

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

DATE: May 8th 2023

Subject: [Update on investment process involving RAFAKO \[CR 52/2023\]](#)**Text of the report:**

The Management Board of RAFAKO S.A. w restrukturyzacji (in restructuring) of Racibórz (the “**Company**”) hereby announces that on May 8th 2023 it made a decision that:

1. it would commence work to develop an alternative scenario for the proposed investor acquisition process, i.e. the process to acquire an investor for the Company that would agree to purchase 7,665,999 (seven million, six hundred and sixty-five thousand, nine hundred and ninety-nine) shares in the Company held by PBG S.A. w restrukturyzacji w likwidacji (in restructuring in liquidation) of Wysogotowo (“**PBG**” and the “**PBG Shareholding**”) and 34,800,001 (thirty-four million, eight hundred thousand and one) shares in the Company held by Multaros Trading Company Limited of Limassol (“**Multaros**” and the “**Multaros Shareholding**”), and would also provide financing to the Company (the “**Investor Acquisition Process**”), relative to the scenario in which the Investor Acquisition Process is followed through with MS GALLEON GmbH of Vienna (“**MSG**” and an “**Alternative Scenario**”);
2. the Company would take steps to implement such Alternative Scenario once it is developed,

(collectively, the “**Decision**”).

The Decision was prompted by the following considerations:

1. As at the date of the Decision, the Investor Acquisition Process involving MSG came to a deadlock which – in the opinion of the Company’s Management Board – offered little hope that the transactions contemplated in the Conditional Share Purchase Agreement entered into on March 24th 2022 between the Company, PBG and MSG (the “**Share Purchase Agreement**”) and in the Investment Agreement entered into on March 24th 2022 between the Company and MSG (the “**Investment Agreement**”), the execution of which was announced by the Company in Current Report No. 17/2022 of March 24th 2022, would be consummated any time soon. That belief resulted chiefly from the following circumstances:
 - i. Although the Company called upon MSG to confirm its will to proceed with the Investor Acquisition Process, i.e. to carry out the transactions contemplated by the Share Purchase Agreement and the Investment Agreement, setting a deadline of May 5th 2023 for MSG to respond, MSG failed to clearly communicate to the Company whether it was willing to proceed with the Investor Acquisition Process or carry out the transactions contemplated by the Share Purchase Agreement and the Investment Agreement;
 - ii. Despite the expiry of the deadline of April 30th 2023, set out in Annex 1 to the Share Purchase Agreement as the deadline for closing the transaction contemplated therein, the execution of which was announced by the Company in Current Report No. 17/2023 of March 5th 2023, until the date of the Decision:
 - a. no further annex to the Share Purchase Agreement had been executed to confirm the will to proceed with the transaction contemplated by the Share Purchase Agreement, and, furthermore, as at the date of the Decision there was nothing to support the prediction that such annex would be executed;

- b. no new closing date for the transaction contemplated by the Share Purchase Agreement had been determined, and, furthermore, as at the date of the Decision there was nothing to support the prediction that such new closing date would be determined;
 - iii. Until the date of the Decision, MSG had not declared its readiness to waive the conditions precedent not yet satisfied but set forth in the Share Purchase Agreement for MSG's obligation to purchase the PBG Shareholding and the Multaros Shareholding (the "**Conditions Precedent**");
 - iv. MSG ceased to effectively conduct the due diligence process on the Company, seeing that the completion of that process to the satisfaction of MSG was one of the Conditions Precedent;
 - v. Until the date of the Decision, no arrangement had been made regarding acquisition by MSG (or an entity designated by MSG) of Series M subscription warrants convertible into Series M ordinary bearer shares in the Company, issued pursuant to Resolution No. 4 of the Company's Extraordinary General Meeting of May 9th 2022, seeing that their recording in the account of MSG or an entity designated by MSG was one of the conditions precedent under the Investment Agreement, and, furthermore, as at the date of the Decision there was nothing to support the prediction that such arrangement would be made;
2. In the opinion of the Company's Management Board, the persisting deadlock in the Investor Acquisition Process with MSG is a situation unfavourable to the Company, its shareholders and all other stakeholders;
 3. Overcoming the existing deadlock in the Investor Acquisition Process does not depend on any decisions or actions by the Company's Management Board, given that autonomous decisions by MSG, as well as PBG, are also necessary to overcome the deadlock;
 4. In this state of affairs, the Company's Management Board believes it has become necessary to develop an Alternative Scenario, i.e. one in which the Investor Acquisition Process is carried out without MSG, and then take steps to implement such Alternative Scenario.

For the avoidance of doubt, the Company's Management Board clarifies that the Decision does not mean the Company is no longer interested in going through the Investor Acquisition Process with MSG. However, in the light of all existing factual and legal circumstances, including the aforementioned deadlock in the Investor Acquisition Process with MSG, it is necessary to develop an Alternative Scenario and take steps to implement it.

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