

**CURRENT REPORT FILED WITH THE POLISH FINANCIAL SUPERVISION  
AUTHORITY IN WARSAW**

DATE: January 11th 2023

**Subject: Update on Jaworzno project – receipt of call for payment from TAURON Wytwarzanie S.A. [Current Report No. 1/2023]****Text of the report:**

The Management Board of RAFAKO S.A. of Racibórz (the “**Company**”) announces that on January 11th 2023 it received from TAURON Wytwarzanie S.A. of Jaworzno (“**TAURON Wytwarzanie**”) a call for payment of liquidated damages and compensation totalling PLN 1,312,440,218.91 (one billion, three hundred and twelve million, four hundred and forty thousand, two hundred and eighteen złotych, 91/100), with the payment deadline set 30 days after its delivery (the “**Call for Payment**”), addressed to the Company, E003B7 sp. z o.o. of Racibórz, a wholly-owned subsidiary of the Company, and Mostostal Warszawa S.A. of Warsaw.

The Call for Payment received from TAURON Wytwarzanie lists the following claims:

1. a claim for liquidated damages 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**” and the “**Unit**”) totalling PLN 1,136,920,336.41 (one billion, one hundred and thirty-six million, nine hundred and twenty thousand, three hundred and thirty-six złotych, 41/100), including – as asserted by TAURON Wytwarzanie:
  - i. liquidated damages totalling PLN 682,152,201.85 (six hundred and eighty-two million, one hundred and fifty-two thousand, two hundred and one złotych, 85/100), pursuant to the provisions of the Contract concerning: a) failure to meet the deadline for commencing the removal of defects or the deadline for removing defects during the warranty period, b) delay in signing the Transition Period Expiry Report due to failure to meet the Group A Guaranteed Technical Parameters (as defined in the Contract), and c) delay in signing the report confirming completion of the Contract performance phase designated as ‘Performance of PSE Acceptance Tests group II part 3’;
  - ii. liquidated damages totalling PLN 469,411,684.43 (four hundred and sixty-nine million, four hundred and eleven thousand, six hundred and eighty-four złotych, 43/100), pursuant to the provisions of the Contract concerning emergency shutdown of the Unit in breach of the guaranteed Unit’s Availability (as defined in the Contract);
2. a claim for compensation totalling PLN 175,519,882.50 (one hundred and seventy-five million, five hundred and nineteen thousand, eight hundred and eighty-two złotych, 50/100), including, as asserted by TAURON Wytwarzanie: a) compensation for damage caused by the existence of physical defects (PLN 7,845,420.00), b)

compensation for failure to remove the non-critical defects described in the Placement-in-Service Report for the Unit (PLN 7,116,000.00), c) compensation for the costs of substitute performance to repair defects of the boiler funnel and mills (PLN 558,462.50), and d) compensation for errors in the design and execution of the works covered by the Contract (PLN 160,000,000.00).

In reference to the Call for Payment, the Management Board explains that the Company is denying in full the validity of TAURON Wytwarzanie's claims, as stated in the Call for Payment, but – acting with due diligence – it has commissioned a comprehensive and detailed examination of the claims and assertions made by TAURON Wytwarzanie S.A. in the Call for Payment.

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