

CURRENT REPORT FILED WITH THE POLISH FINANCIAL SUPERVISION AUTHORITY IN WARSAW

DATE: November 10th 2022

Subject: **[Update on Jaworzno project \[Current Report No. 80/2022\]](#)****Text of the report:**

The Management Board of RAFAKO S.A. of Racibórz (the “**Company**”), announces that on November 10th 2022 it received a letter from TAURON Wytwarzanie S.A. of Jaworzno (“**TAURON Wytwarzanie**”) concerning defects in the project carried out under Contract No. 2013/0928/Ri for the development of new coal-fired generation capacities at TAURON Wytwarzanie S.A. – construction of a 910 MW supercritical power generation unit at the Jaworzno III Power Plant – Power Plant II: steam boiler, turbine generator set, main building, electrical and I&C systems (the “**Contract**”; the unit constructed under the Contract: the “**Unit**”), the parties to which are the Company and Mostostal Warszawa S.A. of Warsaw (“**Mostostal**”; with the Company and Mostostal referred to jointly as the “**Contractor**”) as the Contractor and TAURON Wytwarzanie as the Employer (the “**Letter**”).

In the Letter, Tauron Wytwarzanie:

1. notifies the Contractor and indicates that, in the opinion of TAURON Wytwarzanie, as at the date of the Letter the Contractor has failed to cause removal of the defects which consist in the Unit not achieving the technical parameters guaranteed in the Contract; the parameters have been specified by TAURON Wytwarzanie in the Letter;
2. indicates to the Contractor that, in the opinion of TAURON Wytwarzanie, as at the date of the Letter the Contractor has failed to remove all defects in the Contractor’s performance under the Contract that have been notified to the Contractor as covered by the Contractor’s liability under the quality guarantee and warranty provided for in the Contract; the defects have been specified by TAURON Wytwarzanie in the Letter. In addition, TAURON Wytwarzanie states that it cannot see any basis for the signing of the settlement report for the Guarantee Period provided for in the Contract (as defined in the Contract);
3. indicates to the Contractor that, in the opinion of TAURON Wytwarzanie, as at the date of the Letter the Contractor has failed to remove the defects notified to the Contractor at the time of preparation of the placement-in-service report for the Unit; the defects have been specified by TAURON Wytwarzanie in the Letter.
4. stipulates that the Letter (i) is not a renewal or modification of any previous notifications concerning defects in the Contractor's performance under the Contract, (ii) does not set a new deadline for the removal of defects in the Contractor's performance under the Contract, and (iii) is not a waiver of any TAURON Wytwarzanie’s rights.

The Company's Management Board explains in connection with the Letter that the Company has commenced an analysis of the validity of TAURON Wytwarzanie's claims and notifications contained in the Letter as well as the financial and economic consequences for the Company in the event that at least some of those claims and notifications prove to be valid, and the analysis has not been completed at the time of release of this Current Report.

In addition, the Company's Management Board explains that Nowe Jaworzno Grupa TAURON sp. z o.o. was merged, as the target company, with TAURON Wytwarzanie, as the acquiring company, pursuant to Art. 516 of the Commercial Companies Code. As a result, TAURON Wytwarzanie is now the Employer under the Contract.

Legal basis:

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

Radosław Domagalski-Łabędzki, President of the Management Board
Dawid Jaworski, Vice President of the Management Board.