

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

DATE: January 12th 2023

VERIFIED
ENVIRONMENTAL
MANAGEMENT
REG. NO. PL 2.24.001.5

Subject: [Management Board decision on intention to file for bankruptcy
\[Current Report No. 2/2023\]](#)

Text of the report:

The Management Board of RAFAKO S.A. of Racibórz (the “**Company**”) announces that on January 12th 2023 it made a decision concerning intention to file a petition in bankruptcy for the Company and that on the same day the Company commenced work on the petition. The Company’s Management Board explains that the decision is based on the following considerations.

The Company’s Management Board is currently of the opinion that it is justified to conclude that on January 11th 2023, that is on the day when the Company 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 zloty, 91/100), 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**”), as announced by the Company in Current Report No. 1/2023 of January 11th 2023, the Company became insolvent.

Notwithstanding the fact that, as announced in Current Report No. 1/2023 of January 11th 2023, the Company is denying in full the validity of TAURON Wytwarzanie’s claims, the delivery of the Call for Payment to the Company materially and adversely affects, or at least may affect, the Company’s factual situation and environment.

The factors of key importance to the Company continuing as a going concern, as indicated in the financial statements of the Company and its Group, as well as to the Company’s restructuring, are as follows:

1. Successful completion of the Company’s investor acquisition process, that is finding an investor who would acquire 7,665,999 Company shares from PBG S.A. w restrukturyzacji w likwidacji (in restructuring in liquidation) of Wysogotowo and 34,800,001 Company shares from Multaros Trading Company Limited of Limassol, and who would provide the Company with financing (the “**Investor Acquisition Process**”);
2. Execution of settlements or agreements with the Company’s key trading partners;
3. Implementation of the arrangement made as part of the restructuring proceedings concerning the Company, approved by a final ruling of the District Court of Gliwice, 12th Commercial Division, issued in case No. XII GRz 5/20 on January 13th 2021 (the “**Arrangement**”);
4. Providing the Company of sources of funding enabling it to win new contracts.

The Company’s Management Board believes that the issue of the Call for Payment to the Company, including the related risk of TAURON Wytwarzanie calling on the performance bonds totalling PLN 549,820,561.76 (five hundred and forty-nine million, eight hundred and twenty thousand, five hundred and sixty-one zloty, 76/100), provided by the contractor 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**”), has a major adverse effect on the existing predictions and forecasts regarding the achievement by the Company of the above objectives.

The Company’s Management Board is aware that in view of the Company’s dispute with TAURON Wytwarzanie regarding the claims raised in the Call for Payment, considering the risk of TAURON Wytwarzanie calling on the performance bonds provided by the contractor under the Contract, which, regardless of whether or not justified in the light of facts and law, may prompt the guarantors to raise claims against the Company, no party will be interested in investing in the Company as part of the Investor Acquisition Process.

Moreover, in the opinion of the Company’s Management Board, the state of affairs brought about by TAURON Wytwarzanie having issued the Call for Payment does not warrant any positive predictions or forecasts regarding the conclusion by the Company and TAURON Wytwarzanie of a settlement agreement as part of the ongoing mediation between the parties. This state of affairs may also adversely affect the ongoing mediation and negotiations with the Company’s other key trading partners.

The Company’s Management Board predicts that if TAURON Wytwarzanie calls on the performance bonds provided by the contractor under the Contract, the Company will become unable, or at least severely restricted in its ability, to provide contractual security required to win new contracts.

For this reason, acting out of caution and in order to fulfil the Management Board’s legal obligations, a decision was made concerning the intention to file a petition in bankruptcy for the Company. On the day when the decision was made, work on the petition was initiated, as part of which assessment of the Company’s insolvency status will be continued and future events concerning the Company and its environment will be analysed.

The Company will report on all significant events concerning the information provided herein in separate Current Reports.

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