price declines. Additionally, in the first half of the quarter, the Company lacked effective measures to adjust to market conditions.

The prices of all production raw materials in the reported quarter also saw significant year-on-year declines, with the key raw material, gas, dropping by 50% (according to TTF quotations). Unit costs for energy media, such as electricity and coal, were also lower. However, these declines were not enough to achieve a positive EBITDA margin.

Key factors influencing Grupa Azoty's financial results in Q1 2024 compared to the same period last year in major segments included:

### **Agro Segment**

In the Agro Segment, the main factors affecting results in Q1 2024 compared to the same period last year were increased production and sales volumes, amid a general market decline in prices from products to raw materials and agricultural produce.

Higher purchasing activity from customers led to year-on-year increases in fertilizer sales, both nitrogen (52%) and multi-component (37%). Customer activity growth was weaker this year, with a surge in interest only at the end of the quarter. The prolonged downward trend in agricultural product prices and the increased availability of imported fertilizers from outside the EU negatively impacted the fertilizer market.

A significant year-on-year decrease in the price of natural gas, the key raw material for nitrogen fertilizer production, offset the decline in product prices, resulting in a positive EBITDA margin for the segment. Prices for key raw materials for multi-component fertilizers (phosphates, potash salt) also saw significant year-on-year declines.

The Agro Segment's EBITDA margin in Q1 2024 was 1.2%.

### **Chemicals Segment**

In the Chemicals Segment, Q1 2024 saw year-on-year declines in sales volumes and decreases in raw material and product prices.

Unfavorable global macroeconomic conditions and persistently low structural demand for Chemicals Segment products negatively impacted results. However, logistical disruptions delaying imported product deliveries (extended delivery times, higher transport costs) increased interest in European producers' products. The decline in raw material prices, including propylene, also had a positive impact. All product prices in the segments were lower year-on-year, with the most significant declines in NOx, Pulnox, and technical urea.

Melamine production was resumed on one installation in Grupa Azoty Puławy.

The Chemicals Segment's EBITDA margin in Q1 2024 was minus 14.9%.

### **Plastics Segment**

In the Plastics Segment, Q1 2024 recorded year-on-year increases in production and sales volumes, along with decreases in raw material (phenol) and product prices.

The European market faced weak economic conditions, and increasing geopolitical tensions negatively impacted consumer purchasing sentiments. Logistical constraints caused by attacks in the Red Sea delayed and reduced imports of PA6 and derivatives from Asia, leading to increased demand for European producers' products. Real demand in Europe for the segment's products remained low but stable. Consequently, Grupa Azoty's year-on-year increase in polyamide sales was slight.

Due to the continued difficult demand-supply situation, caprolactam production in Grupa Azoty Puławy was not resumed in Q1 2024.

The Plastics Segment's EBITDA margin in Q1 2024 was minus 13.4%. This segment's results also include the production and sales of Grupa Azoty Polyolefins S.A., currently in the installation startup and commissioning test phase.