

The General Meeting of Grupa Azoty S.A.

Tarnów, January 21st 2020

Concerning: grant of consent to the provision by Grupa Azoty S.A. to its subsidiaries Grupa Azoty Zakłady Chemiczne Police S.A., Grupa Azoty Zakłady Azotowe Puławy S.A. and Grupa Azoty Zakłady Azotowe Kędzierzyn S.A. of long-term loans in excess of PLN 100m each

Legal basis: Article 50.11 and Article 51 of the Articles of Association of Grupa Azoty S.A.

In connection with the need to provide a long-term intra-group loan in excess of PLN 100m under the Intra-Group Financing Agreement of April 23rd 2015 (as amended) (the “Agreement”), the Management Board of Grupa Azoty S.A. (the “Company”) hereby requests the General Meeting to pass a resolution granting consent to the provision by Grupa Azoty S.A. to Grupa Azoty Zakłady Chemiczne Police S.A., Grupa Azoty Zakłady Azotowe Puławy S.A., and Grupa Azoty Zakłady Azotowe Kędzierzyn S.A. of long-term loans in excess of PLN 100m each.

At the same time, the Company’s Management Board requests the General Meeting’s authorisation for taking all formal and legal steps necessary for the provision by the Company to its subsidiaries Grupa Azoty Zakłady Chemiczne Police S.A., Grupa Azoty Zakłady Azotowe Puławy S.A. and Grupa Azoty Zakłady Azotowe Kędzierzyn S.A. of long-term loans in excess of PLN 100m each under the Agreement, subject to the Supervisory Board’s consent to the execution of a loan agreement whenever the loan amount is to exceed PLN 6,000,000.

As Grupa Azoty S.A. intends to allocate more than PLN 100m to the loans, pursuant to Article 50.11 of the Company’s Articles of Association it is necessary to request the General Meeting’s consent to their provision.

GROUNDS

In connection with (i) the implementation of a centralised financing model at the Grupa Azoty Group (the “Group”), whereby the Group entity designated to incur liabilities under borrowings for the Group is Grupa Azoty S.A., which then may, through cash-pooling and intra-group loans, transfer borrowed funds to its subsidiaries, (ii) the planned provision of an approximately PLN 300m intra-group loan to Grupa Azoty Zakłady Chemiczne Police S.A. to secure partial financing of the Polimery Police project, and (iii) the likelihood of Grupa Azoty S.A.’s key subsidiaries developing other long-term borrowing needs to finance their investment activities, consent is required from the General Meeting to the provision by Grupa Azoty S.A. of long-term loans in excess of PLN 100m each to the companies being party to the Agreement, i.e.:

- Grupa Azoty Zakłady Chemiczne Police S.A.,
- Grupa Azoty Zakłady Azotowe Kędzierzyn S.A.,
- Grupa Azoty Zakłady Azotowe Puławy S.A.

Grupa Azoty S.A.

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Kapitał zakładowy i wpłacony:
495 977 420 PLN

Such financing is provided for under the Agreement and ensures the highest degree of flexibility and optimisation of the Group's financing costs. Under the Agreement, a loan can be provided only if relevant requirements of the Agreement are satisfied, in particular the requirement to comply with the financial covenants defined in credit facility agreements entered into by Grupa Azoty S.A., and is granted on the financing terms of and within the borrowing limits available under such agreements. In exchange for the financing limits provided to them by the Company, its key subsidiaries have provided guarantees and sureties to financial institutions for liabilities incurred by Grupa Azoty S.A. under the credit facility agreements.

Respectfully,

CC:

1. Addressee
2. Copy for the file