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GRUPA AZOTY PUŁAWY BEGINS CONSTRUCTION OF A NEW POWER GENERATION UNIT

Grupa Azoty Puławy has held a groundbreaking ceremony to mark the start of construction on a new power generation unit. During the ceremony, a foundation act was laid by dr Krzysztof Bednarz, President of the Grupa Azoty Puławy Management Board, dr Wojciech Wardacki, President of the Grupa Azoty Management Board, Maciej Korniluk, Vice President of the Polimex Mostostal Management Board, Artur Soboń, Deputy Minister for Investment and Development, and Przemysław Czarnek, the Lublin Province Governor.

The general contractor on the project is a consortium comprising Polimex-Mostostal S.A. of Warsaw, Polimex Energetyka Sp. z o.o. of Warsaw, and SBB ENERGY S.A. of Opole. The contract value is PLN 1.16bn (VAT exclusive) and the project budget is PLN 1.2bn (VAT exclusive).

The scope of work comprises the construction of a complete coal-fired generation unit, including all plant and equipment necessary to co-generate heat and power.

The project is to ensure continuous supply of heat to Grupa Azoty Puławy's chemical units and to increase electricity production to meet the plant's growing needs. The modern generation unit capable of generating 100 MW of electricity and 300 MW of heat will replace two obsolete coal-fired units dating back to the 1960s. It will also help to meet emission standards under the BAT conclusions coming into force on August 16th 2021, which are in line with the relevant EU directive. Owing to the use of the best available techniques and co-generation technology (electricity and useful heat generated at the same time), carbon dioxide emissions per unit of energy will be very low, at approximately 500 kg of CO₂/MWh.

The new power generation unit using locally produced hard coal for fuel will also ensure energy security for the Company in the long term. The project is scheduled for completion in the third quarter of 2022.

- "We have long been waiting for today's ceremony. I am confident that this project, which was preceded by thorough analyses, will ensure safe growth of Grupa Azoty Puławy," said dr Krzysztof Bednarz, President of the Grupa Azoty Puławy Management Board.
- "This symbolic event marks the beginning of another major construction project at the Grupa Azoty Group. Grupa Azoty Puławy is currently the largest beneficiary of the Group's capital spending. Certainly, this is something to be pleased about," said dr Wojciech Wardacki, President of the Grupa Azoty Management Board.
- "We are starting another ambitious project. Our task is to build a power unit on a tight schedule on the site of the CHP plant of the operating nitrogen complex in Puławy. Let me stress that Polimex Mostostal, one of the Poland's largest construction companies, is ready to tackle the challenge. We have qualified

staff, a reliable technology partner SBB ENERGY S.A., and a proven track record of delivering similar projects,” said Krzysztof Figat, President of the Polimex Mostostal Management Board.

Grupa Azoty Puławy has been part of the Grupa Azoty Group since 2012. The Company is a leading supplier of nitrogen fertilizers to Polish farmers. It enjoys a strong position on the European fertilizers market as a supplier of prilled urea (PULREA), ammonium nitrate (PULAN), ammonium sulfate (PULSAR), and urea-ammonium nitrate solution (UAN-RSM). Grupa Azoty Puławy is Poland’s only and Europe’s third largest manufacturer of melamine, a raw material used in furniture and construction applications, and a major caprolactam producer. Grupa Azoty Puławy is also the only producer of hydrogen peroxide in Poland. The Company has seen a steady growth in production capacity and sales of RedNOx®, a product line designed to reduce noxious emissions. Grupa Azoty Puławy derives almost 40% of its revenue from export sales, successfully placing its products on the most demanding global markets (chiefly Western Europe, the Far East, and South America).

The Grupa Azoty Group is the undisputed leader of the fertilizer and chemical market in Poland and a key market player in Europe. It is the second largest EU-based manufacturer of nitrogen and compound fertilizers, and its other products, including melamine, caprolactam, polyamide, oxo alcohols, plasticisers and titanium white, enjoy an equally strong standing in the chemical sector, with a wide range of applications in various industries. In May 2017, the Group unveiled its updated strategy until 2020. The key development areas cover completion of the Group’s consolidation, reinforcing its leadership in agricultural solutions on the European market, strengthening the second operating pillar through expansion of the non-fertilizer business, as well as generating and implementing innovations to accelerate growth in the chemical sector. The Grupa Azoty Group key companies in Poland are located in Tarnów, Puławy, Police, and Kędzierzyn-Koźle. The Group is also present on international markets. Its foreign assets include ATT Polymers of Guben, Germany, operating in the plastics segment, and the COMPO EXPERT Group with production plants located in Krefeld, Germany, and Vall d’Uixó, Spain, a leader of the global market of specialty fertilizers for professional customers, acquired by the Grupa Azoty Group in 2018.