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Signing of a Letter of Intent on Cooperation in Explosives Production

The Industrial Development Agency (Agencja Rozwoju Przemysłu S.A.), Polska Grupa Zbrojeniowa S.A., Grupa Azoty S.A., and MESKO S.A. have signed a letter of intent to expand explosives production capabilities.

The document was signed by Michał Dąbrowski, President of ARP S.A.; Arkadiusz Bąk, Member of the Management Board of PGZ S.A.; Adam Leszkiewicz, President of Grupa Azoty S.A.; and Renata Gruszczyńska, President of MESKO S.A.

The collaboration aims to develop Poland's ability to produce nitrocellulose and multibase propellants, which are critical for large-caliber ammunition. These capabilities were previously lost, and the increased demand from the Armed Forces makes reestablishing production a priority.

The signatories envision building a nitrocellulose and multibase propellants factory in Poland. They have agreed to cooperate by forming an entity to oversee the project's implementation.

Dignitaries attending the signing ceremony included:

- Deputy Prime Minister and Minister of National Defense Władysław Kosiniak-Kamysz,
- Minister of State Assets Jakub Jaworowski.

Michał Dąbrowski, President of ARP S.A., highlighted the importance of producing key raw materials for

ammunition:

"The Industrial Development Agency supports efforts to strengthen national security by ensuring Poland's independence in critical areas. This collaboration will bolster the capabilities of Poland's industry in producing explosives by leveraging the expertise of all signatories."

Minister of National Defense Władysław Kosiniak-Kamysz emphasized the strategic importance of the initiative:

"This letter of intent is the first step toward rebuilding Poland's ammunition production capabilities. Observing global conflicts, particularly the war in Ukraine, underscores the need for a robust supply of ammunition for the modern weapons used by the Polish Army. By combining the expertise of the signatories, we aim to deliver outstanding results."

Minister of State Assets Jakub Jaworowski also expressed support:

"This initiative not only strengthens national defense but also benefits local communities through new investments and job creation. It exemplifies how state assets and technological resources can be used effectively. I am pleased that companies overseen by the Ministry are playing a pivotal role in expanding strategic explosives production."

The signatories have committed to developing a detailed work schedule, sharing information, and holding regular meetings with potential explosives recipients.

Arkadiusz Bąk, Member of the Management Board of PGZ S.A., outlined the group's objectives:

"The Polish Armaments Group, particularly its ammunition-focused companies, is the primary supplier of ammunition to the Polish Army. Given the rising demand due to geopolitical challenges, we are expanding production and seeking external partners to secure essential components. This collaboration with ARP and Grupa Azoty is a vital step in meeting this demand."

Adam Leszkiewicz, President of Grupa Azoty S.A., emphasized the company's capabilities:

"Grupa Azoty is well-equipped with raw materials and technological infrastructure to support explosives production. This partnership will allow us to explore promising business opportunities and strengthen our facilities' revenue streams."

Renata Gruszczyńska, President of MESKO S.A., highlighted the significance of reliable partnerships:

"Within PGZ's ammunition and missile group, MESKO S.A. is the leader in producing various types of ammunition, including the renowned and combat-proven Piorun man-portable air-defense systems. The current geopolitical situation in our region has led to a sharp increase in demand, particularly for artillery ammunition and shells for howitzers. Therefore, as we implement a strategy to expand production capacity at our facilities, we seek reliable partners for cooperation. I am convinced that Grupa Azoty will be such a partner, which is why we signed this letter of intent to form the foundation of our collaboration."

The letter of intent outlines the following priorities:

- Defining cooperation frameworks,
- Securing financing,
- Partnering with advisory and engineering firms,
- Recruiting and collaborating with experts.

The parties are also open to additional agreements detailing specific terms of cooperation.