



OPINION OF THE BOARD OF DIRECTORS
Ovostar Union Public Company Limited
with its registered office in Nicosia, Cyprus,
regarding the tender offer for the sale of shares announced on 22 May 2024

I. Introduction

The following document is being provided to you by the Board of Directors (the "**Board of Directors**") of Ovostar Union Public Company Limited, a company incorporated under Cypriot law with its registered office in Nicosia, Cyprus, address: 1, Lampousas street, 1095, Nicosia, Cyprus, entered into the *Registrar of Companies* under number HE 391687 (the "**Company**"), in connection with the voluntary tender offer, announced on 22 May 2024, pursuant to Article 72a(1) of the Act on Public Offering, announced by Prime One Capital Limited (the "**Offeror 1**") together with Allied World National Assurance Company (the "**Offeror 2**"), Resolution Group Reinsurance (Barbados) Limited (the "**Offeror 3**"), Wentworth Insurance Company Limited (the "**Offeror 4**"), Colonnade Insurance S.A. (the "**Offeror 5**"), Zenith Insurance Company (the "**Offeror 6**"), Polskie Towarzystwo Reasekuracji S.A. (the "**Offeror 7**") and Odyssey Reinsurance Company (the "**Offeror 8**") (jointly referred to as the "**Offerors**"), acting jointly and in concert (the "**Acting in Concert**") as referred to in Article 87(1)(5) of the Polish Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies of 29 July 2005 (unified text Journal of Laws of 2022, item 2554, as amended) (the "**Act on Public Offering**"), to subscribe for the sale of the Company's shares (the "**Tender Offer**").

The Board of Directors exercising its duties as provided in the Article 80(1)-(2) of the Act on Public Offering and in compliance with (i) Article 8.1 of the Terms of Reference of the Company, and (ii) principle 5.1 of the Best Practice for GPW Listed Companies 2021 as applied and complied by the Company, that require specific members of the Board of Directors to abstain from discussion and voting on the matters that provide for a potential or actual conflict of interest, hereby presents its opinion regarding the Tender Offer.

II. The Tender Offer information

Pursuant to the provisions of the Tender Offer as available on the website of Polish Press Agency (in Polish: *Polska Agencja Prasowa*)¹, all Offerors intend to acquire, through the Tender Offer, 273,066 shares (the "**Shares**") issued by the Company, constituting 4.55% of the total number of shares thereof and entitling to 4.55% of the total number of votes at the general meeting of the Company (the "**General Meeting**"). The Shares have been admitted and introduced to trading on the main market operated by the Warsaw Stock Exchange (the "**WSE**") and are dematerialised and registered in the securities depository maintained by Polish National Depository for Securities (in Polish: *Krajowy Depozyt Papierów Wartościowych S.A.*) under ISIN number: NL0009805613.

The Offerors, as Acting in Concert parties, hold in total 5,726,934 (in words: five million seven hundred twenty-six thousand nine hundred thirty-four) shares of the Company, constituting in total 95.45% of all the shares thereof and entitling to a total of 95.45% of votes at the General Meeting.

The Shares in the Tender Offer will be acquired by Offeror 1 (the "**Purchasing Entity 1**") and the Offeror 2 (the "**Purchasing Entity 2**") in the following proportions:

- 1) As a result of the Tender Offer, the Purchasing Entity 1 will acquire 5% of the Shares subscribed for by the Company's shareholders in response to the Tender Offer, i.e. no more than 13,653 (in words: thirteen thousand six hundred fifty three) Shares, representing 0.23% of all the shares of the Company, entitling to 0.23% of the total number of votes at the General Meeting, and
- 2) As a result of the Tender Offer, the Purchasing Entity 2 will acquire 95% of the Shares subscribed for by the Company's shareholders in response to the Tender Offer, i.e. no more than 259,413 (in words:

¹ <https://biznes.pap.pl/en/news/all/info/3597440,wezwanie-do-zapisywania-sie-na-sprzedaz-akcji-spolki-ovostar-union-public-company-limited>

two hundred fifty nine thousand four hundred thirteen) Shares, representing 4.32% of all the shares of the Company, entitling to 4.32% of the total number of votes at the General Meeting.

As a result of the acquisition of all the Shares in the Tender Offer, the Purchasing Entities, together with other parties Acting in Concert, intend to jointly attain 6,000,000 (in words: six million) shares of the Company, representing 100% of the Company's shares, entitling to 100% of the total number of votes at the General Meeting, including:

- 1) Purchasing Entity 1, together with 3,956,046 shares of the Company held as at the date of the announcement of the Tender Offer, representing 65.93% of all the Company's shares, entitling to 65.93% of the total number of the votes at the Company's General Meeting, intends to reach, as a result of the Tender Offer, 3,969,699 (in words: three million nine hundred sixty nine thousand six hundred ninety nine) shares of the Company, representing 66.16% of all the Company's shares, entitling to 66.16% of the total number of the votes at the General Meeting, and
- 2) Purchasing Entity 2, which does not hold the Company's shares as at the date of the announcement of the Tender Offer, intends to reach, as a result of the Tender Offer, 259,413 (in words: two hundred fifty nine thousand four hundred thirteen) shares of the Company, representing 4.32% of all Company's shares, entitling to 4.32% of the total number of votes at the General Meeting.

The Tender Offer is announced as unconditional.

III. Fundamentals of the Board of Directors' opinion

In order to express its opinion, the Board of Directors took note of the following available information related to the Tender Offer:

- 1) the content of the Tender Offer,
- 2) the "Report from the valuation of the fair value of the shares of Ovostar Union Public Company Limited" (Pol. "Raport z wyceny wartości godziwej akcji spółki Ovostar Union Public Company Limited") prepared by Mazars Audyt sp. z o.o. with its registered office in Warsaw (KRS: 0000086577) (the "Audit Firm") as published on the Internet² ("Fair Value Report");
- 3) the publicly available information regarding the block transactions concerning Company's shares concluded at the Warsaw Stock Exchange with participation of at least one party unrelated to the Offerors within the twelve months preceding the announcement of the Tender Offer;
- 4) the listing prices of the Company's shares on the main market of the WSE in the last six months preceding the announcement of the Tender Offer.

Furthermore, for the purposes of estimating the fair value of the Company's shares, the Board of Directors took into account the following data and documents:

- 1) audited consolidated financial report of the Company's capital group for 2023³;
- 2) unaudited interim financial report of the Company's capital group for the first quarter of 2024⁴,
- 3) other financial and operational information held by the Company concerning the Company, in detail statements and summaries prepared for the Company's internal management, controlling and operational needs as available to the non-executive directors of the Company.

The Board of Directors did not refer to any external entity to prepare any "fairness opinion" regarding the price offered for the Shares in the Tender Offer, as referred to in Article 80(1) of the Act on Public Offering.

Due to the lack of company organizations associating the Company's employees, the Board of Directors did not request the opinions referred to in Article 80(3) of the Act on Public Offering.

² Document issued by Mazars Audyt Sp. z o.o., ul. Piękna 18, 00-549 Warsaw, No. 186 at the list of audit firms: <https://ipopemasecurities.pl/media/files/ovostar-opinia-fair-value.pdf>

³ https://www.gpw.pl/espi-ebi-report?geru_id=442726

⁴ https://www.gpw.pl/espi-ebi-report?geru_id=442727&title=Financial+Statements+Unaudited+for+the+three+months+ended+31+March+2024

IV. Opinion of the Board of Directors on the impact of the tender offer on the Company's interest, including employment in the Company, the strategic plans of the tenderer for the Company and their likely impact on employment in the Company and the location of its business

According to the Tender Offer:

- 1) the intention of the Offerors is to hold directly and jointly (as parties Acting in Concert) 100% of the Company's shares, entitling to 100% of votes at the General Meeting. After the Tender Offer, the Offerors intend to announce a squeeze-out of the Company's shares held by the Company's shareholders who do not respond in the Tender Offer;
- 2) as a result of being parties Acting in Concert, the Offerors have reached, directly and jointly (as parties Acting in Concert) the threshold of 90% of the total number of votes at the General Meeting, which, in accordance with the law of the Company's registered office, i.e. the Cypriot law, entitles the Offerors to carry out a squeeze-out of the Company's shares held by the remaining shareholders of the Company;
- 3) in accordance with the provisions of the law applicable to the Company's registered office, i.e. the Cypriot law, the possibility of the Offerors to squeeze-out the Company's shares is subject to the prior execution of the Tender Offer and the prior consent of the *Cyprus Securities and Exchange Commission*;
- 4) after the squeeze-out of the Company's shares, the Offerors intend to take steps to delist the Company's shares from the stock exchange, if permitted by the applicable law and approved by the Polish Financial Supervision Authority.

At the same time, the wording of the Tender Offer does not indicate that the Offerors intend to introduce significant changes in relation to the nature and scope of the Company's operating activities conducted so far, in particular the Offerors did not provide information on the impact of the Tender Offer on employment and location of operations.

In the opinion of the Board of Directors, given the fact that, in accordance with the Tender Offer:

- 1) the Offerors do not intend to seek any material changes in relation to the Company's current operating activities,
- 2) one of the Acting in Concert parties is the Offeror 1 controlled jointly by Mr. Borys Bielikov and Mr. Vitalij Veresenko who are members of the Board of Directors,

there are no grounds to conclude that the Tender Offer will have an adverse impact on employment in the Company or the location of the Company's operations. Taking the above into account, the Board of Directors indicates that the Tender Offer has no negative impact on the Company's interest.

V. Opinion of the Board of Directors regarding the price of the Shares proposed in the Tender Offer

With regard to the price of the Shares proposed in the Tender Offer, the Board of Directors notes that pursuant to the Tender Offer the trading volume of the Company's shares in the six months preceding the submission of the notification referred to in Article 77a(1) of the Act on Public Offering, represented less than 1% of the total number of Company's shares admitted to trading on the regulated market. Thus, the obligation set forth in Article 79(3a) of the Act on Public Offering to determine the fair value of the Shares by an auditing firm selected by the Offerors applies.

Moreover:

- a) the Offerors selected the Audit Firm as the auditing firm for the purpose of determining the fair value of the Shares, pursuant to Article 79(3b) of the Act on Public Offering. The Audit Firm determined the fair value to be PLN 70 (in words: seventy zlotys) for one Share. The valuation prepared by the Audit Firm is available on the website IPOPEMA Securities S.A. (the **"Intermediary Entity"**);
- b) the audited consolidated financial report of the Company's group for 2023 as well as unaudited interim financial report for the Q1 2024 confirm that the estimations of Audit Firm in the Fair Value Report regarding Company's 2023 and 2024 financial results have been materially accurate;

- c) the presumption taken by the Audit Firm in the Fair Value Report regarding equity financing of the Company group's operations is rational and based on the current circumstances of the Company group's activities in Ukraine;
- d) the appreciation of PLN against USD from the date of the Fair Value Report;
- e) the block transactions regarding the shares in the Company that have been executed at WSE with the participation of at least one party that is not the Offeror, within the period of twelve months preceding the announcement of the intention to announce the Tender Offer, were executed at the price of PLN 70.00;
- f) the highest price which the Offerors, their subsidiaries or their parent entities, entities which are third parties referred to in Article 87(1)(3)(a) of the Act on Public Offering or entities which are parties acting in concert with the Offerors referred to in Article 87(1)(5) of the Act on Public Offering paid or undertook to pay, in the 12 months preceding the submission of the Announcement, is PLN 70 (in words: seventy zlotys) per one Share. During the aforementioned period, no Offerors, their subsidiaries or their parent entities, entities which are third parties referred to in Article 87(1)(3)(a) of the Act on Public Offering acquired or committed to acquire any Shares in return for a non-cash consideration;
- g) in the period of 12 months preceding the submission of the Notification, the Offeror or the entities referred to in Article 79(2)(1) of the Act on Public Offering did not indirectly purchase the Company's shares.

To the best of the Board of Directors' knowledge, the data contained in the Tender Offer referred to above are correct.

The price of the Shares proposed in the Tender Offer is PLN 70 (seventy zlotys) for one Share, and therefore it is not lower than the price indicated in letters b)-c) above, which makes it meet the statutory requirements. At the same time, the price of the Shares proposed in the Tender Offer is higher than the value of equity per share of the Company, as shown in the Company's financial statements for 2023 and the first quarter of 2024.

Considering the data contained in the Tender Offer and other materials analysed, the Board of Directors concludes that in its opinion the price of the Shares proposed in the Tender Offer is within the range of the fair value of the Shares, which means that it corresponds to the fair value of the Company.

VI. Disclaimers

The opinion of the Board of Directors presented in this document does not constitute a recommendation to purchase or dispose of the Shares or any other financial instruments referred to in Regulation (EU) No. 596/2014 of the European Parliament and of the Council on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directive 2003/124/EC, 2003/125/EC and 2004/72/EC or in Commission Delegated Regulation (EU) 2016/958 of 9 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards on technical arrangements for the objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for the disclosure of particular interests or indications of conflicts of interest.

The opinion of the Board of Directors as set forth herein does not constitute any other recommendation, legal or tax advice, nor is it an indication that any investment or strategy is appropriate in the individual circumstances of the person or entity that intends to subscribe for the sale of the Shares subject to the Tender Offer. A shareholder responding to the Tender Offer bears all legal, financial and tax consequences of their investment decisions. The Company shall not be liable for the effects and consequences of decisions made on the basis of the Tender Offer or any information contained in this opinion. Liability for decisions made under the Tender Offer shall be borne solely by persons or entities using this material, in particular those who decide to subscribe for the sale of the Shares in response to the Tender Offer or who refrain from making such a decision.


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Karen Arshakyan,
Non-executive director


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Markiyah Markevych,
Non-executive director

