

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

DATE: October 13th 2023

**Subject: Settlement reached with St. John Paul II ‘MEMORY AND IDENTITY’ Museum in Toruń [CR No. 101/2023]****Text of the report:**

Further to (i) Current Report No. 5/2019 of April 16th 2019 announcing the execution of a contract between the Company and the St. John Paul II ‘MEMORY AND IDENTITY’ Museum (in organisation) of Toruń (the “Principal”) for the construction of the Museum’s building on the Design & Build basis (the “Contract”), (ii) Current Report No. 49/2021 of December 23rd 2021 announcing the execution of an annex to the Contract, (iii) Current Report No. 79/2023 of July 25th 2023 announcing the receipt of a final offer from PG Energy Capital Management sp. z o.o. of Warsaw (the “Investor”) (the “Offer”) to subscribe for shares in the Company’s increased share capital and to acquire Company shares held directly or indirectly by PBG S.A. w restrukturyzacji w likwidacji (in restructuring in liquidation) (“PBG”), as well as receipt of a notification that PBG had accepted the Offer and a decision made by the Company’s Management Board to accept the Offer and proceed with the transaction contemplated therein, and (iv) Current Report No. 88/2023 of August 25th 2023 announcing the execution of a preliminary investment agreement related to the Offer made by the Investor to subscribe for Company shares and to acquire Company shares held directly or indirectly by PBG, the Management Board of RAFAKO S.A. of Racibórz (the “Company”) hereby announces that on October 13th 2023 a settlement was reached between the Company and the Principal whereby they agreed on a completion deadline for the Contract and on an increase of the Contract value due to an adjustment of the price reflecting an extraordinary increase of the market prices of construction inputs and indirect costs of the Contract (the “Settlement”).

The key provisions of the Settlement are as follows:

1. Upward adjustment of the Contract Price by a VAT-exclusive amount of PLN 11,278,855.86 (the “Increase Amount”).
2. Waiver by RAFAKO of its claims related to Indirect Costs (i.e. construction overheads and management expenses over which a dispute arose between RAFAKO and the Principal), other than those admitted under the Settlement and covered by the Increase Amount.
3. Waiver by RAFAKO of its claims that arose up to the date of signing the Settlement in relation to the Contract and the Project covered thereby, i.e. contractual claims, tort claims, claims for unjust enrichment, claims for undue performance, and claims based on any other legal grounds – whether or not they were raised by RAFAKO up to the date of signing the Settlement, as soon as the decision to approve the Settlement by the competent court of general jurisdiction becomes final, with the proviso that such waiver will not apply to:
  - a) claims arising under the Settlement, including claim for payment of the Increase Amount;
  - b) claims for payment of the consideration due under the Contract, and including consideration for Works performed that has not yet been paid by the Principal;
  - c) allegations that may be raised by RAFAKO in defence against the Principal’s claims for payment of liquidated damages.

4. Waiver by the Principal of any claims for liquidated damages in the event of delay in the performance of contractual obligations (Works and Work Phases) under the Contract, existing as at the date of signing the Settlement, as described in recital 16 of the Settlement, whether or not they were raised by the Principal up to the date of signing the Settlement, as soon as the decision to approve the Settlement by the competent court of general jurisdiction becomes final, subject to the Final Acceptance.
5. Implementation of the Remedy Plan whereby RAFAKO is to remedy Final Acceptance Defects by March 31st 2024, under the terms set out in the Settlement.
6. In view of RAFAKO's liquidity considerations, the need to remedy Final Acceptance Defects, the Principal's potential financial liability, and comprehensive resolution of all disputes and issues related to the Project under the Settlement, RAFAKO's Subcontractors performing construction and installation Works under the Contract may receive payment of amounts due to them directly from the Principal by way of transfer, such amounts being part of the consideration due to RAFAKO, under the terms of the Settlement.
7. Reduction of the amount of consideration due to RAFAKO for Milestone IX related to acceptance of the Project by PLN 12,980,300 (twelve million, nine hundred and eighty thousand, three hundred zloty, 00/100) exclusive of VAT, and change of the terms of payment of that amount to RAFAKO so that it would only be due to RAFAKO upon completion of Milestone XI (i.e. implementation of the Remedy Plan), on the terms set out in the Settlement, with RAFAKO being entitled to issue interim invoices for the completion of Remedy Plan Phases.
8. Introduction of liquidated damages of PLN 1,000,000.00 (one million zloty, 00/100) for any delay in the performance by RAFAKO of a Remedy Plan Phase exceeding seven (7) days.
9. Provision for additional grounds entitling the Principal to withdraw from the Contract or the Settlement in the event of RAFAKO's failure to comply with its obligations under the Settlement, and allowing the Principal to resort, at its own discretion, to substitute performance at RAFAKO's expense and risk.
10. The Settlement, containing valid and enforceable obligations of the Parties, becomes effective on the date on which it is signed by the Parties, and the Parties will take all steps necessary to have the Settlement approved by the competent court of general jurisdiction.

Furthermore, the Company announces that on October 13th the Parties to the Settlement signed a Final Acceptance Report for the Project.

Legal basis:

Article 17(1) of the Market Abuse Regulation – inside information.

Dawid Jaworski – President of the Management Board

Michał Sikorski – Member of the Supervisory Board delegated to temporarily perform the duties of a Member of the Management Board