

**THE OPINION OF THE MANAGEMENT BOARD OF CIECH S.A.****of March 13, 2023**

**justifying the reasons for authorizing the Management Board, with the authorization of the Supervisory Board, to deprive existing shareholders of the Company, of the preemptive rights to shares or subscription warrants, in whole or in part, issued within the scope of an increase in the share capital within the limits of the authorized capital, and determining the manner in which the issue price of shares or subscription warrants so issued will be determined**

Acting pursuant to 447 § 2 in connection with art. 433 § 2 of the Commercial Companies Code, the Management Board of CIECH S.A. (the „**Company**”) adopted this opinion in reference with the inclusion on the agenda of the Extraordinary Shareholders’ Meeting of the Company convened for April 11<sup>th</sup>, 2023 at the request of the Company's shareholder representing more than 1/20 of the Company's share capital, i.e. KI Chemistry S.à r.l., with its registered office in Luxembourg of a resolution on authorization for the Management Board to increase the share capital of the Company within the authorized capital by way of the issue of shares or subscription warrants with deprivation of preemptive right in whole of the existing shareholders and on amendments to the Company's Articles of Association (the “**Authorized Capital**”).

**Justification of reasons for depriving existing shareholders of their preemptive rights to shares or subscription warrants issued within the limits of the Authorized Capital**

The proposed amendments to the Memorandum of Association and introduction of the institution of the Authorized Capital providing for the possibility for the Management Board to deprive existing shareholders, in whole or in part, of preemptive rights with the authorization of the Supervisory Board, is aimed at implementing the Company's strategy regarding planned mergers and acquisitions transactions conducted by the Company as part of its operating activities. The financial resources necessary to carry out these transactions are to come from the planned issues of shares or subscription warrants.

Raising additional capital from the issuance of shares or subscription warrants for the aforementioned purpose is in the long-term interest of both current and future shareholders of the Company. Potentially acquired enterprises (companies) will be incorporated into the CIECH Group, which will contribute to further growth of the CIECH Group's potential and will enable the Group to expand into new markets in Poland and abroad, which in turn will translate into the strengthening of the Company's market position in relation to entities conducting competitive activity, increasing its credibility and increasing the dynamics of its development. At the same time, the objective of further capitalization of the Company will be achieved.

The deprivation of preemptive rights in whole or in part for existing shareholders aims to make it more flexible to obtain financing from the issuance of shares or subscription warrants. This enables the Company to obtain financing from new external investors, and also to reduce the costs the Company will have to incur in connection with the share capital increase.

The increase of the Company's share capital within the limits of the Authorized Capital may be exercised within a period of 3 years and the manner of determining the issue price of shares or subscription warrants is subject to the strict rules set out below, ensuring that a possible issuance of shares or subscription warrants, including those targeted at external investors, shall neither be aimed at a significant change in the shareholding structure & relations of the Company, nor at a significant detriment to the existing shareholders of the Company. The exercise of the Authorized Capital will be carried out on market terms.

The choice of the legal instrument in the form of Authorized Capital is also dictated by the freedom to choose the amount of issued shares or subscription warrants and its timing, which facilitates the Management Board's ability to make quick business decisions to carry out planned acquisitions of other businesses and furthermore, shall significantly affect the actual conduct of the acquisition process. This is necessary to ensure that any offers made by the Management Board are highly competitive against those made by other tenderers.

### **The manner of determining the issue price of shares or subscription warrants in the limits of Authorized Capital.**

In accordance with the proposed resolution of the Extraordinary Shareholders' Meeting, resolutions of the Management Board to determine the issue price of shares or subscription warrants issued within the limits of the Authorized Capital will each time require the authorization of the Supervisory Board. In consideration of the long, i.e. 3-year period of the granted authorization to increase the Company's share capital, the possibility of multiple issuance of shares or subscription warrants within the limits of the Authorized Capital and possible volatility of financial markets during this period, and the volatility of business conditions of a given transaction (acquisition) - including the one resulting from the competitiveness of the bidding process, it is justified that, in order to protect the interests of the Company's shareholders, the Management Board should, in each case, apply to the Supervisory Board for authorization to determine the issue price of the issued shares or subscription warrants (as well as the authorization to deprive shareholders of their preemptive rights).

Moreover, to ensure that the issue price of the shares or subscription warrants is determined at a level that does not deviate from the market price of the Company's shares at the time of the relevant

decision of the Management Board, the issue price of shares issued within the Authorized Capital cannot be lower than the price determined in accordance with the provisions of art. 79 sec. 1-2 of the act dated 29 July 2005 – on public offering, conditions governing the introduction of financial instruments to organized trading, and listed companies in wording binding on the day of registration in the register of entrepreneurs of the National Court Register regarding amendment of the Memorandum of Associations of the Company introducing the Authorized Capital. The aforementioned provision of the Act on Public Offering sets out the rules for determining the price of shares of listed companies in the event of a tender offer for the sale or exchange of their shares, taking into account, among other things, the average market prices of shares of the company listed on the regulated market over a period of three and six months. The application of this manner of determining the (minimal) issue price of shares issued within the limits of the Authorized Capital constitutes an additional mechanism securing the interests of the Company's shareholders.

### **Conclusions**

Therefore, in the opinion of the Management Board, authorizing of the Management Board, with the authorization of the Supervisory Board to deprive the existing shareholders, in whole or in part, of the preemptive rights to subscribe for shares or subscription warrants issued within the limits of the Authorized Capital is justified by the Company's interests, as well as serves the implementation of the Company's strategic goals, in the field of its operational activities and development plans (including acquisitions). Consequently, the Management Board of the Company gives its positive opinion on the adoption by the Shareholders' Meeting of the proposed resolution on the Authorized Capital.

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The draft of this resolution on the Authorized Capital have been made available to the public together with other materials provided to those interested in the Extraordinary Shareholders' Meeting of the Company convened for 11 April 2023.

**The Management Board of CIECH S.A.**