

**FINANCIAL SUPERVISION COMMISSION
CURRENT REPORT NO. 18/2025**

Subject Name:

Fabryka Obrabiarek RAFAMET S.A.
in restructuring
in Kuźnia Raciborska

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Topic:

Adoption by the Issuer's Management Board of the strategy to carry out the process of restructuring the Issuer's and its Capital Group's operations

Message:

The Management Board of Fabryka Obrabiarek RAFAMET S.A. in Restructuring (hereinafter referred to as the "Issuer" or the "Company"), informs that on April 24, 2025, the Issuer's Management Board adopted a resolution on the adoption of a strategy to conduct a restructuring process of the Issuer and its Capital Group (hereinafter referred to as the "Strategy"). The Management Board presents below the assumptions of the adopted Strategy.

1. Market prospects for the Issuer Group's operations;

The company sees growth potential in the following segments of the machine tool market:

- The light and heavy rail market - using specialized equipment to process wheelsets and other rail vehicle components;
- Energy market - including technological solutions dedicated to machining turbine components, shafts, bodies or structural elements used in conventional and renewable power plants.
- Armaments market - requiring heavy horizontal lathes for machining large-scale components, such as parts of armaments, armored vehicles, artillery systems and support structures.

The company will take steps to exploit the potential in all the machine tool market segments indicated above and sell the products it offers in these segments.

The primary market in which the Company can operate is the rail market, both domestically and abroad. Due to the growing demand for modern and efficient rail transportation systems, as well as the need to maintain and modernize existing rail infrastructure, there is an increasing demand for specialized machine tools for rolling stock components, particularly wheelsets. The company plans to focus its sales and marketing efforts on emerging markets, where growth prospects are more promising and competition is less intense. With regard to the domestic market, planned investments in rail infrastructure, including the expansion and modernization of rail lines, the construction of new transfer points and the modernization of rail vehicle maintenance shops, provide real growth opportunities for the Company. The growing importance of rail transportation in the state's transportation policy, supported by national and EU funds, in the Company's view, will foster demand for specialized machinery for processing and diagnostics of rolling stock components.

The identified market trends, in the Company's view, confirm the forward-looking nature of the large unit machine tool segment, especially in the context of growing demand from the wind and gas power sector, where the drive for energy efficiency and the development of generation infrastructure require the use of technologically advanced machine tools designed to machine large turbine components and other key plant components. The Company believes it can offer its products in the following projects and initiatives in the energy sector:

- Modernization programs for power units in Poland: modernization and life extension of existing coal-fired units (e.g., Belchatow, Koźlenice, Opole Power Plant) including replacement and regeneration of

turbines, modernization of steam systems - demand for machining of rotating elements, shafts, housings, rotors;

- Nuclear power development program in Poland: construction of the first nuclear power plant at the Lubiatowo-Kopalino site, with the participation of partners Westinghouse and Bechtel, requiring manufacturing and assembly of components for steam turbines, generators, tanks and cooling systems;
- Offshore wind energy development: construction of offshore wind farms in the Baltic Sea - including the Baltic Power project (Orlen/Northland Power), Equinor&Polenergia and RWE, requiring processing of turbine structural components, bearings, towers and gearboxes;
- Cogeneration and modernization of district heating plants: switching from coal-fired plants to gas-fired systems and modernization of district heating systems (PGE, Veolia, Fortum programs, among others), generating demand for the production of gas and steam turbines, heat exchangers and compressors.

Increased investment in the domestic defense industry and growing spending on the modernization of military equipment are generating the need to implement precision machining solutions tailored to the specific requirements of the sector. The company intends to participate as a subcontractor in a number of defense sector projects requiring the use of large-scale machine tools.

2. Restructuring activities that the Issuer's Management Board intends to undertake as part of the ongoing restructuring;

The Company's management has defined initiatives to address the problems that have contributed to the current financial situation of the Company and its Group. The initiatives have been divided into strategic and operational measures. The recovery of the Company and its Capital Group's financial stability and sustained profitability depends on the implementation of the defined actions within the assumed schedule and the achievement of their indicated effects. The Company's Management Board will be responsible for implementing the measures.

Strategic initiatives are intended to indicate long-term directions for improving the Company's operations. Operational initiatives, on the other hand, are intended to indicate specific actions toward restoring the Company's profitability while minimizing the need for additional external financing. The Company's key strategic initiatives include:

- A technical audit of the production process, aimed at optimizing production logistics and adjusting the employment structure to the Company's manufacturing nature;
- review of the Company's assets, with the aim of increasing the efficiency of the use of its assets and reducing operating costs;
- Stabilization of the Company's financial situation, by providing funds for current operations and implementation of investments and initiatives. It is assumed that actions will be taken on the part of the Company's main shareholder, i.e. the Warsaw-based Industrial Development Agency S.A. (hereinafter: "IDA") in the form of (i) recapitalization in the amount of PLN 80,0 million (in four tranches - PLN 30 million in Q2 2025, PLN 20 million in Q4 2025, PLN 20 million in Q2 2026 and PLN 10 million in Q3 2026, and (ii) financing in the form of a loan of up to PLN 16 million. In addition, it is assumed that the Company will enter into standstill agreements with its main financial creditors (i.e. Powszechna Kasa Oszczędności Bank Polski S.A., IDA, BNP Paribas Bank Polska S.A., mBank S.A.). Under the standstill agreements, it is assumed that the agreements concluded with financial institutions will remain in force for the restructuring period (no termination of the agreements concluded), with simultaneous systematic repayment of the Company's liabilities to financial institutions during the restructuring period, with BNP Paribas Bank Polska S.A. and mBank S.A. reducing credit receivables as funds from assignments from contracts are received (without renewing access to credit limits). In addition, it is assumed that the bridge loan in the amount of PLN 7,8 million granted by IDA to the Company will be released in the second quarter of 2025, pending the release of the first tranche of the recapitalization from the Company's share capital increase. After the Company receives the first tranche of recapitalization (in the amount of PLN 30 million assumed by the Company), it will repay the bridge loan to IDA, and also provide a loan of PLN 5 million to its subsidiary Odlewnia Rafamet Sp. z o.o.;
- Diversification of sales, with plans to win contracts to supply specialized machine tools for the production of military components, such as carousel lathes, CNC centers and diagnostic systems;
- Stabilization of the financial situation of the subsidiary Odlewnia Rafamet Sp. z o.o., by providing financing to Odlewnia Rafamet Sp. z o.o. at the level of PLN 5,0 million (the financing is to come from

the amount of the Company's recapitalization by the IDA), in order to secure the operation of this entity as the Company's strategic supplier;

- labor issues, under which it is planned to introduce mechanisms linking the bonus system to labor efficiency, for example, by rewarding an employee for reducing the number of working hours on a project. In addition, it is planned to introduce stipend programs to make up for the shortage of workers in the assembly department and the machining department.

3. Issuer's preliminary proposals for repayment of creditors

The value of the Company's receivables covered by the sanitation proceedings amounts to PLN 87,9 million, of which PLN 60,7 million are composition liabilities, and PLN 27,2 million are receivables of IDA, Powszechna Kasa Oszczędności Bank Polski S.A. and mLeasing Sp. z o.o., which are not covered by the composition agreement.

The company intends to divide its creditors into the following nine groups in the ongoing sanitation proceedings:

- group 1 - Social Insurance Institution. The Company's Management Board assumes that the arrangement proposals will include, in this group, repayment of all principal and side receivables in 60 equal monthly installments, payable starting no later than 3 months from the date the court's decision approving the arrangement becomes final;
- group 2 - public-law creditors, including the City Hall of Kuźnia Raciborska and the Tax Office in Racibórz. The Company's Management Board assumes that satisfaction of the public-law creditors will consist in repayment of 100% of the principal in 60 equal monthly installments, payable starting no later than 3 months from the date the court's decision approving the arrangement becomes final, and full redemption of side receivables;
- Group 3 - leasing service providers. The Company's management assumes repayment in this group of all principal and incidental receivables in equal monthly installments together with current lease installments on the dates provided for in the concluded lease agreements;
- Group 4 - private-law unsecured creditors, including mBank S.A. and BNP Paribas Bank Polska S.A. The indicated liabilities include working capital loans and overdrafts. The Company's Management Board assumes repayment of 100% of the principal in 60 equal monthly installments, as well as cancellation in full of side receivables;
- Group 5 - the group includes companies that have made advance payments for future deliveries of goods. The Company's management assumes full repayment of the principal and settlement of receivables in accordance with the concluded contracts;
- Groups 6,7,8 - comprising companies to which the Company has commercial liabilities with a value not exceeding PLN 10.000, between PLN 10.000 and PLN 25.000 and exceeding PLN 25.000, respectively. The Company's Management Board assumes the cancellation in full of incidental receivables for all the indicated groups and repayment:
 - 100% of the principal due in 12 equal monthly installments for Group 6;
 - 100% of the principal due in 24 equal monthly installments for Group 7;
 - 60% of the principal amount due in 60 equal monthly installments, starting from the month falling after the expiration of 6 months from the date the court order approving the Group 8 arrangement becomes final;
- Group 9 - strategic creditors from the perspective of the Company's operations, including key counterparties and other entities whose receivables exceed PLN 25 thousand. With regard to these entities, it is assumed that a partial arrangement will be created or that their positions will be privileged with significant conditions for the Company.

With regard to the creditor not covered by the arrangement, the Company's Management Board assumes that individual arrangements will be made with these entities.

Disclaimers:

The Issuer indicates that the Strategy adopted by the Issuer's Management Board contains an action plan developed by the Issuer's Management Board, which the Issuer's Management Board intends to implement as part of the process of restructuring the Issuer's Capital Group. At the stage of adopting the Strategy, the Issuer's Management Board did not agree on the assumptions adopted in the Strategy with the Company's creditors and the IDA. In addition, at the time of adoption of the Strategy, consultations with the Company's

individual creditors regarding the preliminary arrangement proposals included in the Strategy had not been conducted. Thus, the assumptions in this regard are only preliminary, and the final debt repayment schedules may differ significantly from the assumptions in the Strategy. This issue may have a significant impact on the overall restructuring process of the Company and its Group.

At the same time, the Issuer indicates that as of the date of adoption of the Strategy, the restructuring plan within the meaning of Article 313 of the Restructuring Law has not been prepared. Therefore, there is a risk that the assumptions of the final restructuring plan prepared under Article 313 of the Restructuring Law will differ from those of the Strategy, and the differences may be significant.

At the same time, the Issuer's Management Board indicates that the Company will take steps to implement the assumptions adopted in the Strategy, including discussions with the Company's creditors and the IDA aimed at implementing the Strategy, but the Company may not be able to implement the assumptions adopted in the Strategy and achieve the results envisaged therein.

Legal basis:

Article 17(1) MAR - confidential information.

Vice President
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