

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

DATE: January 13th 2023

VERIFIED
ENVIRONMENTAL
MANAGEMENT
REG. NO. PL.2.24.001.5

Subject: [Jaworzno project update – notice to TAURON Wytwarzanie S.A. and TAURON Polska Energia S.A. demanding payment and statement \[Current Report No. 3/2023\].](#)

Text of the report:

The Management Board of RAFAKO S.A. of Racibórz (the “**Company**”) announces that on January 13th 2023 the Company sent to: (i) TAURON Wytwarzanie S.A. of Jaworzno (“**TAURON Wytwarzanie**”) a notice demanding that TAURON Wytwarzanie makes a payment and issues a statement (the “**TAURON Wytwarzanie Notice**”) and (ii) TAURON Polska Energia S.A. of Katowice (“**TAURON PE**”) a notice demanding that TAURON PE makes a payment and issues a statement (the “**TAURON PE Notice**”).

In the TAURON Wytwarzanie Notice the Company demands that TAURON Wytwarzanie:

1. Pays PLN 1,500,000.00 (one million, five hundred thousand złoty, 00/100) towards the social purposes specified in the Tauron Wytwarzanie Notice for unlawful breach of the Company’s personal rights;
2. Pays to the Company PLN 249,605,000.00 (two hundred and forty-nine million, six hundred and five thousand złoty, 00/100) as compensation for damage caused to the Company by TAURON Wytwarzanie as a consequence of breach of the Company’s personal rights and its becoming unable to win new contracts as a result of non-reduction of the financial guarantees securing 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**”);
3. Pays to the Company PLN 319,447,991.00 (three hundred and nineteen million, four hundred and forty-seven thousand, nine hundred and ninety-one złoty, 00/100) as compensation for damage caused to the Company by TAURON Wytwarzanie resulting from extension of the Contract performance, with the reservation that this is the damage amount if the Contract is completed by the end of 2023;
4. Pays to the Company PLN 1,450,000.00 (one million, four hundred and fifty thousand złoty, 00/100) to reimburse the Company for the costs of repairing equipment defects and damage and removing the effects of Unit failure caused by the fault of TAURON Wytwarzanie and resulting from the use of coal which failed to meet the criteria specified in the Contract, with the reservation that this amount of claim is valid as at the date of the TAURON Wytwarzanie Notice;
5. Issues a statement reading as specified in the TAURON Wytwarzanie Notice, containing an apology for breach of the Company’s personal rights.
6. Pays to the Company PLN 34,471,000.00 (thirty-four million, four hundred and seventy-one thousand złoty, 00/100) as adjustment of the fee under the Contract.

The basis for the Company to raise against TAURON Wytwarzanie the claims specified in the TAURON Wytwarzanie Notice – sections 1 to 5 above – is in particular: (i) a breach by TAURON Wytwarzanie of the Company's personal rights through dissemination of false statements about the Company or the quality of the Company's workmanship under the Contract, (ii) TAURON Wytwarzanie's liability for extending the duration of Contract performance, resulting, *inter alia*, from the use of coal which failed to meet the criteria specified in the Contract, (iii) TAURON Wytwarzanie's liability for defects, damage to the equipment and failures in the Unit, resulting, *inter alia*, from the use of coal which failed to meet the criteria specified in the Contract. The basis for the Company to raise against TAURON Wytwarzanie the claim specified in the TAURON Wytwarzanie Notice – section 6 above – is an objective change in the micro- and macroeconomic conditions.

The TAURON Wytwarzanie Notice further stipulates that:

1. If as a result of an act or omission by TAURON Wytwarzanie the Company's investor acquisition process, i.e., the process to find an investor who would acquire 7,665,999 Company shares held by PBG S.A. w restrukturyzacji w likwidacji (in restructuring in liquidation) of Wysogotowo, and 34,800,001 Company shares held by Multaros Trading Company Limited of Limassol, proves unsuccessful, and would provide the Company with financing (the "**Investor Acquisition Process**"), and the Company will raise against TAURON Wytwarzanie further claims for damages of no less than PLN 300,000,000.00 (three hundred million złoty, 00/100);
2. If as a result of act or omission by TAURON Wytwarzanie the Company's trading and business partners raise claims against the Company, including under the Company's ongoing contracts, for contractual penalties or damages, the Company will raise against TAURON Wytwarzanie a claim for damages/recourse claim for no less than PLN 483,305,502.71 (four hundred and eighty-three million, three hundred and five thousand, five hundred and two złoty, 71/100).

In the TAURON PE Notice, the Company demands that TAURON PE:

1. Pays PLN 1,500,000.00 (one million, five hundred thousand złoty, 00/100) towards the social purposes specified in the Tauron PE Notice for unlawful breach of the Company's personal rights;
2. Pays to the Company PLN 249,605,000.00 (two hundred and forty-nine million, six hundred and five thousand złoty, 00/100) as compensation for unlawful breach of the Company's personal rights;
3. Issues a statement reading as specified in the TAURON PE Notice, containing an apology for breach of the Company's personal rights.

The TAURON PE Notice further stipulates that:

1. If as a result of an act or omission by TAURON PE the Investor Acquisition Process proves unsuccessful, the Company will raise against TAURON PE further claims for damages of no less than PLN 300,000,000.00 (three hundred million złoty, 00/100);
2. If as a result of act or omission by TAURON PE the Company's trading and business partners raise claims against the Company, including under the Company's ongoing contracts, for contractual penalties or damages, the Company will raise against

TAURON PE a claim for damages/recourse claim for no less than PLN 483,305,502.71 (four hundred and eighty-three million, three hundred and five thousand, five hundred and two złoty, 71/100).

The basis for the Company to raise against TAURON PE the claims specified in the TAURON PE Notice is, in particular, breach by TAURON PE of the Company's personal rights through dissemination of false statements about the Company or the quality of the Company's workmanship 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