

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

DATE: February 28th 2023

VERIFIED
ENVIRONMENTAL
MANAGEMENT
REG. NO. PL 2.24.001.5

Subject: [Execution of settlement agreement negotiated in the course of mediation process with Operator Gazociągów Przesyłowych GAZ-SYSTEM S.A. \[RB 15/2023\].](#)

Text of the report:

The Management Board of RAFAKO S.A. of Racibórz (the “**Company**”) announces that on February 28th 2023, following a mediation process before the Arbitration Court at the Office of the General Counsel of the Republic of Poland, the Company, PBG S.A. w restrukturyzacji w likwidacji (in restructuring in liquidation) of Wysogotowo (“**PBG**”) and Operator Gazociągów Przesyłowych GAZ-SYSTEM S.A. of Warsaw (“**GAZ-SYSTEM**”) executed a settlement agreement (the “**Settlement Agreement**”) concerning:

1. the contract on the Goleniów-Płoty project (the “**Goleniów-Płoty Contract**”) between RAFAKO as the contractor and GAZ-SYSTEM as the employer;
- and
2. the contract on the Tłocznia Kędzierzyn-Koźle project (the “**Kędzierzyn Contract**”) between the consortium comprising RAFAKO and PBG OIL AND GAS Sp. z o.o. (which subsequently merged with PBG pursuant to Art. 492.1.1 of the Commercial Companies Code) as the contractor and GAZ-SYSTEM as the employer.

In accordance with the key provisions of the Settlement Agreement, the Parties thereto:

1. acknowledge and agree that performance of the Goleniów-Płoty Contract is deemed to have ended on December 15th 2020;
2. acknowledge and agree that performance of the Kędzierzyn Contract is deemed to have ended on December 15th 2020;
3. have confirmed that the contractor under the Goleniów-Płoty Contract and the contractor under the Kędzierzyn Contract were entitled to receive the consideration already paid by GAZ-SYSTEM under those contracts;
4. have confirmed that GAZ-SYSTEM was entitled to receive and apply towards its claims: (i) PLN 15,222,720.75 (fifteen million, two hundred and twenty-two thousand, seven hundred and twenty złoty, 75/100) paid by Sopockie Towarzystwo Ubezpieczeń Ergo Hestia S.A. of Sopot (“**Hestia**”) under Performance Bond No. 280000147245, (ii) PLN 2.755.069,19 (two million, seven hundred and fifty-five thousand, sixty-nine złoty, 19/100) paid by Hestia under Advance Payment Guarantee No. 280000169992, (iii) PLN 20,750,100.00 (twenty million, seven hundred and fifty thousand, one hundred złoty, 00/100) paid by mBank S.A. of Warsaw (“**mBank**”) under Bank Guarantee No. 02141KPB19 and PLN 20,750,100.00 (twenty million, seven hundred and fifty thousand, one hundred złoty, 00/100) paid by mBank under Bank Guarantee No. 02283KAP19;
5. acknowledge and agree that the disputed portion of the contractor’s consideration under the Goleniów-Płoty Contract amounts to PLN 30,543,771.78 (thirty million, five hundred and forty-three thousand, seven hundred and seventy-one złoty, 78/100) VAT-exclusive, i.e. PLN 37,568,839.29 (thirty-seven million, five hundred and sixty-eight thousand, eight hundred and thirty-nine złoty, 29/100) VAT-inclusive;

6. acknowledge and agree that the disputed portion of the contractor's consideration under the Kędzierzyn Contract amounts to PLN 63,815,257.80 (sixty-three million, eight hundred and fifteen thousand, two hundred and fifty-seven złoty, 80/100) VAT-exclusive, i.e. PLN 78,492,767.09 (seventy-eight million, four hundred and ninety-two thousand, seven hundred and sixty-seven złoty, 09/100) VAT-inclusive;
7. acknowledge and agree that in payment of the aggregate consideration as specified in items 5 and 6 above, following set-off against it of any previous settlements made under the Goleniów-Płoty Contract and Kędzierzyn Contract and any concessions and other arrangements made under the Settlement Agreement, GAZ-SYSTEM will pay the Company an amount of PLN 21,702,576.80 (twenty-one million, seven hundred and two thousand, five hundred and seventy-six złoty, 80/100), whereupon GAZ-SYSTEM will satisfy all of the Company's and PBG's claims under the aforementioned contracts and the projects implemented thereunder;
8. waive any mutual claims under the Goleniów-Płoty Contract and Kędzierzyn Contract and the projects implemented thereunder, save for the claims specified in the Settlement Agreement, which do not materially affect the rights and obligations of the Parties to the Settlement Agreement.

The Settlement Agreement further provides that it will enter into force subject to the order issued by a competent court to approve the Settlement Agreement becoming final.

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