

CURRENT REPORT FILED WITH THE POLISH FINANCIAL SUPERVISION AUTHORITY

DATE: December 15th 2021

Subject: Execution of preliminary agreement on proceeding in the course of mediation with JSW KOKS S.A. [Current Report 47/2021]

Text of the report:

The Management Board of RAFAKO S.A. of Racibórz (the “**Company**”) announces that on December 15th 2021, in the course of the mediation held before the Arbitration Court at the Office of the General Counsel to the Republic of Poland (the “**Mediation**”), the Company and JSW KOKS S.A. of Zabrze (“**JSW**”) signed a preliminary agreement on how they intend to proceed in the course of the Mediation (the “**Agreement**”) regarding Contract No. NR/18/U/2019 of June 12th 2019, under which the Company is performing for JSW the investment project designated as: ‘Construction of a coke gas power generation unit at JSW KOKS S.A. KKZ Branch – Radlin Coking Plant’ (the “**Contract**”) and the works falling within its scope (the “**Investment Project**”).

The key provisions of the Agreement include:

1. Confirmation by the Company and JSW of their mutual will to continue with the Mediation process, while striving to reach a settlement agreement, with due respect for the legitimate interests of the Company and JSW;
2. Commitment by the Company and JSW, which does not constitute (i) a waiver of claims, (ii) an acknowledgement of the other Party’s claims, or (iii) a waiver of any rights, the substance of which is to refrain – for as long as the Mediation is ongoing – from asserting any claims against each other in connection with the Investment Project or the Contract, and from exercising any rights under the Contract that would vitiate the Mediation process, such as claims for payment of liquidated damages, withdrawal from the Contract by JSW, or taking any actions by the Company to withdraw from the Contract, with the proviso that this commitment does not preclude taking any actions aimed to preserve a Party’s rights where failure to take such actions would result in forfeiting those rights. The commitment does not preclude taking preparatory steps in case the Mediation fails to achieve its intended outcome;
3. Agreeing that the basis of the Mediation will be an extension or change of the scope of the Investment Project to include additional elements specified in the Agreement;
4. Agreeing that the Company and JSW will strive in the course of the Mediation to agree on a comprehensive solution, including with respect to claims they have raised so far concerning performance of the Contract or the Investment Project;
5. Assuming that the Company and JSW will strive to agree on the terms of a relevant annex to the Contract related to their current settlements by December 22nd 2021 and actually execute the annex by December 31st 2021, as well as to agree on the terms of a settlement agreement concluding the Mediation by January 20th 2022.

The substance of the Agreement is that the Company and JSW have expressed their mutual intent to continue the Mediation process and agreed on the sequence of talks and other work in the course of the Mediation.

The Agreement:

1. does not resolve any disputes that have arisen between the Company and JSW;
2. does not mean that the Company or JSW are dropping their cases;
3. does not end the Mediation, nor does it vitiate its voluntary nature;
4. does not affect the relations between the Company and JSW created under the Contract, nor does it constitute a waiver of any rights these entities may have under the Contract or the provisions of applicable law.

Legal basis:

Article 17(1) of the Market Abuse Regulation – inside information.

Radosław Domagalski-Łabędzki, President of the Management Board

Maciej Stańczuk, Vice President of the Management Board