

Current report 11/2021

Subject: Signing of a contract for construction of gas and steam CHP plant in Siechnice (New Czechnica CHP plant)

The Management Board of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. (hereinafter: "the Company"), with reference to the content of current reports no. 2/2021, 6/2021 and 7/2021, informs that on June 23, 2021 an agreement (the "Agreement") was concluded with syndicate of companies Polimex Mostostal S.A. (Consortium Leader) and Polimex Energetyka sp. z o.o. (Consortium Partner) (later jointly referred to as the "Contractor") for construction of gas and steam CHP plant in Siechnice (New Czechnica CHP plant) for the Company.

Subject matter of the Agreement is realisation by the Contractor of turn-key construction of CCGT unit with a total gross capacity of 179.4 MWe and 162.9 MWt, heat accumulator and four water boilers with total capacity of 152 MWt. New units will replace currently existing hard coal-fired CHP plant. The value of the Agreement for construction of CHP (EPC agreement) amounts to PLN 1 159 180 000.00 net (i.e. PLN 1 425 791 400.00 gross).

In connection with the EPC agreement, a LTSA (Long-Term Service Agreement) was also signed with regard to service for 103 months starting from the commissioning date of the units. The value of the LTSA amounts to PLN 25 027 789.80 net and EUR 20 717 846.68 net, i.e. PLN 30 784 181.45 gross and EUR 25 482 951.42 gross. Total value of all concluded agreements amounts to approx. PLN 1 278 353 828.68 net, i.e. PLN 1 572 375 209.28 gross (according to the average EUR/PLN exchange rate on June 21, 2021).

The EPC agreement provides for contractual penalties for the Contractor related to, among others, failure to meet the deadline for commissioning of the unit, failure to comply with the guaranteed technical parameters, failure to deliver the guaranteed level of availability during the guarantee period. The total sum of contractual penalties resulting from the above failures is limited to 25% of the net value of the EPC Agreement.

In addition, the Company reserved the right to charge a contractual penalty for withdrawal from the contract for reasons attributable to the Contractor amounting to 10% of the net value of remuneration.

The project schedule provides for the commissioning of the CCGT unit in the second quarter of 2024.

Detailed legal basis: Article 17(1) MAR.